

CITY OF SACRAMENTO
DEVELOPMENT FEE FINANCING PROGRAM
FOR COMMERCIAL, INDUSTRIAL, AND
RESIDENTIAL DEVELOPMENT
PROJECTS

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INTRODUCTION

The City Council has recognized the need to stimulate economic development within the City of Sacramento. As a result, the City Council adopted this document in December 1994 (updated in August 1996) establishing a Development Fee Financing (DFF) Program for commercial, industrial, and residential development projects.

The development fees imposed on development can be significant on individual projects. Lump sum payment of these fees at the time of building permit issuance can be a burden and sometimes a barrier to development. The DFF Program has been designed to defer payment of these fees by allowing the landowner to make payments over time.

The financing method for this program is a Mello-Roos Community Facilities District (CFD). The CFD was established by the City in January 1995 and authorizes the issuance of tax exempt municipal bonds.

To participate in the program, a development property must be formally annexed to the CFD. At the time of building permit issuance the landowner prepays the fees or (in the case of city fees) provides a letter of credit to the City as security. The City then issues Mello-Roos bonds. The bond proceeds are used to pay the fees or to reimburse landowners that have prepaid. The bond debt is repaid by the landowner over a period of time not to exceed (10) ten years from the date of bond issuance.

Prior to participation in this program, landowners are encouraged to discuss the legal and financial aspects with their advisors and consultants.

For more information about the Development Fee Financing Program you may call between 8:00 a.m. and 5:00 p.m. or write to:

Development Services

Sini Makasini
Administrative Analyst
City of Sacramento
Development Services Department
Development Engineering & Finance Division
1231 "I" Street, Room 300
Sacramento, CA 95814
(916) 808-7967
FAX (916) 264-7480

DEFINITIONS

Unless the content otherwise requires, the terms employed in this document shall have the meanings specified below.

- a. **Bonds**: bonds authorized and issued under the Mello-Roos Act of 1982, or such other mechanism as is utilized by the City in its discretion.
- b. **Bond Counsel**: special counsel retained by the City to assure compliance with applicable federal and state tax and other laws and regulations relating to public financing.
- c. **Bond Underwriter**: the investment banker(s) retained by the City to design, develop and execute the sale of bonds in the market place.
- d. **City**: the City of Sacramento.
- e. **Community Facilities District (CFD)**: a special district formed pursuant to the Mello-Roos Community Facilities Act of 1982, to finance specific public improvements or public services, and where properties within the district are levied a special tax in accordance with the rate and method of apportionment adopted as part of the district proceedings.
- f. **Continuing Disclosure Certificate**: a certificate signed by the issuer or persons designated to provide annual information to the appropriate state depository, if any, financial information or operating data presented in an official statement. In a timely manner, report to the appropriate organization notice of a material nature as specified in Securities Exchange Commission (SEC) rule 15c2-12 paragraph (b)(5)(i)(c).
- g. **Eligible Fees**: those development fees collected at the time of building permit issuance which have been determined by the City to be eligible for financing in accordance with the program set forth in this document.
- h. **Fair market value, or value**: the amount of cash or its equivalent which property would bring if exposed for sale on the open market under conditions in which neither buyer nor seller could take advantage of the exigencies of the other and both have knowledge of all of the uses and purposes to which the property is adapted and for which it is capable of being used and of the enforceable restrictions upon uses and purposes.
- i. **Improvement acts**: the Improvement Act of 1911, the Municipal Improvement Act of 1913, the Improvement Bond Act of 1915, or such other act or ordinance under which the proceedings are conducted, leading to formation of the district.
- j. **Special tax consultant**: consultant retained by the City to develop the rate and method of apportionment and other special tax formulas and criteria for a Mello-Roos CFD.

- k. **Value-to-lien ratio:** the value of a parcel of land as determined by an MAI appraisal or equivalent or as determined by the City Treasurer relative to the amount for which land secured bonds may be sold for that parcel.

PROJECT ELIGIBILITY

The Development Fee Financing Program is specifically designed for commercial, industrial and residential development. In order to make financing of development fees economical and to facilitate the use of Mello-Roos bonds, the following eligibility requirements have been established.

1. The project must be a development within the City of Sacramento.
2. All taxes and assessments on the property must be current.
3. The landowner must have received all land use entitlements and be prepared to construct a building or residence on an improved parcel.
4. The total fees eligible for financing for each application must be at least \$50,000.
5. The property value to lien ratio shall be at least 3:1. In other words, the value of the property must be three (3) times the total value of the liens placed on the property. Liens shall include all existing and reasonably anticipated future assessments and special taxes as well as the proposed lien resulting from the fee financing program.
6. For residential property development, the annual special tax, when added to the ad valorem property tax and other projected benefit assessments, special taxes, and any other anticipated special assessments, taxes or charges which may be included on a property owner's annual property tax bill, shall not exceed two percent (2.0%) of the projected assessed value of each parcel.
7. Each new landowner applicant is required to pay a \$5,000 processing fee for annexation to the Development Fee Financing CFD.
8. Each landowner will be required to post a Letter of Credit, in a form approved by the City Attorney, or similar security approved by the City Attorney in the amount of the fees to be financed plus bond and administrative costs. The Letter of Credit (or security) will be held until the City has issued a Certificate for Occupancy (for commercial/industrial development) or a final inspection is completed (for residential development) for the development, or until bonds are sold, whichever is later.
9. In the event a landowner or developer is required to provide continuing information, a Continuing Disclosure Certificate must be executed.

ELIGIBLE FEES

This program has been structured to provide financing of development fees that are directly related to public improvements. Development fees used to pay for operating costs of the public agencies are not included. The following is a listing of development fees which are eligible for financing through this program.

	<u>Responsible Agency</u>
Construction Excise Tax (Major Street Construction Tax)	City of Sacramento
Sewer Development Fee	City of Sacramento
Water Development Fee	City of Sacramento
Housing Trust Fund Fee (commercial dev. only)	City of Sacramento
Water & Sewer Tap Fee	City of Sacramento
Sterling Fee (Schools)	Applicable School District
Regional Sanitation Fee	Sacramento Regional County Sanitation District
Sanitary Sewer Trunk Fee	Sacramento County Sanitation District #1
SMUD Fees	Sacramento Municipal Utility District
Development Fees	City of Sacramento
Quimby Park Fee (residential development only)	City of Sacramento

INELIGIBLE FEES

Other development fees not included in this program and not eligible for financing include but are not limited to: building permit, plan check, seismic, City business operations tax, permit processing, grading and drainage, environmental, entitlement processing, and planning fees.

HOW THE PROGRAM WORKS

1. A landowner may apply for this program by completing and submitting the attached application form (Exhibit "A").
2. Prior to the issuance of the final building permit (or at the time the fees which are eligible for financing are due), the following items must be completed by the landowner and received by the City:
 - A. An application fee of \$5,000.
 - B. A landowner Waiver Form (Exhibit "B")
 - C. A Repayment Agreement (Exhibit "C")
 - D. A Letter of Credit (Exhibit "D") in the amount specified by the City Treasurer.
 - E. Payment or security for all building permit fees in the following manner:

ELIGIBLE CITY FEES: Payment by check or Letter of Credit in favor of City (See Page 7).

ELIGIBLE FEES BY AGENCIES OTHER THAN CITY: Payment to applicable agency with copy of receipt to City.

ALL OTHER FEES: Payment by check or cash equivalent.

3. In accordance with the repayment agreement, the City will conduct formal proceedings to annex the landowner's property to the CFD.
4. Following City Council approval of the annexation, a tax lien will be placed on the development property.
5. The land value will be determined prior to the sale of bonds.
6. Following the issuance of bonds and the receipt of bond proceeds, the landowner will be reimbursed for the cost of eligible fees which were paid by the landowner at the time of building permit issuance.
7. The Letter of Credit shall be released when the project has been completed and the City has issued a final Certificate of Occupancy for the building (for commercial/industrial development) or a final inspection is completed (for residential development), or when the bonds have been sold, whichever is later.
8. The bonds issued to finance the fees plus interest on the bonds are repaid by the landowner in annual installments over a ten-year period. The landowner's payments are made with the regular County taxes on the property.

LETTER OF CREDIT REQUIREMENTS

The Letter of Credit required shall be in the form specified in Exhibit "D". In general, the following requirements apply to letters of credit:

- a. The term shall be one year, with automatic renewal unless cancelled in writing by the City.
- b. The amount of the Letter of Credit shall be for the amount of the fees financed and financing costs, including internal and external costs of bond issuance. (See Page 10).
- c. The Letter of Credit must be posted with the City in final form, properly authorized and executed, prior to building permit issuance and Council authorization to issue bonds for the district. Irrevocable credit commitments, commitment letters, in-lieu letter of credit guarantee forms, or other similar instruments, will not be accepted irrespective of whether capitalized interest is funded from bond proceeds.
- d. The Letter of Credit shall be irrevocable, and issued for the benefit of the City of Sacramento.
- e. The Letter of Credit will be held on commercial/industrial development until the Certificate of Occupancy for the development is issued, or on residential development until the final inspection is complete or until bonds have been sold, whichever is later.
- f. The issuer shall be a bank legally operating within the State of California, and which has a Thomson Bank Watch rating of "C" or higher, or an equivalent rating by any other nationally recognized financial institution rating agency, and whose Letters of Credit are deemed marketable by the City Treasurer for public financing purposes. Thomson Bank Watch has been designated by the SEC as a Nationally Recognized Rating Organization ("NRSRO").
- g. The City reserves the right to consider other forms of credit enhancement or bond guarantee which are determined by the City Treasurer, in his or her sole discretion, to be a lawful and adequate substitute for a Letter of Credit. The City Treasurer may provide an option to accept a cash deposit in lieu of a Letter of Credit. An escrow account would be established and managed by the City Treasurer.

TERMS AND CONDITIONS OF BONDS

All terms and conditions of the bonds shall be established by the City. The office of the City Treasurer shall be responsible for administration of bond issues, including but not limited to the following decisions:

- a. Determination of the amount of capitalized interest that may be required, if any.
- b. Determination of the term and interest rate for the bonds.
- c. Determination of the amount of the reserve accounts for the bonds.
- d. Authorization and control of all bond proceeds disbursements.
- e. Determination of the authorized investments from bond proceeds held prior to disbursements.
- f. Determination of compliance with federal, state and local tax and related laws.
- g. Conducting sale of bonds.
- h. Determine the market feasibility of all consultants used for financing purposes.
- i. Determine the need and marketability of any credit enhancements.

DISCLOSURE REQUIREMENTS

The landowner/developer shall be responsible for compliance with all applicable federal and state statutory disclosure requirements in transactions with purchasers of properties within the district. Specifically, to ensure that prospective purchasers of property within a community facilities district be fully informed, the landowner/developer shall disclose in writing all information regarding their obligation to pay special taxes imposed under the Mello-Roos Law. A Notice of Special Tax shall be furnished to any individual requesting such notice. The Notice of Special Tax shall conform to the specifications of Section 53340.2 et seq. of the Government Code. The landowner/developer shall also comply with Section 53341.5 of the Government Code which obligates the owner of any property subject to a special CFD tax to provide the Notice of Special Tax described above prior to the sale or long-term lease (over five years) of such property. The Notice of Special Tax (disclosure statement) shall be signed by the prospective buyer prior to any binding commitment by the buyer to purchase the property.

The landowner/developer shall be responsible for compliance with applicable ongoing secondary market disclosure subsequent to issuance of bonds, including providing information to the regulatory agencies of material events affecting the property. Landowner or developer may be required to undertake in a contract that they will provide continuing disclosure of certain information on an annual basis, and as appropriate disclosure of occurrences deemed [material events].

DISTRICT COSTS AND REIMBURSEMENT POLICIES

- a. **Costs incurred by the City prior to annexation:** all costs incurred by the City prior to annexation to the district, including but not limited to consultant costs (e.g., legal counsel, engineer firms, appraisers, special tax consultants, financial advisors), City staff and administrative costs and related expenses, cost of providing notices, printing and publication costs, and all expenses directly or indirectly relating to these items, shall be reimbursed to the City by the landowner. Reimbursement shall be facilitated by advance deposit increments in accordance with the agreement required by this document.

- b. **Costs incurred by the City subsequent to annexation:** all City administrative and consultant costs related to administration of the district and incurred after annexation shall be included within the special tax in accordance with applicable provisions of law.

CITY OF SACRAMENTO

DEVELOPMENT FEE FINANCING PROGRAM

Typical Example of Commercial Project:

3 story office/retail complex - 320,000 sq. ft., valued at \$8.4 million
Total Fees: \$539,230

Financed Fees:

Major Street Tax	\$ 66,850
Water Development Fee	48,590
Sewer Development Fee	-0-
Water & Sewer Tap Fees	5,490
Regional Sanitation Fee	140,100
School Impact Fee	86,200
Housing Trust Fund Fee	86,200
SMUD Fee	<u>N/A</u>
	\$433,430

Non-Financed Fees:

Bldg. Permit	\$ 48,240
Plan Check	39,470
SMI	1,760
City Business Tax	3,340
Permit Processing	70
Technology Fee	3,510
Grading & Drainage	970
Driveway Permit	100
PW Insp. & Eng. Fee	900
Environmental Review	340
Entitlement Processing	720
Fire Fee	<u>6,380</u>
	\$105,800

Financed Fees:	\$433,430
Bond & Admin Costs	67,580
Cap. Interest (18 mo.)	150,000
5% Reserve Account	35,380
Bond Discount	<u>21,230</u>
Total Amount Financed	\$707,620

Value-to-Lien Ratio 12:1

Annual CFD Payment \$100,800 per year. (10 years, 7%)

Annual Payment as a % of Valuation 1.2%

*Note: Annual payment shown includes 2% surcharge allowance for administration and annual reporting. This cost will vary depending on the number of projects annexed to the CFD.

Interest rate shown is an estimate only. Actual interest rate will be market rate and determined at time of bond issuance.

CITY OF SACRAMENTO

DEVELOPMENT FEE FINANCING PROGRAM

Typical Example of Residential Project:

20 residential units valued at \$ 2,700,000
 Total Fees: \$ 217,940

Eligible Fees:

Major Street Tax	\$ 14,440
Water Development Fee	35,980
Sewer Development Fee	2,480
Water & Sewer Tap Fees	23,060
Regional Sanitation Fee	38,180
School Impact Fee	66,160
SMUD Fee	n/a
Quimby Fee	<u>4,000</u>
TOTAL:	\$184,300

Maximum Allowable: \$100,935

Financed Fees:	\$100,935
Bond & Admin Costs ⁽¹⁾	7,875
Cap. Interest (18 mo.)	6,250
5% Reserve Account	6,250
Bond Discount	<u>3,750</u>
Total Amount Financed	\$125,060

Non-Eligible Fees:

Bldg. Permit	\$ 25,940
Plan Check	8,720
SMI	270
City Business Tax	1,080
Permit Processing	1,020
Technology Fee	1,380
Grading & Drainage	3,765
Residential Dev. Fee	7,700
Driveway Permit	300
PW Insp. & Eng. Fee	17,115
Environmental Review	2,690
Entitlement Processing	3,390
Fire Fee	<u>N/A</u>
TOTAL	\$73,370

Maximum Special Tax	\$17,800
Ad valorem 1%	27,000
Citywide L & L Assmt.	1,067
SAFCA Assessment ⁽²⁾	2,000
School Dist. Fee	<u>2,500</u>
TOTAL:	\$50,367

Value-to-Lien Ratio

Annual CFD Payment⁽³⁾ \$17,800 per year. (10 years, 7%)

Annual Payment as a % of Valuation = 1.86%

Notes:

- (1) Bond cost shown assumes a minimum of \$1 million financed as part of the total bond issue.
- (2) Sacramento Area Flood Control Agency
- (3) Annual payment shown includes 2% surcharge allowance for administration and annual reporting. This cost will vary depending on the number of projects annexed to the CFD. Interest rate shown is an estimate only. Actual interest rate will be market rate and determined at time of bond issuance.

EXHIBIT A

CITY OF SACRAMENTO

**APPLICATION
FOR
DEVELOPMENT FEE FINANCING**

APPLICATION INSTRUCTIONS

1. Please complete the following pages. If additional space is needed please attach additional sheets.
2. An application fee of \$12,500 will be payable at time of building permit issuance. (Make checks payable to City of Sacramento).

APPLICATION INFORMATION

A. Landowner Representative

B. Landowner Information

Name _____

Name _____

Business _____

Contact Person _____

Mailing Address _____

Mailing Address _____

Phone (____) _____

Phone (____) _____

Fax (____) _____

Fax (____) _____

C. Name of Project

D. Public Improvements - other than those to be financed with developer fees, which are required with this project

Name, Location and Type of Project:

are: _____

How will they be financed?

PROJECT INFORMATION:

1. List the assessor's Parcel Number, current zoning, owner(s) and length of ownership.

2. List the number of net developable acres of the property, the total interior square footage of the proposed building and the number of stories, or the number of units and type of residential development.

3. What is the projected time-line for completion of the project. (Include estimated date for building permit issuance and certificate of occupancy or final inspection).

4. Identify the status of approvals for re-zoning application, subdivision map, environmental clearance, building permit application, State and Federal permits etc., for development of the property.

5. Will the project be completed in phases? How?

6. Provide information as to the estimated value of the development (land and buildings).

7. What is the total estimated fee to be paid at building permit issuance?

City Fee: \$ _____ School Fee: \$ _____

Regional Sanitation Fee: \$ _____ SMUD Fee: \$ _____

8. List all existing trust deeds/loans, existing and proposed taxes, assessments, liens or other secured interest on the property.

9. State the current status of property taxes on the property. Have any property taxes or assessments on the property been delinquent at any time during the past three years? If yes, please explain.

10. How will required public improvements be financed (i.e. frontage improvements, utilities etc.)

11. Has construction financing for the project been obtained? If yes, describe source and amount of such loan.

12. If residential development, is future financing dependent on sale of lots? If so, what are the conditions?

EXPERIENCE OF LANDOWNER OR LANDOWNER GROUP:

1. List prior experience and/or participation in assessment and/or CFD financing for development projects (local and/or statewide).

2. Identify and describe any current or recently completed developments which your group has taken part in.

3. Are there any existing or prior bankruptcies of the landowner or landowner group or any member or partner of the group?

4. List the name, title and phone number of the appropriate contact person if additional information is needed.

ECONOMIC DEVELOPMENT POTENTIAL:

Commercial/Industrial Development:

1. List the known or potential purchaser/tenant(s) of the building and their type of business.

2. List the potential number of existing jobs which will be working on construction of this project and new jobs which will be created during construction.

3. List the potential number of new jobs which will be created with occupancy of the project.

4. List the potential gross revenue of the project development and annual gross revenue of potential purchaser/tenant(s).

Residential Development:

1. How many residential units will this project build and what type are they?

2. What is the estimated selling price range?

3. Is the development receiving funding, loans, land dedication or other financial assistance from the Sacramento Housing and Redevelopment Agency (SHRA) or other agency promoting housing for low or moderate income families?

A. Agency: _____

B. Program: _____

C. Number of Units Covered by the Program: _____

DECLARATIONS

The undersigned hereby declares that property taxes and assessments are current for the properties included in this Application and that the information contained in this Application is accurate and complete to the best of the undersigned's knowledge.

Submitted By:

Landowner: _____

Owner/Principle/Partner (Name) _____ (Title) _____

Signature: _____ Date: _____

EXHIBIT B

**WAIVER AND CONSENT
SHORTENING TIME PERIODS AND WAIVING VARIOUS
REQUIREMENTS FOR CONDUCTING MAILED-BALLOT ELECTION
(Annexation)**

**COMMUNITY FACILITIES DISTRICT NO. 95-01
(DEVELOPMENT FEE FINANCING CFD)
CITY OF SACRAMENTO, COUNTY OF SACRAMENTO, STATE OF CALIFORNIA**

The undersigned is (are) the owner(s) of assessors parcel(s) numbered:

proposed for annexation to the above captioned Community Facilities District ("CFD").

This Waiver and Consent is given with the respect to the above-referenced parcel(s) in connection with the landowner, mailed-ballot election to be conducted to determine, among other things, whether certain land, including land owned by the above-referenced owner, shall be annexed into the CFD and thus become subject to the special tax.

The undersigned, hereby waive(s) any and all minimum time periods relative to the election pursuant to Government Code Section 53326 (a).

The undersigned hereby waive(s) the preparation and distribution of an impartial analysis of the ballot measure, as well as arguments in favor and against, under the authority of Government Code Section 53327 (b).

The undersigned hereby waive(s) the requirement to publish notice of the election under Government Code Section 53352.

EXHIBIT C

ANNEXATION AND REIMBURSEMENT AGREEMENT

COMMUNITY FACILITIES DISTRICT NO. 95-01
(DEVELOPMENT FEE FINANCING)
CITY OF SACRAMENTO
COUNTY OF SACRAMENTO, STATE OF CALIFORNIA

THIS AGREEMENT is entered into as of the _____ day of _____, 1998 by and between the CITY OF SACRAMENTO, a municipal corporation (the "City"), and _____, a _____, ("Owner").

RECITALS

(A) Owner possesses certain commercial and industrial real property (the "Property") which Owner desires to develop within the City. The Property is described on Exhibit "A" attached hereto and by this reference made a part hereof.

(B) In order to develop the Property, Owner must pay certain fees and charges (the "Fees and Charges" listed on Exhibit "B" attached hereto and by this reference made a part hereof) of the City and of various other governmental agencies. The proceeds of the Fees and Charges are used to pay for public infrastructure needed to serve the requirements of the new development.

(C) Owner has requested that the City commence and complete proceedings for the annexation to the existing Development Fee Financing Community Facilities District No. 95-01, City of Sacramento, County of Sacramento, State of California (the "District") pursuant to the provisions of Chapter 2.5 (commencing with Section 53311) of Part 1 of Division 2 of Title 5 of the Government Code, commonly known as the "Mello-Roos Community Facilities Act of 1982," ("the Act"), of the Property for the purpose of

selling bonds in an amount sufficient to pay certain of the Fees and Charges.

(D) Section 53314.9 of the Act provides that at any time, either before or after the formation of the District, the City Council of the City (the "Council") may accept advances of funds from any source, including private entities, and may provide for the use of those funds for any purpose authorized by the District, and further provides that the Council may enter into an agreement with the entity advancing funds to repay all or a portion of the funds advanced, and this Agreement is entered into under the authority of Section 58314.9 of the Act.

AGREEMENT

NOW, THEREFORE, in consideration of the preceding recitals and the mutual covenants hereinafter contained, the parties agree as follows:

Section 1. The City shall initiate and prosecute proceedings pursuant to the Act for the annexation of the Property to the District. Such proceedings shall include but not be limited to, election pursuant to Sections 53330 et seq. and Sections 53339 et seq. of the Government Code on (i) the question of the annexation of the Property to the District, and (ii) the annual levy of special taxes on all taxable property within the District for the payment of principal and interest on the bonds of the District and the annual administrative expenses of the City and District in levying and collecting such special taxes, paying the principal and interest on such bonds and providing for the registration, exchange and transfer of such bonds, including the fees of fiscal agents and paying agents, and any necessary replenishment for the reserve fund for such bonds, or accumulation of funds for future bond payments, which bonds shall be used to finance the payment of the Fees and Charges. Owner shall cooperate with City in its conduct of the proceedings for and the annexation of the Property to the District and acknowledges

that any recalcitrance on the part of the Owner, or any failure of the Owner to sign the normal waivers of time limits in order to expedite the annexation of the Property to the District, will relieve the City of its obligations under this Section.

Section 2. The Owner has paid, or will promptly, upon the execution hereof, pay the Fees and Charges. Owner acknowledges that until paid, the City is relieved of its obligations under Section 1. It is agreed that upon payment, the Fees and Charges will be immediately considered committed to their authorized purposes and if, for any reason, the annexation of the property to the District is not completed or funds do not become available for repayment to the Owner, there shall be no return of any Fees and Charges to the Owner except in the case of direct reimbursement from the City as a result of amendment, modification, recalculation or correction of the Fees and Charges themselves in accordance with normal City practice.

Section 3. It is understood and agreed that the ability to fund the Fees and Charges by means of an issue of tax-exempt municipal bonds of the City is subject to various limitations and restrictions, both under State and Federal law. The City will include all such Fees and Charges in the tax-exempt financing as it feels it may, after consultation with the City's bond counsel. Fees and Charges which are not included in such financing, shall not be reimbursed, and the City's determination on the inclusion or exclusion of any element of the Fees and Charges in the tax-exempt financing shall be in its sole and exclusive discretion, and shall be final.

Section 4. Notwithstanding the provisions of Sections 2 and 3, the City and the Owner may, by separate agreement, provide for the deferral of the Fees and Charges, or for the repayment of the Fees and Charges from sources other than the proceeds of tax-exempt bonds of the District (which sources may include the proceeds of the special taxes of the District, or the proceeds of taxable bonds of the District), but no such

agreement providing for repayment from any source related to the District may or shall constitute a debt or liability of the City or the District. Nothing in this Agreement creates or implies any obligation on the part of the City to enter into any such separate agreement.

Section 5. This Agreement does not constitute a debt or liability of the City or the District, and the Owner may not look for reimbursement to any source other than the proceeds of the proposed bonds (or, pursuant to Section 4, special taxes). More specifically, the Owner may not look to the general fund of the City nor any other funds or accounts of the City for reimbursement hereunder.

Section 6. When and if the annexation of the Property to the District is completed, and when and if tax-exempt bonds of the District are issued and the proceeds thereof are actually received by the City, the City agrees to repay to the Owner, only from the bond proceeds, and subject to the limitations of Section 3 hereof, the Fees and Charges financed pursuant to the Agreement.

Section 7. The District shall automatically, upon execution of this Agreement and upon completion of the annexation of the Property to the District, become a party to this Agreement, and all provisions hereof which apply to the City shall also apply to the District. The City Council, acting for the District, shall perform all parts of this Agreement which require performance on the part of the District.

Section 8. Prior to a bond issuance to finance the reimbursement obligation of Section 6, hereof, Owner may not assign this Agreement or any right or duty hereunder without the express written approval of the City. As a condition of such approval, the City may require proof of the financial responsibility and experience of the proposed assignee, both to the satisfaction of the City in its discretion, as well as an express

assumption of all liability hereunder by the assignee.

Section 9. Prior to issuance of any bonds, the Owner will execute a landowner/developer disclosure certificate as required by the bond underwriter.

Section 10. All consents, approvals and determinations required of either the City or Owner pursuant to this Agreement shall be promptly given or made, and shall not be unreasonably withheld if all conditions to such consents, approvals and determinations have been satisfied.

Section 11. This agreement contains the entire agreement between the parties with respect to the matters herein provided for, and may be amended by a subsequent written agreement signed on behalf of both parties. This Agreement shall inure to the benefit of and be binding upon the successors and assigns of the parties. This Agreement shall be construed and governed by the Constitution and laws of the State of California. Should either party to this Agreement commence a court action or proceeding against the other party with respect to this Agreement, the party prevailing in such action or proceeding shall be entitled to receive from the losing party its attorney's fees, expert witness' fees, court costs, and other costs incurred by it in prosecuting or defending such action or processing.

This Agreement may be executed in several counterparts, each of which shall be an original of the same Agreement.

IN WITNESS WHEREOF, the parties have caused this Agreement to be signed as of the date first above written.

CITY OF SACRAMENTO

By: _____
Mayor

Attest:

City Clerk

Approved as to form:

City Attorney

OWNER

By: _____

Its _____

EXHIBIT D

City of Sacramento, Beneficiary
926 J Street, Suite 300
Sacramento, CA 95814

IRREVOCABLE LETTER OF CREDIT

Date: _____
Letter of Credit: _____

City of Sacramento:

This irrevocable letter of credit is issued to the City of Sacramento, a municipal corporation (["City"]), by _____ (["Financial Institution"]) at the request of and for the account of _____ (["Principal"]).

We hereby establish this irrevocable letter of credit in your favor in the amount of: _____ (U.S. \$ _____) available with us at the address stated above by payment of your draft(s) drawn at sight accompanied by the following document:

Your signed and dated statement worded as follows:

I, the City Treasurer of the City of Sacramento or official representative thereof, hereby certify that the Principal is in default to the City of Sacramento.

The obligation of Financial Institution hereunder is absolute and irrevocable, and is not subject to any defense, offset, credit or other adjustment whatsoever as between Financial Institution and Principal, and may not be dishonored for any reason.

Each draft presented hereunder must be accompanied by this original letter of credit for our endorsement thereon of the amount of each draft.

This letter of credit shall not expire, and shall not terminate except upon specific written instruction given by City to Financial Institution, which instruction shall be signed by the City Treasurer.

Financial Institution: _____
Address: _____

By: _____
Authorized Agent or Representative

NOTARY AND CORPORATE RESOLUTION TO BE ATTACHED

EXHIBIT E

**APPOINTMENT OF REPRESENTATIVE TO ACT FOR PROPERTY
IN RESPECT OF MAILED-BALLOT, LANDOWNER ELECTION
(Annexation Proceedings)**

**COMMUNITY FACILITIES DISTRICTS NO. 95-01
(DEVELOPMENT FEE FINANCING CFD)
CITY OF SACRAMENTO, COUNTY OF SACRAMENTO, STATE OF CALIFORNIA**

I [we], _____

(print name [s])

declare: I [we] am [are] all of the owner[s] of the real property listed below by Assessor's Parcel Number, which is proposed for annexation to the above-captioned, proposed Community Facilities District ("CFD"). The APN's are:

I [we] hereby authorize _____ to act in all respects for the listed property and for ourselves (including casting our votes, executing our ballot, and executing any waiver of election requirements other than our right to have our ballot cast and to have our ballot fairly counted) with respect to the mailed-ballot, landowner election which will be called to determine whether certain property, including the above-listed real property, shall be annexed into the above-referenced CFD and thus shall become subject to a special tax.

I [we] certify (or declare) under penalty of perjury that the foregoing is true and correct:

Date and Place Signature: _____

Name Printed: _____

Date and Place Signature: _____

Name Printed: _____

EXHIBIT F

CITY OF SACRAMENTO DEVELOPMENT FEE FINANCING PROGRAM

ANNEXATION PROCESS TIMEFRAME (TYPICAL)

Week 1	Landowner submits application form. Landowner & City staff meet to discuss application approval (or denial) and next steps.
Week 4	<ul style="list-style-type: none">- Landowner submits Landowner Waiver and Consent Form, signed Annexation and Reimbursement Agreement and \$5,000 Application Fee- Landowner pays Building Permit Fees and Submits Letter of Credit .- City Issues Building Permit
Week 6	City Council: <ul style="list-style-type: none">- Adopts Resolution Approving Annexation and Reimbursement Agreement with Landowner- Adopts Resolution of Intention to Annex to a Mello-Roos CFD (setting hearing date)- Adopts Resolution Approving Annexation Boundary Map- Adopts Resolution Approving Consultant Agreements
Week 6	Notice of Public Hearing Mailed and Published
Week 11	City Council: <ul style="list-style-type: none">- Conducts Public Hearing- Adopts Resolution of Formation- Adopts Resolution of Necessity to Incur Bonded Indebtedness- Adopts Resolution Calling for Special Election- Conducts Special Election- Adopts Resolution Confirming Election Results
Week 12	Notice of Annexation Recorded
Week 14-44	City Council: (See Note) <ul style="list-style-type: none">-Adopts Resolution Authorizing Sale of Bonds-Adopts Resolution Appropriating Funds Bond Proceeds Received, Landowner Reimbursed for Prepayment

Note: Bond issuance and landowner reimbursement will coincide with annual City Bond Sale for Development Fee Financing Program.