

RESOLUTION NO. 2014-104

A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF ROHNERT PARK APPROVING THE AMENDED STATEMENT OF LOCAL GOALS AND POLICIES CONCERNING THE USE OF THE MELLO-ROOS COMMUNITY FACILITIES ACT OF 1982

WHEREAS; pursuant to Section 533312.7 of the California Government Code a local agency may initiate proceedings to establish a Community Facilities District (CFD) only if it has first considered and adopted local goals and policies concerning the use of the Mello-Roos Community Facilities Act of 1982; and

WHEREAS, on November 28, 2006, the City Council of the City of Rohnert Park approved Resolution Number 2006-276 adopting its statement of local goals and policies; and

WHEREAS, on December 14, 2010, the City Council of the City of Rohnert Park adopted Ordinance Number 832 Approving a Development Agreement with Redwood Equities Inc. for the Southeast Specific Plan Area and this Development Agreement provided for the formation of CFDs to either fund public services and maintenance or to finance the construction of public facilities, or both; and

WHEREAS On April 8, 2014, the City Council of the City of Rohnert Park adopted Ordinance Number 878 Approving a Development Agreement with Vast Oak Properties L.P. and the University District LLC for the University District Specific Plan Area and this Development Agreement also provided for the formation of CFDs with a focus on financing the construction of public facilities; and

WHEREAS, representatives of the Southeast Specific Plan Area have requested that the City consider the formation of a CFD to fund the provision of public services and representatives of the University District Specific Plan Area have requested that the City consider the formation of a CFD to finance the construction of public facilities; and

WHEREAS, the City's existing local goals and policies focus on financing the construction of the public facilities not on funding services as requested by the proponents of the Southeast Specific Plan Area; and

WHEREAS, to date, the City has not formed any CFDs under these local goals and policies. The goals and policies may be amended or supplemented by the City Council of the City of Rohnert Park at any time and approval does not obligate the City Council in any way to create Community Facilities Districts.

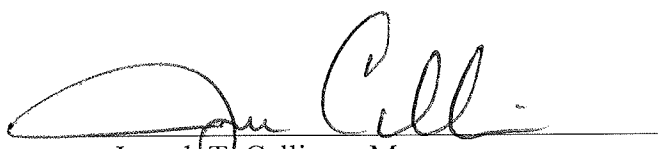
NOW, THEREFORE, BE IT RESOLVED by the City Council of the City of Rohnert Park that it does hereby approve and adopt the City of Rohnert Park Amended Statement of Local Goals and Policies Concerning the Use of the Mello-Roos Community Facilities Act of 1982, as outlined in Exhibit A, which is attached hereto and incorporated by this reference, which shall supersede the statement adopted by Resolution Number 2006-276.

BE IT FURTHER RESOLVED that the City Manager is hereby authorized and directed to execute documents pertaining to the same for and on behalf of the City of Rohnert Park.

DULY AND REGULARLY ADOPTED this 26th day of August, 2014.



CITY OF ROHNERT PARK


Joseph T. Callinan, Mayor

ATTEST:


JoAnne M. Buergler, City Clerk

Attachment: Exhibit A- Amended Statement

BELFORTE: Aye MACKENZIE: Aye STAFFORD: Aye AHANOTU: Aye CALLINAN: Aye
AYES: (5) NOES: (0) ABSENT: (0) ABSTAIN: (0)

EXHIBIT "A"

CITY OF ROHNERT PARK STATEMENT OF LOCAL GOALS AND POLICIES CONCERNING THE USE OF THE MELLO-ROOS COMMUNITY FACILITIES ACT OF 1982

Pursuant to Section 53312.7 of the California Government Code, the City Council of the City of Rohnert Park (hereafter the "City Council") hereby states its goals and policies concerning the use of the Mello- Roos Community Facilities Act of 1982, Section 53311, et seq. of the California Government Code (hereafter the "Act"), in providing for certain public services, in refunding existing debt on land within the City, and in providing adequate public infrastructure improvements for the City of Rohnert Park (the "City"). In addition, the Act may be used to provide for the maintenance, repair, reconstruction and replacement of any of the foregoing infrastructure improvements. The following goals and policies shall apply to each community facilities district (a "CFD") hereafter formed by the City.

Any policy or goal stated herein may be supplemented or amended or deviated from, and new goals and policies may be added hereto, from time to time upon a determination by the City Council that such supplement, amendment, deviation or addition is necessary or desirable. Any policy or goal stated herein shall be deemed amended or supplemented in the event, and as of the date, if ever, that such amendment or supplement is required to ensure compliance with:

- a. Development Agreements entered into or amended by the City in accordance with Government Code Section 65864 et. seq.;
- b. The Act;
- c. Any other laws of the State of California; or
- d. Laws of the United States of America.

1. Eligible Services and Public Facilities

It is the policy of the City to consider the formation of a CFD only when the development proposed within the CFD is consistent with the City's general plan and the specific plan for the project area and has received any required zoning or specific plan approvals.

It is the policy of the City to permit the funding of all services allowed by the Act including and without limitation, police and fire protection, ambulance and paramedic services, street sweeping, traffic signal maintenance, maintenance of City-owned parks, parkways and open spaces, lighting, flood and storm protection services and the operation of storm drainage systems.

It is that policy of the City that, except where the CFD special tax is approved by a vote of the registered voters of the CFD (as opposed to the owners of land within the CFD), all of the services to be funded must be in addition to those provided within the boundaries of the CFD before the CFD is created, and shall not supplant services already available within that territory when the CFD is created.

It is the policy of the City that to be eligible for funding or financing through a CFD, public facilities or improvements must be owned by a public agency or public utility, and must have a useful life of at least five (5) years.

2. Priority for Funding Services and Financing Various Kinds of Public Facilities Through the Use of the Act.

It is the policy of the City to give priority to the funding of service or financing of facilities, through the use of the Act, in the following order:

- a) Funding of services allowed under the Act;
- b) Refinancing of pre-existing assessment liens and refunding of any bonds secured by said liens as these may affect land within the CFD;
- c) Financing of the design, construction and/or acquisition of public infrastructure identified in the City's Public Facilities Finance Plan (PFFP) as it may be amended from time to time, as such infrastructure mitigates impacts caused by development occurring within the CFD, and to the extent that such infrastructure may lawfully be financed under the Act; and
- d) Financing of the design, construction and/or acquisition of other public infrastructure improvements directly benefiting the City, and to the extent lawfully permitted under the Act, which may include, but are not limited to, in-tract improvements, park improvements, storm drainage improvements, public roadways and sidewalks.

It is also the policy of the City to assist in the financing of the design, construction and/or acquisition of other public facilities, through the use of Joint Public Facilities Financing Agreements, when to do so will, in the sole discretion of the City Council acting as the legislative body of the affected CFD, result in a savings to residents or property owners, for example, by reducing costs of bond issuance and/or administrative expenses. Such joint financing assistance shall be considered when it does not interfere with the financing of public infrastructure improvements directly benefiting the City.

3. Credit Quality Required of Bond Issues, Including Criteria for Evaluating the Credit Quality.

It is the policy of the City that, prior to the issuance of any bonds by or on behalf of the CFD, the following conditions shall be met:

- a) Total maximum annual special tax revenue generated from taxable property in the CFD, taking into account any potential changes in land use or development density or rate, and less all amounts required for eligible services and administrative expenses, must be reasonably expected to equal at least one hundred ten percent (110%) of the gross annual debt service on the bonds in each year that said bonds will remain outstanding;
- b) The rate and method of apportionment of the special tax shall include a provision for a backup tax to protect against any changes in development that would result in insufficient special tax revenues to meet the debt service requirements of the CFD;
- c) All backup taxes shall be structured in such a manner that it shall not violate any provisions of the Act regarding cross-collateralization limitations for residential properties;
- d) The bond issuance document establishes, and includes a covenant to cause special taxes to be levied in an amount sufficient to maintain, for the term of such bonds an adequately funded reserve fund securing such bonds in accordance with the regulations of the Internal Revenue Service (IRS);
- e) The term of the CFD Bonds issued for facilities shall not exceed thirty-one (31) years.

In addition, in cases when development interests (Proponents) petition for CFD formation, the City may require that Proponents provide a letter of credit or other credit enhancement instrument in form and amount reasonably satisfactory to the City which is sufficient to ensure payment of the annual cost of

services and/or the principal and interest payments on the CFD bonds for up to two (2) years following issuance thereof (computed without regard for the availability of capitalized interest or amounts on deposit in a debt service reserve fund). The City will examine carefully the primary sources of payment of the Bonds as well as the provider of any required credit facility and the form that the credit facility will take. The rating of the provider, as well as the provider's capitalization, are of principal concern, and a reduction in either during the term of the credit facility to a level unacceptable to the City may require that an alternate credit facility be secured from an acceptable provider. The City reserves the right, in its sole discretion, to determine the acceptability of both the credit facility and its provider.

Further, it is the policy of the City to comply with all provisions of the Act including, but not limited to, Section 53345.8, as such Section may be amended from time to time.

4. Steps to Ensure that Prospective Property Purchasers Are Fully Informed About Their Taxpaying Obligations.

It is the policy of the City that the CFD Proponents provide actual and conspicuous notice to all potential homeowners, taxpayers residing within, or taxpayers owning property within, the boundaries of a CFD.

In order to comply with this policy, all notices will include the following:

- a) All notices provided by the CFD Proponents shall be in compliance with applicable legal requirements, including, without limitation, applicable provisions of Government Code Section 53341.5;
- b) The form of such notice shall be acceptable to the City and shall at a minimum provide a comprehensive listing of all the fees, taxes and assessments to be charged to any and all owners of property within the CFD;
- c) The proposed form of such notice shall be submitted to the City, for review, at the same time that petitions requesting formation of the CFD are submitted; and
- d) The Proponents shall make revisions to the proposed form of notice as requested by the City.

It is the policy of the City to refrain from funding services or issuing any CFD bonds until the form of the aforementioned notice is approved.

It is further the policy of the City that:

- a) In conformance with the Act, the Proponents shall provide potential property owners with a written and itemized notice of such projected costs and the manner in which they will be charged, which notice the potential property owner will sign;
- b) The Proponents shall provide a copy of each signed notice to the City Manager or his/her designee;
- c) The Proponents shall retain a copy of such notice in Proponents' files for at least fifteen (15) years following the date of such notice.

It is further the policy of the City to provide Section 53340.2 notice of special tax to any individual requesting such notice or any owner of property subject to a special tax levied by the City within five (5) working days of receiving a request for such notice.

5. Criteria for Evaluating the Equity of Tax Allocation Formulas, and Concerning Desirable and Maximum Amounts of Special Tax.

It is the policy of the City that each taxpayer residing within, or owning property within, the boundaries of any CFD hereafter established by the City pay special taxes which generally reflect such taxpayer's fair

and reasonable share of his or her projected benefit from, and/or burden upon, the services provided and the facilities to be constructed and/or maintained or of any refunding of existing debt within the CFD by such CFD.

The rate and method of apportionment of the special tax must be both reasonable and equitable in apportioning the costs of the services and public facilities to be financed to each of the parcels within the boundaries of the proposed CFD.

The rate and method of apportionment of the special tax is to provide for the administrative expenses of the proposed CFD, including, but not limited to, those expenses necessary for the enrollment and collection of the special tax and bond administration.

All property not otherwise exempted by the Act from taxation shall be subject to the special tax. Except that the rate and method of apportionment may provide for exemptions to be extended to parcels that are to be dedicated at a future date to public entities, held by a home owner's association, or designated as open space.

The maximum annual special tax, together with ad valorem property taxes, special assessments or taxes for an overlapping financing district, or any other charges, taxes, or fees payable from and secured by the property, including potential charges, taxes, or fees relating to authorized but unissued debt of public entities other than the City, in relation to the expected assessed value of each parcel upon completion of the private improvements to the parcel is of great importance to the City in evaluating the proposed financing.

It is the policy of the City to limit the "overlapping" tax burden represented by the maximum special taxes on residential owner-occupied property, taken together with (a) ad valorem taxes, (b) all other special taxes levied pursuant to the Act and (c) all assessments applicable to such property, to 1.75% of the parcel's expected assessed value or estimated sale price for the parcel and the residential or commercial unit to be constructed upon completion of the improvements.

In order to comply with this policy and when the Proponent requests that a "reasonable estimate" be used to calculate the maximum allowable special tax, it is the policy of the City that at least 30 days prior to the anticipated Resolution of Intention to form the district, as defined in the Act, the City, at Proponent's cost, shall provide the Proponent with the estimated values, as determined by a qualified price point study consultant, to be used in making the final determination of the maximum special tax.

It is further the policy of the City that the rate method of apportionment for special tax levied pursuant to the Act be drafted to allow a property owner to permanently satisfy the special tax for facilities (and remove the lien thereof) as to any taxable parcel by prepayment pursuant to Section 53344 of the Act.

The City will allow an annual escalation factor for services but it is the policy of the City to not permit the escalation of maximum special taxes for facilities.

6. Definitions, Standards, and Assumptions for Appraisals Required by Section 53345.8.

It is the policy of the City to conform, as nearly as practicable, to the California Debt and Investment Advisory Commission's Appraisal Standards for Land-Secured Financings, as such standards may be amended from time to time, provided, however, that the City Council may additionally amend such standards from time to time as it deems necessary and reasonable, in its own discretion, to provide needed infrastructure improvements within the City, while still accomplishing the policy set forth herein.

7. Standard for Advance of Expenses; Reimbursement.

It is the policy of the City that the Proponents of the CFD shall advance to the City actual out of pocket costs of formation of the CFD, sale of CFD bonds, and other costs and expenses associated with the CFD ("Advanced Costs"). Such Advanced Costs may include, without limitation, legal, financial, appraisal and engineering costs and expenses associated with:

- a) Formation of the CFD;
- b) Determination of the rate and method of apportionment and levy of the special tax;
- c) Review and approval of the plans and specifications for construction of the improvements;
- d) Determination of the value of the property;
- e) Sale of CFD bonds; and
- f) Any other costs or expenses reasonably incurred in connection with the CFD.

It is further the policy of the City that all such Advanced Costs, together with those reasonable out-of-pocket legal, engineering, and financial services costs incurred by Proponent directly related to establishment and implementation of the CFD, which may lawfully be financed under the Mello-Roos Act and other applicable law, shall be reimbursed from proceeds of the sale of CFD bonds in accordance with the provisions of the Reimbursement or Funding and Acquisition Agreement described below. However, in the event that the City is unable to make legally required findings in connection with the formation of the CFD and the issuance of CFD bonds for any reason, the City shall not be liable for any costs incurred by Proponents.

It is the policy of the City that when the proceeds of CFD bonds will be used for either reimbursement of costs incurred by Proponents or acquisition of facilities constructed by Proponents that City and Proponents will enter into either a Reimbursement or Funding and Acquisition Agreement. The form of said agreements shall be reasonably acceptable to the City's bond counsel setting forth, among other things, the procedures for and mechanisms by which Proponents will be reimbursed, out of available proceeds of the CFD bonds, for improvements constructed and/or paid for by Proponents.

8. Issuance of Bonds

It is the policy of the City that the amounts, timing and terms of the issuance and sale of the CFD bonds shall be coordinated, as closely as possible, with the phasing of the development of the property to provide financing for the improvements in a timely fashion to meet the needs of the respective phases of development of the project. If necessary, the CFD bonds may be issued in series to help correspond to such phases. The amounts, timing and terms of the issuance and sale of the CFD bonds shall be determined by the City, in consultation with the Developer, and the City's bond counsel, financial advisors and/or underwriters.

It is the policy of the City that the Proponents shall commit in writing at least 30 days before the election date to the following:

- a) To assist the City in the issuance of the CFD bonds by providing financial and development information reasonably required for due-diligence and disclosures relating to the issuance of the CFD bonds;
- b) To provide for any required continuing disclosures under applicable securities laws.

RESOLUTION NO. 2006-276

**A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF ROHNERT PARK
APPROVING A
STATEMENT OF LOCAL GOALS AND POLICIES CONCERNING THE USE OF THE
MELLO-ROOS COMMUNITY FACILITIES ACT OF 1982**

WHEREAS, pursuant to Section 53312.7 of the California Government Code a local agency may initiate proceedings to establish a Community Facilities District (CFD) only if it has first considered and adopted Local Goals and Policies Concerning the use of the Mello-Roos Community Facilities Act of 1982; and

WHEREAS, a CFD is one of three (3) approved principal financing mechanisms utilized in the City of Rohnert Park's Public Facilities Finance Plan; and

WHEREAS, the City of Rohnert Park (City) has agreed to use its best effort to adopt Local Goals and Policies within ninety (90) days following the Effective Date of the City's Development Agreement with the University District LLC and Vast Oak Properties L.P.; and

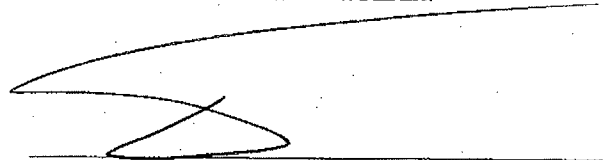
WHEREAS, the Local Goals and Policies are designed to ensure that CFDs created are made for the public good and comply with all relevant laws, acts and agreements; and

WHEREAS, the Goals and Policies may be amended or supplemented by City Council resolution at any time, and approval does not obligate the City Council in any way to create CFDs if they meet the parameters set forth; and

BE IT RESOLVED by the City Council of the City of Rohnert Park that it does hereby authorize and approve The City of Rohnert Park Statement of Local Goals and Policies Concerning the use of the Mello-Roos Community Facilities Act of 1982, as outlined in Exhibit "A" attached.

DULY AND REGULARLY ADOPTED this 28th day of November, 2006.

CITY OF ROHNERT PARK



Mayor Tim Smith

ATTEST:


City Clerk *Deputy*



BREEZE: AYE FLORES: AYE MACKENZIE: AYE
VIDAK-MARTINEZ: ABSENT SMITH: AYE
AYES: (4) NOES: (0) ABSENT: (1) ABSTAIN: (0)

EXHIBIT "A"

CITY OF ROHNERT PARK STATEMENT OF LOCAL GOALS AND POLICIES CONCERNING THE USE OF THE MELLO-ROOS COMMUNITY FACILITIES ACT OF 1982

Pursuant to Section 53312.7 of the California Government Code, the City Council of Rohnert Park (hereafter the "City Council") hereby states its goals and policies concerning the use of the Mello-Roos Community Facilities Act of 1982, Section 53311, et seq. of the California Government Code (hereafter the "Act"), in providing adequate public infrastructure improvements for the City of Rohnert Park (the "City") and in refunding existing debt on land within the City. In addition, the Act may be used to provide for the maintenance, repair, reconstruction and replacement of any of the foregoing infrastructure improvements. The following goals and policies shall apply to each community facilities district (a "CFD") hereafter formed by the City.

Any policy or goal stated herein may be supplemented or amended or deviated from, and new goals and policies may be added hereto, from time to time upon a determination by the City Council that such supplement, amendment, deviation or addition is necessary or desirable. Any policy or goal stated herein shall be deemed amended or supplemented in the event, and as of the date, if ever, that such amendment or supplement is required to ensure compliance with:

- a. Development Agreements entered into or amended by the City in accordance with Government Code Section 65864 et. seq.;
- b. The Act;
- c. Any other laws of the State of California; or
- d. Laws of the United States of America.

1. Priority for Financing Various Kinds of Public Facilities Through the Use of the Act.

It is the policy of the City to give priority to the financing, through the use of the Act, as follows:

- a) Refinancing of pre-existing assessment liens and refunding of any bonds secured by said liens as these may affect land within the CFD;
- b) Financing of the design, construction and/or acquisition of public infrastructure identified in the City's Public Facilities Finance Plan (PFFP) as it may be amended from time to time, as such infrastructure mitigates impacts caused by development occurring within the CFD, and to the extent that such infrastructure may lawfully be financed under the Act; and
- c) Financing of the design, construction and/or acquisition of other public infrastructure improvements directly benefiting the City, which improvements may include, but are not limited to, in-track improvements, park improvements, storm drainage improvements, public roadways and sidewalks.

It is also the policy of the City to assist in the financing of the design, construction and/or acquisition of other public facilities, through the use of Joint Public Facilities Financing Agreements, when to do so will, in the sole discretion of the City Council acting as the legislative body of the affected CFD, result in a savings to residents or property owners, for example, by reducing costs of bond issuance

and/or administrative expenses. Such joint financing assistance shall be considered when it does not interfere with the financing of public infrastructure improvements directly benefiting the City.

2. Credit Quality Required of Bond Issues, Including Criteria in Evaluating the Credit Quality.

It is the policy of the City that prior to the issuance of any CFD bonds, the following conditions shall be met:

- a) Maximum special tax revenues from the CFD are reasonably expected to provide at least one hundred ten percent (110%) debt service coverage for each year of the term of such bonds;
- b) The bond issuance document establishes, and includes a covenant to cause special taxes to be levied in an amount sufficient to maintain, for the term of such bonds an adequately funded reserve fund securing such bonds in accordance with the regulations of the Internal Revenue Service (IRS).

In addition, in cases when development interests (Proponents) petition for CFD formation, the City may require that Proponents provide a letter of credit or other credit enhancement instrument in form and amount reasonably satisfactory to the City which is sufficient to ensure payment of the principal and interest payments on the CFD bonds for up to two (2) years following issuance thereof (computed without regard for the availability of capitalized interest or amounts on deposit in a debt service reserve fund).

Further, it is the policy of the City to comply with all provisions of the Act including, but not limited to, Section 53345.8, as such Section may be amended from time to time.

3. Steps to Ensure that Prospective Property Purchasers Are Fully Informed About Their Taxpaying Obligations.

It is the goal of the City that the CFD Proponents provide actual and conspicuous notice to all potential homeowners, taxpayers residing within, or taxpayers owning property within, the boundaries of a CFD.

In order to comply with this goal, it is the policy of the City that:

- a) All notices provided by the CFD Proponents shall be in compliance with applicable legal requirements, including, without limitation, applicable provisions of Government Code Section 53341.5;
- b) The form of such notice shall be acceptable to the City and shall at a minimum provide a comprehensive listing of all the fees, taxes and assessments to be charged to any and all owners of property within the CFD;
- c) The proposed form of such notice shall be submitted to the City, for review, at the same time that petitions requesting formation of the CFD are submitted; and
- d) The Proponents shall make revisions to the proposed form of notice as requested by the City;

It is the policy of the City to refrain from the issuance of any CFD bonds until the aforementioned notice is approved.

It is further the policy of the City that:

- a) In conformance with the Act, the Proponents shall provide potential property owners with a written and itemized notice of such projected costs and the manner in which they will be charged, which notice the potential property owner will sign;
- b) The Proponents shall provide a copy of each signed notice to the City's Community Development Director;
- c) The Proponents shall retain a copy of such notice in Proponents' files for at least fifteen (15) years following the date of such notice.

It is further the policy of the City to provide Section 53340.2 notice of special tax to any individual requesting such notice or any owner of property subject to a special tax levied by the City within five (5) working days of receiving a request for such notice.

4. Criteria for Evaluating the Equity of Tax Allocation Formulas, and Concerning Desirable and Maximum Amounts of Special Tax.

It is the goal of the City that each taxpayer residing within, or owning property within, the boundaries of any CFD hereafter established by the City pay special taxes which generally reflect such taxpayer's fair and reasonable share of his or her projected benefit from, and/or burden upon, the facilities to be constructed and/or maintained or of any refunding of existing debt within the CFD by such CFD.

It is the goal of the City that maximum special taxes on residential owner-occupied property, when taken together with (a) ad valorem taxes, (b) all other special taxes levied pursuant to the Act and (c) all assessments applicable to such property, do not exceed in any year 1.75% of the greater of the parcel's assessed value or a reasonable estimate of the sale price for the parcel and the residential or commercial unit to be constructed thereon.

In order to comply with this goal and when the Proponent requests that a "reasonable estimate" be used to calculate the maximum allowable special tax it is the policy of the City that:

- a) At least 120 days prior to the anticipated election date, as defined in the Act, the Proponent, at its cost, shall submit its method of estimating value for approval by the City;
- b) At least 100 days prior to the anticipated election date, the City shall provide the Proponent with requested changes to said method; and
- c) At least 30 days prior to the anticipated election date, the Proponent, at its cost, shall provide the City with the estimated values to be used in making the final determination of the maximum special tax.

It is the policy of the City to refrain from the issuance of any CFD bonds until the aforementioned appraisal process is satisfactorily completed.

It is further the policy of the City that the rate method of apportionment for special tax levied pursuant to the Act be drafted to allow a property owner to permanently satisfy the special tax (and remove the lien thereof) as to any taxable parcel by prepayment pursuant to Section 53344 of the Act.

It is further the policy of the City not to permit the escalation of maximum taxes.

5. Definitions, Standards, and Assumptions for Appraisals Required by Section 53345.8.

It is the goal of the City to conform, as nearly as practicable, to the California Debt and Investment Advisory Commission's Appraisal Standards for Land-Secured Financings, as such standards may be amended from time to time, provided, however, that the City Council may additionally amend such standards from time to time as it deems necessary and reasonable, in its own discretion, to provide needed infrastructure improvements within the City, while still accomplishing the goals set forth herein.

6. Standard for Advance of Expenses; Reimbursement.

It is the policy of the City that the Proponents of the CFD shall advance to the City actual out of pocket costs of formation of the CFD, sale of CFD bonds, and other costs and expenses associated with the CFD ("Advanced Costs"). Such Advanced Costs may include, without limitation, legal, financial, appraisal and engineering costs and expenses associated with:

- a) Formation of the CFD;
- b) Determination of the rate and method of apportionment and levy of the special tax;
- c) Review and approval of the plans and specifications for construction of the improvements;
- d) Determination of the value of the property;
- e) Sale of CFD bonds; and
- f) Any other costs or expenses reasonably incurred in connection with the CFD.

It is further the policy of the City that all such Advanced Costs, together with those reasonable out-of-pocket legal, engineering, and financial services costs incurred by Proponent directly related to establishment and implementation of the CFD, which may lawfully be financed under the Mello-Roos Act and other applicable law, shall be reimbursed from proceeds of the sale of CFD bonds in accordance with the provisions of the Reimbursement Agreement described below. However, in the event that the City is unable to make legally required findings in connection with the formation of the CFD and the issuance of CFD bonds for any reason, the City shall not be liable for any costs incurred by Proponents.

It is the policy of the City that when the proceeds of CFD bonds will be used for either reimbursement of costs incurred by Proponents or acquisition of facilities constructed by Proponents that City and Proponents will enter into a either a Reimbursement or Funding and Acquisition Agreement. The form of said agreements shall be reasonably acceptable to the City's bond counsel setting forth, among other things, the procedures for and mechanisms by which Proponents will be reimbursed, out of available proceeds of the CFD bonds, for improvements constructed and/or paid for by Proponents.

7. Issuance of Bonds

It is the goal of the City that the amounts, timing and terms of the issuance and sale of the CFD bonds shall be coordinated, as closely as possible, with the phasing of the development of the property to provide financing for the improvements in a timely fashion to meet the needs of the respective phases of development of the project. If necessary, the CFD bonds may be issued in series to help correspond to such phases. The amounts, timing and terms of the issuance and sale of the

CFD bonds shall be determined by the City, in consultation with the Developer, and the City's bond counsel, financial advisors an/or underwriters.

It is the policy of the City that the Proponents shall commit in writing at least 30 days before the election date to the following:

- a) To assist the City in the issuance of the CFD bonds by providing financial and development information reasonably required for due-diligence and disclosures relating to the issuance of the CFD bonds;
- b) To provide for any required continuing disclosures under applicable securities laws.