

**AUGUST 13, 2018 – City Council Regular Meeting – 7:00 p.m.**  
**Community Facilities District No. 2006-1 Board of Directors Special Meeting**



City Council Chamber  
390 Towne Centre Drive  
Lathrop, California  
(209) 941-7200  
[www.ci.lathrop.ca.us](http://www.ci.lathrop.ca.us)

**City Council**

Sonny Dhaliwal, Mayor  
Mark Elliott, Vice Mayor  
Paul Akinjo  
Steve Dresser  
Martha Salcedo

**City Staff**

Stephen Salvatore, City Manager  
Salvador Navarrete, City Attorney  
Teresa Vargas, City Clerk  
Glenn Gebhardt, City Engineer  
Cari James, Finance & Administrative  
Services Director  
Mark Meissner, Community  
Development Director  
Zachary Jones, Parks & Recreation  
Director  
James Hood, Police Chief

**General Order of Business**

1. Preliminary
  - Call to Order
  - Closed Session
  - Roll Call
  - Invocation
  - Pledge of Allegiance
  - Announcements by Mayor/City Mgr.
  - Informational Items
  - Declaration of Conflict of Interest
2. Presentations
3. Citizen's Forum
4. Consent Calendar
5. Scheduled Items
  - Public Hearings
  - Appeals
  - Referrals and Reports from Commissions and Committees
  - All Other Staff Reports and/or Action Items
  - Study Sessions
6. Council Communications
7. Adjournment

**Order of Discussion**

Generally, the order of discussion after introduction of an item by the Mayor will include comments and information by staff followed by City Council questions and inquiries. The applicant, or their authorized representative, or interested residents, may then speak on the item; each speaker may only speak once to each item. At the close of public discussion, the item will be considered by the City Council and action taken.

**Consent Calendar**

Items on the Consent Calendar are considered to be routine by the City Council and will be enacted by one motion and one vote. There will be no separate discussion of these items unless a Councilmember or interested resident so requests, in which case the item will be removed from the Consent Calendar and considered separately.



**AUGUST 13, 2018 – Consolidated Meeting Agenda – 7:00 p.m.**

## Addressing the Council

Any person may speak once on any item under discussion by the City Council after receiving recognition by the Mayor. Purple speaker cards will be available prior to and during the meeting. To address City Council, a card must be submitted to the City Clerk indicating name, address and number of the item upon which a person wishes to speak. When addressing the City Council, please walk to the lectern located in front of the City Council. State your name and address. In order to ensure all persons have the opportunity to speak, a time limit will be set by the Mayor for each speaker (see instructions on speaker form). In the interest of time, each speaker may only speak once on each individual agenda item; please limit your comments to new material; do not repeat what a prior speaker has said. If you challenge the nature of a proposed action in court, you may be limited to raising only those issues you or someone else raised at the public hearing described in this notice, or in written correspondence delivered to the City Council at, or prior to, the public hearing.

## Citizen's Forum

Any person desiring to speak on a matter which is not scheduled on this agenda may do so under the Citizen's Forum section. Please submit your purple speaker card to the City Clerk prior to the commencement of Citizen's Forum. **Only those who have submitted speaker cards, or have expressed an interest to speak, prior to the conclusion of Citizen's Forum will be called upon to speak.** Please be aware the California Government Code prohibits the City Council from taking any immediate action on an item which does not appear on the agenda, unless the item meets stringent statutory requirements. The Mayor will limit the length of your presentation (see instructions on speaker form) and each speaker may only speak once on this agenda item.

**To leave a voice message for the Mayor and all Councilmembers simultaneously, dial (209) 941-7220. To send an e-mail for the Mayor and all Councilmembers simultaneously, [citycouncil@ci.lathrop.ca.us](mailto:citycouncil@ci.lathrop.ca.us)**

**This City Council Agenda may be accessed by computer at the following Worldwide Web Address: [www.ci.lathrop.ca.us](http://www.ci.lathrop.ca.us) LIVE STREAMING - Now available, please visit the City Council Page or use the URL [www.ci.lathrop.ca.us/council/](http://www.ci.lathrop.ca.us/council/)**

## Information

Copies of the Agenda are available in the lobby at the Lathrop City Hall, 390 Towne Centre Drive, Lathrop, on Thursday preceding a regularly scheduled City Council meeting. Supplemental documents relating to specific agenda items are available for review in the City Clerk's Office. This agenda was posted at the following locations: City Hall, Community Center, Generations Center, Senior Center, and "J" Street Fire Department. The meetings of the Lathrop City Council are broadcast on Lathrop Comcast Cable Television Channel 97.

Assistance will be provided to those requiring accommodations for disabilities in compliance with the Americans with Disabilities Act of 1990. Notification 48 hours prior to the meeting will enable the City to make reasonable arrangements to ensure accessibility and/or accommodations to this meeting. [28 CFR 35.102-35.104 ADA Title II] Interested persons must request the accommodation at least 2 working days in advance of the meeting by contacting the City Clerk at (209) 941-7230.

Information about the City or items scheduled on the Agenda may be referred to:

Address: City Clerk  
City of Lathrop  
390 Towne Centre Dr.  
Lathrop, CA 95330  
Telephone: (209) 941-7230

*Your interest in the conduct of your City's business is appreciated.*

**CITY OF LATHROP  
CITY COUNCIL REGULAR MEETING  
COMMUNITY FACILITIES DISTRICT NO. 2006-1  
BOARD OF DIRECTORS SPECIAL MEETING  
MONDAY, AUGUST 13, 2018  
7:00 P.M.  
COUNCIL CHAMBER, CITY HALL  
390 Towne Centre Drive  
Lathrop, CA 95330**

**CONSOLIDATED AGENDA**

**PLEASE NOTE: There will be a Closed Session commencing at 6:00 p.m. The Regular Meeting will reconvene at 7:00 p.m., or immediately following the Closed Session, whichever is later.**

**1. PRELIMINARY**

- 1.1 CALL TO ORDER
- 1.2 CLOSED SESSION
  - 1.2.1 CONFERENCE WITH LEGAL COUNSEL Anticipated Litigation - Significant Exposure to Litigation Pursuant to Government Code Section 54956.9(b)
    - 5 Potential Cases

**RECONVENE**

- 1.2.2 REPORT FROM CLOSED SESSION
- 1.3 ROLL CALL
- 1.4 INVOCATION
- 1.5 PLEDGE OF ALLEGIANCE
- 1.6 ANNOUNCEMENT(S) BY MAYOR / CITY MANAGER
- 1.7 INFORMATIONAL ITEM(S) - None
- 1.8 DECLARATION OF CONFLICT(S) OF INTEREST

**2. PRESENTATIONS**

- 2.1 CERTIFICATION OF APPRECIATION PRESENTED TO CITY BEAUTY SALON
- 2.2 RECEIVE INFORMATION FROM SHERIFF ELECT PAT WITHROW REGARDING LATHROP POLICE SERVICES
- 2.3 GENERAL PLAN UPDATE - LAND USE REQUEST ANNOUNCEMENT

### **3. CITIZEN'S FORUM**

Any person desiring to speak on a matter which is not scheduled on this agenda may do so under Citizen's Forum. Please submit a purple speaker card to the City Clerk prior to the commencement of Citizen's Forum. Only those who have submitted speaker cards, or have expressed an interest to speak, prior to the conclusion of Citizen's Forum will be called upon to speak. Please be aware the California Government Code prohibits the City Council from taking any immediate action on an item which does not appear on the agenda, unless the item meets stringent statutory requirements. The City Council can, however, allow its members or staff to briefly (no more than five (5) minutes) respond to statements made, to ask questions for clarification, make a brief announcement or report on his or her own activities. (See California Government Code Section 54954.2(a)). Unless directed otherwise by a majority of the City Council, all questions asked and not answered at the meeting will be responded to in writing within 10 business days. ALL PUBLIC COMMENTS MUST BE MADE IN COMPLIANCE WITH THE LATHROP CITY COUNCIL HANDBOOK OF RULES AND PROCEDURES!!

### **4. CONSENT CALENDAR**

Items on the Consent Calendar are considered to be routine by the City Council and will be enacted by one motion and one vote. There will be no separate discussion of these items unless the Mayor, Councilmember, or citizen so requests, in which event the item will be removed from the Consent Calendar and considered separately.

- 4.1 **WAIVING OF READING OF ORDINANCES AND RESOLUTIONS**  
Waive the Reading of Ordinances and Resolutions on Agenda Unless Otherwise Requested by the Mayor or a Councilmember
- 4.2 **APPROVAL OF MINUTES**  
Approve Minutes for the Regular Council Meeting of June 11, 2018
- 4.3 **UNCOLLECTIBLE UTILITY AND MISCELLANEOUS CUSTOMER ACCOUNTS**  
Approve Write-Off of Uncollectible Utility and Miscellaneous Accounts for Fiscal Year 2017/18
- 4.4 **APPROVE TASK ORDER NO. 9 FOR GENERAL PLANNING SERVICES WITH J.B. ANDERSON LAND USE PLANNING**  
Adopt a Resolution Approving Task Order No. 9 for Professional Planning Services with J.B. Anderson Land Use Planning
- 4.5 **APPROVAL OF FINAL MAP AND SUBDIVISION IMPROVEMENT AGREEMENT (SIA) FOR 24 LOTS IN TRACT 3914 VILLAGE "O" WITHIN EAST VILLAGE OF RIVER ISLANDS** Adopt Resolution Approving Final Map for Tract 3914 Village "O" within East Village, Totaling 26 Single Family Lots and a Subdivision Improvement Agreement with River Islands Development, LLC
- 4.6 **APPROVE SECOND AMENDMENT TO THE SPRAYFIELD LEASE AGREEMENT DATED JUNE 2, 2006, BETWEEN THE CITY OF LATHROP AND CALIFIA, LLC**  
Adopt a Resolution Approving a Second Amendment to the Sprayfields Lease Agreement Dated June 2, 2006 Between the City of Lathrop and Califia, LLC with Option to Purchase Sprayfields

- 4.7 TRAFFIC CALMING REQUEST ASSOCIATED WITH CIP PS 18-02  
Approve a Resolution Authorizing Staff to Install Speed Humps on Argillite Avenue Between Pipestone Street and Galena Street Associated with CIP PS 18-02 Traffic Calming Measures

## 5. SCHEDULED ITEMS

- 5.1 APPROVE AN AGREEMENT FOR THE RESTRUCTURE OF COMMUNITY FACILITIES DISTRICT NO. 2006-1 SPECIAL TAX BONDS  
Adopt a Resolution of the City Council of the City of Lathrop to Approve a Restructuring Agreement Related to Community Facilities District No. 2006-1 (Central Lathrop Specific Plan Phase 1 Infrastructure), Authorize certain Action by the Bond Trustee Related thereto, Authorize an Alternate Form of Prepayment of Special Tax Obligation for Parcels Within Such Community Facilities District and Approve Related Documents and Actions
- 5.2 PUBLIC HEARING (PUBLISHED NOTICE) TO CONSIDER VESTING TENTATIVE MAP TRACT 3967 FOR THE STANFORD CROSSING PHASE 2 PROJECT  
Council to Consider the Following:
1. Hold a Public Hearing; and
  2. Adopt a Resolution Affirming the Planning Commission's Recommendation to Approve the Vesting Tentative Map for the Stanford Crossing Phase 2 Tract 3967 Project (VTM 18-46)
- 5.3 SAN JOAQUIN COUNTY ECONOMIC DEVELOPMENT ASSOCIATION  
Staff is Requesting Direction from Council Regarding an Agreement with the San Joaquin County Economic Development Association to Provide Economic Development Services to the City of Lathrop
- 5.4 APPROVE CONTRACT WITH THE CITY OF TRACY FOR LAW ENFORCEMENT SERVICES  
Adopt a Resolution Approving a Contract with the City of Tracy for Law Enforcement Services

## 6. COUNCIL COMMUNICATIONS

- 6.1 MAYOR DHALI WAL REFERRAL: Appointment of Two (2) Members to the Parks and Recreation Commission with Terms Expiring June 30, 2021
- Three (3) Applications for Consideration
- 6.2 MAYOR DHALI WAL REFERRAL: Appointment of Three (3) Members to the Measure C Oversight Committee June 30, 2021
- Five (5) Applications for Consideration
- 6.3 MAYOR DHALI WAL REFERRAL: Appointment of Two (2) Members to the Youth Advisory Commission with Terms Expiring May 31, 2019
- Five (5) Applications for Consideration

6.4 MAYOR DHALI WAL REFERRAL: Consider Ordinance Revision to Chapter 2.20 "Youth Advisory Commission", to Increase the Number of Members Eligible to Serve on the Commission

6.5 MAYOR & COUNCILMEMBER COMMITTEE REPORT(S)

- *Central Valley Executive Committee/LOCC (Salcedo/Akinjo)*
- *Council of Governments (Dresser/Dhaliwal)*
- *Integrated Waste Management Solid Waste Division (Akinjo/Elliott)*
- *Reclamation District 17 Joint Powers Authority (Salvatore)*
- *San Joaquin Partnership Board of Directors (Salvatore)*
- *San Joaquin County Commission on Aging (Zavala)*
- *San Joaquin Regional Rail Commission (Dresser)*
- *San Joaquin Valley Air Pollution Control District (Akinjo/Dhaliwal)*
- *Water Advisory Board (Dhaliwal/Elliott)*
- *Tri Valley-San Joaquin Valley Regional Rail Authority (Akinjo/Dresser)*
- *San Joaquin Area Flood Control Agency (Elliott/Dresser)*

6.6 MAYOR & COUNCILMEMBER COMMENT(S)

**7. ADJOURNMENT**

  
Teresa Vargas, CMC  
City Clerk

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# Transition to Lathrop Police Department

Discussion

# Background

Lathrop's partnership with the county has provided community based policing services that adequately met the needs of the city.

Beginning in 2010, the city council has contracted with Municipal Resource Group (MRG) and Matrix Consulting Group (Matrix) to evaluate options for providing police services to citizens. Those options included evaluating its own in house police department, contracting with neighboring cities for services benchmarking service cost in the region.

The City of Lathrop has expended \$244,896 for the consulting services. At no time did any of these companies put forth a proposal that would allow the City of Lathrop to incrementally transition to its own police department.

On April 09, 2018, the Lathrop City Council authorized staff to move forward with developing a service contract with the City of Tracy.

On June 5, 2018, the citizens of SJC elected a new Sheriff for the County of San Joaquin.

The Sheriff Elect contacted the Lathrop City Council requesting time to develop a plan to assist the City of Lathrop in cost saving procedures, as well as developing a strategy to move forward in their ultimate goal of creating their own police force.



# Potential Service Agreement Terms

- ➔ Replicates all the current services provided by San Joaquin County. City of Lathrop would provide law enforcement officers, as possible, to supplement Sheriff office personnel.
- ➔ San Joaquin County Sheriff & City of Lathrop City Manager shall jointly agree on the appointment of a City Lathrop Police Chief OR the City of Lathrop may hire their own.
- ➔ City of Lathrop would pay the full contract cost of services incurred by San Joaquin County Sheriff.
- ➔ Level of service shall be determined by the City of Lathrop in consultation with the SJC Sheriff office and subject to the City of Lathrop budget authority.
- ➔ Service agreement termination-permitted after 3 years, either party may terminate contract with at least 6 month notice.

## Up front expenditure to transition to Tracy PD

	Estimated Overlap Costs	Building & Equipment	Total Transition Cost
Hiring Costs	\$606,775		
Officer Overlap Costs (1)	\$3,246,983		
Other Costs	\$96,000		
<b>TOTAL</b>	<b>\$3,949,758</b>		
Lathrop Owned Equipment		\$557,725	
Dispatch & Records Equipment & Software (2)		\$544,107	
4850 Allocation (Worker's Compensation) (3)		\$200,000	
<b>TOTAL</b>		<b>\$1,301,832</b>	
Total Transition Costs			<b>\$5,398,000</b>

## Estimated Annual Cost

SJ County 17/18 Projected Costs	Tracy 17/18 Projected Costs	Lathrop Police 17/18 Projected Cost
<p><b>\$7,093,687</b></p> <p><b>25 Sworn Officers</b></p>	<p>\$6,064,146 \$5,398,000 transition cost</p> <hr/> <p><b>\$11,462,146</b></p> <p>26 Sworn &amp; 2 Non-Sworn Officers</p>	<p><b>\$7,666,903</b></p> <p>-25 SJSO Sworn Officers - 3 Lathrop Police Reserve Officers <b>=28 Sworn Officers</b></p> <p>*3 of which are LPD, next year 18/19 would still 28 officers, but 5 would be LPD</p>

# Tracy PD Officer VS Lathrop PD Officer

## START UP COST

Recruit- \$160,257/per officer

Academy Grad- \$83,629/per officer

Lateral- \$47,815/per officer

Sal/Ben- \$143,257/yr

Pension-\$18,000 CalPers

Dispatch. Records-\$692,821

## START UP COST

▬ Same

▬ Same

▬ Same

▬ Or ↓ \$143,257/yr (or as determined by Lathrop)

▬ Same

↓ \$675,000

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# Estimated Savings

## in Transitioning to Lathrop Police Department

Save (\$5,398,000) in transition cost

Current S/O Dep. Sal/Ben- \$196,828

Lathrop Resv Off. Sal/Ben - \$143,257

Savings of- \$53,000/per officer

Current S/O Dep. Start Up Cost \$294,000/per officer

Lathrop Rsv Off. Start Up Cost- \$160,000 per officer  
Savings of -\$134,000 per

3 Officers Total Savings = \$561,000

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# **Additional Benefits**

Of transitioning to Lathrop Police  
Department

1. **Multi Year Contract**
  - Dispatch
  - Records Management
  - Evidence Management
2. **Ongoing Officer Training**

# **New Officer Start up Costs Comparison**

***San Joaquin County- \$294, 220/per Officer***

*County contract amortizes start up over 15 years.  
(\$19, 615/per year/per Officer)*

***City of Lathrop***

*New Recruit-\$160, 257/per Officer (12 mth training &  
orientation)*

*Academy Grad-\$83, 629/per Officer (6 mth training &  
orientation)*

*Lateral-\$47, 815/per Officer (up to 3 months  
orientation)*

**Staffing New Lathrop PD  
(Total 28 Sworn)**

Captain (Police Chief)

Lathrop City Manager

Lieutenant

Patrol

Special Assignment

A

B

Sergeant (1)

Sergeant (1)

Field Train Officer (1)

Field Train Officer (1)

CIT/K9 Officer (1)

CIT/K9 Officer (1)

S/O Officers (6)

S/O Officers (5)

Lathrop PD Rsv (1)

Lathrop PD Rsv (2)

Motor (2)

Detective (1)

CRO (1)

SRO (1)



**CITY OF LATHROP  
CITY COUNCIL REGULAR MEETING  
MONDAY, JUNE 11, 2018  
7:00 P.M.  
COUNCIL CHAMBER, CITY HALL  
390 Towne Centre Drive  
Lathrop, CA 95330**

**MINUTES**

**PLEASE NOTE: There was a Closed Session which commenced at 6:08 p.m. The Regular Meeting reconvened at 7:06 p.m.**

**1. PRELIMINARY**

1.1 CALL TO ORDER – Mayor Dhaliwal called the meeting to order at 6:08 p.m.

1.2 CLOSED SESSION

1.2.1 CONFERENCE WITH LEGAL COUNSEL: Anticipated Litigation - Significant Exposure to Litigation Pursuant to Government Code Section 54956.9(b)

- 2 Potential Case(s)

1.2.2 Public Employee Performance Evaluation Pursuant to Government Code Section 54957

- City Manager
- City Attorney

**RECONVENE** – Mayor Dhaliwal reconvened the meeting at 7:06 p.m.

1.2.3 REPORT FROM CLOSED SESSION

City Attorney Salvador Navarrete reported that direction was provided; no reportable action taken.

1.3 ROLL CALL Present: Mayor Dhaliwal; Vice Mayor Elliott;  
Councilmembers: Akinjo and Salcedo

Absent: Councilmember Dresser

1.4 INVOCATION – Mayor Dhaliwal led a moment of silence to honor public safety officers.

1.5 PLEDGE OF ALLEGIANCE – Councilmember Salcedo led the pledge of allegiance.

1.6 ANNOUNCEMENT(S) BY MAYOR / CITY MANAGER

City Manager Stephen Salvatore announced a Special City Council Meeting scheduled for June 25, 2018, at 6:00 p.m., to discuss a potential law enforcement service agreement between the City of Lathrop and the City of Tracy Police Department, and a police station construction agreement between the City of Lathrop and River Islands Development.

1.7 INFORMATIONAL ITEM(S) – None

1.8 DECLARATION OF CONFLICT(S) OF INTEREST

Mayor Dhaliwal reported a conflict of interest with Item 5.7 due to his residence being in close proximity to Woodfield Park. City Attorney Salvador Navarrete recommended that he abstain from voting on the matter.

**2. PRESENTATIONS**

2.1 NEW EMPLOYEE INTRODUCTIONS

- Maria Lamas, Administrative Assistant
- Felix Ajayi, Project Manager

Senior Civil Engineer Michael King introduced Public Works Administrative Assistant Maria Lamas and Public Works Project Manager Felix Ajayi. Councilmembers welcomed the new employees.

2.2 MAYOR'S COMMITTEE REPORT(S)

Parks and Recreation Director Zach Jones provided an update on past and upcoming City events and programs, including:

- *Mother's Day Event*

Event held on May 11, 2018, at the Lathrop Senior Center, over 60 attendees.

- *Memorial Day Ceremony*

Event held on May 28, 2018, at Valverde Park Veterans Memorial.

- *Father's Day Brunch*

Event scheduled for June 15, 2018, at 12:00 p.m., at the Lathrop Senior Center.

- *Movie Night*

"Despicable Me 3" showing held on June 1, 2018, at Sangalang Park, over 200 attendees.

- *Upcoming Movie Nights*

"Paddington 2" scheduled for June 15, 2018, at Valverde Park, "Coco" scheduled for July 13, 2018, at Park West, and "Sherlock Gnomes" scheduled for July 27, 2018, at Mossdale Park. All movies will begin at dusk.

- *City's Anniversary Celebration*  
Event scheduled for July 1, 2018, at 6:00 p.m., at the Lathrop Generations Center. Live music, fireworks, and food vendors will be available.

### 3. CITIZEN'S FORUM

Nellie Zavala (Commission on Aging) reported her attendance to the San Joaquin County Commission on Aging meeting held on June 4, 2018, and provided an overview on adult protective services. City Clerk Teresa Vargas confirmed receipt of a public comment letter received for Citizen's Forum from Martin Harris, representing WL Harris Properties, LLC, requesting consideration of the formation of a General Plan Advisory Committee, and confirmed distribution to the City Council and copies for the public.

### 4. CONSENT CALENDAR

On a motion by Councilmember Salcedo, seconded by Councilmember Elliott, the City Council approved the Consent Calendar, by the following roll call vote, unless otherwise indicated:

Ayes:	Akinjo, Elliott, Salcedo, and Dhaliwal
Noes:	None
Absent:	Dresser
Abstain:	None

#### 4.1 WAIVING OF READING OF ORDINANCES AND RESOLUTIONS

Waived the reading of ordinances and resolutions on agenda unless otherwise requested by the Mayor or a Councilmember.

#### 4.2 APPROVAL OF MINUTES

Approved Minutes for the Regular Council Meeting of May 14, 2018.

#### 4.3 GENERAL MUNICIPAL ELECTION – NOVEMBER 6, 2018

The City Council:

1. Adopted **Resolution 18-4398** calling for the holding of a General Municipal Election on Tuesday, November 6, 2018;
2. Adopted **Resolution 18-4399** requesting the County of San Joaquin to consolidate the General Municipal Election with the Statewide General Election; and
3. Adopted **Resolution 18-4400** approving regulations pertaining to the candidate statements.

#### 4.4 GANN APPROPRIATION LIMIT FOR FISCAL YEAR 2018/19

Pulled by Councilmember Akinjo. Finance Director Cari James provided the information.

Adopted **Resolution 18-4401** determining the total annual appropriations subject to limitation, for Fiscal Year 2018/19.

4.5 APPOINTMENT OF COUNCILMEMBER AKINJO AS THE VOTING DELEGATE FOR 2018 LEAGUE OF CALIFORNIA CITIES ANNUAL CONFERENCE

Appointed Councilmember Akinjo as the City's voting delegate for the 2018 League of California Cities annual conference, September 12 - 14, Long Beach.

4.6 AGREEMENT FOR PUBLICATION OF LEGAL ADVERTISEMENTS

Adopted **Resolution 18-4402** awarding an agreement to the Manteca Bulletin for publication of legal advertisements for the period of July 1, 2018 through June 30, 2019.

4.7 CITY ANNIVERSARY CELEBRATION TEMPORARY STREET CLOSURE

Adopted **Resolution 18-4403** approving temporary street closures for the Lathrop anniversary celebration on July 1, 2018.

4.8 APPROVE A MASTER AGREEMENT AND TASK ORDERS 1 AND 2 WITH CRANE TRANSPORTATION GROUP

Adopted **Resolution 18-4404** approving a Master Agreement with Crane Transportation Group and Task Orders 1 and 2 for traffic monitoring and analysis services.

4.9 ADOPT ADEQUATE PROGRESS FINDINGS TOWARD PROVISION OF 200-YEAR URBAN LEVEL OF FLOOD PROTECTION FOR RECLAMATION DISTRICT 2062 (RIVER ISLANDS)

*During the reading of the Consent Calendar, City Clerk Teresa Vargas confirmed receipt of a public comment letter received from Martin Harris, representing Terra Land Group, LLC, related to Item 4.9, and Ms. Vargas also confirmed distribution to the City Council and copies for the public.*

Adopted **Resolution 18-4405**, acting as the Land Use Authority, adopting adequate progress findings toward providing a 200-Year Urban Level of Flood Protection in Phase 1 (Stages 1, 2A and 2B) Area by the Year 2025.

4.10 TRANSPORTATION DEVELOPMENT ACT CLAIM FOR FISCAL YEAR 2017/18

Adopted **Resolution 18-4406** authorizing the filing of a Transportation Development Act claim for Local Transportation Funds for Fiscal Year 2017/18.

- 4.11 APPROVAL OF FINAL MAP AND SUBDIVISION IMPROVEMENT AGREEMENT (SIA) FOR 74 LOTS IN TRACT 3835 VILLAGE "N" WITHIN EAST VILLAGE OF RIVER ISLANDS

Adopted **Resolution 18-4407** approving Final Map for Tract 3835 Village "N" within East Village, totaling 74 single family lots and a Subdivision Improvement Agreement with River Islands Development, LLC, and City of Lathrop Annexation No. 7 CFD 2013.

- 4.12 INDUSTRIAL SOLID WASTE LICENSE RENEWAL FOR FISCAL YEAR 2018/19

Adopted **Resolution 18-4408** approving annual industrial solid waste license renewal for Stockton Scavengers Association and Delta Container Corporation.

- 4.13 CREATE CIP PK 18-10 MOSSDALE COMMUNITY PARK TRAIL LIGHTING AND AWARD A CONSTRUCTION CONTRACT TO T & S INTERMODAL MAINTENANCE, INC.

Adopted **Resolution 18-4409** approving the creation of CIP PK 18-10 Mossdale Community Park trail lighting, award construction contract to T & S Intermodal Maintenance Inc., and approve related budget amendment.

- 4.14 AGREEMENT WITH H2O URBAN SOLUTIONS, INC. FOR WATER SYSTEM OPERATIONS SUPPORT SERVICES AND A RELATED BUDGET AMENDMENT

Adopted **Resolution 18-4410** approving an agreement with H2O Urban Solutions, Inc. for water system operations support services for Fiscal Year 2018/19 and a related budget amendment.

- 4.15 APPROVE PURCHASE OF SURPLUS WATER METER EQUIPMENT FROM THE CITY OF MERCED

Pulled by Councilmember Akinjo. Senior Civil Engineer Michael King provided the information.

Adopted **Resolution 18-4411** approving the purchase of surplus water meter equipment from the City of Merced associated with CIP PW 13-08 water improvements.

- 4.16 APPROVE TASK ORDER NO. 9 WITH 4LEAF, INC. FOR INTERIM CHIEF BUILDING OFFICIAL CONSULTANT SERVICES

Adopted **Resolution 18-4412** approving Task Order No. 9 to the Master Professional Consulting Services Agreement with 4Leaf, Inc. for interim Chief Building Official consultant services.

## 5. SCHEDULED ITEMS

### 5.1 PUBLIC HEARING (PUBLISHED NOTICE) TO CONSIDER TENTATIVE PARCEL MAP FOR THE NORTH CROSSROADS BUSINESS CENTER PROJECT

Community Development Director Mark Meissner provided the presentation. A question and answer period followed. Mayor Dhaliwal opened the public hearing. Dana Parry (Applicant), representing Reynolds and Brown, spoke on the matter and provided additional information related to the project. There were no other speakers. Mayor Dhaliwal closed the Public Hearing.

On a motion by Councilmember Salcedo, seconded by Mayor Dhaliwal, the City Council:

1. Held a Public Hearing; and
2. Adopted **Resolution 18-4413** affirming the Planning Commission's recommendation to approve the Tentative Parcel Map for the North Crossroads Project (TPM-18-18).

Ayes: Akinjo, Elliott, Salcedo, and Dhaliwal  
Noes: None  
Absent: Dresser  
Abstain: None

### 5.2 PUBLIC HEARING (PUBLISHED NOTICE) TO CONSIDER GENERAL PLAN AMENDMENT AND ZONING MAP AMENDMENT FOR THE LBA NORTH PROJECT

Community Development Director Mark Meissner provided the presentation. A question and answer period followed. Kevin Coleman (Applicant), representing Net Development Co., responded to questions from the Council. Mayor Dhaliwal opened the public hearing. At the beginning of the public hearing, City Clerk Teresa Vargas confirmed receipt of public comment letter received from Kevin Coleman (Applicant), representing Net Development Co., and confirmed distribution to the City Council and copies for the public. City Clerk Teresa Vargas also confirmed receipt of public comment letters received from Steve Herum (Herum, Crabtree, Suntag Attorneys) representing Pacific Edge Development and Lathrop Business Park, LLC and confirmed distribution to the City Council and copies for the public. Packet received prior to the meeting was made available for public inspection. Kevin Coleman (Applicant), representing Net Development Co., provided information related to the project. Steve Herum (Herum, Crabtree, Suntag Attorneys) representing Pacific Edge Development and Lathrop Business Park, LLC, spoke in opposition to the project. Kevin Coleman (Applicant), representing Net Development Co., returned to the lector to provide additional information related to the project. There were no other speakers. Mayor Dhaliwal closed the public hearing.

On a motion by Councilmember Akinjo second by Mayor Dhaliwal, the City Council:

1. Held a Public Hearing;
2. Adopted **Resolution 18-4414** adopting the Initial Study and Negative Declaration for the LBA North Project;
3. Adopted **Resolution 18-4415** approving the General Plan Map Amendment from freeway commercial to general industrial for the LBA North Project (GPA-18-22); and
4. Introduced and held first reading of an ordinance approving a zoning map amendment from highway commercial to general industrial for the LBA North Project (REZ-18-23).

Ayes: Akinjo, Elliott, Salcedo, and Dhaliwal  
Noes: None  
Absent: Dresser  
Abstain: None

### 5.3 PUBLIC HEARING (PUBLIC NOTICE) TO CONSIDER MUNICIPAL CODE TEXT AMENDMENT NO. TA-18-56

Community Development Director Mark Meissner provided the presentation. A question and answer period followed. City Attorney Salvador Navarrete provided additional information. The question and answer period continued. Mayor Dhaliwal opened the public hearing. Bennie Gatto (Lathrop, CA) spoke in support of establishing reasonable regulations. There were no other speakers. Mayor Dhaliwal closed the public hearing.

On a motion by Mayor Dhaliwal, second by Councilmember Salcedo, the City Council:

1. Held a public hearing; and
2. Introduced and held and first reading an ordinance adopting amendments to the Lathrop Municipal Code Title 17 "Zoning Code", Chapter 17.84 "Signs", with the specific purpose of establishing content neutrality for temporary noncommercial signage, including removal of the four (4) sign limitation on private properties to unlimited signs with owner's permission.

Ayes: Elliott, Salcedo, and Dhaliwal  
Noes: Akinjo  
Absent: Dresser  
Abstain: None

5.4 PUBLIC HEARING (PUBLIC NOTICE) AND INTRODUCTION OF AN ORDINANCE ADDING LATHROP MUNICIPAL CODE CHAPTER 13.22 ENTITLED "STATE VIDEO SERVICE FRANCHISES"

Finance Director Cari James introduced City Consultant Sue Buske (The Buske Group). Finance Director Cari James provided the presentation. Mayor Dhaliwal opened the public hearing. There were no speakers. Mayor Dhaliwal closed the public hearing. A question and answer period ensued. City Consultant Sue Buske responded to questions of the Council.

On a motion by Councilmember Salcedo, second by Mayor Dhaliwal, the City Council:

1. Held a Public Hearing; and
2. Introduced and held first reading of an ordinance adding Lathrop Municipal Code Chapter 13.22 "State Video Service Franchises".

Ayes: Akinjo, Elliott, Salcedo, and Dhaliwal  
Noes: None  
Absent: Dresser  
Abstain: None

5.5 PUBLIC HEARING (PUBLISHED NOTICE) TO CONSIDER AN ORDINANCE AMENDING LATHROP MUNICIPAL CODE TITLE 15 BUILDINGS AND CONSTRUCTION, CHAPTER 15.18 CALIFORNIA FIRE CODE ADOPTED, SECTION 15.18.030 ENTITLED APPLICATION TO THE CITY TO CLARIFY DESIGNATED FIRE CODE OFFICIAL

City Attorney Salvador Navarrete provided the presentation. A question and answer period ensued. Lathrop-Manteca Fire District Chief Gene Neely responded to questions from the City Council. Mayor Dhaliwal opened the public hearing. There were no speakers. Mayor Dhaliwal closed the public hearing.

On a motion by Vice Mayor Elliott, seconded by Councilmember Salcedo, the City Council:

1. Held a Public Hearing; and
2. Introduced and held first reading of an ordinance amending Lathrop Municipal Code Title 15 "Buildings and Construction", Chapter 15.18 "California Fire Code Adopted", Section 15.18.030 "Application to the City", to clarify designated Fire Code Official.

Ayes: Akinjo, Elliott, Salcedo, and Dhaliwal  
Noes: None  
Absent: Dresser  
Abstain: None



5.6 PUBLIC HEARING (PUBLISHED NOTICE) TO CONSIDER FISCAL YEAR 2018/19 ASSESSMENTS FOR INDUSTRIAL LIGHTING MAINTENANCE DISTRICT; RESIDENTIAL LIGHTING MAINTENANCE DISTRICT; MOSSDALE LANDSCAPE AND LIGHTING DISTRICT; STONEBRIDGE LANDSCAPING MAINTENANCE DISTRICT; STONEBRIDGE DRAINAGE AND LIGHTING DISTRICT; STORM DRAIN DISTRICT ZONE 1; AND STORM DRAIN DISTRICT ZONE 1A

Finance Director Cari James provided the presentation. A question and answer period ensued. Mayor Dhaliwal opened the public hearing. There were no speakers. Mayor Dhaliwal closed the public hearing.

On a motion by Councilmember Salcedo, seconded by Vice Mayor Elliott, the City Council:

1. Held a Public Hearing; and
2. Adopt **Resolution 18-4416** approving the Final Engineer's Report and ordering the levy and collection of assessments for the City of Lathrop Industrial Lighting Maintenance District for Fiscal Year 2018/19; Maximum Assessment for the District for Fiscal Year 2018/19 not to exceed Zone A \$7.52; Zone B \$38.35; Zone C \$7.52, and Proposed Annual Assessment for Fiscal Year 2018/19 Zone A \$7.52; Zone B \$38.35; Zone C \$7.52;
3. Adopt **Resolution 18-4417** approving the Final Engineer's Report and ordering the levy and collection of assessments for the City of Lathrop Residential Lighting Maintenance District for Fiscal Year 2018/19; Maximum Assessment for the District for Fiscal Year 2018/19 not to exceed Zone A \$41.16; Zone B \$44.10; Zone C \$29.00; Zone D \$53.94; Zone E \$56.71; Zone F \$32.62; Zone G \$7.46, and Proposed Annual Assessment for Fiscal Year 2018/19 Zone A \$41.16; Zone B \$44.10; Zone C \$29.00; Zone D \$53.94; Zone E \$56.71; Zone F \$32.62; Zone G \$7.46;
4. Adopt **Resolution 18-4418** approving the Final Engineer's Report and ordering the levy and collection of assessments for the Mossdale Landscape and Lighting Maintenance District for Fiscal Year 2018/19; Maximum Assessment for Fiscal Year 2018/19 not to exceed \$268.06, and Proposed Annual Assessment for Fiscal Year 2018/19 \$260.25;
5. Adopt **Resolution 18-4419** approving the Final Engineer's Report and ordering the levy and collection of assessments for the Stonebridge Landscape Maintenance District and the Stonebridge Drainage & Lighting District for Fiscal Year 2018/19; Maximum Assessments for each District for Fiscal Year 2018/19 not to exceed \$397.99, and Proposed Annual Assessments for Fiscal Year 2018/19 for each District \$225.06; and
6. Adopt **Resolution 18-4420** approving the Final Engineer's Report and ordering the levy and collection of assessments for the Storm Drain District Zone 1 and Storm Drain District Zone 1A for Fiscal Year 2018/19; Proposed Annual Assessment for Fiscal Year 2018/19 for Storm Drain Zone 1 not to exceed \$112.52, and Proposed Annual Assessment for Fiscal Year 2018/19 for Storm Drain Zone 1A not to exceed \$199.92.

Ayes: Akinjo, Elliott, Salcedo, and Dhaliwal  
Noes: None  
Absent: Dresser  
Abstain: None

5.7 PUBLIC HEARING (PUBLISHED NOTICE) TO CONSIDER FISCAL YEAR 2018/19 ASSESSMENTS FOR THE LANDSCAPE AND LIGHTING MAINTENANCE DISTRICT NO. 93-1 WOODFIELD PARK MAINTENANCE ZONE

Mayor Dhaliwal left the dais citing conflict reported during Item 1.8, and announced that Vice Mayor Elliott would precede over the item.

Finance Director Cari James provided the presentation. A question and answer period ensued. City Attorney Salvador Navarrete provided additional information. Vice Mayor Elliott opened the public hearing. Adriana Lopez (Lathrop, CA) requested additional information related the tax assessment process. Sharon Worden (Lathrop, CA) requested additional information reacted to the fees assessed. There were no other speakers. Vice Mayor Elliott closed the public hearing.

On a motion by Councilmember Salcedo, seconded by Councilmember Akinjo, the City Council:

1. Held a Public Hearing; and
2. Adopted **Resolution 18-4421** approving the Final Engineer's Report and ordering the levy and collection of assessments for the Landscape and Lighting Maintenance District No. 93-1 Woodfield Park Maintenance Zone for Fiscal Year 2018/19

Ayes: Akinjo, Salcedo, and Elliott  
Noes: None  
Absent: Dresser  
Abstain: Dhaliwal

**6. COUNCIL COMMUNICATIONS**

- 6.1 MAYOR DHALI WAL REFERRAL: Appointment of Two (2) Members to the Planning Commission with Terms Expiring June 30, 2022
- Six (6) applications were presented for consideration.

Mayor Dhaliwal made the following appointments:

<u>Planning Commission</u>	<u>Term Expires</u>
Diane Lazard	June 30, 2022
Jennifer Torres-O'Callaghan	June 30, 2022

On a motion by Councilmember Akinjo, seconded by Councilmember Salcedo, the City Council approved the appointment made by Mayor Dhaliwal as noted above.

Ayes: Akinjo, Elliott, Salcedo, and Dhaliwal  
Noes: None  
Absent: Dresser  
Abstain: None

- 6.2 MAYOR DHALI WAL REFERRAL: Appointment of Three (3) Members to the Senior Advisory Commission with Terms Expiring June 30, 2021
- Three (3) applications were presented for consideration.

Mayor Dhaliwal made the following appointments:

<b><u>Senior Advisory Commission</u></b>	<b><u>Term Expires</u></b>
Vada Klingman	June 30, 2021
Gerald Rose	June 30, 2021
Delores Lewis	June 30, 2021

On a motion by Councilmember Akinjo, seconded by Councilmember Salcedo, the City Council approved the appointment made by Mayor Dhaliwal as noted above.

Ayes: Akinjo, Elliott, Salcedo, and Dhaliwal  
Noes: None  
Absent: Dresser  
Abstain: None

Mayor Dhaliwal recused himself from voting on Item 6.3, due to son being an applicant. Mayor Dhaliwal left for the remainder of the meeting at 8:50 p.m. Vice Mayor Elliott precede over the remainder of the meeting.

- 6.3 MAYOR DHALI WAL REFERRAL: Appointment of Thirteen (13) Members to the Youth Advisory Commission with Terms Expiring May 31, 2019
- Eleven (11) applications were presented for consideration.

Vice Mayor Elliott made the following appointments:

<b><u>Youth Advisory Commission</u></b>	<b><u>Term Expires</u></b>
Juan Manuel Serrano	May 31, 2019
Junior Dhaliwal	May 31, 2019
Micaela Estavillo	May 31, 2019
Andrea Solis	May 31, 2019
Lizette Contreras	May 31, 2019
Harman Garcha	May 31, 2019
Funmilola Olamijulo	May 31, 2019
Mandeep Garcha	May 31, 2019
Mushda Nawabi	May 31, 2019
Taminya Nawabi	May 31, 2019
John Wall Jr.	May 31, 2019

On a motion by Councilmember Akinjo, seconded by Councilmember Salcedo, the City Council approved the appointment made by Mayor Dhaliwal as noted above.

Ayes: Akinjo, Salcedo, and Elliott  
Noes: None  
Absent: Dresser  
Abstain: Dhaliwal

6.4 MAYOR & COUNCILMEMBER COMMITTEE REPORT(S)

Councilmember Akinjo reported his attendance to recent League of California Cities Central Valley Executive Committee and Tri Valley-San Joaquin Valley Regional Rail Authority meetings. Vice Mayor Elliott reported his attendance to a recent San Joaquin County Area Flood Control Agency

6.5 MAYOR & COUNCILMEMBER COMMENT(S)

Councilmembers thanked those in attendance.

7. **ADJOURNMENT** – There being no further business, Vice Mayor Elliott adjourned the meeting 8:56 pm



\_\_\_\_\_

Teresa Vargas, CMC, City Clerk

**CITY MANAGER’S REPORT  
AUGUST 13, 2018 CITY COUNCIL REGULAR MEETING**

**ITEM: UNCOLLECTIBLE UTILITY AND MISCELLANEOUS  
CUSTOMER ACCOUNTS**

**RECOMMENDATION: Approve Write-Off of Uncollectible Utility and  
Miscellaneous Accounts for Fiscal Year (FY)  
2017/18**

**SUMMARY:**

Generally Accepted Accounting Principles (GAAP) and Governmental Accounting Standards Board (GASB) require municipalities to evaluate and write-off delinquent accounts that are deemed uncollectible. As part of the annual audit process and in compliance with both GAAP and GASB requirements, the Finance Department has reviewed unpaid delinquent accounts already assigned to collections. After a thorough review, staff has determined \$44,111 to be uncollectible for FY 2017/18 as detailed in Table 1 below:

Table 1.

<b>Customer Account Type</b>	<b>FY 2016/17 Approved Write-Offs</b>	<b>FY 2017/18 Recommended Write-Offs</b>	<b>Increase/ (Decrease) %</b>	<b>No. of Accounts to be Written-Off</b>
Utility Customers (Residential and Commercial)	\$21,076	\$35,172	66.89%	179
Miscellaneous Customers	2,401	8,939	272.31%	17
<b>Totals</b>	<b>\$23,477</b>	<b>\$44,111</b>		<b>196</b>

The utility write-off amount in FY 2017/18 has increased by \$14,096 or 66.89%. The recommended utility write-offs represent 0.27% of the annual water and sewer totals billed to customers. Collecting a security deposit, requiring occupants to provide rental agreement or purchasing agreement before establishing service has proven to be effective means in maintaining low levels of uncollectible accounts.

Even though these accounts will reflect as “written off” in the City’s financial system, there are further collection measures in place to seek repayment. For instance, the collection agency will continue to pursue repayment efforts on these accounts and forward any recovered payments to the City. Additionally, the Finance Department conducts a review of all new customers prior to establishing service to ensure there are no outstanding balances.

Tonight Staff is requesting Council’s approval to write off \$44,111 of uncollectible debt.

**CITY MANAGER’S REPORT** **PAGE 2**  
**AUGUST 13, 2018 CITY COUNCIL REGULAR MEETING**  
**UNCOLLECTIBLE UTILITY AND MISCELLANEOUS CUSTOMER ACCOUNTS**  
**BACKGROUND:**

On May 19, 1998, the City Council of the City of Lathrop adopted Resolution 98-664 regarding the approval and implementation of a revenue collection policy. On October 18, 2010, Council authorized the execution of an agreement with Golden State Collections, LLC.

The collection policy was put in place to help decrease the number of delinquent accounts (60-90 days). After unsuccessful collection attempts by City staff, the collection procedures allow City staff to refer customers’ accounts that remain unpaid for 60-90 days to the collection agency for collection proceedings. The collection agency works on a commission-based structure. Their fee is 30% of the total amount collected.

Currently, there are two types of customer accounts being referred to the collection agency. They are utility and miscellaneous customer accounts. The utility customer accounts include charges for water and wastewater. Miscellaneous customer accounts include charges rendered by: Finance, Animal Control, Community Development, Police, Parks & Recreation, and Public Works. Charges include animal impound, unpaid business license fees, court ordered restitution, materials/equipment, and checks returned for insufficient funds.

Utility Customer Accounts

During FY 2017/18, Golden State Collections, LLC, received claims for further collection process on 179 delinquent utility customer accounts totaling \$35,172. Of the \$35,172 assigned to Golden State Collections, LLC, the agency recovered \$286 from three accounts. This represents a 0.82% recovery rate (see Table 2) from the total referred. Also included in Table 2, are accounts with balances less than \$5, which are refrained from the collection agency. For FY 2017/18, there were two accounts with balances less than \$5.

Table 2.

<b>Utility Customer Accounts</b>	<b>FY 2015//16</b>	<b>FY 2016//17</b>	<b>FY 2017//18</b>
Total Utility Customers	5,994	6,229	6,532
Accounts Sent to Collection Agency	129	128	179
Amount Assigned to Collection Agency	\$ 35,216	\$22,020	\$35,172
Amount Recovered by Collection Agency	\$ 510	\$354	\$286
Recovery Rate	1.5%	1.6%	0.8%
Collection Accounts	\$ 34,683	\$21,076	\$35,172
Account < \$5.00	0	0	\$6.70
<b>Total Write-Offs</b>	<b>\$34,683</b>	<b>\$21,076</b>	<b>\$35,172</b>

**CITY MANAGER'S REPORT  
 AUGUST 13, 2018 CITY COUNCIL REGULAR MEETING  
 UNCOLLECTIBLE UTILITY AND MISCELLANEOUS CUSTOMER ACCOUNTS**

Although, the utility write-off amount in FY 2017/18 has increased by \$14,096 or 66.89% is still within previous year's balances (e.g. FY 2015/16 total write-off of \$38k). As development continues to advance, our utility customer base also increases producing a larger risk of accounts referred to the collections process. However, re-enforcing current programs that offers payment assistance, such as extending payment due date or granting payment arrangements, to utility customers carrying past due balances contributes to maintaining a low level of accounts referred to collections.

Miscellaneous Customer Accounts

Miscellaneous customers' accounts turned over to collections for FY 2017/18 totaled \$8,939 from 17 customer accounts related to Animal Services and City Attorney Settlements, as shown below in Table 3. Animal Services billings included emergency call costs, veterinary costs, impoundment, and shelter fees. City Attorney Settlements included unpaid balances related to a City claim.

Table 3.

Miscellaneous Customer Accounts	Animal Services	City Attorney Settlements
Accounts Sent to Collection Agency	16	1
Amount Assigned to Collection Agency	\$4,146	\$4,793
Amount Recovered by Collection Agency	\$0	\$0
Accounts < \$5.00	-	-
<b>Total Write-offs</b>	<b>\$4,146</b>	<b>\$4,793</b>

**REASON FOR RECOMMENDATION:**

The Finance Department has conducted a thorough review of the utility and miscellaneous customer accounts and recommends \$44,111 to be considered uncollectible debt.

**FISCAL IMPACT:**

Decrease customers' outstanding balances due to uncollectible debt as follows:


Utility customer accounts:	\$35,172
Miscellaneous customer accounts:	<u>8,939</u>
Total amount of uncollectible accounts:	\$44,111

**ATTACHMENTS:**

None.

**CITY MANAGER'S REPORT** **PAGE 4**  
**AUGUST 13, 2018 CITY COUNCIL REGULAR MEETING**  
**UNCOLLECTIBLE UTILITY AND MISCELLANEOUS CUSTOMER ACCOUNTS**


**APPROVALS:**

  
\_\_\_\_\_  
Chia Lor  
Management Analyst

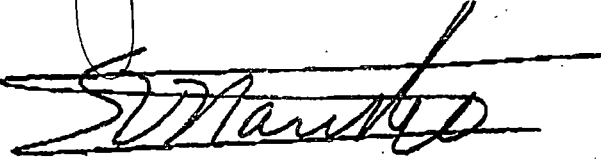
08-06-18  
Date

  
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Vanessa Portillo  
Deputy Finance Director

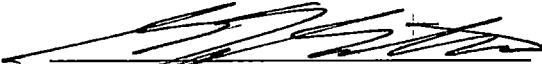
8.6.18  
Date

  
\_\_\_\_\_  
Cari James  
Director of Finance

8/7/18  
Date

  
\_\_\_\_\_  
Salvador Navarrete  
City Attorney

8/7/18  
Date

  
\_\_\_\_\_  
Stephen J. Salvatore  
City Manager

8.9.18  
Date



**CITY MANAGER'S REPORT  
AUGUST 13, 2018 CITY COUNCIL REGULAR MEETING**

**ITEM:** **APPROVE TASK ORDER NO. 9 FOR GENERAL PLANNING SERVICES WITH J.B. ANDERSON LAND USE PLANNING**

**RECOMMENDATION:** **Adopt a Resolution Approving Task Order No. 9 for Professional Planning Services with J.B. Anderson Land Use Planning**

---

**SUMMARY:**

On August 3, 2015, the City Council approved a master agreement with JB Anderson Land Use Planning for various planning services. A series of task orders have been approved for work scopes and budgets for specific projects, including the Municipal Service Review update, Pilot Flying J project, South Lathrop Specific Plan project, and general planning services.

October 2, 2017 the City Council approved Task Order 7 for general planning services by J.B. Anderson Land Use Planning with a not to exceed amount of \$44,500. Task order 7 will expire on August 30, 2018. As part of the biennial budget process for fiscal years 2017-2019, the City funded two planner positions. One position remains unfilled and the City has determined it is more cost effective to augment the Planning Division with consultant services. This allows a wider range of planning services to be conducted by high levels of expertise at the firm of J.B. Anderson on an as-needed basis. Salary savings from the unfilled Planner position will fund the cost of the proposed Task Order.

Tonight staff is requesting Council approve Task Order No. 9 for additional Professional General Planning Services in the amount not to exceed \$75,000 in order to augment staff in the Planning Department to process the high volume of planning applications and customer service's needs. Authorized funds will be used on an as needed basis.

**BACKGROUND:**

J.B. Anderson Land Use Planning, has assisted City staff with various specialized projects including, updating the MSR for the City, and environmental planning services with respect to review and processing of applications for new development and other planning related matters. The specialized project services provided by the firm's president, John Anderson helps control staffing cost and increases productivity as we only use the services to augment our staff when needed.

**CITY MANAGER'S REPORT  
AUGUST 13, 2018 CITY COUNCIL REGULAR MEETING  
TASK ORDER NO. 9 WITH J.B. ANDERSON LAND USE PLANNING**

**REASON FOR RECOMMENDATION:**

There is a need for continued professional planning services in the Planning Division to keep pace with the current and anticipated ongoing developments. J.B. Anderson Land Use Planning is well qualified to provide contract general planning services.

**CITY COUNCIL GOALS:**

Promotes economic growth by providing the means to augment the Planning Division staff to address the increased development activity and support development projects.

**FISCAL IMPACT:**

Salary savings from an unfilled Planner position will fund the cost of the proposed Task Order 9.

**ATTACHMENTS:**


- A. Resolution Approving Task Order No. 9 with J.B. Anderson Land Use Planning
- B. Task Order No. 9 with J.B. Anderson Land Use Planning for professional general planning services

**CITY MANAGER'S REPORT  
AUGUST 13, 2018 CITY COUNCIL REGULAR MEETING  
TASK ORDER NO. 9 WITH J.B. ANDERSON LAND USE PLANNING**

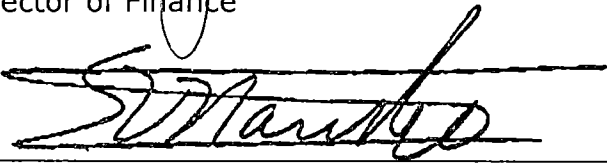
**APPROVALS:**

  
\_\_\_\_\_  
Mark Meissner  
Community Development Director

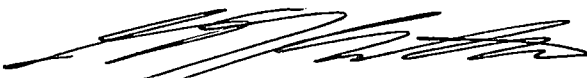
7-20-18  
Date

  
\_\_\_\_\_  
Cari James  
Director of Finance

7/24/18  
Date

  
\_\_\_\_\_  
Salvador Navarrete  
City Attorney

07/25/18  
Date

  
\_\_\_\_\_  
Stephen J. Salvatore  
City Manager

7-30-18  
Date

**RESOLUTION NO. 18-**

**A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF LATHROP  
APPROVING TASK ORDER NO. 9 FOR PROFESSIONAL PLANNING SERVICES  
WITH J.B. ANDERSON LAND USE PLANNING**

**WHEREAS**, on August 3, 2015, the City entered into a master services agreement with J.B. Anderson Land Use Planning for various planning services; and

**WHEREAS**, pursuant to said master agreement, the City Task Order No. 7 for professional general planning services not to exceed amount of \$75,000 expires on August 31, 2018; and

**WHEREAS**, due to the volumes and time sensitivity of general planning projects submitted to date, continued professional general planning services are needed in fiscal year 2018/2019; and

**WHEREAS**, staff is requesting that Council approve Task Oder No. 9 to continue general planning services with a not to exceed amount to \$75,000 in order to augment staff in the Planning Department to process current and ongoing planning applications and customer service needs; and

**WHEREAS**, salary savings from an unfilled Planner position will be used to fund Task Order No. 9;

**NOW, THEREFORE, BE IT RESOLVED**, that the City Council of the City of Lathrop hereby approves Task Order No. 9 with J.B. Anderson Land Use Planning for professional general planning services with a not to exceed amount of \$75,000;

The foregoing resolution was passed and adopted this 13th day of August 2018, by the following vote of the City Council, to wit:

AYES:

NOES:

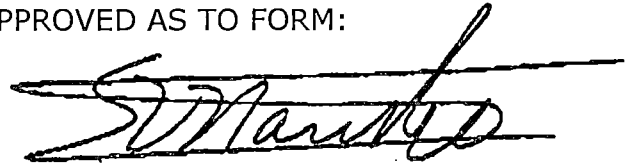
ABSENT:

ABSTAIN:

\_\_\_\_\_  
Sonny Dhaliwal, Mayor

ATTEST:

APPROVED AS TO FORM:

A handwritten signature in black ink, appearing to read "S. Navarrete", is written over a horizontal line.

\_\_\_\_\_  
Teresa Vargas, City Clerk

\_\_\_\_\_  
Salvador Navarrete, City Attorney

**CITY OF LATHROP  
TASK ORDER NO. 9 PURSUANT TO  
MASTER AGREEMENT WITH J.B. ANDERSON LAND USE PLANNING  
DATED AUGUST 3, 2015  
FOR  
PROFESSIONAL GENERAL PLANNING SERVICES**

**THIS TASK ORDER NO.9**, dated for convenience this 13th day of September 2018, is by and made and entered into by and between J.B. Anderson Land Use Planning ("CONSULTANT") and the CITY OF LATHROP, a California municipal corporation ("CITY");

**RECITALS:**

**WHEREAS**, on August 3, 2015, CONSULTANT entered into a master agreement ("AGREEMENT") with the CITY, by which the CONSULTANT has agreed to provide general planning services for the City of Lathrop. The City Council authorized the execution of the AGREEMENT, pursuant to Resolution 15-3967.

**WHEREAS**, at the request of CITY, CONSULTANT submitted the scope of work and fee estimate to provide general planning as described in this Task Order No.9 and fee estimate are attached hereto as Exhibit "A " and incorporated herein by reference;

**NOW, THEREFORE**, CONSULTANT and the CITY agree as follows:

**AGREEMENT**

**(1) Incorporation Of Master Agreement**

This Task Order No.9 hereby incorporates by reference all terms and conditions set forth in the master agreement for consulting services for this project, unless specifically modified by this Amendment.

**(2) Scope of Service**

CONSULTANT agrees to perform general planning services for the Planning Department and has establish a scope of work and fee proposal provided in Exhibit "A". CONSULTANT agrees to diligently perform these services in accordance with the utmost standards of its profession and to the CITY'S satisfaction.

**(3) Time Of Performance**

CONSULTANT shall commence performance and shall complete all required services no later than June 30, 2019.

**(4) Independent Contractor Status**

It is expressly understood and agreed by both parties that CONSULTANT, while engaged in carrying out and complying with any of the terms and conditions of this agreement, is an independent contractor and not an employee of the CITY.

As an independent contractor, CONSULTANT is responsible for controlling the means and methods to complete the scope of work described in Exhibit "A" to City's satisfaction. CONSULTANT expressly warrants not to represent, at any time or in any manner, that CONSULTANT is an employee of the CITY.

**(5) Compensation**

CITY hereby agrees to pay CONSULTANT a sum not to exceed \$75,000 for general planning services for the Planning Department and has establish a scope of work and a budget as set forth in Exhibit "A" and payments will be issued incrementally. CONSULTANT shall be paid any uncontested sum due and payable within thirty (30) days of receipt of billings containing all information pursuant to Paragraph 5 of the master agreement. Compensation for any task must be equal to or less than the percentage of task complete. In no event shall CONSULTANT be entitled to compensation for work not included in Exhibit "A", unless a written change order or authorization describing the extra work and payment terms has been executed by CITY's authorized representative prior to the commencement of the work.

**(6) Notice to Proceed**

Prior to commencing work under this agreement, CONSULTANT shall receive a written "Notice to Proceed" from the CITY. A Notice to Proceed shall not be issued until all necessary certificates of insurances have been received. City shall not be obligated to pay CONSULTANT for any services prior to issuance of the Notice to Proceed.

**(7) Billings**

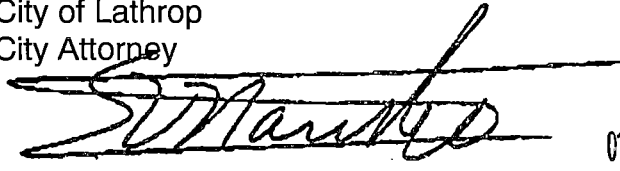
CONSULTANT'S bills shall include a list of all tasks, a total amount due, the amounts previously billed, and the net amount due on the invoice. Except as specifically authorized by CITY, CONSULTANT shall not bill the CITY for duplicate services performed by more than one person. In no event shall CONSULTANT submit any billing for an amount in excess of the rates or the maximum amount of compensation provided in section (2) for either task or for the entire Agreement, unless modified by a properly executed change order.

**(8) Signatures**

The individuals executing this Agreement represent and warrant that they have the right, power, legal capacity, and authority to enter into and to execute this Agreement on behalf of the respective legal entities of the CONSULTANT and the CITY. This agreement shall inure to the benefit of and be binding upon the parties hereto and their respective successors and assigns.

Approved as to Form:

City of Lathrop  
City Attorney



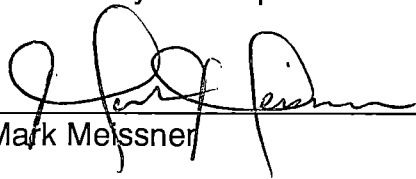
07/25/18

Salvador Navarrete

Date

Recommended for Approval:

City of Lathrop  
Community Development Director



7-20-18

Mark Meissner

Date

Accepted By:  
Reso No:

City of Lathrop  
390 Towne Centre Drive  
Lathrop, CA 95330

Stephen J. Salvatore  
City Manager

Date

CONSULTANT:

J.B. Anderson Land Use Planning  
John B. Anderson, President  
139 S. Stockton Avenue  
Ripon, CA 95366

Fed ID # 27-2423212  
Bus License # 20324

Signature

Date

(Print Name and title)



**EXHIBIT A**  
**SCOPE OF WORK AND COST PROPOSAL**  
**FOR THE CITY OF LATHROP**  
**TASK ORDER #9**  
**2018/2019**

**TASK 1            PRIMARY PLANNING AND GENERAL SERVICES**

JBA staff will provide professional planning services for the City of Lathrop for a maximum of sixty-four (64) hours per month to include eight (8) days of planning service at Lathrop City hall per month. These days will be determined by the Community Development Director, but are understood to include two days per week including Thursdays. JBA staff will be accessible and will return all messages within 24 hours. JBA staff will report directly to the Community Development Director and attend City Staff meetings as requested. It is our understanding that attendance at Planning Commission and City Council Meetings will not be required. The primary contact person will be David Niskanen. John B. Anderson will be the secondary contact. It will be JBA staff's responsibility to be well versed in all of the current functions of City business as to not confuse the public and our future planning applicants.

JBA staff will submit a monthly Planning Department Report to the Community Development Director to be used as a management tool to direct the work effort of JBA staff and to allow JBA's work effort to be assigned to top priorities as determined by the Community Development Director.

The monthly retainer costs to the City of Lathrop for this service will be \$4,800.00 billed per month which will be billed at the beginning of each month. J.B. Anderson Land Use Planning shall prepare a monthly statement of work to reconcile the work hours performed on City tasks. This monthly retainer cost is based on a reduced flat rate of \$75.00 per hour.

**It is important to note that the Rate Schedule included in Exhibit B DOES NOT apply this task, Primary Planning and General Services. Exhibit B ONLY applies to Tasks 2, 3, and 4, as defined below. As noted above, the monthly retainer costs included as part of Task 1 is based on a reduced rate of \$75.00 per hour.**

Extra work outside of the normal 64 hours per month, such as the preparation of CEQA Compliance Documents will be defined in a Scope of Work and agreed to in advance of any work being performed or billed.

At the Community Development Director's option, work defined under this task may be transferred to tasks described below in Tasks 3 and 4. The monthly Planning Report will assist the City in defining any work shifts needed.

**TASK 2 SECONDARY PLANNING AND GENERAL SERVICES**

In addition to providing professional planning services for the City of Lathrop, this task shall include types of higher level work that JBA Staff will perform at the discretion of the Community Development Director. Such tasks include, but are not limited to: peer reviews, project management, guidance on various State mandates, research and analysis of options, and preparation of environmental documents. JBA's current hourly Fee Rates for Public Clients is attached as Exhibit B. These rates shall serve as the basis for budget negotiations.

**TASK 3 SPECIAL PROJECTS FOR THE CITY OF LATHROP**

JBA Staff shall prepare a detailed proposal and budget for any and all special projects as directed by the Community Development Director. JBA staff will negotiate with the City the hourly rates used in the budget for these projects depending on the complexity of the work to be performed. JBA's current hourly Fee Rates for Public Clients is attached as Exhibit B. These rates shall serve as the basis for budget negotiations.

**TASK 4 APPLICANT DRIVEN SPECIAL PROJECTS OF LARGE SCALE**

In the event an applicant proposes a large complex project such as the South Lathrop Specific Plan area development plans and/or Subdivision Maps JBA will staff the project with professional planners to represent the City of Lathrop. The hourly rate used in the budget for these large projects shall be the Fee Rate for Public Clients attached as Exhibit B. JBA staff will prepare a separate Scope of Work and Budget to be shared with and approved by the Community Development Director and Project Proponent.

**ASSUMPTIONS**

- 1) City will provide office space, supplies and materials for the planning purposes including internet service. We assume all planning forms and documents are available electronically in a manner that can easily be accessed
- 2) City to provide personnel for assistance for the publishing of public notices, filing documents, record keeping, public agency notifications, neighbor notifications, PC minutes, PC Resolutions, PC meeting set-up and take down and other duties as assigned. Having technical assistance is a critical consideration in the rates given to the City of Lathrop above.

- 3) City staff shall be responsible for attending all Planning Commission and City Council Meetings, unless otherwise directed by the Community Development Director.
- 4) JBA Staff will prepare all staff reports and technical documents, as necessary, to the City for the publishing of agendas and posting of such. City staff will be responsible for the mailing and posting of all materials on the City web-site as agreed.
- 5) City staff shall be responsible for all record keeping and file management. In this regard, all files for active projects shall be kept in the City offices for public record keeping.



**FEE RATE SCHEDULE for Public Clients**

**March 2018**

<b>STAFF MEMBER</b>	<b>TITLE</b>	<b>HOURLY RATE</b>
John B. Anderson	President	\$150.00/Hour
Mark Niskanen	Vice President/Senior Planner	\$120.00/Hour
Joshua Mann	Senior Planner	\$110.00/Hour
David Niskanen	Associate Planner	\$80.00/Hour
Roman Acosta	Assistant Planner	\$60.00/Hour
Lori Postma	Administrative Assistant	\$48.00/Hour

Note Terms of Payment: Client shall pay Consultant in full for all charges and expenses set forth in each invoice within thirty (30) days of the date of the invoice. If the Client fails to pay all amounts owed within this thirty (30) day period, the Client shall pay a late charge on the unpaid balance at the rate of twenty percent (20%) per annum. Rates are subject to change upon a thirty (30) day notice.

**CITY MANAGER'S REPORT  
AUGUST 13, 2018, CITY COUNCIL REGULAR MEETING**

**ITEM: APPROVAL OF FINAL MAP AND SUBDIVISION IMPROVEMENT AGREEMENT (SIA) FOR 24 LOTS IN TRACT 3914 VILLAGE "O" WITHIN EAST VILLAGE OF RIVER ISLANDS**

**RECOMMENDATION: Adopt Resolution Approving Final Map for Tract 3914 Village "O" within East Village, Totaling 26 Single Family Lots and a Subdivision Improvement Agreement with River Islands Development, LLC**

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**SUMMARY:**

On June 1, 2015, the City approved an amendment to Vesting Tentative Map Tract 3694 (VTM 3694), Phase 1 of River Islands at Lathrop, by Resolution No. 15-3912 and an Amendment to the West Lathrop Specific Plan and River Islands Urban Design Concept by Ordinance No. 15-344.

The City approved the first final map for Village "O" on January 23, 2017 (Tract 3836). This proposed Final Map Tract 3914 will be the last tract (of four total) within the Village "O" area. Van Daele Homes, an existing River Islands builder (Summer House, Castaway and Latitude), is proposing twenty-six (26) 42' x 85' single-family lots. Tract 3914 is part of the Latitude neighborhood. A Vicinity Map is included as Attachment "B."

Staff recommends that the City Council approve the proposed Final Map 3914 and a Subdivision Improvement Agreement (Attachment C) with River Islands Development, LLC ("River Islands").

**BACKGROUND:**

The land for Tract 3914 is within the geographic boundaries of Vesting Tentative Map 3694 (Phase 1) approved by Council on March 27, 2007, and amended on June 1, 2015, with updated conditions of approval. On September 20, 2017, by Resolution No. 17-01, the Planning Commission approved an amendment to the East Village Architectural Design Guidelines and Development Standards (DG/DS) to accommodate the bungalows product within Village L (Tract 3833).

As required by the City's subdivision ordinance, all final maps must include a Subdivision Improvement Agreement (SIA) to guarantee certain off-site and on-site improvements. As a result, the SIA for Tract 3914 requires that security (cash or bonds) are posted to guarantee unfinished infrastructure within Village "O."

**CITY MANAGER'S REPORT** **Page 2**  
**AUGUST 13, 2018, CITY COUNCIL REGULAR MEETING**  
**FINAL MAP FOR TRACT 3914 VILLAGE "O", TOTALING 26 SINGLE FAMILY**  
**LOTS AND A SIA WITH RIVER ISLANDS DEVELOPMENT, LLC**

All in-tract improvements, except for Somerston Parkway, have been completed, other than thermoplastic striping. With the approval of the first final map within Village "O" (Tract 3836), RID posted performance bonds for the unfinished improvements within all of Village "O" including Tract 3914. As a result, the SIA for Tract 3914 reaffirms the posting performance and labor and materials bonds first required by the SIA for Tract 3836. Acceptance of all public improvements will be processed by staff at a later date when the unfinished improvements are complete. At that time, River Islands will be required to post one (1) year maintenance bonds as a warranty for the completed infrastructure.

The SIA also refers to the Agreement for Dedication, Inspection, and Guarantee of Streets and Public Improvements ("Off-site Agreement") that was approved by the City on September 30, 2013, to the extent that the Off-site Agreement is still valid for certain improvements. Tract 3914 will not trigger any additional off-site improvements and the Off-site Agreement will apply to Tract 3914 as it has to all previous final maps in River Islands with no additional security for off-site improvements.

Finally, before the Final Map Tract 3914 is recorded, River Islands must also satisfy the Escrow Instructions (Attachment "D") that guarantee all required fees are paid.

**REASON FOR RECOMMENDATION:**

The applicant has substantially completed the street and utility improvements within the entirety of Village "O." Prior to acceptance of public improvements within Village "O" the posted security is for 120% of the estimated cost to complete the unfinished improvements and previous bonds posted with Tract 3836 remain in full force and effect. RID shall provide a 10% maintenance bond to guarantee the full improvements (completed and uncompleted) for one year. Prior to acceptance of these improvements, River Islands has provided the tract map, the tract improvement plans, all required documents and all fees for Tract 3914.

This includes the following documents and fees:

<b>Documents</b>	<b>Status</b>
1. Final Map ready for signature	Completed
2. Subdivision Improvement Agreement	Completed
3. Performance Security – Uncompleted Landscaping and Miscellaneous Improvements provide with Tract 3836	Completed
4. Labor and Materials Security – Uncompleted Landscaping and Miscellaneous Improvements provided with Tract 3836	Completed
5. Street Improvement, Landscape Plans	Completed

**CITY MANAGER'S REPORT** **Page 3**  
**AUGUST 13, 2018, CITY COUNCIL REGULAR MEETING**  
**FINAL MAP FOR TRACT 3914 VILLAGE "O", TOTALING 26 SINGLE FAMILY**  
**LOTS AND A SIA WITH RIVER ISLANDS DEVELOPMENT, LLC**

6.	Street Light, Joint Trench, Plans	Completed
7.	Geotechnical Report	Completed
8.	Agreement for Backbone Improvements and Parks (Agreement for Dedication, Inspection and Guarantee of Streets and Public Improvements)	Completed
9.	Approval of 3 <sup>rd</sup> Amendment to Development Agreement that guarantees creation of CFD for City Maintenance and Shortfalls, and Guarantee of Developer CFDs for Developer/other public agency maintenance	Completed
10.	Allocation of Water and Sewer capacity	Completed
11.	Recommendation for approval from Stewart Tract Design Review Committee	Completed
12.	Submitted Certificate of Insurance, Tax Letter	Completed
13.	Submitted Preliminary Guarantee of Title	Completed
14.	Escrow Instructions	Completed

	<b>Fees</b>	<b>Status</b>
1.	Final Map plan check fee	Paid
2.	Improvement Plans - Plan check, Inspection fees	Paid
3.	Sierra Club Settlement fee	To be paid in escrow

The above-noted documents and fees are required by the VTM 3694 conditions of approval prior to approval of the Final Map by City Council. The guarantee is in the form of the Subdivision Improvement Agreement with security and improvement plans.

Extensive off-site improvements to serve this Tract 3914 have already been completed including construction of levees, participation in construction of a Wastewater Treatment Plant (Consolidated Treatment Facility) and related storage ponds and sprayfields, purchase of SSJID surface water and construction of utility infrastructure to serve the proposed Tract. Additional off-site improvements that are required to serve this Final Map are detailed in the Off-site Agreement approved by the City Council in 2014.

Before the Final Maps are recorded, River Islands must also satisfy the Escrow Instructions that guarantee all required payments to the Sierra Club are made under the terms of the 3<sup>rd</sup> Amendment to the Development Agreement.

**AUGUST 13, 2018, CITY COUNCIL REGULAR MEETING**

**FINAL MAP FOR TRACT 3914 VILLAGE "O", TOTALING 26 SINGLE FAMILY LOTS AND A SIA WITH RIVER ISLANDS DEVELOPMENT, LLC**

**BUDGET IMPACT:**

There is no budget impact to the City. All City costs are covered by development fees, and any shortfalls in City maintenance and operating costs are covered by the CFD's for maintenance. River Islands is also providing funds necessary to defray any staff time required to process their request.

**ATTACHMENTS:**

- A. Resolution Approving Final Map for Tract 3914 Village "O" within East Village District, Totaling 26 Single Family Lots and Subdivision Improvement Agreement with River Islands Development, LLC
- B. Tract 3914 Village "O" Vicinity Map
- C. Subdivision Improvement Agreement between the City of Lathrop and River Islands (East Village District) River Islands Development, LLC, a California limited liability company, for Tract 3914, Village "O"
- D. Escrow Instructions for Final Map Tract 3914 Village "O"




**CITY MANAGER'S REPORT**  
**AUGUST 13, 2018, CITY COUNCIL REGULAR MEETING**  
**FINAL MAP FOR TRACT 3914 VILLAGE "O", TOTALING 26 SINGLE FAMILY**  
**LOTS AND A SIA WITH RIVER ISLANDS DEVELOPMENT, LLC**


**APPROVALS:**

  
\_\_\_\_\_  
Glenn Gebhardt  
City Engineer

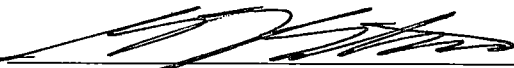
7/31/18  
Date

  
\_\_\_\_\_  
Cari James  
Finance Director

8/6/18  
Date

  
\_\_\_\_\_  
Salvador Navarrete  
City Attorney

8/11/18  
Date

  
\_\_\_\_\_  
Stephen J. Salvatore  
City Manager

8.9.18  
Date

**RESOLUTION NO. 18-**

**A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF LATHROP  
APPROVING A FINAL MAP FOR TRACT 3914 IN VILLAGE "O," TOTALING  
26 SINGLE FAMILY LOTS AND A SUBDIVISION IMPROVEMENT AGREEMENT  
WITH RIVER ISLANDS DEVELOPMENT, LLC**

**WHEREAS**, on March 27, 2007, the City Council approved Vesting Tentative Map (VTM) No. 3694 with Conditions of Approval for a residential and commercial development that is consistent with the West Lathrop Specific Plan (WLSP) and the River Islands Urban Design Concept (UDC); and

**WHEREAS**, on June 1, 2015, the City Council approved amendments to the VTM, WLSP and UDC, with amended conditions of approval; and

**WHEREAS**, Tract 3914, the proposed subdivision, is part of the East Village District of River Islands as described in the UDC, consisting of 26 lots covered by VTM No. 3694, located on the west side of the San Joaquin River, north of Union Pacific Railroad; and

**WHEREAS**, in its review of all tracts within Village O including Tract 3914, the Stewart Tract Design Review Committee recommended approval of Tract 3914 on September 1, 2016; and

**WHEREAS**, River Islands Development, LLC, with bonds posted for Tract 3873 or has guaranteed completion of all public improvements on Tract Map 3914, as identified on the approved improvement plans, and has completed or guaranteed completion of all required documents and payment of all fees; and

**WHEREAS**, a separate Subdivision Improvement Agreement between the City and River Islands Development, LLC, and provision of security by River Islands Development, LLC, for unfinished and deferred improvements are required prior to final map approval per the Lathrop Municipal Code Section 16.16.190; and

**WHEREAS**, a Subdivision Improvement Agreement has been signed by River Islands Development, LLC, and presented to the City for approval and signature regarding Tract 3914; and

**WHEREAS**, upon acceptance of all improvements as complete, a one-year maintenance and repair bond will be required to secure River Islands Development, LLC, obligation to maintain all improvements and repair or correct any defective work; and

**WHEREAS**, several conditions of approval of VTM 3694 are satisfied by the 3rd Amendment to the Development Agreement between the City and Califia, LLC, which the City Council approved on October 7, 2013; and

**WHEREAS**, off-site improvements were guaranteed with the Dedication, Inspection and Guarantee of Streets and Public Improvements (Off-site Agreement), approved by City Council on September 30, 2013; and

**WHEREAS**, City staff has confirmed that all Conditions of Approval of VTM 3694 required for approval of Final Map 3914 have been met, including those Conditions of Approval satisfied under the Subdivision Improvement Agreement and Off-Site Agreement; and

**WHEREAS**, the City Engineer has confirmed that the Final Map for Tract 3914 is substantially the same as it appeared on VTM No. 3694, is technically correct and complies with the requirements of the Subdivision Map Act and Lathrop Municipal Code, Chapter 16.16; and

**WHEREAS**, River Islands Development, LLC, will satisfy the escrow requirements to fund the Settlement Fee prior to recordation of the Final Map for Tract 3914; and

**WHEREAS**, Capital Facilities Fees are not required until such time as the builder applies for building permits.

**NOW, THEREFORE, BE IT RESOLVED**, by the City Council of the City of Lathrop that makes and accepts the following actions:

1. That the Final Map for Tract 3914 Village "O" is hereby approved as submitted as part of the public record with the San Joaquin County Assessor/Recorder/County Clerk Office.
2. That the City Manager, or their designee, is authorized to execute a Subdivision Improvement Agreement with River Islands Development, LLC, in substantially the form as attached to the August 13, 2018 staff report, the file executed copy will be filed with the City Clerk.

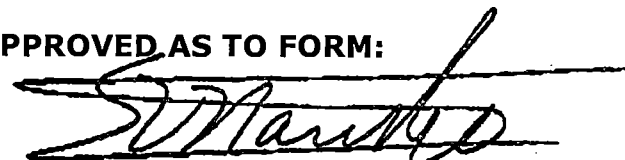
**PASSED AND ADOPTED** by the City Council of the City of Lathrop this 13<sup>th</sup> day of August, 2018, by the following vote:

AYES:  
NOES:  
ABSTAIN:  
ABSENT:

\_\_\_\_\_  
SONNY DHALIWAL, MAYOR

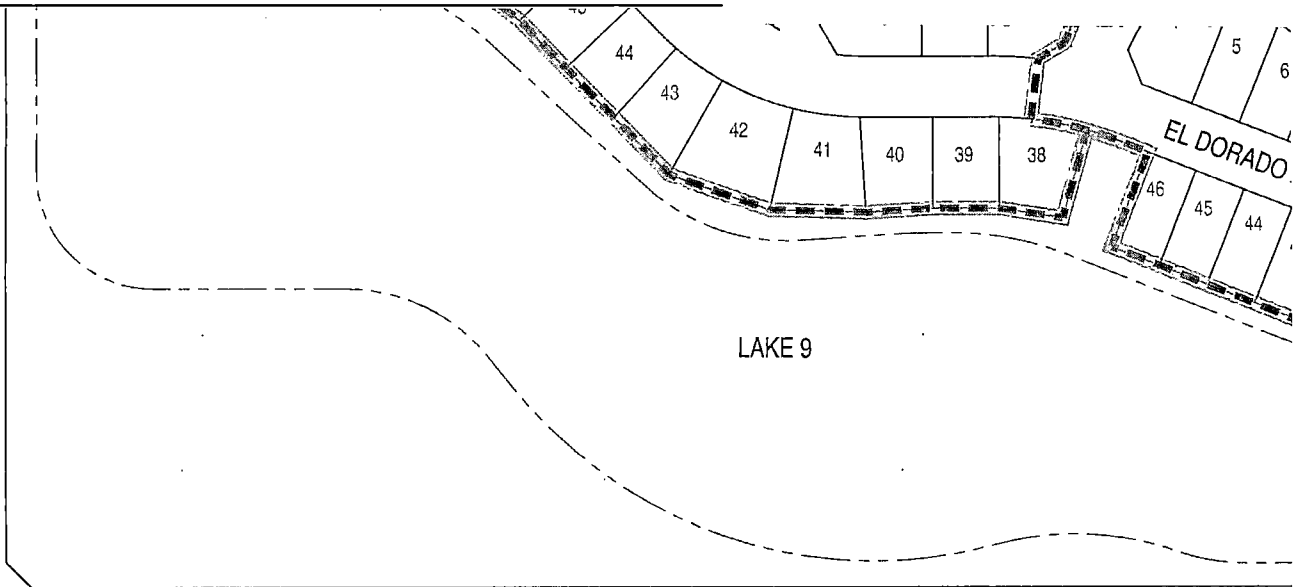
**ATTEST:**

**APPROVED AS TO FORM:**

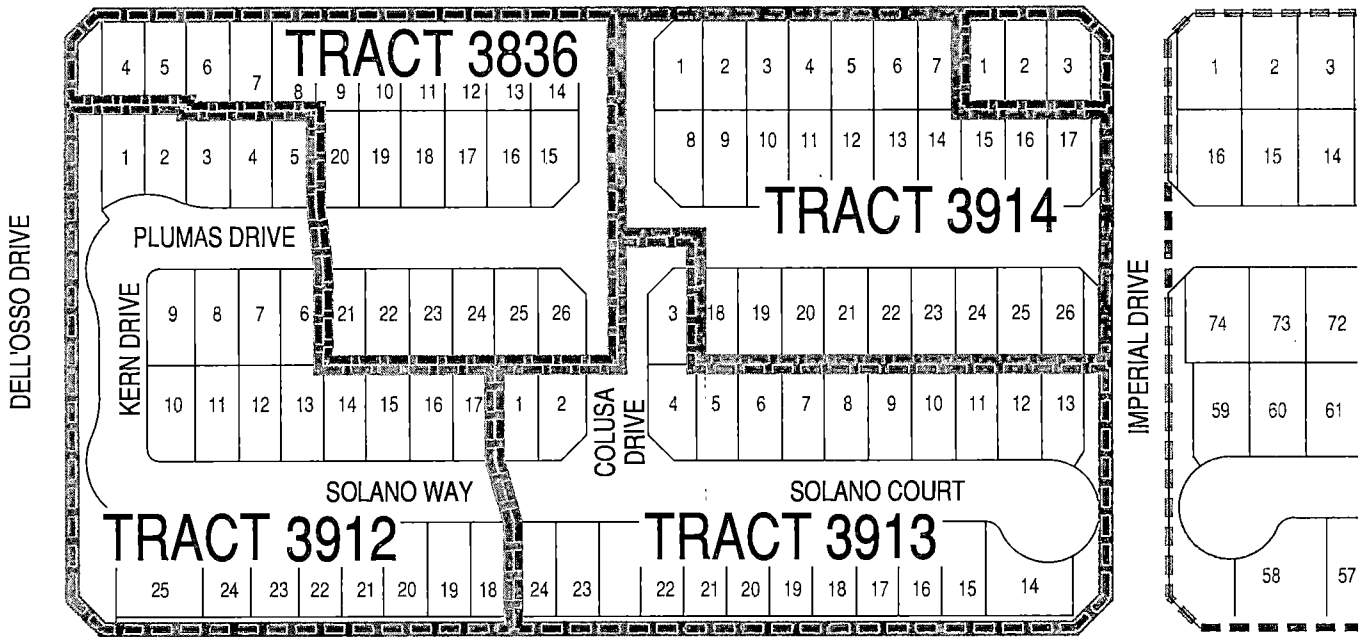


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Teresa Vargas, City Clerk

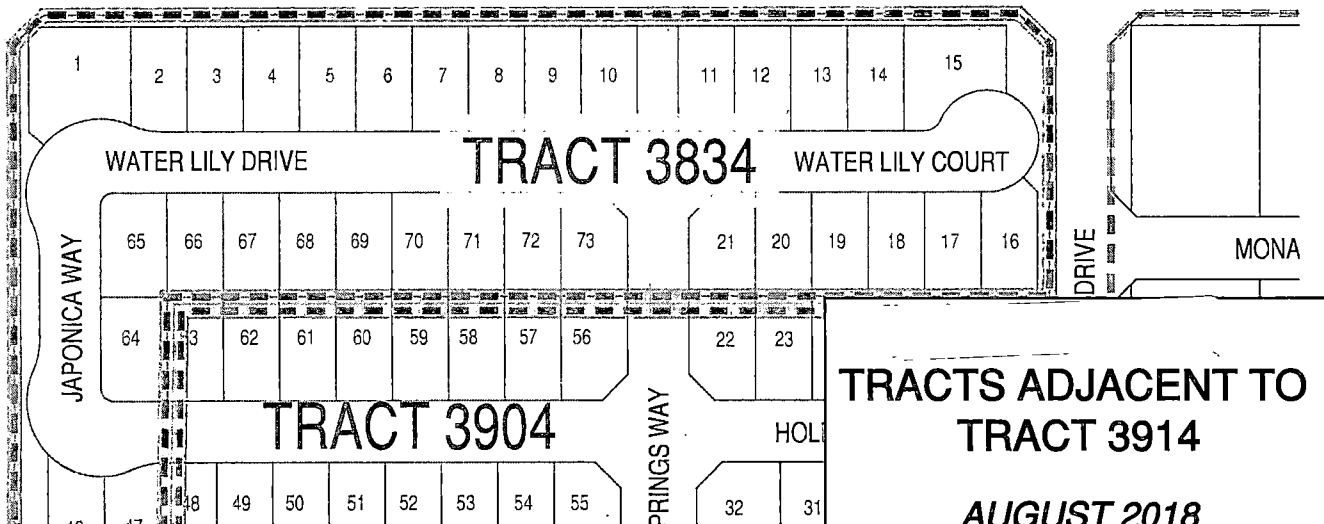
\_\_\_\_\_  
Salvador Navarrete, City Attorney



GARDEN FARMS AVENUE



RIVER ISLANDS PARKWAY



**TRACTS ADJACENT TO TRACT 3914**  
*AUGUST 2018*

**SUBDIVISION IMPROVEMENT AGREEMENT**

**BETWEEN THE CITY OF LATHROP AND**

**RIVER ISLANDS DEVELOPMENT, LLC, A CALIFORNIA LIMITED LIABILITY**

**COMPANY, FOR 26 RESIDENTIAL LOTS IN TRACT 3914 VILLAGE "O"**

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**RECITALS**

A. This Agreement is made and entered into this **13<sup>th</sup> day of August, 2018**, by and between the CITY OF LATHROP, a municipal corporation of the State of California ("CITY"), and River Islands Development, LLC, a California limited liability company ("SUBDIVIDER").

B. Pursuant to Division 2 of Title 7 of the Government Code of the State of California and CITY's Subdivision Regulations (City of Lathrop, Code of Ordinances, Chapter 16), SUBDIVIDER is required to make dedications and improve Tract 3914. However, SUBDIVIDER has completed a significant portion of public infrastructure improvements associated with Tract 3914 and the adjacent Tracts of 3836, 3812 and 3813 as part of the Village O area of the East Village District of River Islands. The unfinished portion of improvements total \$546,700.00 and both performance and labor and materials (payment) bonds as required by the Lathrop Subdivision Ordinance and the Subdivision Map Act were posted with the approval of Tract 3836 and will be required to be held by the City as outlined in this Tract 3914 Subdivision Improvement Agreement.

C. At its September 30, 2013, meeting, the City Council approved an Irrevocable Offer of Dedication of Easement for Roadway Purposes and approved an Agreement for Dedication, Inspection and Guarantee of Public Streets and Improvements for certain backbone roads and improvements including Lakeside Drive that provides public right of way access to Tract 3873, along with proposed access easements and all-weather roads associated with Tract 3914 on an interim basis. Tract 3914 Final Map shall dedicate those roads not dedicated with previous tracts in the East Village District and not covered by the Irrevocable Offer of Dedication for Easement for Roadway Purposes for streets serving as access to Tract 3873.

D. SUBDIVIDER has completed a portion of the joint trench improvements for Tract 3914 and as noted in Recital C, performance and payment bonds were posted with the approval of Tract 3836 for the unfinished portion of these improvements, along with other required infrastructure for Tracts 3836, 3812, 3813 and 3814. Improvement plans and street light plans prepared by O'Dell Engineering, Inc., have already been approved by City. The street, sidewalk, underground utility, storm drainage, street light and joint trench improvements ("Improvements") have only been partially constructed as part of the required infrastructure for Tract 3914 and adjacent Tracts 3836, 3812, 3813 and required security as outlined in this Agreement is required.

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**NOW THEREFORE** in consideration of CITY'S pending approval and acceptance of the Improvements upon their satisfactory completion and in consideration of SUBDIVIDER'S construction of Improvements in strict accordance with the terms of this Agreement, all applicable laws, statutes, ordinances, rules and regulations currently in force and effect in CITY, the terms and conditions of which are incorporated herein by this reference, the parties hereto mutually covenant and agree as follows:

1. SUBDIVIDER shall complete construction of, or cause construction to be completed at its sole cost and expense, the Improvements for all of the lots within the East Village neighborhood, to the limits identified on Exhibit A including the public landscaping, streetlight and joint trench improvements. All improvements shall be constructed to the satisfaction and approval of the City Engineer, in a good and workmanlike manner in accordance with the above-referenced improvement plans and specifications, the improvement standards and specifications of the CITY'S Department of Public Works, the applicable Ordinances of the City of Lathrop and the California Subdivision Map Act.
2. SUBDIVIDER shall complete the Improvements, including all deferred and unfinished improvements, prior to occupancy of the first dwelling unit constructed in Tract 3914 that is conveyed to a private interest not associated with the transfer of title of Tract 3914 associated with the filing of Tract 3914 or prior to the completion and occupancy of the first production dwelling unit associated with Tract 3914, whichever comes first. Such occupancy shall be documented by CITY in the form of a Certificate of Occupancy or Final Building Permit.
3. CITY or its agents shall, at any time during the progress of the Improvements, have free access thereto and shall be allowed to examine the same and all material to be used therein. If the Improvements or any part thereof are not completed in strict compliance with the standards set forth in Paragraph 1 above, CITY may refuse to accept and may reject the defective Improvements and/or materials therein.
4. SUBDIVIDER shall secure the services of skilled personnel necessary to construct the Improvements. CITY is not skilled in these matters and relies upon the skill of SUBDIVIDER to ensure that the construction of the Improvements is in the most skillful and durable manner.
5. CITY'S acceptance of the Improvements does not operate as a release of SUBDIVIDER from any guarantee hereunder.
6. SUBDIVIDER guarantees and warrants that the Improvements shall be constructed in compliance with the standards set forth in Paragraph 1 above, free from any defects in work or labor done and from any defects in materials furnished. Further, SUBDIVIDER shall repair and maintain the Improvements in good condition and in accordance with CITY specifications for one (1) year after CITY'S acceptance of the Improvements. As was required with the approval of Tract 3836 and reiterated and required by this Subdivision Improvement Agreement for Tract 3914, the SUBDIVIDER shall deposit with the City Engineer a Maintenance Bond in the amount of \$324,600 equal to 10% of the estimated cost of the Improvements for the entire area (\$3,246,000), to insure SUBDIVIDER'S repair and maintenance of the Improvements in accordance with the

terms of this Agreement. The Maintenance Bond shall be released at the end of the one (1) year guarantee period, provided there are no claims against it are then outstanding. SUBDIVIDER may also substitute the required security as described above at the City Engineer's discretion.

7. Because some of the backbone improvements referenced in Recital D were required to provide access and required utilities to Tract 3914 and are associated with adjacent tracts as otherwise described in this Agreement, as well as backbone roads associated with the Agreement for Dedication, Inspection and Guarantee of Public Streets and Improvements referenced in Recital D, the security required by the Agreement for Dedication, Inspection and Guarantee of Public Streets and Improvements shall remain in place until the backbone improvements associated with that agreement are complete and accepted by CITY or as is further described by the conditions below:

a. Rehabilitation of the pavement on Stewart/Cohen and Paradise Roads within the limits of Stewart Tract, as detailed on the attached Exhibit D, is guaranteed by a performance bond. Full improvement and acceptance of these streets shall be completed prior to release of security previously posted by SUBDIVIDER.

8. If SUBDIVIDER, in whole or in part, abandons the Improvements, unnecessarily or unreasonably delays construction of the Improvements, fails to complete construction of the Improvements within the time specified in this Agreement or fails to repair, replace or reconstruct any defects, as set forth in Paragraph 6 above, CITY may but is not required to proceed to complete and/or repair, replace or reconstruct the Improvements, either by itself or by contract for such service, and CITY may cause to be forfeited such portion of any security deposited therein as is necessary to cover the costs of completion, repair, replacement or reconstruction incurred by CITY. Once action is taken by CITY to complete, repair, replace and/or reconstruct the Improvements, SUBDIVIDER shall be responsible for all costs incurred by CITY even if SUBDIVIDER subsequently completes the work.

CITY shall have recourse against SUBDIVIDER for any and all amounts necessary to complete the obligations of SUBDIVIDER in the event the security (including but not limited to any Letter of Guarantee, Certificate of Deposit, cash, bond for performance, labor and materials, repair and maintenance, letter of credit or cash deposit) therefore is insufficient to pay such amounts. All administrative costs, including reasonable attorney's fees pursuant to Government Code Section 66499.4, incurred by CITY in addition to the costs of the improvements shall be a proper charge against the security and SUBDIVIDER.

In the event it becomes necessary for CITY to bring an action to compel performance of this Agreement or to recover costs of completing such improvements, SUBDIVIDER shall pay reasonable attorney's fees, costs of suit and all other expenses of litigation incurred by CITY in connection therewith.

9. Because the Improvements are partially complete, SUBDIVIDER is required to only post Performance or Labor & Materials bonds to guarantee the deferred and unfinished improvements

associated with Tract 3914 and adjacent tracts as included and described in Exhibit E of this Agreement. The amount of the performance bond that was posted with the approval of Tract 3836 is equal to 120% of the amount of unfinished and deferred improvements as shown in Exhibit E ( $\$546,700 \times 120\% = \$656,040$  – performance bond amount) as indicated in Recital C. The corresponding labor and materials bond posted equals 50% of the performance bond amount ( $\$656,040 \times 50\% = \$328,020$ ), also as indicated in Recital C. Further, SUBDIVIDER shall also comply with CITY'S insurance requirements set forth on Exhibit C attached hereto and incorporated herein. The security previously posted with Tract 3836 shall remain with CITY as required by this Agreement. As stated in paragraph 6 of this Agreement, the required security may be substituted by SUBDIVIDER at the discretion of the City Engineer.

10. Any alterations made to the plans and specifications, which are a part of this Agreement, or any provision of this Agreement shall not operate to release any surety or sureties from liability on any bond or bonds attached hereto and made a part hereof. The above-referenced sureties hereby consent to such alterations and waive the provisions of California Civil Code Section 2819.

11. Neither CITY nor any of its officers, employees or agents shall be liable to SUBDIVIDER and/or SUBDIVIDER'S agents, contractors or subcontractors for any error or omission arising out of or in connection with any work to be performed under this Agreement.

12. Neither CITY nor any of its officers, employees or agents shall be liable to SUBDIVIDER or to any person, entity or organization for any injury or damage that may result to any person or property by or from any cause in, on or about the subdivision of all or any part of the land covered by this Agreement.

13. SUBDIVIDER hereby agrees to and shall hold CITY, its elective and appointive boards, commissions, officers, agents and employees (collectively "Indemnitees") harmless from any liability for damage or claims which may arise from SUBDIVIDER and/or SUBDIVIDER'S contractors, subcontractors, agents or employees' operations under this Agreement, whether such operations be by SUBDIVIDER or by any SUBDIVIDER contractors, subcontractors or by any one or more persons directly or indirectly employed by or acting as agent for SUBDIVIDER or any of SUBDIVIDER'S contractors or subcontractors. SUBDIVIDER shall at its own cost and expense defend any and all actions, suits or legal proceedings or any type that may be brought or instituted against CITY and indemnities on any claim or demand, of any nature whatsoever, and pay or satisfy any judgment that may be rendered against CITY and the Indemnitees in any such action, suit or legal proceedings resulting from or alleged to have resulted from SUBDIVIDER'S performance or non-performance of its duties and obligations under this Agreement or from the negligent act or omission of itself, its agents, contractors, representatives, servants or employees. The promises and Agreement to indemnify and hold harmless set forth in this section is not conditioned or dependent on whether or not any indemnity has prepared, supplied or approved any plan or specification in connection with this work or subdivision whether or not any such indemnity has insurance or indemnification covering any of these matters. CITY does not and shall not waive any rights against SUBDIVIDER which it may have by reason of the aforesaid hold harmless agreement because of the acceptance by CITY of any deposit with CITY by SUBDIVIDER. The aforesaid hold harmless agreement by SUBDIVIDER shall apply to all



damages and claims for damages of every kind suffered or alleged to have been suffered by reason of any of the aforesaid operations referred to in this paragraph regardless of whether or not CITY has prepared, supplied or approved of plans and/or specifications for the subdivision.

14. Neither SUBDIVIDER nor any of SUBDIVIDER'S agents, contractors or subcontractors are or shall be considered to be agents of CITY in connection with the performance of SUBDIVIDER'S obligations under this Agreement.

15. Prior to acceptance of the Improvements by the City Council, SUBDIVIDER shall be solely responsible for maintaining the quality of the Improvements and maintaining safety at the project site. SUBDIVIDER'S obligation to provide the Improvements shall not be satisfied until after the City Engineer has made a written determination that all obligations of the Agreement have been satisfied, all outstanding fees and charges have been paid and the City Council has accepted the Improvements as complete. CITY and SUBDIVIDER have formed Community Facilities Districts ("CFD") to finance maintenance and improvements. CITY expects to preserve the ability to use future special taxes of the CFD for payment of the cost of acquisition of the Improvements which may require that acceptance of improvements by CITY be subject to the provisions of an acquisition agreement to be entered into by CITY and SUBDIVIDER providing that CITY expects to be paid or reimbursed acquisition costs through future CFD special taxes. SUBDIVIDER shall cooperate to facilitate such method of acquisition.

16. SUBDIVIDER shall pay service fees for the utility services from the time the Improvements are accepted by CITY to the end of the fiscal year or up to a one (1) year period, whichever is needed to ensure an opportunity for the Improvements to be included in the next fiscal year annual assessment.

17. SUBDIVIDER shall be responsible to sweep streets within the subdivision every two weeks as directed by the City Engineer on all streets where lots are occupied and all streets providing access to occupied lots until the Improvements are accepted by CITY.

18. SUBDIVIDER shall not assign this Agreement without the prior written consent of CITY. If such consent is given, the terms of this Agreement shall apply to and bind the heirs, successors, executors, administrators and assignees of SUBDIVIDER and any heirs, successors, executors, administrators and assignees of SUBDIVIDER and shall be jointly and severally liable hereunder.

19. SUBDIVIDER shall, at SUBDIVIDER'S expense, obtain and maintain all necessary permits and licenses for construction of the Improvements. Prior to the commencement of Improvement construction, SUBDIVIDER shall obtain a City of Lathrop Business License. SUBDIVIDER shall comply with all local, state and federal laws whether or not said laws are expressly stated in this Agreement.

20. This Agreement and any amendments hereto comprise the entire understanding and agreement between the parties regarding the improvements to be constructed and dedications for Tract 3914.

21. The following miscellaneous provisions are applicable to this Agreement:
- a. **Controlling Law.** The parties agree that this Agreement shall be governed and construed by and in accordance with the laws of the State of California.
  - b. **Definitions.** The definitions and terms are as defined in this Agreement.
  - c. **Force Majeure.** Neither party shall be deemed to be in default on account of any delay or failure to perform its obligations under this Agreement which directly results from an Act of God or an act of a superior governmental authority.
  - d. **Headings.** The paragraph headings are not a part of this Agreement and shall have no effect upon the construction or interpretation of any part of this Agreement.
  - e. **Incorporation of Documents.** All documents referred to herein and all documents which may, from time to time, be referred to in any duly executed amendment hereto are by such reference incorporated herein and shall be deemed to be part of this Agreement.
  - f. **Modification of Agreement.** This Agreement shall not be modified or be binding upon the parties unless such modification is agreed to in writing and signed by the parties.
  - g. **Severability.** If a court of competent jurisdiction finds or rules that any provision of this Agreement is void or unenforceable, the provisions of this Agreement not so affected shall remain in full force and effect.
  - h. **Successors and Assigns.** Except as otherwise expressly provided herein, the provisions of this Agreement shall inure to the benefit of and shall apply to and bind the successors and assigns of the parties.
  - i. **Time of the Essence.** Time is of the essence of this Agreement and each of its provisions. In the calculation of time hereunder, the time in which an act is to be performed shall be computed by excluding the first day and including the last day. If the time in which an act is to be performed falls on a Saturday, Sunday or any day observed as a legal holiday by CITY, the time for performance shall be extended to the following business day.
  - j. **Venue.** In the event either party brings suit hereunder, the parties agree that trial of such action shall be vested exclusively in the state courts of California in the County of San Joaquin.

**ATTACHMENTS:**

- EXHIBIT A: FINAL MAP - TRACT 3914
- EXHIBIT B: ADJACENT TRACTS TO TRACT 3914
- EXHIBIT C: CITY INSURANCE REQUIREMENTS
- EXHIBIT D: COHEN/PARADISE/STEWART REHABILITATION MAP
- EXHIBIT E: UNFINISHED AND DEFERRED IMPROVEMENT COST ESTIMATE

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IN WITNESS WHEREOF, the parties hereto have executed this Agreement on this **13<sup>th</sup>** day of  
**August, 2018**, at Lathrop, California.

**ATTEST: TERESA VARGAS**  
City Clerk of and for the City  
of Lathrop, State of California

**CITY OF LATHROP**, a  
municipal corporation of the  
State of California

BY: \_\_\_\_\_  
Teresa Vargas                      Date  
City Clerk

BY: \_\_\_\_\_  
Stephen J. Salvatore              Date  
City Manager

**APPROVED AS TO FORM**

BY: \_\_\_\_\_  
Salvador Navarrete              Date  
City Attorney

**River Islands Development, LLC,**  
**a California limited liability company**

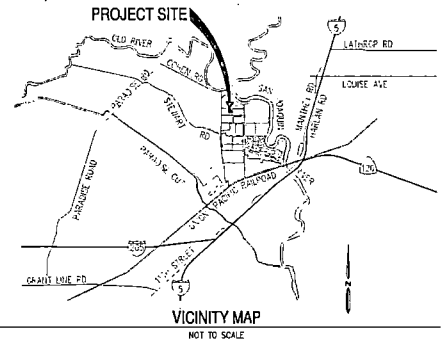
BY: \_\_\_\_\_  
Susan Dell'Osso, President      Date  
"SUBDIVIDER"

**EXHIBIT A**

**FINAL MAP - TRACT 3914**

**TRACT 3914  
RIVER ISLANDS - PHASE 1B  
VILLAGE O**

A PORTION OF RANCHO EL PESCADERO, BEING  
A SUBDIVISION OF PARCEL 1 OF TRACT 2836 (42 MAP 84)  
AND PARCEL 1 OF TRACT 3913 (43 MAP 34)  
CITY OF LATHROP, SAN JOAQUIN COUNTY, CALIFORNIA  
JULY 2018



**OWNER'S STATEMENT**

THE UNDERSIGNED, DOES HEREBY STATE THAT THEY ARE THE OWNERS OF ALL THE LAND OBLIGATED AND EMBRACED WITHIN THE EXTERIOR BOUNDARY LINE OF THE HEREN EMBODIED FINAL MAP ENTITLED, "TRACT 3914, RIVER ISLANDS, PHASE 1B, VILLAGE O", CITY OF LATHROP, CALIFORNIA, CONSISTING OF SIX (6) SHEETS, AND WE HEREBY CONSENT TO THE PREPARATION AND FILING OF THIS FINAL MAP IN THE OFFICE OF THE COUNTY RECORDER OF SAN JOAQUIN COUNTY, CALIFORNIA.

THE UNDERSIGNED DOES HEREBY DEDICATE TO THE CITY OF LATHROP A NON-EXCLUSIVE EASEMENT TOGETHER WITH THE RIGHT TO CONSTRUCT, RECONSTRUCT, REPAIR AND MAINTAIN POLES, WIRES, CABLES, PIPES, AND CONDUITS AND THEIR APPURTENANCES UPON, OVER AND UNDER THE STRIPS OF LAND AS SHOWN ON THIS FINAL MAP DESIGNATED AS "P.U.E." (PUBLIC UTILITY EASEMENT).

THE UNDERSIGNED DOES HEREBY DEDICATE TO THE CITY OF LATHROP, IN FEE, PARCELS A AND B FOR OPEN SPACE PURPOSES, INCLUDING PUBLIC UTILITIES, FOR THE BENEFIT OF THE PUBLIC, AS SHOWN ON THIS FINAL MAP.

THE UNDERSIGNED DOES HEREBY RELINQUISH TO THE CITY OF LATHROP ALL ABUTTERS RIGHT OF ACCESS TO LOTS 1, 8, 17, AND 26, ALONG THE LOT LINE AS INDICATED BY THE SYMBOL /////// AS SHOWN ON THIS FINAL MAP.

OWNER: RIVER ISLANDS DEVELOPMENT, LLC, A CALIFORNIA LIMITED LIABILITY COMPANY.

BY: \_\_\_\_\_ DATE \_\_\_\_\_  
ITS: SUSAN DELL'OSSO  
PRESIDENT

DATED THIS \_\_\_\_\_ DAY OF \_\_\_\_\_ 2018.

OLD REPUBLIC TITLE COMPANY, AS TRUSTEE, UNDER THE DEED OF TRUST RECORDED DECEMBER 22, 2016, AS DOCUMENT NUMBER 2016-160888, OFFICIAL RECORDS OF SAN JOAQUIN COUNTY.

BY: \_\_\_\_\_  
ITS: \_\_\_\_\_

**ACKNOWLEDGEMENT CERTIFICATE (OWNER'S)**

A NOTARY PUBLIC OR OTHER OFFICER COMPLETING THIS CERTIFICATE VERIFIES ONLY THE IDENTITY OF THE INDIVIDUAL WHO SIGNED THE DOCUMENT TO WHICH THIS CERTIFICATE IS ATTACHED, AND NOT THE TRUTHFULNESS, ACCURACY, OR VALIDITY OF THAT DOCUMENT

STATE OF CALIFORNIA }  
COUNTY OF SAN JOAQUIN }

ON \_\_\_\_\_ 2018, BEFORE ME, \_\_\_\_\_ WHO  
PROVED TO ME ON THE BASIS OF SATISFACTORY EVIDENCE TO BE THE PERSON(S) WHOSE NAME(S)  
IS/ARE SUBSCRIBER TO THE WITHIN INSTRUMENT, AND ACKNOWLEDGED TO ME THAT HE/SHE/they  
EXECUTED THE SAME IN HIS/HER/their AUTHORIZED CAPACITY(IES), AND THAT BY HIS/HER/their  
SIGNATURE(S) ON THE INSTRUMENT THE PERSON(S), OR THE ENTITY UPON BEHALF OF WHICH THE  
PERSON(S) ACTED, EXECUTED THE INSTRUMENT.

I CERTIFY UNDER PENALTY OF PERJURY UNDER THE LAWS OF THE STATE OF CALIFORNIA THAT THE  
FORGOING PARAGRAPH IS TRUE AND CORRECT

WITNESS MY HAND:

SIGNATURE: \_\_\_\_\_  
NAME (PRINT): \_\_\_\_\_  
PRINCIPAL COUNTY OF BUSINESS: \_\_\_\_\_  
MY COMMISSION NUMBER: \_\_\_\_\_  
MY COMMISSION EXPIRES: \_\_\_\_\_

**CITY CLERK'S STATEMENT**

I, TERESA VARGAS, CITY CLERK AND CLERK OF THE CITY COUNCIL OF THE CITY OF LATHROP, STATE OF CALIFORNIA, DO HEREBY STATE THAT THE HEREN EMBODIED MAP ENTITLED "TRACT 3914, RIVER ISLANDS, PHASE 1B, VILLAGE O", CITY OF LATHROP, CALIFORNIA, CONSISTING OF SIX (6) SHEETS, THIS STATEMENT WAS PRESENTED TO SAID CITY COUNCIL, AS PROVIDED BY LAW, AT A REGULAR MEETING THEREOF, HELD ON THE \_\_\_\_\_ DAY OF \_\_\_\_\_ 2018, AND THAT SAID CITY COUNCIL DID THEREUPON BY RESOLUTION NO. \_\_\_\_\_ DULY PASSED AND ADOPTED AT SAID MEETING, APPROVE SAID MAP, AND AUTHORIZED ITS RECORRATION, AND ACCEPTED ON BEHALF OF THE CITY OF LATHROP, FOR PUBLIC USE, THE DEDICATION OF ALL PUBLIC UTILITY EASEMENTS, WALL EASEMENTS, PARCELS A AND B, AND THE RELINQUISHMENT OF ACCESS RIGHTS TO LOTS 1, 8, 17, AND 26, ALONG THE LOT LINES AS INDICATED BY THE SYMBOL ///////.

I FURTHER STATE THAT ALL BONDS AS REQUIRED BY LAW TO ACCOMPANY THE WITHIN MAP HAVE BEEN APPROVED BY THE CITY COUNCIL OF LATHROP AND FILED IN MY OFFICE.

TERESA VARGAS  
CITY CLERK AND CLERK OF THE CITY COUNCIL OF THE CITY OF LATHROP, COUNTY OF SAN JOAQUIN, STATE OF CALIFORNIA

**ACKNOWLEDGEMENT CERTIFICATE (TRUSTEE)**

A NOTARY PUBLIC OR OTHER OFFICER COMPLETING THIS CERTIFICATE VERIFIES ONLY THE IDENTITY OF THE INDIVIDUAL WHO SIGNED THE DOCUMENT TO WHICH THIS CERTIFICATE IS ATTACHED, AND NOT THE TRUTHFULNESS, ACCURACY, OR VALIDITY OF THAT DOCUMENT

STATE OF CALIFORNIA }  
COUNTY OF SAN JOAQUIN }

ON \_\_\_\_\_ 2018, BEFORE ME, \_\_\_\_\_ WHO  
PROVED TO ME ON THE BASIS OF SATISFACTORY EVIDENCE TO BE THE PERSON(S) WHOSE NAME(S)  
IS/ARE SUBSCRIBER TO THE WITHIN INSTRUMENT, AND ACKNOWLEDGED TO ME THAT HE/SHE/they  
EXECUTED THE SAME IN HIS/HER/their AUTHORIZED CAPACITY(IES), AND THAT BY HIS/HER/their  
SIGNATURE(S) ON THE INSTRUMENT THE PERSON(S), OR THE ENTITY UPON BEHALF OF WHICH THE  
PERSON(S) ACTED, EXECUTED THE INSTRUMENT.

I CERTIFY UNDER PENALTY OF PERJURY UNDER THE LAWS OF THE STATE OF CALIFORNIA THAT THE  
FORGOING PARAGRAPH IS TRUE AND CORRECT.

WITNESS MY HAND:

SIGNATURE: \_\_\_\_\_  
NAME (PRINT): \_\_\_\_\_  
PRINCIPAL COUNTY OF BUSINESS: \_\_\_\_\_  
MY COMMISSION NUMBER: \_\_\_\_\_  
MY COMMISSION EXPIRES: \_\_\_\_\_

**SECRETARY OF THE PLANNING COMMISSION'S STATEMENT**

THIS MAP CONFORMS TO VESTING TENTATIVE MAP NO. 3694 APPROVED BY THE PLANNING COMMISSION.

DATED THIS \_\_\_\_\_ DAY OF \_\_\_\_\_ 2018.

MARK WEISSNER, COMMUNITY DEVELOPMENT ASSISTANT DIRECTOR  
CITY OF LATHROP

**CITY ENGINEER'S STATEMENT**

I, GLENN GEBHARDT, HEREBY STATE THAT I AM THE CITY ENGINEER OF THE CITY OF LATHROP, CALIFORNIA AND THAT I HAVE EXAMINED THIS FINAL MAP OF "TRACT 3914, RIVER ISLANDS, PHASE 1B, VILLAGE O", CITY OF LATHROP, CALIFORNIA, AND THAT THE SUBDIVISION SHOWN HEREDON IS SUBSTANTIALLY THE SAME AS IT APPEARED ON THE VESTING TENTATIVE MAP NO. 3694, AND ANY APPROVED ALTERATIONS THEREOF. I FURTHER STATE THAT THIS FINAL MAP COMPLIES WITH ALL APPLICABLE ORDINANCES OF THE CITY OF LATHROP, AND ANY AMENDMENTS THERETO, APPLICABLE AT THE TIME OF APPROVAL OF THE VESTING TENTATIVE MAP.

DATED THIS \_\_\_\_\_ DAY OF \_\_\_\_\_ 2018.



GLENN GEBHARDT, R.C.E. 34681  
CITY ENGINEER OF THE CITY OF LATHROP, CALIFORNIA

**RECORDER'S STATEMENT**

FILED THIS \_\_\_\_\_ DAY OF \_\_\_\_\_ 2018, AT \_\_\_\_\_ M.  
IN BOOK \_\_\_\_\_ OF MAPS AND PLATS, AT PAGE \_\_\_\_\_ AT THE REQUEST OF  
OLD REPUBLIC TITLE COMPANY.

FEES: \$ \_\_\_\_\_

STEVE J. BESTOLARIDES, ASSESSOR-RECORDER-COUNTY CLERK, ASSISTANT/DEPUTY RECORDER  
SAN JOAQUIN COUNTY, CALIFORNIA

EXEMPT FROM FEE PER GOVERNMENT CODE 27388.1; DOCUMENT RECORDED IN CONNECTION WITH A CONCURRENT TRANSFER SUBJECT TO THE IMPOSITION OF DOCUMENTARY TRANSFER TAX

**TRACT 3914**  
**RIVER ISLANDS - PHASE 1B**  
**VILLAGE O**

A PORTION OF RANCHO EL PESCADERO, BEING  
 A SUBDIVISION OF PARCEL 1 OF TRACT 3036 (42 MAP 81)  
 AND PARCEL 1 OF TRACT 3913 (43 MAP 34)  
 CITY OF LATHROP, SAN JOAQUIN COUNTY, CALIFORNIA  
 JUNE 2018



**LINE AND CURVE TABLES FOR COURSES SHOWN ON SHEETS 3 AND 4 ONLY**

LINE #	DIRECTION	LENGTH
L1	N45°00'00"E	35.35'
L2	N45°00'00"E	35.35'
L3	N45°00'00"E	35.35'
L4	N45°00'00"W	35.35'
L5	N45°00'00"W	35.35'
L6	N45°00'00"E	35.35'
L7	N45°00'00"W	35.35'
L8	N45°00'00"E	42.43'
L9	EAST	351.70'
L10	EAST	644.60'
L11	EAST	412.02'
L12	EAST	675.00'
L13	NORTH	260.00'
L14	NORTH	469.00'
L15	NORTH	445.00'

LINE #	DIRECTION	LENGTH
L16	NORTH	248.00'
L17	EAST	508.00'
L18	NORTH	248.00'
L19	EAST	430.00'
L20	NORTH	248.00'
L21	EAST	430.00'
L22	EAST	354.72'
L23	NORTH	248.00'
L24	NORTH	795.00'
L25	EAST	578.02'
L26	EAST	508.00'
L27	EAST	534.00'
L28	EAST	555.30'
L29	EAST	93.00'

**NOTES**

- RIGHT TO FARM STATEMENT:  
 PER CITY OF LATHROP MUNICIPAL CODE OF ORDINANCES, TITLE 15, CHAPTER 15.48.04, THE CITY OF LATHROP PERMITS OPERATION OF PROPERLY CONDUCTED AGRICULTURAL OPERATIONS WITHIN THE CITY LIMITS, INCLUDING THOSE THAT UTILIZE CHEMICAL FERTILIZERS AND PESTICIDES. YOU ARE HEREBY NOTIFIED THAT THE PROPERTY YOU ARE PURCHASING MAY BE LOCATED CLOSE TO AGRICULTURAL LANDS AND OPERATIONS. YOU MAY BE SUBJECT TO INCONVENIENCE OR DISCOMFORT ARISING FROM THE LAWFUL AND PROPER USE OF AGRICULTURAL CHEMICALS AND PESTICIDES AND FROM OTHER AGRICULTURAL ACTIVITIES, INCLUDING WITHOUT LIMITATIONS, CULTIVATION, PLOWING, SPRAYING, IRRIGATION, PRUNING, HARVESTING, BURNING OF AGRICULTURAL WASTE PRODUCTS, PROTECTION OF CROPS AND ANIMALS FROM DEPREDATION, AND OTHER ACTIVITIES WHICH MAY GENERATE DUST, SMOKE, NOISE, ODOR, RODENTS AND PESTS. BE AWARE ALSO, THAT THIS PROPERTY MAY BE LOCATED ADJACENT TO AGRICULTURAL OPERATIONS OUTSIDE THE CITY'S JURISDICTION. CONSEQUENTLY, DEPENDING ON THE LOCATION OF YOUR PROPERTY, IT MAY BE NECESSARY THAT YOU BE PREPARED TO ACCEPT SUCH INCONVENIENCES OR DISCOMFORT AS NORMAL AND NECESSARY ASPECT OF LIVING IN AN AGRICULTURALLY ACTIVE REGION.
- A SOILS REPORT ENTITLED "GEO-TECHNICAL EXPLORATION, RIVER ISLANDS PHASE 1, LATHROP, CALIFORNIA", REFERENCED AS PROJECT NO. 50445.001.01 AND DATED JULY 29, 2005, HAS BEEN PREPARED FOR THIS PROJECT BY ENCEO, INCORPORATED, JOSEF J. TODTLE, G.E. NO. 2677, AND IS ON FILE WITH THE CITY OF LATHROP.
- TRACT 3914, RIVER ISLANDS, PHASE 1B, VILLAGE O, CONTAINS: 26 RESIDENTIAL LOTS, AND 2 LETTERED PARCELS, CONTAINING 2.43 ACRES, MORE OR LESS, ALL AS SHOWN ON SAID MAP HEREIN. (PLEASE REFER TO THE AREA SUMMARY TABLE BELOW).

TRACT 3914 AREA SUMMARY	
LOTS 1 THROUGH 26	2.365 AC±
PARCELS A AND B	0.065 AC±
TOTAL	2.429 AC±

- BASED ON INFORMATION CONTAINED IN THE PRELIMINARY TITLE REPORT ORDER NUMBER 1614019815-48 (VERSION 1), DATED JUNE 1, 2018, PROVIDED BY OLD REPUBLIC TITLE COMPANY.

**CITY SURVEYOR'S STATEMENT**

I, LAWRENCE GOSSETT, HEREBY STATE THAT I HAVE EXAMINED THIS FINAL MAP OF TRACT 3914, RIVER ISLANDS, PHASE 1B, VILLAGE O, CITY OF LATHROP, CALIFORNIA, AND THAT THE SUBDIVISION SHOWN HEREON COMPLIES WITH ALL THE PROVISIONS OF CHAPTER 2 OF THE CALIFORNIA SUBDIVISION MAP ACT, AS AMENDED, AND THAT THIS FINAL MAP IS TECHNICALLY CORRECT.

DATED THIS \_\_\_\_\_ DAY OF \_\_\_\_\_, 201\_\_.

LAWRENCE GOSSETT, P.E. 31695



**SIGNATURE OMISSIONS**

PURSUANT TO SECTION 66436 OF THE CALIFORNIA SUBDIVISION MAP ACT, THE SIGNATURES OF THE FOLLOWING PARTIES HAVE BEEN OMITTED:  
 1 RECLAIMED ISLANDS LAND COMPANY, RESERVATION FOR OIL, GAS, MINERALS, AND OTHER HYDROCARBON SUBSTANCES LYING BELOW A DEPTH OF 500 FEET, PER DOCUMENT NUMBER 2001-046177, S.J.C.R.

**SURVEYOR'S STATEMENT**

THIS MAP WAS PREPARED BY ME OR UNDER MY DIRECTION AND IS BASED UPON A FIELD SURVEY IN CONFORMANCE WITH THE REQUIREMENTS OF THE SUBDIVISION MAP ACT AND LOCAL ORDINANCE AT THE REQUEST OF RIVER ISLANDS DEVELOPMENT, LLC, ON AUGUST 1, 2018. I HEREBY STATE ALL THE MONUMENTS ARE OF THE CHARACTER AND OCCUPY THE POSITIONS INDICATED OR THAT THEY WILL BE SET IN THOSE POSITIONS BEFORE DECEMBER 31, 2021, AND THAT THE MONUMENTS ARE, OR THAT THEY WILL BE, SUFFICIENT TO ENABLE THIS SURVEY TO BE RETRACED, AND THAT THIS FINAL MAP SUBSTANTIALLY CONFORMS TO THE CONDITIONALLY APPROVED TENTATIVE MAP.

DATED THIS \_\_\_\_\_ DAY OF \_\_\_\_\_, 201\_\_.

DYLAN CRAWFORD, P.L.S. NO 7788



# TRACT 3914 RIVER ISLANDS - PHASE 1B VILLAGE O

A PORTION OF RANCHO EL PESCADERO, BEING  
A SUBDIVISION OF PARCEL 1 OF TRACT 3838 (42 MAP 84)  
AND PARCELS 1 OF TRACT 3913 (43 MAP 34)  
CITY OF LATHROP, SAN JOAQUIN COUNTY, CALIFORNIA  
JUNE 2016



0 100' 200' 400'  
SCALE: 1" = 200'

BOUNDARY SHEET

### LEGEND

- ⊙ FOUND MONUMENT STAMPED "PLS 7788" PER (R3)
- ⊙ FOUND MONUMENT STAMPED "PLS 7788" PER (R5)
- ⊙ MONUMENT TO BE SET PER (R1)
- ⊙ MONUMENT TO BE SET PER (R9)
- ⊙ MONUMENT TO BE SET PER (R8)
- ⊙ MONUMENT TO BE SET PER (R14)
- ⊙ MONUMENT TO BE SET PER (R15)
- 3/4" IRON PIPE W/ PLASTIC FLAG "PLS 7788" TO BE SET PER (R1) OR (R14), RESPECTIVELY, UNLESS OTHERWISE NOTED
- ⊙ MONUMENT TO BE SET PER (R3)
- ⊙ MONUMENT TO BE SET PER (R13)
- ⊙ MONUMENT TO BE SET PER (R11)
- BOUNDARY
- LOT LINE OR RIGHT-OF-WAY LINE
- EASEMENT LINE
- MONUMENT LINE
- CENTERLINE
- 200.00' (R1) MEASURED AND RECORD DATA PER REFERENCE (R1)
- (R1) DENOTES REFERENCE (R1) - SEE REFERENCE LIST ON THIS SHEET
- (M-M) MONUMENT TO MONUMENT
- (M-CL INTX) MONUMENT TO CENTERLINE INTERSECTION
- (R) RADIAL BEARING
- (T) TOTAL
- (B) BOUNDARY
- (C) CENTERLINE
- D.N. DOCUMENT NUMBER
- P.U.E. PUBLIC UTILITY EASEMENT

### REFERENCES

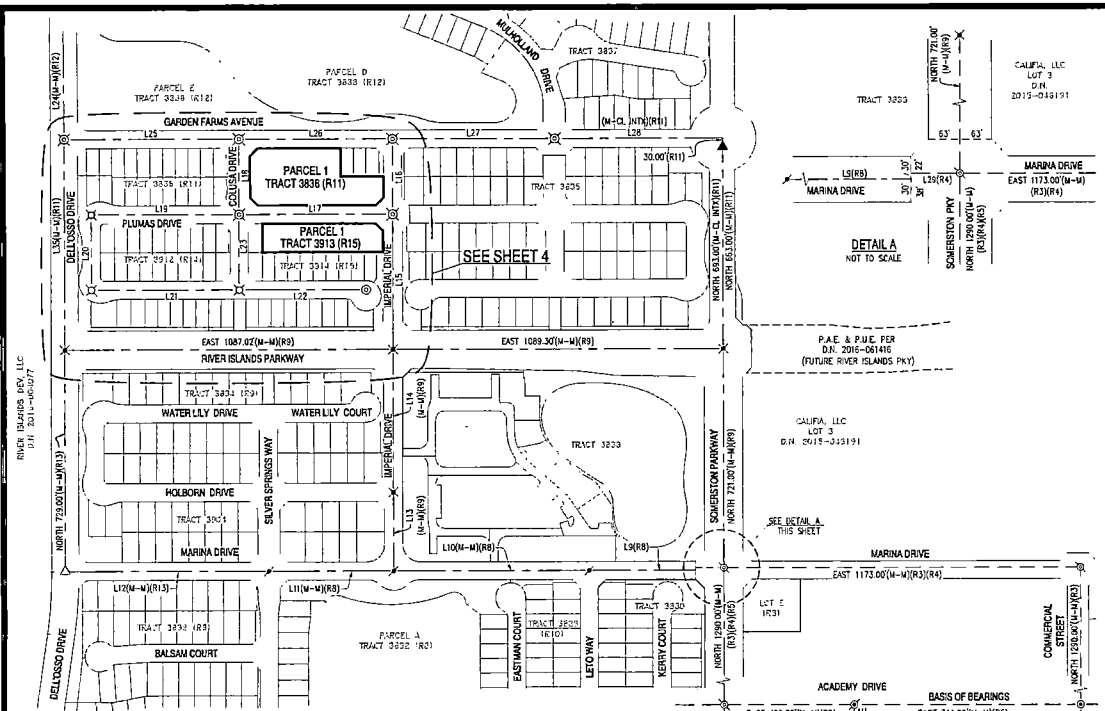
- RECORD OF SURVEY FILED AUGUST 4, 2004, IN BOOK 35 OF SURVEYS, PAGE 142, AS CORRECTED BY CERTIFICATE OF CORRECTION RECORDED JULY 15, 2005 AS DOCUMENT NUMBER 2005-171264, S.J.C.R. (35 SURVEYS 142)
- (R1) TRACT 3704, FILED DECEMBER 20, 2013, IN BOOK 42 OF MAPS AND PLATS, PAGE 4, S.J.C.R. (42 MAP 4)
  - (R2) TRACT 3705, FILED FEBRUARY 27, 2015, IN BOOK 42 OF MAPS AND PLATS, PAGE 30, S.J.C.R. (42 MAP 30)
  - (R3) TRACT 3731, FILED MAY 8, 2015, IN BOOK 42 OF MAPS AND PLATS, PAGE 36, S.J.C.R. (42 MAP 36)
  - (R4) GRANT DEED RECORDED MARCH 30, 2001, AS D.N. 2001-046172, S.J.C.R.
  - (R5) TRACT 3876, FILED MARCH 31, 2016, IN BOOK 42 OF MAPS AND PLATS, PAGE 56, S.J.C.R. (42 MAP 56)
  - (R6) TRACT 3832, FILED AUGUST 24, 2016, IN BOOK 42 OF MAPS AND PLATS, PAGE 68, S.J.C.R. (42 MAP 68)
  - (R7) TRACT 3834, FILED DECEMBER 21, 2016, IN BOOK 42 OF MAPS AND PLATS, PAGE 72, S.J.C.R. (42 MAP 72)
  - (R8) TRACT 3825, FILED DECEMBER 21, 2016, IN BOOK 42 OF MAPS AND PLATS, PAGE 71, S.J.C.R. (42 MAP 71)
  - (R9) TRACT 3836, FILED MARCH 15, 2017, IN BOOK 42 OF MAPS AND PLATS, PAGE 84, S.J.C.R. (42 MAP 84)
  - (R10) TRACT 3838, FILED NOVEMBER 30, 2017, IN BOOK 43 OF MAPS AND PLATS, PAGE 12, S.J.C.R. (43 MAP 12)
  - (R11) TRACT 3895, FILED JUNE 20, 2017, IN BOOK 42 OF MAPS AND PLATS, PAGE 89, S.J.C.R. (42 MAP 89)
  - (R12) TRACT 3912, FILED FEBRUARY 7, 2018, IN BOOK 43 OF MAPS AND PLATS, PAGE 18, S.J.C.R. (43 MAP 18)
  - (R13) TRACT 3913, FILED MAY 25, 2018, IN BOOK 43 OF MAPS AND PLATS, PAGE 34, S.J.C.R. (43 MAP 34)
  - (R14) PUBLIC UTILITY EASEMENT IN FAVOR OF THE CITY OF LATHROP RECORDED MAY 25, 2018 PER DOCUMENT NUMBER 2018-058339

### BASIS OF BEARINGS

THE BEARING OF "EAST" BETWEEN FOUND MONUMENTS ALONG THE MONUMENT LINE OF ACADEMY DRIVE AS SHOWN ON TRACT 3704, FILED MAY 8, 2015, IN BOOK 42 OF MAPS AND PLATS, AT PAGE 36, OFFICIAL RECORDS OF THE COUNTY OF SAN JOAQUIN, WAS TAKEN AS THE BASIS OF BEARINGS SHOWN ON THIS MAP (ZONE 3, NAD83). ALL DISTANCES SHOWN HEREON ARE GROUND DISTANCES.

### NOTES

1. SEE SHEET 2 FOR ADDITIONAL NOTES, AND FOR THE LINE TABLE AND CURVE TABLE OF COURSES SHOWN ON SHEETS 3 AND 4 ONLY.



# TRACT 3914 RIVER ISLANDS - PHASE 1B VILLAGE O

A PORTION OF RANCHO EL PESCADERO, BEING  
A SUBDIVISION OF PARCEL 1 OF TRACT 3836 (42 MAP 84)  
AND PARCEL 1 OF TRACT 3913 (43 MAP 34)  
CITY OF LATHROP, SAN JOAQUIN COUNTY, CALIFORNIA  
JULY 2018



0 40' 80' 120'  
SCALE: 1" = 80'

## BOUNDARY SHEET

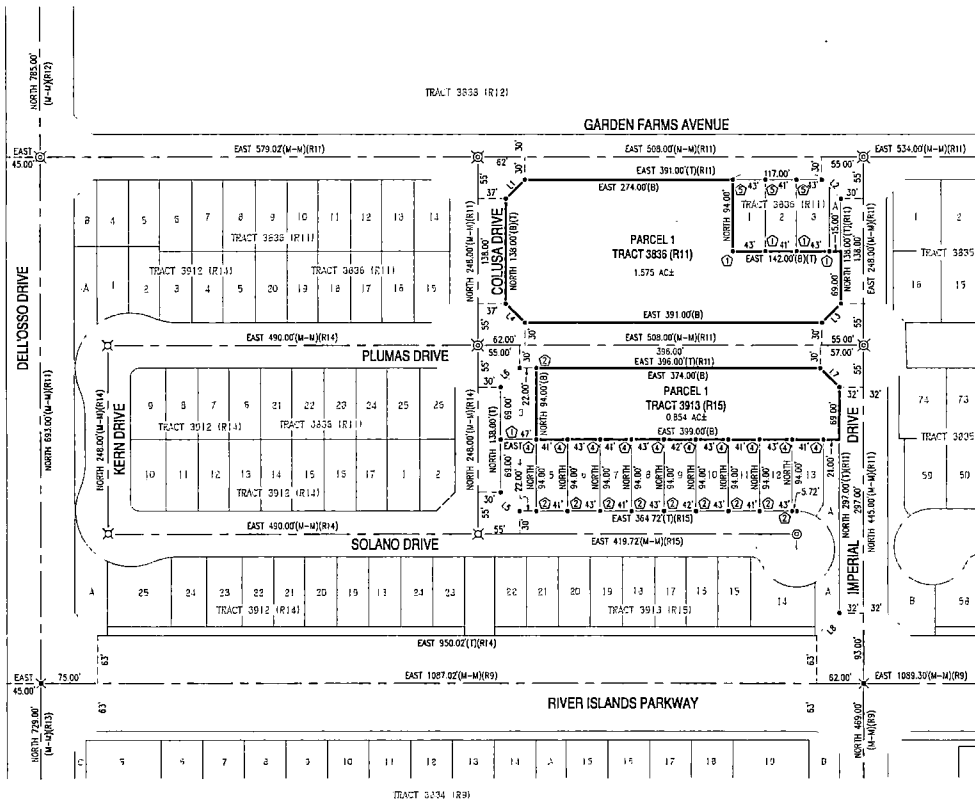
### LEGEND

- ⊗ MONUMENT TO BE SET PER (R9)
- ⊙ MONUMENT TO BE SET PER (R11)
- ⊕ MONUMENT TO BE SET PER (R14)
- ⊚ MONUMENT TO BE SET PER (R15)
- 3/4" IRON PIPE W/ PLASTIC PLUS "PLS 7788" TO BE SET PER (R11) OR (R14), RESPECTIVELY, UNLESS OTHERWISE NOTED
- 200.00' (R1) MEASURED AND RECORD DATA PER REFERENCE (R1)
- (R1) DENOTES REFERENCE (R1) - SEE REFERENCE LIST ON SHEET 3
- (M-M) MONUMENT TO MONUMENT
- (T) TOTAL
- (B) BOUNDARY
- D.N. DOCUMENT NUMBER
- P.U.C. PUBLIC UTILITY EASEMENT
- AC ACRES
- SF SQUARE FEET
- BOUNDARY LINE
- - - LOT LINE OR RIGHT-OF-WAY LINE
- - - EASEMENT LINE
- - - CENTERLINE
- ⊙ DENOTES 5/8" REBAR WITH CAP "PLS 7788" PER (R11)
- ⊙ DENOTES 1.17" BRASS DISK STAMPED "PLS 7788", BEING A WITNESS CORNER ON 1.00' OFFSET PER (R15)
- ⊙ DENOTES 3/4" IRON PIPE, BEING A WITNESS CORNER ON A 3.00' OFFSET, TAGGED "PLS 7788" PER (R14)
- ⊙ DENOTES 5/8" REBAR WITH CAP "PLS 7788" PER (R15)
- ⊙ DENOTES 1.17" BRASS DISK STAMPED "PLS 7788", BEING A WITNESS CORNER ON 1.00' OFFSET PER (R11)

### NOTES

1. SEE SHEET 2 FOR ADDITIONAL NOTES, AND FOR THE LINE TABLE OF COURSES SHOWN ON SHEETS 3 AND 4, ONLY.
2. SEE SHEET 3 FOR BASIS OF BEARINGS AND DOCUMENT REFERENCES.

SHEET 4 OF 6

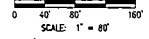


RIVER ISLANDS DEV., LLC  
D.L. 3018-054077

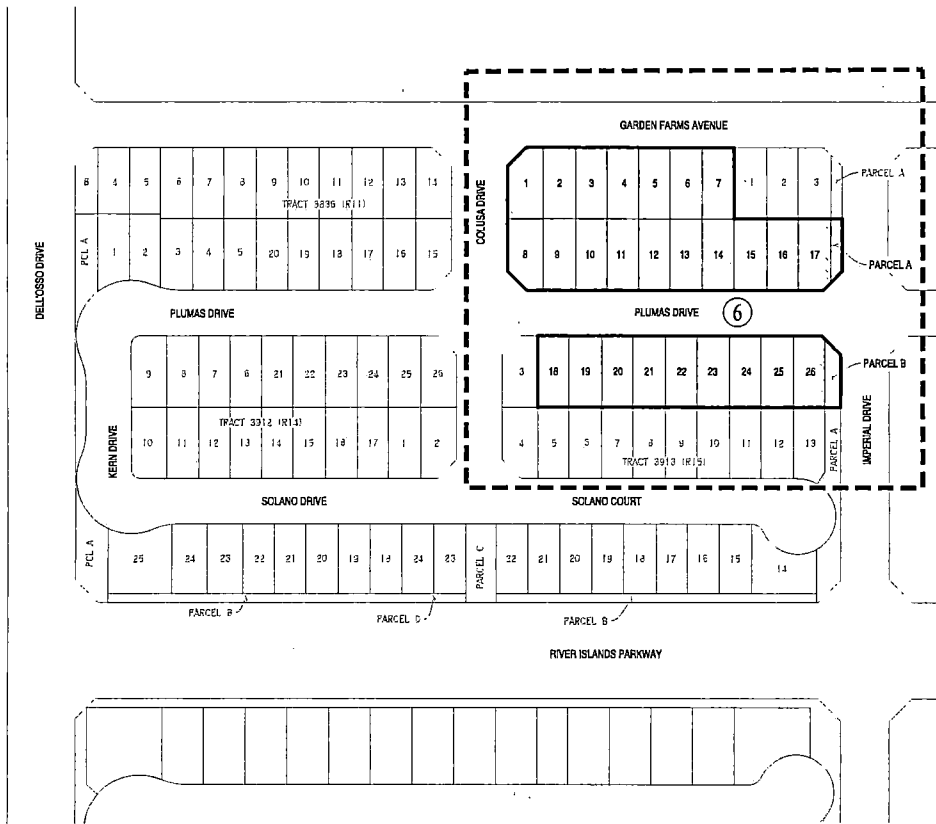
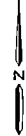


**TRACT 3914**  
**RIVER ISLANDS - PHASE 1B**  
**VILLAGE O**

A PORTION OF RANCHO EL PESCADERO, BEING  
 A SUBDIVISION OF PARCEL 1 OF TRACT 3836 (42 MSP 84)  
 AND PARCEL 1 OF TRACT 3913 (43 MSP 34)  
 CITY OF LATHROP, SAN JOAQUIN COUNTY, CALIFORNIA  
 JULY 2018



**SHEET INDEX**



**LEGEND**

- BOUNDARY LINE
- LOT LINE
- RIGHT-OF-WAY LINE
- SHEET LIMIT LINE
- LOT NUMBER
- SHEET NUMBER
- RESTRICTED ACCESS

# TRACT 3914 RIVER ISLANDS - PHASE 1B VILLAGE O

A PORTION OF RANCHO EL PESCADERO, BEING  
A SUBDIVISION OF PARCEL 1 OF TRACT 3836 (42 MAP 84)  
AND PARCEL 1 OF TRACT 3913 (43 MAP 34)  
CITY OF LATHROP, SAN JOAQUIN COUNTY, CALIFORNIA  
JULY 2018



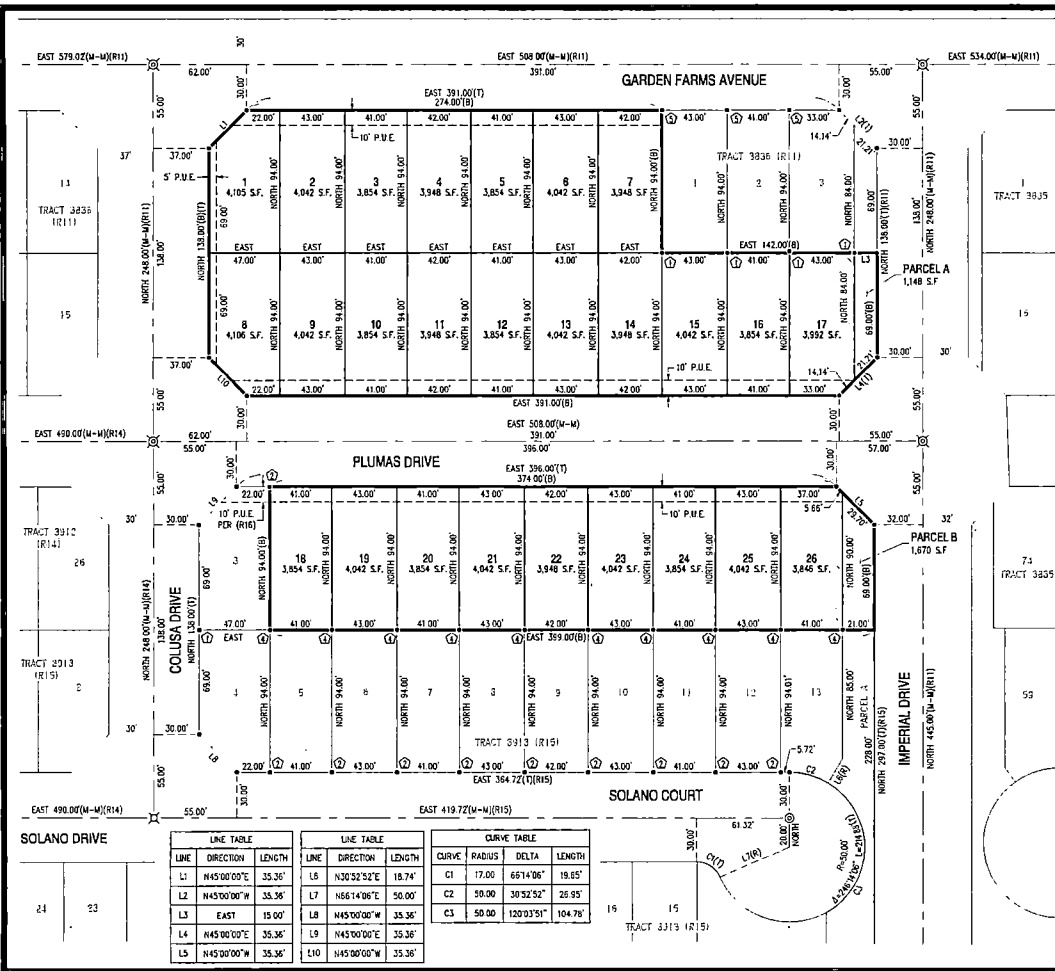
SCALE: 1" = 40'

## LEGEND

- ⊙ MONUMENT TO BE SET PER (R15)
- ⊗ MONUMENT TO BE SET PER (R11)
- ⊗ MONUMENT TO BE SET PER (R9)
- ⊗ MONUMENT TO BE SET PER (R14)
- ⊗ 3/4" IRON PIPE W/ PLASTIC PLUS "PLS 7788" TO BE SET PER (R11), OR (R14), RESPECTIVELY, UNLESS OTHERWISE NOTED
- 200.00' (R1) MEASURED AND RECORD DATA FOR REFERENCE (R1)
- (R1) DENOTES REFERENCE (R1) - SEE REFERENCE LIST ON SHEET 3
- (M-W) MONUMENT TO MONUMENT
- (T) TOTAL
- (B) BOUNDARY
- P.U.E. PUBLIC UTILITY EASEMENT
- ⊙ DENOTES 5/8" REBAR WITH CAP "PLS 7788" PER (R11)
- ⊙ DENOTES 1.17" BRASS DISK STAMPED "PLS 7785", BEING A WITNESS CORNER ON 1.00' OFFSET PER (R15)
- ⊙ DENOTES 3/4" IRON PIPE, BEING A WITNESS CORNER ON A 3.00 FOOT OFFSET, TAGGED "PLS 7788" PER (R14)
- ⊙ DENOTES 5/8" REBAR WITH CAP "PLS 7788" PER (R15)
- ⊙ DENOTES 1.17" BRASS DISK STAMPED "PLS 7788", BEING A WITNESS CORNER ON 1.00' OFFSET PER (R11)
- BOUNDARY LINE
- - - RIGHT-OF-WAY LINE
- - - LOT LINE
- - - EASEMENT LINE
- ..... CENTERLINE
- ||||| RESTRICTED ACCESS

## NOTES

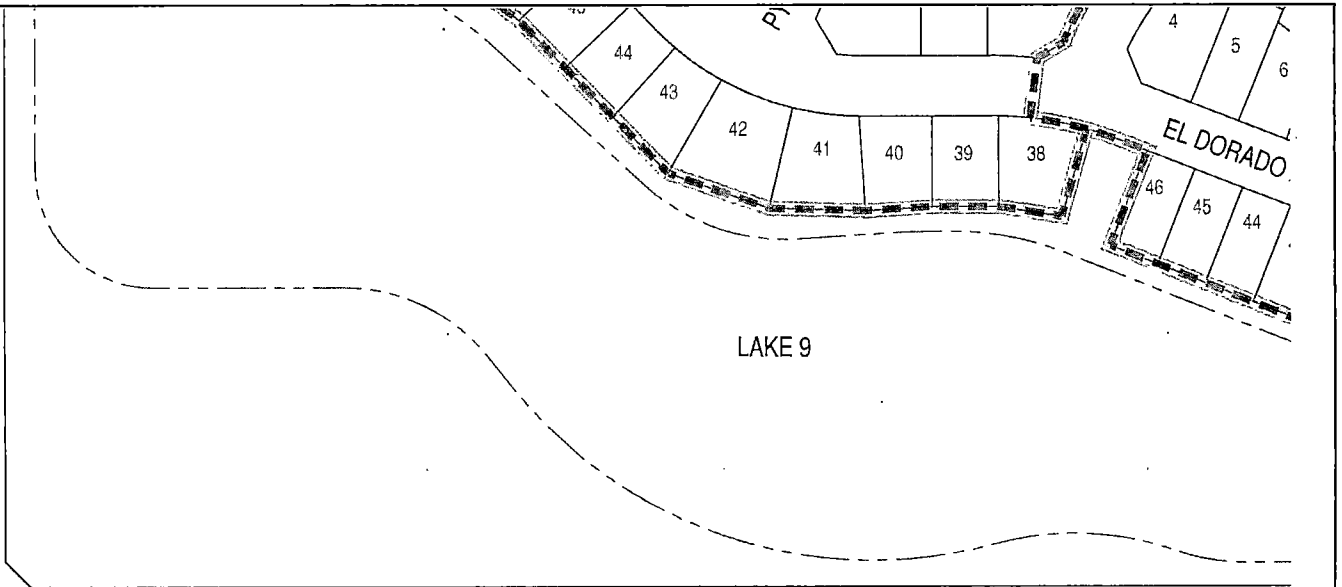
1. 1.17" BRASS DISK STAMPED "PLS 7785" TO BE SET ON CONCRETE SIDEWALK 1.00' INTO THE RIGHT-OF-WAY, ALONG PROLONGATION OF SIDE LOT LINES, OR AS NOTED.
2. 5/8" REBAR WITH CAP "PLS 7788" TO BE SET AT ALL NEAR LOT CORNERS, UNLESS OTHERWISE NOTED.
3. SEE SHEET 2 FOR ADDITIONAL NOTES.
4. SEE SHEET 3 FOR BASIS OF BEARINGS, AND REFERENCES.
5. SEE THIS SHEET FOR LINE AND CURVE TABLES FOR COURSES SHOWN ON SHEET 6 ONLY.



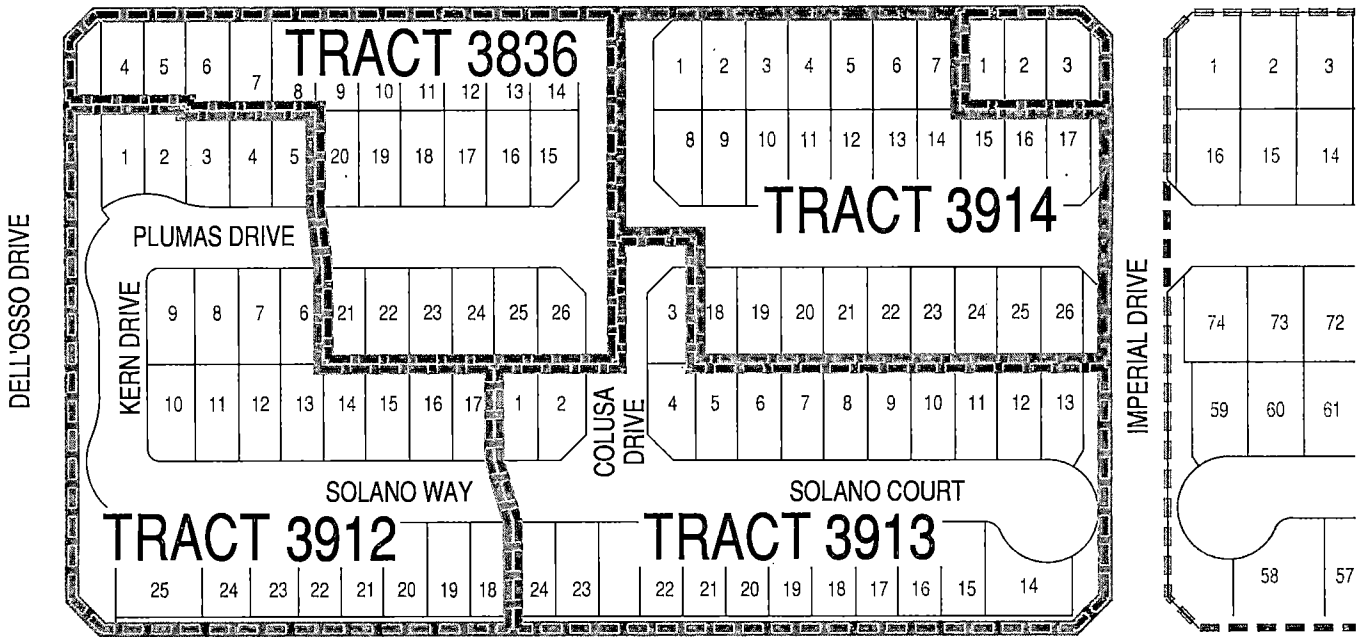
LINE TABLE			LINE TABLE			CURVE TABLE			
LINE	DIRECTION	LENGTH	LINE	DIRECTION	LENGTH	CURVE	RADIUS	DELTA	LENGTH
L1	N45°00'00"E	35.36'	L5	N30°52'52"E	18.74'	C1	17.00'	6674°06'	19.65'
L2	N45°00'00"W	35.36'	L7	N66°14'08"E	50.00'	C2	50.00'	30°52'52"	26.95'
L3	EAST	15.00'	L8	N45°00'00"W	35.36'	C3	50.00'	120°03'51"	104.78'
L4	N45°00'00"E	35.36'	L9	N45°00'00"E	35.36'				
L5	N45°00'00"W	35.36'	L10	N45°00'00"W	35.36'				

**EXHIBIT B**

**ADJACENT TRACTS TO TRACT 3914**



GARDEN FARMS AVENUE



RIVER ISLANDS PARKWAY



**EXHIBIT "B"**  
**TRACTS ADJACENT TO**  
**TRACT 3914**  
**AUGUST 2018**

## EXHIBIT C

### CITY INSURANCE REQUIREMENTS

1. Subdivider shall obtain commercial general liability insurance companies licensed to do business in the State of California with an A.M. Best Company rating Insurance rating of no less than A:VII which provides coverage for bodily injury, personal injury and property damage liability in the amount of at least \$1,000,000 for each occurrence and \$2,000,000 in the aggregate.

Said insurance coverage shall be evidenced by a certificate of insurance with policy endorsements, executed by an authorized official of the insurers. All parties to the Subdivision Improvement Agreement must be named insured on the policy. The policy endorsements to be attached to the certificate must provide all the following:

a. Name the City of Lathrop, its officers, City Council, boards and commissions and members thereof, its employees and agents as additional insured as respects to any liability arising out of the activities of the named insured. A CG 2010 or CG 2026 endorsement form or the equivalent is the appropriate form.

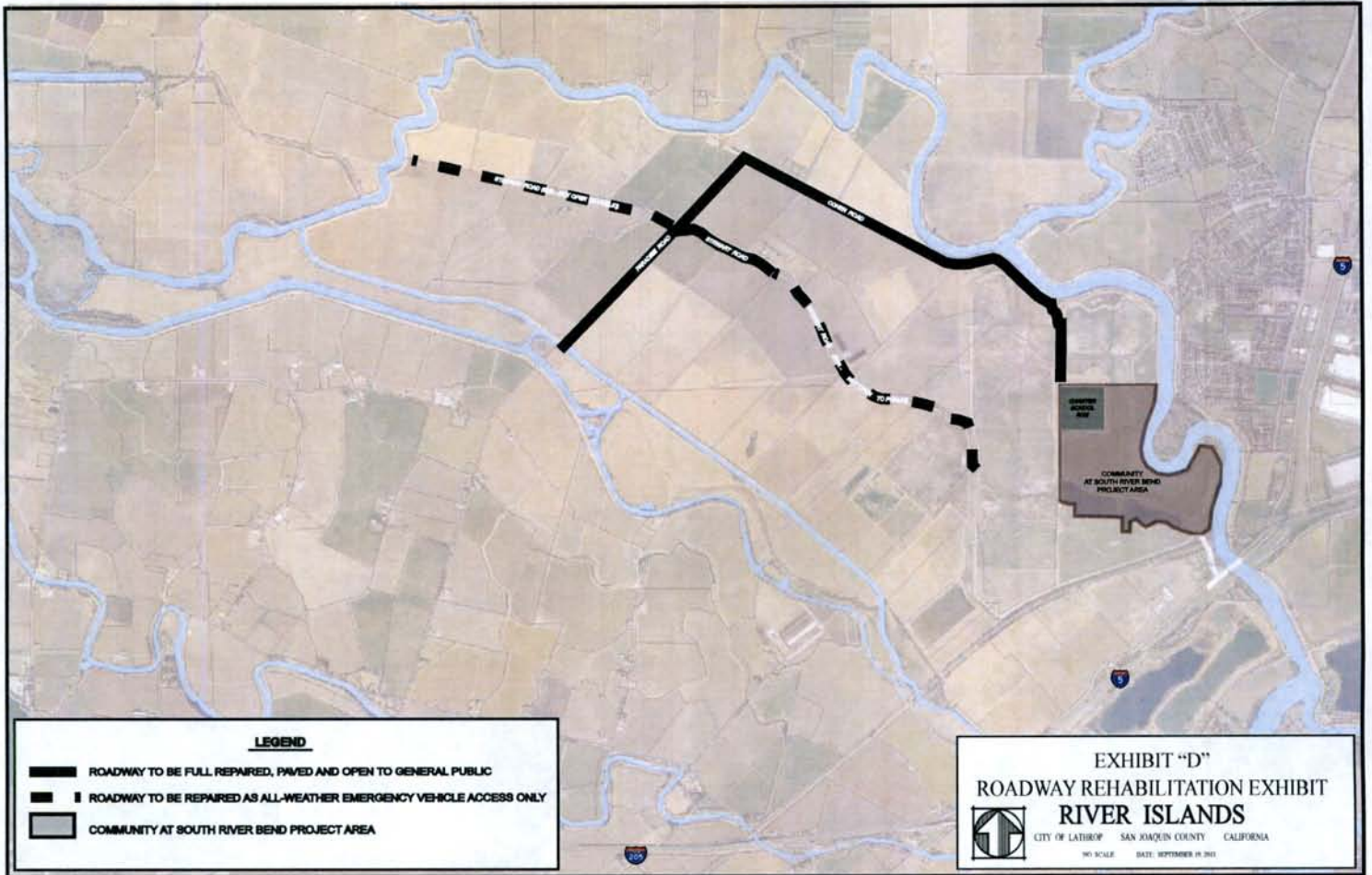
b. State that “the insurance coverage afforded by this policy shall be primary insurance as respects to the City of Lathrop, its officers, employees and agents. Any insurance or self-insurance maintained by the City of Lathrop, its officers, employees, or agents shall be in excess of the insurance afforded to the named insured by this policy and shall not contribute to any loss.”

c. Include a statement that, “the insurer will provide to the City of Lathrop at least thirty (30) days prior notice of cancellation or material change in coverage.” The above language can be included on the additional insured endorsement form or on a separate endorsement form.

d. The policy must contain a cross liability or severability of interest clause.

e. Insurance must be maintained and evidence of insurance must be provided for at least five years after completion of the Agreement or the work, so long as commercially available at reasonable rates.

**EXHIBIT D**  
**COHEN/PARADISE/STEWART REHABILITATION MAP**



**EXHIBIT E**  
**UNFINISHED AND DEFERRED IMPROVEMENT COST ESTIMATE**



ENGINEER'S BOND ESTIMATE  
**COST TO COMPLETE**  
**RIVER ISLANDS - PHASE 1B**  
**TRACT 3836 (101 LOTS)**  
 CITY OF LATHROP, SAN JOAQUIN COUNTY, CALIFORNIA

January 6, 2017  
 Job No.: 25502-15

Item	Description	Quantity	Unit	Unit Price	Amount
1	Sanitary Sewer, Storm Drain, Water Testing & Raising Iron <i>(95% Completion)</i>	1	LS	\$ 44,200.00	\$ 44,200.00
2	Fine Grade, Rock & AC Paving <i>(68% Completion)</i>	1	LS	\$ 237,200.00	\$ 237,200.00
3	Joint Trench <i>(52% Completion)</i>	1	LS	\$ 265,300.00	\$ 265,300.00
<b>TOTAL COST TO COMPLETE</b>					<b>\$ 546,700.00</b>

Notes:

- 1) Estimate for cost to complete based on cost to complete summary sheet and backup documents from Mazingo Construction, Teichert Construction & Moreno Trenching for Tract 3836.

**EXHIBIT A  
SCOPE OF WORK AND GENERAL CONDITIONS**

CONTRACTOR: Mazingo Construction, Inc.  
 CONTRACT NUMBER: 2016-260  
 PROJECT NAME: River Islands at Lathrop  
 PROJECT ADDRESS: 73 West Stewart Road, Lathrop, California

**SECTION 1: SCOPE OF WORK**

Contractor shall furnish all labor, material, tools, equipment, services, supplies, insurance, licenses, supervisions and facilities necessary to complete work in a workmanlike manner per the following:

Work to include, without limitation:

*Mazingo Construction Tract 3836*

Based on plan sheets 1-13 for Tract 3836 prepared by O'Dell Engineering, dated 3/1/2016 the following work will be performed:

**SEWER**

1. 8" Sewer	3366 LF	\$24.00	\$80,784.00
2. 4" Sewer Service	102 EA	\$500.00	\$51,000.00
3. SSMH	15 EA	\$3,000.00	\$45,000.00
4. Connect to Existing	1 EA	\$1,500.00	\$1,500.00
5. De-Watering	1 LS	\$140,000.00	\$140,000.00

**STORM**

1. 42" Storm RCP	69 LF	\$110.00	\$7,590.00
2. 36" Storm RCP	135 LF	\$60.00	\$8,100.00
3. 30" Storm RCP	248 LF	\$50.00	\$12,400.00
4. 24" Storm RCP	533 LF	\$47.00	\$25,051.00
5. 18" Storm RCP	220 LF	\$40.00	\$8,800.00
6. 15" Storm RCP	1640 LF	\$39.00	\$63,960.00
7. SDMH - Type 1	1 EA	\$3,500.00	\$3,500.00
8. SDMH - Type 2	2 EA	\$6,000.00	\$12,000.00
9. Type A / Inlet/Type 1	16 EA	\$3,500.00	\$56,000.00
10. Type A / Inlet/Type 2	3 EA	\$4,000.00	\$12,000.00
11. Connect to Existing	1 EA	\$2,500.00	\$2,500.00
12. Pump Down Lake 9	1 LS	\$13,500.00	\$13,500.00

**WATER**

1. 6" PVC (STUB)	1 EA	\$2,500.00	\$2,500.00
2. 8" Water	2,780 LF	\$21.00	\$58,380.00
3. 8" Gate Valve	13 EA	\$1,200.00	\$15,600.00
4. 10" Water	980 LF	\$26.00	\$25,480.00
5. 10" Gate Valve	4 EA	\$2,000.00	\$8,000.00
6. Fire Hydrant	7 EA	\$5,000.00	\$35,000.00
7. 1.5" Water Service	101 EA	\$950.00	\$95,950.00
8. ARV	2 EA	\$2,500.00	\$5,000.00
9. Blow Off	2 EA	\$3,000.00	\$6,000.00
10. Connect to Existing	3 EA	\$3,000.00	\$9,000.00
11. 1" Water Service	1 EA	\$750.00	\$750.00
12. 2" Water Service	2 EA	\$1,000.00	\$2,000.00

**NON-POTABLE WATER**

1. 16" Water	980 LF	\$37.00	\$36,260.00
2. 16" Gate Valve	5 EA	\$3,000.00	\$15,000.00
3. 6" PVC (STUB)	1 EA	\$2,500.00	\$2,500.00
4. 8" PVC (STUB)	2 EA	\$3,000.00	\$6,000.00
5. 8" Gate Valve	2 EA	\$1,200.00	\$2,400.00
6. Blow Off in Line	1 EA	\$2,600.00	\$2,600.00
7. 1" NPW Service	1 EA	\$750.00	\$750.00

Mozingo Construction TRACT 3836

8. NPW Connect to Existing	2 EA	\$5,000.00	\$10,000.00
			TOTAL \$882,855.00

(1) IRON IS NOT RAISED  
 (2) WATER BOXES & SSO BOXES  
 AND NOT SPT

$882,855 \times .05 = 44,143$

**CONDITIONS & SCOPE**

- Sequence of work
  - ❖ Installing after rough grading operations have been completed by others.
  - ❖ Allow adequate time for materials submittals, procurement and delivery prior to beginning work.
- Sewer System
  - ❖ SDR 26 backfill with sand and native material.
  - ❖ Services to be stubbed to within 5' of building pads.
  - ❖ Services to be stubbed to lots, cleanout box, per City of Lathrop specification, included
  - ❖ Precast Bases are included
  - ❖ Testing is included.
- Storm Drain
  - ❖ RCP and DIP backfill with sand and native material.
  - ❖ Catch basins within the curbs to be set to within 1.0' of finish grade. Provide frames and grates to be set by others.
  - ❖ Testing is included.
- Water System (Potable and Non-Potable)
  - ❖ PVC C900 DR 14 for 10" and smaller.
  - ❖ PVC C905 DR 25 for 16" and smaller.
  - ❖ Services to be stubbed to within 5' of building pads.
  - ❖ Meter idlers to be installed in meter boxes. Boxes to be set per City of Lathrop current standard. (Meters by others)
  - ❖ Testing is included and will require a point of discharge to be provided within close proximity of a blow off point for water system.

COST TO CONSIDER = 44,143

**EXCLUSIONS:**

- Permits/Fees
- Surveying/Staking
- Compaction Testing
- Hazardous Substance Removal
- Over-excavation, handling unsuitable material or working with material with over optimum moisture content.
- Offhaul of spoils.
- Dust Control Plan. Dust Control of Contractor's operation is included in Contract Price.
- Removal of debris from installed pipelines and appurtenances caused by others or due to insufficient SWPPP measures that are not the fault of Contractor.
- Erosion Control
- Traffic Control Plan.
- Construction Area Signs

**SECTION 2: GENERAL NOTES**

Contractor is required to do a comprehensive quality control walk and correct all discrepancies prior to the quality control walk by Owner. Contractor shall unconditionally guarantee its work, material and labor as set forth in this Contract. All applicable governing agencies plans and specifications are made a part of this contract; and these plans and specifications must be followed in order to receive acceptance of all work by the governing agencies and Owner. All additional work performed or material supplied prior to or without written approval shall become Contractor's responsibility for any necessary corrections and shall be considered done at no charge to Owner.

Any errors and omissions from the list of items in the specifications and/or shown on the subject drawings, or vice versa, shall be called to the attention of the Owner in writing either before submission of Contractor's bid or prior to execution of this document. Failure to do so shall imply that all items related to said subcontract are fully covered upon execution of said document.

All scheduling will be by Owner or its assigned representative; Contractor move-ins shall be as required by Owner. All move-ins, as required and movement through the project are included in the contract unit prices. No other compensation will be made. Contractor shall cooperate totally in accelerations or deviations made by Owner in the scheduling and completion of this contract work.

As time is of the essence in this Contract, work shall proceed at the direction of Owner and be completed as rapidly as possible and in accordance with Owner's schedule. Contractor will under all circumstances leave area outlined in contract in a neat and orderly fashion prior to

Contractor's Initials: *ML*  
 Owner's Initials: \_\_\_\_\_

2016-274

**TEICHERT CONSTRUCTION**

STOCKTON DISTRICT  
265 Val Dervin Parkway  
P.O. Box 1118  
Stockton, CA 95201-1118  
(209) 983-2300 FAX (209) 983-2375

August 23, 2016

**TOP SIDE CONTRACT 3836**

John Peck  
River Islands  
73 West Stewart Road  
Lathrop, CA 95330

Attn: John Peck

Re: River Islands - Tract 3834, 3835, ~~3836 Street Improvements~~

Dear John,

Thank you for giving Teichert Construction the opportunity to provide our services. Our price is based on the following information:

- ❖ Unapproved plans, River Islands Tract 3834 Improvement Plans, sheets 1 through 12, prepared by O'Dell Engineering dated 07/21/2016.
- ❖ Unapproved plans, River Islands Tract 3835 Improvement Plans, sheets 1 through 14, prepared by O'Dell Engineering dated 07/15/2016.
- ❖ Unapproved plans, River Islands Tract 3836 Improvement Plans, sheets 1 through 13, prepared by O'Dell Engineering dated 07/21/2016.
- ❖ City of Lathrop standard plans and specifications.
- ❖ Contra Costa County standard plans and specifications for Storm Drain Inlet.

Items and pricing for our scope of work are listed on the attached proposal. The following information will further clarify our scope of work.

**CONCRETE & STRUCTURAL SECTION**

**INCLUSIONS:**

1. Concrete including curb and gutter, sidewalks, and ramps with aggregate base placed under curbs and gutters.
2. Structural section paving including subgrade preparation, aggregate base, and asphalt concrete per plans and specs.
3. Stockpiling excess dirt from grading operations within future Interior Levee Road footprints or tract 3833.

**EXCLUSIONS:**

4. Geotextile fabric.
5. Fog Seal.
6. Prime oil, slurry seal coat, and soil sterilization.
7. Colored Concrete

**EROSION CONTROL AND ENVIRONMENTAL ISSUES:**

**INCLUSIONS:**

8. Please add \$3000.00/ea if Construction Entrances are needed.

**EXCLUSIONS:**

9. SWPPP development, implementation, maintenance, or monitoring.

**MISC. WORK**

**EXCLUSIONS:**

10. Bonds. Bond rate is 1/2 percent if required.
11. Inspection, permits, fees and soils testing.

## TEICHERT CONSTRUCTION

STOCKTON DISTRICT  
265 Val Dervin Parkway  
P.O. Box 1118  
Stockton, CA 95201-1118  
(209) 983-2300 FAX (209) 983-2375


12. Engineering and staking.
13. Striping, signs, bumpers and bollards.

### **ADDITIONAL CLARIFICATIONS & QUALIFICATIONS:**

14. Asphalt bid item is based on paving per the attached schedule.
15. Prices based on approved plans. Prices may need to be revised to reflect any changes shown on the final approved plans.
16. Proposal based on award of all three tracts 3834, 3835, and 3836.
17. Proposal based on sole access during grading and concrete machine work activities.
18. Quantities furnished by TEICHERT used to prepare proposals.
19. Prices based on working five eight-hour shifts per week.
20. One move-in for each major phase of work.
21. Our price is based on obtaining water from an onsite source at no cost..
22. Teichert's proposal excludes any liquidated damages.
23. Project timeline will be based on a mutually agreeable schedule representing agreed start date and substantial completion date for Teichert's work.
24. Proposal does not include any sweeping of streets that may be necessary due to ingress/egress to the site. Sweeping is only included for offsite work or import/export operations.

Thank you for the opportunity to provide our quotation for this project.

Sincerely,



Ly Phan  
Teichert Construction

ITEM	DESCRIPTION	QUANTITY	UNIT	UNIT PRICE	AMOUNT
<b>CONCRETE TRACT 3835</b>					
2700	Rolled Type Curb & Gutter	4,642.00	LF	15.00	69,630.00
2800	Vertical Type Curb & Gutter	3,514.00	LF	15.50	54,467.00
2900	Type F Curb & Apron	413.00	LF	20.00	8,260.00
3000	6" Concrete Sidewalk Including Round Corners	48,420.00	SF	4.20	203,364.00
3100	Handicap Ramps	16.00	EA	2,750.00	44,000.00
3200	Catch Basin - top out only, iron supplied by other	24.00	EA	600.00	14,400.00
3289	<b>SUBTOTAL CONCRETE TRACT 3835</b>				<b>\$394,121.00</b>
<b>MISCELLANEOUS TRACT 3835</b>					
3300	4" Sleeves (3 Per Lot)	303.00	EA	50.00	11,100.
3389	<b>SUBTOTAL MISCELLANEOUS TRACT 3835</b>				<b>\$11,100.</b>
<b>FINE GRADE, ROCK, &amp; PAVE TRACT 3836</b>					
4000	Fine Grade (RW to RW)	223,952.00	SF	0.36	80,622.7
4100	Interior Streets 3"AC/7"AB	31,964.00	SF	2.00	63,928.0
4200	Interior Streets 4.5"AC/8"AB	83,357.00	SF	2.75	229,231.7.
4300	AB Cushion Under Concrete	7,316.00	LF	3.00	21,948.00
4400	Balance St/Haul excess to Interior Levee Rd +/- 6"	2,132.00	CY	3.00	6,396.00
4589	<b>SUBTOTAL FINE GRADE, ROCK, &amp; PAVE TRACT 3836</b>				<b>\$402,126.47</b>
<b>CONCRETE TRACT 3836</b>					
4700	Rolled Type Curb & Gutter	4,394.00	LF	15.00	65,910.00
4800	Vertical Type Curb & Gutter	2,553.00	LF	15.50	39,571.50
4900	Type F Curb & Apron	378.00	LF	20.00	7,560.00
5000	6" Concrete Sidewalk Including Round Corners	40,720.00	SF	4.20	171,024.00
5100	Handicap Ramps	8.00	EA	2,750.00	22,000.00
5200	Catch Basin - top out only, iron supplied by other	19.00	EA	600.00	11,400.00
5289	<b>SUBTOTAL CONCRETE TRACT 3836</b>				<b>\$317,465.50</b>
<b>MISCELLANEOUS TRACT 3836</b>					
5300	4" Sleeves (3 Per Lot)	303.00	EA	50.00	15,150.00
5389	<b>SUBTOTAL MISCELLANEOUS TRACT 3836</b>				<b>\$15,150.00</b>
<b>GRAND TOTAL</b>					<b>\$2,142,935.53</b>

CONTRACT AMOUNT  
 TRACT 3836      \$ 734,741.97

ITEM 4100 AC PAVING NOT COMPUTED 31,964 x 3" / 100 = 899 tons AC at 80 ~~31,964~~  
 ITEM 4200 AC PAVING NOT COMPUTED 83,357 4.5" / 100 = 2,344 tons AC at 80 ~~83,357~~  
 ITEM 5000 CONCRETE NOT COMPUTED AT GHS TIP-MI 400 SF at 4.20 = 1,680

COST TO COMPUTE = ~~246,750~~ 237,120



# MORENO TRENCHING, Ltd.

1015-B Airport Road  
 P.O. Box 458  
 Rio Vista, CA. 94571  
 Phone:(707) 374-5075  
 Fax:(707) 374-6194  
 Lic. No. 439967

**Northern California Laborers  
 Operators Union Local # 3  
 CPUC Certified MBE  
 CA. Certified SBE**

07/13/16

**River Islands Development**  
 Attn: **Curtis Bryant**

Re: **River Islands Tract 3836 - Lathrop**

Moreno Trenching is pleased to provide you with this proposal for the above referenced project. The following information will clarify our scope of work.

**Trench & Backfill**

24" x 44" Trench	GC	42	lf	18.00	756.00
36" x 46" Trench	PGCT	81	lf	22.25	1,802.25
24" x 46" Trench	PGCT	539	lf	18.50	9,971.50
36" x 54" Trench	PGCTL	55	lf	24.25	1,333.75
24" x 54" Trench	PGCTL	283	lf	19.75	5,589.25
36" x 48" Trench	PSGCT	278	lf	22.75	6,324.50
24" x 48" Trench	PSGCT	931	lf	18.75	17,456.25
24" x 56" Trench	PSGCTL	416	lf	20.25	8,424.00
24" x 44" Trench	PGC	35	lf	18.00	630.00
36" x 48" Trench	SGCT	42	lf	22.75	955.50
24" x 48" Trench	SGCT	589	lf	18.75	11,043.75
18" x 48" Trench	SGCT	1,824	lf	17.25	31,464.00
36" x 56" Trench	SGCTL	7	lf	24.75	173.25
24" x 56" Trench	SGCTL	35	lf	20.25	708.75
18" x 56" Trench	SGCTL	290	lf	18.25	5,292.50
12" x 22" Trench	L	1,288	lf	11.50	14,812.00
Bell Hole for Gas Tie-In		3	ea	2,100.00	6,300.00
					<del>6,300.00</del>
					<del>\$ 123,037.25</del>

**Vaults/Splice Boxes (Excavate Only)**

17" x 30" L.I.D.	Secondary Box (18")	19	ea	175.00	3,325.00
17" x 30" L.I.D.	Secondary Box (26")	12	ea	175.00	2,100.00
24" x 36" L.I.D.	Secondary Box (26")	1	ea	205.00	205.00
4' x 6'6" L.I.D.	Primary Box	2	ea	775.00	1,550.00
36" x 52" L.I.D.	Transformer Pad	8	ea	555.00	4,440.00
17" x 30" AT&T	Telephone Box (34")	10	ea	225.00	2,250.00
24" x 36" AT&T	Telephone Box (42")	3	ea	320.00	960.00
Misc.	Comcast CATV Box	15	ea	90.00	1,350.00
					<del>1,350.00</del>
					<del>\$ 16,180.00</del>

**Vaults/Splice Boxes (Supply & Install)**

17" x 30"	L.I.D.	Secondary Box (18")	19 ea	325.00	6,175.00
17" x 30"	L.I.D.	Secondary Box (26")	12 ea	420.00	5,040.00
24" x 36"	L.I.D.	Secondary Box (26")	1 ea	665.00	665.00
4' x 6'6"	L.I.D.	Primary Box	2 ea	6,615.00	13,230.00
36" x 52"	L.I.D.	Transformer Pad	8 ea	895.00	7,160.00
17" x 30"	AT&T	Telephone Box (34")	10 ea	515.00	5,150.00
24" x 36"	AT&T	Telephone Box (42")	3 ea	775.00	2,325.00
					<b>\$ 39,745.00</b>

**Conduit**

4"	L.I.D.	Conduit	713 lf	3.90	2,780.70
3"	L.I.D.	Conduit	6,291 lf	3.10	19,502.10
2"	L.I.D.	Conduit	2,720 lf	2.50	6,800.00
2"	AT&T	Conduit	9,332 lf	2.25	20,997.00
4"	AT&T	Conduit	2,860 lf	3.85	11,011.00
					<b>\$ 64,090.80</b>

**Gas System**

4"	Gas Main	965 lf	7.25	6,996.25	
2"	Gas Main	2,607 lf	3.35	8,733.45	
1"	Gas Service Stub Only	101 lf	215.00	21,715.00	
1"	Excess Flow Valves	59 lf	165.00	9,735.00	
					<b>\$ 47,179.70</b>

**Electric System**

Pad Mounted Transformer 26-1503	(Supply)	8 ea	By Others	By Others	
Pad Mounted Transformer 26-1503	(Install)	8 ea	390.00	3,120.00	
Primary Cable 1/0-1W	(Supply)	1 ls	13,200.00	13,200.00	
Primary Cable 1/0-1W	(Install)	3,924 lf	3.00	11,772.00	
Secondary Cable 1/0-AT	(Supply)	1 ls	30.00	30.00	
Secondary Cable 1/0-AT	(Install)	19 lf	0.85	16.15	
Secondary Cable 4/0-AT	(Supply)	1 ls	4,100.00	4,100.00	
Secondary Cable 4/0-AT	(Install)	1,833 lf	0.85	1,558.05	
Secondary Cable 350-AT	(Supply)	1 ls	3,375.00	3,375.00	
Secondary Cable 350-AT	(Install)	881 lf	0.85	748.85	
Primary/Secondary Splicing		1 ls	33,100.00	33,100.00	
					<b>\$ 71,020.05</b>

**Lighting System**

35W LED	Decorative Electrolier	28 ea	6,125.00	171,500.00	
1-1/2"	Conduit w/ 2 - #8 Wire	90 lf	5.00	450.00	
1-1/2"	Conduit w/ 3 - #8 Wire	25 lf	5.50	137.50	
1-1/2"	Conduit w/ 2 - #8 Wire & Grd.	2,080 lf	5.50	11,440.00	
1-1/2"	Conduit w/ 3 - #8 Wire & Grd.	179 lf	6.00	1,074.00	
#3-1/2	Splice Box	51 ea	140.00	7,140.00	
100A	Metered Pedestal (Install Only)	1 ea	2,500.00	2,500.00	
					<b>\$ 194,241.50</b>

ELECTRICAL SYSTEM NOT COMPLETE 71,020  
 LIGHTING SYSTEM NOT COMPLETE 194,242

GRAND TOTAL = \$ 552,494.30

COST TO COMPLETE \$ 265,262  $\frac{101}{647024}$



**Proposal based on the following:**

*No Overtime. Work Includes 5 weekdays @ 8 hours per day. 1 move-in per phase .*

*Bid Includes Prevailing Wage Rates.*

*Additional re-mob to be negotiated.*

*Moreno Trenching, LTD. is a Union Contractor.*

*Bid Excludes dewatering, if dewatering required, work to be performed by others at owners expense.*

*Bid Excludes: Tree arborist as well as any extra work due to existing trees.*

*Bid Excludes Fees, Permits, Survey and Compaction Testing.*

*Bid Excludes off Haul of Trench spoils. Spoils to be pushed into the street after backfill.*

*Bid Excludes any fine re-grading.*

*Bid Excludes asphalt, concrete, landscape, irrigation and fence work by others.*

*Restoration of existing improvements included only for that specific bid item listed in proposal above.*

*Bid assumes that construction water is available on site. Additional charges will apply due to drought restrictions or having to access water offsite.*

*Bid proposal quantities subject to reconciliation upon approved plans and field measurements.*

*Site to be Rough Graded +/- .20' of final subgrade grade by others prior to joint trench & service completions.*

*Any contaminated soils encountered to be handled by others.*

*Trenching bid using a 590 Case backhoe or equivalent. Excludes additional work due to rock where a Case 590 backhoe is unable to obtain 10 cy/hr while excavating joint trench.*

*On site sand source to be utilized. Additional cost will incur if on site sand becomes unavailable.*

*SWPP plan and erosion control work by others. Excludes all maintenance.*

*Bid proposal to be part of contract & valid for a contract commitment within 30 days.*

*Progress Payments Shall be Due Net 30 Days.*

*Retention Payments Shall be Due Net 45 Days.*

**Michael A. McCombs**



# CERTIFICATE OF LIABILITY INSURANCE

DATE (MM/DD/YYYY)  
07/30/2018

THIS CERTIFICATE IS ISSUED AS A MATTER OF INFORMATION ONLY AND CONFERS NO RIGHTS UPON THE CERTIFICATE HOLDER. THIS CERTIFICATE DOES NOT AFFIRMATIVELY OR NEGATIVELY AMEND, EXTEND OR ALTER THE COVERAGE AFFORDED BY THE POLICIES BELOW. THIS CERTIFICATE OF INSURANCE DOES NOT CONSTITUTE A CONTRACT BETWEEN THE ISSUING INSURER(S), AUTHORIZED REPRESENTATIVE OR PRODUCER, AND THE CERTIFICATE HOLDER.

**IMPORTANT:** If the certificate holder is an ADDITIONAL INSURED, the policy(ies) must have ADDITIONAL INSURED provisions or be endorsed. If SUBROGATION IS WAIVED, subject to the terms and conditions of the policy, certain policies may require an endorsement. A statement on this certificate does not confer rights to the certificate holder in lieu of such endorsement(s).

<b>PRODUCER</b> Willis Insurance Services of California, Inc. c/o 26 Century Blvd P.O. Box 305191 Nashville, TN 372305191 USA	<b>CONTACT NAME:</b> PHONE (A/C No, Ext): 1-877-945-7378      FAX (A/C, No): 1-888-467-2378 E-MAIL ADDRESS: certificates@willis.com	
	<b>INSURER(S) AFFORDING COVERAGE</b> INSURER A: United Specialty Insurance Company INSURER B: INSURER C: INSURER D: INSURER E: INSURER F:	<b>NAIC#</b> 12537

**COVERAGES**                      **CERTIFICATE NUMBER:** W7009635                      **REVISION NUMBER:**

THIS IS TO CERTIFY THAT THE POLICIES OF INSURANCE LISTED BELOW HAVE BEEN ISSUED TO THE INSURED NAMED ABOVE FOR THE POLICY PERIOD INDICATED. NOTWITHSTANDING ANY REQUIREMENT, TERM OR CONDITION OF ANY CONTRACT OR OTHER DOCUMENT WITH RESPECT TO WHICH THIS CERTIFICATE MAY BE ISSUED OR MAY PERTAIN, THE INSURANCE AFFORDED BY THE POLICIES DESCRIBED HEREIN IS SUBJECT TO ALL THE TERMS, EXCLUSIONS AND CONDITIONS OF SUCH POLICIES. LIMITS SHOWN MAY HAVE BEEN REDUCED BY PAID CLAIMS.

INSR LTR	TYPE OF INSURANCE	ADDL INSD	SUBR WVD	POLICY NUMBER	POLICY EFF (MM/DD/YYYY)	POLICY EXP (MM/DD/YYYY)	LIMITS
A	<input checked="" type="checkbox"/> COMMERCIAL GENERAL LIABILITY <input type="checkbox"/> CLAIMS-MADE <input checked="" type="checkbox"/> OCCUR  GEN'L AGGREGATE LIMIT APPLIES PER: <input type="checkbox"/> POLICY <input checked="" type="checkbox"/> PRO-JECT <input type="checkbox"/> LOC <input type="checkbox"/> OTHER:	Y		ATN-SF1811644P	03/19/2018	03/19/2021	EACH OCCURRENCE \$ 2,000,000
	DAMAGE TO RENTED PREMISES (Ea occurrence) \$						
	MED EXP (Any one person) \$						
	PERSONAL & ADV INJURY \$ 1,000,000						
							GENERAL AGGREGATE \$ 2,000,000
							PRODUCTS - COMP/OP AGG \$ 2,000,000
							\$
	<b>AUTOMOBILE LIABILITY</b> <input type="checkbox"/> ANY AUTO OWNED AUTOS ONLY <input type="checkbox"/> HIRED AUTOS ONLY <input type="checkbox"/> SCHEDULED AUTOS <input type="checkbox"/> NON-OWNED AUTOS ONLY						COMBINED SINGLE LIMIT (Ea accident) \$
							BODILY INJURY (Per person) \$
							BODILY INJURY (Per accident) \$
							PROPERTY DAMAGE (Per accident) \$
							\$
	<b>UMBRELLA LIAB</b> <input type="checkbox"/> OCCUR <b>EXCESS LIAB</b> <input type="checkbox"/> CLAIMS-MADE DED    RETENTION \$						EACH OCCURRENCE \$
							AGGREGATE \$
							\$
	<b>WORKERS COMPENSATION AND EMPLOYERS' LIABILITY</b> ANY PROPRIETOR/PARTNER/EXECUTIVE OFFICER/MEMBER EXCLUDED? (Mandatory in NH) If yes, describe under DESCRIPTION OF OPERATIONS below		N/A				PER STATUTE    OTH-ER
							E.L. EACH ACCIDENT \$
							E.L. DISEASE - EA EMPLOYEE \$
							E.L. DISEASE - POLICY LIMIT \$

DESCRIPTION OF OPERATIONS / LOCATIONS / VEHICLES (ACORD 101, Additional Remarks Schedule, may be attached if more space is required)  
RE: 26 RESIDENTIAL LOTS IN TRACT 3914 VILLAGE "O"

The City of Lathrop, its officers, City Council, boards and commissions and members thereof, its employees and agents as additional insured as respects the general liability policy. The insurance coverage afforded by this policy shall be primary insurance as respects to the City of Lathrop, its officers, employees and agents. Any insurance or self-insurance maintained by the City of Lathrop, its officers, employees, or agents shall be in excess of the

<b>CERTIFICATE HOLDER</b>  City of Lathrop 390 Towne Centre Drive Lathrop, CA 95330	<b>CANCELLATION</b>  SHOULD ANY OF THE ABOVE DESCRIBED POLICIES BE CANCELLED BEFORE THE EXPIRATION DATE THEREOF, NOTICE WILL BE DELIVERED IN ACCORDANCE WITH THE POLICY PROVISIONS.
	<b>AUTHORIZED REPRESENTATIVE</b>  

AGENCY CUSTOMER ID: \_\_\_\_\_

LOC #: \_\_\_\_\_



### ADDITIONAL REMARKS SCHEDULE

Page 2 of 2

AGENCY Willis Insurance Services of California, Inc.		NAMED INSURED River Islands Development, LLC 73 W Stewart Rd Lathrop, CA 95330	
POLICY NUMBER See Page 1		EFFECTIVE DATE: See Page 1	
CARRIER See Page 1	NAIC CODE See Page 1		

**ADDITIONAL REMARKS**

THIS ADDITIONAL REMARKS FORM IS A SCHEDULE TO ACORD FORM,  
FORM NUMBER: 25 FORM TITLE: Certificate of Liability Insurance

insurance afforded to the named insured by this policy and shall not contribute to any loss as respects the insureds operations .

**THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.**

**ADDITIONAL INSURED – OWNERS, LESSEES OR  
CONTRACTORS – SCHEDULED PERSON OR  
ORGANIZATION**

This endorsement modifies insurance provided under the following:

COMMERCIAL GENERAL LIABILITY COVERAGE PART

**SCHEDULE**

Name Of Additional Insured Person(s) Or Organization(s)	Location(s) Of Covered Operations
City of Lathrop, its officers, City Council, boards and commissions and members thereof, its employees and agents 390 Towne Centre Drive Lathrop, CA 95330	River Islands @ Lathrop Development
Information required to complete this Schedule, if not shown above, will be shown in the Declarations.	

**A. Section II – Who Is An Insured** is amended to include as an additional insured the person(s) or organization(s) shown in the Schedule, but only with respect to liability for "bodily injury", "property damage" or "personal and advertising injury" caused, in whole or in part, by:

1. Your acts or omissions; or
2. The acts or omissions of those acting on your behalf;

in the performance of your ongoing operations for the additional insured(s) at the location(s) designated above.

However:

1. The insurance afforded to such additional insured only applies to the extent permitted by law; and
2. If coverage provided to the additional insured is required by a contract or agreement, the insurance afforded to such additional insured will not be broader than that which you are required by the contract or agreement to provide for such additional insured.

**B.** With respect to the insurance afforded to these additional insureds, the following additional exclusions apply:

This insurance does not apply to "bodily injury" or "property damage" occurring after:

1. All work, including materials, parts or equipment furnished in connection with such work, on the project (other than service, maintenance or repairs) to be performed by or on behalf of the additional insured(s) at the location of the covered operations has been completed; or
2. That portion of "your work" out of which the injury or damage arises has been put to its intended use by any person or organization other than another contractor or subcontractor engaged in performing operations for a principal as a part of the same project.

C. With respect to the insurance afforded to these additional insureds, the following is added to **Section III – Limits Of Insurance:**

If coverage provided to the additional insured is required by a contract or agreement, the most we will pay on behalf of the additional insured is the amount of insurance:

1. Required by the contract or agreement; or

2. Available under the applicable Limits of Insurance shown in the Declarations; whichever is less.

This endorsement shall not increase the applicable Limits of Insurance shown in the Declarations.

**UNITED SPECIALTY INSURANCE COMPANY**

**THIS ENDORSEMENT CHANGES THE POLICY – PLEASE READ IT CAREFULLY**

**USIC VEN 016 11 10 07**

**Named Insured: River Islands Development, LLC  
Policy Number: ATN-SF1811644P**

**PRIMARY AND NON-CONTRIBUTING INSURANCE  
(Third Party's Sole Negligence)**

This endorsement modifies insurance provided under the following:

**COMMERCIAL GENERAL LIABILITY COVERAGE PART  
PRODUCTS/COMPLETED OPERATIONS LIABILITY COVERAGE PART**

The following is added to Section IV – Commercial General Liability Conditions, Paragraph 4:

**Section IV: Commercial General Liability Conditions**

**4. Other Insurance:**

- d. Notwithstanding the provisions of sub-paragraphs a, b, and c of this paragraph 4, with respect to the Third Party shown below, it is understood and agreed that in the event of a claim or "suit" arising out of the Named Insured's sole negligence, this insurance shall be primary and any other insurance maintained by the additional insured named as the Third Party below shall be excess and non-contributory.

The Third Party to whom this endorsement applies is:

City of Lathrop, its officers, City Council,  
boards and commissions and members thereof,  
its employees and agents  
390 Towne Centre Drive  
Lathrop, CA 95330

Absence of a specifically named Third Party above means that the provisions of this endorsement apply "as required by written contractual agreement with any Third party for whom you are performing work."

All other terms, conditions and exclusions under this policy are applicable to this Endorsement and remain unchanged.

**UNITED SPECIALTY INSURANCE COMPANY**

**THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.**

**USIC VEN 078 03 11 07**

**Named Insured: River Islands Development, LLC  
Policy Number: ATN-SF1811644P**

**THIRD PARTY CANCELLATION NOTICE**

This endorsement shall not serve to increase our limits of insurance, as described in **SECTION III - LIMITS OF INSURANCE.**

This endorsement modifies Conditions provided under the following:

**COMMERCIAL GENERAL LIABILITY COVERAGE PART**

**If we cancel this policy for any reason other than nonpayment of premium, we will mail notification to the persons or organizations shown in the schedule below (according to the number of days listed below) once the Named Insured has been notified.**

**If we cancel this coverage for nonpayment of premium, we will mail a copy of such written notice of cancellation to the name and address below at least 10 days prior to the effective date of such cancellation.**

**Our failure to provide such advance notification will not extend the policy cancellation date nor negate cancellation of the policy.**

**SCHEDULE**

<b><u>Name and Address of Other Person/Organization</u></b>	<b><u>Number of Days Notice</u></b>
City of Lathrop, its officers, City Council, boards and commissions and members thereof, its employees and agents 390 Towne Centre Drive Lathrop, CA 95330	30 Days

All other terms, conditions and exclusions under this policy are applicable to this Endorsement and remain unchanged.

**JOINT ESCROW INSTRUCTIONS  
RECORDATION OF FINAL MAPS  
(RIVER ISLANDS AT LATHROP)**

August 13, 2018

**Via Email and First Class Mail**

Old Republic Title Company  
3558 Deer Park Drive, Suite 103  
Stockton, CA 95219  
Attn: Karen Sayles

**Re: Recordation of Final Map 3914; Escrow No. 1614019815**

Dear Karen:

This letter constitutes the joint escrow instructions ("**Escrow Instructions**") of River Islands Development, LLC, a California limited liability company ("**RID**"), and the City of Lathrop ("**City**") in connection with the above-referenced escrow ("**Escrow**"). The Escrow was opened in connection with recordation of the above-referenced final map ("**Final Map**"). Recordation of the Final Map is subject to the conditions set forth below. The transactions described in these Escrow Instructions are referred to as the "**Transaction**." Old Republic Title Company is referred to as "you" or "**ORTC**."

**A. Date for Closings**

The Final Map will be recorded at the time designated by RID as set forth below. The Final Map can only be recorded after the City has approved the map in writing. The closing date for the Transaction is intended to occur by December 31, 2018, at the time designated in writing by RID, subject to satisfaction of the conditions set forth below (each a "**Closing**"). If the Final Map has not been recorded by December 31, 2018, ORTC will return the Final Map to the City.

**B. Documents to be Delivered and Recordation Documents**

In connection with the Transaction, you have in your possession or will receive the following documents from City for recordation in the Official Records of San Joaquin County, California ("**Official Records**").

- One original Final Map for Tract 3914, executed and acknowledged by City, referred to as the "**Recordation Document**." The date on which the Recordation Document is recorded in the Official Records is the Recordation Date.

Copies should be sent via email to Cari James ([cjames@ci.lathrop.ca.us](mailto:cjames@ci.lathrop.ca.us)), Kristin Harvey at NBS ([kharvey@nbsgov.com](mailto:kharvey@nbsgov.com)), Cindy Yan at Goodwin Consulting Group ([cindy@goodwinconsultinggroup.net](mailto:cindy@goodwinconsultinggroup.net)), Susan Dell'Osso ([sdelloso@riverislands.com](mailto:sdelloso@riverislands.com)) and Debbie Belmar ([dbelmar@riverislands.com](mailto:dbelmar@riverislands.com)) together with conformed copies of all documents.



# JOINT ESCROW INSTRUCTIONS RECORDATION OF FINAL MAPS (RIVER ISLANDS AT LATHROP)

## C. Funds and Settlement Statement

You also have received, or will receive from RID, prior to the recordation of the Recordation Document, in immediately available funds, the following amounts, in accordance with the settlement statement prepared by you and approved in writing by both RID and City ("**Settlement Statement**"): recordation costs, escrow fees and other amounts as set forth in the Settlement Statement. Such costs, fees and other amounts are the sole responsibility of RID.

Funds to be wire transferred directly to the entity set forth below, immediately upon recordation of the Final Map, in accordance with the wire transfer instructions for each entity are set forth below:

- The amount of **\$7,471.60**, payable to the City pursuant to that certain Agreement to Settle Litigation Regarding River Islands at Lathrop, as amended ("**Sierra Club Agreement**"), constituting the amount of **\$3,076** multiplied by **2.429 acres** (or portion thereof) included in the Final Map, is to be transferred to the City upon recordation of the Final Map. The City's wire instructions are set forth below.

The amounts set forth in Section C are referred to as the "**Closing Funds.**"

## D. Closing Requirements

When the following has occurred, you are authorized to close the Escrow at the times and in accordance with the process set forth below:

D.1. You have delivered copies of your Settlement Statement by email transmission to: Susan Dell'Osso ([sdelloso@riverislands.com](mailto:sdelloso@riverislands.com)), Debbie Belmar ([dbelmar@riverislands.com](mailto:dbelmar@riverislands.com)), Stephen Salvatore ([ssalvatore@ci.lathrop.ca.us](mailto:ssalvatore@ci.lathrop.ca.us)), Salvador Navarrete ([snavarrete@ci.lathrop.ca.us](mailto:snavarrete@ci.lathrop.ca.us)), Cari James ([cjames@ci.lathrop.ca.us](mailto:cjames@ci.lathrop.ca.us)) and Glenn Gebhardt ([ggebhardt@ci.lathrop.ca.us](mailto:ggebhardt@ci.lathrop.ca.us)), and have confirmation (by telephone or email) from Susan Dell'Osso and Stephen Salvatore or Glenn Gebhardt that the Settlement Statement is accurate and acceptable.

D.2. You have not received any instructions contrary to these Escrow Instructions.

D.3. The Recordation Document and all other documents described herein as being held by you or delivered to you have been received by you and have been fully executed and acknowledged, where applicable, you have attached all legal descriptions or have confirmed that all exhibits and legal descriptions are attached.

D.4. You are prepared to record the Recordation Document as designated, release funds in accordance with the Settlement Statement and complete the Transaction in compliance with these Escrow Instructions.

D.5. You have delivered a copy of these instructions, executed by an authorized signatory of ORTC with authority to bind ORTC, and initialed all pages, by

**JOINT ESCROW INSTRUCTIONS  
RECORDATION OF FINAL MAPS  
(RIVER ISLANDS AT LATHROP)**

email transmission (with original hard copy to follow by U.S. Mail) to Debbie Belmar and Glenn Gebhardt at the email addresses set forth above.

D.6. You have received confirmation (by email or other writing) from Susan Dell'Osso and Stephen Salvatore or Glenn Gebhardt to record the Recordation Document and complete the Transaction.

**E. Closing Process and Priorities**

When you have fully satisfied all of the closing requirements set forth in Section D, then you are authorized and instructed to do the following in the chronological order given:

E.1. Date the Recordation Document to be recorded.

E.2. Record the Recordation Document in the Official Records.

E.3. Pay the costs associated with the Transaction.

E.4. Refund any funds delivered to you by RID that are not disbursed at the time of the final Closing pursuant to these Escrow Instructions to the following entity and address:

River Islands Development, LLC  
73 W. Stewart Road  
Lathrop, CA 95330  
Attn: Susan Dell'Osso

E.5. Notify Susan Dell'Osso, Debbie Belmar, Stephen Salvatore, Glenn Gebhardt and Jose Molina ([JMolina@sigov.org](mailto:JMolina@sigov.org)) of the completion of the Transaction.

E.6. Within five (5) business days after each Recordation Date, deliver by overnight delivery via recognized, national, overnight delivery carrier to: (1) Debbie Belmar; River Islands Development, LLC, 73 W. Stewart Road, Lathrop, CA 95330; and (2) Mr. Salvador Navarrete, City Attorney, City of Lathrop, 390 Towne Centre Drive, Lathrop, CA 95330:

(A) A certified copy of the Recordation Document, showing all recording information of the Recordation Document, and

(B) A certified copy of the final Settlement Statement.

**F. Additional Instructions**

When assembling the final documents, signature pages from all parties shall be inserted into each respective final document in creating fully executed counterparts.

Please acknowledge receipt of these instructions and your agreement to act as Escrow Agent in connection with this Transaction in accordance with these Escrow Instructions, by executing and dating a copy of these Escrow Instructions where indicated below, initialing all pages and returning it to both of the undersigned.

**JOINT ESCROW INSTRUCTIONS  
RECORDATION OF FINAL MAPS  
(RIVER ISLANDS AT LATHROP)**

The Escrow Instructions may be modified only in a writing signed by both of the undersigned.

Very truly yours,

\_\_\_\_\_  
Stephen J. Salvatore  
City Manager  
City of Lathrop

\_\_\_\_\_  
Susan Dell'Osso  
President  
River Islands Development, LLC

**ESCROW INSTRUCTIONS  
ACKNOWLEDGEMENT AND AGREEMENT:**

Receipt of the foregoing Escrow Instructions from RID and City is hereby acknowledged. The undersigned agrees, for itself, and on behalf of ORTC, to proceed in strict accordance with these Escrow Instructions. The undersigned represents and warrants to RID and City that the undersigned is authorized to execute this Acknowledgement and Agreement, for itself, and on behalf of ORTC.

Old Republic Title Company

By: \_\_\_\_\_  
Its: \_\_\_\_\_  
Date: \_\_\_\_\_

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**CITY MANAGER'S REPORT  
AUGUST 13, 2018, CITY COUNCIL REGULAR MEETING**

**ITEM:** **APPROVE SECOND AMENDMENT TO THE SPRAYFIELD LEASE AGREEMENT DATED JUNE 2, 2006, BETWEEN THE CITY OF LATHROP AND CALIFIA, LLC**

**RECOMMENDATION:** **Adopt a Resolution Approving a Second Amendment to the Sprayfield Lease Agreement Dated June 2, 2006 between the City of Lathrop and Califia, LLC with Option to Purchase Sprayfields**

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**SUMMARY:**

In July 2005, the City entered into an agreement with various West Lathrop Specific Plan developers (WLSP; Mossdale Village and River Islands) to fund the design, construction and operation of sprayfields to dispose of reclaimed/recycled water generated from the City's Consolidated Treatment Facility (CTF).

The agreement included a Lease with Option to Purchase ("Lease Agreement"), with Califia, LLC (River Islands landowner) that provided the terms and conditions to which River Islands would provide sprayfields within its future Phase 2 development area for the benefit of WLSP development on an interim basis. Included as Attachment B depicts both the existing land and the proposed additional land to be used as sprayfields.

River Islands has asked the City to add 48.8 acres to the Lease Agreement (Attachment C), to provide the recycled water disposal needed to continue development. Upon review of the Lease Agreement, River Islands has agreed to pay the property taxes on the sprayfields currently in the Agreement, and the new sprayfields being added. River Islands also requested the Agreement be amended to increase the term of the lease, adding (9) nine years to account for the recent recession that delayed River Islands' development. Staff recommends approval of these changes.

**BACKGROUND:**

The City's CTF provides sewer treatment for all development areas of the City other than Historic Lathrop and industrial areas not located within the Crossroads Commerce Center. The City currently stores reclaimed water produced by the CTF in ponds located at the CTF site and in other areas of the City and utilizes agricultural lands for disposal of the reclaimed water as irrigation during the summer months (known as "sprayfields"). Soon, the City will also be using its high quality reclaimed water for irrigation for public landscapes as well, starting with the River Islands area.

In the initial years, the CTF (which was formerly known as the WRP#1 MBR Plant) was constructed, the WLSP developers needed sufficient land for disposal of the reclaimed water that was not useable in the Mossdale Village area of WLSP.

**CITY MANAGER'S REPORT**  
**AUGUST 13, 2018, CITY COUNCIL REGULAR MEETING**  
**APPROVE SECOND AMENDMENT TO THE RIVER ISLANDS SPRAYFIELD**  
**LEASE AGREEMENT**

Page 2

Since River Islands was not yet being developed at that time (2005), lands within its future Phase 2 development area were provided by Califia, LLC under the original Lease Agreement with the City as the initial sprayfields for the CTF for the benefit of Mossdale Village and River Islands.

River Islands has the right and ability to move these sprayfields at any time in order to develop the underlying land for development purposes under its entitlements with the City as long as River Islands accommodated the disposal needs elsewhere. If the agreement was not extended or the sprayfields moved within the 20-year term, and the City needed the sprayfields on a permanent basis, the City would have the right to purchase the sprayfields for \$1. The 2005 sprayfield agreement also included a "Memorandum of Lease and Option to Purchase" between Califia, LLC (River Islands) and the City which was recorded with the San Joaquin County Clerk-Recorder's Office to provide notice of the lease agreement on title.

Subsequent to the original lease agreement, First Amendment to Lease with Option to Purchase ("First Amendment") was approved and executed in June 2006. This amendment included minor updates to the original and did not change or add to the existing sprayfields site. The parties executed and recorded an Amended Memorandum of Lease with Option to Purchase concurrently therewith.

Three changes to the Lease Agreement are requested in this second amendment: addition of 48.8 acres to the Agreement, extension of the Agreement to June 1, 2035, and revision to have River Islands pay the property taxes on the Sprayfields.

- 1) Since River Islands is continuing its Phase 1 development program successfully at this time, additional sprayfield land (48.8 acres) is necessary in order for River Islands to meet its near-term needs for disposal capacity. It is important to note that the existing sprayfield agreement set aside the initial sprayfields in River Islands for primarily the Mossdale Village development (approximately 650,000 gpd of capacity) and only 100,000 gpd of capacity was accommodated for benefit of River Islands. The 48.8-acre expansion of the sprayfields would occur on Califia lands for the benefit of the River Islands only, through the Second Amendment.
- 2) As the Council is aware, the recession of 2008 significantly delayed all development, including River Islands. Since the initial term of the Lease Agreement was to be 20 years, it is prudent to extend this initial term to account for the delay in development.
- 3) River Islands has agreed to pay the property taxes on the sprayfields currently in the Agreement, and on the new sprayfields being added.

Finally, a Second Amended Memorandum of Lease with Option to Purchase ("Second Amended Memo") would be recorded as required by, and in the form attached to, the Second Amendment, to provide notice of the lease agreement on title to the affected property.

**CITY MANAGER'S REPORT**  
**AUGUST 13, 2018, CITY COUNCIL REGULAR MEETING**  
**APPROVE SECOND AMENDMENT TO THE RIVER ISLANDS SPRAYFIELD**  
**LEASE AGREEMENT**

**Page 3**

The proposed resolution (Attachment A) would allow the City Manager to enter into the Second Amendment and the Second Amended Memo on behalf of the City and direct the City Clerk to record the Second Amended Memo (Attachment C). Attachment B depicts both the existing land and the proposed additional land to be used as sprayfields.

**REASON FOR RECOMMENDATION:**

In order to accommodate the River Islands development program, additional sprayfields are necessary for the disposal of reclaimed water generated from the River Islands development. The attached resolution would allow the developer to set aside additional land owned by the developer to meet this purpose at no cost to the City.

**BUDGET IMPACT:**


There is no negative budget impact to the City. City costs will be reduced, because River Islands has agreed to pay the property taxes on the sprayfields. River Islands is also providing funds necessary to defray any staff time required to process their request.

**ATTACHMENTS:**


- A. A Resolution to Adopt Second Amendment to the Lease with Option to Purchase Agreement (Sprayfields) with CALIFIA, LLC., dba; River Islands at Lathrop
- B. Exhibit of the existing land and the proposed additional land to be used as sprayfields
- C. Second Amendment to Lease with Option to Purchase (Sprayfields) between the City of Lathrop and Califia, LLC

**CITY MANAGER'S REPORT  
AUGUST 13, 2018, CITY COUNCIL REGULAR MEETING  
APPROVE SECOND AMENDMENT TO THE RIVER ISLANDS SPRAYFIELD  
LEASE AGREEMENT**

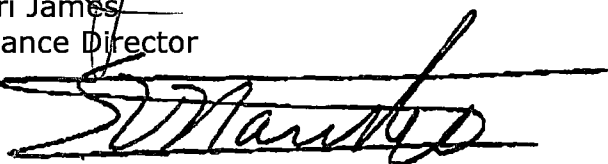
**APPROVALS:**

  
\_\_\_\_\_  
Glenn Gebhardt  
City Engineer

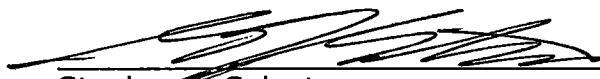
8/8/18  
Date

  
\_\_\_\_\_  
Cari James  
Finance Director

8/8/18  
Date

  
\_\_\_\_\_  
Salvador Navarrete  
City Attorney

8/8/18  
Date

  
\_\_\_\_\_  
Stephen J. Salvatore  
City Manager

8.9.18  
Date



**RESOLUTION NO. 18-**

**A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF LATHROP  
APPROVING A SECOND AMENDMENT TO THE SPRAYFIELD LEASE  
AGREEMENT DATED JUNE 2, 2006 BETWEEN THE CITY OF LATHROP AND  
CALIFIA, LLC WITH OPTION TO PURCHASE SPRAYFIELDS**

**WHEREAS**, the City of Lathrop ("City") has previously executed an "Agreement for Financing of Design, Construction, Maintenance and Operation of Additional Sanitary Sewer Facilities in the City of Lathrop" and amendments thereto (collectively the "Consortium Agreement"); and

**WHEREAS**, the parties to the Consortium Agreement worked toward providing adequate acreage to serve as sprayfields for the disposal of recycled (reclaimed) water resulting from the operation of the City's Lathrop Consolidated Treatment Facility ("LCTF"), formerly known as "Water Recycling Plant #1/MBR Facility"; and

**WHEREAS**, the original parties to the Consortium Agreement executed an "Agreement among the City of Lathrop; Lathrop Land Development Company, Inc.; TCN Properties, L.P.; Pulte Homes, Inc.; Shea Homes, L.P., a California limited partnership; and Califia, LLC dba River Islands at Lathrop for Lease of Specific Lands for Use as Reclaimed Water Spray Fields" (commonly known as the "Sprayfield Agreement"), which included a "Lease with Option to Purchase" between the City and Califia, LLC for the lease of certain lands within the River Islands at Lathrop Phase 1 project area to be used as sprayfields for the disposal of reclaimed water from the LCTF (as amended by the First Amendment (defined below), the "Lease Agreement") which was memorialized in the Official Records through recordation of a Memorandum of Lease with Option to Purchase (the "Memo of Lease"); and

**WHEREAS**, the Lease Agreement and Memorandum of Lease and Option to Purchase were amended by the City Council action on June 2, 2006 to clarify terms of the existing agreement pursuant to that certain First Amendment to Lease with Option to Purchase dated June 2, 2006 (the "First Amendment"), which was memorialized in the Official Records through recordation of that certain First Amended Memorandum of Lease with Option to Purchase (the "First Amended Memo"); and

**WHEREAS**, the City and Califia, LLC, property owner of the land where the sprayfields have been constructed, wish to again amend the terms and conditions of the Lease Agreement and First Amended Memo through execution and delivery of a Second Amendment to Lease with Option to Purchase ("Second Amendment"), in the form attached hereto and incorporated as Attachment "C" to the staff report dated August 13, 2018; and

**WHEREAS**, the Sprayfield Agreement, Lease Agreement, First Amended Memo, amendments to these documents, including the Second Amendment, associated easements, deeds and other official documentation and the infrastructure constructed and to be constructed pursuant to this documentation implement

environmental documents prepared under the California Environmental Quality Act California Public Resources Code section 28000 et seq. and "CEQA Guidelines" promulgated thereunder (collectively "CEQA") for developments served by the LCTF, as well as the environmental documentation prepared for the LCTF itself; and

**WHEREAS**, the Sprayfield Agreement, Lease Agreement, First Amended Memo, amendments to these documents, including the Second Amendment, associated easements, deeds and other official documentation and the infrastructure constructed and to be constructed pursuant to this documentation is consistent with the Lathrop General Plan in that the infrastructure constructed and to be constructed pursuant to it is specified by the City's Master Plan for Utilities included in the Lathrop General Plan to serve development consistent with the land use and other elements of the Lathrop General Plan.

**NOW, THEREFORE, BE IT RESOLVED BY THE CITY COUNCIL OF THE CITY OF LATHROP AS FOLLOWS:**

1. That the approvals granted by this resolution hereby do not constitute a project for which additional CEQA compliance is required for the following reasons: (i) this action implements mitigation measures required by the EIRs for the LCTF, the River Islands Development Agreement, and the Mossdale Village Development and no basis for further environmental review as specified in Public Resources Code Section 28116; and, (ii) this action is categorically exempt from additional CEQA review under Section 15183 of the State CEQA Guidelines.

2. That the City Manager, or their designee, is authorized to execute such documents as are necessary to effectuate the terms of the Second Amendment, and Second Amended Memorandum of Lease with Option to Purchase as included as an exhibit to the Second Amendment and any other such documentation to effectuate these documents as attached to the August 13, 2018 staff report.

3. That the City Clerk is hereby authorized to cause the Second Amended Memorandum of Lease with Option to Purchase to be recorded with the San Joaquin County Clerk-Recorder's Office at soon as practicable after the execution and notarization of this document.

PASSED AND ADOPTED this 13<sup>th</sup> day of August, 2018, by the following vote:

AYES:

NOES:

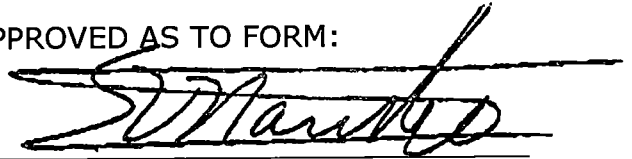
ABSENT:

ABSTAIN:

\_\_\_\_\_  
Sonny Dhaliwal, Mayor

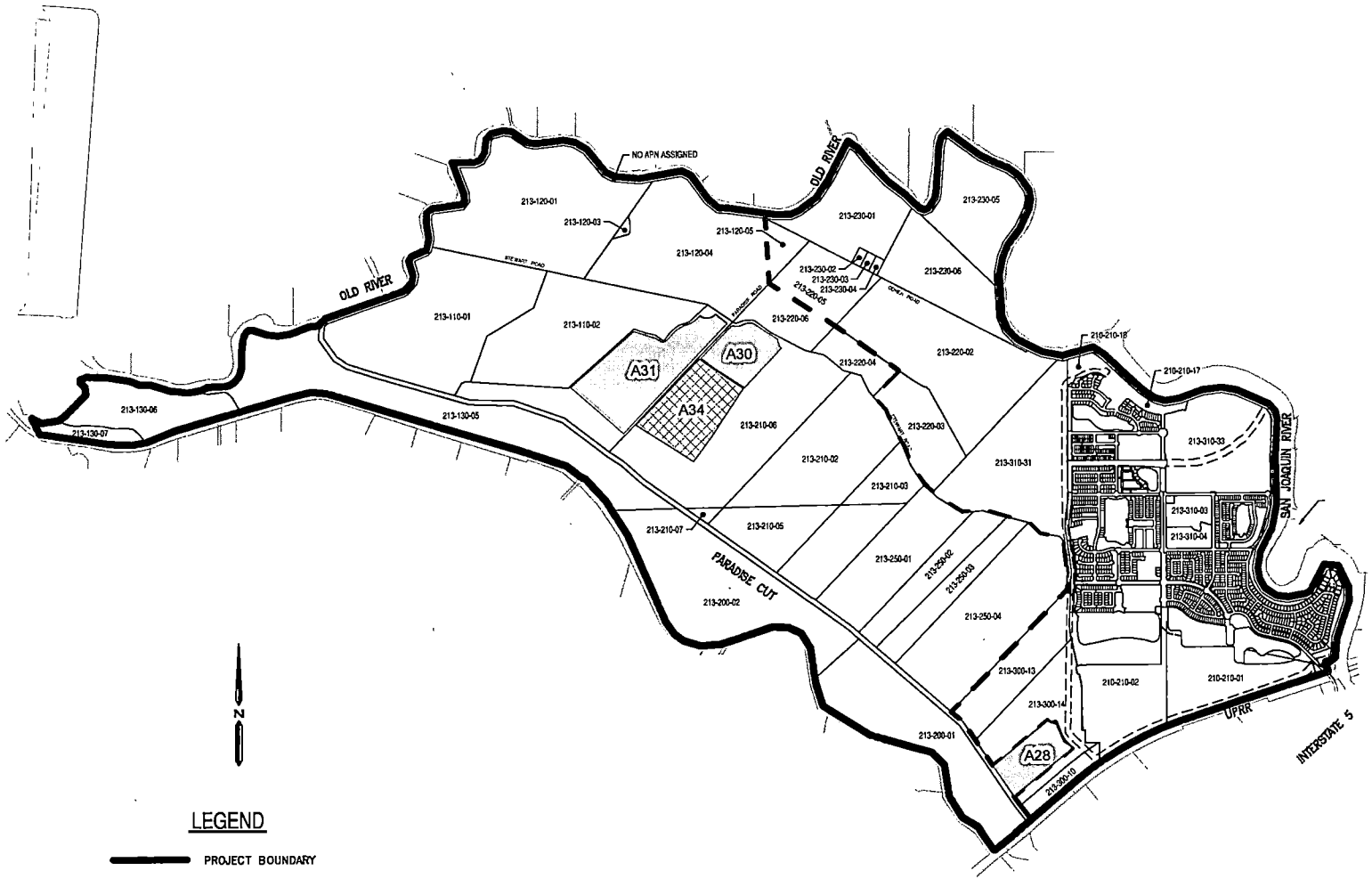
ATTEST:

APPROVED AS TO FORM:





A handwritten signature in black ink, appearing to read "S. Navarrete", is written over a horizontal line. The signature is stylized and cursive.

\_\_\_\_\_  
Teresa Vargas, City Clerk

\_\_\_\_\_  
Salvador Navarrete, City Attorney



**LEGEND**

-  PROJECT BOUNDARY
-  PHASE 1 BOUNDARY
- 213-200-02 ASSESSORS PARCEL NUMBER (APN)
-  EXISTING SPRAYFIELDS - EXISTING LEASE AGREEMENT
-  ADDITIONAL SPRAYFIELD - AMENDED LEASE AGREEMENT

**LEASE AGREEMENT  
SPRAYFIELDS  
RIVER ISLANDS**

CITY OF LATHROP    SAN JOAQUIN COUNTY    CALIFORNIA  
DATE: JULY 27, 2018

**SECOND AMENDMENT TO LEASE WITH OPTION TO PURCHASE  
(SPRAYFIELDS)**

By and Between the City of Lathrop, California, a Municipal Corporation  
and  
Califia, LLC, a California limited liability company

This Second Amendment to Lease with Option to Purchase ("**Amendment**") is made and entered into as of August \_\_, 2018, by and between the CITY OF LATHROP, a municipal corporation (hereinafter "**Tenant**") and CALIFIA, LLC, a California limited liability company ("**Landlord**").

RECITALS

- A. Landlord and Tenant are parties to that certain Lease with Option to Purchase dated June 2, 2006 (as amended by that certain First Amendment to Lease with Option to Purchase dated June 2, 2006, the "**Original Agreement**").
- B. The parties desire to amend the Original Agreement as more particularly set forth herein. As modified, the Original Agreement is defined herein as the "**Agreement**."

AGREEMENT

NOW THEREFORE, in consideration of the promises and covenants contained herein, the above recitals, and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties hereto agree as follows:

- 1. Effect of Amendment on Original Agreement. Unless specifically revised and amended by this Amendment, the terms of the Original Agreement, as amended hereby, shall remain in full force and effect. Additionally, all capitalized terms not otherwise defined herein shall have the meanings ascribed to such terms in the Original Agreement.
- 2. Leased Premises.
  - a. Section 1 of the Original Agreement is amended to replace "approximately 170 acres" with "approximately 219 acres".
  - b. Exhibit C-1 to the Original Agreement is amended to add that certain real property more particularly described in Exhibit A-1 and depicted in Exhibit A-2, both as attached hereto and made a part hereof (the "**Additional Leased Premises**").
- 3. Term. Section 2 of the Original Agreement is revised to delete "twenty years" and insert "twenty-nine years", such that the Term will expire on June 1, 2035.
- 4. Taxes and Assessments. The last two sentences of Section 7 of the Original Agreement are deleted and replaced with the following: "During the Term of this Lease, Landlord shall be responsible for the payment of real property taxes (including taxes imposed under the Mello-Roos Community Facilities District Act) and assessments, if any, levied on the Leased Premises, as well as any transfer taxes that may be levied as a result of this Lease (collectively, "**Taxes**"). Within a reasonable time after receipt of written request therefor, Landlord shall provide to Tenant satisfactory evidence of payment of such taxes. If Landlord fails to pay such Taxes prior to delinquency and does not cure such failure within thirty (30) days after receipt of written demand from Tenant, then as its sole remedy for such failure, Tenant may immediately exercise its option to purchase the Leased Premises pursuant to the terms of Section 23."

5. Notices. Section 22 is revised to delete Landlord's notice addresses and replace them with the following:

TO LANDLORD:

CALIFIA, LLC  
73 West Stewart Road  
Lathrop, CA 95330  
Attn: Susan Dell'Osso  
Facsimile: (209) 879-7928

With copies to:

Califia, LLC  
1676 N. California Blvd., Suite 420  
Walnut Creek, CA 94596  
Attn: William C. Scott, Jr.  
Facsimile: (925) 933-1404

Freilicher Law  
3235 Bayo Vista Avenue  
Alameda, CA 94501  
Attn: Lisa Freilicher, Esq.  
Facsimile: (925) 415-5114

6. Memorandum of Agreement. In connection with the Original Agreement, the parties recorded that certain Amended Memorandum of Lease with Option to Purchase dated June 2, 2006 and recorded in the Official Records of the County of San Joaquin, State of California, on June 2, 2006 as Instrument No. 2006-119381. Concurrently with execution of this Amendment, the parties shall execute, acknowledge and record the Second Amended Memorandum of Lease with Option to Purchase in the form attached hereto as Exhibit B.
7. Counterparts. This Amendment may be executed in counterparts (including facsimile or electronic (pdf) counterparts), each of which shall be considered an original and all of which together shall be considered the same document.
8. Advice of Counsel. Each of the parties has received the advice of legal counsel prior to signing this Amendment. Each party acknowledges no other party or agent or attorney has made a promise, representation, or warranty whatsoever, express or implied, not contained herein concerning the subject matter herein to induce another party to execute this Amendment. The parties agree no provision or provisions may be subject to any rules of construction based upon any party being considered the party "drafting" this Amendment.
9. Governing Law. The validity, interpretation and effect of this Amendment are governed by and shall be construed in accordance with the laws of the State of California.
10. Severability. If any one or more of the agreements or covenants or portions thereof contained in the Agreement or herein required to be performed by or on the part of Landlord or Tenant shall be contrary to the law, then such agreement or agreements, such covenant or covenants, or such portions thereof shall be null and void and shall be deemed separable from the remaining agreements and covenants or portions thereof and shall in no way affect the validity of the remaining provisions hereof. Landlord and Tenant hereby declare that they would have executed this Amendment, and each and every other article, section, paragraph, subdivision, sentence, clause and phrase hereof irrespective of the fact that any one or more articles, sections,

paragraphs, subdivisions, sentences, clauses or phrases hereof or the application thereof to any person or circumstance may be held to be contrary to law.

11. Authorization. The person(s) executing this Amendment on behalf of the parties hereto warrant that (i) such party is duly organized and existing, (ii) the person(s) executing this Agreement are duly authorized to execute and deliver it on behalf of the party for which he, she or they sign it, (iii) by such person(s) so executing this Amendment, such party is formally bound to the provisions of this Amendment, and (iv) the entering into this Amendment does not violate any provision of any other agreement to which such party is bound.
12. Other Agreements Not Affected. This Agreement constitutes the entire agreement between the parties hereto with respect to the subject matter hereof and supersedes all prior understandings or agreements with respect to the subject matter hereof; provided, however, that this Agreement does not supersede, amend, nor replace any prior written agreement relating to any matter other than with respect to the matters expressly set forth in this Agreement, as amended. This Agreement may be modified only by specific reference describing a mutual intent and agreement to amend this Agreement in written documents signed by both parties hereto.

In witness whereof, the parties have executed this Amendment as of the date or dates set forth below.

**TENANT**

CITY OF LATHROP  
a Municipal corporation of the State of  
California

By: \_\_\_\_\_

Name: Stephen J. Salvatore  
Its: City Manager

Date:

**LANDLORD**

CALIFIA, LLC  
a California limited liability company

By: \_\_\_\_\_

Name: Susan Dell'Osso  
Its: President

Date:

**ATTEST:**

By: Teresa Vargas

Name: \_\_\_\_\_

Its: City Clerk

Date: \_\_\_\_\_

**APPROVED AS TO FORM:**

By: \_\_\_\_\_

Name: Salvador V. Navarrete  
Its: City Attorney

Date

**EXHIBIT A-1**

Legal Description of Additional Leased Premises  
(See Attached)



EXHIBIT **A-1**  
**LEGAL DESCRIPTION**  
**SPRAY FIELD A34 LEASE PARCEL**  
**RIVER ISLANDS**  
**LATHROP, CALIFORNIA**

ALL THAT CERTAIN REAL PROPERTY SITUATE IN THE CITY OF LATHROP, COUNTY OF SAN JOAQUIN, STATE OF CALIFORNIA, DESCRIBED AS FOLLOWS:

BEING A PORTION OF PARCEL 4, AS SAID PARCEL IS DESCRIBED IN THE GRANT DEED TO CALIFIA, LLC, RECORDED MARCH 30, 2001, AS DOCUMENT NUMBER 2001-046177, SAN JOAQUIN COUNTY RECORDS, SAID PARCEL IS ALSO SHOWN AS TRACT 18 ON THE RECORD OF SURVEY FILED AUGUST 4, 2004, IN BOOK 35 OF SURVEYS, AT PAGE 142, SAN JOAQUIN COUNTY RECORDS, MORE PARTICULARLY DESCRIBED AS FOLLOWS:

COMMENCING AT A POINT AT THE MOST WESTERN CORNER OF SPRAY FIELD SITE 64, AS SAID SPRAY FIELD SITE 64 IS DESCRIBED IN THE DEED FOR EASEMENTS TO THE CITY OF LATHROP, RECORDED JULY 7, 2006, AS DOCUMENT NUMBER 2006-147087, SAN JOAQUIN COUNTY RECORDS;

THENCE, ALONG THE SOUTHWESTERN LINE OF SAID SPRAY FIELD SITE 64, THE FOLLOWING THREE (3) COURSES:

- 1) ALONG THE ARC OF A NON-TANGENT 2,765.00 FOOT RADIUS CURVE TO THE LEFT, FROM WHICH THE CENTER OF SAID CURVE BEARS NORTH 41°23'36" EAST, THROUGH A CENTRAL ANGLE OF 3°29'07", AN ARC DISTANCE OF 168.19 FEET TO THE POINT OF BEGINNING;
- 2) FROM SAID POINT OF BEGINNING, CONTINUING ALONG THE ARC OF SAID NON-TANGENT 2,765.00 FOOT RADIUS CURVE TO THE LEFT, FROM WHICH THE CENTER OF SAID CURVE BEARS NORTH 37°54'29" EAST, THROUGH A CENTRAL ANGLE OF 4°28'41", AN ARC DISTANCE OF 216.10 FEET;
- 3) SOUTH 56°34'12" EAST 853.56 FEET;

THENCE, LEAVING SAID SOUTHWESTERN LINE, SOUTH 33°31'07" WEST 1,543.53 FEET;

THENCE SOUTH 45°10'38" WEST 13.53 FEET;

THENCE NORTH 56°50'49" WEST 1,522.06 FEET TO A POINT ON A LINE THAT IS 30 FEET SOUTHEAST, MEASURED AT A RIGHT ANGLE, TO THE NORTHWESTERN LINE OF SAID TRACT 18;

THENCE, ALONG A LINE PARALLEL WITH AND 30 FEET SOUTHEAST, MEASURED AT A RIGHT ANGLE, TO THE TO THE NORTHWESTERN LINE OF SAID TRACT 18, NORTH 43°46'52" EAST 1,374.29 FEET;

THENCE, ALONG A NON-TANGENT CURVE CONCAVE NORTHERLY A RADIUS OF 207.00 FEET, FROM WHICH THE CENTER OF SAID CURVE BEARS NORTH 34°36'42" EAST, THROUGH A CENTRAL ANGLE OF 94°58'25", AN ARC DISTANCE OF 343.12 FEET;

CONTAINING 48.825 ACRES, MORE OR LESS.

JULY 27, 2018

EXHIBIT \_\_\_\_  
LEGAL DESCRIPTION  
SPRAY FIELD A34 LEASE PARCEL  
RIVER ISLANDS, LATHROP

BEARINGS ARE BASED ON THE CALIFORNIA COORDINATE SYSTEM, CCS83, ZONE 3, NAD 83.  
ALL DISTANCES AND DIMENSIONS SHOWN ARE GROUND DISTANCES.

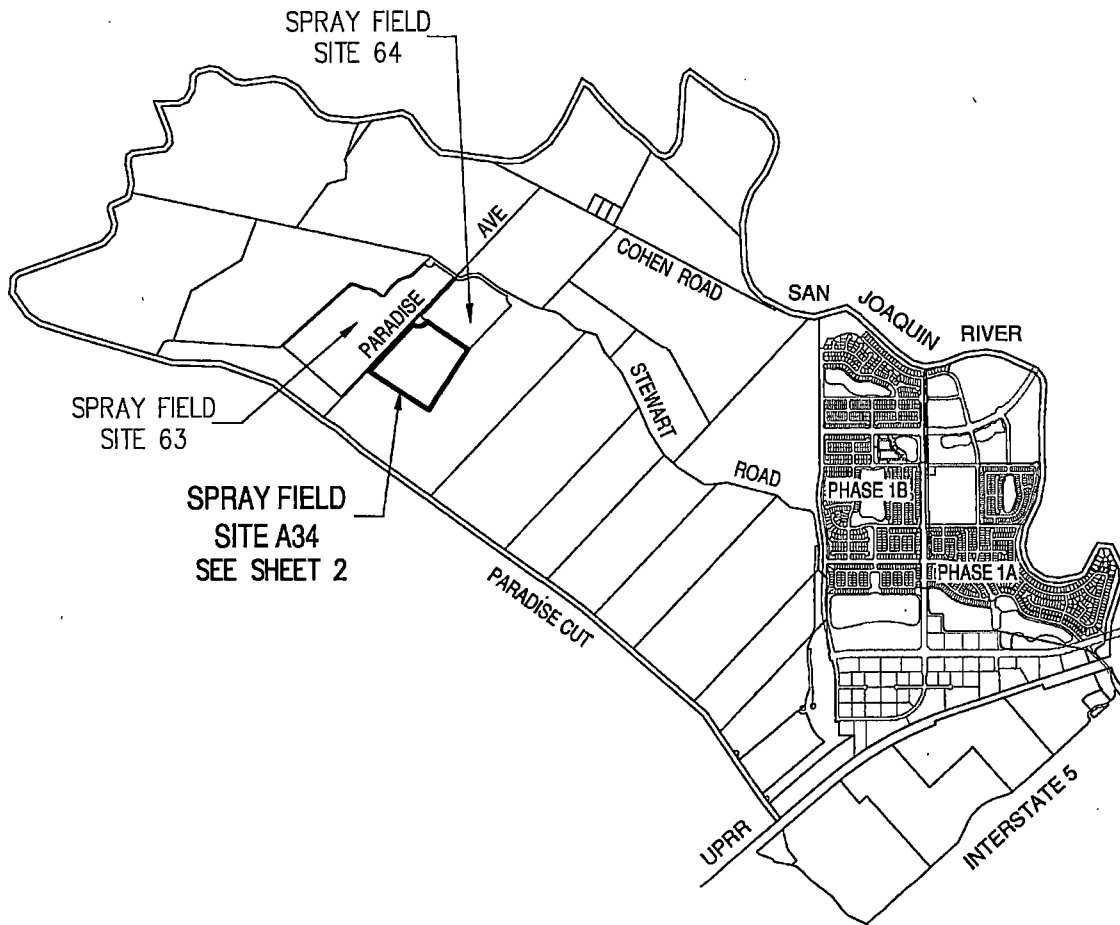
ATTACHED HERETO IS A PLAT TO ACCOMPANY LEGAL DESCRIPTION, AND BY THIS  
REFERENCE MADE A PART HEREOF.

END OF DESCRIPTION

  
\_\_\_\_\_  
PAUL KITTREDGE  
PROFESSIONAL LAND SURVEYOR  
CALIFORNIA NO. 5790

7/27/18  
\_\_\_\_\_  
DATE





**NOTES:**

- 1. REFER TO SHEET 2 FOR LINE AND CURVE TABLES
- 2. BEARINGS ARE BASED ON NAD 83
- 3. ALL DISTANCES ARE GROUND

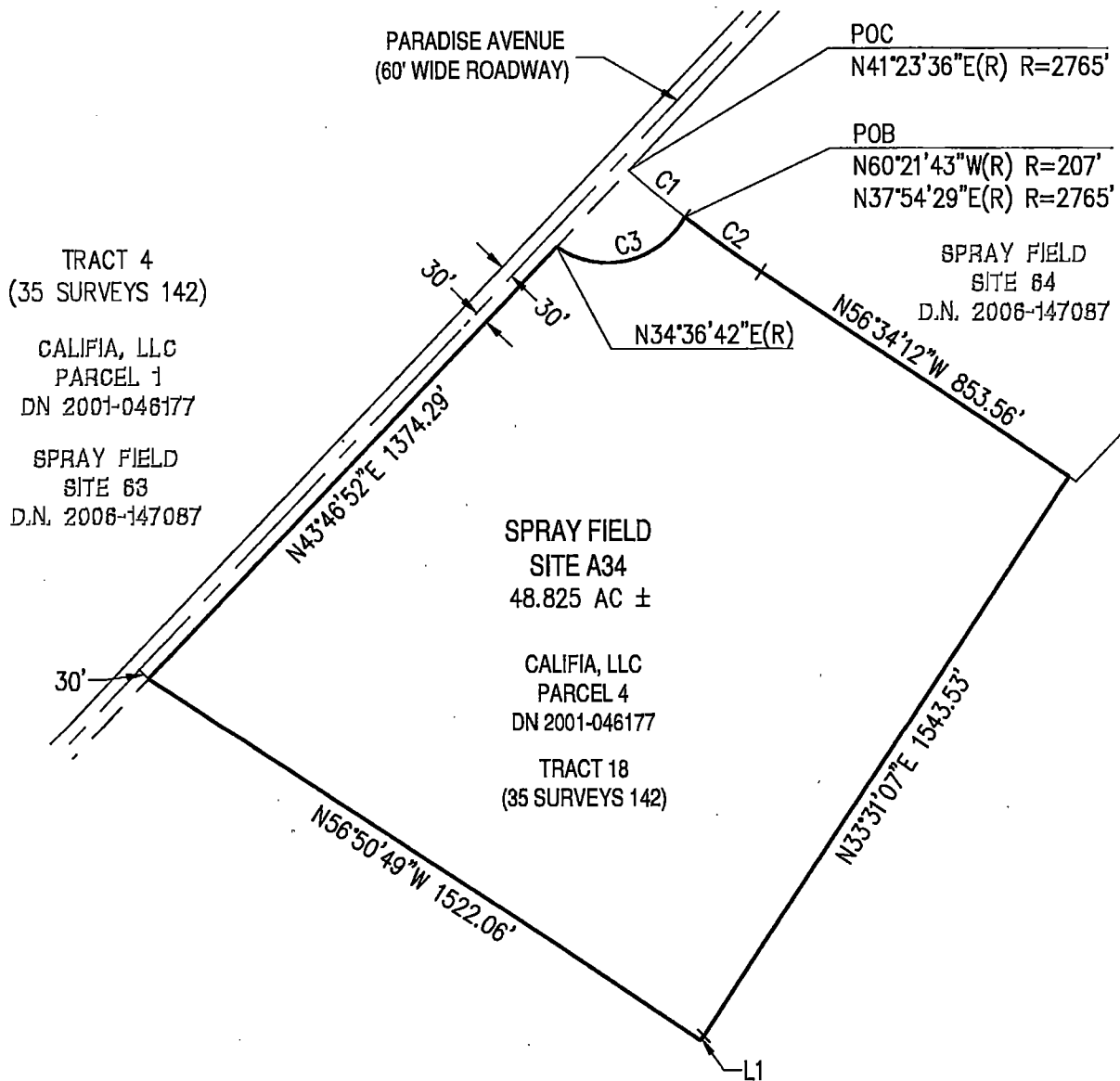
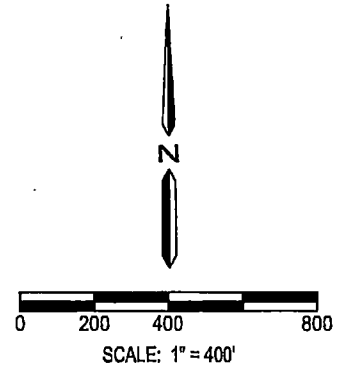
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DRAWN BY: PK	
FILE: 25500 PLAT SPRAY FIELD A34.DWG	
DATE: 7/27/2018	SHEET: 3 OF 4

**PLAT TO ACCOMPANY LEGAL DESCRIPTION**  
**RIVER ISLANDS**  
**SPRAY FIELD A34**  
**CITY OF LATHROP SAN JOAQUIN COUNTY CALIFORNIA**



LINE TABLE		
LINE #	DIRECTION	LENGTH
L1	N45°10'38"E	13.53'

CURVE TABLE			
CURVE #	RADIUS	DELTA	LENGTH
C1	2765.00'	3°29'07"	168.19'
C2	2765.00'	4°28'41"	216.10'
C3	207.00'	94°58'25"	343.12'



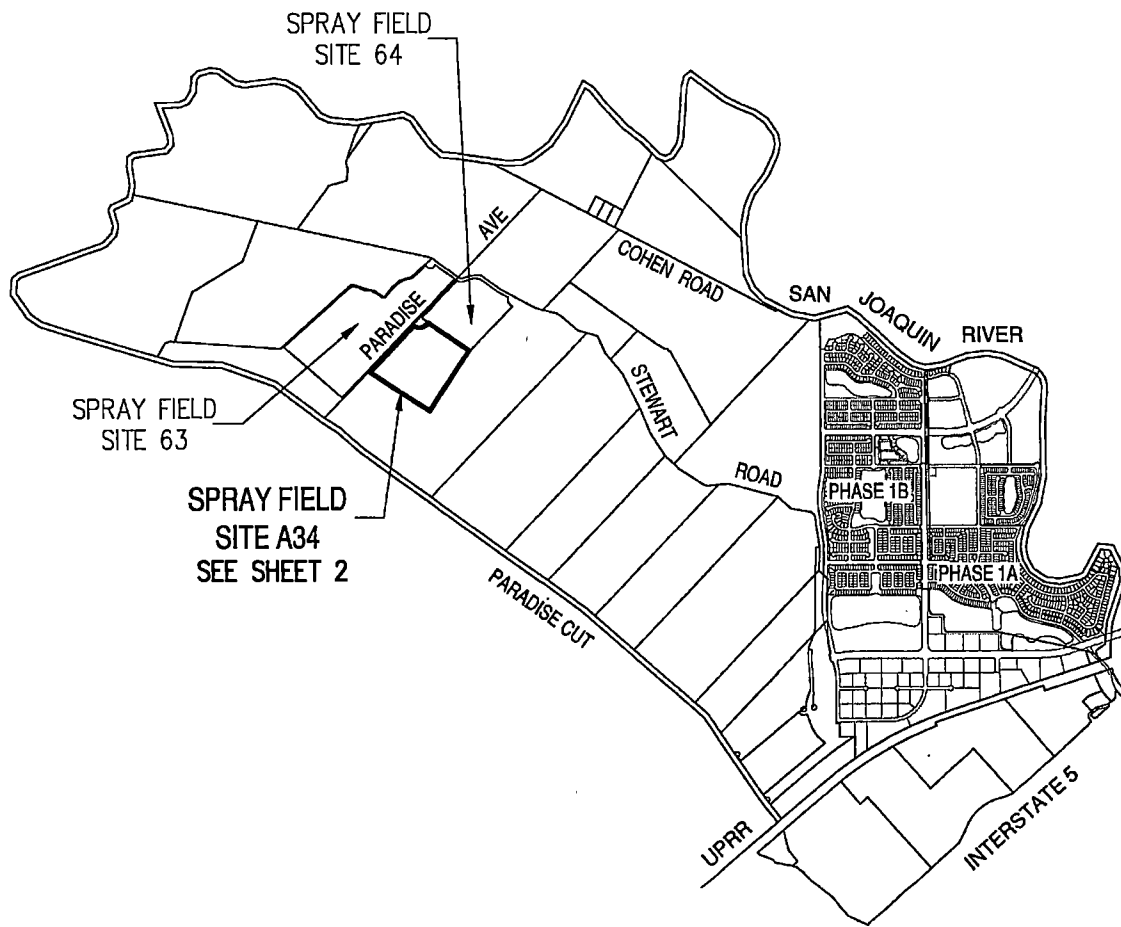
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DRAWN BY:PK	
FILE: 25500 PLAT SPRAY FIELD A34.DWG	
DATE: 7/27/2018	SHEET: 4 OF 4

PLAT TO ACCOMPANY LEGAL DESCRIPTION  
 RIVER ISLANDS  
 SPRAY FIELD A34  
 CITY OF LATHROP SAN JOAQUIN COUNTY CALIFORNIA



**EXHIBIT A-2**

Depiction of Additional Leased Premises  
(See Attached)



**NOTES:**

- 1. REFER TO SHEET 2 FOR LINE AND CURVE TABLES
- 2. BEARINGS ARE BASED ON NAD 83
- 3. ALL DISTANCES ARE GROUND

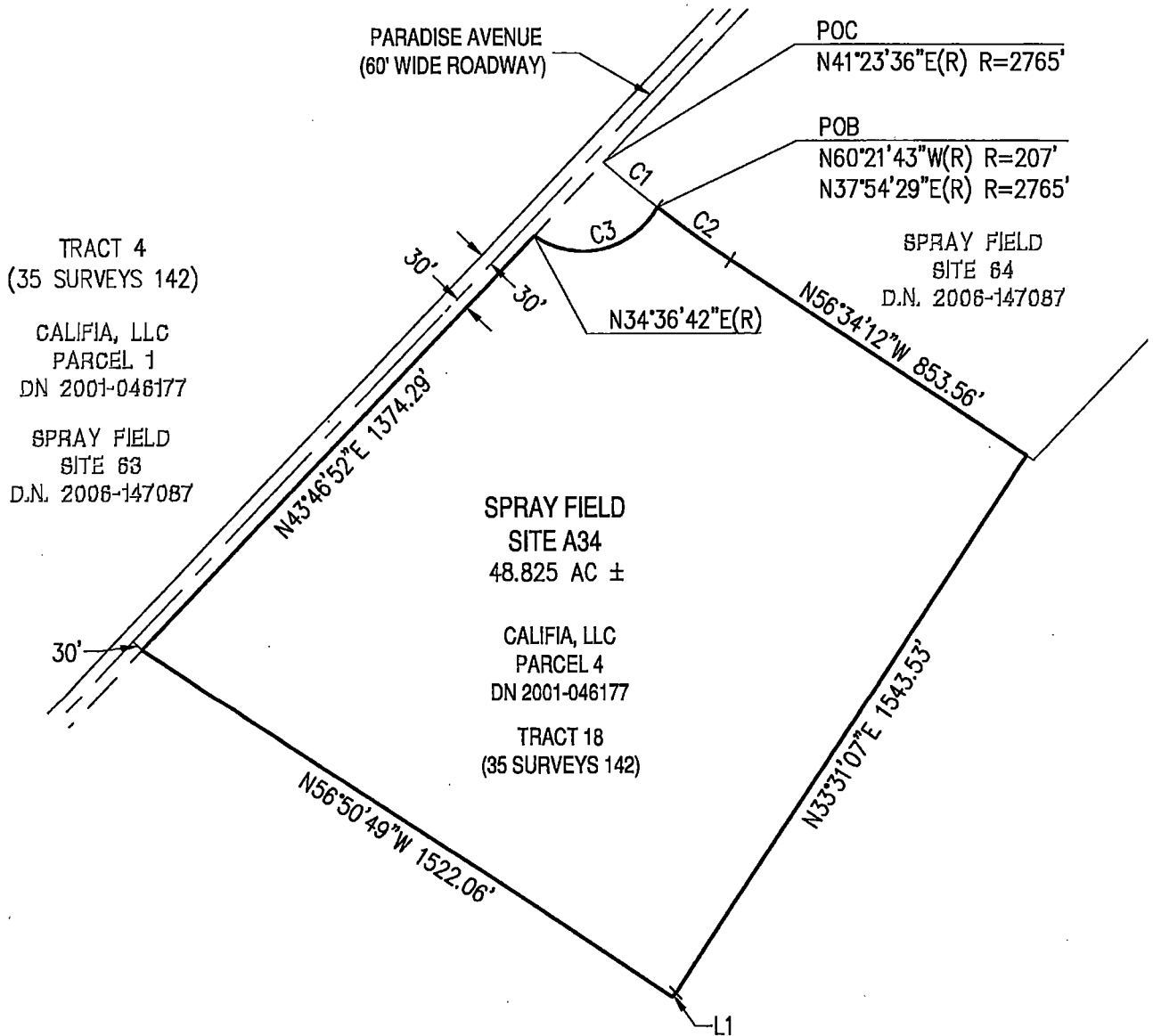
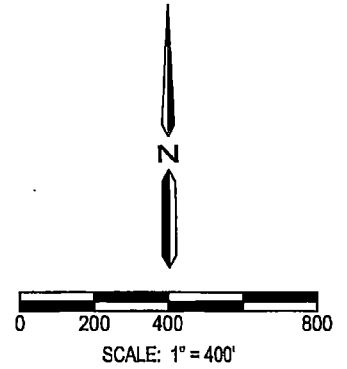
SCALE: 1"=4000'	
DRAWN BY: PK	
FILE: 25500 PLAT SPRAY FIELD A34.DWG	
DATE: 7/27/2018	SHEET: 3 OF 4

**PLAT TO ACCOMPANY LEGAL DESCRIPTION**  
**RIVER ISLANDS**  
**SPRAY FIELD A34**  
CITY OF LATHROP SAN JOAQUIN COUNTY CALIFORNIA



LINE TABLE		
LINE #	DIRECTION	LENGTH
L1	N45°10'38"E	13.53'

CURVE TABLE			
CURVE #	RADIUS	DELTA	LENGTH
C1	2765.00'	3°29'07"	168.19'
C2	2765.00'	4°28'41"	216.10'
C3	207.00'	94°58'25"	343.12'



SCALE: 1"=400'	
DRAWN BY:PK	
FILE: 25500 PLAT SPRAY FIELD A34.DWG	
DATE: 7/27/2018	SHEET: 4 OF 4

**PLAT TO ACCOMPANY LEGAL DESCRIPTION**  
 RIVER ISLANDS  
 SPRAY FIELD A34  
 CITY OF LATHROP SAN JOAQUIN COUNTY CALIFORNIA



**EXHIBIT B**

Second Amended Memorandum of Lease with Option to Purchase

RECORDING REQUESTED BY

AND WHEN RECORDED RETURN TO:

City Clerk  
City of Lathrop  
390 Towne Center Drive  
Lathrop, CA 95330

---

*SPACE ABOVE THIS LINE FOR RECORDER'S USE*

Recording of this document is fee-exempt  
under Government Code Section 6103

Documentary Transfer Tax: \$0.00

**SECOND AMENDED MEMORANDUM OF LEASE WITH OPTION TO PURCHASE**

This Second Amended Memorandum of Lease with Option to Purchase ("**Second Amended Memorandum**") dated as of August \_\_, 2018, is made and entered into for good and valuable consideration by and between CALIFIA, LLC, a California limited liability company ("**Landlord**") and THE CITY OF LATHROP, a municipal corporation ("**Tenant**"), for the purpose of memorializing the terms, covenants, conditions, limitations and restrictions contained in that certain Lease with Option to Purchase dated June 2, 2006 (as amended by that certain First Amendment to Lease with Option to Purchase dated June 2, 2006 and that certain Second Amendment to Lease with Option to Purchase dated August \_\_, 2018, the "**Lease**"), covering that certain real property described in Exhibit "A" attached hereto (the "**Property**").

Landlord and Tenant executed that certain Amended Memorandum of Lease with Option to Purchase (the "**Original Memorandum**"), which Original Memorandum was recorded in the Official Records of the County of San Joaquin on June 2, 2006 as Instrument No. 2006-119381. This Second Amended Memorandum replaces and supersedes the Original Memorandum effective as of the date this Second Amended Memorandum is recorded in the Official Records of San Joaquin County.

The Lease provides for a lease term of twenty-nine years, such that the term will expire on June 1, 2035.

In addition, at the expiration or termination of the Lease, Tenant has the option to purchase the Property for the sum of one dollar (\$1.00).

This Second Amended Memorandum may be executed in any number of counterparts with the same force and effect as if executed in the form of a single document.

The sole purpose of this Second Amended Memorandum is to give notice of the Lease, along with the terms, covenants and conditions thereto, to the same extent as if the Lease were fully set forth herein, and this Second Amended Memorandum is subject to all the terms, conditions and provisions of the Lease.



IN WITNESS WHEREOF, the parties have executed this Second Amended Memorandum effective as of the date first above written.

**LANDLORD**

**CALIFIA, LLC, a California limited liability company**

By: \_\_\_\_\_  
Name: Susan Dell'Osso  
Its: President

**TENANT**

**CITY OF LATHROP  
a Municipal corporation of the State of California**

By: \_\_\_\_\_  
Name: Stephen J. Salvatore  
Its: City Manager

ATTEST:

By: \_\_\_\_\_  
Name: Teresa Vargas  
Its: City Clerk

APPROVED AS TO FORM:

By: \_\_\_\_\_  
Name: Salvador V. Navarrete  
Its: City Attorney

A notary public or other officer completing this certificate verifies only the identity of the individual who signed the document to which this certificate is attached, and not the truthfulness, accuracy, or validity of that document.

State of California

County of \_\_\_\_\_

On \_\_\_\_\_ before me, \_\_\_\_\_, Notary Public  
*(here insert name of the officer)*

personally appeared \_\_\_\_\_, who proved to me on the basis of satisfactory evidence to be the person(s) whose name(s) is/are subscribed to the within instrument and acknowledged to me that he/she/they executed the same in his/her/their authorized capacity(ies), and that by his/her/their signature(s) on the instrument the person(s), or the entity upon behalf of which the person(s) acted, executed the instrument.

I certify under PENALTY OF PERJURY under the laws of the State of California that the foregoing paragraph is true and correct.

WITNESS my hand and official seal.

Signature \_\_\_\_\_

**EXHIBIT A TO SECOND AMENDED MEMORANDUM**

Legal Description

(See Attached)

AUGUST 7, 2018

**EXHIBIT A  
LEGAL DESCRIPTION  
SPRAY FIELDS 63, 64, 68 & A34  
RIVER ISLANDS  
LATHROP, CALIFORNIA**

ALL THAT CERTAIN REAL PROPERTY SITUATE IN THE CITY OF LATHROP, COUNTY OF SAN JOAQUIN, STATE OF CALIFORNIA, DESCRIBED AS FOLLOWS:

PARCEL ONE (SPRAY FIELD SITE 63):

BEING A PORTION OF TRACT 4, AS SAID TRACT 4 IS SHOWN AND SO DESIGNATED ON THAT CERTAIN RECORD OF SURVEY, RECORDED AUGUST 4, 2004, IN BOOK 35 OF SURVEYS AT PAGE 142, IN THE OFFICE OF THE COUNTY RECORDER OF SAN JOAQUIN COUNTY, MORE PARTICULARLY DESCRIBED AS FOLLOWS:

COMMENCING AT THE EASTERN CORNER OF SAID TRACT 4 (35 SURVEYS 142);

THENCE, FROM SAID POINT OF COMMENCEMENT, ALONG THE SOUTHEASTERN LINE OF SAID TRACT 4, SOUTH 43°46'52" WEST 75.32 FEET;

THENCE, LEAVING SAID SOUTHEASTERN LINE, NORTH 46°13'08" WEST 30.00 FEET TO THE POINT OF BEGINNING FOR THIS DESCRIPTION;

THENCE, FROM SAID POINT OF BEGINNING, SOUTH 43°46'52" WEST 3,531.35 FEET;

THENCE, NORTH 48°52'13" WEST 1,653.76 FEET;

THENCE, NORTH 48°21'56" EAST 1,896.56 FEET;

THENCE, ALONG THE ARC OF A TANGENT 126.27 FOOT RADIUS CURVE TO THE RIGHT, THROUGH A CENTRAL ANGLE OF 53°34'27", AN ARC DISTANCE OF 118.07 FEET;  
THENCE, SOUTH 74°51'25" EAST 67.42 FEET;

THENCE, SOUTH 68°30'40" EAST 164.62 FEET;

THENCE, ALONG THE ARC OF A TANGENT 153.79 FOOT RADIUS CURVE TO THE LEFT, THROUGH A CENTRAL ANGLE OF 23°11'08", AN ARC DISTANCE OF 62.23 FEET;

THENCE, ALONG THE ARC OF A REVERSE 271.11 FOOT RADIUS CURVE TO THE RIGHT, FROM WHICH THE CENTER OF SAID CURVE BEARS SOUTH 01°41'48" EAST, THROUGH A CENTRAL ANGLE OF 20°48'10", AN ARC DISTANCE OF 98.43 FEET;

THENCE, ALONG THE ARC OF A COMPOUND 537.36 FOOT RADIUS CURVE TO THE RIGHT, FROM WHICH THE CENTER OF SAID CURVE BEARS SOUTH 19°06'22" WEST, THROUGH A CENTRAL ANGLE OF 13°03'43", AN ARC DISTANCE OF 122.50 FEET;

THENCE, SOUTH 53°19'54" EAST 92.87 FEET;

THENCE, ALONG THE ARC OF A TANGENT 117.21 FOOT RADIUS CURVE TO THE LEFT, THROUGH A CENTRAL ANGLE OF 36°25'18", AN ARC DISTANCE OF 74.51 FEET;

AUGUST 7, 2018

EXHIBIT A  
LEGAL DESCRIPTION  
SPRAY FIELDS 63, 64, 68 & A34  
RIVER ISLANDS, LATHROP

THENCE, ALONG THE ARC OF A COMPOUND 57.42 FOOT RADIUS CURVE TO THE LEFT, FROM WHICH THE CENTER OF SAID CURVE BEARS NORTH 00°14'48" EAST, THROUGH A CENTRAL ANGLE OF 56°28'06", AN ARC DISTANCE OF 56.59 FEET;

THENCE, NORTH 38°50'31" EAST 194.90 FEET;

THENCE, NORTH 47°27'17" EAST 166.69 FEET;

THENCE, ALONG THE ARC OF A TANGENT 409.90 FOOT RADIUS CURVE TO THE RIGHT, THROUGH A CENTRAL ANGLE OF 24°24'56", AN ARC DISTANCE OF 174.67 FEET;

THENCE, NORTH 76°30'42" EAST 107.29 FEET;

THENCE, ALONG THE ARC OF A TANGENT 285.88 FOOT RADIUS CURVE TO THE LEFT, THROUGH A CENTRAL ANGLE OF 25°08'09", AN ARC DISTANCE OF 125.42 FEET;

THENCE, NORTH 46°20'55" EAST 339.53 FEET;

THENCE, ALONG THE ARC OF A NON-TANGENT 100.00 FOOT RADIUS CURVE TO THE LEFT, FROM WHICH THE CENTER OF SAID CURVE BEARS NORTH 70°49'07" EAST, THROUGH A CENTRAL ANGLE OF 151°13'59", AN ARC DISTANCE OF 263.95 FEET;

THENCE, SOUTH 55°18'59" EAST 527.74 FEET TO THE POINT OF BEGINNING.  
CONTAINING 98.8 ACRES OF LAND, MORE OR LESS.

PARCEL TWO (SPRAY FIELD SITE 64):

BEING A PORTION OF TRACT 18, AS SAID TRACT 18 IS SHOWN AND SO DESIGNATED ON THAT CERTAIN RECORD OF SURVEY, RECORDED AUGUST 4, 2004, IN BOOK 35 OF SURVEYS AT PAGE 142, IN THE OFFICE OF THE COUNTY RECORDER OF SAN JOAQUIN COUNTY, MORE PARTICULARLY DESCRIBED AS FOLLOWS:

COMMENCING AT THE NORTHERN CORNER OF SAID TRACT 18 (35 SURVEYS 142);

THENCE, FROM SAID POINT OF COMMENCEMENT, ALONG THE NORTHWESTERN LINE OF SAID TRACT 18, SOUTH 43°46'52" WEST 81.03 FEET;

THENCE, LEAVING SAID NORTHWESTERN LINE, SOUTH 46°13'08" EAST 30.00 FEET TO THE POINT OF BEGINNING FOR THIS DESCRIPTION;

THENCE, FROM SAID POINT OF BEGINNING, SOUTH 43°46'52" WEST 1,095.86 FEET;

THENCE, ALONG THE ARC OF A NON-TANGENT 2,765.00 FOOT RADIUS CURVE TO THE LEFT, FROM WHICH THE CENTER OF SAID CURVE BEARS NORTH 41°23'36" EAST, THROUGH A CENTRAL ANGLE OF 07°57'48", AN ARC DISTANCE OF 384.30 FEET;

THENCE, SOUTH 56°34'12" EAST 874.02 FEET;

THENCE, NORTH 43°52'20" EAST 1,332.83 FEET;

EXHIBIT A  
LEGAL DESCRIPTION  
SPRAY FIELDS 63, 64, 68 & A34  
RIVER ISLANDS, LATHROP

THENCE, ALONG THE ARC OF A NON-TANGENT 160.00 FOOT RADIUS CURVE TO THE RIGHT, FROM WHICH THE CENTER OF SAID CURVE BEARS NORTH 22°07'41" EAST, THROUGH A CENTRAL ANGLE OF 83°44'34", AN ARC DISTANCE OF 233.85 FEET;

THENCE, NORTH 62°30'55" WEST 189.75 FEET;  
THENCE, ALONG THE ARC OF A TANGENT 640.00 FOOT RADIUS CURVE TO THE RIGHT, THROUGH A CENTRAL ANGLE OF 08°35'49", AN ARC DISTANCE OF 96.03 FEET;

THENCE, NORTH 53°55'06" WEST 357.70 FEET;

THENCE, ALONG THE ARC OF A TANGENT 310.00 FOOT RADIUS CURVE TO THE LEFT, THROUGH A CENTRAL ANGLE OF 58°13'44", AN ARC DISTANCE OF 315.05 FEET;

THENCE, SOUTH 67°51'10" WEST 119.32 FEET;

THENCE, ALONG THE ARC OF A TANGENT 175.00 FOOT RADIUS CURVE TO THE RIGHT, THROUGH A CENTRAL ANGLE OF 53°37'28", AN ARC DISTANCE OF 163.79 FEET;

CONTAINING 39.2 ACRES OF LAND, MORE OR LESS.

PARCEL THREE (SPRAY FIELD SITE 68):

BEING A PORTION OF TRACT 24, AS SAID TRACT 24 IS SHOWN AND SO DESIGNATED ON THAT CERTAIN RECORD OF SURVEY, RECORDED AUGUST 4, 2004, IN BOOK 35 OF SURVEYS AT PAGE 142, IN THE OFFICE OF THE COUNTY RECORDER OF SAN JOAQUIN COUNTY, MORE PARTICULARLY DESCRIBED AS FOLLOWS:

COMMENCING AT THE SOUTHERN CORNER OF SAID TRACT 24 (35 SURVEYS 142);

THENCE, FROM SAID POINT OF COMMENCEMENT, ALONG THE SOUTHWESTERN LINE OF SAID TRACT 24, THE FOLLOWING THREE (3) COURSES:

- 1) NORTH 38°17'40" WEST 74.82 FEET, AND
- 2) NORTH 34°17'07" WEST 181.54 FEET TO THE POINT OF BEGINNING FOR THIS DESCRIPTION, AND
- 3) FROM SAID POINT OF BEGINNING, NORTH 34°17'07" WEST 873.94 FEET;

THENCE, LEAVING SAID SOUTHWESTERN LINE, NORTH 56°22'56" EAST 97.50 FEET;

THENCE, NORTH 50°23'35" EAST 1,543.79 FEET;

THENCE, SOUTH 39°36'25" EAST 22.22 FEET;

THENCE, ALONG THE ARC OF A TANGENT 123.00 FOOT RADIUS CURVE TO THE LEFT, THROUGH A CENTRAL ANGLE OF 70°14'39", AN ARC DISTANCE OF 150.80 FEET;

THENCE, NORTH 70°08'56" EAST 36.15 FEET;

EXHIBIT A  
LEGAL DESCRIPTION  
SPRAY FIELDS 63, 64, 68 & A34  
RIVER ISLANDS, LATHROP

THENCE, SOUTH 19°51'04" EAST 248.99 FEET;

THENCE, ALONG THE ARC OF A TANGENT 720.00 FOOT RADIUS CURVE TO THE LEFT,  
THROUGH A CENTRAL ANGLE OF 28°43'25", AN ARC DISTANCE OF 360.95 FEET;  
THENCE, SOUTH 48°34'29" EAST 121.35 FEET TO A POINT THAT BEARS NORTH 50°23'35" EAST  
1,738.44 FEET FROM SAID POINT OF BEGINNING;

THENCE, SOUTH 50°23'35" WEST 1,738.44 FEET TO THE POINT OF BEGINNING.

CONTAINING 33.7 ACRES OF LAND, MORE OR LESS.

PARCEL FOUR (SPRAY FIELD SITE A34):

BEING A PORTION OF PARCEL 4, AS SAID PARCEL IS DESCRIBED IN THE GRANT DEED TO  
CALIFIA, LLC, RECORDED MARCH 30, 2001, AS DOCUMENT NUMBER 2001-046177, SAN JOAQUIN  
COUNTY RECORDS, SAID PARCEL IS ALSO SHOWN AS TRACT 18 ON THE RECORD OF SURVEY  
FILED AUGUST 4, 2004, IN BOOK 35 OF SURVEYS, AT PAGE 142, SAN JOAQUIN COUNTY  
RECORDS, MORE PARTICULARLY DESCRIBED AS FOLLOWS:

COMMENCING AT A POINT AT THE MOST WESTERN CORNER OF SPRAY FIELD SITE 64, AS SAID  
SPRAY FIELD SITE 64 IS DESCRIBED IN THE DEED FOR EASEMENTS TO THE CITY OF LATHROP,  
RECORDED JULY 7, 2006, AS DOCUMENT NUMBER 2006-147087, SAN JOAQUIN COUNTY  
RECORDS;

THENCE, ALONG THE SOUTHWESTERN LINE OF SAID SPRAY FIELD SITE 64, THE FOLLOWING  
THREE (3) COURSES:

- 1) ALONG THE ARC OF A NON-TANGENT 2,765.00 FOOT RADIUS CURVE TO THE LEFT,  
FROM WHICH THE CENTER OF SAID CURVE BEARS NORTH 41°23'36" EAST, THROUGH A  
CENTRAL ANGLE OF 3°29'07", AN ARC DISTANCE OF 168.19 FEET TO THE POINT OF  
BEGINNING;
- 2) FROM SAID POINT OF BEGINNING, CONTINUING ALONG THE ARC OF SAID NON-  
TANGENT 2,765.00 FOOT RADIUS CURVE TO THE LEFT, FROM WHICH THE CENTER OF  
SAID CURVE BEARS NORTH 37°54'29" EAST, THROUGH A CENTRAL ANGLE OF 4°28'41",  
AN ARC DISTANCE OF 216.10 FEET;
- 3) SOUTH 56°34'12" EAST 853.56 FEET;

THENCE, LEAVING SAID SOUTHWESTERN LINE, SOUTH 33°31'07" WEST 1,543.53 FEET;

THENCE SOUTH 45°10'38" WEST 13.53 FEET;

THENCE NORTH 56°50'49" WEST 1,522.06 FEET TO A POINT ON A LINE THAT IS 30 FEET  
SOUTHEAST, MEASURED AT A RIGHT ANGLE, TO THE NORTHWESTERN LINE OF SAID TRACT  
18;

THENCE, ALONG A LINE PARALLEL WITH AND 30 FEET SOUTHEAST, MEASURED AT A RIGHT  
ANGLE, TO THE TO THE NORTHWESTERN LINE OF SAID TRACT 18, NORTH 43°46'52" EAST  
1,374.29 FEET;

AUGUST 7, 2018

EXHIBIT A  
LEGAL DESCRIPTION  
SPRAY FIELDS 63, 64, 68 & A34  
RIVER ISLANDS, LATHROP

THENCE, ALONG A NON-TANGENT CURVE CONCAVE NORTHERLY A RADIUS OF 207.00 FEET,  
FROM WHICH THE CENTER OF SAID CURVE BEARS NORTH 34°36'42" EAST, THROUGH A  
CENTRAL ANGLE OF 94°58'25", AN ARC DISTANCE OF 343.12 FEET;

CONTAINING 48.8 ACRES, MORE OR LESS.

BEARINGS ARE BASED ON THE CALIFORNIA COORDINATE SYSTEM, CCS83, ZONE 3, NAD 83.  
ALL DISTANCES AND DIMENSIONS SHOWN ARE GROUND DISTANCES.

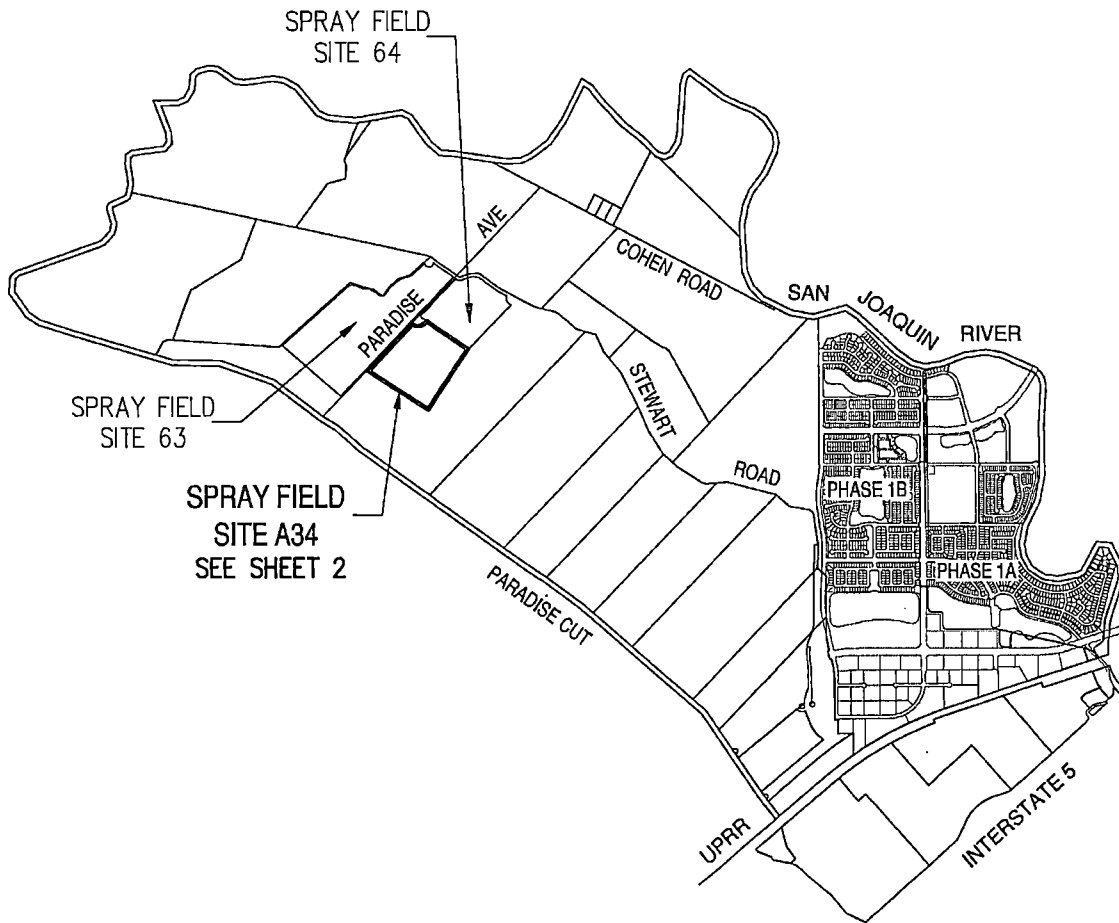
END OF DESCRIPTION

Paul Kittredge  
PAUL KITTREDGE  
PROFESSIONAL LAND SURVEYOR  
CALIFORNIA NO. 5790

8/7/18  
DATE







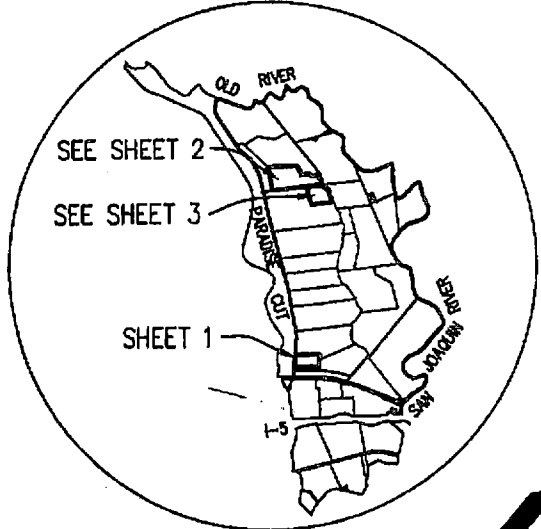
**NOTES:**

- 1. REFER TO SHEET 2 FOR LINE AND CURVE TABLES
- 2. BEARINGS ARE BASED ON NAD 83
- 3. ALL DISTANCES ARE GROUND

SCALE: 1"=4000'	
DRAWN BY: PK	
FILE: 25500 PLAT SPRAY FIELD A34.DWG	
DATE: 7/27/2018	SHEET: 3 OF 4

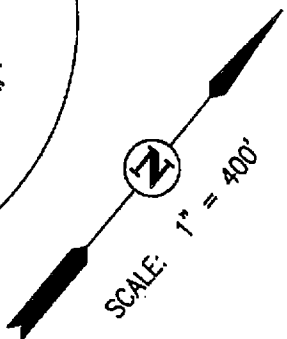
**PLAT TO ACCOMPANY LEGAL DESCRIPTION**  
**RIVER ISLANDS**  
**SPRAY FIELD A34**  
**CITY OF LATHROP SAN JOAQUIN COUNTY CALIFORNIA**





CURVE TABLE			
NO.	RADIUS	DELTA	LENGTH
C1	123.00'	70°14'39"	150.80'
C2	720.00'	28°43'25"	360.95'

LINE TABLE		
NO.	BEARING	LENGTH
L1	N38°17'40"W	74.82'
L2	N34°17'07"W	181.54'
L3	N56°22'56"E	97.50'
L4	N70°08'56"E	36.15'
L5	N19°51'04"W	248.99'
L6	N48°34'29"W	121.35'
L7	N39°36'25"W	22.22'



**LEGEND**

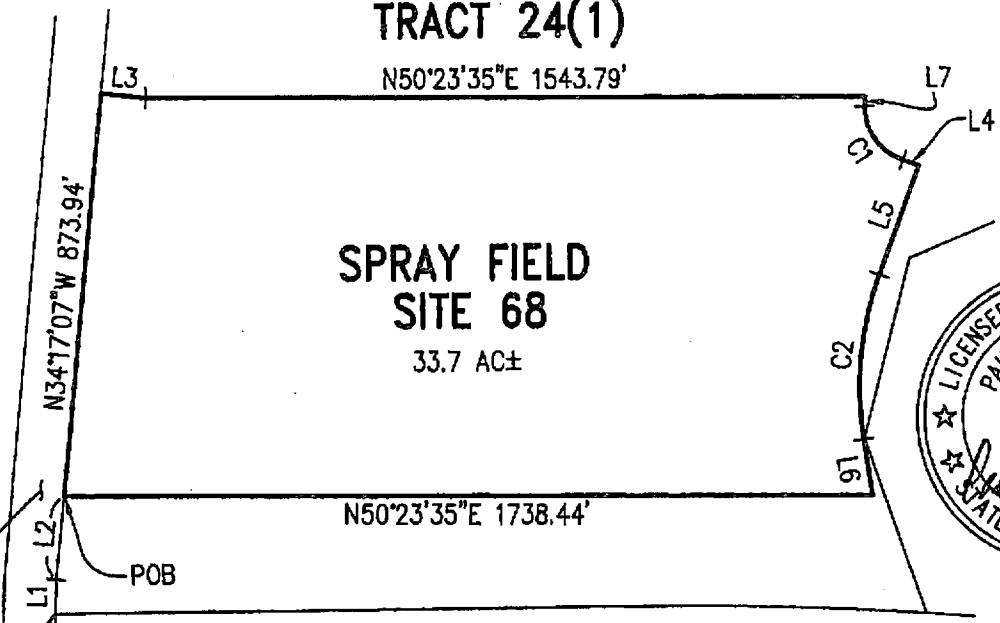
- (1) REFERENCE NUMBER 1
- GROSS AREA LINE

VICINITY MAP

**TRACT 24(1)**

**TRACT 39(1)**

**TRACT 1(1)**



**TRACT 29(1)**

**REFERENCE**

(1) RECORD DATA PER RECORD OF SURVEY FILED AUGUST 4, 2004 IN BOOK 35 OF SURVEYS AT PAGE 142

**EXHIBIT A**

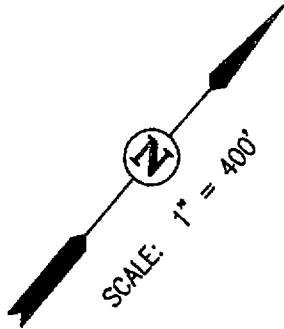
**SPRAY FIELD SITE 68- ACROSS TRACT 24  
RIVER ISLANDS  
LATHROP, CALIFORNIA**

DATE: MAY 26, 2006

SHEET 1 OF 3

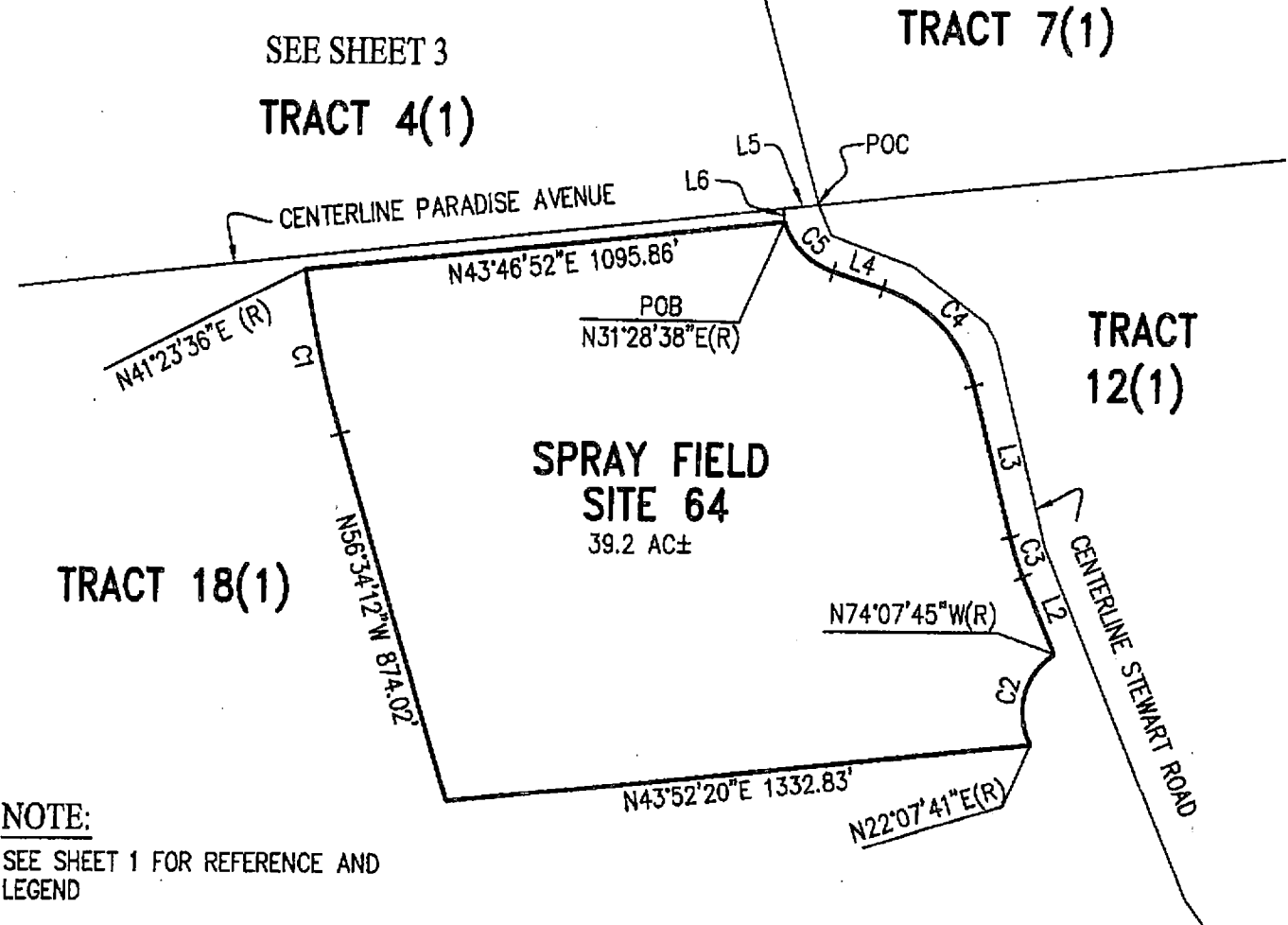
**Carlson, Barbee & Gibson, Inc.**

CIVIL ENGINEERS • SURVEYORS • PLANNERS  
6111 BOLLINGER CANYON ROAD, SUITE 150 SAN RAMON, CALIFORNIA 94583  
TELEPHONE: (925) 866-0322 FAX: (925) 866-8575



CURVE TABLE			
NO.	RADIUS	DELTA	LENGTH
C1	2765.00'	07°57'48"	384.30'
C2	160.00'	83°44'34"	233.85'
C3	640.00'	08°35'49"	96.03'
C4	310.00'	58°13'44"	315.05'
C5	175.00'	53°37'28"	163.79'

LINE TABLE		
NO.	BEARING	LENGTH
L1	N38°17'40"W	74.82'
L2	N62°30'55"W	189.75'
L3	N53°55'06"W	357.70'
L4	N67°51'10"E	119.32'
L5	N43°46'52"E	81.03'
L6	N46°13'08"W	30.00'



**NOTE:**

SEE SHEET 1 FOR REFERENCE AND LEGEND

**EXHIBIT A**  
**SPRAY FIELD SITE 64 – ACROSS TRACT 18**  
**RIVER ISLANDS**  
**LATHROP, CALIFORNIA**

DATE: MAY 26, 2006

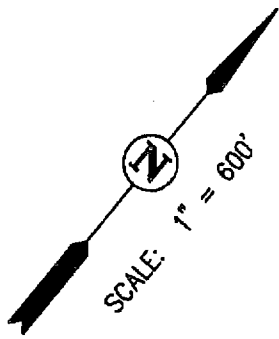
SHEET 2 OF 3

**Carlson, Barbee & Gibson, Inc.**

CIVIL ENGINEERS • SURVEYORS • PLANNERS

6111 BOLLINGER CANYON ROAD, SUITE 150 SAN RAMON, CALIFORNIA 94583

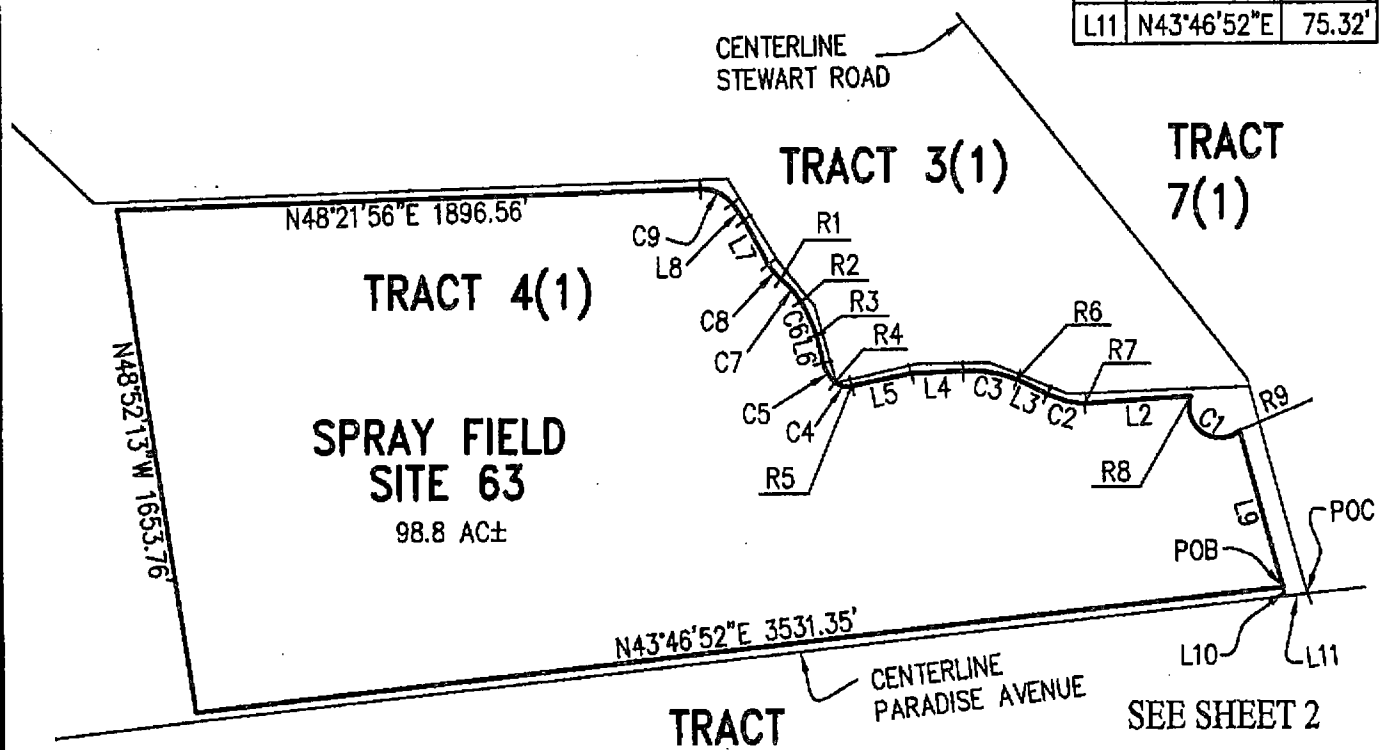
TELEPHONE: (925) 866-0322 FAX: (925) 866-8575



RADIAL TABLE	
NO.	BEARING
R1	N01°41'48"W
R2	N19°06'22"E
R3	N32°10'05"E
R4	N00°14'48"E
R5	N56°13'18"W
R6	N18°07'47"W
R7	N38°37'27"W
R8	N70°49'07"E
R9	N80°24'52"W

CURVE TABLE			
NO.	RADIUS	DELTA	LENGTH
C1	100.00'	151°13'59"	263.95'
C2	285.88'	25°08'09"	125.42'
C3	409.90'	24°24'56"	174.67'
C4	57.42'	56°28'06"	56.59'
C5	117.21'	36°25'18"	74.51'
C6	537.36'	13°03'43"	122.50'
C7	271.11'	20°48'10"	98.43'
C8	153.79'	23°11'08"	62.23'
C9	126.27'	53°34'27"	118.07'

LINE TABLE		
NO.	BEARING	LENGTH
L1	N38°17'40"W	74.82'
L2	N46°20'55"E	339.53'
L3	N76°30'42"E	107.29'
L4	N47°27'17"E	166.69'
L5	N38°50'31"E	194.90'
L6	N53°19'54"W	92.87'
L7	N68°30'40"W	164.62'
L8	N74°51'25"W	67.42'
L9	N55°18'59"W	527.74'
L10	N46°13'08"W	30.00'
L11	N43°46'52"E	75.32'



**NOTE:**  
SEE SHEET 1 FOR REFERENCE AND LEGEND

**EXHIBIT A**  
**SPRAY FIELD SITE 63 – ACROSS TRACT 4**  
**RIVER ISLANDS**  
**LATHROP, CALIFORNIA**  
 DATE: MAY 26, 2006

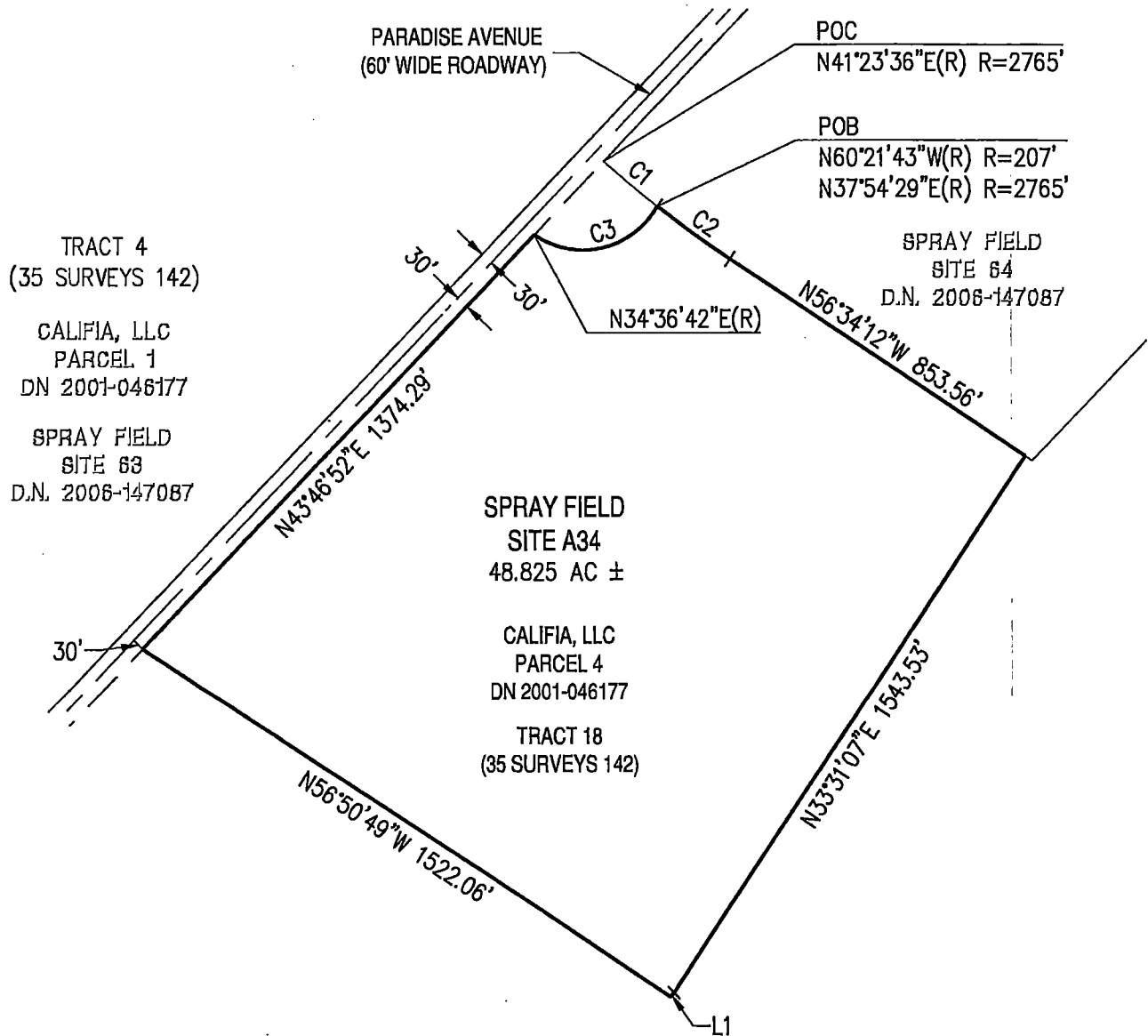
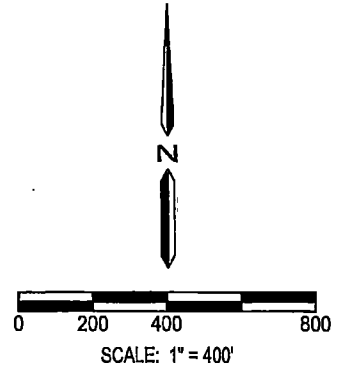
SEE SHEET 2  
SHEET 3 OF 3

**Carlson, Barbee & Gibson, Inc.**

CIVIL ENGINEERS • SURVEYORS • PLANNERS  
 6111 BOLLINGER CANYON ROAD, SUITE 150 SAN RAMON, CALIFORNIA 94583  
 TELEPHONE: (925) 866-0322 FAX: (925) 866-8575

LINE TABLE		
LINE #	DIRECTION	LENGTH
L1	N45°10'38"E	13.53'

CURVE TABLE			
CURVE #	RADIUS	DELTA	LENGTH
C1	2765.00'	3°29'07"	168.19'
C2	2765.00'	4°28'41"	216.10'
C3	207.00'	94°58'25"	343.12'



SCALE: 1"=400'	
DRAWN BY: PK	
FILE: 25500 PLAT SPRAY FIELD A34.DWG	
DATE: 7/27/2018	SHEET: 4 OF 4

**PLAT TO ACCOMPANY LEGAL DESCRIPTION**  
**RIVER ISLANDS**  
**SPRAY FIELD A34**  
**CITY OF LATHROP SAN JOAQUIN COUNTY CALIFORNIA**



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**CITY MANAGER'S REPORT  
AUGUST 13, 2018 CITY COUNCIL REGULAR MEETING****ITEM: TRAFFIC CALMING REQUEST ASSOCIATED  
WITH CIP PS 18-02****RECOMMENDATION: Approve a Resolution Authorizing Staff to  
Install Speed Humps on Argillite Avenue  
Between Pipestone Street and Galena Street  
Associated with CIP PS 18-02 Traffic Calming  
Measures**

---

**SUMMARY:**

Residents submitted a request for consideration of traffic calming measures on Argillite Avenue between Pipestone Street and Galena Street; see attached exhibit. Staff reviewed the request and processed it in accordance with the adopted Traffic Calming Program. Level 1 traffic calming measures have proven unsatisfactory in resolving the concern, as a result, Level 2 and Level 3 treatments are being considered.

Prior to the installation of speed humps the Traffic Calming Program requires a petition containing signatures of at least 50% of the properties that face directly on the block under consideration. Staff is coordinating with residents to complete a petition, speed humps will not be installed without an approved petition.

Sufficient funds have been included in the adopted FY 18-19 Budget in CIP PS 18-02 Traffic Calming Measures for the installation of speed humps. No objections were raised by Lathrop Police Services (LPS) or the Lathrop Manteca Fire District (LMFD). Staff recommends City Council approve the installation of speed humps on Argillite Avenue between Pipestone Street and Galena Street.

**BACKGROUND:**

City Council adopted a Traffic Calming Program to address local neighborhood traffic concerns. The Traffic Calming Program is intended to mitigate the concerns in a systematic and efficient manner and help prevent unintended consequences, such as redirecting traffic to other areas. The Traffic Calming Program provides a broad range of possible solutions to neighborhood traffic concerns. The program incorporates many effective ideas and traffic calming measures that have proven to be successful in other communities throughout the region.

Argillite Avenue is a residential street with a speed limit of 25 miles per hour (mph) and located in the Stonebridge area west of Joseph Widmer Jr. Elementary School. This portion of the Stonebridge development consists of an outer loop with an interior cul-de-sac. Argillite Avenue meets the geometric criteria listed in the Traffic Calming Program for the installation of speed humps.

**CITY MANAGER'S REPORT  
AUGUST 13, 2018 CITY COUNCIL REGULAR MEETING  
TRAFFIC CALMING REQUEST ASSOCIATED WITH CIP PS 18-02**

**PAGE 2**

In accordance with the Traffic Calming Program, staff coordinated with LPS to implement Level 1 traffic calming options. These options included increased police enforcement and the deployment of a speed radar trailer. After a period of 60 calendar days, the Level 1 measures have been unsatisfactory in resolving the residents' concern; as a result, Level 2 and Level 3 measures are being considered.

Level 2 measures include striping narrow lane, optical speed bars, painted chicanes, painted lateral shift, flashing crosswalks and stop signs. Due to roadway geometrics and the need for on street parking, staff has determined that Level 2 measures are not applicable.

Prior to the installation of speed humps, a Level 3 measure, the Traffic Calming Program requires a petition containing signatures of at least 50% of the properties that face directly on the block under consideration. Staff is coordinating with residents to complete a petition, speed humps will not be installed without receiving a petition.

**REASON FOR RECOMMENDATION:**

Level 1 traffic calming measures were implemented and have been unsatisfactory in resolving the residents' concern. No objections were raised by LPS or LMFD regarding the installation of speed humps.

**COUNCIL GOALS ADVANCED BY THIS AGENDA ITEM:**

This agenda item promotes Public Safety by implementing the adopted Traffic Calming Program.

**FISCAL IMPACT:**

None.

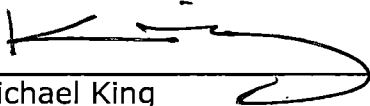
**ATTACHMENTS:**

- A. Resolution Authorizing Staff to Install Speed Humps on Argillite Avenue between Pipestone Street and Galena Street Associated with CIP PS 18-02 Traffic Calming Measures
- B. Speed Hump Installation Exhibit



**CITY MANAGER'S REPORT  
AUGUST 13, 2018 CITY COUNCIL REGULAR MEETING  
TRAFFIC CALMING REQUEST ASSOCIATED WITH CIP PS 18-02**


**APPROVALS:**

  
\_\_\_\_\_  
Michael King  
Assistant Public Works Director

8.9.18  
Date

  
\_\_\_\_\_  
Salvador Navarrete  
City Attorney *(approved by email)*

8/10/18  
Date

  
\_\_\_\_\_  
Stephen J. Salvatore  
City Manager

8-9-18  
Date

**RESOLUTION NO. 18-\_\_\_\_\_**

**A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF LATHROP  
AUTHORIZING STAFF TO INSTALL SPEED HUMPS ON ARGILLITE AVENUE  
BETWEEN PIPESTONE STREET AND GALENA STREET ASSOCIATED WITH  
CIP PS 18-02 TRAFFIC CALING MEASURES**

**WHEREAS**, residents submitted a request for consideration of traffic calming measures on Argillite Avenue between Pipestone Street and Galena Street and staff processed it in accordance with the adopted Traffic Calming Program; and

**WHEREAS**, Level 1 traffic calming measures have proven unsatisfactory in resolving the concern and Level 2 and Level 3 treatments are being considered; and

**WHEREAS**, staff recommends the installation of speed humps on Argillite Avenue between Pipestone Street and Galena Street; and

**WHEREAS**, staff coordinated with Lathrop Police Services and the Lathrop Manteca Fire Department and no objections were raised; and

**WHEREAS**, prior to the installation of speed humps the Traffic Calming Program requires a petition containing signatures of at least 50% of the properties that face directly on the block under consideration.

**WHEREAS**, staff is coordinating with residents to complete a petition, speed humps will not be installed without an approved petition; and

**WHEREAS**, prior to the installation of a Level 2 or Level 3 measure, the Traffic Calming Program requires that an item be submitted to City Council for review and approval; and

**WHEREAS**, letters were sent to the residents on Argillite Avenue between Pipestone Street and Galena Street informing residence of this Council meeting at which the modifications will be considered; and

**WHEREAS**, sufficient funds are included in the adopted FY 18-19 Budget in CIP PS 18-02 Traffic Calming Measures for the installation of speed humps;

**NOW, THEREFORE, BE IT RESOLVED**, that the City Council of the City of Lathrop hereby authorizes staff to install speed humps on Argillite Avenue between Pipestone Street and Galena Street;

The foregoing resolution was passed and adopted this 13<sup>th</sup> day of August 2018, by the following vote of the City Council, to wit:

AYES:

NOES:

ABSTAIN:

ABSENT:

---

Sonny Dhaliwal, Mayor

**ATTEST:**

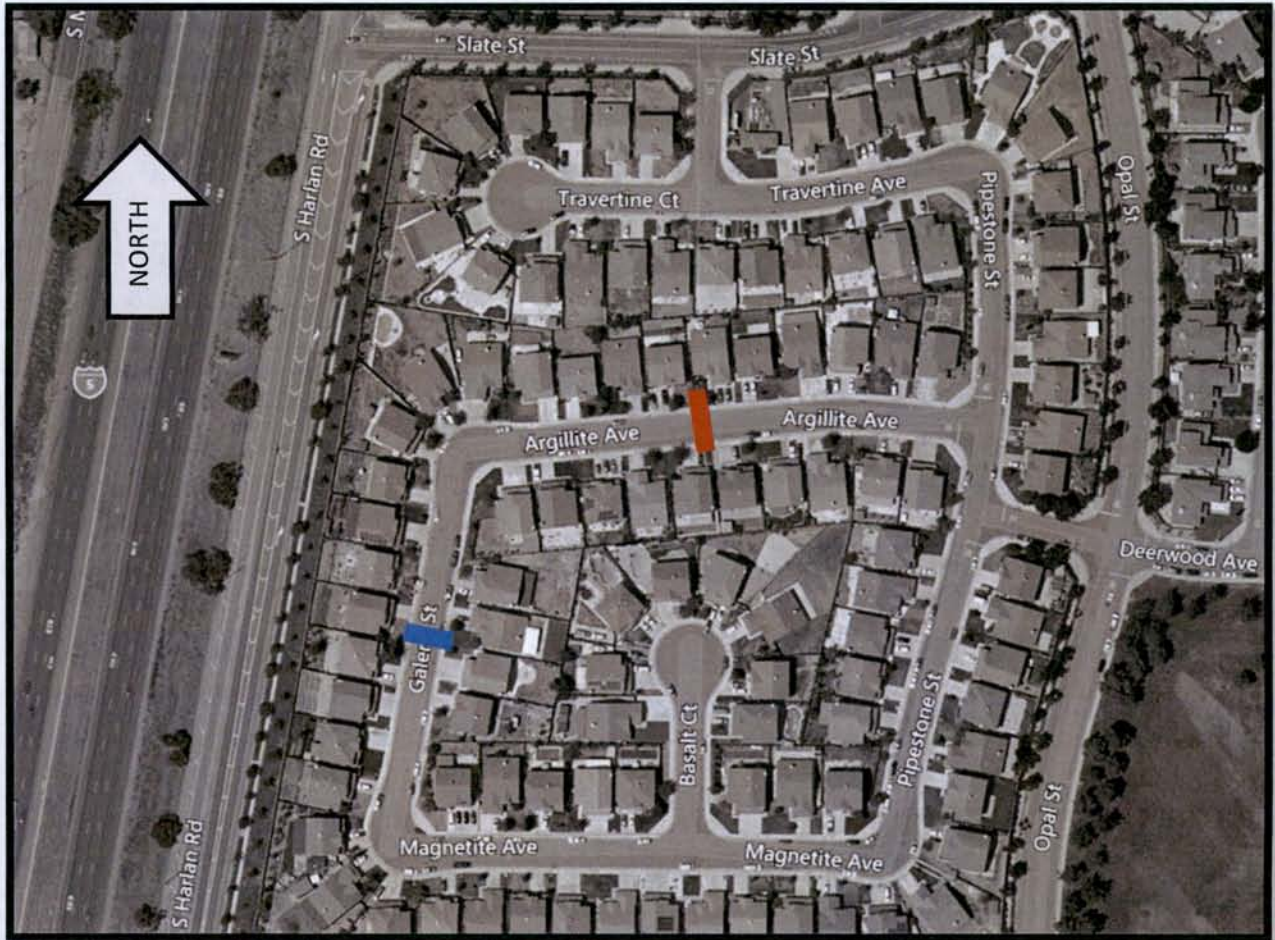
---

Teresa Vargas, City Clerk

**APPROVED AS TO FORM:**

*Teresa Vargas* 8/10/18  
Salvador Navarrete, City Attorney

*Reviewed and approved  
by email.*



Proposed speed hump location 

Existing speed hump locations 



**CITY MANAGER'S REPORT  
AUGUST 13, 2018, CITY COUNCIL REGULAR MEETING  
RESTRUCTURE OF COMMUNITY FACILITIES DISTRICT 2006-1  
SPECIAL TAX BONDS**

California Government Code Section 53760.3, *et al.* The City Attorney and outside counsel met several times with the owner of 92% of the 2006-1 Bonds (whose affiliate entities are the Majority Landowners) ("Saybrook Bondholder") and its outside counsel. As a result of those meetings, the terms of the Restructuring Agreement were negotiated and documented. The Majority Landowners, the Saybrook Bondholder and CFD 2006-1 are now in a position to move forward to implement the restructure of the 2006-1 Bonds, which contemplates paying the minority bondholders (all bondholders other than the Saybrook Bondholder) in full.

In furtherance of the restructuring efforts, on or about July 1, 2017, the Landowners and the City entered into the Deposit Agreement under which the Landowners agreed to fund the costs of the City and its agents in connection with the restructuring efforts pursuant to the terms thereof. The initial deposit forwarded to the City was \$250,000.

Staff believes that it is in the best interest of CFD 2006-1, holders of the 2006-1 Bonds, the City, and its residents to approve the Restructuring Agreement to facilitate the restructure of the defaulted obligations of CFD 2006-1 pursuant to the terms of the Restructuring Agreement. In the Restructuring Agreement the Landowners ask the City to proceed with the establishment of two new CFDs – Community Facilities District No. 2018-1 (Central Lathrop Specific Plan Facilities) and five improvement areas therein ("CFD 2018-1"), and Community Facilities District No. 2018-2 (Central Lathrop Specific Plan Facilities) ("CFD 2018-2") in order to restructure the 2006-1 special taxes and bond debt and facilitate the prepayment of a portion of and a termination of all remaining special taxes (including all penalties and interest) on parcels within the CFD 2006-1 which would be dissolved. CFD 2018-1 would cover approximately \$45,800,000 of the outstanding CFD 2006-1 obligation and CFD 2018-02 would cover approximately \$26,500,000 of the outstanding CFD 2006-1 obligation. After the restructure, 2006-01 will be satisfied on all land and only Saybrook-owned land subject to CFDs 2018-1 and 2018-2.

**BACKGROUND:**

In 2006 CFD 2006-1 was formed and established by the City following a public hearing and a landowner election at which the then qualified electors of CFD 2006-1 authorized CFD 2006-1 to incur bonded indebtedness in the total amount of \$200,000,000 and approved the levy of special taxes pursuant to the Rate and Method of Apportionment of Special Taxes ("2006-1 RMA"). The first 2006-1 Bonds in the aggregate amount of \$50,000,000 were issued in 2006. No further 2006-1 Bonds have been issued or will be issued. The 2006-1 Bonds are limited obligations of CFD 2006-1, secured by and payable solely from the proceeds of the special taxes levied on the property within the boundaries of CFD 2006-1. Semi-annual principal and interest payments to holders of the 2006-1 Bonds are due March 1 and September 1 each year.

The City has the power and is obligated pursuant to the covenants contained in the Bond Indenture for CFD 2006-1 to cause the levy and collection of the special taxes annually in an amount determined according to the 2006-1 RMA. In addition, the City is required to commence and prosecute foreclosure actions upon delinquent property owners within CFD 2006-1 when a property owner fails to pay its special taxes.

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Certain landowners within CFD 2006-1 failed to pay their respective special taxes for fiscal years 2008 through 2018. As of June 30, 2018, there was approximately \$79 million of outstanding delinquent special taxes, plus penalties, interest, and fees of \$56 million. In furtherance of its obligations, the City commenced 12 actions involving the 42 defaulted taxable parcels of land within CFD 2006-1. The City has obtained judgments and Writs of Sale on all but one action. The Writs have been sent to the Sheriff's office. The City is hopeful that Sheriff sales will be scheduled soon. Due to the extent of delinquent amounts, the value of the property and the foreclosure rules set forth under the Mello-Roos Act and in the Bond Indenture, the sale of the property at a foreclosure sale to an unrelated third-party is unlikely.

As a result of the delinquent special taxes, principal payments to the owners of the 2006-1 Bonds have not been made since 2007. Only a minimal amount of interest has been paid during this time from the Reserve Fund. The Reserve Fund has been depleted. As of June 30, 2018, the principal balance due on the 2006-1 Bonds is \$49,750,000, of that amount \$3,900,000 is currently due and payable. In addition, there is approximately \$25,955,800 in accrued and unpaid interest due the owners of the 2006-1 Bonds.

The Saybrook Bondholder owns \$45,735,000 (or 92%) of the 2006-1 Bonds. Staff has identified the brokers/dealers of the owners of the remaining \$4,015,000 (or 8%) of the 2006-1 Bonds ("Minority Bondholders"). The ultimate beneficial owners cannot be readily identified, although there is a process in place to ensure that beneficial owners of the 2006-1 Bonds receive notice of the transactions contemplated under the Restructuring Agreement.

Staff has determined that the approval of the Restructuring Agreement and consummation of the transactions contained therein, is necessary and appropriate in order to (i) pay in full the Minority Bondholders, (ii) restructure the remaining indebtedness of CFD 2006-1 in the amount of approximately \$76 million, and (iii) facilitate the prepayment of a portion of and a termination of all remaining special taxes (including all penalties and interest) on parcels within CFD 2006-1, certain of which parcels are proposed to be included in CFD 2018-1 and, in turn, end CFD 2006-1's obligations to bondholders.

The most important terms of the Restructuring Agreement are as follows:

1. City will establish CFD 2018-1 and CFD 2018-2 for the purpose of paying off in full the obligations of the 2006-1 Bonds owned by Saybrook Bondholder. The boundaries of CFD 2018-1 and CFD 2018-2 are identical but the parcels within CFD 2018-1 and CFD 2018-2 are only portion of the parcels that make up CFD 2006-1. CFD 2006-1 future obligations will be removed from all parcels not owned by Saybrook.
2. City will take the actions necessary to authorize and issue the Series 2018-1 Bonds on behalf of CFD 2018-1 and the Series 2018-2 Bonds on behalf of CFD 2018-2 (collectively, "Series 2018 Bonds") in the collective approximate amount of \$76 million for the purpose of paying off in full and cancelling the CFD 2006-1 Bonds owned by Saybrook

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Bondholder. The Series 2018 Bonds will be secured by the levy of special taxes pursuant to the applicable Rate and Method of Apportionment of Special Taxes CFD 2018-1 and CFD 2018-2.

3. The City and Saybrook Bondholder will instruct the Trustee of the 2006-1 Bonds ("2006 Trustee") to commence an action in a court in Minnesota seeking instruction relating to the administration of a trust pursuant to Minn. Statute § 501C.0201-0208 ("TIP Proceeding") to: (i) obtain an order authorizing and directing the 2006 Trustee to make the payments to Minority Bondholders as described in the Restructuring Agreement; (ii) satisfy in full matured 2006-1 Bonds owned by the Minority Bondholders pursuant to Section 8.3 of the 2006 Bond Indenture; (iii) redeem in full the unmatured 2006-1 Bonds owned by the Minority Bondholders; and (iv) carry out the other actions related thereto ("Final Tip Order").
4. The closing of the bond transactions is anticipated to be not more than ninety (90) days following the last to occur, unless otherwise extended by the parties ("Closing Date"), of (i) the receipt of resolutions establishing CFD 2018-1 and CFD 2018-2 and authorizing the issuance of the Series 2018 Bonds, the effectiveness of which will be subject only to the actual occurrence of the Closing Date, and (ii) the receipt of a Final TIP Order. The Restructuring Agreement terminates if the Closing Date does occur within 24 months of the execution by all of the parties, unless it is otherwise extended by agreement of the parties.
5. Prior to the Closing Date, the Landowners will remit to the 2006 Trustee cash in the amount necessary to satisfy in full the obligations of the Minority Bondholders under the 2006-1 Bonds.
6. On the Closing Date, the 2006 Trustee will (i) pay Minority Bondholders the amount necessary to satisfy in full the principal and delinquent interest owed on their respective matured and unmatured 2006-1 Bonds, and (ii) deliver Saybrook Bondholder its new holdings of Series 2018-1 Bonds and Series 2018-2 Bonds, in certificated form, to satisfy in full the principal and delinquent interest owed under Saybrook Bondholder's 2006-1 Bonds.
7. In connection with the Closing, the City, with approval of Council, will discharge and waive all or any portion of the past, current, or future CFD 2006-1 special taxes and the delinquent special taxes and all penalties, interest, costs and other charges accrued thereon, that remain outstanding with respect to CFD 2006-1 special taxes that were levied in any fiscal year pursuant to the CFD 2006-1 RMA.
8. Upon the occurrence of the closing, Saybrook Bondholder releases and discharges the City from any and all claims, demands, causes of action, and expenses arising from or relating in any way to (a) the 2006-1 Bonds (b) the receipt of Series 2018 Bonds in lieu of a cash payment to discharge the obligations of its holdings of 2006-1 Bonds, (c) the discharge and



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waiver by the City and CFD 2006-1 of all or any portion of the past, current, or future CFD 2006-1 special taxes and the delinquent special taxes and all penalties, interest, costs, and other charges accrued thereon that remain outstanding with respect to CFD 2006-1 special taxes that were levied in any fiscal year pursuant to the CFD 2006-1 RMA, (d) the dissolution of the CFD 2006-1, (e) unpaid interest and principal payments under its 2006-1 Bonds as of the Closing Date in excess of the Series 2018 Bonds it will receive (only if less than \$1,000), (f) the risk that the Series 2018-2 Bonds may not be paid in full or otherwise ever satisfied in full, and (g) the special tax formula in the CFD 2018-2.

The City, acting on behalf of CFD 2006-1, has previously retained the firms of Allen Matkins Leck Gamble Mallory & Natsis as Special Counsel, Jones Hall as Bond Counsel, and Goodwin Consulting Group as Special Tax consultant to negotiate the terms of the Restructuring Agreement and implement the same.

**REASON FOR RECOMMENDATION:**

Once the indebtedness of CFD 2006-1 has been restructured, the delinquency issues of CFD 2006-1 will have been resolved, thereby facilitating the current development plan of land within CFD 2018-1 (and overlapping CFD 2018-2) which will benefit the City, its citizens and the community. Upon a successful restructure of the obligations of CFD 2006-1, residential, retail, and commercial development should begin in Central Lathrop. Additionally, the City will have resolved the delinquency issues related to CFD 2006-1 and the negative effect it may have had on the City's ability to borrow funds in the market.

**FISCAL IMPACT:**

There is no negative Fiscal Impact to the City and its general fund. Pursuant to the Deposit Agreement, as amended, by and between the City and the Majority Landowners all costs of the transactions contemplated under the Restructuring Agreement are being paid by the Majority Landowners.

**ATTACHMENTS:**


1. Restructuring Agreement for City of Lathrop, Community Facilities District No. 2006-1 by and between City of Lathrop, Saybrook CLSP, LLC, Lathrop Land Acquisition, LLC, Lathrop Acquisition LLC, and UMB Bank.
2. A Resolution of the City Council of the City of Lathrop Acting as the Legislative Body of the Community Facilities District 2006-01 to Approve a Restructuring Agreement Related to Community Facilities District No. 2006-1 (Central Lathrop Specific Plan Phase 1 Infrastructure), Authorize certain Action by the Bond Trustee Related thereto, Authorize and Alternate Form of Prepayment of Special Tax Obligation for Parcels Within Such Community Facilities District and Approving Related Documents and Actions. Exhibit A is a copy of the Restructuring Agreement as Attachment 1.

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SPECIAL TAX BONDS**

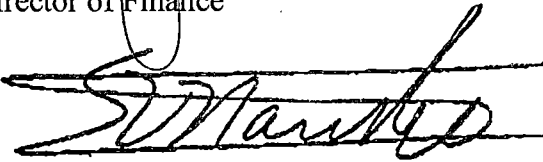
3. A Resolution of the City Council of the City of Lathrop to Establish a Community Facilities District (CFD 2018-1) and Five Improvement Areas therein and Levy a Special Tax.
4. A Resolution of the City Council of the City of Lathrop to Incur Bonded Indebtedness in and for each Improvement Area of a Community Facilities District (CFD 2018-1).
5. A Resolution of the City Council of the City of Lathrop to Establish a Community Facilities District (CFD 2018-2) and Levy a Special Tax.
6. A Resolution of the City Council of the City of Lathrop to Incur Bonded Indebtedness in and for a Community Facilities District (CFD 2018-2).
7. Boundary Maps.

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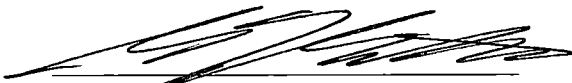
**APPROVALS:**

  
\_\_\_\_\_  
Cari James  
Director of Finance

8/8/18  
\_\_\_\_\_  
Date

  
\_\_\_\_\_  
Salvador Navarrete  
City Attorney

8/8/18  
\_\_\_\_\_  
Date

  
\_\_\_\_\_  
Stephen J. Salvatore  
City Manager

8-9-18  
\_\_\_\_\_  
Date

**ATTACHMENT 1**  
**RESTRUCTURING AGREEMENT**

**RESTRUCTURING AGREEMENT FOR CITY OF LATHROP,  
COMMUNITY FACILITIES DISTRICT NO. 2006-1**

THIS RESTRUCTURING AGREEMENT FOR CITY OF LATHROP, COMMUNITY FACILITIES DISTRICT NO. 2006-1 ("Agreement") is made and entered into this \_\_ day of August 2018, by and between the CITY OF LATHROP, a California general law city, for itself ("City") and on behalf of COMMUNITY FACILITIES DISTRICT NO. 2006-1 ("CFD 2006-1," and together with City, "City Parties"), SAYBROOK CLSP, LLC, a Delaware limited liability company ("CLSP"), LATHROP LAND ACQUISITION, LLC, a Delaware limited liability company ("LLA"), LATHROP ACQUISITION LLC, a Delaware limited liability company ("Saybrook Bondholder," and together with CLSP and LLA, the "Saybrook Parties"), and UMB Bank, National Association, not individually, but solely in its capacity as trustee ("Trustee"), trustee under the 2006 Bond Indenture (as defined below), in relation to the matters below. For purposes of this Agreement, the City, CFD 2006-1, LLA, CLSP, Saybrook Bondholder, and Trustee shall be referred to herein individually as a "Party" and collectively as the "Parties," as appropriate. Capitalized terms used in this Agreement, including the Recitals, that are not otherwise defined shall have the meaning given such terms in Article I of this Agreement.

**RECITALS**

**FORMATION OF THE 2006 CFD**

A. On June 6, 2006, pursuant to the Mello-Roos Act, Lathrop City Council adopted Resolution No. 06-2164 forming CFD 2006-1, encompassing approximately 890 acres intended for mixed use, master-planned communities on the western boundary of the City ("Site") within the larger area designated for development as the Central Lathrop Specific Plan. Contemporaneously with its formation, Lathrop City Council adopted a Rate and Method of Apportionment for a Special Tax ("CFD 2006-1 RMA"), authorized the issuance of bonds to finance certain public facilities for the Site, and approved the levy of Special Taxes as reflected in the CFD 2006-1 RMA to, among other things, service the debt on any bonds issued.

**ISSUANCE OF 2006-1 BONDS**

B. On July 18, 2006, in connection with Resolution No. 06-2209, the City, for and on behalf of CFD 2006-1, authorized the issuance of \$50,000,000 aggregate principal amount of the City of Lathrop Community Facilities District No. 2006-1 (Central Lathrop Specific Plan Phase 1 Infrastructure) Special Tax Bonds, Series 2006 (Base CUSIP No. 51825P) to finance the construction of certain public facilities for the Site. The 2006-1 Bonds were issued under an Indenture, dated September 1, 2006, between the City and the Trustee, as such was supplemented and amended subsequent to the initial execution (as so supplemented and amended, the "2006 Bond Indenture").

C. The 2006-1 Bonds are secured by a first-priority security interest in net special taxes levied against the taxable land within the boundaries of CFD 2006-1 (CFD 2006-1 Special Taxes and equivalents, including proceeds from foreclosure sales, if any, less administrative costs of CFD 2006-1), and certain bank accounts maintained by the Trustee.

## DEFAULTS UNDER THE 2006-1 BONDS

D. As a result of the non-payment of CFD 2006-1 Special Taxes by the property owners within the boundaries of CFD 2006-1 and depletion of the Reserve Fund (as defined in the 2006 Bond Indenture), CFD 2006-1 has been unable to pay principal and interest payments to the owners of the 2006-1 Bonds when such payments have been due.

E. As of June 30, 2018, 2006-1 Bonds in an aggregate principal amount of \$49,750,000 remain outstanding, of which \$3,900,000 has fully matured. As of that same date, accrued and unpaid interest (including, interest on interest) of approximately \$26 million remains outstanding.

F. As of June 30, 2018, the Trustee maintained the following accounts, as each are described in the 2006 Bond Indenture: \$296,062.07 in the Special Tax Fund, \$50.81 in the Improvement Fund, \$0.32 in the Reserve Fund, and \$38,602.38 in the Trustee Fee and Compliance Expense Reserve Fund Account.

G. Saybrook Bondholder owns \$45,735,000 of 2006-1 Bonds, representing approximately ninety-two percent (92%) of all 2006-1 Bonds. The remaining \$4,015,000 of 2006-1 Bonds, approximately eight percent (8%), are owned generally by retail investors.

H. On May 15, 2017, in connection with restructuring efforts of the obligations of CFD 2006-1, Lathrop City Council, acting as the legislative body of CFD 2006-1, authorized the commencement of the AB 506 Process. Notice of the AB 506 Process was served on all holders of 2006-1 Bonds. As of June 30, 2018, in addition to Saybrook Bondholder, the City has received responses from fifteen (15) other owners of 2006-1 Bonds that have indicated a willingness to participate in the process. These fifteen (15) other owners, own \$990,000 (or approximately 2%) of the 2006-1 Bonds.

## THE PROPERTY WITHIN CFD 2006-1

I. As of the date hereof, CLSP and LLA (collectively, "Landowners") own all but one of the land parcels currently subject to the payment of CFD 2006-1 Special Taxes.

J. CFD 2006-1 Special Taxes are delinquent against all taxable parcels within CFD 2006-1. As of June 30, 2018, the total amount of delinquent CFD 2006-1 Special Taxes was \$78,860,120.03, plus penalties, interest, and other charges of \$56,150,564.63.

K. The City, on behalf of CFD 2006-1, has commenced and is prosecuting twelve (12) judicial foreclosure proceedings ("Foreclosure Litigation") with respect to the delinquent taxable parcels within CFD 2006-1 under the Mello Roos Act, including those parcels owned by the Landowners. Judgments have been obtained with respect to eleven (11) of the proceedings and sheriff sales are currently being calendared. In addition to the amounts due and owing with respect to CFD 2006-1, the judgments also include the amounts due and owing with respect to special taxes levied by the City of Lathrop Community Facilities District No. 2006-2 (Central Lathrop Specific Plan Services ("CFD 2006-2"). One hundred percent (100%) of the proceeds of sheriff sales, if any, prior to the Closing Date will be allocated as noted in the judgments between CFD 2006-1 and CFD 2006-2 (which amounts will cover all delinquent special taxes, penalties,

interest and costs for both CFD 2006-1 and CFD 2006-2) and (i) deposited as required under the 2006 Bond Indenture in the Special Tax Fund account and the Trustee Fee and Compliance Expense Reserve Fund account with respect to amounts relating to CFD 2006-1 (and subsequently applied as noted in this Agreement), and (ii) reimbursed to the City and County as required by CFD 2006-2 with respect to amounts relating to CFD 2006-2.

L. On December 5, 2016, Lathrop City Council adopted Ordinance No. 16-370 with respect to the approval of the Assignment and Amendment of Development Agreement dated December 5, 2016, by and between the City, on the one hand, and the Landowners, on the other hand ("Development Agreement"), relating to a large portion of the property located in CFD 2006-1 owned or to be owned by the Landowners.

M. The City has made adequate progress in connection with its required findings under Senate Bill 5 relating to flood management involving the Sacramento-San Joaquin Valley.

N. Now that development of their property is feasible, the Landowners believe that a restructuring of the obligations of CFD 2006-1 is necessary to ensure that the development of the property progresses and the payment of principal and interest on the 2006-1 Bonds, as restructured herein, occurs.

O. In furtherance of the restructuring, on or about July 1, 2017, the Landowners and the City entered into the Deposit Agreement under which the Landowners agreed to fund the costs of the City and its agents in connection therewith pursuant to the terms thereof. On or about August 7, 2018, the Deposit Agreement was amended to include the costs of the Trustee and its agents, other than amounts paid to the Trustee and its agents from accounts held under the 2006 Bond Indenture.

## AGREEMENT

NOW, THEREFORE, in consideration of the above recitals, the covenants and agreements made herein, and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the Parties hereto agree as follows:

### ARTICLE I

**Section 1.1 Definitions.** Unless the context otherwise requires, the capitalized terms used in this Agreement, including the Recitals, and defined in this Section, shall, for all purposes of this Agreement, have the meanings herein specified.

"2006-1 Bonds" means the outstanding CFD 2006-1 Special Tax Bonds, Series 2006 (Base CUSIP No. 51825P) issued by CFD 2006-1 in the current outstanding principal amount of \$49,750,000.

"2006 Bond Indenture" has the meaning ascribed to it in Recital B.

"2018-1 Bond Indenture" means the single Indenture between the City and the Trustee governing the Series 2018-1 Bonds, or alternatively and as applicable, a separate indenture for each Improvement Area.

"2018-2 Bond Indenture" means the Indenture between the City and the Trustee governing the Series 2018-2 Bonds.

"AB 506 Process" means the proceeding initiated by the City pursuant to California Government Code Section 53760.3, *et al.* for the purposes of communicating with the owners of the 2006-1 Bonds as a prerequisite to taking action with respect to any potential bankruptcy case for CFD 2006-1.

"Accredited Investor" shall have the meaning ascribed thereto in Rule 506 of Regulation D promulgated under and pursuant to the United States Securities Act of 1933, as amended.

"Acknowledgment and Waiver" has the meaning ascribed to it in Section 6.1.

"Administrative Expense Reserve Fund" has the meaning ascribed to it in Section 8.1.

"Agreement" means this Restructuring Agreement for City of Lathrop, Community Facilities District No. 2006-1.

"Bondholders" means the owners of the 2006-1 Bonds.

"City" means the City of Lathrop.

"CFD 2006-1" means City of Lathrop Community Facilities District No. 2006-1 (Central Lathrop Specific Plan Phase 1 Infrastructure).

"CFD 2006-1 RMA" has the meaning ascribed to it in Recital A.

"CFD 2006-1 Special Taxes" means the special taxes levied on the taxable parcels of property located within CFD 2006-1 pursuant to the CFD 2006-1 RMA.

"CFD 2006-2" means City of Lathrop Community Facilities District No. 2006-2 (Central Lathrop Specific Plan Services).

"CFD 2018-1" means City of Lathrop Community Facilities District No. 2018-1.

"CFD 2018-1 RMA" means collectively, the Rate and Method of Apportionment for City of Lathrop Community Facilities District No. 2018-1 for each of the Improvement Areas.

"CFD 2018-1 Special Taxes" means the special taxes levied on the taxable parcels of property located within CFD 2018-1 and each Improvement Area therein, pursuant to the respective CFD 2018-1 RMA.

"CFD 2018-2" means City of Lathrop Community Facilities District No. 2018-2.

"CFD 2018-2 RMA" means the Rate and Method of Apportionment for City of Lathrop Community Facilities District No. 2018-2.

"CFD 2018-2 Special Taxes" means the Maximum One-Time Special Tax levied on the taxable parcels of property located within CFD 2018-2 pursuant to the CFD 2018-2 RMA.



"CFD Proceeding" means the proceedings pursuant to the Mello Roos Act to establish CFD 2018-1 and CFD 2018-2, approval of the CFD 2018-1 RMAs and CFD 2018-2 RMA and special taxes levied pursuant thereto, and to approve and issue the Series 2018-1 Bonds and Series 2018-2 Bonds.

"City Indemnitees" has meaning ascribed to it in Section 6.6.

"Closing" shall have the meaning ascribed to it in Section 4.1.

"Closing Date" shall have the meaning ascribed to it in Section 4.1.

"Council Member" means the members of the Lathrop City Council.

"Delinquent Interest" means the aggregate amount of interest accrued on the 2006-1 Bonds, including interest on interest, that remains unpaid.

"Delinquent Special Taxes" means the aggregate amount of CFD 2006-1 Special Taxes levied by the City, on behalf of CFD 2006-1, against taxable parcels/lots within the boundaries of CFD 2006-1 in accordance with CFD 2006-1 RMA, that remain unpaid at any given time.

"Deposit Agreement" means the Deposit Agreement dated July 1, 2017, by and between the Landowners, on the one hand, and the City, on the other hand, as amended thereafter by the parties.

"Development Agreement" has the meaning ascribed to it in Recital K.

"DTC" means Depository Trust Company.

"DWAC" has the meaning ascribed to it in Section 6.2.

"Extraordinary Administration Deposit" shall mean \$200,000.

"Final Tip Order" means with respect to the TIP Proceeding, sixty-three (63) days following the filing of notice of the order obtained by the Trustee in the TIP Proceeding authorizing and directing the Trustee to, among other things, make the payments described in Sections 5.1 and 5.3 to the Minority Bondholders, provided that the order has not been appealed, stayed or vacated during the 63 day period.

"Foreclosure Litigation" has the meaning ascribed to it in Recital J.

"Improvement Area" means one or more of the improvement areas 1, 2, 3, 4, and/or 5 located within CFD 2018-1, as shown on the Boundary Map attached hereto as Exhibit A.

"Landowners" has the meaning ascribed to it in Recital H.

"Lathrop City Council" means the City Council for the City of Lathrop.

"Limited Developer Disclosure" shall have the meaning ascribed in paragraph 9 of Exhibit D.

"Matured 2006-1 Bonds" means the series of 2006-1 Bonds that have matured.

"Maximum One-Time Special Tax" has the meaning ascribed to it in the CFD 2018-2 RMA.

"Mello Roos Act" shall mean the Mello-Roos Community Facilities Act of 1982, Chapter 2.5 (commencing with Section 53311) of Division 2 of Part I of Title 5 of the California Government Code.

"Minority Bondholders" means the Bondholders, other than Saybrook Bondholder, representing approximately 8% of the outstanding 2006-1 Bonds holding \$4,015,000 principal amount of 2006-1 Bonds.

"Minority Bondholder Acknowledgment and Waiver" has the meaning ascribed to it in Section 5.8.

"Minority Holder Payment Date" has the meaning ascribed to it in Section 4.2.

"Party" or "Parties" mean City, LLA, CLSP, Saybrook Bondholder, and the Trustee.

"Payment Confirmation" has the meaning ascribed to it in Section 5.5.

"Payment Instructions" has the meaning ascribed to it in Section 4.3.

"Principal" means the principal due at any given time on the 2006-1 Bonds.

"PPM" means Private Placement Memorandum.

"Saybrook Bondholder" means Lathrop Acquisition LLC, the majority Bondholder owning approximately 92% of the outstanding 2006-1 Bonds.

"Series 2018 Bonds" means collectively, the Series 2018-1 Bonds and Series 2018-2 Bonds.

"Series 2018-1 Bonds" means, collectively, the special tax bonds issued with respect to the Improvement Areas in the principal amount of \$45,735,000 that will be issued by CFD 2018-1 to Saybrook Bondholder on the Closing Date; or as required by the context, such special tax bonds for any specific Improvement Area.

"Series 2018-2 Bond Maturity Date" has the meaning ascribed to it in paragraph 2 on Exhibit E.

"Series 2018-2 Bonds" means special tax bonds that will be issued by CFD 2018-2 to Saybrook Bondholder on the Closing Date in the principal amount equal to the principal amount of 2006-1 Bonds held by Saybrook Bondholder plus Delinquent Interest owed thereunder as of the Closing Date less the aggregate amount of Series 2018-1 Bonds issued on the Closing Date to Saybrook Bondholder.

"Site" has the meaning ascribed to it in Recital A.

"TIP Proceeding" has the meaning ascribed to it in Section 3.1.

"Triangle" means all of the parcels/lots owned by LLA within Improvement Area 1.

"Trustee" means UMB Bank.

"Unmatured 2006-1 Bonds" means the 2006-1 Bonds that have yet to mature.

**Section 1.2** Internal References. All references herein to "Articles," "Sections" and other subsections or subdivisions are to the corresponding Articles, Sections or subsections or subdivisions of this Agreement. The words "herein," "hereof," "hereunder" and other words of similar import refer to this Agreement as a whole and not to any particular article, section or subdivision hereof.

## **ARTICLE II ESTABLISHMENT OF NEW COMMUNITY FACILITIES DISTRICTS**

**Section 2.1** Formation of CFD 2018-1 and CFD 2018-2. City shall take the actions necessary and appropriate under the Mello Roos Act to establish and form CFD 2018-1 and CFD 2018-2 for the purpose of paying off in full the obligations of the 2006-1 Bonds owned by Saybrook Bondholder and secured by the special taxes authorized to be levied under the CFD 2006-1 RMA. The boundary maps for: (i) CFD 2018-1 and each of the Improvement Areas therein, each of which is comprised of the assessor parcels identified therein, and (ii) CFD 2018-2, are attached collectively hereto as Exhibit A. LLA agrees it will not protest the formation of CFD 2018-1 and CFD 2018-2, the levy of CFD 2018-1 Special Taxes within CFD 2018-1, the levy of the CFD 2018-2 Maximum One-Time Special Tax or CFD 2018-2 Minimum One-Time Special Tax, as applicable, within CFD 2018-2, the issuance of the Series 2018-1 Bonds secured by such CFD 2018-1 Special Taxes, the issuance of the Series 2018-2 Bonds secured by CFD 2018-2 Special Taxes and agrees to cast its ballot in favor of the levy of the CFD 2018-1 Special Taxes within CFD 2018-1, the CFD 2018-2 Special Taxes within CFD 2018-2, the issuance of Series 2018-1 Bonds and Series 2018-2 Bonds, and the establishment of appropriation limits for each of the Improvement Areas within CFD 2018-1 and CFD 2018-2, the aggregate of which equal the aggregate principal amount of the Series 2018-1 Bonds and Series 2018-2 Bonds. The City will make all required findings necessary to allow the Landowners to tender any Series 2018 Bonds in full satisfaction of special taxes, penalties and interest thereon pursuant to Section 53344.1 and/or 53356.8 of the Mello Roos Act, as applicable.

**Section 2.2** CFD 2018-1 RMA. CFD 2018-1 RMA for each of the Improvement Areas, in substantially the forms attached hereto as Exhibit B, shall be used in connection with CFD 2018-1 formation proceedings. The terms and provisions of the CFD 2018-1 Special Taxes are set forth in the CFD 2018-1 RMAs and, if required for any reason, including current market conditions, coverage requirements or laws and regulations applicable to the issuance of the Series 2018-1 Bonds may be amended or otherwise altered with the prior written consent of the Landowners and the City Parties and in accordance with the terms of the Mello Roos Act.

**Section 2.3** CFD 2018-2 RMA. CFD 2018-2 RMA, in substantially the form attached hereto as Exhibit C, shall be used in connection with CFD 2018-2 formation proceedings. The terms and provisions of the Maximum One-Time Special Tax are set forth in the CFD 2018-2

RMA and, if required for any reason including current market conditions, or laws and regulations applicable to the issuance of the Series 2018-2 Bonds may be amended or otherwise altered with the prior written consent of the Landowners and the City Parties and in accordance with the terms of the Mello Roos Act.

**Section 2.4** Issuance of Series 2018 Bonds. City shall take the actions necessary and appropriate under the Mello Roos Act to authorize and issue the Series 2018-1 Bonds on behalf of CFD 2018-1 and the Series 2018-2 Bonds on behalf of CFD 2018-2, for the purpose of paying off in full and cancelling the CFD 2006-1 Bonds owned by Saybrook Bondholder. The terms and conditions of the Series 2018-1 Bonds and the Series 2018-2 Bonds are set forth in Exhibits D and E, respectively, attached hereto and further defined as set forth in this Agreement and in the 2018-1 Bond Indenture and 2018-2 Bond Indenture. Such terms and conditions may be subject to change pursuant to market conditions and/or other legal or regulatory requirements but only upon receipt of the prior written consent of the City Parties, the Landowners, and the Trustee with respect to provisions impacting to the Trustee.

### **ARTICLE III TIP PROCEEDING**

**Section 3.1** Commencement of TIP Proceeding. In contemplation of the closing of the transactions contemplated herein, the Saybrook Bondholder and the City shall consent and direct the Trustee to file a petition seeking instruction relating to the administration of a trust pursuant to Minn. Statute § 501C.0201-0208 ("TIP Proceeding") in a court of competent jurisdiction in Minnesota to (i) obtain an order authorizing and directing the Trustee to make the payments to Minority Bondholders as described in Sections 5.1 and 5.3 below; (ii) satisfy in full Matured 2006-1 Bonds owned by the Minority Bondholders pursuant to Section 8.3 of the 2006 Bond Indenture; (iii) redeem in full the Unmatured 2006-1 Bonds owned by the Minority Bondholders pursuant to Section 4.1(a) of the 2006 Bond Indenture; (iv) carry out the other actions and responsibilities of the Trustee set forth herein; and (v) take such further actions as are consistent with and reasonably necessary to effectuate the transactions contemplated by this Agreement. Once such order becomes a Final TIP Order, such order shall constitute the written notice to the Trustee of the Saybrook Bondholder and the City Parties' election to (i) pay the Minority Bondholders amounts due on the Matured 2006-1 Bonds, and (ii) redeem the Minority Bondholders' Unmatured 2006-1 Bonds maturing on or after September 1, 2018, or such other date as the City Parties and Landowners agree upon, as required pursuant to Section 4.1(a) of the 2006 Bond Indenture, each in accordance with this Agreement and the Final TIP Order. The Parties agree that it is their intent to commence the TIP Proceeding as soon as practicable.

### **ARTICLE IV PAYMENT OF DEFAULTED SPECIAL TAXES**

**Section 4.1** Scheduling Closing Date. Subject to Section 4.2 below, the Parties shall select a date to close ("Closing") the bond transactions contemplated herein ("Closing Date") that is not more than ninety (90) days following the last to occur, unless otherwise extended by the Parties, of (i) the receipt of resolutions establishing CFD 2018-1 and CFD 2018-2 and authorizing the issuance of the Series 2018 Bonds, the effectiveness of which will be subject only to the actual occurrence of the Closing Date, and (ii) the receipt of a Final TIP Order. This Agreement shall

terminate if the Closing Date has not occurred within twenty-four months of the effectiveness of this Agreement, unless otherwise extended by agreement of the Parties.

**Section 4.2** Landowners Election to Pay Minority Bondholders. It is currently anticipated that the Landowners will make all required payments pursuant to Section 5.1 and 5.3 hereof in conjunction with the Closing; however, notwithstanding anything in this Article IV to the contrary, should the Landowners decide to proceed with the payment to the Minority Bondholders provided for in Sections 5.1 and 5.3 below upon receipt of a Final TIP Order but prior to the satisfaction of all closing conditions set forth in this Agreement, Landowners shall provide written notice to all other Parties regarding its election to proceed with the payments to the Minority Bondholders set forth in Sections 5.1 and 5.3 below and the date on which it intends to make such payment to the Trustee as required under Section 4.4 hereof ("Minority Holder Payment Date"), which notice shall be provided on a date no less than thirty (30) days prior to the Minority Holder Payment Date or such longer period as is required pursuant to the redemption provisions of the 2006 Bond Indenture and/or, subject to Section 4.3 below, the requirements for notice and time to calculate a prepayment pursuant to the prepayment provisions of the CFD 2006-1 RMA for a prepayment related to parcels in CFD 2006-1.

**Section 4.3** Calculation of Payment Amount. Within ten (10) business days prior to the Closing Date or the Minority Holder Payment Date, as applicable, the Trustee shall calculate the amount necessary to satisfy the payments required in Sections 5.1 and 5.3 below and provide written notice to LLA (with a courtesy copy to the City) of such amount as of the Closing Date or Minority Holder Payment Date, as applicable, with wiring instructions for such payment ("Payment Instructions"). In calculating the amount of the Payment Instructions, the Trustee shall take into consideration the balance in the Special Tax Fund (as defined in the 2006 Bond Indenture) which shall be credited against the amount due from LLA; provided, however, that such calculation shall not include funds held by the Trustee in the Trustee Fee and Compliance Expense Reserve Fund Account, the Reserve Fund, and the Improvement Fund (as such accounts are defined in the 2006 Bond Indenture). Notwithstanding the provisions of the CFD 2006-1 RMA, any payment made pursuant to this Agreement that is intended to satisfy the obligations to the Minority Bondholders pursuant to Sections 5.3 of this Agreement shall be calculated pursuant to the terms hereof without regard to Section H of CFD 2006-1 RMA.

**Section 4.4** Payment by Landowners. Within five (5) business days after receipt of the Payment Instructions and the Final TIP Order, LLA shall wire funds to the Trustee in the amount so stated in the Payment Instructions. The Matured 2006-1 Bonds and the Unmatured 2006-1 Bonds held by Minority Bondholders shall be deemed defeased and satisfied in full pursuant to Section 5.6 below. The payment amount received by the Trustee shall be credited against the outstanding Delinquent Special Taxes for those parcels in CFD 2006-1 owned by LLA and designated by LLA in writing and delivered to the Parties hereto on or prior to the payment required hereunder.

## ARTICLE V PAYMENTS TO MINORITY BONDHOLDERS

**Section 5.1** Payment of Matured 2006-1 Bonds. Pursuant to Section 8.3 of the 2006 Bond Indenture, on the Closing Date or the Minority Holder Payment Date, as applicable, the City

shall direct the Trustee to take the necessary and appropriate actions to pay Minority Bondholders the amount necessary to satisfy in full the Principal and Delinquent Interest owed on their respective Matured 2006-1 Bonds with Delinquent Interest calculated through the date of such payment to the Minority Bondholders. Payments to the Minority Bondholders shall be made through DTC.

**Section 5.2** Estimated Payment Amount. For informational purposes only, as of June 30, 2018 the amounts that were due Minority Bondholders with respect to Matured 2006-1 Bonds were as follows:

<b>MATURITY DATE (9/1)</b>	<b>CUSIP (51825P)</b>	<b>PRINCIPAL AMOUNT</b>	<b>DELINQUENT INTEREST AS OF 6/30/18</b>	<b>TOTAL PRINCIPAL AND DELINQUENT INTEREST AS OF 6/30/18</b>
2010	AE0	\$220,000.00	\$92,099.34	\$312,099.34
2011	AF7	285,000.00	124,292.24	409,292.24
2012	AG5	355,000.00	158,996.92	513,996.92
2013	AH3	385,000.00	174,711.21	559,711.21
2014	AJ9	515,000.00	239,833.94	754,833.94
2015	AK6	125,000.00	60,465.17	185,465.17
2016	AL4	250,000.00	120,930.33	370,930.33
2017	AM2	<u>125,000.00</u>	<u>62,362.58</u>	<u>187,362.58</u>
<b>Total</b>		<u>\$2,260,000.00</u>	<u>\$1,033,691.73</u>	<u>\$3,293,691.73</u>

**Section 5.3** Redemption of Unmatured 2006-1 Bonds. Pursuant to Section 4.1(a) of the 2006 Bond Indenture, on the Closing Date or Minority Holder Payment Date, as applicable, the Trustee shall take the necessary and appropriate actions to redeem the Unmatured 2006-1 Bonds held by the Minority Bondholders. Payment shall be made through DTC in the amount necessary to satisfy in full the outstanding Principal and Delinquent Interest owed on the Unmatured 2006-1 Bonds through the Closing Date or the Minority Holder Payment Date, as applicable. The Trustee shall provide a conditional redemption notice under the 2006 Bond Indenture to the Minority Bondholders holding Unmatured 2006-1 Bonds no later than thirty (30) days prior to the Closing Date or the Minority Holder Payment Date.

**Section 5.4 Estimated Redemption Amount.** For informational purposes only, as of June 30, 2018, the amounts that were due to Minority Bondholders with respect to Unmatured 2006-1 Bonds were as follows:

<b>MATURITY DATE (9/1)</b>	<b>CUSIP (51825P)</b>	<b>PRINCIPAL AMOUNT</b>	<b>DELINQUENT INTEREST AS OF 6/30/18</b>	<b>TOTAL PRINCIPAL AND DELINQUENT INTEREST AS OF 6/30/18</b>
2018	AN0	\$100,000.00	\$49,890.06	\$149,890.06
2020	AQ3	25,000.00	12,855.65	37,855.65
2021	AR1	760,000.00	390,811.68	1,150,811.68
2026	AS9	210,000.00	109,283.40	319,283.40
2036	AT7	<u>660,000.00</u>	<u>349,600.95</u>	<u>1,009,600.95</u>
Total		<u>\$1,755,000.00</u>	<u>\$912,441.71</u>	<u>\$2,667,441.71</u>

**Section 5.5 Confirmation of Receipt of Payment for Minority Bondholders.** Immediately after the receipt of the payments as described in Sections 5.1 and 5.3, Trustee shall provide written confirmation by electronic mail ("Payment Confirmation") to counsel to the City and counsel to Saybrook Bondholder that the Trustee is in receipt of sufficient funds to make the payments owed to the Minority Bondholders pursuant to the 2006 Bond Indenture and the Final TIP Order.

**Section 5.6 Defeasance of 2006-1 Bonds held by Minority Bondholders.** Upon Trustee's receipt of the payment amount necessary to satisfy the obligations under Section 5.1 and 5.3 hereunder, the Unmatured 2006-1 Bonds and the Matured 2006-1 Bonds held by the Minority Bondholders shall be deemed to be defeased pursuant to Section 9.1 of the 2006 Bond Indenture and the Final TIP Order, as shall be evidenced by an opinion of nationally recognized bond counsel. Upon (i) satisfaction of the conditions pursuant to Section 9.1 of the 2006 Bond Indenture and the Final TIP Order, the Unmatured 2006-1 Bonds shall be defeased, and (ii) payment of the Matured 2006-1 Bonds pursuant to Section 5.3 herein, the Saybrook Bondholder shall be the owner of all outstanding 2006-1 Bonds.

**Section 5.7 Payment and Notice to DTC.** On the Minority Holder Payment Date or the Closing Date, as applicable, the Trustee shall take the necessary and appropriate actions to remit the funds received pursuant to Section 4.4, plus the funds in the Special Tax Fund (as defined in the 2006 Bond Indenture) to the DTC with instructions that the funds shall be paid to the Minority Bondholders to satisfy in full all obligations owed pursuant to the 2006 Bond Indenture and the Final TIP Order. In connection therewith or as soon as practicable thereafter, Trustee shall take the necessary and appropriate steps with DTC to confirm the 2006-1 Bonds of the Minority Bondholders are marked as paid in full or defeased.

**Section 5.8 Notice to Bondholders.** As soon as practicable after the earlier of the commencement of the TIP Proceeding, or execution of this Agreement, the Trustee shall take the necessary and appropriate steps to organize a conference call with the Bondholders, including with notice to those known holders that agreed to participate in the AB 506 Process. In connection with

that conference call, the Trustee, City Parties, and Saybrook Parties will provide publically available information to the Bondholders concerning the Agreement and the Saybrook Bondholder and/or City Parties may ask the Minority Bondholders to approve and consent to the transactions contemplated herein by the execution and delivery of a Minority Bondholder Consent, Acknowledgment and Release and Waiver ("Minority Bondholder Acknowledgment and Waiver") in favor of the Trustee, City and CFD 2006-1 and the Saybrook Parties. Saybrook Parties and Trustee acknowledge and agree that neither the City nor the Trustee has control over whether the Minority Bondholders will execute and deliver a Minority Bondholder Acknowledgment and Waiver and that the lack of receipt of Minority Bondholder Acknowledgment and Waivers on the Closing Date or Minority Holder Payment Date, as applicable, shall not affect the making of the payments to the Minority Bondholders pursuant to Section 5.1 and 5.3 hereof.

**Section 5.9 Indemnification.** Landowners agree, at their sole cost and expense, to defend, indemnify, and hold harmless the City, its Council Members, the Trustee and their respective employees, agents, and consultants, from any claim, action, or proceeding brought by a third party against the City, its Council Members, the Trustee and their respective employees, agents, and consultants, which seeks to attack, set aside, challenge, void, or annul the actions concerning the redemption of Unmatured 2006-1 Bonds. The City and/or Trustee agree to promptly notify the Landowners of any such claim filed against the City and/or Trustee and to fully cooperate in the defense of any such action. The City and/or Trustee may, at its sole cost and expense, elect to participate in the defense of any such action.

## **ARTICLE VI ISSUANCE OF SERIES 2018 BONDS**

**Section 6.1 Saybrook Bondholder's Consent/Waiver.** No later than five (5) business days prior to the Closing Date, Saybrook Bondholder for itself, and on behalf of its members, and their respective predecessors, successors, and assigns, shall deliver in favor of the City and CFD 2006-1 a fully executed Consent, Acknowledgment, Release and Waiver ("Acknowledgment and Waiver") with respect to the waiver, release and discharge of any and all claims, demands, causes of action, obligations, liabilities, losses, costs and expenses of every kind and nature, in equity or otherwise, known and unknown, suspected or unsuspected, and disclosed and undisclosed, arising from or relating in any way to: (a) the 2006-1 Bonds owned by the Saybrook Bondholder and 2006 Bond Indenture, (b) the receipt of Series 2018 Bonds in lieu of a cash payment to discharge the obligations of its holdings of Matured 2006-1 Bonds and Unmatured 2006-1 Bonds under the 2006 Bond Indenture, (c) the discharge and waiver by the City and CFD 2006-1 of all or any portion of the past, current or future CFD 2006-1 Special Taxes and the Delinquent Special Taxes and all penalties, interest, costs and other charges accrued thereon, that remain outstanding with respect to CFD 2006-1 Special Taxes that were levied in any fiscal year pursuant to the CFD 2006-1 RMA, (d) the dissolution of the CFD 2006-1, (e) unpaid interest and principal payments under its 2006-1 Bonds as of the Closing Date in excess of the Series 2018 Bonds it will receive (only if less than \$1,000), (f) the risk that the Series 2018-2 Bonds may not be paid in full or otherwise ever satisfied in full if the aggregate levies of the Maximum One-Time Special Tax and/or Minimum One-Time Special Tax, as applicable, are insufficient to pay-off the Series 2018-2 Bonds in full, or if the parcels/lots owned by LLA cannot be sold to an unrelated third-party, and (g) the special tax formula in the CFD 2018-2 RMA with respect to the Maximum One-Time Special Tax and Minimum One-Time Special Tax for the Series 2018-2 Bonds.



**Section 6.2** Suppression and DWAC of 2006-1 Bond Holdings. Saybrook Bondholder shall take the necessary and appropriate steps in sufficient time prior to the Closing Date or the Minority Holder Payment Date, as applicable, to (i) suppress its position of 2006-1 Bonds with DTC such that it will not receive any of the payments otherwise due the Minority Bondholders pursuant to sections 5.1 and 5.3 hereof; and (ii) cause Saybrook Bondholder's custodian, through its back office, to submit a request to DTC to withdraw Saybrook Bondholder's position of 2006-1 Bonds (known as a Deposit Withdraw at Custodian or "DWAC").

**Section 6.3** Instruction to Deliver Series 2018 Bonds. After receipt of the Acknowledgment and Waiver, City shall instruct Trustee to deliver Saybrook Bondholder the Series 2018-1 Bonds and the Series 2018-2 Bonds in full and complete satisfaction and in exchange for the 2006-1 Bonds owned by Saybrook Bondholder as of the Closing Date.

**Section 6.4** Delivery of Series 2018 Bonds. After receipt of Saybrook Bondholder's 2006-1 Bonds and City's instruction pursuant to Section 6.3, on the Closing Date, Trustee shall approve and confirm Saybrook Bondholder's 2006-1 Bond position, cancel Saybrook Bondholder's 2006-1 Bonds, and deliver Saybrook Bondholder its new holdings of Series 2018-1 Bonds and Series 2018-2 Bonds, in certificated form.

**Section 6.5** Saybrook Bondholder Representations and Covenants. Saybrook Bondholder hereby represents, warrants and covenants that: (a) it is a sophisticated investor, (b) it will provide written notice to the City when it begins to offer for sale any of its Series 2018-2 Bonds, (c) it will provide written notice to the City of any pending sale(s) of the Series 2018-2 Bonds and disclose the principal amount being sold, (d) it will not sell any Series 2018-2 Bonds to anyone other than an Accredited Investor, (e) it will provide the City with demonstrative evidence that the purchaser of any of its Series 2018-2 Bonds is an accredited investor, and (f) in connection with any sale of any Series 2018-1 Bonds or Series 2018-2 Bonds by Saybrook Bondholder or any affiliate, Saybrook Bondholder or the applicable affiliate shall not make any material misstatement or omission in connection with such sale.

**Section 6.6** Disclosure Indemnification. Saybrook Bondholder agrees, at its sole cost and expense, to defend, indemnify and hold harmless the City, its employees, agents and Council Members ("City Indemnitees"), for all reasonable costs, fees, and settlement amounts, incurred by such City Indemnitees related to any claim, action, or proceeding brought within the first five years from the date of issuance of the Series 2018-1 and 2018-2 Bonds by a third party that was or is a bondholder of the Series 2018-1 or 2018-2 bonds against the City Indemnitees solely relating to or alleging any state or federal securities law violations as a direct result of any alleged material misstatement or omission made by the Saybrook Bondholder, or an affiliate entity, to any transferee of any Series 2018-1 or Series 2018-2 Bonds in conjunction with such sale or other transfer of the Series 2018-1 Bonds or 2018-2 Bonds to such transferee. The City agrees to promptly notify the Saybrook Bondholder of any such claim filed against the City Indemnitees and to cooperate in the defense of any such action. The City may, at its sole cost and expense, elect to participate in the defense of any City Indemnitee in any such action.

**ARTICLE VII**  
**DISSOLUTION OF CFD 2006-1 AND RELATED ACTIONS**

**Section 7.1** Dissolution and Waiver of Delinquent Special Taxes. As part of the Closing, after (a) defeasance of the Unmatured 2006-1 Bonds held by the Minority Bondholders, (b) the payment of the Matured 2006-1 Bonds held by the Minority Bondholders, and (c) the issuance of the Series 2018 Bonds to Saybrook Bondholder, the City shall cause a Notice of Cessation of Special Tax Lien with respect to CFD 2006-1 to be recorded against all the property within CFD 2006-1 because, at such time, the obligations to pay the special taxes for CFD 2006-1 will have ceased since the obligations issued by CFD 2006-1 will have been fully satisfied. Lathrop City Council shall approve by resolution to be effective upon the Closing Date, (i) the dissolution of CFD 2006-1, (ii) the cancellation, waiver and discharge of all or any portion of the current or future CFD 2006-1 Special Taxes and Delinquent Special Taxes arising pursuant to the CFD 2006-1 RMA and all penalties, interest, costs and other charges accrued thereon, that remain outstanding through the Closing Date with respect to CFD 2006-1 Special Taxes levied under the CFD 2006-1 RMA against parcels that are subject to the lien of CFD 2006-1 and which are listed on Exhibit F hereto (which Exhibit may be amended or updated by the Parties hereto to include any parcels owned by Landowners as of the date of Closing), hereto, and (iii) the release of the lien on all parcels in CFD 2006-1 and the recording of the Notice of Cessation of Special Tax with respect to all parcels in CFD 2006-1.

**Section 7.2** Release by Saybrook Bondholder. In consideration for the promises and covenants contained herein, upon the occurrence of the Closing, Saybrook Bondholder for itself, and on behalf of its members, predecessors, successors, and assigns, hereby, fully and forever, releases, acquits and discharges the Trustee and the Landowners and their respective predecessors, successors and assigns, from any and all claims, demands, causes of action, obligations, liabilities, losses, costs and expenses of every kind and nature, in equity or otherwise, known and unknown, suspected or unsuspected, and disclosed and undisclosed, arising from or relating in any way to (a) the 2006-1 Bonds, (b) the 2006 Bond Indenture, (c) the receipt of Series 2018 Bonds in lieu of a cash payment to discharge the obligations of its holding of Matured 2006-1 Bonds and Unmatured 2006-1 Bonds under the 2006 Bond Indenture, (d) the discharge and waiver by the City and CFD 2006-1 of all or any portion of the past, current or future CFD 2006-1 Special Taxes and the Delinquent Special Taxes and all penalties, interest, costs and other charges accrued thereon that remain outstanding with respect to CFD 2006-1 Special Taxes that were levied in any fiscal year pursuant to CFD 2006-1 RMA and the dissolution of CFD 2006-1, and (e) unpaid interest and principal payments under its 2006-1 Bonds as of the Closing Date in excess of the Series 2018 Bonds it will receive (only if less than \$1,000).

**Section 7.3** Cancellation of 2006 Bond Indenture. As part of the Closing, the City and Trustee shall execute and deliver the requisite documents cancelling the 2006 Bond Indenture. All funds remaining in the Improvement Fund, the Reserve Fund, and the Trustee Fee and Compliance Expense Reserve Fund Account (after payment to Trustee of all of its costs and attorney's fees therefrom) shall be transferred and deposited into the account designated as the Reserve Fund for the Series 2018-1 Bonds issued for Improvement Area 1 under the 2018-1 Bond Indenture governing the Series 2018-1 Bonds, or as otherwise required to maintain the tax exemption on the 2018-1 Bonds.

**Section 7.4** Pending Foreclosure Litigation and Judgments. On the Closing, or as soon as practicable thereafter, and in any event, from and after the Closing, immediately upon the request of the Landowners, City shall take the necessary appropriate actions to (i) dismiss any Foreclosure Litigation action in which a judgment has yet to be entered, (ii) record Acknowledgments of Release/Satisfaction of Judgments with respect to all Foreclosure Litigation actions where a judgment has been entered by the State Court, (iii) file withdrawals of notice of pendency of actions related to any Foreclosure Litigation actions, if any, and (iv) cancel any pending Sheriff sales with respect to any Foreclosure Litigation.

## **ARTICLE VIII GENERAL PROVISIONS**

**Section 8.1** Transaction Costs. Landowners shall be responsible for paying in full, in accordance with and pursuant to the terms of the Deposit Agreement: (i) the City's costs, including those of its professionals, in connection with the transactions contemplated herein, (ii) the Trustee's costs, including those of its professionals (other than amounts paid to the Trustee and its consultants and advisors from accounts held under the 2006 Bond Indenture), and (iii) the City's outside foreclosure counsel (other than amounts paid to outside foreclosure counsel from accounts held under the 2006 Bond Indenture). As part of the Closing, the City, the Trustee and their respective professionals shall prepare and deliver fee and cost statements through the Closing Date (with an estimate for the period of time from the date of the statement to the closing date), which amounts shall be paid by Landowners at Closing. The Deposit Agreement shall stay in effect post-Closing for 30 days to cover any and all actual costs and expenses incurred by the City and the Trustee, and their respective attorneys, agents and consultants subsequent to the Closing in connection with the transactions contemplated under this Agreement.

**Section 8.2** Extraordinary Administrative Deposit. Simultaneously with the Closing, the Landowners shall deliver to the Trustee the Extraordinary Administrative Deposit ("Extraordinary Administrative Deposit"), which the City shall cause to be deposited under the 2018-1 Indenture in the Administrative Expense Reserve Fund, to be used to pay: (i) the fees and expenses of any attorneys or consultants employed by the City in connection with litigation involving CFD 2018-1 and/or CFD 2018-2, including, without limitation, foreclosure litigation, (ii) the costs of publication of notices to owners of the Series 2018-1 Bonds and 2018-2 Bonds, (iii) any and all actual costs and expenses incurred by the City in connection with a default arising under the Series 2018-1 Bonds and the Series 2018-2 Bonds, and (iv) any litigation arising from or relating to the sale of Series 2018 Bonds by the Saybrook Bondholder. The Indenture shall provide that so long as the amount in the Administrative Expense Reserve Fund is equal to the Administrative Reserve Requirement (as defined in the 2018-1 Indenture (which amount is \$200,000)), the Landowners (or designee) will be reimbursed from the levy and collection of special taxes of CFD 2018-1, provided the levy of Special Taxes for such given year is sufficient to fund the Administrative Expense Reserve Fund in the same amount for such year. Based upon the levy and payment of the maximum special taxes for CFD 2018-1 for the next three years, it is anticipated that the Landowners will receive reimbursements in the approximate amounts as follows: for Improvement Areas 1-4, \$27,500 in the first fiscal year of the special tax levy and \$12,500 in the second fiscal year of the special tax levy, and for Improvement Area 5, \$17,500 per year for the first two fiscal years of special tax levy and \$5,000 for the third year of the special tax levy. To the extent money remains in the Administrative Expense Reserve Fund in the year prior

to the final year of levy of special taxes in CFD 2018-1, such amount shall be credited against the special tax levy necessary to finally pay the remaining Series CFD 2018-1 Bonds.

**Section 8.3** Cooperation; Additional Documents. Each Party acknowledges that it may be necessary to execute documents other than those specifically referred to herein in order to complete the transactions contemplated by this Agreement. Therefore, the Parties each hereby agree to reasonably cooperate with each other by the execution of such other documents or the taking of such other action as may be reasonably necessary to complete the transactions in accordance with the intent of the Parties as evidenced in this Agreement.

**Section 8.4** Change in Ownership; Assignment. Except as otherwise set forth in this Agreement, prior to the Closing Date, the Landowners and Saybrook Bondholder shall not assign all or any part of this Agreement or any interest therein, or transfer any portion of their respective interests in their properties or 2006-1 Bonds, without the prior written approval of the City; provided, however, that without approval from the City: (i) the Landowners may sell their property located in CFD 2006-1 to an affiliate who assumes in writing the obligations of the transferor Landowner hereunder; and (ii) Saybrook Bondholder may at any time sell or transfer some or all of its 2006-1 Bonds to (X) an affiliate or (Y) an unrelated third party so long as (A) in the event only some of its 2006-1 Bonds are sold or transferred prior to the receipt of the Payment Confirmation, then such sold or transferred 2006-1 Bonds shall be deemed to be held by a Minority Holder and Sections 5.1 and 5.3 shall apply to such bonds or (B) in the event some or all of the 2006-1 Bonds are sold or transferred after the receipt of the Payment Confirmation, then such transferee Bondholder shall be required to consent to the terms of this Agreement and shall assume in writing all obligations of the Saybrook Bondholder with respect to such transferred or purchased 2006-1 Bonds, unless otherwise agreed by the Parties hereto and the transferee bondholder. In no event shall the City provide written approval (if required hereunder) unless such assignee or transferee shall assume all of the obligations of its assignor or transferor with regard to the portion(s) of the Agreement so assigned or transferred, and shall deliver written evidence of such assumption in a form reasonably satisfactory to the City. Approvals of the City required by this Section shall not be unreasonably withheld, conditioned or delayed.

**Section 8.5** No Third Party Beneficiary. No person or entity shall acquire any rights or benefits as a third party beneficiary under this Agreement.

**Section 8.6** Notice and Communications Between the Parties. Any notice which a Party is required or may desire to give another Party shall be in writing and may be delivered (a) personally, (b) by United States registered or certified mail, postage prepaid, (c) by Federal Express or other reputable courier service regularly providing evidence of delivery (with charges paid by the Party sending the notice), or (d) by PDF or similar attachment to an email, provided that such email attachment shall be followed within one (1) business day by delivery of such notice pursuant to clause (a), (b) or (c) above. Any such notice to a Party shall be addressed at the address set forth below (subject to the right of a Party to designate a different address for itself by notice similarly given). Service of any such notice or other communications so made shall be deemed effective on the day of actual delivery (whether accepted or refused) as evidenced by printed confirmation if by email attachment (provided that if any notice or other communication to be delivered by email attachment as provided above cannot be transmitted because of a problem affecting the receiving Party's computer, the deadline for receiving such notice or other

communication shall be extended through the next business day), as shown by the addressee's return receipt if by certified mail, and as confirmed by the courier service if by courier; provided, however, that if such actual delivery occurs after 5:00 p.m. (local time where received) or on a non-business day, then such notice or communication so made shall be deemed effective on the first business day after the day of actual delivery. Except as expressly provided above, no communications via electronic mail shall be effective to give any notice, request, direction, demand, consent, waiver, approval or other communications hereunder.

To City Parties: City of Lathrop  
390 Towne Centre, Suite 1  
Lathrop, CA 95330  
Attention: City Manager  
Email: [ssalvatore@ci.lathrop.ca.us](mailto:ssalvatore@ci.lathrop.ca.us)

with a copy to: City of Lathrop  
390 Towne Centre, Suite 1  
Lathrop, CA 95330  
Attention: City Attorney  
Email: [snavarrete@ci.lathrop.ca.us](mailto:snavarrete@ci.lathrop.ca.us)

and: Debra A. Riley, Esq.  
Allen Matkins Leck Gamble  
Mallory & Natsis LLP  
One America Plaza  
600 West Broadway, 27th Floor  
San Diego, CA 92101  
Email: [driley@allenmatkins.com](mailto:driley@allenmatkins.com)

To Saybrook Parties: Jeffrey M. Wilson  
Saybrook CLSP, LLC  
303 Twin Dolphin Drive, Suite 600  
Redwood Shores, CA 94065  
Email: [jwilson@saybrookfundadvisors.com](mailto:jwilson@saybrookfundadvisors.com)

Jeffrey M. Wilson  
Lathrop Land Acquisition, LLC  
303 Twin Dolphin Drive, Suite 600  
Redwood Shores, CA 94065  
Email: [jwilson@saybrookfundadvisors.com](mailto:jwilson@saybrookfundadvisors.com)

Jeffrey M. Wilson  
Lathrop Acquisition, LLC  
303 Twin Dolphin Drive, Suite 600  
Redwood Shores, CA 94065  
Email: [jwilson@saybrookfundadvisors.com](mailto:jwilson@saybrookfundadvisors.com)

with a copy to: Anna Rienhardt, Esq.  
Latham & Watkins LLP  
355 South Grand Avenue, Suite 100  
Los Angeles, CA 90071-1560  
Email: Anna.Rienhardt@lw.com

To: Trustee Gavin Wilkinson  
UMB Bank  
120 South Sixth Street, Suite 1400  
Minneapolis, MN 55402  
Email: gavin.wilkinson@umb.com

with a copy to: Adrienne Walker, Esq  
Mintz, Levin, Cohn, Ferris,  
Glovsky and Popeo  
One Financial Center  
Boston, MA 02111  
Email: akwalker@mintz.com

**Section 8.7** Nonliability of Officials and Employees of City. No Council Member, official or employee of the City shall be personally liable to the Landowners, Saybrook Bondholder or any of their affiliates or successors in interest, in the event of any default or breach of this Agreement by the City or on any obligation under the terms of this Agreement.

**Section 8.8** Representations of Parties in Favor of City. Each Party hereby represents the following to the City for the purpose of inducing the City to enter into this Agreement and to consummate the transactions contemplated hereby, all of which shall be true as of the date hereof:

(a) Each Party has the legal power, right and authority to enter into this Agreement and the instruments and documents referenced herein to which each Party is a party, to consummate the transactions contemplated hereby, to take any steps or actions contemplated hereby, and to perform its obligations hereunder.

(b) All requisite action has been taken by each Party, and all requisite consents have been obtained in connection with entering into this Agreement and the instruments and documents referenced herein to which each Party is a party, and the consummation of the transaction contemplated hereby complies with all applicable laws, statutes, ordinances, rules and governmental regulations.

(c) This Agreement is duly executed by each Party and is valid and legally binding upon each Party and enforceable in accordance with its terms.

(d) The execution and delivery of this Agreement by each Party shall not, with due notice or the passage of time, constitute a default under or violate the terms of any indenture, agreement or other instrument to which each Party is a party.

**Section 8.9** City Authorization. The City has the legal power, right and authority to act on behalf of itself and CFD 2006-1, and enter into this Agreement and to consummate the transactions contemplated hereby. The individuals executing this Agreement on behalf of the City have the legal power, right and actual authority to bind the City and CFD 2006-1 to the terms and conditions of this Agreement. Lathrop City Council hereby authorizes and directs the City Manager, or his/her designee, to execute any and all documents necessary to complete the transactions contemplated in this Agreement. Lathrop City Council also authorizes and directs the City Manager to make such minor modifications to or other modifications permitted pursuant to the terms of this Agreement as he/she determines are necessary to effectuate the purpose and intent of this Agreement upon consultation with legal counsel.

**Section 8.10** Modification of Agreement. Except as otherwise specifically noted in this Agreement, this Agreement may not be modified, changed, or supplemented, nor may any obligations hereunder be waived, except by written instrument signed by all Parties.

**Section 8.11** Relationship of the Parties. Nothing contained in this Agreement shall be deemed or construed as creating a partnership, joint venture, or any other relationship between the Parties hereto other than as expressly specified in the provisions contained herein.

**Section 8.12** Interpretation of Agreement. This Agreement has been negotiated at arm's length and between persons sophisticated and knowledgeable in the matters addressed in this Agreement. In addition, each Party has been given the opportunity to consult with experienced and knowledgeable legal counsel. Accordingly, any rule of law (including Civil Code Section 1654) or legal decision that would require interpretation of any ambiguities in this Agreement against the Party that has drafted it is not applicable and is hereby waived by the Parties. The provisions of this Agreement shall be interpreted in a reasonable manner to effect the purpose and intent of the Parties to this Agreement.

**Section 8.13** Entire Agreement; Exhibits. This Agreement and the seven (7) Exhibits, each of which is incorporated herein by this reference, constitute the entire understanding and agreement of the Parties pertaining to the subject matter hereof. The Exhibits are as follows:

Exhibit A	Boundary Map (with Improvement Areas)
Exhibit B	CFD 2018-1 RMAs
Exhibit C	CFD 2018-2 RMA
Exhibit D	Terms of the Series 2018-1 Bonds
Exhibit E	Terms of the Series 2018-2 Bonds
Exhibit F	Special Tax Waiver Parcels

This Agreement integrates all of the terms and conditions mentioned herein or incidental hereto, and supersedes all negotiations or previous agreements, including term sheets, between the Parties with respect to all or any part of the subject matter hereof.

**Section 8.14** Term. Upon execution of all Parties, this Agreement shall become effective on the date first written above, which shall be deemed the "date of this Agreement" for all purposes herein. This Agreement shall remain effective until the date on which all of the covenants herein provided are fully performed, satisfied or waived, unless this Agreement is terminated in accordance with Section 4.1 herein.

**Section 8.15 Governing Law.** This Agreement shall be governed by, interpreted under, construed and enforced in accordance with the laws of the State of California (without regard to conflicts of laws).

**Section 8.16 Counterparts.** This Agreement may be executed in one or more counterparts, each of which shall be deemed an original, but all of which shall constitute one and the same document. The delivery of an executed counterpart of this Agreement by PDF or similar attachment to an email shall constitute effective delivery of such counterpart for all purposes with the same force and effect as the delivery of an original, executed counterpart.

[SIGNATURES ON FOLLOWING PAGES]



CITY PARTIES:

CITY OF LATHROP, a California general law  
city, for and on behalf of itself and  
COMMUNITY FACILITIES DISTRICT  
NO. 2006-1

By: \_\_\_\_\_  
Stephen Salvatore, City Manager

APPROVED AS TO FORM:

By: \_\_\_\_\_  
Salvador V. Navarrete, City Attorney

SAYBROOK PARTIES:

SAYBROOK CLSP, LLC,  
a Delaware limited liability company

By: Saybrook Fund Investors, LLC,  
its managing member

By: \_\_\_\_\_  
Jeffrey M. Wilson

LATHROP LAND ACQUISITION, LLC,  
a Delaware limited liability company

By: Saybrook Fund Investors, LLC,  
its managing member

By: \_\_\_\_\_  
Jeffrey M. Wilson

LATHROP ACQUISITION LLC,  
a Delaware limited liability company

By: Saybrook Fund Investors, LLC,  
its managing member

By: \_\_\_\_\_  
Jeffrey M. Wilson

TRUSTEE:

UMB BANK, National Association, not  
individually, but solely in its capacity as  
trustee as Trustee

By: \_\_\_\_\_  
Gavin Wilkinson

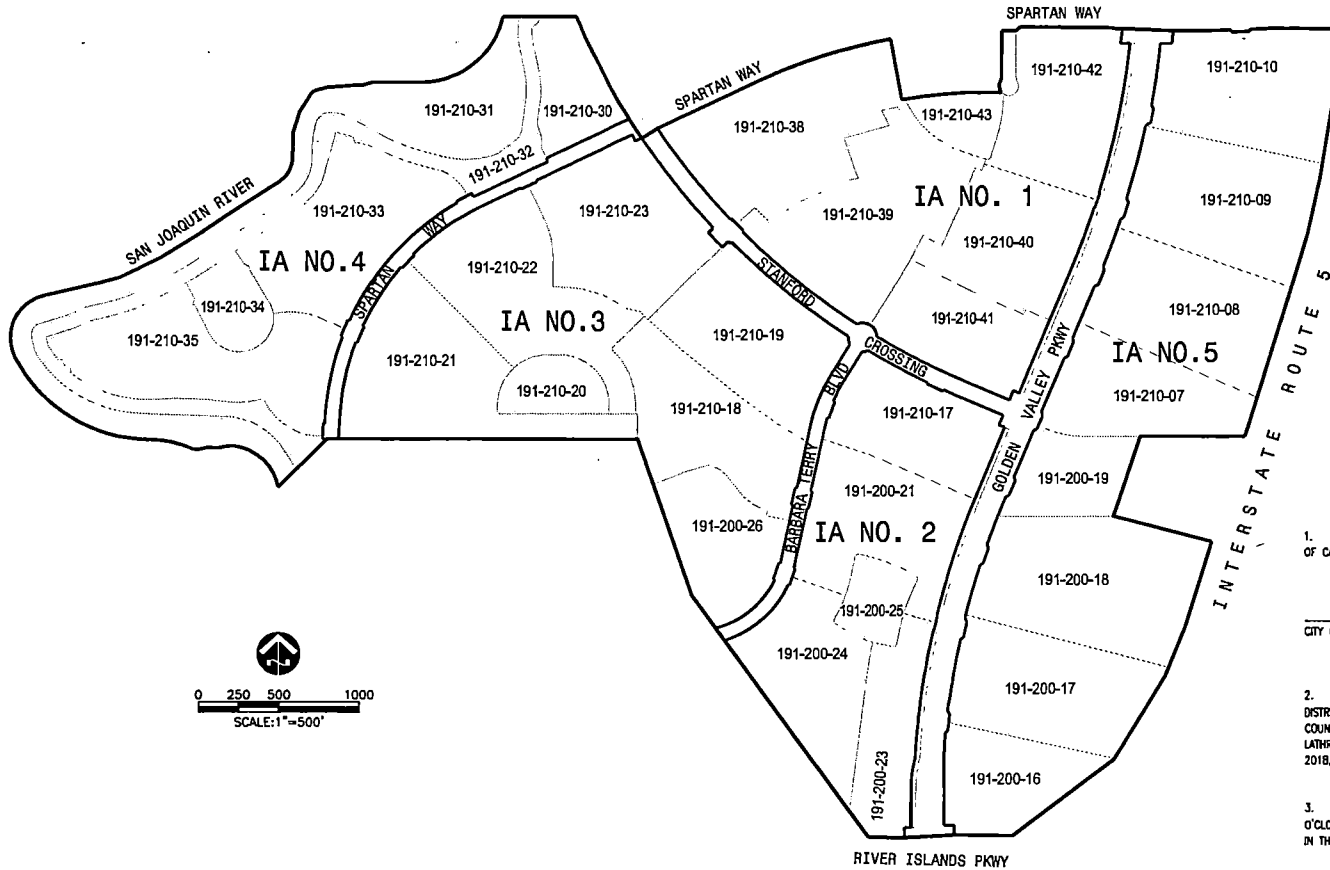
Title: \_\_\_\_\_

**EXHIBIT A**

**BOUNDARY MAP FOR CFD 2018-1 AND CFD 2018-2**

PROPOSED BOUNDARIES OF COMMUNITY FACILITIES  
DISTRICT NO. 2018-01  
(CENTRAL LATHROP SPECIFIC PLAN FACILITIES  
AND IMPROVEMENT AREAS)

CITY OF LATHROP  
COUNTY OF SAN JOAQUIN, STATE OF CALIFORNIA  
JULY, 2018



1. FILED IN THE OFFICE OF THE CITY CLERK OF THE CITY OF LATHROP, COUNTY OF SAN JOAQUIN, STATE OF CALIFORNIA THIS \_\_\_\_\_ DAY OF \_\_\_\_\_, 2018

\_\_\_\_\_  
CITY CLERK, CITY OF LATHROP

2. I HEREBY CERTIFY THAT THE WITHIN MAP SHOWING PROPOSED BOUNDARIES OF COMMUNITY FACILITIES DISTRICT NO. 2018-01 (CENTRAL LATHROP SPECIFIC PLAN PHASE 1 INFRASTRUCTURE) CITY OF LATHROP, COUNTY OF SAN JOAQUIN, STATE OF CALIFORNIA, WAS APPROVED BY THE CITY COUNCIL OF THE CITY OF LATHROP, AT A MEETING THEREOF, HELD ON THE \_\_\_\_\_ DAY OF \_\_\_\_\_, 2018, BY ITS RESOLUTION NO. \_\_\_\_\_

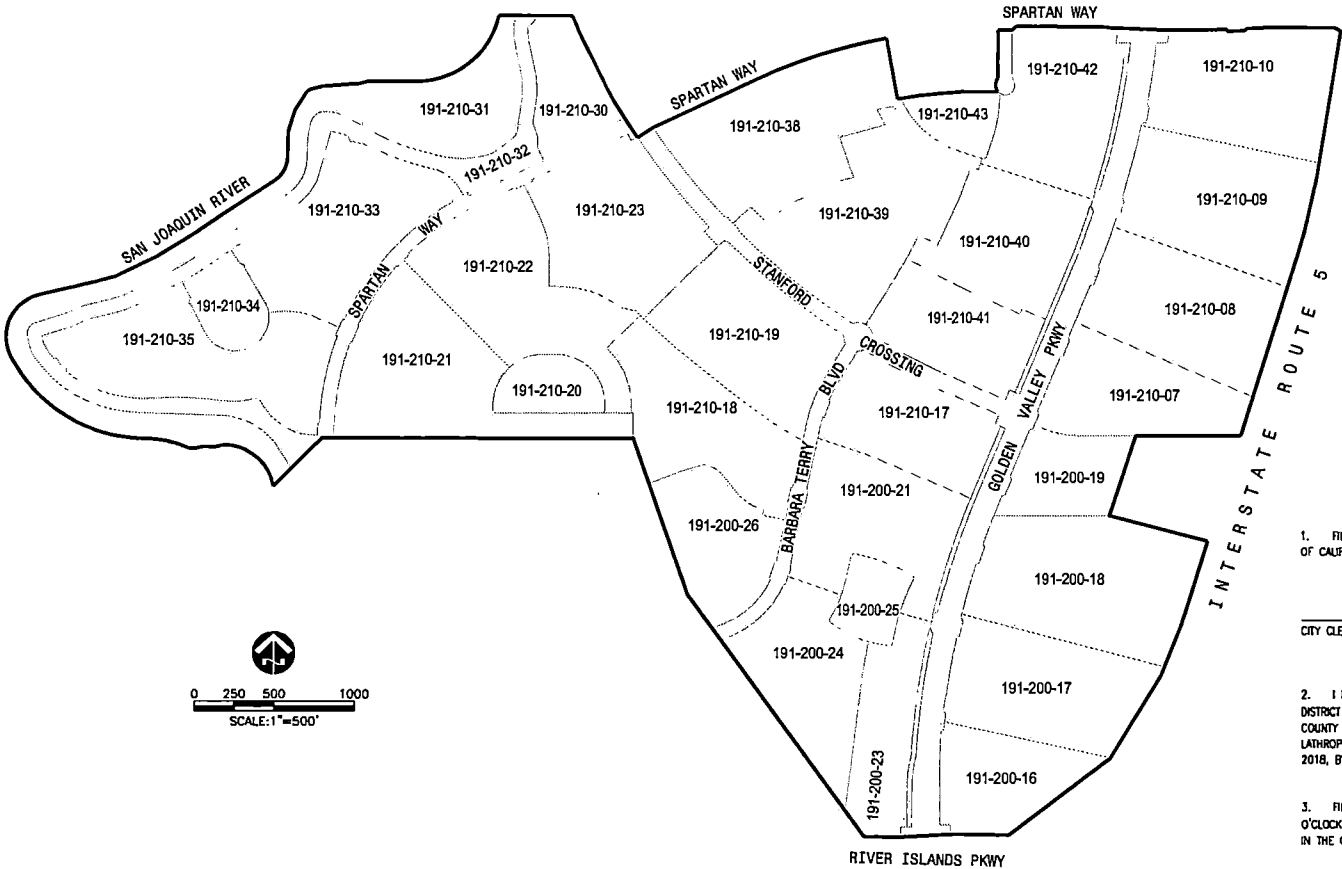
3. FILED THIS \_\_\_\_\_ DAY OF \_\_\_\_\_, 2018 AT THE HOUR OF \_\_\_\_\_ O'CLOCK \_\_\_\_\_ M. IN BOOK \_\_\_\_\_ OF MAPS OF ASSESSMENT AND COMMUNITY FACILITIES DISTRICT AT PAGE \_\_\_\_\_ IN THE OFFICE OF THE COUNTY RECORDER, COUNTY OF SAN JOAQUIN, STATE OF CALIFORNIA.

\_\_\_\_\_  
COUNTY RECORDER, COUNTY OF SAN JOAQUIN

**Mackay & Somp**  
ENGINEERS PLANNERS SURVEYORS  
31423 FLEMING DR. PLEASANTON, CA 94568 (925) 725-0920

PROPOSED BOUNDARIES OF COMMUNITY FACILITIES  
 DISTRICT NO. 2018-02  
 (CENTRAL LATHROP SPECIFIC PLAN FACILITIES)

CITY OF LATHROP  
 COUNTY OF SAN JOAQUIN, STATE OF CALIFORNIA  
 JULY, 2018



1. FILED IN THE OFFICE OF THE CITY CLERK OF THE CITY OF LATHROP, COUNTY OF SAN JOAQUIN, STATE OF CALIFORNIA THIS \_\_\_\_\_ DAY OF \_\_\_\_\_, 2018

\_\_\_\_\_  
 CITY CLERK, CITY OF LATHROP

2. I HEREBY CERTIFY THAT THE WITHIN MAP SHOWING PROPOSED BOUNDARIES OF COMMUNITY FACILITIES DISTRICT NO. 2018-02 (CENTRAL LATHROP SPECIFIC PLAN PHASE 1 INFRASTRUCTURE) CITY OF LATHROP, COUNTY OF SAN JOAQUIN, STATE OF CALIFORNIA, WAS APPROVED BY THE CITY COUNCIL OF THE CITY OF LATHROP, AT A MEETING THEREOF, HELD ON THE \_\_\_\_\_ DAY OF \_\_\_\_\_, 2018, BY ITS RESOLUTION NO. \_\_\_\_\_

3. FILED THIS \_\_\_\_\_ DAY OF \_\_\_\_\_, 2018 AT THE HOUR OF \_\_\_\_\_ O'CLOCK \_\_\_\_\_M. IN BOOK \_\_\_\_\_ OF MAPS OF ASSESSMENT AND COMMUNITY FACILITIES DISTRICT AT PAGE \_\_\_\_\_ IN THE OFFICE OF THE COUNTY RECORDER, COUNTY OF SAN JOAQUIN, STATE OF CALIFORNIA.

\_\_\_\_\_  
 COUNTY RECORDER, COUNTY OF SAN JOAQUIN

**MACKAY & SOMPS**  
 ENGINEERS PLANNERS SURVEYORS  
 31425 FRANKLIN DR. PLEASANTON, CA 94566 (925) 277-3600

**EXHIBIT B**  
**CFD 2018-1 RMAs**

**IMPROVEMENT AREA NO. 1 OF THE  
CITY OF LATHROP  
COMMUNITY FACILITIES DISTRICT NO. 2018-1  
(CENTRAL LATHROP SPECIFIC PLAN FACILITIES)**

**RATE AND METHOD OF APPORTIONMENT OF SPECIAL TAX**

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A Special Tax applicable to each Assessor's Parcel in Improvement Area No. 1 of the City of Lathrop Community Facilities District No. 2018-1 (Central Lathrop Specific Plan Facilities) shall be levied and collected according to the tax liability determined by the City or its designee through the application of the appropriate amount or rate for Taxable Property, as described below. All of the property in Improvement Area No. 1, unless exempted by law or by the provisions of Section G below, shall be taxed for the purposes, to the extent, and in the manner herein provided, including property subsequently annexed to Improvement Area No. 1 unless a separate Rate and Method of Apportionment of Special Tax is adopted for the annexation area.

**A. DEFINITIONS**

The terms hereinafter set forth have the following meanings:

**“Accessory Unit”** means a second residential unit of limited size (e.g., granny cottage, second unit) that shares a Parcel with a single-family detached unit.

**“Acre” or “Acreage”** means the land area of an Assessor's Parcel as shown on an Assessor's Parcel Map, or if the land area is not shown on an Assessor's Parcel Map, the land area shown on the applicable Final Map or other parcel map recorded at the County Recorder's Office.

**“Act”** means the Mello-Roos Community Facilities Act of 1982, as amended, being Chapter 2.5, (commencing with Section 53311), Division 2 of Title 5 of the California Government Code.

**“Administrative Expenses”** means any or all of the following: the fees and expenses of any fiscal agent or trustee (including any fees or expenses of its counsel) employed in connection with any Bonds, and the expenses of the City in carrying out its duties with respect to Improvement Area No. 1 and the Bonds related thereto, including, but not limited to, the levy and collection of the Special Tax, the fees and expenses of its counsel, charges levied by the County in connection with the levy and collection of the Special Tax, costs related to property owner inquiries regarding the Special Tax, amounts needed to pay rebate to the federal government with respect to the Bonds, costs associated with complying with continuing disclosure requirements with respect to the Bonds and the Special Tax, and all other costs and expenses of the City and County in any way related to administration of the CFD including costs related to any dispute, litigation, settlement, or defense of any matter related to the CFD.



**“Administrative Expense Cap”** means \$15,000 for Fiscal Year 2018-19 and \$15,000 for Fiscal Year 2019-20. No Administrative Expense Cap shall apply after Fiscal Year 2019-20.

**“Administrative Expense Reimbursement Amount”** means a total of \$40,000.

**“Administrator”** means the person or firm designated by the City to administer the Special Tax according to this RMA.

**“Airspace Parcel”** means a parcel with an assigned Assessor’s Parcel number that constitutes vertical space of an underlying land Parcel.

**“Assessor’s Parcel” or “Parcel”** means a lot or parcel, including an Airspace Parcel, shown on a County Assessor’s Parcel Map with an assigned County Assessor’s Parcel number.

**“Assessor’s Parcel Map”** means an official map of the County Assessor designating Parcels by Assessor’s Parcel number.

**“Association Property”** means any property within Improvement Area No. 1 that is owned by a homeowners’ association or property owners’ association, excluding such property that is under the pad or footprint of a residential unit or building.

**“Authorized Facilities”** means the public facilities authorized to be financed, in whole or in part, by Special Taxes collected within the CFD, pursuant to the documents adopted by the City Council at CFD Formation.

**“Base Special Tax”** means, in Fiscal Year 2018-19, \$9,680 per Net Acre for any Parcel or portion of a Parcel developed or expected to be developed as Residential Property and \$4,000 per Net Acre for any Parcel or portion of a Parcel developed or expected to be developed as Non-Residential Property, which amounts shall increase on July 1, 2019 and each July 1 thereafter by two percent (2%) of the amount in effect in the prior Fiscal Year. The determination of Expected Land Use shall be made by the Administrator based on review of land use and development plans, and in coordination with the City Planning Department.

**“Bonds”** means bonds or other debt (as defined in the Act), whether in one or more series, which are secured by Special Tax revenues and were issued, insured or assumed by Improvement Area No. 1 to fund Authorized Facilities.

**“CFD” or “CFD No. 2018-1”** means the City of Lathrop Community Facilities District No. 2018-1 (Central Lathrop Specific Plan Facilities).

**“CFD Formation”** means the date on which the Resolution of Formation for CFD No. 2018-1 was adopted by the City Council.

**“City”** means the City of Lathrop.

**“City Council”** means the City Council of the City of Lathrop.

**“County”** means the County of San Joaquin.

**“Debt Service Reserve Funding Amount”** means an amount equal to 50% of the greatest interest payment due in any single bond year, as defined in the Indenture.

**“Developed Property”** means, in any Fiscal Year, all Parcels of Taxable Property for which a building permit for new construction (which shall not include a permit issued solely for construction of the foundation if another permit remains to be issued for vertical construction of the building) was issued prior to June 1 of the preceding Fiscal Year.

**“EDU”** means an equivalent dwelling unit, as used in Section C.3 to determine the relative relationship among SFD Lots.

**“EDU Factor”** means the equivalent dwelling unit factor assigned to SFD Lots in Section C.3 below.

**“Expected Land Use”** means the Land Use(s) and/or Public Property anticipated on a Parcel in Improvement Area No. 1. The Expected Land Uses at the time of CFD Formation are identified in Attachment 1 of this RMA, and such Expected Land Uses may be updated pursuant to Sections C and D below.

**“Final Map”** means a final map, or portion thereof, recorded by the County pursuant to the Subdivision Map Act (California Government Code Section 66410 et seq.) that creates SFD Lots. The term “Final Map” shall not include any Assessor’s Parcel Map or subdivision map, or portion thereof, that does not create SFD Lots, including Assessor’s Parcels that are designated as remainder parcels.

**“Fiscal Year”** means the period starting July 1 and ending on the following June 30.

**“Improvement Area No. 1”** means Improvement Area No. 1 of the City of Lathrop Community Facilities District No. 2018-1 (Central Lathrop Specific Plan Facilities).

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

**“Land Use”** means Residential Property or Non-Residential Property.

**“Land Use Change”** means a proposed or approved change to the Expected Land Use(s) on a Parcel of Taxable Property.

**“Large Lot Map”** means a subdivision map recorded at the County Recorder’s Office that subdivides all or a portion of the property in Improvement Area No. 1 into large Parcels, most of which will be subject to future subdivision.

**“Maximum Special Tax”** means the greatest amount of Special Tax that can be levied on a Parcel of Taxable Property in any Fiscal Year, as determined in accordance with Sections C and D below. The Maximum Special Tax based on Expected Land Uses for each Parcel in Improvement Area No. 1 at the time of CFD Formation is set forth in Attachment 1.

**“Multi-Family Property”** means, in any Fiscal Year, all Parcels of Developed Property for which a building permit was issued for construction of a residential structure with five or more Units that share a single Assessor’s Parcel number, are offered for rent to the general public, and cannot be purchased by individual homebuyers.

**“Net Acreage”** means the estimated acreage of Residential Property and Non-Residential Property on an Original Parcel after taking out expected Public Property, not including internal streets. The Net Acreage within each Original Parcel at the time of CFD Formation is shown in Attachment 1, and such Net Acreage shall be updated each time an Original Parcel subdivides or a Land Use Change is approved. **“Net Acre”** means one acre of the Net Acreage calculated for a Parcel.

**“Non-Residential Property”** means all Assessor’s Parcels of Developed Property that are not Taxable Public Property for which a building permit was issued for a use other than Residential Property. If a Parcel includes or is expected to include both Units and non-residential land uses, the Net Acreage to be taxed as Non-Residential Property shall be calculated by dividing the net leasable and net saleable square footage of non-residential uses on the Parcel (as determined by the Administrator) by the aggregate net leasable and net saleable square footage built or expected to be built on the Parcel (as determined by the Administrator), then multiplying the quotient by the Net Acreage of the underlying land Parcel for purposes of calculating the Maximum Special Tax and levying the Special Tax in any Fiscal Year.

**“Original Parcel”** means: (i) an Assessor’s Parcel included in Improvement Area No. 1 at the time of CFD Formation, (ii) an Assessor’s Parcel that annexes into Improvement Area No. 1 after CFD Formation, or (iii) a Successor Parcel that was created after subdivision of an Original Parcel and is being further subdivided.

**“Proportionately”** means, for Developed Property, that the ratio of the actual Special Tax levied in any Fiscal Year to the Maximum Special Tax authorized to be levied in that Fiscal Year is equal for all Assessor’s Parcels of Developed Property. For Undeveloped Property, **“Proportionately”** means that the ratio of the actual Special Tax levied to the Maximum Special Tax authorized to be levied is equal for all Assessor’s Parcels of Undeveloped Property.

**“Public Property”** means any property within the boundaries of Improvement Area No. 1 that is owned by or irrevocably offered for dedication to the federal government, State of California, County, City, or other local governments or public agencies. For purposes of this RMA, all Association Property shall also be categorized as Public Property.

**“Required Coverage”** means that the Total Maximum Special Tax Revenue must be at least 110% of the debt service on the Bonds in every bond year, as defined in the Indenture.

**“Required Revenue”** means, after one or more series of Bonds have been issued for Improvement Area No. 1, the Total Maximum Special Tax Revenue that must be available in order to maintain Required Coverage. Upon prepayment of all or a portion of the Maximum Special Tax obligation assigned to any Parcel in Improvement Area No. 1, the Required Revenue shall be reduced by the Special Tax that will no longer be levied on the Parcel for which a prepayment was received, as determined by the Administrator. For purposes of Section C below, Required Revenue shall be \$0.00 prior to issuance of the first series of Bonds for Improvement Area No. 1.

**“Residential Property”** means, collectively, Single Family Detached Property, Single Family Attached Property, and Multi-Family Property. If a Parcel includes or is expected to include both Units and non-residential land uses, the Net Acreage to be taxed as Residential Property shall be calculated by dividing the net leasable and net saleable square footage of residential uses on the Parcel (as determined by the Administrator) by the aggregate net leasable and net saleable square footage built or expected to be built on the Parcel (as determined by the Administrator), then multiplying the quotient by the Net Acreage of the underlying land Parcel for purposes of calculating the Maximum Special Tax and levying the Special Tax in any Fiscal Year.

**“RMA”** means this Rate and Method of Apportionment of Special Tax.

**“SFD Lot”** means an individual residential lot, identified and numbered on a recorded Final Map, on which a building permit has been or is permitted to be issued for construction of a single family detached unit without further subdivision of the lot and for which no further subdivision of the lot is anticipated pursuant to an approved tentative map.

**“Single Family Attached Property”** means, in any Fiscal Year, all Parcels of Developed Property for which a building permit or use permit was issued for construction of a residential structure consisting of two or more Units that share common walls, have separate Assessor’s Parcel numbers assigned to them (except for a duplex unit, which may share a Parcel with another duplex unit), and may be purchased by individual homebuyers (which shall still be the case even if the Units are purchased and subsequently offered for rent by the owner of the Unit), including such residential structures that meet the statutory definition of a condominium contained in Civil Code Section 1351.

**“Single Family Detached Property”** means, in any Fiscal Year, all Parcels of Developed Property for which a building permit was issued for construction of a Unit that does not share a common wall with another Unit.

**“Special Tax”** means a special tax levied in any Fiscal Year to pay the Special Tax Requirement.

**“Special Tax Requirement”** means the amount necessary in any Fiscal Year to: (i) pay principal and interest on Bonds that is due in the calendar year that begins in such Fiscal Year; (ii) create and/or replenish debt service reserve funds as required by the Indenture for the Bonds to the extent such replenishment has not been included in the computation of the Special Tax Requirement in a previous Fiscal Year; (iii) cure any delinquencies in the payment of principal

or interest on Bonds which have occurred in the prior Fiscal Year; (iv) pay Administrative Expenses, subject to the Administrative Expense Cap if applicable for the Fiscal Year; (v) create and/or replenish reserve funds for Administrative Expenses; and (vi) pay for extraordinary administrative expense reserve reimbursement, as described in the Indenture. The amounts referred to in clauses (i) and (ii) of the preceding sentence may be reduced in any Fiscal Year by: (i) interest earnings on or surplus balances in funds and accounts for the Bonds to the extent that such earnings or balances are available to apply against debt service pursuant to the Indenture; (ii) proceeds received from the collection of penalties associated with delinquent Special Taxes; and (iii) any other revenues available to reduce the Special Tax Requirement as determined by the Administrator.

**“Successor Parcel”** means a Parcel of Taxable Property created from subdivision or reconfiguration of an Original Parcel.

**“Taxable Property”** means all Parcels within the boundaries of Improvement Area No. 1 that (i) are not exempt from the Special Tax pursuant to law or Section G below, and (ii) which upon subdivision of an Original Parcel, are assigned Expected Land Uses and are not expected to be Public Property.

**“Taxable Public Property”** means, in any Fiscal Year, any Parcel of Public Property within Improvement Area No. 1 that had been assigned a Maximum Special Tax obligation based on Expected Land Uses being assigned to the Parcel. Notwithstanding the foregoing, if (i) a prepayment is received in an amount sufficient to pay off the full Maximum Special Tax obligation assigned to the Parcel, or (ii) the City determines that, in the Fiscal Year in which the Parcel would first be categorized as Taxable Public Property, an equal amount of Acreage within the CFD that had been Public Property became Taxable Property, then the Parcel of Public Property can be deemed exempt from the Special Tax if the Administrator determines that the Total Maximum Special Tax Revenue after granting such exemption is greater than or equal to the Required Revenue.

**“Total Maximum Special Tax Revenue”** means the aggregate amount of revenue that can be generated in any Fiscal Year by levying the Maximum Special Tax on all Parcels of Taxable Property within Improvement Area No. 1.

**“Undeveloped Property”** means, in any Fiscal Year, all Parcels of Taxable Property that are not Developed Property.

**“Unit”** means a single family detached unit or an individual unit within a duplex, triplex, halfplex, fourplex, condominium, townhome, live/work, or apartment structure. An Accessory Unit that shares a Parcel with a single-family detached unit shall not be considered a separate Unit for purposes of this RMA.

## **B. DATA FOR ADMINISTRATION OF SPECIAL TAX**

On or about July 1 of each Fiscal Year, the Administrator shall identify (i) the current Assessor's Parcel numbers for all Parcels of Developed Property and Undeveloped Property within Improvement Area No. 1, (ii) the number of Units expected within each building on each Parcel of Single Family Attached Property, (iii) the square footage of all SFD Lots that were created in the prior Fiscal Year, (iv) whether the Administrative Expense Reimbursement Amount and the Debt Service Reserve Funding Amount have been fully funded by special tax revenues from prior fiscal years, and (v) the Special Tax Requirement for the Fiscal Year. In addition, on an ongoing basis, the Administrator shall monitor Land Use Changes and the subdivision of Parcels in Improvement Area No. 1 and (i) allocate the Maximum Special Tax assigned to the Original Parcel(s) to the Successor Parcels created by the subdivision pursuant to Section C below, and (ii) ensure that such Land Use Changes do not result in Total Maximum Special Tax Revenue that is less than the Required Revenue. After the recordation of each Large Lot Map within Improvement Area No. 1, the Administrator shall also review and revise, as needed, the Expected Land Uses, Net Acreage, and Maximum Special Taxes for each Successor Parcel created by recordation of the Large Lot Map, and update Attachment 1 accordingly, as set forth in Section C below.

In any Fiscal Year, if it is determined that: (i) a parcel map for property in Improvement Area No. 1 was recorded after January 1 of the prior Fiscal Year (or any other date after which the Assessor will not incorporate the newly-created parcels into the then current tax roll), (ii) because of the date the parcel map was recorded, the Assessor does not yet recognize the new parcels created by the parcel map, and (iii) a building permit was issued prior to June 1 of the prior Fiscal Year for development on one or more of the newly-created parcels, the Administrator shall calculate the Special Tax for each Land Use within the subdivided area and levy such Special Tax on the Original Parcel that was subdivided by recordation of the parcel map.

## **C. MAXIMUM SPECIAL TAX**

### **1. Original Parcels in Improvement Area No. 1 at CFD Formation**

Attachment 1 to this RMA identifies the Maximum Special Tax assigned to each Original Parcel in Improvement Area No. 1 for Fiscal Year 2018-19 based on the Expected Land Use(s) for each Parcel as of CFD Formation. After recordation of each Large Lot Map for property in Improvement Area No. 1, the Administrator shall review current maps and land use plans for the property within the Large Lot Map and, in consultation with the City Planning Department, reevaluate the Expected Land Uses for each of the Successor Parcels created by recordation of the Large Lot Map. Attachment 1 shall be updated to reflect the Assessor's Parcel numbers, Expected Land Uses, Net Acreage, and corresponding Maximum Special Tax assigned to each Parcel after applying the Base Special Tax to each Land Use on each Successor Parcel. If, based on changes to the Expected Land Uses within the Large Lot Map area, the Total Maximum Special Tax Revenue that could be generated in Improvement Area No. 1 is less than the Required Revenue, the Maximum Special Tax on each Successor Parcel created by the Large Lot

Map shall be increased proportionately until the Total Maximum Special Tax Revenue is equal to the Required Revenue. If there is an increase in the Total Maximum Special Tax Revenue based on Expected Land Uses within the Large Lot Map, the Administrator shall reflect such increased Total Maximum Special Tax Revenue in the updated Attachment 1.

If, before or after the comprehensive review after recordation of a Large Lot Map, there are any other Land Use Changes proposed for any Parcel prior to final subdivision of the Parcel, the Administrator shall determine the Maximum Special Tax that would be assigned to the Parcel if the Base Special Tax was applied to the Net Acreage of Residential Property and/or Non-Residential Property on the Parcel after the proposed Land Use Change. If, based on this Maximum Special Tax calculation, the Total Maximum Special Tax Revenue would be less than the Required Revenue, the Maximum Special Tax for such Parcel shall be increased proportionately until the Total Maximum Special Tax Revenue is equal to the Required Revenue. If there is an increase in the Total Maximum Special Tax Revenue after the Land Use Change, the Administrator shall reflect such increased Total Maximum Special Tax Revenue in an updated Attachment 1.

## **2. Successor Parcels that are not SFD Lots**

The Maximum Special Tax for each Original Parcel for Fiscal Year 2018-19 is identified in Attachment 1, which may be updated as set forth above. After such update, if an Original Parcel is subdivided or reconfigured and none of the Successor Parcels are SFD Lots, the Administrator shall assign the Maximum Special Tax to the Successor Parcels by applying the following steps:

- Step 1:** Based on reference to Land Use plans and, if needed, coordination with the City Planning Department, determine the Net Acreage of each Land Use on each Successor Parcel created from subdivision or reconfiguration of the Original Parcel.
- Step 2:** For each Successor Parcel, multiply the Base Special Tax for each Land Use by the Net Acreage of each Land Use determined in Step 1, and calculate the aggregate Maximum Special Tax that could be generated from the Successor Parcels created from subdivision of the Original Parcel.
- Step 3:** If the aggregate Maximum Special Tax for all Successor Parcels is greater than or equal to the Maximum Special Tax that had been assigned to the Original Parcel before it was subdivided, the Maximum Special Tax for each Successor Parcel shall be the amount determined in Step 2, and the Administrator shall recalculate the Total Maximum Special Tax Revenue to include the increased Maximum Special Tax. If the aggregate Maximum Special Tax for all Successor Parcels is less than the Maximum Special Tax assigned to the Original Parcel, and such reduction would reduce the Total Maximum Special Tax Revenue to an amount less than the Required Revenue, then the Administrator shall increase the amount calculated for each Successor Parcel in Step 2 proportionately until the Total Maximum Special Tax Revenue after the subdivision is equal to the Required Revenue.

**Step 4:** If all or a portion of the Original Parcel was subdivided to create individual Parcels (which may be Airspace Parcels) for Units on Single Family Attached Property, divide the Maximum Special Tax assigned to the Original Parcel (or portion thereof), as may be adjusted pursuant to Step 3 above, by the total number of Units that will be built on the Original Parcel (or portion thereof) to calculate the Maximum Special Tax that will be assigned to each Parcel.

Upon each application of this Section C.2, there shall be no reduction in the Required Revenue unless there has been a prepayment for one or more Parcels within Improvement Area No. 1.

**3. Successor Parcels of which All or Some are SFD Lots**

Upon subdivision of an Original Parcel into Successor Parcels, of which all or some are SFD Lots, the Administrator shall apply the following steps to determine the Maximum Special Tax for each Parcel:

**Step 1:** Determine the Net Acreage and Expected Land Use for each Successor Parcel created from subdivision of the Original Parcel. Apply the steps set forth in Section C.2 above to allocate the Maximum Special Tax from the Original Parcel to each Successor Parcel.

**Step 2:** Apply one of the following EDU Factors to each SFD Lot based on the square footage of each lot, and calculate the aggregate EDUs from all SFD Lots created by subdivision of the Original Parcel:

<u>Lot Size</u>	<u>EDU Factor</u>
Greater than 8,000 square feet	1.25
6,501-8,000 square feet	1.14
5,001-6,500 square feet	1.00
3,501-5,000 square feet	0.87
2,800-3,500 square feet	0.81
Less than 2,800 square feet	0.73

**Step 3:** *For SFD Lots*, sum the Maximum Special Tax assigned in Step 1 to all Successor Parcels that are SFD Lots, and divide this amount by the total EDUs determined in Step 2 to calculate a Maximum Special Tax per EDU. Multiply the Maximum Special Tax per EDU by the EDU Factor for each SFD Lot to determine the Maximum Special Tax for each Successor Parcel that is a SFD Lot. This Maximum Special Tax shall be the Maximum Special Tax for the Parcel when it is Undeveloped Property and when it becomes Developed Property.

*For Successor Parcels that are not SFD Lots*, the Maximum Special Tax shall be the amount determined for each Parcel pursuant to Step 1 above.



At no time shall the distribution of the Maximum Special Tax upon subdivision or reconfiguration of a Parcel result in Total Maximum Special Tax Revenue that is lower than the Required Revenue. If an Original Parcel is subdivided, and the Successor Parcels include a combination of Land Uses, the Administrator shall delineate the Maximum Special Tax to the Taxable Property created by the subdivision based on the best information available at the time, and based on application of Sections C.2 and C.3 of this RMA.

#### **4. Parcels of Taxable Public Property**

The Maximum Special Tax for a Parcel of Taxable Public Property shall be equal to the Maximum Special Tax that applied prior to the Parcel becoming Public Property.

#### **5. Annexations**

If, in any Fiscal Year, a Parcel or Parcels annex into Improvement Area No. 1, the Administrator shall, in coordination with the City Planning Department, identify the Expected Land Uses for the Parcel(s). The Administrator shall then (i) apply the Base Special Tax to each Land Use to calculate the Maximum Special Tax for the Parcel, (ii) add the Maximum Special Tax for the Parcel to the Total Maximum Special Tax Revenue, and (iii) levy the Special Tax on the Parcel(s) pursuant to this RMA in the next Fiscal Year and all future Fiscal Years unless a prepayment is received to fully release the Parcel(s) from the Special Tax obligation.

### **D. ADJUSTMENTS TO THE MAXIMUM SPECIAL TAX**

#### **1. Escalation of Maximum Special Tax**

Beginning July 1, 2019 and each July 1 thereafter, the Maximum Special Tax for each Parcel in Improvement Area No. 1 shall be increased by two percent (2%) of the amount in effect in the prior Fiscal Year.

#### **2. Conversion of a Parcel of Public Property to Private Use**

If, in any Fiscal Year, a Parcel of Public Property is converted to private use, which shall include a lease to a private entity allowing the property to be taxed pursuant to Section 53340.1 of the Act, such Parcel shall be subject to the levy of the Special Tax. The Maximum Special Tax for each such Parcel shall be determined based on applying the Base Special Tax to the Net Acreage of each Expected Land Use on the Parcel.

### **E. METHOD OF LEVY OF THE SPECIAL TAX**

1. Each Fiscal Year prior to the time at which the Administrative Expense Reimbursement Amount has been repaid pursuant to the terms of the Indenture and the Debt Service Reserve Funding Amount has been fully funded pursuant to the terms of the Indenture,

the Administrator shall levy the Maximum Special Tax on all Parcels of Taxable Property.

2. Each Fiscal Year beginning with the Fiscal Year in which the Administrative Expense Reimbursement Amount has been repaid pursuant to the terms of the Indenture and the Debt Service Reserve Funding Amount has been fully funded pursuant to the terms of the Indenture, the Administrator shall determine the Special Tax Requirement and levy the Special Tax on all Parcels of Taxable Property as follows:

**Step 1:** The Special Tax shall be levied Proportionately on each Parcel of Developed Property, other than Taxable Public Property, up to 100% of the Maximum Special Tax for each Parcel until the amount levied on Developed Property is equal to the Special Tax Requirement.

**Step 2:** If additional revenue is needed after Step 1 to pay the Special Tax Requirement, the Special Tax shall be levied Proportionately on each Parcel of Undeveloped Property up to 100% of the Maximum Special Tax for each Parcel until the amount levied on Developed Property and Undeveloped Property is equal to the Special Tax Requirement.

**Step 3:** If additional revenue is needed after Step 2 to pay the Special Tax Requirement, the Special Tax shall be levied Proportionately on each Parcel of Taxable Public Property, up to 100% of the Maximum Special Tax for each Parcel.

#### **F. MANNER OF COLLECTION OF SPECIAL TAX**

The Special Tax shall be collected in the same manner and at the same time as ordinary ad valorem property taxes, provided, however, that the City may directly bill, collect at a different time or in a different manner, and/or collect delinquent Special Taxes through foreclosure or other available methods.

The Special Tax shall be levied and collected until principal and interest on the Bonds have been repaid, costs of constructing or acquiring Authorized Facilities from Special Tax proceeds have been paid, and all Administrative Expenses have been paid or reimbursed. However, in no event shall a Special Tax be levied after Fiscal Year 2060-61, except that a Special Tax that was lawfully levied in or before the Fiscal Year 2060-61 and remains delinquent may be collected in subsequent Fiscal Years. Under no circumstances may the Special Tax on a Parcel in residential use be increased in any Fiscal Year as a consequence of delinquency or default in payment of the Special Tax levied on another Parcel or Parcels by more than ten percent (10%) above the amount that would have been levied in that Fiscal Year had there never been any such delinquencies or defaults.

**G. EXEMPTIONS**

Notwithstanding any other provision of this RMA, no Special Tax shall be levied on the following: (i) Public Property, except Taxable Public Property, (ii) Parcels that are designated as permanent open space or common space on which no structure is permitted to be constructed, (iii) Parcels owned by a public utility for an unmanned facility, or (iv) Parcels subject to an easement that precludes any use on the Parcel other than that permitted by the easement. In addition, no Special Tax shall be levied on any Parcel that has fully prepaid the Special Tax obligation assigned to the Parcel, as determined pursuant to the formula set forth in Section H below. Notwithstanding the foregoing, if a Special Tax has been levied on a Parcel in any Fiscal Year, and the Parcel subsequently meets the criteria for any of the exempted categories above, the Parcel shall remain subject to the Special Tax levy unless and until a prepayment is made to release the Parcel from its Special Tax obligation or, in the case of Public Property, the City determines that the parcel can be exempted from the Special Tax after making the determinations listed in the definition of Taxable Public Property above.

If, in any Fiscal Year, a Parcel of Public Property is converted to private use, such Parcel shall be subject to the levy of Special Taxes pursuant to Section D.2 above.

**H. PREPAYMENT OF SPECIAL TAX**

The following definitions apply to this Section H:

**“Outstanding Bonds”** means all Previously Issued Bonds which remain outstanding, with the following exception: if a Special Tax has been levied against, or already paid by, an Assessor’s Parcel making a prepayment, and a portion of the Special Tax will be used to pay a portion of the next principal payment on the Bonds that remain outstanding (as determined by the Administrator), that next principal payment shall be subtracted from the total Bond principal that remains outstanding, and the difference shall be used as the amount of Outstanding Bonds for purposes of this prepayment formula.

**“Previously Issued Bonds”** means all Bonds that have been issued prior to the date of prepayment.

**1. Full Prepayment**

The Special Tax obligation applicable to a Parcel in Improvement Area No. 1 may be fully prepaid and the obligation of the Parcel to pay the Special Tax permanently satisfied as described herein, provided that a prepayment may be made only if there are no delinquent Special Taxes with respect to such Parcel at the time of prepayment. An owner of a Parcel intending to prepay the Special Tax obligation shall provide the City with written notice of intent to prepay. Within 30 days of receipt of such written notice, the City or its designee shall notify such owner of the prepayment amount for such Parcel. Prepayments must be made not less than 50 days prior to any redemption date for the Bonds to be redeemed with the proceeds of such prepaid Special Taxes.

The Prepayment Amount shall be calculated as follows (capitalized terms as defined below):

Bond Redemption Amount  
plus Redemption Premium  
plus Defeasance Requirement  
plus Administrative Fees and Expenses  
less Reserve Fund Credit  
equals Prepayment Amount

As of the proposed date of prepayment, the Prepayment Amount shall be determined by application of the following steps:

- Step 1:** Determine the total Maximum Special Tax that could be collected from the Parcel prepaying the Special Tax in the Fiscal Year in which prepayment would be received by the City.
- Step 2:** Divide the Maximum Special Tax computed pursuant to Step 1 by the Total Maximum Special Tax Revenue for the Fiscal Year in which prepayment would be received by the City.
- Step 3:** Multiply the quotient computed pursuant to Step 2 by the Outstanding Bonds to compute the amount of Outstanding Bonds to be retired and prepaid (*the "Bond Redemption Amount"*).
- Step 4:** Multiply the Bond Redemption Amount computed pursuant to Step 3 by the applicable redemption premium, if any, on the Outstanding Bonds to be redeemed (*the "Redemption Premium"*).
- Step 5:** Compute the amount needed to pay interest on the Bond Redemption Amount starting with the last Outstanding Bond interest payment date on which interest has been or will be paid by Special Taxes already levied until the earliest redemption date for the Outstanding Bonds.
- Step 6:** Compute the amount of interest the City reasonably expects to derive from reinvestment of the Bond Redemption Amount plus the Redemption Premium from the first Outstanding Bond interest payment date after which the prepayment has been received until the redemption date for the Outstanding Bonds.
- Step 7:** Take the amount computed pursuant to Step 5 and subtract the amount computed pursuant to Step 6 (*the "Defeasance Requirement"*).
- Step 8:** Determine the costs of computing the prepayment amount, redeeming Outstanding Bonds, and recording any notices to evidence the prepayment and redemption (*the "Administrative Fees and Expenses"*).

**Step 9:** If and to the extent so provided in the Indenture, a reserve fund credit shall be calculated as a reduction in the applicable reserve fund for the Outstanding Bonds to be redeemed pursuant to the prepayment (the “*Reserve Fund Credit*”).

**Step 10:** The Special Tax prepayment is equal to the sum of the amounts computed pursuant to Steps 3, 4, 7, and 8, less the amount computed pursuant to Step 9 (the “*Prepayment Amount*”).

Once a full prepayment of a Parcel’s Special Tax obligation has been received, a Notice of Cancellation of Special Tax Lien shall be recorded against the Parcel to reflect the discharge of the Parcel’s obligation to pay the Special Tax. However, a Notice of Cancellation of Special Tax Lien shall not be recorded until all Special Taxes levied on the Parcel in the current or prior Fiscal Years have been collected.

## **2. Partial Prepayment**

A partial prepayment may be made in an amount equal to any percentage of full prepayment desired by the party making a partial prepayment, except that the full amount of Administrative Fees and Expenses determined in Step 8 shall be included in the partial prepayment. The Maximum Special Tax that can be levied on a Parcel after a partial prepayment is made shall be determined as follows:

**Step 1.** Calculate the full prepayment (not including the amount collected for Administrative Fees and Expenses) that would be due from the Parcel if the entire Special Tax obligation were being prepaid pursuant to Section H.1 above.

**Step 2.** Divide the partial prepayment amount for the Parcel (not including the amount collected for Administrative Fees and Expenses) by the amount computed in Step 1 to determine a percentage.

**Step 3.** Subtract the percentage computed in Step 2 from 100% to determine the “Remaining Percentage”.

**Step 4.** Multiply the Remaining Percentage from Step 3 by the Maximum Special Tax for the Parcel to determine the new Maximum Special Tax that will be in effect for the Parcel after the partial prepayment is applied.

## **I. INTERPRETATION OF SPECIAL TAX FORMULA**

The City may, by resolution or ordinance, interpret, clarify, and/or revise this RMA to correct any inconsistency, vagueness, or ambiguity as it relates to the Special Tax, method of apportionment, classification of properties, or any definition applicable to the CFD, as long as

such correction does not materially affect the levy and collection of Special Taxes and any security for the Bonds. The City, upon the request of an owner of land within the CFD which is not Developed Property, may also amend this RMA in any manner acceptable to the City, by resolution or ordinance following a public hearing, upon the affirmative vote of such owner to such amendment and without the vote of owners of any other land within the CFD, provided such amendment only affects such owner's land and does not reduce the Total Maximum Special Tax Revenue that can be collected from the Parcel.

**Attachment 1**  
**Improvement Area #1 of the**  
**City of Lathrop CFD No. 2018-1**  
**Expected Land Uses and Maximum Annual Special Tax per Parcel**  
**(Fiscal Year 2018-19)**

<b>APN</b>	<b>Net Acreage</b>	<b>Expected Land Use</b>	<b>Base Special Tax /1</b>	<b>Total Maximum Annual Special Tax Revenue /1</b>
191-210-38	22.9	Residential	\$9,680	\$221,672
191-210-39	22.7	Residential	\$9,680	\$219,736
191-210-40	15.2	Residential	\$9,680	\$147,136
191-210-41	12.3	Residential	\$9,680	\$119,064
191-210-42	16.3	Residential	\$9,680	\$157,784
191-210-43	4.1	Public (Park)	\$0	\$0
<b>Total Maximum Annual Special Tax Revenue /1</b>				<b>\$865,392</b>

/1 Beginning July 1, 2019, and each July 1 thereafter, the Base Special Tax, Maximum Annual Special Tax, and Total Maximum Annual Special Tax Revenue shall increase by 2% of the amount in effect in the prior Fiscal Year.

*Goodwin Consulting Group, Inc.*

6/20/2018

**IMPROVEMENT AREA NO. 2 OF THE  
CITY OF LATHROP  
COMMUNITY FACILITIES DISTRICT NO. 2018-1  
(CENTRAL LATHROP SPECIFIC PLAN FACILITIES)**

**RATE AND METHOD OF APPORTIONMENT OF SPECIAL TAX**

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A Special Tax applicable to each Assessor's Parcel in Improvement Area No. 2 of the City of Lathrop Community Facilities District No. 2018-1 (Central Lathrop Specific Plan Facilities) shall be levied and collected according to the tax liability determined by the City or its designee through the application of the appropriate amount or rate for Taxable Property, as described below. All of the property in Improvement Area No. 2, unless exempted by law or by the provisions of Section G below, shall be taxed for the purposes, to the extent, and in the manner herein provided, including property subsequently annexed to Improvement Area No. 2 unless a separate Rate and Method of Apportionment of Special Tax is adopted for the annexation area.

**A. DEFINITIONS**

The terms hereinafter set forth have the following meanings:

**"Accessory Unit"** means a second residential unit of limited size (e.g., granny cottage, second unit) that shares a Parcel with a single-family detached unit.

**"Acre" or "Acreage"** means the land area of an Assessor's Parcel as shown on an Assessor's Parcel Map, or if the land area is not shown on an Assessor's Parcel Map, the land area shown on the applicable Final Map or other parcel map recorded at the County Recorder's Office.

**"Act"** means the Mello-Roos Community Facilities Act of 1982, as amended, being Chapter 2.5, (commencing with Section 53311), Division 2 of Title 5 of the California Government Code.

**"Administrative Expenses"** means any or all of the following: the fees and expenses of any fiscal agent or trustee (including any fees or expenses of its counsel) employed in connection with any Bonds, and the expenses of the City in carrying out its duties with respect to Improvement Area No. 2 and the Bonds related thereto, including, but not limited to, the levy and collection of the Special Tax, the fees and expenses of its counsel, charges levied by the County in connection with the levy and collection of the Special Tax, costs related to property owner inquiries regarding the Special Tax, amounts needed to pay rebate to the federal government with respect to the Bonds, costs associated with complying with continuing disclosure requirements with respect to the Bonds and the Special Tax, and all other costs and expenses of the City and County in any way related to administration of the CFD including costs related to any dispute, litigation, settlement, or defense of any matter related to the CFD.



**“Administrative Expense Cap”** means \$15,000 for Fiscal Year 2018-19 and \$15,000 for Fiscal Year 2019-20. No Administrative Expense Cap shall apply after Fiscal Year 2019-20.

**“Administrative Expense Reimbursement Amount”** means a total of \$40,000.

**“Administrator”** means the person or firm designated by the City to administer the Special Tax according to this RMA.

**“Airspace Parcel”** means a parcel with an assigned Assessor’s Parcel number that constitutes vertical space of an underlying land Parcel.

**“Assessor’s Parcel” or “Parcel”** means a lot or parcel, including an Airspace Parcel, shown on a County Assessor’s Parcel Map with an assigned County Assessor’s Parcel number.

**“Assessor’s Parcel Map”** means an official map of the County Assessor designating Parcels by Assessor’s Parcel number.

**“Association Property”** means any property within Improvement Area No. 2 that is owned by a homeowners’ association or property owners’ association, excluding such property that is under the pad or footprint of a residential unit or building.

**“Authorized Facilities”** means the public facilities authorized to be financed, in whole or in part, by Special Taxes collected within the CFD, pursuant to the documents adopted by the City Council at CFD Formation.

**“Base Special Tax”** means, in Fiscal Year 2018-19, \$9,680 per Net Acre for any Parcel or portion of a Parcel developed or expected to be developed as Residential Property and \$4,000 per Net Acre for any Parcel or portion of a Parcel developed or expected to be developed as Non-Residential Property, which amounts shall increase on July 1, 2019 and each July 1 thereafter by two percent (2%) of the amount in effect in the prior Fiscal Year. The determination of Expected Land Use shall be made by the Administrator based on review of land use and development plans, and in coordination with the City Planning Department.

**“Bonds”** means bonds or other debt (as defined in the Act), whether in one or more series, which are secured by Special Tax revenues and were issued, insured or assumed by Improvement Area No. 2 to fund Authorized Facilities.

**“CFD” or “CFD No. 2018-1”** means the City of Lathrop Community Facilities District No. 2018-1 (Central Lathrop Specific Plan Facilities).

**“CFD Formation”** means the date on which the Resolution of Formation for CFD No. 2018-1 was adopted by the City Council.

**“City”** means the City of Lathrop.

**“City Council”** means the City Council of the City of Lathrop.

**“County”** means the County of San Joaquin.

**“Debt Service Reserve Funding Amount”** means an amount equal to 50% of the greatest interest payment due in any single bond year, as defined in the Indenture.

**“Developed Property”** means, in any Fiscal Year, all Parcels of Taxable Property for which a building permit for new construction (which shall not include a permit issued solely for construction of the foundation if another permit remains to be issued for vertical construction of the building) was issued prior to June 1 of the preceding Fiscal Year.

**“EDU”** means an equivalent dwelling unit, as used in Section C.3 to determine the relative relationship among SFD Lots.

**“EDU Factor”** means the equivalent dwelling unit factor assigned to SFD Lots in Section C.3 below.

**“Expected Land Use”** means the Land Use(s) and/or Public Property anticipated on a Parcel in Improvement Area No. 2. The Expected Land Uses at the time of CFD Formation are identified in Attachment 1 of this RMA, and such Expected Land Uses may be updated pursuant to Sections C and D below.

**“Final Map”** means a final map, or portion thereof, recorded by the County pursuant to the Subdivision Map Act (California Government Code Section 66410 et seq.) that creates SFD Lots. The term “Final Map” shall not include any Assessor’s Parcel Map or subdivision map, or portion thereof, that does not create SFD Lots, including Assessor’s Parcels that are designated as remainder parcels.

**“Fiscal Year”** means the period starting July 1 and ending on the following June 30.

**“Improvement Area No. 2”** means Improvement Area No. 2 of the City of Lathrop Community Facilities District No. 2018-1 (Central Lathrop Specific Plan Facilities).

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

**“Land Use”** means Residential Property or Non-Residential Property.

**“Land Use Change”** means a proposed or approved change to the Expected Land Use(s) on a Parcel of Taxable Property.

**“Large Lot Map”** means a subdivision map recorded at the County Recorder’s Office that subdivides all or a portion of the property in Improvement Area No. 2 into large Parcels, most of which will be subject to future subdivision.

**“Maximum Special Tax”** means the greatest amount of Special Tax that can be levied on a Parcel of Taxable Property in any Fiscal Year, as determined in accordance with Sections C and D below. The Maximum Special Tax based on Expected Land Uses for each Parcel in Improvement Area No. 2 at the time of CFD Formation is set forth in Attachment 1.

**“Multi-Family Property”** means, in any Fiscal Year, all Parcels of Developed Property for which a building permit was issued for construction of a residential structure with five or more Units that share a single Assessor’s Parcel number, are offered for rent to the general public, and cannot be purchased by individual homebuyers.

**“Net Acreage”** means the estimated acreage of Residential Property and Non-Residential Property on an Original Parcel after taking out expected Public Property, not including internal streets. The Net Acreage within each Original Parcel at the time of CFD Formation is shown in Attachment 1, and such Net Acreage shall be updated each time an Original Parcel subdivides or a Land Use Change is approved. **“Net Acre”** means one acre of the Net Acreage calculated for a Parcel.

**“Non-Residential Property”** means all Assessor’s Parcels of Developed Property that are not Taxable Public Property for which a building permit was issued for a use other than Residential Property. If a Parcel includes or is expected to include both Units and non-residential land uses, the Net Acreage to be taxed as Non-Residential Property shall be calculated by dividing the net leasable and net saleable square footage of non-residential uses on the Parcel (as determined by the Administrator) by the aggregate net leasable and net saleable square footage built or expected to be built on the Parcel (as determined by the Administrator), then multiplying the quotient by the Net Acreage of the underlying land Parcel for purposes of calculating the Maximum Special Tax and levying the Special Tax in any Fiscal Year.

**“Original Parcel”** means: (i) an Assessor’s Parcel included in Improvement Area No. 2 at the time of CFD Formation, (ii) an Assessor’s Parcel that annexes into Improvement Area No. 2 after CFD Formation, or (iii) a Successor Parcel that was created after subdivision of an Original Parcel and is being further subdivided.

**“Proportionately”** means, for Developed Property, that the ratio of the actual Special Tax levied in any Fiscal Year to the Maximum Special Tax authorized to be levied in that Fiscal Year is equal for all Assessor’s Parcels of Developed Property. For Undeveloped Property, **“Proportionately”** means that the ratio of the actual Special Tax levied to the Maximum Special Tax authorized to be levied is equal for all Assessor’s Parcels of Undeveloped Property.

**“Public Property”** means any property within the boundaries of Improvement Area No. 2 that is owned by or irrevocably offered for dedication to the federal government, State of California, County, City, or other local governments or public agencies. For purposes of this RMA, all Association Property shall also be categorized as Public Property.

**“Required Coverage”** means that the Total Maximum Special Tax Revenue must be at least 110% of the debt service on the Bonds in every bond year, as defined in the Indenture.

**“Required Revenue”** means, after one or more series of Bonds have been issued for Improvement Area No. 2, the Total Maximum Special Tax Revenue that must be available in order to maintain Required Coverage. Upon prepayment of all or a portion of the Maximum Special Tax obligation assigned to any Parcel in Improvement Area No. 2, the Required Revenue shall be reduced by the Special Tax that will no longer be levied on the Parcel for which a prepayment was received, as determined by the Administrator. For purposes of Section C below, Required Revenue shall be \$0.00 prior to issuance of the first series of Bonds for Improvement Area No. 2.

**“Residential Property”** means, collectively, Single Family Detached Property, Single Family Attached Property, and Multi-Family Property. If a Parcel includes or is expected to include both Units and non-residential land uses, the Net Acreage to be taxed as Residential Property shall be calculated by dividing the net leasable and net saleable square footage of residential uses on the Parcel (as determined by the Administrator) by the aggregate net leasable and net saleable square footage built or expected to be built on the Parcel (as determined by the Administrator), then multiplying the quotient by the Net Acreage of the underlying land Parcel for purposes of calculating the Maximum Special Tax and levying the Special Tax in any Fiscal Year.

**“RMA”** means this Rate and Method of Apportionment of Special Tax.

**“SFD Lot”** means an individual residential lot, identified and numbered on a recorded Final Map, on which a building permit has been or is permitted to be issued for construction of a single family detached unit without further subdivision of the lot and for which no further subdivision of the lot is anticipated pursuant to an approved tentative map.

**“Single Family Attached Property”** means, in any Fiscal Year, all Parcels of Developed Property for which a building permit or use permit was issued for construction of a residential structure consisting of two or more Units that share common walls, have separate Assessor’s Parcel numbers assigned to them (except for a duplex unit, which may share a Parcel with another duplex unit), and may be purchased by individual homebuyers (which shall still be the case even if the Units are purchased and subsequently offered for rent by the owner of the Unit), including such residential structures that meet the statutory definition of a condominium contained in Civil Code Section 1351.

**“Single Family Detached Property”** means, in any Fiscal Year, all Parcels of Developed Property for which a building permit was issued for construction of a Unit that does not share a common wall with another Unit.

**“Special Tax”** means a special tax levied in any Fiscal Year to pay the Special Tax Requirement.

**“Special Tax Requirement”** means the amount necessary in any Fiscal Year to: (i) pay principal and interest on Bonds that is due in the calendar year that begins in such Fiscal Year; (ii) create and/or replenish debt service reserve funds as required by the Indenture for the Bonds to the extent such replenishment has not been included in the computation of the Special Tax Requirement in a previous Fiscal Year; (iii) cure any delinquencies in the payment of principal

or interest on Bonds which have occurred in the prior Fiscal Year; (iv) pay Administrative Expenses, subject to the Administrative Expense Cap if applicable for the Fiscal Year; (v) create and/or replenish reserve funds for Administrative Expenses; and (vi) pay for extraordinary administrative expense reserve reimbursement, as described in the Indenture. The amounts referred to in clauses (i) and (ii) of the preceding sentence may be reduced in any Fiscal Year by: (i) interest earnings on or surplus balances in funds and accounts for the Bonds to the extent that such earnings or balances are available to apply against debt service pursuant to the Indenture; (ii) proceeds received from the collection of penalties associated with delinquent Special Taxes; and (iii) any other revenues available to reduce the Special Tax Requirement as determined by the Administrator.

**“Successor Parcel”** means a Parcel of Taxable Property created from subdivision or reconfiguration of an Original Parcel.

**“Taxable Property”** means all Parcels within the boundaries of Improvement Area No. 2 that (i) are not exempt from the Special Tax pursuant to law or Section G below, and (ii) which upon subdivision of an Original Parcel, are assigned Expected Land Uses and are not expected to be Public Property.

**“Taxable Public Property”** means, in any Fiscal Year, any Parcel of Public Property within Improvement Area No. 2 that had been assigned a Maximum Special Tax obligation based on Expected Land Uses being assigned to the Parcel. Notwithstanding the foregoing, if (i) a prepayment is received in an amount sufficient to pay off the full Maximum Special Tax obligation assigned to the Parcel, or (ii) the City determines that, in the Fiscal Year in which the Parcel would first be categorized as Taxable Public Property, an equal amount of Acreage within the CFD that had been Public Property became Taxable Property, then the Parcel of Public Property can be deemed exempt from the Special Tax if the Administrator determines that the Total Maximum Special Tax Revenue after granting such exemption is greater than or equal to the Required Revenue.

**“Total Maximum Special Tax Revenue”** means the aggregate amount of revenue that can be generated in any Fiscal Year by levying the Maximum Special Tax on all Parcels of Taxable Property within Improvement Area No. 2.

**“Undeveloped Property”** means, in any Fiscal Year, all Parcels of Taxable Property that are not Developed Property.

**“Unit”** means a single family detached unit or an individual unit within a duplex, triplex, halfplex, fourplex, condominium, townhome, live/work, or apartment structure. An Accessory Unit that shares a Parcel with a single-family detached unit shall not be considered a separate Unit for purposes of this RMA.

**B. DATA FOR ADMINISTRATION OF SPECIAL TAX**

On or about July 1 of each Fiscal Year, the Administrator shall identify (i) the current Assessor's Parcel numbers for all Parcels of Developed Property and Undeveloped Property within Improvement Area No. 2, (ii) the number of Units expected within each building on each Parcel of Single Family Attached Property, (iii) the square footage of all SFD Lots that were created in the prior Fiscal Year, (iv) whether the Administrative Expense Reimbursement Amount and the Debt Service Reserve Funding Amount have been fully funded by special tax revenues from prior fiscal years, and (v) the Special Tax Requirement for the Fiscal Year. In addition, on an ongoing basis, the Administrator shall monitor Land Use Changes and the subdivision of Parcels in Improvement Area No. 2 and (i) allocate the Maximum Special Tax assigned to the Original Parcel(s) to the Successor Parcels created by the subdivision pursuant to Section C below, and (ii) ensure that such Land Use Changes do not result in Total Maximum Special Tax Revenue that is less than the Required Revenue. After the recordation of each Large Lot Map within Improvement Area No. 2, the Administrator shall also review and revise, as needed, the Expected Land Uses, Net Acreage, and Maximum Special Taxes for each Successor Parcel created by recordation of the Large Lot Map, and update Attachment 1 accordingly, as set forth in Section C below.

In any Fiscal Year, if it is determined that: (i) a parcel map for property in Improvement Area No. 2 was recorded after January 1 of the prior Fiscal Year (or any other date after which the Assessor will not incorporate the newly-created parcels into the then current tax roll), (ii) because of the date the parcel map was recorded, the Assessor does not yet recognize the new parcels created by the parcel map, and (iii) a building permit was issued prior to June 1 of the prior Fiscal Year for development on one or more of the newly-created parcels, the Administrator shall calculate the Special Tax for each Land Use within the subdivided area and levy such Special Tax on the Original Parcel that was subdivided by recordation of the parcel map.

**C. MAXIMUM SPECIAL TAX**

**1. Original Parcels in Improvement Area No. 2 at CFD Formation**

Attachment 1 to this RMA identifies the Maximum Special Tax assigned to each Original Parcel in Improvement Area No. 2 for Fiscal Year 2018-19 based on the Expected Land Use(s) for each Parcel as of CFD Formation. After recordation of each Large Lot Map for property in Improvement Area No. 2, the Administrator shall review current maps and land use plans for the property within the Large Lot Map and, in consultation with the City Planning Department, reevaluate the Expected Land Uses for each of the Successor Parcels created by recordation of the Large Lot Map. Attachment 1 shall be updated to reflect the Assessor's Parcel numbers, Expected Land Uses, Net Acreage, and corresponding Maximum Special Tax assigned to each Parcel after applying the Base Special Tax to each Land Use on each Successor Parcel. If, based on changes to the Expected Land Uses within the Large Lot Map area, the Total Maximum Special Tax Revenue that could be generated in Improvement Area No. 2 is less than the Required Revenue, the Maximum Special Tax on each Successor Parcel created by the Large Lot

Map shall be increased proportionately until the Total Maximum Special Tax Revenue is equal to the Required Revenue. If there is an increase in the Total Maximum Special Tax Revenue based on Expected Land Uses within the Large Lot Map, the Administrator shall reflect such increased Total Maximum Special Tax Revenue in the updated Attachment 1.

If, before or after the comprehensive review after recordation of a Large Lot Map, there are any other Land Use Changes proposed for any Parcel prior to final subdivision of the Parcel, the Administrator shall determine the Maximum Special Tax that would be assigned to the Parcel if the Base Special Tax was applied to the Net Acreage of Residential Property and/or Non-Residential Property on the Parcel after the proposed Land Use Change. If, based on this Maximum Special Tax calculation, the Total Maximum Special Tax Revenue would be less than the Required Revenue, the Maximum Special Tax for such Parcel shall be increased proportionately until the Total Maximum Special Tax Revenue is equal to the Required Revenue. If there is an increase in the Total Maximum Special Tax Revenue after the Land Use Change, the Administrator shall reflect such increased Total Maximum Special Tax Revenue in an updated Attachment 1.

## **2. Successor Parcels that are not SFD Lots**

The Maximum Special Tax for each Original Parcel for Fiscal Year 2018-19 is identified in Attachment 1, which may be updated as set forth above. After such update, if an Original Parcel is subdivided or reconfigured and none of the Successor Parcels are SFD Lots, the Administrator shall assign the Maximum Special Tax to the Successor Parcels by applying the following steps:

- Step 1:** Based on reference to Land Use plans and, if needed, coordination with the City Planning Department, determine the Net Acreage of each Land Use on each Successor Parcel created from subdivision or reconfiguration of the Original Parcel.
- Step 2:** For each Successor Parcel, multiply the Base Special Tax for each Land Use by the Net Acreage of each Land Use determined in Step 1, and calculate the aggregate Maximum Special Tax that could be generated from the Successor Parcels created from subdivision of the Original Parcel.
- Step 3:** If the aggregate Maximum Special Tax for all Successor Parcels is greater than or equal to the Maximum Special Tax that had been assigned to the Original Parcel before it was subdivided, the Maximum Special Tax for each Successor Parcel shall be the amount determined in Step 2, and the Administrator shall recalculate the Total Maximum Special Tax Revenue to include the increased Maximum Special Tax. If the aggregate Maximum Special Tax for all Successor Parcels is less than the Maximum Special Tax assigned to the Original Parcel, and such reduction would reduce the Total Maximum Special Tax Revenue to an amount less than the Required Revenue, then the Administrator shall increase the amount calculated for each Successor Parcel in Step 2 proportionately until the Total Maximum Special Tax Revenue after the subdivision is equal to the Required Revenue.

**Step 4:** If all or a portion of the Original Parcel was subdivided to create individual Parcels (which may be Airspace Parcels) for Units on Single Family Attached Property, divide the Maximum Special Tax assigned to the Original Parcel (or portion thereof), as may be adjusted pursuant to Step 3 above, by the total number of Units that will be built on the Original Parcel (or portion thereof) to calculate the Maximum Special Tax that will be assigned to each Parcel.

Upon each application of this Section C.2, there shall be no reduction in the Required Revenue unless there has been a prepayment for one or more Parcels within Improvement Area No. 2.

**3. Successor Parcels of which All or Some are SFD Lots**

Upon subdivision of an Original Parcel into Successor Parcels, of which all or some are SFD Lots, the Administrator shall apply the following steps to determine the Maximum Special Tax for each Parcel:

**Step 1:** Determine the Net Acreage and Expected Land Use for each Successor Parcel created from subdivision of the Original Parcel. Apply the steps set forth in Section C.2 above to allocate the Maximum Special Tax from the Original Parcel to each Successor Parcel.

**Step 2:** Apply one of the following EDU Factors to each SFD Lot based on the square footage of each lot, and calculate the aggregate EDUs from all SFD Lots created by subdivision of the Original Parcel:

<u>Lot Size</u>	<u>EDU Factor</u>
Greater than 8,000 square feet	1.25
6,501-8,000 square feet	1.14
5,001-6,500 square feet	1.00
3,501-5,000 square feet	0.87
2,800-3,500 square feet	0.81
Less than 2,800 square feet	0.73

**Step 3:** *For SFD Lots*, sum the Maximum Special Tax assigned in Step 1 to all Successor Parcels that are SFD Lots, and divide this amount by the total EDUs determined in Step 2 to calculate a Maximum Special Tax per EDU. Multiply the Maximum Special Tax per EDU by the EDU Factor for each SFD Lot to determine the Maximum Special Tax for each Successor Parcel that is a SFD Lot. This Maximum Special Tax shall be the Maximum Special Tax for the Parcel when it is Undeveloped Property and when it becomes Developed Property.

*For Successor Parcels that are not SFD Lots*, the Maximum Special Tax shall be the amount determined for each Parcel pursuant to Step 1 above.



At no time shall the distribution of the Maximum Special Tax upon subdivision or reconfiguration of a Parcel result in Total Maximum Special Tax Revenue that is lower than the Required Revenue. If an Original Parcel is subdivided, and the Successor Parcels include a combination of Land Uses, the Administrator shall delineate the Maximum Special Tax to the Taxable Property created by the subdivision based on the best information available at the time, and based on application of Sections C.2 and C.3 of this RMA.

#### **4. Parcels of Taxable Public Property**

The Maximum Special Tax for a Parcel of Taxable Public Property shall be equal to the Maximum Special Tax that applied prior to the Parcel becoming Public Property.

#### **5. Annexations**

If, in any Fiscal Year, a Parcel or Parcels annex into Improvement Area No. 2, the Administrator shall, in coordination with the City Planning Department, identify the Expected Land Uses for the Parcel(s). The Administrator shall then (i) apply the Base Special Tax to each Land Use to calculate the Maximum Special Tax for the Parcel, (ii) add the Maximum Special Tax for the Parcel to the Total Maximum Special Tax Revenue, and (iii) levy the Special Tax on the Parcel(s) pursuant to this RMA in the next Fiscal Year and all future Fiscal Years unless a prepayment is received to fully release the Parcel(s) from the Special Tax obligation.

### **D. ADJUSTMENTS TO THE MAXIMUM SPECIAL TAX**

#### **1. Escalation of Maximum Special Tax**

Beginning July 1, 2019 and each July 1 thereafter, the Maximum Special Tax for each Parcel in Improvement Area No. 2 shall be increased by two percent (2%) of the amount in effect in the prior Fiscal Year.

#### **2. Conversion of a Parcel of Public Property to Private Use**

If, in any Fiscal Year, a Parcel of Public Property is converted to private use, which shall include a lease to a private entity allowing the property to be taxed pursuant to Section 53340.1 of the Act, such Parcel shall be subject to the levy of the Special Tax. The Maximum Special Tax for each such Parcel shall be determined based on applying the Base Special Tax to the Net Acreage of each Expected Land Use on the Parcel.

### **E. METHOD OF LEVY OF THE SPECIAL TAX**

1. Each Fiscal Year prior to the time at which the Administrative Expense Reimbursement Amount has been repaid pursuant to the terms of the Indenture and the Debt Service Reserve Funding Amount has been fully funded pursuant to the terms of the Indenture,

the Administrator shall levy the Maximum Special Tax on all Parcels of Taxable Property.

2. Each Fiscal Year beginning with the Fiscal Year in which the Administrative Expense Reimbursement Amount has been repaid pursuant to the terms of the Indenture and the Debt Service Reserve Funding Amount has been fully funded pursuant to the terms of the Indenture, the Administrator shall determine the Special Tax Requirement and levy the Special Tax on all Parcels of Taxable Property as follows:

**Step 1:** The Special Tax shall be levied Proportionately on each Parcel of Developed Property, other than Taxable Public Property, up to 100% of the Maximum Special Tax for each Parcel until the amount levied on Developed Property is equal to the Special Tax Requirement.

**Step 2:** If additional revenue is needed after Step 1 to pay the Special Tax Requirement, the Special Tax shall be levied Proportionately on each Parcel of Undeveloped Property up to 100% of the Maximum Special Tax for each Parcel until the amount levied on Developed Property and Undeveloped Property is equal to the Special Tax Requirement.

**Step 3:** If additional revenue is needed after Step 2 to pay the Special Tax Requirement, the Special Tax shall be levied Proportionately on each Parcel of Taxable Public Property, up to 100% of the Maximum Special Tax for each Parcel.

#### **F. MANNER OF COLLECTION OF SPECIAL TAX**

The Special Tax shall be collected in the same manner and at the same time as ordinary ad valorem property taxes, provided, however, that the City may directly bill, collect at a different time or in a different manner, and/or collect delinquent Special Taxes through foreclosure or other available methods.

The Special Tax shall be levied and collected until principal and interest on the Bonds have been repaid, costs of constructing or acquiring Authorized Facilities from Special Tax proceeds have been paid, and all Administrative Expenses have been paid or reimbursed. However, in no event shall a Special Tax be levied after Fiscal Year 2060-61, except that a Special Tax that was lawfully levied in or before the Fiscal Year 2060-61 and remains delinquent may be collected in subsequent Fiscal Years. Under no circumstances may the Special Tax on a Parcel in residential use be increased in any Fiscal Year as a consequence of delinquency or default in payment of the Special Tax levied on another Parcel or Parcels by more than ten percent (10%) above the amount that would have been levied in that Fiscal Year had there never been any such delinquencies or defaults.

## **G. EXEMPTIONS**

Notwithstanding any other provision of this RMA, no Special Tax shall be levied on the following: (i) Public Property, except Taxable Public Property, (ii) Parcels that are designated as permanent open space or common space on which no structure is permitted to be constructed, (iii) Parcels owned by a public utility for an unmanned facility, or (iv) Parcels subject to an easement that precludes any use on the Parcel other than that permitted by the easement. In addition, no Special Tax shall be levied on any Parcel that has fully prepaid the Special Tax obligation assigned to the Parcel, as determined pursuant to the formula set forth in Section H below. Notwithstanding the foregoing, if a Special Tax has been levied on a Parcel in any Fiscal Year, and the Parcel subsequently meets the criteria for any of the exempted categories above, the Parcel shall remain subject to the Special Tax levy unless and until a prepayment is made to release the Parcel from its Special Tax obligation or, in the case of Public Property, the City determines that the parcel can be exempted from the Special Tax after making the determinations listed in the definition of Taxable Public Property above.

If, in any Fiscal Year, a Parcel of Public Property is converted to private use, such Parcel shall be subject to the levy of Special Taxes pursuant to Section D.2 above.

## **H. PREPAYMENT OF SPECIAL TAX**

The following definitions apply to this Section H:

**“Outstanding Bonds”** means all Previously Issued Bonds which remain outstanding, with the following exception: if a Special Tax has been levied against, or already paid by, an Assessor’s Parcel making a prepayment, and a portion of the Special Tax will be used to pay a portion of the next principal payment on the Bonds that remain outstanding (as determined by the Administrator), that next principal payment shall be subtracted from the total Bond principal that remains outstanding, and the difference shall be used as the amount of Outstanding Bonds for purposes of this prepayment formula.

**“Previously Issued Bonds”** means all Bonds that have been issued prior to the date of prepayment.

### **1. Full Prepayment**

The Special Tax obligation applicable to a Parcel in Improvement Area No. 2 may be fully prepaid and the obligation of the Parcel to pay the Special Tax permanently satisfied as described herein, provided that a prepayment may be made only if there are no delinquent Special Taxes with respect to such Parcel at the time of prepayment. An owner of a Parcel intending to prepay the Special Tax obligation shall provide the City with written notice of intent to prepay. Within 30 days of receipt of such written notice, the City or its designee shall notify such owner of the prepayment amount for such Parcel. Prepayments must be made not less than 50 days prior to any redemption date for the Bonds to be redeemed with the proceeds of such prepaid Special Taxes.

The Prepayment Amount shall be calculated as follows (capitalized terms as defined below):

Bond Redemption Amount  
plus Redemption Premium  
plus Defeasance Requirement  
plus Administrative Fees and Expenses  
less Reserve Fund Credit  
equals Prepayment Amount

As of the proposed date of prepayment, the Prepayment Amount shall be determined by application of the following steps:

- Step 1:** Determine the total Maximum Special Tax that could be collected from the Parcel prepaying the Special Tax in the Fiscal Year in which prepayment would be received by the City.
- Step 2:** Divide the Maximum Special Tax computed pursuant to Step 1 by the Total Maximum Special Tax Revenue for the Fiscal Year in which prepayment would be received by the City.
- Step 3:** Multiply the quotient computed pursuant to Step 2 by the Outstanding Bonds to compute the amount of Outstanding Bonds to be retired and prepaid (*the "Bond Redemption Amount"*).
- Step 4:** Multiply the Bond Redemption Amount computed pursuant to Step 3 by the applicable redemption premium, if any, on the Outstanding Bonds to be redeemed (*the "Redemption Premium"*).
- Step 5:** Compute the amount needed to pay interest on the Bond Redemption Amount starting with the last Outstanding Bond interest payment date on which interest has been or will be paid by Special Taxes already levied until the earliest redemption date for the Outstanding Bonds.
- Step 6:** Compute the amount of interest the City reasonably expects to derive from reinvestment of the Bond Redemption Amount plus the Redemption Premium from the first Outstanding Bond interest payment date after which the prepayment has been received until the redemption date for the Outstanding Bonds.
- Step 7:** Take the amount computed pursuant to Step 5 and subtract the amount computed pursuant to Step 6 (*the "Defeasance Requirement"*).
- Step 8:** Determine the costs of computing the prepayment amount, redeeming Outstanding Bonds, and recording any notices to evidence the prepayment and redemption (*the "Administrative Fees and Expenses"*).

**Step 9:** If and to the extent so provided in the Indenture, a reserve fund credit shall be calculated as a reduction in the applicable reserve fund for the Outstanding Bonds to be redeemed pursuant to the prepayment (the “*Reserve Fund Credit*”).

**Step 10:** The Special Tax prepayment is equal to the sum of the amounts computed pursuant to Steps 3, 4, 7, and 8, less the amount computed pursuant to Step 9 (the “*Prepayment Amount*”).

Once a full prepayment of a Parcel’s Special Tax obligation has been received, a Notice of Cancellation of Special Tax Lien shall be recorded against the Parcel to reflect the discharge of the Parcel’s obligation to pay the Special Tax. However, a Notice of Cancellation of Special Tax Lien shall not be recorded until all Special Taxes levied on the Parcel in the current or prior Fiscal Years have been collected.

## **2. Partial Prepayment**

A partial prepayment may be made in an amount equal to any percentage of full prepayment desired by the party making a partial prepayment, except that the full amount of Administrative Fees and Expenses determined in Step 8 shall be included in the partial prepayment. The Maximum Special Tax that can be levied on a Parcel after a partial prepayment is made shall be determined as follows:

**Step 1.** Calculate the full prepayment (not including the amount collected for Administrative Fees and Expenses) that would be due from the Parcel if the entire Special Tax obligation were being prepaid pursuant to Section H.1 above.

**Step 2.** Divide the partial prepayment amount for the Parcel (not including the amount collected for Administrative Fees and Expenses) by the amount computed in Step 1 to determine a percentage.

**Step 3.** Subtract the percentage computed in Step 2 from 100% to determine the “Remaining Percentage”.

**Step 4.** Multiply the Remaining Percentage from Step 3 by the Maximum Special Tax for the Parcel to determine the new Maximum Special Tax that will be in effect for the Parcel after the partial prepayment is applied.

## **I. INTERPRETATION OF SPECIAL TAX FORMULA**

The City may, by resolution or ordinance, interpret, clarify, and/or revise this RMA to correct any inconsistency, vagueness, or ambiguity as it relates to the Special Tax, method of apportionment, classification of properties, or any definition applicable to the CFD, as long as

such correction does not materially affect the levy and collection of Special Taxes and any security for the Bonds. The City, upon the request of an owner of land within the CFD which is not Developed Property, may also amend this RMA in any manner acceptable to the City, by resolution or ordinance following a public hearing, upon the affirmative vote of such owner to such amendment and without the vote of owners of any other land within the CFD, provided such amendment only affects such owner's land and does not reduce the Total Maximum Special Tax Revenue that can be collected from the Parcel.

**Attachment 1**  
**Improvement Area #2 of the**  
**City of Lathrop CFD No. 2018-1**  
**Expected Land Uses and Maximum Annual Special Tax per Parcel**  
**(Fiscal Year 2018-19)**

<b>APN</b>	<b>Net Acreage</b>	<b>Expected Land Use</b>	<b>Base Special Tax /1</b>	<b>Total Maximum Annual Special Tax Revenue /1</b>
191-200-21	17.0	Residential	\$9,680	\$164,560
191-200-23	10.8	Residential	\$9,680	\$104,544
191-200-24	15.3	Residential	\$9,680	\$148,104
191-210-17	13.7	Residential	\$9,680	\$132,616
191-200-25	4.5	Public (Park)	\$0	\$0
<b>Total Maximum Annual Special Tax Revenue /1</b>				<b>\$549,824</b>

/1 Beginning July 1, 2019, and each July 1 thereafter, the Base Special Tax, Maximum Annual Special Tax, and Total Maximum Annual Special Tax Revenue shall increase by 2% of the amount in effect in the prior Fiscal Year.

*Goodwin Consulting Group, Inc.*

6/20/2018

**IMPROVEMENT AREA NO. 3 OF THE  
CITY OF LATHROP  
COMMUNITY FACILITIES DISTRICT NO. 2018-1  
(CENTRAL LATHROP SPECIFIC PLAN FACILITIES)**

**RATE AND METHOD OF APPORTIONMENT OF SPECIAL TAX**

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A Special Tax applicable to each Assessor's Parcel in Improvement Area No. 3 of the City of Lathrop Community Facilities District No. 2018-1 (Central Lathrop Specific Plan Facilities) shall be levied and collected according to the tax liability determined by the City or its designee through the application of the appropriate amount or rate for Taxable Property, as described below. All of the property in Improvement Area No. 3, unless exempted by law or by the provisions of Section G below, shall be taxed for the purposes, to the extent, and in the manner herein provided, including property subsequently annexed to Improvement Area No. 3 unless a separate Rate and Method of Apportionment of Special Tax is adopted for the annexation area.

**A. DEFINITIONS**

The terms hereinafter set forth have the following meanings:

**"Accessory Unit"** means a second residential unit of limited size (e.g., granny cottage, second unit) that shares a Parcel with a single-family detached unit.

**"Acre" or "Acreage"** means the land area of an Assessor's Parcel as shown on an Assessor's Parcel Map, or if the land area is not shown on an Assessor's Parcel Map, the land area shown on the applicable Final Map or other parcel map recorded at the County Recorder's Office.

**"Act"** means the Mello-Roos Community Facilities Act of 1982, as amended, being Chapter 2.5, (commencing with Section 53311), Division 2 of Title 5 of the California Government Code.

**"Administrative Expenses"** means any or all of the following: the fees and expenses of any fiscal agent or trustee (including any fees or expenses of its counsel) employed in connection with any Bonds, and the expenses of the City in carrying out its duties with respect to Improvement Area No. 3 and the Bonds related thereto, including, but not limited to, the levy and collection of the Special Tax, the fees and expenses of its counsel, charges levied by the County in connection with the levy and collection of the Special Tax, costs related to property owner inquiries regarding the Special Tax, amounts needed to pay rebate to the federal government with respect to the Bonds, costs associated with complying with continuing disclosure requirements with respect to the Bonds and the Special Tax, and all other costs and expenses of the City and County in any way related to administration of the CFD including costs related to any dispute, litigation, settlement, or defense of any matter related to the CFD.



**“Administrative Expense Cap”** means \$15,000 for Fiscal Year 2018-19 and \$15,000 for Fiscal Year 2019-20. No Administrative Expense Cap shall apply after Fiscal Year 2019-20.

**“Administrative Expense Reimbursement Amount”** means a total of \$40,000.

**“Administrator”** means the person or firm designated by the City to administer the Special Tax according to this RMA.

**“Airspace Parcel”** means a parcel with an assigned Assessor’s Parcel number that constitutes vertical space of an underlying land Parcel.

**“Assessor’s Parcel” or “Parcel”** means a lot or parcel, including an Airspace Parcel, shown on a County Assessor’s Parcel Map with an assigned County Assessor’s Parcel number.

**“Assessor’s Parcel Map”** means an official map of the County Assessor designating Parcels by Assessor’s Parcel number.

**“Association Property”** means any property within Improvement Area No. 3 that is owned by a homeowners’ association or property owners’ association, excluding such property that is under the pad or footprint of a residential unit or building.

**“Authorized Facilities”** means the public facilities authorized to be financed, in whole or in part, by Special Taxes collected within the CFD, pursuant to the documents adopted by the City Council at CFD Formation.

**“Base Special Tax”** means, in Fiscal Year 2018-19, \$9,680 per Net Acre for any Parcel or portion of a Parcel developed or expected to be developed as Residential Property and \$4,000 per Net Acre for any Parcel or portion of a Parcel developed or expected to be developed as Non-Residential Property, which amounts shall increase on July 1, 2019 and each July 1 thereafter by two percent (2%) of the amount in effect in the prior Fiscal Year. The determination of Expected Land Use shall be made by the Administrator based on review of land use and development plans, and in coordination with the City Planning Department.

**“Bonds”** means bonds or other debt (as defined in the Act), whether in one or more series, which are secured by Special Tax revenues and were issued, insured or assumed by Improvement Area No. 3 to fund Authorized Facilities.

**“CFD” or “CFD No. 2018-1”** means the City of Lathrop Community Facilities District No. 2018-1 (Central Lathrop Specific Plan Facilities).

**“CFD Formation”** means the date on which the Resolution of Formation for CFD No. 2018-1 was adopted by the City Council.

**“City”** means the City of Lathrop.

**“City Council”** means the City Council of the City of Lathrop.

**“County”** means the County of San Joaquin.

**“Debt Service Reserve Funding Amount”** means an amount equal to 50% of the greatest interest payment due in any single bond year, as defined in the Indenture.

**“Developed Property”** means, in any Fiscal Year, all Parcels of Taxable Property for which a building permit for new construction (which shall not include a permit issued solely for construction of the foundation if another permit remains to be issued for vertical construction of the building) was issued prior to June 1 of the preceding Fiscal Year.

**“EDU”** means an equivalent dwelling unit, as used in Section C.3 to determine the relative relationship among SFD Lots.

**“EDU Factor”** means the equivalent dwelling unit factor assigned to SFD Lots in Section C.3 below.

**“Expected Land Use”** means the Land Use(s) and/or Public Property anticipated on a Parcel in Improvement Area No. 3. The Expected Land Uses at the time of CFD Formation are identified in Attachment 1 of this RMA, and such Expected Land Uses may be updated pursuant to Sections C and D below.

**“Final Map”** means a final map, or portion thereof, recorded by the County pursuant to the Subdivision Map Act (California Government Code Section 66410 et seq.) that creates SFD Lots. The term “Final Map” shall not include any Assessor’s Parcel Map or subdivision map, or portion thereof, that does not create SFD Lots, including Assessor’s Parcels that are designated as remainder parcels.

**“Fiscal Year”** means the period starting July 1 and ending on the following June 30.

**“Improvement Area No. 3”** means Improvement Area No. 3 of the City of Lathrop Community Facilities District No. 2018-1 (Central Lathrop Specific Plan Facilities).

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

**“Land Use”** means Residential Property or Non-Residential Property.

**“Land Use Change”** means a proposed or approved change to the Expected Land Use(s) on a Parcel of Taxable Property.

**“Large Lot Map”** means a subdivision map recorded at the County Recorder’s Office that subdivides all or a portion of the property in Improvement Area No. 3 into large Parcels, most of which will be subject to future subdivision.

**“Maximum Special Tax”** means the greatest amount of Special Tax that can be levied on a Parcel of Taxable Property in any Fiscal Year, as determined in accordance with Sections C and D below. The Maximum Special Tax based on Expected Land Uses for each Parcel in Improvement Area No. 3 at the time of CFD Formation is set forth in Attachment 1.

**“Multi-Family Property”** means, in any Fiscal Year, all Parcels of Developed Property for which a building permit was issued for construction of a residential structure with five or more Units that share a single Assessor’s Parcel number, are offered for rent to the general public, and cannot be purchased by individual homebuyers.

**“Net Acreage”** means the estimated acreage of Residential Property and Non-Residential Property on an Original Parcel after taking out expected Public Property, not including internal streets. The Net Acreage within each Original Parcel at the time of CFD Formation is shown in Attachment 1, and such Net Acreage shall be updated each time an Original Parcel subdivides or a Land Use Change is approved. **“Net Acre”** means one acre of the Net Acreage calculated for a Parcel.

**“Non-Residential Property”** means all Assessor’s Parcels of Developed Property that are not Taxable Public Property for which a building permit was issued for a use other than Residential Property. If a Parcel includes or is expected to include both Units and non-residential land uses, the Net Acreage to be taxed as Non-Residential Property shall be calculated by dividing the net leasable and net saleable square footage of non-residential uses on the Parcel (as determined by the Administrator) by the aggregate net leasable and net saleable square footage built or expected to be built on the Parcel (as determined by the Administrator), then multiplying the quotient by the Net Acreage of the underlying land Parcel for purposes of calculating the Maximum Special Tax and levying the Special Tax in any Fiscal Year.

**“Original Parcel”** means: (i) an Assessor’s Parcel included in Improvement Area No. 3 at the time of CFD Formation, (ii) an Assessor’s Parcel that annexes into Improvement Area No. 3 after CFD Formation, or (iii) a Successor Parcel that was created after subdivision of an Original Parcel and is being further subdivided.

**“Proportionately”** means, for Developed Property, that the ratio of the actual Special Tax levied in any Fiscal Year to the Maximum Special Tax authorized to be levied in that Fiscal Year is equal for all Assessor’s Parcels of Developed Property. For Undeveloped Property, **“Proportionately”** means that the ratio of the actual Special Tax levied to the Maximum Special Tax authorized to be levied is equal for all Assessor’s Parcels of Undeveloped Property.

**“Public Property”** means any property within the boundaries of Improvement Area No. 3 that is owned by or irrevocably offered for dedication to the federal government, State of California, County, City, or other local governments or public agencies. For purposes of this RMA, all Association Property shall also be categorized as Public Property.

**“Required Coverage”** means that the Total Maximum Special Tax Revenue must be at least 110% of the debt service on the Bonds in every bond year, as defined in the Indenture.

**“Required Revenue”** means, after one or more series of Bonds have been issued for Improvement Area No. 3, the Total Maximum Special Tax Revenue that must be available in order to maintain Required Coverage. Upon prepayment of all or a portion of the Maximum Special Tax obligation assigned to any Parcel in Improvement Area No. 3, the Required Revenue shall be reduced by the Special Tax that will no longer be levied on the Parcel for which a prepayment was received, as determined by the Administrator. For purposes of Section C below, Required Revenue shall be \$0.00 prior to issuance of the first series of Bonds for Improvement Area No. 3.

**“Residential Property”** means, collectively, Single Family Detached Property, Single Family Attached Property, and Multi-Family Property. If a Parcel includes or is expected to include both Units and non-residential land uses, the Net Acreage to be taxed as Residential Property shall be calculated by dividing the net leasable and net saleable square footage of residential uses on the Parcel (as determined by the Administrator) by the aggregate net leasable and net saleable square footage built or expected to be built on the Parcel (as determined by the Administrator), then multiplying the quotient by the Net Acreage of the underlying land Parcel for purposes of calculating the Maximum Special Tax and levying the Special Tax in any Fiscal Year.

**“RMA”** means this Rate and Method of Apportionment of Special Tax.

**“SFD Lot”** means an individual residential lot, identified and numbered on a recorded Final Map, on which a building permit has been or is permitted to be issued for construction of a single family detached unit without further subdivision of the lot and for which no further subdivision of the lot is anticipated pursuant to an approved tentative map.

**“Single Family Attached Property”** means, in any Fiscal Year, all Parcels of Developed Property for which a building permit or use permit was issued for construction of a residential structure consisting of two or more Units that share common walls, have separate Assessor’s Parcel numbers assigned to them (except for a duplex unit, which may share a Parcel with another duplex unit), and may be purchased by individual homebuyers (which shall still be the case even if the Units are purchased and subsequently offered for rent by the owner of the Unit), including such residential structures that meet the statutory definition of a condominium contained in Civil Code Section 1351.

**“Single Family Detached Property”** means, in any Fiscal Year, all Parcels of Developed Property for which a building permit was issued for construction of a Unit that does not share a common wall with another Unit.

**“Special Tax”** means a special tax levied in any Fiscal Year to pay the Special Tax Requirement.

**“Special Tax Requirement”** means the amount necessary in any Fiscal Year to: (i) pay principal and interest on Bonds that is due in the calendar year that begins in such Fiscal Year; (ii) create and/or replenish debt service reserve funds as required by the Indenture for the Bonds to the extent such replenishment has not been included in the computation of the Special Tax Requirement in a previous Fiscal Year; (iii) cure any delinquencies in the payment of principal

or interest on Bonds which have occurred in the prior Fiscal Year; (iv) pay Administrative Expenses, subject to the Administrative Expense Cap if applicable for the Fiscal Year; (v) create and/or replenish reserve funds for Administrative Expenses; and (vi) pay for extraordinary administrative expense reserve reimbursement, as described in the Indenture. The amounts referred to in clauses (i) and (ii) of the preceding sentence may be reduced in any Fiscal Year by: (i) interest earnings on or surplus balances in funds and accounts for the Bonds to the extent that such earnings or balances are available to apply against debt service pursuant to the Indenture; (ii) proceeds received from the collection of penalties associated with delinquent Special Taxes; and (iii) any other revenues available to reduce the Special Tax Requirement as determined by the Administrator.

**“Successor Parcel”** means a Parcel of Taxable Property created from subdivision or reconfiguration of an Original Parcel.

**“Taxable Property”** means all Parcels within the boundaries of Improvement Area No. 3 that (i) are not exempt from the Special Tax pursuant to law or Section G below, and (ii) which upon subdivision of an Original Parcel, are assigned Expected Land Uses and are not expected to be Public Property.

**“Taxable Public Property”** means, in any Fiscal Year, any Parcel of Public Property within Improvement Area No. 3 that had been assigned a Maximum Special Tax obligation based on Expected Land Uses being assigned to the Parcel. Notwithstanding the foregoing, if (i) a prepayment is received in an amount sufficient to pay off the full Maximum Special Tax obligation assigned to the Parcel, or (ii) the City determines that, in the Fiscal Year in which the Parcel would first be categorized as Taxable Public Property, an equal amount of Acreage within the CFD that had been Public Property became Taxable Property, then the Parcel of Public Property can be deemed exempt from the Special Tax if the Administrator determines that the Total Maximum Special Tax Revenue after granting such exemption is greater than or equal to the Required Revenue.

**“Total Maximum Special Tax Revenue”** means the aggregate amount of revenue that can be generated in any Fiscal Year by levying the Maximum Special Tax on all Parcels of Taxable Property within Improvement Area No. 3.

**“Undeveloped Property”** means, in any Fiscal Year, all Parcels of Taxable Property that are not Developed Property.

**“Unit”** means a single family detached unit or an individual unit within a duplex, triplex, halfplex, fourplex, condominium, townhome, live/work, or apartment structure. An Accessory Unit that shares a Parcel with a single-family detached unit shall not be considered a separate Unit for purposes of this RMA.

**B. DATA FOR ADMINISTRATION OF SPECIAL TAX**

On or about July 1 of each Fiscal Year, the Administrator shall identify (i) the current Assessor's Parcel numbers for all Parcels of Developed Property and Undeveloped Property within Improvement Area No. 3, (ii) the number of Units expected within each building on each Parcel of Single Family Attached Property, (iii) the square footage of all SFD Lots that were created in the prior Fiscal Year, (iv) whether the Administrative Expense Reimbursement Amount and the Debt Service Reserve Funding Amount have been fully funded by special tax revenues from prior fiscal years, and (v) the Special Tax Requirement for the Fiscal Year. In addition, on an ongoing basis, the Administrator shall monitor Land Use Changes and the subdivision of Parcels in Improvement Area No. 3 and (i) allocate the Maximum Special Tax assigned to the Original Parcel(s) to the Successor Parcels created by the subdivision pursuant to Section C below, and (ii) ensure that such Land Use Changes do not result in Total Maximum Special Tax Revenue that is less than the Required Revenue. After the recordation of each Large Lot Map within Improvement Area No. 3, the Administrator shall also review and revise, as needed, the Expected Land Uses, Net Acreage, and Maximum Special Taxes for each Successor Parcel created by recordation of the Large Lot Map, and update Attachment 1 accordingly, as set forth in Section C below.

In any Fiscal Year, if it is determined that: (i) a parcel map for property in Improvement Area No. 3 was recorded after January 1 of the prior Fiscal Year (or any other date after which the Assessor will not incorporate the newly-created parcels into the then current tax roll), (ii) because of the date the parcel map was recorded, the Assessor does not yet recognize the new parcels created by the parcel map, and (iii) a building permit was issued prior to June 1 of the prior Fiscal Year for development on one or more of the newly-created parcels, the Administrator shall calculate the Special Tax for each Land Use within the subdivided area and levy such Special Tax on the Original Parcel that was subdivided by recordation of the parcel map.

**C. MAXIMUM SPECIAL TAX**

**1. Original Parcels in Improvement Area No. 3 at CFD Formation**

Attachment 1 to this RMA identifies the Maximum Special Tax assigned to each Original Parcel in Improvement Area No. 3 for Fiscal Year 2018-19 based on the Expected Land Use(s) for each Parcel as of CFD Formation. After recordation of each Large Lot Map for property in Improvement Area No. 3, the Administrator shall review current maps and land use plans for the property within the Large Lot Map and, in consultation with the City Planning Department, reevaluate the Expected Land Uses for each of the Successor Parcels created by recordation of the Large Lot Map. Attachment 1 shall be updated to reflect the Assessor's Parcel numbers, Expected Land Uses, Net Acreage, and corresponding Maximum Special Tax assigned to each Parcel after applying the Base Special Tax to each Land Use on each Successor Parcel. If, based on changes to the Expected Land Uses within the Large Lot Map area, the Total Maximum Special Tax Revenue that could be generated in Improvement Area No. 3 is less than the Required Revenue, the Maximum Special Tax on each Successor Parcel created by the Large Lot

Map shall be increased proportionately until the Total Maximum Special Tax Revenue is equal to the Required Revenue. If there is an increase in the Total Maximum Special Tax Revenue based on Expected Land Uses within the Large Lot Map, the Administrator shall reflect such increased Total Maximum Special Tax Revenue in the updated Attachment 1.

If, before or after the comprehensive review after recordation of a Large Lot Map, there are any other Land Use Changes proposed for any Parcel prior to final subdivision of the Parcel, the Administrator shall determine the Maximum Special Tax that would be assigned to the Parcel if the Base Special Tax was applied to the Net Acreage of Residential Property and/or Non-Residential Property on the Parcel after the proposed Land Use Change. If, based on this Maximum Special Tax calculation, the Total Maximum Special Tax Revenue would be less than the Required Revenue, the Maximum Special Tax for such Parcel shall be increased proportionately until the Total Maximum Special Tax Revenue is equal to the Required Revenue. If there is an increase in the Total Maximum Special Tax Revenue after the Land Use Change, the Administrator shall reflect such increased Total Maximum Special Tax Revenue in an updated Attachment 1.

## **2. Successor Parcels that are not SFD Lots**

The Maximum Special Tax for each Original Parcel for Fiscal Year 2018-19 is identified in Attachment 1, which may be updated as set forth above. After such update, if an Original Parcel is subdivided or reconfigured and none of the Successor Parcels are SFD Lots, the Administrator shall assign the Maximum Special Tax to the Successor Parcels by applying the following steps:

- Step 1:** Based on reference to Land Use plans and, if needed, coordination with the City Planning Department, determine the Net Acreage of each Land Use on each Successor Parcel created from subdivision or reconfiguration of the Original Parcel.
- Step 2:** For each Successor Parcel, multiply the Base Special Tax for each Land Use by the Net Acreage of each Land Use determined in Step 1, and calculate the aggregate Maximum Special Tax that could be generated from the Successor Parcels created from subdivision of the Original Parcel.
- Step 3:** If the aggregate Maximum Special Tax for all Successor Parcels is greater than or equal to the Maximum Special Tax that had been assigned to the Original Parcel before it was subdivided, the Maximum Special Tax for each Successor Parcel shall be the amount determined in Step 2, and the Administrator shall recalculate the Total Maximum Special Tax Revenue to include the increased Maximum Special Tax. If the aggregate Maximum Special Tax for all Successor Parcels is less than the Maximum Special Tax assigned to the Original Parcel, and such reduction would reduce the Total Maximum Special Tax Revenue to an amount less than the Required Revenue, then the Administrator shall increase the amount calculated for each Successor Parcel in Step 2 proportionately until the Total Maximum Special Tax Revenue after the subdivision is equal to the Required Revenue.

**Step 4:** If all or a portion of the Original Parcel was subdivided to create individual Parcels (which may be Airspace Parcels) for Units on Single Family Attached Property, divide the Maximum Special Tax assigned to the Original Parcel (or portion thereof), as may be adjusted pursuant to Step 3 above, by the total number of Units that will be built on the Original Parcel (or portion thereof) to calculate the Maximum Special Tax that will be assigned to each Parcel.

Upon each application of this Section C.2, there shall be no reduction in the Required Revenue unless there has been a prepayment for one or more Parcels within Improvement Area No. 3.

**3. Successor Parcels of which All or Some are SFD Lots**

Upon subdivision of an Original Parcel into Successor Parcels, of which all or some are SFD Lots, the Administrator shall apply the following steps to determine the Maximum Special Tax for each Parcel:

**Step 1:** Determine the Net Acreage and Expected Land Use for each Successor Parcel created from subdivision of the Original Parcel. Apply the steps set forth in Section C.2 above to allocate the Maximum Special Tax from the Original Parcel to each Successor Parcel.

**Step 2:** Apply one of the following EDU Factors to each SFD Lot based on the square footage of each lot, and calculate the aggregate EDUs from all SFD Lots created by subdivision of the Original Parcel:

<u>Lot Size</u>	<u>EDU Factor</u>
Greater than 8,000 square feet	1.25
6,501-8,000 square feet	1.14
5,001-6,500 square feet	1.00
3,501-5,000 square feet	0.87
2,800-3,500 square feet	0.81
Less than 2,800 square feet	0.73

**Step 3:** *For SFD Lots*, sum the Maximum Special Tax assigned in Step 1 to all Successor Parcels that are SFD Lots, and divide this amount by the total EDUs determined in Step 2 to calculate a Maximum Special Tax per EDU. Multiply the Maximum Special Tax per EDU by the EDU Factor for each SFD Lot to determine the Maximum Special Tax for each Successor Parcel that is a SFD Lot. This Maximum Special Tax shall be the Maximum Special Tax for the Parcel when it is Undeveloped Property and when it becomes Developed Property.

*For Successor Parcels that are not SFD Lots*, the Maximum Special Tax shall be the amount determined for each Parcel pursuant to Step 1 above.



At no time shall the distribution of the Maximum Special Tax upon subdivision or reconfiguration of a Parcel result in Total Maximum Special Tax Revenue that is lower than the Required Revenue. If an Original Parcel is subdivided, and the Successor Parcels include a combination of Land Uses, the Administrator shall delineate the Maximum Special Tax to the Taxable Property created by the subdivision based on the best information available at the time, and based on application of Sections C.2 and C.3 of this RMA.

#### **4. Parcels of Taxable Public Property**

The Maximum Special Tax for a Parcel of Taxable Public Property shall be equal to the Maximum Special Tax that applied prior to the Parcel becoming Public Property.

#### **5. Annexations**

If, in any Fiscal Year, a Parcel or Parcels annex into Improvement Area No. 3, the Administrator shall, in coordination with the City Planning Department, identify the Expected Land Uses for the Parcel(s). The Administrator shall then (i) apply the Base Special Tax to each Land Use to calculate the Maximum Special Tax for the Parcel, (ii) add the Maximum Special Tax for the Parcel to the Total Maximum Special Tax Revenue, and (iii) levy the Special Tax on the Parcel(s) pursuant to this RMA in the next Fiscal Year and all future Fiscal Years unless a prepayment is received to fully release the Parcel(s) from the Special Tax obligation.

### **D. ADJUSTMENTS TO THE MAXIMUM SPECIAL TAX**

#### **1. Escalation of Maximum Special Tax**

Beginning July 1, 2019 and each July 1 thereafter, the Maximum Special Tax for each Parcel in Improvement Area No. 3 shall be increased by two percent (2%) of the amount in effect in the prior Fiscal Year.

#### **2. Conversion of a Parcel of Public Property to Private Use**

If, in any Fiscal Year, a Parcel of Public Property is converted to private use, which shall include a lease to a private entity allowing the property to be taxed pursuant to Section 53340.1 of the Act, such Parcel shall be subject to the levy of the Special Tax. The Maximum Special Tax for each such Parcel shall be determined based on applying the Base Special Tax to the Net Acreage of each Expected Land Use on the Parcel.

### **E. METHOD OF LEVY OF THE SPECIAL TAX**

1. Each Fiscal Year prior to the time at which the Administrative Expense Reimbursement Amount has been repaid pursuant to the terms of the Indenture and the Debt Service Reserve Funding Amount has been fully funded pursuant to the terms of the Indenture,

the Administrator shall levy the Maximum Special Tax on all Parcels of Taxable Property.

2. Each Fiscal Year beginning with the Fiscal Year in which the Administrative Expense Reimbursement Amount has been repaid pursuant to the terms of the Indenture and the Debt Service Reserve Funding Amount has been fully funded pursuant to the terms of the Indenture, the Administrator shall determine the Special Tax Requirement and levy the Special Tax on all Parcels of Taxable Property as follows:

**Step 1:** The Special Tax shall be levied Proportionately on each Parcel of Developed Property, other than Taxable Public Property, up to 100% of the Maximum Special Tax for each Parcel until the amount levied on Developed Property is equal to the Special Tax Requirement.

**Step 2:** If additional revenue is needed after Step 1 to pay the Special Tax Requirement, the Special Tax shall be levied Proportionately on each Parcel of Undeveloped Property up to 100% of the Maximum Special Tax for each Parcel until the amount levied on Developed Property and Undeveloped Property is equal to the Special Tax Requirement.

**Step 3:** If additional revenue is needed after Step 2 to pay the Special Tax Requirement, the Special Tax shall be levied Proportionately on each Parcel of Taxable Public Property, up to 100% of the Maximum Special Tax for each Parcel.

#### **F. MANNER OF COLLECTION OF SPECIAL TAX**

The Special Tax shall be collected in the same manner and at the same time as ordinary ad valorem property taxes, provided, however, that the City may directly bill, collect at a different time or in a different manner, and/or collect delinquent Special Taxes through foreclosure or other available methods.

The Special Tax shall be levied and collected until principal and interest on the Bonds have been repaid, costs of constructing or acquiring Authorized Facilities from Special Tax proceeds have been paid, and all Administrative Expenses have been paid or reimbursed. However, in no event shall a Special Tax be levied after Fiscal Year 2060-61, except that a Special Tax that was lawfully levied in or before the Fiscal Year 2060-61 and remains delinquent may be collected in subsequent Fiscal Years. Under no circumstances may the Special Tax on a Parcel in residential use be increased in any Fiscal Year as a consequence of delinquency or default in payment of the Special Tax levied on another Parcel or Parcels by more than ten percent (10%) above the amount that would have been levied in that Fiscal Year had there never been any such delinquencies or defaults.

## **G. EXEMPTIONS**

Notwithstanding any other provision of this RMA, no Special Tax shall be levied on the following: (i) Public Property, except Taxable Public Property, (ii) Parcels that are designated as permanent open space or common space on which no structure is permitted to be constructed, (iii) Parcels owned by a public utility for an unmanned facility, or (iv) Parcels subject to an easement that precludes any use on the Parcel other than that permitted by the easement. In addition, no Special Tax shall be levied on any Parcel that has fully prepaid the Special Tax obligation assigned to the Parcel, as determined pursuant to the formula set forth in Section H below. Notwithstanding the foregoing, if a Special Tax has been levied on a Parcel in any Fiscal Year, and the Parcel subsequently meets the criteria for any of the exempted categories above, the Parcel shall remain subject to the Special Tax levy unless and until a prepayment is made to release the Parcel from its Special Tax obligation or, in the case of Public Property, the City determines that the parcel can be exempted from the Special Tax after making the determinations listed in the definition of Taxable Public Property above.

If, in any Fiscal Year, a Parcel of Public Property is converted to private use, such Parcel shall be subject to the levy of Special Taxes pursuant to Section D.2 above.

## **H. PREPAYMENT OF SPECIAL TAX**

The following definitions apply to this Section H:

**“Outstanding Bonds”** means all Previously Issued Bonds which remain outstanding, with the following exception: if a Special Tax has been levied against, or already paid by, an Assessor’s Parcel making a prepayment, and a portion of the Special Tax will be used to pay a portion of the next principal payment on the Bonds that remain outstanding (as determined by the Administrator), that next principal payment shall be subtracted from the total Bond principal that remains outstanding, and the difference shall be used as the amount of Outstanding Bonds for purposes of this prepayment formula.

**“Previously Issued Bonds”** means all Bonds that have been issued prior to the date of prepayment.

### **1. Full Prepayment**

The Special Tax obligation applicable to a Parcel in Improvement Area No. 3 may be fully prepaid and the obligation of the Parcel to pay the Special Tax permanently satisfied as described herein, provided that a prepayment may be made only if there are no delinquent Special Taxes with respect to such Parcel at the time of prepayment. An owner of a Parcel intending to prepay the Special Tax obligation shall provide the City with written notice of intent to prepay. Within 30 days of receipt of such written notice, the City or its designee shall notify such owner of the prepayment amount for such Parcel. Prepayments must be made not less than 50 days prior to any redemption date for the Bonds to be redeemed with the proceeds of such prepaid Special Taxes.

The Prepayment Amount shall be calculated as follows (capitalized terms as defined below):

Bond Redemption Amount  
plus Redemption Premium  
plus Defeasance Requirement  
plus Administrative Fees and Expenses  
less Reserve Fund Credit  
equals Prepayment Amount

As of the proposed date of prepayment, the Prepayment Amount shall be determined by application of the following steps:

- Step 1:** Determine the total Maximum Special Tax that could be collected from the Parcel prepaying the Special Tax in the Fiscal Year in which prepayment would be received by the City.
- Step 2:** Divide the Maximum Special Tax computed pursuant to Step 1 by the Total Maximum Special Tax Revenue for the Fiscal Year in which prepayment would be received by the City.
- Step 3:** Multiply the quotient computed pursuant to Step 2 by the Outstanding Bonds to compute the amount of Outstanding Bonds to be retired and prepaid (*the "Bond Redemption Amount"*).
- Step 4:** Multiply the Bond Redemption Amount computed pursuant to Step 3 by the applicable redemption premium, if any, on the Outstanding Bonds to be redeemed (*the "Redemption Premium"*).
- Step 5:** Compute the amount needed to pay interest on the Bond Redemption Amount starting with the last Outstanding Bond interest payment date on which interest has been or will be paid by Special Taxes already levied until the earliest redemption date for the Outstanding Bonds.
- Step 6:** Compute the amount of interest the City reasonably expects to derive from reinvestment of the Bond Redemption Amount plus the Redemption Premium from the first Outstanding Bond interest payment date after which the prepayment has been received until the redemption date for the Outstanding Bonds.
- Step 7:** Take the amount computed pursuant to Step 5 and subtract the amount computed pursuant to Step 6 (*the "Defeasance Requirement"*).
- Step 8:** Determine the costs of computing the prepayment amount, redeeming Outstanding Bonds, and recording any notices to evidence the prepayment and redemption (*the "Administrative Fees and Expenses"*).

**Step 9:** If and to the extent so provided in the Indenture, a reserve fund credit shall be calculated as a reduction in the applicable reserve fund for the Outstanding Bonds to be redeemed pursuant to the prepayment (the “*Reserve Fund Credit*”).

**Step 10:** The Special Tax prepayment is equal to the sum of the amounts computed pursuant to Steps 3, 4, 7, and 8, less the amount computed pursuant to Step 9 (the “*Prepayment Amount*”).

Once a full prepayment of a Parcel’s Special Tax obligation has been received, a Notice of Cancellation of Special Tax Lien shall be recorded against the Parcel to reflect the discharge of the Parcel’s obligation to pay the Special Tax. However, a Notice of Cancellation of Special Tax Lien shall not be recorded until all Special Taxes levied on the Parcel in the current or prior Fiscal Years have been collected.

## **2. Partial Prepayment**

A partial prepayment may be made in an amount equal to any percentage of full prepayment desired by the party making a partial prepayment, except that the full amount of Administrative Fees and Expenses determined in Step 8 shall be included in the partial prepayment. The Maximum Special Tax that can be levied on a Parcel after a partial prepayment is made shall be determined as follows:

**Step 1.** Calculate the full prepayment (not including the amount collected for Administrative Fees and Expenses) that would be due from the Parcel if the entire Special Tax obligation were being prepaid pursuant to Section H.1 above.

**Step 2.** Divide the partial prepayment amount for the Parcel (not including the amount collected for Administrative Fees and Expenses) by the amount computed in Step 1 to determine a percentage.

**Step 3.** Subtract the percentage computed in Step 2 from 100% to determine the “Remaining Percentage”.

**Step 4.** Multiply the Remaining Percentage from Step 3 by the Maximum Special Tax for the Parcel to determine the new Maximum Special Tax that will be in effect for the Parcel after the partial prepayment is applied.

## **I. INTERPRETATION OF SPECIAL TAX FORMULA**

The City may, by resolution or ordinance, interpret, clarify, and/or revise this RMA to correct any inconsistency, vagueness, or ambiguity as it relates to the Special Tax, method of apportionment, classification of properties, or any definition applicable to the CFD, as long as

such correction does not materially affect the levy and collection of Special Taxes and any security for the Bonds. The City, upon the request of an owner of land within the CFD which is not Developed Property, may also amend this RMA in any manner acceptable to the City, by resolution or ordinance following a public hearing, upon the affirmative vote of such owner to such amendment and without the vote of owners of any other land within the CFD, provided such amendment only affects such owner's land and does not reduce the Total Maximum Special Tax Revenue that can be collected from the Parcel.

**Attachment 1  
Improvement Area #3 of the  
City of Lathrop CFD No. 2018-1  
Expected Land Uses and Maximum Annual Special Tax per Parcel  
(Fiscal Year 2018-19)**

APN	Net Acreage	Expected Land Use	Base Special Tax /1	Total Maximum Annual Special Tax Revenue /1
191-200-26	12.2	Residential	\$9,680	\$118,096
191-210-18	16.8	Residential	\$9,680	\$162,624
191-210-19	18.0	Residential	\$9,680	\$174,240
191-210-21	22.5	Residential	\$9,680	\$217,800
191-210-22	20.9	Residential	\$9,680	\$202,312
191-210-23	19.5	Residential	\$9,680	\$188,760
191-210-20	5.1	Public (Park)	\$0	\$0
<b>Total Maximum Annual Special Tax Revenue /1</b>				<b>\$1,063,832</b>

/1 Beginning July 1, 2019, and each July 1 thereafter, the Base Special Tax, Maximum Annual Special Tax, and Total Maximum Annual Special Tax Revenue shall increase by 2% of the amount in effect in the prior Fiscal Year.

*Goodwin Consulting Group, Inc.*

6/20/2018

**IMPROVEMENT AREA NO. 4 OF THE  
CITY OF LATHROP  
COMMUNITY FACILITIES DISTRICT NO. 2018-1  
(CENTRAL LATHROP SPECIFIC PLAN FACILITIES)**

**RATE AND METHOD OF APPORTIONMENT OF SPECIAL TAX**

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A Special Tax applicable to each Assessor's Parcel in Improvement Area No. 4 of the City of Lathrop Community Facilities District No. 2018-1 (Central Lathrop Specific Plan Facilities) shall be levied and collected according to the tax liability determined by the City or its designee through the application of the appropriate amount or rate for Taxable Property, as described below. All of the property in Improvement Area No. 4, unless exempted by law or by the provisions of Section G below, shall be taxed for the purposes, to the extent, and in the manner herein provided, including property subsequently annexed to Improvement Area No. 4 unless a separate Rate and Method of Apportionment of Special Tax is adopted for the annexation area.

**A. DEFINITIONS**

The terms hereinafter set forth have the following meanings:

**"Accessory Unit"** means a second residential unit of limited size (e.g., granny cottage, second unit) that shares a Parcel with a single-family detached unit.

**"Acre" or "Acreage"** means the land area of an Assessor's Parcel as shown on an Assessor's Parcel Map, or if the land area is not shown on an Assessor's Parcel Map, the land area shown on the applicable Final Map or other parcel map recorded at the County Recorder's Office.

**"Act"** means the Mello-Roos Community Facilities Act of 1982, as amended, being Chapter 2.5, (commencing with Section 53311), Division 2 of Title 5 of the California Government Code.

**"Administrative Expenses"** means any or all of the following: the fees and expenses of any fiscal agent or trustee (including any fees or expenses of its counsel) employed in connection with any Bonds, and the expenses of the City in carrying out its duties with respect to Improvement Area No. 4 and the Bonds related thereto, including, but not limited to, the levy and collection of the Special Tax, the fees and expenses of its counsel, charges levied by the County in connection with the levy and collection of the Special Tax, costs related to property owner inquiries regarding the Special Tax, amounts needed to pay rebate to the federal government with respect to the Bonds, costs associated with complying with continuing disclosure requirements with respect to the Bonds and the Special Tax, and all other costs and expenses of the City and County in any way related to administration of the CFD including costs related to any dispute, litigation, settlement, or defense of any matter related to the CFD.



**“Administrative Expense Cap”** means \$15,000 for Fiscal Year 2018-19 and \$15,000 for Fiscal Year 2019-20. No Administrative Expense Cap shall apply after Fiscal Year 2019-20.

**“Administrative Expense Reimbursement Amount”** means a total of \$40,000.

**“Administrator”** means the person or firm designated by the City to administer the Special Tax according to this RMA.

**“Airspace Parcel”** means a parcel with an assigned Assessor’s Parcel number that constitutes vertical space of an underlying land Parcel.

**“Assessor’s Parcel” or “Parcel”** means a lot or parcel, including an Airspace Parcel, shown on a County Assessor’s Parcel Map with an assigned County Assessor’s Parcel number.

**“Assessor’s Parcel Map”** means an official map of the County Assessor designating Parcels by Assessor’s Parcel number.

**“Association Property”** means any property within Improvement Area No. 4 that is owned by a homeowners’ association or property owners’ association, excluding such property that is under the pad or footprint of a residential unit or building.

**“Authorized Facilities”** means the public facilities authorized to be financed, in whole or in part, by Special Taxes collected within the CFD, pursuant to the documents adopted by the City Council at CFD Formation.

**“Base Special Tax”** means, in Fiscal Year 2018-19, \$9,680 per Net Acre for any Parcel or portion of a Parcel developed or expected to be developed as Residential Property and \$4,000 per Net Acre for any Parcel or portion of a Parcel developed or expected to be developed as Non-Residential Property, which amounts shall increase on July 1, 2019 and each July 1 thereafter by two percent (2%) of the amount in effect in the prior Fiscal Year. The determination of Expected Land Use shall be made by the Administrator based on review of land use and development plans, and in coordination with the City Planning Department.

**“Bonds”** means bonds or other debt (as defined in the Act), whether in one or more series, which are secured by Special Tax revenues and were issued, insured or assumed by Improvement Area No. 4 to fund Authorized Facilities.

**“CFD” or “CFD No. 2018-1”** means the City of Lathrop Community Facilities District No. 2018-1 (Central Lathrop Specific Plan Facilities).

**“CFD Formation”** means the date on which the Resolution of Formation for CFD No. 2018-1 was adopted by the City Council.

**“City”** means the City of Lathrop.

**“City Council”** means the City Council of the City of Lathrop.

**“County”** means the County of San Joaquin.

**“Debt Service Reserve Funding Amount”** means an amount equal to 50% of the greatest interest payment due in any single bond year, as defined in the Indenture.

**“Developed Property”** means, in any Fiscal Year, all Parcels of Taxable Property for which a building permit for new construction (which shall not include a permit issued solely for construction of the foundation if another permit remains to be issued for vertical construction of the building) was issued prior to June 1 of the preceding Fiscal Year.

**“EDU”** means an equivalent dwelling unit, as used in Section C.3 to determine the relative relationship among SFD Lots.

**“EDU Factor”** means the equivalent dwelling unit factor assigned to SFD Lots in Section C.3 below.

**“Expected Land Use”** means the Land Use(s) and/or Public Property anticipated on a Parcel in Improvement Area No. 4. The Expected Land Uses at the time of CFD Formation are identified in Attachment 1 of this RMA, and such Expected Land Uses may be updated pursuant to Sections C and D below.

**“Final Map”** means a final map, or portion thereof, recorded by the County pursuant to the Subdivision Map Act (California Government Code Section 66410 et seq.) that creates SFD Lots. The term “Final Map” shall not include any Assessor’s Parcel Map or subdivision map, or portion thereof, that does not create SFD Lots, including Assessor’s Parcels that are designated as remainder parcels.

**“Fiscal Year”** means the period starting July 1 and ending on the following June 30.

**“Improvement Area No. 4”** means Improvement Area No. 4 of the City of Lathrop Community Facilities District No. 2018-1 (Central Lathrop Specific Plan Facilities).

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

**“Land Use”** means Residential Property or Non-Residential Property.

**“Land Use Change”** means a proposed or approved change to the Expected Land Use(s) on a Parcel of Taxable Property.

**“Large Lot Map”** means a subdivision map recorded at the County Recorder’s Office that subdivides all or a portion of the property in Improvement Area No. 4 into large Parcels, most of which will be subject to future subdivision.

**“Maximum Special Tax”** means the greatest amount of Special Tax that can be levied on a Parcel of Taxable Property in any Fiscal Year, as determined in accordance with Sections C and D below. The Maximum Special Tax based on Expected Land Uses for each Parcel in Improvement Area No. 4 at the time of CFD Formation is set forth in Attachment 1.

**“Multi-Family Property”** means, in any Fiscal Year, all Parcels of Developed Property for which a building permit was issued for construction of a residential structure with five or more Units that share a single Assessor’s Parcel number, are offered for rent to the general public, and cannot be purchased by individual homebuyers.

**“Net Acreage”** means the estimated acreage of Residential Property and Non-Residential Property on an Original Parcel after taking out expected Public Property, not including internal streets. The Net Acreage within each Original Parcel at the time of CFD Formation is shown in Attachment 1, and such Net Acreage shall be updated each time an Original Parcel subdivides or a Land Use Change is approved. **“Net Acre”** means one acre of the Net Acreage calculated for a Parcel.

**“Non-Residential Property”** means all Assessor’s Parcels of Developed Property that are not Taxable Public Property for which a building permit was issued for a use other than Residential Property. If a Parcel includes or is expected to include both Units and non-residential land uses, the Net Acreage to be taxed as Non-Residential Property shall be calculated by dividing the net leasable and net saleable square footage of non-residential uses on the Parcel (as determined by the Administrator) by the aggregate net leasable and net saleable square footage built or expected to be built on the Parcel (as determined by the Administrator), then multiplying the quotient by the Net Acreage of the underlying land Parcel for purposes of calculating the Maximum Special Tax and levying the Special Tax in any Fiscal Year.

**“Original Parcel”** means: (i) an Assessor’s Parcel included in Improvement Area No. 4 at the time of CFD Formation, (ii) an Assessor’s Parcel that annexes into Improvement Area No. 4 after CFD Formation, or (iii) a Successor Parcel that was created after subdivision of an Original Parcel and is being further subdivided.

**“Proportionately”** means, for Developed Property, that the ratio of the actual Special Tax levied in any Fiscal Year to the Maximum Special Tax authorized to be levied in that Fiscal Year is equal for all Assessor’s Parcels of Developed Property. For Undeveloped Property, **“Proportionately”** means that the ratio of the actual Special Tax levied to the Maximum Special Tax authorized to be levied is equal for all Assessor’s Parcels of Undeveloped Property.

**“Public Property”** means any property within the boundaries of Improvement Area No. 4 that is owned by or irrevocably offered for dedication to the federal government, State of California, County, City, or other local governments or public agencies. For purposes of this RMA, all Association Property shall also be categorized as Public Property.

**“Required Coverage”** means that the Total Maximum Special Tax Revenue must be at least 110% of the debt service on the Bonds in every bond year, as defined in the Indenture.

**“Required Revenue”** means, after one or more series of Bonds have been issued for Improvement Area No. 4, the Total Maximum Special Tax Revenue that must be available in order to maintain Required Coverage. Upon prepayment of all or a portion of the Maximum Special Tax obligation assigned to any Parcel in Improvement Area No. 4, the Required Revenue shall be reduced by the Special Tax that will no longer be levied on the Parcel for which a prepayment was received, as determined by the Administrator. For purposes of Section C below, Required Revenue shall be \$0.00 prior to issuance of the first series of Bonds for Improvement Area No. 4.

**“Residential Property”** means, collectively, Single Family Detached Property, Single Family Attached Property, and Multi-Family Property. If a Parcel includes or is expected to include both Units and non-residential land uses, the Net Acreage to be taxed as Residential Property shall be calculated by dividing the net leasable and net saleable square footage of residential uses on the Parcel (as determined by the Administrator) by the aggregate net leasable and net saleable square footage built or expected to be built on the Parcel (as determined by the Administrator), then multiplying the quotient by the Net Acreage of the underlying land Parcel for purposes of calculating the Maximum Special Tax and levying the Special Tax in any Fiscal Year.

**“RMA”** means this Rate and Method of Apportionment of Special Tax.

**“SFD Lot”** means an individual residential lot, identified and numbered on a recorded Final Map, on which a building permit has been or is permitted to be issued for construction of a single family detached unit without further subdivision of the lot and for which no further subdivision of the lot is anticipated pursuant to an approved tentative map.

**“Single Family Attached Property”** means, in any Fiscal Year, all Parcels of Developed Property for which a building permit or use permit was issued for construction of a residential structure consisting of two or more Units that share common walls, have separate Assessor’s Parcel numbers assigned to them (except for a duplex unit, which may share a Parcel with another duplex unit), and may be purchased by individual homebuyers (which shall still be the case even if the Units are purchased and subsequently offered for rent by the owner of the Unit), including such residential structures that meet the statutory definition of a condominium contained in Civil Code Section 1351.

**“Single Family Detached Property”** means, in any Fiscal Year, all Parcels of Developed Property for which a building permit was issued for construction of a Unit that does not share a common wall with another Unit.

**“Special Tax”** means a special tax levied in any Fiscal Year to pay the Special Tax Requirement.

**“Special Tax Requirement”** means the amount necessary in any Fiscal Year to: (i) pay principal and interest on Bonds that is due in the calendar year that begins in such Fiscal Year; (ii) create and/or replenish debt service reserve funds as required by the Indenture for the Bonds to the extent such replenishment has not been included in the computation of the Special Tax Requirement in a previous Fiscal Year; (iii) cure any delinquencies in the payment of principal

or interest on Bonds which have occurred in the prior Fiscal Year; (iv) pay Administrative Expenses, subject to the Administrative Expense Cap if applicable for the Fiscal Year; (v) create and/or replenish reserve funds for Administrative Expenses; and (vi) pay for extraordinary administrative expense reserve reimbursement, as described in the Indenture. The amounts referred to in clauses (i) and (ii) of the preceding sentence may be reduced in any Fiscal Year by: (i) interest earnings on or surplus balances in funds and accounts for the Bonds to the extent that such earnings or balances are available to apply against debt service pursuant to the Indenture; (ii) proceeds received from the collection of penalties associated with delinquent Special Taxes; and (iii) any other revenues available to reduce the Special Tax Requirement as determined by the Administrator.

**“Successor Parcel”** means a Parcel of Taxable Property created from subdivision or reconfiguration of an Original Parcel.

**“Taxable Property”** means all Parcels within the boundaries of Improvement Area No. 4 that (i) are not exempt from the Special Tax pursuant to law or Section G below, and (ii) which upon subdivision of an Original Parcel, are assigned Expected Land Uses and are not expected to be Public Property.

**“Taxable Public Property”** means, in any Fiscal Year, any Parcel of Public Property within Improvement Area No. 4 that had been assigned a Maximum Special Tax obligation based on Expected Land Uses being assigned to the Parcel. Notwithstanding the foregoing, if (i) a prepayment is received in an amount sufficient to pay off the full Maximum Special Tax obligation assigned to the Parcel, or (ii) the City determines that, in the Fiscal Year in which the Parcel would first be categorized as Taxable Public Property, an equal amount of Acreage within the CFD that had been Public Property became Taxable Property, then the Parcel of Public Property can be deemed exempt from the Special Tax if the Administrator determines that the Total Maximum Special Tax Revenue after granting such exemption is greater than or equal to the Required Revenue.

**“Total Maximum Special Tax Revenue”** means the aggregate amount of revenue that can be generated in any Fiscal Year by levying the Maximum Special Tax on all Parcels of Taxable Property within Improvement Area No. 4.

**“Undeveloped Property”** means, in any Fiscal Year, all Parcels of Taxable Property that are not Developed Property.

**“Unit”** means a single family detached unit or an individual unit within a duplex, triplex, halfplex, fourplex, condominium, townhome, live/work, or apartment structure. An Accessory Unit that shares a Parcel with a single-family detached unit shall not be considered a separate Unit for purposes of this RMA.

**B. DATA FOR ADMINISTRATION OF SPECIAL TAX**

On or about July 1 of each Fiscal Year, the Administrator shall identify (i) the current Assessor's Parcel numbers for all Parcels of Developed Property and Undeveloped Property within Improvement Area No. 4, (ii) the number of Units expected within each building on each Parcel of Single Family Attached Property, (iii) the square footage of all SFD Lots that were created in the prior Fiscal Year, (iv) whether the Administrative Expense Reimbursement Amount and the Debt Service Reserve Funding Amount have been fully funded by special tax revenues from prior fiscal years, and (v) the Special Tax Requirement for the Fiscal Year. In addition, on an ongoing basis, the Administrator shall monitor Land Use Changes and the subdivision of Parcels in Improvement Area No. 4 and (i) allocate the Maximum Special Tax assigned to the Original Parcel(s) to the Successor Parcels created by the subdivision pursuant to Section C below, and (ii) ensure that such Land Use Changes do not result in Total Maximum Special Tax Revenue that is less than the Required Revenue. After the recordation of each Large Lot Map within Improvement Area No. 4, the Administrator shall also review and revise, as needed, the Expected Land Uses, Net Acreage, and Maximum Special Taxes for each Successor Parcel created by recordation of the Large Lot Map, and update Attachment 1 accordingly, as set forth in Section C below.

In any Fiscal Year, if it is determined that: (i) a parcel map for property in Improvement Area No. 4 was recorded after January 1 of the prior Fiscal Year (or any other date after which the Assessor will not incorporate the newly-created parcels into the then current tax roll), (ii) because of the date the parcel map was recorded, the Assessor does not yet recognize the new parcels created by the parcel map, and (iii) a building permit was issued prior to June 1 of the prior Fiscal Year for development on one or more of the newly-created parcels, the Administrator shall calculate the Special Tax for each Land Use within the subdivided area and levy such Special Tax on the Original Parcel that was subdivided by recordation of the parcel map.

**C. MAXIMUM SPECIAL TAX**

**1. Original Parcels in Improvement Area No. 4 at CFD Formation**

Attachment 1 to this RMA identifies the Maximum Special Tax assigned to each Original Parcel in Improvement Area No. 4 for Fiscal Year 2018-19 based on the Expected Land Use(s) for each Parcel as of CFD Formation. After recordation of each Large Lot Map for property in Improvement Area No. 4, the Administrator shall review current maps and land use plans for the property within the Large Lot Map and, in consultation with the City Planning Department, reevaluate the Expected Land Uses for each of the Successor Parcels created by recordation of the Large Lot Map. Attachment 1 shall be updated to reflect the Assessor's Parcel numbers, Expected Land Uses, Net Acreage, and corresponding Maximum Special Tax assigned to each Parcel after applying the Base Special Tax to each Land Use on each Successor Parcel. If, based on changes to the Expected Land Uses within the Large Lot Map area, the Total Maximum Special Tax Revenue that could be generated in Improvement Area No. 4 is less than the Required Revenue, the Maximum Special Tax on each Successor Parcel created by the Large Lot

Map shall be increased proportionately until the Total Maximum Special Tax Revenue is equal to the Required Revenue. If there is an increase in the Total Maximum Special Tax Revenue based on Expected Land Uses within the Large Lot Map, the Administrator shall reflect such increased Total Maximum Special Tax Revenue in the updated Attachment 1.

If, before or after the comprehensive review after recordation of a Large Lot Map, there are any other Land Use Changes proposed for any Parcel prior to final subdivision of the Parcel, the Administrator shall determine the Maximum Special Tax that would be assigned to the Parcel if the Base Special Tax was applied to the Net Acreage of Residential Property and/or Non-Residential Property on the Parcel after the proposed Land Use Change. If, based on this Maximum Special Tax calculation, the Total Maximum Special Tax Revenue would be less than the Required Revenue, the Maximum Special Tax for such Parcel shall be increased proportionately until the Total Maximum Special Tax Revenue is equal to the Required Revenue. If there is an increase in the Total Maximum Special Tax Revenue after the Land Use Change, the Administrator shall reflect such increased Total Maximum Special Tax Revenue in an updated Attachment 1.

## **2. Successor Parcels that are not SFD Lots**

The Maximum Special Tax for each Original Parcel for Fiscal Year 2018-19 is identified in Attachment 1, which may be updated as set forth above. After such update, if an Original Parcel is subdivided or reconfigured and none of the Successor Parcels are SFD Lots, the Administrator shall assign the Maximum Special Tax to the Successor Parcels by applying the following steps:

- Step 1:** Based on reference to Land Use plans and, if needed, coordination with the City Planning Department, determine the Net Acreage of each Land Use on each Successor Parcel created from subdivision or reconfiguration of the Original Parcel.
- Step 2:** For each Successor Parcel, multiply the Base Special Tax for each Land Use by the Net Acreage of each Land Use determined in Step 1, and calculate the aggregate Maximum Special Tax that could be generated from the Successor Parcels created from subdivision of the Original Parcel.
- Step 3:** If the aggregate Maximum Special Tax for all Successor Parcels is greater than or equal to the Maximum Special Tax that had been assigned to the Original Parcel before it was subdivided, the Maximum Special Tax for each Successor Parcel shall be the amount determined in Step 2, and the Administrator shall recalculate the Total Maximum Special Tax Revenue to include the increased Maximum Special Tax. If the aggregate Maximum Special Tax for all Successor Parcels is less than the Maximum Special Tax assigned to the Original Parcel, and such reduction would reduce the Total Maximum Special Tax Revenue to an amount less than the Required Revenue, then the Administrator shall increase the amount calculated for each Successor Parcel in Step 2 proportionately until the Total Maximum Special Tax Revenue after the subdivision is equal to the Required Revenue.

**Step 4:** If all or a portion of the Original Parcel was subdivided to create individual Parcels (which may be Airspace Parcels) for Units on Single Family Attached Property, divide the Maximum Special Tax assigned to the Original Parcel (or portion thereof), as may be adjusted pursuant to Step 3 above, by the total number of Units that will be built on the Original Parcel (or portion thereof) to calculate the Maximum Special Tax that will be assigned to each Parcel.

Upon each application of this Section C.2, there shall be no reduction in the Required Revenue unless there has been a prepayment for one or more Parcels within Improvement Area No. 4.

**3. Successor Parcels of which All or Some are SFD Lots**

Upon subdivision of an Original Parcel into Successor Parcels, of which all or some are SFD Lots, the Administrator shall apply the following steps to determine the Maximum Special Tax for each Parcel:

**Step 1:** Determine the Net Acreage and Expected Land Use for each Successor Parcel created from subdivision of the Original Parcel. Apply the steps set forth in Section C.2 above to allocate the Maximum Special Tax from the Original Parcel to each Successor Parcel.

**Step 2:** Apply one of the following EDU Factors to each SFD Lot based on the square footage of each lot, and calculate the aggregate EDUs from all SFD Lots created by subdivision of the Original Parcel:

<u>Lot Size</u>	<u>EDU Factor</u>
Greater than 8,000 square feet	1.25
6,501-8,000 square feet	1.14
5,001-6,500 square feet	1.00
3,501-5,000 square feet	0.87
2,800-3,500 square feet	0.81
Less than 2,800 square feet	0.73

**Step 3:** *For SFD Lots*, sum the Maximum Special Tax assigned in Step 1 to all Successor Parcels that are SFD Lots, and divide this amount by the total EDUs determined in Step 2 to calculate a Maximum Special Tax per EDU. Multiply the Maximum Special Tax per EDU by the EDU Factor for each SFD Lot to determine the Maximum Special Tax for each Successor Parcel that is a SFD Lot. This Maximum Special Tax shall be the Maximum Special Tax for the Parcel when it is Undeveloped Property and when it becomes Developed Property.

*For Successor Parcels that are not SFD Lots*, the Maximum Special Tax shall be the amount determined for each Parcel pursuant to Step 1 above.



At no time shall the distribution of the Maximum Special Tax upon subdivision or reconfiguration of a Parcel result in Total Maximum Special Tax Revenue that is lower than the Required Revenue. If an Original Parcel is subdivided, and the Successor Parcels include a combination of Land Uses, the Administrator shall delineate the Maximum Special Tax to the Taxable Property created by the subdivision based on the best information available at the time, and based on application of Sections C.2 and C.3 of this RMA.

**4. Parcels of Taxable Public Property**

The Maximum Special Tax for a Parcel of Taxable Public Property shall be equal to the Maximum Special Tax that applied prior to the Parcel becoming Public Property.

**5. Annexations**

If, in any Fiscal Year, a Parcel or Parcels annex into Improvement Area No. 4, the Administrator shall, in coordination with the City Planning Department, identify the Expected Land Uses for the Parcel(s). The Administrator shall then (i) apply the Base Special Tax to each Land Use to calculate the Maximum Special Tax for the Parcel, (ii) add the Maximum Special Tax for the Parcel to the Total Maximum Special Tax Revenue, and (iii) levy the Special Tax on the Parcel(s) pursuant to this RMA in the next Fiscal Year and all future Fiscal Years unless a prepayment is received to fully release the Parcel(s) from the Special Tax obligation.

**D. ADJUSTMENTS TO THE MAXIMUM SPECIAL TAX**

**1. Escalation of Maximum Special Tax**

Beginning July 1, 2019 and each July 1 thereafter, the Maximum Special Tax for each Parcel in Improvement Area No. 4 shall be increased by two percent (2%) of the amount in effect in the prior Fiscal Year.

**2. Conversion of a Parcel of Public Property to Private Use**

If, in any Fiscal Year, a Parcel of Public Property is converted to private use, which shall include a lease to a private entity allowing the property to be taxed pursuant to Section 53340.1 of the Act, such Parcel shall be subject to the levy of the Special Tax. The Maximum Special Tax for each such Parcel shall be determined based on applying the Base Special Tax to the Net Acreage of each Expected Land Use on the Parcel.

**E. METHOD OF LEVY OF THE SPECIAL TAX**

1. Each Fiscal Year prior to the time at which the Administrative Expense Reimbursement Amount has been repaid pursuant to the terms of the Indenture and the Debt Service Reserve Funding Amount has been fully funded pursuant to the terms of the Indenture,

the Administrator shall levy the Maximum Special Tax on all Parcels of Taxable Property.

2. Each Fiscal Year beginning with the Fiscal Year in which the Administrative Expense Reimbursement Amount has been repaid pursuant to the terms of the Indenture and the Debt Service Reserve Funding Amount has been fully funded pursuant to the terms of the Indenture, the Administrator shall determine the Special Tax Requirement and levy the Special Tax on all Parcels of Taxable Property as follows:

**Step 1:** The Special Tax shall be levied Proportionately on each Parcel of Developed Property, other than Taxable Public Property, up to 100% of the Maximum Special Tax for each Parcel until the amount levied on Developed Property is equal to the Special Tax Requirement.

**Step 2:** If additional revenue is needed after Step 1 to pay the Special Tax Requirement, the Special Tax shall be levied Proportionately on each Parcel of Undeveloped Property up to 100% of the Maximum Special Tax for each Parcel until the amount levied on Developed Property and Undeveloped Property is equal to the Special Tax Requirement.

**Step 3:** If additional revenue is needed after Step 2 to pay the Special Tax Requirement, the Special Tax shall be levied Proportionately on each Parcel of Taxable Public Property, up to 100% of the Maximum Special Tax for each Parcel.

#### **F. MANNER OF COLLECTION OF SPECIAL TAX**

The Special Tax shall be collected in the same manner and at the same time as ordinary ad valorem property taxes, provided, however, that the City may directly bill, collect at a different time or in a different manner, and/or collect delinquent Special Taxes through foreclosure or other available methods.

The Special Tax shall be levied and collected until principal and interest on the Bonds have been repaid, costs of constructing or acquiring Authorized Facilities from Special Tax proceeds have been paid, and all Administrative Expenses have been paid or reimbursed. However, in no event shall a Special Tax be levied after Fiscal Year 2060-61, except that a Special Tax that was lawfully levied in or before the Fiscal Year 2060-61 and remains delinquent may be collected in subsequent Fiscal Years. Under no circumstances may the Special Tax on a Parcel in residential use be increased in any Fiscal Year as a consequence of delinquency or default in payment of the Special Tax levied on another Parcel or Parcels by more than ten percent (10%) above the amount that would have been levied in that Fiscal Year had there never been any such delinquencies or defaults.

## G. EXEMPTIONS

Notwithstanding any other provision of this RMA, no Special Tax shall be levied on the following: (i) Public Property, except Taxable Public Property, (ii) Parcels that are designated as permanent open space or common space on which no structure is permitted to be constructed, (iii) Parcels owned by a public utility for an unmanned facility, or (iv) Parcels subject to an easement that precludes any use on the Parcel other than that permitted by the easement. In addition, no Special Tax shall be levied on any Parcel that has fully prepaid the Special Tax obligation assigned to the Parcel, as determined pursuant to the formula set forth in Section H below. Notwithstanding the foregoing, if a Special Tax has been levied on a Parcel in any Fiscal Year, and the Parcel subsequently meets the criteria for any of the exempted categories above, the Parcel shall remain subject to the Special Tax levy unless and until a prepayment is made to release the Parcel from its Special Tax obligation or, in the case of Public Property, the City determines that the parcel can be exempted from the Special Tax after making the determinations listed in the definition of Taxable Public Property above.

If, in any Fiscal Year, a Parcel of Public Property is converted to private use, such Parcel shall be subject to the levy of Special Taxes pursuant to Section D.2 above.

## H. PREPAYMENT OF SPECIAL TAX

The following definitions apply to this Section H:

**“Outstanding Bonds”** means all Previously Issued Bonds which remain outstanding, with the following exception: if a Special Tax has been levied against, or already paid by, an Assessor’s Parcel making a prepayment, and a portion of the Special Tax will be used to pay a portion of the next principal payment on the Bonds that remain outstanding (as determined by the Administrator), that next principal payment shall be subtracted from the total Bond principal that remains outstanding, and the difference shall be used as the amount of Outstanding Bonds for purposes of this prepayment formula.

**“Previously Issued Bonds”** means all Bonds that have been issued prior to the date of prepayment.

### 1. **Full Prepayment**

The Special Tax obligation applicable to a Parcel in Improvement Area No. 4 may be fully prepaid and the obligation of the Parcel to pay the Special Tax permanently satisfied as described herein, provided that a prepayment may be made only if there are no delinquent Special Taxes with respect to such Parcel at the time of prepayment. An owner of a Parcel intending to prepay the Special Tax obligation shall provide the City with written notice of intent to prepay. Within 30 days of receipt of such written notice, the City or its designee shall notify such owner of the prepayment amount for such Parcel. Prepayments must be made not less than 50 days prior to any redemption date for the Bonds to be redeemed with the proceeds of such prepaid Special Taxes.

The Prepayment Amount shall be calculated as follows (capitalized terms as defined below):

Bond Redemption Amount  
plus Redemption Premium  
plus Defeasance Requirement  
plus Administrative Fees and Expenses  
less Reserve Fund Credit  
equals Prepayment Amount

As of the proposed date of prepayment, the Prepayment Amount shall be determined by application of the following steps:

- Step 1:** Determine the total Maximum Special Tax that could be collected from the Parcel prepaying the Special Tax in the Fiscal Year in which prepayment would be received by the City.
- Step 2:** Divide the Maximum Special Tax computed pursuant to Step 1 by the Total Maximum Special Tax Revenue for the Fiscal Year in which prepayment would be received by the City.
- Step 3:** Multiply the quotient computed pursuant to Step 2 by the Outstanding Bonds to compute the amount of Outstanding Bonds to be retired and prepaid (*the "Bond Redemption Amount"*).
- Step 4:** Multiply the Bond Redemption Amount computed pursuant to Step 3 by the applicable redemption premium, if any, on the Outstanding Bonds to be redeemed (*the "Redemption Premium"*).
- Step 5:** Compute the amount needed to pay interest on the Bond Redemption Amount starting with the last Outstanding Bond interest payment date on which interest has been or will be paid by Special Taxes already levied until the earliest redemption date for the Outstanding Bonds.
- Step 6:** Compute the amount of interest the City reasonably expects to derive from reinvestment of the Bond Redemption Amount plus the Redemption Premium from the first Outstanding Bond interest payment date after which the prepayment has been received until the redemption date for the Outstanding Bonds.
- Step 7:** Take the amount computed pursuant to Step 5 and subtract the amount computed pursuant to Step 6 (*the "Defeasance Requirement"*).
- Step 8:** Determine the costs of computing the prepayment amount, redeeming Outstanding Bonds, and recording any notices to evidence the prepayment and redemption (*the "Administrative Fees and Expenses"*).

**Step 9:** If and to the extent so provided in the Indenture, a reserve fund credit shall be calculated as a reduction in the applicable reserve fund for the Outstanding Bonds to be redeemed pursuant to the prepayment (the “*Reserve Fund Credit*”).

**Step 10:** The Special Tax prepayment is equal to the sum of the amounts computed pursuant to Steps 3, 4, 7, and 8, less the amount computed pursuant to Step 9 (the “*Prepayment Amount*”).

Once a full prepayment of a Parcel’s Special Tax obligation has been received, a Notice of Cancellation of Special Tax Lien shall be recorded against the Parcel to reflect the discharge of the Parcel’s obligation to pay the Special Tax. However, a Notice of Cancellation of Special Tax Lien shall not be recorded until all Special Taxes levied on the Parcel in the current or prior Fiscal Years have been collected.

## **2. Partial Prepayment**

A partial prepayment may be made in an amount equal to any percentage of full prepayment desired by the party making a partial prepayment, except that the full amount of Administrative Fees and Expenses determined in Step 8 shall be included in the partial prepayment. The Maximum Special Tax that can be levied on a Parcel after a partial prepayment is made shall be determined as follows:

**Step 1.** Calculate the full prepayment (not including the amount collected for Administrative Fees and Expenses) that would be due from the Parcel if the entire Special Tax obligation were being prepaid pursuant to Section H.1 above.

**Step 2.** Divide the partial prepayment amount for the Parcel (not including the amount collected for Administrative Fees and Expenses) by the amount computed in Step 1 to determine a percentage.

**Step 3.** Subtract the percentage computed in Step 2 from 100% to determine the “Remaining Percentage”.

**Step 4.** Multiply the Remaining Percentage from Step 3 by the Maximum Special Tax for the Parcel to determine the new Maximum Special Tax that will be in effect for the Parcel after the partial prepayment is applied.

## **I. INTERPRETATION OF SPECIAL TAX FORMULA**

The City may, by resolution or ordinance, interpret, clarify, and/or revise this RMA to correct any inconsistency, vagueness, or ambiguity as it relates to the Special Tax, method of apportionment, classification of properties, or any definition applicable to the CFD, as long as

such correction does not materially affect the levy and collection of Special Taxes and any security for the Bonds. The City, upon the request of an owner of land within the CFD which is not Developed Property, may also amend this RMA in any manner acceptable to the City, by resolution or ordinance following a public hearing, upon the affirmative vote of such owner to such amendment and without the vote of owners of any other land within the CFD, provided such amendment only affects such owner's land and does not reduce the Total Maximum Special Tax Revenue that can be collected from the Parcel.

**Attachment 1**  
**Improvement Area #4 of the**  
**City of Lathrop CFD No. 2018-1**  
**Expected Land Uses and Maximum Annual Special Tax per Parcel**  
**(Fiscal Year 2018-19)**

<b>APN</b>	<b>Net Acreage</b>	<b>Expected Land Use</b>	<b>Base Special Tax /1</b>	<b>Total Maximum Annual Special Tax Revenue /1</b>
191-210-33	19.5	Residential	\$9,680	\$188,760
191-210-35	20.6	Residential	\$9,680	\$199,408
191-210-30	7.8	Pond/Sprayfield	\$0	\$0
191-210-31	28.5	Public (Park)	\$0	\$0
191-210-32	16.4	Public	\$0	\$0
191-210-34	5.0	Public (Park)	\$0	\$0
<b>Total Maximum Annual Special Tax Revenue /1</b>				<b>\$388,168</b>

/1 Beginning July 1, 2019, and each July 1 thereafter, the Base Special Tax, Maximum Annual Special Tax, and Total Maximum Annual Special Tax Revenue shall increase by 2% of the amount in effect in the prior Fiscal Year.

*Goodwin Consulting Group, Inc.*

6/20/2018

**IMPROVEMENT AREA NO. 5 OF THE  
CITY OF LATHROP  
COMMUNITY FACILITIES DISTRICT NO. 2018-1  
(CENTRAL LATHROP SPECIFIC PLAN FACILITIES)**

**RATE AND METHOD OF APPORTIONMENT OF SPECIAL TAX**

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A Special Tax applicable to each Assessor's Parcel in Improvement Area No. 5 of the City of Lathrop Community Facilities District No. 2018-1 (Central Lathrop Specific Plan Facilities) shall be levied and collected according to the tax liability determined by the City or its designee through the application of the appropriate amount or rate for Taxable Property, as described below. All of the property in Improvement Area No. 5, unless exempted by law or by the provisions of Section G below, shall be taxed for the purposes, to the extent, and in the manner herein provided, including property subsequently annexed to Improvement Area No. 5 unless a separate Rate and Method of Apportionment of Special Tax is adopted for the annexation area.

**A. DEFINITIONS**

The terms hereinafter set forth have the following meanings:

**“Accessory Unit”** means a second residential unit of limited size (e.g., granny cottage, second unit) that shares a Parcel with a single-family detached unit.

**“Acre”** or **“Acreage”** means the land area of an Assessor's Parcel as shown on an Assessor's Parcel Map, or if the land area is not shown on an Assessor's Parcel Map, the land area shown on the applicable Final Map or other parcel map recorded at the County Recorder's Office.

**“Act”** means the Mello-Roos Community Facilities Act of 1982, as amended, being Chapter 2.5, (commencing with Section 53311), Division 2 of Title 5 of the California Government Code.

**“Administrative Expenses”** means any or all of the following: the fees and expenses of any fiscal agent or trustee (including any fees or expenses of its counsel) employed in connection with any Bonds, and the expenses of the City in carrying out its duties with respect to Improvement Area No. 5 and the Bonds related thereto, including, but not limited to, the levy and collection of the Special Tax, the fees and expenses of its counsel, charges levied by the County in connection with the levy and collection of the Special Tax, costs related to property owner inquiries regarding the Special Tax, amounts needed to pay rebate to the federal government with respect to the Bonds, costs associated with complying with continuing disclosure requirements with respect to the Bonds and the Special Tax, and all other costs and expenses of the City and County in any way related to administration of the CFD including costs related to any dispute, litigation, settlement, or defense of any matter related to the CFD.



**“Administrative Expense Cap”** means \$15,000 for Fiscal Year 2018-19 and \$15,000 for Fiscal Year 2019-20. No Administrative Expense Cap shall apply after Fiscal Year 2019-20.

**“Administrative Expense Reimbursement Amount”** means a total of \$40,000.

**“Administrator”** means the person or firm designated by the City to administer the Special Tax according to this RMA.

**“Airspace Parcel”** means a parcel with an assigned Assessor’s Parcel number that constitutes vertical space of an underlying land Parcel.

**“Assessor’s Parcel” or “Parcel”** means a lot or parcel, including an Airspace Parcel, shown on a County Assessor’s Parcel Map with an assigned County Assessor’s Parcel number.

**“Assessor’s Parcel Map”** means an official map of the County Assessor designating Parcels by Assessor’s Parcel number.

**“Association Property”** means any property within Improvement Area No. 5 that is owned by a homeowners’ association or property owners’ association, excluding such property that is under the pad or footprint of a residential unit or building.

**“Authorized Facilities”** means the public facilities authorized to be financed, in whole or in part, by Special Taxes collected within the CFD, pursuant to the documents adopted by the City Council at CFD Formation.

**“Base Special Tax”** means, in Fiscal Year 2018-19, \$9,680 per Net Acre for any Parcel or portion of a Parcel developed or expected to be developed as Residential Property and \$4,000 per Net Acre for any Parcel or portion of a Parcel developed or expected to be developed as Non-Residential Property, which amounts shall increase on July 1, 2019 and each July 1 thereafter by two percent (2%) of the amount in effect in the prior Fiscal Year. The determination of Expected Land Use shall be made by the Administrator based on review of land use and development plans, and in coordination with the City Planning Department.

**“Bonds”** means bonds or other debt (as defined in the Act), whether in one or more series, which are secured by Special Tax revenues and were issued, insured or assumed by Improvement Area No. 5 to fund Authorized Facilities.

**“CFD” or “CFD No. 2018-1”** means the City of Lathrop Community Facilities District No. 2018-1 (Central Lathrop Specific Plan Facilities).

**“CFD Formation”** means the date on which the Resolution of Formation for CFD No. 2018-1 was adopted by the City Council.

**“City”** means the City of Lathrop.

**“City Council”** means the City Council of the City of Lathrop.

**“County”** means the County of San Joaquin.

**“Debt Service Reserve Funding Amount”** means an amount equal to 50% of the greatest interest payment due in any single bond year, as defined in the Indenture.

**“Developed Property”** means, in any Fiscal Year, all Parcels of Taxable Property for which a building permit for new construction (which shall not include a permit issued solely for construction of the foundation if another permit remains to be issued for vertical construction of the building) was issued prior to June 1 of the preceding Fiscal Year.

**“EDU”** means an equivalent dwelling unit, as used in Section C.3 to determine the relative relationship among SFD Lots.

**“EDU Factor”** means the equivalent dwelling unit factor assigned to SFD Lots in Section C.3 below.

**“Expected Land Use”** means the Land Use(s) and/or Public Property anticipated on a Parcel in Improvement Area No. 5. The Expected Land Uses at the time of CFD Formation are identified in Attachment 1 of this RMA, and such Expected Land Uses may be updated pursuant to Sections C and D below.

**“Final Map”** means a final map, or portion thereof, recorded by the County pursuant to the Subdivision Map Act (California Government Code Section 66410 et seq.) that creates SFD Lots. The term “Final Map” shall not include any Assessor’s Parcel Map or subdivision map, or portion thereof, that does not create SFD Lots, including Assessor’s Parcels that are designated as remainder parcels.

**“Fiscal Year”** means the period starting July 1 and ending on the following June 30.

**“Improvement Area No. 5”** means Improvement Area No. 5 of the City of Lathrop Community Facilities District No. 2018-1 (Central Lathrop Specific Plan Facilities).

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

**“Land Use”** means Residential Property or Non-Residential Property.

**“Land Use Change”** means a proposed or approved change to the Expected Land Use(s) on a Parcel of Taxable Property.

**“Large Lot Map”** means a subdivision map recorded at the County Recorder’s Office that subdivides all or a portion of the property in Improvement Area No. 5 into large Parcels, most of which will be subject to future subdivision.

**“Maximum Special Tax”** means the greatest amount of Special Tax that can be levied on a Parcel of Taxable Property in any Fiscal Year, as determined in accordance with Sections C and D below. The Maximum Special Tax based on Expected Land Uses for each Parcel in Improvement Area No. 5 at the time of CFD Formation is set forth in Attachment 1.

**“Multi-Family Property”** means, in any Fiscal Year, all Parcels of Developed Property for which a building permit was issued for construction of a residential structure with five or more Units that share a single Assessor’s Parcel number, are offered for rent to the general public, and cannot be purchased by individual homebuyers.

**“Net Acreage”** means the estimated acreage of Residential Property and Non-Residential Property on an Original Parcel after taking out expected Public Property, not including internal streets. The Net Acreage within each Original Parcel at the time of CFD Formation is shown in Attachment 1, and such Net Acreage shall be updated each time an Original Parcel subdivides or a Land Use Change is approved. **“Net Acre”** means one acre of the Net Acreage calculated for a Parcel.

**“Non-Residential Property”** means all Assessor’s Parcels of Developed Property that are not Taxable Public Property for which a building permit was issued for a use other than Residential Property. If a Parcel includes or is expected to include both Units and non-residential land uses, the Net Acreage to be taxed as Non-Residential Property shall be calculated by dividing the net leasable and net saleable square footage of non-residential uses on the Parcel (as determined by the Administrator) by the aggregate net leasable and net saleable square footage built or expected to be built on the Parcel (as determined by the Administrator), then multiplying the quotient by the Net Acreage of the underlying land Parcel for purposes of calculating the Maximum Special Tax and levying the Special Tax in any Fiscal Year.

**“Original Parcel”** means: (i) an Assessor’s Parcel included in Improvement Area No. 5 at the time of CFD Formation, (ii) an Assessor’s Parcel that annexes into Improvement Area No. 5 after CFD Formation, or (iii) a Successor Parcel that was created after subdivision of an Original Parcel and is being further subdivided.

**“Proportionately”** means, for Developed Property, that the ratio of the actual Special Tax levied in any Fiscal Year to the Maximum Special Tax authorized to be levied in that Fiscal Year is equal for all Assessor’s Parcels of Developed Property. For Undeveloped Property, **“Proportionately”** means that the ratio of the actual Special Tax levied to the Maximum Special Tax authorized to be levied is equal for all Assessor’s Parcels of Undeveloped Property.

**“Public Property”** means any property within the boundaries of Improvement Area No. 5 that is owned by or irrevocably offered for dedication to the federal government, State of California, County, City, or other local governments or public agencies. For purposes of this RMA, all Association Property shall also be categorized as Public Property.

**“Required Coverage”** means that the Total Maximum Special Tax Revenue must be at least 110% of the debt service on the Bonds in every bond year, as defined in the Indenture.

**“Required Revenue”** means, after one or more series of Bonds have been issued for Improvement Area No. 5, the Total Maximum Special Tax Revenue that must be available in order to maintain Required Coverage. Upon prepayment of all or a portion of the Maximum Special Tax obligation assigned to any Parcel in Improvement Area No. 5, the Required Revenue shall be reduced by the Special Tax that will no longer be levied on the Parcel for which a prepayment was received, as determined by the Administrator. For purposes of Section C below, Required Revenue shall be \$0.00 prior to issuance of the first series of Bonds for Improvement Area No. 5.

**“Residential Property”** means, collectively, Single Family Detached Property, Single Family Attached Property, and Multi-Family Property. If a Parcel includes or is expected to include both Units and non-residential land uses, the Net Acreage to be taxed as Residential Property shall be calculated by dividing the net leasable and net saleable square footage of residential uses on the Parcel (as determined by the Administrator) by the aggregate net leasable and net saleable square footage built or expected to be built on the Parcel (as determined by the Administrator), then multiplying the quotient by the Net Acreage of the underlying land Parcel for purposes of calculating the Maximum Special Tax and levying the Special Tax in any Fiscal Year.

**“RMA”** means this Rate and Method of Apportionment of Special Tax.

**“SFD Lot”** means an individual residential lot, identified and numbered on a recorded Final Map, on which a building permit has been or is permitted to be issued for construction of a single family detached unit without further subdivision of the lot and for which no further subdivision of the lot is anticipated pursuant to an approved tentative map.

**“Single Family Attached Property”** means, in any Fiscal Year, all Parcels of Developed Property for which a building permit or use permit was issued for construction of a residential structure consisting of two or more Units that share common walls, have separate Assessor’s Parcel numbers assigned to them (except for a duplex unit, which may share a Parcel with another duplex unit), and may be purchased by individual homebuyers (which shall still be the case even if the Units are purchased and subsequently offered for rent by the owner of the Unit), including such residential structures that meet the statutory definition of a condominium contained in Civil Code Section 1351.

**“Single Family Detached Property”** means, in any Fiscal Year, all Parcels of Developed Property for which a building permit was issued for construction of a Unit that does not share a common wall with another Unit.

**“Special Tax”** means a special tax levied in any Fiscal Year to pay the Special Tax Requirement.

**“Special Tax Requirement”** means the amount necessary in any Fiscal Year to: (i) pay principal and interest on Bonds that is due in the calendar year that begins in such Fiscal Year; (ii) create and/or replenish debt service reserve funds as required by the Indenture for the Bonds to the extent such replenishment has not been included in the computation of the Special Tax Requirement in a previous Fiscal Year; (iii) cure any delinquencies in the payment of principal

or interest on Bonds which have occurred in the prior Fiscal Year; (iv) pay Administrative Expenses, subject to the Administrative Expense Cap if applicable for the Fiscal Year; (v) create and/or replenish reserve funds for Administrative Expenses; and (vi) pay for extraordinary administrative expense reserve reimbursement, as described in the Indenture. The amounts referred to in clauses (i) and (ii) of the preceding sentence may be reduced in any Fiscal Year by: (i) interest earnings on or surplus balances in funds and accounts for the Bonds to the extent that such earnings or balances are available to apply against debt service pursuant to the Indenture; (ii) proceeds received from the collection of penalties associated with delinquent Special Taxes; and (iii) any other revenues available to reduce the Special Tax Requirement as determined by the Administrator.

**“Successor Parcel”** means a Parcel of Taxable Property created from subdivision or reconfiguration of an Original Parcel.

**“Taxable Property”** means all Parcels within the boundaries of Improvement Area No. 5 that (i) are not exempt from the Special Tax pursuant to law or Section G below, and (ii) which upon subdivision of an Original Parcel, are assigned Expected Land Uses and are not expected to be Public Property.

**“Taxable Public Property”** means, in any Fiscal Year, any Parcel of Public Property within Improvement Area No. 5 that had been assigned a Maximum Special Tax obligation based on Expected Land Uses being assigned to the Parcel. Notwithstanding the foregoing, if (i) a prepayment is received in an amount sufficient to pay off the full Maximum Special Tax obligation assigned to the Parcel, or (ii) the City determines that, in the Fiscal Year in which the Parcel would first be categorized as Taxable Public Property, an equal amount of Acreage within the CFD that had been Public Property became Taxable Property, then the Parcel of Public Property can be deemed exempt from the Special Tax if the Administrator determines that the Total Maximum Special Tax Revenue after granting such exemption is greater than or equal to the Required Revenue.

**“Total Maximum Special Tax Revenue”** means the aggregate amount of revenue that can be generated in any Fiscal Year by levying the Maximum Special Tax on all Parcels of Taxable Property within Improvement Area No. 5.

**“Undeveloped Property”** means, in any Fiscal Year, all Parcels of Taxable Property that are not Developed Property.

**“Unit”** means a single family detached unit or an individual unit within a duplex, triplex, halfplex, fourplex, condominium, townhome, live/work, or apartment structure. An Accessory Unit that shares a Parcel with a single-family detached unit shall not be considered a separate Unit for purposes of this RMA.

**B. DATA FOR ADMINISTRATION OF SPECIAL TAX**

On or about July 1 of each Fiscal Year, the Administrator shall identify (i) the current Assessor's Parcel numbers for all Parcels of Developed Property and Undeveloped Property within Improvement Area No. 5, (ii) the number of Units expected within each building on each Parcel of Single Family Attached Property, (iii) the square footage of all SFD Lots that were created in the prior Fiscal Year, (iv) whether the Administrative Expense Reimbursement Amount and the Debt Service Reserve Funding Amount have been fully funded by special tax revenues from prior fiscal years, and (v) the Special Tax Requirement for the Fiscal Year. In addition, on an ongoing basis, the Administrator shall monitor Land Use Changes and the subdivision of Parcels in Improvement Area No. 5 and (i) allocate the Maximum Special Tax assigned to the Original Parcel(s) to the Successor Parcels created by the subdivision pursuant to Section C below, and (ii) ensure that such Land Use Changes do not result in Total Maximum Special Tax Revenue that is less than the Required Revenue. After the recordation of each Large Lot Map within Improvement Area No. 5, the Administrator shall also review and revise, as needed, the Expected Land Uses, Net Acreage, and Maximum Special Taxes for each Successor Parcel created by recordation of the Large Lot Map, and update Attachment 1 accordingly, as set forth in Section C below.

In any Fiscal Year, if it is determined that: (i) a parcel map for property in Improvement Area No. 5 was recorded after January 1 of the prior Fiscal Year (or any other date after which the Assessor will not incorporate the newly-created parcels into the then current tax roll), (ii) because of the date the parcel map was recorded, the Assessor does not yet recognize the new parcels created by the parcel map, and (iii) a building permit was issued prior to June 1 of the prior Fiscal Year for development on one or more of the newly-created parcels, the Administrator shall calculate the Special Tax for each Land Use within the subdivided area and levy such Special Tax on the Original Parcel that was subdivided by recordation of the parcel map.

**C. MAXIMUM SPECIAL TAX**

**1. Original Parcels in Improvement Area No. 5 at CFD Formation**

Attachment 1 to this RMA identifies the Maximum Special Tax assigned to each Original Parcel in Improvement Area No. 5 for Fiscal Year 2018-19 based on the Expected Land Use(s) for each Parcel as of CFD Formation. After recordation of each Large Lot Map for property in Improvement Area No. 5, the Administrator shall review current maps and land use plans for the property within the Large Lot Map and, in consultation with the City Planning Department, reevaluate the Expected Land Uses for each of the Successor Parcels created by recordation of the Large Lot Map. Attachment 1 shall be updated to reflect the Assessor's Parcel numbers, Expected Land Uses, Net Acreage, and corresponding Maximum Special Tax assigned to each Parcel after applying the Base Special Tax to each Land Use on each Successor Parcel. If, based on changes to the Expected Land Uses within the Large Lot Map area, the Total Maximum Special Tax Revenue that could be generated in Improvement Area No. 5 is less than the Required Revenue, the Maximum Special Tax on each Successor Parcel created by the Large Lot

Map shall be increased proportionately until the Total Maximum Special Tax Revenue is equal to the Required Revenue. If there is an increase in the Total Maximum Special Tax Revenue based on Expected Land Uses within the Large Lot Map, the Administrator shall reflect such increased Total Maximum Special Tax Revenue in the updated Attachment 1.

If, before or after the comprehensive review after recordation of a Large Lot Map, there are any other Land Use Changes proposed for any Parcel prior to final subdivision of the Parcel, the Administrator shall determine the Maximum Special Tax that would be assigned to the Parcel if the Base Special Tax was applied to the Net Acreage of Residential Property and/or Non-Residential Property on the Parcel after the proposed Land Use Change. If, based on this Maximum Special Tax calculation, the Total Maximum Special Tax Revenue would be less than the Required Revenue, the Maximum Special Tax for such Parcel shall be increased proportionately until the Total Maximum Special Tax Revenue is equal to the Required Revenue. If there is an increase in the Total Maximum Special Tax Revenue after the Land Use Change, the Administrator shall reflect such increased Total Maximum Special Tax Revenue in an updated Attachment 1.

## **2. Successor Parcels that are not SFD Lots**

The Maximum Special Tax for each Original Parcel for Fiscal Year 2018-19 is identified in Attachment 1, which may be updated as set forth above. After such update, if an Original Parcel is subdivided or reconfigured and none of the Successor Parcels are SFD Lots, the Administrator shall assign the Maximum Special Tax to the Successor Parcels by applying the following steps:

- Step 1:** Based on reference to Land Use plans and, if needed, coordination with the City Planning Department, determine the Net Acreage of each Land Use on each Successor Parcel created from subdivision or reconfiguration of the Original Parcel.
- Step 2:** For each Successor Parcel, multiply the Base Special Tax for each Land Use by the Net Acreage of each Land Use determined in Step 1, and calculate the aggregate Maximum Special Tax that could be generated from the Successor Parcels created from subdivision of the Original Parcel.
- Step 3:** If the aggregate Maximum Special Tax for all Successor Parcels is greater than or equal to the Maximum Special Tax that had been assigned to the Original Parcel before it was subdivided, the Maximum Special Tax for each Successor Parcel shall be the amount determined in Step 2, and the Administrator shall recalculate the Total Maximum Special Tax Revenue to include the increased Maximum Special Tax. If the aggregate Maximum Special Tax for all Successor Parcels is less than the Maximum Special Tax assigned to the Original Parcel, and such reduction would reduce the Total Maximum Special Tax Revenue to an amount less than the Required Revenue, then the Administrator shall increase the amount calculated for each Successor Parcel in Step 2 proportionately until the Total Maximum Special Tax Revenue after the subdivision is equal to the Required Revenue.

**Step 4:** If all or a portion of the Original Parcel was subdivided to create individual Parcels (which may be Airspace Parcels) for Units on Single Family Attached Property, divide the Maximum Special Tax assigned to the Original Parcel (or portion thereof), as may be adjusted pursuant to Step 3 above, by the total number of Units that will be built on the Original Parcel (or portion thereof) to calculate the Maximum Special Tax that will be assigned to each Parcel.

Upon each application of this Section C.2, there shall be no reduction in the Required Revenue unless there has been a prepayment for one or more Parcels within Improvement Area No. 5.

**3. Successor Parcels of which All or Some are SFD Lots**

Upon subdivision of an Original Parcel into Successor Parcels, of which all or some are SFD Lots, the Administrator shall apply the following steps to determine the Maximum Special Tax for each Parcel:

**Step 1:** Determine the Net Acreage and Expected Land Use for each Successor Parcel created from subdivision of the Original Parcel. Apply the steps set forth in Section C.2 above to allocate the Maximum Special Tax from the Original Parcel to each Successor Parcel.

**Step 2:** Apply one of the following EDU Factors to each SFD Lot based on the square footage of each lot, and calculate the aggregate EDUs from all SFD Lots created by subdivision of the Original Parcel:

<u>Lot Size</u>	<u>EDU Factor</u>
Greater than 8,000 square feet	1.25
6,501-8,000 square feet	1.14
5,001-6,500 square feet	1.00
3,501-5,000 square feet	0.87
2,800-3,500 square feet	0.81
Less than 2,800 square feet	0.73

**Step 3:** *For SFD Lots*, sum the Maximum Special Tax assigned in Step 1 to all Successor Parcels that are SFD Lots, and divide this amount by the total EDUs determined in Step 2 to calculate a Maximum Special Tax per EDU. Multiply the Maximum Special Tax per EDU by the EDU Factor for each SFD Lot to determine the Maximum Special Tax for each Successor Parcel that is a SFD Lot. This Maximum Special Tax shall be the Maximum Special Tax for the Parcel when it is Undeveloped Property and when it becomes Developed Property.

*For Successor Parcels that are not SFD Lots*, the Maximum Special Tax shall be the amount determined for each Parcel pursuant to Step 1 above.



At no time shall the distribution of the Maximum Special Tax upon subdivision or reconfiguration of a Parcel result in Total Maximum Special Tax Revenue that is lower than the Required Revenue. If an Original Parcel is subdivided, and the Successor Parcels include a combination of Land Uses, the Administrator shall delineate the Maximum Special Tax to the Taxable Property created by the subdivision based on the best information available at the time, and based on application of Sections C.2 and C.3 of this RMA.

**4. Parcels of Taxable Public Property**

The Maximum Special Tax for a Parcel of Taxable Public Property shall be equal to the Maximum Special Tax that applied prior to the Parcel becoming Public Property.

**5. Annexations**

If, in any Fiscal Year, a Parcel or Parcels annex into Improvement Area No. 5, the Administrator shall, in coordination with the City Planning Department, identify the Expected Land Uses for the Parcel(s). The Administrator shall then (i) apply the Base Special Tax to each Land Use to calculate the Maximum Special Tax for the Parcel, (ii) add the Maximum Special Tax for the Parcel to the Total Maximum Special Tax Revenue, and (iii) levy the Special Tax on the Parcel(s) pursuant to this RMA in the next Fiscal Year and all future Fiscal Years unless a prepayment is received to fully release the Parcel(s) from the Special Tax obligation.

**D. ADJUSTMENTS TO THE MAXIMUM SPECIAL TAX**

**1. Escalation of Maximum Special Tax**

Beginning July 1, 2019 and each July 1 thereafter, the Maximum Special Tax for each Parcel in Improvement Area No. 5 shall be increased by two percent (2%) of the amount in effect in the prior Fiscal Year.

**2. Conversion of a Parcel of Public Property to Private Use**

If, in any Fiscal Year, a Parcel of Public Property is converted to private use, which shall include a lease to a private entity allowing the property to be taxed pursuant to Section 53340.1 of the Act, such Parcel shall be subject to the levy of the Special Tax. The Maximum Special Tax for each such Parcel shall be determined based on applying the Base Special Tax to the Net Acreage of each Expected Land Use on the Parcel.

**E. METHOD OF LEVY OF THE SPECIAL TAX**

1. Each Fiscal Year prior to the time at which the Administrative Expense Reimbursement Amount has been repaid pursuant to the terms of the Indenture and the Debt Service Reserve Funding Amount has been fully funded pursuant to the terms of the Indenture,

the Administrator shall levy the Maximum Special Tax on all Parcels of Taxable Property.

2. Each Fiscal Year beginning with the Fiscal Year in which the Administrative Expense Reimbursement Amount has been repaid pursuant to the terms of the Indenture and the Debt Service Reserve Funding Amount has been fully funded pursuant to the terms of the Indenture, the Administrator shall determine the Special Tax Requirement and levy the Special Tax on all Parcels of Taxable Property as follows:

**Step 1:** The Special Tax shall be levied Proportionately on each Parcel of Developed Property, other than Taxable Public Property, up to 100% of the Maximum Special Tax for each Parcel until the amount levied on Developed Property is equal to the Special Tax Requirement.

**Step 2:** If additional revenue is needed after Step 1 to pay the Special Tax Requirement, the Special Tax shall be levied Proportionately on each Parcel of Undeveloped Property up to 100% of the Maximum Special Tax for each Parcel until the amount levied on Developed Property and Undeveloped Property is equal to the Special Tax Requirement.

**Step 3:** If additional revenue is needed after Step 2 to pay the Special Tax Requirement, the Special Tax shall be levied Proportionately on each Parcel of Taxable Public Property, up to 100% of the Maximum Special Tax for each Parcel.

#### **F. MANNER OF COLLECTION OF SPECIAL TAX**

The Special Tax shall be collected in the same manner and at the same time as ordinary ad valorem property taxes, provided, however, that the City may directly bill, collect at a different time or in a different manner, and/or collect delinquent Special Taxes through foreclosure or other available methods.

The Special Tax shall be levied and collected until principal and interest on the Bonds have been repaid, costs of constructing or acquiring Authorized Facilities from Special Tax proceeds have been paid, and all Administrative Expenses have been paid or reimbursed. However, in no event shall a Special Tax be levied after Fiscal Year 2060-61, except that a Special Tax that was lawfully levied in or before the Fiscal Year 2060-61 and remains delinquent may be collected in subsequent Fiscal Years. Under no circumstances may the Special Tax on a Parcel in residential use be increased in any Fiscal Year as a consequence of delinquency or default in payment of the Special Tax levied on another Parcel or Parcels by more than ten percent (10%) above the amount that would have been levied in that Fiscal Year had there never been any such delinquencies or defaults.

## **G. EXEMPTIONS**

Notwithstanding any other provision of this RMA, no Special Tax shall be levied on the following: (i) Public Property, except Taxable Public Property, (ii) Parcels that are designated as permanent open space or common space on which no structure is permitted to be constructed, (iii) Parcels owned by a public utility for an unmanned facility, or (iv) Parcels subject to an easement that precludes any use on the Parcel other than that permitted by the easement. In addition, no Special Tax shall be levied on any Parcel that has fully prepaid the Special Tax obligation assigned to the Parcel, as determined pursuant to the formula set forth in Section H below. Notwithstanding the foregoing, if a Special Tax has been levied on a Parcel in any Fiscal Year, and the Parcel subsequently meets the criteria for any of the exempted categories above, the Parcel shall remain subject to the Special Tax levy unless and until a prepayment is made to release the Parcel from its Special Tax obligation or, in the case of Public Property, the City determines that the parcel can be exempted from the Special Tax after making the determinations listed in the definition of Taxable Public Property above.

If, in any Fiscal Year, a Parcel of Public Property is converted to private use, such Parcel shall be subject to the levy of Special Taxes pursuant to Section D.2 above.

## **H. PREPAYMENT OF SPECIAL TAX**

The following definitions apply to this Section H:

**“Outstanding Bonds”** means all Previously Issued Bonds which remain outstanding, with the following exception: if a Special Tax has been levied against, or already paid by, an Assessor’s Parcel making a prepayment, and a portion of the Special Tax will be used to pay a portion of the next principal payment on the Bonds that remain outstanding (as determined by the Administrator), that next principal payment shall be subtracted from the total Bond principal that remains outstanding, and the difference shall be used as the amount of Outstanding Bonds for purposes of this prepayment formula.

**“Previously Issued Bonds”** means all Bonds that have been issued prior to the date of prepayment.

### **1. Full Prepayment**

The Special Tax obligation applicable to a Parcel in Improvement Area No. 5 may be fully prepaid and the obligation of the Parcel to pay the Special Tax permanently satisfied as described herein, provided that a prepayment may be made only if there are no delinquent Special Taxes with respect to such Parcel at the time of prepayment. An owner of a Parcel intending to prepay the Special Tax obligation shall provide the City with written notice of intent to prepay. Within 30 days of receipt of such written notice, the City or its designee shall notify such owner of the prepayment amount for such Parcel. Prepayments must be made not less than 50 days prior to any redemption date for the Bonds to be redeemed with the proceeds of such prepaid Special Taxes.

The Prepayment Amount shall be calculated as follows (capitalized terms as defined below):

Bond Redemption Amount  
plus Redemption Premium  
plus Defeasance Requirement  
plus Administrative Fees and Expenses  
less Reserve Fund Credit  
equals Prepayment Amount

As of the proposed date of prepayment, the Prepayment Amount shall be determined by application of the following steps:

- Step 1:** Determine the total Maximum Special Tax that could be collected from the Parcel prepaying the Special Tax in the Fiscal Year in which prepayment would be received by the City.
- Step 2:** Divide the Maximum Special Tax computed pursuant to Step 1 by the Total Maximum Special Tax Revenue for the Fiscal Year in which prepayment would be received by the City.
- Step 3:** Multiply the quotient computed pursuant to Step 2 by the Outstanding Bonds to compute the amount of Outstanding Bonds to be retired and prepaid (*the "Bond Redemption Amount"*).
- Step 4:** Multiply the Bond Redemption Amount computed pursuant to Step 3 by the applicable redemption premium, if any, on the Outstanding Bonds to be redeemed (*the "Redemption Premium"*).
- Step 5:** Compute the amount needed to pay interest on the Bond Redemption Amount starting with the last Outstanding Bond interest payment date on which interest has been or will be paid by Special Taxes already levied until the earliest redemption date for the Outstanding Bonds.
- Step 6:** Compute the amount of interest the City reasonably expects to derive from reinvestment of the Bond Redemption Amount plus the Redemption Premium from the first Outstanding Bond interest payment date after which the prepayment has been received until the redemption date for the Outstanding Bonds.
- Step 7:** Take the amount computed pursuant to Step 5 and subtract the amount computed pursuant to Step 6 (*the "Defeasance Requirement"*).
- Step 8:** Determine the costs of computing the prepayment amount, redeeming Outstanding Bonds, and recording any notices to evidence the prepayment and redemption (*the "Administrative Fees and Expenses"*).

**Step 9:** If and to the extent so provided in the Indenture, a reserve fund credit shall be calculated as a reduction in the applicable reserve fund for the Outstanding Bonds to be redeemed pursuant to the prepayment (the “*Reserve Fund Credit*”).

**Step 10:** The Special Tax prepayment is equal to the sum of the amounts computed pursuant to Steps 3, 4, 7, and 8, less the amount computed pursuant to Step 9 (the “*Prepayment Amount*”).

Once a full prepayment of a Parcel’s Special Tax obligation has been received, a Notice of Cancellation of Special Tax Lien shall be recorded against the Parcel to reflect the discharge of the Parcel’s obligation to pay the Special Tax. However, a Notice of Cancellation of Special Tax Lien shall not be recorded until all Special Taxes levied on the Parcel in the current or prior Fiscal Years have been collected.

## **2. Partial Prepayment**

A partial prepayment may be made in an amount equal to any percentage of full prepayment desired by the party making a partial prepayment, except that the full amount of Administrative Fees and Expenses determined in Step 8 shall be included in the partial prepayment. The Maximum Special Tax that can be levied on a Parcel after a partial prepayment is made shall be determined as follows:

**Step 1.** Calculate the full prepayment (not including the amount collected for Administrative Fees and Expenses) that would be due from the Parcel if the entire Special Tax obligation were being prepaid pursuant to Section H.1 above.

**Step 2.** Divide the partial prepayment amount for the Parcel (not including the amount collected for Administrative Fees and Expenses) by the amount computed in Step 1 to determine a percentage.

**Step 3.** Subtract the percentage computed in Step 2 from 100% to determine the “Remaining Percentage”.

**Step 4.** Multiply the Remaining Percentage from Step 3 by the Maximum Special Tax for the Parcel to determine the new Maximum Special Tax that will be in effect for the Parcel after the partial prepayment is applied.

## **I. INTERPRETATION OF SPECIAL TAX FORMULA**

The City may, by resolution or ordinance, interpret, clarify, and/or revise this RMA to correct any inconsistency, vagueness, or ambiguity as it relates to the Special Tax, method of apportionment, classification of properties, or any definition applicable to the CFD, as long as

such correction does not materially affect the levy and collection of Special Taxes and any security for the Bonds. The City, upon the request of an owner of land within the CFD which is not Developed Property, may also amend this RMA in any manner acceptable to the City, by resolution or ordinance following a public hearing, upon the affirmative vote of such owner to such amendment and without the vote of owners of any other land within the CFD, provided such amendment only affects such owner's land and does not reduce the Total Maximum Special Tax Revenue that can be collected from the Parcel.

**Attachment 1**  
**Improvement Area #5 of the**  
**City of Lathrop CFD No. 2018-1**  
**Expected Land Uses and Maximum Annual Special Tax per Parcel**  
**(Fiscal Year 2018-19)**

APN	Net Acreage	Expected Land Use	Base Special Tax /1	Total Maximum Annual Special Tax Revenue /1
191-200-16	11.2	Non-Residential	\$4,000	\$44,800
191-200-17	18.3	Non-Residential	\$4,000	\$73,200
191-200-18	24.3	Non-Residential	\$4,000	\$97,200
191-210-10	19.0	Non-Residential	\$4,000	\$76,000
191-200-19	8.4	Pond/Sprayfield	\$0	\$0
191-210-07	14.4	Pond/Sprayfield	\$0	\$0
191-210-08	18.6	Pond/Sprayfield	\$0	\$0
191-210-09	19.5	Pond/Sprayfield	\$0	\$0
<b>Total Maximum Annual Special Tax Revenue /1</b>				<b>\$291,200</b>

/1 Beginning July 1, 2019, and each July 1 thereafter, the Base Special Tax, Maximum Annual Special Tax, and Total Maximum Annual Special Tax Revenue shall increase by 2% of the amount in effect in the prior Fiscal Year.

*Goodwin Consulting Group, Inc.*

6/20/2018

**EXHIBIT C**  
**CFD 2018-2 RMA**



**CITY OF LATHROP  
COMMUNITY FACILITIES DISTRICT NO. 2018-2  
(CENTRAL LATHROP SPECIFIC PLAN FACILITIES)**

**RATE AND METHOD OF APPORTIONMENT OF SPECIAL TAXES**

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Special Taxes applicable to each Assessor's Parcel in the City of Lathrop Community Facilities District No. 2018-2 (Central Lathrop Specific Plan Facilities) shall be levied and collected according to the tax liability determined by the City or its designee through the application of the appropriate amount or rate for Taxable Property, as described below. All of the property in CFD No. 2018-2, unless exempted by law or by the provisions of Section F below, shall be taxed for the purposes, to the extent, and in the manner herein provided, including property subsequently annexed to CFD No. 2018-2 unless a separate Rate and Method of Apportionment of Special Tax is adopted for the annexation area.

**A. DEFINITIONS**

The terms hereinafter set forth have the following meanings:

**“Acre”** or **“Acreage”** means the land area of an Assessor's Parcel as shown on an Assessor's Parcel Map, or if the land area is not shown on an Assessor's Parcel Map, the land area shown on the applicable Final Map or other parcel map recorded at the County Recorder's Office.

**“Act”** means the Mello-Roos Community Facilities Act of 1982, as amended, being Chapter 2.5, (commencing with Section 53311), Division 2 of Title 5 of the California Government Code.

**“Administrative Expenses”** means any or all of the following: the fees and expenses of any fiscal agent or trustee (including any fees or expenses of its counsel) employed in connection with any One-Time Special Tax Bonds, and the expenses of the City in carrying out its duties with respect to CFD No. 2018-2 and the One-Time Special Tax Bonds related thereto, including, but not limited to, the levy and collection of One-Time Special Taxes, the fees and expenses of its counsel, amounts needed to pay rebate to the federal government with respect to One-Time Special Tax Bonds, costs associated with complying with continuing disclosure requirements with respect to the One-Time Special Tax Bonds and the One-Time Special Taxes, costs of recording any notices to evidence payment of the One-Time Special Taxes, and all other costs and expenses of the City and County in any way related to administration of the CFD including any costs related to any dispute, litigation, settlement, or defense of any matter related to the CFD.

**“Administrator”** means the person or firm designated by the City to administer the One-Time Special Taxes according to this RMA.

**“Airspace Parcel”** means a parcel with an assigned Assessor's Parcel number that constitutes vertical space of an underlying land Parcel.

**“Assessor’s Parcel” or “Parcel”** means a lot or parcel, including an Airspace Parcel, shown on a County Assessor’s Parcel Map with an assigned County Assessor’s Parcel number.

**“Assessor’s Parcel Map”** means an official map of the County Assessor designating Parcels by Assessor’s Parcel number.

**“Association Property”** means any property within CFD No. 2018-2 that is owned by a homeowners’ association or property owners’ association, excluding such property that is under the pad or footprint of a residential unit or building.

**“CFD” or “CFD No. 2018-2”** means the City of Lathrop Community Facilities District No. 2018-2 (Central Lathrop Specific Plan Facilities).

**“CFD Formation”** means the date on which the Resolution of Formation for CFD No. 2018-2 was adopted by the City Council.

**“CFD No. 2018-1”** means the City of Lathrop Community Facilities District No. 2018-1 (Central Lathrop Specific Plan Facilities).

**“CFD No. 2018-1 Bonds”** means bonds or other debt (as defined in the Act), whether in one or more series, which are secured by special tax revenues generated from any of the improvement areas within CFD No. 2018-1.

**“City”** means the City of Lathrop.

**“City Council”** means the City Council of the City of Lathrop.

**“County”** means the County of San Joaquin.

**“Defaulted Parcel”** means any Parcel of Taxable Property that is delinquent in payment of one or more installments of CFD No. 2018-1 special taxes at the time of an Event of Default.

**“Event of Default”** means, as to any Parcel, failure of such Parcel to pay any special tax of CFD No. 2018-1 when due.

**“Final Levy Date”** means the date that is 60 days prior to 10 years from the date of issuance of the CFD No. 2018-2 Bonds.

**“Fiscal Year”** means the period starting July 1 and ending on the following June 30.

**“Indenture”** means the bond indenture, fiscal agent agreement, trust agreement, resolution or other instrument pursuant to which One-Time Special Tax Bonds are issued, as modified, amended, and/or supplemented from time to time, and any instrument replacing or supplementing the same.

**“Master Developer”** means Lathrop Land Acquisition, LLC and any related entities, successors, or assigns.

**“Net Proceeds”** means, for a Parcel of Taxable Property, the sales price of such Parcel pursuant to a purchase/sale agreement between the Master Developer and an unrelated entity, less the sum of: (i) broker commissions paid to an entity unrelated to the seller, (ii) pro-rated ad valorem taxes, (iii) escrow fees and closing costs, (iv) the amount required to clear encumbrances recorded on title prior to CFD Formation, excluding non-monetary easements, agreements, covenants and restrictions customarily running with the land, as approved by the Administrator, (v) for the first 601 Residential Lots sold in the CFD, \$6,527.19 per Residential Lot on such Parcel and (vi) a share of Administrative Expenses, as determined by the Administrator.

**“One-Time Special Tax”** means either the One-Time Special Tax A or One-Time Special Tax B.

**“One-Time Special Taxes”** means both the One-Time Special Tax A and One-Time Special Tax B.

**“One-Time Special Tax A”** means a special tax that is (i) levied at close of escrow of a sale of a Parcel of Taxable Property pursuant to Sections C.1 and D.1 below, and (ii) used to pay One-Time Special Tax Bonds.

**“One-Time Special Tax B”** means a special tax that is (i) levied upon the occurrence of an Event of Default pursuant to Sections C.2 and D.2 below, and (ii) used to pay One-Time Special Tax Bonds.

**“One-Time Special Tax Bonds”** means bonds or other debt (as defined in the Act), whether in one or more series, which are at least partially secured by revenues from the One-Time Special Taxes.

**“Outstanding One-Time Special Tax Bonds”** means all Previously Issued One-Time Special Tax Bonds which remain outstanding, with the following exception: if a One-Time Special Tax has been paid by an Assessor’s Parcel, and a portion of the One-Time Special Tax will be used to redeem principal of the One-Time Special Tax Bonds (as determined by the Administrator), that anticipated redemption of principal shall not be counted in the total amount of Outstanding One-Time Special Tax Bonds.

**“Previously Issued One-Time Special Tax Bonds”** means all One-Time Special Tax Bonds that have been issued prior to the occurrence of an Event of Default.

**“Public Property”** means any property within the boundaries of CFD No. 2018-2 that is owned by or irrevocably offered for dedication to the federal government, State of California, County, City, or other local governments or public agencies. For purposes of this RMA, all Association Property shall also be categorized as Public Property.

**“Residential Lot”** means an individual residential lot, identified and numbered on a recorded Final Map, on which a building permit has been or is permitted to be issued for construction of a residential unit without further subdivision of the lot and for which no further subdivision of the lot is anticipated pursuant to an approved tentative map. For the purposes of this RMA, a Residential Lot may also be an individual residential lot that is anticipated to be created on a Parcel of Taxable Property in the future.

“RMA” means this Rate and Method of Apportionment of Special Taxes.

“Taxable Property” means, in any Fiscal Year, all Parcels within CFD No. 2018-2 that (i) are not exempt from the One-Time Special Taxes pursuant to law or Section F below, (ii) were owned by the Master Developer at CFD Formation, (iii) have been sold or are expected to be sold to an entity that is unrelated to the Master Developer, and (iv) have not previously paid a One-Time Special Tax, all as determined by the City.

**B. DATA FOR ADMINISTRATION OF SPECIAL TAXES**

**1. One-Time Special Tax A**

Upon notification of a pending sale of Taxable Property, the Administrator shall identify (i) the current Assessor’s Parcel numbers for the Taxable Property being sold, and (ii) the Net Proceeds anticipated to be generated from each Parcel. The Administrator may rely upon any reasonable source of information to make the determinations required in this Section B.1, including, but not limited to: the Master Developer or escrow agent involved in a sale of Taxable Property or the City.

**2. One-Time Special Tax B**

On an ongoing basis, the Administrator shall monitor payments of the Series 2018-1 Bonds to determine whether an Event of Default has occurred. Upon the occurrence of an Event of Default or on the Final Levy Date, the Administrator shall identify (i) the current Assessor’s Parcel Numbers and Acreage of each Defaulted Parcel, (ii) the total Acreage of Taxable Property remaining in CFD No. 2018-2, which shall not include the Acreage of any Parcel or portion thereof that previously paid a One-Time Special Tax, and (iii) the amount of Outstanding One-Time Special Tax Bonds. The Administrator may rely upon any reasonable source of information to make the determinations required in this Section B.2, including, but not limited to: the trustee(s) of the CFD No. 2018-1 Bonds, the City, or the County Tax Collector’s Office.

**C. ONE-TIME SPECIAL TAXES**

**1. One-Time Special Tax A**

The One-Time Special Tax A for a Parcel of Taxable Property in CFD No. 2018-2 shall be equal to the Net Proceeds from the sale of the Parcel.

**2. One-Time Special Tax B**

As of the date of the most recent Event of Default and on the Final Levy Date, the One-Time Special Tax B for each Defaulted Parcel shall be determined by application of the following steps:

- Step 1:** Determine the total Acreage of the Defaulted Parcel.
- Step 2:** Divide the Acreage determined in Step 1 by the total Acreage of Taxable Property remaining in CFD No. 2018-2.
- Step 3:** Multiply the quotient computed pursuant to Step 2 by the Outstanding One-Time Special Tax Bonds.
- Step 4:** Determine the total amount of Administrative Expenses to be collected. If the One-Time Special Tax B is being levied simultaneously on more than one Defaulted Parcel, this amount shall be divided between each Defaulted Parcel based on the relative Acreage of each Defaulted Parcel.
- Step 5:** The One-Time Special Tax B is equal to the sum of the amounts computed pursuant to Steps 3 and 4.

**D. METHOD OF LEVY OF THE ONE-TIME SPECIAL TAXES**

**1. One-Time Special Tax A**

Upon notification of a pending sale of one or more Parcels of Taxable Property, the Administrator shall determine the Net Proceeds anticipated to be generated from each Parcel. The One-Time Special Tax A shall then be levied separately on each Parcel to be sold.

**2. One-Time Special Tax B**

Upon the occurrence of an Event of Default, the Administrator shall determine which Parcels of Taxable Property are Defaulted Parcels. The One-Time Special Tax B shall then be levied separately on each Defaulted Parcel.

On the Final Levy Date, the Administrator shall determine which Parcels of Taxable Property have not previously paid a One-Time Special Tax. The One-Time Special Tax B shall then be levied separately on each such Parcel.

**E. MANNER OF COLLECTION OF SPECIAL TAXES**

**1. One-Time Special Tax A**

The One-Time Special Tax A shall be levied at the close of escrow of a sale of a Parcel of Taxable Property and shall be due and payable immediately. Upon payment in full of the One-Time Special Tax A for a given Parcel, the Administrator shall record, or cause to be recorded, a Notice of Cancellation of Special Tax Lien against the Parcel to reflect the discharge of the Parcel's obligation to pay both the One-Time Special Tax A and the One-Time Special Tax B.

## **2. One-Time Special Tax B**

The One-Time Special Tax B shall be levied at the time of an Event of Default and upon the Final Levy Date, as soon as the determinations required in Sections C.2 and D.2 above can be made. The One-Time Special Tax B shall be levied by means of a One-Time Special Tax B bill sent directly to the owner of the Parcel via overnight mail, with a copy sent to the City. The One-Time Special Tax B bill shall be due and payable 30 days from the date of delivery. The One-Time Special Tax B shall have the same priority and bear the same penalties and interest after delinquency as do ad valorem property taxes. Upon payment in full of a One-Time Special Tax B for a given Parcel, the Administrator shall record a Notice of Cancellation of Special Tax Lien against the Parcel to reflect the discharge of the Parcel's obligation to pay both the One-Time Special Tax A and the One-Time Special Tax B.

### **F. EXEMPTIONS**

Notwithstanding any other provision of this RMA, the One-Time Special Taxes shall not be levied on Public Property in CFD No. 2018-2. In addition, neither of the One-Time Special Taxes shall be levied on Parcels, or portions of Parcels, that have already paid one of the One-Time Special Taxes in a previous land sale or Event of Default.

### **I. INTERPRETATION OF SPECIAL TAX FORMULA**

The City may, by resolution or ordinance, interpret, clarify, and/or revise this RMA to correct any inconsistency, vagueness, or ambiguity as it relates to the One-Time Special Taxes, method of apportionment, classification of properties, or any definition applicable to the CFD, as long as such correction does not materially affect the levy and collection of the One-Time Special Taxes and any security for the One-Time Special Tax Bonds. The City, upon the request of an owner of land within the CFD which is Taxable Property, may also amend this RMA in any manner acceptable to the City, by resolution or ordinance following a public hearing, upon the affirmative vote of such owner to such amendment and without the vote of owners of any other land within the CFD, provided such amendment only affects such owner's land and does not reduce the One-Time Special Taxes that can be collected from the Parcel.

## EXHIBIT D

### TERMS OF SERIES 2018-1 BONDS

1. No PPM will be utilized.
2. Bonds will be separately issued for each Improvement Area, no cross collateralization.
3. \$5,000 denominations.
4. Interest rate and maturities to be agreed to by the Parties.
5. Customary call provisions.
6. Series 2018-1 Bonds, in specific series for each Improvement Area to reflect the value assigned to each of the Improvement Areas, to be issued in certificated form initially with proper legend which will allow for subsequent transfer through DTC. The 2018-1 Bond Indenture will also provide for same.

7. Security for 2018-1 Bonds. Subject to the concept of Improvement Areas, the Series 2018-1 Bonds will be secured by a pledge of the Net Special Taxes (as the term will be defined in the 2018-1 Bond Indenture) that are authorized to be levied in the respective Improvement Area, pursuant to the respective Improvement Area's CFD 2018-1 RMA levied against the taxable Parcels designated under the respective Improvement Area's CFD 2018-1 RMA and identified in the CFD 2018-1 Boundary Map, and the respective Improvement Area's equivalents,<sup>1</sup> plus the debt service reserve funds held by the Trustee under the 2018-1 Bond Indenture.

8. Default/Foreclosure. If there is a default in the payment of special taxes for an Improvement Area, which is not remedied within Sixty (60) days after notice given to the owner, such default will trigger the levy of a one-time special tax under CFD 2018-2 RMA ("Minimum One-Time Special Tax") with respect to the CFD 2018-1 parcel(s) that are in default. CFD 2018-2 RMA will provide that the Minimum One-Time Special Tax be in an amount equal to (i) the acreage of the defaulted parcel(s) multiplied by (ii) (A) the balance of the Series 2018-2 Bonds at the time of the trigger of the Minimum One-Time Special Tax divided by the total remaining acreage in CFD 2018-2 still subject to the One-Time Special Tax under the CFD 2018-2 RMA, including the acreage of the defaulted parcel(s)).

9. Continuing Disclosure by LLA. Provided the Series 2018-1 Bonds and the Series 2018-2 Bonds are held in their entirety by Saybrook Bondholder or its affiliates, LLA will not be required to file continuing disclosure reports on EMMA or elsewhere. Continuing Disclosure Agreement delivered by LLA on the Closing Date will provide that LLA will provide continuing disclosure information, no more than semi-annually, that will consist of the project development status, the then anticipated development schedule and any other material information regarding or effecting the development of each Improvement Area ("Limited Developer

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<sup>1</sup> Equivalents include proceeds from foreclosure sales, if any.

Disclosure"), should any subsequent identified purchaser of Series 2018-1 Bonds or Series 2018-2 Bonds request continuing disclosure information with respect to any Improvement Area. Continuing Disclosure Agreement will provide that all subsequent purchasers of parcels within CFD 2018-1 that are responsible for 20% or more of the special taxes in any given Improvement Area will have to comply with and assume continuing disclosure information obligations under the same circumstances. Requirements to provide Continuing Disclosure Agreement shall cease for each Improvement Area at such time as any landowner ceases to own parcels in such Improvement Area that are responsible for less than 20% of the special taxes levied in such Improvement Area. The City shall have no responsibility for continuing disclosure.

10. Reserve Fund. A Reserve Fund (as defined in the 2018-1 Bond Indenture) will be initially funded for Improvement Area 1 with the funds in the Reserve Fund, the Improvement Fund, and the Trustee Fee and Compliance Expense Reserve Fund Account (as such accounts are defined in the 2006 Bond Indenture) remaining after payment of all expenses incurred and to be paid from such accounts, if any, through the Closing Date (including the expenses of the Trustee but not including the expenses that are to be paid pursuant to the terms of the Deposit Agreement). The Reserve Fund for Improvement Area 1 and the other Improvement Areas will be funded with the levy of maximum special taxes each year until such time as each Reserve Fund equals 6-months of the maximum annual interest on the Series 2018-1 Bonds for the respective Improvement Area.

11. Special Tax Requirement Formula. The definition of the Special Tax Requirement Formula for each of the Improvement Areas of CFD 2018-1 will be set forth in the applicable CFD 2018-1 RMA, copies of which are attached hereto.

12. Tax Exemption. The Series 2018-1 Bonds are contemplated to be tax exempt. To qualify for that status an appraisal of the land within each Improvement Area will be conducted by an appraiser to be chosen by the City. Tax exemption is to be allowed for the Series 2018-1 Bonds so long as the appraised value of the respective Improvement Area is not in the judgment of City's bond counsel unreasonably less than the principal amount of bonds secured by that Improvement Area. The tax exempt status shall be verified by the City's bond counsel after taking into account all facts and circumstances (which may include cash flow revenues projected to pay the tax-exempt Series 2018-1 Bonds) and who shall issue a customary tax exempt opinion. Any shortfall in the total amount of Series 2018-1 Bonds needed to complete the restructuring contemplated by this Agreement and the amount of tax-exempt Series 2018-1 Bonds allowed by this paragraph may be issued at the discretion and request of the Saybrook Parties on a taxable basis at an appropriate taxable rate.



EXHIBIT E

TERMS OF SERIES 2018-2 BONDS

1. No PPM will be utilized.
2. The Series 2018-2 Bonds will be a Term Bond rounded down to the nearest \$1,000, maturing 10 years from the Closing Date ("Series 2018-2 Bond Maturity Date") and callable in part at any time in \$5,000 increments without premium.
3. Simple interest at a rate to be agreed to by Parties.
4. \$100,000 denominations, with \$5,000 increments.
5. Initially issued in certificated form, with proper legend to allow for later trades through DTC.
6. No reserve fund, no prepayment penalty.
7. Continuing Disclosure by LLA. Provided the Series 2018-1 Bonds and the Series 2018-2 Bonds are held in their entirety by Saybrook Bondholder or its affiliates, LLA will not be required to file continuing disclosure reports on EMMA or elsewhere. Continuing Disclosure Agreement delivered by LLA on the Closing Date will provide that LLA will provide continuing disclosure information, no more than semi-annually, that will consist of the Limited Developer Disclosure should any subsequent identified purchaser of Series 2018-1 Bonds or Series 2018-2 Bonds request continuing disclosure information with respect to any Improvement Area. Continuing Disclosure Agreement will provide that all subsequent purchasers of parcels within CFD 2018-1 that are responsible for 20% or more of the special taxes in any given Improvement Area will have to comply with and assume continuing disclosure information obligations under the same circumstances. Requirements to provide Continuing Disclosure Agreement shall cease for each Improvement Area at such time as any landowner ceases to own parcels in such Improvement Area that are responsible for less than 20% of the special taxes levied in such Improvement Area. The City shall have no responsibility for continuing disclosure.
8. Security for Series 2018-2 Bonds. The Series 2018-2 Bonds will be secured by a special tax lien on all parcels/lots within CFD 2018-2. The CFD 2018-2 RMA will provide for a single one-time special tax to be levied in the amount of the Maximum One-Time Special Tax (as defined below) or Minimum One-Time Special Tax (as defined below), as applicable. The Maximum One-Time Special Tax will be levied in connection with and at the time of a sale of a parcel(s)/lot(s) pursuant to an arms-length transaction to an entity unrelated to the Landowners and will be due and payable on the date of closing of the sale. The Maximum One-Time Special Tax will be paid to the Trustee out of the escrow related to the closing of such parcel(s)/lot(s). Maximum One-Time Special Taxes will be levied in connection with all sales of parcel(s)/lot(s) within CFD 2018-2 until such time as the Series 2018-2 Bonds have been paid in full. The Maximum One-Time Special Tax shall be defined in the CFD 2018-2 RMA and represent the amount of the net proceeds (purchase price less ordinary course sale expenses to unrelated third-parties, payments due the City under the Development Agreement, and other monetary encumbrances recorded on title as of the date of this Agreement) from the sale transaction. Upon

the occurrence of an event of default arising under the 2018-1 Indenture, the Minimum One-Time Special Tax will be levied against the applicable defaulted parcel(s)/lot(s) within CFD 2018-1. CFD 2018-2 RMA will provide that the Minimum One-Time Special Tax be in an amount equal to the acreage of the applicable defaulted parcel(s)/lot(s) within CFD 2018-1 multiplied by (the balance of the Series 2018-2 Bonds at the time of the trigger of the Minimum One-Time Special Tax divided by the total remaining acreage in CFD 2018-2 still subject to the Maximum One-Time Special Tax under the CFD 2018-2 RMA) including the defaulted parcel(s). City will provide the Landowner and Escrow Agent, if applicable, with a hand-bill in the amount of the Maximum One-Time Special Tax or Minimum One-Time Special Tax, as applicable. With respect to the levy of the Minimum One-Time Special Tax, the Landowner will have 30 days to pay.

9. Proceeds of the Levy of Special Taxes: The proceeds of the Maximum One-Time Special Tax or Minimum One-Time Special Tax, as applicable, will first pay any administrative costs incurred by the City or CFD 2018-2 in connection with the calculation, levy and payment and release of the lien related to payment of any Maximum One-Time Special Tax or Minimum One-Time Special Tax, and all remaining proceeds will be used to pay interest and principal on the Series 2018-2 Bonds. Payments made by the Trustee on the Series 2018-2 Bonds will be applied first against accrued interest and then principal due and owing on the Series 2018-2 Bonds.

10. Events of Default: The following will trigger a default under the Series 2018-2 Bonds: (a) a default in the payment of the Maximum One-Time Special Tax or Minimum One-Time Special Tax, as applicable, (b) the non-payment in full of the Series 2018-2 Bonds by the Series 2018-2 Bond Maturity Date, and (c) customary defaults under the 2018-2 Bond Indenture.

11. Coordination of Foreclosure Actions. City shall coordinate the foreclosure actions when Events of Defaults have occurred under both the Series 2018-1 Bonds and the Series 2018-2 Bonds. The initial bid amount in connection with any sheriff sale should be in the aggregate amount of the foreclosure judgments obtained by CFD 2018-1 and CFD 2018-2, unless such opening bid is otherwise reduced pursuant to the Mello Roos Act. Upon a successful sheriff sale, the proceeds shall be allocated pro rata between CFD 2018-1 and CFD 2018-2 based upon their respective judgment amounts up to the amount of their respective judgment, plus applicable interest earned. To the extent that foreclosure proceeds remain after payment of the aggregate amount provided for in the judgments plus the accrued interest, the excess proceeds shall be used by the Trustee as a mandatory prepayment of the Series 2018-2 Bonds as provided for under the 2018-2 Bond Indenture. No foreclosure proceeds will go to the Landowner if there are Series 2018-2 Bonds still outstanding. The new owner of the parcel(s) will take such parcel(s) subject only to the CFD 2018-1 special tax lien. In connection with the transfer of title to any parcel(s) in connection with a foreclosure sale described in this paragraph, the City will provide the new owner with the requisite documents to release the Series 2018-2 Bond special tax lien from the property.

12. Reconveyance and Dissolution. In connection with the closing of a sale and transfer of title to any parcel(s)/lot(s) by LLA to an unrelated entity, the City shall deliver into escrow the requisite documents to release the Series 2018-2 Bond special tax lien with respect to the respective parcel(s)/lot(s) being sold upon payment of the Maximum One-Time Special Tax to the Trustee. Once the Series 2018-2 Bonds have been paid in full, the City will record the

necessary document to release the special tax lien relating to the Series 2018-2 Bonds from all parcels and dissolve CFD 2018-2.

13. Tax Exemption. The Series 2018-2 Bonds are contemplated to be tax exempt. To qualify for that status an appraisal of the land securing the 2018-2 Bonds will be conducted by an appraiser to be chosen by the City. Tax exemption is to be allowed for the Series 2018-2 Bonds so long as the appraised value of the CFD 2018-2 is not in the judgment of City's bond counsel unreasonably less than the principal amount of bonds secured by CFD 2018-2. The appraisal shall take into account future reasonable expected cash flow and improvements to the land securing the Series 2018-2 B Bonds. The tax exempt status shall be verified by the City's bond counsel after taking into account all facts and circumstances (which may include cash flow revenues projected to pay the tax exempt Series 2018-2 Bonds) and who shall issue a customary tax exempt opinion. Any shortfall in the total amount of Series 2018-2 Bonds needed to complete the restructuring contemplated by this Agreement and the amount of tax-exempt Series 2018-2 Bonds allowed by this paragraph may be issued at the discretion and request of the Saybrook Parties on a taxable basis at an appropriate taxable rate.

EXHIBIT F

PARCELS RE SPECIAL TAX WAIVER

191-200-160-000	191-200-170-000	191-200-180-000	191-200-190-000
191-200-210-000	191-200-230-000	191-200-240-000	191-200-250-000
191-200-260-000	191-210-070-000	191-210-080-000	191-210-090-000
191-210-100-000	191-210-110-000	191-210-130-000	191-210-150-000
191-210-160-000	191-210-170-000	191-210-180-000	191-210-190-000
191-210-200-000	191-210-210-000	191-210-220-000	191-210-230-000
191-210-240-000	191-210-250-000	191-210-300-000	191-210-310-000
191-210-330-000	191-210-340-000	191-210-350-000	191-210-370-000
191-220-100-000	191-220-110-000	191-220-120-000	191-220-130-000
191-220-170-000	191-220-350-000	191-220-370-000	191-220-440-000
191-220-450-000			

**ATTACHMENT 2**

**RESOLUTION APPROVING RESTRUCTURING AGREEMENT**

**RESOLUTION NO. 18-\_\_\_\_\_**

**A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF LATHROP ACTING AS THE LEGISLATIVE BODY OF THE COMMUNITY FACILITIES DISTRICT 2006-01 TO APPROVE A RESTRUCTURING AGREEMENT RELATED TO COMMUNITY FACILITIES DISTRICT NO. 2006-1 (CENTRAL LATHROP SPECIFIC PLAN PHASE 1 INFRASTRUCTURE), AUTHORIZE CERTAIN ACTION BY THE BOND TRUSTEE RELATED THERETO, AUTHORIZE AN ALTERNATE FORM OF PREPAYMENT OF SPECIAL TAX OBLIGATION FOR PARCELS WITHIN SUCH COMMUNITY FACILITIES DISTRICT AND APPROVING RELATED DOCUMENTS AND ACTIONS**

**WHEREAS**, the City Council (the "City Council") of the City of Lathrop (the "City") has previously conducted proceedings to establish Community Facilities District No. 2006-1 (Central Lathrop Specific Plan Phase 1 Infrastructure) (the "CFD") pursuant to the Mello-Roos Community Facilities Act of 1982, as amended (the "Act"), Chapter 2.5 of Part 1 of Division 2 of Title 5, commencing at Section 53311, of the California Government Code; and

**WHEREAS**, the City is authorized to levy and has levied special taxes (the "Special Tax") on land within the CFD according to a Rate and Method of Apportionment of Special Tax attached as Exhibit B (the "RMA") to Resolution No. 06-2164, adopted on June 6, 2006 and the City in 2006 issued on behalf of the CFD its \$50,000,000 principal amount of the City of Lathrop Community Facilities District No. 2006-1 (Central Lathrop Specific Plan Phase 1 Infrastructure) Special Tax Bonds Series 2006) (the "2006 Bonds") secured by, among other things, the Special Taxes, all pursuant to an Indenture, dated September 1, 2006, as amended, between the City and UMB Bank, National Association (the "2006 Trustee"); and

**WHEREAS**, due to unanticipated changing real estate market conditions, land in the CFD has not been fully developed and the payment of Special Taxes of the CFD and the 2006 Bonds are delinquent; and

**WHEREAS**, the land in a portion of the CFD has been acquired by Saybrook CLSP, LLC, a Delaware limited liability company and Lathrop Land Acquisition, LLC, a Delaware limited liability company (together, the "Landowners"), and the Landowners have requested that the Special Taxes (including all penalties and interest thereon) obligation of the CFD be deemed paid, prepaid, waived or forgiven upon (i) participation by the Landowners in two new community facilities districts to be established for the purpose of refinancing the 2006 Bonds, and (ii) the consummation of the restructuring of the CFD and the 2006 Bonds, all pursuant to a "Restructuring Agreement for the Community Facilities District No. 2006-1" (the "Restructuring Agreement") by and among the City, the 2006 Trustee and the Landowners, which the parties thereto have determined is a mutually beneficial resolution of the delinquency issues pertaining to the CFD; and

**WHEREAS**, implementation of the Restructuring Agreement is necessary for development within the CFD to proceed and the Restructuring Agreement provides that, subject to the terms and conditions therein, the Special Taxes (including all delinquent amounts, penalties and interest thereon) and the 2006 Bonds will be deemed paid and prepaid by implementing the Restructuring Agreement; and

**WHEREAS**, this City Council finds that the restructuring of the Special Taxes and 2006 Bonds pursuant to the Restructuring Agreement serves a municipal purpose and is in the best

interests of the City and it is necessary and desirable for the City and its citizens that the Restructuring Agreement be implemented, and that the City consent the 2006 Trustee to seek instruction in a court proceeding to be initiated by the 2006 Trustee to satisfy in full all of the interests of the Minority Bondholders (as defined in the Restructuring Agreement) in accordance with the terms and conditions of the Restructuring Agreement ; and

**WHEREAS**, Section I of the RMA provides that interpretations of the RMA may be made by Resolution of the City Council for the purposes of correcting any inconsistency, vagueness or ambiguity and this City Council finds that the unique and unanticipated and extraordinary circumstances of the CFD are appropriate for extraordinary interpretation of the RMA and that the provisions of the Restructuring Agreement and implementation thereof will best serve the interests of the holders of the 2006 Bonds and the owners of property subject to the Special Taxes; and

**WHEREAS**, under Sections 53312.5 and 53315 of the Act, this City Council, as the legislative body for the CFD, is empowered with the authority to liberally construe the provisions of the Act in order to effectuate its purposes, and is further empowered with the authority to take any actions or make any determinations that are necessary or convenient to carry out the purposes of the Act and not otherwise prohibited, and the City Council finds that the actions approved herein are authorized under the Act; and

**WHEREAS**, the City Council now desires to approve the Restructuring Agreement and consents to the 2006 Trustee initiating a court proceeding according to the provisions of the Restructuring Agreement to satisfy in full the interests of Minority Bondholders (including Delinquent Interest, as defined in the Restructuring Agreement), and to approve the payment, prepayment, waiver or forgiveness of all delinquent Special Taxes (including any interest and penalties thereon) and the payment of the 2006 Bonds according to the Restructuring Agreement.

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

1. This City Council hereby finds and determines that the foregoing recitals are true and correct.

2. The Council hereby approves the Restructuring Agreement in the form presented to the Council at this meeting and attached hereto as Exhibit A. The City Manager, City Attorney, Finance Director or such other person or persons as any of them may designate (each, an "Authorized Officer"), each acting alone or together with any other Authorized Officer, are each hereby authorized and directed to execute the Restructuring Agreement, in such form, together with any additions thereto or changes therein deemed necessary or advisable by the Authorized Officer executing such document. The Council hereby authorizes the delivery and performance by the City of the Restructuring Agreement.

3. Pursuant to the Restructuring Agreement, the Saybrook Bondholder (as defined in the Restructuring Agreement) and the City are expected to consent and direct the 2006 Trustee to file a petition seeking instruction relating to the administration of a trust pursuant to Minn. Statute §501C.0201-0208 ("TIP Proceeding") in a court of competent jurisdiction in Minnesota to (i) obtain an order authorizing and directing the 2006 Trustee to make the payments to Minority Bondholders as described in the Restructuring Agreement; (ii) satisfy in full matured 2006 Bonds owned by the Minority Bondholders pursuant to Section 8.3 of the 2006 Bond Indenture; (iii) redeem in full the Unmatured 2006-1 Bonds (as defined in the Restructuring Agreement) owned by the Minority Bondholders; and (iv) carry out the other actions related thereto. The Council hereby consents to the filing of the TIP Proceeding as contemplated in the Restructuring

Agreement upon the Restructuring Agreement being fully executed, and the Council hereby approves the 2006 Trustee seeking entry of a Final TIP Order (as defined in the Restructuring Agreement) related thereto, as determined appropriate by the 2006 Trustee and without further approval of this Council. Each Authorized Officer, acting alone or together with any other Authorized Officer, is hereby authorized to take such actions as deemed necessary or advisable by the Authorized Officer to further the TIP Proceeding.

4. Pursuant to the Restructuring Agreement, this City Council intends to conduct proceedings under the Act to establish (i) Community Facilities District No. 2018-1 (Central Lathrop Specific Plan Facilities) and (ii) Community Facilities District No. 2018-2 (Central Lathrop Specific Plan Facilities) (the "New CFDs") with boundaries that encompass a portion of the parcels in the CFD (the "2018 CFD Parcels") and to authorize and approve the levy of a special tax on land within the New CFDs according to the Rate and Method of Apportionment of Special Tax to be approved in the establishment proceedings for each.

5. The inclusion of the 2018 CFD Parcels in the New CFDs and the issuance of bonds thereof in accordance with the Restructuring Agreement and the satisfaction of obligations under and as contemplated by the Restructuring Agreement shall constitute prepayment of the Special Taxes, including any interest and penalties thereon, of the CFD and the CFD shall be dissolved. Conditioned upon the valid formation of the New CFDs, the recording of a Notice of Special Tax Lien for the New CFDs on all of the 2018 CFD Parcels and the closing of a bond issue for each of the New CFDs as contemplated by the Restructuring Agreement and such other conditions as an Authorized Officer may deem appropriate, the Clerk, in coordination with the City's Bond Counsel and in accordance with Section 53330.5 of the Act, is hereby authorized and directed to cause the preparation and recordation of a Notice of Cessation of Special Tax with the County Recorder of the County of San Joaquin with respect to the lien of the Special Taxes upon all parcels therein.

6. Each Authorized Officer, acting alone or together with any other Authorized Officer, is hereby authorized to take such actions as such Authorized Officer deems necessary or appropriate in order to consummate any of the transactions contemplated by the Restructuring Agreement and the approvals contained in this Resolution.

7. This City Council hereby further finds that the actions and determinations made herein are necessary and convenient to carry out the purpose of the Act and the restructuring of financing originally contemplated by and for the CFD, and such actions and determinations are not otherwise prohibited by law and that the actions taken hereby are final and in accordance with the Act.

8. All proceedings heretofore taken by this Council with respect to the CFD and the other actions approved in this resolution, including the actions taken herein, have been duly considered and are hereby determined to be valid and in conformity with the Act.

9. This Resolution shall take effect from and after the date of its passage and adoption.



The foregoing resolution was passed and adopted this 13th day of August, 2018, by the following vote of the City Council, to wit:

AYES:

NOES:

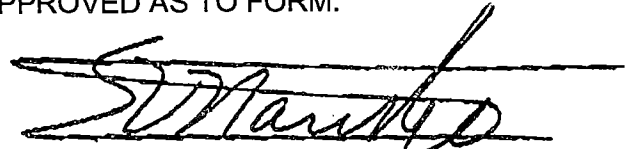
ABSENT:

ABSTAIN:

\_\_\_\_\_  
Sonny Dhaliwal, Mayor

ATTEST:

APPROVED AS TO FORM:

A handwritten signature in black ink, appearing to read "S. Navarrete", is written over a horizontal line.

\_\_\_\_\_  
Teresa Vargas, City Clerk

\_\_\_\_\_  
Salvador Navarrete, City Attorney

EXHIBIT A

**FORM OF RESTRUCTURING AGREEMENT**

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**ATTACHMENT 3**

**RESOLUTION OF INTENT TO ESTABLISH CFD 2018-1**

**RESOLUTION NO. \_\_\_\_\_**

**A RESOLUTION OF INTENTION TO ESTABLISH  
A COMMUNITY FACILITIES DISTRICT AND FIVE IMPROVEMENT AREAS THEREIN  
AND LEVY A SPECIAL TAX**

**CITY OF LATHROP  
Community Facilities District No. 2018-1  
(Central Lathrop Specific Plan Facilities)**

**WHEREAS**, on June 6, 2006, the City Council (the "Council") of the City of Lathrop (the "City") adopted Resolution No. 06-2164, entitled "A Resolution of Formation of Community Facilities District and to Levy Special Tax in Community Facilities District No. 2006-1 (Central Lathrop Specific Plan Phase 1 Infrastructure)" which established the City's Community Facilities District No. 2006-1 (Central Lathrop Specific Plan Phase 1 Infrastructure) (the "2006 CFD") under the Mello-Roos Community Facilities Act of 1982, as amended (the "Act"), Chapter 2.5 of Part 1 of Division 2 of Title 5, commencing at Section 53311, of the California Government Code, and, pursuant to a vote of the then qualified electors of the 2006 CFD, the City is authorized to levy a Special Tax therein and issued its City of Lathrop Community Facilities District No. 2006-1 (Central Lathrop Specific Plan Phase 1 Infrastructure) Special Tax Bonds, Series 2006 (the "2006 Bonds") on behalf of the 2006 CFD for the purpose of financing improvements of benefit to land in the 2006 CFD; and

**WHEREAS**, the land in a portion of the 2006 CFD has been acquired by Saybrook CLSP, LLC, a Delaware limited liability company and Lathrop Land Acquisition, LLC, a Delaware limited liability company (together, the "Landowners"), and the Landowners have requested that the special tax obligation of the 2006 CFD be deemed prepaid upon participation by the Landowners in two new community facilities districts to be established for the purpose of refinancing the 2006 Bonds, all pursuant to a "Restructuring Agreement for the Community Facilities District No. 2006-1" (the "Restructuring Agreement") by and among the City, the 2006 Trustee and the Landowners, which the parties thereto have determined is a mutually beneficial resolution of the delinquency issues pertaining to the CFD and which the parties expect will meet the needs of the current development plan of land within the two new community facilities districts; and

**WHEREAS**, the Restructuring Agreement provides that the Council conduct proceedings under the Act to establish two new community facilities districts with boundaries that encompass a portion of the parcels in the 2006 CFD and to authorize and approve the levy of a special tax on land within such new community facilities districts, and that satisfaction of obligations under and as contemplated by the Restructuring Agreement shall constitute prepayment of the special taxes, including any interest and penalties thereon, of the 2006 CFD and the termination of all special tax obligations associated with the 2006 CFD; and

**WHEREAS**, in accordance with such request of the Landowners, the Council desires to proceed with the establishment of Community Facilities District No. 2018-1 (Central Lathrop Specific Plan Facilities) (the "CFD"), and five improvement areas therein, in order to restructure indebtedness issued to finance costs of public infrastructure necessary or incidental to development and financed by the 2006 CFD, to facilitate the prepayment of a portion of and a waiver and termination of all remaining special taxes and past due and delinquent special taxes

(including all penalties and interest) on all parcels within the 2006 CFD, certain of which parcels are proposed to be included in the CFD, and to thereby cause a repayment of outstanding 2006 Bonds in accordance with the Restructuring Agreement; and

**WHEREAS**, under the Act, this Council is authorized to establish a community facilities district and improvement areas therein, and to act as the legislative body for a community facilities district; and

**NOW, THEREFORE, IT IS RESOLVED** as follows:

**1. Authority.** It is proposed to establish a community facilities district, and designate improvement areas therein, under the terms of the Act to finance and refinance costs of public facilities necessary or incidental to new development in the City, which public improvements have been constructed and were financed by the 2006 Bonds. The Council hereby finds that a restructure of the 2006 CFD is in the best interests of the City, the owners of land in the 2006 CFD and holders of the 2006 Bonds, and it is necessary and appropriate to restructure the 2006 Bonds and unpaid special tax obligations of the 2006 CFD by establishing the CFD and providing a means for the payment of special taxes of the 2006 CFD.

**2. Name of CFD.** The name proposed for the community facilities district is "City of Lathrop Community Facilities District No. 2018-1 (Central Lathrop Specific Plan Facilities)".

Pursuant to Section 53350 of the Act, the territory to be initially included in the CFD (as shown on the map described in Section 3 hereof) is hereby designated to include the following improvement areas (collectively, the "Improvement Areas"):

- (i) "Improvement Area No. 1 of the City of Lathrop Community Facilities District No. 2018-1 (Central Lathrop Specific Plan Facilities)" ("Improvement Area 1").
- (ii) "Improvement Area No. 2 of the City of Lathrop Community Facilities District No. 2018-1 (Central Lathrop Specific Plan Facilities)" ("Improvement Area 2").
- (iii) "Improvement Area No. 3 of the City of Lathrop Community Facilities District No. 2018-1 (Central Lathrop Specific Plan Facilities)" ("Improvement Area 3").
- (iv) "Improvement Area No. 4 of the City of Lathrop Community Facilities District No. 2018-1 (Central Lathrop Specific Plan Facilities)" ("Improvement Area 4").
- (v) "Improvement Area No. 5 of the City of Lathrop Community Facilities District No. 2018-1 (Central Lathrop Specific Plan Facilities)" ("Improvement Area 5").

**3. Boundaries Described.** The proposed boundaries of the CFD and the Improvement Areas are shown on the boundary map on file with the City Clerk, which the Council hereby approves as the map describing the extent of the territory included in the proposed CFD and each Improvement Area. The Council finds that the map is in the form and contains the matters prescribed by Section 3110 of the California Streets and Highways Code. The Council hereby directs the City Clerk to certify the adoption of this resolution on the face of the map, and to file a copy of the map in the office of the City Clerk in accordance with Section 3111 of the California Streets and Highways Code and within 15 days of the date of adoption of this resolution but in no event later than 15 days prior to the public hearing provided for herein,

transmit the map to the County Recorder for recording in the Book of Maps of Assessment and Community Facilities Districts in the office of the County Recorder of the County of San Joaquin.

**4. Facilities.** The CFD is proposed to be formed to pay the special tax obligation of the 2006 CFD and thereby provide redemption of the 2006 Bonds secured by such special tax. The type of public facilities financed by the 2006 CFD consist of those listed on Exhibit F hereto and hereby incorporated herein (the "Facilities"). The Council hereby finds and determines that the Facilities have been constructed and were financed by the 2006 CFD, and the Council hereby determines that a restructure of the 2006 CFD is in the public interest, and it is necessary and appropriate to refinance the unpaid special taxes of the 2006 CFD by establishing the CFD and providing for the payment of special taxes of the CFD as payment for the portion of the Facilities originally financed by the 2006 CFD.

**5. Special Tax.** Except to the extent that funds are otherwise available to the CFD to pay for the 2006 Bonds and obligations related thereto, a special tax (the "Special Tax") sufficient to pay the costs thereof, secured by recordation of a continuing lien against all non-exempt real property in each Improvement Area within the CFD, will be levied annually within each such Improvement Area, and collected in the same manner as ordinary *ad valorem* property taxes, or in such other manner as the Council or its designee shall determine, including direct billing of the affected property owners. The proposed rate and method of apportionment of the Special Taxes among the parcels of real property within each Improvement Area, in sufficient detail to allow each landowner within the each proposed Improvement Area to estimate the maximum amount such owner will have to pay, are described in the Rate and Method of Apportionment attached hereto as Exhibit A with respect to Improvement Area 1, Exhibit B with respect to Improvement Area 2, Exhibit C with respect to Improvement Area 3, Exhibit D with respect to Improvement Area 4, and Exhibit E with respect to Improvement Area 5, and hereby incorporated herein (each, the "Rate and Method" for each respective Improvement Area).

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

In the case of any Special Tax to pay for the Facilities to be levied against any parcel used for private residential purposes: (i) the maximum Special Tax shall be specified as a dollar amount which shall be calculated and thereby established not later than the date on which the parcel is first subject to the tax because of its use for private residential purposes and which amount shall not be increased over time over two percent (2%) per year; (ii) the tax year after which no further Special Tax subject to this sentence shall be levied or collected shall be as set forth in the Rate and Method for each applicable Improvement Area; and (iii) under no circumstances will the Special Tax levied against any parcel used for private residential purposes be increased as a consequence of delinquency or default by the owner of any other parcel within an Improvement Area by more than ten percent (10%). For the purposes hereof, a parcel is used for "private residential purposes" not later than the date on which an occupancy permit for private residential use is issued.

It is anticipated that the Special Tax will be billed as a separate line item on the regular property tax bill. However, the Council reserves the right, under Section 53340 of the Act, to utilize any method of collecting the Special Tax which it shall, from time to time, determine to be in the best interests of the City, including, but not limited to, direct billing by the City to the property owners and supplemental billing.

**6. Exempt Property.** Except as may otherwise be provided by law or by the Rate and Method for each applicable Improvement Area, all lands owned by any public entity, including the United States, the State of California and the City, or any departments or political subdivisions thereof, shall be omitted from the levy of the Special Tax. In the event that a portion of the property within an Improvement Area shall become for any reason exempt, wholly or in part, from the levy of the Special Tax, the Council will, on behalf of the CFD, increase the levy to the extent necessary upon the remaining property within each Improvement Area which is not exempt in order to yield the required debt service payments and other annual expenses of each Improvement Area, if any, subject to the provisions of the Rate and Method.

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

**8. Bonds.** It is the intention of the Council, acting as the legislative body for the CFD, to cause bonds of the City to be issued for each Improvement Area pursuant to the Act to finance or refinance in whole or in part the Facilities. The bonds shall be issued in such series and bear interest payable semi-annually or in such other manner as this Council shall determine, at a rate not to exceed the maximum rate of interest as may be authorized by applicable law at the time of sale of such bonds, and shall mature not to exceed 40 years from the date of the issuance thereof.

The Council reserves to itself the right and authority to allow any interested owner of property in any Improvement Area, subject to the provisions of Section 53344.1 of the California Government Code and such requirements as it may otherwise impose, and any applicable prepayment penalties as prescribed in the indenture or fiscal agent agreement for any bonds of the City for an Improvement Area, to tender to the Finance Director of the City or person in an equivalent position in full payment or part payment of any installment of special taxes or the interest or penalties thereon which may be due or delinquent, but for which a bill has been received, any bond or other obligation secured thereby, in the manner described in Section 53344.1 of the California Government Code.

**9. CFD Report.** The City's Director of Public Works (or deputy or designee thereof) as the officer having charge and control of the Facilities in and for the CFD, is hereby directed to study said proposed Facilities and to make, or cause to be made, and file with the City Clerk a report in writing (the "CFD Report"), and to cause it to be on file at the public hearing, all as required by Section 53321.5 of the Act presenting at least the following:

(a) A brief description of the Facilities financed in part by the 2006 CFD, the special tax obligation of the 2006 CFD, the remaining indebtedness of the 2006 Bonds required to be paid, prepaid and restructured to adequately meet the needs of the CFD; and

(b) An estimate of the cost of the indebtedness required to in connection therewith, including the costs of the proposed bond financing and all other related costs as provided in Section 53345.3 of the Act.

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

**10. Public Hearing.** The Council hereby sets Monday, October 8, 2018, at 7:00 p.m. or as soon as possible thereafter, in the City Hall, Council Chambers, 390 Towne Center Drive, Lathrop, California, as the time and place when and where the Council, as legislative body for the CFD, will conduct a public hearing on the establishment of the CFD and the Improvement Areas, and consider and finally determine whether the public interest, convenience and necessity require the formation of the CFD, the designation of the Improvement Areas, and the levy of the Special Tax within each Improvement Area. At the hearing, testimony concerning the CFD, the extent of the CFD or the furnishing of the particular types of public facilities will be heard and protests will be considered from registered voters residing within each respective Improvement Area, if any, and persons owning real property within each respective Improvement Area. Written protests by the owners of a majority of the land which would be subject to special taxation within each proposed respective Improvement Area will require the suspension of proceedings for at least one year. Written protests must be filed with the City Clerk at or before the time fixed for the hearing. If such protests are directed only against certain elements of the proposed improvements or proposed special tax, and if such protests constitute a majority protest, only those elements shall be deleted from the proceedings.

**11. Notice of Hearing.** The City Clerk is hereby directed to cause notice of the public hearing to be given by publication one time in a newspaper published in the area of the CFD. The publication shall be completed at least seven days before the date of the public hearing specified above. The notice shall be substantially in the form specified in Section 53322 of the Act, a sufficient form of which is attached hereto as Exhibit G.

**12. Effectiveness.** This Resolution shall take effect upon its adoption.



I hereby certify that the foregoing Resolution was regularly introduced and adopted by the City Council of the City of Lathrop at a meeting held on the 13th day of August, 2018, by the following vote:

AYES:

NOES:

ABSTAIN:

ABSENT:

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Sonny Dhaliwal, Mayor

ATTEST:

APPROVED AS TO FORM:

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Teresa Vargas, City Clerk



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Salvador Navarrete, City Attorney

EXHIBIT A

**RATE AND METHOD OF  
APPORTIONMENT**

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**CITY OF LATHROP  
COMMUNITY FACILITIES DISTRICT NO. 2018-1  
(CENTRAL LATHROP SPECIFIC PLAN FACILITIES)  
IMPROVEMENT AREA NO. 1**

**IMPROVEMENT AREA NO. 1 OF THE  
CITY OF LATHROP  
COMMUNITY FACILITIES DISTRICT NO. 2018-1  
(CENTRAL LATHROP SPECIFIC PLAN FACILITIES)**

**RATE AND METHOD OF APPORTIONMENT OF SPECIAL TAX**

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A Special Tax applicable to each Assessor's Parcel in Improvement Area No. 1 of the City of Lathrop Community Facilities District No. 2018-1 (Central Lathrop Specific Plan Facilities) shall be levied and collected according to the tax liability determined by the City or its designee through the application of the appropriate amount or rate for Taxable Property, as described below. All of the property in Improvement Area No. 1, unless exempted by law or by the provisions of Section G below, shall be taxed for the purposes, to the extent, and in the manner herein provided, including property subsequently annexed to Improvement Area No. 1 unless a separate Rate and Method of Apportionment of Special Tax is adopted for the annexation area.

**A. DEFINITIONS**

The terms hereinafter set forth have the following meanings:

**"Accessory Unit"** means a second residential unit of limited size (e.g., granny cottage, second unit) that shares a Parcel with a single-family detached unit.

**"Acre" or "Acreage"** means the land area of an Assessor's Parcel as shown on an Assessor's Parcel Map, or if the land area is not shown on an Assessor's Parcel Map, the land area shown on the applicable Final Map or other parcel map recorded at the County Recorder's Office.

**"Act"** means the Mello-Roos Community Facilities Act of 1982, as amended, being Chapter 2.5, (commencing with Section 53311), Division 2 of Title 5 of the California Government Code.

**"Administrative Expenses"** means any or all of the following: the fees and expenses of any fiscal agent or trustee (including any fees or expenses of its counsel) employed in connection with any Bonds, and the expenses of the City in carrying out its duties with respect to Improvement Area No. 1 and the Bonds related thereto, including, but not limited to, the levy and collection of the Special Tax, the fees and expenses of its counsel, charges levied by the County in connection with the levy and collection of the Special Tax, costs related to property owner inquiries regarding the Special Tax, amounts needed to pay rebate to the federal government with respect to the Bonds, costs associated with complying with continuing disclosure requirements with respect to the Bonds and the Special Tax, and all other costs and expenses of the City and County in any way related to administration of the CFD including costs related to any dispute, litigation, settlement, or defense of any matter related to the CFD.

**“Administrative Expense Cap”** means \$15,000 for Fiscal Year 2018-19 and \$15,000 for Fiscal Year 2019-20. No Administrative Expense Cap shall apply after Fiscal Year 2019-20.

**“Administrative Expense Reimbursement Amount”** means a total of \$40,000.

**“Administrator”** means the person or firm designated by the City to administer the Special Tax according to this RMA.

**“Airspace Parcel”** means a parcel with an assigned Assessor’s Parcel number that constitutes vertical space of an underlying land Parcel.

**“Assessor’s Parcel” or “Parcel”** means a lot or parcel, including an Airspace Parcel, shown on a County Assessor’s Parcel Map with an assigned County Assessor’s Parcel number.

**“Assessor’s Parcel Map”** means an official map of the County Assessor designating Parcels by Assessor’s Parcel number.

**“Association Property”** means any property within Improvement Area No. 1 that is owned by a homeowners’ association or property owners’ association, excluding such property that is under the pad or footprint of a residential unit or building.

**“Authorized Facilities”** means the public facilities authorized to be financed, in whole or in part, by Special Taxes collected within the CFD, pursuant to the documents adopted by the City Council at CFD Formation.

**“Base Special Tax”** means, in Fiscal Year 2018-19, \$9,680 per Net Acre for any Parcel or portion of a Parcel developed or expected to be developed as Residential Property and \$4,000 per Net Acre for any Parcel or portion of a Parcel developed or expected to be developed as Non-Residential Property, which amounts shall increase on July 1, 2019 and each July 1 thereafter by two percent (2%) of the amount in effect in the prior Fiscal Year. The determination of Expected Land Use shall be made by the Administrator based on review of land use and development plans, and in coordination with the City Planning Department.

**“Bonds”** means bonds or other debt (as defined in the Act), whether in one or more series, which are secured by Special Tax revenues and were issued, insured or assumed by Improvement Area No. 1 to fund Authorized Facilities.

**“CFD” or “CFD No. 2018-1”** means the City of Lathrop Community Facilities District No. 2018-1 (Central Lathrop Specific Plan Facilities).

**“CFD Formation”** means the date on which the Resolution of Formation for CFD No. 2018-1 was adopted by the City Council.

**“City”** means the City of Lathrop.

**“City Council”** means the City Council of the City of Lathrop.

**“County”** means the County of San Joaquin.

**“Debt Service Reserve Funding Amount”** means an amount equal to 50% of the greatest interest payment due in any single bond year, as defined in the Indenture.

**“Developed Property”** means, in any Fiscal Year, all Parcels of Taxable Property for which a building permit for new construction (which shall not include a permit issued solely for construction of the foundation if another permit remains to be issued for vertical construction of the building) was issued prior to June 1 of the preceding Fiscal Year.

**“EDU”** means an equivalent dwelling unit, as used in Section C.3 to determine the relative relationship among SFD Lots.

**“EDU Factor”** means the equivalent dwelling unit factor assigned to SFD Lots in Section C.3 below.

**“Expected Land Use”** means the Land Use(s) and/or Public Property anticipated on a Parcel in Improvement Area No. 1. The Expected Land Uses at the time of CFD Formation are identified in Attachment 1 of this RMA, and such Expected Land Uses may be updated pursuant to Sections C and D below.

**“Final Map”** means a final map, or portion thereof, recorded by the County pursuant to the Subdivision Map Act (California Government Code Section 66410 et seq.) that creates SFD Lots. The term “Final Map” shall not include any Assessor’s Parcel Map or subdivision map, or portion thereof, that does not create SFD Lots, including Assessor’s Parcels that are designated as remainder parcels.

**“Fiscal Year”** means the period starting July 1 and ending on the following June 30.

**“Improvement Area No. 1”** means Improvement Area No. 1 of the City of Lathrop Community Facilities District No. 2018-1 (Central Lathrop Specific Plan Facilities).

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

**“Land Use”** means Residential Property or Non-Residential Property.

**“Land Use Change”** means a proposed or approved change to the Expected Land Use(s) on a Parcel of Taxable Property.

**“Large Lot Map”** means a subdivision map recorded at the County Recorder’s Office that subdivides all or a portion of the property in Improvement Area No. 1 into large Parcels, most of which will be subject to future subdivision.

**“Maximum Special Tax”** means the greatest amount of Special Tax that can be levied on a Parcel of Taxable Property in any Fiscal Year, as determined in accordance with Sections C and D below. The Maximum Special Tax based on Expected Land Uses for each Parcel in Improvement Area No. 1 at the time of CFD Formation is set forth in Attachment 1.

**“Multi-Family Property”** means, in any Fiscal Year, all Parcels of Developed Property for which a building permit was issued for construction of a residential structure with five or more Units that share a single Assessor’s Parcel number, are offered for rent to the general public, and cannot be purchased by individual homebuyers.

**“Net Acreage”** means the estimated acreage of Residential Property and Non-Residential Property on an Original Parcel after taking out expected Public Property, not including internal streets. The Net Acreage within each Original Parcel at the time of CFD Formation is shown in Attachment 1, and such Net Acreage shall be updated each time an Original Parcel subdivides or a Land Use Change is approved. **“Net Acre”** means one acre of the Net Acreage calculated for a Parcel.

**“Non-Residential Property”** means all Assessor’s Parcels of Developed Property that are not Taxable Public Property for which a building permit was issued for a use other than Residential Property. If a Parcel includes or is expected to include both Units and non-residential land uses, the Net Acreage to be taxed as Non-Residential Property shall be calculated by dividing the net leasable and net saleable square footage of non-residential uses on the Parcel (as determined by the Administrator) by the aggregate net leasable and net saleable square footage built or expected to be built on the Parcel (as determined by the Administrator), then multiplying the quotient by the Net Acreage of the underlying land Parcel for purposes of calculating the Maximum Special Tax and levying the Special Tax in any Fiscal Year.

**“Original Parcel”** means: (i) an Assessor’s Parcel included in Improvement Area No. 1 at the time of CFD Formation, (ii) an Assessor’s Parcel that annexes into Improvement Area No. 1 after CFD Formation, or (iii) a Successor Parcel that was created after subdivision of an Original Parcel and is being further subdivided.

**“Proportionately”** means, for Developed Property, that the ratio of the actual Special Tax levied in any Fiscal Year to the Maximum Special Tax authorized to be levied in that Fiscal Year is equal for all Assessor’s Parcels of Developed Property. For Undeveloped Property, **“Proportionately”** means that the ratio of the actual Special Tax levied to the Maximum Special Tax authorized to be levied is equal for all Assessor’s Parcels of Undeveloped Property.

**“Public Property”** means any property within the boundaries of Improvement Area No. 1 that is owned by or irrevocably offered for dedication to the federal government, State of California, County, City, or other local governments or public agencies. For purposes of this RMA, all Association Property shall also be categorized as Public Property.

**“Required Coverage”** means that the Total Maximum Special Tax Revenue must be at least 110% of the debt service on the Bonds in every bond year, as defined in the Indenture.

**“Required Revenue”** means, after one or more series of Bonds have been issued for Improvement Area No. 1, the Total Maximum Special Tax Revenue that must be available in order to maintain Required Coverage. Upon prepayment of all or a portion of the Maximum Special Tax obligation assigned to any Parcel in Improvement Area No. 1, the Required Revenue shall be reduced by the Special Tax that will no longer be levied on the Parcel for which a prepayment was received, as determined by the Administrator. For purposes of Section C below, Required Revenue shall be \$0.00 prior to issuance of the first series of Bonds for Improvement Area No. 1.

**“Residential Property”** means, collectively, Single Family Detached Property, Single Family Attached Property, and Multi-Family Property. If a Parcel includes or is expected to include both Units and non-residential land uses, the Net Acreage to be taxed as Residential Property shall be calculated by dividing the net leasable and net saleable square footage of residential uses on the Parcel (as determined by the Administrator) by the aggregate net leasable and net saleable square footage built or expected to be built on the Parcel (as determined by the Administrator), then multiplying the quotient by the Net Acreage of the underlying land Parcel for purposes of calculating the Maximum Special Tax and levying the Special Tax in any Fiscal Year.

**“RMA”** means this Rate and Method of Apportionment of Special Tax.

**“SFD Lot”** means an individual residential lot, identified and numbered on a recorded Final Map, on which a building permit has been or is permitted to be issued for construction of a single family detached unit without further subdivision of the lot and for which no further subdivision of the lot is anticipated pursuant to an approved tentative map.

**“Single Family Attached Property”** means, in any Fiscal Year, all Parcels of Developed Property for which a building permit or use permit was issued for construction of a residential structure consisting of two or more Units that share common walls, have separate Assessor’s Parcel numbers assigned to them (except for a duplex unit, which may share a Parcel with another duplex unit), and may be purchased by individual homebuyers (which shall still be the case even if the Units are purchased and subsequently offered for rent by the owner of the Unit), including such residential structures that meet the statutory definition of a condominium contained in Civil Code Section 1351.

**“Single Family Detached Property”** means, in any Fiscal Year, all Parcels of Developed Property for which a building permit was issued for construction of a Unit that does not share a common wall with another Unit.

**“Special Tax”** means a special tax levied in any Fiscal Year to pay the Special Tax Requirement.

**“Special Tax Requirement”** means the amount necessary in any Fiscal Year to: (i) pay principal and interest on Bonds that is due in the calendar year that begins in such Fiscal Year; (ii) create and/or replenish debt service reserve funds as required by the Indenture for the Bonds to the extent such replenishment has not been included in the computation of the Special Tax Requirement in a previous Fiscal Year; (iii) cure any delinquencies in the payment of principal

or interest on Bonds which have occurred in the prior Fiscal Year; (iv) pay Administrative Expenses, subject to the Administrative Expense Cap if applicable for the Fiscal Year; (v) create and/or replenish reserve funds for Administrative Expenses; and (vi) pay for extraordinary administrative expense reserve reimbursement, as described in the Indenture. The amounts referred to in clauses (i) and (ii) of the preceding sentence may be reduced in any Fiscal Year by: (i) interest earnings on or surplus balances in funds and accounts for the Bonds to the extent that such earnings or balances are available to apply against debt service pursuant to the Indenture; (ii) proceeds received from the collection of penalties associated with delinquent Special Taxes; and (iii) any other revenues available to reduce the Special Tax Requirement as determined by the Administrator.

**“Successor Parcel”** means a Parcel of Taxable Property created from subdivision or reconfiguration of an Original Parcel.

**“Taxable Property”** means all Parcels within the boundaries of Improvement Area No. 1 that (i) are not exempt from the Special Tax pursuant to law or Section G below, and (ii) which upon subdivision of an Original Parcel, are assigned Expected Land Uses and are not expected to be Public Property.

**“Taxable Public Property”** means, in any Fiscal Year, any Parcel of Public Property within Improvement Area No. 1 that had been assigned a Maximum Special Tax obligation based on Expected Land Uses being assigned to the Parcel. Notwithstanding the foregoing, if (i) a prepayment is received in an amount sufficient to pay off the full Maximum Special Tax obligation assigned to the Parcel, or (ii) the City determines that, in the Fiscal Year in which the Parcel would first be categorized as Taxable Public Property, an equal amount of Acreage within the CFD that had been Public Property became Taxable Property, then the Parcel of Public Property can be deemed exempt from the Special Tax if the Administrator determines that the Total Maximum Special Tax Revenue after granting such exemption is greater than or equal to the Required Revenue.

**“Total Maximum Special Tax Revenue”** means the aggregate amount of revenue that can be generated in any Fiscal Year by levying the Maximum Special Tax on all Parcels of Taxable Property within Improvement Area No. 1.

**“Undeveloped Property”** means, in any Fiscal Year, all Parcels of Taxable Property that are not Developed Property.

**“Unit”** means a single family detached unit or an individual unit within a duplex, triplex, halfplex, fourplex, condominium, townhome, live/work, or apartment structure. An Accessory Unit that shares a Parcel with a single-family detached unit shall not be considered a separate Unit for purposes of this RMA.



**B. DATA FOR ADMINISTRATION OF SPECIAL TAX**

On or about July 1 of each Fiscal Year, the Administrator shall identify (i) the current Assessor's Parcel numbers for all Parcels of Developed Property and Undeveloped Property within Improvement Area No. 1, (ii) the number of Units expected within each building on each Parcel of Single Family Attached Property, (iii) the square footage of all SFD Lots that were created in the prior Fiscal Year, (iv) whether the Administrative Expense Reimbursement Amount and the Debt Service Reserve Funding Amount have been fully funded by special tax revenues from prior fiscal years, and (v) the Special Tax Requirement for the Fiscal Year. In addition, on an ongoing basis, the Administrator shall monitor Land Use Changes and the subdivision of Parcels in Improvement Area No. 1 and (i) allocate the Maximum Special Tax assigned to the Original Parcel(s) to the Successor Parcels created by the subdivision pursuant to Section C below, and (ii) ensure that such Land Use Changes do not result in Total Maximum Special Tax Revenue that is less than the Required Revenue. After the recordation of each Large Lot Map within Improvement Area No. 1, the Administrator shall also review and revise, as needed, the Expected Land Uses, Net Acreage, and Maximum Special Taxes for each Successor Parcel created by recordation of the Large Lot Map, and update Attachment 1 accordingly, as set forth in Section C below.

In any Fiscal Year, if it is determined that: (i) a parcel map for property in Improvement Area No. 1 was recorded after January 1 of the prior Fiscal Year (or any other date after which the Assessor will not incorporate the newly-created parcels into the then current tax roll), (ii) because of the date the parcel map was recorded, the Assessor does not yet recognize the new parcels created by the parcel map, and (iii) a building permit was issued prior to June 1 of the prior Fiscal Year for development on one or more of the newly-created parcels, the Administrator shall calculate the Special Tax for each Land Use within the subdivided area and levy such Special Tax on the Original Parcel that was subdivided by recordation of the parcel map.

**C. MAXIMUM SPECIAL TAX**

**1. Original Parcels in Improvement Area No. 1 at CFD Formation**

Attachment 1 to this RMA identifies the Maximum Special Tax assigned to each Original Parcel in Improvement Area No. 1 for Fiscal Year 2018-19 based on the Expected Land Use(s) for each Parcel as of CFD Formation. After recordation of each Large Lot Map for property in Improvement Area No. 1, the Administrator shall review current maps and land use plans for the property within the Large Lot Map and, in consultation with the City Planning Department, reevaluate the Expected Land Uses for each of the Successor Parcels created by recordation of the Large Lot Map. Attachment 1 shall be updated to reflect the Assessor's Parcel numbers, Expected Land Uses, Net Acreage, and corresponding Maximum Special Tax assigned to each Parcel after applying the Base Special Tax to each Land Use on each Successor Parcel. If, based on changes to the Expected Land Uses within the Large Lot Map area, the Total Maximum Special Tax Revenue that could be generated in Improvement Area No. 1 is less than the Required Revenue, the Maximum Special Tax on each Successor Parcel created by the Large Lot

Map shall be increased proportionately until the Total Maximum Special Tax Revenue is equal to the Required Revenue. If there is an increase in the Total Maximum Special Tax Revenue based on Expected Land Uses within the Large Lot Map, the Administrator shall reflect such increased Total Maximum Special Tax Revenue in the updated Attachment 1.

If, before or after the comprehensive review after recordation of a Large Lot Map, there are any other Land Use Changes proposed for any Parcel prior to final subdivision of the Parcel, the Administrator shall determine the Maximum Special Tax that would be assigned to the Parcel if the Base Special Tax was applied to the Net Acreage of Residential Property and/or Non-Residential Property on the Parcel after the proposed Land Use Change. If, based on this Maximum Special Tax calculation, the Total Maximum Special Tax Revenue would be less than the Required Revenue, the Maximum Special Tax for such Parcel shall be increased proportionately until the Total Maximum Special Tax Revenue is equal to the Required Revenue. If there is an increase in the Total Maximum Special Tax Revenue after the Land Use Change, the Administrator shall reflect such increased Total Maximum Special Tax Revenue in an updated Attachment 1.

## **2. Successor Parcels that are not SFD Lots**

The Maximum Special Tax for each Original Parcel for Fiscal Year 2018-19 is identified in Attachment 1, which may be updated as set forth above. After such update, if an Original Parcel is subdivided or reconfigured and none of the Successor Parcels are SFD Lots, the Administrator shall assign the Maximum Special Tax to the Successor Parcels by applying the following steps:

- Step 1:** Based on reference to Land Use plans and, if needed, coordination with the City Planning Department, determine the Net Acreage of each Land Use on each Successor Parcel created from subdivision or reconfiguration of the Original Parcel.
- Step 2:** For each Successor Parcel, multiply the Base Special Tax for each Land Use by the Net Acreage of each Land Use determined in Step 1, and calculate the aggregate Maximum Special Tax that could be generated from the Successor Parcels created from subdivision of the Original Parcel.
- Step 3:** If the aggregate Maximum Special Tax for all Successor Parcels is greater than or equal to the Maximum Special Tax that had been assigned to the Original Parcel before it was subdivided, the Maximum Special Tax for each Successor Parcel shall be the amount determined in Step 2, and the Administrator shall recalculate the Total Maximum Special Tax Revenue to include the increased Maximum Special Tax. If the aggregate Maximum Special Tax for all Successor Parcels is less than the Maximum Special Tax assigned to the Original Parcel, and such reduction would reduce the Total Maximum Special Tax Revenue to an amount less than the Required Revenue, then the Administrator shall increase the amount calculated for each Successor Parcel in Step 2 proportionately until the Total Maximum Special Tax Revenue after the subdivision is equal to the Required Revenue.

**Step 4:** If all or a portion of the Original Parcel was subdivided to create individual Parcels (which may be Airspace Parcels) for Units on Single Family Attached Property, divide the Maximum Special Tax assigned to the Original Parcel (or portion thereof), as may be adjusted pursuant to Step 3 above, by the total number of Units that will be built on the Original Parcel (or portion thereof) to calculate the Maximum Special Tax that will be assigned to each Parcel.

Upon each application of this Section C.2, there shall be no reduction in the Required Revenue unless there has been a prepayment for one or more Parcels within Improvement Area No. 1.

**3. Successor Parcels of which All or Some are SFD Lots**

Upon subdivision of an Original Parcel into Successor Parcels, of which all or some are SFD Lots, the Administrator shall apply the following steps to determine the Maximum Special Tax for each Parcel:

**Step 1:** Determine the Net Acreage and Expected Land Use for each Successor Parcel created from subdivision of the Original Parcel. Apply the steps set forth in Section C.2 above to allocate the Maximum Special Tax from the Original Parcel to each Successor Parcel.

**Step 2:** Apply one of the following EDU Factors to each SFD Lot based on the square footage of each lot, and calculate the aggregate EDUs from all SFD Lots created by subdivision of the Original Parcel:

<u>Lot Size</u>	<u>EDU Factor</u>
Greater than 8,000 square feet	1.25
6,501-8,000 square feet	1.14
5,001-6,500 square feet	1.00
3,501-5,000 square feet	0.87
2,800-3,500 square feet	0.81
Less than 2,800 square feet	0.73

**Step 3:** *For SFD Lots*, sum the Maximum Special Tax assigned in Step 1 to all Successor Parcels that are SFD Lots, and divide this amount by the total EDUs determined in Step 2 to calculate a Maximum Special Tax per EDU. Multiply the Maximum Special Tax per EDU by the EDU Factor for each SFD Lot to determine the Maximum Special Tax for each Successor Parcel that is a SFD Lot. This Maximum Special Tax shall be the Maximum Special Tax for the Parcel when it is Undeveloped Property and when it becomes Developed Property.

*For Successor Parcels that are not SFD Lots*, the Maximum Special Tax shall be the amount determined for each Parcel pursuant to Step 1 above.

At no time shall the distribution of the Maximum Special Tax upon subdivision or reconfiguration of a Parcel result in Total Maximum Special Tax Revenue that is lower than the Required Revenue. If an Original Parcel is subdivided, and the Successor Parcels include a combination of Land Uses, the Administrator shall delineate the Maximum Special Tax to the Taxable Property created by the subdivision based on the best information available at the time, and based on application of Sections C.2 and C.3 of this RMA.

#### **4. Parcels of Taxable Public Property**

The Maximum Special Tax for a Parcel of Taxable Public Property shall be equal to the Maximum Special Tax that applied prior to the Parcel becoming Public Property.

#### **5. Annexations**

If, in any Fiscal Year, a Parcel or Parcels annex into Improvement Area No. 1, the Administrator shall, in coordination with the City Planning Department, identify the Expected Land Uses for the Parcel(s). The Administrator shall then (i) apply the Base Special Tax to each Land Use to calculate the Maximum Special Tax for the Parcel, (ii) add the Maximum Special Tax for the Parcel to the Total Maximum Special Tax Revenue, and (iii) levy the Special Tax on the Parcel(s) pursuant to this RMA in the next Fiscal Year and all future Fiscal Years unless a prepayment is received to fully release the Parcel(s) from the Special Tax obligation.

### **D. ADJUSTMENTS TO THE MAXIMUM SPECIAL TAX**

#### **1. Escalation of Maximum Special Tax**

Beginning July 1, 2019 and each July 1 thereafter, the Maximum Special Tax for each Parcel in Improvement Area No. 1 shall be increased by two percent (2%) of the amount in effect in the prior Fiscal Year.

#### **2. Conversion of a Parcel of Public Property to Private Use**

If, in any Fiscal Year, a Parcel of Public Property is converted to private use, which shall include a lease to a private entity allowing the property to be taxed pursuant to Section 53340.1 of the Act, such Parcel shall be subject to the levy of the Special Tax. The Maximum Special Tax for each such Parcel shall be determined based on applying the Base Special Tax to the Net Acreage of each Expected Land Use on the Parcel.

### **E. METHOD OF LEVY OF THE SPECIAL TAX**

1. Each Fiscal Year prior to the time at which the Administrative Expense Reimbursement Amount has been repaid pursuant to the terms of the Indenture and the Debt Service Reserve Funding Amount has been fully funded pursuant to the terms of the Indenture,

the Administrator shall levy the Maximum Special Tax on all Parcels of Taxable Property.

2. Each Fiscal Year beginning with the Fiscal Year in which the Administrative Expense Reimbursement Amount has been repaid pursuant to the terms of the Indenture and the Debt Service Reserve Funding Amount has been fully funded pursuant to the terms of the Indenture, the Administrator shall determine the Special Tax Requirement and levy the Special Tax on all Parcels of Taxable Property as follows:

**Step 1:** The Special Tax shall be levied Proportionately on each Parcel of Developed Property, other than Taxable Public Property, up to 100% of the Maximum Special Tax for each Parcel until the amount levied on Developed Property is equal to the Special Tax Requirement.

**Step 2:** If additional revenue is needed after Step 1 to pay the Special Tax Requirement, the Special Tax shall be levied Proportionately on each Parcel of Undeveloped Property up to 100% of the Maximum Special Tax for each Parcel until the amount levied on Developed Property and Undeveloped Property is equal to the Special Tax Requirement.

**Step 3:** If additional revenue is needed after Step 2 to pay the Special Tax Requirement, the Special Tax shall be levied Proportionately on each Parcel of Taxable Public Property, up to 100% of the Maximum Special Tax for each Parcel.

#### **F. MANNER OF COLLECTION OF SPECIAL TAX**

The Special Tax shall be collected in the same manner and at the same time as ordinary ad valorem property taxes, provided, however, that the City may directly bill, collect at a different time or in a different manner, and/or collect delinquent Special Taxes through foreclosure or other available methods.

The Special Tax shall be levied and collected until principal and interest on the Bonds have been repaid, costs of constructing or acquiring Authorized Facilities from Special Tax proceeds have been paid, and all Administrative Expenses have been paid or reimbursed. However, in no event shall a Special Tax be levied after Fiscal Year 2060-61, except that a Special Tax that was lawfully levied in or before the Fiscal Year 2060-61 and remains delinquent may be collected in subsequent Fiscal Years. Under no circumstances may the Special Tax on a Parcel in residential use be increased in any Fiscal Year as a consequence of delinquency or default in payment of the Special Tax levied on another Parcel or Parcels by more than ten percent (10%) above the amount that would have been levied in that Fiscal Year had there never been any such delinquencies or defaults.

**G. EXEMPTIONS**

Notwithstanding any other provision of this RMA, no Special Tax shall be levied on the following: (i) Public Property, except Taxable Public Property, (ii) Parcels that are designated as permanent open space or common space on which no structure is permitted to be constructed, (iii) Parcels owned by a public utility for an unmanned facility, or (iv) Parcels subject to an easement that precludes any use on the Parcel other than that permitted by the easement. In addition, no Special Tax shall be levied on any Parcel that has fully prepaid the Special Tax obligation assigned to the Parcel, as determined pursuant to the formula set forth in Section H below. Notwithstanding the foregoing, if a Special Tax has been levied on a Parcel in any Fiscal Year, and the Parcel subsequently meets the criteria for any of the exempted categories above, the Parcel shall remain subject to the Special Tax levy unless and until a prepayment is made to release the Parcel from its Special Tax obligation or, in the case of Public Property, the City determines that the parcel can be exempted from the Special Tax after making the determinations listed in the definition of Taxable Public Property above.

If, in any Fiscal Year, a Parcel of Public Property is converted to private use, such Parcel shall be subject to the levy of Special Taxes pursuant to Section D.2 above.

**H. PREPAYMENT OF SPECIAL TAX**

The following definitions apply to this Section H:

**“Outstanding Bonds”** means all Previously Issued Bonds which remain outstanding, with the following exception: if a Special Tax has been levied against, or already paid by, an Assessor’s Parcel making a prepayment, and a portion of the Special Tax will be used to pay a portion of the next principal payment on the Bonds that remain outstanding (as determined by the Administrator), that next principal payment shall be subtracted from the total Bond principal that remains outstanding, and the difference shall be used as the amount of Outstanding Bonds for purposes of this prepayment formula.

**“Previously Issued Bonds”** means all Bonds that have been issued prior to the date of prepayment.

**1. Full Prepayment**

The Special Tax obligation applicable to a Parcel in Improvement Area No. 1 may be fully prepaid and the obligation of the Parcel to pay the Special Tax permanently satisfied as described herein, provided that a prepayment may be made only if there are no delinquent Special Taxes with respect to such Parcel at the time of prepayment. An owner of a Parcel intending to prepay the Special Tax obligation shall provide the City with written notice of intent to prepay. Within 30 days of receipt of such written notice, the City or its designee shall notify such owner of the prepayment amount for such Parcel. Prepayments must be made not less than 50 days prior to any redemption date for the Bonds to be redeemed with the proceeds of such prepaid Special Taxes.

The Prepayment Amount shall be calculated as follows (capitalized terms as defined below):

Bond Redemption Amount  
plus Redemption Premium  
plus Defeasance Requirement  
plus Administrative Fees and Expenses  
less Reserve Fund Credit  
equals Prepayment Amount

As of the proposed date of prepayment, the Prepayment Amount shall be determined by application of the following steps:

- Step 1:** Determine the total Maximum Special Tax that could be collected from the Parcel prepaying the Special Tax in the Fiscal Year in which prepayment would be received by the City.
- Step 2:** Divide the Maximum Special Tax computed pursuant to Step 1 by the Total Maximum Special Tax Revenue for the Fiscal Year in which prepayment would be received by the City.
- Step 3:** Multiply the quotient computed pursuant to Step 2 by the Outstanding Bonds to compute the amount of Outstanding Bonds to be retired and prepaid (*the "Bond Redemption Amount"*).
- Step 4:** Multiply the Bond Redemption Amount computed pursuant to Step 3 by the applicable redemption premium, if any, on the Outstanding Bonds to be redeemed (*the "Redemption Premium"*).
- Step 5:** Compute the amount needed to pay interest on the Bond Redemption Amount starting with the last Outstanding Bond interest payment date on which interest has been or will be paid by Special Taxes already levied until the earliest redemption date for the Outstanding Bonds.
- Step 6:** Compute the amount of interest the City reasonably expects to derive from reinvestment of the Bond Redemption Amount plus the Redemption Premium from the first Outstanding Bond interest payment date after which the prepayment has been received until the redemption date for the Outstanding Bonds.
- Step 7:** Take the amount computed pursuant to Step 5 and subtract the amount computed pursuant to Step 6 (*the "Defeasance Requirement"*).
- Step 8:** Determine the costs of computing the prepayment amount, redeeming Outstanding Bonds, and recording any notices to evidence the prepayment and redemption (*the "Administrative Fees and Expenses"*).

**Step 9:** If and to the extent so provided in the Indenture, a reserve fund credit shall be calculated as a reduction in the applicable reserve fund for the Outstanding Bonds to be redeemed pursuant to the prepayment (the “*Reserve Fund Credit*”).

**Step 10:** The Special Tax prepayment is equal to the sum of the amounts computed pursuant to Steps 3, 4, 7, and 8, less the amount computed pursuant to Step 9 (the “*Prepayment Amount*”).

Once a full prepayment of a Parcel’s Special Tax obligation has been received, a Notice of Cancellation of Special Tax Lien shall be recorded against the Parcel to reflect the discharge of the Parcel’s obligation to pay the Special Tax. However, a Notice of Cancellation of Special Tax Lien shall not be recorded until all Special Taxes levied on the Parcel in the current or prior Fiscal Years have been collected.

## **2. Partial Prepayment**

A partial prepayment may be made in an amount equal to any percentage of full prepayment desired by the party making a partial prepayment, except that the full amount of Administrative Fees and Expenses determined in Step 8 shall be included in the partial prepayment. The Maximum Special Tax that can be levied on a Parcel after a partial prepayment is made shall be determined as follows:

**Step 1.** Calculate the full prepayment (not including the amount collected for Administrative Fees and Expenses) that would be due from the Parcel if the entire Special Tax obligation were being prepaid pursuant to Section H.1 above.

**Step 2.** Divide the partial prepayment amount for the Parcel (not including the amount collected for Administrative Fees and Expenses) by the amount computed in Step 1 to determine a percentage.

**Step 3.** Subtract the percentage computed in Step 2 from 100% to determine the “Remaining Percentage”.

**Step 4.** Multiply the Remaining Percentage from Step 3 by the Maximum Special Tax for the Parcel to determine the new Maximum Special Tax that will be in effect for the Parcel after the partial prepayment is applied.

## **I. INTERPRETATION OF SPECIAL TAX FORMULA**

The City may, by resolution or ordinance, interpret, clarify, and/or revise this RMA to correct any inconsistency, vagueness, or ambiguity as it relates to the Special Tax, method of apportionment, classification of properties, or any definition applicable to the CFD, as long as



such correction does not materially affect the levy and collection of Special Taxes and any security for the Bonds. The City, upon the request of an owner of land within the CFD which is not Developed Property, may also amend this RMA in any manner acceptable to the City, by resolution or ordinance following a public hearing, upon the affirmative vote of such owner to such amendment and without the vote of owners of any other land within the CFD, provided such amendment only affects such owner's land and does not reduce the Total Maximum Special Tax Revenue that can be collected from the Parcel.

**Attachment 1**  
**Improvement Area #1 of the**  
**City of Lathrop CFD No. 2018-1**  
**Expected Land Uses and Maximum Annual Special Tax per Parcel**  
**(Fiscal Year 2018-19)**

<b>APN</b>	<b>Net Acreage</b>	<b>Expected Land Use</b>	<b>Base Special Tax /1</b>	<b>Total Maximum Annual Special Tax Revenue /1</b>
191-210-38	22.9	Residential	\$9,680	\$221,672
191-210-39	22.7	Residential	\$9,680	\$219,736
191-210-40	15.2	Residential	\$9,680	\$147,136
191-210-41	12.3	Residential	\$9,680	\$119,064
191-210-42	16.3	Residential	\$9,680	\$157,784
191-210-43	4.1	Public (Park)	\$0	\$0
<b>Total Maximum Annual Special Tax Revenue /1</b>				<b>\$865,392</b>

/1 Beginning July 1, 2019, and each July 1 thereafter, the Base Special Tax, Maximum Annual Special Tax, and Total Maximum Annual Special Tax Revenue shall increase by 2% of the amount in effect in the prior Fiscal Year.

*Goodwin Consulting Group, Inc.*

6/20/2018

EXHIBIT B

**RATE AND METHOD OF  
APPORTIONMENT**

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**CITY OF LATHROP  
COMMUNITY FACILITIES DISTRICT NO. 2018-1  
(CENTRAL LATHROP SPECIFIC PLAN FACILITIES)  
IMPROVEMENT AREA NO. 2**

**IMPROVEMENT AREA NO. 2 OF THE  
CITY OF LATHROP  
COMMUNITY FACILITIES DISTRICT NO. 2018-1  
(CENTRAL LATHROP SPECIFIC PLAN FACILITIES)**

**RATE AND METHOD OF APPORTIONMENT OF SPECIAL TAX**

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A Special Tax applicable to each Assessor's Parcel in Improvement Area No. 2 of the City of Lathrop Community Facilities District No. 2018-1 (Central Lathrop Specific Plan Facilities) shall be levied and collected according to the tax liability determined by the City or its designee through the application of the appropriate amount or rate for Taxable Property, as described below. All of the property in Improvement Area No. 2, unless exempted by law or by the provisions of Section G below, shall be taxed for the purposes, to the extent, and in the manner herein provided, including property subsequently annexed to Improvement Area No. 2 unless a separate Rate and Method of Apportionment of Special Tax is adopted for the annexation area.

**A. DEFINITIONS**

The terms hereinafter set forth have the following meanings:

**“Accessory Unit”** means a second residential unit of limited size (e.g., granny cottage, second unit) that shares a Parcel with a single-family detached unit.

**“Acre” or “Acreage”** means the land area of an Assessor's Parcel as shown on an Assessor's Parcel Map, or if the land area is not shown on an Assessor's Parcel Map, the land area shown on the applicable Final Map or other parcel map recorded at the County Recorder's Office.

**“Act”** means the Mello-Roos Community Facilities Act of 1982, as amended, being Chapter 2.5, (commencing with Section 53311), Division 2 of Title 5 of the California Government Code.

**“Administrative Expenses”** means any or all of the following: the fees and expenses of any fiscal agent or trustee (including any fees or expenses of its counsel) employed in connection with any Bonds, and the expenses of the City in carrying out its duties with respect to Improvement Area No. 2 and the Bonds related thereto, including, but not limited to, the levy and collection of the Special Tax, the fees and expenses of its counsel, charges levied by the County in connection with the levy and collection of the Special Tax, costs related to property owner inquiries regarding the Special Tax, amounts needed to pay rebate to the federal government with respect to the Bonds, costs associated with complying with continuing disclosure requirements with respect to the Bonds and the Special Tax, and all other costs and expenses of the City and County in any way related to administration of the CFD including costs related to any dispute, litigation, settlement, or defense of any matter related to the CFD.

**“Administrative Expense Cap”** means \$15,000 for Fiscal Year 2018-19 and \$15,000 for Fiscal Year 2019-20. No Administrative Expense Cap shall apply after Fiscal Year 2019-20.

**“Administrative Expense Reimbursement Amount”** means a total of \$40,000.

**“Administrator”** means the person or firm designated by the City to administer the Special Tax according to this RMA.

**“Airspace Parcel”** means a parcel with an assigned Assessor’s Parcel number that constitutes vertical space of an underlying land Parcel.

**“Assessor’s Parcel” or “Parcel”** means a lot or parcel, including an Airspace Parcel, shown on a County Assessor’s Parcel Map with an assigned County Assessor’s Parcel number.

**“Assessor’s Parcel Map”** means an official map of the County Assessor designating Parcels by Assessor’s Parcel number.

**“Association Property”** means any property within Improvement Area No. 2 that is owned by a homeowners’ association or property owners’ association, excluding such property that is under the pad or footprint of a residential unit or building.

**“Authorized Facilities”** means the public facilities authorized to be financed, in whole or in part, by Special Taxes collected within the CFD, pursuant to the documents adopted by the City Council at CFD Formation.

**“Base Special Tax”** means, in Fiscal Year 2018-19, \$9,680 per Net Acre for any Parcel or portion of a Parcel developed or expected to be developed as Residential Property and \$4,000 per Net Acre for any Parcel or portion of a Parcel developed or expected to be developed as Non-Residential Property, which amounts shall increase on July 1, 2019 and each July 1 thereafter by two percent (2%) of the amount in effect in the prior Fiscal Year. The determination of Expected Land Use shall be made by the Administrator based on review of land use and development plans, and in coordination with the City Planning Department.

**“Bonds”** means bonds or other debt (as defined in the Act), whether in one or more series, which are secured by Special Tax revenues and were issued, insured or assumed by Improvement Area No. 2 to fund Authorized Facilities.

**“CFD” or “CFD No. 2018-1”** means the City of Lathrop Community Facilities District No. 2018-1 (Central Lathrop Specific Plan Facilities).

**“CFD Formation”** means the date on which the Resolution of Formation for CFD No. 2018-1 was adopted by the City Council.

**“City”** means the City of Lathrop.

**“City Council”** means the City Council of the City of Lathrop.

**“County”** means the County of San Joaquin.

**“Debt Service Reserve Funding Amount”** means an amount equal to 50% of the greatest interest payment due in any single bond year, as defined in the Indenture.

**“Developed Property”** means, in any Fiscal Year, all Parcels of Taxable Property for which a building permit for new construction (which shall not include a permit issued solely for construction of the foundation if another permit remains to be issued for vertical construction of the building) was issued prior to June 1 of the preceding Fiscal Year.

**“EDU”** means an equivalent dwelling unit, as used in Section C.3 to determine the relative relationship among SFD Lots.

**“EDU Factor”** means the equivalent dwelling unit factor assigned to SFD Lots in Section C.3 below.

**“Expected Land Use”** means the Land Use(s) and/or Public Property anticipated on a Parcel in Improvement Area No. 2. The Expected Land Uses at the time of CFD Formation are identified in Attachment 1 of this RMA, and such Expected Land Uses may be updated pursuant to Sections C and D below.

**“Final Map”** means a final map, or portion thereof, recorded by the County pursuant to the Subdivision Map Act (California Government Code Section 66410 et seq.) that creates SFD Lots. The term “Final Map” shall not include any Assessor’s Parcel Map or subdivision map, or portion thereof, that does not create SFD Lots, including Assessor’s Parcels that are designated as remainder parcels.

**“Fiscal Year”** means the period starting July 1 and ending on the following June 30.

**“Improvement Area No. 2”** means Improvement Area No. 2 of the City of Lathrop Community Facilities District No. 2018-1 (Central Lathrop Specific Plan Facilities).

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

**“Land Use”** means Residential Property or Non-Residential Property.

**“Land Use Change”** means a proposed or approved change to the Expected Land Use(s) on a Parcel of Taxable Property.

**“Large Lot Map”** means a subdivision map recorded at the County Recorder’s Office that subdivides all or a portion of the property in Improvement Area No. 2 into large Parcels, most of which will be subject to future subdivision.

**“Maximum Special Tax”** means the greatest amount of Special Tax that can be levied on a Parcel of Taxable Property in any Fiscal Year, as determined in accordance with Sections C and D below. The Maximum Special Tax based on Expected Land Uses for each Parcel in Improvement Area No. 2 at the time of CFD Formation is set forth in Attachment 1.

**“Multi-Family Property”** means, in any Fiscal Year, all Parcels of Developed Property for which a building permit was issued for construction of a residential structure with five or more Units that share a single Assessor’s Parcel number, are offered for rent to the general public, and cannot be purchased by individual homebuyers.

**“Net Acreage”** means the estimated acreage of Residential Property and Non-Residential Property on an Original Parcel after taking out expected Public Property, not including internal streets. The Net Acreage within each Original Parcel at the time of CFD Formation is shown in Attachment 1, and such Net Acreage shall be updated each time an Original Parcel subdivides or a Land Use Change is approved. **“Net Acre”** means one acre of the Net Acreage calculated for a Parcel.

**“Non-Residential Property”** means all Assessor’s Parcels of Developed Property that are not Taxable Public Property for which a building permit was issued for a use other than Residential Property. If a Parcel includes or is expected to include both Units and non-residential land uses, the Net Acreage to be taxed as Non-Residential Property shall be calculated by dividing the net leasable and net saleable square footage of non-residential uses on the Parcel (as determined by the Administrator) by the aggregate net leasable and net saleable square footage built or expected to be built on the Parcel (as determined by the Administrator), then multiplying the quotient by the Net Acreage of the underlying land Parcel for purposes of calculating the Maximum Special Tax and levying the Special Tax in any Fiscal Year.

**“Original Parcel”** means: (i) an Assessor’s Parcel included in Improvement Area No. 2 at the time of CFD Formation, (ii) an Assessor’s Parcel that annexes into Improvement Area No. 2 after CFD Formation, or (iii) a Successor Parcel that was created after subdivision of an Original Parcel and is being further subdivided.

**“Proportionately”** means, for Developed Property, that the ratio of the actual Special Tax levied in any Fiscal Year to the Maximum Special Tax authorized to be levied in that Fiscal Year is equal for all Assessor’s Parcels of Developed Property. For Undeveloped Property, **“Proportionately”** means that the ratio of the actual Special Tax levied to the Maximum Special Tax authorized to be levied is equal for all Assessor’s Parcels of Undeveloped Property.

**“Public Property”** means any property within the boundaries of Improvement Area No. 2 that is owned by or irrevocably offered for dedication to the federal government, State of California, County, City, or other local governments or public agencies. For purposes of this RMA, all Association Property shall also be categorized as Public Property.

**“Required Coverage”** means that the Total Maximum Special Tax Revenue must be at least 110% of the debt service on the Bonds in every bond year, as defined in the Indenture.

**“Required Revenue”** means, after one or more series of Bonds have been issued for Improvement Area No. 2, the Total Maximum Special Tax Revenue that must be available in order to maintain Required Coverage. Upon prepayment of all or a portion of the Maximum Special Tax obligation assigned to any Parcel in Improvement Area No. 2, the Required Revenue shall be reduced by the Special Tax that will no longer be levied on the Parcel for which a prepayment was received, as determined by the Administrator. For purposes of Section C below, Required Revenue shall be \$0.00 prior to issuance of the first series of Bonds for Improvement Area No. 2.

**“Residential Property”** means, collectively, Single Family Detached Property, Single Family Attached Property, and Multi-Family Property. If a Parcel includes or is expected to include both Units and non-residential land uses, the Net Acreage to be taxed as Residential Property shall be calculated by dividing the net leasable and net saleable square footage of residential uses on the Parcel (as determined by the Administrator) by the aggregate net leasable and net saleable square footage built or expected to be built on the Parcel (as determined by the Administrator), then multiplying the quotient by the Net Acreage of the underlying land Parcel for purposes of calculating the Maximum Special Tax and levying the Special Tax in any Fiscal Year.

**“RMA”** means this Rate and Method of Apportionment of Special Tax.

**“SFD Lot”** means an individual residential lot, identified and numbered on a recorded Final Map, on which a building permit has been or is permitted to be issued for construction of a single family detached unit without further subdivision of the lot and for which no further subdivision of the lot is anticipated pursuant to an approved tentative map.

**“Single Family Attached Property”** means, in any Fiscal Year, all Parcels of Developed Property for which a building permit or use permit was issued for construction of a residential structure consisting of two or more Units that share common walls, have separate Assessor’s Parcel numbers assigned to them (except for a duplex unit, which may share a Parcel with another duplex unit), and may be purchased by individual homebuyers (which shall still be the case even if the Units are purchased and subsequently offered for rent by the owner of the Unit), including such residential structures that meet the statutory definition of a condominium contained in Civil Code Section 1351.

**“Single Family Detached Property”** means, in any Fiscal Year, all Parcels of Developed Property for which a building permit was issued for construction of a Unit that does not share a common wall with another Unit.

**“Special Tax”** means a special tax levied in any Fiscal Year to pay the Special Tax Requirement.

**“Special Tax Requirement”** means the amount necessary in any Fiscal Year to: (i) pay principal and interest on Bonds that is due in the calendar year that begins in such Fiscal Year; (ii) create and/or replenish debt service reserve funds as required by the Indenture for the Bonds to the extent such replenishment has not been included in the computation of the Special Tax Requirement in a previous Fiscal Year; (iii) cure any delinquencies in the payment of principal



or interest on Bonds which have occurred in the prior Fiscal Year; (iv) pay Administrative Expenses, subject to the Administrative Expense Cap if applicable for the Fiscal Year; (v) create and/or replenish reserve funds for Administrative Expenses; and (vi) pay for extraordinary administrative expense reserve reimbursement, as described in the Indenture. The amounts referred to in clauses (i) and (ii) of the preceding sentence may be reduced in any Fiscal Year by: (i) interest earnings on or surplus balances in funds and accounts for the Bonds to the extent that such earnings or balances are available to apply against debt service pursuant to the Indenture; (ii) proceeds received from the collection of penalties associated with delinquent Special Taxes; and (iii) any other revenues available to reduce the Special Tax Requirement as determined by the Administrator.

**“Successor Parcel”** means a Parcel of Taxable Property created from subdivision or reconfiguration of an Original Parcel.

**“Taxable Property”** means all Parcels within the boundaries of Improvement Area No. 2 that (i) are not exempt from the Special Tax pursuant to law or Section G below, and (ii) which upon subdivision of an Original Parcel, are assigned Expected Land Uses and are not expected to be Public Property.

**“Taxable Public Property”** means, in any Fiscal Year, any Parcel of Public Property within Improvement Area No. 2 that had been assigned a Maximum Special Tax obligation based on Expected Land Uses being assigned to the Parcel. Notwithstanding the foregoing, if (i) a prepayment is received in an amount sufficient to pay off the full Maximum Special Tax obligation assigned to the Parcel, or (ii) the City determines that, in the Fiscal Year in which the Parcel would first be categorized as Taxable Public Property, an equal amount of Acreage within the CFD that had been Public Property became Taxable Property, then the Parcel of Public Property can be deemed exempt from the Special Tax if the Administrator determines that the Total Maximum Special Tax Revenue after granting such exemption is greater than or equal to the Required Revenue.

**“Total Maximum Special Tax Revenue”** means the aggregate amount of revenue that can be generated in any Fiscal Year by levying the Maximum Special Tax on all Parcels of Taxable Property within Improvement Area No. 2.

**“Undeveloped Property”** means, in any Fiscal Year, all Parcels of Taxable Property that are not Developed Property.

**“Unit”** means a single family detached unit or an individual unit within a duplex, triplex, halfplex, fourplex, condominium, townhome, live/work, or apartment structure. An Accessory Unit that shares a Parcel with a single-family detached unit shall not be considered a separate Unit for purposes of this RMA.

**B. DATA FOR ADMINISTRATION OF SPECIAL TAX**

On or about July 1 of each Fiscal Year, the Administrator shall identify (i) the current Assessor's Parcel numbers for all Parcels of Developed Property and Undeveloped Property within Improvement Area No. 2, (ii) the number of Units expected within each building on each Parcel of Single Family Attached Property, (iii) the square footage of all SFD Lots that were created in the prior Fiscal Year, (iv) whether the Administrative Expense Reimbursement Amount and the Debt Service Reserve Funding Amount have been fully funded by special tax revenues from prior fiscal years, and (v) the Special Tax Requirement for the Fiscal Year. In addition, on an ongoing basis, the Administrator shall monitor Land Use Changes and the subdivision of Parcels in Improvement Area No. 2 and (i) allocate the Maximum Special Tax assigned to the Original Parcel(s) to the Successor Parcels created by the subdivision pursuant to Section C below, and (ii) ensure that such Land Use Changes do not result in Total Maximum Special Tax Revenue that is less than the Required Revenue. After the recordation of each Large Lot Map within Improvement Area No. 2, the Administrator shall also review and revise, as needed, the Expected Land Uses, Net Acreage, and Maximum Special Taxes for each Successor Parcel created by recordation of the Large Lot Map, and update Attachment 1 accordingly, as set forth in Section C below.

In any Fiscal Year, if it is determined that: (i) a parcel map for property in Improvement Area No. 2 was recorded after January 1 of the prior Fiscal Year (or any other date after which the Assessor will not incorporate the newly-created parcels into the then current tax roll), (ii) because of the date the parcel map was recorded, the Assessor does not yet recognize the new parcels created by the parcel map, and (iii) a building permit was issued prior to June 1 of the prior Fiscal Year for development on one or more of the newly-created parcels, the Administrator shall calculate the Special Tax for each Land Use within the subdivided area and levy such Special Tax on the Original Parcel that was subdivided by recordation of the parcel map.

**C. MAXIMUM SPECIAL TAX**

**1. Original Parcels in Improvement Area No. 2 at CFD Formation**

Attachment 1 to this RMA identifies the Maximum Special Tax assigned to each Original Parcel in Improvement Area No. 2 for Fiscal Year 2018-19 based on the Expected Land Use(s) for each Parcel as of CFD Formation. After recordation of each Large Lot Map for property in Improvement Area No. 2, the Administrator shall review current maps and land use plans for the property within the Large Lot Map and, in consultation with the City Planning Department, reevaluate the Expected Land Uses for each of the Successor Parcels created by recordation of the Large Lot Map. Attachment 1 shall be updated to reflect the Assessor's Parcel numbers, Expected Land Uses, Net Acreage, and corresponding Maximum Special Tax assigned to each Parcel after applying the Base Special Tax to each Land Use on each Successor Parcel. If, based on changes to the Expected Land Uses within the Large Lot Map area, the Total Maximum Special Tax Revenue that could be generated in Improvement Area No. 2 is less than the Required Revenue, the Maximum Special Tax on each Successor Parcel created by the Large Lot

Map shall be increased proportionately until the Total Maximum Special Tax Revenue is equal to the Required Revenue. If there is an increase in the Total Maximum Special Tax Revenue based on Expected Land Uses within the Large Lot Map, the Administrator shall reflect such increased Total Maximum Special Tax Revenue in the updated Attachment 1.

If, before or after the comprehensive review after recordation of a Large Lot Map, there are any other Land Use Changes proposed for any Parcel prior to final subdivision of the Parcel, the Administrator shall determine the Maximum Special Tax that would be assigned to the Parcel if the Base Special Tax was applied to the Net Acreage of Residential Property and/or Non-Residential Property on the Parcel after the proposed Land Use Change. If, based on this Maximum Special Tax calculation, the Total Maximum Special Tax Revenue would be less than the Required Revenue, the Maximum Special Tax for such Parcel shall be increased proportionately until the Total Maximum Special Tax Revenue is equal to the Required Revenue. If there is an increase in the Total Maximum Special Tax Revenue after the Land Use Change, the Administrator shall reflect such increased Total Maximum Special Tax Revenue in an updated Attachment 1.

## **2. Successor Parcels that are not SFD Lots**

The Maximum Special Tax for each Original Parcel for Fiscal Year 2018-19 is identified in Attachment 1, which may be updated as set forth above. After such update, if an Original Parcel is subdivided or reconfigured and none of the Successor Parcels are SFD Lots, the Administrator shall assign the Maximum Special Tax to the Successor Parcels by applying the following steps:

- Step 1:** Based on reference to Land Use plans and, if needed, coordination with the City Planning Department, determine the Net Acreage of each Land Use on each Successor Parcel created from subdivision or reconfiguration of the Original Parcel.
- Step 2:** For each Successor Parcel, multiply the Base Special Tax for each Land Use by the Net Acreage of each Land Use determined in Step 1, and calculate the aggregate Maximum Special Tax that could be generated from the Successor Parcels created from subdivision of the Original Parcel.
- Step 3:** If the aggregate Maximum Special Tax for all Successor Parcels is greater than or equal to the Maximum Special Tax that had been assigned to the Original Parcel before it was subdivided, the Maximum Special Tax for each Successor Parcel shall be the amount determined in Step 2, and the Administrator shall recalculate the Total Maximum Special Tax Revenue to include the increased Maximum Special Tax. If the aggregate Maximum Special Tax for all Successor Parcels is less than the Maximum Special Tax assigned to the Original Parcel, and such reduction would reduce the Total Maximum Special Tax Revenue to an amount less than the Required Revenue, then the Administrator shall increase the amount calculated for each Successor Parcel in Step 2 proportionately until the Total Maximum Special Tax Revenue after the subdivision is equal to the Required Revenue.

**Step 4:** If all or a portion of the Original Parcel was subdivided to create individual Parcels (which may be Airspace Parcels) for Units on Single Family Attached Property, divide the Maximum Special Tax assigned to the Original Parcel (or portion thereof), as may be adjusted pursuant to Step 3 above, by the total number of Units that will be built on the Original Parcel (or portion thereof) to calculate the Maximum Special Tax that will be assigned to each Parcel.

Upon each application of this Section C.2, there shall be no reduction in the Required Revenue unless there has been a prepayment for one or more Parcels within Improvement Area No. 2.

**3. Successor Parcels of which All or Some are SFD Lots**

Upon subdivision of an Original Parcel into Successor Parcels, of which all or some are SFD Lots, the Administrator shall apply the following steps to determine the Maximum Special Tax for each Parcel:

**Step 1:** Determine the Net Acreage and Expected Land Use for each Successor Parcel created from subdivision of the Original Parcel. Apply the steps set forth in Section C.2 above to allocate the Maximum Special Tax from the Original Parcel to each Successor Parcel.

**Step 2:** Apply one of the following EDU Factors to each SFD Lot based on the square footage of each lot, and calculate the aggregate EDUs from all SFD Lots created by subdivision of the Original Parcel:

<u>Lot Size</u>	<u>EDU Factor</u>
Greater than 8,000 square feet	1.25
6,501-8,000 square feet	1.14
5,001-6,500 square feet	1.00
3,501-5,000 square feet	0.87
2,800-3,500 square feet	0.81
Less than 2,800 square feet	0.73

**Step 3:** *For SFD Lots*, sum the Maximum Special Tax assigned in Step 1 to all Successor Parcels that are SFD Lots, and divide this amount by the total EDUs determined in Step 2 to calculate a Maximum Special Tax per EDU. Multiply the Maximum Special Tax per EDU by the EDU Factor for each SFD Lot to determine the Maximum Special Tax for each Successor Parcel that is a SFD Lot. This Maximum Special Tax shall be the Maximum Special Tax for the Parcel when it is Undeveloped Property and when it becomes Developed Property.

*For Successor Parcels that are not SFD Lots*, the Maximum Special Tax shall be the amount determined for each Parcel pursuant to Step 1 above.

At no time shall the distribution of the Maximum Special Tax upon subdivision or reconfiguration of a Parcel result in Total Maximum Special Tax Revenue that is lower than the Required Revenue. If an Original Parcel is subdivided, and the Successor Parcels include a combination of Land Uses, the Administrator shall delineate the Maximum Special Tax to the Taxable Property created by the subdivision based on the best information available at the time, and based on application of Sections C.2 and C.3 of this RMA.

#### **4. Parcels of Taxable Public Property**

The Maximum Special Tax for a Parcel of Taxable Public Property shall be equal to the Maximum Special Tax that applied prior to the Parcel becoming Public Property.

#### **5. Annexations**

If, in any Fiscal Year, a Parcel or Parcels annex into Improvement Area No. 2, the Administrator shall, in coordination with the City Planning Department, identify the Expected Land Uses for the Parcel(s). The Administrator shall then (i) apply the Base Special Tax to each Land Use to calculate the Maximum Special Tax for the Parcel, (ii) add the Maximum Special Tax for the Parcel to the Total Maximum Special Tax Revenue, and (iii) levy the Special Tax on the Parcel(s) pursuant to this RMA in the next Fiscal Year and all future Fiscal Years unless a prepayment is received to fully release the Parcel(s) from the Special Tax obligation.

### **D. ADJUSTMENTS TO THE MAXIMUM SPECIAL TAX**

#### **1. Escalation of Maximum Special Tax**

Beginning July 1, 2019 and each July 1 thereafter, the Maximum Special Tax for each Parcel in Improvement Area No. 2 shall be increased by two percent (2%) of the amount in effect in the prior Fiscal Year.

#### **2. Conversion of a Parcel of Public Property to Private Use**

If, in any Fiscal Year, a Parcel of Public Property is converted to private use, which shall include a lease to a private entity allowing the property to be taxed pursuant to Section 53340.1 of the Act, such Parcel shall be subject to the levy of the Special Tax. The Maximum Special Tax for each such Parcel shall be determined based on applying the Base Special Tax to the Net Acreage of each Expected Land Use on the Parcel.

### **E. METHOD OF LEVY OF THE SPECIAL TAX**

1. Each Fiscal Year prior to the time at which the Administrative Expense Reimbursement Amount has been repaid pursuant to the terms of the Indenture and the Debt Service Reserve Funding Amount has been fully funded pursuant to the terms of the Indenture,

the Administrator shall levy the Maximum Special Tax on all Parcels of Taxable Property.

2. Each Fiscal Year beginning with the Fiscal Year in which the Administrative Expense Reimbursement Amount has been repaid pursuant to the terms of the Indenture and the Debt Service Reserve Funding Amount has been fully funded pursuant to the terms of the Indenture, the Administrator shall determine the Special Tax Requirement and levy the Special Tax on all Parcels of Taxable Property as follows:

**Step 1:** The Special Tax shall be levied Proportionately on each Parcel of Developed Property, other than Taxable Public Property, up to 100% of the Maximum Special Tax for each Parcel until the amount levied on Developed Property is equal to the Special Tax Requirement.

**Step 2:** If additional revenue is needed after Step 1 to pay the Special Tax Requirement, the Special Tax shall be levied Proportionately on each Parcel of Undeveloped Property up to 100% of the Maximum Special Tax for each Parcel until the amount levied on Developed Property and Undeveloped Property is equal to the Special Tax Requirement.

**Step 3:** If additional revenue is needed after Step 2 to pay the Special Tax Requirement, the Special Tax shall be levied Proportionately on each Parcel of Taxable Public Property, up to 100% of the Maximum Special Tax for each Parcel.

#### **F. MANNER OF COLLECTION OF SPECIAL TAX**

The Special Tax shall be collected in the same manner and at the same time as ordinary ad valorem property taxes, provided, however, that the City may directly bill, collect at a different time or in a different manner, and/or collect delinquent Special Taxes through foreclosure or other available methods.

The Special Tax shall be levied and collected until principal and interest on the Bonds have been repaid, costs of constructing or acquiring Authorized Facilities from Special Tax proceeds have been paid, and all Administrative Expenses have been paid or reimbursed. However, in no event shall a Special Tax be levied after Fiscal Year 2060-61, except that a Special Tax that was lawfully levied in or before the Fiscal Year 2060-61 and remains delinquent may be collected in subsequent Fiscal Years. Under no circumstances may the Special Tax on a Parcel in residential use be increased in any Fiscal Year as a consequence of delinquency or default in payment of the Special Tax levied on another Parcel or Parcels by more than ten percent (10%) above the amount that would have been levied in that Fiscal Year had there never been any such delinquencies or defaults.

## **G. EXEMPTIONS**

Notwithstanding any other provision of this RMA, no Special Tax shall be levied on the following: (i) Public Property, except Taxable Public Property, (ii) Parcels that are designated as permanent open space or common space on which no structure is permitted to be constructed, (iii) Parcels owned by a public utility for an unmanned facility, or (iv) Parcels subject to an easement that precludes any use on the Parcel other than that permitted by the easement. In addition, no Special Tax shall be levied on any Parcel that has fully prepaid the Special Tax obligation assigned to the Parcel, as determined pursuant to the formula set forth in Section H below. Notwithstanding the foregoing, if a Special Tax has been levied on a Parcel in any Fiscal Year, and the Parcel subsequently meets the criteria for any of the exempted categories above, the Parcel shall remain subject to the Special Tax levy unless and until a prepayment is made to release the Parcel from its Special Tax obligation or, in the case of Public Property, the City determines that the parcel can be exempted from the Special Tax after making the determinations listed in the definition of Taxable Public Property above.

If, in any Fiscal Year, a Parcel of Public Property is converted to private use, such Parcel shall be subject to the levy of Special Taxes pursuant to Section D.2 above.

## **H. PREPAYMENT OF SPECIAL TAX**

The following definitions apply to this Section H:

**“Outstanding Bonds”** means all Previously Issued Bonds which remain outstanding, with the following exception: if a Special Tax has been levied against, or already paid by, an Assessor’s Parcel making a prepayment, and a portion of the Special Tax will be used to pay a portion of the next principal payment on the Bonds that remain outstanding (as determined by the Administrator), that next principal payment shall be subtracted from the total Bond principal that remains outstanding, and the difference shall be used as the amount of Outstanding Bonds for purposes of this prepayment formula.

**“Previously Issued Bonds”** means all Bonds that have been issued prior to the date of prepayment.

### **1. Full Prepayment**

The Special Tax obligation applicable to a Parcel in Improvement Area No. 2 may be fully prepaid and the obligation of the Parcel to pay the Special Tax permanently satisfied as described herein, provided that a prepayment may be made only if there are no delinquent Special Taxes with respect to such Parcel at the time of prepayment. An owner of a Parcel intending to prepay the Special Tax obligation shall provide the City with written notice of intent to prepay. Within 30 days of receipt of such written notice, the City or its designee shall notify such owner of the prepayment amount for such Parcel. Prepayments must be made not less than 50 days prior to any redemption date for the Bonds to be redeemed with the proceeds of such prepaid Special Taxes.

The Prepayment Amount shall be calculated as follows (capitalized terms as defined below):

Bond Redemption Amount  
plus Redemption Premium  
plus Defeasance Requirement  
plus Administrative Fees and Expenses  
less Reserve Fund Credit  
equals Prepayment Amount

As of the proposed date of prepayment, the Prepayment Amount shall be determined by application of the following steps:

- Step 1:** Determine the total Maximum Special Tax that could be collected from the Parcel prepaying the Special Tax in the Fiscal Year in which prepayment would be received by the City.
- Step 2:** Divide the Maximum Special Tax computed pursuant to Step 1 by the Total Maximum Special Tax Revenue for the Fiscal Year in which prepayment would be received by the City.
- Step 3:** Multiply the quotient computed pursuant to Step 2 by the Outstanding Bonds to compute the amount of Outstanding Bonds to be retired and prepaid (*the "Bond Redemption Amount"*).
- Step 4:** Multiply the Bond Redemption Amount computed pursuant to Step 3 by the applicable redemption premium, if any, on the Outstanding Bonds to be redeemed (*the "Redemption Premium"*).
- Step 5:** Compute the amount needed to pay interest on the Bond Redemption Amount starting with the last Outstanding Bond interest payment date on which interest has been or will be paid by Special Taxes already levied until the earliest redemption date for the Outstanding Bonds.
- Step 6:** Compute the amount of interest the City reasonably expects to derive from reinvestment of the Bond Redemption Amount plus the Redemption Premium from the first Outstanding Bond interest payment date after which the prepayment has been received until the redemption date for the Outstanding Bonds.
- Step 7:** Take the amount computed pursuant to Step 5 and subtract the amount computed pursuant to Step 6 (*the "Defeasance Requirement"*).
- Step 8:** Determine the costs of computing the prepayment amount, redeeming Outstanding Bonds, and recording any notices to evidence the prepayment and redemption (*the "Administrative Fees and Expenses"*).



- Step 9:** If and to the extent so provided in the Indenture, a reserve fund credit shall be calculated as a reduction in the applicable reserve fund for the Outstanding Bonds to be redeemed pursuant to the prepayment (the “*Reserve Fund Credit*”).
- Step 10:** The Special Tax prepayment is equal to the sum of the amounts computed pursuant to Steps 3, 4, 7, and 8, less the amount computed pursuant to Step 9 (the “*Prepayment Amount*”).

Once a full prepayment of a Parcel’s Special Tax obligation has been received, a Notice of Cancellation of Special Tax Lien shall be recorded against the Parcel to reflect the discharge of the Parcel’s obligation to pay the Special Tax. However, a Notice of Cancellation of Special Tax Lien shall not be recorded until all Special Taxes levied on the Parcel in the current or prior Fiscal Years have been collected.

## **2. Partial Prepayment**

A partial prepayment may be made in an amount equal to any percentage of full prepayment desired by the party making a partial prepayment, except that the full amount of Administrative Fees and Expenses determined in Step 8 shall be included in the partial prepayment. The Maximum Special Tax that can be levied on a Parcel after a partial prepayment is made shall be determined as follows:

- Step 1.** Calculate the full prepayment (not including the amount collected for Administrative Fees and Expenses) that would be due from the Parcel if the entire Special Tax obligation were being prepaid pursuant to Section H.1 above.
- Step 2.** Divide the partial prepayment amount for the Parcel (not including the amount collected for Administrative Fees and Expenses) by the amount computed in Step 1 to determine a percentage.
- Step 3.** Subtract the percentage computed in Step 2 from 100% to determine the “Remaining Percentage”.
- Step 4.** Multiply the Remaining Percentage from Step 3 by the Maximum Special Tax for the Parcel to determine the new Maximum Special Tax that will be in effect for the Parcel after the partial prepayment is applied.

## **I. INTERPRETATION OF SPECIAL TAX FORMULA**

The City may, by resolution or ordinance, interpret, clarify, and/or revise this RMA to correct any inconsistency, vagueness, or ambiguity as it relates to the Special Tax, method of apportionment, classification of properties, or any definition applicable to the CFD, as long as

such correction does not materially affect the levy and collection of Special Taxes and any security for the Bonds. The City, upon the request of an owner of land within the CFD which is not Developed Property, may also amend this RMA in any manner acceptable to the City, by resolution or ordinance following a public hearing, upon the affirmative vote of such owner to such amendment and without the vote of owners of any other land within the CFD, provided such amendment only affects such owner's land and does not reduce the Total Maximum Special Tax Revenue that can be collected from the Parcel.

**Attachment 1**  
**Improvement Area #2 of the**  
**City of Lathrop CFD No. 2018-1**  
**Expected Land Uses and Maximum Annual Special Tax per Parcel**  
**(Fiscal Year 2018-19)**

<b>APN</b>	<b>Net Acreage</b>	<b>Expected Land Use</b>	<b>Base Special Tax /1</b>	<b>Total Maximum Annual Special Tax Revenue /1</b>
191-200-21	17.0	Residential	\$9,680	\$164,560
191-200-23	10.8	Residential	\$9,680	\$104,544
191-200-24	15.3	Residential	\$9,680	\$148,104
191-210-17	13.7	Residential	\$9,680	\$132,616
191-200-25	4.5	Public (Park)	\$0	\$0
<b>Total Maximum Annual Special Tax Revenue /1</b>				<b>\$549,824</b>

/1 Beginning July 1, 2019, and each July 1 thereafter, the Base Special Tax, Maximum Annual Special Tax, and Total Maximum Annual Special Tax Revenue shall increase by 2% of the amount in effect in the prior Fiscal Year.

*Goodwin Consulting Group, Inc.*

6/20/2018

EXHIBIT C

**RATE AND METHOD OF  
APPORTIONMENT**

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**CITY OF LATHROP  
COMMUNITY FACILITIES DISTRICT NO. 2018-1  
(CENTRAL LATHROP SPECIFIC PLAN FACILITIES)  
IMPROVEMENT AREA NO. 3**

**IMPROVEMENT AREA NO. 3 OF THE  
CITY OF LATHROP  
COMMUNITY FACILITIES DISTRICT NO. 2018-1  
(CENTRAL LATHROP SPECIFIC PLAN FACILITIES)**

**RATE AND METHOD OF APPORTIONMENT OF SPECIAL TAX**

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A Special Tax applicable to each Assessor's Parcel in Improvement Area No. 3 of the City of Lathrop Community Facilities District No. 2018-1 (Central Lathrop Specific Plan Facilities) shall be levied and collected according to the tax liability determined by the City or its designee through the application of the appropriate amount or rate for Taxable Property, as described below. All of the property in Improvement Area No. 3, unless exempted by law or by the provisions of Section G below, shall be taxed for the purposes, to the extent, and in the manner herein provided, including property subsequently annexed to Improvement Area No. 3 unless a separate Rate and Method of Apportionment of Special Tax is adopted for the annexation area.

**A. DEFINITIONS**

The terms hereinafter set forth have the following meanings:

**“Accessory Unit”** means a second residential unit of limited size (e.g., granny cottage, second unit) that shares a Parcel with a single-family detached unit.

**“Acre” or “Acreage”** means the land area of an Assessor's Parcel as shown on an Assessor's Parcel Map, or if the land area is not shown on an Assessor's Parcel Map, the land area shown on the applicable Final Map or other parcel map recorded at the County Recorder's Office.

**“Act”** means the Mello-Roos Community Facilities Act of 1982, as amended, being Chapter 2.5, (commencing with Section 53311), Division 2 of Title 5 of the California Government Code.

**“Administrative Expenses”** means any or all of the following: the fees and expenses of any fiscal agent or trustee (including any fees or expenses of its counsel) employed in connection with any Bonds, and the expenses of the City in carrying out its duties with respect to Improvement Area No. 3 and the Bonds related thereto, including, but not limited to, the levy and collection of the Special Tax, the fees and expenses of its counsel, charges levied by the County in connection with the levy and collection of the Special Tax, costs related to property owner inquiries regarding the Special Tax, amounts needed to pay rebate to the federal government with respect to the Bonds, costs associated with complying with continuing disclosure requirements with respect to the Bonds and the Special Tax, and all other costs and expenses of the City and County in any way related to administration of the CFD including costs related to any dispute, litigation, settlement, or defense of any matter related to the CFD.

**“Administrative Expense Cap”** means \$15,000 for Fiscal Year 2018-19 and \$15,000 for Fiscal Year 2019-20. No Administrative Expense Cap shall apply after Fiscal Year 2019-20.

**“Administrative Expense Reimbursement Amount”** means a total of \$40,000.

**“Administrator”** means the person or firm designated by the City to administer the Special Tax according to this RMA.

**“Airspace Parcel”** means a parcel with an assigned Assessor’s Parcel number that constitutes vertical space of an underlying land Parcel.

**“Assessor’s Parcel” or “Parcel”** means a lot or parcel, including an Airspace Parcel, shown on a County Assessor’s Parcel Map with an assigned County Assessor’s Parcel number.

**“Assessor’s Parcel Map”** means an official map of the County Assessor designating Parcels by Assessor’s Parcel number.

**“Association Property”** means any property within Improvement Area No. 3 that is owned by a homeowners’ association or property owners’ association, excluding such property that is under the pad or footprint of a residential unit or building.

**“Authorized Facilities”** means the public facilities authorized to be financed, in whole or in part, by Special Taxes collected within the CFD, pursuant to the documents adopted by the City Council at CFD Formation.

**“Base Special Tax”** means, in Fiscal Year 2018-19, \$9,680 per Net Acre for any Parcel or portion of a Parcel developed or expected to be developed as Residential Property and \$4,000 per Net Acre for any Parcel or portion of a Parcel developed or expected to be developed as Non-Residential Property, which amounts shall increase on July 1, 2019 and each July 1 thereafter by two percent (2%) of the amount in effect in the prior Fiscal Year. The determination of Expected Land Use shall be made by the Administrator based on review of land use and development plans, and in coordination with the City Planning Department.

**“Bonds”** means bonds or other debt (as defined in the Act), whether in one or more series, which are secured by Special Tax revenues and were issued, insured or assumed by Improvement Area No. 3 to fund Authorized Facilities.

**“CFD” or “CFD No. 2018-1”** means the City of Lathrop Community Facilities District No. 2018-1 (Central Lathrop Specific Plan Facilities).

**“CFD Formation”** means the date on which the Resolution of Formation for CFD No. 2018-1 was adopted by the City Council.

**“City”** means the City of Lathrop.

**“City Council”** means the City Council of the City of Lathrop.

**“County”** means the County of San Joaquin.

**“Debt Service Reserve Funding Amount”** means an amount equal to 50% of the greatest interest payment due in any single bond year, as defined in the Indenture.

**“Developed Property”** means, in any Fiscal Year, all Parcels of Taxable Property for which a building permit for new construction (which shall not include a permit issued solely for construction of the foundation if another permit remains to be issued for vertical construction of the building) was issued prior to June 1 of the preceding Fiscal Year.

**“EDU”** means an equivalent dwelling unit, as used in Section C.3 to determine the relative relationship among SFD Lots.

**“EDU Factor”** means the equivalent dwelling unit factor assigned to SFD Lots in Section C.3 below.

**“Expected Land Use”** means the Land Use(s) and/or Public Property anticipated on a Parcel in Improvement Area No. 3. The Expected Land Uses at the time of CFD Formation are identified in Attachment 1 of this RMA, and such Expected Land Uses may be updated pursuant to Sections C and D below.

**“Final Map”** means a final map, or portion thereof, recorded by the County pursuant to the Subdivision Map Act (California Government Code Section 66410 et seq.) that creates SFD Lots. The term “Final Map” shall not include any Assessor’s Parcel Map or subdivision map, or portion thereof, that does not create SFD Lots, including Assessor’s Parcels that are designated as remainder parcels.

**“Fiscal Year”** means the period starting July 1 and ending on the following June 30.

**“Improvement Area No. 3”** means Improvement Area No. 3 of the City of Lathrop Community Facilities District No. 2018-1 (Central Lathrop Specific Plan Facilities).

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

**“Land Use”** means Residential Property or Non-Residential Property.

**“Land Use Change”** means a proposed or approved change to the Expected Land Use(s) on a Parcel of Taxable Property.

**“Large Lot Map”** means a subdivision map recorded at the County Recorder’s Office that subdivides all or a portion of the property in Improvement Area No. 3 into large Parcels, most of which will be subject to future subdivision.

**“Maximum Special Tax”** means the greatest amount of Special Tax that can be levied on a Parcel of Taxable Property in any Fiscal Year, as determined in accordance with Sections C and D below. The Maximum Special Tax based on Expected Land Uses for each Parcel in Improvement Area No. 3 at the time of CFD Formation is set forth in Attachment 1.

**“Multi-Family Property”** means, in any Fiscal Year, all Parcels of Developed Property for which a building permit was issued for construction of a residential structure with five or more Units that share a single Assessor’s Parcel number, are offered for rent to the general public, and cannot be purchased by individual homebuyers.

**“Net Acreage”** means the estimated acreage of Residential Property and Non-Residential Property on an Original Parcel after taking out expected Public Property, not including internal streets. The Net Acreage within each Original Parcel at the time of CFD Formation is shown in Attachment 1, and such Net Acreage shall be updated each time an Original Parcel subdivides or a Land Use Change is approved. **“Net Acre”** means one acre of the Net Acreage calculated for a Parcel.

**“Non-Residential Property”** means all Assessor’s Parcels of Developed Property that are not Taxable Public Property for which a building permit was issued for a use other than Residential Property. If a Parcel includes or is expected to include both Units and non-residential land uses, the Net Acreage to be taxed as Non-Residential Property shall be calculated by dividing the net leasable and net saleable square footage of non-residential uses on the Parcel (as determined by the Administrator) by the aggregate net leasable and net saleable square footage built or expected to be built on the Parcel (as determined by the Administrator), then multiplying the quotient by the Net Acreage of the underlying land Parcel for purposes of calculating the Maximum Special Tax and levying the Special Tax in any Fiscal Year.

**“Original Parcel”** means: (i) an Assessor’s Parcel included in Improvement Area No. 3 at the time of CFD Formation, (ii) an Assessor’s Parcel that annexes into Improvement Area No. 3 after CFD Formation, or (iii) a Successor Parcel that was created after subdivision of an Original Parcel and is being further subdivided.

**“Proportionately”** means, for Developed Property, that the ratio of the actual Special Tax levied in any Fiscal Year to the Maximum Special Tax authorized to be levied in that Fiscal Year is equal for all Assessor’s Parcels of Developed Property. For Undeveloped Property, **“Proportionately”** means that the ratio of the actual Special Tax levied to the Maximum Special Tax authorized to be levied is equal for all Assessor’s Parcels of Undeveloped Property.

**“Public Property”** means any property within the boundaries of Improvement Area No. 3 that is owned by or irrevocably offered for dedication to the federal government, State of California, County, City, or other local governments or public agencies. For purposes of this RMA, all Association Property shall also be categorized as Public Property.

**“Required Coverage”** means that the Total Maximum Special Tax Revenue must be at least 110% of the debt service on the Bonds in every bond year, as defined in the Indenture.



**“Required Revenue”** means, after one or more series of Bonds have been issued for Improvement Area No. 3, the Total Maximum Special Tax Revenue that must be available in order to maintain Required Coverage. Upon prepayment of all or a portion of the Maximum Special Tax obligation assigned to any Parcel in Improvement Area No. 3, the Required Revenue shall be reduced by the Special Tax that will no longer be levied on the Parcel for which a prepayment was received, as determined by the Administrator. For purposes of Section C below, Required Revenue shall be \$0.00 prior to issuance of the first series of Bonds for Improvement Area No. 3.

**“Residential Property”** means, collectively, Single Family Detached Property, Single Family Attached Property, and Multi-Family Property. If a Parcel includes or is expected to include both Units and non-residential land uses, the Net Acreage to be taxed as Residential Property shall be calculated by dividing the net leasable and net saleable square footage of residential uses on the Parcel (as determined by the Administrator) by the aggregate net leasable and net saleable square footage built or expected to be built on the Parcel (as determined by the Administrator), then multiplying the quotient by the Net Acreage of the underlying land Parcel for purposes of calculating the Maximum Special Tax and levying the Special Tax in any Fiscal Year.

**“RMA”** means this Rate and Method of Apportionment of Special Tax.

**“SFD Lot”** means an individual residential lot, identified and numbered on a recorded Final Map, on which a building permit has been or is permitted to be issued for construction of a single family detached unit without further subdivision of the lot and for which no further subdivision of the lot is anticipated pursuant to an approved tentative map.

**“Single Family Attached Property”** means, in any Fiscal Year, all Parcels of Developed Property for which a building permit or use permit was issued for construction of a residential structure consisting of two or more Units that share common walls, have separate Assessor’s Parcel numbers assigned to them (except for a duplex unit, which may share a Parcel with another duplex unit), and may be purchased by individual homebuyers (which shall still be the case even if the Units are purchased and subsequently offered for rent by the owner of the Unit), including such residential structures that meet the statutory definition of a condominium contained in Civil Code Section 1351.

**“Single Family Detached Property”** means, in any Fiscal Year, all Parcels of Developed Property for which a building permit was issued for construction of a Unit that does not share a common wall with another Unit.

**“Special Tax”** means a special tax levied in any Fiscal Year to pay the Special Tax Requirement.

**“Special Tax Requirement”** means the amount necessary in any Fiscal Year to: (i) pay principal and interest on Bonds that is due in the calendar year that begins in such Fiscal Year; (ii) create and/or replenish debt service reserve funds as required by the Indenture for the Bonds to the extent such replenishment has not been included in the computation of the Special Tax Requirement in a previous Fiscal Year; (iii) cure any delinquencies in the payment of principal

or interest on Bonds which have occurred in the prior Fiscal Year; (iv) pay Administrative Expenses, subject to the Administrative Expense Cap if applicable for the Fiscal Year; (v) create and/or replenish reserve funds for Administrative Expenses; and (vi) pay for extraordinary administrative expense reserve reimbursement, as described in the Indenture. The amounts referred to in clauses (i) and (ii) of the preceding sentence may be reduced in any Fiscal Year by: (i) interest earnings on or surplus balances in funds and accounts for the Bonds to the extent that such earnings or balances are available to apply against debt service pursuant to the Indenture; (ii) proceeds received from the collection of penalties associated with delinquent Special Taxes; and (iii) any other revenues available to reduce the Special Tax Requirement as determined by the Administrator.

**“Successor Parcel”** means a Parcel of Taxable Property created from subdivision or reconfiguration of an Original Parcel.

**“Taxable Property”** means all Parcels within the boundaries of Improvement Area No. 3 that (i) are not exempt from the Special Tax pursuant to law or Section G below, and (ii) which upon subdivision of an Original Parcel, are assigned Expected Land Uses and are not expected to be Public Property.

**“Taxable Public Property”** means, in any Fiscal Year, any Parcel of Public Property within Improvement Area No. 3 that had been assigned a Maximum Special Tax obligation based on Expected Land Uses being assigned to the Parcel. Notwithstanding the foregoing, if (i) a prepayment is received in an amount sufficient to pay off the full Maximum Special Tax obligation assigned to the Parcel, or (ii) the City determines that, in the Fiscal Year in which the Parcel would first be categorized as Taxable Public Property, an equal amount of Acreage within the CFD that had been Public Property became Taxable Property, then the Parcel of Public Property can be deemed exempt from the Special Tax if the Administrator determines that the Total Maximum Special Tax Revenue after granting such exemption is greater than or equal to the Required Revenue.

**“Total Maximum Special Tax Revenue”** means the aggregate amount of revenue that can be generated in any Fiscal Year by levying the Maximum Special Tax on all Parcels of Taxable Property within Improvement Area No. 3.

**“Undeveloped Property”** means, in any Fiscal Year, all Parcels of Taxable Property that are not Developed Property.

**“Unit”** means a single family detached unit or an individual unit within a duplex, triplex, halfplex, fourplex, condominium, townhome, live/work, or apartment structure. An Accessory Unit that shares a Parcel with a single-family detached unit shall not be considered a separate Unit for purposes of this RMA.

**B. DATA FOR ADMINISTRATION OF SPECIAL TAX**

On or about July 1 of each Fiscal Year, the Administrator shall identify (i) the current Assessor's Parcel numbers for all Parcels of Developed Property and Undeveloped Property within Improvement Area No. 3, (ii) the number of Units expected within each building on each Parcel of Single Family Attached Property, (iii) the square footage of all SFD Lots that were created in the prior Fiscal Year, (iv) whether the Administrative Expense Reimbursement Amount and the Debt Service Reserve Funding Amount have been fully funded by special tax revenues from prior fiscal years, and (v) the Special Tax Requirement for the Fiscal Year. In addition, on an ongoing basis, the Administrator shall monitor Land Use Changes and the subdivision of Parcels in Improvement Area No. 3 and (i) allocate the Maximum Special Tax assigned to the Original Parcel(s) to the Successor Parcels created by the subdivision pursuant to Section C below, and (ii) ensure that such Land Use Changes do not result in Total Maximum Special Tax Revenue that is less than the Required Revenue. After the recordation of each Large Lot Map within Improvement Area No. 3, the Administrator shall also review and revise, as needed, the Expected Land Uses, Net Acreage, and Maximum Special Taxes for each Successor Parcel created by recordation of the Large Lot Map, and update Attachment 1 accordingly, as set forth in Section C below.

In any Fiscal Year, if it is determined that: (i) a parcel map for property in Improvement Area No. 3 was recorded after January 1 of the prior Fiscal Year (or any other date after which the Assessor will not incorporate the newly-created parcels into the then current tax roll), (ii) because of the date the parcel map was recorded, the Assessor does not yet recognize the new parcels created by the parcel map, and (iii) a building permit was issued prior to June 1 of the prior Fiscal Year for development on one or more of the newly-created parcels, the Administrator shall calculate the Special Tax for each Land Use within the subdivided area and levy such Special Tax on the Original Parcel that was subdivided by recordation of the parcel map.

**C. MAXIMUM SPECIAL TAX**

**1. Original Parcels in Improvement Area No. 3 at CFD Formation**

Attachment 1 to this RMA identifies the Maximum Special Tax assigned to each Original Parcel in Improvement Area No. 3 for Fiscal Year 2018-19 based on the Expected Land Use(s) for each Parcel as of CFD Formation. After recordation of each Large Lot Map for property in Improvement Area No. 3, the Administrator shall review current maps and land use plans for the property within the Large Lot Map and, in consultation with the City Planning Department, reevaluate the Expected Land Uses for each of the Successor Parcels created by recordation of the Large Lot Map. Attachment 1 shall be updated to reflect the Assessor's Parcel numbers, Expected Land Uses, Net Acreage, and corresponding Maximum Special Tax assigned to each Parcel after applying the Base Special Tax to each Land Use on each Successor Parcel. If, based on changes to the Expected Land Uses within the Large Lot Map area, the Total Maximum Special Tax Revenue that could be generated in Improvement Area No. 3 is less than the Required Revenue, the Maximum Special Tax on each Successor Parcel created by the Large Lot

Map shall be increased proportionately until the Total Maximum Special Tax Revenue is equal to the Required Revenue. If there is an increase in the Total Maximum Special Tax Revenue based on Expected Land Uses within the Large Lot Map, the Administrator shall reflect such increased Total Maximum Special Tax Revenue in the updated Attachment 1.

If, before or after the comprehensive review after recordation of a Large Lot Map, there are any other Land Use Changes proposed for any Parcel prior to final subdivision of the Parcel, the Administrator shall determine the Maximum Special Tax that would be assigned to the Parcel if the Base Special Tax was applied to the Net Acreage of Residential Property and/or Non-Residential Property on the Parcel after the proposed Land Use Change. If, based on this Maximum Special Tax calculation, the Total Maximum Special Tax Revenue would be less than the Required Revenue, the Maximum Special Tax for such Parcel shall be increased proportionately until the Total Maximum Special Tax Revenue is equal to the Required Revenue. If there is an increase in the Total Maximum Special Tax Revenue after the Land Use Change, the Administrator shall reflect such increased Total Maximum Special Tax Revenue in an updated Attachment 1.

## **2. Successor Parcels that are not SFD Lots**

The Maximum Special Tax for each Original Parcel for Fiscal Year 2018-19 is identified in Attachment 1, which may be updated as set forth above. After such update, if an Original Parcel is subdivided or reconfigured and none of the Successor Parcels are SFD Lots, the Administrator shall assign the Maximum Special Tax to the Successor Parcels by applying the following steps:

- Step 1:** Based on reference to Land Use plans and, if needed, coordination with the City Planning Department, determine the Net Acreage of each Land Use on each Successor Parcel created from subdivision or reconfiguration of the Original Parcel.
- Step 2:** For each Successor Parcel, multiply the Base Special Tax for each Land Use by the Net Acreage of each Land Use determined in Step 1, and calculate the aggregate Maximum Special Tax that could be generated from the Successor Parcels created from subdivision of the Original Parcel.
- Step 3:** If the aggregate Maximum Special Tax for all Successor Parcels is greater than or equal to the Maximum Special Tax that had been assigned to the Original Parcel before it was subdivided, the Maximum Special Tax for each Successor Parcel shall be the amount determined in Step 2, and the Administrator shall recalculate the Total Maximum Special Tax Revenue to include the increased Maximum Special Tax. If the aggregate Maximum Special Tax for all Successor Parcels is less than the Maximum Special Tax assigned to the Original Parcel, and such reduction would reduce the Total Maximum Special Tax Revenue to an amount less than the Required Revenue, then the Administrator shall increase the amount calculated for each Successor Parcel in Step 2 proportionately until the Total Maximum Special Tax Revenue after the subdivision is equal to the Required Revenue.

**Step 4:** If all or a portion of the Original Parcel was subdivided to create individual Parcels (which may be Airspace Parcels) for Units on Single Family Attached Property, divide the Maximum Special Tax assigned to the Original Parcel (or portion thereof), as may be adjusted pursuant to Step 3 above, by the total number of Units that will be built on the Original Parcel (or portion thereof) to calculate the Maximum Special Tax that will be assigned to each Parcel.

Upon each application of this Section C.2, there shall be no reduction in the Required Revenue unless there has been a prepayment for one or more Parcels within Improvement Area No. 3.

**3. Successor Parcels of which All or Some are SFD Lots**

Upon subdivision of an Original Parcel into Successor Parcels, of which all or some are SFD Lots, the Administrator shall apply the following steps to determine the Maximum Special Tax for each Parcel:

**Step 1:** Determine the Net Acreage and Expected Land Use for each Successor Parcel created from subdivision of the Original Parcel. Apply the steps set forth in Section C.2 above to allocate the Maximum Special Tax from the Original Parcel to each Successor Parcel.

**Step 2:** Apply one of the following EDU Factors to each SFD Lot based on the square footage of each lot, and calculate the aggregate EDUs from all SFD Lots created by subdivision of the Original Parcel:

<u>Lot Size</u>	<u>EDU Factor</u>
Greater than 8,000 square feet	1.25
6,501-8,000 square feet	1.14
5,001-6,500 square feet	1.00
3,501-5,000 square feet	0.87
2,800-3,500 square feet	0.81
Less than 2,800 square feet	0.73

**Step 3:** *For SFD Lots*, sum the Maximum Special Tax assigned in Step 1 to all Successor Parcels that are SFD Lots, and divide this amount by the total EDUs determined in Step 2 to calculate a Maximum Special Tax per EDU. Multiply the Maximum Special Tax per EDU by the EDU Factor for each SFD Lot to determine the Maximum Special Tax for each Successor Parcel that is a SFD Lot. This Maximum Special Tax shall be the Maximum Special Tax for the Parcel when it is Undeveloped Property and when it becomes Developed Property.

*For Successor Parcels that are not SFD Lots*, the Maximum Special Tax shall be the amount determined for each Parcel pursuant to Step 1 above.

At no time shall the distribution of the Maximum Special Tax upon subdivision or reconfiguration of a Parcel result in Total Maximum Special Tax Revenue that is lower than the Required Revenue. If an Original Parcel is subdivided, and the Successor Parcels include a combination of Land Uses, the Administrator shall delineate the Maximum Special Tax to the Taxable Property created by the subdivision based on the best information available at the time, and based on application of Sections C.2 and C.3 of this RMA.

#### **4. Parcels of Taxable Public Property**

The Maximum Special Tax for a Parcel of Taxable Public Property shall be equal to the Maximum Special Tax that applied prior to the Parcel becoming Public Property.

#### **5. Annexations**

If, in any Fiscal Year, a Parcel or Parcels annex into Improvement Area No. 3, the Administrator shall, in coordination with the City Planning Department, identify the Expected Land Uses for the Parcel(s). The Administrator shall then (i) apply the Base Special Tax to each Land Use to calculate the Maximum Special Tax for the Parcel, (ii) add the Maximum Special Tax for the Parcel to the Total Maximum Special Tax Revenue, and (iii) levy the Special Tax on the Parcel(s) pursuant to this RMA in the next Fiscal Year and all future Fiscal Years unless a prepayment is received to fully release the Parcel(s) from the Special Tax obligation.

### **D. ADJUSTMENTS TO THE MAXIMUM SPECIAL TAX**

#### **1. Escalation of Maximum Special Tax**

Beginning July 1, 2019 and each July 1 thereafter, the Maximum Special Tax for each Parcel in Improvement Area No. 3 shall be increased by two percent (2%) of the amount in effect in the prior Fiscal Year.

#### **2. Conversion of a Parcel of Public Property to Private Use**

If, in any Fiscal Year, a Parcel of Public Property is converted to private use, which shall include a lease to a private entity allowing the property to be taxed pursuant to Section 53340.1 of the Act, such Parcel shall be subject to the levy of the Special Tax. The Maximum Special Tax for each such Parcel shall be determined based on applying the Base Special Tax to the Net Acreage of each Expected Land Use on the Parcel.

### **E. METHOD OF LEVY OF THE SPECIAL TAX**

1. Each Fiscal Year prior to the time at which the Administrative Expense Reimbursement Amount has been repaid pursuant to the terms of the Indenture and the Debt Service Reserve Funding Amount has been fully funded pursuant to the terms of the Indenture,

the Administrator shall levy the Maximum Special Tax on all Parcels of Taxable Property.

2. Each Fiscal Year beginning with the Fiscal Year in which the Administrative Expense Reimbursement Amount has been repaid pursuant to the terms of the Indenture and the Debt Service Reserve Funding Amount has been fully funded pursuant to the terms of the Indenture, the Administrator shall determine the Special Tax Requirement and levy the Special Tax on all Parcels of Taxable Property as follows:

**Step 1:** The Special Tax shall be levied Proportionately on each Parcel of Developed Property, other than Taxable Public Property, up to 100% of the Maximum Special Tax for each Parcel until the amount levied on Developed Property is equal to the Special Tax Requirement.

**Step 2:** If additional revenue is needed after Step 1 to pay the Special Tax Requirement, the Special Tax shall be levied Proportionately on each Parcel of Undeveloped Property up to 100% of the Maximum Special Tax for each Parcel until the amount levied on Developed Property and Undeveloped Property is equal to the Special Tax Requirement.

**Step 3:** If additional revenue is needed after Step 2 to pay the Special Tax Requirement, the Special Tax shall be levied Proportionately on each Parcel of Taxable Public Property, up to 100% of the Maximum Special Tax for each Parcel.

#### **F. MANNER OF COLLECTION OF SPECIAL TAX**

The Special Tax shall be collected in the same manner and at the same time as ordinary ad valorem property taxes, provided, however, that the City may directly bill, collect at a different time or in a different manner, and/or collect delinquent Special Taxes through foreclosure or other available methods.

The Special Tax shall be levied and collected until principal and interest on the Bonds have been repaid, costs of constructing or acquiring Authorized Facilities from Special Tax proceeds have been paid, and all Administrative Expenses have been paid or reimbursed. However, in no event shall a Special Tax be levied after Fiscal Year 2060-61, except that a Special Tax that was lawfully levied in or before the Fiscal Year 2060-61 and remains delinquent may be collected in subsequent Fiscal Years. Under no circumstances may the Special Tax on a Parcel in residential use be increased in any Fiscal Year as a consequence of delinquency or default in payment of the Special Tax levied on another Parcel or Parcels by more than ten percent (10%) above the amount that would have been levied in that Fiscal Year had there never been any such delinquencies or defaults.

## **G. EXEMPTIONS**

Notwithstanding any other provision of this RMA, no Special Tax shall be levied on the following: (i) Public Property, except Taxable Public Property, (ii) Parcels that are designated as permanent open space or common space on which no structure is permitted to be constructed, (iii) Parcels owned by a public utility for an unmanned facility, or (iv) Parcels subject to an easement that precludes any use on the Parcel other than that permitted by the easement. In addition, no Special Tax shall be levied on any Parcel that has fully prepaid the Special Tax obligation assigned to the Parcel, as determined pursuant to the formula set forth in Section H below. Notwithstanding the foregoing, if a Special Tax has been levied on a Parcel in any Fiscal Year, and the Parcel subsequently meets the criteria for any of the exempted categories above, the Parcel shall remain subject to the Special Tax levy unless and until a prepayment is made to release the Parcel from its Special Tax obligation or, in the case of Public Property, the City determines that the parcel can be exempted from the Special Tax after making the determinations listed in the definition of Taxable Public Property above.

If, in any Fiscal Year, a Parcel of Public Property is converted to private use, such Parcel shall be subject to the levy of Special Taxes pursuant to Section D.2 above.

## **H. PREPAYMENT OF SPECIAL TAX**

The following definitions apply to this Section H:

**“Outstanding Bonds”** means all Previously Issued Bonds which remain outstanding, with the following exception: if a Special Tax has been levied against, or already paid by, an Assessor’s Parcel making a prepayment, and a portion of the Special Tax will be used to pay a portion of the next principal payment on the Bonds that remain outstanding (as determined by the Administrator), that next principal payment shall be subtracted from the total Bond principal that remains outstanding, and the difference shall be used as the amount of Outstanding Bonds for purposes of this prepayment formula.

**“Previously Issued Bonds”** means all Bonds that have been issued prior to the date of prepayment.

### **1. Full Prepayment**

The Special Tax obligation applicable to a Parcel in Improvement Area No. 3 may be fully prepaid and the obligation of the Parcel to pay the Special Tax permanently satisfied as described herein, provided that a prepayment may be made only if there are no delinquent Special Taxes with respect to such Parcel at the time of prepayment. An owner of a Parcel intending to prepay the Special Tax obligation shall provide the City with written notice of intent to prepay. Within 30 days of receipt of such written notice, the City or its designee shall notify such owner of the prepayment amount for such Parcel. Prepayments must be made not less than 50 days prior to any redemption date for the Bonds to be redeemed with the proceeds of such prepaid Special Taxes.



The Prepayment Amount shall be calculated as follows (capitalized terms as defined below):

Bond Redemption Amount  
plus Redemption Premium  
plus Defeasance Requirement  
plus Administrative Fees and Expenses  
less Reserve Fund Credit  
equals Prepayment Amount

As of the proposed date of prepayment, the Prepayment Amount shall be determined by application of the following steps:

- Step 1:** Determine the total Maximum Special Tax that could be collected from the Parcel prepaying the Special Tax in the Fiscal Year in which prepayment would be received by the City.
- Step 2:** Divide the Maximum Special Tax computed pursuant to Step 1 by the Total Maximum Special Tax Revenue for the Fiscal Year in which prepayment would be received by the City.
- Step 3:** Multiply the quotient computed pursuant to Step 2 by the Outstanding Bonds to compute the amount of Outstanding Bonds to be retired and prepaid (*the "Bond Redemption Amount"*).
- Step 4:** Multiply the Bond Redemption Amount computed pursuant to Step 3 by the applicable redemption premium, if any, on the Outstanding Bonds to be redeemed (*the "Redemption Premium"*).
- Step 5:** Compute the amount needed to pay interest on the Bond Redemption Amount starting with the last Outstanding Bond interest payment date on which interest has been or will be paid by Special Taxes already levied until the earliest redemption date for the Outstanding Bonds.
- Step 6:** Compute the amount of interest the City reasonably expects to derive from reinvestment of the Bond Redemption Amount plus the Redemption Premium from the first Outstanding Bond interest payment date after which the prepayment has been received until the redemption date for the Outstanding Bonds.
- Step 7:** Take the amount computed pursuant to Step 5 and subtract the amount computed pursuant to Step 6 (*the "Defeasance Requirement"*).
- Step 8:** Determine the costs of computing the prepayment amount, redeeming Outstanding Bonds, and recording any notices to evidence the prepayment and redemption (*the "Administrative Fees and Expenses"*).

- Step 9:** If and to the extent so provided in the Indenture, a reserve fund credit shall be calculated as a reduction in the applicable reserve fund for the Outstanding Bonds to be redeemed pursuant to the prepayment (the “*Reserve Fund Credit*”).
- Step 10:** The Special Tax prepayment is equal to the sum of the amounts computed pursuant to Steps 3, 4, 7, and 8, less the amount computed pursuant to Step 9 (the “*Prepayment Amount*”).

Once a full prepayment of a Parcel’s Special Tax obligation has been received, a Notice of Cancellation of Special Tax Lien shall be recorded against the Parcel to reflect the discharge of the Parcel’s obligation to pay the Special Tax. However, a Notice of Cancellation of Special Tax Lien shall not be recorded until all Special Taxes levied on the Parcel in the current or prior Fiscal Years have been collected.

**2. Partial Prepayment**

A partial prepayment may be made in an amount equal to any percentage of full prepayment desired by the party making a partial prepayment, except that the full amount of Administrative Fees and Expenses determined in Step 8 shall be included in the partial prepayment. The Maximum Special Tax that can be levied on a Parcel after a partial prepayment is made shall be determined as follows:

- Step 1.** Calculate the full prepayment (not including the amount collected for Administrative Fees and Expenses) that would be due from the Parcel if the entire Special Tax obligation were being prepaid pursuant to Section H.1 above.
- Step 2.** Divide the partial prepayment amount for the Parcel (not including the amount collected for Administrative Fees and Expenses) by the amount computed in Step 1 to determine a percentage.
- Step 3.** Subtract the percentage computed in Step 2 from 100% to determine the “Remaining Percentage”.
- Step 4.** Multiply the Remaining Percentage from Step 3 by the Maximum Special Tax for the Parcel to determine the new Maximum Special Tax that will be in effect for the Parcel after the partial prepayment is applied.

**I. INTERPRETATION OF SPECIAL TAX FORMULA**

The City may, by resolution or ordinance, interpret, clarify, and/or revise this RMA to correct any inconsistency, vagueness, or ambiguity as it relates to the Special Tax, method of apportionment, classification of properties, or any definition applicable to the CFD, as long as

such correction does not materially affect the levy and collection of Special Taxes and any security for the Bonds. The City, upon the request of an owner of land within the CFD which is not Developed Property, may also amend this RMA in any manner acceptable to the City, by resolution or ordinance following a public hearing, upon the affirmative vote of such owner to such amendment and without the vote of owners of any other land within the CFD, provided such amendment only affects such owner's land and does not reduce the Total Maximum Special Tax Revenue that can be collected from the Parcel.

**Attachment 1**  
**Improvement Area #3 of the**  
**City of Lathrop CFD No. 2018-1**  
**Expected Land Uses and Maximum Annual Special Tax per Parcel**  
**(Fiscal Year 2018-19)**

<b>APN</b>	<b>Net Acreage</b>	<b>Expected Land Use</b>	<b>Base Special Tax /1</b>	<b>Total Maximum Annual Special Tax Revenue /1</b>
191-200-26	12.2	Residential	\$9,680	\$118,096
191-210-18	16.8	Residential	\$9,680	\$162,624
191-210-19	18.0	Residential	\$9,680	\$174,240
191-210-21	22.5	Residential	\$9,680	\$217,800
191-210-22	20.9	Residential	\$9,680	\$202,312
191-210-23	19.5	Residential	\$9,680	\$188,760
191-210-20	5.1	Public (Park)	\$0	\$0
<b>Total Maximum Annual Special Tax Revenue /1</b>				<b>\$1,063,832</b>

/1 Beginning July 1, 2019, and each July 1 thereafter, the Base Special Tax, Maximum Annual Special Tax, and Total Maximum Annual Special Tax Revenue shall increase by 2% of the amount in effect in the prior Fiscal Year.

*Goodwin Consulting Group, Inc.*

6/20/2018

EXHIBIT D

**RATE AND METHOD OF  
APPORTIONMENT**

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**CITY OF LATHROP  
COMMUNITY FACILITIES DISTRICT NO. 2018-1  
(CENTRAL LATHROP SPECIFIC PLAN FACILITIES)  
IMPROVEMENT AREA NO. 4**

**IMPROVEMENT AREA NO. 4 OF THE  
CITY OF LATHROP  
COMMUNITY FACILITIES DISTRICT NO. 2018-1  
(CENTRAL LATHROP SPECIFIC PLAN FACILITIES)**

**RATE AND METHOD OF APPORTIONMENT OF SPECIAL TAX**

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A Special Tax applicable to each Assessor's Parcel in Improvement Area No. 4 of the City of Lathrop Community Facilities District No. 2018-1 (Central Lathrop Specific Plan Facilities) shall be levied and collected according to the tax liability determined by the City or its designee through the application of the appropriate amount or rate for Taxable Property, as described below. All of the property in Improvement Area No. 4, unless exempted by law or by the provisions of Section G below, shall be taxed for the purposes, to the extent, and in the manner herein provided, including property subsequently annexed to Improvement Area No. 4 unless a separate Rate and Method of Apportionment of Special Tax is adopted for the annexation area.

**A. DEFINITIONS**

The terms hereinafter set forth have the following meanings:

**"Accessory Unit"** means a second residential unit of limited size (e.g., granny cottage, second unit) that shares a Parcel with a single-family detached unit.

**"Acre" or "Acreage"** means the land area of an Assessor's Parcel as shown on an Assessor's Parcel Map, or if the land area is not shown on an Assessor's Parcel Map, the land area shown on the applicable Final Map or other parcel map recorded at the County Recorder's Office.

**"Act"** means the Mello-Roos Community Facilities Act of 1982, as amended, being Chapter 2.5, (commencing with Section 53311), Division 2 of Title 5 of the California Government Code.

**"Administrative Expenses"** means any or all of the following: the fees and expenses of any fiscal agent or trustee (including any fees or expenses of its counsel) employed in connection with any Bonds, and the expenses of the City in carrying out its duties with respect to Improvement Area No. 4 and the Bonds related thereto, including, but not limited to, the levy and collection of the Special Tax, the fees and expenses of its counsel, charges levied by the County in connection with the levy and collection of the Special Tax, costs related to property owner inquiries regarding the Special Tax, amounts needed to pay rebate to the federal government with respect to the Bonds, costs associated with complying with continuing disclosure requirements with respect to the Bonds and the Special Tax, and all other costs and expenses of the City and County in any way related to administration of the CFD including costs related to any dispute, litigation, settlement, or defense of any matter related to the CFD.



**“County”** means the County of San Joaquin.

**“Debt Service Reserve Funding Amount”** means an amount equal to 50% of the greatest interest payment due in any single bond year, as defined in the Indenture.

**“Developed Property”** means, in any Fiscal Year, all Parcels of Taxable Property for which a building permit for new construction (which shall not include a permit issued solely for construction of the foundation if another permit remains to be issued for vertical construction of the building) was issued prior to June 1 of the preceding Fiscal Year.

**“EDU”** means an equivalent dwelling unit, as used in Section C.3 to determine the relative relationship among SFD Lots.

**“EDU Factor”** means the equivalent dwelling unit factor assigned to SFD Lots in Section C.3 below.

**“Expected Land Use”** means the Land Use(s) and/or Public Property anticipated on a Parcel in Improvement Area No. 4. The Expected Land Uses at the time of CFD Formation are identified in Attachment 1 of this RMA, and such Expected Land Uses may be updated pursuant to Sections C and D below.

**“Final Map”** means a final map, or portion thereof, recorded by the County pursuant to the Subdivision Map Act (California Government Code Section 66410 et seq.) that creates SFD Lots. The term “Final Map” shall not include any Assessor’s Parcel Map or subdivision map, or portion thereof, that does not create SFD Lots, including Assessor’s Parcels that are designated as remainder parcels.

**“Fiscal Year”** means the period starting July 1 and ending on the following June 30.

**“Improvement Area No. 4”** means Improvement Area No. 4 of the City of Lathrop Community Facilities District No. 2018-1 (Central Lathrop Specific Plan Facilities).

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

**“Land Use”** means Residential Property or Non-Residential Property.

**“Land Use Change”** means a proposed or approved change to the Expected Land Use(s) on a Parcel of Taxable Property.

**“Large Lot Map”** means a subdivision map recorded at the County Recorder’s Office that subdivides all or a portion of the property in Improvement Area No. 4 into large Parcels, most of which will be subject to future subdivision.



**“Maximum Special Tax”** means the greatest amount of Special Tax that can be levied on a Parcel of Taxable Property in any Fiscal Year, as determined in accordance with Sections C and D below. The Maximum Special Tax based on Expected Land Uses for each Parcel in Improvement Area No. 4 at the time of CFD Formation is set forth in Attachment 1.

**“Multi-Family Property”** means, in any Fiscal Year, all Parcels of Developed Property for which a building permit was issued for construction of a residential structure with five or more Units that share a single Assessor’s Parcel number, are offered for rent to the general public, and cannot be purchased by individual homebuyers.

**“Net Acreage”** means the estimated acreage of Residential Property and Non-Residential Property on an Original Parcel after taking out expected Public Property, not including internal streets. The Net Acreage within each Original Parcel at the time of CFD Formation is shown in Attachment 1, and such Net Acreage shall be updated each time an Original Parcel subdivides or a Land Use Change is approved. **“Net Acre”** means one acre of the Net Acreage calculated for a Parcel.

**“Non-Residential Property”** means all Assessor’s Parcels of Developed Property that are not Taxable Public Property for which a building permit was issued for a use other than Residential Property. If a Parcel includes or is expected to include both Units and non-residential land uses, the Net Acreage to be taxed as Non-Residential Property shall be calculated by dividing the net leasable and net saleable square footage of non-residential uses on the Parcel (as determined by the Administrator) by the aggregate net leasable and net saleable square footage built or expected to be built on the Parcel (as determined by the Administrator), then multiplying the quotient by the Net Acreage of the underlying land Parcel for purposes of calculating the Maximum Special Tax and levying the Special Tax in any Fiscal Year.

**“Original Parcel”** means: (i) an Assessor’s Parcel included in Improvement Area No. 4 at the time of CFD Formation, (ii) an Assessor’s Parcel that annexes into Improvement Area No. 4 after CFD Formation, or (iii) a Successor Parcel that was created after subdivision of an Original Parcel and is being further subdivided.

**“Proportionately”** means, for Developed Property, that the ratio of the actual Special Tax levied in any Fiscal Year to the Maximum Special Tax authorized to be levied in that Fiscal Year is equal for all Assessor’s Parcels of Developed Property. For Undeveloped Property, **“Proportionately”** means that the ratio of the actual Special Tax levied to the Maximum Special Tax authorized to be levied is equal for all Assessor’s Parcels of Undeveloped Property.

**“Public Property”** means any property within the boundaries of Improvement Area No. 4 that is owned by or irrevocably offered for dedication to the federal government, State of California, County, City, or other local governments or public agencies. For purposes of this RMA, all Association Property shall also be categorized as Public Property.

**“Required Coverage”** means that the Total Maximum Special Tax Revenue must be at least 110% of the debt service on the Bonds in every bond year, as defined in the Indenture.

**“Required Revenue”** means, after one or more series of Bonds have been issued for Improvement Area No. 4, the Total Maximum Special Tax Revenue that must be available in order to maintain Required Coverage. Upon prepayment of all or a portion of the Maximum Special Tax obligation assigned to any Parcel in Improvement Area No. 4, the Required Revenue shall be reduced by the Special Tax that will no longer be levied on the Parcel for which a prepayment was received, as determined by the Administrator. For purposes of Section C below, Required Revenue shall be \$0.00 prior to issuance of the first series of Bonds for Improvement Area No. 4.

**“Residential Property”** means, collectively, Single Family Detached Property, Single Family Attached Property, and Multi-Family Property. If a Parcel includes or is expected to include both Units and non-residential land uses, the Net Acreage to be taxed as Residential Property shall be calculated by dividing the net leasable and net saleable square footage of residential uses on the Parcel (as determined by the Administrator) by the aggregate net leasable and net saleable square footage built or expected to be built on the Parcel (as determined by the Administrator), then multiplying the quotient by the Net Acreage of the underlying land Parcel for purposes of calculating the Maximum Special Tax and levying the Special Tax in any Fiscal Year.

**“RMA”** means this Rate and Method of Apportionment of Special Tax.

**“SFD Lot”** means an individual residential lot, identified and numbered on a recorded Final Map, on which a building permit has been or is permitted to be issued for construction of a single family detached unit without further subdivision of the lot and for which no further subdivision of the lot is anticipated pursuant to an approved tentative map.

**“Single Family Attached Property”** means, in any Fiscal Year, all Parcels of Developed Property for which a building permit or use permit was issued for construction of a residential structure consisting of two or more Units that share common walls, have separate Assessor’s Parcel numbers assigned to them (except for a duplex unit, which may share a Parcel with another duplex unit), and may be purchased by individual homebuyers (which shall still be the case even if the Units are purchased and subsequently offered for rent by the owner of the Unit), including such residential structures that meet the statutory definition of a condominium contained in Civil Code Section 1351.

**“Single Family Detached Property”** means, in any Fiscal Year, all Parcels of Developed Property for which a building permit was issued for construction of a Unit that does not share a common wall with another Unit.

**“Special Tax”** means a special tax levied in any Fiscal Year to pay the Special Tax Requirement.

**“Special Tax Requirement”** means the amount necessary in any Fiscal Year to: (i) pay principal and interest on Bonds that is due in the calendar year that begins in such Fiscal Year; (ii) create and/or replenish debt service reserve funds as required by the Indenture for the Bonds to the extent such replenishment has not been included in the computation of the Special Tax Requirement in a previous Fiscal Year; (iii) cure any delinquencies in the payment of principal

or interest on Bonds which have occurred in the prior Fiscal Year; (iv) pay Administrative Expenses, subject to the Administrative Expense Cap if applicable for the Fiscal Year; (v) create and/or replenish reserve funds for Administrative Expenses; and (vi) pay for extraordinary administrative expense reserve reimbursement, as described in the Indenture. The amounts referred to in clauses (i) and (ii) of the preceding sentence may be reduced in any Fiscal Year by: (i) interest earnings on or surplus balances in funds and accounts for the Bonds to the extent that such earnings or balances are available to apply against debt service pursuant to the Indenture; (ii) proceeds received from the collection of penalties associated with delinquent Special Taxes; and (iii) any other revenues available to reduce the Special Tax Requirement as determined by the Administrator.

**“Successor Parcel”** means a Parcel of Taxable Property created from subdivision or reconfiguration of an Original Parcel.

**“Taxable Property”** means all Parcels within the boundaries of Improvement Area No. 4 that (i) are not exempt from the Special Tax pursuant to law or Section G below, and (ii) which upon subdivision of an Original Parcel, are assigned Expected Land Uses and are not expected to be Public Property.

**“Taxable Public Property”** means, in any Fiscal Year, any Parcel of Public Property within Improvement Area No. 4 that had been assigned a Maximum Special Tax obligation based on Expected Land Uses being assigned to the Parcel. Notwithstanding the foregoing, if (i) a prepayment is received in an amount sufficient to pay off the full Maximum Special Tax obligation assigned to the Parcel, or (ii) the City determines that, in the Fiscal Year in which the Parcel would first be categorized as Taxable Public Property, an equal amount of Acreage within the CFD that had been Public Property became Taxable Property, then the Parcel of Public Property can be deemed exempt from the Special Tax if the Administrator determines that the Total Maximum Special Tax Revenue after granting such exemption is greater than or equal to the Required Revenue.

**“Total Maximum Special Tax Revenue”** means the aggregate amount of revenue that can be generated in any Fiscal Year by levying the Maximum Special Tax on all Parcels of Taxable Property within Improvement Area No. 4.

**“Undeveloped Property”** means, in any Fiscal Year, all Parcels of Taxable Property that are not Developed Property.

**“Unit”** means a single family detached unit or an individual unit within a duplex, triplex, halfplex, fourplex, condominium, townhome, live/work, or apartment structure. An Accessory Unit that shares a Parcel with a single-family detached unit shall not be considered a separate Unit for purposes of this RMA.

**B. DATA FOR ADMINISTRATION OF SPECIAL TAX**

On or about July 1 of each Fiscal Year, the Administrator shall identify (i) the current Assessor's Parcel numbers for all Parcels of Developed Property and Undeveloped Property within Improvement Area No. 4, (ii) the number of Units expected within each building on each Parcel of Single Family Attached Property, (iii) the square footage of all SFD Lots that were created in the prior Fiscal Year, (iv) whether the Administrative Expense Reimbursement Amount and the Debt Service Reserve Funding Amount have been fully funded by special tax revenues from prior fiscal years, and (v) the Special Tax Requirement for the Fiscal Year. In addition, on an ongoing basis, the Administrator shall monitor Land Use Changes and the subdivision of Parcels in Improvement Area No. 4 and (i) allocate the Maximum Special Tax assigned to the Original Parcel(s) to the Successor Parcels created by the subdivision pursuant to Section C below, and (ii) ensure that such Land Use Changes do not result in Total Maximum Special Tax Revenue that is less than the Required Revenue. After the recordation of each Large Lot Map within Improvement Area No. 4, the Administrator shall also review and revise, as needed, the Expected Land Uses, Net Acreage, and Maximum Special Taxes for each Successor Parcel created by recordation of the Large Lot Map, and update Attachment 1 accordingly, as set forth in Section C below.

In any Fiscal Year, if it is determined that: (i) a parcel map for property in Improvement Area No. 4 was recorded after January 1 of the prior Fiscal Year (or any other date after which the Assessor will not incorporate the newly-created parcels into the then current tax roll), (ii) because of the date the parcel map was recorded, the Assessor does not yet recognize the new parcels created by the parcel map, and (iii) a building permit was issued prior to June 1 of the prior Fiscal Year for development on one or more of the newly-created parcels, the Administrator shall calculate the Special Tax for each Land Use within the subdivided area and levy such Special Tax on the Original Parcel that was subdivided by recordation of the parcel map.

**C. MAXIMUM SPECIAL TAX**

**1. Original Parcels in Improvement Area No. 4 at CFD Formation**

Attachment 1 to this RMA identifies the Maximum Special Tax assigned to each Original Parcel in Improvement Area No. 4 for Fiscal Year 2018-19 based on the Expected Land Use(s) for each Parcel as of CFD Formation. After recordation of each Large Lot Map for property in Improvement Area No. 4, the Administrator shall review current maps and land use plans for the property within the Large Lot Map and, in consultation with the City Planning Department, reevaluate the Expected Land Uses for each of the Successor Parcels created by recordation of the Large Lot Map. Attachment 1 shall be updated to reflect the Assessor's Parcel numbers, Expected Land Uses, Net Acreage, and corresponding Maximum Special Tax assigned to each Parcel after applying the Base Special Tax to each Land Use on each Successor Parcel. If, based on changes to the Expected Land Uses within the Large Lot Map area, the Total Maximum Special Tax Revenue that could be generated in Improvement Area No. 4 is less than the Required Revenue, the Maximum Special Tax on each Successor Parcel created by the Large Lot

Map shall be increased proportionately until the Total Maximum Special Tax Revenue is equal to the Required Revenue. If there is an increase in the Total Maximum Special Tax Revenue based on Expected Land Uses within the Large Lot Map, the Administrator shall reflect such increased Total Maximum Special Tax Revenue in the updated Attachment 1.

If, before or after the comprehensive review after recordation of a Large Lot Map, there are any other Land Use Changes proposed for any Parcel prior to final subdivision of the Parcel, the Administrator shall determine the Maximum Special Tax that would be assigned to the Parcel if the Base Special Tax was applied to the Net Acreage of Residential Property and/or Non-Residential Property on the Parcel after the proposed Land Use Change. If, based on this Maximum Special Tax calculation, the Total Maximum Special Tax Revenue would be less than the Required Revenue, the Maximum Special Tax for such Parcel shall be increased proportionately until the Total Maximum Special Tax Revenue is equal to the Required Revenue. If there is an increase in the Total Maximum Special Tax Revenue after the Land Use Change, the Administrator shall reflect such increased Total Maximum Special Tax Revenue in an updated Attachment 1.

## **2. Successor Parcels that are not SFD Lots**

The Maximum Special Tax for each Original Parcel for Fiscal Year 2018-19 is identified in Attachment 1, which may be updated as set forth above. After such update, if an Original Parcel is subdivided or reconfigured and none of the Successor Parcels are SFD Lots, the Administrator shall assign the Maximum Special Tax to the Successor Parcels by applying the following steps:

- Step 1:** Based on reference to Land Use plans and, if needed, coordination with the City Planning Department, determine the Net Acreage of each Land Use on each Successor Parcel created from subdivision or reconfiguration of the Original Parcel.
- Step 2:** For each Successor Parcel, multiply the Base Special Tax for each Land Use by the Net Acreage of each Land Use determined in Step 1, and calculate the aggregate Maximum Special Tax that could be generated from the Successor Parcels created from subdivision of the Original Parcel.
- Step 3:** If the aggregate Maximum Special Tax for all Successor Parcels is greater than or equal to the Maximum Special Tax that had been assigned to the Original Parcel before it was subdivided, the Maximum Special Tax for each Successor Parcel shall be the amount determined in Step 2, and the Administrator shall recalculate the Total Maximum Special Tax Revenue to include the increased Maximum Special Tax. If the aggregate Maximum Special Tax for all Successor Parcels is less than the Maximum Special Tax assigned to the Original Parcel, and such reduction would reduce the Total Maximum Special Tax Revenue to an amount less than the Required Revenue, then the Administrator shall increase the amount calculated for each Successor Parcel in Step 2 proportionately until the Total Maximum Special Tax Revenue after the subdivision is equal to the Required Revenue.

**Step 4:** If all or a portion of the Original Parcel was subdivided to create individual Parcels (which may be Airspace Parcels) for Units on Single Family Attached Property, divide the Maximum Special Tax assigned to the Original Parcel (or portion thereof), as may be adjusted pursuant to Step 3 above, by the total number of Units that will be built on the Original Parcel (or portion thereof) to calculate the Maximum Special Tax that will be assigned to each Parcel.

Upon each application of this Section C.2, there shall be no reduction in the Required Revenue unless there has been a prepayment for one or more Parcels within Improvement Area No. 4.

**3. Successor Parcels of which All or Some are SFD Lots**

Upon subdivision of an Original Parcel into Successor Parcels, of which all or some are SFD Lots, the Administrator shall apply the following steps to determine the Maximum Special Tax for each Parcel:

**Step 1:** Determine the Net Acreage and Expected Land Use for each Successor Parcel created from subdivision of the Original Parcel. Apply the steps set forth in Section C.2 above to allocate the Maximum Special Tax from the Original Parcel to each Successor Parcel.

**Step 2:** Apply one of the following EDU Factors to each SFD Lot based on the square footage of each lot, and calculate the aggregate EDUs from all SFD Lots created by subdivision of the Original Parcel:

<u>Lot Size</u>	<u>EDU Factor</u>
Greater than 8,000 square feet	1.25
6,501-8,000 square feet	1.14
5,001-6,500 square feet	1.00
3,501-5,000 square feet	0.87
2,800-3,500 square feet	0.81
Less than 2,800 square feet	0.73

**Step 3:** *For SFD Lots*, sum the Maximum Special Tax assigned in Step 1 to all Successor Parcels that are SFD Lots, and divide this amount by the total EDUs determined in Step 2 to calculate a Maximum Special Tax per EDU. Multiply the Maximum Special Tax per EDU by the EDU Factor for each SFD Lot to determine the Maximum Special Tax for each Successor Parcel that is a SFD Lot. This Maximum Special Tax shall be the Maximum Special Tax for the Parcel when it is Undeveloped Property and when it becomes Developed Property.

*For Successor Parcels that are not SFD Lots*, the Maximum Special Tax shall be the amount determined for each Parcel pursuant to Step 1 above.

At no time shall the distribution of the Maximum Special Tax upon subdivision or reconfiguration of a Parcel result in Total Maximum Special Tax Revenue that is lower than the Required Revenue. If an Original Parcel is subdivided, and the Successor Parcels include a combination of Land Uses, the Administrator shall delineate the Maximum Special Tax to the Taxable Property created by the subdivision based on the best information available at the time, and based on application of Sections C.2 and C.3 of this RMA.

#### **4. Parcels of Taxable Public Property**

The Maximum Special Tax for a Parcel of Taxable Public Property shall be equal to the Maximum Special Tax that applied prior to the Parcel becoming Public Property.

#### **5. Annexations**

If, in any Fiscal Year, a Parcel or Parcels annex into Improvement Area No. 4, the Administrator shall, in coordination with the City Planning Department, identify the Expected Land Uses for the Parcel(s). The Administrator shall then (i) apply the Base Special Tax to each Land Use to calculate the Maximum Special Tax for the Parcel, (ii) add the Maximum Special Tax for the Parcel to the Total Maximum Special Tax Revenue, and (iii) levy the Special Tax on the Parcel(s) pursuant to this RMA in the next Fiscal Year and all future Fiscal Years unless a prepayment is received to fully release the Parcel(s) from the Special Tax obligation.

### **D. ADJUSTMENTS TO THE MAXIMUM SPECIAL TAX**

#### **1. Escalation of Maximum Special Tax**

Beginning July 1, 2019 and each July 1 thereafter, the Maximum Special Tax for each Parcel in Improvement Area No. 4 shall be increased by two percent (2%) of the amount in effect in the prior Fiscal Year.

#### **2. Conversion of a Parcel of Public Property to Private Use**

If, in any Fiscal Year, a Parcel of Public Property is converted to private use, which shall include a lease to a private entity allowing the property to be taxed pursuant to Section 53340.1 of the Act, such Parcel shall be subject to the levy of the Special Tax. The Maximum Special Tax for each such Parcel shall be determined based on applying the Base Special Tax to the Net Acreage of each Expected Land Use on the Parcel.

### **E. METHOD OF LEVY OF THE SPECIAL TAX**

1. Each Fiscal Year prior to the time at which the Administrative Expense Reimbursement Amount has been repaid pursuant to the terms of the Indenture and the Debt Service Reserve Funding Amount has been fully funded pursuant to the terms of the Indenture,

the Administrator shall levy the Maximum Special Tax on all Parcels of Taxable Property.

2. Each Fiscal Year beginning with the Fiscal Year in which the Administrative Expense Reimbursement Amount has been repaid pursuant to the terms of the Indenture and the Debt Service Reserve Funding Amount has been fully funded pursuant to the terms of the Indenture, the Administrator shall determine the Special Tax Requirement and levy the Special Tax on all Parcels of Taxable Property as follows:

**Step 1:** The Special Tax shall be levied Proportionately on each Parcel of Developed Property, other than Taxable Public Property, up to 100% of the Maximum Special Tax for each Parcel until the amount levied on Developed Property is equal to the Special Tax Requirement.

**Step 2:** If additional revenue is needed after Step 1 to pay the Special Tax Requirement, the Special Tax shall be levied Proportionately on each Parcel of Undeveloped Property up to 100% of the Maximum Special Tax for each Parcel until the amount levied on Developed Property and Undeveloped Property is equal to the Special Tax Requirement.

**Step 3:** If additional revenue is needed after Step 2 to pay the Special Tax Requirement, the Special Tax shall be levied Proportionately on each Parcel of Taxable Public Property, up to 100% of the Maximum Special Tax for each Parcel.

#### **F. MANNER OF COLLECTION OF SPECIAL TAX**

The Special Tax shall be collected in the same manner and at the same time as ordinary ad valorem property taxes, provided, however, that the City may directly bill, collect at a different time or in a different manner, and/or collect delinquent Special Taxes through foreclosure or other available methods.

The Special Tax shall be levied and collected until principal and interest on the Bonds have been repaid, costs of constructing or acquiring Authorized Facilities from Special Tax proceeds have been paid, and all Administrative Expenses have been paid or reimbursed. However, in no event shall a Special Tax be levied after Fiscal Year 2060-61, except that a Special Tax that was lawfully levied in or before the Fiscal Year 2060-61 and remains delinquent may be collected in subsequent Fiscal Years. Under no circumstances may the Special Tax on a Parcel in residential use be increased in any Fiscal Year as a consequence of delinquency or default in payment of the Special Tax levied on another Parcel or Parcels by more than ten percent (10%) above the amount that would have been levied in that Fiscal Year had there never been any such delinquencies or defaults.



**G. EXEMPTIONS**

Notwithstanding any other provision of this RMA, no Special Tax shall be levied on the following: (i) Public Property, except Taxable Public Property, (ii) Parcels that are designated as permanent open space or common space on which no structure is permitted to be constructed, (iii) Parcels owned by a public utility for an unmanned facility, or (iv) Parcels subject to an easement that precludes any use on the Parcel other than that permitted by the easement. In addition, no Special Tax shall be levied on any Parcel that has fully prepaid the Special Tax obligation assigned to the Parcel, as determined pursuant to the formula set forth in Section H below. Notwithstanding the foregoing, if a Special Tax has been levied on a Parcel in any Fiscal Year, and the Parcel subsequently meets the criteria for any of the exempted categories above, the Parcel shall remain subject to the Special Tax levy unless and until a prepayment is made to release the Parcel from its Special Tax obligation or, in the case of Public Property, the City determines that the parcel can be exempted from the Special Tax after making the determinations listed in the definition of Taxable Public Property above.

If, in any Fiscal Year, a Parcel of Public Property is converted to private use, such Parcel shall be subject to the levy of Special Taxes pursuant to Section D.2 above.

**H. PREPAYMENT OF SPECIAL TAX**

The following definitions apply to this Section H:

**“Outstanding Bonds”** means all Previously Issued Bonds which remain outstanding, with the following exception: if a Special Tax has been levied against, or already paid by, an Assessor’s Parcel making a prepayment, and a portion of the Special Tax will be used to pay a portion of the next principal payment on the Bonds that remain outstanding (as determined by the Administrator), that next principal payment shall be subtracted from the total Bond principal that remains outstanding, and the difference shall be used as the amount of Outstanding Bonds for purposes of this prepayment formula.

**“Previously Issued Bonds”** means all Bonds that have been issued prior to the date of prepayment.

**1. Full Prepayment**

The Special Tax obligation applicable to a Parcel in Improvement Area No. 4 may be fully prepaid and the obligation of the Parcel to pay the Special Tax permanently satisfied as described herein, provided that a prepayment may be made only if there are no delinquent Special Taxes with respect to such Parcel at the time of prepayment. An owner of a Parcel intending to prepay the Special Tax obligation shall provide the City with written notice of intent to prepay. Within 30 days of receipt of such written notice, the City or its designee shall notify such owner of the prepayment amount for such Parcel. Prepayments must be made not less than 50 days prior to any redemption date for the Bonds to be redeemed with the proceeds of such prepaid Special Taxes.

The Prepayment Amount shall be calculated as follows (capitalized terms as defined below):

Bond Redemption Amount  
plus Redemption Premium  
plus Defeasance Requirement  
plus Administrative Fees and Expenses  
less Reserve Fund Credit  
equals Prepayment Amount

As of the proposed date of prepayment, the Prepayment Amount shall be determined by application of the following steps:

- Step 1:** Determine the total Maximum Special Tax that could be collected from the Parcel prepaying the Special Tax in the Fiscal Year in which prepayment would be received by the City.
- Step 2:** Divide the Maximum Special Tax computed pursuant to Step 1 by the Total Maximum Special Tax Revenue for the Fiscal Year in which prepayment would be received by the City.
- Step 3:** Multiply the quotient computed pursuant to Step 2 by the Outstanding Bonds to compute the amount of Outstanding Bonds to be retired and prepaid (*the "Bond Redemption Amount"*).
- Step 4:** Multiply the Bond Redemption Amount computed pursuant to Step 3 by the applicable redemption premium, if any, on the Outstanding Bonds to be redeemed (*the "Redemption Premium"*).
- Step 5:** Compute the amount needed to pay interest on the Bond Redemption Amount starting with the last Outstanding Bond interest payment date on which interest has been or will be paid by Special Taxes already levied until the earliest redemption date for the Outstanding Bonds.
- Step 6:** Compute the amount of interest the City reasonably expects to derive from reinvestment of the Bond Redemption Amount plus the Redemption Premium from the first Outstanding Bond interest payment date after which the prepayment has been received until the redemption date for the Outstanding Bonds.
- Step 7:** Take the amount computed pursuant to Step 5 and subtract the amount computed pursuant to Step 6 (*the "Defeasance Requirement"*).
- Step 8:** Determine the costs of computing the prepayment amount, redeeming Outstanding Bonds, and recording any notices to evidence the prepayment and redemption (*the "Administrative Fees and Expenses"*).

**Step 9:** If and to the extent so provided in the Indenture, a reserve fund credit shall be calculated as a reduction in the applicable reserve fund for the Outstanding Bonds to be redeemed pursuant to the prepayment (the “*Reserve Fund Credit*”).

**Step 10:** The Special Tax prepayment is equal to the sum of the amounts computed pursuant to Steps 3, 4, 7, and 8, less the amount computed pursuant to Step 9 (the “*Prepayment Amount*”).

Once a full prepayment of a Parcel’s Special Tax obligation has been received, a Notice of Cancellation of Special Tax Lien shall be recorded against the Parcel to reflect the discharge of the Parcel’s obligation to pay the Special Tax. However, a Notice of Cancellation of Special Tax Lien shall not be recorded until all Special Taxes levied on the Parcel in the current or prior Fiscal Years have been collected.

## **2. Partial Prepayment**

A partial prepayment may be made in an amount equal to any percentage of full prepayment desired by the party making a partial prepayment, except that the full amount of Administrative Fees and Expenses determined in Step 8 shall be included in the partial prepayment. The Maximum Special Tax that can be levied on a Parcel after a partial prepayment is made shall be determined as follows:

**Step 1.** Calculate the full prepayment (not including the amount collected for Administrative Fees and Expenses) that would be due from the Parcel if the entire Special Tax obligation were being prepaid pursuant to Section H.1 above.

**Step 2.** Divide the partial prepayment amount for the Parcel (not including the amount collected for Administrative Fees and Expenses) by the amount computed in Step 1 to determine a percentage.

**Step 3.** Subtract the percentage computed in Step 2 from 100% to determine the “Remaining Percentage”.

**Step 4.** Multiply the Remaining Percentage from Step 3 by the Maximum Special Tax for the Parcel to determine the new Maximum Special Tax that will be in effect for the Parcel after the partial prepayment is applied.

## **I. INTERPRETATION OF SPECIAL TAX FORMULA**

The City may, by resolution or ordinance, interpret, clarify, and/or revise this RMA to correct any inconsistency, vagueness, or ambiguity as it relates to the Special Tax, method of apportionment, classification of properties, or any definition applicable to the CFD, as long as

such correction does not materially affect the levy and collection of Special Taxes and any security for the Bonds. The City, upon the request of an owner of land within the CFD which is not Developed Property, may also amend this RMA in any manner acceptable to the City, by resolution or ordinance following a public hearing, upon the affirmative vote of such owner to such amendment and without the vote of owners of any other land within the CFD, provided such amendment only affects such owner's land and does not reduce the Total Maximum Special Tax Revenue that can be collected from the Parcel.

**Attachment 1  
Improvement Area #4 of the  
City of Lathrop CFD No. 2018-1  
Expected Land Uses and Maximum Annual Special Tax per Parcel  
(Fiscal Year 2018-19)**

<b>APN</b>	<b>Net Acreage</b>	<b>Expected Land Use</b>	<b>Base Special Tax /1</b>	<b>Total Maximum Annual Special Tax Revenue /1</b>
191-210-33	19.5	Residential	\$9,680	\$188,760
191-210-35	20.6	Residential	\$9,680	\$199,408
191-210-30	7.8	Pond/Sprayfield	\$0	\$0
191-210-31	28.5	Public (Park)	\$0	\$0
191-210-32	16.4	Public	\$0	\$0
191-210-34	5.0	Public (Park)	\$0	\$0
<b>Total Maximum Annual Special Tax Revenue /1</b>				<b>\$388,168</b>

/1 Beginning July 1, 2019, and each July 1 thereafter, the Base Special Tax, Maximum Annual Special Tax, and Total Maximum Annual Special Tax Revenue shall increase by 2% of the amount in effect in the prior Fiscal Year.

*Goodwin Consulting Group, Inc.*

6/20/2018

EXHIBIT E

**RATE AND METHOD OF  
APPORTIONMENT**

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**CITY OF LATHROP  
COMMUNITY FACILITIES DISTRICT NO. 2018-1  
(CENTRAL LATHROP SPECIFIC PLAN FACILITIES)  
IMPROVEMENT AREA NO. 5**

**IMPROVEMENT AREA NO. 5 OF THE  
CITY OF LATHROP  
COMMUNITY FACILITIES DISTRICT NO. 2018-1  
(CENTRAL LATHROP SPECIFIC PLAN FACILITIES)**

**RATE AND METHOD OF APPORTIONMENT OF SPECIAL TAX**

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A Special Tax applicable to each Assessor's Parcel in Improvement Area No. 5 of the City of Lathrop Community Facilities District No. 2018-1 (Central Lathrop Specific Plan Facilities) shall be levied and collected according to the tax liability determined by the City or its designee through the application of the appropriate amount or rate for Taxable Property, as described below. All of the property in Improvement Area No. 5, unless exempted by law or by the provisions of Section G below, shall be taxed for the purposes, to the extent, and in the manner herein provided, including property subsequently annexed to Improvement Area No. 5 unless a separate Rate and Method of Apportionment of Special Tax is adopted for the annexation area.

**A. DEFINITIONS**

The terms hereinafter set forth have the following meanings:

**"Accessory Unit"** means a second residential unit of limited size (e.g., granny cottage, second unit) that shares a Parcel with a single-family detached unit.

**"Acre" or "Acreage"** means the land area of an Assessor's Parcel as shown on an Assessor's Parcel Map, or if the land area is not shown on an Assessor's Parcel Map, the land area shown on the applicable Final Map or other parcel map recorded at the County Recorder's Office.

**"Act"** means the Mello-Roos Community Facilities Act of 1982, as amended, being Chapter 2.5, (commencing with Section 53311), Division 2 of Title 5 of the California Government Code.

**"Administrative Expenses"** means any or all of the following: the fees and expenses of any fiscal agent or trustee (including any fees or expenses of its counsel) employed in connection with any Bonds, and the expenses of the City in carrying out its duties with respect to Improvement Area No. 5 and the Bonds related thereto, including, but not limited to, the levy and collection of the Special Tax, the fees and expenses of its counsel, charges levied by the County in connection with the levy and collection of the Special Tax, costs related to property owner inquiries regarding the Special Tax, amounts needed to pay rebate to the federal government with respect to the Bonds, costs associated with complying with continuing disclosure requirements with respect to the Bonds and the Special Tax, and all other costs and expenses of the City and County in any way related to administration of the CFD including costs related to any dispute, litigation, settlement, or defense of any matter related to the CFD.

**“Administrative Expense Cap”** means \$15,000 for Fiscal Year 2018-19 and \$15,000 for Fiscal Year 2019-20. No Administrative Expense Cap shall apply after Fiscal Year 2019-20.

**“Administrative Expense Reimbursement Amount”** means a total of \$40,000.

**“Administrator”** means the person or firm designated by the City to administer the Special Tax according to this RMA.

**“Airspace Parcel”** means a parcel with an assigned Assessor’s Parcel number that constitutes vertical space of an underlying land Parcel.

**“Assessor’s Parcel” or “Parcel”** means a lot or parcel, including an Airspace Parcel, shown on a County Assessor’s Parcel Map with an assigned County Assessor’s Parcel number.

**“Assessor’s Parcel Map”** means an official map of the County Assessor designating Parcels by Assessor’s Parcel number.

**“Association Property”** means any property within Improvement Area No. 5 that is owned by a homeowners’ association or property owners’ association, excluding such property that is under the pad or footprint of a residential unit or building.

**“Authorized Facilities”** means the public facilities authorized to be financed, in whole or in part, by Special Taxes collected within the CFD, pursuant to the documents adopted by the City Council at CFD Formation.

**“Base Special Tax”** means, in Fiscal Year 2018-19, \$9,680 per Net Acre for any Parcel or portion of a Parcel developed or expected to be developed as Residential Property and \$4,000 per Net Acre for any Parcel or portion of a Parcel developed or expected to be developed as Non-Residential Property, which amounts shall increase on July 1, 2019 and each July 1 thereafter by two percent (2%) of the amount in effect in the prior Fiscal Year. The determination of Expected Land Use shall be made by the Administrator based on review of land use and development plans, and in coordination with the City Planning Department.

**“Bonds”** means bonds or other debt (as defined in the Act), whether in one or more series, which are secured by Special Tax revenues and were issued, insured or assumed by Improvement Area No. 5 to fund Authorized Facilities.

**“CFD” or “CFD No. 2018-1”** means the City of Lathrop Community Facilities District No. 2018-1 (Central Lathrop Specific Plan Facilities).

**“CFD Formation”** means the date on which the Resolution of Formation for CFD No. 2018-1 was adopted by the City Council.

**“City”** means the City of Lathrop.

**“City Council”** means the City Council of the City of Lathrop.



**“County”** means the County of San Joaquin.

**“Debt Service Reserve Funding Amount”** means an amount equal to 50% of the greatest interest payment due in any single bond year, as defined in the Indenture.

**“Developed Property”** means, in any Fiscal Year, all Parcels of Taxable Property for which a building permit for new construction (which shall not include a permit issued solely for construction of the foundation if another permit remains to be issued for vertical construction of the building) was issued prior to June 1 of the preceding Fiscal Year.

**“EDU”** means an equivalent dwelling unit, as used in Section C.3 to determine the relative relationship among SFD Lots.

**“EDU Factor”** means the equivalent dwelling unit factor assigned to SFD Lots in Section C.3 below.

**“Expected Land Use”** means the Land Use(s) and/or Public Property anticipated on a Parcel in Improvement Area No. 5. The Expected Land Uses at the time of CFD Formation are identified in Attachment 1 of this RMA, and such Expected Land Uses may be updated pursuant to Sections C and D below.

**“Final Map”** means a final map, or portion thereof, recorded by the County pursuant to the Subdivision Map Act (California Government Code Section 66410 et seq.) that creates SFD Lots. The term “Final Map” shall not include any Assessor’s Parcel Map or subdivision map, or portion thereof, that does not create SFD Lots, including Assessor’s Parcels that are designated as remainder parcels.

**“Fiscal Year”** means the period starting July 1 and ending on the following June 30.

**“Improvement Area No. 5”** means Improvement Area No. 5 of the City of Lathrop Community Facilities District No. 2018-1 (Central Lathrop Specific Plan Facilities).

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

**“Land Use”** means Residential Property or Non-Residential Property.

**“Land Use Change”** means a proposed or approved change to the Expected Land Use(s) on a Parcel of Taxable Property.

**“Large Lot Map”** means a subdivision map recorded at the County Recorder’s Office that subdivides all or a portion of the property in Improvement Area No. 5 into large Parcels, most of which will be subject to future subdivision.

**“Maximum Special Tax”** means the greatest amount of Special Tax that can be levied on a Parcel of Taxable Property in any Fiscal Year, as determined in accordance with Sections C and D below. The Maximum Special Tax based on Expected Land Uses for each Parcel in Improvement Area No. 5 at the time of CFD Formation is set forth in Attachment 1.

**“Multi-Family Property”** means, in any Fiscal Year, all Parcels of Developed Property for which a building permit was issued for construction of a residential structure with five or more Units that share a single Assessor’s Parcel number, are offered for rent to the general public, and cannot be purchased by individual homebuyers.

**“Net Acreage”** means the estimated acreage of Residential Property and Non-Residential Property on an Original Parcel after taking out expected Public Property, not including internal streets. The Net Acreage within each Original Parcel at the time of CFD Formation is shown in Attachment 1, and such Net Acreage shall be updated each time an Original Parcel subdivides or a Land Use Change is approved. **“Net Acre”** means one acre of the Net Acreage calculated for a Parcel.

**“Non-Residential Property”** means all Assessor’s Parcels of Developed Property that are not Taxable Public Property for which a building permit was issued for a use other than Residential Property. If a Parcel includes or is expected to include both Units and non-residential land uses, the Net Acreage to be taxed as Non-Residential Property shall be calculated by dividing the net leasable and net saleable square footage of non-residential uses on the Parcel (as determined by the Administrator) by the aggregate net leasable and net saleable square footage built or expected to be built on the Parcel (as determined by the Administrator), then multiplying the quotient by the Net Acreage of the underlying land Parcel for purposes of calculating the Maximum Special Tax and levying the Special Tax in any Fiscal Year.

**“Original Parcel”** means: (i) an Assessor’s Parcel included in Improvement Area No. 5 at the time of CFD Formation, (ii) an Assessor’s Parcel that annexes into Improvement Area No. 5 after CFD Formation, or (iii) a Successor Parcel that was created after subdivision of an Original Parcel and is being further subdivided.

**“Proportionately”** means, for Developed Property, that the ratio of the actual Special Tax levied in any Fiscal Year to the Maximum Special Tax authorized to be levied in that Fiscal Year is equal for all Assessor’s Parcels of Developed Property. For Undeveloped Property, **“Proportionately”** means that the ratio of the actual Special Tax levied to the Maximum Special Tax authorized to be levied is equal for all Assessor’s Parcels of Undeveloped Property.

**“Public Property”** means any property within the boundaries of Improvement Area No. 5 that is owned by or irrevocably offered for dedication to the federal government, State of California, County, City, or other local governments or public agencies. For purposes of this RMA, all Association Property shall also be categorized as Public Property.

**“Required Coverage”** means that the Total Maximum Special Tax Revenue must be at least 110% of the debt service on the Bonds in every bond year, as defined in the Indenture.

**“Required Revenue”** means, after one or more series of Bonds have been issued for Improvement Area No. 5, the Total Maximum Special Tax Revenue that must be available in order to maintain Required Coverage. Upon prepayment of all or a portion of the Maximum Special Tax obligation assigned to any Parcel in Improvement Area No. 5, the Required Revenue shall be reduced by the Special Tax that will no longer be levied on the Parcel for which a prepayment was received, as determined by the Administrator. For purposes of Section C below, Required Revenue shall be \$0.00 prior to issuance of the first series of Bonds for Improvement Area No. 5.

**“Residential Property”** means, collectively, Single Family Detached Property, Single Family Attached Property, and Multi-Family Property. If a Parcel includes or is expected to include both Units and non-residential land uses, the Net Acreage to be taxed as Residential Property shall be calculated by dividing the net leasable and net saleable square footage of residential uses on the Parcel (as determined by the Administrator) by the aggregate net leasable and net saleable square footage built or expected to be built on the Parcel (as determined by the Administrator), then multiplying the quotient by the Net Acreage of the underlying land Parcel for purposes of calculating the Maximum Special Tax and levying the Special Tax in any Fiscal Year.

**“RMA”** means this Rate and Method of Apportionment of Special Tax.

**“SFD Lot”** means an individual residential lot, identified and numbered on a recorded Final Map, on which a building permit has been or is permitted to be issued for construction of a single family detached unit without further subdivision of the lot and for which no further subdivision of the lot is anticipated pursuant to an approved tentative map.

**“Single Family Attached Property”** means, in any Fiscal Year, all Parcels of Developed Property for which a building permit or use permit was issued for construction of a residential structure consisting of two or more Units that share common walls, have separate Assessor’s Parcel numbers assigned to them (except for a duplex unit, which may share a Parcel with another duplex unit), and may be purchased by individual homebuyers (which shall still be the case even if the Units are purchased and subsequently offered for rent by the owner of the Unit), including such residential structures that meet the statutory definition of a condominium contained in Civil Code Section 1351.

**“Single Family Detached Property”** means, in any Fiscal Year, all Parcels of Developed Property for which a building permit was issued for construction of a Unit that does not share a common wall with another Unit.

**“Special Tax”** means a special tax levied in any Fiscal Year to pay the Special Tax Requirement.

**“Special Tax Requirement”** means the amount necessary in any Fiscal Year to: (i) pay principal and interest on Bonds that is due in the calendar year that begins in such Fiscal Year; (ii) create and/or replenish debt service reserve funds as required by the Indenture for the Bonds to the extent such replenishment has not been included in the computation of the Special Tax Requirement in a previous Fiscal Year; (iii) cure any delinquencies in the payment of principal

or interest on Bonds which have occurred in the prior Fiscal Year; (iv) pay Administrative Expenses, subject to the Administrative Expense Cap if applicable for the Fiscal Year; (v) create and/or replenish reserve funds for Administrative Expenses; and (vi) pay for extraordinary administrative expense reserve reimbursement, as described in the Indenture. The amounts referred to in clauses (i) and (ii) of the preceding sentence may be reduced in any Fiscal Year by: (i) interest earnings on or surplus balances in funds and accounts for the Bonds to the extent that such earnings or balances are available to apply against debt service pursuant to the Indenture; (ii) proceeds received from the collection of penalties associated with delinquent Special Taxes; and (iii) any other revenues available to reduce the Special Tax Requirement as determined by the Administrator.

**“Successor Parcel”** means a Parcel of Taxable Property created from subdivision or reconfiguration of an Original Parcel.

**“Taxable Property”** means all Parcels within the boundaries of Improvement Area No. 5 that (i) are not exempt from the Special Tax pursuant to law or Section G below, and (ii) which upon subdivision of an Original Parcel, are assigned Expected Land Uses and are not expected to be Public Property.

**“Taxable Public Property”** means, in any Fiscal Year, any Parcel of Public Property within Improvement Area No. 5 that had been assigned a Maximum Special Tax obligation based on Expected Land Uses being assigned to the Parcel. Notwithstanding the foregoing, if (i) a prepayment is received in an amount sufficient to pay off the full Maximum Special Tax obligation assigned to the Parcel, or (ii) the City determines that, in the Fiscal Year in which the Parcel would first be categorized as Taxable Public Property, an equal amount of Acreage within the CFD that had been Public Property became Taxable Property, then the Parcel of Public Property can be deemed exempt from the Special Tax if the Administrator determines that the Total Maximum Special Tax Revenue after granting such exemption is greater than or equal to the Required Revenue.

**“Total Maximum Special Tax Revenue”** means the aggregate amount of revenue that can be generated in any Fiscal Year by levying the Maximum Special Tax on all Parcels of Taxable Property within Improvement Area No. 5.

**“Undeveloped Property”** means, in any Fiscal Year, all Parcels of Taxable Property that are not Developed Property.

**“Unit”** means a single family detached unit or an individual unit within a duplex, triplex, halfplex, fourplex, condominium, townhome, live/work, or apartment structure. An Accessory Unit that shares a Parcel with a single-family detached unit shall not be considered a separate Unit for purposes of this RMA.

**B. DATA FOR ADMINISTRATION OF SPECIAL TAX**

On or about July 1 of each Fiscal Year, the Administrator shall identify (i) the current Assessor's Parcel numbers for all Parcels of Developed Property and Undeveloped Property within Improvement Area No. 5, (ii) the number of Units expected within each building on each Parcel of Single Family Attached Property, (iii) the square footage of all SFD Lots that were created in the prior Fiscal Year, (iv) whether the Administrative Expense Reimbursement Amount and the Debt Service Reserve Funding Amount have been fully funded by special tax revenues from prior fiscal years, and (v) the Special Tax Requirement for the Fiscal Year. In addition, on an ongoing basis, the Administrator shall monitor Land Use Changes and the subdivision of Parcels in Improvement Area No. 5 and (i) allocate the Maximum Special Tax assigned to the Original Parcel(s) to the Successor Parcels created by the subdivision pursuant to Section C below, and (ii) ensure that such Land Use Changes do not result in Total Maximum Special Tax Revenue that is less than the Required Revenue. After the recordation of each Large Lot Map within Improvement Area No. 5, the Administrator shall also review and revise, as needed, the Expected Land Uses, Net Acreage, and Maximum Special Taxes for each Successor Parcel created by recordation of the Large Lot Map, and update Attachment 1 accordingly, as set forth in Section C below.

In any Fiscal Year, if it is determined that: (i) a parcel map for property in Improvement Area No. 5 was recorded after January 1 of the prior Fiscal Year (or any other date after which the Assessor will not incorporate the newly-created parcels into the then current tax roll), (ii) because of the date the parcel map was recorded, the Assessor does not yet recognize the new parcels created by the parcel map, and (iii) a building permit was issued prior to June 1 of the prior Fiscal Year for development on one or more of the newly-created parcels, the Administrator shall calculate the Special Tax for each Land Use within the subdivided area and levy such Special Tax on the Original Parcel that was subdivided by recordation of the parcel map.

**C. MAXIMUM SPECIAL TAX**

**1. Original Parcels in Improvement Area No. 5 at CFD Formation**

Attachment 1 to this RMA identifies the Maximum Special Tax assigned to each Original Parcel in Improvement Area No. 5 for Fiscal Year 2018-19 based on the Expected Land Use(s) for each Parcel as of CFD Formation. After recordation of each Large Lot Map for property in Improvement Area No. 5, the Administrator shall review current maps and land use plans for the property within the Large Lot Map and, in consultation with the City Planning Department, reevaluate the Expected Land Uses for each of the Successor Parcels created by recordation of the Large Lot Map. Attachment 1 shall be updated to reflect the Assessor's Parcel numbers, Expected Land Uses, Net Acreage, and corresponding Maximum Special Tax assigned to each Parcel after applying the Base Special Tax to each Land Use on each Successor Parcel. If, based on changes to the Expected Land Uses within the Large Lot Map area, the Total Maximum Special Tax Revenue that could be generated in Improvement Area No. 5 is less than the Required Revenue, the Maximum Special Tax on each Successor Parcel created by the Large Lot

Map shall be increased proportionately until the Total Maximum Special Tax Revenue is equal to the Required Revenue. If there is an increase in the Total Maximum Special Tax Revenue based on Expected Land Uses within the Large Lot Map, the Administrator shall reflect such increased Total Maximum Special Tax Revenue in the updated Attachment 1.

If, before or after the comprehensive review after recordation of a Large Lot Map, there are any other Land Use Changes proposed for any Parcel prior to final subdivision of the Parcel, the Administrator shall determine the Maximum Special Tax that would be assigned to the Parcel if the Base Special Tax was applied to the Net Acreage of Residential Property and/or Non-Residential Property on the Parcel after the proposed Land Use Change. If, based on this Maximum Special Tax calculation, the Total Maximum Special Tax Revenue would be less than the Required Revenue, the Maximum Special Tax for such Parcel shall be increased proportionately until the Total Maximum Special Tax Revenue is equal to the Required Revenue. If there is an increase in the Total Maximum Special Tax Revenue after the Land Use Change, the Administrator shall reflect such increased Total Maximum Special Tax Revenue in an updated Attachment 1.

## **2. Successor Parcels that are not SFD Lots**

The Maximum Special Tax for each Original Parcel for Fiscal Year 2018-19 is identified in Attachment 1, which may be updated as set forth above. After such update, if an Original Parcel is subdivided or reconfigured and none of the Successor Parcels are SFD Lots, the Administrator shall assign the Maximum Special Tax to the Successor Parcels by applying the following steps:

- Step 1:** Based on reference to Land Use plans and, if needed, coordination with the City Planning Department, determine the Net Acreage of each Land Use on each Successor Parcel created from subdivision or reconfiguration of the Original Parcel.
- Step 2:** For each Successor Parcel, multiply the Base Special Tax for each Land Use by the Net Acreage of each Land Use determined in Step 1, and calculate the aggregate Maximum Special Tax that could be generated from the Successor Parcels created from subdivision of the Original Parcel.
- Step 3:** If the aggregate Maximum Special Tax for all Successor Parcels is greater than or equal to the Maximum Special Tax that had been assigned to the Original Parcel before it was subdivided, the Maximum Special Tax for each Successor Parcel shall be the amount determined in Step 2, and the Administrator shall recalculate the Total Maximum Special Tax Revenue to include the increased Maximum Special Tax. If the aggregate Maximum Special Tax for all Successor Parcels is less than the Maximum Special Tax assigned to the Original Parcel, and such reduction would reduce the Total Maximum Special Tax Revenue to an amount less than the Required Revenue, then the Administrator shall increase the amount calculated for each Successor Parcel in Step 2 proportionately until the Total Maximum Special Tax Revenue after the subdivision is equal to the Required Revenue.

**Step 4:** If all or a portion of the Original Parcel was subdivided to create individual Parcels (which may be Airspace Parcels) for Units on Single Family Attached Property, divide the Maximum Special Tax assigned to the Original Parcel (or portion thereof), as may be adjusted pursuant to Step 3 above, by the total number of Units that will be built on the Original Parcel (or portion thereof) to calculate the Maximum Special Tax that will be assigned to each Parcel.

Upon each application of this Section C.2, there shall be no reduction in the Required Revenue unless there has been a prepayment for one or more Parcels within Improvement Area No. 5.

**3. Successor Parcels of which All or Some are SFD Lots**

Upon subdivision of an Original Parcel into Successor Parcels, of which all or some are SFD Lots, the Administrator shall apply the following steps to determine the Maximum Special Tax for each Parcel:

**Step 1:** Determine the Net Acreage and Expected Land Use for each Successor Parcel created from subdivision of the Original Parcel. Apply the steps set forth in Section C.2 above to allocate the Maximum Special Tax from the Original Parcel to each Successor Parcel.

**Step 2:** Apply one of the following EDU Factors to each SFD Lot based on the square footage of each lot, and calculate the aggregate EDUs from all SFD Lots created by subdivision of the Original Parcel:

<u>Lot Size</u>	<u>EDU Factor</u>
Greater than 8,000 square feet	1.25
6,501-8,000 square feet	1.14
5,001-6,500 square feet	1.00
3,501-5,000 square feet	0.87
2,800-3,500 square feet	0.81
Less than 2,800 square feet	0.73

**Step 3:** *For SFD Lots*, sum the Maximum Special Tax assigned in Step 1 to all Successor Parcels that are SFD Lots, and divide this amount by the total EDUs determined in Step 2 to calculate a Maximum Special Tax per EDU. Multiply the Maximum Special Tax per EDU by the EDU Factor for each SFD Lot to determine the Maximum Special Tax for each Successor Parcel that is a SFD Lot. This Maximum Special Tax shall be the Maximum Special Tax for the Parcel when it is Undeveloped Property and when it becomes Developed Property.

*For Successor Parcels that are not SFD Lots*, the Maximum Special Tax shall be the amount determined for each Parcel pursuant to Step 1 above.

At no time shall the distribution of the Maximum Special Tax upon subdivision or reconfiguration of a Parcel result in Total Maximum Special Tax Revenue that is lower than the Required Revenue. If an Original Parcel is subdivided, and the Successor Parcels include a combination of Land Uses, the Administrator shall delineate the Maximum Special Tax to the Taxable Property created by the subdivision based on the best information available at the time, and based on application of Sections C.2 and C.3 of this RMA.

#### **4. Parcels of Taxable Public Property**

The Maximum Special Tax for a Parcel of Taxable Public Property shall be equal to the Maximum Special Tax that applied prior to the Parcel becoming Public Property.

#### **5. Annexations**

If, in any Fiscal Year, a Parcel or Parcels annex into Improvement Area No. 5, the Administrator shall, in coordination with the City Planning Department, identify the Expected Land Uses for the Parcel(s). The Administrator shall then (i) apply the Base Special Tax to each Land Use to calculate the Maximum Special Tax for the Parcel, (ii) add the Maximum Special Tax for the Parcel to the Total Maximum Special Tax Revenue, and (iii) levy the Special Tax on the Parcel(s) pursuant to this RMA in the next Fiscal Year and all future Fiscal Years unless a prepayment is received to fully release the Parcel(s) from the Special Tax obligation.

### **D. ADJUSTMENTS TO THE MAXIMUM SPECIAL TAX**

#### **1. Escalation of Maximum Special Tax**

Beginning July 1, 2019 and each July 1 thereafter, the Maximum Special Tax for each Parcel in Improvement Area No. 5 shall be increased by two percent (2%) of the amount in effect in the prior Fiscal Year.

#### **2. Conversion of a Parcel of Public Property to Private Use**

If, in any Fiscal Year, a Parcel of Public Property is converted to private use, which shall include a lease to a private entity allowing the property to be taxed pursuant to Section 53340.1 of the Act, such Parcel shall be subject to the levy of the Special Tax. The Maximum Special Tax for each such Parcel shall be determined based on applying the Base Special Tax to the Net Acreage of each Expected Land Use on the Parcel.

### **E. METHOD OF LEVY OF THE SPECIAL TAX**

1. Each Fiscal Year prior to the time at which the Administrative Expense Reimbursement Amount has been repaid pursuant to the terms of the Indenture and the Debt Service Reserve Funding Amount has been fully funded pursuant to the terms of the Indenture,



the Administrator shall levy the Maximum Special Tax on all Parcels of Taxable Property.

2. Each Fiscal Year beginning with the Fiscal Year in which the Administrative Expense Reimbursement Amount has been repaid pursuant to the terms of the Indenture and the Debt Service Reserve Funding Amount has been fully funded pursuant to the terms of the Indenture, the Administrator shall determine the Special Tax Requirement and levy the Special Tax on all Parcels of Taxable Property as follows:

**Step 1:** The Special Tax shall be levied Proportionately on each Parcel of Developed Property, other than Taxable Public Property, up to 100% of the Maximum Special Tax for each Parcel until the amount levied on Developed Property is equal to the Special Tax Requirement.

**Step 2:** If additional revenue is needed after Step 1 to pay the Special Tax Requirement, the Special Tax shall be levied Proportionately on each Parcel of Undeveloped Property up to 100% of the Maximum Special Tax for each Parcel until the amount levied on Developed Property and Undeveloped Property is equal to the Special Tax Requirement.

**Step 3:** If additional revenue is needed after Step 2 to pay the Special Tax Requirement, the Special Tax shall be levied Proportionately on each Parcel of Taxable Public Property, up to 100% of the Maximum Special Tax for each Parcel.

**F. MANNER OF COLLECTION OF SPECIAL TAX**

The Special Tax shall be collected in the same manner and at the same time as ordinary ad valorem property taxes, provided, however, that the City may directly bill, collect at a different time or in a different manner, and/or collect delinquent Special Taxes through foreclosure or other available methods.

The Special Tax shall be levied and collected until principal and interest on the Bonds have been repaid, costs of constructing or acquiring Authorized Facilities from Special Tax proceeds have been paid, and all Administrative Expenses have been paid or reimbursed. However, in no event shall a Special Tax be levied after Fiscal Year 2060-61, except that a Special Tax that was lawfully levied in or before the Fiscal Year 2060-61 and remains delinquent may be collected in subsequent Fiscal Years. Under no circumstances may the Special Tax on a Parcel in residential use be increased in any Fiscal Year as a consequence of delinquency or default in payment of the Special Tax levied on another Parcel or Parcels by more than ten percent (10%) above the amount that would have been levied in that Fiscal Year had there never been any such delinquencies or defaults.

## **G. EXEMPTIONS**

Notwithstanding any other provision of this RMA, no Special Tax shall be levied on the following: (i) Public Property, except Taxable Public Property, (ii) Parcels that are designated as permanent open space or common space on which no structure is permitted to be constructed, (iii) Parcels owned by a public utility for an unmanned facility, or (iv) Parcels subject to an easement that precludes any use on the Parcel other than that permitted by the easement. In addition, no Special Tax shall be levied on any Parcel that has fully prepaid the Special Tax obligation assigned to the Parcel, as determined pursuant to the formula set forth in Section H below. Notwithstanding the foregoing, if a Special Tax has been levied on a Parcel in any Fiscal Year, and the Parcel subsequently meets the criteria for any of the exempted categories above, the Parcel shall remain subject to the Special Tax levy unless and until a prepayment is made to release the Parcel from its Special Tax obligation or, in the case of Public Property, the City determines that the parcel can be exempted from the Special Tax after making the determinations listed in the definition of Taxable Public Property above.

If, in any Fiscal Year, a Parcel of Public Property is converted to private use, such Parcel shall be subject to the levy of Special Taxes pursuant to Section D.2 above.

## **H. PREPAYMENT OF SPECIAL TAX**

The following definitions apply to this Section H:

**“Outstanding Bonds”** means all Previously Issued Bonds which remain outstanding, with the following exception: if a Special Tax has been levied against, or already paid by, an Assessor’s Parcel making a prepayment, and a portion of the Special Tax will be used to pay a portion of the next principal payment on the Bonds that remain outstanding (as determined by the Administrator), that next principal payment shall be subtracted from the total Bond principal that remains outstanding, and the difference shall be used as the amount of Outstanding Bonds for purposes of this prepayment formula.

**“Previously Issued Bonds”** means all Bonds that have been issued prior to the date of prepayment.

### **1. Full Prepayment**

The Special Tax obligation applicable to a Parcel in Improvement Area No. 5 may be fully prepaid and the obligation of the Parcel to pay the Special Tax permanently satisfied as described herein, provided that a prepayment may be made only if there are no delinquent Special Taxes with respect to such Parcel at the time of prepayment. An owner of a Parcel intending to prepay the Special Tax obligation shall provide the City with written notice of intent to prepay. Within 30 days of receipt of such written notice, the City or its designee shall notify such owner of the prepayment amount for such Parcel. Prepayments must be made not less than 50 days prior to any redemption date for the Bonds to be redeemed with the proceeds of such prepaid Special Taxes.

The Prepayment Amount shall be calculated as follows (capitalized terms as defined below):

Bond Redemption Amount  
plus Redemption Premium  
plus Defeasance Requirement  
plus Administrative Fees and Expenses  
less Reserve Fund Credit  
equals Prepayment Amount

As of the proposed date of prepayment, the Prepayment Amount shall be determined by application of the following steps:

- Step 1:** Determine the total Maximum Special Tax that could be collected from the Parcel prepaying the Special Tax in the Fiscal Year in which prepayment would be received by the City.
- Step 2:** Divide the Maximum Special Tax computed pursuant to Step 1 by the Total Maximum Special Tax Revenue for the Fiscal Year in which prepayment would be received by the City.
- Step 3:** Multiply the quotient computed pursuant to Step 2 by the Outstanding Bonds to compute the amount of Outstanding Bonds to be retired and prepaid (*the "Bond Redemption Amount"*).
- Step 4:** Multiply the Bond Redemption Amount computed pursuant to Step 3 by the applicable redemption premium, if any, on the Outstanding Bonds to be redeemed (*the "Redemption Premium"*).
- Step 5:** Compute the amount needed to pay interest on the Bond Redemption Amount starting with the last Outstanding Bond interest payment date on which interest has been or will be paid by Special Taxes already levied until the earliest redemption date for the Outstanding Bonds.
- Step 6:** Compute the amount of interest the City reasonably expects to derive from reinvestment of the Bond Redemption Amount plus the Redemption Premium from the first Outstanding Bond interest payment date after which the prepayment has been received until the redemption date for the Outstanding Bonds.
- Step 7:** Take the amount computed pursuant to Step 5 and subtract the amount computed pursuant to Step 6 (*the "Defeasance Requirement"*).
- Step 8:** Determine the costs of computing the prepayment amount, redeeming Outstanding Bonds, and recording any notices to evidence the prepayment and redemption (*the "Administrative Fees and Expenses"*).

- Step 9:** If and to the extent so provided in the Indenture, a reserve fund credit shall be calculated as a reduction in the applicable reserve fund for the Outstanding Bonds to be redeemed pursuant to the prepayment (the “*Reserve Fund Credit*”).
- Step 10:** The Special Tax prepayment is equal to the sum of the amounts computed pursuant to Steps 3, 4, 7, and 8, less the amount computed pursuant to Step 9 (the “*Prepayment Amount*”).

Once a full prepayment of a Parcel’s Special Tax obligation has been received, a Notice of Cancellation of Special Tax Lien shall be recorded against the Parcel to reflect the discharge of the Parcel’s obligation to pay the Special Tax. However, a Notice of Cancellation of Special Tax Lien shall not be recorded until all Special Taxes levied on the Parcel in the current or prior Fiscal Years have been collected.

## **2. Partial Prepayment**

A partial prepayment may be made in an amount equal to any percentage of full prepayment desired by the party making a partial prepayment, except that the full amount of Administrative Fees and Expenses determined in Step 8 shall be included in the partial prepayment. The Maximum Special Tax that can be levied on a Parcel after a partial prepayment is made shall be determined as follows:

- Step 1.** Calculate the full prepayment (not including the amount collected for Administrative Fees and Expenses) that would be due from the Parcel if the entire Special Tax obligation were being prepaid pursuant to Section H.1 above.
- Step 2.** Divide the partial prepayment amount for the Parcel (not including the amount collected for Administrative Fees and Expenses) by the amount computed in Step 1 to determine a percentage.
- Step 3.** Subtract the percentage computed in Step 2 from 100% to determine the “Remaining Percentage”.
- Step 4.** Multiply the Remaining Percentage from Step 3 by the Maximum Special Tax for the Parcel to determine the new Maximum Special Tax that will be in effect for the Parcel after the partial prepayment is applied.

## **I. INTERPRETATION OF SPECIAL TAX FORMULA**

The City may, by resolution or ordinance, interpret, clarify, and/or revise this RMA to correct any inconsistency, vagueness, or ambiguity as it relates to the Special Tax, method of apportionment, classification of properties, or any definition applicable to the CFD, as long as

such correction does not materially affect the levy and collection of Special Taxes and any security for the Bonds. The City, upon the request of an owner of land within the CFD which is not Developed Property, may also amend this RMA in any manner acceptable to the City, by resolution or ordinance following a public hearing, upon the affirmative vote of such owner to such amendment and without the vote of owners of any other land within the CFD, provided such amendment only affects such owner's land and does not reduce the Total Maximum Special Tax Revenue that can be collected from the Parcel.

**Attachment 1  
Improvement Area #5 of the  
City of Lathrop CFD No. 2018-1  
Expected Land Uses and Maximum Annual Special Tax per Parcel  
(Fiscal Year 2018-19)**

<b>APN</b>	<b>Net Acreage</b>	<b>Expected Land Use</b>	<b>Base Special Tax /1</b>	<b>Total Maximum Annual Special Tax Revenue /1</b>
191-200-16	11.2	Non-Residential	\$4,000	\$44,800
191-200-17	18.3	Non-Residential	\$4,000	\$73,200
191-200-18	24.3	Non-Residential	\$4,000	\$97,200
191-210-10	19.0	Non-Residential	\$4,000	\$76,000
191-200-19	8.4	Pond/Sprayfield	\$0	\$0
191-210-07	14.4	Pond/Sprayfield	\$0	\$0
191-210-08	18.6	Pond/Sprayfield	\$0	\$0
191-210-09	19.5	Pond/Sprayfield	\$0	\$0
<b>Total Maximum Annual Special Tax Revenue /1</b>				<b>\$291,200</b>

/1 Beginning July 1, 2019, and each July 1 thereafter, the Base Special Tax, Maximum Annual Special Tax, and Total Maximum Annual Special Tax Revenue shall increase by 2% of the amount in effect in the prior Fiscal Year.

*Goodwin Consulting Group, Inc.*

6/20/2018

EXHIBIT F

**CITY OF LATHROP  
Community Facilities District No. 2018-1  
(Central Lathrop Specific Plan Facilities)**

**DESCRIPTION OF FACILITIES TO BE FINANCED BY THE CFD**

The Mello-Roos Community Facilities Act of 1982 (the "Act") authorizes the creation of a Community Facilities District to finance public facilities, within or of benefit to the land in the district and/or to pay a special tax obligation and thereby provide redemption of indebtedness secured by such special tax. The CFD is proposed to be formed to pay the special tax obligation of the City's Community Facilities District No. 2006-1 (Central Lathrop Specific Plan Phase 1 Infrastructure) (the "2006 CFD") and thereby provide redemption of the City of Lathrop Community Facilities District No. 2006-1 (Central Lathrop Specific Plan Phase 1 Infrastructure) Special Tax Bonds, Series 2006 (the "2006 Bonds").

The facilities authorized for the 2006 CFD and related costs that were financed in whole or in part pursuant to the proceedings for the formation of the 2006 CFD included roadways and related improvements, wastewater system facilities and related improvements, potable water system facilities and related improvements, drainage system facilities and related improvements, recycled water system facilities and related improvements, park and open space facilities, habitat mitigation improvements and other public facilities necessary to meet development requirements.

In addition to the above purposes, the CFD may pay or provide financing for all administrative costs as allowed by the Act, including but not limited to costs associated with the creation of the CFD, issuance of bonds, determination of the amount of taxes, collection of taxes, payment of taxes, all "Administrative Expenses" as set forth in the Rate and Method of Apportionment of Special Tax for each Improvement Area and all costs otherwise incurred to carry out the authorized purposes of the CFD.

EXHIBIT G

FORM OF

NOTICE OF PUBLIC HEARING ON PROPOSED  
COMMUNITY FACILITIES DISTRICT NO. 2018-1  
(CENTRAL LATHROP SPECIFIC PLAN FACILITIES)  
CITY OF LATHROP, SAN JOAQUIN COUNTY, CALIFORNIA

Notice is hereby given City of Lathrop is considering the formation of a community facilities district (the "CFD") and five improvement areas therein (each, an "improvement area") under the authority of the Mello-Roos Community Facilities Act of 1982, as amended, to fund certain public facilities related to new development within the City of Lathrop, and to incur bonded indebtedness of the CFD.

This Notice contains a brief summary of the proposal, but you are referred to the City Council's Resolution of Intention to Form a Community Facilities District and Levy a Special Tax (No. 18-\_\_\_\_\_, adopted \_\_\_\_\_, 2018) and its Resolution of Intention to Incur Bonded Indebtedness (No. 18-\_\_\_\_\_, adopted \_\_\_\_\_, 2018) for details of the proposal.

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

The proposal also includes authority to issue bonds for each improvement area, to be repaid by the special tax, in amounts specified in the resolution. Neither the City of Lathrop nor any person outside the CFD has any liability for the special tax or the bonds. The security for the bonds is limited to the property subject to the special tax within the applicable improvement area within the CFD.

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

**This is the notice of the public hearing.** The public hearing will be held during the City Council meeting on Monday, \_\_\_\_\_, 2018, at 7:00 p.m. or as soon as possible thereafter, in the City Hall, Council Chambers, 390 Towne Center Drive, Lathrop, California.

At the hearing, the testimony of all interested persons or potential special taxpayers for or against the formation of the CFD and the designation of the improvement areas, the authorization to levy the special tax, and the authorization to issue the bonds will be heard. If written protests against the proposed CFD are delivered to the City Clerk at or before the time



set for the hearing by either registered voters residing within, or the owners of property within, the proposed CFD, they will be counted toward a possible majority protest.

Written protests by the owners of a majority of the land which would be subject to special taxation within each proposed respective Improvement Area will require the suspension of proceedings for at least one year. Written protests must be filed with the City Clerk at or before the time fixed for the hearing. If such protests are directed only against certain elements of the proposed improvements or proposed special tax, and if such protests constitute a majority protest, only those elements shall be deleted from the proceedings.

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

Questions should be directed to the undersigned, telephone (209) 941-7228.

Dated: \_\_\_\_\_, 2018

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City Clerk  
City of Lathrop

**ATTACHMENT 4**

**RESOLUTION OF INTENT TO INCUR BOND  
INDEBTEDNESS FOR CFD 2018-1**

RESOLUTION NO. \_\_\_\_\_

**A RESOLUTION OF INTENTION TO INCUR BONDED INDEBTEDNESS  
IN AND FOR EACH IMPROVEMENT AREA  
OF A COMMUNITY FACILITIES DISTRICT**

**CITY OF LATHROP  
Community Facilities District No. 2018-1  
(Central Lathrop Specific Plan Facilities)**

**WHEREAS**, the City Council (the "Council") of the City of Lathrop (the "City") has this date adopted its "Resolution of Intention to Form a Community Facilities District and Five Improvement Areas Therein and Levy a Special Tax," stating its intention to form the "City of Lathrop Community Facilities District No. 2018-1 (Central Lathrop Specific Plan Facilities)" (the "CFD") and designate Improvement Area No. 1, Improvement Area No. 2, Improvement Area No. 3, Improvement Area No. 4, and Improvement Area No. 5 therein (each an "Improvement Area"), pursuant to the Mello-Roos Community Facilities Act of 1982, as amended, Chapter 2.5 of Part 1 of Division 2 of Title 5, commencing at Section 53311, of the California Government Code (the "Act"), for the purpose of financing and refinancing certain public improvements (the "Facilities"), as further provided in that Resolution; and

**WHEREAS**, this Council estimates the amount required for the financing of the costs of the Facilities to be the sum of not to exceed \$45,800,000; and

**WHEREAS**, in order to finance a portion of the costs of the Facilities it is necessary to incur bonded indebtedness on behalf of each Improvement Area within the CFD.

**NOW, THEREFORE, IT IS RESOLVED** as follows:

**1. Bonded Indebtedness.** The Council declares and finds that in order to finance and refinance a portion of the Facilities, it is necessary to incur a bonded indebtedness within the boundaries of each proposed Improvement Area in the amount of up to: \$13,630,000 for Improvement Area 1, \$8,945,000 for Improvement Area 2, \$16,625,000 for Improvement Area 3, \$6,565,000 for Improvement Area 4, and \$4,970,000 for Improvement Area 5, to be issued as bonds or notes in multiple series at such time as the Council deems appropriate. Indebtedness subject to this limit shall only include indebtedness evidenced by bonds or notes and shall not include bonds described in Section 53364.2(e) of the Act.

**2. Purpose.** The bonded indebtedness is proposed to be incurred for the purpose of financing the costs of the Facilities, including acquisition and improvement costs and all costs incidental to or connected with the accomplishment of said purposes and of the financing thereof, as permitted by Section 53345.3 of the Act.

**3. Terms of Bonds.** It is the intention of the Council that any such bonds issued shall be made callable in accordance with the terms of the Act and as more specifically to be set forth in any resolution authorizing issuance of the bonds, and shall be issued in such series and bear interest payable semi-annually or in such other manner as the Council shall determine, at a rate not to exceed the maximum rate of interest as may be authorized by applicable law at the time of sale of such bonds, and shall mature not to exceed 40 years from the date of the

issuance thereof and shall be as more specifically set forth in any resolution authorizing the issuance of such bonds.

**4. Future Refunding.** In the event any series of bonds issued under the authorization is refunded to produce savings meeting the requirement of Section 53362.5 of the Act, all or a portion of the savings achieved through the issuance of refunding bonds may be used to finance Facilities insofar as the savings component provides capacity for bonded indebtedness in excess of that being refunded, and such additional bonded indebtedness attributable to the savings component shall not reduce and may exceed the amount of bonded indebtedness authorized herein.

**5. Public Hearing.** The Council hereby sets Monday, October 8, 2018, at 7:00 p.m. or as soon as possible thereafter, in the City Hall, Council Chambers, 390 Towne Center Drive, Lathrop, California, as the time and place for a hearing by the Council on the proposed bond issue. At that time and place any persons interested, including any persons owning property in the CFD, will be heard.

**6. Notice of Hearing.** The City Clerk is hereby directed to cause notice of said public hearing to be given by one-time publication in a newspaper of general circulation in the area of the CFD. The publication of said notice shall be completed at least 7 days before the date herein set for said public hearing. Such notice shall be substantially in the form specified in Section 53346 of the Act, with the form summarizing the provisions hereof hereby specifically approved.

**7. Effectiveness.** This Resolution shall take effect upon its adoption.

I hereby certify that the foregoing Resolution was regularly introduced and adopted by the City Council of the City of Lathrop at a meeting held on the 13th day of August, 2018, by the following vote:

AYES:

NOES:

ABSTAIN:

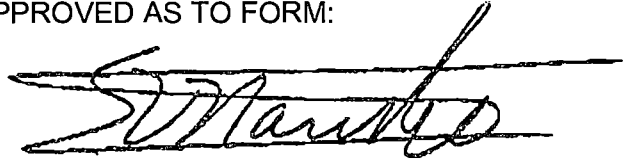
ABSENT:

\_\_\_\_\_  
Sonny Dhaliwal, Mayor

ATTEST:

APPROVED AS TO FORM:

\_\_\_\_\_  
Teresa Vargas, City Clerk

  
\_\_\_\_\_  
Salvador Navarrete, City Attorney

**ATTACHMENT 5**

**RESOLUTION OF INTENT TO ESTABLISH CFD 2018-2**

**RESOLUTION NO. \_\_\_\_\_**

**A RESOLUTION OF INTENTION TO ESTABLISH  
A COMMUNITY FACILITIES DISTRICT AND LEVY A SPECIAL TAX**

**CITY OF LATHROP  
Community Facilities District No. 2018-2  
(Central Lathrop Specific Plan Facilities)**

**WHEREAS**, on June 6, 2006, the City Council (the "Council") of the City of Lathrop (the "City") adopted Resolution No. 06-2164, entitled "A Resolution of Formation of Community Facilities District and to Levy Special Tax in Community Facilities District No. 2006-1 (Central Lathrop Specific Plan Phase 1 Infrastructure)" which established the City's Community Facilities District No. 2006-1 (Central Lathrop Specific Plan Phase 1 Infrastructure) (the "2006 CFD") and, pursuant to a vote of the then qualified electors of the 2006 CFD, the City is authorized to levy a Special Tax therein and issued its City of Lathrop Community Facilities District No. 2006-1 (Central Lathrop Specific Plan Phase 1 Infrastructure) Special Tax Bonds, Series 2006 (the "2006 Bonds") on behalf of the 2006 CFD for the purpose of financing improvements of benefit to land in the 2006 CFD; and

**WHEREAS**, the land in a portion of the 2006 CFD has been acquired by Saybrook CLSP, LLC, a Delaware limited liability company and Lathrop Land Acquisition, LLC, a Delaware limited liability company (together, the "Landowners"), and the Landowners have requested that the special tax obligation of the 2006 CFD be deemed prepaid upon participation by the Landowners in two new community facilities districts to be established for the purpose of refinancing the 2006 Bonds, all pursuant to a "Restructuring Agreement for the Community Facilities District No. 2006-1" (the "Restructuring Agreement") by and among the City, the 2006 Trustee and the Landowners, which the parties thereto have determined is a mutually beneficial resolution of the delinquency issues pertaining to the CFD and which the parties expect will meet the needs of the current development plan of land within the two new community facilities districts; and

**WHEREAS**, the Restructuring Agreement provides that the Council conduct proceedings under the Act to establish two new community facilities districts with boundaries that encompass a portion of the parcels in the 2006 CFD and to authorize and approve the levy of a special tax on land within such new community facilities districts, and that satisfaction of obligations under and as contemplated by the Restructuring Agreement shall constitute prepayment of the special taxes, including any interest and penalties thereon, of the 2006 CFD and the termination of all special tax obligations associated with the 2006 CFD; and

**WHEREAS**, in accordance with such request of the owner of the land proposed to be included in the two new community facilities districts, the Council desires to proceed with the establishment of Community Facilities District No. 2018-2 (Central Lathrop Specific Plan Facilities) (the "CFD") in order to restructure indebtedness issued to finance costs of public infrastructure necessary or incidental to development and financed by the 2006 CFD, to facilitate the prepayment of a portion of and a waiver and termination of all remaining and past due and delinquent special taxes special taxes (including all penalties and interest) on all parcels within the 2006 CFD, certain of which parcels are proposed to be included in the CFD, and to thereby cause a repayment of outstanding 2006 Bonds in accordance with the Restructuring Agreement; and

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

**NOW, THEREFORE, IT IS RESOLVED** as follows:

**1. Authority.** It is proposed to establish a community facilities district under the terms of the Act to finance and refinance costs of public facilities necessary or incidental to new development in the City, which public improvements have been constructed and were financed by the 2006 Bonds. The Council hereby finds that a restructure of the 2006 CFD is in the best interests of the City, the owners of land in the 2006 CFD and holders of the 2006 Bonds, and it is necessary and appropriate to restructure the 2006 Bonds and unpaid special tax obligations of the 2006 CFD by establishing the CFD and providing a means for the payment of special taxes of the 2006 CFD.

**2. Name of CFD.** The name proposed for the community facilities district is "City of Lathrop Community Facilities District No. 2018-2 (Central Lathrop Specific Plan Facilities)."

**3. Boundaries Described.** The proposed boundaries of the CFD are shown on the boundary map on file with the City Clerk, which the Council hereby approves as the map describing the extent of the territory included in the proposed CFD. The Council finds that the map is in the form and contains the matters prescribed by Section 3110 of the California Streets and Highways Code. The Council hereby directs the City Clerk to certify the adoption of this resolution on the face of the map, and to file a copy of the map in the office of the City Clerk in accordance with Section 3111 of the California Streets and Highways Code and within 15 days of the date of adoption of this resolution but in no event later than 15 days prior to the public hearing provided for herein, transmit the map to the County Recorder for recording in the Book of Maps of Assessment and Community Facilities Districts in the office of the County Recorder of the County of San Joaquin.

**4. Facilities.** The CFD is proposed to be formed to pay the special tax obligation of the 2006 CFD and thereby provide redemption of the 2006 Bonds secured by such special tax. The type of public facilities financed by the 2006 CFD consist of those listed on Exhibit A hereto and hereby incorporated herein (the "Facilities"). The Council hereby finds and determines that the Facilities have been constructed and were financed by the 2006 CFD, and the Council hereby determines that a restructure of the 2006 CFD is in the public interest, and it is necessary and appropriate to refinance the unpaid special taxes of the 2006 CFD by establishing the CFD and providing for the payment of special taxes of the CFD as payment for the portion of the Facilities originally financed by the 2006 CFD.

**5. Special Tax.** Except to the extent that funds are otherwise available to the CFD to pay for the 2006 Bonds and obligations related thereto, a special tax (the "Special Tax") sufficient to pay the costs thereof, secured by recordation of a continuing lien against all non-exempt real property within the CFD, will be levied annually and collected in such other manner as the Council or its designee shall determine, and the Council reserves the right, under Section 53340 of the Act, to utilize any method of collecting the Special Tax which it shall, from time to time, determine to be in the best interests of the City, including, but not limited to, direct billing by the City to the property owners and supplemental billing. The proposed rate and method of apportionment of the Special Taxes among the parcels of real property within the CFD, in sufficient detail to allow



each landowner within the CFD to estimate the maximum amount such owner will have to pay, are described in the Rate and Method of Apportionment attached hereto as Exhibit B, and hereby incorporated herein (the "Rate and Method").

In the case of any Special Tax to pay for the Facilities to be levied against any parcel used for private residential purposes: (i) the maximum Special Tax shall be specified as a dollar amount which shall be calculated and thereby established not later than the date on which the parcel is first subject to the tax because of its use for private residential purposes and which amount shall not be increased over time over two percent (2%) per year; (ii) the tax year after which no further Special Tax subject to this sentence shall be levied or collected shall be as set forth in Exhibit B hereto; and (iii) under no circumstances will the Special Tax levied against any parcel used for private residential purposes be increased as a consequence of delinquency or default by the owner of any other parcel within the CFD by more than ten percent (10%). For the purposes hereof, a parcel is used for "private residential purposes" not later than the date on which an occupancy permit for private residential use is issued.

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

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

**8. Bonds.** It is the intention of the Council, acting as the legislative body for the CFD, to cause bonds of the City to be issued for the CFD pursuant to the Act to finance or refinance in whole or in part the construction and/or acquisition of the Facilities. The bonds shall be issued in such series and bear interest payable in such manner as is this Council shall determine in connection with the issuance of bonds, at a rate not to exceed the maximum rate of interest as may be authorized by applicable law at the time of sale of such bonds, and shall mature not to exceed 40 years from the date of the issuance thereof.

**9. CFD Report.** The City's Director of Public Works (or deputy or designee thereof) as the officer having charge and control of the Facilities in and for the CFD, is hereby directed to study said proposed Facilities and to make, or cause to be made, and file with the City Clerk a report in writing (the "CFD Report") and to cause it to be on file at the public hearing, all as required by Section 53321.5 of the Act presenting at least the following:

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

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

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

**10. Public Hearing.** The Council hereby sets Monday, October 8, 2018, at 7:00 p.m. or as soon as possible thereafter, in the City Hall, Council Chambers, 390 Towne Center Drive, Lathrop, California, as the time and place when and where the Council, as legislative body for the CFD, will conduct a public hearing on the establishment of the CFD, and consider and finally determine whether the public interest, convenience and necessity require the formation of the CFD and the levy of the Special Tax. At the hearing, testimony concerning the CFD, the extent of the CFD or the furnishing of the particular types of public facilities will be heard and protests will be considered from registered voters residing within the CFD, if any, and persons owning real property within the CFD. Written protests by the owners of a majority of the land which would be subject to special taxation within the proposed CFD will require the suspension of proceedings for at least one year. Written protests must be filed with the City Clerk at or before the time fixed for the hearing. If such protests are directed only against certain elements of the proposed improvements or proposed special tax, and if such protests constitute a majority protest, only those elements shall be deleted from the proceedings.

**11. Notice of Hearing.** The City Clerk is hereby directed to cause notice of the public hearing to be given by publication one time in a newspaper published in the area of the CFD. The publication shall be completed at least seven days before the date of the public hearing specified above. The notice shall be substantially in the form specified in Section 53322 of the Act, a sufficient form of which is attached hereto as Exhibit C.

**12. Effectiveness.** This Resolution shall take effect upon its adoption.

I hereby certify that the foregoing Resolution was regularly introduced and adopted by the City Council of the City of Lathrop at a meeting held on the 13th day of August, 2018, by the following vote:

AYES:

NOES:

ABSTAIN:

ABSENT:

\_\_\_\_\_  
Sonny Dhaliwal, Mayor

ATTEST:

APPROVED AS TO FORM:

\_\_\_\_\_  
Teresa Vargas, City Clerk

  
\_\_\_\_\_  
Salvador Navarrete, City Attorney

## **EXHIBIT A**

### **CITY OF LATHROP Community Facilities District No. 2018-2 (Central Lathrop Specific Plan Facilities)**

#### **DESCRIPTION OF FACILITIES TO BE FINANCED BY THE CFD**

The Mello-Roos Community Facilities Act of 1982 (the "Act") authorizes the creation of a Community Facilities District to finance public facilities, within or of benefit to the land in the district and/or to pay a special tax obligation and thereby provide redemption of indebtedness secured by such special tax. The CFD is proposed to be formed to pay the special tax obligation of the City's Community Facilities District No. 2006-1 (Central Lathrop Specific Plan Phase 1 Infrastructure) (the "2006 CFD") and thereby provide redemption of the City of Lathrop Community Facilities District No. 2006-1 (Central Lathrop Specific Plan Phase 1 Infrastructure) Special Tax Bonds, Series 2006 (the "2006 Bonds").

The facilities authorized for the 2006 CFD and related costs that were financed in whole or in part pursuant to the proceedings for the formation of the 2006 CFD included roadways and related improvements, wastewater system facilities and related improvements, potable water system facilities and related improvements, drainage system facilities and related improvements, recycled water system facilities and related improvements, park and open space facilities, habitat mitigation improvements and other public facilities necessary to meet development requirements.

In addition to the above purposes, the CFD may pay or provide financing for all administrative costs as allowed by the Act, including but not limited to costs associated with the creation of the CFD, issuance of bonds, determination of the amount of taxes, collection of taxes, payment of taxes, all "Administrative Expenses" as set forth in the Rate and Method of Apportionment of Special Tax for each Improvement Area and all costs otherwise incurred to carry out the authorized purposes of the CFD.

EXHIBIT B

**RATE AND METHOD OF  
APPORTIONMENT**

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**CITY OF LATHROP  
COMMUNITY FACILITIES DISTRICT NO. 2018-2  
(CENTRAL LATHROP SPECIFIC PLAN FACILITIES)**

**CITY OF LATHROP  
COMMUNITY FACILITIES DISTRICT NO. 2018-2  
(CENTRAL LATHROP SPECIFIC PLAN FACILITIES)**

**RATE AND METHOD OF APPORTIONMENT OF SPECIAL TAXES**

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Special Taxes applicable to each Assessor's Parcel in the City of Lathrop Community Facilities District No. 2018-2 (Central Lathrop Specific Plan Facilities) shall be levied and collected according to the tax liability determined by the City or its designee through the application of the appropriate amount or rate for Taxable Property, as described below. All of the property in CFD No. 2018-2, unless exempted by law or by the provisions of Section F below, shall be taxed for the purposes, to the extent, and in the manner herein provided, including property subsequently annexed to CFD No. 2018-2 unless a separate Rate and Method of Apportionment of Special Tax is adopted for the annexation area.

**A. DEFINITIONS**

The terms hereinafter set forth have the following meanings:

**"Acre"** or **"Acreage"** means the land area of an Assessor's Parcel as shown on an Assessor's Parcel Map, or if the land area is not shown on an Assessor's Parcel Map, the land area shown on the applicable Final Map or other parcel map recorded at the County Recorder's Office.

**"Act"** means the Mello-Roos Community Facilities Act of 1982, as amended, being Chapter 2.5, (commencing with Section 53311), Division 2 of Title 5 of the California Government Code.

**"Administrative Expenses"** means any or all of the following: the fees and expenses of any fiscal agent or trustee (including any fees or expenses of its counsel) employed in connection with any One-Time Special Tax Bonds, and the expenses of the City in carrying out its duties with respect to CFD No. 2018-2 and the One-Time Special Tax Bonds related thereto, including, but not limited to, the levy and collection of One-Time Special Taxes, the fees and expenses of its counsel, amounts needed to pay rebate to the federal government with respect to One-Time Special Tax Bonds, costs associated with complying with continuing disclosure requirements with respect to the One-Time Special Tax Bonds and the One-Time Special Taxes, costs of recording any notices to evidence payment of the One-Time Special Taxes, and all other costs and expenses of the City and County in any way related to administration of the CFD including any costs related to any dispute, litigation, settlement, or defense of any matter related to the CFD.

**"Administrator"** means the person or firm designated by the City to administer the One-Time Special Taxes according to this RMA.

**"Airspace Parcel"** means a parcel with an assigned Assessor's Parcel number that constitutes vertical space of an underlying land Parcel.

**“Assessor’s Parcel” or “Parcel”** means a lot or parcel, including an Airspace Parcel, shown on a County Assessor’s Parcel Map with an assigned County Assessor’s Parcel number.

**“Assessor’s Parcel Map”** means an official map of the County Assessor designating Parcels by Assessor’s Parcel number.

**“Association Property”** means any property within CFD No. 2018-2 that is owned by a homeowners’ association or property owners’ association, excluding such property that is under the pad or footprint of a residential unit or building.

**“CFD” or “CFD No. 2018-2”** means the City of Lathrop Community Facilities District No. 2018-2 (Central Lathrop Specific Plan Facilities).

**“CFD Formation”** means the date on which the Resolution of Formation for CFD No. 2018-2 was adopted by the City Council.

**“CFD No. 2018-1”** means the City of Lathrop Community Facilities District No. 2018-1 (Central Lathrop Specific Plan Facilities).

**“CFD No. 2018-1 Bonds”** means bonds or other debt (as defined in the Act), whether in one or more series, which are secured by special tax revenues generated from any of the improvement areas within CFD No. 2018-1.

**“City”** means the City of Lathrop.

**“City Council”** means the City Council of the City of Lathrop.

**“County”** means the County of San Joaquin.

**“Defaulted Parcel”** means any Parcel of Taxable Property that is delinquent in payment of one or more installments of CFD No. 2018-1 special taxes at the time of an Event of Default.

**“Event of Default”** means, as to any Parcel, failure of such Parcel to pay any special tax of CFD No. 2018-1 when due.

**“Final Levy Date”** means the date that is 60 days prior to 10 years from the date of issuance of the CFD No. 2018-2 Bonds.

**“Fiscal Year”** means the period starting July 1 and ending on the following June 30.

**“Indenture”** means the bond indenture, fiscal agent agreement, trust agreement, resolution or other instrument pursuant to which One-Time Special Tax Bonds are issued, as modified, amended, and/or supplemented from time to time, and any instrument replacing or supplementing the same.

**“Master Developer”** means Lathrop Land Acquisition, LLC and any related entities, successors, or assigns.

**“Net Proceeds”** means, for a Parcel of Taxable Property, the sales price of such Parcel pursuant to a purchase/sale agreement between the Master Developer and an unrelated entity, less the sum of: (i) broker commissions paid to an entity unrelated to the seller, (ii) pro-rated ad valorem taxes, (iii) escrow fees and closing costs, (iv) the amount required to clear encumbrances recorded on title prior to CFD Formation, excluding non-monetary easements, agreements, covenants and restrictions customarily running with the land, as approved by the Administrator, (v) for the first 601 Residential Lots sold in the CFD, \$6,527.19 per Residential Lot on such Parcel and (vi) a share of Administrative Expenses, as determined by the Administrator.

**“One-Time Special Tax”** means either the One-Time Special Tax A or One-Time Special Tax B.

**“One-Time Special Taxes”** means both the One-Time Special Tax A and One-Time Special Tax B.

**“One-Time Special Tax A”** means a special tax that is (i) levied at close of escrow of a sale of a Parcel of Taxable Property pursuant to Sections C.1 and D.1 below, and (ii) used to pay One-Time Special Tax Bonds.

**“One-Time Special Tax B”** means a special tax that is (i) levied upon the occurrence of an Event of Default pursuant to Sections C.2 and D.2 below, and (ii) used to pay One-Time Special Tax Bonds.

**“One-Time Special Tax Bonds”** means bonds or other debt (as defined in the Act), whether in one or more series, which are at least partially secured by revenues from the One-Time Special Taxes.

**“Outstanding One-Time Special Tax Bonds”** means all Previously Issued One-Time Special Tax Bonds which remain outstanding, with the following exception: if a One-Time Special Tax has been paid by an Assessor’s Parcel, and a portion of the One-Time Special Tax will be used to redeem principal of the One-Time Special Tax Bonds (as determined by the Administrator), that anticipated redemption of principal shall not be counted in the total amount of Outstanding One-Time Special Tax Bonds.

**“Previously Issued One-Time Special Tax Bonds”** means all One-Time Special Tax Bonds that have been issued prior to the occurrence of an Event of Default.

**“Public Property”** means any property within the boundaries of CFD No. 2018-2 that is owned by or irrevocably offered for dedication to the federal government, State of California, County, City, or other local governments or public agencies. For purposes of this RMA, all Association Property shall also be categorized as Public Property.

**“Residential Lot”** means an individual residential lot, identified and numbered on a recorded Final Map, on which a building permit has been or is permitted to be issued for construction of a residential unit without further subdivision of the lot and for which no further subdivision of the lot is anticipated pursuant to an approved tentative map. For the purposes of this RMA, a Residential Lot may also be an individual residential lot that is anticipated to be created on a Parcel of Taxable Property in the future.



“RMA” means this Rate and Method of Apportionment of Special Taxes.

“Taxable Property” means, in any Fiscal Year, all Parcels within CFD No. 2018-2 that (i) are not exempt from the One-Time Special Taxes pursuant to law or Section F below, (ii) were owned by the Master Developer at CFD Formation, (iii) have been sold or are expected to be sold to an entity that is unrelated to the Master Developer, and (iv) have not previously paid a One-Time Special Tax, all as determined by the City.

**B. DATA FOR ADMINISTRATION OF SPECIAL TAXES**

**1. One-Time Special Tax A**

Upon notification of a pending sale of Taxable Property, the Administrator shall identify (i) the current Assessor’s Parcel numbers for the Taxable Property being sold, and (ii) the Net Proceeds anticipated to be generated from each Parcel. The Administrator may rely upon any reasonable source of information to make the determinations required in this Section B.1, including, but not limited to: the Master Developer or escrow agent involved in a sale of Taxable Property or the City.

**2. One-Time Special Tax B**

On an ongoing basis, the Administrator shall monitor payments of the Series 2018-1 Bonds to determine whether an Event of Default has occurred. Upon the occurrence of an Event of Default or on the Final Levy Date, the Administrator shall identify (i) the current Assessor’s Parcel Numbers and Acreage of each Defaulted Parcel, (ii) the total Acreage of Taxable Property remaining in CFD No. 2018-2, which shall not include the Acreage of any Parcel or portion thereof that previously paid a One-Time Special Tax, and (iii) the amount of Outstanding One-Time Special Tax Bonds. The Administrator may rely upon any reasonable source of information to make the determinations required in this Section B.2, including, but not limited to: the trustee(s) of the CFD No. 2018-1 Bonds, the City, or the County Tax Collector’s Office.

**C. ONE-TIME SPECIAL TAXES**

**1. One-Time Special Tax A**

The One-Time Special Tax A for a Parcel of Taxable Property in CFD No. 2018-2 shall be equal to the Net Proceeds from the sale of the Parcel.

**2. One-Time Special Tax B**

As of the date of the most recent Event of Default and on the Final Levy Date, the One-Time Special Tax B for each Defaulted Parcel shall be determined by application of the following steps:

- Step 1:** Determine the total Acreage of the Defaulted Parcel.
- Step 2:** Divide the Acreage determined in Step 1 by the total Acreage of Taxable Property remaining in CFD No. 2018-2.
- Step 3:** Multiply the quotient computed pursuant to Step 2 by the Outstanding One-Time Special Tax Bonds.
- Step 4:** Determine the total amount of Administrative Expenses to be collected. If the One-Time Special Tax B is being levied simultaneously on more than one Defaulted Parcel, this amount shall be divided between each Defaulted Parcel based on the relative Acreage of each Defaulted Parcel.
- Step 5:** The One-Time Special Tax B is equal to the sum of the amounts computed pursuant to Steps 3 and 4.

**D. METHOD OF LEVY OF THE ONE-TIME SPECIAL TAXES**

**1. One-Time Special Tax A**

Upon notification of a pending sale of one or more Parcels of Taxable Property, the Administrator shall determine the Net Proceeds anticipated to be generated from each Parcel. The One-Time Special Tax A shall then be levied separately on each Parcel to be sold.

**2. One-Time Special Tax B**

Upon the occurrence of an Event of Default, the Administrator shall determine which Parcels of Taxable Property are Defaulted Parcels. The One-Time Special Tax B shall then be levied separately on each Defaulted Parcel.

On the Final Levy Date, the Administrator shall determine which Parcels of Taxable Property have not previously paid a One-Time Special Tax. The One-Time Special Tax B shall then be levied separately on each such Parcel.

**E. MANNER OF COLLECTION OF SPECIAL TAXES**

**1. One-Time Special Tax A**

The One-Time Special Tax A shall be levied at the close of escrow of a sale of a Parcel of Taxable Property and shall be due and payable immediately. Upon payment in full of the One-Time Special Tax A for a given Parcel, the Administrator shall record, or cause to be recorded, a Notice of Cancellation of Special Tax Lien against the Parcel to reflect the discharge of the Parcel's obligation to pay both the One-Time Special Tax A and the One-Time Special Tax B.

## **2. One-Time Special Tax B**

The One-Time Special Tax B shall be levied at the time of an Event of Default and upon the Final Levy Date, as soon as the determinations required in Sections C.2 and D.2 above can be made. The One-Time Special Tax B shall be levied by means of a One-Time Special Tax B bill sent directly to the owner of the Parcel via overnight mail, with a copy sent to the City. The One-Time Special Tax B bill shall be due and payable 30 days from the date of delivery. The One-Time Special Tax B shall have the same priority and bear the same penalties and interest after delinquency as do ad valorem property taxes. Upon payment in full of a One-Time Special Tax B for a given Parcel, the Administrator shall record a Notice of Cancellation of Special Tax Lien against the Parcel to reflect the discharge of the Parcel's obligation to pay both the One-Time Special Tax A and the One-Time Special Tax B.

## **F. EXEMPTIONS**

Notwithstanding any other provision of this RMA, the One-Time Special Taxes shall not be levied on Public Property in CFD No. 2018-2. In addition, neither of the One-Time Special Taxes shall be levied on Parcels, or portions of Parcels, that have already paid one of the One-Time Special Taxes in a previous land sale or Event of Default.

## **I. INTERPRETATION OF SPECIAL TAX FORMULA**

The City may, by resolution or ordinance, interpret, clarify, and/or revise this RMA to correct any inconsistency, vagueness, or ambiguity as it relates to the One-Time Special Taxes, method of apportionment, classification of properties, or any definition applicable to the CFD, as long as such correction does not materially affect the levy and collection of the One-Time Special Taxes and any security for the One-Time Special Tax Bonds. The City, upon the request of an owner of land within the CFD which is Taxable Property, may also amend this RMA in any manner acceptable to the City, by resolution or ordinance following a public hearing, upon the affirmative vote of such owner to such amendment and without the vote of owners of any other land within the CFD, provided such amendment only affects such owner's land and does not reduce the One-Time Special Taxes that can be collected from the Parcel.

## EXHIBIT C

### FORM OF

#### NOTICE OF PUBLIC HEARING ON PROPOSED COMMUNITY FACILITIES DISTRICT NO. 2018-2 (CENTRAL LATHROP SPECIFIC PLAN FACILITIES) CITY OF LATHROP, SAN JOAQUIN COUNTY, CALIFORNIA

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

This Notice contains a brief summary of the proposal, but you are referred to the City Council's "A Resolution of Intention to Establish a Community Facilities District and Levy a Special Tax" (No. 18-\_\_\_\_\_, adopted \_\_\_\_\_, 2018) and its Resolution of Intention to Incur Bonded Indebtedness (No. 18-\_\_\_\_\_, adopted \_\_\_\_\_, 2018) for details of the proposal.

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

The proposal also includes authority to issue bonds for the CFD, to be repaid by the special tax, in amounts specified in the resolution. Neither the City of Lathrop nor any person outside the CFD has any liability for the special tax or the bonds. The security for the bonds is limited to the property subject to the special tax within the CFD.

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

**This is the notice of the public hearing.** The public hearing will be held during the City Council meeting on \_\_\_\_\_, 2018 at 7:00 p.m., in the Lathrop City Hall Council Chambers located at 390 Towne Center Drive, Lathrop, California 95330.

At the hearing, the testimony of all interested persons or potential special taxpayers for or against the formation of the proposed community facilities district, the authorization to levy the special tax, and the authorization to issue the bonds will be heard. If written protests against the proposed CFD are delivered to the City Clerk at or before the time set for the hearing by either registered voters residing within, or the owners of property within, the proposed CFD, they will be counted toward a possible majority protest.

Written protests by the owners of a majority of the land which would be subject to special taxation within the proposed CFD will require the suspension of proceedings for at least one year. Written protests must be filed with the City Clerk at or before the time fixed for the hearing. If such protests are directed only against certain elements of the proposed improvements or proposed special tax, and if such protests constitute a majority protest, only those elements shall be deleted from the proceedings.

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

Questions should be directed to the undersigned, telephone (209) 941-7228.

Dated: as of \_\_\_\_\_, 2018

---

City Clerk  
City of Lathrop

**ATTACHMENT 6**

**RESOLUTION OF INTENT TO INCUR BOND  
INDEBTEDNESS FOR CFD 2018-2**

**RESOLUTION NO. \_\_\_\_\_**

**A RESOLUTION OF INTENTION TO INCUR BONDED INDEBTEDNESS  
IN AND FOR A COMMUNITY FACILITIES DISTRICT**

**CITY OF LATHROP  
Community Facilities District No. 2018-2  
(Central Lathrop Specific Plan Facilities)**

**WHEREAS**, the City Council (the "Council") of the City of Lathrop (the "City") has this date adopted its "Resolution of Intention to Establish a Community Facilities District and Levy a Special Tax," stating its intention to form the "City of Lathrop Community Facilities District No. 2018-2 (Central Lathrop Specific Plan Facilities)" (the "CFD") pursuant to the Mello-Roos Community Facilities Act of 1982, as amended, Chapter 2.5 of Part 1 of Division 2 of Title 5 of the California Government Code (the "Act"), for the purpose of financing and refinancing certain public improvements (the "Facilities"), as further provided in that Resolution; and

**WHEREAS**, this Council estimates the amount required for the financing of the costs of the Facilities to be the sum of not to exceed \$27,500,000; and

**WHEREAS**, in order to finance a portion of the costs of the Facilities it is necessary to incur bonded indebtedness on behalf of the CFD, in the amount of not to exceed \$27,500,000.

**NOW, THEREFORE, IT IS RESOLVED** as follows:

**1. Bonded Indebtedness.** The Council declares and finds that in order to finance and refinance a portion of the Facilities, it is necessary to incur bonded indebtedness within the boundaries of the proposed CFD in the amount of up to \$27,500,000, to be issued as bonds or notes in multiple series at such time as the Council deems appropriate. Indebtedness subject to this limit shall only include indebtedness evidenced by bonds or notes and shall not include bonds described in Section 53364.2(e) of the Act.

**2. Purpose.** The bonded indebtedness is proposed to be incurred for the purpose of financing the costs of the Facilities, including acquisition and improvement costs and all costs incidental to or connected with the accomplishment of said purposes and of the financing thereof, as permitted by Section 53345.3 of the Act.

**3. Terms of Bonds.** It is the intention of the Council that any such bonds issued shall be made callable in accordance with the terms of the Act and as more specifically to be set forth in any resolution authorizing issuance of the bonds, and shall be issued in such series and bear interest payable semi-annually or in such other manner as the Council shall determine, at a rate not to exceed the maximum rate of interest as may be authorized by applicable law at the time of sale of such bonds, and shall mature not to exceed 40 years from the date of the issuance thereof and shall be as more specifically set forth in any resolution authorizing the issuance of such bonds.

**4. Future Refunding.** In the event any series of bonds issued under the authorization is refunded to produce savings meeting the requirement of Section 53362.5 of the Act, all or a portion of the savings achieved through the issuance of refunding bonds may be used to finance Facilities insofar as the savings component provides capacity for bonded indebtedness in excess

of that being refunded, and such additional bonded indebtedness shall not reduce and may exceed the amount of bonded indebtedness authorized herein.

**5. Public Hearing.** The Council hereby sets Monday, October 8, 2018, at 7:00 p.m. or as soon as possible thereafter, in the City Hall, Council Chambers, 390 Towne Center Drive, Lathrop, California, as the time and place for a hearing by the Council on the proposed bond issue. At that time and place any persons interested, including any persons owning property in the CFD, will be heard.

**6. Notices of Hearing.** The City Clerk is hereby directed to cause notice of said public hearing to be given by one-time publication in a newspaper of general circulation in the area of the CFD. The publication of said notice shall be completed at least 7 days before the date herein set for said public hearing. Such notice shall be substantially in the form specified in Section 53346 of the Act, with the form summarizing the provisions hereof hereby specifically approved.

**7. Effectiveness.** This Resolution shall take effect upon its adoption.



I hereby certify that the foregoing Resolution was regularly introduced and adopted by the City Council of the City of Lathrop at a meeting held on the 13th day of August, 2018, by the following vote:

AYES:

NOES:

ABSTAIN:

ABSENT:

\_\_\_\_\_  
Sonny Dhaliwal, Mayor

ATTEST:

APPROVED AS TO FORM:

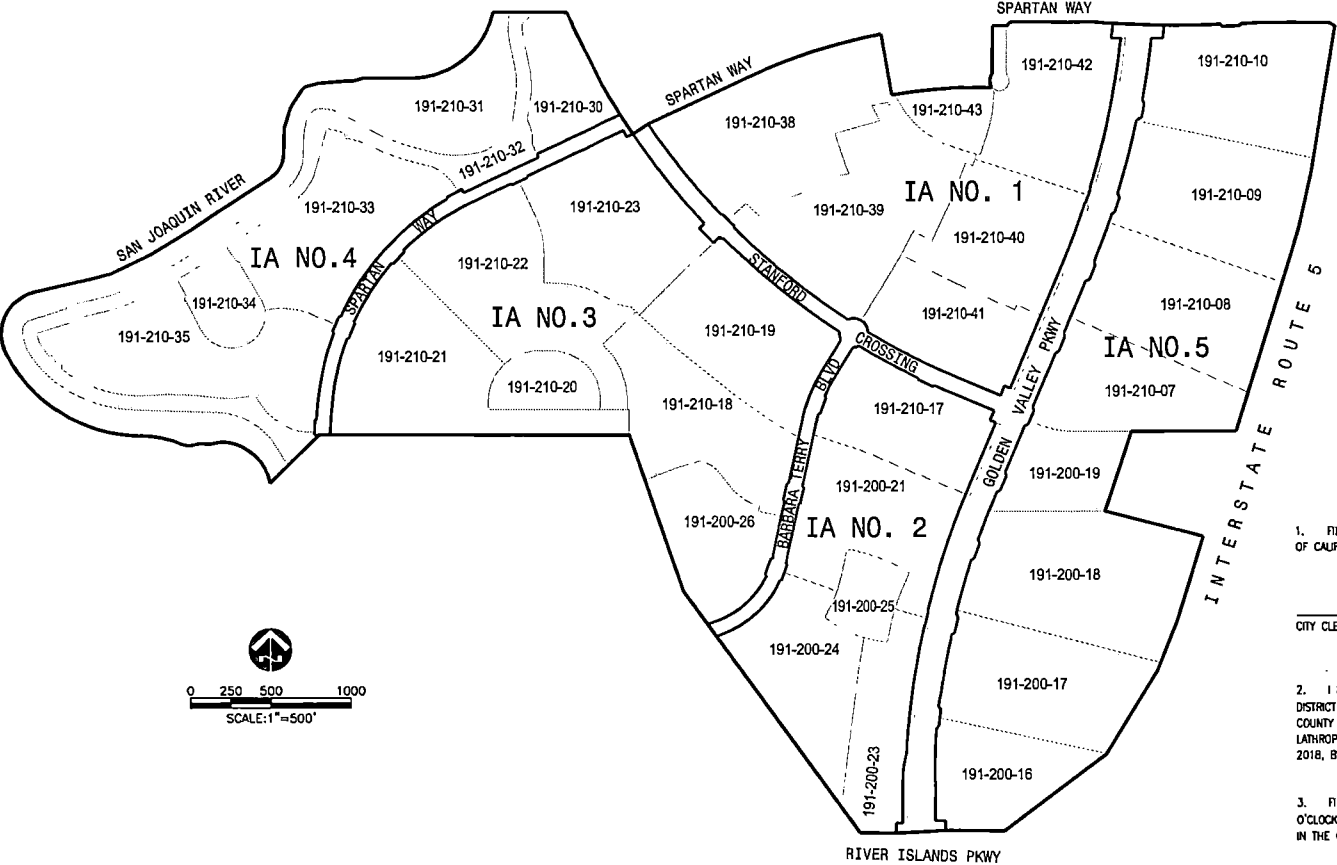
\_\_\_\_\_  
Teresa Vargas, City Clerk

  
\_\_\_\_\_  
Salvador Navarrete, City Attorney

**ATTACHMENT 7**  
**BOUNDARY MAPS**

PROPOSED BOUNDARIES OF COMMUNITY FACILITIES  
DISTRICT NO. 2018-01  
(CENTRAL LATHROP SPECIFIC PLAN FACILITIES  
AND IMPROVEMENT AREAS)

CITY OF LATHROP  
COUNTY OF SAN JOAQUIN, STATE OF CALIFORNIA  
JULY, 2018



1. FILED IN THE OFFICE OF THE CITY CLERK OF THE CITY OF LATHROP, COUNTY OF SAN JOAQUIN, STATE OF CALIFORNIA THIS \_\_\_\_\_ DAY OF \_\_\_\_\_, 2018

\_\_\_\_\_  
CITY CLERK, CITY OF LATHROP

2. I HEREBY CERTIFY THAT THE WITHIN MAP SHOWING PROPOSED BOUNDARIES OF COMMUNITY FACILITIES DISTRICT NO. 2018-01 (CENTRAL LATHROP SPECIFIC PLAN PHASE 1 INFRASTRUCTURE) CITY OF LATHROP, COUNTY OF SAN JOAQUIN, STATE OF CALIFORNIA, WAS APPROVED BY THE CITY COUNCIL OF THE CITY OF LATHROP, AT A MEETING THEREOF, HELD ON THE \_\_\_\_\_ DAY OF \_\_\_\_\_, 2018, BY ITS RESOLUTION NO. \_\_\_\_\_

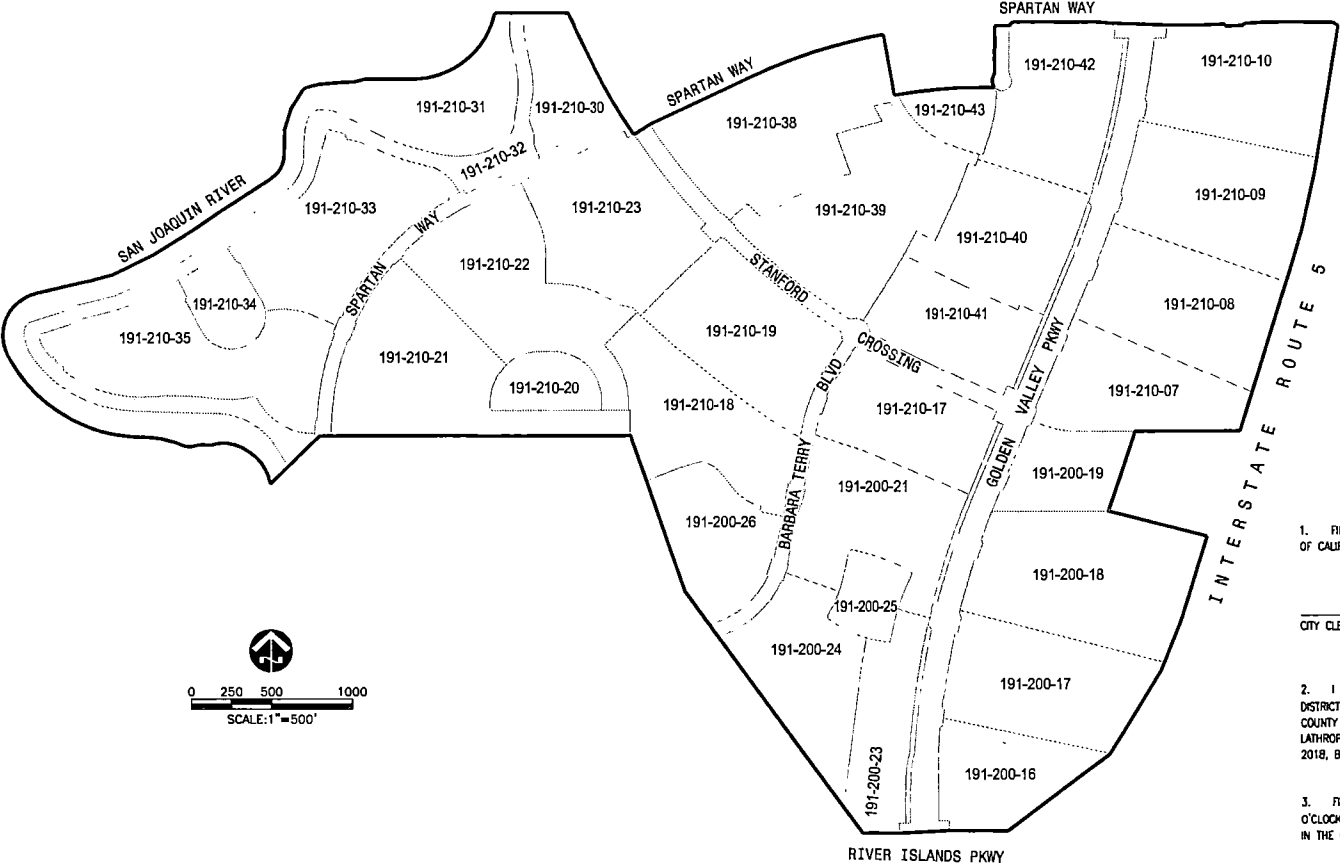
3. FILED THIS \_\_\_\_\_ DAY OF \_\_\_\_\_, 2018 AT THE HOUR OF \_\_\_\_\_ O'CLOCK \_\_\_\_\_ M. IN BOOK \_\_\_\_\_ OF MAPS OF ASSESSMENT AND COMMUNITY FACILITIES DISTRICT AT PAGE \_\_\_\_\_ IN THE OFFICE OF THE COUNTY RECORDER, COUNTY OF SAN JOAQUIN, STATE OF CALIFORNIA.

\_\_\_\_\_  
COUNTY RECORDER, COUNTY OF SAN JOAQUIN

**Mackay & Somp**  
ENGINEERS PLANNERS SURVEYORS  
31420 FARMER DR. PLEASANTON, CA 94568 (925) 329-0000

PROPOSED BOUNDARIES OF COMMUNITY FACILITIES  
DISTRICT NO. 2018-02  
(CENTRAL LATHROP SPECIFIC PLAN FACILITIES)

CITY OF LATHROP  
COUNTY OF SAN JOAQUIN, STATE OF CALIFORNIA  
JULY, 2018



1. FILED IN THE OFFICE OF THE CITY CLERK OF THE CITY OF LATHROP, COUNTY OF SAN JOAQUIN, STATE OF CALIFORNIA THIS \_\_\_\_\_ DAY OF \_\_\_\_\_, 2018

\_\_\_\_\_  
CITY CLERK, CITY OF LATHROP

2. I HEREBY CERTIFY THAT THE WITHIN MAP SHOWING PROPOSED BOUNDARIES OF COMMUNITY FACILITIES DISTRICT NO. 2018-02 (CENTRAL LATHROP SPECIFIC PLAN PHASE 1 INFRASTRUCTURE) CITY OF LATHROP, COUNTY OF SAN JOAQUIN, STATE OF CALIFORNIA, WAS APPROVED BY THE CITY COUNCIL OF THE CITY OF LATHROP, AT A MEETING THEREOF, HELD ON THE \_\_\_\_\_ DAY OF \_\_\_\_\_, 2018, BY ITS RESOLUTION NO. \_\_\_\_\_

3. FILED THIS \_\_\_\_\_ DAY OF \_\_\_\_\_, 2018 AT THE HOUR OF \_\_\_\_\_ O'CLOCK \_\_\_\_\_ M. IN BOOK \_\_\_\_\_ OF MAPS OF ASSESSMENT AND COMMUNITY FACILITIES DISTRICT AT PAGE \_\_\_\_\_ IN THE OFFICE OF THE COUNTY RECORDER, COUNTY OF SAN JOAQUIN, STATE OF CALIFORNIA.

\_\_\_\_\_  
COUNTY RECORDER, COUNTY OF SAN JOAQUIN

**MACKEY & SOMPS**  
ENGINEERS PLANNERS SURVEYORS  
51433 PEPPER DR., PEPPERHARBOR, CA 94548 (925) 222-0992

**CITY MANAGER'S REPORT  
AUGUST 13, 2018 CITY COUNCIL REGULAR MEETING**

**ITEM:** **PUBLIC HEARING (PUBLISHED NOTICE) TO CONSIDER VESTING TENTATIVE MAP TRACT 3967 FOR THE STANFORD CROSSING PHASE 2 PROJECT**

**RECOMMENDATION:** **Council to Consider the Following:**

- 1. Hold a Public Hearing; and**
- 2. Adopt a Resolution Affirming the Planning Commission's Recommendation to Approve the Vesting Tentative Map for the Stanford Crossing Phase 2 Tract 3967 Project (VTM-18-46).**

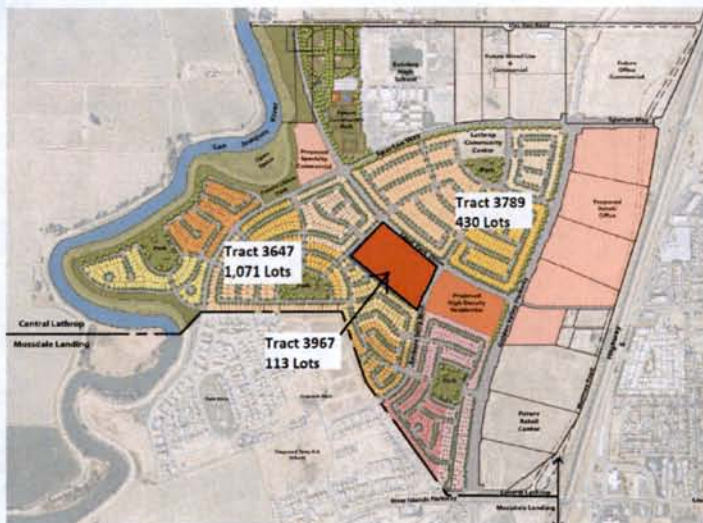
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**SUMMARY:**

The request is for a Vesting Tentative Map (VTM) to subdivide an 18-acre parcel into 113 individual residential lots ranging in size from 4,000 to 9,000 +/- square feet and 3 parcels reserved for open space. The project is located in the Central Lathrop Specific Plan. The map will serve as the basis for design and construction of the backbone improvements consistent with the Central Lathrop Specific Plan (CLSP).

**BACKGROUND:**

The project site is located south of Stanford Crossing (formerly Land Park Drive) between Spartan Way and Golden Valley Parkway within the Central Lathrop Specific Plan area. The project site is approximately 18 acres in size and consists of a single parcel. The site is currently an undeveloped vacant land that has been removed from agricultural use and graded in preparation for urban development. The project is located between Tract 3789 (approved for 430 residential lots) to the north and Tract 3647 (approved for 1,040 residential lots) to the south.



The Central Lathrop Specific Plan received approval from the City on November 9, 2004. The project included the certification of the Environmental Impact Report, adoption of the Specific Plan document, General Plan and Zoning amendments, Development Agreement and annexation to the City of Lathrop. The CLSP provides a planning framework that guides development of an approximate 1,520-acre area in the City.

**CITY MANAGERS REPORT  
AUGUST 13, 2018 CITY COUNCIL REGULAR MEETING  
STANFORD CROSSING PHASE 2 TRACT 3967**

**PAGE 2**

It provides for up to 6,800 dwelling units, 5 million square feet of commercial, and various public uses such as schools and parks.

On March 20, 2007, the City approved Vesting Tentative Map Tract 3647 to subdivide approximately 190-acres of land into 1,071 residential lots, parks and open spaces. This was the first residential subdivision approved by the City within the CLSP area. On January 13, 2014, the second residential project in CLSP was approved subdividing an approximately 94-acre site into 430 residential lots (Vesting Tentative Map Tract 3789). On October 2, 2017, the City Council approved a General Plan Interpretation to modify the designation of the 18-acre project site from "School" to "Variable Density Residential". The modification was triggered by Manteca Unified School District's preference to construct a future K-8 school at a preferred alternate site located on Dos Reis Road north of Lathrop High School.

On July 18, 2018, the Planning Commission held a public hearing and voted unanimously (5-0), to recommend the City Council approve the proposed Stanford Crossing Phase 2 Tract 3967 Vesting Tentative Map.

**ANALYSIS:**

Tentative Parcel Map

According to Section 16.12.060 of the Lathrop Municipal Code (LMC), the City Council shall review the decision of the Planning Commission related to Vesting Tentative Maps, and may affirm, reverse, or modify the decision.

The Vesting Tentative Map proposes to subdivide an 18-acre parcel into 113 individual residential lots ranging in size from 4,000 to 9,000 +/- square feet and 3 parcels reserved for open space. The map satisfies the VR-CL density requirement at 6.2 units per acre (range is 3-16 units per acre) and meets the minimum standards for lot widths and lot depths.

Streets and utilities have been installed along the entire perimeter of the project. The primary access to the subdivision is provided by "Street Q" which connects to Stanford Crossing. An Emergency Vehicle Access (EVA) at the south terminus of "Street E" is being proposed if the adjacent Tract 3647 subdivision to the south is not constructed to provide secondary access to the project. Within the CLSP area, major access roadways have been constructed, including Spartan Way from Manthey Road to Stanford Crossing, Stanford Crossing from Spartan Way to Golden Valley Parkway, and Golden Valley Parkway between Spartan Way and Louise Avenue.

Construction on the backbone infrastructure to serve the entire CLSP area was started before the economic downturn, but has not been completed. The applicant proposes to extend the existing utilities (water, sewer, and storm drain) from the intersection of Stanford Crossing and Street Q to serve the project site. The ultimate street frontage improvements such as curb, gutter, sidewalk, landscaping, street lights, fire hydrants, etc. will be constructed in accordance with the CLSP and the City of Lathrop Standards and Specifications. Electric and natural gas service will be provided by PG&E to the project site.

Conditions of Approval

Planning staff routed the project plans to the Building Division, Public Works Department, Lathrop-Manteca Fire District, Lathrop Police Services and various non-City agencies to ensure compliance with applicable codes and requirements. As a result, staff developed a consolidated list of conditions. Staff finds that the proposed project has been properly conditioned to meet the City's standards and requirements as well as consistency with the CLSP.

General Plan and Zoning Consistency

As currently designed and conditioned, the project is a reasonable request that is consistent with the goals and policies of the General Plan and Central Lathrop Specific Plan and will comply with the requirements of the Zoning Ordinance and design standards of the CLSP upon development. The project is also consistent with the City's subdivision ordinance and the State Subdivision Map Act.

Public Notice

A Notice of Public Hearing was advertised in the Manteca Bulletin on July 31, 2018. Staff notified via e-mail the interested parties on the public hearing notification list and also mailed the public hearing notice on July 26, 2018 to notify property owners located within a 300-foot radius from the project site. In addition, the meeting agenda was also posted at our designated posting locations in the City. As of the writing of this report, no comments were received in favor or against the proposed project.

**CEQA REVIEW:**

The environmental impacts of the CLSP project were addressed in a certified Environmental Impact Report (SCH No. 2003072132). The proposed Vesting Tentative Map is within the scope of the project analyzed in the CLSP EIR. Staff has determined that no further environmental review is required in compliance with the California Environmental Quality Act (CEQA).

**RECOMMENDATION:**

The Planning Commission and staff recommend that the City Council consider all information provided and submitted, take and consider all public testimony and, if determined to be appropriate, adopt a Resolution to approve the Vesting Tentative Map for the Stanford Crossing Phase 2 Tract 3967 and affirm the recommendation of the Planning Commission.

**COUNCIL GOALS ADVANCED BY THIS AGENDA ITEM:**

The proposed Resolution promotes Economic Growth by supporting and encouraging development, and promotes Team Work between the public, Council and City staff by working together to share the same vision.

**FISCAL IMPACT:**

All application processing fees and costs are charged to the applicant. The request has no fiscal impact to the City.

**ATTACHMENT:**

1. City Council Resolution Approving Vesting Tentative Map (VTM-18-46).
2. Planning Commission Resolution No. 18-24 Recommending City Council Approval
3. Conditions of Approval dated July 18, 2018
4. Vicinity Map
5. Vesting Tentative Map for Stanford Crossing Phase 2 Tract 3967



**CITY MANAGERS REPORT  
AUGUST 13, 2018 CITY COUNCIL REGULAR MEETING  
STANFORD CROSSING PHASE 2 TRACT 3967**

**APPROVALS:**

  
\_\_\_\_\_  
Rick Caguiat  
Senior Planner

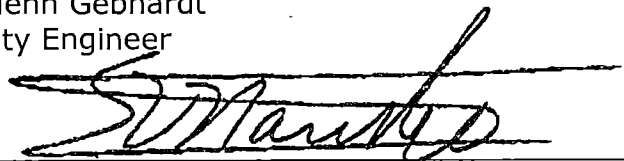
7-26-18  
Date

  
\_\_\_\_\_  
Mark Meissner  
Assistant Community Development Director

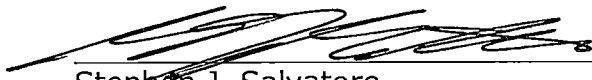
7-26-18  
Date

  
\_\_\_\_\_  
Glenn Gebhardt  
City Engineer

7-26-18  
Date

  
\_\_\_\_\_  
Salvador Navarrete  
City Attorney

7/26/18  
Date

  
\_\_\_\_\_  
Stephen J. Salvatore  
City Manager

7-30-18  
Date

**RESOLUTION NO. 18-**

**A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF LATHROP TO APPROVE THE VESTING TENTATIVE MAP FOR THE PROPOSED STANFORD CROSSING PHASE 2 TRACT 3967 PROJECT (VTM-18-46) AND AFFIRM THE RECOMMENDATION OF THE PLANNING COMMISSION**

**WHEREAS**, the City of Lathrop Planning Commission held a duly noticed public hearing on July 18, 2018 to consider the Stanford Crossing Phase 2 Vesting Tentative Map Tract 3967 project pursuant to the Lathrop Municipal Code; and

**WHEREAS**, the request is for a Vesting Tentative Map to subdivide an 18-acre parcel into 113 individual residential lots ranging in size from 4,000 to 9,000 +/- square feet and 3 parcels reserved for open space; and

**WHEREAS**, the property is located at 1600 Stanford Crossing (APN: 191-210-19); and

**WHEREAS**, the subject parcels are located in a Variable Density Residential (VR-CL) General Plan designation, and located within the Variable Density Residential (VR/DS-CL) Zoning District; and

**WHEREAS**, the environmental impacts of the Central Lathrop Specific Plan (CLSP) project were addressed in a certified Environmental Impact Report (SCH No. 2003072132). The proposed Vesting Tentative Map is within the scope of the project analyzed in the CLSP EIR; and

**WHEREAS**, the City Council finds that the proposed project is consistent with the Variable Density land use goals and policies the City of Lathrop General Plan and Central Lathrop Specific Plan, and also consistent with the City's Subdivision Ordinance and the State Subdivision Map Act; and

**WHEREAS**, the City Council finds that the requirements and conditions of this resolution are reasonable in preserving, protecting, providing for, and fostering the health, safety, and welfare of the citizenry in general, and the persons who work in or visit the development in particular; and

**WHEREAS**, proper notice of this public meeting was given in all respects as required by law; and

**WHEREAS**, the City Council has reviewed all written evidence and oral testimony presented to date.

**NOW, THEREFORE, BE IT RESOLVED** the City Council of the City of Lathrop does hereby make the following findings:

1. *The proposed map is consistent with the General Plan.* The proposed map is a residential subdivision that implements the land use objectives in the Lathrop General Plan and Central Lathrop Specific Plan.
2. *The design or improvements of the proposed subdivision are consistent with the General Plan.* As conditioned, the design of the map and proposed utility and improvements are consistent with the requirements of the General Plan and the Central Lathrop Specific Plan. All required improvements are conditioned to comply with the City's standards and specifications.
3. *The site is physically suitable for the proposed industrial development.* The site is designated as Variable Density Residential land use in the General Plan and the Central Lathrop Specific Plan. The applicant and staff have worked closely to ensure the map and its conditions of approval address public infrastructure and public services for the development of the propose residential development.
4. *The site is physically suitable for the proposed density of development.* The Lathrop General Plan and Central Lathrop Specific Plan identifies the project area to allow for single-family or multi-family residential development. The map satisfies the VR-CL density requirement at 6.2 units per acre (range is 3-16 units per acre) and meets the minimum standards for lot widths and lot depths. Development of the site will comply with the requirements set forth in the Lathrop Municipal Code Development Standards.
5. *The design of the subdivision or the proposed improvements will not cause substantial environmental damage or substantially injure fish or wildlife or their habitat.* The development of the Central Lathrop Specific Plan project would involve a range of potentially significant environmental effects, including effects on plant, fish and wildlife species or their habitat. These potential effects were explored in detail, and available mitigations were identified in the CLSP Environmental Impact Report. It was determined that although the proposed project could have a significant effect on the environment, required mitigation measures will be implemented to reduce these effects to a less than significant level. A Statement of Overriding Considerations was previously approved by the Lathrop City Council for certain significant and unavoidable impacts related to transportation, air quality, noise, agricultural and aesthetic impacts. Mitigation measures are incorporated and included as part of the Conditions of Approval for the project.

6. *The design of the subdivision or type of improvements will not cause serious public health problems.* The development of the Central Lathrop Specific Plan project would involve a range of potentially significant effects on public health and safety. These potential effects were explored in detail, and available mitigations were identified in the CLSP Environmental Impact Report. It was determined that although the proposed project could have a significant effect on the environment, required mitigation measures will be implemented to reduce these effects to a less than significant level. Mitigation measures are incorporated and included as part of the Conditions of Approval for the project.
7. *The design of the subdivision or the type of improvements will not conflict with easements, acquired by the public at large, for access through or use of, property within the proposed subdivision.* The design of the subdivision does not conflict with any public easements for access through or use of property within the subdivision. Conditions of approval are included to dedicate land, right of way and to provide easements where necessary for public access, utilities, and infrastructure.

**BE IT FURTHER RESOLVED** that the City Council of the City of Lathrop based on substantial evidence in the administrative record of proceedings, its findings above, and pursuant to its independent review and consideration, does hereby approve Vesting Tentative Map No. VTM-18-46 for the Stanford Crossing Phase 2 Tract 3967, subject to the Conditions of Approval listed as Attachment #3 of the Staff Report, incorporated by reference herein and affirm the recommendation of the Planning Commission.

**PASSED AND ADOPTED** by the City Council of the City of Lathrop at a regular meeting on the 13<sup>th</sup> day of August, 2018 by the following vote:

AYES:

NOES:

ABSTAIN:

ABSENT:

\_\_\_\_\_  
SONNY DHALIWAL, MAYOR

ATTEST:

APPROVED AS TO FORM:

\_\_\_\_\_  
Teresa Vargas, City Clerk

  
\_\_\_\_\_  
Salvador Navarrete, City Attorney

**CITY OF LATHROP  
PLANNING COMMISSION RESOLUTION NO. 18-24**

**A RESOLUTION OF THE PLANNING COMMISSION OF THE CITY OF LATHROP  
RECOMMENDING THE CITY COUNCIL APPROVE THE VESTING TENTATIVE  
MAP FOR THE STANFORD CROSSING PHASE 2 TRACT 3967  
(VTM-18-46)**

**WHEREAS**, the City of Lathrop Planning Commission held a duly noticed public hearing to consider the Stanford Crossing Phase 2 Vesting Tentative Map Tract 3967 project pursuant to the Lathrop Municipal Code; and

**WHEREAS**, the request is for a Vesting Tentative Map to subdivide an 18-acre parcel into 113 individual residential lots ranging in size from 4,000 to 9,000 +/- square feet and 3 parcels reserved for open space; and

**WHEREAS**, the property is located at 1600 Stanford Crossing (APN: 191-210-19); and

**WHEREAS**, the subject parcels are located in a Variable Density Residential (VR-CL) General Plan designation, and located within the Variable Density Residential (VR/DS-CL) Zoning District; and

**WHEREAS**, the environmental impacts of the Central Lathrop Specific Plan (CLSP) project were addressed in a certified Environmental Impact Report (SCH No. 2003072132). The proposed Vesting Tentative Map is within the scope of the project analyzed in the CLSP EIR; and

**WHEREAS**, the Planning Commission finds that the proposed project is consistent with the Variable Density land use goals and policies the City of Lathrop General Plan and Central Lathrop Specific Plan, and also consistent with the City's Subdivision Ordinance and the State Subdivision Map Act; and

**WHEREAS**, the Planning Commission finds that the requirements and conditions of this resolution are reasonable in preserving, protecting, providing for, and fostering the health, safety, and welfare of the citizenry in general, and the persons who work in or visit the development in particular; and

**WHEREAS**, section 16.12.050 of the Lathrop Municipal Code mandates the transmittal of a recommendation to the City Council by Resolution; and

**WHEREAS**, proper notice of this public meeting was given in all respects as required by law; and

**WHEREAS**, the Planning Commission has reviewed all written evidence and oral testimony presented to date.

**NOW, THEREFORE, BE IT RESOLVED** the Planning Commission of the City of Lathrop does hereby make the following findings:

1. *The proposed map is consistent with the General Plan.* The proposed map is a residential subdivision that implements the land use objectives in the Lathrop General Plan and Central Lathrop Specific Plan.
2. *The design or improvements of the proposed subdivision are consistent with the General Plan.* As conditioned, the design of the map and proposed utility and improvements are consistent with the requirements of the General Plan and the Central Lathrop Specific Plan. All required improvements are conditioned to comply with the City's standards and specifications.
3. *The site is physically suitable for the proposed industrial development.* The site is designated as Variable Density Residential land use in the General Plan and the Central Lathrop Specific Plan. The applicant and staff have worked closely to ensure the map and its conditions of approval address public infrastructure and public services for the development of the propose residential development.
4. *The site is physically suitable for the proposed density of development.* The Lathrop General Plan and Central Lathrop Specific Plan identifies the project area to allow for single-family or multi-family residential development. The map satisfies the VR-CL density requirement at 6.2 units per acre (range is 3-16 units per acre) and meets the minimum standards for lot widths and lot depths. Development of the site will comply with the requirements set forth in the Lathrop Municipal Code Development Standards.
5. *The design of the subdivision or the proposed improvements will not cause substantial environmental damage or substantially injure fish or wildlife or their habitat.* The development of the Central Lathrop Specific Plan project would involve a range of potentially significant environmental effects, including effects on plant, fish and wildlife species or their habitat. These potential effects were explored in detail, and available mitigations were identified in the CLSP Environmental Impact Report. It was determined that although the proposed project could have a significant effect on the environment, required mitigation measures will be implemented to reduce these effects to a less than significant level. A Statement of Overriding Considerations was previously approved by the Lathrop City Council for certain significant and unavoidable impacts related to transportation, air quality, noise, agricultural and aesthetic impacts. Mitigation measures are incorporated and included as part of the Conditions of Approval for the project.
6. *The design of the subdivision or type of improvements will not cause serious public health problems.* The development of the Central Lathrop Specific Plan project would involve a range of potentially significant effects on public health and safety. These potential effects were explored in detail, and available mitigations were identified in the CLSP Environmental Impact Report. It was determined that although the proposed project could have a significant effect on the environment, required mitigation measures will be implemented to reduce these effects to a less than significant level. Mitigation measures are incorporated and included as part of the Conditions of Approval for the project.

7. *The design of the subdivision or the type of improvements will not conflict with easements, acquired by the public at large, for access through or use of, property within the proposed subdivision.* The design of the subdivision does not conflict with any public easements for access through or use of property within the subdivision. Conditions of approval are included to dedicate land, right of way and to provide easements where necessary for public access, utilities, and infrastructure.

**BE IT FURTHER RESOLVED** that the Planning Commission of the City of Lathrop based on substantial evidence in the administrative record of proceedings, its findings above and pursuant to its independent review and consideration, does hereby recommend the City Council approve Vesting Tentative Map No. VTM-18-46, subject to the Conditions of Approval listed as Attachment #2 of the Staff Report, incorporated by reference herein.

**PASSED AND ADOPTED** by the Planning Commission of the City of Lathrop at a regular meeting on the 18<sup>th</sup> day of July, 2018 by the following vote:

AYES: Lazard, Ishihara, Freeman, Gatto, Torres-O'Callaghan

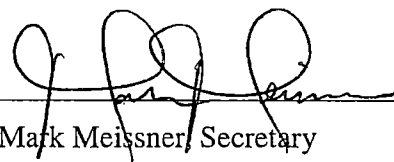
NOES: None

ABSTAIN: None

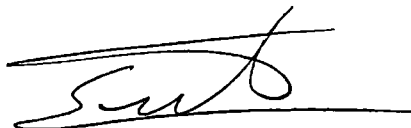
ABSENT: None

  
Diane Lazard, Chair

ATTEST:

  
Mark Meissner, Secretary

APPROVED AS TO FORM:

  
Salvador Navarrete, City Attorney



**TRACT 3967****VESTING TENTATIVE MAP NO. VTM-18-46  
(SMALL LOT MAP)  
CONDITIONS OF APPROVAL****“STANFORD CROSSING PHASE 2”  
CENTRAL LATHROP SPECIFIC PLAN****(July 18, 2018)****CONDITIONS OF APPROVAL**

These conditions shall apply to Vesting Tentative Tract Map 3967 (VTM 3967) – Stanford Crossing (the “Small Lot Vesting Tentative Subdivision Map” or a “Small Lot Map”). Conditions listed as “large lot map conditions” shall be used in the event that the applicant chooses to file a large lot map over all or a portion of VTM 3967 for the purpose of phasing or financing. The property that is subject to this Vesting Tentative Subdivision Map (the “Subject Property”) consists of a portion of the Saybrook CLSP project known as “Stanford Crossing Phase 2” and located in the Central Lathrop Specific Plan (“CLSP”) area. These Conditions of Approval shall apply to the Subject Property and to Saybrook CSLP, LLC and their successors in interest, hereinafter referred to as “applicant.” The Saybrook CLSP project shall be developed in accordance with “Applicable Law” as defined in the Project Development Agreement, if applicable.

**General Requirements**

1. The applicant shall comply with all conditions of approval adopted by the City in approving this Small Lot Vesting Tentative Subdivision Map as well as all applicable conditions of approval for Large Lot Vesting Map 3533. It is possible that the performance guarantees provided with Final Map 3533 and the improvements intended to be constructed with CFD 2006-01 may not be perfected prior to the time the guaranteed improvements are needed, in order to allow building permits to be issued to properties within VTM 3967. For that reason, the applicant shall provide 100% performance and 50% labor and material bonds to guarantee completion of the improvements required for the development of VTM 3967 prior to approval of the first small lot residential final map. Improvements to be guaranteed include:
  - A. Completion of street frontage improvements adjacent to VTM 3967 including:
    - i. Stanford Crossing: South side only from “Street Q” to Barbara Terry Blvd:
      - Sidewalk and curb returns
      - Landscape and irrigation
      - Joint Trench
      - Street Lights

- ii. Barbara Terry Blvd: West side only from Stanford Crossing to Project Limit
  - Sidewalk and curb returns
  - Landscape and irrigation
  - Joint Trench
  - Street Lights
  
- B. Stanford Crossing pavement rehabilitation from Golden Valley Parkway to Spartan Way. Submit existing pavement condition analysis with recommendations for any required rehabilitation to the Public Works Director for review and approval. Repair any damaged existing curb and gutter.
  
- C. Barbara Terry Blvd pavement rehabilitation from Mosssdale Boundary to Stanford Crossing. Submit existing pavement condition analysis with recommendations for any required rehabilitation to the Public Works Director for review and approval. Repair any damaged existing curb and gutter. Install sidewalk on the non-joint trench side of the road.
  
- D. Inspect, test and repair to the satisfaction of the PW Director all existing underground utilities along the project frontage or other existing utilities that will be utilized in conjunction with the development of VTM 3967 that were not previously accepted by the City.
  
- E. A water tank with a minimum capacity of 1.5 MG (unless a smaller tank or deferral of the tank is approved by the Director of Public Work), and booster pump station to be located on the site of the approved 3.6 MG tank for CLSP, if not already constructed. Final location and design of the tank and booster station shall be approved by the Director of Public Works and shall be consistent with the Water System Report for the Project. The Water System Report shall be updated to determine the optimum tank size and trigger for tank construction. The water tank and booster pump may be added into the City CFF program.
  
- F. Dedication of land to the City, plus completion of improvement plans for, and guarantee of construction of, sufficient acreage to accommodate the recycled water storage ponds and spray fields required for disposal of treated effluent resulting from the treatment of wastewater generated by development within VTM 3967.
  
- G. For interim use (the first 162 units or 42,000 gpd, including VTM Tract 3789), completion of the sewer pump station (including pumps, controls and SCADA) and construction of the interim force main to connect to the Mosssdale Village gravity sewer collection system in Lathrop Road as described in the Basis of Design report by MacKay & Somsps dated October 3, 2013. For ultimate conditions, completion of the sewer pump station and force main to connect to the existing force main in River Islands Parkway.

- H. For interim use, completion of the storm drain pump station (including pumps, controls and SCADA) and construction of the storm drain basin north of the pump station, if not already constructed. A Storm Drain Report specifying the amount of development that can occur during the interim condition shall be submitted to the Director of Public Works for review and approval prior to approval of the first small lot final map. For ultimate conditions, implementation of a connection fee and payment of that fee prior to building permit to pay their pro rata share of the cost of extending the 72" force main to the San Joaquin River, and installation of the outfall structure, including payment of habitat mitigation fees. Storm drain facilities may be added into the City CFF program.
  - I. Payment of the traffic signal guarantee for the signal at Golden Valley Parkway and Lathrop Road, which will result in the issuance of CFF credits.
  - J. The assessments from CFD 2006-02 shall be endorsed in writing by the applicant, or modified with approval by the City and LMFD, to guarantee operation and maintenance of the infrastructure within CLSP.
  - K. All bonds provided to guarantee the improvements noted above shall be released upon acceptance by the City of the improvement, and acceptance by the City of any public roadway that encompasses the improvement, and upon the applicant providing a maintenance bond for 10% of the cost of the performance bond, that maintenance bond to remain in effect for one year.
2. VTM 3967 is to subdivide an 18-acre site into 113 single family residential lots of varying lot sizes ranging from 4,000 square feet to over 9,000 square feet.
  3. Payment of all Central Park construction fees shall be completed prior to the first building permit associated with each small lot final map.
  4. Fund proportional share of traffic signals at the following locations prior to approval of the first small lot residential final map that utilizes the intersection of:
    - a. Golden Valley Parkway and Stanford Crossing  
Traffic signals may be added in the City CFF program.
  5. In the event clarification is required for these Conditions of Approval, the Community Development Director and the Public Works Director shall have the authority to administratively clarify the intent and wording of these Conditions of Approval without the requirement of a public hearing or to refer questions regarding the interpretation of these Conditions of Approval to the City Council. If an applicant takes issue with the clarification provided administratively, the applicant shall have the right to appeal the administrative clarification to the City Council. The Community Development Director and Public Works Director also shall have the authority to make minor modifications to these Conditions without a public hearing, provided such modifications are made at the request of an applicant and are consistent with and in furtherance of the underlying intent of the condition being modified.

6. Prior to the approval of a Residential Small Lot Final Subdivision Map or the issuance of a building permit for a land use that does not require a Small Lot Map, applicant shall make provision for the maintenance of any private common area that is part of the Small Lot Map or the building site, respectively. Such maintenance may be provided through the creation of a Homeowners Association or a Business Property Owners Association or through an alternative means subject to approval by the Community Development Director.
7. Unless otherwise addressed in a Project Development Agreement, prior to approval of the first Residential Small Lot Final Subdivision Map or issuance of the first building permit for a land use not requiring a Small Lot Map, the City may require participation of the property in a financing mechanism or mechanisms as appropriate to finance the operation and maintenance of Project Facilities and Infrastructure serving the site; provided however, that Saybrook CLSP shall not be prevented from causing reasonable terms and conditions to be included in such financing mechanisms to ensure they are: (i) both fair and reasonable, (ii) consistent with the principles established in Section 5.02.01, and (iii) coordinated with Saybrook CLSP's overall strategy for financing both the Project Facilities and Infrastructure required to serve the CLSP and the services involved in maintaining and operating the public improvements."
8. Multiple final maps may be filed over the VTM 3967 area for phasing or financing purposes. Each residential small lot final map shall "stand alone" and be self-sufficient regarding adequate site access, on-site circulation, physical infrastructure, fire protection methods and land use patterns. The Director of Public Works and the Fire Chief of the Lathrop-Manteca Fire Protection District shall approve any and all changes in the phasing plan. Approval of a revised phasing plan may include the requirement for construction of additional site improvements.
9. In case of conflict between the various land use regulatory documents, the following order shall prevail, Central Lathrop Specific Plan Environmental Impact Report, Central Lathrop Specific Plan, Central Lathrop Design Guidelines, Vesting Large Lot Final Map and applicable conditions of large lot map approval, the LMC, City of Lathrop Design and Construction Standards, NPDES General Permit and City of Lathrop SWMP.
10. The applicant and all successors and assigns shall comply with and pay the cost to monitor all applicable Mitigation Measures included within the Final Central Lathrop Specific Plan Environmental Impact report, kept on file in the Lathrop Community Development Department, and the Traffic Monitoring Plan (TMP). The requirements contained in the MMP and the TMP are hereby incorporated into these Conditions of Approval.
11. On an annual basis during the construction of the project and/or each residential final map, the applicant(s) shall fund applicable portions of the MMP. On or before February 1 of each year and until the last residential final map, the City shall determine and the applicant(s) shall pay any costs necessary to fund the MMP that were not paid during the prior twelve-month period.

12. The applicant agrees to indemnify, hold harmless and defend the City, its officers, agents and employees from any and all liability or claims that may be brought against the City arising out of the approval of this Vesting Tentative Map, to the fullest extent permitted by law (which will not allow the City to be indemnified for its sole negligence or willful misconduct).
13. By accepting the benefits conferred under this Vesting Tentative Map, the applicant(s) acknowledges all the conditions imposed and accepts this Vesting Tentative Map subject to those conditions with the full awareness of the provisions of the Central Lathrop Specific Plan, the Central Lathrop Design Guidelines and other applicable documents.
14. The use of the property by the applicant(s) for any activity authorized by this Vesting Tentative Map shall constitute acceptance of all of the conditions and obligations imposed by the City on this Vesting Tentative Map. The applicant(s), by said acceptance of these Conditions, waives any challenge as to the validity of these conditions.
15. Upon the Assignment of the existing Development Agreement for the Central Lathrop Specific Plan Area, or upon approval of a subsequent Project Development Agreement, as applicable, the applicant(s) and City are subject to all rights and obligations imposed on the subject property by the Development Agreement.
16. Prior to the approval of each residential small lot final map, the applicant(s) shall provide the Community Development Director, Public Works Director and City Attorney with a draft copy of the draft Covenants, Conditions and restrictions (CC&Rs) on the deeds for all lots within the subdivision. CC &R's shall then be approved by the Community Development Director, Public Works Director and City Attorney, or their designee, prior to final submittal to the City. CC &R's for final maps that contain any attached residential product type shall include specific mechanism for permanent maintenance of private roads, alleys, driveways and similar facilities as well as ensuring that public safety signs and curb painting are maintained in a manner acceptable to the City of Lathrop-Manteca Fire Protection District. CC&Rs shall be provided for each separate final map as may be required. The CC&Rs shall be consistent with the LMC and the approved Development Agreement for this property. If there is a conflict between the LMC and Development Agreement, the LMC and Development Agreement or these Conditions of Approval shall prevail. CC&R's for the property governed by this Vesting Tentative Subdivision shall contain the following language: "This subdivision is contained within the Central Lathrop Specific Plan area. As such, properties are subject to certain design guidelines, development standards and siting techniques which have been incorporated into the Central Lathrop Specific Plan, Central Lathrop Design Standards and into portions of the Lathrop Municipal Code (LMC). These documents are on file in the City of Lathrop Community Development Department at Lathrop City Hall." CC&Rs shall be recorded prior to or simultaneously with the approval the first Small Lot Final Subdivision Map.

17. If the City is required to enforce any of these Conditions of Approval, the applicant(s) shall pay all costs of enforcement. In the City's sole discretion, the City may require a cash deposit to cover enforcement costs as a condition of approval of any future final map.

### **Public Works**

18. Unless otherwise addressed in a Project Development Agreement, prior to the approval of each Residential Small Lot Final Subdivision Map or building permit for a use that does not require a Small Lot Map, storm drain facilities shall be provided that are adequate to accommodate the storm water runoff from the area that is subject to the Small Lot Map or building permit.
19. The City shall allocate water connections, wastewater treatment capacity and recycled water capacity to the project provided the applicant has complied with the funding requirements of the Project Development Agreement, as applicable. Prior to the approval of each Residential Small Lot Final Subdivision Map or the issuance of each building permit for a non-city land use that does not require a Small Lot Map, sufficient potable water service connections wastewater treatment capacity and recycled water capacity, where applicable, shall have been allocated to serve the lots or land use that is the subject of the Small Lot Map or building permit unless the timing of final map approval in relation to capacity is otherwise approved by the Director of Public Works.
20. Unless otherwise addressed in a Project Development Agreement, prior to the approval of the first Residential Small Lot Final Subdivision Map or issuance of the first building permit for a non-city land use not requiring a Small Lot Map within each of the five drainage subsheds identified in the Central Lathrop Specific Plan, [applicant's] engineer shall prepare a Storm Drain Plan for the entire drainage subshed within which the Small Lot Map or land use not requiring a Small Lot Map is located."
21. The Developer shall enter into a Subdivision Improvement Agreement with the City for all public improvements, including any required off-site storm drainage or roadway improvements that are needed to serve the subdivision that have not been bonded with another Subdivision Improvement Agreement to the satisfaction of the City Engineer. The developer may be required to install LED street lights in new streets, and shall work together with the City to evaluate the potential to retrofit existing street lights within Central Lathrop with LED lights.
22. The Developer shall provide performance (100%) and labor and material (50%) securities to guarantee the Subdivision improvements, approved by the City Engineer, prior to the execution of the Subdivision Improvement Agreement and approval of the Final Map.

### **Planning Services**

23. All parking and internal circulation of vehicles shall conform to the standards regarding off-street parking as required by the Central Lathrop Specific Plan.

***PRIOR TO MAP APPROVAL AND RECORDATION (Small lot map)***

**General Requirements**

24. The improvement plans shall indicate that all water meters shall be within the public right-of-way or public utilities easement (PUE) unless the Director of Public Works specifically approves exceptions. The City shall not maintain water and sewer system lines beyond existing main line stub outs or on private property, unless otherwise agreed to by the City.
25. Prior to the approval of each Residential Small Lot Final Subdivision Map or the issuance of each building permit for a non-city land use that does not require a Small Lot Map, applicant shall dedicate or otherwise convey to the City all groundwater rights underlying the area subject to the Small Lot Map or building permit.
26. Unless otherwise addressed in a Project Development Agreement, the improvement plans shall indicate that applicant “shall provide cable or suitable conduit to each City facility, public school, public park or other lot designated for municipal use for internet, emergency and smart technology access”. The cable or suitable conduit shall be shown on the joint trench improvement plans and constructed before the final lift of asphalt is placed on the adjacent street.
27. Prior to approval of each Residential Small Lot Final Subdivision Map or the issuance of each building permit for a land use that does not require a Small Lot Map, applicant shall install mailboxes as required by the CLSP. The applicant shall submit a mailbox plan to the Planning Division for review and approval. A plan showing the locations and sizes of the mailboxes for all lots shall be approved by the Lathrop Post Office. Prior to installing the mailboxes, the applicant shall submit to the City a written confirmation from the Lathrop Post Office that the mailbox locations and sizes are approved. The location plan must be acceptable to the City.
28. Unless otherwise addressed in a Project Development Agreement, notification shall be provided to future purchasers and/or renters of residential units within the CLSP that front and rear yard areas, project parks and other landscaped portions of the CLSP Area are, or may be in the future, irrigated with recycled water, provided such use of recycled water is approved by applicable authorities. The wording and method of such notification shall be approved in advance by the Community Development Director and Public Works Director.”

**Public Works**

29. Above ground utility structures and appurtenances shall be installed a minimum of 10 feet behind street face of curb unless an alternative approach is approved by the Community Development Director. The perimeter of major above-ground infrastructure facilities, including electrical substations, shall be substantially landscaped. The above ground utility structures and appurtenances shall be screened with landscaping to the satisfaction of the Community Development Director. The landscape screen shall not interfere with the utility companies’ or emergency access.

30. All lots that backup to a street with a community wall along the back property line shall have a 3-foot maintenance easement along the backup street portion of the lot that allows restricted access by City for the purpose of maintaining the community walls. In accordance with the provisions of the Design Guidelines at page 3-66, community walls “will be placed at the property line on the public side of the property line.” Community wall pilasters and footings may extend onto the private side of the property line and the maintenance easement shall make provision for such use within the 3-foot easement area. The maintenance easement shall also allow use of the 3-foot easement area for landscaping and such other uses as do not preclude access by City for the purpose of maintaining the community wall. Construction of structures such as garages within the easement area shall be subject to review and approval by the Public Works Director and Community Development Director.

### **Public Safety**

31. Unless otherwise addressed in a Project Development Agreement, prior to issuance of the first building permit for each Residential Small Lot Final Subdivision Map, Saybrook CLSP (or their successor in interest with respect to such map) shall pay a one-time start-up surcharge to cover the shortfall that is projected to occur between the immediate costs of providing police and animal control services to the developing subdivision and the increase in revenues accruing to the City as a result of development within the CLSP Area. The police services start-up surcharge will be based on the proportionate per unit share of the costs of employing two (2) full-time police officers and of one police vehicle for each 428 residential units.
32. The project applicant shall ensure that resources are available for animal control facilities and staff to expand to meet demand associated with the proposed project in accordance with the EIR. The applicant shall: a) ensure maintenance of the City’s existing level of service, b) provide service to the project area until such time as project-generated revenue offsets these costs and c) guarantee that resources are available for animal services facilities, staff and equipment necessary to meet the demand for animal services associated with the proposed project. This shall be accomplished in the following manner:
- a. Start-Up Costs: Payment of one-time startup costs for a full time Animal Services Officer and Vehicle. Payment for these costs shall be made prior to issuance of the first building permit for each Residential Small Lot Final Subdivision Map until such time as sufficient funds are available to fund the officer and vehicle or prior to first occupancy, whichever occurs first; however, if there is not sufficient funding to defray these costs, the applicant shall pay the additional amount to fund the startup cost.
- b. On-Going Costs: A mechanism for payment for on-going animal service costs shall be established prior to recordation of the first Residential Small Lot Final Subdivision Map. The applicant shall provide a revenue source necessary to maintain the current City level of service standard until such time that revenues generated from the project can offset the total cost associated with this level of service. The required level of service standard is estimated to be one (1) Animal Services Officer and vehicle per 2,564



dwelling units. Such revenue source may come from the formation of a Community Facilities District (CFD), assessment district or some other similar mechanism. These ongoing costs shall terminate upon such time that the project actually generates the anticipated revenue estimates from the Fiscal Impact Analysis that will offset the total cost associated with these ongoing costs. The fiscal impact analysis shall be updated annually by applicant based upon actual revenue received by the City in order to more accurately reflect costs and revenue as future development occurs.

c. Capital Facilities Impact: The applicant shall pay the Capital Facilities Fee – Municipal Services to defray capital costs associated with an animal services facility. Payment shall be at the time of building permit for each residential dwelling unit.

d. Fiscal Impact Analysis: Applicant shall provide an analysis as to the fiscal impacts of projects and whether or not they can adequately generate the necessary discretionary revenue to offset personnel and operational costs.

33. Required fees shall be paid to the Lathrop-Manteca Fire Protection District.
34. Fire Hydrants shall be provided within each neighborhood, with the location, design and fire flow approved by the Lathrop-Manteca Fire Protection District.
35. Names for all streets included in VTM 3967 shall be approved by the City of Lathrop, San Joaquin County Sheriff and Lathrop-Manteca Fire Protection District prior to approval and recordation of final maps.

#### **PRIOR TO ISSUANCE OF BUILDING PERMIT**

##### **General Requirements**

36. The developer shall provide a master signage program and a “Master Model Home Signage” program for all small lot (less than 1 acre in size) residential subdivisions in the CLSP community. The master signage programs shall be submitted to the Community Development Director for review and approval. Installation of freestanding subdivision/For Sale signs shall be prohibited in the street right-of-way and PUEs unless approved as part of a special program.
37. Prior to recordation of the first Residential Small Lot Final Subdivision Map, the applicant shall install and maintain the following on-site display signs. The on-site display signs shall indicate the location for future development of schools, fire stations, parks, high density residential uses, sewer treatment facilities and sprayfields. These signs shall be located in a manner to be clearly visible to potential homebuyers. The signing plan shall be submitted to the Community Development Director for review and approval.

### **Building Services**

38. The declaration of covenants, conditions and restrictions (CC&R's) filed for each development shall be prominently displayed in the project sales office at all times. The CC&R's shall apply equally to both owners and renters. CC&Rs shall prohibit wood burning stoves and fireplaces.
39. Each dwelling unit shall be provided with at least one electrical and gas hook-up in the rear yard in a location approved by the Building Official.

### **Planning Services**

40. The applicant shall construct acoustic barriers as part of any Residential Small Lot Final Subdivision Map that includes, or is adjacent to an arterial or the I-5 freeway as identified in the project EIR and other major vehicle roadways. The design and placement of walls and fences shall be in accordance with these conditions and the standards in the CLSP Design Guidelines and LMC.
41. Final building plans shall be accompanied by an acoustic report indicating that residences within potential noise impact areas are consistent with City of Lathrop acoustic standards and the CLSP EIR mitigation monitoring program.

### **Public Safety**

42. The project must conform to the appropriate edition of the California Fire Code (currently the 2016 edition) and all related standards.
43. Fire Department Development Fees for all new buildings must be paid in accordance with the City of Lathrop's Ordinance and Resolutions adopting the fee schedule.
44. An approved water supply for fire protection, either temporary or permanent, shall be made available prior to commencing construction beyond the foundation stage, or as soon as combustible material arrives on the site.
45. Approved vehicle access for firefighting shall be provided to all construction or demolition sites. Vehicle access shall be provided to within 100 feet (30 480 mm) of temporary or permanent fire department connections. Vehicle access shall be provided by either temporary or permanent roads, capable of supporting vehicle loading under all weather conditions. Vehicle access shall be maintained until permanent fire apparatus access roads are available.
46. The Fire Department Fire Access Roads shall meet the requirements established by the San Joaquin County Fire Chief's Association.

### **Conservation Measures**

47. Development under this approval shall be subject to water conservation measures to be developed by the City. These measures may address use of reclaimed water, landscaping plant palettes, maintenance, plumbing fixtures, and water use by occupants. The City's water conservation program shall specify the timing of the implementation of the measures. Nothing in this condition shall detract from any vested rights held by the applicant pursuant to entitlements issued prior to the date of this approval, including but not limited to, any development agreements.

### ***PRIOR TO MAP APPROVAL AND RECORDATION (Large Lot Final Map)***

48. *Large lot final maps are intended to allow the applicant to sell large parcels to a merchant builder, and are not intended to create buildable lots. For this reason, the Large Lot Final Map conditions are a small subset of the Small Lot Final Map conditions noted above. Large lot final map conditions include the following:*

1A (with the modification that the guarantee to be posted for the improvements can be in the form of a Deferred Frontage Improvement Agreement, with the posting of performance bonds delayed until prior to approval of a Small Lot Final Map adjacent to the frontage to be guaranteed), 5, 9, 10, 12, 13, 14, 15, and 17.

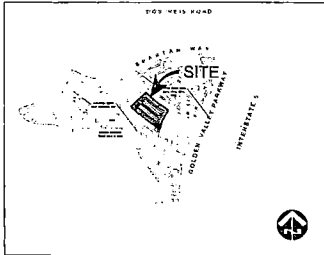


**PLANNING DIVISION  
Vicinity Map**



**VTM-18-46  
Vesting Tentative Map  
Stanford Crossing Phase 2 Tract 3967  
1600 Stanford Crossing  
APN: 191-210-19**





VICINITY MAP  
1" = 200'

Land Use Table		
PARCEL #	AREA	LAND USE
1 - 113	17.2 ± AC.	RESIDENTIAL
A	0.16 ± AC.	OPEN SPACE
B	0.59 ± AC.	OPEN SPACE
C	0.06 ± AC.	OPEN SPACE
STREETS	4.83 ± AC.	OPEN SPACE
TOTAL	18.0 ± AC.	

PROPERTY DESCRIPTION:

ALL THAT CERTAIN REAL PROPERTY SITUATED IN THE CITY OF LATHROP, COUNTY OF SAN JOAQUIN, STATE OF CALIFORNIA, BEING ALL OF LOT 14 AS SHOWN ON THAT CERTAIN MAP ENTITLED, "TRACT 3533, SUBDIVISIONS OF SAN JOAQUIN COUNTY, LAND PARK AT LATHROP - PHASE 1", FILED OCTOBER 5, 2008, IN BOOK 40 OF MAPS AND PLATS AT PAGE 100, SAN JOAQUIN COUNTY RECORDS

# STANFORD CROSSING - PHASE 2 VESTING TENTATIVE MAP TRACT NO. 3967

BEING A PORTION OF SECTION 27, T.1S., R.6E., M.D.B.&M.  
CITY OF LATHROP, SAN JOAQUIN COUNTY, CALIFORNIA

SHEET INDEX

SHEET	DESCRIPTION
1	COVER SHEET AND INDEX MAP
2	EXISTING CONDITIONS / BOUNDARY
3	STREET CROSS SECTIONS / NEIGHBORHOOD MAP
4	SITE PLAN

EXISTING	LEGEND DESCRIPTION	PROPOSED
---	RIGHT-OF-WAY / PROPERTY LINE	---
---	CENTERLINE	---
---	EASEMENT	---
---	WATER PIPE	---
---	SEWER PIPE (GRAVITY)	---
---	STORM DRAIN PIPE	---
---	STORM DRAIN PIPE (FORCE MAIN)	---
---	RECYCLED WATER PIPE	---
---	PROJECT BOUNDARY	---

GENERAL NOTES:

- OWNER: SAYBROOK CLSP, LLC  
303 TWIN DOLPHIN DRIVE  
SUITE 600  
REDWOOD SHORES, CA 94065  
(650) 632-4522
- APPLICANT: SAYBROOK CLSP, LLC  
303 TWIN DOLPHIN DRIVE  
SUITE 600  
REDWOOD SHORES, CA 94065  
(650) 632-4522
- CIVIL ENGINEER: MACKAY & SOMPS CIVIL ENGINEERS, INC.  
5142 FRANKLIN DRIVE, SUITE B  
PLEASANTON, CA 94588  
(925) 225-0690
- GEOTECHNICAL ENGINEER: ENGENO, INC.  
1729 GOLDEN VALLEY PARKWAY  
LATHROP, CA 95330
- ASSESSOR'S PARCEL NUMBERS: 191-210-19
- SUBJECT PROPERTY SHOWN TO BE IN ZONE "X" ON THE FEDERAL EMERGENCY MANAGEMENT AGENCY'S FLOOD INSURANCE RATE MAP (FIRM) OF AREAS PROTECTED BY LEVEES FROM THE 1% ANNUAL CHANCE FLOOD.
- TOTAL AREA: 18.0± ACRES  
TOTAL NUMBER OF LOTS 113 SINGLE FAMILY RESIDENTIAL  
+ 3 OPEN SPACE PARCELS
- POTABLE WATER, RECYCLED WATER, SANITARY SEWER AND STORM DRAIN SYSTEMS TO BE INSTALLED IN CONFORMANCE WITH CITY OF LATHROP STANDARDS AND MASTER UTILITY PLANS OR AS OTHERWISE APPROVED BY PUBLIC WORKS DIRECTOR.
  - WATER SUPPLY: CITY OF LATHROP (GROUNDWATER AND SURFACE WATER)
  - SEWER TREATMENT AND DISPOSAL: CITY OF LATHROP
  - STORMWATER: CITY OF LATHROP - DISCHARGE TO SAN JOAQUIN RIVER IF ULTIMATE OUTFALL IS NOT IN PLACE AT TIME OF CONSTRUCTION, STORM DRAINAGE TO BE TEMPORARILY RETAINED.
- GAS & ELECTRIC SERVICE TO BE PROVIDED BY PACIFIC GAS & ELECTRIC. INSTALLATION SHALL BE IN CONFORMANCE WITH CITY STANDARDS AND CENTRAL LATHROP SPECIFIC PLAN. EXISTING SERVICES SHALL BE PLACED UNDERGROUND IN CONFORMANCE WITH THE SUBDIVISION ORDINANCE.
- TELEPHONE SERVICE TO BE PROVIDED BY AT&T. EXISTING SERVICES SHALL BE PLACED UNDERGROUND IN CONFORMANCE WITH THE SUBDIVISION ORDINANCE.
- STREET CROSS-SECTIONS AND MINIMUM CENTERLINE RADII ARE IN CONFORMANCE WITH CENTRAL LATHROP SPECIFIC PLAN. ROAD IMPROVEMENTS TO BE INSTALLED PER CITY OF LATHROP STANDARDS AND CENTRAL LATHROP SPECIFIC PLAN. WHEN STANDARDS OFFER THE SPECIFIC PLAN SHALL PREVAIL. ROADS TO BE PUBLICLY OWNED AND MAINTAINED UNLESS NOTED OTHERWISE.
- EXISTING ZONING: VR
- EXISTING USE: LARGE LOT DEVELOPMENT PER TRACT 3533
- PROPOSED USE: VARIABLE DENSITY RESIDENTIAL OPEN SPACE
- EXISTING GROUND ELEVATIONS SHOWN OR NOTED ARE BASED ON THE TRACT 3533 LARGE LOT GRADING PLAN AND ASSOCIATED PAD CHECK POT. SHOTS TAKEN AFTER THE SITE WAS MASS GRADED. THE ELEVATION DATUM IS PER CITY OF LATHROP BENCH MARKS (NGVD'29).

- UNLESS OTHERWISE SPECIFICALLY STATED IN THE CONDITION OF APPROVAL, LOCAL AGENCY APPROVAL OF THIS MAP SHALL CONSTITUTE AN EXPRESSED FINDING THAT THE PROPOSED DIVISION AND DEVELOPMENT OF THE PROPERTY WILL NOT UNREASONABLY INTERFERE WITH THE FREE AND COMPLETE EXERCISE OF RIGHTS DESCRIBED IN GOVERNMENT CODE SECTION 66642(a)(3)(A).
- UTILITY LOCATIONS AND LOT DIMENSIONS ARE PRELIMINARY AND SUBJECT TO FINAL ENGINEERING DESIGN.
- THE PROJECT MAY BE PHASED. MULTIPLE FINAL MAPS MAY BE FILED ON THE LANDS SHOWN ON THIS VESTING TENTATIVE MAP IN ACCORDANCE WITH ARTICLE 4, SECTION 66 456 1 OF THE SUBDIVISION MAP ACT.
- SANITARY SEWER PIPES ARE 6" MINIMUM, POTABLE WATER PIPES ARE 8" MINIMUM, RECYCLED WATER PIPES ARE 6" MINIMUM, STORM DRAIN PIPES ARE 12" MIN.
- PARCEL C IS THE "SMALLEST" LOT.
- PROJECT PHASING SHALL BE PER THE DEVELOPMENT AGREEMENT.
- ABUTTERS RIGHTS SHALL BE RELINQUISHED ALONG STANFORD CROSSING AND BARBARA TERRY BOULEVARD.
- OVERLAND RELEASE AND DESIGN TOP OF CURB GRADES SHALL SURFACE FLOW TOWARD NEIGHBORHOOD PARKS. REFER TO PROJECT AREA DRAINAGE PLAN (P.A.D.P.).
- COMMUNITY WALLS PER CENTRAL LATHROP DESIGN GUIDELINES.
- ALL NEIGHBORHOOD PARKS TO SERVE AS RELIEF AREA FOR 100 YEAR STORM IN THE EVENT OF RIVER DISCHARGE REDUCTION.
- 100 YEAR STORM PIPES TO BE INSTALLED FROM COLLECTOR STREETS TO NEIGHBORHOOD PARK. REFER TO P.A.D.P. AND BACKBONE INFRASTRUCTURE IMPROVEMENT PLANS FOR LOCATIONS.
- THE BOUNDARY AS SHOWN IS COMPILED FROM RECORD INFORMATION AND DOES NOT REPRESENT A SURVEY OF THE PROPERTY.
- A LOT LINE ADJUSTMENT IS REQUIRED BETWEEN APN 191-210-180 AND 191-210-190.

THIS TENTATIVE MAP WAS APPROVED WITH CONDITIONS ON \_\_\_\_\_

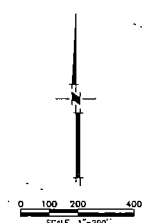
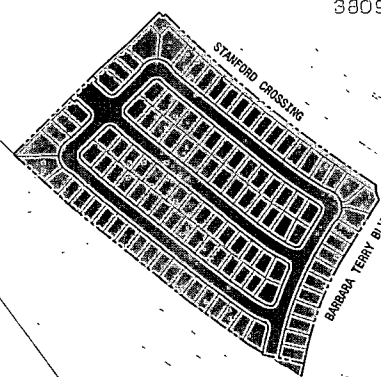
SPARTAN WAY

FUTURE TRACT 3808,  
3809, 3810, 3811,  
3812

APPROVED TRACT  
3647 TENTATIVE MAP

PARK

EXISTING MOSSDALE  
TRACT 3411 & 3468



PLANS PREPARED UNDER THE DIRECTION OF:  
BY JAMES F. TEMPLETON JR. RCE #43061

DATE: APR 27, 2011  
SCALE: AS SHOWN  
DRAWN BY: JFT  
CHECKED BY: JFT  
PROJECT NO. 25201.010  
SHEET 1 OF 4  
CITY OF LATHROP  
SAN JOAQUIN COUNTY  
CALIFORNIA

PLANS PREPARED UNDER THE DIRECTION OF:  
JAMES F. TEMPLETON JR. RCE #43061

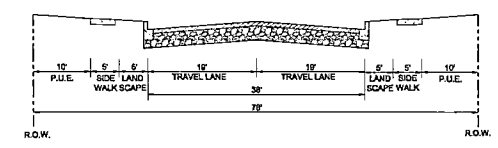
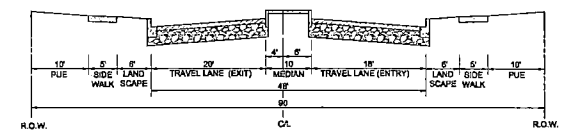
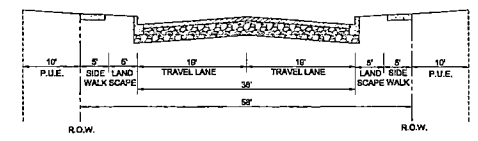
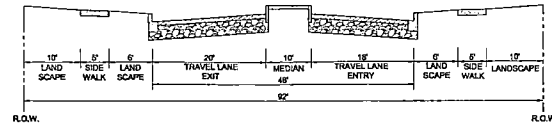
STANFORD CROSSING - PHASE 2  
TENTATIVE TRACT MAP NO. 3967  
COVER SHEET AND INDEX MAP  
SAN JOAQUIN COUNTY

PROJECT NO. 25201.010  
SHEET 1  
OF 4

ATTACHMENT "G"

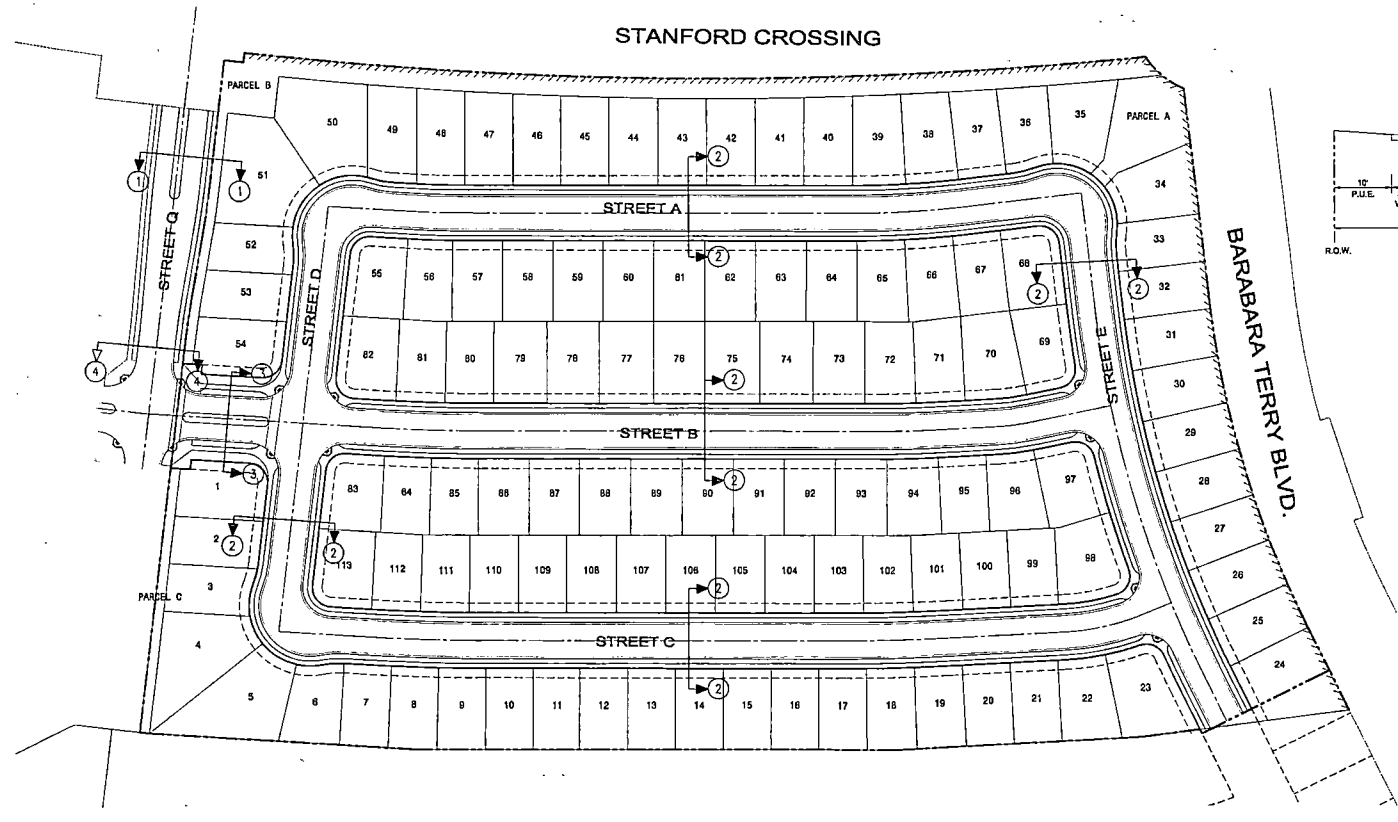


PARCEL USE	ACREAGE	MIN LOT SIZE	LOT #S	LOT COUNT
RESIDENTIAL	12.22	50 X 80	113	113
ROW	4.93	N/A	N/A	N/A
A-OPENSAPCE	0.16	N/A	N/A	N/A
B-OPENSAPCE	0.59	N/A	N/A	N/A
C-OPENSAPCE	0.06	N/A	N/A	N/A
TOTAL	19.0			113



NEIGHBORHOOD MAP

STANFORD CROSSING



DATE: APR 2013  
SCALE: 1"=60'  
PROJECT: STANFORD CROSSING PHASE 2  
DRAWN BY: J. L. BROWN  
CHECKED BY: J. L. BROWN  
DESIGNED BY: J. L. BROWN

PLANS PREPARED UNDER THE DIRECTION OF:  
JAN TEBELTON, P.E. #43081  
CALIFORNIA  
REGISTERED PROFESSIONAL ENGINEER

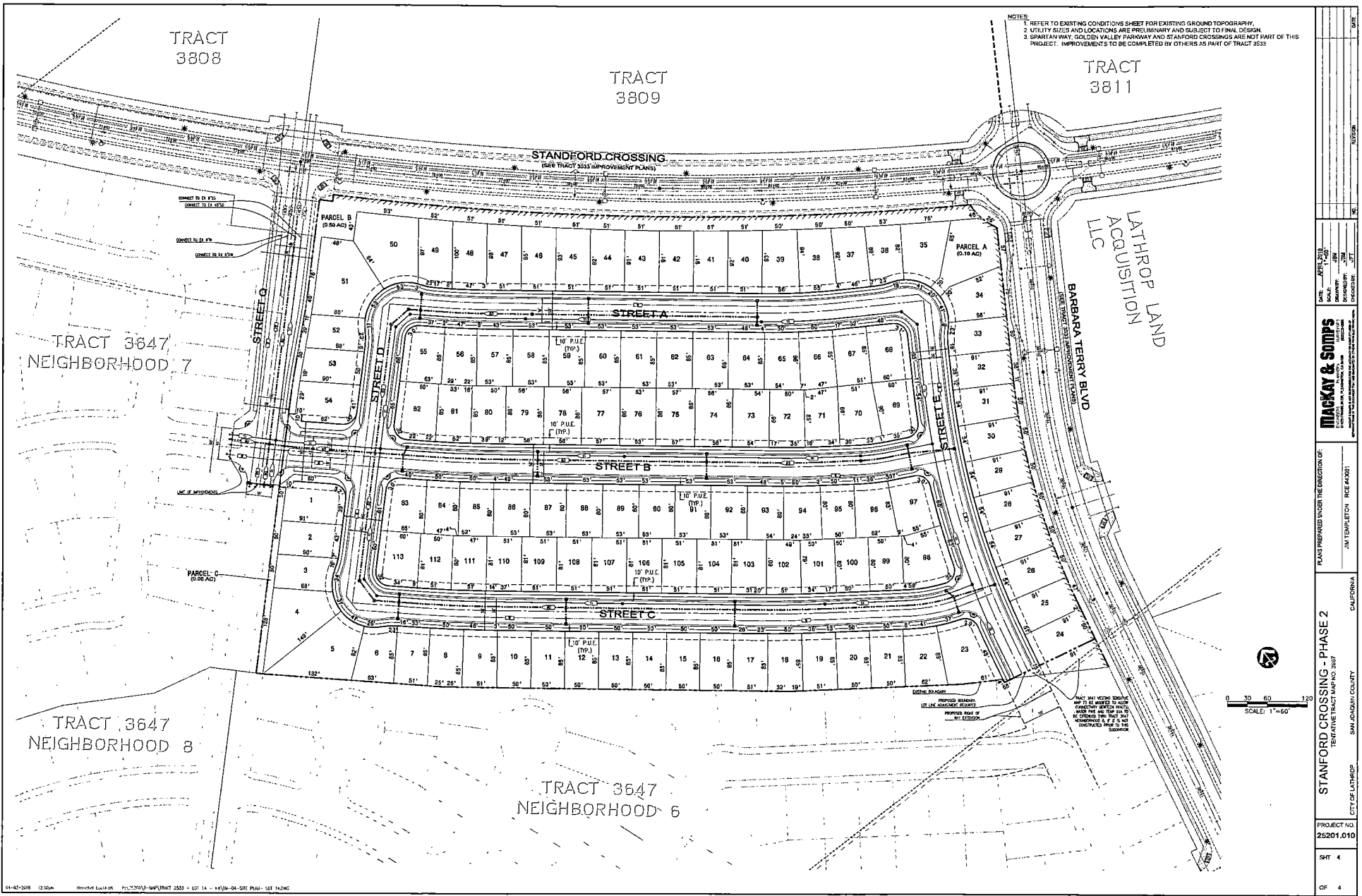
**MACKEY & SOMPS**  
CONSULTING ENGINEERS  
10000 W. CENTRAL EXPRESSWAY, SUITE 100  
DALLAS, TEXAS 75243  
PHONE: 972.412.1100  
FAX: 972.412.1101  
WWW.MACKAYANDSOMPS.COM

STANFORD CROSSING - PHASE 2  
TRACT MAP NO. 25201  
STREET CROSS SECTION/ NEIGHBORHOOD MAP  
SAN JOAQUIN COUNTY  
CALIFORNIA

PROJECT NO  
25201.010

SHT 3

OF 4





**CITY MANAGER'S REPORT  
AUGUST 13, 2018 CITY COUNCIL REGULAR MEETING****ITEM: SAN JOAQUIN COUNTY ECONOMIC DEVELOPMENT ASSOCIATION****RECOMMENDATION: Staff is Requesting Direction from the City Council regarding an Agreement with the San Joaquin County Economic Development Association to Provide Economic Development Services to the City of Lathrop**

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**SUMMARY:**

The San Joaquin County Economic Development Association (EDA) was established in 1963 for economic development retention, expansion, and engagement serving the San Joaquin County. Due to the elimination of the Enterprise Zone, the EDA is soliciting funding from each member municipality to help fund the EDA. To date, the EDA has executed agreements with San Joaquin County and the cities of Tracy, Manteca, Stockton, and Ripon. The EDA is seeking a \$26,914 contribution from the City of Lathrop for Fiscal Year 2018 – 2019.

**BACKGROUND:**

In July of 2016, the EDA Board of Directors received a presentation on a Self-Sufficiency Strategy for the EDA, post-Enterprise Zone (EZ). In the report, EDA staff quantified the funding gap left in the EDA budget resulting from the loss of the EZ in December of 2014. Since EDA staff had been assisting companies and engaged in projects in each of the jurisdictions, the reasonable option was to seek funding from the municipalities because of the quantifiable impact resulting from EDA's activities. According to EDA staff, the dilemma facing the Board of Directors was how to appropriately allocate the costs of services to the seven municipalities and San Joaquin County.

The EDA Board of Directors and staff of the EDA evaluated numerous scenarios and alternatives to arrive at an equitable and reasonable allocation of the costs associated with providing the economic development services previously funded by the municipalities and County during the tenure of the EZ. Of the numerous methods studied, three rose to the forefront: (1) Commercial/Industrial Zoned Property Square Miles, (2) Population, and (3) Square Miles; each evaluated as a percentage (%) of the composite of the EZ. Because the EZ was focused on new job creation and capital investment, the Commercial/Industrial Property Square Miles method was adopted since EDA staff was more likely to be working to a greater extent in those areas that offered proportionately higher development opportunities and/or had more business activity.

**CITY MANAGERS REPORT  
 AUGUST 13, 2018 CITY COUNCIL REGULAR MEETING  
 SAN JOAQUIN COUNTY EDA**

The actual amount of funding to provide the on-going services of the EDA was originally established by the EZ Committee (members of all communities including the City of Lathrop). The baseline budget was set at \$470,000 which was deemed to be adequate to provide the expected level of service to each member municipality. The following table provides the allocation of costs pursuant to Commercial and Industrial Property Square Miles:

Table 1			
Jurisdiction	Commercial/Industrial Property Square Miles	100% Contribution	50% Contribution
San Joaquin County	20.52	\$162,912	\$81,456
Stockton	16.45	\$130,600	\$65,300
Tracy	6.97	\$55,336	\$27,668
Lathrop	6.78	\$53,828	\$26,914
Manteca	3.26	\$25,882	\$12,941
Lodi	3.19	\$25,326	\$12,663
Ripon	1.18	\$9,368	\$4,684
Escalon	.85	\$6,748	\$3,374
<b>TOTAL</b>	<b>59.2</b>	<b>\$470,000</b>	<b>\$235,000</b>

The EDA Board directed their staff to pursue funding at the 50% level initially, and ultimately ramp up contributions to the 100% mark depending upon the level of services desired and resources available. To date, the EDA has executed agreements with San Joaquin County and the Cities of Tracy, Manteca, Stockton, and Ripon. The Cities of Tracy, Manteca, and Ripon are currently set at the 50% level, while San Joaquin County is funding the EDA for \$70,000 for Fiscal Year 2018-2019. Stockton has a hybrid approach and only focused on specific EDA services. The EDA is seeking a 50% (\$26,914) contribution from the City of Lathrop for Fiscal Year 2018-2019. A revised agreement will be required if the contribution exceeds the 50% level.

On September 18, 2017, Steven Lantsberger, Economic Development Director of the EDA, provided the City Council with a brief presentation. At the end of the presentation, the City Council requested additional information. Mr. Lantsberger provided a consolidated response to the Council's questions and is included as Attachment 1, as well as the proposed list of services documented in Attachment 2.

**RECOMMENDATION:**

Staff is requesting direction from Council regarding an agreement with the EDA to provide economic development services to the City of Lathrop.

**CITY MANAGERS REPORT  
AUGUST 13, 2018 CITY COUNCIL REGULAR MEETING  
SAN JOAQUIN COUNTY EDA**

**PAGE 3**

**FISCAL IMPACT:**


The EDA will be funded by the General Fund Reserve and a budget amendment will be required.

**ATTACHMENTS:**

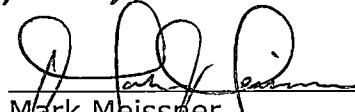
1. EDA Response to Council Questions
2. EDA Proposed Scope of Services

**CITY MANAGERS REPORT  
AUGUST 13, 2018 CITY COUNCIL REGULAR MEETING  
SAN JOAQUIN COUNTY EDA**

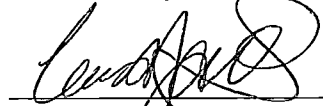
**APPROVALS:**

  
\_\_\_\_\_  
Rick Caguiat  
Senior Planner

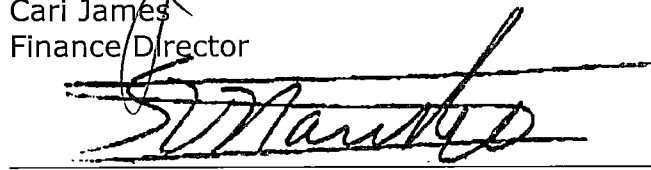
7-25-18  
Date

  
\_\_\_\_\_  
Mark Meissner  
Community Development Director

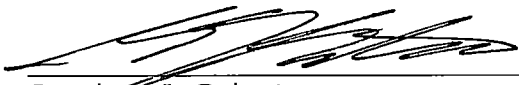
7-25-18  
Date

  
\_\_\_\_\_  
Cari James  
Finance Director

7/25/18  
Date

  
\_\_\_\_\_  
Salvador Navarrete  
City Attorney

7/25/18  
Date

  
\_\_\_\_\_  
Stephen J. Salvatore  
City Manager

7-30-18  
Date

**Follow-Up to San Joaquin County Economic Development Association (EDA)  
Presentation September 19, 2017**

**1. Methodology for Cost Allocation per Jurisdiction**

In July of 2016, the EDA Board of Directors received a staff presentation on a Self-Sufficiency Strategy for the EDA, post-Enterprise Zone (EZ). In the report staff quantified the funding gap left in the EDA budget resulting from the loss of the EZ in December of 2014. Inasmuch as staff had been assisting companies and engaged in projects in each of the jurisdictions, the reasonable option was to seek funding from the municipalities because of the quantifiable impact resulting from the EDA's activities. The dilemma facing the Board of Directors was how to appropriately allocate the costs of services to the seven municipalities and San Joaquin County.

The Board of Directors and staff of the EDA evaluated numerous scenarios and alternatives to arrive at an equitable and reasonable allocation of the costs associated with providing the economic development services previously funded by the municipalities and County during the tenure of the EZ. Of the numerous methods studied, three rose to the forefront: (i) Commercial/Industrial Zoned Property Square Miles, (ii) Population, and (iii) Square Miles; each evaluated as a percentage (%) of the composite of the EZ. Because the EZ was focused on new job creation and capital investment, the Commercial/Industrial Property Square Miles method was adopted inasmuch EDA staff was more likely to be working to a greater extent in those areas that offered proportionately higher development opportunities and/or had more business activity.

The actual amount of funding to provide the on-going services of the EDA was originally established by the EZ Committee (members of all communities including the City of Lathrop). The baseline budget was set at \$470,000 which was deemed to be adequate to provide the expected level of service to each member municipality. The following table provides the selected allocation of costs pursuant to the Commercial and Industrial Property Square Mileage.

Jurisdiction	Commercial/Industrial Property Square Miles	100% Contribution	50% Contribution
San Joaquin County	20.52	\$162,912	\$81,456
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Escalon	.85	\$6,748	\$3,374
<b>TOTAL</b>	<b>59.2</b>	<b>\$470,000</b>	<b>\$235,000</b>

To respect budgetary constraints of the jurisdictions, the EDA Board directed staff to pursue funding at the 50% level initially, and ultimately ramp up contributions to the 100% mark depending upon the level of services desired and resources available. To date, the EDA has executed agreements with San

Joaquin County and the cities of Tracy, Manteca, Stockton, and Ripon. The EDA is seeking the 50% contribution from the City of Lathrop for FY 2018-19.

**2. Cost/Benefit Comparison**

The EDA is the only economic development service provider in San Joaquin County with seasoned professional staff dedicated to business retention and expansion initiatives. The EDA is also the longest tenured economic development organization in San Joaquin County with a 55-year history of service. As new economic development groups entered the fold, the EDA refined its mission statement, goals and objectives to minimize crossover or duplication. Other than information dissemination and necessary collaborations, the Scope of Services that the EDA intends to deploy for the City of Lathrop are not duplicitous and focus on the specialized expertise of EDA staff and the decades of experience they possess. Although intangible in nature, the EDA has a vast database of professional and organizational relationships that enables it to be effective in discharging its duties to the City. While there are many successes the EDA can broadcast, perhaps the most notable is the San Joaquin County Enterprise Zone which over its life generated hundreds of millions of dollars in capital investment and created thousands of new jobs.

The table below depicts the services and benefits that the EDA brings to the City of Lathrop.

Table 2			
	San Joaquin EDA	SI Partnership	Lathrop Chamber
<b>Services/Benefit</b>			
Relocation Packet		X	X
Information Dissemination	X	X	X
Organize and coordinate business educational forums	X		X
Periodic reporting to City	X	X	X
Business Attraction		X	
External Marketing		X	
Trade Show Participation		X	
Business Retention & Expansion	X		
Existing Business Visitations	X		
Business Attraction Support	X		
Business Financing	X		
Incentive Proposals	X	X	
Workforce Development	X		
Workforce Recruitment	X		
Post EZ – Voucher Administration	X		
Business Team San Joaquin	X		
Comprehensive Economic Development Strategy	X		
State/Federal Grant Assist	X		
<b>Contract Amount</b>	<b>\$26,914</b>	<b>\$30,000*</b>	<b>\$24,000</b>

\*Includes \$15,000 augmentation for specialized external marketing

When combined with the other service providers (San Joaquin Partnership and Lathrop Chamber of Commerce) the City enjoys a formidable economic development team that is poised to compete for business attraction and expansion projects. Furthermore, the EDA's staff has significant municipal government experience in redevelopment, tax increment financing, real estate development and reuse, affordable housing, incentive development and underwriting, marketing, etc., that can be contracted for in addition to the services set forth in the above table and represent the basic municipal economic development services that are provided in other San Joaquin County jurisdictions.

### **3. Business Impacted by the elimination of the Enterprise Zone**

At the time of its elimination (December 31, 2014), there were 106 Lathrop firms that were directly affected. It is difficult to provide absolute certainty as to the number of Lathrop businesses impacted directly or indirectly by the loss of the EZ; however, every employer within the EZ boundaries did or could have taken advantage of the EZ incentives, whether provided locally or by the State of California. Furthermore, Lathrop residents were also able to apply certain tax credits against their personal income tax liability. On average, the EDA, through funding provided by the EZ, was able to contact 226 Lathrop companies annually.

### **4. Enterprise Zone Hiring Credit Vouchers Issued**

The EDA processed and approved 2,031 EZ Hiring Credit Vouchers representing state tax credits of \$76,040,640. Although the EZ program was eliminated, Lathrop businesses that hold hiring credit vouchers are able to utilize these tax credits until December 31, 2023 & 2028. The EDA, as the Vouchering Agent for the San Joaquin EZ, retains the records and assists Lathrop companies who made need copies of documents for preparation of tax returns or to defend against audits by the State of California Franchise Tax Board.

### **5. Business Retention Options**

- a. **Active:** The EDA's typical business retention & expansion delivery method is direct contact with local employers. EDA staff visits with company representatives and shares information about various programs that may benefit their operations and also provides referrals to other service providers that can facilitate growth and prosperity.
- b. **Passive:** Contact is made through various electronic means, including telephone calls, email communications, and the like. Similar business intelligence is obtained and appropriate services and referrals are made. Should EDA staff identify active expansion efforts or on the contrary potential closure activities, EDA will immediately notify the City and deploy the resources necessary to assist the company and workforce as appropriate.
- c. **Indirect:** Use of third party vehicles – marketing materials, brochures, websites, etc., to share the message about the City of Lathrop and other business support programs.

The best economic development programs are those that incorporate each of the three options. Maximum exposure is achieved and limited staff and financial resources are maximized. The other services and benefits listed in Table 2 are incorporated in the composite Business Retention & Expansion Program.

6. Funding Agreements With Other Jurisdictions

Jurisdiction	Amount	Period	Services	Comments
San Joaquin County	\$45,000	Annual	Basic	Projected \$70,000 FY 18-19
City of Tracy*	\$27,000	Annual	Basic	
City of Manteca*	\$13,000	Annual	Basic	
City of Ripon*	\$19,684	Annual	Basic+ Extra	Includes Promotional Brochure (3 <sup>rd</sup> Party)
City of Stockton	\$20,000	Annual	Basic	BRE visits only

\*Non-traditional project year i.e. November 1 – October 1



### San Joaquin County Economic Development Association (EDA) Proposed Services to the City of Lathrop

#### 1. Economic Development – Business Retention, Engagement & Expansion

- a. Conduct XXXX visits or contacts with CITY companies to identify expansion candidates and provide support services including referrals to other service providers including the Northeastern California Small Business Development Center (“SBDC”), San Joaquin County WorkNet (“WorkNet”), and others, as appropriate.
- b. CONTRACTOR will meet with the Top 10 private employers (identified by CITY) annually to identify challenges and opportunities facing businesses in CITY. CONTRACTOR shall compile reconnaissance and provide to CITY for review.
- c. Provide outreach to XXXX employers located within the boundaries of the former Enterprise Zone, educating them on the lifespan of hiring credits plus new incentives including California Competes, New Jobs Tax Credit, Sales & Use Tax Exemption, etc.
- d. Provide technical assistance to: (i) encourage the expansion of existing firms thereby facilitating job creation; (ii) at-risk companies contemplating disinvestment for the purpose of job retention.
- e. Develop or recommend training and education opportunities to start-up businesses.
- f. Analyze and interpret various data sources to evaluate growth, decline, establishment or closure of existing CITY businesses.
- g. Provide resources and referrals to entrepreneurs as requested.

#### 2. Business Formation – Entrepreneurial Development

- a. Provide resources and referrals to appropriate service providers including training and education opportunities.
- b. In collaboration with other agencies and organizations, develop, host, and facilitate topical workshops germane to new business formation.
- c. Provide referrals to local micro-loan programs including the Business Incubator Loan (BIL) Program operated by CONTRACTOR.

#### 3. Business Recruitment & Support

- a. Support CITY’S business attraction program(s) conducted by the San Joaquin Partnership (“SJP”) by providing workforce recruitment, prospective employee screening and testing, and on-the-job training programs (“OJT”) through WorkNet.
- b. Augment the CITY’S retail attraction program by: (i) assisting in the appropriate compilation of demographics; (ii) development and deployment of marketing strategies; (iii) attendance at industry trade shows including the International Council of Shopping Centers (“ICSC”); and (iv) evaluating incentive requests.
- c. Develop and present available employment & training incentives to prospective employers as requested by the CITY or SJP.
- d. Represent CITY at trade shows orchestrated by SJP, TeamCalifornia or other groups as requested by CITY.

#### **4. Infrastructure**

- a. Assist CITY staff in development of project concepts and supporting documentation for inclusion in the San Joaquin Comprehensive Economic Development Strategy (“CEDS”). The CITY’S execution of this Agreement and associated compensation to CONTRACTOR shall relieve CITY of any pro-rata payment for the annual CEDS update.
- b. As required, provide technical assistance in preparation of various infrastructure grants originating from local, regional, state or national agencies or organizations.
  - i. Evaluate and recommend funding alternatives to support CITY infrastructure priorities and capital improvement program (CIP)

#### **5. Legislative Advocacy & Awareness**

- a. Review and interpret proposed and existing state and federal legislation pertaining to economic development and the opportunity(ies) or threat(s) anticipated or available.
- b. Coordinate letters of support or opposition, as necessary.
- c. Provide general updates as needed at Business Team San Joaquin (BTSJ) meetings or through other methods of communication.
- d. Broadcast upcoming local, regional, or state events including workshops, seminars, conferences focusing on economic development that support CITY’S goals.

#### **6. Workforce Development & Incentives**

- a. With assistance of WorkNet and other service partners, convene existing employers to identify skills gaps with the intent of developing a qualified and skilled workforce.
- b. On behalf of CITY, participate in Layoff Aversion Strategies and Rapid Response efforts in partnership with WorkNet. Assist CITY in developing appropriate business engagement infrastructure.
- c. Make presentations or conduct workshops focusing on workforce training and incentives available to business and industry, as needed.

#### **7. Economic Development – Analysis**

- a. Upon request, perform economic research in support of the services described in Section 2.1, including the compilation and analysis of economic data. CONTRACTOR shall provide CITY with pertinent information on an as-needed basis, as well as with quarterly written reports.

**ITEM: APPROVE AGREEMENT WITH THE CITY OF TRACY  
FOR LAW ENFORCEMENT SERVICES**

**RECOMMENDATION: Adopt a Resolution Approving an Agreement with  
the City of Tracy for Law Enforcement Services**

---

**SUMMARY:**

The City of Lathrop has contracted law enforcement services through an agreement with the San Joaquin County Sheriff's Office (SJCSO) since 1990. The current agreement was approved by the City Council on April 17, 2017 and expires on June 30, 2022. For 28 years, the men and women of the Sheriff's Office have performed well and have met Lathrop's desire for community based policing. However, in recent years, mainly the past 5 years, the cost of service has escalated 50% to over \$7 million annually. As a result, City Council requested options for law enforcement services that would provide equivalent or improved service at a reduced cost.

In August of 2017, Lathrop contracted with Municipal Resource Group (MRG) to perform a review of the City's law enforcement service options that considered potential modifications of the SJCSO agreement, contracting with neighboring agencies such as Manteca/Tracy or forming our own department. In December of 2017, MRG presented the findings, which identified the most realistic option for meeting the Council's objectives was a potential agreement with the City of Tracy. Working with the cities' staff and Tracy law enforcement personnel, MRG developed a detailed operational plan that included staffing and costs with defined service levels. The plan was presented to both Lathrop and Tracy Councils in April of 2018 and after careful evaluation; the Councils authorized their respective staffs to draft an agreement for law enforcement services between the two cities for Council consideration.

**ACTION:**

The service agreement has been prepared. Staff recommends that City Council approve the attached resolution (Attachment "A") approving the service agreement (Attachment "B") between the City of Lathrop and Tracy to provide Law Enforcement Services.

**REASON FOR RECOMMENDATION:**

The service agreement with Tracy meets the objectives outlined by the Lathrop City Council for service plan levels at or above current levels; cost reduction (achieved through substantially lower pension and startup costs); and, takes a significant step onto a platform that easily facilitates a low cost transition to our own police department in the future.

**BACKGROUND:**

The City of Lathrop has contracted law enforcement services through an agreement with the San Joaquin County Sheriff’s Office (SJCSO) since 1990. The current agreement was approved by the City Council on April 17, 2017 and expires on June 30, 2022. However, either party may terminate the contract upon 180 day written notice. Cost of service over the past 5 years has risen 50% to over \$7 million annually. The high cost of county service is attributed in large part to the rising costs of the 1937 pension act rates that are calculated as part of the officer’s cost.

**COUNTY PENSIONS VS. TRACY**

For example, the pension cost for;

- A Co. Captain is     ~\$155,000/yr     vs.     Tracy ~\$30,000 CalPERS
- A Co. Lt. is         ~\$128,000/yr     vs.     Tracy ~\$27,000 CalPERS
- A Co. Sgt. is        ~\$109,000/yr     vs.     Tracy ~\$22,000 CalPERS
- A Co. Patrol is     ~\$77,000/yr       vs.     Tracy ~\$18,000 CalPERS

The pension costs are substantially different when comparing the two retirement systems.

The comparison of salary/benefits (not including pension) is relatively the same;

- A Co. Captain is     ~\$208,000/yr     vs.     Tracy ~\$191,000
- A Co. Lt. is         ~\$174,000/yr     vs.     Tracy ~\$176,000
- A Co. Sgt. is        ~\$154,000/yr     vs.     Tracy ~\$146,000
- A Co. Patrol is     ~\$120,000/yr     vs.     Tracy ~\$125,000

Therefore, by adding the salary/benefits/pension of the officers, the County officer costs are substantially higher;

- **A Co. Capt. costs             ~\$142,000 more than Tracy**
- **A Co. Lt. costs               ~\$99,000 more than Tracy**
- **A Co. Sgt. costs             ~\$95,000 more than Tracy**
- **A Co. Patrol costs           ~\$54,000 more than Tracy**

If we anticipate a service plan that includes 28 officers (1 Captain, 1 Lieutenant, 4 Sergeant, and 22 Officers) the additional cost, largely driven by pensions, amounts to roughly.

**\$1,809,000 in additional cost under County system**

**COUNTY STARTUP COST VS. TRACY**

The County charges \$294,000 in startup costs for each new officer regardless of whether it is a new recruit, academy grad or a lateral from another agency. The charge is amortized over 15 years however, if the contract is terminated for any reason, the full amount is due and payable. When adding officers to the force, this dramatically inflates the financial obligation owed on the contract.

For example, if we add a new officer under the County agreement Lathrop will pay;

- Officer - Salary/benefits/pension of \$197,000 + \$294,000 startup  
( $\$294,000 / 15 \text{ years} = \$19,600 \text{ per year}$ )  
Or, \$216,600 per year for 15 years (assumes no salary escalation)

-----

The City of Tracy's startup costs are as follows;

- New Recruit - \$160,000 startup  
(Includes equipment +12 months training and orientation)  
Or, \$160,000 year 1 and \$143,000 per year thereafter  
(assumes no salary escalation)
- Academy Grad - \$84,000 startup  
(Includes equipment +6 months training and orientation)  
Or, \$84,000 first 6 months and \$143,000 per year thereafter  
(assumes no salary escalation)
- Lateral Officer - \$48,000 startup  
(Includes equipment +3 months training and orientation)  
Or, \$48,000 first 3 months and \$143,000 per year thereafter  
(assumes no salary escalation)

-----

As evidenced above, startup charges as the force grows significantly increases cost. There are other factors driving the county agreement cost higher such as overhead calculated for the Sheriff, Information Technology and County Administration that amount to more than \$400,000/year.

**SERVICE PLAN COST**

In summary, a side by side comparison of similar service plans with 28 officers (2 officers on the Tracy side being non-sworn Community Service Officers) is roughly \$2M cheaper on the Tracy plan vs. the County plan in the first year, and gets larger every year.

**COUNTY \$8.48M VS. TRACY \$6.49M**

**10 YEAR PROJECTIONS**

San Joaquin County cost projections for salaries, insurance and retirement are based on the past 5 years history and Tracy's are based on historical numbers and a new actuarial for pensions.



**Note:** The Tracy's officer costs used in the chart above were all calculated at top step of the salary range. Realistically, not all officers are at the top step; therefore, the Tracy projection is conservative.

**ESTIMATED TRANSITION COSTS – COUNTY TO TRACY**

	Estimated Overlap Costs	Building & Equipment	Total Transition Cost
Hiring Costs	\$672,775		
Officer Overlap Costs (1)	\$3,327,466		
Other Costs	\$96,000		
<b>Total</b>	<b>\$4,096,241</b>		
Lathrop Owned Equipment		\$522,725	
Dispatch & Records Equipment & Software (2)		\$579,107	
4850 Allocation (Worker's Compensation) (3)		\$200,000	
<b>Total</b>		<b>\$1,301,832</b>	
<b>Total Transition Costs</b>			<b>\$5,398,073</b>

**LATHROP/TRACY AGREEMENT – SUMMARY OF TERMS**

- Service plan would consist of 28 positions (26 sworn & 2 non-sworn)
- The level of service shall be determined by the City of Lathrop in consultation with the City of Tracy and subject to the City of Lathrop budget authority.
- The Lathrop Service Plan would be structured as a Community Based Police Force and would include but not be limited to programs such as Neighborhood & Business Watch, DARE/MADD, Youth & Senior Citizens Academy, Police Volunteer, Holiday Season Events and an enhanced focus on youth, both at school and in community activities.
- Service agreement termination – permitted after 3 years, either party may terminate contract with at least 24 months' notice.
- Replicates the current services provided by SJCSO and allows further additions at lower costs.
- City of Tracy would provide law enforcement services under State and City of Lathrop codes and ordinances.
- City of Tracy Police Chief, City of Lathrop City Manager shall jointly agree on the appointment of the City of Lathrop Police Chief (Captain). Three candidates for Captain will be interviewed by the Lathrop City Manager and one member of the Lathrop City Council.
- City of Lathrop would pay cost of service incurred by the City of Tracy.
- The Lathrop Police Department would begin services in Lathrop by September 1, 2019.

**FISCAL IMPACT:**

Both cities have worked together to develop accurate estimates of all the costs associated with this project. The basic goal of the fiscal analysis has been to insure that the full costs of services is accurately calculated so that the City of Tracy does not experience cost or service implications for providing service to Lathrop.

Tracy Police services cost are projected to be \$2 million less in the first year than the current agreement with SJCSO. In addition, over 10 years the savings are estimated to be \$20.2 million (\$25.6m less \$5.4m).

Due to long recruitment and training lead times, some positions will need to be hired 12 months in advance of the start date in order to ensure the staff members are fully trained by September 1, 2019. The initial start-up costs is estimated to be \$5.4 million.

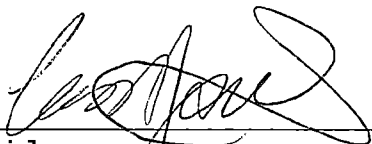
**ATTACHMENTS:**

- A. Resolution Approving a Contract with the City of Tracy for Law Enforcement Services
- B. Municipal Law Enforcement Services Agreement Between the City of Tracy and the City of Lathrop

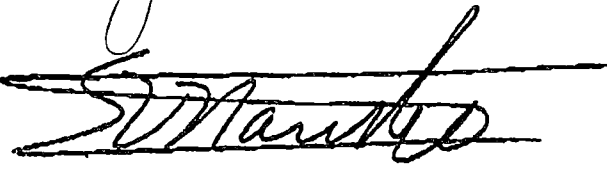


**CITY MANAGER'S REPORT** **Page 7**  
**AUGUST 13, 2018 CITY COUNCIL REGULAR MEETING**  
**LAW ENFORCEMENT SERVICES CONTRACT WITH THE CITY OF TRACY**

**APPROVALS:**

  
\_\_\_\_\_  
Cari James  
Director of Finance

8/8/18  
\_\_\_\_\_  
Date

  
\_\_\_\_\_  
Salvador Navarrete  
City Attorney

8/8/18  
\_\_\_\_\_  
Date

  
\_\_\_\_\_  
Stephen Salvatore  
City Manager

8.9.18  
\_\_\_\_\_  
Date

**RESOLUTION NO. 18-\_\_\_\_\_**

**A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF LATHROP  
APPROVING A CONTRACT BETWEEN THE CITY OF LATHROP AND THE CITY  
OF TRACY FOR LAW ENFORCEMENT SERVICES**

**WHEREAS**, the City of Lathrop proposes to provide police services to its residents and businesses through a contract with the City of Tracy; and

**WHEREAS**, the City of Tracy has provided a Service Contract for Council consideration (Attachment B); and

**WHEREAS**, the City of Tracy Law Enforcement Service Contract proposes the following:

- City of Tracy's Law Enforcement services to the City of Lathrop will begin by September 1, 2019.
- Replicates the current services provided by San Joaquin County Sheriff's Office (SJCOS) and allows further additions at lower costs.
- Service plan would consist of 28 positions (26 sworn & 2 non-sworn).
- The level of service shall be determined by the City of Lathrop in consultation with the City of Tracy and subject to the City of Lathrop's budget authority.
- The Lathrop Service Plan would be structured as a Community Based Police Force and would include but not be limited to programs such as Neighborhood & Business Watch, DARE/MADD, Youth & Senior Citizens Academy, Police Volunteer, Holiday Season Events and an enhanced focus on youth, both at school and in community activities.
- City of Tracy Police Chief, City of Lathrop City Manager shall jointly agree on the appointment of the City of Lathrop Police Chief (Captain).
- City of Lathrop would pay cost of service incurred by the City of Tracy.
- City of Tracy would provide law enforcement services under State and City of Lathrop codes and ordinances.
- Service agreement termination – permitted after 3 years, either party may terminate contract with at least 24 months' notice.

**NOW, THEREFORE, BE IT RESOLVED** that the City Council of the City of Lathrop hereby approves the Service Contract for law enforcement services between the City of Lathrop and the City of Tracy;

The foregoing resolution was passed and adopted this 13<sup>th</sup> day of August, 2018, by the following vote of the City Council, to wit:

AYES:

NOES:

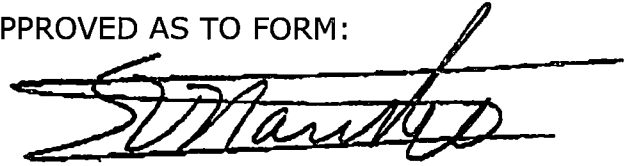
ABSENT:

ABSTAIN:

\_\_\_\_\_  
Sonny Dhaliwal, Mayor

ATTEST:

APPROVED AS TO FORM:

A handwritten signature in black ink, appearing to read "S. Navarrete", is written over a horizontal line. The signature is stylized and cursive.

\_\_\_\_\_  
Teresa Vargas, City Clerk

\_\_\_\_\_  
Salvador Navarrete, City Attorney

# ATTACHMENT B

## MUNICIPAL LAW ENFORCEMENT SERVICES AGREEMENT BETWEEN THE CITY OF TRACY AND THE CITY OF LATHROP TABLE OF CONTENTS

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### EXHIBITS

1. First Year Service Plan
2. First Year Staffing Plan
3. Start-up Cost Budget
4. Annual Cost Budget

**MUNICIPAL LAW ENFORCEMENT SERVICES AGREEMENT BETWEEN  
THE CITY OF TRACY AND THE CITY OF LATHROP**

This **MUNICIPAL LAW ENFORCEMENT SERVICES AGREEMENT** (“**AGREEMENT**”), dated for purposes of reference only, \_\_\_\_\_ 2018, is made by and between the CITY OF TRACY, a general law city, hereinafter referred to as “**TRACY**”, and the CITY OF LATHROP, a general law city, hereinafter referred to as “**LATHROP**”. TRACY and LATHROP are collectively referred to as “Parties.”

**RECITALS**

**WHEREAS** LATHROP is desirous of contracting with TRACY for the performance of the general law enforcement functions described herein by the TRACY Police Department, and

**WHEREAS** TRACY is agreeable to rendering such services on the terms and conditions set forth in this Agreement, and

**WHEREAS** This Agreement is entered into pursuant to California Government Code Sections 55631-55634 and Section 54980 et seq.

**THEREFORE, THE PARTIES MUTUALLY AGREE AS FOLLOWS:**

**1.0 CONTRACT AUTHORIZATION**

- 1.1** TRACY agrees to provide general law enforcement services, through the TRACY Police Department, within the incorporated limits of LATHROP to the extent and in the manner hereinafter set forth (“Lathrop Police Services”). The Lathrop Police Services are described in the First Year Service Exhibit attached as Exhibit 1.
- 1.2** Except as otherwise specifically set forth in this Agreement, such services shall only encompass duties and functions of the type coming within the jurisdiction of and customarily rendered by a city police department under the municipal code of LATHROP and the statutes of the State of California.

**2.0 ADMINISTRATION OF PERSONNEL**

- 2.1** During the term of this Agreement, the Chief of Police for the TRACY Police Department (“the Tracy Chief”) shall serve as the administrative head for all services rendered by TRACY pursuant to this Agreement and their designee shall serve as Chief of Police of LATHROP (“the Lathrop Chief”) and shall perform the functions of the Chief of Police for LATHROP as defined in section 3.5.1. LATHROP City Manager and the Tracy Chief will mutually agree on the appointment of a City of Lathrop Police Chief of which will be selected from the Tracy Police Department command staff level personnel, subject to compliance

with the TRACY Personnel Rules and existing Tracy Police Managers Association Memoranda of Understanding. The Lathrop Chief shall report to the LATHROP City Manager as any other designated Department Head employed by LATHROP regarding day to day business and operational issues related to Lathrop Police Services.

Additionally, it is understood that LATHROP will expect the Lathrop Chief or their designee to attend LATHROP City Council or other LATHROP directed meetings taking place during or after regular business and/or scheduled work times. In such an event, it is understood that the Lathrop Chief and/or their designee will adjust their work schedules accordingly. The Lathrop Chief shall report to the Tracy Chief on all employment and personnel related matters.

- 2.2 During the term of this Agreement, the LATHROP City Manager shall maintain a working knowledge of the Peace Officer's Bill of Rights (POBR) and TRACY's Memoranda of Understandings (MOUs) for the various represented labor groups assigned to perform the Lathrop Police Services. The LATHROP City Manager shall defer to TRACY on any issue of concern regarding the POBR or TRACY MOUs.
- 2.3 No officer, employee, or department of TRACY shall perform for LATHROP, services or functions which are outside the scope of their duties for TRACY as specifically related to the terms and conditions of this Agreement.
- 2.4 The services performed by the TRACY Police Department for LATHROP under this Agreement shall include the planning, organization, scheduling, direction, supervision, development and adherence to standards of performance relating to municipal law enforcement services. The discipline of officers and other matters incidental to the performance of such services and the control of personnel so employed shall remain with TRACY. The Tracy Chief shall retain exclusive authority over the activities of TRACY personnel assigned to LATHROP.
- 2.5 In the event of a dispute between the Parties regarding the extent and scope of the duties and functions to be rendered hereunder, or the minimum level or manner of performance of such service, LATHROP and TRACY agree to meet and confer prior to any final determination by TRACY.

LATHROP may request a review of performance of any TRACY personnel performing Lathrop Police Services. The Lathrop Chief, in consultation with the Tracy Chief or their designee and the LATHROP City Manager or designated representative, will conduct such review consistent with the applicable MOU and Police Officers Bill of Rights. Upon completion of the review, direction, additional training, and/or transfer of TRACY personnel will be implemented as deemed necessary by the Tracy Chief.

The management, direction, supervision and discipline of TRACY personnel, the standards of performance, and all other matters incidental to the performance of

services, shall be performed by, and be the responsibility of, TRACY through the Tracy Chief in Tracy Chief's sole but reasonable judgment and in accordance with the provisions of applicable MOUs. The Tracy Chief shall be the appointing authority for all personnel provided to LATHROP and shall have complete discretion as to the assignment of all individual TRACY personnel under this Agreement. Should LATHROP have an issue with any individual TRACY personnel assigned to LATHROP, the Tracy Chief and LATHROP City Manager shall meet and confer regarding any such issue.

Should the Lathrop Chief be the subject of a review of their job performance, the Tracy Chief or their designee will consult with the LATHROP City Manager or designated representative and LATHROP will be afforded the opportunity to provide input. The Tracy Chief will, at all times, endeavor to provide personnel agreeable to LATHROP; however the Tracy Chief retains final authority regarding selection and retention of TRACY personnel assigned to LATHROP.

- 2.6** All LATHROP employees who work in conjunction with the TRACY Police Department pursuant to this Agreement shall remain employees of LATHROP and shall not have any claim or right to employment, civil service protection, salary, or benefits or claims of any kind from TRACY based on this Agreement.
- 2.7** LATHROP shall not be called upon to assume any liability for the direct payment of any Police Department salaries, wages, or other compensation to any TRACY personnel performing services pursuant to this Agreement. Except as herein otherwise specified, LATHROP shall not be liable for compensation or indemnity to any TRACY employee or agent of TRACY for injury or sickness arising out of their employment as a contract employee of LATHROP, unless specifically caused by negligence on the part of LATHROP.
- 2.8** As part of its compliance with all applicable laws and regulations relating to employee hiring, TRACY agrees that TRACY Personnel Rules and Regulations, including those prohibiting discrimination on the basis of race, gender, sex, age or any other prohibited basis shall remain in effect. The Parties agree that TRACY and its employee associations have in existence MOUs that may change from time to time over the life of this Agreement. Both parties will endeavor to comply with all contractual obligations in said MOUs, to the extent they are impacted by the services and requirements of this Agreement. TRACY will inform LATHROP of executed changes to MOUs that will affect LATHROP services.
- 2.9** TRACY shall negotiate and administer all labor relations and personnel rules and procedures between TRACY and its employees rendering services under this Agreement.
- 2.10** If TRACY's provision of services is interrupted by strikes, boycotts or forces beyond TRACY's control, payment demand shall be prorated, TRACY will exert

reasonable effort to continue the provision of services. LATHROP may contract for law enforcement services from another agency during any such interruption. All employees employed by TRACY to perform services pursuant to the Agreement shall be and remain TRACY employees.

### **3.0 DEPLOYMENT OF PERSONNEL**

- 3.1** General law enforcement services performed hereunder may include, if requested by LATHROP in writing, supplemental security support, supplemental sworn officer support, and supplemental professional civilian support staff upon approval of the Tracy Chief or their designee.
- 3.2** All persons employed in the performance of such services and functions for general law enforcement, including, but not limited to, sworn personnel, supplemental security support, supplemental sworn officer support, and supplemental professional civilian support staff shall be employees of TRACY, and not be employed by LATHROP, unless mutually agreed upon.
- 3.3** Services performed hereunder and specifically requested by LATHROP shall be developed in conjunction with the Tracy Chief. The Subsequent Year Staffing Plan is attached as Exhibit 2.
- 3.4** The amount and grade of staff assigned to LATHROP by TRACY for the provision of services under this Agreement will be determined by the Tracy Chief and subject to approval by the LATHROP City Manager. Any increase to minimum staffing level or budget increases will be subject to approval by LATHROP City Council. The Tracy Chief shall approve all staff selections, including assignments. The Tracy Chief will, at all times, endeavor to provide personnel agreeable to LATHROP as detailed in sections 2.5.
- 3.5** The method of selection, number of candidates for consideration, and management and supervision of TRACY personnel assigned to LATHROP shall be solely at the discretion of the Tracy Chief, subject to section 2.5 and the following:
  - 3.5.1 LATHROP POLICE CHIEF:** Personnel with rank of Captain may serve in the role of "Lathrop Chief". The title of "Lathrop Chief" shall be ceremonial in nature as all lawful duties of a duly authorized law enforcement executive rest with the Tracy Chief. The "Lathrop Chief" carries only the level of authority and responsibilities of a Tracy Captain as defined in the TRACY Police Captain job description.

The Tracy Chief will endeavor to provide a list of at least three (3) qualified internal candidates for the Lathrop Chief position to the LATHROP City Manager for consideration. The Tracy Chief, one LATHROP elected official and LATHROP City Manager will meet and interview the candidates then mutually agree on the selection of the LATHROP Chief.



- 3.5.2** LIEUTENANT: A Lieutenant shall be appointed by the TRACY Chief to serve LATHROP. The Lieutenant may serve the role as Administrative Lieutenant or Watch Commander, consistent with the duties associated with those roles within the Tracy Police Department. The Tracy Chief will, at all times, endeavor to provide personnel agreeable to LATHROP.
- 3.5.3** SERGEANT: Sergeants shall be selected and retained for this assignment, consistent with the duties associated with those roles within the TRACY Police Department and the Shift Selection policy within the Tracy Police Officers Association MOU.
- 3.5.4** Special Assignments (e.g. School Resource Officer, Community Service Officer, Investigator, Canine Officer, Motor Unit Officer, etc.): Special Assignments shall be appointed to serve LATHROP when requested by LATHROP. Special Assignments shall be selected and retained for this assignment consistent with the duties associated with those roles within the TRACY Police Department. Personnel assigned to LATHROP for special assignments shall remain in said assignment for a duration consistent with the MOU for the assigned personnel. This provision shall not limit the ability of the Tracy Chief to transfer personnel due to normal attrition or the application of Tracy Personnel Rules, Regulations and MOUs. This provision shall not limit the number of personnel transferred to and from LATHROP. Normal attrition is defined as promotion, termination, retirement, or those transfers that are mutually agreeable to both the TRACY Police Department and LATHROP. The method of selection and number of candidates to be considered for these assignments shall be solely at the discretion of the Tracy Chief.
- 3.6** Should LATHROP request a change in the Service Plan or Staffing Level, an amendment to this Agreement shall be signed and authorized by LATHROP and approved by the TRACY City Manager or his designee (which authority is delegated to the TRACY City Manager by the City Council of TRACY as a signatory to this Agreement) as an amendment to the level of service subject to the following:
- 3.6.1** Increases in staffing may occur within a reasonable time period following a request by LATHROP for such increase. The Parties agree that any increase in staffing must be accommodated by a commensurate increase in payment to TRACY. Staffing increases will be made at a time agreeable to the Tracy Chief and LATHROP. It is recognized this increase may be extended for purposes of adding and training applicable staff, including recruits enrolled in police academies.
- 3.6.2** Decreases in staffing may occur when LATHROP requests such decrease, subject to the approval of TRACY. Staffing decreases will be made at a time agreeable to the Tracy Chief and LATHROP and shall be implemented in a manner consistent with all applicable TRACY personnel rules and

regulations, policies and procedures and MOU's. Minimum staffing levels to be maintained in the event of decreases in workforce shall be mutually agreed upon. In the event of a recession or significant reduction in operating revenue, the Parties agree to meet and confer regarding decreases in staffing, but at no time will minimum staffing be fixed at a level below that which the TRACY Chief determines to be unsafe for either the public or staff.

**3.6.3** Unless otherwise mutually agreeable between TRACY and LATHROP, increases/decreases in staffing will not be effective prior to 180 days after a written agreement to said effect is fully executed by both parties.

**3.7** LATHROP is not limited to the foregoing services, but may also request any other service in the field of police services or related fields within the legal power of the Tracy Chief to provide upon written approval of the LATHROP City Manager and approval of the Tracy Chief or his designee.

**3.8** LATHROP shall have the right to request alternate work schedules including but not limited to 12, or more, hour work shifts for Patrol Officers. LATHROP understands changes in the work schedule are subject to negotiation between TRACY and the affected TRACY employee associations.

**3.9** No code enforcement or animal control services shall be performed under this Agreement, with the exception of citations issued incidental to a police contact.

During the initial startup period scheduled for July, 2019 the minimum staffing levels shall be at least 20 officers for the Lathrop Division, if the desired minimum staffing level of 26 officers is not obtained at that time. This short term staffing level will account for street patrol positions, including field supervisors, K9 officers, community service officers, and does not include detectives or other agreed upon positions.

Minimum staffing levels shall result in the scheduling of at least 26 officers and two non-sworn community service officers for the Lathrop Division. The minimum positions include: 1/2 Deputy Chief (starting FY 2020/21), 1 Captain, 1 Lieutenant, 4 Sergeants, 2 Corporals, 2 K9 Officers, 2 Motor Officers, 2 Detectives, 2 School Resource Officers, 2 Community Service Officers and 10 Officers.

**3.10** In the event an officer is unable to perform all the duties of a peace officer due to workplace injury incurred as a result of work performed as staff of the Lathrop Division, LATHROP shall pay all 4850 time, overtime and/or replacement officer time for that injured officer.

#### **4.0 PERFORMANCE OF CONTRACT**

- 4.1** For the purpose of performing said functions, TRACY shall furnish and supply all necessary labor, supervision, communication facilities, and supplies necessary to maintain the agreed upon level of service to be rendered.
- 4.2** Notwithstanding the foregoing, LATHROP at its discretion may provide additional resources for TRACY to utilize in performance of the services as requested by TRACY.
- 4.3** LATHROP shall supply TRACY with a local office for maintaining a law enforcement headquarters, or Police Department substation, within the LATHROP City boundaries. LATHROP shall furnish, at its own cost and expense, all necessary office space, furniture, furnishings, office supplies, administrative support, janitorial service, telephone, internet, light, water, sewer and other utilities. It is understood that personnel supplied by LATHROP to provide administrative support and janitorial support shall be required to pass a background check conducted by or approved by TRACY. LATHROP shall provide TRACY police personnel with work space suitable for twenty-four hours per day seven day per week operations. LATHROP shall seek input from TRACY on the design and construction of such work space. LATHROP shall have final discretion on the design and construction of the work space.
- 4.4** Notwithstanding the foregoing, LATHROP shall provide all fixed assets as set forth in Exhibit 3, which is incorporated herein by this reference. LATHROP shall directly lease and/or purchase any and all additional fixed assets, which are necessary for the performance of the law enforcement services under this Agreement. Fixed assets are defined as items with a purchase cost of five thousand dollars (\$5,000.00) or more and a service life of greater than one year.
- 4.4.1** Vehicles utilized by TRACY in connection with the performance of services under this Agreement shall be marked so as to designate such as LATHROP vehicles with LATHROP logos. TRACY insignia and logos may also be displayed on LATHROP vehicles. LATHROP logos shall be approved in advance by LATHROP City Manager and the Tracy Chief.
- 4.5** Notwithstanding the foregoing, it is mutually agreed that in all instances where special supplies, stationery, notices, logos, forms, and the like must be issued in the name of the said LATHROP, the same shall be supplied by the LATHROP at its own cost and expense.
- 4.6** Start-up costs consisting of pre-employment costs, salaries and benefits of trainees and field training officers, peace officer training academy costs, and on the job training costs incurred by the hiring of officers or replacement officers for the staff assigned to LATHROP, equipment purchases or leases, facility modifications and other costs identified in the Start-up Cost Budget (Exhibit 3) shall be payable by LATHROP to TRACY. The Start-up Cost Budget shall only include direct costs incurred by TRACY and are currently budgeted at Five Million Five Hundred Thousand Dollars (\$5,500,000.00). A deposit of Seven Hundred and Fifty

Thousand Dollars (\$750,000.00) shall be provided by LATHROP to TRACY within 15 days of the execution of this Agreement toward start-up costs. Start-up costs shall not be amortized. Monthly invoices shall be submitted by TRACY to LATHROP for costs incurred during the start-up period.

**4.7** LATHROP shall pay for Information Technologies (IT) support provided by and directed by TRACY for desktop, printers/copiers, phone system, file server and networking equipment up to the LATHROP owned firewall as well as all computers and equipment for these functions.

**4.7.1** TRACY will be responsible for networking between TRACY and the office housing the Lathrop Police Services including the equipment up to the TRACY network point of presence.

**4.7.2** TRACY will provide e-mail, internet services, cellular phone service and access to Police Department law enforcement specific applications as deemed appropriate by the Tracy Chief. TRACY will work with LATHROP to ensure that all required applications are installed and working properly on LATHROP owned desktops and other communication devices.

**4.7.3** Access to law enforcement data, data residing on TRACY Police Department systems and related data residing on TRACY servers is confidential. All LATHROP employees who may have access to confidential law enforcement data shall maintain the Criminal Offender Record Information system and the California Law Enforcement Telecommunication System certification. Any release of data to any entity outside of the TRACY Police Department or Lathrop Police Services must be pre-authorized by the Tracy Chief or their designee.

LATHROP shall provide a server that TRACY staff will use for storing law enforcement data. All data that resides on the LATHROP provided server will be considered, to the degree allowable by applicable law, confidential information of the TRACY Police Department. When a LATHROP employee working with TRACY on Lathrop Police Services separates from employment, LATHROP will notify, by e-mail LATHROP and TRACY Information Technologies departments. LATHROP and TRACY shall suspend the account as indicated by the date of separation. Any data related to the separated employee that is housed on LATHROP owned servers as well as LATHROP file server will be archived within 30 days to DVD.

**4.7.4** Data center access at the Lathrop Police Services facility shall be controlled via an automated system. Access to the data center shall be permitted on a twenty-four hour seven day basis to designated LATHROP IT Staff, designated TRACY Police Department IT staff and/or designated TRACY network staff. Access to the data center shall be logged and maintained via an automated system for a minimum of 12 months. Requests for access to the security logs shall be in writing to the designated LATHROP contact

and are explicitly authorized for the LATHROP Chief or their designee and the Tracy Chief or their designee. The requests shall be fulfilled within 5 business days. In the event that the LATHROP City Manager or their designee requests security logs related to TRACY employees, the Tracy Chief or their designee shall be notified of the request and provided a copy of the logs.

- 4.7.5 No unauthorized hardware or software shall be used on any of the Lathrop Police Services facility computer systems or networking equipment. Authorization shall be provided by the TRACY Chief or their designee.
- 4.7.6 LATHROP IT staff shall work with TRACY IT staff on any required new or updated software or hardware installations.
- 4.7.7 LATHROP shall provide other services as may be required (e.g. access to fuel filling, maintenance of LATHROP owned real estate facilities) that may be necessary to ensure safe and efficient operations.
- 4.7.8 TRACY will maintain custody reports and records it creates while performing services under this Agreement. LATHROP may review these records upon request, unless prohibited by law. LATHROP shall pay for the cost of producing the records and/or reports. Upon reasonable notice, either party will have the right to inspect all public records maintained by the other party relevant to this Agreement, to the extent permitted by law.

## **5.0 INDEMNIFICATION**

- 5.1 LATHROP, its officers and employees, by this Agreement, shall not assume any liability for the direct payment of any claims, settlements or judgments resulting or arising solely from any negligent or wrongful act or omission of TRACY, its officers and employees in performing the services or functions provided for in this Agreement. TRACY shall hold LATHROP, its officers and employees harmless, and indemnify and defend LATHROP, its officers and employees, against the direct payment of any and all costs, expenses, claims, suits and liability for bodily or personal injury to or death of any person and for injury to or loss of any property resulting from or arising out of any negligent or wrongful acts or omissions of TRACY, its officers and employees, in performing or in failing to perform any work, services or functions provided for, referred to in or in any way connected with services or functions to be performed under this Agreement.
- 5.2 TRACY, its officers and employees, by this Agreement, shall not assume any liability for the direct payment of any claims, settlements or judgments resulting or arising solely from any negligent or wrongful act or omission of LATHROP, its officers and employees, nor for any dangerous condition of the streets or property of LATHROP, and LATHROP shall hold TRACY, its officers and employees, harmless, and indemnify and defend TRACY, its officers and employees, against

any and all costs, expenses, claims, suits and liability for bodily and personal injury to or death of any person and for injury to or loss of any property resulting therefrom or arising out of with any negligent or wrongful acts or omissions of LATHROP, its officers and employees, in performing or authorizing the performance of or in failing to perform or authorize the performance of any work, services or functions provided for, referred to in or in any way connected with services or functions to be performed under this Agreement.

- 5.3** The Parties agree to provide one another prompt notice of any claims or lawsuits arising out the performance of services under this Agreement. All notices required to be given pursuant to this Agreement shall be in writing and shall be delivered by hand or certified mail, postage prepaid, return receipt requested, to the following addresses:

To LATHROP at:  
OFFICE of the CITY MANAGER  
Lathrop City Hall  
390 Towne Centre Drive  
Lathrop, CA 95330

To TRACY at:  
OFFICE of the CITY MANAGER  
Tracy City Hall  
333 Civic Center Plaza  
Tracy, CA 95376

- 5.4** DEFENSE OF ORDINANCES.

To the extent that the Lathrop Police Services are required to enforce ordinances of the LATHROP, LATHROP agrees to defend and/or indemnify TRACY against any action contesting the Constitutionality, conflict with state law, legality or procedural propriety of said ordinances and/or codes of LATHROP.

## **6.0 TERM OF CONTRACT**

- 6.1** Unless sooner terminated as provided for herein, this Agreement shall be effective July 1, 2018 and shall remain in effect until June 30, 2028. This term includes a twelve (12) month start-up period prior to the commencement of services. The Service Commencement Date shall be 210 calendar days from the date that written notice is provided by TRACY to LATHROP. The Service Commencement Date shall be no later than January 1, 2020.
- 6.2** At the option of LATHROP and with the consent of TRACY, this Agreement may be renewed for successive periods of two (2) years at a time extending beyond the June 30, 2028 termination date noted in 6.1. The Party seeking to extend the Agreement shall provide the other Party with written notice of its intent to renew at least twenty-four (24) months before expiration of Agreement.

## 7.0 RIGHT TO TERMINATION

- 7.1 Parties agree this Agreement may not be terminated during the first five (5) years following the Service Commencement Date. After the initial three (3) years, either party may, with or without cause, give written notice to the other of its intent to terminate the Agreement. Said written notice shall be given at least twenty four (24) months prior to the date specified for such termination.
- 7.2 In the event of a termination, each party shall fully discharge all obligations owed to the other party accruing prior to the date of such termination, and each party shall be released from all obligations that would otherwise accrue subsequent to the date of termination; provided, however, that all rights and obligations pursuant to sections 5.1-5.3 shall survive termination and expiration of this Agreement until such time as applicable statutes of limitation have expired on all potential claims for services rendered under this Agreement.

## 8.0 COMPENSATION

- 8.1 LATHROP shall pay monthly for the services provided by TRACY under the terms of this Agreement. The annual cost categories are described in Exhibit 4 which provides an estimated Annual Budget. Charges include:
- a) Police personnel expenses as allocated in the approved annual budget as reported by the Finance Director of TRACY monthly in the Tracy Chief-Lathrop Police Services budget in support of Lathrop Police Services;
  - b) Support Service costs incurred by other divisions of the TRACY Police Department in support of Lathrop Police Services as detailed in section 8.1.3 below;
  - c) Direct non-TRACY Police Department costs attributable to Lathrop Police Services as calculated by the TRACY Finance Director.
  - d) All other annual costs incorporated into this Agreement for services as set forth in Exhibit4.
- 8.1.1 Personnel Billing Rate. Personnel billing rates are calculated annually by TRACY and shall be used to determine costs for services provided by TRACY employees assigned to Lathrop Police Services. The billing rate shall include salary and fringe benefits consistent with TRACY costs for non-Lathrop Police Services.
- 8.1.2 Pension Rate Charges. Pension obligations of staff performing Lathrop Police Services shall be fully captured in the Personnel Billing Rates. Personnel Billing Rates for start-up cost expenses and in the first year of service beginning on the Service Commencement Date shall include only the Normal Cost as defined by Bartel Associates or another actuarial firm acceptable to the TRACY City Manager and the LATHROP City Manager. Personnel costs in second year of service and all subsequent years shall be

determined by Bartel Associates or another actuarial firm acceptable to the TRACY City Manager and the LATHROP City Manager. Any differential existing between the actuarial pension obligations, which includes funded and unfunded obligations, and actual paid shall be paid or reimbursed at the termination of this Agreement.

**8.1.3** Personnel. TRACY will provide the agreed number of personnel allocated to the Lathrop Police Services budget during the annual budget cycle. LATHROP shall pay for the cost of said personnel on a monthly basis by paying actual payroll cost as invoiced by TRACY in accordance with the Section 9 Payment Procedures. The agreed number of personnel shall be set forth in the Subsequent Year Staffing Plan (Exhibit 2).

**8.1.4** Support Services. TRACY will provide necessary support services for staff assigned to LATHROP, including communications, records, case management, and evidence room services. The cost of Communication Center Services shall be allocated based upon the proportional calls for service for LATHROP. LATHROP shall pay for the proportional cost of service on a monthly basis by paying actual payroll cost as invoiced by TRACY.

**8.1.5** Extra Staff. Extra personnel may be needed from time to time. For example, unusual crimes, investigation circumstances, emergencies, urgent situations, planned LATHROP sponsored functions and/or special events, may require extra staffing. During these situations, the assignment of extra staff shall be determined by the Tracy Chief in order to preserve staff and public safety. The costs for these services will be billed based upon hours performed for LATHROP. LATHROP shall pay for the cost of said personnel on a monthly basis by paying actual payroll cost as invoiced by TRACY.

**8.1.6** Non-Staff support. The costs of other services, equipment, vehicles, or other fixed assets are set forth in the Annual Cost Budget (Exhibit4). LATHROP shall pay for the cost of said personnel on a monthly basis by paying actual payroll cost as invoiced by TRACY.

**8.2** TRACY agrees that relevant financial records shall be made available to LATHROP to audit and examine if LATHROP requests such audit and examination, in writing, to the Tracy Chief or their representative. Said records shall be made available for audit and inspection not later than thirty (30) calendar days after receiving the request. Any such audit performed by LATHROP shall be performed by a firm mutually agreed upon by both TRACY Finance Director and the LATHROP Finance Director. If such audit or examination is performed by LATHROP staff, all methodology of review shall be mutually agreed upon by TRACY Finance Director and the LATHROP Finance Director.



- 8.3** TRACY agrees to provide LATHROP with a Proposed Service Plan and Annual Cost Budget for Lathrop Police Services no later than January 1<sup>st</sup> of each year. The Service Plan shall include:
- a. Staffing Level
  - b. Dispatch / Communications service provided
  - c. Training Requirements
  - d. Vehicle Requirements
  - e. Equipment and Technology Requirements
  - f. Other services necessary to execute the Lathrop Police Services

The Annual Cost Budget shall be in a format consistent with Exhibit 4 or in an alternate format acceptable to the TRACY Finance Director and the LATHROP Finance Director.

Between January 1<sup>st</sup> and February 15<sup>th</sup> of each year LATHROP and TRACY staff shall meet to finalize the subsequent fiscal year Service Plan and Annual Cost Budget. LATHROP and TRACY shall present the proposed budget to their respective City Councils for consideration by April 1<sup>st</sup> of each year.

- 8.4** In the event of any delay in the adoption of an annual Service Plan and estimated cost pursuant to this provision, TRACY is authorized to continue providing services in accordance with the previously adopted Service Plan and LATHROP agrees to pay all expenses incurred.
- 8.5** Any required changes to the level of service during the budget year shall require the mutual agreement of the parties and written approval by the LATHROP City Manager.
- 8.6** Any increases to any of the above staff and non-staff costs shall be paid by LATHROP.
- 8.7** With respect to maintenance and provisioning of vehicles, LATHROP shall be responsible for the repair and/or maintenance of LATHROP vehicles. LATHROP shall maintain all vehicles according to the standards mutually agreed upon between the Parties. TRACY will require an annual inspection of maintenance and repair records for all vehicles utilized by TRACY personnel for LATHROP. Said records inspection will be performed by TRACY Fleet Services Division personnel. Vehicles not passing said a reasonable records inspection shall be repaired and/or replaced as necessary and updated records provided for further review. All vehicles must be reasonably maintained and/or repaired to the satisfaction of TRACY. If deemed necessary by TRACY, any physical inspections of vehicles by TRACY Fleet Services staff shall be performed at additional cost to LATHROP at the applicable rates (including salary and benefits) for said TRACY staff.

## **9.0 PAYMENT PROCEDURES**

- 9.1** TRACY shall submit to LATHROP within thirty (30) days after the close of each calendar month a summarized invoice which includes actual staff costs incurred and actual costs for capital outlay items for said month, and LATHROP shall pay TRACY for all amounts within thirty (30) days after date of said invoice.
- 9.2** If such payment is not delivered to the TRACY office that is described on said invoice within fifteen (15) days after the date of the said invoice, TRACY is entitled to recover interest thereon. For all disputed amounts, LATHROP shall provide TRACY with written notice of the dispute including the invoice date, amount, and reasons for the dispute within fourteen (14) days after receipt of the said invoice. The parties shall memorialize the resolution of the dispute in writing. For any disputed amounts, interest shall accrue if payment is not received within thirty (30) days after the dispute resolution is memorialized. In the event that invoices remain outstanding for over one hundred and twenty (120) days, TRACY may, in its sole discretion, require a deposit from LATHROP in the amount of three (3) months estimated payments. Failure to make said deposit shall be a breach of this Agreement.
- 9.3** Costs to be paid by LATHROP to TRACY shall be adjusted annually based upon increases in salary and benefits and the level of service agreed to in the annual budget process.
- 9.4** Any reimbursement received by TRACY from any non-TRACY funding source for services charged to LATHROP (e.g. parking citation revenue) shall be credited to LATHROP, subject to a reasonable processing fee agreed upon between the Parties.
- 9.5** All net asset forfeiture monies generated within LATHROP, excluding Federal, will be dispersed to LATHROP by TRACY. LATHROP agrees to keep the funds in a separate asset forfeiture account and to utilize the asset forfeiture money only for law enforcement purposes and within the guidelines established for the expenditure of asset forfeiture money. Federal asset forfeiture monies generated within LATHROP shall be held by TRACY in the established fund and TRACY shall provide statements upon request as to any expenditures and the ending balance of the Federal asset forfeiture fund.

## **10.0 ENTIRE AGREEMENT**

This Agreement shall constitute the complete and exclusive statement of the parties that supersedes all previous agreements, written or oral, and all communications between the parties relating to the subject matter hereof. All changes or amendments to this Agreement must be in writing and mutually executed by authorized personnel on behalf of LATHROP and TRACY.

## **11.0 DISPUTE RESOLUTION**

The Parties agree that that they will endeavor to resolve any and all disputes informally and in good faith. In the event that the parties are unable to resolve a dispute informally, the parties agree that the dispute must be submitted to mediation before a neutral mediator agreed upon by both

parties. In the event that mediation is unable to resolve the dispute, the aggrieved party may initiate litigation only in the San Joaquin Superior Court. Both parties agree that any dispute shall only be heard by the Court without a jury.

## **12.0 AMENDMENTS**

This Agreement may only be amended in writing by an amendment authorized by TRACY City Council and LATHROP City Council.

## **13.0 GENERAL PROVISIONS**

- 13.1** There shall be no assignment of this Agreement by either party.
- 13.2** The Parties understand, agree and acknowledge that (i) this Agreement has been freely negotiated by both Parties; and (ii) in any controversy, dispute or contest over the meaning, interpretation, validity, or enforceability of this Agreement or any of its terms or conditions, there shall not be any inference, presumption, or conclusion drawn whatsoever against either party by virtue of that party having drafted this Agreement or any portion thereof.
- 13.3** The Parties agree to cooperate in the execution of additional documents or agreements necessary to carry out this Agreement. The Tracy City Manager, or their designee, and Lathrop City Manager, or their designee, are authorized to execute any such additional documents or agreements.
- 13.4** The Parties shall comply with Federal, state and local laws in regards to nondiscrimination in employment. All nondiscrimination rules and regulations required by law are deemed incorporated by reference. The Parties shall comply with all Federal and state equal opportunity laws.
- 13.5** The Parties agree to abide by the State of California Law Enforcement Mutual Aid Plan.
- 13.6** Waiver of a breach or default under this Agreement shall not constitute a continuing waiver or a waiver of a subsequent breach of the same or any other provision of this Agreement.
- 13.7** If any term of this Agreement (including any phrase, provision, covenant, or condition) is held by a court of competent jurisdiction to be invalid or unenforceable, the Agreement shall be construed as not containing that term, and the remainder of this Agreement shall remain in full force and effect; provided, however, this paragraph shall not be applied to the extent that it would result in a frustration of the parties' intent under this Agreement.
- 13.8** Paragraph headings as used herein are for convenience only and shall not be deemed to be a part of such paragraphs and shall not be construed to change the meaning thereof.

- 13.9** All exhibits referred to herein are attached hereto and are by this reference incorporated herein.
- 13.10** The Parties agree that the provisions of this Agreement are not intended to directly benefit, and shall not be enforceable by, any person or entity not a party to this Agreement.
- 13.11** This Agreement shall be binding upon and all inure to the benefit of the successors of the Parties. The Parties may not assign any right or obligation hereunder without written consent of both Parties.
- 13.12** Whenever in this Agreement any consent or approval is required, the same shall not be unreasonably withheld.
- 13.13** This Agreement is made under the Constitution and laws of the State of California.
- 13.14** In the event any provision of this Agreement is determined to be illegal or invalid for any reason, all other provisions and sections of this Agreement shall remain in full force and effect unless and until otherwise determined. The illegality of any provision of this Agreement shall in no way affect the legality and enforceability of any other provisions of this Agreement.

**MUNICIPAL LAW ENFORCEMENT SERVICES AGREEMENT BETWEEN  
THE CITY OF TRACY AND THE CITY OF LATHROP**

WITNESS WHEREOF, the parties have caused this AGREEMENT to be subscribed on its behalf by its respective authorized officers.

Dated at Tracy, California, this \_\_\_\_ day of \_\_\_\_\_, 2018.

**City of TRACY**

By: \_\_\_\_\_  
Mayor Robert Rickman

**ATTEST:**

By: \_\_\_\_\_  
Adrienne Richardson, City Clerk

**APPROVED AS TO FORM:**

By: \_\_\_\_\_  
Thomas Watson, City Attorney

**City of LATHROP**

By: \_\_\_\_\_  
Mayor Sonny Dhaliwal

**ATTEST:**

By: \_\_\_\_\_  
Teresa Vargas, City Clerk

**APPROVED AS TO FORM:**

By: \_\_\_\_\_  
Salvador Navarrete, City Attorney

## Lathrop-Tracy Police Services Description

The City of Tracy will provide full service municipal police services to the City of Lathrop. The services will encompass general law enforcement and public safety functions normally provided in cities within California. The services include the enforcement of State statutes and City codes and ordinances. The Lathrop Police Department's principal responsibility will be protecting life and property while preserving the public peace. The Community Policing philosophy, which encompasses partnerships and problem solving, will be one of the primary values of the Department.

Officers will respond to calls for service, investigate crimes, make necessary and appropriate arrests, seek prosecution of criminal acts, and engage in crime prevention strategies with community stakeholders. Traffic safety, which includes education and enforcement, will be a high priority. Community outreach will focus on youth, cultural, and neighborhood groups.

These services consist of, but are not limited to:

- Patrol, including Canine Officers and Field Training Officers
- Traffic Safety, including Motor Officers
- Investigations including on-site detectives and supplemental detectives for major or specialized cases
- Crime Scene Investigation
- School Resource Officers
- Community Services Officers (Non-sworn)
- Community Policing: partnering with community groups to address issues
- Specialized Services, such as SWAT, Critical Incident management and negotiations
- Crime Prevention
- Crime Analysis
- Police Administrative functions

In addition, the City Tracy will provide all typical law enforcement support services including:

- Dispatch: 911 and non-emergency calls
- Police Records: processing reports and citations, and public information
- Property and Evidence services
- Provision and maintenance of officer related equipment

To provide the service levels described above requires approximately twenty-six (26) Peace Officer positions, two Community Services Officers, and a still undetermined number of other support and specialized positions. It is anticipated that the majority of the new staff would be lateral hires from other departments. The new contract services will be branded as the Lathrop Police Department with unique uniform patches, business cards, and vehicle markings.

There will be extensive emphasis on community engagement prior to the initiation of service and during the first year that will continue into future years. The activities will cultivate positive relationships among community members and police staff. One of the primary areas of focus will be with youth both at school and in community based activities. Other areas of focus will be with neighborhood and business groups and the faith-based community. There are a number of strategies that will be utilized including:

- Chiefs Community Advisory Board
- Town Hall Meetings
- Neighborhood & Business Watch
- Coffee with a Cop
- School Resource Officers
- Participation in youth sports activities
- Partnering with community, fraternal, and faith based groups
- Police Department open house and Safety Fair
- Trafficsafety events
- Holiday Season community event; i.e., shop with a cop or food drive
- Police volunteer program

*Law enforcement services provided to the City of Lathrop will be closely coordinated with the Lathrop City Manager and his staff. Specific issue areas will be identified for concentrated attention as needed. The Lathrop Police Chief will attend City Council meetings representing his or her Department and respond to community inquiries as needed. The Department will also coordinate with other community serving agencies including the Lathrop Manteca Fire District, the Manteca Unified School District. The Chief will meet with community leaders, special task forces and other ad hoc committees and groups as needed. These activities will insure a congruent and responsive relationship with the community and its leaders.*

The Police Department will emphasize that each officer and staff member recognize that daily activities and contacts with community members are essential to establishing an atmosphere of trust and transparency with the community they serve. Each contact is an opportunity to create a positive impression, enhance community relations, and gain a partner in public safety. These actions support the Lathrop-Tracy Police Department's mission of being; *A Professional Organization Entrusted by Our Community to Ensure a Safe and Prosperous Environment While Enhancing The Quality of Life.*

EXHIBIT "1"

**Staff Positions and Annual Cost (with FY 2017-18 salary/benefit rates) - Tracy / Lathrop Police Services**  
**Exhibit 2**

**Permanent Staff Positions**

<u>Tracy Police Department Sworn</u>	<u># of Positions</u>
Captain	1.0
Lieutenant	1.0
Sergeant	4.0
Corporal (FTO)	2.0
K9 Officer	2.0
Officer	10.0
Motors	2.0
Detectives	2.0
School Resource Officer	2.0
Professional Standards Officer (portion of 1 position)	0.23
<b>Total PD Sworn costs</b>	<b>26.2</b>

<u>Tracy Police Department Non-Sworn</u>	<u># of Positions</u>
Community Services Officer	2.0
Training Officer (portion of 1 position)	0.23
Rangemaster (portion of 1 position)	0.23
Dispatcher	4.0
Records Assistant	1.00
Information Systems Technician II	1.0
<b>Total PD Non-Sworn Costs</b>	<b>8.46</b>

**Total Tracy Annual Labor Costs paid by Lathrop**

(a) Includes salary (Step E), PERS Normal Cost only, Workers Comp., Social Security, Medicare and health insurance (max. contribution).

<u>Lathrop staffing</u>	<u># of Positions</u>
Police Office Manager	1.0
Sr. Administrative Assistant	1.0
Management Analyst	1.0
	3.0

**Labor Charges only when Services are Provided**

SWAT
Crime Scene Investigations
Supplemental Detectives
Hostage Negotiations
Special Investigations (large narcotics)
Directed enforcement unit (gangs)
Traffic fatalities
Animal services support



**Startup Cost Budget (with FY 2017-18 salary/benefit rates) - Tracy / Lathrop Police Services**  
**Exhibit 3**

<u>Cost Category</u>	<u># of Positions</u>	<u>Annual Salary + Benefit Cost of Position</u>	<u># of months</u>	<u>% of year</u>	<u>Estimated Startup Cost</u>
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**STAFF COSTS (Budgeted Positions)**

**Tracy Police Department Sworn**

Captain	1	\$ 221,362	8	67%	\$ 147,575
Lieutenant	1	\$ 203,234	3	25%	\$ 50,808
Sergeant	4	\$ 167,956	1	8%	\$ 55,985
Corporal (FTO)	2	\$ 155,327	10	83%	\$ 258,879
K9 Officer	2	\$ 151,032	3	25%	\$ 75,516
Officers (6 Recruits Academy)	6	\$ 143,257	12	100%	\$ 779,543
Officers (4 Recruits Past Academy)	4	\$ 143,257	6	50%	\$ 286,514
Officers (8 Recruits Lateral Transfer)	8	\$ 143,257	9	75%	\$ 859,543
Officers (8 Recruits Lateral Transfer)	8	\$ 143,257	6	50%	\$ 573,029
Motors	2	\$ 147,580	0	0%	\$ -
Detectives	2	\$ 148,287	0	0%	\$ -
School Resource Officer	2	\$ 148,287	0	0%	\$ -
Professional Standards Officer (portion)	0.23	\$ 154,799	0	0%	\$ -
Training Officer (portion)	0.23	\$ 140,689	0	0%	\$ -
Rangemaster (portion)	0.23	\$ 138,955	0	0%	\$ -
<b>Total PD Sworn costs</b>					<b>\$ 3,087,392</b>

**Tracy Police Department Non-Sworn**

Community Services Officer	2	\$ 97,378	3	25%	\$ 48,689
Dispatcher	4	\$ 117,558	4	33%	\$ 156,744
Records Assistant	1	\$ 98,875	3	25%	\$ 24,719
Information Systems Technician II	1	\$ 119,070	1	8%	\$ 9,923
<b>Total PD Non-Sworn Costs</b>					<b>\$ 240,074</b>

<u>Staff On-boarding Costs</u>	<u># of Exams</u>	<u>One time cost</u>		
Police Academy Tuition				\$ 30,000
Trainee ammunition costs				\$ 9,000
Incentive program				\$ 75,000
Referral program				\$ 24,000
Background, Psyche and Medical	40	\$ 3,200		\$ 128,000
<b>Total Other Department Costs</b>				<b>\$ 266,000</b>

**Total City of Tracy Startup Staff Cost Estimate** **\$ 3,593,466**

**NON-STAFF STARTUP COSTS**

**Services and Supplies / Maintenance**

Vehicle maintenance / gas	\$ 15,000
Maintenance of vehicles	\$ 31,000
Services and Supplies	\$ 25,000

**Officer Gear**

New Officer gear (26 x \$8,798.51)	\$ 228,761
New CSO gear (2 x \$3,998.14)	\$ 7,996
New Motor Officer gear (2 x \$16,259.00 equipment only)	\$ 32,518
K9 Officer gear (includes one Tahoe)	\$ 46,000

<u>Cost Category</u>	<u>Annual Salary</u>				<u>Estimated Startup Cost</u>
	<u># of Positions</u>	<u>+ Benefit Cost of Position</u>	<u># of months</u>	<u>% of year</u>	

**Training**

Promotional training Corporal (2 x \$2,400)	\$	4,800		
Promotional training Sergeant (4 x \$2,400)	\$	9,600		
Promotional training Lieutenant (1 x \$3,600)	\$	3,600		
Spec Assign. Training Detective	\$	4,800		
Spec Assign. Training SRO	\$	1,200		
Spec Assign. Training Traffic	\$	2,400		
Spec Assign. Training Accident recon.	\$	2,400		
Spec Assign. Training Vehicle insp.	\$	1,200		

**CAPITAL / EQUIPMENT COSTS**

**Field / Car retrofit costs**

In Unit and Portable Radio purchase (\$4,500 for 29 radios)	\$	130,500		
Predictive Policing software	\$	16,725		
Vehicle retrofit costs (\$8,500 for 18 vehicles)	\$	153,000		

**IT Equipment for Lathrop Facility**

Building IT related equipment	\$	250,000		
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**Dispatch**

911 Viper Call Taking Positions	\$	50,000		
Dispatch Workstation Furniture	\$	30,000		
Antenna, repeater and line kit Install	\$	70,000		
Radio Dispatch Consoles and Air Phone	\$	130,000		
CAD System Install, training, software	\$	76,107		
Dispatch Center Expansion	\$	223,000		

**Records**

Work station	\$	15,000		
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**TRACY PUBLIC WORKS FACILITIES IMPROVEMENTS**

PD Building improvements if temp. staffing location (e.g. lockers)	\$	25,000		
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**Other**

Bodycam docking stations	\$	7,500		
4850 Allocation	\$	200,000		

**CONSULTANT COSTS**

CPS - marketing and outreach	\$	22,500		
Promotional exams (3 x \$13,000)	\$	39,000		

**REIMBURSEMENTS / GRANTS**

State 911 reimbursement	\$	(50,000)		
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Total Non-Staff Startup Cost Estimate **\$ 1,804,607**

Total Staff + Non-Staff Startup Cost Estimate **\$ 5,398,073**

**Annual Cost Budget (with FY 2017-18 salary/benefit rates) - Tracy / Lathrop Police Services**  
**Exhibit 4**

<u>Cost Category</u>	<u>Estimated Cost</u>
<b>STAFF COSTS (Budgeted Positions)</b>	
Total Staff Costs from Staff Positions Worksheet	\$ 4,542,638

**NON-STAFF COSTS**

***Services and Supplies***

PD service and supplies (26 x \$2000)	\$ 52,000
Cell phone service (26 x \$540)	\$ 14,040
Vehicle gasoline	\$ 60,000
On-line reporting service (COPLOGIC)	\$ 11,520

***Non-Admin. Departments Allocated Charges***

Evidence Handling	\$ 92,821
Dispatch Operations	\$ 600,000
IT maintenance	\$ 90,000

***Training***

Post and Non-Post training (sworn and non-sworn)	\$ 50,000
Overtime	\$ 200,000

***As-Needed Services***

SWAT	\$ -
Crime Scene Investigations	\$ -
Supplemental Detectives	\$ -
Hostage Negotiations	\$ -
Special investigations (large narcotics)	\$ -
Directed enforcement unit (gangs)	\$ -
Traffic fatalities	\$ -
Animal services support	\$ -

***Administrative Departments Direct Charges***

City Manager's Office Direct Charge	\$ 50,000
City Attorney's Office Direct Charge	\$ 50,000
Human Resources Department Direct Charge	\$ 50,000
Finance Department Direct Charge	\$ 75,000

***Insurance costs***

SIR Insurance Cost	
Premium increase	\$ 98,668

***Revenue Estimates***

Asset Seizure	N/A
COPS grant	N/A

**Total Annual Cost Estimate** **\$ 6,036,687**

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**ITEM: MAYOR'S REFERRAL**

**RECOMMENDATION: APPOINTMENT OF TWO (2) PARKS AND RECREATION COMMISSION MEMBERS WITH TERMS EXPIRING JUNE 30, 2021**

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**PARKS AND RECREATION COMMISSION – LMC CHAPTER 2.16:**

<b>Exiting Commissioner(s)</b>	<b>Initial Date of Appointment</b>	<b>Reappointment Date</b>	<b>Term Expiration Date</b>
Romi Bhinder	10/21/13	6/15/15	06/30/18
Michele Anderson <i>(Served Unexpired Term)</i>	01/23/17	n/a	06/30/18

**APPLICANTS FOR CONSIDERATION:**

1. Sabrina Ruiz
2. Michele Anderson
3. Romi Bhinder



COMMISSION/COMMITTEE APPLICATION RECEIVED

Applying for: Parks and Recreation Commission

JUL 17 2018

CITY CLERK

Special Requirements:

Youth Advisory Commission: Must be a Lathrop resident between 13 to 18 years of age to serve on this commission
Senior Advisory Commission: Must be 50 years of age or over and a registered voter to serve on this commission.
Planning and Parks & Recreation Commissions: Must be a Lathrop resident and a registered voter to serve on this commission.

PLEASE PRINT OR TYPE THE FOLLOWING INFORMATION:

Name: Sabrina Ruiz
Address: [redacted] City: Lathrop Zip: 95330
Telephone (home) [redacted] Telephone (work)
Telephone (cell) Telephone (other)
Email: [redacted] Resident of the City of Lathrop: 2 years

Do you have Transportation to attend the Commission meetings and Functions? Yes [checked] No [ ]

Background Information:

Are you related to a current City Employee? No
If yes, give name and relationship

Employment/Volunteer Information:

Google, LLC 2009 - present
Organization Date
Sunnyvale, CA Transportation Program Manager
Location Position(s)

Responsibilities/accomplishments: Managed large scale events with over 10k attendees including all transportation aspects, site selection, contract management and overall project manager. I have 10+ years of event planning

experience.
Organization Date
see resume
Location Position(s)

Responsibilities/accomplishments:

**Community Activities** that you have been involved with (feel free to attach additional pages)

<i>Name of Organization</i>	<i>Position/Responsibilities</i>	<i>Dates</i>
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<i>Name of Organization</i>	<i>Position/Responsibilities/Accomplishments</i>	<i>Dates</i>
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**Special Awards or Recognitions** you have received: \_\_\_\_\_

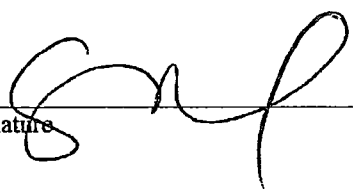
**Educational Information:**

Southern New Hampshire University	MBA	Community Econ Dvlpmn	2
<i>Educational Institution</i>	<i>Degree/Diploma</i>	<i>Field</i>	<i>Year</i>
SJSU	BS, MBA	PR and Business	2005
<i>Educational Institution</i>	<i>Degree/Diploma</i>	<i>Field</i>	<i>Year</i>

**Additional Information** (Please provide any other information which you feel would be useful to the City Council in reviewing your application.)

I have two young children ages 4 and 9, whom enjoy being outdoors and take advantage of the recreational activities provided to them. I would like to have a voice on the decisions the city makes on parks and recreation activities that would be beneficial for them and other children in the community. The programs thus far have been great and my oldest most recently was enrolled in the summer camp. As Lathrop continues to see growth, it is important to keep these programs current, low-cost and popular with the local community. I want to be apart of that selection process. I do feel my role as a mother, event and activity planning and education will be able to allow me to be a key member in the committee.

*Please sign and date your application and submit to the Office of the City Clerk at the address below.*

Signature  \_\_\_\_\_ Date 7-17-2008

Parent/Guardian Signature (Required for Youth Advisory Candidates only)

**City Clerk  
City of Lathrop  
390 Towne Centre Drive  
Lathrop, CA 95330**



COMMISSION/COMMITTEE APPLICATION

RECEIVED

Applying for: Park and Recreation Commission

JUL 30 2018

Special Requirements:

CITY CLERK

Youth Advisory Commission: Must be a Lathrop resident between 13 to 18 years of age to serve on this commission

Senior Advisory Commission: Must be 50 years of age or over and a registered voter to serve on this commission.

Planning and Parks & Recreation Commissions: Must be a Lathrop resident and a registered voter to serve on this commission.

PLEASE PRINT OR TYPE THE FOLLOWING INFORMATION:

Name: Michele Anderson

Address: [redacted] City: Lathrop Zip: 95330

Telephone (home): [redacted] Telephone (work):

Telephone (cell): [redacted] Telephone (other):

Email: [redacted] Resident of the City of Lathrop: 24 years

Do you have Transportation to attend the Commission meetings and Functions? Yes [X] No [ ]

Background Information:

Are you related to a current City Employee? No

If yes, give name and relationship

Employment/Volunteer Information:

Manteca Unified School District	Aug. 1 2014- Present
<i>Organization</i>	<i>Date</i>
Manteca	Classified Substitute
<i>Location</i>	<i>Position(s)</i>

Responsibilities/accomplishments: Substitute for clerical office staff, yard duty, library aide and campus monitor

Organization Date

Location Position(s)

Responsibilities/accomplishments:







COMMISSION/COMMITTEE APPLICATION

RECEIVED

Applying for: PARKS & REC COMMISSION JUL 21 2018

CITY CLERK

Special Requirements:

Youth Advisory Commission: Must be a Lathrop resident between 13 to 18 years of age to serve on this commission
Senior Advisory Commission: Must be 50 years of age or over and a registered voter to serve on this commission.
Planning and Parks & Recreation Commissions: Must be a Lathrop resident and a registered voter to serve on this commission.

PLEASE PRINT OR TYPE THE FOLLOWING INFORMATION:

Name: ROMI BHINDER

Address: [REDACTED] City: LATHROP Zip: 95330

Telephone (home) \_\_\_\_\_ Telephone (work) \_\_\_\_\_

Telephone (cell) [REDACTED] Telephone (other) \_\_\_\_\_

Email: [REDACTED] Resident of the City of Lathrop: 9 years

Do you have Transportation to attend the Commission meetings and Functions? Yes [X] No [ ]

Background Information:

Are you related to a current City Employee? NO

If yes, give name and relationship \_\_\_\_\_

Employment/Volunteer Information:

JUMBO LOGISTICS Organization Date: JAN 2015 - PRESENT

FRENCH CAMP, CA Location Position(s): PRESIDENT

Responsibilities/accomplishments: OWN & MANAGE JUMBO LOGISTICS - A TRANSPORTATION COMPANY BASED IN OHIO & CALIFORNIA - MOVING FOOD PRODUCTS BETWEEN WEST & MIDWEST USA.

NAPTA Organization Date: JAN 2018 - PRESENT

FRESNO, CA Location Position(s): CFO

Responsibilities/accomplishments: CHIEF FIN. OFFICER FOR A NON-PROFIT TRUCKING ASSOCIATION THAT PROVIDES SUPPORT / INCENTIVES / DIRECTION TO NEW & ESTABLISHED COMPANIES.

**Community Activities** that you have been involved with (feel free to attach additional pages)

Name of Organization	Position/Responsibilities	Dates
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Name of Organization	Position/Responsibilities/Accomplishments	Dates
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**Special Awards or Recognitions you have received:** APPOINTED COMMISSIONER P&R  
LATHROP FOR 2 TERMS BEFORE. ALSO APPOINTED CFO OF A  
NON PROFIT ORG.

**Educational Information:**

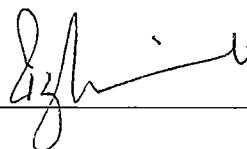
Educational Institution	Degree/Diploma	Field	Year
CLEVELAND STATE UNIVERSITY	DOUBLE BACHELORS	MIS & MKT	2002

Educational Institution	Degree/Diploma	Field	Year
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**Additional Information** (Please provide any other information which you feel would be useful to the City Council in reviewing your application.)

I am well connected with the Lathrop Community in general &  
Mossdale neighborhood in particular. I visit the city parks  
with my family on daily basis & from time to time -  
I bring up Lathrop citizen's issues/suggestions/demands to  
the P&R/admin.

**Please sign and date your application and submit to the Office of the City Clerk at the address below..**

Signature  Date 7/31/18

Parent/Guardian Signature (Required for Youth Advisory Candidates only)

**City Clerk  
 City of Lathrop  
 390 Towne Centre Drive  
 Lathrop, CA 95330**

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**ITEM: MAYOR'S REFERRAL**

**RECOMMENDATION: APPOINTMENT OF THREE (3) MEASURE C OVERSIGHT COMMITTEE MEMBERS WITH TERMS EXPIRING JUNE 30, 2021**

**MEASURE C OVERSIGHT COMMITTEE – LMC CHAPTER 3.13.180**

<b>Exiting Commissioner(s)</b>	<b>Initial Date of Appointment</b>	<b>Reappointment Date</b>	<b>Term Expiration Date</b>
Tamara Edwards	10/5/15	n/a	06/30/18
Francisco Diaz	04/15/13	10/05/15	06/30/18 <i>(termed out at the end of term)</i>
Debra Rock	04/15/13	10/05/15	06/30/18 <i>(termed out at the end of term)</i>

**APPLICANTS FOR CONSIDERATION:**

1. Michelle Maddon
2. Amrita Rudra
3. Diana Radonic, MBA
4. Ash Ralmilay
5. Brandy Perkins



COMMISSION/COMMITTEE APPLICATION RECEIVED

Applying for: Measure C Committee

MAR 27 2018

CITY CLERK

Special Requirements:

Youth Advisory Commission: Must be a Lathrop resident between 13 to 18 years of age to serve on this commission
Senior Advisory Commission: Must be 50 years of age or over and a registered voter to serve on this commission.
Planning and Parks & Recreation Commissions: Must be a Lathrop resident and a registered voter to serve on this commission.

PLEASE PRINT OR TYPE THE FOLLOWING INFORMATION:

Name: Michelle Maddon
Address: [redacted] City: Lathrop Zip: 95330
Telephone (home) [redacted] Telephone (work)
Telephone (cell) Telephone (other)
Email: [redacted] Resident of the City of Lathrop: 3 years

Do you have Transportation to attend the Commission meetings and Functions? Yes [X] No [ ]

Background Information:

Are you related to a current City Employee? no
If yes, give name and relationship

Employment/Volunteer Information:

MUSD District Advisory Council for State/Federal Programs Sept. 2017-Present
Organization Date
MUSD Chairperson
Location Position(s)

Responsibilities/accomplishments: Reading and Approval of Mins., LCAP information and handouts, review By Laws and vote on application of federal funding. Motion and adjourn meetings.

Lathrop Elementary School Site Council Sept/ 2017 - Present
Organization Date
Lathrop Elementary President
Location Position(s)

Responsibilities/accomplishments: Vote and Approve School Site Safety Plans. Policy and Procedures for school site activities. Approval of financial expenses of Parent Teacher Council spent for school site usage.

**Community Activities that you have been involved with (feel free to attach additional pages)**

MUSD State/Federal Funding Advis.	Chairperson	Sept. 2017- Present
<i>Name of Organization</i>	<i>Position/Responsibilities</i>	<i>Dates</i>
Lathrop Elementry	President of School Site Council	Sept.2017- Present
<i>Name of Organization</i>	<i>Position/Responsibilities/Accomplishments</i>	<i>Dates</i>

**Special Awards or Recognitions you have received:** Lifeguard Instructor for the American Red Cross Silicon Valley Chapter for 10 years of Volunteer Services.

**Educational Information:**

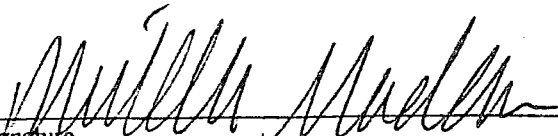
DeAnza College	91.5 units completed		
<i>Educational Institution</i>	<i>Degree/Diploma</i>	<i>Field</i>	<i>Year</i>
Leigh High School	Diploma		1998
<i>Educational Institution</i>	<i>Degree/Diploma</i>	<i>Field</i>	<i>Year</i>

**Additional Information (Please provide any other information which you feel would be useful to the City Council in reviewing you application.)**

I have over 17 years of a financial background in office management and bookkeeping. I have a certification in medical billing and managed accounts payable/ receivables. In my financial management history as an office manager I have handled multi-million dollar medical billing accounts. Currently, I sit on the MUSD Board for State and Federal Funding Advisory as committee chairperson. I am President of the School Site Council at Lathrop Elementary School. Parent Liaison for the PTC for Lathrop Elementary.

If given the opportunity, I feel I could be of great asset to the Measure C Committee and help our wonderful community.

**Please sign and date you application and submit to the Office of the City Clerk at the address below..**

 \_\_\_\_\_ 3/26/18  
 Signature Date

Parent/Guardian Signature (Required for Youth Advisory Candidates only)

**City Clerk  
 City of Lathrop  
 390 Towne Centre Drive  
 Lathrop, CA 95330**



# COMMISSION/COMMITTEE APPLICATION

Applying for: Measure C Oversight Committee

**RECEIVED**

APR 24 2018

**Special Requirements:**

*Youth Advisory Commission:* Must be a Lathrop resident between 13 to 18 years of age to serve on this commission.

*Senior Advisory Commission:* Must be 50 years of age or over and a registered voter to serve on this commission.

*Planning and Parks & Recreation Commissions:* Must be a Lathrop resident and a registered voter to serve on this commission.

**CITY CLERK**

**PLEASE PRINT OR TYPE THE FOLLOWING INFORMATION:**

Name: Rudra, Amrita

Address: [REDACTED] City: Lathrop Zip: 95330

Telephone (home) \_\_\_\_\_ Telephone (work) \_\_\_\_\_

Telephone (cell) [REDACTED] Telephone (other) \_\_\_\_\_

Email: [REDACTED] Resident of the City of Lathrop: 2.5 years

Do you have Transportation to attend the Commission meetings and Functions? Yes  No

**Background Information:**

Are you related to a current City Employee? No

If yes, give name and relationship \_\_\_\_\_

**Employment/Volunteer Information:**

Pacific Gas and Electric	2015/04/28-Present
<i>Organization</i>	<i>Date</i>
12840 Bill Clark Way, Auburn CA 95602	Power Gen Proj Mgmt Analyst
<i>Location</i>	<i>Position(s)</i>

Responsibilities/accomplishments: Please see attached resume

Sony Electronics	2013/09/23-2015/04/24
<i>Organization</i>	<i>Date</i>
1730 North 1st Street, San Jose, CA 95112	Proj Mgr Coordinator
<i>Location</i>	<i>Position(s)</i>

Responsibilities/accomplishments: Please see attached resume.



**Community Activities** that you have been involved with (feel free to attach additional pages)

Please see attached activities and achievements.

<i>Name of Organization</i>	<i>Position/Responsibilities</i>	<i>Dates</i>
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<i>Name of Organization</i>	<i>Position/Responsibilities/Accomplishments</i>	<i>Dates</i>
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**Special Awards or Recognitions you have received:** \_\_\_\_\_

**Educational Information:**


Stanford University	Certified Project Manager	2016
<i>Educational Institution</i>	<i>Degree/Diploma</i>	<i>Field</i>
		<i>Year</i>

La Sierra University, BSc Accounting 2011 &	MBA Marketing 2013	
<i>Educational Institution</i>	<i>Degree/Diploma</i>	<i>Field</i>
		<i>Year</i>

**Additional Information** (Please provide any other information which you feel would be useful to the City Council in reviewing your application.)

Education, extracurricular activities, volunteer events as well as professional experience are relevant to what the Major C Oversight Committee responsibilities entail. Possess strong analytical, problem solving and interpersonal skills, with the ability to make well thought out decisions in both management and team roles.

*Please sign and date your application and submit to the Office of the City Clerk at the address below..*

  
 \_\_\_\_\_  
 Signature

2018/04/23  
 \_\_\_\_\_  
 Date

Parent/Guardian Signature (Required for Youth Advisory Candidates only)

**City Clerk  
 City of Lathrop  
 390 Towne Centre Drive  
 Lathrop, CA 95330**



COMMISSION/COMMITTEE APPLICATION RECEIVED

MAY 08 2010  
CITY OF LATHROP  
MANAGER'S OFFICE

Applying for: Planning Committee  
& Measure C Committee

Special Requirements:

Youth Advisory Commission: Must be a Lathrop resident between 13 to 18 years of age to serve on this commission  
Senior Advisory Commission: Must be 50 years of age or over and a registered voter to serve on this commission.  
Planning and Parks & Recreation Commissions: Must be a Lathrop resident and a registered voter to serve on this commission.

PLEASE PRINT OR TYPE THE FOLLOWING INFORMATION:

Name: Diana Radonic, MBA  
Address: [REDACTED] City: Lathrop Zip: 95330  
Telephone (home) [REDACTED] Telephone (work) [REDACTED]  
Telephone (cell) [REDACTED] Telephone (other) \_\_\_\_\_  
Email: [REDACTED] Resident of the City of Lathrop: 1986 years

Do you have Transportation to attend the Commission meetings and Functions? Yes  No

Background Information:

Are you related to a current City Employee? N/A  
If yes, give name and relationship N/A

Employment/Volunteer Information:

California Health Care Facility, Corrections 2013 - current  
Organization Date  
9707 S. Austin Road, Stockton Staff Service Manager  
Location Position(s)

Responsibilities/accomplishments: Responsible for CHCF - Patient Inmate  
budgets, contracts, procurement, inventory.

Department of Developmental Services 2006 - 2013  
Organization Date  
9th Street, Sacramento, CA Community Program Specialist II  
Location Position(s)

Responsibilities/accomplishments: Monitored and had oversight of licensed  
residential Intermediate Care Facilities, approved program  
plans for facilities that provide services to developmentally  
delayed persons.

Community Activities that you have been involved with (feel free to attach additional pages)

Valley Mountain Regional Center, Community Liaison 1995 - 2006  
Name of Organization Position/Responsibilities Dates

AI QA Consultation, owner, business plans for new 2002 - current  
Name of Organization Position/Responsibilities/Accomplishments Dates

Special Awards or Recognitions you have received: CMS - Certificate for auditing the intermediate care facilities,

Educational Information:

University of Phoenix Master Degree Business Administration 2007  
Educational Institution Degree/Diploma Field Year

Humphreys College B.S. Paralegal Studies 1997  
Educational Institution Degree/Diploma Field Year

Additional Information (Please provide any other information which you feel would be useful to the City Council in reviewing your application.)

I developed the admissions and discharge unit at the CHCF-PIP  
I am the chair of the Forms Review Committee since 2014  
I had monitored and was instrumental in the opening of many licensed residential facilities. I have extensive knowledge of local, state & federal regulation and how to access them. I worked with many entities in the community, state & federal level throughout my career.

Please sign and date your application and submit to the Office of the City Clerk at the address below..

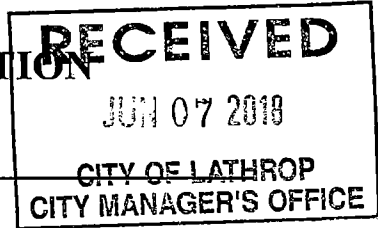
Diana Radonic MEd 5/8/2018  
Signature Date

Parent/Guardian Signature (Required for Youth Advisory Candidates only)

City Clerk  
City of Lathrop  
390 Towne Centre Drive  
Lathrop, CA 95330



COMMISSION/COMMITTEE APPLICATION



Applying for: Measure C Oversight Committee

Special Requirements:

Youth Advisory Commission: Must be a Lathrop resident between 13 to 18 years of age to serve on this commission
Senior Advisory Commission: Must be 50 years of age or over and a registered voter to serve on this commission.
Planning and Parks & Recreation Commissions: Must be a Lathrop resident and a registered voter to serve on this commission.

PLEASE PRINT OR TYPE THE FOLLOWING INFORMATION:

Name: Ash Ralmilay
Address: [redacted] City: Lathrop Zip: 95330
Telephone (home) [redacted] Telephone (work) [redacted]
Telephone (cell) [redacted] Telephone (other)
Email: [redacted] Resident of the City of Lathrop: 12 years

Do you have Transportation to attend the Commission meetings and Functions? Yes [checked] No [ ]

Background Information:

Are you related to a current City Employee? No
If yes, give name and relationship

Employment/Volunteer Information:

HomeSmart PV and Associates 2017 - Present
Organization Date
301 Banner Ct., Ste 3, Modesto, CA 95356 Realtor
Location Position(s)

Responsibilities/accomplishments: Guide and assist sellers and buyers in selling/purchasing property for the right price under the best terms. Intermediate negotiation processes, consult clients on market conditions.

Allison James Estates & Homes 2015 - 2017
Organization Date
210 S Sierra Ave Ste 6, Oakdale, CA 95361 Realtor
Location Position(s)

Responsibilities/accomplishments: Guide and assist sellers and buyers in selling/purchasing property for the right price under the best terms. Intermediate negotiation processes, consult clients on market conditions.

**Community Activities** that you have been involved with (feel free to attach additional pages)

Parks & Recreation - City of Lathrop	Commissioner/Chair	2010 - 2013, 2014 - 2016
<i>Name of Organization</i>	<i>Position/Responsibilities</i>	<i>Dates</i>

Renaming Committee	Member/Rename - East Lathrop Community Complex	2012 - 2013
<i>Name of Organization</i>	<i>Position/Responsibilities/Accomplishments</i>	<i>Dates</i>

**Special Awards or Recognitions you have received:** Master Club Achiever in 2015 and 2016 at Central Valley Association of Realtors, recognized as one of the 10 Best Real Estate Agents in client satisfaction in 2017 by American Institute of Real Estate Agents

**Educational Information:**

Punjab University	Bachelor of Science	Engineering	1984
<i>Educational Institution</i>	<i>Degree/Diploma</i>	<i>Field</i>	<i>Year</i>


<i>Educational Institution</i>	<i>Degree/Diploma</i>	<i>Field</i>	<i>Year</i>
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**Additional Information** (Please provide any other information which you feel would be useful to the City Council in reviewing your application.)

I would very much like to continue to be involved in community services in Lathrop as a volunteer.

My previous experiences with the city of Lathrop will help me to better serve the community and the Measure C Oversight Committee. I have 8+ year of experience in real estate and 20+ years of experience in the semi-conductor industry/contract manufacturing, focused on engineering, management, and consistent success in achieving revenue, cost, productivity, and goals. I would like to see the city of Lathrop thrive and contribute to its growth, and like Lathrop to continue to improve for the betterment of the citizens.

**Please sign and date your application and submit to the Office of the City Clerk at the address below..**

Signature 

Date 06/07/18

Parent/Guardian Signature (Required for Youth Advisory Candidates only)

**City Clerk  
City of Lathrop  
390 Towne Centre Drive  
Lathrop, CA 95330**

Continue...**Community Activities** (additional page)

Lathrop Run Committee	Member/Plan and execute Lathrop Run 2K, 5K or 10K	2012 - 2103
<i>Name of Organization</i>	<i>Position/Responsibilities/Accomplishments</i>	<i>Dates</i>
Lions Clubs International	Member/Help and support local community	2011 - Present
<i>Name of Organization</i>	<i>Position/Responsibilities/Accomplishments</i>	<i>Dates</i>

RECEIVED

001/003

JUL 30 2018



CITY CLERK COMMISSION/COMMITTEE APPLICATION

Applying for: Measure C

Special Requirements:

Youth Advisory Commission: Must be a Lathrop resident between 13 to 18 years of age to serve on this commission
Senior Advisory Commission: Must be 50 years of age or over and a registered voter to serve on this commission.
Planning and Parks & Recreation Commissions: Must be a Lathrop resident and a registered voter to serve on this commission.

PLEASE PRINT OR TYPE THE FOLLOWING INFORMATION:

Name: Brandi J Perkins
Address: [redacted] City: Lathrop Zip: 95330
Telephone (home) [redacted] Telephone (work)
Telephone (cell) [redacted] Telephone (other)
Email: [redacted] Resident of the City of Lathrop: 10 years

Do you have Transportation to attend the Commission meetings and Functions? Yes [checked] No [ ]

Background Information:

Are you related to a current City Employee? No
If yes, give name and relationship N/A

Employment/Volunteer Information:

Comcast 1/28/2005
Organization Date
Livermore Ca Const. Planning & Design Engine
Location Position(s)

Responsibilities/accomplishments: Design and review construction jobs from beginning to end for all of California's foot print.

New Lathrop Neighborhood Watch FB Page 3/2018
Organization Date
Lathrop Ca Creator of the Page/Admin
Location Position(s)

Responsibilities/accomplishments: To maintain a fair, safe, and community base page that provides safety awareness, unity, and community events on a volunteer base.

**Community Activities that you have been involved with (feel free to attach additional pages)**

Lathrop Neighborhood Watch	School Supply giveaway	7/29/2018
<i>Name of Organization</i>	<i>Position/Responsibilities</i>	<i>Dates</i>

Comcast Cable	Comcast Cares day at Lathrop Elementary	4/21/2018
<i>Name of Organization</i>	<i>Position/Responsibilities/Accomplishments</i>	<i>Dates</i>

**Special Awards or Recognitions you have received:** Comcast: 2013 Delta Award, Excellence Of Engineering, 2017 Q4 Engineering award, 2018 Q1 Engineering award and a number of recognitions from my peers, Leadership team, VP of engineering, and the CEO of Comcast cable.

**Educational Information:**

Tracy High School	Diploma	General Studies	4
<i>Educational Institution</i>	<i>Degree/Diploma</i>	<i>Field</i>	<i>Year</i>

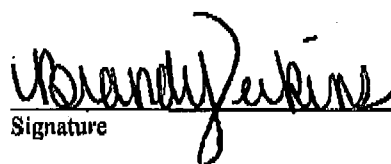
Modesto Jr. College	AA	General Studies	3
<i>Educational Institution</i>	<i>Degree/Diploma</i>	<i>Field</i>	<i>Year</i>

**Additional Information (Please provide any other information which you feel would be useful to the City Council in reviewing your application.)**

I plan to join the Measure C commission to give me a better foundation and understanding on how the city is ran.

I would like to join this team so that I can build a better rapport with the city and the community so that I can run for a seat in city council. The passion and drive I have for the city of Lathrop speaks for it's self based on what I've done so far for the city. 2018 is the first year I really stepped up starting to bridge the gap between the city and the people. I have created a well ran Neighborhood watch FB page and meet monthly with "district" admins insure the safty of the city.

**Please sign and date your application and submit to the Office of the City Clerk at the address below.**

  
 Signature

7/30/18  
 Date

Parent/Guardian Signature (Required for Youth Advisory Candidates only)

**City Clerk  
 City of Lathrop  
 390 Towne Centre Drive  
 Lathrop, CA 95330**



**CITY MANAGER'S REPORT  
AUGUST 13, 2018 CITY COUNCIL REGULAR MEETING**

**ITEM: MAYOR'S REFERRAL**

**RECOMMENDATION: APPOINTMENT OF TWO (2) YOUTH ADVISORY COMMISSION MEMBERS WITH TERMS EXPIRING MAY 31, 2019**

**YOUTH ADVISORY COMMISSION – LMC CHAPTER 2.20**

<b>Existing Commissioner(s)</b>	<b>Date of Appointment</b>	<b>Reappointment Date</b>	<b>Term Expiration Date</b>
John Wall Jr.	06/11/18	n/a	05/31/19
Juan Manuel Serrano	06/11/18	n/a	05/31/19
Andrea Solis	06/11/18	n/a	05/31/19
Mushda Nawabi	06/11/17	06/11/18	05/31/19
Lizette Contreras	08/15/16	06/11/18	05/31/19
Taminya Nawabi	09/19/16	06/11/18	05/31/19
Junior Dhaliwal	06/11/18	n/a	05/31/19
Harman Garcha	08/21/17	06/11/18	05/31/19
Mandeep Garcha	08/21/17	06/11/18	05/31/19
Micaela Estavillo	08/21/17	06/11/18	05/31/19
Funmilola Olamijulo	06/11/18	n/a	05/31/19
VACANT			05/31/19
VACANT			05/31/19

**APPLICANTS FOR CONSIDERATION:**

1. Angelica Gomez
2. Zareef Fazli
3. Zaiba Fazli
4. Safah Nassimi
5. Sanah Nassimi



COMMISSION/COMMITTEE APPLICATION

Applying for: Youth Advisor Commissioner

**Special Requirements:**

*Youth Advisory Commission:* Must be a Lathrop resident between 13 to 18 years of age to serve on this commission  
*Senior Advisory Commission:* Must be 50 years of age or over and a registered voter to serve on this commission.  
*Planning and Parks & Recreation Commissions:* Must be a Lathrop resident and a registered voter to serve on this commission.

**PLEASE PRINT OR TYPE THE FOLLOWING INFORMATION:**

Name: Angelica Gomez

Address: [REDACTED] City: Lathrop Zip: 95330

Telephone (home) \_\_\_\_\_ Telephone (work) \_\_\_\_\_

Telephone (cell) [REDACTED] Telephone (other) \_\_\_\_\_

Email: [REDACTED] Resident of the City of Lathrop: 8 years

Do you have Transportation to attend the Commission meetings and Functions? Yes  No

**Background Information:**

Are you related to a current City Employee? NO

If yes, give name and relationship \_\_\_\_\_

**Employment/Volunteer Information:**

Youth for change (club)  
Organization \_\_\_\_\_ Date \_\_\_\_\_

Lathrop High  
Location \_\_\_\_\_ Position(s) \_\_\_\_\_

Responsibilities/accomplishments: Helped needy; volunteered for functions

Organization \_\_\_\_\_ Date \_\_\_\_\_

Location \_\_\_\_\_ Position(s) \_\_\_\_\_

Responsibilities/accomplishments: \_\_\_\_\_

Community Activities that you have been involved with (feel free to attach additional pages)

N/A  
Name of Organization Position/Responsibilities Dates

Name of Organization Position/Responsibilities/Accomplishments Dates

Special Awards or Recognitions you have received: HONOR ROLL

**Educational Information:**

Educational Institution Degree/Diploma Field Year

Educational Institution Degree/Diploma Field Year

**Additional Information** (Please provide any other information which you feel would be useful to the City Council in reviewing your application.)

\_\_\_\_\_  
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Please sign and date your application and submit to the Office of the City Clerk at the address below..

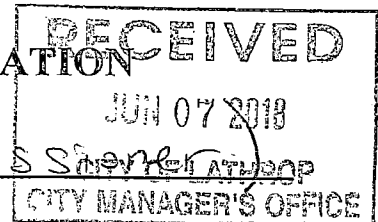
Angelica Gomez 6/17/18  
Signature Date

Pete G  
Parent/Guardian Signature (Required for Youth Advisory Candidates only)

City Clerk  
City of Lathrop  
390 Towne Centre Drive  
Lathrop, CA 95330



COMMISSION/COMMITTEE APPLICATION



Applying for: Zareef (Commissioner)

Special Requirements:

Youth Advisory Commission: Must be a Lathrop resident between 13 to 18 years of age to serve on this commission
Senior Advisory Commission: Must be 50 years of age or over and a registered voter to serve on this commission.
Planning and Parks & Recreation Commissions: Must be a Lathrop resident and a registered voter to serve on this commission.

PLEASE PRINT OR TYPE THE FOLLOWING INFORMATION:

Name: Zareef Fazli
Address: [Redacted] City: Lathrop Zip: 95336
Telephone (home) [Redacted] Telephone (work) [Redacted]
Telephone (cell) [Redacted] Telephone (other) [Redacted]
Email: [Redacted] Resident of the City of Lathrop: 7 years

Do you have Transportation to attend the Commission meetings and Functions? Yes [X] No [ ]

Background Information:

Are you related to a current City Employee? NO

If yes, give name and relationship

Employment/Volunteer Information:

Organization: Chaman Kabob Date: 2015
Location: Brentwood CA Position(s): Waiter/Kitchen

Responsibilities/accomplishments: help with food, being cust food, clean

Organization: The Generation Center Date: 7/1/2016
Location: Outside Generation Center Position(s): Help with game

Responsibilities/accomplishments:





COMMISSION/COMMITTEE APPLICATION PATION RECREATION

Applying for: Youth Advisory Commission

Special Requirements:

*Youth Advisory Commission:* Must be a Lathrop resident between 13 to 18 years of age to serve on this commission

*Senior Advisory Commission:* Must be 50 years of age or over and a registered voter to serve on this commission.

*Planning and Parks & Recreation Commissions:* Must be a Lathrop resident and a registered voter to serve on this commission.

PLEASE PRINT OR TYPE THE FOLLOWING INFORMATION:

Name: Zaiba Fazli

Address: [REDACTED] City: Lathrop Zip: 95330

Telephone (home) \_\_\_\_\_ Telephone (work) \_\_\_\_\_

Telephone (cell) [REDACTED] Telephone (other) \_\_\_\_\_

Email: [REDACTED] Resident of the City of Lathrop: 7 years

Do you have Transportation to attend the Commission meetings and Functions? Yes  No

**Background Information:**

Are you related to a current City Employee? NO

If yes, give name and relationship \_\_\_\_\_

**Employment/Volunteer Information:** (More Information on separate piece of Paper) at

Youth Advisory Commission  
Organization \_\_\_\_\_ Date \_\_\_\_\_

Lathrop Generation center  
Location \_\_\_\_\_ Commissioner  
Position(s) \_\_\_\_\_

Responsibilities/accomplishments: To help come up with events for the youth of Lathrop, and volunteer at different events.

Give every child a chance  
Organization \_\_\_\_\_ Date \_\_\_\_\_

Mossdale Elementary school  
Location \_\_\_\_\_ Tutor  
Position(s) \_\_\_\_\_

Responsibilities/accomplishments: My responsibilities as being a tutor was to watch over the child, and help them better understand his assignments.

**Community Activities** that you have been involved with (feel free to attach additional pages)

Lathrop's Birthday Games / set up and games July 1<sup>st</sup> 2017  
 Name of Organization Position/Responsibilities Dates

Summer BBQ running the games  
 Name of Organization Position/Responsibilities/Accomplishments Dates

Special Awards or Recognitions you have received: Honor Roll, Defensive MVP 2017, and Defensive MVP 2018.

**Educational Information:**

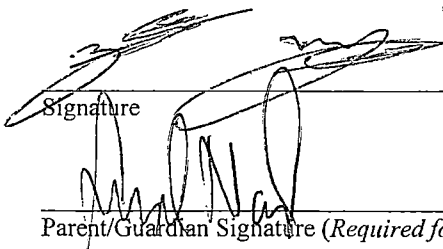
Educational Institution Degree/Diploma Field Year

Educational Institution Degree/Diploma Field Year

**Additional Information** (Please provide any other information which you feel would be useful to the City Council in reviewing your application.)

As a citizen of Lathrop and a former Youth Advisory Commissioner I am well aware of the responsibilities of being a Commissioner, and knowing what needs to be done for the youth of Lathrop. Not only that but I have a tremendous amount of experience for volunteering at different events in and out of Lathrop.

Please sign and date your application and submit to the Office of the City Clerk at the address below.

  
 Signature  
 Parent/Guardian Signature (Required for Youth Advisory Candidates only)

6/5/18  
 Date

City Clerk  
 City of Lathrop  
 390 Towne Centre Drive  
 Lathrop, CA 95330



COMMISSION/COMMITTEE APPLICATION

Applying for: Youth Advisory Commission

Special Requirements: **PARKS AND RECREATION**

Youth Advisory Commission: Must be a Lathrop resident between 13 to 18 years of age to serve on this commission
Senior Advisory Commission: Must be 50 years of age or over and a registered voter to serve on this commission.
Planning and Parks & Recreation Commissions: Must be a Lathrop resident and a registered voter to serve on this commission.

PLEASE PRINT OR TYPE THE FOLLOWING INFORMATION:

Name: Safah Nassimi

Address: [redacted] City: Lathrop Zip: 95330

Telephone (home): [redacted] Telephone (work) [redacted]

Telephone (cell) None Telephone (other) None

Email: [redacted] Resident of the City of Lathrop: 9 years

Do you have Transportation to attend the Commission meetings and Functions? Yes, I do.

Background Information:

Are you related to a current City Employee? No

If yes, give name and relationship

Employment/Volunteer Information:

Give Every Child A Chance 06/07/18
Organization

Manteca, CA Tutor
Location Position(s)

Responsibilities/accomplishments: Observed and assessed student performance and kept through records of progress.

San Joaquin General Hospital 03/18 - 05/18
Organization Date

French Camp, CA Cashier
Location Position(s)

Responsibilities/accomplishments: Ran the gift shop within the hospital which included working the cashier, helping customers, as well as opening and closing the store.



**Community Activities** that you have been involved with (feel free to attach additional pages)

Advisory Commission	Ran a gaming booth in Mossdale Landing Park.	Summer of 2016
<i>Name of Organization</i>	<i>Position/Responsibilities</i>	<i>Dates</i>

Interact (a community service club)	Helped prepare several peanut butter jelly sandwiches for the homeless	May 2017
<i>Name of Organization</i>	<i>Position/Responsibilities/Accomplishments</i>	<i>Dates</i>

**Special Awards or Recognitions you have received:** I was the student of the month for my Biology, geometry, and Spanish 2 classes. I was the valedictorian of my 8th grade class at Mossdale Elementary and had been given many character counts awards for my exceptional behavior. I also have been awarded twice with the Spartan Gold medal at Lathrop High which is given for maintaining a 4.0 GPA or higher.

**Educational Information:**

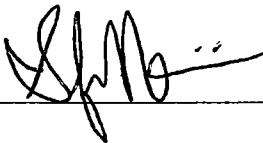
Not in college			
<i>Educational Institution</i>	<i>Degree/Diploma</i>	<i>Field</i>	<i>Year</i>

<i>Educational Institution</i>	<i>Degree/Diploma</i>	<i>Field</i>	<i>Year</i>
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**Additional Information** (Please provide any other information which you feel would be useful to the City Council in reviewing your application.)

At Lathrop High School, I am the Vice President of the Women's Empowerment Club, Treasurer for the Math Club and Secretary of The Chemistry. While working as these leadership positions I am successfully maintaining a 4.125 GPA. Due to this I believe I can contribute to the City Council utilizing the many skills I possess.

**Please sign and date your application and submit to the Office of the City Clerk at the address below..**

Signature		Date	06/08/18
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Parent/Guardian Signature (Required for Youth Advisory Candidates only)



**City Clerk**

**RECEIVED**  
**Lathrop** 4/9/18  
**COMMISSION/COMMITTEE APPLICATION**  
Applying for: Youth Advisory Commission

**PARKS AND RECREATION**  
**Special Requirements:**

**Youth Advisory Commission:** Must be a Lathrop resident between 13 to 18 years of age to serve on this commission  
**Senior Advisory Commission:** Must be 50 years of age or over and a registered voter to serve on this commission.  
**Planning and Parks & Recreation Commissions:** Must be a Lathrop resident and a registered voter to serve on this commission.

**PLEASE PRINT OR TYPE THE FOLLOWING INFORMATION:**

Name: Sanah Nassimi

Address: [REDACTED] City: Lathrop Zip: 95330

Telephone (home): [REDACTED] Telephone (work) [REDACTED]

Telephone (cell) None Telephone (other) None

Email: [REDACTED] Resident of the City of Lathrop: 9 years

Do you have Transportation to attend the Commission meetings and Functions? Yes I do.

**Background Information:**

Are you related to a current City Employee? No

If yes, give name and relationship \_\_\_\_\_

**Employment/Volunteer Information:**

Give Every Child A Chance 06/07/18

Organization

Manteca, CA

Tutor

Location

Position(s)

Responsibilities/accomplishments: Mentored students with academic problems and tutored them in their worst subject.

San Joaquin General Hospital

03/18 – 05/18

Organization

Date

French Camp, CA

Cashier

Location

Position(s)

Responsibilities/accomplishments: Oversaw the hospital's gift shop and assisted its customers. Ontop of working the cashier, I managed the day's money as well as opening and closing the store.

**Community Activities** that you have been involved with (feel free to attach additional pages)

Advisory Commission	Ran a gaming booth in Mossdale Landing Park.	Summer of 2016
<i>Name of Organization</i>	<i>Position/Responsibilities</i>	<i>Dates</i>

Interact (a community service club)	Helped prepare several peanut butter jelly sandwiches for the homeless	May 2017
<i>Name of Organization</i>	<i>Position/Responsibilities/Accomplishments</i>	<i>Dates</i>

**Special Awards or Recognitions you have received:** I was the student of the month for my Biology and Spanish 2 classes. I also have been awarded with the Spartan Gold medal which is given for maintaining a 4.0 GPA or higher. I was the valedictorian of my 8<sup>th</sup> grade class and received several character counts awards for my outstanding characteristics.

**Educational Information:**

Not in college

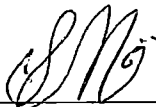
<i>Educational Institution</i>	<i>Degree/Diploma</i>	<i>Field</i>	<i>Year</i>
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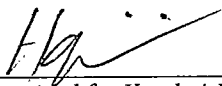
<i>Educational Institution</i>	<i>Degree/Diploma</i>	<i>Field</i>	<i>Year</i>
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**Additional Information** (Please provide any other information which you feel would be useful to the City Council in reviewing your application.)

I believe I can benefit your program usefully with my many skills. Aside from my achievement of maintaining a 4.125 GPA, I also hold many leadership positions in several of my high school's clubs. I am the President of The Women Empowerment Club, the Secretary of The Chemistry Club as well as being the treasurer of The Math Club. I am also in the process of volunteering at a nearby hospice center. I believe with my abilities I can bring new ideas and events for our city.

Please sign and date your application and submit to the Office of the City Clerk at the address below..

Signature 	Date <u>06/07/18</u>
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Parent/Guardian Signature  (Required for Youth Advisory Candidates only)

**City Clerk  
City of Lathrop  
390 Towne Centre Drive  
Lathrop, CA 95330**

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