

RESOLUTION NO. 074-2002

OF THE BOARD OF SUPERVISORS OF THE COUNTY OF EL DORADO

A RESOLUTION OF FORMATION, ESTABLISHING COMMUNITY FACILITIES DISTRICT NO. 2002-01 (MISSOURI FLAT AREA), AUTHORIZING THE LEVY OF A SPECIAL TAX WITHIN THE DISTRICT AND PRELIMINARILY ESTABLISHING AN APPROPRIATIONS LIMIT FOR THE DISTRICT, AND CALLING AN ELECTION FOR THE PURPOSE OF SUBMITTING THE LEVY OF THE SPECIAL TAX AND THE ESTABLISHMENT OF THE APPROPRIATIONS LIMIT TO THE QUALIFIED ELECTORS OF THE DISTRICT

WHEREAS, this Board did, on February 12, 2002, adopt its Resolution No. 042-2002 of intention to establish Community Facilities District No. 2002-01 (Missouri Flat Area) (the "District"), and levy a special tax therein, pursuant to Chapter 2.5 of Part 1 of Division 2 of Title 5 (commencing with Section 53311) of the California Government Code, commonly known as the "Mello-Roos Community Facilities Act of 1982" (the "Act");

WHEREAS, Resolution No. 042-2002, (1) describing the proposed boundaries of the District, the name of the District, and the types of facilities proposed to be financed, in whole or in part, by the District (the "Facilities"), (2) providing that, except where funds are otherwise available to pay for the Facilities to be financed by the District, including the incidental expenses thereof, and/or the principal and interest as it becomes due on the bonds of the District issued to finance such Facilities, a special tax sufficient to pay the costs thereof, secured by recordation of a continuing lien against all nonexempt real property in the District, will be levied annually within the boundaries of the District, (3) specifying the rate, method of apportionment, and manner of collection of the special tax in sufficient detail to allow each landowner or resident within the proposed District to estimate the maximum amount that he or she will have to pay, and (4) setting a hearing thereon, is incorporated herein by this reference;

WHEREAS, notice of the hearing was duly published as required by law, as evidenced by the affidavit of publication on file with the Clerk of this Board;

WHEREAS, at the time and date set for the hearing, March 19, 2002, this Board held the public hearing as required by law relative to the proposed formation of the District, the levy of the special tax, and all other matters set forth in Resolution No. 042-2002;

WHEREAS, at least fifteen (15) days prior to the hearing, a map of the proposed boundaries of the District, entitled "Proposed Boundaries of Community Facilities District No. 2002-01 (Missouri Flat Area) of the County of El Dorado, State of California" (the "Boundary Map") was recorded pursuant to Section 3111 of the California Streets and Highways

Code in the office of the County Recorder of the County of El Dorado in Book 4 of Maps of Assessment and Community Facilities Districts, at Page 112;

WHEREAS, prior to the hearing a report (the "Report") containing a description of the Facilities required to adequately meet the needs of the District and an estimate of the cost of providing the Facilities to be financed by the District, including, to the extent the purchase of completed public facilities or the payment of incidental expenses is proposed, the estimated fair and reasonable cost thereof, including the costs of the proposed bond financing, was filed with this Board as a part of the record of the hearing and duly considered by this Board; the special tax consultant to the County has advised that (1) the reference to "March 1" in the definition of "Parcel," as set forth in the special tax formula attached to Resolution No. 042-2002, has been changed to "January 1" as set forth in the Report, and as set forth in Exhibit A hereto, in order to address a revision in State law; and (2) the reference to "PriceCostco" as set forth in Attachment 1 to the special tax formula attached to Resolution No. 042-2002, has been revised to "Costco" as set forth in the Report, and as set forth in Attachment 1 to Exhibit A hereto, in order to reflect the change in the name of that corporation;

WHEREAS, at the hearing all persons desiring to be heard on all matters pertaining to the formation of the District, the levy of the special tax, and all other matters set forth in Resolution No. 042-2002, including all interested persons or taxpayers for or against the establishment of the District, the extent of the District, or the furnishing of specific types of public facilities, were heard and considered, and a full and fair hearing was held thereon;

WHEREAS, at the hearing evidence was presented to this Board on the matters before it, and this Board, at the conclusion of the hearing, was fully advised as to all matters relating to the formation of the District, the levy of the special tax, and all other matters set forth in Resolution No. 042-2002;

WHEREAS, the County's Registrar of Voters has certified there are less than 12 registered voters residing in the District; accordingly, the qualified electors in the District are the landowners;

WHEREAS, written protests against the establishment of the District, the furnishing of specified type or types of facilities within the District as listed in the Report, or the levying of the special tax have not been filed with the Clerk of this Board by fifty percent (50%) or more of the registered voters, or six registered voters, whichever is more, residing within the territory proposed to be included in the District, or the owners of one-half (1/2) or more of the area of land in the territory proposed to be included in the District and not exempt from the special tax; and

WHEREAS, the Clerk of this Board has concurred in the election date set forth for the election herein called;

NOW THEREFORE, BE IT RESOLVED, by the Board of Supervisors of the County of El Dorado, as follows:

1. The foregoing recitals are true and correct.

2. The proposed special tax to be levied in the District has not been precluded by majority protest pursuant to Section 53324 of the Act. All protests (there were none) to the establishment of the District, the extent thereof, or the furnishing of the public facilities proposed therefor, or the levy of the special tax proposed to be levied in the District, are hereby overruled.

3. As proposed in Resolution No. 042-2002, a community facilities district is hereby established pursuant to the Act, designated "County of El Dorado Community Facilities District No. 2002-01 (Missouri Flat Area)," the boundaries of which are shown on the Boundary Map.

4. (a) The Facilities to be financed, in whole or in part, by the District are set forth in EXHIBIT B hereto and by this reference incorporated herein. The Facilities are public facilities having a useful life of five years or longer.

(b) Such Facilities are necessary to meet the increased demands placed upon the County and other local agencies operating within the area of the District as a result of development or rehabilitation occurring in the District.

(c) No land within the District is devoted primarily to agricultural, timber or livestock uses or being used for the commercial production of agricultural, timber or livestock products.

(d) The Report related to the Facilities shall be a part of the record in these proceedings. For purposes hereof, the Report shall refer to the Report as modified, amended, revised or corrected pursuant to and in accordance with any resolution or order heretofore adopted or made by this Board.

5. (a) As stated in Resolution No. 042-2002, except where funds are otherwise available, it is the intention of this Board, subject to the approval of the qualified electors of the District, to levy a special tax sufficient to pay for the Facilities to be financed by the District, and/or the principal and interest as it becomes due on bonds issued to finance such Facilities, and incidental expenses related thereto, secured by recordation of a continuing lien against all nonexempt real property in the District.

(b) For purposes hereof, costs shall include the payment in full of all amounts necessary to eliminate any fixed special assessment liens or to pay, repay, or defease any obligation to pay or any indebtedness secured by any tax, fee charge, or assessment levied within the area of the District or to pay debt service on that indebtedness.

(c) The rate, method of apportionment, and manner of collection of the special tax, in sufficient detail to allow each landowner or resident within the District to estimate the maximum amount that he or she will have to pay is described in EXHIBIT A hereto and by this reference incorporated herein.

(d) Landowners may prepay the special tax and discharge the special tax lien pursuant to the procedures set forth in EXHIBIT A.

(e) The special tax as apportioned to each parcel pursuant to EXHIBIT A is based on the cost of making the Facilities available to each parcel, or other reasonable basis, and is not based on or upon the ownership of real property.

(f) There is no ad valorem property tax currently being levied on property within the District for the exclusive purpose of making lease payments or paying principal or interest on bonds or other indebtedness incurred to finance the construction of capital facilities which are the same as are to be provided by the Facilities to be financed by the District.

(g) Any reimbursement made to the District pursuant to Section 53313.5(e) of the Act shall be utilized to reduce or minimize the special tax levied within the District or to construct or acquire additional Facilities within the District.

(h) Pursuant to Section 53314.9 of the Act, this Board may accept advances of funds or work-in-kind from any source, including, but not limited to, private persons or private entities, and may provide, by resolution, for the use of those funds or that work-in-kind for any authorized purpose, including, but not limited to, paying any cost incurred by the County in creating the District.

6. The description of the proposed voting procedure, as set forth in Resolution No. 042-2002, is incorporated herein by this reference, and shall be the voting procedure to be used in these proceedings.

7. The Office of the Auditor-Controller is hereby designated as the office, department or bureau which will be responsible for annually preparing the current roll of special tax levy obligations by assessor's parcel number on nonexempt property within the District and which will be responsible for estimating future special tax levies pursuant to Section 53340.1 of the Act. The current name, address, and telephone number of the Office of the Auditor-Controller, and the person responsible for administering the District, is as follows:

Joe Harn, Auditor-Controller
County of El Dorado
360 Fair Lane
Placerville, California 95667
Telephone: (530) 621-5487

Such officer is hereby directed to establish procedures to promptly respond to inquiries concerning current and future estimated special tax liability pursuant to Section 53340.2 of the Act.

8. Upon a determination by this Board, after the canvass of the returns of the election contemplated in Sections 11 and 12 hereof, that two-thirds (2/3) of the votes cast upon the question of levying the special tax are in favor thereof, the Clerk of this Board shall record the notice of special tax lien provided for in Section 3114.5 of the California Streets and Highways Code. Upon recordation of the notice of special tax lien pursuant to Section 3114.5 of the California Streets and Highways Code, a continuing lien to secure each levy of the special

tax shall attach to all nonexempt real property in the District, and this lien shall continue in force and effect until the special tax obligation is prepaid and permanently satisfied and the lien cancelled in accordance with law or until collection of the special tax by this Board ceases.

9. All prior proceedings taken with respect to the establishment of the District were valid and in conformity with the requirements of the Act.

10. In accordance with Section 53325.7 of the Act, the annual appropriations limit of the District, as defined by subdivision (h) of Section 8 of Article XIII B of the California Constitution, is hereby preliminarily established at \$3,500,000, and this annual appropriations limit shall be submitted to the voters of the District as hereafter provided. The proposition establishing the appropriations limit shall become effective if approved by the qualified electors voting thereon and shall be adjusted in accordance with the applicable provisions of Section 53325.7 of the Act.

11. (a) This Board hereby calls a special election and submits the question of levying the special tax, and the establishment of the annual appropriations limit for the District in connection therewith, to the qualified electors within the District, in accordance with and subject to the Act, the terms of which shall, unless waived as herein provided, be applicable to such election.

(b) Fewer than twelve (12) persons have been registered to vote within the territory of the District for each of the ninety (90) days preceding the close of the hearing referenced herein. Accordingly, for the purposes of these proceedings, the qualified electors shall be the landowners within the District; the vote shall be by the landowners or their authorized representatives; each having one vote for each acre or portion thereof that such landowner owns in the District as of the close of the hearing; and the ballots for the special election shall be distributed by mail with return postage prepaid or by personal service to each landowner; all as provided in Section 53326 of the Act.

(c) This Board hereby designates the Clerk of this Board as the election official to conduct the election. The County's Registrar of Voters has concurred in this Board's designation of the Clerk of this Board as the election official. The shortening of the election as herein provided is concurred in by the Clerk of this Board.

(d) If the Clerk of this Board receives appropriate waivers of time limits and other requirements pertaining to the conduct of the election by each of the owners of land included in the District (collectively, the "Landowners") on or before March 22, 2002, the election shall be held on April 2, 2002, or on such earlier date on which the Clerk shall have received such waivers and completed ballots from all Landowners. Otherwise, the election shall be held on the first Wednesday after that date which is 90 days after the date this Resolution is adopted.

(e) Unless waived with the unanimous consent of all the Landowners, there shall be prepared and included in the ballot material provided to each voter an impartial analysis and arguments and rebuttals, if any, as provided in Section 53327 of the Act. The election shall be

conducted by the Clerk of this Board in the manner required by this Resolution, the Act and applicable laws.

(f) The publication of this Resolution as notice of the special election is waived provided the Clerk of this Board receives consent to such waiver from the landowners.

12. This Board further directs that the election at which the question of levying the special tax and the establishment of an appropriations limit in connection therewith is submitted to the qualified electors within the District shall be consolidated with the election at which the question of incurring a bonded indebtedness in an aggregate principal amount not to exceed \$35,000,000 for the District, as set forth in this Board's Resolution No. 043-2002, is submitted to the qualified electors within the District, and the question of levying the special tax shall be combined in one ballot proposition with the question of incurring such bonded indebtedness and the question of establishing an appropriations limit for the District, all as provided by the Act; and this Board further directs that the resolution adopted by this Board determining the necessity to incur the bonded indebtedness shall constitute the notice of the consolidated election on the combined proposition of authorizing the levy of the special tax, establishing an appropriations limit, and incurring such bonded indebtedness. However, the giving of such notice is waived if the Clerk of this Board receives unanimous consent to such waiver from the Landowners.

13. If two-thirds (2/3) of the votes cast upon the question of levying the special tax are cast in favor of levying the tax, as determined by this Board after the canvass of the returns of such consolidated election, this Board may levy the special tax within the territory of the District in the amount and for the purposes as specified in this Resolution. The special tax may be levied only at the rate and may be apportioned only in the manner specified in this Resolution, subject to the Act, except that the special tax may be levied at a lower rate.

14. The Clerk of this Board, as the designated election official, shall, within three business days after the adoption of this Resolution, obtain a certified copy thereof. The Clerk has previously been provided with a map of the boundaries of the District, a sufficient description from which to determine the boundaries of the District, and the assessor's parcel numbers for the land within the District.

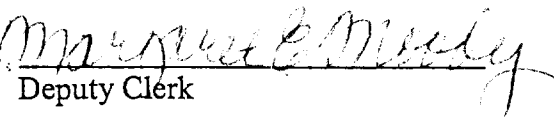
15. This Board hereby determines that the formation of the proposed District is within the scope of the Missouri Flat Master Circulation and Funding Plan project. The Final Environmental Impact Report (EIR) for the project was certified by the Board on December 15, 1998, and a Notice of Determination was filed with the County Recorder-Clerk on December 18, 1998. The Final EIR was a program EIR that adequately describes the formation of the proposed District for purpose of CEQA.

* * * * *

PASSED AND ADOPTED by the Board of Supervisors of the County of El Dorado at a regular meeting of the Board held on the 19th day of March, 2002, by the following vote of said Board:

ATTEST
DIXIE L. FOOTE
Clerk of the Board of Supervisors

Ayes: DUPRAY, BAUMANN, BORELLI, HUMPHREYS, SOLARO
Noes: NONE
Absent: NONE

By: 
Deputy Clerk


Chairman, Board of Supervisors

I CERTIFY THAT:
THE FOREGOING INSTRUMENT IS A CORRECT COPY OF THE ORIGINAL ON FILE IN
THIS OFFICE.

DATE: _____

ATTEST: DIXIE L. FOOTE, Clerk of the Board of Supervisors of the County of El Dorado,
State of California.

By: _____
Deputy Clerk

EXHIBIT A

Community Facilities District No. 2002-01

(Missouri Flat Area)

RATE AND METHOD OF APPORTIONMENT OF SPECIAL TAX

1. Basis of Special Tax Levy

A Special Tax authorized under the Mello-Roos Community Facilities Act of 1982 (the "Act") applicable to the land in the Missouri Flat Area Community Facilities District No. 2002-01 (the "CFD") of the County of El Dorado (the "County") shall be levied and collected according to the tax liability determined by the County through the application of the appropriate amount or rate, as described below.

2. Definitions

"Act" means the Mello-Roos Community Facilities Act of 1982, as amended, Sections 53311 and following of the California Government Code.

"Administrative Expenses" means the following actual or reasonably estimated costs directly related to the administration of the CFD: the costs of computing Special Taxes and preparing the annual Special Tax collection schedules (whether by the County or designee thereof or both); the costs of collecting the Special Taxes (whether by the County or otherwise); the costs of remitting the Special Taxes to the Trustee (including its legal counsel) in the discharge of the duties required of it under the Bond Indenture; the costs to the County, CFD or any designee thereof of complying with arbitrage rebate requirements; the costs to the County, CFD or any designee thereof of complying with County, CFD or obliged persons disclosure requirements associated with preparing Special Tax disclosure statements and responding to public inquiries regarding the Special Taxes; the costs of the County, CFD or designee thereof related to the appeal of the Special Tax; and the cost associated with the release of funds from an escrow account, if any. Administrative Expenses shall also include amounts estimated or advanced by the County or CFD for any other administrative purposes, including attorney's fees and other costs related to commencing and pursuing to completion any foreclosure of delinquent Special Taxes.

"Administrator" means The County Administrative Officer or his or her designee.

"Annexation Parcel" means any Parcel that is annexed to the CFD.

"Annual Costs" means, for any Fiscal Year, the total of the following:

- 1) Debt Service to be paid from Special Taxes collected during such Fiscal Year;
- 2) Administrative Expenses for such Fiscal Year;
- 3) The amount needed to replenish any Reserve Fund Requirements for the Bonds to the level required under the Bond Indenture; and

- 4) An amount equal to the amount of delinquencies in payments of Special Taxes levied in the previous Fiscal Year and/or anticipated for the current Fiscal Year;
- 5) less any funds contributed to the CFD through the County Funding Agreement.

“Average Retail Sales Per Square Foot” is defined as specified in Attachment 2.

“Benefit Share” means the Maximum Annual Special Tax for a Taxable Parcel divided by the Maximum CFD Revenue.

“Board” means the Board of Supervisors of the County of El Dorado as the legislative body for the CFD under the Act.

“Bond Indenture” means the indenture or other financing document pursuant to which the Bonds are issued.

“Bond Share” means the share of Bonds assigned to a Parcel as specified in Section 6 of this Rate and Method of Apportionment.

“Bonds” means bonds issued by the County for the CFD.

“CFD” means the Community Facilities District No. 2002-01 (Missouri Flat Area) of the County.

“County” means the County of El Dorado, California.

“County Assessor’s Parcel” means a lot or Parcel with an assigned Assessor’s Parcel Number in the maps used by the County Assessor in the preparation of the tax roll.

“County Funding Agreement” refers to an agreement that allows the transfer of general fund revenues to the CFD.

“Debt Service” means the total amount of principal, interest and scheduled sinking fund payments to pay Bond principal and interest.

“Derived Sales Tax Generation” means, for a Parcel or Development, the sum of the products of the Parcel or Development’s actual gross leasable area for each retail category, as specified on Attachment 2, and the Performance Target Rate for that retail category.

“Development” means a Parcel or group of Parcels covered by a single Development Agreement.

“Development Agreement” means an agreement between the County and other parties covering the respective development rights and obligations pertaining to a particular Development.

“Development Plan” means:

- 1) For Original Parcels, the development plan as defined in the approved and recorded Development Agreement pertaining to those Parcels. For Original Parcels that do not have a Development Agreement, the development plan as

defined in the planned development application for that Parcel on file with the County.

- 2) For Annexation Parcels, the development plan as provided in the Development Agreement or similar document for that Parcel or group of Parcels.

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

“Gross Leasable Area” means, for any particular Parcel or group of Parcels, all enclosed sales areas including outside garden sales areas as provided by the Development Plan pertaining to that Parcel or group of Parcels. For a Parcel not covered by a Development Plan, Gross Leasable Area means all enclosed sales areas including outside garden sales areas actually constructed on the Parcel.

“Maximum Annual Special Tax” means the greatest amount of Special Tax that can be levied against a Taxable Parcel in any Fiscal Year. The initial Maximum Annual Special Taxes for Original Parcels are shown in Attachment 1. Subsequently the Maximum Annual Special Taxes for Original Parcels will be reallocated pursuant to Section 5B. The Maximum Special Tax for Annexation Parcels shall be calculated pursuant to Section 5D. Each time a Taxable Parcel is subdivided, the Maximum Annual Special Tax will be reassigned to the Successor Parcels pursuant to Section 5C. The Maximum Annual Special Tax is assigned to Parcels on the basis of the Gross Leasable Area of a Development and the total Maximum Annual Special Tax for the Development may not be reduced by the subdivision of Parcels or by changes in the use of such Parcels.

“Maximum CFD Revenue” means the sum of the Maximum Annual Special Tax for all of the Taxable Parcels in the CFD in a Fiscal Year.

“Net Acre(age)” means the acreage of a Parcel as shown on the County Assessor’s parcel records excluding right-of-way dedicated and accepted by a public agency for streets, roads, landscaping, and other public purposes. For mixed-use parcels containing both residential and commercial development, Net Acre(age) consists solely of the property attributable to the commercial component.

“Original Parcel” means a Parcel as identified by Assessor’s Parcel Number on Attachment 1, or a Successor Parcel that is being further subdivided into additional Successor Parcels for purposes of spreading Maximum Annual Special Taxes between Successor Parcels per the provisions in Section 5.C.

“Outstanding Bonds” means the total principal amount of Bonds that have been issued and not retired or defeased.

“Parcel” means any County Assessor’s parcel in the CFD based on the equalized tax rolls of the County as of January 1 of each year.

“Performance Target” means, for each Parcel, the amount determined by multiplying the Performance Target Rate for each retail category contained in the Parcel, as specified on **Attachment 2**, times the Gross Leasable Area for that retail category. In the case of Original Parcels, the Performance Target for each Parcel is specified on **Attachment 1** and subsequently

reallocated pursuant to Section 5B. Where the Gross Leasable Area on a Parcel constitutes an expansion of an existing structure, the Performance Target attributable to the expansion shall be determined by pro rating total sales tax generated in the structure based on the proportion that the floor area in the expanded area bears to the total floor area contained in the structure. The Performance Target is assigned initially on the basis of the Gross Leasable Area of a Development and the total Performance Target of the Development may not be reduced by the subdivision of Parcels or by changes in use.

“Public Parcel” means any Parcel that , at the time the CFD is formed, is exempt from the Special Tax pursuant to Section 53340 of the Act.

“Prepayment” means the payment of Maximum Annual Special Taxes pursuant to Section 7.

“Reserve Fund Requirement” means the amount required to be held in the bond reserve fund created under the Bond Indenture.

“Reserve Fund Share” means the lesser of (i) the reserve requirement on all Outstanding Bonds, or (ii) the reserve fund balance on all Outstanding Bonds at the time of such calculation, multiplied by the Benefit Share for a given Parcel.

“Special Tax(es)” mean(s) any tax levy under the Act in the CFD.

“Special Tax Levy” means the Special Taxes due to be paid for a Parcel in a particular year.

“Special Tax Obligation” means the potential Special Tax owed by each Parcel, calculated according to the proportion of the Parcel’s Performance Target that has not been met in a given year. If a Parcel has met its Performance Target, there is no Special Tax Obligation for that year.

“Subdivision” means a division of an Original Parcels into two or more Successor Parcels through the Subdivision Map Act process.

“Successor Parcel” means a Parcel created by Subdivision, lot line adjustment or Parcel map from an Original Parcel.

“Tax Collection Schedule” means the document prepared by the County for the County Auditor to use in levying and collecting the Special Taxes each Fiscal Year.

“Tax Levy Ratio” means the ratio of Annual Costs to the Total Special Tax Obligation.

“Taxable Parcel” means any Parcel that is not a Tax-Exempt Parcel.

“Taxable Sales” means the taxable retail sales for a Parcel over the prior four quarters, ending December 31, for which State Board of Equalization data is available as provided by the County. Where the Gross Leasable Area on a Parcel constitutes an expansion of an existing structure, the Taxable Sales attributable to the expansion shall be determined by pro rating total sales tax generated in the structure based on the proportion that the floor area in the expanded area bears to the total floor area in the structure.

“Tax-Exempt Parcel” means a Parcel not subject to the Special Tax. Tax-Exempt Parcels include: (1) Public Parcels, and (2) any Parcel that has prepaid its Special Taxes under Section 7 hereof.

“Total Special Tax Obligation(s)” means the sum of the Special Tax Obligations of all Taxable Parcels.

“Trustee” means the trustee or fiscal agent designated in the Bond Indenture.

3. Determination of Parcels Subject to Special Tax

The County shall prepare a list of the Parcels subject to the Special Tax using the records of the County Assessor and the County’s own records. The County shall identify the Taxable Parcels from a list of all Parcels within the Missouri Flat Area using the procedure described below:

- 1) Identify list of Original and Successor Parcels
- 2) Identify list of Annexation Parcels

It shall be the burden of the taxpayer to correct any errors in the determination of the Parcels subject to the Special Tax and their Special Tax assignments.

4. Termination of the Special Tax

The Special Tax will be levied and collected for as long as is needed to pay the principal and interest on debt and other costs incurred in order to pay the Annual Costs but in no case later than June 30, 2042.

When all Annual Costs incurred by the CFD have been paid, the Special Tax shall cease to be levied. The Board shall direct the County Clerk to record a Notice of Cessation of Special Tax. Such notice will state that the obligation to pay the Special Tax has ceased and that the lien imposed by the Notice of Special Tax Lien is extinguished. The Notice of Cessation of Special Tax shall additionally identify the book and page of the Book of Maps of Assessment and Community Facilities Districts where the map of the boundaries of the CFD is recorded.

5. Assignment of Maximum Annual Special Tax

Following the formation of the District, each time an Original Parcel or Successor Parcel is split or changes status in any manner, the County shall cause the following to occur:

A. Classification of Parcel.

Using the Definitions above, the County Assessor’s Parcel Numbers and other County development approval records, the County shall cause each Parcel to be classified as a Tax-Exempt Parcel, or a Taxable Parcel.

B. Assignment of Maximum Annual Special Tax to Original Parcels on Attachment 1.

Initially, the Administrator shall assign the Maximum Annual Special Tax to each Taxable Parcel that is an Original Parcel as shown on **Attachment 1**.

At the time building permits are issued for a Development including Original Parcels detailed on **Attachment 1**, the County shall calculate the sum of the Maximum Annual Special Tax and Performance Targets for the Parcels in the Development and reallocate the total among the Parcels in the Development based on each individual Parcel's Derived Sales Tax Generation as a proportion of the Derived Sales Tax Generation of all Parcels in the Development.

C. Assignment of Maximum Annual Special Tax to Successor Parcels.

The County shall assign the Maximum Annual Special Tax to each Successor Parcel as follows:

1. When an Original Parcel is subdivided, classify the resulting Successor Parcels as Taxable Parcels or Tax-Exempt Parcels using the definitions in Section 2.
2. If the Successor Parcel is a Taxable Parcel:
 - calculate the percentage of the taxable Successor Parcel's square footage to the total square footage for all taxable Successor Parcels of that Original Parcel; then,
 - multiply this percentage by the Maximum Annual Special Tax assigned to the previous Original Parcel. This will be the new Maximum Annual Special Tax for each Successor Parcel. The sum of the Maximum Annual Special Taxes for the Successor Parcels shall be equal to the maximum Annual Special Tax for the previous Original Parcel.

3. Allowable Transfer of Special Tax:

In the event that an Original or Successor Parcel, through a loss of developable land, will have a higher Special Tax per acre of developable land than other Taxable Parcels in a Development, the revised Maximum Annual Special Tax may be adjusted further by shifting the tax to other Taxable Parcels within that Development and subject to the following provisions:

- (i) any decrease in one Taxable Parcel's Maximum Annual Special Tax is offset by an equal increase in the Maximum Annual Special Tax of another Taxable Parcel or Parcels to ensure that there is no net loss in total Maximum Annual Special Taxes;
- (ii) all adjustments are agreed to by the affected owners and the County ; and

- (iii) none of the transferred Special Taxes will be spread to Tax-Exempt Parcels.

D. Assignment of Maximum Annual Special Tax to an Annexation Parcel.

When a Parcel is annexed to the CFD after formation and receives a building permit for development, the Maximum Annual Special Tax for that Parcel shall be the product of 0.85 percent (0.0085) of its Performance Target, calculated pursuant to the definition thereof in Section 2. Once annexed, the Annexation Parcel will be treated in the same manner as an Original Parcel in the creation of any Successor Parcel.

E. Conversion of a Tax-Exempt Parcel to a Taxable Parcel.

If a Tax-Exempt Parcel is converted to a Taxable Parcel, it shall become subject to the Special Tax. The Maximum Annual Special Tax for each such Parcel shall be the product of 0.85 percent (0.0085) of its Performance Target, calculated pursuant to the definition thereof in Section 2. Once converted to a Taxable parcel, the Parcel will be treated in the same manner as an Original Parcel in the creation of any Successor Parcel.

F. Taxable Parcel Acquired by a Public Agency.

A Taxable Parcel that is acquired by a public agency after the CFD is formed will remain subject to the applicable Special Tax unless the Special Tax obligation is satisfied pursuant to Section 53317.5 of the Government Code. Two exceptions to this may be made:

1. If a Public Parcel within the CFD of comparable acreage is converted to a Taxable Parcel in exchange for the conversion of the Taxable Parcel, the previously Tax-Exempt Parcel becomes a Taxable Parcel, and the Maximum Annual Special Tax from the previously Taxable Parcel is transferred to the newly Taxable Parcel. This trading of Parcels will be permitted to the extent that there is no net loss in Maximum Annual Special Tax Revenues.
2. If a portion of a Taxable Parcel is dedicated for a public purpose, such as right of way, and divided into a separate Parcel, the Maximum Annual Special Tax and Performance Target for that entire Original Parcel shall be reallocated to the remaining portion of the Taxable Parcel.

6. Setting the Annual Special Tax Rate

The Special Tax Levy for each Parcel will be established annually as follows:

- A. Compute the Annual Costs using the definitions in Section 2. If there are no Annual Costs, then no Special Tax shall be levied for that year.

- B. If the Annual Costs are greater than zero, then compute the Special Tax Obligation for each Taxable Parcel as follows:
- Step 1: Calculate the ratio of the Taxable Sales for the Parcel to the Performance Target for the Parcel.
 - Step 2: If the resulting ratio is one or greater, the Special Tax Obligation for that Parcel is zero. That Parcel has met its Performance Target and owes no Special Tax.
 - Step 3: If the resulting ratio is less than one, the Parcel has not met its Performance Target. Determine the Special Tax Obligation for the Parcel by calculating the total of one minus the ratio multiplied by the Maximum Annual Special Tax for that Parcel.
- C. Add the resulting Special Tax Obligations for each Taxable Parcel together to arrive at the Total Special Tax Obligation.
- D. Divide the Annual Costs by the Total Special Tax Obligation to arrive at the Tax Levy Ratio.
- E. Multiply the Tax Levy Ratio by the Special Tax Obligation for each Parcel to arrive at the Special Tax Levy for each Parcel.
- F. Prepare the Tax Collection Schedule listing the Special Tax Levy for each Taxable Parcel and send it to the County Auditor requesting that it be placed on the general, secured property tax roll for the Fiscal Year. The Tax Collection Schedule shall not be sent later than the date required by the Auditor for such inclusion.

The County shall make every effort to correctly calculate the Special Tax for each Parcel. It shall be the burden of the taxpayer to correct any errors in the determination of the Parcels subject to the Special Tax and the Special Tax Levy thereon.

As development and subdivision of the project occur, the County will maintain a file of each current County Assessor's Parcel Number within the CFD, its Maximum Annual Special Tax, and the Maximum CFD Revenues for all Parcels within the CFD, available for public inspection. This record shall show the calculation of the assigned Maximum Annual Special Tax to each Original and each Successor Parcel and a brief description of the process of assigning the Special Tax each time a Successor Parcel was created.

7. Prepayment of Special Tax Obligation

Landowners may permanently satisfy the Special Tax obligation by a cash settlement with the County as permitted under Government Code Section 53344. Prepayment is permitted only under the following conditions:

- The County determines that the Prepayment of the Special Tax obligation does not jeopardize its ability to make timely payments of Debt Service on Outstanding Bonds.
- Any landowner prepaying the Special Tax obligation must pay any and all delinquent Special Taxes and penalties for that Parcel prior to Prepayment.

The amount of the Special Tax Prepayment shall be established by the following steps:

- Step 1: Determine the Maximum Annual Special Tax for the Parcel based on the assignment of the Maximum Annual Special Tax described in Section 5 above.
- Step 2: Determine the number of years remaining until the termination of the Special Tax by subtracting the current year from 2042 (the termination year).
- Step 3: Determine the total Prepayment amount by multiplying the Maximum Annual Special Tax times the number of years remaining until the termination of the Special Tax to arrive the amount of the Special Tax prepayment and adding any fees, call premiums, and expenses incurred by the County in connection with the Prepayment calculation or the application of the proceeds of the Prepayment.

8. Appeals

Any taxpayer who feels that the amount of the Special Tax assigned to a Parcel is in error may file a notice with the Administrator appealing the levy of the Special Tax. The Administrator will then promptly review the appeal, and if necessary, meet with the applicant. If the Administrator verifies that the tax should be modified or changed, a recommendation at that time will be made to the Board and, as appropriate, the Special Tax levy shall be corrected and, if applicable, a refund shall be granted.

Interpretations may be made by Resolution of the Board for purposes of clarifying any vagueness or ambiguity as it relates to the Special Tax rate, the method of apportionment, the classification of properties, or any definition applicable to the CFD.

9. Manner of Collection

The Special Tax will be collected in the same manner and at the same time as ad valorem property taxes; provided, however, that the County or its designee may directly bill the Special Tax and may collect the Special Tax at a different time, such as on a monthly or other periodic basis, or in a different manner, if necessary to meet its financial obligation.

Attachment 1
County of El Dorado
Community Facilities District No. 2002-01 (Missouri Flat Area)
Maximum Annual Special Tax - Original Parcels

Assessor's Parcel Number (1)	Original Parcels		Annual Maximum Special Tax on Original Parcel (2)	Performance Target(3)
	Development	Undeveloped Net Acres		
327-240-20	WalMart	18.41	\$305,857	\$35,983,182
327-240-17	WalMart	1.39	\$23,093	\$2,716,818
327-130-30	El Dorado Villages	1.82	\$18,226	\$2,144,220
327-130-49	El Dorado Villages	4.97	\$49,771	\$5,855,370
327-130-47	El Dorado Villages	1.95	\$19,528	\$2,297,378
327-130-36	El Dorado Villages	0.46	\$4,607	\$541,946
327-130-43	El Dorado Villages	3.03	\$30,343	\$3,569,773
327-130-37	El Dorado Villages	0.57	\$5,708	\$671,541
327-130-44	El Dorado Villages	0.49	\$4,907	\$577,290
327-130-45	El Dorado Villages	0.91	\$9,113	\$1,072,110
327-130-46	El Dorado Villages	1.63	\$16,323	\$1,920,373
327-290-58	Prospector's Plaza	20.04	\$11,475	\$1,350,000
Total		55.67	\$498,950	\$58,700,000

(1) Assessor's Parcel Numbers as of January 31, 2002.

(2) Total for Parcel, equal to 0.85 percent of the Performance Target for the Parcel.

(3) Equal to the product of the Taxable Sales Target for the Development, as specified on Attachment 2, and the Gross Leasable Area for each retail category, allocated among Parcels in a Development by acreage.

Sources: County of El Dorado; Economic & Planning Systems, Inc.

Attachment 2
Performance Targets and Maximum Annual Special Taxes

Retail Category	Performance Target Rate¹	Maximum Annual Special Tax Rate²
National Discount Retailer/Stand-Alone ³	\$300.00	\$2.55
Home Improvement ⁴	\$240.00	\$2.05
Regional Retail (department stores and related "in line" shops) ⁵	\$220.00	\$1.90
Supermarket ⁶	\$150.00	\$1.30
Other Retail ⁷	\$160.00	\$1.35
Non-Retail Commercial ⁸	\$0.00	\$0.25

1 Average Retail Sales per square foot. This figure reflects industry averages for the specified categories or retail uses. Actual sales performance of individual retail outlets within shopping centers may be higher or lower. Taxable Sales Targets for Original Parcels will be derived by multiplying Average Retail Sales Per Square Foot subject to State sales taxes by Gross Leasable Area including all enclosed sales areas including outside garden sales area (GLA) as vested by the Development Agreements. Non-retail uses (financial institutions, etc.) will have a Maximum Annual Special Tax per square foot of \$0.00.

2 Per square foot GLA. Maximum Special Tax Levy will be calculated by multiplying the Performance Target by one percent (the local portion of State sales taxes). The product will be reduced by the Tax Rate Factor of .85, rounded to the nearest \$0.05 to produce an estimate of the Maximum Special Tax for each square foot of GLA. The Rate and Method does not utilize this figure to calculate the Special Tax Levy for a particular Parcel.

3 Includes big box, large membership club, and other off-price or high-value retailers such as Wal-Mart, Target, Kmart, Costco, Sam's Club, etc. when such uses are stand-alone uses.

4 Includes Home Depot, Home Base, Orchard Supply, or other large home improvement/hardware stores, lumber yards, building material suppliers, etc.

5 Includes PetCo, Ross Dress for Less, J. C. Penney's, Borders Books, Barnes & Noble, Bed and Bath, or other department stores, shoes, specialty apparel shops, jewelry stores, etc, which are typically found in regional malls. May also include big box discount retailers such as Target, Kmart, Costco and Sam's Club, when such uses are located in regional malls.

6 Includes all grocery stores, including supermarkets, small produce and meat shops, etc.

7 Includes all other types of retail including drug stores, restaurants, small convenience stores, gas stations, video stores, beauty supply stores, service commercial such as nurseries, auto repair, etc.

8 Includes all other commercial, non-residential uses such as banks, professional offices, etc.

Sources: County of El Dorado; Economic & Planning Systems, Inc.

EXHIBIT B

**Community Facilities District No. 2002-01
(Missouri Flat Area)**

LIST OF AUTHORIZED FACILITIES

Facilities to be Financed:

1. Missouri Flat Road Widening-Phase A: Mother Lode Drive to Forni Road

This project consists of the widening and reconstruction of Missouri Flat Road from two travel lanes with variable-width shoulders to four lanes with full shoulders, variable width median and left-turn lanes(s) from Mother Lode Drive to Forni Road, a length of approximately 2300 feet. In addition, the project includes curb and gutter, asphalt concrete dike, drainage pipes and other facilities to accommodate runoff from the roadway and cross drainage, modification of traffic signals at Mother Lode Drive, and reconstruction, re-alignment and grade adjustments to the intersections of Mother Load Drive, Perks Court, County Road 2233 and 14 private driveways.

2. Missouri Flat Road Widening-Phase B: Forni Road to future Pleasant Valley Connector

This project consists of widening and reconstruction of Missouri Flat Road from two travel lanes with variable-width shoulders to four lanes with full shoulders, variable width median and left-turn lane(s) from Forni Road to the proposed Pleasant Valley Connector, a length of approximately 1075 feet. In addition, the project includes curb and gutter, asphalt concrete dike, drainage pipes and other facilities to accommodate runoff from the roadway and cross drainage, modification of traffic signals at Forni Road, and reconstruction, re-alignment and grade adjustments to the intersections of Forni Road, Golden Center Drive and 2 private driveways. Auxiliary lanes are also included at the Forni Road intersection to accommodate right-turn movements.

3. Missouri Flat Road/US 50 Interchange Improvements — Phase I

The Phase 1 Interchange project generally consists of the reconstruction of the existing interchange into a tight-diamond configuration with four through-lanes on Missouri Flat Road from Prospector Plaza to Mother Lode Drive, including auxiliary turn-lanes, transition lanes, and signals/intersection improvements at the intersections of Mother Lode Drive, the eastbound ramps, the westbound ramps, and Prospector Plaza Drive. An eastbound auxiliary lane on U.S. 50 from Missouri Flat Road to Forni Road, reconstruction and/or widening of all the existing ramps, and a free right-turn lane from northbound Missouri Flat to eastbound U.S. 50, with a realigned Perks Court are also included.

The El Dorado County Department of Transportation (DOT) in coordination with the State of California Department of Transportation (Caltrans) commissioned a Project Study Report (PSR) for the Missouri Flat Interchange Project. The PSR examined several alternatives for a Phase I project as well as an ultimate interchange improvement. The document was approved in August 2000 with a Single Point Diamond Interchange as the preferred ultimate alternative. The final

configuration and project details for Phase I and the ultimate project will be determined in the Project Report (PR) and Environmental Document (ED), currently under preparation.

4. Pleasant Valley Connector Roadway: Missouri Flat Road to Hwy 49/Fowler Lane intersection.

This project includes the construction of a new roadway from the end of the Missouri Flat Road Widening – Phase B to the intersection of Pleasant Valley Road and State Highway 49 in Diamond Springs. Several alignments were studied by DOT and presented to the Board of Supervisors who selected a preferred alignment for further study. DOT will be preparing a route adoption study and environmental document to identify the project specifics.

It is anticipated the Pleasant Valley Connector Roadway will be approximately 2000 m (6500 ft) in length including four travel lanes, median and auxiliary lanes. Curb and gutter, asphalt concrete dike, drainage pipes and other facilities to accommodate runoff from the roadway and cross drainage, intersection and driveway connection improvements are also anticipated to be a part of the project.

5. Missouri Flat Road at Headington Road — Intersection Improvements and Signalization.

This project consists of improving the existing intersection to allow for turn lanes and signalization of the intersection.

6. Missouri Flat Road at El Dorado Road — Intersection Improvements and Signalization.

This project consists of improving the existing intersection to allow for turn lanes and signalization of the intersection.

Other Expenses:

The above listed types of facilities are proposed to include incidental expenses as authorized by the Mello-Roos Community Facilities Act of 1982, including, but not limited to, the cost of planning, engineering, and designing the facilities (including the cost of environmental evaluation thereof); cost associated with the creation of the District, issuance of bonds, and determination of the amount of taxes and the collection and payment thereof; costs otherwise incurred in order to carry out the authorized purposes of the District; and any other expenses incidental to the construction, completion, and inspection of the facilities, including the acquisition of right-of-way.