



CITY OF
FOLSOM
DISTINCTIVE BY NATURE

Agenda

City Council Regular Meeting

City Council Chambers | 50 Natoma Street, Folsom City Hall

February 14, 2023
6:30 PM

Welcome to Your City Council Meeting

We welcome your interest and involvement in the city’s legislative process. This agenda includes information about topics coming before the City Council and the action recommended by city staff. You can read about each topic in the staff reports, which are available on the city website and in the Office of the City Clerk. The City Clerk is also available to answer any questions you have about City Council meeting procedures.

Participation

If you would like to provide comments to the City Council, please:




- Fill out a blue speaker request form, located at the back table.
- Submit the form to the City Clerk before the item begins.
- When it’s your turn, the City Clerk will call your name and invite you to the podium.
- Speakers have three minutes, unless the presiding officer (usually the mayor) changes that time.

Reasonable Accommodations

In compliance with the Americans with Disabilities Act, if you are a person with a disability and you need a disability-related modification or accommodation to participate in this meeting, please contact the City Clerk’s Office at (916) 461-6035, (916) 355-7328 (fax) or CityClerkDept@folsom.ca.us. Requests must be made as early as possible and at least two full business days before the start of the meeting.

How to Watch

The City of Folsom provides three ways to watch a City Council meeting:

In Person	Online	On TV
		
City Council meetings take place at City Hall, 50 Natoma Street	Watch the livestream and replay past meetings on the city website, www.folsom.ca.us	Watch live and replays of meetings on Sac Metro Cable TV, Channel 14

More information about City Council meetings is available at the end of this agenda



CITY OF
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City Council Regular Meeting
City Council Chambers | 50 Natoma Street, Folsom City Hall
www.folsom.ca.us

Tuesday, February 14, 2023 6:30 PM

Rosario Rodriguez, Mayor

YK Chalamcherla, Vice Mayor
Mike Kozlowski, Councilmember

Sarah Aquino, Councilmember
Anna Rohrbough, Councilmember

REGULAR CITY COUNCIL AGENDA

Effective July 7, 2022, the City of Folsom returned to all in-person City Council, Commission, and Committee meetings. Remote participation for the public will no longer be offered. Everyone is invited and encouraged to attend and participate in City meetings in person.

CALL TO ORDER

ROLL CALL:

Councilmembers: Kozlowski, Rohrbough, Aquino, Chalamcherla, Rodriguez

The City Council has adopted a policy that no new item will begin after 10:30 p.m. Therefore, if you are here for an item that has not been heard by 10:30 p.m., you may leave, as the item will be continued to a future Council Meeting.

PLEDGE OF ALLEGIANCE

AGENDA UPDATE

BUSINESS FROM THE FLOOR:

Members of the public are entitled to address the City Council concerning any item within the Folsom City Council's subject matter jurisdiction. Public comments are limited to no more than three minutes. Except for certain specific exceptions, the City Council is prohibited from discussing or taking action on any item not appearing on the posted agenda.

SCHEDULED PRESENTATIONS:

- [1.](#) Resolution of Commendation Honoring Chris Corda on his Retirement as Owner of Hacienda Del Rio for 32 Years
- [2.](#) Folsom Tourism and Economic Development Corporation (TEDCorp) Quarterly Report

3. Update by the Folsom Alliance for the Unhoused Regarding Homelessness

CONSENT CALENDAR:

Items appearing on the Consent Calendar are considered routine and may be approved by one motion. City Councilmembers may pull an item for discussion.

4. Approval of January 24, 2023 Special and Regular Meeting Minutes
5. Receive and File the City of Folsom Annual Comprehensive Financial Report for the Year Ended June 30, 2022
6. Resolution No. 10983 – A Resolution Authorizing Appropriation of Funds in the Water Meter Fund to Purchase Water Meters and Meter Reading Endpoints for the Folsom Plan Area
7. Resolution No. 10984 – A Resolution Authorizing the City Manager to Execute a Contract Change Order with Doug Veerkamp General Engineering, Inc. for the Fire Station 34 Phase-1 Project
8. Resolution No. 10985 – A Resolution Authorizing the City Manager to Execute Amendment No. 1 to the Agreement (Contract No. 173-21 20-053) with Water Systems Consulting, Inc. for Professional Services for the 2020 Urban Water Management Plan
9. Resolution No. 10986 - A Resolution Authorizing the City Manager to Execute a Communications Site License Agreement Between New Cingular Wireless PCS, LLC, a Delaware Limited Liability Company, and the City of Folsom
10. Resolution No. 10987 – A Resolution Authorizing the City Manager to Execute a Contract Amendment with R.E.Y. Engineers, Inc. for the Riley Street Sidewalk Feasibility Study and Appropriation of Funds
11. Resolution No. 10989 - A Resolution to Reject all Bids for the Community Development Department Building Permit Center

NEW BUSINESS:

12. Resolution 10988 - A Resolution of Consideration of the City Council of the City of Folsom to Amend the Rate and Method of Apportionment for Improvement Area No. 2 within the City of Folsom Community Facilities District No. 23 (Folsom Ranch), and Related Matters

OLD BUSINESS:

13. Discussion of City Council Budget Priorities

CITY MANAGER REPORTS:

COUNCIL COMMENTS:

ADJOURNMENT

NOTICE: Members of the public are entitled to directly address the City Council concerning any item that is described in the notice of this meeting, before or during consideration of that item. If you wish to address Council on an issue, which is on this agenda, please complete a blue speaker request card, and deliver it to a staff member at the table on the left side of the Council Chambers prior to discussion of the item. When your name is called, stand to be recognized by the Mayor and then proceed to the podium. If you wish to address the City Council on any other item of interest to the public, when the Mayor asks if there is any "Business from the Floor," follow the same procedure described above. Please limit your comments to three minutes or less.

NOTICE REGARDING CHALLENGES TO DECISIONS: Pursuant to all applicable laws and regulations, including without limitation, California Government Code Section 65009 and or California Public Resources Code Section 21177, if you wish to challenge in court any of the above decisions (regarding planning, zoning and/or environmental decisions), you may be limited to raising only those issues you or someone else raised at the public hearing(s) described in this notice/agenda, or in written correspondence delivered to the City at, or prior to, the public hearing.

As presiding officer, the Mayor has the authority to preserve order at all City Council meetings, to remove or cause the removal of any person from any such meeting for disorderly conduct, or for making personal, impertinent, or slanderous remarks, using profanity, or becoming boisterous, threatening or personally abusive while addressing said Council, and to enforce the rules of the Council.

PERSONS INTERESTED IN PROPOSING AN ITEM FOR THE CITY COUNCIL AGENDA SHOULD CONTACT A MEMBER OF THE CITY COUNCIL.

The meeting of the Folsom City Council is being telecast on Metro Cable TV, Channel 14, the Government Affairs Channel, and will be shown in its entirety on the Friday and Saturday following the meeting, both at 9 a.m. The City does not control scheduling of this telecast and persons interested in watching the televised meeting should confirm this schedule with Metro Cable TV, Channel 14. The City of Folsom provides live and archived webcasts of regular City Council meetings. The webcasts can be found on the online services page of the City's website www.folsom.ca.us.

In compliance with the Americans with Disabilities Act, if you are a person with a disability and you need a disability-related modification or accommodation to participate in this meeting, please contact the City Clerk's Office at (916) 461-6035, (916) 355-7328 (fax) or CityClerkDept@folsom.ca.us. Requests must be made as early as possible and at least two full business days before the start of the meeting.

Any documents produced by the City and distributed to the City Council regarding any item on this agenda will be made available at the City Clerk's Counter at City Hall located at 50 Natoma Street, Folsom, California and at the Folsom Public Library located at 411 Stafford Street, Folsom, California during normal business hours.

City of Folsom Resolution of Commendation

Honoring

Chris Corda on his Retirement as Owner of Folsom’s Hacienda Del Rio for 32 Years

WHEREAS, Chris Corda has been a proud resident of Folsom for more than 35 years, and has owned and managed the Hacienda Del Rio restaurant for more than 32 years; and

WHEREAS, Chris realized his interest in the restaurant industry during a career planning assignment in high school. After community college, he decided to major in hospitality management at Cal Poly Pomona; and

WHEREAS, the Hacienda Del Rio restaurant is a well know landmark in Folsom’s Historic District, which Chris describes as always feeling like home; and

WHEREAS, the Hacienda Del Rio restaurant has generously donated back to the Folsom community to support local causes; and

WHEREAS, Chris has served as president of the Sacramento Chapter of the California Restaurant Association and as the treasurer and president of the Sutter Street Merchants Association; and

WHEREAS, after working in the restaurant industry for 50 years, Chris looks forward to his retirement – especially to having weekends and holidays off and spending time with his partner Sherri, his children Cameron and Candice, and his five grandchildren.

NOW, THEREFORE, I, ROSARIO RODRIGUEZ, Mayor of the City of Folsom, on behalf of the Folsom City Council and the residents of this community, do hereby thank Chris Corda for being a part of the fabric of Folsom and congratulate him on his retirement and his 32 years as owner of the Hacienda Del Rio.

PASSED AND APPROVED, this 14th day of February 2023.



Rosario Rodriguez, MAYOR

Attest: _____
Christa Freemantle, CITY CLERK

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CITY OF
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Folsom City Council Staff Report



MEETING DATE:	2/14/2023
AGENDA SECTION:	Scheduled Presentations
SUBJECT:	Folsom Tourism and Economic Development Corporation (TEDCorp) Quarterly Report
FROM:	City Clerk's Department

CITY COUNCIL ACTION

Representatives from Folsom Tourism and Economic Development Corporation (TEDCorp) will provide a quarterly report. No action is requested of the City Council.

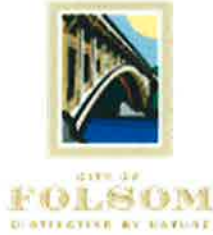
Respectfully submitted,

Christa Freemantle, CMC
City Clerk

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Folsom City Council Staff Report

MEETING DATE:	2/14/2023
AGENDA SECTION:	Scheduled Presentations
SUBJECT:	Update by the Folsom Alliance for the Unhoused regarding Homelessness
FROM:	City Clerk's Department

CITY COUNCIL ACTION

Representatives from Folsom Alliance for the Unhoused will provide an update regarding homelessness. No action is requested of the City Council.

Respectfully submitted,

Christa Freemantle, CMC
City Clerk

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CITY OF
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City Council Special Meeting

MINUTES

Tuesday, January 24, 2023 5:30 PM

CALL TO ORDER

The special City Council meeting was called to order at 5:30 p.m. with Mayor Rosario Rodriguez presiding.

ROLL CALL:

Councilmembers Present: YK Chalamcherla, Vice Mayor
Mike Kozlowski, Councilmember
Anna Rohrbough, Councilmember
Sarah Aquino, Councilmember
Rosario Rodriguez, Mayor

Councilmembers Absent: None

Participating Staff: City Manager Elaine Andersen
City Attorney Steve Wang
City Clerk Christa Freemantle

ADJOURNMENT TO CLOSED SESSION FOR THE FOLLOWING PURPOSES:

1. Conference with Real Property Negotiator – Pursuant to Government Code section 54956.8: The Hinkle Creek Nature Center located at 7000 Baldwin Dam Road, APN 213-0060-034 Negotiating Parties: City Manager Elaine Andersen on behalf of the City of Folsom, and Kent Anderson, Executive Director, American River Natural History Association Under Negotiation: Price and Terms of Lease
2. Conference with Legal Counsel – Existing Litigation - Pursuant to Government Code Section 54956.9(d)(1): Nestor Torres v. City of Folsom, Workers' Compensation Appeals Board Case No. ADJ14063783
3. Conference with Legal Counsel - Existing Litigation - Pursuant to Government Code section 54956.9(d)(1): Hari Shetty, Kavita Sood, Neighborhood Elections Now v. City of Folsom, Sacramento County Superior Court Case No. 34-2022-00330223
4. Conference with Labor Negotiator - Pursuant to Government Code Section 54957.6. Agency Negotiator: Human Resources Advisor John Spittler. Employee Organization: Various Bargaining Groups

Motion by Councilmember Sarah Aquino, second by Vice Mayor YK Chalamcherla, to adjourn to closed session for the above referenced items. Motion carried with the following roll call vote:

AYES: Councilmember(s): Chalamcherla, Kozlowski, Rohrbough, Aquino, Rodriguez
NOES: Councilmember(s): None
ABSENT: Councilmember(s): None
ABSTAIN: Councilmember(s): None

RECONVENE

City Attorney Steven Wang announced that no final action was taken during closed session.

ADJOURNMENT

The special meeting was adjourned to the regular City Council meeting at 6:30 p.m.

SUBMITTED BY:

Christa Freemantle, City Clerk

ATTEST:

Rosario Rodriguez, Mayor

City Council Regular Meeting

MINUTES

Tuesday, January 24, 2023 6:30 PM

CALL TO ORDER

The regular City Council meeting was called to order at 6:32 pm with Mayor Rosario Rodriguez presiding.

ROLL CALL:

Councilmembers Present: YK Chalamcherla, Vice Mayor
Mike Kozlowski, Councilmember
Anna Rohrbough, Councilmember
Sarah Aquino, Councilmember
Rosario Rodriguez, Mayor

Councilmembers Absent: None

Participating Staff: City Manager Elaine Andersen
City Attorney Steven Wang
City Clerk Christa Freemantle
Communications Officer Chris Shepard
Police Commander Brian Lockhart
Finance Director/CFO Stacey Tamagni
Parks and Recreation Director Lorraine Poggione
Parks and Recreation Manager Brad Nelson
Community Development Director Pam Johns
Police Chief Rick Hillman
Communications Director Christine Brainerd
Fire Chief Ken Cusano
Library Director Thom Gruneisen
Public Works Director Mark Rackovan
Environmental and Water Resources Director Marcus Yasutake

PLEDGE OF ALLEGIANCE

The Pledge of Allegiance was recited.

AGENDA UPDATE

City Attorney Steve Wang announced that there was additional information for item 4.

City Clerk Christa Freemantle announced that Scheduled Presentation item 1 would be taken before Business from the Floor.

Scheduled Presentation item taken out of order.

1. Resolution of Commendation Honoring the Folsom Jr. Bulldogs for Earning the 2022 Excellence in Academics and Athletics Award

Mayor Rosario Rodriguez presented the resolution of commendation to the Folsom Jr. Bulldogs.

BUSINESS FROM THE FLOOR:

The following speakers addressed the City Council:

1. Srinivasa Bokka regarding new home construction
2. Mark Loomis regarding new home construction
3. Henry Li regarding new home construction
4. Sharon Kindel regarding the value of nature
5. Rich Foreman regarding Start Up Folsom
6. Lokesh Sikaria regarding Start Up Folsom
7. John Selep regarding Start Up Folsom
8. Donna Walters regarding Start Up Folsom
9. Claire de Vries regarding the value of nature

SCHEDULED PRESENTATIONS:

2. Recognition of 2022 Folsom Holiday Lights Contest Winners

Communications Officer Chris Shepard made a presentation and announced the winners of the Folsom Holiday Lights Contest. Each of the City Councilmembers presented certificates to the five category winners.

CONSENT CALENDAR:

Items appearing on the Consent Calendar are considered routine and may be approved by one motion. City Councilmembers may pull an item for discussion.

3. Approval of January 10, 2023 Special and Regular Meeting Minutes
4. Appointment of City Council Representatives to Regional Commissions (*revised*)
5. Mayor's Appointment and Confirmation by the City Council of Planning Commissioners to Serve on the Historic District Commission
6. Resolution No. 10975 – A Resolution Rejecting Bids for the Purchase of Gravity Sewer Pipe for the Folsom Boulevard 27-Inch Trunk Sewer Project (SECAP)
7. **pulled for comment**
8. Resolution No. 10978 – A Resolution Authorizing the City Manager to Execute an Agreement with PlayCore Wisconsin, Inc., DBA GameTime, for the Ed Mitchell Park Shade Structure and Site Furnishings Project
9. Resolution No. 10979 - A Resolution Authorizing the City Manager to Execute Amendment No. 1 to the Contract with RRM Design Group for Additional Landscape Architectural Services for the Johnny Cash Trail Art Experience – Cash's Pick **Number 1** Project

10. pulled for comment

Motion by Councilmember Mike Kozlowski, second by Vice Mayor YK Chalamcherla, to approve Consent Calendar items 3-6, 8-9 and item 4 as revised.

Motion carried with the following roll call vote:

AYES: Councilmember(s): Chalamcherla, Kozlowski, Rohrbough, Aquino, Rodriguez
NOES: Councilmember(s): None
ABSENT: Councilmember(s): None
ABSTAIN: Councilmember(s): None

CONSENT CALENDAR ITEMS PULLED FOR DISCUSSION:

7. Resolution No. 10976 - A Resolution Authorizing the City Manager to Execute a Contract Between the City of Folsom and the Sacramento Society for the Prevention of Cruelty to Animals (SSPCA)

Councilmember Sarah Aquino asked for clarification regarding the agreement. Commander Brian Lockhart responded, and City Manager Elaine Andersen provided additional information.

Motion by Councilmember Sarah Aquino, second by Vice Mayor YK Chalamcherla, to approve Resolution No. 10976.

Motion carried with the following roll call vote:

AYES: Councilmember(s): Chalamcherla, Kozlowski, Rohrbough, Aquino, Rodriguez
NOES: Councilmember(s): None
ABSENT: Councilmember(s): None
ABSTAIN: Councilmember(s): None

10. Resolution No. 10980 - A Resolution Directing the Finance Director to Make a Transfer from the General Fund and Enterprise Funds to the Risk Management and Compensated Leaves Internal Service Funds to Replenish Reserve Balances Used During the COVID-19 Related Economic Downturn

Councilmember Anna Rohrbough expressed concerns regarding the item and moved to postpone until budget discussions.

The City Council discussed postponing the item and received clarification from staff regarding postponing the item and regarding the fund transfer.

Councilmember Anna Rohrbough modified her motion to table the item to a future date. The motion was seconded by Vice Mayor YK Chalamcherla.

The City Council asked for further clarification regarding the fund transfer. Finance Director/CFO Stacey Tamagni responded.

Motion by Councilmember Anna Rohrbough, second by Vice Mayor YK Chalamcherla, to continue Resolution No. 10980 to a future meeting.

Motion carried with the following roll call vote:

AYES: Councilmember(s): Kozlowski, Rohrbough, Chalamcherla
NOES: Councilmember(s): Aquino, Rodriguez
ABSENT: Councilmember(s): None
ABSTAIN: Councilmember(s): None

OLD BUSINESS:

11. Consideration of Expenditure of Funds from the American Rescue Plan Act and Direction to Staff

Finance Director/CFO Stacey Tamagni made a presentation and responded to questions from the City Council. Parks and Recreation Director Lorraine Poggione and Parks and Recreation Manager Brad Nelson provided additional clarification.

Motion by Councilmember Mike Kozlowski, second by Councilmember Sarah Aquino, to set aside the remaining \$507,700 of unappropriated ARPA funds to be put towards the USDA mandated fence replacement project for the Folsom Zoo Sanctuary.

Motion carried with the following roll call vote:

AYES: Councilmember(s): Chalamcherla, Kozlowski, Rohrbough, Aquino, Rodriguez
NOES: Councilmember(s): None
ABSENT: Councilmember(s): None
ABSTAIN: Councilmember(s): None

12. Resolution No. 10982 - A Resolution of the City Council of the City of Folsom Proclaiming Termination of Winter Storm Local Emergency

City Manager Elaine Andersen provided background regarding the Winter Storm Local Emergency and recommended termination of the state of local emergency.

Motion by Councilmember Mike Kozlowski, second by Councilmember Sarah Aquino, to approve Resolution No. 10982.

Motion carried with the following roll call vote:

AYES: Councilmember(s): Chalamcherla, Kozlowski, Rohrbough, Aquino, Rodriguez
NOES: Councilmember(s): None
ABSENT: Councilmember(s): None
ABSTAIN: Councilmember(s): None

NEW BUSINESS:

13. Introduction and Direction to Staff Regarding the River District Master Plan Planning and Community Engagement Process

Community Development Director Pam Johns introduced consultant Project Manager Robert Goss who made a presentation and responded to questions from the City Council.

The City Council directed staff to move forward with specific membership recommendations to create the River District Master Plan Ad Hoc Committee and agreed to defer to staff for City Council representation on the committee.

14. Introduction and Direction to Staff Regarding the Central Business District Master Plan Planning and Community Engagement Process

Community Development Director Pam Johns introduced consultant Project Manager Kathy Pease who made a presentation and responded to questions from the City Council.

The City Council directed staff to move forward with specific membership recommendations to create the River District Master Plan Ad Hoc Committee and agreed to defer to staff for City Council representation on the committee. City Council also directed staff to consider the potential expansion of the Central Business District boundaries to include Lembi Park and Sutter Middle School.

The following speaker addressed the City Council:

Mike Reynolds

15. Preliminary Budget Workshop with Mid-Year Budget Review, Presentation of Departmental Priorities, and Direction to Staff

Finance Director/CFO Stacey Tamagni made a presentation and responded to questions from the City Council. The City Council discussed budget adjustments including adding two crime suppression officer positions to the Police Department budget. Police Chief Rick Hillman responded to questions from the City Council.

Motion by Councilmember Anna Rohrbough, second by Councilmember Mike Kozlowski, to approve two crime suppression officer positions for the Police Department using funds from the unassigned fund balance.

Motion carried with the following roll call vote:

AYES: Councilmember(s): Chalamcherla, Kozlowski, Rohrbough
NOES: Councilmember(s): Aquino, Rodriguez
ABSENT: Councilmember(s): None
ABSTAIN: Councilmember(s): None

Vice Mayor YK Chalamcherla expressed the need for a Parks and Recreation Volunteer Coordinator. Parks and Recreation Director Lorraine Poggione clarified regarding the adjustment of funds necessary in order to fund the position. Finance Director/CFO Stacey Tamagni provided additional clarification.

The presentation continued with the preliminary budget presentations from each department regarding their preliminary department requests for the 2023-24 budget. Finance Director/CFO Stacey Tamagni continued the budget presentation and responded to questions from the City Council.

The City Council discussed whether there is a need for a budget workshop and concurred to add a workshop item to the February 28 City Council meeting.

CITY MANAGER REPORTS:

City Manager Elaine Andersen spoke regarding the upcoming Mayor’s State of the City address, the open registration period for the Zoo Sanctuary docent training class, and the application period for selling state approved fireworks.

COUNCIL COMMENTS:

Councilmember Anna Rohrbough commented regarding visiting the Boston area and their traffic roundabouts.

Councilmember Mike Kozlowski spoke regarding the recent SACOG and Regional Transit meetings he attended.

Councilmember Sarah Aquino requested that the meeting be adjourned in memory of the Honorable Donald Clark.

Vice Mayor YK Chalamcherla acknowledged work on the budget from all the departments and thanked City staff.

Mayor Rosario Rodriguez thanked several people who recently brought events to Folsom. She read a thank you letter from residents regarding assistance received from the Public Works Department and commented regarding the State of the City Address.

ADJOURNMENT

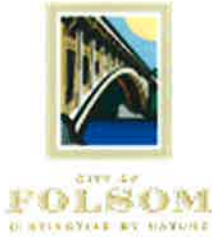
There being no further business to come before the Folsom City Council, Mayor Rosario Rodriguez adjourned the meeting in memory of the Honorable Donald Clark at 11:18 pm.

SUBMITTED BY:

Christa Freemantle, City Clerk

ATTEST:

Rosario Rodriguez, Mayor



Folsom City Council Staff Report



MEETING DATE:	2/14/2023
AGENDA SECTION:	Consent Calendar
SUBJECT:	Receive and File the City of Folsom Annual Comprehensive Financial Report for the Year Ended June 30, 2022
FROM:	Finance Department

RECOMMENDATION / CITY COUNCIL ACTION

It is recommended that the City Council receive and file the City of Folsom Fiscal Year 2021-22 Annual Comprehensive Financial Report.

BACKGROUND / ISSUE

Each year the City is audited by an independent certified public accountant that renders a written opinion as to the accuracy and completeness of the Annual Comprehensive Financial Report (ACFR). The City of Folsom received an unqualified opinion on the financial statements for the year ended June 30, 2022.

The City also submits the ACFR to the Government Finance Officers Association (GFOA) for consideration in their Certificate of Achievement for Excellence in Financial Reporting Program. The City received this award for Fiscal Year 2020-21 and we expect the report to earn the award again this year.

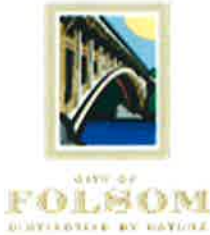
Submitted,

Stacey Tamagni
Finance Director/CFO

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Folsom City Council Staff Report



MEETING DATE:	2/14/2023
AGENDA SECTION:	Consent Calendar
SUBJECT:	Resolution No. 10983 – A Resolution Authorizing Appropriation of Funds in the Water Meter Fund to Purchase Water Meters and Meter Reading Endpoints for the Folsom Plan Area
FROM:	Environmental and Water Resources Department

RECOMMENDATION / CITY COUNCIL ACTION

The Environmental and Water Resources Department recommends that the City Council pass and adopt Resolution No. 10983 – A Resolution Authorizing Appropriation of Funds in the Water Meter Fund to Purchase Water Meters and Meter Reading Endpoints for the Folsom Plan Area.

BACKGROUND / ISSUE

As required by State Law, water meters have been installed on all new homes since 1992, with metered rate billing for all the City’s water customers beginning in 2013. Water meters are used for water metering, water conservation and are an integral part of the water billing process. To facilitate remote meter reading for metered billing, the city has implemented a fixed network system. To meet requirements of the state law, and maintain the fixed network system, the Environmental and Water Resources (EWR) Department has executed multi-year agreements for the purchase of water meters and cellular endpoints.

When building permits are issued, the builders pay water permit fees that are for the purchase of the water meter, endpoints and associated components. These fees are placed in a separate water meter fund, Fund 522.

Due to growth in the Folsom Plan Area, purchases of water meters will exceed the amounts anticipated at the time that the budget for Fiscal Year 2022-23 was prepared. The EWR Department is requesting to appropriate \$130,000 to the Water Meter Fund (Fund 522) to

purchase additional water meters and meter reading endpoints through previously approved agreements and other meter costs anticipated within the current fiscal year.

POLICY / RULE

In accordance with Chapter 3.02.030H of the Folsom Municipal Code, supplemental appropriations may be made by the City Council.

ANALYSIS

The budget for fiscal year 2022-23 was developed in early 2022. At that time, it was anticipated that a total of \$200,000 would be sufficient to cover water meter purchases for the Folsom Plan Area. The number of meters and meter reading endpoints needed exceeded initial budget expectations, resulting in the need for additional water meters and meter reading endpoints. Initial funding in Fund 522 is not sufficient to cover the costs of the additional water meter and meter reading endpoints needed for Fiscal Year 2022-23.

Based on activity to date, anticipated costs for fiscal year 2022-23 now include:

- Purchase of 1-inch water meters: \$220,500
- Purchase of cellular endpoints: \$93,160

The EWR Department is requesting to appropriate \$130,000 from the Water Meter Fund balance (Fund 522) to cover these increased anticipated costs for the remainder of the fiscal year.

FINANCIAL IMPACT

The Water Meter budget (Fund 522) has covered costs through the first half of Fiscal Year 2022-23, but funding for the remainder will require an additional appropriation of \$130,000. There are sufficient funds available in the Water Meters Fund (Fund 522) for this appropriation from fund balance.

ENVIRONMENTAL REVIEW

These programs are exempt from CEQA under Section 15061 (b)(3) and are not considered projects.

ATTACHMENT

Resolution No. 10983 – A Resolution Authorizing Appropriation of Funds in the Water Meter Fund to Purchase Water Meters and Meter Reading Endpoints for the Folsom Plan Area

Submitted,

Marcus Yasutake, Director
ENVIRONMENTAL AND WATER RESOURCES DEPARTMENT

RESOLUTION NO. 10983

A RESOLUTION AUTHORIZING APPROPRIATION OF FUNDS IN THE WATER METER FUND TO PURCHASE WATER METERS AND METER READING ENDPOINTS FOR THE FOLSOM PLAN AREA

WHEREAS, per State Law all residences are required to have water meters installed and metered rate billing; and

WHEREAS, purchases of water meters and cellular endpoints for installation in the Folsom Plan Area in the current fiscal year has exceeded expectations; and

WHEREAS the FY 2022-23 Water Meter Budget is insufficient to cover water meter and meter reading endpoints purchases for the remainder of the fiscal year; and

WHEREAS, an appropriation in the amount of \$130,000 is needed for the remainder of Fiscal Year 2022-23 and funds are available in the Water Meters Fund (Fund 522); and

WHEREAS, the associated agreements, where applicable, will be in a form acceptable to the City Attorney;

NOW, THEREFORE, BE IT RESOLVED that the City Council of the City of Folsom authorizes the additional Appropriation of Funds in the amount of \$130,000 in the Water Meter Fund (Fund 522).

BE IT FURTHER RESOLVED that the Finance Director is authorized to appropriate an additional \$130,000 in the Water Meter Fund (Fund 522) for the purchases of water meters and supplies.

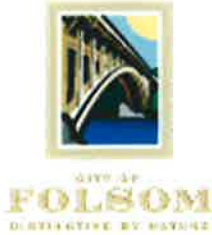
PASSED AND ADOPTED this 14th day of February, 2023, by the following roll-call vote:

- AYES:** Councilmember(s):
- NOES:** Councilmember(s):
- ABSENT:** Councilmember(s):
- ABSTAIN:** Councilmember(s):

Rosario Rodriguez, MAYOR

ATTEST:

Christa Freemantle, CITY CLERK



Folsom City Council Staff Report

MEETING DATE:	2/14/2023
AGENDA SECTION:	Consent Calendar
SUBJECT:	Resolution No. 10984 – A Resolution Authorizing the City Manager to Execute a Contract Change Order with Doug Veerkamp General Engineering, Inc. for the Fire Station 34 Phase-1 Project
FROM:	Fire Department

RECOMMENDATION / CITY COUNCIL ACTION

The Fire Department recommends that the City Council pass and approve Resolution No. 10984 – A Resolution authorizing the City Manager to execute a contract change order with Doug Veerkamp General Engineering, Inc. for the Fire Station 34 Phase-1 Project.

BACKGROUND / ISSUE

As part of the City of Folsom Fire Department strategic plan, the Fire Department fiscal year 2022-23 budget included the Fire Station 34 project with a total project budget of \$11,860,200. Architectural services to develop a concept design for Fire Station 34 are already in progress and the station will be located in the Folsom Plan Area at Westwood Drive and Old Ranch Way. The Fire Department has carefully examined the service delivery needs of Folsom and determined that the location is optimal for a Fire Station.

Fire Station 34 project is divided into two distinct phases which will extend into fiscal year 2023-24. Phase-1 of the Fire Station 34 project consists of civil engineering site improvements including grading, drainage, utilities, and building pad construction. This phase of construction was approved through Resolution No. 10899 on August 23, 2022.

Upon application for electrical service from SMUD, gas service from PG&E, and internet service from Comcast each of the dry utilities requested facilities to be completed along the Fire Station 34 frontage. Typically, the dry utilities are provided in a joint trench by the entity

that is developing a parcel, in this case it is the City of Folsom Fire Department. Service needs of each utility is not finalized until building plans are in for the building permit. In order to prepare the site for possible winter building construction the site work was bid and constructed as Phase-1 and is nearly complete. Phase-2 had been submitted to the Building Department concurrently with the construction of Phase-1. This change order will allow the site work and utilities to be completed prior to the start of building construction (Phase-2).

POLICY / RULE

Section 2.36.080, Award of Contracts of the Folsom Municipal Code states, in part, that contracts for supplies, equipment, services, and construction with an estimated value of \$70,952 or greater shall be awarded by City Council.

ANALYSIS

Previously, Public Works staff prepared the bid package, and the project was publicly advertised on July 19, 2022. Bids were opened on August 5, 2022, with the following submissions received:

1. Doug Veerkamp General Engineering, Inc.	\$682,916
2. BRCO Constructors, Inc.	\$898,000
3. Gabe Mendez, Inc.	\$900,000

The construction consultants estimate for this project was \$675,000.

FINANCIAL IMPACT

The original contract with Doug Veerkamp General Engineering, Inc., for this project was authorized (Resolution 10899) for \$682,916 with a total project budget of \$751,208, which included a ten percent contingency of \$68,292 for potential unseen site work issues.

In order to add the dry utilities to the frontage of Fire Station 34 a contract change order will be required in the amount of \$200,000 for a revised contract amount of \$882,916 and an approved budget of \$951,208 including the contingency amount of \$68,292. The project is included in the Fiscal Year 2022-23 Capital Improvement Plan utilizing impact fees with a total project budget of \$11,860,200. The Folsom Plan Area Capital Improvement Fund (Fund 472) has sufficient funds budgeted and available for this change order in the amount of \$200,000.

ENVIRONMENTAL REVIEW

This project is Categorically Exempt from the California Environmental Quality Act under Section 153332 (In-Fill Development Project) of the CEQA Guidelines.

ATTACHMENTS

1. Resolution No. 10984 – A Resolution Authorizing the City Manager to Execute a Contract Change Order with Doug Veerkamp General Engineering, Inc. for the Fire Station 34 Phase-1 Project

Submitted,

Ken Cusano, Fire Chief

RESOLUTION NO. 10984

A RESOLUTION AUTHORIZING THE CITY MANAGER TO EXECUTE A CONTRACT CHANGE ORDER WITH DOUG VEERKAMP GENERAL ENGINEERING, INC. FOR THE FIRE STATION 34 PHASE-1 PROJECT

WHEREAS, the City of Folsom desires to continue Phase-1 construction for Fire Station 34 in the Folsom Plan Area; and

WHEREAS, this project was publicly advertised on July 19, 2022, and the bids were received on August 5, 2022, with Doug Veerkamp General Engineering, Inc. being the lowest responsive responsible bidder; and

WHEREAS, the agreement with Doug Veerkamp General Engineering, Inc. has been executed in the amount of \$682,916.

WHEREAS, the project budget would include a ten percent contingency in the amount of \$68,292 for a total project budget for Phase-1 Construction of \$751,208; and

WHEREAS, funds in the amount of \$751,208 are budgeted and available in the Folsom Plan Area Improvement Fund (Fund 472); and

WHEREAS, a change order to add a dry utility joint trench is needed to complete the utility work for the project; and

WHEREAS, the cost of the change order to add the dry utility joint trench is \$200,000 for the work;

WHEREAS, the agreement will be in a form acceptable to the City Attorney;

NOW, THEREFORE, BE IT RESOLVED that the City Council of the City of Folsom authorizes the City Manager to execute a contract change order with Doug Veerkamp General Engineering, Inc. for the Fire Station 34 Phase-1 Project in the amount of \$200,000 for a revised contract amount of \$882,916 and the budget for this agreement in the amount not to exceed \$951,208 in the Folsom Plan Area Capital Improvement Fund (Fund 472).

PASSED AND ADOPTED this 14th day of February 2023, by the following roll-call vote:

- AYES:** Councilmember(s):
- NOES:** Councilmember(s):
- ABSENT:** Councilmember(s):
- ABSTAIN:** Councilmember(s):

Rosario Rodriguez, MAYOR

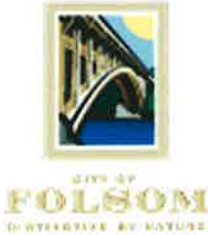
ATTEST:

Christa Freemantle, CITY CLERK

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CITY OF
FOLSOM
DISTINCTIVE BY NATURE



Folsom City Council Staff Report



MEETING DATE:	2/14/2023
AGENDA SECTION:	Consent Calendar
SUBJECT:	Resolution No. 10985 – A Resolution Authorizing the City Manager to Execute Amendment No. 1 to the Agreement (Contract No. 173-21 20-053) with Water Systems Consulting, Inc. for Professional Services for the 2020 Urban Water Management Plan
FROM:	Environmental and Water Resources Department

RECOMMENDATION / CITY COUNCIL ACTION

The Environmental and Water Resources Department recommends the City Council pass and adopt Resolution No. 10985 – A Resolution Authorizing the City Manager to Execute Amendment No. 1 (Contract No. 173-21 20-053) with Water Systems Consulting, Inc. for Professional Services for the 2020 Urban Water Management Plan.

BACKGROUND / ISSUE

The Environmental and Water Resources (EWR) Department identifies projects that are critical to ensuring the delivery of adequate and high-quality water supply to all residents. Through these efforts, EWR is seeking to complete the Water Use Efficiency Technical Memo that was part of the City’s 2020 Urban Water Management Plan (UWMP) Project.

The California Water Code (CWC) Section 10620(a) requires an urban water supplier to prepare and adopt an UWMP consistent with CWC Section 10640. All urban water suppliers, either publicly or privately owned, serving municipal water to 3,000 customers or supplying more than 3,000 acre-feet annually, are required to prepare an UWMP. The UWMP is required for an urban water supplier to be eligible for California Department of Water Resources (DWR) state grants, loans, and drought assistance.

The City issued a Request for Proposals for professional services for the 2020 UWMP in August 2020. In October 2020, through Resolution No. 10536, City Council authorized an

agreement with Water Systems Consulting, Inc. (WSC) to prepare the City’s 2020 UWMP. WSC was selected based on their knowledge, qualifications, and experience with UWMPs. The UWMP was adopted by City Council on June 8, 2021, and was then submitted to the Department of Water Resources (DWR).

As part of the future water conservation efforts outlined in the UWMP, it was mentioned that the City was developing a Water Use Efficiency Technical Memorandum (TM) that will evaluate indoor, outdoor, and water loss regulations, and alternatives for tracking and monitoring water use targets.

A draft of the Water Use Efficiency TM was completed by WSC. However, since the draft was created, DWR recommended new methods for analyzing outdoor residential water use. Amendment No. 1 is for WSC to provide additional professional services to finalize the Water Use Efficiency TM with the new analysis methods recommended by DWR.

This resolution will authorize the City Manager to execute Amendment No. 1 to the Agreement (Contract No. 173-21 20-053) with Water Systems Consulting, Inc. for additional professional services for the 2020 Urban Water Management Plan and Appropriation of Funds.

POLICY / RULE

In accordance with Chapter 2.36 of the Folsom Municipal Code, supplies, equipment, services, and construction with a value of \$70,952 or greater shall be awarded by City Council.

ANALYSIS

In August 2020, the City issued a Request for Proposals from various engineering and water resources consulting firms for professional services to prepare the City’s 2020 Urban Water Management Plan. In October 2020, City Council approved WSC to complete the City’s 2020 UWMP based on their knowledge, qualifications, and experience with UWMPs. As part of the UWMP project, WSC also developed and wrote a draft of the Water Use Efficiency Technical Memorandum.

WSC’s fee to complete and finalize the Water Use Efficiency TM is \$4,955. The tasks for completing the TM will include:

- Project Management:
 - o Project administration and coordination with City staff, the State, or other entities as needed to review available data and analysis.
- Update of the Water Use Efficiency TM:
 - o Update calculations and results for any sections of the TM affected by the latest guidance from the State.
- Provide Final Water Use Efficiency TM Report.

This resolution will authorize the City Manager to execute Amendment No. 1 to the Agreement (Contract No. 173-21 20-053) with Water Systems Consulting, Inc. for Professional Services for the 2020 Urban Water Management Plan and Appropriation of Funds. Amendment No. 1

will be in the amount of \$4,955 and the new total contract amount, including Amendment No.1 is \$91,265.

FINANCIAL IMPACT

The Fiscal Year 2022-23 Water Operating Budget did not include funding for additional professional services for the 2020 Urban Water Management Plan, however there is sufficient funding available for the amendment. Amendment No. 1 will be in the amount of \$4,955, for a total contract not-to-exceed amount of \$91,265.

ENVIRONMENTAL REVIEW

This project is exempt from environmental review under the California Environmental Quality Act, Section 15301 "Existing Facilities".

ATTACHMENT

Resolution No. 10985 – A Resolution Authorizing the City Manager to Execute Amendment No. 1 to the Agreement (Contract No. 173-21 20-053) with Water Systems Consulting, Inc. for Professional Services for the 2020 Urban Water Management Plan

Submitted,

Marcus Yasutake, Director
ENVIRONMENTAL AND WATER RESOURCES DEPARTMENT

RESOLUTION NO. 10985

A RESOLUTION AUTHORIZING THE CITY MANAGER TO EXECUTE AMENDMENT NO. 1 TO THE AGREEMENT (CONTRACT NO. 173-21 20-053) WITH WATER SYSTEMS CONSULTING, INC. FOR PROFESSIONAL SERVICES FOR THE 2020 URBAN WATER MANAGEMENT PLAN

WHEREAS, the City of Folsom has identified the 2020 Urban Water Management Plan as a priority to evaluate the City’s water supplies and demands in accordance with Senate Bill 606 and Assembly Bill 1668; and

WHEREAS, the California Water Code (CWC) Section 10620(a) requires an urban water supplier to adopt an Urban Water Management Plan consistent with CWC 10640; and

WHEREAS, Water Systems Consulting, Inc. by reason of their past experience and abilities for performing these types of services are qualified to perform the professional services to finalize the Water Use Efficiency Technical Memorandum; and

WHEREAS, Amendment No. 1 will be in the amount of \$4,955 and sufficient funds are budgeted and available in the Water Operating Fund (Fund 520) for this amendment; and

WHEREAS, the agreement will be in a form acceptable to the City Attorney:

NOW, THEREFORE, BE IT RESOLVED that the City Council of the City of Folsom authorizes the City Manager to execute Amendment No. 1 to the Agreement (Contract No. 173-21 20-053) with Water Systems Consulting, Inc. for Professional Services for the 2020 Urban Water Management Plan in the amount of \$4,955 and the new total contract amount, including Amendment No. 1 is \$91,265.

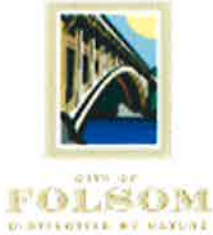
PASSED AND ADOPTED this 14th day of February, 2023, by the following roll-call vote:

- AYES:** Councilmember(s):
- NOES:** Councilmember(s):
- ABSENT:** Councilmember(s):
- ABSTAIN:** Councilmember(s):

Rosario Rodriguez, MAYOR

ATTEST:

Christa Freemantle, CITY CLERK



Folsom City Council Staff Report



MEETING DATE:	2/14/2023
AGENDA SECTION:	Consent Calendar
SUBJECT:	Resolution No. 10986 - A Resolution Authorizing the City Manager to Execute a Communications Site License Agreement Between New Cingular Wireless PCS, LLC, a Delaware Limited Liability Company, and the City of Folsom
FROM:	Parks and Recreation Department

RECOMMENDATION / CITY COUNCIL ACTION

Staff recommends the City Council approve Resolution No. 10986 - A Resolution Authorizing the City Manager to Execute a Communications Site License Agreement Between New Cingular Wireless PCS, LLC, a Delaware Limited Liability Company, and the City of Folsom.

BACKGROUND / ISSUE

A representative for AT&T Mobility Corporation, managing corporation for New Cingular Wireless PCS, LLC, a Delaware limited liability company, contacted staff in July 2021 regarding an interest in locating a wireless communications facility at Livermore Community Park. New Cingular Wireless provides wireless communication service used for wireless data and voice services. This proposal is for a 1,600 square foot ground space area for a new 89’ stealth monopine cellular tower with 12 antennas and 15 remote radio units.

Livermore Community Park is the preferred location for a new tower that will include the FirstNet Program or First Responders Network. This network is reserved for first responders’ use in an emergency situation in which standard communications are not operational using band 14 frequency. All existing and future AT&T cellular tower sites are required to carry band 14 frequency per an agreement between the First Responder Network Authority and AT&T, as well as the 2012 Spectrum Act.

Staff presented this project to the Parks and Recreation Commission on March 1, 2022, and received approval to proceed with negotiations with AT&T and to forward recommendations to the Planning Commission.

In accordance with the zoning requirements for this use, a public hearing was held for the Conditional Use Permit at the Planning Commission on January 18, 2023. The CUP was approved.

POLICY / RULE

A city may lease property owned, held, or controlled by it for a period not to exceed 55 years. Gov't Code section 37380.

Resolution No. 6047 approved June 22, 1999, provides for the receipt of revenue generated from license agreements for communications facilities within park and recreation lands, and the dedication of those funds to a renovation rehabilitation fund for park improvements.

ANALYSIS

The major terms and conditions of the proposal are highlighted below and were a significant part of both the Parks and Recreation and Planning Commissions' consideration in recommending approval of the agreement and approval of the use permit.

- 1) Construction activity and construction access shall be coordinated with park maintenance staff to minimize impacts to park users and maintenance schedules.
- 2) An initial lease term of 10 years with three automatic renewal terms of 5 years each for a total possible lease term of 25 years.
- 3) A one-time capital improvement fee from the applicant in the amount of \$25,000 which shall be used for park maintenance.
- 4) Initial annual lease rate of \$40,000 with an annual escalator of 3% after the first year for a not to exceed ground area of 1,600 SF.

FINANCIAL IMPACT

The total value of the license agreement, inclusive of renewal option years, would be \$1,483,370.57 over the 25-year period. In addition, New Cingular Wireless has agreed to pay a onetime Park Improvement fee of \$25,000 up front. The City Attorney's Office has reviewed and approved the license agreement as to form.

ENVIRONMENTAL REVIEW

A Mitigated Negative Declaration and Mitigation Monitoring and Reporting Program was approved by Planning Commission on January 18, 2023. No further environmental review is required.

ATTACHMENTS

1. Resolution No. 10986 - A Resolution Authorizing the City Manager to Execute a Communications Site License Agreement Between New Cingular Wireless PCS, LLC, a Delaware Limited Liability Company, and the City of Folsom

Submitted,

Lorraine Poggione,
Parks & Recreation Director

RESOLUTION NO. 10986

A RESOLUTION AUTHORIZING THE CITY MANAGER TO EXECUTE A COMMUNICATIONS SITE LICENSE AGREEMENT BETWEEN NEW CINGULAR WIRELESS PCS, LLC, A DELAWARE LIMITED LIABILITY COMPANY, AND THE CITY OF FOLSOM

WHEREAS, on March 1, 2022, the Parks and Recreation Commission recommended executing a Communications Site License agreement with New Cingular Wireless PCS, LLC, a Delaware limited liability company, a subsidiary of AT&T mobility, at Livermore Community Park; and

WHEREAS, on January 18, 2023, the Planning Commission approved a Conditional Use Permit and found the project would not have significant impacts on the environment as mitigated; and

WHEREAS, upon approval of this resolution, AT&T Mobility must submit construction plans to the Community Development Department for review and approval for issuance of a building permit prior to executing the agreement and prior to commencing construction of an 89' stealth monopine cellular tower, equipment shelter, and back-up generator; and

WHEREAS, the monopine cellular tower would support the First Responder Network Authority FirstNet Program in which first responders have a dedicated communication frequency during emergency situations; and

WHEREAS, the total value of the license agreement, inclusive of renewal option years, would be \$1,483,370.57 over a 25-year period; and

WHEREAS, the one-time payment of \$25,000 shall be deposited to the Park Impact Fee Fund (412).

WHEREAS, the agreement will be in a form acceptable to the City Attorney:

NOW, THEREFORE, BE IT RESOLVED that the City Council of the City of Folsom:

1. Hereby approves Resolution No. 10986 - A Resolution Authorizing the City Manager to Execute a Communications Site License Agreement Between New Cingular Wireless PCS, LLC, a Delaware Limited Liability Company, and the City of Folsom.
2. Directs the Finance Department to deposit the one-time revenue of \$25,000 into the Park Impact Fee Fund (412).

PASSED AND ADOPTED this 14th day of February 2023, by the following roll-call vote:

AYES: Councilmember(s):
NOES: Councilmember(s):
ABSENT: Councilmember(s):
ABSTAIN: Councilmember(s):

Rosario Rodriguez, MAYOR

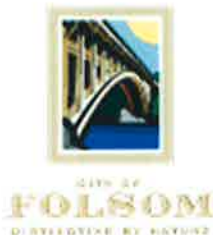
ATTEST:

Christa Freemantle, CITY CLERK

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CITY OF
FOLSOM
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Folsom City Council Staff Report

MEETING DATE:	2/14/2023
AGENDA SECTION:	Consent Calendar
SUBJECT:	Resolution No. 10987 – A Resolution Authorizing the City Manager to Execute a Contract Amendment with R.E.Y. Engineers, Inc. for the Riley Street Sidewalk Feasibility Study and Appropriation of Funds
FROM:	Public Works Department

RECOMMENDATION / CITY COUNCIL ACTION

The Public Works Department recommends that the City Council pass and adopt Resolution No. 10987 – A Resolution Authorizing the City Manager to Execute a Contract Amendment with R.E.Y. Engineers, Inc. for the Riley Street Sidewalk Feasibility Study and Appropriation of Funds.

BACKGROUND / ISSUE

The Riley Street Sidewalk Project has been renamed as the Historic District Connectivity Project to better describe the potential additional scope of the project and the goals of the Active Transportation Program. The scope of the project includes construction of sidewalks along Riley Street between Sutter Street and East Bidwell Street, and on Dean Way between Coloma Street and Theodore Judah Elementary School.

Currently, there are large gaps in the pedestrian infrastructure on Riley Street and no sidewalks on Dean Way. Both roadways are heavily used by pedestrians and being adjacent to Sutter Middle School and Theodore Judah Elementary School, there is a high percentage of student pedestrians. In the few instances where sidewalks do exist on Riley Street, they do not meet the current Americans with Disabilities Act (ADA) requirements. Both locations are identified as high priority projects in the City's Pedestrian Master Plan (June 2014) and have been identified as high priorities in the Final City of Folsom Active Transportation Plan (ATP) that was adopted in 2022.

In October 2019, the City Council approved Resolution No. 10348 – A Resolution Authorizing the City Manager to Execute a Design and Consulting Services Contract with R.E.Y. Engineers, Inc. for the Riley Street Sidewalk Feasibility Study Fiscal Year 2019-20 and Appropriation of Funds.

In July 2020, the City Council approved Resolution No. 10499 – A Resolution Authorizing the City Manager to Execute a Contract Amendment with R.E.Y. Engineers, Inc. for the Riley Street Sidewalk Feasibility Study Fiscal Year 2019-20 and Appropriation of Funds. The amendment provided for the application and submission of a Cycle 5 Statewide Active Transportation (ATP) Grant, administered through the California Department of Transportation (Caltrans), on behalf of the Riley Street Sidewalk Project. An application for the Statewide ATP Grant was submitted, however the project was not selected as a funded project.

In May 2021, the City Council approved Resolution No. 10622 – A Resolution Authorizing the City Manager to Execute a Contract Amendment with R.E.Y. Engineers, Inc. for the Riley Street Sidewalk Feasibility Study Fiscal Year 2019-20 and Appropriation of Funds. The second amendment provided for the application and submission of a Cycle 5 Regional Active Transportation Program (ATP) Grant, administered through the Sacramento Association of Governments (SACOG). An application for the Regional ATP Grant was submitted, however, the project was not selected for funding.

City staff, along with the project team from R.E.Y. Engineers, Inc., met with the California Transportation Commission (CTC) for a de-brief following the results of the Cycle 5 project selections. Valuable input was received as to how these grant applications are scored, resulting in a better understanding of critical application components for future application submittals. City staff and the project team from R.E.Y. Engineers, Inc. once again met with the CTC in March 2022 to further clarify additional project components in preparation for the Cycle 6 Statewide ATP Grant. An application for the Cycle 6 Statewide ATP Grant was submitted, however, the project was again not selected for funding.

In April 2022, the City Council approved Resolution No. 10832 – A Resolution Authorizing the City Manager to Execute a Contract Amendment with R.E.Y. Engineers, Inc. for the preparation and submission of the Cycle 6 Statewide and Regional ATP Grant Application for the Historic District Connectivity Project. The Statewide results were released in October 2022, however the project just narrowly missed being selected as a funded project.

This contract amendment will cover two additional items of work.

- Additional effort was required for the preparation of the Cycle 6 Statewide and Regional applications. It was assumed that R.E.Y. would reuse a large portion of the content from the Cycle 5 grant application. Following additional feedback from the CTC, SACOG, and the public, a large percentage of the application narrative was rewritten, previous exhibits were updated and new exhibits were created. This

additional effort was required to score the maximum points possible on this very competitive grant program.

- R.E.Y. assisted with the preparation of the SACOG Maintenance & Modernization grant application for the East Bidwell Pavement Resurfacing Project. Staff requested assistance on this application from R.E.Y. due to the close proximity of both projects to each other and the overlapping data required for each application. The city ultimately applied for \$1.4 million in funding for this project through this opportunity.

POLICY / RULE

Section 2.36.080, Award of Contracts of the Folsom Municipal Code states, in part, that contracts for supplies, equipment, services, and construction with an estimated value of \$70,952 or greater shall be awarded by City Council.

ANALYSIS

City staff has reviewed the R.E.Y. Engineers, Inc. scope and fee to provide the additional effort required for the Cycle 6 Regional ATP Grant and the SACOG Maintenance & Modernization grant and has determined that the proposed services and fee are consistent with the amount of work necessary to conduct data gathering, public outreach, preparation, and submittal of these grant applications.

Staff will use the City's standard Amendment to Agreement for Design Consulting Services in a form acceptable to the City Attorney.

FINANCIAL IMPACT

The original contract with R.E.Y. Engineers, Inc. for the project Feasibility Study was authorized for \$95,840. Amendment #1 for the Cycle 5 Statewide ATP Grant application was authorized for an additional amount of \$35,678. Amendment #2 for the Cycle 5 Regional SACOG Grant application was authorized for an additional amount of \$6,948. Amendment #3 for the Cycle 6 Statewide and Regional ATP Grant application was authorized for an additional amount of \$55,954. If approved, this fourth amendment would increase the contract amount by \$25,000 to a total not-to-exceed contract amount of \$219,420.

Staff is requesting an additional appropriation in the amount of \$25,000 from the Transportation Improvement Fund (Fund 446) for this project and funds are currently available from fund balance

ENVIRONMENTAL REVIEW

This component of the project has been deemed categorically exempt from environmental review.

ATTACHMENT

Resolution No. 10987 - A Resolution Authorizing the City Manager to Execute a Contract Amendment with R.E.Y. Engineers, Inc. for the Riley Street Sidewalk Feasibility Study and Appropriation of Funds

Submitted,

Mark Rackovan, PUBLIC WORKS DIRECTOR

RESOLUTION NO. 10987**A RESOLUTION AUTHORIZING THE CITY MANAGER TO EXECUTE A CONTRACT AMENDMENT WITH R.E.Y. ENGINEERS, INC. FOR THE RILEY STREET SIDEWALK FEASIBILITY STUDY AND APPROPRIATION OF FUNDS**

WHEREAS, the City of Folsom desires to install sidewalks along Riley Street between Sutter Street and Coloma Street and on Dean Way between Coloma Street and Theodore Judah Elementary School; and

WHEREAS, the City of Folsom desires to improve pedestrian safety for students traveling to and from Sutter Middle School and Theodore Judah Elementary School; and

WHEREAS, the City has determined that the Riley Street Sidewalk Project, now being called the Historic District Connectivity Project, is a good candidate for both the Statewide and Regional Active Transportation Program (ATP) Grants; and

WHEREAS, an additional effort, including re-writing a large portion of the previously used narrative and creating updated exhibits, was required to adequately complete the Cycle 6 ATP Regional application; and

WHEREAS, R.E.Y. Engineers, Inc. assisted with the preparation of the Sacramento Area Council of Governments Maintenance & Modernization grant application for the East Bidwell Pavement Resurfacing Project. Staff requested assistance on this application from R.E.Y. due to the proximity of both projects to each other and the overlapping data required for each application.; and

WHEREAS, funds in the amount of \$25,000 are available in the Transportation Improvement Fund (Fund 446) for Fiscal Year 2022-23; and

WHEREAS, the agreement will be in a form acceptable to the City Attorney: (as applicable to contracts)

NOW, THEREFORE, BE IT RESOLVED that the City Council of the City of Folsom authorizes the City Manager to execute a Contract Amendment with R.E.Y. Engineers, Inc. for the Riley Street Sidewalk Feasibility Study in the amount of \$25,000 for a total not-to-exceed contract amount of \$219,420.

NOW, THEREFORE, BE IT FURTHER RESOLVED that the Finance Director is authorized to appropriate \$25,000 from the Transportation Improvement Fund (Fund 446) for the Riley Street Sidewalk Project.

PASSED AND ADOPTED this 14th day of February 2023, by the following roll-call vote:

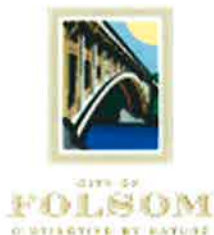
AYES: Councilmember(s):
NOES: Councilmember(s):

ABSENT: Councilmember(s):
ABSTAIN: Councilmember(s):

Rosario Rodriguez, MAYOR

ATTEST:

Christa Freemantle, CITY CLERK



Folsom City Council Staff Report

MEETING DATE:	2/14/2023
AGENDA SECTION:	Consent Calendar
SUBJECT:	Resolution No. 10989 - A Resolution to Reject all Bids for the Community Development Department Building Permit Center
FROM:	Community Development Department

RECOMMENDATION / CITY COUNCIL ACTION

The Community Development Department recommend that the City Council pass and adopt Resolution No. 10989 - A Resolution to Reject all Bids for the Community Development Department Building Permit Center.

BACKGROUND / ISSUE

The Community Development Permit Center has not been updated in over 25 Years. In an effort to modernize and streamline our planning and permit processes, the Community Development Department applied for and received a grant of \$310,000 in 2019 to design and construct an updated Permit Center. The updated Permit Center will add enhanced customer counter stations for planning, engineering, and building services open directly to the lobby. It will create a small break-out conference room adjacent to the public counter for unscheduled customer meetings and project discussions. The grant also covered one-time costs to improve technology for electronic permitting and customer access to information and records.

Planned Permit Counter improvements were put on pause during the pandemic, but some of the grant funds were utilized to support and enhance electronic permitting and plan check. The original design was modified to reflect changes to our permit and plan check systems, customer behaviors, and desire for safety glass to improve security and airborne viruses. Construction drawings were prepared in 2022 and the project was put out to bid in November. Unfortunately, the bids came in over project budget and the project is being modified to reduce project costs in keeping with available funding.

POLICY / RULE

Section 2.36.180, Award of Contracts of the Folsom Municipal Code states, in part, that the City Council may reject any or all bids or proposals when it is for good cause and in the best interests of the City.

ANALYSIS

Public Works staff prepared the bid package and advertised the project through CIPlist.com on October 26, 2022. Bids were received on November 18, 2022. The three bids received are as follows:

- | | |
|--|-----------|
| • J Vila Builders, LLC | \$376,361 |
| • S W Allen Construction, Inc | \$431,980 |
| • Swierstock Enterprise, Inc. dba Pro Builders | \$448,000 |

The Engineer's Estimate for this project was \$225,000. The Public Works Department staff has found the bids to be in order. Due to funding shortfall, staff recommends that all bids be rejected.

FINANCIAL IMPACT

The contract with J Vila Builders, LLC would be for \$376,361 with a ten percent contingency (\$37,636) added to the budget for potential change orders for a total budget of \$413,997. All three bids exceed the current project budget and should be rejected so that the scope of the project can be modified and rebid.

Moving forward, there are two qualifying grant awards to fund the Permit Center construction: the Planning Grants Program and the Local Early Action Planning Grant. The Permit Center project scope will be modified to reduce costs with a maximum construction budget of \$300,000. Staff expects to rebid the Permit Center project in this first quarter, award and execute a contract, and complete construction in 2023.

ENVIRONMENTAL REVIEW

This project has been deemed categorically exempt from environmental review.

ATTACHMENT

Resolution No. 10989 - A Resolution to Reject all Bids for the Community Development Department Building Permit Center Submitted,

A handwritten signature in blue ink, appearing to read 'Pam Johns', with a long horizontal line extending to the right.

Pam Johns, COMMUNITY DEVELOPMENT DIRECTOR

RESOLUTION NO. 10989

**A RESOLUTION TO REJECT ALL BIDS FOR THE
COMMUNITY DEVELOPMENT DEPARTMENT BUILDING PERMIT CENTER**

WHEREAS, the Community Development Department wishes to update their Permit Center; and

WHEREAS, Public Works staff prepared the bid package, publicly advertised, and received bids on November 18, 2022, with J Villa Builders, LLC. being the lowest responsive and responsible bidder at \$376,361; and

WHEREAS, the Engineer’s Estimate is \$225,000; and

WHEREAS, grant funds in the amount of \$300,000 are awarded and budgeted for the project for Fiscal Years 2022-23 and 2023-24; and

WHEREAS, the project will be rescoped to fit the available budget after rejection of all bids and readvertised:

NOW, THEREFORE, BE IT RESOLVED that the City Council of the City of Folsom rejects all bids for the Community Development Permit Center.

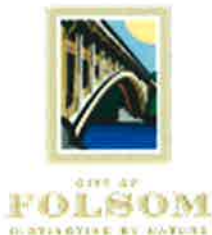
PASSED AND ADOPTED this 14th day of February, 2023, by the following roll-call vote:

- AYES:** Councilmember(s):
- NOES:** Councilmember(s):
- ABSENT:** Councilmember(s):
- ABSTAIN:** Councilmember(s):

Rosario Rodriguez, MAYOR

ATTEST:

Christa Freemantle, CITY CLERK



Folsom City Council Staff Report

MEETING DATE:	2/14/2023
AGENDA SECTION:	New Business
SUBJECT:	Resolution No. 10988 - A Resolution of Consideration of the City Council of the City of Folsom to Amend the Rate and Method of Apportionment for Improvement Area No. 2 within the City of Folsom Community Facilities District No. 23 (Folsom Ranch) and Related Matters
FROM:	Finance Department

RECOMMENDATION / CITY COUNCIL ACTION

It is recommended that the City Council adopt the following resolution:

Resolution No. 10988 - A Resolution of Consideration of the City Council of the City of Folsom to Amend the Rate and Method of Apportionment for Improvement Area No. 2 within the City of Folsom Community Facilities District No. 23 (Folsom Ranch) and Related Matters

BACKGROUND / ISSUE

The Folsom Plan Area Specific Plan Public Facilities Financing Plan (“PFFP”), approved by the City Council on January 28, 2014 via Resolution 9298, is an \$877 million plan that describes the backbone infrastructure and facility requirements, presents a comprehensive financing strategy, and sets forth the estimated time horizon for the development of the Folsom Plan Area (“FPA”).

The City Council previously approved the Resolution of Formation (Resolution No. 10435) on May 26, 2020 to form Community Facilities District No. 23 (Folsom Ranch) (“CFD No. 23”), designate Improvement Area No. 2, authorize a special tax to finance the acquisition and construction of certain public facilities and certain public services, authorize the issuance of debt to finance the public facilities, and establish the appropriations limit and maximum bonded indebtedness for Improvement Area No. 2.

The landowners within Improvement Area No. 2 have requested to amend the Rate and Method of Apportionment to adjust the maximum special tax rates based on the planned development of property within Improvement Area No. 2. The proposed development plan for Improvement Area No. 2 includes 291 units zoned as multi-family low density and 5.1 acres of non-residential use.

The attached resolution begins the proceedings to amend the Rate and Method of Apportionment for Improvement Area No. 2.

If the resolution is approved, a Public Hearing concerning the amendment of Improvement Area No. 2 will be scheduled, along with an election of owners of property within Improvement Area No. 2 for March 28, 2023.

POLICY / RULE

Chapter 5 of the Folsom Plan Area Public Facilities Financing Plan authorizes the formation of CFDs to finance the construction, acquisition, and servicing of FPA backbone infrastructure and public facilities

Section 2.5.3 of the First Amended and Restated Tier 1 Development Agreement authorizes the formation of infrastructure CFDs.

Resolution No. 9282 – A Resolution of the City Council of the City of Folsom Approving Goals and Policies for Community Facilities Districts

Mello-Roos Community Facilities Act of 1982

ANALYSIS

CFD No. 23 is structured as an extended-term CFD and will provide the necessary funding to help fund all or a portion of the project's share of PFFP backbone infrastructure and facilities, including related environmental mitigation obligations. The PFFP backbone infrastructure and facilities will be financed using both bond proceeds and PAYGO special tax revenues. The extended-term CFD structure is proposed to help to meet the challenge of high-cost infrastructure and facilities while also aligning the timing of future funding availability with the need for such funding.

The proposed amendment to the Rate and Method of Apportionment for Improvement Area No. 2 increases the maximum facilities special tax rates for single-family detached property. A comparison of the approved CFD No. 23 Improvement Area No. 2 Rate and Method of Apportionment and the changes proposed within the Amended CFD No. 23 Improvement Area No. 2 Rate and Method of Apportionment is included in Attachment 2.

The special tax revenue generated from taxable parcels within Improvement Area No. 2 will be comprised of a special tax to fund facilities and a special tax to fund services. The amended

2022/23 maximum facilities special tax rates and maximum services special tax rates, for each land use category, are provided in the table below:

Land Use Category	2022/23 Maximum Facilities Special Tax Rate	2022/23 Maximum Services Special Tax Rate	Per
Single-Family Detached Property - SF/SFHD Zoning (All Residential Floor Sizes)	\$2,559.87	\$214.56	Unit
Single-Family Detached Property - MLD Zoning ($\geq 3,600$ square feet)	2,559.87	110.49	Unit
Single-Family Detached Property - MLD Zoning (3,200-3,599 square feet)	2,559.87	110.49	Unit
Single-Family Detached Property - MLD Zoning (2,800-3,199 square feet)	2,559.87	110.49	Unit
Single-Family Detached Property - MLD Zoning (2,400-2,799 square feet)	2,559.87	110.49	Unit
Single-Family Detached Property - MLD Zoning (2,000-2,399 square feet)	2,359.41	110.49	Unit
Single-Family Detached Property - MLD Zoning ($< 2,000$ square feet)	2,123.92	110.49	Unit
MMD Multi-Family Attached Property	31,212.00	536.40	Acre
MHD Multi-Family Attached Property	12,172.68	1,072.80	Acre
Non-Residential Property	12,172.68	1,072.80	Acre

The facilities special tax can be levied and collected through Fiscal Year 2079/80. Each fiscal year, commencing with Fiscal Year 2023/24, the maximum facilities special tax rate will be increased by 2% annually. The services special tax can be levied and collected in perpetuity for Improvement Area No. 2. Each fiscal year, commencing with Fiscal Year 2023/24, the maximum services special tax rate will be increased by the June annualized percentage change of the Consumer Price Index for all Urban Consumers, for the San Francisco-Oakland-San Jose area, not to exceed 4%.

Upon passage of the resolution, a Public Hearing concerning the amendment of Improvement Area No. 2 will be scheduled, along with an election of owners of property within Improvement Area No. 2, for March 28, 2023.

FINANCIAL IMPACT

There is no direct General Fund impact on the City of Folsom. The Improvement Area No. 2 amendment and expenses are solely the responsibility of Improvement Area No. 2. The

General Fund is not impacted by the Improvement Area No. 2 Amended Rate and Method of Apportionment.

ENVIRONMENTAL REVIEW

An Initial Study and Mitigated Negative Declaration prepared for the Folsom Plan Area Backbone Infrastructure Project were previously prepared for, and adopted by the City Council on February 24, 2015, in accordance with the requirements of the California Environmental Quality Act. Pursuant to CEQA Guidelines section 15378(c), the term “project” does not mean each separate governmental approval for an approved activity which may be subject to several discretionary approvals by governmental agencies. Additionally, the creation of government funding mechanisms which do not involve any commitment to any specific project which may result in a potentially significant physical impact on the environment is not defined as a “project” under CEQA. CEQA Guidelines Section 15378(b)(4) and 15061(b)(3).

ATTACHMENTS

1. Resolution No. 10988 - A Resolution of Consideration of the City Council of the City of Folsom to Amend the Rate and Method of Apportionment for Improvement Area No. 2 within the City of Folsom Community Facilities District No. 23 (Folsom Ranch) and Related Matters
2. Redline Amendments to Rate and Method of Apportionment for City of Folsom Community Facilities District No. 23 (Folsom Ranch) Improvement Area 2

Submitted,



Stacey Tamagni
Finance Director

ATTACHMENT 1

RESOLUTION NO. 10988

**A RESOLUTION OF CONSIDERATION OF THE CITY COUNCIL OF
THE CITY OF FOLSOM TO AMEND THE RATE AND METHOD OF
APPORTIONMENT FOR IMPROVEMENT AREA NO. 2 WITHIN THE
CITY OF FOLSOM COMMUNITY FACILITIES DISTRICT NO. 23
(FOLSOM RANCH), AND RELATED MATTERS**

WHEREAS, the City Council (the “City Council”) of the City of Folsom (the “City”) conducted proceedings under and pursuant to the terms and provisions of the “Mello-Roos Community Facilities Act of 1982,” being Chapter 2.5, Part 1, Division 2, Title 5 (beginning with Section 53311) of the Government Code of the State of California (the “Act”), among other things, (i) to form a community facilities district within the City of Folsom, designated and known as “City of Folsom Community Facilities District No. 23 (Folsom Ranch)” (the “Community Facilities District”), (ii) to designate Improvement Area No. 2 therein (“Improvement Area No. 2”), (iii) to authorize a special tax (the “Special Tax”) to finance the acquisition and construction of certain public facilities (the “Facilities”) and certain public services (the “Services”), (iv) to authorize the issuance of debt to finance the Facilities, and (v) to establish the appropriations limit for Improvement Area No. 2 of the Community Facilities District, all as set forth in the City Council’s Resolution No. 10435 (the “Resolution of Formation”), adopted on May 26, 2020; and

WHEREAS, the Facilities and Services authorized to be financed through the Community Facilities District are set forth in Exhibit A and Exhibit B to the Resolution of Formation, respectively; and

WHEREAS, the authorized rate and method of apportionment and manner of collection of the special tax (the “RMA”) for Improvement Area No. 2 of the Community Facilities District is set forth in Exhibit D-2 to the Resolution of Formation; and

WHEREAS, at a special, mailed ballot election held on May 26, 2020, at least two-thirds of the votes eligible to be cast in such election were in favor of levying the special tax in and for Improvement Area No. 2 pursuant to the RMA; and

WHEREAS, the owners of the land subject to the special tax within Improvement Area No. 2 (the “Owners”) have requested that the authority to levy the special taxes be amended to adjust the maximum special tax rates based on the planned development within Improvement Area No. 2; and

WHEREAS, these proposed changes in the authority conferred upon the City Council by the Community Facilities District are referred to herein as the “Proposed Amendments”; and

WHEREAS, there has been no change in the name of the Community Facilities District since its formation, nor is any contemplated here; and

WHEREAS, there has been no change to the Facilities and Services authorized to be financed by the Community Facilities District since the formation of the Community Facilities District, nor is any contemplated here; and

WHEREAS, the original boundaries of the Community Facilities District are shown on the boundary map approved by Resolution No. 10414, adopted on April 14, 2020, which map was recorded in the official records of the County of Sacramento on April 20, 2020, in Book 130 of Maps of Assessment and Community Facilities Districts at page 27; and

WHEREAS, there has been no change to the boundaries of Improvement Area No. 2 within the Community Facilities District since the formation of the Community Facilities District, nor is any contemplated here; and

WHEREAS, no debt has been issued for Improvement Area No. 2 and therefore the changes contemplated herein would not interfere with the timely retirement of any debt; and

WHEREAS, the City Council has determined that the public convenience and necessity require the consideration of the Proposed Amendments; and

WHEREAS, the City Council is fully advised in this matter;

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

Section 1. The City Council hereby specifically finds and declares that the actions authorized hereby constitute and are with respect to public affairs of the City and that the statements, findings and determinations of the City set forth above are true and correct and that the consideration of the Proposed Amendments to the authority conferred upon the City Council by the Community Facilities District is important to the public welfare of the residents of the City, and involve significant public benefits.

Section 2. It is proposed to replace the Rate and Method of Apportionment as set forth in Exhibit D-2 to the Resolution of Formation, with the Amended Rate and Method of Apportionment set forth in Exhibit A attached hereto.

Section 3. The City Council hereby sets Tuesday, March 28, 2023, at 6:30 p.m., or as soon thereafter as the City Council may reach the matter, at the City Hall, 50 Natoma Street, Folsom, CA 95630, as the time and place for a public hearing to be held by the City Council to consider the Proposed Amendments and all other matters set forth in this resolution. At the public hearing, any persons interested, including all taxpayers, property owners, and registered voters within Improvement Area No. 2, may appear and be heard, and the testimony of all interested persons or taxpayers for or against the adoption of the Proposed Amendments or on any other matters set forth herein, will be heard and considered.

Section 4. Any protests to the proposals in this resolution may be made orally or in writing by any interested persons or taxpayers, except that any protests pertaining to the regularity or sufficiency of these proceedings must be in writing and must clearly set forth the irregularities and defects to which objection is made. The City Council may waive any irregularities in the form or content of any written protest and at the public hearing may correct minor defects in the proceedings. All written protests not presented in person by the protester at the public hearing must be filed with the City Clerk at or before the time fixed for the public hearing in order to be

received and considered. Any written protest may be withdrawn in writing at any time before the conclusion of the public hearing.

Section 5. Written protests by a majority of the registered voters residing and registered within Improvement Area No. 2 (if at least six such voters so protest), or by the owners of a majority of the land area within Improvement Area No. 2 not exempt from the special tax, will require suspension of these proceedings for at least one year. If such protests are directed only against certain elements of the Proposed Amendments, only those elements need be excluded from the proceedings.

Section 6. The public hearing may be continued from time to time, but shall be completed within 30 days, except that if the City Council finds that the complexity of the Proposed Amendments or the need for public participation requires additional time, the public hearing may be continued from time to time for a period not to exceed 6 months.

Section 7. At the public hearing, the City Council may modify this resolution by eliminating or modifying (by reducing the extent of) any of the Proposed Amendments.

Section 8. At the conclusion of the public hearing, the City Council may abandon these proceedings or may, after passing upon all protests, determine to proceed with conducting special mailed-ballot elections within Improvement Area No. 2 to determine if the Proposed Amendments should be adopted. If, at the conclusion of the public hearing, the City Council determines to proceed with the elections, it expects that the proposed voting procedure will involve an election by the landowners within Improvement Area No. 2 voting in accordance with the Act, as the City Council is informed that during the 90 days prior to the date set for the hearing, there were no registered voters residing within Improvement Area No. 2. The City Council will require this information to be confirmed before ordering the election.

Section 9. The City Clerk shall give notice of the time and place of the public hearing by publishing a Notice of Public Hearing substantially in the form attached hereto as Exhibit B once in a newspaper of general circulation published in the area of the Community Facilities District, pursuant to section 6061 of the California Government Code, and publication must be completed at least ten (10) days prior to the date set for such public hearing.

Section 10. This Resolution shall take effect from and after its date of adoption.

PASSED AND ADOPTED this 14th day of February, 2023, by the following roll-call vote:

AYES: Councilmember(s):

NOES: Councilmember(s):

ABSENT: Councilmember(s):

ABSTAIN: Councilmember(s):

Rosario Rodriguez, MAYOR

ATTEST:

Christa Freemantle, CITY CLERK

EXHIBIT A

AMENDED RATE AND METHOD OF APPORTIONMENT

**AMENDED RATE AND METHOD OF APPORTIONMENT FOR
CITY OF FOLSOM
COMMUNITY FACILITIES DISTRICT NO. 23
(FOLSOM RANCH)
Improvement Area No. 2**

A Special Tax, as hereinafter defined, shall be levied on each Assessor's Parcel of Taxable Property within the City of Folsom Community Facilities District No. 23 (Folsom Ranch) Improvement Area 2 (CFD No. 23 IA2) and collected each Fiscal Year in an amount determined by the CFD No. 23 IA2 Administrator through the application of the Amended Rate and Method of Apportionment as described below. All of the real property within CFD No. 23 IA2, unless exempted by law or by the provisions hereof, shall be taxed for the purposes, to the extent and in the manner herein provided.

A. GENERAL DEFINITIONS

The terms hereinafter set forth have the following meaning:

"Acre or Acreage" means the land area of an Assessor's Parcel as shown on County records, such as an Assessor's Parcel Map and secured roll data, or if the land area is not shown on an Assessor's Parcel Map, the land area shown on the applicable Large Lot Map, Small Lot Final Subdivision Map, condominium plan, record of survey, or other recorded document creating or describing the parcel. If the preceding maps for a land area are not available, the Acreage of such land area may be determined utilizing available spatial data and GIS. The square footage of an Assessor's Parcel is equal to the Acreage of such parcel multiplied by 43,560.

"Act" means the Mello-Roos Community Facilities Act of 1982, as amended, being Chapter 2.5, Division 2 of Title 5 of the Government Code of the State of California.

"Assessor's Parcel" or "Parcel" means a lot or parcel shown in an Assessor's Parcel Map with an assigned Assessor's Parcel number.

"Assessor's Parcel Map" means an official map of the County Assessor of the County designating lots or parcels by an Assessor's Parcel number.

"Authorized Services" means the landscape corridor, enhanced open space and street light maintenance, services, and expenses authorized to be financed by CFD No. 23 IA2.

"Bond Year" means a one year period beginning on September 2nd in each year and ending on September 1st in the following year, unless defined differently in the applicable Indenture.

"Bonds" means any bonds or other debt (as defined in the Act), whether in one or more series, issued by CFD No. 23 IA2 under the Act.

"CFD No. 23 IA2" means City of Folsom Community Facilities District No. 23 (Folsom Ranch) Improvement Area No. 2.

“CFD No. 23 IA2 Administrator” means the City’s Finance Director, or designee thereof, responsible for determining the Facilities Special Tax Requirement, Services Special Tax Requirement and providing for the levy and collection of the Special Taxes.

“City” means the City of Folsom.

“City Council” means the City Council of the City, acting as the legislative body of CFD No. 23 IA2.

“County” means the County of Sacramento.

“Developed Property” means, for each Fiscal Year, all Taxable Property for which a building permit for new construction was issued prior to June 30 of the previous Fiscal Year.

“Effective Tax Rate Evaluation” means an evaluation of the Total Effective Tax Rate of Residential Property at the time of such evaluation. The Effective Tax Rate Evaluation will be based upon a prepared Price Point Study to determine the Total Effective Tax Rate for Residential Property, based upon the calculated Total Estimated Tax Burden.

“Effective Tax Rate Evaluation Maximum Facilities Special Tax” means the total maximum annual Facilities Special Tax, as determined during the Effective Tax Rate Evaluation, in accordance with the provisions of Section C.2, which may be levied in any Fiscal Year on any Assessor’s Parcel of Taxable Property.

“Effective Tax Rate Evaluation Maximum Facilities Special Tax Rate” means the maximum annual Facilities Special Tax rate for each land use category of Taxable Property that will be set forth in Attachment C, following the Effective Tax Rate Evaluation, which may be levied in any Fiscal Year on any Assessor’s Parcel of Taxable Property.

“Effective Tax Rate Evaluation Minimum Facilities Revenue” means, following the Effective Tax Rate Evaluation, the total minimum amount of CFD No. 23 IA2 Effective Tax Rate Evaluation Maximum Facilities Special Tax, as adjusted annually by the Facilities Special Tax Escalation Factor after the Fiscal Year in which the Effective Tax Rate Evaluation occurs, less any Effective Tax Rate Evaluation Maximum Facilities Special Tax amounts prepaid and permanently satisfied pursuant to Section K. The Effective Tax Rate Evaluation Minimum Facilities Revenue, based on Planned Development, is set forth in Attachment D of this Amended Rate and Method of Apportionment.

“Exempt Property” means all Assessors’ Parcels that are exempt from the Special Tax pursuant to Section F. Assessor’s Parcels exempt from the Special Tax pursuant to Section 53340 of the Act shall also be designated as Exempt Property.

“Facilities Administrative Expenses” means the actual or reasonably estimated costs directly related to the administration of the Facilities Special Tax including, but not limited to, the following: the costs of computing the Facilities Special Tax and preparing the annual Facilities Special Tax collection schedules (whether by the City or designee thereof or both); the costs of collecting the Facilities Special Taxes (whether by the County, the City, or otherwise); the costs of remitting the Facilities 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 Indenture; the costs to the City, CFD No. 23 IA2, or any designee thereof of complying with arbitrage rebate requirements or responding to questions from the IRS or

SEC pertaining to any Bonds or any audit of any Bonds by the SEC or IRS; the costs to the City, CFD No. 23 IA2, or any designee thereof of providing continuing disclosure regarding the Bonds pursuant to applicable state or federal securities law; the costs associated with preparing Facilities Special Tax disclosure statements and responding to public inquiries regarding the Facilities Special Taxes; the costs of the City, CFD No. 23 IA2, or any designee thereof related to any appeal of the levy or application of the Facilities Special Tax; the costs associated with the release of funds from an escrow account, if any; and the costs associated with computing and preparing the Effective Tax Rate Evaluation, including the Price Point Study. Facilities Administrative Expenses shall also include amounts estimated or advanced by the City or CFD No. 23 IA2 for any other administrative purposes, including, but not limited to, attorney's fees and other costs related to commencing and pursuing to completion any foreclosure of delinquent Facilities Special Taxes.

"Facilities Special Tax" means the annual Special Tax to be levied in each Fiscal Year on each Assessor's Parcel of Taxable Property to fund the Facilities Special Tax Requirement.

"Facilities Special Tax Escalation Factor" means two percent (2%) annually.

"Facilities Special Tax Requirement" means that amount of Special Tax revenue required in any Fiscal Year for CFD No. 23 IA2 to: (i) Pay Facilities Administrative Expenses in an amount designated by the City; (ii) pay annual debt service on all Outstanding Bonds due in the Bond Year beginning in such Fiscal Year; (iii) pay other periodic costs on Outstanding Bonds, including but not limited to, credit enhancement and rebate payments on Outstanding Bonds; (iv) pay any amounts required to establish or replenish any reserve funds for all Outstanding Bonds in accordance with the Indenture; (v) pay for reasonably anticipated delinquent Special Taxes based on the delinquency rate for Special Taxes levied in the previous Fiscal Year and known upcoming delinquencies; and (vi) pay for Pay As You Go Costs; less (vii) a credit for funds available to reduce the annual Facilities Special Tax levy as determined by the CFD No. 23 IA2 Administrator pursuant to the Indenture.

"Facilities Special Tax Term" means the earlier of Fiscal Year 2079-2080 or the Fiscal Year occurring 50 years following the Fiscal Year in which the first building permit was issued or the first series of Bonds was issued within CFD No. 23 IA2.

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

"Indenture" means the indenture, fiscal agent agreement, trust agreement, resolution or other instrument pursuant to which Bonds are issued, as modified, amended and/or supplemented from time to time, and any instrument replacing or supplementing the same.

"Large Lot Map" means a recorded subdivision map creating larger parcels by land use. The Large Lot Map does not create individual lots for which building permits may be issued for single-family Residential Units.

"Large Lot Property" means, for each Fiscal Year, all Taxable Property for which a Large Lot Map was recorded prior to June 30 of the previous Fiscal Year, excluding any portion(s) thereof classified as Developed Property, Small Lot Final Map Property, or Permit Ready Multi-Family/Non-Residential Property. Large Lot Property also means, for each Fiscal Year, all Taxable Property classified as Small Lot Final Map Remainder Property as of June 30 of the previous Fiscal Year.

“Maximum Facilities Special Tax” means the total maximum annual Facilities Special Tax, determined in accordance with the provisions of Section C, which may be levied in any Fiscal Year on any Assessor’s Parcel of Taxable Property.

“Maximum Facilities Special Tax Rate” means the maximum annual Facilities Special Tax rate for each land use category of Taxable Property, as shown in Attachment A, which may be levied in any Fiscal Year on any Assessor’s Parcel of Taxable Property.

“Maximum Services Special Tax” means the total maximum annual Services Special Tax, determined in accordance with the provisions of Section D, which may be levied in any Fiscal Year on any Assessor’s Parcel of Taxable Property.

“Maximum Services Special Tax Rate” means the maximum annual Services Special Tax rate for each land use category of Taxable Property, as shown in Attachment A, which may be levied in any Fiscal Year on any Assessor’s Parcel of Taxable Property.

“Maximum Special Tax” means the total annual Maximum Facilities Special Tax (or Effective Tax Rate Evaluation Maximum Facilities Special Tax) and Maximum Services Special Tax, determined in accordance with the provisions of Section C and Section D, which may be levied in any Fiscal Year on any Assessor’s Parcel of Taxable Property.

“Maximum Total Effective Tax Rate” means 1.80%, unless the City determines, in its sole discretion, that a higher Maximum Total Effective Tax Rate is appropriate.

“MHD Multi-Family Attached Property” means all Assessor’s Parcels for which a building permit could be issued for purposes of constructing one or more attached Residential Units per Assessor’s Parcel with a permitted density range of greater than 20 Residential Units per Acre and more fully described in the Folsom Plan Area Specific Plan adopted on June 28, 2011, and as amended by the City Council. MHD Multi-Family Attached Property shall also include an Assessor’s Parcel or that portion of an Assessor’s Parcel designated as a Mixed Use Residential Parcel.

“Minimum Facilities Revenue” means the minimum amount of total CFD No. 23 IA2 Maximum Facilities Special Tax, as adjusted annually by the Facilities Special Tax Escalation Factor, less any Maximum Facilities Special Tax amounts prepaid and permanently satisfied pursuant to Section K. The Minimum Facilities Revenue, based on Planned Development, is set forth in Attachment B of this Amended Rate and Method of Apportionment.

“Mixed Use Residential Parcel” means a mixed use Assessor’s Parcel that is designated for residential land use. If the mixed use Assessor’s Parcel contains a combination of residential land use and non-residential land use, only that portion of an Assessor’s Parcel designated for residential land use shall be classified as a Mixed Use Residential Parcel and the remaining non-residential land use of the Assessor’s Parcel shall be classified as Non-Residential Property.

“MMD Multi-Family Attached Property” means all Assessor’s Parcels for which a building permit could be issued for purposes of constructing one or more attached Residential Units per Assessor’s Parcel with a permitted density range of 12-20 Residential Units per Acre and more fully described in the Folsom Plan Area Specific Plan adopted on June 28, 2011 and as amended by the City Council.

“Non-Residential Property” means, for each Fiscal Year, all Taxable Property for which a building permit could be issued for purposes of constructing non-residential buildings.

“Open Space Property” means property within the boundaries of CFD No. 23 IA2 which (a) has been designated with specific boundaries and acreage on a Small Lot Final Subdivision Map as open space, or (b) is classified by the City zoning code or County Assessor as open space, or (c) has been irrevocably offered for dedication as open space to the federal government, the State of California, the County, the City, any other public agency, a private, non-profit organization, or (d) is encumbered by an easement or other restriction required by the City limiting the use of such property to open space.

“Outstanding Bonds” means all Bonds, which remain outstanding as defined in the Indenture pursuant to which such Bonds were issued.

“Pay as You Go Costs” means that portion of the Facilities Special Tax Requirement attributable to the direct payment for the acquisition and/or construction of public improvements, which are authorized to be financed by CFD No. 23 IA2.

“Permit Ready Multi-Family/Non-Residential Property” means an Assessor’s Parcel of Taxable Property zoned for multi-family or non-residential land use for which all discretionary entitlements have been obtained, including without limitation, development plan review and improvement plan approval, such that building permits may be issued without further approvals for the construction of multi-family Residential Units or non-residential buildings within such Assessor’s Parcel. The City shall have sole discretion, based upon available development information, in classifying an Assessor’s Parcel as Permit Ready Multi-Family/Non-Residential Property.

“Planned Development” means the planned number of Residential Units, MHD Multi-Family Attached Property Acreage, MMD Multi-Family Attached Property Acreage, and Non-Residential Property Acreage planned within CFD No. 23 IA2, set forth in Attachment B or, following the Effective Tax Rate Evaluation, Attachment D of this Amended Rate and Method of Apportionment, as amended by the future recordation of all Large Lot Maps and Small Lot Final Subdivision Maps within CFD No. 23 IA2.

“Price Point Study” means an analysis, prepared by an independent firm, to verify the estimated average sales price within each land use category of Residential Property given the project location and current market conditions.

“Property Owner Association Property” means any property within the boundaries of CFD No. 23 IA2, which is (a) owned by a property owner association or (b) designated with specific boundaries and Acreage on a Small Lot Final Subdivision Map as property owner association property. As used in this definition, a property owner association includes any master or sub-association.

“Proportionately” means for Taxable Property that the ratio of the Facilities Special Tax levy to the Maximum Facilities Special Tax (or Effective Tax Rate Evaluation Maximum Facilities Special Tax) and the Services Special Tax levy to the Maximum Services Special Tax is equal for all Assessors’ Parcels within each classification (Developed Property, Single Family Final Map Property, Permit Ready Multi-Family/Non-Residential Property, Large Lot Property, etc.) within CFD No. 23 IA2.

“Public Property” means any property within the boundaries of CFD No. 23 IA2, which (a) is owned by a public agency, (b) has been irrevocably offered for dedication to a public agency, or (c) is designated with specific boundaries and Acreage on a Small Lot Final Subdivision Map as property, which will be owned by a public agency. For purposes of this definition, a public agency includes the federal government, the State of California, the County, the City, or any other public agency.

“Residential Floor Area” means all of the square footage of living area within the perimeter of a residential structure, not including any carport, walkway, garage, overhang, patio, enclosed patio, or similar area. The determination of Residential Floor Area shall be made by the CFD No. 23 IA2 Administrator by reference to appropriate records kept by the City’s building department. Residential Floor Area for a residential structure will be based on the building permit(s) issued for such structure prior to it being classified as Developed Property and shall not change as a result of additions or modifications made to such structure after such classification as Developed Property.

“Residential Lot” means an individual lot of land for which a building permit could be issued to construct a Residential Unit.

“Residential Property” means, for each Fiscal Year, all Taxable Property for which a building permit could be issued for purposes of constructing Residential Units, including Single-Family Detached Property – SF/SFHD Zoning, Single-Family Detached Property – MLD Zoning, MHD Multi-Family Attached Property, and MMD Multi-Family Attached Property.

“Residential Unit” means a residential dwelling unit, not including guest quarters or “granny flats” as allowed by the City zoning code.

“Services Administrative Expenses” means the actual or reasonably estimated costs directly related to the administration of the Services Special Tax including, but not limited to, the following: the costs of computing the Services Special Taxes and preparing the annual Services Special Tax collection schedules (whether by the City or designee thereof or both); the costs of collecting the Services Special Taxes (whether by the County, the City, or otherwise); the costs associated with preparing Special Tax disclosure statements and responding to public inquiries regarding the Services Special Tax; and the costs of the City, CFD No. 23 IA2, or any designee thereof related to any appeal of the levy or application of the Services Special Tax. Services Administrative Expenses shall also include amounts estimated or advanced by the City or CFD No. 23 IA2 for any other administrative purposes related to the Services Special Tax.

“Services Special Tax” means the annual Special Tax to be levied in each Fiscal Year on each Assessor’s Parcel of Taxable Property to fund the Services Special Tax Requirement.

“Services Special Tax Escalation Factor” means the June annualized percentage change of the Consumer Price Index for all Urban Consumers, for the San Francisco-Oakland-San Jose area, not to exceed four percent (4%). In the event that the percentage change is negative, the Services Special Tax Escalation Factor shall be equal to zero.

“Services Special Tax Requirement” means the amount of Services Special Tax revenue required in any Fiscal Year for CFD No. 23 IA2 to: (i) Pay Services Administrative Expenses in an amount designated by the City; (ii) pay Authorized Services expenses; (iii) pay any amounts required to establish or replenish any repair and contingency funds, capital improvement funds, or reserve funds related to

the Authorized Services expenses; (iv) cover any shortfalls that exist if, in any Fiscal Year, the levy of the Facilities Special Tax on each Assessor's Parcel of Taxable Property is insufficient to pay the Facilities Special Tax Requirement in that Fiscal Year. Facilities Special Tax Requirement shortfalls shall not include Pay As You Go Costs, and (v) pay for reasonably anticipated delinquent Services Special Taxes based on the delinquency rate for Services Special Taxes levied in the previous Fiscal Year; less (vi) a credit for funds available to reduce the annual Services Special Tax levy as determined by the CFD No. 23 IA2 Administrator.

"Single-Family Detached Property – MLD Zoning" means, for each Fiscal Year, all Taxable Property for which a building permit could be issued for purposes of constructing one or more detached or attached Residential Units with a permitted density range of 7-12 Residential Units per Acre and more fully described in the Folsom Plan Area Specific Plan adopted on June 28, 2011, and as amended by the City Council.

"Single-Family Detached Property – SF/SFHD Zoning" means, for each Fiscal Year, all Taxable Property for which a building permit could be issued for purposes of constructing one or more Residential Units. Single-Family Detached Property – SF/SFHD Zoning shall consist of either single-family property with a permitted density range of 1-4 Residential Units per Acre or single-family high density property with a permitted density range of 4-7 Residential Units per Acre, which is more fully described in the Folsom Plan Area Specific Plan adopted on June 28, 2011 and as amended by the City Council.

"Special Tax" means the annual Facilities Special Tax and Services Special Tax to be levied in each Fiscal Year on each Assessor's Parcel of Taxable Property to fund the Facilities Special Tax Requirement and the Services Special Tax Requirement.

"Small Lot Final Map Property" means, for each Fiscal Year, all Taxable Property for which a Small Lot Final Subdivision Map was recorded prior to June 30 of the previous Fiscal Year.

"Small Lot Final Map Remainder Property" means an Assessor's Parcel that is created from the subdivision of Large Lot Property by the recordation of a Small Lot Final Subdivision Map that has not yet been mapped for final development approval. Small Lot Final Map Remainder Property is that portion of property for which the Small Lot Final Subdivision Map definition does not apply (i.e., does not contain individual lots for which building permits may be issued for Residential Units without further subdivision of such property). Each Fiscal Year, all Taxable Property classified as Small Lot Final Map Remainder Property, as of June 30 of the previous Fiscal Year, will be considered Large Lot Property.

"Small Lot Final Subdivision Map" means a subdivision of property created by recordation of a final subdivision map, parcel map or lot line adjustment, approved by the City pursuant to the Subdivision Map Act (California Government Code Section 66410 et seq.) or recordation of a condominium plan pursuant to California Civil Code 1352, that creates individual lots for which building permits may be issued for Residential Units without further subdivision of such property.

"State" means the State of California.

"Taxable Property" means all of the Assessor's Parcels within the boundaries of CFD No. 23 IA2 that are not exempt from the CFD No. 23 IA2 Special Tax pursuant to law or Section F below.

“Total Effective Tax Rate” means the percentage of the Total Estimated Tax Burden as compared to the estimated average sales price identified in the Price Point Study for each land use category of Residential Property.

“Total Estimated Tax Burden” means the total amount of overlapping property taxes anticipated to be levied upon a Residential Unit, based upon the estimated average sales price identified in the Price Point Study and existing property tax rates for the current Fiscal Year. Existing property tax rates shall reflect the actual property tax rates levied upon Taxable Property in the Fiscal Year that the Effective Tax Rate Evaluation is completed.

“Trustee” means the entity appointed pursuant to an Indenture to act as the trustee, fiscal agent, or paying agent or a combination thereof.

“Undeveloped Property” means, for each Fiscal Year, all Taxable Property not classified as Developed Property, Small Lot Final Map Property, Permit Ready Multi-Family/Non-Residential Property, or Large Lot Property.

B. ASSIGNMENT TO LAND USE CATEGORIES

Each Fiscal Year, using City and County records, City zoning information, and land use development plans, all Assessor’s Parcels within the boundaries of CFD No. 23 IA2 shall be designated as either Taxable Property or Tax-Exempt Property.

All Taxable Property shall be further classified as Developed Property, Small Lot Final Map Property, Permit Ready Multi-Family/Non-Residential Property, Large Lot Property, or Undeveloped Property and shall be subject to the levy of the annual Special Tax determined pursuant to Sections C and D below.

C. FACILITIES SPECIAL TAX

A Maximum Facilities Special Tax shall be assigned to all Taxable Property within CFD No. 23 IA2 according to the Maximum Facilities Special Tax Rates set forth in Attachment A of this Amended Rate and Method of Apportionment.

Once assigned, the sum of the total Maximum Facilities Special Tax shall be equal to or greater than the Minimum Facilities Revenue, unless adjusted by an Effective Tax Rate Evaluation as described below. The Minimum Facilities Revenue for Fiscal Year 2022-2023 is set forth in Attachment B of this Amended Rate and Method of Apportionment.

On each July 1, commencing on July 1, 2023, the Maximum Facilities Special Tax Rates and Minimum Facilities Revenue shall be increased by the Facilities Special Tax Escalation Factor of the Maximum Facilities Special Tax Rates and Minimum Facilities Revenue in effect for the previous Fiscal Year.

C.1. Future Assessor's Parcel Changes – Prior to an Effective Tax Rate Evaluation

The Maximum Facilities Special Tax shall be assigned to all future Assessor's Parcel(s) created from a subdivision, lot line adjustment, or merger of one or more Assessor's Parcels so that the revised sum of the total Maximum Facilities Special Tax revenue is not less than the Minimum Facilities Revenue set forth in Attachment B of this Amended Rate and Method of Apportionment.

Undeveloped Property Subdividing into Large Lot Property

When Undeveloped Property subdivides into Large Lot Property, the Maximum Facilities Special Tax shall be calculated for all Taxable Property as if all of the Taxable Property was classified as Developed Property. The expected Developed Property Maximum Facilities Special Tax for any Large Lot Property and any remaining Undeveloped Property shall be based upon the Planned Development for the Large Lot Property and remaining Undeveloped Property.

If the sum of the total expected Developed Property Maximum Facilities Special Tax generated by all of the Taxable Property is greater than or equal to the Minimum Facilities Revenue, there will be no further adjustments to the Developed Property, Small Lot Final Map Property and Permit Ready Multi-Family/Non-Residential Property Maximum Facilities Special Tax Rates for the Large Lot Property created from the Undeveloped Property subdivision.

If the sum of the total expected Developed Property Maximum Facilities Special Tax is less than the Minimum Facilities Revenue, the Developed Property, Small Lot Final Map Property and Permit Ready Multi-Family/Non-Residential Property Maximum Facilities Special Tax Rates shall be Proportionately increased, on the Large Lot Property created from the Undeveloped Property subdivision, until the sum of the total expected Developed Property Maximum Facilities Special Tax is equal to the Minimum Facilities Revenue. Further, if the sum of the total current Maximum Facilities Special Tax is less than the Minimum Facilities Revenue, the Maximum Facilities Special Tax Rates for the Large Lot Property and any remaining Undeveloped Property created from the Undeveloped Property subdivision shall be Proportionately increased until the sum of the total current Maximum Facilities Special Tax is equal to the Minimum Facilities Revenue. Attachment B of this Amended Rate and Method of Apportionment shall be updated to reflect any increases to the Maximum Facilities Special Tax Rates from the Undeveloped Property subdivision. The Developed Property, Small Lot Final Map Property and Permit Ready Multi-Family/Non-Residential Property Maximum Facilities Special Tax Rates shall not be adjusted for any Taxable Property already classified as Developed Property, Small Lot Final Map Property or Permit Ready Multi-Family/Non-Residential Property.

Large Lot Property Subdividing into Small Lot Final Map Property and Permit Ready Multi-Family/Non-Residential Property

When Large Lot Property subdivides into Small Lot Final Map Property or Permit Ready Multi-Family/Non-Residential Property, the Maximum Facilities Special Tax shall be calculated for all Taxable Property as if all of the Taxable Property was classified as Developed Property. If the Large Lot Property subdivision also creates Small Lot Final Map Remainder Property, the expected Developed Property Maximum Facilities Special Tax for the Small Lot Final Map Remainder Property shall be based upon the Planned Development for the Small Lot Final Map Remainder Property. The expected Developed Property Maximum Facilities Special Tax for any remaining Large Lot Property and Undeveloped Property shall be based upon the Planned Development of the Large Lot Property and the Undeveloped Property.

If the sum of the total expected Developed Property Maximum Facilities Special Tax is greater than or equal to the Minimum Facilities Revenue, there will be no further adjustments to the Developed Property, Small Lot Final Map Property and Permit Ready Multi-Family/Non-Residential Property Maximum Facilities Special Tax Rates for the Small Lot Final Map Property, Small Lot Final Map Remainder Property and Permit Ready Multi-Family/Non-Residential Property created from the Large Lot Property subdivision.

If the sum of the total expected Developed Property Maximum Facilities Special Tax is less than the Minimum Facilities Revenue, and such difference is not eliminated by the full or partial prepayment of the Effective Tax Rate Evaluation Maximum Facilities Special Tax pursuant to Section K, the Developed Property, Small Lot Final Map Property and Permit Ready Multi-Family/Non-Residential Property Maximum Facilities Special Tax Rates shall be Proportionately increased, on the Small Lot Final Map Property, Small Lot Final Map Remainder Property and Permit Ready Multi-Family/Non-Residential Property created from the Large Lot Property subdivision, until the sum of the total expected Developed Property Maximum Facilities Special Tax is equal to the Minimum Facilities Revenue. Attachment B of this Amended Rate and Method of Apportionment shall be updated to reflect any increases to the Maximum Facilities Special Tax Rates from the Large Lot Property subdivision. The Developed Property, Small Lot Final Map Property and Permit Ready Multi-Family/Non-Residential Property Maximum Facilities Special Tax Rates shall not be adjusted for any Taxable Property already classified as Developed Property, Small Lot Final Map Property or Permit Ready Multi-Family/Non-Residential Property created prior to the Large Lot Property subdivision.

C.2. Effective Tax Rate Evaluation

Prior to the issuance of the first building permit or the first series of Bonds within CFD No. 23 IA2, whichever comes earlier, an Effective Tax Rate Evaluation will be completed. Following the Effective Tax Rate Evaluation, Attachment C of this Amended Rate and Method of Apportionment will be updated to reflect the Effective Tax Rate Evaluation Maximum Facilities Special Tax Rate for all Taxable Property in CFD No. 23 IA2.

Effective Tax Rate Evaluation Maximum Facilities Special Tax Rates

As part of the Effective Tax Rate Evaluation, a Price Point Study will be prepared and estimated average sales prices will be established for each Residential Property land use category. Using the estimated average sales price information determined in the Price Point Study, the Total Estimated Tax Burden and Total Effective Tax Rate will be calculated, using the Developed Property Maximum Facilities Special Tax Rates set forth in Attachment A, for each Residential Property land use category. If the calculated Total Effective Tax Rate is less than or equal to the Total Maximum Effective Tax Rate for a Residential Property land use category, the Maximum Facilities Special Tax Rate shall not be adjusted and will be assigned using the Developed Property Maximum Facilities Special Tax Rates set forth in Attachment A. Attachment C of this Amended Rate and Method of Apportionment will be updated to set forth the Developed Property Effective Tax Rate Evaluation Maximum Facilities Special Tax Rate for each Residential Property land use category.

If the Total Effective Tax Rate for any Residential Property land use category exceeds the Total Maximum Effective Tax Rate, the Developed Property Maximum Facilities Special Tax Rate set forth in Attachment A shall be reduced until the Total Effective Tax Rate is less than or equal to

the Total Maximum Effective Tax Rate for that Residential Property land use category. Attachment C of this Amended Rate and Method of Apportionment will be updated to set forth the Developed Property Effective Tax Rate Evaluation Maximum Facilities Special Tax Rate for each Residential Property land use category.

Effective Tax Rate Evaluation Minimum Facilities Revenue

As a result of the Effective Tax Rate Evaluation, if the calculated Total Effective Tax Rate is less than or equal to the Total Maximum Effective Tax Rate for a Residential Property land use category used in the Minimum Facilities Revenue calculation, the Developed Property Maximum Facilities Special Tax Rate for the applicable Residential Property land use category shall not be adjusted and the Effective Tax Rate Evaluation Developed Property Maximum Facilities Special Tax Rate will be assigned using the Developed Property Maximum Facilities Special Tax Rates set forth in Attachment B. Attachment D of this Amended Rate and Method of Apportionment will be updated to set forth the Developed Property Effective Tax Rate Evaluation Maximum Facilities Special Tax Rate for each Residential Property land use category and the Effective Tax Rate Evaluation Minimum Facilities Revenue.

If the calculated Total Effective Tax Rate exceeds the Total Maximum Effective Tax Rate for a Residential Property land use category used in the Minimum Facilities Revenue calculation, the Effective Tax Rate Evaluation Developed Property Maximum Facilities Special Tax Rate will be assigned using the Developed Property Effective Tax Rate Evaluation Maximum Facilities Special Tax Rates set forth in Attachment C. Attachment D of this Amended Rate and Method of Apportionment will be updated to set forth the Developed Property Effective Tax Rate Evaluation Maximum Facilities Special Tax Rate for each Residential Property land use category and the Effective Tax Rate Evaluation Minimum Facilities Revenue.

C.3. Future Assessor's Parcel Changes – After an Effective Tax Rate Evaluation

The Effective Tax Rate Evaluation Maximum Facilities Special Tax shall be assigned to all future Assessor's Parcel(s) created from a subdivision, lot line adjustment, or merger of one or more Assessor's Parcels so that the revised sum of the total Effective Tax Rate Evaluation Maximum Facilities Special Tax revenue is not less than the total Effective Tax Rate Evaluation Minimum Facilities Revenue set forth in Attachment D of this Amended Rate and Method of Apportionment.

Undeveloped Property Subdividing into Large Lot Property

When Undeveloped Property subdivides into Large Lot Property, the Effective Tax Rate Evaluation Maximum Facilities Special Tax shall be calculated for all Taxable Property as if all of the Taxable Property was classified as Developed Property. The expected Developed Property Effective Tax Rate Evaluation Maximum Facilities Special Tax for any Large Lot Property and any remaining Undeveloped Property shall be based upon the Planned Development for the Large Lot Property and remaining Undeveloped Property.

If the sum of the total expected Developed Property Effective Tax Rate Evaluation Maximum Facilities Special Tax generated by all of the Taxable Property is greater than or equal to the Effective Tax Rate Evaluation Minimum Facilities Revenue, there will be no further adjustments to the Developed Property, Small Lot Final Map Property and Permit Ready Multi-Family/Non-Residential Property Effective Tax Rate Evaluation Maximum Facilities Special Tax Rates for the Large Lot Property created from the Undeveloped Property subdivision.

If the sum of the total expected Developed Property Effective Tax Rate Evaluation Maximum Facilities Special Tax is less than the Effective Tax Rate Evaluation Minimum Facilities Revenue, the Developed Property, Small Lot Final Map Property and Permit Ready Multi-Family/Non-Residential Property Effective Tax Rate Evaluation Maximum Facilities Special Tax Rates shall be Proportionately increased, on the Large Lot Property created from the Undeveloped Property subdivision, until the sum of the total expected Developed Property Effective Tax Rate Evaluation Maximum Facilities Special Tax is equal to the Effective Tax Rate Evaluation Minimum Facilities Revenue. Further, if the sum of the total current Effective Tax Rate Evaluation Maximum Facilities Special Tax is less than the Effective Tax Rate Evaluation Minimum Facilities Revenue, the Effective Tax Rate Evaluation Maximum Facilities Special Tax Rates for the Large Lot Property and any remaining Undeveloped Property created from the Undeveloped Property subdivision shall be Proportionately increased until the sum of the total current Effective Tax Rate Evaluation Maximum Facilities Special Tax is equal to the Effective Tax Rate Evaluation Minimum Facilities Revenue. Attachment D of this Amended Rate and Method of Apportionment shall be updated to reflect any increases to the Effective Tax Rate Evaluation Maximum Facilities Special Tax Rates from the Undeveloped Property subdivision. The Developed Property, Small Lot Final Map Property and Permit Ready Multi-Family/Non-Residential Property Effective Tax Rate Evaluation Maximum Facilities Special Tax Rates shall not be adjusted for any Taxable Property already classified as Developed Property, Small Lot Final Map Property or Permit Ready Multi-Family/Non-Residential Property.

Large Lot Property Subdividing into Small Lot Final Map Property and Permit Ready Multi-Family/Non-Residential Property

When Large Lot Property subdivides into Small Lot Final Map Property or Permit Ready Multi-Family/Non-Residential Property, the Effective Tax Rate Evaluation Maximum Facilities Special Tax shall be calculated for all Taxable Property as if all of the Taxable Property was classified as Developed Property. If the Large Lot Property subdivision also creates Small Lot Final Map Remainder Property, the expected Developed Property Effective Tax Rate Evaluation Maximum Facilities Special Tax for the Small Lot Final Map Remainder Property shall be based upon the Planned Development for the Small Lot Final Map Remainder Property. The expected Developed Property Effective Tax Rate Evaluation Maximum Facilities Special Tax for any remaining Large Lot Property and Undeveloped Property shall be based upon the Planned Development of the Large Lot Property and the Undeveloped Property.

If the sum of the total expected Developed Property Effective Tax Rate Evaluation Maximum Facilities Special Tax is greater than or equal to the Effective Tax Rate Evaluation Minimum Facilities Revenue, there will be no further adjustments to the Developed Property, Small Lot Final Map Property and Permit Ready Multi-Family/Non-Residential Property Effective Tax Rate Evaluation Maximum Facilities Special Tax Rates for the Small Lot Final Map Property, Small Lot Final Map Remainder Property and Permit Ready Multi-Family/Non-Residential Property created from the Large Lot Property subdivision.

If the sum of the total expected Developed Property Effective Tax Rate Evaluation Maximum Facilities Special Tax is less than the Effective Tax Rate Evaluation Minimum Facilities Revenue, and such difference is not eliminated by the full or partial prepayment of the Effective Tax Rate Evaluation Maximum Facilities Special Tax pursuant to Section K, the Developed Property, Small Lot Final Map Property and Permit Ready Multi-Family/Non-Residential Property Effective Tax

Rate Evaluation Maximum Facilities Special Tax Rates shall be Proportionately increased, on the Small Lot Final Map Property, Small Lot Final Map Remainder Property and Permit Ready Multi-Family/Non-Residential Property created from the Large Lot Property subdivision, until the sum of the total expected Developed Property Effective Tax Rate Evaluation Maximum Facilities Special Tax is equal to the Effective Tax Rate Evaluation Minimum Facilities Revenue. Attachment D of this Amended Rate and Method of Apportionment shall be updated to reflect any increases to the Effective Tax Rate Evaluation Maximum Facilities Special Tax Rates from the Large Lot Property subdivision. The Developed Property, Small Lot Final Map Property and Permit Ready Multi-Family/Non-Residential Property Effective Tax Rate Evaluation Maximum Facilities Special Tax Rates shall not be adjusted for any Taxable Property already classified as Developed Property, Small Lot Final Map Property or Permit Ready Multi-Family/Non-Residential Property created prior to the Large Lot Property subdivision.

C.4. Method of Apportionment of Facilities Special Tax

Using the definitions and procedures described herein, the CFD No. 23 IA2 Administrator shall determine the Facilities Special Tax Requirement and levy the Facilities Special Tax until the amount of Facilities Special Taxes equals the Facilities Special Tax Requirement. The Facilities Special Tax shall be levied each Fiscal Year as follows:

Prior to an Effective Tax Rate Evaluation

First: The Facilities Special Tax shall be levied Proportionately on all Developed Property at a rate up to 100% of the Maximum Facilities Special Tax in order to satisfy the Facilities Special Tax Requirement.

Second: If additional monies are needed to satisfy the Facilities Special Tax Requirement after the first step has been completed, the Facilities Special Tax shall be levied Proportionately on all Small Lot Final Map Property at a rate up to 100% of the Maximum Facilities Special Tax. The Facilities Special Tax shall be levied on Small Lot Final Map Property for the entire portion of the Facilities Special Tax Requirement, excluding only Pay As You Go Costs.

Third: If additional monies are needed to satisfy the Facilities Special Tax Requirement after the first two steps have been completed, the Facilities Special Tax shall be levied Proportionately on all Permit Ready Multi-Family/Non-Residential Property at a rate up to 100% of the Maximum Facilities Special Tax. The Facilities Special Tax shall be levied on Permit Ready Multi-Family/Non-Residential Property for the entire portion of the Facilities Special Tax Requirement, excluding only Pay As You Go Costs.

Fourth: If additional monies are needed to satisfy the Facilities Special Tax Requirement after the first three steps have been completed, the Facilities Special Tax shall be levied Proportionately on all Large Lot Property at a rate up to 100% of the Maximum Facilities Special Tax. The Facilities Special Tax shall be levied on Large Lot Property for the entire portion of the Facilities Special Tax Requirement, excluding only Pay As You Go Costs.

Fifth: If additional monies are needed to satisfy the Facilities Special Tax Requirement after the first four steps have been completed, the Facilities Special Tax shall be levied Proportionately on all Undeveloped Property at a rate up to 100% of the Maximum Facilities Special Tax. The Facilities Special Tax shall be levied on Undeveloped Property for the entire portion of the Facilities Special Tax Requirement, excluding only Pay As You Go Costs.

After an Effective Tax Rate Evaluation

First: The Facilities Special Tax shall be levied Proportionately on all Developed Property at a rate up to 100% of the Effective Tax Rate Evaluation Maximum Facilities Special Tax in order to satisfy the Facilities Special Tax Requirement.

Second: If additional monies are needed to satisfy the Facilities Special Tax Requirement after the first step has been completed, the Facilities Special Tax shall be levied Proportionately on all Small Lot Final Map Property at a rate up to 100% of the Effective Tax Rate Evaluation Maximum Facilities Special Tax. The Facilities Special Tax shall be levied on Small Lot Final Map Property for the entire portion of the Facilities Special Tax Requirement, excluding only Pay As You Go Costs.

Third: If additional monies are needed to satisfy the Facilities Special Tax Requirement after the first two steps have been completed, the Facilities Special Tax shall be levied Proportionately on all Permit Ready Multi-Family/Non-Residential Property at a rate up to 100% of the Effective Tax Rate Evaluation Maximum Facilities Special Tax. The Facilities Special Tax shall be levied on Permit Ready Multi-Family/Non-Residential Property for the entire portion of the Facilities Special Tax Requirement, excluding only Pay As You Go Costs.

Fourth: If additional monies are needed to satisfy the Facilities Special Tax Requirement after the first three steps have been completed, the Facilities Special Tax shall be levied Proportionately on all Large Lot Property at a rate up to 100% of the Effective Tax Rate Evaluation Maximum Facilities Special Tax. The Facilities Special Tax shall be levied on Large Lot Property for the entire portion of the Facilities Special Tax Requirement, excluding only Pay As You Go Costs.

Fifth: If additional monies are needed to satisfy the Facilities Special Tax Requirement after the first four steps have been completed, the Facilities Special Tax shall be levied Proportionately on all Undeveloped Property at a rate up to 100% of the Effective Tax Rate Evaluation Maximum Facilities Special Tax. The Facilities Special Tax shall be levied on Undeveloped Property for the entire portion of the Facilities Special Tax Requirement, excluding only Pay As You Go Costs.

D. SERVICES SPECIAL TAX

A Services Special Tax shall be assigned to all Taxable Property within CFD No. 23 IA2 according to the Maximum Services Special Tax Rates set forth in Attachment A of this Amended Rate and Method of Apportionment.

D.1. Increase in the Maximum Services Special Tax

On each July 1, commencing on July 1, 2023, the Maximum Services Special Tax Rates shall be increased by the Services Special Tax Escalation Factor of the Maximum Services Special Tax Rates in effect for the previous Fiscal Year.

D.2. Method of Apportionment of Services Special Tax

If, in any Fiscal Year, the Facilities Special Tax is levied against each Assessor's Parcel of Taxable Property within CFD No. 23 IA2 and the Facilities Special Tax revenues generated are insufficient to pay the Facilities Special Tax Requirement such shortfall shall be deemed a component of the

Services Special Tax Requirement in that Fiscal Year, and proceeds from the levy of the Services Special Tax shall first be applied to mitigate the shortfall in the Facilities Special Tax Requirement before being used to pay for Authorized Services. The Services Special Tax revenue shall not be applied to any Facilities Special Tax Requirement shortfalls attributable to Pay As You Go Costs authorized to be financed by CFD No. 23 IA2.

Using the definitions and procedures described herein, the CFD No. 23 IA2 Administrator shall determine the Services Special Tax Requirement and levy the Services Special Tax until the amount of Services Special Tax equals the Services Special Tax Requirement. The Services Special Tax shall be levied each Fiscal Year as follows:

First: The Services Special Tax shall be levied Proportionately on all Developed Property at a rate up to 100% of the Maximum Services Special Tax in order to satisfy the Services Special Tax Requirement.

Second: If additional monies are needed to satisfy the Services Special Tax Requirement after the first step has been completed, the Services Special Tax shall be levied Proportionately on all Small Lot Final Map Property at a rate up to 100% of the Maximum Services Special Tax in order to satisfy the Services Special Tax Requirement.

Third: If additional monies are needed to satisfy the Services Special Tax Requirement after the first two steps have been completed, the Services Special Tax shall be levied Proportionately on all Permit Ready Multi-Family/Non-Residential Property at a rate up to 100% of the Maximum Services Special Tax in order to satisfy the Services Special Tax Requirement.

Fourth: If additional monies are needed to satisfy the Services Special Tax Requirement after the three steps have been completed, the Services Special Tax shall be levied Proportionately on all Large Lot Property at a rate up to 100% of the Maximum Services Special Tax in order to satisfy the Services Special Tax Requirement.

E. DELINQUENCIES

Notwithstanding the above, under no circumstances will the CFD No. 23 IA2 Facilities Special Tax levied against any Assessor's Parcel of Developed Property classified as Residential Property, in any Fiscal Year, be increased as a consequence of the delinquency or default in the payment of the CFD No. 23 IA2 Facilities Special Taxes by the owner or owners of any other Taxable Property by more than ten percent (10%) above the amount that would have been levied against such Assessor's Parcel in such Fiscal Year had there been no delinquencies or defaults.

F. EXEMPTIONS

F.1. The CFD No. 23 IA2 Administrator shall classify the following as Exempt Property: Public Property, Property Owner Association Property, Open Space Property, Assessor's Parcels exempt from the Special Tax pursuant to Section 53340 of the Act, and Assessor's Parcels with public or utility easements making impractical their utilization for any use other than the purposes set forth in the easement.

- F.2.** The Maximum Facilities Special Tax obligation or, if applicable, the Effective Tax Rate Evaluation Maximum Facilities Special Tax obligation for Taxable Property which will be transferred or dedicated to a public agency and will be classified as Public Property shall be prepaid in full by the seller, pursuant to Section K, prior to the transfer/dedication of such Taxable Property. Until the Maximum Facilities Special Tax obligation or, if applicable, the Effective Tax Rate Evaluation Maximum Facilities Special Tax obligation for any such Taxable Property is prepaid, the Taxable Property shall continue to be subject to the levy of the Facilities Special Tax. An exception to this may be made if an Assessor's Parcel of Public Property, such as a school site, is relocated to an Assessor's Parcel of Taxable Property, in which case the Assessor's Parcel of previously Public Property becomes Taxable Property and the Assessor's Parcel of previously Taxable Property becomes Public Property. This trading of an Assessor's Parcel from Taxable Property to Public Property will be permitted to the extent there is no loss in Maximum Facilities Special Tax revenue or, if applicable, Effective Tax Rate Evaluation Maximum Facilities Special Tax revenue, and the transfer is agreed to by the owners of all Assessor's Parcels involved in the transfer and the City Council.
- F.3.** If the use of an Assessor's Parcel changes so that such Assessor's Parcel is no longer eligible to be classified as one of the uses set forth in Section F.1 above that would make such Assessor's Parcel eligible to continue to be classified as Exempt Property, such Assessor's Parcel shall cease to be classified as Exempt Property and shall be deemed to be Taxable Property and subject to the Special Tax.

G. TRANSFERS

Prior to the issuance of the first series of Bonds within CFD No. 23 IA2, the City may permit the transfer of Maximum Facilities Special Tax or Effective Tax Rate Evaluation Maximum Facilities Special Tax from one Assessor's Parcel to another Assessor's Parcel. Before recordation of a Small Lot Final Subdivision Map, if a subdivision map is required, the City may permit a transfer if the number of planned Residential Units, Multi-Family Attached Property Acreage, or Non-Residential Property Acreage is transferred from one Assessor's Parcel(s) to another Assessor's Parcel(s) in any portion of Large Lot Property. The City may, in its sole discretion, allow for a transfer of the Maximum Facilities Special Tax or Effective Tax Rate Evaluation Maximum Facilities Special Tax from one Assessor's Parcel to another Assessor's Parcel provided such a transfer shall be allowed only if (1) all adjustments are agreed to in writing by the affected property owners and the City's Finance Director, and (2) there is no reduction in the sum of the total Maximum Facilities Special Tax or sum of the total Effective Tax Rate Evaluation Maximum Facilities Special Tax as a result of the transfer. Should a transfer result in an amendment to Attachment B or, following an Effective Tax Rate Evaluation, Attachment D of this Amended Rate and Method of Apportionment, the requesting property owner shall bear the costs to affect the transfer in the CFD No. 23 IA2 records and prepare the required amendments to Attachment B or, following an Effective Tax Rate Evaluation, Attachment D of this Amended Rate and Method of Apportionment.

H. INTERPRETATIONS

The City reserves the right to make minor administrative and technical changes to this document that do not materially affect the Amended Rate and Method of Apportionment of Special Tax. In addition, the interpretation and application of any section of this document shall be at the City's discretion. Interpretations may be made by the City by ordinance or resolution for purposes of clarifying any vagueness or ambiguity in this Amended Rate and Method of Apportionment of Special Tax.

I. REVIEW/APPEALS

The CFD No. 23 IA2 Administrator may establish such procedures, as it deems necessary to undertake the review of any such appeal. The CFD No. 23 IA2 Administrator shall interpret this Amended Rate and Method of Apportionment of Special Tax and make determinations relative to the annual administration of the Special Tax and any property owner appeals, as herein specified.

Any property owner may file a written appeal of the Special Tax with the CFD No. 23 IA2 Administrator claiming that the amount or application of the Special Tax is not correct. The appeal must be filed not later than one calendar year after having paid the Special Taxes that are disputed, and the appellant must be current in all payments of Special Taxes. In addition, during the term of the appeal process, all Special Taxes levied must be paid on or before the payment date established when the levy was made. The appeal must specify the reasons why the appellant claims the Special Taxes are in error. The CFD No. 23 IA2 Administrator shall review the appeal, meet with the appellant if the CFD No. 23 IA2 Administrator deems necessary, and advise the appellant of its determination.

If the property owner disagrees with the CFD No. 23 IA2 Administrator's decision relative to the appeal, the owner may file a written notice with the City Manager appealing the amount of the Special Tax levied on such Assessor's Parcel. If following such consultation and action, if any, by the City Manager, the property owner believes such error still exists, such person may file a written notice with the City Council appealing the amount of the Special Tax levied on such Assessor's Parcel. The decision of the City shall be final and binding to all persons. If the decision of the CFD No. 23 IA2 Administrator or subsequent decision by the City Manager or City Council requires the Special Taxes to be modified or changed in favor of the property owner, no cash refund shall be made for prior years' Special Taxes, but an adjustment shall be made to credit future Special Taxes. This procedure shall be exclusive and its exhaustion by any property owner shall be a condition precedent to filing any legal action by such owner.

J. MANNER OF COLLECTION

The annual Special Tax shall be collected in the same manner and at the same time as ordinary ad valorem property taxes; provided, however, that CFD No. 23 IA2, may, at the sole discretion of the City, directly bill the Special Tax, may collect Special Taxes at a different time or in a different manner as necessary to meet its financial obligations, and may covenant to foreclose and may actually foreclose on Assessor's Parcels of Taxable Property that are delinquent in the payment of Special Taxes.

K. PREPAYMENT OF FACILITIES SPECIAL TAX

The Facilities Special Tax obligation of an Assessor's Parcel of Taxable Property may be prepaid and permanently satisfied as described herein; provided that there are no delinquent Special Taxes with respect to such Assessor's Parcel at the time of prepayment. An owner of an Assessor's Parcel intending to prepay the Facilities Special Tax obligation shall provide the CFD No. 23 IA2 Administrator with written notice of intent to prepay. Within 30 days of receipt of such written notice, the CFD No. 23 IA2 Administrator shall notify such owner of the prepayment amount of such Assessor's Parcel. Prepayment must be made not less than 60 days prior to the next occurring date that notice of redemption of Bonds, whichever date is earlier, from the proceeds of such prepayment may be given to the Trustee pursuant to the Indenture. The CFD No. 23 IA2 Administrator may charge a fee for providing this service.

K.1. Prepayment in Full

As of the proposed date of prepayment, the Prepayment Amount shall be calculated as follows:

Step 1: Determine the current Fiscal Year Maximum Facilities Special Tax for the Assessor's Parcel based on the assignment of the Maximum Facilities Special Tax described in Section C. If an Effective Tax Rate Evaluation has occurred, determine the current Fiscal Year Effective Tax Rate Evaluation Maximum Facilities Special Tax for the Assessor's Parcel based on the assignment of the Effective Tax Rate Evaluation Maximum Facilities Special Tax described in Section C. If the Assessor's Parcel is not already classified as Developed Property, the Maximum Facilities Special Tax (or Effective Tax Rate Evaluation Maximum Facilities Special Tax) shall be assigned as though the Assessor's Parcel was already designated as Developed Property.

Step 2: Calculate the annual revenue produced, by annually applying the Facilities Special Tax Escalation Factor, from the Maximum Facilities Special Tax (or Effective Tax Rate Evaluation Maximum Facilities Special Tax) from the date of prepayment through the Facilities Special Tax Term, except that this final date may be amended by the City no later than the time of the calculation of the prepayment. If the final date used in the prepayment calculation is amended by the City, this amended final date shall apply to any and all prepayment calculations from that point forward.

Step 3: Calculate the present value of the Assessor's Parcel's annual Maximum Facilities Special Tax (or Effective Tax Rate Evaluation Maximum Facilities Special Tax) revenue stream determined in Step 2. The present value shall be calculated using a discount rate that earns a rate of interest that, when the prepayment is invested in City permitted and available investments, would produce annual revenues equal to the amounts calculated in Step 2.

If there are Outstanding Bonds at the time of the Prepayment Amount calculation, the Prepayment Amount shall be first allocated to the Redemption Amount. If the Prepayment Amount is insufficient to fund the Redemption Amount, then the Prepayment Amount shall be increased to equal the Redemption Amount.

The Redemption Amount is calculated as follows:

Step 1: Divide the Maximum Facilities Special Tax (or Effective Tax Rate Evaluation Maximum Facilities Special Tax) computed pursuant to Step 1 of Section K.1 by the total Maximum Facilities Special Taxes (or total Effective Tax Rate Evaluation Maximum Facilities Special Taxes) for the entire CFD No. 23 IA2, based on the Maximum Facilities Special Taxes (or Effective Tax Rate Evaluation Maximum Facilities Special Taxes) that could be charged in the current Fiscal Year if all Taxable Property were designated as Developed Property, excluding any Assessor's Parcels which have prepaid the Maximum Facilities Special Tax (or Effective Tax Rate Evaluation Maximum Facilities Special Tax) obligation (the "Prepayment Quotient").

Step 2: Multiply the Prepayment Quotient by the Outstanding Bonds to compute the amount of Outstanding Bonds to be redeemed (the "Bond Redemption Amount").

Step 3: Multiply the Bond Redemption Amount by the applicable redemption premium, if any, on the Outstanding Bonds to be redeemed.

Step 4: Compute the amount needed to pay interest on the Bond Redemption Amount from the first Bond interest payment date following the current Fiscal Year until the earliest redemption date for the Outstanding Bonds.

Step 5: Determine that portion of Facilities Special Taxes levied on the Assessor's Parcel in the current Fiscal Year to satisfy the Facilities Special Tax Requirement, which have not yet been paid.

Step 6: A reserve fund credit shall equal the lesser of: (a) the expected reduction in the reserve requirement (as defined in the Indenture for the Bonds), if any, associated with the redemption of Outstanding Bonds as a result of the prepayment, or (b) the amount derived by subtracting the new reserve requirement (as defined in the Indenture for the Bonds) in effect after the redemption of Outstanding Bonds as a result of the prepayment from the balance in the reserve fund on the prepayment date, but in no event shall such amount be less than zero. Such reserve fund credit will not decrease the balance in the reserve fund below the new reserve requirement.

Step 7: If any capitalized interest for the Outstanding Bonds will not have been expended at the time of the first interest and/or principal payment following the current Fiscal Year, a capitalized interest credit shall be calculated by multiplying the quotient computed pursuant to Step 1 by the expected balance in the capitalized interest fund after such first interest payment.

Step 8: The redemption amount is equal to the sum of the amounts computed pursuant to Steps 2, 3, 4, and 5, less the amount computed pursuant to Steps 6 and 7 (the "Redemption Amount").

If the Prepayment Amount exceeds the Redemption Amount, then any remaining Prepayment Amount, after allocating the Redemption Amount, shall be designated as Pay as You Go Costs.

The Prepayment Amount shall include any fees or expenses, including the costs of computation of the prepayment, the costs to invest the prepayment proceeds, the cost of redeeming Bonds, and the costs of recording any notices to evidence the prepayment and the redemption (the "Administrative Fees and Expenses").

In addition, the City has the authority to adjust the Prepayment Amount calculated above if a portion or all of the current property tax bill and the portion attributable to the payment of the Facilities Special Tax has not been used to make an interest and/or principal payment on the Bonds.

Notwithstanding the foregoing, no Facilities Special Tax prepayment shall be allowed unless the amount of Maximum Facilities Special Taxes (or Effective Tax Rate Evaluation Maximum Facilities Special Taxes), net of any priority administration, if any as defined in the Bond documents, that may be levied on Taxable Property, in each Fiscal Year, both prior to and after the proposed prepayment, is at least 1.1 times the annual debt service on all Outstanding Bonds to be paid from the Maximum Facilities Special Taxes (or Effective Tax Rate Evaluation Maximum Facilities Special Taxes) in each Fiscal Year.

K.2. Prepayment in Part

The Facilities Special Tax obligation may be partially prepaid in any percentage of the full Prepayment Amount. The amount of the partial prepayment shall be calculated as in the above Section K.1; except that a partial prepayment shall be calculated according to the following formula:

$$PP = ((PE - A) \times F) + A$$

These terms have the following meaning:

PP = the Partial Prepayment Amount

PE = the Prepayment Amount calculated according to Section K.1 above

A = the Administrative Fees and Expenses calculated according to Section K.1 above

F = the percent by which the owner of the Assessor's Parcel(s) is partially prepaying the Facilities Special Tax obligation.

The owner of an Assessor's Parcel who desires to partially prepay the Facilities Special Tax obligation shall notify the CFD No. 23 IA2 Administrator of (i) such owner's intent to partially prepay the Facilities Special Tax obligation, (ii) the amount of partial prepayment expressed in increments equal to percentage of the full Prepayment Amount, and (iii) the company or agency that will be acting as the escrow agent, if applicable. Partial prepayment must be made not less than 60 days prior to the next occurring date that notice of redemption of Bonds, whichever date is earlier, from the proceeds of such prepayment may be given to the Trustee pursuant to the Indenture. The CFD No. 23 IA2 Administrator may charge a fee for providing this service.

With respect to any Assessor's Parcel that is partially prepaid, the CFD No. 23 IA2 Administrator shall indicate in the records of CFD No. 23 IA2 that there has been a partial prepayment of the Facilities Special Tax obligation and that a portion of the Facilities Special Tax obligation equal to the outstanding percentage $(1.00 - F)$ of the remaining Facilities Special Tax obligation shall continue to be authorized to be levied on such Assessor's Parcel pursuant to Section C.

Notwithstanding the foregoing, no partial prepayment shall be allowed unless the amount of Maximum Facilities Special Taxes (or Effective Tax Rate Evaluation Maximum Facilities Special Taxes), net of any priority administration, if any as defined in the Bond documents, that may be levied on Taxable Property, in each Fiscal Year, both prior to and after the proposed partial prepayment, is at least 1.1 times the annual debt service on all Outstanding Bonds to be paid from the Maximum Facilities Special Taxes (or Effective Tax Rate Evaluation Maximum Facilities Special Taxes) in each Fiscal Year.

L. TERM OF SPECIAL TAX

The Maximum Facilities Special Tax and Effective Tax Rate Evaluation Maximum Facilities Special Tax shall be levied commencing in Fiscal Year 2022-2023 to the extent necessary to fully satisfy the Facilities Special Tax Requirement and shall be levied for the Facilities Special Tax Term.

The Maximum Services Special Tax shall be levied commencing in Fiscal Year 2022-2023 and shall be levied in perpetuity, unless and until such time the City determines that revenues are no longer needed to pay the Services Special Tax Requirement.

ATTACHMENT A
City of Folsom
Community Facilities District No. 23 (Folsom Ranch)
Improvement Area 2
Maximum Special Tax Rates
(Fiscal Year 2022-2023)

Land Use Category	Residential Floor Area	2022-2023 Maximum Facilities Special Tax Rate⁽¹⁾	2022-2023 Maximum Services Special Tax Rate⁽²⁾	Taxed Per
Developed Property:				
Single-Family Detached Property – SF/SFHD Zoning	≥ 3,600	\$2,559.87	\$214.56	Residential Unit
Single-Family Detached Property – SF/SFHD Zoning	3,200 – 3,599	2,559.87	214.56	Residential Unit
Single-Family Detached Property – SF/SFHD Zoning	2,800 – 3,199	2,559.87	214.56	Residential Unit
Single-Family Detached Property – SF/SFHD Zoning	2,400 – 2,799	2,559.87	214.56	Residential Unit
Single-Family Detached Property – SF/SFHD Zoning	2,000 – 2,399	2,559.87	214.56	Residential Unit
Single-Family Detached Property – SF/SFHD Zoning	< 2,000	2,559.87	214.56	Residential Unit
Single-Family Detached Property – MLD Zoning	≥ 3,600	2,559.87	110.49	Residential Unit
Single-Family Detached Property – MLD Zoning	3,200 – 3,599	2,559.87	110.49	Residential Unit
Single-Family Detached Property – MLD Zoning	2,800 – 3,199	2,559.87	110.49	Residential Unit
Single-Family Detached Property – MLD Zoning	2,400 – 2,799	2,559.87	110.49	Residential Unit
Single-Family Detached Property – MLD Zoning	2,000 – 2,399	2,359.41	110.49	Residential Unit
Single-Family Detached Property – MLD Zoning	< 2,000	2,123.92	110.49	Residential Unit
MMD Multi-Family Attached Property	Not Applicable	31,212.00	536.40	Acre
MHD Multi-Family Attached Property	Not Applicable	12,172.68	1,072.80	Acre
Non-Residential Property	Not Applicable	12,172.68	1,072.80	Acre

ATTACHMENT A
City of Folsom
Community Facilities District No. 23 (Folsom Ranch)
Improvement Area 2
Maximum Special Tax Rates
(Fiscal Year 2022-2023)

Land Use Category	Residential Floor Area	2022-2023 Maximum Facilities Special Tax Rate⁽¹⁾	2022-2023 Maximum Services Special Tax Rate⁽²⁾	Taxed Per
Small Lot Final Map Property:				
Single-Family Detached Property – SF/SFHD Zoning	Not Applicable	\$2,559.87	\$214.56	Residential Lot
Single-Family Detached Property – MLD Zoning	Not Applicable	2,123.92	110.49	Residential Lot
Permit Ready Multi-Family/Non-Residential Property	Not Applicable	\$12,172.68	\$1,072.80	Acre
Large Lot Property	Not Applicable	\$30,171.60	\$1,072.80	Acre
Undeveloped Property	Not Applicable	\$30,171.60	\$1,072.80	Acre

- (1) On each July 1, commencing on July 1, 2023, the Maximum Facilities Special Tax Rates shall be increased by the Facilities Special Tax Escalation Factor of the Maximum Facilities Special Tax Rates in effect for the previous Fiscal Year.
- (2) On each July 1, commencing on July 1, 2023, the Maximum Services Special Tax Rates shall be increased by an amount equal to the Services Special Tax Escalation Factor of the Maximum Services Special Tax Rates in effect for the previous Fiscal Year.

ATTACHMENT B
City of Folsom
Community Facilities District No. 23 (Folsom Ranch)
Improvement Area 2
Minimum Facilities Revenue
(Fiscal Year 2022-2023)

Land Use Category	Planned Number of Residential Units / Acres	2022-2023 Developed Property Maximum Facilities Special Tax Rate⁽¹⁾⁽²⁾	2022-2023 Minimum Facilities Revenue⁽¹⁾⁽³⁾
Developed Property:			
Single-Family Detached Property – SF/SFHD Zoning ⁽⁴⁾	0	\$2,559.87	\$0.00
Single-Family Detached Property – MLD Zoning ⁽⁴⁾	291	2,123.92	618,060.72
MMD Multi-Family Attached Property	0.0	30,171.60	0.00
MHD Multi-Family Attached Property	0.0	12,172.68	0.00
Non-Residential Property	5.1	12,172.68	62,080.66
Total Minimum Facilities Revenue			\$680,141.38

- (1) On each July 1, commencing on July 1, 2023, the Developed Property Maximum Facilities Special Tax Rates and Minimum Facilities Revenue shall be increased by the Facilities Special Tax Escalation Factor of the Developed Property Maximum Facilities Special Tax Rates and Minimum Facilities Revenue in effect for the previous Fiscal Year.
- (2) As a result of future Assessor’s Parcel changes, described in Section C.1, the assigned Maximum Facilities Special Tax Rates for Developed Property may exceed the Developed Property Maximum Facilities Special Tax Rates set forth in this table.
- (3) The total Minimum Facilities Revenue may be decreased as result of all or a portion of Maximum Facilities Special Tax obligations being prepaid and permanently satisfied pursuant to Section K.
- (4) Based upon the Developed Property Maximum Facilities Special Tax Rate for Single-Family Detached Property – SF/SFHD Zoning and Single-Family Detached Property – MLD Zoning with Residential Floor Area of less than 2,000 square feet.

ATTACHMENT C
City of Folsom
Community Facilities District No. 23 (Folsom Ranch)
Improvement Area 2
Effective Tax Rate Evaluation Maximum Facilities Special Tax Rates
(Effective Tax Rate Evaluation Occurred Fiscal Year 2022-2023)

Land Use Category	Residential Floor Area	2022-2023 Effective Tax Rate Evaluation Maximum Facilities Special Tax Rate⁽¹⁾⁽²⁾	Taxed Per
Developed Property:			
Single-Family Detached Property – SF/SFHD Zoning	≥ 3,600	\$2,559.87	Residential Unit
Single-Family Detached Property – SF/SFHD Zoning	3,200 – 3,599	2,559.87	Residential Unit
Single-Family Detached Property – SF/SFHD Zoning	2,800 – 3,199	2,559.87	Residential Unit
Single-Family Detached Property – SF/SFHD Zoning	2,400 – 2,799	2,559.87	Residential Unit
Single-Family Detached Property – SF/SFHD Zoning	2,000 – 2,399	2,559.87	Residential Unit
Single-Family Detached Property – SF/SFHD Zoning	< 2,000	2,559.87	Residential Unit
Single-Family Detached Property – MLD Zoning	≥ 3,600	2,559.87	Residential Unit
Single-Family Detached Property – MLD Zoning	3,200 – 3,599	2,559.87	Residential Unit
Single-Family Detached Property – MLD Zoning	2,800 – 3,199	2,559.87	Residential Unit
Single-Family Detached Property – MLD Zoning	2,400 – 2,799	2,559.87	Residential Unit
Single-Family Detached Property – MLD Zoning	2,000 – 2,399	2,359.41	Residential Unit
Single-Family Detached Property – MLD Zoning	< 2,000	2,123.92	Residential Unit
MMD Multi-Family Attached Property	Not Applicable	31,212.00	Acre
MHD Multi-Family Attached Property	Not Applicable	12,172.68	Acre
Non-Residential Property	Not Applicable	12,172.68	Acre

ATTACHMENT C
City of Folsom
Community Facilities District No. 23 (Folsom Ranch)
Improvement Area 2
Effective Tax Rate Evaluation Maximum Facilities Special Tax Rates
(Effective Tax Rate Evaluation Occurred Fiscal Year 2022-2023)

Land Use Category	Residential Floor Area	2022-2023 Effective Tax Rate Evaluation Maximum Facilities Special Tax Rate⁽¹⁾⁽²⁾	Taxed Per
Small Lot Final Map Property:			
Single-Family Detached Property – SF/SFHD Zoning	Not Applicable	\$2,559.87	Residential Lot
Single-Family Detached Property – MLD Zoning	Not Applicable	2,123.92	Residential Lot
Permit Ready Multi-Family/Non-Residential Property	Not Applicable	\$12,172.68	Acre
Large Lot Property	Not Applicable	\$30,171.60	Acre
Undeveloped Property	Not Applicable	\$30,171.60	Acre

- (1) Effective Tax Rate Evaluation Maximum Facilities Special Tax Rates will be inserted following the Effective Tax Rate Evaluation.
- (2) On each July 1, commencing in the Fiscal Year after the Effective Tax Rate Evaluation occurs, the Effective Tax Rate Evaluation Maximum Facilities Special Tax Rates shall be increased by the Facilities Special Tax Escalation Factor of the Effective Tax Rate Evaluation Maximum Facilities Special Tax Rates in effect for the previous Fiscal Year.

ATTACHMENT D
City of Folsom
Community Facilities District No. 23 (Folsom Ranch)
Improvement Area 2
Effective Tax Rate Evaluation Minimum Facilities Revenue
(Effective Tax Rate Evaluation Occurred Fiscal Year 2022-2023)

Land Use Category	Planned Number of Residential Units / Acres⁽¹⁾	2022-2023 Developed Property Effective Tax Rate Evaluation Maximum Facilities Special Tax Rate⁽¹⁾⁽²⁾⁽³⁾	2022-2023 Effective Tax Rate Evaluation Minimum Facilities Revenue⁽¹⁾⁽²⁾⁽⁴⁾
Developed Property:			
Single-Family Detached Property – SF/SFHD Zoning ⁽⁵⁾	0	\$2,559.87	\$0.00
Single-Family Detached Property – MLD Zoning ⁽⁵⁾	291	2,123.92	618,060.72
MMD Multi-Family Attached Property	0	30,171.60	0.00
MHD Multi-Family Attached Property	0	12,172.68	0.00
Non-Residential Property	5.1	12,172.68	62,080.66
Total Effective Tax Rate Evaluation Minimum Facilities Revenue			\$680,141.38

- (1) Planned Number of Residential Units/Acres, Developed Property Effective Tax Rate Evaluation Maximum Facilities Special Tax Rate and Effective Tax Rate Evaluation Minimum Facilities Revenue to be inserted following the Effective Tax Rate Evaluation.
- (2) On each July 1, commencing in the Fiscal Year after the Effective Tax Rate Evaluation occurs, the Developed Property Effective Tax Rate Evaluation Maximum Facilities Special Tax Rates and Effective Tax Rate Evaluation Minimum Facilities Revenue shall be increased by the Facilities Special Tax Escalation Factor of the Developed Property Effective Tax Rate Evaluation Maximum Facilities Special Tax Rates and Effective Tax Rate Evaluation Minimum Facilities Revenue in effect for the previous Fiscal Year.
- (3) As a result of future Assessor’s Parcel changes, described in Section C.3, the assigned Developed Property Effective Tax Rate Evaluation Maximum Facilities Special Tax Rates may exceed the Developed Property Effective Tax Rate Evaluation Maximum Facilities Special Tax Rates set forth in this table.
- (4) The total Effective Tax Rate Evaluation Minimum Facilities Revenue may be decreased as result of all or a portion of Effective Tax Rate Evaluation Maximum Facilities Special Tax obligations being prepaid and permanently satisfied pursuant to Section K.

- (5) Based upon the Developed Property Effective Tax Rate Evaluation Maximum Facilities Special Tax Rate for Single-Family Detached Property – SF/SFHD Zoning and Single-Family Detached Property – MLD Zoning with Residential Floor Area of less than 2,000 square feet.

EXHIBIT B

**NOTICE OF PUBLIC HEARING
REGARDING PROPOSED CHANGES TO
IMPROVEMENT AREA NO. 2 OF THE CITY OF FOLSOM'S COMMUNITY
FACILITIES DISTRICT NO. 23 (FOLSOM RANCH)**

**Tuesday, March 28, 2023
6:30 p.m.
Folsom City Hall
50 Natoma Street, Folsom, California**

On Tuesday, February 14, 2023, the City Council (the "City Council") of the City of Folsom (the "City") adopted its Resolution No. [] (the "Resolution of Consideration") by which it has scheduled a public hearing to give consideration to amending the powers currently conferred upon the City Council by the City's Community Facilities District No. 23 (Folsom Ranch) (the "Community Facilities District") for its Improvement Area No. 2 ("Improvement Area No. 2").

At a special election within Improvement Area No. 2 held on May 26, 2020, the City Council was authorized, among other things, to levy a special tax to finance the acquisition and construction of certain public facilities (the "Facilities") and certain public services (the "Services") and to issue debt to finance the Facilities. The Community Facilities District was formed under the "Mello-Roos Community Facilities Act of 1982," Chapter 2.5, Part 1, Division 2, Title 5 of the Government Code of the State of California, commencing with Section 53311 (the "Act").

The Act provides that changes in the powers conferred upon the City Council by the Community Facilities District may be considered and submitted to the qualified electors of the Community Facilities District. The first step in that process is to describe the proposed changes and to schedule and hold a public hearing on them. In its Resolution of Consideration, the City Council has set forth the proposed changes (the "Proposed Amendments") and scheduled the public hearing.

This Notice contains a brief summary of the Proposed Amendments, but you are referred to the Resolution of Consideration for the definitive description of the Proposed Amendments, including a description of the amended rate and method of apportionment.

The Public Hearing: The City of Folsom City Council will hold the public hearing on Tuesday, March 28, 2023, at 6:30 p.m. at the City Hall, 50 Natoma Street, Folsom, CA 95630.

At the public hearing, any persons interested, including all taxpayers, property owners and registered voters within Improvement Area No. 2, may appear and be heard, and the oral or written testimony of all interested persons or taxpayers for or against any of the proposed changes to the authority conferred on the City Council by the Community Facilities District for Improvement Area No. 2, will be heard and considered.

Any protests to the proposed changes may be made orally or in writing by any interested persons or taxpayers, except that any protests pertaining to the regularity or sufficiency of the proceedings shall be in writing and shall clearly set forth the irregularities and defects to which objection is made. The City Council may waive any irregularities in the form or content of any written protest and at the public hearing may correct minor defects in the proceedings. All written protests not presented in person by the protester at the public hearing must be filed with the City Clerk at or before the time fixed for the public hearing in order to be received and considered. Any written protest may be withdrawn in writing at any time before the conclusion of the public hearing.

Written protests by a majority of the registered voters residing and registered within Improvement Area No. 2 (provided they number at least 6), or by the owners of a majority of the land area within Improvement Area No. 2 not exempt from the special tax, will require suspension of these proceedings for at least one year. If such protests are directed only against certain elements of the proposed changes, only those elements need be excluded from the proceedings.

The Proposed Amendments: The proposed changes are to amend the authority to levy the special tax by adjusting the maximum special tax rates based on the planned development within Improvement Area No. 2. For a definitive description of the Proposed Amendments you are referred to the Resolution of Consideration itself, a copy of which is available from the City Clerk.

For the Proposed Amendments to take effect, a public hearing must be held on the Proposed Amendments and the qualified electors within Improvement Area No. 2 must approve the Proposed Amendments by a two-thirds vote. As Improvement Area No. 2 is uninhabited, or inhabited by fewer than 12 registered voters, the qualified electors are, pursuant to the Act, the owners of property within Improvement Area No. 2.

Dated: [_____] , 2023.

City Clerk
City of Folsom

ATTACHMENT 2

**AMENDED RATE AND METHOD OF APPORTIONMENT FOR
CITY OF FOLSOM
COMMUNITY FACILITIES DISTRICT NO. 23
(FOLSOM RANCH)
Improvement Area No. 2**

A Special Tax, as hereinafter defined, shall be levied on each Assessor's Parcel of Taxable Property within the City of Folsom Community Facilities District No. 23 (Folsom Ranch) Improvement Area 2 (CFD No. 23 IA2) and collected each Fiscal Year in an amount determined by the CFD No. 23 IA2 Administrator through the application of the Amended Rate and Method of Apportionment as described below. All of the real property within CFD No. 23 IA2, unless exempted by law or by the provisions hereof, shall be taxed for the purposes, to the extent and in the manner herein provided.

A. GENERAL DEFINITIONS

The terms hereinafter set forth have the following meaning:

"Acre or Acreage" means the land area of an Assessor's Parcel as shown on County records, such as an Assessor's Parcel Map and secured roll data, or if the land area is not shown on an Assessor's Parcel Map, the land area shown on the applicable Large Lot Map, Small Lot Final Subdivision Map, condominium plan, record of survey, or other recorded document creating or describing the parcel. If the preceding maps for a land area are not available, the Acreage of such land area may be determined utilizing available spatial data and GIS. The square footage of an Assessor's Parcel is equal to the Acreage of such parcel multiplied by 43,560.

"Act" means the Mello-Roos Community Facilities Act of 1982, as amended, being Chapter 2.5, Division 2 of Title 5 of the Government Code of the State of California.

"Assessor's Parcel" or "Parcel" means a lot or parcel shown in an Assessor's Parcel Map with an assigned Assessor's Parcel number.

"Assessor's Parcel Map" means an official map of the County Assessor of the County designating lots or parcels by an Assessor's Parcel number.

"Authorized Services" means the landscape corridor, enhanced open space and street light maintenance, services, and expenses authorized to be financed by CFD No. 23 IA2.

"Bond Year" means a one year period beginning on September 2nd in each year and ending on September 1st in the following year, unless defined differently in the applicable Indenture.

"Bonds" means any bonds or other debt (as defined in the Act), whether in one or more series, issued by CFD No. 23 IA2 under the Act.

"CFD No. 23 IA2" means City of Folsom Community Facilities District No. 23 (Folsom Ranch) Improvement Area No. 2.

“CFD No. 23 IA2 Administrator” means the City’s Finance Director, or designee thereof, responsible for determining the Facilities Special Tax Requirement, Services Special Tax Requirement and providing for the levy and collection of the Special Taxes.

~~“CFD No. 23 IA2” means City of Folsom Community Facilities District No. 23 (Folsom Ranch) Improvement Area-2.~~

“City” means the City of Folsom.

“City Council” means the City Council of the City, acting as the legislative body of CFD No. 23 IA2.

“County” means the County of Sacramento.

“Developed Property” means, for each Fiscal Year, all Taxable Property for which a building permit for new construction was issued prior to June 30 of the previous Fiscal Year.

“Effective Tax Rate Evaluation” means an evaluation of the Total Effective Tax Rate of Residential Property at the time of such evaluation. The Effective Tax Rate Evaluation will be based upon a prepared Price Point Study to determine the Total Effective Tax Rate for Residential Property, based upon the calculated Total Estimated Tax Burden.

“Effective Tax Rate Evaluation Maximum Facilities Special Tax” means the total maximum annual Facilities Special Tax, as determined during the Effective Tax Rate Evaluation, in accordance with the provisions of Section C.2, which may be levied in any Fiscal Year on any Assessor’s Parcel of Taxable Property.

“Effective Tax Rate Evaluation Maximum Facilities Special Tax Rate” means the maximum annual Facilities Special Tax rate for each land use category of Taxable Property that will be set forth in Attachment C, following the Effective Tax Rate Evaluation, which may be levied in any Fiscal Year on any Assessor’s Parcel of Taxable Property.

“Effective Tax Rate Evaluation Minimum Facilities Revenue” means, following the Effective Tax Rate Evaluation, the total minimum amount of CFD No. 23 IA2 Effective Tax Rate Evaluation Maximum Facilities Special Tax, as adjusted annually by the Facilities Special Tax Escalation Factor after the Fiscal Year in which the Effective Tax Rate Evaluation occurs, less any Effective Tax Rate Evaluation Maximum Facilities Special Tax amounts prepaid and permanently satisfied pursuant to Section K. The Effective Tax Rate Evaluation Minimum Facilities Revenue, based on Planned Development, is set forth in Attachment D of this Amended Rate and Method of Apportionment.

“Exempt Property” means all Assessors’ Parcels that are exempt from the Special Tax pursuant to Section F. Assessor’s Parcels exempt from the Special Tax pursuant to Section 53340 of the Act shall also be designated as Exempt Property.

“Facilities Administrative Expenses” means the actual or reasonably estimated costs directly related to the administration of the Facilities Special Tax including, but not limited to, the following: the costs of computing the Facilities Special Tax and preparing the annual Facilities Special Tax collection schedules (whether by the City or designee thereof or both); the costs of collecting the Facilities Special Taxes (whether by the County, the City, or otherwise); the costs of remitting the Facilities

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 Indenture; the costs to the City, CFD No. 23 IA2, or any designee thereof of complying with arbitrage rebate requirements or responding to questions from the IRS or SEC pertaining to any Bonds or any audit of any Bonds by the SEC or IRS; the costs to the City, CFD No. 23 IA2, or any designee thereof of providing continuing disclosure regarding the Bonds pursuant to applicable state or federal securities law; the costs associated with preparing Facilities Special Tax disclosure statements and responding to public inquiries regarding the Facilities Special Taxes; the costs of the City, CFD No. 23 IA2, or any designee thereof related to any appeal of the levy or application of the Facilities Special Tax; the costs associated with the release of funds from an escrow account, if any; and the costs associated with computing and preparing the Effective Tax Rate Evaluation, including the Price Point Study. Facilities Administrative Expenses shall also include amounts estimated or advanced by the City or CFD No. 23 IA2 for any other administrative purposes, including, but not limited to, attorney's fees and other costs related to commencing and pursuing to completion any foreclosure of delinquent Facilities Special Taxes.

"Facilities Special Tax" means the annual Special Tax to be levied in each Fiscal Year on each Assessor's Parcel of Taxable Property to fund the Facilities Special Tax Requirement.

"Facilities Special Tax Escalation Factor" means two percent (2%) annually.

"Facilities Special Tax Requirement" means that amount of Special Tax revenue required in any Fiscal Year for CFD No. 23 IA2 to: (i) Pay Facilities Administrative Expenses in an amount designated by the City; (ii) pay annual debt service on all Outstanding Bonds due in the Bond Year beginning in such Fiscal Year; (iii) pay other periodic costs on Outstanding Bonds, including but not limited to, credit enhancement and rebate payments on Outstanding Bonds; (iv) pay any amounts required to establish or replenish any reserve funds for all Outstanding Bonds in accordance with the Indenture; (v) pay for reasonably anticipated delinquent Special Taxes based on the delinquency rate for Special Taxes levied in the previous Fiscal Year and known upcoming delinquencies; and (vi) pay for Pay As You Go Costs; less (vii) a credit for funds available to reduce the annual Facilities Special Tax levy as determined by the CFD No. 23 IA2 Administrator pursuant to the Indenture.

"Facilities Special Tax Term" means the earlier of Fiscal Year 2079-2080 or the Fiscal Year occurring 50 years following the Fiscal Year in which the first building permit was issued or the first series of Bonds was issued within CFD No. 23 IA2.

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

"Indenture" means the indenture, fiscal agent agreement, trust agreement, resolution or other instrument pursuant to which Bonds are issued, as modified, amended and/or supplemented from time to time, and any instrument replacing or supplementing the same.

"Large Lot Map" means a recorded subdivision map creating larger parcels by land use. The Large Lot Map does not create individual lots for which building permits may be issued for single-family Residential Units.

"Large Lot Property" means, for each Fiscal Year, all Taxable Property for which a Large Lot Map was recorded prior to June 30 of the previous Fiscal Year, excluding any portion(s) thereof classified as Developed Property, Small Lot Final Map Property, or Permit Ready Multi-Family/Non-Residential

Property. Large Lot Property also means, for each Fiscal Year, all Taxable Property classified as Small Lot Final Map Remainder Property as of June 30 of the previous Fiscal Year.

~~“Large Lot Map” means a recorded subdivision map creating larger parcels by land use. The Large Lot Map does not create individual lots for which building permits may be issued for single family Residential Units.~~

“**Maximum Facilities Special Tax**” means the total maximum annual Facilities Special Tax, determined in accordance with the provisions of Section C, which may be levied in any Fiscal Year on any Assessor’s Parcel of Taxable Property.

“**Maximum Facilities Special Tax Rate**” means the maximum annual Facilities Special Tax rate for each land use category of Taxable Property, as shown in Attachment A, which may be levied in any Fiscal Year on any Assessor’s Parcel of Taxable Property.

“**Maximum Services Special Tax**” means the total maximum annual Services Special Tax, determined in accordance with the provisions of Section D, which may be levied in any Fiscal Year on any Assessor’s Parcel of Taxable Property.

“**Maximum Services Special Tax Rate**” means the maximum annual Services Special Tax rate for each land use category of Taxable Property, as shown in Attachment A, which may be levied in any Fiscal Year on any Assessor’s Parcel of Taxable Property.

“**Maximum Special Tax**” means the total annual Maximum Facilities Special Tax (or Effective Tax Rate Evaluation Maximum Facilities Special Tax) and Maximum Services Special Tax, determined in accordance with the provisions of Section C and Section D, which may be levied in any Fiscal Year on any Assessor’s Parcel of Taxable Property.

“**Maximum Total Effective Tax Rate**” means 1.80%, unless the City determines, in its sole discretion, that a higher Maximum Total Effective Tax Rate is appropriate.

~~“**Minimum Facilities Revenue**” means the minimum amount of total CFD No. 23 IA2 Maximum Facilities Special Tax, as adjusted annually by the Facilities Special Tax Escalation Factor, less any Maximum Facilities Special Tax amounts prepaid and permanently satisfied pursuant to Section K. The Minimum Facilities Revenue, based on Planned Development, is set forth in Attachment B of this Rate and Method of Apportionment.~~

“**MHD Multi-Family Attached Property**” means all Assessor’s Parcels for which a building permit could be issued for purposes of constructing one or more attached Residential Units per Assessor’s Parcel with a permitted density range of greater than 20 Residential Units per Acre and more fully described in the Folsom Plan Area Specific Plan adopted on June 28, 2011 and as amended by the City Council. MHD Multi-Family Attached Property shall also include an Assessor’s Parcel or that portion of an Assessor’s Parcel designated as a Mixed Use Residential Parcel.

“**Minimum Facilities Revenue**” means the minimum amount of total CFD No. 23 IA2 Maximum Facilities Special Tax, as adjusted annually by the Facilities Special Tax Escalation Factor, less any Maximum Facilities Special Tax amounts prepaid and permanently satisfied pursuant to Section K. The

Minimum Facilities Revenue, based on Planned Development, is set forth in Attachment B of this Amended Rate and Method of Apportionment.

“Mixed Use Residential Parcel” means a mixed use Assessor’s Parcel that is designated for residential land use. If the mixed use Assessor’s Parcel contains a combination of residential land use and non-residential land use, only that portion of an Assessor’s Parcel designated for residential land use shall be classified as a Mixed Use Residential Parcel and the remaining non-residential land use of the Assessor’s Parcel shall be classified as Non-Residential Property.

“MMD Multi-Family Attached Property” means all Assessor’s Parcels for which a building permit could be issued for purposes of constructing one or more attached Residential Units per Assessor’s Parcel with a permitted density range of 12-20 Residential Units per Acre and more fully described in the Folsom Plan Area Specific Plan adopted on June 28, 2011 and as amended by the City Council.

“Non-Residential Property” means, for each Fiscal Year, all Taxable Property for which a building permit could be issued for purposes of constructing non-residential buildings.

“Open Space Property” means property within the boundaries of CFD No. 23 IA2 which (a) has been designated with specific boundaries and acreage on a Small Lot Final Subdivision Map as open space, or (b) is classified by the City zoning code or County Assessor as open space, or (c) has been irrevocably offered for dedication as open space to the federal government, the State of California, the County, the City, any other public agency, a private, non-profit organization, or (d) is encumbered by an easement or other restriction required by the City limiting the use of such property to open space.

“Outstanding Bonds” means all Bonds, which remain outstanding as defined in the Indenture pursuant to which such Bonds were issued.

“Pay as You Go Costs” means that portion of the Facilities Special Tax Requirement attributable to the direct payment for the acquisition and/or construction of public improvements, which are authorized to be financed by CFD No. 23 IA2.

“Permit Ready Multi-Family/Non-Residential Property” means an Assessor’s Parcel of Taxable Property zoned for multi-family or non-residential land use for which all discretionary entitlements have been obtained, including without limitation, development plan review and improvement plan approval, such that building permits may be issued without further approvals for the construction of multi-family Residential Units or non-residential buildings within such Assessor’s Parcel. The City shall have sole discretion, based upon available development information, in classifying an Assessor’s Parcel as Permit Ready Multi-Family/Non-Residential Property.

“Planned Development” means the planned number of Residential Units, MHD Multi-Family Attached Property Acreage, MMD Multi-Family Attached Property Acreage, and Non-Residential Property Acreage planned within CFD No. 23 IA2, set forth in Attachment B or, following the Effective Tax Rate Evaluation, Attachment D of this Amended Rate and Method of Apportionment, as amended by the future recordation of all Large Lot Maps and Small Lot Final Subdivision Maps within CFD No. 23 IA2.

“Price Point Study” means an analysis, prepared by an independent firm, to verify the estimated average sales price within each land use category of Residential Property given the project location and current market conditions.

“Property Owner Association Property” means any property within the boundaries of CFD No. 23 IA2, which is (a) owned by a property owner association or (b) designated with specific boundaries and Acreage on a Small Lot Final Subdivision Map as property owner association property. As used in this definition, a property owner association includes any master or sub-association.

“Proportionately” means for Taxable Property that the ratio of the Facilities Special Tax levy to the Maximum Facilities Special Tax (or Effective Tax Rate Evaluation Maximum Facilities Special Tax) and the Services Special Tax levy to the Maximum Services Special Tax is equal for all Assessors’ Parcels within each classification (Developed Property, Single Family Final Map Property, Permit Ready Multi-Family/Non-Residential Property, Large Lot Property, etc.) within CFD No. 23 IA2.

“Public Property” means any property within the boundaries of CFD No. 23 IA2, which (a) is owned by a public agency, (b) has been irrevocably offered for dedication to a public agency, or (c) is designated with specific boundaries and Acreage on a Small Lot Final Subdivision Map as property, which will be owned by a public agency. For purposes of this definition, a public agency includes the federal government, the State of California, the County, the City, or any other public agency.

“Residential Floor Area” means all of the square footage of living area within the perimeter of a residential structure, not including any carport, walkway, garage, overhang, patio, enclosed patio, or similar area. The determination of Residential Floor Area shall be made by the CFD No. 23 IA2 Administrator by reference to appropriate records kept by the City’s building department. Residential Floor Area for a residential structure will be based on the building permit(s) issued for such structure prior to it being classified as Developed Property, and shall not change as a result of additions or modifications made to such structure after such classification as Developed Property.

“Residential Lot” means an individual lot of land for which a building permit could be issued to construct a Residential Unit.

“Residential Property” means, for each Fiscal Year, all Taxable Property for which a building permit could be issued for purposes of constructing Residential Units, including Single-Family Detached Property – SF/SFHD Zoning, Single-Family Detached Property – MLD Zoning, MHD Multi-Family Attached Property, and MMD Multi-Family Attached Property.

“Residential Unit” means a residential dwelling unit, not including guest quarters or “granny flats” as allowed by the City zoning code.

“Services Administrative Expenses” means the actual or reasonably estimated costs directly related to the administration of the Services Special Tax including, but not limited to, the following: the costs of computing the Services Special Taxes and preparing the annual Services Special Tax collection schedules (whether by the City or designee thereof or both); the costs of collecting the Services Special Taxes (whether by the County, the City, or otherwise); the costs associated with preparing Special Tax disclosure statements and responding to public inquiries regarding the Services Special Tax; and the costs of the City, CFD No. 23 IA2, or any designee thereof related to any appeal of the levy or application of the Services Special Tax. Services Administrative Expenses shall also include amounts

estimated or advanced by the City or CFD No. 23 IA2 for any other administrative purposes related to the Services Special Tax.

“Services Special Tax” means the annual Special Tax to be levied in each Fiscal Year on each Assessor’s Parcel of Taxable Property to fund the Services Special Tax Requirement.

“Services Special Tax Escalation Factor” means the June annualized percentage change of the Consumer Price Index for all Urban Consumers, for the San Francisco-Oakland-San Jose area, not to exceed four percent (4%). In the event that the percentage change is negative, the Services Special Tax Escalation Factor shall be equal to zero.

“Services Special Tax Requirement” means the amount of Services Special Tax revenue required in any Fiscal Year for CFD No. 23 IA2 to: (i) Pay Services Administrative Expenses in an amount designated by the City; (ii) pay Authorized Services expenses; (iii) pay any amounts required to establish or replenish any repair and contingency funds, capital improvement funds, or reserve funds related to the Authorized Services expenses; (iv) cover any shortfalls that exist if, in any Fiscal Year, the levy of the Facilities Special Tax on each Assessor’s Parcel of Taxable Property is insufficient to pay the Facilities Special Tax Requirement in that Fiscal Year. Facilities Special Tax Requirement shortfalls shall not include Pay As You Go Costs, and (v) pay for reasonably anticipated delinquent Services Special Taxes based on the delinquency rate for Services Special Taxes levied in the previous Fiscal Year; less (vi) a credit for funds available to reduce the annual Services Special Tax levy as determined by the CFD No. 23 IA2 Administrator.

“Single-Family Detached Property – MLD Zoning” means, for each Fiscal Year, all Taxable Property for which a building permit could be issued for purposes of constructing one or more detached or attached Residential Units with a permitted density range of 7-12 Residential Units per Acre and more fully described in the Folsom Plan Area Specific Plan adopted on June 28, 2011 and as amended by the City Council.

“Single-Family Detached Property – SF/SFHD Zoning” means, for each Fiscal Year, all Taxable Property for which a building permit could be issued for purposes of constructing one or more Residential Units. Single-Family Detached Property – SF/SFHD Zoning shall consist of either single-family property with a permitted density range of 1-4 Residential Units per Acre or single-family high density property with a permitted density range of 4-7 Residential Units per Acre, which is more fully described in the Folsom Plan Area Specific Plan adopted on June 28, 2011 and as amended by the City Council.

“Special Tax” means the annual Facilities Special Tax and Services Special Tax to be levied in each Fiscal Year on each Assessor’s Parcel of Taxable Property to fund the Facilities Special Tax Requirement and the Services Special Tax Requirement.

“Small Lot Final Map Property” means, for each Fiscal Year, all Taxable Property for which a Small Lot Final Subdivision Map was recorded prior to June 30 of the previous Fiscal Year.

“Small Lot Final Map Remainder Property” means an Assessor’s Parcel that is created from the subdivision of Large Lot Property by the recordation of a Small Lot Final Subdivision Map that has not yet been mapped for final development approval. Small Lot Final Map Remainder Property is that portion of property for which the Small Lot Final Subdivision Map definition does not apply (i.e., does

not contain individual lots for which building permits may be issued for Residential Units without further subdivision of such property). Each Fiscal Year, all Taxable Property classified as Small Lot Final Map Remainder Property, as of June 30 of the previous Fiscal Year, will be considered Large Lot Property.

“Small Lot Final Subdivision Map” means a subdivision of property created by recordation of a final subdivision map, parcel map or lot line adjustment, approved by the City pursuant to the Subdivision Map Act (California Government Code Section 66410 et seq.) or recordation of a condominium plan pursuant to California Civil Code 1352, that creates individual lots for which building permits may be issued for Residential Units without further subdivision of such property.

“State” means the State of California.

“Taxable Property” means all of the Assessor’s Parcels within the boundaries of CFD No. 23 IA2 that are not exempt from the CFD No. 23 IA2 Special Tax pursuant to law or Section F below.

“Total Effective Tax Rate” means the percentage of the Total Estimated Tax Burden as compared to the estimated average sales price identified in the Price Point Study for each land use category of Residential Property.

“Total Estimated Tax Burden” means the total amount of overlapping property taxes anticipated to be levied upon a Residential Unit, based upon the estimated average sales price identified in the Price Point Study and existing property tax rates for the current Fiscal Year. Existing property tax rates shall reflect the actual property tax rates levied upon Taxable Property in the Fiscal Year that the Effective Tax Rate Evaluation is completed.

“Trustee” means the entity appointed pursuant to an Indenture to act as the trustee, fiscal agent, or paying agent or a combination thereof.

“Undeveloped Property” means, for each Fiscal Year, all Taxable Property not classified as Developed Property, Small Lot Final Map Property, Permit Ready Multi-Family/Non-Residential Property, or Large Lot Property.

B. ASSIGNMENT TO LAND USE CATEGORIES

Each Fiscal Year, using City and County records, City zoning information, and land use development plans, all Assessor’s Parcels within the boundaries of CFD No. 23 IA2 shall be designated as either Taxable Property or Tax-Exempt Property.

All Taxable Property shall be further classified as Developed Property, Small Lot Final Map Property, Permit Ready Multi-Family/Non-Residential Property, Large Lot Property, or Undeveloped Property and shall be subject to the levy of the annual Special Tax determined pursuant to Sections C and D below.

C. FACILITIES SPECIAL TAX

A Maximum Facilities Special Tax shall be assigned to all Taxable Property within CFD No. 23 IA2 according to the Maximum Facilities Special Tax Rates set forth in Attachment A of this Amended Rate and Method of Apportionment.

Once assigned, the sum of the total Maximum Facilities Special Tax shall be equal to or greater than the Minimum Facilities Revenue, unless adjusted by an Effective Tax Rate Evaluation as described below. The Minimum Facilities Revenue for Fiscal Year ~~2020-2021~~2022-2023 is set forth in Attachment B of this Amended Rate and Method of Apportionment.

On each July 1, commencing on July 1, ~~2021~~2023, the Maximum Facilities Special Tax Rates and Minimum Facilities Revenue shall be increased by the Facilities Special Tax Escalation Factor of the Maximum Facilities Special Tax Rates and Minimum Facilities Revenue in effect for the previous Fiscal Year.

C.1. Future Assessor's Parcel Changes – Prior to an Effective Tax Rate Evaluation

The Maximum Facilities Special Tax shall be assigned to all future Assessor's Parcel(s) created from a subdivision, lot line adjustment, or merger of one or more Assessor's Parcels so that the revised sum of the total Maximum Facilities Special Tax revenue is not less than the Minimum Facilities Revenue set forth in Attachment B of this Amended Rate and Method of Apportionment.

Undeveloped Property Subdividing into Large Lot Property

When Undeveloped Property subdivides into Large Lot Property, the Maximum Facilities Special Tax shall be calculated for all Taxable Property as if all of the Taxable Property was classified as Developed Property. The expected Developed Property Maximum Facilities Special Tax for any Large Lot Property and any remaining Undeveloped Property shall be based upon the Planned Development for the Large Lot Property and remaining Undeveloped Property.

If the sum of the total expected Developed Property Maximum Facilities Special Tax generated by all of the Taxable Property is greater than or equal to the Minimum Facilities Revenue, there will be no further adjustments to the Developed Property, Small Lot Final Map Property and Permit Ready Multi-Family/Non-Residential Property Maximum Facilities Special Tax Rates for the Large Lot Property created from the Undeveloped Property subdivision.

If the sum of the total expected Developed Property Maximum Facilities Special Tax is less than the Minimum Facilities Revenue, the Developed Property, Small Lot Final Map Property and Permit Ready Multi-Family/Non-Residential Property Maximum Facilities Special Tax Rates shall be Proportionately increased, on the Large Lot Property created from the Undeveloped Property subdivision, until the sum of the total expected Developed Property Maximum Facilities Special Tax is equal to the Minimum Facilities Revenue. Further, if the sum of the total current Maximum Facilities Special Tax is less than the Minimum Facilities Revenue, the Maximum Facilities Special Tax Rates for the Large Lot Property and any remaining Undeveloped Property created from the Undeveloped Property subdivision shall be Proportionately increased until the sum of the total current Maximum Facilities Special Tax is equal to the Minimum Facilities Revenue. Attachment B of this Amended Rate and Method of Apportionment shall be updated to reflect any increases to the Maximum Facilities Special Tax Rates from the Undeveloped Property subdivision. The Developed Property, Small Lot Final Map Property and Permit Ready Multi-Family/Non-Residential Property Maximum Facilities Special Tax Rates shall not be adjusted for any Taxable Property already classified as Developed Property, Small Lot Final Map Property or Permit Ready Multi-Family/Non-Residential Property.

Large Lot Property Subdividing into Small Lot Final Map Property and Permit Ready Multi-Family/Non-Residential Property

When Large Lot Property subdivides into Small Lot Final Map Property or Permit Ready Multi-Family/Non-Residential Property, the Maximum Facilities Special Tax shall be calculated for all Taxable Property as if all of the Taxable Property was classified as Developed Property. If the Large Lot Property subdivision also creates Small Lot Final Map Remainder Property, the expected Developed Property Maximum Facilities Special Tax for the Small Lot Final Map Remainder Property shall be based upon the Planned Development for the Small Lot Final Map Remainder Property. The expected Developed Property Maximum Facilities Special Tax for any remaining Large Lot Property and Undeveloped Property shall be based upon the Planned Development of the Large Lot Property and the Undeveloped Property.

If the sum of the total expected Developed Property Maximum Facilities Special Tax is greater than or equal to the Minimum Facilities Revenue, there will be no further adjustments to the Developed Property, Small Lot Final Map Property and Permit Ready Multi-Family/Non-Residential Property Maximum Facilities Special Tax Rates for the Small Lot Final Map Property, Small Lot Final Map Remainder Property and Permit Ready Multi-Family/Non-Residential Property created from the Large Lot Property subdivision.

If the sum of the total expected Developed Property Maximum Facilities Special Tax is less than the Minimum Facilities Revenue, and such difference is not eliminated by the full or partial prepayment of the Effective Tax Rate Evaluation Maximum Facilities Special Tax pursuant to Section K, the Developed Property, Small Lot Final Map Property and Permit Ready Multi-Family/Non-Residential Property Maximum Facilities Special Tax Rates shall be Proportionately increased, on the Small Lot Final Map Property, Small Lot Final Map Remainder Property and Permit Ready Multi-Family/Non-Residential Property created from the Large Lot Property subdivision, until the sum of the total expected Developed Property Maximum Facilities Special Tax is equal to the Minimum Facilities Revenue. Attachment B of this Amended Rate and Method of Apportionment shall be updated to reflect any increases to the Maximum Facilities Special Tax Rates from the Large Lot Property subdivision. The Developed Property, Small Lot Final Map Property and Permit Ready Multi-Family/Non-Residential Property Maximum Facilities Special Tax Rates shall not be adjusted for any Taxable Property already classified as Developed Property, Small Lot Final Map Property or Permit Ready Multi-Family/Non-Residential Property created prior to the Large Lot Property subdivision.

C.2. Effective Tax Rate Evaluation

Prior to the issuance of the first building permit or the first series of Bonds within CFD No. 23 IA2, whichever comes earlier, an Effective Tax Rate Evaluation will be completed. Following the Effective Tax Rate Evaluation, Attachment C of this Amended Rate and Method of Apportionment will be updated to reflect the Effective Tax Rate Evaluation Maximum Facilities Special Tax Rate for all Taxable Property in CFD No. 23 IA2.

Effective Tax Rate Evaluation Maximum Facilities Special Tax Rates

As part of the Effective Tax Rate Evaluation, a Price Point Study will be prepared and estimated average sales prices will be established for each Residential Property land use category. Using the estimated average sales price information determined in the Price Point Study, the Total Estimated Tax Burden and Total Effective Tax Rate will be calculated, using the Developed Property Maximum Facilities Special Tax Rates set forth in Attachment A, for each Residential Property land use category. If the calculated Total Effective Tax Rate is less than or equal to the Total Maximum Effective Tax Rate for a Residential Property land use category, the Maximum Facilities Special Tax Rate shall not be adjusted and will be assigned using the Developed Property Maximum Facilities Special Tax Rates set forth in Attachment A. Attachment C of this Amended Rate and Method of Apportionment will be updated to set forth the Developed Property Effective Tax Rate Evaluation Maximum Facilities Special Tax Rate for each Residential Property land use category.

If the Total Effective Tax Rate for any Residential Property land use category exceeds the Total Maximum Effective Tax Rate, the Developed Property Maximum Facilities Special Tax Rate set forth in Attachment A shall be reduced until the Total Effective Tax Rate is less than or equal to

the Total Maximum Effective Tax Rate for that Residential Property land use category. Attachment C of this Amended Rate and Method of Apportionment will be updated to set forth the Developed Property Effective Tax Rate Evaluation Maximum Facilities Special Tax Rate for each Residential Property land use category.

Effective Tax Rate Evaluation Minimum Facilities Revenue

As a result of the Effective Tax Rate Evaluation, if the calculated Total Effective Tax Rate is less than or equal to the Total Maximum Effective Tax Rate for a Residential Property land use category used in the Minimum Facilities Revenue calculation, the Developed Property Maximum Facilities Special Tax Rate for the applicable Residential Property land use category shall not be adjusted and the Effective Tax Rate Evaluation Developed Property Maximum Facilities Special Tax Rate will be assigned using the Developed Property Maximum Facilities Special Tax Rates set forth in Attachment B. Attachment D of this Amended Rate and Method of Apportionment will be updated to set forth the Developed Property Effective Tax Rate Evaluation Maximum Facilities Special Tax Rate for each Residential Property land use category and the Effective Tax Rate Evaluation Minimum Facilities Revenue.

If the calculated Total Effective Tax Rate exceeds the Total Maximum Effective Tax Rate for a Residential Property land use category used in the Minimum Facilities Revenue calculation, the Effective Tax Rate Evaluation Developed Property Maximum Facilities Special Tax Rate will be assigned using the Developed Property Effective Tax Rate Evaluation Maximum Facilities Special Tax Rates set forth in Attachment C. Attachment D of this Amended Rate and Method of Apportionment will be updated to set forth the Developed Property Effective Tax Rate Evaluation Maximum Facilities Special Tax Rate for each Residential Property land use category and the Effective Tax Rate Evaluation Minimum Facilities Revenue.

C.3. Future Assessor's Parcel Changes – After an Effective Tax Rate Evaluation

The Effective Tax Rate Evaluation Maximum Facilities Special Tax shall be assigned to all future Assessor's Parcel(s) created from a subdivision, lot line adjustment, or merger of one or more Assessor's Parcels so that the revised sum of the total Effective Tax Rate Evaluation Maximum Facilities Special Tax revenue is not less than the total Effective Tax Rate Evaluation Minimum Facilities Revenue set forth in Attachment D of this Amended Rate and Method of Apportionment.

Undeveloped Property Subdividing into Large Lot Property

When Undeveloped Property subdivides into Large Lot Property, the Effective Tax Rate Evaluation Maximum Facilities Special Tax shall be calculated for all Taxable Property as if all of the Taxable Property was classified as Developed Property. The expected Developed Property Effective Tax Rate Evaluation Maximum Facilities Special Tax for any Large Lot Property and any remaining Undeveloped Property shall be based upon the Planned Development for the Large Lot Property and remaining Undeveloped Property.

If the sum of the total expected Developed Property Effective Tax Rate Evaluation Maximum Facilities Special Tax generated by all of the Taxable Property is greater than or equal to the Effective Tax Rate Evaluation Minimum Facilities Revenue, there will be no further adjustments to the Developed Property, Small Lot Final Map Property and Permit Ready Multi-Family/Non-Residential Property Effective Tax Rate Evaluation Maximum Facilities Special Tax Rates for the Large Lot Property created from the Undeveloped Property subdivision.

If the sum of the total expected Developed Property Effective Tax Rate Evaluation Maximum Facilities Special Tax is less than the Effective Tax Rate Evaluation Minimum Facilities Revenue, the Developed Property, Small Lot Final Map Property and Permit Ready Multi-Family/Non-Residential Property Effective Tax Rate Evaluation Maximum Facilities Special Tax Rates shall be Proportionately increased, on the Large Lot Property created from the Undeveloped Property subdivision, until the sum of the total expected Developed Property Effective Tax Rate Evaluation Maximum Facilities Special Tax is equal to the Effective Tax Rate Evaluation Minimum Facilities Revenue. Further, if the sum of the total current Effective Tax Rate Evaluation Maximum Facilities Special Tax is less than the Effective Tax Rate Evaluation Minimum Facilities Revenue, the Effective Tax Rate Evaluation Maximum Facilities Special Tax Rates for the Large Lot Property and any remaining Undeveloped Property created from the Undeveloped Property subdivision shall be Proportionately increased until the sum of the total current Effective Tax Rate Evaluation Maximum Facilities Special Tax is equal to the Effective Tax Rate Evaluation Minimum Facilities Revenue. Attachment D of this Amended Rate and Method of Apportionment shall be updated to reflect any increases to the Effective Tax Rate Evaluation Maximum Facilities Special Tax Rates from the Undeveloped Property subdivision. The Developed Property, Small Lot Final Map Property and Permit Ready Multi-Family/Non-Residential Property Effective Tax Rate Evaluation Maximum Facilities Special Tax Rates shall not be adjusted for any Taxable Property already classified as Developed Property, Small Lot Final Map Property or Permit Ready Multi-Family/Non-Residential Property.

Large Lot Property Subdividing into Small Lot Final Map Property and Permit Ready Multi-Family/Non-Residential Property

When Large Lot Property subdivides into Small Lot Final Map Property or Permit Ready Multi-Family/Non-Residential Property, the Effective Tax Rate Evaluation Maximum Facilities Special Tax shall be calculated for all Taxable Property as if all of the Taxable Property was classified as Developed Property. If the Large Lot Property subdivision also creates Small Lot Final Map Remainder Property, the expected Developed Property Effective Tax Rate Evaluation Maximum Facilities Special Tax for the Small Lot Final Map Remainder Property shall be based upon the Planned Development for the Small Lot Final Map Remainder Property. The expected Developed Property Effective Tax Rate Evaluation Maximum Facilities Special Tax for any remaining Large Lot Property and Undeveloped Property shall be based upon the Planned Development of the Large Lot Property and the Undeveloped Property.

If the sum of the total expected Developed Property Effective Tax Rate Evaluation Maximum Facilities Special Tax is greater than or equal to the Effective Tax Rate Evaluation Minimum Facilities Revenue, there will be no further adjustments to the Developed Property, Small Lot Final Map Property and Permit Ready Multi-Family/Non-Residential Property Effective Tax Rate Evaluation Maximum Facilities Special Tax Rates for the Small Lot Final Map Property, Small Lot Final Map Remainder Property and Permit Ready Multi-Family/Non-Residential Property created from the Large Lot Property subdivision.

If the sum of the total expected Developed Property Effective Tax Rate Evaluation Maximum Facilities Special Tax is less than the Effective Tax Rate Evaluation Minimum Facilities Revenue, and such difference is not eliminated by the full or partial prepayment of the Effective Tax Rate Evaluation Maximum Facilities Special Tax pursuant to Section K, the Developed Property, Small Lot Final Map Property and Permit Ready Multi-Family/Non-Residential Property Effective Tax

Rate Evaluation Maximum Facilities Special Tax Rates shall be Proportionately increased, on the Small Lot Final Map Property, Small Lot Final Map Remainder Property and Permit Ready Multi-Family/Non-Residential Property created from the Large Lot Property subdivision, until the sum of the total expected Developed Property Effective Tax Rate Evaluation Maximum Facilities Special Tax is equal to the Effective Tax Rate Evaluation Minimum Facilities Revenue. Attachment D of this Amended Rate and Method of Apportionment shall be updated to reflect any increases to the Effective Tax Rate Evaluation Maximum Facilities Special Tax Rates from the Large Lot Property subdivision. The Developed Property, Small Lot Final Map Property and Permit Ready Multi-Family/Non-Residential Property Effective Tax Rate Evaluation Maximum Facilities Special Tax Rates shall not be adjusted for any Taxable Property already classified as Developed Property, Small Lot Final Map Property or Permit Ready Multi-Family/Non-Residential Property created prior to the Large Lot Property subdivision.

C.4. Method of Apportionment of Facilities Special Tax

Using the definitions and procedures described herein, the CFD No. 23 IA2 Administrator shall determine the Facilities Special Tax Requirement and levy the Facilities Special Tax until the amount of Facilities Special Taxes equals the Facilities Special Tax Requirement. The Facilities Special Tax shall be levied each Fiscal Year as follows:

Prior to an Effective Tax Rate Evaluation

First: The Facilities Special Tax shall be levied Proportionately on all Developed Property at a rate up to 100% of the Maximum Facilities Special Tax in order to satisfy the Facilities Special Tax Requirement.

Second: If additional monies are needed to satisfy the Facilities Special Tax Requirement after the first step has been completed, the Facilities Special Tax shall be levied Proportionately on all Small Lot Final Map Property at a rate up to 100% of the Maximum Facilities Special Tax. The Facilities Special Tax shall be levied on Small Lot Final Map Property for the entire portion of the Facilities Special Tax Requirement, excluding only Pay As You Go Costs.

Third: If additional monies are needed to satisfy the Facilities Special Tax Requirement after the first two steps have been completed, the Facilities Special Tax shall be levied Proportionately on all Permit Ready Multi-Family/Non-Residential Property at a rate up to 100% of the Maximum Facilities Special Tax. The Facilities Special Tax shall be levied on Permit Ready Multi-Family/Non-Residential Property for the entire portion of the Facilities Special Tax Requirement, excluding only Pay As You Go Costs.

Fourth: If additional monies are needed to satisfy the Facilities Special Tax Requirement after the first three steps have been completed, the Facilities Special Tax shall be levied Proportionately on all Large Lot Property at a rate up to 100% of the Maximum Facilities Special Tax. The Facilities Special Tax shall be levied on Large Lot Property for the entire portion of the Facilities Special Tax Requirement, excluding only Pay As You Go Costs.

Fifth: If additional monies are needed to satisfy the Facilities Special Tax Requirement after the first four steps have been completed, the Facilities Special Tax shall be levied Proportionately on all Undeveloped Property at a rate up to 100% of the Maximum Facilities Special Tax. The Facilities Special Tax shall be levied on Undeveloped Property for the entire portion of the Facilities Special Tax Requirement, excluding only Pay As You Go Costs.

After an Effective Tax Rate Evaluation

First: The Facilities Special Tax shall be levied Proportionately on all Developed Property at a rate up to 100% of the Effective Tax Rate Evaluation Maximum Facilities Special Tax in order to satisfy the Facilities Special Tax Requirement.

Second: If additional monies are needed to satisfy the Facilities Special Tax Requirement after the first step has been completed, the Facilities Special Tax shall be levied Proportionately on all Small Lot Final Map Property at a rate up to 100% of the Effective Tax Rate Evaluation Maximum Facilities Special Tax. The Facilities Special Tax shall be levied on Small Lot Final Map Property for the entire portion of the Facilities Special Tax Requirement, excluding only Pay As You Go Costs.

Third: If additional monies are needed to satisfy the Facilities Special Tax Requirement after the first two steps have been completed, the Facilities Special Tax shall be levied Proportionately on all Permit Ready Multi-Family/Non-Residential Property at a rate up to 100% of the Effective Tax Rate Evaluation Maximum Facilities Special Tax. The Facilities Special Tax shall be levied on Permit Ready Multi-Family/Non-Residential Property for the entire portion of the Facilities Special Tax Requirement, excluding only Pay As You Go Costs.

Fourth: If additional monies are needed to satisfy the Facilities Special Tax Requirement after the first three steps have been completed, the Facilities Special Tax shall be levied Proportionately on all Large Lot Property at a rate up to 100% of the Effective Tax Rate Evaluation Maximum Facilities Special Tax. The Facilities Special Tax shall be levied on Large Lot Property for the entire portion of the Facilities Special Tax Requirement, excluding only Pay As You Go Costs.

Fifth: If additional monies are needed to satisfy the Facilities Special Tax Requirement after the first four steps have been completed, the Facilities Special Tax shall be levied Proportionately on all Undeveloped Property at a rate up to 100% of the Effective Tax Rate Evaluation Maximum Facilities Special Tax. The Facilities Special Tax shall be levied on Undeveloped Property for the entire portion of the Facilities Special Tax Requirement, excluding only Pay As You Go Costs.

D. SERVICES SPECIAL TAX

A Services Special Tax shall be assigned to all Taxable Property within CFD No. 23 IA2 according to the Maximum Services Special Tax Rates set forth in Attachment A of this Amended Rate and Method of Apportionment.

D.1. Increase in the Maximum Services Special Tax

On each July 1, commencing on July 1, ~~2021~~2023, the Maximum Services Special Tax Rates shall be increased by the Services Special Tax Escalation Factor of the Maximum Services Special Tax Rates in effect for the previous Fiscal Year.

D.2. Method of Apportionment of Services Special Tax

If, in any Fiscal Year, the Facilities Special Tax is levied against each Assessor's Parcel of Taxable Property within CFD No. 23 IA2 and the Facilities Special Tax revenues generated are insufficient to pay the Facilities Special Tax Requirement such shortfall shall be deemed a component of the

Services Special Tax Requirement in that Fiscal Year, and proceeds from the levy of the Services Special Tax shall first be applied to mitigate the shortfall in the Facilities Special Tax Requirement before being used to pay for Authorized Services. The Services Special Tax revenue shall not be applied to any Facilities Special Tax Requirement shortfalls attributable to Pay As You Go Costs authorized to be financed by CFD No. 23 IA2.

Using the definitions and procedures described herein, the CFD No. 23 IA2 Administrator shall determine the Services Special Tax Requirement and levy the Services Special Tax until the amount of Services Special Tax equals the Services Special Tax Requirement. The Services Special Tax shall be levied each Fiscal Year as follows:

First: The Services Special Tax shall be levied Proportionately on all Developed Property at a rate up to 100% of the Maximum Services Special Tax in order to satisfy the Services Special Tax Requirement.

Second: If additional monies are needed to satisfy the Services Special Tax Requirement after the first step has been completed, the Services Special Tax shall be levied Proportionately on all Small Lot Final Map Property at a rate up to 100% of the Maximum Services Special Tax in order to satisfy the Services Special Tax Requirement.

Third: If additional monies are needed to satisfy the Services Special Tax Requirement after the first two steps have been completed, the Services Special Tax shall be levied Proportionately on all Permit Ready Multi-Family/Non-Residential Property at a rate up to 100% of the Maximum Services Special Tax in order to satisfy the Services Special Tax Requirement.

Fourth: If additional monies are needed to satisfy the Services Special Tax Requirement after the three steps have been completed, the Services Special Tax shall be levied Proportionately on all Large Lot Property at a rate up to 100% of the Maximum Services Special Tax in order to satisfy the Services Special Tax Requirement.

E. DELINQUENCIES

Notwithstanding the above, under no circumstances will the CFD No. 23 IA2 Facilities Special Tax levied against any Assessor's Parcel of Developed Property classified as Residential Property, in any Fiscal Year, be increased as a consequence of the delinquency or default in the payment of the CFD No. 23 IA2 Facilities Special Taxes by the owner or owners of any other Taxable Property by more than ten percent (10%) above the amount that would have been levied against such Assessor's Parcel in such Fiscal Year had there been no delinquencies or defaults.

F. EXEMPTIONS

F.1. The CFD No. 23 IA2 Administrator shall classify the following as Exempt Property: Public Property, Property Owner Association Property, Open Space Property, Assessor's Parcels exempt from the Special Tax pursuant to Section 53340 of the Act, and Assessor's Parcels with public or utility easements making impractical their utilization for any use other than the purposes set forth in the easement.

- F.2.** The Maximum Facilities Special Tax obligation or, if applicable, the Effective Tax Rate Evaluation Maximum Facilities Special Tax obligation for Taxable Property which will be transferred or dedicated to a public agency and will be classified as Public Property shall be prepaid in full by the seller, pursuant to Section K, prior to the transfer/dedication of such Taxable Property. Until the Maximum Facilities Special Tax obligation or, if applicable, the Effective Tax Rate Evaluation Maximum Facilities Special Tax obligation for any such Taxable Property is prepaid, the Taxable Property shall continue to be subject to the levy of the Facilities Special Tax. An exception to this may be made if an Assessor's Parcel of Public Property, such as a school site, is relocated to an Assessor's Parcel of Taxable Property, in which case the Assessor's Parcel of previously Public Property becomes Taxable Property and the Assessor's Parcel of previously Taxable Property becomes Public Property. This trading of an Assessor's Parcel from Taxable Property to Public Property will be permitted to the extent there is no loss in Maximum Facilities Special Tax revenue or, if applicable, Effective Tax Rate Evaluation Maximum Facilities Special Tax revenue, and the transfer is agreed to by the owners of all Assessor's Parcels involved in the transfer and the City Council.
- F.3.** If the use of an Assessor's Parcel changes so that such Assessor's Parcel is no longer eligible to be classified as one of the uses set forth in Section F.1 above that would make such Assessor's Parcel eligible to continue to be classified as Exempt Property, such Assessor's Parcel shall cease to be classified as Exempt Property and shall be deemed to be Taxable Property and subject to the Special Tax.

G. TRANSFERS

Prior to the issuance of the first series of Bonds within CFD No. 23 IA2, the City may permit the transfer of Maximum Facilities Special Tax or Effective Tax Rate Evaluation Maximum Facilities Special Tax from one Assessor's Parcel to another Assessor's Parcel. Before recordation of a Small Lot Final Subdivision Map, if a subdivision map is required, the City may permit a transfer if the number of planned Residential Units, Multi-Family Attached Property Acreage, or Non-Residential Property Acreage is transferred from one Assessor's Parcel(s) to another Assessor's Parcel(s) in any portion of Large Lot Property. The City may, in its sole discretion, allow for a transfer of the Maximum Facilities Special Tax or Effective Tax Rate Evaluation Maximum Facilities Special Tax from one Assessor's Parcel to another Assessor's Parcel provided such a transfer shall be allowed only if (1) all adjustments are agreed to in writing by the affected property owners and the City's Finance Director, and (2) there is no reduction in the sum of the total Maximum Facilities Special Tax or sum of the total Effective Tax Rate Evaluation Maximum Facilities Special Tax as a result of the transfer. Should a transfer result in an amendment to Attachment B or, following an Effective Tax Rate Evaluation, Attachment D of this Amended Rate and Method of Apportionment, the requesting property owner shall bear the costs to affect the transfer in the CFD No. 23 IA2 records and prepare the required amendments to Attachment B or, following an Effective Tax Rate Evaluation, Attachment D of this Amended Rate and Method of Apportionment.

H. INTERPRETATIONS

The City reserves the right to make minor administrative and technical changes to this document that do not materially affect the Amended Rate and Method of Apportionment of Special Tax. In addition, the interpretation and application of any section of this document shall be at the City's discretion. Interpretations may be made by the City by ordinance or resolution for purposes of clarifying any vagueness or ambiguity in this Amended Rate and Method of Apportionment of Special Tax.

I. REVIEW/APPEALS

The CFD No. 23 IA2 Administrator may establish such procedures, as it deems necessary to undertake the review of any such appeal. The CFD No. 23 IA2 Administrator shall interpret this Amended Rate and Method of Apportionment of Special Tax and make determinations relative to the annual administration of the Special Tax and any property owner appeals, as herein specified.

Any property owner may file a written appeal of the Special Tax with the CFD No. 23 IA2 Administrator claiming that the amount or application of the Special Tax is not correct. The appeal must be filed not later than one calendar year after having paid the Special Taxes that are disputed, and the appellant must be current in all payments of Special Taxes. In addition, during the term of the appeal process, all Special Taxes levied must be paid on or before the payment date established when the levy was made. The appeal must specify the reasons why the appellant claims the Special Taxes are in error. The CFD No. 23 IA2 Administrator shall review the appeal, meet with the appellant if the CFD No. 23 IA2 Administrator deems necessary, and advise the appellant of its determination.

If the property owner disagrees with the CFD No. 23 IA2 Administrator's decision relative to the appeal, the owner may file a written notice with the City Manager appealing the amount of the Special Tax levied on such Assessor's Parcel. If following such consultation and action, if any, by the City Manager, the property owner believes such error still exists, such person may file a written notice with the City Council appealing the amount of the Special Tax levied on such Assessor's Parcel. The decision of the City shall be final and binding to all persons. If the decision of the CFD No. 23 IA2 Administrator or subsequent decision by the City Manager or City Council requires the Special Taxes to be modified or changed in favor of the property owner, no cash refund shall be made for prior years' Special Taxes, but an adjustment shall be made to credit future Special Taxes. This procedure shall be exclusive and its exhaustion by any property owner shall be a condition precedent to filing any legal action by such owner.

J. MANNER OF COLLECTION

The annual Special Tax shall be collected in the same manner and at the same time as ordinary ad valorem property taxes; provided, however, that CFD No. 23 IA2, may, at the sole discretion of the City, directly bill the Special Tax, may collect Special Taxes at a different time or in a different manner as necessary to meet its financial obligations, and may covenant to foreclose and may actually foreclose on Assessor's Parcels of Taxable Property that are delinquent in the payment of Special Taxes.

K. PREPAYMENT OF FACILITIES SPECIAL TAX

The Facilities Special Tax obligation of an Assessor's Parcel of Taxable Property may be prepaid and permanently satisfied as described herein; provided that there are no delinquent Special Taxes with respect to such Assessor's Parcel at the time of prepayment. An owner of an Assessor's Parcel intending to prepay the Facilities Special Tax obligation shall provide the CFD No. 23 IA2 Administrator with written notice of intent to prepay. Within 30 days of receipt of such written notice, the CFD No. 23 IA2 Administrator shall notify such owner of the prepayment amount of such Assessor's Parcel. Prepayment must be made not less than 60 days prior to the next occurring date that notice of redemption of Bonds, whichever date is earlier, from the proceeds of such prepayment may be given to the Trustee pursuant to the Indenture. The CFD No. 23 IA2 Administrator may charge a fee for providing this service.

K.1. Prepayment in Full

As of the proposed date of prepayment, the Prepayment Amount shall be calculated as follows:

Step 1: Determine the current Fiscal Year Maximum Facilities Special Tax for the Assessor's Parcel based on the assignment of the Maximum Facilities Special Tax described in Section C ~~above~~. If an Effective Tax Rate Evaluation has occurred, determine the current Fiscal Year Effective Tax Rate Evaluation Maximum Facilities Special Tax for the Assessor's Parcel based on the assignment of the Effective Tax Rate Evaluation Maximum Facilities Special Tax described in Section C ~~above~~. If the Assessor's Parcel is not already classified as Developed Property, the Maximum Facilities Special Tax (or Effective Tax Rate Evaluation Maximum Facilities Special Tax) shall be assigned as though the Assessor's Parcel was already designated as Developed Property.

Step 2: Calculate the annual revenue produced, by annually applying the Facilities Special Tax Escalation Factor, from the Maximum Facilities Special Tax (or Effective Tax Rate Evaluation Maximum Facilities Special Tax) from the date of prepayment through the Facilities Special Tax Term, except that this final date may be amended by the City no later than the time of the calculation of the prepayment. If the final date used in the prepayment calculation is amended by the City, this amended final date shall apply to any and all prepayment calculations from that point forward.

Step 3: Calculate the present value of the Assessor's Parcel's annual Maximum Facilities Special Tax (or Effective Tax Rate Evaluation Maximum Facilities Special Tax) revenue stream determined in Step 2. The present value shall be calculated using a discount rate that earns a rate of interest that, when the prepayment is invested in City permitted and available investments, would produce annual revenues equal to the amounts calculated in Step 2.

If there are Outstanding Bonds at the time of the Prepayment Amount calculation, the Prepayment Amount shall be first allocated to the Redemption Amount. If the Prepayment Amount is insufficient to fund the Redemption Amount, then the Prepayment Amount shall be increased to equal the Redemption Amount.

The Redemption Amount is calculated as follows:

Step 1: Divide the Maximum Facilities Special Tax (or Effective Tax Rate Evaluation Maximum Facilities Special Tax) computed pursuant to Step 1 of Section K.1 by the total Maximum Facilities Special Taxes (or total Effective Tax Rate Evaluation Maximum Facilities Special Taxes) for the entire CFD No. 23 IA2, based on the Maximum Facilities Special Taxes (or Effective Tax Rate Evaluation Maximum Facilities Special Taxes) that could be charged in the current Fiscal Year if all Taxable Property were designated as Developed Property, excluding any Assessor's Parcels which have prepaid the Maximum Facilities Special Tax (or Effective Tax Rate Evaluation Maximum Facilities Special Tax) obligation (the "Prepayment Quotient").

Step 2: Multiply the Prepayment Quotient by the Outstanding Bonds to compute the amount of Outstanding Bonds to be redeemed (the "Bond Redemption Amount").

Step 3: Multiply the Bond Redemption Amount by the applicable redemption premium, if any, on the Outstanding Bonds to be redeemed.

Step 4: Compute the amount needed to pay interest on the Bond Redemption Amount from the first Bond interest payment date following the current Fiscal Year until the earliest redemption date for the Outstanding Bonds.

Step 5: Determine that portion of Facilities Special Taxes levied on the Assessor's Parcel in the current Fiscal Year to satisfy the Facilities Special Tax Requirement, which have not yet been paid.

Step 6: A reserve fund credit shall equal the lesser of: (a) the expected reduction in the reserve requirement (as defined in the Indenture for the Bonds), if any, associated with the redemption of Outstanding Bonds as a result of the prepayment, or (b) the amount derived by subtracting the new reserve requirement (as defined in the Indenture for the Bonds) in effect after the redemption of Outstanding Bonds as a result of the prepayment from the balance in the reserve fund on the prepayment date, but in no event shall such amount be less than zero. Such reserve fund credit will not decrease the balance in the reserve fund below the new reserve requirement.

Step 7: If any capitalized interest for the Outstanding Bonds will not have been expended at the time of the first interest and/or principal payment following the current Fiscal Year, a capitalized interest credit shall be calculated by multiplying the quotient computed pursuant to Step 1 by the expected balance in the capitalized interest fund after such first interest payment.

Step 8: The redemption amount is equal to the sum of the amounts computed pursuant to Steps 2, 3, 4, and 5, less the amount computed pursuant to Steps 6 and 7 (the "Redemption Amount").

If the Prepayment Amount exceeds the Redemption Amount, then any remaining Prepayment Amount, after allocating the Redemption Amount, shall be designated as Pay as You Go Costs.

The Prepayment Amount shall include any fees or expenses, including the costs of computation of the prepayment, the costs to invest the prepayment proceeds, the cost of redeeming Bonds, and the costs of recording any notices to evidence the prepayment and the redemption (the "Administrative Fees and Expenses").

In addition, the City has the authority to adjust the Prepayment Amount calculated above if a portion or all of the current property tax bill and the portion attributable to the payment of the Facilities Special Tax has not been used to make an interest and/or principal payment on the Bonds.

Notwithstanding the foregoing, no Facilities Special Tax prepayment shall be allowed unless the amount of Maximum Facilities Special Taxes (or Effective Tax Rate Evaluation Maximum Facilities Special Taxes), net of any priority administration, if any as defined in the Bond documents, that may be levied on Taxable Property, in each Fiscal Year, both prior to and after the proposed prepayment, is at least 1.1 times the annual debt service on all Outstanding Bonds to be paid from the Maximum Facilities Special Taxes (or Effective Tax Rate Evaluation Maximum Facilities Special Taxes) in each Fiscal Year.

K.2. Prepayment in Part

The Facilities Special Tax obligation may be partially prepaid in any percentage of the full Prepayment Amount. The amount of the partial prepayment shall be calculated as in the above Section K.1; except that a partial prepayment shall be calculated according to the following formula:

$$PP = ((PE - A) \times F) + A$$

These terms have the following meaning:

PP = the Partial Prepayment Amount

PE = the Prepayment Amount calculated according to Section K.1 above

A = the Administrative Fees and Expenses calculated according to Section K.1 above

F = the percent by which the owner of the Assessor's Parcel(s) is partially prepaying the Facilities Special Tax obligation.

The owner of an Assessor's Parcel who desires to partially prepay the Facilities Special Tax obligation shall notify the CFD No. 23 IA2 Administrator of (i) such owner's intent to partially prepay the Facilities Special Tax obligation, (ii) the amount of partial prepayment expressed in increments equal to percentage of the full Prepayment Amount, and (iii) the company or agency that will be acting as the escrow agent, if applicable. Partial prepayment must be made not less than 60 days prior to the next occurring date that notice of redemption of Bonds, whichever date is earlier, from the proceeds of such prepayment may be given to the Trustee pursuant to the Indenture. The CFD No. 23 IA2 Administrator may charge a fee for providing this service.

With respect to any Assessor's Parcel that is partially prepaid, the CFD No. 23 IA2 Administrator shall indicate in the records of CFD No. 23 IA2 that there has been a partial prepayment of the Facilities Special Tax obligation and that a portion of the Facilities Special Tax obligation equal to the outstanding percentage (1.00 - F) of the remaining Facilities Special Tax obligation shall continue to be authorized to be levied on such Assessor's Parcel pursuant to Section C.

Notwithstanding the foregoing, no partial prepayment shall be allowed unless the amount of Maximum Facilities Special Taxes (or Effective Tax Rate Evaluation Maximum Facilities Special Taxes), net of any priority administration, if any as defined in the Bond documents, that may be levied on Taxable Property, in each Fiscal Year, both prior to and after the proposed partial prepayment, is at least 1.1 times the annual debt service on all Outstanding Bonds to be paid from the Maximum Facilities Special Taxes (or Effective Tax Rate Evaluation Maximum Facilities Special Taxes) in each Fiscal Year.

L. TERM OF SPECIAL TAX

The Maximum Facilities Special Tax and Effective Tax Rate Evaluation Maximum Facilities Special Tax shall be levied commencing in Fiscal Year ~~2020-2021~~2022-2023 to the extent necessary to fully satisfy the Facilities Special Tax Requirement and shall be levied for the Facilities Special Tax Term.

The Maximum Services Special Tax shall be levied commencing in Fiscal Year ~~2020-2021~~2022-2023 and shall be levied in perpetuity, unless and until such time the City determines that revenues are no longer needed to pay the Services Special Tax Requirement.

ATTACHMENT A
City of Folsom
Community Facilities District No. 23 (Folsom Ranch)
Improvement Area 2
Maximum Special Tax Rates
(Fiscal Year ~~2020-2021~~2022-2023)

Land Use Category	Residential Floor Area	2020-2021 2022-2023 Maximum Facilities Special Tax Rate ⁽¹⁾	2020-2021 2022-2023 Maximum Services Special Tax Rate ⁽²⁾	Taxed Per
Developed Property:				
Single-Family Detached Property – SF/SFHD Zoning	≥ 3,600	\$3,886 <u>2,559.87</u>	\$200 <u>214.56</u>	Residential Unit
Single-Family Detached Property – SF/SFHD Zoning	3,200 – 3,599	3,571 <u>2,559.87</u>	200 <u>214.56</u>	Residential Unit
Single-Family Detached Property – SF/SFHD Zoning	2,800 – 3,199	3 <u>2,559.87</u>	200 <u>214.56</u>	Residential Unit
Single-Family Detached Property – SF/SFHD Zoning	2,400 – 2,799	3,293 <u>2,559.87</u>	200 <u>214.56</u>	Residential Unit
Single-Family Detached Property – SF/SFHD Zoning	2,000 – 2,399	3,000 <u>2,559.87</u>	200 <u>214.56</u>	Residential Unit
Single-Family Detached Property – SF/SFHD Zoning	< 2,000	2,900 <u>559.87</u>	200 <u>214.56</u>	Residential Unit
Single-Family Detached Property – MLD Zoning	≥ 3,600	3,886 <u>2,559.87</u>	103 <u>110.49</u>	Residential Unit
Single-Family Detached Property – MLD Zoning	3,200 – 3,599	3,571 <u>2,559.87</u>	103 <u>110.49</u>	Residential Unit
Single-Family Detached Property – MLD Zoning	2,800 – 3,199	3 <u>2,559.87</u>	103 <u>110.49</u>	Residential Unit
Single-Family Detached Property – MLD Zoning	2,400 – 2,799	3,293 <u>2,559.87</u>	103 <u>110.49</u>	Residential Unit
Single-Family Detached Property – MLD Zoning	2,000 – 2,399	3,000 <u>2,359.41</u>	103 <u>110.49</u>	Residential Unit
Single-Family Detached Property – MLD Zoning	< 2,000	2,900 <u>123.92</u>	103 <u>110.49</u>	Residential Unit
MMD Multi-Family Attached Property	Not Applicable	30,000 <u>31,212.00</u>	500 <u>536.40</u>	Acre
MHD Multi-Family Attached Property	Not Applicable	11,700 <u>12,172.68</u>	1,000 <u>72.80</u>	Acre
Non-Residential Property	Not Applicable	11,700 <u>12,172.68</u>	1,000 <u>72.80</u>	Acre

ATTACHMENT A
City of Folsom
Community Facilities District No. 23 (Folsom Ranch)
Improvement Area 2
Maximum Special Tax Rates
(Fiscal Year ~~2020-2021~~2022-2023)

Land Use Category	Residential Floor Area	2020-2021 2022-2023 Maximum Facilities Special Tax Rate ⁽¹⁾	2020-2021 2022-2023 Maximum Services Special Tax Rate ⁽²⁾	Taxed Per
Small Lot Final Map Property:				
Single-Family Detached Property – SF/SFHD Zoning	Not Applicable	\$ 2,900 <u>559.87</u>	\$ 200 <u>214.56</u>	Residential Lot
Single-Family Detached Property – MLD Zoning	Not Applicable	2,900 <u>123.92</u>	103 <u>110.49</u>	Residential Lot
Permit Ready Multi-Family/Non-Residential Property	Not Applicable	\$ 11,700 <u>12,172.68</u>	\$ 1,000 <u>72.80</u>	Acre
Large Lot Property	Not Applicable	\$ 29,000 <u>30,171.60</u>	\$ 1,000 <u>72.80</u>	Acre
Undeveloped Property	Not Applicable	\$ 29,000 <u>30,171.60</u>	\$ 1,000 <u>72.80</u>	Acre

(1) On each July 1, commencing on July 1, ~~2021~~2023, the Maximum Facilities Special Tax Rates shall be increased by the Facilities Special Tax Escalation Factor of the Maximum Facilities Special Tax Rates in effect for the previous Fiscal Year.

(2) On each July 1, commencing on July 1, ~~2021~~2023, the Maximum Services Special Tax Rates shall be increased by an amount equal to the Services Special Tax Escalation Factor of the Maximum Services Special Tax Rates in effect for the previous Fiscal Year.

ATTACHMENT B
City of Folsom
Community Facilities District No. 23 (Folsom Ranch)
Improvement Area 2
Minimum Facilities Revenue
(Fiscal Year ~~2020-2021~~2022-2023)

Land Use Category	Planned Number of Residential Units / Acres	2020-2021 2022-2023 Developed Property Maximum Facilities Special Tax Rate⁽¹⁾⁽²⁾	2020-2021 2022-2023 Minimum Facilities Revenue⁽¹⁾⁽³⁾
Developed Property:			
Single-Family Detached Property – SF/SFHD Zoning ⁽⁴⁾	0	\$2, 900 559.87	\$0.00
Single-Family Detached Property – MLD Zoning ⁽⁴⁾	340 291	2, 900 123.92	986,000 618,060.72
MMD Multi-Family Attached Property	0.0	30, 000 171.60	0.00
MHD Multi-Family Attached Property	0.0	11,700 12,172.68	0.00
Non-Residential Property	5.1	11,700 12,172.68	59,67062,080.66
Total Minimum Facilities Revenue			\$1,045,670 \$680,141.38

- (1) On each July 1, commencing on July 1, ~~2021~~2023, the Developed Property Maximum Facilities Special Tax Rates and Minimum Facilities Revenue shall be increased by the Facilities Special Tax Escalation Factor of the Developed Property Maximum Facilities Special Tax Rates and Minimum Facilities Revenue in effect for the previous Fiscal Year.
- (2) As a result of future Assessor’s Parcel changes, described in Section C.1, the assigned Maximum Facilities Special Tax Rates for Developed Property may exceed the Developed Property Maximum Facilities Special Tax Rates set forth in this table.
- (3) The total Minimum Facilities Revenue may be decreased as result of all or a portion of Maximum Facilities Special Tax obligations being prepaid and permanently satisfied pursuant to Section K.
- (4) Based upon the Developed Property Maximum Facilities Special Tax Rate for Single-Family Detached Property – SF/SFHD Zoning and Single-Family Detached Property – MLD Zoning with Residential Floor Area of less than 2,000 square feet.

ATTACHMENT C
City of Folsom
Community Facilities District No. 23 (Folsom Ranch)
Improvement Area 2
Effective Tax Rate Evaluation Maximum Facilities Special Tax Rates
(Effective Tax Rate Evaluation Occurred Fiscal Year ~~2021-2022-2023~~)

Land Use Category	Residential Floor Area	2021-2022-2023 Effective Tax Rate Evaluation Maximum Facilities Special Tax Rate ⁽¹⁾⁽²⁾	Taxed Per
Developed Property:			
Single-Family Detached Property – SF/SFHD Zoning	≥ 3,600	\$2,048,559.87	Residential Unit
Single-Family Detached Property – SF/SFHD Zoning	3,200 – 3,599	2,048,559.87	Residential Unit
Single-Family Detached Property – SF/SFHD Zoning	2,800 – 3,199	2,048,559.87	Residential Unit
Single-Family Detached Property – SF/SFHD Zoning	2,400 – 2,799	2,048,559.87	Residential Unit
Single-Family Detached Property – SF/SFHD Zoning	2,000 – 2,399	2,048,559.87	Residential Unit
Single-Family Detached Property – SF/SFHD Zoning	< 2,000	2,048,559.87	Residential Unit
Single-Family Detached Property – MLD Zoning	≥ 3,600	2,048,559.87	Residential Unit
Single-Family Detached Property – MLD Zoning	3,200 – 3,599	2,048,559.87	Residential Unit
Single-Family Detached Property – MLD Zoning	2,800 – 3,199	2,048,559.87	Residential Unit
Single-Family Detached Property – MLD Zoning	2,400 – 2,799	2,048,559.87	Residential Unit
Single-Family Detached Property – MLD Zoning	2,000 – 2,399	1,909,235.41	Residential Unit
Single-Family Detached Property – MLD Zoning	< 2,000	1,767,212.92	Residential Unit
MMD Multi-Family Attached Property	Not Applicable	30,600,312.00	Acre
MHD Multi-Family Attached Property	Not Applicable	11,934,121.72.68	Acre
Non-Residential Property	Not Applicable	11,934,121.72.68	Acre

ATTACHMENT C
City of Folsom
Community Facilities District No. 23 (Folsom Ranch)
Improvement Area 2
Effective Tax Rate Evaluation Maximum Facilities Special Tax Rates
(Effective Tax Rate Evaluation Occurred Fiscal Year ~~2021-2022-2023~~)

Land Use Category	Residential Floor Area	2021-2022-2023 Effective Tax Rate Evaluation Maximum Facilities Special Tax Rate⁽¹⁾⁽²⁾	Taxed Per
Small Lot Final Map Property:			
Single-Family Detached Property – SF/SFHD Zoning	Not Applicable	\$ 2,048,559.87	Residential Lot
Single-Family Detached Property – MLD Zoning	Not Applicable	\$ 1,7672,123.92	Residential Lot
Permit Ready Multi-Family/Non-Residential Property	Not Applicable	\$ 11,93412,172.68	Acre
Large Lot Property	Not Applicable	\$ 29,58030,171.60	Acre
Undeveloped Property	Not Applicable	\$ 29,58030,171.60	Acre

(1) Effective Tax Rate Evaluation Maximum Facilities Special Tax Rates will be inserted following the Effective Tax Rate Evaluation.
(2) On each July 1, commencing in the Fiscal Year after the Effective Tax Rate Evaluation occurs, the Effective Tax Rate Evaluation Maximum Facilities Special Tax Rates shall be increased by the Facilities Special Tax Escalation Factor of the Effective Tax Rate Evaluation Maximum Facilities Special Tax Rates in effect for the previous Fiscal Year.

ATTACHMENT D
City of Folsom
Community Facilities District No. 23 (Folsom Ranch)
Improvement Area 2
Effective Tax Rate Evaluation Minimum Facilities Revenue
(Effective Tax Rate Evaluation Occurred Fiscal Year ~~2021-2022-2023~~)

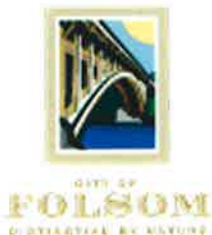
Land Use Category	Planned Number of Residential Units / Acres ⁽¹⁾	2021-2022-2023 Developed Property Effective Tax Rate Evaluation Maximum Facilities Special Tax Rate ⁽¹⁾⁽²⁾⁽³⁾	2021-2022-2023 Effective Tax Rate Evaluation Minimum Facilities Revenue ⁽¹⁾⁽²⁾⁽⁴⁾
Developed Property:			
Single-Family Detached Property – SF/SFHD Zoning ⁽⁵⁾	0	\$ 2,048,559.87	\$ <u>0.00</u>
Single-Family Detached Property – MLD Zoning ⁽⁵⁾	291	1,7672,123.92	<u>514,223618,060.72</u>
MMD Multi-Family Attached Property	0	30,600171.60	<u>0.00</u>
MHD Multi-Family Attached Property	0	11,93412,172.68	<u>0.00</u>
Non-Residential Property	5.1	11,93412,172.68	<u>60,86362,080.66</u>
Total Effective Tax Rate Evaluation Minimum Facilities Revenue			\$575,087 <u>\$680,141.38</u>

- (1) Planned Number of Residential Units/Acres, Developed Property Effective Tax Rate Evaluation Maximum Facilities Special Tax Rate and Effective Tax Rate Evaluation Minimum Facilities Revenue to be inserted following the Effective Tax Rate Evaluation.
- (2) On each July 1, commencing in the Fiscal Year after the Effective Tax Rate Evaluation occurs, the Developed Property Effective Tax Rate Evaluation Maximum Facilities Special Tax Rates and Effective Tax Rate Evaluation Minimum Facilities Revenue shall be increased by the Facilities Special Tax Escalation Factor of the Developed Property Effective Tax Rate Evaluation Maximum Facilities Special Tax Rates and Effective Tax Rate Evaluation Minimum Facilities Revenue in effect for the previous Fiscal Year.
- (3) As a result of future Assessor's Parcel changes, described in Section C.3, the assigned Developed Property Effective Tax Rate Evaluation Maximum Facilities Special Tax Rates may exceed the Developed Property Effective Tax Rate Evaluation Maximum Facilities Special Tax Rates set forth in this table.
- (4) The total Effective Tax Rate Evaluation Minimum Facilities Revenue may be decreased as result of all or a portion of Effective Tax Rate Evaluation Maximum Facilities Special Tax obligations being prepaid and permanently satisfied pursuant to Section K.
- (5) Based upon the Developed Property Effective Tax Rate Evaluation Maximum Facilities Special Tax Rate for Single-Family Detached Property – SF/SFHD Zoning and Single-Family Detached Property – MLD Zoning with Residential Floor Area of less than 2,000 square feet.

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CITY OF
FOLSOM
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Folsom City Council Staff Report

MEETING DATE:	2/14/2023
AGENDA SECTION:	Old Business
SUBJECT:	Discussion of City Council Budget Priorities
FROM:	City Manager's Office

RECOMMENDATION / CITY COUNCIL ACTION

Provide direction to staff regarding budget priorities and the allocation of funds for the City Manager's FY 2023-24 preliminary budget.

BACKGROUND / ISSUE

At the January 24, 2023, City Council meeting staff presented the top departmental requests for the upcoming FY 2023-24 budget process and asked for Council direction regarding the allocation of the funds (i.e., the pie chart) for the City Manager's preliminary budget. Staff will have the January 24th presentation available for review and will seek Council direction.

Submitted,

Elaine Andersen, City Manager

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