



**CITY OF ELK GROVE
CITY COUNCIL STAFF REPORT**

AGENDA TITLE: Adopt Resolutions of the City Council of the City of Elk Grove declaring its intention to annex territory to Community Facilities Districts No. 2006-1 (Maintenance Services), No. 2003-1 (Poppy Ridge), and Street Maintenance Assessment District No. 1, Zone 1-A and to levy a special tax or assessment to pay for Infrastructure, Maintenance, Police and Street Maintenance Services

MEETING DATE: August 25, 2010

PREPARED BY: Andrew Keys, Finance Analyst

DEPARTMENT HEAD: Becky Craig, Assistant City Manager

RECOMMENDED ACTION:

City staff recommends that the City Council of the City of Elk Grove adopt the following resolutions:

1. Declaring its intention to annex territory to Community Facilities District (CFD) No. 2006-1 (Maintenance Services) and to levy a special tax to pay for landscape and maintenance services.
2. Declaring its intention to annex territory to Community Facilities District (CFD) No. 2003-1 (Poppy Ridge) and to levy a special tax to pay for infrastructure and police services.
3. Declaring its intention to levy street maintenance assessments for certain properties in the East Franklin Area pursuant to the Benefit Assessment Act of 1982. The resolution approves the Engineer's Report on file with the City Clerk, sets a public hearing on October 13, 2010, and directs the City Clerk to provide notices and mail a

ballot by August 26, 2010 to the recorded owners of parcels identified for assessment.

The notice and balloting are in compliance with Prop 218 regulations requiring a 45-day period between distribution and tabulation of ballots. The ballots will be opened only after the completion of the public hearing on October 13, 2010, which is more than 45 days after the ballots will have been distributed to the property owner.

BACKGROUND INFORMATION:

CFD No. 2006-1 Maintenance Services

New residential and nonresidential development in the City does not provide sufficient revenues to provide landscape and maintenance services. The City formed CFD No. 2006-1 (Maintenance Services) on March 22, 2006, to address this shortfall, and to fund a portion of the additional costs associated with providing landscape and maintenance services in various areas throughout the City.

Tax rates are based on CFD-wide costs and project specific costs, as well as land use class. In general, the basic (Zone 1) CFD-wide cost is \$393.48 per year per single family resident. Due to the addition of certain residential entryway medians and interior residential landscaping strips, residences in this project will fall into a higher tax zone. These project specific costs will be calculated and a levy in addition to the \$393.48 will be assessed. To accommodate the unknown project specific costs of future projects, 17 Tax Zones are included in the Rate and Method of Apportionment. These 17 Tax Zones range from \$393.48 to \$1,693.53 per single-family detached unit, from \$278.71 to \$1,163.30 per multifamily unit, and from \$517.61 to \$2,156.72 per nonresidential acre. Tax Zones adjust annually by the greater of the Consumer Price Index or two percent at the beginning of each fiscal year. The City can levy less than the maximum annual special tax if the full amount is not needed, but never more. Project Tax Zone assignment can be seen in Exhibit B of Attachment 1 the CFD No. 2006-1 Resolution. The proposed annexation to the District contains 314 single family residences in one project.

This sixteenth (16th) annexation to the District will increase the District to a total of 65 different project areas with an estimated 2,018 single-family

residential units, 831 multifamily units, and 458.15 nonresidential acres at buildout.

Subject to the approval of the City Council tonight, a public hearing on the annexation will be scheduled for October 13, 2010. Pursuant to waiver of election time limits from the landowner, a ballot will be mailed in advance of the public hearing. At the closing of the public hearing, an election of the qualified electors (landowners in the District) will be held to determine if the electors approve the annexation to the District and the levy of the special tax.

CFD No. 2003-1 Poppy Ridge

Community Facilities District 2003-1 (Poppy Ridge) (District) was formed by City Council on January 15, 2003. The District funds both infrastructure and a portion of the additional police services required to serve the area not funded by other sources. This action represents the third annexation of new projects to the District.

The current maximum annual special tax for the infrastructure component of the District for developed property is \$965 for a single family unit and \$4,825 per net acre for multi-family and non-residential property. The current maximum annual special tax for the police services component of the District is \$173.11 for a single family unit, \$132.72 for a multi-family unit, and \$288.52 per net acre for a non-residential property. The police services component adjusts annually by a CPI each fiscal year. The City can levy less than the maximum annual special tax if the full amount is not needed, but never more.

The proposed annexation to the District contains an estimated 314 single family units in one project as shown on the attached boundary map. This third (3rd) annexation to the District will increase the District to a total of approximately 4,064 single family residential units, several multi-family sites, and nearly three acres of non-residential property.

Subject to the approval of the City Council tonight, a public hearing on the formation will be scheduled for October 13, 2010. Pursuant to waiver of election time limits from the landowner, a ballot will be mailed in advance of the public hearing. At the closing of the public hearing, an election of the qualified electors (landowners in the District) will be held to determine if the

electors approve the annexation to the District and the levy of the special tax.

Street Maintenance District No. 1 Zone 1-A

On April 16, 2003, the City Council formed the City of Elk Grove Street Maintenance District No. 1 (the "District") in the southern portion of the East Franklin Specific Plan Area. That evening the City Council adopted Resolution No. 2003-82, A Resolution of the City Council of the City of Elk Grove Determining to Levy Street Maintenance Assessments.

This second (2nd) annexation to the District consists of 314 single family units and will increase the District to a total of approximately 4,064 single family residential units, several multi-family sites, and nearly three acres of non-residential property.

The proposed assessment for Fiscal Year 2010-11 is a maximum of \$155.59 annually per single family residential unit, \$108.90 per multi-family residential unit, \$61.90 per residential single family unit with private streets, and \$43.33 per residential multi family unit with private streets. Per Supplemental No. 1 to the Zone 1 Engineer's Report, residential land uses are assessed according to their equivalent dwelling units (EDUs) and funding will be provided by the City. All assessments may be increased each fiscal year based on changes to a construction cost index. The assessment will be collected on each parcel's consolidated property tax bill.

The assessment is apportioned on all assessable lots or parcels in proportion to the estimated benefits to be received by each lot or parcel. Benefit to any parcel is in proportion to its impact on streets as measured by Average Daily Trips (ADT). The total budgeted costs for operation and maintenance of streets that serve the District is allocable among all parcels in proportion to each parcel's EDUs.

FISCAL IMPACT:

Currently, new residential development generates insufficient General Fund revenues to pay for the General Fund expenses of serving the area. The Districts provide the City additional funding for a portion of infrastructure installation, landscape and maintenance service costs (i.e. landscape medians, corridors, setbacks, and park, parkway and open space including

trails and other paths), police protection operational service costs (i.e. police protection salaries, benefits, and overhead costs) and street maintenance associated with the new development. A portion of the operations funding will be derived from alternative funding sources including Gas Tax, Measure A, the General Fund, and/or other eligible funding sources.

A special tax will be levied to fund Infrastructure financing and Police Services on all developed property with building permits or final map within CFD No. 2003-1 and on all developed property with any building permit or final map within CFD No. 2006-1 as proposed in the respective Rate and Method of Apportionments attached to the Resolutions of Intention for the CFD's as Exhibit B to Attachment 1. Annual Street Maintenance District assessments from the new development will provide funding for road maintenance expenses associated with the development.

All costs associated with the annexation to the Districts are to be paid for by the property owners / developers who are participating in the annexation to the District through an application fee of \$70 per residential unit, with a maximum of \$7,000 per project for CFD No. 2006-1, \$7,000 per project for CFD 2003-1, and \$45 per residential unit, with a maximum of \$4,500 per project for Street Maintenance District No. 1 Zone 1-A.

ATTACHMENTS:

1. Resolution of Intent (CFD No. 2006-1)
2. Resolution of Intent (CFD No. 2003-1)
3. Resolution of Intent (SMD No. 1 Zone 1-A)
4. Supplement No. 2 to the Engineer's Report, Street Maintenance District No. 1, Zone 1 (East Franklin Area)
5. Boundary Maps

**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. 16)**

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 Council of 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 Community Facilities District No. 2006-1 (Maintenance Services) (the "CFD"). The territory to be annexed is described in a map entitled "Annexation Map No. 16, 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.

O. "Annexation Map No. 14 of Community Facilities District No. 2006-1 (Maintenance Services), City of Elk Grove, County of Sacramento," recorded on October 20, 2009 in Book 111 of Maps of Assessment and Community Facilities Districts at page 6 in the office of the Sacramento County Recorder.

P. "Annexation Map No. 15 of Community Facilities District No. 2006-1 (Maintenance Services), City of Elk Grove, County of Sacramento," recorded on January 27, 2010 in Book 111 of Maps of Assessment and Community Facilities Districts at page 9 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, October 13, 2010, 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 October 13, 2010, 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 25th day of August 2010.

SOPHIA SCHERMAN, MAYOR of the
CITY OF ELK GROVE

ATTEST:

APPROVED AS TO FORM:

JASON LINDGREN, INTERIM CITY CLERK

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
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
4	132-0870-014	46 Single family units
	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 Zone ¹	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 Zone¹	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 006 116-0138-008 & 009	11.36 Non-residential acres
	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
1	116-0320-034	2.34 Non-residential acres
	116-1490-020 116-1490-007 116-1490-018	3.22 Non-residential acres
	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 ¹	Proposed Residential Units/Non residential Acres
1	134-0182-001	300 Single family units 48.10 Non-residential acres
	119-1540-029	4.10 Non-residential acres
	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 Zone¹	Proposed Residential Units/Non residential Acres
1	116-0050-013 116-0050-027 116-0050-030 116-0050-031	5.7 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- 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 Zone¹	Proposed Residential Units/Non residential Acres
2	119-1110-097 119-1110-098	1.5 Non-residential acres
	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 Zone ¹	Proposed Residential Units/Non residential Acres
2	116-0070-025	3.32 Non-residential acres
1	116-1380-002 116-1380-003 116-1380-004 116-1380-005 116-1380-006 116-1380-008 116-1380-009 116-0011-020 116-0011-021	11.54 Non-residential acres
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 Zone¹	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 Zone¹	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 Zone¹	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.

ATTACHMENT 1- 16

**CITY OF ELK GROVE
COMMUNITY FACILITIES DISTRICT NO. 2006-1 (MAINTENANCE SERVICES)
ASSIGNMENT OF PARCELS TO TAX ZONES
ANNEXATION #15 – MARCH 2009**

Tax Zone	Assessor's Parcels Included in Tax Zone¹	Proposed Residential Units/Non residential Acres
1	116-0061-103	140 Single Family Residential 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- 17

**CITY OF ELK GROVE
COMMUNITY FACILITIES DISTRICT NO. 2006-1 (MAINTENANCE SERVICES)
ASSIGNMENT OF PARCELS TO TAX ZONES
ANNEXATION #16 – OCTOBER 2010**

Tax Zone	Assessor's Parcels Included in Tax Zone¹	Proposed Residential Units/Non residential Acres
4	132-0132-042-0000 132-1680-032-0000	314 Single Family Residential 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.

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 August 25, 2010, adopted its Resolution No. 2010-_____, 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, **October 13, 2010**, 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, 8401 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: _____, 2010

Jason Lindgren, Interim 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. 16**

(October 13, 2010)

Number of votes entitled to cast: 314

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 Interim 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 August 25, 2010 (the "Resolution"), which is incorporated herein by this reference, within the territory identified on the map entitled "Annexation Map No. 16 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	<input type="checkbox"/>
	NO	<input type="checkbox"/>

NOTE: This is a special landowner election. You must return this ballot to the Interim City Clerk, City of Elk Grove, either (i) to the Office of the City Clerk at City Hall, 8401 Laguna Palms Way, Elk Grove, California 95758, by 4:00 p.m. on October 13, 2010 or (ii) thereafter, to the regular meeting place of the Council at 8400 Laguna Palms Way on October 13, 2010, by five minutes following the adoption of the resolution calling the election (the City Council meeting convenes at 6:00 p.m. on October 13, 2010).

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.

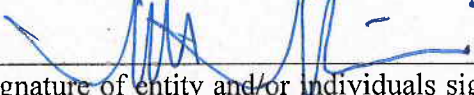
7. Unsealing of Ballot. Landowner hereby consents to the election officer unsealing the Landowner's ballot prior to the adoption of the resolution calling the election and waives any rights it may have under Government Code section 53326 and the Election Code related to concealment of the ballot.

Date: July 27, 200~~0~~¹⁰

Taylor Morrison of California, 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]

Jim Jimison

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

Vice President of Land Acquisition and Development

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

Real Property:

Assessor's Parcel Nos.:

132 - 0132 - 042
132 - 1680 - 032

**A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF ELK GROVE
DECLARING ITS INTENTION TO ANNEX TERRITORY TO COMMUNITY FACILITIES
DISTRICT NO. 2003-1 (POPPY RIDGE) AND TO LEVY A SPECIAL TAX TO PAY FOR
CERTAIN PUBLIC FACILITIES AND POLICE SERVICES (ANNEXATION NO. 3)**

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 January 15, 2003, approved Resolution No. 2003-15 establishing the City of Elk Grove Community Facilities District No. 2003-1 (Poppy Ridge) (the "CFD"); and

WHEREAS, the City Council called a special election for January 15, 2003, 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 January 15, 2003, the City Council adopted Resolution No. 2003-17 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 Council of 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 Community Facilities District No. 2003-1 (Poppy Ridge) (the "CFD"). The territory to be annexed is described in a map entitled "Annexation Map No. 3 of Community Facilities District No. 2003-1 (Poppy Ridge), City of Elk Grove, County of Sacramento" 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 the maps recorded and on file as follows:

A. "City of Elk Grove, Community Facilities District No. 2003-1, (Poppy Ridge), City of Elk Grove, Sacramento County, State of California," recorded on December 6, 2002, in Book 96 of Maps of Assessment and Community Facilities Districts at page 3 in the office of the Sacramento County Recorder;

B. "Annexation Map No. 1 of Community Facilities District No. 2003-1 (Poppy Ridge), City of Elk Grove, Sacramento County, State of California," recorded on May 24,

2004, in Book 98 of Maps of Assessment and Community Facilities Districts at Page 18 as amended by a map recorded on August 2, 2004, in Book 99 of Maps of Assessment and Community Facilities Districts at page 3 in the office of the Sacramento County Recorder;

C. "Annexation Map No. 2 of Community Facilities District No. 2003-1 (Poppy Ridge), City of Elk Grove, Sacramento County, State of California," recorded on March 25, 2005, in Book 100 of Maps of Assessment and Community Facilities Districts at Page 11 in the office of the Sacramento County Recorder;

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

Section 4. Determination Regarding Demands for Facilities. In accordance with Government Code Section 53326(b), the City Council finds and determines that the proposed public facilities are necessary to meet increased demands put upon the City as the result of new development occurring within the territory proposed to be annexed to the CFD.

Section 5. Plan for Sharing Facilities and Providing Services. The public facilities and services that are financed from taxes collected in the CFD will be used or shared by residents of the current CFD and residents of the territory proposed to be annexed on the same basis.

Section 6. Specification of Special Taxes to be Levied. Except where funds are otherwise available, a special tax sufficient to pay for all services and facilities 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 7. 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 8. Public Hearing. The City Council hereby fixes 6:00 p.m., or as soon thereafter as practicable, on Wednesday, October 13, 2010, 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 9. 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 10. Mailing Ballots. In anticipation of its action on October 13, 2010, 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 11. 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 25th day of August 2010.

SOPHIA SCHERMAN, MAYOR of the
CITY OF ELK GROVE

ATTEST:

APPROVED AS TO FORM:

JASON LINDGREN, INTERIM CITY CLERK

SUSAN COCHRAN, CITY ATTORNEY

EXHIBIT A

List of Authorized Facilities, Services and Costs

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

PUBLIC IMPROVEMENTS

Transportation Improvements

Authorized facilities include the following transportation-related improvements:

- Franklin Boulevard;
- Bruceville Road;
- Bilby Road;
- Blossom Ridge Drive;
- Poppy Ridge Road; and
- Other public roadway improvements required to meet the needs of the project.

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

Wastewater System Improvements

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

Potable and Non-Potable Water System Improvements

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

Drainage System Improvements

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

Landscaping Improvements

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

Other Public Facility Improvements or Costs

Authorized facilities also include the following public improvements or costs:

- Funding share of a traffic operations center;
- Funding share of a corporation yard;
- Funding share of a library; and
- Funding share of parks, community centers, sports (including aquatic) facilities, and other recreational amenities.

PUBLIC SERVICES

Authorized services are police protection services. Eligible costs include, but are not limited to, the costs of contracting services, the salaries and benefits of City staff if the City directly provides police protection services, and City overhead costs associated with providing such services within the CFD.

DEVELOPMENT IMPACT FEES

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

- Laguna South Public Facilities Fee Program (LSPFFP) fees;
- Sacramento County Zone 11A Drainage Fees;
- Sacramento County Zone 40 Water Fees; and
- Sacramento County Sanitation District No. 1 Fees.

FORMATION AND ADMINISTRATIVE EXPENSES

In addition to the above facilities, other incidental expenses as authorized by the Mello-Roos Community Facilities Act of 1982, including, but not limited to: the cost of planning, permitting, and designing the facilities (including the cost of environmental evaluation and environmental remediation/mitigation); land acquisition for authorized CFD facilities; project management, construction staking; utility relocation and demolition costs incident to the construction of the public facilities, cost associated with the creation of the Mello-Roos CFD; issuance of bonds; determination of the amount of taxes, collection of taxes; payment of taxes; or costs otherwise incurred in order to carry out the authorized purposes of the CFD; reimbursements to other areas for infrastructure facilities serving development within the CFD; and any other expenses incidental to the construction, completion, and inspection of the facilities.

EXHIBIT B

Rate, Method of Apportionment, and Manner of Collection of the Special Tax

A Special Tax of Community Facilities District No. 2003-1 (Poppy Ridge) of the City of Elk Grove ("CFD") shall be levied on all Assessor's Parcels in the CFD and collected each Fiscal Year commencing in Fiscal Year 2003-04 in an amount determined by the City through the application of the rate and method of apportionment of the Special Tax set forth below. All of the real property in the CFD, unless exempted by law or by the provisions hereof, 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. The square footage of an Assessor's Parcel is equal to the Acreage multiplied by 43,560.

"Act" means the Mello-Roos Community Facilities Act of 1982, as amended, being Chapter 2.5, 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 as administrator of the CFD to determine, levy and collect the Special Taxes, including salaries of City employees and the fees of consultants, legal counsel, paying agents, fiscal agents, and trustees; the costs of collecting installments of the Special Taxes upon the general tax rolls; the cost of arbitrage calculation and arbitrage rebates, preparation of required reports; and any other costs required to administer the CFD as determined by the City.

"Assessor's Parcel" means a lot or parcel shown in 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.

"Bonds" means any bonds or other debt (as defined in Section 53317(d) of the Act), whether in one or more series, issued or incurred by the CFD and secured by the levy of Special Taxes under the Act.

"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.

"CFD" means Community Facilities District No. 2003-1 (Poppy Ridge) of the City of Elk Grove.

"City" means the City of Elk Grove.

"Council" means the City Council of the City of Elk Grove, acting as the legislative body of the CFD.

"County" means the County of Sacramento, California.

"Developed Property" means all Taxable Property, exclusive of Property Owner Association Property, or Public Property, for which a building permit was issued after July 1, 2001, but prior to the May 1st preceding the Fiscal Year in which the Special Tax is being levied.

"Development-Restricted Property" means property that prior to the approval of a Tentative Map may only be taxed after the City has received written authorization from the property owner allowing it to be taxed. Three properties (including four Assessor's Parcels) are classified as Development-Restricted Property: 1) Assessor's Parcel 132-0050-004, 2) 132-0050-041 and 132-0050-046 treated as a single property, and 3) 132-0050-047. Each of these properties will be treated independently. These Assessor's Parcels will no longer be classified as Development-Restricted Property once a Tentative Map has been approved on any portion of the Assessor's Parcel or any Successor Parcels.

"Facilities Special Tax" means the Special Tax to be levied in each Fiscal Year on each Assessor's Parcel of Developed Property and Undeveloped Property pursuant to Sections C and D, below.

"Final Map Residential Property" means a Residential lot created by a Final Subdivision Map, but for which no building permit has been issued pursuant to the definition of Developed Property.

"Final Subdivision Map" means a subdivision of property creating buildable lots by recordation of a final subdivision map, parcel map, or lot line adjustment, pursuant to the Subdivision Map Act (California Government Code section 66410 et seq.), or recordation of a condominium plan pursuant to California Civil Code section 1352, that creates individual lots for which building permits may be issued without further subdivision and is recorded prior to June 1 of any Fiscal Year.

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

"Gross Acre(age)" means the acreage of an Assessor's Parcel as shown on an Assessor's Parcel Map prior to dedication of right-of-way or easement for streets, roads, landscaping, and other public purposes.

"Indenture" means the indenture, trust agreement, 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 or Table 2.

"Large Lot Property" means any Taxable Property created by the recordation of a final large lot subdivision map, parcel map or lot line adjustment, i.e. subdivision, parcel or other map that does not create Final Map Residential Property.

"Lot" means any Assessor's Parcel created by the recordation of a Final Subdivision Map.

"Maximum Special Tax" means the maximum Special Tax, determined in accordance with Section C below, that can be levied in the CFD in any Fiscal Year on any Assessor's Parcel prior to the full prepayment or partial prepayment of Special Tax.

"Multi-Family Property" means all Assessor's Parcels of Developed Property for which a building permit has been issued for 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.

"Net Acre(age)" means the acreage of an Assessor's Parcel as shown on the Final Subdivision Map excluding right-of-way for streets, roads, and other public purposes. Net Acreage includes acreage subject to a public utility easement.

"Non-Residential Property" means all Assessor's Parcels of Developed Property for which a building permit(s) has been issued for a non-residential use.

"Other Taxable Property" means, for each Fiscal Year, all Taxable Property not classified as Developed Property, Final Map Residential Property, Large Lot Property, or Tentative Map Property.

"Outstanding Bonds" means, as of any date, all Bonds previously issued that are outstanding under the applicable Indenture.

"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 in a manner such that the ratio of the actual Special Tax levy to the Maximum Special Tax is equal for all Assessor's Parcels within each Land Use Class.

"Public Property" means any property within the boundaries of the CFD that is, at the time of the CFD formation, 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. Once an Assessor's Parcel has been designated as Public Property, it shall retain such status permanently, unless transferred in accordance with the transfer provisions provided in Section G below.

"Public Safety Costs" means the estimated and reasonable costs of providing police protection services, including but not limited to the costs of contracting services, the salaries and benefits of City staff if the City directly provides police protection services and City overhead costs, associated with providing such services within the CFD. The Public Safety Special Tax provides only partial funding for police protection services.

"Public Safety Special Tax" means the Special Tax assigned to Developed Property to cover its proportionate share of Public Safety Costs pursuant to Section C.

"Residential Property" means all Assessor's Parcels of Developed Property for which a building permit(s) has been issued for purposes of constructing one residential dwelling unit.

"Special Tax" means the Special Tax to be levied in each Fiscal Year prior to full prepayment or termination of Special Tax on each Assessor's Parcel of Developed Property and Undeveloped Property 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 to: (a) (i) pay debt service on all Outstanding Bonds for the calendar year that commences in such Fiscal Year; (ii) pay periodic costs on the Bonds, including but not limited to, credit enhancement and rebate payments on the Bonds; (iii) pay reasonable Administrative Expenses; (iv) pay any amounts required to establish or replenish any reserve funds for all Outstanding Bonds; (v) pay directly for acquisition or construction of authorized facilities to be constructed or acquired by the CFD, except Special Taxes on Undeveloped Property shall not be levied for this purpose; (vi) pay for reasonably anticipated delinquent Special Taxes based on the delinquency rate for Special Taxes levied in the previous Fiscal Year; and (vii) pay for Public Safety Costs for Developed Property, less (b) a credit for funds available to reduce the annual Special Tax levy, as determined by the CFD Administrator pursuant to the Indenture.

"State" means the State of California.

"Taxable Property" means all of the Assessor's Parcels within the boundaries of the CFD 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 include: (i) Public Property, (ii) Development-Restricted Property, or (iii) any Assessor's Parcel that has prepaid its Special Taxes pursuant to Section H, or (iii) Property Owner Association Property.

"Tentative Map" means the tentative subdivision map filed pursuant to the Subdivision Map Act (California Government Code section 66410 et seq.) and approved for the East Franklin Specific Plan project by the City.

"Tentative Map Property" means any Taxable Property for which a Tentative Map has been approved by the City prior to June 1 of any Fiscal Year that is not Residential Property. Once classified as Tentative Map Property, it shall not be reclassified as Other Taxable Property notwithstanding any subsequent abandonment or expiration of the applicable Tentative Map.

"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.

"Unit" means any residence in which a person or persons may live, and is not considered to be for commercial or industrial use.

B. ASSIGNMENT TO LAND USE CATEGORIES

Each Fiscal Year using the definitions above, all Taxable Property within the CFD shall be classified as Developed Property or Undeveloped Property, and shall be subject to Special Taxes pursuant to Sections C and D below. Developed Property shall be further assigned to a Land Use Class as specified in Table 1. Undeveloped Property shall be further assigned to a Land Use Class as specified in Table 2.

C. MAXIMUM SPECIAL TAX RATE

1. Developed Property

**TABLE 1
Maximum Special Tax for Developed Property
Community Facilities District No. 2003-1**

Land Use Class	Description	Maximum Facilities Special Tax Per Unit/Acre	Maximum Public Safety Special Tax Per Unit/Acre
1	Residential Property	\$965 per Unit	\$150 per Unit
2	Multi-Family Property	\$4,825 per Net Acre	\$115 per Unit
3	Non-Residential Property	\$4,825 per Net Acre	\$250 per Net Acre

On each July 1, commencing on July 1, 2004, the Maximum Public Safety Special Tax shall be increased by the lesser of Local Consumer Price Index (CPI) for the San Francisco-Oakland-San Jose Area for All Urban Consumers or 5% of the amount in effect for the previous Fiscal Year. The CPI used shall be as determined by the Bureau of Labor Statistics from April to April beginning with the period from April 2003 through April 2004.

The Maximum Special Tax that may be levied on Developed Property is the sum of the Maximum Facilities Special Tax and the Maximum Public Safety Special Tax.

2. Undeveloped Property

**TABLE 2
Maximum Facilities Special Tax for Undeveloped Property
Community Facilities District No. 2003-1**

Land Use Class	Description	Maximum Facilities Special Tax Per Lot/Acre
4	Final Map Residential Property	\$965 per Lot
5	Large Lot Property	\$4,710 per Gross Acre
6	Tentative Map Property	\$3,675 per Gross Acre
7	Other Taxable Property	\$3,675 per Gross Acre

Undeveloped Property is not subject to the Public Safety Special Tax.

Multiple Land Use Classes

In some instances an Assessor's Parcel of Developed Property may contain more than one Land Use Class. The Maximum Special Tax levied on an Assessor's Parcel shall be the sum of the Maximum Special Tax levies that can 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.

D. METHOD OF APPORTIONMENT OF THE SPECIAL TAX

Commencing with Fiscal Year 2003-04, and for each following Fiscal Year, the Council shall levy the Special Tax until the amount of the Special Tax levied equals the Special Tax Requirement. The Special Tax shall be levied each Fiscal Year as follows:

First: The Special Tax shall be levied on each Assessor's Parcel of Developed Property at 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 Final Map Residential Property at up to 100% of the Maximum Special Tax for Final Map Residential Property. However, under no circumstances shall Special Taxes be levied under this second step to pay for Public Safety Costs;

Third: If additional monies are needed to satisfy the Special Tax Requirement after the first two steps have been completed, the Special Tax shall be levied Proportionately on each Assessor's Parcel of Large Lot Property at up to 100% of the Maximum Special Tax for Large Lot Property. However, under no circumstances shall Special Taxes be levied under this third step to pay for Public Safety Costs;

Fourth: If additional monies are needed to satisfy the Special Tax Requirement after the first three steps have been completed, then the Special Tax shall be levied Proportionately on each Assessor's Parcel of Tentative Map Property at up to 100% of the Maximum Special Tax for Tentative Map Property. However, under no circumstances shall Special Taxes be levied under this fourth step to pay for Public Safety Costs; and

Fifth: If additional monies are needed to satisfy the Special Tax Requirement after the first four steps have been completed, then the Special Tax shall be levied Proportionately on each Assessor's Parcel of Other Taxable Property at up to 100% of the Maximum Special Tax for Other Taxable Property. However, under no circumstances shall Special Taxes be levied under this fifth step to pay for Public Safety Costs.

Notwithstanding the above the Council may, in any Fiscal Year, levy Proportionately less than 100% of the Maximum Special Tax in step one of Section D (above), when (i) the Council is no longer required to levy a Special Tax pursuant to steps two through five above in order to meet the Special Tax Requirement; (ii) all authorized CFD Bonds have already been issued or the Council has covenanted that it will not issue any additional CFD Bonds (except refunding bonds) to be supported by Special Taxes; and (iii) all authorized facilities have been constructed or acquired and paid for from Bonds and/or Special Taxes.

Notwithstanding the above, under no circumstances will the Facilities Special Tax levied against any Assessor's Parcel of Residential Property for which an occupancy permit for private residential use has been issued be increased by more than ten percent annually up to the Maximum Special Tax as a consequence of delinquency or default by the owner of any other Assessor's Parcel within the CFD.

E. APPEALS

Any taxpayer that believes that the amount of the Special Tax assigned to a 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 or designee will then promptly review the appeal and, if necessary, meet with the taxpayer. If the CFD Administrator verifies that the tax should be changed the Special Tax levy shall be corrected and, if applicable in any case, a refund shall be granted.

F. MANNER OF COLLECTION

Special Tax as levied pursuant to Section D above 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 the financial obligations of the CFD or as otherwise determined appropriate by the CFD Administrator.

G. TRANSFER OF SPECIAL TAX OBLIGATION

Taxable Property acquired by a public agency after the CFD is formed will remain subject to the applicable Facilities Special Tax unless the Facilities Special Tax obligation is satisfied pursuant to Section 53317.5 of the Government Code. An exception to this may be made if an Assessor's Parcel of Public Property, such as a school site, is relocated to an Assessor's Parcel(s) of Taxable Property, the previously Tax-Exempt Property of comparable acreage becomes Taxable Property and the Maximum Special Tax from the previously Taxable Property is

transferred to the new Taxable Property. This trading of Special Taxes will be permitted to the extent that there is no net loss in Maximum Special Tax revenue.

H. **PREPAYMENT OF FACILITIES SPECIAL TAX**

The following definitions apply to Section H.

"CFD Public Facilities Costs" means either \$42,000,000 in 2002 dollars, which shall increase by the Construction Inflation Index on July 1, 2003, and on each July 1 thereafter, or such lower number as (i) shall be determined by the CFD Administrator as sufficient to acquire or construct the bond financed authorized facilities to be financed by the CFD under the authorized Mello-Roos financing program for the CFD, or (ii) shall be determined by the Council concurrently with a covenant that it will not issue any more CFD Bonds (except refunding bonds) to be supported by the CFD Special Taxes.

"Construction Fund" means the fund (regardless of its name) established pursuant to the Indenture to hold funds, which are currently available for expenditure to acquire or construct public facilities eligible under the Act.

"Construction Inflation Index" means the annual percentage change in the Engineering News-Record Construction Cost Index measured as of the calendar year, which ends in the previous Fiscal Year. In the event this index ceases to be published, the Inflation Index shall be another index as determined by the CFD Administrator that is reasonably comparable to the Engineering News-Record Construction Cost Index.

"Future Facilities Costs" means the CFD Public Facilities Costs minus (i) costs previously paid from the Construction Fund to acquire or construct the Authorized Facilities, (ii) monies currently on deposit in the Construction Fund, and (iii) monies currently on deposit in an escrow or other earmarked fund that are expected to be available to finance Public Facilities Costs.

"Outstanding Prepayment Bonds" means, as of any date, all Bonds previously issued that are anticipated by the CFD Administrator to be outstanding under the applicable Indenture immediately after the first principal payment date for such Bonds following the then current Fiscal Year as reduced by scheduled debt service payment and any previous prepayments.

"Update Property" means an Assessor's Parcel of Taxable Property for which a building permit has been issued, but which has not yet been classified as Developed Property.

1. **Prepayment of Facilities Special Tax in Full**

The Facilities Special Tax obligation described in Section D above with respect to any Assessor's Parcel of Developed Property or Update Property may be fully prepaid. A prepayment may be made on an

Assessor's Parcel only if there are no delinquent Special Tax levies with respect to such Assessor's Parcel at the time of prepayment. An owner of an Assessor's Parcel intending to prepay the Facilities Special Tax obligation shall provide the CFD Administrator with written notice of intent to prepay. Within 30 days of receipt of such written notice, the CFD Administrator shall notify such owner of the prepayment amount of such Assessor's Parcel. The CFD Administrator may charge the Assessor's Parcel's owner a reasonable fee for providing these figures, which must be paid by the owner of the Assessor's Parcel prior to the calculation of the prepayment amount. Prepayment must be made not less than 15 days prior to the next occurring date that notice of redemption of Bonds from the proceeds of such prepayment may be given to the Trustee pursuant to the Indenture.

The Prepayment Amount (defined below) for any Assessor's Parcel of Public Property that is Taxable Property shall be determined by the CFD Administrator as authorized under Sections 53317.3 and 53317.5 of the Act. However, no Facilities Special Tax prepayment for any Assessor's Parcel of Taxable Public Property shall be allowed unless the amount of Maximum Facilities Special Tax levies that may be imposed on Taxable Property within the CFD after the proposed prepayment is at least 1.1 times the maximum annual debt service on all Outstanding Prepayment Bonds after the redemption of Bonds resulting from the proposed prepayment.

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
Total: equals Prepayment Amount

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

Paragraph No.:

1. For Assessor Parcels of Developed Property, compute the Facilities Special Tax for the Assessor's Parcel to be prepaid. For Assessor Parcels of Update Property to be prepaid, compute the Facilities 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 that Assessor's Parcel. For Assessor Parcels of Taxable Public Property and/or

Taxable Association Property to be prepaid, compute the Facilities Special Tax for that Assessor's Parcel.

2. Divide the Facilities Special Tax computed pursuant to paragraph 1 by the total estimated Facilities Special Taxes as set forth in Attachment 1 for the CFD which could be charged, less any Assessor Parcels which have been prepaid.
3. Multiply the quotient computed pursuant to paragraph 2 by the Outstanding Bonds to compute the amount of Outstanding Bonds to be retired and prepaid (the "*Bond Redemption Amount*").
4. Multiply the Bond Redemption Amount computed pursuant to paragraph 3 by the applicable redemption premium, if any, on the Outstanding Bonds to be redeemed (the "*Redemption Premium*").
5. Compute the current Future Facilities Costs.
6. Multiply the quotient computed pursuant to paragraph 2 by the amount determined pursuant to paragraph 5 to compute the amount of Future Facilities Costs to be prepaid (the "*Future Facilities Amount*").
7. 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.
8. Compute the amount the CFD Administrator reasonably expects to derive from the reinvestment of the Prepayment Amount less the Administrative Fees and Expenses from the date of prepayment until the redemption date for the Outstanding Bonds to be redeemed with the prepayment.
9. Add the amounts computed pursuant to paragraph 7 and subtract the amount computed pursuant to paragraph 8 (the "*Defeasance Amount*").
10. Add the costs of computation of the prepayment, the costs to invest the prepayment proceeds, the costs of redeeming the Outstanding Bonds, and the costs of recording any notices to evidence the prepayment and the redemption less the amount of the refundable deposit (the "*Administrative Fees and Expenses*").
11. The reserve fund credit (the "*Reserve Fund Credit*") shall equal the lesser of, (a) the expected reduction in the reserve requirement (as defined in the Indenture), if any, associated with the redemption of Outstanding Bonds as a result of the prepayment, or (b) the

amount derived by subtracting the new reserve requirement (as defined in the Indenture) in effect after the redemption of Outstanding Bonds as a result of the prepayment from the balance in the reserve fund on the prepayment date, but in no event shall such amount be less than zero.

12. The Facilities Special Tax prepayment is equal to the sum of the amounts computed pursuant to paragraphs 3, 4, 6, 9 and 10, less the amount computed pursuant to paragraph 11 (the "*Prepayment Amount*").
13. From the Prepayment Amount, the amounts computed pursuant to paragraphs 3, 4, 9 and 11 shall be deposited into the appropriate fund as established under the Indenture and be used to retire Outstanding Bonds or make debt service payments. The amount computed pursuant to paragraph 6 shall be deposited into the Construction Fund. The amount computed pursuant to paragraph 10 shall be retained by the CFD.

In addition, any property owner prepaying its Facilities Special Taxes must pay current and any delinquent Special Taxes and penalties prior to prepayment.

The Prepayment Amount may be sufficient to redeem other than a \$5,000 increment of 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.

With respect to any Assessor's Parcel that is prepaid, once the CFD Administrator has confirmed that all levied Special Taxes have been paid, the City shall cause a suitable notice to be recorded in compliance with the Act, to indicate the prepayment of Facilities Special Tax and the release of the Facilities Special Tax lien on such Assessor's Parcel, and the obligation of such Assessor's Parcel to pay the Facilities Special Tax shall cease.

Notwithstanding the foregoing, no Facilities Special Tax prepayment shall be allowed unless the amount of Facilities Special Taxes that may be levied on Taxable Property within the CFD after the proposed prepayment is at least 1.1 times the maximum annual debt service on all Outstanding Prepayment Bonds. In addition, prepayment of the Facilities Special Tax shall not relieve any property owner of Developed Property from paying the Public Safety Special Tax.

2. Prepayment in Part

The Maximum Facilities Special Tax on an Assessor's Parcel of Residential Property or an Assessor's Parcel of Update Property may be partially prepaid at or prior to the close of escrow to the first private residential user such that the resulting Maximum Facilities Special Tax for

the Assessor's Parcel is equal to \$840.00. The amount of the prepayment shall be calculated as in Section H.1, except that a partial prepayment shall be calculated according to the following formula:

$$PP = P_E \times F$$

These terms have the following meaning:

- PP = the partial prepayment
- P_E = the Prepayment Amount calculated according to Section H.1
- F = the percent by which the owner of the Assessor Parcel(s) is partially prepaying the Maximum Facilities Special Tax.

The owner of an Assessor's Parcel who desires to partially prepay the Maximum Facilities Special Tax shall notify the CFD Administrator of (i) such owner's intent to partially prepay the Maximum Facilities Special Tax, and (ii) the company or agency that will be acting as the escrow agent, if applicable. The CFD Administrator shall provide the owner with a statement of the amount required for the partial prepayment of the Maximum Facilities Special Tax for an Assessor's Parcel within 30 days of the request and may charge a reasonable fee for providing this service. Administrative Fees and Expenses calculated pursuant to Section H.1, Paragraph 10, shall be added after the partial prepayment has been calculated.

With respect to any Assessor's Parcel that is partially prepaid, the CFD Administrator shall (i) distribute the funds remitted to it according to Paragraph 13 of Section H.1, and (ii) indicate in the records of the CFD that there has been a partial prepayment of the Maximum Facilities Special Tax and that the Maximum Facilities Special Tax equal to \$840.00 shall continue to be authorized to be levied on such Assessor's Parcel pursuant to Section D.

3. Mandatory Prepayment

Upon notification by the City of the approval or the recordation of a Final Subdivision Map, the CFD Administrator will assign Units/Acres to each of the newly created parcels. If the number of Units/Acres assigned to the Final Subdivision Map is less than the number of Units/Acres assigned in Attachment 1, the City shall (i) calculate the loss of Facilities Special Taxes by multiplying the number of reduced Units/Acres by the Facilities Special Tax per Unit/Acres from Table 1; and (ii) require the Prepayment of this difference pursuant to Section H.1. Prepayment shall be made prior to, or concurrent with, recordation of the Final Subdivision Map.

Prepayment of the Facilities Special Tax shall not be required to the extent the City has allowed a transfer of Units/Acres and associated Facilities

Special Taxes to other Taxable Property pursuant to Section G or the City determines that the Facilities Special Tax base for the CFD is sufficient to meet debt service on outstanding and future bonds without the Facilities Special Tax from these Units.

I. TERM OF SPECIAL TAX

For each year that any Bonds are outstanding or in which there is a Facilities Special Tax Requirement the Facilities Special Tax shall be levied on all Assessor's Parcels subject to the Facilities Special Tax. The Facilities Special Tax will not be levied later than the 2045-46 Fiscal Year. The Public Safety Special Tax shall be levied in perpetuity.

**Attachment 1
City of Elk Grove
Community Facilities District 2003-1
(Poppy Ridge)**

Area	Estimated Residential Units (\$965 per Unit)	Multi-Family/Non-Residential Acreage (\$4,825 per Acre)	Maximum Facilities Special Tax
Elk Grove Meadows Phase III	434		\$418,810
Gillium Meadows Units 1 & 2	692	2.90	681,773
Quail Ridge South	798		770,070
East Meadow Units 1 & 2	243		234,495
Machado Dairy	602		580,930
Southmeadow Unit 1	229		220,985
Bilby Ranch	232		223,880
Bilby Meadows	299		288,535
Kuhn Property	41	11.90	96,983
Hoffman Meadows	98		94,570
Southmeadow Unit 2	13		12,545
Stoecker Ranch	67		64,655
Franklin Crossing	314		303,010
Totals	3,748	14.80	\$3,991,241

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 August 25, 2010, adopted its Resolution No. 2010-_____, in which it declared its intention to annex territory to existing Community Facilities District No. 2003-1 (Poppy ridge) (the "CFD"), and to levy a special tax to pay for certain police 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, **October 13, 2010**, 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: _____, 2010

Jason Lindgren, Interim 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. 2003-1 (POPPY RIDGE)
(Annexation No. 3)
(October 13, 2010)**

Number of votes entitled to cast: 314

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 Office of 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 A to the Resolution Declaring its Intention to Annex Territory to Community Facilities District No. 2003-1 (Poppy Ridge) adopted by the City Council on August 25, 2010 (the "Resolution"), which is incorporated herein by this reference, within the territory identified on the map entitled "Annexation Map No. 3 of Community Facilities District No. 2003-1 (Poppy Ridge), City of Elk Grove, County of Sacramento," to finance certain services as set forth in Section 3 to the Resolution?	YES	<input type="checkbox"/>
	NO	<input type="checkbox"/>

NOTE: This is a special landowner election. You must return this ballot to the Interim City Clerk, City of Elk Grove, either (i) to the Office of the City Clerk at City Hall, 8401 Laguna Palms Way, Elk Grove, California 95758, by 4:00 p.m. on October 13, 2010 or (ii) thereafter, to the regular meeting place of the Council at 8400 Laguna Palms Way on October 13, 2010, by five minutes following the adoption of the resolution calling the election (the City Council meeting convenes at 6:00 p.m. on October 13, 2010).

EXHIBIT E

WAIVER AND CONSENT

by owner of property proposed to be annexed to
Poppy Ridge Community Facilities District No. 2003-1
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 annexed to the Poppy Ridge Community Facilities District No. 2003-1 of the City of Elk Grove (the "District").

2. Adequate time. Landowner acknowledges that a special landowner election will be called within the area proposed to be annexed to the District to approve the proposal to levy a special tax within that area. 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.

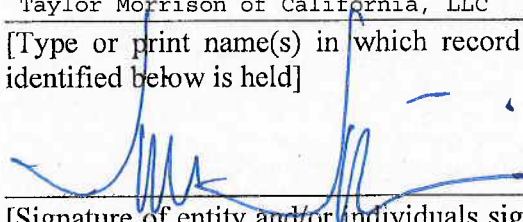
6. Formation Process. Landowner expressly waives any and all claims based on, and hereby consents to, any error, irregularity, or departure from the provisions of the Mello-Roos Community Facilities Act of 1982, Government Code Sections 53311-53365.7, and any and all laws incorporated therein, in the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

The person executing this waiver and consent on behalf of the Landowner hereby certifies that he or she is authorized to execute this document on behalf of that legal entity.

Date: July 27, 2010

Taylor Morrison of California, 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]

Jim Jimison
[Type or print name of entity and/or individuals signing on behalf of landowner if applicable]

Vice President of Land Acquisition and Development
[Type or print authority to sign e.g., general partner or president of owner if applicable]

Real Property:

Assessor's Parcel Nos.:

132 - 0132 - 042

132 - 1680 - 032

**A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF ELK GROVE
DECLARING ITS INTENTION TO LEVY STREET MAINTENANCE ASSESSMENTS
ZONE 1-A (EAST FRANKLIN AREA), ANNEXATION NO. 2**

WHEREAS, the City Council (the “City Council”) of the City of Elk Grove (the “City”) has determined to undertake proceedings pursuant to the Benefit Assessment Act of 1982, being California Government Code sections 54703 *et seq.* (the “Act”), to levy assessments to finance the costs of maintaining streets and roads and to equitably distribute the costs among benefited landowners in developing areas; and

WHEREAS, the City Council by its Resolution No. 2003-82, adopted April 16, 2003, levied such assessments on property located within the boundaries of an area referred to therein as City of Elk Grove Street Maintenance District No. 1 (the “District”); and

WHEREAS, City staff have prepared and filed with the City Clerk a Supplemental Engineer’s Report (Supplement No. 2), which supplements the Engineer’s Report for Zone 1 of the District for Fiscal Year 2004-05 originally submitted on February 19, 2003 and supplemented by:

1. Supplement No.1 on May 19, 2004;

(collectively, the “Engineer’s Report”); and

WHEREAS, in accordance with the Act, the Engineer’s Report as supplemented by Supplement No. 2 proposes the amount of assessments to be levied on certain additional property described therein (referred to herein as the “annexed property”), which would be deemed a part of the District if the assessments are levied; and

WHEREAS, the annexed property is located within a zone of benefit referred to as “Zone 1 (East Franklin Area)”.

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

1. **Recitals**. The above recitals are true and correct.
2. **Approval of Supplement No. 2**. The City Council hereby approves Supplement No. 2, which incorporates by reference the Engineer’s Report. The Engineer’s Report as supplemented by Supplement No. 2 sets forth a full and detailed description of the costs financed by the assessments, the parcels to be assessed, and the proposed assessments upon assessable lots and parcels of the annexed property. Pursuant to Government Code section 54711(a)(2), the City Council hereby determines that the estimated cost of certain of the services to be funded from the assessments is more than can be conveniently raised from a single annual assessment and intends to order that such costs be collected in installments over periods of up to five years, as proposed in the Engineer’s Report. The Engineer’s Report and Supplement No. 2 are on file in the Office of the City Clerk, 8401 Laguna Palms Way, Elk Grove, California,

and are available for review by any interested member of the public during normal business hours.

3. Public Hearing. On Wednesday, October 13, 2010, at 6:00 p.m., or as soon thereafter as the matter may be heard, at City Hall, 8400 Laguna Palms Way, Elk Grove, California, the City Council shall hold a public hearing on the Engineer's Report as supplemented by Supplement No. 2 and the question of the levy of the proposed assessments.

4. Notice of Public Hearing. The City Clerk is directed to give notice of the public hearing by:

- a. publishing a notice in the form attached hereto as Exhibit A once a week for two successive weeks in *The Elk Grove Citizen*. The first publication shall be no later than September 29, 2010, and publication shall be completed by October 6, 2010;
- b. posting a notice in the form attached hereto as Exhibit A in at least three public places within the City; and
- c. mailing a notice and ballot in substantially the form attached hereto as Exhibit B to the record owners of each identified parcel within the annexed property. Mailing shall be completed by August 26, 2010.

5. Effective Date. This resolution shall take effect from and after the date of its passage.

PASSED AND ADOPTED by the City Council of the City of Elk Grove this 25th day of August 2010.

SOPHIA SCHERMAN, MAYOR of the
CITY OF ELK GROVE

ATTEST:

APPROVED AS TO FORM:

JASON LINDGREN, INTERIM CITY CLERK

SUSAN COCHRAN, CITY ATTORNEY

EXHIBIT A

[Form of Published and Posted Notice]

CITY OF ELK GROVE

**NOTICE OF HEARING ON
ENGINEER'S REPORT AND SUPPLEMENT NO. 2
CONCERNING STREET MAINTENANCE ASSESSMENTS**

Notice is hereby given that on **Wednesday, October 13, 2010**, at **6:00 p.m.**, or as soon thereafter as the matter may be heard, at the City Hall, 8400 Laguna Palms Way, Elk Grove, California, the City Council of the City of Elk Grove shall hold a public hearing on the engineer's report and a supplement thereto prepared and filed in connection with proposed street maintenance assessments on property identified in the report as supplemented. The City has mailed a notice to each affected property owner specifying the amount of the proposed assessment on the owner's property. At the public hearing, the City Council shall hear and consider all protests.

Dated: _____

Jason Lindgren, Interim City Clerk,
City of Elk Grove

EXHIBIT B

[Form of mailed Notice]

Notice of Public Hearing

TO: Taylor Morrison of California, LLC (APN: 132-0132-042; 132-1680-032)

FROM: Interim City Clerk
City of Elk Grove

DATE: August 26, 2010

SUBJECT: Street Maintenance Assessments (additions to City of Elk Grove Street Maintenance District No. 1, Zone 1-A (East Franklin Area)) Ballot Proceeding

The purpose of this notice is to provide you with information about the assessment ballot proceeding being conducted by the City of Elk Grove and its effect on real property that you own. Please be advised of the following:

- A hearing will be held on October 13, 2010, at 6:00 p.m., or as soon thereafter as the matter may be heard at the City Hall, 8400 Laguna Palms Way, Elk Grove, California.
- The reason for the assessment is to fund the maintenance and operation of streets serving property proposed to be added to the City of Elk Grove Street Maintenance District No. 1 (the "District").
- The proposed annual assessment is \$155.59 per Equivalent Dwelling Unit (EDU) for each parcel with respect to which an application for a building permit has been filed. Such assessment may be increased each year after fiscal year 2010-2011 based upon the increase in the Engineering News Record Construction Cost for the San Francisco Bay Area over the prior year. Your properties are expected to have a combined 314 EDUs at buildout, which would result in a total assessment of \$48,855.26 (plus inflation adjustments) at that time.
- The total amount chargeable to all the property proposed for assessment in this proceeding at buildout would be \$48,855.26 (plus inflation adjustments).
- Assessment duration: in perpetuity.
- How the assessment was calculated: The assessment is apportioned on all assessable lots or parcels proposed for assessment in proportion to the estimated benefits to be received by each lot or parcel. Benefit to any parcel is in proportion to its number of EDUs when developed. The total estimated costs for

operation and maintenance of streets that serve the property is allocable among all parcels in proportion to each parcel's expected EDUs. For additional detail, see the Engineer's Report and relevant supplements.

Enclosed with this notice, you will find an assessment ballot. Please follow the directions on the assessment ballot to express your view on the proposed assessment.

1. Ballots may be mailed or delivered to the Interim City Clerk at any time, but **MUST** be received not later than the conclusion of the public hearing described above. At any time prior to the conclusion of the public hearing, you may withdraw your ballot and submit a changed or new ballot in place of the ballot previously submitted.

2. At the conclusion of the public hearing, the Interim City Clerk will tabulate the ballots received, including those received during the public hearing.

3. The City will not impose the assessment if there is a majority protest. A majority protest exists if, upon the conclusion of the hearing, ballots submitted in opposition to the assessment exceed the ballots submitted in favor of the assessment. Ballots shall be weighted according to the proportional financial obligation of the affected property.

Official Ballot
City of Elk Grove Street Maintenance District No. 1
Zone 1-A

Assessor's Parcel Number(s): 132-0132-042; 132-1680-032

Name(s) of Property Owner(s): Taylor Morrison of California, LLC

Property Owner's Address: 1180 Iron Point Rd, Ste 100, Folsom, CA 95630

Proposed Annual Assessable Amount (2010-11 base year) (assessable after building permit applied for) \$48,855.26

Proposed Inflation Adjustment Formula: Assessable amount may be increased each year following the 2010-11 fiscal year based on the percentage change in the Engineering News Record Construction Cost Index for the San Francisco Bay Area.

Instructions For Completing and Delivering This Ballot

- To express your view on the proposed assessment and the proposed inflation adjustment, place a check mark in the space before the word "YES" or "NO," then sign and date the ballot.
- After completing your ballot, seal it in an envelope and mail or deliver this entire ballot to the Office of the City Clerk at 8401 Laguna Palms Way, Elk Grove, California, 95758.
- Ballots may be sent or delivered to the Interim City Clerk at any time, but **MUST** be received not later than the conclusion of the public hearing on the proposed assessment and inflation adjustment limit set for October 13, 2010, at 6:00 p.m., or as soon thereafter as the matter may be heard, at the City Hall, 8400 Laguna Palms Way, Elk Grove, California.

PLEASE EXPRESS YOUR VIEW BY MARKING AND SIGNING BELOW

___ **Yes**, I/we approve the proposed assessment and the proposed inflation adjustment limit described above for the parcel identified in this ballot.

___ **No**, I/we do not approve the proposed assessment and the proposed inflation adjustment limit described above for the parcel identified in this ballot.

I/we hereby declare under penalty of perjury that I am/we are the record owner(s) of the parcel listed above.

Signature of Record Owner

Date

CITY OF ELK GROVE
SUPPLEMENT No. 2 TO ENGINEER'S REPORT
STREET MAINTENANCE DISTRICT No. 1
ZONE 1 (EAST FRANKLIN AREA)
First Fiscal Year: 2010-2011



INTENT MEETING: August 25, 2010

PUBLIC HEARING: October 13, 2010

SUPPLEMENTAL ENGINEER'S REPORT AFFIDAVIT

City of Elk Grove
Sacramento County, State of California

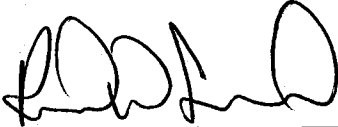
STREET MAINTENANCE DISTRICT NO. 1, ZONE 1 (EAST FRANKLIN AREA)

This Supplemental Report No. 2 describes the addition of certain parcels within Zone 1 (EAST FRANKLIN AREA) to Street Maintenance District No. 1 Zone 1, creates a subset of Zone 1 titled street Maintenance District No. 1 Zone 1-A and describes the maximum assessments to be levied for the first fiscal year 2010-2011 as they existed at the time of the passage of the resolution of intention, and annually thereafter as Assessor Parcel Numbers are issued for new land development. Reference is hereby made to the Sacramento County Assessor's maps for a detailed description of the lines and dimensions of parcels within the Zone.

The undersigned respectfully submits the enclosed Report as directed by the City Council.

Dated this 6th day of August, 2010.

By: _____


Richard Shepard
R. C. E. # 75439
Assessment Engineer
City Engineer
City of Elk Grove, California

[This Supplemental Report No. 2 incorporates by reference the Engineer's Report for Street Maintenance District No. 1, Zone 1 (EAST FRANKLIN AREA), submitted to the City Council on February 19, 2003 and Supplemented by Supplement No. 1 on May 19, 2004 (the "Report").

[Appendix B, entitled "2004/2005 Assessment Roll," is supplemented by the addition of the following:]

**City of Elk Grove
 "Street Maintenance District No. 1, Zone 1-A (EAST FRANKLIN AREA)"
 Assessment Roll**

	DEVELOPMENT	OWNER	APN	SF	MF
				UNITS	UNITS
1	Franklin Crossing	Taylor Morrison of California, LLC	132-0132-042; 132-1680-032	314	

**City of Elk Grove
 "Street Maintenance District No. 1, Zone 1-A (EAST FRANKLIN AREA)"
 Build-out EDU Calculations and Total Assessment**

	DEVELOPMENT	TITLE	APN	TOTAL EDUs	TOTAL ASSESSMENT
1	Franklin Crossing	Taylor Morrison of California, LLC	132-0132-042; 132-1680-032	314	48,855.26
TOTAL				314	\$48,855.26

**ANNEXATION MAP NO. 16
COMMUNITY FACILITIES DISTRICT NO. 2006-1
(MAINTENANCE SERVICES)**
CITY OF ELK GROVE
COUNTY OF SACRAMENTO
STATE OF CALIFORNIA

FILED IN THE OFFICE OF THE CITY CLERK THIS _____ DAY OF _____, 2010.

I HEREBY CERTIFY THAT THE WITHIN MAP SHOWING PROPOSED BOUNDARIES OF ANNEXATION NO. 16 TO COMMUNITY FACILITIES DISTRICT NO. 2006-1 OF THE CITY OF ELK GROVE, COUNTY OF SACRAMENTO, STATE OF CALIFORNIA, WAS APPROVED BY THE CITY COUNCIL OF THE CITY OF ELK GROVE AT A REGULAR MEETING THEREOF HELD ON THE _____ DAY OF _____, 2010, BY ITS RESOLUTION NO. _____.

JASON LINDGREN,
CITY CLERK
CITY OF ELK GROVE

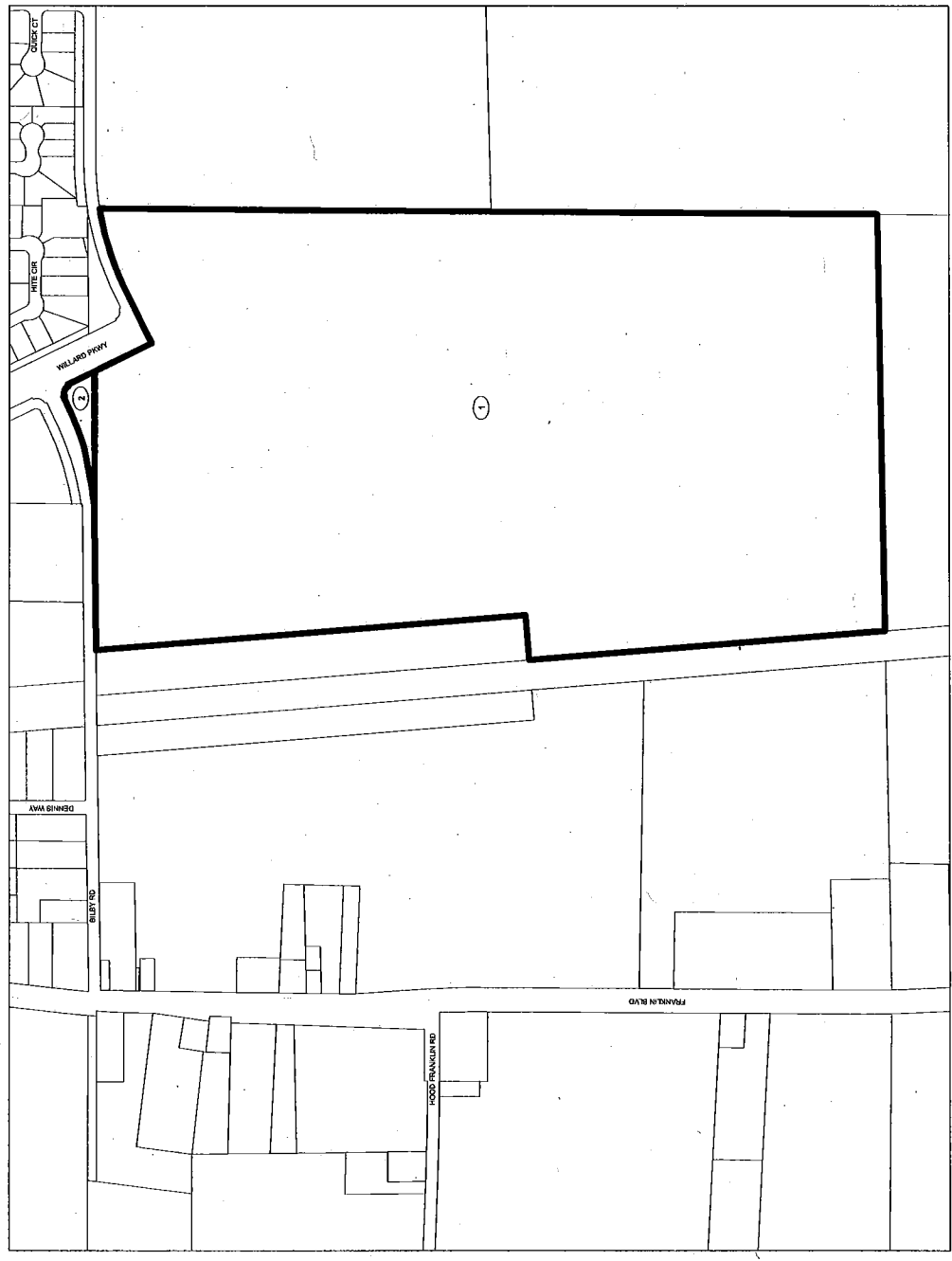
FILED THIS _____ DAY OF _____, 2010, AT THE HOUR OF _____ O'CLOCK _____ AM IN THE BOOK _____ OF MAPS OF ASSESSMENT AND COMMUNITY FACILITIES DISTRICTS, PAGE(S) _____, IN THE OFFICE OF THE COUNTY RECORDER IN THE COUNTY OF SACRAMENTO, STATE OF CALIFORNIA.

BY DEPUTY
COUNTY RECORDER
SACRAMENTO
STATE OF CALIFORNIA

REFERENCE IS MADE TO THAT BOUNDARY MAP OF THE CITY OF ELK GROVE (MAINTENANCE SERVICES) OF THE CITY OF ELK GROVE RECORDED WITH THE SACRAMENTO COUNTY RECORDER'S OFFICE ON FEBRUARY 22, 2006, IN BOOK 161 OF MAPS OF ASSESSMENT AND COMMUNITY FACILITIES DISTRICTS, PAGE 35, AS INSTRUMENT NO. 200622-1667.

THE LINES AND DIMENSIONS OF EACH LOT OR PARCEL SHOWN ON THIS MAP SHALL BE THE SAME AS SHOWN ON THE SACRAMENTO COUNTY ASSESSOR'S MAPS FOR THOSE PARCELS LISTED.

THE SACRAMENTO COUNTY ASSESSOR'S MAPS SHALL GOVERN FOR ALL DETAILS CONCERNING THE LINES AND DIMENSIONS OF SUCH LOTS OR PARCELS.



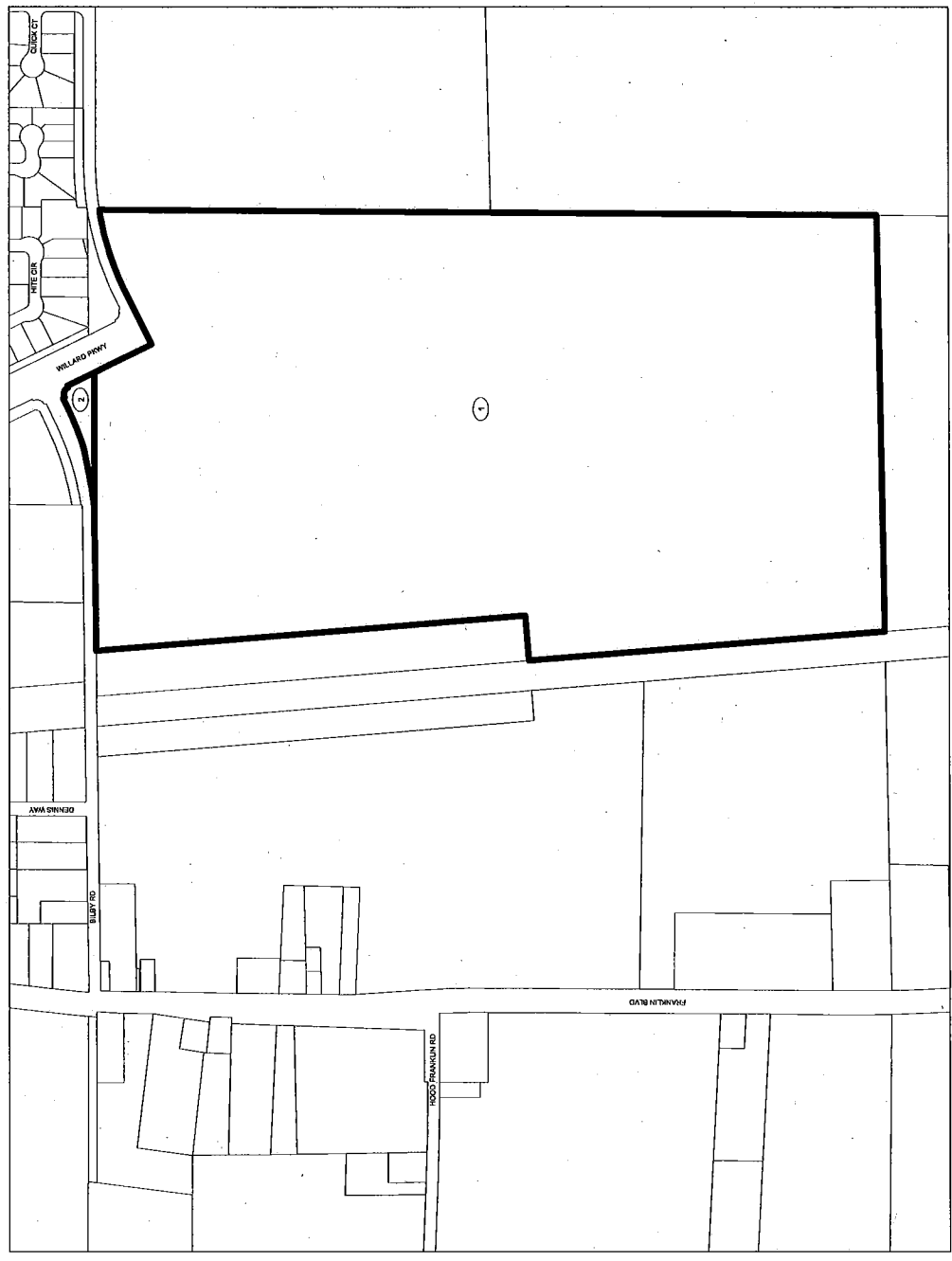
TAYLOR MORRISON CA LLC

MAP REF. NO.	ASSESSOR'S PARCEL NO.
1	11E-0332-0000
2	11E-180322-0000

LEGEND
 ANNEXATION BOUNDARY
 MAP REF. NO.



**ANNEXATION MAP NO. 3
COMMUNITY FACILITIES DISTRICT NO. 2003-1
(POPPY RIDGE)**
CITY OF ELK GROVE
COUNTY OF SACRAMENTO
STATE OF CALIFORNIA



FILED IN THE OFFICE OF THE CITY CLERK THIS _____ DAY OF _____, 2010.

I HEREBY CERTIFY THAT THE WITHIN MAP SHOWING PROPOSED BOUNDARIES OF ANNEXATION NO. 3 TO COMMUNITY FACILITIES DISTRICT NO. 2003-1 (POPPY RIDGE) IN THE CITY OF ELK GROVE, COUNTY OF SACRAMENTO, STATE OF CALIFORNIA, WAS APPROVED BY THE CITY COUNCIL OF THE CITY OF ELK GROVE AT A REGULAR MEETING THEREOF, HELD ON THE _____ DAY OF _____, 2010, BY ITS RESOLUTION NO. _____.

JASON LINDBLOM,
CITY CLERK
CITY OF ELK GROVE

FILED THIS _____ DAY OF _____, 2010, AT THE HOUR OF _____ O'CLOCK _____ M. IN THE BOOK _____ OF MAPS OF ASSESSMENT AND COMMUNITY FACILITIES DISTRICTS, PAGE(S) _____, IN THE _____ OFFICE OF THE COUNTY RECORDER IN THE COUNTY OF SACRAMENTO, STATE OF CALIFORNIA.

BY DEPUTY
COUNTY RECORDER
COUNTY OF SACRAMENTO
STATE OF CALIFORNIA



REFERENCE IS MADE TO THAT BOUNDARY MAP OF THE CITY OF ELK GROVE, COUNTY OF SACRAMENTO, STATE OF CALIFORNIA, RECORDED WITH THE SACRAMENTO COUNTY RECORDER'S OFFICE ON DECEMBER 6, 2002, IN BOOK 98 OF MAPS OF ASSESSMENT AND COMMUNITY FACILITIES DISTRICTS, PAGE 3, AS INSTRUMENT NO. 007623384.

THE LINES AND DIMENSIONS OF EACH LOT OR PARCEL OF THE WITHIN MAP SHALL BE THE SAME AS SHOWN ON THE SACRAMENTO COUNTY ASSESSOR'S MAPS FOR THOSE PARCELS LISTED.

THE SACRAMENTO COUNTY ASSESSOR'S MAPS SHALL GOVERN FOR ALL DETAILS CONCERNING THE LINES AND DIMENSIONS OF SUCH LOTS OR PARCELS.

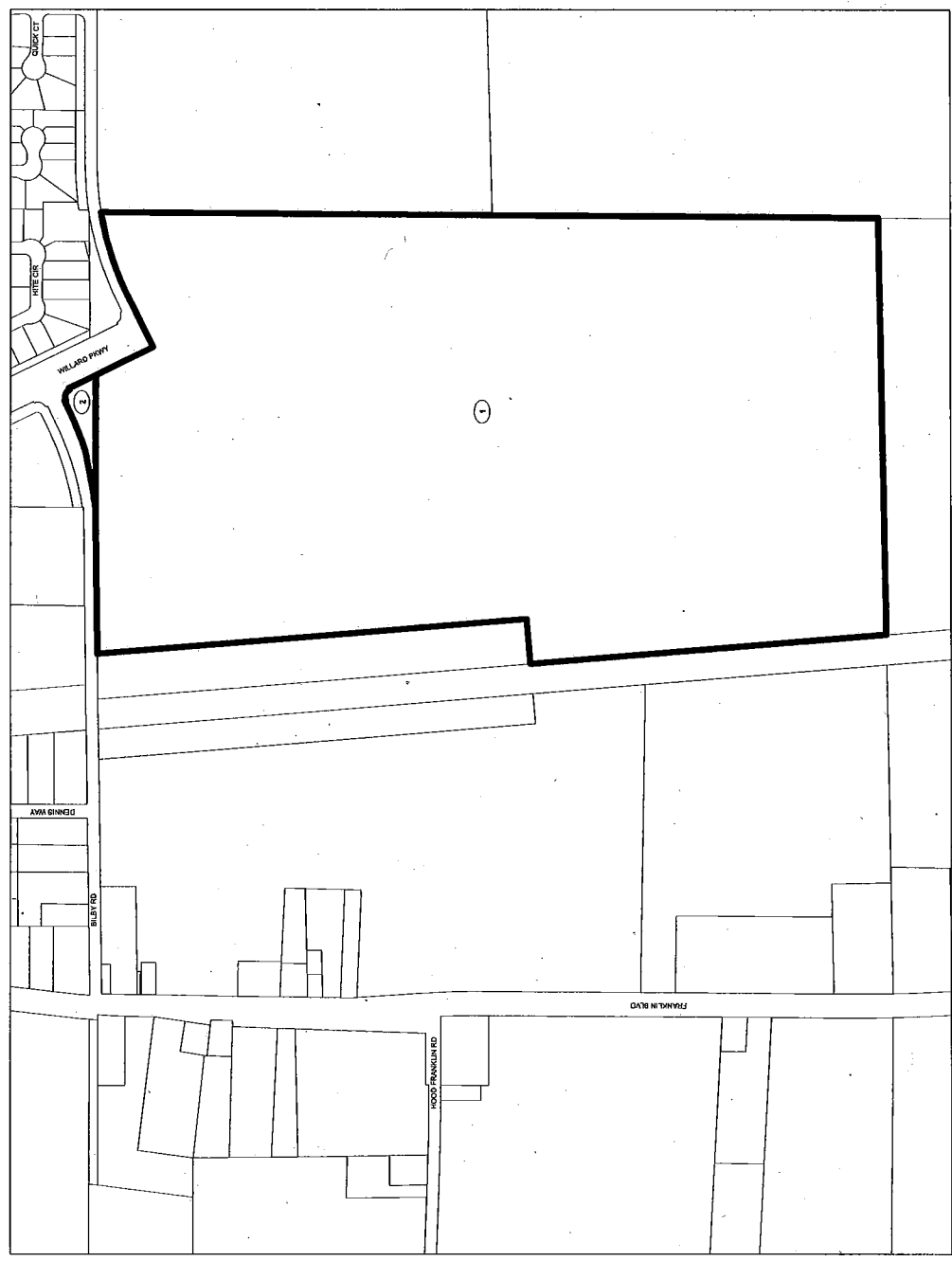
TAYLOR MORRISON CAL LC

MAP REF. NO.	ASSESSOR'S PARCEL NO.
1	116-032-242-200D
2	116-189-832-400D

- LEGEND**
- ANNEXATION BOUNDARY
 - MAP REF. NO.



**ANNEXATION MAP NO. 2
STREET MAINTENANCE DISTRICT NO. 1
ZONE NO. 1-A**
CITY OF ELK GROVE
COUNTY OF SACRAMENTO
STATE OF CALIFORNIA



FILED AND RECORDED IN THE OFFICE OF THE CITY CLERK OF THE CITY OF ELK GROVE THIS _____ DAY OF _____, 2010.

AN ASSESSMENT WAS LEVIED BY THE CITY COUNCIL OF THE CITY OF ELK GROVE ON THE CITY OF ELK GROVE OF CALIFORNIA ON THE LOTS, PIECES, AND PARCELS OF LAND SHOWN ON THIS ASSESSMENT DIAGRAM. THE ASSESSMENT WAS LEVIED ON THE _____ DAY OF _____, 2010; THE ASSESSMENT DIAGRAM AND THE ASSESSMENT ROLL OF THE CITY OF ELK GROVE ON THE _____ DAY OF _____, 2010. REFERENCE IS MADE TO THE ASSESSMENT ROLL RECORDED IN THE OFFICE OF THE CITY CLERK FOR THE CITY OF ELK GROVE, CALIFORNIA, IN THE ASSESSMENT DIAGRAM. EACH PARCEL OF LAND SHOWN ON THIS ASSESSMENT DIAGRAM.

JASON LINDGREN,
CITY CLERK
CITY OF ELK GROVE

FILED THIS _____ DAY OF _____, 2010, AT THE _____ OFFICE OF THE COUNTY RECORDER OF MAPS OF ASSESSMENT AND COMMUNITY FACILITIES DISTRICTS AT PAGE _____ IN THE OFFICE OF THE COUNTY RECORDER OF THE COUNTY OF SACRAMENTO, STATE OF CALIFORNIA.

COUNTY RECORDER
COUNTY OF SACRAMENTO
STATE OF CALIFORNIA



MAP REF. NO.	ASSESSORS PARCEL NO.
1	116-2732-242-0000
2	116-1688-032-0000

LEGEND
 ANNEXATION BOUNDARY
 MAP REF. NO.

