Economic & Planning Systems

Public Finance
Real Estate Economics
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Land Use Policy

HEARING REPORT

MISSOURI FLAT AREA CFD NO. 2002-01 FINANCING PLAN

Prepared for:

Hearing before the Board of Supervisors
of the County of El Dorado
March 19, 2002

Prepared by:

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TABLE OF CONTENTS

TABLE OF CONTENTS (CONTINUED)

APPENDICES

LIST OF TABLES

PAGE

LIST OF FIGURES

PAGE

I. INTRODUCTION

BACKGROUND

The Missouri Flat Area has experienced high levels of traffic congestion for many years due to its central location, existing commercial development, and inadequate arterial and freeway over-crossing capacity. The central problem is the Missouri Flat Road over-crossing at Highway 50, which was not designed for the volume of traffic that currently uses it. The magnitude and causes of the congestion have been studied and documented in a number of traffic impact studies conducted by the County over the past decade including the analysis prepared as a part of the County's General Plan revision in 1996, and EIRs for major projects (e.g., Walmart). These traffic impact studies, along with the analysis conducted as a part of the County's Traffic Impact Mitigation (TIM) Fee Program, documented the need for a set of road improvements necessary to eliminate existing levels of traffic congestion and to provide capacity for additional development in the area as envisioned in the County's General Plan.

Despite the fact that it suffers from inadequate road capacity, the Missouri Flat area is a prime site for retail development in the County, given its central location and immediate access to Highway 50. The area currently has the largest concentration of retail shopping space in the County. Major expansion of retail uses in several large projects including the El Dorado Villages Shopping Center and Walmart are being planned, and grocery store expansion has already been completed. However, due to the existing levels of traffic congestion, approval of new commercial development has been deterred, a result of the inability to meet County General Plan policy requiring maintenance of the "level of service standards" and potential significant adverse traffic impacts as described in EIRs prepared for Area projects.

During public consideration of new commercial projects, a high level of public concern arose regarding the cost of needed improvements and the impact upon the County's other transportation priorities and taxpayers. Accordingly, a citizen initiative, "Measure B" was placed on the ballot in November 1995 and successfully passed. Measure B required that new commercial development should be entirely responsible for funding needed road improvements necessary to maintain level of service standards. In 1996, the Board of Supervisors (BOS) adopted a moratorium (as allowed by the State's planning law) on new development in the area pursuant to General Plan Policy 2.1.4.8. The moratorium was intended to provide time for the County to develop a Master Circulation and Financing Plan (MC&FP) for the area that would relieve congestion, provide the additional capacity needed, and provide a financing mechanism consistent with Measure B. In November 1998 the voters of El Dorado County adopted Measure Y, a growth control measure that amended the County's General Plan requiring that certain level of service standards be met and that projects with potentially significant traffic impacts be submitted to the voters for approval.

Throughout this period the County conducted detailed traffic analysis and prepared road improvement designs, in addition to considering development approvals for the major commercial projects. The effort to develop the MC&FP occurred concurrently with this effort, beginning with consideration of a redevelopment project area, which was found to be inappropriate for addressing the financing needs of the County and the project. The County engaged in a collaborative effort, involving County staff and developer representatives. This collaborative effort was focused upon producing a MC&FP that is feasible and fair for the County, the private landowners, the developers, and the business owners in the Missouri Flat Area while achieving General Plan policies and meeting the objectives of Measure B and Measure Y. The end result of this process was an agreement to finance the necessary improvements through a combination of County and State transportation funds, along with the proceeds of bonds issued in connection with the creation of a Community Facilities District to finance a portion of the transportation improvements.

In December 1998 the Board of Supervisors approved Phase I of the MC&FP, which authorized a set of transportation improvements and commercial developments, including El Dorado Villages Shopping Center, Wal-Mart, and Sundance Plaza. However, as the County was proceeding with the MC&FP implementation through creation of the CFD, the Sundance Plaza Project faced problems with obtaining necessary U.S. Army Corp of Engineers permits related to wetlands (the Sundance Plaza site was designated as habitat for the Red Leg Frog). This ruling left the originally proposed development on the Sundance Plaza property in doubt. The removal of the Sundance project from the MC&FP, which was the largest single project included, rendered the originally conceived MC&FP infeasible, as the anticipated tax revenues and other sources of funding would be insufficient to cover the necessary improvements. As a result, implementation of the MC&FP was delayed.

The County subsequently concluded that implementation of the MC&FP could proceed once a "critical mass" of new retail development was secured, development that would generate tax revenue and provide sufficient security for bond proceeds to finance the transportation improvements needed for the development, including the Missouri Flat over-crossing. Supplemental funding could also assist by lowering the "critical mass" threshold. Early in 2000 the County staff believed it would be possible to receive a grant from the State Transportation Improvement Program (STIP) sufficient to offset the loss of sales tax revenue from retail development of the Sundance site. Following emergence of the State grant, Fehr & Peers Associates, Inc. was retained to prepare and update the traffic analysis. County Department of Transportation (DOT) staff also prepared an update of road improvement costs and Economic & Planning Systems, Inc., was retained to update its feasibility analysis of the project reflecting the reduced retail development, increased road improvement costs, and new funding source. The feasibility analysis concluded that Wal-Mart and the El Dorado Villages Shopping Center provided the "critical mass" required, when supplemented with a grant from the STIP.

With the "critical mass" determination made, the next step is to create the Missouri Flat CFD No. 2002-01 (CFD), the subject of this Report. The development projects identified in the "critical mass" evaluation, Wal-Mart and El Dorado Villages Shopping Center, are required to join the CFD as defined in their respective Development Agreements and as a condition of receiving building permits.[1] The Missouri Flat CFD will serve two vital functions, as explained

[1] Subsequent to the critical mass determination an additional project was added to the CFD, the expansion of Albertson's at Prospectors Plaza.

in more detail later in this Report. First, the CFD provides a mechanism through which debt can be issued to fund the share of transportation improvements needed to address existing deficiencies in the Missouri Flat Area. Second, the CFD will provide a backup tax mechanism, supplementing the sales and property tax revenue generated by new development in the Missouri Flat Area that will be the primary source of payment of debt service on the bonds to be issued and related administrative costs.

ORGANIZATION OF THE REPORT

Chapter II describes the financing structure of the MC&FP and the role of the CFD in providing necessary bonding capacity to assist in funding the required infrastructure improvements. **Chapter III** describes the anticipated land uses within the CFD and the public facilities and infrastructure to be constructed and acquired. **Chapter IV** discusses the contemplated bond issue and the Maximum Special Tax. **Chapter V** describes the structure of the CFD and the Rate and Method of Apportionment of the Special Tax (also known as the "Special Tax Formula").

Three exhibits are attached to this Report. **Exhibit A** is the Rate and Method of Apportionment of the Special Tax. **Exhibit B** is the list of authorized facilities to be acquired or constructed in part with CFD funding. **Exhibit C** is the CFD boundary map.

II. THE MISSOURI FLAT AREA MASTER CIRCULATION AND FUNDING PLAN

OVERVIEW OF THE MC&FP

The MC&FP establishes a master circulation (road improvement) program, including six specific road improvement projects. The MC&FP provides a mechanism for El Dorado County, in a cooperative effort with major property owners and developers, to fund improvements to the Highway 50/Missouri Flat Road Interchange and adjacent arterials and collector roads. These capacity improvements are needed to relieve existing traffic congestion and to create additional capacity for planned commercial development in the Missouri Flat Area.

The total MC&FP funding requirement, estimated to be $41.2 million (2000 dollars), is detailed in **Table 1**. These costs will be paid, in part, with proceeds of a bond issuance by the CFD, with the balance derived from the County's Traffic Impact Mitigation (TIM) Fee program, a grant from the State of California's State Transportation Improvement Program (STIP) and other sources. The TIM Fee portion of funding reflects the proportional share of project costs based upon additional travel demand generated by new commercial development. The CFD portion of funding reflects the County's policy to eliminate existing traffic congestion in the Missouri Flat Area.

Table 1
Community Facilities District No 2002-01 (Missouri Flat)
Total MC&FP Funding Sources

Source	Amount
TIM Fees	$22,300,000
STIP Grant	$9,300,000
CFD Bond (1)	$6,600,000
Sales and Property Tax (2)	$3,000,000
Total	**$41,200,000**

(1) Estimated net proceeds from a total issuance of $7.8 million.
(2) Revenues derived from new development in the Missouri Flat Area in excess of debt service and other costs.

The structure of the MC&FP is illustrated in **Figure 1**. The proposed sources of funds, the funding mechanisms, and the uses of funds are shown. Sources of funds are drawn primarily from future commercial development in the Missouri Flat Area, either from impact fees levied by the County or from incremental property and sales tax revenue generated by the new commercial development.[2] There will also be an advance of Traffic Impact Mitigation (TIM) Fee Program revenues to augment early-year cash requirements.

CFD ROLE AND FUNDING MECHANISMS

As illustrated in **Figure 1**, the CFD will provide a source of capital funding for the County's share of the needed transportation improvements. In a manner similar to other CFDs any debt issued by the Missouri Flat CFD will be secured by a special tax lien upon properties within the CFD boundary. This tax will serve as a backup tax, however, because the CFD debt service and administrative expenses will be funded, as specified in the individual Development Agreements between property owners and the County, from a portion of the incremental sales taxes and property taxes derived from new commercial development in the Missouri Flat area. This funding will be allocated annually by the Board of Supervisors pursuant to an agreement that provides for the transfer of general fund revenues to the CFD (the County Funding Agreement) and also the individual development agreements with retail commercial developers.

Under the terms of the County Funding Agreement, an amount equal to 85 percent of incremental sales and property taxes generated by new development in the Missouri Flat Area, that would otherwise accrue to the General Fund, will be allocated to the payment of the County's proportional share of improvement costs, including the payment of CFD annual debt service and administrative expenses.[3] No debt will be issued until sufficient development has occurred to fund debt service and other CFD expenses from the proceeds of sales and property tax derived from such development. In addition, the County will set aside a supplemental reserve fund, equal to $1.5 million, to provide security beyond the normal debt service reserve of approximately ten percent required for Mello-Roos bond issuances. This fund will be built from incremental sales and property taxes accruing prior to the first bond issue.

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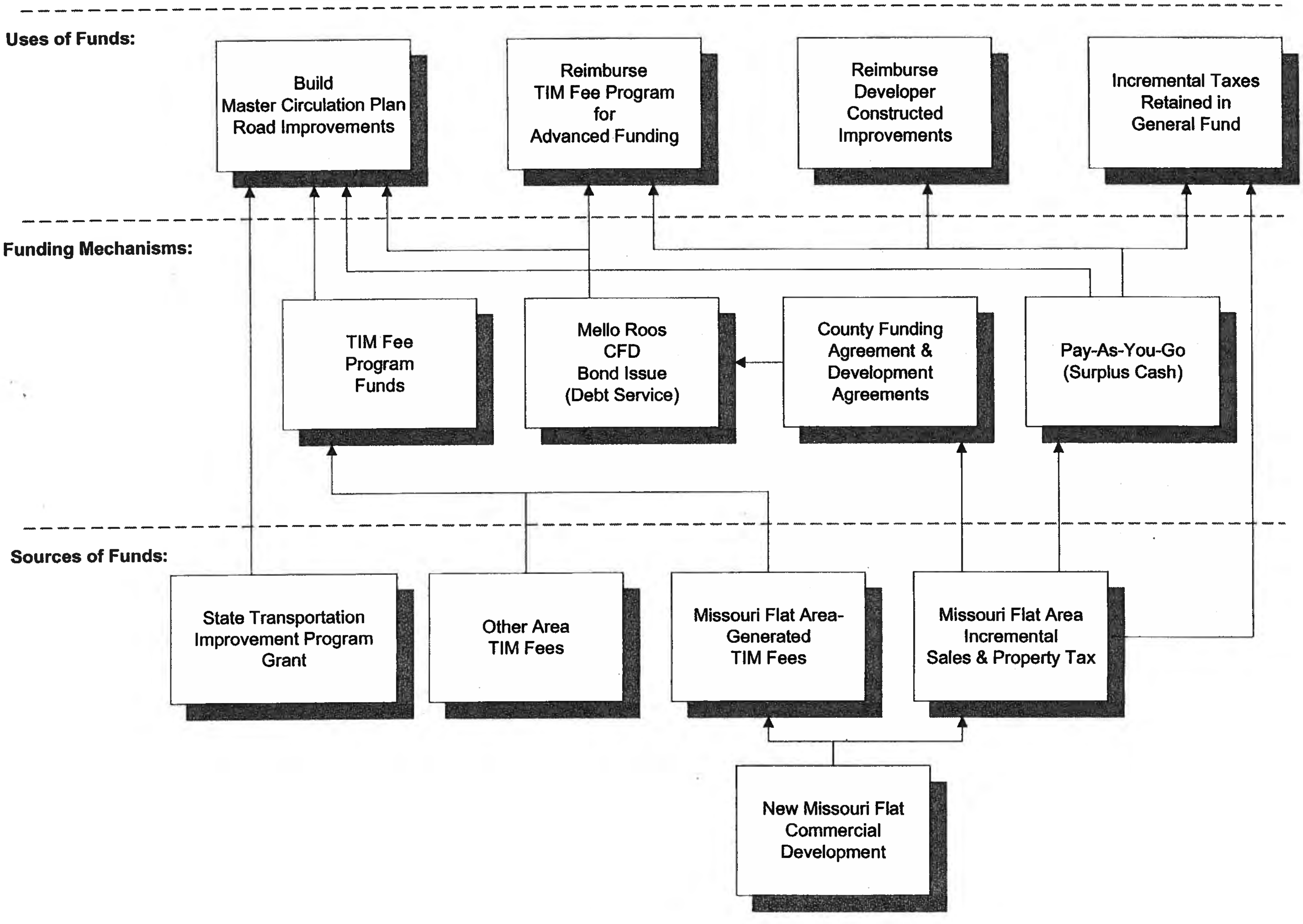
[2]Only retail/commercial development in the Missouri Flat Area would be subject to the MC&FP; all existing and new residential development in the area would not be part of the financing plan. New residential development would pay its normal TIM Fee. Tax revenue in excess of Annual Costs incurred by the CFD will be available to repay loans made from the County's TIM Program to finance early transportation improvements.
[3]In the early years, up to the year of the first debt issuance, 100 percent of incremental sales and property tax revenue would be used to create a Special Reserve Fund for the *Funding Plan*.

Figure 1
Missouri Flat Funding Plan



Source: Economic & Planning Systems, Inc.

Development agreements between the County and owners of parcels included in the CFD stipulate the funding relationships between the County, the CFD, and the Developers/subsequent property owners. Initially, the CFD will contain only those properties that are the subject of current development proposals (El Dorado Villages, Walmart and Prospectors Plaza) totaling an estimated 258,000 square feet of retail space. Only these properties would initially be included in the CFD and be subject to the special tax. As the County processes additional commercial development proposals within the MC&FP Area, they may be added to the extent that such developments create the need for additional transportation improvements. Over the next 20 years an additional 700,000 square feet may be constructed, depending on the approval of future phases of the MC&FP that would provide for the necessary transportation improvements. Any commercial properties with a significant traffic impact will be required to mitigate that impact, potentially through inclusion in the CFD. Exceptions may be made for small properties or properties that require no discretionary approvals.

III. Development and Required Facilities and Infrastructure

LAND USE

The MC&FP has been prepared to fund road infrastructure projects that, in turn, relieve existing traffic congestion and create capacity for additional commercial development in the area. The General Plan designated approximately 492 acres of land in the Missouri Flat Area for commercial development, encompassing existing commercial areas, and key vacant sites with commercial potential.[4] The anticipated retail development in the area falls into two general categories, "pending development proposals" and "future commercial development." The pending development proposals are a group of projects that have been planned and under consideration for a number of years in the County. These projects will move forward immediately following creation of the CFD. Future commercial development is the development expected to occur during the next 20 years or so on the remaining commercially designated land in the area.[5]

RETAIL DEVELOPMENT BY PHASE

The favorable location of the Missouri Flat Area, the General Plan policy and land use designations, and the ample existing demand in the County for regional-serving retail uses all contribute to the viability of the Missouri Flat Area as an emerging retail-commercial center. Total retail-commercial vacant capacity of the area, as defined by the General Plan, would accommodate approximately 5.3 million square feet of development. Pending development proposals, comprising 258,000 square feet, account for only five percent of this capacity. An additional 690,000 square feet of retail is expected to be developed in the future along with overall growth of the County over the next 20 years. The locations of the pending developments and the map of the proposed CFD are shown in **Figure 2**. The anticipated retail development in the Missouri Flat Area is listed in **Table 2**, which indicates the specific composition of the pending projects.

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[4]Includes retail, office, and service commercial uses (e.g., nurseries, auto repair, etc.).
[5]Only about 30 percent of the total commercial acreage is expected to be developed with retail uses over the next 20 years, based on the retail market study prepared for this project by Economic & Planning Systems, Inc. (1997).

FIGURE 2

PROPOSED BOUNDARIES OF

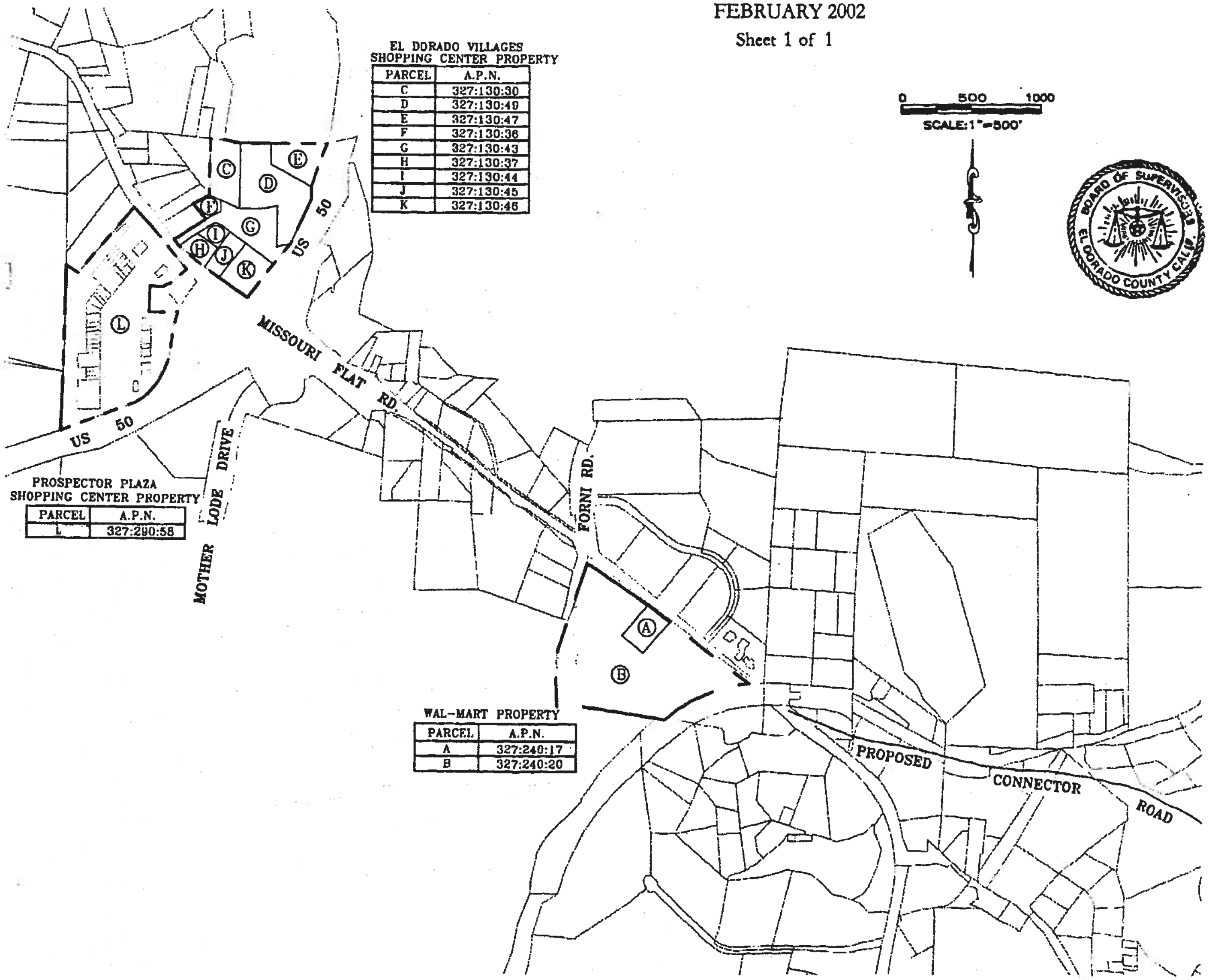
COMMUNITY FACILITIES DISTRICT NO. 2002-1

(MISSOURI FLAT AREA)

COUNTY OF EL DORADO, STATE OF CALIFORNIA

FEBRUARY 2002

Sheet 1 of 1



EL DORADO VILLAGES SHOPPING CENTER PROPERTY

PARCEL	A.P.N.
C	327:130:30
D	327:130:49
E	327:130:47
F	327:130:36
G	327:130:43
H	327:130:37
I	327:130:44
J	327:130:45
K	327:130:46

PROSPECTOR PLAZA SHOPPING CENTER PROPERTY

PARCEL	A.P.N.
L	327:290:58

WAL-MART PROPERTY

PARCEL	A.P.N.
A	327:240:17
B	327:240:20

LEGEND

COMMUNITY FACILITIES DISTRICT BOUNDARY

(#) PARCEL DESIGNATION

A.P.N. ASSESSOR'S PARCEL NUMBER

CLERK'S FILING CERTIFICATE

FILED IN THE OFFICE OF THE CLERK OF THE BOARD OF SUPERVISORS THIS 5th DAY OF February, 2002.

DIXIE L. FOOTE
CLERK OF THE BOARD
OF SUPERVISORS

BY: Margaret E. Moody Deputy Clerk

CLERK'S CERTIFICATE OF BOARD APPROVAL

I HEREBY CERTIFY THAT THE WITHIN MAP SHOWING PROPOSED BOUNDARIES OF COMMUNITY FACILITIES DISTRICT NO. 2002-1 (MISSOURI FLAT AREA) OF THE COUNTY OF EL DORADO, STATE OF CALIFORNIA, WAS APPROVED BY THE BOARD OF SUPERVISORS OF THE COUNTY OF EL DORADO AT A REGULAR MEETING THEREOF, HELD ON THE 12th DAY OF February 2002, BY ITS RESOLUTION NO. 042 - 02.

DIXIE L. FOOTE
CLERK OF THE BOARD
OF SUPERVISORS

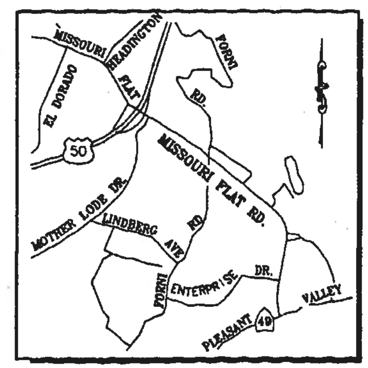
BY: Margaret E. Moody Deputy Clerk

COUNTY RECORDER'S CERTIFICATE

FILED THIS 14 DAY OF February, 2002, AT THE HOUR OF 10:18 O'CLOCK A.M., IN BOOK 4 OF MAPS OF ASSESSMENT AND COMMUNITY FACILITIES DISTRICTS, AT PAGE 112, IN THE OFFICE OF THE COUNTY RECORDER IN THE COUNTY OF EL DORADO, STATE OF CALIFORNIA.

WILLIAM ("BILL") SCHULTZ
COUNTY RECORDER

BY: Linda Pirelli



VICINITY MAP (NTS)

4-112

Table 2
Community Facilities District No 2002-01 (Missouri Flat)
Retail Development by Phase, Land Use and Project

Phase and Land Use	Wal-Mart	El Dorado Villages	Albertson's Expansion	All Projects
Restaurant	0	5,000	0	5,000
Regional Retail	129,000	0	0	129,000
Drug Stores	0	0	0	0
Small Shops	0	60,000	0	60,000
Supermarkets	0	55,000	9,000	64,000
Total	**129,000**	**120,000**	**9,000**	**258,000**

Source: Economic & Planning Systems, Inc.

Three developments, two pending, and one already completed, are to be included in the CFD: 1) Walmart with 129,000 square feet; 2) El Dorado Villages with 120,000 square feet; and, 3) the existing 9,000 square feet expansion of the supermarket at Prospector's Plaza. In aggregate, the developments will comprise approximately 258,000 square feet of gross leasable floor space.

REQUIRED FACILITIES AND INFRASTRUCTURE

The MC&FP includes a set of transportation projects with a total cost estimated to be $41.2 million (2000 dollars). These projects include expansion of a new interchange on Highway 50, improvements to County arterial roads, and other access and safety improvements. Over time additional infrastructure improvements may be completed in the area associated with the requirements of specific future development projects and will be funded by those projects.

The Missouri Flat Area and the location of the proposed road improvements are shown on **Figure 3**. A summary description of the projects included in the MC&FP and proposed to be funded is shown on **Table 3**, which includes a cost estimate for each project along with an indication of its completion date.

FUNDING REQUIREMENTS

The total cost of the road improvements required to service both existing and pending development in the Missouri Flat planning area is about $41.2 million (2000 dollars). These cost estimates have been developed by the County Department of Transportation (DOT) as part of the County's Capital Improvement Program consistent with road improvement priorities identified by the TIM Fee Program.

NEW DEVELOPMENT SHARE OF COSTS

About 46 percent or $18.9 million of the total project costs would be funded with TIM Fee revenue. The Technical Report prepared for the TIM Fee Program established the nexus for each improvement included in the MC&FP, which ranges from 51 to 58 percent for each eligible project.

FIGURE 3

MISSOURI FLAT AREA MC & FP BOUNDARY

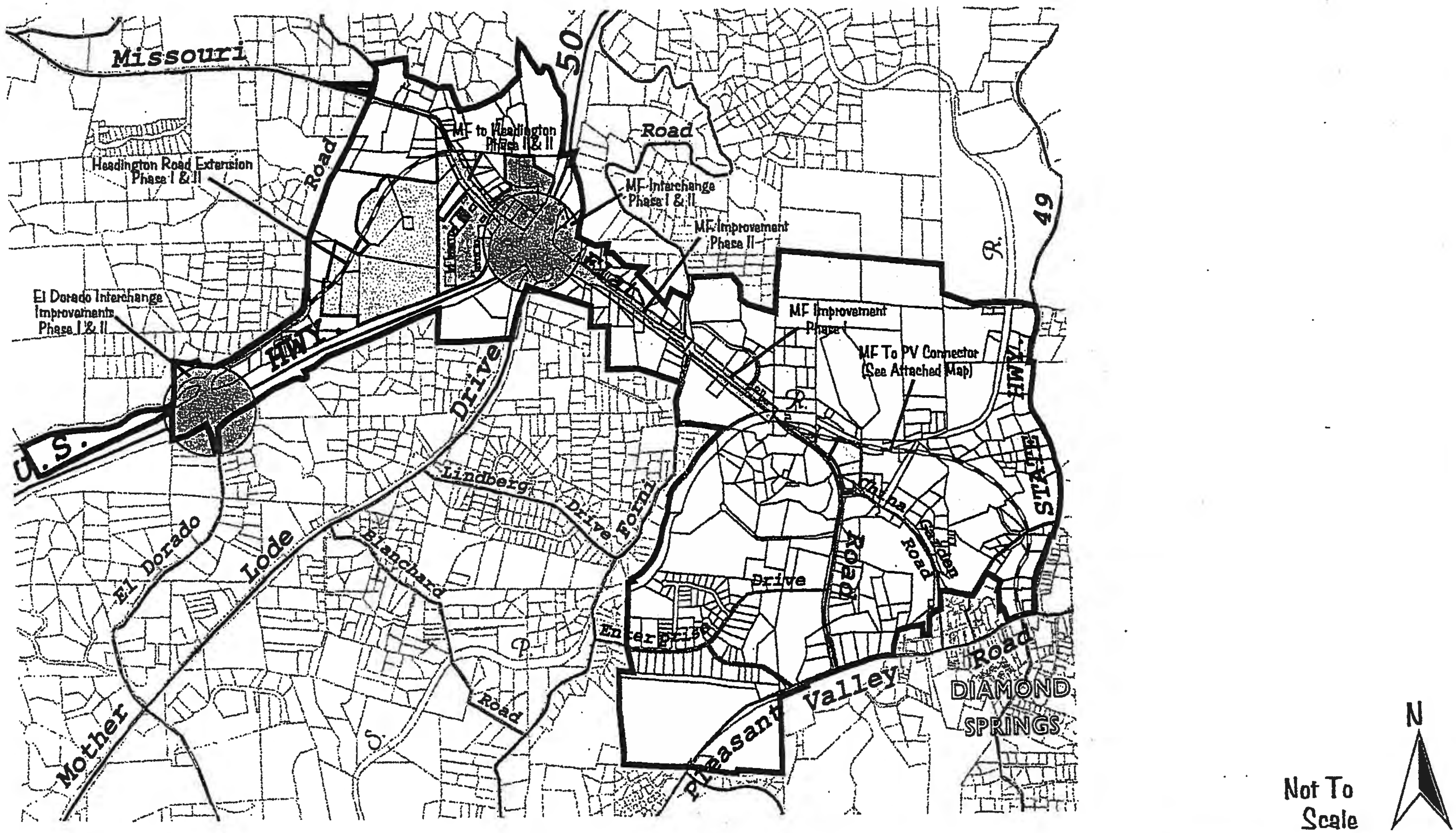


Table 3
Community Facilities District No 2002-01 (Missouri Flat)
Summary of Infrastructure Costs

Description	**Estimated Cost**
Missouri Flat Road Interchange	$22,532,913
Missouri Flat to Pleasant Valley Road Connector	$12,902,000
Missouri Flat Widening	$5,746,616
Total	**$41,181,529**

Source: County of El Dorado

COUNTY SHARE OF COSTS

The majority of the remaining costs, about 54 percent or $22.3 million, are associated with current traffic deficiencies caused by existing development. Under constitutional and statutory standards, new development cannot be required to mitigate impacts not associated with the new development, nor bear a portion of the cost of mitigation which is not roughly proportional to the impacts of, or needs generated by, the new development. However, lack of infrastructure capacity, regardless of the cause and ultimate allocation of cost to mitigate the problem, can act as a constraint upon development, especially where the improvements to be publicly funded must be closely coordinated with, and may be integral to, mitigation measures specific to new development. Therefore, a portion of the costs allocated to existing development is proposed to be funded by the County out of revenues generated by new development, but with the cooperation of property owners proposing to develop who will assist in obtaining and securing public financing by agreeing to the formation of a Community Facilities District and the use of their property as security for bonds issued by the CFD. The remainder of the costs allocated to existing development will be funded through a grant from the State Transportation Improvement Program.

Table 4
Community Facilities District No 2002-01 (Missouri Flat)
Summary of Financing Sources

Description	**Percentage**	**Estimated Cost (1)**
Total Infrastructure Costs		$41,200,000
Existing Deficiencies	**46%**	**$18,900,000**
Funding Sources:		
STIP Grant		$9,300,000
Incremental Sales Tax/Bonds (2)		$9,600,000
New Development	**54%**	**$22,300,000**
Funding Sources:		
TIM Program - State Highways (3)		$11,500,000
TIM Program - County Roads (4)		$10,800,000

(1) All Costs in 2000 dollars.
(2) Includes incremental tax revenues and $6.6 million in bond proceeds secured by CFD. Debt Service paid with incremental sales and property tax revenue.
(3) Based on 51% of interchange costs per TIM Program - State Highways.
(4) Based on 58% of remaining project costs per TIM Program - County Roads.

Source: County of El Dorado

IV. Proposed Bond Issues and Maximum Special Tax

The CFD will acquire public infrastructure and facilities through the sale of Mello-Roos Tax-Exempt Bonds. **Table 5** shows an estimate of the initial bond issue assuming the issue occurs in 2004. Approximately $7.8 million in Special Tax Bonds will be issued, producing approximately $6.6 million in construction proceeds. The actual amount of bonds and construction proceeds will depend on the conditions at the time of the bond sale. Bond issuance costs of fifteen percent include one percent for County administration pertaining to CFD formation, two percent for professional services (bond counsel, Special Tax Consultant, etc.), two percent for underwriter's discount, and a ten percent bond reserve.

Although this Report provides an estimate of the timing of the initial bond issuance, bonds will not be issued until needed for the Missouri Flat interchange project, and until the pending developments detailed in **Table 2** are completed and begin generating tax revenue. The CFD may issue additional bonds if property is annexed to the CFD that requires further transportation improvements or presents the opportunity to repay the loan from the County's TIM Fee program sooner than currently planned. All bond issuances will be subject to the requirement that the land securing the bonds have an appraised value of at least three times the total principal amount of the bonds to be issued and any outstanding bonds.

CALCULATION OF MAXIMUM ANNUAL COST

Payments of interest and principal for the proposed bond issuances will be funded first from the property and sales tax revenue generated by the development contemplated in the Missouri Flat Area, based upon sales performance benchmarks agreed to between the County and the property owners of the proposed CFD. To the extent that such funds are insufficient to pay the Annual Costs of the CFD, as defined below, the Special Tax will be levied upon parcels in the CFD to meet such costs. Please refer to **Appendix A**, Rate and Method of Apportionment of the Special Tax, for a complete discussion of this procedure.

The Annual Costs to be funded through tax revenues and the Special Taxes are comprised of three major components. The first component is the debt service on the bonds, which is the annual payment of interest and principal to the bond holders. The second component is the annual cost of administering the CFD. The third component is any replenishment of the bond reserve fund needed to bring the reserve fund to the level specified in the bond indenture.

Table 5
Community Facilities District No 2002-01 (Missouri Flat)
Bond Summary

Item	Percentage	Amount
Bond Issue		**$7,800,000**
Less:		
County Administration	1.00%	$78,000
Professional Services (1)	2.50%	$195,000
Underwriter's Discount	1.50%	$117,000
Reserve Fund	10.00%	$780,000
Available Proceeds		**$6,630,000**

(1) Professional Services include Special Tax Consultant, Bond Counsel and other services in connection with the issuance of the bonds.

Source: Economic & Planning Systems, Inc.

Table 6 shows the calculation of the estimated Maximum Annual Costs when $7.8 million in bonds have been issued. The Maximum Annual Cost is estimated to be approximately $680,000 in 2005, the base year. The Maximum Annual Cost estimate assumes 30-year bonds issued at 6.75 percent interest with level debt service.[6] If interest rates are lower at the time of issue, more bonds could be issued so long as the debt service coverage is adequate.[7]

The Special Tax Formula will serve essentially as a backup tax to supplement available funds if the parcels included within the CFD do not generate their expected level of sales and property tax revenues. As discussed in the next chapter, the Maximum CFD Revenue for the proposed CFD will remain constant through the life of the CFD, assuming there are no annexations of additional parcels or new commercial development within the CFD. In years in which less then the Maximum Special Tax is needed, the tax levy will be less than the maximum authorized. As explained in more detail in **Chapter V**, if the property owners within the CFD meet the sales tax targets specified in the Rate and Method, no Special Tax will be levied.

MAXIMUM SPECIAL TAX

Table 7 shows the Maximum Special Tax for each development type in the proposed CFD. These revenue forecasts assume that all of the parcels anticipated to join the CFD do in fact do so at the time that building permits for development are granted. If, at the time of bond authorization, less than the anticipated numbers of parcels have joined the CFD, bond sizing would be reduced accordingly. It should be noted that the Maximum Special Tax in this CFD serves primarily as a backup tax supplementing the sales and property tax revenue received by the County from new development in the Missouri Flat Area.

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[6] Although bonds do not have exactly level debt service, and often have special maturities in the form of term bonds, the assumption of level debt service is approximately correct and serves for this analysis.
[7] Debt service coverage is the ratio of maximum special taxes to debt service, typically 108 percent for Mello-Roos bonds.

Table 6
Community Facilities District No 2002-01 (Missouri Flat)
Estimated Maximum Annual Cost (2003-04) First Year of Tax Levy

Item	Factor	Amount
Total Bond Amount (from Table 3)		$7,800,000
Estimated First Year Gross Debt Service (1)		$612,863
Estimated Administration Cost	3.00%	$18,386
Subtotal (Debt Service and Administration)		**$631,249**
Delinquency Coverage Factor	8.00%	$49,029
Estimated Maximum Annual Cost		**$680,278**

(1) Assumes 15% COI, term of 30 years and 6.5% interest

Source: Economic & Planning Systems, Inc.

Table 7
Community Facilities District No 2002-01 (Missouri Flat)
Maximum Special Tax Calculation

Development	Type	Square Feet	Taxable Sales Target (1)	Maximum Special Tax
Wal-Mart	Wal-Mart	129,000	$300 /per sf	$328,950
El Dorado	Supermarket	55000	$150 /per sf	$70,125
	Retail	60000	$160 /per sf	$81,600
	Restaurant	5000	$160 /per sf	$6,800
Prospectors Plaza/ Albertson's Expansion	Supermarket	9,000	$150 /per sf	$11,475
Total Maximum Special Tax				**$498,950**

Sources: County of El Dorado; Economic & Planning Systems, Inc.

V. STRUCTURE OF THE PROPOSED CFD

DESCRIPTION OF THE COMMUNITY FACILITIES DISTRICT

The MC&FP calls for the County of El Dorado to establish the CFD. Parcels within the CFD will pay an annual Special Tax based on the Special Tax formula detailed in **Exhibit A**. The list of eligible facilities is presented in this Report as **Exhibit B**. The boundary map for the CFD is attached as **Exhibit C**. The purpose of the CFD is to issue bonds to acquire infrastructure and facilities in the amount of approximately $6.6 million. The improvements are described in **Chapter III.**

BOND AUTHORIZATION

The bond authorization for the CFD is $35 million. This amount represents the maximum amount of bonds that can be issued by the CFD without an additional election among the property owners or registered voters of the CFD, as applicable The $35 million bond authorization will provide the flexibility to acquire or construct additional eligible facilities or infrastructure or issue additional debt to repay the County's Transportation Improvement Fund if bond market conditions are more favorable than currently estimated or if additional parcels are annexed to the CFD. In addition, the bond authorization provides a safety level above the currently estimated bond debt and potential additional debt that can be issued based on current financing assumptions.

DEFINITION OF ANNUAL COST

Each year the County will approve the Annual Costs for the CFD, as provided in the County Funding Agreement. The Annual Costs will be the net of the following items:

- Debt Service on the Special Tax Bonds
- Administration of the CFD
- Replenishment of the Bond Reserve Fund
- Replacement of income lost through delinquencies

The Annual Costs funded by the levy of the Special Tax will be determined by subtracting the above costs from available revenues, including property and sales tax proceeds, and reimbursement payments. If required, the County will then apply the Special Tax Formula included as **Exhibit A** to this Report to determine the Special Tax levy for each parcel.

DETERMINATION OF PARCELS SUBJECT TO SPECIAL TAX

The County shall prepare a list of the Parcels subject to the Special Tax using the records of the County El Dorado as of January 1 of each year. As specified in **Exhibit A** to this Report, the Rate and Method of Apportionment of Special Tax, only those parcels located within the CFD that fail to meet their specified taxable sales targets shall be subject to the special tax, and then only in proportion to their failure to meet such targets. Taxable parcels that are acquired by a public agency after the CFD is formed will remain subject to the Special Tax unless a "trade" resulting in no loss of revenue or security can be made as described in the Special Tax Formula.

TERMINATION OF THE SPECIAL TAX

The Special Tax will be levied and collected for as long as needed to pay the principal and interest on debt and other costs incurred in order to construct the authorized improvements and to pay Annual Costs. When all Annual Costs incurred by the CFD have been paid, the Special Tax shall cease to be levied. In any event the Special Tax shall terminate on June 30, 2042. The County shall direct the County Recorder to record a Notice of Cessation of Special Tax. Such notice will state that the obligation to pay the Special Tax has ceased and that the lien imposed by the Notice of Special Tax Lien is extinguished. The Notice of Cessation of Special Tax will additionally identify the previously Taxable Parcels by the book and page of the Book of Maps of Assessment and Community Facilities Districts where the map of the boundaries of the CFD is recorded.

ASSIGNMENT OF THE MAXIMUM SPECIAL TAX

Section 6 of the Special Tax Formula, included as **Exhibit A**, describes in detail the precise method for assigning the Maximum Special Tax to parcels within the CFD. The following discussion briefly summarizes these procedures.

Each year the Special Tax Administrator will determine whether the sales and property tax receipts attributable to development within the CFD are sufficient to pay Annual Costs. If such funds are sufficient, no Special Tax will be levied for that year. If such amount is insufficient, the Administrator will examine the taxable sales for each parcel in the CFD and compare it to the taxable sales target for that parcel, as specified in the Special Tax Formula. Any parcel that has met its taxable sales target is exempt from Special Tax. Any parcel that has not met its taxable sales target will pay a proportionate share of the Annual Costs as a Special Tax levied by the Assessor.

PREPAYMENT OF SPECIAL TAX OBLIGATION

Landowners may permanently satisfy the Special Tax obligation by a cash settlement with the County as permitted under Government Code Section 53344. Prepayment is permitted only under the following circumstances.

The County determines that the prepayment of the Special Tax obligation does not jeopardize its ability to make timely payments of Debt Service on outstanding bonds.

Any landowner prepaying the Special Tax obligation must pay any and all delinquent Special Taxes and penalties prior to prepayment.

The prepayment amount is detailed in Section 7 of the Special Tax Formula, included as **Exhibit A**. In summary, the prepayment amount is determined by multiplying the Maximum Special Tax for each parcel by the number of years remaining until the termination of the Special Tax in 2042.

MANNER OF COLLECTION

The Special Tax will be collected in the same manner and at the same time as ad valorem property taxes.

APPENDIX A:

RATE AND METHOD

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EXHIBIT A

Community Facilities District No. 2002-01
(Missouri Flat Area)

RATE AND METHOD OF APPORTIONMENT OF SPECIAL TAX

1. Basis of Special Tax Levy

A Special Tax authorized under the Mello-Roos Community Facilities Act of 1982 (the "Act") applicable to the land in the Missouri Flat Area Community Facilities District No. 2002-01 (the "CFD") of the County of El Dorado (the "County") shall be levied and collected according to the tax liability determined by the County through the application of the appropriate amount or rate, as described below.

2. Definitions

"**Act**" means the Mello-Roos Community Facilities Act of 1982, as amended, Sections 53311 and following of the California Government Code.

"**Administrative Expenses**" means the following actual or reasonably estimated costs directly related to the administration of the CFD: the costs of computing Special Taxes and preparing the annual Special Tax collection schedules (whether by the County or designee thereof or both); the costs of collecting the Special Taxes (whether by the County or otherwise); the costs of remitting the Special Taxes to the Trustee (including its legal counsel) in the discharge of the duties required of it under the Bond Indenture; the costs to the County, CFD or any designee thereof of complying with arbitrage rebate requirements; the costs to the County, CFD or any designee thereof of complying with County, CFD or obliged persons disclosure requirements associated with preparing Special Tax disclosure statements and responding to public inquiries regarding the Special Taxes; the costs of the County, CFD or designee thereof related to the appeal of the Special Tax; and the cost associated with the release of funds from an escrow account, if any. Administrative Expenses shall also include amounts estimated or advanced by the County or CFD for any other administrative purposes, including attorney's fees and other costs related to commencing and pursuing to completion any foreclosure of delinquent Special Taxes.

"**Administrator**" means The County Administrative Officer or his or her designee.

"**Annexation Parcel**" means any Parcel that is annexed to the CFD.

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

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

2) Administrative Expenses for such Fiscal Year;

3) The amount needed to replenish any Reserve Fund Requirements for the Bonds to the level required under the Bond Indenture; and

4) An amount equal to the amount of delinquencies in payments of Special Taxes levied in the previous Fiscal Year and/or anticipated for the current Fiscal Year;

5) less any funds contributed to the CFD through the County Funding Agreement.

"**Average Retail Sales Per Square Foot**" is defined as specified in Attachment 2.

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

"**Board**" means the Board of Supervisors of the County of El Dorado as the legislative body for the CFD under the Act.

"**Bond Indenture**" means the indenture or other financing document pursuant to which the Bonds are issued.

"**Bond Share**" means the share of Bonds assigned to a Parcel as specified in Section 6 of this Rate and Method of Apportionment.

"**Bonds**" means bonds issued by the County for the CFD.

"**CFD**" means the Community Facilities District No. 2002-01 (Missouri Flat Area) of the County.

"**County**" means the County of El Dorado, California.

"**County Assessor's Parcel**" means a lot or Parcel with an assigned Assessor's Parcel Number in the maps used by the County Assessor in the preparation of the tax roll.

"**County Funding Agreement**" refers to an agreement that allows the transfer of general fund revenues to the CFD.

"**Debt Service**" means the total amount of principal, interest and scheduled sinking fund payments to pay Bond principal and interest.

"**Derived Sales Tax Generation**" means, for a Parcel or Development, the sum of the products of the Parcel or Development's actual gross leasable area for each retail category, as specified on **Attachment 2**, and the Performance Target Rate for that retail category.

"**Development**" means a Parcel or group of Parcels covered by a single Development Agreement.

"**Development Agreement**" means an agreement between the County and other parties covering the respective development rights and obligations pertaining to a particular Development.

"**Development Plan**" means:

1) For Original Parcels, the development plan as defined in the approved and recorded Development Agreement pertaining to those Parcels. For Original Parcels that do not have a Development Agreement, the development plan as defined in the planned development application for that Parcel on file with the County.

2) For Annexation Parcels, the development plan as provided in the Development Agreement or similar document for that Parcel or group of Parcels.

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

"**Gross Leasable Area**" means, for any particular Parcel or group of Parcels, all enclosed sales areas including outside garden sales areas as provided by the Development Plan pertaining to that Parcel or group of Parcels. For a Parcel not covered by a Development Plan, Gross Leasable Area means all enclosed sales areas including outside garden sales areas actually constructed on the Parcel.

"**Maximum Annual Special Tax**" means the greatest amount of Special Tax that can be levied against a Taxable Parcel in any Fiscal Year. The initial Maximum Annual Special Taxes for Original Parcels are shown in **Attachment 1**. Subsequently the Maximum Annual Special Taxes for Original Parcels will be reallocated pursuant to Section 5B. The Maximum Special Tax for Annexation Parcels shall be calculated pursuant to Section 5D. Each time a Taxable Parcel is subdivided, the Maximum Annual Special Tax will be reassigned to the Successor Parcels pursuant to Section 5C. The Maximum Annual Special Tax is assigned to Parcels on the basis of the Gross Leasable Area of a Development and the total Maximum Annual Special Tax for the Development may not be reduced by the subdivision of Parcels or by changes in the use of such Parcels.

"**Maximum CFD Revenue**" means the sum of the Maximum Annual Special Tax for all of the Taxable Parcels in the CFD in a Fiscal Year.

"**Net Acre(age)**" means the acreage of a Parcel as shown on the County Assessor's parcel records excluding right-of-way dedicated and accepted by a public agency for streets, roads, landscaping, and other public purposes. For mixed-use parcels containing both residential and commercial development, Net Acre(age) consists solely of the property attributable to the commercial component.

"**Original Parcel**" means a Parcel as identified by Assessor's Parcel Number on Attachment 1, or a Successor Parcel that is being further subdivided into additional Successor Parcels for purposes of spreading Maximum Annual Special Taxes between Successor Parcels per the provisions in Section 5.C.

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

"**Parcel**" means any County Assessor's parcel in the CFD based on the equalized tax rolls of the County as of January 1 of each year.

"**Performance Target**" means, for each Parcel , the amount determined by multiplying the Performance Target Rate for each retail category contained in the Parcel, as specified on **Attachment 2**, times the Gross Leasable Area for that retail category. In the case of Original Parcels, the Performance Target for each Parcel is specified on **Attachment 1** and subsequently reallocated pursuant to Section 5B. Where the Gross Leasable Area on a Parcel constitutes an expansion of an existing structure, the Performance Target attributable to the expansion shall be determined by pro rating total sales tax generated in the structure based on the proportion that the floor area in the expanded area bears to the total floor area contained in the structure. The Performance Target is assigned initially on the basis of the Gross Leasable Area of a Development and the total Performance Target of the Development may not be reduced by the subdivision of Parcels or by changes in use.

"**Public Parcel**" means any Parcel that, at the time the CFD is formed, is exempt from the Special Tax pursuant to Section 53340 of the Act.

"**Prepayment**" means the payment of Maximum Annual Special Taxes pursuant to Section 7.

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

"**Reserve Fund Share**" means the lesser of (i) the reserve requirement on all Outstanding Bonds, or (ii) the reserve fund balance on all Outstanding Bonds at the time of such calculation, multiplied by the Benefit Share for a given Parcel.

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

"**Special Tax Levy**" means the Special Taxes due to be paid for a Parcel in a particular year.

"**Special Tax Obligation**" means the potential Special Tax owed by each Parcel, calculated according to the proportion of the Parcel's Performance Target that has not been met in a given year. If a Parcel has met its Performance Target, there is no Special Tax Obligation for that year.

"**Subdivision**" means a division of an Original Parcels into two or more Successor Parcels through the Subdivision Map Act process.

"**Successor Parcel**" means a Parcel created by Subdivision, lot line adjustment or Parcel map from an Original Parcel.

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

"**Tax Levy Ratio**" means the ratio of Annual Costs to the Total Special Tax Obligation.

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

"**Taxable Sales**" means the taxable retail sales for a Parcel over the prior four quarters, ending December 31, for which State Board of Equalization data is available as provided by the County. Where the Gross Leasable Area on a Parcel constitutes an expansion of an existing structure, the

Taxable Sales attributable to the expansion shall be determined by pro rating total sales tax generated in the structure based on the proportion that the floor area in the expanded area bears to the total floor area in the structure.

"**Tax-Exempt Parcel**" means a Parcel not subject to the Special Tax. Tax-Exempt Parcels include: (1) Public Parcels, and (2) any Parcel that has prepaid its Special Taxes under Section 7 hereof.

"**Total Special Tax Obligation(s)**" means the sum of the Special Tax Obligations of all Taxable Parcels.

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

3. Determination of Parcels Subject to Special Tax

The County shall prepare a list of the Parcels subject to the Special Tax using the records of the County Assessor and the County's own records. The County shall identify the Taxable Parcels from a list of all Parcels within the Missouri Flat Area using the procedure described below:

1) Identify list of Original and Successor Parcels

2) Identify list of Annexation Parcels

It shall be the burden of the taxpayer to correct any errors in the determination of the Parcels subject to the Special Tax and their Special Tax assignments.

4. Termination of the Special Tax

The Special Tax will be levied and collected for as long as is needed to pay the principal and interest on debt and other costs incurred in order to pay the Annual Costs but in no case later than June 30, 2042.

When all Annual Costs incurred by the CFD have been paid, the Special Tax shall cease to be levied. The Board shall direct the County Clerk to record a Notice of Cessation of Special Tax. Such notice will state that the obligation to pay the Special Tax has ceased and that the lien imposed by the Notice of Special Tax Lien is extinguished. The Notice of Cessation of Special Tax shall additionally identify the book and page of the Book of Maps of Assessment and Community Facilities Districts where the map of the boundaries of the CFD is recorded.

5. Assignment of Maximum Annual Special Tax

Following the formation of the District, each time an Original Parcel or Successor Parcel is split or changes status in any manner, the County shall cause the following to occur:

A. Classification of Parcel.

Using the Definitions above, the County Assessor's Parcel Numbers and other County development approval records, the County shall cause each Parcel to be classified as a Tax-Exempt Parcel, or a Taxable Parcel.

B. Assignment of Maximum Annual Special Tax to Original Parcels on Attachment 1.

Initially, the Administrator shall assign the Maximum Annual Special Tax to each Taxable Parcel that is an Original Parcel as shown on **Attachment 1**.

At the time building permits are issued for a Development including Original Parcels detailed on **Attachment 1**, the County shall calculate the sum of the Maximum Annual Special Tax and Performance Targets for the Parcels in the Development and reallocate the total among the Parcels in the Development based on each individual Parcel's Derived Sales Tax Generation as a proportion of the Derived Sales Tax Generation of all Parcels in the Development.

C. Assignment of Maximum Annual Special Tax to Successor Parcels.

The County shall assign the Maximum Annual Special Tax to each Successor Parcel as follows:

1. When an Original Parcel is subdivided, classify the resulting Successor Parcels as Taxable Parcels or Tax-Exempt Parcels using the definitions in Section 2.

2. If the Successor Parcel is a Taxable Parcel:

   - calculate the percentage of the taxable Successor Parcel's square footage to the total square footage for all taxable Successor Parcels of that Original Parcel; then,

- multiply this percentage by the Maximum Annual Special Tax assigned to the previous Original Parcel. This will be the new Maximum Annual Special Tax for each Successor Parcel. The sum of the Maximum Annual Special Taxes for the Successor Parcels shall be equal to the maximum Annual Special Tax for the previous Original Parcel.

3. Allowable Transfer of Special Tax:

In the event that an Original or Successor Parcel, through a loss of developable land, will have a higher Special Tax per acre of developable land than other Taxable Parcels in a Development, the revised Maximum Annual Special Tax may be adjusted further by shifting the tax to other Taxable Parcels within that Development and subject to the following provisions:

(i) any decrease in one Taxable Parcel's Maximum Annual Special Tax is offset by an equal increase in the Maximum Annual Special Tax of another Taxable Parcel or Parcels to ensure that there is no net loss in total Maximum Annual Special Taxes;

(ii) all adjustments are agreed to by the affected owners and the County ; and

(iii) none of the transferred Special Taxes will be spread to Tax-Exempt Parcels.

D. <u>Assignment of Maximum Annual Special Tax to an Annexation Parcel</u>.

When a Parcel is annexed to the CFD after formation and receives a building permit for development, the Maximum Annual Special Tax for that Parcel shall be the product of 0.85 percent (0.0085)of its Performance Target, calculated pursuant to the definition thereof in Section 2. Once annexed, the Annexation Parcel will be treated in the same manner as an Original Parcel in the creation of any Successor Parcel.

E. <u>Conversion of a Tax-Exempt Parcel to a Taxable Parcel</u>.

If a Tax-Exempt Parcel is converted to a Taxable Parcel, it shall become subject to the Special Tax. The Maximum Annual Special Tax for each such Parcel shall be the product of 0.85 percent (0.0085)of its Performance Target, calculated pursuant to the definition thereof in Section 2. Once converted to a Taxable parcel, the Parcel will be treated in the same manner as an Original Parcel in the creation of any Successor Parcel.

F. Taxable Parcel Acquired by a Public Agency.

A Taxable Parcel that is acquired by a public agency after the CFD is formed will remain subject to the applicable Special Tax unless the Special Tax obligation is satisfied pursuant to Section 53317.5 of the Government Code. Two exceptions to this may be made:

1. If a Public Parcel within the CFD of comparable acreage is converted to a Taxable Parcel in exchange for the conversion of the Taxable Parcel, the previously Tax-Exempt Parcel becomes a Taxable Parcel, and the Maximum Annual Special Tax from the previously Taxable Parcel is transferred to the newly Taxable Parcel. This trading of Parcels will be permitted to the extent that there is no net loss in Maximum Annual Special Tax Revenues.

2. If a portion of a Taxable Parcel is dedicated for a public purpose, such as right of way, and divided into a separate Parcel, the Maximum Annual Special Tax and Performance Target for that entire Original Parcel shall be reallocated to the remaining portion of the Taxable Parcel.

6. Setting the Annual Special Tax Rate

The Special Tax Levy for each Parcel will be established annually as follows:

A. Compute the Annual Costs using the definitions in Section 2. If there are no Annual Costs, then no Special Tax shall be levied for that year.

B. If the Annual Costs are greater than zero, then compute the Special Tax Obligation for each Taxable Parcel as follows:

Step 1: Calculate the ratio of the Taxable Sales for the Parcel to the Performance Target for the Parcel.

Step 2: If the resulting ratio is one or greater, the Special Tax Obligation for that Parcel is zero. That Parcel has met its Performance Target and owes no Special Tax.

Step 3: If the resulting ratio is less than one, the Parcel has not met its Performance Target. Determine the Special Tax Obligation for the Parcel by calculating the total of one minus the ratio multiplied by the Maximum Annual Special Tax for that Parcel.

C. Add the resulting Special Tax Obligations for each Taxable Parcel together to arrive at the Total Special Tax Obligation.

D. Divide the Annual Costs by the Total Special Tax Obligation to arrive at the Tax Levy Ratio.

E. Multiply the Tax Levy Ratio by the Special Tax Obligation for each Parcel to arrive at the Special Tax Levy for each Parcel.

F. Prepare the Tax Collection Schedule listing the Special Tax Levy for each Taxable Parcel and send it to the County Auditor requesting that it be placed on the general, secured property tax roll for the Fiscal Year. The Tax Collection Schedule shall not be sent later than the date required by the Auditor for such inclusion.

The County shall make every effort to correctly calculate the Special Tax for each Parcel. It shall be the burden of the taxpayer to correct any errors in the determination of the Parcels subject to the Special Tax and the Special Tax Levy thereon.

As development and subdivision of the project occur, the County will maintain a file of each current County Assessor's Parcel Number within the CFD, its Maximum Annual Special Tax, and the Maximum CFD Revenues for all Parcels within the CFD, available for public inspection. This record shall show the calculation of the assigned Maximum Annual Special Tax to each Original and each Successor Parcel and a brief description of the process of assigning the Special Tax each time a Successor Parcel was created.

7. Prepayment of Special Tax Obligation

Landowners may permanently satisfy the Special Tax obligation by a cash settlement with the County as permitted under Government Code Section 53344. Prepayment is permitted only under the following conditions:

- The County determines that the Prepayment of the Special Tax obligation does not jeopardize its ability to make timely payments of Debt Service on Outstanding Bonds.
- Any landowner prepaying the Special Tax obligation must pay any and all delinquent Special Taxes and penalties for that Parcel prior to Prepayment.

The amount of the Special Tax Prepayment shall be established by the following steps:

Step 1: Determine the Maximum Annual Special Tax for the Parcel based on the assignment of the Maximum Annual Special Tax described in Section 5 above.

Step 2: Determine the number of years remaining until the termination of the Special Tax by subtracting the current year from 2042 (the termination year).

Step 3: Determine the total Prepayment amount by multiplying the Maximum Annual Special Tax times the number of years remaining until the termination of the Special Tax to arrive the amount of the Special Tax prepayment and adding any fees, call premiums, and expenses incurred by the County in connection with the Prepayment calculation or the application of the proceeds of the Prepayment.

8. Appeals

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

Interpretations may be made by Resolution of the Board for purposes of clarifying any vagueness or ambiguity as it relates to the Special Tax rate, the method of apportionment, the classification of properties, or any definition applicable to the CFD.

9. Manner of Collection

The Special Tax will be collected in the same manner and at the same time as ad valorem property taxes; provided, however, that the County or its designee may directly bill the Special Tax and may collect the Special Tax at a different time, such as on a monthly or other periodic basis, or in a different manner, if necessary to meet its financial obligation.

Attachment 1
County of El Dorado
Community Facilities District No. 2002-01 (Missouri Flat Area)
Maximum Annual Special Tax - Original Parcels

Assessor's Parcel Number (1)	Original Parcels Development	Undeveloped Net Acres	Annual Maximum Special Tax on Original Parcel (2)	Performance Target(3)
327-240-20	WalMart	18.41	$305,857	$35,983,182
327-240-17	WalMart	1.39	$23,093	$2,716,818
327-130-30	El Dorado Villages	1.82	$18,226	$2,144,220
327-130-49	El Dorado Villages	4.97	$49,771	$5,855,370
327-130-47	El Dorado Villages	1.95	$19,528	$2,297,378
327-130-36	El Dorado Villages	0.46	$4,607	$541,946
327-130-43	El Dorado Villages	3.03	$30,343	$3,569,773
327-130-37	El Dorado Villages	0.57	$5,708	$671,541
327-130-44	El Dorado Villages	0.49	$4,907	$577,290
327-130-45	El Dorado Villages	0.91	$9,113	$1,072,110
327-130-46	El Dorado Villages	1.63	$16,323	$1,920,373
327-290-58	Prospector's Plaza	20.04	$11,475	$1,350,000
Total		**55.67**	**$498,950**	**$58,700,000**

(1) Assessor's Parcel Numbers as of January 31, 2002.
(2) Total for Parcel, equal to 0.85 percent of the Performance Target for the Parcel.
(3) Equal to the product of the Taxable Sales Target for the Development, as specified on Attachment 2, and the Gross Leaseable Area for each retail category, allocated among Parcels in a Development by acreage.

Sources: County of El Dorado; Economic & Planning Systems, Inc.

Attachment 2
Performance Targets and Maximum Annual Special Taxes

Retail Category	Performance Target Rate[1]	Maximum Annual Special Tax Rate[2]
National Discount Retailer/Stand-Alone[3]	$300.00	$2.55
Home Improvement[4]	$240.00	$2.05
Regional Retail (department stores and related "in line" shops)[5]	$220.00	$1.90
Supermarket[6]	$150.00	$1.30
Other Retail[7]	$160.00	$1.35
Non-Retail Commercial[8]	$0.00	$0.25

1 Average Retail Sales per square foot. This figure reflects industry averages for the specified categories or retail uses. Actual sales performance of individual retail outlets within shopping centers may be higher or lower. Taxable Sales Targets for Original Parcels will be derived by multiplying Average Retail Sales Per Square Foot subject to State sales taxes by Gross Leaseable Area including all enclosed sales areas including outside garden sales area (GLA) as vested by the Development Agreements. Non-retail uses (financial institutions, etc.) will have a Maximum Annual Special Tax per square foot of $0.00.

2 Per square foot GLA. Maximum Special Tax Levy will be calculated by multiplying the Performance Target by one percent (the local portion of State sales taxes). The product will be reduced by the Tax Rate Factor of .85, rounded to the nearest $0.05 to produce an estimate of the Maximum Special Tax for each square foot of GLA. The Rate and Method does not utilize this figure to calculate the Special Tax Levy for a particular Parcel.

3 Includes big box, large membership club, and other off-price or high-value retailers such as Wal-Mart, Target, Kmart, Costco, Sam's Club, etc. when such uses are stand-alone uses.

4 Includes Home Depot, Home Base, Orchard Supply, or other large home improvement/hardware stores, lumber yards, building material suppliers, etc.

5 Includes PetCo, Ross Dress for Less, J. C. Penney's, Borders Books, Barnes & Noble, Bed and Bath, or other department stores, shoes, specialty apparel shops, jewelry stores, etc, which are typically found in regional malls. May also include big box discount retailers such as Target, Kmart, Costco and Sam's Club, when such uses are located in regional malls.

6 Includes all grocery stores, including supermarkets, small produce and meat shops, etc.

7 Includes all other types of retail including drug stores, restaurants, small convenience stores, gas stations, video stores, beauty supply stores, service commercial such as nurseries, auto repair, etc.

8 Includes all other commercial, non-residential uses such as banks, professional offices, etc.

Sources: County of El Dorado; Economic & Planning Systems, Inc.

APPENDIX B:

AUTHORIZED FACILITIES

BERKELEY
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DENVER
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fax: 303-623-9049

EXHIBIT B

Community Facilities District No. 2002-01
(Missouri Flat Area)

LIST OF AUTHORIZED FACILITIES

Facilities to be Financed:

1. Missouri Flat Road Widening-Phase A: Mother Lode Drive to Forni Road

This project consists of the widening and reconstruction of Missouri Flat Road from two travel lanes with variable-width shoulders to four lanes with full shoulders, variable width median and left-turn lanes(s) from Mother Lode Drive to Forni Road, a length of approximately 2300 feet. In addition, the project includes curb and gutter, asphalt concrete dike, drainage pipes and other facilities to accommodate runoff from the roadway and cross drainage, modification of traffic signals at Mother Lode Drive, and reconstruction, re-alignment and grade adjustments to the intersections of Mother Load Drive, Perks Court, County Road 2233 and 14 private driveways.

2. Missouri Flat Road Widening-Phase B: Forni Road to future Pleasant Valley Connector

This project consists of widening and reconstruction of Missouri Flat Road from two travel lanes with variable-width shoulders to four lanes with full shoulders, variable width median and left-turn lane(s) from Forni Road to the proposed Pleasant Valley Connector, a length of approximately 1075 feet. In addition, the project includes curb and gutter, asphalt concrete dike, drainage pipes and other facilities to accommodate runoff from the roadway and cross drainage, modification of traffic signals at Forni Road, and reconstruction, re-alignment and grade adjustments to the intersections of Forni Road, Golden Center Drive and 2 private driveways. Auxiliary lanes are also included at the Forni Road intersection to accommodate right-turn movements.

3. Missouri Flat Road/US 50 Interchange Improvements — Phase I

The Phase 1 Interchange project generally consists of the reconstruction of the existing interchange into a tight-diamond configuration with four through-lanes on Missouri Flat Road from Prospector Plaza to Mother Lode Drive, including auxiliary turn-lanes, transition lanes, and signals/intersection improvements at the intersections of Mother Lode Drive, the eastbound ramps, the westbound ramps, and Prospector Plaza Drive. An eastbound auxiliary lane on U.S. 50 from Missouri Flat Road to Forni Road, reconstruction and/or widening of all the existing ramps, and a free right-turn lane from northbound Missouri Flat to eastbound U.S. 50, with a realigned Perks Court are also included.

The El Dorado County Department of Transportation (DOT) in coordination with the State of California Department of Transportation (Caltrans) commissioned a Project Study Report (PSR) for the Missouri Flat Interchange Project. The PSR examined several alternatives for a Phase I project as well as an ultimate interchange improvement. The document was approved in August 2000 with a Single Point Diamond Interchange as the preferred ultimate alternative. The final configuration and project details for Phase I and the ultimate project will be determined in the Project Report (PR) and Environmental Document (ED), currently under preparation.

4. Pleasant Valley Connector Roadway: Missouri Flat Road to Hwy 49/Fowler Lane intersection.

This project includes the construction of a new roadway from the end of the Missouri Flat Road Widening – Phase B to the intersection of Pleasant Valley Road and State Highway 49 in Diamond Springs. Several alignments were studied by DOT and presented to the Board of Supervisors who selected a preferred alignment for further study. DOT will be preparing a route adoption study and environmental document to identify the project specifics.

It is anticipated the Pleasant Valley Connector Roadway will be approximately 2000 m (6500 ft) in length including four travel lanes, median and auxiliary lanes. Curb and gutter, asphalt concrete dike, drainage pipes and other facilities to accommodate runoff from the roadway and cross drainage, intersection and driveway connection improvements are also anticipated to be a part of the project.

5. Missouri Flat Road at Headington Road — Intersection Improvements and Signalization.

This project consists of improving the existing intersection to allow for turn lanes and signalization of the intersection.

6. Missouri Flat Road at El Dorado Road — Intersection Improvements and Signalization.

This project consists of improving the existing intersection to allow for turn lanes and signalization of the intersection.

Other Expenses:

The above listed types of facilities are proposed to include incidental expenses as authorized by the Mello-Roos Community Facilities Act of 1982, including, but not limited to, the cost of planning, engineering, and designing the facilities (including the cost of environmental evaluation thereof); cost associated with the creation of the District, issuance of bonds, and determination of the amount of taxes and the collection and payment thereof; costs otherwise incurred in order to carry out the authorized purposes of the District; and any other expenses incidental to the construction, completion, and inspection of the facilities, including the acquisition of right-of-way.

Appendix C:

Boundary Map

PROPOSED BOUNDARIES OF

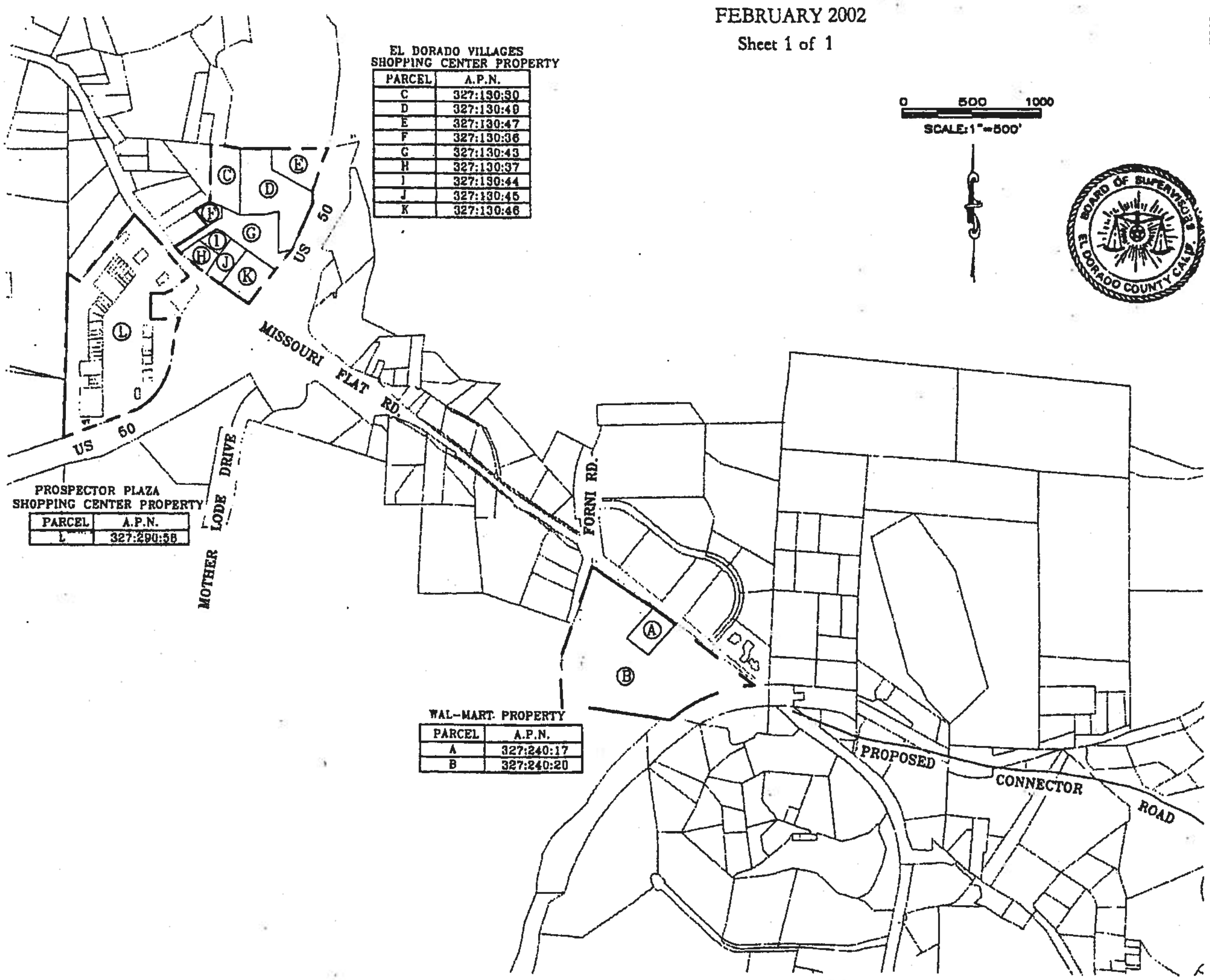
COMMUNITY FACILITIES DISTRICT NO. 2002-1

(MISSOURI FLAT AREA)

COUNTY OF EL DORADO, STATE OF CALIFORNIA

FEBRUARY 2002

Sheet 1 of 1



EL DORADO VILLAGES SHOPPING CENTER PROPERTY

PARCEL	A.P.N.
C	327:130:30
D	327:130:40
E	327:130:47
F	327:130:36
G	327:130:43
H	327:130:37
I	327:130:44
J	327:130:45
K	327:130:46

PROSPECTOR PLAZA SHOPPING CENTER PROPERTY

PARCEL	A.P.N.
L	327:290:58

WAL-MART PROPERTY

PARCEL	A.P.N.
A	327:240:17
B	327:240:20

LEGEND

COMMUNITY FACILITIES DISTRICT BOUNDARY

(#) PARCEL DESIGNATION

A.P.N. ASSESSOR'S PARCEL NUMBER

CLERK'S FILING CERTIFICATE

FILED IN THE OFFICE OF THE CLERK OF THE BOARD OF SUPERVISORS THIS 5th DAY OF February, 2002.

DIXIE L. FOOTE
CLERK OF THE BOARD
OF SUPERVISORS

BY: Margaret E. Moody
Deputy Clerk

CLERK'S CERTIFICATE OF BOARD APPROVAL

I HEREBY CERTIFY THAT THE WITHIN MAP SHOWING PROPOSED BOUNDARIES OF COMMUNITY FACILITIES DISTRICT NO. 2002-1 (MISSOURI FLAT AREA) OF THE COUNTY OF EL DORADO, STATE OF CALIFORNIA, WAS APPROVED BY THE BOARD OF SUPERVISORS OF THE COUNTY OF EL DORADO AT A REGULAR MEETING THEREOF, HELD ON THE 12th DAY OF February 2002, BY ITS RESOLUTION NO. 042 - 02.

DIXIE L. FOOTE
CLERK OF THE BOARD
OF SUPERVISORS

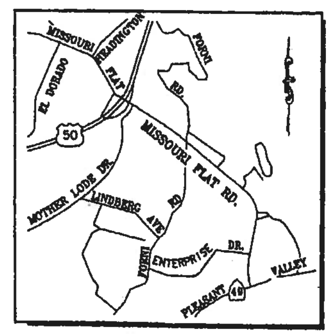
BY: Margaret E. Moody
Deputy Clerk

COUNTY RECORDER'S CERTIFICATE

FILED THIS 14 DAY OF February, 2002, AT THE HOUR OF 10:18 O'CLOCK A.M., IN BOOK 4 OF MAPS OF ASSESSMENT AND COMMUNITY FACILITIES DISTRICTS, AT PAGE 112, IN THE OFFICE OF THE COUNTY RECORDER IN THE COUNTY OF EL DORADO, STATE OF CALIFORNIA.

WILLIAM ("BILL") SCHULTZ
COUNTY RECORDER

BY: Linda Pinelli



VICINITY MAP (NTS)