Resolution No. 01-0588

STOCKTON CITY COUNCIL

A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF STOCKTON OF FORMATION OF COMMUNITY FACILITIES DISTRICT AND TO LEVY A SPECIAL TAX IN COMMUNITY FACILITIES DISTRICT 2001-1 (SPANOS PARK WEST)

CITY OF STOCKTON
Community Facilities District No. 2001-1 (Spanos Park West)

BE IT RESOLVED, by the City Council (the "Council") of the City of Stockton (the "City"), County of San Joaquin, State of California, that:

1. Reference is made to Resolutions No. 01-0480, No. 01-0481 and No. 01-0482 of this City Council adopted September 11, 2001, for the preliminary scope of the project and financing contemplated by these proceedings.

2. This City Council has received the report required by Section 53321.5 of the Mello-Roos Act and conducted the public hearing set by Resolutions No. 01-0481 and No. 01-0482, and determines that a majority protest under Section 53324 of the Government Code was not made at the hearing.

3. There is hereby formed a community facilities district by the City of Stockton under the terms of the Mello-Roos Community Facilities Act of 1982, Chapter 2.5 of Division 2 of Title 5 of the California Government Code, commencing with Section 53311 (the "Act").

4. The name of the community facilities district is "City of Stockton Community Facilities District 2001-1 (Spanos Park West)" (the "District").

5. The types of public facilities proposed to be provided within the District are set forth on Exhibit A attached to this Resolution. The types of incidental expenses proposed to be incurred by the District are set forth in Exhibit B attached to this Resolution. The City Council hereby finds that these facilities and incidental expenses are necessitated by new development occurring or anticipated within the District.

6. The office of the Assistant City Manager of the City of Stockton, 425 N. El Dorado Street, Stockton, California 95202 (209-937-8212) is designated as the office responsible for preparing annually a current roll of special tax levy obligations by assessor's parcel number, estimating future special tax levies and for establishing procedures to promptly respond to

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inquiries regarding estimates of future special tax levies. The City may contract with private consultants to provide this service in lieu of the Assistant City Manager.

7. Except where funds are otherwise available, a special tax sufficient to pay for all such facilities and incidental expenses will be annually levied within the District. Upon recordation of a 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 within the District, and this lien shall continue in force and effect until the special tax obligation is prepaid and permanently satisfied and the special tax lien is canceled in accordance with law or until collection of the special tax by the legislative body of the City ceases. The rate and method of apportionment of the special tax is set forth in Exhibit C attached to this Resolution.

8. The boundaries of the District are shown on the proposed boundary map on file with the City Clerk, which was approved by Resolution No. 01-0480 adopted September 11, 2001, and filed for record on September 12, 2001, in the Office of the County Recorder of the County of San Joaquin in Book 4, at Page 26 of the Maps of Assessment and Community Facilities Districts.

9. Advances of funds or contributions of work in kind from any lawful source, specifically including owners of property within the District, may be reimbursed from bond proceeds or from special tax revenue or both to the extent of the lesser of the value or cost of the contribution, but any agreement to do so shall not constitute a debt or liability of the City.

10. Any bonds issued in these proceedings shall be callable in accordance with the provisions of the Act and as more specifically to be set forth in any resolution providing for the form, execution and issuance of bonds.

11. The special tax will be collected and enforced as a separate line item on the regular property tax bill. However, this City Council reserves the right, under Section 53340, to utilize any method of collecting the special tax which it shall, from time to time, determine to be in the best interests of the City, including, but not limited to, direct billing by the City to the property owners and supplemental billing. In particular, the City may bill the 2001-02 special taxes directly, and not post those taxes to the regular, secured property tax roll. The procedure for collection in any case when the City chooses to collect the special tax through direct billing shall be as follows:

After levy by the City Council, whether pursuant to authorizing ordinance or annual resolution, the City Assistant City Manager shall prepare and send to the property owners by first class U.S. Mail, at their addresses as shown on the last equalized assessment roll, a tax bill substantially in the form shown in Exhibit D, hereto, which shall specify the amount due, give instructions for payment to the City Assistant City Manager, state (as is hereby authorized and provided) that the first installment of the special tax (50% of the annual special tax shall be payable in each installment) shall be delinquent if not received by the City Assistant City Manager by the close of business on the next succeeding December 10, and the second installment shall be delinquent if not paid to the City Assistant City Manager by the close of business on the next succeeding April 10, shall specify (as is hereby authorized and provided)

that all delinquencies shall incur an immediate 10% penalty, and an additional 1 1/2% penalty on the first day of each month beginning with the next succeeding September 1, and shall specify (as is hereby authorized and provided) that delinquencies are subject to judicial foreclosure under the procedure set forth in Section 53356.1 and following of the Government Code.

The City Council, as an alternative enforcement mechanism, may by resolution elect to place delinquent special taxes on the next secured property tax roll. In such event, attorneys' fees and costs to date in any foreclosure action, and penalties on the delinquency through the following December 1, may be included in the amount to be placed on the roll. Both remedies may be pursued simultaneously, but if the property owner pays the regular property tax bill for the subsequent year, including the delinquent special tax posted to that bill, the foreclosure action may thereafter be pursued solely for attorneys' fees and costs incurred subsequent to the posting of the delinquent special tax on the secured roll.

12. This City Council hereby establishes the annual appropriations limit of the District at $5,000,000.

13. Based upon the Certificate Re Ownership Within the District heretofore filed with this City Council, the qualified electors for the election to be held in these proceedings shall be the landowners owning land within the District. The City Council will conduct the election by mailed ballot and hereby designates the City Clerk as the official to conduct the mailed-ballot election.

14. This City Council now finds and determines that all proceedings up to and including the adoption of this Resolution were and are valid and in conformity with the requirements of the Act. This determination and finding is final and conclusive in accordance with Government Code section 53325.1.

PASSED, APPROVED and ADOPTED NOV - 6 2001.

GARY A. PODESTO, Mayor
of the City of Stockton

ATTEST:

KATHERINE GONG MEISSNER
City Clerk of the City of Stockton

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EXHIBIT A - CFD Improvements
EXHIBIT B - Incidental Expenses and Bond Issuance Costs
EXHIBIT C - Rate and Method of Apportionment
EXHIBIT D - Form of Special Tax Bill

EXHIBIT A

City of Stockton
San Joaquin County, California
Community Facilities District No. 2001-1
(Spanos Park West)

LIST OF AUTHORIZED FACILITIES

Authorized facilities for CFD No. 2001-1 include, but are not limited to the following:

ROUGH GRADING

Rough grading of the public right-of-ways in the residential portion of the project area may be eligible for CFD funding.

ROADWAY IMPROVEMENTS

Improvements to roadways within the CFD, and off-site roadway improvements required to develop the project may include, but are not limited to, sanitary sewer, storm drain, water system, dry utilities (electrical, gas, telephone, cable), curbs, gutters, sidewalks, electroliers, conduit, wiring, paving, landscaping, irrigation, pavement marking, monument wells, barricades, dewatering, and walls.

OFF-SITE WATER TRUNK LINE

All necessary improvements to construct the water main on Eight Mile Road from the east project boundary to the point of connection at the east end of the Oak Grove Regional Park frontage.

STORM DRAIN PUMP STATION

All necessary public improvements to construct the storm drain pump station, including but not limited to, grading, sump structure, inlet pipe, pumps, motors, discharge pipes, electrical, controls, site surface improvements, fencing, access road, rip rap, and generator.

ASPHALT BICYCLE/JOGGING PATH

All necessary improvements to construct an asphalt bicycle/jogging path from Interstate 5 at Bear Creek along the slough levee to the west boundary of the project.

LANDSCAPED BUFFER ZONE

All necessary improvements to construct a landscaped buffer zone, including but not limited to, grading, water system, dry utilities, sidewalk, electroliers, conduit, wiring, landscaping, irrigation, and structures (gazebo, play equipment, etc.).

TRAFFIC SIGNAL IMPROVEMENTS

All necessary improvements to construct the traffic signal improvements at required intersections.

BOND LIEN PAYOFF

CFD No. 2001-1 bond funds may be used to payoff, or prepay, and assessment or special tax liens currently recorded against Parcels within the CFD boundaries.

OTHER IMPROVEMENTS

Other improvements that may be funded with CFD bond proceeds include parks, open space, or other publicly owned recreational facilities.

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EXHIBIT B

Incidental Expenses and Bond Issuance Costs

CITY OF STOCKTON COMMUNITY FACILITIES DISTRICT 2001-1
(SPANOS PARK WEST)
CITY OF STOCKTON, SAN JOAQUIN COUNTY, CALIFORNIA

It is anticipated that the following incidental expenses may be incurred in the proposed financing:

Engineering services
Special tax consultant services
City review and administration
Bond counsel services and expenses
Disclosure counsel services and expenses
Independent financial advisor services
Appraiser services
Initial bond transfer agent, fiscal agent, registrar and paying agent fees
Rebate calculation service set up charge
Bond printing
Offering memorandum printing and mailing costs
Publishing, mailing and posting of notices
Underwriter's discount
Bond reserve fund
Capitalized interest
Bond syndication costs
Governmental notification and filing costs
Credit enhancement costs
Real estate acquisition costs
Special disclosure services
Rating agency fees

Certain annual costs may be included in each annual special tax levy. These include:

Annual bond transfer agent, fiscal agent, registrar and paying agent fees
Annual rebate calculation costs
Special tax consultant costs
Other necessary consultant costs
Costs of posting and collecting the special taxes
Personnel costs of the City
Arbitrage rebate
Legal counsel fees
Rating agency fees

EXHIBIT C

City of Stockton
San Joaquin County, California
Community Facilities District No. 2001-1
(Spanos Park West)

RATE, METHOD OF APPORTIONMENT, AND MANNER OF COLLECTION OF SPECIAL TAX

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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 City of Stockton Community Facilities District No. 2001-1 (the "CFD") of the City of Stockton (the "City"), shall be levied and collected according to the tax liability determined by the City 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 City or designee thereof or both); the costs of collecting the Special Taxes (whether by the County, the City, or otherwise); the costs of remitting the Special Taxes to the Trustee; the costs of the Trustee (including its legal counsel) in the discharge of the duties required of it under the Bond Indenture; the costs to the City, CFD, or any designee thereof of complying with arbitrage rebate requirements; the costs to the City, CFD, or any designee thereof of complying with City, CFD or obliged persons disclosure requirements associated with preparing Special Tax disclosure statements and responding to public inquiries regarding the Special Taxes; the costs to the City, CFD, or designee thereof related to the appeal of the Special Tax; and the costs associated with the release of funds from an escrow account, if any. Administrative Expenses shall also include amounts estimated or advanced by the City 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 City of Stockton Finance Director or his or her designee.

"**Annual Costs**" means, for any Fiscal Year, the total of (i) Debt Service to be paid from Special Taxes collected during such Fiscal Year; (ii) Administrative Expenses for such Fiscal Year; (iii) any amounts needed to replenish any bond reserve fund for the Bonds to the level required under the Bond Indenture; (iv) an amount equal to Special Tax delinquencies anticipated for the current Fiscal Year, any credit from interest earnings on the bond reserve fund, less any other revenues accrued to the CFD as approved by the City, and/or less any fund available from prepaid Special Taxes as prescribed in **Section 7**; and (v) pay-as-you-go expenditures for authorized facilities to be constructed or acquired by the CFD.

"**Anticipated Construction Proceeds**" means that amount that is anticipated to be available from bonds for public facility construction. The amount of Anticipated Construction Proceeds is $19,200,000.

"**Assessor's Parcel Number**" means the Parcel and Parcel number as recorded by the County Assessor on the equalized tax roll.

"**Benefit Share**" means the Maximum Annual Special Tax for a Parcel divided by the Maximum Annual CFD Revenue.

"**Bond(s)**" means any bonds issued by the CFD under the Act that are payable from the Special Taxes.

"**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 7** hereof.

"**CFD**" means the City of Stockton Community Facilities District No. 2001-1 (Spanos Park West), City of Stockton, County of San Joaquin, State of California.

"**City**" means the City of Stockton, California.

"**Council**" means the City Council of the City of Stockton acting for the CFD under the Act.

"**County**" means the County of San Joaquin.

"**Debt Service**" means the total amount required for a given payment period to pay bond principal, premium (if any), and interest for the previous or current payment period.

"**Estimated Residential Units**" means the estimated number of Single Family Residential Parcels that will be created by Final Small Lot Subdivision Map in each Original Parcel as shown in **Attachment 1**.

"**Final Small Lot Subdivision Map**" means the subdivision map creating Single Family Residential Parcels for which a building permit could be issued.

"**Fiscal Year**" means the period from July 1 of any calendar year through June 30 of the following calendar year.

"**Large Lot Parcel**" means any Parcel delineated on a Large Lot Subdivision Map.

"**Large Lot Subdivision Map**" means a recorded subdivision map delineating Parcels by land use. However, the Large Lot Subdivision Map does not delineate individual Single Family Residential Parcels. A Final Small Lot Subdivision Map will delineate individual single family parcels.

"**Maximum Annual CFD Revenue**" means the greatest amount of revenue that can be collected in a Fiscal Year by levying the Special Tax against a group of Taxable Parcels in the CFD.

"**Maximum Annual Special Tax**" means the greatest amount of Special Tax that can be levied against a Parcel in any Fiscal Year. **Attachment 1** shows the Maximum Annual Special Tax for Original Parcels. Each time a Parcel is subdivided, a Maximum Annual Special Tax will be assigned to the Successor Parcels based on methods defined in **Section 5.C**.

"**Maximum Annual Special Tax Per Unit**" means the greatest amount of Special Tax that can be levied against a Single Family Residential Parcel in any Fiscal Year. **Attachment 1** shows the Maximum Annual Special Tax Per Unit for all Original Parcels. Each time a Parcel is subdivided, a Maximum Annual Special Tax Per Unit will be assigned to the Successor Parcels based on methods defined in **Section 5.C**.

"**Maximum Annual Special Tax Revenue**" means the greatest amount of revenue that can be collected in a Fiscal Year by levying the Special Tax against all Taxable Parcels in the CFD.

"**Original Parcel**" means a Parcel that exists at the time for the formation of the CFD as identified by Assessor's Parcel Number in **Attachment 1**.

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

"**Parcel**" means any Assessor's Parcel Number in the CFD based on the equalized tax rolls of the County as of the January 1 preceding the Fiscal Year.

"**Prepayment**" means the permanent satisfaction of the Maximum Annual Special Tax.

"**Public Parcel**" means any parcel that is (1) publicly owned, and (2) is normally exempt from the levy of general *ad valorem* property taxes under California law; including, but not limited to, public streets, schools, parks, and public drainage ways; public landscaping; greenbelts; and public open space.

"**Reserve Fund**" means the total amount held in the Bond reserve fund by the City for all Outstanding Bonds of the CFD.

"**Reserve Fund Share**" means the amount on deposit in the Reserve Fund, but in any event not to exceed the required bond reserve as defined in the Bond Indenture, multiplied by the Benefit Share for a given Parcel.

"**Single Family Residential Parcels**" means Taxable Parcels created by a Final Small Lot Subdivision Map.

"**Special Tax(es)**" mean(s) any tax levy under the Act in the CFD. The Special Tax shall be levied as long as necessary to pay for the facilities to be financed by the CFD and to discharge authorized bond obligations of the CFD.

"**Special Tax Obligation**" means the total obligation of a Taxable Parcel to pay Special Tax for the remaining life of the CFD.

"**Subdivision**" means one or more Successor Parcels created from an Original Parcel(s) or Successor Parcel(s) through the Subdivision Map Act process.

"**Successor Parcel**" means any Parcel created by Subdivision, lot line adjustment, or parcel map of an Original Parcel or subsequent Successor Parcel.

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

"**Taxable Parcel**" means any Parcel that is not a Tax-Exempt Parcel.

"**Tax-Exempt Parcel**" means a Parcel not subject to the Special Tax. Tax-Exempt Parcels include: (i) a Parcel that was a Public Parcel at the formation of the CFD or a Public Parcel created through the Subdivision process, (ii) Assessor's Parcel Number 071-160-52 is zoned for commercial and is considered exempt at formation, (iii) any Parcel that has prepaid its Special Taxes under **Section 7** hereof, and (iv) any Parcel that is exempt from the Special Tax under the Act.

3. Determination of Parcels Subject to Special Tax

The City shall prepare a list of the Parcels subject to the Special Tax using the records of the County Assessor as of January 1 preceding the current Fiscal Year. The City shall identify the Parcels subject to the Special Tax from a list of all Parcels within the CFD using the procedure described below.

A. Exclude all Tax-Exempt Parcels.

B. The remaining Parcels are Taxable Parcels that shall be subject to the Special Tax according to the method detailed in Section 5.

4. Termination of the Special Tax

The Special Tax will be levied and collected from the Original Parcel, or any Successor Parcel, for as long as needed to pay Annual Costs; however, in no case shall the Special Tax be levied beyond the 2034-2035 Fiscal Year.

When Special Tax revenues are no longer needed to pay Annual Costs, the Special Tax shall cease to be levied. The City shall direct the County Recorder 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

Each Fiscal Year following the formation of the CFD, the City shall cause the following to occur:

A. Classification of Parcels. Using the Definitions above, the Parcel records of the County Assessor's Secured Tax Roll as of January 1 preceding the current Fiscal Year and other records of the City and County up to May 31 preceding the current Fiscal Year, the Administrator shall cause:

1. Each Parcel to be classified as a Tax-Exempt Parcel or a Taxable Parcel; and,

2. Each Taxable Parcel to be classified as an Original Parcel or Successor Parcel.

B. Assignment of Maximum Annual Special Tax to Original Parcels. The City shall assign the Maximum Annual Special Tax to each Taxable Original Parcel using **Attachment 1,** which identifies each Original Parcel by the corresponding Assessor's Parcel Number.

C. Assignment of Maximum Annual Special Tax to Successor Parcels. The City shall assign the Maximum Annual Special Tax to each Successor Parcel using **Attachment 1** in the following manner:

1. If the Successor Parcel is a Single Family Residential Parcel or individually owned residential condominium Parcel that results from a Final Small Lot Subdivision Map that fully subdivides an Original Parcel, perform the following steps.

   a. If the actual number of Single Family Residential Parcels created by a Final Small Lot Subdivision Map is greater than or equal to the number of Estimated Residential Units for the Original Parcel, assign the Maximum Annual Special Tax Per Unit as shown in **Attachment 1** to all Single Family Residential Parcels.

   b. If the actual number of Single Family Residential Parcels created by a Final Small Lot Subdivision Map is less than the number of Estimated Residential Units for the Original Parcel, the Administrator may increase the Maximum Annual Special Tax per unit, as shown in **Attachment 1** proportionally for each Single Family Residential Parcel until the Maximum Annual CFD Revenue for all Taxable Parcels created by the Subdivision equals the Maximum Annual Special Tax for the Original Parcels shown in **Attachment 1**. The Administrator may do this to ensure there is no net loss in the Maximum Annual Special Tax Revenue for the CFD. *The Administrator may choose to **not** adjust the Maximum Annual Special Tax Per Unit if it is determined that by doing so, the CFD is still able to generate adequate Special Taxes to make all payments of Debt Service on Outstanding Bonds, or repayment of bonds.*

2. If the Successor Parcel is the result of a Subdivision that creates a Single Family Residential Parcel and a remainder Large Lot Parcel, perform the following steps.

   a. Assign the Maximum Annual Special Tax Per Unit to each Single Family Residential Parcel for the Original Parcel shown in **Attachment 1.**

   b. The Administrator will then assign Estimated Residential Units to the remainder Large Lot Parcel. The Estimated Residential Units for the remainder Large Lot Parcel is calculated by subtracting the number of lots created in step "a" from the Estimated Residential Units assigned

to the Original or Successor Parcel that is being subdivided. The Estimated Residential Units are multiplied by the Maximum Annual Special Tax Per Unit to arrive at the Maximum Annual Special Tax for the remainder Large Lot Parcel.

c. The Administrator may determine that the remainder Large Lot Parcel does not have development potential to accommodate the assigned number of units. In this case, the Administrator may adjust the Maximum Annual Special Tax assigned to the Parcels in step a. above so that there is no net loss in Maximum Annual Special Tax Revenue.

3. If the Successor Parcel is the result of a non-residential or multi-family Subdivision, or a single family residential Subdivision that is not creating Single Family Residential Parcels, the Maximum Annual Special Tax is calculated by performing the following steps.

   a. Take the percentage of area of each Successor Parcel that is a Taxable Parcel to the total area(s) of the Original Parcel(s), or previous Successor Parcel(s).

   b. Sum the Maximum Annual Special Taxes for all Successor Parcels. These totals shall equal the sum of the Maximum Annual Special Tax Revenues for the Original Parcel(s) or Successor Parcel(s) from which the new Successor Parcel(s) have been created.

   c. Using the percentage(s) calculated in step a. above, assign the Maximum Annual Special Tax for each Successor Parcel by multiplying the percentage by the Maximum Annual Special Tax Revenue for the Original Parcel(s) or Successor Parcel(s) from which the new Successor Parcel(s) have been created. The Administrator will assign Estimated Residential Units and a Maximum Annual Special Tax per unit for residential use Parcels.

D. <u>Conversion of a Tax-Exempt Parcel to a Taxable Parcel</u>. If a Parcel designated as 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 assigned a Maximum Annual Special Tax by the Administrator using the appropriate parcel classification.

1. For Single Family Residential Parcels the Maximum Annual Special Tax is $1,500.

2. For all other land uses the Maximum Annual Special Tax is calculated by multiplying the acreage of the Parcel times $5,375. If individually owned residential condominium units are created, this Maximum Annual Special

Tax is then divided by the number of individually owned residential condominiums created by a Parcel Subdivision.

E. Taxable Parcels Acquired by a Public Agency. Taxable Parcels that are 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. An exception to this may be made if a Public Parcel, such as a school site, is relocated to a Taxable Parcel, the previously Tax-Exempt Parcel of comparable acreage becomes a Taxable Parcel and the Maximum Annual Special Tax from the previously Taxable Parcel is transferred to the new Taxable Parcel. This trading of Parcels will be permitted to the extent that there is no net loss in Maximum Annual CFD Revenue.

6. Calculating the Annual Special Tax Levy

The City shall levy Special Taxes in each Fiscal Year using the following procedures:

A. Compute the Annual Cost for the Fiscal Year using the definitions in Section 2.

B. Calculate the Special Tax for each Parcel as follows:

Step 1: Compute 100% of the Maximum Annual Special Tax for all Taxable Parcels and sum these amounts to determine the Maximum Annual CFD Revenue.

Step 2: Compare the Annual Costs with the Maximum Annual CFD Revenue calculated in the previous step.

Step 3: If the Annual Costs are less than the Maximum Annual CFD Revenue, decrease proportionately the Special Tax levy for each Taxable Parcel until the Maximum Annual CFD Revenue equals the Annual Cost.

C. Prepare the tax collection schedule listing the tax levy for each Assessor's Parcel and send it to the County Auditor requesting that it be placed on the general, secured property tax roll for the following Fiscal Year.

The Administrator shall make every effort to correctly calculate the Special Tax levy. It shall be the burden of the taxpayer to correct any errors in the determination of the parcels subject to the tax and their Special Tax assignments.

The Administrator shall maintain a record showing the calculation of the assigned Maximum Annual Special Tax to the Original Parcel and future Successor Parcels and a brief description of the process of assigning the Special Tax each time those Successor Parcels are created.

7. Prepayment of Special Tax Obligation

Landowners may permanently satisfy the Special Tax Obligation for a Parcel by cash settlement with the City as permitted under Government Code Section 53344. By exercising the right to Prepayment, a landowner can eliminate the future annual Special Tax Obligation for a Parcel.

Prepayment is permitted only under the following conditions:

- The Administrator determines that the Prepayment does not jeopardize the ability to make timely payments of Debt Service on Outstanding Bonds or repayment of the bonds.
- Any landowner who wishes to exercise the right to a Prepayment for a Parcel must pay any and all delinquent Special Taxes and penalties.
- Prepayment shall be made on or before June 1 in order to prevent the levy of Special Taxes due during the Fiscal Year beginning July 1.
- If Special Taxes have already been levied, but not collected, at the time the Prepayment is calculated, the owner of the Parcel(s) must pay the Special Taxes included on the property tax bill in addition to the Prepayment amount.

Calculate the Prepayment amount for a Parcel as follows:

<u>Prior to the Sale of Bonds</u>

The Prepayment amount prior to Bond sale is equal to the amount of the Anticipated Construction Proceeds for the Parcel, plus any Administrative Expenses incurred in the establishment of the CFD and the calculation of the Prepayment amount. The amount of the Anticipated Construction Proceeds shall be reduced for any pay-as-you-go payments that will be used to finance the principal amount of the Anticipated Construction Proceeds if Special Taxes have already been levied for pay-as-you-go expenses up to and including the current Fiscal Year of the Prepayment.

The prepayment amount shall be established by following the steps below.

Step A Determine the Maximum Annual Special Tax for the prepaying Parcel by following the procedures in Section 5.

Step B Divide the Maximum Annual Special Tax from Step A by the Maximum Annual Special Tax Revenue to arrive at the Benefit Share.

Step C Determine the Anticipated Construction Proceeds for the Parcel by multiplying the Benefit Share from Step B by the Anticipated Construction Proceeds defined in Section 2.

Step D Determine the Prepayment amount by adding to the Anticipated Construction Proceeds for the prepaying Parcel calculated in Step C any fees and expenses incurred by the City in connection with the prepayment calculation. If Special Taxes have already been levied, but not collected, at the time the prepayment is calculated, the owner of the Parcel must pay the Special Taxes included on the property tax bill in addition to the prepayment amount.

Following the Sale of Bonds

The prepayment amount shall be established by following the steps below.

Step A Determine the Maximum Annual Special Tax for the prepaying Parcel by following the procedures in Section 5. For assigning the Maximum Annual Special Tax.

Step B Divide the Maximum Annual Special Tax from Step A by the Maximum Annual Special Tax Revenue to arrive at the Benefit Share.

Step C Determine the Bond Share for the Parcel by multiplying the Benefit Share from Step B by the Outstanding Bonds. For the purpose of the calculation, reduce the Outstanding Bond balance by the amount of the principal payment for which Special Taxes have been levied but not collected.

Step D Determine the Reserve Fund Share associated with the Bond Share determined in Step C and reduce the Bond Share by the amount of the Reserve Fund Share. The Reserve Fund Share is equal to the reserve requirement on all Outstanding Bonds or the actual Reserve Fund, whichever is less, multiplied by the Benefit Share.

Step E Determine the Prepayment amount by adding to the revised Bond Share amount calculated in Step D any fees, call premiums, and expenses incurred by the City in connection with the prepayment calculation or the application of the proceeds of the prepayment to the call of bonds. If Special Taxes have already been levied, but not collected, at the time the prepayment is calculated, the owner of the Parcel must pay the Special Taxes included on the property tax bill in addition to the prepayment amount.

Step F Transfer from the Reserve Fund to the prepayment fund the amount of the Reserve Fund Share.

8. Appeals and Interpretation Procedure

Any taxpayer who feels that the amount of the Special Tax assigned to a Parcel is in error may file a written notice with the Administrator appealing the levy of the Special Tax. The City 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 Council and, as appropriate, the Special Tax levy shall be corrected and, if applicable in any case, a refund shall be granted.

Interpretations may be made by Resolution of the Council 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. Collection of Annual Special Tax

The Special Tax will be collected in the same manner and at the same time as *ad valorem* property taxes; provided, however, that the City 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
City of Stockton
CFD No. 2001-1 (Spanos Park West)
Maximum Annual Special Tax - Original Parcels

Assessor's Parcel Number	Large Lot(s)	Net Acreage	Estimated No. of Units	Maximum Annual Special Tax Per Unit [1],[2]	Maximum Annual Special Tax
Taxable Parcels					
071-160-20	17-21	84.48	347	$1,500	$520,500
071-160-21	2	11.46	44	$1,500	$66,000
071-160-22	3	12.26	47	$1,500	$70,500
071-160-23	4	13.27	55	$1,500	$82,500
071-160-24	5	11.68	42	$1,500	$63,000
071-160-25	6	10.85	46	$1,500	$69,000
071-160-26	7	9.23	44	$1,500	$66,000
071-160-27	8	13.11	63	$1,500	$94,500
071-160-28	9	10.29	51	$1,500	$76,500
071-160-29	10	13.05	51	$1,500	$76,500
071-160-30 [3]	11	13.21	51	$1,500	$76,500
071-160-31 [3]	11	0.83	3	$1,500	$4,500
071-160-32 [4]	12	9.22	34	$1,500	$51,000
071-160-33 [4]	12	8.34	30	$1,500	$45,000
071-160-34 [5]	13	6.08	25	$1,500	$37,500
071-160-35 [5]	13	9.38	38	$1,500	$57,000
071-160-39 [6]	16	6.89	36	$1,500	$54,000
071-160-40 [6]	16	4.18	22	$1,500	$33,000
071-160-43	22	15.29	68	$1,500	$102,000
071-160-44	23	9.00	18	$1,500	$27,000
071-160-50	14	10.67	50	$1,500	$75,000
Taxable Subtotals		**282.77**	**1,165**		**$1,747,500**
Tax-Exempt Parcels					
071-160-36		3.08		*Tax-Exempt*	$0
071-160-37		2.05		*Tax-Exempt*	$0
071-160-38		2.05		*Tax-Exempt*	$0
071-160-48		1.28		*Tax-Exempt*	$0
071-160-49		11.63		*Tax-Exempt*	$0
071-160-52		5.95		*Tax-Exempt*	$0
071-160-53		0.24		*Tax-Exempt*	$0
071-160-54		0.91		*Tax-Exempt*	$0
071-160-55		0.09		*Tax-Exempt*	$0
071-160-56		0.69		*Tax-Exempt*	$0
071-160-57		0.89		*Tax-Exempt*	$0
071-160-58		0.41		*Tax-Exempt*	$0
071-160-59		0.38		*Tax-Exempt*	$0
071-160-60		0.29		*Tax-Exempt*	$0
071-160-61		0.61		*Tax-Exempt*	$0
071-160-62		0.31		*Tax-Exempt*	$0
071-160-63		0.33		*Tax-Exempt*	$0

Attachment 1
City of Stockton
CFD No. 2001-1 (Spanos Park West)
Maximum Annual Special Tax - Original Parcels

Assessor's Parcel Number	Large Lot(s)	Net Acreage	Estimated No. of Units	Maximum Annual Special Tax Per Unit	Maximum Annual Special Tax
				[1],[2]	
Tax-Exempt Parcels (Continued)					
071-160-64		1.50		*Tax-Exempt*	$0
071-160-65		0.50		*Tax-Exempt*	$0
071-160-66		0.45		*Tax-Exempt*	$0
Tax-Exempt Subtotals		**33.64**	**0**		**$0**
Totals		**316.41**	**1,165**		**$1,747,500**

"Attachment_1"

[1] The Maximum Annual Special Tax is set at $1,500 per residential unit. This amount provides coverage for payment of annual debt service, CFD administration, potential special tax delinquencies, and replenishment of the bond reserve fund (if necessary). The Annual Costs of debt service and CFD administration is estimated to be $1,365 per unit annually. Interest earnings on the bond reserve fund will be used to cover the cost of special tax delinquencies in most years. The annual Special Tax levy is estimated to be $1,365 per unit in most years.

[2] The tax administrator will have the authority to increase the Maximum Annual Special Tax Per Unit to ensure that the total Maximum Annual Special Tax Revenue for the CFD remains adequate to cover all Annual Costs. Some Large Lots will realize more actual units than the estimated number of units shown in this table, therefore generating additional Special Tax coverage for Annual Costs. The tax administrator will take this into consideration when determining the need to increase the Maximum Annual Special Tax Per Unit for a small lot single family residential subdivision that does not realize all estimated units shown in this table.

[3] These APNs comprise a single Large Lot Parcel (11). There are 54 residential units assigned to the two APNs.

[4] These APNs comprise a single Large Lot Parcel (12). There are 64 residential units assigned to the two APNs.

[5] These APNs comprise a single Large Lot Parcel (13). There are 63 residential units assigned to the two APNs.

[6] These APNs comprise a single Large Lot Parcel (16). There are 58 residential units assigned to the two APNs.

EXHIBIT D
SPECIAL TAX BILL
CITY OF STOCKTON COMMUNITY FACILITIES DISTRICT 2001-1
(SPANOS PARK WEST)
CITY OF STOCKTON
SAN JOAQUIN COUNTY, CALIFORNIA

To: _____
_____
_____

RE: PROPERTY AT _____ APN: _____

TAX: $_____

First Installment: $_____
Second Installment: $_____

Reference is made to Paragraph 11 of the City of Stockton's Resolution of Formation of the above-referenced Community Facilities District, and the Notice of Special Tax Lien recorded in the Office of the County Recorder of San Joaquin County on _____, 2001, under Recorder's Document Number _____ (copies of which are available from the Stockton City Clerk), which set forth the authority for this Special Tax.

A Special Tax has been levied on the above-referenced parcel in the amount shown above by Ordinance No. _____, adopted _____, 2001, of the City of Stockton (the "City").

THIS TAX IS NOW DUE AND PAYABLE

Checks should be made payable to: **Assistant City Manager, City of Stockton** and mailed to:

Assistant City Manager, City of Stockton
CFD No. 2001-1 (Spanos Park West) Special Tax
425 N. El Dorado Street
Stockton, CA 95202

or the bill may be paid in person at the same location.

The amounts which must be paid to avoid incurring penalties and additional costs is shown above. **The FIRST INSTALLMENT of this Special Tax will be delinquent if not paid by December 10, ____. The SECOND INSTALLMENT of this Special Tax will be delinquent if not paid by April 10, ____.** All delinquencies incur an immediate 10% penalty and an additional 1 1/2% penalty on the first day of each month beginning September 1, _____. Delinquencies are also subject to judicial foreclosure under the procedure set forth in Section 53356.1 and following of the Government Code.

Dated: _____

_____
ASSISTANT CITY MANAGER

KEEP THIS PORTION OF THE BILL FOR YOUR RECORDS

01-0588

PLEASE RETURN THIS PORTION OF THE BILL WITH YOUR PAYMENT

First Installment

SPECIAL TAX BILL

CITY OF STOCKTON COMMUNITY FACILITIES DISTRICT 2001-1
(SPANOS PARK WEST)
CITY OF STOCKTON
SAN JOAQUIN COUNTY, CALIFORNIA

To: _____
_____
_____

RE: PROPERTY AT _____ APN: _____

ANNUAL TAX: $_____

First Installment: $_____

The amount which must be paid to avoid incurring penalties and additional costs is shown above. **This Special Tax will be delinquent if not paid by December 10, ____.** All delinquencies incur an immediate 10% penalty and an additional 1 1/2% penalty on the first day of each month beginning September 1, ____. Delinquencies are also subject to judicial foreclosure under the procedure set forth in Section 53356.1 and following of the Government Code.

Checks should be made payable to: **Assistant City Manager, City of Stockton** and mailed to:

Assistant City Manager, City of Stockton
CFD No. 2001-1 (Spanos Park West) Special Tax
425 N. El Dorado Street
Stockton, CA 95202

or the bill may be paid in person at the same location.

Please write the parcel number (APN) on your check.

01-0588

PLEASE RETURN THIS PORTION OF THE BILL WITH YOUR PAYMENT

Second Installment

SPECIAL TAX BILL

CITY OF STOCKTON COMMUNITY FACILITIES DISTRICT 2001-1 (SPANOS PARK WEST)
CITY OF STOCKTON
SAN JOAQUIN COUNTY, CALIFORNIA

To:_____
_____
_____

RE: PROPERTY AT _____ APN: _____

ANNUAL TAX: $_____

Second Installment: $_____

The amount which must be paid to avoid incurring penalties and additional costs is shown above. **This Special Tax will be delinquent if not paid by April 10, ____.** All delinquencies incur an immediate 10% penalty and an additional 1 1/2% penalty on the first day of each month beginning September 1, ____. Delinquencies are also subject to judicial foreclosure under the procedure set forth in Section 53356.1 and following of the Government Code.

Checks should be made payable to: **Assistant City Manager, City of Stockton** and mailed to:

Assistant City Manager, City of Stockton
CFD No. 2001-1 (Spanos Park West) Special Tax
425 N. El Dorado Street
Stockton, CA 95202

or the bill may be paid in person at the same location.

Please write the parcel number (APN) on your check.

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01-0588

Resolution No. 03-0653

STOCKTON CITY COUNCIL

RESOLUTION AUTHORIZING THE ISSUANCE OF SPECIAL TAX BONDS FOR AND ON BEHALF OF THE CITY OF STOCKTON CAMERA ESTATES COMMUNITY FACILITIES DISTRICT NO. 2003-1, APPROVING AND DIRECTING THE EXECUTION OF A FISCAL AGENT AGREEMENT, APPROVING THE FORM OF PRELIMINARY OFFICIAL STATEMENT, APPROVING SALE OF SUCH BONDS, AND APPROVING OTHER RELATED DOCUMENTS AND ACTIONS

CITY OF STOCKTON
Camera Estates Community Facilities District No. 2003-1

WHEREAS, the City Council has conducted proceedings under and pursuant to the Mello-Roos Community Facilities Act of 1982, as amended (the "Act"), to form the Camera Estates Community Facilities District No. 2003-1 (the "District"), to authorize the levy of special taxes upon the land within the District, and to issue bonds secured by said special taxes for the purpose of providing moneys for the construction and acquisition of improvements within the District; and

WHEREAS, the City Council, as legislative body of the District, authorized the issuance of special tax bonds of the City for the District in the maximum principal amount not to exceed $3,250,000, and desires to issue bonds designated City of Stockton Camera Estates Community Facilities District No. 2003-1 Special Tax Bonds Series 2003 (the "Bonds"); and

WHEREAS, there has been submitted to the City Council a Fiscal Agent Agreement (the "Fiscal Agent Agreement") providing for the issuance the Bonds of the City for the District, and the City Council, with the aid of City staff, has reviewed the Fiscal Agent Agreement and found it to be in proper order, and now desires to approve the Fiscal Agent Agreement and the issuance of the Bonds; and

WHEREAS, the City proposes to sell the Bonds to Westhoff, Cone & Holmstedt (the "Underwriter") pursuant to the terms of a Bond Purchase Agreement (the "Bond Purchase Agreement") by and between the City and the Underwriter, and the Underwriter proposes to offer the Bonds to the investing public by means of a Preliminary Official Statement (the "Preliminary Official Statement"); and

CITY ATTY REVIEW GDP

DATE OCT 21 2003

WHEREAS, it appears that each of said documents and instruments which are now before this meeting is in appropriate form and is an appropriate document or instrument to be executed and delivered for the purpose intended; and

WHEREAS, all conditions, things and acts required to exist, to have happened and to have been performed precedent to and in the issuance of the Bonds as contemplated by this Resolution and the documents referred to herein exist, have happened and have been performed in due time, form and manner as required by the laws of the State of California, including the Act; now, therefore,

BE IT RESOLVED BY THE COUNCIL OF THE CITY OF STOCKTON, AS FOLLOWS:

Section 1. Pursuant to the Act, this Resolution and the Fiscal Agent Agreement, special tax bonds of the City for the District designated as "City of Stockton Camera Estates Community Facilities District No. 2003-1 Special Tax Bonds Series 2003" in an aggregate principal amount not to exceed $3,250,000 are hereby authorized to be issued. The Bonds shall be executed in the form set forth in and otherwise as provided in the Fiscal Agent Agreement.

In furtherance of the issuance of the Bonds, the City Council hereby makes the following findings and determinations: (i) it is prudent in the management and development of the City and the District to issue the Bonds for the purpose of providing moneys for the construction and acquisition of improvements within the District, (ii) the Bonds and the District are in compliance with the City's Statement of Policies and Procedures for Special Assessment and Community Facilities District Debt Financing Programs, and (iii) the value of the real property within the District subject to the special tax to pay debt service on the Bonds, based upon the findings of an independent appraiser hired by the City for the purpose of determining such value, is at least three times the proposed principal amount of the Bonds and the principal amount of all other bonds outstanding that are secured by a special tax levied pursuant to the Act or by a special assessment on property within the District.

The City Council hereby approves the Fiscal Agent Agreement in the form presented to the City Council at this meeting. The City Manager, Assistant City Manager, Administrative Services Officer or such other person or persons as either of them may designate (collectively, the "Authorized Officers") are each hereby authorized and directed to execute the Fiscal Agent Agreement, for and in the name and on behalf of the City and the District, in such form, together with any additions thereto or changes therein deemed necessary or advisable by the Authorized Officer executing such document upon consultation with Bond Counsel. The proceeds of the Bonds shall be applied by the City for the purposes and in the amounts as set forth in the Fiscal Agent Agreement. The City Council hereby authorizes the delivery and performance by the City of the Fiscal Agent Agreement.

Section 2. The City Council hereby approves the Bond Purchase Agreement between the City and the Underwriter in the form presented to the City Council at this meeting. The Authorized Officers are each hereby authorized and directed to accept the offer of the Underwriter to purchase the Bonds contained in the Bond Purchase Agreement and to execute the Bond Purchase Agreement, for and in the name and on behalf of the City and the District, in such form, together with any additions thereto or changes therein deemed necessary or advisable by the Authorized Officer executing such document upon consultation with Bond Counsel (provided that no additions or changes shall authorize an aggregate principal amount of Bonds in excess of $3,250,000 or result in an underwriter's discount in excess of two percent (2%), or an average true interest rate on the Bonds in excess of eight percent (8%) per annum. The City Council hereby authorizes the delivery and performance by the City of the Bond Purchase Agreement.

The City Council hereby finds and determines that the sale of the Bonds at negotiated sale as contemplated by the Bond Purchase Agreement will result in a lower overall cost.

Section 3. The City Council hereby approves the Preliminary Official Statement in the form presented to the City Council at this meeting. The Authorized Officers are each hereby authorized and directed to execute a final Official Statement (the "Official Statement"), for and in the name and on behalf of the City and the District, in such form, together with any additions thereto or changes therein deemed necessary or advisable by the Authorized Officer executing such document upon consultation with Bond Counsel. The City Council hereby authorizes and directs the Underwriter to distribute copies of said Preliminary Official Statement to persons who may be interested in the purchase of the Bonds and to deliver copies of the Official Statement to all actual purchasers of the Bonds. The City Council hereby authorizes the delivery by the City of the Official Statement.

The Authorized Officers are each hereby authorized and directed to execute a certificate or certificates to the effect that the Official Statement and the Preliminary Official Statement were deemed "final" as of their respective dates for purposes of Rule 15c2-12 of the Securities Exchange Act of 1934, and the Authorized Officers are each hereby authorized to so deem such statements final.

Section 4. The City Council hereby approves the Continuing Disclosure Agreement (the "Disclosure Agreement"), between the City and the Dissemination Agent named therein, in the form presented to the City Council at this meeting (as an exhibit to the Preliminary Official Statement). The Authorized Officers are each hereby authorized and directed to execute the Disclosure Agreement, for and in the name and on behalf of the City and the District, in such form, together with any additions thereto or changes therein deemed necessary or advisable by the Authorized Officer executing such document upon consultation with Bond Counsel. The City Council hereby authorizes the delivery and performance by the City of the Disclosure Agreement.

Section 5. The City Council hereby approves the Agreement to Construct and Acquire Public Facilities for Camera Estates Community Facilities District No. 2003-1 (the "Acquisition Agreement"), between the City and KB Home North Bay Inc. or an affiliate thereof named therein, in the form presented to the City Council at this meeting. The Authorized Officers are each hereby authorized and directed to execute the Acquisition Agreement, for and in the name and on behalf of the City and the District, in such form, together with any additions thereto or changes therein deemed necessary or advisable by the Authorized Officer executing such document upon consultation with Bond Counsel. The City Council hereby authorizes the delivery and performance by the City of the Acquisition Agreement.

Section 6. The City hereby covenants, for the benefit of the Bondowners, to commence and diligently pursue to completion any foreclosure action regarding delinquent installments of any amount levied as a special tax for the payment of interest or principal of the Bonds, said foreclosure action to be commenced and pursued as more completely set forth in the Fiscal Agent Agreement.

Section 7. The Bonds, when executed, shall be delivered to the Fiscal Agent for authentication. The Fiscal Agent is hereby requested and directed to authenticate the Bonds by executing the Fiscal Agent's certificate of authentication and registration appearing thereon, and to deliver the Bonds, when duly executed and authenticated, to the Underwriter in accordance with written instructions executed on behalf of the City by one or more of the Authorized Officers, which instructions such officers are each hereby authorized, for and in the name and on behalf of the City, to execute and deliver to the Fiscal Agent. Such instructions shall provide for the delivery of the Bonds to the Underwriter or its designee in accordance with the Bond Purchase Agreement, upon payment of the purchase price therefor.

Section 8. The Law Offices of Timothy J. Hachman and Jones Hall, A Professional Law Corporation, are hereby designated as Co-Bond Counsel to the City for the Bonds. The law firm of Jones Hall, A Professional Law Corporation is hereby designated as Disclosure Counsel to the City for the Bonds. The Authorized Officers are each hereby authorized and directed to execute an agreement with said firm for its services in connection with the Bonds, provided that the compensation payable to said firm is payable solely from the proceeds, and wholly contingent upon the issuance, of the Bonds.

Section 9. All actions heretofore taken by the officers and agents of the City with respect to the establishment of the District and the sale and issuance of the Bonds are hereby approved, confirmed and ratified, and the proper officers of the City are each hereby authorized and directed to do any and all things and take any and all actions and execute any and all certificates, agreements and other documents, which they, or any of them, may deem necessary or advisable in order to consummate the lawful issuance and delivery of the Bonds in accordance with this Resolution, and any certificate, agreement, and other document described in the documents herein

approved. Any document herein approved and executed and delivered by any one of the Authorized Officers shall be a valid and binding agreement of the City.

PASSED, APPROVED and ADOPTED OCT 2 8 2003

GARY A. PODESTO, Mayor
of the City of Stockton

ATTEST:

KATHERINE GONG MEISCHEN
City Clerk of the City of Stockton

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Resolution No. 06-0054

STOCKTON CITY COUNCIL

A RESOLUTION OF INTENTION OF THE CITY COUNCIL OF THE CITY OF STOCKTON TO FORM A COMMUNITY FACILITIES DISTRICT AND LEVY A SPECIAL TAX IN COMMUNITY FACILITIES DISTRICT NO. 2006-1 (RIVERBEND) TO FINANCE THE ACQUISITION AND CONSTRUCTION OF CERTAIN PUBLIC FACILITIES IN AND FOR SUCH COMMUNITY FACILITIES DISTRICT

CITY OF STOCKTON
Community Facilities District No. 2006-1 (Riverbend)

WHEREAS, under the Mello-Roos Community Facilities Act of 1982, as amended (the "Act"), Chapter 2.5 of Part 1 of Division 2 of Title 5, commencing at Section 53311, of the California Government Code, this Council is authorized to establish a community facilities district and to act as the legislative body for such community facilities district; and

WHEREAS, this Council, having received indications of interest on behalf of the owners of the areas of land proposed to be included in a proposed community facilities district, desires to proceed with the establishment of a community facilities district in order to finance costs of public infrastructure necessary or incidental to new development in the City; now, therefore,

BE IT RESOLVED BY THE CITY COUNCIL OF THE CITY OF STOCKTON, AS FOLLOWS:

1. It is proposed to establish a community facilities district within the City of Stockton under the terms of the Act to finance costs of public infrastructure necessary or incidental to new development in the City, which may include the payment of fees related thereto related to new development.

2. The name proposed for the community facilities district is the City of Stockton Community Facilities District No. 2006-1 (Riverbend) (the "CFD").

3. The proposed boundaries of the district are shown on the Map of Proposed Boundary of a proposed community facilities district to be known as Community Facilities District No. 2006-1 (Riverbend), City of Stockton, San Joaquin County, California, on file with the City Clerk, which this Council approves as the map describing the extent of the territory included in the proposed community facilities district. This Council finds that the map is in the form and contains the matters prescribed by Section 3110 of the California Streets and Highways Code. This Council

CITY ATTY REVIEW

DATE JAN 2 4 2006

directs the City Clerk to certify the adoption of this resolution on the face of the map, and to file a copy of the map in the Office of the City Clerk in accordance with Section 3111 of the California Streets and Highways Code and within 15 days of the date of adoption of this resolution but in no event later than 15 days prior to the public hearing provided for herein, transmit the map to the County Recorder for recording in the Book of Maps of Assessment and Community Facilities Districts in the Office of the County Recorder of the County of San Joaquin.

4. Except to the extent that funds are otherwise available to the CFD to pay for the Facilities, and/or the principal and interest as it becomes due on bonds issued by the City for the CFD to construct and/or acquire the Facilities, a special tax (the "Special Tax") sufficient to pay the costs thereof, secured by recordation of a continuing lien against all non-exempt real property in the CFD, will be levied annually within the CFD, and collected in the same manner as ordinary *ad valorem* property taxes, or in such other manner as this Council, or its designee, shall determine, including direct billing of the affected property owners. The proposed rate and method of apportionment of the Special Tax among the parcels of real property within the CFD in sufficient detail to allow each landowner within the proposed CFD to estimate the maximum amount such owner will have to pay, are described in Exhibit A attached hereto and hereby incorporated herein.

This Council hereby finds that the provisions of Sections 53313.6, 53313.7 and 53313.9 of the Act (relating to adjustments to *ad valorem* property taxes and schools financed by a community facilities district) are inapplicable to the proposed CFD.

5. The type of public facilities proposed to be financed by the CFD and pursuant to the Act shall consist of those items listed as Facilities (the "Facilities") on Exhibit B hereto and hereby incorporated herein. The Council hereby finds and determines that the public interest will not be served by allowing the property owners in the CFD to enter into a contract in accordance with Section 53329.5(a) of the Act. Notwithstanding the foregoing, the Council, on behalf of the CFD, may enter into one or more contracts directly with any of the property owners with respect to the construction and/or acquisition of any portion of the Facilities.

6. Except as may otherwise be provided by law or by the rate and method of apportionment of the Special Tax for the CFD, all lands owned by any public entity, including the United States, the State of California and the City, or any departments or political subdivisions thereof, shall be omitted from the levy of the Special Tax. In the event that a portion of the property within the CFD shall become for any reason exempt, wholly or in part, from the levy of the Special Tax, this Council will, on behalf of the CFD, increase the levy to the extent necessary upon the remaining property within the CFD which is not exempt in order to yield the required debt service payments and other annual expenses of the CFD, if any, subject to the provisions of the rate and method of apportionment of the Special Tax. It is anticipated that the Special Tax will be billed as a separate line item on the regular property tax bill. However, this Council reserves the

right, under Section 53340, to utilize any method of collecting the special tax which it shall, from time to time, determine to be in the best interests of the City, including, but not limited to, direct billing by the City to the property owners and supplemental billing.

7. The levy of the Special Tax shall be subject to the approval of the qualified electors of the CFD at a special election. The proposed voting procedure shall be by mailed or hand-delivered ballot among the landowners in the proposed CFD, with each owner having one vote for each acre or portion of an acre such owner owns in the CFD. The Council hereby determines that the Facilities are necessary to meet increased demands placed upon local agencies as the result of development occurring within the CFD.

8. It is the intention of this Council, acting as the legislative body for the CFD, to cause bonds of the City to be issued for the CFD pursuant to the Act to finance in whole or in part the construction and/or acquisition of the Facilities. The bonds issued in these proceedings shall be callable in accordance with the provisions of the Act, and shall be issued in such series and bear interest payable semi-annually or in such other manner as this Council shall determine, at a rate not to exceed the maximum rate of interest as may be authorized by applicable law at the time of sale of such bonds, shall mature not to exceed 40 years from the date of the issuance thereof and shall be as more specifically set forth in any resolution authorizing the issuance of such bonds.

9. The City Director of Administrative Services, as the officer having charge and control of the Facilities in and for the CFD, or the designee of such official, is hereby directed to cause and direct a study of said proposed CFD and the Facilities and to cause to be prepared for filing at the public hearing the report required by Section 53321.5 of the Act (the "CFD Report") presenting at least the following:

(a) A description of the Facilities by type which will be required to adequately meet the needs of the CFD.

(b) An estimate of the fair and reasonable cost of the Facilities including the cost of acquisition of lands, rights-of-way and easements, any physical facilities required in conjunction therewith and incidental expenses in connection therewith, including the costs of the proposed bond financing and all other related costs as provided in Section 53345.3 of the Act.

The CFD Report shall be made a part of the record of the public hearing specified below.

10. This Council also intends to establish the annual appropriations limit of the CFD in the amount of $400,000.00.

11. The Council hereby sets Tuesday, March 7, 2006, at 5:30 p.m., at the City of Stockton City Hall Council Chambers located at 425 N. El Dorado Street, Stockton, California 95202, as the time and place when and where this Council, as legislative

body for the CFD, will conduct a public hearing on the establishment of the CFD and consider and finally determine whether the public interest, convenience and necessity require the formation of the CFD and the levy of the Special Tax. At the hearing, testimony concerning the CFD, the extent of the CFD or the furnishing of the particular types of public facilities will be heard and protests will be considered from registered voters residing within the CFD and persons owning real property within the CFD. Written protests by the owners of a majority of the land which would be subject to special taxation within the proposed the CFD will require the suspension of proceedings for at least one year. Written protests must be filed with the City Clerk at or before the time fixed for the hearing. If such protests are directed only against certain elements of the proposed improvements or proposed special tax, and if such protests constitute a majority protest, only those elements shall be deleted from the proceedings.

12. The City Clerk is hereby directed to cause notice of the public hearing to be given by publication one time in a newspaper published in the area of the CFD. The publication shall be completed at least 7 days before the date of the public hearing referenced above. The notice shall be substantially in the form specified in Section 53322 of the Act and attached hereto as Exhibit C, with the form summarizing the provisions hereof hereby specifically approved.

13. This resolution shall take effect immediately upon its adoption.

****

PASSED, APPROVED AND ADOPTED JAN 31 2006.

EDWARD J. CHAVEZ, Mayor
of the City of Stockton

ATTEST:

KATHERINE GONG MEISSNER
City Clerk of the City of Stockton

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EXHIBIT A

City of Stockton
San Joaquin County, California
Community Facilities District No. 2006-1
(Riverbend)

RATE, METHOD OF APPORTIONMENT, AND MANNER OF COLLECTION 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 Community Facilities District No. 2006-1 (Riverbend) (the "CFD") of the City of Stockton (the "City"), shall be levied and collected according to the tax liability determined by the City 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 actual or reasonably estimated costs related to the administration of the CFD, including:

- Costs of computing Special Taxes and preparing annual Special Tax collection schedules (whether by the City or any designee thereof or both);
- Costs of collecting the Special Taxes (whether by the County, the City, or otherwise);
- Costs of remitting the Special Taxes to the Trustee;
- Costs of the Trustee (including its legal counsel) in the discharge of the duties required of it under the Bond Indenture;
- Costs to the City, CFD, or any designee thereof of complying with arbitrage rebate requirements;

- Costs to the City, CFD or any designee thereof of complying with City, CFD or obligated persons disclosure requirements;
- Costs associated with preparing Special Tax disclosure statements;
- Costs incurred in responding to public inquiries regarding the Special Taxes;
- Costs to the City, CFD, or any designee thereof related to any appeal of the Special Tax;
- Costs associated with the release of funds from an escrow account, if any; and
- Amounts estimated to be advanced or advanced by the City 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 City of Stockton Director of Administrative Services or his or her designee.

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

(i) Debt Service to be paid from Special Taxes collected during such Fiscal Year;

(ii) Administrative Expenses for such Fiscal Year;

(iii) Any amounts needed to replenish any Bond Reserve Fund for the Bonds to the level required under the Bond Indenture;

(iv) An amount equal to Special Tax delinquencies anticipated for the current Fiscal Year,

(v) Less any credit from interest earnings on the bond Reserve Fund, and/or any other revenues accrued to the CFD as approved by the City; and

(vi) Pay-As-You-Go Expenditures for Authorized Facilities to be constructed or acquired by the CFD.

"**Anticipated Construction Proceeds**" means that amount that is anticipated to be available from Bonds for the acquisition or construction of Authorized Facilities.

"**Assessor's Parcel Number**" means the Parcel and Parcel number as recorded by the County Assessor on the equalized tax roll.

"**Authorized Facilities**" means those facilities to be financed as identified in the resolution forming the CFD.

"**Benefit Share**" means the Maximum Annual Special Tax for a Parcel divided by the Maximum Annual Special Tax Revenue.

"**Bond(s)**" means bond(s) issued or other indebtedness incurred by the City for the CFD under the Act.

"**Bond Indenture**" means the indenture, resolution, fiscal agent agreement, or other financing document pursuant to which any Bonds are issued.

"**Bond Share**" means the share of Bonds assigned to a Parcel as specified in **Section 7** hereof.

"**CFD**" means the City of Stockton Community Facilities District No. 2006-1 (Riverbend), City of Stockton, County of San Joaquin, State of California.

"**City**" means the City of Stockton, California.

"**Council**" means the City Council of the City of Stockton acting for the CFD under the Act.

"**County**" means the County of San Joaquin.

"**Debt Service**" means the total amount of principal, interest, and any scheduled sinking fund payments of the Bonds.

"**Developed Parcel**" means a Parcel in one of the following Parcel Categories that has received from the City the applicable development approval for that Parcel Category as follows:

Parcel Category		Development Approval
Single Family Residential Parcel	=>	Final Small Lot Subdivision Map
Other Use Parcel	=>	Building Permit

"**Final Small Lot Subdivision Map**" means the Subdivision map creating Single Family Residential Parcels for which a building permit could be issued.

"**Fiscal Year**" means the period from July 1 of any calendar year through June 30 of the following calendar year.

"**Large Lot Parcel**" means any Parcel delineated on a Large Lot Subdivision Map.

"**Large Lot Subdivision Map**" means a recorded subdivision map creating Parcels by land use. However, the Large Lot Subdivision Map does not delineate individual Single Family Residential Parcels. A Final Small Lot Subdivision Map will create individual single family parcels.

"**Maximum Annual CFD Revenue**" means the greatest amount of revenue that can be collected in a Fiscal Year by levying the Special Tax against a group of Taxable Parcels in the CFD, such as Developed Parcels.

"**Maximum Annual Special Tax**" means the greatest amount of Special Tax that can be levied against a Parcel in any Fiscal Year. **Attachment 1** shows the Maximum Annual Special Tax for Large Lot Parcels.

"**Maximum Annual Special Tax Per Unit**" means the greatest amount of Special Tax that can be levied against a Single Family Residential Parcel in any Fiscal Year. **Attachment 1** shows the Maximum Annual Special Tax Per Unit for all Large Lot Parcels. Each time a Parcel is subdivided, a Maximum Annual Special Tax Per Unit will be assigned to the Taxable Parcels based on methods defined in **Section 5.C.**

"**Maximum Annual Special Tax Revenue**" means the greatest amount of revenue that can be collected in a Fiscal Year by levying the Special Tax against all Taxable Parcels in the CFD.

"**Other Land Uses**" means all taxable Developed Parcels with land uses other than single family residential. Although the CFD is intended to include only single family residential development, rezoning may allow other uses. Multifamily residential, retail, office, mixed-use, and industrial property would be taxable as Other Land Uses.

"**Outstanding Bonds**" means the total principal amount of Bonds that have been issued and not fully repaid or legally defeased.

"**Parcel**" means any Assessor's Parcel Number in the CFD based on the equalized tax rolls of the County for the current Fiscal Year.

"**Partial Prepayment**" means a prepayment of a portion of a Parcel's Special Tax obligation, as set forth in **Section 7**.

"**Partial Prepayment Factor**" means a factor by which the Maximum Annual Special Tax for a Partial Prepayment Parcel is multiplied to calculate an adjusted Maximum Annual Special Tax for such Parcel. Each Partial Prepayment Factor shall be calculated according to the steps described under **Section 7** hereof.

"**Pay-As-You-Go Expenditure**" means the use of annual Special Tax revenues that are not needed for Annual Costs, not including Pay-As-You-Go Expenditures, for Authorized Facilities to be constructed or acquired by the CFD.

"**Planned Units**" means the number of Single Family Residential Parcels assigned to Large Lot Parcels in **Attachment 1**.

"**Prepayment**" means the partial or permanent satisfaction of the Special Tax Obligation.

"**Public Parcel**" means any parcel that is (1) publicly owned, and (2) is normally exempt from the levy of general *ad valorem* property taxes under California law; including, but not limited to, public streets, schools, parks, public drainage ways, public landscaping, greenbelts, and public open space.

"**Reserve Fund**" means the total amount held in the Bond reserve fund by the City for all Outstanding Bonds of the CFD.

"**Reserve Fund Requirement**" means the amount required to be held in the Reserve Fund created under the Bond Indenture.

"**Reserve Fund Share**" means the amount on deposit in the Reserve Fund, but in any event not to exceed the required Bond reserve as defined in the Bond Indenture, multiplied by the Benefit Share for a given Parcel.

"**Single Family Residential Parcel**" means a Taxable Parcel created by a Final Small Lot Subdivision Map.

"**Special Tax(es)**" mean(s) any tax levy under the Act in the CFD. The Special Tax shall be levied as long as necessary to pay for the facilities to be financed by the CFD and to discharge authorized Bond obligations of the CFD.

"**Special Tax Obligation**" means the total obligation of a Taxable Parcel to pay Special Tax for the remaining life of the CFD.

"**Subdivision**" or "**Subdivide**" means a division of a Parcel into two or more Parcels through the Subdivision Map Act process.

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

"**Taxable Parcel**" means any Parcel that is not a Tax-Exempt Parcel.

"**Tax-Exempt Parcel**" means a Parcel not subject to the Special Tax. Tax-Exempt Parcels include: (i) a Parcel that was a Public Parcel at the formation of the CFD or a Public Parcel created through the Subdivision process, (ii) any Parcel that has prepaid its Special Taxes under **Section 7** hereof, (iii) any Parcel that is exempt from the Special Tax under the Act.

"**Undeveloped Parcel**" means a Taxable Parcel that is not a Developed Parcel or a Large Lot Parcel.

3. Determination of Parcels Subject to Special Tax

The Administrator shall prepare a list of the Parcels subject to the Special Tax using the records of the County Assessor as of January 1 preceding the current Fiscal Year. The Administrator shall identify the Parcels subject to the Special Tax from a list of all Parcels within the CFD using the procedure described below.

A. Exclude all Tax-Exempt Parcels.

B. The remaining Parcels are Taxable Parcels that shall be subject to the Special Tax according to the method detailed in **Section 5**.

4. Termination of the Special Tax

The Special Tax will be levied and collected from Taxable Parcels, for as long as needed to pay Annual Costs; however, in no case shall the Special Tax be levied beyond the 2040-2041 Fiscal Year.

When Special Tax revenues are no longer needed to pay Annual Costs, the Special Tax shall cease to be levied. The Administrator shall direct the County Recorder 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

Each Fiscal Year following the formation of the CFD, the Administrator shall cause the following to occur:

A. Classification of Parcels. Using the Definitions in **Section 2** above, the Parcel records of the County Assessor's Secured Tax Roll for the Fiscal Year for which Special Taxes will be assigned, and building permit and final map records of the City and County up to June 1 preceding the current Fiscal Year, the Administrator shall cause:

1. Each Parcel to be classified as a Tax-Exempt Parcel or a Taxable Parcel; and,

2. Each Taxable Parcel is further classified a Developed Parcel, Large Lot Parcel, or an Undeveloped Parcel.

B. Assignment of Maximum Annual Special Tax to Large Lot Parcels. The Administrator shall assign the Maximum Annual Special Tax to each Taxable Large Lot Parcel using **Attachment 1**, which identifies each Large Lot Parcel.

C. Assignment of Maximum Annual Special Tax to Developed Parcels. The Administrator shall assign the Maximum Annual Special Tax to each Developed Parcel using **Attachment 1** in the following manner:

1. Single Family Residential Parcels. The Maximum Annual Special Tax is assigned to Developed Parcels designated for single family residential uses in the following manner:

   a. If a Large Lot Parcel is Subdivided into Developed Parcels that are Single Family Residential Parcels or individually owned residential condominium Parcels, perform the following steps to determine the Maximum Annual Special Tax Per Unit using the following steps.

      1) If the number of Single Family Residential Parcels created by the Final Small Lot Subdivision Map is greater or equal to the number of Planned Units assigned to the Large Lot Parcel, assign the Maximum Annual Special Tax Per Unit shown in **Attachment 1** for the Large Lot Parcel to each Single Family Residential Parcel.

      2) If the number of Single Family Residential Parcels created by the Final Small Lot Subdivision Map is less than the number of Planned Units assigned to the Large Lot Parcel, divide the Maximum Annual Special Tax assigned to the Large Lot Parcel by the number of Single

Family Residential Parcels created by the Final Small Lot Subdivision Map to determine the Maximum Annual Special Tax Per Unit for each Single Family Residential Parcel.

b. If a Subdivision that creates Single Family Residential Parcels and a remainder Large Lot Parcel, perform the following steps.

1) Assign the Maximum Annual Special Tax Per Unit to each Single Family Residential Parcel for the Large Lot Parcel shown in **Attachment 1.**

2) Planned Units are assigned to the remainder Large Lot Parcel by subtracting the total number of Single Family Residential Parcels determined in the previous step from the total Planned Units assigned to the Large Lot Parcel that is being Subdivided. The remaining Planned Units are multiplied by the Maximum Annual Special Tax Per Unit for the Large Lot Parcel to arrive at the Maximum Annual Special Tax for the remainder Large Lot Parcel.

D. Assignment of Maximum Annual Special Tax Partial Prepayment Parcel. The Maximum Annual Special Tax for a Partial Prepayment Parcel is assigned by multiplying the Maximum Annual Special Tax Per Unit from **Attachment 1**, or as otherwise calculated for a Developed Parcel, by the Partial Prepayment Factor for the Parcel.

E. Conversion of a Tax-Exempt Parcel to a Taxable Parcel. If a Parcel designated as a Tax-Exempt Parcel is converted to a taxable land use, it shall become subject to the Special Tax. The Maximum Annual Special Tax for each such Parcel shall be assigned a Maximum Annual Special Tax by the Administrator using the appropriate parcel classification.

1. For Single Family Residential Parcels the Maximum Annual Special Tax is $500 per Unit.

2. For Large Lot Parcels with a land use designation for single family residential, the Administrator will assign Planned Units to the Large Lot Parcel based on the single family residential development potential of the Parcel, and then multiply the number of Planned Units by $500 to derive the Maximum Annual Special Tax for the Large Lot Parcel.

3. For uses other than single family residential uses, the Maximum Annual Special Tax is calculated by multiplying the Taxable Acreage of the Taxable Parcel times $2,500. If individually owned residential condominium units are created, this Maximum Annual Special Tax is then divided by the

number of individually-owned residential condominiums created by a Parcel Subdivision.

F. Taxable Parcels Acquired by a Public Agency. Taxable Parcels that are 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. An exception to this may be made if a Public Parcel, such as a school site, is relocated to a Taxable Parcel, the previously Tax-Exempt Parcel of comparable acreage becomes a Taxable Parcel and the Maximum Annual Special Tax from the previously Taxable Parcel is transferred to the new Taxable Parcel. This trading of Parcels will be permitted to the extent that there is no net loss in Maximum Annual Special Tax Revenue.

6. Calculating the Annual Special Tax Levy

The Administrator shall levy Special Taxes in each Fiscal Year using the following procedures:

A. Compute the Annual Cost for the Fiscal Year using the definitions in **Section 2.**

B. Calculate the Special Tax for each Parcel as follows:

Step 1: Compute 100% of the Maximum Annual CFD Revenue for all Developed Parcels.

Step 2: Compare the Annual Costs with the Maximum Annual CFD Revenue calculated in the previous step.

Step 3: If the Annual Costs are less than the Maximum Annual CFD Revenue, decrease proportionately the Special Tax levy for each Developed Parcel until the Special Tax Revenue equals the Annual Cost.

Step 4: If the Annual Costs are greater than the Maximum Annual Special Tax revenue from Developed Parcels, levy a Special Tax proportionately on each Large Lot Parcel to an amount equal to the amount of Annual Costs or until 100% of the Maximum Annual Special Tax is reached for such Large Lot Parcels.

Step 5: If the Annual Costs are greater than the Maximum Annual Special Tax revenue from Developed Parcels and Large Lots Parcels, levy a Special Tax proportionately on each Undeveloped Parcel to an amount equal to

the amount of Annual Costs or until 100% of the Maximum Annual Special Tax is reached for such Undeveloped Parcels.

C. Prepare the tax collection schedule listing the tax levy for each Assessor's Parcel and send it to the County Auditor requesting that it be placed on the general, secured property tax roll for the following Fiscal Year.

The Administrator shall make every effort to correctly calculate the Special Tax levy. It shall be the burden of the taxpayer to correct any errors in the determination of the Parcels subject to the tax and their Special Tax assignments.

The Administrator shall maintain a record showing the calculation of the assigned Maximum Annual Special Tax to teach Taxable Parcel and a brief description of the process of assigning the Special Tax each time a Taxable Parcel is Subdivided.

7. Prepayment of Special Tax Obligation

Landowners may permanently satisfy the Special Tax Obligation for a Parcel by cash settlement with the City as permitted under Government Code Section 53344. By exercising the right to Prepayment, a landowner can eliminate the future annual Special Tax Obligation for a Parcel.

Prepayment is permitted only under the following conditions:

- The Administrator determines that the Prepayment does not jeopardize the ability to make timely payments of Debt Service on Outstanding Bonds or repayment of the Bonds.
- Any landowner who wishes to exercise the right to a Prepayment for a Parcel must pay any and all delinquent Special Taxes and penalties for the prepaying Parcel.
- If Special Taxes have already been levied, but not collected, at the time the Prepayment is calculated, the owner of the Parcel(s) must pay the Special Taxes included on the property tax bill in addition to the Prepayment amount.

Calculate the Prepayment amount for a Parcel as follows:

Part A: Full Prepayment of Special Tax Obligation Prior to the Sale of Bonds

The Prepayment amount prior to Bond sale is equal to the amount of the Anticipated Construction Proceeds for the Parcel, plus any Administrative Expenses incurred in the

establishment of the CFD and the calculation of the Prepayment amount. The amount of the Anticipated Construction Proceeds shall be reduced for any Pay-As-You-Go Expenditures that will be used to finance the principal amount of the Anticipated Construction Proceeds if Special Taxes have already been levied for Pay-As-You-Go Expenditures up to and including the current Fiscal Year of the Prepayment.

The Prepayment amount shall be established by following the steps below.

Step A.1 Determine the Maximum Annual Special Tax for the prepaying Parcel by following the procedures in **Section 5.**

Step A.2 Divide the Maximum Annual Special Tax from Step A.1 by the Maximum Annual Special Tax Revenue to arrive at the Benefit Share.

Step A-3 Determine the Anticipated Construction Proceeds for the Parcel by multiplying the Benefit Share from Step A.2 by the Anticipated Construction Proceeds.

Step A-4 Determine the Prepayment amount by adding to the Anticipated Construction Proceeds for the prepaying Parcel calculated in Step A.3 any fees and expenses incurred by the City in connection with the Prepayment calculation. If Special Taxes have already been levied, but not collected, at the time the Prepayment is calculated, the owner of the Parcel must pay the Special Taxes included on the property tax bill in addition to the Prepayment amount.

Part B: Full Prepayment of Special Tax Obligation After Sale of Bonds

The Prepayment amount shall be established by following the steps below.

Step B.1 Determine the Maximum Annual Special Tax for the prepaying Parcel by following the procedures in **Section 5.**

Step B.2 Divide the Maximum Annual Special Tax from Step B.1 by the Maximum Annual Special Tax Revenue to arrive at the Benefit Share.

Step B.3 Determine the Bond Share for the Parcel by multiplying the Benefit Share from Step B.2 by the Outstanding Bonds. For the purpose of the calculation, reduce the Outstanding Bond balance by the amount of the principal payment for which Special Taxes have been levied but not collected.

Step B-4 Determine the Reserve Fund Share associated with the Bond Share determined in Step B.3 and reduce the Bond Share by the amount of the Reserve Fund Share.

The Reserve Fund Share is equal to the Reserve Fund Requirement on all Outstanding Bonds or the actual Reserve Fund, whichever is less, multiplied by the Benefit Share.

Step B-5 Determine the Prepayment amount by adding to the revised Bond Share amount calculated in Step B.4 any fees, call premiums, and expenses incurred by the City in connection with the Prepayment calculation or the application of the proceeds of the Prepayment to the call of Bonds. If Special Taxes have already been levied, but not collected, at the time the Prepayment is calculated, the owner of the Parcel must pay the Special Taxes included on the property tax bill in addition to the prepayment amount.

Part C: Partial Prepayment of Special Tax Obligation

If the Prepayment is a Partial Prepayment, then the property owner shall designate an amount which is less than the full Prepayment amount determined above for the Parcel (or group of such Parcels) for which the Special Tax is to be partially prepaid but which, based upon a calculation provided by the Administrator, will provide sufficient funds for a Bond call in a whole number multiple of $5,000. The Administrator shall determine the Partial Prepayment Factor by the following procedure:

Step C.1: Calculate the Full Prepayment Amount from Step A.4 or B.5 above;

Step C.2: Subtract the amount of the Partial Prepayment from the Full Prepayment amount calculated in Part A or Part B above;

Step C.3: Subtract any fixed costs (such as the cost of the Prepayment calculation and other fees which do not vary proportionally with the size of the Prepayment) of the Prepayment from the Full Prepayment amount in Step C.1;

Step C.4: Divide the result of Step C.2 by the result of Step C.3 to arrive at the Partial Prepayment Factor. The Partial Prepayment Factor is used in decreasing the Maximum Annual Special Tax for the Parcel for which the Special Tax is partially prepaid;

Step C.5: If a Partial Prepayment has previously been made for this Parcel, multiply the result of Step C.4 times the previously calculated Partial Prepayment Factor.

8. Appeals and Interpretation Procedure

Any taxpayer who feels that the amount of the Special Tax assigned to a Parcel is in error may file a written 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 Special Tax should be modified or changed, a recommendation at that time will be made to the Council and, as appropriate, the Special Tax levy shall be corrected and, if applicable in any case, a refund shall be granted.

Interpretations may be made by Resolution of the Council 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. Collection of Annual Special Tax

The Special Tax will be collected in the same manner and at the same time as *ad valorem* property taxes; provided, however, that the City 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
City of Stockton
CFD No. 2006-1 (Riverbend)
Maximum Annual Special Tax

Large Lot Parcel	Planned Units [1]	Maximum Annual Special Tax Per Unit [2]	Maximum Annual Special Tax Revenue
Single Family Residential Uses			
Unit 1	35	$500	$17,500
Unit 2	243	$500	$121,500
Unit 3	121	$500	$60,500
Unit 4	184	$500	$92,000
Subtotal	**583**		**$291,500**
School Site [3]	**66**	**$500**	**$33,000**
CFD Totals	**649**		**$324,500**

"att_1"

[1] Planned Units are assigned to each unit of the proposed development at formation of the CFD. As Small Lot Final Subdivision Maps are recorded, Planned Units are assigned to Large Lot Parcels. If less Single Family Residential Parcels are created as a result of the Small Lot Final Subdivision Maps, the Maximum Annual Special Tax per Unit will be increased so there is no net loss of Maximum CFD Revenue.

[2] The Maximum Annual Special Tax per Unit does not escalate.

[3] If the school district does not exercise its option to purchase the school site within the CFD, the school site parcel may become a Taxable Parcel. Currently it is proposed that 66 Planned Units would be assigned to this parcel if it becomes a Taxable Parcel.

EXHIBIT B

CITY OF STOCKTON
Community Facilities District No. 2006-1 (Riverbend)

Authorized Facilities

The Facilities which are proposed to be financed with the proceeds of the sale of bonds of the proposed community facilities district, or the payment of the fees to the appropriate jurisdiction with respect to such facilities proposed to be financed with the proceeds of the sale of bonds of the proposed community facilities district, generally described as follows:

1. Riverbend Storm Water Pump Station and Out-Fall Structure
2. Extended Detention
3. Basin Property Acquisition
4. Jack and Bore
5. Equalization Sewer Storage
6. Street Lights: Units 1-4
7. Vertical Curb and Gutter: Unit 1, Unit 2, Unit 3 and Unit 4
8. Traffic Signal Holman and Goldbrook

The foregoing description of the types of Facilities eligible to be financed is general in nature and includes any appurtenant work and incidental expenses relating to the Facilities. The final nature and location of the facilities will be determined upon the preparation of final plans and specifications for such facilities.

Other

The bond related expenses authorized include the City, underwriter's discount, financial advisor, administrative, appraisals, reserve fund deposit, capitalized interest, bond counsel, disclosure counsel, special tax consultant, bond and official statement printing and all other incidental expenses.

Administrative fees include but are not limited to those of the City, the Community Facilities District, the Bond Trustee, the Special Tax Consultant and the Fiscal Agent, related to the Community Facilities District and the Bonds.

EXHIBIT C

NOTICE OF PUBLIC HEARING ON PROPOSED COMMUNITY FACILITIES DISTRICT NO. 2006-1 (RIVERBEND) CITY OF STOCKTON, SAN JOAQUIN COUNTY CALIFORNIA

The City of Stockton is considering the formation of a community facilities district (the "CFD") under the authority of the Mello-Roos Community Facilities District Act of 1982, as amended, to fund certain public facilities related to new development within the City of Stockton, and to incur bonded indebtedness of the CFD.

This Notice contains a brief summary of the proposal, but you are referred to the City Council's Resolution of Intention to Form a Community Facilities District and Levy a Special Tax (No. 06-_____, adopted _____, 2006) and its Resolution of Intention to Incur Bonded Indebtedness (No. 06-_____, adopted _____, 2006) for details of the proposals.

The proposal is to subject the property within the CFD to a special tax which will be used to pay for facilities of benefit to land within the CFD, including paying principal and interest on bonds used to build facilities, and will expire when the bonds are retired and all eligible facilities are financed. The proceeds of the bonds will be used to pay for the facilities and other expenses set forth in the resolutions referred to in the preceding paragraph. A map showing the land proposed to be included in the CFD is on file with the City Clerk.

The proposal also includes authority to issue up to $5,000,000.00 in bonds to be repaid by the special tax. Neither the city of Stockton nor any person outside the CFD has any liability for the special tax or the bonds. The security for the bonds is limited to the property subject to the special tax within the CFD.

In order to confer the authority upon the Stockton City Council to levy the special tax and to issue the bonds, a public hearing must be held on the proposal, then the City Council will decide whether to form the CFD, and finally the qualified electors within the CFD must approve the proposal by a two-thirds vote. Where the CFD is uninhabited (as is the case here) the qualified electors are, pursuant to law, the owners of property within the CFD.

This is the notice of the public hearing. The public hearing will be held during the City Council meeting on Tuesday, March 7, 2006, at 5:30 p.m., in the Stockton City Hall Council Chambers located at 425 N. El Dorado Street, Stockton, California 95202.

At the hearing, the testimony of all interested persons or potential special taxpayers for or against the formation of the proposed community facilities district, the authorization to levy the special tax, and the authorization to issue the bonds will be heard. If written protests against the proposed CFD are delivered to the City Clerk at or before the time set for the hearing by either registered voters residing within, or the owners of property within, the proposed CFD, they will be counted toward a possible majority protest. Such protests by a majority of the registered voters residing within the CFD or by the owners of a majority of the land area within CFD which is or will be subject to the special tax, if not withdrawn prior to the close of the hearing so as to reduce the value of the protests to less than a majority, will require the proposed CFD to be eliminated from immediate consideration, and prevent its being included in a subsequent proceedings for at least one year.

If this Council, after the public hearing, determines that a majority protest under Section 53324 of the Government Code was not made at the hearing, the Council may conduct an election by mailed ballot to levy a special tax.

Questions should be directed to the undersigned, telephone (209) 937-8459.

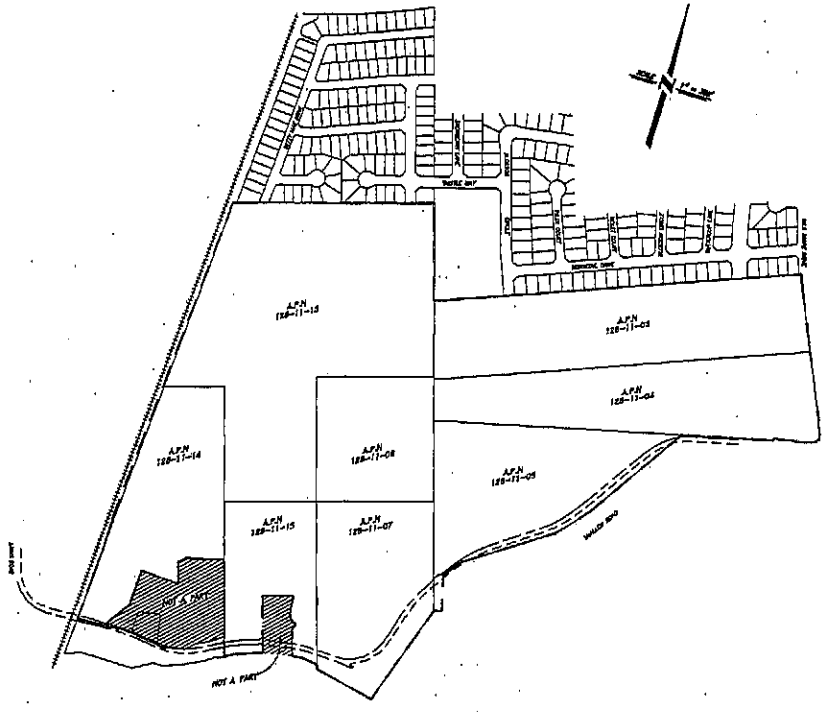
Dated: January 31, 2006

Katherine Gong Meissner,
City Clerk

PROPOSED BOUNDARIES OF COMMUNITY FACILITIES DISTRICT NO. 2006-1 RIVERBEND

CITY OF STOCKTON
SAN JOAQUIN COUNTY, CALIFORNIA

BEING A PORTION OF SECTIONS 28 & 40
OF THE C.M. WEBER GRANT
CITY OF STOCKTON,
SAN JOAQUIN COUNTY, CALIFORNIA



FILED THIS _____ DAY OF _____, 2005, AT THE HOUR OF _____ O'CLOCK ____M. IN BOOK _____, PAGE _____ OF MAPS OF ASSESSMENT AND COMMUNITY FACILITIES DISTRICTS IN THE OFFICE OF THE COUNTY RECORDER IN THE COUNTY OF SAN JOAQUIN, STATE OF CALIFORNIA.

_____
GARY W. FREEMAN, COUNTY RECORDER
COUNTY OF SAN JOAQUIN,
STATE OF CALIFORNIA

FILED IN THE OFFICE OF THE CLERK OF THE CITY OF STOCKTON, THIS _____ DAY OF _____, 2005.

_____
CITY CLERK OF THE CITY OF STOCKTON

I, HEREBY CERTIFY THAT THE MAP SHOWING PROPOSED BOUNDARIES OF COMMUNITY FACILITIES DISTRICT 2006-1 RIVERBEND, CITY OF STOCKTON, SAN JOAQUIN COUNTY, CALIFORNIA, WAS APPROVED BY THE CITY COUNCIL OF THE CITY OF STOCKTON AT A REGULAR MEETING THEREOF, HELD ON THE _____ DAY OF _____, 2005, BY ITS RESOLUTION NO. _____.

_____
CITY CLERK OF THE CITY OF STOCKTON

CITY OF STOCKTON
COMMUNITY FACILITIES DISTRICT NO. 2005-1
PARCEL INFORMATION SCHEDULE

A.P.N.	ACRES
125-11-03	19.63
125-11-04	17.18
125-11-05	15.22
125-11-06	10.00
125-11-07	13.39
125-11-13	36.72
125-11-14	13.32
125-11-15	8.64
TOTAL	134.38

NOTES

1. THIS MAP WAS COMPILED FROM RECORD INFORMATION AND IS NOT THE RESULT OF A FIELD SURVEY.
2. THE LINES AND DIMENSIONS OF EACH LOT OR PARCEL SHOWN ON THIS MAP SHALL BE THOSE LINES AND DIMENSIONS AS SHOWN ON THE SAN JOAQUIN COUNTY ASSESSORS MAPS FOR THESE PARCELS LISTED (NOTE ANY EXCEPTIONS AS TO PARCELS WHERE THIS IS NOT CORRECT).
3. THE SAN JOAQUIN COUNTY ASSESSORS' MAPS SHALL GOVERN FOR ALL DETAILS CONCERNING THE LINES AND DIMENSIONS OF SUCH LOTS OR PARCELS.

LEGEND

A.P.N. — COUNTY ASSESSORS PARCEL NO. (SAN JOAQUIN COUNTY)
— — — — COMMUNITY FACILITIES DISTRICT BOUNDARY LINE
———— EXISTING ASSESSORS PARCEL LINE

SHEET 1 OF 1

Stantec
1016 12th Street
Modesto, CA U.S.A.
95354
Tel. 209.521.8000
Fax. 209.521.9045
www.stantec.com

Resolution No. 07-0122

STOCKTON CITY COUNCIL

RESOLUTION OF INTENTION OF THE CITY COUNCIL OF THE CITY OF STOCKTON TO ESTABLISH COMMUNITY FACILITIES DISTRICT NO. 2006-3 (NORTHBROOK), TO ESTABLISH WOODSIDE IMPROVEMENT AREA 1 AND LEBARON IMPROVEMENT AREA 2 THEREIN, TO AUTHORIZE THE LEVY OF A SPECIAL TAX TO PAY THE COST OF ACQUIRING OR CONSTRUCTING CERTAIN IMPROVEMENTS AND EXPENSES OF THE DISTRICT AND TO PAY DEBT SERVICE ON BONDED INDEBTEDNESS

WHEREAS, the City Council (the "City Council") of the City of Stockton (the "City") has received a petition signed by the owners of not less than ten percent of the land within the boundaries of the territory which is proposed for inclusion in a proposed community facilities district, which petition meets the requirements of Sections 53318 and 53319 of the Government Code of the State of California; and

WHEREAS, the City Council desires to adopt this resolution of intention as provided in Section 53321 of the Government Code of the State of California to (a) establish a community facilities district consisting of the territory described in Attachment "A" hereto (which attachment is incorporated herein by this reference), which the City Council hereby determines shall be known as "City of Stockton Community Facilities District No. 2006-3 (Northbrook)" ("CFD No. 2006-3"), pursuant to the Mello-Roos Community Facilities Act of 1982, as amended, commencing with Section 53311 of the Government Code (the "Act"), (b) establish Woodside Improvement Area 1 and LeBaron Improvement Area 2 (each individually, an "Improvement Area" and, collectively, the "Improvement Areas") therein and (c) finance (1) the purchase, construction, expansion, improvement or rehabilitation of certain real or other tangible property described in Attachment "B" hereto (which attachment is incorporated herein by this reference), including all furnishings, equipment and supplies related thereto (collectively, the "Improvements"), which Improvements have a useful life of five years or longer, and (2) the incidental expenses to be incurred in connection with financing the Improvements, and forming and administering CFD No. 2006-3 and the Improvement Areas described in Attachment "B" (the "Incidental Expenses"); and

WHEREAS, the City Council further intends to approve an estimate of the costs of the Improvements and the Incidental Expenses for each of the Improvement Areas; and

WHEREAS, it is the intention of the City Council to consider financing the Improvements and the Incidental Expenses through the formation of CFD No. 2006-3 and the Improvement Areas and the sale of bonds in an amount not to exceed $8,500,000 for Woodside Improvement Area 1 and $4,000,000 for LeBaron

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Improvement Area 2 (the "Obligations") and the levy of a special tax in each Improvement Area to pay for its Improvements and Incidental Expenses and to pay debt service on the Obligations incurred for such Improvement Area, provided that such sales and special tax levies are approved at elections to be held in each of the Improvement Areas; now, therefore,

THE CITY COUNCIL OF THE CITY OF STOCKTON HEREBY FINDS, DETERMINES, RESOLVES, AND ORDERS AS FOLLOWS:

SECTION 1. The above recitals are true and correct.

SECTION 2. A community facilities district is proposed to be established under the terms of the Act to be designated as "City of Stockton Community Facilities District No. 2006-3 (Northbrook)" ("CFD No. 2006-3"). The City Council hereby designates, pursuant to Section 53350 of the Act, an area which shall be known as "Community Facilities District No. 2006-3 Woodside Improvement Area 1" ("Woodside Improvement Area 1") and an area which shall be known as "Community Facilities District No. 2006-3 LeBaron Improvement Area 2" ("LeBaron Improvement Area 2"). It is further proposed that the boundaries of CFD No. 2006-3 shall be the legal boundaries as described in Attachment "A" hereto (which consist of the combined boundaries of the Woodside Improvement Area 1 and LeBaron Improvement Area 2 and which shall, upon recordation of the boundary map for CFD No. 2006-3, include the entirety of any parcel subject to taxation by CFD No. 2006-3) and as depicted on the map of the proposed CFD No. 2006-3 which is on file with the City Clerk. The City Clerk is hereby directed to sign the original map of CFD No. 2006-3 and record it with all proper endorsements thereon with the County Recorder of the County of San Joaquin within 15 days after the adoption of this resolution, all as required by Section 3111 of the Streets and Highways Code of the State of California.

SECTION 3. The Improvements proposed to be provided within CFD No. 2006-3 are public facilities as defined in the Act, and the City is authorized by law to construct, acquire, own and operate the Improvements. The City Council hereby finds and determines that the description of the Improvements herein is sufficiently informative to allow taxpayers within CFD No. 2006-3 and each of the Improvement Areas to understand how the funds of CFD No. 2006-3 may be used to finance the Improvements and the Incidental Expenses expected to be incurred, including the cost of planning and designing the Improvements, the costs of forming CFD No. 2006-3 and the Improvement Areas, issuing Obligations, levying and collecting a special tax within the Improvement Areas and the annual administration costs of CFD No. 2006-3. The City Council hereby finds that the proposed Improvements are necessary to meet increased demands placed upon the City as a result of development occurring in CFD No. 2006-3. All or a portion of the Improvements may be purchased with CFD No. 2006-3 funds as completed public facilities and/or constructed by or on behalf of the City and paid for with CFD No. 2006-3 funds from the applicable Improvement Area. Any portion of the Improvements may be financed through a lease or lease-purchase arrangement if the City hereafter determines that such arrangement is of benefit to the City.

SECTION 4. Except where funds are otherwise available, it is the intention of the City Council to levy annually in accordance with the procedures contained in the Act a special tax, secured by a continuing lien against all non-exempt real property in the Improvement Areas, sufficient to pay for: (i) the Improvements and Incidental Expenses attributable to the respective Improvement Areas and (ii) the principal and interest and other periodic costs on Obligations issued to finance the Improvements and Incidental Expenses, including the establishment and replenishment of any reserve funds deemed necessary by the City, and any remarketing, credit enhancement and liquidity facility fees (including such fees for instruments which serve as the basis of a reserve fund in lieu of cash) attributable to the respective Improvement Areas. The rate and method of apportionment and manner of collection of the special tax in each Improvement Area is described in detail in Attachment "C" attached hereto (which attachment is incorporated herein by this reference). Attachment "C" allows each landowner within each Improvement Area to estimate the maximum amount that may be levied against each parcel. In the first year in which such special tax is levied, the levy shall include an amount sufficient to repay to the City all amounts, if any, transferred to CFD No. 2006-3 pursuant to Section 53314 of the Act and interest thereon.

If special taxes of CFD No. 2006-3 are levied against any parcel used for private residential purposes, (i) the maximum special tax rate shall not be increased over time except that it may be increased by an amount not to exceed two percent per year to the extent permitted in the rate and method, (ii) such tax shall not be levied later than the 2041-42 Fiscal Year and (iii) under no circumstances will such special tax in an Improvement Area be increased as a consequence of delinquency or default by the owner of any other parcel or parcels within such Improvement Area by more than ten percent.

The special tax is based on the expected demand that each parcel of real property within the Improvement Areas will place on the Improvements and on the benefit that each parcel derives from the services to be provided by the Improvements. The City Council hereby determines the rates and methods of apportionment of the special tax set forth in Attachment "C" to be reasonable. The special tax is apportioned to each parcel on the foregoing basis pursuant to Section 53325.3 of the Act; and such special tax is not on or based upon the value or ownership of real property. In the event that a portion of the property within an Improvement Area shall become for any reason exempt, wholly or partially, from the levy of the special tax specified in Attachment "C," the City Council shall, on behalf of such Improvement Area, cause the levy to be increased, subject to the limitation of the maximum special tax for a parcel as set forth in Attachment "C," to the extent necessary upon the remaining property within such Improvement Area which is not exempt in order to yield the special tax revenues required for the purposes described in this Section. The obligation to pay special taxes may be prepaid as provided in the rate and method of apportionment set forth in Attachment "C," as such rate and method may be amended hereafter.

SECTION 5. Combined public hearings (the "Hearing") on the establishment of CFD No. 2006-3 and the Improvement Areas, the proposed rates and methods of apportionment of the special tax and the proposed issuance of Obligations to finance

the Improvements and the Incidental Expenses shall be held at 5:30 p.m., or as soon thereafter as practicable, on May 15, 2007, at the Council Chambers located at City Hall, 425 North El Dorado Street, Stockton, California. Should the City Council determine to form CFD No. 2006-3, special elections will be held for each of the Improvement Areas to authorize the issuance of the Obligations and the levy of the special tax for the respective Improvement Area in accordance with the procedures contained in Government Code Section 53326. If such elections are held, the proposed voting procedure at the elections will be a landowner vote with each landowner who is the owner of record of land within the applicable Improvement Area at the close of the Hearing, or the authorized representative thereof, having one vote for each acre or portion thereof owned within such Improvement Area. Ballots for the special election may be distributed by mail or by personal service.

SECTION 6. At the time and place set forth above for the Hearing, the City Council will receive testimony as to whether CFD No. 2006-3 and each Improvement Area shall be established and as to the rates and methods of apportionment of the special tax and shall consider:

(a) if an *ad valorem* property tax is currently being levied on property within proposed CFD No. 2006-3 for the exclusive purpose of paying principal of or interest on bonds, lease payments or other indebtedness incurred to finance construction of capital facilities; and

(b) if the capital facilities to be financed and constructed by CFD No. 2006-3 will provide the same services as were provided by the capital facilities mentioned in subsection (a); and

(c) if the City Council makes the findings specified in subsections (a) and (b) above, it will consider appropriate action to determine that the total annual amount of *ad valorem* property tax revenue due from parcels within CFD No. 2006-3, for purposes of paying principal and interest on the debt identified in subsection (a) above, shall not be increased after the date on which CFD No. 2006-3 is created, or after a later date determined by the City Council with the concurrence of the legislative body which levied the property tax in question.

SECTION 7. At the time and place set forth above for the Hearing, any interested person, including all persons owning lands or registered to vote within either of the Improvement Areas, may appear and be heard.

SECTION 8. Each City officer who is or will be responsible for providing the Improvements within proposed CFD No. 2006-3, if it is established, is hereby directed to study proposed CFD No. 2006-3 and each of the Improvement Areas and, at or before the time of the Hearing, file a report with the City Council containing a brief description of the public improvements by type which will in his or her opinion be required to meet adequately the needs of CFD No. 2006-3 and each of the Improvement Areas and an estimate of the cost of providing those public improvements, including the cost of

environmental evaluations of such improvements and an estimate of the fair and reasonable cost of any Incidental Expenses to be incurred.

SECTION 9. The City may accept advances of funds or work-in-kind from any source, including, but not limited to, private persons or private entities, for any authorized purpose, including, but not limited to, paying any cost incurred by the City in creating CFD No. 2006-3 and the Improvement Areas. The City may enter into an agreement with the person or entity advancing the funds or work-in-kind, to repay all or a portion of the funds advanced, or to reimburse the person or entity for the value, or cost, whichever is less, of the work-in-kind, as determined by the City Council, with or without interest.

SECTION 10. The City Clerk is hereby directed to publish a notice (the "Notice") of the Hearing pursuant to Section 6061 of the Government Code in a newspaper of general circulation published in the area of proposed CFD No. 2006-3. The City Clerk is further directed to mail a copy of the Notice to each of the owners of land within the boundaries of CFD No. 2006-3 at least 15 days prior to the Hearing. The Notice shall contain the text or a summary of this Resolution, the time and place of the Hearing, a statement that the testimony of all interested persons or taxpayers will be heard, a description of the protest rights of the registered voters and owners of land in CFD No. 2006-3 and a description of the proposed voting procedure for the election required by the Act. Such publication shall be completed at least seven (7) days prior to the date of the Hearing.

SECTION 11. The reasonably expected maximum principal amount of the Obligations is $12,500,000 of which $8,500,000 is the reasonably expected maximum principal amount of the Obligations for Woodside Improvement Area 1 and $4,000,000 is the reasonably expected maximum principal amount of the Obligations for LeBaron Improvement Area 2.

SECTION 12. Except to the extent limited in any resolution or trust indenture related to the issuance of Obligations, the City Council hereby reserves to itself all rights and powers set forth in Section 53344.1 of the Act (relating to tenders in full or partial payment).

SECTION 13. This Resolution shall be effective upon its adoption.

ADOPTED, SIGNED AND APPROVED APR 10 2007.

ATTEST:

for KATHERINE GONG MEISSNER
City Clerk of the City of Stockton

EDWARD J. CHAVEZ, Mayor
of the City of Stockton

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ATTACHMENT A

COMMUNITY FACILITIES DISTRICT NO. 2006-3 (NORTHBROOK) AND WOODSIDE IMPROVEMENT AREA 1 AND LEBARON IMPROVEMENT AREA 2

LEGAL DESCRIPTIONS

DESCRIPTION OF WOODSIDE IMPROVEMENT AREA 1 (APN:084-030-03 and Lot "I" of Tract No. 3486)

The land situated in the City of Stockton described as follows:

PARCEL ONE:

A tract of land situated in the City of Stockton, California, in the Northeast quarter of Section 4, Township 2 North, Range 6 East, Mount Diablo Base and Meridian, and more particularly described as follows, to-wit;

COMMENCING at a steel axle at the intersection of the South line of the Northeast quarter of said Section 4, with the Northwesterly line of the lower Sacramento Road, said intersection bearing North 89° 49' West 317.9 feet from an iron pipe at the Southeast corner of the Northeast quarter of said section 4, thence along the Northwesterly line of the lower Sacramento Road, North 40° 58' East 381.8 feet to an Iron pipe which is 50 feet West of the East line Of Section 4; thence North 3° 24' 30" West, parallel to the East line of said Section 4, a distance of 847.5 feet to a stake; thence North 86° 35' East 26 feet to a stake; thence North 3° 24' 30" West 47.5 feet to a stake; thence North 38° 44' West 28.1 feet; thence North 3° 24' 30" West 231.8 feet to a steel axle; thence North 88° 44' West 2434.5 feet to a steel axle in the Easterly line of the light of way of the Western Pacific Railroad; thence along said line of right of way, South 23° 53' East 1599.2 feet to a steel axle in the South line of the Northeast quarter of said Section 4; thence along the South line of the Northeast quarter of said Section 4, South 89° 45' East 1603.0 feet to the point of beginning.

EXCEPT THEREFROM that portion described in deed to County of San Joaquin recorded July 5, 1957 in Book of Official Records, Vol. 1984, Page 171, Instrument no. 24929, San Joaquin County Records.

ALSO EXCEPTING THEREFROM all oil, gas, casing-head gas, other hydrocarbons and hydrocarbon substances, associated substances, sulphur, nitrogen, carbon dioxide, helium, chemical gas, asphaltum, minerals and other commercially valuable substances now or hereafter found, situated or located in all or any part or portion of the property herein described lying below a depth of five hundred (500) feet but not excepting therefrom or reserving to the grantor any of the surface rights to or right of surface entry on said property. As reserved in the deed from Beverly J. Wright, et al, recorded July 6, 1990 as Instrument No. 90067165 in the Official Records of San Joaquin County.

PARCEL TWO:

The land situated in the City of Stockton described as Lot "I" of Tract No. 3486, "Destinations, Unit No. 1," as shown in Book 40, Page 84 of Maps and Plats in the Official Records of San Joaquin County.

DESCRIPTION OF
LEBARON IMPROVEMENT AREA 2

(APNs: 084-040-07, 08 and 05)

The land situated in the unincorporated area of the City of Stockton, California described as follows:

PARCEL ONE: .

The fractional portion of the South 80 acres of the Northwest quarter (NW 1/4) of Section Three (3), Township Two (2) North, Range Six (6) East, Mount Diablo Base and Meridian, lying West of the center line of the Lower Sacramento Road and particularly described as follows:

Beginning at a point on the Section Line 287.5 feet North of the quarter section corner common to Sections Three (3) and Four (4), Township Two (2) North, Range Six (6) East, Mount Diablo Base and Meridian, this said point of beginning being also on the center line of the Lower Sacramento Road and run thence North along said Section line 1033-1/2 feet; thence East along fence 533-1/2 feet to the center line of the Lower Sacramento Road, thence Southwesterly along said center line of said Lower Sacramento Road, 1126.05 feet, more or less, to the point of beginning.

EXCEPT THEREFROM any portion lying North of the Northerly line of Lot No. 1, being the South Eight Acres of the fractional Northwest quarter of Section 3, Township 2 North, Range 6 East; Mount Diablo Base and Meridian.

ALSO EXCEPT THEREFROM that portion as described in the Deed to the County of San Joaquin by Deed recorded June 27, 1957, Recorder's Instrument Number 23930.

PARCEL TWO:

The South Twelve and Forty-Six Hundredths (12.46) acres of the fractional Northwest quarter (NW 1/4) of the Northwest quarter (NW 1/4) of Section Three (3), Township Two (2) North, Range Six (6) East, Mount Diablo• Base and Meridian, lying West of Woodbridge Road.

ATTACHMENT B

IMPROVEMENT AND INCIDENTAL EXPENSES

The proposed Improvements for Woodside Improvement Area 1 include:

The acquisition of water, street, storm drain, sewer and park improvements, both onsite and offsite, and all appurtenances and appurtenant work in connection with the foregoing including the cost of engineering, planning, designing, materials testing, coordination, construction staking, construction management and supervision for the Improvements and any other expenses incidental to the construction, acquisition, modification, expansion, and rehabilitation of the Improvements.

The Improvements listed herein are representative of the types of improvements authorized to be financed by CFD No. 2006-3. Detailed scope and limits of specific projects will be determined as appropriate, consistent with the standards of the City. Additions, deletions or modifications of descriptions of the Improvements may be made consistent with the requirements of the City and the Act.

The Incidental Expenses for Woodside Improvement Area 1 to be paid from bond proceeds and/or special taxes include:

A proportionate share of the costs associated with the creation of CFD No. 2006-3 and all costs associated with the formation of Woodside Improvement Area 1, the issuance of the bonds of Woodside Improvement Area 1, the determination of the amount of special taxes to be levied, costs otherwise incurred in order to carry out the authorized purposes of CFD No. 2006-3 for Woodside Improvement Area 1, including legal fees, fees of consultants, engineering, planning, designing and the annual administration costs.

The proposed Improvements for LeBaron Improvement Area 2 include:

The acquisition of water, street, storm drain, sewer and park improvements, both onsite and offsite, and all appurtenances and appurtenant work in connection with the foregoing including the cost of engineering, planning, designing, materials testing, coordination, construction staking, construction management and supervision for the Improvements and any other expenses incidental to the construction, acquisition, modification, expansion, and rehabilitation of the Improvements.

The Improvements listed herein are representative of the types of improvements authorized to be financed by CFD No. 2006-3. Detailed scope and limits of specific projects will be determined as appropriate, consistent with the standards of the City. Additions, deletions or modifications of descriptions of the Improvements may be made consistent with the requirements of the City and the Act.

The Incidental Expenses for LeBaron Improvement Area 2 to be paid from bond proceeds and/or special taxes include:

A proportionate share of the costs associated with the creation of CFD No. 2006-3 and all costs associated with the formation of LeBaron Improvement Area 2, the issuance of the bonds of LeBaron Improvement Area 2, the determination of the amount of special taxes to be levied, costs otherwise incurred in order to carry out the authorized purposes of CFD No. 2006-3 for LeBaron Improvement Area 2, including legal fees, fees of consultants, engineering, planning, designing and the annual administration costs.

ATTACHMENT C

RATE AND METHOD OF APPORTIONMENT OF SPECIAL TAX FOR CITY OF STOCKTON COMMUNITY FACILITIES DISTRICT NO. 2006-3 (NORTHBROOK) WITHIN WOODSIDE IMPROVEMENT AREA 1 AND LEBARON IMPROVEMENT AREA 2

City of Stockton
San Joaquin County, California
Community Facilities District No. 2006–3
(Northbrook—Woodside Improvement Area 1)

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, applicable to the land in Community Facilities District No. 2006–3 (Northbrook – Woodside Improvement Area 1) of the City of Stockton, shall be levied and collected according to the tax liability determined by the City 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 consists of Sections 53311 and following of the California Government Code.

"**Administrative Expenses**" means the actual or reasonably estimated costs related to administration of the CFD, including these:

- Costs of computing Special Taxes and preparing annual Special Tax collection schedules (whether by the City or any designee thereof or both);
- Costs of collecting the Special Taxes (whether by the County, the City, or otherwise);
- Costs of remitting the Special Taxes to the Trustee;
- Costs of the Trustee (including its legal counsel) in the discharge of duties required of it under the Bond Indenture;
- Costs to the City, the CFD, or any designee thereof of complying with arbitrage rebate requirements;
- Costs to the City, the CFD, or any designee thereof of complying with City, the CFD, or obligated persons' disclosure requirements;
- Costs associated with preparing Special Tax disclosure statements;
- Costs incurred in responding to public inquiries regarding the Special Taxes;

- Costs to the City, the CFD, or any designee thereof related to any appeal of the Special Tax;
- Costs associated with the release of funds from an escrow account, if any; and
- Amounts estimated to be advanced or advanced by the City 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 City Director of Administrative Services or his or her designee.

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

a. Debt Service to be paid from Special Taxes collected during such Fiscal Year;

b. Administrative Expenses for such Fiscal Year;

c. Any amounts needed to replenish any Bond Reserve Fund for the Bonds to the level required under the Bond Indenture;

d. An amount equal to Special Tax delinquencies anticipated for the current Fiscal Year;

e. Less any credit from interest earnings on the Bond Reserve Fund or any other revenues accrued to the CFD as approved by the City; and

f. Pay-as-you-go expenditures for Authorized Facilities to be constructed or acquired by the CFD.

"**Anticipated Construction Proceeds**" means that amount that is anticipated to be available from Bonds for acquiring or constructing Authorized Facilities.

"**Assessor's Parcel Number**" means the parcel or parcel number as recorded by the County Assessor on the equalized tax roll.

"**Authorized Facilities**" means those facilities to be financed as identified in the resolution forming the CFD.

"**Base Year**" means Fiscal Year beginning July 1, 2007 and ending June 30, 2008.

"**Benefit Share**" means the Maximum Annual Special Tax for a Parcel divided by the Maximum Annual Special Tax Revenue.

"**Bond(s)**" means bond(s) issued or other indebtedness incurred by the City for the CFD under the Act.

"**Bond Indenture**" means the indenture, resolution, fiscal agent agreement, or other financing document pursuant to which any bonds are issued.

"**Bond Reserve Fund**" means the Debt Service reserve fund established pursuant to the Bond Indenture".

"**Bond Share**" means the share of Bonds assigned to a Parcel as specified in **Section 7** of this Rate and Method of Apportionment of Special Tax.

"**CFD**" means the City of Stockton Community Facilities District No. 2006–3 (Northbrook – Woodside Improvement Area 1), San Joaquin County, California. CFD does not include Community Facilities District No. 2006-3 (Northbrook – LeBaron Improvement Area 2).

"**City**" means the City of Stockton, California.

"**Council**" means the City Council of the City acting for the CFD under the Act.

"**County**" means San Joaquin County.

"**Debt Service**" means the total amount of principal, interest, and any scheduled sinking fund payments of the Bonds.

"**Developed Parcel**" means a Taxable Parcel in one of the following parcel categories that has received from the City the applicable development approval for that parcel category as follows:

Parcel Category	*Development Approval*
Single-Family Residential Parcel	- Building Permit
Other Land Use Parcel	- Building Permit

"**Final Map Parcel**" means a Taxable Parcel for which a building permit could be issued.

"**Final Small Lot Subdivision Map**" means a subdivision map creating Final Map Parcels.

"**Fiscal Year**" means the period starting July 1 of any calendar year through June 30 of the following calendar year.

"**Large Lot Parcel**" means any Parcel delineated on a Large Lot Subdivision Map.

"**Large Lot Subdivision Map**" means a recorded subdivision map delineating Parcels that are not Final Map Parcels.

"**Maximum Annual CFD Revenue**" means the greatest amount of revenue that can be collected in a Fiscal Year by levying the Special Tax against a group of Taxable Parcels in the CFD, such as Developed Parcels.

"**Maximum Annual Special Tax**" means the greatest amount of Special Tax that can be levied against a Taxable Parcel in any Fiscal Year. **Attachment 1** shows the Maximum Annual Special Tax for Original Parcels.

"**Maximum Annual Special Tax per Planned Unit**" means the greatest amount of Special Tax that can be levied against a Single-Family Residential Parcel in any Fiscal Year. Attachment 1 shows the Maximum Annual Special Tax per Planned Unit for the Original Parcel. Each time a parcel is subdivided, a Maximum Annual Special Tax per Planned Unit will be assigned to the Taxable Parcels based on methods defined in **Section 5**.

"**Maximum Annual Special Tax Revenue**" means the greatest amount of revenue that can be collected in a Fiscal Year by levying the Special Tax against all Taxable Parcels in the CFD.

"**Original Parcel**" means a Parcel as identified by the Assessor's Parcel Number on Attachment 1. Original Parcels are assigned Planned Units in **Attachment 1** based on Tentative Maps approved by the

City at the time of the formation of the CFD, or upon Tentative Maps that have been proposed for approval by the City.

"**Other Land Use Parcel**" means a Developed Parcel with a land use other than single-family residential. Although the CFD is intended to include only single-family residential development, rezoning may allow other uses. Multifamily residential, retail, office, mixed use, and industrial property would be taxable as an Other Land Use Parcel.

"**Outstanding Bonds**" means the total principal amount of Bonds that have been issued and not fully repaid or legally defeased.

"**Parcel**" means any Assessor's Parcel Number in the CFD based on the equalized tax rolls of the County for the current Fiscal Year.

"**Partial Prepayment**" means a prepayment of a portion of a Parcel's Special Tax Obligation as set forth in **Section 7**.

"**Partial Prepayment Factor**" means a factor by which the Maximum Annual Special Tax for a Partial Prepayment Parcel is multiplied to calculate an adjusted Maximum Annual Special Tax for such Parcel. Each Partial Prepayment Factor shall be calculated according to the steps described under **Section 7**.

"**Pay-As-You-Go Expenditure**" means the use of annual Special Tax revenues that are not needed for Annual Costs that are included in clauses (a) through (e) of the definition of Annual Costs for Authorized Facilities to be constructed or acquired by the CFD.

"**Planned Units**" means the number of single-family residential parcels assigned to the Original Parcel shown in **Attachment 1**.

"**Prepayment**" means the partial or complete satisfaction of the Special Tax Obligation.

"**Public Parcel**" means any Parcel that is (a) publicly owned, and (b) is normally exempt from the levy of general *ad valorem* property taxes under California law, including public streets, schools, parks, public drainage ways, public landscaping, greenbelts, and public open space.

"**Reserve Fund**" means the total amount held in the Bond Reserve Fund.

"**Reserve Fund Requirement**" means the amount required by the Bond Indenture to be held in the Bond Reserve Fund.

"**Reserve Fund Share**" means the amount on deposit in the Bond Reserve Fund, but in any event not to exceed the Reserve Fund Requirement, multiplied by the Benefit Share for a given Taxable Parcel.

"**Single-Family Residential Parcel**" means a Taxable Parcel created by a Final Small Lot Subdivision Map for which a building permit has been issued for a single-family residence.

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

"**Special Tax Obligation**" means the total obligation of a Taxable Parcel to pay Special Taxes for the remaining life of the CFD.

"**Subdivision**" or "**Subdivided**" means a division of a Parcel into two or more Parcels through the Subdivision Map Act process.

"**Successor Parcel**" means a Parcel created by Subdivision, lot line adjustment, or parcel map from an Original or Successor Parcel. A Successor Parcel is classified as a Large Lot Parcel, Final Map Parcel, or Developed Parcel.

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

"**Tax Escalation Factor**" means a factor of 2% that will be applied annually to the Maximum Annual Special Tax for a Taxable Parcel beginning the Fiscal Year following the Base Year.

"**Taxable Acres**" means the developable acres of an Other Use Parcel, as determined by the Administrator.

"**Taxable Parcel**" means any Parcel that is not a Tax-Exempt Parcel.

"**Tax-Exempt Parcel**" means a Parcel not subject to the Special Tax. Tax-Exempt Parcels include (a) a Parcel that was a Public Parcel at the formation of the CFD or a Public Parcel created through the Subdivision process, (b) any Parcel that has prepaid its Special Taxes under **Section 7**, or (c) any Parcel that is exempt from the Special Tax under the Act.

"**Tentative Map**" means a tentative subdivision map as defined by the Subdivision Map Act.

"**Trustee**" means the trustee or fiscal agent designated as such in the Bond Indenture.

3. Determination of Parcels Subject to Special Tax

The Administrator shall prepare a list of Parcels subject to the Special Tax using the records of the County Assessor as of January 1 preceding the current Fiscal Year. The Administrator shall identify the Parcels that are subject to the Special Tax from a list of all Parcels in the CFD using the procedure described below:

a. Exclude all Tax-Exempt Parcels.

b. The remaining Parcels are Taxable Parcels that shall be subject to the Special Tax according to the method detailed in **Section 5**.

4. Termination of the Special Tax

The Special Tax will be levied and collected from all Taxable Parcels for as long as needed to pay the Annual Costs; however, in no case shall the Special Tax be levied beyond Fiscal Year 2041–2042.

When Special Tax revenues are no longer needed to pay Annual Costs, the Special Tax shall cease to be levied. The Administrator shall direct the County Recorder 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, in addition, shall 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

Each Fiscal Year after forming the CFD, the Administrator shall cause these to occur:

A. Classification of Parcels. Using the Definitions in **Section 2**, the Parcel records of the County Assessor's Secured Tax Roll for the Fiscal Year for which Special Taxes will be assigned, and the building permit and final map record of the City and County up to June 1 preceding the current Fiscal Year, the Administrator shall cause these to occur:

i. Each Parcel will be classified as a Tax-Exempt Parcel or as a Taxable Parcel;

ii. Each Taxable Parcel will be classified as an Original Parcel or Successor Parcel;

iii. Each Original Parcel or Successor Parcel then will be classified as a Developed Parcel, Final Map Parcel, or Large Lot Parcel; and

iv. Each Developed Parcel will be classified as a Single-Family Residential Parcel or Other Use Parcel.

B. Assignment of Maximum Annual Special Tax to Original Parcels. The Maximum Annual Special Tax for each Original Parcel is shown on **Attachment 1**, as increased by the Tax Escalation Factor. Planned Units assigned to Original Parcels in **Attachment 1** are based on Tentative Maps. As Original Parcels are Subdivided, the Planned Units will be assigned to Successor Parcels based on the number of Planned Units for each Large Lot Parcel that is designated for single-family residential land uses.

C. Assignment of Maximum Annual Special Tax to Successor Parcels. As the Original Parcel shown in **Attachment 1** or Successor Parcels are Subdivided into Final Map Parcels and Large Lot Parcels, the Administrator shall assign Planned Units to taxable Successor Parcels using the following steps.

1. Subdivision Creating Large Lot Parcels. If the Subdivision of an Original Parcel or Successor Parcel creates one or more Large Lot Parcels, the Administrator will assign the Maximum Annual Special Tax to such Parcels using the following steps.

   a. Determine the number of Planned Units assigned to the Original Parcel or Successor Parcel(s) being Subdivided.

   b. Assign the Planned Units from *Step a* to the Large Lot Parcel(s) using the Tentative Map and other records of the City. All Planned Units from *Step a* must be assigned to Large Lot Parcels.

   c. Multiply the number of Planned Units assigned to Large Lot Parcel(s) in *Step b* times the Maximum Annual Special Tax per Planned Unit (as increased by the Tax Escalation Factor) shown in **Attachment 1**. This result is the Maximum Annual Special Tax for the Large Lot Parcel(s).

2. Subdivision Creating Final Map Parcels and Large Lot Parcel(s). If the Subdivision of an Original Parcel or Successor Parcel creates Final Map Parcels and one or more Large Lot Parcels, the Administrator will assign the Maximum Annual Special Tax to such Parcels using the following steps.

a. Determine the total number of Planned Units assigned to the Original Parcel or Successor Parcel(s) that is to be Subdivided to create Final Map Parcels and Large Lot Parcel(s).

b. Using the Tentative Map or other records of the City determine the number of Planned Units that were originally assigned to the Large Lot Parcel which has been Subdivided into Final Map Parcels.

c. Determine the number of Final Map Parcels created by the Final Small Lot Subdivision Map.

i. If the number of Final Map Parcels is equal to or greater than the number of Planned Units determined in *Step b*, assign the Maximum Annual Special Tax per Planned Unit (as increased by the Tax Escalation Factor) shown in **Attachment 1** to each Final Map Parcel.

ii. If the number of Final Map Parcels is less than the number of Planned Units determined in *Step b*, proportionally increase the Maximum Annual Special Tax per Planned Unit shown in **Attachment 1** for each Final Map Parcel until the Maximum Annual Special Tax Revenue from all Final Map Parcels is equal to the Maximum Annual Special Tax (as increased by the Tax Escalation Factor) assigned to the Large Lot Parcel that was Subdivided.

d. Assign the remaining Planned Units to Large Lot Parcel(s) using the Tentative Map or other records of the City.

e. Multiply the number of Planned Units assigned to Large Lot Parcel(s) in *Step d* times the Maximum Annual Special Tax per Planned Unit (as increased by the Tax Escalation Factor) shown in **Attachment 1**. This result is the Maximum Annual Special Tax for each Large Lot Parcel(s).

3. Subdivision Creating Final Map Parcels. If the Subdivision of an Original Parcel or Successor Parcel creates Final Map Parcels, the Administrator will assign the Maximum Annual Special Tax to such Parcels using the following steps.

a. Determine the number of Planned Units assigned to the Original Parcels or Successor Parcel(s) being Subdivided into Final Map Parcels.

b. Determine the number of Final Map Parcels created by the Final Small Lot Subdivision Map.

i. If the number of Final Map Parcels in *Step b* is equal to or greater than the number of Planned Units is *Step a*, assign the Maximum Annual Special Tax per Planned Unit (as increased by the Tax Escalation Factor) shown in **Attachment 1** to each Final Map Parcel.

ii. If the number of Final Map Parcels in *Step b* is less than the Planned Units in *Step a*, proportionally increase the Maximum Annual Special Tax per Planned Unit shown in **Attachment 1** for each Final Map Parcel until the Maximum Annual Special Tax Revenue from all Final Map Parcels is equal to the Maximum Annual Special Tax (as increased by the Tax Escalation Factor) assigned to the Large Lot Parcel that was Subdivided.

4. Subdivision Creating Developed Parcels – Other Use Parcels. If the Subdivision of an Original Parcel or Successor Parcel creates Developed Parcels that are Other Use Parcels, the Administrator will assign the Maximum Annual Special Tax to such Parcels using the following steps.

a. If the Successor Parcel is not being Subdivided, the Maximum Annual Special Tax for the Developed Parcel that is an Other Use Parcel is equal to the Maximum Annual Special Tax previously assigned to the Successor Parcel, as increased by the Tax Escalation Factor.

b. If the Successor Parcel is being Subdivided and one or more of the new Successor Parcels are to be designated as Developed Parcels that are Other Use Parcels, use the following steps to determine the Maximum Annual Special Tax for each Successor Parcel.

i. Determine the Maximum Annual Special Tax (as increased by the Tax Escalation Factor) for the Successor Parcel that is being Subdivided.

ii. Determine the Taxable Acres of the Successor Parcel that is being Subdivided.

iii. Determine the Taxable Acres for each Successor Parcel that is a Developed Parcel designated as an Other Use Parcel.

iv. Divide the Taxable Acres for each Successor Parcel in *Step iii* by the Taxable Acres in *Step ii*.

v. Multiply the factor for each Successor Parcel in *Step iv* times the Maximum Annual Special Tax determined in *Step i* to derive the Maximum Annual Special Tax for each Successor Parcel that is a Developed Parcel designated as an Other Use Parcel.

D. Assignment of Maximum Annual Special Tax Partial Prepayment Parcel. The Maximum Annual Special Tax for a Partial Prepayment Parcel is assigned by multiplying the Maximum Annual Special Tax per Planned Unit from **Attachment 1**, or as otherwise calculated for a Taxable Parcel, by the Partial Prepayment Factor for the Parcel.

E. Conversion of a Tax-Exempt Parcel to a Taxable Parcel. If a Parcel designated as a Tax-Exempt Parcel is converted to a taxable land use, it shall become subject to the Special Tax. The Maximum Annual Special Tax for each such Parcel shall be assigned by the Administrator using the appropriate Parcel classification.

1. For Single-Family Residential Parcels, the Maximum Annual Special Tax per Planned Unit is assigned to Taxable Parcels using **Attachment 1**.

2. For Large Lot Parcels with a land use designation for single-family residential, the Administrator will assign Planned Units to the Large Lot Parcel based on the single-family residential development potential of the parcel, and then will multiply the number of Planned Units by the Maximum Annual Special Tax per Planned Unit, as shown in **Attachment 1** and increased by the Tax Escalation Factor, to derive the Maximum Annual Special Tax for the Large Lot Parcel.

F. Taxable Parcel Acquired by a Public Agency. Taxable Parcels that are 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. An exception to this may be made if a Public Parcel, such as a school site, is relocated to a Taxable Parcel, in which case the previously Tax-Exempt Parcel of comparable acreage becomes a Taxable Parcel and the Maximum Annual Special Tax from the previously Taxable Parcel is transferred to the new Taxable Parcel. This trading of the Maximum Annual Special Tax amongst Parcels will be permitted to the extent that there is no net loss in Maximum Annual Special Tax Revenue.

G. Reapportioning the Maximum Annual Special Tax per Planned Unit. If the Subdivision of Original Parcels and Successor Parcels results in Maximum Annual Special Tax per Planned Unit that varies between Final Map Parcels within Subdivided Large Lot Parcels, the Maximum Annual Special Tax per Planned Unit may be reapportioned amongst Taxable Parcels that are not Developed Parcels. This reapportionment can only be done with the consent of the Administrator and owners of Taxable Parcels subject to the reapportionment. Such reapportionment shall be done only to create a Maximum Annual Special Tax per Planned Unit that is equal for all Final Map Parcels included in the reapportionment.

6. Calculating the Annual Special Tax Levy

The Administrator shall levy Special Taxes in each Fiscal Year using the following procedures:

a. Compute the Annual Cost for the Fiscal Year using the definitions in **Section 2**.

b. Calculate the Special Tax for each parcel as follows:

Step 1: Compute 100 percent of the Maximum Annual CFD Revenue for all Developed Parcels.

Step 2: Compare the Annual Costs with the Maximum Annual CFD Revenue calculated in the previous step.

Step 3: If the Annual Costs are less than the Maximum Annual CFD Revenue, proportionately decrease the Special Tax levy for each Developed Parcel until the Special Tax Revenue equals the Annual Cost.

Step 4: If the Annual Costs are greater than the Maximum Annual CFD Revenue from Developed Parcels, levy a Special Tax proportionally on each Final Map Parcel to an amount equal to the amount of Annual Costs or until

100 percent of the Maximum Annual Special Tax is reached for such Final Map Parcels.

Step 5: If the Annual Costs are greater than the Maximum Annual CFD Revenue from Developed Parcels and Final Map Parcels, levy a Special Tax proportionately on each Large Lot Parcel to an amount equal to the amount of Annual Costs or until 100 percent of the Maximum Annual Special Tax is reached for such Large Lot Parcels.

c. Prepare the Tax Collection Schedule listing the Special Tax levy for each Assessor's Parcel Number and send it to the County Auditor requesting that it be placed on the general, secured property tax roll for the following Fiscal Year.

The Administrator shall make every effort to correctly calculate the Special Tax levy. 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.

The Administrator shall maintain a record showing the calculation of the assigned Maximum Annual Special Tax to each Taxable Parcel and a brief description of the process of assigning the Special Tax each time a Taxable Parcel is Subdivided.

7. Prepayment of Special Tax Obligation

Landowners may permanently satisfy the Special Tax Obligation for a Parcel by a cash settlement with the City as permitted under Government Code Section 53344. By exercising the right to Prepayment, a landowner can eliminate the future annual Special Tax Obligation for a Parcel.

Prepayment is permitted only under the following conditions:

- The Administrator determines that Prepayment does not jeopardize the ability to make timely payments of Debt Service on Outstanding Bonds or repayment of the Bonds.
- Any landowner who wishes to exercise the right to Prepayment for a Parcel must pay any and all delinquent Special Taxes and penalties for the prepaying Parcel.
- If Special Taxes have already been levied, but not collected, at the time the Prepayment is calculated, the owner of the Parcel(s) must pay the Special Taxes included on the property tax bill in addition to the Prepayment amount.

Calculate the Prepayment amount for a Parcel as follows:

Part A: Full Prepayment of Special Tax Obligation before the Sale of Bonds

The Prepayment amount before Bond sale is equal to the amount of the Anticipated Construction Proceeds for the Parcel, plus any Administrative Expenses incurred in establishing the CFD and in calculating the Prepayment amount. The amount of the Anticipated Construction Proceeds shall be reduced for any Pay-As-You-Go Expenditures that will be used to finance the principal amount of the Anticipated Construction Proceeds if Special Taxes have already been levied for Pay-As-You-Go Expenditures up to and including the current Fiscal Year of the Prepayment.

The Prepayment amount shall be established by following the steps below:

Step A.1 Determine the Maximum Annual Special Tax for the prepaying Parcel by following the procedures in **Section 5.**

Step A.2 Divide the Maximum Annual Special Tax from *Step A.1* by the Maximum Annual Special Tax Revenue to derive the Benefit Share.

Step A.3 Determine the Anticipated Construction Proceeds for the Parcel by multiplying the Benefit Share from *Step A.2* by the Anticipated Construction Proceeds.

Step A.4 Determine the Prepayment amount by adding to the Anticipated Construction Proceeds for the prepaying parcel calculated in *Step A.3* any fees and expenses incurred by the City in connection with the Prepayment calculation. If Special Taxes have already been levied, but not collected, at the time the Prepayment is calculated, the owner of the Parcel must pay the Special Taxes included on the property tax bill in addition to the Prepayment amount.

Part B: Full Prepayment of Special Tax Obligation after Sale of Bonds

The Prepayment amount shall be established by following the steps below:

Step B.1 Determine the Maximum Annual Special Tax for the prepaying Parcel by following the procedures in **Section 5.**

Step B.2 Divide the Maximum Annual Special Tax from *Step B.1* by the Maximum Annual Special Tax Revenue to derive the Benefit Share.

Step B.3 Determine the Bond Share for the Parcel by multiplying the Benefit Share from *Step B.2* by the Outstanding Bonds. For the purpose of the calculation, reduce the Outstanding Bond balance by the amount of the principal payment for which Special Taxes have been levied but not collected.

Step B.4 Determine the Reserve Fund Share associated with the Bond Share determined in *Step B.3* and reduce the Bond Share by the amount of the Reserve Fund Share. The Reserve Fund Share is equal to the Reserve Fund Requirement on all Outstanding Bonds or the actual reserve fund, whichever is less, multiplied by the Benefit Share.

Step B.5 Determine the Prepayment amount by adding to the revised Bond Share amount calculated in *Step B.4* any fees, call premiums, and expenses incurred by the City in connection with the Prepayment calculation or the application of the proceeds of the Prepayment to the call of Bonds. If Special Taxes have already been levied, but not collected, at the time the Prepayment is calculated, the owner of the Parcel must pay the Special Taxes included on the property tax bill in addition to the Prepayment amount.

Part C: Partial Prepayment of Special Tax Obligation

If the Prepayment is a Partial Prepayment, then the property owner shall designate an amount which is less than the full Prepayment amount determined above for the Parcel (or group of such Parcels) for

which the Special Tax is to be partially prepaid but which, based on a calculation provided by the Administrator, will provide sufficient funds for a Bond call in a whole-number multiple of $5,000. The Administrator shall determine the Partial Prepayment Factor by the following procedure:

Step C.1 Calculate the full Prepayment amount from *Step A.4* or *B.5* above.

Step C.2 Subtract the amount of the Partial Prepayment from the full Prepayment amount calculated in *Part A* or *B* above.

Step C.3 Subtract any fixed costs of the Prepayment (such as the cost of the Prepayment calculation and other fees that do not vary proportionally with the size of the Prepayment) from the full Prepayment amount in *Step C.1*.

Step C.4 Divide the result of *Step C.2* by the result of *Step C.3* to arrive at the Partial Prepayment Factor. The Partial Prepayment Factor is used to decrease the Maximum Annual Special Tax for the Parcel for which the Special Tax is partially prepaid.

Step C.5 If a Partial Prepayment has been made for this Parcel; multiply the result of *Step C.4* by the previously calculated Partial Prepayment Factor.

8. Appeals and Interpretation Procedure

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

Interpretations may be made by Resolution of the City Council 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. Collection of Annual Special Tax

The Special Tax will be collected in the same manner and at the same time as ad valorem property taxes; provided, however, that the City 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
CFD No. 2006-3 (Northbrook – Woodside Improvement Area 1)
Maximum Annual Special Tax and Rates for Original Parcels
Base Year 2007-2008

Original Parcel	*Planned Units*[1]	*Maximum Annual Special Tax per Unit*[2]	*Maximum Annual Special Tax*
084-030-003	337	$1,200	$404,400

(1) The Tentative Map shows that there are a proposed 337 Planned Units for the Original Parcel. As the Original Parcel is Subdivided there should be no net loss of Maximum Annual Special Tax Revenue as a result of fewer Planned Units developing. In the event a Successor Parcel has fewer Final Map Parcels than Planned Units assigned to such Successor Parcel, the Maximum Annual Special Tax per Planned Unit shall be increased proportionately until the Maximum Annual CFD Revenue from all Final Map Parcels is equal to the Maximum Annual Special Tax for the Successor Parcel being Subdivided.

(2) The Maximum Annual Special Tax per Planned Unit is increased by the Tax Escalation Factor in each Fiscal Year after the Base Year 2007-2008.

City of Stockton
San Joaquin County, California
Community Facilities District No. 2006–3
(Northbrook-LeBaron Improvement Area 2)

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, applicable to the land in Community Facilities District No. 2006–3 (Northbrook – LeBaron Improvement Area 2) of the City of Stockton, shall be levied and collected according to the tax liability determined by the City 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, consisting of Sections 53311 and following of the California Government Code.

"**Administrative Expenses**" means the actual or reasonably estimated costs related to administration of the CFD, including these:

- Costs of computing Special Taxes and preparing annual Special Tax collection schedules (whether by the City or any designee thereof or both);
- Costs of collecting the Special Taxes (whether the County, the City, or otherwise);
- Costs of remitting the Special Taxes to the Trustee;
- Costs of the Trustee (including its legal counsel) in the discharge of duties required of it under the Bond Indenture;
- Costs to the City, the CFD, or any designee thereof of complying with arbitrage rebate requirements;
- Costs to the City, the CFD, or any designee thereof of complying with City, the CFD, or obligated persons' disclosure requirements;
- Costs associated with preparing Special Tax disclosure statements;
- Costs incurred in responding to public inquiries regarding the Special Taxes;
- Costs to the City, the CFD, or any designee thereof related to any appeal of the Special Tax;
- Costs associated with the release of funds from an escrow account, if any; and
- Amounts estimated to be advanced or advanced by the City 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 City Director of Administrative Services or his or her designee.

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

a. Debt Service to be paid from Special Taxes collected during such Fiscal Year;

b. Administrative Expenses for such Fiscal Year;

c. Any amounts needed to replenish any Bond Reserve Fund for the Bonds to the level required under the Bond Indenture;

d. An amount equal to Special Tax delinquencies anticipated for the current Fiscal Year;

e. Less any credit from interest earnings on the Bond Reserve Fund or any other revenues accrued to the CFD as approved by the City; and

f. Pay-as-you-go expenditures for Authorized Facilities to be constructed or acquired by the CFD.

"**Anticipated Construction Proceeds**" means that amount that is anticipated to be available from Bonds for acquiring or constructing Authorized Facilities.

"**Assessor's Parcel Number**" means the parcel or parcel number as recorded by the County Assessor on the equalized tax roll.

"**Authorized Facilities**" means those facilities to be financed as identified in the resolution forming the CFD.

"**Base Year**" means Fiscal Year beginning July 1, 2007 and ending June 30, 2008.

"**Benefit Share**" means the Maximum Annual Special Tax for a Parcel divided by the Maximum Annual Special Tax Revenue.

"**Bond(s)**" means bond(s) issued or other indebtedness incurred by the City for the CFD under the Act.

"**Bond Indenture**" means the indenture, resolution, fiscal agent agreement, or other financing document pursuant to which any bonds are issued.

"**Bond Reserve Fund**" means the Debt Service reserve fund established pursuant to the Bond Indenture".

"**Bond Share**" means the share of Bonds assigned to a Parcel as specified in **Section 7** of this Rate and Method of Apportionment of Special Tax.

"**CFD**" means the City of Stockton Community Facilities District No. 2006–3 (Northbrook – LeBaron Improvement Area 2), San Joaquin County, California. CFD does not include Community Facilities District No. 2006-3 (Northbrook – Woodside Improvement Area 1).

"**City**" means the City of Stockton, California.

"**Council**" means the City Council of the City acting for the CFD under the Act.

"**County**" means San Joaquin County.

"**Debt Service**" means the total amount of principal, interest, and any scheduled sinking fund payments of the Bonds.

"**Developed Parcel**" means a Taxable Parcel in one of the following parcel categories that has received from the City the applicable development approval for that parcel category as follows:

Parcel Category	*Development Approval*
Single-Family Residential Parcel	- Building Permit
Multifamily Parcel	- Building Permit
Other Use Parcel	- Building Permit

"**Final Map Parcel**" means a Taxable Parcel for which a building permit could be issued.

"**Final Small Lot Subdivision Map**" means a subdivision map creating Final Map Parcels.

"**Fiscal Year**" means the period starting July 1 of any calendar year through June 30 of the following calendar year.

"**For Rent Multifamily**" means a Multifamily Parcel with a building permit for multifamily residential uses where individual Multifamily Units are not identified by unique Assessor's Parcel Numbers.

"**For Sale Multifamily**" means a Multifamily Parcel where individual Multifamily Units are created by a Final Small Subdivision Map for condominiums or townhouses.

"**Large Lot Parcel**" means any Parcel delineated on a Large Lot Subdivision Map.

"**Large Lot Subdivision Map**" means a recorded subdivision map delineating Parcels that are not Final Map Parcels.

"**Maximum Annual CFD Revenue**" means the greatest amount of revenue that can be collected in a Fiscal Year by levying the Special Tax against a group of Taxable Parcels in the CFD, such as Developed Parcels.

"**Maximum Annual Special Tax**" means the greatest amount of Special Tax that can be levied against a Taxable Parcel in any Fiscal Year. **Attachment 1** and **Attachment 2** show the Maximum Annual Special Tax for Taxable Parcels.

"**Maximum Annual Special Tax per Planned Unit**" means the greatest amount of Special Tax that can be levied against a Single-Family Residential Parcel in any Fiscal Year. **Attachment 1** shows the Maximum Annual Special Tax per Planned Unit for the Original Parcel. Each time a parcel is subdivided, a Maximum Annual Special Tax per Planned Unit will be assigned to the Taxable Parcels based on methods defined in **Section 5**.

"**Maximum Annual Special Tax Revenue**" means the greatest amount of revenue that can be collected in a Fiscal Year by levying the Special Tax against all Taxable Parcels in the CFD.

"**Multifamily Parcel**" is a Taxable Parcel designated by the City for "for rent" multifamily residential uses, or "for sale" residential condominium or townhouse uses.

"**Multifamily Units**" means the number of multifamily residential units assigned to a Taxable Parcel.

"**Original Parcel**" means a Parcel as identified by the Assessor's Parcel Number on **Attachment 1**. Original Parcels are assigned Planned Units in **Attachment 1** based on Tentative Maps approved by the City at the time of the formation of the CFD, or upon Tentative Maps that have been proposed for approval by the City.

"**Other Land Uses**" means all taxable Developed Parcels with land uses other than residential uses. Although the CFD is intended to include only residential development, rezoning may allow other uses. Retail, office, mixed use, and industrial property would be taxable as Other Land Uses.

"**Outstanding Bonds**" means the total principal amount of Bonds that have been issued and not fully repaid or legally defeased.

"**Parcel**" means any Assessor's Parcel Number in the CFD based on the equalized tax rolls of the County for the current Fiscal Year.

"**Partial Prepayment**" means a prepayment of a portion of a Parcel's Special Tax Obligation as set forth in **Section 7**.

"**Partial Prepayment Factor**" means a factor by which the Maximum Annual Special Tax for a Partial Prepayment Parcel is multiplied to calculate an adjusted Maximum Annual Special Tax for such Parcel. Each Partial Prepayment Factor shall be calculated according to the steps described under **Section 7**.

"**Pay-As-You-Go Expenditure**" means the use of annual Special Tax revenues that are not needed for Annual Costs that are included in clauses (a) through (e) of the definition of Annual Costs for Authorized Facilities to be constructed or acquired by the CFD.

"**Planned Units**" means the number of Single-Family Residential Parcels or Multifamily Units assigned to the Tax Categories shown in **Attachment 2**.

"**Prepayment**" means the partial or compete satisfaction of the Special Tax Obligation.

"**Public Parcel**" means any Parcel that is (a) publicly owned, and (b) is normally exempt from the levy of general *ad valorem* property taxes under California law, including public streets, schools, parks, public drainage ways, public landscaping, greenbelts, and public open space. Any Parcel primarily uses for a cell phone tower is considered a Public Parcel.

"**Reserve Fund**" means the total amount held in the Bond Reserve Fund.

"**Reserve Fund Requirement**" means the amount required by the Bond Indenture to be held in the Bond Reserve Fund.

"**Reserve Fund Share**" means the amount on deposit in the Bond Reserve Fund, but in any event not to exceed the Reserve Fund Requirement, multiplied by the Benefit Share for a given Taxable Parcel.

"**Single-Family Residential Parcel**" means a Taxable Parcel created by a Final Small Lot Subdivision Map for which a building permit has been issued for a single-family residence.

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

"**Special Tax Obligation**" means the total obligation of a Taxable Parcel to pay Special Taxes for the remaining life of the CFD.

"**Subdivision**" or "**Subdivided**" means a division of a Parcel into two or more Parcels through the Subdivision Map Act process.

"**Successor Parcel**" means a Parcel created by Subdivision, lot line adjustment, or parcel map from an Original or Successor Parcel. A Successor Parcel is classified as a Large Lot Parcel, Final Map Parcel, or Developed Parcel.

"**Tax Category**" means the land uses designated in **Attachment 2**. Each Tax Category is further identified in **Map 1**. Each Tax Category is assigned a Maximum Annual Special Tax. This Maximum Annual Special Tax is allocated to Taxable Parcels using **Map 1** and the provisions of **Section 5**.

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

"**Tax Escalation Factor**" means a factor of 2% that will be applied annually to the Maximum Annual Special Tax for a Taxable Parcel beginning the Fiscal Year following the Base Year.

"**Taxable Acres**" means the developable acres of a Taxable Parcel, as determined by the Administrator. Taxable Acres are assigned to each Original Parcel in **Attachment 1** and each Tax Category in **Attachment 2**.

"**Taxable Parcel**" means any Parcel that is not a Tax-Exempt Parcel.

"**Tax-Exempt Parcel**" means a Parcel not subject to the Special Tax. Tax-Exempt Parcels include (a) a Parcel that was a Public Parcel at the formation of the CFD or a Public Parcel created through the Subdivision process, (b) any Parcel that has prepaid its Special Taxes under **Section 7**, or (c) any Parcel that is exempt from the Special Tax under the Act.

"**Tentative Map**" means a tentative subdivision map as defined by the Subdivision Map Act.

"**Undeveloped Parcels**" means Taxable Parcels that are not Developed Parcels, Final Map Parcels, or Large Lot Parcels.

"**Trustee**" means the trustee or fiscal agent designated as such in the Bond Indenture.

3. Determination of Parcels Subject to Special Tax

The Administrator shall prepare a list of Parcels subject to the Special Tax using the records of the County Assessor as of January 1 preceding the current Fiscal Year. The Administrator shall identify the Parcels that are subject to the Special Tax from a list of all Parcels in the CFD using the procedure described below:

a. Exclude all Tax-Exempt Parcels.

b. The remaining Parcels are Taxable Parcels that shall be subject to the Special Tax according to the method detailed in **Section 5**.

4. Termination of the Special Tax

The Special Tax will be levied and collected from all Taxable Parcels for as long as needed to pay the Annual Costs; however, in no case shall the Special Tax be levied beyond Fiscal Year 2041–2042.

When Special Tax revenues are no longer needed to pay Annual Costs, the Special Tax shall cease to be levied. The Administrator shall direct the County Recorder 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, in addition, shall 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

Each Fiscal Year after forming the CFD, the Administrator shall cause these to occur:

A. Classification of Parcels. Using the Definitions in **Section 2**, the Parcel records of the County Assessor's Secured Tax Roll for the Fiscal Year for which Special Taxes will be assigned, and the building permit and final map record of the City and County up to June 1 preceding the current Fiscal Year, the Administrator shall cause these to occur:

i. Each Parcel will be classified as a Tax-Exempt Parcel or as a Taxable Parcel;

ii. Each Parcel, then, will be classified as an Original Parcel or Successor Parcel;

iii. Each Taxable Parcel then will be classified as a Developed Parcel, Final Map Parcel, Large Lot Parcel; or Undeveloped Parcel; and

iv. Each Developed Parcel will be classified as a Single-Family Residential Parcel, Multifamily Parcel, or Other Use Parcel.

B. Assignment of Maximum Annual Special Tax to Original Parcels. The Maximum Annual Special Tax for each Original Parcel is shown on **Attachment 1**, as increased by the Tax Escalation Factor. Planned Units assigned to Original Parcels in **Attachment 1** are based on proposed Tentative Maps. As Original Parcels are Subdivided, the Planned Units will be assigned to Successor Parcels based on the number of Planned Units for each Large Lot Parcel that is designated for single-family or multifamily residential land uses.

C. Assignment of Maximum Annual Special Tax to Successor Parcels. As the Original Parcel shown in **Attachment 1** or Successor Parcels are Subdivided into Final Map Parcels and Large Lot Parcels, the Administrator shall assign Planned Units to taxable Successor Parcels using the following steps.

1. Subdivision of Original Parcel 084-040-05. Original Parcel 084-040-05 (shown in **Attachment 1** and on **Map 1**) is proposed to develop into Single-Family Residential Parcels and a Multifamily Parcel. That portion of Original Parcel 084-040-05 north of Villa Point Drive will be designated as a Multifamily Parcel and is assigned a Maximum Annual Special Tax (in the Base Year) of $112,000 and 140 Planned Units in **Attachment 2**. That portion of Original Parcel 084-040-05 that a lies south of Villa Pointe Drive is assigned a Maximum Annual Special Tax (in the Base Year) of $15,621 ($127,621 from **Attachment 1** minus $112,000). The $15,621 Maximum Annual Special Tax assigned to the Single

Family Residential Parcel portion of Original Parcel 084-040-05 will be added to Successor Parcels created from the remaining Original Parcels (084-040-07 and 084-040-08).

2. Subdivision of Original Parcels 084-040-07 and 084-040-08. Original Parcels 084-040-07, 084-040-08, and the southern most portion of Original Parcel 084-040-05 are assigned 42 Planned Units. Each Planned Unit is assigned a Maximum Annual Special Tax of $1,200 in the Base Year. As Original Parcels 084-040-07 and 084-040-08 are Subdivided, the Administrator will assign Planned Units to Successor Parcels that are Large Lots Parcels. All 42 Planned Units will be assigned to Successor Parcels using **Map 1**.

3. Subdivision Creating Final Map Parcels. If the Subdivision of an Original Parcel or Successor Parcel creates Final Map Parcels, the Administrator will assign the Maximum Annual Special Tax to such Parcels using the following steps.

   a. Determine the number of Planned Units assigned to the Original Parcels or Successor Parcel(s) being Subdivided into Final Map Parcels.

   b. Determine the number of Final Map Parcels created by the Final Small Lot Subdivision Map.

      i. If the number of Final Map Parcels in *Step b* is equal to or greater than the number of Planned Units is *Step a*, assign the Maximum Annual Special Tax per Planned Unit (as increased by the Tax Escalation Factor) shown in **Attachment 1** to each Final Map Parcel.

      ii. If the number of Final Map Parcels in *Step b* is less than the Planned Units in Step a, proportionally increase the Maximum Annual Special Tax per Planned Unit shown in **Attachment 1** for each Final Map Parcel until the Maximum Annual Special Tax Revenue from all Final Map Parcels is equal to the Maximum Annual Special Tax (as increased by the Tax Escalation Factor) assigned to the Large Lot Parcel that was Subdivided.

4. Developed Multifamily Parcels. Multifamily Parcels are considered Developed Parcels when a building permit is issued to build For Rent Multifamily, or For Sale Multifamily. Multifamily Residential Parcels are assigned a Maximum Annual Special Tax of $112,000 (in the Base Year) in **Attachment 2**. As Multifamily Parcels become Developed Parcels, the Maximum Annual Special Tax is assigned to Developed Parcels as follows.

   a. For Rent Multifamily. If a single Taxable Parcel is created for the Tax Category Multifamily Parcels, then the Maximum Annual Special Tax for the Taxable Parcel is that amount shown in **Attachment 2**, as increased by the Tax Escalation Factor. If more than one Taxable Parcel is created for the Tax Category Multifamily Parcels, the Maximum Annual Special Tax for each Taxable Parcel is a *pro rata* share (based on Taxable Acres assigned to each Taxable Parcel) of the Maximum Annual

Special Tax for Multifamily Residential Parcels, as shown in **Attachment 2**, and increased by the Tax Escalation Factor.

b. For Sale Multifamily. If individually-owned condominiums or townhouses are created, the Maximum Annual Special Tax for each For Sale Multifamily Parcel is equal to the Maximum Annual Special Tax for the Multifamily Parcels Tax Category in **Attachment 2**, as increased by the Tax Escalation Factor, divided by the number of Multifamily Units assigned to a Taxable Parcel. Depending on the phasing of a development, or the timing of building permits, all Multifamily Units may not have been assigned an individual Assessor's Parcel Number at the time of this assignment of the Maximum Annual Special Tax. The Administrator will use records of the City and other development records to assign Multifamily Units to all Taxable Parcels.

5. Subdivision Creating Developed Parcels – Other Use Parcels. If the Subdivision of an Original Parcel or Successor Parcel creates Developed Parcels that are Other Use Parcels, the Administrator will assign the Maximum Annual Special Tax to such Parcels using the following steps.

a. If the Successor Parcel is not being Subdivided, the Maximum Annual Special Tax for the Developed Parcel that is an Other Use Parcel is equal to the Maximum Annual Special Tax previously assigned to the Successor Parcel, as increased by the Tax Escalation Factor.

b. If the Successor Parcel is being Subdivided and one or more of the new Successor Parcels are to be designated as Developed Parcels that are Other Use Parcels, use the following steps to determine the Maximum Annual Special Tax for each Successor Parcel.

i. Determine the Maximum Annual Special Tax (as increased by the Tax Escalation Factor) for the Successor Parcel that is being Subdivided.

ii. Determine the Taxable Acres of the Successor Parcel that is being Subdivided.

iii. Determine the Taxable Acres for each Successor Parcel that is a Developed Parcel designated as an Other Use Parcel.

iv. Divide the Taxable Acres for each Successor Parcel in *Step iii* by the Taxable Acres in *Step ii*.

v. Multiply the factor for each Successor Parcel in Step iv times the Maximum Annual Special Tax determined in Step i to derive the Maximum Annual Special Tax for each Successor Parcel that is a Developed Parcel designated as an Other Use Parcel.

D. Assignment of Maximum Annual Special Tax Partial Prepayment Parcel. The Maximum Annual Special Tax for a Partial Prepayment Parcel is assigned by multiplying the

Maximum Annual Special Tax per Planned Unit from **Attachment 2**, or as otherwise calculated for a Taxable Parcel, by the Partial Prepayment Factor for the Parcel.

E. Conversion of a Tax-Exempt Parcel to a Taxable Parcel. If a Parcel designated as a Tax-Exempt Parcel is converted to a taxable land use, it shall become subject to the Special Tax. The Maximum Annual Special Tax for each such Parcel shall be assigned by the Administrator using the appropriate Parcel classification.

1. For Single-Family Residential Parcels, the Maximum Annual Special Tax per Planned Unit is assigned to Taxable Parcels using **Attachment 2**.

2. For Large Lot Parcels with a land use designation for residential land uses, the Administrator will assign Planned Units to the Large Lot Parcel based on the single-family residential development potential of the parcel, and then will multiply the number of Planned Units by the Maximum Annual Special Tax per Planned Unit, as shown in **Attachment 2** and increased by the Tax Escalation Factor, to derive the Maximum Annual Special Tax for the Large Lot Parcel.

F. Taxable Parcel Acquired by a Public Agency. Taxable Parcels that are 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. An exception to this may be made if a Public Parcel, such as a school site, is relocated to a Taxable Parcel, in which case the previously Tax-Exempt Parcel of comparable acreage becomes a Taxable Parcel and the Maximum Annual Special Tax from the previously Taxable Parcel is transferred to the new Taxable Parcel. This trading of the Maximum Annual Special Tax amongst Parcels will be permitted to the extent that there is no net loss in Maximum Annual Special Tax Revenue.

6. Calculating the Annual Special Tax Levy

The Administrator shall levy Special Taxes in each Fiscal Year using the following procedures:

a. Compute the Annual Cost for the Fiscal Year using the definitions in **Section 2**.

b. Calculate the Special Tax for each parcel as follows:

Step 1: Compute 100 percent of the Maximum Annual CFD Revenue for all Developed Parcels.

Step 2: Compare the Annual Costs with the Maximum Annual CFD Revenue calculated in the previous step.

Step 3: If the Annual Costs are less than the Maximum Annual CFD Revenue, proportionately decrease the Special Tax levy for each Developed Parcel until the Special Tax Revenue equals the Annual Cost.

Step 4: If the Annual Costs are greater than the Maximum Annual CFD Revenue from Developed Parcels, levy a Special Tax proportionally on each Final Map Parcel to an amount equal to the amount of Annual Costs or until 100 percent of the Maximum Annual Special Tax is reached for such Final Map Parcels.

Step 5: If the Annual Costs are greater than the Maximum Annual CFD Revenue from Developed Parcels and Final Map Parcels, levy a Special Tax proportionately on each Large Lot Parcel to an amount equal to the amount of Annual Costs or until 100 percent of the Maximum Annual Special Tax is reached for such Large Lot Parcels.

c. Prepare the Tax Collection Schedule listing the Special Tax levy for each Assessor's Parcel Number and send it to the County Auditor requesting that it be placed on the general, secured property tax roll for the following Fiscal Year.

The Administrator shall make every effort to correctly calculate the Special Tax levy. 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.

The Administrator shall maintain a record showing the calculation of the assigned Maximum Annual Special Tax to each Taxable Parcel and a brief description of the process of assigning the Special Tax each time a Taxable Parcel is Subdivided.

7. Prepayment of Special Tax Obligation

Landowners may permanently satisfy the Special Tax Obligation for a Parcel by a cash settlement with the City as permitted under Government Code Section 53344. By exercising the right to Prepayment, a landowner can eliminate the future annual Special Tax Obligation for a Parcel.

Prepayment is permitted only under the following conditions:

- The Administrator determines that Prepayment does not jeopardize the ability to make timely payments of Debt Service on Outstanding Bonds or repayment of the Bonds.
- Any landowner who wishes to exercise the right to Prepayment for a Parcel must pay any and all delinquent Special Taxes and penalties for the prepaying Parcel.
- If Special Taxes have already been levied, but not collected, at the time the Prepayment is calculated, the owner of the Parcel(s) must pay the Special Taxes included on the property tax bill in addition to the Prepayment amount.

Calculate the Prepayment amount for a Parcel as follows:

Part A: Full Prepayment of Special Tax Obligation before the Sale of Bonds

The Prepayment amount before Bond sale is equal to the amount of the Anticipated Construction Proceeds for the Parcel, plus any Administrative Expenses incurred in establishing the CFD and in calculating the Prepayment amount. The amount of the Anticipated Construction Proceeds shall be reduced for any Pay-As-You-Go Expenditures that will be used to finance the principal amount of the Anticipated Construction Proceeds if Special Taxes have already been levied for Pay-As-You-Go Expenditures up to and including the current Fiscal Year of the Prepayment.

The Prepayment amount shall be established by following the steps below:

Step A.1 Determine the Maximum Annual Special Tax for the prepaying Parcel by following the procedures in **Section 5**.

Step A.2 Divide the Maximum Annual Special Tax from *Step A.1* by the Maximum Annual Special Tax Revenue to derive the Benefit Share.

Step A.3 Determine the Anticipated Construction Proceeds for the Parcel by multiplying the Benefit Share from *Step A.2* by the Anticipated Construction Proceeds.

Step A.4 Determine the Prepayment amount by adding to the Anticipated Construction Proceeds for the prepaying parcel calculated in *Step A.3* any fees and expenses incurred by the City in connection with the Prepayment calculation. If Special Taxes have already been levied, but not collected, at the time the Prepayment is calculated, the owner of the Parcel must pay the Special Taxes included on the property tax bill in addition to the Prepayment amount.

Part B: Full Prepayment of Special Tax Obligation after Sale of Bonds

The Prepayment amount shall be established by following the steps below:

Step B.1 Determine the Maximum Annual Special Tax for the prepaying Parcel by following the procedures in **Section 5**.

Step B.2 Divide the Maximum Annual Special Tax from *Step B.1* by the Maximum Annual Special Tax Revenue to derive the Benefit Share.

Step B.3 Determine the Bond Share for the Parcel by multiplying the Benefit Share from *Step B.2* by the Outstanding Bonds. For the purpose of the calculation, reduce the Outstanding Bond balance by the amount of the principal payment for which Special Taxes have been levied but not collected.

Step B.4 Determine the Reserve Fund Share associated with the Bond Share determined in *Step B.3* and reduce the Bond Share by the amount of the Reserve Fund Share. The Reserve Fund Share is equal to the Reserve Fund Requirement on all Outstanding Bonds or the actual reserve fund, whichever in *Step B.4* any fees, call premiums, and expenses incurred by the City in connection with the Prepay is less, multiplied by the Benefit Share.

Step B.5 Determine the Prepayment amount by adding to the revised Bond Share amount calculated in *Step B.4* any fees, call premiums, and expenses incurred by the City in connection with the Prepayment calculation or the application of the proceeds of the Prepayment to the call of Bonds. If Special Taxes have already been levied, but not collected, at the time the Prepayment is calculated, the owner of the Parcel must pay the Special Taxes included on the property tax bill in addition to the Prepayment amount.

Part C: Partial Prepayment of Special Tax Obligation

If the Prepayment is a Partial Prepayment, then the property owner shall designate an amount which is less than the full Prepayment amount determined above for the Parcel (or group of such Parcels) for which the Special Tax is to be partially prepaid but which, based on a calculation provided by the Administrator, will provide sufficient funds for a Bond call in a whole-number multiple of $5,000. The Administrator shall determine the Partial Prepayment Factor by the following procedure:

Step C.1 Calculate the full Prepayment amount from *Step A.4* or *B.5* above.

Step C.2 Subtract the amount of the Partial Prepayment from the full Prepayment amount calculated in *Part A* or *B* above.

Step C.3 Subtract any fixed costs of the Prepayment (such as the cost of the Prepayment calculation and other fees that do not vary proportionally with the size of the Prepayment) from the full Prepayment amount in *Step C.1*.

Step C.4 Divide the result of *Step C.2* by the result of *Step C.3* to arrive at the Partial Prepayment Factor. The Partial Prepayment Factor is used to decrease the Maximum Annual Special Tax for the Parcel for which the Special Tax is partially prepaid.

Step C.5 If a Partial Prepayment has been made for this Parcel; multiply the result of *Step C.4* by the previously calculated Partial Prepayment Factor.

8. Appeals and Interpretation Procedure

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

Interpretations may be made by Resolution of the City Council 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. Collection of Annual Special Tax

The Special Tax will be collected in the same manner and at the same time as *ad valorem* property taxes; provided, however, that the City 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
CFD No. 2006-3 (Northbrook – LeBaron Improvement Area 2)
Maximum Annual Special Tax for Taxable Parcels
Base Year 2007-2008

	Taxable Acres				
Original Parcel	*Single Family Residential*	*Multi-Family Residential*	*Single-Family Maximum Annual Special Tax Per Taxable Acre*	*Multifamily Maximum Annual Special Tax Per Taxable Acre*	*Maximum Annual Special Tax Per Original Parcel*[(1)(2)]
084-040-05	2.385	10.075	$6,550	$11,117	$127,621
084-040-07	5.214	--	6,550	11,117	34,150
084-040-08	0.096	--	6,550	11,117	629
Totals	7.695	10.075			$162,400

(1) As Taxable Parcels in each Tax Category are Subdivided, use the provisions of **Section 5** to assign the Maximum Annual Special Tax to new Taxable Parcels. As the Maximum Annual Special Tax is assigned to new Taxable Parcels there should be no net loss in Maximum Annual CFD Revenue.

(2) The Maximum Annual Special Tax per Planned Unit is increased by the Tax Escalation Factor in each Fiscal Year after the Base Year 2007-2008.

Attachment 2
CFD No. 2006-3 (Northbrook – LeBaron Improvement Area 2)
Maximum Annual Special Tax – Developed Parcels

Tax Category	*Taxable Acres*	*Maximum Annual Special Tax Per Acre*	*Maximum Annual Special Tax Per Tax Category*[1]	*Planned Units*[2]	*Maximum Annual Special Tax Per Planned Unit*[3][4]
Single-Family Residential Parcels	7.695	$ 6,550	$ 50,400	42	$1,200
Multifamily Residential Parcels	10.075	11,117	112,000	140	800
Totals	17.770		162,400	182	

(1) The Maximum Annual Special Tax per Tax Category should never be reduced as a result of fewer Planned Units being developed, or less acres of land being developed.

(2) Planned Units have been assigned to each Tax Category. There should be no loss of Planned Units as land develops within the CFD.

(3) The Maximum Annual Special Tax is assigned to Planned Units. If 42 single family residential Planned Units and 140 multifamily residential Planned Units are created, the Maximum Annual Special Tax per Planned will as shown below. If fewer Planned Units are created for a Tax Category, then the Maximum Annual Special Tax per Planned Unit is increased until the Maximum Annual Special Tax revenue from all Taxable Parcels in a Tax Category is equal to the Maximum Annual Special Tax per Tax Category.

(4) The Maximum Annual Special Tax per Planned Unit is increased by the Tax Escalation Factor in each Fiscal Year following the Base Year 2007-2008.

April 10, 2007

TO: Mayor and City Council

FROM: Mark Moses, Director of Administrative Services

SUBJECT: **RESOLUTIONS: NORTHBROOK COMMUNITY FACILITIES DISTRICT NO. 2006-3**

RECOMMENDATION

Adopt two resolutions, including:

1. A resolution declaring intention of the City Council of the City of Stockton to form a Community Facilities District and authorize the levy of a special tax in the Community Facilities District No. 2006-3 (Northbrook) A public hearing of protest will be set for May 15, 2007; and,

2. A resolution of the City Council of the City of Stockton declaring the necessity to incur bonded indebtedness in Community Facilities District No. 2006-3 (Northbrook) in an amount not-to-exceed $12.5 million.

Summary

The development of the Northbrook Community Facilities District will require the construction of certain public improvements that cannot be readily funded by property tax proceeds, impact fees or other traditional governmental funding mechanisms. Woodside Homes and LeBaron (the Developers) have requested that the City form a Community Facilities District to provide funding for these improvements and to ensure that all benefiting landowners participate in facility financing. Community Facilities District bonds will be used to provide the primary funding for authorized facilities.

The resolutions necessary to begin the process of forming the Northbrook Community Facilities District No. 2006-3 are attached to this staff report. The resolutions have been approved as to form by the City Attorney.

DISCUSSION

Background

The Mello-Roos Community Facilities Act of 1982, as amended (Government Code Sections 53311 et seq.), was enacted by the California Legislature to provide an alternate method of financing certain essential public capital facilities and services, especially in the developing areas of the State of California. Once duly established by a city, county, or other local agency, a Community Facilities District is a legally formed governmental entity with defined boundaries, with the governing board or legislative

body of the local agency acting on its behalf. Subject to approval by a two-thirds vote of qualified electors in compliance with the provisions of the Act, a legislative body of a local agency may issue bonds for a Community Facilities District and may levy and collect a special tax within such districts to repay such indebtedness.

Present Situation

The developers have requested that the City consider the formation of a Mello-Roos Community Facilities District to finance public infrastructure associated with the development of their 78± acre Northbrook project. This project is a master plan development that includes two project areas with approximately 380 single family residences and 140 multi-family units. The project area consists of assessor parcel numbers (apn) 084-030-05, 084-040-05, 084-040-07, and 084-040-08 which are bounded on the west by Union Pacific Railroad, on the north by a Grupe residential project currently under construction and apn's 084-040-01 and 084-040-04, on the east by Lower Sacramento Road, and on the south by three unincorporated county parcels.

If formed, the Community Facilities District will fund the construction of the acquisition of water, street, storm drain, sewer and park improvements, both onsite and offsite, and all appurtenances and appurtenant work in connection with the foregoing including the cost of engineering, planning, designing, materials testing, coordination, construction staking, construction management and supervision for the Improvements and any other expenses incidental to the construction, acquisition, modification, expansion, and rehabilitation of the Improvements.

Steps in Initiating the Formation of a Community Facilities District

The formation of a Community Facilities District is subjected to a formal public process beginning with the adoption of several resolutions by the City Council that establishes the parameters of the Community Facilities District.

The first step in initiating the formation of a Community Facilities District is for the Council to adopt a resolution that defines the territory that will be subject to the special tax levy. The boundary map attached to this staff report shows the territory within the boundary of the proposed Northbrook Community Facilities District. The boundaries of the proposed Community Facilities District may be reduced during subsequent public hearings held in conjunction with the formation of the Community Facilities District; however, the boundaries can not be expanded in that process.

The next step in initiating the formation of a Community Facilities District is for the Council to adopt a Resolution of Intention to form a Community Facilities District and levy a special tax within the territory of the proposed Community Facilities District. The resolution includes:

- a list of the types of public facilities and services proposed to be provided in the Community Facilities District (Exhibit 'B' to Resolution of Intention);

- a formula defining the rate and method of apportionment of the special tax (Exhibit 'C' to Resolution of Intention).

In addition to the items mentioned above, adoption of the resolution sets the date, time and place for a public hearing on the establishment of the Community Facilities District. At the hearing, testimony concerning the district, the extent of the district or the furnishing of the particular types of public facilities and services will be heard. Protests will be considered from registered voters residing within the Community Facilities District and persons owning real property within the Community Facilities District. The date of the public hearing for the proposed Northbrook Community Facilities District is May 15, 2007 at 5:30 p.m. in the Council Chambers.

- Rate and Method of Apportionment of the Special Tax

Parcels within the proposed Northbrook Community Facilities District will pay a maximum annual special tax based on the rate and method of apportionment, and manner of collection of special tax, commonly referred to as the Special Tax Formula.

Each year, the City will approve the annual costs for the Community Facilities District. The annual costs will include:

- Debt service (i.e., principal and interest on bonds)
- Administrative expenses
- Replenishment of the reserve fund (when necessary)
- An amount equal to estimated special tax delinquencies

The annual costs funded by the levy of the special tax will be determined by subtracting other available revenues, such as reimbursement payments, fees, funds available from prepaid special taxes, interest earnings on the bond reserve fund, or receipts of delinquent special taxes from previous fiscal years, from the annual costs. The City will then apply the Special Tax Formula to determine the special tax levy for each parcel.

The maximum annual special tax for each single-family residential unit in the proposed Northbrook Community Facilities District is $1,200 and $800 for each multi-family residential unit. The Community Facilities District Act allows for the annual administrative costs of the district to be included in the annual tax levy. The tax levy also includes an allowance to cover all special tax delinquencies that may occur in the Community Facilities District in a fiscal year. In most years, interest earnings on the bond reserve fund balance will generate revenue to offset potential special tax delinquencies.

The final action taken by the Council in initiating the formation of a Community Facilities District is for the Council to adopt a resolution of necessity to incur bonded indebtedness. The proposed Northbrook Community Facilities District will require one or

more bond issues totaling no more than $12.5 million to the acquisition of water, street, storm drain, sewer and park improvements, both onsite and offsite, and all appurtenances and appurtenant work in connection with the foregoing including the cost of engineering, planning, designing, materials testing, coordination, construction staking, construction management and supervision for the Improvements and any other expenses incidental to the construction, acquisition, modification, expansion, and rehabilitation of the Improvements. The proposed Community Facilities District will reimburse the developers for advance funding of the public infrastructure improvements, all of which will be dedicated to the City upon completion.

FINANCIAL SUMMARY

There is no financial impact to the City for the formation of the proposed Community Facilities District. At such time that bonds are issued, the City will receive an administrative fee of one-quarter of one percent of the par amount of the bonds, at this time estimated to be $31,250. In addition, all annual administrative fees are charged directly to the Community Facilities District as part of the annual special tax levy.

Prepared by: Jim Malberg, Program Manager III

MARK MOSES
DIRECTOR OF ADMINISTRATIVE SERVICES

Approved By City Manager

J. GORDON PALMER, JR.
CITY MANAGER

MM:jm
Attachments

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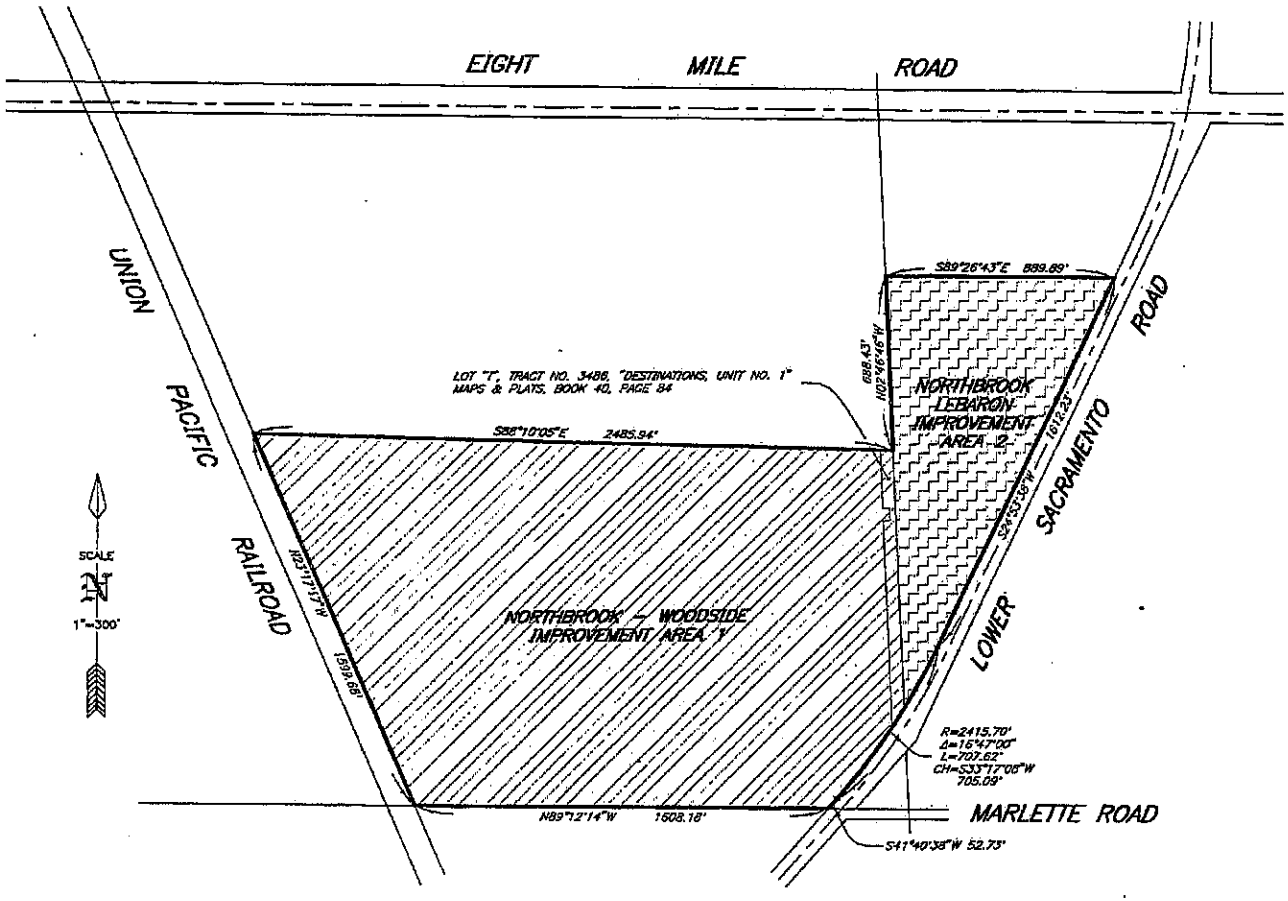

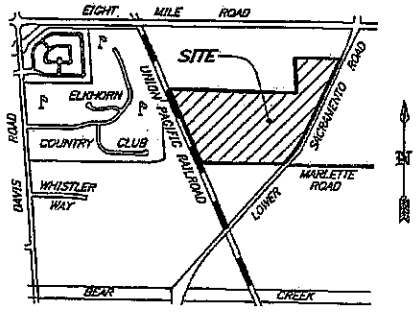

VICINITY MAP
(NO SCALE)

FILED IN THE OFFICE OF THE CLERK OF THE CITY OF STOCKTON THIS _____ DAY OF _____, 2007.

_____
KATHERINE GONG MEISSNER
CITY CLERK OF THE CITY OF STOCKTON

I HEREBY CERTIFY THAT THE WITHIN MAP SHOWING PROPOSED BOUNDARIES OF COMMUNITY FACILITIES DISTRICT NO. 2006-XX (NORTH STOCKTON PROJECTS III), CITY OF STOCKTON, COUNTY OF SAN JOAQUIN, STATE OF CALIFORNIA WAS APPROVED BY THE CITY COUNCIL OF THE CITY OF STOCKTON AT A REGULAR MEETING THEREOF, HELD ON THE _____ DAY OF _____, 2007 BY ITS RESOLUTION NO. _____.

_____
KATHERINE GONG MEISSNER
CITY CLERK OF THE CITY OF STOCKTON

FILED THIS _____ DAY OF _____, 2007, AT THE HOUR OF _____ O'CLOCK ____.M., IN BOOK _____, OF MAPS OF ASSESSMENT AND COMMUNITY FACILITIES DISTRICTS AT PAGE _____, IN THE OFFICE OF THE COUNTY RECORDER IN THE COUNTY OF SAN JOAQUIN, STATE OF CALIFORNIA.

_____ BY: _____
GARY W. FREEMAN — ASSISTANT/DEPUTY RECORDER
ASSESSOR-RECORDER-COUNTY CLERK

NORTHBROOK-WOODSIDE IMPROVEMENT AREA 1
APN 084-030-03

NORTHBROOK-LEBARON IMPROVEMENT AREA 2
APN 084-040-05
084-040-07
084-040-08

A.R. SANGUINETTI & ASSOCIATES
CONSULTING CIVIL ENGINEERS
STOCKTON, CALIFORNIA
(209) 477-0899

COMMUNITY FACILITIES DISTRICT NO. 2006-3
(NORTH STOCKTON PROJECTS III)
COUNTY OF SAN JOAQUIN
STATE OF CALIFORNIA

Resolution No. _____

STOCKTON CITY COUNCIL

RESOLUTION OF INTENTION OF THE CITY COUNCIL OF THE CITY OF STOCKTON TO INCUR BONDED INDEBTEDNESS WITHIN WOODSIDE IMPROVEMENT AREA 1 AND LEBARON IMPROVEMENT AREA 2 OF COMMUNITY FACILITIES DISTRICT NO. 2006-3 (NORTHBROOK)

WHEREAS, upon receipt of a petition as provided in Section 53318 of the Government Code of the State of California, the City Council (the "City Council") of the City of Stockton (the "City") instituted proceedings to form City of Stockton Community Facilities District No. 2006-3 (Northbrook) ("CFD No. 2006-3"), including the formation of improvement areas therein to be known as Woodside Improvement Area 1 and LeBaron Improvement Area 2 (each individually an "Improvement Area" and, collectively, the "Improvement Areas") pursuant to the Mello-Roos Community Facilities Act of 1982 (the "Act"), as amended, and adopted a resolution entitled "Resolution of Intention of the City Council of the City of Stockton to Establish Community Facilities District No. 2006-3 (Northbrook), To Establish Woodside Improvement Area 1 and LeBaron Improvement Area 2 Therein, To Authorize the Levy of a Special Tax To Pay the Cost of Acquiring or Constructing Certain Improvements and Expenses of the District and To Pay Debt Service on Bonded Indebtedness" (herein, the "Resolution of Intent") on the date hereof to finance (1) the purchase, construction, expansion, improvement or rehabilitation of public improvements identified in Attachment "A" (which attachment is incorporated herein by this reference), including all furnishings, equipment and supplies related thereto (collectively, the "Improvements") and (2) the incidental expenses to be incurred in connection with financing the Improvements, and forming and administering CFD No. 2006-3 and the Improvement Areas identified in Attachment "A" (collectively, the "Incidental Expenses"); and

WHEREAS, the City Council estimates that the amount required to finance the Improvements and Incidental Expenses is approximately $12,500,000, of which $8,500,000 is the reasonably expected maximum principal amount for Woodside Improvement Area 1 and $4,000,000 is the reasonably expected maximum principal amount for LeBaron Improvement Area 2; and

WHEREAS, in order to finance the Improvements and Incidental Expenses, the City Council intends to authorize the issuance of bonds in the maximum principal amount for each Improvement Area that is set forth in the preceding recital, the repayment of which is to be secured by special taxes levied in accordance with Section 53328 of the Act on all property in the applicable Improvement Area, other than those properties exempted from taxation in the rate and method of apportionment set forth in Attachment "C" to the Resolution of Intent; now, therefore,

City Atty: Review Date APR - 4 2007

THE CITY COUNCIL OF THE CITY OF STOCKTON HEREBY FINDS, DETERMINES, RESOLVES, AND ORDERS AS FOLLOWS:

SECTION 1. The above recitals are true and correct.

SECTION 2. It is necessary to incur bonded indebtedness on behalf of Woodside Improvement Area 1 in an amount not to exceed $8,500,000 and to incur bonded indebtedness on behalf of LeBaron Improvement Area 2 in an amount not to exceed $4,000,000, in order to finance certain of the costs of the Improvements and Incidental Expenses as permitted by the Act for the benefit of the respective Improvement Areas.

SECTION 3. The indebtedness will be incurred for the purpose of financing the costs of the Improvements and the Incidental Expenses, including, but not limited to, the funding of reserve funds for the bonds, the financing of costs associated with the issuance of the bonds and all other costs and expenses necessary to finance the Improvements which are permitted to be financed pursuant to the Act.

SECTION 4. It is the intent of the City Council to authorize the sale of bonds of each Improvement Area in one or more series, which bonds may be issued to fund Improvements and Incidental Expenses for that Improvement Area in the respective maximum amounts set forth in Section 2. Such bonds may bear interest at a rate not in excess of the maximum rate permitted by law at the time that the bonds are issued. The term of the bonds of each series shall be determined pursuant to a resolution of this City Council authorizing the issuance of the bonds of such series, but such term shall in no event exceed 30 years from the date of issuance of the bonds of such series, or such longer term as is then permitted by law.

SECTION 5. Combined public hearings (the "Hearing") on the proposed debt issues and the levy of special taxes shall be held at 5:30 p.m. or as soon thereafter as practicable, on May 15, 2007, at the Council Chambers located at City Hall, 425 North El Dorado Street, Stockton, California.

SECTION 6. At the time and place set forth in this Resolution for the Hearing, any interested persons, including all persons owning land or registered to vote within CFD No. 2006-3, may appear and be heard.

SECTION 7. The City Clerk is hereby directed to publish a notice of the Hearing (the "Notice") pursuant to Section 6061 of the Government Code in a newspaper of general circulation published in the area of CFD No. 2006-3. Such publication shall be completed at least seven days prior to the date of the Hearing. The Clerk of the City Council is further directed to mail a copy of the Notice to each of the owners of land within the boundaries of CFD No. 2006-3 at least 15 days prior to the Hearing.

ADOPTED, SIGNED AND APPROVED _____.

EDWARD J. CHAVEZ, Mayor
of the City of Stockton

ATTEST:

_____
KATHERINE GONG MEISSNER
City Clerk of the City of Stockton

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ATTACHMENT A

The proposed Improvements for Woodside Improvement Area 1 include:

The acquisition of water, street, storm drain, sewer and park improvements, both onsite and offsite, and all appurtenances and appurtenant work in connection with the foregoing including the cost of engineering, planning, designing, materials testing, coordination, construction staking, construction management and supervision for the Improvements and any other expenses incidental to the construction, acquisition, modification, expansion, and rehabilitation of the Improvements.

The Improvements listed herein are representative of the types of improvements authorized to be financed by CFD No. 2006-3. Detailed scope and limits of specific projects will be determined as appropriate, consistent with the standards of the City. Additions, deletions or modifications of descriptions of the Improvements may be made consistent with the requirements of the City and the Act.

The Incidental Expenses for Woodside Improvement Area 1 to be paid from bond proceeds and/or special taxes include:

A proportionate share of the costs associated with the creation of CFD No. 2006-3 and all costs associated with the formation of Woodside Improvement Area 1, the issuance of the bonds of Woodside Improvement Area 1, the determination of the amount of special taxes to be levied, costs otherwise incurred in order to carry out the authorized purposes of CFD No. 2006-3 for Woodside Improvement Area 1, including legal fees, fees of consultants, engineering, planning, designing and the annual administration costs.

The proposed Improvements for LeBaron Improvement Area 2 include:

The acquisition of water, street, storm drain, sewer and park improvements, both onsite and offsite, and all appurtenances and appurtenant work in connection with the foregoing including the cost of engineering, planning, designing, materials testing, coordination, construction staking, construction management and supervision for the Improvements and any other expenses incidental to the construction, acquisition, modification, expansion, and rehabilitation of the Improvements.

The Improvements listed herein are representative of the types of improvements authorized to be financed by CFD No. 2006-3. Detailed scope and limits of specific projects will be determined as appropriate, consistent with the standards of the City. Additions, deletions or modifications of descriptions of the Improvements may be made consistent with the requirements of the City and the Act.

The Incidental Expenses for LeBaron Improvement Area 2 to be paid from bond proceeds and/or special taxes include:

A proportionate share of the costs associated with the creation of CFD No. 2006-3 and all costs associated with the formation of LeBaron Improvement Area 2, the issuance of the bonds of LeBaron Improvement Area 2, the determination of the amount of special taxes to be levied, costs otherwise incurred in order to carry out the authorized purposes of CFD No. 2006-3 for LeBaron Improvement Area 2, including legal fees, fees of consultants, engineering, planning, designing and the annual administration costs.

Resolution No. _____

STOCKTON CITY COUNCIL

RESOLUTION OF INTENTION OF THE CITY COUNCIL OF THE CITY OF STOCKTON TO ESTABLISH COMMUNITY FACILITIES DISTRICT NO. 2006-3 (NORTHBROOK), TO ESTABLISH WOODSIDE IMPROVEMENT AREA 1 AND LEBARON IMPROVEMENT AREA 2 THEREIN, TO AUTHORIZE THE LEVY OF A SPECIAL TAX TO PAY THE COST OF ACQUIRING OR CONSTRUCTING CERTAIN IMPROVEMENTS AND EXPENSES OF THE DISTRICT AND TO PAY DEBT SERVICE ON BONDED INDEBTEDNESS

WHEREAS, the City Council (the "City Council") of the City of Stockton (the "City") has received a petition signed by the owners of not less than ten percent of the land within the boundaries of the territory which is proposed for inclusion in a proposed community facilities district, which petition meets the requirements of Sections 53318 and 53319 of the Government Code of the State of California; and

WHEREAS, the City Council desires to adopt this resolution of intention as provided in Section 53321 of the Government Code of the State of California to (a) establish a community facilities district consisting of the territory described in Attachment "A" hereto (which attachment is incorporated herein by this reference), which the City Council hereby determines shall be known as "City of Stockton Community Facilities District No. 2006-3 (Northbrook)" ("CFD No. 2006-3"), pursuant to the Mello-Roos Community Facilities Act of 1982, as amended, commencing with Section 53311 of the Government Code (the "Act"), (b) establish Woodside Improvement Area 1 and LeBaron Improvement Area 2 (each individually, an "Improvement Area" and, collectively, the "Improvement Areas") therein and (c) finance (1) the purchase, construction, expansion, improvement or rehabilitation of certain real or other tangible property described in Attachment "B" hereto (which attachment is incorporated herein by this reference), including all furnishings, equipment and supplies related thereto (collectively, the "Improvements"), which Improvements have a useful life of five years or longer, and (2) the incidental expenses to be incurred in connection with financing the Improvements, and forming and administering CFD No. 2006-3 and the Improvement Areas described in Attachment "B" (the "Incidental Expenses"); and

WHEREAS, the City Council further intends to approve an estimate of the costs of the Improvements and the Incidental Expenses for each of the Improvement Areas; and

WHEREAS, it is the intention of the City Council to consider financing the Improvements and the Incidental Expenses through the formation of CFD No. 2006-3 and the Improvement Areas and the sale of bonds in an amount not to exceed $8,500,000 for Woodside Improvement Area 1 and $4,000,000 for LeBaron

City Atty: Review _____
Date APR - 4 2007

Improvement Area 2 (the "Obligations") and the levy of a special tax in each Improvement Area to pay for its Improvements and Incidental Expenses and to pay debt service on the Obligations incurred for such Improvement Area, provided that such sales and special tax levies are approved at elections to be held in each of the Improvement Areas; now, therefore,

THE CITY COUNCIL OF THE CITY OF STOCKTON HEREBY FINDS, DETERMINES, RESOLVES, AND ORDERS AS FOLLOWS:

SECTION 1. The above recitals are true and correct.

SECTION 2. A community facilities district is proposed to be established under the terms of the Act to be designated as "City of Stockton Community Facilities District No. 2006-3 (Northbrook)" ("CFD No. 2006-3"). The City Council hereby designates, pursuant to Section 53350 of the Act, an area which shall be known as "Community Facilities District No. 2006-3 Woodside Improvement Area 1" ("Woodside Improvement Area 1") and an area which shall be known as "Community Facilities District No. 2006-3 LeBaron Improvement Area 2" ("LeBaron Improvement Area 2"). It is further proposed that the boundaries of CFD No. 2006-3 shall be the legal boundaries as described in Attachment "A" hereto (which consist of the combined boundaries of the Woodside Improvement Area 1 and LeBaron Improvement Area 2 and which shall, upon recordation of the boundary map for CFD No. 2006-3, include the entirety of any parcel subject to taxation by CFD No. 2006-3) and as depicted on the map of the proposed CFD No. 2006-3 which is on file with the City Clerk. The City Clerk is hereby directed to sign the original map of CFD No. 2006-3 and record it with all proper endorsements thereon with the County Recorder of the County of San Joaquin within 15 days after the adoption of this resolution, all as required by Section 3111 of the Streets and Highways Code of the State of California.

SECTION 3. The Improvements proposed to be provided within CFD No. 2006-3 are public facilities as defined in the Act, and the City is authorized by law to construct, acquire, own and operate the Improvements. The City Council hereby finds and determines that the description of the Improvements herein is sufficiently informative to allow taxpayers within CFD No. 2006-3 and each of the Improvement Areas to understand how the funds of CFD No. 2006-3 may be used to finance the Improvements and the Incidental Expenses expected to be incurred, including the cost of planning and designing the Improvements, the costs of forming CFD No. 2006-3 and the Improvement Areas, issuing Obligations, levying and collecting a special tax within the Improvement Areas and the annual administration costs of CFD No. 2006-3. The City Council hereby finds that the proposed Improvements are necessary to meet increased demands placed upon the City as a result of development occurring in CFD No. 2006-3. All or a portion of the Improvements may be purchased with CFD No. 2006-3 funds as completed public facilities and/or constructed by or on behalf of the City and paid for with CFD No. 2006-3 funds from the applicable Improvement Area. Any portion of the Improvements may be financed through a lease or lease-purchase arrangement if the City hereafter determines that such arrangement is of benefit to the City.

SECTION 4. Except where funds are otherwise available, it is the intention of the City Council to levy annually in accordance with the procedures contained in the Act a special tax, secured by a continuing lien against all non-exempt real property in the Improvement Areas, sufficient to pay for: (i) the Improvements and Incidental Expenses attributable to the respective Improvement Areas and (ii) the principal and interest and other periodic costs on Obligations issued to finance the Improvements and Incidental Expenses, including the establishment and replenishment of any reserve funds deemed necessary by the City, and any remarketing, credit enhancement and liquidity facility fees (including such fees for instruments which serve as the basis of a reserve fund in lieu of cash) attributable to the respective Improvement Areas. The rate and method of apportionment and manner of collection of the special tax in each Improvement Area is described in detail in Attachment "C" attached hereto (which attachment is incorporated herein by this reference). Attachment "C" allows each landowner within each Improvement Area to estimate the maximum amount that may be levied against each parcel. In the first year in which such special tax is levied, the levy shall include an amount sufficient to repay to the City all amounts, if any, transferred to CFD No. 2006-3 pursuant to Section 53314 of the Act and interest thereon.

If special taxes of CFD No. 2006-3 are levied against any parcel used for private residential purposes, (i) the maximum special tax rate shall not be increased over time except that it may be increased by an amount not to exceed two percent per year to the extent permitted in the rate and method, (ii) such tax shall not be levied later than the 2041-42 Fiscal Year and (iii) under no circumstances will such special tax in an Improvement Area be increased as a consequence of delinquency or default by the owner of any other parcel or parcels within such Improvement Area by more than ten percent.

The special tax is based on the expected demand that each parcel of real property within the Improvement Areas will place on the Improvements and on the benefit that each parcel derives from the services to be provided by the Improvements. The City Council hereby determines the rates and methods of apportionment of the special tax set forth in Attachment "C" to be reasonable. The special tax is apportioned to each parcel on the foregoing basis pursuant to Section 53325.3 of the Act; and such special tax is not on or based upon the value or ownership of real property. In the event that a portion of the property within an Improvement Area shall become for any reason exempt, wholly or partially, from the levy of the special tax specified in Attachment "C," the City Council shall, on behalf of such Improvement Area, cause the levy to be increased, subject to the limitation of the maximum special tax for a parcel as set forth in Attachment "C," to the extent necessary upon the remaining property within such Improvement Area which is not exempt in order to yield the special tax revenues required for the purposes described in this Section. The obligation to pay special taxes may be prepaid as provided in the rate and method of apportionment set forth in Attachment "C," as such rate and method may be amended hereafter.

SECTION 5. Combined public hearings (the "Hearing") on the establishment of CFD No. 2006-3 and the Improvement Areas, the proposed rates and methods of apportionment of the special tax and the proposed issuance of Obligations to finance

the Improvements and the Incidental Expenses shall be held at 5:30 p.m., or as soon thereafter as practicable, on May 15, 2007, at the Council Chambers located at City Hall, 425 North El Dorado Street, Stockton, California. Should the City Council determine to form CFD No. 2006-3, special elections will be held for each of the Improvement Areas to authorize the issuance of the Obligations and the levy of the special tax for the respective Improvement Area in accordance with the procedures contained in Government Code Section 53326. If such elections are held, the proposed voting procedure at the elections will be a landowner vote with each landowner who is the owner of record of land within the applicable Improvement Area at the close of the Hearing, or the authorized representative thereof, having one vote for each acre or portion thereof owned within such Improvement Area. Ballots for the special election may be distributed by mail or by personal service.

SECTION 6. At the time and place set forth above for the Hearing, the City Council will receive testimony as to whether CFD No. 2006-3 and each Improvement Area shall be established and as to the rates and methods of apportionment of the special tax and shall consider:

(a) if an *ad valorem* property tax is currently being levied on property within proposed CFD No. 2006-3 for the exclusive purpose of paying principal of or interest on bonds, lease payments or other indebtedness incurred to finance construction of capital facilities; and

(b) if the capital facilities to be financed and constructed by CFD No. 2006-3 will provide the same services as were provided by the capital facilities mentioned in subsection (a); and

(c) if the City Council makes the findings specified in subsections (a) and (b) above, it will consider appropriate action to determine that the total annual amount of *ad valorem* property tax revenue due from parcels within CFD No. 2006-3, for purposes of paying principal and interest on the debt identified in subsection (a) above, shall not be increased after the date on which CFD No. 2006-3 is created, or after a later date determined by the City Council with the concurrence of the legislative body which levied the property tax in question.

SECTION 7. At the time and place set forth above for the Hearing, any interested person, including all persons owning lands or registered to vote within either of the Improvement Areas, may appear and be heard.

SECTION 8. Each City officer who is or will be responsible for providing the Improvements within proposed CFD No. 2006-3, if it is established, is hereby directed to study proposed CFD No. 2006-3 and each of the Improvement Areas and, at or before the time of the Hearing, file a report with the City Council containing a brief description of the public improvements by type which will in his or her opinion be required to meet adequately the needs of CFD No. 2006-3 and each of the Improvement Areas and an estimate of the cost of providing those public improvements, including the cost of

environmental evaluations of such improvements and an estimate of the fair and reasonable cost of any Incidental Expenses to be incurred.

SECTION 9. The City may accept advances of funds or work-in-kind from any source, including, but not limited to, private persons or private entities, for any authorized purpose, including, but not limited to, paying any cost incurred by the City in creating CFD No. 2006-3 and the Improvement Areas. The City may enter into an agreement with the person or entity advancing the funds or work-in-kind, to repay all or a portion of the funds advanced, or to reimburse the person or entity for the value, or cost, whichever is less, of the work-in-kind, as determined by the City Council, with or without interest.

SECTION 10. The City Clerk is hereby directed to publish a notice (the "Notice") of the Hearing pursuant to Section 6061 of the Government Code in a newspaper of general circulation published in the area of proposed CFD No. 2006-3. The City Clerk is further directed to mail a copy of the Notice to each of the owners of land within the boundaries of CFD No. 2006-3 at least 15 days prior to the Hearing. The Notice shall contain the text or a summary of this Resolution, the time and place of the Hearing, a statement that the testimony of all interested persons or taxpayers will be heard, a description of the protest rights of the registered voters and owners of land in CFD No. 2006-3 and a description of the proposed voting procedure for the election required by the Act. Such publication shall be completed at least seven (7) days prior to the date of the Hearing.

SECTION 11. The reasonably expected maximum principal amount of the Obligations is $12,500,000 of which $8,500,000 is the reasonably expected maximum principal amount of the Obligations for Woodside Improvement Area 1 and $4,000,000 is the reasonably expected maximum principal amount of the Obligations for LeBaron Improvement Area 2.

SECTION 12. Except to the extent limited in any resolution or trust indenture related to the issuance of Obligations, the City Council hereby reserves to itself all rights and powers set forth in Section 53344.1 of the Act (relating to tenders in full or partial payment).

SECTION 13. This Resolution shall be effective upon its adoption.

ADOPTED, SIGNED AND APPROVED _____.

ATTEST:

_____
EDWARD J. CHAVEZ, Mayor
of the City of Stockton

_____
KATHERINE GONG MEISSNER
City Clerk of the City of Stockton

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ATTACHMENT A

COMMUNITY FACILITIES DISTRICT NO. 2006-3 (NORTHBROOK) AND WOODSIDE IMPROVEMENT AREA 1 AND LEBARON IMPROVEMENT AREA 2

LEGAL DESCRIPTIONS

DESCRIPTION OF WOODSIDE IMPROVEMENT AREA 1 (APN:084-030-03 and Lot "I" of Tract No. 3486)

The land situated in the City of Stockton described as follows:

PARCEL ONE:

A tract of land situated in the City of Stockton, California, in the Northeast quarter of Section 4, Township 2 North, Range 6 East, Mount Diablo Base and Meridian, and more particularly described as follows, to-wit;

COMMENCING at a steel axle at the intersection of the South line of the Northeast quarter of said Section 4, with the Northwesterly line of the lower Sacramento Road, said intersection bearing North 89° 49' West 317.9 feet from an iron pipe at the Southeast corner of the Northeast quarter of said section 4, thence along the Northwesterly line of the lower Sacramento Road, North 40° 58' East 381.8 feet to an Iron pipe which is 50 feet West of the East line Of Section 4; thence North 3° 24' 30" West, parallel to the East line of said Section 4, a distance of 847.5 feet to a stake; thence North 86° 35' East 26 feet to a stake; thence North 3° 24' 30" West 47.5 feet to a stake; thence North 38° 44' West 28.1 feet; thence North 3° 24' 30" West 231.8 feet to a steel axle; thence North 88° 44' West 2434.5 feet to a steel axle in the Easterly line of the light of way of the Western Pacific Railroad; thence along said line of right of way, South 23° 53' East 1599.2 feet to a steel axle in the South line of the Northeast quarter of said Section 4; thence along the South line of the Northeast quarter of said Section 4, South 89° 45' East 1603.0 feet to the point of beginning.

EXCEPT THEREFROM that portion described in deed to County of San Joaquin recorded July 5, 1957 in Book of Official Records, Vol. 1984, Page 171, Instrument no. 24929, San Joaquin County Records.

ALSO EXCEPTING THEREFROM all oil, gas, casing-head gas, other hydrocarbons and hydrocarbon substances, associated substances, sulphur, nitrogen, carbon dioxide, helium, chemical gas, asphaltum, minerals and other commercially valuable substances now or hereafter found, situated or located in all or any part or portion of the property herein described lying below a depth of five hundred (500) feet but not excepting therefrom or reserving to the grantor any of the surface rights to or right of surface entry on said property. As reserved in the deed from Beverly J. Wright, et al, recorded July 6, 1990 as Instrument No. 90067165 in the Official Records of San Joaquin County.

PARCEL TWO:

The land situated in the City of Stockton described as Lot "I" of Tract No. 3486, "Destinations, Unit No. 1," as shown in Book 40, Page 84 of Maps and Plats in the Official Records of San Joaquin County.

DESCRIPTION OF
LEBARON IMPROVEMENT AREA 2

(APNs: 084-040-07, 08 and 05)

The land situated in the unincorporated area of the City of Stockton, California described as follows:

PARCEL ONE: .

The fractional portion of the South 80 acres of the Northwest quarter (NW 1/4) of Section Three (3), Township Two (2) North, Range Six (6) East, Mount Diablo Base and Meridian, lying West of the center line of the Lower Sacramento Road and particularly described as follows:

Beginning at a point on the Section Line 287.5 feet North of the quarter section corner common to Sections Three (3) and Four (4), Township Two (2) North, Range Six (6) East, Mount Diablo Base and Meridian, this said point of beginning being also on the center line of the Lower Sacramento Road and run thence North along said Section line 1033-1/2 feet; thence East along fence 533-1/2 feet to the center line of the Lower Sacramento Road, thence Southwesterly along said center line of said Lower Sacramento Road, 1126.05 feet, more or less, to the point of beginning.

EXCEPT THEREFROM any portion lying North of the Northerly line of Lot No. 1, being the South Eight Acres of the fractional Northwest quarter of Section 3, Township 2 North, Range 6 East; Mount Diablo Base and Meridian.

ALSO EXCEPT THEREFROM that portion as described in the Deed to the County of San Joaquin by Deed recorded June 27, 1957, Recorder's Instrument Number 23930.

PARCEL TWO:

The South Twelve and Forty-Six Hundredths (12.46) acres of the fractional Northwest quarter (NW 1/4) of the Northwest quarter (NW 1/4) of Section Three (3), Township Two (2) North, Range Six (6) East, Mount Diablo• Base and Meridian, lying West of Woodbridge Road.

ATTACHMENT B

IMPROVEMENT AND INCIDENTAL EXPENSES

The proposed Improvements for Woodside Improvement Area 1 include:

The acquisition of water, street, storm drain, sewer and park improvements, both onsite and offsite, and all appurtenances and appurtenant work in connection with the foregoing including the cost of engineering, planning, designing, materials testing, coordination, construction staking, construction management and supervision for the Improvements and any other expenses incidental to the construction, acquisition, modification, expansion, and rehabilitation of the Improvements.

The Improvements listed herein are representative of the types of improvements authorized to be financed by CFD No. 2006-3. Detailed scope and limits of specific projects will be determined as appropriate, consistent with the standards of the City. Additions, deletions or modifications of descriptions of the Improvements may be made consistent with the requirements of the City and the Act.

The Incidental Expenses for Woodside Improvement Area 1 to be paid from bond proceeds and/or special taxes include:

A proportionate share of the costs associated with the creation of CFD No. 2006-3 and all costs associated with the formation of Woodside Improvement Area 1, the issuance of the bonds of Woodside Improvement Area 1, the determination of the amount of special taxes to be levied, costs otherwise incurred in order to carry out the authorized purposes of CFD No. 2006-3 for Woodside Improvement Area 1, including legal fees, fees of consultants, engineering, planning, designing and the annual administration costs.

The proposed Improvements for LeBaron Improvement Area 2 include:

The acquisition of water, street, storm drain, sewer and park improvements, both onsite and offsite, and all appurtenances and appurtenant work in connection with the foregoing including the cost of engineering, planning, designing, materials testing, coordination, construction staking, construction management and supervision for the Improvements and any other expenses incidental to the construction, acquisition, modification, expansion, and rehabilitation of the Improvements.

The Improvements listed herein are representative of the types of improvements authorized to be financed by CFD No. 2006-3. Detailed scope and limits of specific projects will be determined as appropriate, consistent with the standards of the City. Additions, deletions or modifications of descriptions of the Improvements may be made consistent with the requirements of the City and the Act.

The Incidental Expenses for LeBaron Improvement Area 2 to be paid from bond proceeds and/or special taxes include:

A proportionate share of the costs associated with the creation of CFD No. 2006-3 and all costs associated with the formation of LeBaron Improvement Area 2, the issuance of the bonds of LeBaron Improvement Area 2, the determination of the amount of special taxes to be levied, costs otherwise incurred in order to carry out the authorized purposes of CFD No. 2006-3 for LeBaron Improvement Area 2, including legal fees, fees of consultants, engineering, planning, designing and the annual administration costs.

ATTACHMENT C

RATE AND METHOD OF APPORTIONMENT OF SPECIAL TAX FOR CITY OF STOCKTON COMMUNITY FACILITIES DISTRICT NO. 2006-3 (NORTHBROOK) WITHIN WOODSIDE IMPROVEMENT AREA 1 AND LEBARON IMPROVEMENT AREA 2

City of Stockton
San Joaquin County, California
Community Facilities District No. 2006–3
(Northbrook—Woodside Improvement Area 1)

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, applicable to the land in Community Facilities District No. 2006–3 (Northbrook – Woodside Improvement Area 1) of the City of Stockton, shall be levied and collected according to the tax liability determined by the City 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 consists of Sections 53311 and following of the California Government Code.

"**Administrative Expenses**" means the actual or reasonably estimated costs related to administration of the CFD, including these:

- Costs of computing Special Taxes and preparing annual Special Tax collection schedules (whether by the City or any designee thereof or both);
- Costs of collecting the Special Taxes (whether by the County, the City, or otherwise);
- Costs of remitting the Special Taxes to the Trustee;
- Costs of the Trustee (including its legal counsel) in the discharge of duties required of it under the Bond Indenture;
- Costs to the City, the CFD, or any designee thereof of complying with arbitrage rebate requirements;
- Costs to the City, the CFD, or any designee thereof of complying with City, the CFD, or obligated persons' disclosure requirements;
- Costs associated with preparing Special Tax disclosure statements;
- Costs incurred in responding to public inquiries regarding the Special Taxes;

- Costs to the City, the CFD, or any designee thereof related to any appeal of the Special Tax;
- Costs associated with the release of funds from an escrow account, if any; and
- Amounts estimated to be advanced or advanced by the City 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 City Director of Administrative Services or his or her designee.

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

a. Debt Service to be paid from Special Taxes collected during such Fiscal Year;

b. Administrative Expenses for such Fiscal Year;

c. Any amounts needed to replenish any Bond Reserve Fund for the Bonds to the level required under the Bond Indenture;

d. An amount equal to Special Tax delinquencies anticipated for the current Fiscal Year;

e. Less any credit from interest earnings on the Bond Reserve Fund or any other revenues accrued to the CFD as approved by the City; and

f. Pay-as-you-go expenditures for Authorized Facilities to be constructed or acquired by the CFD.

"**Anticipated Construction Proceeds**" means that amount that is anticipated to be available from Bonds for acquiring or constructing Authorized Facilities.

"**Assessor's Parcel Number**" means the parcel or parcel number as recorded by the County Assessor on the equalized tax roll.

"**Authorized Facilities**" means those facilities to be financed as identified in the resolution forming the CFD.

"**Base Year**" means Fiscal Year beginning July 1, 2007 and ending June 30, 2008.

"**Benefit Share**" means the Maximum Annual Special Tax for a Parcel divided by the Maximum Annual Special Tax Revenue.

"**Bond(s)**" means bond(s) issued or other indebtedness incurred by the City for the CFD under the Act.

"**Bond Indenture**" means the indenture, resolution, fiscal agent agreement, or other financing document pursuant to which any bonds are issued.

"**Bond Reserve Fund**" means the Debt Service reserve fund established pursuant to the Bond Indenture".

"**Bond Share**" means the share of Bonds assigned to a Parcel as specified in **Section 7** of this Rate and Method of Apportionment of Special Tax.

"**CFD**" means the City of Stockton Community Facilities District No. 2006–3 (Northbrook – Woodside Improvement Area 1), San Joaquin County, California. CFD does not include Community Facilities District No. 2006-3 (Northbrook – LeBaron Improvement Area 2).

"**City**" means the City of Stockton, California.

"**Council**" means the City Council of the City acting for the CFD under the Act.

"**County**" means San Joaquin County.

"**Debt Service**" means the total amount of principal, interest, and any scheduled sinking fund payments of the Bonds.

"**Developed Parcel**" means a Taxable Parcel in one of the following parcel categories that has received from the City the applicable development approval for that parcel category as follows:

Parcel Category	*Development Approval*
Single-Family Residential Parcel	- Building Permit
Other Land Use Parcel	- Building Permit

"**Final Map Parcel**" means a Taxable Parcel for which a building permit could be issued.

"**Final Small Lot Subdivision Map**" means a subdivision map creating Final Map Parcels.

"**Fiscal Year**" means the period starting July 1 of any calendar year through June 30 of the following calendar year.

"**Large Lot Parcel**" means any Parcel delineated on a Large Lot Subdivision Map.

"**Large Lot Subdivision Map**" means a recorded subdivision map delineating Parcels that are not Final Map Parcels.

"**Maximum Annual CFD Revenue**" means the greatest amount of revenue that can be collected in a Fiscal Year by levying the Special Tax against a group of Taxable Parcels in the CFD, such as Developed Parcels.

"**Maximum Annual Special Tax**" means the greatest amount of Special Tax that can be levied against a Taxable Parcel in any Fiscal Year. **Attachment 1** shows the Maximum Annual Special Tax for Original Parcels.

"**Maximum Annual Special Tax per Planned Unit**" means the greatest amount of Special Tax that can be levied against a Single-Family Residential Parcel in any Fiscal Year. Attachment 1 shows the Maximum Annual Special Tax per Planned Unit for the Original Parcel. Each time a parcel is subdivided, a Maximum Annual Special Tax per Planned Unit will be assigned to the Taxable Parcels based on methods defined in **Section 5**.

"**Maximum Annual Special Tax Revenue**" means the greatest amount of revenue that can be collected in a Fiscal Year by levying the Special Tax against all Taxable Parcels in the CFD.

"**Original Parcel**" means a Parcel as identified by the Assessor's Parcel Number on Attachment 1. Original Parcels are assigned Planned Units in **Attachment 1** based on Tentative Maps approved by the

City at the time of the formation of the CFD, or upon Tentative Maps that have been proposed for approval by the City.

"**Other Land Use Parcel**" means a Developed Parcel with a land use other than single-family residential. Although the CFD is intended to include only single-family residential development, rezoning may allow other uses. Multifamily residential, retail, office, mixed use, and industrial property would be taxable as an Other Land Use Parcel.

"**Outstanding Bonds**" means the total principal amount of Bonds that have been issued and not fully repaid or legally defeased.

"**Parcel**" means any Assessor's Parcel Number in the CFD based on the equalized tax rolls of the County for the current Fiscal Year.

"**Partial Prepayment**" means a prepayment of a portion of a Parcel's Special Tax Obligation as set forth in **Section 7.**

"**Partial Prepayment Factor**" means a factor by which the Maximum Annual Special Tax for a Partial Prepayment Parcel is multiplied to calculate an adjusted Maximum Annual Special Tax for such Parcel. Each Partial Prepayment Factor shall be calculated according to the steps described under **Section 7**.

"**Pay-As-You-Go Expenditure**" means the use of annual Special Tax revenues that are not needed for Annual Costs that are included in clauses (a) through (e) of the definition of Annual Costs for Authorized Facilities to be constructed or acquired by the CFD.

"**Planned Units**" means the number of single-family residential parcels assigned to the Original Parcel shown in **Attachment 1**.

"**Prepayment**" means the partial or complete satisfaction of the Special Tax Obligation.

"**Public Parcel**" means any Parcel that is (a) publicly owned, and (b) is normally exempt from the levy of general *ad valorem* property taxes under California law, including public streets, schools, parks, public drainage ways, public landscaping, greenbelts, and public open space.

"**Reserve Fund**" means the total amount held in the Bond Reserve Fund.

"**Reserve Fund Requirement**" means the amount required by the Bond Indenture to be held in the Bond Reserve Fund.

"**Reserve Fund Share**" means the amount on deposit in the Bond Reserve Fund, but in any event not to exceed the Reserve Fund Requirement, multiplied by the Benefit Share for a given Taxable Parcel.

"**Single-Family Residential Parcel**" means a Taxable Parcel created by a Final Small Lot Subdivision Map for which a building permit has been issued for a single-family residence.

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

"**Special Tax Obligation**" means the total obligation of a Taxable Parcel to pay Special Taxes for the remaining life of the CFD.

"**Subdivision**" or "**Subdivided**" means a division of a Parcel into two or more Parcels through the Subdivision Map Act process.

"**Successor Parcel**" means a Parcel created by Subdivision, lot line adjustment, or parcel map from an Original or Successor Parcel. A Successor Parcel is classified as a Large Lot Parcel, Final Map Parcel, or Developed Parcel.

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

"**Tax Escalation Factor**" means a factor of 2% that will be applied annually to the Maximum Annual Special Tax for a Taxable Parcel beginning the Fiscal Year following the Base Year.

"**Taxable Acres**" means the developable acres of an Other Use Parcel, as determined by the Administrator.

"**Taxable Parcel**" means any Parcel that is not a Tax-Exempt Parcel.

"**Tax-Exempt Parcel**" means a Parcel not subject to the Special Tax. Tax-Exempt Parcels include (a) a Parcel that was a Public Parcel at the formation of the CFD or a Public Parcel created through the Subdivision process, (b) any Parcel that has prepaid its Special Taxes under **Section 7**, or (c) any Parcel that is exempt from the Special Tax under the Act.

"**Tentative Map**" means a tentative subdivision map as defined by the Subdivision Map Act.

"**Trustee**" means the trustee or fiscal agent designated as such in the Bond Indenture.

3. Determination of Parcels Subject to Special Tax

The Administrator shall prepare a list of Parcels subject to the Special Tax using the records of the County Assessor as of January 1 preceding the current Fiscal Year. The Administrator shall identify the Parcels that are subject to the Special Tax from a list of all Parcels in the CFD using the procedure described below:

a. Exclude all Tax-Exempt Parcels.

b. The remaining Parcels are Taxable Parcels that shall be subject to the Special Tax according to the method detailed in **Section 5**.

4. Termination of the Special Tax

The Special Tax will be levied and collected from all Taxable Parcels for as long as needed to pay the Annual Costs; however, in no case shall the Special Tax be levied beyond Fiscal Year 2041–2042.

When Special Tax revenues are no longer needed to pay Annual Costs, the Special Tax shall cease to be levied. The Administrator shall direct the County Recorder 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, in addition, shall 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

Each Fiscal Year after forming the CFD, the Administrator shall cause these to occur:

A. Classification of Parcels. Using the Definitions in **Section 2**, the Parcel records of the County Assessor's Secured Tax Roll for the Fiscal Year for which Special Taxes will be assigned, and the building permit and final map record of the City and County up to June 1 preceding the current Fiscal Year, the Administrator shall cause these to occur:

i. Each Parcel will be classified as a Tax-Exempt Parcel or as a Taxable Parcel;

ii. Each Taxable Parcel will be classified as an Original Parcel or Successor Parcel;

iii. Each Original Parcel or Successor Parcel then will be classified as a Developed Parcel, Final Map Parcel, or Large Lot Parcel; and

iv. Each Developed Parcel will be classified as a Single-Family Residential Parcel or Other Use Parcel.

B. Assignment of Maximum Annual Special Tax to Original Parcels. The Maximum Annual Special Tax for each Original Parcel is shown on **Attachment 1**, as increased by the Tax Escalation Factor. Planned Units assigned to Original Parcels in **Attachment 1** are based on Tentative Maps. As Original Parcels are Subdivided, the Planned Units will be assigned to Successor Parcels based on the number of Planned Units for each Large Lot Parcel that is designated for single-family residential land uses.

C. Assignment of Maximum Annual Special Tax to Successor Parcels. As the Original Parcel shown in **Attachment 1** or Successor Parcels are Subdivided into Final Map Parcels and Large Lot Parcels, the Administrator shall assign Planned Units to taxable Successor Parcels using the following steps.

1. Subdivision Creating Large Lot Parcels. If the Subdivision of an Original Parcel or Successor Parcel creates one or more Large Lot Parcels, the Administrator will assign the Maximum Annual Special Tax to such Parcels using the following steps.

   a. Determine the number of Planned Units assigned to the Original Parcel or Successor Parcel(s) being Subdivided.

   b. Assign the Planned Units from *Step a* to the Large Lot Parcel(s) using the Tentative Map and other records of the City. All Planned Units from *Step a* must be assigned to Large Lot Parcels.

   c. Multiply the number of Planned Units assigned to Large Lot Parcel(s) in *Step b* times the Maximum Annual Special Tax per Planned Unit (as increased by the Tax Escalation Factor) shown in **Attachment 1**. This result is the Maximum Annual Special Tax for the Large Lot Parcel(s).

2. Subdivision Creating Final Map Parcels and Large Lot Parcel(s). If the Subdivision of an Original Parcel or Successor Parcel creates Final Map Parcels and one or more Large Lot Parcels, the Administrator will assign the Maximum Annual Special Tax to such Parcels using the following steps.

a. Determine the total number of Planned Units assigned to the Original Parcel or Successor Parcel(s) that is to be Subdivided to create Final Map Parcels and Large Lot Parcel(s).

b. Using the Tentative Map or other records of the City determine the number of Planned Units that were originally assigned to the Large Lot Parcel which has been Subdivided into Final Map Parcels.

c. Determine the number of Final Map Parcels created by the Final Small Lot Subdivision Map.

i. If the number of Final Map Parcels is equal to or greater than the number of Planned Units determined in *Step b*, assign the Maximum Annual Special Tax per Planned Unit (as increased by the Tax Escalation Factor) shown in **Attachment 1** to each Final Map Parcel.

ii. If the number of Final Map Parcels is less than the number of Planned Units determined in *Step b*, proportionally increase the Maximum Annual Special Tax per Planned Unit shown in **Attachment 1** for each Final Map Parcel until the Maximum Annual Special Tax Revenue from all Final Map Parcels is equal to the Maximum Annual Special Tax (as increased by the Tax Escalation Factor) assigned to the Large Lot Parcel that was Subdivided.

d. Assign the remaining Planned Units to Large Lot Parcel(s) using the Tentative Map or other records of the City.

e. Multiply the number of Planned Units assigned to Large Lot Parcel(s) in *Step d* times the Maximum Annual Special Tax per Planned Unit (as increased by the Tax Escalation Factor) shown in **Attachment 1**. This result is the Maximum Annual Special Tax for each Large Lot Parcel(s).

3. Subdivision Creating Final Map Parcels. If the Subdivision of an Original Parcel or Successor Parcel creates Final Map Parcels, the Administrator will assign the Maximum Annual Special Tax to such Parcels using the following steps.

a. Determine the number of Planned Units assigned to the Original Parcels or Successor Parcel(s) being Subdivided into Final Map Parcels.

b. Determine the number of Final Map Parcels created by the Final Small Lot Subdivision Map.

i. If the number of Final Map Parcels in *Step b* is equal to or greater than the number of Planned Units is *Step a*, assign the Maximum Annual Special Tax per Planned Unit (as increased by the Tax Escalation Factor) shown in **Attachment 1** to each Final Map Parcel.

ii. If the number of Final Map Parcels in *Step b* is less than the Planned Units in *Step a*, proportionally increase the Maximum Annual Special Tax per Planned Unit shown in **Attachment 1** for each Final Map Parcel until the Maximum Annual Special Tax Revenue from all Final Map Parcels is equal to the Maximum Annual Special Tax (as increased by the Tax Escalation Factor) assigned to the Large Lot Parcel that was Subdivided.

4. Subdivision Creating Developed Parcels – Other Use Parcels. If the Subdivision of an Original Parcel or Successor Parcel creates Developed Parcels that are Other Use Parcels, the Administrator will assign the Maximum Annual Special Tax to such Parcels using the following steps.

a. If the Successor Parcel is not being Subdivided, the Maximum Annual Special Tax for the Developed Parcel that is an Other Use Parcel is equal to the Maximum Annual Special Tax previously assigned to the Successor Parcel, as increased by the Tax Escalation Factor.

b. If the Successor Parcel is being Subdivided and one or more of the new Successor Parcels are to be designated as Developed Parcels that are Other Use Parcels, use the following steps to determine the Maximum Annual Special Tax for each Successor Parcel.

i. Determine the Maximum Annual Special Tax (as increased by the Tax Escalation Factor) for the Successor Parcel that is being Subdivided.

ii. Determine the Taxable Acres of the Successor Parcel that is being Subdivided.

iii. Determine the Taxable Acres for each Successor Parcel that is a Developed Parcel designated as an Other Use Parcel.

iv. Divide the Taxable Acres for each Successor Parcel in *Step iii* by the Taxable Acres in *Step ii*.

v. Multiply the factor for each Successor Parcel in *Step iv* times the Maximum Annual Special Tax determined in *Step i* to derive the Maximum Annual Special Tax for each Successor Parcel that is a Developed Parcel designated as an Other Use Parcel.

D. Assignment of Maximum Annual Special Tax Partial Prepayment Parcel. The Maximum Annual Special Tax for a Partial Prepayment Parcel is assigned by multiplying the Maximum Annual Special Tax per Planned Unit from **Attachment 1**, or as otherwise calculated for a Taxable Parcel, by the Partial Prepayment Factor for the Parcel.

E. Conversion of a Tax-Exempt Parcel to a Taxable Parcel. If a Parcel designated as a Tax-Exempt Parcel is converted to a taxable land use, it shall become subject to the Special Tax. The Maximum Annual Special Tax for each such Parcel shall be assigned by the Administrator using the appropriate Parcel classification.

1. For Single-Family Residential Parcels, the Maximum Annual Special Tax per Planned Unit is assigned to Taxable Parcels using **Attachment 1**.

2. For Large Lot Parcels with a land use designation for single-family residential, the Administrator will assign Planned Units to the Large Lot Parcel based on the single-family residential development potential of the parcel, and then will multiply the number of Planned Units by the Maximum Annual Special Tax per Planned Unit, as shown in **Attachment 1** and increased by the Tax Escalation Factor, to derive the Maximum Annual Special Tax for the Large Lot Parcel.

F. Taxable Parcel Acquired by a Public Agency. Taxable Parcels that are 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. An exception to this may be made if a Public Parcel, such as a school site, is relocated to a Taxable Parcel, in which case the previously Tax-Exempt Parcel of comparable acreage becomes a Taxable Parcel and the Maximum Annual Special Tax from the previously Taxable Parcel is transferred to the new Taxable Parcel. This trading of the Maximum Annual Special Tax amongst Parcels will be permitted to the extent that there is no net loss in Maximum Annual Special Tax Revenue.

G. Reapportioning the Maximum Annual Special Tax per Planned Unit. If the Subdivision of Original Parcels and Successor Parcels results in Maximum Annual Special Tax per Planned Unit that varies between Final Map Parcels within Subdivided Large Lot Parcels, the Maximum Annual Special Tax per Planned Unit may be reapportioned amongst Taxable Parcels that are not Developed Parcels. This reapportionment can only be done with the consent of the Administrator and owners of Taxable Parcels subject to the reapportionment. Such reapportionment shall be done only to create a Maximum Annual Special Tax per Planned Unit that is equal for all Final Map Parcels included in the reapportionment.

6. Calculating the Annual Special Tax Levy

The Administrator shall levy Special Taxes in each Fiscal Year using the following procedures:

a. Compute the Annual Cost for the Fiscal Year using the definitions in **Section 2**.

b. Calculate the Special Tax for each parcel as follows:

Step 1: Compute 100 percent of the Maximum Annual CFD Revenue for all Developed Parcels.

Step 2: Compare the Annual Costs with the Maximum Annual CFD Revenue calculated in the previous step.

Step 3: If the Annual Costs are less than the Maximum Annual CFD Revenue, proportionately decrease the Special Tax levy for each Developed Parcel until the Special Tax Revenue equals the Annual Cost.

Step 4: If the Annual Costs are greater than the Maximum Annual CFD Revenue from Developed Parcels, levy a Special Tax proportionally on each Final Map Parcel to an amount equal to the amount of Annual Costs or until

100 percent of the Maximum Annual Special Tax is reached for such Final Map Parcels.

Step 5: If the Annual Costs are greater than the Maximum Annual CFD Revenue from Developed Parcels and Final Map Parcels, levy a Special Tax proportionately on each Large Lot Parcel to an amount equal to the amount of Annual Costs or until 100 percent of the Maximum Annual Special Tax is reached for such Large Lot Parcels.

c. Prepare the Tax Collection Schedule listing the Special Tax levy for each Assessor's Parcel Number and send it to the County Auditor requesting that it be placed on the general, secured property tax roll for the following Fiscal Year.

The Administrator shall make every effort to correctly calculate the Special Tax levy. 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.

The Administrator shall maintain a record showing the calculation of the assigned Maximum Annual Special Tax to each Taxable Parcel and a brief description of the process of assigning the Special Tax each time a Taxable Parcel is Subdivided.

7. Prepayment of Special Tax Obligation

Landowners may permanently satisfy the Special Tax Obligation for a Parcel by a cash settlement with the City as permitted under Government Code Section 53344. By exercising the right to Prepayment, a landowner can eliminate the future annual Special Tax Obligation for a Parcel.

Prepayment is permitted only under the following conditions:

- The Administrator determines that Prepayment does not jeopardize the ability to make timely payments of Debt Service on Outstanding Bonds or repayment of the Bonds.
- Any landowner who wishes to exercise the right to Prepayment for a Parcel must pay any and all delinquent Special Taxes and penalties for the prepaying Parcel.
- If Special Taxes have already been levied, but not collected, at the time the Prepayment is calculated, the owner of the Parcel(s) must pay the Special Taxes included on the property tax bill in addition to the Prepayment amount.

Calculate the Prepayment amount for a Parcel as follows:

Part A: Full Prepayment of Special Tax Obligation before the Sale of Bonds

The Prepayment amount before Bond sale is equal to the amount of the Anticipated Construction Proceeds for the Parcel, plus any Administrative Expenses incurred in establishing the CFD and in calculating the Prepayment amount. The amount of the Anticipated Construction Proceeds shall be reduced for any Pay-As-You-Go Expenditures that will be used to finance the principal amount of the Anticipated Construction Proceeds if Special Taxes have already been levied for Pay-As-You-Go Expenditures up to and including the current Fiscal Year of the Prepayment.

The Prepayment amount shall be established by following the steps below:

Step A.1 Determine the Maximum Annual Special Tax for the prepaying Parcel by following the procedures in **Section 5**.

Step A.2 Divide the Maximum Annual Special Tax from *Step A.1* by the Maximum Annual Special Tax Revenue to derive the Benefit Share.

Step A.3 Determine the Anticipated Construction Proceeds for the Parcel by multiplying the Benefit Share from *Step A.2* by the Anticipated Construction Proceeds.

Step A.4 Determine the Prepayment amount by adding to the Anticipated Construction Proceeds for the prepaying parcel calculated in *Step A.3* any fees and expenses incurred by the City in connection with the Prepayment calculation. If Special Taxes have already been levied, but not collected, at the time the Prepayment is calculated, the owner of the Parcel must pay the Special Taxes included on the property tax bill in addition to the Prepayment amount.

Part B: Full Prepayment of Special Tax Obligation after Sale of Bonds

The Prepayment amount shall be established by following the steps below:

Step B.1 Determine the Maximum Annual Special Tax for the prepaying Parcel by following the procedures in **Section 5**.

Step B.2 Divide the Maximum Annual Special Tax from *Step B.1* by the Maximum Annual Special Tax Revenue to derive the Benefit Share.

Step B.3 Determine the Bond Share for the Parcel by multiplying the Benefit Share from *Step B.2* by the Outstanding Bonds. For the purpose of the calculation, reduce the Outstanding Bond balance by the amount of the principal payment for which Special Taxes have been levied but not collected.

Step B.4 Determine the Reserve Fund Share associated with the Bond Share determined in *Step B.3* and reduce the Bond Share by the amount of the Reserve Fund Share. The Reserve Fund Share is equal to the Reserve Fund Requirement on all Outstanding Bonds or the actual reserve fund, whichever is less, multiplied by the Benefit Share.

Step B.5 Determine the Prepayment amount by adding to the revised Bond Share amount calculated in *Step B.4* any fees, call premiums, and expenses incurred by the City in connection with the Prepayment calculation or the application of the proceeds of the Prepayment to the call of Bonds. If Special Taxes have already been levied, but not collected, at the time the Prepayment is calculated, the owner of the Parcel must pay the Special Taxes included on the property tax bill in addition to the Prepayment amount.

Part C: Partial Prepayment of Special Tax Obligation

If the Prepayment is a Partial Prepayment, then the property owner shall designate an amount which is less than the full Prepayment amount determined above for the Parcel (or group of such Parcels) for

which the Special Tax is to be partially prepaid but which, based on a calculation provided by the Administrator, will provide sufficient funds for a Bond call in a whole-number multiple of $5,000. The Administrator shall determine the Partial Prepayment Factor by the following procedure:

Step C.1 Calculate the full Prepayment amount from *Step A.4* or *B.5* above.

Step C.2 Subtract the amount of the Partial Prepayment from the full Prepayment amount calculated in *Part A* or *B* above.

Step C.3 Subtract any fixed costs of the Prepayment (such as the cost of the Prepayment calculation and other fees that do not vary proportionally with the size of the Prepayment) from the full Prepayment amount in *Step C.1*.

Step C.4 Divide the result of *Step C.2* by the result of *Step C.3* to arrive at the Partial Prepayment Factor. The Partial Prepayment Factor is used to decrease the Maximum Annual Special Tax for the Parcel for which the Special Tax is partially prepaid.

Step C.5 If a Partial Prepayment has been made for this Parcel; multiply the result of *Step C.4* by the previously calculated Partial Prepayment Factor.

8. Appeals and Interpretation Procedure

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

Interpretations may be made by Resolution of the City Council 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. Collection of Annual Special Tax

The Special Tax will be collected in the same manner and at the same time as ad valorem property taxes; provided, however, that the City 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
CFD No. 2006-3 (Northbrook – Woodside Improvement Area 1)
Maximum Annual Special Tax and Rates for Original Parcels
Base Year 2007-2008

Original Parcel	*Planned Units*[1]	*Maximum Annual Special Tax per Unit*[2]	*Maximum Annual Special Tax*
084-030-003	337	$1,200	$404,400

(1) The Tentative Map shows that there are a proposed 337 Planned Units for the Original Parcel. As the Original Parcel is Subdivided there should be no net loss of Maximum Annual Special Tax Revenue as a result of fewer Planned Units developing. In the event a Successor Parcel has fewer Final Map Parcels than Planned Units assigned to such Successor Parcel, the Maximum Annual Special Tax per Planned Unit shall be increased proportionately until the Maximum Annual CFD Revenue from all Final Map Parcels is equal to the Maximum Annual Special Tax for the Successor Parcel being Subdivided.

(2) The Maximum Annual Special Tax per Planned Unit is increased by the Tax Escalation Factor in each Fiscal Year after the Base Year 2007-2008.

City of Stockton
San Joaquin County, California
Community Facilities District No. 2006–3
(Northbrook-LeBaron Improvement Area 2)

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, applicable to the land in Community Facilities District No. 2006–3 (Northbrook – LeBaron Improvement Area 2) of the City of Stockton, shall be levied and collected according to the tax liability determined by the City 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, consisting of Sections 53311 and following of the California Government Code.

"**Administrative Expenses**" means the actual or reasonably estimated costs related to administration of the CFD, including these:

- Costs of computing Special Taxes and preparing annual Special Tax collection schedules (whether by the City or any designee thereof or both);
- Costs of collecting the Special Taxes (whether the County, the City, or otherwise);
- Costs of remitting the Special Taxes to the Trustee;
- Costs of the Trustee (including its legal counsel) in the discharge of duties required of it under the Bond Indenture;
- Costs to the City, the CFD, or any designee thereof of complying with arbitrage rebate requirements;
- Costs to the City, the CFD, or any designee thereof of complying with City, the CFD, or obligated persons' disclosure requirements;
- Costs associated with preparing Special Tax disclosure statements;
- Costs incurred in responding to public inquiries regarding the Special Taxes;
- Costs to the City, the CFD, or any designee thereof related to any appeal of the Special Tax;
- Costs associated with the release of funds from an escrow account, if any; and
- Amounts estimated to be advanced or advanced by the City 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 City Director of Administrative Services or his or her designee.

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

a. Debt Service to be paid from Special Taxes collected during such Fiscal Year;

b. Administrative Expenses for such Fiscal Year;

c. Any amounts needed to replenish any Bond Reserve Fund for the Bonds to the level required under the Bond Indenture;

d. An amount equal to Special Tax delinquencies anticipated for the current Fiscal Year;

e. Less any credit from interest earnings on the Bond Reserve Fund or any other revenues accrued to the CFD as approved by the City; and

f. Pay-as-you-go expenditures for Authorized Facilities to be constructed or acquired by the CFD.

"**Anticipated Construction Proceeds**" means that amount that is anticipated to be available from Bonds for acquiring or constructing Authorized Facilities.

"**Assessor's Parcel Number**" means the parcel or parcel number as recorded by the County Assessor on the equalized tax roll.

"**Authorized Facilities**" means those facilities to be financed as identified in the resolution forming the CFD.

"**Base Year**" means Fiscal Year beginning July 1, 2007 and ending June 30, 2008.

"**Benefit Share**" means the Maximum Annual Special Tax for a Parcel divided by the Maximum Annual Special Tax Revenue.

"**Bond(s)**" means bond(s) issued or other indebtedness incurred by the City for the CFD under the Act.

"**Bond Indenture**" means the indenture, resolution, fiscal agent agreement, or other financing document pursuant to which any bonds are issued.

"**Bond Reserve Fund**" means the Debt Service reserve fund established pursuant to the Bond Indenture".

"**Bond Share**" means the share of Bonds assigned to a Parcel as specified in **Section 7** of this Rate and Method of Apportionment of Special Tax.

"**CFD**" means the City of Stockton Community Facilities District No. 2006–3 (Northbrook – LeBaron Improvement Area 2), San Joaquin County, California. CFD does not include Community Facilities District No. 2006-3 (Northbrook – Woodside Improvement Area 1).

"**City**" means the City of Stockton, California.

"**Council**" means the City Council of the City acting for the CFD under the Act.

"**County**" means San Joaquin County.

"**Debt Service**" means the total amount of principal, interest, and any scheduled sinking fund payments of the Bonds.

"**Developed Parcel**" means a Taxable Parcel in one of the following parcel categories that has received from the City the applicable development approval for that parcel category as follows:

Parcel Category	*Development Approval*
Single-Family Residential Parcel	- Building Permit
Multifamily Parcel	- Building Permit
Other Use Parcel	- Building Permit

"**Final Map Parcel**" means a Taxable Parcel for which a building permit could be issued.

"**Final Small Lot Subdivision Map**" means a subdivision map creating Final Map Parcels.

"**Fiscal Year**" means the period starting July 1 of any calendar year through June 30 of the following calendar year.

"**For Rent Multifamily**" means a Multifamily Parcel with a building permit for multifamily residential uses where individual Multifamily Units are not identified by unique Assessor's Parcel Numbers.

"**For Sale Multifamily**" means a Multifamily Parcel where individual Multifamily Units are created by a Final Small Subdivision Map for condominiums or townhouses.

"**Large Lot Parcel**" means any Parcel delineated on a Large Lot Subdivision Map.

"**Large Lot Subdivision Map**" means a recorded subdivision map delineating Parcels that are not Final Map Parcels.

"**Maximum Annual CFD Revenue**" means the greatest amount of revenue that can be collected in a Fiscal Year by levying the Special Tax against a group of Taxable Parcels in the CFD, such as Developed Parcels.

"**Maximum Annual Special Tax**" means the greatest amount of Special Tax that can be levied against a Taxable Parcel in any Fiscal Year. **Attachment 1** and **Attachment 2** show the Maximum Annual Special Tax for Taxable Parcels.

"**Maximum Annual Special Tax per Planned Unit**" means the greatest amount of Special Tax that can be levied against a Single-Family Residential Parcel in any Fiscal Year. **Attachment 1** shows the Maximum Annual Special Tax per Planned Unit for the Original Parcel. Each time a parcel is subdivided, a Maximum Annual Special Tax per Planned Unit will be assigned to the Taxable Parcels based on methods defined in **Section 5.**

"**Maximum Annual Special Tax Revenue**" means the greatest amount of revenue that can be collected in a Fiscal Year by levying the Special Tax against all Taxable Parcels in the CFD.

"**Multifamily Parcel**" is a Taxable Parcel designated by the City for "for rent" multifamily residential uses, or "for sale" residential condominium or townhouse uses.

"**Multifamily Units**" means the number of multifamily residential units assigned to a Taxable Parcel.

"**Original Parcel**" means a Parcel as identified by the Assessor's Parcel Number on **Attachment 1**. Original Parcels are assigned Planned Units in **Attachment 1** based on Tentative Maps approved by the City at the time of the formation of the CFD, or upon Tentative Maps that have been proposed for approval by the City.

"**Other Land Uses**" means all taxable Developed Parcels with land uses other than residential uses. Although the CFD is intended to include only residential development, rezoning may allow other uses. Retail, office, mixed use, and industrial property would be taxable as Other Land Uses.

"**Outstanding Bonds**" means the total principal amount of Bonds that have been issued and not fully repaid or legally defeased.

"**Parcel**" means any Assessor's Parcel Number in the CFD based on the equalized tax rolls of the County for the current Fiscal Year.

"**Partial Prepayment**" means a prepayment of a portion of a Parcel's Special Tax Obligation as set forth in **Section 7**.

"**Partial Prepayment Factor**" means a factor by which the Maximum Annual Special Tax for a Partial Prepayment Parcel is multiplied to calculate an adjusted Maximum Annual Special Tax for such Parcel. Each Partial Prepayment Factor shall be calculated according to the steps described under **Section 7**.

"**Pay-As-You-Go Expenditure**" means the use of annual Special Tax revenues that are not needed for Annual Costs that are included in clauses (a) through (e) of the definition of Annual Costs for Authorized Facilities to be constructed or acquired by the CFD.

"**Planned Units**" means the number of Single-Family Residential Parcels or Multifamily Units assigned to the Tax Categories shown in **Attachment 2**.

"**Prepayment**" means the partial or compete satisfaction of the Special Tax Obligation.

"**Public Parcel**" means any Parcel that is (a) publicly owned, and (b) is normally exempt from the levy of general *ad valorem* property taxes under California law, including public streets, schools, parks, public drainage ways, public landscaping, greenbelts, and public open space. Any Parcel primarily uses for a cell phone tower is considered a Public Parcel.

"**Reserve Fund**" means the total amount held in the Bond Reserve Fund.

"**Reserve Fund Requirement**" means the amount required by the Bond Indenture to be held in the Bond Reserve Fund.

"**Reserve Fund Share**" means the amount on deposit in the Bond Reserve Fund, but in any event not to exceed the Reserve Fund Requirement, multiplied by the Benefit Share for a given Taxable Parcel.

"**Single-Family Residential Parcel**" means a Taxable Parcel created by a Final Small Lot Subdivision Map for which a building permit has been issued for a single-family residence.

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

"**Special Tax Obligation**" means the total obligation of a Taxable Parcel to pay Special Taxes for the remaining life of the CFD.

"**Subdivision**" or "**Subdivided**" means a division of a Parcel into two or more Parcels through the Subdivision Map Act process.

"**Successor Parcel**" means a Parcel created by Subdivision, lot line adjustment, or parcel map from an Original or Successor Parcel. A Successor Parcel is classified as a Large Lot Parcel, Final Map Parcel, or Developed Parcel.

"**Tax Category**" means the land uses designated in **Attachment 2**. Each Tax Category is further identified in **Map 1**. Each Tax Category is assigned a Maximum Annual Special Tax. This Maximum Annual Special Tax is allocated to Taxable Parcels using **Map 1** and the provisions of **Section 5**.

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

"**Tax Escalation Factor**" means a factor of 2% that will be applied annually to the Maximum Annual Special Tax for a Taxable Parcel beginning the Fiscal Year following the Base Year.

"**Taxable Acres**" means the developable acres of a Taxable Parcel, as determined by the Administrator. Taxable Acres are assigned to each Original Parcel in **Attachment 1** and each Tax Category in **Attachment 2.**

"**Taxable Parcel**" means any Parcel that is not a Tax-Exempt Parcel.

"**Tax-Exempt Parcel**" means a Parcel not subject to the Special Tax. Tax-Exempt Parcels include (a) a Parcel that was a Public Parcel at the formation of the CFD or a Public Parcel created through the Subdivision process, (b) any Parcel that has prepaid its Special Taxes under **Section 7**, or (c) any Parcel that is exempt from the Special Tax under the Act.

"**Tentative Map**" means a tentative subdivision map as defined by the Subdivision Map Act.

"**Undeveloped Parcels**" means Taxable Parcels that are not Developed Parcels, Final Map Parcels, or Large Lot Parcels.

"**Trustee**" means the trustee or fiscal agent designated as such in the Bond Indenture.

3. Determination of Parcels Subject to Special Tax

The Administrator shall prepare a list of Parcels subject to the Special Tax using the records of the County Assessor as of January 1 preceding the current Fiscal Year. The Administrator shall identify the Parcels that are subject to the Special Tax from a list of all Parcels in the CFD using the procedure described below:

a. Exclude all Tax-Exempt Parcels.

b. The remaining Parcels are Taxable Parcels that shall be subject to the Special Tax according to the method detailed in **Section 5**.

4. Termination of the Special Tax

The Special Tax will be levied and collected from all Taxable Parcels for as long as needed to pay the Annual Costs; however, in no case shall the Special Tax be levied beyond Fiscal Year 2041–2042.

When Special Tax revenues are no longer needed to pay Annual Costs, the Special Tax shall cease to be levied. The Administrator shall direct the County Recorder 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, in addition, shall 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

Each Fiscal Year after forming the CFD, the Administrator shall cause these to occur:

A. Classification of Parcels. Using the Definitions in **Section 2**, the Parcel records of the County Assessor's Secured Tax Roll for the Fiscal Year for which Special Taxes will be assigned, and the building permit and final map record of the City and County up to June 1 preceding the current Fiscal Year, the Administrator shall cause these to occur:

i. Each Parcel will be classified as a Tax-Exempt Parcel or as a Taxable Parcel;

ii. Each Parcel, then, will be classified as an Original Parcel or Successor Parcel;

iii. Each Taxable Parcel then will be classified as a Developed Parcel, Final Map Parcel, Large Lot Parcel; or Undeveloped Parcel; and

iv. Each Developed Parcel will be classified as a Single-Family Residential Parcel, Multifamily Parcel, or Other Use Parcel.

B. Assignment of Maximum Annual Special Tax to Original Parcels. The Maximum Annual Special Tax for each Original Parcel is shown on **Attachment 1**, as increased by the Tax Escalation Factor. Planned Units assigned to Original Parcels in **Attachment 1** are based on proposed Tentative Maps. As Original Parcels are Subdivided, the Planned Units will be assigned to Successor Parcels based on the number of Planned Units for each Large Lot Parcel that is designated for single-family or multifamily residential land uses.

C. Assignment of Maximum Annual Special Tax to Successor Parcels. As the Original Parcel shown in **Attachment 1** or Successor Parcels are Subdivided into Final Map Parcels and Large Lot Parcels, the Administrator shall assign Planned Units to taxable Successor Parcels using the following steps.

1. Subdivision of Original Parcel 084-040-05. Original Parcel 084-040-05 (shown in **Attachment 1** and on **Map 1**) is proposed to develop into Single-Family Residential Parcels and a Multifamily Parcel. That portion of Original Parcel 084-040-05 north of Villa Point Drive will be designated as a Multifamily Parcel and is assigned a Maximum Annual Special Tax (in the Base Year) of $112,000 and 140 Planned Units in **Attachment 2**. That portion of Original Parcel 084-040-05 that a lies south of Villa Pointe Drive is assigned a Maximum Annual Special Tax (in the Base Year) of $15,621 ($127,621 from **Attachment 1** minus $112,000). The $15,621 Maximum Annual Special Tax assigned to the Single

Family Residential Parcel portion of Original Parcel 084-040-05 will be added to Successor Parcels created from the remaining Original Parcels (084-040-07 and 084-040-08).

2. Subdivision of Original Parcels 084-040-07 and 084-040-08. Original Parcels 084-040-07, 084-040-08, and the southern most portion of Original Parcel 084-040-05 are assigned 42 Planned Units. Each Planned Unit is assigned a Maximum Annual Special Tax of $1,200 in the Base Year. As Original Parcels 084-040-07 and 084-040-08 are Subdivided, the Administrator will assign Planned Units to Successor Parcels that are Large Lots Parcels. All 42 Planned Units will be assigned to Successor Parcels using **Map 1**.

3. Subdivision Creating Final Map Parcels. If the Subdivision of an Original Parcel or Successor Parcel creates Final Map Parcels, the Administrator will assign the Maximum Annual Special Tax to such Parcels using the following steps.

   a. Determine the number of Planned Units assigned to the Original Parcels or Successor Parcel(s) being Subdivided into Final Map Parcels.

   b. Determine the number of Final Map Parcels created by the Final Small Lot Subdivision Map.

      i. If the number of Final Map Parcels in *Step b* is equal to or greater than the number of Planned Units is *Step a*, assign the Maximum Annual Special Tax per Planned Unit (as increased by the Tax Escalation Factor) shown in **Attachment 1** to each Final Map Parcel.

      ii. If the number of Final Map Parcels in *Step b* is less than the Planned Units in Step a, proportionally increase the Maximum Annual Special Tax per Planned Unit shown in **Attachment 1** for each Final Map Parcel until the Maximum Annual Special Tax Revenue from all Final Map Parcels is equal to the Maximum Annual Special Tax (as increased by the Tax Escalation Factor) assigned to the Large Lot Parcel that was Subdivided.

4. Developed Multifamily Parcels. Multifamily Parcels are considered Developed Parcels when a building permit is issued to build For Rent Multifamily, or For Sale Multifamily. Multifamily Residential Parcels are assigned a Maximum Annual Special Tax of $112,000 (in the Base Year) in **Attachment 2**. As Multifamily Parcels become Developed Parcels, the Maximum Annual Special Tax is assigned to Developed Parcels as follows.

   a. For Rent Multifamily. If a single Taxable Parcel is created for the Tax Category Multifamily Parcels, then the Maximum Annual Special Tax for the Taxable Parcel is that amount shown in **Attachment 2**, as increased by the Tax Escalation Factor. If more than one Taxable Parcel is created for the Tax Category Multifamily Parcels, the Maximum Annual Special Tax for each Taxable Parcel is a *pro rata* share (based on Taxable Acres assigned to each Taxable Parcel) of the Maximum Annual

Special Tax for Multifamily Residential Parcels, as shown in **Attachment 2**, and increased by the Tax Escalation Factor.

b. For Sale Multifamily. If individually-owned condominiums or townhouses are created, the Maximum Annual Special Tax for each For Sale Multifamily Parcel is equal to the Maximum Annual Special Tax for the Multifamily Parcels Tax Category in **Attachment 2**, as increased by the Tax Escalation Factor, divided by the number of Multifamily Units assigned to a Taxable Parcel. Depending on the phasing of a development, or the timing of building permits, all Multifamily Units may not have been assigned an individual Assessor's Parcel Number at the time of this assignment of the Maximum Annual Special Tax. The Administrator will use records of the City and other development records to assign Multifamily Units to all Taxable Parcels.

5. Subdivision Creating Developed Parcels – Other Use Parcels. If the Subdivision of an Original Parcel or Successor Parcel creates Developed Parcels that are Other Use Parcels, the Administrator will assign the Maximum Annual Special Tax to such Parcels using the following steps.

a. If the Successor Parcel is not being Subdivided, the Maximum Annual Special Tax for the Developed Parcel that is an Other Use Parcel is equal to the Maximum Annual Special Tax previously assigned to the Successor Parcel, as increased by the Tax Escalation Factor.

b. If the Successor Parcel is being Subdivided and one or more of the new Successor Parcels are to be designated as Developed Parcels that are Other Use Parcels, use the following steps to determine the Maximum Annual Special Tax for each Successor Parcel.

i. Determine the Maximum Annual Special Tax (as increased by the Tax Escalation Factor) for the Successor Parcel that is being Subdivided.

ii. Determine the Taxable Acres of the Successor Parcel that is being Subdivided.

iii. Determine the Taxable Acres for each Successor Parcel that is a Developed Parcel designated as an Other Use Parcel.

iv. Divide the Taxable Acres for each Successor Parcel in *Step iii* by the Taxable Acres in *Step ii*.

v. Multiply the factor for each Successor Parcel in Step iv times the Maximum Annual Special Tax determined in Step i to derive the Maximum Annual Special Tax for each Successor Parcel that is a Developed Parcel designated as an Other Use Parcel.

D. Assignment of Maximum Annual Special Tax Partial Prepayment Parcel. The Maximum Annual Special Tax for a Partial Prepayment Parcel is assigned by multiplying the

Maximum Annual Special Tax per Planned Unit from **Attachment 2**, or as otherwise calculated for a Taxable Parcel, by the Partial Prepayment Factor for the Parcel.

E. Conversion of a Tax-Exempt Parcel to a Taxable Parcel. If a Parcel designated as a Tax-Exempt Parcel is converted to a taxable land use, it shall become subject to the Special Tax. The Maximum Annual Special Tax for each such Parcel shall be assigned by the Administrator using the appropriate Parcel classification.

1. For Single-Family Residential Parcels, the Maximum Annual Special Tax per Planned Unit is assigned to Taxable Parcels using **Attachment 2**.

2. For Large Lot Parcels with a land use designation for residential land uses, the Administrator will assign Planned Units to the Large Lot Parcel based on the single-family residential development potential of the parcel, and then will multiply the number of Planned Units by the Maximum Annual Special Tax per Planned Unit, as shown in **Attachment 2** and increased by the Tax Escalation Factor, to derive the Maximum Annual Special Tax for the Large Lot Parcel.

F. Taxable Parcel Acquired by a Public Agency. Taxable Parcels that are 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. An exception to this may be made if a Public Parcel, such as a school site, is relocated to a Taxable Parcel, in which case the previously Tax-Exempt Parcel of comparable acreage becomes a Taxable Parcel and the Maximum Annual Special Tax from the previously Taxable Parcel is transferred to the new Taxable Parcel. This trading of the Maximum Annual Special Tax amongst Parcels will be permitted to the extent that there is no net loss in Maximum Annual Special Tax Revenue.

6. Calculating the Annual Special Tax Levy

The Administrator shall levy Special Taxes in each Fiscal Year using the following procedures:

a. Compute the Annual Cost for the Fiscal Year using the definitions in **Section 2**.

b. Calculate the Special Tax for each parcel as follows:

Step 1: Compute 100 percent of the Maximum Annual CFD Revenue for all Developed Parcels.

Step 2: Compare the Annual Costs with the Maximum Annual CFD Revenue calculated in the previous step.

Step 3: If the Annual Costs are less than the Maximum Annual CFD Revenue, proportionately decrease the Special Tax levy for each Developed Parcel until the Special Tax Revenue equals the Annual Cost.

Step 4: If the Annual Costs are greater than the Maximum Annual CFD Revenue from Developed Parcels, levy a Special Tax proportionally on each Final Map Parcel to an amount equal to the amount of Annual Costs or until 100 percent of the Maximum Annual Special Tax is reached for such Final Map Parcels.

Step 5: If the Annual Costs are greater than the Maximum Annual CFD Revenue from Developed Parcels and Final Map Parcels, levy a Special Tax proportionately on each Large Lot Parcel to an amount equal to the amount of Annual Costs or until 100 percent of the Maximum Annual Special Tax is reached for such Large Lot Parcels.

c. Prepare the Tax Collection Schedule listing the Special Tax levy for each Assessor's Parcel Number and send it to the County Auditor requesting that it be placed on the general, secured property tax roll for the following Fiscal Year.

The Administrator shall make every effort to correctly calculate the Special Tax levy. 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.

The Administrator shall maintain a record showing the calculation of the assigned Maximum Annual Special Tax to each Taxable Parcel and a brief description of the process of assigning the Special Tax each time a Taxable Parcel is Subdivided.

7. Prepayment of Special Tax Obligation

Landowners may permanently satisfy the Special Tax Obligation for a Parcel by a cash settlement with the City as permitted under Government Code Section 53344. By exercising the right to Prepayment, a landowner can eliminate the future annual Special Tax Obligation for a Parcel.

Prepayment is permitted only under the following conditions:

- The Administrator determines that Prepayment does not jeopardize the ability to make timely payments of Debt Service on Outstanding Bonds or repayment of the Bonds.
- Any landowner who wishes to exercise the right to Prepayment for a Parcel must pay any and all delinquent Special Taxes and penalties for the prepaying Parcel.
- If Special Taxes have already been levied, but not collected, at the time the Prepayment is calculated, the owner of the Parcel(s) must pay the Special Taxes included on the property tax bill in addition to the Prepayment amount.

Calculate the Prepayment amount for a Parcel as follows:

Part A: Full Prepayment of Special Tax Obligation before the Sale of Bonds

The Prepayment amount before Bond sale is equal to the amount of the Anticipated Construction Proceeds for the Parcel, plus any Administrative Expenses incurred in establishing the CFD and in calculating the Prepayment amount. The amount of the Anticipated Construction Proceeds shall be reduced for any Pay-As-You-Go Expenditures that will be used to finance the principal amount of the Anticipated Construction Proceeds if Special Taxes have already been levied for Pay-As-You-Go Expenditures up to and including the current Fiscal Year of the Prepayment.

The Prepayment amount shall be established by following the steps below:

Step A.1 Determine the Maximum Annual Special Tax for the prepaying Parcel by following the procedures in **Section 5.**

Step A.2 Divide the Maximum Annual Special Tax from *Step A.1* by the Maximum Annual Special Tax Revenue to derive the Benefit Share.

Step A.3 Determine the Anticipated Construction Proceeds for the Parcel by multiplying the Benefit Share from *Step A.2* by the Anticipated Construction Proceeds.

Step A.4 Determine the Prepayment amount by adding to the Anticipated Construction Proceeds for the prepaying parcel calculated in *Step A.3* any fees and expenses incurred by the City in connection with the Prepayment calculation. If Special Taxes have already been levied, but not collected, at the time the Prepayment is calculated, the owner of the Parcel must pay the Special Taxes included on the property tax bill in addition to the Prepayment amount.

Part B: Full Prepayment of Special Tax Obligation after Sale of Bonds

The Prepayment amount shall be established by following the steps below:

Step B.1 Determine the Maximum Annual Special Tax for the prepaying Parcel by following the procedures in **Section 5.**

Step B.2 Divide the Maximum Annual Special Tax from *Step B.1* by the Maximum Annual Special Tax Revenue to derive the Benefit Share.

Step B.3 Determine the Bond Share for the Parcel by multiplying the Benefit Share from *Step B.2* by the Outstanding Bonds. For the purpose of the calculation, reduce the Outstanding Bond balance by the amount of the principal payment for which Special Taxes have been levied but not collected.

Step B.4 Determine the Reserve Fund Share associated with the Bond Share determined in *Step B.3* and reduce the Bond Share by the amount of the Reserve Fund Share. The Reserve Fund Share is equal to the Reserve Fund Requirement on all Outstanding Bonds or the actual reserve fund, whichever in *Step B.4* any fees, call premiums, and expenses incurred by the City in connection with the Prepay is less, multiplied by the Benefit Share.

Step B.5 Determine the Prepayment amount by adding to the revised Bond Share amount calculated in *Step B.4* any fees, call premiums, and expenses incurred by the City in connection with the Prepayment calculation or the application of the proceeds of the Prepayment to the call of Bonds. If Special Taxes have already been levied, but not collected, at the time the Prepayment is calculated, the owner of the Parcel must pay the Special Taxes included on the property tax bill in addition to the Prepayment amount.

Part C: Partial Prepayment of Special Tax Obligation

If the Prepayment is a Partial Prepayment, then the property owner shall designate an amount which is less than the full Prepayment amount determined above for the Parcel (or group of such Parcels) for which the Special Tax is to be partially prepaid but which, based on a calculation provided by the Administrator, will provide sufficient funds for a Bond call in a whole-number multiple of $5,000. The Administrator shall determine the Partial Prepayment Factor by the following procedure:

Step C.1 Calculate the full Prepayment amount from *Step A.4* or *B.5* above.

Step C.2 Subtract the amount of the Partial Prepayment from the full Prepayment amount calculated in *Part A* or *B* above.

Step C.3 Subtract any fixed costs of the Prepayment (such as the cost of the Prepayment calculation and other fees that do not vary proportionally with the size of the Prepayment) from the full Prepayment amount in *Step C.1*.

Step C.4 Divide the result of *Step C.2* by the result of *Step C.3* to arrive at the Partial Prepayment Factor. The Partial Prepayment Factor is used to decrease the Maximum Annual Special Tax for the Parcel for which the Special Tax is partially prepaid.

Step C.5 If a Partial Prepayment has been made for this Parcel; multiply the result of *Step C.4* by the previously calculated Partial Prepayment Factor.

8. Appeals and Interpretation Procedure

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

Interpretations may be made by Resolution of the City Council 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. Collection of Annual Special Tax

The Special Tax will be collected in the same manner and at the same time as *ad valorem* property taxes; provided, however, that the City 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
CFD No. 2006-3 (Northbrook – LeBaron Improvement Area 2)
Maximum Annual Special Tax for Taxable Parcels
Base Year 2007-2008

	Taxable Acres				
Original Parcel	*Single Family Residential*	*Multi-Family Residential*	*Single-Family Maximum Annual Special Tax Per Taxable Acre*	*Multifamily Maximum Annual Special Tax Per Taxable Acre*	*Maximum Annual Special Tax Per Original Parcel*[(1)(2)]
084-040-05	2.385	10.075	$6,550	$11,117	$127,621
084-040-07	5.214	--	6,550	11,117	34,150
084-040-08	0.096	--	6,550	11,117	629
Totals	7.695	10.075			$162,400

(1) As Taxable Parcels in each Tax Category are Subdivided, use the provisions of **Section 5** to assign the Maximum Annual Special Tax to new Taxable Parcels. As the Maximum Annual Special Tax is assigned to new Taxable Parcels there should be no net loss in Maximum Annual CFD Revenue.

(2) The Maximum Annual Special Tax per Planned Unit is increased by the Tax Escalation Factor in each Fiscal Year after the Base Year 2007-2008.

Attachment 2
CFD No. 2006-3 (Northbrook – LeBaron Improvement Area 2)
Maximum Annual Special Tax – Developed Parcels

Tax Category	*Taxable Acres*	*Maximum Annual Special Tax Per Acre*	*Maximum Annual Special Tax Per Tax Category*[1]	*Planned Units*[2]	*Maximum Annual Special Tax Per Planned Unit*[3][4]
Single-Family Residential Parcels	7.695	$ 6,550	$ 50,400	42	$1,200
Multifamily Residential Parcels	10.075	11,117	112,000	140	800
Totals	17.770		162,400	182	

(1) The Maximum Annual Special Tax per Tax Category should never be reduced as a result of fewer Planned Units being developed, or less acres of land being developed.

(2) Planned Units have been assigned to each Tax Category. There should be no loss of Planned Units as land develops within the CFD.

(3) The Maximum Annual Special Tax is assigned to Planned Units. If 42 single family residential Planned Units and 140 multifamily residential Planned Units are created, the Maximum Annual Special Tax per Planned will as shown below. If fewer Planned Units are created for a Tax Category, then the Maximum Annual Special Tax per Planned Unit is increased until the Maximum Annual Special Tax revenue from all Taxable Parcels in a Tax Category is equal to the Maximum Annual Special Tax per Tax Category.

(4) The Maximum Annual Special Tax per Planned Unit is increased by the Tax Escalation Factor in each Fiscal Year following the Base Year 2007-2008.

Resolution No. 89-0203

STOCKTON CITY COUNCIL

CITY OF STOCKTON

COMMUNITY FACILITIES DISTRICT NO. 1 (WESTON RANCH)

A RESOLUTION OF THE CITY COUNCIL
OF THE CITY OF STOCKTON
AMENDING AND RESTATING RESOLUTION NO. 88-0757
AUTHORIZING THE ISSUANCE OF $42,000,000
PRINCIPAL AMOUNT OF CITY OF STOCKTON
COMMUNITY FACILITIES DISTRICT NO. 1 (WESTON RANCH)
SPECIAL TAX BONDS AND PRESCRIBING THE CONDITIONS,
TERMS AND FORM OF $24,490,000 PRINCIPAL AMOUNT
OF SERIES 1989 BONDS OF SAID ISSUE OF BONDS

WHEREAS, the City Council of the City of Stockton on October 24, 1988, duly adopted its Resolution No. 88-0670 establishing City of Stockton Community Facilities District No. 1 (Weston Ranch) for the purpose of providing for the financing of certain facilities in and for such Community Facilities District; and

WHEREAS, at an election held in such Community Facilities District on November 15, 1988, the qualified electors therein duly authorized the issuance of $42,000,000 principal amount of special tax bonds for the purpose of financing such facilities; and

WHEREAS, the qualified electors of such Community Facilities District at such election additionally authorized the levy and collection of a special tax to be used for the purpose, among others, of paying the interest on and principal of and redemption premiums, if any, on such bonds; and

WHEREAS, the City Council of the City of Stockton on December 12, 1988, duly adopted its Resolution No. 88-0757 authorizing the issuance of $42,000,000 principal amount of City of Stockton Community Facilities District No. 1 (Weston Ranch) Special Tax Bonds authorized at such election and prescribing the conditions, terms and form of $24,715,000 principal amount of Series 1989 Bonds of said issue of special tax bonds; and

WHEREAS, it is desirable and necessary to amend and restate said Resolution No. 88-0757 to change certain provisions regarding the principal amount, the conditions, the terms and the form of said bonds; now, therefore,

BE IT RESOLVED BY THE CITY COUNCIL OF THE CITY OF STOCKTON, THAT RESOLUTION NO. 88-0757 ADOPTED BY THE CITY COUNCIL OF THE CITY OF STOCKTON ON DECEMBER 12, 1988, IS AMENDED AND RESTATED AS FOLLOWS:

ARTICLE I

DEFINITIONS; EQUAL SECURITY

SECTION 1.01. Definitions. Unless the context otherwise requires, the terms defined in this section shall for all purposes hereof and of any Supplemental Resolution and of the Bonds and of any certificate, opinion, report, request or other document mentioned herein or therein have the meanings defined herein, the following definitions to be equally applicable to both the singular and plural forms of any of the terms defined herein:

Accountant's Report

"Accountant's Report" means a report signed by an Independent Certified Public Accountant.

Acquisition and Construction Fund

"Acquisition and Construction Fund" means the fund referred to by that name established in Section 2.04.

Bond Reserve Account

"Bond Reserve Account" means the account referred to by that name established in Section 6.02.

Bonds, Serial Bonds, Term Bonds

"Bonds" means the forty-two million dollars ($42,000,000) principal amount of special tax bonds of the City at any time Outstanding hereunder that are executed, issued and delivered in accordance with the provisions hereof and that were authorized at the special election held in the District on November 15, 1988, and any refunding bonds issued under the Law to refund any of such special tax bonds. "Serial Bonds" means Bonds for which no Minimum Sinking Fund Account Payments are established. "Term Bonds" means Bonds which are redeemable or payable on or before their specified maturity date or dates from Minimum Sinking Fund Account Payments established for the purpose of redeeming or paying such Bonds on or before their specified maturity date or dates.

Bond Year

"Bond Year" means the twelve-month period terminating on September 1 of each year.

Certificate of the City

"Certificate of the City" means an instrument in writing signed by the City Manager or the Treasurer, or by any other officer of the City duly authorized by the City Council for that purpose, and by the City Clerk, with the seal of the City affixed.

City

"City" means the City of Stockton, a municipal corporation duly organized and existing under and by virtue of the Constitution and laws of the State of California.

City Clerk

"City Clerk" means the City Clerk of the City.

City Council

"City Council" means the City Council of the City.

City Manager

"City Manager" means the City Manager of the City.

Code

"Code" means the Internal Revenue Code of 1986, as amended, and the regulations issued thereunder from time to time, and in this regard reference to any particular section of the Code shall include reference to any successor to such section of the Code.

Debt Service

"Debt Service" means, for any Bond Year, the sum of (1) the interest payable during such Bond Year on all Outstanding Bonds, assuming that all Outstanding Serial Bonds are retired as scheduled and that all Outstanding Term Bonds are redeemed or paid as scheduled at the times of and in amounts equal to the Minimum Sinking Fund Account Payments (except to the extent that such interest is to be paid from the proceeds of sale of any of the Bonds), (2) the principal amount of all Outstanding Serial Bonds maturing by their terms in such Bond Year, and (3) the aggregate amount of all Minimum Sinking Fund Account Payments required to be deposited in all Sinking Fund Accounts in such Bond Year.

District

"District" means City of Stockton Community Facilities District No. 1 (Weston Ranch), a community facilities district duly organized and existing in the City under and by virtue of the Law.

Expense Account

"Expense Account" means the account referred to by that name established in Section 6.02.

Expenses

"Expenses" means all expenses paid or incurred by the City for the cost of planning and designing the Facilities, including the cost of environmental evaluations of the Facilities and the costs associated with the creation of

the District, the issuance of the Bonds, the determination of the amount of the Special Tax, the collection of the Special Tax and the payment of the Special Tax, or costs otherwise incurred in order to carry out the authorized purposes of the District, and any other expenses incidental to the acquisition, construction, completion and inspection of the Facilities; all as determined in accordance with Generally Accepted Accounting Principles.

Facilities

"Facilities" means the new public roads and related drainage, sewage and water facilities and lighting and landscaping facilities, levee improvements, and bridge and highway interchanges, together with all necessary appurtenances thereto and site acquisition therefor, authorized to be acquired and constructed in and for the District under and pursuant to the Law at the special election held in the District on November 15, 1988.

Federal Securities

"Federal Securities" means any securities now or hereafter authorized both the interest on and principal of which are guaranteed by the full faith and credit of the United States of America, as and to the extent that such securities are eligible for the legal investment of City funds.

Fiscal Year

"Fiscal Year" means the twelve-month period terminating on June 30 of each year, or any other annual accounting period hereafter selected and designated by the City as its Fiscal Year in accordance with applicable law.

Generally Accepted Accounting Principles

"Generally Accepted Accounting Principles" means the uniform accounting and reporting procedures set forth in publications of the American Institute of Certified Public Accountants or its successor, or by any other generally accepted authority on such procedures, and includes, as applicable, the standards set forth by the Governmental Accounting Standards Board or its successor.

Holder

"Holder" means any person who shall be the registered owner, as shown on the registration books maintained by the Paying Agent pursuant to Section 3.03, of any Outstanding Bond.

Independent Certified Public Accountant

"Independent Certified Public Accountant" means any certified public accountant or firm of such accountants duly licensed and entitled to practice and practicing as such under the laws of the State of California, appointed and paid by the City, and who, or each of whom --

(1) is in fact independent and not under the domination of the City;

(2) does not have a substantial financial interest, direct or indirect, in the operations of the City; and

(3) is not connected with the City as an officer or employee of the City, but who may be regularly retained to audit the accounting records of and make reports thereon to the City.

Law

"Law" means the Mello-Roos Community Facilities Act of 1982 (being Sections 53311 et seq. of the Government Code of the State of California, as amended) and all laws amendatory thereof or supplemental thereto.

Legal Investments

"Legal Investments" means any securities in which funds of the City may now or hereafter be legally invested as provided by the applicable law in effect at the time of such investment, and also any municipal obligations the interest on which, in the opinion of a nationally recognized bond counsel, is exempt from federal income taxation or excludable from gross income for federal income tax purposes under the Code and which are rated in one of the highest two rating categories by either Moody's or Standard & Poor's.

Maximum Annual Debt Service

"Maximum Annual Debt Service" means the greatest Debt Service in any Bond Year during the period beginning with the then current Bond Year and ending with the Bond Year in which the last Outstanding Bonds mature by their terms.

Mayor

"Mayor" means the Mayor of the City.

Minimum Sinking Fund Account Payments

"Minimum Sinking Fund Account Payments" means the payments required hereby and by all Supplemental Resolutions to be deposited in all Sinking Fund Accounts established for the payment of all Term Bonds.

Moody's

"Moody's" means Moody's Investors Service, a corporation duly organized and existing under and by virtue of the laws of the State of Delaware, and its successors or assigns, except that if such corporation shall be dissolved or liquidated or shall no longer perform the functions of a securities rating agency, then the term "Moody's" shall be deemed to refer to any other nationally recognized securities rating agency selected by the City and not objected to by the Paying Agent.

Opinion of Counsel

"Opinion of Counsel" means a written opinion of counsel (who may be counsel for the City) retained by the City and not objected to by the Paying Agent.

Outstanding

"Outstanding," when used as of any particular time with reference to Bonds, means (subject to the provisions of Section 9.02) all Bonds except --

(1) Bonds cancelled and destroyed by the Paying Agent or delivered to the Paying Agent for cancellation and destruction;

(2) Bonds paid or deemed to have been paid within the meaning of Section 11.01; and

(3) Bonds in lieu of or in substitution for which other Bonds shall have been executed by the City and authenticated and delivered by the Paying Agent pursuant to Section 3.04.

Paying Agent

"Paying Agent" means Security Pacific National Bank, a national banking association duly organized and existing under and by virtue of the laws of the United States of America, at its principal corporate trust office in Los Angeles, California, and its successors or assigns, or any other bank or trust company which may at any time be substituted in its place as provided in Section 8.01.

Rebate Certificates

"Rebate Certificates" means collectively all certificates delivered in each case upon the issuance of each Series of the Bonds relating to Section 148 of the Code, or any functionally similar replacement certificates.

Rebate Fund

"Rebate Fund" means the fund referred to by that name established in Section 7.03.

Redemption Account

"Redemption Account" means the account referred to by that name established in Section 6.02.

Required Bond Reserve

"Required Bond Reserve" means the lesser of (i) the amount of the Maximum Annual Debt Service on all Bonds then Outstanding, or (ii) the amount permitted to be held in the Bond Reserve Account by the arbitrage bond regulations issued by the United States Department of the Treasury under Section 148(d) of the Code as such regulations are, at the time,

applicable and in effect; provided, that such requirement (or any portion thereof) may be provided by one or more policies of municipal bond insurance or surety bonds issued by a municipal bond insurer or by a letter of credit issued by a bank, the obligations insured by which insurer or issued by which bank, as the case may be, have ratings at the time of issuance of such policy or surety bond or letter of credit equal to "A" or higher assigned by either Moody's or Standard & Poor's.

Resolution

"Resolution" means Resolution No. 88-0757 adopted by the City Council on December 12, 1988, under and pursuant to the Law, as amended and restated by Resolution No. 89-0203 adopted by the City Council on April 10, 1989, under and pursuant to the Law, and as it may from time to time be further amended or supplemented by all Supplemental Resolutions adopted pursuant to the provisions hereof.

Series

"Series" means all Bonds authorized and established pursuant hereto or pursuant to a Supplemental Resolution as constituting a single Series and delivered on original issuance in a simultaneous transaction pursuant to the provisions hereof, and any Bonds thereafter executed, authenticated and delivered in lieu thereof or in substitution therefor pursuant to Section 3.04.

Series 1989 Bonds

"Series 1989 Bonds" means the Bonds authorized to be issued by Article V.

Series 1989 Sinking Fund Account

"Series 1989 Sinking Fund Account" means the account referred to by that name established in Section 5.03.

Series 1989 Term Bonds

"Series 1989 Term Bonds" means the Series 1989 Bonds maturing on September 1, 2009, and on September 1, 2014.

Sinking Fund Account

"Sinking Fund Account" means any special account established hereby or by any Supplemental Resolution in the Redemption Account for the payment of any Term Bonds of any Series.

Special Tax

"Special Tax" means the special tax authorized to be levied and collected annually on all Taxable Land in the District under and pursuant to the Law at the special election held in the District on November 15, 1988.

Special Tax Fund

"Special Tax Fund" means the fund referred to by that name established in Section 6.01.

Standard & Poor's

"Standard & Poor's" means Standard & Poor's Corporation, a corporation duly organized and existing under and by virtue of the laws of the State of New York, and its successors or assigns, except that if such corporation shall be dissolved or liquidated or shall no longer perform the functions of a securities rating agency, then the term "Standard & Poor's" shall be deemed to refer to any other nationally recognized securities rating agency selected by the City and not objected to by the Paying Agent.

Supplemental Resolution

"Supplemental Resolution" means any resolution then in full force and effect which has been duly adopted by the City Council under and pursuant to the Law at a meeting of the City Council duly convened and held, at which a quorum was present and acted thereon, amendatory hereof or supplemental hereto; but only if and to the extent that such Supplemental Resolution is specifically authorized hereunder.

Taxable Land

"Taxable Land" means all land within the District taxable under the Law in accordance with the proceedings for the authorization of the issuance of the Bonds and the levy and collection of the Special Tax.

Treasurer

"Treasurer" means the Treasurer of the City.

Written Request of the City

"Written Request of the City" means an instrument in writing signed by the City Manager or the Treasurer, or by any other officer of the City duly authorized by the City Council for that purpose, and by the City Clerk, with the seal of the City affixed.

SECTION 1.02. Equal Security. In consideration of the acceptance of the Bonds by the Holders thereof, the Resolution shall be deemed to be and shall constitute a contract between the City and the Holders from time to time to secure the full and final payment of the interest on and principal of and redemption premiums, if any, on all Bonds which may from time to time be authorized, sold, executed, authenticated and delivered hereunder, subject to the agreements, conditions, covenants and terms contained herein; and all agreements, conditions, covenants and terms contained herein required to be observed or performed by or on behalf of the City shall be for the equal and proportionate benefit, security and protection of all Holders without distinction,

preference or priority as to security or otherwise of any Bonds over any other Bonds by reason of the number thereof or the time of authorization, sale, execution, authentication or delivery thereof or otherwise for any cause whatsoever, except as expressly provided herein or therein.

ARTICLE II

AUTHORIZATION AND ISSUANCE OF BONDS

SECTION 2.01. Authorization and Purpose of Bonds. The Bonds shall be designated "City of Stockton Community Facilities District No. 1 (Weston Ranch) Special Tax Bonds" and shall be issued by the City under and pursuant to the Law and under and pursuant hereto and (except for any refunding bonds) shall be limited in aggregate principal amount to forty-two million dollars ($42,000,000). The Bonds shall be issued in one or more Series as from time to time shall be authorized and established by the City pursuant hereto and pursuant to one or more Supplemental Resolutions. The designation of the Bonds shall include, in addition to the name "City of Stockton Community Facilities District No. 1 (Weston Ranch) Special Tax Bonds," such further appropriate particular designation added to or incorporated in the title for the Bonds of each Series as the City may determine or as shall be required by the Law, and each Bond shall bear upon its face the designation so determined for the Series to which it belongs. The Bonds may contain or have endorsed thereon such other descriptive provisions, specifications and words not inconsistent with the provisions hereof as may be desirable or necessary to comply with custom or the rules of any securities exchange or commission or brokerage board or otherwise as may be determined by the City prior to the delivery thereof.

The purpose for which the Bonds are to be issued is to provide funds to pay costs of the acquisition and construction of the Facilities (or for making reimbursements to the City for such costs of acquisition and construction theretofore paid by it), including payment of costs incidental to or connected with such acquisition and construction, or for the repayment of funds advanced to or for the District, or to refund any of such Bonds.

SECTION 2.02. Conditions for the Issuance of Bonds. The City may at any time issue a Series of Bonds (in addition to the Series 1989 Bonds) payable from the proceeds of the Special Tax as provided herein on a parity with all other Series of Bonds theretofore issued hereunder, but only subject to the following conditions, which are hereby made conditions precedent to the issuance of such Series of Bonds:

(a) The issuance of such Series of Bonds shall have been authorized under and pursuant to the Law and under and pursuant hereto and shall have been provided for by a Supplemental Resolution which shall specify the following:

(1) The principal amount and designation of such Series of Bonds and the denomination or denominations of the Bonds of such Series;

(2) The date, the maturity date or dates, the interest payment dates and the dates on which Minimum Sinking Fund Account Payments are due, if any, for such Series of Bonds; provided, that (i) the Serial Bonds of such Series of Bonds shall be payable as to principal either semiannually on March 1 and September 1 of each year in which principal falls due or annually on September 1 of each year in which principal falls due, and the Term Bonds of such Series of Bonds shall either have semiannual mandatory redemption on March 1 and September 1 or annual mandatory redemption on September 1, (ii) the Bonds of such Series of Bonds shall be payable as to interest semiannually on March 1 and September 1 of each year, except that the first installment of interest may be payable on either March 1 or September 1 and shall be for a period of not longer than twelve (12) months and the interest shall be payable thereafter semiannually on March 1 and September 1, (iii) all Bonds of like maturity shall be identical in all respects, except as to number or denomination, and (iv) serial maturities of Serial Bonds or Minimum Sinking Fund Account Payments for Term Bonds, or any combination thereof, shall be established to provide for the redemption or payment of such Series of Bonds on or before their respective maturity dates;

(3) The redemption premiums and terms, if any, for such Series of Bonds;

(4) The form of the Bonds of such Series;

(5) The amount, if any, to be deposited from the proceeds of sale of such Series of Bonds in the Redemption Account and provisions concerning its use to pay interest on such Series of Bonds;

(6) The amount to be deposited from the proceeds of sale of such Series of Bonds in the Bond Reserve Account; provided, that the Bond Reserve Account shall be increased at the time that such Series of Bonds becomes Outstanding to an amount at least equal to the Required Bond Reserve, and an amount at least equal to the Required Bond Reserve shall thereafter be maintained in the Bond Reserve Account;

(7) The amount to be deposited from the proceeds of sale of such Series of Bonds in the Acquisition and Construction Fund; and

(8) Such other provisions that are appropriate or necessary and are not inconsistent with the provisions hereof;

(b) The City shall be in compliance with all agreements, conditions, covenants and terms contained herein and in all Supplemental Resolutions required to be observed or performed by it; and

(c) The proceeds that would be available to the City if the Special Tax (excluding any Back-Up Tax Component thereof) were to be levied and collected at its maximum rate and amount on all Taxable Land in the District based upon land use categories in effect on the date of the adoption by the City Council of the Supplemental Resolution authorizing the issuance of such Series of Bonds, as shown by a Certificate of the City on file with the Paying Agent, shall be equal to at least one hundred ten per cent (110%) of the Maximum Annual Debt Service on all Bonds to be Outstanding after the issuance of such Series of Bonds; and with respect to the period of time preceding the receipt of proceeds of the Special Tax calculated in accordance with the aforesaid land use categories, the proceeds of the Special Tax that would be available to the City if the Special Tax as actually levied were fully collected (except for delinquencies based on the average delinquency rates actually experienced by the City with respect to the collection of the Special Tax) during such period or from any other sources (including capitalized interest) identified in the Supplemental Resolution authorizing the issuance of such Series of Bonds, as shown by a Certificate of the City on file with the Paying Agent, shall be equal to at least one hundred per cent (100%) of the interest and principal requirements due on all Bonds to be Outstanding during such period;

provided, that nothing contained herein shall limit the issuance of any special tax bonds of the City payable from the Special Tax as provided herein if after the issuance and delivery of such special tax bonds none of the Bonds theretofore issued hereunder will be Outstanding, and nothing contained herein shall limit the issuance of any Bonds to refund any Outstanding Bonds if the total Debt Service in each Bond Year after the issuance of such refunding Bonds is not increased.

SECTION 2.03. Procedure for the Issuance of Bonds. At any time after the sale of any Series of Bonds in accordance with the Law, such Series of Bonds shall be executed by the City for issuance hereunder and shall be delivered to the Paying Agent and thereupon shall be authenticated and delivered by the Paying Agent, but only upon receipt by the Paying Agent of the following documents or money:

(a) A certified copy hereof and of the Supplemental Resolution authorizing the issuance of such Series of Bonds;

(b) A Written Request of the City as to the delivery of such Series of Bonds;

(c) An Opinion of Counsel to the effect that (i) the City Council has the right and power under the Law to adopt the Resolution and all Supplemental Resolutions and the Resolution and all Supplemental Resolutions have been duly and lawfully adopted by the City Council, are in full force and effect and are valid and binding upon the City and enforceable in accordance with their terms (except as enforcement may be limited by bankruptcy, insolvency, reorganization, arrangement, moratorium and other similar laws affecting creditors' rights and by the application of equitable principles and by the exercise of judicial discretion in appropriate cases and by the limitations on legal remedies against cities in the State of California) and no other authorization for the adoption thereof is required; and (ii) the Bonds of such Series are valid and binding special tax obligations of the City payable from the proceeds of the Special Tax as provided herein and enforceable in accordance with their terms (except as enforcement may be limited by bankruptcy, insolvency, reorganization, arrangement, moratorium and other similar laws affecting creditors' rights and by the application of equitable principles and by the exercise of judicial discretion in appropriate cases and by the limitations on legal remedies against cities in the State of California) and the terms of the Law and hereof and entitled to the benefits of the Law and hereof, and the Bonds of such Series have been duly and validly authorized, sold, executed, authenticated and delivered in accordance with the Law and herewith;

(d) A Certificate of the City containing such statements as may be reasonably necessary to show compliance with the requirements hereof;

(e) The proceeds of sale of such Series of Bonds; and

(f) Such further documents or money as are required by the provisions hereof or by the provisions of the Supplemental Resolution authorizing the issuance of such Series of Bonds.

SECTION 2.04. Acquisition and Construction Fund. There is hereby established in the treasury of the City a fund to be known as the City of Stockton Community Facilities District No. 1 (Weston Ranch) Acquisition and Construction Fund, into which fund shall be deposited the amounts required to be deposited therein by the provisions hereof and of each Supplemental Resolution providing for the issuance of each Series of Bonds. All money in the Acquisition and Construction Fund shall be applied in the manner provided by the Law for payment of costs of the acquisition and construction of the Facilities (or for making reimbursements to the City for such costs theretofore paid by it), including payment of costs incidental to or connected with such acquisition and construction, or for the repayment of funds advanced to or for the District; provided, that any remaining amount therein after the completion of such purpose (as

determined by the City and set forth in a Certificate of the City) shall be deposited by the Treasurer in the Redemption Account.

ARTICLE III

TERMS AND PROVISIONS OF BONDS

SECTION 3.01. Terms of Bonds.

(a) The interest on and principal of and redemption premiums, if any, on the Bonds shall be payable in lawful money of the United States of America at the office of the Paying Agent.

(b) The Bonds of each Series shall be issued as fully registered Bonds in such denominations as may be authorized herein or in the Supplemental Resolution authorizing the issuance of the Bonds of such Series (but not to exceed the principal amount of Bonds of such Series maturing on any one date) and shall be dated as provided herein or in the Supplemental Resolution authorizing the issuance of the Bonds of such Series and shall be numbered as determined by the Paying Agent.

(c) Each Bond shall bear interest from the interest payment date next preceding the date of registration thereof, unless it is registered on a day during the period from the sixteenth (16th) day of the month next preceding an interest payment date to such interest payment date, both inclusive, in which event it shall bear interest from such interest payment date, or unless it is registered on a day on or before the fifteenth (15th) day of the month next preceding the first interest payment date, in which event it shall bear interest from its dated date; provided, that if at the time of registration of any Bond interest is then in default on the Outstanding Bonds of such Series, such Bond shall bear interest from the interest payment date to which interest has previously been paid or made available for payment on the Outstanding Bonds of such Series. Payment of interest on the Bonds due on or before the maturity or prior redemption thereof shall be made only to the person whose name appears in the registration books required to be kept by the Paying Agent pursuant to Section 3.03 as the registered owner thereof at the close of business as of the fifteenth (15th) day of the month next preceding each interest payment date, such interest to be paid by check mailed to such registered owner at his address as it appears on such books or at such other address as he may have filed with the Paying Agent for that purpose, except that in the case of a Holder of one million dollars ($1,000,000) or more in principal amount of Bonds then Outstanding, payment shall be made at such Holder's option by wire transfer of immediately available funds according to instructions provided by such Holder to the Paying Agent at least fifteen (15) days before such interest payment date. Payment of the principal of and redemption premiums, if any, on the Bonds shall be made only to the person whose name appears in the registration books required to be kept by the

Paying Agent pursuant to Section 3.03 as the registered owner thereof, such principal and redemption premiums, if any, to be paid only on the surrender of the Bonds at the office of the Paying Agent at maturity or on redemption prior to maturity.

(d) The Bonds shall recite in substance that the interest on and principal of and redemption premiums, if any, on the Bonds are payable solely from the proceeds of the Special Tax, and that the City is not obligated to pay the Bonds except from the proceeds of the Special Tax; that the general fund of the City is not liable and the full faith and credit of the City is not pledged for the payment of the interest on or principal of or redemption premiums, if any, on the Bonds, and that no tax or assessment other than the Special Tax shall ever be levied or collected to pay the interest on or principal of or redemption premiums, if any, on the Bonds; that the Bonds are not secured by a legal or equitable pledge of or charge, lien or encumbrance upon any of the property of the City or any of its income or receipts except the money in the Special Tax Fund; and that neither the payment of the interest on or principal of or redemption premiums, if any, on the Bonds is a general debt, liability or obligation of the City.

(e) From and after the issuance of the Bonds of each Series the findings and determinations of the City Council respecting that Series shall be conclusive evidence of the existence of the facts so found and determined in any action or proceeding in any court in which the validity of such Bonds is at issue, and no bona fide purchaser of any of such Bonds shall be required to see to the existence of any fact or to the performance of any condition or to the taking of any proceeding required prior to such issuance or to the application of the purchase price paid for such Bonds. The validity of the issuance of each Series of Bonds shall not be dependent on or affected in any way by (i) any proceedings taken by the City for the acquisition and construction of any Facilities, or (ii) any contracts made by the City in connection therewith, or (iii) the failure to complete the acquisition and construction of any Facilities. The recital contained in the Bonds that the Bonds are issued under and pursuant to the Law and under and pursuant hereto shall be conclusive evidence of their validity and of the regularity of their issuance and all Bonds shall be incontestable from and after their issuance. Bonds shall be deemed to be issued, within the meaning hereof, whenever the definitive Bonds (or any temporary Bonds exchangeable therefor) have been delivered to the purchaser thereof and the purchase price thereof received.

SECTION 3.02 Execution of Bonds. The Bonds shall be signed on behalf of the City by the manual or facsimile signature of the Mayor and countersigned by the manual or facsimile signature of the City Clerk, and the seal of the City shall be impressed thereon or printed thereon by facsimile reproduction. In case any officer of the City who shall have signed any of the Bonds shall cease to be such officer before the Bonds so signed shall have been delivered to the purchaser by the Paying Agent, such Bonds may

nevertheless be delivered and issued and, upon such delivery and issuance, shall be as binding upon the City as though such officer who signed the same had continued to be such officer until such delivery and issuance. Also, any Bond may be signed on behalf of the City by any person who on the actual date of the execution of such Bond shall be the proper officer of the City, although on the nominal date of such Bond such person shall not have been such officer of the City. Only those Bonds that bear thereon a certificate of authentication executed by the Paying Agent shall be entitled to any benefit, protection or security hereunder or be valid or obligatory for any purpose, and such certificate of the Paying Agent shall be conclusive evidence that the Bonds so authenticated have been duly authorized, sold, executed, authenticated and delivered hereunder and are entitled to the benefits hereof.

SECTION 3.03. Transfer and Exchange of Bonds. The Paying Agent shall keep at its office sufficient books for the transfer and exchange of the Bonds, which books shall at all times during normal business hours be open to inspection by the City or by any Holder. Any Bond may, in accordance with its terms, be transferred or exchanged on such books by the person in whose name it is registered, in person or by his duly authorized attorney, upon payment by the Holder requesting such transfer or exchange of any tax or other governmental charge required to be paid with respect to such transfer or exchange and upon surrender of such Bond for cancellation accompanied by delivery of a duly executed written instrument of transfer or exchange in a form approved by the Paying Agent. Whenever any Bond or Bonds shall be surrendered for transfer or exchange, the City shall execute and the Paying Agent shall authenticate and deliver a new Bond or Bonds of the same Series and maturity date and of authorized denominations for the same aggregate principal amount, except that neither the City nor the Paying Agent shall be required (i) to transfer or exchange Bonds of any Series during the fifteen-day period prior to the selection of any Bonds of such Series for redemption under Article IV, or (ii) to transfer or exchange any Bond which has been selected for redemption in whole or in part, except the unredeemed portion of such Bond selected for redemption in part, from and after the day that such Bond has been selected for redemption in whole or in part under Article IV.

The City and the Paying Agent may deem and treat the registered owner of any Bond as the absolute owner of such Bond for all purposes hereof, whether such Bond shall be overdue or not, and neither the City nor the Paying Agent shall be affected by any notice or knowledge to the contrary; and payment of the interest on such Bond shall be made only to the registered owner thereof at the close of business as of the fifteenth (15th) day of the month next preceding each interest payment date and payment of the principal of and redemption premium, if any, on such Bond shall be made only to the registered owner thereof, which payments shall be valid and effectual to satisfy and discharge the liability on such Bond to the extent of the sum or sums so paid.

SECTION 3.04. Mutilated, Destroyed, Stolen or Lost Bonds. In case any Bond shall become mutilated in respect of the body of such Bond or shall be believed by the City to have been destroyed, stolen or lost, upon proof of ownership satisfactory to the City and the Paying Agent and upon the surrender of such mutilated Bond at the office of the Paying Agent, or upon the receipt of evidence satisfactory to the City and the Paying Agent of such destruction, theft or loss and upon receipt of indemnity satisfactory to the City and the Paying Agent, and also upon payment of all expenses incurred by the City and the Paying Agent in the premises, the City shall execute and the Paying Agent shall authenticate and deliver at such office a new Bond or Bonds of the same Series and maturity date for the same aggregate principal amount of like tenor and date and bearing such numbers and notations as the Paying Agent shall determine in exchange and substitution for and upon cancellation of the mutilated Bond or in lieu of and in substitution for the Bond so destroyed, stolen or lost.

If any such destroyed, stolen or lost Bond shall have matured or shall have been called for redemption, payment of the amount due thereon may be made by the City upon receipt of like proof, indemnity and payment of expenses.

Any duplicate Bonds issued pursuant to this section shall be entitled to equal and proportionate benefits with all other Bonds issued hereunder, and the City and the Paying Agent shall not be required to treat both the original Bond and any duplicate Bond as being Outstanding for the purpose of determining the principal amount of Bonds which may be issued hereunder or for the purpose of determining any percentage of Bonds Outstanding hereunder, but both the original and the duplicate Bond shall be treated as one and the same.

SECTION 3.05. Temporary Bonds. Any Series of Bonds may be initially issued in temporary form exchangeable for definitive Bonds when ready for delivery. The temporary Bonds shall be printed, lithographed or typewritten, shall be of such denominations as may be determined by the City, shall be issued in fully registered form and shall contain such reference to any of the provisions hereof as may be appropriate. Each temporary Bond shall be executed by the City upon the same conditions and in substantially the same manner as the definitive Bonds. If the City issues temporary Bonds, it will execute and furnish definitive Bonds without delay, and thereupon the temporary Bonds may be surrendered in exchange therefor at the office of the Paying Agent, and the Paying Agent shall deliver in exchange for such temporary Bonds an equal aggregate principal amount of definitive Bonds of authorized denominations of the same Series and maturity date or dates, and until so exchanged, the temporary Bonds shall be entitled to the same benefits as definitive Bonds issued hereunder.

ARTICLE IV

REDEMPTION OF BONDS

SECTION 4.01. Privilege of Redemption of Bonds. Any Series of Bonds subject to redemption prior to maturity pursuant hereto or pursuant to a Supplemental Resolution shall be redeemable, upon notice being given as provided in this article, at such times, upon payment of such redemption premiums, if any, and upon such terms (in addition to and consistent with the terms contained in this article) as may be specified herein or in the Supplemental Resolution authorizing the issuance of the Bonds of such Series; provided, that redemption of Bonds other than from Minimum Sinking Fund Account Payments or from the application of refunding bond proceeds shall be made only from and to the extent of funds on deposit with the Paying Agent and available for such purpose on the date such notice is given.

SECTION 4.02. Selection of Bonds for Redemption. If less than all the Outstanding Bonds of any Series are to be redeemed at the option of the City at any one time, the Bonds of such Series of the latest maturity date or dates shall be redeemed prior to or simultaneously with the redemption of the Bonds of such Series maturing prior thereto, and if less than all the Outstanding Bonds of any Series of any one maturity date are to be redeemed at any one time, the City shall select the Bonds or the portions thereof of such maturity date to be redeemed in integral multiples of five thousand dollars ($5,000) in any manner that it deems appropriate and fair. The City shall notify the Paying Agent in writing at least fifteen (15) days prior to the date fixed for the selection of any Bonds for redemption, and after such selection shall promptly notify the Paying Agent in writing of the numbers of the Bonds selected for redemption in whole or in part.

SECTION 4.03. Notice of Redemption. The City shall mail a notice of redemption pursuant to Section 12.09 to the respective Holders of all Bonds selected for redemption in whole or in part and to all securities depositories and securities information services selected by it to comply with custom or the rules of any securities exchange or commission or brokerage board or otherwise as may be determined by it in its sole discretion. Such notice shall state the date of such notice, the Bonds to be redeemed, the date of issue of such Bonds, the redemption date, the redemption price, the place or places of redemption (including the name and appropriate address or addresses of the Paying Agent), the CUSIP number (if any) of the maturity or maturities and, if less than all of any such maturity, the numbers of the Bonds of such maturity to be redeemed and, in the case of Bonds to be redeemed in part only, the respective portions of the principal amount thereof to be redeemed, and shall give notice that further interest on such Bonds or the portions thereof to be redeemed will not accrue after the redemption date, and shall require that such Bonds be then surrendered at the address or addresses of the Paying Agent so designated. If any Bond so chosen for redemption shall not be redeemable in whole, such notice shall also state that such Bond is to be

redeemed in part only and that upon presentation of such Bond for redemption there will be issued in lieu of the unredeemed portion of principal thereof a new Bond or Bonds of the same Series and maturity date of authorized denominations equal in aggregate principal amount to such unredeemed portion.

SECTION 4.04. Partial Redemption of Bonds. Upon surrender of any Bond redeemed in part only, the City shall execute and the Paying Agent shall authenticate and deliver to the registered owner thereof at the expense of the City a new Bond or Bonds of the same Series and maturity date and of authorized denominations equal in aggregate principal amount to the unredeemed portion of the Bond surrendered.

SECTION 4.05. Effect of Redemption of Bonds. If notice of redemption has been duly given as aforesaid and money for the payment of the principal of and redemption premiums, if any, on, together with interest to the redemption date on, the Bonds or portions thereof so called for redemption is held by the Paying Agent, then on the redemption date designated in such notice such Bonds or such portions thereof shall become due and payable, and from and after the date so designated interest on the Bonds or such portions thereof so called for redemption shall cease to accrue and the Holders of such Bonds shall have no rights in respect thereof except to receive payment of the principal or such portions thereof and the redemption premiums, if any, thereon and the interest accrued thereon to the redemption date.

ARTICLE V

ISSUANCE OF SERIES 1989 BONDS

SECTION 5.01. Authorization and Designation of Series 1989 Bonds. The City Council has reviewed all proceedings heretofore taken relative to the authorization of the Series 1989 Bonds and has found, as a result of such review, and hereby finds and determines that all acts, conditions and things required by law to exist, happen and be performed precedent to and in the issuance of the Series 1989 Bonds do exist, have happened and have been performed in due time, form and manner as required by the Law, and the City is now authorized, pursuant to each and every requirement of the Law and hereof, to issue the Series 1989 Bonds in the aggregate principal amount of twenty-four million four hundred ninety thousand dollars ($24,490,000) in the form and manner provided herein, which Bonds shall be entitled to the benefit, protection and security of the provisions hereof and shall be designated as, and shall be distinguished from the Bonds of all other Series by the title, "Series 1989."

SECTION 5.02. Denominations of Series 1989 Bonds. The Series 1989 Bonds shall be issued as fully registered Bonds in the denomination of five thousand dollars ($5,000) or any integral multiple of five thousand dollars ($5,000) (not exceeding the principal amount of Series 1989 Bonds maturing at any one time).

SECTION 5.03. Date and Maturity Dates of and Minimum Sinking Fund Account Payments for Series 1989 Bonds. The Series 1989 Bonds shall be dated April 1, 1989. The Series 1989 Bonds shall mature on the dates and in the principal amounts as set forth in the following schedule:

Maturity Date September 1	Principal Amount	Maturity Date September 1	Principal Amount
1991	$ 15,000	1999	$ 465,000
1992	50,000	2000	545,000
1993	100,000	2001	635,000
1994	145,000	2002	735,000
1995	195,000	2003	840,000
1996	255,000	2009	7,910,000
1997	320,000	2014	11,890,000
1998	390,000		

Minimum Sinking Fund Account Payments are hereby established for the mandatory redemption and payment of the Series 1989 Term Bonds maturing on September 1, 2009, and for the Series 1989 Term Bonds maturing on September 1, 2014, respectively, which payments shall become due during the years ending on the dates and in the amounts as set forth in the following schedule (except that if any Series 1989 Term Bonds have been optionally redeemed pursuant to Section 5.05, the amounts of such Minimum Sinking Fund Account Payments shall be reduced proportionately by the principal amount of all such Series 1989 Term Bonds so optionally redeemed), namely:

Year Ending September 1	Minimum Sinking Fund Account Payment	Year Ending September 1	Minimum Sinking Fund Account Payment
2004	$ 960,000	2010	$1,915,000
2005	1,085,000	2011	2,130,000
2006	1,230,000	2012	2,355,000
2007	1,375,000	2013	2,610,000
2008	1,540,000	2014	2,880,000
2009	1,720,000		

All such Minimum Sinking Fund Account Payments shall be deposited in a separate account in the Redemption Account, which account is hereby established and shall be known as the Series 1989 Sinking Fund Account and which account the City hereby agrees and covenants to cause to be maintained so long as any Series 1989 Term Bonds are Outstanding. All money in the Series 1989 Sinking Fund Account allocable to the Series 1989 Term Bonds maturing on September 1, 2009, shall be used and withdrawn by the City at any time for the purchase of Series 1989 Term Bonds maturing on September 1, 2009, at public or private sale as and when and at such prices (including brokerage and other charges) as it may in its discretion determine, but not to exceed the principal amount of such Series 1989 Term Bonds, and all money in the Series 1989 Sinking Fund Account allocable to the Series 1989 Term Bonds maturing on September 1, 2014, shall be used and withdrawn by the City at any time for the purchase of Series

1989 Term Bonds maturing on September 1, 2014, at public or private sale as and when and at such prices (including brokerage and other charges) as it may in its discretion determine, but not to exceed the principal amount of such Series 1989 Term Bonds. All money in the Series 1989 Sinking Fund Account allocable to the Series 1989 Term Bonds maturing on September 1, 2009, on September 1 of each year, beginning on September 1, 2004, shall be used and withdrawn by the City on such September 1 for the mandatory redemption or payment of the Series 1989 Term Bonds maturing on September 1, 2009, and all money in the Series 1989 Sinking Fund Account allocable to the Series 1989 Term Bonds maturing on September 1, 2014, on September 1 of each year, beginning on September 1, 2010, shall be used and withdrawn by the City on such September 1 for the mandatory redemption or payment of the Series 1989 Term Bonds maturing on September 1, 2014, and the City hereby agrees and covenants with the Holders of the Series 1989 Term Bonds to call and redeem in accordance with Article IV or pay the Series 1989 Term Bonds from Minimum Sinking Fund Account Payments deposited in the Series 1989 Sinking Fund Account pursuant to this paragraph whenever on September 1 of any year, beginning on September 1, 2004, there is money in the Series 1989 Sinking Fund Account available for such purpose.

SECTION 5.04. Interest Payment Dates of Series 1989 Bonds. Interest on the Series 1989 Bonds shall be payable on September 1, 1989, and semiannually thereafter on March 1 and September 1 in each year. The Series 1989 Bonds shall bear interest from the interest payment date next preceding the date of registration thereof, unless they are registered on a day during the period from the sixteenth (16th) day of the month next preceding an interest payment date to such interest payment date, both inclusive, in which event they shall bear interest from such interest payment date, or unless they are registered on a day on or before the fifteenth (15th) day of the month next preceding the first interest payment date, in which event they shall bear interest from April 1, 1989; provided, that if at the time of registration of any Series 1989 Bond interest is then in default on the Outstanding Series 1989 Bonds, such Series 1989 Bond shall bear interest from the interest payment date to which interest has previously been paid or made available for payment on the Outstanding Series 1989 Bonds.

SECTION 5.05. Redemption Prices and Terms of Series 1989 Bonds. The Series 1989 Term Bonds maturing on September 1, 2009, are subject to mandatory redemption by the City prior to their maturity date in part on any September 1 on or after September 1, 2004, to and including September 1, 2008, and the Series 1989 Term Bonds maturing on September 1, 2014, are subject to mandatory redemption by the City prior to their maturity date in part on any September 1 on or after September 1, 2010, to and including September 1, 2013, solely from Minimum Sinking Fund Account Payments deposited in the Series 1989 Sinking Fund Account, upon mailed notice as provided herein, at the principal amount thereof together with accrued interest thereon to the date of redemption. The Series 1989 Bonds maturing by their terms on or after September 1, 1998, are subject to optional redemption by the

City prior to their respective maturity dates, as a whole or in part on any interest payment date on or after September 1, 1997, from funds derived by the City from any source other than Minimum Sinking Fund Account Payments deposited in the Series 1989 Sinking Fund Account, upon mailed notice as provided herein, at the following redemption prices (computed upon the principal amount of Series 1989 Bonds or portions thereof called for redemption) together with accrued interest to the date of redemption, to wit:

102% if redeemed on September 1, 1997, or March 1, 1998;

101% if redeemed on September 1, 1998, or March 1, 1999; and

100% if redeemed on or after September 1, 1999, and prior to maturity.

SECTION 5.06. Form of Series 1989 Bonds. The Series 1989 Bonds and the authentication and registration endorsement and assignment to appear thereon shall be substantially in the following forms, respectively:

[FORM OF SERIES 1989 BONDS]

No. _____ $_____

UNITED STATES OF AMERICA

STATE OF CALIFORNIA

COUNTY OF SAN JOAQUIN

CITY OF STOCKTON
COMMUNITY FACILITIES DISTRICT NO. 1 (WESTON RANCH)
SPECIAL TAX BOND, SERIES 1989

Interest Rate	Maturity Date	Bond Date	CUSIP
____%	September 1, ____	April 1, 1989	_____

REGISTERED OWNER:

PRINCIPAL AMOUNT: DOLLARS

The City of Stockton, a municipal corporation duly organized and existing under and pursuant to the Constitution and laws of the State of California (the "City"), for value received hereby promises to pay (but only out of the proceeds of the Special Tax hereinafter referred to) to the registered owner set forth above on the maturity date set forth above (subject to any right of prior redemption hereinafter provided for) the principal amount set forth above, together with

interest thereon from the interest payment date next preceding the date of registration of this Bond (unless this Bond is registered on a day during the period from the sixteenth (16th) day of the month next preceding an interest payment date to such interest payment date, both inclusive, in which event it shall bear interest from such interest payment date, or unless it is registered on a day on or before the fifteenth (15th) day of the month next preceding the first interest payment date, in which event it shall bear interest from April 1, 1989) until the principal hereof shall have been paid, at the interest rate per annum set forth above, payable on September 1, 1989, and semiannually thereafter on March 1 and September 1 in each year. The interest on and principal of and redemption premium, if any, on this Bond are payable in lawful money of the United States of America at the principal corporate trust office of Security Pacific National Bank in Los Angeles, California, the Paying Agent of the City for the Bonds. The interest on this Bond due on or before the maturity or prior redemption hereof shall be payable only to the person whose name appears in the registration books required to be kept by the Paying Agent as the registered owner hereof at the close of business as of the fifteenth (15th) day of the month next preceding each interest payment date, such interest to be paid by check mailed to such registered owner at his address as it appears on such books or at such other address as he may have filed with the Paying Agent for that purpose, except that in the case of a registered owner of one million dollars ($1,000,000) or more in principal amount of Bonds then outstanding, payment shall be made at such owner's option by wire transfer of immediately available funds according to instructions provided by such owner to the Paying Agent at least fifteen (15) days before such interest payment date. The principal of and redemption premium, if any, on this Bond shall be payable only to the person whose name appears in such registration books as the registered owner hereof, such principal and redemption premium, if any, to be paid only on the surrender of this Bond at the office of the Paying Agent at maturity or on redemption prior to maturity.

This Bond is one of a duly authorized issue of Bonds in the aggregate principal amount of forty-two million dollars ($42,000,000) issued by the City Council of the City for the City of Stockton Community Facilities District No. 1 (Weston Ranch) (the "District") located in the City, designated "City of Stockton Community Facilities District No. 1 (Weston Ranch) Special Tax Bonds" (the "Bonds"), which Bonds are issued in various series under and pursuant to the Mello-Roos Community Facilities Act of 1982 (being Sections 53311 et seq. of the Government Code of the State of California, as amended) and all laws amendatory thereof or supplemental thereto (the "Law"), and under and pursuant to Resolution No. 88-0757 adopted by the City Council of the City on December 12, 1988, as amended and restated by Resolution No. 89-0203 adopted by the City Council of the City on April 10, 1989 (the "Resolution"), and is one of a series of Bonds of various maturities designated as the "Series 1989 Bonds" in the aggregate principal amount of twenty-four million four hundred ninety thousand dollars ($24,490,000) issued under and

pursuant to the Law and the Resolution, all of like tenor and date (except for such variations, if any, as may be required to designate varying numbers, denominations, maturities, interest rates or redemption provisions). All the Series 1989 Bonds are equally and ratably secured in accordance with the terms and conditions of the Resolution (copies of which are on file at the office of the City Clerk of the City and at the above-mentioned office of the Paying Agent), and reference is hereby made to the Law and to the Resolution and any and all amendments thereof and supplements thereto for a description of the terms on which the Series 1989 Bonds are issued and for the rights of the registered owners of the Series 1989 Bonds; and all the terms of the Law and the Resolution are hereby incorporated herein and constitute a contract between the City and the registered owner from time to time of this Series 1989 Bond, to all the provisions of which the registered owner of this Series 1989 Bond, by his acceptance hereof, agrees and consents; and each taker and subsequent registered owner hereof shall have recourse to all the provisions of the Law and the Resolution and shall be bound by all the terms and conditions thereof.

The Series 1989 Bonds are issued to provide funds to pay costs of the acquisition and construction of the Facilities, as that term is defined in the Resolution. The Series 1989 Bonds are special tax obligations of the City and the interest on and principal of and redemption premiums, if any, on the Series 1989 Bonds are payable solely from the proceeds of the Special Tax (as that term is defined in the Resolution, and herein the "Special Tax"), as provided in the Resolution, and the City is not obligated to pay them except from the proceeds of the Special Tax as so provided. The general fund of the City is not liable and the full faith and credit of the City is not pledged for the payment of the interest on or principal of or redemption premiums, if any, on the Series 1989 Bonds, and no tax or assessment other than the Special Tax shall ever be levied or collected to pay the interest on or principal of or redemption premiums, if any, on the Series 1989 Bonds. The Series 1989 Bonds are not secured by a legal or equitable pledge of or charge, lien or encumbrance upon any property of the City or any of its income or receipts except the money in the Special Tax Fund established under the Resolution, and neither the payment of the interest on or principal of or redemption premiums, if any, on the Series 1989 Bonds is a general debt, liability or obligation of the City. Additional Bonds payable from the proceeds of the Special Tax may be issued which will rank equally as to security with the Series 1989 Bonds, but only subject to the conditions and limitations contained in the Resolution.

The Series 1989 Bonds maturing by their terms on September 1, 2009, are subject to mandatory redemption by the City prior to their maturity date in part on any September 1 on or after September 1, 2004, to and including September 1, 2008, and the Series 1989 Bonds maturing by their terms on September 1, 2014, are subject to mandatory redemption by the City prior to their maturity date in part on any September 1 on or after September 1, 2010, to and including September 1,

2013, solely from Minimum Sinking Fund Account Payments deposited in the Series 1989 Sinking Fund Account (as those terms are defined in and as provided by the Resolution), upon mailed notice as hereinafter provided, at the principal amount thereof together with accrued interest thereon to the date of redemption. The Series 1989 Bonds maturing by their terms on or after September 1, 1998, are subject to optional redemption by the City prior to their respective maturity dates, as a whole or in part on any interest payment date on or after September 1, 1997, from funds derived by the City from any source other than such Minimum Sinking Fund Account Payments, upon mailed notice as hereinafter provided, at the following redemption prices (computed upon the principal amount of Bonds or portions thereof called for redemption) together with accrued interest to the date of redemption, to wit:

102% if redeemed on September 1, 1997, or March 1, 1998;

101% if redeemed on September 1, 1998, or March 1, 1999; and

100% if redeemed on or after September 1, 1999, and prior to maturity.

If less than all the outstanding Series 1989 Bonds are to be redeemed at the option of the City at any one time, the Series 1989 Bonds of the latest maturity date or dates shall be redeemed prior to or simultaneously with the redemption of any Series 1989 Bonds maturing prior thereto, and if less than all the outstanding Series 1989 Bonds of any one maturity date are to be redeemed at any one time, the City shall select the Series 1989 Bonds or portions thereof of such maturity date to be redeemed in integral multiples of five thousand dollars ($5,000) in any manner that it deems appropriate and fair.

Notice of redemption of this Series 1989 Bond or any portion hereof shall be mailed not less than thirty (30) days nor more than sixty (60) days before the redemption date by first class mail to the registered owner hereof and to those securities depositories and securities information services selected by the City in accordance with the Resolution, but neither failure to receive any such notice nor any immaterial defect contained therein shall affect the sufficiency or validity of such proceedings for redemption. If notice of redemption has been duly given as aforesaid, then this Series 1989 Bond or the portion thereof to be redeemed shall, on the redemption date designated in such notice, become due and payable at the above-described redemption price; and from and after the date so designated interest on this Series 1989 Bond or the portion thereof to be redeemed shall cease to accrue and the registered owner of this Series 1989 Bond shall have no rights in respect hereof except to receive payment of the redemption price of this Series 1989 Bond or the portion thereof to be redeemed, and upon surrender of this Series 1989 Bond if redeemed in part only, the City shall execute and the Paying Agent shall authenticate and deliver to the registered owner hereof at the expense of the City a new Series 1989 Bond or Bonds of authorized denominations equal in aggregate

principal amount to the unredeemed portion of this Series 1989 Bond so surrendered.

The City has covenanted that, so long as any Bonds are outstanding, it will annually levy against all Taxable Land (as that term is defined in the Resolution) in the District and make provision for the collection of the Special Tax in amounts which will be sufficient, after making reasonable allowances for contingencies and errors in the estimates, to yield proceeds equal to the amounts required for compliance with the agreements, conditions, covenants and terms contained in the Resolution, and which in any event will be sufficient to pay the interest on and the principal of and such Minimum Sinking Fund Account Payments for and the redemption premiums, if any, on the Bonds as they become due and payable and to replenish the Bond Reserve Account established under the Resolution and to pay all current Expenses (as that term is defined in the Resolution) as they become due and payable in accordance with the provisions and terms of the Resolution.

The Series 1989 Bonds are issuable in the form of fully registered Bonds in the denomination of five thousand dollars ($5,000) or any integral multiple of five thousand dollars ($5,000) (not exceeding the principal amount of Series 1989 Bonds maturing at any one time). The registered owner of any Series 1989 Bond or Bonds may surrender the same (together with a written instrument of transfer satisfactory to the Paying Agent duly executed by the registered owner or his duly authorized attorney) in exchange for an equal aggregate principal amount of Series 1989 Bonds of the same maturity date of any other authorized denominations in the manner, subject to the conditions and upon payment of the charges provided in the Resolution.

The registration of this Series 1989 Bond is transferable on the registration books kept by the Paying Agent by the registered owner hereof or by his duly authorized attorney upon surrender of this Series 1989 Bond together with a written instrument of transfer satisfactory to the Paying Agent duly executed by the registered owner or his duly authorized attorney, and thereupon a new Series 1989 Bond or Bonds of the same maturity date of authorized denominations in the same aggregate principal amount will be issued to the transferee in exchange therefor in the manner, subject to the conditions and terms and upon payment of the charges provided in the Resolution. The City and the Paying Agent may deem and treat the person in whose name this Series 1989 Bond is registered as the absolute owner hereof for the purpose of receiving payment of, or on account of, the principal hereof and redemption premium, if any, hereon and for all other purposes.

The rights and obligations of the City and of the registered owners of the Bonds may be amended at any time in the manner, to the extent and upon the terms provided in the Resolution, but no such amendment shall (1) extend the maturity of this Series 1989 Bond or reduce the interest rate hereon or otherwise alter or impair the obligation of the City

to pay the interest hereon or principal hereof or redemption premium, if any, hereon at the time and place and at the rate and in the currency and from the funds provided herein without the express written consent of the registered owner of this Series 1989 Bond, or (2) permit the issuance by the City of any obligations payable from the proceeds of the Special Tax other than the Bonds as provided in the Resolution, or jeopardize the ability of the City to levy and collect the Special Tax, or (3) reduce the percentage of Bonds required for the written consent to an amendment of the Resolution, or (4) modify any rights or obligations of the Paying Agent without its prior written assent thereto; all as more fully set forth in the Resolution.

The Series 1989 Bonds do not constitute an indebtedness of the City within the meaning of any constitutional or statutory debt limitation or restriction, and neither the City Council of the City nor the City nor any officer or employee thereof shall be liable for the payment of the interest on or principal of or redemption premiums, if any, on the Series 1989 Bonds otherwise than from the proceeds of the Special Tax as provided in the Resolution.

This Series 1989 Bond shall not be entitled to any benefits under the Resolution or become valid or obligatory for any purpose until the certificate of authentication and registration hereon endorsed shall have been manually signed by the Paying Agent.

It is hereby certified that all acts, conditions and things required by law to exist, to have happened and to have been performed precedent to and in the issuance of this Series 1989 Bond do exist, have happened and have been performed in due time, form and manner as required by law and that the amount of this Series 1989 Bond, together with all other obligations of the City and the District, does not exceed any limit prescribed by the laws of the State of California and is not in excess of the principal amount of the Bonds permitted to be issued under the Resolution.

IN WITNESS WHEREOF, the City of Stockton has caused this Bond to be executed in its name and on its behalf by the facsimile signature of the Mayor of the City and countersigned by the facsimile signature of the City Clerk of the City, and has caused its seal to be printed hereon by facsimile reproduction, and has caused this Bond to be dated April 1, 1989.

CITY OF STOCKTON

By_____
Mayor

(Seal)

Countersigned:

_____
City Clerk

[FORM OF PAYING AGENT'S CERTIFICATE OF AUTHENTICATION AND REGISTRATION TO APPEAR ON SERIES 1989 BONDS]

This is one of the Series 1989 Bonds described in the within-mentioned Resolution which has been authenticated and registered on _____.

Security Pacific National Bank,
as Paying Agent,

By_____
Authorized Officer

[FORM OF ASSIGNMENT TO APPEAR ON SERIES 1989 BONDS]

For value received the undersigned do(es) hereby sell, assign and transfer unto _____ the within Series 1989 Bond and do(es) hereby irrevocably constitute and appoint _____ attorney to transfer the same on the bond register of the Paying Agent, with full power of substitution in the premises.

_____

Dated: _____

SIGNATURE GUARANTEED BY:

_____

Note: The signature(s) to this Assignment must correspond with the name(s) as written on the face of the within Series 1989 Bond in every particular, without alteration or enlargement or any change whatsoever, and the signature(s) must be guaranteed by a member firm of the New York Stock Exchange or a commercial bank or trust company.

Social Security Number, Taxpayer Identification Number or other identifying number of Assignee: _____

SECTION 5.07. Application of Proceeds of Sale of Series 1989 Bonds. Upon the receipt of payment for the Series 1989 Bonds when the same shall have been duly sold by the City, the Treasurer shall set aside and deposit the proceeds of sale of the Bonds in the following accounts and fund in the following order:

(a) The Treasurer shall deposit in the Redemption Account a sum which is equal to the amount of interest accruing on the Series 1989 Bonds to and including September 1, 1990.

(b) The Treasurer shall deposit in the Bond Reserve Account a sum which is equal to the Required Bond Reserve.

(c) The Treasurer shall deposit the remainder of the proceeds of sale of the Series 1989 Bonds in the Acquisition and Construction Fund.

ARTICLE VI

SPECIAL TAX

SECTION 6.01. Deposit of Proceeds of the Special Tax in the Special Tax Fund. The City agrees and covenants that all proceeds of the Special Tax, when and as received, will be deposited as and when received in the City of Stockton Community Facilities District No. 1 (Weston Ranch) Special Tax Fund, which fund is hereby established in the treasury of the City and which fund the City hereby agrees and covenants to maintain so long as any Bonds are Outstanding hereunder, and all money in such fund will be held by the City in trust hereunder and will be accounted for separately and apart from all other accounts, funds, money or other resources of the City and will be disbursed, allocated and applied solely to the uses and purposes hereinafter set forth in this article.

SECTION 6.02. Allocation of Money in the Special Tax Fund. All money in the Special Tax Fund shall be set aside by the Treasurer in the following respective special accounts within the Special Tax Fund (each of which accounts is hereby created) in the following order of priority, and all money in each of such accounts shall be applied, used and withdrawn only for the purposes hereinafter authorized in this section, namely:

(1) Redemption Account,

(2) Bond Reserve Account, and

(3) Expense Account.

(1) Redemption Account. On or before the twenty-fifth (25th) day of each February and the twenty-eighth (28th) day of each August, beginning in February, 1991, the Treasurer shall, from the money in the Special Tax Fund, first transfer to and deposit in the Redemption Account an amount of money equal to the

aggregate amount of interest becoming due and payable on all Outstanding Bonds on the next succeeding interest payment date, and thereafter shall transfer to and deposit in the Redemption Account an amount of money equal to (a) one-half (1/2) of the aggregate amount of principal becoming due and payable on the Outstanding Serial Bonds of all Series having annual maturity dates on the next succeeding September 1, plus (b) the aggregate amount of principal becoming due and payable on the Outstanding Serial Bonds of all Series having semiannual maturity dates on the next succeeding March 1 or the next succeeding September 1, as the case may be, plus (c) one-half (1/2) of the aggregate of the Minimum Sinking Fund Account Payments required hereby and by all Supplemental Resolutions to be made during the year ending on the next succeeding September 1 into the respective Sinking Fund Accounts for all Term Bonds for which annual mandatory redemption is required from such Sinking Fund Accounts, plus (d) the aggregate of the Minimum Sinking Fund Account Payments required by all Supplemental Resolutions to be made during the six-month period ending on the next succeeding March 1 or the next succeeding September 1, as the case may be, into the respective Sinking Fund Accounts for all Term Bonds for which semiannual mandatory redemption is required from such Sinking Fund Accounts; provided, that all of the aforesaid Minimum Sinking Fund Account Payments shall be made without priority of the payment of any Minimum Sinking Fund Account Payment over the payment of any other Minimum Sinking Fund Account Payment, and in the event that the money in the Redemption Account on any March 1 or September 1 is not equal to the amount of principal to become due and payable on the Outstanding Serial Bonds of all Series on such March 1 or September 1, as the case may be, plus the principal of and redemption premiums on the Outstanding Term Bonds required to be redeemed or paid at maturity on such March 1 or such September 1, as the case may be, then such moneys shall be applied pro rata in such proportion as such Serial Bonds and such Term Bonds shall bear to each other, after first deducting for such purposes for such Term Bonds any of such Term Bonds required to be redeemed annually as shall have been redeemed or purchased during the twelve-month period ending on such September 1 and commencing on the immediately preceding September 2 and any of such Term Bonds required to be redeemed semiannually as shall have been redeemed or purchased during the six-month period ending on such March 1 and commencing on the immediately preceding September 2, or ending on such September 1 and commencing on the immediately preceding March 2, as the case may be.

No deposit need be made into the Redemption Account if the amount of money contained therein is at least equal to the amount required by the terms of the preceding paragraph to be deposited therein at the times and in the amounts herein provided.

All money in the Redemption Account shall be used and withdrawn by the Treasurer solely for transfer to the Paying Agent to pay the interest on the Bonds as it shall become due and payable (including accrued interest on any Bonds purchased or redeemed prior to maturity) plus the principal of and redemption premiums, if any, on the Bonds as they shall become due and payable, except that any money in any Sinking Fund Account shall be used only to purchase or redeem or retire the Term Bonds for which such Sinking Fund Account was established as provided herein or in any Supplemental Resolution.

(2) Bond Reserve Account. On or before the twenty-fifth (25th) day of each February and the twenty-eighth (28th) day of each August, beginning in February, 1991, the Treasurer shall, from the then remaining money in the Special Tax Fund, transfer to and deposit in the Bond Reserve Account such amount of money as shall be required to restore the Bond Reserve Account to a sum equal to the Required Bond Reserve; and for this purpose all investments in the Bond Reserve Account shall (beginning in February, 1991) be valued on February 25 and August 28 of each year at the face value thereof if such investments mature within twelve (12) months from the date of valuation, or if such investments mature more than twelve (12) months after the date of valuation, at the price at which such investments are redeemable by the holder at his option, if so redeemable, or if not so redeemable, at the lesser of (i) the cost of such investments plus the amortization of any premium or minus the amortization of any discount, or (ii) the market value of such investments, and for this latter purpose, market value on any such date shall mean the last reported transaction price of such investments or, if not reported, the mean of the closing bid and asked prices of such investments on the next preceding business day as reported in The Wall Street Journal (or, if such publication is unavailable, in such other financial publication of national standing as may be selected by the Paying Agent), except that as to any investments the bid and asked prices of which are not published on a regular basis in The Wall Street Journal, market value shall mean the average bid price at such time of determination for such investments by any two nationally recognized government securities dealers (selected by the Paying Agent in its sole discretion) at the time making a market in such investments or the bid price published by a nationally recognized pricing service.

No deposit need be made into the Bond Reserve Account if the amount of money contained therein is at least equal to the amount of money required by the above paragraph to be on deposit therein.

All money in the Bond Reserve Account shall be used and withdrawn by the Treasurer solely for the purpose of paying the interest on or principal of or redemption premiums, if any, on the Bonds in the event there is insufficient money in the Redemption Account available

for this purpose; provided, that if as a result of any of the foregoing valuations it is determined that the amount of money in the Bond Reserve Account exceeds the Required Bond Reserve, the Treasurer shall withdraw the amount of money representing such excess from such fund and shall deposit such amount of money in the Acquisition and Construction Fund or in the Special Tax Fund, as the case may be, as provided in the last paragraph of Section 12.05.

(3) Expense Account. On or before the twenty-fifth (25th) day of each February and the twenty-eighth (28th) day of each August, beginning in February, 1991, the Treasurer shall, from the then remaining money in the Special Tax Fund, transfer to and deposit in the Expense Account a sum equal to the amount required by the City for the payment of budgeted Expenses. All money in the Expense Account shall be used and withdrawn by the Treasurer only to pay Expenses as they become due and payable or to pay interest on or principal of or redemption premiums, if any, on the Bonds in the event that no other money is available therefor.

All money remaining in the Special Tax Fund (other than money in the Redemption Account or in the Bond Reserve Account or in the Expense Account) on September 1 of each year, beginning in September, 1991, after withdrawing all of the sums required to be withdrawn therefrom on or prior to such date by the provisions of Sections 6.02(1), (2) and (3), shall (except as such money may have been accumulated to pay future Debt Service) be withdrawn from the Special Tax Fund by the Treasurer and transferred to the City and expended by it for the payment of costs of the acquisition and construction of the Facilities or otherwise for the benefit of the District in accordance with the Law; provided, that the Treasurer shall not make any such withdrawal of money in the Special Tax Fund if and when the City is in default hereunder.

ARTICLE VII

COVENANTS OF THE CITY

SECTION 7.01. Punctual Payment and Performance. The City will punctually pay the interest on and principal of and redemption premium, if any, to become due on every Bond issued hereunder in strict conformity with the terms of the Law and hereof and of the Bonds, and will faithfully observe and perform all the agreements, conditions, covenants and terms contained herein and in the Bonds required to be observed and performed by it.

SECTION 7.02. Against Indebtedness and Encumbrances. The City will not issue any evidences of indebtedness payable from the proceeds of the Special Tax except as provided in Sections 2.02 and 2.03, and will not create, nor permit the creation of, any pledge, lien, charge or other encumbrance upon any money in the Special Tax Fund other than as provided herein.

SECTION 7.03. Against Federal Income Taxation.

(a) The City will not take any action, or fail to take any action, if such action or failure to take such action would adversely affect the exclusion from gross income of the interest on the Bonds pursuant to Section 103 of the Code, and specifically the City will not directly or indirectly use or make any use of the proceeds of the Bonds or any other funds of the City or take or omit to take any action that would cause the Bonds to be "arbitrage bonds" subject to federal income taxation by reason of Section 148 of the Code or "private activity bonds" subject to federal income taxation by reason of Section 141(a) of the Code or obligations subject to federal income taxation because they are "federally guaranteed" as provided in Section 149(b) of the Code; and to that end the City, with respect to the proceeds of the Bonds and such other funds, will comply with all requirements of such sections of the Code and all regulations of the United States Department of the Treasury issued thereunder to the extent that such regulations are, at the time, applicable and in effect; provided, that if the City shall obtain an opinion of nationally recognized bond counsel to the effect that any action required under this section is no longer required, or to the effect that some further action is required, to maintain the exclusion from gross income of the interest on the Bonds pursuant to Section 103 of the Code, the City may rely conclusively on such opinion in complying with the provisions hereof. In the event that at any time the City is of the opinion that for purposes of this section it is necessary to restrict or limit the yield on the investment of any moneys held by the Treasurer hereunder or otherwise the City shall so instruct the Treasurer in writing, and the Treasurer shall take such action as may be necessary in accordance with such instructions.

(b) Without limiting the generality of the foregoing, the City will pay from time to time all amounts required to be rebated to the United States of America pursuant to Section 148(f) of the Code and all regulations of the United States Department of the Treasury issued thereunder to the extent that such regulations are, at the time, applicable and in effect, which obligation shall survive payment in full or defeasance of the Bonds, and to that end, there is hereby established in the treasury of the City a fund to be known as the City of Stockton Community Facilities District No. 1 (Weston Ranch) Special Tax Bonds Rebate Fund to be held and administered by the Treasurer. The City will comply with the provisions of the Rebate Certificates with respect to making deposits in the Rebate Fund, and moneys held in the Rebate Fund are pledged to provide payments to the United States of America as provided herein and in the Rebate Certificates and no other person shall have claim to such moneys except as provided in the Rebate Certificates.

SECTION 7.04. Payment of Claims. The City will pay and discharge any and all lawful claims which, if unpaid, might become payable from the proceeds of the Special Tax or any part thereof or upon any funds in the hands of the City or the Paying Agent allocated to the payment of the interest on

or principal of or redemption premiums, if any, on the Bonds, or which might impair the security of the Bonds.

SECTION 7.05. Expense Budgets. The City will, prior to the first Fiscal Year in which the Special Tax is levied, adopt a budget setting forth the estimated Expenses for such Fiscal Year, and on or before the first day of July in each succeeding year, the City will adopt a budget setting forth the estimated Expenses for the Fiscal Year ending on the next succeeding June 30. Any budget adopted in accordance with this section may be amended at any time.

SECTION 7.06. Accounting Records; Financial Statements and Other Reports.

(a) The City will keep appropriate accounting records in which complete and correct entries shall be made of all transactions relating to the receipt, investment, disbursement, allocation and application of the proceeds of the Special Tax and of the proceeds of the Bonds, which accounting records shall at all times during business hours be subject to the inspection of any Holder (or his representative authorized in writing) and of any investment banker, security dealer or other person interested in the Bonds.

(b) The City will prepare annually within one hundred eighty (180) days after the close of each Fiscal Year (commencing with the Fiscal Year ending June 30, 1989) financial statements of the City for the preceding Fiscal Year prepared in accordance with Generally Accepted Accounting Principles, together with an Accountant's Report thereon and a special report prepared by the Independent Certified Public Accountant who examined such financial statements stating that nothing came to his attention in connection with such examination that caused him to believe that the City was not in compliance with any of the financial agreements or covenants contained herein. The City will furnish a copy of such financial statements and Accountant's Report without charge to any Holder (or his representative authorized in writing) and to any investment banker, security dealer or other person interested in the Bonds requesting copies thereof.

(c) The City will prepare annually not more than one hundred eighty (180) days after the close of each Fiscal Year (commencing with the Fiscal Year ending June 30, 1989) a summary report showing in reasonable detail the proceeds of the Special Tax levied and collected and the Expenses for the preceding Fiscal Year and containing a general statement of the physical condition of the Facilities. The City will furnish a copy of such summary report without charge to any Holder (or his representative authorized in writing) and to any investment banker, security dealer or other person interested in the Bonds requesting a copy thereof.

SECTION 7.07. Protection of Security and Rights of Holders. The City will preserve and protect the security of the Bonds and the rights of the Holders and will warrant and defend their rights against all claims and demands of all persons.

SECTION 7.08. Payment of Governmental Charges and Compliance with Governmental Regulations. The City will pay and discharge all taxes or payments in lieu of taxes, assessments and other governmental charges or liens that may be levied, assessed or charged upon the Facilities or any part thereof promptly as and when the same shall become due and payable, except that the City shall not be required to pay any such governmental charges so long as the application or validity thereof shall be contested in good faith and the City shall have set aside reserves to cover such charges. The City will duly observe and conform with all valid regulations and requirements of any governmental authority relative to the operation of the Facilities or any part thereof, except that the City shall not be required to comply with any such regulations or requirements so long as the application or validity thereof shall be contested in good faith.

SECTION 7.09. Levy and Collection of the Special Tax. The City, so long as any Bonds are Outstanding, will annually levy the Special Tax against all Taxable Land in the District and make provision for the collection of the Special Tax in amounts which will be sufficient, after making reasonable allowances for contingencies and errors in the estimates, to yield proceeds equal to the amounts required for compliance with the agreements, conditions, covenants and terms contained herein, and which in any event will be sufficient to pay the interest on and principal of and Minimum Sinking Fund Account Payments for and redemption premiums, if any, on the Bonds as they become due and payable and to replenish the Bond Reserve Account and to pay all current Expenses as they become due and payable in accordance with the provisions and terms hereof. The Special Tax shall be collected in the same manner as ordinary ad valorem property taxes are collected and, except as otherwise provided in Section 7.10 and in the Law, shall be subject to the same penalties and the same collection procedure, sale, and lien priority in case of delinquency as is provided for ad valorem property taxes.

SECTION 7.10. Foreclosure of Special Tax Liens. The City will review the public records of the County of San Joaquin relating to the collection of the Special Tax in order to determine by a date not later than one hundred fifty (150) days after the date that each installment thereof is delinquent the amount of the Special Tax collected by such delinquency date, and if the City determines on the basis of such review that the amount so collected is deficient by more than five per cent (5%) of the total amount of the Special Tax due and payable by such delinquency date, it will within thirty (30) days thereafter institute foreclosure proceedings as authorized by the Law in order to enforce the lien of the delinquent installments of the Special Tax against each separate lot or parcel of land in the District, and will diligently prosecute and pursue such foreclosure proceedings to judgment and sale; provided, that if the City determines on the basis of such review that property owned by any single property owner in the District is delinquent by more than twenty-five thousand dollars ($25,000) with respect to the Special Tax due and payable by such property owner by such

delinquency date, then the City will institute, prosecute and pursue such foreclosure proceedings in the time and manner provided herein against such property owner.

SECTION 7.11. Further Assurances. The City will adopt, deliver, execute and make any and all further assurances, instruments and resolutions as may be reasonably necessary or proper to carry out the intention or to facilitate the performance hereof and for the better assuring and confirming unto the Holders of the rights and benefits provided herein.

ARTICLE VIII

THE PAYING AGENT

SECTION 8.01. The Paying Agent. Security Pacific National Bank at its principal corporate trust office in Los Angeles, California, is hereby appointed Paying Agent of the City for the purpose of receiving all money which the Treasurer is required to transfer to it hereunder and for applying and using such money as provided herein for the purpose of paying the interest on and principal of and redemption premiums, if any, on the Bonds. The City agrees that it will at all times maintain a Paying Agent having a principal corporate trust office in either Los Angeles, California, or San Francisco, California.

The City may remove the Paying Agent initially appointed and any successor thereto and may appoint a successor or successors thereto by an instrument in writing; provided, that any such successor shall be a bank or trust company doing business and having a principal corporate trust office in either Los Angeles, California, or San Francisco, California, having a combined capital (exclusive of borrowed capital) and surplus of at least seventy-five million dollars ($75,000,000) and subject to supervision or examination by a federal or state banking authority. If such bank or trust company publishes a report of condition at least annually, pursuant to law or to the requirements of any supervising or examining authority above referred to, then for the purpose of this section the combined capital and surplus of such bank or trust company shall be deemed to be its combined capital and surplus as set forth in its most recent report of condition so published. The Paying Agent may at any time resign by giving written notice of such resignation to the City and by giving notice of such resignation by mail pursuant to Section 10.09 to the Holders, and upon receiving such notice of resignation, the City shall promptly appoint a successor Paying Agent by an instrument in writing having the qualifications required hereby. Any resignation or removal of a Paying Agent and appointment of a successor Paying Agent shall become effective only upon the acceptance of appointment by the successor Paying Agent. If within thirty (30) days after notice of the removal or resignation of the Paying Agent no successor Paying Agent shall have been appointed by the City and shall have accepted such appointment, the removed or resigning Paying Agent may petition any court of competent jurisdiction for the

appointment of a successor Paying Agent, which court may thereupon, after such notice, if any, as it may deem proper and prescribe and as may be required by law, appoint a successor Paying Agent having the qualifications required hereby.

The Paying Agent is hereby authorized to pay interest on the Bonds due on or before the maturity or prior redemption thereof to the Holders as their names appear at the close of business as of the fifteenth (15th) day of the month next preceding each interest payment date on the registration books required to be kept by it pursuant to Section 3.03 as the registered owners thereof, such interest to be paid by check mailed to the Holders at their addresses appearing on such books or at such other addresses as they may have filed with the Paying Agent for that purpose (except that in the case of a Holder of one million dollars ($1,000,000) or more in principal amount of Outstanding Bonds, payment shall be made at such Holder's option by wire transfer of immediately available funds according to instructions provided by such Holder to the Paying Agent at least fifteen (15) days before such interest payment date) and to pay to the Holders the principal of and redemption premiums, if any, on the Bonds upon presentation and surrender of the Bonds to the Paying Agent at maturity or on redemption prior to maturity. The Paying Agent shall cancel and destroy all Bonds paid by it at maturity or on redemption prior to maturity and all Bonds surrendered to it by the City, and shall deliver to the City a certificate of such destruction, and the Paying Agent shall keep accurate records of all Bonds cancelled and destroyed by it hereunder.

The City shall from time to time, subject to any agreement between the City and the Paying Agent then in force, pay the Paying Agent compensation for its services, reimburse the Paying Agent for all its advances and expenditures, including but not limited to advances to and fees and expenses by independent accountants, counsel and engineers or other experts employed by it in the exercise and performance of its rights and obligations hereunder, and indemnify and save the Paying Agent harmless against liabilities not arising from its own negligence or willful misconduct which it may incur in the exercise and performance of its rights and obligations hereunder, which obligation shall survive the resignation or removal of any Paying Agent or the defeasance of any Bonds.

SECTION 8.02. Liability of the Paying Agent. The recitals of facts, agreements and covenants contained herein and in the Bonds shall be taken as statements, agreements and covenants of the City, and the Paying Agent does not assume any responsibility for the correctness of the same and does not make any representation as to the sufficiency or validity hereof or of the Bonds, and shall not incur any responsibility in respect thereof other than in connection with the rights and obligations assigned to or imposed upon it herein or in the Bonds, and shall not be liable in connection with the performance of its duties hereunder except for its own negligence or willful misconduct.

SECTION 8.03. Notice to the Paying Agent. The Paying Agent shall be protected in acting upon any Bond, certificate, consent, notice, opinion, report, request, resolution or other document or paper believed by it to be genuine and to have been signed or presented by the proper party or parties. The Paying Agent may consult with counsel, who may be counsel to the City, with regard to legal questions, and the opinion of such counsel shall be full and complete authorization and protection with respect to any action taken or suffered hereunder in good faith and in accordance therewith.

Whenever in the administration of its rights and obligations hereunder the Paying Agent shall deem it necessary or desirable that a matter be established or proved prior to taking or suffering any action hereunder, such matter (unless other evidence in respect thereof be herein specifically prescribed) may, in the absence of bad faith on the part of the Paying Agent, be deemed to be conclusively established or proved by a Certificate of the City, which shall be full warrant to the Paying Agent for any action taken or suffered under the provisions hereof upon the faith thereof, but in its discretion the Paying Agent may, in lieu thereof, accept other evidence of such matter or may require such additional evidence as it may deem reasonable.

ARTICLE IX

AMENDMENT OF OR SUPPLEMENT TO THE RESOLUTION

SECTION 9.01. Amendment or Supplement by Consent of Holders. The Resolution and the rights and obligations of the City and of the Holders may be amended or supplemented at any time by a Supplemental Resolution which shall become binding when the written consents of the Holders of sixty per cent (60%) in aggregate principal amount of the Bonds then Outstanding, exclusive of Bonds disqualified as provided in Section 9.02, are filed with the City. No such amendment or supplement shall (1) extend the maturity of or reduce the interest rate on or otherwise alter or impair the obligation of the City to pay the interest on or principal of or redemption premium, if any, on any Bond at the time and place and at the rate and in the currency and from the funds provided herein without the express written consent of the Holder of such Bond, or (2) permit the issuance by the City of any obligations payable from the proceeds of the Special Tax other than the Bonds as provided herein, or jeopardize the ability of the City to levy and collect the Special Tax, or (3) reduce the percentage of Bonds required for the written consent to any such amendment or supplement, or (4) modify any rights or obligations of the Paying Agent without its prior written assent thereto.

The Resolution and the rights and obligations of the City and of the Holders may also be amended or supplemented at any time by a Supplemental Resolution which shall become binding upon adoption without the prior written consent of any Holders, but only to the extent permitted by law and only for any one or more of the following purposes --

(a) To add to the agreements and covenants required herein to be performed by the City other agreements and covenants thereafter to be performed by the City which shall not adversely affect the interests of the Holders, or to surrender any right or power reserved herein to or conferred herein upon the City which shall not (in the opinion of the City) adversely affect the interests of the Holders; or

(b) To make such provisions for the purpose of curing any ambiguity or of curing, correcting or supplementing any defective provision contained herein or in regard to questions arising hereunder which the City may deem desirable or necessary and not inconsistent herewith and which shall not (in the opinion of the City) adversely affect the interests of the Holders; or

(c) To authorize the issuance of a Series of Bonds other than the Series 1989 Bonds and to provide the conditions and terms under which such Series of Bonds may be issued, subject to the conditions and terms and upon compliance with the procedure set forth in Article II.

SECTION 9.02. Disqualified Bonds. Bonds owned or held for the account of the City shall not be deemed Outstanding for the purpose of any consent or other action or any calculation of Outstanding Bonds provided for in this article or in Article X, and shall not be entitled to consent to or take any other action provided for in this article or in Article X.

SECTION 9.03. Endorsement or Replacement of Bonds After Amendment or Supplement. After the effective date of any action taken as hereinabove provided, the City may determine that the Bonds may bear a notation by endorsement in form approved by it as to such action, and in that case upon demand of the Holder of any Bond Outstanding on such effective date and presentation of his Bond for such purpose at the office of the Paying Agent a suitable notation as to such action shall be made on such Bond. If the City shall so determine, new Bonds so modified as, in the opinion of the City, shall be necessary to conform to such action shall be prepared and executed, and in that case upon demand of the Holder of any Bond Outstanding on such effective date such new Bonds shall, upon surrender of such Outstanding Bonds, be exchanged at the office of the Paying Agent, without cost to each Holder, for Bonds then Outstanding.

SECTION 9.04. Amendment or Supplement by Mutual Consent. The provisions of this article shall not prevent any Holder from accepting any amendment or supplement as to any particular Bonds held by him; provided, that due notation thereof is made on such Bonds.

ARTICLE X

REMEDIES OF HOLDERS

SECTION 10.01. Remedies of Holders. Any Holder shall have the right for the equal benefit and protection of all Holders similarly situated --

(a) by mandamus or other suit or proceeding at law or in equity to enforce his rights against the City Council or the City or any of the officers or employees of the City, and to compel the City Council or the City or any such officers or employees to perform and carry out their duties under the Law and the agreements and covenants with the Holders contained herein;

(b) by suit in equity to enjoin any acts or things which are unlawful or violate the rights of the Holders; or

(c) by suit in equity upon the nonpayment of the Bonds to require the City Council or the City or its officers and employees to account as the trustee of an express trust.

SECTION 10.02. Non-waiver. Nothing in this article or in any other provision herein or in the Bonds shall affect or impair the obligation of the City, which is absolute and unconditional, to pay the interest on and principal of and redemption premiums, if any, on the Bonds to the respective Holders of the Bonds at the respective dates of maturity or upon redemption prior to maturity as provided herein from the proceeds of the the Special Tax as provided herein, or shall affect or impair the right of such Holders, which is also absolute and unconditional, to institute suit to enforce such payment by virtue of the contract embodied herein and in the Bonds.

A waiver of any default or breach of duty or contract by any Holder shall not affect any subsequent default or breach of duty or contract and shall not impair any rights or remedies on any such subsequent default or breach of duty or contract. No delay or omission by any Holder to exercise any right or remedy accruing upon any default or breach of duty or contract shall impair any such right or remedy or shall be construed to be a waiver of any such default or breach of duty or contract or an acquiescence therein, and every right and remedy conferred upon the Holders by the Law or hereby may be enforced and exercised from time to time and as often as shall be deemed expedient by the Holders.

If any action, proceeding or suit to enforce any right or exercise any remedy is abandoned or determined adversely to any Holder, the City and such Holder shall be restored to their former positions, rights and remedies as if such action, proceeding or suit had not been brought or taken.

SECTION 10.03. Remedies Not Exclusive. No remedy herein conferred upon or reserved to the Holders is intended to be exclusive of any other remedy, and every such remedy shall be cumulative and shall be in addition to every other

remedy given hereunder or now or hereafter existing at law or in equity or by statute or otherwise, and may be exercised without exhausting and without regard to any other remedy conferred by the Law or any other law.

ARTICLE XI

DEFEASANCE

SECTION 11.01. Discharge of any Series of Bonds.

(a) If the City shall pay or cause to be paid or there shall otherwise be paid to the Holders of all Outstanding Bonds of any Series the interest thereon and the principal thereof and the redemption premiums, if any, thereon at the times and in the manner stipulated therein and herein, then all agreements, covenants and other obligations of the City to the Holders of such Bonds hereunder shall thereupon cease, terminate and become void and be discharged and satisfied. In such event, the Paying Agent shall execute and deliver to the City all such instruments as may be necessary or desirable to evidence such discharge and satisfaction, and the Paying Agent shall pay over or deliver to the City all money or securities held by it pursuant hereto which are not required for the payment of the interest on and principal of and redemption premiums, if any, on such Series of Bonds.

(b) Any Outstanding Bonds of any Series shall on the maturity date or redemption date thereof be deemed to have been paid within the meaning of and with the effect expressed in subsection (a) of this section if there shall be on deposit with the Paying Agent money which is sufficient to pay the interest due on such Bonds on such date and the principal and redemption premiums, if any, due on such Bonds on such date.

(c) Any Outstanding Bonds of any Series shall prior to the maturity date or redemption date thereof be deemed to have been paid within the meaning and with the effect expressed in subsection (a) of this section if (1) in case any of such Bonds are to be redeemed on any date prior to their maturity date, the City shall have agreed to mail a notice of redemption pursuant to Section 12.09 to the respective Holders of all such Outstanding Bonds of such Series and to such securities depositories or securities information services selected by it pursuant to Section 4.03, (2) there shall have been deposited with an escrow agent or the Paying Agent either money in an amount which shall be sufficient or Federal Securities which are not subject to redemption except by the holder thereof prior to maturity (including any Federal Securities issued or held in book-entry form on the books of the Department of the Treasury of the United States of America) or municipal obligations which have been defeased with Federal Securities and which are rated in the highest rating category by either Moody's or Standard & Poor's, the interest on and principal of which when paid will provide money which, together with the money, if any, deposited with such escrow agent or the Paying Agent at the same time, shall be sufficient to pay when due the interest to become due on

such Bonds on and prior to the maturity dates or redemption dates thereof, as the case may be, and the principal of and redemption premiums, if any, on such Bonds on and prior to the maturity dates or the redemption dates thereof, as the case may be, as evidenced by an Accountant's Report on file with the City, and (3) in the event such Bonds are not by their terms subject to redemption within the next succeeding sixty (60) days, the City shall have agreed to mail pursuant to Section 12.09 a notice to the Holders of such Bonds and to such securities depositories and securities information services selected by it pursuant to Section 4.03 that the deposit required by clause (2) above has been made with such escrow agent or the Paying Agent and that such Bonds are deemed to have been paid in accordance with this section and stating the maturity dates or redemption dates, as the case may be, upon which money is to be available for the payment of the principal of and redemption premiums, if any, on such Bonds.

SECTION 11.02. Unclaimed Money. Anything contained herein to the contrary notwithstanding, any money held by the Paying Agent in trust for the payment and discharge of any of the Bonds or any interest thereon which remains unclaimed for six (6) years after the date when such Bonds or interest thereon have become due and payable, either at their stated maturity dates or by call for redemption prior to maturity, if such money was held by the Paying Agent on such date, or for six (6) years after the date of deposit of such money if deposited with the Paying Agent after the date when such Bonds or interest thereon became due and payable, shall, at the Written Request of the City, be repaid by the Paying Agent to the City as its absolute property free from trust and for use in accordance with the Law, and the Paying Agent shall thereupon be released and discharged with respect thereto and the Holders shall look only to the City for the payment of such Bonds and interest thereon; provided, that before the Paying Agent shall be required to make any such repayment the City shall mail pursuant to Section 12.09 a notice to the Holders of all Outstanding Bonds and to such securities depositories and securities information services selected by it pursuant to Section 4.03 that such money remains unclaimed and that after a date named in such notice, which date shall not be less than thirty (30) days after the date of the mailing of such notice, the balance of such money then unclaimed will be returned to the City.

ARTICLE XII

MISCELLANEOUS

SECTION 12.01. Liability of City Limited to Proceeds of the Special Tax. Notwithstanding anything contained herein, the City shall not be required to advance any money derived from any source of income other than the proceeds of the Special Tax as provided herein for the payment of the interest on or principal of or redemption premiums, if any, on the Bonds.

The Bonds are special tax obligations of the City and the interest on and principal of and redemption premiums, if any, on the Bonds are payable solely from the proceeds of the Special Tax as provided herein, and the City is not obligated to pay them except from the proceeds of the Special Tax. The general fund of the City is not liable and the full faith and credit of the City is not pledged for the payment of the interest on or principal of or redemption premiums, if any, on the Bonds, and no tax or assessment other than the Special Tax shall ever be levied or collected to pay the interest on or principal of or redemption premiums, if any, on the Bonds. The Bonds are not secured by a legal or equitable pledge of or charge, lien or encumbrance upon any property of the City or any of its income or receipts except the money in the Special Tax Fund, and neither the payment of the interest on or principal of or redemption premiums, if any, on the Bonds is a general debt, liability or obligation of the City. The Bonds do not constitute an indebtedness of the City within the meaning of any constitutional or statutory debt limitation or restriction, and neither the City Council nor the City nor any officer or employee thereof shall be liable for the payment of the interest on or principal of or redemption premiums, if any, on the Bonds otherwise than from the proceeds of the Special Tax as provided herein.

SECTION 12.02. Benefits of the Resolution Limited to Certain Parties. Nothing contained herein, express or implied, is intended to give to any person other than the City Council, the City, the Paying Agent and the Holders any right, remedy or claim under or by reason hereof, and any agreement or covenant required herein to be performed by or on behalf of the City Council or the City or any officer or employee thereof shall be for the sole and exclusive benefit of the Paying Agent and the Holders.

SECTION 12.03. Successor is Deemed Included in All References to Predecessor. Whenever either the City Council or the City or any officer or employee thereof is named or referred to herein, such reference shall be deemed to include the successor to the powers, duties and functions with respect to the administration, control and management of the affairs of the City Council and the City that are presently vested in the City Council or the City or such officer or employee, and all agreements and covenants required herein to be performed by or on behalf of the City Council or the City or any officer or employee thereof shall bind and inure to the benefit of the respective successors thereof whether so expressed or not.

SECTION 12.04. Execution of Documents by Holders. Any declaration, request or other instrument which is permitted or required herein to be executed by Holders may be in one or more instruments of similar tenor, and may be executed by Holders in person or by their attorneys duly authorized in writing. The fact and date of the execution by any Holder or his attorney of any declaration, request or other instrument or of any writing appointing such attorney may be proved by the certificate of any notary public or other officer authorized to take acknowledgments of deeds to be recorded in the state or territory in which he purports to act

that the person signing such declaration, request or other instrument or writing acknowledged to him the execution thereof, or by an affidavit of a witness to such execution duly sworn to before such notary public or other officer. The ownership of Bonds and the amount, maturity, number and date of holding the same shall be provided by the registration books required to be kept by the Paying Agent pursuant to Section 3.03.

Any declaration, request or other instrument or writing of the Holder of any Bond shall bind all future Holders of such Bond with respect to anything done or suffered to be done by the City in good faith and in accordance therewith.

SECTION 12.05. Deposit and Investment of Money in Accounts and Funds. All money held by the Treasurer in any accounts and funds established herein shall be deposited in time or demand deposits in any state or nationally chartered bank or trust company, including the Paying Agent, or a state or federal savings and loan association, and shall be secured at all times by such obligations as are required by law and to the fullest extent required by law, except such money that is at the time invested in accordance with this section. Money in the Acquisition and Construction Fund and in the Special Tax Fund and in the Redemption Account and in the Expense Account may be invested by the Treasurer in Legal Investments maturing not later than the date on which it is estimated that such money will be required to be paid out hereunder, and money in the Bond Reserve Account may be invested by the Treasurer in Federal Securities maturing not more than five (5) years from the date of purchase by the Treasurer, or the final maturity date of any Outstanding Bonds, whichever is earlier.

All interest received on any such money so deposited or invested which exceeds the requirements of the account or fund from which such money was deposited or invested shall (subject to the requirements of Section 7.03), prior to the completion of the acquisition and construction of the Facilities, be deposited in the Acquisition and Construction Fund, and after such completion shall be deposited in the Special Tax Fund, and all losses on any such money so deposited or invested shall be borne by the account or fund from which the deposit or investment was made.

SECTION 12.06. Waiver of Personal Liability. No member of the City Council or officer or employee of the City shall be individually or personally liable for the payment of the interest on or principal of or redemption premiums, if any, on the Bonds, but nothing herein contained shall relieve any member of the City Council or officer or employee of the City from the performance of any official duty provided hereby or by the Law or by any other applicable provisions of law.

SECTION 12.07. Acquisition of Bonds by City. All Bonds acquired by the City, whether by purchase or gift or otherwise, shall be surrendered to the Paying Agent for cancellation and destruction by it.

SECTION 12.08. Content of Certificates and Reports. Every certificate or report with respect to compliance with an agreement, condition, covenant or term provided herein shall include (a) a statement that the person or persons making or giving such certificate or report have read such agreement, condition, covenant or term and the definitions herein relating thereto; (b) a brief statement as to the nature and scope of the examination or investigation upon which the opinion contained in such certificate or report is based; (c) a statement that, in the opinion of the signers, they have made or caused to be made such examination or investigation as is necessary to enable them to express an informed opinion as to whether or not such agreement, condition, covenant or term has been complied with; and (d) a statement as to whether, in the opinion of the signers, such agreement, condition, covenant or term has been complied with.

Any such certificate made or given by an officer of the City may be based, insofar as it relates to legal matters, upon a representation made in an Opinion of Counsel unless such officer knows that the representation with respect to the matters upon which his certificate may be based, as aforesaid, is erroneous, or in the exercise of reasonable care should have known that the same was erroneous. Any such Opinion of Counsel may be based, insofar as it relates to factual matters information with respect to which is in the possession of the City, upon a representation by an officer or officers of the City unless the counsel giving such Opinion of Counsel knows that the representation with respect to the matters upon which his representation may be based, as aforesaid, is erroneous, or in the exercise of reasonable care should have known that the same was erroneous.

SECTION 12.09. Notice by Mail. Any notice required to be given by mail to any Holders or to any securities depositories or securities information services shall be given by mailing a copy of such notice, first class postage prepaid, to such Holders at their addresses appearing in the books required to be kept by the Paying Agent pursuant to the provisions of Section 3.03 or to such securities depositories or securities information services not less than thirty (30) days nor more than sixty (60) days following the action or prior to the event concerning which notice thereof is required to be given; provided, that neither failure to receive any such notice nor any immaterial defect contained therein shall affect the sufficiency or validity of the proceedings taken in connection with the action or the event concerning which such notice was given.

SECTION 12.10. Maintenance of Accounts and Funds. Any account or fund required herein to be established and maintained in the treasury of the City may be maintained by the Treasurer in its accounting records in its customary manner either as an account or a fund, and may, for the purposes of such accounting records, any audits thereof and any financial reports or statements with respect thereto, be treated either as an account or as a fund; but all such accounting records with respect to all such accounts and funds shall at all times be maintained by the Treasurer in

accordance with Generally Accepted Accounting Principles and with due regard for the protection of the security of the Bonds and the rights of the Holders.

SECTION 12.11. Article and Section Headings, Gender and References. The headings or titles of the several articles and sections hereof and the table of contents appended hereto shall be solely for convenience of reference and shall not affect the construction, effect or meaning hereof, and words of any gender shall be deemed and construed to include all genders. All references herein to "Articles," "Sections" and other subdivisions are to the corresponding articles, sections or subdivisions hereof; and the words "hereby," "herein," "hereof," "hereto," "herewith" and "hereunder" and other words of similar import refer to the Resolution as a whole and not to any particular article, section or subdivision hereof.

SECTION 12.12. Partial Invalidity. If any one or more of the agreements, conditions, covenants or terms or portions thereof required hereby to be observed or performed by the City shall be contrary to law, then such agreement or agreements, such condition or conditions, such covenant or covenants or such term or terms or such portions thereof shall be null and void and shall be deemed separable from the remaining agreements, conditions, covenants or terms or portions thereof and shall in no way affect the validity hereof or of the Bonds; and the Holders shall retain all the rights and benefits accorded to them under the Law or any other applicable provisions of law. The City hereby declares that it would have adopted the Resolution and each and every other article, section, paragraph, subdivision, sentence, clause and phrase hereof and would have authorized the issuance of the Bonds pursuant hereto irrespective of the fact that any one or more of the articles, sections, paragraphs, subdivisions, sentences, clauses or phrases hereof or the application thereof to any person or circumstance may be held to be unconstitutional, unenforceable or invalid.

SECTION 12.13. Repeal of Inconsistent Resolutions. Any resolution of the City and any part of any resolution inconsistent herewith is hereby repealed to the extent of such inconsistency.

SECTION 12.14. Effective Date of the Resolution. The Resolution shall take effect from and after its passage, approval and adoption.

PASSED, APPROVED AND ADOPTED this 10th day of April, 1989.

Barbara Fass

Barbara Fass,
Mayor of the City of Stockton

ATTEST:

Frances Hong

Frances Hong,
City Clerk of the City of Stockton

Ayes: Councilmembers Bonner, Clayton, Lang, Linnerman, McGaughey, Oliva, Weaver, Vice-Mayor Coale and Mayor Fass
Noes: None
Absent: None

0933F

89-0203

CLERK'S CERTIFICATE

I, Frances Hong, City Clerk of the City of Stockton, California, hereby certify as follows:

The foregoing is a full, true and correct copy of a resolution duly adopted at a regular meeting of the City Council of said City duly and legally held at the regular meeting place thereof on April 10, 1989, of which meeting all of the members of said City Council had due notice and at which a majority thereof were present.

I have carefully compared said resolution with the original minutes of said meeting on file and of record in my office, and the foregoing is a full, true and correct copy of the original resolution adopted at said meeting.

Said resolution, as adopted on such date, has not been amended, modified or rescinded, and the same is now in full force and effect.

An agenda for said meeting was posted at least seventy-two (72) hours before said meeting at a location freely accessible to members of the general public in Stockton, California, and a brief general description of said resolution appeared on said agenda.

Dated: April 10, 1989.

Frances Hong
City Clerk of the City of Stockton

[Seal]

STOCKTON FOUNDED JUNE, 1849 • INCORPORATED JULY, 1850

0933F

Resolution No. 90-0124

STOCKTON CITY COUNCIL

A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF STOCKTON ESTABLISHING CITY OF STOCKTON SOUTH STOCKTON COMMUNITY FACILITIES DISTRICT NO. 90-1 AND PROVIDING FOR THE LEVY OF A SPECIAL TAX TO PAY FOR CERTAIN PUBLIC FACILITIES IN AND FOR SUCH COMMUNITY FACILITIES DISTRICT AND CALLING A SPECIAL ELECTION TO SUBMIT TO THE QUALIFIED ELECTORS WITHIN SUCH COMMUNITY FACILITIES DISTRICT THE QUESTION OF LEVYING SUCH SPECIAL TAX AND ESTABLISHING AN APPROPRIATIONS LIMIT FOR SUCH COMMUNITY FACILITIES DISTRICT

WHEREAS, the City Council (the "City Council") of the City of Stockton (the "City") has heretofore on January 29, 1990, duly adopted Resolution No. 90-0067 declaring its intention to establish a community facilities district pursuant to a joint community facilities agreement (the "Agreement") between the City and the County of San Joaquin (the "County") to finance certain public facilities in the area of the City commonly known as South Stockton and in adjacent unincorporated territory located in the County under and pursuant to the terms and provisions of the "Mello-Roos Community Facilities Act of 1982" (the "Act"), being Chapter 2.5, Part 1, Division 2, Title 5 of the Government Code of the State of California, and calling a public hearing on the question of the establishment of such community facilities district, which such community facilities district

CITY ATTY REVIEW GDP

DATE FEB 27 1990

was designated as "City of Stockton South Stockton Community Facilities District No. 90-1" (the "Community Facilities District"); and

WHEREAS, a report on such proposal was prepared by the Finance Director of the City in accordance with said Resolution No. 90-0067, which such report was submitted to the City Council for review and has been reviewed by the City Council, and which such report is incorporated herein and made a part of the record of the hearing hereinafter referred to on said Resolution No. 90-0067; and

WHEREAS, pursuant to said Resolution No. 90-0067, a public hearing was convened by the City Council on Monday, the 5th day of March, 1990, at the hour of 5:30 o'clock P.M., at the regular meeting place of the City Council, Stockton City Hall, 425 North El Dorado Street, Stockton, California 95202, at which hearing the City Council considered the establishment of the Community Facilities District pursuant to the Agreement, the proposed rate, method of apportionment and manner of collection of a special tax therein, the proposed appropriations limit for the Community Facilities District and all other matters as set forth in said Resolution No. 90-0067, and at such public hearing any persons interested, including all taxpayers, property owners and registered voters within the Community Facilities District, were given an opportunity to appear and be heard, and the testimony of all interested persons or taxpayers for or against the establishment of the

Community Facilities District pursuant to the Agreement, and the levy of such special tax, or the extent of the Community Facilities District, or the furnishing of the public facilities proposed therefor, or the establishment of such appropriations limit, or on any other matters set forth in said Resolution No. 90-0067, was heard and considered, and such special tax to be levied within the Community Facilities District has not been precluded by a majority protest pursuant to Section 53324 of the Government Code of the State of California, and the City Council at the conclusion of said hearing was fully advised in the premises, and was authorized to proceed as hereinafter provided; and

WHEREAS, on the basis of all of the foregoing, the City Council has determined at this time to alter the boundaries of the Community Facilities District to include therein less territory than that described in the notice of said hearing, and on such basis to proceed with the establishment of the Community Facilities District pursuant to the Agreement within such lesser territory as provided by said Resolution No. 90-0067, and to call an election therein to authorize the levy of a special tax therein (as the rate, method of apportionment and manner of collection of such tax is more particularly set forth in Exhibit A, attached hereto and incorporated herein and made a part hereof) to pay for the public facilities proposed to be provided in and for the

Community Facilities District, and to establish an appropriations limit for the Community Facilities District;

NOW, THEREFORE, BE IT RESOLVED BY THE CITY COUNCIL OF THE CITY OF STOCKTON, AS FOLLOWS:

Section 1. All of the above recitals are true and correct, and the City Council so finds and determines.

Section 2. The City Council hereby approves and adopts said Resolution No. 90-0067, and (except as otherwise provided herein) reconfirms all of its findings and determinations contained therein, and the rate, method of apportionment and manner of collection of the special tax in and for the Community Facilities District shall be as set forth in Exhibit A, attached hereto and incorporated herein and made a part hereof. Upon recordation of a notice of special tax lien pursuant to Section 3114.5 of the Streets and Highways Code of the State of California, a continuing lien to secure each levy of the special tax shall attach to all nonexempt real property in the Community Facilities District, which 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 the City Council ceases.

Section 3. The City Council finds and determines that written protests to the establishment of the Community Facilities District pursuant to the Agreement, or the extent thereof, or the financing of the public facilities proposed

therefor, or the levy of the special tax proposed to be levied in the Community Facilities District, or the establishment of an appropriations limit for the Community Facilities District, are insufficient in number and in amount under the Act, and the City Council hereby further orders and determines that all protests to the establishment of the Community Facilities District pursuant to the Agreement within such lesser territory, or the extent thereof within such lesser territory, or the financing of the public facilities proposed therefor, or the levy of the special tax proposed to be levied in the Community Facilities District, or the establishment of an appropriations limit for the Community Facilities District, are hereby overruled.

Section 4. The City Council finds and determines that all prior proceedings had and taken by the City Council with respect to the establishment of the Community Facilities District pursuant to the Agreement are valid and in conformity with the requirements of the Act, and the City Council determines to alter the boundaries of the Community Facilities District to include therein less territory than that described in the notice of said hearing, and on such basis to proceed to establish the Community Facilities District pursuant to the Agreement within such lesser territory. Accordingly, the City Council finds, determines and orders that, consistent with said Resolution No. 90-0067, the Community Facilities District is hereby established under and pursuant to the terms and

provisions of the Act pursuant to the Agreement, the boundaries of which are more particularly described and are shown on that certain map entitled "Amended Boundaries of City of Stockton South Stockton Community Facilities District No. 90-1, County of San Joaquin, State of California," marked Exhibit B, attached hereto and incorporated herein and made a part hereof, which boundaries include less territory than the original proposed boundaries of the Community Facilities District, a copy of which original boundary map was recorded on January 30, 1990, pursuant to Section 3111 of the Streets and Highways Code of the State of California, with the County Recorder of San Joaquin County in Book 2 of Maps of Assessment and Community Facilities Districts at page 128. The City Clerk of the City is hereby authorized and directed to endorse the certificate set forth on such amended map evidencing the date and adoption of this resolution and is further authorized and directed to record such amended map in accordance with the provisions of Section 3113 of the Streets and Highways Code of the State of California.

Section 5. A general description of the public facilities (the "Facilities") with an estimated useful life of five (5) years or longer, which are public facilities that the City is authorized by law to construct, own or operate within the Community Facilities District and that the County is authorized by law to construct, own or operate within the Community Facilities District, and which are necessary to meet

increased demands placed upon the City and the County as a result of development occurring in the Community Facilities District and which are the public facilities to be financed by the Community Facilities District under the Act pursuant to the Agreement in these proceedings, is as follows: the acquisition, construction and installation of new sewer trunk lines, together with all necessary appurtenances thereto and lands and easements therefor.

Section 6. Except where funds are otherwise available, a special tax sufficient to pay for the Facilities, including the payment of interest on and principal of bonds to be issued to finance the Facilities and including the repayment of funds advanced for the Community Facilities District, which tax shall be secured by recordation of a continuing lien against all nonexempt property in the Community Facilities District, will be levied annually within the boundaries of the Community Facilities District, and for particulars as to the rate, method of apportionment and manner of collection of such special tax reference is made to Exhibit A, attached hereto and incorporated herein and made a part hereof, which sets forth the rate, method of apportionment and manner of collection of such special tax in sufficient detail to allow each landowner or resident within the Community Facilities District to estimate the maximum amount that such person will have to pay for the Facilities.

Section 7. It is the intention of the City Council, pursuant to Section 53317.3 of the Government Code of the State of California, to levy the special tax on property that is not otherwise exempt from the special tax and that is acquired by a public entity through a negotiated transaction, or by gift or devise.

Section 8. It is the intention of the City Council, pursuant to Section 53317.5 of the Government Code of the State of California, to treat the special tax levied against property that is acquired by a public entity through eminent domain proceedings as if it were a special annual assessment.

Section 9. It is the intention of the City Council, pursuant to Section 53340.1 of the Government Code of the State of California, to levy the special tax on the leasehold or possessory interests in property owned by a public agency, which property is otherwise exempt from the special tax.

Section 10. The City Council hereby submits the question of levying such special tax and the establishment of an appropriations limit in the amount of $200,000 per fiscal year in connection therewith for the Community Facilities District, as defined by Article XIIIB, Section 8(h) of the Constitution of the State of California, to the landowners within the Community Facilities District, said landowners being the electors and persons qualified to vote at such election, at a special election to be held on June 12, 1990, all in accordance with and subject to the Act and applicable

law, all the terms of which shall be applicable to such election.

Section 11. The City Council hereby further directs that the election at which the question of levying such special tax and establishing such appropriations limit is submitted to the landowners within the Community Facilities District shall be consolidated with the election at which the question of incurring a bonded indebtedness in the amount of seventeen million four hundred fifty thousand dollars ($17,450,000) for the Community Facilities District is submitted to the landowners within the Community Facilities District, and the question of levying such special tax and establishing such appropriations limit shall be combined in one ballot proposition with the question of incurring such bonded indebtedness, all as provided by the Act; and the City Council further directs that the resolution adopted by the City Council declaring the necessity to incur such bonded indebtedness shall constitute the notice of the consolidated election on the combined proposition to authorize the levy of such special tax and to establish such appropriations limit and to incur such bonded indebtedness.

Section 12. If two-thirds (2/3) of the votes cast upon the question of levying such special tax and establishing such appropriations limit are cast in favor of levying such special tax and establishing such appropriations limit, as determined by the City Council after reviewing the canvass of

the returns of such consolidated election, the City Council may levy such special tax within the territory of the Community Facilities District under the Act in the amount and for the purposes as specified in this resolution, and such appropriations limit shall be established for the Community Facilities District, as defined by Article XIIIB, Section 8(h) of the Constitution of the State of California. Such 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 such special tax may be levied at a rate lower than that specified herein. Such special tax may be levied only so long as it is needed to pay for the acquisition, construction and installation of the Facilities referred to in Section 5 of this resolution, or so long as it is needed to pay the principal of and interest on the bonded indebtedness incurred in order to construct the Facilities (including the repayment of funds advanced for the Community Facilities District).

Section 13. The City Clerk shall, within three business days of the adoption of this resolution, provide a certified copy of this resolution, together with a certified copy of the map of the Community Facilities District constituting Exhibit B hereof and a sufficient description of the Community Facilities District (including San Joaquin County Assessor's parcel numbers for the land within the Community Facilities District), to the San Joaquin County

Registrar of Voters, who is the officer designated by the City Council to conduct such election.

Section 14. The Finance Director of the City, at the Stockton City Hall, 425 North El Dorado Street, Stockton, California 95202 (telephone 209/944-8460) will be responsible for preparing annually a current roll of special tax levy obligations by San Joaquin County Assessor's parcel numbers, and will be responsible for estimating future special tax levies pursuant to Section 53340.1 of the Government Code of the State of California.

PASSED AND ADOPTED by the City Council of the City of Stockton this 5th day of March, 1990, by the following vote:

AYES: Councilmembers McCarthy, McGaughey, Rust, Vice-Mayor Weaver and Mayor Darrah

NOES: Councilmembers Minnick, Panizza

ABSENT: None

APPROVED:

Joan Darrah

Mayor of the City of Stockton

ATTEST:

Frances Hong

City Clerk of the City of Stockton

1570F

CLERK'S CERTIFICATE

I, Frances Hong, City Clerk of the City of Stockton, do hereby certify as follows:

The foregoing resolution is a full, true and correct copy of a resolution duly adopted at a regular meeting of the City Council of said City duly and regularly held at the regular meeting place thereof on the 5th day of March, 1990, of which meeting all of the members of said City Council had due notice and at which a majority thereof were present, and that at said meeting said resolution was adopted by the following vote:

AYES: Councilmembers McCarthy, McGaughey, Rust, Vice-Mayor Weaver and Mayor Darrah

NOES: Councilmembers Minnick, Panizza

ABSENT: None

An agenda for said meeting was posted at least seventy-two (72) hours before said meeting at the Stockton City Hall, 425 North El Dorado Street, Stockton, California 95202, a location freely accessible to members of the public, and a brief description of said resolution appeared on said agenda.

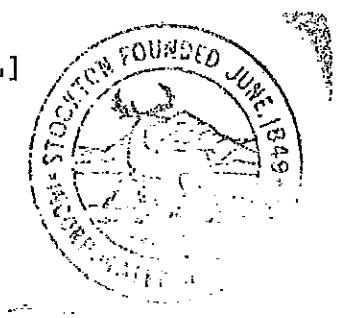
I have carefully compared the foregoing with the original minutes of said meeting on file and of record in my office, and the foregoing is a full, true and correct copy of the original resolution adopted at said meeting and entered in said minutes.

Said resolution has not been amended, modified or rescinded since the date of its adoption and the same is now in full force and effect.

Dated: March 6th, 1990.

Frances Hong
City Clerk of the City of Stockton

[SEAL]



1570F

EXHIBIT A

DESCRIPTION OF RATE, METHOD OF APPORTIONMENT, AND MANNER OF COLLECTION OF THE SPECIAL TAX

South Stockton Community Facilities District No. 90-1

INITIAL TAX RATE

A special tax levy is proposed to fund the costs of South Stockton Community Facilities District No. 90-1. The tax will be levied against properties within the Community Facility District (CFD), and will be initially levied on a parcel acreage basis. The share of total district costs initially borne by each parcel will be in the same proportion as the acreage of each parcel relative to the total parcel acreage in the CFD subject to the maximum tax rate. (See Below.)

$$\text{Individual Parcel Tax Responsibility} = \text{Total Costs} \times \frac{\text{Individual Parcel Acreage}}{\text{Total District Acreage in Assessor's Parcels}}$$

As the initial parcels become subdivided, adjustment of individual parcel tax rates will be required to reflect dedication of land area to streets and other public improvements. Parcel definitions used in the determination of the special tax will be those maintained by the San Joaquin County Assessor. The acreage based tax allocation formula will apply to all costs associated with the facilities to be constructed or acquired, as well as costs associated with formation and ongoing administration of the financing district, subject to the maximum tax rate.

Costs of construction and acquisition of the facilities to funded by the CFD, as well as formation costs, will be financed through the sale of bonds. Annual debt service on the bonds is projected to average about $1.5 million beginning in the

second half of fiscal year 1991-92 and continuing through fiscal year 2014-15. Debt service will be paid by proceeds from the special tax.

Costs of district administration will also be incurred. The components of the district administration and estimated annual costs are presented below in Table B-1. The amounts shown are expressed in terms of costs current in the 1989-90 fiscal year. Future year administrative costs will be subject to annual increases due to inflation.

TABLE B-1

Estimated Annual Administration
South Stockton CFD No. 90-1
(FY 1989-90 Dollars)

Tax Rate Consultant	$10,000
Audit & Report	5,000
Arbitrage Analysis	5,000
Annual Hearing	2,000
Accounting Staff (1/3 Accountant)	20,000
Fiscal Agent Fee	6,000
Total	$48,000

Source: City of Stockton Department of Finance

The combined administrative and debt service costs are shown in Table B-2. Special tax levies will begin in fiscal year 1991-92. The tax levy shown for 1991-92 includes principal plus one-half year of interest. Debt service and administrative costs from the time of formation through the first half of 1991-92 will be funded through the proceeds of the bond issue. Accordingly, no special tax

will be levied for administration or interest incurred during this period. The future year administrative costs shown below have been adjusted from the 1989-90 estimates using a projected five percent annual rate of inflation.

TABLE B-2

Estimated CFD Annual Costs to be Funded by Special Tax
South Stockton CFD No. 90-1
(Future Year Dollars)

Fiscal Year	Net Debt Service	Administrative Costs[1]	Total Costs
1991-92	$ 917,938	$52,920	$ 970,858
1992-93	1,541,736	55,566	1,597,302
1993-94	1,546,301	58,344	1,604,645
1994-95	1,543,861	61,262	1,605,123
1995-96	1,544,711	64,325	1,609,036
1996-97	1,543,461	67,541	1,611,002
1997-98	1,545,061	70,918	1,615,979
1998-99	1,544,101	74,464	1,618,565
1999-00	1,545,521	78,187	1,623,708
2000-01	1,543,891	82,096	1,625,987
2001-02	1,544,141	86,201	1,630,342
2002-03	1,545,821	90,511	1,636,332
2003-04	1,543,774	95,037	1,638,811
2004-05	1,543,284	99,789	1,643,073
2005-06	1,543,610	104,778	1,648,392
2006-07	1,544,709	110,017	1,654,726
2007-08	1,541,184	115,518	1,656,702
2008-09	1,543,039	121,294	1,664,333
2009-10	1,544,504	127,358	1,671,862
2010-11	1,544,679	133,726	1,678,405
2011-12	1,543,654	140,413	1,684,067
2012-13	1,541,041	147,433	1,688,474
2013-14	1,541,454	154,805	1,696,259
2014-15	671,616	162,545	834,161
Total	$2,355,048	$35,553,096	$37,908,144

1 Assumes an annual rate of inflation of 5.0 percent.

2 One-half year of interest to be funded through special tax assessments.

The initial tax rate required to finance the CFD in any year, expressed on a per acreage basis, is determined by apportioning the total district costs among the total acreage within the district. There are presently 3522.9 acres within the district. Locations of the areas included in the CFD are shown in Exhibit A of the Resolution of Intention. The initial tax rates represent apportionment of all district costs among the parcel acreage to be included in the CFD at the time of formation. The estimates shown do not assume any annexations to the CFD, and therefore represent the maximum tax rate to be levied upon the district parcels as identified at the time of formation. To the extent that future annexations take place, the per acre tax rate would be lower as district costs are spread across a greater acreage.

Estimated maximum special tax assessments for each of the parcels initially included in CFD no. 90-1 are listed in Table B-4 of this exhibit. The amounts shown are for fiscal year 1992-93, the first year for which a full year of district costs will be funded through the special tax at a rate of $503.78 per acre.

THE MAXIMUM TAX RATE FOR CFD 90-1 IS $534.99 PER ACRE

The maximum tax rate is estimated to be $534.99 per acre with subdivision adjustments to the tax rate as described on page 7 of this exhibit. The $534.99 per acre tax rate provides 10 percent coverage in case there are property owners delinquent in payment of the annual CFD no. 90-1 special tax assessment. Table B-5 shows the maximum tax assessments for each of the parcels initially included in CFD no. 90-1.

TABLE B-3

Estimated Annual Tax Rate, Per Acre Basis
South Stockton CFD No. 90-1
(Future Year Dollars)

Fiscal Year	Total Costs	Acreage	Per Acre Tax Rate[1]
1991-92	$ 970,858	3522.9	$306.21
1992-93	1,597,302	3522.9	503.78
1993-94	1,604,645	3522.9	506.10
1994-95	1,605,123	3522.9	506.25
1995-96	1,609,036	3522.9	507.48
1996-97	1,611,002	3522.9	508.10
1997-98	1,615,979	3522.9	509.67
1998-99	1,618,565	3522.9	510.49
1999-00	1,623,708	3522.9	512.11
2000-01	1,625,987	3522.9	512.83
2001-02	1,630,342	3522.9	514.20
2002-03	1,636,332	3522.9	516.09
2003-04	1,638,811	3522.9	516.88
2004-05	1,643,073	3522.9	518.22
2005-06	1,648,392	3522.9	519.90
2006-07	1,654,726	3522.9	521.90
2007-08	1,656,702	3522.9	522.52
2008-09	1,664,333	3522.9	524.93
2009-10	1,671,862	3522.9	527.30
2010-11	1,678,405	3522.9	529.36
2011-12	1,684,067	3522.9	531.15
2012-13	1,688,474	3522.9	532.54
2013-14	1,696,259	3522.9	534.99
2014-15	834,161	3522.9	263.09

1 Includes a ten percent delinquency allowance.

SUBDIVISION ADJUSTMENTS TO TAX RATE

When an unimproved parcel within the CFD is subdivided, a portion of the total parcel acreage will usually be dedicated to streets and other public improvements. Land in public improvements, such as streets, is not subject to the special CFD tax. In order to maintain the level of tax revenue necessary to support debt service and administrative costs, adjustments to the per acre tax rate for the subdivided property will be necessary so that subdivided property will continue to pay its full share of the costs.

The process of adjustment will be undertaken at the time of subdivision. The adjustment will be such that the level of tax revenues derived from a given land area, as defined by the original assessor parcels identified at the time of formation, will remain at the same level after subdivision as it was before. Computation of the subdivision-adjusted tax rate for specific parcels will involve multiplying the initial tax rate, as described above, by a scaling factor reflective of the proportion of the original parcel dedicated to public improvements. The scaling factor will be computed by dividing the acreage in the original parcel by the acreage of the land area remaining in private ownership within the area defined by the original parcel.

$$\text{Subdivision-Adjusted Per Acre Tax Rate} = \text{Per Acre Tax Rate Prior to Subdivision} \times \frac{\text{Acreage of Original Parcel}}{\text{Acreage of Original Parcel Less Acreage Dedicated for Public Improvements}}$$

To illustrate the tax rate adjustment procedure, assume that a property owner has received approval for subdivision of 40 acres of a 100 acre parcel. The remaining 60 acres are to stay unimproved. Since formation of the district, the 100 acres

have been taxed at the initial tax rate. After subdivision, the 60 acre parcel will continue to be taxed at the initial rate in absence of further subdivision.

Subdivision of the 40 acre parcel, however, would presumably involve dedication of a portion of the land area to public streets. A typical dedication of 25 percent of the gross land area is used in this example, although actual amounts will vary with site plan and topography of different parcels. The total acreage in private ownership, and subject to taxation, will therefore diminish from 40 to 30 acres. The per acre tax rate in this example must rise by a proportional amount for special tax revenues after subdivision to be the same it was for the original 40 acres. In this example, the remaining 30 acres would be subject to an adjusted per acre tax rate in which the initial tax rate is multiplied by a factor of 40/30, or 133 percent. The resulting adjusted per acre tax rate, using the 1992-93 initial tax rate as an example, will then be $503.78 x 1.33, or $671.71. It should be noted that revenue from the 30 acres remaining in private ownership (30 acres x $671.71/acre = $20,151) is the same as revenue derived from the original 40 acres (40 acres x $503.78/acre = $20,151).

TABLE B-4

Property included in the South Stockton Community Facilities District No. 90-1
Estimated Taxes by Parcel for 1992-93

APN	OWNERS NAME		PARCEL AREA	ACREAGE	92-93 TAX
16302005	JURY	FRANK	1,034,550	23.75	$11,964.78
16302009	VOLPI	ALFIDEO ETAL	662,111	15.20	$7,657.44
16302010	VOLPI	ALFIDEO ETAL	1,176,119	27.00	$13,602.05
16302014	VOLPI	ALFIDEO ETAL	683,891	15.70	$7,909.33
16302016	VOLPI	ALFIDEO ETAL	132,857	3.05	$1,536.52
16306005	SAN JOAQUIN	VLY ASSOC PTP	1,203,998	27.64	$13,924.47
16306007	AMERICAN SAVS &	LN ASSN	417,740	9.59	$4,831.25
16306008	DEVELOPERS	REAL ESTATE	417,740	9.59	$4,831.25
16306009	SAN JOAQUIN	VLY ASSOC PTP	818,056	18.78	$9,460.98
16306010	SAN JOAQUIN	VLY ASSOC PTP	939,153	21.56	$10,861.49
16306013	SAN JOAQUIN	VLY ASSOC PTP	909,532	20.88	$10,518.92
16307001	KAUFMAN&BROAD	N. CALF. INC.	4,092,897	93.96	$47,335.16
16307002	PTP	EMERALD HOMES	2,291,691	52.61	$26,503.86
16307005	SCHMIDT	A R TRUSTEE	285,317	6.55	$3,299.75
16307007	PTP	EMERALD HOMES	477,853	10.97	$5,526.46
16307008	SCHMIDT	A R TRUSTEE	87,119	2.00	$1,007.55
16307021	SCHMIDT	A R TRUSTEE	19,602	.45	$226.70
17306027	SAV. & LOAN ASS.	AMERICAN	531,203	12.19	$6,143.47
17306028	YADAV	INDRA & S.I.	80,800	1.85	$934.47
17307014	FIVE STAR	PROPERTIES	13,580	.31	$157.06
17307022	FIVE STAR	INVESTMENTS PTP	289,238	6.64	$3,345.09
17307024	FIVE STAR	INVESTMENTS PTP	73,181	1.68	$846.35
17307026	PTP	MASSIE & CO	38,333	.88	$443.33
17315003	VERNER	JOHN&KATHY ETAL	4,632,170	106.34	$53,571.96
17331001	FIVE STAR	PROPERTIES	200,376	4.60	$2,317.39
17331002	FIVE STAR	PROPERTIES PTP	101,930	2.34	$1,178.84
17331008	SHEPPARD	GARY C ETAL	81,892	1.88	$947.10
17331009	SHEPPARD	GARY C ETAL	87,119	2.00	$1,007.55
17331010	SHEPPARD	GARY C ETAL	129,373	2.97	$1,496.22
17331013	FIVE STAR	PROPERTIES PTP	88,427	2.03	$1,022.68
17332016	STOCKTON	ONE	58,806	1.35	$680.10
17332019	FIVE STAR	PROPERTIES PTP	95,831	2.20	$1,108.30
17332020	STOCKTON	ERETZ LTD	39,639	.91	$458.43
17332023	SMITH	KURT & C ETAL	74,923	1.72	$866.50
17332025	FIVE STAR	PROPERTIES PTP	97,138	2.23	$1,123.42
17332027	CONGDON	JEFFREY H & K B	66,211	1.52	$765.74
17333005	FIVE STAR	PROPERTIES	62,290	1.43	$720.40
17333006	FIVE STAR	PROPERTIES PTP	67,953	1.56	$785.89
17333007	FIVE STAR	PROPERTIES PTP	83,635	1.92	$967.26
17333008	FIVE STAR	PROPERTIES PTP	156,815	3.60	$1,813.60
17334001	FIVE STAR	PROPERTIES PTP	63,161	1.45	$730.47
17334002	FIVE STAR	PROPERTIES PTP	59,241	1.36	$685.13
17334003	FIVE STAR	PROPERTIES PTP	69,260	1.59	$801.01
17334004	FIVE STAR	PROPERTIES PTP	111,077	2.55	$1,284.63
17334005	FIVE STAR	PROPERTIES PTP	87,555	2.01	$1,012.59
17334007	TOYO ROSHI	INTERNATL INC	174,239	4.00	$2,015.11
17334008	FIVE STAR	PROPERTIES PTP	192,099	4.41	$2,221.66
17334009	FIVE STAR	PROPERTIES PTP	186,436	4.28	$2,156.17
17334010	FIVE STAR	PROPERTIES PTP	66,211	1.52	$765.74
17334011	FIVE STAR	PROPERTIES PTP	66,211	1.52	$765.74
17334013	FIVE STAR	PROPERTIES PTP	293,158	6.73	$3,390.43

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TABLE B-4

Property included in the South Stockton Community Facilities District No. 90-1
Estimated Taxes by Parcel for 1992-93

APN	OWNERS NAME		PARCEL AREA	ACREAGE	92-93 TAX
17334014	FIVE STAR	PROPERTIES PTP	225,205	5.17	$2,604.54
17334015	FIVE STAR	PROPERTIES PTP	282,268	6.48	$3,264.49
17334020	CONDOR	CAPITAL CO ETL	121,532	2.79	$1,405.54
17334021	FIVE STAR	PROPERTIES PTP	121,532	2.79	$1,405.54
17334022	FIVE STAR	PROPERTIES PTP	137,649	3.16	$1,591.94
17334023	FIVE STAR	PROPERTIES PTP	225,640	5.18	$2,609.57
17334025	GALE	STANLEY & RUTH	51,836	1.19	$599.49
17523003	PAPINI	JOHN	2,565,248	58.89	$29,667.60
17525001	SCOTTS	PROPERTIES	163,350	3.75	$1,889.18
17525041	BUENO	AL & LINDA	32,669	.75	$377.82
17525042	SCOTTS	PROPERTIES	119,789	2.75	$1,385.38
17702008	STANDARD REALTY	& DEVELOPMENT	688,247	15.80	$7,959.71
17702017	SOUTHERN	PACIFIC R R CO	336,283	7.72	$3,889.18
17702026	SOUTHERN	PACIFIC R R CO	124,581	2.86	$1,440.80
17702027	SOUTHERN	PACIFIC R R CO	219,977	5.05	$2,544.08
17702053	STANDARD REALTY	& DEVELOPMENT	2,245,082	51.54	$25,964.82
17703012	FRY	MARIAN C M	38,768	.89	$448.36
17703044	VALLEY TOMATO	PRODUCTS INC	458,686	10.53	$5,304.79
17703053	UPLAND	INDUSTRIES CORP	217,799	5.00	$2,518.89
17703055	UPLAND	INDUSTRIES CORP	322,343	7.40	$3,727.96
17703057	UPLAND	INDUSTRIES CORP	322,343	7.40	$3,727.96
17703073	C P C INC	INTERNATIONAL	415,997	9.55	$4,811.09
17703074	C P C INC	INTERNATIONAL	1,562,497	35.87	$18,070.59
17703086	UNION PACIFIC	CORPORATION	1,057,636	24.28	$12,231.77
17703087	UNION PACIFIC	CORPORATION	469,141	10.77	$5,425.71
17703088	UNION PACIFIC	CORPORATION	473,932	10.88	$5,481.12
17703092	JENNERO	PROPERTIES	1,342,084	30.81	$15,521.46
17703094	UNION PACIFIC	CORPORATION	508,345	11.67	$5,879.11
17703095	UNION PACIFIC	CORPORATION	258,311	5.93	$2,987.42
17703096	STANDARD REALITY	& DEVELOPMENT	1,086,822	24.95	$12,569.31
17704016	STKN AIRPORT	INDUSTRIAL LTD	4,489,293	103.06	$51,919.56
17704017	STKN AIRPORT	INDUSTRIAL LTD	1,214,017	27.87	$14,040.35
17704018	STKN AIRPORT	INDUSTRIAL LTD	1,096,840	25.18	$12,685.17
17704019	STKN AIRPORT	INDUSTRIAL LTD	1,265,853	29.06	$14,639.84
17704022	STKN AIRPORT	INDUSTRIAL LTD	1,162,616	26.69	$13,445.88
17704023	STKN AIRPORT	INDUSTRIAL LTD	2,494,245	57.26	$28,846.44
17704024	SOLLA	CONRADO A ETAL	35,719	.82	$413.10
17704028	LYNN	BERNARD S TR	104,979	2.41	$1,214.10
17704029	RISHWAIN	BEN M	76,229	1.75	$881.60
17704030	STKN AIRPORT	INDUSTRIAL LTD	3,819,340	87.68	$44,171.42
17704031	STKN AIRPORT	INDUSTRIAL LTD	540,143	12.40	$6,246.86
17704032	STKN AIRPORT	INDUSTRIAL LTD	1,965,427	45.12	$22,730.55
17704033	LYNN	BERNARD TRS ETL	325,828	7.48	$3,768.27
17705005	NIELSEN	ROBERT JOHN	6,415,952	147.29	$74,201.75
17705008	NIELSEN	ROBERT JOHN	146,362	3.36	$1,692.71
17705009	NIELSEN	ROBERT ETAL	3,613,302	82.95	$41,788.55
17711004	NIELSEN	ROBERT ETAL	9,537,898	218.96	$110,307.67
17711005	NIELSEN	ROBERT ETAL	144,484	3.32	$1,670.99
17713012	STOCKTON 215	VENTURE PTP	4,278,463	98.22	$49,481.27
17713013	ATC REALTY	NINE INC	3,920,399	90.00	$45,340.19
17714008	LELAND STANFORD	UNIVERSITY	5,157,503	118.40	$59,647.54

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TABLE B-4

Property included in the South Stockton Community Facilities District No. 90-1
Estimated Taxes by Parcel for 1992-93

APN	OWNERS NAME		PARCEL AREA	ACREAGE	92-93 TAX
17714012	LELAND STANFORD	UNIVERSITY	4,697,510	107.84	$54,327.63
17714013	LELAND STANFORD	UNIVERSITY	4,965,839	114.00	$57,430.91
17717007	SCRIBANTE	AMELIA ETAL	1,630,886	37.44	$18,861.52
17717014	YELLAND	W & L TR ETAL	630,748	14.48	$7,294.73
17727001	REALITY CO.	UNION PACIFIC	100,188	2.30	$1,158.69
17727002	UNION PACIFIC	CORPORATION	100,188	2.30	$1,158.69
17727003	UNION PACIFIC	CORPORATION	117,612	2.70	$1,360.21
17727004	UNION PACIFIC	CORPORATION	139,392	3.20	$1,612.10
17727005	UNION PACIFIC	CORPORATION	252,648	5.80	$2,921.92
17727006	UNION PACIFIC	CORPORATION	226,512	5.20	$2,619.66
17727007	UNION PACIFIC	CORPORATION	87,120	2.00	$1,007.56
17727008	UNION PACIFIC	CORPORATION	87,120	2.00	$1,007.56
17727009	UNION PACIFIC	CORPORATION	400,752	9.20	$4,634.78
17727010	UNION PACIFIC	CORPORATION	396,396	9.10	$4,584.40
17727011	UNION PACIFIC	CORPORATION	548,856	12.60	$6,347.63
17727012	UNION PACIFIC	CORPORATION	618,552	14.20	$7,153.68
17727013	UNION PACIFIC	CORPORATION	200,376	4.60	$2,317.39
17727014	UNION PACIFIC	CORPORATION	200,376	4.60	$2,317.39
17727015	UNION PACIFIC	CORPORATION	200,376	4.60	$2,317.39
17907001	SANTA FE	LAND IMP CO	33,541	.77	$387.91
17918002	PALMER	GUY E&CA	871,636	20.01	$10,080.64
17918003	NICKERSON	RICHARD & M ETAL	856,825	19.67	$9,909.35
17918011	TOGNINALLI	FARMS INC.	4,534,596	104.10	$52,443.50
17918013	ANGUS	WILLIAM F & V	50,965	1.17	$589.42
17918014	AGNUS	WILLIAM F&V	377,230	8.66	$4,362.74
17922005	FITE	D BRUCE & D I	2,339,171	53.70	$27,052.97
17922006	FITE	D BRUCE & D I	6,279,609	144.16	$72,624.92
17924001	GIANNECCHINI	FRANK & PAULINE	83,635	1.92	$967.26
17924002	GIANNECCHINI	FRANK & PAULINE	80,150	1.84	$926.95
17924003	STOCKTON 215	VENTURE PTP	65,339	1.50	$755.66
17924004	STOCKTON 215	VENTURE PTP	66,211	1.52	$765.74
17924007	FIVE STAR	INVESTMENTS PTP	61,419	1.41	$710.32
17924008	FIVE STAR	INVESTMENTS PTP	56,192	1.29	$649.87
17924009	FIVE STAR	INVESTMENTS PTP	104,979	2.41	$1,214.10
17924010	FIVE STAR	INVESTMENTS PTP	109,335	2.51	$1,264.48
17924011	FIVE STAR	INVESTMENTS PTP	115,433	2.65	$1,335.01
17924012	FIVE STAR	INVESTMENTS PTP	118,918	2.73	$1,375.31
17925001	FITE	D B & D ETAL	140,263	3.22	$1,622.17
17925002	FITE	D B & D ETAL	158,993	3.65	$1,838.79
17925003	FITE	D B & D ETAL	132,422	3.04	$1,531.49
17925004	FITE	D B & D ETAL	120,661	2.77	$1,395.47
17925005	FITE	D B & D ETAL	121,532	2.79	$1,405.54
17925006	FITE	D B & D ETAL	131,986	3.03	$1,526.44
17925007	FITE	D B & D ETAL	164,656	3.78	$1,904.28
17925008	FITE	D B & D ETAL	117,176	2.69	$1,355.16
17925009	FITE	D B & D ETAL	118,047	2.71	$1,365.24
17925017	FITE	D B & D ETAL	117,611	2.70	$1,360.19
17925020	FITE	D B & D ETAL	114,127	2.62	$1,319.90
17925025	FITE	D B & D ETAL	114,127	2.62	$1,319.90
17926001	FITE	D B & D ETAL	142,005	3.26	$1,642.32
17926002	FITE	D B & D ETAL	209,087	4.80	$2,418.13

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TABLE B-4

Property included in the South Stockton Community Facilities District No. 90-1
Estimated Taxes by Parcel for 1992-93

APN	OWNERS NAME		PARCEL AREA	ACREAGE	92-93 TAX
17926003	FITE	D B & D ETAL	112,820	2.59	$1,304.79
17926004	FITE	D B & D ETAL	138,520	3.18	$1,602.01
17926005	FITE	D B & D ETAL	125,888	2.89	$1,455.92
17926006	FITE	D B & D ETAL	145,490	3.34	$1,682.62
17926007	FITE	D B & D ETAL	128,501	2.95	$1,486.14
17926008	FITE	D B & D ETAL	117,176	2.69	$1,355.16
17926009	FITE	D B & D ETAL	117,176	2.69	$1,355.16
17926010	FITE	D B & D ETAL	117,176	2.69	$1,355.16
17926011	FITE	D B & D ETAL	117,176	2.69	$1,355.16
17926012	FITE	D B & D ETAL	117,176	2.69	$1,355.16
17926016	FITE	D B & D ETAL	108,899	2.50	$1,259.44
17926017	FITE	D B & D ETAL	108,899	2.50	$1,259.44
17926018	FITE	D B & D ETAL	108,899	2.50	$1,259.44
17926028	FITE	D B & D ETAL	115,869	2.66	$1,340.05
17926029	FITE	D B & D ETAL	180,338	4.14	$2,085.64
17926030	FITE	D B & D ETAL	149,846	3.44	$1,733.00
17926036	FITE	D BRUCE ETAL	28,216	.65	$326.32
17926037	DUTRA	FARMS INC	211,701	4.86	$2,448.36
17927002	STOCKTON 215	VENTURE PTP	1,598,651	36.70	$18,488.71
17927010	CALL MAC	TRANSPORT CO	93,218	2.14	$1,078.08
17927011	GIANNECCHINI	FRANK & PAULINE	26,136	.60	$302.27
17927013	STOCKTON 215	VENTURE PTP	3,366,316	77.28	$38,932.11
17928002	FIVE STAR	INVESTMENTS PTP	556,261	12.77	$6,433.27
17928003	FIVE STAR	INVESTMENTS PTP	547,985	12.58	$6,337.55
17928004	FIVE STAR	INVESTMENT PTP	516,622	11.86	$5,974.84
17928005	FIVE STAR	INVESTMENTS PTP	223,463	5.13	$2,584.39
17928006	FIVE STAR	INVESTMENTS PTP	677,794	15.56	$7,838.82
17928009	FIVE STAR	INVESTMENTS PTP	79,453	1.82	$918.89
17928014	FIVE STAR	INVESTMENTS PTP	409,900	9.41	$4,740.57
18110002	FITE	D BRUCE & D I	5,813,953	133.47	$67,239.51
18111001	FITE	D BRUCE & D I	6,882,479	158.00	$79,597.23
19302007	PAPINI	JOHN	1,478,861	33.95	$17,103.32
19302013	FORRESTER	DALE A & S K	41,381	.95	$478.58
19302021	SANTE FE PAC	REALITY CORP	2,947,269	67.66	$34,085.75
19302025	MOORE	JERRY L & D J	283,139	6.50	$3,274.56
19336009	FIVE STAR	PROPERTIES	67,517	1.55	$780.85
19336018	HANSEN	JOHN & M ETAL	78,843	1.81	$911.83
19336021	FIVE STAR	PROP INC	252,212	5.79	$2,916.88
19336024	AMERICAN SAVS &	LN ASSN	97,574	2.24	$1,128.46
19336027	FIVE STAR	PROPERTIES PTP	91,040	2.09	$1,052.90
19336029	FIVE STAR	PROPERTIES	199,504	4.58	$2,307.30
19336030	FIVE STAR	PROPERTIES	68,824	1.58	$795.96
			154,527,705.80	3,547.47	$1,787,143

Estimated Tax Rate for Fiscal Year 1992-93 = $503.78 per acre

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TABLE B-5

Maximum Tax Rate for Property in the South Stockton Community Facilities District No. 90-1

APN	OWNERS NAME		PARCEL AREA	ACREAGE	MAX. TAX
16302005	JURY	FRANK	1,034,550	23.75	$12,706.01
16302009	VOLPI	ALFIDEO ETAL	662,111	15.20	$8,131.84
16302010	VOLPI	ALFIDEO ETAL	1,176,119	27.00	$14,444.72
16302014	VOLPI	ALFIDEO ETAL	683,891	15.70	$8,399.33
16302016	VOLPI	ALFIDEO ETAL	132,857	3.05	$1,631.71
16306005	SAN JOAQUIN	VLY ASSOC PTP	1,203,998	27.64	$14,787.12
16306007	AMERICAN SAVS &	LN ASSN	417,740	9.59	$5,130.55
16306008	DEVELOPERS	REAL ESTATE	417,740	9.59	$5,130.55
16306009	SAN JOAQUIN	VLY ASSOC PTP	818,056	18.78	$10,047.10
16306010	SAN JOAQUIN	VLY ASSOC PTP	939,153	21.56	$11,534.38
16306013	SAN JOAQUIN	VLY ASSOC PTP	909,532	20.88	$11,170.58
16307001	KAUFMAN&BROAD	N. CALF. INC.	4,092,897	93.96	$50,267.65
16307002	PTP	EMERALD HOMES	2,291,691	52.61	$28,145.82
16307005	SCHMIDT	A R TRUSTEE	285,317	6.55	$3,504.17
16307007	PTP	EMERALD HOMES	477,853	10.97	$5,868.84
16307008	SCHMIDT	A R TRUSTEE	87,119	2.00	$1,069.97
16307021	SCHMIDT	A R TRUSTEE	19,602	.45	$240.75
17306027	SAV. & LOAN ASS.	AMERICAN	531,203	12.19	$6,524.07
17306028	YADAV	INDRA & S.I.	80,800	1.85	$992.36
17307014	FIVE STAR	PROPERTIES	13,580	.31	$166.79
17307022	FIVE STAR	INVESTMENTS PTP	289,238	6.64	$3,552.33
17307024	FIVE STAR	INVESTMENTS PTP	73,181	1.68	$898.79
17307026	PTP	MASSIE & CO	38,333	.88	$470.79
17315003	VERNER	JOHN&KATHY ETAL	4,632,170	106.34	$56,890.83
17331001	FIVE STAR	PROPERTIES	200,376	4.60	$2,460.95
17331002	FIVE STAR	PROPERTIES PTP	101,930	2.34	$1,251.87
17331008	SHEPPARD	GARY C ETAL	81,892	1.88	$1,005.77
17331009	SHEPPARD	GARY C ETAL	87,119	2.00	$1,069.97
17331010	SHEPPARD	GARY C ETAL	129,373	2.97	$1,588.92
17331013	FIVE STAR	PROPERTIES PTP	88,427	2.03	$1,086.03
17332016	STOCKTON	ONE	58,806	1.35	$722.24
17332019	FIVE STAR	PROPERTIES PTP	95,831	2.20	$1,176.97
17332020	STOCKTON	ERETZ LTD	39,639	.91	$486.83
17332023	SMITH	KURT & C ETAL	74,923	1.72	$920.18
17332025	FIVE STAR	PROPERTIES PTP	97,138	2.23	$1,193.02
17332027	CONGDON	JEFFREY H & K B	66,211	1.52	$813.18
17333005	FIVE STAR	PROPERTIES	62,290	1.43	$765.03
17333006	FIVE STAR	PROPERTIES PTP	67,953	1.56	$834.58
17333007	FIVE STAR	PROPERTIES PTP	83,635	1.92	$1,027.18
17333008	FIVE STAR	PROPERTIES PTP	156,815	3.60	$1,925.95
17334001	FIVE STAR	PROPERTIES PTP	63,161	1.45	$775.72
17334002	FIVE STAR	PROPERTIES PTP	59,241	1.36	$727.58
17334003	FIVE STAR	PROPERTIES PTP	69,260	1.59	$850.63
17334004	FIVE STAR	PROPERTIES PTP	111,077	2.55	$1,364.21
17334005	FIVE STAR	PROPERTIES PTP	87,555	2.01	$1,075.32
17334007	TOYO ROSHI	INTERNATL INC	174,239	4.00	$2,139.95
17334008	FIVE STAR	PROPERTIES PTP	192,099	4.41	$2,359.30
17334009	FIVE STAR	PROPERTIES PTP	186,436	4.28	$2,289.75
17334010	FIVE STAR	PROPERTIES PTP	66,211	1.52	$813.18
17334011	FIVE STAR	PROPERTIES PTP	66,211	1.52	$813.18
17334013	FIVE STAR	PROPERTIES PTP	293,158	6.73	$3,600.47

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TABLE B-5

Maximum Tax Rate for Property in the South Stockton Community Facilities District No. 90-1

APN	OWNERS NAME		PARCEL AREA	ACREAGE	MAX. TAX
17334014	FIVE STAR	PROPERTIES PTP	225,205	5.17	$2,765.90
17334015	FIVE STAR	PROPERTIES PTP	282,268	6.48	$3,466.73
17334020	CONDOR	CAPITAL CO ETL	121,532	2.79	$1,492.62
17334021	FIVE STAR	PROPERTIES PTP	121,532	2.79	$1,492.62
17334022	FIVE STAR	PROPERTIES PTP	137,649	3.16	$1,690.56
17334023	FIVE STAR	PROPERTIES PTP	225,640	5.18	$2,771.24
17334025	GALE	STANLEY & RUTH	51,836	1.19	$636.63
17523003	PAPINI	JOHN	2,565,248	58.89	$31,505.56
17525001	SCOTTS	PROPERTIES	163,350	3.75	$2,006.21
17525041	BUENO	AL & LINDA	32,669	.75	$401.23
17525042	SCOTTS	PROPERTIES	119,789	2.75	$1,471.21
17702008	STANDARD REALTY	& DEVELOPMENT	688,247	15.80	$8,452.83
17702017	SOUTHERN	PACIFIC R R CO	336,283	7.72	$4,130.12
17702026	SOUTHERN	PACIFIC R R CO	124,581	2.86	$1,530.06
17702027	SOUTHERN	PACIFIC R R CO	219,977	5.05	$2,701.69
17702053	STANDARD REALTY	& DEVELOPMENT	2,245,082	51.54	$27,573.38
17703012	FRY	MARIAN C M	38,768	.89	$476.14
17703044	VALLEY TOMATO	PRODUCTS INC	458,686	10.53	$5,633.43
17703053	UPLAND	INDUSTRIES CORP	217,799	5.00	$2,674.94
17703055	UPLAND	INDUSTRIES CORP	322,343	7.40	$3,958.91
17703057	UPLAND	INDUSTRIES CORP	322,343	7.40	$3,958.91
17703073	C P C INC	INTERNATIONAL	415,997	9.55	$5,109.14
17703074	C P C INC	INTERNATIONAL	1,562,497	35.87	$19,190.09
17703086	UNION PACIFIC	CORPORATION	1,057,636	24.28	$12,989.55
17703087	UNION PACIFIC	CORPORATION	469,141	10.77	$5,761.84
17703088	UNION PACIFIC	CORPORATION	473,932	10.88	$5,820.68
17703092	JENNERO	PROPERTIES	1,342,084	30.81	$16,483.05
17703094	UNION PACIFIC	CORPORATION	508,345	11.67	$6,243.33
17703095	UNION PACIFIC	CORPORATION	258,311	5.93	$3,172.49
17703096	STANDARD REALITY	& DEVELOPMENT	1,086,822	24.95	$13,348.00
17704016	STKN AIRPORT	INDUSTRIAL LTD	4,489,293	103.06	$55,136.06
17704017	STKN AIRPORT	INDUSTRIAL LTD	1,214,017	27.87	$14,910.17
17704018	STKN AIRPORT	INDUSTRIAL LTD	1,096,840	25.18	$13,471.04
17704019	STKN AIRPORT	INDUSTRIAL LTD	1,265,853	29.06	$15,546.80
17704022	STKN AIRPORT	INDUSTRIAL LTD	1,162,616	26.69	$14,278.88
17704023	STKN AIRPORT	INDUSTRIAL LTD	2,494,245	57.26	$30,633.52
17704024	SOLLA	CONRADO A ETAL	35,719	.82	$438.69
17704028	LYNN	BERNARD S TR	104,979	2.41	$1,289.32
17704029	RISHWAIN	BEN M	76,229	1.75	$936.22
17704030	STKN AIRPORT	INDUSTRIAL LTD	3,819,340	87.68	$46,907.91
17704031	STKN AIRPORT	INDUSTRIAL LTD	540,143	12.40	$6,633.86
17704032	STKN AIRPORT	INDUSTRIAL LTD	1,965,427	45.12	$24,138.75
17704033	LYNN	BERNARD TRS ETL	325,828	7.48	$4,001.72
17705005	NIELSEN	ROBERT JOHN	6,415,952	147.29	$78,798.67
17705008	NIELSEN	ROBERT JOHN	146,362	3.36	$1,797.57
17705009	NIELSEN	ROBERT ETAL	3,613,302	82.95	$44,377.42
17711004	NIELSEN	ROBERT ETAL	9,537,898	218.96	$117,141.42
17711005	NIELSEN	ROBERT ETAL	144,484	3.32	$1,774.51
17713012	STOCKTON 215	VENTURE PTP	4,278,463	98.22	$52,546.72
17713013	ATC REALTY	NINE INC	3,920,399	90.00	$48,149.09
17714008	LELAND STANFORD	UNIVERSITY	5,157,503	118.40	$63,342.80

Revised 2/20/9

TABLE B-5

Maximum Tax Rate for Property in the South Stockton Community Facilities District No. 90-1

APN	OWNERS NAME		PARCEL AREA	ACREAGE	MAX. TAX
17714012	LELAND STANFORD	UNIVERSITY	4,697,510	107.84	$57,693.32
17714013	LELAND STANFORD	UNIVERSITY	4,965,839	114.00	$60,988.85
17717007	SCRIBANTE	AMELIA ETAL	1,630,886	37.44	$20,030.02
17717014	YELLAND	W & L TR ETAL	630,748	14.48	$7,746.65
17727001	REALITY CO.	UNION PACIFIC	100,188	2.30	$1,230.48
17727002	UNION PACIFIC	CORPORATION	100,188	2.30	$1,230.48
17727003	UNION PACIFIC	CORPORATION	117,612	2.70	$1,444.47
17727004	UNION PACIFIC	CORPORATION	139,392	3.20	$1,711.97
17727005	UNION PACIFIC	CORPORATION	252,648	5.80	$3,102.94
17727006	UNION PACIFIC	CORPORATION	226,512	5.20	$2,781.95
17727007	UNION PACIFIC	CORPORATION	87,120	2.00	$1,069.98
17727008	UNION PACIFIC	CORPORATION	87,120	2.00	$1,069.98
17727009	UNION PACIFIC	CORPORATION	400,752	9.20	$4,921.91
17727010	UNION PACIFIC	CORPORATION	396,396	9.10	$4,868.41
17727011	UNION PACIFIC	CORPORATION	548,856	12.60	$6,740.87
17727012	UNION PACIFIC	CORPORATION	618,552	14.20	$7,596.86
17727013	UNION PACIFIC	CORPORATION	200,376	4.60	$2,460.95
17727014	UNION PACIFIC	CORPORATION	200,376	4.60	$2,460.95
17727015	UNION PACIFIC	CORPORATION	200,376	4.60	$2,460.95
17907001	SANTA FE	LAND IMP CO	33,541	.77	$411.94
17918002	PALMER	GUY E&CA	871,636	20.01	$10,705.15
17918003	NICKERSON	RICHARD & M ETAL	856,825	19.67	$10,523.25
17918011	TOGNINALLI	FARMS INC.	4,534,596	104.10	$55,692.46
17918013	ANGUS	WILLIAM F & V	50,965	1.17	$625.94
17918014	AGNUS	WILLIAM F&V	377,230	8.66	$4,633.02
17922005	FITE	D BRUCE & D I	2,339,171	53.70	$28,728.95
17922006	FITE	D BRUCE & D I	6,279,609	144.16	$77,124.15
17924001	GIANNECCHINI	FRANK & PAULINE	83,635	1.92	$1,027.18
17924002	GIANNECCHINI	FRANK & PAULINE	80,150	1.84	$984.38
17924003	STOCKTON 215	VENTURE PTP	65,339	1.50	$802.47
17924004	STOCKTON 215	VENTURE PTP	66,211	1.52	$813.18
17924007	FIVE STAR	INVESTMENTS PTP	61,419	1.41	$754.33
17924008	FIVE STAR	INVESTMENTS PTP	56,192	1.29	$690.13
17924009	FIVE STAR	INVESTMENTS PTP	104,979	2.41	$1,289.32
17924010	FIVE STAR	INVESTMENTS PTP	109,335	2.51	$1,342.82
17924011	FIVE STAR	INVESTMENTS PTP	115,433	2.65	$1,417.71
17924012	FIVE STAR	INVESTMENTS PTP	118,918	2.73	$1,460.51
17925001	FITE	D B & D ETAL	140,263	3.22	$1,722.67
17925002	FITE	D B & D ETAL	158,993	3.65	$1,952.70
17925003	FITE	D B & D ETAL	132,422	3.04	$1,626.36
17925004	FITE	D B & D ETAL	120,661	2.77	$1,481.92
17925005	FITE	D B & D ETAL	121,532	2.79	$1,492.62
17925006	FITE	D B & D ETAL	131,986	3.03	$1,621.01
17925007	FITE	D B & D ETAL	164,656	3.78	$2,022.25
17925008	FITE	D B & D ETAL	117,176	2.69	$1,439.12
17925009	FITE	D B & D ETAL	118,047	2.71	$1,449.82
17925017	FITE	D B & D ETAL	117,611	2.70	$1,444.46
17925020	FITE	D B & D ETAL	114,127	2.62	$1,401.67
17925025	FITE	D B & D ETAL	114,127	2.62	$1,401.67
17926001	FITE	D B & D ETAL	142,005	3.26	$1,744.06
17926002	FITE	D B & D ETAL	209,087	4.80	$2,567.94

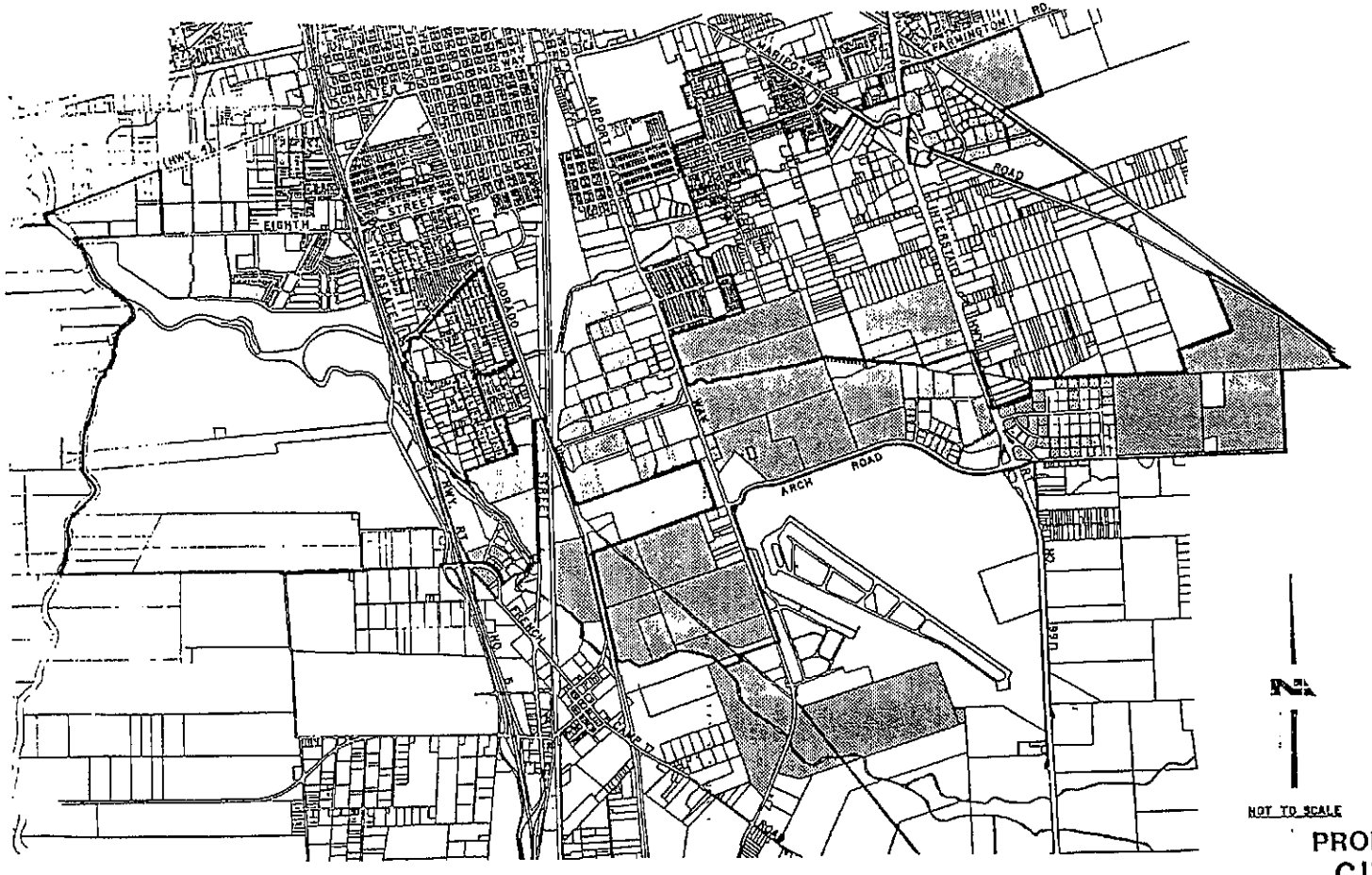
TABLE B-5

Maximum Tax Rate for Property in the South Stockton Community Facilities District No. 90-1

APN	OWNERS NAME		PARCEL AREA	ACREAGE	MAX. TAX
17926003	FITE	D B & D ETAL	112,820	2.59	$1,385.62
17926004	FITE	D B & D ETAL	138,520	3.18	$1,701.26
17926005	FITE	D B & D ETAL	125,888	2.89	$1,546.12
17926006	FITE	D B & D ETAL	145,490	3.34	$1,786.86
17926007	FITE	D B & D ETAL	128,501	2.95	$1,578.21
17926008	FITE	D B & D ETAL	117,176	2.69	$1,439.12
17926009	FITE	D B & D ETAL	117,176	2.69	$1,439.12
17926010	FITE	D B & D ETAL	117,176	2.69	$1,439.12
17926011	FITE	D B & D ETAL	117,176	2.69	$1,439.12
17926012	FITE	D B & D ETAL	117,176	2.69	$1,439.12
17926016	FITE	D B & D ETAL	108,899	2.50	$1,337.46
17926017	FITE	D B & D ETAL	108,899	2.50	$1,337.46
17926018	FITE	D B & D ETAL	108,899	2.50	$1,337.46
17926028	FITE	D B & D ETAL	115,869	2.66	$1,423.07
17926029	FITE	D B & D ETAL	180,338	4.14	$2,214.85
17926030	FITE	D B & D ETAL	149,846	3.44	$1,840.36
17926036	FITE	D BRUCE ETAL	28,216	.65	$346.54
17926037	DUTRA	FARMS INC	211,701	4.86	$2,600.04
17927002	STOCKTON 215	VENTURE PTP	1,598,651	36.70	$19,634.12
17927010	CALL MAC	TRANSPORT CO	93,218	2.14	$1,144.87
17927011	GIANNECCHINI	FRANK & PAULINE	26,136	.60	$320.99
17927013	STOCKTON 215	VENTURE PTP	3,366,316	77.28	$41,344.02
17928002	FIVE STAR	INVESTMENTS PTP	556,261	12.77	$6,831.82
17928003	FIVE STAR	INVESTMENTS PTP	547,985	12.58	$6,730.18
17928004	FIVE STAR	INVESTMENT PTP	516,622	11.86	$6,344.99
17928005	FIVE STAR	INVESTMENTS PTP	223,463	5.13	$2,744.50
17928006	FIVE STAR	INVESTMENTS PTP	677,794	15.56	$8,324.45
17928009	FIVE STAR	INVESTMENTS PTP	79,453	1.82	$975.82
17928014	FIVE STAR	INVESTMENTS PTP	409,900	9.41	$5,034.26
18110002	FITE	D BRUCE & D I	5,813,953	133.47	$71,405.11
18111001	FITE	D BRUCE & D I	6,882,479	158.00	$84,528.41
19302007	PAPINI	JOHN	1,478,861	33.95	$18,162.90
19302013	FORRESTER	DALE A & S K	41,381	.95	$508.23
19302021	SANTE FE PAC	REALITY CORP	2,947,269	67.66	$36,197.42
19302025	MOORE	JERRY L & D J	283,139	6.50	$3,477.42
19336009	FIVE STAR	PROPERTIES	67,517	1.55	$829.22
19336018	HANSEN	JOHN & M ETAL	78,843	1.81	$968.32
19336021	FIVE STAR	PROP INC	252,212	5.79	$3,097.59
19336024	AMERICAN SAVS &	LN ASSN	97,574	2.24	$1,198.37
19336027	FIVE STAR	PROPERTIES PTP	91,040	2.09	$1,118.12
19336029	FIVE STAR	PROPERTIES	199,504	4.58	$2,450.24
19336030	FIVE STAR	PROPERTIES	68,824	1.58	$845.27
			154,527,706	3,547.47	$1,891,617

Maximum Tax Rate = $534.99 per acre

Revised 2/20/9



FILED IN THE OFFICE OF THE CITY CLERK OF THE CITY OF STOCKTON, STATE OF CALIFORNIA, THIS _____ DAY OF _____, 1990.

_____
CITY CLERK

I HEREBY CERTIFY THAT THE WITHIN MAP SHOWING PROPOSED BOUNDARIES OF CITY OF STOCKTON, SOUTH STOCKTON COMMUNITY FACILITIES DISTRICT NO. 90-1 WAS APPROVED BY THE CITY COUNCIL OF THE CITY OF STOCKTON AT A REGULAR MEETING THEREOF, HELD ON THE _____ DAY OF _____, 1990, BY ITS RESOLUTION NO. _____.

_____
CITY CLERK

FILED THIS _____ DAY OF _____, 1990, AT THE HOUR OF _____ O'CLOCK ___.M. IN BOOK ___ OF MAPS OF ASSESSMENT AND COMMUNITY FACILITIES DISTRICTS AT PAGE ____, IN THE OFFICE OF THE COUNTY RECORDER OF THE COUNTY OF SAN JOAQUIN, STATE OF CALIFORNIA.

_____
COUNTY RECORDER

By _____
DEPUTY COUNTY RECORDER

LEGEND

AREA WITHIN DISTRICT.

CITY AND COUNTY BOUNDARY.

NOT TO SCALE

PROPOSED BOUNDARIES OF
CITY OF STOCKTON
SOUTH STOCKTON COMMUNITY FACILITIES DISTRICT NO. 90-1

COUNTY OF SAN JOAQUIN
STATE OF CALIFORNIA

SCALE: AS SHOWN

NOLTE and ASSOCIATES
Engineers / Planners / Surveyors

SACRAMENTO (916) 44-65020 | MANTECA (209) 239-9080 | SAN JOSE (408) 287-3400 | WALNUT CREEK (415) 934-4060

SHEET 1 OF 39 SHEETS

EXHIBIT B

* 2051 - 88 - 01

Resolution No. 90-0158

10.1a

STOCKTON CITY COUNCIL

RESOLUTION OF FORMATION OF COMMUNITY
FACILITIES DISTRICT AND TO LEVY A SPECIAL TAX

COMMUNITY FACILITIES DISTRICT NO. 90-2
(BROOKSIDE ESTATES), PROJECT NO. 90-2
CITY OF STOCKTON, SAN JOAQUIN COUNTY, CALIFORNIA

RESOLVED, by the City Council of the City of Stockton, California:

WHEREAS, on February 15, 1990, this Council adopted its Resolution No. 90-0013, a Resolution of Intention to Form Community Facilities District and Levy a Special Tax, under the provisions of the Mello-Roos Community Facilities Act of 1982 (the "Act", Gov. Code, tit. 5, div. 2, pt. 1, ch. 2.5, § 53311, et seq.), and fixing Monday, March 19, 1990, at 5:30 p.m., in the Council Chambers, City Hall, Stockton, California 95202 as the time and place for the public hearing on the establishment of the district; and

WHEREAS, all of the owners of the territory within the district have filed herein their request that the types of facilities described in Resolution No. 90-0013 be modified to include certain additional facilities omitted through clerical error, the costs of which were included in the proposed bonded indebtedness, and have included in such request their consent and waiver of notice and hearing on the requested modification; and

WHEREAS, R. W. Siegfried & Associates, Engineer, has filed with the City Clerk the report required by Section 53321.5 of the Act as directed by Resolution No. 90-0013, which report includes the above additional facilities requested by the landowners, and has been examined and considered by this Council; and

WHEREAS, Angus McDonald & Associates, Special Tax Consultant, has filed with the City Clerk its report incorporating the rate and method of apportionment of the special tax as set forth in Exhibit C of Resolution No. 90-0013, which report has been examined and considered by this Council; and

WHEREAS, notice of the hearing was duly and regularly published in the time, form and manner required by the Act, as evidenced by the declaration on file with the City Clerk, and the hearing was duly and regularly held at the time and place advertised in said notice, and all persons interested desiring to be heard were given an opportunity to be heard, and all matters and things pertaining to the proposed district, the specified types of public facilities or services, and the proposed special tax, were fully heard and considered by this Council.

NOW, THEREFORE, this Council does hereby find, determine and order as follows:

1. All the above recitals are true and correct.

2. Reference is made to Resolutions No. 90-0013 and No. 90-0101 of this Council adopted February 15, 1990 and the public facilities and services cost report for the

CITY ATTY REVIEW GDP

DATE MAR 13 1990

scope of the project and financing contemplated by these proceedings.

3. A majority protest under section 53324 of the Act was not made at the hearing.

4. There is hereby formed a community facilities district within the City of Stockton, County of San Joaquin, State of California, under the provisions of the Act. The boundaries of the district are shown on the boundary map on file with the City Clerk and approved by this Council by its Resolution No. 90-0100, adopted February 15, 1990. The map was recorded in the office of the County Recorder of San Joaquin County on February 16, 1990 in Book 2 of Maps of Assessment and Community Facilities Districts at Page 130.

5. The name of the community facilities district is "Community Facilities District No. 90-2 (Brookside Estates), Project No. 90-2, City of Stockton, San Joaquin County, California," ("CFD 90-2").

6. The public facilities and services cost report heretofore filed in these proceedings as required by Section 53321.5 of the Act contains a description of the types of public facilities and services required to adequately meet the needs of the district and the estimated fair and reasonable cost thereof, together with the incidental expenses related thereto, and the report is approved and is hereby made a part of the record of the above hearing.

7. The types of public facilities authorized to be financed with bond proceeds and special tax proceeds of CFD 90-2 are set forth in Exhibit A attached to this Resolution.

8. The types of incidental expenses which may be incurred in the financing of the authorized facilities and the administering of CFD 90-2 and the bonds are set forth in Exhibit B attached to this Resolution.

9. Pursuant to section 53325.6 of the Act, this Council hereby finds that all of the property within the boundaries of CFD 90-2, even if presently used for agricultural purposes, will be benefitted by the public facilities proposed to be provided within CFD 90-2.

10. Except where funds are otherwise available, a special tax sufficient to pay for all such facilities will be annually levied within CFD 90-2. The report of the special tax consultant heretofore filed in these proceedings is adopted, subject to voter approval, and is hereby made a part of the record of the above hearing. Upon recordation of a 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 within CFD 90-2, 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 tax by the City ceases. The rate and method of apportionment of the special tax is set forth in Exhibit C attached to this Resolution.

11. The office of the Director of Finance of the City of Stockton, City Hall, 425 North El Dorado Street, Stockton, California 95202 (209/948-8460) is designated as the office responsible for preparing annually a current roll of special tax levy obligations by assessor's parcel number, and for responding to inquiries regarding estimates of future special tax levies. The City may contract with private consultants to provide this service in lieu of the Director of Finance. Any taxpayer who feels that the amount or formula of the special tax is in error may file an application with the Director of Finance contesting the levy of the special tax. The Director of Finance, or his appointee, shall promptly review the application, and if necessary, meet with the applicant. If the findings of the Director of Finance or the appointee verify that the special tax should be modified or changed, a recommendation to that effect shall be made to the City Council, and as appropriate, the special tax levy shall be corrected and, if applicable in any case, a refund shall be granted. If the Director of Finance or the appointee denies the application, the taxpayer may appeal that determination within 14 days of the mailing of notification of denial, to the City Council under such procedures as the Council shall establish. The determination of the Council on the appeal shall be final for all purposes. The filing of any application or an appeal shall not relieve the taxpayer of the obligation to pay the special tax when due.

12. Interpretations may be made by Resolution of the Council for purposes of clarifying any vagueness or ambiguity as it relates to any of the terms or provisions of the special tax.

13. Advances of funds or contributions of work in kind from any lawful source, specifically including owners of property within the district and any members of the City of Stockton itself, may be reimbursed from bond proceeds or from special tax revenue or both to the extent of the lesser of the value or cost of the contribution, but any agreement to do so shall not constitute a debt or liability of the City.

14. Any bonds issued in these proceedings shall be callable in accordance with the provisions of the Act and as more specifically to be set forth in any resolution providing for the form, execution and issuance of bonds.

15. This Council reserves the right, under section 53340 of the Act to utilize any method of collecting the special tax which it shall, from time to time, determine to be in the best interests of the City, including but not limited to direct billing by the City to the property owners and supplemental billing.

16. This Council reserves the right, prior to the sale of bonds, to create a mechanism for prepayment of the special tax.

17. This Council hereby establishes the annual appropriations limit of CFD 90-2 at $3,537,444.00 for the 1990-1991 fiscal year, subject to voter approval.

18. Based upon the Certificate of Engineer heretofore filed with this Council, the qualified electors for the election to be held in these proceedings shall be the landowners owning land within CFD 90-2. The City Council will conduct the election by mailed ballot and hereby designates the City Clerk as the official to conduct the mailed-ballot election.

19. The Council hereby approves the form of request, consent and waiver of notice and hearing for the modification of the public facilities to be financed in CFD 90-2, attached hereto as Exhibit D. The Council finds that the rights, procedures and time periods therein waived are solely for the protection of the landowner voters and that the waiver constitutes a full and knowing waiver, by any landowner who has executed the form, of those rights, procedures and time periods.

20. All proceedings up to and including the adoption of this Resolution were and are valid and in conformity with the requirements of the Act. This determination and finding is final and conclusive in accordance with section 53325.1, subdivision (b) of the Act.

PASSED AND ADOPTED this 19th day of March, 1990, by the following vote:

Ayes: Councilmembers McCarthy, McGaughey, Minnick, Panizza, Rust, Vice-Mayor Weaver and Mayor Darrah
Noes: None
Absent: None

Joan Darrah

JOAN DARRAH, Mayor
City of Stockton

ATTEST:

Frances Hong

FRANCES HONG, City Clerk
of the City of Stockton

COMMUNITY FACILITIES DISTRICT NO. 90-2
(BROOKSIDE ESTATES), PROJECT NO. 90-2

DESCRIPTION OF FACILITIES

All street names and Lot numbers set forth herein are as shown on the map of Brookside Estates, Unit No. 2, Tract 2330, Subdivisions of San Joaquin County.

(a) The improvement of the following streets by grading, including importation or excavation, and removal of certain existing improvements, and the construction therein of: Portland cement concrete curbs, gutters, sidewalks, wheelchair ramps, and driveways; street pavement, consisting of lime-treated base, aggregate subbase or aggregate base and asphalt concrete surfacing or deep lift asphalt concrete; bike paths, pedestrian paths, landscaping and fencing and/or walls; sanitary sewer pipes with manholes, wye branches, service laterals and appurtenances; storm water pipes with manholes, catchbasins, laterals and appurtenances; water main pipes, including air relief valves, valves, fittings, services, service boxes, fire hydrants and appurtenances; street lighting, including electroliers, lighting circuits, and conduits; and traffic signals, including support structures, foundations, electrical circuits, controls and conduits; to wit:

(1) March Lane from Feather River Drive westerly 8,550 feet to the west boundary of Sargent-Barnhart Tract.

(2) Brookside Road from approximately 1,750 feet west of Feather River Drive westerly, northwesterly and northerly 6,700 feet to Driftwood Place.

(3) Brookside Road from the northwest corner of Lot 307 southerly 1,120 feet along the west boundary of Brookside Estates, Unit No. 2 to March Lane.

(4) Brookside Road from a point approximately 530 feet west of the east boundary of Wright-Elmwood Tract easterly, southeasterly and southerly approximately 1,030 feet to March Lane.

(5) Driftwood Place from Feather River Drive westerly 2,000 feet to Brookside Road.

(6) Shadowbrook Drive from Brookside Road westerly, northwesterly and northerly 1,730 feet to the north boundary of Brookside Estates, Unit No. 2.

(7) Brookview Drive from Shadowbrook Drive southwesterly and westerly 1,200 feet to the west boundary of Brookside Estates, Unit No. 2.

(8) Willowbrook Circle (Entrance) from Shadowbrook Drive northerly 225 feet to Willowbrook Circle.

(9) Willowbrook Circle from Willowbrook Circle (Entrance) westerly, northwesterly, northerly, easterly, southerly, southwesterly, and westerly 2,600 feet to Willowbrook Circle (Entrance).

(10) Innisbrook Drive from Willowbrook Circle at the common lot line between Lots 143 and 144, northeasterly, easterly, and northerly, 900 feet to Willowbrook Circle at the common lot line between Lots 162 and 163.

90-0158

(b) The construction of protective measures for the protection of existing aqueducts and fuel oil lines as required by the East Bay Municipal Utility District and Southern Pacific Pipelines, Inc., for the Brookside Road pavement and pipeline crossings of the East Bay Municipal Utility District right-of-way, including jacked or bored casement pipes and filler material for carrier pipes, structure protective measures, corrosion control protective measures, fences and all other required protective structures, together with the payment of checking, design, permit, inspection and any other fees required by the East Bay Municipal Utility District as a condition to allow the above crossings.

(c) The construction of sanitary sewer pipes with manholes, wye branches, service laterals and appurtenances, and/or water main pipes, including air relief valves, valves, fittings, services, service boxes, fire hydrants and appurtenances, within the following public utility easements, to wit:

(1) Lot 234.

(2) Lot 235.

(3) From March Lane northwesterly 129 feet along the common lot line between Lots 20 and 21 to Morningside Drive.

(4) From March Lane northwesterly 197 feet along the common lot line between Lots 61 and 62 to Morningside Drive.

(5) From Brookview Drive southerly 115 feet along the common lot line between Lots 102 and 103 to Longcove Drive.

(6) From Willowbrook Circle easterly 94 feet along the common lot line between Lots 168 and 169 to the west boundary of Brookside Estates, Unit No. 2.

(d) The construction of storm drain pipes, including manholes, catchbasin laterals, catchbasins, and appurtenances, within the following public utility easements, to wit:

(1) The portion of Lot 234 from March Lane northwesterly along Morningside Drive (Entrance) 130 feet to Morningside Drive, and from Morningside Drive (Entrance) southwesterly 230 feet to Lot 39.

(2) From Lot 234 northwesterly along the common lot line between Lots 39 and 40, 143 feet to Lot 114.

(3) From Brookside Road at Lot 84 from a point approximately 50 feet north of March Lane westerly 100 feet across Lot 84 to Lot 114.

(4) From March Lane from a point approximately 50 feet east of Lot 61 northerly 30 feet across Lot 84 to Lot 114.

(5) From March Lane from a point approximately 200 feet west of Brookside Road northerly 30 feet across Lot 84 to Lot 114.

(6) From March Lane northwesterly 35 feet across Lot 22 to Lot 114.

(7) From Brookside Road easterly 60 feet across Lot 307 to Lot 114.

(e) The construction of a sanitary sewage pumping plant, controls, monitors, and appurtenances in a public utility easement located adjacent to the south right-of-way line of March Lane in the vicinity of Lot 302.

(f) The construction of a sanitary sewer force main pipeline, air relief valves, valves, fittings, and appurtenances, from the above sanitary sewage pumping plant easterly 7,450 feet along March Lane to the connection with the existing sanitary sewer trunk line force main at the west boundary of the Interstate 5 Freeway right-of-way.

(g) The installation of future traffic mitigation facilities relative to the Brookside Estates project, including a proposed Calaveras River bridge at the northerly extension of Kirk Avenue (located southerly of the Calaveras River).

(h) The payment of the Brookside Estates project's share of the cost of installation of a future sanitary sewage pumping plant and appurtenances in Lot 115.

(i) The development of a habitat site on Elmwood Tract.

(j) The acquisition of the right-of-way for March Lane from the east boundary of Brookside Estates, Unit No. 1, westerly and southwesterly 7,750 feet to the west boundary of Brookside Estates, Unit No. 2.

(k) The acquisition of the right-of-way for Brookside Road from the southeast corner of Brookside Estates, Unit No. 2, westerly, northwesterly and northerly 6,700 feet to Driftwood Place.

(l) The payment to Pacific Gas and Electric Company, a regulated public utility, for the performance of work and service by said utility for the installation of an underground electric utility system (exclusive of street lighting system), and natural gas distribution system, including cost of Pacific Bell Company trenching, together with necessary appurtenances for the distribution of electric service and natural gas to the streets and parcels within the District.

(m) The payment to Pacific Bell, a regulated public utility, for the performance of work and service by said utility for the installation of underground telephone utilities and appurtenances to serve the parcels within the District.

(n) The construction of stone fill and stone protection, as bank slope protection for parcels within the district, along the south bank of Fourteen Mile Slough from the

intersection of the Ten Mile Slough Levee with Fourteen Mile Slough, thence easterly to Smith Levee, thence northerly and northeasterly to the I-5 Freeway right-of-way.

(o) The doing of all work, and the payment of all costs and fees, auxiliary to any of the above and necessary to complete the same.

(p) The acquisition of all additional lands and easements necessary for any of the above work and facilities.

EXHIBIT B

Incidental Expenses and Bond Issuance Costs

It is anticipated that the following incidental expenses may be incurred in the proposed financing:

City review and administration
Engineering services
Special tax consultant services
Bond counsel services and out of pocket expenses
Underwriter's discount
Independent financial advisor services
Appraiser services
Initial bond registrar, transfer agent, fiscal agent, and paying agent fees
Rebate calculation service set up charge
Bond printing
Official memorandum printing and mailing costs
Publishing, mailing and posting of notices
Bond reserve fund
Capitalized interest
Bond syndication costs
Governmental notification and filing costs
Credit enhancement costs
Real estate acquisition costs
Special disclosure counsel
Rating agency fees
Escrow fee

Certain annual costs may be included in each annual special tax levy. These include:

Annual bond registrar, transfer agent, fiscal agent, and paying agent fees
Annual rebate calculation costs
Special tax consultant costs
Other necessary consultant costs
Costs of posting and collecting the special taxes
Personnel costs of the City
Arbitrage rebate
Rating agency fees

February 13, 1990

APPENDIX C

TAX RATE AND METHOD OF APPORTIONMENT FOR MELLO-ROOS SPECIAL TAX

BROOKSIDE ESTATES COMMUNITY FACILITIES DISTRICT PROJECT 90-2

I. EXECUTIVE SUMMARY

A. The Maximum Tax Per Parcel

A maximum annual Mello-Roos Special Tax was established for each legal parcel that existed in the Community Facilities District when the District was formed. This maximum tax was calculated based on the rates shown in Table C-1, multiplied times the amount of land on the parcel in each land use category.

When a parcel is subdivided, this total maximum tax for the original parcel is "spread" to the new parcels in proportion to the product of quantity times tax rate, in each land use category.

The Maximum Tax on each parcel is disclosed to buyers in the manner described in the Tax Rate Report.

B. Setting The Annual Tax

The annual tax on each parcel is set in accordance with the following principles:

- The improvements financed by the CFD are primarily for the benefit of residents and businesses in Brookside Estates.
- An owner of a developed parcel should expect to pay the amount that was disclosed at the time of purchase. This amount <u>cannot</u> increase. There should be no expectation that it will decrease.
- The tax on undeveloped land is set equal to the <u>difference</u> between the Community Facilities District's annual requirement and the maximum amount that can be collected from developed parcels.

In Fiscal Years 1991/92 through 1995/96, the tax on developed parcels is set at the maximum. Any surplus beyond the Community Facilities District's annual requirement is deposited in the Future Debt Services Account. In 1996/97 and later, if the maximum tax on all developed

parcels would produce a surplus, the rate is reduced. The applicable rate is set such that:

- Each parcel pays in proportion to its maximum tax.
- The total amount collected equals the Community Facilities District's annual requirement.

C. Adjusting the Maximum Tax If Entitlements Change

The original calculation of the maximum tax per parcel was based on the Land Use Plan shown in Exhibit C-3. The maximum tax per parcel is subject to change, if land use entitlements change from those shown in Exhibit C-3.

The change in maximum tax is calculated once each year, before the annual tax rate is set. The intent is to adjust each parcel's maximum tax so that it equals the sum of the new quantities of each land use, multiplied by the tax rates shown in Table C-1. This intent is subject to two overriding considerations.

- The total maximum annual tax for the Community Facilities District must not drop below the original maximum of $3,704,611 per year.
- The maximum annual tax on any parcel must not increase, unless the parcel's entitlements also increase.

In other words,

- Preserving the total taxing capacity of the Community Facilities District is an overriding consideration.
- A parcel that has fewer land use entitlements may, if necessary, pay a maximum tax that is higher than the <u>new</u> quantities of each land use, multiplied by the maximum tax rate. This parcel will <u>not</u> pay a maximum tax higher than its pre-existing maximum tax.

II. DETAILED METHODOLOGY

The following paragraphs describe the manner in which the Mello Roos Special Tax is set annually for Brookside Estates Community Facilities District Project 90-2. The description of procedures for setting and changing the tax on each parcel is followed by an example and by a section where terms are defined.

1. ESTABLISHING THE ORIGINAL MAXIMUM ANNUAL TAX PER PARCEL

The maximum annual special tax for each parcel that existed at the time the Mello Roos Community Facilities District was formed is shown in Table C-2. These initial amounts were established in the following steps.

1.1 Establish DUE Factors For Each Land Use Category

The relative responsibility to pay the Maximum Annual District Tax is expressed in terms of Dwelling Unit Equivalent (DUE) factors. These factors represent the average relative responsibility to pay for each dwelling unit (or 1,000 building square feet of non-residential space) compared to the relative responsibility to pay for a single family dwelling in Residential Land Use Category "A."

The DUE Factors are shown in Table C-1.

1.2 Calculate Total DUE's for Each Original Parcel

A copy of the Land Use Plan on which the calculation was based is shown in Exhibit C-3. The land uses shown in this Land Use Plan are summarized in Table C-1.

The total DUEs for each original parcel is the sum, for that parcel, of the products of the amount of each land use multiplied by the DUE factor for that land use. The amount of each land use for each original parcel is based on the original Land Use Plan.

1.3 Calculate Maximum Annual Tax Per DUE

The Maximum Annual Tax Per DUE was calculated as the quotient of the Original Maximum Annual District Tax for the Mello-Roos

Community Facilities District (i.e. $3,704,611.) divided by the total DUE's in the District from Table C-1.

COMMUNITY FACILITIES DISTRICT NO. 90-2
(BROOKSIDE ESTATES)
PROJECT NO. 90-2

Table C-1
Dwelling Unit Equivalent (DUE) Factors
and Base Tax Rates

	Land Use Category		Quantity	Unit	Dwelling Unit Equivalent Factor	Dwelling Unit Equivalent	Total Maximum Annual Tax	Base Maximum Tax Rate Per Unit
A	Village Lots	(55 X 110)	304	Dwelling Units	1.00	304.00	$270,619	$890.19
B	Village Lots	(65 x 115)	320	Dwelling Units	1.25	400.00	$356,078	$1,112.74
C	Village Lots	(65 x 115)	75	Dwelling Units	1.25	93.75	$83,456	$1,112.74
D	Village Lots	(55 x 110)	234	Dwelling Units	1.00	234.00	$208,305	$890.19
E	Lake Front Lot	(70 x 135)	129	Dwelling Units	2.00	258.00	$229,670	$1,780.39
F	Lake Area Lot	(70 x 115)	189	Dwelling Units	1.50	283.50	$252,370	$1,335.29
G	Golf Course Lot	(70 x 145)	145	Dwelling Units	2.00	290.00	$258,156	$1,780.39
H	Golf Area Lot	(70 x 115)	116	Dwelling Units	1.50	174.00	$154,894	$1,335.29
I	Calaveras River Lot	(75 x 135)	112	Dwelling Units	2.50	280.00	$249,254	$2,225.49
J	Fourteen Mile Slough Lot	(75 x 135)	28	Dwelling Units	2.50	70.00	$62,314	$2,225.49
K	Fourteen Mile Slough Lot	(75 x 135)	16	Dwelling Units	2.50	40.00	$35,608	$2,225.49
L	Golf Area Lot	(70 x 115)	16	Dwelling Units	1.50	24.00	$21,365	$1,335.29
M	Golf Course Lot	(70 x 145)	109	Dwelling Units	2.00	218.00	$194,062	$1,780.39
N	Golf Course Estate Lot	(100 x 200)	16	Dwelling Units	2.50	40.00	$35,608	$2,225.49
O	Golf Course Lot	(90 x 175)	26	Dwelling Units	2.50	65.00	$57,863	$2,225.49
P	Golf Area Lot	(75 x 145)	10	Dwelling Units	2.00	20.00	$17,804	$1,780.39
Q	Country Club Planned Community	6 DU/Acre	418	Dwelling Units	1.25	522.50	$465,127	$1,112.74
R	Planned Community	6 DU/Acre	61	Dwelling Units	1.00	61.00	$54,302	$890.19
S	Planned Community	6 DU/Acre	119	Dwelling Units	1.00	119.40	$106,289	$890.19
T	Condominiums		32	Dwelling Units	0.75	24.00	$21,365	$667.65
Subtotal			2475	Dwelling Units		3521.15	$3,134,508	
Country Club, Except Club House			174.60	Acres	0.064	11.23	$10,000.00	
Apartments			1040	Dwelling Units	0.315	327.60	$291,628	$280.41
Commercial, Including Club House			688399	SqFt (GLA)	0.0004381	301.59	$268,476	$0.39
Total Dwelling Unit Equivalents						4161.58		
Total Maximum Annual Tax							$3,704,611	
Maximum Annual District Tax							$3,704,611	
Maximum Annual Tax per DUE							$890.19	

NOTES:

GLA represents Gross Leasable Area

Certain areas have an assigned Dwelling Unit Equivalent (DUE) Factor which is zero. These areas include public use areas such as streets, bicycle and pedestrian paths, levees, school sites, parks, storm water retention easements (lakes) and storm and sanitary pumping facilities; and common areas such as landscaped entry features, planned open space, residential recreation facility, and Brookside Farm. Should any of these areas subsequently experience a change in the land use, then the DUE Factor would be reevaluated to reflect the changed use.

COMMUNITY FACILITIES DISTRICT NO. 90-2
(BROOKSIDE ESTATES)
PROJECT NO. 90-2

Table C-2
Maximum Annual Special
Tax Rate Per Parcel

ASSESSOR'S PARCEL NUMBER	LAND USE CATEGORY	NET LAND AREA, Acres	QUANTITY	UNIT	DWELLING UNIT EQUIVALENT FACTOR	DWELLING UNIT EQUIVALENTS, (DUE)	MAXIMUM ANNU SPECIAL TAX PER PARCEL
114-020-06	A	28.0	164.0	DU	1	164.00	$145,991.88
	B	28.9	134.0	DU	1.25	167.50	149,107.56
	C	15.8	75.0	DU	1.25	93.75	83,455.72
	J	2.8	8.0	DU	2.5	20.00	17,803.89
	K	4.8	16.0	DU	2.5	40.00	35,607.78
	Elem. School	10.5	10.5	Acres	0	0.00	0.00
	High School	38.9	38.9	Acres	0	0.00	0.00
	Common Area	0.6	0.6	Acres	0	0.00	0.00
	Streets	26.9	26.9	Acres	0	0.00	0.00
	Levees	3.2	3.2	Acres	0	0.00	0.00
	PARCEL TOTAL	160.4				485.25	$431,966.83
114-020-07	B	7.2	61.0	DU	1.25	76.25	$67,877.32
	J	14.1	20.0	DU	2.5	50.00	44,509.72
	Streets	4.7	4.7	Acres	0	0.00	0.00
	Levees	1.2	1.2	Acres	0	0.00	0.00
	PARCEL TOTAL	27.2				126.25	$112,387.04
114-020-08	Levees	17.8	17.8	Acres	0	0.00	$0.00
114-020-09	A	23.9	140.0	DU	1	140.00	$124,627.22
	D	33.1	234.0	DU	1	234.00	208,305.49
	Multi-Family	30.7	1040.0	DU	0.315	327.60	291,627.69
	Public Park	10.2	10.2	Acres	0	0.00	0.00
	Recreation Area	0.3	0.3	Acres	0	0.00	0.00
	Retail Center	0.4	4356.0	Sq.Ft. (GLA)	0.0004381	1.91	1,698.81
	Common Area	1.5	1.5	Acres	0	0.00	0.00
	Streets	26.4	26.4	Acres	0	0.00	0.00
	Levees	0.8	0.8	Acres	0	0.00	0.00
	PARCEL TOTAL	127.2				703.51	$626,259.21
114-090-19	Farm	14.0	14.0	Acres	0	0.00	$0.00
	Commercial	4.0	52272.0	Sq.Ft. (GLA)	0.0004381	22.90	20,385.78
	Levees	1.2	1.2	Acres	0	0.00	0.00
	PARCEL TOTAL	19.2				22.9	$20,385.78
114-090-08	Farm	0.4	0.4	Acres	0	0.00	$0.00
114-090-12	Q PURD	0.4	2.7	DU	1.25	3.36	$2,991.05
	Common Area	1.7	1.7	Acres	0	0.00	0.00

COMMUNITY FACILITIES DISTRICT NO. 90-2
(BROOKSIDE ESTATES)
PROJECT NO. 90-2

Table C-2
Maximum Annual Special
Tax Rate Per Parcel

ASSESSOR'S PARCEL NUMBER	LAND USE CATEGORY	NET LAND AREA, Acres	QUANTITY	UNIT	DWELLING UNIT EQUIVALENT FACTOR	DWELLING UNIT EQUIVALENTS, (DUE)	MAXIMUM ANNUAL SPECIAL TAX PER PARCEL
114-090-12 (Cont.)	Streets	2.7	2.7	Acres	0	0.00	0.00
	PARCEL TOTAL	4.8				3.36	$2,991.05
114-090-13	Streets	0.5	0.5	Acres	0	0.00	$0.00
	Levees	1.4	1.4	Acres	0	0.00	0.00
	PARCEL TOTAL	1.9				0.00	$0.00
114-090-14	Q PURD	5.4	32.4	DU	1.25	40.50	$36,052.87
	Country Club	1.0	1.0	Acres	0.0643	0.06	57.24
	Common Area	1.1	1.1	Acres	0	0.00	0.00
	Streets	0.8	0.8	Acres	0	0.00	0.00
	PARCEL TOTAL	8.3				40.56	$36,110.11
114-090-15	B	5.4	25.0	DU	1.25	31.25	$27,818.58
	E	17.8	73.0	DU	2	146.00	129,968.38
	F	34.3	142.0	DU	1.5	213.00	189,611.41
	N	3.6	8.0	DU	2.5	20.00	17,803.89
	O	1.8	5.0	DU	2.5	12.50	11,127.43
	Q Purd	5.4	32.2	DU	1.25	40.20	35,785.81
	S Purd	19.9	119.4	DU	1	119.40	106,289.21
	Lake Access Lot	0.7	0.7	Acres	0	0.00	0.00
	Lake	23.6	23.6	Acres	0	0.00	0.00
	Country Club	7.5	7.5	Acres	0.0643	0.48	429.30
	Common Area	3.2	3.2	Acres	0	0.00	0.00
	Streets	27.2	27.2	Acres	0	0.00	0.00
	PARCEL TOTAL	150.3				582.83	$518,834.01
114-090-16	Levee	6.9	6.9	Acres	0	0.00	$0.00
114-090-17	B	7.7	35.0	DU	1.25	43.75	$38,946.01
	E	13.6	56.0	DU	2	112.00	99,701.77
	F	11.6	47.0	DU	1.5	70.50	62,758.71
	G	9.3	23.0	DU	2	46.00	40,948.94
	H	8.6	44.0	DU	1.5	66.00	58,752.83
	L	1.3	5.0	DU	1.5	7.50	6,676.46
	M	0.8	3.0	DU	2	6.00	5,341.17
	N	3.4	8.0	DU	2.5	20.00	17,803.89
	O	1.2	1.0	DU	2.5	2.50	2,225.49
	Q PURDS	18.2	109.2	DU	1.25	136.50	121,511.54
	R PURDS	10.1	60.6	DU	1	60.60	53,945.78
	Recreation Area	1.8	1.8	Acres	0	0.00	0.00

COMMUNITY FACILITIES DISTRICT NO. 90-2
(BROOKSIDE ESTATES)
PROJECT NO. 90-2

Table C-2
Maximum Annual Special
Tax Rate Per Parcel

ASSESSOR'S PARCEL NUMBER	LAND USE CATEGORY	NET LAND AREA, Acres	QUANTITY	UNIT	DWELLING UNIT EQUIVALENT FACTOR	DWELLING UNIT EQUIVALENTS, (DUE)	MAXIMUM ANNU SPECIAL TAX PER PARCEL
114-090-17	Retail	13.6	149751.0	Sq.Ft. (GLA)	0.0004381	65.61	58,402.02
(Cont.)	Commercial (S)	12.2	159418.0	Sq.Ft. (GLA)	0.0004381	69.84	62,172.09
	Clubhouse Bldg.	5.2	20000.0	Sq.Ft.	0.0004381	8.76	7,799.88
	T Condominiums	2.2	32.0	DU	0.75	24.00	21,364.67
	Pool&Court Area	3.4	3.4	Acres	0.0643	0.22	194.61
	Entr. Feat. St. A	2.3	2.3	Acres	0	0.00	0.00
	N. Lake	20.5	20.5	Acres	0	0.00	0.00
	Middle Lake	6.6	6.6	Acres	0	0.00	0.00
	Country Club	43.9	43.9	Acres	0.0643	2.82	2,512.81
	Common Area	0.1	0.1	Acres	0	0.00	0.00
	Streets	35.4	35.4	Acres	0	0.00	0.00
	Farm	27.9	27.9	Acres	0	0.00	0.00
	Levees	0.4	0.4	Acres	0	0.00	0.00
	PARCEL TOTAL	261.2				742.60	$661,058.65
114-090-18	School	12.7	12.7	Acres	0	0.00	$0.00
	Streets	1.1	1.1	Acres	0	0.00	0.00
	Levees	0.6	0.6	Acres	0	0.00	0.00
	PARCEL TOTAL	14.4				0.00	$0.00
BROOKSIDE ESTATES, UNIT NO. 1, EXCEPT PUBLIC STREETS							
114-310-01		1.0	12950.0	Sq.Ft. (GLA)	0.0004381	5.67	$5,050.42
114-310-02		1.0	12950.0	Sq.Ft. (GLA)	0.0004381	5.67	5,050.42
114-310-04		1.3	16840.0	Sq.Ft. (GLA)	0.0004381	7.38	6,567.50
114-310-05		1.0	12950.0	Sq.Ft. (GLA)	0.0004381	5.67	5,050.42
114-310-06		0.5	6480.0	Sq.Ft. (GLA)	0.0004381	2.84	2,527.16
114-310-07		3.4	44040.0	Sq.Ft. (GLA)	0.0004381	19.29	17,175.34
114-310-08		1.4	18140.0	Sq.Ft. (GLA)	0.0004381	7.95	7,074.49
114-310-09		1.5	19420.0	Sq.Ft. (GLA)	0.0004381	8.51	7,573.69
114-310-10		11.0	159405.0	Sq.Ft. (GLA)	0.0004381	69.84	62,167.02
	Levees	0.7	0.7	Acres	0	0.00	0.00
	PARCEL TOTAL	11.7				132.82	$118,236.48
114-140-03	Country Club	0.4	0.4	Acres	0.0643	0.03	$22.90
114-140-04	M	1.4	13.0	DU	2	26.00	$23,145.05
	Q PURD	1.8	10.9	DU	1.25	13.65	12,151.15
	Country Club	9.6	9.6	Acres	0.0643	0.62	549.50
	Streets	0.7	0.7	Acres	0	0.00	0.00
	PARCEL TOTAL	13.5				40.27	$35,845.71

COMMUNITY FACILITIES DISTRICT NO. 90-2
(BROOKSIDE ESTATES)
PROJECT NO. 90-2

Table C-2
Maximum Annual Special
Tax Rate Per Parcel

ASSESSOR'S PARCEL NUMBER	LAND USE CATEGORY	NET LAND AREA, Acres	QUANTITY	UNIT	DWELLING UNIT EQUIVALENT FACTOR	DWELLING UNIT EQUIVALENTS, (DUE)	MAXIMUM ANNUAL SPECIAL TAX PER PARCEL
114-140-05	Country Club	0.8	0.8	Acres	0.0643	0.05	$45.79
114-140-06	Country Club	1.1	1.1	Acres	0.0643	0.07	$62.96
114-140-08	O	1.2	3.0	DU	2.5	7.50	$6,676.46
	P	0.6	2.0	DU	2	4.00	3,560.78
	Country Club	1.7	1.7	Acres	0.0643	0.11	97.31
	Streets	0.3	0.3	Acres	0	0.00	0.00
	PARCEL TOTAL	3.8				11.61	$10,334.54
114-140-10	O	0.9	2.0	DU	2.5	5.00	$4,450.97
	P	0.7	2.0	DU	2	4.00	3,560.78
	Streets	0.2	0.2	Acres	0	0.00	0.00
	PARCEL TOTAL	1.8				9.00	$8,011.75
114-140-14	G	3.8	13.0	DU	2	26.00	$23,145.05
	H	2.0	8.0	DU	1.5	12.00	10,682.33
	M	3.6	14.0	DU	2	28.00	24,925.44
	Q PURD	4.3	25.7	DU	1.25	32.10	28,575.24
	Country Club	7.4	7.4	Acres	0.0643	0.48	423.57
	Streets	2.7	2.7	Acres	0	0.00	0.00
	PARCEL TOTAL	23.8				98.58	$87,751.64
114-140-20	G	0.6	2.0	DU	2	4.00	$3,560.78
	Country Club	4.1	4.1	Acres	0.0643	0.26	234.68
	Streets	0.2	0.2	Acres	0	0.00	0.00
	PARCEL TOTAL	4.8				4.26	$3,795.46
114-140-21	G	8.2	28.0	DU	2	56.00	$49,850.89
	H	6.4	26.0	DU	1.5	39.00	34,717.58
	Country Club	13.4	13.4	Acres	0.0643	0.86	767.01
	Streets	2.7	2.7	Acres	0	0.00	0.00
	PARCEL TOTAL	30.7				95.86	$85,335.48
114-140-27	O	2.1	6.0	DU	2.5	15.00	$13,352.92
	P	1.6	4.0	DU	2	8.00	7,121.56
	Country Club	2.5	2.5	Acres	0.0643	0.16	143.10
	Streets	1.1	1.1	Acres	0	0.00	0.00
	PARCEL TOTAL	7.2				23.16	$20,617.57

COMMUNITY FACILITIES DISTRICT NO. 90-2
(BROOKSIDE ESTATES)
PROJECT NO. 90-2

Table C-2
Maximum Annual Special
Tax Rate Per Parcel

ASSESSOR'S PARCEL NUMBER	LAND USE CATEGORY	NET LAND AREA, Acres	QUANTITY	UNIT	DWELLING UNIT EQUIVALENT FACTOR	DWELLING UNIT EQUIVALENTS, (DUE)	MAXIMUM ANNUAL SPECIAL TAX PER PARCEL
114-140-28	O	1.6	3.0	DU	2.5	7.50	$6,676.46
	P	0.7	2.0	DU	2	4.00	3,560.78
	Streets	0.3	0.3	Acres	0	0.00	0.00
	PARCEL TOTAL	2.7				11.50	$10,237.24
114-140-30	I	2.3	8.0	DU	2.5	20.00	$17,803.89
	Q PURD	6.8	40.8	DU	1.25	51.00	45,399.91
	Common Area	0.2	0.2	Acres	0	0.00	0.00
	Streets	1.0	1.0	Acres	0	0.00	0.00
	PARCEL TOTAL	10.3				71.00	$63,203.80
114-140-31	I	1.4	8.0	DU	2.5	20.00	$17,803.89
	Q PURD	9.6	57.5	DU	1.25	71.85	63,960.47
	Streets	0.6	0.6	Acres	0	0.00	0.00
	PARCEL TOTAL	11.6				91.85	$81,764.36
114-140-32	I	3.2	11.0	DU	2.5	27.50	$24,480.35
	M	0.3	1.0	DU	2	2.00	1,780.39
	Q PURD	7.7	45.9	DU	1.25	57.38	51,074.90
	Streets	1.3	1.3	Acres	0	0.00	0.00
	PARCEL TOTAL	12.4				86.88	$77,335.64
114-140-33	I	1.6	2.0	DU	2.5	5.00	$4,450.97
	Streets	0.1	0.1	Acres	0	0.00	0.00
	PARCEL TOTAL	1.7				5.00	$4,450.97
114-140-34	Levees	2.8	2.8	Acres	0	0.00	0.00
114-140-35	I	0.8	3.0	DU	2.5	7.50	$6,676.46
	Streets	0.3	0.3	Acres	0	0.00	0.00
	Levees	0.3	0.3	Acres	0	0.00	0.00
	PARCEL TOTAL	1.4				7.50	$6,676.46
114-140-36	G	2.8	10.0	DU	2	20.00	$17,803.89
	H	0.7	2.0	DU	1.5	3.00	2,670.58
	I	7.3	25.0	DU	2.5	62.50	55,637.15
	M	6.0	23.0	DU	2	46.00	40,948.94
	Country Club	13.3	13.3	Acres	0.0643	0.86	761.29

COMMUNITY FACILITIES DISTRICT NO. 90-2
(BROOKSIDE ESTATES)
PROJECT NO. 90-2

Table C-2
Maximum Annual Special
Tax Rate Per Parcel

ASSESSOR'S PARCEL NUMBER	LAND USE CATEGORY	NET LAND AREA, Acres	QUANTITY	UNIT	DWELLING UNIT EQUIVALENT FACTOR	DWELLING UNIT EQUIVALENTS, (DUE)	MAXIMUM ANNUAL SPECIAL TAX PER PARCEL
114-140-36 (Cont.)	Streets	3.5	3.5	Acres	0	0.00	0.00
	Levees	2.2	2.2	Acres	0	0.00	0.00
	PARCEL TOTAL	35.7				132.36	$117,821.85
114-140-37	I	1.0	4.0	DU	2.5	10.00	$8,901.94
	Streets	0.5	0.5	Acres	0	0.00	0.00
	Levees	0.4	0.4	Acres	0	0.00	0.00
	PARCEL TOTAL	1.8				10.00	$8,901.94
114-140-38	G	1.3	4.0	DU	2	8.00	$7,121.56
	I	7.1	35.0	DU	2.5	87.50	77,892.01
	M	6.2	22.0	DU	2	44.00	39,168.55
	Country Club	13.7	13.7	Acres	0.0643	0.88	784.18
	Streets	3.5	3.5	Acres	0	0.00	0.00
	Levees	3.3	3.3	Acres	0	0.00	0.00
	PARCEL TOTAL	35.0				140.38	$124,966.30
114-140-39	G	3.1	11.0	DU	2	22.00	$19,584.28
	H	1.0	4.0	DU	1.5	6.00	5,341.17
	I	2.1	12.0	DU	2.5	30.00	26,705.83
	M	1.0	4.0	DU	2	8.00	7,121.56
	Country Club	6.3	6.3	Acres	0.0643	0.41	360.61
	Streets	2.6	2.6	Acres	0	0.00	0.00
	Levees	1.0	1.0	Acres	0	0.00	0.00
	PARCEL TOTAL	17.2				66.41	$59,113.44
114-140-40	I	2.2	4.0	DU	2.5	10.00	$8,901.94
	L	0.2	1.0	DU	1.5	1.50	1,335.29
	M	0.5	2.0	DU	2	4.00	3,560.78
	Streets	0.2	0.2	Acres	0	0.00	0.00
	Levees	0.3	0.3	Acres	0	0.00	0.00
	PARCEL TOTAL	3.4				15.50	$13,798.01
114-140-42	Levees	12.4	12.4	Acres	0	0.00	$0.00
114-140-43	G	0.5	2.0	DU	2	4.00	$3,560.78
	O	1.8	4.0	DU	2.5	10.00	8,901.94
	Country Club	3.1	3.1	Acres	0.0643	0.20	177.44
	Streets	0.1	0.1	Acres	0	0.00	0.00
	PARCEL TOTAL	5.5				14.20	$12,640.16

COMMUNITY FACILITIES DISTRICT NO. 90-2
(BROOKSIDE ESTATES)
PROJECT NO. 90-2

Table C-2
Maximum Annual Special
Tax Rate Per Parcel

ASSESSOR'S PARCEL NUMBER	LAND USE CATEGORY	NET LAND AREA, Acres	QUANTITY	UNIT	DWELLING UNIT EQUIVALENT FACTOR	DWELLING UNIT EQUIVALENTS, (DUE)	MAXIMUM ANNUAL SPECIAL TAX PER PARCEL
114-140-44	N	3.6	14.0	DU	2	28.00	$24,925.44
	Q PURD	10.2	60.9	DU	1.25	76.13	67,766.05
	Country Club	5.4	5.4	Acres	0.0643	0.35	309.09
	Streets	1.7	1.7	Acres	0	0.00	0.00
	PARCEL TOTAL	20.9				104.47	$93,000.59
114-140-45	B	13.1	65.0	DU	1.25	81.25	$72,328.30
	G	14.9	52.0	DU	2	104.00	92,580.22
	H	5.3	32.0	DU	1.5	48.00	42,729.33
	L	2.5	10.0	DU	1.5	15.00	13,352.92
	M	3.5	13.0	DU	2	26.00	23,145.05
	O	1.3	2.0	DU	2.5	5.00	4,450.97
	Country Club	36.0	36.0	Acres	0.0643	2.31	2,060.62
	Streets	8.5	8.5	Acres	0	0.00	0.00
	Levees	2.3	2.3	Acres	0	0.00	0.00
	PARCEL TOTAL	87.4				281.56	$250,647.41
MISCELLANEOUS PARCELS							
Dedicated Streets & Levee Acreage							
	March Ln.	5.3	5.3	Acres	0	0.0	$0.00
	Brookside Rd.	1.5	1.5	Acres	0	0.0	0
	West levee strip	2.9	2.9	Acres	0	0.0	0
MISC. PARCEL TOTAL		9.72				0	$0.00
	TOTALS FOR CFD	1,182.6				4161.58	$3,704,611

NOTES:

1. Assessors Parcel 114-310-03 is excluded from the CFD

2. GLA represents Gross Leasable Area

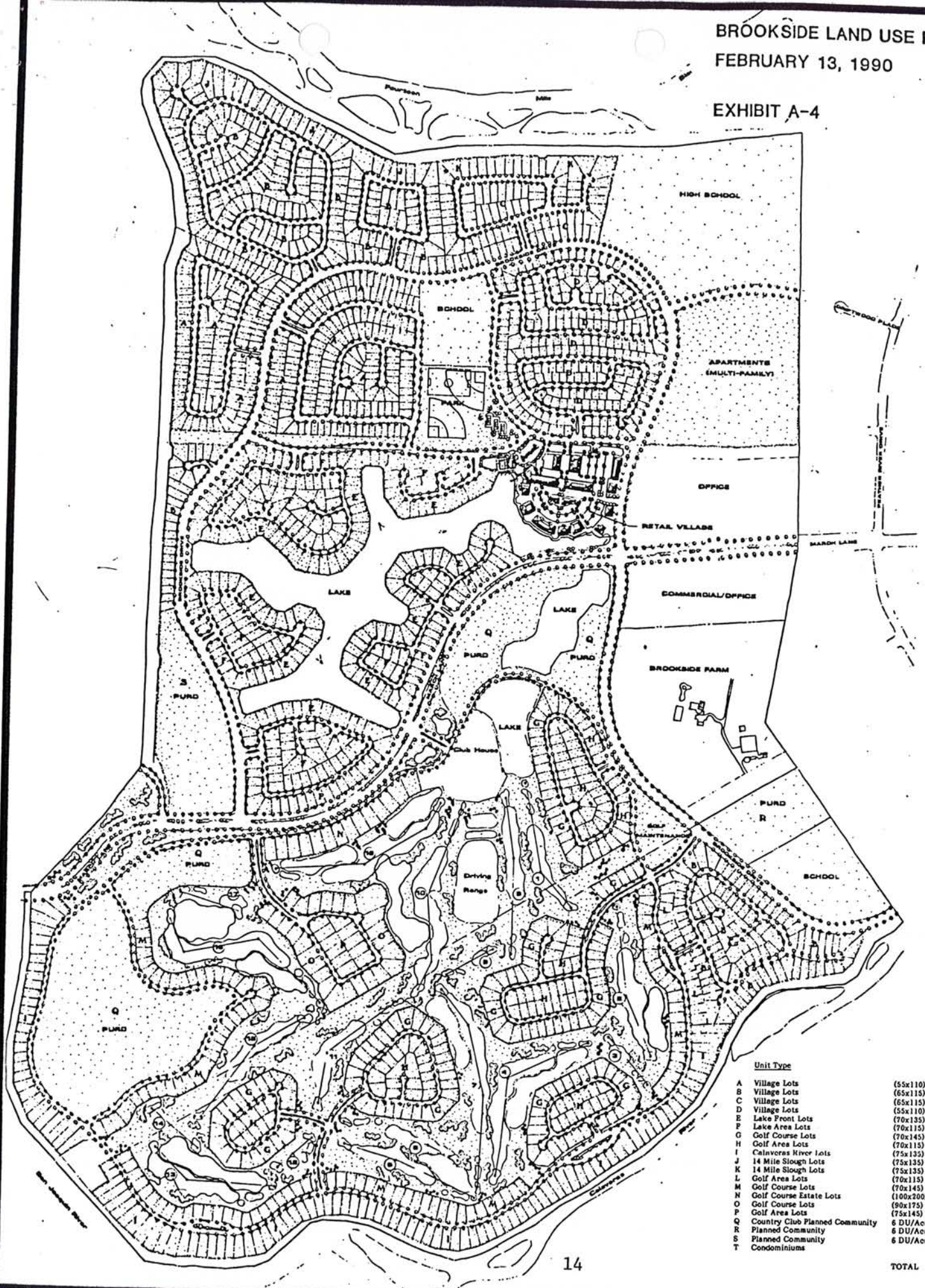
3. DU represents Dwelling Unit

4. Certain areas have an assigned Dwelling Unit Equivalent (DUE) Factor which is zero. These areas include public use areas such as streets, bicycle and pedestrian paths, levees, school sites, parks, storm water retention easements (lakes) and storm and sanitary pumping facilities; and common areas such as landscaped entry features, planned open space, residential recreation facility, and Brookside Farm. Should any of these areas subsequently experience a change in the land use, then the DUE Factor would be reevaluated to reflect the changed use.

BROOKSIDE LAND USE PLAN

FEBRUARY 13, 1990

EXHIBIT A-4



	Unit Type		Total
A	Village Lots	(55x110)	304
B	Village Lots	(65x115)	320
C	Village Lots	(65x115)	75
D	Village Lots	(55x110)	234
E	Lake Front Lots	(70x135)	129
F	Lake Area Lots	(70x115)	189
G	Golf Course Lots	(70x145)	145
H	Golf Area Lots	(70x115)	116
I	Calaveras River Lots	(75x135)	112
J	14 Mile Slough Lots	(75x135)	28
K	14 Mile Slough Lots	(75x135)	16
L	Golf Area Lots	(70x115)	16
M	Golf Course Lots	(70x145)	109
N	Golf Course Estate Lots	(100x200)	16
O	Golf Course Lots	(90x175)	26
P	Golf Area Lots	(75x145)	10
Q	Country Club Planned Community	6 DU/Acre	418
R	Planned Community	6 DU/Acre	61
S	Planned Community	6 DU/Acre	119
T	Condominiums		32
		TOTAL	2475

1.4 Calculate Maximum Annual Tax For Each Original Parcel

The original maximum annual tax on each parcel ("Maximum Tax Per Parcel") is the product of the Maximum Annual Tax Per DUE (from Step 1.3) multiplied by the number of DUEs for the parcel, as determined by each parcel's original Land Use Plan.

2. SETTING THE ANNUAL TAX PER PARCEL

2.1 Determine the Total Annual Amount Required. The necessary calculations are shown in Exhibit C-4. See also Pages 15 to 18 for definition of terms.

2.2 Determine the Annual Tax Required, in the manner illustrated in Exhibit C-4.

2.3 Sum the Maximum Tax per Parcel for all Developed Parcels. This sum is the Total Maximum Tax-Developed Parcels.

CASE 1 - NO TAX ON UNDEVELOPED PARCELS

2.4 If the Total Maximum Tax - Developed Parcels equals or exceeds the Annual Tax Required, no tax is required on Undeveloped Parcels.

2.4.1 In Fiscal Years 1991/92 through 1995/96:

- Set the Annual Parcel Tax for each Developed Parcel at its Maximum Tax Per Parcel.
- Set the Annual Parcel Tax for each Undeveloped Parcel at zero.

Any amount collected in excess of the Annual Tax Required is deposited in the Future Debt Service Account.

2.4.2 In Fiscal Years 1996/97 and later:

- Set the Annual Parcel Tax for Developed Parcels such that:
  - The Annual Parcel Tax for each Developed Parcel is proportional to that parcels Maximum Tax Per Parcel.
  - The sum of the Annual Parcel Tax for all Developed Parcels equals the Annual Tax Required.

- Set the Annual Parcel Tax for Undeveloped Parcels at zero.

CASE 2 - A TAX IS REQUIRED ON UNDEVELOPED PARCELS

2.5 If the Total Maximum Tax - Developed Parcels is less than the Annual Tax Required.

2.5.1 Set the Annual Parcel Tax for each Developed Parcel at the Maximum Tax Per Parcel for that parcel.

2.5.2 Calculate the additional total annual tax required to produce the Annual Tax Required. This amount is the Shortfall-Developed Parcels and is equal to the Annual Tax Required minus the Total Maximum Tax-Developed Parcels.

2.5.3 Set the Annual Parcel Tax for Undeveloped Parcels such that:

- The Annual Parcel Tax for each Undeveloped parcel is proportional to that parcel's Maximum Tax Per Parcel.
- The sum of the Annual Parcel Tax for all Undeveloped Parcels equals the Shortfall-Developed Parcels.

2.6 If the Amount Available (Exhibit C-4 Line (D) (or Line (A), Column 2 is less than the Total Amount Required (Line (A), Column 1 a ruling should be requested from the Governing Body of the Mello-Roos Community Facilities District as to the amount to be advanced from the CFD Account to remedy all or part of the deficiency.

3. RECALCULATING THE MAXIMUM ANNUAL SPECIAL TAX PER PARCEL WHEN LAND USE ENTITLEMENTS CHANGE

The following procedure defines the method of recalculating the maximum annual special tax (i.e. the Maximum Tax Per Parcel) on parcels whose land use entitlements have changed during the year.

The new Maximum Tax Per Parcel for all parcels whose entitlements have changed that fiscal year will be calculated at the same time. This time will be as close as practical to the time when the Community Facilities District's Annual Tax Required is set.

Exhibit C-4

CALCULATING ANNUAL TOTAL SPECIAL TAX

Brookside Estates Community Facilities District
Project 90-2

	(1) Amount Required	(2) Amount Available
Fiscal Year _____		
USES OF FUNDS		
Community Facilities District Administration		
Cost of Collection of Special Tax		
Delinquent Principle Payments		
Delinquent Interest Payments		
Principle Payments - Next Year		
Interest Payments - Next Year		
Replenish Deficiencies in the Reserve Account		
Special Tax For Direct Expenditures		
(A) Total Amount Required		
SOURCES OF FUNDS		
(B) Unencumbered Balance (Start of Fiscal Year)		
(C) Maximum Annual District Tax		
Interest Earnings (Estimated)		
(D) Total Maximum Amount Available		
(E) Annual Tax Required		

Notes

1) Complete column (1) first. Then assign available monies to column (2) in the order shown under "Uses of Funds."

2) If necessary, an additional appropriation from the Reserve Account would be made to pay current or delinquent debt service payments.

3) Line (D) = Line (B) + Line (C)

4) The amount in Line (E) is calculated as follows:

   4.1: If Line (B) equals or exceeds Line (A), Column (1), set Line (E) to zero.

   4.2: If Line (A), Column (1) exceeds Line (B) then:
   4.2.1: Subtract Line (B) from Line (A), Column (1)
   4.2.2: Set Line (E) equal to the lesser of

   - The amount calculated in Step 4.2.1
   - Line (C)

The steps are intended to insure that the Maximum Annual District Tax (i.e. the taxing capacity of the Mello-Roos Community Facilities District) does not drop below $3,704,611., the maximum annual taxing capacity of the District originally established and shown in Table C-2.

3.1 Calculate the Estimated Maximum Parcel Tax for each parcel whose land use entitlements have changed. (This calculation is illustrated in Exhibit C-5.)

3.2 Using these Estimated Maximum Parcel Tax amounts for parcels whose entitlements have changed, calculate, as a "test sum", the sum of the Maximum Tax Per Parcel for all parcels in the Community Facilities District. This "test sum" is called the "Test" District Maximum.

TWO CASES CAN OCCUR:

CASE 1: The "Test" District Maximum equals or exceeds $3,704,611. (i.e. the original maximum taxing capacity of the Community Facilities District <u>would not</u> be reduced.)

CASE 2: The "Test" District Maximum is less than $3,704,611. (i.e. the original maximum taxing capacity of the Community Facilities District <u>would</u> be reduced.)

3.3 In CASE 1

Set the Maximum Tax Per Parcel equal to the Estimated Maximum Parcel Tax for each parcel whose land use entitlements have changed.

3.4 In CASE 2

3.4.1 Calculate the difference between the Original Maximum Annual District Tax ($3,704,611.) and the "Test" District Maximum. This difference is called the Temporary Tax Base Deficiency.

3.4.2 Compare each parcel's Maximum Tax Per Parcel and Estimated Maximum Parcel Tax (the latter calculation based on the parcel's new entitlements).

3.4.3 Classify parcels in two groups:

Group 1: The parcel's Estimated Maximum Parcel Tax (based on the new entitlements) equals or exceeds the parcel's pre-existing Maximum Tax Per Parcel.

Group 2: The parcel's Estimated Maximum Parcel Tax is less than the parcel's pre-existing Maximum Tax Per Parcel.

3.4.4 For all Group 1 parcels set the new Maximum Tax Per Parcel equal to the parcel's Estimated Maximum Parcel Tax, based on the parcel's new entitlements.

3.4.5 Recalculate the Temporary Tax Base Deficiency based on the newly set Maximum Tax Per Parcel for each Group 1 parcel.

3.4.6 Set the Maximum Tax Per Parcel for all Group 2 parcels such that:

- The amount added to each Group 2 parcels pre-existing Maximum Tax Per Parcel is proportional to that parcel's Estimated Maximum Parcel Tax, based on the new entitlements.
- The total amount added to all Group 2 parcels is equal to the Temporary Tax Base Deficiency calculated in Step 3.4.5.

If the calculation in Step 3.4.6 is mathematically indeterminate, the Temporary Tax Base Deficiency shall be allocated to the relevant Group 2 parcels in a reasonable manner, as determined by the City of Stockton Planning Director.

Note: A review of the 1992/93 example in Exhibit C-5 may aid understanding of Steps 3.4.7 - 3.4.8.

3.4.7 The calculation in Step 3.4.6 may produce an (indicated) Maximum Tax Per parcel for a Group 2 parcel that exceeds its pre-existing Maximum Tax Per Parcel. If this occurs, repeat the following four steps:

3.4.7.1 Classify all parcels where this has occurred as "Group 3" projects and all Group 2 parcels where this has <u>not</u> occurred as "Group 4" projects.

3.4.7.2 Set the Maximum Tax Per Parcel for all Group 3 parcels equal to the previous Maximum Tax Per Parcel.

3.4.7.3 Recalculate the Temporary Tax Base Deficiency based on the newly set Maximum Tax Per Parcel for each Group 3 parcel.

3.4.7.4 Repeat the calculation described in Step 3.4.6 for Group 4 parcels.

3.4.8 If necessary, repeat the evaluation and calculation described in Step 3.4.7 until all of the original Group 2 parcels are at or below their pre-existing Maximum Tax Per Parcel.

3.5 New Maximum Annual Tax For The District

The new Maximum Annual District Tax for the Community Facilities District, is the sum of the Maximum Annual Tax Per Parcel on each parcel, following the recalculation procedures described above.

4. DISTRIBUTING THE MAXIMUM TAX WHEN A PARCEL SUBDIVIDES

When a parcel is subdivided into two or more new parcels the Maximum Tax Per Parcel on the original parcel shall be allocated to the new parcels based on the number of DUEs on each new parcel as a proportion of the total DUEs for all the new parcels created.

If this calculation is mathematically indeterminate, the Maximum Tax Per Parcel on the original parcel shall be allocated to the new parcels in a reasonable manner as determined by the City of Stockton Planning Director.

5. EXAMPLE OF THE CALCULATIONS

Examples of the calculation of Estimated Maximum parcel Tax and the revised Maximum Tax Per Parcel after land use entitlements change are given in Exhibit C-5.

The Appendix to the Tax Rate Report includes a diskette that contains the formulae used to calculate the Examples.

February 13, 1990

Exhibit C-5
(Page 1 of 3)

EXAMPLE OF RECALCULATION OF MAXIMUM PARCEL TAX

1. CALCULATION OF THE ESTIMATED MAXIMUM PARCEL TAX

Maximum Annual Tax Per DUE: $890.19

Parcel Description	DUE Factor	Old Entitlements Units		Old Entitlements DUEs	New Entitlements Units		New Entitlements DUEs
PARCEL A							
Residential Category A	1.00	50	DUs	50.0	35	DUs	35.0
Residential Category M	2.00	25	DUs	50.0	40	DUs	80.0
Public Use	0.00	10.1	Acres	0.0	10.5	Acres	0.0
Total				100.0			115.0
Estimated Maximum Parcel Tax							$102,371.85

Exhibit C-5
(Page 2 of 3)

EXAMPLE OF RECALCULATION OF MAXIMUM PARCEL TAX

2. 1991/92 CHANGE IN ENTITLEMENTS

Original Maximum Annual District Tax: $3,704,611
Maximum Annual Tax Per DUE: $890.19

Parcel	Prior Year Maximum Tax Per Parcel	New Total DUEs	New Estimated Maximum Parcel Tax	Difference	Allocation of Temporary Tax Base Deficiency	New Maximum Tax Per Parcel
A	$89,019	115.0	$102,372	$13,353	$0	$102,372

"Test" District Maximum	$3,717,964
Original Maximum Annual District Tax	$3,704,611
Temporary Tax Base Deficiency	N/A

CASE 1 Exists: No potential for Tax Base Impairment exists.

1991/92 Maximum Annual District Tax: $3,717,964

Exhibit C-5
(Page 3 of 3)

EXAMPLE OF RECALCULATION OF MAXIMUM PARCEL TAX

3. 1992/93 CHANGE IN ENTITLEMENTS

Parcel	Prior Year Maximum Tax Per Parcel	New Total DUEs	New Estimated Maximum Parcel Tax	Difference	First Allocation of Temporary Tax Base Deficiency	Test Maximum Tax Per Parcel	Capped Maximum Tax Per Parcel	Remaining Temporary Tax Base Deficiency To Be Allocated	Second Allocation of Temporary Tax Base Deficiency	New Maximum Tax Per Parcel
B	$50,000	110.0	$97,921	$47,921	$0	$97,921	$97,921	$0	$0	$97,921
C	$125,000	72.0	$64,094	($60,906)	$126,916	$191,010	$125,000	$66,010	$0	$125,000
D	$175,000	58.0	$51,631	($123,369)	$102,238	$153,869	$175,000	$0	$14,557	$168,426
E	$650,000	205.0	$182,489	($467,511)	$361,358	$543,847	$650,000	$0	$51,453	$595,300
Totals	$1,000,000	445.0	$396,135	($603,865)	$590,513	$986,647	$1,047,921	$66,010	$66,010	$986,647

"Test" District Maximum	$3,114,098
Original Maximum Annual District Tax	$3,704,611
Temporary Tax Base Deficiency	($590,513)

Case 2 Exists: There is potential for Tax Base Impairment.

1992/93 Maximum Annual District Tax: $3,704,611

6. DEFINITIONS OF TERMS

Annual Parcel Tax

The actual tax levy on a parcel in a fiscal year. The sum of the Annual Parcel Tax for each parcel in the Community Facilities District equals the Annual Tax Required (q.v.). (This sum may exceed the Annual Tax Required in fiscal years 1991/92 through 1995/96.)

Annual Tax Required

The total amount required to meet the obligations of the Mello-Roos Community Facilities District in a fiscal year.

The Annual Tax Required is illustrated in Exhibit C-4 as Line (E). The procedure for calculating Annual Tax Required is explained in Exhibit C-4.

Base Maximum Tax Rate

A Base Maximum Tax Rate was originally established for each land use category. The Base Maximum Tax Rate is equal to the product of the Maximum Annual Tax Per DUE (q.v.) multiplied by the relevant DUE Factor (q.v.).

Developed Parcel

A parcel that has received one or more building permits for structures at the time that the annual tax rate is set for the Community Facilities District. The golf course is considered developed when it is playable.

Dwelling Unit Equivalents (DUEs)

Land uses in the Community Facilities District are converted into Dwelling Unit Equivalents (DUEs.) This conversion is accomplished by multiplying the quantity in each land use category (i.e. the number of dwelling units or the number of thousands of building square feet (commercial and office land use categories)) by the appropriate DUE Factor (q.v.).

Dwelling Unit Equivalent (DUE) Factor

A number reflecting the responsibility of each land use category to pay the Original Maximum Annual District Tax (q.v.), compared to Residential Land Use Category "A." DUE Factors are measured per dwelling unit for residential land use categories and per 1,000 building square feet for commercial and office land use categories. The DUE Factor for the golf course is measure per acre.

Estimated Maximum Parcel Tax

The product of quantity in each land category for the parcel, multiplied by the Base Maximum Tax Rate (q.v.) for that land use category is first calculated. These products are then summed for all land use categories contained in the parcel. This estimated tax may differ from a given parcel's actual (and controlling) Maximum Tax Per Parcel (q.v.).

Maximum Annual District Tax

The sum of the then-existing Maximum Tax Per Parcel (q.v) for each parcel in the Community Facilities District. This sum equals the maximum annual total the Community Facilities District can levy that fiscal year.

Maximum Annual Tax Per DUE

The quotient of the Original Maximum Annual District Tax (q.v.) divided by the original total DUE's (q.v.) in the Community Facilities District.

Maximum Tax Per Parcel

The maximum annual Mello-Roos special tax that can be levied on a particular parcel. These amounts were established for each then-existing parcel when the Community Facilities District was created.

The Maximum Tax Per Parcel is recalculated when a parcel's land use entitlements change or when a parcel is subdivided.

Original Maximum Annual District Tax

The Maximum Annual District Tax (q.v.) for the Community Facilities District when the District was first established. This amount is $3,704,611..

Shortfall-Developed Parcels

The difference between the Annual Tax Required (q.v.) and maximum tax that could be levied on Developed Parcels (q.v.) (i.e. the Total Maximum Tax-Developed Parcels [q.v.]).

The Shortfall-Developed Parcels is the total amount that will be levied against Undeveloped Parcels (q.v.) in a fiscal year.

Temporary Tax Base Deficiency

This amount equals the difference between the Original Maximum Annual District Tax ($3,704,611.) and the "Test" District Maximum.

The Temporary Tax Base Deficiency is the amount of loss in the Community Facilities District's taxing capacity, if a new Maximum Tax Per Parcel was set equal to the parcel's Estimated Maximum Parcel Tax, without further adjustment.

"Test" District Maximum

This figure is used when the new Maximum Tax Per Parcel is being calculated for all parcels whose land use entitlements have changed during a fiscal year.

The Estimated Maximum Parcel Tax (q.v.) is calculated for each parcel whose entitlements have changed. These figures are then used in a test calculation of a new Maximum Annual District Tax (q.v.), based on the estimates.

If the "Test" District Maximum equals or exceeds the original Maximum Annual District Tax (q.v.) (i.e. $3,704,611.), then the new Maximum Tax Per Parcel for all parcels whose entitlements have changed can be set equal to their Estimated Maximum Parcel Tax.

Total Amount Required

The total requirement in a fiscal year to meet the obligations and the discretionary expenditure plans of the Community Facilities District. If taxpayers in the District have been delinquent in paying the Special Tax in prior fiscal years, this amount could exceed the Total Maximum Amount Available (q.v.).

Total Amount Required is illustrated in Exhibit C-4 as Line (A), Column 1.

Total Maximum Amount Available

The sum at the start of a fiscal year of the starting balance in the applicable Accounts plus that year's Maximum Annual District Tax.

This amount is illustrated in Exhibit C-4 as Line (D).

Total Maximum Tax-Developed Parcels

The sum of the Maximum Tax Per Parcel for all Developed Parcels in the Community Facilities District.

Undeveloped Parcel

A parcel that is not a Developed Parcel (q.v.).

WAIVER AND CONSENT TO AMENDMENT OF DESCRIPTION
OF FACILITIES IN RESOLUTION OF INTENTION

COMMUNITY FACILITIES DISTRICT NO. 90-2
(BROOKSIDE ESTATES), PROJECT NO. 90-2
CITY OF STOCKTON, SAN JOAQUIN COUNTY, CALIFORNIA

The undersigned is the authorized representative of

, the owners of the real property commonly designated as San Joaquin County Assessor's Parcel No. , within the above captioned Community Facilities District (the "CFD").

The undersigned acknowledges that the proceedings have already begun, and that the Resolution of Intention to Form Community Facilities District and Levy a Special Tax (the "ROI) has already been adopted and published. It has now been determined that the description of facilities in the ROI was not complete and should include the following:

1. Insert the following in paragraph (a): "bike paths, pedestrian paths, landscaping and fencing and/or walls.

2. Add the following paragraphs following paragraph (k):

   (l) The payment to Pacific Gas and Electric Company, a regulated public utility, for the performance of work and service by said utility for the installation of an underground electric utility system (exclusive of street lighting system), and natural gas distribution system, including cost of Pacific Bell Company trenching, together with necessary appurtenances for the distribution of electric service and natural gas to the streets and parcels within the District.

   (m) The payment to Pacific Bell, a regulated public utility, for the performance of work and service by said utility for the installation of underground telephone utilities and appurtenances to serve the parcels within the District.

   (n) The construction of stone fill and stone protection, as bank slope protection for parcels within the district, along the south bank of Fourteen Mile Slough from the intersection of the Ten Mile Slough Levee with Fourteen Mile Slough, thence easterly to Smith Levee, thence northerly and northeasterly to the I-5 Freeway right-of-way.

3. Reletter prior paragraphs (l) and (m) to (o) and (p), respectively.

The undersigned, on behalf of the above referenced owners, acknowledges the addition to the description of facilities and waives any and all notice and hearing on such additional facilities, and specifically requests that the above described facilities be included in the proposed district, without amending the ROI and without notice and hearing.

I declare, under penalty of perjury, under the laws of the State of California, that the foregoing is true and correct and that this declaration is executed on _____, 1990.

_____

EXHIBIT D

10-06-003

Resolution No. 91-0659

STOCKTON CITY COUNCIL

RESOLUTION OF FORMATION OF COMMUNITY
FACILITIES DISTRICT AND TO LEVY A SPECIAL TAX

COMMUNITY FACILITIES DISTRICT NO. 91-3
(NORTH STOCKTON OPEN SPACE)

RESOLVED, by the City Council of the City of Stockton, California:

WHEREAS, on July 8, 1991, this Council adopted its Resolution No. 91-0507, a Resolution of Intention to Form Community Facilities District and Levy a Special Tax (the "Resolution"), under the provisions of the Mello-Roos Community Facilities Act of 1982 (the "Act", Gov. Code, tit. 5, div. 2, pt. 1, ch. 2.5, § 53311, et seq.), and fixing Monday, August 26, 1991, at 5:30 p.m., in the Council Chambers, City Hall, Stockton, California 95202 as the time and place for the public hearing on the establishment of the district;

WHEREAS, R. W. Siegfried & Associates, Engineer, has filed with the City Clerk the report required by Section 53321.5 of the Act as directed by the Resolution, which report has been examined and considered by this Council; and

WHEREAS, notice of the hearing was duly and regularly published in the time, form and manner required by the Act, as evidenced by the declaration on file with the City Clerk, and the hearing was duly and regularly held at the time and place advertised in said notice, and all persons interested desiring to be heard were given an opportunity to be heard, and all matters and things pertaining to the proposed district, the specified types of public facilities or services, and the proposed special tax, were fully heard and considered by this Council.

NOW, THEREFORE, this Council does hereby find, determine and order as follows:

1. All the above recitals are true and correct.

2. Reference is made to Resolutions No. 90-0507 and No. 90-0508 of this Council adopted July 8, 1991 and the public facilities and services cost report for the scope of the project and financing contemplated by these proceedings.

3. A majority protest under section 53324 of the Act was not made at the hearing.

4. There is hereby formed a community facilities district within the City of Stockton, County of San Joaquin, State of California, under the provisions of the Act. The boundaries of the district are shown on the boundary map on file with the City Clerk and approved by this Council by its Resolution No. 90-0506, adopted July 8, 1991. The map was recorded in the office of the County Recorder of San Joaquin County on July 12, 1991 in Book 2 of Maps of Assessment and Community Facilities Districts at Page 187.

CITY ATTY REVIEW GDP

DATE AUG 12 1991

5. The name of the community facilities district is "Community Facilities District No. 91-3 (North Stockton Open Space), City of Stockton, San Joaquin County, California," ("CFD 91-3").

6. The public facilities and services cost report filed in these proceedings as required by Section 53321.5 of the Act contains a description of the types of public facilities and services required to adequately meet the needs of the district and the estimated fair and reasonable cost thereof, together with the incidental expenses related thereto, and the report is approved and is hereby made a part of the record of the above hearing.

7. The types of public facilities authorized to be financed with bond proceeds and special tax proceeds of CFD 91-3 are acquiring and providing services for open space facilities, local parks and parkways, and the maintenance of those facilities.

8. The types of incidental expenses which may be incurred in the financing of the authorized facilities and the administering of CFD 91-3 and the bonds are set forth in Exhibit A attached to this Resolution.

9. Pursuant to section 53325.6 of the Act, this Council hereby finds that all of the property within the boundaries of CFD 91-3, even if presently used for agricultural purposes, will be benefitted by the public facilities proposed to be provided within CFD 91-3.

10. Except where funds are otherwise available, a special tax sufficient to pay for all such facilities will be annually levied within CFD 91-3 for a maximum period of twenty (20) years. The rate and method of apportionment of the special tax set forth in Exhibit B attached to this Resolution is adopted, subject to voter approval, and is hereby made a part of the record of the above hearing. Upon the recording of a 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 within CFD 91-3, and this lien shall continue in full 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 tax by the City ceases.

11. The office of the Director of Finance of the City of Stockton, City Hall, 425 North El Dorado Street, Stockton, California 95202 (209/948-8460) is designated as the office responsible for preparing annually a current roll of special tax levy obligations by assessor's parcel number, and for responding to inquiries regarding estimates of future special tax levies. The City may contract with private consultants to provide this service in lieu of the Director of Finance. Any taxpayer who feels that the amount or

formula of the special tax is in error may file an application with the Director of Finance contesting the levy of the special tax. The Director of Finance, or his appointee, shall promptly review the application, and if necessary, meet with the applicant. If the findings of the Director of Finance or the appointee verify that the special tax should be modified or changed, a recommendation to that effect shall be made to the City Council, and as appropriate, the special tax levy shall be corrected and, if applicable in any case, a refund shall be granted. If the Director of Finance or the appointee denies the application, the taxpayer may appeal that determination within 14 days of the mailing of notification of denial, to the City Council under such procedures as the Council shall establish. The determination of the Council on the appeal shall be final for all purposes. The filing of any application or an appeal shall not relieve the taxpayer of the obligation to pay the special tax when due.

12. Interpretations may be made by Resolution of the Council for purposes of clarifying any vagueness or ambiguity as it relates to any of the terms or provisions of the special tax.

13. Advances of funds or contributions of work in kind from any lawful source, specifically including owners of property within the district and any members of the City of Stockton itself, may be reimbursed from bond proceeds or from special tax revenue or both to the extent of the lesser of the value or cost of the contribution, but any agreement to do so shall not constitute a debt or liability of the City.

14. Any bonds issued in these proceedings shall be callable in accordance with the provisions of the Act and as more specifically to be set forth in any resolution providing for the form, execution and issuance of bonds.

15. This Council reserves the right, under section 53340 of the Act to utilize any method of collecting the special tax which it shall, from time to time, determine to be in the best interests of the City, including but not limited to direct billing by the City to the property owners and supplemental billing.

16. The Council determines that there shall be no right of prepayment of the special tax.

17. Based upon the Certificate of Engineer heretofore filed with this Council, the qualified electors for the election to be held in these proceedings shall be the landowners owning land within CFD 91-3. The City Council will conduct the election by mailed ballot and hereby designates the City Clerk as the official to conduct the mailed-ballot election.

18. All proceedings up to and including the adoption of this Resolution were and are valid and in conformity with the requirements of the Act. This determination and finding is final and conclusive in accordance with section 53325.1, subdivision (b) of the Act.

PASSED AND ADOPTED this 26th day of August, 1991, by the following vote:

Ayes: Councilmembers McCarthy, McGaughey, Panizza, Rust, Vice Mayor Weaver and Mayor Darrah
Noes: None
Absent: Councilmember Minnick

JOAN DARRAH, Mayor
City of Stockton

ATTEST:

FRANCES HONG, City Clerk
of the City of Stockton

EXHIBIT A

Incidental Expenses and Bond Issuance Costs

It is anticipated that the following incidental expenses may be incurred in the proposed financing:

City review and administration
Engineering services
Bond counsel services and out of pocket expenses
Underwriter's discount
Independent financial advisor services
Appraiser services
Initial bond registrar, transfer agent, fiscal agent, and paying agent fees
Rebate calculation service set up charge
Bond printing
Official memorandum printing and mailing costs
Publishing, mailing and posting of notices
Bond reserve fund
Governmental notification and filing costs
Credit enhancement costs
Real estate acquisition costs
Special disclosure counsel
Rating agency fees
Escrow fee

Certain annual costs may be included in each annual special tax levy. These include:

Annual bond registrar, transfer agent, fiscal agent, and paying agent fees
Annual rebate calculation costs
Special tax consultant costs
Other necessary consultant costs
Costs of posting and collecting the special taxes
Personnel costs of the City
Arbitrage rebate
Rating agency fees

91-669

EXHIBIT B

CITY OF STOCKTON
COMMUNITY FACILITIES DISTRICT NO. 91-3
(NORTH STOCKTON OPEN SPACE)

RATE AND METHOD OF APPORTIONMENT OF SPECIAL TAX

A Special Tax under the Mello-Roos Community Facilities Act of 1982 (the "Act") applicable to the land in Community Facilities District No. 91-3 (the "CFD") of the City of Stockton (the "City) shall be levied and collected according to the special tax liability determined by the City Director of Finance or his or her designee through the application of appropriate amount or rate, as described below. All of the land in the CFD, unless exempted by law or by the provisions of Section III below, shall be taxed for the purposes, to the extent and in the manner herein provided.

I. DEFINITIONS. For the purposes of this document, the following definitions apply.

"Act" means the Mello-Roos Community Facilities Act of 1982, as amended (Gov. Code, tit. 5, div. 2, pt. 1, ch. 2.5, § 53311, et seq.).

"Administrative Expenses" means the costs incurred by the City to determine, levy and collect the Special Taxes, including salaries of City employees and the fees of consultants and corporate bond paying and/or fiscal agents or trustees for bonds, if any, and the costs of the County to collect installments of the Special Taxes upon the general tax rolls.

"Annual Costs" means, for any fiscal year, the total of (i) Debt Service for such Fiscal Year; (ii) Administrative Expenses for such Fiscal Year; (iii) any amounts needed to replenish the bond reserve fund, if any, and to pay for delinquencies in Special Tax for the previous Fiscal Year; and (iv) direct payments for any authorized facilities or accumulation of funds for that purpose, less any credit from earnings on the bond reserve fund, if any, reimbursements and any other credits provided by the City.

"CFD" means Community Facilities District No. 91-3 of the City of Stockton, County of San Joaquin, State of California.

"City" means the City of Stockton, County of San Joaquin, State of California.

"Council" means the City Council of the City as the legislative body for the CFD under the Act.

"County" means the County of San Joaquin, State of California.

"Debt Service" means, for any Fiscal Year, the total amount of principal and interest due during that Fiscal Year on bonds, if any, issued by the City for the CFD, and less any capitalized interest for such bonds for such Fiscal Year.

"Director of Finance" means the Director of Finance of the City or his designee or a consultant employed by the City.

"Final Use Parcel" means a Parcel for which, on June 1 of a Fiscal Year, the City has issued a Certificate of Occupancy.

"Fiscal Year" means the period starting July 1 and ending the following June 30; the maximum number of Fiscal Years for the levy of the Special Tax in the CFD is twenty (20).

"Maximum Special Tax" means the greatest amount of Special Tax that may be levied in any Fiscal Year on any Parcel.

"Parcel" means any County Assessor's parcel in the CFD based on the equalized tax rolls of the County as of March 1 of the prior Fiscal Year.

"Resolution of Formation" means the resolution of the Council adopted under the Act to establish the CFD.

"Special Tax(es)" means any tax levy under the Act in the CFD.

"Special Tax Obligation" means the total obligation of a Parcel or Parcels of property to pay Special Tax for the remaining life of the CFD.

"Tax Collection Schedule" means the document prepared by the Director of Finance and sent to the County Auditor for use in collecting the Special Taxes each Fiscal Year.

"Taxable Parcel" means any Parcel for which a Certificate of Occupancy has been issued by the City for use as single family residential or multiple family residential.

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

II. CLASSIFICATION OF PARCELS AND ASSIGNMENT OF MAXIMUM SPECIAL TAX.

A. Classification. Within 10 days of the beginning of each Fiscal Year, using the Definitions above, the Director of Finance shall cause:

1. Each Parcel to be classified as a Tax-Exempt Parcel or a Taxable Parcel.

2. Each Taxable Parcel to be classified as a Final Use Parcel.

B. Assignment of Maximum Annual Special Tax. Immediately following the classifications of Parcels as described in A above, the Director of Finance shall for each Parcel that is Final Use Parcel, assign the Maximum Annual Special Tax as shown on Attachment 1 based on whether the parcel is single family residential or multiple family residential.

III. APPORTIONMENT, LEVY AND COLLECTIN OF SPECIAL TAXES.

A. Immediately following the assignment of the Maximum Annual Special Tax for each Taxable Parcel as provided in subsection B of Section II above, the Director of Finance shall cause the Special Taxes to be apportioned and levied in each Fiscal Year as follows:

1. For Tax-Exempt Parcels, no Special Tax shall be apportioned or levied.

2. For Taxable Parcels, proceed as follows:

   (a) compute the Annual Costs;

   (b) levy on each Final Use Parcel an amount equal to the Maximum Annual Special Tax determined pursuant to Section II above.

3. Prepare the Tax Collection Schedule for each Parcel and send it to the County Auditor requesting that it be placed on the general, secured property tax roll for the following Fiscal Year. The Tax Collection Schedule shall be sent not later than the date required by the Auditor for such inclusion.

B. Collection of the Special Taxes shall be by the County in the same manner as ordinary ad valorem property taxes are collected. They shall be subject to the same penalties and the same lien priority in the case of delinquency as ad valorem taxes. As a cumulative remedy, the City may provide, in connection with the issuance of any bonds, for the judicial foreclosure of any delinquent Special Taxes. The Special Taxes shall be collected only so long as required to pay the Annual Costs, and in any event shall cease at the expiration of twenty (20) Fiscal Years.

IV. PREPAYMENT OF SPECIAL TAXES.

The entire Special Tax Obligation for a Parcel may not be prepaid.

V. ADMINISTRATIVE CHANGES.

The Director of Finance has authority to make necessary administrative adjustments to the Rate and Method of Apportionment to remedy any portions of the Special Tax formula that require clarification.

Resolution No. 92-0069

STOCKTON CITY COUNCIL

A RESOLUTION PROVIDING FOR THE FORM, EXECUTION AND ISSUANCE OF ADDITIONAL SPECIAL TAX BONDS

COMMUNITY FACILITIES DISTRICT NO. 90-2 (BROOKSIDE ESTATES), PHASE II

RESOLVED, by the City Council of the City of Stockton, California, that

1. The City Council hereby provides for the form, execution and issuance of additional special tax bonds in the sum of $6,030,000 (the "Bonds") in Community Facilities District No. 90-2 (Brookside Estates), Phase II, City of Stockton, San Joaquin County, California ("CFD 90-2"), in accordance with section 53356 of the Mello-Roos Community Facilities Act of 1982 (Gov. Code, tit. 5, div. 2, pt. 1, ch. 2.5, § 53311, et seq.).

2. The form of Bond Indenture attached hereto and the issuance of the Bonds of CFD 90-2 in accordance therewith is hereby approved.

3. The City Manager, or the Assistant City Manager, is authorized to execute the Indenture on behalf of the City in substantially the form attached hereto as Exhibit A, and the City Clerk is authorized to affix the seal of the City to the final form of the Indenture.

4. The signature of the City Manager, or the Assistant City Manager, on the final form of Indenture shall be conclusive evidence of the approval by the City of the final Indenture.

PASSED AND ADOPTED this 3rd day of February, 1992, by the following vote:

Ayes: *Councilmembers McCarthy, McGaughey, Minnick, Panizza, Rust, Vice Mayor Weaver and Mayor Darrah*
Noes: *None*
Absent: *None*

Joan Darrah

JOAN DARRAH, Mayor
City of Stockton

ATTEST: FRANCES HONG, City Clerk of the City of Stockton

Frances Hong

Amended by Res 92-0363 6/22/92

CITY ATTY REVIEW GDP

DATE JAN 28 1992

8.3

A SUPPLEMENTAL INDENTURE OF THE CITY COUNCIL OF THE CITY OF STOCKTON PROVIDING FOR THE FORM, EXECUTION AND ISSUANCE OF ADDITIONAL BONDS

COMMUNITY FACILITIES DISTRICT NO. 90–2 (BROOKSIDE ESTATES), PHASE II CITY OF STOCKTON, SAN JOAQUIN COUNTY, CALIFORNIA SERIES 305

The City of Stockton provides herein for the form, execution and issuance of additional special tax bonds in Community Facilities District No. 90–2 (Brookside Estates), Phase II, as follows:

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Section 1. RECITALS. On February 15, 1990, the City Council of the City of Stockton (the "City") adopted its Resolution of Intention No. 90–0013, Resolution of

EXHIBIT "A"

92-0069

Intention to Form Community Facilities District and Levy a Special Tax, and its Resolution No. 90–0101, Resolution to Incur Bonded Indebtedness under the provisions of the Mello–Roos Community Facilities Act of 1982, as amended (the "Act"). The City Council adopted on March 19, 1990, its Resolution No. 90–0158, Resolution of Formation of Community Facilities District and to Levy a Special Tax; on September 16, 1991, its Resolution No. 91–0705, Resolution Deeming it Necessary to Change the Types of Facilities and Services to be Financed; on February 3, 1992, its Resolution No. 92–_____, Resolution Deeming it Necessary to Alter the Rate and Method of Apportionment of the Special Tax Within Improvement Area No. 1 (collectively, the "Resolution of Formation"); and on March 19, 1990, its Resolution No. 90–0159, Resolution Deeming it Necessary to Incur Bonded Indebtedness. Resolutions No. 90–0158 and No. 90–0159 were approved by landowner election on March 19, 1990; Resolution No. 91–0705 was approved by landowner election on September 16, 1991; and Resolution No. 92–_____ was approved by landowner election on February 3, 1992. These landowner elections, as well as compliance with all requirements of the Act, have conferred authorization upon the City Council to annually levy a special tax against parcels of land within the above–captioned community facilities district ("CFD 90–2") and to issue special tax bonds in amounts not to exceed a total of $39,265,000 to finance the construction and acquisition of those facilities specified in Exhibit A, as amended, to the Resolution of Formation (the "Improvements"), and the defeasance of a prior special tax bond purchased by the City and certificates of participation evidencing an interest in the income stream in respect to that bond relating to the prior special tax on land within CFD 90–2. The Notice of Special Tax Lien was recorded in the office of the County Recorder of San Joaquin County under Recorder's Serial No. 90032347 on March 30, 1990. On May 14, 1990, the City Council adopted its Resolution No. 90–0308, Resolution Providing for the Form, Execution and Issuance of Special Tax Bonds, designated, "Special Tax Bonds, Community Facilities District No. 90–2 (Brookside Estates), City of Stockton, San Joaquin County, California, Series 002 and Series 006 in the aggregate principal amount not to exceed $33,235,000 dated as of June 1, 1990 (the "Bond Indenture").

This Supplemental Indenture amends the Bond Indenture and is a supplemental indenture under the Bond Indenture, and the terms of the Bond Indenture, except as they are herein amended, or except as they relate solely to the Series 002 and Series 006 Bonds, govern this Supplemental Indenture and the Series 305 Bonds issued under this Supplemental Indenture.

Section 2. SERIES 305 BONDS. The City Council hereby provides for the form, execution and issuance of a third series of bonds designated "Series 305", in an amount not to exceed $6,030,000. These bonds shall be dated as of March 1, 1992 and the first interest payment date shall be August 1, 1992. Interest shall be payable on the Series 305 Bonds on the basis of a 360-day year divided into 12 months of 30 days each. These bonds shall mature and shall bear interest at the rates as set forth in Exhibit A, hereto attached. The maximum rate of interest shall not exceed twelve percent (12%) per annum.

Each bond shall bear interest from the interest payment date next preceding the date on which it is registered, unless such date of registration is after a record date and before the close of business on the next interest payment date, in which event it shall bear interest from that interest payment date, or unless the date of registration is prior to July 16, 1992, in which event interest will be payable from the date of the bond. If, however, at the time of registration of any bond, interest is in default, the bond will bear interest from the interest payment date to which interest has previously been paid or made available for payment.

The proceeds of the Series 305 Bonds, except for a reasonably required reserve fund established herein, are expected to be expended within three (3) years for the governmental purpose of the bonds. The Improvements expected to be financed with the proceeds of the Series 305 Bonds are among those set forth in the Resolution of Formation.

Section 2.1. FORM OF SERIES 305 BONDS. The Bonds shall be issued as fully registered bonds in denominations of $5,000 or any integral multiple thereof, substantially in the form set forth as Exhibit B to this Indenture, the terms of which are incorporated herein by this reference, with necessary or appropriate variations as are permitted by this Indenture.

Section 2.2. APPLICATION OF PROCEEDS OF SERIES 305 BONDS. The proceeds from the sale of these Bonds shall be deposited with the Director of Finance of the City of Stockton, who shall apply such proceeds by setting aside:

(a) in the Debt Service Fund of the Redemption Account accrued interest from March 1, 1992 to the date of delivery;

(b) in the Capitalized Interest Account capitalized interest from the date of delivery to August 1, 1992 in the amount of $_____;

(c) in the Reserve Account, the sum of $422,100, thus increasing the reserve requirement for CFD 90-2 to $1,917,675, representing 4.88% of the original aggregate principal amount of the Series 002, Series 006 and Series 305 Bonds issued; and

(d) in the Construction Account the remainder of the proceeds.

Section 2.3. OPTIONAL REDEMPTION OF SERIES 305 BONDS. Beginning August 1, 2000, the Bonds maturing on or after August 1, 2001 or any portion of them in the amount of $5,000 or any integral multiple thereof may be called before maturity and redeemed at the option of the City, in whole or in part, on any interest payment date prior to maturity. The City will give Paying Agent notice at least sixty (60) days prior to the redemption date. Bonds so called for redemption shall be redeemed at a redemption price for each redeemed Bond equal to the following percentage of the principal amount thereof plus accrued interest on each bond to the redemption date.

102% if redeemed on August 1, 2000 or February 1, 2001;

101% if redeemed on August 1, 2001 or February 1, 2002; and

100% if redeemed on or after August 1, 2002.

Section 2.4. MANDATORY SINKING FUND REDEMPTION OF SERIES 305 BONDS. The Term Bonds due August 1, _____ (collectively with the Term Bonds due August 1, 2015, "Term Bonds") are subject to mandatory sinking fund redemption on August 1 in each year on or after August 1, _____, by lot, at a redemption price equal to the principal amount to be redeemed, together with accrued interest thereon to the date of redemption, without premium, solely from minimum sinking fund payments deposited in the Redemption Account. The principal amount to be redeemed each year is set forth in Exhibit A, hereto attached and incorporated by this reference.

The City may, in its discretion, and for any portion of the sinking fund redemptions, fulfill the obligation for any of the Term Bonds by purchase of the Term Bonds on the open market.

Special Tax proceeds sufficient to make the sinking fund payments are to be deposited each year in the Redemption Account and used for the mandatory redemption or payment of the Term Bonds.

Section 3. AMENDMENT OF THE BOND INDENTURE. Pursuant to the authority contained in Section 14 of the Bond Indenture, this Council hereby amends Sections 8 and 10.5 of the Bond Indenture as set forth below. The Council finds that the within amendments to the Bond Indenture are made to add to the covenants required to be performed by the City and does not adversely affect the interests of the owners of outstanding bonds, or that the amendments cure an ambiguity and correct and supplement defective provisions contained in the Bond Resolution or add provisions which the City deems desirable or necessary and which do not adversely affect the interests of the owners of the outstanding bonds. On the basis of these findings, the Council makes these

amendments without soliciting the consent of the owners of the outstanding bonds. (Additions are underscored within the sentence; deletions are stricken through with a slash.)

Section 3.1 AMENDMENT OF SECTION 8 OF THE BOND INDENTURE. Section 8 of the Bond Indenture is hereby amended to read as follows:

"Section 8. REDEMPTION PROCEDURE. The Bonds are subject to redemption as set forth in Sections 9.5 and 9.6 below. Notice of call and redemption prior to maturity shall be given by ~~publication and~~ mail as described below not less than 30 nor more than ~~60~~ 90 days prior to the date fixed for redemption. If less than all of the Bonds outstanding are to be redeemed at any one time from any source other than prepayment of the Special Tax obligation (as defined in and authorized by Section 13 below), the Bonds of the latest maturity date or dates shall be redeemed prior to or simultaneously with the redemption of any Bonds maturing prior thereto, in accordance with instructions to be given by the City. If Bonds are to be redeemed as a result of prepayments of the Special Tax obligation, Bonds shall be selected by the City for redemption in such a fashion as to retain, as nearly as possible, equal annual debt service payments on the remaining outstanding Bonds. In any case, if less than all of the outstanding Bonds of any one maturity are to be redeemed at any one time, Bonds or portions thereof in integral mutiples of $5,000 to be redeemed shall be determined by lot.

"Each notice of redemption shall state the date of such notice, the Bonds to be redeemed, the date of issue of such Bonds, the redemption date, the redemption price, the place or places of redemption (including the name and appropriate address or addresses of the Paying Agent), the CUSIP number (if any) of the maturity or maturities, and if less than all of any such maturity, the numbers of the Bonds of such maturity to be redeemed, and, in the case of Bonds to be redeemed in part only, the respective portions of the principal amount thereof to be redeemed, and shall give notice that further interest on such Bonds or the portions thereof redeemed will not accrue from and after the redemption date and shall require that such Bonds be surrendered at the address or addresses of the Paying Agent so designated. The notice shall also state that upon presentation of a Bond to be redeemed in part there will be issued, in lieu of the unredeemed portion of principal, a new Bond or Bonds of the same maturity date of authorized denominations equal in aggregate principal amount to the unredeemed portion.

"The notice shall be mailed by first-class mail to the underwriter or other first purchaser and to each registered owner at the address appearing on the books of the Paying Agent. ~~Notice shall also be published in a newspaper of general circulation published in the City, unless bond counsel advises the Paying Agent that such publication is no longer required.~~

"The actual receipt of the notice of redemption shall not be a condition precedent to such redemption, and failure to receive the notice shall not affect the sufficiency or validity of the proceedings for the redemption of the Bonds, or the cessation of interest on the redemption date.

"Neither the City nor the Paying Agent shall have any responsibility for any defect in the CUSIP number that appears on any Bond or in any redemption notice with respect thereto, and any such redemption notice may contain a statement to the effect that CUSIP numbers have been assigned by an independent service for convenience of reference and that neither the City nor the Paying Agent shall be liable for any inaccuracy in such numbers."

Section 3.2 AMENDMENT OF SECTION 10.5 OF THE BOND INDENTURE. Section 10.5 of the Bond Indenture is hereby amended to read as follows :

"Section 10.5. ADDITIONAL BONDS. The City will issue no additional bonds secured by the Special Tax unless and until all of the following conditions are satisfied:

" (a) the issuance of additional bonds will have been provided for by a new indenture or a supplemental indenture providing for the form, execution and issuance of additional bonds ("supplemental indenture") consistent with the Act and which, in addition, is either consistent with this Indenture, or does not adversely affect the rights and interests of bondholders under this Indenture;

" (b) the City shall be in compliance with this Indenture and any supplemental indenture;

" (c) the City shall have made a finding in the new indenture or supplemental indenture that the proceeds that would be available to the City if the Special Tax were to be levied and collected at its maximum rate and amount on all taxable land within CFD 90-2 in each fiscal year during which any bonds are to be outstanding, based upon land use categories in effect on the date of the adoption by the Council of the new indenture or supplemental indenture authorizing the issuance of additional bonds, shall be equal to at least one hundred ten percent (110%) of the maximum annual debt service on all bonds to be outstanding after the issuance of such

"additional bonds; and with respect to the period of time preceding the receipt of Special Tax proceeds calculated in accordance with the aforesaid land use categories, the funds that would be available to the City if the Special Tax as most recently levied at its actual rate and amount is fully collected and funds from any other sources (including capitalized interest) identified in the new indenture or supplemental indenture authorizing the issuance of the additional bonds, as shown by a certificate of the City on file with the Paying Agent, shall be equal to at least one hundred percent (100%) of the interest and principal requirements due on all bonds to be outstanding during such period; and

" (d) the City shall have made a finding in the new indenture or supplemental indenture that the fair market value of the land and then existing private improvements subject to the Special Tax, as determined by assessed valuation as shown on the most recent secured roll of the County or by an MIA appraisal, is at least three (3) times the sum of (i) the aggregate principal amount of all CFD 90–2 bonds then outstanding, plus (ii) the aggregate principal amount of the additional bonds proposed to be issued, plus (iii) the aggregate principal amount of all assessment district bonds then outstanding and payable from assessments to be levied on parcels of land within CFD 90–2, plus (iv) the proportion of the aggregate principal amount of other community facilities district bonds then outstanding which are payable from Special Taxes to be levied within the area of CFD 90–2.

" Provided, that nothing contained herein shall limit the issuance of any special tax bonds of the City payable from the Special Tax as provided herein if after the issuance and delivery of such Special Tax bonds none of the Bonds theretofore issued hereunder will be outstanding. Defeased bonds, or bonds in exchange for or in lieu of which other bonds have been delivered, shall not be considered outstanding."

Section 4. COMPLIANCE WITH BOND INDENTURE RE ADDITIONAL BONDS. The City is issuing the Series 305 Bonds under and in accordance with Section 10.5 of the Bond Indenture, as amended above, and pursuant thereto hereby finds:

(a) the issuance of the Series 305 Bonds is provided for by this Supplemental Indenture which is consistent with the Act and which, in addition, is consistent with the Bond Indenture, and does not adversely affect the rights and interests of the owners of the Series 002 and Series 006 Bonds;

(b) the City is in compliance with the Bond Indenture;

(c) the City hereby finds that the proceeds that would be available to the City if the Special Tax were to be levied and collected at its maximum rate and amount on all taxable land within CFD 90–2 in each fiscal year during which any Bonds are to be outstanding, based upon land use categories in effect on the date of the adoption by the Council of this Supplemental Indenture (to be memorialized by a certificate of the City to be filed with the Paying Agent at or prior to the closing of the Series 305 Bond issue), is equal to at least one hundred ten percent (110%) of the maximum annual debt service on all bonds to be outstanding after the issuance of the Series 305 Bonds; and with respect to the period of time preceding the receipt of Special Tax proceeds calculated in accordance with the aforesaid land use categories, the funds that would be available to the City if the Special Tax as most recently levied at its actual rate and amount is fully collected and funds from any other sources, including capitalized interest, (to be memorialized by a certificate of the City to be filed with the Paying Agent at or prior to the closing of the Series 305 Bond issue), are equal to at least one hundred percent (100%) of the interest and principal requirements due on all bonds to be outstanding during such period; and

(d) the City hereby finds that the fair market value of the land and currently existing private improvements subject to the Special Tax, as determined by assessed valuation as shown on the most recent secured roll of the County or by an MIA appraisal, is at least three (3) times the sum of (i) the aggregate principal amount of all CFD 90–2 bonds now outstanding, plus (ii) the aggregate principal amount of the Series 305 Bonds proposed to be issued, plus (iii) the aggregate principal amount of all assessment district bonds now outstanding and payable from assessments to be levied on parcels of land within CFD 90–2 (as to which the City finds there are none), plus (iv) the proportion of the aggregate principal amount of other community facilities district bonds now outstanding which are payable from Special Taxes to be levied within the area of CFD 90–2 (as to which the City finds there are none).

Section 5. AMENDMENT OF SUPPLEMENTAL INDENTURE. The provisions of Section 14 of the Bond Indenture relating to the amendment of, or supplement to the Bond Indenture, are incorporated herein and shall apply with equal force and effect to this Supplemental Indenture.

Section 6. REAFFIRMATION OF COVENANTS FROM THE BOND INDENTURE. The City hereby reaffirms its covenants from the Bond Indenture.

Section 7. ADDITIONAL BONDS. The City will issue no additional bonds secured by the Special Tax.

Section 8. SEVERABILITY. If any covenant, agreement or provision, or any portion thereof, contained in this Supplemental Indenture, or the application thereof to any person or circumstance, is held to be unconstitutional, invalid or unenforceable, the remainder of this Indenture and the application of any such covenant, agreement or provision, or portion thereof, to other persons or circumstances, shall be deemed severable and shall not be affected.

DATED as of March 1, 1992.

(seal)

DWANE MILNES, City Manager,
City of Stockton

[END OF INDENTURE]

APPROVED AS TO FORM
Date JAN 28 1992
Deputy City Attorney

MATURITY SCHEDULE

Maturity	Annual Principal	Interest Rate
Serial Bonds:		
Term Bonds:		
Total	$6,030,000.	

Mandatory Redemption Payments on Term Bonds:

Year	Amount

(To be Furnished by Underwriter at least 7 business days prior to the date of the Bonds)

EXHIBIT A

United States of America
State of California
County of San Joaquin

REGISTERED | REGISTERED

Number | $

CITY OF STOCKTON
SPECIAL TAX BOND OF COMMUNITY FACILITIES DISTRICT NO. 90-2
(BROOKSIDE ESTATES), PHASE II
SERIES 305

INTEREST RATE	MATURITY DATE	BOND DATE	CUSIP NUMBER
___%	August 1, ___	March 1, 1992	_____

REGISTERED OWNER:

PRINCIPAL SUM: DOLLARS $_____

City of Stockton, San Joaquin County, California, a chartered municipal corporation of the State of California, by and through its COMMUNITY FACILITIES DISTRICT NO. 90-2 (BROOKSIDE ESTATES), duly organized and existing under and by virtue of the Mello-Roos Community Facilities Act of 1982, sections 53311 and following of the Government Code of the State of California ("Mello-Roos Act"), and pursuant to its Resolution No. 92-_____, "Resolution Providing for the Form, Execution and Issuance of Special Tax Bonds" adopted February 3, 1992 (the "Resolution of Issuance") and the Supplemental Indenture approved thereby (the "Indenture"), hereby acknowledges its indebtedness and promises to pay to the registered owner named above or registered assigns, the principal sum specified above, on the maturity date stated above, together with interest on said sum payable semiannually on February 1 and August 1 of each year commencing on August 1, 1992 until this Bond is paid. Interest is based upon a 360-day year divided into 12 months of 30 days each. Principal, interest, and any premium are payable in lawful money of the United States of America. Principal and premium, if any, are payable upon presentation of the Bond at the principal corporate trust office of Bankers Trust Company of California, National Association, (the "Paying Agent"), in San Francisco, California, or its successor, as transfer agent and registrar. Interest shall be paid by check, draft or warrant mailed by first class mail to the registered owner of each Bond at the owner's address appearing on the register maintained by the Paying Agent on the 15th day of the month next preceding the date of interest payment or maturity of each

Bond (a "record date"), except that in the case of an owner of $1,000,000 or more of principal amount of Bonds outstanding, payment will be made, at the owner's option, by wire transfer of immediately available funds according to instructions provided by such owner to the Paying Agent at least 15 days before such interest payment date.

Interest on this Bond shall be payable from the interest payment date next preceding the date of its registration, unless such date of registration is after the 15th day of the month next preceding an interest payment date, in which event interest shall be payable from such interest payment date, or unless such date of registration is prior to July 16, 1992, in which event interest shall be payable from March 1, 1992.

REFERENCE IS MADE TO THE FURTHER PROVISIONS OF THIS BOND SET FORTH ON THE REVERSE SIDE HEREOF WHICH SHALL FOR ALL PURPOSES HAVE THE SAME EFFECT AS THOUGH FULLY SET FORTH HEREIN.

This Bond shall not become valid or obligatory for any purpose until the certificate of authentication and registration hereon endorsed shall have been dated and signed by the Paying Agent.

IT IS HEREBY CERTIFIED, RECITED AND DECLARED that all acts, conditions and things required by law to exist, happen and be performed precedent to and in the issuance of this Bond have existed, happened and been performed in due time, form and manner as required by law, and that the amount of this Bond, together with all indebtedness of said Community Facilities District and the City of Stockton, does not exceed any debt limit prescribed by the laws or Constitution of the State of California.

IN WITNESS WHEREOF, the City of Stockton, by and through its Community Facilities District No. 90-2 (Brookside Estates), has caused this Bond to be signed by the Mayor of the City and attested by the City Clerk by their facsimile signatures, and has caused its corporate seal to be reproduced in facsimile hereon all as of the first day of March 1992.

CITY OF STOCKTON

_____ _____

Mayor City Clerk

(SEAL)

This is one of the Bonds described in the
within mentioned Indenture, which has been
authenticated and registered on

Bankers Trust Company of California, National Association
as Paying Agent, Transfer Agent and Registrar

By _____
Authorized Officer

(REVERSE OF BOND)

CITY OF STOCKTON
SPECIAL TAX BOND OF COMMUNITY FACILITIES DISTRICT NO. 90–2
(BROOKSIDE ESTATES), PHASE II
SERIES 305

ADDITIONAL PROVISIONS OF THE BOND

Beginning August 1, 2000, this Bond or any portion of it in the amount of $5,000 or any integral multiple thereof may be called before maturity and redeemed at the option of the City, in whole or in part, on any interest payment date prior to maturity. Bonds so called for redemption shall be redeemed at a redemption price for each redeemed Bond equal to the principal amount thereof plus accrued interest to the redemption date, at the following redemption prices:

102% if redeemed on August 1, 2000 or February 1, 2001;

101% if redeemed on August 1, 2001 or February 1, 2002; and

100% if redeemed on or after August 1, 2002.

If less than all of the Bonds outstanding are to be redeemed at any one time from any source other than prepayment of the Special Tax obligation (as defined in and authorized by Section 13 of the Bond Indenture), the Bonds of the latest maturity date or dates shall be redeemed prior to or simultaneously with the redemption of any Bonds maturing prior thereto. If Bonds are to be redeemed as a result of prepayments of the Special Tax obligation, Bonds shall be selected for redemption in such a fashion as to retain, as nearly as possible, equal annual debt service payments on the remaining outstanding Bonds. In any case, if less than all of the outstanding Bonds of any one maturity are to be redeemed at any one time, Bonds or portions thereof in integral mutiples of $5,000 to be redeemed shall be determined by lot.

The Term Bonds due August 1, ____ are subject to mandatory sinking fund redemption on August 1 in each year on or after August 1, ____, by lot, without premium.

The Term Bonds due August 1, ____ are subject to mandatory sinking fund redemption on August 1 in each year on or after August 1, ____, by lot, without premium.

Notice of call and redemption prior to maturity shall be given, as provided in the Indenture, by first–class mail not less than 30 nor more than 90 days prior to the date fixed for redemption, addressed to the underwriter or first purchaser and to the registered owner.

Any tax for the payment hereof shall be limited to the annual Special Tax authorized under the Mello–Roos Act, to be collected within Community Facilities District No. 90–2 (Brookside Estates), of the City. The City may accept funds from any other source for

payment of the Bonds, as may be permitted by law. The Bonds do not constitute obligations of the City or its Community Facilities District for which said City or Community Facilities District is obligated to levy or pledge, or has levied or pledged, general or special taxation other than as described in the proceedings forming Community Facilities District No. 90–2 (Brookside Estates).

PROVISIONS FOR REGISTRATION

This Bond shall be registered in the name of the owner hereof as to both principal and interest. Each registration and transfer of registration of this Bond shall be entered by the registrar in books kept by it for this purpose and authenticated by its manual signature upon the certificate of authentication and registration endorsed hereon.

No transfer hereof shall be valid for any purpose unless made by the registered owner by execution of the form of assignment endorsed hereon, and authenticated as herein provided, and the principal hereof and interest hereon shall be payable only to the registered owner or to such owner's order.

I hereby certify that the following is a full and correct copy of the legal opinion of Timothy J. Hachman, Attorney at Law, Stockton, California, on file in my office.

_____

City Clerk

Resolution No. 92-0074

STOCKTON CITY COUNCIL

A RESOLUTION AUTHORIZING EXECUTION OF
JOINT COMMUNITY FACILITIES FINANCING AGREEMENT

COMMUNITY FACILITIES DISTRICT NO. 90-2
(BROOKSIDE ESTATES), PHASE II

RESOLVED, by the City Council of the City of Stockton, California, that

1. The City Council adopted on on September 16, 1991, its Resolution No. 91-0705, Resolution Deeming it Necessary to Change the Types of Facilities and Services to be Financed providing for the addition of school facilities under the provisions of a Joint Community Facilities Financing Agreement between the City and the Lincoln Unified School District to the authorized facilities in its proceedings for Community Facilities District No. 90-2 (Brookside Estates) ("CFD 90-2").

2. This Council hereby determines that the Joint Community Facilities Financing Agreement is in the best interests of the City and beneficial to the residents and future residents of the area within CFD 90-2.

3. The Joint Community Facilities Financing Agreement, attached hereto as Exhibit A, is hereby approved and the City Manager or the Assistant City Manager is authorized to execute the agreement on behalf of the City and the City Clerk is authorized to attest his signature.

PASSED AND ADOPTED this 3rd day of February, 1992, by the following vote:

Ayes: *Councilmembers McCarthy, McGaughey, Minnick, Panizza, Rust, Vice Mayor Weaver and Mayor Darrah*
Noes: *None*
Absent: *None*

Joan Darrah

JOAN DARRAH, Mayor
City of Stockton

ATTEST: FRANCES HONG, City Clerk
of the City of Stockton

Frances Hong

CITY ATTY
REVIEW GDP
JAN 28 1992
DATE

JOINT COMMUNITY FACILITIES FINANCING AGREEMENT

COMMUNITY FACILITIES DISTRICT NO. 90–2
(BROOKSIDE ESTATES)
CITY OF STOCKTON, SAN JOAQUIN COUNTY, CALIFORNIA

THIS AGREEMENT is made and entered into this _____ day of _____, 1992, between the CITY OF STOCKTON (the "City"), and LINCOLN UNIFIED SCHOOL DISTRICT (the "School").

RECITALS

A. City has conducted proceedings under the Mello–Roos Community Facilities Act of 1982 (the "Act", Gov. Code, tit. 5, div. 2, pt. 1, ch. 2.5, § 53311, et seq.), for the formation of Community Facilities District No. 90–2, (Brookside Estates), (the "CFD"), for financing public capital facilities (the "Facilities") and services, the issuance of bonds, and the levy of a special tax for services and retirement of bonds issued and to be issued.

B. Pursuant to section 53316.2 of the Act, and City's Resolution No. 91–0705, the authorized Facilities of the CFD approved by the electors of the CFD include, among other things, the payment of available funds to School to be used for school facilities, including elementary and secondary schoolsites and structures to serve the CFD under the provisions of this Agreement.

C. School desires to cooperate with City in accomplishing the financing of the authorized Facilities and to confer upon City full power to act in the financing proceedings.

AGREEMENT

City and School agree as follows:

1. The above recitals are true and correct.

2. This Agreement is determined to be in the best interests of City and School and beneficial to the residents and future residents of the area within the CFD and within the School district.

3. Pursuant to section 53316.2 of the Act, the City will act for the School, the CFD and itself in the conduct and administration of proceedings under the Act to finance the Facilities described in Appendix A, attached hereto and incorporated herein by this reference.

4. City shall administer the CFD, including the employment and payment of all consultants, the annual levy of the special tax, and all aspects of the payment and administration of the bonds and compliance with all State and Federal requirements

EXHIBIT "A"

92-0074

appertaining to the proceedings, including the requirements of the United States Internal Revenue Code.

5. School shall not participate in nor be considered a participant in the CFD proceedings (other than as a party to this Agreement) nor will it, for any purpose, be or be considered to be an issuer of the CFD bonds. City shall indemnify and hold School harmless from any and all claims or suits arising out of the conduct of the CFD proceedings, the authorization for, the levying and collection of the special tax, and the authorization for, issuance and administration of the CFD bonds.

6. City and School agree to each construct its own Facilities, to take ownership and responsibility for maintenance thereof, and to indemnify and hold harmless the other party and the CFD from any and all claims arising out of all aspects of planning, acquiring, constructing, reconstructing, rehabilitating, furnishing and equipping such Facilities.

7. City and School agree and consent to the exercise of jurisdiction of the CFD proceedings by the City, with the understanding that the City may take each and every step required for or suitable for consummation of the CFD proceedings, the levy, collection and enforcement of the special taxes, and the issuance and enforcement of the CFD bonds.

8. The authority conferred by this Agreement upon City to conduct the CFD proceedings is limited. The authorized Facilities in the CFD proceedings are those set forth in Appendix A. Under its resolutions and documents in the CFD proceedings, City has agreed and hereby confirms its agreement to hold and invest all CFD funds in its possession or under its control in strict compliance with instructions furnished by City's bond counsel; provided, however, that nothing contained herein shall be interpreted to interfere with either party's right to make timely payments on any contracts. Disbursements from City's Construction Account for the CFD, including the costs of the authorized Facilities, shall be made by the City upon receipt of a written requisition, substantially in the form attached hereto as Appendix B, from the Director of Public Works of the City, countersigned by the City Manager of the City or his or her deputy. Requisitions may be submitted to the City based upon current invoices for the Facilities acquired or constructed.

9. The rights and authority conferred by this Agreement upon School is limited to its right to the receipt of available CFD funds, not to exceed the sum of $5,000,000, to be used for its school facilities, including elementary and secondary schoolsites and structures to serve the CFD.

10. The CFD proceedings, the subject of this Agreement, may vary from the terms hereof insofar as such variance may affect the rights of School hereunder, only with the written consent of School.

IN WITNESS WHEREOF, the parties hereto have executed this Agreement as of the date first above written.

LINCOLN UNIFIED SCHOOL DISTRICT

(seal)

By _____
Title: _____

ATTEST:

_____
Secretary

CITY OF STOCKTON

(seal)

By _____
DWANE MILNES, City Manager

ATTEST:

_____
FRANCES HONG, City Clerk

Approved as to Form:

_____
City Attorney
Deputy

COMMUNITY FACILITIES DISTRICT NO. 90-2
(BROOKSIDE ESTATES)

DESCRIPTION OF FACILITIES

All street names and Lot numbers set forth herein are as shown on the map of Brookside Estates, Unit No. 2, Tract 2330, Subdivisions of San Joaquin County.

(a) The improvement of the following streets by grading, including importation or excavation, and removal of certain existing improvements, and the construction therein of: Portland cement concrete curbs, gutters, sidewalks, wheelchair ramps, and driveways; street pavement, consisting of lime-treated base, aggregate subbase or aggregate base and asphalt concrete surfacing or deep lift asphalt concrete; bike paths, pedestrian paths, landscaping and fencing and/or walls; sanitary sewer pipes with manholes, wye branches, service laterals and appurtenances; storm water pipes with manholes, catchbasins, laterals and appurtenances; water main pipes, including air relief valves, valves, fittings, services, service boxes, fire hydrants and appurtenances; street lighting, including electroliers, lighting circuits, and conduits; and traffic signals, including support structures, foundations, electrical circuits, controls and conduits; to wit:

(1) March Lane from Feather River Drive westerly 8,550 feet to the west boundary of Sargent-Barnhart Tract.

(2) Brookside Road from approximately 1,750 feet west of Feather River Drive westerly, northwesterly and northerly 6,700 feet to Driftwood Place.

(3) Brookside Road from the northwest corner of Lot 307 southerly 1,120 feet along the west boundary of Brookside Estates, Unit No. 2 to March Lane.

(4) Brookside Road from a point approximately 530 feet west of the east boundary of Wright-Elmwood Tract easterly, southeasterly and southerly approximately 1,030 feet to March Lane.

(5) Driftwood Place from Feather River Drive westerly 2,000 feet to Brookside Road.

(6) Shadowbrook Drive from Brookside Road westerly, northwesterly and northerly 1,730 feet to the north boundary of Brookside Estates, Unit No. 2.

(7) Brookview Drive from Shadowbrook Drive southwesterly and westerly 1,200 feet to the west boundary of Brookside Estates, Unit No. 2.

(8) Willowbrook Circle (Entrance) from Shadowbrook Drive northerly 225 feet to Willowbrook Circle.

(9) Willowbrook Circle from Willowbrook Circle (Entrance) westerly, northwesterly, northerly, easterly, southerly, southwesterly, and westerly 2,600 feet to Willowbrook Circle (Entrance).

(10) Innisbrook Drive from Willowbrook Circle at the common lot line between Lots 143 and 144, northeasterly, easterly, and northerly, 900 feet to Willowbrook Circle at the common lot line between Lots 162 and 163.

(b) The construction of protective measures for the protection of existing aqueducts and fuel oil lines as required by the East Bay Municipal Utility District and Southern Pacific Pipelines, Inc., for the Brookside Road pavement and pipeline crossings of the East Bay Municipal Utility District right-of-way, including jacked or bored casement pipes and filler material for carrier pipes, structure protective measures, corrosion control protective measures, fences and all other required protective structures, together with the payment of checking, design, permit, inspection and any other fees required by the East Bay Municipal Utility District as a condition to allow the above crossings.

(c) The construction of sanitary sewer pipes with manholes, wye branches, service laterals and appurtenances, and/or water main pipes, including air relief valves, valves, fittings, services, service boxes, fire hydrants and appurtenances, within the following public utility easements, to wit:

(1) Lot 234.

(2) Lot 235.

(3) From March Lane northwesterly 129 feet along the common lot line between Lots 20 and 21 to Morningside Drive.

(4) From March Lane northwesterly 197 feet along the common lot line between Lots 61 and 62 to Morningside Drive.

(5) From Brookview Drive southerly 115 feet along the common lot line between Lots 102 and 103 to Longcove Drive.

(6) From Willowbrook Circle easterly 94 feet along the common lot line between Lots 168 and 169 to the west boundary of Brookside Estates, Unit No. 2.

(d) The construction of storm drain pipes, including manholes, catchbasin laterals, catchbasins, and appurtenances, within the following public utility easements, to wit:

(1) The portion of Lot 234 from March Lane northwesterly along Morningside Drive (Entrance) 130 feet to Morningside Drive, and from Morningside Drive (Entrance) southwesterly 230 feet to Lot 39.

(2) From Lot 234 northwesterly along the common lot line between Lots 39 and 40, 143 feet to Lot 114.

(3) From Brookside Road at Lot 84 from a point approximately 50 feet north of March Lane westerly 100 feet across Lot 84 to Lot 114.

(4) From March Lane from a point approximately 50 feet east of Lot 61 northerly 30 feet across Lot 84 to Lot 114.

(5) From March Lane from a point approximately 200 feet west of Brookside Road northerly 30 feet across Lot 84 to Lot 114.

(6) From March Lane northwesterly 35 feet across Lot 22 to Lot 114.

(7) From Brookside Road easterly 60 feet across Lot 307 to Lot 114.

(e) The construction of a sanitary sewage pumping plant, controls, monitors, and appurtenances in a public utility easement located adjacent to the south right–of–way line of March Lane in the vicinity of Lot 302.

(f) The construction of a sanitary sewer force main pipeline, air relief valves, valves, fittings, and appurtenances, from the above sanitary sewage pumping plant easterly 7,450 feet along March Lane to the connection with the existing sanitary sewer trunk line force main at the west boundary of the Interstate 5 Freeway right–of–way.

(g) The installation of future traffic mitigation facilities relative to the Brookside Estates project, including a proposed Calaveras River bridge at the northerly extension of Kirk Avenue (located southerly of the Calaveras River).

(h) The payment of the Brookside Estates project's share of the cost of installation of a future sanitary sewage pumping plant and appurtenances in Lot 115.

(i) The development of a habitat site on Elmwood Tract.

(j) The acquisition of the right–of–way for March Lane from the east boundary of Brookside Estates, Unit No. 1, westerly and southwesterly 7,750 feet to the west boundary of Brookside Estates, Unit No. 2.

(k) The acquisition of the right–of–way for Brookside Road from the southeast corner of Brookside Estates, Unit No. 2, westerly, northwesterly and northerly 6,700 feet to Driftwood Place.

(l) The payment to Pacific Gas and Electric Company, a regulated public utility, for the performance of work and service by said utility for the installation of an underground electric utility system (exclusive of street lighting system), and natural gas distribution system, including cost of Pacific Bell Company trenching, together with necessary appurtenances for the distribution of electric service and natural gas to the streets and parcels within the District.

(m) The payment to Pacific Bell, a regulated public utility, for the performance of work and service by said utility for the installation of underground telephone utilities and appurtenances to serve the parcels within the District.

(n) The construction of stone fill and stone protection, as bank slope protection for parcels within the district, along the south bank of Fourteen Mile Slough from the

intersection of the Ten Mile Slough Levee with Fourteen Mile Slough, thence easterly to Smith Levee, thence northerly and northeasterly to the I–5 Freeway right–of–way.

(o) The payment of available funds to Lincoln Unified School District to be used for school facilities, including elementary and secondary schoolsites and structures to serve the above property, under the provisions of a Joint Community Facilities Financing Agreement between the City and the Lincoln Unified School District pursuant to section 53316.2 of the Act.

(p) The doing of all work, and the payment of all costs and fees, auxiliary to any of the above and necessary to complete the same.

(q) The acquisition of all additional lands and easements necessary for any of the above work and facilities.

REQUISITION FORM

COMMUNITY FACILITIES DISTRICT NO. 90–2
(BROOKSIDE ESTATES)
CITY OF STOCKTON, SAN JOAQUIN COUNTY, CALIFORNIA
("CFD 90–2")

To the Director of Finance of the City of Stockton:

On behalf of the City of Stockton, and for the facilities, administrative services or expenses described here:

which expenditures are authorized by the proceedings establishing CFD 90–2, please pay to:

the sum of _____ dollars ($_____) from the CFD 90–2 _____ account.

The undersigned hereby certify the above information to be true and correct.

Dated:

_____

_____

[print name] Director of Public Works

Countersigned by:

_____

_____

[print name] City Manager or Deputy

RESOLUTION NO. 96-0222

STOCKTON CITY COUNCIL

A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF STOCKTON ESTABLISHING COMMUNITY FACILITIES DISTRICT NO. 96-01 OF THE CITY OF STOCKTON AND AUTHORIZING THE LEVY OF A SPECIAL TAX WITHIN COMMUNITY FACILITIES DISTRICT NO. 96-01 OF THE CITY OF STOCKTON

DEVELOPMENT FEE FINANCING COMMUNITY FACILITIES DISTRICT NO. 96-01

WHEREAS, the City Council (the "Council") of the City of Stockton (the "City"), has heretofore adopted Resolution No. 96-0133 stating its intention to form Community Facilities District No. 96-01 of the City of Stockton (the "Community Facilities District No. 96-01") pursuant to the Mello-Roos Community Facilities Act of 1982, as amended, (the "Act"); and

WHEREAS, a copy of Resolution No. 96-0135, setting forth a description and map of the proposed boundaries of Community Facilities District No. 96-01, and a copy of Resolution 96-0133, setting forth the facilities to be provided, the cost of providing such facilities and the rate and method of apportionment of the special tax to be levied within Community Facilities District No. 96-01 to pay for the facilities and other costs including payment of the principal and interest on bonds proposed to be authorized within Community Facilities District No. 96-01, are on file with the City Clerk of the City and both are incorporated herein by reference; and

WHEREAS, on May 6, 1996, this Council held a noticed hearing as required by law relative to the proposed formation of Community Facilities District No. 96-01; and

WHEREAS, at said hearing all persons desiring to be heard on all matters pertaining to the formation of Community Facilities District No. 96-01 were heard and a full and fair hearing was held; and

WHEREAS, at said hearing evidence was presented to the Council on said matters before it, and this Council at the conclusion of said hearing is fully advised in the premises; and

WHEREAS, this Council wishes to present to the qualified electors of proposed Community Facilities District No. 96-01 a proposition to establish an appropriations limit for Community Facilities District No. 96-01.

CITY ATTY REVIEW

DATE APR 30 1996

NOW, THEREFORE, the City Council of the City of Stockton DOES HEREBY RESOLVE, DETERMINE AND ORDER as follows:

Section 1. A community facilities district to be designated "Community Facilities District No. 96-01" of the City of Stockton is hereby established pursuant to the Act.

Section 2. The description and map of the boundaries of Community Facilities District No. 96-01, as described in said Resolution No. 96-0135 and incorporated herein by reference, shall be the boundaries of said Community Facilities District No. 96-01.

Section 3. The type of public facilities (the "Facilities") proposed to be provided within Community Facilities District No. 96-01 and funded with the special tax to be levied within Community Facilities District No. 96-01 include certain real and other tangible property with an estimated useful life of five years or longer, which is necessary to meet increased demands placed upon the City as a result of development or rehabilitation occurring within Community Facilities District No. 96-01 (the "Development Fees") and as described on attached Exhibit "A" (the same being incorporated by reference), and a description of the parcels within the project area is as described in Exhibit "B" (the same being incorporated herein by reference) and as more fully described on that certain map on file with the City Clerk entitled "Proposed Boundaries, Development Fee Financing, Amended Community Facilities District No. 96-01, City of Stockton, San Joaquin County, California" ("Project Area").

Section 4. Except where funds are otherwise available, it is the intention of the Council to levy annually in accordance with the procedures contained in the Act a special tax to be collected in the same manner as ordinary ad valorem property taxes, sufficient to pay for: (i) the Development Fees; (ii) all costs necessary to collect and administer the special taxes, administer the CFD, and administer bonds, including but not limited to funds to pay current debt service on bonds, to accumulate funds for future debt service, to pay amounts delinquent on bonds (or to become delinquent based upon past special tax delinquencies), to replenish the reserve fund to its proper level (or to reimburse payment to be made from the reserve fund based upon past special tax delinquencies), to pay directly for any authorized Development Fees or to accumulate funds for that purpose. The special tax will be secured by the recordation of a continuing lien against all nonexempt real property in the District. The rate, method of apportionment and manner of collection of the special tax are described in detail in Exhibit "C" attached hereto and incorporated herein by reference. Exhibit "C" allows each landowner within the District to estimate the maximum amount that may be levied against each parcel. The special tax is based on the expected demand that each parcel of real property within the District will place on the public capital improvements to be

SC-0222

Section 10. Written protests have **not** been filed by fifty-percent (50%) or more of the registered voters or property owners of one-half (1/2) or more of the area of non-exempt land within proposed Community Facilities District No. 96-01.

Section 11. The special tax proposed to be levied in Community Facilities District No. 96-01 to pay for all the proposed facilities has **not** been eliminated by protest of fifty-percent (50%) or more of the registered voters residing within the territory of Community Facilities District No. 96-01 or the owners of one-half (1/2) or more of the area of non-exempt land within Community Facilities District No. 96-01.

Section 12. The Special Tax shall fund the Development Fees outlined in Exhibit "A", attached hereto and incorporated herein by reference.

Section 13. When the levy of the special tax and the determination to incur bonded indebtedness is submitted for a vote of the qualified electors of Community Facilities District No. 96-01, said vote shall be by mail ballot election as provided in Section 53326(d) and Section 53327.5 of the Act. Each landowner within Community Facilities District No. 96-01, there being less than 12 persons registered to vote within the territory of Community Facilities District No. 96-01, shall have one vote for each acre or portion of an acre of land that he or she owns within Community Facilities District No. 96-01.

Section 14. The Finance Director of the City of Stockton is hereby designated to be responsible for (1) annually preparing the current roll of special tax levy obligations by assessor's parcel number on non-exempt property within Community Facilities District No. 96-01, (2) estimating future special tax levies, pursuant to Section 53340.1 of the Act, and (3) establishing procedures to promptly respond to inquiries concerning current and future estimated tax liability. Any inquiries shall be directed to the following:

Finance Director
City of Stockton
425 N. El Dorado
Stockton, California 95202
(209)937-8212

Section 15. Upon the determination by the Council that the requisite two-thirds of votes cast in the election to be held as indicated in Section 13 of this resolution are in favor of levying the special tax, the City Clerk shall record the notice of special tax lien as provided in Section 3114.5 of the California Streets and Highways Code. Upon recordation of the notice of special tax lien, a continuing lien to secure each levy of the special tax shall attach to all non-exempt real property in Community Facilities District No. 96-01, and this lien shall continue in force and effect until the

2. A certified map of sufficient scale and clarity to show the boundaries of Community Facilities District No. 96-01;

3. A sufficient description to allow the Election Official to determine the boundaries of Community Facilities District No. 96-01; and

4. A form listing the names of all the owners of property within Community Facilities District No. 96-01 and their respective Assessor's Parcel Numbers.

****

PASSED, APPROVED and ADOPTED MAY - 6 1996.

AYES:	COUNCILMEMBERS:	7
NOES:	COUNCILMEMBERS:	0
ABSENT:	COUNCILMEMBERS:	0
ABSTAIN:	COUNCILMEMBERS:	0

Mayor of the City of Stockton

ATTEST:

City Clerk of the City of Stockton

96-0222

City of Stockton Development Fee Financing

DESCRIPTION OF FEES and AMOUNTS

01/05/96 12:11:59	per 1000 sqft	399	1,000 sqft
CITY OFFICE SPACE	$62	$24,749	
FIRE STATIONS	$56	$22,354	
LIBRARIES	$115	$45,905	
POLICE STATION	$124	$49,498	
COMMUNITY REC CTR	EXEMPT	$0	
SURFACE WATER	NA	$44,574	
STREET IMPROVE FEE AREA 6	$1,095	$437,096	
PARK LAND	EXEMPT		
HABITAT (per acre)	$806	$16,990	21.08 ACRES
AIR QUALITY	$278	$110,970	
	TOTAL	$752,136	
ADMINISTRATIVE	2.50%	$18,803	
	TOTAL	$770,939	
TRAFFIC SIGNAL (per acre)	$645	$13,586	21.08 ACRES
SEWER	NA	$23,618	
SCHOOL FEES	$280	$111,769	MANTECA UNIFIED &
	TOTAL	$919,912	STOCKTON UNIFIED

BUILDING NO.	ACRES	SQ. FT.
1	21.08	399,174
2		
3		
4		
5		
TOTAL	21.08	399,174

F:STOCKFEE

EXHIBIT A-2

96-0222

City of Stockton Development Fee Financing

DESCRIPTION OF FEES and AMOUNTS

01/05/96 12:04:01	per 1000 sqft	369	1,000 sqft
CITY OFFICE SPACE	$62	$22,900	
FIRE STATIONS	$56	$20,683	
LIBRARIES	$115	$42,475	
POLICE STATION	$124	$45,799	
COMMUNITY REC CTR	EXEMPT	$0	
SURFACE WATER	NA	$41,244	
STREET IMPROVE FEE AREA 6	$1,095	$404,436	
PARK LAND	EXEMPT		
HABITAT (per acre)	$806	$13,646	16.93 ACRES
AIR QUALITY	$278	$102,679	
	TOTAL	$693,862	
ADMINISTRATIVE	2.50%	$17,347	
	TOTAL	$711,208	
TRAFFIC SIGNAL (per acre)	$645	$10,912	16.93 ACRES
SEWER	NA	$21,853	
SCHOOL FEES	$280	$103,417	MANTECA UNIFIED &
	TOTAL	$847,390	STOCKTON UNIFIED

BUILDING NO.	ACRES	SQ. FT.
1		
2		
3	16.93	369,348
4		
5		
TOTAL	16.93	369,348

F:STOCKFEE

EXHIBIT A-4

96-0222

City of Stockton Development Fee Financing

DESCRIPTION OF FEES and AMOUNTS

01/05/96 11:56:40	per 1000 sqft	524	1,000 sqft
CITY OFFICE SPACE	$62	$32,498	
FIRE STATIONS	$56	$29,353	
LIBRARIES	$115	$60,278	
POLICE STATION	$124	$64,996	
COMMUNITY REC CTR	EXEMPT	$0	
SURFACE WATER	NA	$58,531	
STREET IMPROVE FEE AREA 6	$1,095	$573,955	
PARK LAND	EXEMPT		
HABITAT (per acre)	$806	$19,118	23.72 ACRES
AIR QUALITY	$278	$145,716	
	TOTAL	$984,446	
ADMINISTRATIVE	2.50%	$24,611	
	TOTAL	$1,009,057	
TRAFFIC SIGNAL (per acre)	$645	$15,288	23.72 ACRES
SEWER	NA	$31,013	
SCHOOL FEES	$280	$146,765	MANTECA UNIFIED &
	TOTAL	$1,202,123	STOCKTON UNIFIED

BUILDING NO.	ACRES	SQ. FT.
1		
2		
3		
4		
5	23.72	524,160
TOTAL	23.72	524,160

F:STOCKFEE

EXHIBIT A-6

96-0222

City of Stockton Development Fee Financing

DESCRIPTION OF FEES and AMOUNTS

02/19/96 14:06:47	per 1000 sqft	45	1,000 sqft
CITY OFFICE SPACE	$62	$2,790	
FIRE STATIONS	$56	$2,520	
LIBRARIES	$115	$5,175	
POLICE STATION	$124	$5,580	
COMMUNITY REC CTR	EXEMPT		
SURFACE WATER	NA	$5,025	
STREET IMPROVE FEE AREA 6	$1,095	$49,275	
PARK LAND	EXEMPT		
HABITAT (per acre)	$806	$2,031	2.52 ACRES
AIR QUALITY	$278	$12,510	
	TOTAL	$84,906	
ADMINISTRATIVE	2.50%	$2,123	
	TOTAL	$87,029	
TRAFFIC SIGNAL (per acre)	$645	$1,624	2.52 ACRES
SEWER	NA	$7,575	
SCHOOL FEES	$280	$12,600	MANTECA UNIFIED &
	TOTAL	$108,828	STOCKTON UNIFIED

BUILDING NO.	ACRES	SQ. FT.
1		
2		
3		
4		
5		
6		
7	2.52	45,000
8		
9		
10		
11		
TOTAL	2.52	45,000

96-0222

F:STOCKFEA

EXHIBIT A-8

City of Stockton Development Fee Financing

DESCRIPTION OF FEES and AMOUNTS

03/12/96 16:49:46	per 1000 sqft	166	1,000 sqft
CITY OFFICE SPACE	$62	$10,267	
FIRE STATIONS	$56	$9,274	
LIBRARIES	$115	$19,044	
POLICE STATION	$124	$20,534	
COMMUNITY REC CTR	EXEMPT		
SURFACE WATER	NA	$18,492	
STREET IMPROVE FEE AREA 6	$1,095	$181,332	
PARK LAND	EXEMPT		
HABITAT (per acre)	$806	$18,780	23.3 ACRES
AIR QUALITY	$278	$46,037	
	TOTAL	$323,760	
ADMINISTRATIVE	2.50%	$8,094	
	TOTAL	$331,854	
TRAFFIC SIGNAL (per acre)	$645	$15,017	23.3 ACRES
SEWER	NA	$13,938	
SCHOOL FEES	$280	$46,368	MANTECA UNIFIED &
	TOTAL	$407,177	STOCKTON UNIFIED

BUILDING NO.	ACRES	SQ. FT.
1		
2		
3		
4		
5		
6		
7		
8		
9,10,11	23.3	165,600
TOTAL	23.3	165,600

F:STOCKFEA

96-0222

EXHIBIT A-10

CITY OF STOCKTON
DEVELOPMENT FEE FINANCING
COMMUNITY FACILITIES DISTRICT 96-01
SPECIAL TAX BONDS, SERIES A (1996)

DESCRIPTION OF PARCELS WITHIN THE DISTRICT

Building No.	1	2	3	4	5
Address:	Arch Airport Rd. Hitalia	Arch Airport Rd. B Street	Perlman Drive Stockton	Zephyr Court Stockton	Industrial Dr. Gibraltar Stockton
Owner:	Buzz Oates Ent.	Buzz Oates Ent.	Buzz Oates Ent.	Buzz Oates Ent.	Buzz Oates Ent.
APN:	Tract No. 2483, Lots 12 13, 14 Stockton Airport Business Center, Unit No. 9	Lots 5, 6, 7 & 8 Stockton Airport Business Center, Unit No. 5, Tract 2483	177-0270-012 Central Valley Industrial Park	177-0270-006 Lot 46 Central Valley Industrial Park	177-0280-021 Central Valley Industrial Park
Acreage:	21.08 Acres Total	14.07 Acres Total	16.93 Acres	5.51 Acres	23.72 Acres
Bldg. Sq. Ft.	399,174 Sq. Ft.	399,174 Sq. Ft.	369,348 Sq. Ft.	37,603 Sq. Ft.	524,160 Sq. Ft.
Usage:	Industrial	Industrial	Industrial	Industrial	Industrial
Certificate of Occupancy	No	No	No	No	No

98-0222

II. MAXIMUM TAX RATES:

The maximum annual Special Tax rates are as shown on Attachment C-1 to this Exhibit C. In the event of any future annexations to the CFD, it is understood that a separate maximum tax, calculated in the same manner as show on Attachment C-1, will be calculated for each annexing parcel.

The Special Tax which is set forth in Attachment C-1 applies to one or more parcels as indicated therein. The Special Tax is based on annual costs that are derived from the number of acres in each parcel and the square feet of the building or buildings to be constructed on one or more parcels. If at the time the Special Tax is levied, the parcels subject to the Special Tax have been combined or reconfigured with a resulting change in the acreage of one or more of the parcels; and or if there has been a change in the square feet or the location of the building or buildings to be constructed thereon; then the Maximum Special Tax shall be prorated among the changed parcels based upon the resulting changes in the annual costs resulting from such changes in the parcels and or buildings. But in no event shall the aggregate Maximum Special Tax for such changed parcels be greater than the amount set forth herein.

III. METHOD OF APPORTIONMENT:

The Special Taxes shall be levied for each Fiscal Year by the Council, or the Council may delegate the authority to annually set the Special Tax in accordance herewith to City staff by ordinance. Any ordinance so adopted must retain for the City Council the right, in any year, to set the Special Tax, in accordance herewith, by resolution.

The Special Taxes shall be set, initially, at the maximum rate for all parcels.

If the resulting Special Taxes, together with funds on hand in the redemption fund, foreclosures process, property redemptions, reimbursements and any other lawfully available and committed funds, exceed, in the aggregate, the Special Tax Requirement, then the amount of that excess shall be stated as a percentage of the total amount of special Tax that could be raised for that Fiscal Year if all property were taxed at its maximum rate, and the Special Tax on each parcel shall be reduced by that same percentage of its maximum rate.

IV. COLLECTION OF ANNUAL SPECIAL TAX:

At any time, the City may contract with the County to have the Special Tax collected on the County's secured property tax roll.

The City may also, instead of utilizing the County's secured property tax roll, bill the Property owners directly.

If no determination as to the method of billing has been made by the Council, this determination shall be made by the City Treasurer.

interest for that period on the amount calculated under "c", above, shall be a credit against the total prepayment amount, and the credit amount shall, upon prepayment being made for the Payoff Parcel, be transferred from the redemption account to the prepayment account for use in the bond redemption.

e. Credit shall be given for the percentage (as calculated under "b", above) of the reserve account which is attributable to the Payoff Parcel. In addition, a calculation shall be made of the amount by which the reserve account falls short of the Reserve Requirement. The same percentage calculated under "b", above, shall be applied to the shortfall, and the resulting sum shall reduce the reserve account credit as a premium for the loss of cross-collateralization. The resulting credit amount shall, upon prepayment being made for the Payoff Parcel, be transferred from the reserve account to the prepayment account for use in the bond redemption.

f. An additional premium for any negative arbitrage during any period of defiance (investment of payoff monies in direct U.S. Government securities pending the end of the call-protection period and the retirement of bonds) shall be calculated by a certified public accountant acceptable to the City, in a writing addressed to the City, effective as of the prepayment date. The fee of the CPA shall be paid by the owner of the Payoff Parcel.

g. The prepayment premium on the bonds at the end of the call-protection period, if any, shall be applied to the amount determined under "c", above. the owner of the Payoff Parcel may request that redemption be postponed until bonds may be called with no more than a 3% premium. This may have an impact on the amount calculated under "f:, above.

h. The City shall make an estimate of the portion of the CFD Special Tax which is expected to be levied for the purposes of administrative costs for each year of the remaining life of the CFD, and calculate the present value of those payments using the yield of the final maturity of the Bonds as a discount rate.

i. The Payoff Parcel's share (the percentage calculated under "b", above) of the present value determined under "h" shall be calculated.

j. The amount to be prepaid for any Payoff Parcel shall be the total of the amounts calculated for that parcel under paragraphs "c", "d", "e", "f", "g", and "I", above, plus the reasonable costs and expenses of performing the calculations, preparing and recording the Notice of Cancellation of Special Tax Lien and any other acts or procedures required to be performed in connection with the prepayment.

The proceeds of all pre-payments shall be used, to the fullest extent possible, to retire (by redemption or defeasance) bonds. Any remainder after the maximum amount of bonds have been redeemed or defeased shall be deposited in the Redemption account.

***I, KATHERINE GONG MEISSNER**, do hereby certify as follows:*

I am the duly appointed, qualified City Clerk of the City of Stockton, a California municipal corporation; as such City Clerk, I am the custodian of the official records of the City Council of said City. The attached Resolution is a full, true, and correct copy of Resolution No.96-0223 of said City Council, which was adopted by the City Council on May 6, 1996.

***IN WITNESS WHEREOF**, I have hereto affixed my hand and the seal of the City of Stockton on June 5, 1996.*

KATHERINE GONG MEISSNER, CITY CLERK
CITY OF STOCKTON

By Cynthia Hong
Deputy

Resolution No. 97-0088

STOCKTON CITY COUNCIL

RESOLUTION OF THE CITY COUNCIL OF THE CITY OF STOCKTON DECLARING INTENTION TO UNDERTAKE REASSESSMENT PROCEEDINGS AND TO ISSUE LIMITED OBLIGATION REFUNDING BONDS BY SUMMARY PROCEEDINGS WITHOUT NOTICE AND HEARING

(Spanos Park Reassessment District 91-1R)

WHEREAS, progress of development of the land within the City of Stockton Spanos Park Assessment District 91-1 ("Assessment District 91-1") makes advantageous the refunding of the remaining outstanding limited obligation improvement bonds of said Assessment District 91-1 (the "Original Bonds"), issued by the City of Stockton (the "City") in the original principal amount of $7,740,000, said refunding to be based upon reassessment proceedings taken pursuant to the Refunding Bond Act of 1984 for 1915 Improvement Act Bonds (Sections 9500 and following, California Streets and Highways Code)(the "1984 Act"); and

WHEREAS, Section 9525 of the 1984 Act authorizes this City Council, as the legislative body of the City, to undertake proceedings for the levy of reassessments and for the issuance, sale and delivery of limited obligation refunding bonds (the "Local Obligations") upon the security of the unpaid reassessments, without notice to or public hearing for the affected property owners of the property encumbered by the reassessments, upon satisfaction of three conditions specified by said Section 9525; and

WHEREAS, this City Council is advised by Orrick, Herrington & Sutcliffe LLP, its bond counsel for this proposed refunding, that the conditions prescribed by Section 9525 can be satisfied and that the proposed Local Obligations can be issued and sold, based upon the present bond market conditions, on terms and conditions which assure compliance with said Section 9525; and

CITY ATTY REVIEW
MAR 28 1997
DATE

WHEREAS, in order to provide the benefits of such refunding to the affected property owners in Assessment District 91-1, this City Council has determined that it is in the public interest generally and in the economic interest of the Assessment District 91-1 property owners specifically to provide for the refunding at reduced interest rates of the remaining outstanding Original Bonds under and pursuant to and subject to satisfaction of the conditions prescribed by the 1984 Act in general and Section 9525 in particular;

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

Section 1. The foregoing recitals are true and correct, and this City Council so finds and determines.

Section 2. This City Council hereby preliminarily determines that the public interest and necessity justify the refunding of the Original Bonds under and pursuant to the 1984 Act, subject to further proceedings under the 1984 Act for the establishment of a reassessment district to be known as "Spanos Park Reassessment District 91-1R."

Section 3. This City Council hereby preliminarily declares that it intends to issue the Local Obligations to refund the Original Bonds and to levy and collect reassessments as security for the Local Obligations under and pursuant to the 1984 Act.

Section 4. This City Council hereby refers the matter of the proposed refunding of the Original Bonds and the levy and collection of reassessments as security for the Local Obligations to the Director of Public Works of the City, as the person qualified to prepare and file with the City Clerk a report in writing containing the matters specified in Section 9523 of the California Streets and Highways Code, and directs the Director of Public Works to prepare

97-0088

such report, and upon completion, to file it with the City Clerk. The Director of Public Works is expressly authorized to contract with MuniFinancial for assistance in developing the information for such report.

Section 5. When the report provided for in Section 4 hereof is filed with the City Clerk, the City Clerk is directed to present said report to this City Council for consideration pursuant to Sections 9524 and 9525 of the 1984 Act.

Section 6. This resolution shall take effect immediately.

* * *

PASSED AND ADOPTED this 31st day of March, 1997, by the following vote:

AYES: Members Isetti, Johnston, Nickerson, Nomura, Ruhstaller, Vice Mayor Mow Mayor Podesto

NOES: Members None

ABSENT: Members None

APPROVED: _____
Mayor

ATTEST:

By _____
City Clerk

I hereby certify that the foregoing is a full, true and correct copy of a Resolution passed by the City Council of the City of Stockton on MAR 31, 1997.

_____
City Clerk

97-0088

Resolution No. 99-0178

STOCKTON CITY COUNCIL

A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF STOCKTON, ADOPTING A MAP SHOWING THE BOUNDARIES OF PROPOSED ANNEXATION NO. 1 TO COMMUNITY FACILITIES DISTRICT NO. 96-01 OF THE CITY OF STOCKTON

COMMUNITY FACILITIES DISTRICT NO. 96-01

WHEREAS, the City Council (the "Council") of the City of Stockton (the "City") has heretofore adopted Resolution No. 99-0180 stating its intention to annex territory to Community Facilities District No. 96-01 (the "96-01B District") of the City of Stockton, pursuant to the Mello-Roos Community Facilities Act of 1982, commencing with Section 53311 of the Government Code (the "Act") to finance certain Improvements as described in said Resolution No. 99-0180 to serve the area within the proposed annexation to the 96-01 District (the "Project Area"); and

WHEREAS, the City has received a map (the "Map") of the proposed boundaries of 96-01B District indicating the boundary line and the extent of the territory to be annexed to Community Facilities District No. 96-01, containing the name of the City of Stockton and a designation " Annexation No. 1 Proposed Boundaries of Community Facilities District No. 96-01" on its face, measuring 18 by 26 inches in size, having the numbers of each sheet and total number of sheets shown and having a blank margin of one inch on all sides; and said Map is on file in the office of the City Clerk.

NOW, THEREFORE, the City Council of the City of Stockton DOES HEREBY RESOLVE, DETERMINE AND ORDER as follows:

Section 1.

That the certain Map, as amended, on file in the office of the City Clerk entitled "Annexation No. 1 Proposed Boundaries of Community Facilities District No. 96-01 of the City of Stockton, County of San Joaquin, State of California" is hereby adopted.

Section 2.

That the original of said Map and one copy thereof is to remain on file in the office of the City Clerk.

CITY ATTY REVIEW GDP
DATE APR 0 8 1999

99-0178

Section 3.

That the City Clerk is directed to file the Map with the San Joaquin County Recorder's Office no later than April 28, 1999, which is fifteen (15) days after the adoption of Resolution No. 99-0180. The Map shall be labeled (on each page thereof) "Annexation No. 1 Proposed Boundaries Development Fee Financing Community Facilities District No. 96-01 of the City of Stockton, County of San Joaquin, State of California" and shall contain the following additional legend on its face and each page thereof:

(1) The amended Boundary Map of Community Facilities District No. 96-01, City of Stockton, San Joaquin County, State of California, was filed for record in Book 3 of Maps of Assessment Districts and Community Facilities Districts at Page 111 by the Office of the County Recorder of San Joaquin County.

The above-referenced amended Boundary Map was filed in the Office of the Clerk of the City of Stockton on March 25, 1996.

_____
City Clerk of the
City of Stockton

(2) I hereby certify that the within map showing proposed boundaries of Annexation No. 1 of Community Facilities District No. 96-01, City of Stockton, County of San Joaquin, State of California, was approved by the City Council of the City of Stockton at a regular meeting thereof, held on the _____ day of _____, 1999, by its Resolution No. _____.

_____
City Clerk of the
City of Stockton

(3) Filed this _____ day of _____, 1999, at the hour of _____ o'clock __.m. in Book _____ of Maps of Assessment and Community Facilities Districts at page ___, in the office of the County Recorder in the County of San Joaquin, State of California.

_____
County Recorder of the
County of San Joaquin

PASSED, APPROVED and ADOPTED APR 13 1999.

GARY A. PODESTO, Mayor
of the City of Stockton

ATTEST:

KATHERINE GONG MEISSNER
City Clerk
of the City of Stockton

99-0178

***I, KATHERINE GONG MEISSNER**, do hereby certify as follows:*

I am the duly appointed, qualified City Clerk of the City of Stockton, a California municipal corporation; as such City Clerk, I am the custodian of the official records of the City Council of said City. The attached Resolution is a full, true, and correct copy of Resolution No.99-0179 of said City Council, which was adopted by the City Council on April 13, 1999.

***IN WITNESS WHEREOF**, I have hereto affixed my hand and the seal of the City of Stockton on May 27, 1999.*

KATHERINE GONG MEISSNER, CITY CLERK
CITY OF STOCKTON

By Josephine Weber
Deputy

Resolution No. 99-0179

STOCKTON CITY COUNCIL

A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF STOCKTON OF INTENTION TO INCUR BONDED INDEBTEDNESS IN THE AMOUNT OF NOT TO EXCEED $7,800,000 WITHIN THE PROPOSED ANNEXATION NO. 1 TO COMMUNITY FACILITIES DISTRICT NO. 96-01 OF THE CITY OF STOCKTON

COMMUNITY FACILITIES DISTRICT NO. 96-01

WHEREAS, the City Council (the "Council") of the City of Stockton (the "City") has heretofore adopted Resolution No. 99-0180, stating its intention to annex territory to Community Facilities District No. 96-01 (the "96-01B District") of the City of Stockton, pursuant to the Mello-Roos Community Facilities Act of 1982, commencing with Section 53311 of the Government Code (the "Act") to finance certain utility undergrounding and development fees collected by the City on behalf of itself and other public agencies relating to the construction and acquisition of public capital improvements for certain real and other tangible property with an estimated useful life of five years or longer, which is necessary to meet increased demands placed upon the City as a result of development or rehabilitation occurring within the Community Facilities District 96-01 (the "Improvements");

WHEREAS, the Council estimates the amount required to finance the required Improvements is not to exceed $7,800,000; and

WHEREAS, in order to finance the Improvements, pay costs of issuance and establish a reserve fund, if necessary, it is necessary to incur bonded indebtedness in the amount of not to exceed $7,800,000.

NOW, THEREFORE, the City Council of the City of Stockton DOES HEREBY RESOLVE, DETERMINE AND ORDER as follows:

Section 1.

The above recitals are true and correct.

Section 2.

That it is necessary to incur bonded indebtedness within the boundaries of proposed 96-01B District in the amount of not to exceed $7,800,000 to finance the cost of Improvements for said 96-01B District, pay the costs of issuance and establish a reserve fund, if necessary.

CITY ATTY REVIEW GOP

DATE APR 0 8 1999

99-0179

Section 3.

The indebtedness will be incurred for the purpose of financing the Improvements for certain public capital improvements required for the development of certain real property and other tangible property and to carry out the powers and purposes of 96-01B District, and all incidental expenses including but not by way of limitation: the costs associated with the creation of 96-01B District (including but not by way of limitation, engineering, legal and financial consultant costs or expenses incurred or to be incurred by the City or charged by the City to owners of property within 96-01B District); the costs associated with the 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 96-01B District; and any other expenses incidental to the Improvements.

Section 4.

It is the intent of the Council to authorize the sale of bonds (the "Series B Bonds") in one or more series, in the maximum aggregate principal amount of not to exceed $7,800,000, at a maximum interest rate of not to exceed 9% per annum or a higher rate not in excess of the maximum rate permitted by law at the time the Series B Bonds are issued. The term of the Series B Bonds shall be determined pursuant to a resolution of the Council authorizing the issuance of the bonds, but such term shall in no event exceed 20 years or such longer term as is then permitted by law.

Section 5.

That all of the territory within the proposed 96-01B District shall pay for the bonded indebtedness according to the rate and method of apportionment of the special tax as provided in Resolution No. 99-0180.

Section 6.

A public hearing on the proposed debt issue shall be held at 5:30 p.m. or as soon thereafter as practicable, on May 18, 1999, at the City Council Chambers, City Hall, 425 North El Dorado Street, Stockton, California 95202.

Section 7.

At the time and place set forth in Section 6 herein, any interested persons or taxpayers, including all persons owning land or registered to vote within 96-01B District, may appear and be heard upon the proposed debt issue.

Section 8.

That the City Clerk is hereby directed to send a copy of the Notice of the hearing by first-class mail, postage prepaid, to each registered voter, if any, and to each landowner within the proposed 96-01B District as shown on the last equalized

assessment roll. Said mailing shall be completed not less than fifteen (15) days prior to the date of the hearing.

Section 9.

The City proposes to repay certain landowners within the District, solely from the proceeds of Series B Bonds of the City issued for the 96-01B District, funds advanced by such landowners to pay for certain Improvements and to pay costs of the City to form the 96-01B District as provided in Section 53314.9 of the Act.

PASSED, APPROVED and ADOPTED APR 13 1999.

GARY A. PODESTO, Mayor
of the City of Stockton

ATTEST:

KATHERINE GONG MEISSNER
City Clerk
of the City of Stockton

***I, KATHERINE GONG MEISSNER**, do hereby certify as follows:*

I am the duly appointed, qualified City Clerk of the City of Stockton, a California municipal corporation; as such City Clerk, I am the custodian of the official records of the City Council of said City. The attached Resolution is a full, true, and correct copy of Resolution No. 99-0180 of said City Council, which was adopted by the City Council on April 13, 1999.

***IN WITNESS WHEREOF**, I have hereto affixed my hand and the seal of the City of Stockton on May 27, 1999.*

KATHERINE GONG MEISSNER, CITY CLERK
CITY OF STOCKTON

By Josephine Weber
Deputy

Resolution No. 99-0180

STOCKTON CITY COUNCIL

A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF STOCKTON OF INTENTION TO ANNEX TERRITORY TO COMMUNITY FACILITIES DISTRICT NO. 96-01 AND TO AUTHORIZE THE LEVY OF A SPECIAL TAX WITHIN COMMUNITY FACILITIES DISTRICT NO. 96-01B OF THE CITY OF STOCKTON

COMMUNITY FACILITIES DISTRICT NO. 96-01

WHEREAS, the City Council (the "Council") of the City of Stockton (the "City") has a request from all of the landowners within CFD No. 96-01 and within the proposed CFD No. 96-01B, to annex certain territory to Community Facilities District No. 96-01 (the "96-01B District") pursuant to the Mello-Roos Community Facilities Act of 1982, commencing with Section 53311 of the Government Code (the "Act") to finance certain utility undergrounding and development fees collected by the City on behalf of itself and other public agencies relating to the construction and acquisition of public capital improvements required for the development of certain real and other tangible property with an estimated useful life of five years or longer, which is necessary to meet increased demands placed upon the City as a result of development or rehabilitation occurring within Community Facilities District No. 96-01B (the "Improvements") and as described on attached Exhibit "A" (the same being incorporated herein by reference), and a description of the parcels within the proposed annexed area is as described in Exhibit "A" and as more fully described on that certain map on file with the City Clerk entitled "Annexation No. 1 Proposed Boundaries of Community Facilities District No. 96-01 of the City of Stockton, County of San Joaquin, State of California" ("Project Area"); and

WHEREAS, the Council further intends to approve an estimate of costs of the Improvements for the District; and

WHEREAS, it is the intention of the Council to cause the Improvements for the Project Area to be financed through the formation of the District and the levy of special taxes, subject to approval at an election to be held within the boundaries of the District.

NOW, THEREFORE, THE CITY COUNCIL OF THE CITY OF STOCKTON DOES HEREBY RESOLVE, DETERMINE AND ORDER as follows:

CITY ATTY REVIEW GOP

DATE APR 0 8 1999

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Section 1.

The above recitals are true and correct.

Section 2.

The District is proposed to be established by request of all the property owners within CFD No. 96-01 and within the 96-01B District under the terms of the Act. It is further proposed that the boundaries of the District shall be as depicted on the proposed boundary map on file with the City Clerk. The City Clerk is hereby directed to endorse the original map of the District and at least one copy with a certificate evidencing the date and adoption of the Resolution of the City Council of the City of Stockton adopting a map showing the boundaries of proposed Annexation No. 1 to Community Facilities District No. 96-01 of the City of Stockton. The City Clerk is hereby further directed to file the original in the office of the City Clerk and to record the copy with all proper endorsements thereon with the Recorder of San Joaquin County within 15 days after the adoption of this resolution, all as required by Section 3111 of the Streets and Highways Code of the State of California.

Section 3.

The name of the proposed District shall be "Annexation No. 1 Proposed Boundaries Community Facilities District No. 96-01" of the City of Stockton."

Section 4.

The Improvements proposed to be financed within the District are for public facilities as defined in the Act, which the City and the District are authorized by law to construct, acquire, own and operate. The City Manager is authorized and directed to enter into joint community facilities agreements with any entity that will own or operate any of the facilities pursuant to Section 53316.2 of the Act. The Project Area within the District is more particularly described in that certain Map on file in the office of the City Clerk entitled "Annexation No. 1 Proposed Boundaries Development Fee Financing Community Facilities District No. 96-01, City of Stockton, County of San Joaquin, State of California".

Section 5.

Except where funds are otherwise available, it is the intention of the Council to levy annually in accordance with the procedures contained in the Act a special tax to be collected in the same manner as ordinary ad valorem property taxes, sufficient to pay for: (i) the Improvements; (ii) all costs necessary to collect and administer the special taxes, administer the 96-01B District, and administer bonds, including but not limited to funds to pay current debt service on bonds, to accumulate funds for future debt service, to pay amounts delinquent on bonds (or to become delinquent based upon past special tax

delinquencies), to replenish the reserve fund to its proper level (or to reimburse payment to be made from the reserve fund based upon past special tax delinquencies), to pay directly for any authorized Improvements or to accumulate funds for that purpose. The special tax will be secured by the recordation of a continuing lien against all nonexempt real property in the District. The rate, method of apportionment and manner of collection of the special tax are described in detail in Exhibit "B" attached hereto and incorporated herein by reference. Exhibit "B" allows each landowner within the District to estimate the maximum amount that may be levied against each parcel. The special tax is based on the expected demand that each parcel of real property within the District will place on the public capital improvements to be provided through the payment of the Improvements and on the benefit that each parcel derives from the right to access the public capital improvements. The Council hereby determines the rate, method of apportionment and manner of collection of the special tax set forth in Exhibit "B" to be reasonable. The special tax is apportioned to each parcel on the foregoing basis pursuant to Section 53325.3 of the Act and such special tax is not on or based upon the ownership of real property. In the event that a portion of the property within the District shall become for any reason exempt, wholly or partially, from the levy of the special tax specified on Exhibit "B", the Council shall, on behalf of the District, cause the levy to be increased, subject to the limitation of the Maximum Special Tax for a parcel as set forth in Exhibit "B", to the extent necessary upon the remaining property within the District which is not delinquent or exempt in order to yield the required debt service payments.

Section 6.

The entire Special Tax obligation (as defined in Exhibit "B") may be prepaid and permanently satisfied pursuant to the formula set forth in Exhibit "B".

Section 7.

The Council hereby finds that financing of the proposed Improvements is necessary to meet the increased demand placed upon development of the Project Area.

Section 8.

A public hearing (the "Hearing") on the establishment of the proposed Annexation No. 1 to Community Facilities District No. 96-01 and the proposed rate, method of apportionment and manner of collection of the special tax shall be held at 5:30 p.m., or as soon thereafter as practicable, on May 18, 1999, at the City Council Chambers, City Hall, 425 North El Dorado Street, Stockton, California 95202. Should the Council determine to form the District, a special election will be held to authorize the levy of the special tax in accordance with the procedures contained in Government Code Section 53326. If and when the levy of any special taxes is submitted for a vote of the qualified electors of the District, said vote shall be by mail ballot election as provided in Section 53326(d) and Section 53327.5 of the Act. Each landowner within the District, there being less than 12

persons registered to vote within the territory of the District, shall have one vote for each acre or portion of an acre of land that he or she owns within the District.

Section 9.

At the time and place set forth above for the Hearing, the Council will receive testimony as to whether the proposed annexation to Community Facilities District No. 96-01 shall be established and as to the method of apportionment of the special tax. This Council hereby finds that the provisions of Section 53313.6, 53313.7 and 53313.9 of the Act (relating to adjustments to ad valorem property taxes and schools financed by a community facilities district) are inapplicable to the District.

Section 10.

At the time and place set forth above for the Hearing, any interested person, including all persons owning lands or registered to vote within the annexation area of the proposed Community Facilities District No. 96-01 may appear and be heard.

Section 11.

The City officer who is or will be responsible for providing the public facilities for which Improvements are required within the District, if it is established, is hereby directed to study the proposed District and, at or before the time of the above-mentioned Hearing, file a report with the Council containing a brief description of the public facilities and services by type which will in his or her opinion be required to be financed through the payment of Improvements to meet adequately the needs of the District, an estimate of the cost of providing those public facilities and services and an estimate of the fair and reasonable cost of any incidental expenses to be incurred.

Section 12.

The City Clerk is directed to send a copy of the Notice of the Hearing by first-class mail, postage prepaid, to each registered voter, if any, and to each landowner within proposed Community Facilities District No. 96-01B as shown on the last equalized assessment roll. Said mailing shall be completed not less than fifteen (15) days prior to the date of the Hearing.

Section 13.

It is the intention of this Council acting as the legislative body for the District to cause bonds (the "Series B Bonds") of the City to be issued for the District pursuant to the Act to finance in whole or in part the Improvements. Said Series B Bonds shall be in the aggregate principal amount of not to exceed $7,800,000.00, shall bear interest payable semi-annually or in such other manner as this Council shall determine, at a rate not to exceed the maximum rate of interest as may be authorized by applicable law at the time

of sale of such Series B Bonds, and shall mature not to exceed 20 years from the date of the issuance thereof.

Section 14.

The levy of said proposed special tax shall be subject to the approval of the qualified electors of the District at a special election. The proposed voting procedure shall be by mailed or hand delivered ballot among the landowners in said proposed District, with each owner having one vote for each acre or portion of an acre such owner owns in the District.

Section 15.

The City proposes to repay certain landowners within the District, solely from the proceeds of Series B Bonds of the City issued for the District, funds advanced by such landowners to pay for certain Improvements and to pay costs of the City to form the District as provided in Section 53314.9 of the Act.

PASSED, APPROVED and ADOPTED APR 13 1999.

GARY A. PODESTO, Mayor
of the City of Stockton

ATTEST:

KATHERINE GONG MEISSNER
City Clerk
of the City of Stockton

99-0180

CITY OF STOCKTON CFD NO. 96-01B EXHIBIT A

DESCRIPTION OF FEES, AMOUNTS AND PARCELS WITHIN THE DISTRICT

IMPACT FEES	SCHOOL FEES	TOTAL FEES	BONDS PER PARCEL	APN	MAP NO.	PARCEL ACRES	BUILDING SQ FT	FEES PER SQ FT	VALUE PER SQ FT	VALUATION	ADDRESS
		$268,547	$316,886	177-130-16	1	5.48	107,419	$2.50	$27.00	$2,900,312	BOEING WAY & ALITALIA WAY
		$277,368	$327,295	177-130-17	2	5.66	110,947	$2.50	$27.00	$2,995,578	BOEING WAY & ALITALIA WAY
		$243,555	$287,395	177-130-18	3	4.97	97,422	$2.50	$27.00	$2,630,392	BOEING WAY & ALITALIA WAY
		$386,159	$455,668	177-130-19	4	7.88	154,464	$2.50	$27.00	$4,170,522	BOEING WAY & ALITALIA WAY
		$428,794	$505,977	177-130-20	5	8.75	171,518	$2.50	$27.00	$4,630,973	BOEING WAY & ALITALIA WAY
		$124,473	$146,878	177-130-21	6	2.54	49,789	$2.50	$27.00	$1,344,305	BOEING WAY & ALITALIA WAY
		$240,125	$283,347	177-130-22	7	4.90	96,050	$2.50	$27.00	$2,593,345	BOEING WAY & ALITALIA WAY
		$215,622	$254,434	177-130-23	8	4.40	86,249	$2.50	$27.00	$2,328,718	BOEING WAY & ALITALIA WAY
		$191,610	$226,099	177-130-24	9	3.91	76,644	$2.50	$27.00	$2,069,383	BOEING WAY & ALITALIA WAY
		$403,801	$476,485	177-130-25	10	8.24	161,520	$2.50	$27.00	$4,361,053	BOEING WAY & ALITALIA WAY
		$254,826	$300,695	177-130-26	11	5.20	101,930	$2.50	$27.00	$2,752,121	BOEING WAY & ALITALIA WAY
$94,909	$14,100	$109,009	$128,631	177-310-01	12	5.63	45,486	$2.40	$27.09	$1,232,215	ARCH AIRPORT ROAD @ 4577 POCK LANE
		$309,712	$365,460	177-310-02	13	6.32	123,885	$2.50	$27.00	$3,344,885	STOCKTON 215: BOEING WAY & "B" STREET
		$229,343	$270,625	177-310-03	14	4.68	91,737	$2.50	$27.00	$2,476,909	STOCKTON 215: BOEING WAY & "B" STREET
		$214,152	$252,699	177-310-04	15	4.37	85,661	$2.50	$27.00	$2,312,840	STOCKTON 215: BOEING WAY & "B" STREET
		$45,085	$53,200	177-310-16	19	0.92	18,034	$2.50	$27.00	$486,914	STOCKTON 215: BOEING WAY & "B" STREET
$99,121	$13,646	$112,767	$133,065	179-250-03	25	3.19	45,486	$2.48	$27.09	$1,232,215	3741 GOLD RIVER LANE BUILDING A
$118,927	$17,058	$135,985	$160,462	179-250-04	26	2.81	56,858	$2.39	$27.09	$1,540,256	3843 GOLD RIVER LANE BUILDING B
$118,927	$17,058	$135,985	$160,462	179-250-05	27	2.82	56,858	$2.39	$27.09	$1,540,256	4091 GOLD RIVER LANE BUILDING C
$107,158	$15,322	$122,480	$144,526	179-250-42	28	2.60	51,072	$2.40	$27.09	$1,383,540	4113 GOLD RIVER LANE BUILDING D
		$146,525	$172,899	179-290-03	20	2.99	58,610	$2.50	$27.00	$1,582,469	2518 BOEING WAY
		$230,324	$271,782	179-290-04	21	4.70	92,129	$2.50	$27.00	$2,487,494	STOCKTON 215:
		$602,762	$711,259	179-290-22	22	12.30	241,105	$2.50	$27.00	$6,509,824	4274 BOEING WAY
$127,851	$17,670	$145,521	$171,715	179-290-16	29	3.50	57,000	$2.55	$28.89	$1,646,730	POCK LANE: BOEING WAY / ARCH AIRPORT RD
$127,851	$17,670	$145,521	$171,715	179-290-17	30	3.50	57,000	$2.55	$28.89	$1,646,730	POCK LANE: BOEING WAY / ARCH AIRPORT RD
$120,896	$17,670	$138,566	$163,508	179-290-18	31	8.00	57,000	$2.43	$28.89	$1,646,730	POCK LANE: BOEING WAY / ARCH AIRPORT RD
				177-310-09	16	2.50					
				177-310-10	17	2.56					
$592,231	$155,293	$747,524	$882,078	177-310-11	18	3.06	500,944	$1.49	$28.89	$14,472,272	BOEING WAY @ B STREET
				179-340-03	23	5.14					LOT LINES TO BE ADJUSTED
				179-340-04	24	6.92					
		$6,606,138	$7,795,243			150.44	2,852,816	$2.32	$27.45	$78,318,979	

EXHIBIT A

99-0180

EXHIBIT B

Community Facilities District No. 96-01B
City of Stockton,
San Joaquin County, California

RATE, METHOD OF APPORTIONMENT, AND MANNER OF COLLECTION OF SPECIAL TAX

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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 Community Facilities District No. 96-01B (the "CFD") of the City of Stockton (the "City") shall be levied and collected according to the tax liability determined by the City through the application of the appropriate amount or rate, as described below.

A. 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 costs incurred by the City to determine, levy and collect the Special Taxes, including salaries of City employees, the fees of consultants, the costs of collecting installments of the Special Taxes, preparation of required reports, and any other costs required to administer the CFD as determined by the City.

"Administrator" means the City of Stockton Finance Director or his or her designee.

"Allocated Bonds" means the amount of bonds sold to fund a Parcel's Development Impact Fees. The amount of bonds allocated to a Parcel will vary based on the amount of Development Impact Fees funded, the bond interest rate, and the term of the bonds. The amount of bonds allocated to a Parcel will be set by the Administrator at the time that CFD bonds are sold for that Parcel. If CFD bonds are sold to finance more than one Parcel's Development Impact Fees, the bonds shall be allocated to each Parcel based upon each Parcel's share of the Development Impact Fees financed by the bonds. The Administrator shall keep track of the Termination Date of all bonds allocated to each Parcel.

"Annual Costs" means, for any Fiscal Year, the total of (i) Debt Service to be paid from Special Taxes collected during such Fiscal Year; (ii) Administrative Expenses for such Fiscal Year; (iii) any amounts needed to replenish any bond reserve fund for bonds of

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the District issued for the CFD to the level required under the Bond Indenture; (iv) an amount equal to anticipated delinquencies above that is required to replenish the bond reserve fund; and (v) pay-as-you-go expenditures for authorized facilities to be constructed or acquired by the CFD.

"Benefit Share" means the Allocated Bonds for a Parcel divided by the total Outstanding Bonds.

"Bond Indenture" means the indenture or other financing document pursuant to which the bonds are issued.

"Building Square Footage" means the actual or projected building square footage on a Taxable Parcel in the CFD.

"CFD" means the Community Facilities District No. 96-01B, City of Stockton, County of San Joaquin, State of California.

"City" means the City of Stockton, California.

"Council" means the City Council of the City of Stockton acting for the CFD under the Act.

"County" means the County of San Joaquin.

"Debt Service" means for each Fiscal Year, the total amount of principal and interest for any bonds, notes or certificates of participation of the CFD coming due, or for which mandatory sinking fund payments are required to be made, during that Fiscal Year, less any applicable credits that may be available from any other sources available to the City to pay principal and interest for the previous or current Fiscal Year.

"Developed Parcel" means a Parcel for which all or a portion of its Development Impact Fees have been funded through the sale of CFD bonds.

"Development Impact Fees" means the amount of City fees and school fees allocated to a Parcel.

"Fiscal Year" means the period from July 1st of any calendar year through June 30th of the following calendar year.

"Maximum Special Tax" means the greatest amount of Special Tax that can be levied against a Parcel in any Fiscal Year. **Attachment 1** shows the amounts of such Special Tax for each Original Parcel. Each time a Parcel is subdivided, the Maximum Special Tax will be reassigned to the Successor Parcels.

"Maximum Special Tax Revenue" means the greatest amount of revenue that can be collected in a Fiscal Year by levying the Maximum Special Tax against all Taxable Parcels.

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"Original Parcel" means a Parcel as identified by Assessor's Parcel Number on Attachment 1.

"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 the January 1 preceding the Fiscal Year.

"Prepayment" means the permanent satisfaction of the Maximum Special Tax pursuant to Section 7.

"Project Fund" means the principal amount of funding to be collected from an Original or Successor Parcel through the sale of CFD bonds or the levy of Special Taxes.

"Public Parcel" means any parcel that is (1) publicly owned, and (2) is normally exempt from the levy of general ad valorem property taxes under California law, including public streets; schools; parks; and public drainage ways, public landscaping, greenbelts, and public open space.

"Reserve Fund" means the total amount held in the bond reserve fund by the City for all Outstanding Bonds.

"Reserve Fund Share" means the amount on deposit in the Reserve Fund, but in any event not to exceed the required bond reserve as defined in the Bond Indenture, multiplied by the Benefit Share for a given Parcel.

"Special Tax(es) " mean(s) any tax levy under the Act in the CFD. The Special Tax shall be levied as long as necessary to pay for the facilities to be financed by the CFD and to discharge authorized bond obligations of the CFD.

"Special Tax Obligation" means the total obligation of a Taxable Parcel to pay Special Tax as long as a Parcel's Allocated Bonds are outstanding.

"Successor Parcel" means any Parcel created by subdivision, lot line adjustment, or Parcel map of an Original Parcel or subsequent Successor Parcel.

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

"Taxable Parcel" means any Developed Parcel.

"Tax-Exempt Parcel" means a Parcel not subject to the Special Tax. Tax-Exempt Parcels include: (i) a Parcel that was a Public Parcel at the formation of the CFD, and (ii) any Parcel that has prepaid its Special Taxes under Section 7 hereof.

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"Termination Date" means the final maturity date of all Allocated Bonds for a Parcel.

"Undeveloped Parcel" means a Parcel for which no portion of its Development Impact Fees have been funded through a CFD bond.

3. Determination of Parcels Subject to Special Tax

The City shall prepare a list of the Parcels subject to the Special Tax using the records of the County Assessor as of January 1 of the current year and other records of the City. The City shall identify the Parcels subject to the Special Tax from a list of all Parcels within the CFD using the procedure described below.

A. Exclude all Tax-Exempt Parcels.

B. Exclude all Undeveloped Parcels.

C. The remaining Parcels are Taxable Parcels that shall be subject to the Special Tax according to the method detailed in **Section 5**.

4. Termination of the Special Tax

The Special Tax will be levied and collected from all Developed Parcels for as long as needed to pay Annual Costs. In no event will a Developed Parcel be subject to the Special Tax for a period longer than the term of the Allocated Bonds for that Parcel.

The owner of an Undeveloped Parcel may elect to withdraw from the CFD without penalty at any time prior to the sale of CFD bonds funding the Parcel's Development Impact Fees. Such election must be in writing and must be received and acknowledged by the City prior to selling any bonds secured by the Parcel being withdrawn from the CFD. The Special Tax shall never be levied on a Parcel withdrawn from the CFD.

When Special Tax revenues are no longer needed to pay Annual Costs or following the Termination Date of Allocated Bonds for a Parcel, the Special Tax shall cease to be levied. If an owner of an Undeveloped Parcel requests in writing to withdraw from the CFD, the Special Tax shall never be levied on the Undeveloped Parcel being withdrawn. The City shall direct the County Recorder 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 Special Tax

Following the formation of the CFD, the City shall cause the following to occur:

A. Classification of Parcels.

Using the Definitions above, the County Assessor's Secured Tax Roll, and other City development approval records, the City shall cause each Parcel to be classified as a Tax-Exempt Parcel, Developed Parcel, or Undeveloped Parcel; and each Developed and Undeveloped Parcel to be further classified as an Original or Successor Parcel.

B. Assignment of Maximum Special Tax to Original Parcels.

The Administrator shall assign the Maximum Special Tax to the Original Parcels as shown on **Attachment 1.**

C. Assignment of Maximum Special Tax to Successor Parcels.

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

1) When an Original or Successor Parcel is subdivided or when Original or Successor Parcels are combined or reconfigured as a result of a merger or lot-line adjustment, the Administrator shall classify the resulting Successor Parcels as Taxable Parcels or Public 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 Building Square Footage to the total Building Square Footage for all taxable Successor Parcels of that Original or Successor Parcel(s); then,

- multiply this percentage by the Maximum Special Tax assigned to the previous Original Parcel or Successor Parcel. The result of this calculation is the Maximum Annual Special Tax for the Taxable Successor Parcel.

D. Taxable Parcels Acquired by a Public Agency

Taxable Parcels that are 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.

6. Calculating the Annual Special Tax Levy

The City shall levy Special Taxes in each Fiscal Year using the following procedures:

A. Compute the Annual Cost for the Fiscal Year using the definitions in Section 2.

B. Calculate the Special Tax for each Taxable Parcel as follows:

Step 1: Calculate the Maximum Special Tax Revenue from Developed Parcels.

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Step 2: If the Maximum Special Tax Revenue from Developed Parcels exceeds the Annual Costs, decrease proportionately the Special Tax levy for each Developed Parcel until the Special Tax Revenues equal the Annual Costs.

C. Prepare the tax collection schedule listing the tax levy for each Assessor's Parcel and send it to the County Auditor requesting that it be placed on the general, secured property tax roll for the following Fiscal Year.

The Administrator shall make every effort to correctly calculate the Special Tax levy. It shall be the burden of the taxpayer to correct any errors in the determination of the parcels subject to the tax and their Special Tax assignments.

The Administrator shall maintain a record showing the calculation of the assigned Maximum Special Tax to each Original and Successor Parcel along with a record of the Allocated Bonds along with the maturity date of all bonds allocated to a given Parcel.

7. Prepayment of Special Tax Obligation

Landowners may permanently satisfy the Special Tax Obligation for a Parcel by cash settlement with the City as permitted under Government Code Section 53344. By exercising the right to Prepayment, a landowner can eliminate the future annual Special Tax Obligation for a Parcel.

Prepayment is permitted only under the following conditions:

- The prepaying Parcel must be classified as a Developed Parcel.
- The Administrator determines that the Prepayment does not jeopardize the ability to make timely payments of Debt Service on Outstanding Bonds or repayment of the bonds.
- Any landowner who wishes to exercise the right to a Prepayment for a Parcel must pay any and all delinquent Special Taxes and penalties.
- Prepayment shall be made on or before June 1 in each year in order to prevent the levy of Special Taxes due during the Fiscal Year beginning July 1.
- If Special Taxes have already been levied, but not collected, at the time the Prepayment is calculated, the owner of the Parcel(s) must pay the Special Taxes included on the property tax bill in addition to the Prepayment amount.

The prepayment amount shall be established by following the steps below.

Step A Determine the amount of outstanding Allocated Bonds for the prepaying Parcel.

Step B Determine the Reserve Fund Share associated with the Allocated Bonds determined in Step A and reduce the Allocated Bonds by the amount of the

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Reserve Fund Share. The Reserve Fund Share is equal to the Benefit Share for the Parcel times the reserve requirement on all Outstanding Bonds or the actual Reserve Fund, whichever is less.

Step C Determine the Prepayment amount by adding to the revised Allocated Bonds amount calculated in Step B any fees, call premiums, and expenses incurred by the City in connection with the Prepayment calculation or the application of the proceeds of the Prepayment to the call of bonds. If Special Taxes have already been levied, but not collected, at the time the Prepayment is calculated, the owner of the Parcel must pay the Special Taxes included on the property tax bill in addition to the Prepayment amount.

Step D Transfer from the Reserve Fund to the p repayment fund the amount of the Reserve Fund Share.

8. Appeals and Interpretation Procedure

Any taxpayer that 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 City 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 Council and, as appropriate, the Special Tax levy shall be corrected and, if applicable in any case, a refund shall be granted.

Interpretations may be made by Resolution of the Council 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. Collection of Annual Special Tax

The Special Tax will be collected in the same manner and at the same time as *ad valorem* property taxes; provided, however, that the City 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.

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Attachment 1
City of Stockton, CFD No. 96-01
Maximum Special Taxes Per Parcel

APN	Maximum Special Tax
177-130-16	$50,702
177-130-17	$52,367
177-130-18	$45,983
177-130-19	$72,909
177-130-20	$80,956
177-130-21	$23,501
177-130-22	$45,336
177-130-23	$40,709
177-130-24	$36,176
177-130-25	$76,238
177-130-26	$48,111
177-310-01	$20,581
177-310-02	$58,474
177-310-03	$43,300
177-310-04	$40,432
177-310-16	$8,512
179-250-03	$21,290
179-250-04	$25,674
179-250-05	$25,674
179-250-42	$23,124
179-290-03	$27,664
179-290-04	$43,485
179-290-22	$113,801
179-290-16	$27,474
179-290-17	$27,474
179-290-18	$26,161
177-310-09	$17,484
177-310-10	$17,904
177-310-11	$21,401
179-340-03	$35,948
179-340-04	$48,396
Total	**$1,247,241**

"parcel_tax"

Resolution No. 99-0508

STOCKTON CITY COUNCIL

A RESOLUTION OF FORMATION OF A COMMUNITY FACILITIES DISTRICT AND TO LEVY A SPECIAL TAX IN ARCH ROAD EAST COMMUNITY FACILITIES DISTRICT NO. 99-02

Resolved, by the City Council of the City of Stockton, California, that:

1. Reference is made to Resolutions No. 99-0425, No. 99-0426 and No. 99-0427 of this City Council adopted September 7, 1999 for the preliminary scope of the project and financing contemplated by these proceedings.

2. This City Council has conducted the public hearing set by Resolution No. 99-0425, and determines that a majority protest under Section 53324 of the Government Code was not made at the hearing.

3. There is hereby formed a community facilities district by the City of Stockton under the terms of the Mello-Roos Community Facilities Act of 1982, Chapter 2.5 of Division 2 of Title 5 of the California Government Code, commencing with Section 53311 (the "Act").

4. The name of the community facilities district is "Arch Road East Community Facilities District No. 99-02, City of Stockton, San Joaquin County, California" (the "District").

5. The types of public facilities proposed to be provided within the District are set forth on Exhibit A attached to this Resolution. The types of incidental expenses proposed to be incurred by the District are set forth in Exhibit B attached to this Resolution. The City Council hereby finds that these facilities and incidental expenses are necessitated by new development occurring or anticipated within the District.

6. The office of the Administrative Services Officer of the City of Stockton, 425 North El Dorado Avenue, Stockton, California 95202 (209-937-8460) is designated as the office responsible for preparing annually a current roll of special tax levy obligations by assessor's parcel number, estimating future special tax levies and for establishing procedures to promptly respond to inquiries regarding estimates of future special tax levies. The City may contract with private consultants to provide this service in lieu of the Administrative Services Officer.

7. Except where funds are otherwise available, a special tax sufficient to pay for all such facilities and incidental expenses will be annually levied within the District. Upon recordation of a 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 within the District, and this lien shall continue in force and effect until the special tax obligation is prepaid and permanently satisfied and the special tax lien is canceled in accordance with law or until collection of the special tax by the legislative body of the City ceases. The rate and method of apportionment of the special tax is set forth in Exhibit C attached to this Resolution.

CITY ATTY REVIEW

DATE NOV 01 1999

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8. The boundaries of the District are shown on proposed boundary map on file with the City Clerk, which was approved by our Resolution No. 99-0426 adopted September 7, 1999 and filed for record on September 10, 1999 in the Office of the County Recorder of the County of San Joaquin in Book 3, at Page 188 of the Maps of Assessment and Community Facilities Districts.

9. Advances of funds or contributions of work in kind from any lawful source, specifically including owners of property within the District, may be reimbursed from bond proceeds or from special tax revenue or both to the extent of the lesser of the value or cost of the contribution, but any agreement to do so shall not constitute a debt or liability of the City.

10. Any bonds issued in these proceedings shall be callable in accordance with the provisions of the Act and as more specifically to be set forth in any resolution providing for the form, execution and issuance of bonds.

11. The special tax will be collected and enforced as a separate line item on the regular property tax bill. However, this City Council reserves the right, under Section 53340, to utilize any method of collecting the special tax which it shall, from time to time, determine to be in the best interests of the City, including, but not limited to, direct billing by the City to the property owners and supplemental billing. In particular, the City may bill the 1999-2000 special taxes directly, and not post those taxes to the regular, secured property tax roll. The procedure for collection in any case when the City chooses to collect the special tax through direct billing shall be as follows:

After levy by the City Council, whether pursuant to authorizing ordinance or annual resolution, the Administrative Services Officer shall prepare and send to the property owners by first class U.S. Mail, at their addresses as shown on the last equalized assessment roll, a tax bill substantially in the form shown in Exhibit D, hereto, which shall specify the amount due, give instructions for payment to the Administrative Services Officer, state (as is hereby authorized and provided) that the first installment of the special tax (50% of the annual special tax shall be payable in each installment) shall be delinquent if not received by the Administrative Services Officer by the close of business on the next succeeding December 10, and the second installment shall be delinquent if not paid by the Administrative Services Officer by the close of business on the next succeeding April 10, shall specify (as is hereby authorized and provided) that all delinquencies shall incur an immediate 10% penalty, and an additional 1½% penalty on the first day of each month beginning with the next succeeding July 1, and shall specify (as is hereby authorized and provided) that delinquencies are subject to judicial foreclosure under the procedure set forth in §53356.1 and following of the Government Code.

The City Council, as an alternative enforcement mechanism, may by resolution elect to place delinquent special taxes on the next secured property tax roll. In such event, attorneys' fees and costs to date in any foreclosure action, and penalties on the delinquency through the following December 1, may be included in the amount to be placed on the roll. Both remedies may be pursued simultaneously, but if the property owner pays the regular property tax bill for the subsequent year, including the delinquent special tax posted to that bill, the foreclosure action may thereafter be pursued solely for attorneys' fees and costs incurred subsequent to the posting of the delinquent special tax on the secured roll.

12. This City Council hereby establishes the annual appropriations limit of the District at an amount equal to the maximum annual special tax for the 2000-2001 fiscal year.

13. Based upon the Certificate of Engineer heretofore filed with this City Council, the qualified electors for the election to be held in these proceedings shall be the landowners owning land

within the District. The City Council will conduct the election by mailed ballot and hereby designates the City Clerk as the official to conduct the mailed-ballot election.

14. This City Council now finds and determines that all proceedings up to and including the adoption of this Resolution were and are valid and in conformity with the requirements of the Act. This determination and finding is final and conclusive in accordance with Government Code Section 53325.1.

15. This Resolution shall take effect from and after its adoption.

* * * * *

PASSED, APPROVED and ADOPTED NOV - 2 1999

GARY A. PODESTO, Mayor
of the City of Stockton

ATTEST:

KATHERINE GONG MEISSNER,
City Clerk of the City of Stockton

EXHIBIT A - CFD Improvements
EXHIBIT B - Incidental Expenses and Bond Issuance Costs
EXHIBIT C - Rate and Method of Apportionment
EXHIBIT D - Form of Special Tax Bill

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EXHIBIT A

Community Facilities District No. 99-02
(Arch Road East CFD)
City of Stockton, California

LIST OF AUTHORIZED FACILITIES

Authorized facilities that may be funded through the City of Stockton Community Facilities District No. 99-02 (Arch Road East CFD) include the following public improvements:

Transportation Improvements

Authorized facilities include any and all transportation improvements designed to serve the needs of development within Arch Road East CFD including but not limited to purchase of rights-of-way; roadway design; project management; bridge crossings, culvert crossings; grading and paving; joint trenches and underground utilities; curbs, gutters, and sidewalks; street lights; signalization; signs and striping; and median and parkway landscaping related thereto.

Wastewater System Improvements

Authorized facilities include any and all wastewater facilities designed to meet the needs of development within the CFD. These facilities include sewer transmission lines and related wastewater system improvements.

Water System Improvements

Authorized facilities include any and all water facilities designed to meet the needs of development within the CFD. These facilities include water distribution facilities including fire hydrants, and related water system improvements; pressure reducing stations, and flow meters.

Drainage System Improvements

Authorized facilities include any and all drainage and storm sewer improvements designed to serve the needs of development within the CFD including, but not limited to pipelines and appurtenances; temporary drainage facilities; pump stations; detention basins; and drainage pretreatment facilities.

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Other 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 and designing the facilities (including the cost of environmental evaluation and environmental remediation); facility design; construction staking and surveying; 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 the Arch Road East Project; any appurtenant work necessary to complete the facilities or to integrate them into the City system; and any other expenses incidental to the construction, completion, and inspection of the facilities.

EXHIBIT B

Incidental Expenses and Bond Issuance Costs

ARCH ROAD EAST COMMUNITY FACILITIES DISTRICT NO. 99-02
CITY OF STOCKTON, SAN JOAQUIN COUNTY, CALIFORNIA

It is anticipated that the following incidental expenses may be incurred in the proposed financing:

Engineering services
Special tax consultant services
City review and administration
Bond counsel services
Bond counsel out of pocket expenses
Independent financial advisor services
Appraiser services
Initial bond transfer agent, fiscal agent, registrar and paying agent fees
Rebate calculation service set up charge
Bond printing
Offering memorandum printing and mailing costs
Publishing, mailing and posting of notices
Underwriter's discount
Bond reserve fund
Capitalized interest
Bond syndication costs
Governmental notification and filing costs
Credit enhancement costs
Real estate acquisition costs
Special disclosure counsel
Rating agency fees

Certain annual costs may be included in each annual special tax levy. These include:

Annual bond transfer agent, fiscal agent, registrar and paying agent fees
Annual rebate calculation costs
Special tax consultant costs
Other necessary consultant costs
Costs of posting and collecting the special taxes
Personnel costs of the City
Arbitrage rebate
Rating agency fees

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EXHIBIT C

Community Facilities District No. 99-02
(Arch Road East CFD)
City of Stockton, California

RATE, METHOD OF APPORTIONMENT, AND MANNER OF COLLECTION OF SPECIAL TAX

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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 Community Facilities District No. 99-02 (the "CFD") of the City of Stockton (the "City") shall be levied and collected according to the tax liability determined by the City 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 costs incurred by the City to determine, levy and collect the Special Taxes, including salaries of City employees, reasonable administration charges, and the fees of consultants and corporate bond paying and/or fiscal agents or trustees for bonds and the costs of collecting installments of the Special Taxes upon the general tax rolls; 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.

"**Administrator**" means the City Manager or his or her designee.

"**Annexation Parcel**" means a Parcel that was not included within the boundaries of the CFD at the time of formation. Later participation in the CFD requires annexation proceedings.

"**Annual Costs**" means the sum of the Quarterly Costs for a Calendar Year.

"**Annual Special Tax Revenues**" means the amount of Special Taxes required each Calendar Year to pay the Annual Costs. The sum of Annual Special Tax revenues shall not exceed the Maximum Annual Special Tax shown on column 1 of **Attachment 1** except in the year containing the Bond Maturity Quarter.

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"**Anticipated Construction Proceeds**" means $12,000,000 as adjusted annually in accordance the Engineering News Record Building Cost Index.

"**Benefit Share**" means the Maximum Quarterly Special Tax for a Parcel divided by the Maximum Quarterly CFD Revenue.

"**Bond Indenture**" means the indenture or other financing document pursuant to which the bonds are issued.

"**Bond Maturity Date**" means the date on which the bonds mature as stated in the Bond Indenture.

"**Bond Maturity Quarter**" means the Quarter immediately preceding the Bond Maturity Date.

"**Bond Maturity Special Tax**" means the Maximum Quarterly Special Taxes that can be levied in the Bond Maturity Quarter.

"**Bond Share**" means share of outstanding bonds for a Parcel as determined by multiplying the Benefit Share times the total amount of Outstanding Bonds issued by the CFD.

"**Calendar Year**" means the period commencing on January 1 and ending on December 31 of any given year.

"**CFD**" means the City's Community Facilities District No. 99-02 (Arch Road East).

"**City**" means the City of Stockton, California.

"**Council**" means the City Council of Stockton acting for the CFD under the Act.

"**County**" means the County of San Joaquin, 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.

"**Debt Service**" means the total amount of principal, interest, and scheduled sinking fund payments for a given payment period.

"**Delinquent Parcel**" means any Taxable Parcel for which the Quarterly Special Tax has not been paid within ten (10) days after the date they are due as stated on the bill sent by the City. Taxes are due no later than twenty (20) days after the end of each Quarter.

"**Developed Parcel**" means a parcel for which a building permit has been issued for development of all or a portion of the parcel.

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"**Excess Funds in the Interest Expense Fund**" means any amount in the Interest Expense Fund created under the Bond Indenture greater than 150 days interest on the Outstanding Bonds calculated at twelve (12) percent.

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

"**Interest Expense Fund**" means an amount equal to one hundred and twenty (120) days of the annual interest due on the outstanding Series "A" Bonds at an annual interest rate of 12 percent.

"**Maximum Quarterly CFD Revenue**" means the greatest amount of revenue that can be collected in a Quarter by levying the Quarterly Special Tax or Bond Maturity Special Tax against all Taxable Parcels.

"**Maximum Quarterly Special Tax**" means the greatest amount of Special Tax that can be levied against a Taxable Parcel in any Quarter as shown in Column 2 of **Attachment 1**. The Maximum Quarterly Special Tax during the Bond Maturity Quarter is shown in Column 3 of **Attachment 1**. If Series "B" Bonds are outstanding, the Maximum Quarterly Special Tax will be set to the amounts shown on **Attachment 2**.

"**Maximum Annual Special Tax**" means the greatest amount of Special Tax that can be levied against a Taxable Parcel in any Calendar Year as shown in **Attachment 1**. This amount shall be increased by the amount of the then determined principal amount of Outstanding Bonds—not to exceed $15,000,000—in the calendar year containing the Bond Maturity Quarter. If Series "B" Bonds are sold, the Maximum Annual Special Tax will be reduced to the amounts shown on **Attachment 2**.

"**Maximum CFD Revenue**" means the greatest amount of annual revenue that can be collected by levying the Maximum Annual Special Tax against all Taxable Parcels.

"**Outstanding Bonds**" means the total principal amount of bonds that have been issued by the CFD and not retired or defeased.

"**Original Parcel**" means a Parcel as identified by Assessor's Parcel Number on **Attachment 1 or 2**.

"**Parcel**" means any County Assessor's Parcel in the CFD based on the equalized tax rolls of the County 30 days prior to the next Quarter in which Special Taxes will be levied or any Successor Parcel created by Subdivision at least 30 days prior to the next Quarter and for which Assessor's Parcel Numbers have not yet been assigned.

"**Public Parcel**" means any Parcel that is publicly owned and is normally exempt from the levy of general **ad valorem** property taxes under California law, including public streets; schools; parks; and public drainageways and detention basins, public landscaping, wetlands, greenbelts, and public open space.

"**Quarter**" means each of the four 3-month periods beginning in January 1, April 1, July 1, and October 1, of any Calendar Year.

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"**Quarterly Costs for the Series "A" Bonds**" means, for any Quarter, the total of (i) actual Debt Service for the preceding Quarter for Series "A" Bonds; (ii) one-fourth (1/4th) of the estimated annual Administrative Expenses for the Calendar Year in which the Quarter falls; (iii) any additional interest costs required to bring the Interest Expense Fund to its full amount after payment of the previous Quarter's actual Debt Service from (i); and, (iv) an amount equal to anticipated delinquencies above that required to replenish the Interest Expense Fund. This total shall be reduced by any Excess Funds in the Interest Expense Fund; any funds available from prepaid Special Taxes not used or reserved to redeem bonds as prescribed in Section 7; and any receipts of delinquent Special Taxes, and associated penalties, from previous Quarters.

"**Quarterly Costs for the Series "B" Bonds**" means, for any Quarter, the total of (i) one-fourth (1/4) of the annual Debt Service for the Fiscal Year in which the Quarter falls on the Outstanding Bonds; (ii) one-fourth (1/4th) of the estimated annual Administrative Expenses for the Calendar Year in which the Quarter falls; (iii) any amount needed to replenish any Reserve Fund for Series "B" Bonds to the level required under the documents pursuant to which such bonds were issued; and, (iv) an amount equal to anticipated delinquencies in payments of Special Taxes levied in the previous Fiscal Year and/or anticipated for the current Fiscal Year. This total shall be reduced by any credit from earnings on the Reserve Fund; any funds available from prepaid Special Taxes not used or reserved to redeem bonds as prescribed in Section 7; and any receipts of delinquent Special Taxes, and associated penalties, from previous Quarters.

"**Quarterly Special Tax**" if Series "A" Bonds are outstanding, means the Maximum Special Taxes shown on column 2 of **Attachment 1** for all Quarters except the Bond Maturity Quarter, and on column 3 of **Attachment 1** for the Bond Maturity Quarter. If Series "B" Bonds are outstanding, means the Maximum Annual Special Taxes shown on **Attachment 2.**

"**Remaining Facility Cost**" means total Anticipated Construction Proceeds less those costs already funded by proceeds from outstanding bonds

"**Remaining Facility Cost Share**" means the benefit share for a Parcel multiplied by the Remaining Facility Cost at the time of Prepayment calculation.

"**Reserve Fund**" means the total amount held in the bond reserve fund by the City for the Series "B" Bonds.

"**Reserve Fund Share**" means the amount on deposit in the Interest Expense Fund, for Series "A" Bonds, or the Reserve Fund, for Series "B" Bonds--but in any event not to exceed the required interest or bond reserve as defined in the Bond Indenture-multiplied by the Benefit Share for a given Parcel.

"**Series "A" Bonds**" means the bonds sold as variable-interest-rate bonds. More than one issue of Series "A" Bonds is anticipated.

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"**Series "B" Bonds**" means bonds sold as fixed-rate bonds. These bonds are amortized annually over the bond term; therefore, one-fourth (1/4th) of the debt service of these bonds is included in the Quarterly Special Tax, and no Bond Maturity Quarter is required. Series "B" Bonds will only be sold to retire Series "A" bonds.

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

"**Subdivision**" means a division of a Parcel into two or more Successor Parcels.

"**Successor Parcel**" means a Parcel created by Subdivision, lot line adjustment, or parcel map from an Original or Successor Parcel or Parcels.

"**Tax Collection Schedule**" means the document prepared by the City for use in levying and collecting the Special Taxes each Quarter.

"**Taxable Parcel**" means any Parcel that is not a Tax-Exempt Parcel.

"**Tax-Exempt Parcel**" means a Parcel not subject to the Special Tax. Tax-Exempt Parcels include: (i) a Parcel that was a Public Parcel at the formation of the CFD and (ii) any Parcel that has prepaid its Special Taxes under Section 7 hereof.

"**Tentative Map Parcel**" means a Parcel for which a tentative map has been recorded on all or a portion of the Parcel.

"**Undeveloped Parcel**" means a Parcel for which no tentative map has been recorded.

3. Determination of Parcels Subject to Special Tax

The City shall prepare a list of the Parcels subject to the Special Tax using the records of the County Assessor and City records 30 days prior to the beginning of each Quarter. The City shall identify the Taxable Parcels from a list of all Parcels within the CFD boundary by excluding all Tax-Exempt Parcels.

4. Termination of the Special Tax

The Special Tax will be levied and collected for as long as needed to pay the principal and interest on debt and other costs incurred for the refinancing and to pay the Quarterly Costs.

When all Quarterly Costs incurred by the CFD have been paid, the Special Tax shall cease to be levied. The City shall direct the County Recorder 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.

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5. Assignment of Maximum Annual Special Tax

The Maximum Annual Special Tax is based on the type of bond that is outstanding. The initial sale of bonds, Series "A" Bonds will be variable-rate bonds and will be subject to the Maximum Annual Special Taxes shown on **Attachment 1** or as reassigned below. It is possible that these bonds will be retired through the sale of fixed-rate bonds, or Series "B" Bonds. If this occurs, the Maximum Annual Special Taxes will be assigned as shown on **Attachment 2** or as reassigned to Successor Parcels below. In no event will Series "A" and Series "B" Bonds be outstanding at the same time. The assignment of the Maximum Annual Special Tax varies depending on the type of outstanding bonds issued. These variations are noted below.

Following the formation of the District, each time a Parcel is split or changes status in any manner, the City shall cause the following to occur:

A. Classification of Parcels.

Using the Definitions above, the Parcel records of the County Assessor's Secured Tax Roll and other City development approval records, the City shall cause:

1) Each Parcel to be classified as a Tax-Exempt Parcel, a Taxable Parcel, or a Delinquent Parcel.

2) Each Taxable Parcel is to be further classified as a Developed, Tentative Map, or Undeveloped Parcel

B. Assignment of Maximum Quarterly Special Tax to Delinquent Parcels.

If a Parcel is classified as a Delinquent Parcel and Series "A" Bonds are outstanding, the Maximum Annual Special Tax, Maximum Quarterly Special Tax, and the Bond Maturity Special Tax will all be set to zero ($0) for all Taxable Parcels for that Quarter and all subsequent Quarters. If Series "B" Bonds have been issued, the Maximum Annual Special Tax shall remain in effect.

C. Assignment of Maximum Quarterly Special Tax to Original Parcels.

The City shall then assign the Maximum Quarterly Special Tax to each Taxable Original Parcel as follows:

If Series "A" Bonds are outstanding, the Administrator will use Column 2 of **Attachment 1** to set the Maximum Quarterly Special Tax prior to the Bond Maturity Quarter and Column 3 of **Attachment 1** to set the Maximum Quarterly Special Tax in the Bond Maturity Quarter. If Series "B" Bonds have been sold to retire Series "A" Bonds, the Administrator will use **Attachment 2** to set the Maximum Annual Special Tax.

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D. Assignment of Maximum Quarterly Special Tax to Successor Parcels.

The City shall assign the Maximum Quarterly Special Tax to each Successor Parcel as follows:

1) When an Original or Successor Parcel is subdivided, the City shall classify the resulting Successor Parcels as Taxable Parcels or Public 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 or Successor Parcel; then,

- multiply this percentage by the Maximum Annual Special Tax, the Quarterly Special Tax, and the Bond Maturity Special Tax assigned to the previous Original Parcel or Successor Parcel. The result of this calculation is the Maximum Annual Special Tax, Maximum Quarterly Special Tax, and Bond Maturity Special Tax for the taxable Successor Parcel.

E. 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 the CFD, the revised Maximum Annual Special Tax may be adjusted further by shifting the tax to other Taxable Parcels throughout the CFD and subject to the following provisions:

1) 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;

2) all adjustments are agreed to in writing by the affected property owners and the City; and,

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

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

If a Parcel designated as a Tax-Exempt Parcel is not needed for public use and is converted to a private use, it shall become subject to the Special Tax. The Maximum Annual Special Tax for each such Parcel shall be calculated as a Taxable Parcel as follows: If Series "A" Bonds are outstanding, an Maximum Annual Special Tax of $5,095 per acre, a Quarterly Special Tax of $1,274 per acre, and a Bond Maturity Tax of $34,545 per acre shall be used; if

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Series "B" Bonds are outstanding the Maximum Annual Special Tax rate of $3,361 per acre shall be used.

G. Taxable Parcels Acquired by a Public Agency

Taxable Parcels that are 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. An exception to this may be made if the Public use planned for a Public Parcel within the CFD is relocated to a Taxable Parcel and the previously Tax-Exempt Parcel of comparable acreage becomes a Taxable Parcel. This trading of Parcels will be permitted to the extent that there is no net loss in Maximum CFD Revenue.

H. Annexation of Parcels into the CFD

Parcels may only be annexed into the CFD as Taxable Parcels and will be assigned a Maximum Annual Special Tax consistent with the Maximum Annual Special Tax listed for Tax-Exempt Parcels converting to Taxable Parcels under 5.F above.

6. Setting the Quarterly Special Tax Rate for Taxable Parcels

The City shall calculate the Special Tax levy for each Taxable Parcel for each Quarter as follows:

A. Compute the Quarterly Costs using the definitions in Section 2.

B. Calculate the Special Tax for each Parcel for each Quarter as follows:

Step 1: Calculate the revenue from taxing Developed Parcels at fifty percent (50%) of their Maximum Quarterly Special Tax, and compare to Quarterly Costs.

Step 2: If Quarterly Costs are less than revenue from taxing Developed Parcels at fifty percent (50%) of their maximum, decrease proportionately the Quarterly Special Tax levy for each Developed Parcel until the Special Taxes equal the Quarterly Costs.

Step 3: If Quarterly Costs exceed revenue from taxing Developed Parcels at fifty percent (50%) of their maximum, calculate the additional revenue from taxing Tentative Map Parcels at fifty percent (50%) of their Maximum Quarterly Special Tax, and compare to Quarterly Costs.

Step 4: If Quarterly Costs are less than revenues from taxing Developed and Tentative Map Parcels at fifty percent (50%) of their maximum, decrease proportionately the Quarterly Special Tax levy for each Tentative Map Parcel until the Special Taxes equal the Quarterly Costs.

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Step 5: If Quarterly Costs exceed revenues from taxing Developed and Tentative Map Parcels at fifty percent (50%) of their maximum, calculate the revenue from taxing Developed Parcels at one hundred percent (100%) of their Maximum Quarterly Special Tax.

Step 6: If Quarterly Costs are less than revenues from taxing Developed Parcels at one hundred percent (100%) of their maximum and taxing Tentative Map Parcels at fifty percent (50%) of their maximum, decrease proportionately the Quarterly Special Tax levy for each Developed Parcel until the Special Taxes equal the Quarterly Costs.

Step 7: If Quarterly Costs exceed revenues from taxing Developed Parcels at one hundred percent (100%) of their maximum, and taxing Tentative Map Parcels at fifty percent (50%) of their maximum, calculate the revenue from taxing Tentative Map Parcels at one hundred percent (100%) of their Maximum Quarterly Special Tax.

Step 8: If Quarterly Costs are less than revenues from taxing Developed and Tentative Map Parcels at one hundred percent (100%) of their maximum, decrease proportionately the Quarterly Special Tax levy for each Tentative Map Parcel until the Special Taxes equal the Quarterly Costs.

Step 9: If Quarterly Costs exceed revenues from taxing Developed and Tentative Map Parcels at one hundred percent (100%) of their maximum, calculate the revenue from taxing Undeveloped Parcels up to one hundred percent (100%) of their Maximum Quarterly Special Tax, or until the quarterly revenue from all Taxable Parcels equals the Quarterly Costs.

C. Levy on each Taxable Parcel the amount calculated above. At the City's option, Costs and Special Taxes may be calculated and levied on an annual basis.

D. Prepare the Tax Collection Schedule listing the tax levy for each Taxable Parcel and send a special tax bill to owners of taxable property within the District, if Series "A" Bonds are outstanding, or to the County Auditor for collection on the secured property tax roll for the following Fiscal Year if Series "B" Bonds are outstanding.

The City 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 tax and their Special Tax assignments.

As development and subdivision of the project occurs, the City 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 Taxable Parcels 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.

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7. Prepayment of Special Tax Obligation

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

- The City 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 prior to prepayment.
- The Prepayment amount must include the Parcel's entire Special Tax obligation.

The amount of the Special Tax prepayment shall be established as follows:

A. If Series "A" Bonds are Outstanding.

Step 1: Determine the Maximum Quarterly Special Tax for the Parcel based on the assignment of the Maximum Quarterly Special Tax described in Section 5 above.

Step 2: Divide the Maximum Quarterly Special Tax for the prepaying Parcel from Step 1 by the Maximum Quarterly CFD Revenue to arrive at the "Benefit Share."

Step 3: Determine the Bond Share for the Parcel by multiplying the Benefit Share From Step 2 by the total amount of Outstanding Series "A" Bonds issued by the CFD.

Step 4: Determine the Reserve Fund Share for the Series "A" Bonds (share of Interest Expense Fund) by multiplying the Benefit Share, from Step 2, by the Interest Expense Fund balance at the time of Prepayment.

Step 5: Determine the Remaining Facility Cost Share for the Series "A" Bonds by multiplying the Benefit Share, from Step 2, by the Remaining Facility Costs at the time of Prepayment.

Step 6: Determine the Special Tax Prepayment by subtracting the Reserve Fund Share (from Step 4) from the sum of the Bond Share amount (from Step 3) and the Remaining Facility Cost Share (from Step 5). Add to this Prepayment amount any fees, call premiums, any interest due on the next available interest payment date, and expenses incurred by the City in connection with the prepayment calculation or the application of the proceeds of the prepayment.

B. If Series "B" Bonds are Outstanding.

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: Divide the Maximum Annual Special Tax for the prepaying Parcel from Step 1 by the Maximum CFD Revenue to arrive at the "Benefit Share."

Step 3: Determine the Bond Share for the Parcel by multiplying the Benefit Share From Step 2 by the total amount of Outstanding Series "B" Bonds issued by the CFD.

Step 4: Determine the Reserve Fund Share for the Series "B" Bonds by multiplying the Benefit Share, from Step 2, by the Reserve Fund balance at the time of Prepayment.

Step 5: Determine the Remaining Facility Cost Share for the Series "B" Bonds by multiplying the Benefit Share, from Step 2, by the Remaining Facility Costs at the time of Prepayment.

Step 6: Determine the Special Tax Prepayment by subtracting the Reserve Fund Share (from Step 4) from the sum of the Bond Share amount (from Step 3) and the Remaining Facility Cost Share (from Step 5). Add to this Prepayment amount any fees, call premiums, any interest due on the next available call date, and expenses incurred by the City 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 City appealing the levy of the Special Tax. The City will then promptly review the appeal, and if necessary, meet with the applicant. If the City verifies that the tax should be modified or changed, a recommendation at that time will be made to the Council and, as appropriate, the Special Tax levy shall be corrected and, if applicable in any case, a refund shall be granted.

Interpretations may be made by Resolution of the Council 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.

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9. Manner of Collection

If Series "A" Bonds are outstanding, the Special Tax will be directly billed and collected by the City or its Designee on a Quarterly, semi-annual, or annual basis, as determined by the City. If Series "B" Bonds are outstanding, the Special Tax may be collected in the same manner and at the same time as ***ad valorem*** property taxes.

99-0508

Attachment 1
Arch Road East CFD No. 99-02
Maximum Special Tax per Original Parcel - Series "A" Bonds

Original Parcels Assessor's Parcel Number	Column 1 Annual Maximum Special Tax Prior to Bond Maturity Date	Column 2 Maximum Quarterly Special Tax Prior to Bond Maturity Quarter	Column 3 Bond Maturity Special Tax
	[1]	[1]	[2]
181-100-02	$654,610	$163,652	$4,437,995
181-100-05	$18,089	$4,522	$122,635
181-110-09	$682,685	$170,671	$4,628,337
179-220-05	$258,338	$64,585	$1,751,431
179-220-06	$666,278	$166,570	$4,517,103
Total	**$2,280,000**	**$570,000**	**$15,457,500**

"a_1_cfd"

[1] Special Taxes applied to Parcels in Calendar Years or Quarters prior to the Calendar Year containing the Bond Maturity Quarter.

[2] Maximum Special Tax in the Bond Maturity Quarter includes payment of potential outstanding bonds plus one Quarter's interest and administrative cost.

99-0508

Attachment 2
Arch Road East CFD No. 99-02
Maximum Special Tax per Original Parcel - Series "B" Bonds

Original Parcels Assessor's Parcel Number	Column 1 Maximum Annual Special Tax	Column 2 Maximum Quarterly Special Tax
181-100-02	$431,798	$107,950
181-100-05	$11,932	$2,983
181-110-09	$450,318	$112,580
179-220-05	$170,407	$42,602
179-220-06	$439,495	$109,874
Total	**$1,503,950**	**$375,989**

"a_2_cfd"

Note: Series "B" Bonds are amortized over the life of the bonds; therefore, there is no Bond Maturity Quarter requirement.

99-0508

EXHIBIT D

SPECIAL TAX BILL

COMMUNITY FACILITIES DISTRICT NO. 99-02
CITY OF STOCKTON
SAN JOAQUIN COUNTY, CALIFORNIA

To: _____
_____
_____

RE: PROPERTY AT _____ APN: _____

TAX: $_____
First Installment: $_____
Second Installment: $_____

Reference is made to Paragraph 11 of the City of Stockton's Resolution of Formation of the above-referenced Community Facilities District, and the Notice of Special Tax Lien recorded in the Office of the County Recorder of San Joaquin County on _____, 1999 under Recorder's Document Number _____ (copies of which are available from the Stockton City Clerk), which set forth the authority for this Special Tax.

A Special Tax has been levied on the above-referenced parcel in the amount shown above by Ordinance No. _____, adopted _____, 1999, [as implemented by Resolution No. _____, adopted _____, 1999] of the City of Stockton (the "City").

THIS TAX IS NOW DUE AND PAYABLE

Checks should be made payable to: **Administrative Services Officer, City of Stockton** and mailed to:

Administrative Services Officer, City of Stockton
Arch Road East Stockton CFD No. 99-02 Special Tax
425 North El Dorado Street
Stockton, CA 95202

or the bill may be paid in person at the same location.

The amounts which must be paid to avoid incurring penalties and additional costs is shown above. **The FIRST INSTALLMENT of this Special Tax will be delinquent if not paid by December 10, ____. The SECOND INSTALLMENT of this Special Tax will be delinquent if not paid by April 10, ____.** All delinquencies incur an immediate 10% penalty and an additional 1½% penalty on the first day of each month beginning July 1, _____. Delinquencies are also subject to judicial foreclosure under the procedure set forth in §53356.1 and following of the Government Code.

Dated: _____

_____
ADMINISTRATIVE SERVICES OFFICER

KEEP THIS PORTION OF THE BILL FOR YOUR RECORDS

PLEASE RETURN THIS PORTION OF THE BILL WITH YOUR PAYMENT

First Installment

SPECIAL TAX BILL

COMMUNITY FACILITIES DISTRICT NO. 99-02
CITY OF STOCKTON
SAN JOAQUIN COUNTY, CALIFORNIA

To: _____
_____
_____

RE: PROPERTY AT _____ APN: _____

ANNUAL TAX: $_____

FIRST INSTALLMENT: $_____

The amount which must be paid to avoid incurring penalties and additional costs is shown above. **This Special Tax will be delinquent if not paid by December 10, ____.** All delinquencies incur an immediate 10% penalty and an additional 1½% penalty on the first day of each month beginning July 1, ____. Delinquencies are also subject to judicial foreclosure under the procedure set forth in §53356.1 and following of the Government Code.

Checks should be made payable to: **Administrative Services Officer, City of Stockton** and mailed to:

Administrative Services Officer, City of Stockton
Arch Road East Stockton CFD No. 99-02 Special Tax
425 North El Dorado Street
Stockton, CA 95202

or the bill may be paid in person at the same location.

Please write the parcel number (APN) on your check.

PLEASE RETURN THIS PORTION OF THE BILL WITH YOUR PAYMENT

Second Installment

SPECIAL TAX BILL

COMMUNITY FACILITIES DISTRICT NO. 99-02
CITY OF STOCKTON
SAN JOAQUIN COUNTY, CALIFORNIA

To: _____
_____
_____

RE: PROPERTY AT _____ APN: _____

ANNUAL TAX: $_____

SECOND INSTALLMENT: $_____

The amount which must be paid to avoid incurring penalties and additional costs is shown above. **This Special Tax will be delinquent if not paid by April 10, ____.** All delinquencies incur an immediate 10% penalty and an additional 1½% penalty on the first day of each month beginning July 1, ____. Delinquencies are also subject to judicial foreclosure under the procedure set forth in §53356.1 and following of the Government Code.

Checks should be made payable to: **Administrative Services Officer, City of Stockton** and mailed to:

Administrative Services Officer, City of Stockton
Arch Road East Stockton CFD No. 99-02 Special Tax
425 North El Dorado Street
Stockton, CA 95202

or the bill may be paid in person at the same location.

Please write the parcel number (APN) on your check.

99-0508

4000-000-000
307-421-000

2.

Resolution No. PF90-09

STOCKTON PUBLIC FINANCING AUTHORITY

==========

A RESOLUTION DETERMINING THE NECESSITY TO INCUR BONDED INDEBTEDNESS WITHIN COMMUNITY FACILITIES DISTRICT NO. 90-4 (SPANOS PARK) AND SUBMITTING PROPOSITION TO THE QUALIFIED ELECTORS OF THE DISTRICT

COMMUNITY FACILITIES DISTRICT NO. 90-4
(SPANOS PARK)

RESOLVED, by the Board of Directors of the Stockton Public Financing Authority (the "Authority") that:

WHEREAS, on July 30, 1990, this Board of Directors adopted a resolution entitled "A Resolution of Intention to Establish a Community Facilities District and to Authorize the Levy of Special Taxes Pursuant to the Mello-Roos Act of 1982" (the "Resolution of Intention") stating its intention to form the Stockton Public Financing Authority Community Facilities District No. 90-4 (Spanos Park) (the "District"), of the Authority pursuant to the Mello-Roos Community Facilities Act of 1982, as amended (the "Act"); and

WHEREAS, on July 30, 1990, this Board of Directors also adopted a resolution entitled "A Resolution of Intention to Incur Bonded Indebtedness of the Proposed Community Facilities District No. 90-4 (Spanos Park) Pursuant to the Mello-Roos Community Facilities Act of 1982" (the "Resolution of Intention to Incur

CITY ATTY REVIEW GDP

DATE AUG 28 1990

Indebtedness") stating its intention to incur bonded indebtedness within the boundaries of the District for the purpose of financing the costs of certain facilities specified in the Resolution of Intention; and

WHEREAS, on this date, this Board of Directors held a noticed public hearing as required by the Act relative to the determination to proceed with the formation of the District, the provision of facilities by the District and the rate and method of apportionment of the special tax to be levied within the District to pay the principal and interest on the proposed indebtedness and the administrative costs of the Authority relative to the District; and

WHEREAS, at said hearing all persons desiring to be heard on all matters pertaining to the formation of the District, the provision of said facilities (the `Facilities`) and the levy of the special tax on property within the District were heard and a full and fair hearing was held; and

WHEREAS, subsequent to said hearing, this Board of Directors adopted a resolution entitled "A Resolution Of Formation Of Community Facilities District No. 90-4 (Spanos Park), Authorizing The Levy Of A Special Tax Within The District, Preliminarily Establishing An Appropriations Limit For The District And Submitting Levy Of The Special Tax And The Establishment of The

Appropriations Limit To The Qualified Electors Of The District" (the "Resolution of Formation"); and

WHEREAS, on this date, this Board of Directors held a noticed public hearing as required by the Act relative to the matters material to the questions set forth in the Resolution of Intention to Incur Indebtedness; and

WHEREAS, no written protests with respect to the matters material to the questions set forth in the Resolution of Intention to Incur Indebtedness have been filed with the Secretary.

NOW, THEREFORE, IT IS HEREBY ORDERED as follows:

1. The foregoing recitals are true and correct.

2. It is necessary to incur bonded indebtedness in the maximum aggregate principal amount of $20,000,000 within the boundaries of the District.

3. The indebtedness is incurred for the purpose of financing the costs of the Facilities, as provided in the Resolution of Formation including, but not limited to, the costs of issuing and selling bonds to finance the Facilities and the costs of the Authority in administering the District.

4. The whole of the District shall pay for the bonded indebtedness through the levy of the special tax. The tax is to be apportioned in accordance with the formula set forth in Exhibit "A" to the Resolution of Formation.

5. The maximum amount of bonded indebtedness to be incurred is $20,000,000 and the maximum term of the bonds to be issued shall in no event exceed forty (40) years.

6. The bonds shall bear interest at rate or rates not to exceed the maximum interest rate permitted by applicable law at the time of sale of the bonds, payable semiannually or in such other manner as this Board of Directors or its designee shall determine, the actual rate or rates and times of payment of such interest to be determined by this Board of Directors or its designee at the time or times of sale of said bonds.

7. The proposition of incurring the bonded indebtedness herein authorized shall be submitted to the qualified electors of the District and shall be consolidated with elections on the proposition of levying special taxes within the District and the

establishment of an appropriations limit for the District pursuant to Section 53353.5 of the Act. The time, place and conditions of said election shall be as specified by separate resolution of this Board of Directors.

* * * * * * * * * * * *

PASSED AND ADOPTED this 4th day of September, 1990.

Chairperson of the Stockton Public Financing Authority

ATTEST:

Secretary of the Stockton Public Financing Authority

J7704