EXHIBIT B

BASS LAKE HILLS SPECIFIC PLAN
PUBLIC FACILITIES FINANCING PLAN IMPLEMENTATION
September 27, 2013

1. INTRODUCTION/BACKGROUND.

The 2013 Update of the Bass Lake Hills Specific Plan Public Facilities Financing Plan ("2013 Update") continues the intent of the 2004 Public Facilities Financing Plan ("2004 PFFP") to construct the major infrastructure upfront, early in the development cycle. The dominant element of the 2004 PFFP was the "Critical Mass – Concurrency Threshold." This required a specific list of infrastructure items ("Critical Mass Infrastructure") to be constructed by the 300th housing unit in the plan area. The 2004 PFFP also required infrastructure beyond the Critical Mass Threshold. It was identified as Phase 2 infrastructure. The 2013 Update continues this 'theme' while addressing the current circumstances. As demonstrated in this memo and the tables attached, all of the Critical Mass Infrastructure is still built early in the build out of the plan area, and all of the financing plan infrastructure is built by the time half of the plan area is built out.

The Critical Mass Infrastructure originally included a number of transportation-related improvements, utilities and park improvements. As a result of changed circumstances that include revised requirements from certain public agencies and completion of some improvements done as part of the 99 lots that were built in the Hollow Oak project, the remaining Critical Mass Infrastructure principally includes: (a) Bass Lake Road from Hollow Oak Road to Highway 50, (b) the road and utility infrastructure to serve the Buckeye Union School District Site, and (c) the gravity sewer line to connect the western part of the plan area to the El Dorado Hills Waste Water Treatment Plant. The portion of the Critical Mass Infrastructure to be built after the 99 units in Hollow Oak is referred to as the Phase 1A Infrastructure. The 2013 Update proposes to complete all of these items within the next 300 units to be built, except for the gravity sewer line. The gravity sewer line to the school will be constructed before the 300th unit within the Buckeye School District boundary.

This memo discusses how the first tentative maps could be specifically conditioned to provide the Phase 1A Infrastructure. At the end, this memo describes generally how the balance of the plan area infrastructure could be built.

There are three approved tentative maps within the Specific Plan: Hawkview (114 units), Bell Woods (54 units), and Bell Ranch (113 units). These projects total 281 units. Since these projects are the farthest along in the entitlement process, they are used in this memo as an example. But the order of projects developing and facilities constructed may change and the County may change the facilities required as the circumstances dictate.

2. BASS LAKE ROAD.

Bass Lake Road from Hollow Oak Road to Highway 50 is probably the most important project in the Specific Plan for the rest of the region. The 2013 Update proposes to build this segment of road in two phases. Hawkview and Bell Woods (167 units combined) could be collectively conditioned to build Bass Lake Road from Hollow Oak to New Country Club, segment F to H. (See the attached map, which identifies the road segments by letter.) Bell Ranch (113 units) could shortly follow on the anticipated

time line and be conditioned to construct Bass Lake Road from New Country Club to Highway 50, segment H to B.

The strategy to fund construction Bass Lake Road would rely upon prepayment of the Zone 8 TIM fee local road component (local portion). Prepayment of the TIM fee local portion would be achieved through a combination of land-secured financing (e.g., Mello-Roos CFD or SCIP bond issuance) and developer cash advances, if needed. If Hawkview, Bell Woods and Bell Ranch are used as an example, the land-secured financing district would be formed over the three projects prior to the issuance of the first final map within any of the projects. The land-secured financing district would serve as the underlying security for the TIM fee prepayment with developer advances being used to resolve timing issues and/or to make up any TIM fee (local portion) advances not funded through the land-secured financing district.

The land-secured financing district would be formed through the Mello-Roos Community Facilities District Act (CFD) or through the Statewide Community Infrastructure Program (SCIP), which is administered by the California Statewide Communities Development Authority (CSCDA). Whether through a CFD or the SCIP, annual taxes or assessments levied upon the three Projects would be used to underwrite tax-exempt municipal bonds. The County would retain proceeds from the bond sale(s) and use such proceeds to pay for the Bass Lake Road construction (just as if the road costs were funded by local portion TIM fees paid by the project). If there was a shortfall in funding for construction, for example the bond sale only generated $2.8 million in proceeds, but the cost of the road segment was $3.0 million, then the developer would have to advance $200,000 in cash as prepaid fees. Finally, because the three Projects would have prepaid the TIM fee local portion, each building permit within the three projects would be granted a credit against that local portion of the TIM fee.

Table 1 (attached) shows how fee credits issued to the three projects under the foregoing described scenario just about cover the entire anticipated amount of the Bass Lake Road construction.

3. SCHOOL ACCESS AND UTILITIES.

The second Phase 1A Infrastructure component is completing the access road and utilities to the Buckeye Union School District site. The School Site was acquired as part of Phase 1 of the 2004 PFFP and dedicated to the School District, when the 99 lots were constructed at Hollow Oak. The School Site is Parcel 14 on the attached map.

a. School Access Road.

The Bell Woods project would likely be conditioned to build the access road to the School Site as a PFFP facility, but will be able to take advantage of PFFP fees paid by Hawkview to help cover the cost of construction. The access road consists of two segments: Country Club Drive, from Bass Lake Road to Silver Dove (segment H to G) and Silver Dove from Country Club to the School Site (segment G to Q).

The Country Club segment and Silver Dove segment are estimated to cost just over $1.0 million. The Hawkview project is anticipated to generate approximately $1.4 million in PFFP fees toward road improvements as a separate piece of infrastructure. The Hawkview project will construct Silver Dove from C to D and receive a credit of $400,000 towards the PFFP fee for this segment, leaving $1.0 million in fees in the PFFP fund. Bell Woods will generate an additional $680,000 in PFFP fees that could be used for road improvements. But in addition to the School Access Road, Bell Woods will need to

construct a signal at the intersection of Bass Lake Road and Hollow Oak Road, at an estimated cost of $357,000. If Bell Woods constructs the School Access Road and the signal at just under $1.4 million, using the fees in the PFFP fund collected from Hawkview, there would be a shortfall of approximately $300,000 to $400,000. Bell Woods would then be entitled to a fee credits in that amount toward its $680,000 in fees. See **Table 2** attached to show how the flow fees offset the infrastructure.

b. School Utilities/Gravity Sewer Line.

Bell Woods and Bell Ranch would add 167 units within the Buckeye School District. Combined with Hollow Oak, 99 units, there would now be 266 houses constructed in the Specific Plan Area within the Buckeye School District. With Bell Woods constructed, the access road to the School Site would be built, but not the sewer and water necessary to serve the school. Both Bell Ranch and Bell Woods sewer to the east (to the Deer Creek WWTP), and do not require any offsite sewer. The next project to build on the west side of the Bass Lake Ridge will require the gravity sewer line regardless of whether or not it is in the Buckeye School District. (Note: Hawkview is on the west slope but will not connect to the gravity sewer line. It can sewer through connection to the South Uplands sewer line within Serrano through a point of connection immediately west of Hawkview. Hawkview would utilize all of the available sewer capacity in that connection. Its fees however will be calculated to fund a fair share to construct the gravity sewer line.)

The next project or group of projects building the gravity sewer line are likely to be in the north part of the Bass Lake Hills plan. They would be required to build the gravity sewer line from its point of connection on the west side of the plan all the way to Point O (see attached map). The project that builds the gravity sewer will be allowed to take a fee credit against the PFFP fee for construction of this facility. The route to get the sewer line to Point O would runs past the School Site.

The only remaining service to the School Site would be the water line. The water line is estimated to cost $260,000. Any next project, prior to the 300th unit within the Buckeye School District would be conditioned to construct the water line ensuring that all of the utilities are completed by the 300th unit in the school district.

4. OTHER BASS LAKE HILLS INFRASTRUCTURE.

Morrison Road from I to J is a Phase 1A Infrastructure road. Bell Ranch would also be conditioned to build this segment of Morrison Road. Bell Ranch would be entitled to fee credits for this facility. The cost to build Morrison Road (over $1.8 million) is projected to exceed the amount of PFFP fees generated by the Bell Ranch project (just over $1.4 million). The builder of Morrison Road would then be entitled to future reimbursements from the PFFP for the excess cost.

5. CONCLUSION.

As the plan continues to build out, map conditioning would then be used to build or fund the other non-Phase 1A Infrastructure components of the PFFP as determined by staff. Each project would be required to build the road ways and infrastructure necessary to serve their own project. **Table 3** (also attached) identifies the balance of the PFFP Infrastructure and demonstrates how it could be built at the point when approximately one-half of the plan area units are built.