Agenda

City Council Regular Meeting

Folsom City Hall | City Council Chambers, First Floor

50 Natoma Street, Folsom, CA 95630

September 22, 2026, 6:30 PM

Welcome to Your City Council Meeting

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

Participation

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

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

Reasonable Accommodations

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

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

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

City Council Regular Meeting
Folsom City Hall | City Council Chambers, First Floor
50 Natoma Street, Folsom, CA 95630
www.folsom.ca.us

Tuesday, September 22, 2026 6:30 PM

Justin Raithel, Mayor

Sarah Aquino, Councilmember | *Barbara Leary, Councilmember*
Mike Kozlowski, Councilmember | *Anna Rohrbough, Vice Mayor*

AGENDA

Remote Participation via Zoom (Audio Only):
Telephone: (669) 254 5252 Online: zoomgov.com/join
Meeting ID: 165 368 8594 Meeting Passcode: 1946

CALL TO ORDER

ROLL CALL: Councilmembers: Aquino, Kozlowski, Leary, Rohrbough, Raithel

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

PLEDGE OF ALLEGIANCE

AGENDA UPDATE

BUSINESS FROM THE FLOOR:

Members of the public may address the City Council concerning any item within the Folsom City Council's jurisdiction. Public comments are generally limited to no more than three minutes. Except for certain specific exceptions, the City Council is prohibited from discussing or taking action on any item not appearing on the posted agenda.
In person speakers: please fill out a blue speaker request form located at the back table and submit the form to the City Clerk before the item begins.
Remote speakers: Use Zoom's "Raise Hand" feature (*9 via phone) once the Council begins discussion of the item you wish to comment on. When called on, you'll be asked to unmute (*6 via phone).

SCHEDULED PRESENTATIONS:

1. Welcoming Delegates from Folsom's Italian Sister City Pieve del Grappa to the City of Folsom

CONSENT CALENDAR:

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

2. Ordinance No. 1374– An Ordinance of the City of Folsom for the Repeal and Re-Enactment of Chapter 17.102 (Density Bonus) of the Folsom Municipal Code (Second Reading and Adoption)

3. Resolution No. 11709 - A Resolution Replacing Resolution No. 11285 and Designating Conflict of Interest Filing Positions and Disclosure Categories

4. Resolution No. 11716 – A Resolution Ratifying the City Manager's Authorization to Purchase a Replacement Server from Sidepath, Inc. for the Police Department for a Total Not-to-Exceed Amount of $299,800 funded through the General Fund (Fund 010) Using American Rescue Plan Act (ARPA) Grant Proceeds

5. Resolution No. 11717 - A Resolution Authorizing the City Manager to Execute Contract Amendment 1 with Kimley Horn and Associates, Inc. for the Folsom Lake Crossing Safety Improvements Phase 2 Project, Project No. PW2601, in the Amount of $33,000 from the Transportation Improvement Fund (Fund 446)

6. Resolution No. 11720- A Resolution Authorizing the City Manager to Execute a Cooperative Service Agreement with the State Department of Transportation (Caltrans) for Plans, Specifications, and Estimate Design Oversight of the Empire Ranch Road Interchange Project, Project No. PW1804

7. Resolution No. 11721 - A Resolution Approving the Establishment of a New Classification and the Associated Salary Range: Property & Evidence Supervisor

8. Resolution No. 11722 – A Resolution Accepting the Fiscal Year 2026-27 Sacramento Metropolitan Cable Television Commission (SMCTC) Public, Educational, and Governmental (PEG) Fee Funding and Appropriation of Funds in the General Grants Fund (Fund 012)

PUBLIC HEARING:

9. Historic Folsom Station Development Agreement Amendment (DEVA26-00036) and Determination that No Further Environmental Review is Required

   i. Ordinance No. 1378 - An Uncodified Ordinance of the City of Folsom Approving the Second Amended and Restated Development Agreement by and Between the City of Folsom and Folsom Railroad Block Developers, LLC Relative to the Historic Folsom Station (Introduction and First Reading)

10. City of Folsom Community Facilities District No. 22A (Folsom Heights)

    i. Resolution No. 11710- A Resolution of the City Council of the City of Folsom to Form a Community Facilities District, to Designate Improvement Areas within the District, to Designate a Future Annexation Area therein and to Levy Special Taxes therein

    ii. Resolution No. 11711- A Resolution of the City Council of the City of Folsom Deeming it Necessary to Incur Bonded Indebtedness in and for City of Folsom Community Facilities District No. 22A (Folsom Heights)

iii. Resolution No. 11712- A Resolution of the City Council of the City of Folsom Calling Special Mailed-Ballot Election in the City of Folsom Community Facilities District No. 22A (Folsom Heights)

iv. Resolution No. 11713- A Resolution of the City Council of the City of Folsom Declaring Election Results in the City of Folsom Community Facilities District No. 22A (Folsom Heights)

v. Resolution No. 11714- A Resolution of the City Council of the City of Folsom Determining that the Special Tax of City of Folsom Community Facilities District No. 22 (Folsom Heights) Shall Cease to be Levied and Authorizing and Directing the Recordation of a Notice of Cessation of Special Tax

vi. Ordinance No. 1379- An Uncodified Ordinance Levying Special Taxes for the Fiscal Year 2026-27 and Following Fiscal Years Solely within and Relating to the City of Folsom Community Facilities District No. 22A (Folsom Heights) (Introduction and First Reading)

NEW BUSINESS:

11. Resolution No. 11723 – A Resolution Authorizing the City Manager to Execute a Memorandum of Understanding with Sacramento County Related to Interim Design, Construction, and Maintenance for Prairie City Road

12. Direction to Staff on Prairie City Road Right-of-Way Annexation for Jurisdictional Boundary Realignment

13. Housing Program Implementation Workshop: City Council Priorities for the Next Two Years

14. Empire Ranch Neighborhood Crack Seal Project

i. Resolution No. 11718 - AA Resolution Authorizing the City Manager to Execute a Construction Agreement with Doug Veerkamp General Engineering, Inc. for the Empire Ranch Crack Seal Project in the amount of $218,600, and Appropriation of Funds in the amount of $258,600 from the Road Maintenance and Rehabilitation Fund (Fund 235)

ii. Resolution No. 11719 – A Resolution Authorizing the City Manager to Execute a No-Cost Contract Amendment No. 1 with Dewberry Engineers, Inc. for Construction Management and Inspection Services Expanded Scope

CITY MANAGER REPORTS

COUNCIL COMMENTS

ADJOURNMENT

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

NOTICE REGARDING CHALLENGES TO DECISIONS: Pursuant to all applicable laws and regulations, including without limitation, California Government Code Section 65009 and or California Public

Resources Code Section 21177, if you wish to challenge in court any of the above decisions (regarding planning, zoning and/or environmental decisions), you may be limited to raising only those issues you or someone else raised at the public hearing(s) described in this notice/agenda, or in written correspondence delivered to the City at, or prior to, the public hearing.

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

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

This meeting of the City Council is recorded with closed captioning. The recording will be cablecast on Metro Cable Channel 14, the local government affairs channel on the Comcast and DirecTV U-Verse cable system, and will be shown in its entirety on the Friday and Saturday following the meeting, both at 9 a.m. The recording will also be video streamed at metro14live.saccounty.gov.The City does not control scheduling of this telecast and persons interested in watching the televised meeting should confirm this schedule with Metro Cable TV, Channel 14. The City of Folsom provides live and archived webcasts of regular City Council meetings. The webcasts can be found on the online services page of the City's website www.folsom.ca.us.

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

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CITY OF
FOLSOM
DISTINCTIVE BY NATURE

Folsom City Council
Staff Report

MEETING DATE:	9/22/2026
AGENDA SECTION:	Scheduled Presentations
SUBJECT:	Welcoming Delegates from Folsom's Italian Sister City Pieve del Grappa to the City of Folsom
FROM:	City Clerk's Department

RECOMMENDATION / CITY COUNCIL ACTION

The City Council will welcome delegates from Folsom's Italian Sister City Pieve del Grappa to the City of Folsom. No formal action is requested of the Council.

BACKGROUND

In 2000, the City of Folsom formally established a Sister City relationship with Crespano del Grappa, Italy, building on ties first strengthened in August 1999 when the mayor and a delegation from Crespano del Grappa visited Folsom. This partnership honors Folsom's Italian heritage, most notably embodied by Giuseppe "Joe" Murer, a native of Crespano del Grappa who immigrated to Folsom in the early 20th century and became a prominent local businessman, builder, and civic leader. Murer's legacy is preserved today through the historic Murer House and Gardens, a cultural landmark that reflects the enduring connection between Folsom and its sister city.

In 2019, the municipality of Crespano del Grappa merged with Paderno del Grappa to form Pieve del Grappa, and the Sister City relationship continued under this new municipal identity. The partnership operates within the framework of Sister Cities International, a citizen diplomacy program founded in 1956 by President Dwight Eisenhower to promote peace and mutual understanding through international cooperation.

In 2025, the City marked the 25th anniversary of this Sister City relationship, celebrating a quarter-century of international friendship, cultural exchange, and community engagement between Folsom and Pieve del Grappa. The upcoming ceremonial welcome of the visiting

delegation from Pieve del Grappa continues this tradition, providing an opportunity for the City Council and community to reaffirm the longstanding bond between the two cities.

Submitted,

Christa Freemantle, CMC
City Clerk

Folsom City Council
Staff Report

MEETING DATE:	9/22/2026
AGENDA SECTION:	Consent Calendar
ITEM TITLE:	Ordinance No. 1374 – An Ordinance of the City of Folsom for the Repeal and Re-Enactment of Chapter 17.102 (Density Bonus) of the Folsom Municipal Code (Second Reading and Adoption)
FROM:	Community Development Department

RECOMMENDATION / CITY COUNCIL ACTION

Staff recommends that the City Council move to conduct a second reading and adopt Ordinance No. 1374 – An Ordinance of the City of Folsom for the Repeal and Re-Enactment of Chapter 17.102 (Density Bonus) of the Folsom Municipal Code.

BACKGROUND / ISSUE

On September 8, 2026, the City Council introduced and conducted the first reading of Ordinance No. 1374, for repeal and replacement of Chapter 27.102 (Density Bonus) of the Folsom Municipal Code to update the ordinance to be consistent with State Density Bonus Law. No changes have been made to the Ordinance since the first reading**.**

Project Context

The City of Folsom's Density Bonus Ordinance, Chapter 17.102 of the Folsom Municipal Code, plays a key role in promoting the development of affordable housing. Adopted in 2002 and amended in 2005, the ordinance is intended to govern density bonuses for residential projects that meet specified affordable housing percentages, consistent with State Law.

The city's 2021–2029 Housing Element identifies the need to update the Density Bonus Ordinance to ensure consistency with current State Density Bonus Law as part of the broader zoning code update. Due to delays in the comprehensive zoning code update, this update has not yet been completed. In the interim, the city has relied on State density bonus requirements when processing qualifying projects.

In recent years, density bonus provisions have been applied to several affordable housing projects, including Mangini Place Apartments, Harrington Grove Apartments, Vintage Senior Apartments, and the Persifer Street Habitat for Humanity for-sale project.

State Density Bonus Law Alignment

The California Density Bonus Law, originally enacted in 1979, requires cities and counties to provide density bonuses, incentives, concessions, parking reductions, and development standard waivers for housing developments that include qualifying levels of affordable or senior units. California courts have consistently recognized that the purpose of the law is to incentivize the production of affordable housing by allowing developers who include specified percentages of lower income units to exceed what local zoning would otherwise permit.

Under State density bonus requirements, a city must grant a density bonus and related incentives upon request when a project meets the applicable affordability thresholds. These requirements are mandatory and are intended to remove local regulatory barriers to producing affordable housing.

Since the city's 2005 update, the State density bonus requirements have evolved through a series of legislative amendments, including several substantial changes in recent years. A table summarizing the major legislative updates to State density bonus requirements is provided in Attachment 3. These cumulative changes, intended to expand affordable housing opportunities and reduce local regulatory barriers, have established clear statewide standards that guide how jurisdictions must evaluate qualifying housing projects.

As statewide reforms continue to expand and refine provisions related to eligibility, bonus calculation methods, development standard waivers, incentives and concessions, parking reductions, and administrative procedures, several sections of the city's existing ordinance have become inconsistent with current State requirements.

To maintain alignment with the latest State density bonus requirements and support the city's affordable housing goals, the ordinance must be updated as required by Government Code section 65915. Because the Legislature now revises these requirements almost annually, staff recommends structuring the ordinance to reference State law directly, rather than restating statutory language. This approach aims to ensure the ordinance remains consistent with future legislative amendments and avoids becoming outdated as new housing legislation takes effect.

Summary of Proposed Ordinance Updates

1. Updated Purpose and Intent Section (Section 17.102.010)

   The updated Purpose and Intent section clarifies that the city must interpret and apply the ordinance in a manner consistent with State Density Bonus Law, and that State law governs in the event of any conflict. This revision reflects HCD guidance and strengthens the ordinance's legal defensibility.

2. Updated Definitions - Defer to State Density Bonus Law (Section 17.102.020)

   The updated Definitions section reduces the number of defined terms in the ordinance by deferring to the definitions contained in State Density Bonus Law, ensuring consistency and avoiding conflicts with statutory language. As a result, the ordinance no longer defines terms that are already established in State Law, improving clarity for both applicants and staff.

3. Clarified Density Bonus Calculation (Section 17.102.030 (B))

   The update includes defining "base density" in a manner consistent with Government Code Section 65915(f), clarifying that fractional units are rounded up, and explaining how inclusionary units may be applied toward density bonus eligibility. These changes ensure that density calculations remain accurate, consistent, and compliant with State requirements.

4. Updated Incentive and Concession Provisions (Section 17.102.030(C) and Section 17.102.060(B))

   The updated incentive and concession provisions incorporate the statutory definition of incentives and concessions, specify that the allowable number of incentives or concessions is established in Government Code Section 65915(d), clarify that qualifying projects are eligible for incentives and concessions regardless of whether they utilize an increase in density, and state that such projects must be approved without requiring alternative designs or reductions in density. These updates bring the city's procedures into full alignment with State law.

5. Updated Waiver Provisions (Section 17.102.030 (D) and Section 17.102.060 (B))

   The updated waiver provisions confirm that applicants may request an unlimited number of waivers of development standards, clarify that the city may not require feasibility analyses, pro formas, or alternative designs in connection with a waiver request, and require approval of requested waivers unless the specific findings in Section 65915(e) can be made. These revisions ensure that development standards are not applied in a way that would physically prevent qualifying projects from being constructed.

6. Updated Parking Ratio Requirements (Section 17.102.030 (E))

   The updated parking ratio requirements incorporate the maximum parking ratios established in Government Code Section 65915(p) and clarify that parking studies may not be required and that parking reductions operate independently of incentives, concessions, and waivers. These updates strengthen consistency with State law.

7. Added Affordable Housing Agreement Requirement (17.102.050)

The updated ordinance now requires an Affordable Housing Agreement for any project receiving a density bonus, incentive, parking reduction, or waiver, and mandates that the agreement be recorded prior to approval of a final or parcel map or issuance of building permits. This ensures that long-term affordability commitments are legally binding, transparent, and enforceable, and strengthens the city's ability to monitor compliance with State Density Bonus Law.

8. Updated Application Requirements and Review Procedures

   The updated ordinance now includes clear timing requirements for application submittal, a detailed list of required application materials, a completeness review process consistent with the Permit Streamlining Act, and a consolidated findings section specifying the only allowable basis for denial. These additions streamline the review process and improve transparency for applicants.

Together, these updates ensure that the city's density bonus ordinance remains consistent with current State law, improves clarity for applicants, and strengthens the city's ability to implement its affordable housing objectives. Adoption of the updated ordinance will help maintain compliance with ongoing legislative changes and support streamlined, legally defensible housing approvals.

Public Outreach

Ahead of the Planning Commission hearing, staff notified stakeholders by email regarding the proposed updates to the city's Density Bonus Ordinance and provided a link to the staff report and draft ordinance. Notifications were sent to the North State Building Industry Association (BIA), the Sacramento Housing Alliance (SHA), and affordable housing developers. The city received one response from SHA expressing support for the update and appreciation for the outreach.

Planning Commission Hearing

The Planning Commission considered this item at their August 19, 2026, meeting. Following the staff presentation on Ordinance No. 1374, the Commission briefly discussed with staff the three minor clarifying revisions included in the green sheet. No public comments were received.

The Planning Commission adopted a motion (6-0-0-1, with one member absent) recommending that the City Council adopt the proposed Ordinance No. 1374 and determine that the project is not subject to CEQA.

City Council Hearing

On September 8, 2026, the City Council reviewed staff's proposed ordinance update of Folsom Municipal Code Chapter 17.102 and considered a late revision to Section 17.160 (B) (b) of the draft ordinance. The City Council asked some general questions and ultimately voted (5-0-0-0) to introduce and conduct the first reading of Ordinance No. 1374 (An Ordinance of the City

of Folsom for the Repeal and Re-Enactment of Chapter 17.102 (Density Bonus) of the Folsom Municipal Code). No changes have been made to Ordinance No. 1374 since the first reading.

Once adopted by the city, the new Density Bonus Ordinance will be subject to review and approval by the California Housing and Community Development Department (HCD) to ensure consistency with State Law.

POLICY / RULE

Government Code Section 65915 specifies certain requirements that the city must meet pertaining to density bonuses, as well as certain incentives that must be considered when a developer constructs a residential project containing specified percentages of housing for low and very low-income households. These provisions of State law are mandatory and conflict with certain provisions of the city's current density bonus ordinance. This ordinance is proposed to bring the city's density bonus ordinance in line with the requirements of State law.

Under Section 2.12 of the City Charter, amendments to the Folsom Municipal Code require review and approval by the City Council.

Furthermore, the city's 2021–2029 Housing Element, which is part of the city's General Plan, requires that the city update its density bonus ordinance to ensure consistency with State law.

ANALYSIS

The city's 2021 – 2029 Housing Element includes Program H-13, which requires updating the city's Density Bonus Ordinance to reflect changes in State Density Bonus Law as part of the broader zoning code update. The anticipated timeframe for this update was 2021; however, due to delays in the comprehensive zoning code update and the frequent legislative changes to State law, the required update has not yet been completed. Given these circumstances, staff recommends moving forward now to bring the ordinance into compliance and structuring the update in a way that reduces the need for frequent future revisions.

State Density Bonus Law Updates and Need for Local Action

In recent years, the Legislature has enacted numerous updates to State Density Bonus Law. As outlined in the State Housing Law Alignment section, these changes have rendered portions of the city's existing ordinance outdated or inconsistent with current State requirements. Given these legislative changes and the delay in the full zoning code update, staff finds it appropriate to bring the ordinance into compliance now. Updating the ordinance at this time will restore consistency with State law and help minimize the need for frequent amendments as State requirements continue to evolve.

Role of the Density Bonus Program

Density bonus provisions remain an important tool for encouraging developers to construct additional housing units and ensuring the inclusion of lower and moderate-income units in new residential projects. Consistent with the city's adopted Housing Element, Folsom remains committed to promoting equitable access to housing and supporting the development of new homes that meet the needs of all economic segments of the community.

Applicable General Plan Goals and Policies

The following City of Folsom General Plan policies support increasing housing capacity, encouraging a range of housing types, and improving the efficiency of the development review process. Updating the Density Bonus Ordinance is consistent with and helps implement these policies:

> Policy H-1.1 – Sufficient Land for Housing. The city shall ensure that sufficient land is designated and zoned in a range of residential densities to accommodate the city's regional share of housing.
>
> Policy H-1.3 – Multi-family Housing Densities. The city shall encourage home builders to develop their projects on multi-family-designated land at the high end of the applicable density range.
>
> Policy H-3.6 – Density Bonus. The city shall continue to make density bonuses available to affordable and senior housing projects, consistent with State law and Title 17 of the Folsom Municipal Code.

Conclusion

The proposed ordinance modernizes local regulations to reflect current State density bonus requirements, removes outdated or conflicting provisions, and establishes a clearer, more efficient framework for reviewing and administering density bonus requests. Replacing the ordinance ensures continued compliance with State mandates, reduces potential legal exposure, improves consistency and transparency for applicants and staff, and supports the city's long-term housing production and affordability goals.

FINANCIAL IMPACT

The proposed update to the City of Folsom's Density Bonus Ordinance is not expected to have a direct impact on the General Fund. The proposed amendments align the ordinance with current State Density Bonus Law and review of density bonus requests will continue to occur as part of standard project review within existing departmental workloads. Any future fiscal effects would result from private development rather than from adoption of the ordinance itself.

ENVIRONMENTAL REVIEW

The proposed ordinance is not a "Project" requiring environmental review under the California Environmental Quality Act (CEQA). "Organizational or administrative activities of

governments that will not result in direct or indirect physical changes in the environment" are excluded from the definition of "Project" as defined by the CEQA Guidelines. (Section 15378(b)(5).) Here, the proposed ordinance will bring the city's Density Bonus Ordinance into compliance with state law and is ministerial in nature as it does not involve any discretionary decision-making by the city's legislative body.

Even if the proposed ordinance could be considered a "Project," the ordinance is exempt from CEQA pursuant to Section 15061(b)(3) "(Common Sense) of the CEQA Guidelines because it revises local procedures and regulatory requirements and does not authorize any activity that could cause a physical change to the environment. Any future projects will undergo their own CEQA review, and there is no possibility of a significant environmental impact that will occur from the proposed action. Accordingly, the ordinance update is not subject to CEQA.

ATTACHMENT

1. Ordinance No. 1374 - An Ordinance of the City of Folsom for the Repeal and Re-Enactment of Chapter 17.102 (Density Bonus) of the Folsom Municipal Code.

Submitted,

Pam Johns, Community Development Director

ORDINANCE NO. 1374

AN ORDINANCE OF THE CITY OF FOLSOM FOR THE REPEAL AND RE-ENACTMENT OF CHAPTER 17.102 (DENSITY BONUS) OF THE FOLSOM MUNICIPAL CODE

The City Council of the City of Folsom does hereby ordain as follows:

SECTION 1 PURPOSE

The purpose of this ordinance is to amend the Folsom Municipal Code to ensure consistency with State Density Bonus Law. The ordinance establishes the city's specific procedures, responsibilities, and required findings for implementing the Density Bonus Law.

SECTION 2 REPEAL AND RE-ENACTMENT TO CODE

Chapter 17.102 of the Folsom Municipal Code is hereby repealed and re-enacted to read as follows:

Chapter 17.102
DENSITY BONUS

Sections:

17.102.010 Purpose and intent.
17.102.020 Definitions.
17.102.030 Implementation.
17.102.040 Development standards for Affordable units.
17.102.050 Affordable housing agreement.
17.102.060 Application requirements and review.

17.102.010 Purpose and Intent.

This density bonus chapter establishes the city's density bonus program, which provides density bonuses, incentives, concessions, and waivers or reduction of development standards for the production of housing and implements California Government Code Sections 65915, et seq., as amended from time to time. The program is intended to support the development of housing for very low-, low-, and moderate-income households, as well as senior housing, student housing, housing for persons with disabilities, and other qualified housing types as provided by state law.

In enacting this chapter, it is the intent of the City of Folsom to affirm its commitment to implementing the goals, objectives, and policies of the housing element of the general plan, and to encouraging the development of a diverse range of housing opportunities within the community.

This chapter shall be interpreted and applied liberally to effectuate the purposes of State Density Bonus Law. Nothing in this chapter shall be construed to impose requirements or limitations on density bonus projects beyond those authorized by Government Code section 65915 et seq. If any provision of this chapter conflicts with State Density Bonus Law, State law shall control. (Ord. 1145 § 2 (part), 2011)

17.102.020 Definitions.

The terms used in this chapter, including those defined below, have the meanings provided in this title and in Government Code section 65915 et seq. In the event of a conflict between definitions, state law shall control.

A. "Affordable unit" means a housing unit affordable to a lower income household.

B. "Affordable housing agreement" means a recorded agreement between the applicant or property owner and the city that outlines the affordable housing obligations for a project approved under this ordinance or Government Code Section 65915.

C. "Applicant" means the property owner or any person, or entity authorized in writing by the property owner to apply for a density bonus, incentive, concession, waiver, or related approval under this chapter.

D. "Concession" or "Incentive" means any of the following:

1. A reduction in site development standards or a modification of zoning code requirements or architectural design requirements that exceed the minimum building standards approved by the California Building Standards Commission, including, but not limited to, a reduction in setback and square footage requirements and in the ratio of vehicular parking spaces that would otherwise be required that results in identifiable and actual cost reductions, to provide for affordable housing costs or for rents for the targeted units to be set.

2. Approval of mixed-use zoning in conjunction with the housing project if commercial, office, industrial, or other land uses will reduce the cost of the housing development and if the commercial, office, industrial, or other land uses are compatible with the housing project and the existing or planned development in the area where the proposed housing project will be located.

3. Other regulatory incentives or concessions proposed by the developer or the city that result in identifiable and actual cost reductions to provide for affordable housing costs or for rents for the targeted units to be set.

E. "Housing development" means any residential or mixed-use project that includes dwelling units and is eligible for a density bonus under State Density Bonus Law.

F. "Lower income household" means a household whose income does not exceed eighty percent of the area median income (AMI) for the county or metropolitan area, adjusted for household size,

as determined annually by the California Department of Housing and Community Development (HCD) pursuant to state law. Lower income households include very low income, extremely low income, and acutely low-income households unless otherwise specified.

G. "Maximum allowable residential density" means the greatest number of units allowed under the zoning ordinance, specific plan, or land use element of the general plan, or, if a range of density is permitted, means the greatest number of units allowed by the specific zoning range, specific plan, or land use element of the general plan applicable to the project. Density shall be determined by using dwelling units per acre. However, if the applicable zoning ordinance, specific plan, or land use element of the general plan does not provide a dwelling-units-per-acre standard for density, then the local agency shall calculate the number of units by:

1. Estimating the realistic development capacity of the site based on the objective development standards applicable to the project, including, but not limited to, floor area ratio, site coverage, maximum building height and number of stories, building setbacks and stepbacks, public and private open-space requirements, minimum percentage or square footage of any nonresidential component, and parking requirements, unless not required for the base project. Parking requirements shall include considerations regarding number of spaces, location, design, type, and circulation. A developer may provide a base density study, and the local agency shall accept it, provided that it includes all applicable objective development standards.

2. Maintaining the same average unit size and other project details relevant to the base density study, excepting those that may be modified by waiver or concession to accommodate the bonus units, in the proposed project as in the study.

H. “Targeted unit” means dwelling units within a housing development which will be reserved for sale or rent to lower income households, or senior residents.

I. "Waiver" or "Reduction of development standards" means a local development standard that will either be reduced or not enforced because the development standard would physically prevent the project from being built at the permitted density and with the granted concessions or incentives.

17.102.030 Implementation.

A. Density Bonus Eligibility. A housing development is eligible for a density bonus, incentives or concessions, waivers or reductions of development standards, and parking ratio reductions in accordance with Government Code section 65915. To request a density bonus, the applicant shall identify the applicable eligibility category under Government Code section 65915, including but not limited to affordable housing, senior housing, student housing, land donation, child-care facilities, or commercial development bonuses. The applicant shall also identify the percentage, number, and income level of the restricted units proposed to qualify the project under state law. The city may require reasonable documentation to establish eligibility for a requested density bonus.

If the housing development is proposed on any property that includes a parcel or parcels on which

rental dwelling units are located or, if the dwelling units have been vacated or demolished in the five-year period preceding the application, and meets the requirements listed in Government Code section 65915(c)(3)(A), the applicant shall be ineligible for a density bonus or any other incentives or concessions unless the proposed housing development replaces those units, and either Government Code section 65915(c)(3)(A)(i) or (ii) apply.

If a housing development meets the eligibility criteria under Government Code section 65915, the city shall grant the density bonus and any related incentives, concessions, waivers, or parking reductions required by State law.

B. Density Bonus Calculation. The maximum density bonus a housing development project may receive shall be calculated in accordance with Government Code section 65915, including the density bonus provisions for affordable housing, land donation, child-care facilities, and commercial development. Maximum allowable residential density shall be calculated in accordance with the maximum allowable density under the applicable zoning, specific plan, or general plan designation, consistent with Government Code section 65915(f). The following provisions apply to the calculation of density and affordable unit requirements:

1. Rounding of Units. Any fractional unit resulting from the calculation of maximum allowable residential density or bonus density shall be rounded up to the next whole number. Any fractional affordable unit required to qualify for a density bonus shall also be rounded up to the next whole number.

2. Units Counted Toward Qualification. Units added through a density bonus shall not be included when determining the number of affordable units required to qualify for the bonus. affordable units provided on site to satisfy the city's inclusionary housing requirements pursuant to Folsom Municipal Code Chapter 17.104 may also be used to qualify for a density bonus if they meet the affordability requirements of Government Code section 65915. Payment of in-lieu fees in place of constructing affordable units shall not be used to qualify a project for a density bonus.

3. Election of Bonus Amount. An applicant may elect to accept a density bonus that is less than the maximum permitted, or to forgo a density bonus entirely, provided that the minimum affordable housing requirements of Government Code section 65915 are met.

C. Incentives or Concessions. A qualifying housing development is entitled to receive the number of incentives or concessions specified in Government Code section 65915(d), regardless of whether it elects to use the density bonus.

1. Types of Incentives or Concessions. In accordance with, and further defined in Government Code section 65915(k), incentives or concessions include:

a. A reduction in site development standards or a modification of zoning code requirements or architectural design requirements that exceed the minimum building standards as specified in Government Code section 65915(k) that would otherwise be

required that results in identifiable and actual cost reductions to provide for affordable housing costs, as defined in section 50052.5 of the Health and Safety Code, or for affordable rents for the targeted units to be set as specified in Government Code section 65915(c).

b. Approval of mixed-use zoning in conjunction with the housing development if commercial, office, industrial, or other land uses will reduce the cost of the housing development and if the commercial, office, industrial, or other land uses are compatible with the housing development and the existing or planned development in the area where the proposed housing development will be located as determined by the city in its reasonable discretion.

c. Other regulatory incentives or concessions proposed by the applicant or the city that result in identifiable and actual cost reductions to provide for affordable housing costs, as defined in section 50052.5 of the Health and Safety Code, or for affordable rents for the targeted units to be set as specified in Government Code section 65915(c).

2. 100% Affordable Projects. For a housing development in which 100% of the units, exclusive of a manager's unit, are affordable to lower-income households, the city may grant a reduction in the minimum base density as a concession or incentive, provided that the applicant demonstrates that the reduction would result in an identifiable and actual cost savings to the project or that, absent such reduction, the project would be physically precluded from being constructed.

3. Approval Standard. The city shall grant a requested concession or incentive unless it makes a written finding, based on substantial evidence, of any of the reasons listed under Government Code section 65915(d)(1)(A)–(C).

D. Waivers or Reductions of Development Standards. In accordance with Government Code section 65915(e), the applicant for a housing development that qualifies for a density bonus may request waivers or reductions of development standard that would physically preclude construction of the housing development project at the permitted density or with the concessions or incentives. For purposes of this section, development standards include, but are not limited to, height limits, setback requirements, lot coverage, and Floor Area Ratio (FAR).

1. The applicant may submit a proposal for waivers or reductions of any development standard that would physically preclude the construction of the housing development at the density or with the incentives or concessions permitted by Government Code section 65915. The city shall not require the applicant to reduce the project's density or incentives as a condition of requesting or receiving a waiver.

2. The city shall grant a requested waiver or reduction of a development standard unless it makes a written finding, permitted under Government Code section 65915(e).

3. A request for a waiver or reduction of development standards is separate from incentives or concessions and does not count toward the number of incentives.

4. There is no limit on the number of waivers or reductions in development standards an applicant may request or receive, provided the applicant demonstrates that each requested waiver is necessary to physically accommodate the project at the permitted density or with the permitted incentives or concessions.

5. The city may engage in a voluntary, collaborative design dialogue with the applicant regarding requested waivers or reductions, including offering advisory recommendations to address community concerns or to explore ways the project might better align with overarching principles of the general plan, zoning ordinance, or design and development standards. All such recommendations shall be advisory only and shall not be a condition of approval unless voluntarily agreed to by the applicant. The city shall not require the applicant to modify the project, alter or withdraw any requested waiver or reduction in development standards, or otherwise delay, impede, or reduce the applicant's entitlement to waivers or reductions in development standards required under Government Code section 65915, subdivision (e).

E. Parking Ratios. In accordance with Government Code section 65915(p), the parking requirements for a housing development that qualifies for a density bonus shall not exceed the maximum parking ratios established by state law. These parking ratios apply notwithstanding any other provision of this Code. Parking reductions do not limit or reduce the applicant's entitlement to incentives, concessions, or waivers. The city shall not require the applicant to provide a report or study that is not otherwise required by state law, but it may require reasonable documentation to establish eligibility for the parking ratios established by state law.

F. Effect of Granting Density Bonus, Incentive, Concession, or other Modifications. In accordance with Government Code section 65915(j), the granting of a density bonus, incentives, concessions or waivers, reductions of development standards, and/or parking reductions shall not, in and of itself, require to be interpreted, to require a general plan amendment, specific plan amendment, zoning change, study or other discretionary approval.

17.102.040 Development Standards for Affordable Units.

A. Affordable units shall be constructed concurrently with market-rate units unless both the city and the applicant agree, in writing, to an alternative schedule for development.

B. Affordable units shall be integrated into the housing development to the greatest extent feasible. Where feasible, the bedroom count and bedroom mix of the affordable units shall be generally consistent with the bedroom mix of the non-affordable units, except that the applicant may provide a higher proportion of affordable units with more bedrooms. The design, materials, and exterior appearance of the affordable units shall be compatible with, and comparable to, the overall design of the housing development.

17.102.050 Affordable Housing Agreement

A. Requirement for Affordable Housing Agreement. If a density bonus, incentive or concession, parking reduction, or waiver or reduction of development standards is approved

pursuant to this chapter, the applicant shall enter into a binding affordable housing agreement or restrictive covenant with the city. The form and content of the affordable housing agreement shall be approved by the Community Development Director and the City Attorney.

B. Compliance and Enforcement. The affordable housing agreement shall establish compliance standards and identify the remedies available to the city in the event the applicant fails to comply with State Density Bonus Law, this chapter, or the affordable housing agreement.

C. Recordation and Timing. The executed affordable housing agreement shall be recorded against the housing development prior to final or parcel map, or, if no map is required, prior to issuance of any building permit for the housing development.

D. Binding Effect. The affordable housing agreement shall run with the land and shall be binding on all future owners, successors, and assigns for the duration of the required affordability period.

17.102.060 Application Requirements and Review for Density Bonus Projects.

A. Application Timing and Processing. An application for a density bonus, incentive or concession, waiver or reduction of a development standard, or revised parking standard pursuant to this Chapter shall be submitted with the first application for approval of the housing development. The request shall be processed concurrently with all other required applications in accordance with applicable State law, including but not limited to the Permit Streamlining Act.

B. Application Contents. The application shall be submitted on a form prescribed by the city and shall include, at minimum, the following information:

1. Site Plan

A site plan showing:

- Total number of units;
- Number and location of affordable units;
- Number and location of proposed density bonus units.

2. Affordability Information.

The target income levels of the affordable units and the proposed method(s) for ensuring affordability.

3. Requested Incentives, Concessions, waivers, or Parking Reductions

A description of all requested incentives or concessions, waivers or reductions of development standards, or modified parking standards.

a. Incentives or Concessions. For any requested incentive or concession, the application shall include sufficient information for the city to evaluate the request in accordance with Government Code section 65915.

b. Waiver or Reduction of Development Standards. For any requested waiver or reduction of a development standard, the applicant shall provide sufficient information for the city to determine that the development standard would physically preclude construction of the residential project at the permitted density and with the requested incentives or concessions. The city shall not require additional reports or studies that are not otherwise required by state law.

c. Parking Reductions. A summary table showing parking required by the zoning regulations, parking proposed under state density bonus law, and sufficient information for the city to determine that the housing development is eligible for the requested parking reductions. The city shall not require parking studies or additional documentation beyond what is necessary to verify eligibility under Government Code section 65915(p).

4. Requests Based on Any Qualifying Category Under State Law.

For any request made pursuant to a qualifying category under Government Code section 65915, the application shall include sufficient information to demonstrate that the project satisfies all applicable statutory requirements and findings for that category.

C. Application Review.

1. Completeness Review**.** Upon submittal, the city shall review the application for completeness in accordance with Government Code section 65943. If the application is determined to be incomplete, the city shall provide written notice identifying the additional information required in accordance with Government Code section 65943.

2. Eligibility Review. The city shall review the application to verify that the housing development qualifies for a density bonus and any requested incentives, concessions, waivers, reductions of development standards, or parking reductions pursuant to Government Code section 65915.

3. Required Findings**.** The review authority shall approve a density bonus and any requested incentives, concessions, waivers, reductions of development standards, or parking reductions unless it makes written findings as specified under Government Code section 65915, including, as applicable:

   a. The incentive or concession does not result in identifiable and actual cost reductions to provide for affordable housing costs or for rents;

   b. The incentive or concession would have a specific adverse impact, as defined in the Government Code, on public health or safety, or on a property listed in the California Register of Historical Resources, and there is no feasible method to

satisfactorily mitigate or avoid the adverse impact without rendering the development unaffordable to low-income and moderate-income households;

c. The concession or incentive would be contrary to state or federal law.

d. The waiver or reduction of a development standard is not necessary to physically accommodate the housing development at the permitted density and with the requested incentives or concessions.

4. Conditions of Approval. Any approval of a density bonus, incentive or concession, waiver or reduction of a development standard, or revised parking standard may include conditions necessary to ensure compliance with Government Code section 65915 and this chapter.

In accordance with Government Code section 65915(j), the granting of a density bonus, incentives, concessions or waivers, and/or reductions of development standards shall not, in and of itself, require a general plan amendment, specific plan amendment, zoning change, study, or other discretionary approval.

SECTION 3 SCOPE

Except as set forth in this ordinance, all other provisions of the Folsom Municipal Code shall remain in full force and effect.

SECTION 4 SEVERABILITY

If any section, subsection, sentence, clause, or phrase in this ordinance or any part thereof is for any reason held to be unconstitutional, invalid, or ineffective by any court of competent jurisdiction, such decision shall not affect the validity or effectiveness of the remaining portions of this ordinance or any part thereof. The City Council declares that it would have passed each section irrespective of the fact that any one or more section, subsection, sentence, clause, or phrase is declared unconstitutional, invalid, or ineffective.

SECTION 5 NO MANDATORY DUTY

This ordinance is not intended to and shall not be construed or given effect in a manner that imposes upon the city or any officer or employee thereof a mandatory duty of care towards persons and property within or without the city, so as to provide a basis of civil liability for damages, except as otherwise imposed by law.

SECTION 6 EFFECTIVE DATE

This ordinance shall become effective thirty (30) days from and after its passage and adoption, provided it is published in full or in summary within twenty (20) days after its adoption in a newspaper of general circulation in the city.

This ordinance was introduced and the title thereof read at the regular meeting of the City Council on September 8, 2026, and the second reading occurred at the regular meeting of the City Council on September 22, 2026.

On a motion by Councilmember _____ seconded by Councilmember _____, the foregoing ordinance was passed and adopted by the City Council of the City of Folsom, State of California, this 22nd day of September, 2026, by the following roll-call vote:

AYES: Councilmember(s):

NOES: Councilmember(s):

ABSENT: Councilmember(s):

ABSTAIN: Councilmember(s):

_____

Justin Raithel, MAYOR

ATTEST:

_____

Christa Freemantle, CITY CLERK

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CITY OF
FOLSOM
DISTINCTIVE BY NATURE

Folsom City Council
Staff Report

MEETING DATE:	September 22, 2026
AGENDA SECTION:	Consent Calendar
SUBJECT:	Resolution No. 11709 - A Resolution Replacing Resolution No. 11285 and Designating Conflict of Interest Filing Positions and Disclosure Categories
FROM:	City Clerk's Department

RECOMMENDATION / CITY COUNCIL ACTION

Staff recommends that the City Council approve Resolution No. 11709 - A Resolution Replacing Resolution No. 11285 and Designating Conflict of Interest Filing Positions and Disclosure Categories.

BACKGROUND / ISSUE

All local California agencies are required to establish a Conflict of Interest Code. The purpose of a Conflict of Interest Code is to ensure that public officials and employees make decisions impartially, without undue influence from personal financial interests. This code aims to promote transparency and accountability by requiring individuals in positions of authority to disclose their financial interests that could potentially conflict with their public duties. By clearly defining disclosure requirements and prohibitions, the Conflict of Interest Code helps prevent corruption and maintains public trust in the integrity of city government operations.

POLICY / RULE

Under the Political Reform Act, specifically Government Code Section 87303 et seq., agencies must review their Conflict of Interest Codes every two years to assess the need for revisions. The City's last update was completed in 2024.

Section 7.01 of the City's Charter stipulates that "[t]he use of public office for private gain is prohibited. The City Council shall implement this prohibition by ordinance adopting and ensuring compliance with the laws of the State of California regarding such conflicts…"

Folsom Municipal Code Section 2.34.030 et seq. grants the City Council the authority to designate by resolution those positions involved in making or participating in decisions that could materially affect any financial interest.

ANALYSIS

The City of Folsom's Conflict of Interest Code designates specific staff positions within the City that make or are involved in making financial decisions. Examples of financial decisions made by staff include contracting for services, purchasing goods and supplies, and overseeing financial investments or expenditures. Each designated position is assigned one or more disclosure categories based on the position's responsibility and authority. For example, positions involving contracting and purchasing are categorized under Disclosure Category 2.

For this year's update, department heads have reviewed the 2024 list of designated positions and their corresponding disclosure categories to identify any necessary updates. This review assessed whether positions should be added, removed, or reclassified based on their decision-making responsibilities and potential impact on personal financial interests.

Since the 2024 update to the Conflict of Interest Code, there have been changes in positions, including additions, reassignments, deletions, and re-titling. As a result, the appendix of designated positions also requires revision to accurately reflect the current structure and titles.

Removed: Animal Control Officers, as their purchases of basic equipment does not rise to the level of making significant financial decisions.

ATTACHMENTS

1. Resolution No. 11709 - A Resolution Replacing Resolution No. 11285 and Designating Conflict of Interest Filing Positions and Disclosure Categories

2. 2026 Local Agency Biennial Notice

Submitted,

Christa Freemantle, CMC
City Clerk

Attachment 1

RESOLUTION NO. 11709

A RESOLUTION REPLACING RESOLUTION NO. 11285 AND DESIGNATING CONFLICT OF INTEREST FILING POSITIONS AND DISCLOSURE CATEGORIES

WHEREAS, the Political Reform Act, Government Code Section 87303 et seq. requires that agencies review biennially in even-numbered years the provisions of their Conflict of Interest Code, which includes designated positions and disclosure categories; and

WHEREAS, persons holding these positions are designated public officials, officials, employees and consultants as defined in Government Code Section 82019 et seq. are deemed to make or participate in the making of decisions which may foreseeably have a material effect on any personal financial interest; and

WHEREAS, Chapter 2.34 of the Folsom Municipal Code pertaining to the Conflict of Interest Code, authorizes the City Council to designate by resolution those designated Conflict of Interest staff positions which should file statements of economic interests; and

WHEREAS, that as a result of the review mandated by Government Code Section 87300 et seq. it has been determined that the current list of designated positions and disclosure categories should be updated:

NOW THEREFORE, BE IT RESOLVED, that Resolution No. 11285, which established the prior list of designated filers and disclosure categories is hereby replaced; and

BE IT FURTHER RESOLVED, that all public officials, officials, elected and appointed officers, persons holding designated positions and consultants that are subject to the filing and disclosure requirements pursuant to Exhibit "A" in accordance to the disclosure categories as set forth in Exhibit "B" shall file statements of economic interests in accordance with the forms and procedures established by the California Fair Political Practices Commission.

PASSED AND ADOPTED on this 22nd day of September, 2026, by the following roll-call vote:

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

_____
Justin Raithel, MAYOR

ATTEST:

_____
Christa Freemantle, CITY CLERK

EXHIBIT "A"

CITY OF FOLSOM
CONFLICT OF INTEREST CODE
APPENDIX OF DESIGNATED OFFICIALS/EMPLOYEES

I. Designated Positions.

The positions listed below constitute the list of designated positions required by the City of Folsom's conflict of interest code (Folsom Municipal Code Chapter 2.34). Individuals holding these positions as designated public officials, officials, employees and consultants as defined in Government Code Section 82019 et seq. are deemed to make or participate in the making of decisions which may foreseeably have a material effect on any financial interest. The individuals occupying the designated positions shall disclose their economic interests in accordance with the corresponding disclosure categories, defined in Exhibit B.

Dept.	Position	Categories	Status
Arts and Culture Commission	Commission Member	1	Active
City Attorney's Dept.	Administrative Assistant	2	Pending
City Attorney's Dept.	Assistant City Attorney	1,3,4	Active
City Attorney's Dept.	City Attorney	87200	Active
City Attorney's Dept.	Legal Analyst	2,4	Active
City Clerk's Dept.	City Clerk	1	Active
City Clerk's Dept.	Deputy City Clerk	2	Active
City Council	City Council Member	87200	Active
City Council Candidates	Candidates	87200	Active
City Manager's Dept.	Administrative Support Specialist	2	Active
City Manager's Dept.	City Manager	1	Approved
City Manager's Dept.	Communications Director	2	Active
City Manager's Dept.	Senior Communications and Marketing Specialist	2	Active
Community Development Dept.	Associate Planner	3	Active
Community Development Dept.	Building Inspector I/II	3,4	Active
Community Development Dept.	Building Inspector Supervisor	3,4	Active
Community Development Dept.	Building Safety and Enforcement Manager	3,4	Pending
Community Development Dept.	Building Services Manager / Chief Building Official	1	Pending
Community Development Dept.	City Engineer	2,3	Active
Community Development Dept.	Code Enforcement Manager	3	Active
Community Development Dept.	Code Enforcement Officer I/II	2,3	Active
Community Development Dept.	Community Development Director	1	Active
Community Development Dept.	Housing Manager	3,4	Pending
Community Development Dept.	Plan Check Engineer	3,4	Approved
Community Development Dept.	Planning Manager	1	Active
Community Development Dept.	Principal Civil Engineer	1	Approved

Community Development Dept.	Principal Planner	2,3	Active
Community Development Dept.	Senior Building Inspector	3,4	Pending
Community Development Dept.	Senior Civil Engineer	2,3	Approved
Community Development Dept.	Senior Planner	3,4	Active
Community Development Dept.	Urban Forester	3,4	Active
Finance	Finance Officer	1	Pending
Finance Dept.	Accounting and Financial Analysis Manager	87200	Pending
Finance Dept.	Deputy Treasurer	2	Active
Finance Dept.	Disbursements Manager	1	Pending
Finance Dept.	Finance Director / Chief Financial Officer	87200	Active
Finance Dept.	Financial Services Manager	1	Active
Finance Dept.	Information Systems Manager	2	Active
Finance Dept.	Revenue Services Manager	1,3	Pending
Fire Dept.	Deputy Fire Marshal	2	Pending
Fire Dept.	Fire Battalion Chief	2	Active
Fire Dept.	Fire Chief	1	Active
Fire Dept.	Fire Division Chief	2	Active
Fire Dept.	Fire Prevention Officer	2	Active
Historic District Commission	Commission Member	1	Active
Human Resources Dept.	Human Resources Director	1	Active
Human Resources Dept.	Management Analyst	2	Active
Human Resources Dept.	Senior Management Analyst	2	Active
L&L District Advisory Committee	Committee Member	1	Active
Library Commission	Commission Member	1	Active
Library Services	Library Director	2	Active
Library Services	Library Supervisor	1	Active
Lobbyist	Consultant	1	Active
Parks and Recreation Commission	Commission Member	1	Active
Parks and Recreation Dept.	Capital Projects Manager	1	Pending
Parks and Recreation Dept.	Facilities Maintenance Supervisor	2,3	Active
Parks and Recreation Dept.	Municipal Landscape Services Manager	2,3	Pending
Parks and Recreation Dept.	Park Planning Manager	2,3	Pending
Parks and Recreation Dept.	Parks and Recreation Director	1	Active
Parks and Recreation Dept.	Parks Maintenance Supervisor	2,3	Active
Parks and Recreation Dept.	Parks/Facilities Maintenance Manager	2,3	Active
Parks and Recreation Dept.	Recreation and Community Services Manager	2,3	Pending
Parks and Recreation Dept.	Recreation Supervisor	2,3	Active
Parks and Recreation Dept.	Senior Management Analyst	2	Active
Parks and Recreation Dept.	Senior Recreation Coordinator	1	Active

Parks and Recreation Dept.	Senior Trails Planner	2,3	Active
Parks and Recreation Dept.	Zoo Manager	2,3	Active
Planning Commission	Planning Commissioner	1	Active
Police Dept.	Animal Control Officer	2,4	Active
Police Dept.	Commander	1	Active
Police Dept.	Police Chief	1	Active
Police Dept.	Police Lieutenant	2	Active
Public Works Dept.	Engineering Section Manager	2,3	Approved
Public Works Dept.	Environmental Specialist Supervisor	2,4	Approved
Public Works Dept.	Public Works Director	1	Approved
Public Works Dept.	Section Manager	2,4	Active
Public Works Dept.	Senior Civil Engineer	2,3	Active
Public Works Dept.	Senior Environmental Specialist	1	Active
Public Works Dept.	Senior Management Analyst	2	Active
Public Works Dept.	Senior Traffic Control/Light Technician	1	Active
Public Works Dept.	Solid Waste Supervisor	1	Active
Public Works Dept.	Solid Waste/Fleet Manager	2,4	Active
Public Works Dept.	Streets Operations Supervisor	2,3	Approved
Special Counsel	Consultant	1	Active
Traffic Safety Committee	Committee Member	1	Active
Utilities Dept.	Associate Civil Engineer	2,3	Active
Utilities Dept.	Director of Environmental/Water Resources	1	Active
Utilities Dept.	Management Analyst	2	Active
Utilities Dept.	Principal Civil Engineer	2,3	Active
Utilities Dept.	Senior Management Analyst	2	Pending
Utilities Dept.	Utilities Maintenance Manager	2,4	Pending
Utilities Dept.	Utilities Section Manager	2,3	Pending
Utilities Dept.	Utility Maintenance Supervisor	2,4	Active
Utilities Dept.	Utility Manager	2,3,4	Pending
Utilities Dept.	Wastewater Collection Manager	2,4	Active
Utilities Dept.	Water Distribution Manager	2	Active
Utilities Dept.	Water Treatment Plant Manager	2,4	Pending
Utility Commission	Commission Member	1	Active

* "87200 Filer(s)" refers to filers identified within Government Code section 87200* et seq, This section establishes certain requirements for members of planning commissions, mayors, city managers, city attorneys, city treasurers, members of city councils, other public officials who manage public investments, and candidates for any of these offices to file statements of economic interest disclosing investments, interests in real property (excluding principal or personal residence) and any income received.

EXHIBIT "B"

CITY OF FOLSOM
CONFLICT OF INTEREST CODE
DISCLOSURE CATEGORIES

Disclosure Categories

Category 1 – **Officials and employees whose duties are broad and indefinable:**

Investments and business positions in business entities, and income including loans, gifts, and travel payments from sources located in or doing business in the jurisdiction.

Interests in real property located in the jurisdiction, including property located within a two-mile radius of any property owned or used by the City or within two miles of the boundaries of the City.

Category 2 – **Officials and employees whose duties involve contracting or purchasing:**

Investments and business positions in business entities and sources of income including those that provide services, supplies, materials, machinery or equipment of the type utilized by the City.

Category 3 – Officials and employees whose decisions may affect real property interests:

Investments and business positions in business entities and income including loans, gifts, and travel payments from sources that provide services, supplies, materials, machinery, or equipment of the type utilized by the City.

Engage in land development, construction or the acquisition or sale of real property.

Interests in real property located within the jurisdiction, including property located within a two-mile radius of any property owned or used by the City.

Category 4 – Officials and employees with regulatory powers:

Investments and business positions in business entities and sources of income including loans, gifts, and travel payments from sources that provide services, supplies, materials, machinery, or equipment of the type utilized by the Dept or division to which the filer is assigned.

Regulations Regarding Gifts

Gifts from outside the agency's jurisdiction shall not be required to be reported if the purpose of disclosure of the gift does not have some connection with or bearing upon the duties of the position. (18730.1, Title 2, Div 6, CA Code of Regulations)

Attachment 2

2026 Local Agency Biennial Notice

Name of Agency: City of Folsom

Mailing Address: 50 Natoma Street

Contact Person: Christa Freemantle, City Clerk Phone No. 916-461-6035

Email: CityClerkDept@folsom.ca.us Alternate Email: _____

Accurate disclosure is essential to monitor whether officials have conflicts of interest and to help ensure public trust in government. The biennial review examines current programs to ensure that the agency's code includes disclosure by those agency officials who make or participate in making governmental decisions.

This agency has reviewed its conflict of interest code and has determined that *(check one BOX):*

☑ **An amendment is required. The following amendments are necessary:**

(Check all that apply.)

- ☑ Include new positions
- ☑ Revise disclosure categories
- ☑ Revise the titles of existing positions
- ☑ Delete titles of positions that have been abolished and/or positions that no longer make or participate in making governmental decisions
- ☐ Other *(describe)* _____

☐ **The code is currently under review by the code reviewing body.**

☐ **No amendment is required.** (If your code is over five years old, amendments may be necessary.)

Verification **(to be completed if no amendment is required)**

This agency's code accurately designates all positions that make or participate in the making of governmental decisions. The disclosure assigned to those positions accurately requires that all investments, business positions, interests in real property, and sources of income that may foreseeably be affected materially by the decisions made by those holding designated positions are reported. The code includes all other provisions required by Government Code Section 87302.

_____ _____

Signature of Chief Executive Officer *Date*

All agencies must complete and return this notice regardless of how recently your code was approved or amended. Please return this notice no later than **October 1, 2026**, or by the date specified by your agency, if earlier, to:

(PLACE RETURN ADDRESS OF CODE REVIEWING BODY HERE)

PLEASE DO NOT RETURN THIS FORM TO THE FPPC.

Folsom City Council
Staff Report

MEETING DATE:	9/22/2026
AGENDA SECTION:	Consent Calendar
SUBJECT:	Resolution No. 11716– A Resolution Ratifying the City Manager's Authorization to Purchase a Replacement Server from Sidepath, Inc. for the Police Department for a Total Not-to-Exceed Amount of $299,800 funded through the General Fund (Fund 010) Using American Rescue Plan Act (ARPA) Grant Proceeds
FROM:	Finance Department

RECOMMENDATION / CITY COUNCIL ACTION

Staff Recommends the City Council pass and adopt Resolution No. 11716– A Resolution Ratifying the City Manager's Authorization to Purchase a Replacement Server from Sidepath, Inc. for the Police Department for a Total Not-to-Exceed Amount of $299,800 funded through the General Fund (Fund 010) Using American Rescue Plan Act (ARPA) Grant Proceeds

BACKGROUND / ISSUE

Due to the age of the existing Police Department server and increasing technology requirements, system performance and service reliability had significantly deteriorated. Concurrently, supply chain disruptions resulted in sharply elevated hardware costs, with market pricing for comparable replacement infrastructure projected to be as much as five times higher than the solution pricing obtained through Sidepath and Dell. This combination of operational risk and escalating costs necessitated the replacement of the server infrastructure.

POLICY / RULE

Section 2.36.080, Award of Contracts of the Folsom Municipal Code states, in part, that contracts for supplies, equipment, services, and construction with an estimated value of $77,426 or greater shall be awarded by City Council..

ANALYSIS

The existing Police Department server infrastructure had exceeded its optimal service life and was experiencing increasing performance degradation due to aging hardware and growing technology demands. The declining reliability of the system presented an elevated risk of service interruptions, reduced performance, and potential impacts to critical departmental operations.

At the same time, supply chain constraints and market conditions resulted in significant increases in hardware costs and procurement challenges. Cost estimates obtained through standard purchasing channels indicated that replacement infrastructure could be substantially more expensive than pricing secured through Sidepath and Dell. For example, one quote obtained for a Hewlett Packard Enterprise server was approximately $1.36 million, further demonstrating the significant cost difference between standard market pricing and the pricing available through Sidepath and Dell. This created both an operational need to replace the aging equipment and a financial incentive to act quickly before costs increased further.

The replacement server was physically installed approximately mid-August. Migration and configuration services are ongoing and require additional time to complete. Staff anticipates that all remaining functions will be fully migrated, tested, and operational by the end of September.

Replacement of the server infrastructure addressed the immediate risks associated with continued operation of aging equipment, improved overall system reliability and performance, and provided a cost-effective solution for supporting current and future technology requirements. Accordingly, staff determined that proceeding with the replacement represented the most prudent operational and fiscal course of action.

FINANCIAL IMPACT

Due to the urgent need to replace the Police Department server and the limited timeframe available to procure a replacement prior to a significant anticipated increase in cost, the City Manager authorized the purchase of a replacement server from Sidepath, Inc. in April 2026, for a total not-to-exceed amount of $299,800. The purchase was funded through the General Fund (Fund 010) using American Rescue Plan Act (ARPA) grant proceeds and was authorized prior to City Council consideration. Payment to Sidepath, Inc. was completed in May 2026.

Ratification of the purchase will formalize the City Council's authorization of the expenditure in an amount not-to-exceed $299,800. Sufficient funds were budgeted and available in the General Fund (Fund 010), using ARPA grant proceeds, to support the purchase. Accordingly, City Council ratification will not result in any additional fiscal impact beyond the costs previously authorized and incurred.

Ratification will confirm the administrative action previously taken by the City Manager.

ATTACHMENTS

1. Resolution No.11716– A Resolution Ratifying the City Manager's Authorization to Purchase a Replacement Server from Sidepath, Inc. for the Police Department for a Total Not-to-

Exceed Amount of $299,800 funded through the General Fund (Fund 010) Using American Rescue Plan Act (ARPA) Grant Proceeds

Submitted,

Stacey Tamagni
Chief Financial Officer

RESOLUTION NO. 11716

A RESOLUTION RATIFYING THE CITY MANAGER'S AUTHORIZATION TO PURCHASE A REPLACEMENT SERVER FROM SIDEPATH, INC. FOR THE POLICE DEPARTMENT FOR A TOTAL NOT-TO-EXCEED AMOUNT OF $299,800 FUNDED THROUGH THE GENERAL FUND (FUND 010) USING AMERICAN RESCUE PLAN ACT (ARPA) GRANT PROCEEDS

WHEREAS, the Folsom Police Department urgently needed to replace a failing server that had exceeded its optimal service life and was experiencing performance degradation due to aging and increased service demands; and

WHEREAS, Sidepath, Inc. had a replacement server meeting the Police Department's requirements available for immediate procurement and delivery; and

WHEREAS, delaying the purchase of the replacement server would have resulted in a significant increase in cost, making immediate procurement financially advantageous.; and

WHEREAS, sufficient funds were budgeted and available in the General Fund (Fund 010) using ARPA grant proceeds; and

NOW, THEREFORE, BE IT RESOLVED, that the City Council of the City of Folsom does hereby ratify the City Manager's authorization to purchase a replacement server from Sidepath, Inc. for the Police Department for a total not-to-exceed amount of $299,800 funded through the General Fund (Fund 010) using American Rescue Plan Act (ARPA) grant proceeds.

PASSED AND ADOPTED this 22nd day of September, 2026, by the following roll-call vote:

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

_____
Justin Raithel, MAYOR

ATTEST:

_____
Christa Freemantle, CITY CLERK

Folsom City Council
Staff Report

MEETING DATE:	9/22/2026
AGENDA SECTION:	Consent Calendar
SUBJECT:	Resolution No. 11717 - A Resolution Authorizing the City Manager to Execute Contract Amendment 1 with Kimley Horn and Associates, Inc. for the Folsom Lake Crossing Safety Improvements Phase 2 Project, Project No. PW2601, in the Amount of $33,000 from the Transportation Improvement Fund (Fund 446)
FROM:	Public Works Department

RECOMMENDATION / CITY COUNCIL ACTION

The Public Works Department recommends that the City Council pass and adopt Resolution No. 11717- A Resolution Authorizing the City Manager to Execute Contract Amendment 1 with Kimley Horn and Associates, Inc. for the Folsom Lake Crossing Safety Improvements Phase 2 Project, Project No. PW2601, in the Amount of $33,000 from the Transportation Improvement Fund (Fund 446).

BACKGROUND / ISSUE

The Folsom Lake Crossing Safety Improvements Phase 2 Project is a high-priority safety project installing 3,890 feet of median barrier along Folsom Lake Crossing between the Folsom Dam Road and Folsom Lake Crossing intersection and the easternmost edge of the Folsom Lake Crossing bridge deck. The project also consists of crack seal and slurry seal of the pavement surface along the project alignment, and removal and replacement of pavement markings.

In May of 2024, the City of Folsom was notified by the Federal Highway Administration of the award of $1,040,000 in Congressionally Directed Spending (CDS) funds for “roadway safety improvements that may include a median barrier, pavement resurfacing, updated roadway delineation and segment lighting.”

On April 22, 2025, City Council adopted Resolution No. 11360, authorizing the City Manager to execute a program supplement agreement for the Folsom Lake Crossing Safety Improvements Phase 2 Project for reimbursement of design costs associated with the project.

On May 27, 2025, City Council adopted Resolution No. 11388 authorizing the City Manager to execute a design and consulting services contract with Kimley Horn and Associates, Inc. in the amount of $132,443 to complete design, environmental, and right of way phases of the project.

During the design stage of the project, additional areas of pavement preservation and pavement resurfacing were recommended to be included due to the economies of scale with contractors performing similar type of work along the main roadway section of Folsom Lake Crossing. This increase in pavement preservation area of approximately 1,200 linear feet will close the gap between the bridge deck and Folsom Auburn Road. Additionally, due to the pavement condition of the intersection of Folsom Auburn Road and Folsom Lake Crossing showing signs of pavement degradation, structural cracks and pavement shoving, a 3 inch grind and overlay of this intersection is recommended to be included in the design and delivery of the project.

Figure 1 - Project Limits

Based on the expanded scope and limits of pavement treatments, Caltrans is requiring an Aerial Deposited Lead (ADL) study for hazardous waste associated with the ground disturbance related to the grind and overlay of the existing pavement surface of Folsom Auburn Road and Folsom Lake Crossing.

Staff requested a contract amendment proposal from Kimley Horn and Associates, Inc. to incorporate the additional environmental technical study efforts, inclusion of the crack seal and slurry area, pavement restoration of Folsom Auburn Road and Folsom Lake Crossing with the associated required ADA ramp upgrades, and to complete design services for the project.

POLICY / RULE

Section 2.36.080 of the Folsom Municipal Code states, in part, that contracts for supplies, equipment, services, and construction with an estimated value of $77,426 or greater shall be awarded by the City Council.

ANALYSIS

The proposed contract amendment 1 includes the following expanded services:

- Since this project utilizes federal funding sources, it is subject to the requirements of the National Environmental Policy Act (NEPA) and compliance with Caltrans Local Assistance procedures. An Aerially Deposited Lead (ADL) assessment needs to be conducted, including soil sampling, laboratory testing, and reporting for a recertification of NEPA clearance.
- Design and cost estimate for expanded pavement preservation using crack seal and slurry from the Folsom Lake Crossing bridge deck to Folsom Auburn Road, approximately 1,200 linear feet.
- Design of intersection improvements at Folsom Auburn Road and Folsom Lake Crossing, including pavement resurfacing, roadway striping, and ADA curb ramp design.

Staff has reviewed the Kimley Horn and Associates, Inc. scope and fee to provide the additional services and concur with the level of effort required to comply with Caltrans requests and full design efforts for this phase of the project.

Staff will use the City's standard contract amendment in a form acceptable to the City Attorney.

FINANCIAL IMPACT

The City of Folsom applied for and successfully secured $1,040,000 in Congressionally Directed Spending during Fiscal Year 2024 to fund the design and construction of the Folsom Lake Crossing Safety Improvements Phase 2 Project with a total local cost share of $374,412 ($15,191 for design and $359,221 for construction)..

The Folsom Lake Crossing Safety Improvements Phase 2 Project, Project No. PW2601, was included in the Fiscal Year 2026-27 Capital Improvement Plan with a budget of $1,174,743 in the Transportation Improvement Fund (Fund 446).

If approved, the contract amendment 1 with Kimely Horn and Associates, Inc. would increase the contract by $33,000 for a new total contract amount of $165,443. There is sufficient funding in the Folsom Lake Crossing Safety Improvements Phase 2 Project budget to accommodate contract amendment 1. Costs are initially funded through the Transportation Improvement Fund (Fund 446) and reimbursed by the federal grant at an 88.53% rate.

Original Funding Amounts			
Project Phase	**Federal Funding**	**City Cost Share**	**Total**
Design	$117,251	$15,191	$132,442
Construction	$922,749	$359,221	$1,281,970
Total	**$1,040,000**	**$374,412**	**$1,414,412**
Requested Funding Amounts			
Project Phase	**Federal Funding**	**City Cost Share**	**Total**
Design	$146,466	$18,976	$165,442
Construction	$893,534	$355,436	$1,248,970
Total	**$1,040,000**	**$374,412**	**$1,414,412**

ENVIRONMENTAL REVIEW

The Folsom Lake Crossing Safety Improvement Phase 2 Project has previously been determined to be categorically exempt under the NEPA Section 23 USC 326 and 23 CFR 771.117(c): activity (c)(22). Additional NEPA compliance recertification documents will be brought to City Council at a later date.

ATTACHMENTS

1. Resolution No. 11717– A Resolution Authorizing the City Manager to Execute Contract Amendment 1 with Kimley Horn and Associates, Inc. for the Folsom Lake Crossing Safety Improvements Phase 2 Project, Project No. PW2601, in the Amount of $33,000 from the Transportation Improvement Fund (Fund 446)

2. Project Limits Map

3. Amendment 1 – Agreement for Design Consulting Services with Kimley Horn and Associates, Inc. for the Folsom Lake Crossing Safety Improvements Phase 2 Project

Submitted,

Rebecca Neves, PUBLIC WORKS DIRECTOR/CITY ENGINEER

Attachment 1

RESOLUTION NO. 11717

A RESOLUTION AUTHORIZING THE CITY MANAGER TO EXECUTE CONTRACT AMENDMENT 1 WITH KIMLEY HORN AND ASSOCIATES, INC. FOR THE FOLSOM LAKE CROSSING SAFETY IMPROVEMENTS PHASE 2 PROJECT, PROJECT NO. PW2601, IN THE AMOUNT OF $33,000 FROM THE TRANSPORTATION IMPROVEMENT FUND (FUND 446)

WHEREAS, the City of Folsom has identified the Folsom Lake Crossing Safety Improvements Phase 2 Project as a priority to improve safety along the Folsom Lake Crossing corridor; and

WHEREAS, the project was selected to receive $1.04 million in Congressionally Directed Spending funds with a local cost share of $374,412 and is eligible for federal reimbursement; and

WHEREAS, City Council adopted Resolution No. 11388 authorizing the City Manager to execute a design and engineering contract with Kimley Horn and Associates, Inc. to prepare project plans, specifications, estimate, and environmental documentation for the Folsom Lake Crossing Safety Improvements Phase 2 Project; and

WHEREAS, the City desires additional pavement preservation and restoration improvements along Folsom Lake Crossing to be included in the project scope; and

WHEREAS, Caltrans environmental review feedback and comments require expanded technical studies from the initial scope to obtain approval of the environmental document; and

WHEREAS, sufficient funds are available in the fiscal year 2026-27 adopted project budget for the Folsom Lake Crossing Safety Improvements Phase 2 Project, Project No. PW2601, in the Transportation Improvement Fund (Fund 446) for the amendment; and

WHEREAS, reimbursement will be received through Caltrans invoicing and will be credited to the Transportation Improvement Fund (Fund 446); and

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

NOW, THEREFORE, BE IT RESOLVED that the City Council of the City of Folsom authorizes the City Manager to execute Contract Amendment 1 with Kimley Horn and Associates, Inc. in the amount of $33,000 from the Transportation Improvement Fund (Fund 446) for an updated not to exceed contract amount of $165,442 for the Folsom Lake Crossing Safety Improvements Phase 2 Project, Project No. PW2601.

PASSED AND ADOPTED on this 22nd day of September 2026, by the following roll-call vote:

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

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

_____
Justin Raithel, MAYOR

ATTEST:

_____
Christa Freemantle, CITY CLERK

Attachment 2

Pinebrook Village
Phase 2 Expanded Limits
Folsom Dam
Phase 2 Original Limits
Folsom Auburn Rd
Folsom Lake Crossing
Phase 1 Limits
Google Earth

Attachment 3

CITY OF FOLSOM
AMENDMENT NO. 1 TO
AGREEMENT FOR DESIGN CONSULTING SERVICES

The Agreement for Consulting and Professional Services with **Kimley Horn and Associates, Inc,** dated **7/16/2025**, is amended as set forth on Exhibit 1, Amendment to Article III Statement of Work, Exhibit 2, Amendment to Article IV Performance Period and Exhibit 3, Amendment to Article V Allowable Costs. (Exhibit 1, Exhibit 2, and Exhibit 3 are attached hereto and incorporated herein.)

Except as amended herein, all other provisions of the Agreement remain in full force and effect.

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be duly executed.

Date:_____

City of Folsom,
A Municipal Corporation

_____
By: Bryan Whitemyer, City Manager

Date:_____

Consultant Name: Kimley Horn and Associates, Inc

_____
By: Brian Sowers, Sr. Vice President

_____
By: Benjamin Hutsar, PE, Secretary

Approved As To Content:

_____
Rebecca Neves, Public Works Director/City Engineer Date

Approved As To Form:

_____
Sari Myers Dierking, City Attorney Date

Attests:

_____
Christa Freemantle, City Clerk

Funding Available:

_____
Stacey Tamagni, Finance Director Date

NOTICE: SIGNATURE(S) ON BEHALF OF CONSULTANT MUST BE NOTARIZED.
A certificate of acknowledgment in accordance with the provisions of civil code section 1189 must be attached for each person executing this agreement on behalf of consultant. California Civil Section provides, at part (b): "Any certificate of acknowledgment taken in another place shall be sufficient in this state if it is taken in accordance with the laws of the place where the acknowledgment is made."

CALIFORNIA ACKNOWLEDGMENT CIVIL CODE § 1189

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 Alameda }

On August 26, 2026 before me, Amanda Costello, Notary Public,
Date *Here Insert Name and Title of the Officer*

personally appeared Brian Sowers and Ben Huber
Name(s) of Signer(s)

,

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.

AMANDA COSTELLO
Notary Public · California
Alameda County
Commission # 2462542
My Comm. Expires Sep 9, 2027

Place Notary Seal and/or Stamp Above

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 _____
Signature of Notary Public

OPTIONAL

Completing this information can deter alteration of the document or fraudulent reattachment of this form to an unintended document.

Description of Attached Document

Title or Type of Document: _____

Document Date: _____ Number of Pages: _____

Signer(s) Other Than Named Above: _____

Capacity(ies) Claimed by Signer(s)

Signer's Name: _____	Signer's Name: _____
☐ Corporate Officer – Title(s): _____	☐ Corporate Officer – Title(s): _____
☐ Partner – ☐ Limited ☐ General	☐ Partner – ☐ Limited ☐ General
☐ Individual ☐ Attorney in Fact	☐ Individual ☐ Attorney in Fact
☐ Trustee ☐ Guardian or Conservator	☐ Trustee ☐ Guardian or Conservator
☐ Other: _____	☐ Other: _____
Signer is Representing: _____	Signer is Representing: _____

©2019 National Notary Association

EXHIBIT 1

AMENDMENT TO ARTICLE III STATEMENT OF WORK FOR PUBLIC WORKS DEPARTMENT AGREEMENT FOR CONSULTING SERVICES WITH KIMLEY HORN AND ASSOCIATES, INC. FOR THE FOLSOM LAKE CROSSING SAFETY IMPROVEMENTS PHASE 2 FEDERAL PROJECT NO. CPFL-5288(055)

AGREEMENT FOR DESIGN CONSULTING SERVICES

WITH KIMLEY HORN AND ASSOCIATES, INC

ADDITIONAL SERVICES TO BE PROVIDED

Folsom Lake Crossing Safety Improvements Phase 2
Amendment No. 1
Additional Scope of Services

Task 1: Project Management

This task includes continued general project administration, including management of project staff, quality control, and project accounting. For this Additional Scope of Services, we have assumed the following:

- An additional 3-month project duration.

Deliverables:

- *Monthly invoices*

Task 8: ADL and Traffic Striping Site Assessment

Task 8a – Aerially Deposited Lead (ADL) Assessment

Project Coordination, USA, and Site Review

- Review the Project with the project design team to develop a sampling workplan.
- Mark the sample locations for Underground Service Alert (USA/811) and submit USA tickets.
- Prepare a traffic control plan and retain a traffic control subcontractor, if necessary.
- We assume any necessary rights-of-entry (ROE) or a no-fee encroachment permit will be provided by the City.

ADL Soil Sampling

- Sample four (4) locations, one at each corner of the intersection of Folsom Lake Crossing and Folsom-Auburn Road.
- Collect two discrete soil samples from each location, from 0 to 6 inches and 18 to 24 inches below ground surface (bgs), or until practical refusal with the hand auger equipment.
- Place the soil samples in labeled glass jars, place the jars in a cooled ice chest, and deliver them to a California-certified analytical laboratory under continuous chain-of-custody documentation.
- Decontaminate the sampling equipment between each sampling location using a distilled water rinse and a biodegradable detergent, such as Alconox™.

ADL Laboratory Testing

- Analyze samples for Total Lead by EPA Method 6010B (8 samples).
- Analyze samples with a Total Lead concentration above 50 milligrams per kilogram (mg/kg) for soluble lead by the Soluble Threshold Limit Concentration – Waste Extraction Test (STLC CA-WET) method (assume up to 4 samples).
- Analyze one (1) randomly selected sample for pH by EPA Method 9045.
- Laboratory quality assurance/quality control (QA/QC) will consist of method blanks and spike samples.

Task 8b – Traffic Striping Assessment

The Kimley-Horn team will retain and oversee a Certified Lead Inspector subcontractor to sample the yellow and white traffic striping along the project alignment in compliance with Cal/OSHA Title 8 Section 1532.1 "Lead in Construction" requirements. The Traffic Striping assessment will include up to 4 bulk samples analyzed for CAM17 Metals by EPA Method 6010B.

Task 8c - Reporting

The Kimley-Horn team will review the ADL test results, perform statistical analysis of the results, and prepare an ADL assessment report (one draft and one final) containing the following:

- Project description
- Soil sampling procedure
- Analytical test results
- Statistical analysis of test results
- Conclusions and recommendations
- Vicinity map and site map with sampling locations

We will also summarize the test results, findings, conclusions, and recommendations of the traffic stripping assessment in the same report.

Task 9: Roadway Improvements

Kimley-Horn will make up to one (1) site visit to document existing field conditions at the intersection of Folsom Lake Crossing / Folsom-Auburn Road, including if the existing curb ramps meet current Americans with Disabilities (ADA) requirements. Kimley-Horn will document its findings for City concurrence.

Kimley-Horn will prepare up to two (2) additional plan sheets to be incorporated into the existing plan set, one for illustrating the limits of curb ramp replacement and the other for pavement rehabilitation. Kimley-Horn assumes no topographic survey will be collected in connection with curb ramp design and that graphical representation of curb ramp work overlaid with aerial images will be sufficient for a contractor to bid and construct the improvements. Kimley-Horn assumes that no traffic signal modification is required to modify pedestrian push buttons and therefore excludes traffic signal design from our Scope of Services.

Kimley-Horn assumes that pavement rehabilitation at the intersection of Folsom Lake Crossing / Folsom-Auburn Road will be limited to a 3" grind and overlay. As such, no geotechnical analysis is included in our Scope of Services.

Schedule

We will provide our services as expeditiously as practicable with the goal of meeting the following schedule:

- Draft ADL Assessment Report
  - Within six (6) weeks of receipt of Notice to Proceed
- Roadway Improvement Plans
  - Within three (3) weeks of receipt of Notice to Proceed

Fee

Kimley-Horn will perform the services outlined above for the total lump sum fee below.

Task		Fee
1	Additional Project Management	$3,377.54
8	ADL and Traffic Striping Site Assessment	$4,555.36
9	Roadway Improvements	$9,580.63
	Subtotal	$17,513.54
	Other Direct Cost	$15,486.46
	Total Cost for Additional Services:	**$33,000.00**

CITY OF FOLSOM
Folsom Lake Crossing Safety Improvements Phase 2
Amendment No. 1
8/20/2026

195.54%	Overhead%		Kimley-Horn and Associates, Inc.												
		Name	Hunter Young	Matt Weir	Sr. Professional III	Sr. Professional II	Sr. Professional I	Professional III	Professional II	Professional I	Analyst II	Analyst I	Project Support	TOTAL HOURS	TOTAL COST
195.57%	Overhead% w/o FCCM	Category/Title	Project Manager	Principal-In-Charge											
14%	Fee%	Direct Rate	$86.74	$116.20	$124.92	$103.74	$88.41	$76.73	$69.97	$60.45	$55.47	$46.32	$39.05		
		Billing Rate	$293.11	$392.66	$422.13	$350.56	$298.75	$259.29	$236.44	$204.27	$187.44	$156.52	$131.96		
Task 1	**Project Management**		**5**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**8**	**5**	**18**	**$ 3,377.54**
	Project Meetings / Administration		5									8	5	18	$ 3,377.54
Task 8	**ADL and Traffic Striping Site Assessment**		**6**	**0**	**6**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**2**	**14**	**$ 4,555.36**
	Aerially Deposited Lead (ADL) Assessment		2											2	$ 586.22
	Traffic Striping Assessment		2											2	$ 586.22
	Reporting / Caltrans Coordination		2		6								2	10	$ 3,382.92
Task 9	**Roadway Improvements**		**9**	**0**	**2**	**0**	**0**	**0**	**0**	**4**	**24**	**5**	**0**	**44**	**$ 9,580.63**
	Site Visit and ADA Inspection Reports		2								4			6	$ 1,336.00
	100% PS&E		7		2					4	20	5		38	$ 8,244.63
	TOTAL HOURS		**20**	**0**	**8**	**0**	**0**	**0**	**0**	**4**	**24**	**13**	**7**	**76**	
	Subtotal Labor:		**$5,862.23**	**$0.00**	**$3,377.04**	**$0.00**	**$0.00**	**$0.00**	**$0.00**	**$817.09**	**$4,498.66**	**$2,034.82**	**$923.70**		**$ 17,513.54**
	Other Direct Costs														**$ 15,486.46**
	Labor Escalation														$ -
	Travel/Mileage/Printing/Courier Services														$ 47.46
	Blackburn Consulting														$ 15,439.00
	TOTAL COST:														**$ 33,000.00**

EXHIBIT 2

AMENDMENT TO
ARTICLE IV PERFORMANCE PERIOD FOR
PUBLIC WORKS DEPARTMENT
AGREEMENT FOR CONSULTING SERVICES WITH
KIMLEY HORN AND ASSOCIATES, INC.
FOR THE FOLSOM LAKE CROSSING
SAFETY IMPROVEMENTS PHASE 2
FEDERAL PROJECT NO. CPFL-5288(055)

AGREEMENT FOR DESIGN CONSULTING SERVICES

WITH KIMLEY HORN AND ASSOCIATES, INC

From:

ARTICLE IV PERFORMANCE PERIOD

A. This AGREEMENT shall go into effect on (June 11th 2025), contingent upon approval by LOCAL AGENCY, and CONSULTANT shall commence work after notification to proceed by LOCAL AGENCY'S Contract Administrator. The AGREEMENT shall end on (June 30th 2026), unless extended by AGREEMENT amendment.

To:

ARTICLE IV PERFORMANCE PERIOD

A. This AGREEMENT shall go into effect on (June 11th 2025), contingent upon approval by LOCAL AGENCY, and CONSULTANT shall commence work after notification to proceed by LOCAL AGENCY'S Contract Administrator. The AGREEMENT shall end on (June 30th 2027), unless extended by AGREEMENT amendment.

EXHIBIT 3

AMENDMENT TO
ARTICLE V ALLOWABLE COSTS FOR
PUBLIC WORKS DEPARTMENT
AGREEMENT FOR CONSULTING SERVICES WITH
KIMLEY HORN AND ASSOCIATES, INC.
FOR THE FOLSOM LAKE CROSSING
SAFETY IMPROVEMENTS PHASE 2
FEDERAL PROJECT NO. CPFL-5288(055)

AGREEMENT FOR DESIGN CONSULTING SERVICES

WITH KIMLEY HORN AND ASSOCIATES, INC

From:
ARTICLE V ALLOWABLE COSTS AND PAYMENTS
E. The total amount payable by LOCAL AGENCY shall not exceed $(132,442.19).

To:
ARTICLE V ALLOWABLE COSTS AND PAYMENTS
E. The total amount payable by LOCAL AGENCY shall not exceed $(165,442.19).

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CITY OF
FOLSOM
DISTINCTIVE BY NATURE

Folsom City Council
Staff Report

MEETING DATE:	9/22/2026
AGENDA SECTION:	Consent Calendar
SUBJECT:	Resolution No. 11720 - A Resolution Authorizing the City Manager to Execute a Cooperative Service Agreement with the State Department of Transportation (Caltrans) for Plans, Specifications, and Estimate Design Oversight of the Empire Ranch Road Interchange Project, Project No. PW1804
FROM:	Public Works Department

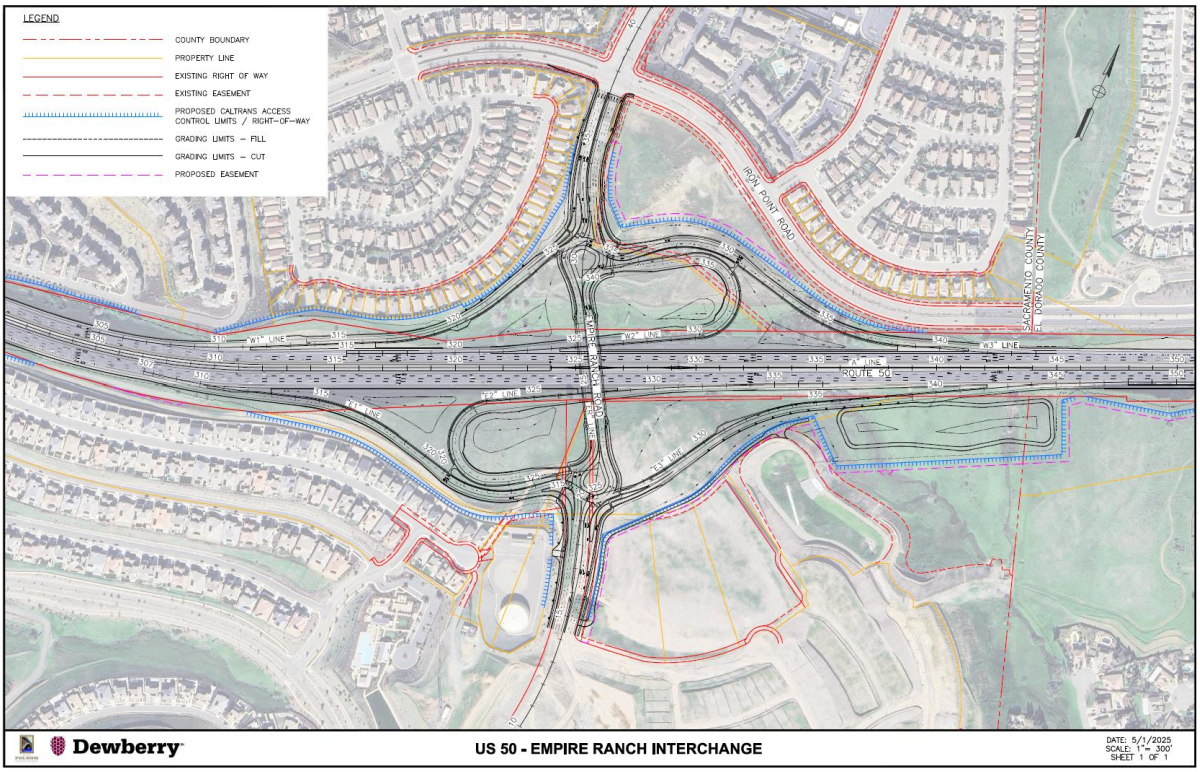
RECOMMENDATION / CITY COUNCIL ACTION

The Public Works Department recommends that the City Council pass and adopt Resolution No. 11720- A Resolution Authorizing the City Manager to Execute a Cooperative Service Agreement with the State Department of Transportation (Caltrans) for Plans, Specifications, and Estimate Design Oversight of the Empire Ranch Road Interchange Project, Project No. PW1804.

BACKGROUND / ISSUE

The Empire Ranch Road Interchange Project has been a planned capital project for many years, and with the development of the Folsom Plan Area, an increasing need for congestion relief within the East Bidwell Street interchange and corridor has become prevalent. This proposed interchange will create a new connection to US 50 and include a multi-modal overcrossing in the north-south direction, serving as a parallel route to East Bidwell Street.

Staff and the project team have been progressing through the environmental clearance phase for both the California Environmental Quality Act (CEQA) and the National Environmental Policy Act (NEPA). As part of concluding the environmental process with Caltrans and Federal Highways, an approved Final Project Report is required along with Cooperative Agreements for oversight of the design and right of way for all on-system (on-highway) projects. A graphic of the project limits and footprint is provided below.



POLICY / RULE

Per the Folsom Municipal Code, the City Council is the sole authority for entering into agreements between the City and another party.

ANALYSIS

The Cooperative Service Agreement provided by Caltrans establishes the framework for the purpose, authority, and responsibilities between the City of Folsom, as the implementing agency of the design, and Caltrans, which provides design oversight for the duration of the project. The proposed item will allow the project to proceed to the design phase following revalidation of the NEPA environmental document and final signature of the Project Report. The Project Report is currently routed for final signatures within Caltrans, and the estimated completion is the end of October. Staff will return to Council to issue an amendment to the consultant contract with Dewberry Engineers, Inc., which will include final design and right of way services to move the project to a "shovel ready" state of final bid documents. When staff returns to Council, a formal presentation and project update will be provided.

FINANCIAL IMPACT

There is no direct financial impact associated with this action at this time. Public Works Department staff will work with Caltrans throughout the design phase in preparation for delivery of the project.

ENVIRONMENTAL REVIEW

This action of entering into a cooperative service agreement is exempt from environmental review under the California Environmental Quality Act (CEQA). Any individual projects undertaken through this agreement will obtain the necessary environmental permits on a project-by-project basis.

ATTACHMENTS

1. Resolution No. 11720 - A Resolution Authorizing the City Manager to Execute a Cooperative Service Agreement with the State Department of Transportation (Caltrans) for Plans, Specifications, and Estimate Design Oversight of the Empire Ranch Road Interchange Project, Project No. PW1804

2. Cooperative Service Agreement between the City of Folsom and Caltrans for Oversight of the PS&E phase for the Empire Ranch Road Interchange

Respectfully Submitted,

Rebecca Neves, Public Works Director/City Engineer

Attachment 1

RESOLUTION NO. 11720

A RESOLUTION AUTHORIZING THE CITY MANAGER TO EXECUTE A COOPERATIVE SERVICE AGREEMENT WITH THE STATE DEPARTMENT OF TRANSPORTATION (CALTRANS) FOR PLANS, SPECIFICATIONS, AND ESTIMATE DESIGN OVERSIGHT OF THE EMPIRE RANCH ROAD INTERCHANGE, PROJECT NO. PW1804

WHEREAS, the City of Folsom is the lead and implementing agency for the Empire Ranch Road Interchange Project, located within state right of way and proposed to construct a new connection to US-50 as part of the project; and

WHEREAS, Caltrans is the oversight authority for US 50, and the National Environmental Policy Act (NEPA) delegated oversight for this on-system project; and

WHEREAS, the City has progressed in the environmental clearance of the project, and execution of this agreement is required prior to completion of the NEPA environmental document revalidation and authorization to proceed into design; and

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

NOW, THEREFORE, BE IT RESOLVED that the City Council of the City of Folsom Authorizes the City Manager to Execute a Cooperative Service Agreement with the State Department of Transportation (Caltrans) for Plans, Specifications, and Estimate Design Oversight of the Empire Ranch Road Interchange Project, Project No. PW1804.

PASSED AND ADOPTED this 22nd day of September 2026, by the following roll-call vote:

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

_____
Justin Rathiel, MAYOR

ATTEST:

_____
Christa Freemantle, CITY CLERK

Attachment 2

Agreement No. 03-0882
Project No.: 0300000243
EA: 03-1C950
03-SAC-50-21.500/23.100

COOPERATIVE AGREEMENT COVER SHEET

Work Description

CALTRANS WILL PROVIDE OVERSIGHT FOR THE PS&E PHASE OF AN INTERCHANGE PROJECT IN FOLSOM ON ROUTE 50, BETWEEN EAST BIDWELL AND EL DORADO HILLS

Contact Information

The information provided below indicates the primary contact information for each PARTY to this AGREEMENT. PARTIES will notify each other in writing of any personnel or location changes. Contact information changes do not require an amendment to this AGREEMENT.

CALTRANS

Soka Soka, Project Manager

703 B St.

Marysville, CA 95901

Office Phone: (530) 682-6236

Email: soka.soka@dot.ca.gov

CITY OF FOLSOM

Turaj Hosseini, Capital Projects Manager

50 Natoma St.

Folsom, CA 95630

Office Phone: (916) 461-6718

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Agreement No. 03-0882
Project No.: 0300000243
EA: 03-1C950
03-SAC-50-21.500/23.100

Table of Contents

COOPERATIVE AGREEMENT COVER SHEET 1
Work Description 1
Contact Information 1
CALTRANS 1
CITY OF FOLSOM 1
COOPERATIVE AGREEMENT 4
RECITALS 4
RESPONSIBILITIES 6
Sponsorship 6
Implementing Agency 6
Funding 7
CALTRANS' Quality Management 7
CEQA/NEPA Lead Agency 8
Environmental Permits, Approvals and Agreements 8
Plans, Specifications, and Estimate (PS&E) 9
Schedule 10
Additional Provisions 10
Standards 10
Noncompliant Work 11
Qualifications 11
Consultant Selection 11
Encroachment Permits 11
Protected Resources 11
Disclosures 12
Hazardous Materials 12
Claims 14

Accounting and Audits 14
Interruption of Work 14
Penalties, Judgments and Settlements 15
Project Files 15
Environmental Compliance 15
GENERAL CONDITIONS 15
Venue 16
Exemptions 16
Indemnification 16
Non-parties 17
Ambiguity and Performance 17
Defaults 17
Dispute Resolution 18
Prevailing Wage 18
SIGNATURES 20

Agreement No. 03-0882
Project No.: 0300000243
EA: 03-1C950
03-SAC-50-21.500/23.100

COOPERATIVE AGREEMENT

This AGREEMENT, executed on and effective from _____, is between the State of California, acting through its Department of Transportation, referred to as CALTRANS, and:

City of Folsom, a body politic and municipal corporation or chartered city of the State of California, referred to hereinafter as CITY.

An individual signatory agency in this AGREEMENT is referred to as a PARTY. Collectively, the signatory agencies in this AGREEMENT are referred to as PARTIES.

RECITALS

1. PARTIES are authorized to enter into a cooperative agreement for improvements to the State Highway System (SHS) per the California Streets and Highways Code, Sections 114 and 130.

2. For the purpose of this AGREEMENT, *Caltrans will provide oversight for the PS&E phase of an interchange project in Folsom on Route 50, between East Bidwell and El Dorado Hills*, will be referred to hereinafter as PROJECT. The PROJECT scope of work is defined in the project initiation and approval documents.

3. All obligations and responsibilities assigned in this AGREEMENT to complete the following PROJECT COMPONENT will be referred to hereinafter as WORK:

   - PLANS, SPECIFICATIONS, AND ESTIMATE (PS&E)

   Each PROJECT COMPONENT is defined in the CALTRANS Workplan Standards Guide as a distinct group of activities/products in the project planning and development process.

4. The term AGREEMENT, as used herein, includes this document and any attachments, exhibits, and amendments.

This AGREEMENT is separate from and does not modify or replace any other cooperative agreement or memorandum of understanding between the PARTIES regarding the PROJECT.

PARTIES intend this AGREEMENT to be their final expression that supersedes any oral understanding or writings pertaining to the WORK. The requirements of this AGREEMENT will preside over any conflicting requirements in any documents that are made an express part of this AGREEMENT.

If any provisions in this AGREEMENT are found by a court of competent jurisdiction to be, or are in fact, illegal, inoperative, or unenforceable, those provisions do not render any or all other AGREEMENT provisions invalid, inoperative, or unenforceable, and those provisions will be automatically severed from this AGREEMENT.

Except as otherwise provided in the AGREEMENT, PARTIES will execute a written amendment if there are any changes to the terms of this AGREEMENT.

PARTIES agree to sign a CLOSURE STATEMENT to terminate this AGREEMENT. However, all indemnification, document retention, audit, claims, environmental commitment, legal challenge, maintenance and ownership articles will remain in effect until terminated or modified in writing by mutual agreement or expire by the statute of limitations.

5. The following work associated with this PROJECT has been completed or is in progress:

- CITY completed the Project Initiation Document (PID) on April 2, 2002 (Cooperative Agreement No. 03-0232).
- CITY approved the Environmental Impact Report (EIR) on March 1, 2007. (Cooperative Agreement No. 03-0629)
- CALTRANS approved the Finding of No Significant Impact (FONSI) on May 8, 2007. (Cooperative Agreement No. 03-0629)
- CALTRANS approved the Draft Project Report (DPR) on January 14, 2026 (Cooperative Agreement No. 03-0629)
- CITY is developing the Draft Supplemental EIR/Re-Evaluation (Cooperative Agreement No. 03-0629)
- CITY is developing the Supplemental Project Report (Cooperative Agreement No. 03-0629)

6. In this AGREEMENT capitalized words represent defined terms, initialisms, or acronyms.

7. PARTIES hereby set forth the terms, covenants, and conditions of this AGREEMENT.

RESPONSIBILITIES

Sponsorship

8. A SPONSOR is responsible for establishing the scope of the PROJECT and securing the financial resources to fund the WORK. A SPONSOR is responsible for securing additional funds when necessary or implementing PROJECT changes to ensure the WORK can be completed with the funds committed in this AGREEMENT.

   PROJECT changes, as described in the CALTRANS Project Development Procedures Manual, will be approved by CALTRANS as the owner/operator of the State Highway System.

9. CITY is the SPONSOR for the WORK in this AGREEMENT.

Implementing Agency

10. The IMPLEMENTING AGENCY is the PARTY responsible for managing the scope, cost, schedule, and quality of the work activities and products of a PROJECT COMPONENT.

    - CITY is the Plans, Specifications, and Estimate (PS&E) IMPLEMENTING AGENCY.

    PS&E includes the development of the plans, specifications, and estimate; obtaining any resource agency permits; and the advertisement/award of the construction contract.

11. CITY will provide a Quality Management Plan (QMP) for the WORK in every PROJECT COMPONENT that they are implementing. The QMP describes the IMPLEMENTING AGENCY's quality policy and how it will be used. The QMP will include a process for resolving disputes between the PARTIES at the team level. The QMP is subject to CALTRANS review and concurrence.

12. Any PARTY responsible for completing WORK will make its personnel and consultants that prepare WORK available to help resolve WORK-related problems and changes for the entire duration of the PROJECT including PROJECT work that may occur under separate agreements.

Funding

13. The WORK does not use funds administered by CALTRANS. PARTIES will amend this AGREEMENT should this condition change.

14. Each PARTY is responsible for the costs they incur in performing the WORK.

CALTRANS' Quality Management

15. CALTRANS, as the owner/operator of the State Highway System (SHS), will perform quality management work including Quality Management Assessment (QMA) and owner/operator approvals for the portions of WORK within the existing and proposed SHS right-of-way.

16. CALTRANS' Quality Management Assessment (QMA) efforts are to ensure that CITY's quality assurance results in WORK that is in accordance with the applicable standards and the PROJECT's quality management plan (QMP). QMA does not include any efforts necessary to develop or deliver WORK or any validation by verifying or rechecking WORK.

    When CALTRANS performs QMA, it does so for its own benefit. No one can assign liability to CALTRANS due to its QMA.

17. CALTRANS, as the owner/operator of the State Highway System, will approve WORK products in accordance with CALTRANS policies and guidance and as indicated in this AGREEMENT.

18. CITY will provide WORK-related products and supporting documentation upon CALTRANS' request for the purpose of CALTRANS' quality management work.

19. The cost of CALTRANS' quality management work is to be borne by CALTRANS.

CEQA/NEPA Lead Agency

20. CITY is the CEQA Lead Agency for the PROJECT.

21. CALTRANS is a CEQA Responsible Agency for the PROJECT.

22. CALTRANS is the NEPA Lead Agency for the PROJECT.

Environmental Permits, Approvals and Agreements

23. CITY will comply with the commitments and conditions set forth in the environmental documentation, environmental permits, approvals, and applicable agreements as those commitments and conditions apply to CITY's responsibilities in this AGREEMENT.

24. Unless otherwise assigned in this AGREEMENT, the IMPLEMENTING AGENCY for a PROJECT COMPONENT is responsible for all PROJECT COMPONENT WORK associated with coordinating, obtaining, implementing, renewing, and amending the PROJECT permits, agreements, and approvals whether they are identified in the planned project scope of work or become necessary in the course of completing the PROJECT.

25. The PROJECT requires the following environmental permits/approvals:

ENVIRONMENTAL PERMITS/REQUIREMENTS
401 Regional Water Quality Control Board
404 US Army Corps of Engineers
National Pollutant Discharge Elimination System (NPDES)/State Water Resources Control Board
1602 California Department of Fish & Wildlife
Air Quality Permits

Plans, Specifications, and Estimate (PS&E)

26. As the PS&E IMPLEMENTING AGENCY, CITY is responsible for all PS&E WORK except those activities and responsibilities that are assigned to another PARTY and those activities that are excluded under this AGREEMENT.

27. CALTRANS will be responsible for completing the following PS&E activities:

CALTRANS Work Breakdown Structure Identifier (If Applicable)
100.15.10.xx Quality Management

28. This AGREEMENT does not include the RIGHT-OF-WAY PROJECT COMPONENT. Completion of PS&E may depend upon completion of some RIGHT-OF-WAY activities. PARTIES acknowledge that the WORK may not result in a product that can be used to advertise and award a contract for the CONSTRUCTION PROJECT COMPONENT without completing some activities under a separate agreement or by later amending this AGREEMENT.

29. CITY will prepare Utility Conflict Maps identifying the accommodation, protection, relocation, or removal of any existing utility facilities that conflict with construction of the PROJECT or that violate CALTRANS' encroachment policy.

CITY will provide CALTRANS a copy of Utility Conflict Maps for CALTRANS' concurrence prior to issuing the Notices to Owner and executing the utility agreement. All utility conflicts will be addressed in the PROJECT plans, specifications, and estimate.

30. CITY will determine the cost to positively identify and locate, accommodate, protect, relocate, or remove any utility facilities whether inside or outside the State Highway System right-of-way in accordance with federal and California laws and regulations, and CALTRANS' policies, procedures, standards, practices, and applicable agreements including but not limited to Freeway Master Contracts.

Schedule

31. PARTIES will manage the WORK schedule to ensure the timely use of committed funds and to ensure compliance with any environmental permits, right-of-way agreements, construction contracts, and any other commitments. PARTIES will communicate schedule risks or changes as soon as they are identified and will actively manage and mitigate schedule risks.

Additional Provisions

Standards

32. PARTIES will perform all WORK in accordance with federal and California laws, regulations, and standards; Federal Highway Administration (FHWA) standards; and CALTRANS standards. CALTRANS standards include, but are not limited to, the guidance provided in the:

- CADD Users Manual
- CALTRANS policies and directives
- Plans Preparation Manual
- Project Development Procedures Manual (PDPM)
- Workplan Standards Guide
- Standard Environmental Reference
- Highway Design Manual
- Right of Way Manual
- Stewardship and Oversight Agreement
- Construction Manual Supplement for Local Agency Resident Engineers
- Local Agency Structure Representative Guidelines

Noncompliant Work

33. CALTRANS retains the right to reject noncompliant WORK. CITY agrees to suspend WORK upon request by CALTRANS for the purpose of protecting public safety, preserving property rights, and ensuring that all WORK is in the best interest of the State Highway System.

Qualifications

34. Each PARTY will ensure that personnel participating in WORK are appropriately qualified or licensed to perform the tasks assigned to them.

Consultant Selection

35. CITY will invite CALTRANS to participate in the selection of any consultants that participate in the WORK.

Encroachment Permits

36. CALTRANS will issue, upon proper application, the encroachment permit required for WORK within State Highway System (SHS) right-of-way. CITY, their contractors, consultants, agents, and utility owners will not work within the SHS right-of-way without an encroachment permit issued by CALTRANS. CALTRANS will provide an encroachment permit to CITY at no cost. CITY's contractors, consultants, and agents may work under the same permit after completing, signing, and submitting the contractor's authorization form TR-0429 to CALTRANS. If the encroachment permit and this AGREEMENT conflict, the requirements of this AGREEMENT will prevail.

37. The IMPLEMENTING AGENCY for a PROJECT COMPONENT will coordinate, prepare, obtain, implement, renew, and amend any encroachment permits needed to complete the WORK.

Protected Resources

38. If any PARTY discovers unanticipated cultural, archaeological, paleontological, or other protected resources during WORK, all WORK in that area will stop and that PARTY will

notify all PARTIES within 24 hours of discovery. WORK may only resume after a qualified professional has evaluated the nature and significance of the discovery and CALTRANS approves a plan for its removal or protection.

Disclosures

39. PARTIES will hold all administrative drafts and administrative final reports, studies, materials, and documentation relied upon, produced, created, or utilized for the WORK in confidence to the extent permitted by law and where applicable, the provisions of California Government Code, Section 7921.505(c)(5) will protect the confidentiality of such documents in the event that said documents are shared between PARTIES.

    PARTIES will not distribute, release, or share said documents with anyone other than employees, agents, and consultants who require access to complete the WORK without the written consent of the PARTY authorized to release them, unless required or authorized to do so by law.

40. If a PARTY receives a public records request pertaining to the WORK, that PARTY will notify PARTIES within five (5) working days of receipt and make PARTIES aware of any disclosed public records.

Hazardous Materials

41. HM-1 is hazardous material (including, but not limited to, hazardous waste) that may require removal and disposal pursuant to federal or state law, whether it is disturbed by the PROJECT or not.

    HM-2 is hazardous material (including, but not limited to, hazardous waste) that may require removal and disposal pursuant to federal or state law only if disturbed by the PROJECT.

    The management activities related to HM-1 and HM-2, including and without limitation, any necessary manifest requirements and disposal facility designations are referred to herein as HM-1 MANAGEMENT and HM-2 MANAGEMENT respectively.

42. If HM-1 or HM-2 is found, the discovering PARTY will immediately notify all other PARTIES.

43. CALTRANS, independent of the PROJECT, is responsible for any HM-1 found within the existing State Highway System right-of-way. CALTRANS will undertake, or cause to be undertaken, HM-1 MANAGEMENT with minimum impact to the PROJECT schedule.

CALTRANS, independent of the PROJECT, will pay, or cause to be paid, the cost of HM-1 MANAGEMENT related to HM-1 found within the existing State Highway System right-of-way.

44. CITY, independent of the PROJECT, is responsible for any HM-1 found within the PROJECT limits and outside the existing State Highway System right-of-way. CITY will undertake, or cause to be undertaken, HM-1 MANAGEMENT with minimum impact to the PROJECT schedule.

CITY, independent of the PROJECT, will pay, or cause to be paid, the cost of HM-1 MANAGEMENT for HM-1 found within the PROJECT limits and outside of the existing State Highway System right-of-way.

45. The CONSTRUCTION IMPLEMENTING AGENCY is responsible for HM-2 MANAGEMENT within the PROJECT limits.

CITY and CALTRANS will comply with the Soil Management Agreement for Aerially Deposited Lead Contaminated Soils (Soil Management Agreement) executed between CALTRANS and the California Department of Toxic Substances Control (DTSC). Under Section 3.2 of the Soil Management Agreement, CALTRANS and CITY each retain joint and severable liability for noncompliance with the provisions of the Soil Management Agreement. CITY will assume all responsibilities assigned to CALTRANS in the Soil Management Agreement during PROJECT COMPONENTS for which they are the IMPLEMENTING AGENCY except for final placement and burial of soil within the State right-of-way, per Section 4.5 of the Soil Management Agreement, which is subject to CALTRANS concurrence and reporting to DTSC which will be performed by CALTRANS.

46. CALTRANS' acquisition or acceptance of title to any property on which any HM-1 or HM-2 is found will proceed in accordance with CALTRANS' policy on such acquisition.

Claims

47. CITY may accept, reject, compromise, settle, or litigate claims of any consultants or contractors hired to complete WORK without concurrence from the other PARTY.

48. PARTIES will confer on any claim that may affect the WORK or PARTIES' liability or responsibility under this AGREEMENT in order to retain resolution possibilities for potential future claims. No PARTY will prejudice the rights of another PARTY until after PARTIES confer on the claim.

49. If the WORK expends state or federal funds, each PARTY will comply with the Federal Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards of 2 CFR, Part 200. PARTIES will ensure that any for-profit consultant hired to participate in the WORK will comply with the requirements in 48 CFR, Chapter 1, Part 31. When state or federal funds are expended on the WORK these principles and requirements apply to all funding types included in this AGREEMENT.

Accounting and Audits

50. If the WORK expends state or federal funds, each PARTY will undergo an annual audit in accordance with the Single Audit Act in the Federal Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards as defined in 2 CFR, Part 200.

51. When a PARTY reimburses a consultant for WORK with state or federal funds, the procurement of the consultant and the consultant overhead costs will be in accordance with the Local Assistance Procedures Manual, Chapter 10.

Interruption of Work

52. If WORK stops for any reason, IMPLEMENTING AGENCY will place the PROJECT right-of-way in a safe and operable condition acceptable to CALTRANS.

53. If WORK stops for any reason, each PARTY will continue with environmental commitments included in the environmental documentation, permits, agreements, or approvals that are in effect at the time that WORK stops, and will keep the PROJECT in environmental compliance until WORK resumes.

Penalties, Judgments and Settlements

54. The cost of awards, judgments, fines, interest, penalties, attorney's fees, and/or settlements generated by the WORK are considered WORK costs.

55. The cost of legal challenges to the environmental process or documentation are considered WORK costs.

56. Any PARTY whose action or lack of action causes the levy of fines, interest, or penalties will indemnify and hold all other PARTIES harmless per the terms of this AGREEMENT.

Project Files

57. CITY will furnish CALTRANS with the Project History Files related to the PROJECT facilities on State Highway System within sixty (60) days following the completion of each PROJECT COMPONENT. CITY will assure that the Project History Files are prepared and submitted in compliance with the Project Development Procedures Manual, and Construction Manual.

Environmental Compliance

58. If during performance of WORK additional activities or environmental documentation is necessary to keep the PROJECT in environmental compliance, PARTIES will amend this AGREEMENT to include completion of those additional tasks.

GENERAL CONDITIONS

59. All portions of this AGREEMENT, including the RECITALS section, are enforceable.

Venue

60. PARTIES understand that this AGREEMENT is in accordance with and governed by the Constitution and laws of the State of California. This AGREEMENT will be enforceable in the State of California. Any PARTY initiating legal action arising from this AGREEMENT will file and maintain that legal action in the Superior Court of the county in which the CALTRANS district office that is signatory to this AGREEMENT resides, or in the Superior Court of the county in which the PROJECT is physically located.

Exemptions

61. All CALTRANS' obligations and commitments under this AGREEMENT are subject to the appropriation of resources by the Legislature, the State Budget Act authority, programming and allocation of funds by the California Transportation Commission (CTC).

Indemnification

62. Neither CALTRANS nor any of its officers and employees, are responsible for any injury, damage, or liability occurring by reason of anything done or omitted to be done by CITY, its contractors, sub-contractors, and/or its agents under or in connection with any work, authority, or jurisdiction conferred upon CITY under this AGREEMENT. It is understood and agreed that CITY, to the extent permitted by law, will defend, indemnify, and save harmless CALTRANS and all of its officers and employees from all claims, suits, or actions of every name, kind, and description brought forth under, but not limited to, tortious, contractual, inverse condemnation, or other theories and assertions of liability occurring by reason of anything done or omitted to be done by CITY, its contractors, sub-contractors, and/or its agents under this AGREEMENT.

63. Neither CITY nor any of its officers and employees, are responsible for any injury, damage, or liability occurring by reason of anything done or omitted to be done by CALTRANS, its contractors, sub-contractors, and/or its agents under or in connection with any work, authority, or jurisdiction conferred upon CALTRANS under this AGREEMENT. It is understood and agreed that CALTRANS, to the extent permitted by

law, will defend, indemnify, and save harmless CITY and all of its officers and employees from all claims, suits, or actions of every name, kind, and description brought forth under, but not limited to, tortious, contractual, inverse condemnation, or other theories and assertions of liability occurring by reason of anything done or omitted to be done by CALTRANS, its contractors, sub-contractors, and/or its agents under this AGREEMENT.

Non-parties

64. PARTIES do not intend this AGREEMENT to create a third-party beneficiary or define duties, obligations, or rights for entities in PARTIES not signatory to this AGREEMENT. PARTIES do not intend this AGREEMENT to affect their legal liability by imposing any standard of care for fulfilling the WORK different from the standards imposed by law.

65. PARTIES will not assign or attempt to assign obligations to entities not signatory to this AGREEMENT without an amendment to this AGREEMENT.

Ambiguity and Performance

66. Neither PARTY will interpret any ambiguity contained in this AGREEMENT against the other PARTY. PARTIES waive the provisions of California Civil Code, Section 1654.

A waiver of a PARTY's performance under this AGREEMENT will not constitute a continuous waiver of any other provision.

67. A delay or omission to exercise a right or power due to a default does not negate the use of that right or power in the future when deemed necessary.

Defaults

68. If any PARTY defaults in its performance of the WORK, a non-defaulting PARTY will request in writing that the default be remedied within thirty (30) calendar days. If the defaulting PARTY fails to do so, the non-defaulting PARTY may initiate dispute resolution.

Dispute Resolution

69. PARTIES will first attempt to resolve AGREEMENT disputes at the PROJECT team level as described in the Quality Management Plan. If they cannot resolve the dispute themselves, the CALTRANS District Director and the Executive Officer of CITY will attempt to negotiate a resolution. If PARTIES do not reach a resolution, PARTIES' legal counsel will initiate mediation. PARTIES agree to participate in mediation in good faith and will share equally in its costs.

Neither the dispute nor the mediation process relieves PARTIES from full and timely performance of the WORK in accordance with the terms of this AGREEMENT. However, if any PARTY stops fulfilling its obligations, any other PARTY may seek equitable relief to ensure that the WORK continues.

Except for equitable relief and/or to preserve the statute of limitations, no PARTY may file a civil complaint until after mediation, or forty-five (45) calendar days after filing the written mediation request, whichever occurs first.

PARTIES will file any civil complaints in the Superior Court of the county in which the CALTRANS District Office signatory to this AGREEMENT resides or in the Superior Court of the county in which the PROJECT is physically located.

70. PARTIES maintain the ability to pursue alternative or additional dispute remedies if a previously selected remedy does not achieve resolution.

Prevailing Wage

71. When WORK falls within the Labor Code § 1720(a)(1) definition of "public works" in that it is construction, alteration, demolition, installation, or repair; or maintenance work under Labor Code § 1771, PARTIES will conform to the provisions of Labor Code §§ 1720-1815, and all applicable provisions of California Code of Regulations, Title 8, Division 1, Chapter 8, Subchapter 3, Articles 1-7. PARTIES will include prevailing wage requirements in contracts for public work and require contractors to include the same prevailing wage requirements in all subcontracts.

Work performed by a PARTY's own employees is exempt from the Labor Code's Prevailing Wage requirements.

If WORK is paid for, in whole or part, with federal funds and is of the type of work subject to federal prevailing wage requirements, PARTIES will conform to the provisions of the Davis-Bacon and Related Acts, 40 U.S.C. §§ 3141-3148.

When applicable, PARTIES will include federal prevailing wage requirements in contracts for public works. WORK performed by a PARTY's employees is exempt from federal prevailing wage requirements.

Agreement No. 03-0882
Project No.: 0300000243
EA: 03-1C950
03-SAC-50-21.500/23.100

SIGNATURES

PARTIES are authorized to enter into this AGREEMENT and have delegated to the undersigned the authority to execute this AGREEMENT on behalf of the respective agencies and hereby covenants to have followed all the necessary legal requirements to validly execute this AGREEMENT. By signing below, the PARTIES each expressly agree to execute this AGREEMENT electronically.

The PARTIES acknowledge that executed copies of this AGREEMENT may be exchanged by facsimile or email, and that such copies shall be deemed to be effective as originals.

STATE OF CALIFORNIA
DEPARTMENT OF TRANSPORTATION

Greg Wong
Deputy District Director, D3 Program,
Project and Asset Management

Verification of Funds and Authority:

Kasen Knight
Kasen Knight (Aug 21, 2026 11:31:43 PDT)

District 3 Project Control Officer

CITY OF FOLSOM

Bryan Whitemyer
City Manager

Attest:

Sari Dierking
City Attorney

Rebecca Neves
Public Works Director/City Engineer

Christa Freemantle
City Clerk

Folsom City Council
Staff Report

MEETING DATE:	9/22/2026
AGENDA SECTION:	Consent Calendar
SUBJECT:	Resolution No. 11721 - A Resolution Approving the Establishment of a New Classification and the Associated Salary Range: Property & Evidence Supervisor
FROM:	Human Resources Department

RECOMMENDATION / CITY COUNCIL ACTION

The Human Resources Department recommends that the City Council pass and adopt Resolution No. 11721 - A Resolution Approving the Establishment of a New Classification and the Associated Salary Range: Property & Evidence Supervisor.

BACKGROUND / ISSUE

Police Department – Property & Evidence Supervisor

The Police Department is requesting a dedicated Property and Evidence Supervisor to oversee this high-liability function. Supervision currently falls to a detective sergeant as one of several competing duties, while day-to-day operations are handled by line-level Community Service Officers. This function covers the receipt, documentation, security, storage, and disposition of evidence and property, work that's critical to preserving chain of custody, supporting prosecutions, and limiting the City's liability. The California Commission on Peace Officer Standards and Training (POST) identifies effective evidence management as a core component of the criminal justice system. A dedicated supervisor would provide consistent oversight, serve as the Department's subject-matter expert, and coordinate with investigations, records, and the courts.

POLICY / RULE

Over the course of a fiscal year, organizational adjustments and staffing changes occur that may necessitate updates to the Adopted Position Detail. Pursuant to Folsom Municipal Code Section 3.02.030(D), the City Manager may transfer authorized positions between departments, divisions, or programs, but not between funds, so long as the fund's total appropriation isn't exceeded, the transferred position's salary is at the same or lower level and amount than the prior incumbent, and the appropriation transfer follows the referenced section's procedures.

ANALYSIS

Human Resources and the Police Department developed a new job specification and salary schedule for the Property & Evidence Supervisor position, which would be represented by the Folsom Police Officers Association (FPOA). To establish the salary range, staff conducted a market study of comparable agencies, as identified in the FPOA MOU, Article V, Section (B), evaluating the position's duties and responsibilities to determine market comparability. The new classification was also reviewed against existing Police Department classifications and organizational structure to ensure internal equity and appropriate placement within the department, avoiding salary compaction. The proposed classification and salary were reviewed with Police Department Command Staff, and with the FPOA, the latter of which satisfied the meet-and-confer requirement. Following is the proposed salary range:

PROPERTY AND EVIDENCE SUPERVISOR														
Effective	Salary	1	2	3	4	5	6	7	8	9	10	11	12	13
9/22/2026	Annual	72,345.62	74,154.26	76,008.12	77,908.32	79,856.03	81,852.43	83,898.74	85,996.21	88,146.12	90,349.77	92,608.51	94,923.73	97,296.82
1/1/2027	Annual	74,515.99	76,378.89	78,288.36	80,245.57	82,251.71	84,308.01	86,415.71	88,576.10	90,790.50	93,060.26	95,386.77	97,771.44	100,215.72
1/1/2028	Annual	76,751.47	78,670.26	80,637.01	82,652.94	84,719.26	86,837.25	89,008.18	91,233.38	93,514.22	95,852.07	98,248.37	100,704.58	103,222.20

FINANCIAL IMPACT

If approved, the Property & Evidence Supervisor classification within the Police Department will be funded through savings generated by a vacant Dispatcher II position and accommodated within the Police Department's existing operating budget.

Sufficient funds are budgeted and available within the Police Department's General Fund (Fund 010) existing operating budget to accommodate the costs associated with the new position classification.

ATTACHMENTS

1. Resolution 11721 - A Resolution Approving the Establishment of a New Classification and the Associated Salary Range: Property & Evidence Supervisor
2. Job Description for Property and Evidence Supervisor

Respectfully Submitted,

Allison Garcia, Human Resources Director

Attachment 1

RESOLUTION NO. 11721

A RESOLUTION APPROVING THE ESTABLISHMENT OF A NEW CLASSIFICATION AND THE ASSOCIATED SALARY RANGE: PROPERTY & EVIDENCE SUPERVISOR

WHEREAS, the Police Department has identified the need for a dedicated Property & Evidence Supervisor to provide consistent oversight of the receipt, documentation, security, storage, and disposition of evidence and property; and

WHEREAS, this function is currently supervised by a detective sergeant, with day-to-day operations handled by line-level Community Service Officers; and

WHEREAS, pursuant to Folsom Municipal Code Section 3.02.030(D), the City Manager may transfer authorized positions between departments, divisions, or programs, but not between funds, provided the fund's total appropriation is not exceeded and the transferred position's salary is at the same or a lower level and dollar amount than the prior incumbent, and the appropriation transfer follows th**e** referenced section's procedures; and

WHEREAS, the Human Resources Department, in coordination with the Police Department, developed job specifications and conducted market studies of comparable agencies for each proposed classification to establish competitive and internally equitable salary ranges; and

WHEREAS, sufficient funds are budgeted and available within the Police Department's General Fund (Fund 010) existing operating budget to accommodate the costs associated with the new position classification;

NOW, THEREFORE, BE IT RESOLVED by the City Council of the City of Folsom that the new classification title and associated salary range for the Property & Evidence Supervisor are hereby approved, as set forth in the job description and salary schedule attached hereto.

PASSED AND ADOPTED this 22nd day of September 2026, by the following roll-call vote:

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

_____
Justin Raithel, MAYOR

ATTEST:

_____
Christa Freemantle, CITY CLERK

Attachment 2

POLICE PROPERTY AND EVIDENCE SUPERVISOR

DEFINITION

Under general direction, plans, organizes, directs, and supervises the operations of the Property and Evidence Unit within the Police Department. Performs complex and specialized duties in the receipt, documentation, preservation, collection, analysis, storage, security, and disposition of property and evidence. Ensures compliance with applicable laws, regulations, and departmental policies. Provides direct supervision to assigned staff and performs related duties as required.

SUPERVISION RECEIVED/EXERCISED

Receives general direction from a Police Lieutenant or designee. Exercises direct supervision of Community Service Officers, and/or other Property and Evidence staff.

DISTINGUISHING CHARACTERISTICS

The Property and Evidence Supervisor is the first-line supervisory classification responsible for overseeing the full scope of property and evidence operations and, where applicable, advanced field and forensic evidence work. This class is distinguished from Community Service Officer evidence classifications by its responsibility for supervising staff, establishing operational procedures, ensuring legal compliance in evidence management, and performing highly technical and complex assignments requiring specialized knowledge.

EXAMPLES OF ESSENTIAL DUTIES

NOTE: The following are the duties performed by employees in this classification. However, employees may perform other related duties at an equivalent level. Each individual in the classification does not necessarily perform all the duties listed.

- Plan, prioritize, assign, supervise, and review the work of staff involved in property and evidence operations. Participate in the selection of staff; provide and coordinate staff training; evaluate employee performance. Prepare work schedules, authorize leave, and ensure adequate staffing levels, including coverage outside normal business hours when required.
- Recommend and assist in the implementation of unit goals, objectives, policies, procedures, and work standards.
- Oversee receipt, cataloging, storage, security, preservation, and release of all property and evidence, including, but not limited to, firearms, narcotics, biological samples, currency, digital media, hazardous materials, and found property. Ensure strict adherence to chain-of-custody procedures; monitor and evaluate unit practices for compliance with legal mandates and departmental requirements.
- Conduct detailed audits, inventories, and inspections to verify documentation accuracy and security integrity.
- Determine appropriate disposition of property and evidence; coordinate release to owners, destruction orders, auctions, or court-directed actions and secure necessary court orders for destruction of firearms and controlled substances; ensure compliance with California DOJ Law Enforcement Gun Release processes.
- Oversee entries, updates, and internal audits of firearms in CLETS and other evidence management systems.
- Coordinate release of evidence for court presentation, attorney review, investigative needs, or external laboratory analysis and communicate with detectives, officers, prosecutors, and outside agencies regarding property and evidence status.

- Testify in court regarding chain of custody, evidence storage conditions, collection procedures, and related technical matters.
- Assist in budget preparation and monitoring; prepare cost estimates and justifications for staffing, equipment, materials, and technology improvements. Assist in the implementation of new or upgraded technology systems and evidence-handling equipment.
- Research vendors and procure supplies, equipment, and services needed for evidence operations.
- Prepare, maintain, and review a wide variety of reports, records, documentation, and statistics related to property and evidence.
- Respond to inquiries from the public and other agencies regarding property and evidence; research issues and recommend corrective actions when appropriate.
- Maintain positive and effective working relationships with staff, law enforcement personnel, legal authorities, and the public.
- Perform related duties as assigned.

EMPLOYMENT STANDARDS

NOTE: The level and scope of the following knowledge and abilities are related to duties listed under the "Examples of Essential Duties" section of this specification.

Knowledge of:

- Principles and practices of law enforcement property and evidence management, including chain-of-custody requirements.
- Methods and procedures for evidence handling preservation, processing, storage, and disposal.
- Court procedures, legal mandates, and regulations governing evidentiary materials.
- Safety practices related to hazardous materials, biological samples, firearms, and narcotics.
- Supervisory principles including training, evaluation, discipline, leadership, and team building.
- Modern office practices, records management, and computerized evidence tracking systems.
- Principles of budget preparation and monitoring.

Ability to:

- Plan, organize, and direct property and evidence operations and activities.
- Analyze reports, case files, inventories, and operational procedures; identify issues and implement improvements.
- Handle the most complex and sensitive issues with sound judgement and provide a resolution in a timely manner.
- Read, understand, interpret, apply, and explain laws, regulations, and procedures related to evidence management.
- Prepare clear, accurate, and concise reports and documentation.
- Maintain detailed, secure, and legally compliant evidence records.
- Interview, select, train, supervise, motivate, and evaluate assigned staff.
- Communicate clearly and concisely, both orally and in writing.
- Handle confidential matters with a high degree of discretion.
- Work effectively under pressure, handle multiple priorities, and meet mandated deadlines.
- Exercise independent judgment appropriately.
- Establish and maintain cooperative working relationships with those contacted in the course of work.

- Work irregular hours and/or be on call when required.

MINIMUM QUALIFICATIONS
Any combination of experience and education that provides the required knowledge and abilities is qualifying.

Education:
Equivalent to completion of the twelfth grade. Additional coursework or training in criminal justice, forensic science, property and evidence management, or related fields is highly desirable.

Experience:
- Minimum of three years of experience in law enforcement evidence management and property control.
- Experience in a lead or supervisor capacity is highly desirable.

License and Certification:
- Some positions may require the possession of, or the ability to obtain and retain, a California Class C driver license by the time of appointment. Individuals who do not meet this requirement due to a disability will be reviewed on a case-by-case basis.
- Property and Evidence Management certification (e.g., California Association for Property and Evidence) is highly desirable.

Physical Requirements:
Work is performed in a typical office environment. Work may take place at offsite and outdoor locations throughout the city. (1) Mobility: frequent use of keyboard; frequent sitting for long periods of time; occasional climbing, balancing, stooping, bending, twisting, squatting, kneeling, crouching, crawling. (2) Lifting: occasionally up to 75 pounds. (3) Vision: constant use of overall vision; frequent writing, reading and close-up work; occasional color and depth vision. (4) Dexterity: frequent reaching overhead, carrying, grasping, holding, reaching, pushing and pulling; repetitive wrist motion. (5) Hearing/ Talking: frequent hearing and talking, in person and on the phone. (6) Emotional/Psychological: frequent decision making and concentration; frequent public and/or coworker contact; occasional working alone (7) Environmental: work in confined spaces and occasionally uncomfortable conditions with exposure to toxic agents, dirt, dust, odors, or items stored that may cause discomfort; occasional use of smell and touch to distinguish odors and objects.

Folsom City Council
Staff Report

MEETING DATE:	9/22/2026
AGENDA SECTION:	Consent Calendar
SUBJECT:	Resolution No. 11722– A Resolution Accepting the Fiscal Year 2026-27 Sacramento Metropolitan Cable Television Commission (SMCTC) Public, Educational, and Governmental (PEG) Fee Funding and Appropriation of Funds in the General Grants Fund (Fund 012)
FROM:	Finance Department

RECOMMENDATION / CITY COUNCIL ACTION

Staff Recommends the City Council pass and adopt Resolution No. 11722 – A Resolution Accepting the Fiscal Year 2026-27 Sacramento Metropolitan Cable Television Commission (SMCTC) Public, Educational, and Governmental (PEG) Fee Funding and Appropriation of Funds in the General Grants Fund (Fund 012)

BACKGROUND / ISSUE

The Sacramento Metropolitan Cable Television Commission (SMCTC) administers a Community Grant Program that supports Public, Educational, and Government (PEG) access television channels. The purpose of the program is to enhance community access to information, civic participation, and educational programming through local cable channels such as Metro Cable 14.

Each year, SMCTC allocates PEG funding to agencies, including the City of Folsom, to support eligible capital expenditures such as broadcast and production equipment upgrades. These funds enable agencies to maintain high-quality audio and video production for local programming, including live broadcasts of City Council and Commission meetings.

Under the SMCTC funding process, the recipient agency first pays for the approved project or equipment purchase, then submits documentation to SMCTC for reimbursement. Therefore, the project results in a net-zero financial impact to the City after reimbursement is received.

POLICY / RULE

City Council Resolution No. 8367 requires that all grants received from federal, state, or regional agencies, whether for operating or capital purposes, be formally recognized through separate resolutions. Each grant-funded project must be balanced, with both revenues and appropriations approved prior to the commencement of the project.

ANALYSIS

SMCTC provides an important public service by broadcasting City Council meetings and other civic programming on Metro Cable 14, ensuring that residents have access to local government proceedings. The City's existing Council Chamber broadcast system, installed more than a decade ago, has reached the end of its useful life. To maintain transparency and accessibility for residents, staff recommends replacing the outdated equipment with modern systems that meet current broadcast standards and improve reliability.

Staff submitted a request to SMCTC to utilize the City's FY 2026-27 PEG allocation of $144,062 to replace and upgrade the Council Chamber's audio-visual and broadcasting equipment, purchase presentation equipment to assist the Communications Department in facilitating Public Service Announcements, as well as other needed equipment as recommended by Metro Cable. SMCTC approved this request.

Following project completion and submission of required documentation, SMCTC will reimburse the City for the full cost of the approved equipment purchases, in accordance with the terms of the PEG Funding Agreement.

FINANCIAL IMPACT

The FY 2026-27 SMCTC PEG Funding Agreement provides $144,062 to the City of Folsom for eligible capital expenses associated with the replacement of audio/visual and broadcast equipment. There is no City match requirement, and therefore no direct impact to the General Fund. Upon reimbursement, the City's net fiscal impact will be neutral.

Staff requests City Council approval to accept the FY 2026-27 SMCTC PEG funding allocation and appropriate $144,062 in revenue and expenditures to the General Grants Fund (Fund 012) for the approved equipment upgrades.

ATTACHMENTS

1. Resolution No. 11722– A Resolution Accepting the Fiscal Year 2026-27 Sacramento Metropolitan Cable Television Commission (SMCTC) Public, Educational, Governmental (PEG) Fee Funding and Appropriation of Funds in the General Grants Fund (Fund 012)

2. Sacramento Metropolitan Cable Television Commission FY 2026-27 PEG Fee Funding Agreement

Submitted,

Stacey Tamagni

Chief Financial Officer

Attachment 1

RESOLUTION NO. 11722

A RESOLUTION ACCEPTING THE FISCAL YEAR 2026-27 SACRAMENTO METROPOLITAN CABLE TELEVISION COMMISSION (SMCTC) PUBLIC, EDUCATIONAL, AND GOVERNMENTAL (PEG) FEE FUNDING AND APPROPRIATION OF FUNDS IN THE GENERAL GRANTS FUND (FUND 012)

WHEREAS, the Sacramento Metropolitan Cable Television Commission (SMCTC) administers a Public, Educational, and Governmental (PEG) Fee Grant Program that allocates funds to member agencies to support capital equipment and technology that enhance the production and distribution of local government and community programming; and

WHEREAS, the City of Folsom benefits from the Commission's funding program, which enables the continued broadcast of City Council and Commission meetings, as well as other civic programming, on Metro Cable Channel 14; and

WHEREAS, the existing audio-visual and broadcasting equipment in the City Council Chambers was installed more than a decade ago and has experienced declining performance; and

WHEREAS, the Sacramento Metropolitan Cable Television Commission has approved an allocation of $144,062 in Fiscal Year 2026-27 PEG funding to the City of Folsom for the purpose of purchasing and installing replacement broadcast and audio-visual equipment; and

WHEREAS, the City will initially fund the purchase and installation of the equipment and subsequently be reimbursed by the SMCTC in accordance with the terms of the Fiscal Year 2026-27 PEG Funding Agreement.

NOW, THEREFORE, BE IT RESOLVED that the City Council of the City of Folsom accepts the Fiscal Year 2026-27 Sacramento Metropolitan Cable Television Commission Public, Educational, and Governmental (PEG) Fee Funding in the amount of $144,062 for the acquisition and installation of new audio-visual and broadcast equipment; and

BE IT FURTHER RESOLVED that the Finance Director is authorized to increase budgeted revenue by $144,062 and appropriate $144,062 in the General Grants Fund (Fund 012) in fiscal year 2026-27.

PASSED AND ADOPTED this 22nd day of September, 2026, by the following roll-call vote:

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

_____
Justin Raithel, MAYOR

ATTEST:

_____
Christa Freemantle, CITY CLERK

Attachment 2

SACRAMENTO METROPOLITAN CABLE TELEVISION COMMISSION
799 G Street, 4th Floor, Sacramento, CA 95814 ♦ (916) 874-6661♦ Fax: (916) 854-9666 ♦ www.sacmetrocable.tv
A Joint Powers Agency Representing Sacramento County and the Cities of Citrus Heights, Elk Grove, Folsom, Galt, Rancho Cordova and Sacramento

SACRAMENTO METROPOLITAN CABLE TELEVISION COMMISSION
PEG FEE FUNDING AGREEMENT FOR MEMBER AGENCY

FISCAL YEAR 2026-27

THIS AGREEMENT is entered into this _____ day of _____, 2026, by and between the **Sacramento Metropolitan Cable Television Commission** ("Cable Commission") and the **City Of Folsom**, a political subdivision of the State of California ("Member Agency").

WHEREAS, the Cable Commission is a joint powers agency comprised of seven member jurisdictions (collectively, the "Member Agencies"), one of which is the Member Agency;

WHEREAS, commencing with the 2009-2010 fiscal year, the Cable Commission began collecting a 1% Public, Educational, and Governmental ("PEG") access channel fees ("PEG Fee funding") from cable television operators to support PEG facilities;

WHEREAS, the Cable Commission anticipates that PEG Fee funds will be available to provide to its Member Agencies to support projects, programming, and services relating to PEG access facilities;

WHEREAS, the Cable Commission has received a request(s) for PEG Fee funding from Member Agency and hereby approves that request(s). A copy of Member Agency's approved request(s) is hereby incorporated by this reference;

WHEREAS, federal law currently restricts the use of PEG Fee funding to capital costs and facilities; and

WHEREAS, the Cable Commission and Member Agency desire to enter into this Agreement to memorialize the terms under which the Cable Commission will provide PEG Fee funding to Member Agency, and to expressly set forth the restrictions on Member Agency's use of such funding.

NOW, THEREFORE, the Cable Commission and Member Agency agree as follows:

1. Funding to Member Agency. The Cable Commission hereby agrees to provide to Member Agency the total not to exceed sum of **ONE**

HUNDRED FORTY-FOUR THOUSAND SIXTY-TWO DOLLARS ($144,062), which consists of PEG Fee funding to be used solely for the purposes summarized in the table below and detailed in Exhibit "A" attached hereto and incorporated by this reference.

FISCAL YEAR 2026-27 PEG FEE FUNDING TOTAL (See Exhibit A)	
PEG Equipment / Facilities List	**$144,062**
The PEG Fee funding will be available during the Fiscal Year 2026-27 as set forth below.	

2. Payment Contingent on Receipt of PEG Fees. Member Agency understands that the funding amount set forth in Section 1 will be made to Member Agency solely out of PEG fees collected by the Cable Commission from cable television operators. Such PEG fees are received in quarterly payments and the Cable Commission shall be under no obligation to pay to Member Agency the amount stated in Section 1, or any other amount, unless the Cable Commission receives sufficient PEG fees to make such payment. If actual revenue received through PEG Fees is less than anticipated, the Cable Commission is not obligated to pay Member Agency. Payments to member agency will occur during the fiscal year and will be prioritized by the Cable Commission based upon facility needs and available revenue; Member Agency will be reimbursed based on actual expenditures.

Member Agency further understands that the Cable Commission may enter, or has already entered, into similar funding agreements with other member agencies and with channel licensees that operate one or more of the Cable Commission PEG channels. In the event the Cable Commission receives some, but not all of the PEG fees necessary to fund all such funding agreements, each member agency and channel licensee shall receive available PEG funds based on the criteria set forth above. If there are insufficient PEG fees to satisfy all funding requests during this fiscal year, members agencies not receiving all identified funding shall be entitled to a higher priority in the next fiscal year before any funding for new projects for the next year fiscal year is approved.

3. Use of PEG Fee funding. Member Agency understands that the funding provided to it pursuant to this Agreement originated from PEG access channel fees. As a condition of accepting the PEG Fee funding, Member Agency agrees to use those funds only for capital expenditures and facilities related to the provision of cablecasting on the PEG channels and for

no other purpose. The Cable Commission has both the responsibility and the right under this Agreement to monitor and audit the use of the funding allocated under this Agreement. Member Agency shall agree to cooperate fully with any audit requested by the Cable Commission.

Since applicable law does not specifically define those expenses that qualify as capital costs, the Cable Commission has developed a working definition of the types of expenses that it believes qualify for the use of PEG Fee funding. The Cable Commission reserves the right to modify its working definition as the law on this topic develops. In accordance with the Cable Commission's working definition, PEG Fee funding may be used for the following expenditures: purchase of equipment, rental of facilities, purchase of software, and tangible goods provided that a CPA certifies that the tangible goods qualify as capital expenditures pursuant to standard accounting practices. PEG Fee funding may not be used for the following expenditures: operations, training, maintenance, maintenance contracts/agreements, employment of staff, and hiring of persons to perform services. Member Agency shall provide for such fiscal control and funding accounting procedures as reasonably necessary to assure proper disbursement, accounting, and expenditures of PEG Fee funding.

Member Agency further understands and agrees that the PEG Fee funding provided by the Cable Commission was awarded based on a request from Member Agency and that the use of the PEG funds are limited to the expenditures outlined in that request as approved by the Cable Commission. **If Member Agency determines that it will not proceed with the expenditures as set forth in the request approved by the Cable Commission during the current fiscal year, then Member Agency may (1) notify the Cable Commission that the Member Agency will re-submit the PEG Fee funding in the next fiscal year or (2) request an extension for use of the funds within sixty days of the expiration of the current fiscal year. The Executive Director may approve or condition such request in their discretion. The Member Agency may also request to modify the approved use of the funding.** The Executive Director may consider and approve requests up to a total of $50,000 in the fiscal year if the requested change(s) is an allowable PEG Funding expenditure. Requests above a total of $50,000 will require Commission consideration and action. The Executive Director may consider and approve any request as authorized by this section. The Executive Director may also elect to seek direction or action by the Commission on any such requests.

4. Indemnification. Member Agency shall, at its sole expense, fully indemnify, defend and hold harmless the Cable Commission and its member agencies, and in their capacity as such, the officers, agents and employees thereof, from and against any and all claims, suits, actions, liability and judgments for damages including reasonable attorneys' fees or otherwise.

For actual or alleged injury to persons or property, including loss of use of property due to an occurrence, whether or not such property is physically damaged or destroyed, directly or indirectly arising out of or attributable to, in whole or in part, the acts or omissions of Member Agency in connection with, related to, or in any way arising out of Member Agency's use of the PEG Fee funding provided to it under this Agreement.

Directly or indirectly arising out of or attributable to, in whole or in part, Member Agency's failure to comply with the provisions of any statute, regulation, or ordinance of the United States, the State of California, the Cable Commission or any local agency in connection with, related to, or in any way arising out of Member Agency's use or expenditure of the PEG Fee funding provided to it under this Agreement.

5. Attorneys' Fees. If any party to this Agreement commences any legal action against another party to this Agreement which arise out of this Agreement or the performance thereof, the prevailing party in such action may recover its reasonable litigation expenses, including court costs, expert witness fees, discovery expenses and attorneys' fees.

6. Reimbursement Requirement; Record Retention. No later than June 1st for each fiscal year, Member Agency shall submit to the Cable Commission a copy of all invoices and receipts reflecting the expenditures made with such funds during the preceding fiscal year, a request for reimbursement from funds identified in Section 1 above and such other information as the Cable Commission may require. Any expenses or projects that have not been completed by June 15 of that fiscal year shall be subject to the provisions of section 3 above. The Cable Commission shall reimburse Member Agency within a reasonable time of receipt of such documentation subject to the provisions of this Agreement, including Sections 2 and 3. Member Agency shall retain all records related to the expenditure of PEG Fee funds for a period of no less than three (3) years from the last expenditure reimbursed under this Agreement.

7. Unauthorized Use of PEG Fee funding. If the Cable Commission determines that Member Agency has used the PEG Fee funds provided to it

under this Agreement for purposes other than capital expenditures and facilities, Member Agency shall return to the Cable Commission the total sum of those unauthorized expenditures within sixty (60) days of receipt of written notice from the Cable Commission.

8. Ownership of Facilities and Equipment. Member Agency shall own and be solely responsible for any facilities, equipment, or other items that it acquires with PEG Fee funding provided to it pursuant to this Agreement. The Cable Commission shall have no obligations, and shall bear no costs, with respect to any facilities, equipment, or other items that Member Agency acquires with such PEG Fee funding.

9. No Right of Action. Member Agency understands and agrees that it has no right of judicial action against the Cable Commission for the failure of the Cable Commission to pay any or all of the funds to Member Agency under this Agreement. Such judicial actions include those at law and/or equity, including, but not limited to, any action to compel payment of the funds, any action for general or special damages, or otherwise.

10. Agreement Contains All Understanding. This document represents the entire and integrated agreement between the Parties, and supersedes all prior negotiations, representations or agreements, either written or oral regarding the subjects addressed herein. This document may be amended only by written instrument, signed by all Parties.

11. Effective Date of Agreement. This Agreement shall be effective on the date next to the signature of the Executive Director of the Cable Commission, as authorized by the Cable Commission Board on the 4th of June 2026.

12. Terms. The term of the PEG Fee funding Agreement ends June 30, 2027.

MEMBER AGENCY	**SACRAMENTO METROPOLITAN CABLE TELEVISION COMMISSION**
By: _____	By: _____
Title: _____	Title: _____
Date: _____	Date: _____

CITY OF FOLSOM
DISTINCTIVE BY NATURE

Brandon Birmingham
Contracted IT Manager

April 13, 2026

Sacramento Metropolitan Cable Television Commission
799 G Street, 4th Floor
Sacramento, CA 95814

RE: Peg Funding Request 2026-27

To Whom It May Concern,

Please consider this letter from the City of Folsom requesting PEG Funding for the 2026-27 funding year. This request will go towards replacing the ageing equipment which produces our Council webcast and meeting agendas for public consumption. We have request from our Communications Department for Presentation equipment to help facilitate PSA's. The breakdown is as follows: PEG funds re-request from Fiscal year 25-26 is $100,033.99 and new funds request for Fiscal year 26-27 is $44,028.10. The total requested funds are $144,062.09. I have attached quotes from E1 Audio Visual and CDWG as well as other vendors.

We are requesting $144,062.09 for the PEG Funding FY2026-2027.

Thank you for your consideration of this request.

Sincerely,

Brandon Birmingham
Contracted IT Manager
City of Folsom

FISCAL YEAR 2026-27 PEG FEE FUNDING REQUEST
(PEG Equipment/Facilities)

Items Not Completed in FY 2025-26 & Re-Requested FY 2026-27

Item	Description	Quantity	Unit Price	Sub Total	Sales Tax	10% Contingency	TOTAL	Installation	Warranty	Shipping	GRAND TOTAL
<CITY OF FOLSOM>											
P-01	Amazon V216US	1	$ 33.37	$ 33.37	$ 2.59	$ 3.34	$ 39.29	$ -	$ -	$ -	$ 39.29
P-02	CABLECAST VIOLITE-800 HARDWARE ASSIST	2	$ 2,000.00	$ 4,000.00	$ -	$ 400.00	$ 4,400.00	$ -	$ -	$ -	$ 4,400.00
P-03	CABLECAST VIOLITE SOFTWARE ASSURANCE - 5 YR GOLD	1	$ 3,200.00	$ 3,200.00	$ -	$ 320.00	$ 3,520.00	$ -	$ -	$ -	$ 3,520.00
P-04	CABLECAST VIOLITE-800	1	$ 10,000.00	$ 10,000.00	$ 775.00	$ 1,000.00	$ 11,775.00	$ -	$ -	$ -	$ 11,775.00
P-05	COBALT 9243	1	$ 719.18	$ 719.18	$ 55.74	$ 71.92	$ 846.83	$ -	$ -	$ -	$ 846.83
P-06	COBALT 9910DA-AV	1	$ 460.06	$ 460.06	$ 35.65	$ 46.01	$ 541.72	$ -	$ -	$ -	$ 541.72
P-07	COBALT 9960-TG2-REF1	1	$ 4,192.50	$ 4,192.50	$ 324.92	$ 419.25	$ 4,936.67	$ -	$ -	$ -	$ 4,936.67
P-08	COBALT RM20-9243-B	1	$ 269.86	$ 269.86	$ 20.91	$ 26.99	$ 317.76	$ -	$ -	$ -	$ 317.76
P-09	COBALT RM20-9910AV-B	1	$ 145.00	$ 145.00	$ 11.24	$ 14.50	$ 170.74	$ -	$ -	$ -	$ 170.74
P-10	COBALT RM20-9960-A	1	$ 185.71	$ 185.71	$ 14.39	$ 18.57	$ 218.67	$ -	$ -	$ -	$ 218.67
P-11	E1 MISCELLANEOUS EQUIPMENT HARDWARE AND SUPPLIES	1	$ 1,250.00	$ 1,250.00	$ 96.88	$ 125.00	$ 1,471.88	$ -	$ -	$ -	$ 1,471.88
P-12	JBL CONTROL 2P	1	$ 305.44	$ 305.44	$ 23.67	$ 30.54	$ 359.66	$ -	$ -	$ -	$ 359.66
P-13	JBL MTC-2P	1	$ 31.56	$ 31.56	$ 2.45	$ 3.16	$ 37.16	$ -	$ -	$ -	$ 37.16
P-14	MACKIE 402VLZ	1	$ 153.64	$ 153.64	$ 11.91	$ 15.36	$ 180.91	$ -	$ -	$ -	$ 180.91
P-15	NEWBLUE FUSION 3 SDI	1	$ 19,993.33	$ 19,993.33	$ 1,549.48	$ 1,999.33	$ 23,542.15	$ -	$ -	$ -	$ 23,542.15
P-16	TASCAM BD-MP1MK2	1	$ 594.99	$ 594.99	$ 46.11	$ 59.50	$ 700.60	$ -	$ -	$ -	$ 700.60
P-17	VIEWSONIC VG2456A	1	$ 246.24	$ 246.24	$ 19.08	$ 24.62	$ 289.95	$ -	$ -	$ -	$ 289.95
PEG EQUIPMENT FUNDING (FY 2024-25 RE-REQUEST):				$ 45,780.88	$ 2,990.02	$ 4,578.09	$ 53,348.99	$ 46,685.00	$ -	$ -	$ 100,033.99

New Projects Requested FY 2026-27

Top Priorities (Critical Projects)

Item	Description	Quantity	Unit Price	Sub Total	Sales Tax	10% Contingency	TOTAL	Installation	Warranty	Shipping	GRAND TOTAL
<CITY OF FOLSOM>											
N-01	KINGSTON DC600M SSD - MIXED USE - 7.68 TB	10	$ 2,792.77	$ 27,927.70	$ 2,164.40	$ 2,792.77	$ 32,884.87	$ -	$ -	$ -	$ 32,884.87
N-02	QNAP 1U 10-BAY 2.5" SATA ALL-FLASH NAS	1	$ 4,573.35	$ 4,573.35	$ 354.43	$ 457.34	$ 5,385.12	$ -	$ -	$ -	$ 5,385.12

FISCAL YEAR 2026-27 PEG FEE FUNDING REQUEST
(PEG Equipment/Facilities)

Items Not Completed in FY 2025-26 & Re-Requested FY 2026-27

Item	Description	Quantity	Unit Price	Sub Total	Sales Tax	10% Contingency	TOTAL	Installation	Warranty	Shipping	GRAND TOTAL
N-03	QNAP RAIL-B02 RACK RAIL KIT	1	$ 98.54	$ 98.54	$ 7.64	$ 9.85	$ 116.03	$ -	$ -	$ -	$ 116.03
N-04	TRENDnet 10GBase-T to SFP+ Fiber Media Converter	2	$ 142.63	$ 285.26	$ 22.11	$ 28.53	$ 335.89	$ -	$ -	$ -	$ 335.89
N-05	Proline 2PK Ubiquiti UF-SM-10G Compatible TAA 10GBase-LR SFTP+ Transceiver	2	$ 221.44	$ 442.88	$ 34.32	$ 44.29	$ 521.49	$ -	$ -	$ -	$ 521.49
N-06		0	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
N-07		0	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
	FISCAL YEAR 2026-27 TOP PRIORITIES PEG EQUIPMENT FUNDING REQUEST:			$ 33,327.73	$ 2,582.90	$ 3,332.77	$ 39,243.40	$ -	$ -	$ -	$ 39,243.40

High Priorities (Needed Projects)

Item	Description	Quantity	Unit Price	Sub Total	Sales Tax	10% Contingency	TOTAL	Installation	Warranty	Shipping	GRAND TOTAL
	<CITY OF FOLSOM>										
N-08	APUTURE STORM 400X TUNABLE WHITE LED MONOLIGHT (V-MOUNT)	1	$ 1,059.00	$ 1,059.00	$ 82.07	$ 105.90	$ 1,246.97	$ -	$ -	$ -	$ 1,246.97
N-09	APUTURE QUICK DOME 90 - 35" DIAMETER	1	$ 175.20	$ 175.20	$ 13.58	$ 17.52	$ 206.30	$ -	$ -	$ -	$ 206.30
N-10	APUTURE QUICK DOME 60 - 24" DIAMETER	1	$ 103.25	$ 103.25	$ 8.00	$ 10.33	$ 121.58	$ -	$ -	$ -	$ 121.58
N-11		0	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
N-12		0	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
N-13		0	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
N-14		0	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
	FISCAL YEAR 2026-27 HIGH PRIORITIES PEG EQUIPMENT FUNDING REQUEST:			$ 1,337.45	$ 103.65	$ 133.75	$ 1,574.85	$ -	$ -	$ -	$ 1,574.85

Low Priorities (Would be Helpful)

Item	Description	Quantity	Unit Price	Sub Total	Sales Tax	10% Contingency	TOTAL	Installation	Warranty	Shipping	GRAND TOTAL
	<CITY OF FOLSOM>										
N-15	SONYA A7 IV MIRRORLESS CAMERA WITH 28-70MM F/3.5-5.6 LENSE AND BASIC BUNDLE	1	$ 2,598.00	$ 2,598.00	$ 201.35	$ 259.80	$ 3,059.15	$ -	$ -	$ -	$ 3,059.15
N-16	SMALLRIG AD-01 HEAVY-DUTY TRIPOD WITH FLUID HEAD	1	$ 127.99	$ 127.99	$ 9.92	$ 12.80	$ 150.71	$ -	$ -	$ -	$ 150.71
N-17		0	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
N-18		0	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
N-19		0	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -

FISCAL YEAR 2026-27 PEG FEE FUNDING REQUEST
(PEG Equipment/Facilities)

Items Not Completed in FY 2025-26 & Re-Requested FY 2026-27

Item	Description	Quantity	Unit Price	Sub Total	Sales Tax	10% Contingency	TOTAL	Installation	Warranty	Shipping	GRAND TOTAL
N-20		0	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
N-21		0	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
FISCAL YEAR 2026-27 LOW PRIORITIES PEG EQUIPMENT FUNDING REQUEST:				$ 2,725.99	$ 211.26	$ 272.60	$ 3,209.85	$ -	$ -	$ -	$ 3,209.85
FISCAL YEAR 2026-27 TOTAL PEG EQUIPMENT FUNDING REQUEST:				$ 37,391.17	$ 2,897.82	$ 3,739.12	$ 44,028.10	$ -	$ -	$ -	$ 44,028.10

	Sub Total	Sales Tax Total	10% Contingency Total	TOTAL	Installation Total	Warranty Total	Shipping Total	Grand Total
TOTAL PEG EQUIPMENT FUNDING (FY 2024-25 RE-REQUEST):	$ 45,780.88	$ 2,990.02	$ 4,578.09	$ 53,348.99	$ 46,685.00	$ -	$ -	$ 100,033.99
TOTAL FISCAL YEAR 2026-27 PEG EQUIPMENT FUNDING REQUEST:	$ 37,391.17	$ 2,897.82	$ 3,739.12	$ 44,028.10	$ -	$ -	$ -	$ 44,028.10
GRAND TOTAL	**$83,172.05**	**$ 5,887.83**	**$ 8,317.21**	**$ 97,377.09**	**$46,685.00**	**$ -**	**$ -**	**$144,062.09**

Please attach vendor quotes / supporting documentation for all of the items requested above.

Tax Rate 7.75%

Signature

Brandon Birmingham - IT Manager
Name & Title:

4/12/2026
Date:

Folsom City Council
Staff Report

MEETING DATE:	9/22/2026
AGENDA SECTION:	Public Hearing
SUBJECT:	Historic Folsom Station Development Agreement Amendment (DEVA26-00036) and Determination that No Further Environmental Review is Required i. Ordinance No. 1378 - An Uncodified Ordinance of the City of Folsom Approving the Second Amended and Restated Development Agreement by and Between the City of Folsom and Folsom Railroad Block Developers, LLC Relative to the Historic Folsom Station (Introduction and First Reading)
FROM:	Community Development Department

RECOMMENDATION / CITY COUNCIL ACTION

Introduce and conduct first reading of Ordinance No. 1378 - An Uncodified Ordinance of the City of Folsom Approving the Second Amended and Restated Development Agreement by and Between the City of Folsom and Folsom Railroad Block Developers, LLC Relative to the Historic Folsom Station.

BACKGROUND / ISSUE

In 1983, the Folsom City Council adopted the Redevelopment Plan for the Central Folsom Redevelopment Project. A master conceptual plan for the Historic Folsom Station (also known as the Railroad Block), located on four parcels within the square block bound by Leidesdorff Street, Reading Street, Sutter Street, and Wool Street, was approved in 2004, and an Implementation Plan was approved in 2006. The City, through the former Redevelopment Agency, entered into a Disposition and Development Agreement (DDA) with Folsom Railroad Block Developers, LLC (the Developer) in 2006 which provided for the sale of the private parcels to the Developer for development of office, retail, and residential uses within the Historic Folsom Station and development by the City on the remaining portion of the site. The City approved entitlements for the four mixed-use buildings in 2007. The DDA was amended

in 2011 (refer to Attachment 3), and the Developer completed construction of the first building (the Folsom Roundhouse, which includes Scott's Seafood and Willamette Wineworks) in 2020.

A second building, known as the Granite House, was originally approved for building permits in 2009 and included retail and residential space on the upper floors with parking on the ground floor. However, due to various factors described in the attached recitals, construction did not occur. The plans for the Granite House were later modified to include commercial uses on the first floor instead of parking, as well as associated exterior modifications and site improvements. Those plans were recommended for approval by the Historic District Commission in 2024 and submitted to the City for review. As a condition of approval, the Developer was required to update the agreement to reflect the Granite House modifications and update the schedule of performance for the Historic Folsom Station project as a whole. Since the disposition or sale of the properties to the Developer already occurred, the agreement is now referred to as a Development Agreement (DA) and is included in this report as Attachment 2.

POLICY / RULE

As set forth in the State Planning and Zoning Law, approval of, or amendments to, a Development Agreement is a legislative act which requires approval by the planning agency and legislative body. The City Council serves as the legislative body for the City of Folsom, and also currently serves as the planning agency for properties within the Historic District.

ANALYSIS

As part of the updates to the DA, the Developer is proposing several modifications, both at the request of City staff and at their own request. A summary of the key modifications along with staff's analysis and recommendation for each modification is provided below:

1. **Removal of Disposition and Redevelopment Agency:** The Developer has removed references to terms related to disposition of the property and the Redevelopment Agency of the City of Folsom.

   Staff Recommendation: Since the sale and disposition of the properties under the agreement has already occurred and the Redevelopment Agency was dissolved in 2012 and replaced by the City of Folsom as Successor Agency, staff supports removing terms regarding the disposition from the updated agreement and replacing references to the Redevelopment Agency.

2. **Updated Recitals:** The Developer has included several additional recitals to the agreement to describe events that have occurred between the previous Amendment and the present. The Developer has stated that it is very important to him to have these recitals, as they present a complete picture of the challenges the project has faced over the years, thereby necessitating updated terms.

   Staff Recommendation: Staff has reviewed the proposed updated recitals and has

verified the accuracy of all the statements. Staff has also included additional recitals based on guidance from legal counsel to which the Developer was agreeable.

3. **Granite House Modifications:** The Developer has updated the elevations and floor plans for the Granite House to reflect retail uses on the first floor rather than a parking garage.

   Staff Recommendation: Staff reviewed these modifications as part of a Design Review application. Replacing the parking garage provides multiple benefits to the area despite the loss of parking. First, it places restaurants, offices and retails on the plaza area thereby helping to activity that space, encourage activity and enhance security by providing eyes on that area. Second, from a visual standpoint it removes a series of parking garage doors from the plaza area and replaces it with storefronts and outdoor seating. As a result, staff recommended approval of the modifications and presented the project to the Historic District Commission, who also recommended approval to City Council. As such, staff supports inclusion of the revised Granite House project in the updated DA. This recommendation assumes approval of the updated building by City Council, which is scheduled for the October 13, 2026 meeting.

4. **Additional Parking Spaces in City Garage:** The original Agreement included 23 parking spaces reserved for tenants of the Granite House project within the 315-space City-owned public parking garage located in the Historic Folsom Station. The Developer is now requesting that 32 spaces be made available for the use of any of their tenants (office, commercial, or residential).

   Staff Recommendation: The updated Granite House building would no longer contain a parking garage and would instead contain new retail and office space on the ground level (if approved by City Council as proposed). Residents, tenants, employees, and customers that may have otherwise used the parking within the Granite House building would therefore have to seek parking elsewhere. As noted earlier, staff sees the modification of the parking within the Granite House to retail uses as a major improvement since the additional retail facing the City's plaza would help improve security and encourage activity in that area. Furthermore, staff believes that if the request for additional parking spaces within the City garage were denied, the Developer would instead use the surface parking lot on Leidesdorff Street that they own but has allowed the City to use for public parking. Staff sees the use of nine additional spaces in the parking garage as a superior alternative to this.

5. **Extensions:** The updated DA now includes an allowed one-year extension to the Schedule of Performance for each mixed-use parcel by the City Manager before City Council approval of a change to the Schedule of Performance is required.

   Staff Recommendation: Previously, the Developer could request an extension from the City Manager and the City Manager could approve such a request without Council authorization. Given the desire by both the Developer and the City to develop the

projects in a timely manner, staff has limited the request to a one-year extension for each development project. Any extension beyond that except for a failure by the City to adhere to its review timeline would require the Developer to request further extensions from the City Council. If the City fails to complete its review of Developer's plans for any given Mixed-Use Parcel within the timelines set forth in the Amended Schedule of Performance, the City Manager can authorize an additional extension, commensurate with the length of City delay up to a maximum of an additional 365 days, without Council approval.

6. **Performance Standards:** Performance standards have been added that require the Developer to provide a construction feasibility report and updated financing plan to the City if construction does not start after 270 days from the commencement date shown in the Schedule of Performance in the Agreement, and that failure to provide a satisfactory report and plan will constitute a default of the Agreement. Similarly, as referenced above, if the City fails to meet its review timelines under the Schedule of Performance, the developer could then request the City Manager to grant up to a one-year extension without Council approval.

   Staff Recommendation: Given concerns about the timeline for the development of the mixed-use parcels by the City and the Developer, performance standards for both parties were included as part of the DA Amendment. Staff found that requiring a construction feasibility report and updated financing plan from the Developer was a reasonable measure to ensure development as proposed is still viable. In turn, staff concluded that if the City does not meet the agreed review timelines, the Developer should have the right to request an extension without having to go to City Council. As such, staff is supportive of these new performance standards.

7. **City Buyback Provisions Removed:** In the original grant deed, the language included a provision that gave the City the right to re-purchase the four mixed-use parcels in the event of a default by the Developer.

   Staff Recommendation: If the City were to re-purchase the parcels they would be subject to the Surplus Land Act requirements, which would mean that the sites would need to be developed for affordable housing. As a result, staff recommends removing that requirement as well as the associated Form of Grant Deed that was contained in the original Agreement.

8. **2019 Building Code Cycle Requirements:** The Developer has requested to comply with the 2019 Building Code cycle requirements for the Granite House project for up to two years rather than comply the most recent 2025 code cycle requirements, which would require updates to the existing building plans.

   Staff Recommendation: The Granite House project was submitted and reviewed under the 2019 Building Code cycle. Since that submittal, the Developer has continued to

make progress on the project and recently amended the approved plans to remove the parking and replace it with restaurants, retail and office space. Since requiring the Developer to upgrade their plans to the 2025 Building Code cycle and resubmit would result in more delays and costs to the Granite House project, staff supports an extension of allowing the Developer to utilize the 2019 code cycle. Ultimately, staff found that the cost and delay associated with updating the plans to the 2025 code cycle outweigh the costs associated with further project delays. If the project is stalled beyond two years, the Developer would be required to resubmit and bring their plans into compliance with the 2025 code.

Additional economic benefit is expected for the City with approval of the DA Amendment, as the amendment incorporates modifications to the Granite House building that includes new floor-level retail, restaurants, and office where a parking garage was previously approved. Despite the economic development potential of the project, the changes to the Granite House project result in a loss of 30 parking spaces for that development. As identified in the 2011 First Amended and Restated DDA, the four mixed use parcels were to have 80 off-street parking spaces. Under the new amendment, this amount will be reduced to 50 off-street spaces plus a reservation of 32 spaces in the City's parking garage for tenants of the Granite House project. With the passage of AB 2097, which went into effect on January 1, 2023, the City can no longer require residential or commercial projects within ½-mile of a light rail station. Due to this new law, if the Developer were to exit the agreement, the City would not be able to impose any parking requirements on the project.

Despite the reduction in off-street parking, staff anticipates that these new uses will bring additional business into the area and generate additional sales tax for the City. The updated agreement also provides a clear path forward for the Developer to complete the overall project in a timely manner and bring additional property and sales tax to the City once completed. No other financial impacts to the City are anticipated with the proposed modifications to the Development Agreement, as all subsequent buildings remain unchanged.

In summary, City staff has conducted a thorough review of the proposed modifications to the Development Agreement and is supportive of the DA Amendment as proposed.

Credit of Development Agreement, Legal, and Building Permit Fees: While not covered under the DA Amendment itself, the Developer has requested that the City credit the fees associated with the Development Agreement application review and processing, the City's legal fees for outside counsel associated with preparation of the DA Amendment, and a portion of the building permit fees for the Granite House against the amount owed by the City to him since the Developer paid the property tax on his Leidesdorff lot while it has been used for public parking under an agreement with the City. This request will be presented to the City Council on October 13, 2026 under a separate staff report and resolution, but staff wanted to make you aware of this request as you consider the changes to the DA.

ENVIRONMENTAL REVIEW

An Initial Study/Mitigated Negative Declaration was prepared for the Folsom Historic Railroad Block 1997 Urban Design Master Plan project area in accordance with the California Environmental Quality Act (Public Resources Code Section 21000 et seq) and the CEQA Guidelines, and the City Council, as the lead agency, adopted the Mitigated Negative Declaration and a Mitigation Monitoring Plan. This request does not include any substantial changes to the project, and substantial changes have not occurred with respect to the circumstances under which the project is undertaken, nor is there any new information of substantial importance. Therefore, this request is exempt from CEQA pursuant to Section 21166 of CEQA and Section 15162(a) of the CEQA Guidelines.

FINANCIAL IMPACT

There is no direct financial impact on the General Fund with the approval of this Ordinance.

ATTACHMENTS

1. Ordinance No. 1378 - An Uncodified Ordinance of the City of Folsom Approving the Second Amended and Restated Development Agreement by and Between the City of Folsom and Folsom Railroad Block Developers, LLC Relative to the Historic Folsom Station

2. Second Amended and Restated Development Agreement by and between the City of Folsom and Folsom Railroad Block Developers, LLC Relative to the Historic Folsom Station

3. Amended and Restated Disposition and Development Agreement (Historic Folsom Station/Railroad Block) by and between Redevelopment Agency of the City of Folsom and Folsom Railroad Block Developers, LLC- Central Folsom Redevelopment Project

Submitted,

PAM JOHNS
Community Development Director

Attachment 1
Ordinance No. 1378 - An Uncodified Ordinance of the City of Folsom Approving the Second Amended and Restated Development Agreement by and Between the City of Folsom and Folsom Railroad Block Developers, LLC Relative to the Historic Folsom Station

ORDINANCE NO. 1378

AN UNCODIFIED ORDINANCE OF THE CITY OF FOLSOM APPROVING THE SECOND AMENDED AND RESTATED DEVELOPMENT AGREEMENT BY AND BETWEEN THE CITY OF FOLSOM AND FOLSOM RAILROAD BLOCK DEVELOPERS, LLC RELATIVE TO THE HISTORIC FOLSOM STATION

WHEREAS, on November 29, 1983, the City Council of the City of Folsom (the "City Council") adopted Ordinance No. 512 approving and adopting the Redevelopment Plan (the "Redevelopment Plan") for the Central Folsom Redevelopment Project (the "Redevelopment Project" or "Redevelopment Project Area"); and

WHEREAS, on October 20, 2006, the Redevelopment Agency (the "Redevelopment Agency") and Folsom Railroad Block Developers, LLC (the "Developer") entered into a Disposition and Development Agreement (the "DDA") which provided for the sale of certain real property (the "Mixed-Use Sites") by the Redevelopment Agency to the Developer for the development of office, retail and residential uses (the "Developer Improvements") and the development by the Redevelopment Agency on the remaining portion of the Site (the "Public-Use Site") of certain public improvements, including a public parking structure and public improvements; and

WHEREAS, an Amended and Restated Disposition and Development Agreement (the "Amended and Restated DDA") between the Redevelopment Agency and the Developer for the Redevelopment Project was executed on March 8, 2011; and

WHEREAS, on February 1, 2012, the Redevelopment Agency was dissolved, at which time the City of Folsom became the Successor Agency for any existing development agreements previously under the Redevelopment Agency per City of Folsom Resolution 8891; and

WHEREAS, the disposition of all property under the DDA by the Agency to the Developer has occurred as approved by Folsom Successor Agency Oversight Board Resolution No. 014-FSAOB; and

WHEREAS, the Developer has completed construction on the first building of the site (Folsom Roundhouse), is ready to commence construction of the second building (Granite House); and has proceeded with planning the development of remaining Mixed-Use Sites (now called the "Historic Folsom Station"); and

WHEREAS, changes in conditions have prompted the need for changes to the DDA affecting development of the Mixed-Use Sites, in particular removing references to the Redevelopment Agency, disposition, and overall project timeline; and

WHEREAS, the proposed amendments to the DDA have been incorporated into a proposed Second Amended and Restated Development Agreement (the "Second Amended and Restated DA"); and

WHEREAS, an Initial Study/Mitigated Negative Declaration (the "Mitigated Negative Declaration") was prepared for the Folsom Historic Railroad Block 1997 Urban Design Master Plan project area in accordance with the California Environmental Quality Act (Public Resources Code Section 21000 et seq.; "CEQA") and the CEQA Guidelines (Cal. Code of Regulations Section 15000 et seq.; "CEQA Guidelines"), and on December 9, 1997, the City Council, as the lead agency, adopted the Mitigated Negative Declaration and a Mitigation Monitoring Plan; and

WHEREAS, in connection with modifications made to the public plaza, including relocation of an engine display building, adding sound and lighting systems to the public amphitheater and relocating the amphitheater within the public plaza site, the City of Folsom prepared a second addendum to the Mitigated Negative Declaration (the "Second Addendum"), which was approved by the City of Folsom Historic District Commission on March 5,2008, and concluded that the modifications are within the scope of the previously adopted Mitigated Negative Declaration, and

WHEREAS, Section 21166 of CEQA and Section 15162(a) of the CEQA Guidelines state that following the certification of an environmental impact report or approval of a negative declaration, no subsequent environmental review shall be required unless substantial changes are proposed in the project, substantial changes occur with respect to the circumstances under which the project is undertaken, or new information of substantial importance becomes available; and

WHEREAS, pursuant to the authority in Sections 65864 through 65869.5 of the Government Code, the City Council, following a duly notified public hearing on September 22, 2026, approved the Second Amended and Restated Development Agreement by and between the City of Folsom and Folsom Railroad Block Developers, LLC Relative to the Historic Folsom Station; and

WHEREAS, all notices have been given at the time and in the manner required by State Law and the Folsom Municipal Code.

NOW, THEREFORE, the City Council of the City of Folsom hereby does ordain as follows:

SECTION 1 FINDINGS

A. The above recitals are true and correct and incorporated herein by reference.

B. The City finds in adopting this Agreement:

(1) the original redevelopment disposition process was substantially completed through the post-dissolution conveyance process in or around

December 2014, when all four Mixed-Use Parcels were conveyed to the Developer;

(2) no new redevelopment property is being conveyed by this Agreement;

(3) no new redevelopment subsidy is being granted;

(4) the Project has remained continuously active since execution of the original DDA; and

(5) this Agreement is intended to implement, update, and complete an existing, partially-completed redevelopment-derived project, and preserves rather than eliminates the core public-benefit framework that originally justified redevelopment participation.

C. The Second Amended and Restated DA is consistent with the objectives, policies, general land uses and programs specified in the City's General Plan and the Folsom Zoning Code.

D. The Second Amended and Restated DA is in conformity with public convenience, general welfare, and good land use practices.

E. The Second Amended and Restated DA will not be detrimental to the health, safety, and general welfare of persons residing in the immediate area, nor be detrimental or injurious to property or persons in the general neighborhood or to the general welfare of the residents of the City as a whole.

F. The Second Amended and Restated DA will not adversely affect the orderly development of property or the preservation of property values.

G. The Second Amended and Restated DA has been prepared in accordance with, and is consistent with, Government Code Sections 65864 through 65869.5, and City Council Resolution No. 2370.

H. All notices have been given at the time and in the manner required by State Law and the Folsom Municipal Code.

I. The environmental impact of the development of the Railroad Block pursuant to the Second Amended and Restated DA has been previously studied by the Mitigated Negative Declaration, the First Addendum and the Second Addendum; none of the circumstances described in Section 15162(a) of the CEQA Guidelines exist that would require preparation of a subsequent environmental impact report; and development of the Railroad Block pursuant to the Second Amended and Restated DA will not cause a significant effect on the environment because the mitigation measures adopted with the Mitigated Negative Declaration have been

included as part of the Second Amended and Restated DA and reduce any potential impacts to an insignificant level. From an environmental perspective, no substantial changes to the project requiring further environmental review have been proposed.

SECTION 2 APPROVAL OF AMENDMENT TO DEVELOPMENT AGREEMENT

The Mayor is hereby authorized and directed to execute the Second Amended and Restated Development Agreement by and between the City of Folsom and Folsom Railroad Block Developers, LLC Relative to the Historic Folsom Station in substantially the form attached to the staff report accompanying this Ordinance on behalf of the City after the effective date of this Ordinance.

SECTION 3 SEVERABILITY

If any section, subsection, sentence, clause, or phrase in this Ordinance or any part thereof is for any reason held to be unconstitutional, invalid, or ineffective by any court of competent jurisdiction, such decision shall not affect the validity or effectiveness of the remaining portions of this Ordinance or any part thereof. The City Council declares that it would have passed each section irrespective of the fact that any one or more section, subsection, sentence, clause, or phrase be declared unconstitutional, invalid, or ineffective.

SECTION 4 EFFECTIVE DATE

This ordinance shall become effective thirty (30) days from and after its passage and adoption, provided it is published in full or in summary within twenty (20) days after its adoption in a newspaper of general circulation in the City.

This ordinance was introduced and the title thereof read at the regular meeting of the City Council on September 22, 2026 and the second reading occurred at the regular meeting of the City Council on October 13, 2026.

On a motion by Councilmember _____ seconded by Councilmember _____, the foregoing ordinance was passed and adopted by the City Council of the City of Folsom, State of California, this 13th day of October, 2026, by the following roll-call vote:

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

_____
Justin Raithel, MAYOR

ATTEST:

_____
Christa Freemantle, CITY CLERK

Attachment 2
Second Amended and Restated Development Agreement by and between the City of Folsom and Folsom Railroad Block Developers, LLC Relative to the Historic Folsom Station

FOR THE BENEFIT OF THE CITY OF FOLSOM PURSUANT TO GOVERNMENT CODE §6103

RECORDING REQUESTED BY AND WHEN RECORDED, MAIL TO:

CITY CLERK CITY OF FOLSOM
50 NATOMA STREET
FOLSOM, CALIFORNIA 95630Attn:

(SPACE ABOVE THIS LINE RESERVED FOR RECORDER'S USE)

Second Amended and Restated Development Agreement by and between

City of Folsom

and

Folsom Railroad Block Developers, LLC

HISTORIC FOLSOM STATION

SECOND AMENDED AND RESTATED DEVELOPMENT AGREEMENT

by and between

CITY OF FOLSOM

and

FOLSOM RAILROAD BLOCK DEVELOPERS, LLC

Historic Folsom Station

TABLE OF CONTENTS

100 DEFINITIONS 13
101. Definitions 9
200. CITY IMPROVEMENTS AND CONVEYANCE OF THE SITE 13
201. Public-Use Site 13
201.1 City Improvements 13
201.2 Conveyance of Public-Use Site and Assignment of Agency Interests 13
202. Purchase and Sale of Mixed-Use Parcels 13
202.1 Purchase and Sale 13
203. Environmental Covenants 15
203.1 Environmental Covenants Remain in Perpetuity 16
203.2 Developer Precautions After Closing 16
203.3 Required Disclosures After Closing 16
203.4 Developer Indemnity 16
203.5 No Modification or Waiver 16
203.6 Survival 17
300 DEVELOPMENT OF THE MIXED-USE PARCELS 17
301. Scope of Development 17
301.1 Developer's Obligation to Construct Improvements 17
302. Design Review 17
302.1 Basic Concept Drawings 17
302.2 Design Development Application 17
302.3 Revisions 17
302.4 Substantial Change 18
302.5 Defects in Plans 19
303. Land Use Approvals 19
303.1 Granite House Project Plans 19
304. Amended Schedule of Performance 20
305. Cost of Construction 20
306. Insurance Requirements 20
307. Indemnity 21
308. Rights of Access 21
309. Compliance With Laws 21

310. Nondiscrimination in Employment....22
310.1 Taxes and Assessments....22
310.2 Liens and Stop Notices....22
311. Release of Construction Covenants....23
400. COVENANTS AND RESTRICTIONS....24
401. Use of Mixed-Use Parcels....24
402. Use and Operation Covenants....25
403. Affordable Housing....26
403.1 Affordable Units....26
403.2 Selection of Qualified Renters/Buyers....26
403.3 Income of Renters/Buyers....26
403.4 Documentation....27
403.5 Best Efforts to Rent/Sell Affordable Units....27
404. CC&Rs for Residential Units....27
405. Maintenance Covenants; Reserved Parking; Mutual Rights of Access and Use of the Railroad Block During Construction; Reciprocal Easement Agreement....28
405.1 Maintenance of Mixed-Use Parcels....28
405.2 Maintenance of Public-Use Site....28
405.3 Reserved Parking....28
405.4 Mutual Rights of Access and Use of the Railroad Block During Construction....28
405.5 Reciprocal Easement Agreement....29
405.6 Air Space Easements....29
405.7 Public Restrooms on Mixed-Use Parcel E....29
406. Nondiscrimination Covenants....29
407. Effect of Violation of the Terms and Provisions of this Agreement After Completion of Construction....31
500. DEFAULTS AND REMEDIES....31
501. Default....31
502. Institution of Legal Actions....32
503. Acceptance of Service of Process....32
504. Rights and Remedies Are Cumulative....32
505. Inaction Not a Waiver of Default....32
506. Applicable Law....32
600. GENERAL PROVISIONS....32

601. Notices, Demands and Communications Between the Parties 32
602. Enforced Delay; Extension of Times of Performance 33
603. Transfers of Interest in Mixed-Use Parcels or Agreement 33
603.1 Prohibition 33
603.2 Permitted Transfers 34
603.3. City Consideration of Requested Transfer 34
603.4. Successors and Assigns 35
603.5 Assignment by City 35
604. Non-Liability of Officials and Employees of the City 35
605. Relationship Between City and Developer 35
606. City Approvals and Actions 35
607. Counterparts 35
608. Integration 35
609. Attorneys' Fees 36
610. Titles and Captions 36
611. Interpretation 36
612. No Waiver 36
613. Modifications 36
614. Severability 36
615. Computation of Time 36
616. Legal Advice 37
617. Time of Essence 31
618. Cooperation 31
619. Conflicts of Interest 37
620. Date of Agreement 37

Attachments

Attachment No. 1	Legal Description of the Railroad
Attachment No. 2	Map of the Railroad Block
Attachment No. 3	Master Conceptual Plan
Attachment No. 4	Scope of Development
Attachment No. 5	Legal Description of the Mixed-Use Parcels
Attachment No. 6	Intentionally Omitted
Attachment No. 7	Schedule of Performance
Attachment No. 8	Form of Release of Construction Covenants

DEVELOPMENT AGREEMENT

(Historic Folsom Station)

THIS **SECOND AMENDED AND RESTATED DEVELOPMENT AGREEMENT** (this **"Agreement"**) is entered into by and between the **CITY OF FOLSOM**, a charter city and a municipal corporation (the **"City"**), and **FOLSOM RAILROAD BLOCK DEVELOPERS, LLC**, a Delaware limited liability company (the **"Developer"**).

RECITALS

The following recitals are a substantive part of this Agreement:

A. The real property subject to this Agreement is commonly known as the Railroad Block, consisting of approximately 4.9 acres within the Folsom Historic District, more particularly described in Attachment No. 1 and shown on Attachment No. 2 (the "Railroad Block"). The master conceptual plan and development guidelines for the site were originally approved pursuant to Resolution No. 207-R, dated June 8, 2004 ("Master Conceptual Plan"), attached hereto as Attachment No. 3.

B. The complex project history described in more detail in these recitals originated with a Disposition and Development Agreement executed on October 20, 2006 ("Original DDA") by and between the Developer and the former Redevelopment Agency of the City of Folsom ("Agency"), which was subsequently amended and restated on March 8, 2011 ("Amended and Restated DDA") to guide the public-private development of the Railroad Block.

C. Following the statutory dissolution of the Agency in 2011 under Assembly Bill x1 26, the City elected to serve as the Successor Agency. As described in more detail below, on December 24, 2014, fee title to the four reconfigured private development parcels (Parcels A, C, D, and E, collectively the "Mixed-Use Parcels") was formally conveyed to the Developer via a post-dissolution transfer framework approved by the California Department of Finance. Concurrently therewith, the parties recorded a Grant Deed, Restrictive Covenant, and an Easement and Maintenance Agreement assigning the former Agency's surviving rights and enforcement obligations to the City.

D. The public and private components of the broader site plan have progressed in phases. The City completed the primary public plaza and streetscape enhancements on the retained balance of the site (the "Public-Use Site"). On the Mixed-Use Parcels, the Developer successfully completed construction and commercial build-out of the building on Mixed-Use Parcel D (the "Roundhouse") in 2019–2020. Additionally, on March 14, 2018, the parties recorded a temporary easement agreement permitting the City to position a temporary public restroom structure on a portion of Mixed-Use Parcel E pending future phase construction.

E. To address macroeconomic changes and ensure structural project feasibility, the Developer applied for a design modification for the unbuilt building on Mixed-Use Parcel C ("Granite House"), which was recommended for approval by the Historic District Commission on October 2, 2024 under Project No. DRCL24-00191. This design modification reallocated space previously designated for internal parking into active retail and office uses.

F. As is more fully set forth in this Agreement, the Developer will finance and undertake

the development, operation and maintenance of improvements on the Mixed-Use Parcels, consisting of office, retail, restaurant, and residential uses (the "Developer Improvements"), and the City has financed and undertaken the development of public improvements on the Public-Use Site, consisting of public plaza and streetscape improvements (the "City Improvements"). The Developer Improvements and the City Improvements are collectively referred to herein as the "Historic Folsom Station Project." The residential component of the Developer Improvements requires that the Developer comply with the affordable housing requirements set forth herein.

G. The development of the Mixed-Use Parcels by the Developer, and the improvement of the Railroad Block by the City and the Developer pursuant to the terms of this Agreement, are in the vital and best interests of the City and the health, safety, and welfare of its residents, and in accord with the public purposes and provisions of applicable state and local laws and requirements under which the redevelopment of the Railroad Block is being undertaken.

H. The City finds that in adopting this Agreement: (1) the original redevelopment disposition process was substantially completed through the post-dissolution conveyance process in or around December 2014, when all four Mixed-Use Parcels were conveyed to the Developer; (2) no new redevelopment property is being conveyed by this Agreement; (3) no new redevelopment subsidy is being granted; (4) the Project has remained continuously active since the original DDA; and (5) this Agreement is intended to implement, update, and complete an existing, partially-completed redevelopment-derived project, and preserves rather than eliminates the core public-benefit framework that originally justified redevelopment participation.

J. Historic Folsom Station Project History:

1. Development of the Historic Folsom Station Project was previously considered in the Folsom Historic Railroad Block 1997 Urban Design Master Plan (the "1997 Urban Design Master Plan"). Pursuant to the California Environmental Quality Act (Public Resources Code Section 21000 *et seq.;* "CEQA") and its implementing guidelines (14 Cal. Code Regs. Section 15000 *et seq.;* "CEQA Guidelines"), an initial study was performed, which determined that a mitigated negative declaration (the "Initial Study/Mitigated Negative Declaration") should be adopted for the 1997 Urban Design Master Plan. The City of Folsom adopted the 1997 Urban Design Master Plan and the Initial Study/Mitigated Negative Declaration on December 9, 1997.

2. Following the adoption of the 1997 Urban Design Master Plan, the City undertook the construction of Lake Natoma Crossing, which included creating a grade level separation between Folsom Boulevard and Leidesdorff Street with a block-long 'lid' overcrossing. Lake Natoma Crossing was completed in 1999.

3. In 2000, the Agency issued a Request for Proposals for the Railroad Block. After reviewing several proposals, the Agency selected Developer to redevelop the Railroad Block.

4. After receiving and reviewing two development proposals for the Railroad Block from the Developer, in 2003, the Agency determined that a public outreach effort

was necessary in order to provide guidance to the Developer beyond what had been presented in the 1997 Urban Design Master Plan. A series of community workshops to discuss development concepts for the Railroad Block culminated in the preparation of a master conceptual plan and development guidelines for the Railroad Block that would combine a mixed-use development with a large public plaza area. The master conceptual plan and development guidelines were approved by the Agency pursuant to Resolution No. 207-R, dated June 8, 2004 ("Master Conceptual Plan"). A copy of the Master Conceptual Plan is attached hereto as Attachment No. 3, and incorporated herein.

5. Development of the Railroad Block pursuant to the Master Conceptual Plan was determined to be within the scope of the Initial Study/Mitigated Negative Declaration adopted for the 1997 Urban Design Master Plan of the Railroad Block, pursuant to an addendum to the Initial Study/Mitigated Negative Declaration prepared by the City and approved by the City on January 24, 2006 (the "2006 Addendum to the IS/MND"). Federal funding was obtained for the public plaza component of the Master Conceptual Plan, which required separate review of the public plaza pursuant to the National Environmental Policy Act (42 U.S.C. Section 4321 *et seq.)* and its implementing guidelines (40 C.F.R. Section 1500 *et seq.).* On April 11, 2006, the Federal Transit Administration approved a categorical exclusion from NEPA for the public plaza portion of the Master Conceptual Plan.

6. Following approval of the Master Conceptual Plan, the Agency and Developer restarted negotiations regarding the development of the Railroad Block pursuant to the guidelines of the Master Conceptual Plan. In October 2006, Bernau Development Corporation joined the Developer.

7. On October 20, 2006, the Agency and the Developer entered into a Disposition and Development Agreement (the "Original DDA") providing for the development of the Railroad Block. The Original DDA identified three non-contiguous parcels within the Railroad Block as parcels designated for private development, required the Developer to acquire all three parcels in a single purchase transaction, and set forth a schedule for the development of the Railroad Block. Under the Original DDA, Developer was to construct three buildings, one on each of the three non-contiguous parcels, and Agency was to construct the Public Parking Garage and a public plaza.

8. Prior to the execution of the Original DDA, the City and Agency completed two public works projects adjacent to the Railroad Block: the realignment of Reading Street (which forms the southern boundary of the Railroad Block) and the construction of the light rail plaza for the Folsom Historic District Light Rail Station (located across Reading Street from the Railroad Block), which were both completed in October 2005.

9. The Agency commenced construction of the Public Parking Garage in December 2006. Completion of the Public Parking Garage was a condition precedent under the Original DDA to the close of escrow of the sale of the three parcels to the Developer. Construction of the Public Parking Garage was completed in April 2008.

10. In February 2007, the Developer prepared and submitted to the Historic District Commission of the City of Folsom (the "Historic District Commission") its designs for

four buildings on three non-contiguous parcels within the Railroad Block. The Developer's design plans were approved by the City on June 6, 2007. The Developer submitted its construction plans for all four buildings of the Developer's proposed improvements in November 2007.

11. After discussions with the Developer during Spring 2007, the Agency began redesigning the public plaza to include an amphitheater that would include a sound system, seating for performances and could be fenced off from the rest of the public plaza; prior conceptual designs of the public plaza had included a less formal amphitheater. The new amphitheater incorporated certain design elements in order to meet standards set by the City's Noise Ordinance, which also required certain additional sound dampening measures for the Developer's proposed buildings. A noise impact study was performed by The Acoustics & Vibration Group, Inc., in February 2008 (the "TAVG Noise Impact Study") that determined limitations for the amphitheater as well as specifications for Developer's buildings in compliance with the City's Noise Ordinance.

12. The public plaza design changes necessitated a review of prior environmental reviews pursuant to CEQA and NEPA. The Agency prepared a second addendum to the Initial Study/Mitigated Negative Declaration for the 1997 Urban Design Master Plan, dated February 14, 2008 (the "2008 Addendum to the ISMND"), which determined that the public plaza modifications were within the scope of the Initial Study/Mitigated Negative Declaration for the 1997 Urban Design Master Plan. The City approved the redesigned public plaza design on March 5, 2008. A categorical exclusion for the redesigned public plaza was approved by the California Department of Transportation (which had been delegated authority over the project by the Federal Transit Administration) on December 23, 2008.

13. In early 2008 the Developer obtained a geotechnical study from the Youngdahl Consulting Group, Inc. ("Youngdahl"), dated March 17, 2008, which focused primarily on the proposed parcels to be acquired by Developer (the "2008 Youngdahl Soils Analysis"). The 2008 Youngdahl Soils Analysis found that the soils of the portions of the Railroad Block would need to be over excavated and replaced with engineered fill beyond what had been anticipated in order to support the Developer's proposed buildings.

14. In June 2008, based on the TAVG Noise Impact Study and the 2008 Youngdahl Soils Analysis, the Developer resubmitted plans for the Developer's first planned building, known as the "Granite House" on the proposed parcel to be conveyed to Developer, defined as Parcel D in the Original DDA, and as Parcel C in this Agreement.

15. By Fall 2008, as a result of the further planning of the Railroad Block by both the Agency and the Developer, the Agency and Developer were in the process of preparing substantive amendments to the Original DDA. However, at the same time the Developer desired to enter onto the Railroad Block to perform certain site preparation work needed for the development of the Granite House; if the site preparation work was delayed until the anticipated approval of the amendments of the DDA, construction of the Granite House would be substantially delayed. To permit the

Developer to enter onto the Railroad Block and begin construction prior to acquiring the Granite House property, the Agency and Developer entered into an Implementation Agreement dated October 13, 2008 (the "Implementation Agreement"),, which authorized the Developer to enter upon the Railroad Block to perform certain site preparation work pursuant to rough grading plans for the Granite House property approved by the City on October 10, 2008. The Implementation Agreement also authorized financial assistance to the Developer in the amount of $250,000 (the "Housing Assistance") in exchange for the Developer's commitment to provide six (6) units of affordable housing as part of the development of the Railroad Block, which commitment and Housing Assistance are now more specifically provided for in Section 403.1 of this Agreement. The Developer completed the site preparation work by November 2008.

16. The real estate appraisal firm of Seevers, Jordan and Ziegenmeyer ("Seevers") completed an initial appraisal of the Granite House parcel in October 2008. After review by both the Agency and Developer, it was determined that a peer review of the Seevers appraisal of the Granite House parcel was necessary. In March 2009, the Agency contacted the firm of Bender Rosenthal, Inc.("Bender"), to prepare a peer review; it was instead determined to be more cost effective to have Bender prepare a second appraisal of the Granite House property, which was completed on May 3, 2009.

17. The Developer's building permit for the Granite House property was ready for issuance in June 2009.

18. Based on the results of the 2008 Youngdahl Soils Analysis, the Agency requested that Youngdahl prepare a new soils analysis for the public plaza improvements, which was completed on July 31, 2009 (the "2009 Youngdahl Soils Analysis"). The 2009 Youngdahl Soils Analysis found that the soil beneath the public plaza would need to be excavated and replaced with engineered fill in order to support the planned hardscape of the public plaza to an extent far greater than had been previously anticipated based on earlier soils analyses. The Agency retained the firm of Kleinfelder to perform a peer review of the 2008 Youngdahl Soils Analysis and the 2009 Youngdahl Soils Analysis, which was completed in September 2009 and concurred with the Youngdahl Soils Analyses. The Agency subsequently began working with responsible governmental entities to revise construction plans for the public plaza.

19. In July 2009, the Agency publicly advertised its Sutter Street Streetscape Project for construction bids. The Sutter Street Streetscape Project involved the removal of medians and trees, relocating traffic lanes, making certain drainage improvements, creating limited on-street parking and delivery areas, removing certain shed roofs and widening sidewalks to accommodate shoppers, outdoor cafes and shade trees along Sutter Street and portions of cross streets, including the portion of Sutter Street that serves as the eastern boundary of the Railroad Block. All bids received by the Agency in July 2009 were rejected as being too expensive. A second round of bidding occurred in December 2009, and the Agency accepted a bid in January 2010. Construction of the Sutter Street Streetscape Project improvements began in February 2010 and were completed in May 2011.

20. On April 29, 2010, the Parcel Map for Historic Folsom Station, Subdivision No. PN 07-485 was recorded in Book 910402, at page 1151 of the official records of Sacramento County creating private development parcels A, C, D and E and public parcel B. The assessor parcel numbers for these are: 070-0052-022-0000 (Parcel A – Leidesdorff Building); 070-0052-024-0000 (Parcel C – Granite House); 07000520250000 (Parcel D - Roundhouse); 070-0052-026-0000 (Parcel E – Sutter Row) and 070-0052-023-0000 (Parcel B – Public Plaza). In light of current conditions and the further planning and decisions of the parties, the City and Developer reconfigured the three private development parcels into four parcels and have determined that a phased approach to the purchase and development of the private development parcels is now appropriate.

21. In the spring of 2010, as mobilization, staging, demolition and construction commenced for the Sutter Street Streetscape Project, the Agency and Developer agreed to delay construction of the Granite House to avoid exacerbating the significant construction impacts to Historic District businesses. Additionally, since the plaza improvements would be required for occupancy of the Granite House, it was also agreed that construction of Granite House should not begin until construction commenced for the Historic Folsom Station Plaza Improvements.

22. In December 2010, the City accepted a bid for construction of the public plaza, which includes substantial archeological investigation and earthwork to commence in spring 2011. Except for lighting and landscaping the public plaza improvements were completed in April 2012.

23. To summarize, since the Original DDA was adopted in 2006, the following events had taken place by December 2010:|

February 2007:	Developer submits design documents
June 2007:	HDC approves Developer design documents
November 2007:	Developer submits building plans
February 2008:	TAVG Noise Impact Study completed
March 2008:	2008 Youngdahl Soils Analysis completed
April 2008:	Public Parking Garage opens
June 2008:	Developer re-submits Granite House building plans
October 2008:	Seevers appraisal of Granite House property completed
October 2008:	Implementation Agreement executed
	Agency provides payment of $250,000 in Housing Assistance to Developer
November 2008:	Rough grading of Granite House property completed
May 2009:	Bender appraisal of Granite House property completed
June 2009:	Granite House building permit ready for issuance
July 2009:	2009 Youngdahl Soils Analysis completed

September 2009:	Kleinfelder Peer Review of Youngdahl Soils Analyses completed
December 2009:	Sutter Street Streetscape Project advertised for bids
February 2010:	Sutter Street Streetscape Project construction begins
December 2010:	Public Plaza construction bid awarded

24. In January of 2011, the Governor of the State of California proposed statewide elimination of redevelopment agencies (RDAs) beginning with the fiscal year (FY) 2011-12 State budget.

25. On March 8, 2011, the Amended and Restated Disposition and Development Agreement (DDA) was executed by the Developer, Folsom Railroad Block Developers, LLC, and the Seller, the Redevelopment Agency of the City of Folsom. By that time, the Developer had already completed the Granite House building pad grading, construction drawings for the Granite House were ready for issuance, the Developer had obtained a Public Report from the California Department of Real Estate, and successfully marketed and received purchase deposits from qualified buyers for 75% of the loft condominiums as required by the Developer's lender.

26. On June 28, 2011, the Governor's proposal to dissolve redevelopment agencies was incorporated into Assembly Bill 26 (ABX1 26, Chapter 5, Statutes of 2011, First Extraordinary Session), which was passed by the Legislature, and signed into law by the Governor. As a result of that change to state law, Folsom Railroad Block Developers, LLC was not allowed to proceed with acquisition of the parcel and development of the Granite House until the Successor Agency and the State Department of Finance ratified the development agreement, reappraised the parcels and allowed the sale to proceed. Since the Redevelopment Agency of the City of Folsom was no longer in existence and the Successor Agency would be merged with other area Successor Agencies over time, the City of Folsom and the Developer agreed that it was in their mutual best interest for the Developer to acquire all four parcels initially rather than wait to acquire each parcel immediately prior to commencement of construction of each building.

27. On August 23, 2011, the City of Folsom elected to become the Successor Agency.

28. On February 1, 2012, after a period of litigation, redevelopment agencies were officially dissolved, and assets transferred to successor agencies.

29. On June 27, 2012, AB1484 passed clarifying the dissolution process and requirements for Successor Agencies.

30. On January 9, 2013, via Resolution No. 14-FSAOB, Folsom's Successor Agency approved the sale and disposition of the Mixed-Use Parcels to the Folsom Railroad Block Developers, LLC pursuant to Enforceable Obligation (DDA).

31. On December 23, 2013, the California Department of Finance issued a final determination letter approving Folsom's Successor Agency's Long Range Property Management Plan, which includes the Mixed-Use Parcels.

32. While the developer had obtained all land use and other discretionary entitlements, permits and approvals from the City and any other governmental agency applicable to the development of the Mixed-Use Parcels and submitted complete construction plans (i.e. civil, landscaping, and building) for development of the Mixed-Use Parcels to the City (see Schedule of Performance, Attachment 7, DOA), the Developer and the City needed to complete additional items on the Schedule of Performance to prepare for the Developer's acquisition of all four parcels. The additional items below were completed by December 2014:

a. Escrow Opened.

b. Agency (now Successor Agency) gives appraiser direction to proceed to prepare complete appraisal of the Mixed-Use Parcels.

c. Developer submits Evidence of Financing.

d. Developer Submits Air Space Easements for Mixed-Use Parcels.

e. Appraiser completes appraisal of the Mixed-Use Parcels.

f. Agency (now Successor Agency) Approves Developer's Evidence of Financing.

g. Agency (now Successor Agency) Approves Developer's Air Space

h. Easements for the Mixed-Use Parcels.

i. Close Escrow for Mixed-Use Parcels.

33 On January 29, 2014, Bender Rosenthal completed an updated appraisal of the four private development parcels for the Successor Agency completing items 2 and 5 of the Schedule of Performance from the 2011 First Amended and Restated DDA.

34. In December 2014, escrow was opened, the Developer deposited funds, the title company sent confirmation of funding to the Successor Agency, and the Developer closed on all four Mixed-Use parcels on December 24, 2014, completing items 1, 3, 6, and 8.

35. Concurrently with closing on December 24, 2014, the Easement and Maintenance Agreement between the City of Folsom and Folsom Railroad Block Developers, LLC was recorded to complete items 4. and 7. above.

36. The Developer acknowledged and agreed that the City had undertaken engineering costs a portion of which were attributable to the Developer Improvements and that the Developer's share of the engineering costs was $65,980.00, as described in City Resolution No. 261-R adopted on May 22, 2007. The Developer reimbursed the Developer's share of the engineering costs to the City, at the Closing of the Mixed-Use Parcels on December 24, 2014.

37. In addition to items 1-8 on the Schedule of Performance, the City of Folsom and the

Developer recorded a Grant Deed and Restrictive Covenant on December 24, 2014. The Grant Deed and Restrictive Covenant assigned all rights of the Agency provided for in the DDA to be transferred to the City of Folsom as expressly provided in Section 603.5 of the DDA. Also, the Grant Deed and Restrictive Covenant set forth the uses and types of businesses that shall not be permitted on the Mixed-Use Parcels by the owners, occupants or tenants of the parcels and other conditions and provisions of the DDA.

38. The Developer and Scott's Seafood, the Roundhouse anchor tenant, executed a lease for the first level of the Roundhouse in June 2015. As a result, City and Developer agreed to change the order of the development for the Mixed-Use Parcels so that the Roundhouse site (Mixed-Use Parcel D) could be developed first. Since the building codes had changed since the Roundhouse plans were originally submitted to the City of Folsom, the Developer was required to prepare and submit new plans. Both the Roundhouse building shell plans, and the Scott's Seafood tenant improvement plans were completed and submitted to the City of Folsom in 2016 and approved for issuance in 2017. The Developer commenced construction of the Roundhouse in late 2017.

39. In 2018, the Developer executed a lease with Willamette Wineworks for a portion of the Roundhouse and Willamette prepared and submitted tenant improvement plans to the City of Folsom.

40. In January 2019, the Developer completed the building shell and Scott's Seafood and Willamette Wineworks commenced tenant improvements. In the midst of the pandemic, Willamette and Scott's Seafood opened in February and July 2020, respectively.

41. On February 26, 2018, the City of Folsom and the Developer executed an Easement and Maintenance Agreement so the City of Folsom could place, on a temporary basis, a manufactured restroom facility on a portion of the Developer's Parcel E. There are two easements covered by the agreement, a 5' x 20' easement for placement of a two-restroom building with one toilet and sink each and a 10' wide easement extending from the rear center of the temporary restroom to the existing electrical meter. The easements shall continue until commencement of construction of the Sutter Row building or until termination by the City of Folsom, whichever occurs first. This agreement was recorded in the official records of Sacramento County on March 14, 2018, Document #210803140370.

42. Because multiple standard building code updates had occurred since building permits for the Granite House were ready for issuance in June 2009, the City of Folsom required the Developer to prepare and submit new construction drawings for the Granite House. Given the pandemic, the new plans were completed and submitted to Folsom's Building Department in 2022, and the City of Folsom approved the plans for issuance in 2023. After bidding was complete, the construction cost and fees had increased over 65% from the cost in 2011 and Developer represented to the City that condo values and retail rents had not increased commensurately. Value engineering could not yield the savings necessary to make the Granite House financially feasible. To address this Developer proposed to City to convert the non-revenue generating parking space in the Granite House to retail and office to support the higher construction cost

43. July 5, 2024, the Developer applied to the City of Folsom for the proposed change. On October 2, 2024, the Historic District Commission recommended approval to the City Council

for the Granite House Modification Project (DRCL24-00191), changing the parking to retail and office uses including exterior revisions to the building elevations to accommodate the modification.

44. Pursuant to the terms of the DDA, on September 30, 2024, the City of Folsom and the Developer agreed to amend Attachment No. 7, Schedule of Performance to extend the commencement and completion dates of the Developer improvements of the remaining three parcels at Historic Folsom Station including the Granite House, Sutter Row and the Leidesdorff buildings.

45. On April 25, 2025, the Developer submitted revised building plans for the Granite House to the City of Folsom for plan review reflecting the modification that had been recommended for approval to the City Council by the Historic District Commission. On June 11, 2025, the Developer received the first round of plan check comments from the City of Folsom. On July 25, 2025, the Developer submitted responses and/or corrections. On October 9, 2025, the Developer received the second round of plan check comments from the City of Folsom. On November 14, the Developer submitted responses and/or corrections. On November 21, 2025, the City approved the building and structural review. On January 15, 2026, the Developer received a third round of engineering comments. On January 22, 2026, the Developer submitted engineering responses and/or corrections. On April 16, 2026, City approved the Granite House Site Improvement Plans, and the Developer obtained grading permit consistent with the original approved and pending plans.

46. This Agreement amends, restates and supersedes in their entirety both the Original DDA, the Amended and Restated DDA and the Implementation Agreement, and is designed to achieve the co- development of the Railroad Block by the City and the Developer in a coordinated and comprehensive manner.

47. To summarize, since adoption of the Amended and Restated DDA in March 2011, the following events have taken place:

April 2011	City commences construction of Historic Folsom Station Public Plaza
May 2011	City completes Sutter Street Streetscape project
June 2011	Folsom Redevelopment Agency was terminated Developer not allowed to acquire and develop Mixed-use parcels
April 2012	Historic Folsom Station Public Plaza construction substantially complete
January 2013	Successor Agency approved sale and disposition to Developer subject to State approval
December 2013	State approves Successor Agency's Long Range Property Management Plan, including the sale and disposition of the Mixed-Use Parcels to Developer
January 2014	Appraisal completed of Mixed-use parcels for Successor Agency
December 2014	Developer and City complete and record the Easement and Maintenance Agreement Escrow is opened

	Developer deposits funds for purchase of the four Mixed-Use Parcels Developer deposits funds to reimburse Agency for share of engineering costs Sale of Mixed-use parcels close
June 2015	Developer and Scott's Seafood execute Roundhouse lease and Scott's begins tenant improvement (TI) plans
April 2016	Scott's Seafood submits TI plans to City
December 2016	Developer submits updated Roundhouse building shell plans to City
May 2017	City approves Scott's Seafood TI plans and Scott's obtains permit (17-939)
June 2017	City approves Roundhouse plans and Developer obtains permit (16-4845)
December 2017	Developer acquires Kolokotronis and River Rock LLC membership interests
March 2018	Developer and Willamette Valley Vineyards sign Roundhouse lease
November 2018	Willamette submits Roundhouse TI plans to the City (18-4628)
May 2019	City approves Willamette TI plans and Willamette obtains permit (18-4628)
February 2020	Willamette Wineworks receives Certificate of Occupancy (C of O) and opens for business
May 2020	Developer signs contract with architect to update Granite House plans
July 2020	Scott's Seafood receives C of O and opens for business
December 2022	Developer submits updated Granite House plans to City (MULT22-07428)
July 2023	City approves Granite House plans for permit
May 2024	After bidding and value engineering, Developer meets with City Manager re: economic viability
July 2024	Developer submits revised first floor plan and elevations to City for Historic District Commission review and recommendation for City Council approval
September 2024	Developer and City Manager revise the Schedule of Performance, pursuant to the terms of the DDA
October 2024	Historic District Commission recommends approval first floor and elevation revisions of the Granite House to the City Council
April 2025	Developer submits updated Granite House plans to City (REVS25-04967)
March 2026	Developer submits Second Amended and Restated Development Agreement for City review and approval
April 2026	On April 16, 2026, the City approves the Granite House Site Improvement Plans and Developer obtains the grading permit
May 2026	Commencing on May 4, 2026, Developer regrades building pad per approved Site Improvement Plans and re-opens public parking lot on May

8, 2026

48. As the Historic Folsom Station Project proceeds, the City may also determine to undertake renovations to the SP Depot and the Interpretive Center, provided, however, that nothing in this Agreement shall be deemed or construed to require or obligate the City as to any such renovations.

49. The development of the Mixed-Use Parcels by the Developer, and the improvement of the Railroad Block by the City and the Developer pursuant to the terms of this Agreement, are in the vital and best interests of the City of Folsom (the "City") and the health, safety, and welfare of its residents, and in accord with the public purposes and provisions of applicable state and local laws and requirements under which the redevelopment of the Railroad Block is being undertaken.

AGREEMENTS

NOW, THEREFORE, the City and the Developer hereby agree as follows:

100. DEFINITIONS

101. Definitions

"Affordable Housing Cost" has the same meaning as defined in Section 50052.5 of the Health and Safety Code.

"Affordable Rent" has the same meaning as defined in Section 50053 of the Health and Safety Code.

"Affordable Units" means residential units affordable to persons and families of moderate income as defined by Health and Safety Code Section 50093, in accordance with Section 403 hereof.

"Agency" means the Redevelopment Agency of the City of Folsom, a public body, corporate and politic, which exercised governmental functions and powers and organized and existed under Chapter 2 of the California Redevelopment Law ("CRL"), and any assignee of or successor to its rights, powers and responsibilities. The Agency was terminated in June 2011.

"Agreement" means this Second Amended and Restated Disposition and Development Agreement between the City and the Developer.

"Basic Concept Drawings" means the drawings attached as Exhibit A to the Scope of Development (Attachment No. 4), as set forth in Section 302.1 hereof.

"***City"*** City means the City of Folsom, California.

"***City Improvements***" means the improvements constructed by the City on the Public-Use Site pursuant to this Agreement, as more particularly described in the Scope of Development (Attachment No. 4).

"City Manager" means the City Manager of the City of Folsom, California.

"Date of Agreement" means the date upon which this Second Amended and Restated Development Agreement shall have been signed by the City and Developer, as further defined in Section 620 of this Agreement.

"Default" means the failure of a party to perform any action or covenant required by this Agreement within the time provided herein following notice and opportunity to cure, as set forth in Section 501 hereof.

"Design Development Application" means those plans and drawings to be submitted to the City for its review and approval, pursuant to the terms of this Agreement.

"Developer" means Folsom Railroad Block Developers, LLC, a Delaware limited liability company.

"Developer Improvements" means the new improvements to be constructed by the Developer upon the Mixed-Use Parcels pursuant to this Agreement and all approvals, inspections and permits required for completion of the new improvements, as more particularly described in the Scope of Development (Attachment No. 4).

"Governmental Requirements" means all laws, ordinances, statutes, codes, rules, regulations, orders and decrees of the United States, the state, the county, the City, or any other political subdivision in which the Railroad Block is located, and of any other political subdivision, agency or instrumentality exercising jurisdiction over the City, the Developer or the Railroad Block.

"Hazardous Materials" means any substance, material, or waste which is or becomes, regulated by any local governmental authority, the State of California, or the United States Government, including, but not limited to, any material or substance which is (i) defined as a "hazardous waste," "extremely hazardous waste," or "restricted hazardous waste" under Section 25115, 25117 or 25122.7, or listed pursuant to Section 25140 of the California Health and Safety Code, Division 20, Chapter 6.5 (Hazardous Waste Control Law), (ii) defined as a "hazardous substance" under Section 25316 of the California Health and Safety Code, Division 20, Chapter 6.8 *(Carpenter-Presley-Tanner Hazardous Substance Account Act),* (iii) defined as a "hazardous material," hazardous substance," or "hazardous waste" under Section 25501 of the California Health and Safety Code, Division 20, Chapter 6.95 (Hazardous Materials Release Response Plans and Inventory), (iv) defined as a "hazardous substance" under Section 25281 of the California Health and Safety Code, Division 20, Chapter 6.7 (Underground Storage of Hazardous Substances), (v) petroleum, (vi) asbestos, (vii) polychlorinated biphenyls, (viii) defined as "hazardous" or "extremely hazardous" pursuant to Title 22 of the California Code of Regulations, Division 4.5, Chapter 11, (ix) designated as "toxic pollutants" pursuant to Section 311 of the *Clean Water Act* (33 U.S.C. §1317), (x) defined as a "hazardous waste" pursuant to Section 1004 of the *Resource Conservation and Recovery Act,* 42 U.S.C. §6901 *et seq.* (42 U.S.C. §6903) or (xi) defined as a "hazardous substance" pursuant to Section 101 of the *Comprehensive Environmental Response, Compensation, and Liability Act,* 42 U.S.C. §9601 *et seq.*

"Historic Folsom Station Project" refers to the Railroad Block and means the development of the Railroad Block pursuant to this Agreement consisting of the City Improvements and the Developer Improvements.

"Housing Assistance" means the $250,000 paid by the City to the Developer pursuant to the Implementation Agreement.

"Implementation Agreement" means the agreement entered into by the Developer and the Agency on October 13, 2008, in which the Agency (1) permitted the Developer to enter upon the Railroad Block to perform certain site preparation work and (2) provided $250,000 in Housing Assistance to the Developer in exchange for the Developer's commitment to provide six (6) units affordable to persons or families of moderate income.

"Map of the Railroad Block" means the map of the Railroad Block that is attached hereto as Attachment No. 2.

"Member" shall mean any of the members of Folsom Railroad Block Developers, LLC, including, without limitation: Bernau Development Corporation, a California corporation

and Jeremy G. Bernau, an individual.

"Notice" shall mean a notice in the form prescribed by Section 601 hereof.

"Public Parking Garage" means the four-story, 315-space public parking garage constructed on the Railroad Block by the Agency and the City.

"Reciprocal Easement Agreement" or *"REA*" means the agreement described in Section 405.5 hereof.

"Redevelopment Plan" means the Redevelopment Plan for the Central Folsom Redevelopment Project, adopted by the City Council of the City of Folsom on November 29, 1983, by Ordinance No. 512, as amended on December 13, 1994, by Ordinance No. 811, and on April 8, 2003, by Ordinance No. 992, and on December 9, 2003, by Ordinance No. 1010, on August 23, 2005, by Ordinance No. 1045, and on October 10, 2006, by Ordinance No. 1065. Redevelopment Agency and its associated plans were formally terminated February 1, 2012.

"Release of Construction Covenants" means the document that evidences the Developer's satisfactory completion of the Developer Improvements, as set forth in Section 311 hereof, in the form of Attachment No. 8 hereto.

"RR Turntable" means the historic train turntable located on the Railroad Block.

"Schedule of Performance" means the Schedule of Performance (Attachment No. 7) setting out the dates and/or time periods by which certain obligations set forth in this Agreement must be accomplished.

"Scope of Development" means the Scope of Development (Attachment No. 4) describing the scope, amount and quality of development of the Developer Improvements to be constructed by the Developer pursuant to the terms and conditions of this Agreement.

200. CITY IMPROVEMENTS AND CONVEYANCE OF THE SITE

201. Public-Use Site.

201.1. City Improvements. Within the times set forth in the Schedule of Performance (Attachment No. 7) of the Amended and Restated DDA, the Agency or City have developed and constructed the Agency or City Improvements in accordance with the Scope of Development (Attachment No. 4) of the Amended and Restated DDA and as set forth herein.

201.2. Conveyance of Public-Use Site and Assignment of Agency Interests. Following the completion of the Agency Improvements, the Successor Agency has conveyed the Public-Use Site to the City and assigned to the City its rights and obligations under the REA.

202. Purchase and Sale of Mixed-Use Parcels.

202.1 Purchase and Sale. Developer has completed the purchase of all four of the Mixed-Used Parcels from the Successor Agency in accordance with the terms of the Amended and Restated DDA. For reference to those previous provisions, see the Amended and Restated DDA

recorded at the Sacramento County Recorder on April 7, 2011 in Book 2011407 at Page 0.

203. Environmental Covenants.

203.1 Environmental Covenants Remain in Perpetuity. The environmental covenants set forth below shall remain in full force and effect in perpetuity and are binding upon the Developer and every successor in interest to the Mixed-Use Parcels or any part thereof, notwithstanding the issuance of any Release of Construction Covenants, or any other event occurring under this Agreement.

203.2 Developer Precautions After Closing. Upon the Closing for a Mixed-Use Parcel, the Developer shall take all necessary precautions to prevent the release into the environment of any Hazardous Materials which are located in, on or under the Mixed-Use Parcels. Such precautions shall include compliance with all Governmental Requirements with respect to Hazardous Materials. In addition, the Developer shall install and utilize such equipment and implement and adhere to such procedures as are consistent with commercially reasonable standards as respects the disclosure, containment, storage, use, removal and disposal of Hazardous Materials.

203.3 Required Disclosures After Closing. After the Closing for a Mixed-Use Parcel, the Developer shall notify the City, and provide to the City a copy or copies, of all environmental permits, disclosures, applications, entitlements or inquiries relating to the Mixed-Use Parcels, including notices of violation, notices to comply, citations, inquiries, clean-up or abatement orders, cease and desist orders, reports filed pursuant to self-reporting requirements and reports filed or applications made pursuant to any Governmental Requirements relating to Hazardous Materials and underground tanks. The Developer shall report to the City as soon as possible after each incident, any unusual or potentially important incidents with respect to the environmental condition of the Mixed-Use Parcels.

203.4 Developer Indemnity. From and after the Closing for a Mixed-Use Parcel, Developer agrees to indemnify, defend and hold City harmless from and against any claim, action, suit, proceeding, loss, cost, damage, liability, deficiency, fine, penalty, punitive damage, or expense (including, without limitation, attorneys' fees), resulting from, arising out of, or based upon (i) the presence, release, use, generation, discharge, storage or disposal of any Hazardous Materials on, under, in or about, or the transportation of any such Hazardous Materials to or from, the Mixed-Use Parcel, (ii) the violation, or alleged violation, of any statute, ordinance, order, rule, regulation, permit, judgment or license relating to the use, generation, release, discharge, storage, disposal or transportation of Hazardous Materials on, under, in or about, to or from, the Mixed-Use Parcel. This indemnity shall include, without limitation, any damage, liability, fine, penalty, cost or expense arising from or out of any claim, action, suit or proceeding for personal injury (including sickness, disease or death), tangible or intangible property damage, compensation for lost wages, business income, profits or other economic loss, damage to the natural resources or the environment, nuisance, contamination, leak, spill, release or other adverse effect on the environment.

203.5 No Modification or Waiver. Nothing in this Agreement shall be construed to modify, limit, waive, or terminate the environmental covenants set forth in this Section 203. To the extent any provision of this Agreement could be interpreted to conflict with the environmental covenants incorporated herein, the environmental covenants shall control.

203.6 Survival. The obligations set forth in this Section 203 shall survive the termination or expiration of this Agreement, the issuance of a final Release of Construction Covenants, and any transfer of title to any Mixed-Use Parcel, and shall run with the land as covenants appurtenant to the Mixed-Use Parcels for the benefit of the City and the public.

300. DEVELOPMENT OF THE MIXED-USE PARCELS

301. Scope of Development.

301.1 Developer's Obligation to Construct Improvements. Within the times respectively set forth therefor in the Amended Schedule of Performance (Attachment No. 7), the Developer shall commence and diligently prosecute to completion the construction of the Developer Improvements on each of the Mixed-Use Parcels in accordance with the Scope of Development (Attachment No. 4) and the plans, drawings and documents submitted by the Developer and approved by the City as set forth herein.

302. Design Review.

302.1 Basic Concept Drawings. Conceptual drawings for the development of the Developer Improvements on all of the Mixed-Use Parcels (the "Basic Concept Drawings") have been approved by the City and are attached to the Scope of Development (Attachment No. 4) as Exhibit A.

302.2 Design Development Application. The Developer has submitted to the City, and the City approved on June 6, 2007 and then the Developer subsequently revised and resubmitted the plans which were approved by the City on October 13, 2026, the following plans and drawings with respect to the Developer Improvements on all of the Mixed-Use Parcels (collectively, the "Design Development Application"):

a. Site plans.

b. Preliminary landscape plan.

c. Floor plans.

d. Roof plans.

e. Elevations and project sections (submitted in both black-and-white and color).

f. Tabulation of areas/uses.

g. Materials samples.

302.3 Revisions. If the Developer desires to propose any substantial changes (defined below) to the City-approved Design Development Application, it shall submit such proposed changes to the City, and shall also proceed in accordance with any and all State and local laws and regulations regarding such revision. Any and all change orders or revisions required by the City and its inspectors which are required under the *Folsom Municipal Code* and all other applicable Uniform Codes (e.g., Building, Plumbing, Fire, Electrical, etc.) and under other applicable laws and regulations shall be included by the Developer in its Design Development Application and completed during the construction of the Developer Improvements.

The City shall have the right to review any and all aspects of substantial changes proposed by the Developer, and shall have the right to reasonably approve or disapprove of substantial changes proposed by the Developer. The Developer acknowledges and agrees that the City is entitled to approve or disapprove any proposed substantial changes in order to satisfy the City's obligation to promote the sound development and redevelopment of land, to integrate the Developer Improvements with the City Improvements, to promote a high level of design which will impact the surrounding development, and to provide an environment for the social, economic and psychological growth and well-being of the citizens of the City and to comply with state and local laws and regulations governing development projects. The Developer shall not be entitled to any monetary damages or compensation as a result of the City's disapproval or failure to approve substantial changes proposed by the Developer.

On July 5, 2024, the Developer applied to the City of Folsom for a proposed change to the Granite House building. On October 2, 2024, the Historic District Commission recommended approval of the Granite House Modification Project (DRCL24-00191), changing the parking to retail and office uses including exterior revisions to the building elevations to accommodate the modification. (see Attachment No. 4, Exhibit A). City Council approved the modification project on October 13, 2026.

302.4 Substantial Change. A "substantial change" shall include, without limitation, the following:

a. Changes in the layout, elevation, design, or square footage substantially affecting architectural appearance or functional use and operation.

b. Changes in the exterior finishing materials substantially affecting architectural appearance or functional use and operation.

c. Changes in size or design affecting parking, bulk, building coverage or floor area ratio, building height or number of floors, frontage, size or placement of public service facilities; or changes in general pedestrian or vehicular circulation in, around or through the Mixed-Use Parcels, layout of passenger loading zones, or, retaining walls.

d. Any changes requiring approval of any city, county or state board, body, or commission, or any change required by any city, county or state board, body, or commission.

e. Any change that would preclude or materially reduce the ability to use the Mixed-Use Parcels as intended by this Agreement.

If the Developer requests any change in the permitted uses of a Mixed-Use Parcel provided for in this Agreement, the Developer shall submit to the City appropriate evidence, as determined by the City, substantiating the need for any such change, including a current market analysis, together with documentation detailing the Developer's good faith efforts to market and finance the Mixed-Use Parcel for the uses provided for in this Agreement. The City agrees to reasonably consider the Developer's request for a change in permitted uses, provided, however, that no change shall be presented that proposes residential uses on the ground floor. If the City agrees that a change in the uses for a particular Mixed-Use Parcel may be necessary, the Developer shall bear the sole responsibility for and cost of processing an amendment to the Master Conceptual Plan, including community meetings in connection therewith, and related amendments to this

Agreement. The Developer expressly acknowledges and agrees that nothing in this paragraph shall be deemed or construed to limit the discretion of the Historic District Commission and the City Council in their consideration of an amendment to the Master Conceptual Plan and related amendments to this Agreement.

302.5 Defects in Plans. The City shall not be responsible either to the Developer or to third parties in any way for any defects in the Basic Concept Drawings (Exhibit A of the Scope of Development, Attachment No. 4) or the Design Development Application, nor for any structural or other defects in any work done according to the approved Basic Concept Drawings or Design Development Application. The Developer shall hold harmless, indemnify and defend the City and its officials, officers, employees, agents and representatives from and against any claims, suits for damages to property or injuries to persons arising out of or in any way relating to defects in the Basic Concept Drawings or Design Development Application, including without limitation the violation of any laws, and for defects in any work done according to the approved Basic Concept Drawings and Design Development Application whether or not the City, or its officials, officers, employees, agents or representatives reviewed, accepted or approved the Basic Concept Drawings, Design Development Application, or any other Developer submittals and whether or not such liabilities are litigated, settled, or reduced to judgment.

303. Land Use Approvals. Within the times respectively set forth therefor in the Schedule of Performance (Attachment No. 7), the Developer has, at its own cost and expense, secured or cause to be secured any and all land use and other discretionary entitlements, permits and approvals which may be required for the Developer Improvements on a Mixed-Use Parcel by the City or any other governmental agency affected by such construction or work. The Developer has, without limitation, applied for and secured the following, and had paid all costs, charges and fees associated therewith:

a. Conditional Use Permit;

b. Parking Variance;

c. Design Review Approval;

d. All other permits and fees required by the City, County of Sacramento, and other governmental agencies with jurisdiction over the Developer Improvements; and

e. Any environmental studies and documents required pursuant to the California Environmental Quality Act.

303.1 Granite House Project Plans. The plans for the Granite House Project located on Mixed-Use Parcel C were prepared under the 2019 California Building Code and submitted to the City in 2022. Since the Developer has continued to make progress on the plans including modifications to the plans to remove the parking and replace it with retail and office uses, the project plans may continue to remain under the 2019 Building Code. However, in addition to any other remedies available to the City as described in Article 500, in the event that the Developer does not proceed with construction or if the project stalls without any substantial forward progress for two (2) years from the date of the agreement then the plans shall be required to be updated and brought into compliance with the current building code in effect at the time and resubmitted to the City for review before construction of the Granite House may commence.

304. Amended Schedule of Performance. The Developer shall commence and complete all construction of the Developer Improvements on each Mixed-Use Parcel, and satisfy all other obligations and conditions of this Agreement within the times established therefor in the Amended Schedule of Performance (Attachment No. 7). The Amended Schedule of Performance is subject to revision from time to time as mutually agreed upon in writing between the Developer and the City Manager, and the City Manager is authorized to make such revisions as he or she deems reasonably necessary on behalf of the City, subject to the following limitations.

Upon receipt of a written request from the Developer received not less than 30 days before the applicable deadline, the City Manager shall have authority to grant extensions to the Schedule of Performance up to a cumulative total of three hundred and sixty-five days (365) days per Mixed-Use Parcel. Any extension beyond three hundred and sixty-five (365) days for any Mixed-Use Parcel shall require approval by the City Council by resolution at a duly noticed public meeting. Except as described in the following paragraph, any extension granted without the required Council approval shall be void and of no effect.

Notwithstanding the prior paragraph, upon receipt of a written request from the Developer received not less than 30 days before the applicable deadline, the City Manager shall have the authority to grant an extension of up to an additional three hundred and sixty-five (365) days without approval by the City Council in the event that the City fails to meet the review timelines set forth in the Schedule of Performance (Attachment No. 7). Any extension granted pursuant to this paragraph shall be equivalent to the delay in City review beyond the timelines stated in the Schedule of Performance (Attachment No. 7). Any extension granted beyond that time period without Council approval shall be void and of no effect.

305. Cost of Construction. Except to the extent otherwise expressly set forth in this Agreement, all costs and expenses of planning, designing, developing and constructing all of the Developer Improvements, demolition of existing improvements, and preparation and grading of the Mixed-Use Parcels shall be borne solely by the Developer.

306. Insurance Requirements. The Developer shall take out and maintain or shall cause its contractor to take out and maintain until the issuance of a final Release of Construction Covenants pursuant to Section 311 of this Agreement, a comprehensive general liability policy in the amount of Two Million Dollars ($2,000,000.00) combined single limit policy, and a comprehensive automobile liability policy in the amount of One Million Dollars ($1,000,000.00), combined single limit, and such other policies as the City may approve at its discretion, including contractual liability, to protect the Developer, and the City from claims for damages arising out of or related to development of the Mixed Use Parcels pursuant to this Agreement. Such policy or policies shall be written on an occurrence form. Claims-made coverage is not acceptable. The Developer shall furnish a certificate of insurance countersigned by an authorized agent of the insurance carrier on a form approved by the City setting forth the general provisions of the insurance coverage. This countersigned certificate shall name the City and its respective officials, officers, agents, and employees as additionally insured parties under these policies, and the certificate(s) shall be accompanied by a duly executed original endorsement evidencing such additional insured status. The certificate and endorsement by the insurance carrier shall contain a statement of obligation on the part of the carrier to notify City of any cancellation or termination of the coverage at least thirty (30) days in advance of the effective date of any such cancellation or termination. Coverage provided hereunder by the Developer shall be primary insurance and not be contributing with any insurance maintained by the City, and the policy shall contain such an

endorsement. The insurance policy or the endorsement shall contain a waiver of subrogation for the benefit of the City. The required certificate shall be furnished by the Developer at the time set forth therefor in the Schedule of Performance. The Developer shall also furnish or cause to be furnished to the City evidence satisfactory to the City that Developer and any contractor with whom it has contracted for the performance of work on the Mixed-Use Parcels or otherwise pursuant to this Agreement carries workers' compensation insurance as required by law. The workers' compensation coverage shall contain a statement of obligation on the part of the carrier to notify City of any cancellation or termination of the coverage at least thirty (30) days in advance of the effective date of any such cancellation or termination. The workers' compensation insurance policy or the endorsement shall contain a waiver of subrogation for the benefit of the City. All insurance is to be placed with insurers with a Bests' rating of no less than A:VII.

307. Indemnity. The Developer shall defend, indemnify, assume all responsibility for, and hold the City, and its representatives, volunteers, officials, officers, employees and agents, harmless from, all claims, demands, damages, defense costs or liability of any kind or nature (including attorneys' fees and costs) arising out of or relating to the subject matter of this Agreement or the implementation hereof and for any damages to property or injuries to persons, including but not limited to accidental death , which may be caused by any negligent, willful, or intentional acts or omissions of the Developer, or arising from strict liability, whether such activities or performance thereof be by the Developer or by anyone directly or indirectly employed or contracted with or by the Developer, its authorized agents, contractors, or subcontractors and whether such damage shall accrue or be discovered before or after termination of this Agreement. The Developer shall not be liable for property damage or bodily injury occasioned by the sole negligence of the City or its designated agents or employees. The City shall not be liable for any passive negligence of the City, or its officers, officials, agents, representatives or employees in reviewing, accepting or approving any action, service, or work performed or provided by the Developer.

308. Rights of Access. Prior to the issuance of a Release of Construction Covenants (as specified in Section 311 of this Agreement), for purposes of assuring compliance with this Agreement, representatives of the City shall have the right of access to any Mixed-Use Parcel owned by the Developer, without charges or fees, at normal construction hours during the period of construction for the purposes of this Agreement, including but not limited to, the inspection of the work being performed in constructing the Developer Improvements on such Mixed-Use Parcel so long as City representatives comply with all safety rules. The City (or its representatives) shall, except in emergency situations, make good faith efforts to notify the Developer prior to exercising its rights pursuant to this Section 308.

309. Compliance With Laws. The Developer shall carry out the design and construction of the Developer Improvements in conformity with all applicable laws, including all applicable state and federal labor standards and prevailing wage requirements, the City zoning and development standards, building, plumbing, mechanical and electrical codes, and all other provisions of the *Folsom Municipal Code.* and all applicable disabled and handicapped access requirements, including without limitation the *Americans With Disabilities Act,* 42 U.S.C. Section 12101, *et seq.,* California Government Code Section 4450, *et seq.,* California Government Code Section 11135, *et seq.,* and the *Unruh Civil Rights Act,* California Civil Code Section 51, *et seq.*

When improvements that are considered to be public works under State law are constructed as part of the Developer Improvements, the Developer shall, and shall cause its general contractor to, pay

prevailing wages as those wages are determined pursuant to California Labor Code Sections 1720 *et seq.* and implementing regulations of the Department of Industrial Relations and comply with the other applicable provisions of California Labor Code Sections 1720 *et seq.* and implementing regulations of the Department of Industrial Relations. The Developer shall, and shall cause its general contractor to, keep and retain such records as are necessary to determine that prevailing wages have been paid as required by law. The Developer shall, and the construction agreement for any Mixed Use Parcel developed pursuant to the terms of this Agreement shall require its general contractor to, indemnify, hold harmless and defend (with counsel reasonably acceptable to the City) the City against any claim for damages, compensation, fines, penalties or other amounts arising out of the failure or alleged failure of any person or entity (including Developer, its general contractor, and their subcontractors, if any) to pay prevailing wages as required by law or to comply with the other applicable provisions of California Labor Code Sections 1720 *et seq.* and implementing regulations of the Department of Industrial Relations in connection with construction of the Developer Improvements.

310. Nondiscrimination in Employment. Developer certifies and agrees that all persons employed or applying for employment by it, its affiliates, subsidiaries, or holding companies, and all subcontractors, bidders and vendors, are and will be treated equally by it without regard to, or because of race, color, religion, ancestry, national origin, sex, age, pregnancy, childbirth or related medical condition, medical condition (cancer related) or physical or mental disability, and in compliance with Title VII of the *Civil Rights Act of 1964,* 42 U.S.C. Section 2000, *et seq.,* the *Federal Equal Pay Act of 1963,* 29 U.S.C. section 206(d), the *Age Discrimination in Employment Act of 1967,* 29 U.S.C. Section 621, *et seq.,* the *Immigration Reform and Control Act of 1986,* 8 U.S.C. Section 1324b, *et seq.,* 42 U.S.C. Section 1981, the *California Fair Employment and Housing Act,* California Government Code Section 12900, *et seq.,* the *California Equal Pay Law,* California Labor Code Section 1197.5, California Government Code Section 11135, the *Americans with Disabilities Act,* 42 U.S.C. Section 12101, *et seq.,* and all other anti-discrimination laws and regulations of the United States and the State of California as they now exist or may hereafter be amended. Developer shall allow representatives of the City access to its employment records related to this Agreement during regular business hours to verify compliance with these provisions when so requested by the City.

310.1 Taxes and Assessments. The Developer shall pay prior to delinquency all ad valorem real estate taxes and assessments on each of the Mixed-Use Parcels owned by the Developer, subject to the Developer's right to contest in good faith any such taxes. The Developer shall remove or have removed any levy or attachment made on any of the Developer- owned Mixed-Use Parcels, or assure the satisfaction thereof, within a reasonable time. The Developer shall not apply for or receive any exemption from the payment of property taxes or assessments on any interest in or to the Mixed-Use Parcels or the Developer Improvements.

310.2 Liens and Stop Notices. The Developer shall not allow to be placed on the Mixed-Use Parcels or any part thereof any lien or stop notice. If a claim of a lien or stop notice is given or recorded affecting the Developer Improvements, the Developer shall within thirty (30) days of such recording or service or within five (5) days of the City's demand whichever last occurs:

a. pay and discharge the same; or

b. affect the release thereof by recording and delivering to the City a surety bond in sufficient form and amount, or otherwise; or

c. provide the City with other assurances that the City deems, in its sole discretion, to be satisfactory for the payment of such lien or bonded stop notice and for the full and continuous protection of City from the effect of such lien or bonded stop notice.

311. Release of Construction Covenants. Promptly after completion of construction of the Developer Improvements upon a Mixed-Use Parcel in conformity with this Agreement, and upon the written request of the Developer, the City shall furnish the Developer with a "Release of Construction Covenants," substantially in the form of Attachment No. 8 hereto. The City shall not unreasonably withhold such Release of Construction Covenants. The Release of Construction Covenants shall be a conclusive determination of satisfactory completion of the Developer Improvements upon the respective Mixed-Use Parcel and the Release of Construction Covenants shall so state. Any party then owning or thereafter purchasing, leasing or otherwise acquiring any interest in the respective Mixed-Use Parcel shall not (because of such ownership, purchase, lease or acquisition) incur any obligation or liability under this Agreement except for those continuing covenants as set forth in Section 400 *et seq.* of this Agreement.

The City's issuance of a Release of Construction Covenants applicable to the last Mixed-Use Parcel to be acquired and developed by the Developer as set forth in the Schedule of Performance (Attachment No. 7) shall be deemed a "final" Release of Construction Covenants for purposes of this Agreement and the obligations of the Developer hereunder.

If the City refuses or fails to furnish a Release of Construction Covenants, after written request from the Developer, the City shall, within thirty (30) days of written request therefore, provide the Developer with a written statement of the reasons the City refused or failed to furnish the Release of Construction Covenants. The statement shall also contain the City's opinion of the actions the Developer must take to obtain the Release of Construction Covenants. Even if the City fails to provide such written statement within such thirty (30) day period, the Developer shall not be deemed entitled to the Release of Construction Covenants. The Release of Construction Covenants shall not constitute evidence of compliance with or satisfaction of any obligation of the Developer to any holder of any mortgage, or any insurer of a mortgage securing money loaned to finance the Developer Improvements, or any part thereof. The Release of Construction Covenants is not a notice of completion as referred to in Section 3093 of California Civil Code.

Notwithstanding any other provision of this Agreement, the issuance of a Release of Construction Covenants for an individual Mixed-Use Parcel shall not be construed to waive, terminate, or modify any obligation arising under Section 203 (Environmental Constraints), Article 400 (Covenants and Restrictions) of this Agreement for the other remaining Mixed-Use Parcels, or any obligation, easement, covenant, or restriction contained in any recorded instrument affecting the Mixed-Use Parcels, including without limitation the First Amendment to Grant Deed and Restrictive Covenant recorded October __, 2026, the Easement and Maintenance Agreement recorded December 24, 2014, and the Easement and Maintenance Agreement recorded March 14, 2018 (Temporary Restroom).

Notwithstanding any other provision of this Agreement, the issuance of a Release of Construction Covenants for one Mixed-Use Parcel shall not be construed to waive, terminate, or modify an

obligation arising under any provision of this Agreement for any other Mixed-Use Parcel.

400. COVENANTS AND RESTRICTIONS

401. Use of Mixed-Use Parcels. The Developer covenants and agrees for itself, its successors, its assigns and every successor in interest to the Mixed-Use Parcels and any part thereof that such Mixed-Use Parcels and all parts thereof shall be devoted to the uses specified in this Agreement. Except as further limited by this Agreement, all uses conducted on the Mixed-Use Parcels or any part thereof, including, without limitation, all activities undertaken by the Developer pursuant to this Agreement, shall conform to all applicable provisions of the Folsom Municipal Code.

Notwithstanding provisions of the *Folsom Municipal Code,* the Developer herein expressly covenants and agrees, for itself, its successors, its assigns and every successor in interest that the uses and types of businesses set forth below shall not be permitted by owners, occupants or tenants of the Mixed-Use Parcels or parts thereof. These use restrictions shall run with the land and be disclosed in every sale or lease of a Mixed-Use Parcel or part thereof. Any alteration of such use restrictions shall require an amendment of this Agreement formally approved by the City Council:

- "Laundromat, Self-Service," as listed in the Commercial Use Table of the *Folsom Municipal Code,* Section 17.22.030E, Use #135, and defined as any establishment that contains coin or other pay operated laundry machines for use on-site, other than laundry facilities constructed and operated exclusively as an amenity serving the residential units constructed on the Mixed-Use Parcels; laundromats are not intended to include dry cleaning establishments;

- "Check-Casher Business," as defined in Civil Code Section 1789.31 as written or hereafter amended which reads as follows: "a 'check casher' means a person or entity that for compensation engages, in whole or in part, in the business of cashing checks, warrants, drafts, money orders, or other commercial paper serving the same purpose. 'Check casher' does not include a state or federally chartered bank, savings association, credit union, or industrial loan company. 'Check casher' also does not include a retail seller engaged primarily in the business of selling consumer goods, including consumables, to retail buyers that cashes checks or issues money orders for a fee not exceeding two dollars ($2) as a service to its customers that is incidental to its main purpose or business.";

- "Discount Store," defined as any establishment that sells a diverse range of products and in which at least eighty percent (80%) of the products for sale are priced at one dollar twenty-five cents ($1.25) or less per unit;

- "Liquor Store," as listed in the Commercial Use Table of the *Folsom Municipal Code,* Section 17.22.030E, Use #141, and defined as any establishment with sixty percent (60%) or more of its shelf space devoted to the sale of alcoholic beverages, other than beer, wine and fortified wines, for consumption elsewhere;

- "Tattoo Shop," as listed in the Commercial Use Table of the *Folsom Municipal Code,* Section 17.22.030E, Use #229, and defined as any establishment whose principal business activity is the placing of designs, letters, figures, symbols or other marks upon

or under the skin of a person using ink or other substances that result in the permanent coloration of the skin by means of the use of needles or other instruments designed to contact or puncture the skin;

- "Pawn Shop or Pawnbroker," as listed in the Commercial Use Table of the *Folsom Municipal Code,* Section 17.22.030E, Use #170, and as defined in California Finance Code Section 21000 as written or hereafter amended which reads as follows: "Every person engaged in the business of receiving goods, including motor vehicles, in pledge as security for a loan is a pawnbroker.";

- "Adult-related business," as defined in Chapter 5.21 of Title 5 of the *Folsom Municipal Code;*

- "Auto Minor Service-Repair-Replacement," as listed in the Commercial Use Table of the *Folsom Municipal Code,* Section 17.22.030E, Use #19;

- "Towing Service-No Storage of Vehicles," as listed in the Commercial Use Table of the *Folsom Municipal Code,* Section 17.22.030E, Use #237;

- "Furniture Cleaning, Refinishing and Reupholstery Shop," as listed in the Commercial Use . Table of the *Folsom Municipal Code,* Section 17.22.030E, Use #101;

- "Funeral Establishment," as listed in the Commercial Use Table of the *Folsom Municipal Code,* Section 17.22.030E, Use #103;

- "Taxi Cab Service and Storage Facility," as listed in the Commercial Use Table of the *Folsom Municipal Code.* Section 1 7.22.030E, Use #230:

- "Tool Reconditioning," as listed in the Commercial Use Table of the *Folsom Municipal Code,* Section 17.22.030E, Use #235.

402. Use and Operation Covenants. For a period of not less than twenty (20) years from the date a Certificate of Occupancy is granted for the Developer Improvements on a Mixed-Use Parcel, the Developer hereby covenants and agrees to use and continuously operate the respective Mixed-Use Parcel as follows:

a. The portion of the Mixed-Use Parcel developed with residential units shall continue to be used and operated as residential units only; however, the Affordable Units constructed pursuant to Section 403.1 hereof shall be used and operated as affordable residential units for the time period required by Section 403.1 hereof.

b. The portion of the Mixed-Use Parcel developed as ground-level retail (street level along Sutter Street and Wool Street frontages, and plaza level adjacent to the public plaza) shall continue to be used and operated for retail purposes only except that portion of the Granite House which faces the public parking garage and plaza that was originally approved as parking that has been changed to retail or office by the Granite House Modification Project (DRCL24-00191) and was recommended for approval to the City Council by the Historic District Commission on October 2, 2024. The City Council approved the project on October 13, 2026.

403. Affordable Housing.

403.1 Affordable Units. In consideration of receipt of the Housing Assistance from the Agency, the Developer covenants and agrees for itself, its successors, its assigns and every successor in interest that six (6) units of the residential units to be constructed as part of the Historic Folsom Station Project shall be and remain affordable to and occupied by persons and families of moderate income, as defined by Health and Safety Code Section 50093 (the "Affordable Units"). The Affordable Units may be either rental units or for-sale units. The Developer may elect at any time to repay the Housing Assistance in cash to City and be relieved of the obligation to construct the Affordable Units.

The Developer agrees to cooperate with the City in any subsidized loan program the City may, in its sole discretion, make available to purchasers of some or all of the Affordable Units. Covenant agreements shall be recorded against the Affordable Units providing for the use, maintenance and occupancy of the Affordable Units, which shall require the Affordable Units to remain affordable to and occupied by persons and families of moderate income for not less than forty-five (45) years for owner-occupied units and not less than fifty- five (55) years for rental units from the date of issuance of a certificate of occupancy by the City for the improvements containing the Affordable Units.

The Affordable Units shall be dispersed throughout the residential component of the Developer Improvements and shall not be concentrated. The Developer may choose to defer the Affordable Units until after the development of Mixed-Use Parcel C. If the Developer defers the Affordable Units until after the development of Mixed-Use Parcel C, prior to the construction of each remaining Mixed-Use Parcel, the Developer shall notify the City whether it will construct the Affordable Units on the Mixed-Use Parcel being constructed, defer constructing the Affordable Units to another Mixed-Use Parcel or repay the Housing Assistance to the City. Prior to the construction of the last Mixed-Use Parcel by the Developer, the Developer shall either identify the location of the Affordable Units on the Mixed-Use Parcel, or repay the Housing Assistance to the City. If the Developer chooses to construct the Affordable Units, the Developer shall identify whether the Affordable Units will be rental housing units or for-sale housing units.

403.2 Selection of Qualified Renters/Buyers. The Developer shall be solely responsible for the selection of qualified renters/buyers of the Affordable Units. The Developer shall use commercially reasonable efforts to ensure that the Affordable Units are leased/sold to persons and families of moderate income, as required by Section 403.1, that are able to lease/purchase such units at the maximum lease/sales price for the unit at an affordable rent/affordable housing cost (as defined in Section 101 of this Agreement) without any loan or subsidy from the City.

403.3 Income of Renters/Buyers. Prior to the rental or sale of any Affordable Unit to a renter or buyer, the Developer and any successor in interest to Developer shall submit or cause to be submitted to the City a completed income computation and certification form in the form that is provided by the City. The Developer shall certify, to the best of the Developer's knowledge, that each prospective renter/buyer renting or buying an Affordable Unit meets the eligibility requirements established for the Affordable Unit. The Developer shall obtain an income certification from the prospective renter/buyer of each Affordable Unit and shall certify that, to the best of the Developer's knowledge, the income of the prospective renter/buyer is truthfully set forth in the income certification form. The Developer shall verify the income certification of the

prospective renter/buyer in one or more of the following methods reasonably acceptable to the City:

a. obtain paycheck stubs from the prospective renter/buyer's two (2) most recent pay periods.

b. obtain a true copy of an income tax return from the prospective renter/buyer for the most recent tax year in which a return was filed.

c. obtain an income verification certification from the employer of the prospective renter/buyer.

d. obtain an income verification certification from the Social Security Administration or the California Department of Social Services if the prospective renter/buyer receives assistance from such agencies.

e. obtain an alternate form of income verification reasonably acceptable to the City, if none of the above forms of verification is available to the Developer.

403.4 Documentation. If the Developer determines that the Affordable Units will be rental housing units, prior to the construction of the Mixed-Use Parcel chosen for the Affordable Units, the Developer shall execute an affordable housing covenant agreement and such further documents reasonably required by the City, as approved by the City's legal counsel, to effectuate the Developer's covenant for itself, its successors, its assigns and every successor in interest to the subject Mixed-Use Parcel that the Affordable Units shall remain available to and occupied by persons and families of moderate income for a period of not less than fifty-five (55) years from the date of issuance of the Certificate of Completion for the Mixed-Use Parcel containing the Affordable Units.

If the Developer determines that the Affordable Units will be for-sale housing units, at the close of escrow for the purchase of an Affordable Unit, the City will require each purchaser of such unit to execute an affordable housing covenant agreement and such further documents reasonably required by the City, in forms approved by the City's legal counsel to address re-sale and any and all other issues required to comply with the terms and conditions of this Agreement and all other governmental requirements, including that the unit shall remain available to and occupied by persons and families of moderate income for a period of not less than forty-five (45) years from the date of issuance of the Certificate of Completion for the Mixed-Use Parcel containing the Affordable Units. The Developer covenants and agrees that no Affordable Unit shall be sold unless and until this condition has been satisfied as to such Affordable Unit.

403.5 Best Efforts to Rent/Sell Affordable Units. The Developer agrees to exercise reasonable efforts consistent with prudent business practices to rent/sell all of the Affordable Units to renters or owner-occupants as soon as practical following the completion of the construction of the Affordable Units. The Developer agrees that the Affordable Units shall not be leased or rented by the Developer or any party related to the Developer.

404. CC&Rs for Residential Units. If the residential units are to be made available for sale upon completion of construction pursuant to this Agreement, then prior to the sale of any residential unit, the Developer shall prepare and submit to the City for its approval, which approval shall not be unreasonably withheld, a Declaration of Covenants, Conditions and Restrictions

("CC&Rs") which establishes a homeowner's association (the "Association") for the residential units. The City's review of the CC&Rs shall be limited to compliance with the requirements of this Section 404. The CC&Rs shall require the owners of all dwelling units constructed on the Mixed-Use Parcels to be members of the Association. The CC&Rs shall entitle each owner to use of the common areas and facilities to be constructed on the Mixed-Use Parcels, and shall set forth an equitable apportionment of the costs of maintaining and operating such common areas and facilities. The CC&Rs shall also obligate the Association to maintain and assume all liability for any landscaping that is installed on the Mixed-Use Parcels. The location of such landscaping shall be set forth in a landscaping map attached to and incorporated into the CC&Rs. The CC&Rs shall also require compliance with Sections 401, 402, 406, and 407 of this Agreement. The CC&Rs shall be enforceable by the City, and no amendment to the CC&Rs which relates to the requirements of this Section 404 or Sections 401, 402, 406, or 407 of this Agreement shall be permitted or be effective prior to the written approval of the City.

405. Maintenance Covenants; Reserved Parking; Mutual Rights of Access and Use of the Railroad Block During Construction; Reciprocal Easement Agreement.

405.1 Maintenance of Mixed-Use Parcels. The Developer shall maintain the Developer-owned Mixed-Use Parcels and all improvements thereon, including all landscaping, in compliance with all applicable provisions of the *Folsom Municipal Code,* and with the Reciprocal Easement Agreement (the "REA").

405.2 Maintenance of Public-Use Site. The Developer shall be solely responsible and bear all costs for maintaining: (a) the portion of the Public-Use Site adjacent to Mixed-Use Parcel C, as shown on the map attached to this Agreement as Exhibit C to the Scope of Development (Attachment No. 4) (the "South Plaza"), and (b) the portion of the Sutter Street right-of-way adjacent to Mixed-Use Parcel C, as shown on the map attached to this Agreement as Exhibit C to the Scope of Development (Attachment No. 4) (the "Granite House-Adjacent Right-of-Way"). The Developer shall maintain the South Plaza and the Granite House-Adjacent Right-of-Way and all improvements thereon, including all landscaping, in compliance with all applicable provisions of the Folsom Municipal Code, and with the terms of the REA described in Section 405.5 hereof.

As to the remainder of the Public-Use Site, the Developer agrees to pay the assessments for the Historic Folsom Property and Business Improvement District which reimburses the City of Folsom for landscaping maintenance for the Historic Folsom Station Plaza and public areas within the PBID boundaries.

405.3 Reserved Parking. The City agrees to make available to the Developer, for the use of its tenants, up to thirty (32) parking spaces, on a reserved basis, in the Public Parking Garage. In the event that improvements to the Public Parking Garage are needed for those spaces, including but not limited to striping, paving, and gate installation, the Developer shall be responsible for those costs.

405.4 Mutual Rights of Access and Use of the Railroad Block During Construction. The City agrees that during construction of the Developer Improvements on a Mixed-Use Parcel, the Developer shall have the right, without any cost or charge therefor by the City to use and occupy such portions of the Public-Use Site as are reasonably necessary for (as determined by the City) construction staging (materials and equipment transportation, storage and

maneuvering) for the Developer Improvements and related activities. These mutual rights of access and use shall not interfere with any ongoing construction on or use of the Public-Use Site. These right of access and use of the Railroad Block during construction is more specifically set forth in the REA.

405.5 Reciprocal Easement Agreement. The Developer and the City have executed a Reciprocal Easement Agreement ("REA") setting forth the parties' respective grants of easements for vehicular and pedestrian ingress and egress over and across Mixed-Use Parcels and the Public-Use Site, mutual rights of access and use of the Railroad Block during construction of the City Improvements and the Developer Improvements on the Mixed-Use Parcels, maintenance obligations, and rights and obligations concerning reserved parking. Nothing in this Agreement shall be construed to modify, limit, or terminate any obligation, easement, or right established by the Easement and Maintenance Agreement recorded in the official records of Sacramento County on December 24, 2014, the Easement and Maintenance Agreement recorded March 14, 2018 (Document #210803140370), the First Amendment to Grant Deed and Restrictive Covenant recorded October __, 2026, or any other recorded instrument affecting the Mixed-Use Parcels or the Public-Use Site, or Right of Entry and License Agreement (Folsom File No. 174-21 14-069) except to the extent such instrument is expressly identified herein as being amended and except with respect to the DA a conforming amendment thereto is separately executed and recorded. In the event of conflict between this Agreement and the Easement and Maintenance Agreement, the terms of this Agreement shall control.

405.6 Air Space Easements. The design of the Developer Improvements includes balconies that extend over the public right-of-way of Sutter Street as well as the Public-Use Site. Developer has prepared air space easements for the encroachments of each Mixed-Use Parcel over the public right-of-way and Public-Use Site, which was submitted to the City for its review and approval. Consistent with Chapter 12.20 of the Folsom Municipal Code, Developer shall defend, indemnify, and hold harmless the City, its officials, officers, agents, employees, and representatives from and against any and all claims, demands, suits, causes of action, damages, costs, expenses, losses or liability, at law or in equity, of every kind and nature whatsoever arising out of or in connection with the Developer Improvements that extend over the public right-of-way. Developer understands and agrees that this indemnification and hold harmless clause shall apply to any damages or claims for damages whether or not Developer's insurance policies have been determined to apply. Developer further understands and agrees that this indemnification and hold harmless clause shall survive the expiration or termination of this Agreement.

405.7 Public Restrooms on Mixed-Use Parcel E. The Developer Improvements to be constructed on Mixed-Use Parcel E may include space, to be used for two public restrooms of similar size as the two public restrooms that the City has temporarily placed on Parcel E. If the City desires to have public restroom space, Developer shall enter into a lease with the City for the public restroom space, for a term not less than fifty (50) years at a rental amount of ONE DOLLAR ($1.00) per year prior to and as a condition of issuance of a Certificate of Completion for Mixed-Use Parcel E.

406. Nondiscrimination Covenants. The Developer covenants by and for itself and any successors in interest that there shall be no discrimination against or segregation of any person or group of persons on account of any basis listed in subdivision (a) or (d) of Section 12955 of the California Government Code, as those bases are defined in Sections 12926, 12926.1, subdivision (m) and paragraph (1) of subdivision (p) of Section 12955, and Section 12955.2 of the California Government Code in the sale, lease, sublease, transfer, use, occupancy, tenure or enjoyment of

the Mixed-Use Parcels, nor shall the Developer itself or any person claiming under or through it establish or permit any such practice or practices of discrimination or segregation with reference to the selection, location, number, use or occupancy of tenants, lessees, subtenants, sublessees or vendees of the Mixed-Use Parcels or any part thereof. The foregoing covenants shall run with the land.

The Developer shall refrain from restricting the rental, sale or lease of the Mixed-Use Parcels or any part thereof on the basis of race, color, religion, sex, marital status, ancestry or national origin of any person. All such deeds, leases or contracts shall contain or be subject to substantially the following nondiscrimination or non-segregation clauses:

a. **In deeds:** "The grantee herein covenants by and for himself or herself, his or her heirs, executors, administrators and assigns, and all persons claiming under or through them, that there shall be no discrimination against or segregation of, any person or group of persons on account of any basis listed in subdivision (a) or (d) of Section 12955 of the California Government Code, as those bases are defined in Sections 12926, 12926.1, subdivision (m) and paragraph (1) of subdivision (p) of Section 12955, and Section 12955.2 of the California Government Code in the sale, lease, sublease, transfer, use, occupancy, tenure or enjoyment of the land herein conveyed, nor shall the grantee or any person claiming under or through him or her, establish or permit any such practice or practices of discrimination or segregation with reference to the selection, location, number, use or occupancy of tenants, lessees, subtenants, sublessees or vendees in the land herein conveyed. The foregoing covenants shall run with the land."

b. **In leases:** "The lessee herein covenants by and for himself or herself, his or her heirs, executors, administrators, and assigns, and all persons claiming under or through him or her, and this lease is made and accepted upon and subject to the following conditions:

'That there shall be no discrimination against or segregation of any person or group of persons, on account of any basis listed in subdivision (a) or (d) of Section 12955 of the California Government Code, as those bases are defined in Sections 12926, 12926.1, subdivision (m) and paragraph (1) of subdivision (p) of Section 12955, and Section 12955.2 of the California Government Code in the leasing, subleasing, transferring, use, occupancy, tenure, or enjoyment of the premises herein leased nor shall the lessee himself or herself, or any person claiming under or through him or her, establish or permit any such practice or practices of discrimination or segregation with reference to the selection, location, number, use, or occupancy of tenants, lessees, sublessees, subtenants, or vendees in the premises herein leased.'"

c. **In contracts:** "There shall be no discrimination against or segregation of, any person or group of persons, on account of any basis listed in subdivision (a) or (d) of Section 12955 of the California Government Code, as those bases are defined in Sections 12926, 12926.1, subdivision (m) and paragraph (1) of subdivision (p) of Section 12955, and Section 12955.2 of the California Government Code, in the sale, lease, sublease, transfer, use, occupancy, tenure, or enjoyment of the premises, nor shall the transferee himself or herself, or any person claiming under or through him or her, establish or permit any such practice or practices of discrimination or segregation with reference to the selection, location, number, use or occupancy of tenants, lessees, subtenants, sublessees or vendees of the premises."

407. Effect of Violation of the Terms and Provisions of this Agreement After Completion of Construction. The City is deemed the beneficiary of the terms and provisions of

this Agreement and of the covenants running with the land, for and in its own right and for the purposes of protecting the interests of the community and other parties, public or private, in whose favor and for whose benefit this Agreement and the covenants running with the land have been provided, without regard to whether the City has been, remains or is an owner of any land or interest therein in the Mixed-Use Parcels. The City shall have the right, if the Agreement or covenants are breached, to exercise all rights and remedies, and to maintain any actions or suits at law or in equity or other proper proceedings to enforce the curing of such breaches to which it or any other beneficiaries of this Agreement and covenants may be entitled. The covenants contained in this Agreement shall remain in effect until the issuance of the Release of Construction Covenants for the completion of construction of the Developer Improvements, except for the following:

a. The environmental covenants set forth in Sections 209.3, 209.4 and 209.5 of the Amended and Restated DDA shall remain in effect in perpetuity.

b. Except for the Affordable Units (which shall be subject to and controlled by separate covenant agreements pursuant to Section 403.4), the covenants pertaining to the use and operation of the Mixed-Use Parcels set forth in Sections 401 and 402 shall remain in effect for the periods set forth therein.

c. The covenants pertaining to maintenance of the improvements on the Mixed-Use Parcels and all improvements thereon, as set forth in Section 405.1, shall remain in effect for the period of time set forth in the REA described in Section 405.5 hereof.

d. The covenants pertaining to the Developer's obligations to maintain the South Plaza and the Granite House-Adjacent Right-of-Way and to pay its annual assessments for the Historic Folsom Property and Business Improvement District which contribute to the annual costs for maintenance of the improvements on the remainder of the Public-Use Site, excluding the Public Parking Garage, shall remain in effect for the period of time set forth in the REA.

e. The covenants against discrimination, as set forth in Section 406, shall remain in effect in perpetuity.

500. DEFAULTS AND REMEDIES

501. Default. Subject to the extensions of time set forth in Section 602 of this Agreement, failure by either party to perform any action or covenant required by this Agreement within the time periods provided herein following notice and failure to cure as described hereafter, constitutes a "default" under this Agreement. A party claiming a default shall give written notice of default to the other party specifying the default complained of. Except as otherwise expressly provided in this Agreement, the claimant shall not institute any proceeding against any other party, and the other party shall not be in default if such party within thirty (30) days from receipt of such notice immediately, with due diligence, commences to cure, correct or remedy such failure or delay and shall complete such cure, correction or remedy with diligence.

In addition to the remedies set forth above, in the event Developer fails to commence construction on any Mixed-Use Parcel within two hundred seventy (270) days after the applicable commencement date set forth in the Schedule of Performance in Attachment No. 7, and after any

permitted extensions, the City shall have the right, exercisable upon thirty (30) days' written notice with no further cure period, to require Developer to submit to City a written construction feasibility report and updated financing plan for the applicable Mixed-Use Parcel within sixty (60) days of such notice. Failure to submit a satisfactory feasibility report and financing plan shall itself constitute a separate and independent default under this Agreement.

502. Institution of Legal Actions. In addition to any other rights or remedies and subject to the restrictions otherwise set forth in this Agreement, either party may institute an action at law or equity to seek specific performance of the terms of this Agreement, or to cure, correct or remedy any default, to recover damages for any default, or to obtain any other remedy consistent with the purpose of this Agreement. Such legal actions must be instituted in the Superior Court of the County of Sacramento, State of California, in an appropriate municipal court in that county, or in the District of the United States District Court in which such county is located.

503. Acceptance of Service of Process. In the event that any legal action is commenced by the Developer against the City, service of process on the City shall be made by personal service upon the City Manager of the City or in such other manner as may be provided by law. In the event that any legal action is commenced by the City against the Developer, service of process on the Developer shall be made by personal service upon any Member of the Developer or in such other manner as may be provided by law.

504. Rights and Remedies Are Cumulative. Except as otherwise expressly stated in this Agreement, the rights and remedies of the parties are cumulative, and the exercise by either party of one or more of such rights or remedies shall not preclude the exercise by it, at the same or different times, of any other rights or remedies for the same default or any other default by the other party.

505. Inaction Not a Waiver of Default. Any failures or delays by either party in asserting any of its rights and remedies as to any default shall not operate as a waiver of any default or of any such rights or remedies, or deprive either such party of its right to institute and maintain any actions or proceedings which it may deem necessary to protect, assert or enforce any such rights or remedies.

506. Applicable Law. The laws of the State of California shall govern the interpretation and enforcement of this Agreement.

600. GENERAL PROVISIONS

601. Notices, Demands and Communications Between the Parties. Any approval, disapproval, demand, document or other notice ("notice") which either party may desire to give to the other party under this Agreement must be in writing and may be given by any commercially acceptable means to the party to whom the notice is directed at the address of the party as set forth below, or at any other address as that party may later designate by notice.

To City: City of Folsom
Attn: City Manager
50 Natoma Street
Folsom, California 95630

To Developer: Folsom Railroad Block Developers, LLC
Attn: Jeremy G. Bernau, Member
921 Sutter Street
Folsom, CA 95630

Such written notices, demands and communications may be sent in the same manner to such other addresses as either party may from time to time designate as herein provided. Notices which are delivered by hand or overnight courier shall be deemed received upon delivery; notices which are deposited in the United States mail in accordance with the terms of this Section 601 shall be deemed received three (3) days after mailing. The inability to deliver any notice because of a changed address of which no notice was given, or rejection or other refusal to accept any notice, shall be deemed to be the receipt of the notice as of the date of such inability to deliver or rejection or refusal to accept.

602. Enforced Delay; Extension of Times of Performance. In addition to specific provisions of this Agreement, performance by either party hereunder shall not be deemed to be in default, and all performance and other dates specified in this Agreement shall be extended, where delays or defaults are due to: war; insurrection; strikes; lockouts; riots; floods; earthquakes; fires; casualties; acts of God; acts of the public enemy; epidemics; quarantine restrictions; freight embargoes; governmental restrictions or priority; unusually severe weather; inability to secure necessary labor, materials or tools (provided that such inability is not the fault of the party claiming an extension of time to perform); delays of any contractor, subcontractor or supplier (provided that such delay(s) is not the fault of the party claiming an extension of time to perform); acts or omissions of the other party; acts or failures to act of the City or any other public or governmental agency or entity (other than the acts or failures to act of the City which shall not excuse performance by the City): or any other causes beyond the control or without the fault of the party claiming an extension of time to perform. Notwithstanding anything to the contrary in this Agreement, an extension of time for any such cause shall be for the period of the enforced delay and shall commence to run from the time of the commencement of the cause, if notice by the party claiming such extension is sent to the other party within thirty (30) days of the commencement of the cause. Times of performance under this Agreement may also be extended in writing by the mutual agreement of City and Developer, except as limited by Section 304 of this Agreement. Notwithstanding any provision of this Agreement to the contrary, a lack of funding to complete the Developer Improvements shall not constitute grounds of enforced delay pursuant to this Section 602.

603. Transfers of Interest in Mixed-Use Parcels or Agreement.

603.1 Prohibition. The qualifications and identity of the Developer are of particular concern to the City. It is because of those qualifications and identity that the City has entered into this Agreement with the Developer. For the period commencing upon the date of this Agreement and until the issuance of a final Release of Construction Covenants pursuant to Section 311 hereof, no voluntary or involuntary successor in interest of the Developer shall acquire any rights or powers under this Agreement without the prior written approval of the City, except as expressly set forth herein. Additionally, for the period commencing upon the date of this Agreement and until issuance of a Release of Construction Covenants pursuant to Section 311 for the development of a Mixed-Use Parcel the Developer shall not make any total or partial sale,

transfer, conveyance, assignment, subdivision, or lease of the whole or any part of that Mixed-Use Parcel or the improvements thereon without prior written approval of the City, except as expressly set forth herein. Any proposed total or partial sale, transfer, conveyance, assignment, subdivision, or lease of the whole or any part of the Mixed-Use Parcels or the improvements thereon in violation hereof shall be void.

603.2 Permitted Transfers. Notwithstanding any other provision of this Agreement to the contrary, City approval of an assignment of this Agreement or conveyance of the Mixed-Use Parcels or Developer Improvements, or any part thereof, shall not be required in connection with any of the following:

a. Any transfers to an entity or entities in which the Developer retains a minimum of fifty-one percent (51%) of the ownership or beneficial interest and· retains management and control of the transferee entity or entities.

b. The conveyance or dedication of any portion of the Mixed-Use Parcels to the City (subject to City acceptance of such conveyance or dedication) or the granting of easements or permits to facilitate construction of the Developer Improvements (as defined herein).

c. Any requested assignment for financing purposes, including the grant of a deed of trust to secure the funds necessary for development, construction and permanent financing of the Developer Improvements.

d. Any rental or sale of the residential units to owner-occupants, pursuant to Section 403 hereof.

e. Any granting of easements or permits to facilitate the development of the any of the Mixed-Use Parcels.

f. Any leasing of any part or parts of the building or structure.

In the event of an assignment by Developer under subparagraph (a) above not requiring the City's prior approval, Developer nevertheless agrees that at least thirty (30) days prior to such assignment it shall give written notice to City of such assignment and evidence satisfactory to City that the assignee has assumed jointly with Developer the obligations of this Agreement.

603.3 City Consideration of Requested Transfer. Any request for approval of a transfer or assignment must be in writing. Such notice shall be accompanied by sufficient evidence regarding the proposed assignee's or purchaser's development and operational qualifications and experience, and its financial commitments and resources, in sufficient detail to enable the City to evaluate the proposed assignee or purchaser pursuant to the criteria set forth in this Section 603 and as reasonably determined by the City. The City shall evaluate each proposed transferee or assignee on the basis of its development and qualifications and experience in the operation of facilities similar to the Developer Improvements, and its financial commitments and resources, and may reasonably disapprove any proposed transferee or assignee, during the period for which this Section 603 applies, which the City, in its sole discretion, determines does not possess equal or better qualifications than the transferring Developer. An assignment and

assumption agreement in a form satisfactory to the City's legal counsel shall also be required for all proposed transfers and assignments. Within thirty (30) days after the receipt of the Developer's written notice requesting City approval of an assignment or transfer pursuant to this Section 603, the City shall, in its sole discretion, either approve or disapprove such proposed assignment or transfer or shall respond in writing by stating what further information, if any, the City reasonably requires in order to determine the request complete and determine whether or not to grant the requested approval. Upon receipt of such a response, the Developer shall promptly furnish to the City such further information as may be reasonably requested.

603.4 Successors and Assigns. All of the terms, covenants and conditions of this Agreement shall be binding upon the Developer and its permitted successors and assigns. Whenever the term "Developer" is used in this Agreement, such term shall include any other permitted successors and assigns as herein provided.

603.5 Assignment by City. The City may assign or transfer any of its rights or obligations under this Agreement with the approval of the Developer, which approval shall not be unreasonably withheld.

604. Non-Liability of Officials and Employees of the City. No member, official or employee of the City shall be personally liable to the Developer, or any successor in interest, in the event of any default or breach by the City or for any amount which may become due to the Developer or its successors, or on any obligations under the terms of this Agreement.

605. Relationship Between City and Developer. It is hereby acknowledged that the relationship between the City and the Developer is not that of a partnership or joint venture and that the City and the Developer shall not be deemed or construed for any purpose to be the agent of the other. Accordingly, except as expressly provided herein or in the attachments hereto, the City shall have no rights, powers, duties or obligations with respect to the development, operation, maintenance or management of the Mixed-Use Parcels or the Developer Improvements. The Developer agrees to indemnify, hold harmless and defend the City from any claim made against the City arising from a claimed relationship of partnership or joint venture between the City and the Developer with respect to the development, operation, maintenance or management of the Mixed-Use Parcels or the Developer Improvements.

606. City Approvals and Actions. Whenever a reference is made herein to an action or approval to be undertaken by the City, the City Manager, or his or her designee, is authorized to act on behalf of the City unless specifically provided otherwise or the context should require otherwise.

607. Counterparts. This Agreement may be signed in multiple counterparts which, when signed by all parties, shall constitute a binding agreement.

608. Integration. This Agreement contains the entire understanding between the parties relating to the transaction contemplated by this Agreement. All prior or contemporaneous agreements, understandings, representations and statements, oral or written, are merged in this Agreement and shall be of no further force or effect. Each party is entering this Agreement based solely upon the representations set forth herein and upon each party's own independent investigation of any and all facts such party deems material. This Agreement includes pages 1 through 38 and Attachment Nos. 1 through 8, all of which are incorporated herein by this reference.

This Agreement and said attachments constitute the entire understanding and agreement of the parties, notwithstanding any previous negotiations or agreements between the parties or their predecessors in interest with respect to all or any part of the subject matter hereof. Notwithstanding the foregoing, nothing herein shall be construed to supersede, modify, or limit the recorded First Amendment to Grant Deed and Restrictive Covenant, Restrictive Covenant, Easement and Maintenance Agreement, or other instrument recorded in the official records of Sacramento County affecting the Mixed-Use Parcels or the Public-Use Site, all of which shall continue in full force and effect, other than the DDA and the Amended and Restated DDA, which are both expressly amended and restated upon execution of this Agreement. In the event of conflict between this Agreement and the Easement and Maintenance Agreement, the terms of this Agreement shall control.

609. Attorneys' Fees. In any action between the parties to interpret, enforce, reform, modify, rescind, or otherwise in connection with any of the terms or provisions of this Agreement, the prevailing party in the action shall be entitled, in addition to damages, injunctive relief, or any other relief to which it might be entitled, reasonable costs and expenses including, without limitation, litigation costs and reasonable attorneys' fees.

610. Titles and Captions. Titles and captions are for convenience of reference only and do not define, describe or limit the scope or the intent of this Agreement or of any of its terms. Reference to section numbers is to sections in this Agreement, unless expressly stated otherwise.

611. Interpretation. As used in this Agreement, masculine, feminine or neuter gender and the singular or plural number shall each be deemed to include the others where and when the context so dictates. The word "including" shall be construed as if followed by the words "without limitation." This Agreement shall be interpreted as though prepared jointly by both parties.

612. No Waiver. A waiver by either party of a breach of any of the covenants, conditions or agreements under this Agreement to be performed by the other party shall not be construed as a waiver of any succeeding breach of the same or other covenants, agreements, restrictions or conditions of this Agreement.

613. Modifications. Any alteration, change or modification of or to this Agreement, in order to become effective, shall be made in writing and in each instance signed on behalf of each party.

614. Severability. If any term, provision, condition or covenant of this Agreement or its application to any party or circumstances shall be held, to any extent, invalid or unenforceable, the remainder of this Agreement, or the application of the term, provision, condition or covenant to persons or circumstances other than those as to whom or which it is held invalid or unenforceable, shall not be affected, and shall be valid and enforceable to the fullest extent permitted by law.

615. Computation of Time. The time in which any act is to be done under this Agreement is computed by excluding the first day, and including the last day, unless the last day is a holiday or Saturday or Sunday, and then that day is also excluded. The term "holiday" shall mean all holidays as specified in Sections 6700 and 6701 of the California Government Code. If any act is to be done by a particular time during a day, that time shall be Pacific Time Zone time.

616. Legal Advice. Each party represents and warrants to the other the following: they have carefully read this Agreement, and in signing this Agreement, they do so with full knowledge of any right which they may have; they have received independent legal advice from their respective legal counsel as to the matters set forth in this Agreement, or have knowingly chosen not to consult legal counsel as to the matters set forth in this Agreement; and, they have freely signed this Agreement without any reliance upon any agreement, promise, statement or representation by or on behalf of the other party, or their respective agents, employees, or attorneys, except as specifically set forth in this Agreement, and without duress or coercion, whether economic or otherwise.

617. Time of Essence. Time is expressly made of the essence with respect to the performance by the City and the Developer of each and every obligation and condition of this Agreement.

618. Cooperation. Each party agrees to cooperate with the other in this transaction and, in that regard, to sign any and all documents which may be reasonably necessary, helpful, or appropriate to carry out the purposes and intent of this Agreement including, but not limited to, releases or additional agreements.

619. Conflicts of Interest. No officer, official or employee of the City shall have any personal or financial interest, direct or indirect, in this Agreement, nor shall any such member, official or employee participate in any decision relating to the Agreement which affects his or her personal or financial interests or the interests of any corporation, partnership or association in which he or she is directly or indirectly interested. Developer shall not employ any City officer, official or employee in the work performed pursuant to this Agreement. No official, officer or employee of City shall have any financial interest in this Agreement in violation of the applicable provisions of the California Government Code. Developer warrants and covenants that no officer, official or employee of City, nor any business entity in which a officer, official or employee of City is interested, (l) has been employed or retained to solicit or aid in the procuring of this Agreement; or (2) will be employed in the performance of this Agreement without the immediate divulgence of such fact to the City Manager and City Attorney.

620. Date of Agreement. The date of this Agreement shall be the date when it shall have been signed by the City.

IN WITNESS WHEREOF**,** the City and the Developer have signed this Agreement on the respective dates set forth below.

[SIGNATURES CONTAINED ON FOLLOWING PAGES]

IN WITNESS WHEREOF, this Agreement was executed by the parties on the day and year set out in the last date set out below.

CITY OF FOLSOM, a Municipal Corporation

By: _____

Dated: _____

Justin Raithel, Mayor

FOLSOM RAILROAD BLOCK DEVELOPERS, LLC,
a Delaware limited liability company

Bernau Development Corporation, a California corporation, Its Managing Member

By: _____

Dated: _____

Jeremy G. Bernau, President

APPROVED AS TO CONTENT:

_____
Bryan Whitemyer, City Manager

_____
Pam Johns, Director of Community Development

_____
Stacey Tamagni, Finance Director

APPROVED AS TO FORM:

_____
Sari Myers Dierking, City Attorney

ATTESTS:

_____
Christa Freemantle, City Clerk

NOTICE: SIGNATURE(S) ON BEHALF OF DEVELOPER MUST BE NOTARIZED.
A certificate of acknowledgment in accordance with the provisions of civil code section 1189 must be attached for each person executing this agreement on behalf of consultant. California Civil Section provides, at part (b): "Any certificate of acknowledgment taken in another place shall be sufficient in this state if it is taken in accordance with the laws of the place where the acknowledgment is made."

ATTACHMENTS

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ATTACHMENT NO. 1
LEGAL DESCRIPTION OF THE RAILROAD BLOCK

A PIECE OR PARCEL OF LAND SITUATE IN THE CITY OF FOLSOM, COUNTY OF SACRAMENTO, STATE OF CALIFORNIA, BEING THAT PORTION OF THE TOWN OF FOLSOM NUMBERED 20 AND 21 AND DESIGNATED "DEPOT GROUND" MAP OF SAID TOWN FILED DECEMBER 27, 1855 IN THE OFFICE OF THE COUNTY RECORDER OF SACRAMENTO COUNTY, NOW RECORDED IN BOOK I OF MAPS, MAP NO. 7, AND MORE PARTICULARLY DESCRIBED AS FOLLOWS:

BEGINNING AT THE MOST WESTERLY CORNER OF THE AREA NUMBERED 20 OF SAID "DEPOT GROUND", DISTANT SOUTH 74°25'14" EAST 54.21 FEET FROM THE GRANITE MONUMENT MARKING THE INTERSECTION OF THE CENTER LINES OF LEIDESDORFF AND READING STREETS, AS SAID STREETS ARE SHOWN ON SAID MAP OF THE TOWN OF FOLSOM,· THENCE SOUTH 36°54'43" EAST ALONG THE SOUTHWESTERLY LINE OF SAID DEPOT GROUND, BEING ALSO ALONG THE NORTHEASTERLY LINE OF READING STREET AND THE SOUTHEASTERLY PROLONGATION THEREOF, A DISTANCE OF 364.21 FEET TO A POINT IN THE WESTERLY LINE OF THAT CERTAIN STREET LYING ADJACENT TO AND WESTERLY OF BLOCK 37 AS SAID BLOCK AND STREET ARE SHOWN ON SAID MAP; THENCE NORTHERLY ALONG SAID WESTERLY LINE ON A CURVE TO THE RIGHT HAVING A RADIUS OF 1638.15 FEET AND CENTRAL ANGLE OF 5°25'14" (TANGENT TO SAID CURVE AT LAST MENTIONED POINT BEARS NORTH 25°53'53" EAST AND CHORD OF SAID CURVE BEARS NORTH 28°36'30" EAST 154.92 FEET) AN ARC DISTANCE OF 154.98 FEET TO A POINT OF INTERSECTION WITH THE NORTHWESTERLY LINE OF SUTTER STREET AS SHOWN ON SAID MAP; THENCE NORTH 53°05'31" EAST ALONG SAID NORTHWESTERLY LINE, BEING ALSO ALONG THE SOUTHWESTERLY LINE OF SAID DEPOT GROUND, A DISTANCE OF 725.00 FEET TO THE SOUTHWESTERLY LINE OF WOOL STREET AS SAID STREET JS SHOWN ON SAID MAP; THENCE NORTH 36°54'43" WEST ALONG SAID SOUTHWESTERLY LINE AND THE NORTHWESTERLY PROLONGATION THEREOF, BEING ALSO ALONG THE NORTHEASTERLY LINE OF SAID DEPOT GROUND, A DISTANCE OF 300.00 FEET TO THE SOUTHEASTERLY LINE OF SAID LEIDESDORFF STREET; THENCE SOUTH 53°05'31" WEST ALONG LAST SAID LINE, BEING ALSO ALONG THE NORTHWESTERLY LINE OF SAID DEPOT GROUND, A DISTANCE OF 866.00 FEET TO THE POINT OF BEGINNING.

EXCEPTING THEREFROM THAT PORTION OF PARCEL 4 AS DESCRIBED IN THE DEED FROM SOUTHERN PACIFIC COMPANY, A DELAWARE CORPORATION, TO THE CITY OF FOLSOM, A BODY CORPORATE AND POLITIC, LYING SOUTHEASTERLY FROM THE SOUTHEASTERLY LINE OF READING STREET, WHICH DEED WAS RECORDED JANUARY 20, 1967, IN BOOK 67-01-20, PAGE 305 OF OFFICIAL RECORDS.

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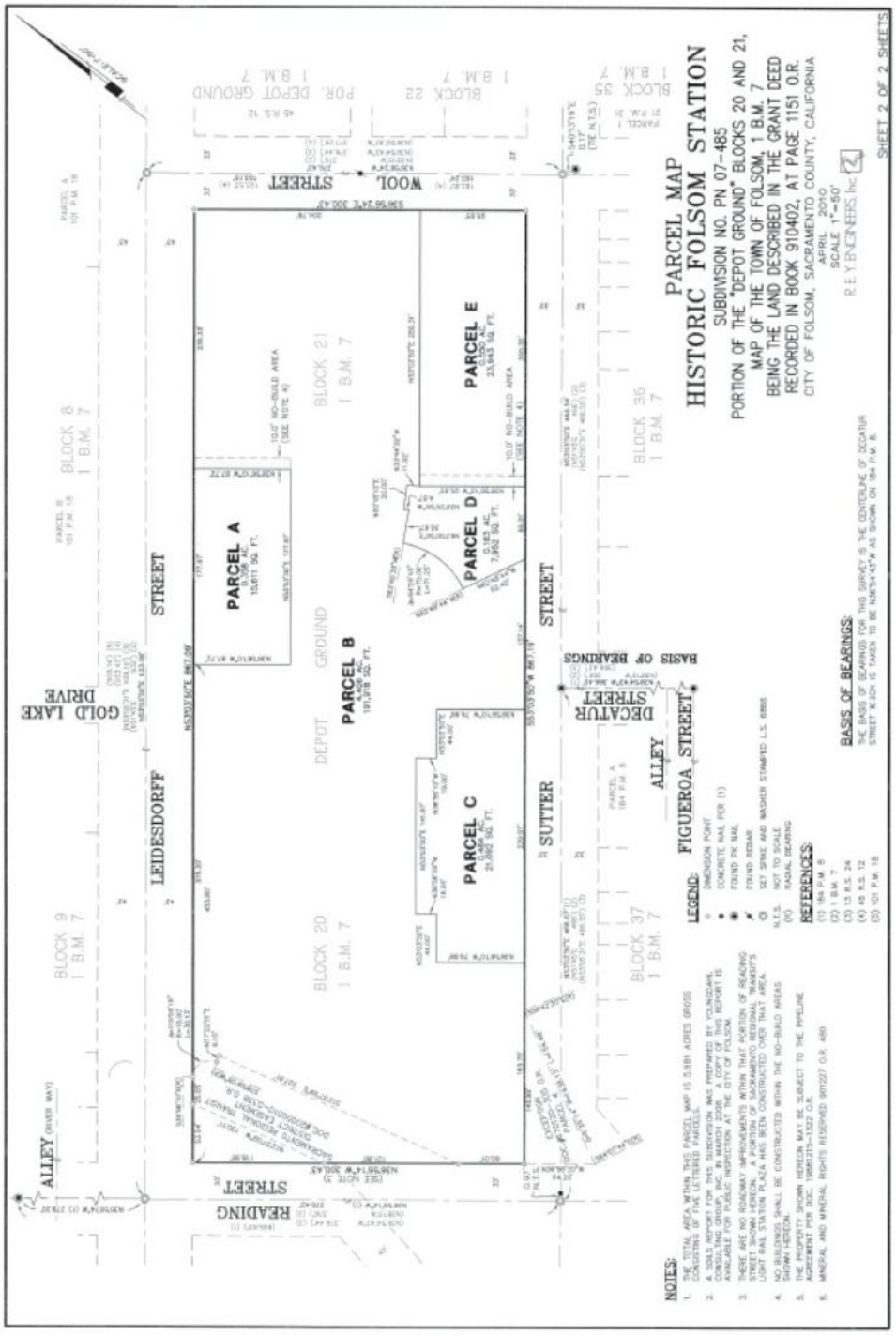
ATTACHMENT NO. 2
MAP OF THE RAILROAD BLOCK



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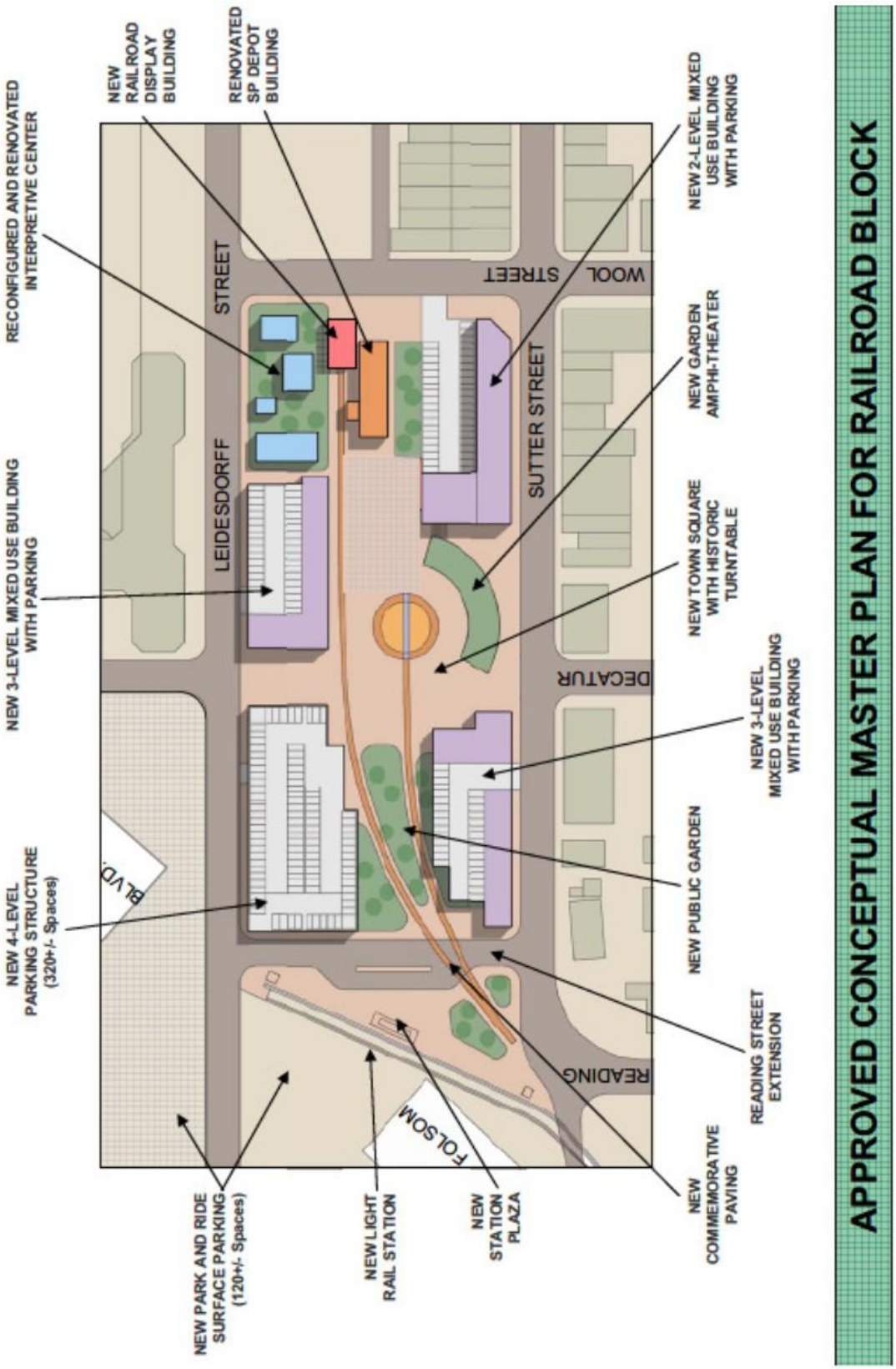
ATTACHMENT NO. 3
MASTER CONCEPTUAL PLAN

[See Attached.]



APPROVED CONCEPTUAL MASTER PLAN FOR RAILROAD BLOCK

Folsom, CA

ATTACHMENT NO. 4
SCOPE OF DEVELOPMENT

I. PRIVATE DEVELOPMENT

A. General

The Developer agrees that the Mixed-Use Parcels shall be developed and improved in accordance with the provisions of this Agreement and the plans, drawings and related documents approved by the City pursuant hereto, including, in particular, the Basic Concept Drawings attached to this Scope of Development as Exhibit A. The Developer, its supervising architect, engineer and contractor, shall work with City staff to coordinate the overall design, architecture and color of the improvements on the Railroad Block and the Developer Improvements. For purposes of the Basic Concept Drawings and this Scope of Development, the term "floor area" shall be defined as the leasable floor area within a building or structure, calculated as the overall gross floor area in square feet (all building floor area enclosed by the exterior walls of the building) *minus* all common building and shared space floor areas, including, but not limited to, lobbies, hallways, stairwells, elevators, restrooms, electrical rooms, mechanical rooms, utility rooms, janitorial rooms, trash enclosures, and parking areas. Leasable floor area shall be measured from the following points:

- For walls between tenant space and the exterior of the building, the exterior side of the wall shall be used such that 100% of the wall is counted as leasable floor area;
- For walls between tenant space and building common area, the common area side of the wall shall be used such that 100% of the wall is counted as leasable floor area; and
- For walls between adjacent tenants, the centerline of the wall shall be used such that 100% of the wall shall be counted as leasable floor area (split equally between the two tenants).

B. Developer Improvements

As more specifically shown on the Design Development Application for the Historic Folsom Station Project, the Developer shall construct, or cause to be constructed, a two- or three-story building or buildings on each of the four parcels comprising the Mixed-Use Parcels, together with not less than eighty (50) surface parking spaces. The total floor area of all buildings shall contain not more than 116,700 square feet of retail, office and residential space of which approximately 46,000 square feet shall be retail and office space and approximately 70,700 square feet shall be residential space within no more than sixty (62) dwelling units.

As shown on the Map of the Railroad Block (Attachment No. 2), the four parcels comprising the Mixed-Use Parcels are identified as "Parcel C," "Parcel A," "Parcel E," and "Parcel D."

1. Mixed Use Parcel C (also referred to as "Granite House") shall be developed with a three-story building containing approximately 16,000 square feet of ground-level retail and office space. On the second and third levels, approximately thirty (32) residential units shall be constructed containing approximately 36,500 square feet.

2. Mixed-Use Parcel A (also referred to as the "Leidesdorff Building") shall be developed with a two- to three-story building containing approximately 12,500 square feet of second-level retail and office space. The percentage of retail and office space may vary, however, commercial frontage on the plaza level must remain retail space. On the third level, approximately thirteen (13) residential units are allowed containing approximately 13,000 square feet. At least one ground-level parking space shall be required for each residential unit.

3. Mixed-Use Parcel E (also referred to as "Sutter Row") shall be developed with a three-story building containing approximately 24,500 square feet of first- and second-level retail and office space. The percentage of retail and office space may vary, however, commercial frontage on either the Sutter Street level or the plaza level must remain retail space. On the second or third level, approximately seventeen (17) residential units are allowed containing approximately 22,000 square feet. At least one ground-level parking space shall be required for each residential unit. The building on Parcel E shall also include an approximately 165 to 250 square foot space on the plaza level, facing the public plaza, to be leased to the City for use as public restrooms pursuant to Section 405.7 of the DA. The Developer shall construct the shell of the public restroom space as shown on Developer's plans for the Sutter Row, including separate water and sewer connections from the rest of the Sutter Row. The City shall be responsible for installing all fixtures and tenant improvements within the public restrooms and the payment of all fees related to the installation of the restrooms, including the regional sanitation connection fee, if any.

4. Mixed-Use Parcel D (also referred to as the "Roundhouse") has been developed with a two-story building containing approximately 8,470 square feet of restaurant space.

In addition to the requirements of the Design Development Application for the Historic Folsom Station Project, the Developer Improvements shall be constructed pursuant to requirements contained in the Noise Impact Study of Historic Folsom Station Public Plaza Modifications and Criteria to Meet Folsom Noise Limits, prepared by The Acoustics & Vibration Group, Inc., dated February 25, 2008.

C. Architecture and Design

The Developer Improvements shall be of high architectural quality, shall be well-landscaped, and shall be effectively and aesthetically designed. The shape, scale of volume, exterior design and exterior finish of each of the buildings must be consonant with, visually related to, physically related to, and an enhancement of adjacent buildings within the Sutter Street subarea of the Historic District. The exterior design and exterior finish of each of the four buildings constructed on the Mixed-Use Parcels must be individual and distinct from the others. The Developer's plans submitted to the City shall describe in detail the architectural character intended for the Developer Improvements.

D. All signs on the exterior of the buildings are of special concern to the City and must be approved by the City (which approval shall not be unreasonably withheld).

E. Screening

Trash areas shall be screened on at least three (3) sides and have movable doors or other devices to obscure such areas from view. All fire standpipes and such other fire related mechanical devices shall be screened with plant materials. Rooftop equipment shall be reasonably hidden so as to mitigate views from principal elevations surrounding the development.

F. Applicable Codes

The Developer Improvements shall be constructed in accordance with the Uniform Building Code (with City modifications) and the *Folsom Municipal Code.*

II. SITE CLEARANCE AND PREPARATION

A. On-Site Demolition and Clearance

1. The Developer shall remove, plug and/or crush in place utilities, such as storm sewers, sanitary sewers, water systems, electrical overhead and underground systems and telephone and gas systems located on the Mixed-Use Parcels, as may be required following any necessary relocation of the utilities.

B. Compaction. Finish Grading and Site Work

Pursuant to the Implementation Agreement, the Developer has, prior to the execution of this Agreement, performed on Mixed-Use Parcel C, excavation, fill, compaction and grading work pursuant to plans entitled "Rough Grading Plans for the Improvement of Historic Folsom Station Granite House," approved by the City of Folsom on October 10, 2008.

The City has over-excavated and rough graded the Public-Use Site and Mixed- Use Parcels A, C, D and E pursuant to grading plans included in the plans entitled "City of Folsom Redevelopment Department Plans for the Improvement of Historic Folsom Station, PN #2613," dated October 13, 2010, and approved by the City of Folsom on November 2, 2010 (the "Grading and Plaza Plans"). The Grading and Plaza Plans are based on soils analyses undertaken by Youngdahl Consulting Group, Inc., on both the Public-Use Site, which analysis was paid for by the Agency, and Mixed-Use Parcels A, C, D and E, which analysis was paid for by the Developer.

III. CITY IMPROVEMENTS

On March 8, 2008, the City of Folsom approved a design for a public plaza on the Public-Use Site, which design is shown on the drawing attached to this Scope of Development as Exhibit B; construction plans for a public plaza pursuant to this design are included in the Grading and Plaza Plans. The City has constructed, or caused to be constructed, a public plaza on the Public-Use Site as shown on Exhibit B, except that the public plaza shall not include the interactive water fountain; included as part of the public plaza are lighting and landscaping, a stage for the amphitheater, and a cover for the stage.

The City has constructed, or cause to be constructed, streetscape improvements adjacent to the Railroad Block, including sidewalks, curbs, gutters, driveways, on-street parking spaces, street lighting and other pedestrian amenities. These improvements were constructed pursuant to the Agency's Sutter Street Streetscape Project, which has also completed the frontage improvements

in each of the 600, 700, 800 and 900 blocks of Sutter Street.

IV. MISCELLANEOUS

A. Parcel Map(s)

The Agency, at the time specified in the Schedule of Performance (Attachment No. 7), has prepared and recorded, or caused to be prepared and recorded, a parcel map or maps with respect to the Railroad Block designating each of the parcels comprising the Mixed- Use Parcels and the remaining Public-Use Site. The Developer, at its sole expense, provided the Agency with all plans, data, records and other information relating to the Mixed-Use Parcels necessary for the preparation of the parcel map(s).

B. Environmental Mitigation Measures

The following mitigation measures were required in connection with the approval of the Railroad Block 1997 Urban Design Master Plan Initial Study/Mitigated Negative Declaration (the "IS/MND") and were not modified by, nor were new mitigation measures added by, the Addendum to the IS/MND approved on January 24, 2006:

Mitigation Measure 1: The City of Folsom shall require a Phase II Environmental Site Assessment prior to construction activities for developments within the Railroad Block and the proposed parking areas. The Phase II sampling program should be conducted to determine what degree of contamination exists. This mitigation measure has been completed; the City obtained a Phase I and Phase II Environmental Site Assessment Report in June 2005.

Mitigation Measure 2: If contamination is identified in construction areas, then appropriate remediation of the site should be completed prior to construction. Successful completion of remediation should be determined in coordination with the Sacramento County Environmental Management Department.

Mitigation Measure 3: Regulation of the loudness and duration of warning horns for excursion trains is outside the jurisdiction of the City of Folsom. However, the City shall require that excursion train operators use warning devices of the minimum loudness required by law, and such devices shall only be sounded for the minimum lawful warning period, except in cases of emergency.

Mitigation Measure 4: Prior to initiation of any grading, clearing, excavation, or ground disturbance within the Railroad Block or proposed parking areas, the Agency, City or the Developer shall consult with a qualified archeologist to determine the archeological sensitivity of the proposed development site. This determination shall be based on archival research, interviews, and other accepted research methods. If the likelihood of encountering cultural resources is high, and such resources cannot be avoided by site design, the City shall require the establishment and implementation of an approved research plan. Such a plan may include measuring, describing, and photographing the resources; collecting any artifactual materials; excavating deposits; and reporting on the finds.

If the likelihood of encountering cultural resources is low, ground disturbance may be permitted. If, at any point during construction, should any cultural resources, such as structural features, unusual amounts of bone or shell, artifacts, human remains, or architectural remains be encountered, work shall be suspended and the City of Folsom shall be notified. The City shall consult with a qualified

archeologist to determine if the encountered resources are "important" cultural resources within the definition of CEQA Appendix K. The consulting archeologist shall develop, if necessary, further mitigation measures consistent with CEQA Appendix K to reduce any cultural resource impact to less than a significant level.

In addition, pursuant to §5097.98 of the State Public Resources Code, and Section 7050.5 of the State Health and Safety Code, in the event of the discovery of any human remains, all work is to stop and the County Coroner shall be immediately notified. If the remains are determined to be Native American, guidelines of the Native American Heritage Commission shall be adhered to in the treatment and disposition of the remains.

In implementation of this mitigation measure, PAR Environmental Services, Inc., has prepared a Cultural Resources Management Plan, Folsom Railroad Block, Historic District, City of Folsom, Sacramento County, California, dated August 2006. The City and the Developer shall comply with the Cultural Resources Management Plan in connection with the development of the Railroad Block.

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ATTACHMENT NO. 4

EXHIBIT A

BASIC CONCEPT DRAWINGS

[See Attached.]

HISTORIC FOLSOM STATION

FOLSOM, CALIFORNIA

GRANITE HOUSE

BERNAU

NEW SOUTH ELEVATION - GRANITE HOUSE

ORIGINAL SOUTH ELEVATION - GRANITE HOUSE

HISTORIC FOLSOM STATION
FOLSOM, CALIFORNIA

BERNAU

NEW NORTH ELEVATION - GRANITE HOUSE

ORIGINAL NORTH ELEVATION - GRANITE HOUSE

HISTORIC FOLSOM STATION

FOLSOM, CALIFORNIA

BERNAU

NEW WEST ELEVATION - GRANITE HOUSE

ORIGINAL WEST ELEVATION - GRANITE HOUSE

NEW EAST ELEVATION - GRANITE HOUSE

ORIGINAL EAST ELEVATION - GRANITE HOUSE

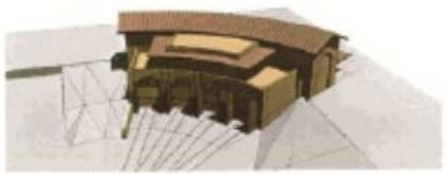
HISTORIC FOLSOM STATION
FOLSOM, CALIFORNIA

ROUNDHOUSE

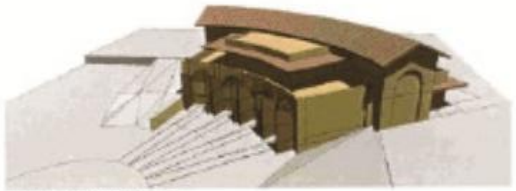
BERNAU

EAST ELEVATION

WEST ELEVATION

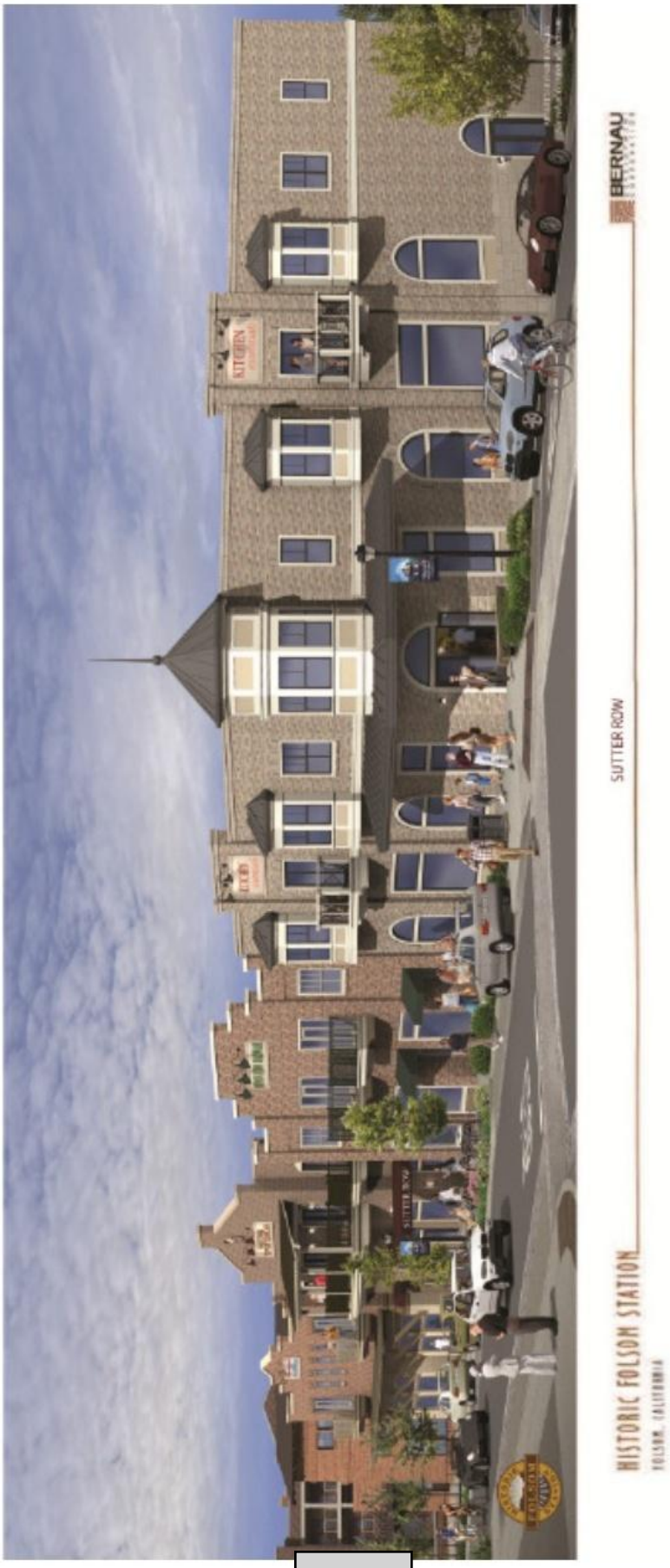


CONCEPTUAL AERIAL SKETCH #1



CONCEPTUAL AERIAL SKETCH #2

CONCEPTUAL AERIAL SKETCH #3


HISTORIC FOLSOM STATION
SUTTER ROW
BERNAU

BERNAU
SUTTER ROW ELEVATIONS
HISTORIC FOLSOM STATION

EAST ELEVATION

WEST ELEVATION

HISTORIC FOLSOM STATION
LEIDESDORFF
BERNAU

NORTH ELEVATION

SOUTH ELEVATION

HISTORIC FOLSOM STATION

FOLSOM, CALIFORNIA

LEIDESDORFF ELEVATIONS

BERNAU

EAST ELEVATION

WEST ELEVATION

HISTORIC FOLSOM STATION

FOLSOM, CALIFORNIA

LEIDESDORFF ELEVATIONS

BERNAU

ATTACHMENT NO. 4

EXHIBIT B

PUBLIC PLAZA DESIGN

[See Attached.]

"The Layers of History"

Historic Folsom Station

Illustrative Plan
Folsom, California

ATTACHMENT NO. 4

EXHIBIT C

PUBLIC PLAZA MAINTENANCE OBLIGATION MAP

[See Attached.]

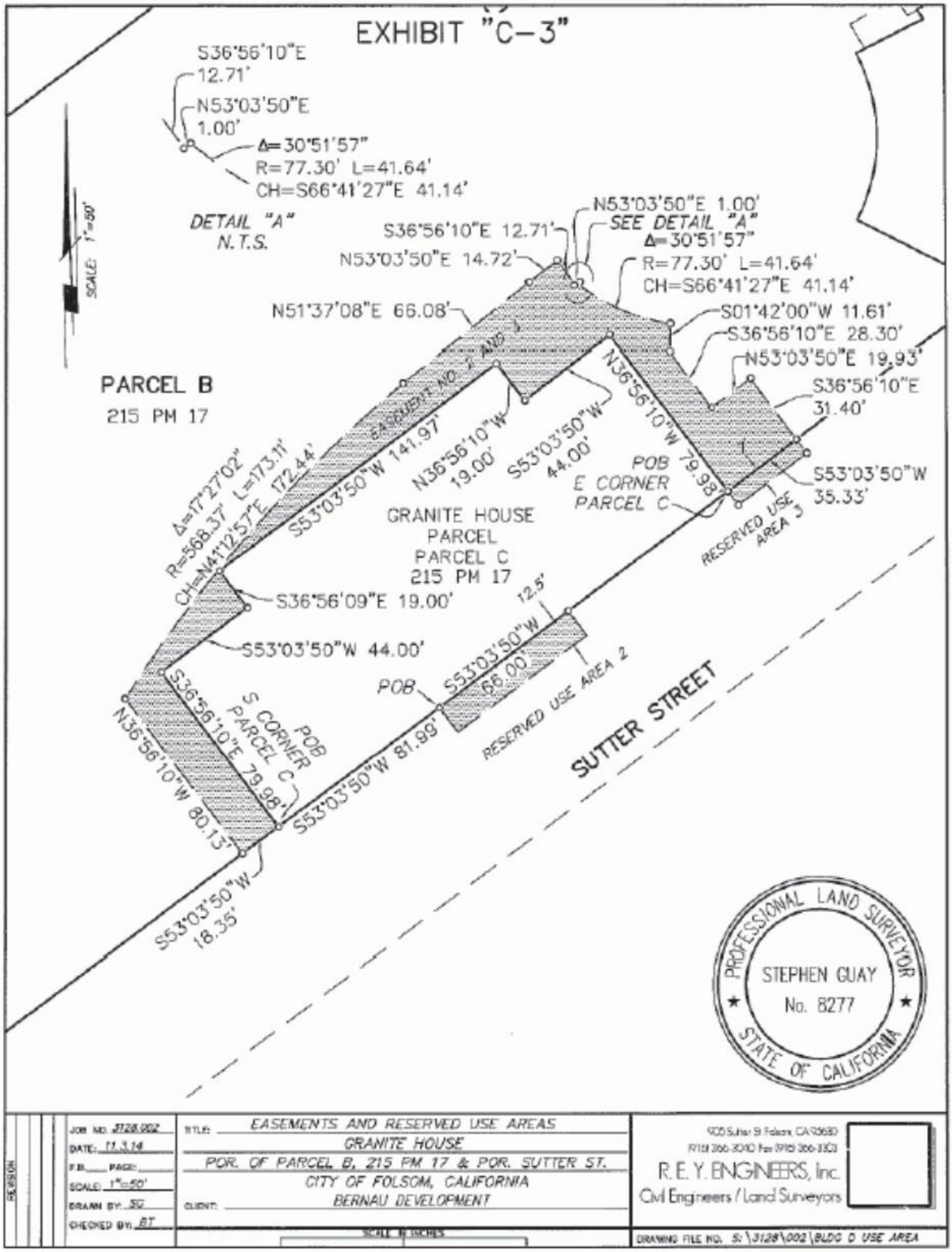


EXHIBIT "C-3"
S36°56'10"E
12.71'
N53°03'50"E
1.00'
Δ=30°51'57"
R=77.30' L=41.64'
CH=S66°41'27"E 41.14'
DETAIL "A"
N.T.S.
SCALE: 1"=50'
N53°03'50"E 1.00'
SEE DETAIL "A"
Δ=30°51'57"
R=77.30' L=41.64'
CH=S66°41'27"E 41.14'
S36°56'10"E 12.71'
N53°03'50"E 14.72'
N51°37'08"E 66.08'
S01°42'00"W 11.61'
S36°56'10"E 28.30'
N53°03'50"E 19.93'
S36°56'10"E
31.40'
S53°03'50"W
35.33'
PARCEL B
215 PM 17
EASEMENT NO. 1
S53°03'50"W 141.97'
N36°56'10"W
19.00'
S53°03'50"W
44.00'
N36°56'10"W 79.98'
POB
E CORNER
PARCEL C
RESERVED USE
AREA 3
Δ=17°27'02"
R=568.37' L=173.11'
CH=N41°12'57"E 172.44'
GRANITE HOUSE
PARCEL
PARCEL C
215 PM 17
S36°56'09"E 19.00'
S53°03'50"W 44.00'
12.5'
S53°03'50"W
66.00'
POB
RESERVED USE AREA 2
S36°56'10"E 79.98'
POB
S CORNER
PARCEL C
N36°56'10"W 80.13'
S53°03'50"W 81.99'
SUTTER STREET
S53°03'50"W
18.35'
PROFESSIONAL LAND SURVEYOR
STEPHEN GUAY
No. 8277
STATE OF CALIFORNIA
JOB NO. 3128.002
DATE: 11.3.14
F.B. ___ PAGE: ___
SCALE: 1"=50'
DRAWN BY: SG
CHECKED BY: BT
REVISION
TITLE: EASEMENTS AND RESERVED USE AREAS
GRANITE HOUSE
POR. OF PARCEL B, 215 PM 17 & POR. SUTTER ST.
CITY OF FOLSOM, CALIFORNIA
CLIENT: BERNAU DEVELOPMENT
SCALE IN INCHES
925 Sutter St Folsom CA 95630
(916) 366-3040 Fax (916) 366-3303
R.E.Y. ENGINEERS, Inc.
Civil Engineers / Land Surveyors
DRAWING FILE NO. S:\3128\002\BLDG D USE AREA

ATTACHMENT NO. 5
LEGAL DESCRIPTION OF THE MIXED-USE PARCELS

ALL THAT REAL PROPERTY LOCATED IN THE CITY OF FOLSOM, SACRAMENTO COUNTY, CALIFORNIA, DESCRIBED AS FOLLOWS:

PARCELS A, C, D & E AS SHOWN ON THAT PARCEL MAP FILED IN THE SACRAMENTO COUNTY RECORDERS OFFICE IN BOOK 215 OF PARCEL MAPS, AT PAGE 17.

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ATTACHMENT NO. 6
INTENTIONALLY OMITTED

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ATTACHMENT NO. 7
SCHEDULE OF PERFORMANCE

Action	Date
A. MIXED-USE PARCEL D ("ROUNDHOUSE")	
Developer submits revised Granite House plans	Complete
City estimated plan approval	Complete
Developer commences construction	Complete
Building ready for occupancy	Complete
B. MIXED-USE PARCEL C ("GRANITE HOUSE")	
Developer submits revised Granite House plans	April 2025
Insurance certificate provided to City	March 2026
City plan approval	April 2026
Recordation of the Second Amended and Restated Development Agreement	October 2026
Developer commences construction	April 2027
Building ready for occupancy (18 months)	September 2028
C. MIXED-USE PARCEL E ("SUTTER ROW")	
Developer submits Sutter Row plans	October 2028
City estimated plan approval (9 months)	August 2029
Insurance certificate provided to City	February 2030
Developer commences construction	March 2030
Building ready for occupancy (18 months)	October 2031

D. MIXED-USE PARCEL A ("LEIDESDORFF BLDG")	
Developer submits Leidesdorff plans	November 2031
City estimated plan approval (9 months)	September 2032
Insurance certificate provided to City	March 2033
Developer commences construction	April 2033
Building ready for occupancy (18 months)	November 2034

ATTACHMENT NO. 8
FORM OF RELEASE OF CONSTRUCTION COVENANTS

RECORDING REQUESTED BY AND
AFTER RECORDATION TO:

Folsom Railroad Block Developers, LLC
ATTN: Jeremy G. Bernau, Member
921 Sutter Street
Folsom, CA 95630

RELEASE OF CONSTRUCTION COVENANTS

THIS RELEASE OF CONSTRUCTION COVENANTS (the "Release") is made as of the _____ day of _____,20___ , by the CITY OF FOLSOM AS SUCCESSOR TO THE REDEVELOPMENT AGENCY OF THE CITY OF FOLSOM, a charter city and a municipal corporation (the "City"), in favor of FOLSOM RAILROAD BLOCK DEVELOPERS, LLC, a Delaware limited liability company (the "Developer").

A. The City and the Developer have entered into that certain Second Amended and Restated Development Agreement (the "DA") dated _____, 2026, concerning the redevelopment of certain real property (the "Mixed-Use Parcels") situated in the City of Folsom, California, as more fully described in Exhibit A, attached hereto and made a part hereof.

B. As referenced in Section 311 of the DA, the City is required to furnish the Developer with a Release of Construction Covenants upon completion of construction of the Developer Improvements (as defined in Section 101 of the DA) upon each of the Mixed-Use Parcels, which Release is required to be in such form as to permit it to be recorded in the Recorder's office of Sacramento County. This Release is a conclusive determination of satisfactory completion of the construction and development required by the DA upon Mixed- Use Parcel __.

C. The City has conclusively determined that such construction and development upon Mixed-Use Parcel __ has been satisfactorily completed.

NOW, THEREFORE, the City hereby certifies as follows:

1. The Developer Improvements to be constructed by the Developer upon Mixed-Use Parcel __ have been fully and satisfactorily completed in conformance with the DA. Any operating requirements and all use, maintenance or nondiscrimination covenants contained in the DA shall remain in effect and enforceable according to their terms.

2. Nothing contained in this instrument shall modify in any other way any other provisions of the DA.

IN WITNESS WHEREOF, the City has executed this Release as of the date set forth above.

CITY OF FOLSOM AS THE SUCCESSOR AGENCY TO THE REDEVELOPMENT AGENCY,

By [Not for Execution/Form Only]
City Manager

APPROVED:

By [Not for Execution/Form Only]
City Attorney

Attachment 3
Amended and Restated Disposition and Development Agreement (Historic Folsom Station/Railroad Block) by and between Redevelopment Agency of the City of Folsom and Folsom Railroad Block Developers, LLC- Central Folsom Redevelopment Project

FOR THE BENEFIT OF THE CITY OF FOLSOM
PURSUANT TO GOVERNMENT CODE §6103

RECORDING REQUESTED BY CITY CLERK

WHEN RECORDED MAIL TO:

CITY CLERK
CITY OF FOLSOM
50 NATOMA STREET
FOLSOM, CALIFORNIA 95630

Sacramento County Recorder
Craig A. Kramer, Clerk/Recorder
BOOK 20110407 PAGE 0766
Thursday, APR 07, 2011 1:31:19 PM
Ttl Pd $0.00 Nbr-0006763671
MLB/11/1-101

SPACE ABOVE THIS LINE RESERVED FOR RECORDER'S USE

TITLE(S)

Amended and Restated Disposition and Development Agreement (Historic Folsom Station / Railroad Block)

By and Between

Redevelopment Agency of the City of Folsom and Folsom Railroad Block Developers, LLC

CENTRAL FOLSOM REDEVELOPMENT PROJECT

AMENDED AND RESTATED DISPOSITION AND DEVELOPMENT AGREEMENT (Historic Folsom Station)

by and between

REDEVELOPMENT AGENCY OF THE CITY OF FOLSOM

and

FOLSOM RAILROAD BLOCK DEVELOPERS, LLC

Central Folsom Redevelopment Project

TABLE OF CONTENTS

Page

100. DEFINITIONS 5

101. Definitions 5

200. AGENCY IMPROVEMENTS AND CONVEYANCE OF THE SITE 9

201. Public-Use Site 9

201.1 Agency Improvements 9

201.2 Conveyance of Public-Use Site and Assignment of Agency Interests 9

202. Purchase and Sale of Mixed-Use Parcels 9

202.1 Purchase and Sale 9

202.2 Appraisal 10

202.3 Mutual Resolution of Objections to Appraisal Results 10

202.4 Appraisal Costs 10

202.5 Appraisal Scope 10

202.6 Payment of the Purchase Price 10

203. Escrow 11

203.1 Costs of Escrow 11

203.2 Escrow Instructions 11

203.3 Authority of Escrow Agent 11

203.4 Closing 12

203.5 Termination 12

203.6 Closing Procedure 12

204. Condition of Title 13

205. Title Insurance 13

206. Conditions of Closing 13

206.1 Agency's Conditions of Closing 13

Page

206.2 Developer's Conditions of Closing....14
207. Representations and Warranties....15
207.1. Agency Representations....15
207.2. Developer Representations....15
208. Studies and Reports....16
209. Condition of the Mixed-Use Parcels....17
209.1 Disclosure....17
209.2 No Warranties As To Mixed-Use Parcels....17
209.3 Developer Precautions After Closing....18
209.4 Required Disclosures After Closing....18
209.5 Developer Indemnity....18
300. DEVELOPMENT OF THE MIXED-USE PARCELS....18
301. Scope of Development....18
301.1 Developer's Obligation to Construct Improvements....18
302. Design Review....18
302.1 Basic Concept Drawings....18
302.2 Design Development Application....19
302.3 Revisions....19
302.4 Substantial Change....19
302.5 Defects in Plans....20
303. Land Use Approvals....21
304. Schedule of Performance....21
305. Cost of Construction....21
306. Insurance Requirements....21
307. Developer's Indemnity....22
308. Rights of Access....22

Page

309. Compliance With Laws....22

309.1 Nondiscrimination in Employment....23

309.2 Taxes and Assessments....23

309.3 Liens and Stop Notices....23

310. Release of Construction Covenants....24

311. Financing of the Improvements....24

311.1 Approval of Financing....24

311.2 No Encumbrances Except Mortgages, Deeds of Trust, or Sale and Lease-Back for Development....25

311.3 Holder Not Obligated to Construct Improvements....25

311.4 Notice of Default to Mortgagee or Deed of Trust Holders; Right to Cure....25

311.5 Failure of Holder to Complete Improvements....26

311.6 Right of the Agency to Cure Mortgage or Deed of Trust Default....26

312. Payment and Performance Bonds....27

400. COVENANTS AND RESTRICTIONS....27

401. Use of Mixed-Use Parcels....27

402. Use and Operation Covenants....29

403. Affordable Housing....29

403.1 Affordable Units....29

403.2 Selection of Qualified Renters/Buyers....30

403.3 Income of Renters/Buyers....30

403.4 Documentation....30

403.5 Best Efforts to Rent/Sell Affordable Units....31

404. CC&Rs for Residential Units....31

405. Maintenance Covenants; Reserved Parking; Mutual Rights of Access and Use of the Railroad Block During Construction; Reciprocal Easement Agreement....31

Page

405.1 Maintenance of Mixed-Use Parcels 31
405.2 Maintenance of Public-Use Site....32
405.3 Reserved Parking 32
405.4 Mutual Rights of Access and Use of the Railroad Block During Construction....32
405.5 Reciprocal Easement Agreement....33
405.6 Air Space Easements....33
405.7 Public Restrooms on Mixed-Use Parcel E....33
406. Nondiscrimination Covenants....33
407. Effect of Violation of the Terms and Provisions of this Agreement After Completion of Construction 34
500. DEFAULTS AND REMEDIES 35
501. Default....35
502. Institution of Legal Actions 35
503. Termination by the Developer 35
504. Termination by the Agency 36
505. Option to Purchase the Mixed-Use Parcels 36
506. Reentry and Revesting of Title in the Agency After the Closing and Prior to Completion of Construction 37
507. Acceptance of Service of Process....38
508. Rights and Remedies Are Cumulative....38
509. Inaction Not a Waiver of Default....39
510. Applicable Law....39
600. GENERAL PROVISIONS....39
601. Notices, Demands, and Communications Between the Parties 39
602. Enforced Delay; Extension of Times of Performance 39
603. Transfers of Interest in Mixed-Use Parcels or Agreement 40

Page

603.1 Prohibition 40
603.2 Permitted Transfers 40
603.3 Agency Consideration of Requested Transfer 41
603.4 Successors and Assigns 41
603.5 Assignment by Agency 41
604. Non-Liability of Officials and Employees of the Agency and the City 41
605. Relationship Between Agency and Developer 41
606. Agency Approvals and Actions 42
607. Counterparts 42
608. Integration 42
609. Real Estate Brokerage Commission 42
610. Attorneys' Fees 42
611. Titles and Captions 42
612. Interpretation 42
613. No Waiver 42
614. Modifications 43
615. Severability 43
616. Computation of Time 43
617. Legal Advice 43
618. Time of Essence 43
619. Cooperation 43
620. Conflicts of Interest 43
621. Date of Agreement 44

Attachments

Attachment No. 1 Legal Description of the Railroad Block
Attachment No. 2 Map of the Railroad Block

Attachment No. 3 Master Conceptual Plan
Attachment No. 4 Scope of Development
Attachment No. 5 Legal Description of the Mixed-Use Parcels
Attachment No. 6 Form of Grant Deed
Attachment No. 7 Schedule of Performance
Attachment No. 8 Form of Release of Construction Covenants

DISPOSITION AND DEVELOPMENT AGREEMENT
(Historic Folsom Station)

THIS AMENDED AND RESTATED DISPOSITION AND DEVELOPMENT AGREEMENT (this "Agreement") is entered into by and between the **REDEVELOPMENT AGENCY OF THE CITY OF FOLSOM,** a public body, corporate and politic (the "Agency"), and **FOLSOM RAILROAD BLOCK DEVELOPERS, LLC,** a Delaware limited liability company (the "Developer").

RECITALS

The following recitals are a substantive part of this Agreement:

A. The purpose of this Agreement is to effectuate the Redevelopment Plan (the "Redevelopment Plan") for the Central Folsom Redevelopment Project (the "Redevelopment Project") by providing for the disposition and redevelopment by public and private action of certain real property, designated and referred to herein as the "Railroad Block," located within the boundaries of the Redevelopment Project (the "Redevelopment Project Area"). The Railroad Block is approximately 4.9 acres within the Folsom Historic District, and is bounded by Leidesdorff Street to the west, Wool Street to the north, Sutter Street to the east, and Reading Street to the south. The Railroad Block, is more particularly described in the Legal Description of the Railroad Block (Attachment No. 1) and shown on the Map of the Railroad Block (Attachment No. 2).

B. The Railroad Block is owned by the Agency and is currently improved with an historical interpretive center (the "Interpretive Center"), a railroad depot (the "SP Depot"), a historic railroad turntable (the "RR Turntable"), railroad tracks, a four-story, 315-space public parking garage (the "Public Parking Garage") and paved parking areas.

C. Development of the Railroad Block was previously considered in the Folsom Historic Railroad Block 1997 Urban Design Master Plan (the "1997 Urban Design Master Plan"). Pursuant to the California Environmental Quality Act (Public Resources Code Section 21000 *et seq.*; "CEQA") and its implementing guidelines (14 Cal. Code Regs. Section 15000 *et seq.*; "CEQA Guidelines"), an initial study was performed, which determined that a mitigated negative declaration (the "Initial Study/Mitigated Negative Declaration") should be adopted for the 1997 Urban Design Master Plan. The City of Folsom adopted the 1997 Urban Design Master Plan and the Initial Study/Mitigated Negative Declaration on December 9, 1997.

D. Following the adoption of the 1997 Urban Design Master Plan, the City undertook the construction of Lake Natoma Crossing, which included creating a grade level separation between Folsom Boulevard and Leidesdorff Street with a block-long 'lid' overcrossing. Lake Natoma Crossing was completed in 1999.

E. In 2000, the Agency issued a Request for Proposals for the Railroad Block. After reviewing several proposals, the Agency selected Developer to redevelop the Railroad Block.

F. After receiving and reviewing two development proposals for the Railroad Block from the Developer, in 2003, the Agency determined that a public outreach effort was necessary in order to provide guidance to the Developer beyond what had been presented in the 1997 Urban Design Master Plan. A series of community workshops to discuss development concepts for the Railroad Block culminated in the preparation of a master conceptual plan and development guidelines for the Railroad Block that would combine a mixed-use development with a large public plaza area. The master conceptual plan and development guidelines were

approved by the Agency pursuant to Resolution No. 207-R, dated June 8, 2004 ("Master Conceptual Plan"). A copy of the Master Conceptual Plan is attached hereto as Attachment No. 3, and incorporated herein.

G. Development of the Railroad Block pursuant to the Master Conceptual Plan was determined to be within the scope of the Initial Study/Mitigated Negative Declaration adopted for the 1997 Urban Design Master Plan of the Railroad Block, pursuant to an addendum to the Initial Study/Mitigated Negative Declaration prepared by the City and approved by the Agency on January 24, 2006 (the "2006 Addendum to the IS/MND"). Federal funding was obtained for the public plaza component of the Master Conceptual Plan, which required separate review of the public plaza pursuant to the National Environmental Policy Act (42 U.S.C. Section 4321 *et seq.*) and its implementing guidelines (40 C.F.R. Section 1500 *et seq.*). On April 11, 2006, the Federal Transit Administration approved a categorical exclusion from NEPA for the public plaza portion of the Master Conceptual Plan.

H. Following approval of the Master Conceptual Plan, the Agency and Developer restarted negotiations regarding the development of the Railroad Block pursuant to the guidelines of the Master Conceptual Plan. In October 2006, Bernau Development Corporation joined the Developer.

I. On October 20, 2006, the Agency and the Developer entered into a Disposition and Development Agreement (the "Original DDA") providing for the development of the Railroad Block. The Original DDA identified three non-contiguous parcels within the Railroad Block as parcels designated for private development, required the Developer to acquire all three parcels in a single purchase transaction, and set forth a schedule for the development of the Railroad Block. Under the Original DDA, Developer was to construct three buildings, one on each of the three non-contiguous parcels, and Agency was to construct the Public Parking Garage and a public plaza.

J. Prior to the execution of the Original DDA, the City and Agency completed two public works projects adjacent to the Railroad Block: the realignment of Reading Street (which forms the southern boundary of the Railroad Block) and the construction of the light rail plaza for the Folsom Historic District Light Rail Station (located across Reading Street from the Railroad Block), which were both completed in October 2005.

K. The Agency commenced construction of the Public Parking Garage in December 2006. Completion of the Public Parking Garage was a condition precedent under the Original DDA to the close of escrow of the sale of the three parcels to the Developer. Construction of the Public Parking Garage was completed in April 2008.

L. In February 2007, the Developer prepared and submitted to the Historic District Commission of the City of Folsom (the "Historic District Commission") its designs for four buildings on three non-contiguous parcels within the Railroad Block. The Developer's design plans were approved by the Historic District Commission on June 6, 2007. The Developer submitted its construction plans for all four buildings of the Developer's proposed improvements in November 2007.

M. After discussions with the Developer during Spring 2007, the Agency began redesigning the public plaza to include an amphitheater that would include a sound system, seating for performances and could be fenced off from the rest of the public plaza; prior conceptual designs of the public plaza had included a less formal amphitheater. The new amphitheater incorporated certain design elements in order to meet standards set by the City's Noise Ordinance, which also required certain additional sound dampening measures for the

Developer's proposed buildings. A noise impact study was performed by The Acoustics & Vibration Group, Inc., in February 2008 (the "TAVG Noise Impact Study") that determined limitations for the amphitheater as well as specifications for Developer's buildings in compliance with the City's Noise Ordinance.

N. The public plaza design changes necessitated a review of prior environmental reviews pursuant to CEQA and NEPA. The Agency prepared a second addendum to the Initial Study/Mitigated Negative Declaration for the 1997 Urban Design Master Plan, dated February 14, 2008 (the "2008 Addendum to the IS/MND"), which determined that the public plaza modifications were within the scope of the Initial Study/Mitigated Negative Declaration for the 1997 Urban Design Master Plan. The Historic District Commission approved the redesigned public plaza design on March 5, 2008. A categorical exclusion for the redesigned public plaza was approved by the California Department of Transportation (which had been delegated authority over the project by the Federal Transit Administration) on December 23, 2008.

O. In early 2008 the Developer obtained a geotechnical study from the Youngdahl Consulting Group, Inc. ("Youngdahl"), dated March 17, 2008, which focused primarily on the proposed parcels to be acquired by Developer (the "2008 Youndahl Soils Analysis"). The 2008 Youngdahl Soils Analysis found that the soils of the portions of the Railroad Block would need to be overexcavated and replaced with engineered fill beyond what had been anticipated in order to support the Developer's proposed buildings.

P. In June 2008, based on the TAVG Noise Impact Study and the 2008 Youngdahl Soils Analysis, the Developer resubmitted plans for the Developer's first planned building, known as the "Granite House" on the proposed parcel to be conveyed to Developer, defined as Parcel D in the Original DDA, and as Parcel C in this Agreement.

Q. By Fall 2008, as a result of the further planning of the Railroad Block by both the Agency and the Developer, the Agency and Developer were in the process of preparing substantive amendments to the Original DDA. However, at the same time the Developer desired to enter onto the Railroad Block to perform certain site preparation work needed for the development of the Granite House; if the site preparation work was delayed until the anticipated approval of the amendments of the DDA, construction of the Granite House would be substantially delayed. To permit the Developer to enter onto the Railroad Block and begin construction prior to acquiring the Granite House property, the Agency and Developer entered into an Implementation Agreement dated October 13, 2008 (the "Implementation Agreement"), , which authorized the Developer to enter upon the Railroad Block to perform certain site preparation work pursuant to rough grading plans for the Granite House property approved by the City on October 10, 2008. The Implementation Agreement also authorized financial assistance to the Developer in the amount of $250,000 (the "Housing Assistance") in exchange for the Developer's commitment to provide six (6) units of affordable housing as part of the development of the Railroad Block, which commitment and Housing Assistance are now more specifically provided for in Section 403.1 of this Agreement. The Developer completed the site preparation work by November 2008.

R. The real estate appraisal firm of Seevers, Jordan and Ziegenmeyer ("Seevers") completed an initial appraisal of the Granite House parcel in October 2008. After review by both the Agency and Developer, it was determined that a peer review of the Seevers appraisal of the Granite House parcel was necessary. In March 2009, the Agency contacted the firm of Bender Rosenthal, Inc. ("Bender"), to prepare a peer review; it was instead determined to be more cost effective to have Bender prepare a second appraisal of the Granite House property, which was completed on May 3, 2009.

S. The Developer's building permit for the Granite House property was ready for issuance in June 2009.

T. Based on the results of the 2008 Youngdahl Soils Analysis, the Agency requested that Youngdahl prepare a new soils analysis for the public plaza improvements, which was completed on July 31, 2009 (the "2009 Youngdahl Soils Analysis"). The 2009 Youngdahl Soils Analysis found that the soil beneath the public plaza would need to be excavated and replaced with engineered fill in order to support the planned hardscape of the public plaza to an extent far greater than had been previously anticipated based on earlier soils analyses. The Agency retained the firm of Kleinfelder to perform a peer review of the 2008 Youngdahl Soils Analysis and the 2009 Youngdahl Soils Analysis, which was completed in September 2009 and concurred with the Youngdahl Soils Analyses. The Agency subsequently began working with responsible governmental entities to revise construction plans for the public plaza.

U. In July 2009, the Agency publicly advertised its Sutter Street Streetscape Project for construction bids. The Sutter Street Streetscape Project involves the removal of medians and trees, relocating traffic lanes, making certain drainage improvements, creating limited on-street parking and delivery areas, removing certain shed roofs and widening sidewalks to accommodate shoppers, outdoor cafes and shade trees along Sutter Street and portions of cross streets, including the portion of Sutter Street that serves as the eastern boundary of the Railroad Block. All bids received by the Agency in July 2009 were rejected as being too expensive. A second round of bidding occurred in December 2009, and the Agency accepted a bid in January 2010. Construction of the Sutter Street Streetscape Project improvements began in February 2010.

V. In December 2010, the Agency accepted a bid for construction of the public plaza, which includes substantial archeological investigation and earthwork to commence in spring 2011.

W. To summarize, since the Original DDA was adopted in 2006, the following events have taken place:

- February 2007: Developer submits design documents
- June 2007: HDC approves Developer design documents
- November 2007: Developer submits building plans
- February 2008: TAVG Noise Impact Study completed
- March 2008: 2008 Youngdahl Soils Analysis completed
- April 2008: Public Parking Garage opens
- June 2008: Developer re-submits Granite House building plans
- October 2008: Seevers appraisal of Granite House property completed
- October 2008: Implementation Agreement executed
- November 2008: Rough grading of Granite House property completed
- May 2009: Bender appraisal of Granite House property completed
- June 2009: Granite House building permit ready for issuance
- July 2009: 2009 Youngdahl Soils Analysis completed
- September 2009: Kleinfelder Peer Review of Youngdahl Soils Analyses completed
- December 2009: Sutter Street Streetscape Project advertised for bids
- February 2010: Sutter Street Streetscape Project construction begins
- December 2010: Public Plaza construction bid awarded

X. In light of current conditions and the further planning and decisions of the parties, the Agency and Developer have reconfigured the private development parcels into four non-

contiguous parcels and have determined that a phased approach to the purchase and development of the private development parcels is now appropriate.

Y. This Agreement amends, restates and supersedes in their entirety both the Original DDA and the Implementation Agreement, and is designed to achieve the co-development of the Railroad Block by the Agency and the Developer in a coordinated and comprehensive manner. The parties intend that certain interests in the Railroad Block will be sold by the Agency to the Developer (the "Mixed-Use Parcels") and that the balance of the Railroad Block will be retained by the Agency (the "Public-Use Site"). As is more fully set forth in this Agreement, the Developer will finance and undertake the development, operation and maintenance of improvements on the Mixed-Use Parcels, consisting of office, retail and residential uses (the "Developer Improvements"), and the Agency will finance and undertake the development of public improvements on the Public-Use Site, consisting of public plaza and streetscape improvements (the "Agency Improvements"). The Developer Improvements and the Agency Improvements are collectively referred to herein as the "Historic Folsom Station Project." The residential component of the Developer Improvements requires that the Developer comply with affordable housing requirements of the Redevelopment Plan and the Community Redevelopment Law of the State of California ("CRL").

Z. As the Historic Folsom Station Project proceeds, the City and Agency may also determine to undertake renovations to the SP Depot and the Interpretive Center, provided, however, that nothing in this Agreement shall be deemed or construed to require or obligate the City or Agency as to any such renovations.

AA. The sale of the Mixed-Use Parcels to Developer, and the improvement of the Railroad Block by the Agency and the Developer pursuant to the terms of this Agreement, are in the vital and best interests of the City of Folsom (the "City") and the health, safety, and welfare of its residents, and in accord with the public purposes and provisions of applicable state and local laws and requirements under which the redevelopment of the Railroad Block is being undertaken.

AGREEMENTS

NOW, THEREFORE, the Agency and the Developer hereby agree as follows:

100. DEFINITIONS

101. Definitions.

"Actual knowledge" is defined in Section 209.1 hereof.

"Affordable Housing Cost" has the same meaning as defined in Section 50052.5 of the Health and Safety Code.

"Affordable Rent" has the same meaning as defined in Section 50053 of the Health and Safety Code.

"Affordable Units" means residential units affordable to persons and families of moderate income as defined by Health and Safety Code Section 50093, in accordance with Section 403 hereof.

"Agency" means the Redevelopment Agency of the City of Folsom, a public body, corporate and politic, exercising governmental functions and powers and organized and existing under Chapter 2 of the CRL, and any assignee of or successor to its rights, powers and responsibilities.

"Agency Improvements" means the improvements to be constructed by the Agency on the Public-Use Site pursuant to this Agreement, as more particularly described in the Scope of Development (Attachment No. 4).

"Agency Phase I and Phase II Report" means the report of the investigation of the environmental condition of the Railroad Block, as more particularly described in Section 209.1 hereof.

"Agency's Conditions Precedent" means the conditions precedent to a Mixed-Use Parcel Closing for the benefit of the Agency, as set forth in Section 206.1 hereof.

"Agreement" means this Amended and Restated Disposition and Development Agreement between the Agency and the Developer.

"Basic Concept Drawings" means the drawings attached as Exhibit A to the Scope of Development (Attachment No. 4), as set forth in Section 302.1 hereof.

"City" means the City of Folsom, a California municipal corporation.

"Closing" means the close of Escrow for the conveyance of a Mixed-Use Parcel from the Agency to the Developer, as set forth in Section 203.4 hereof.

"Closing Date" means the date of the Closing for a Mixed-Use Parcel, as set forth in Section 203.4 hereof.

"CRL" or ***"Community Redevelopment Law"*** means the Community Redevelopment Law of the State of California, as set forth in the California Health and Safety Code, Section 33000 *et seq*.

"Date of Agreement" means the date upon which this Agreement shall have been signed by the Agency.

"Default" means the failure of a party to perform any action or covenant required by this Agreement within the time provided herein following notice and opportunity to cure, as set forth in Section 501 hereof.

"Design Development Application" means those plans and drawings to be submitted to the Agency for its review and approval, pursuant to Section 302.2 hereof.

"Developer" means Folsom Railroad Block Developers, LLC, a Delaware limited liability company.

"Developer Improvements" means the new improvements to be constructed by the Developer upon the Mixed-Use Parcels pursuant to this Agreement and all approvals, inspections and permits required for completion of the new improvements, as more particularly described in the Scope of Development (Attachment No. 4).

"Developer's Conditions Precedent" means the conditions precedent to a Mixed-Use Parcel Closing for the benefit of the Developer, as set forth in Section 206.2.

"Escrow" is defined in Section 203 hereof.

"Escrow Agent" is defined in Section 203 hereof.

"Governmental Requirements" means all laws, ordinances, statutes, codes, rules, regulations, orders and decrees of the United States, the state, the county, the City, or any other political subdivision in which the Railroad Block is located, and of any other political subdivision, agency or instrumentality exercising jurisdiction over the Agency, the Developer or the Railroad Block.

"Grant Deeds" means the grant deeds for the conveyance of the Mixed-Use Parcels from the Agency to the Developer, in the form of Attachment No. 6 hereto which is incorporated herein.

"***Hazardous Materials"*** means any substance, material, or waste which is or becomes, regulated by any local governmental authority, the State of California, or the United States Government, including, but not limited to, any material or substance which is (i) defined as a "hazardous waste," "extremely hazardous waste," or "restricted hazardous waste" under Section 25115, 25117 or 25122.7, or listed pursuant to Section 25140 of the California Health and Safety Code, Division 20, Chapter 6.5 (Hazardous Waste Control Law), (ii) defined as a "hazardous substance" under Section 25316 of the California Health and Safety Code, Division 20, Chapter 6.8 (*Carpenter-Presley-Tanner Hazardous Substance Account Act*), (iii) defined as a "hazardous material," hazardous substance," or "hazardous waste" under Section 25501 of the California Health and Safety Code, Division 20, Chapter 6.95 (Hazardous Materials Release Response Plans and Inventory), (iv) defined as a "hazardous substance" under Section 25281 of the California Health and Safety Code, Division 20, Chapter 6.7 (Underground Storage of Hazardous Substances), (v) petroleum, (vi) asbestos, (vii) polychlorinated biphenyls, (viii) defined as "hazardous" or "extremely hazardous" pursuant to Title 22 of the California Code of Regulations, Division 4.5, Chapter 11, (ix) designated as "toxic pollutants" pursuant to Section 311 of the *Clean Water Act* (33 U.S.C. §1317), (x) defined as a "hazardous waste" pursuant to Section 1004 of the *Resource Conservation and Recovery Act*, 42 U.S.C. §6901 *et seq.* (42 U.S.C. §6903) or (xi) defined as a "hazardous substance" pursuant to Section 101 of the *Comprehensive Environmental Response, Compensation, and Liability Act*, 42 U.S.C. §9601 *et seq.*

"Historic Folsom Station Project" means the development of the Railroad Block pursuant to this Agreement consisting of the Agency Improvements and the Developer Improvements.

"Housing Assistance" means the $250,000 paid by the Agency to the Developer pursuant to the Implementation Agreement.

"Implementation Agreement" means the agreement entered into by the Developer and the Agency on October 13, 2008, in which the Agency (1) permitted the Developer to enter upon the Railroad Block to perform certain site preparation work and (2) provided $250,000 in Housing Assistance to the Developer in exchange for the Developer's commitment to provide six (6) units affordable to persons or families of moderate income.

"Interpretive Center" means the portion of the Railroad Block currently used as an historical interpretive center.

"Lender" is defined in Section 311.2 hereof.

"Map of the Railroad Block" means the map of the Railroad Block that is attached hereto as Attachment No. 2.

"Member" shall mean any of the members of Folsom Railroad Block Developers, LLC, including, without limitation: Sotiris K. Kolokotronis, Trustee of the Sotiris and Matina Kolokotronis Family Trust; River Rock Development Company, a California corporation; and Bernau Development Corporation, a California corporation.

"Notice" shall mean a notice in the form prescribed by Section 601 hereof.

"Outside Date" shall mean the last date a Mixed-Use Parcel Closing shall occur, as set forth in Section 203.4 hereof.

"Public Parking Garage" means the four-story, 315-space public parking garage constructed on the Railroad Block by the Agency.

"Purchase Price" means the fair market value to be paid by the Developer to the Agency in consideration for the conveyance of fee title to a Mixed-Use Parcel, as set forth in Section 202 hereof.

"Reciprocal Easement Agreement" or ***"REA"*** means the agreement described in Section 405.5 hereof.

"Redevelopment Plan" means the Redevelopment Plan for the Central Folsom Redevelopment Project, adopted by the City Council of the City of Folsom on November 29, 1983, by Ordinance No. 512, as amended on December 13, 1994, by Ordinance No. 811, and on April 8, 2003, by Ordinance No. 992, and on December 9, 2003, by Ordinance No. 1010, on August 23, 2005, by Ordinance No. 1045, and on October 10, 2006, by Ordinance No. 1065.

"Redevelopment Project" means the Central Folsom Redevelopment Project.

"Redevelopment Project Area" means the real property located within the boundaries of the Redevelopment Project and subject to the Redevelopment Plan.

"Release of Construction Covenants" means the document that evidences the Developer's satisfactory completion of the Developer Improvements, as set forth in Section 310 hereof, in the form of Attachment No. 8 hereto.

"RR Turntable" means the historic train turntable located on the Railroad Block.

"Schedule of Performance" means the Schedule of Performance (Attachment No. 7) setting out the dates and/or time periods by which certain obligations set forth in this Agreement must be accomplished.

"Scope of Development" means the Scope of Development (Attachment No. 4) describing the scope, amount and quality of development of the Developer Improvements to be constructed by the Developer and the Agency Improvements to be constructed by the Agency pursuant to the terms and conditions of this Agreement.

"SP Depot" means the former railroad depot building on the Railroad Block currently used as general office space.

"Title Company" is defined in Section 205 hereof.

"Title Policy" is defined in Section 205 hereof.

"Unconveyed Parcels" means any of the Mixed-Use Parcels owned by the Agency that have not yet been conveyed to the Developer pursuant to this Agreement.

200. AGENCY IMPROVEMENTS AND CONVEYANCE OF THE SITE

201. Public-Use Site.

201.1. Agency Improvements. Within the times set forth in the Schedule of Performance (Attachment No. 7), the Agency shall develop and construct the Agency Improvements in accordance with the Scope of Development (Attachment No. 4) and as set forth herein.

201.2. Conveyance of Public-Use Site and Assignment of Agency Interests. Following the completion of the Agency Improvements, the Agency shall convey the Public-Use Site to the City and assign to the City its rights and obligations under the REA. Following the installation of the public restrooms within Mixed-Use Parcel E, the Agency shall assign to the City the Agency's leasehold interest in the public restrooms.

202. Purchase and Sale of Mixed-Use Parcels.

202.1 Purchase and Sale. Subject to all of the terms and conditions of this Agreement, the Agency agrees to sell each of the Mixed-Use Parcels to the Developer, and the Developer agrees to purchase each of the Mixed-Use Parcels from the Agency, for the amount determined to be the fair market value of the respective Mixed-Use Parcel as established by appraisal in the manner set forth below (the "Purchase Price"); provided, however, that the Purchase Price shall not be less than $500 for a Mixed-Use Parcel. The Mixed-Use Parcels consist of four separate parcels within the Railroad Block, as generally shown on the Map of the Railroad Block (Attachment No. 2) and described in the Legal Description of the Mixed-Use Parcels (Attachment No. 5). The exact description of each Mixed-Use Parcel shall be determined and agreed to by the Agency and the Developer following preparation of the parcel map or maps as required in the Scope of Development (Attachment No. 4). If determined to be necessary and appropriate by the Agency, the boundaries and descriptions of each of the Mixed-Use Parcels may be changed to reflect changes in the plans and drawings as hereafter approved by the Agency under this Agreement, and, if applicable, an amended Map of the Railroad Block (Attachment No. 2) and amended Legal Description of the Mixed-Use Parcels (Attachment No. 5) will be substituted therefor in this Agreement and related documents pursuant to this Agreement. Upon completion of construction of all of the improvements on the Railroad Block, the boundaries and descriptions of the Public-Use Site and of each of the Mixed-Use Parcels may be changed to reflect the final "as built" location and relationship among one another if determined to be necessary and appropriate by the Agency, and, if applicable, an amended parcel map(s), amended Map of the Railroad Block (Attachment No. 2) and amended Legal Description of the Mixed-Use Parcels (Attachment No. 5) will be substituted therefor in this Agreement and related documents pursuant to this Agreement, including particularly the Grant Deeds for the Mixed-Use Parcels.

202.2 Appraisal. The Agency has retained the firms of Seevers, Jordan & Ziegenmeyer ("Seevers") and Bender Rosenthal, Inc. ("Bender") to prepare initial appraisals of the fair market value of the Mixed-Use Parcels and a final appraisal of the fair market value of Mixed-Use Parcel C. Within the times respectively set forth therefor in the Schedule of Performance (Attachment No. 7), the Agency shall direct Seevers, Bender, or such other qualified appraisal firm selected by the Agency, to prepare an appraisal in accordance with the scope of work set forth in Section 202.5 hereof for the other three Mixed-Use Parcels.

Upon receipt of a completed appraisal report, the Agency shall provide written notice to the Developer of the appraisal results, specifying whether the Agency has any objections thereto. If the Agency is satisfied with the appraisal results, then the fair market value determined by the appraisal shall constitute the fair market value for the respective Mixed-Use Parcel, unless objected to by the Developer in writing to the Agency within ten (10) business days of the notice of the appraisal results.

202.3 Mutual Resolution of Objections to Appraisal Results. In the event that either the Agency or the Developer objects to the result of any of the appraisals, then the parties agree to meet in good faith to attempt to mutually resolve the objections to the appraisal results and agree upon the fair market value of the subject Mixed-Use Parcel. If no mutual resolution is reached within sixty (60) days after the Agency's notice of appraisal results, then either party may terminate this Agreement, but only as it pertains to any Mixed-Use Parcels owned by the Agency that have not yet been conveyed to the Developer pursuant to this Agreement (the "Unconveyed Parcels"), in the manner set forth in Section 503 or 504 hereof, as the case may be.

202.4 Appraisal Costs. The Agency shall initially pay the fees and expenses applicable to each appraisal. On the Closing Date for the purchase and sale of a Mixed-Use Parcel, the Developer shall reimburse the Agency for that portion of the fees and expenses charged by Seevers, Bender and/or such other appraiser selected by the Agency attributable to preparation of the appraisal of the fair market value of the respective Mixed-Use Parcel. With respect to the appraisal of Mixed-Use Parcel C, the Agency has paid Seevers the sum of $10,000.00 and has paid Bender the sum of $10,503,75 for a total of $20,503.75 to be reimbursed by the Developer on the Closing Date for Mixed-Use Parcel C. If this Agreement is terminated by either party prior to the Closing for Mixed-Use Parcel C, the Developer shall be required to pay to the Agency the total amount expended on appraisals stated in this paragraph.

202.5 Appraisal Scope. The Agency and the Developer desire and intend that each appraisal serve to establish the Purchase Price to be paid by the Developer to the Agency for each Mixed-Use Parcel. The appraiser shall be instructed to provide the assumed completed value of the proposed development of each Mixed-Use Parcel and related information typically relied upon by lenders providing construction financing. Therefore, the appraiser shall be instructed to provide estimates of the following: (a) the hypothetical market value of the Mixed-Use Parcel, assuming completion of construction and stabilized occupancy; (b) the hypothetical market value of the Mixed-Use Parcel, assuming completion of construction, but prior to stabilized occupancy, and (c) the fair market value of the Mixed-Use Parcel determined at the highest and best uses permitted under the Redevelopment Plan for the Central Folsom Redevelopment Project.

202.6 Payment of the Purchase Price. The Purchase Price for each Mixed-Use Parcel shall be payable by the Developer by cash or cashier's check in the total amount of the Purchase Price at the Closing.

203. Escrow. Within the times respectively set forth therefor in the Schedule of Performance (Attachment No. 7), the parties shall open an escrow ("Escrow") with Old Republic Title Company, or another escrow company mutually satisfactory to both parties (the "Escrow Agent"), for each separate purchase and sale of a Mixed-Use Parcel. Each Escrow shall be subject to this Section 203.

203.1 Costs of Escrow. Agency and Developer shall each pay their respective shares of the premium for the Title Policy for each Mixed-Use Parcel as set forth in Section 205 hereof. The Agency shall pay for the documentary transfer taxes, if any, due with respect to the conveyance of the Mixed-Use Parcel, and Developer and Agency each agree to pay one-half of all other usual fees, charges, and costs which arise from each Escrow.

203.2 Escrow Instructions. This Agreement constitutes the joint escrow instructions of Developer and Agency applicable to each purchase and sale of a Mixed-Use Parcel, and the Escrow Agent to whom these instructions are delivered is hereby empowered to act under this Agreement. The parties hereto agree to do all acts reasonably necessary to close each Escrow in the shortest possible time. Insurance policies for fire or casualty are not to be transferred, and Agency will cancel its own policies after the Closing for each Mixed-Use Parcel. All funds received in an Escrow shall be deposited with other escrow funds in a general escrow account(s) and may be transferred to any other such escrow trust account in any State or National Bank doing business in the State of California. All disbursements shall be made by check from such account.

If it is necessary or convenient in order to accomplish the Closing of an Escrow, the parties may issue supplemental or amended escrow instructions. Such supplemental or amended escrow instructions shall only be effective if in writing and executed by both parties. The parties agree to execute such other and further documents as may be reasonably necessary, helpful or appropriate to effectuate the provisions of this Agreement. The Closing for each Mixed-Use Parcel shall take place when both the Agency's Conditions Precedent and the Developer's Conditions Precedent as set forth in Section 206 have been satisfied.

203.3 Authority of Escrow Agent. Escrow Agent is authorized to, and shall:

a. Pay and charge Agency for the Agency's portion of the Title Policy costs in accordance with Section 205 of this Agreement.

b. Pay and charge Developer and Agency for their respective shares of any Escrow fees, charges, and costs payable under Section 203.1 of this Agreement.

c. Pay and charge Developer for the Developer's portion of the Title Policy costs in accordance with Section 205 of this Agreement.

d. Disburse funds, and deliver and record the Grant Deed and Reciprocal Easement Agreement when both the Developer's Conditions Precedent and the Agency's Conditions Precedent have been fulfilled or waived in writing by Developer or Agency, as applicable.

e. Do such other actions as necessary, including obtaining the Title Policy, to fulfill its obligations under this Agreement.

f. Within the discretion of Escrow Agent, direct Agency and Developer to execute and deliver any instrument, affidavit, and

statement, and to perform any act reasonably necessary to comply with the provisions of FIRPTA and any similar state act and regulation promulgated thereunder. Agency agrees to execute a Certificate of Non-Foreign Status by individual transferor and/or a Certification of Compliance with Real Estate Reporting Requirement of the *1986 Tax Reform Act* as may be required by Escrow Agent, on the form to be supplied by Escrow Agent.

g. Prepare and file with all appropriate governmental or taxing authorities a uniform settlement statement, closing statement, tax withholding forms including an IRS 1099-S form, and be responsible for withholding taxes, if any such forms are provided for or required by law.

203.4 Closing. Each Escrow shall close ("Closing") within thirty (30) days of the parties' satisfaction of all of Agency's and Developer's Conditions Precedent to Closing as set forth in Section 206 hereof, but in no event later than the dates respectively set forth therefor in the Schedule of Performance (for each Closing, the "Outside Date"), unless mutually extended by the Agency and the Developer. The Closing shall occur at a location within Sacramento County at a time and place reasonably agreed on by the parties. The "Closing" shall mean the time and day the Grant Deed for the subject Mixed-Use Parcel is filed for record with the Sacramento County Recorder. "Closing Date" shall mean the day on which a Closing occurs.

203.5 Termination. If an Escrow is not in condition to close by the Outside Date, then either party that has fully performed under this Agreement may, in writing, demand the return of its money or property and terminate this Agreement, but only as it pertains to any Unconveyed Parcels. If either party makes a written demand for return of documents or properties, this Agreement shall not terminate as to any Unconveyed Parcels until five (5) days after Escrow Agent shall have delivered copies of such demand to the other party at the address shown in this Agreement. If any objections are raised within said five (5) day period, the Escrow Agent is authorized to hold all papers and documents until instructed by a court of competent jurisdiction or by mutual written instructions of the parties. Termination of this Agreement as to any Unconveyed Parcels shall be without prejudice as to whatever legal rights either party may have against the other arising from this Agreement. If no demands are made, the Escrow Agent shall proceed with the Closing as soon as possible.

203.6 Closing Procedure. The Escrow Agent shall close each Escrow as follows:

a. Record the Grant Deed and Reciprocal Easement Agreement with instructions for the Recorder of Sacramento County, California, to deliver the Grant Deeds to Developer, with copies to Agency, and to deliver the Reciprocal Easement Agreement to Agency, with copies to Developer;

b. Instruct the Title Company to deliver the Title Policy to Developer, with a copy to Agency;

c. File any informational reports required by Internal Revenue Code Section 6045(e), as amended, and any other applicable requirements;

d. Deliver the FIRPTA Certificate, if any, to Developer; and

e. Forward to both Developer and Agency a separate accounting of all funds received and disbursed for each party and copies of all executed and recorded or filed documents deposited into Escrow, with such recording and filing date and information endorsed thereon.

204. Condition of Title. Upon opening an Escrow, Agency shall obtain, and deliver fo the Developer, a preliminary title report for the applicable Mixed-Use Parcel. Title to each of the Mixed-Use Parcels shall be conveyed by the Agency subject to easements of record, the Redevelopment Plan and all other exceptions to title identified in the preliminary title report for the applicable Mixed-Use Parcel except those disapproved by Developer in a written notice to Agency made within fifteen (15) days of Developer's receipt of the preliminary title report.

205. Title Insurance. Concurrently with recordation of the Grant Deeds conveying title to a Mixed-Use Parcel, there shall be issued to Developer an ALTA owner's policy of title insurance (the "Title Policy"), together with such endorsements as are reasonably requested by the Developer, issued by First American Title Company or another title company mutually satisfactory to both parties (the "Title Company") insuring that the title to the Mixed-Use Parcel is vested in Developer in the condition required by Section 204 of this Agreement. The Title Company shall provide the Agency with a copy of the Title Policy. The Title Policy shall be for the amount of the Purchase Price. The Agency shall only pay that portion of the premium for the Title Policy equal to the cost of a CLTA standard coverage title policy in the amount of the Purchase Price. Any additional costs, including the cost of an ALTA policy or any endorsements requested by the Developer, shall be borne by the Developer.

206. Conditions of Closing. Each Closing is conditioned upon the satisfaction of the following terms and conditions within the times designated below:

206.1 Agency's Conditions of Closing. Agency's obligation to proceed with the Closing of the sale of a Mixed-Use Parcel is subject to the fulfillment, or waiver in writing by Agency, of each and all of the conditions precedent a. through j., inclusive, described below ("Agency's Conditions Precedent"), which are solely for the benefit of Agency:

a. **No Default.** The Developer is not in default in any of its obligations under the terms of this Agreement and all representations and warranties of Developer contained herein shall be true and correct in all material respects.

b. **Payment of Purchase Price.** The Developer has paid the Purchase Price into Escrow.

c. **Execution of Documents.** The Developer shall have executed the Grant Deed and the Reciprocal Easement Agreement described in Section 405.5 hereof and any other documents required hereunder, and has delivered such documents into Escrow.

d. **Payment of Closing Costs.** The Developer has paid all required costs of Closing into Escrow in accordance with Section 203 hereof.

e. **Payment of Costs to be Reimbursed on Closing.** The Developer has paid into Escrow the amount required to reimburse appraisal

costs as set forth in Section 202.4 hereof and the amount required to reimburse the Developer's share of the engineering costs of the Agency as set forth in Section 305 hereof.

f. **Design Approval.** The Developer has obtained approval by the Agency of the Design Development Application as set forth in Section 302 hereof.

g. **Land Use Approvals.** The Developer has obtained all land use and other discretionary entitlements, permits and approvals required for development of the subject Mixed-Use Parcel pursuant to Section 303 hereof.

h. **Insurance.** The Developer has provided proof of insurance as required by Section 306 hereof.

i. **Financing.** The Agency has approved the Developer's financing as provided in Section 311.1 hereof.

j. **Construction Plans.** The Developer has obtained approval by the City of the Developer's complete construction plans for development of the subject Mixed-Use Parcel.

206.2 Developer's Conditions of Closing. Developer's obligation to proceed with the purchase of a Mixed-Use Parcel is subject to the fulfillment, or waiver by Developer, of each and all of the conditions precedent a. through h., inclusive, described below ("Developer's Conditions Precedent"), which are solely for the benefit of Developer:

a. **No Default.** The Agency is not in default in any of its obligations under the terms of this Agreement and all representations and warranties of Agency contained herein shall be true and correct in all material respects.

b. **Execution of Documents.** The Agency has executed the Grant Deed and the Reciprocal Easement Agreement described in Section 405.5 hereof and any other documents required hereunder, and has delivered such documents into Escrow.

c. **Payment of Closing Costs.** The Agency has paid all required costs of Closing into Escrow in accordance with Section 203 hereof.

d. **Title Policy.** The Title Company shall have agreed, upon payment of Title Company's regularly scheduled premium, to issue the Title Policy for the subject Mixed-Use Parcel upon the Closing, in accordance with Section 205 hereof.

e. **Design Approval.** The Developer has obtained approval by the Agency of the Design Development Application as set forth in Section 302 hereof.

f. **Land Use Approvals.** The Developer has obtained all land use and other discretionary entitlements, permits and approvals

required for development of the subject Mixed-Use Parcel pursuant to Section 303 hereof.

g. **Financing.** The Agency has approved the Developer's financing as provided in Section 311.1 hereof.

h. **Construction Plans.** The Developer has obtained approval by the City of the Developer's complete construction plans for development of the subject Mixed-Use Parcel.

207. Representations and Warranties.

207.1 Agency Representations. Agency represents and warrants to Developer as follows:

a. **Authority.** Agency is a public body, corporate and politic, organized and existing pursuant to the CRL. Agency has full right, power and lawful authority to grant, sell and convey the Mixed-Use Parcels as provided herein and the execution, performance and delivery of this Agreement by Agency has been fully authorized by all requisite actions on the part of Agency.

b. **FIRPTA.** Agency is not a "foreign person" within the parameters of FIRPTA or any similar state statute.

c. **No Conflict.** To the best of Agency's knowledge, Agency's execution, delivery and performance of its obligations under this Agreement will not constitute a default or a breach under any contract, agreement or order to which Agency is a party or by which it is bound.

Until the Closing for a Mixed-Use Parcel, the Agency shall, upon learning of any fact or condition which would cause any of the warranties and representations in this Section 207.1 not to be true as of that Closing, immediately give written notice of such fact or condition to Developer. Such exception(s) to a representation shall not be deemed a breach by Agency hereunder, but shall constitute an exception which Developer shall have a right to approve or disapprove if such exception would have a material effect on the value and/or operation of the subject Mixed-Use Parcel. If the Developer elects to close Escrow following disclosure of such information, the Agency's representations and warranties contained herein shall be deemed to have been made as of the Closing, subject to such exception(s). If, following the disclosure of such information, the Developer elects not to close Escrow, then this Agreement as it pertains to any Unconveyed Parcels and the Escrow for the subject Mixed-Use Parcel shall automatically terminate, , and neither party shall have any further rights, obligations or liabilities hereunder with respect to the Unconveyed Parcels. The representations and warranties set forth in this Section 207.1 shall survive the Closing.

207.2 Developer Representations. Developer represents and warrants to Agency as follows:

a. **Authority.** Developer is a duly organized limited liability company formed in accordance with and in good standing under the laws of the State of California. The copies of the documents evidencing the organization of the Developer which have been

delivered to the Agency are true and complete copies of the originals, as amended to the date of this Agreement. Developer has full right, power and lawful authority to purchase and accept the conveyance of the Mixed-Use Parcels and undertake all obligations as provided herein and the execution, performance and delivery of this Agreement by Developer has been fully authorized by all requisite actions on the part of the Developer.

b. **No Conflict.** To the best of Developer's knowledge, Developer's execution, delivery and performance of its obligations under this Agreement will not constitute a default or a breach under any contract, agreement or order to which the Developer is a party or by which it is bound.

c. **No Developer or Member Bankruptcy.** Developer and/or any Member is not the subject of any bankruptcy proceeding, has not made a general assignment for the benefit of creditors, suffered the filing of an involuntary petition by its creditors, suffered the appointment of a receiver to take possession of substantially all of its assets, suffered the attachment or other judicial seizure of substantially all of its assets, admitted its inability to pay its debts as they come due or made an offer of settlement, extension or composition to its creditors generally.

Until the Closing for a Mixed-Use Parcel, the Developer shall, upon learning of any fact or condition which would cause any of the warranties and representations in this Section 207.2 not to be true as of that Closing, immediately give written notice of such fact or condition to Agency. Such exception(s) to a representation shall not be deemed a breach by Developer hereunder, but shall constitute an exception which Agency shall have a right to approve or disapprove if such exception would have an effect on the financing, timing of construction, cost, value and/or operation of the Historic Folsom Station Project and/or the Railroad Block and/or any of the Mixed-Use Parcels or Public-Use Site. If the Agency elects to close Escrow following disclosure of such information, the Developer's representations and warranties contained herein shall be deemed to have been made as of the Closing, subject to such exception(s). If, following the disclosure of such information, Agency elects not to close Escrow, then this Agreement as it pertains to any Unconveyed Parcels and the Escrow for the subject Mixed-Use Parcel shall automatically terminate, neither party shall have any further rights, obligations or liabilities hereunder with respect to the Unconveyed Parcels. The representations and warranties set forth in this Section 207.2 shall survive the Closing.

208. Studies and Reports. Prior to each Closing, the Developer and its representatives shall have the right of access to all portions of the Mixed-Use Parcels owned by the Agency for the purpose of obtaining data and making surveys and tests necessary to carry out this Agreement. Any testing, data gathering or preliminary work undertaken on the Mixed-Use Parcels by the Developer and its representatives shall be done at the sole cost and expense of the Developer, and shall require the Developer's execution of a right of entry agreement to be provided by the Agency. Any testing, data gathering or preliminary work shall be undertaken only after securing any necessary permits from the appropriate governmental agencies.

209. Condition of the Mixed-Use Parcels.

209.1 Disclosure.

a. **Phase I and Phase II Investigation.** Prior to the execution of this Agreement, Agency has caused a "Phase I" and "Phase II" investigation of the environmental condition of the Railroad Block to be undertaken by Jacobson Helgoth Consultants, dated June 2005 ("Agency Phase I & Phase II Report"), with the cost of such investigation at the expense of Agency. Developer acknowledges that it has been provided a copy of the Agency Phase I & Phase II Report and associated test results. Agency hereby discloses to Developer all of the information contained in the Agency Phase I & Phase II Report, including the following: the former use of the Railroad Block and the parcels adjacent to the Railroad Block for commercial, industrial and mining purposes may pose some potential for hidden contamination, in particular, the following uses were formerly present upon the Mixed-Use Parcels: railroad operations; gold mining; and commercial enterprises (including a gas station and auto or motorcycle repair shops). Except for the information set forth in the Agency Phase I & Phase II Report, the Agency and the Developer hereby represent and warrant, each to the other, that they have no actual knowledge, and have not received any notice or communication from any government agency having jurisdiction over the Mixed-Use Parcels, notifying such party of the presence of surface or subsurface Hazardous Materials in, on, or under the Mixed-Use Parcels, or any portion thereof. "Actual knowledge," as used herein, shall not impose a duty of investigation, and shall be limited to the actual knowledge of the Agency and Developer employees and agents who have participated in the preparation of this Agreement.

b. **Geotechnical Engineering Studies and Grading Plans.** Prior to the execution of this Agreement, both the Agency and the Developer caused geotechnical engineering studies to be performed for the Railroad Block, both of which were performed by Youngdahl Consulting Group, Inc. The Developer caused a study of the Mixed-Use Parcels, dated March 17, 2008 (the "2008 Youngdahl Soils Analysis"), and the Agency caused a study of the Public-Use Site, dated July 2009 (the "2009 Youngdahl Soils Analysis"). The Agency retained the firm of Kleinfelder to perform a peer review of both the 2008 Youngdahl Soils Analysis and the 2009 Youngdahl Soils Analysis, which was completed in September 2009 and concurred with the Youngdahl Soils Analyses. The Agency and the Developer hereby acknowledge that each has been provided a copy of the other's geotechnical study and acknowledge the concurrence of Kleinfelder's peer review of the studies, and each hereby discloses to the other the information and recommendations of the other's geotechnical study for the preparation of the Mixed-Use Parcels and the Public-Use Site for future development.

Based on the 2008 and 2009 Youngdahl Soils Analyses, the Agency has prepared grading plans for the Mixed-Use Parcels and the Public-Use Site, included in the plans dated October 13, 2010, and titled "City of Folsom Redevelopment Department Plans for the Improvement of Historic Folsom Station, PN #2613" (the "Grading and Plaza Plans"). Pursuant to the Scope of Development (Attachment No. 4), the Agency is responsible for rough grading the Mixed-Use Parcels and will do so pursuant to the Grading and Plaza Plans. The Developer hereby acknowledges that it has reviewed the Grading and Plaza Plans and approves of the work outlined in the Grading and Plaza Plans.

209.2 No Warranties As To Mixed-Use Parcels. The physical condition, possession and title of each of the Mixed-Use Parcels is and shall be delivered from Agency to Developer in an "as-is" condition, with no warranty expressed or implied by Agency, including without limitation, the presence of Hazardous Materials or the condition of the soil, its geology, the presence of known or unknown seismic faults, or the suitability of the Mixed-Use Parcels for the development required hereunder.

209.3 Developer Precautions After Closing. Upon the Closing for a Mixed-Use Parcel, the Developer shall take all necessary precautions to prevent the release into the environment of any Hazardous Materials which are located in, on or under the Mixed-Use Parcels. Such precautions shall include compliance with all Governmental Requirements with respect to Hazardous Materials. In addition, the Developer shall install and utilize such equipment and implement and adhere to such procedures as are consistent with commercially reasonable standards as respects the disclosure, containment, storage, use, removal and disposal of Hazardous Materials.

209.4 Required Disclosures After Closing. After the Closing for a Mixed-Use Parcel, the Developer shall notify the Agency, and provide to the Agency a copy or copies, of all environmental permits, disclosures, applications, entitlements or inquiries relating to the Mixed-Use Parcels, including notices of violation, notices to comply, citations, inquiries, clean-up or abatement orders, cease and desist orders, reports filed pursuant to self-reporting requirements and reports filed or applications made pursuant to any Governmental Requirements relating to Hazardous Materials and underground tanks. The Developer shall report to the Agency, as soon as possible after each incident, any unusual or potentially important incidents with respect to the environmental condition of the Mixed-Use Parcels.

209.5 Developer Indemnity. From and after the Closing for a Mixed-Use Parcel, Developer agrees to indemnify, defend and hold Agency and City harmless from and against any claim, action, suit, proceeding, loss, cost, damage, liability, deficiency, fine, penalty, punitive damage, or expense (including, without limitation, attorneys' fees), resulting from, arising out of, or based upon (i) the presence, release, use, generation, discharge, storage or disposal of any Hazardous Materials on, under, in or about, or the transportation of any such Hazardous Materials to or from, the Mixed-Use Parcel, (ii) the violation, or alleged violation, of any statute, ordinance, order, rule, regulation, permit, judgment or license relating to the use, generation, release, discharge, storage, disposal or transportation of Hazardous Materials on, under, in or about, to or from, the Mixed-Use Parcel, or (iii) the condition or geology of the soils of the Mixed-Use Parcel following rough grading pursuant to the Grading and Plaza Plans described in Section 209.1 hereof. This indemnity shall include, without limitation, any damage, liability, fine, penalty, cost or expense arising from or out of any claim, action, suit or proceeding for personal injury (including sickness, disease or death), tangible or intangible property damage, compensation for lost wages, business income, profits or other economic loss, damage to the natural resources or the environment, nuisance, contamination, leak, spill, release or other adverse effect on the environment.

300. DEVELOPMENT OF THE MIXED-USE PARCELS

301. Scope of Development.

301.1 Developer's Obligation to Construct Improvements. Within the times respectively set forth therefor in the Schedule of Performance (Attachment No. 7), the Developer shall commence and diligently prosecute to completion the construction of the Developer Improvements on each of the Mixed-Use Parcels in accordance with the Scope of Development (Attachment No. 4) and the plans, drawings and documents submitted by the Developer and approved by the Agency as set forth herein.

302. Design Review.

302.1 Basic Concept Drawings. Conceptual drawings for the development of the Developer Improvements on all of the Mixed-Use Parcels (the "Basic Concept Drawings")

have been approved by the Agency and are attached to the Scope of Development (Attachment No. 4) as Exhibit A.

302.2 Design Development Application. The Developer has submitted to the Agency, and the Agency approved on June 6, 2007, the following plans and drawings with respect to the Developer Improvements on all of the Mixed-Use Parcels (collectively, the "Design Development Application"):

a. Site plans.

b. Preliminary landscape plan.

c. Floor plans.

d. Roof plans.

e. Elevations and project sections (submitted in both black-and-white and color).

f. Tabulation of areas/uses.

g. Materials samples.

The submission of the Design Development Application to and approval by the Agency for approval is separate and apart from the City design and development approval processes, and the Developer agrees to meet all City requirements for design and development approval.

302.3 Revisions. If the Developer desires to propose any substantial changes (defined below) to the Agency-approved Design Development Application, it shall submit such proposed changes to the Agency, and shall also proceed in accordance with any and all State and local laws and regulations regarding such revision. Any and all change orders or revisions required by the City and its inspectors which are required under the *Folsom Municipal Code* and all other applicable Uniform Codes (e.g., Building, Plumbing, Fire, Electrical, etc.) and under other applicable laws and regulations shall be included by the Developer in its Design Development Application and completed during the construction of the Developer Improvements.

The Agency shall have the right to review any and all aspects of substantial changes proposed by the Developer, and shall have the right to reasonably approve or disapprove of substantial changes proposed by the Developer. The Developer acknowledges and agrees that the Agency is entitled to approve or disapprove any proposed substantial changes in order to satisfy the Agency's obligation to promote the sound development and redevelopment of land within the Redevelopment Project, to integrate the Developer Improvements with the Agency Improvements, to promote a high level of design which will impact the surrounding development, and to provide an environment for the social, economic and psychological growth and well-being of the citizens of the City and the Redevelopment Project Area. The Developer shall not be entitled to any monetary damages or compensation as a result of the Agency's disapproval or failure to approve substantial changes proposed by the Developer.

302.4 Substantial Change. A "substantial change" shall include, without limitation, the following changes, excluding those items generally considered to be tenant improvements:

a. Changes in the layout, elevation, design, or square footage substantially affecting architectural appearance or functional use and operation.

b. Changes in the use of exterior finishing materials substantially affecting architectural appearance or functional use and operation.

c. Changes in size or design affecting parking, bulk, building coverage or floor area ratio, building height or number of floors, frontage, signage, accessibility of public spaces, size or placement of public service or handicapped facilities; or changes in the number of elevators, stairs and ramps; or changes in general pedestrian or vehicular circulation in, around or through the Mixed-Use Parcels, layout of passenger loading zones, landscaping or size or quality of exterior pavement, retaining walls, pedestrian amenities, and exterior lighting.

d. Any changes requiring approval of any city, county or state board, body, commission or officer, or any change required by any city, county or state board, body, commission or officer.

e. Any change that would preclude or materially reduce the ability to use the Mixed-Use Parcels as intended by this Agreement.

If the Developer requests any change in the permitted uses of a Mixed-Use Parcel provided for in this Agreement, the Developer shall submit to the Agency appropriate evidence, as determined by the Agency, substantiating the need for any such change, including a current market analysis, together with documentation detailing the Developer's good faith efforts to market and finance the Mixed-Use Parcel for the uses provided for in this Agreement. The Agency agrees to reasonably consider the Developer's request for a change in permitted uses, provided, however, that no change shall be presented that proposes residential uses on the ground floor. If the Agency agrees that a change in the uses for the Mixed-Use Parcel may be necessary, the Developer shall bear the responsibility for and cost of processing an amendment to the Master Conceptual Plan, including community meetings in connection therewith, and related amendments to this Agreement. The Developer expressly acknowledges and agrees that nothing in this paragraph shall be deemed or construed to limit the discretion of the Agency Board and/or the City Council in their consideration of an amendment to the Master Conceptual Plan and related amendments to this Agreement.

302.5 Defects in Plans. The Agency shall not be responsible either to the Developer or to third parties in any way for any defects in the Basic Concept Drawings (Exhibit A of the Scope of Development, Attachment No. 4) or the Design Development Application, nor for any structural or other defects in any work done according to the approved Basic Concept Drawings or Design Development Application. The Developer shall hold harmless, indemnify and defend the Agency, the City and their officers, employees, agents and representatives from and against any claims, suits for damages to property or injuries to persons arising out of or in any way relating to defects in the Basic Concept Drawings or Design Development Application, including without limitation the violation of any laws, and for defects in any work done according to the approved Basic Concept Drawings and Design Development Application whether or not the Agency, the City, or their officials, officers, agents or employees reviewed, accepted or approved the Basic Concept Drawings, Design Development Application, or any

other Developer submittals and whether or not such liabilities are litigated, settled, or reduced to judgment.

303. Land Use Approvals. Within the times respectively set forth therefor in the Schedule of Performance (Attachment No. 7), the Developer shall, at its own cost and expense, secure or cause to be secured any and all land use and other discretionary entitlements, permits and approvals which may be required for the Developer Improvements on a Mixed-Use Parcel by the City or any other governmental agency affected by such construction or work. The Developer shall, without limitation, apply for and secure the following, and pay all costs, charges and fees associated therewith:

a. Conditional Use Permit;

b. Parking Variance;

c. Design Review Approval;

d. All other permits and fees required by the City, County of Sacramento, and other governmental agencies with jurisdiction over the Developer Improvements; and

e. Any environmental studies and documents required pursuant to the California Environmental Quality Act.

304. Schedule of Performance. The Developer shall commence and complete all construction of the Developer Improvements on each Mixed-Use Parcel, and satisfy all other obligations and conditions of this Agreement within the times established therefor in the Schedule of Performance (Attachment No. 7). The Schedule of Performance is subject to revision from time to time as mutually agreed upon in writing between the Developer and the Agency's Executive Director, and the Agency's Executive Director is authorized to make such revisions as he or she deems reasonably necessary.

305. Cost of Construction. Except to the extent otherwise expressly set forth in this Agreement, all costs and expenses of planning, designing, developing and constructing all of the Developer Improvements, demolition of existing improvements, and preparation and grading of the Mixed-Use Parcels shall be borne solely by the Developer, and all of the costs of planning, designing, developing and constructing all of the Agency Improvements shall be borne solely by the Agency. The Developer acknowledges and agrees that the Agency has undertaken engineering costs a portion of which are attributable to the Developer Improvements and that the Developer's share of the engineering costs is the amount of $65,980.00, as described in Agency Resolution No. 261-R adopted on May 22, 2007. The Developer agrees to reimburse the Developer's share of the engineering costs by paying to the Agency, at the Closing of each Mixed-Use Parcel, a percentage of the Developer's share of the engineering costs determined by dividing the square footage of the Mixed-Used Parcel being sold by the total square footage of all Mixed-Use Parcels. If this Agreement is terminated by either party prior to the full repayment to the Agency by the Developer of the Developer's share of the engineering costs, the Developer shall be required to pay to the Agency the remainder of the Developer's share of the engineering costs then owed to the Agency.

306. Insurance Requirements. The Developer shall take out and maintain or shall cause its contractor to take out and maintain until the issuance of a final Release of Construction Covenants pursuant to Section 310 of this Agreement, a comprehensive general liability policy in the amount of Two Million Dollars ($2,000,000.00) combined single limit policy, and a

comprehensive automobile liability policy in the amount of One Million Dollars ($1,000,000.00), combined single limit, or such other policy limits as the Agency may approve at its discretion, including contractual liability, as shall protect the Developer, City and Agency from claims for such damages. Such policy or policies shall be written on an occurrence form. The Developer shall furnish a certificate of insurance countersigned by an authorized agent of the insurance carrier on a form approved by the Agency setting forth the general provisions of the insurance coverage. This countersigned certificate shall name the City and the Agency and their respective officials, officers, agents, and employees as additionally insured parties under this policy, and the certificate shall be accompanied by a duly executed original endorsement evidencing such additional insured status. The certificate and endorsement by the insurance carrier shall contain a statement of obligation on the part of the carrier to notify City and the Agency of any cancellation or termination of the coverage at least thirty (30) days in advance of the effective date of any such cancellation or termination. Coverage provided hereunder by the Developer shall be primary insurance and not be contributing with any insurance maintained by the Agency or City, and the policy shall contain such an endorsement. The insurance policy or the endorsement shall contain a waiver of subrogation for the benefit of the City and the Agency. The required certificate shall be furnished by the Developer at the time set forth therefor in the Schedule of Performance. The Developer shall also furnish or cause to be furnished to the Agency evidence satisfactory to the Agency that Developer and any contractor with whom it has contracted for the performance of work on the Mixed-Use Parcels or otherwise pursuant to this Agreement carries workers' compensation insurance as required by law. Insurance is to be placed with insurers with a Bests' rating of no less than A:VII.

307. Developer's Indemnity. The Developer shall defend, indemnify, assume all responsibility for, and hold the Agency and the City, and their representatives, volunteers, officials, officers, employees and agents, harmless from, all claims, demands, damages, defense costs or liability of any kind or nature relating to the subject matter of this Agreement or the implementation hereof and for any damages to property or injuries to persons, including accidental death (including attorneys' fees and costs), which may be caused by any negligent or willful acts or omissions of the Developer under this Agreement, whether such activities or performance thereof be by the Developer or by anyone directly or indirectly employed or contracted with by the Developer and whether such damage shall accrue or be discovered before or after termination of this Agreement. The Developer shall not be liable for property damage or bodily injury occasioned by the sole negligence of the Agency or its designated agents or employees and the Agency and the City shall not be liable for any passive negligence of the Agency, the City, or their officers, agents, or employees in reviewing, accepting or approving any action, service, or work performed or provided by the Developer.

308. Rights of Access. Prior to the issuance of a Release of Construction Covenants (as specified in Section 310 of this Agreement), for purposes of assuring compliance with this Agreement, representatives of the Agency shall have the right of access to any Mixed-Use Parcel owned by the Developer, without charges or fees, at normal construction hours during the period of construction for the purposes of this Agreement, including but not limited to, the inspection of the work being performed in constructing the Developer Improvements on such Mixed-Use Parcel so long as Agency representatives comply with all safety rules. The Agency (or its representatives) shall, except in emergency situations, notify the Developer prior to exercising its rights pursuant to this Section 308.

309. Compliance With Laws. The Developer shall carry out the design and construction of the Developer Improvements in conformity with all applicable laws, including all applicable state and federal labor standards and prevailing wage requirements, the City zoning and development standards, building, plumbing, mechanical and electrical codes, and all other provisions of the *Folsom Municipal Code*, and all applicable disabled and handicapped access

requirements, including without limitation the *Americans With Disabilities Act*, 42 U.S.C. Section 12101, *et seq.*, California Government Code Section 4450, *et seq.*, California Government Code Section 11135, *et seq.*, and the *Unruh Civil Rights Act*, California Civil Code Section 51, *et seq.*

When improvements that are considered to be public works under State law are constructed as part of the Developer Improvements, the Developer shall, and shall cause its general contractor to, pay prevailing wages as those wages are determined pursuant to California Labor Code Sections 1720 *et seq.* and implementing regulations of the Department of Industrial Relations and comply with the other applicable provisions of California Labor Code Sections 1720 *et seq.* and implementing regulations of the Department of Industrial Relations. The Developer shall, and shall cause its general contractor to, keep and retain such records as are necessary to determine that prevailing wages have been paid as required by law. The Developer shall, and the construction agreement shall require its general contractor to, indemnify, hold harmless and defend (with counsel reasonably acceptable to the Agency and the City) the Agency and the City against any claim for damages, compensation, fines, penalties or other amounts arising out of the failure or alleged failure of any person or entity (including Developer, its general contractor, and their subcontractors, if any) to pay prevailing wages as required by law or to comply with the other applicable provisions of California Labor Code Sections 1720 *et seq.* and implementing regulations of the Department of Industrial Relations in connection with construction of the Developer Improvements.

309.1 Nondiscrimination in Employment. Developer certifies and agrees that all persons employed or applying for employment by it, its affiliates, subsidiaries, or holding companies, and all subcontractors, bidders and vendors, are and will be treated equally by it without regard to, or because of race, color, religion, ancestry, national origin, sex, age, pregnancy, childbirth or related medical condition, medical condition (cancer related) or physical or mental disability, and in compliance with Title VII of the *Civil Rights Act of 1964*, 42 U.S.C. Section 2000, *et seq.*, the *Federal Equal Pay Act of 1963*, 29 U.S.C. section 206(d), the *Age Discrimination in Employment Act of 1967*, 29 U.S.C. Section 621, *et seq.*, the *Immigration Reform and Control Act of 1986,* 8 U.S.C. Section 1324b, *et seq.*, 42 U.S.C. Section 1981, the *California Fair Employment and Housing Act*, California Government Code Section 12900, *et seq.*, the *California Equal Pay Law*, California Labor Code Section 1197.5, California Government Code Section 11135, the *Americans with Disabilities Act,* 42 U.S.C. Section 12101, *et seq.*, and all other anti-discrimination laws and regulations of the United States and the State of California as they now exist or may hereafter be amended. Developer shall allow representatives of the Agency access to its employment records related to this Agreement during regular business hours to verify compliance with these provisions when so requested by the Agency.

309.2 Taxes and Assessments. The Developer shall pay prior to delinquency all ad valorem real estate taxes and assessments on each of the Mixed-Use Parcels owned by the Developer, subject to the Developer's right to contest in good faith any such taxes. The Developer shall remove or have removed any levy or attachment made on any of the Developer-owned Mixed-Use Parcels, or assure the satisfaction thereof, within a reasonable time. The Developer shall not apply for or receive any exemption from the payment of property taxes or assessments on any interest in or to the Mixed-Use Parcels or the Developer Improvements.

309.3 Liens and Stop Notices. The Developer shall not allow to be placed on the Mixed-Use Parcels or any part thereof any lien or stop notice. If a claim of a lien or stop notice is given or recorded affecting the Developer Improvements, the Developer shall within thirty (30) days of such recording or service or within five (5) days of the Agency's demand whichever last occurs:

a. pay and discharge the same; or

b. affect the release thereof by recording and delivering to the Agency a surety bond in sufficient form and amount, or otherwise; or

c. provide the Agency with other assurances that the Agency deems, in its sole discretion, to be satisfactory for the payment of such lien or bonded stop notice and for the full and continuous protection of Agency from the effect of such lien or bonded stop notice.

310. Release of Construction Covenants. Promptly after completion of construction of the Developer Improvements upon a Mixed-Use Parcel in conformity with this Agreement, and upon the written request of the Developer, the Agency shall furnish the Developer with a "Release of Construction Covenants," substantially in the form of Attachment No. 8 hereto. The Agency shall not unreasonably withhold such Release of Construction Covenants. The Release of Construction Covenants shall be a conclusive determination of satisfactory completion of the Developer Improvements upon the respective Mixed-Use Parcel and the Release of Construction Covenants shall so state. Any party then owning or thereafter purchasing, leasing or otherwise acquiring any interest in the respective Mixed-Use Parcel shall not (because of such ownership, purchase, lease or acquisition) incur any obligation or liability under this Agreement except for those continuing covenants as set forth in Section 400 *et seq*. of this Agreement.

The Agency's issuance of a Release of Construction Covenants applicable to the last Mixed-Use Parcel to be acquired and developed by the Developer as set forth in the Schedule of Performance (Attachment No. 7) shall be deemed a "final" Release of Construction Covenants for purposes of this Agreement and the obligations of the Developer hereunder.

If the Agency refuses or fails to furnish a Release of Construction Covenants, after written request from the Developer, the Agency shall, within thirty (30) days of written request therefore, provide the Developer with a written statement of the reasons the Agency refused or failed to furnish the Release of Construction Covenants. The statement shall also contain the Agency's opinion of the actions the Developer must take to obtain the Release of Construction Covenants. Even if the Agency fails to provide such written statement within such thirty (30) day period, the Developer shall not be deemed entitled to the Release of Construction Covenants. The Release of Construction Covenants shall not constitute evidence of compliance with or satisfaction of any obligation of the Developer to any holder of any mortgage, or any insurer of a mortgage securing money loaned to finance the Developer Improvements, or any part thereof. The Release of Construction Covenants is not a notice of completion as referred to in Section 3093 of California Civil Code.

311. Financing of the Improvements.

311.1 Approval of Financing. As a condition of Closing for each Mixed-Use Parcel, and within the time set forth in the Schedule of Performance (Attachment No. 7), Developer shall submit to Agency evidence that Developer has obtained sufficient equity capital or has obtained firm and binding commitments for construction and permanent financing necessary to undertake the development of such Mixed-Use Parcel and the construction of the Developer Improvements thereon in accordance with this Agreement. Agency shall approve or disapprove such evidence of financing commitments within thirty (30) days of receipt of a complete submission. Approval shall not be unreasonably withheld or conditioned. If Agency shall disapprove any such evidence of financing, Agency shall do so by notice to Developer

stating the reasons for such disapproval and Developer shall promptly obtain and submit to Agency new evidence of financing. Agency shall approve or disapprove such new evidence of financing in the same manner and within the same time established in this Section 311.1 for the approval or disapproval of the evidence of financing initially submitted to Agency.

Such evidence of financing shall include the following: (a) a copy of a legally binding, firm and enforceable loan commitment(s) obtained by Developer from unrelated financial institutions for the mortgage loan or loans for financing to fund the construction, completion, operation and maintenance of the Developer Improvements on the respective Mixed-Use Parcel, subject to such lenders' reasonable, customary and normal conditions and terms, and/or (b) a certification from the chief financial officer of Developer that Developer has sufficient funds for such construction, and that such funds have been committed to such construction, and/or other documentation satisfactory to the Agency as evidence of other sources of capital sufficient to demonstrate that Developer has adequate funds to cover the difference between the total cost of the construction and completion of the Developer Improvements, less financing authorized by those loans set forth in subparagraph (a) above.

311.2 No Encumbrances Except Mortgages, Deeds of Trust, or Sale and Lease-Back for Development. Mortgages, deeds of trust and sales and leases-back are to be permitted before completion of the construction of the Developer Improvements with the Agency's prior written approval, which shall not be unreasonably withheld or delayed, but only for the purpose of securing loans of funds to be used for financing acquisition of the Mixed-Use Parcels and construction of the Developer Improvements (including architecture, engineering, legal, and related direct costs as well as indirect costs) on or in connection with the Mixed-Use Parcels, permanent financing, and any other purposes necessary and appropriate in connection with development under this Agreement. The Developer shall notify the Agency in advance of any mortgage, deed of trust or sale and lease-back financing, if the Developer proposes to enter into the same before completion of the construction of the Developer Improvements. The words "mortgage" and "trust deed" as used hereinafter shall include sale and lease-back. The Developer shall not enter into any such conveyance for financing without the prior written approval of the Agency, which approval Agency agrees to give if any such conveyance for financing is given to a responsible financial lending institution or person or entity ("Lender"). The Developer may enter into a conveyance for financing after the completion of the Developer Improvements in accordance with the terms of this Agreement, as evidenced by the Agency's issuance of the Release of Construction Covenants pursuant to Section 310 hereof, without the approval of the Agency.

311.3 Holder Not Obligated to Construct Improvements. The holder of any mortgage or deed of trust authorized by this Agreement shall not be obligated by the provisions of this Agreement to construct or complete the Developer Improvements or any portion thereof, or to guarantee such construction or completion; nor shall any covenant or any other provision in this Agreement be construed so to obligate such holder. Nothing in this Agreement shall be deemed to construe, permit or authorize any such holder to devote a Mixed-Use Parcel to any uses or to construct any improvements thereon, other than those uses or improvements provided for or authorized by this Agreement.

311.4 Notice of Default to Mortgagee or Deed of Trust Holders; Right to Cure. With respect to any mortgage or deed of trust granted by Developer as provided herein, whenever the Agency may deliver any notice or demand to Developer with respect to any breach or default by the Developer in completion of construction of the Developer Improvements, the Agency shall at the same time deliver to each holder of record of any mortgage or deed of trust authorized by this Agreement a copy of such notice or demand. Each such holder shall (insofar as the rights granted by the Agency are concerned) have the right, at its option, within thirty (30)

days after the receipt of the notice, to cure or remedy or commence to cure or remedy and thereafter to pursue with due diligence the cure or remedy of any such default. Nothing contained in this Agreement shall be deemed to permit or authorize such holder to undertake or continue the construction or completion of the Developer Improvements, or any portion thereof (beyond the extent necessary to conserve or protect the improvements or construction already made) without first having expressly assumed the Developer's obligations to the Agency by written agreement reasonably satisfactory to the Agency. The holder, in that event, must agree to complete, in the manner provided in this Agreement, the improvements to which the lien or title of such holder relates. Any such holder properly completing such improvements shall be entitled, upon compliance with the requirements of Section 310 of this Agreement, to a Release of Construction Covenants. It is understood that a holder shall be deemed to have satisfied the thirty (30) day time limit set forth above for commencing to cure or remedy a Developer default which requires title and/or possession of a Mixed-Use Parcel if and to the extent any such holder has within such thirty (30) day period commenced proceedings to obtain title and/or possession and thereafter the holder diligently pursues such proceedings to completion and cures or remedies the default.

311.5 Failure of Holder to Complete Improvements. In any case where, thirty (30) days after the holder of any mortgage or deed of trust creating a lien or encumbrance upon a Mixed-Use Parcel or any part thereof receives a notice from Agency of a default by the Developer in completion of construction of any of the Developer Improvements on such Mixed-Use Parcel under this Agreement, and such holder has not exercised the option to construct as set forth in this Section 311, or if it has exercised the option but has defaulted hereunder and failed to timely cure such default, the Agency may purchase the mortgage or deed of trust by payment to the holder of the amount of the unpaid mortgage or deed of trust debt, including principal and interest and all other sums secured by the mortgage or deed of trust. If the ownership of the Mixed-Use Parcel has vested in the holder, the Agency, if it so desires, shall be entitled to a conveyance from the holder to the Agency upon payment to the holder of an amount equal to the sum of the following:

a. The unpaid mortgage or deed of trust debt at the time title became vested in the holder (less all appropriate credits, including those resulting from collection and application of rentals and other income received during foreclosure proceedings);

b. All expenses with respect to foreclosure including reasonable attorneys' fees;

c. The net expenses, if any (exclusive of general overhead), incurred by the holder as a direct result of the subsequent management of the Mixed-Use Parcel;

d. The costs of any authorized improvements made by such holder; and

e. An amount equivalent to the interest that would have accrued on the aggregate of such amounts had all such amounts become part of the mortgage or deed of trust debt and such debt had continued in existence to the date of payment by the Agency.

311.6 Right of the Agency to Cure Mortgage or Deed of Trust Default. In the event of a mortgage or deed of trust default or breach by the Developer prior to the issuance of a Release of Construction Covenants for any of the Developer Improvements on a Mixed-Use

Parcel, the Developer shall immediately deliver to Agency a copy of any mortgage holder's notice of default. If the holder of any mortgage or deed of trust has not exercised its option to construct, the Agency shall have the right but no obligation to cure the default. In such event, Developer will reimburse Agency for all costs and expenses incurred by the Agency in curing such default. The Agency shall also be entitled to a lien upon the respective Mixed-Use Parcel to the extent of such costs and disbursements. Any such lien shall be junior and subordinate to the mortgages or deeds of trust permitted under this Section 311.

312. Payment and Performance Bonds. As a condition precedent to the commencement of construction on a Mixed-Use Parcel, the Developer shall provide the Agency with a copy of a performance bond obtained by the Developer or its contractor in favor of the Developer as a named obligee, in form and amount as approved by the Agency insuring the faithful completion of the Developer's obligations to develop the Mixed-Use Parcel as set forth in this Agreement, and a copy of a payment bond obtained by the Developer or its contractor in favor of the Developer as a named obligee, in form and amount as approved by the Agency securing the payment of all labor and material suppliers and subcontractors for the work stated in the construction contract(s) for the development of the respective Mixed-Use Parcel as set forth in this Agreement. The bonds shall be written with a surety listed as acceptable to the federal government on its most recent list of sureties. The Developer shall assure compliance with all requirements of the surety. The Developer shall permit no changes in the work to be performed by the contractor and shall make no advance payments to the contractor without prior written notice to the surety and the Agency, if such change or payment could release the surety of its obligations under the bonds.

400. COVENANTS AND RESTRICTIONS

401. Use of Mixed-Use Parcels. The Developer covenants and agrees for itself, its successors, its assigns and every successor in interest to the Mixed-Use Parcels and any part thereof that such Mixed-Use Parcels and parts thereof shall be devoted to the uses specified in the Redevelopment Plan, this Agreement, and the grant deeds for the Mixed-Use Parcels for the periods of time specified therein. Except as further limited by this Agreement, all uses conducted on the Mixed-Use Parcels or any part thereof, including, without limitation, all activities undertaken by the Developer pursuant to this Agreement, shall conform to the Redevelopment Plan and all applicable provisions of the *Folsom Municipal Code* and the CRL.

Notwithstanding provisions of the *Folsom Municipal Code*, the Developer herein expressly covenants and agrees, for itself, its successors, its assigns and every successor in interest that the uses and types of businesses set forth below shall not be permitted by owners, occupants or tenants of the Mixed-Use Parcels or parts thereof. These use restrictions shall run with the land and be disclosed in every sale or lease of a Mixed-Use Parcel or part thereof. Any alteration of such use restrictions shall require an amendment of this Agreement formally approved by the members of the Agency's Board:

- "Laundromat, Self-Service," as listed in the Commercial Use Table of the *Folsom Municipal Code*, Section 17.22.030E, Use #135, and defined as any establishment that contains coin or other pay operated laundry machines for use on-site, other than laundry facilities constructed and operated exclusively as an amenity serving the residential units constructed on the Mixed-Use Parcels; laundromats are not intended to include dry cleaning establishments;

- "Check-Casher Business," as defined in Civil Code Section 1789.31 as written or hereafter amended which reads as follows: "a 'check casher'

means a person or entity that for compensation engages, in whole or in part, in the business of cashing checks, warrants, drafts, money orders, or other commercial paper serving the same purpose. 'Check casher' does not include a state or federally chartered bank, savings association, credit union, or industrial loan company. 'Check casher' also does not include a retail seller engaged primarily in the business of selling consumer goods, including consumables, to retail buyers that cashes checks or issues money orders for a fee not exceeding two dollars ($2) as a service to its customers that is incidental to its main purpose or business.";

- "Discount Store," defined as any establishment that sells a diverse range of products and in which at least eighty percent (80%) of the products for sale are priced at one dollar ($1.00) or less per unit;

- "Liquor Store," as listed in the Commercial Use Table of the *Folsom Municipal Code*, Section 17.22.030E, Use #141, and defined as any establishment with sixty percent (60%) or more of its shelf space devoted to the sale of alcoholic beverages, other than beer, wine and fortified wines, for consumption elsewhere;

- "Tattoo Shop," as listed in the Commercial Use Table of the *Folsom Municipal Code*, Section 17.22.030E, Use #229, and defined as any establishment whose principal business activity is the placing of designs, letters, figures, symbols or other marks upon or under the skin of a person using ink or other substances that result in the permanent coloration of the skin by means of the use of needles or other instruments designed to contact or puncture the skin;

- "Pawn Shop or Pawnbroker," as listed in the Commercial Use Table of the *Folsom Municipal Code*, Section 17.22.030E, Use #170, and as defined in California Finance Code Section 21000 as written or hereafter amended which reads as follows: "Every person engaged in the business of receiving goods, including motor vehicles, in pledge as security for a loan is a pawnbroker.";

- "Adult-related business," as defined in Chapter 5.21 of Title 5 of the *Folsom Municipal Code*;

- "Auto Minor Service-Repair-Replacement," as listed in the Commercial Use Table of the *Folsom Municipal Code*, Section 17.22.030E, Use #19;

- "Towing Service-No Storage of Vehicles," as listed in the Commercial Use Table of the *Folsom Municipal Code*, Section 17.22.030E, Use #237;

- "Furniture Cleaning, Refinishing and Reupholstery Shop," as listed in the Commercial Use Table of the *Folsom Municipal Code*, Section 17.22.030E, Use #101;

- "Funeral Establishment," as listed in the Commercial Use Table of the *Folsom Municipal Code*, Section 17.22.030E, Use #103;

- "Taxi Cab Service and Storage Facility," as listed in the Commercial Use Table of the *Folsom Municipal Code*, Section 17.22.030E, Use #230;

- "Tool Reconditioning," as listed in the Commercial Use Table of the *Folsom Municipal Code*, Section 17.22.030E, Use #235.

402. Use and Operation Covenants. For a period of not less than twenty (20) years from the date a Certificate of Occupancy is granted for the Developer Improvements on a Mixed-Use Parcel, the Developer hereby covenants and agrees to use and continuously operate the respective Mixed-Use Parcel as follows:

a. The portion of the Mixed-Use Parcel developed with residential units shall continue to be used and operated as residential units only; however, the Affordable Units constructed pursuant to Section 403.1 hereof shall be used and operated as affordable residential units for the time period required by Section 403.1 hereof.

b. The portion of the Mixed-Use Parcel developed as ground-level retail (street level along Sutter Street and Wool Street frontages, and plaza level adjacent to the public plaza) shall continue to be used and operated for retail purposes only.

403. Affordable Housing.

403.1 Affordable Units. In consideration of receipt of the Housing Assistance from the Agency, the Developer covenants and agrees for itself, its successors, its assigns and every successor in interest that six (6) units of the residential units to be constructed as part of the Historic Folsom Station Project shall be and remain affordable to and occupied by persons and families of moderate income, as defined by Health and Safety Code Section 50093 (the "Affordable Units"). The Affordable Units may be either rental units or for-sale units. The Developer may elect at any time to repay the Housing Assistance in cash to Agency and be relieved of the obligation to construct the Affordable Units. If this Agreement is terminated by either party prior to the close of escrow for Mixed-Use Parcel C, the Developer shall be deemed to have repaid the Housing Assistance through the Developer's site remediation and rough grading work performed on Mixed-Use Parcel C pursuant to the Implementation Agreement. In the event the Developer is in default pursuant to this Agreement or this Agreement is terminated for any reason following the close of escrow for Mixed-Use Parcel C, the Housing Assistance shall be repaid to the Agency, provided, however, that if the Agency exercises its option to purchase or right of reverter and title to Mixed-Use Parcel C is revested in the Agency, the Housing Assistance shall be deemed to have been repaid through the Developer's site remediation and rough grading work performed on Mixed-Use Parcel C pursuant to the Implementation Agreement.

The Developer agrees to cooperate with the Agency in any subsidized loan program the Agency may, in its sole discretion, make available to purchasers of some or all of the Affordable Units. Covenant agreements shall be recorded against the Affordable Units providing for the use, maintenance and occupancy of the Affordable Units, which shall require the Affordable Units to remain affordable to and occupied by persons and families of moderate income for not less than forty-five (45) years for owner-occupied units and not less than fifty-five (55) years for rental units from the date of issuance of a certificate of occupancy by the City for the improvements containing the Affordable Units.

The Affordable Units shall be dispersed throughout the residential component of the Developer Improvements and shall not be concentrated. The Developer may choose to defer the Affordable Units until after the development of Mixed-Use Parcel C. If the

Developer defers the Affordable Units until after the development of Mixed-Use Parcel C, prior to the Closing for each remaining Mixed-Use Parcel, the Developer shall notify the Agency whether it will construct the Affordable Units on the Mixed-Use Parcel being sold, defer constructing the Affordable Units to another Mixed-Use Parcel, or repay the Housing Assistance to the Agency. Prior to the Closing of the last Mixed-Use Parcel to be purchased by the Developer under to this Agreement pursuant to the Schedule of Performance (Attachment No. 7), the Developer shall either identify the location of the Affordable Units on the Mixed-Use Parcel or repay the Housing Assistance to the Agency. If the Developer chooses to construct the Affordable Units, the Developer shall identify whether the Affordable Units will be rental housing units or for-sale housing units.

403.2 Selection of Qualified Renters/Buyers. The Developer shall be solely responsible for the selection of qualified renters/buyers of the Affordable Units. The Developer shall use commercially reasonable efforts to ensure that the Affordable Units are leased/sold to persons and families of moderate income, as required by Section 403.1, that are able to lease/purchase such units at the maximum lease/sales price for the unit at an affordable rent/affordable housing cost (as defined in Section 101 of this Agreement) without any loan or subsidy from the Agency.

403.3 Income of Renters/Buyers. Prior to the rental or sale of any Affordable Unit to a renter or buyer, the Developer shall submit to the Agency a completed income computation and certification form in the form that is provided by the Agency. The Developer shall certify, to the best of the Developer's knowledge, that each prospective renter/buyer renting or buying an Affordable Unit meets the eligibility requirements established for the Affordable Unit. The Developer shall obtain an income certification from the prospective renter/buyer of each Affordable Unit and shall certify that, to the best of the Developer's knowledge, the income of the prospective renter/buyer is truthfully set forth in the income certification form. The Developer shall verify the income certification of the prospective renter/buyer in one or more of the following methods reasonably acceptable to the Agency:

a. obtain paycheck stubs from the prospective renter/buyer's two (2) most recent pay periods.

b. obtain a true copy of an income tax return from the prospective renter/buyer for the most recent tax year in which a return was filed.

c. obtain an income verification certification from the employer of the prospective renter/buyer.

d. obtain an income verification certification from the Social Security Administration and/or the California Department of Social Services if the prospective renter/buyer receives assistance from such agencies.

e. obtain an alternate form of income verification reasonably acceptable to the Agency, if none of the above forms of verification is available to the Developer.

403.4 Documentation. If the Developer determines that the Affordable Units will be rental housing units, prior to the Closing of the Mixed-Use Parcel chosen for the Affordable Units, the Developer shall execute an affordable housing covenant agreement and such further documents reasonably required by the Agency, in forms approved by the Agency

and Agency legal counsel, to effectuate the Developer's covenant for itself, its successors, its assigns and every successor in interest to the subject Mixed-Use Parcel that the Affordable Units shall remain available to and occupied by persons and families of moderate income for a period of not less than fifty-five (55) years from the date of issuance of the Certificate of Completion for the Mixed-Use Parcel containing the Affordable Units.

If the Developer determines that the Affordable Units will be for-sale housing units, at the close of escrow for the purchase of an Affordable Unit, the Agency will require each purchaser of such unit to execute an affordable housing covenant agreement and such further documents reasonably required by the Agency, in forms approved by the Agency and Agency legal counsel to address re-sale and any and all other issues required to comply with the terms and conditions of this Agreement and all other governmental requirements, including that the unit shall remain available to and occupied by persons and families of moderate income for a period of not less than forty-five (45) years from the date of issuance of the Certificate of Completion for the Mixed-Use Parcel containing the Affordable Units. The Developer covenants and agrees that no Affordable Unit shall be sold unless and until this condition has been satisfied as to such Affordable Unit.

403.5 Best Efforts to Rent/Sell Affordable Units. The Developer agrees to exercise reasonable efforts consistent with prudent business practices to rent/sell all of the Affordable Units to renters or owner-occupants as soon as practical following the completion of the construction of the Affordable Units. The Developer agrees that the Affordable Units shall not be leased or rented by the Developer or any party related to the Developer.

404. CC&Rs for Residential Units. If the residential units are to be made available for sale upon completion of construction pursuant to this Agreement, then prior to the sale of any residential unit, the Developer shall prepare and submit to the Agency for its approval, which approval shall not be unreasonably withheld, a Declaration of Covenants, Conditions and Restrictions ("CC&Rs") which establishes a homeowner's association (the "Association") for the residential units. The Agency's review of the CC&Rs shall be limited to compliance with the requirements of this Section 404. The CC&Rs shall require the owners of all dwelling units constructed on the Mixed-Use Parcels to be members of the Association. The CC&Rs shall entitle each owner to use of the common areas and facilities to be constructed on the Mixed-Use Parcels, and shall set forth an equitable apportionment of the costs of maintaining and operating such common areas and facilities. The CC&Rs shall also obligate the Association to maintain and assume all liability for any landscaping that is actually installed on the Mixed-Use Parcels. The location of such landscaping shall be set forth in a landscaping map attached to and incorporated into the CC&Rs. The CC&Rs shall be enforceable by the Agency, and no amendment to the CC&Rs which relates to the requirements of this Section 404 shall be permitted or be effective prior to the written approval of the Agency.

405. Maintenance Covenants; Reserved Parking; Mutual Rights of Access and Use of the Railroad Block During Construction; Reciprocal Easement Agreement.

405.1 Maintenance of Mixed-Use Parcels. The Developer shall maintain the Developer-owned Mixed-Use Parcels and all improvements thereon, including all landscaping, in compliance with the terms of the Redevelopment Plan, with all applicable provisions of the *Folsom Municipal Code*, and with the Reciprocal Easement Agreement (the "REA") described in Section 405.5 hereof to be executed by the Agency and the Developer prior to the Closing for Mixed-Use Parcel C.

405.2 Maintenance of Public-Use Site. The Developer shall be solely responsible and bear all costs for maintaining (a) the portion of the Public-Use Site adjacent to Mixed-Use Parcel C, as shown on the map attached to this Agreement as Exhibit C to the Scope of Development (Attachment No. 4) (the "South Plaza"), and (b) the portion of the Sutter Street right-of-way adjacent to Mixed-Use Parcel C, as shown on the map attached to this Agreement as Exhibit C to the Scope of Development (Attachment No. 4) (the "Granite House-Adjacent Right-of-Way"). The Developer shall maintain the South Plaza and the Granite House-Adjacent Right-of-Way and all improvements thereon, including all landscaping, in compliance with the terms of the Redevelopment Plan, with all applicable provisions of the *Folsom Municipal Code*, and with the terms of the REA described in Section 405.5 hereof.

As to the remainder of the Public-Use Site, the Developer agrees to pay its proportionate share of the annual costs to the Agency or the City of maintaining the Public-Use Site, exclusive of the Public Parking Garage. The annual costs of maintaining the Public-Use Site, exclusive of the Public Parking Garage, shall not include costs associated directly with special events conducted on the Public-Use Site by or under a permit of the Agency or the City. Payment by the Developer shall be made within thirty (30) days of receipt of an invoice therefor from the Agency or the City. In no event shall the Developer's proportionate share exceed fifty percent (50%) of the total annual costs of maintaining the Public-Use Site, exclusive of the Public Parking Garage. The Developer further agrees that it will consent to and cooperate in all aspects related to the establishment of a Mello-Roos Community Facilities District, or similar district, on the Railroad Block for the purpose of funding the maintenance of the Public-Use Site, should such a district be proposed by the City.

The Developer's obligations to maintain the South Plaza and the Granite House-Adjacent Right-of-Way and pay its proportional share for the maintenance of the remainder of the Public-Use Site shall be set forth in the REA described in Section 405.5 hereof to be executed by the Agency and the Developer prior to the Closing for Mixed-Use Parcel C. The Agency and the Developer further agree that, concurrently with the Closing for Mixed-Use Parcel D and/or E the Agency and the Developer will pre-fund the first two years of maintenance costs of the remainder of the Public-Use Site (exclusive of the Public Parking Garage) by depositing into an account to be maintained by the Agency each party's proportional share of the estimated costs thereof.

405.3 Reserved Parking. The Agency agrees to make available to the Developer, for the use of its office tenants, up to twenty-three (23) parking spaces, on a reserved basis, in the Public Parking Garage. The reserved status of the parking spaces shall apply only on weekdays and shall not be applicable on weekends and holidays. The Developer shall be obligated to pay to the Agency the prevailing rate charged by the Agency for reserved parking spaces in the Public Parking Garage or, if no prevailing rate has then been established, the rate reasonably established by the Agency. The Agency's obligation to provide reserved parking spaces to the Developer and the Developer's obligation to pay for said reserved parking spaces shall be more specifically set forth in the REA described in Section 405.5 hereof to be executed by the Agency and the Developer prior to the Closing for Mixed-Use Parcel C.

405.4 Mutual Rights of Access and Use of the Railroad Block During Construction. The Developer agrees that the Agency shall have the right, without any cost or charge therefor by the Developer, to use and occupy such portions of the Developer-owned Mixed-Use Parcels as are reasonably necessary for (as determined by the Developer) construction staging (materials and equipment transportation, storage and maneuvering) for the Agency Improvements and related activities. The Agency agrees that during construction of the Developer Improvements on a Mixed-Use Parcel, the Developer shall have the right, without any cost or charge therefor by the Agency, to use and occupy such portions of the Public-Use Site as

are reasonably necessary for (as determined by the Agency) construction staging (materials and equipment transportation, storage and maneuvering) for the Developer Improvements and related activities. These mutual rights of access and use shall not interfere with any ongoing construction on or use of a party's property. These mutual rights of access and use of the Railroad Block during construction shall be more specifically set forth in the REA described in Section 405.5 hereof to be executed by the Agency and the Developer prior to the Closing for Mixed-Use Parcel C.

405.5 Reciprocal Easement Agreement. Prior to the Closing for Mixed-Use Parcel C, the Developer and the Agency shall execute a Reciprocal Easement Agreement ("REA") setting forth the parties' respective grants of easements for vehicular and pedestrian ingress and egress over and across Mixed-Use Parcel C and the Public-Use Site, mutual rights of access and use of the Railroad Block during construction of the Agency Improvements and the Developer Improvements on Mixed-Use Parcel C, maintenance obligations, and rights and obligations concerning reserved parking. The REA shall also describe the rights and obligations of the parties with respect to any proposed encroachments of the uses on the Mixed-Use Parcels onto the Public-Use Site for outdoor dining or other purposes. The decision whether or not to allow any proposed encroachments shall be in the Agency's sole and absolute discretion. Execution of the REA shall be one of the Agency's and Developer's Conditions Precedent to Closing for Mixed-Use Parcel C. The REA shall be amended in connection with and as a condition to Closing for each subsequent purchase of a Mixed-Use Parcel by the Developer so that the REA accurately reflects the changes in ownership and corresponding rights and obligations of the parties thereunder.

405.6 Air Space Easements. The design of the Developer Improvements includes balconies that extend over the public right-of-way of Sutter Street as well as the Public-Use Site. Developer shall prepare air space easements for the encroachments of each Mixed-Use Parcel over the public right-of-way and Public-Use Site, which shall be submitted to the Agency for its review and approval prior to the Closing of a Mixed-Use Parcel. Agency approval of the air space easements is separate and apart from any City approval required of the air space easements, and the Developer agrees to submit the air space easements to the City for its separate approval.

405.7 Public Restrooms on Mixed-Use Parcel E. The Developer Improvements to be constructed on Mixed-Use Parcel E shall include space, more particularly described in the Scope of Development (Attachment No. 4), to be used as public restrooms, which will be open only when special events are being held on the public plaza. Prior to and as a condition of issuance of a Certificate of Completion for Mixed-Use Parcel E, Developer shall enter into a lease with the Agency for the public restroom space, for a term not less than fifty (50) years at a rental amount of ONE DOLLAR ($1.00) per year.

406. Nondiscrimination Covenants. The Developer covenants by and for itself and any successors in interest that there shall be no discrimination against or segregation of any person or group of persons on account of any basis listed in subdivision (a) or (d) of Section 12955 of the California Government Code, as those bases are defined in Sections 12926, 12926.1, subdivision (m) and paragraph (1) of subdivision (p) of Section 12955, and Section 12955.2 of the California Government Code in the sale, lease, sublease, transfer, use, occupancy, tenure or enjoyment of the Mixed-Use Parcels, nor shall the Developer itself or any person claiming under or through it establish or permit any such practice or practices of discrimination or segregation with reference to the selection, location, number, use or occupancy of tenants, lessees, subtenants, sublessees or vendees of the Mixed-Use Parcels or any part thereof. The foregoing covenants shall run with the land.

The Developer shall refrain from restricting the rental, sale or lease of the Mixed-Use Parcels or any part thereof on the basis of race, color, religion, sex, marital status, ancestry or national origin of any person. All such deeds, leases or contracts shall contain or be subject to substantially the following nondiscrimination or non-segregation clauses:

a. **In deeds:** "The grantee herein covenants by and for himself or herself, his or her heirs, executors, administrators and assigns, and all persons claiming under or through them, that there shall be no discrimination against or segregation of, any person or group of persons on account of any basis listed in subdivision (a) or (d) of Section 12955 of the California Government Code, as those bases are defined in Sections 12926, 12926.1, subdivision (m) and paragraph (1) of subdivision (p) of Section 12955, and Section 12955.2 of the California Government Code in the sale, lease, sublease, transfer, use, occupancy, tenure or enjoyment of the land herein conveyed, nor shall the grantee or any person claiming under or through him or her, establish or permit any such practice or practices of discrimination or segregation with reference to the selection, location, number, use or occupancy of tenants, lessees, subtenants, sublessees or vendees in the land herein conveyed. The foregoing covenants shall run with the land."

b. **In leases:** "The lessee herein covenants by and for himself or herself, his or her heirs, executors, administrators, and assigns, and all persons claiming under or through him or her, and this lease is made and accepted upon and subject to the following conditions:

'That there shall be no discrimination against or segregation of any person or group of persons, on account of any basis listed in subdivision (a) or (d) of Section 12955 of the California Government Code, as those bases are defined in Sections 12926, 12926.1, subdivision (m) and paragraph (1) of subdivision (p) of Section 12955, and Section 12955.2 of the California Government Code in the leasing, subleasing, transferring, use, occupancy, tenure, or enjoyment of the premises herein leased nor shall the lessee himself or herself, or any person claiming under or through him or her, establish or permit any such practice or practices of discrimination or segregation with reference to the selection, location, number, use, or occupancy of tenants, lessees, sublessees, subtenants, or vendees in the premises herein leased.'"

c. **In contracts:** "There shall be no discrimination against or segregation of, any person or group of persons, on account of any basis listed in subdivision (a) or (d) of Section 12955 of the California Government Code, as those bases are defined in Sections 12926, 12926.1, subdivision (m) and paragraph (1) of subdivision (p) of Section 12955, and Section 12955.2 of the California Government Code, in the sale, lease, sublease, transfer, use, occupancy, tenure, or enjoyment of the premises, nor shall the transferee himself or herself, or any person claiming under or through him or her, establish or permit any such practice or practices of discrimination or segregation with reference to the selection, location, number, use or occupancy of tenants, lessees, subtenants, sublessees or vendees of the premises."

407. Effect of Violation of the Terms and Provisions of this Agreement After Completion of Construction. The Agency is deemed the beneficiary of the terms and provisions of this Agreement and of the covenants running with the land, for and in its own right and for the purposes of protecting the interests of the community and other parties, public or private, in whose favor and for whose benefit this Agreement and the covenants running with the land have been provided, without regard to whether the Agency has been, remains or is an owner of any land or interest therein in the Mixed-Use Parcels or in the Redevelopment Project. The Agency shall have the right, if the Agreement or covenants are breached, to exercise all rights and remedies, and to maintain any actions or suits at law or in equity or other proper proceedings to enforce the curing of such breaches to which it or any other beneficiaries of this Agreement and covenants may be entitled. The covenants contained in this Agreement shall remain in effect

until the issuance of the Release of Construction Covenants for the completion of construction of the Developer Improvements, except for the following:

a. The environmental covenants set forth in Sections 209.3, 209.4 and 209.5 shall remain in effect in perpetuity.

b. Except for the Affordable Units (which shall be subject to and controlled by separate covenant agreements pursuant to Section 403.4), the covenants pertaining to the use and operation of the Mixed-Use Parcels set forth in Sections 401 and 402 shall remain in effect for the periods set forth therein.

c. The covenants pertaining to maintenance of the improvements on the Mixed-Use Parcels and all improvements thereon, as set forth in Section 405.1, shall remain in effect for the period of time set forth in the REA described in Section 405.5 hereof.

d. The covenants pertaining to the Developer's obligations to maintain the South Plaza and the Granite House-Adjacent Right-of-Way and to pay its proportionate share of the annual costs for maintenance of the improvements on the remainder of the Public-Use Site, excluding the Public Parking Garage, shall remain in effect for the period of time set forth in the REA described in Section 405.5 hereof.

e. The covenants against discrimination, as set forth in Section 406, shall remain in effect in perpetuity.

500. DEFAULTS AND REMEDIES

501. Default. Subject to the extensions of time set forth in Section 602 of this Agreement, failure by either party to perform any action or covenant required by this Agreement within the time periods provided herein following notice and failure to cure as described hereafter, constitutes a "default" under this Agreement. A party claiming a default shall give written notice of default to the other party specifying the default complained of. Except as otherwise expressly provided in this Agreement, the claimant shall not institute any proceeding against any other party, and the other party shall not be in default if such party within thirty (30) days from receipt of such notice immediately, with due diligence, commences to cure, correct or remedy such failure or delay and shall complete such cure, correction or remedy with diligence.

502. Institution of Legal Actions. In addition to any other rights or remedies and subject to the restrictions otherwise set forth in this Agreement, either party may institute an action at law or equity to seek specific performance of the terms of this Agreement, or to cure, correct or remedy any default, to recover damages for any default, or to obtain any other remedy consistent with the purpose of this Agreement. Such legal actions must be instituted in the Superior Court of the County of Sacramento, State of California, in an appropriate municipal court in that county, or in the District of the United States District Court in which such county is located.

503. Termination by the Developer. In the event that the Developer is not in default under this Agreement and the Agency does not tender title to a Mixed-Use Parcel by Grant Deed in the manner and condition and by the date provided in this Agreement; or one or more of the Developer's Conditions Precedent to the Closing for a Mixed-Use Parcel is not fulfilled on or before the times set forth in Section 206.2 hereof and such failure is not caused by the

Developer; or in the event of any default of the Agency prior to the Closing for a Mixed-Use Parcel which is not cured within the time set forth in Section 501 hereof, then this Agreement may, at the option of the Developer, be terminated as to any Unconveyed Parcels by written notice thereof to the Agency. From the date of the written notice of termination of this Agreement by the Developer to the Agency, and thereafter, this Agreement shall be deemed terminated as to any Unconveyed Parcels and there shall be no further rights or obligations between the parties with respect to any Unconveyed Parcels, except that the parties may pursue any other remedies they may have hereunder.

504. Termination by the Agency. In the event that the Developer (or any successor in interest) assigns or attempts to assign this Agreement or any rights herein or in any of the Mixed-Use Parcels or the improvements thereon in violation of this Agreement; or one or more of the Agency's Conditions Precedent to the Closing for a Mixed-Use Parcel is not fulfilled on or before the time set forth in the Schedule of Performance and such failure is not caused by the Agency or City; or the Developer is otherwise in default of this Agreement and fails to cure such default within the time set forth in Section 501 hereof, then this Agreement and any rights of the Developer or any assignee or transferee with respect to or arising out of this Agreement or the Mixed-Use Parcels, shall, at the option of the Agency, be terminated as to any Unconveyed Parcels by the Agency by written notice thereof to the Developer. From the date of the written notice of termination of this Agreement by the Agency to the Developer, and thereafter, this Agreement shall be deemed terminated as to any Unconveyed Parcels and there shall be no further rights or obligations between the parties with respect to any Unconveyed Parcels, except that the parties may pursue any other remedies they may have hereunder.

505. Option to Purchase the Mixed-Use Parcels. After the conveyance of title to a Mixed-Use Parcel to the Developer and prior to the issuance of a Release of Construction Covenants for the development of that Mixed-Use Parcel, the Agency shall have the additional right at its option to purchase that Mixed-Use Parcel, with all improvements thereon, if the Developer (or its successors in interest) shall:

a. Fail to start the construction of the Developer Improvements on that Mixed-Use Parcel as required by this Agreement for a period of thirty (30) days after written notice thereof from the Agency; or

b. Abandon or substantially suspend construction of the Developer Improvements on that Mixed-Use Parcel for a period of thirty (30) days after written notice thereof from the Agency; or

c. Contrary to the provisions of Section 603 hereof, transfer or suffer any involuntary transfer of that Mixed-Use Parcel in violation of this Agreement.

Such right to purchase, to the extent provided in this Agreement, shall be subordinate and subject to and be limited by and shall not defeat, render invalid or limit:

a. Any mortgage, deed of trust or other security instrument permitted by this Agreement; or

b. Any rights or interests provided in this Agreement for the protection of the holder of such mortgages, deeds of trust or other security instruments.

To exercise its right to purchase with respect to a Mixed-Use Parcel, the Agency shall pay to the Developer in cash an amount equal to:

a. The Purchase Price paid by the Developer for that Mixed-Use Parcel; plus

b. The costs incurred by the Developer for on-site labor and materials for the construction of the improvements existing on that Mixed-Use Parcel at the time of the Agency's purchase; less

c. Any gains or income withdrawn or made by the Developer from that Mixed-Use Parcel or the improvements thereon.

506. Reentry and Revesting of Title in the Agency After the Closing and Prior to Completion of Construction. The Agency has the right, at its election, to reenter and take possession of any Mixed-Use Parcel, with all improvements thereon, and terminate and revest in the Agency the estate conveyed to the Developer if after the Closing for that Mixed-Use Parcel and prior to the issuance of the Release of Construction Covenants for the development of that Mixed-Use Parcel, the Developer (or its successors in interest) shall:

a. Fail to start the construction of the Developer Improvements on that Mixed-Use Parcel as required by this Agreement for a period of thirty (30) days after written notice thereof from the Agency; or

b. Abandon or substantially suspend construction of the Developer Improvements on that Mixed-Use Parcel required by this Agreement for a period of thirty (30) days after written notice thereof from the Agency; or

c. Contrary to the provisions of Section 603 hereof, transfer or suffer any involuntary transfer of that Mixed-Use Parcel in violation of this Agreement.

Such right to reenter, terminate and revest shall be subject to and be limited by and shall not defeat, render invalid or limit:

a. Any mortgage, deed of trust or other security instrument permitted by this Agreement; or

b. Any rights or interests provided in this Agreement for the protection of the holders of such mortgages, deeds of trust or other security instruments.

The Grant Deeds for the Mixed-Use Parcels shall contain appropriate reference and provision to give effect to the Agency's right as set forth in this Section 506, under specified circumstances prior to recordation of a Release of Construction Covenants for the development of a Mixed-Use Parcel, to reenter and take possession of that Mixed-Use Parcel, with all improvements thereon, and to terminate and revest in the Agency the estate conveyed to the Developer. Upon the revesting in the Agency of title to a Mixed-Use Parcel as provided in this Section 506, the Agency shall, pursuant to its responsibilities under state law, use its reasonable efforts to resell the Mixed-Use Parcel as soon and in such manner as the Agency shall find feasible and consistent with the objectives of such law and of the Redevelopment Plan, as it exists or may be amended, to a qualified and responsible party or parties (as determined by the Agency) who will assume the obligation of making or completing the Developer Improvements, or such improvements in their stead as shall be satisfactory to the Agency and in accordance with the uses specified for such Mixed-Use Parcel in the Redevelopment Plan. Upon such resale of a Mixed-Use Parcel, the net proceeds thereof after repayment of any mortgage or deed of trust encumbering the Mixed-Use Parcel which is permitted by this Agreement, shall be applied:

i. First, to reimburse the Agency, on its own behalf and/or on behalf of the City, all costs and expenses incurred by the Agency including, but not limited to, any expenditures by the Agency or the City in connection with the recapture, management and resale of the Mixed-Use Parcel (but less any income derived by the Agency from the Mixed-Use Parcel in connection with such management); all taxes, assessments and utility charges with respect to the Mixed-Use Parcel which the Developer has not paid (or, in the event the Mixed-Use Parcel is exempt from taxation or assessment of such charges during the period of ownership thereof by the Agency, an amount, if paid, equal to such taxes, assessments, or charges as would have been payable if the Mixed-Use Parcel was not so exempt); any payments made or necessary to be made to discharge any encumbrances or liens existing on the Mixed-Use Parcel at the time of revesting of title thereto in the Agency, or to discharge or prevent from attaching or being made any subsequent encumbrances or liens due to obligations, defaults or acts of the Developer, its successors or transferees; any expenditures made or obligations incurred with respect to the making or completion of the improvements or any part thereof on the Mixed-Use Parcel; and any amounts otherwise owing the Agency, and in the event additional proceeds are thereafter available, then

ii. Second, to reimburse the Developer, its successor or transferee, up to the amount equal to the sum of (a) the costs incurred for the acquisition and development of the Mixed-Use Parcel and for the improvements existing on the Mixed-Use Parcel at the time of the reentry and possession, less (b) any gains or income withdrawn or made by the Developer from the Mixed-Use Parcel or the improvements thereon.

Any balance remaining after such reimbursements shall be retained by the Agency as its property. The rights established in this Section 506 are not intended to be exclusive of any other right, power or remedy, but each and every such right, power, and remedy shall be cumulative and concurrent and shall be in addition to any other right, power and remedy authorized herein or now or hereafter existing at law or in equity. These rights are to be interpreted in light of the fact that the Agency will have conveyed the Mixed-Use Parcels to the Developer for redevelopment purposes, particularly for development of a mixed-use development, including office, retail, residential and affordable housing, and appurtenant uses, and not for speculation in undeveloped land.

507. Acceptance of Service of Process. In the event that any legal action is commenced by the Developer against the Agency, service of process on the Agency shall be made by personal service upon the Executive Director of the Agency or in such other manner as may be provided by law. In the event that any legal action is commenced by the Agency against the Developer, service of process on the Developer shall be made by personal service upon any Member of the Developer or in such other manner as may be provided by law.

508. Rights and Remedies Are Cumulative. Except as otherwise expressly stated in this Agreement, the rights and remedies of the parties are cumulative, and the exercise by either party of one or more of such rights or remedies shall not preclude the exercise by it, at the same or different times, of any other rights or remedies for the same default or any other default by the other party.

509. Inaction Not a Waiver of Default. Any failures or delays by either party in asserting any of its rights and remedies as to any default shall not operate as a waiver of any default or of any such rights or remedies, or deprive either such party of its right to institute and maintain any actions or proceedings which it may deem necessary to protect, assert or enforce any such rights or remedies.

510. Applicable Law. The laws of the State of California shall govern the interpretation and enforcement of this Agreement.

600. GENERAL PROVISIONS

601. Notices, Demands and Communications Between the Parties. Any approval, disapproval, demand, document or other notice ("notice") which either party may desire to give to the other party under this Agreement must be in writing and may be given by any commercially acceptable means to the party to whom the notice is directed at the address of the party as set forth below, or at any other address as that party may later designate by notice.

To Agency: Folsom Redevelopment Agency
Attn: Executive Director
50 Natoma Street
Folsom, California 95630

To Developer: Folsom Railroad Block Developers, LLC
ATTN: Jeremy G. Bernau, Member
915 Sutter Street, Suite 110
Folsom, CA 95630

With a copy to:
Folsom Railroad Block Developers, LLC
7700 College Town Drive, Suite 250
Sacramento, CA 95826

Such written notices, demands and communications may be sent in the same manner to such other addresses as either party may from time to time designate as herein provided. Notices which are delivered by hand or overnight courier shall be deemed received upon delivery; notices which are deposited in the United States mail in accordance with the terms of this Section 601 shall be deemed received three (3) days after mailing. The inability to deliver any notice because of a changed address of which no notice was given, or rejection or other refusal to accept any notice, shall be deemed to be the receipt of the notice as of the date of such inability to deliver or rejection or refusal to accept.

602. Enforced Delay; Extension of Times of Performance. In addition to specific provisions of this Agreement, performance by either party hereunder shall not be deemed to be in default, and all performance and other dates specified in this Agreement shall be extended, where delays or defaults are due to: war; insurrection; strikes; lockouts; riots; floods; earthquakes; fires; casualties; acts of God; acts of the public enemy; epidemics; quarantine restrictions; freight embargoes; governmental restrictions or priority; unusually severe weather; inability to secure necessary labor, materials or tools (provided that such inability is not the fault of the party claiming an extension of time to perform); delays of any contractor, subcontractor or supplier (provided that such delay(s) is not the fault of the party claiming an extension of time to perform); acts or omissions of the other party; acts or failures to act of the City or any other public or governmental agency or entity (other than the acts or failures to act of the Agency which shall not excuse performance by the Agency); or any other causes beyond the control or

without the fault of the party claiming an extension of time to perform. Notwithstanding anything to the contrary in this Agreement, an extension of time for any such cause shall be for the period of the enforced delay and shall commence to run from the time of the commencement of the cause, if notice by the party claiming such extension is sent to the other party within thirty (30) days of the commencement of the cause. Times of performance under this Agreement may also be extended in writing by the mutual agreement of Agency and Developer. Notwithstanding any provision of this Agreement to the contrary, a lack of funding to complete the Developer Improvements shall not constitute grounds of enforced delay pursuant to this Section 602.

603. Transfers of Interest in Mixed-Use Parcels or Agreement.

603.1 Prohibition. The qualifications and identity of the Developer are of particular concern to the Agency. It is because of those qualifications and identity that the Agency has entered into this Agreement with the Developer. For the period commencing upon the date of this Agreement and until the issuance of a final Release of Construction Covenants pursuant to Section 310 hereof, no voluntary or involuntary successor in interest of the Developer shall acquire any rights or powers under this Agreement without the prior written approval of the Agency, except as expressly set forth herein. Additionally, for the period commencing upon the date of this Agreement and until issuance of a Release of Construction Covenants pursuant to Section 310 for the development of a Mixed-Use Parcel the Developer shall not make any total or partial sale, transfer, conveyance, assignment, subdivision, refinancing or lease of the whole or any part of that Mixed-Use Parcel or the improvements thereon without prior written approval of the Agency, except as expressly set forth herein. Any proposed total or partial sale, transfer, conveyance, assignment, subdivision, refinancing or lease of the whole or any part of the Mixed-Use Parcels or the improvements thereon in violation hereof shall be void and will entitle the Agency to its option to repurchase as set forth in Section 505 hereof and its right of reentry and revesting as set forth in Section 506 hereof.

603.2 Permitted Transfers. Notwithstanding any other provision of this Agreement to the contrary, Agency approval of an assignment of this Agreement or conveyance of the Mixed-Use Parcels or Developer Improvements, or any part thereof, shall not be required in connection with any of the following:

a. Any transfers to an entity or entities in which the Developer retains a minimum of fifty-one percent (51%) of the ownership or beneficial interest and retains management and control of the transferee entity or entities.

b. The conveyance or dedication of any portion of the Mixed-Use Parcels to the City (subject to City acceptance of such conveyance or dedication) or the granting of easements or permits to facilitate construction of the Developer Improvements (as defined herein).

c. Any requested assignment for financing purposes (subject to such financing being considered and approved by the Agency pursuant to Section 311 herein), including the grant of a deed of trust to secure the funds necessary for land acquisition, construction and permanent financing of the Developer Improvements.

d. Any rental or sale of the residential units to owner-occupants, pursuant to Section 403 hereof.

In the event of an assignment by Developer under subparagraph (a) above not requiring the Agency's prior approval, Developer nevertheless agrees that at least thirty (30) days prior to such assignment it shall give written notice to Agency of such assignment and evidence satisfactory to Agency that the assignee has assumed jointly with Developer the obligations of this Agreement.

603.3 Agency Consideration of Requested Transfer. Any request for approval of a transfer or assignment must be in writing. Such notice shall be accompanied by sufficient evidence regarding the proposed assignee's or purchaser's development and/or operational qualifications and experience, and its financial commitments and resources, in sufficient detail to enable the Agency to evaluate the proposed assignee or purchaser pursuant to the criteria set forth in this Section 603 and as reasonably determined by the Agency. The Agency shall evaluate each proposed transferee or assignee on the basis of its development and/or qualifications and experience in the operation of facilities similar to the Developer Improvements, and its financial commitments and resources, and may reasonably disapprove any proposed transferee or assignee, during the period for which this Section 603 applies, which the Agency, in its sole discretion, determines does not possess equal or better qualifications than the transferring Developer. An assignment and assumption agreement in a form satisfactory to the Agency's legal counsel shall also be required for all proposed transfers and assignments. Within thirty (30) days after the receipt of the Developer's written notice requesting Agency approval of an assignment or transfer pursuant to this Section 603, the Agency shall, in its sole discretion, either approve or disapprove such proposed assignment or transfer or shall respond in writing by stating what further information, if any, the Agency reasonably requires in order to determine the request complete and determine whether or not to grant the requested approval. Upon receipt of such a response, the Developer shall promptly furnish to the Agency such further information as may be reasonably requested.

603.4 Successors and Assigns. All of the terms, covenants and conditions of this Agreement shall be binding upon the Developer and its permitted successors and assigns. Whenever the term "Developer" is used in this Agreement, such term shall include any other permitted successors and assigns as herein provided.

603.5 Assignment by Agency. The Agency may assign or transfer any of its rights or obligations under this Agreement with the approval of the Developer, which approval shall not be unreasonably withheld; provided, however, that the Agency may assign or transfer any of its interests hereunder to the City at any time without the consent of the Developer. In the event the Agency is terminated by state action, this Agreement shall be automatically assigned to the City.

604. Non-Liability of Officials and Employees of the Agency and the City. No member, official or employee of the Agency or the City shall be personally liable to the Developer, or any successor in interest, in the event of any default or breach by the Agency (or the City) or for any amount which may become due to the Developer or its successors, or on any obligations under the terms of this Agreement.

605. Relationship Between Agency and Developer. It is hereby acknowledged that the relationship between the Agency and the Developer is not that of a partnership or joint venture and that the Agency and the Developer shall not be deemed or construed for any purpose to be the agent of the other. Accordingly, except as expressly provided herein or in the attachments hereto, the Agency shall have no rights, powers, duties or obligations with respect to the development, operation, maintenance or management of the Mixed-Use Parcels or the Developer Improvements. The Developer agrees to indemnify, hold harmless and defend the Agency from any claim made against the Agency arising from a claimed relationship of

partnership or joint venture between the Agency and the Developer with respect to the development, operation, maintenance or management of the Mixed-Use Parcels or the Developer Improvements.

606. Agency Approvals and Actions. Whenever a reference is made herein to an action or approval to be undertaken by the Agency, the Executive Director of the Agency, or his or her designee, is authorized to act on behalf of the Agency unless specifically provided otherwise or the context should require otherwise.

607. Counterparts. This Agreement may be signed in multiple counterparts which, when signed by all parties, shall constitute a binding agreement.

608. Integration. This Agreement contains the entire understanding between the parties relating to the transaction contemplated by this Agreement. All prior or contemporaneous agreements, understandings, representations and statements, oral or written, are merged in this Agreement and shall be of no further force or effect. Each party is entering this Agreement based solely upon the representations set forth herein and upon each party's own independent investigation of any and all facts such party deems material. This Agreement includes pages 1 through 41 and Attachment Nos. 1 through 9, all of which are incorporated herein by this reference. This Agreement and said attachments constitute the entire understanding and agreement of the parties, notwithstanding any previous negotiations or agreements between the parties or their predecessors in interest with respect to all or any part of the subject matter hereof.

609. Real Estate Brokerage Commission. The Agency and the Developer each represent and warrant to the other that no broker or finder is entitled to any commission or finder's fee in connection with the Developer's acquisition of the Mixed-Use Parcels from the Agency. The parties agree to defend and hold harmless the other party from any claim to any such commission or fee from any broker, agent or finder with respect to this Agreement which is payable by such party. The parties acknowledge that Jeremy G. Bernau is a California licensed real estate broker acting on his own behalf in this transaction and that he is not representing the City of Folsom, the Agency, the Folsom Railroad Block Developers, LLC, or their individual members or employees.

610. Attorneys' Fees. In any action between the parties to interpret, enforce, reform, modify, rescind, or otherwise in connection with any of the terms or provisions of this Agreement, the prevailing party in the action shall be entitled, in addition to damages, injunctive relief, or any other relief to which it might be entitled, reasonable costs and expenses including, without limitation, litigation costs and reasonable attorneys' fees.

611. Titles and Captions. Titles and captions are for convenience of reference only and do not define, describe or limit the scope or the intent of this Agreement or of any of its terms. Reference to section numbers is to sections in this Agreement, unless expressly stated otherwise.

612. Interpretation. As used in this Agreement, masculine, feminine or neuter gender and the singular or plural number shall each be deemed to include the others where and when the context so dictates. The word "including" shall be construed as if followed by the words "without limitation." This Agreement shall be interpreted as though prepared jointly by both parties.

613. No Waiver. A waiver by either party of a breach of any of the covenants, conditions or agreements under this Agreement to be performed by the other party shall not be

construed as a waiver of any succeeding breach of the same or other covenants, agreements, restrictions or conditions of this Agreement.

614. Modifications. Any alteration, change or modification of or to this Agreement, in order to become effective, shall be made in writing and in each instance signed on behalf of each party.

615. Severability. If any term, provision, condition or covenant of this Agreement or its application to any party or circumstances shall be held, to any extent, invalid or unenforceable, the remainder of this Agreement, or the application of the term, provision, condition or covenant to persons or circumstances other than those as to whom or which it is held invalid or unenforceable, shall not be affected, and shall be valid and enforceable to the fullest extent permitted by law.

616. Computation of Time. The time in which any act is to be done under this Agreement is computed by excluding the first day (such as the day escrow opens), and including the last day, unless the last day is a holiday or Saturday or Sunday, and then that day is also excluded. The term "holiday" shall mean all holidays as specified in Sections 6700 and 6701 of the California Government Code. If any act is to be done by a particular time during a day, that time shall be Pacific Time Zone time.

617. Legal Advice. Each party represents and warrants to the other the following: they have carefully read this Agreement, and in signing this Agreement, they do so with full knowledge of any right which they may have; they have received independent legal advice from their respective legal counsel as to the matters set forth in this Agreement, or have knowingly chosen not to consult legal counsel as to the matters set forth in this Agreement; and, they have freely signed this Agreement without any reliance upon any agreement, promise, statement or representation by or on behalf of the other party, or their respective agents, employees, or attorneys, except as specifically set forth in this Agreement, and without duress or coercion, whether economic or otherwise.

618. Time of Essence. Time is expressly made of the essence with respect to the performance by the Agency and the Developer of each and every obligation and condition of this Agreement.

619. Cooperation. Each party agrees to cooperate with the other in this transaction and, in that regard, to sign any and all documents which may be reasonably necessary, helpful, or appropriate to carry out the purposes and intent of this Agreement including, but not limited to, releases or additional agreements.

620. Conflicts of Interest. No member, official or employee of the Agency or City shall have any personal or financial interest, direct or indirect, in this Agreement, nor shall any such member, official or employee participate in any decision relating to the Agreement which affects his or her personal or financial interests or the interests of any corporation, partnership or association in which he or she is directly or indirectly interested. Developer shall not employ any Agency or City member, official or employee in the work performed pursuant to this Agreement. No member, officer or employee of Agency or City shall have any financial interest in this Agreement in violation of the applicable provisions of the California Government Code. Developer warrants and covenants that no member, official or employee of Agency or City, nor any business entity in which a member, official or employee of Agency or City is interested, (1) has been employed or retained to solicit or aid in the procuring of this Agreement; or (2) will be employed in the performance of this Agreement without the immediate divulgence of such fact to the Agency Executive Director and Agency Attorney. For breaches or violation of this

Section, Agency shall have the right both to terminate this Agreement without liability and, in its discretion, recover the full amount of any such compensation paid to such official, employee or business entity.

621. Date of Agreement. The date of this Agreement shall be the date when it shall have been signed by the Agency.

IN WITNESS WHEREOF, the Agency and the Developer have signed this Agreement on the respective dates set forth below.

[SIGNATURES CONTAINED ON FOLLOWING PAGES]

DEVELOPER:
FOLSOM RAILROAD BLOCK DEVELOPERS, LLC, a Delaware limited liability company

By: Bernau Development Corporation, a California corporation, **Member**

Dated: March 7, 2011 By: Jeremy G. Bernau
Jeremy G. Bernau, President

Dated: March 7, 2011 By: Lynn P. Bernau
Lynn P. Bernau, Secretary

Dated: _____, 2011 By: ***executed in counterparts***
Sotiris K. Kolokotronis, Trustee of the Sotiris and Matina Kolokotronis Family Trust, **Member**

By: River Rock Development Company, a California corporation, **Member**

Dated: _____, 2011 By: ***executed in counterparts***
Ryan Fong, President

Dated: _____, 2011 By: ***executed in counterparts***
Catherine F. Douglas, _____

AGENCY:
REDEVELOPMENT AGENCY OF THE CITY OF FOLSOM, a public body, corporate and politic

Dated: 3/7, 2011 By: _____
Executive Director

ATTEST:

Christa Freemantle
Agency Secretary 3/7/11

CALIFORNIA ALL-PURPOSE ACKNOWLEDGEMENT

State of California
County of Sacramento }

On April 5, 2011, before me, Christa Freemantle , Notary Public,

Personally appeared Kerry L. Miller

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 State of California that the foregoing paragraph is true and correct.

CHRISTA FREEMANTLE
Commission # 1905579
Notary Public - California
Sacramento County
My Comm. Expires Sep 26, 2014

WITNESS my hand and official seal.

SIGNATURE Christa Freemantle

PLACE NOTARY SEAL ABOVE

Though the information below is not required by law, it may prove valuable to persons relying on the document and could prevent fraudulent removal and reattachment of this form to another document.

Description of attached document

Title or type of document: Amended and Restated Disposition and Development Agreement – Between Redevelopment Agency of the City of Folsom and Folsom Railroad Block Developers, LLC

Document Date: March 3, 2011 Number of Pages:

Signer(s) Other than Named Above: various

DEVELOPER:
FOLSOM RAILROAD BLOCK DEVELOPERS, LLC,
a Delaware limited liability company

By: Bernau Development Corporation, a California corporation, **Member**

Dated: _____, 2011 By: ***executed in counterparts***
Jeremy G. Bernau, President

Dated: _____, 2011 By: ***executed in counterparts***
Lynn P. Bernau, Secretary

Dated: March 8, 2011 By: _____
Sotiris K. Kolokotronis, Trustee of the Sotiris and Matina Kolokotronis Family Trust, **Member**

By: River Rock Development Company, a California corporation, **Member**

Dated: March 8, 2011 By: _____
Ryan Fong, President

Dated: March 8, 2011 By: _____
Catherine F. Douglas, Secretary

AGENCY:
REDEVELOPMENT AGENCY OF THE CITY OF FOLSOM, a public body, corporate and politic

Dated: _____, 2011 By: ***executed in counterparts***

Executive Director

ATTEST:

_____
Agency Secretary

APPROVED AS TO CONTENT:

Evert Palmer
Assistant City Manager

FUNDING AVAILABLE:

Jim Francis, Finance Officer

APPROVED AS TO FORM:

3/7/11
Bruce Cline, Agency Attorney

CALIFORNIA ALL-PURPOSE ACKNOWLEDGMENT

State of California
County of Sacramento

On 3/7/2011 (Date) before me, Sharon N Marshall Notary Public (Here Insert Name and Title of the Officer),
personally appeared Jeremy C Bernau and Lynn P. Bernau (Name(s) of Signer(s)),

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 Sharon Marshall (Signature of Notary Public)

SHARON MARSHALL
Commission # 1839605
Notary Public - California
Sacramento County
My Comm. Expires Mar 6, 2013

Place Notary Seal Above

OPTIONAL

Though the information below is not required by law, it may prove valuable to persons relying on the document and could prevent fraudulent removal and reattachment of this form to another document.

Description of Attached Document

Title or Type of Document: Amended & Restated Disposition & Development Agreement

Document Date: 3/7/11 Number of Pages: 45

Signer(s) Other Than Named Above: —

Capacity(ies) Claimed by Signer(s)

Signer's Name: _____
☐ Individual
☐ Corporate Officer — Title(s): _____
☐ Partner — ☐ Limited ☐ General
☐ Attorney in Fact
☐ Trustee
☐ Guardian or Conservator
☐ Other: _____
Signer Is Representing: _____

RIGHT THUMBPRINT OF SIGNER
Top of thumb here

Signer's Name: _____
☐ Individual
☐ Corporate Officer — Title(s): _____
☐ Partner — ☐ Limited ☐ General
☐ Attorney in Fact
☐ Trustee
☐ Guardian or Conservator
☐ Other: _____
Signer Is Representing: _____

RIGHT THUMBPRINT OF SIGNER
Top of thumb here

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CALIFORNIA CERTIFICATE OF ACKNOWLEDGMENT

STATE OF CALIFORNIA

COUNTY OF Sacramento ss.

ON March 7, 2011 (Date) BEFORE ME, Allison DePaoli (Name) NOTARY PUBLIC

PERSONALLY APPEARED Ryan Curtis Fong, Catherine Flowers Douglas & Sotiris K. Kolokotronis,

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.

ALLISON LYNN DEPAOLI
Commission # 1893216
Notary Public - California
Sacramento County
My Comm. Expires Jun 19, 2014

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.

Allison DePaoli
Signature of Notary

OPTIONAL INFORMATION

The information below is not required by law, but it may prove to be important to persons relying on the document and could prevent fraudulent removal and reattachment of this form to some other document.

DESCRIPTION OF ATTACHED DOCUMENT

TITLE OR TYPE OF DOCUMENT: _____

DOCUMENT DATE: _____ **NUMBER OF PAGES** _____

SIGNER (S) OTHER THAN NAMED ABOVE: _____

CAPACITY (IES) CLAIMED BY SIGNER (S)

SIGNER'S NAME: _____

___ INDIVIDUAL
___ CORPORATE OFFICER
TITLE (S): _____
___ PARTNER
___ LIMITED ___ GENERAL
___ ATTORNEY-IN-FACT
___ TRUSTEE
___ GUARDIAN OR CONSERVATOR
___ OTHER: _____

SIGNER IS REPRESENTING:

_____

RIGHT THUMBPRINT OF SIGNER

SIGNER'S NAME: _____

___ INDIVIDUAL
___ CORPORATE OFFICER
TITLE (S): _____
___ PARTNER
___ LIMITED ___ GENERAL
___ ATTORNEY-IN-FACT
___ TRUSTEE
___ GUARDIAN OR CONSERVATOR
___ OTHER: _____

SIGNER IS REPRESENTING:

_____

RIGHT THUMBPRINT OF SIGNER

ATTACHMENT NO. 1

LEGAL DESCRIPTION OF THE RAILROAD BLOCK

A PIECE OR PARCEL OF LAND SITUATE IN THE CITY OF FOLSOM, COUNTY OF SACRAMENTO, STATE OF CALIFORNIA, BEING THAT PORTION OF THE TOWN OF FOLSOM NUMBERED 20 AND 21 AND DESIGNATED "DEPOT GROUND" MAP OF SAID TOWN FILED DECEMBER 27, 1855 IN THE OFFICE OF THE COUNTY RECORDER OF SACRAMENTO COUNTY, NOW RECORDED IN BOOK 1 OF MAPS, MAP NO. 7, AND MORE PARTICULARLY DESCRIBED AS FOLLOWS:

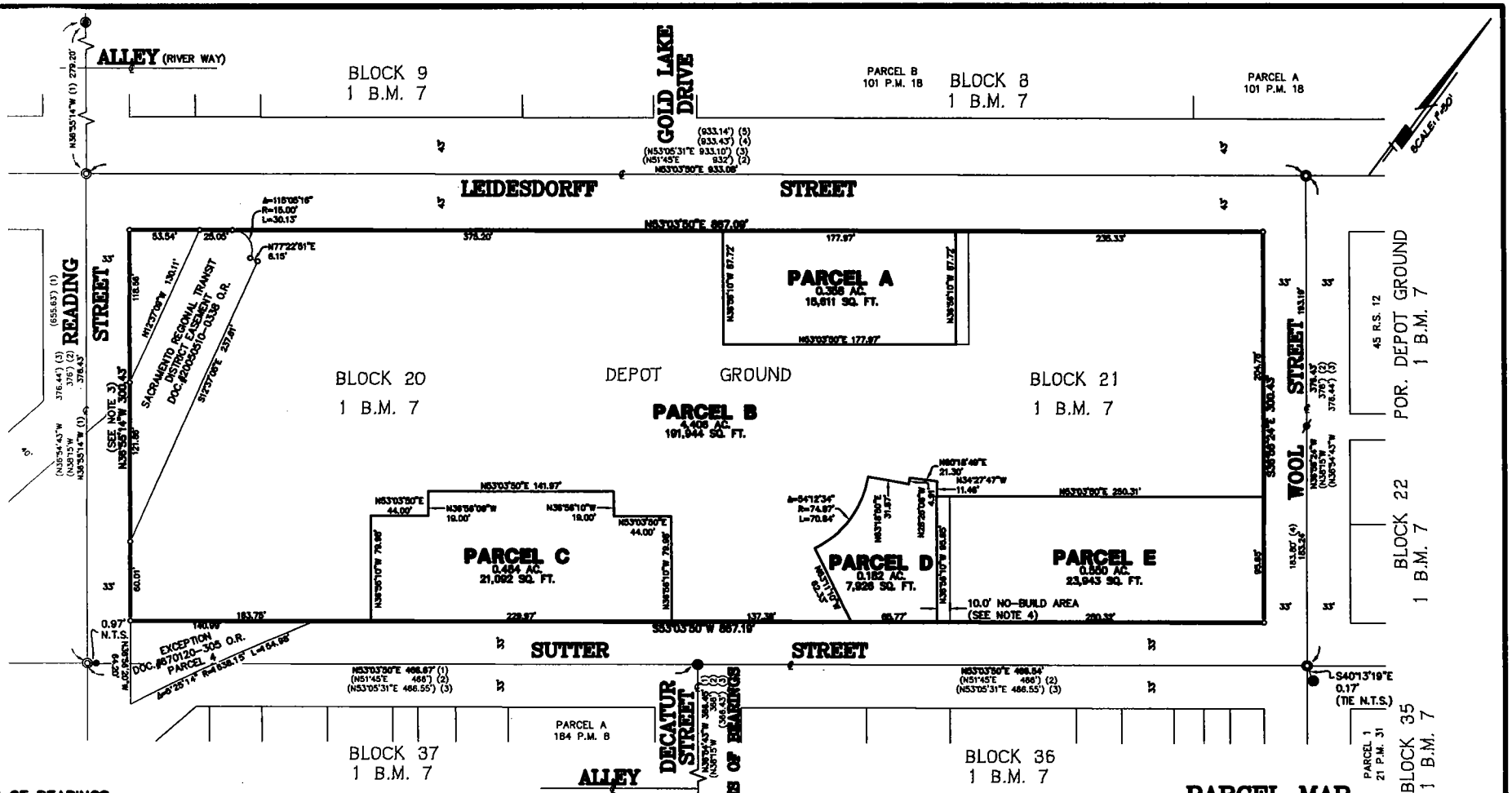
BEGINNING AT THE MOST WESTERLY CORNER OF THE AREA NUMBERED 20 OF SAID "DEPOT GROUND", DISTANT SOUTH 74°25'14" EAST 54.21 FEET FROM THE GRANITE MONUMENT MARKING THE INTERSECTION OF THE CENTER LINES OF LEIDESDORFF AND READING STREETS, AS SAID STREETS ARE SHOWN ON SAID MAP OF THE TOWN OF FOLSOM; THENCE SOUTH 36°54'43" EAST ALONG THE SOUTHWESTERLY LINE OF SAID DEPOT GROUND, BEING ALSO ALONG THE NORTHEASTERLY LINE OF READING STREET AND THE SOUTHEASTERLY PROLONGATION THEREOF, A DISTANCE OF 364.21 FEET TO A POINT IN THE WESTERLY LINE OF THAT CERTAIN STREET LYING ADJACENT TO AND WESTERLY OF BLOCK 37 AS SAID BLOCK AND STREET ARE SHOWN ON SAID MAP; THENCE NORTHERLY ALONG SAID WESTERLY LINE ON A CURVE TO THE RIGHT HAVING A RADIUS OF 1638.15 FEET AND CENTRAL ANGLE OF 5°25'14" (TANGENT TO SAID CURVE AT LAST MENTIONED POINT BEARS NORTH 25°53'53" EAST AND CHORD OF SAID CURVE BEARS NORTH 28°36'30" EAST 154.92 FEET) AN ARC DISTANCE OF 154.98 FEET TO A POINT OF INTERSECTION WITH THE NORTHWESTERLY LINE OF SUTTER STREET AS SHOWN ON SAID MAP; THENCE NORTH 53°05'31" EAST ALONG SAID NORTHWESTERLY LINE, BEING ALSO ALONG THE SOUTHWESTERLY LINE OF SAID DEPOT GROUND, A DISTANCE OF 725.00 FEET TO THE SOUTHWESTERLY LINE OF WOOL STREET AS SAID STREET IS SHOWN ON SAID MAP; THENCE NORTH 36°54'43" WEST ALONG SAID SOUTHWESTERLY LINE AND THE NORTHWESTERLY PROLONGATION THEREOF, BEING ALSO ALONG THE NORTHEASTERLY LINE OF SAID DEPOT GROUND, A DISTANCE OF 300.00 FEET TO THE SOUTHEASTERLY LINE OF SAID LEIDESDORFF STREET; THENCE SOUTH 53°05'31" WEST ALONG LAST SAID LINE, BEING ALSO ALONG THE NORTHWESTERLY LINE OF SAID DEPOT GROUND, A DISTANCE OF 866.00 FEET TO THE POINT OF BEGINNING.

EXCEPTING THEREFROM THAT PORTION OF PARCEL 4 AS DESCRIBED IN THE DEED FROM SOUTHERN PACIFIC COMPANY, A DELAWARE CORPORATION, TO THE CITY OF FOLSOM, A BODY CORPORATE AND POLITIC, LYING SOUTHEASTERLY FROM THE SOUTHEASTERLY LINE OF READING STREET, WHICH DEED WAS RECORDED JANUARY 20, 1967, IN BOOK 67-01-20, PAGE 305 OF OFFICIAL RECORDS.

ATTACHMENT NO. 2

MAP OF THE RAILROAD BLOCK

[See Attached.]



BASIS OF BEARINGS:

THE BASIS OF BEARINGS FOR THIS SURVEY IS THE CENTERLINE OF DECATUR STREET WHICH IS TAKEN TO BE N36°54'43"W AS SHOWN ON 184 P.M. 8.

NOTES:

1. THE TOTAL AREA WITHIN THIS PARCEL MAP IS 5.981 ACRES GROSS CONSISTING OF FIVE LETTERED PARCELS.
2. A SOILS REPORT FOR THIS SUBDIVISION WAS PREPARED BY YOUNGDAHL CONSULTING GROUP, INC. IN MARCH 2008. A COPY OF THIS REPORT IS AVAILABLE FOR PUBLIC INSPECTION AT THE CITY OF FOLSOM.
3. THERE ARE NO ROADWAY IMPROVEMENTS WITHIN THAT PORTION OF READING STREET SHOWN HEREON. A PORTION OF SACRAMENTO REGIONAL TRANSIT'S LIGHT RAIL STATION PLAZA HAS BEEN CONSTRUCTED OVER THAT AREA.
4. NO BUILDINGS SHALL BE CONSTRUCTED WITHIN THE NO-BUILD AREAS SHOWN HEREON.
5. THE PROPERTY SHOWN HEREON MAY BE SUBJECT TO THE PIPELINE AGREEMENT PER DOC. 19981215-1322 O.R.
6. MINERAL AND MINERAL RIGHTS RESERVED 901227 O.R. 480

LEGEND:

- ○ DIMENSION POINT
- ● CONCRETE NAIL PER (1)
- ● FOUND PK NAIL
- ⌀ FOUND REBAR
- ⊙ SET SPIKE AND WASHER STAMPED L.S. 6866
- N.T.S. NOT TO SCALE

REFERENCES:

(1) 184 P.M. 8
(2) 1 B.M. 7
(3) 13 R.S. 24
(4) 45 R.S. 12
(5) 101 P.M. 18

PARCEL MAP
HISTORIC FOLSOM STATION

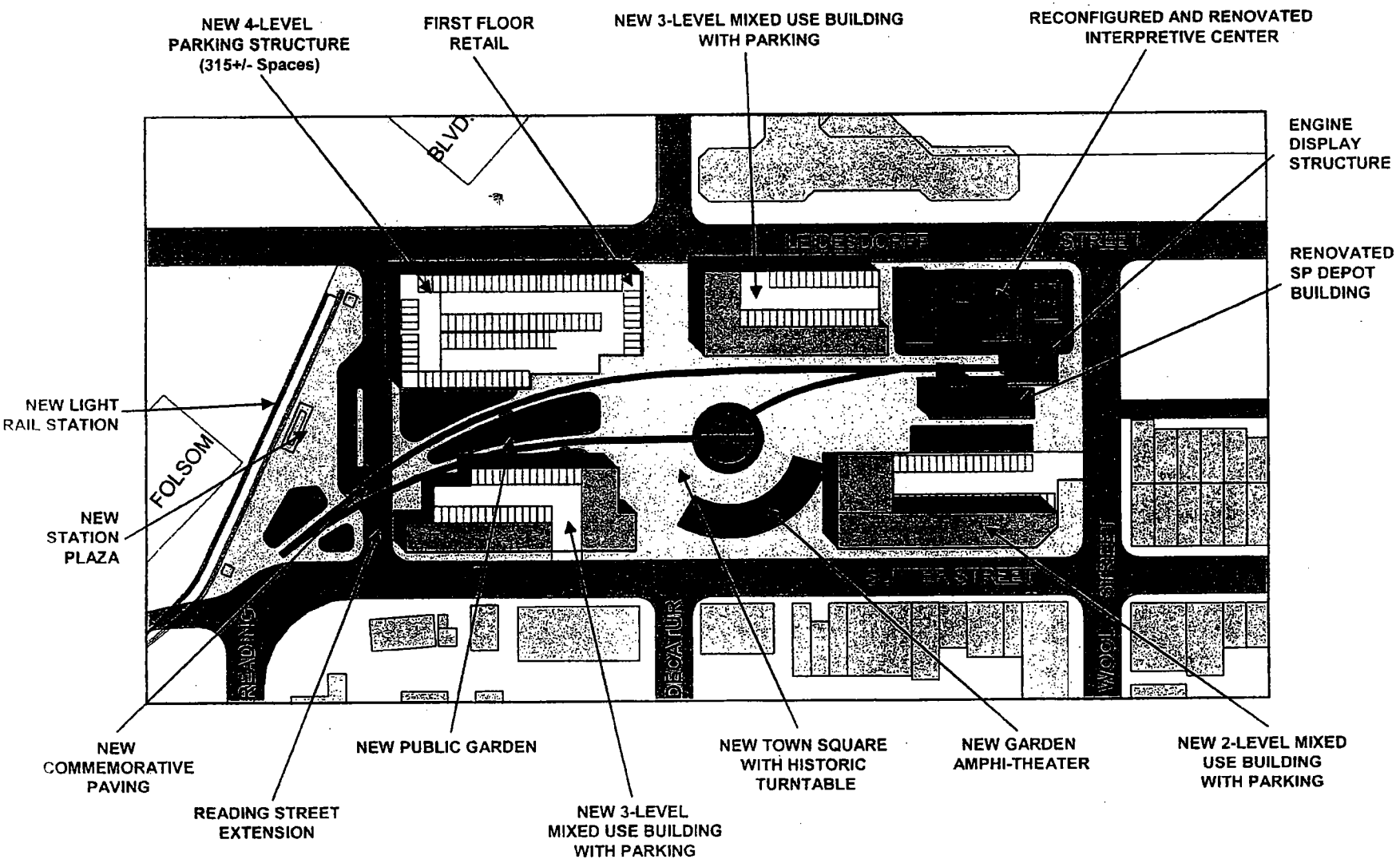
SUBDIVISION NO. PN 07-485
PORTION OF THE "DEPOT GROUND", LOTS 20 AND 21, PLAT OF THE TOWN OF FOLSOM, 1 B.M. 7
BEING THE LAND DESCRIBED IN THE GRANT DEED RECORDED IN BOOK 910402, AT PAGE 1151 O.R.
CITY OF FOLSOM, SACRAMENTO COUNTY, CALIFORNIA
OCTOBER 2008
SCALE 1"=50'
R.E.Y. ENGINEERS, Inc.

SHEET 2 OF 2 SHEETS

ATTACHMENT NO. 3

MASTER CONCEPTUAL PLAN

[See Attached.]



APPROVED CONCEPTUAL MASTER PLAN FOR RAILROAD BLOCK

Folsom, CA

ATTACHMENT NO. 4

SCOPE OF DEVELOPMENT

I. PRIVATE DEVELOPMENT

A. General

The Developer agrees that the Mixed-Use Parcels shall be developed and improved in accordance with the provisions of this Agreement and the plans, drawings and related documents approved by the Agency pursuant hereto, including, in particular, the Basic Concept Drawings attached to this Scope of Development as Exhibit A. The Developer, its supervising architect, engineer and contractor, shall work with Agency staff to coordinate the overall design, architecture and color of the improvements on the Railroad Block. For purposes of the Basic Concept Drawings and this Scope of Development, the term "floor area" shall be defined as the leaseable floor area within a building or structure, calculated as the overall gross floor area in square feet (all building floor area enclosed by the exterior walls of the building) *minus* all common building and shared space floor areas, including, but not limited to, lobbies, hallways, stairwells, elevators, restrooms, electrical rooms, mechanical rooms, utility rooms, janitorial rooms, trash enclosures, and parking areas. Leaseable floor area shall be measured from the following points:

- For walls between tenant space and the exterior of the building, the exterior side of the wall shall be used such that 100% of the wall is counted as leaseable floor area;
- For walls between tenant space and building common area, the common area side of the wall shall be used such that 100% of the wall is counted as leaseable floor area; and
- For walls between adjacent tenants, the centerline of the wall shall be used such that 100% of the wall shall be counted as leaseable floor area (split equally between the two tenants).

B. Developer Improvements

As more specifically shown on the Design Development Application for the Historic Folsom Station Project, the Developer shall construct, or cause to be constructed, a two- or three-story building or buildings on each of the four parcels comprising the Mixed-Use Parcels, together with not less than eighty (80) surface parking spaces. The total floor area of all buildings shall contain not more than 116,700 square feet of retail, office and residential space of which approximately 46,000 square feet may be retail and office space and approximately 70,700 square feet may be residential space within no more than sixty (60) dwelling units.

As shown on the Map of the Railroad Block (Attachment No. 2), the four parcels comprising the Mixed-Use Parcels are identified as "Parcel C," "Parcel A," "Parcel E," and "Parcel D."

1. Mixed Use Parcel C (also referred to as "Granite House") shall be developed with a three-story building containing approximately 6,700 square feet of ground-level retail space. On the second and third levels,

approximately thirty (30) residential units are allowed containing approximately 36,500 square feet. At least one ground-level parking space will be required for each residential unit.

2. Mixed-Use Parcel A (also referred to as the "Leidesdorff Building") shall be developed with a two- to three-story building containing approximately 12,500 square feet of second-level retail and office space. The percentage of retail and office space may vary, however, commercial frontage on the plaza level must remain retail space. On the third level, approximately thirteen (13) residential units are allowed containing approximately 13,000 square feet. At least one ground-level parking space will be required for each residential unit.

3. Mixed-Use Parcel E (also referred to as "Sutter Row") shall be developed with a three-story building containing approximately 24,500 square feet of first- and second-level retail and office space. The percentage of retail and office space may vary, however, commercial frontage on either the Sutter Street level or the plaza level must remain retail space. On the second or third level, approximately seventeen (17) residential units are allowed containing approximately 22,000 square feet. At least one ground-level parking space will be required for each residential unit. The building on Parcel E shall also include an approximately 2,500 square feet space on the plaza level, facing the public plaza, to be leased to the Agency for use as public restrooms pursuant to Section 405.7 of the DDA. The Developer shall construct the shell of the public restroom space as shown on Developer's plans for the Granite House, including separate water and sewer connections from the rest of the Granite House. The Agency shall be responsible for installing all fixtures and tenant improvements within the public restrooms and the payment of all fees related to the installation of the restrooms, including the regional sanitation connection fee, if any.

4. Mixed-Use Parcel D (also referred to as the "Roundhouse") shall be developed with a two-story building containing approximately 8,470 square feet of restaurant space.

In addition to the requirements of the Design Development Application for the Historic Folsom Station Project, the Developer Improvements shall be constructed pursuant to requirements contained in the Noise Impact Study of Historic Folsom Station Public Plaza Modifications and Criteria to Meet Folsom Noise Limits, prepared by The Acoustics & Vibration Group, Inc., dated February 25, 2008.

C. Architecture and Design

The Developer Improvements shall be of high architectural quality, shall be well-landscaped, and shall be effectively and aesthetically designed. The shape, scale of volume, exterior design and exterior finish of each of the buildings must be consonant with, visually related to, physically related to, and an enhancement of adjacent buildings within the Project Area. The exterior design and exterior finish of each of the four buildings constructed on the Mixed-Use Parcels must be individual and distinct from the others. The Developer's plans submitted to the Agency shall describe in detail the architectural character intended for the Developer Improvements.

D. Signs

All signs on the exterior of the buildings are of special concern to the Agency and must be approved by the Agency (which approval shall not be unreasonably withheld).

E. Screening

Trash areas shall be screened on at least three (3) sides and have movable doors or other devices to obscure such areas from view. All fire standpipes and such other fire related mechanical devices shall be screened with plant materials. Rooftop equipment shall be reasonably hidden so as to mitigate views from principal elevations surrounding the development.

F. Applicable Codes

The Developer Improvements shall be constructed in accordance with the Uniform Building Code (with City modifications) and the *Folsom Municipal Code*.

II. SITE CLEARANCE AND PREPARATION

A. On-Site Demolition and Clearance

1. The Agency shall clear, grub and remove any on-site improvements existing on the Mixed-Use Parcels prior to conveyance thereof; and

2. The Developer shall remove, plug and/or crush in place utilities, such as storm sewers, sanitary sewers, water systems, electrical overhead and underground systems and telephone and gas systems located on the Mixed-Use Parcels, as may be required following any necessary relocation of the utilities.

B. Compaction, Finish Grading and Site Work

Pursuant to the Implementation Agreement, the Developer has, prior to the execution of this Agreement, performed on Mixed-Use Parcel C, excavation, fill, compaction and grading work pursuant to plans entitled "Rough Grading Plans for the Improvement of Historic Folsom Station Granite House," approved by the City of Folsom on October 10, 2008.

The Agency shall over-excavate and rough grade the Public-Use Site and Mixed-Use Parcels A, C, D and E pursuant to grading plans included in the plans entitled "City of Folsom Redevelopment Department Plans for the Improvement of Historic Folsom Station, PN #2613," dated October 13, 2010, and approved by the City of Folsom on November 2, 2010 (the "Grading and Plaza Plans"). The Grading and Plaza Plans are based on soils analyses undertaken by Youngdahl Consulting Group, Inc., on both the Public-Use Site, which analysis was paid for by the Agency, and Mixed-Use Parcels A, C, D and E, which analysis was paid for by the Developer.

III. AGENCY IMPROVEMENTS

On March 8, 2008, the Historic District Commission of the City of Folsom approved a design for a public plaza on the Public-Use Site, which design is shown on the drawing attached to this Scope of Development as Exhibit B; construction plans for a public plaza pursuant to this design are included in the Grading and Plaza Plans. The Agency shall construct, or cause to be

constructed, a public plaza on the Public-Use Site as shown on Exhibit B, except that the public plaza shall not include the interactive water fountain; included as part of the public plaza are lighting and landscaping, a stage for the amphitheater, cover for the stage and a sound system. As configured, the cost of the public plaza is estimated to be $8,090,000.

The Agency shall also construct, or cause to be constructed, streetscape improvements adjacent to the Railroad Block, including sidewalks, curbs, gutters, driveways, on-street parking spaces, street lighting and other pedestrian amenities. These improvements are being constructed pursuant to the Agency's Sutter Street Streetscape Project, which has also completed the frontage improvements in each of the 600, 700, 800 and 900 blocks of Sutter Street.

IV. MISCELLANEOUS

A. Parcel Map(s)

The Agency, at the time specified in the Schedule of Performance (Attachment No. 7), shall prepare and record, or shall cause to be prepared and recorded, a parcel map or maps with respect to the Railroad Block designating each of the parcels comprising the Mixed-Use Parcels and the remaining Public-Use Site. The Developer, at its sole expense, shall be responsible for providing the Agency with all plans, data, records and other information relating to the Mixed-Use Parcels necessary for the preparation of the parcel map(s).

B. Environmental Mitigation Measures

The following mitigation measures were required in connection with the approval of the Railroad Block 1997 Urban Design Master Plan Initial Study/Mitigated Negative Declaration (the "IS/MND") and were not modified by, nor were new mitigation measures added by, the Addendum to the IS/MND approved on January 24, 2006:

Mitigation Measure 1: The City of Folsom shall require a Phase II Environmental Site Assessment prior to construction activities for developments within the Railroad Block and the proposed parking areas. The Phase II sampling program should be conducted to determine what degree of contamination exists. This mitigation measure has been completed; the City obtained a Phase I and Phase II Environmental Site Assessment Report in June 2005.

Mitigation Measure 2: If contamination is identified in construction areas, then appropriate remediation of the site should be completed prior to construction. Successful completion of remediation should be determined in coordination with the Sacramento County Environmental Management Department.

Mitigation Measure 3: Regulation of the loudness and duration of warning horns for excursion trains is outside the jurisdiction of the City of Folsom. However, the City shall require that excursion train operators use warning devices of the minimum loudness required by law, and such devices shall only be sounded for the minimum lawful warning period, except in cases of emergency.

Mitigation Measure 4: Prior to initiation of any grading, clearing, excavation, or ground disturbance within the Railroad Block or proposed parking areas, the Agency or the Developer shall consult with a qualified archeologist to determine the archeological sensitivity of the proposed development site. This determination shall be based on archival research, interviews, and other accepted research methods. If the likelihood of encountering cultural resources is high, and such resources cannot be avoided by site design, the City shall require the

establishment and implementation of an approved research plan. Such a plan may include measuring, describing, and photographing the resources; collecting any artifactual materials; excavating deposits; and reporting on the finds.

If the likelihood of encountering cultural resources is low, ground disturbance may be permitted. If, at any point during construction, should any cultural resources, such as structural features, unusual amounts of bone or shell, artifacts, human remains, or architectural remains be encountered, work shall be suspended and the City of Folsom shall be notified. The City shall consult with a qualified archeologist to determine if the encountered resources are "important" cultural resources within the definition of CEQA Appendix K. The consulting archeologist shall develop, if necessary, further mitigation measures consistent with CEQA Appendix K to reduce any cultural resource impact to less than a significant level.

In addition, pursuant to §5097.98 of the State Public Resources Code, and Section 7050.5 of the State Health and Safety Code, in the event of the discovery of any human remains, all work is to stop and the County Coroner shall be immediately notified. If the remains are determined to be Native American, guidelines of the Native American Heritage Commission shall be adhered to in the treatment and disposition of the remains.

In implementation of this mitigation measure, PAR Environmental Services, Inc., has prepared a Cultural Resources Management Plan, Folsom Railroad Block, Historic District, City of Folsom, Sacramento County, California, dated August 2006. The Agency and the Developer shall comply with the Cultural Resources Management Plan in connection with the development of the Railroad Block.

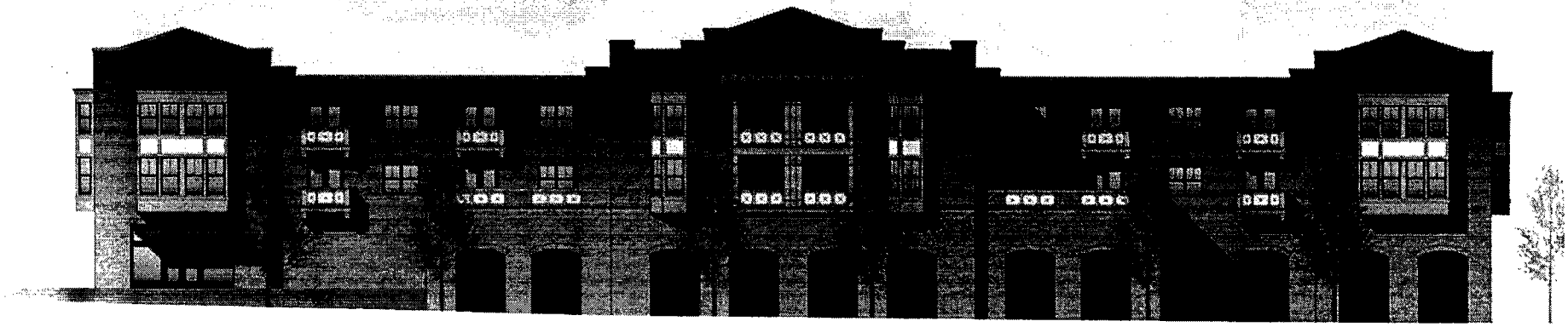
ATTACHMENT NO. 4

EXHIBIT A

BASIC CONCEPT DRAWINGS

[See Attached.]

05



NORTH ELEVATION

SOUTH ELEVATION

HISTORIC FOLSOM STATION

FOLSOM, CALIFORNIA | JUNE 6, 2007

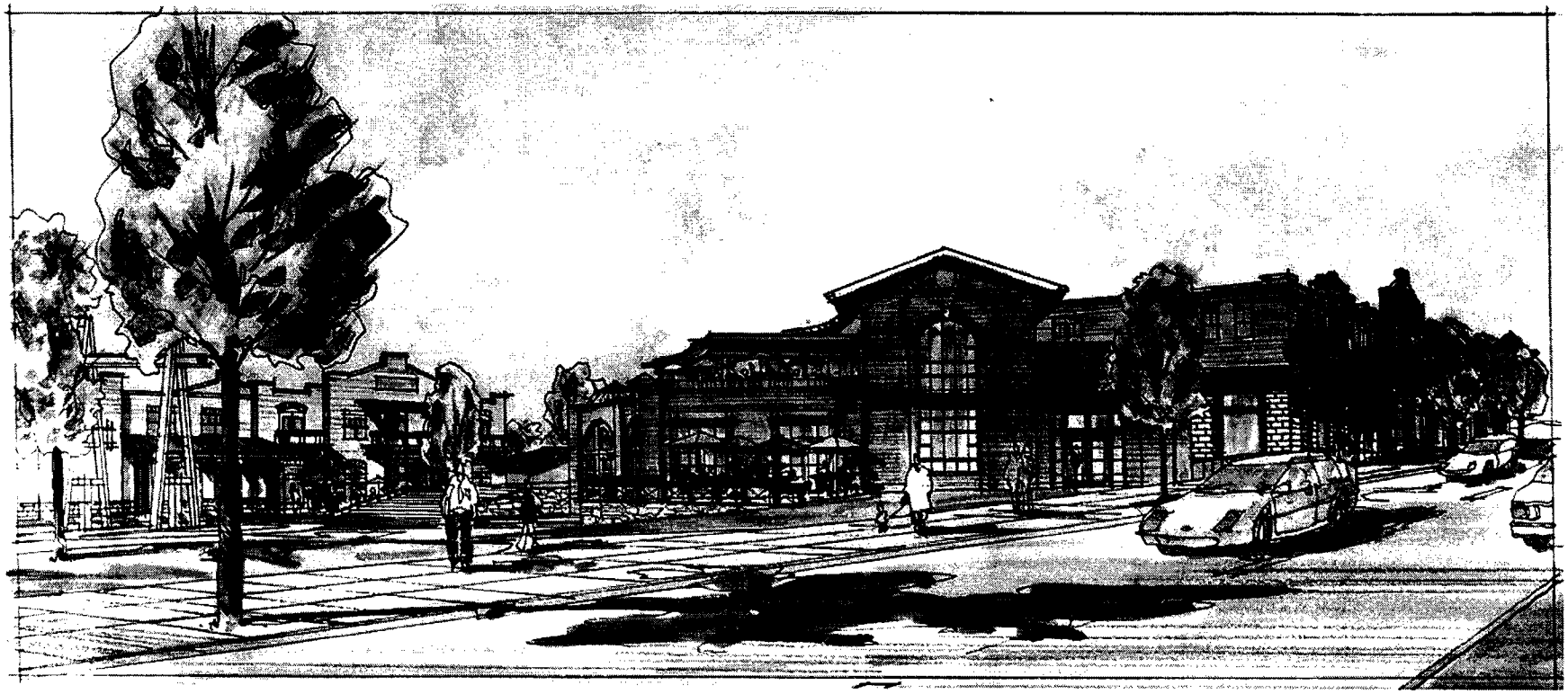
BUILDING "D" ELEVATIONS

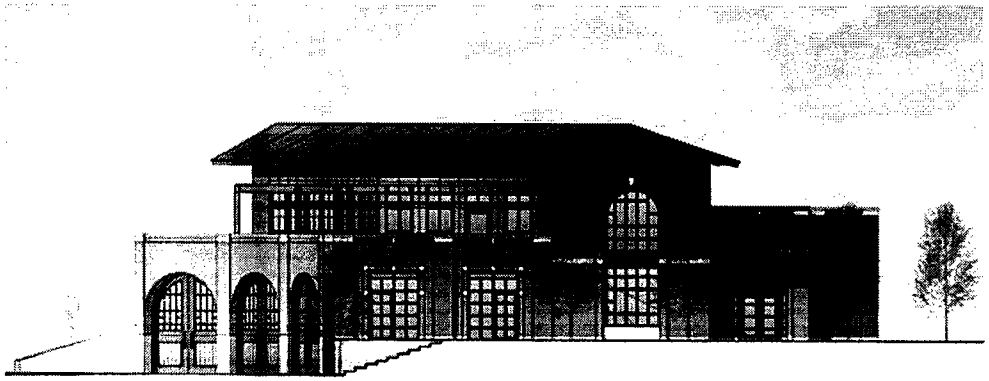
BERNAU DEVELOPMENT CORPORATION

ANKROM MOISAN ARCHITECTS

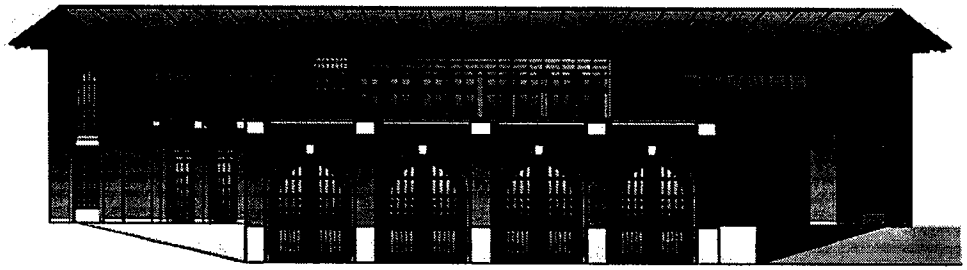
WEST ELEVATION

EAST ELEVATION



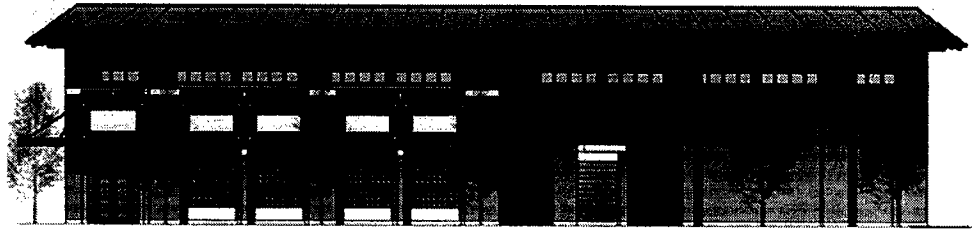


SOUTHWEST ELEVATION

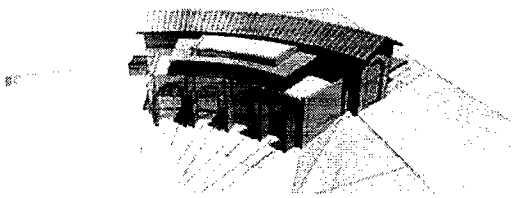


NORTHWEST ELEVATION

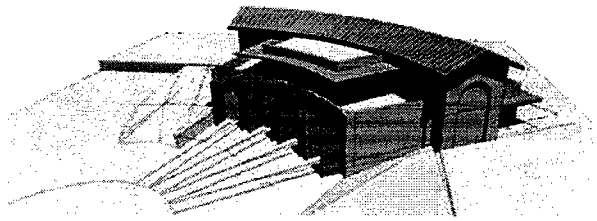
NORTHEAST ELEVATION



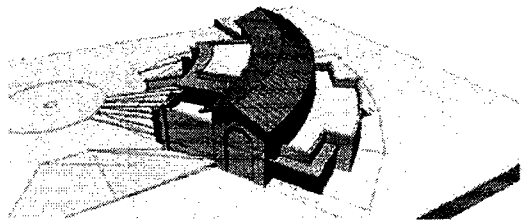
SOUTHEAST ELEVATION



CONCEPTUAL AERIAL SKETCH #1

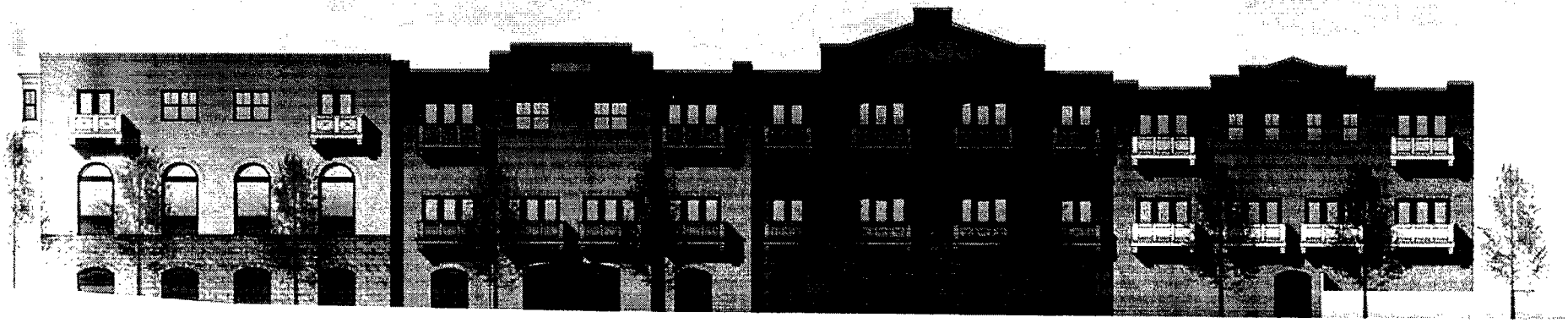


CONCEPTUAL AERIAL SKETCH #2

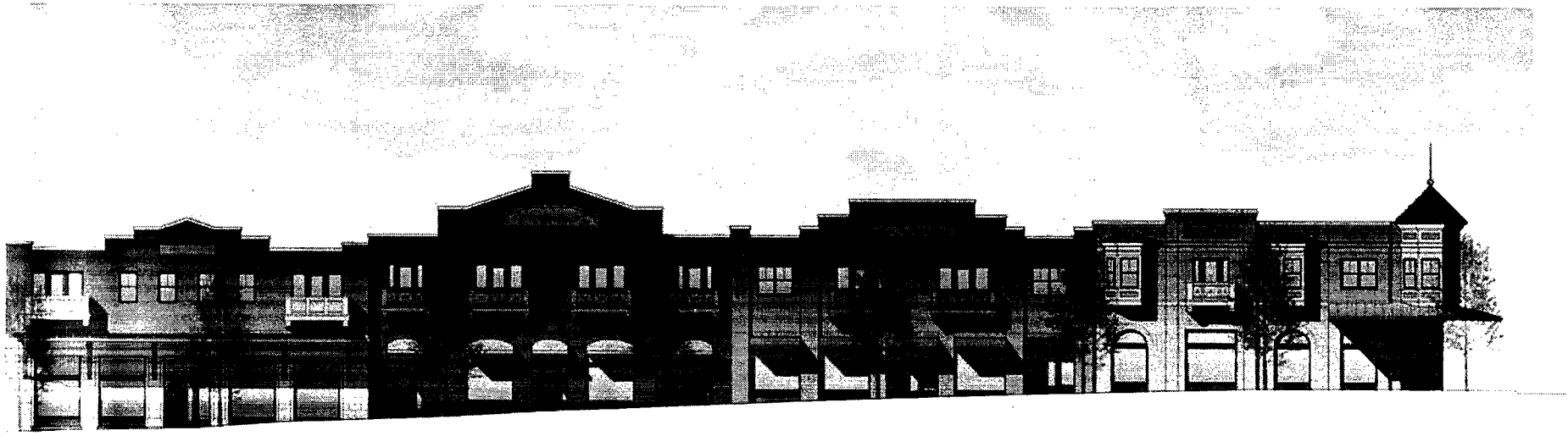


CONCEPTUAL AERIAL SKETCH #3

14



NORTH ELEVATION



SOUTH ELEVATION

EAST ELEVATION

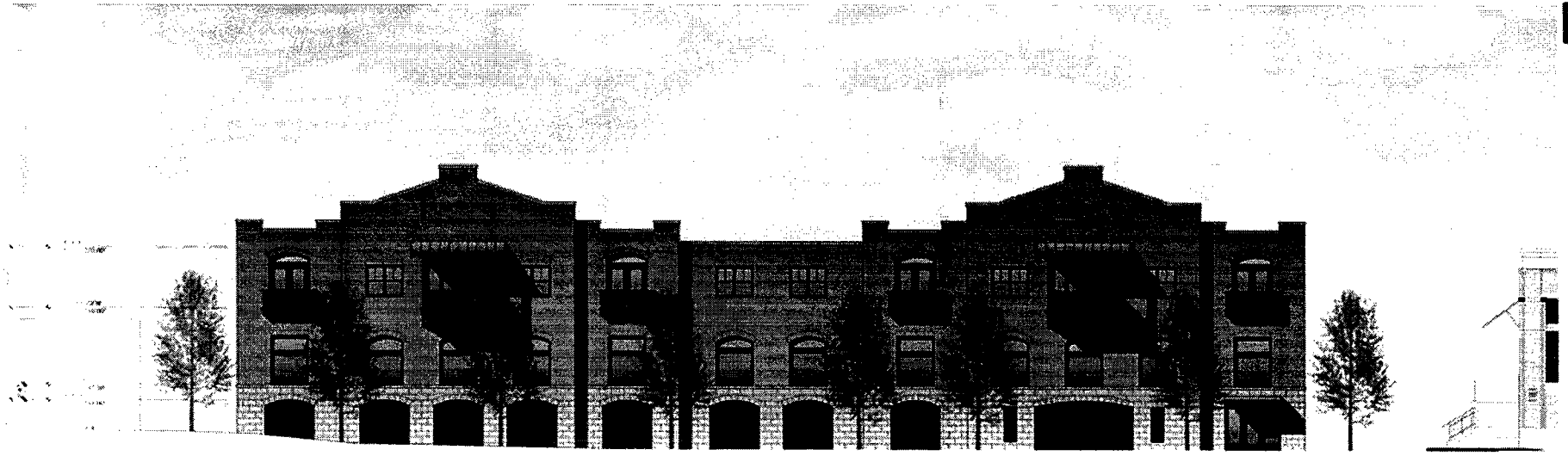
WEST ELEVATION

HISTORIC FOLSOM STATION
FOLSOM, CALIFORNIA | JUNE 6, 2007

PERSPECTIVE

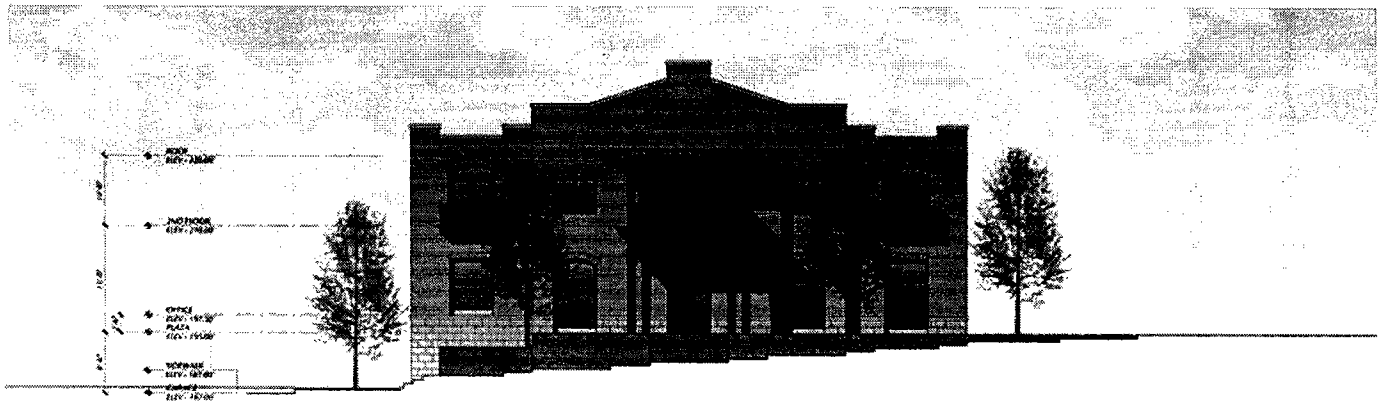
BERNAU DEVELOPMENT CORPORATION

ANKROM MOISAN ARCHITECTS



NORTH ELEVATION

SOUTH ELEVATION



WEST ELEVATION

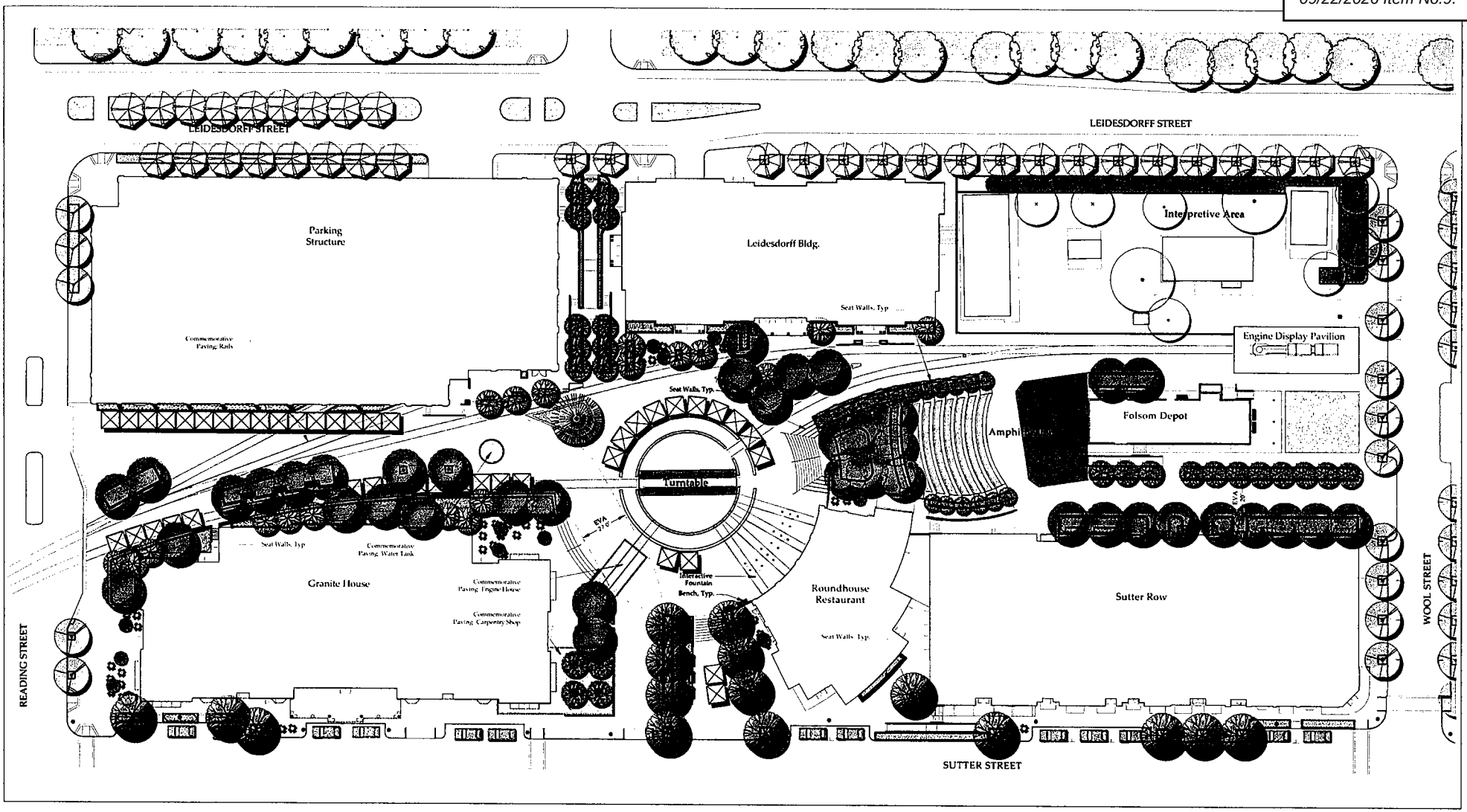
EAST ELEVATION

ATTACHMENT NO. 4

EXHIBIT B

PUBLIC PLAZA DESIGN

[See Attached.]



"The Layers of History"

Historic Folsom Station

Illustrative Plan
Folsom, California

0 20' 40' 60'

March, 2008

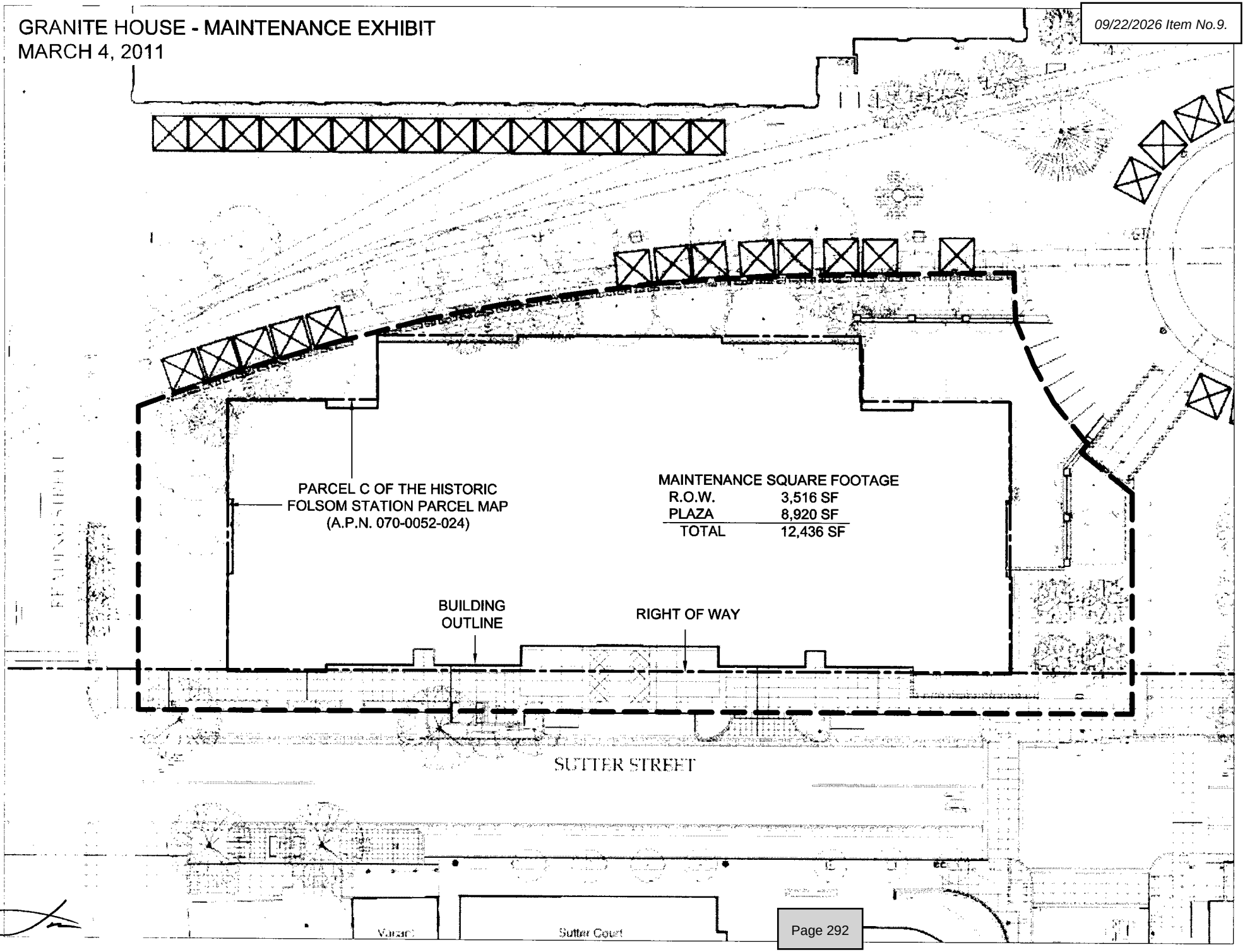
ATTACHMENT NO. 4

EXHIBIT C

PUBLIC PLAZA MAINTENANCE OBLIGATION MAP

[See Attached.]

GRANITE HOUSE - MAINTENANCE EXHIBIT
MARCH 4, 2011



ATTACHMENT NO. 5

LEGAL DESCRIPTION OF THE MIXED-USE PARCELS

ALL THAT REAL PROPERTY LOCATED IN THE CITY OF FOLSOM, SACRAMENTO COUNTY, CALIFORNIA, DESCRIBED AS FOLLOWS:

PARCELS A, C, D & E, AS SHOWN ON THAT PARCEL MAP FILED IN THE SACRAMENTO COUNTY RECORDERS OFFICE IN BOOK 215 OF PARCEL MAPS, AT PAGE 17.

ATTACHMENT NO. 6

FORM OF GRANT DEED

RECORDING REQUESTED BY:

Folsom Redevelopment Agency
50 Natoma Street
Folsom, CA 95630

AFTER RECORDATION, MAIL TO:

Folsom Railroad Block Developers, LLC
ATTN: Jeremy G. Bernau, Member
915 Sutter Street, Suite 110
Folsom, CA 95630

GRANT DEED

For valuable consideration, the receipt of which is hereby acknowledged,

THE REDEVELOPMENT AGENCY OF THE CITY OF FOLSOM, a public body, corporate and politic, of the State of California (herein called "Grantor"), acting to carry out the Redevelopment Plan (herein called "Redevelopment Plan") for the Central Folsom Redevelopment Project in the City of Folsom, California, in accordance with the Community Redevelopment Law of the State of California, hereby grants to FOLSOM RAILROAD BLOCK DEVELOPERS, LLC (herein called "Grantee"), the real property (the "Mixed-Use Parcel") legally described in the document attached hereto, labeled Exhibit A, and incorporated herein by this reference.

1. The Mixed-Use Parcel is conveyed subject to the Redevelopment Plan and pursuant to an Amended and Restated Disposition and Development Agreement (the "DDA") entered into by and between the Grantor and the Grantee and dated _____, 2011. The Mixed-Use Parcel is also conveyed subject to easements of record.

2. The Grantee covenants and agrees for itself, its successors, its assigns and every successor in interest to the Mixed-Use Parcel and any part thereof that such Mixed-Use Parcel shall be devoted to the uses specified in the Redevelopment Plan, the DDA, and this Grant Deed for the periods of time specified therein. Except as further limited by the DDA and this Grant Deed, all uses conducted on the Mixed-Use Parcel or any part thereof, including, without limitation, all activities undertaken by the Grantee pursuant to the DDA, shall conform to the Redevelopment Plan and all applicable provisions of the *Folsom Municipal Code* and the Community Redevelopment Law of the State of California.

Notwithstanding provisions of the *Folsom Municipal Code*, the Grantee herein expressly covenants and agrees, for itself, its successors, its assigns and every successor in interest that the uses and types of businesses set forth below shall not be permitted by owners, occupants or tenants of the Mixed-Use Parcel or parts thereof. These use restrictions shall run with the land and be disclosed in every sale or lease of a Mixed-Use Parcel or part thereof. Any

alteration of such use restrictions shall require an amendment of the DDA and this Grant Deed formally approved by the members of the Agency's Board:

- "Laundromat, Self-Service," as listed in the Commercial Use Table of the *Folsom Municipal Code*, Section 17.22.030E, Use #135, and defined as any establishment that contains coin or other pay operated laundry machines for use on-site, other than laundry facilities constructed and operated exclusively as an amenity serving the residential units constructed on the Mixed-Use Parcels; laundromats are not intended to include dry cleaning establishments;

- "Check-Casher Business," as defined in Civil Code Section 1789.31 as written or hereafter amended which reads as follows: "a 'check casher' means a person or entity that for compensation engages, in whole or in part, in the business of cashing checks, warrants, drafts, money orders, or other commercial paper serving the same purpose. 'Check casher' does not include a state or federally chartered bank, savings association, credit union, or industrial loan company. 'Check casher' also does not include a retail seller engaged primarily in the business of selling consumer goods, including consumables, to retail buyers that cashes checks or issues money orders for a fee not exceeding two dollars ($2) as a service to its customers that is incidental to its main purpose or business.";

- "Discount Store," defined as any establishment that sells a diverse range of products and in which at least eighty percent (80%) of the products for sale are priced at one dollar ($1.00) or less per unit;

- "Liquor Store," as listed in the Commercial Use Table of the *Folsom Municipal Code*, Section 17.22.030E, Use #141, and defined as any establishment with sixty percent (60%) or more of its shelf space devoted to the sale of alcoholic beverages, other than beer, wine and fortified wines, for consumption elsewhere;

- "Tattoo Shop," as listed in the Commercial Use Table of the *Folsom Municipal Code*, Section 17.22.030E, Use #229, and defined as any establishment whose principal business activity is the placing of designs, letters, figures, symbols or other marks upon or under the skin of a person using ink or other substances that result in the permanent coloration of the skin by means of the use of needles or other instruments designed to contact or puncture the skin;

- "Pawn Shop or Pawnbroker," as listed in the Commercial Use Table of the *Folsom Municipal Code*, Section 17.22.030E, Use #170, and as defined in California Finance Code Section 21000 as written or hereafter amended which reads as follows: "Every person engaged in the business of receiving goods, including motor vehicles, in pledge as security for a loan is a pawnbroker.";

- "Adult-related business," as defined in Chapter 5.21 of Title 5 of the *Folsom Municipal Code*;

- "Auto Minor Service-Repair-Replacement," as listed in the Commercial Use Table of the *Folsom Municipal Code*, Section 17.22.030E, Use #19;
- "Towing Service-No Storage of Vehicles," as listed in the Commercial Use Table of the *Folsom Municipal Code*, Section 17.22.030E, Use #237;
- "Furniture Cleaning, Refinishing and Reupholstery Shop," as listed in the Commercial Use Table of the *Folsom Municipal Code*, Section 17.22.030E, Use #101;
- "Funeral Establishment," as listed in the Commercial Use Table of the *Folsom Municipal Code*, Section 17.22.030E, Use #103;
- "Taxi Cab Service and Storage Facility," as listed in the Commercial Use Table of the *Folsom Municipal Code*, Section 17.22.030E, Use #230;
- "Tool Reconditioning," as listed in the Commercial Use Table of the *Folsom Municipal Code*, Section 17.22.030E, Use #235.

Additionally, for a period of not less than twenty (20) years from the date a Certificate of Occupancy is granted for the Developer Improvements on the Mixed-Use Parcel (as said Developer Improvements are described in the DDA), the Grantee hereby covenants and agrees to use and continuously operate the Mixed-Use Parcel as follows:

a. The portion of the Mixed-Use Parcel developed with residential units shall continue to be used and operated as residential units only; however, Affordable Units constructed pursuant to Section 403.1 of the DDA, if any, shall be used and operated as affordable residential units for the time period required by the covenants recorded against such Affordable Units pursuant to Section 403.4 of the DDA.

b. The portion of the Mixed-Use Parcel developed as ground-level retail (street level along Sutter Street and Wool Street frontages, and plaza level adjacent to the public plaza) shall continue to be used and operated for retail purposes only.

3. Prior to the issuance of a Release of Construction Covenants by the Grantor as provided in the DDA, the Grantee shall not, except as permitted by the DDA, sell, transfer, convey, assign or lease the whole or any part of the Mixed-Use Parcel without the prior written approval of the Grantor. This prohibition shall not apply subsequent to the issuance of a Release of Construction Covenants with respect to the improvements upon the Mixed-Use Parcel. This prohibition shall not be deemed to prevent the granting of easements or permits to facilitate the development of the Mixed-Use Parcel or to prohibit or restrict the leasing of any part or parts of a building or structure when said improvements are completed.

4. Subject to the provisions of Section 505 of the DDA, the Grantor shall have the additional right, at its option, to repurchase, reenter and take possession of the Mixed-Use Parcel hereby conveyed, or such portion thereof, with all improvements thereon, if after conveyance of title and prior to issuance of a Release of Construction Covenants therefor, the Grantee or successor in interest shall:

a. Fail to start the construction of the improvements to be constructed on the Mixed-Use Parcel as required by the DDA for a period of thirty (30) days after written notice thereof from the Grantor; or

b. Abandon or substantially suspend construction of the improvements to be constructed on the Mixed-Use Parcel as required by the DDA for a period of thirty (30) days after written notice of such abandonment or suspension from the Grantor; or

c. Transfer or suffer any involuntary transfer of the Mixed-Use Parcel in violation of the DDA.

Such right to repurchase, reenter and repossess, to the extent provided in this paragraph 4, shall be subordinate and subject to and be limited by and shall not defeat, render invalid or limit:

a. Any mortgage, deed of trust or other security instrument permitted by the DDA; or

b. Any rights or interests provided in the DDA for the protection of the holder of such mortgages, deeds of trust or other security instruments.

5. Subject to the provisions of Section 506 of the DDA, the Grantor shall have the right, at its election, to reenter and take possession of the Mixed-Use Parcel hereby conveyed, or such portion thereof, with all improvements thereon, and revest in the Grantor the estate conveyed to the Grantee, if after conveyance of title and prior to issuance of a Release of Construction Covenants therefor, the Grantee or successor in interest shall:

a. Fail to start the construction of the improvements to be constructed on the Mixed-Use Parcel as required by the DDA for a period of thirty (30) days after written notice thereof from the Grantor; or

b. Abandon or substantially suspend construction of the improvements to be constructed on the Mixed-Use Parcel as required by the DDA for a period of thirty (30) days after written notice of such abandonment or suspension from the Grantor; or

c. Transfer or suffer any involuntary transfer of the Mixed-Use Parcel in violation of the DDA.

Such right to reenter, repossess and revest, to the extent provided in this paragraph 5, shall be subordinate and subject to and be limited by and shall not defeat, render invalid or limit:

a. Any mortgage, deed of trust or other security instrument permitted by the DDA;

b. Any rights or interests provided in the DDA for the protection of the holder of such mortgages, deeds of trust or other security instruments.

6. The Grantee covenants by and for itself and any successors in interest that there shall be no discrimination against or segregation of any person or group of persons on account of

any basis listed in subdivision (a) or (d) of Section 12955 of the California Government Code, as those bases are defined in Sections 12926, 12926.1, subdivision (m) and paragraph (1) of subdivision (p) of Section 12955, and Section 12955.2 of the California Government Code in the sale, lease, sublease, transfer, use, occupancy, tenure or enjoyment of the Mixed-Use Parcel, nor shall the Grantee itself or any person claiming under or through it establish or permit any such practice or practices of discrimination or segregation with reference to the selection, location, number, use or occupancy of tenants, lessees, subtenants, sublessees or vendees in the Mixed-Use Parcel.

All deeds, leases or contracts made relative to the Mixed-Use Parcel, the improvements thereon or any part thereof, shall contain or be subject to substantially the following nondiscrimination clauses:

a. In deeds: "The grantee herein covenants by and for himself or herself, his or her heirs, executors, administrators, and assigns, and all persons claiming under or through them, that there shall be no discrimination against or segregation of any person or group of persons on account of any basis listed in subdivision (a) or (d) of Section 12955 of the California Government Code, as those bases are defined in Sections 12926, 12926.1, subdivision (m) and paragraph (1) of subdivision (p) of Section 12955, and Section 12955.2 of the California Government Code in the sale, lease, sublease, transfer, use, occupancy, tenure or enjoyment of the land herein conveyed, nor shall the grantee himself or herself, or any person claiming under or through him or her, establish or permit any such practice or practices of discrimination or segregation with reference to the selection, location, number, use or occupancy of tenants, lessees, subtenants, sublessees or vendees in the land herein conveyed. The foregoing covenants shall run with the land."

b. In leases: "The lessee herein covenants by and for himself or herself, his or her heirs, executors, administrators and assigns, and all persons claiming under or through him or her, and this lease is made and accepted upon and subject to the following conditions:

"That there shall be no discrimination against or segregation of any person or group of persons on account of any basis listed in subdivision (a) or (d) of Section 12955 of the California Government Code, as those bases are defined in Sections 12926, 12926.1, subdivision (m) and paragraph (1) of subdivision (p) of Section 12955, and Section 12955.2 of the California Government Code in the leasing, subleasing, transferring, use, occupancy, tenure or enjoyment of the land herein leased, nor shall the lessee himself or herself, or any person claiming under or through him or her, establish or permit any such practice or practices of discrimination or segregation with reference to the selection, location, number, use or occupancy of tenants, lessees, sublessees, subtenants or vendees in the land herein leased."

c. In contracts: "There shall be no discrimination against or segregation of any person or group of persons on account of any basis listed in subdivision (a) or (d) of Section 12955 of the California Government Code, as those bases are defined in Sections 12926, 12926.1, subdivision (m) and paragraph (1) of subdivision (p) of Section 12955, and Section 12955.2 of the California Government Code in the sale, lease, sublease,

transfer, use, occupancy, tenure or enjoyment of the land, nor shall the transferee himself or herself, or any person claiming under or through him or her, establish or permit any such practice or practices of discrimination or segregation with reference to the selection, location, number, use or occupancy of tenants, lessees, sublessees, subtenants or vendees in the land."

7. No violation or breach of the covenants, conditions, restrictions, provisions or limitations contained in this Grant Deed shall defeat or render invalid or in any way impair the lien or charge of any mortgage, deed of trust or other financing or security instrument permitted by the DDA; provided, however, that any successor of Grantee to the Mixed-Use Parcel shall be bound by such remaining covenants, conditions, restrictions, limitations and provisions, whether such successor's title was acquired by foreclosure, deed in lieu of foreclosure, trustee's sale or otherwise.

8. Except as otherwise provided, the covenants contained in paragraph 2 of this Grant Deed shall remain in effect until the termination date of the Redevelopment Plan. The covenants against discrimination contained in paragraph 6 of this Grant Deed shall remain in perpetuity. The covenants contained in paragraphs 3, 4 and 5 shall remain in effect until issuance of a Release of Construction Covenants pursuant to Section 310 of the DDA.

9. The covenants contained in paragraphs 2, 3, 4, 5 and 6 of this Grant Deed shall be binding for the benefit of the Grantor, its successors and assigns, the City of Folsom and any successor in interest to the Mixed-Use Parcel or any part thereof, and such covenants shall run in favor of the Grantor and such aforementioned parties for the entire period during which such covenants shall be in force and effect, without regard to whether the Grantor is or remains an owner of any land or interest therein to which such covenants relate. The Grantor and such aforementioned parties, in the event of any breach of any such covenants, shall have the right to exercise all of the rights and remedies, and to maintain any actions at law or suits in equity or other proper proceedings to enforce the curing of such breach. The covenants contained in this Grant Deed shall be for the benefit of and shall be enforceable only by the Grantor, its successors and such aforementioned parties.

10. In the event of any express conflict between this Grant Deed or the DDA, the provisions of this Grant Deed shall control.

11. Any amendments to the Redevelopment Plan that change the uses or development permitted on the Mixed-Use Parcel or change the restrictions or controls that apply to the Mixed-Use Parcel or otherwise affect the Mixed-Use Parcel shall require the written consent of the Grantee. Amendments to the Redevelopment Plan applying to other property in the Project Areas shall not require the consent of the Grantee.

IN WITNESS WHEREOF, the Grantor and Grantee have caused this instrument to be executed on their behalf by their respective officers thereunto duly authorized, this _____ day of _____, 20__.

REDEVELOPMENT AGENCY OF THE
CITY OF FOLSOM, "GRANTOR"

By _____[Not for Execution/Form Only]_____
Executive Director

APPROVED:

By [Not for Execution/Form Only]
Counsel for Grantor

The provisions of this Grant Deed are hereby approved and accepted by the Grantee.

FOLSOM RAILROAD BLOCK
DEVELOPERS, LLC, "GRANTEE"

By [Not for Execution/Form Only]

By [Not for Execution/Form Only]

By [Not for Execution/Form Only]

ATTACHMENT NO. 7

SCHEDULE OF PERFORMANCE

Action	**Date**
Amended and Restated DDA Executed	Not later than April 1, 2011.
Agency Commences Construction of Public Plaza Improvements (§201)	By April 1, 2011.
Agency Completes Construction of Public Plaza Improvements (§201)	By December 31, 2012.
A. MIXED-USE PARCEL C ("GRANITE HOUSE")	
Developer shall have obtained all land use and other discretionary entitlements, permits, and approvals from the City and any other governmental agency applicable to the development of Mixed-Use Parcel C, other than Air Space Easements (§§ 303, 405.6)	COMPLETED.
Developer Submits Complete Construction Plans (i.e., civil, landscaping, and building) for development of Mixed-Use Parcel C to City	COMPLETED.
Parcel Map(s) Prepared by Agency (Scope of Development, Attachment No. 4, §IV.A.)	COMPLETED.
City Approves Developer's Construction Plans for development of Mixed-Use Parcel C	COMPLETED.
Escrow Opened (§203)	Within 30 days after the execution of this Agreement by the Agency.
Agency gives appraiser direction to proceed to prepare complete appraisal of Mixed-Use Parcel C (§202.2)	Promptly following the opening of Escrow for conveyance of Mixed-Use Parcel C to the Developer.

Action	Date
Developer Submits Evidence of Financing (§311.1)	Within 90 days after the appraisal of Mixed-Use Parcel C is completed.
Developer Submits Air Space Easements for Mixed-Use Parcel C (§405.6)	Within 60 days after the opening of Escrow for conveyance of Mixed-Use Parcel C.
Appraiser completes appraisal of Mixed-Use Parcel C	FOR INFORMATION ONLY — Estimated to occur within 60 days after Agency gives appraiser direction to proceed.
Agency Approves Developer's Evidence of Financing (§311.1)	Within 30 days after submission thereof by the Developer.
Agency Approves Developer's Air Space Easements for Mixed-Use Parcel C (§405.6)	Within 30 days after submission thereof by the Developer.
Close Escrow for Mixed-Use Parcel C (§203.4)	Within 30 days after satisfaction or waiver of all of the Agency's Conditions Precedent and Developer's Conditions Precedent, but in no event later than January 1, 2012.
Developer Commences Construction of Developer Improvements on Mixed-Use Parcel C (§301.1)	Within 30 days after the Closing Date for conveyance of Mixed-Use Parcel C to the Developer (not later than February 1, 2012).
Developer Completes Construction of Developer Improvements on Mixed-Use Parcel C (§301.1)	Within 12 months after commencement of construction (not later than February 1, 2013).
B. MIXED-USE PARCEL D ("ROUNDHOUSE")	
Escrow Opened (§203)	Within 30 days after completion of construction on Mixed-Use Parcel C, unless an earlier opening of Escrow is requested by the Developer.

Action	Date
Developer shall have obtained all land use and other discretionary entitlements, permits, and approvals from the City and any other governmental agency applicable to the development of Mixed-Use Parcel D (§303)	COMPLETED.
Developer Submits Complete Construction Plans (i.e., civil, landscaping, and building) for development of Mixed-Use Parcel D to City	COMPLETED.
Developer Obtains City Approval of Developer's Construction Plans for development of Mixed-Use Parcel D	Prior to the Close of Escrow for Mixed Use-Parcel D.
Agency gives appraiser direction to proceed to prepare complete appraisal of Mixed-Use Parcel D (§202.2)	Promptly following the opening of Escrow for conveyance of Mixed-Use Parcel D to the Developer.
Appraiser completes appraisal of Mixed-Use Parcel D	FOR INFORMATION ONLY — Estimated to occur within 60 days after Agency gives appraiser direction to proceed.
Developer Submits Evidence of Financing (§311.1)	Within 90 days after the appraisal of Mixed-Use Parcel D is completed.
Agency Approves Developer's Evidence of Financing (§311.1)	Within 30 days after submission thereof by the Developer.
Close Escrow for Mixed-Use Parcel D (§203.4)	Within 30 days after satisfaction or waiver of all of the Agency's Conditions Precedent and Developer's Conditions Precedent, but in no event later than December 1, 2013 (unless extended by mutual agreement of the parties).
Developer Commences Construction of Developer Improvements on Mixed-Use Parcel D (§301.1)	Within 30 days after the Closing Date for conveyance of Mixed-Use Parcel D to the Developer (not later than January 1, 2014).

Action	Date
Developer Completes Construction of Developer Improvements on Mixed-Use Parcel D (§301.1)	Within 12 months after commencement of construction (not later than January 1, 2015).
C. MIXED-USE PARCEL E ("SUTTER ROW")	
Escrow Opened (§203)	Within 30 days after completion of construction on Mixed-Use Parcel C, unless an earlier opening of Escrow is requested by Developer.
Developer shall have obtained all land use and other discretionary entitlements, permits, and approvals from the City and any other governmental agency applicable to the development of Mixed-Use Parcel E (§303)	COMPLETED.
Developer Submits Complete Construction Plans (i.e., civil, landscaping, and building) for development of Mixed-Use Parcel E to City	COMPLETED.
Developer Obtains City Approval of Developer's Construction Plans for development of Mixed-Use Parcel E	Prior to the Close of Escrow for Mixed-Use Parcel D.
Agency gives appraiser direction to proceed to prepare complete appraisal of Mixed-Use Parcel E (§202.2)	Promptly following the opening of Escrow for conveyance of Mixed-Use Parcel E to the Developer.
Appraiser completes appraisal of Mixed-Use Parcel E	FOR INFORMATION ONLY — Estimated to occur within 60 days after Agency gives appraiser direction to proceed.
Developer Submits Evidence of Financing (§311.1)	Within 90 days after the appraisal of Mixed-Use Parcel E is completed.
Agency Approves Developer's Evidence of Financing (§311.1)	Within 30 days after submission thereof by the Developer.

Action	Date
Close Escrow for Mixed-Use Parcel E (§203.4)	Within 30 days after satisfaction or waiver of all of the Agency's Conditions Precedent and Developer's Conditions Precedent, but in no event later than December 1, 2013 (unless extended by mutual agreement of the parties).
Developer Commences Construction of Developer Improvements on Mixed-Use Parcel E (§301.1)	Within 30 days after the Closing Date for conveyance of Mixed-Use Parcel E to the Developer (not later than January 1, 2014).
Developer Completes Construction of Developer Improvements on Mixed-Use Parcel E (§301.1)	Within 12 months after commencement of construction (not later than January 1, 2015).
D. MIXED-USE PARCEL A ("LEIDESDORFF BUILDING")	
Escrow Opened (§203)	Within 30 days after completion of construction on Mixed-Use Parcel E, unless an earlier opening of Escrow is requested by Developer.
Developer shall have obtained all land use and other discretionary entitlements, permits, and approvals from the City and any other governmental agency applicable to the development of Mixed-Use Parcel A (§303)	COMPLETED.
Developer Submits Complete Construction Plans (i.e., civil, landscaping, and building) for development of Mixed-Use Parcel A to City	COMPLETED.
Developer Obtains City Approval of Developer's Construction Plans for development of Mixed-Use Parcel A	Prior to the Close of Escrow for Mixed-Use Parcel A.
Agency gives appraiser direction to proceed to prepare complete appraisal of Mixed-Use Parcel A (§202.2)	Promptly following the opening of Escrow for conveyance of Mixed-Use Parcel A to the Developer.

Action	Date
Appraiser completes appraisal of Mixed-Use Parcel A	FOR INFORMATION ONLY — Estimated to occur within 60 days after Agency gives appraiser direction to proceed.
Developer Submits Evidence of Financing (§311.1)	Within 90 days after the appraisal of Mixed-Use Parcel A is completed.
Agency Approves Developer's Evidence of Financing (§311.1)	Within 30 days after submission thereof by the Developer.
Close Escrow for Mixed-Use Parcel A (§203.4)	Within 30 days after satisfaction or waiver of all of the Agency's Conditions Precedent and Developer's Conditions Precedent, but in no event later than November 1, 2015 (unless extended by mutual agreement of the parties).
Developer Commences Construction of Developer Improvements on Mixed-Use Parcel A (§301.1)	Within 30 days after the Closing Date for conveyance of Mixed-Use Parcel A to the Developer (not later than December 1, 2015).
Developer Completes Construction of Developer Improvements on Mixed-Use Parcel A (§301.1)	Within 12 months after commencement of construction (not later than December 1, 2016).

ATTACHMENT NO. 8

FORM OF RELEASE OF CONSTRUCTION COVENANTS

RECORDING REQUESTED BY AND
AFTER RECORDATION MAIL TO:

Folsom Railroad Block Developers, LLC
ATTN: Jeremy G. Bernau, Member
921 Sutter Street
Folsom, CA 95630

RELEASE OF CONSTRUCTION COVENANTS

THIS RELEASE OF CONSTRUCTION COVENANTS (the "Release") is made as of the _____ day of _____, 20__, by the REDEVELOPMENT AGENCY OF THE CITY OF FOLSOM, a public body, corporate and politic (the "Agency"), in favor of FOLSOM RAILROAD BLOCK DEVELOPERS, LLC, a Delaware limited liability company (the "Developer").

Recitals

A. The Agency and the Developer have entered into that certain Amended and Restated Disposition and Development Agreement (the "DDA") dated _____, 2011, concerning the redevelopment of certain real property (the "Mixed-Use Parcels") situated in the City of Folsom, California, as more fully described in Exhibit A, attached hereto and made a part hereof.

B. As referenced in Section 310 of the DDA, the Agency is required to furnish the Developer with a Release of Construction Covenants upon completion of construction of the Developer Improvements (as defined in Section 101 of the DDA) upon each of the Mixed-Use Parcels, which Release is required to be in such form as to permit it to be recorded in the Recorder's office of Sacramento County. This Release is a conclusive determination of satisfactory completion of the construction and development required by the DDA upon Mixed-Use Parcel __.

C. The Agency has conclusively determined that such construction and development upon Mixed-Use Parcel __ has been satisfactorily completed.

NOW, THEREFORE, the Agency hereby certifies as follows:

1. The Developer Improvements to be constructed by the Developer upon Mixed-Use Parcel __ have been fully and satisfactorily completed in conformance with the DDA. Any operating requirements and all use, maintenance or nondiscrimination covenants contained in the DDA shall remain in effect and enforceable according to their terms.

2. Nothing contained in this instrument shall modify in any other way any other provisions of the DDA.

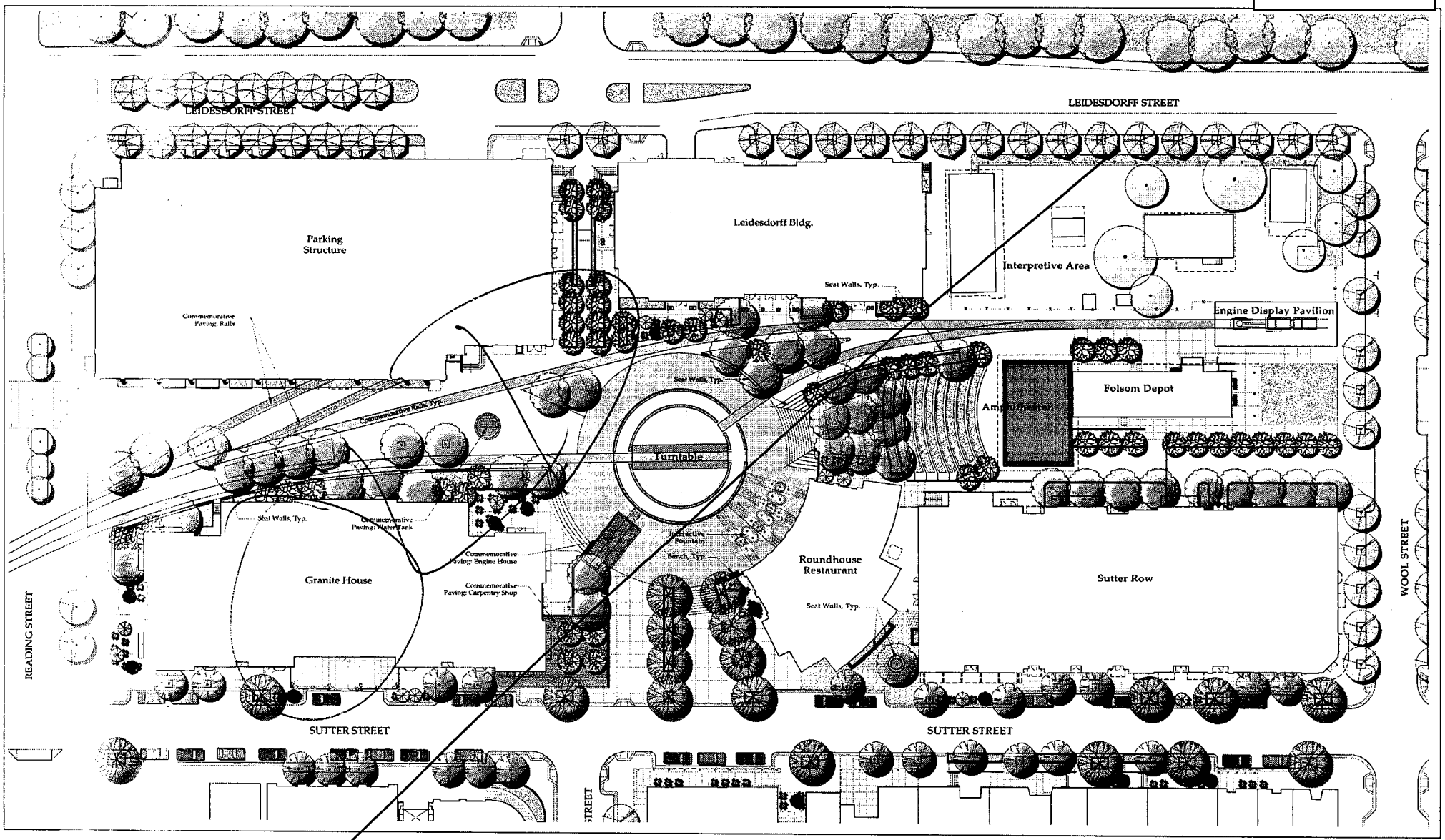
IN WITNESS WHEREOF, the Agency has executed this Release as of the date set forth above.

REDEVELOPMENT AGENCY OF THE
CITY OF FOLSOM, "GRANTOR"

By _____[Not for Execution/Form Only]_____
Executive Director

APPROVED:

By____[Not for Execution/Form Only]_____
Counsel for Grantor



Historic Folsom Station

Design Concept
Folsom, California

0 20' 40' 60'

September, 2007

DELETED

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CITY OF
FOLSOM
DISTINCTIVE BY NATURE

Folsom City Council
Staff Report

MEETING DATE:	9/22/2026
AGENDA SECTION:	Public Hearing
SUBJECT:	City of Folsom Community Facilities District No. 22A (Folsom Heights)
FROM:	Finance Department

RECOMMENDATION / CITY COUNCIL ACTION

It is recommended that the City Council conduct a public hearing and then adopt the following resolutions and conduct the first reading of the ordinance:

Resolution No. 11710 - A Resolution of the City Council of the City of Folsom to Form a Community Facilities District, to Designate Improvement Areas within the District, to Designate a Future Annexation Area therein and to Levy Special Taxes therein

Resolution No. 11711 - A Resolution of the City Council of the City of Folsom Deeming it Necessary to Incur Bonded Indebtedness in and for City of Folsom Community Facilities District No. 22A (Folsom Heights)

Resolution No. 11712 - A Resolution of the City Council of the City of Folsom Calling Special Mailed-Ballot Election in the City of Folsom Community Facilities District No. 22A (Folsom Heights)

Resolution No. 11713 – A Resolution of the City Council of the City of Folsom Declaring Election Results in the City of Folsom Community Facilities District No. 22A (Folsom Heights)

Resolution No. 11714 - A Resolution of the City Council of the City of Folsom Determining that the Special Tax of City of Folsom Community Facilities District No. 22 (Folsom

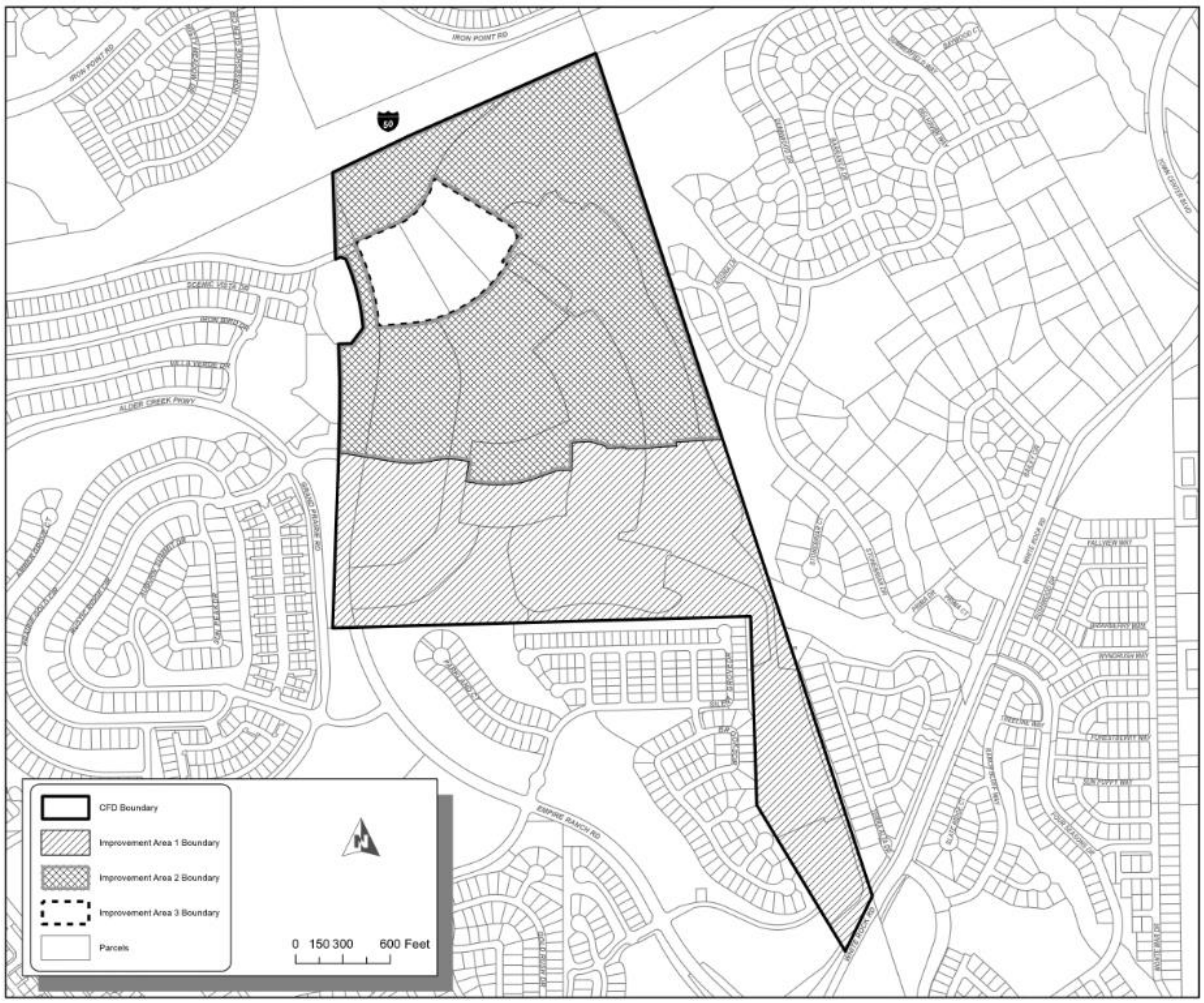
Heights) Shall Cease to be Levied and Authorizing and Directing the Recordation of a Notice of Cessation of Special Tax

Ordinance No. 1379 – An Uncodified Ordinance Levying Special Taxes for the Fiscal Year 2026-27 and Following Fiscal Years Solely within and Relating to the City of Folsom Community Facilities District No. 22A (Folsom Heights) (Introduction and First Reading)

BACKGROUND / ISSUE

The Folsom Plan Area Specific Plan Public Facilities Financing Plan ("PFFP"), approved by the City Council on January 28, 2014 via Resolution 9298, is an $877 million plan that describes the backbone infrastructure and facility requirements, presents a comprehensive financing strategy, and sets forth the estimated time horizon for the development of the Folsom Plan Area ("FPA"). In 2018, at the request of the landowners, City of Folsom Community Facilities District No. 22 (Folsom Heights) ("CFD No. 22") was formed and special tax revenues generated from CFD No. 22 would have helped fund all or a portion of the project's share of PFFP backbone infrastructure and facilities. Now, at the request of the landowners, CFD No. 22 will be terminated in connection with this formation and replaced by CFD 22A.

Landowners within the FPA requested to form the proposed City of Folsom Community Facilities District No. 22A (Folsom Heights) ("CFD No. 22A"), including three separate Improvement Areas ("IA"), designated as Improvement Area No. 1, Improvement Area No. 2 and Improvement Area No. 3. A boundary map showing the proposed CFD 22A and the three separate improvement areas is below.



Special tax revenues generated from each IA within CFD No. 22A will help fund all or a portion of the project's share of PFFP backbone infrastructure and facilities. A detailed list of authorized facilities can be found under Exhibit A of Resolution No. 11710. A summary of the facilities authorized to be funded by CFD No. 22A include, but are not limited to:

- Transportation Improvements including all public roadway improvement designed to meet the needs of development within CFD No. 22A, including internal subdivision streets and related underground utilities.
- Water System Improvements
- Recycled Water System Improvements
- Drainage System Improvements
- Wastewater System Improvements
- Park, Parkway and Open Space Improvements
- Specific Plan Infrastructure Fee Infrastructure
- Other Incidental Expenses and Bond Issuance Costs

In addition, the following project-specific services are anticipated to be funded by CFD No. 22A special taxes:

- Open space maintenance
- Landscape corridors and paseos
- Street light maintenance
- Medians, entries and entry monumentation
- Neighborhood park maintenance, repair and replacement
- Community amenities
- Storm water management
- Other miscellaneous costs related to any of the items described above
- Anticipated future repairs or replacements costs.
- Public Services for Police, Fire and other emergency services

The proposed CFD No. 22A is located within the FPA and is generally bounded by U.S. Highway 50 on the north, the El Dorado County line on the east, and White Rock Road on the south. Each IA within CFD No. 22A includes several Assessor's Parcel Numbers, which are identified in the proposed boundary map for CFD No. 22A. The proposed development plan for each IA within CFD No. 22A includes the following:

Improvement Area	SF/SFHD Units	MLD Units	Non-Residential Lots	Total Residential Units	Total Lots
IA 1	209	53	0	262	262
IA 2	196	72	0	268	268
IA 3	0	0	3	0	3
Total	**405**	**125**	**3**	**530**	**533**

The CFD No. 22A funding stream will be a combination of bonded indebtedness and pay-as-you-go ("PAYGO") funding, both secured by the levy of special taxes upon property within the boundaries of CFD No. 22A.

On August 11, 2026, this City Council approved a proposed boundary map and declared the intention to form CFD No. 22A and to levy special taxes within CFD No. 22A by passage of Resolution No. 11679. On that same date, this City Council declared the necessity for incurring bonded indebtedness in and for CFD No. 22A and in and for each IA designated therein by passage of Resolution No. 11680.

A Public Hearing is required as part of the formation process of a Community Facilities District. Notice of the hearing was mailed to the landowners within CFD No. 22A on September 4, 2026, and published in the Folsom Telegraph on September 11, 2026. A copy of the required CFD Public Hearing Report has been made available in the City Clerk's office since September 11, 2026, and is also included with this report as Attachment 7.

POLICY / RULE

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

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

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

Mello-Roos Community Facilities Act of 1982

ANALYSIS

CFD No. 22A will be structured as an extended-term CFD and will provide the necessary funding to help fund all or a portion of the project's share of PFFP backbone infrastructure and facilities, including related environmental mitigation obligations. The PFFP backbone infrastructure and facilities will be financed using both bond proceeds and PAYGO special tax revenues. The extended-term CFD structure is proposed to help to meet the challenge of high-cost infrastructure and facilities while also aligning the timing of future funding availability with the need for such funding.

The PFFP backbone facilities to be funded via CFD No. 22A, and listed above, were originally anticipated to be funded by either Community Facilities District No. 18 (Folsom Plan Area - Area-Wide Improvements and Services) or funded as part of project specific CFDs established for each development within the FPA.

The special tax revenue generated from taxable parcels within each IA of CFD No. 22A will be comprised of a special tax to fund facilities and a special tax to fund services. The 2026/27 maximum facilities special tax rates, set forth in each IA's Rate and Method of Apportionment (RMA), for each land use category are provided in the table below:

Land Use Category	Lot Size	Improvement Area	2026/27 Maximum Facilities Special Tax Rate	Per
Single-Family Detached Property – SF Zoning	Any	1	$3,500	Lot
Single-Family Detached Property – SFHD Zoning	> = 5,775 Sq Ft	1	$2,800	Lot
Single-Family Detached Property – SFHD Zoning	< 5,775 Sq Ft	1	$2,600	Lot

Single-Family Detached Property – MLD Zoning	Any	1	$2,000	Lot
Other Taxable Property	Any	1	$15,000	Acre
Permit Ready Multi-Family/Non-Residential Property	Any	1	$15,000	Acre
Large Lot Property	Any	1	$15,000	Acre
Undeveloped Property	Any	1	$15,000	Acre
Single-Family Detached Property – SF Zoning	Any	2	$3,770	Lot
Single-Family Detached Property – SFHD Zoning	> = 5,775 Sq Ft	2	$3,067	Lot
Single-Family Detached Property – SFHD Zoning	< 5,775 Sq Ft	2	$2,959	Lot
Single-Family Detached Property – MLD Zoning	Any	2	$2,357	Lot
Other Taxable Property	Any	2	$15,000	Acre
Permit Ready Multi-Family/Non-Residential Property	Any	2	$15,000	Acre
Large Lot Property	Any	2	$15,000	Acre
Undeveloped Property	Any	2	$15,000	Acre
Single-Family Detached Property – SF Zoning	Any	3	$0	Lot
Single-Family Detached Property – SFHD Zoning	> = 5,775 Sq Ft	3	$0	Lot
Single-Family Detached Property – SFHD Zoning	< 5,775 Sq Ft	3	$0	Lot
Single-Family Detached Property – MLD Zoning	Any	3	$0	Lot
Other Taxable Property	Any	3	$0	Acre
Permit Ready Multi-Family/Non-Residential Property	Any	3	$0	Acre
Large Lot Property	Any	3	$0	Acre
Undeveloped Property	Any	3	$0	Acre

The CFD No. 22A facilities special tax can be levied and collected through Fiscal Year 2086/87. Each fiscal year, commencing with 2027/28, the maximum facilities special tax rate will be increased by 2% annually.

The 2026/27 maximum services special tax rates, set forth in each IA's RMA for each land use category are provided in the table below:

Land Use Category	**Lot Size**	**Improvement Area**	**2026/27 Maximum Services Special Tax Rate**	**Per**
Single-Family Detached Property – SF Zoning	Any	1	$137	Lot
Single-Family Detached Property – SFHD Zoning	> = 5,775 Sq Ft	1	$137	Lot
Single-Family Detached Property – SFHD Zoning	< 5,775 Sq Ft	1	$137	Lot
Single-Family Detached Property – MLD Zoning	Any	1	$117	Lot
Other Taxable Property	Any	1	$645	Acre

Permit Ready Multi-Family/Non-Residential Property	Any	1	$645	Acre
Large Lot Property	Any	1	$645	Acre
Undeveloped Property	Any	1	$645	Acre
Single-Family Detached Property – SF Zoning	Any	2	$137	Lot
Single-Family Detached Property – SFHD Zoning	> = 5,775 Sq Ft	2	$137	Lot
Single-Family Detached Property – SFHD Zoning	< 5,775 Sq Ft	2	$137	Lot
Single-Family Detached Property – MLD Zoning	Any	2	$117	Lot
Other Taxable Property	Any	2	$659	Acre
Permit Ready Multi-Family/Non-Residential Property	Any	2	$659	Acre
Large Lot Property	Any	2	$659	Acre
Undeveloped Property	Any	2	$659	Acre
Single-Family Detached Property – SF Zoning	Any	3	$137	Lot
Single-Family Detached Property – SFHD Zoning	> = 5,775 Sq Ft	3	$137	Lot
Single-Family Detached Property – SFHD Zoning	< 5,775 Sq Ft	3	$137	Lot
Single-Family Detached Property – MLD Zoning	Any	3	$117	Lot
Other Taxable Property	Any	3	$474	Acre
Permit Ready Multi-Family/Non-Residential Property	Any	3	$474	Acre
Large Lot Property	Any	3	$474	Acre
Undeveloped Property	Any	3	$474	Acre

The CFD No. 22A services special tax can be levied and collected until the bonds mature, or the "Transition Event", per the RMA. Each fiscal year, commencing with 2027/28, the maximum services special tax rate will be increased by the maximum of two percent (2%) or the June annualized percentage change of the Consumer Price Index for all Urban Consumers, for the San Francisco-Oakland-San Jose area, not to exceed four percent (4%).

After the Transition Event, both the facilities special tax and services special tax levies will cease, and a transition services special tax will replace the prior funding. The transition services special tax will be an amount equal to 50% of the maximum facilities special tax rate the year prior to the Transition Event plus the maximum services special tax rate the year prior to the Transition Event. Each fiscal year, commencing with the transition year, the maximum transition services special tax rate will be increased by the maximum of two percent (2%) or the June annualized percentage change of the Consumer Price Index for all Urban Consumers, for the San Francisco-Oakland-San Jose area, not to exceed four percent (4%).

As described above, CFD No. 22A will include an extended-term in order to provide the financing to fund CFD No. 22A authorized facilities through multiple CFD bond issues and the generation of PAYGO special tax revenue from the levy and collection of the special tax. The primary pledge of CFD No. 22A special tax revenues will be to service outstanding CFD No. 22A debt. Special tax revenues in excess of the annual debt service and administrative expenses will be used on a PAYGO basis. 100% of the PAYGO revenue beginning with CFD

No. 22A formation through the 20th fiscal year is intended to be available to the landowners to fund eligible facilities. After that, any PAYGO revenues may be used at the City's discretion to continue to fund or acquire eligible facilities, or the City may elect to reduce the special tax levy amount to eliminate PAYGO revenues.

Approving the resolutions attached:

- Forms CFD No. 22A and designates three Improvement Areas therein
- Authorizes the levy of special taxes within each Improvement Area therein
- Deems it necessary to incur bonded indebtedness within Improvement Area No. 1 and No. 2
- Calls for a special mailed ballot election within each Improvement Area
- Declares the results of the special mailed ballot election within each Improvement Area
- Determines cessation of special tax for the previously formed CFD 22

An ordinance is also being introduced to levy special taxes within CFD No. 22A for fiscal year 2026/27 and following fiscal years. This is the first reading of the ordinance.

FINANCIAL IMPACT

The services special tax for CFD No. 22A was structured to include police, fire, and other emergency services as project-specific services.

The CFD No. 22A formation, bonded indebtedness, and expenses are solely the responsibility of CFD No. 22A. The General Fund is not impacted by the CFD No. 22A Rate and Method of Apportionment.

ENVIRONMENTAL REVIEW

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

ATTACHMENTS

1. Resolution No. 11710 - A Resolution of the City Council of the City of Folsom to Form a Community Facilities District, to Designate Improvement Areas within the District, to Designate a Future Annexation Area therein and to Levy Special Taxes therein

2. Resolution No. 11711 - A Resolution of the City Council of the City of Folsom Deeming it Necessary to Incur Bonded Indebtedness in and for City of Folsom Community Facilities District No. 22A (Folsom Heights)

3. Resolution No. 11712 - A Resolution of the City Council of the City of Folsom Calling Special Mailed-Ballot Election in the City of Folsom Community Facilities District No. 22A (Folsom Heights)

4. Resolution No. 11713 – A Resolution of the City Council of the City of Folsom Declaring Election Results in the City of Folsom Community Facilities District No. 22A (Folsom Heights)

5. Resolution No. 11714 - A Resolution of the City Council of the City of Folsom Determining that the Special Tax of City of Folsom Community Facilities District No. 22 (Folsom Heights) Shall Cease to be Levied and Authorizing and Directing the Recordation of a Notice of Cessation of Special Tax

6. Ordinance No. 1379 – An Uncodified Ordinance Levying Special Taxes for the Fiscal Year 2026-27 and Following Fiscal Years Solely within and Relating to the City of Folsom Community Facilities District No. 22A (Folsom Heights) (Introduction and First Reading)

7. City of Folsom Community Facilities District No. 22A (Folsom Heights) Public Hearing Report

8. Landowner Ballots, Waivers and Consents

Submitted,

_____

Stacey Tamagni
Finance Director/CFO

Attachment 1

RESOLUTION NO. 11710

A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF FOLSOM TO FORM A COMMUNITY FACILITIES DISTRICT, TO DESIGNATE IMPROVEMENT AREAS WITHIN THE DISTRICT, TO DESIGNATE A FUTURE ANNEXATION AREA THEREIN AND TO LEVY SPECIAL TAXES THEREIN

WHEREAS, a community facilities district is proposed to be established (the "Community Facilities District") under the terms of the Mello-Roos Community Facilities Act of 1982, Chapter 2.5 of Division 2 of Title 5 of the California Government Code, commencing with Section 53311 (the "Act"); and

WHEREAS, pursuant to Section 53350 of the Act, three improvement areas are proposed to be designated within the Community Facilities District (each, an "Improvement Area" and, collectively, the "Improvement Areas"); and

WHEREAS, pursuant to Section 53339.2, certain property is proposed to be designated for annexation into the Community Facilities District in the future with only the unanimous approval of the owner or owners of each parcel or parcels at the time that parcel or those parcels are annexed (the "Future Annexation Area"); and

WHEREAS, the boundaries of the Community Facilities District, the Future Annexation Area, and each portion of the Community Facilities District designated as an Improvement Area, are described in a boundary map on file in the office of the City Clerk of the City of Folsom (the "City Clerk"); and

WHEREAS, for the preliminary scope of the project and financing contemplated by these proceedings, reference is made to Resolutions No. 11679 (the "Resolution of Intention") and No. 11680 adopted by the City Council of the City (the "City Council") on August 11, 2026; and

WHEREAS, on September 22, 2026, at the time and place scheduled for the public hearing concerning the formation of the Community Facilities District, the designation of the Future Annexation Area and the designation of the Improvement Areas, said public hearing of protests was duly convened by the City Council, and the City Council duly heard all interested parties desiring to be heard; and

WHEREAS, the City Council determined that a majority protest under Section 53324 of the Government Code was not made at the public hearing and therefore the proposed formation of the Communities Facilities District, the designation of the Future Annexation Area and the designation of each Improvement Area and special tax to be levied within each Improvement Area have not been eliminated by majority protest pursuant to said Section 53324; and

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

Section 1. The City Council finds and determines that the foregoing recitals are true and correct.

Section 2. The City Council hereby forms the Community Facilities District under the terms of the Act. The boundaries of the Community Facilities District, each Improvement Area and the Future Annexation Area are shown on the boundary map approved by the Resolution of Intention (the "Boundary Map"). A copy of the recorded Boundary Map is on file with the City Clerk and was recorded on August 14, 2026, at Book 149, Page 12 in the Book of Maps of Assessment and Community Facilities Districts in the official real estate records of the County of Sacramento. Property owners within the Future Annexation Area may annex into Community Facilities District No. 22A by unanimous consent, without further future action by the City Council.

Section 3. The name of the Community Facilities District is "City of Folsom Community Facilities District No. 22A (Folsom Heights)" ("CFD 22A").

Section 4. Pursuant to Section 53350 of the Act, the City Council hereby designates the portion of CFD 22A described as Improvement Area No. 1 in the Boundary Map as an improvement area, the portion of CFD 22A described as Improvement Area No. 2 in the Boundary Map as an improvement area, and the portion of CFD 22A described as Improvement Area No. 3 in the Boundary Map as an improvement area.

Section 5. The names of the Improvement Areas designated within CFD 22A are "City of Folsom Community Facilities District No. 22A (Folsom Heights) Improvement Area No. 1" ("Improvement Area No. 1"), "City of Folsom Community Facilities District No. 22A (Folsom Heights) Improvement Area No. 2" ("Improvement Area No. 2"), and "City of Folsom Community Facilities District No. 22A (Folsom Heights) Improvement Area No. 3" ("Improvement Area No. 3"), respectively.

Section 6. The types of public facilities (the "Facilities") and services (the "Services") proposed to be financed by CFD 22A, and to the financing of which each Improvement Area is proposed to contribute, are set forth on Exhibit A and Exhibit B attached to this resolution, respectively. The City Council hereby finds and determines that these Facilities and Services are necessitated to meet increased demands placed upon the City by new development occurring or anticipated within each Improvement Area.

Section 7. All of the Facilities to be financed will have an estimated useful life of at least five (5) years. They are public facilities that the City or another governmental entity is authorized by law to construct, own or operate or to which they may contribute revenue. The Facilities to be financed need not be physically located within CFD 22A.

Section 8. The types of incidental expenses and bond issuance costs proposed to be incurred are set forth on Exhibit C attached to this resolution.

Section 9. Except where funds are otherwise available, special taxes sufficient to pay for all Facilities and Services will be annually levied within each Improvement Area. Upon recordation of a notice of special tax lien pursuant to Section 3114.5 of the California Streets and Highways Code, a continuing lien to secure the related levy of the special tax shall attach to all

nonexempt real property within CFD 22A, and the lien shall continue in force and effect until the special tax obligation (or any portion thereof) is paid or prepaid and permanently satisfied and the special tax lien is cancelled in accordance with law or until collection of the special tax by the City ceases. The rate and method of apportionment of the special tax to be levied in each Improvement Area, as modified by this Resolution, are set forth in Exhibits D-1, D-2 and D-3, respectively, attached to this resolution. The special tax with respect to the Facilities on any parcel within each Improvement Area shall not be levied after the earlier of (i) Fiscal Year 2086-87 or (ii) the Fiscal Year occurring 50 years following (a) the Fiscal Year in which the first building permit was issued or (b) the first series of bonds or other debt issued for the respective Improvement Area. The special tax with respect to the Services shall be levied perpetually until the collection of the special tax by the City ceases. In the case of any special tax to pay for the Facilities and to be levied against any parcel used for private residential purposes, under no circumstances will the special tax levied against any parcel be increased as a consequence of delinquency or default by the owner of any other parcel or parcels within any Improvement Area by more than 10 percent of the special tax for Facilities that would be levied in that Fiscal Year but for such delinquencies or defaults.

Section 10. Advances of funds or contributions of work in kind from any lawful source, specifically including owners of property within each Improvement Area, may be reimbursed from bond proceeds or from special tax revenues or both to the extent of the lesser of the value or cost of the contribution, but any agreement to do so shall not constitute a debt or liability of the City.

To the extent the Facilities will not be constructed by the City, in the opinion of the City Council, the public interest will not be served by allowing the property owners in CFD 22A to intervene in a public bidding process pursuant to Section 53329.5(a) of the Act.

Section 11. The City intends to reserve to itself the right and authority to allow bond tenders from any interested landowner within CFD 22A to be accepted under Government Code sections 53344.1 and 53356.8 in full or partial payment of any installment of the special taxes or the interest or penalties thereon.

Section 12. The Finance Department, 50 Natoma Street, Folsom, California, (916) 461-6080, is designated as the office responsible for preparing annually a current roll of special tax levy obligations by assessor's parcel number, and for responding to inquiries regarding estimates of future special tax levies. The City Manager, the Finance Director and the Chief Financial Officer are each authorized, on behalf of the City, to negotiate and execute, from time to time, one or more contracts with private consultants to provide this service in lieu of the Finance Department, provided that the fees and charges for such private consultants will be provided for out of special tax revenues in each Improvement Area.

Section 13. Any bonds issued in these proceedings shall be callable in accordance with the provisions of the Act and as more specifically to be set forth in any resolution providing for the form, execution and issuance of bonds.

Section 14. The special tax will be billed as a separate line item on the secured property tax bills, and will be subject to the same enforcement mechanism, and the same penalties and interest for late payment, as regular *ad valorem* property taxes. However, the City reserves the right, under Section 53340, to utilize any method of collecting each 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, and when lawfully available, judicial foreclosure of the special tax lien.

Section 15. This City Council hereby establishes the annual appropriations limit for Improvement Area No. 1 at $4,000,000, for Improvement Area No. 2 at $4,000,000, and for Improvement Area No. 3 at $4,000,000, each for the 2026-27 fiscal year.

Section 16. Based upon a certificate relative to voters heretofore filed with the City Clerk, the qualified electors for the election to be held in these proceedings shall be the landowners owning land within each Improvement Area. The City Clerk or her designee will conduct the election by mailed ballot and hereby designates the City Clerk as the official to conduct the mailed-ballot election.

Section 17. This City Council now finds and determines that all proceedings up to and including the adoption of this resolution were and are valid and in conformity with the requirements of the Act. This determination and finding is final and conclusive in accordance with Government Code Section 53325.1(b).

Section 18. This resolution shall take effect from and after its adoption.

PASSED AND ADOPTED this 22nd day of September 2026 by the following roll-call vote:

AYES: Councilmember(s):

NOES: Councilmember(s):

ABSENT: Councilmember(s):

ABSTAIN: Councilmember(s):

_____
Justin Raithel, MAYOR

ATTEST:

_____
Christa Freemantle, CITY CLERK

EXHIBIT A

AUTHORIZED FACILITIES
CITY OF FOLSOM
COMMUNITY FACILITIES DISTRICT NO. 22A
(FOLSOM HEIGHTS)

The Facilities to be financed by CFD 22A include facilities designed to meet the needs of development within CFD 22A, whether such facilities are located within or outside the boundaries of CFD 22A, and include but are not limited to the following:

Transportation Improvements

Eligible roadway improvements include, but are not limited to: acquisition of land and easements; roadway design; project management; bridge crossings and culverts; clearing, grubbing, and demolition; grading, soil import/export, paving (including slurry seal), and decorative/enhanced pavement concrete and/or pavers; joint trenches, underground utilities and undergrounding of existing utilities; dry utilities and appurtenances; curbs, gutters, sidewalks, bike trails (including onsite and off-site), enhanced fencing, and access ramps; street lights, signalization, and traffic signal control systems; bus turnouts; signs and striping; erosion control; median and parkway landscaping and irrigation; entry monumentation; bus shelters, Bus Rapid Transit improvements including transfer stations and regional public transit improvements; masonry walls; traffic control and agency fees; and other improvements related thereto. Eligible improvements for the roads listed herein also include any and all necessary underground potable and recycled water, sanitary sewer, and storm drainage system improvements.

Authorized facilities include the following transportation improvements:

- Summit Street
- Prima Drive
- Empire Ranch Road
- Alder Creek Parkway
- Folsom Heights Drive
- Other public roadway improvements designed to meet the needs of development of property within CFD 22A, including internal subdivision streets and related underground utilities.

Water System Improvements

Authorized facilities include any and all water facilities designed to meet the needs of development of property within CFD 22A. These facilities include, but may not be limited to: water storage, treatment and distribution facilities including waterlines and appurtenances, gate valves,

pressure reducing stations, flow meters, fire hydrants, and other improvements related thereto such as site clearing, grading and paving; curbs and gutters; booster pump stations and power; stand-by generators; site lighting, drainage, sanitary sewer, and water service; landscaping and irrigation; access gates, and fencing; and striping and signage.

Recycled Water System Improvements

Authorized facilities include any and all recycled water system facilities designed to meet the needs of development of property within CFD 22A. These facilities include, but may not be limited to: treatment and distribution facilities including pipelines and appurtenances, gate valves, flow meters, booster pump pressurization system, and other improvements related thereto - such as site clearing, grading and paving; curbs and gutters; booster pump stations; stand-by generators; site lighting, drainage, sanitary sewer, and water service; landscaping and irrigation; access gates, and fencing; and striping and signage.

Drainage System Improvements

Authorized facilities include any and all drainage and storm drain improvements designed to meet the needs of development of property within CFD 22A. These facilities include, but may not be limited to: excavation and grading, pipelines and appurtenances, outfalls and water quality measures, detention/retention basins, drainage pretreatment facilities, drainage ways/channels, pump stations, landscaping and irrigation; access roads, gates, and fencing; and striping and signage and other improvements related thereto.

Wastewater System Improvements

Authorized facilities include any and all wastewater facilities designed to meet the needs of development of property within CFD 22A. These facilities include, but may not be limited to, pipelines and all appurtenances thereto; manholes; tie-in to existing main lines; force mains; lift stations; upgrades to existing lift stations; odor-control facilities; and permitting related thereto; and related sewer system improvements.

Park, Parkway and Open Space Improvements

Authorized facilities include any and all improvements to parks, parkways and open space required for development of property within CFD 22A. These facilities include, but may not be limited to: grading, turf, shrubs and trees, landscaping irrigation, site lighting, drainage, sanitary sewer and water service, pedestrian and bicycle trails, protective fencing (including soundwalls), pedestrian/bicycle bridges, storm drain crossings, wetland mitigation, hawk mitigation for authorized facilities herein, access gates and fencing and related open space improvements. Authorized facilities include acquisition of any and all parkland as well as open space/bike trail/public access easements required for development of property within CFD 22A.

Specific Plan Infrastructure Fee Infrastructure

Authorized facilities include any and all improvements that are included in the Specific Plan Infrastructure Fee Program adopted by the City Council on September 8, 2015, including any future amendments thereto.

Other Incidental Expenses and Bond Issuance Costs

In addition to the above facilities, other incidental expenses as authorized by the Mello-Roos Community Facilities Act of 1982, including, but not limited to, the cost of planning and designing the facilities (including the cost of environmental evaluation, remediation and mitigation); engineering and surveying; construction staking; utility relocation and demolition costs incidental to the construction of the public facilities; costs of project/construction management; costs (including the costs of legal services) associated with the formation of the Mello-Roos CFD; issuance of bonds (if any); determination of the amount of taxes; collection of taxes; payment of taxes; costs of calculating and providing reimbursements from one-time special tax payments; or costs otherwise incurred in order to carry out the authorized purposes of CFD 22A; and any other expenses incidental to the formation and implementation of CFD 22A and to the construction, completion, inspection and acquisition of the authorized facilities.

EXHIBIT B

AUTHORIZED SERVICES
CITY OF FOLSOM
COMMUNITY FACILITIES DISTRICT NO. 22A
(FOLSOM HEIGHTS)

The authorized services to be funded from the levy and collection of annual special taxes include those set forth below in addition to the costs associated with collecting and administering the special taxes and annual administration of CFD 22A.

CFD 22A will be eligible to fund all or a portion of the costs of reconstruction and/or rehabilitation, operation, maintenance, repair and replacement, and servicing of the following items not otherwise subject to funding from the City of Folsom Community Facilities District No. 18 (Folsom Plan Area – Area-Wide Improvements and Services):

1. Open Space improvements, operations and management, monitoring, maintenance (including general maintenance, signage, City owned fence maintenance, trash and debris collection, and bike trails and their appurtenances [drainage culverts or pipes from adjacent subdivisions] within open space), creation and maintenance of fire breaks, Permits, Vandalism/Graffiti, Flood Conveyance (Vegetation/tree removals), Beaver dam removals, Outfall/drainage swale maintenance, Erosion control/bank stabilization, Native planting/replanting, Pre and post emergent, maintenance activities as required by a 404 permit and Operations and Management Plan-Conservation and Passive Recreation Open Space, dated June 9, 2017, and repair and replacement of facilities within open space areas in the Project Area.

2. The maintenance of on-site landscape corridors and paseos designed to serve land uses within CFD 22A, including general maintenance, masonry walls, accent lighting, water and utility costs.

3. The maintenance of streetlights, including any utility costs related thereto.

4. The maintenance of medians, entries, and entry monumentation.

5. Neighborhood park maintenance, and repair and replacement.

6. Community amenities, such as a community clubhouse.

7. Storm water management, water quality structural controls, including drainage swales constructed between storm drain facilities and receiving waters.

8. Miscellaneous costs related to any of the items described above including planning, engineering, GIS, legal, and city and county administration costs.

9. The levy of special taxes to accumulate sinking funds for anticipated future repairs or replacement costs of landscape corridors, irrigation facilities, medians, entries and entry

monumentation, lighting, neighborhood parks, storm water management and other facilities maintained by CFD 22A as determined by the Administrator.

Annual maintenance functions and costs generally will include the installation, maintenance and servicing of ground cover, shrubs and trees, irrigation systems, street lighting, fencing, sound walls, sidewalks, monuments, enhanced open space maintenance including but not limited to maintaining the enhanced open space areas located adjacent to avoided or created habitat mitigation areas and other buffer areas between the enhanced open space and vertical development, bike trails, walkways, entry signage, street pavers, and labor, materials, supplies, utilities (including water and electricity) and equipment, as applicable, for property owned or maintained by the City. Annual maintenance costs include an allowance for long-term repair and replacement of improvements.

CFD 22A may fund any of the following related to the maintenance of the services described above: obtaining, repairing, reconstructing, furnishing, operating and maintaining equipment, apparatus or facilities related to providing the services and/or equipment, apparatus, facilities or fixtures in areas to be maintained, paying the salaries and benefits of the personnel necessary or convenient to provide the services, and other related expenses and the provision of reserves for repairs and replacements for the future provision of services. It is expected that the services will be provided by the City, either with its own employees or by contract with third parties, or any combination thereof. CFD 22A may also fund administrative fees of the City related to CFD 22A.

CFD 22A will further be eligible to fund all or a portion of the costs of the following public services:

Police, fire and other emergency services that are in addition to those services that were provided within the boundaries of CFD 22A at the time of formation of CFD 22A, including but not limited to (i) the costs of contracting services, (ii) related equipment, vehicles, ambulances, fire apparatus and supplies, (iii) the salaries and benefits of City and non-City staff that directly provide police, fire and emergency services, and (iv) City and non-City overhead costs associated with providing such services within CFD 22A.

EXHIBIT C

INCIDENTAL EXPENSES AND BOND ISSUANCE COSTS
CITY OF FOLSOM
COMMUNITY FACILITIES DISTRICT NO. 22A
(FOLSOM HEIGHTS)

It is anticipated that the following incidental expenses may be incurred for CFD 22A:

Engineering services
Special tax consultant services
City review and administration
Bond counsel services
Bond counsel expenses
Disclosure counsel services
Disclosure counsel expenses
Independent municipal advisor services and expenses
Appraiser services
Market absorption study and real estate economist services
Initial bond transfer agent, fiscal agent, registrar and paying agent fees
Rebate calculation service set up charge
Bond printing
Offering memorandum printing and mailing costs
Publishing, mailing and posting of notices
Underwriter's discount
Bond reserve fund
Capitalized interest
Bond syndication costs
Governmental notification and filing costs
Credit enhancement costs
Real estate acquisition costs
Rating agency fees
Charges and fees of City other than those waived

Certain annual costs may be included in each annual special tax levy. These include:

Annual bond transfer agent, fiscal agent, registrar and paying agent fees
Annual rebate calculation costs
Special tax consultant costs and administration expenses
Other necessary consultant costs
Costs of posting and collecting the special taxes
Personnel and Administrative costs of the City
Arbitrage rebate
Continuing disclosure reporting and compliance

EXHIBIT D-1

RATE AND METHOD OF APPORTIONMENT OF SPECIAL TAX
CITY OF FOLSOM
COMMUNITY FACILITIES DISTRICT NO. 22A
(FOLSOM HEIGHTS)
IMPROVEMENT AREA NO. 1

[ATTACHED]

RATE AND METHOD OF APPORTIONMENT FOR
CITY OF FOLSOM
COMMUNITY FACILITIES DISTRICT NO. 22A
(FOLSOM HEIGHTS)
IMPROVEMENT AREA 1

A Special Tax, as hereinafter defined, shall be levied on each Assessor's Parcel of Taxable Property within Improvement Area No. 1 of the City of Folsom Community Facilities District No. 22A (Folsom Heights) (CFD No. 22A IA1) and collected each Fiscal Year in an amount determined by the CFD No. 22A IA1 Administrator through the application of the Rate and Method of Apportionment as described below. All of the real property within CFD No. 22A IA1, unless exempted by law or by the provisions hereof, shall be taxed for the purposes, to the extent and in the manner herein provided.

A. GENERAL DEFINITIONS

The terms hereinafter set forth have the following meaning:

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

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

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

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

"Authorized Services" means the services authorized to be financed by CFD No. 22A IA1.

"Average Sales Price" means the estimated average net price of new homes with options and upgrades by product category, as identified in the most recent Price Point Study for the CFD 22A IA1 market area.

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

"Bonds" means any bonds or other debt (as defined in the Act), whether in one or more series, issued by CFD No. 22A IA1 under the Act.

"CFD No. 22A IA1" means City of Folsom Community Facilities District No. 22A IA1 (Folsom Heights).

"CFD No. 22A IA1 Administrator" means the City's Finance Director, or designee thereof, responsible for determining the Facilities Special Tax Requirement, Services Special Tax Requirement, and

Transition Services Special Tax Requirement and providing for the levy and collection of the Special Taxes.

"City" means the City of Folsom.

"City Council" means the City Council of the City, acting as the legislative body of CFD No. 22A IA1.

"County" means the County of Sacramento.

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

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

"Effective Tax Rate Evaluation Maximum Facilities Special Tax" means the total maximum annual Facilities Special Tax, as determined during the Effective Tax Rate Evaluation, in accordance with the provisions of Section C.3, which may be levied in any Fiscal Year on any Assessor's Parcel of Taxable Property.

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

"Effective Tax Rate Evaluation Minimum Facilities Revenue" means, following the Effective Tax Rate Evaluation, the total minimum amount of CFD No. 22A IA1 Effective Tax Rate Evaluation Maximum Facilities Special Tax, as adjusted annually by the Facilities Special Tax Escalation Factor after the Fiscal Year in which the Effective Tax Rate Evaluation occurs, less any Effective Tax Rate Evaluation Maximum Facilities Special Tax amounts partially prepaid pursuant to Section L. The Effective Tax Rate Evaluation Minimum Facilities Revenue, based on Planned Development, is set forth in Attachment D of this Rate and Method of Apportionment.

"Exempt Property" means all Assessors' Parcels that are exempt from the Special Tax pursuant to Section G.

"Facilities Administrative Expenses" means the actual or reasonably estimated costs directly related to the administration of the Facilities Special Tax including, but not limited to, the following: the costs of computing the Facilities Special Tax and preparing the annual Facilities Special Tax collection schedules (whether by the City or designee thereof or both); the costs of collecting the Facilities Special Taxes (whether by the County, the City, or otherwise); the costs of remitting the Facilities Special Taxes to the Trustee; the costs of the Trustee (including its legal counsel) in the discharge of the duties required of it under the Indenture; the costs to the City, CFD No. 22A IA1, or any designee thereof of complying with arbitrage rebate requirements or responding to questions from the IRS or SEC pertaining to any Bonds or any audit of any Bonds by the SEC or IRS; the costs to the City, CFD No. 22A IA1, or any designee thereof of providing continuing disclosure regarding the Bonds pursuant to

applicable state or federal securities law; the costs associated with preparing Facilities Special Tax disclosure statements and responding to public inquiries regarding the Facilities Special Taxes; the costs of the City, CFD No. 22A IA1, or any designee thereof related to any appeal of the levy or application of the Facilities Special Tax; the costs associated with the release of funds from an escrow account, if any; and the costs associated with computing and preparing the Effective Tax Rate Evaluation, including the Price Point Study. Facilities Administrative Expenses shall also include amounts estimated or advanced by the City or CFD No. 22A IA1 for any other administrative purposes, including, but not limited to, attorney's fees and other costs related to commencing and pursuing to completion any foreclosure of delinquent Facilities Special Taxes.

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

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

"Facilities Special Tax Requirement" means that amount of Special Tax revenue required in any Fiscal Year for CFD No. 22A IA1 to: (i) pay Facilities Administrative Expenses in an amount designated by the City; (ii) pay annual debt service on all Outstanding Bonds due in the Bond Year beginning in such Fiscal Year; (iii) pay other periodic costs on Outstanding Bonds, including but not limited to, credit enhancement and rebate payments on Outstanding Bonds; (iv) pay any amounts required to establish or replenish any reserve funds for all Outstanding Bonds in accordance with the Indenture; (v) pay for reasonably anticipated delinquent Special Taxes based on the delinquency rate for Special Taxes levied in the previous Fiscal Year and known upcoming delinquencies; and (vi) pay for Pay As You Go Costs; less (vii) a credit for funds available to reduce the annual Facilities Special Tax levy as determined by the CFD No. 22A IA1 Administrator pursuant to the Indenture.

"Facilities Special Tax Term" means the earlier of Fiscal Year 2086-2087 or the Fiscal Year occurring 50 years following the Fiscal Year in which the first building permit was issued, or the first series of Bonds was issued within CFD No. 22A IA1.

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

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

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

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

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

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

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

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

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

Beginning in the Transition Year, "Maximum Special Tax", also means the total annual Maximum Transition Services Special Tax, determined in accordance with the provisions of Section D, which may be levied in any Fiscal Year following the Transition Event on any Assessor's Parcel of Taxable Property.

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

"Maximum Transition Services Special Tax" means, beginning in the Transition Year, the maximum amount, determined in accordance with the provisions of Section D, which may be levied in any Fiscal Year following the Transition Event on any Assessor's Parcel of Taxable Property.

"Minimum Facilities Revenue" means the minimum amount of total CFD No. 22A IA1 Maximum Facilities Special Tax, as adjusted annually by the Facilities Special Tax Escalation Factor, less any Maximum Facilities Special Tax amounts partially prepaid pursuant to Section L. The Minimum Facilities Revenue, based on Planned Development, is set forth in Attachment B of this Rate and Method of Apportionment. Following the Transition Event, the Minimum Facilities Revenue shall be zero.

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

"Open Space Property" means property within the boundaries of CFD No. 22A IA1 which (a) has been designated with specific boundaries and acreage on a Small Lot Final Subdivision Map as open space, or (b) is classified by the City zoning code or County Assessor as open space, or (c) has been irrevocably offered for dedication as open space to the federal government, the State of California, the County, the City, any other public agency, a private, non-profit organization, or (d) is encumbered by an easement or other restriction required by the City limiting the use of such property to open space.

"Other Taxable Property" means all other land uses of Taxable Property, for which a building permit for new construction can be issued. Other Taxable Property does not include Residential Property and Non-Residential Property land use categories.

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

"Pay As You Go Costs" means that portion of the Facilities Special Tax Requirement attributable to the direct payment for the acquisition and/or construction of public improvements, which are authorized to be financed by CFD No. 22A IA1.

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

"Planned Development" means the planned number of Residential Lots, Permit Ready Multi-Family/Non-Residential Property Acreage planned within CFD No. 22A IA1, set forth in Attachment B or, following the Effective Tax Rate Evaluation, Attachment D of this Rate and Method of Apportionment, as amended by the future recordation of all Large Lot Maps and Small Lot Final Subdivision Maps within CFD No. 22A IA1.

"Price Point Study" means an analysis, prepared by an independent firm, to verify the estimated Average Sales Price within each land use category of Residential Property given the project location and current market conditions.

"Property Owner Association Property" means any property within the boundaries of CFD No. 22A IA1, which is (a) owned by a property owner association or (b) designated with specific boundaries and Acreage on a Small Lot Final Subdivision Map as property owner association property. As used in this definition, a property owner association includes any master or sub-association.

"Proportionately" means for Taxable Property that the ratio of the Facilities Special Tax levy to the Maximum Facilities Special Tax (or Effective Tax Rate Evaluation Maximum Facilities Special Tax) and the Services Special Tax levy to the Maximum Services Special Tax is equal for all Assessors' Parcels within each classification (Developed Property, Single Family Final Map Property, Permit Ready Multi-Family/Non-Residential Property, Large Lot Property, etc.) within CFD No. 22A IA1.

"Public Property" means any property within the boundaries of CFD No. 22A IA1, which (a) is owned by a public agency, (b) has been irrevocably offered for dedication to a public agency, or (c) is designated with specific boundaries and Acreage on a Small Lot Final Subdivision Map as property, which will be owned by a public agency. For purposes of this definition, a public agency includes the federal government, the State of California, the County, the City, or any other public agency.

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

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

"Residential Unit" means a residential dwelling unit, including accessory dwelling units, as allowed by the City zoning code.

"Services Administrative Expenses" means the actual or reasonably estimated costs directly related to the administration of the Services Special Tax including, but not limited to, the following: the costs of computing the Services Special Taxes and preparing the annual Services Special Tax collection schedules (whether by the City or designee thereof or both); the costs of collecting the Services Special Taxes (whether by the County, the City, or otherwise); the costs associated with preparing Special Tax disclosure statements and responding to public inquiries regarding the Services Special Tax; and the costs of the City, CFD No. 22A IA1, or any designee thereof related to any appeal of the levy or application of the Services Special Tax. Services Administrative Expenses shall also include amounts estimated or advanced by the City or CFD No. 22A IA1 for any other administrative purposes related to the Services Special Tax.

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

"Services Special Tax Escalation Factor" means the maximum of two percent (2%) or the June annualized percentage change of the Consumer Price Index for all Urban Consumers, for the San Francisco-Oakland-Hayward area, not to exceed four percent (4%).

"Services Special Tax Requirement" means the amount of Services Special Tax revenue required for CFD No. 22A IA1, before the Transition Year, to (i) pay Services Administrative Expenses in an amount designated by the City; (ii) pay Authorized Services expenses; (iii) pay any amounts required to establish or replenish any repair and contingency funds, capital improvement funds, or reserve funds related to the Authorized Services expenses; (iv) cover any shortfalls that exist if, in any Fiscal Year, the levy of the Facilities Special Tax on each Assessor's Parcel of Taxable Property is insufficient to pay the Facilities Special Tax Requirement in that Fiscal Year. Facilities Special Tax Requirement shortfalls shall not include Pay As You Go Costs, and (v) pay for reasonably anticipated delinquent Services Special Taxes based on the delinquency rate for Services Special Taxes levied in the previous Fiscal Year; less (vi) a credit for funds available to reduce the annual Services Special Tax levy as determined by the CFD No. 22A IA1 Administrator.

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

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

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

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

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

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

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

"State" means the State of California.

"Taxable Property" means all of the Assessor's Parcels within the boundaries of CFD No. 22A IA1 that are not exempt from the CFD No. 22A IA1 Special Tax pursuant to law or Section F below.

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

"Total Estimated Tax Burden" means the total amount of overlapping property taxes anticipated to be levied upon a Residential Unit, based upon the estimated Average Sales Price identified in the most

recently completed Price Point Study and existing property tax rates for the current Fiscal Year. Existing property tax rates shall reflect the actual property tax rates— excluding utility-related fees and charges and PACE loans— levied upon Taxable Property in the Fiscal Year that the Effective Tax Rate Evaluation is completed.

"Transition Event" means the earlier of (i) Fiscal Year 2086-2087 or (ii) the Fiscal Year when the CFD No. 22A IA1 Administrator determines that both of the following events have occurred (1) all Bonds secured by the levy and collection of the Facilities Special Tax in CFD No. 22A IA1 have been fully repaid and the City determines that no additional Bonds are to be issued, and (2) all Facilities Administrative Expenses have been paid or reimbursed to CFD No. 22A IA1.

"Transition Services Administrative Expenses" means the actual or reasonably estimated costs directly related to the administration of the Transition Services Special Tax including, but not limited to, the following: the costs of computing the Transition Services Special Taxes and preparing the annual Transition Services Special Tax collection schedules (whether by the City or designee thereof or both); the costs of collecting the Transition Services Special Taxes (whether by the County, the City, or otherwise); the costs associated with preparing Special Tax disclosure statements and responding to public inquiries regarding the Transition Services Special Tax; and the costs of the City, CFD No. 22A IA1, or any designee thereof related to any appeal of the levy or application of the Transition Services Special Tax. Transition Services Administrative Expenses shall also include amounts estimated or advanced by the City or CFD No. 22A IA1 for any other administrative purposes related to the Transition Services Special Tax.

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

"Transition Services Special Tax Escalation Factor" means the maximum of two percent (2%) or the June annualized percentage change of the Consumer Price Index for all Urban Consumers, for the San Francisco-Oakland-Hayward area, not to exceed four percent (4%).

"Transition Services Special Tax Rate" means, calculated in the Transition Year, the amount equal to the prior Fiscal Year's Maximum Services Special Tax Rate plus fifty percent (50%) of the prior Fiscal Year's Maximum Facilities Special Tax Rate. The Transition Services Special Tax Escalation Factor shall be applied beginning in the Transition Year. Following the Transition Year, the Transition Services Special Tax Rate shall be equal to the prior Fiscal Year's Transition Services Special Tax Rate, increased by the Transition Services Special Tax Escalation Factor.

"Transition Services Special Tax Requirement" means the amount of Transition Services Special Tax revenue required for CFD No. 22A IA1, beginning in the Transition Year, to (i) pay Transition Services Administrative Expenses in an amount designated by the City; (ii) pay Authorized Services expenses; (iii) pay any amounts required to establish or replenish any repair, replacement and contingency funds, capital improvement funds, or reserve funds related to the Authorized Services expenses; (iv) pay for reasonably anticipated delinquent Transition Services Special Taxes based on the delinquency rate for Transition Services Special Taxes levied in the previous Fiscal Year; less (v) a credit for funds

available to reduce the annual Transition Services Special Tax levy as determined by the CFD No. 22A IA1 Administrator.

"Transition Year" means the first year in which the CFD No. 22A IA1 Administrator determines that the Transition Event occurred in the prior Fiscal Year.

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

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

"Welfare Exempt Property" means, in any Fiscal Year, all Parcels within the boundaries of CFD No. 22A IA1 that (a) have been granted a welfare exemption by the County under subdivision (g) of Section 214 of the Revenue and Taxation Code indicated in the Assessor's Data finalized as of January 1 of the previous Fiscal Year, and (b) are exempt from the Special Tax pursuant to Section 53340(c) of the Act. Pursuant to Section 53340(c) of the Act, after the issuance of the first series of Bonds, as applicable, any Assessor's Parcels that receives a welfare exemption under subdivision (g) of Section 214 of the Revenue and Taxation Code shall not be classified as Welfare Exempt Property and will be subject to the Facilities Special Tax.

B. ASSIGNMENT TO LAND USE CATEGORIES

Each Fiscal Year, using City and County records, City zoning information, and land use development plans, all Assessor's Parcels within the boundaries of CFD No. 22A IA1 shall be designated as either Taxable Property or Exempt Property.

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

C. FACILITIES SPECIAL TAX

Prior to the Transition Year, a Maximum Facilities Special Tax shall be assigned to all Taxable Property within CFD No. 22A IA1 according to the Maximum Facilities Special Tax Rates set forth in Attachment A of this Rate and Method of Apportionment.

Once assigned, the sum of the total Maximum Facilities Special Tax shall be equal to or greater than the Minimum Facilities Revenue, unless adjusted by an Effective Tax Rate Evaluation as described below. The Minimum Facilities Revenue for Fiscal Year 2027-2028 is set forth in Attachment B of this Rate and Method of Apportionment.

C.1. Increase in the Maximum Facilities Special Tax

On each July 1, commencing on July 1, 2028, the Maximum Facilities Special Tax Rates and Minimum Facilities Revenue in effect for the previous Fiscal Year shall be increased by the Facilities Special Tax Escalation Factor.

C.2. Future Assessor's Parcel Changes – Prior to an Effective Tax Rate Evaluation

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

Undeveloped Property Subdividing into Large Lot Property

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

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

If the sum of the total expected Developed Property Maximum Facilities Special Tax is less than the Minimum Facilities Revenue, the Developed Property, Small Lot Final Map Property and Permit Ready Multi-Family/Non-Residential Property Maximum Facilities Special Tax Rates shall be uniformly increased on the Large Lot Property created from the Undeveloped Property subdivision until the sum of the total expected Developed Property Maximum Facilities Special Tax is equal to the Minimum Facilities Revenue. Further, if the sum of the total current Maximum Facilities Special Tax is less than the Minimum Facilities Revenue, the Maximum Facilities Special Tax Rates for the Large Lot Property and any remaining Undeveloped Property created from the Undeveloped Property subdivision shall be uniformly increased until the sum of the total current Maximum Facilities Special Tax is equal to the Minimum Facilities Revenue. Attachment B of this

Rate and Method of Apportionment shall be updated to reflect any increases to the Maximum Facilities Special Tax Rates from the Undeveloped Property subdivision. The Developed Property, Small Lot Final Map Property and Permit Ready Multi-Family/Non-Residential Property Maximum Facilities Special Tax Rates shall not be adjusted for any Taxable Property already classified as Developed Property, Small Lot Final Map Property or Permit Ready Multi-Family/Non-Residential Property.

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

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

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

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

C.3. Effective Tax Rate Evaluation

Prior to the issuance of the first series of Bonds within CFD No. 22A IA1 an Effective Tax Rate Evaluation will be completed. Following the Effective Tax Rate Evaluation, Attachment C of this Rate and Method of Apportionment will be updated to reflect the Effective Tax Rate Evaluation Maximum Facilities Special Tax Rate for all Taxable Property in CFD No. 22A IA1.

Additionally, prior to the issuance of the first series of Bonds, the Developer may, one time, at their discretion, further reduce the Maximum Facilities Special Tax Rate for any or all Taxable Property in CFD No. 22A IA1 to an amount less than the rates produced in the Effective Tax Rate Evaluation. If reduced, the reduction will be applied uniformly by land use category.

Effective Tax Rate Evaluation Maximum Facilities Special Tax Rates

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

If the Total Effective Tax Rate for any Residential Property land use category exceeds the Total Maximum Effective Tax Rate, the Developed Property Maximum Facilities Special Tax Rate set forth in Attachment A shall be reduced until the Total Effective Tax Rate is less than or equal to the Total Maximum Effective Tax Rate for that Residential Property land use category. Attachment C of this Rate and Method of Apportionment will be updated to set forth the Developed Property Effective Tax Rate Evaluation Maximum Facilities Special Tax Rate for each Residential Property land use category.

Effective Tax Rate Evaluation Minimum Facilities Revenue

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

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

C.4. Future Assessor's Parcel Changes – After an Effective Tax Rate Evaluation

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

Undeveloped Property Subdividing into Large Lot Property

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

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

If the sum of the total expected Developed Property Effective Tax Rate Evaluation Maximum Facilities Special Tax is less than the Effective Tax Rate Evaluation Minimum Facilities Revenue, the Developed Property, Small Lot Final Map Property and Permit Ready Multi-Family/Non-Residential Property Effective Tax Rate Evaluation Maximum Facilities Special Tax Rates shall be uniformly increased, on the Large Lot Property created from the Undeveloped Property subdivision, until the sum of the total expected Developed Property Effective Tax Rate Evaluation Maximum Facilities Special Tax is equal to the Effective Tax Rate Evaluation Minimum Facilities Revenue. Further, if the sum of the total current Effective Tax Rate Evaluation Maximum Facilities Special Tax is less than the Effective Tax Rate Evaluation Minimum Facilities Revenue, the Effective Tax Rate Evaluation Maximum Facilities Special Tax Rates for the Large Lot Property and any remaining Undeveloped Property created from the Undeveloped Property subdivision shall be uniformly increased until the sum of the total current Effective Tax Rate Evaluation Maximum

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

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

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

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

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

Family/Non-Residential Property Effective Tax Rate Evaluation Maximum Facilities Special Tax Rates shall not be adjusted for any Taxable Property already classified as Developed Property, Small Lot Final Map Property or Permit Ready Multi-Family/Non-Residential Property created prior to the Large Lot Property subdivision.

C.5. Method of Apportionment of Facilities Special Tax

Using the definitions and procedures described herein, the CFD No. 22A IA1 Administrator shall determine the Facilities Special Tax Requirement and levy the Facilities Special Tax until the amount of Facilities Special Taxes equals the Facilities Special Tax Requirement. The Facilities Special Tax shall be levied each Fiscal Year until the Transition Year as follows:

Prior to an Effective Tax Rate Evaluation

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

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

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

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

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

After an Effective Tax Rate Evaluation

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

Second: If additional monies are needed to satisfy the Facilities Special Tax Requirement (excluding Pay As You Go Costs) after the first step has been completed, the Facilities Special Tax

shall be levied Proportionately on all Small Lot Final Map Property at a rate up to 100% of the Effective Tax Rate Evaluation Maximum Facilities Special Tax for Small Lot Final Map Property.

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

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

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

D. SERVICES SPECIAL TAX

A Services Special Tax shall be assigned to all Taxable Property within CFD No. 22A IA1 according to the Maximum Services Special Tax Rates set forth in Attachment A of this Rate and Method of Apportionment.

D.1. Prior to the Transition Event - Increase in the Maximum Services Special Tax

Prior to the Transition Event, on each July 1, commencing on July 1, 2027, the Maximum Services Special Tax Rates in effect for the previous Fiscal Year shall be increased by the Services Special Tax Escalation Factor.

D.2. Prior to the Transition Event - Method of Apportionment of Services Special Tax

If, in any Fiscal Year prior to the Transition Year, the Facilities Special Tax is levied against each Assessor's Parcel of Taxable Property within CFD No. 22A IA1 and the Facilities Special Tax revenues generated are insufficient to pay the Facilities Special Tax Requirement, such shortfall shall be deemed a component of the Services Special Tax Requirement in that Fiscal Year, and proceeds from the levy of the Services Special Tax shall first be applied to mitigate the shortfall in the Facilities Special Tax Requirement before being used to pay for Authorized Services. The Services Special Tax revenue shall not be applied to any Facilities Special Tax Requirement shortfalls attributable to Pay As You Go Costs authorized to be financed by CFD No. 22A IA1.

Using the definitions and procedures described herein, the CFD No. 22A IA1 Administrator shall determine the Services Special Tax Requirement and levy the Services Special Tax until the amount of Services Special Tax equals the Services Special Tax Requirement. The Services Special Tax shall be levied each Fiscal Year as follows:

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

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

Third: If additional monies are needed to satisfy the Services Special Tax Requirement after the second step has been completed, the Services Special Tax shall be levied Proportionately on all Permit-Ready Multi-Family/Non-Residential Property, Large Lot Property, and Undeveloped Property at a rate up to 100% of the Maximum Services Special Tax for Permit-Ready Multi-Family/Non-Residential Property, Large Lot Property, and Undeveloped Property in order to satisfy the Services Special Tax Requirement.

E. TRANSITION SERVICES SPECIAL TAX

A Transition Services Special Tax shall be assigned to all Taxable Property within CFD No. 22A IA1 according to the Maximum Transition Services Special Tax Rates set forth in Attachment A of this Rate and Method of Apportionment.

E.1. After the Transition Event – Method of Apportionment of Transition Services Special Tax

Using the definitions and procedures described herein, the CFD No. 22A IA1 Administrator shall determine the Transition Services Special Tax Requirement and levy the Transition Services Special Tax until the amount of Transition Services Special Tax equals the Transition Services Special Tax Requirement. The Transition Services Special Tax shall be levied each Fiscal Year as follows:

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

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

F. DELINQUENCIES

Notwithstanding the above, under no circumstances will the CFD No. 22A IA1 Facilities Special Tax levied against any Assessor's Parcel of Developed Property classified as Residential Property, in any Fiscal Year, be increased as a consequence of the delinquency or default in the payment of the CFD No. 22A IA1 Facilities Special Taxes by the owner or owners of any other Taxable Property by more than ten percent (10%) above the amount that would have been levied against such Assessor's Parcel in such Fiscal Year had there been no delinquencies or defaults.

G. EXEMPTIONS

The CFD No. 22A IA1 Administrator shall classify the following as Exempt Property: Public Property, Property Owner Association Property, Open Space Property, and Assessor's Parcels with public or utility easements making impractical their utilization for any use other than the purposes set forth in the easement.

The Maximum Facilities Special Tax obligation or, if applicable, the Effective Tax Rate Evaluation Maximum Facilities Special Tax obligation for Taxable Property which will be transferred or dedicated to a public agency and will be classified as Public Property may be fully prepaid by the seller, pursuant to Section L, prior to the transfer/dedication of such Taxable Property. Until the Maximum Facilities Special Tax obligation or, if applicable, the Effective Tax Rate Evaluation Maximum Facilities Special Tax obligation for any such Taxable Property is prepaid, the Taxable Property shall continue to be subject to the levy of the Facilities Special Tax. An exception to this may be made if an Assessor's Parcel of Public Property, such as a school site, is relocated to an Assessor's Parcel of Taxable Property, in which case the Assessor's Parcel of previously Public Property becomes Taxable Property and the Assessor's Parcel of previously Taxable Property becomes Public Property. This trading of an Assessor's Parcel from Taxable Property to Public Property will be permitted to the extent there is no loss in Maximum Facilities Special Tax revenue or, if applicable, Effective Tax Rate Evaluation Maximum Facilities Special Tax revenue, and the transfer is agreed to by the owners of all Assessor's Parcels involved in the transfer and the City Council.

If the use of an Assessor's Parcel changes so that such Assessor's Parcel is no longer eligible to be classified as one of the uses set forth in paragraph 1 of Section G. above that would make such Assessor's Parcel eligible to continue to be classified as Exempt Property, such Assessor's Parcel shall cease to be classified as Exempt Property and shall be deemed to be Taxable Property and subject to the Special Tax.

No Special Tax shall be levied on any Assessor's Parcel in any Fiscal Year in which such Assessor's Parcel is classified as Welfare Exempt Property; however, pursuant to Section 53340(c) of the Act, after the issuance of the first series of Bonds, as applicable, any Assessor's Parcel that receives a welfare exemption under subdivision (g) of Section 214 of the Revenue and Taxation Code shall not be classified as Welfare Exempt Property and will be subject to the Facilities Special Tax.

H. TRANSFERS

Prior to the issuance of the first series of Bonds within CFD No. 22A IA1, the City may permit the transfer of Maximum Facilities Special Tax or Effective Tax Rate Evaluation Maximum Facilities Special Tax from one Assessor's Parcel to another Assessor's Parcel. Before recordation of a Small Lot Final Subdivision Map, if a subdivision map is required, the City may permit a transfer if the number of planned Residential Units, Multi-Family Attached Property Acreage, or Non-Residential Property Acreage is transferred from one Assessor's Parcel(s) to another Assessor's Parcel(s) in any portion of Large Lot Property. The City may, in its sole discretion, allow for a transfer of the Maximum Facilities Special Tax or Effective Tax Rate Evaluation Maximum Facilities Special Tax from one Assessor's Parcel to another Assessor's Parcel provided such a transfer shall be allowed only if (1) all adjustments are

agreed to in writing by the affected property owners and the City's Finance Director, and (2) there is no reduction in the sum of the total Maximum Facilities Special Tax or sum of the total Effective Tax Rate Evaluation Maximum Facilities Special Tax as a result of the transfer. Should a transfer result in an amendment to Attachment B or, following an Effective Tax Rate Evaluation, Attachment D of this Rate and Method of Apportionment, the requesting property owner shall bear the costs to affect the transfer in the CFD No. 22A IA1 records and prepare the required amendments to Attachment B or, following an Effective Tax Rate Evaluation, Attachment D of this Rate and Method of Apportionment.

I. INTERPRETATIONS

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

J. REVIEW/APPEALS

The CFD No. 22A IA1 Administrator may establish such procedures, as it deems necessary to undertake the review of any such appeal. The CFD No. 22A IA1 Administrator shall interpret this Rate and Method of Apportionment and make determinations relative to the annual administration of the Special Tax and any property owner appeals, as herein specified.

Any property owner may file a written appeal of the Special Tax with the CFD No. 22A IA1 Administrator claiming that the amount or application of the Special Tax is not correct. The appeal must be filed not later than one calendar year after having paid the Special Taxes that are disputed, and the appellant must be current in all payments of Special Taxes. In addition, during the term of the appeal process, all Special Taxes levied must be paid on or before the payment date established when the levy was made. The appeal must specify the reasons why the appellant claims the Special Taxes are in error. The CFD No. 22A IA1 Administrator shall review the appeal, meet with the appellant if the CFD No. 22A IA1 Administrator deems necessary, and advise the appellant of its determination.

If the property owner disagrees with the CFD No. 22A IA1 Administrator's decision relative to the appeal, the owner may file a written notice with the City Manager of the City appealing the amount of the Special Tax levied on such Assessor's Parcel. If following such consultation and action (if any by the City Manager of the City), the property owner believes such error still exists, such person may file a written notice with the City Council appealing the amount of the Special Tax levied on such Assessor's Parcel. The decision of the City shall be final and binding to all persons. If the decision of the CFD No. 22A IA1 Administrator or subsequent decision by the City Manager of the City or City Council requires the Special Taxes to be modified or changed in favor of the property owner, no cash refund shall be made for prior years' Special Taxes, but an adjustment shall be made to credit future Special Taxes. This procedure shall be exclusive and its exhaustion by any property owner shall be a condition precedent to filing any legal action by such owner.

K. MANNER OF COLLECTION

The annual Special Tax shall be collected in the same manner and at the same time as ordinary ad valorem property taxes; provided, however, that CFD No. 22A IA1, may, at the sole discretion of the City, directly bill the Special Tax, may collect Special Taxes at a different time or in a different manner as necessary to meet its financial obligations, and may covenant to foreclose and may actually foreclose on Assessor's Parcels of Taxable Property that are delinquent in the payment of Special Taxes.

L. PREPAYMENT IN PART OF FACILITIES SPECIAL TAX

The Facilities Special Tax obligation of an Assessor's Parcel of Taxable Property may be partially prepaid as described herein; provided that there are no delinquent Special Taxes with respect to such Assessor's Parcel at the time of partial prepayment. An owner of an Assessor's Parcel intending to partially prepay the Facilities Special Tax obligation shall provide the CFD No. 22A IA1 Administrator with written notice of intent to partially prepay. Within 30 days of receipt of such written notice, the CFD No. 22A IA1 Administrator shall notify such owner of the partial prepayment amount of such Assessor's Parcel. Any partial prepayment must be submitted at least 60 days before the next occurring bond redemption date, and the proceeds of such prepayment shall be provided to the Trustee for application toward bond redemption in accordance with the Indenture. The CFD No. 22A IA1 Administrator may charge a fee for providing this service.

L.1. Partial Prepayment Amount

The Facilities Special Tax may be prepaid in an amount determined at the time of prepayment based on the portion of Bonds then outstanding; provided, however, that no partial prepayment shall be accepted in an amount equal to an annual Special Tax amount less than the annual Transition Services Special Tax rate escalated to the then current fiscal year less the then current Services Special Tax rate.

The "Partial Prepayment Amount" is calculated as follows:

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

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

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

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

The "Redemption Amount" is calculated as follows:

Step 1: Divide the Maximum Facilities Special Tax (or Effective Tax Rate Evaluation Maximum Facilities Special Tax) computed pursuant to Step 1 of Section L.1 by the total Maximum Facilities Special Taxes (or total Effective Tax Rate Evaluation Maximum Facilities Special Taxes) for the entire CFD No. 22A IA1, based on the Maximum Facilities Special Taxes (or Effective Tax Rate Evaluation Maximum Facilities Special Taxes) that could be charged in the current Fiscal Year if all Taxable Property were designated as Developed Property, excluding any Assessor's Parcels which have prepaid the Maximum Facilities Special Tax (or Effective Tax Rate Evaluation Maximum Facilities Special Tax) obligation (the "Prepayment Quotient").

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

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

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

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

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

Step 7: If any capitalized interest for the Outstanding Bonds will not have been expended at the time of the first interest and/or principal payment following the current Fiscal Year, a

capitalized interest credit shall be calculated by multiplying the quotient computed pursuant to Step 1 by the expected balance in the capitalized interest fund after such first interest payment.

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

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

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

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

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

M. TERM OF SPECIAL TAX

The Facilities Special Tax shall be levied commencing in Fiscal Year 2027-2028 to the extent necessary to fully satisfy the Facilities Special Tax Requirement and shall be levied through the Facilities Special Tax Term.

The Services Special Tax shall be levied commencing in Fiscal Year 2027-2028 and shall be levied until the Transition Event to the extent necessary to fully satisfy the Services Special Tax Requirement.

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

ATTACHMENT A
CITY OF FOLSOM
COMMUNITY FACILITIES DISTRICT NO. 22A (FOLSOM HEIGHTS)
IMPROVEMENT AREA 1
MAXIMUM SPECIAL TAX RATES
(FISCAL YEAR 2026-2027)

Land Use Category	Lot Size	2026-2027 Maximum Facilities Special Tax Rate[(1)]	2026-2027 Maximum Services Special Tax Rate[(2)]	Taxed Per
Developed Property:				
Single-Family Detached Property – SF Zoning	Any	$3,500	$137	Residential Lot
Single-Family Detached Property – SFHD Zoning	> = 5,775 Sq Ft	$2,800	$137	Residential Lot
Single-Family Detached Property – SFHD Zoning	< 5,775 Sq Ft	$2,600	$137	Residential Lot
Single-Family Detached Property – MLD Zoning	Any	$2,000	$117	Residential Lot
Other Taxable Property	Any	$15,000	$645	Acre
Small Lot Final Map Property:				
Single-Family Detached Property – SF Zoning	Any	$3,500	$137	Residential Lot
Single-Family Detached Property – SFHD Zoning	> = 5,775 Sq Ft	$2,800	$137	Residential Lot
Single-Family Detached Property – SFHD Zoning	< 5,775 Sq Ft	$2,600	$137	Residential Lot
Single-Family Detached Property – MLD Zoning	Any	$2,000	$117	Residential Lot
Other Taxable Property	Any	$15,000	$645	Acre
Permit Ready Multi-Family/Non-Residential Property		$15,000	$645	Acre
Large Lot Property		$15,000	$645	Acre
Undeveloped Property		$15,000	$645	Acre

(1) On each July 1, commencing on July 1, 2027, the Maximum Facilities Special Tax Rates shall be increased by the Facilities Special Tax Escalation Factor of the Maximum Facilities Special Tax Rates in effect for the previous Fiscal Year.

(2) On each July 1, commencing on July 1, 2027, the Maximum Services Special Tax Rates shall be increased by an amount equal to the Services Special Tax Escalation Factor of the Maximum Services Special Tax Rates in effect for the previous Fiscal Year.

ATTACHMENT B
CITY OF FOLSOM
COMMUNITY FACILITIES DISTRICT NO. 22A (FOLSOM HEIGHTS)
IMPROVEMENT AREA 1
MINIMUM FACILITIES REVENUE
(FISCAL YEAR 2026-2027)

Land Use Category	Lot Size	Planned Number of Residential Lots	2026-2027 Developed Property Maximum Facilities Special Tax Rate[(1)(2)]	2026-2027 Minimum Facilities Revenue [(1)(3)]
Developed Property:				
Single-Family Detached Property – SF Zoning	Any	78	$3,500	$273,000
Single-Family Detached Property – SFHD Zoning	> = 5,775 Sq Ft	93	$2,800	$260,400
Single-Family Detached Property – SFHD Zoning	< 5,775 Sq Ft	38	$2,600	$98,800
Single-Family Detached Property – MLD Zoning	Any	53	$2,000	$106,000
Other Taxable Property	Any	0	$15,000	$0
Total Minimum Facilities Revenue[(4)]				**$738,200**

(1) On each July 1, commencing on July 1, 2027, the Developed Property Maximum Facilities Special Tax Rates and Minimum Facilities Revenue shall be increased by the Facilities Special Tax Escalation Factor of the Developed Property Maximum Facilities Special Tax Rates and Minimum Facilities Revenue in effect for the previous Fiscal Year.

(2) As a result of future Assessor's Parcel changes, described in Section C.2, the assigned Maximum Facilities Special Tax Rates for Developed Property may exceed the Developed Property Maximum Facilities Special Tax Rates set forth in this table.

(3) The total Minimum Facilities Revenue may be decreased as result of a portion of Maximum Facilities Special Tax obligations being prepaid pursuant to Section L.

(4) Based upon the Developed Property Maximum Facilities Special Tax Rate for Single-Family Detached Property in Improvement Area No. 1.

ATTACHMENT C
CITY OF FOLSOM
COMMUNITY FACILITIES DISTRICT NO. 22A (FOLSOM HEIGHTS)
IMPROVEMENT AREA 1
EFFECTIVE TAX RATE EVALUATION MAXIMUM FACILITIES SPECIAL TAX RATES
(FISCAL YEAR 2026-2027)

Land Use Category	Lot Size	2026-2027 Effective Tax Rate Evaluation Maximum Facilities Special Tax Rate[(1)(2)]	Taxed Per
Developed Property:			
Single-Family Detached Property – SF Zoning	Any	$_____	Residential Lot
Single-Family Detached Property – SFHD Zoning	> = 5,775 Sq Ft	_____	Residential Lot
Single-Family Detached Property – SFHD Zoning	< 5,775 Sq Ft	_____	Residential Lot
Single-Family Detached Property – MLD Zoning	Any	_____	Residential Lot
Other Taxable Property	Any	_____	Acre
Small Lot Final Map Property:			
Single-Family Detached Property – SF Zoning	Any	$_____	Residential Lot
Single-Family Detached Property – SFHD Zoning	> = 5,775 Sq Ft	_____	Residential Lot
Single-Family Detached Property – SFHD Zoning	< 5,775 Sq Ft	_____	Residential Lot
Single-Family Detached Property – MLD Zoning	Any	_____	Residential Lot
Other Taxable Property	Any	_____	Acre
Permit Ready Multi-Family/Non-Residential Property		$_____	Acre
Large Lot Property		$_____	Acre
Undeveloped Property		$_____	Acre

(1) Effective Tax Rate Evaluation Maximum Facilities Special Tax Rates will be inserted following the Effective Tax Rate Evaluation.

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

ATTACHMENT D
CITY OF FOLSOM
COMMUNITY FACILITIES DISTRICT NO. 22A (FOLSOM HEIGHTS)
IMPROVEMENT AREA 1
EFFECTIVE TAX RATE EVALUATION MINIMUM FACILITIES REVENUE
(FISCAL YEAR 2026-2027)

Land Use Category	Lot / Village #	Planned Number of Residential Lots / Acres[(1)]	2026-2027 Developed Property Effective Tax Rate Evaluation Maximum Facilities Special Tax Rate[(1)(2)(3)]	2026-2027 Effective Tax Rate Evaluation Minimum Facilities Revenue[(1)(2)(4)]
Developed Property:				
Single-Family Detached Property – SF Zoning	Any	78	$_____	$_____
Single-Family Detached Property – SFHD Zoning	> = 5,775 Sq Ft	93	_____	_____
Single-Family Detached Property – SFHD Zoning	< 5,775 Sq Ft	38	_____	_____
Single-Family Detached Property – MLD Zoning	Any	53	_____	_____
Other Taxable Property	Any	0	_____	_____
Total Effective Tax Rate Evaluation Minimum Facilities Revenue[(5)]				**$_____**

(1) Planned Number of Residential Units/Acres, Developed Property Effective Tax Rate Evaluation Maximum Facilities Special Tax Rate and Effective Tax Rate Evaluation Minimum Facilities Revenue to be inserted following the Effective Tax Rate Evaluation.

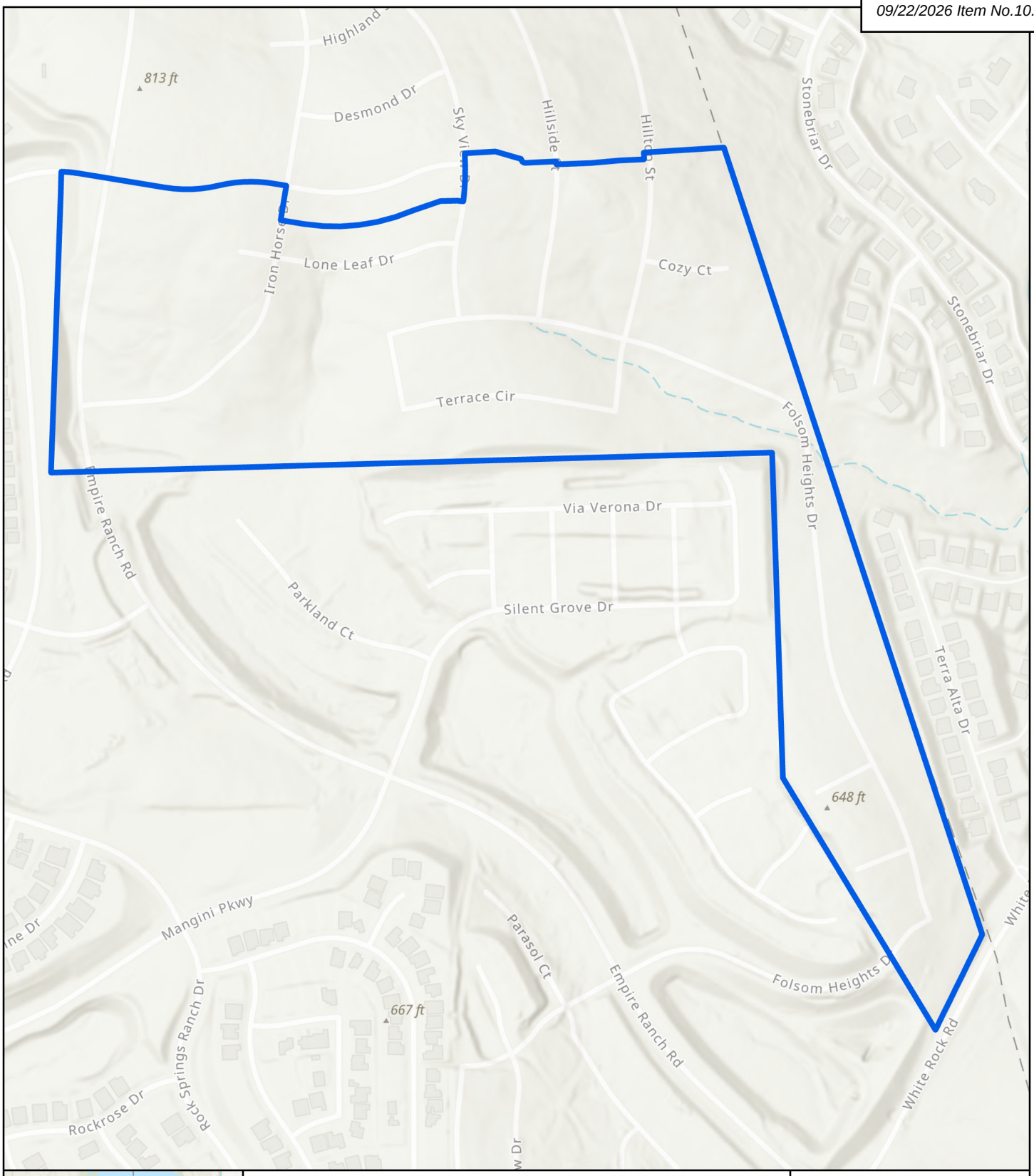
(2) On each July 1, commencing in the Fiscal Year after the Effective Tax Rate Evaluation occurs, the Developed Property Effective Tax Rate Evaluation Maximum Facilities Special Tax Rates and Effective Tax Rate Evaluation Minimum Facilities Revenue shall be increased by the Facilities Special Tax Escalation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

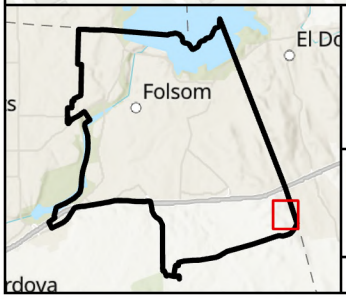
(3) As a result of future Assessor's Parcel changes, described in Section C.3, the assigned Developed Property Effective Tax Rate Evaluation Maximum Facilities Special Tax Rates may exceed the Developed Property Effective Tax Rate Evaluation Maximum Facilities Special Tax Rates set forth in this table.

(4) The total Effective Tax Rate Evaluation Minimum Facilities Revenue may be decreased as result of a portion of Effective Tax Rate Evaluation Maximum Facilities Special Tax obligations being prepaid pursuant to Section L.

(5) Based upon the total Effective Developed Property Maximum Facilities Special Tax Rate Evaluation for Single-Family Detached Property in Improvement Area No. 1.

ATTACHMENT E
CITY OF FOLSOM
COMMUNITY FACILITIES DISTRICT NO. 22A (FOLSOM HEIGHTS)
IMPROVEMENT AREA 1





City of Folsom
Community Facilities District No. 22A (Folsom Heights)
Improvement Area 1

Improvement Area 1 Boundary

2026

Coordinate System: NAD 1983 State[illegible] FIPS 0402 Feet

N

0 0.05 0.1 Mi

0 295 590 US Feet

NBS helping communities fund tomorrow

EXHIBIT D-2

RATE AND METHOD OF APPORTIONMENT OF SPECIAL TAX
CITY OF FOLSOM
COMMUNITY FACILITIES DISTRICT NO. 22A
(FOLSOM HEIGHTS)
IMPROVEMENT AREA NO. 2

[ATTACHED]

RATE AND METHOD OF APPORTIONMENT FOR
CITY OF FOLSOM
COMMUNITY FACILITIES DISTRICT NO. 22A
(FOLSOM HEIGHTS)
IMPROVEMENT AREA 2

A Special Tax, as hereinafter defined, shall be levied on each Assessor's Parcel of Taxable Property within Improvement Area No. 2 of the City of Folsom Community Facilities District No. 22A (Folsom Heights) (CFD No. 22A IA2) and collected each Fiscal Year in an amount determined by the CFD No. 22A IA2 Administrator through the application of the Rate and Method of Apportionment as described below. All of the real property within CFD No. 22A IA2, unless exempted by law or by the provisions hereof, shall be taxed for the purposes, to the extent and in the manner herein provided.

A. GENERAL DEFINITIONS

The terms hereinafter set forth have the following meaning:

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

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

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

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

"Authorized Services" means the services authorized to be financed by CFD No. 22A IA2.

"Average Sales Price" means the estimated average net price of new homes with options and upgrades by product category, as identified in the most recent Price Point Study for the CFD 22A IA2 market area.

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

"Bonds" means any bonds or other debt (as defined in the Act), whether in one or more series, issued by CFD No. 22A IA2 under the Act.

"CFD No. 22A IA2" means City of Folsom Community Facilities District No. 22A IA2 (Folsom Heights).

"CFD No. 22A IA2 Administrator" means the City's Finance Director, or designee thereof, responsible for determining the Facilities Special Tax Requirement, Services Special Tax Requirement, and

Transition Services Special Tax Requirement and providing for the levy and collection of the Special Taxes.

"City" means the City of Folsom.

"City Council" means the City Council of the City, acting as the legislative body of CFD No. 22A IA2.

"County" means the County of Sacramento.

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

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

"Effective Tax Rate Evaluation Maximum Facilities Special Tax" means the total maximum annual Facilities Special Tax, as determined during the Effective Tax Rate Evaluation, in accordance with the provisions of Section C.3, which may be levied in any Fiscal Year on any Assessor's Parcel of Taxable Property.

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

"Effective Tax Rate Evaluation Minimum Facilities Revenue" means, following the Effective Tax Rate Evaluation, the total minimum amount of CFD No. 22A IA2 Effective Tax Rate Evaluation Maximum Facilities Special Tax, as adjusted annually by the Facilities Special Tax Escalation Factor after the Fiscal Year in which the Effective Tax Rate Evaluation occurs, less any Effective Tax Rate Evaluation Maximum Facilities Special Tax amounts partially prepaid pursuant to Section L. The Effective Tax Rate Evaluation Minimum Facilities Revenue, based on Planned Development, is set forth in Attachment D of this Rate and Method of Apportionment.

"Exempt Property" means all Assessors' Parcels that are exempt from the Special Tax pursuant to Section G.

"Facilities Administrative Expenses" means the actual or reasonably estimated costs directly related to the administration of the Facilities Special Tax including, but not limited to, the following: the costs of computing the Facilities Special Tax and preparing the annual Facilities Special Tax collection schedules (whether by the City or designee thereof or both); the costs of collecting the Facilities Special Taxes (whether by the County, the City, or otherwise); the costs of remitting the Facilities Special Taxes to the Trustee; the costs of the Trustee (including its legal counsel) in the discharge of the duties required of it under the Indenture; the costs to the City, CFD No. 22A IA2, or any designee thereof of complying with arbitrage rebate requirements or responding to questions from the IRS or SEC pertaining to any Bonds or any audit of any Bonds by the SEC or IRS; the costs to the City, CFD No. 22A IA2, or any designee thereof of providing continuing disclosure regarding the Bonds pursuant to

applicable state or federal securities law; the costs associated with preparing Facilities Special Tax disclosure statements and responding to public inquiries regarding the Facilities Special Taxes; the costs of the City, CFD No. 22A IA2, or any designee thereof related to any appeal of the levy or application of the Facilities Special Tax; the costs associated with the release of funds from an escrow account, if any; and the costs associated with computing and preparing the Effective Tax Rate Evaluation, including the Price Point Study. Facilities Administrative Expenses shall also include amounts estimated or advanced by the City or CFD No. 22A IA2 for any other administrative purposes, including, but not limited to, attorney's fees and other costs related to commencing and pursuing to completion any foreclosure of delinquent Facilities Special Taxes.

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

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

"Facilities Special Tax Requirement" means that amount of Special Tax revenue required in any Fiscal Year for CFD No. 22A IA2 to: (i) pay Facilities Administrative Expenses in an amount designated by the City; (ii) pay annual debt service on all Outstanding Bonds due in the Bond Year beginning in such Fiscal Year; (iii) pay other periodic costs on Outstanding Bonds, including but not limited to, credit enhancement and rebate payments on Outstanding Bonds; (iv) pay any amounts required to establish or replenish any reserve funds for all Outstanding Bonds in accordance with the Indenture; (v) pay for reasonably anticipated delinquent Special Taxes based on the delinquency rate for Special Taxes levied in the previous Fiscal Year and known upcoming delinquencies; and (vi) pay for Pay As You Go Costs; less (vii) a credit for funds available to reduce the annual Facilities Special Tax levy as determined by the CFD No. 22A IA2 Administrator pursuant to the Indenture.

"Facilities Special Tax Term" means the earlier of Fiscal Year 2086-2087 or the Fiscal Year occurring 50 years following the Fiscal Year in which the first building permit was issued, or the first series of Bonds was issued within CFD No. 22A IA2.

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

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

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

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

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

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

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

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

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

Beginning in the Transition Year, "Maximum Special Tax", also means the total annual Maximum Transition Services Special Tax, determined in accordance with the provisions of Section D, which may be levied in any Fiscal Year following the Transition Event on any Assessor's Parcel of Taxable Property.

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

"Maximum Transition Services Special Tax" means, beginning in the Transition Year, the maximum amount, determined in accordance with the provisions of Section D, which may be levied in any Fiscal Year following the Transition Event on any Assessor's Parcel of Taxable Property.

"Minimum Facilities Revenue" means the minimum amount of total CFD No. 22A IA2 Maximum Facilities Special Tax, as adjusted annually by the Facilities Special Tax Escalation Factor, less any Maximum Facilities Special Tax amounts partially prepaid pursuant to Section L. The Minimum Facilities Revenue, based on Planned Development, is set forth in Attachment B of this Rate and Method of Apportionment. Following the Transition Event, the Minimum Facilities Revenue shall be zero.

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

"Open Space Property" means property within the boundaries of CFD No. 22A IA2 which (a) has been designated with specific boundaries and acreage on a Small Lot Final Subdivision Map as open space, or (b) is classified by the City zoning code or County Assessor as open space, or (c) has been irrevocably offered for dedication as open space to the federal government, the State of California, the County, the City, any other public agency, a private, non-profit organization, or (d) is encumbered by an easement or other restriction required by the City limiting the use of such property to open space.

"Other Taxable Property" means all other land uses of Taxable Property, for which a building permit for new construction can be issued. Other Taxable Property does not include Residential Property and Non-Residential Property land use categories.

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

"Pay As You Go Costs" means that portion of the Facilities Special Tax Requirement attributable to the direct payment for the acquisition and/or construction of public improvements, which are authorized to be financed by CFD No. 22A IA2.

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

"Planned Development" means the planned number of Residential Lots, Permit Ready Multi-Family/Non-Residential Property Acreage planned within CFD No. 22A IA2, set forth in Attachment B or, following the Effective Tax Rate Evaluation, Attachment D of this Rate and Method of Apportionment, as amended by the future recordation of all Large Lot Maps and Small Lot Final Subdivision Maps within CFD No. 22A IA2.

"Price Point Study" means an analysis, prepared by an independent firm, to verify the estimated Average Sales Price within each land use category of Residential Property given the project location and current market conditions.

"Property Owner Association Property" means any property within the boundaries of CFD No. 22A IA2, which is (a) owned by a property owner association or (b) designated with specific boundaries and Acreage on a Small Lot Final Subdivision Map as property owner association property. As used in this definition, a property owner association includes any master or sub-association.

"Proportionately" means for Taxable Property that the ratio of the Facilities Special Tax levy to the Maximum Facilities Special Tax (or Effective Tax Rate Evaluation Maximum Facilities Special Tax) and the Services Special Tax levy to the Maximum Services Special Tax is equal for all Assessors' Parcels within each classification (Developed Property, Single Family Final Map Property, Permit Ready Multi-Family/Non-Residential Property, Large Lot Property, etc.) within CFD No. 22A IA2.

"Public Property" means any property within the boundaries of CFD No. 22A IA2, which (a) is owned by a public agency, (b) has been irrevocably offered for dedication to a public agency, or (c) is designated with specific boundaries and Acreage on a Small Lot Final Subdivision Map as property, which will be owned by a public agency. For purposes of this definition, a public agency includes the federal government, the State of California, the County, the City, or any other public agency.

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

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

"Residential Unit" means a residential dwelling unit, including accessory dwelling units, as allowed by the City zoning code.

"Services Administrative Expenses" means the actual or reasonably estimated costs directly related to the administration of the Services Special Tax including, but not limited to, the following: the costs of computing the Services Special Taxes and preparing the annual Services Special Tax collection schedules (whether by the City or designee thereof or both); the costs of collecting the Services Special Taxes (whether by the County, the City, or otherwise); the costs associated with preparing Special Tax disclosure statements and responding to public inquiries regarding the Services Special Tax; and the costs of the City, CFD No. 22A IA2, or any designee thereof related to any appeal of the levy or application of the Services Special Tax. Services Administrative Expenses shall also include amounts estimated or advanced by the City or CFD No. 22A IA2 for any other administrative purposes related to the Services Special Tax.

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

"Services Special Tax Escalation Factor" means the maximum of two percent (2%) or the June annualized percentage change of the Consumer Price Index for all Urban Consumers, for the San Francisco-Oakland-Hayward area, not to exceed four percent (4%).

"Services Special Tax Requirement" means the amount of Services Special Tax revenue required for CFD No. 22A IA2, before the Transition Year, to (i) pay Services Administrative Expenses in an amount designated by the City; (ii) pay Authorized Services expenses; (iii) pay any amounts required to establish or replenish any repair and contingency funds, capital improvement funds, or reserve funds related to the Authorized Services expenses; (iv) cover any shortfalls that exist if, in any Fiscal Year, the levy of the Facilities Special Tax on each Assessor's Parcel of Taxable Property is insufficient to pay the Facilities Special Tax Requirement in that Fiscal Year. Facilities Special Tax Requirement shortfalls shall not include Pay As You Go Costs, and (v) pay for reasonably anticipated delinquent Services Special Taxes based on the delinquency rate for Services Special Taxes levied in the previous Fiscal Year; less (vi) a credit for funds available to reduce the annual Services Special Tax levy as determined by the CFD No. 22A IA2 Administrator.

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

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

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

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

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

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

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

"State" means the State of California.

"Taxable Property" means all of the Assessor's Parcels within the boundaries of CFD No. 22A IA2 that are not exempt from the CFD No. 22A IA2 Special Tax pursuant to law or Section F below.

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

"Total Estimated Tax Burden" means the total amount of overlapping property taxes anticipated to be levied upon a Residential Unit, based upon the estimated Average Sales Price identified in the most

recently completed Price Point Study and existing property tax rates for the current Fiscal Year. Existing property tax rates shall reflect the actual property tax rates— excluding utility-related fees and charges and PACE loans— levied upon Taxable Property in the Fiscal Year that the Effective Tax Rate Evaluation is completed.

"Transition Event" means the earlier of (i) Fiscal Year 2086-2087 or (ii) the Fiscal Year when the CFD No. 22A IA2 Administrator determines that both of the following events have occurred (1) all Bonds secured by the levy and collection of the Facilities Special Tax in CFD No. 22A IA2 have been fully repaid and the City determines that no additional Bonds are to be issued, and (2) all Facilities Administrative Expenses have been paid or reimbursed to CFD No. 22A IA2.

"Transition Services Administrative Expenses" means the actual or reasonably estimated costs directly related to the administration of the Transition Services Special Tax including, but not limited to, the following: the costs of computing the Transition Services Special Taxes and preparing the annual Transition Services Special Tax collection schedules (whether by the City or designee thereof or both); the costs of collecting the Transition Services Special Taxes (whether by the County, the City, or otherwise); the costs associated with preparing Special Tax disclosure statements and responding to public inquiries regarding the Transition Services Special Tax; and the costs of the City, CFD No. 22A IA2, or any designee thereof related to any appeal of the levy or application of the Transition Services Special Tax. Transition Services Administrative Expenses shall also include amounts estimated or advanced by the City or CFD No. 22A IA2 for any other administrative purposes related to the Transition Services Special Tax.

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

"Transition Services Special Tax Escalation Factor" means the maximum of two percent (2%) or the June annualized percentage change of the Consumer Price Index for all Urban Consumers, for the San Francisco-Oakland-Hayward area, not to exceed four percent (4%).

"Transition Services Special Tax Rate" means, calculated in the Transition Year, the amount equal to the prior Fiscal Year's Maximum Services Special Tax Rate plus fifty percent (50%) of the prior Fiscal Year's Maximum Facilities Special Tax Rate. The Transition Services Special Tax Escalation Factor shall be applied beginning in the Transition Year. Following the Transition Year, the Transition Services Special Tax Rate shall be equal to the prior Fiscal Year's Transition Services Special Tax Rate, increased by the Transition Services Special Tax Escalation Factor.

"Transition Services Special Tax Requirement" means the amount of Transition Services Special Tax revenue required for CFD No. 22A IA2, beginning in the Transition Year, to (i) pay Transition Services Administrative Expenses in an amount designated by the City; (ii) pay Authorized Services expenses; (iii) pay any amounts required to establish or replenish any repair, replacement and contingency funds, capital improvement funds, or reserve funds related to the Authorized Services expenses; (iv) pay for reasonably anticipated delinquent Transition Services Special Taxes based on the delinquency rate for Transition Services Special Taxes levied in the previous Fiscal Year; less (v) a credit for funds

available to reduce the annual Transition Services Special Tax levy as determined by the CFD No. 22A IA2 Administrator.

"Transition Year" means the first year in which the CFD No. 22A IA2 Administrator determines that the Transition Event occurred in the prior Fiscal Year.

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

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

"Welfare Exempt Property" means, in any Fiscal Year, all Parcels within the boundaries of CFD No. 22A IA2 that (a) have been granted a welfare exemption by the County under subdivision (g) of Section 214 of the Revenue and Taxation Code indicated in the Assessor's Data finalized as of January 1 of the previous Fiscal Year, and (b) are exempt from the Special Tax pursuant to Section 53340(c) of the Act. Pursuant to Section 53340(c) of the Act, after the issuance of the first series of Bonds, as applicable, any Assessor's Parcels that receives a welfare exemption under subdivision (g) of Section 214 of the Revenue and Taxation Code shall not be classified as Welfare Exempt Property and will be subject to the Facilities Special Tax.

B. <u>ASSIGNMENT TO LAND USE CATEGORIES</u>

Each Fiscal Year, using City and County records, City zoning information, and land use development plans, all Assessor's Parcels within the boundaries of CFD No. 22A IA2 shall be designated as either Taxable Property or Exempt Property.

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

C. FACILITIES SPECIAL TAX

Prior to the Transition Year, a Maximum Facilities Special Tax shall be assigned to all Taxable Property within CFD No. 22A IA2 according to the Maximum Facilities Special Tax Rates set forth in Attachment A of this Rate and Method of Apportionment.

Once assigned, the sum of the total Maximum Facilities Special Tax shall be equal to or greater than the Minimum Facilities Revenue, unless adjusted by an Effective Tax Rate Evaluation as described below. The Minimum Facilities Revenue for Fiscal Year 2027-2028 is set forth in Attachment B of this Rate and Method of Apportionment.

C.1. Increase in the Maximum Facilities Special Tax

On each July 1, commencing on July 1, 2028, the Maximum Facilities Special Tax Rates and Minimum Facilities Revenue in effect for the previous Fiscal Year shall be increased by the Facilities Special Tax Escalation Factor.

C.2. Future Assessor's Parcel Changes – Prior to an Effective Tax Rate Evaluation

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

Undeveloped Property Subdividing into Large Lot Property

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

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

If the sum of the total expected Developed Property Maximum Facilities Special Tax is less than the Minimum Facilities Revenue, the Developed Property, Small Lot Final Map Property and Permit Ready Multi-Family/Non-Residential Property Maximum Facilities Special Tax Rates shall be uniformly increased on the Large Lot Property created from the Undeveloped Property subdivision until the sum of the total expected Developed Property Maximum Facilities Special Tax is equal to the Minimum Facilities Revenue. Further, if the sum of the total current Maximum Facilities Special Tax is less than the Minimum Facilities Revenue, the Maximum Facilities Special Tax Rates for the Large Lot Property and any remaining Undeveloped Property created from the Undeveloped Property subdivision shall be uniformly increased until the sum of the total current Maximum Facilities Special Tax is equal to the Minimum Facilities Revenue. Attachment B of this

Rate and Method of Apportionment shall be updated to reflect any increases to the Maximum Facilities Special Tax Rates from the Undeveloped Property subdivision. The Developed Property, Small Lot Final Map Property and Permit Ready Multi-Family/Non-Residential Property Maximum Facilities Special Tax Rates shall not be adjusted for any Taxable Property already classified as Developed Property, Small Lot Final Map Property or Permit Ready Multi-Family/Non-Residential Property.

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

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

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

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

C.3. Effective Tax Rate Evaluation

Prior to the issuance of the first series of Bonds within CFD No. 22A IA2 an Effective Tax Rate Evaluation will be completed. Following the Effective Tax Rate Evaluation, Attachment C of this Rate and Method of Apportionment will be updated to reflect the Effective Tax Rate Evaluation Maximum Facilities Special Tax Rate for all Taxable Property in CFD No. 22A IA2.

Additionally, prior to the issuance of the first series of Bonds, the Developer may, one time, at their discretion, further reduce the Maximum Facilities Special Tax Rate for any or all Taxable Property in CFD No. 22A IA2 to an amount less than the rates produced in the Effective Tax Rate Evaluation. If reduced, the reduction will be applied uniformly by land use category.

Effective Tax Rate Evaluation Maximum Facilities Special Tax Rates

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

If the Total Effective Tax Rate for any Residential Property land use category exceeds the Total Maximum Effective Tax Rate, the Developed Property Maximum Facilities Special Tax Rate set forth in Attachment A shall be reduced until the Total Effective Tax Rate is less than or equal to the Total Maximum Effective Tax Rate for that Residential Property land use category. Attachment C of this Rate and Method of Apportionment will be updated to set forth the Developed Property Effective Tax Rate Evaluation Maximum Facilities Special Tax Rate for each Residential Property land use category.

Effective Tax Rate Evaluation Minimum Facilities Revenue

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

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

C.4. Future Assessor's Parcel Changes – After an Effective Tax Rate Evaluation

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

Undeveloped Property Subdividing into Large Lot Property

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

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

If the sum of the total expected Developed Property Effective Tax Rate Evaluation Maximum Facilities Special Tax is less than the Effective Tax Rate Evaluation Minimum Facilities Revenue, the Developed Property, Small Lot Final Map Property and Permit Ready Multi-Family/Non-Residential Property Effective Tax Rate Evaluation Maximum Facilities Special Tax Rates shall be uniformly increased, on the Large Lot Property created from the Undeveloped Property subdivision, until the sum of the total expected Developed Property Effective Tax Rate Evaluation Maximum Facilities Special Tax is equal to the Effective Tax Rate Evaluation Minimum Facilities Revenue. Further, if the sum of the total current Effective Tax Rate Evaluation Maximum Facilities Special Tax is less than the Effective Tax Rate Evaluation Minimum Facilities Revenue, the Effective Tax Rate Evaluation Maximum Facilities Special Tax Rates for the Large Lot Property and any remaining Undeveloped Property created from the Undeveloped Property subdivision shall be uniformly increased until the sum of the total current Effective Tax Rate Evaluation Maximum

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

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

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

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

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

Family/Non-Residential Property Effective Tax Rate Evaluation Maximum Facilities Special Tax Rates shall not be adjusted for any Taxable Property already classified as Developed Property, Small Lot Final Map Property or Permit Ready Multi-Family/Non-Residential Property created prior to the Large Lot Property subdivision.

C.5. Method of Apportionment of Facilities Special Tax

Using the definitions and procedures described herein, the CFD No. 22A IA2 Administrator shall determine the Facilities Special Tax Requirement and levy the Facilities Special Tax until the amount of Facilities Special Taxes equals the Facilities Special Tax Requirement. The Facilities Special Tax shall be levied each Fiscal Year until the Transition Year as follows:

Prior to an Effective Tax Rate Evaluation

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

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

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

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

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

After an Effective Tax Rate Evaluation

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

Second: If additional monies are needed to satisfy the Facilities Special Tax Requirement (excluding Pay As You Go Costs) after the first step has been completed, the Facilities Special Tax

shall be levied Proportionately on all Small Lot Final Map Property at a rate up to 100% of the Effective Tax Rate Evaluation Maximum Facilities Special Tax for Small Lot Final Map Property.

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

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

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

D. SERVICES SPECIAL TAX

A Services Special Tax shall be assigned to all Taxable Property within CFD No. 22A IA2 according to the Maximum Services Special Tax Rates set forth in Attachment A of this Rate and Method of Apportionment.

D.1. Prior to the Transition Event - Increase in the Maximum Services Special Tax

Prior to the Transition Event, on each July 1, commencing on July 1, 2027, the Maximum Services Special Tax Rates in effect for the previous Fiscal Year shall be increased by the Services Special Tax Escalation Factor.

D.2. Prior to the Transition Event - Method of Apportionment of Services Special Tax

If, in any Fiscal Year prior to the Transition Year, the Facilities Special Tax is levied against each Assessor's Parcel of Taxable Property within CFD No. 22A IA2 and the Facilities Special Tax revenues generated are insufficient to pay the Facilities Special Tax Requirement, such shortfall shall be deemed a component of the Services Special Tax Requirement in that Fiscal Year, and proceeds from the levy of the Services Special Tax shall first be applied to mitigate the shortfall in the Facilities Special Tax Requirement before being used to pay for Authorized Services. The Services Special Tax revenue shall not be applied to any Facilities Special Tax Requirement shortfalls attributable to Pay As You Go Costs authorized to be financed by CFD No. 22A IA2.

Using the definitions and procedures described herein, the CFD No. 22A IA2 Administrator shall determine the Services Special Tax Requirement and levy the Services Special Tax until the amount of Services Special Tax equals the Services Special Tax Requirement. The Services Special Tax shall be levied each Fiscal Year as follows:

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

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

Third: If additional monies are needed to satisfy the Services Special Tax Requirement after the second step has been completed, the Services Special Tax shall be levied Proportionately on all Permit-Ready Multi-Family/Non-Residential Property, Large Lot Property, and Undeveloped Property at a rate up to 100% of the Maximum Services Special Tax for Permit-Ready Multi-Family/Non-Residential Property, Large Lot Property, and Undeveloped Property in order to satisfy the Services Special Tax Requirement.

E. TRANSITION SERVICES SPECIAL TAX

A Transition Services Special Tax shall be assigned to all Taxable Property within CFD No. 22A IA2 according to the Maximum Transition Services Special Tax Rates set forth in Attachment A of this Rate and Method of Apportionment.

E.1. After the Transition Event – Method of Apportionment of Transition Services Special Tax

Using the definitions and procedures described herein, the CFD No. 22A IA2 Administrator shall determine the Transition Services Special Tax Requirement and levy the Transition Services Special Tax until the amount of Transition Services Special Tax equals the Transition Services Special Tax Requirement. The Transition Services Special Tax shall be levied each Fiscal Year as follows:

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

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

F. DELINQUENCIES

Notwithstanding the above, under no circumstances will the CFD No. 22A IA2 Facilities Special Tax levied against any Assessor's Parcel of Developed Property classified as Residential Property, in any Fiscal Year, be increased as a consequence of the delinquency or default in the payment of the CFD No. 22A IA2 Facilities Special Taxes by the owner or owners of any other Taxable Property by more than ten percent (10%) above the amount that would have been levied against such Assessor's Parcel in such Fiscal Year had there been no delinquencies or defaults.

G. EXEMPTIONS

The CFD No. 22A IA2 Administrator shall classify the following as Exempt Property: Public Property, Property Owner Association Property, Open Space Property, and Assessor's Parcels with public or utility easements making impractical their utilization for any use other than the purposes set forth in the easement.

The Maximum Facilities Special Tax obligation or, if applicable, the Effective Tax Rate Evaluation Maximum Facilities Special Tax obligation for Taxable Property which will be transferred or dedicated to a public agency and will be classified as Public Property may be fully prepaid by the seller, pursuant to Section L, prior to the transfer/dedication of such Taxable Property. Until the Maximum Facilities Special Tax obligation or, if applicable, the Effective Tax Rate Evaluation Maximum Facilities Special Tax obligation for any such Taxable Property is prepaid, the Taxable Property shall continue to be subject to the levy of the Facilities Special Tax. An exception to this may be made if an Assessor's Parcel of Public Property, such as a school site, is relocated to an Assessor's Parcel of Taxable Property, in which case the Assessor's Parcel of previously Public Property becomes Taxable Property and the Assessor's Parcel of previously Taxable Property becomes Public Property. This trading of an Assessor's Parcel from Taxable Property to Public Property will be permitted to the extent there is no loss in Maximum Facilities Special Tax revenue or, if applicable, Effective Tax Rate Evaluation Maximum Facilities Special Tax revenue, and the transfer is agreed to by the owners of all Assessor's Parcels involved in the transfer and the City Council.

If the use of an Assessor's Parcel changes so that such Assessor's Parcel is no longer eligible to be classified as one of the uses set forth in paragraph 1 of Section G. above that would make such Assessor's Parcel eligible to continue to be classified as Exempt Property, such Assessor's Parcel shall cease to be classified as Exempt Property and shall be deemed to be Taxable Property and subject to the Special Tax.

No Special Tax shall be levied on any Assessor's Parcel in any Fiscal Year in which such Assessor's Parcel is classified as Welfare Exempt Property; however, pursuant to Section 53340(c) of the Act, after the issuance of the first series of Bonds, as applicable, any Assessor's Parcel that receives a welfare exemption under subdivision (g) of Section 214 of the Revenue and Taxation Code shall not be classified as Welfare Exempt Property and will be subject to the Facilities Special Tax.

H. TRANSFERS

Prior to the issuance of the first series of Bonds within CFD No. 22A IA2, the City may permit the transfer of Maximum Facilities Special Tax or Effective Tax Rate Evaluation Maximum Facilities Special Tax from one Assessor's Parcel to another Assessor's Parcel. Before recordation of a Small Lot Final Subdivision Map, if a subdivision map is required, the City may permit a transfer if the number of planned Residential Units, Multi-Family Attached Property Acreage, or Non-Residential Property Acreage is transferred from one Assessor's Parcel(s) to another Assessor's Parcel(s) in any portion of Large Lot Property. The City may, in its sole discretion, allow for a transfer of the Maximum Facilities Special Tax or Effective Tax Rate Evaluation Maximum Facilities Special Tax from one Assessor's Parcel to another Assessor's Parcel provided such a transfer shall be allowed only if (1) all adjustments are

agreed to in writing by the affected property owners and the City's Finance Director, and (2) there is no reduction in the sum of the total Maximum Facilities Special Tax or sum of the total Effective Tax Rate Evaluation Maximum Facilities Special Tax as a result of the transfer. Should a transfer result in an amendment to Attachment B or, following an Effective Tax Rate Evaluation, Attachment D of this Rate and Method of Apportionment, the requesting property owner shall bear the costs to affect the transfer in the CFD No. 22A IA2 records and prepare the required amendments to Attachment B or, following an Effective Tax Rate Evaluation, Attachment D of this Rate and Method of Apportionment.

I. INTERPRETATIONS

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

J. REVIEW/APPEALS

The CFD No. 22A IA2 Administrator may establish such procedures, as it deems necessary to undertake the review of any such appeal. The CFD No. 22A IA2 Administrator shall interpret this Rate and Method of Apportionment and make determinations relative to the annual administration of the Special Tax and any property owner appeals, as herein specified.

Any property owner may file a written appeal of the Special Tax with the CFD No. 22A IA2 Administrator claiming that the amount or application of the Special Tax is not correct. The appeal must be filed not later than one calendar year after having paid the Special Taxes that are disputed, and the appellant must be current in all payments of Special Taxes. In addition, during the term of the appeal process, all Special Taxes levied must be paid on or before the payment date established when the levy was made. The appeal must specify the reasons why the appellant claims the Special Taxes are in error. The CFD No. 22A IA2 Administrator shall review the appeal, meet with the appellant if the CFD No. 22A IA2 Administrator deems necessary, and advise the appellant of its determination.

If the property owner disagrees with the CFD No. 22A IA2 Administrator's decision relative to the appeal, the owner may file a written notice with the City Manager of the City appealing the amount of the Special Tax levied on such Assessor's Parcel. If following such consultation and action (if any by the City Manager of the City), the property owner believes such error still exists, such person may file a written notice with the City Council appealing the amount of the Special Tax levied on such Assessor's Parcel. The decision of the City shall be final and binding to all persons. If the decision of the CFD No. 22A IA2 Administrator or subsequent decision by the City Manager of the City or City Council requires the Special Taxes to be modified or changed in favor of the property owner, no cash refund shall be made for prior years' Special Taxes, but an adjustment shall be made to credit future Special Taxes. This procedure shall be exclusive and its exhaustion by any property owner shall be a condition precedent to filing any legal action by such owner.

K. MANNER OF COLLECTION

The annual Special Tax shall be collected in the same manner and at the same time as ordinary ad valorem property taxes; provided, however, that CFD No. 22A IA2, may, at the sole discretion of the City, directly bill the Special Tax, may collect Special Taxes at a different time or in a different manner as necessary to meet its financial obligations, and may covenant to foreclose and may actually foreclose on Assessor's Parcels of Taxable Property that are delinquent in the payment of Special Taxes.

L. PREPAYMENT IN PART OF FACILITIES SPECIAL TAX

The Facilities Special Tax obligation of an Assessor's Parcel of Taxable Property may be partially prepaid as described herein; provided that there are no delinquent Special Taxes with respect to such Assessor's Parcel at the time of partial prepayment. An owner of an Assessor's Parcel intending to partially prepay the Facilities Special Tax obligation shall provide the CFD No. 22A IA2 Administrator with written notice of intent to partially prepay. Within 30 days of receipt of such written notice, the CFD No. 22A IA2 Administrator shall notify such owner of the partial prepayment amount of such Assessor's Parcel. Any partial prepayment must be submitted at least 60 days before the next occurring bond redemption date, and the proceeds of such prepayment shall be provided to the Trustee for application toward bond redemption in accordance with the Indenture. The CFD No. 22A IA2 Administrator may charge a fee for providing this service.

L.1. Partial Prepayment Amount

The Facilities Special Tax may be prepaid in an amount determined at the time of prepayment based on the portion of Bonds then outstanding; provided, however, that no partial prepayment shall be accepted in an amount equal to an annual Special Tax amount less than the annual Transition Services Special Tax rate escalated to the then current fiscal year less the then current Services Special Tax rate.

The "Partial Prepayment Amount" is calculated as follows:

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

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

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

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

The "Redemption Amount" is calculated as follows:

Step 1: Divide the Maximum Facilities Special Tax (or Effective Tax Rate Evaluation Maximum Facilities Special Tax) computed pursuant to Step 1 of Section L.1 by the total Maximum Facilities Special Taxes (or total Effective Tax Rate Evaluation Maximum Facilities Special Taxes) for the entire CFD No. 22A IA2, based on the Maximum Facilities Special Taxes (or Effective Tax Rate Evaluation Maximum Facilities Special Taxes) that could be charged in the current Fiscal Year if all Taxable Property were designated as Developed Property, excluding any Assessor's Parcels which have prepaid the Maximum Facilities Special Tax (or Effective Tax Rate Evaluation Maximum Facilities Special Tax) obligation (the "Prepayment Quotient").

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

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

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

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

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

Step 7: If any capitalized interest for the Outstanding Bonds will not have been expended at the time of the first interest and/or principal payment following the current Fiscal Year, a

capitalized interest credit shall be calculated by multiplying the quotient computed pursuant to Step 1 by the expected balance in the capitalized interest fund after such first interest payment.

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

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

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

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

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

M. TERM OF SPECIAL TAX

The Facilities Special Tax shall be levied commencing in Fiscal Year 2027-2028 to the extent necessary to fully satisfy the Facilities Special Tax Requirement and shall be levied through the Facilities Special Tax Term.

The Services Special Tax shall be levied commencing in Fiscal Year 2027-2028 and shall be levied until the Transition Event to the extent necessary to fully satisfy the Services Special Tax Requirement.

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

ATTACHMENT A
CITY OF FOLSOM
COMMUNITY FACILITIES DISTRICT NO. 22A (FOLSOM HEIGHTS)
IMPROVEMENT AREA 2
MAXIMUM SPECIAL TAX RATES
(FISCAL YEAR 2026-2027)

Land Use Category	Lot Size	2026-2027 Maximum Facilities Special Tax Rate[(1)]	2026-2027 Maximum Services Special Tax Rate[(2)]	Taxed Per
Developed Property:				
Single-Family Detached Property – SF Zoning	Any	$3,770	$137	Residential Lot
Single-Family Detached Property – SFHD Zoning	> = 5,775 Sq Ft	$3,067	$137	Residential Lot
Single-Family Detached Property – SFHD Zoning	< 5,775 Sq Ft	$2,959	$137	Residential Lot
Single-Family Detached Property – MLD Zoning	Any	$2,357	$117	Residential Lot
Other Taxable Property	Any	$15,000	$659	Acre
Small Lot Final Map Property:				
Single-Family Detached Property – SF Zoning	Any	$3,770	$137	Residential Lot
Single-Family Detached Property – SFHD Zoning	> = 5,775 Sq Ft	$3,067	$137	Residential Lot
Single-Family Detached Property – SFHD Zoning	< 5,775 Sq Ft	$2,959	$137	Residential Lot
Single-Family Detached Property – MLD Zoning	Any	$2,357	$117	Residential Lot
Other Taxable Property	Any	$15,000	$659	Acre
Permit Ready Multi-Family/Non-Residential Property		$15,000	$659	Acre
Large Lot Property		$15,000	$659	Acre
Undeveloped Property		$15,000	$659	Acre

(1) On each July 1, commencing on July 1, 2027, the Maximum Facilities Special Tax Rates shall be increased by the Facilities Special Tax Escalation Factor of the Maximum Facilities Special Tax Rates in effect for the previous Fiscal Year.

(2) On each July 1, commencing on July 1, 2027, the Maximum Services Special Tax Rates shall be increased by an amount equal to the Services Special Tax Escalation Factor of the Maximum Services Special Tax Rates in effect for the previous Fiscal Year.

ATTACHMENT B
CITY OF FOLSOM
COMMUNITY FACILITIES DISTRICT NO. 22A (FOLSOM HEIGHTS)
IMPROVEMENT AREA 2
MINIMUM FACILITIES REVENUE
(FISCAL YEAR 2026-2027)

Land Use Category	Lot Size	Planned Number of Residential Lots	2026-2027 Developed Property Maximum Facilities Special Tax Rate[(1)(2)]	2026-2027 Minimum Facilities Revenue [(1)(3)]
Developed Property:				
Single-Family Detached Property – SF Zoning	Any	55	$3,770	$207,350
Single-Family Detached Property – SFHD Zoning	> = 5,775 Sq Ft	60	$3,067	$184,020
Single-Family Detached Property – SFHD Zoning	< 5,775 Sq Ft	81	$2,959	$239,679
Single-Family Detached Property – MLD Zoning	Any	72	$2,357	$169,704
Other Taxable Property	Any	0	$15,000	$0
Total Minimum Facilities Revenue[(4)]				**$800,753**

(1) On each July 1, commencing on July 1, 2027, the Developed Property Maximum Facilities Special Tax Rates and Minimum Facilities Revenue shall be increased by the Facilities Special Tax Escalation Factor of the Developed Property Maximum Facilities Special Tax Rates and Minimum Facilities Revenue in effect for the previous Fiscal Year.

(2) As a result of future Assessor's Parcel changes, described in Section C.2, the assigned Maximum Facilities Special Tax Rates for Developed Property may exceed the Developed Property Maximum Facilities Special Tax Rates set forth in this table.

(3) The total Minimum Facilities Revenue may be decreased as result of a portion of Maximum Facilities Special Tax obligations being prepaid pursuant to Section L.

(4) Based upon the Developed Property Maximum Facilities Special Tax Rate for Single-Family Detached Property in Improvement Area No. 2.

ATTACHMENT C
CITY OF FOLSOM
COMMUNITY FACILITIES DISTRICT NO. 22A (FOLSOM HEIGHTS)
IMPROVEMENT AREA 2
EFFECTIVE TAX RATE EVALUATION MAXIMUM FACILITIES SPECIAL TAX RATES
(FISCAL YEAR 2026-2027)

Land Use Category	Lot Size	2026-2027 Effective Tax Rate Evaluation Maximum Facilities Special Tax Rate[(1)(2)]	Taxed Per
Developed Property:			
Single-Family Detached Property – SF Zoning	Any	$_____	Residential Lot
Single-Family Detached Property – SFHD Zoning	> = 5,775 Sq Ft	_____	Residential Lot
Single-Family Detached Property – SFHD Zoning	< 5,775 Sq Ft	_____	Residential Lot
Single-Family Detached Property – MLD Zoning	Any	_____	Residential Lot
Other Taxable Property	Any	_____	Acre
Small Lot Final Map Property:			
Single-Family Detached Property – SF Zoning	Any	$_____	Residential Lot
Single-Family Detached Property – SFHD Zoning	> = 5,775 Sq Ft	_____	Residential Lot
Single-Family Detached Property – SFHD Zoning	< 5,775 Sq Ft	_____	Residential Lot
Single-Family Detached Property – MLD Zoning	Any	_____	Residential Lot
Other Taxable Property	Any	_____	Acre
Permit Ready Multi-Family/Non-Residential Property		$_____	Acre
Large Lot Property		$_____	Acre
Undeveloped Property		$_____	Acre

(1) Effective Tax Rate Evaluation Maximum Facilities Special Tax Rates will be inserted following the Effective Tax Rate Evaluation.

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

ATTACHMENT D
CITY OF FOLSOM
COMMUNITY FACILITIES DISTRICT NO. 22A (FOLSOM HEIGHTS)
IMPROVEMENT AREA 2
EFFECTIVE TAX RATE EVALUATION MINIMUM FACILITIES REVENUE
(FISCAL YEAR 2026-2027)

Land Use Category	Lot / Village #	Planned Number of Residential Lots / Acres[(1)]	2026-2027 Developed Property Effective Tax Rate Evaluation Maximum Facilities Special Tax Rate[(1)(2)(3)]	2026-2027 Effective Tax Rate Evaluation Minimum Facilities Revenue[(1)(2)(4)]
Developed Property:				
Single-Family Detached Property – SF Zoning	Any	55	$_____	$_____
Single-Family Detached Property – SFHD Zoning	> = 5,775 Sq Ft	60	_____	_____
Single-Family Detached Property – SFHD Zoning	< 5,775 Sq Ft	81	_____	_____
Single-Family Detached Property – MLD Zoning	Any	72	_____	_____
Other Taxable Property	Any	0	_____	_____
Total Effective Tax Rate Evaluation Minimum Facilities Revenue[(5)]				**$_____**

(1) Planned Number of Residential Units/Acres, Developed Property Effective Tax Rate Evaluation Maximum Facilities Special Tax Rate and Effective Tax Rate Evaluation Minimum Facilities Revenue to be inserted following the Effective Tax Rate Evaluation.

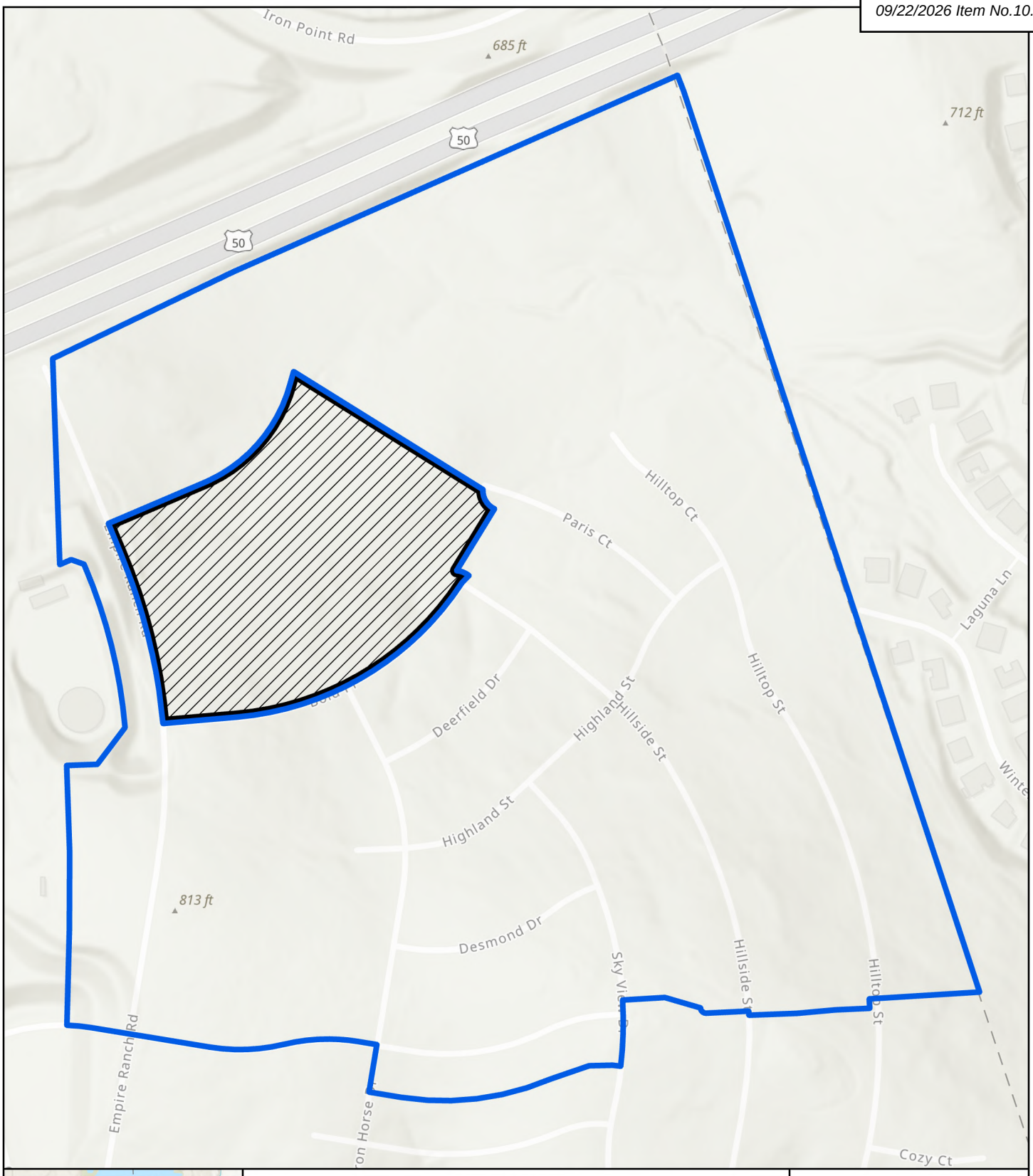
(2) On each July 1, commencing in the Fiscal Year after the Effective Tax Rate Evaluation occurs, the Developed Property Effective Tax Rate Evaluation Maximum Facilities Special Tax Rates and Effective Tax Rate Evaluation Minimum Facilities Revenue shall be increased by the Facilities Special Tax Escalation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

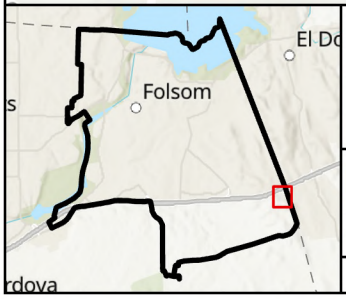
(3) As a result of future Assessor's Parcel changes, described in Section C.3, the assigned Developed Property Effective Tax Rate Evaluation Maximum Facilities Special Tax Rates may exceed the Developed Property Effective Tax Rate Evaluation Maximum Facilities Special Tax Rates set forth in this table.

(4) The total Effective Tax Rate Evaluation Minimum Facilities Revenue may be decreased as result of a portion of Effective Tax Rate Evaluation Maximum Facilities Special Tax obligations being prepaid pursuant to Section L.

(5) Based upon the total Effective Developed Property Maximum Facilities Special Tax Rate Evaluation for Single-Family Detached Property in Improvement Area No. 2.

ATTACHMENT E
CITY OF FOLSOM
COMMUNITY FACILITIES DISTRICT NO. 22A (FOLSOM HEIGHTS)
IMPROVEMENT AREA 2





City of Folsom
Community Facilities District No. 22A (Folsom Heights)
Improvement Area 2

Improvement Area 2 Boundary

Not A Part

2026

N

0 0.04 0.07 Mi

US Feet

0 215 430

Coordinate System: NAD 1983 State[illegible] FIPS 0402 Feet

NBS helping communities fund tomorrow

EXHIBIT D-3

RATE AND METHOD OF APPORTIONMENT OF SPECIAL TAX
CITY OF FOLSOM
COMMUNITY FACILITIES DISTRICT NO. 22A
(FOLSOM HEIGHTS)
IMPROVEMENT AREA NO. 3

[ATTACHED]

RATE AND METHOD OF APPORTIONMENT FOR
CITY OF FOLSOM
COMMUNITY FACILITIES DISTRICT NO. 22A
(FOLSOM HEIGHTS)
IMPROVEMENT AREA 3

A Special Tax, as hereinafter defined, shall be levied on each Assessor's Parcel of Taxable Property within Improvement Area No. 3 of the City of Folsom Community Facilities District No. 22A (Folsom Heights) (CFD No. 22A IA3) and collected each Fiscal Year in an amount determined by the CFD No. 22A IA3 Administrator through the application of the Rate and Method of Apportionment as described below. All of the real property within CFD No. 22A IA3, unless exempted by law or by the provisions hereof, shall be taxed for the purposes, to the extent and in the manner herein provided.

A. GENERAL DEFINITIONS

The terms hereinafter set forth have the following meaning:

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

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

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

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

"Authorized Services" means the services authorized to be financed by CFD No. 22A IA3.

"Average Sales Price" means the estimated average net price of new homes with options and upgrades by product category, as identified in the most recent Price Point Study for the CFD 22A IA3 market area.

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

"Bonds" means any bonds or other debt (as defined in the Act), whether in one or more series, issued by CFD No. 22A IA3 under the Act.

"CFD No. 22A IA3" means City of Folsom Community Facilities District No. 22A IA3 (Folsom Heights).

"CFD No. 22A IA3 Administrator" means the City's Finance Director, or designee thereof, responsible for determining the Facilities Special Tax Requirement, Services Special Tax Requirement, and

Transition Services Special Tax Requirement and providing for the levy and collection of the Special Taxes.

"City" means the City of Folsom.

"City Council" means the City Council of the City, acting as the legislative body of CFD No. 22A IA3.

"County" means the County of Sacramento.

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

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

"Effective Tax Rate Evaluation Maximum Facilities Special Tax" means the total maximum annual Facilities Special Tax, as determined during the Effective Tax Rate Evaluation, in accordance with the provisions of Section C.3, which may be levied in any Fiscal Year on any Assessor's Parcel of Taxable Property.

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

"Effective Tax Rate Evaluation Minimum Facilities Revenue" means, following the Effective Tax Rate Evaluation, the total minimum amount of CFD No. 22A IA3 Effective Tax Rate Evaluation Maximum Facilities Special Tax, as adjusted annually by the Facilities Special Tax Escalation Factor after the Fiscal Year in which the Effective Tax Rate Evaluation occurs, less any Effective Tax Rate Evaluation Maximum Facilities Special Tax amounts partially prepaid pursuant to Section L. The Effective Tax Rate Evaluation Minimum Facilities Revenue, based on Planned Development, is set forth in Attachment D of this Rate and Method of Apportionment.

"Exempt Property" means all Assessors' Parcels that are exempt from the Special Tax pursuant to Section G.

"Facilities Administrative Expenses" means the actual or reasonably estimated costs directly related to the administration of the Facilities Special Tax including, but not limited to, the following: the costs of computing the Facilities Special Tax and preparing the annual Facilities Special Tax collection schedules (whether by the City or designee thereof or both); the costs of collecting the Facilities Special Taxes (whether by the County, the City, or otherwise); the costs of remitting the Facilities Special Taxes to the Trustee; the costs of the Trustee (including its legal counsel) in the discharge of the duties required of it under the Indenture; the costs to the City, CFD No. 22A IA3, or any designee thereof of complying with arbitrage rebate requirements or responding to questions from the IRS or SEC pertaining to any Bonds or any audit of any Bonds by the SEC or IRS; the costs to the City, CFD No. 22A IA3, or any designee thereof of providing continuing disclosure regarding the Bonds pursuant to

applicable state or federal securities law; the costs associated with preparing Facilities Special Tax disclosure statements and responding to public inquiries regarding the Facilities Special Taxes; the costs of the City, CFD No. 22A IA3, or any designee thereof related to any appeal of the levy or application of the Facilities Special Tax; the costs associated with the release of funds from an escrow account, if any; and the costs associated with computing and preparing the Effective Tax Rate Evaluation, including the Price Point Study. Facilities Administrative Expenses shall also include amounts estimated or advanced by the City or CFD No. 22A IA3 for any other administrative purposes, including, but not limited to, attorney's fees and other costs related to commencing and pursuing to completion any foreclosure of delinquent Facilities Special Taxes.

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

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

"Facilities Special Tax Requirement" means that amount of Special Tax revenue required in any Fiscal Year for CFD No. 22A IA3 to: (i) pay Facilities Administrative Expenses in an amount designated by the City; (ii) pay annual debt service on all Outstanding Bonds due in the Bond Year beginning in such Fiscal Year; (iii) pay other periodic costs on Outstanding Bonds, including but not limited to, credit enhancement and rebate payments on Outstanding Bonds; (iv) pay any amounts required to establish or replenish any reserve funds for all Outstanding Bonds in accordance with the Indenture; (v) pay for reasonably anticipated delinquent Special Taxes based on the delinquency rate for Special Taxes levied in the previous Fiscal Year and known upcoming delinquencies; and (vi) pay for Pay As You Go Costs; less (vii) a credit for funds available to reduce the annual Facilities Special Tax levy as determined by the CFD No. 22A IA3 Administrator pursuant to the Indenture.

"Facilities Special Tax Term" means the earlier of Fiscal Year 2086-2087 or the Fiscal Year occurring 50 years following the Fiscal Year in which the first building permit was issued, or the first series of Bonds was issued within CFD No. 22A IA3.

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

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

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

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

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

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

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

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

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

Beginning in the Transition Year, "Maximum Special Tax", also means the total annual Maximum Transition Services Special Tax, determined in accordance with the provisions of Section D, which may be levied in any Fiscal Year following the Transition Event on any Assessor's Parcel of Taxable Property.

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

"Maximum Transition Services Special Tax" means, beginning in the Transition Year, the maximum amount, determined in accordance with the provisions of Section D, which may be levied in any Fiscal Year following the Transition Event on any Assessor's Parcel of Taxable Property.

"Minimum Facilities Revenue" means the minimum amount of total CFD No. 22A IA3 Maximum Facilities Special Tax, as adjusted annually by the Facilities Special Tax Escalation Factor, less any Maximum Facilities Special Tax amounts partially prepaid pursuant to Section L. The Minimum Facilities Revenue, based on Planned Development, is set forth in Attachment B of this Rate and Method of Apportionment. Following the Transition Event, the Minimum Facilities Revenue shall be zero.

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

"Open Space Property" means property within the boundaries of CFD No. 22A IA3 which (a) has been designated with specific boundaries and acreage on a Small Lot Final Subdivision Map as open space, or (b) is classified by the City zoning code or County Assessor as open space, or (c) has been irrevocably offered for dedication as open space to the federal government, the State of California, the County, the City, any other public agency, a private, non-profit organization, or (d) is encumbered by an easement or other restriction required by the City limiting the use of such property to open space.

"Other Taxable Property" means all other land uses of Taxable Property, for which a building permit for new construction can be issued. Other Taxable Property does not include Residential Property and Non-Residential Property land use categories.

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

"Pay As You Go Costs" means that portion of the Facilities Special Tax Requirement attributable to the direct payment for the acquisition and/or construction of public improvements, which are authorized to be financed by CFD No. 22A IA3.

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

"Planned Development" means the planned number of Residential Lots, Permit Ready Multi-Family/Non-Residential Property Acreage planned within CFD No. 22A IA3, set forth in Attachment B or, following the Effective Tax Rate Evaluation, Attachment D of this Rate and Method of Apportionment, as amended by the future recordation of all Large Lot Maps and Small Lot Final Subdivision Maps within CFD No. 22A IA3.

"Price Point Study" means an analysis, prepared by an independent firm, to verify the estimated Average Sales Price within each land use category of Residential Property given the project location and current market conditions.

"Property Owner Association Property" means any property within the boundaries of CFD No. 22A IA3, which is (a) owned by a property owner association or (b) designated with specific boundaries and Acreage on a Small Lot Final Subdivision Map as property owner association property. As used in this definition, a property owner association includes any master or sub-association.

"Proportionately" means for Taxable Property that the ratio of the Facilities Special Tax levy to the Maximum Facilities Special Tax (or Effective Tax Rate Evaluation Maximum Facilities Special Tax) and the Services Special Tax levy to the Maximum Services Special Tax is equal for all Assessors' Parcels within each classification (Developed Property, Single Family Final Map Property, Permit Ready Multi-Family/Non-Residential Property, Large Lot Property, etc.) within CFD No. 22A IA3.

"Public Property" means any property within the boundaries of CFD No. 22A IA3, which (a) is owned by a public agency, (b) has been irrevocably offered for dedication to a public agency, or (c) is designated with specific boundaries and Acreage on a Small Lot Final Subdivision Map as property, which will be owned by a public agency. For purposes of this definition, a public agency includes the federal government, the State of California, the County, the City, or any other public agency.

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

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

"Residential Unit" means a residential dwelling unit, including accessory dwelling units, as allowed by the City zoning code.

"Services Administrative Expenses" means the actual or reasonably estimated costs directly related to the administration of the Services Special Tax including, but not limited to, the following: the costs of computing the Services Special Taxes and preparing the annual Services Special Tax collection schedules (whether by the City or designee thereof or both); the costs of collecting the Services Special Taxes (whether by the County, the City, or otherwise); the costs associated with preparing Special Tax disclosure statements and responding to public inquiries regarding the Services Special Tax; and the costs of the City, CFD No. 22A IA3, or any designee thereof related to any appeal of the levy or application of the Services Special Tax. Services Administrative Expenses shall also include amounts estimated or advanced by the City or CFD No. 22A IA3 for any other administrative purposes related to the Services Special Tax.

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

"Services Special Tax Escalation Factor" means the maximum of two percent (2%) or the June annualized percentage change of the Consumer Price Index for all Urban Consumers, for the San Francisco-Oakland-Hayward area, not to exceed four percent (4%).

"Services Special Tax Requirement" means the amount of Services Special Tax revenue required for CFD No. 22A IA3, before the Transition Year, to (i) pay Services Administrative Expenses in an amount designated by the City; (ii) pay Authorized Services expenses; (iii) pay any amounts required to establish or replenish any repair and contingency funds, capital improvement funds, or reserve funds related to the Authorized Services expenses; (iv) cover any shortfalls that exist if, in any Fiscal Year, the levy of the Facilities Special Tax on each Assessor's Parcel of Taxable Property is insufficient to pay the Facilities Special Tax Requirement in that Fiscal Year. Facilities Special Tax Requirement shortfalls shall not include Pay As You Go Costs, and (v) pay for reasonably anticipated delinquent Services Special Taxes based on the delinquency rate for Services Special Taxes levied in the previous Fiscal Year; less (vi) a credit for funds available to reduce the annual Services Special Tax levy as determined by the CFD No. 22A IA3 Administrator.

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

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

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

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

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

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

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

"State" means the State of California.

"Taxable Property" means all of the Assessor's Parcels within the boundaries of CFD No. 22A IA3 that are not exempt from the CFD No. 22A IA3 Special Tax pursuant to law or Section F below.

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

"Total Estimated Tax Burden" means the total amount of overlapping property taxes anticipated to be levied upon a Residential Unit, based upon the estimated Average Sales Price identified in the most

recently completed Price Point Study and existing property tax rates for the current Fiscal Year. Existing property tax rates shall reflect the actual property tax rates— excluding utility-related fees and charges and PACE loans— levied upon Taxable Property in the Fiscal Year that the Effective Tax Rate Evaluation is completed.

"Transition Event" means the earlier of (i) Fiscal Year 2086-2087 or (ii) the Fiscal Year when the CFD No. 22A IA3 Administrator determines that both of the following events have occurred (1) all Bonds secured by the levy and collection of the Facilities Special Tax in CFD No. 22A IA3 have been fully repaid and the City determines that no additional Bonds are to be issued, and (2) all Facilities Administrative Expenses have been paid or reimbursed to CFD No. 22A IA3.

"Transition Services Administrative Expenses" means the actual or reasonably estimated costs directly related to the administration of the Transition Services Special Tax including, but not limited to, the following: the costs of computing the Transition Services Special Taxes and preparing the annual Transition Services Special Tax collection schedules (whether by the City or designee thereof or both); the costs of collecting the Transition Services Special Taxes (whether by the County, the City, or otherwise); the costs associated with preparing Special Tax disclosure statements and responding to public inquiries regarding the Transition Services Special Tax; and the costs of the City, CFD No. 22A IA3, or any designee thereof related to any appeal of the levy or application of the Transition Services Special Tax. Transition Services Administrative Expenses shall also include amounts estimated or advanced by the City or CFD No. 22A IA3 for any other administrative purposes related to the Transition Services Special Tax.

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

"Transition Services Special Tax Escalation Factor" means the maximum of two percent (2%) or the June annualized percentage change of the Consumer Price Index for all Urban Consumers, for the San Francisco-Oakland-Hayward area, not to exceed four percent (4%).

"Transition Services Special Tax Rate" means, calculated in the Transition Year, the amount equal to the prior Fiscal Year's Maximum Services Special Tax Rate plus fifty percent (50%) of the prior Fiscal Year's Maximum Facilities Special Tax Rate. The Transition Services Special Tax Escalation Factor shall be applied beginning in the Transition Year. Following the Transition Year, the Transition Services Special Tax Rate shall be equal to the prior Fiscal Year's Transition Services Special Tax Rate, increased by the Transition Services Special Tax Escalation Factor.

"Transition Services Special Tax Requirement" means the amount of Transition Services Special Tax revenue required for CFD No. 22A IA3, beginning in the Transition Year, to (i) pay Transition Services Administrative Expenses in an amount designated by the City; (ii) pay Authorized Services expenses; (iii) pay any amounts required to establish or replenish any repair, replacement and contingency funds, capital improvement funds, or reserve funds related to the Authorized Services expenses; (iv) pay for reasonably anticipated delinquent Transition Services Special Taxes based on the delinquency rate for Transition Services Special Taxes levied in the previous Fiscal Year; less (v) a credit for funds

available to reduce the annual Transition Services Special Tax levy as determined by the CFD No. 22A IA3 Administrator.

"Transition Year" means the first year in which the CFD No. 22A IA3 Administrator determines that the Transition Event occurred in the prior Fiscal Year.

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

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

"Welfare Exempt Property" means, in any Fiscal Year, all Parcels within the boundaries of CFD No. 22A IA3 that (a) have been granted a welfare exemption by the County under subdivision (g) of Section 214 of the Revenue and Taxation Code indicated in the Assessor's Data finalized as of January 1 of the previous Fiscal Year, and (b) are exempt from the Special Tax pursuant to Section 53340(c) of the Act. Pursuant to Section 53340(c) of the Act, after the issuance of the first series of Bonds, as applicable, any Assessor's Parcels that receives a welfare exemption under subdivision (g) of Section 214 of the Revenue and Taxation Code shall not be classified as Welfare Exempt Property and will be subject to the Facilities Special Tax.

B. ASSIGNMENT TO LAND USE CATEGORIES

Each Fiscal Year, using City and County records, City zoning information, and land use development plans, all Assessor's Parcels within the boundaries of CFD No. 22A IA3 shall be designated as either Taxable Property or Exempt Property.

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

C. FACILITIES SPECIAL TAX

Prior to the Transition Year, a Maximum Facilities Special Tax shall be assigned to all Taxable Property within CFD No. 22A IA3 according to the Maximum Facilities Special Tax Rates set forth in Attachment A of this Rate and Method of Apportionment.

Once assigned, the sum of the total Maximum Facilities Special Tax shall be equal to or greater than the Minimum Facilities Revenue, unless adjusted by an Effective Tax Rate Evaluation as described below. The Minimum Facilities Revenue for Fiscal Year 2027-2028 is set forth in Attachment B of this Rate and Method of Apportionment.

C.1. Increase in the Maximum Facilities Special Tax

On each July 1, commencing on July 1, 2028, the Maximum Facilities Special Tax Rates and Minimum Facilities Revenue in effect for the previous Fiscal Year shall be increased by the Facilities Special Tax Escalation Factor.

C.2. Future Assessor's Parcel Changes – Prior to an Effective Tax Rate Evaluation

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

Undeveloped Property Subdividing into Large Lot Property

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

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

If the sum of the total expected Developed Property Maximum Facilities Special Tax is less than the Minimum Facilities Revenue, the Developed Property, Small Lot Final Map Property and Permit Ready Multi-Family/Non-Residential Property Maximum Facilities Special Tax Rates shall be uniformly increased on the Large Lot Property created from the Undeveloped Property subdivision until the sum of the total expected Developed Property Maximum Facilities Special Tax is equal to the Minimum Facilities Revenue. Further, if the sum of the total current Maximum Facilities Special Tax is less than the Minimum Facilities Revenue, the Maximum Facilities Special Tax Rates for the Large Lot Property and any remaining Undeveloped Property created from the Undeveloped Property subdivision shall be uniformly increased until the sum of the total current Maximum Facilities Special Tax is equal to the Minimum Facilities Revenue. Attachment B of this

Rate and Method of Apportionment shall be updated to reflect any increases to the Maximum Facilities Special Tax Rates from the Undeveloped Property subdivision. The Developed Property, Small Lot Final Map Property and Permit Ready Multi-Family/Non-Residential Property Maximum Facilities Special Tax Rates shall not be adjusted for any Taxable Property already classified as Developed Property, Small Lot Final Map Property or Permit Ready Multi-Family/Non-Residential Property.

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

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

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

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

C.3. Effective Tax Rate Evaluation

Prior to the issuance of the first series of Bonds within CFD No. 22A IA3 an Effective Tax Rate Evaluation will be completed. Following the Effective Tax Rate Evaluation, Attachment C of this Rate and Method of Apportionment will be updated to reflect the Effective Tax Rate Evaluation Maximum Facilities Special Tax Rate for all Taxable Property in CFD No. 22A IA3.

Additionally, prior to the issuance of the first series of Bonds, the Developer may, one time, at their discretion, further reduce the Maximum Facilities Special Tax Rate for any or all Taxable Property in CFD No. 22A IA3 to an amount less than the rates produced in the Effective Tax Rate Evaluation. If reduced, the reduction will be applied uniformly by land use category.

Effective Tax Rate Evaluation Maximum Facilities Special Tax Rates

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

If the Total Effective Tax Rate for any Residential Property land use category exceeds the Total Maximum Effective Tax Rate, the Developed Property Maximum Facilities Special Tax Rate set forth in Attachment A shall be reduced until the Total Effective Tax Rate is less than or equal to the Total Maximum Effective Tax Rate for that Residential Property land use category. Attachment C of this Rate and Method of Apportionment will be updated to set forth the Developed Property Effective Tax Rate Evaluation Maximum Facilities Special Tax Rate for each Residential Property land use category.

Effective Tax Rate Evaluation Minimum Facilities Revenue

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

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

C.4. Future Assessor's Parcel Changes – After an Effective Tax Rate Evaluation

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

Undeveloped Property Subdividing into Large Lot Property

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

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

If the sum of the total expected Developed Property Effective Tax Rate Evaluation Maximum Facilities Special Tax is less than the Effective Tax Rate Evaluation Minimum Facilities Revenue, the Developed Property, Small Lot Final Map Property and Permit Ready Multi-Family/Non-Residential Property Effective Tax Rate Evaluation Maximum Facilities Special Tax Rates shall be uniformly increased, on the Large Lot Property created from the Undeveloped Property subdivision, until the sum of the total expected Developed Property Effective Tax Rate Evaluation Maximum Facilities Special Tax is equal to the Effective Tax Rate Evaluation Minimum Facilities Revenue. Further, if the sum of the total current Effective Tax Rate Evaluation Maximum Facilities Special Tax is less than the Effective Tax Rate Evaluation Minimum Facilities Revenue, the Effective Tax Rate Evaluation Maximum Facilities Special Tax Rates for the Large Lot Property and any remaining Undeveloped Property created from the Undeveloped Property subdivision shall be uniformly increased until the sum of the total current Effective Tax Rate Evaluation Maximum

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

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

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

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

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

Family/Non-Residential Property Effective Tax Rate Evaluation Maximum Facilities Special Tax Rates shall not be adjusted for any Taxable Property already classified as Developed Property, Small Lot Final Map Property or Permit Ready Multi-Family/Non-Residential Property created prior to the Large Lot Property subdivision.

C.5. Method of Apportionment of Facilities Special Tax

Using the definitions and procedures described herein, the CFD No. 22A IA3 Administrator shall determine the Facilities Special Tax Requirement and levy the Facilities Special Tax until the amount of Facilities Special Taxes equals the Facilities Special Tax Requirement. The Facilities Special Tax shall be levied each Fiscal Year until the Transition Year as follows:

Prior to an Effective Tax Rate Evaluation

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

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

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

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

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

After an Effective Tax Rate Evaluation

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

Second: If additional monies are needed to satisfy the Facilities Special Tax Requirement (excluding Pay As You Go Costs) after the first step has been completed, the Facilities Special Tax

shall be levied Proportionately on all Small Lot Final Map Property at a rate up to 100% of the Effective Tax Rate Evaluation Maximum Facilities Special Tax for Small Lot Final Map Property.

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

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

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

D. SERVICES SPECIAL TAX

A Services Special Tax shall be assigned to all Taxable Property within CFD No. 22A IA3 according to the Maximum Services Special Tax Rates set forth in Attachment A of this Rate and Method of Apportionment.

D.1. Prior to the Transition Event - Increase in the Maximum Services Special Tax

Prior to the Transition Event, on each July 1, commencing on July 1, 2027, the Maximum Services Special Tax Rates in effect for the previous Fiscal Year shall be increased by the Services Special Tax Escalation Factor.

D.2. Prior to the Transition Event - Method of Apportionment of Services Special Tax

If, in any Fiscal Year prior to the Transition Year, the Facilities Special Tax is levied against each Assessor's Parcel of Taxable Property within CFD No. 22A IA3 and the Facilities Special Tax revenues generated are insufficient to pay the Facilities Special Tax Requirement, such shortfall shall be deemed a component of the Services Special Tax Requirement in that Fiscal Year, and proceeds from the levy of the Services Special Tax shall first be applied to mitigate the shortfall in the Facilities Special Tax Requirement before being used to pay for Authorized Services. The Services Special Tax revenue shall not be applied to any Facilities Special Tax Requirement shortfalls attributable to Pay As You Go Costs authorized to be financed by CFD No. 22A IA3.

Using the definitions and procedures described herein, the CFD No. 22A IA3 Administrator shall determine the Services Special Tax Requirement and levy the Services Special Tax until the amount of Services Special Tax equals the Services Special Tax Requirement. The Services Special Tax shall be levied each Fiscal Year as follows:

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

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

Third: If additional monies are needed to satisfy the Services Special Tax Requirement after the second step has been completed, the Services Special Tax shall be levied Proportionately on all Permit-Ready Multi-Family/Non-Residential Property, Large Lot Property, and Undeveloped Property at a rate up to 100% of the Maximum Services Special Tax for Permit-Ready Multi-Family/Non-Residential Property, Large Lot Property, and Undeveloped Property in order to satisfy the Services Special Tax Requirement.

E. TRANSITION SERVICES SPECIAL TAX

A Transition Services Special Tax shall be assigned to all Taxable Property within CFD No. 22A IA3 according to the Maximum Transition Services Special Tax Rates set forth in Attachment A of this Rate and Method of Apportionment.

E.1. After the Transition Event – Method of Apportionment of Transition Services Special Tax

Using the definitions and procedures described herein, the CFD No. 22A IA3 Administrator shall determine the Transition Services Special Tax Requirement and levy the Transition Services Special Tax until the amount of Transition Services Special Tax equals the Transition Services Special Tax Requirement. The Transition Services Special Tax shall be levied each Fiscal Year as follows:

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

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

F. DELINQUENCIES

Notwithstanding the above, under no circumstances will the CFD No. 22A IA3 Facilities Special Tax levied against any Assessor's Parcel of Developed Property classified as Residential Property, in any Fiscal Year, be increased as a consequence of the delinquency or default in the payment of the CFD No. 22A IA3 Facilities Special Taxes by the owner or owners of any other Taxable Property by more than ten percent (10%) above the amount that would have been levied against such Assessor's Parcel in such Fiscal Year had there been no delinquencies or defaults.

G. EXEMPTIONS

The CFD No. 22A IA3 Administrator shall classify the following as Exempt Property: Public Property, Property Owner Association Property, Open Space Property, and Assessor's Parcels with public or utility easements making impractical their utilization for any use other than the purposes set forth in the easement.

The Maximum Facilities Special Tax obligation or, if applicable, the Effective Tax Rate Evaluation Maximum Facilities Special Tax obligation for Taxable Property which will be transferred or dedicated to a public agency and will be classified as Public Property may be fully prepaid by the seller, pursuant to Section L, prior to the transfer/dedication of such Taxable Property. Until the Maximum Facilities Special Tax obligation or, if applicable, the Effective Tax Rate Evaluation Maximum Facilities Special Tax obligation for any such Taxable Property is prepaid, the Taxable Property shall continue to be subject to the levy of the Facilities Special Tax. An exception to this may be made if an Assessor's Parcel of Public Property, such as a school site, is relocated to an Assessor's Parcel of Taxable Property, in which case the Assessor's Parcel of previously Public Property becomes Taxable Property and the Assessor's Parcel of previously Taxable Property becomes Public Property. This trading of an Assessor's Parcel from Taxable Property to Public Property will be permitted to the extent there is no loss in Maximum Facilities Special Tax revenue or, if applicable, Effective Tax Rate Evaluation Maximum Facilities Special Tax revenue, and the transfer is agreed to by the owners of all Assessor's Parcels involved in the transfer and the City Council.

If the use of an Assessor's Parcel changes so that such Assessor's Parcel is no longer eligible to be classified as one of the uses set forth in paragraph 1 of Section G. above that would make such Assessor's Parcel eligible to continue to be classified as Exempt Property, such Assessor's Parcel shall cease to be classified as Exempt Property and shall be deemed to be Taxable Property and subject to the Special Tax.

No Special Tax shall be levied on any Assessor's Parcel in any Fiscal Year in which such Assessor's Parcel is classified as Welfare Exempt Property; however, pursuant to Section 53340(c) of the Act, after the issuance of the first series of Bonds, as applicable, any Assessor's Parcel that receives a welfare exemption under subdivision (g) of Section 214 of the Revenue and Taxation Code shall not be classified as Welfare Exempt Property and will be subject to the Facilities Special Tax.

H. TRANSFERS

Prior to the issuance of the first series of Bonds within CFD No. 22A IA3, the City may permit the transfer of Maximum Facilities Special Tax or Effective Tax Rate Evaluation Maximum Facilities Special Tax from one Assessor's Parcel to another Assessor's Parcel. Before recordation of a Small Lot Final Subdivision Map, if a subdivision map is required, the City may permit a transfer if the number of planned Residential Units, Multi-Family Attached Property Acreage, or Non-Residential Property Acreage is transferred from one Assessor's Parcel(s) to another Assessor's Parcel(s) in any portion of Large Lot Property. The City may, in its sole discretion, allow for a transfer of the Maximum Facilities Special Tax or Effective Tax Rate Evaluation Maximum Facilities Special Tax from one Assessor's Parcel to another Assessor's Parcel provided such a transfer shall be allowed only if (1) all adjustments are

agreed to in writing by the affected property owners and the City's Finance Director, and (2) there is no reduction in the sum of the total Maximum Facilities Special Tax or sum of the total Effective Tax Rate Evaluation Maximum Facilities Special Tax as a result of the transfer. Should a transfer result in an amendment to Attachment B or, following an Effective Tax Rate Evaluation, Attachment D of this Rate and Method of Apportionment, the requesting property owner shall bear the costs to affect the transfer in the CFD No. 22A IA3 records and prepare the required amendments to Attachment B or, following an Effective Tax Rate Evaluation, Attachment D of this Rate and Method of Apportionment.

I. INTERPRETATIONS

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

J. REVIEW/APPEALS

The CFD No. 22A IA3 Administrator may establish such procedures, as it deems necessary to undertake the review of any such appeal. The CFD No. 22A IA3 Administrator shall interpret this Rate and Method of Apportionment and make determinations relative to the annual administration of the Special Tax and any property owner appeals, as herein specified.

Any property owner may file a written appeal of the Special Tax with the CFD No. 22A IA3 Administrator claiming that the amount or application of the Special Tax is not correct. The appeal must be filed not later than one calendar year after having paid the Special Taxes that are disputed, and the appellant must be current in all payments of Special Taxes. In addition, during the term of the appeal process, all Special Taxes levied must be paid on or before the payment date established when the levy was made. The appeal must specify the reasons why the appellant claims the Special Taxes are in error. The CFD No. 22A IA3 Administrator shall review the appeal, meet with the appellant if the CFD No. 22A IA3 Administrator deems necessary, and advise the appellant of its determination.

If the property owner disagrees with the CFD No. 22A IA3 Administrator's decision relative to the appeal, the owner may file a written notice with the City Manager of the City appealing the amount of the Special Tax levied on such Assessor's Parcel. If following such consultation and action (if any by the City Manager of the City), the property owner believes such error still exists, such person may file a written notice with the City Council appealing the amount of the Special Tax levied on such Assessor's Parcel. The decision of the City shall be final and binding to all persons. If the decision of the CFD No. 22A IA3 Administrator or subsequent decision by the City Manager of the City or City Council requires the Special Taxes to be modified or changed in favor of the property owner, no cash refund shall be made for prior years' Special Taxes, but an adjustment shall be made to credit future Special Taxes. This procedure shall be exclusive and its exhaustion by any property owner shall be a condition precedent to filing any legal action by such owner.

K. MANNER OF COLLECTION

The annual Special Tax shall be collected in the same manner and at the same time as ordinary ad valorem property taxes; provided, however, that CFD No. 22A IA3, may, at the sole discretion of the City, directly bill the Special Tax, may collect Special Taxes at a different time or in a different manner as necessary to meet its financial obligations, and may covenant to foreclose and may actually foreclose on Assessor's Parcels of Taxable Property that are delinquent in the payment of Special Taxes.

L. PREPAYMENT IN PART OF FACILITIES SPECIAL TAX

The Facilities Special Tax obligation of an Assessor's Parcel of Taxable Property may be partially prepaid as described herein; provided that there are no delinquent Special Taxes with respect to such Assessor's Parcel at the time of partial prepayment. An owner of an Assessor's Parcel intending to partially prepay the Facilities Special Tax obligation shall provide the CFD No. 22A IA3 Administrator with written notice of intent to partially prepay. Within 30 days of receipt of such written notice, the CFD No. 22A IA3 Administrator shall notify such owner of the partial prepayment amount of such Assessor's Parcel. Any partial prepayment must be submitted at least 60 days before the next occurring bond redemption date, and the proceeds of such prepayment shall be provided to the Trustee for application toward bond redemption in accordance with the Indenture. The CFD No. 22A IA3 Administrator may charge a fee for providing this service.

L.1. Partial Prepayment Amount

The Facilities Special Tax may be prepaid in an amount determined at the time of prepayment based on the portion of Bonds then outstanding; provided, however, that no partial prepayment shall be accepted in an amount equal to an annual Special Tax amount less than the annual Transition Services Special Tax rate escalated to the then current fiscal year less the then current Services Special Tax rate.

The "Partial Prepayment Amount" is calculated as follows:

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

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

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

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

The "Redemption Amount" is calculated as follows:

Step 1: Divide the Maximum Facilities Special Tax (or Effective Tax Rate Evaluation Maximum Facilities Special Tax) computed pursuant to Step 1 of Section L.1 by the total Maximum Facilities Special Taxes (or total Effective Tax Rate Evaluation Maximum Facilities Special Taxes) for the entire CFD No. 22A IA3, based on the Maximum Facilities Special Taxes (or Effective Tax Rate Evaluation Maximum Facilities Special Taxes) that could be charged in the current Fiscal Year if all Taxable Property were designated as Developed Property, excluding any Assessor's Parcels which have prepaid the Maximum Facilities Special Tax (or Effective Tax Rate Evaluation Maximum Facilities Special Tax) obligation (the "Prepayment Quotient").

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

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

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

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

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

Step 7: If any capitalized interest for the Outstanding Bonds will not have been expended at the time of the first interest and/or principal payment following the current Fiscal Year, a

capitalized interest credit shall be calculated by multiplying the quotient computed pursuant to Step 1 by the expected balance in the capitalized interest fund after such first interest payment.

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

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

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

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

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

M. TERM OF SPECIAL TAX

The Facilities Special Tax shall be levied commencing in Fiscal Year 2027-2028 to the extent necessary to fully satisfy the Facilities Special Tax Requirement and shall be levied through the Facilities Special Tax Term.

The Services Special Tax shall be levied commencing in Fiscal Year 2027-2028 and shall be levied until the Transition Event to the extent necessary to fully satisfy the Services Special Tax Requirement.

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

ATTACHMENT A
CITY OF FOLSOM
COMMUNITY FACILITIES DISTRICT NO. 22A (FOLSOM HEIGHTS)
IMPROVEMENT AREA 3
MAXIMUM SPECIAL TAX RATES
(FISCAL YEAR 2026-2027)

Land Use Category	Lot Size	2026-2027 Maximum Facilities Special Tax Rate[(1)]	2026-2027 Maximum Services Special Tax Rate[(2)]	Taxed Per
Developed Property:				
Single-Family Detached Property – SF Zoning	Any	$0	$137	Residential Lot
Single-Family Detached Property – SFHD Zoning	> = 5,775 Sq Ft	$0	$137	Residential Lot
Single-Family Detached Property – SFHD Zoning	< 5,775 Sq Ft	$0	$137	Residential Lot
Single-Family Detached Property – MLD Zoning	Any	$0	$117	Residential Lot
Other Taxable Property	Any	$0	$474	Acre
Small Lot Final Map Property:				
Single-Family Detached Property – SF Zoning	Any	$0	$137	Residential Lot
Single-Family Detached Property – SFHD Zoning	> = 5,775 Sq Ft	$0	$137	Residential Lot
Single-Family Detached Property – SFHD Zoning	< 5,775 Sq Ft	$0	$137	Residential Lot
Single-Family Detached Property – MLD Zoning	Any	$0	$117	Residential Lot
Other Taxable Property	Any	$0	$474	Acre
Permit Ready Multi-Family/Non-Residential Property		$0	$474	Acre
Large Lot Property		$0	$474	Acre
Undeveloped Property		$0	$474	Acre

(1) On each July 1, commencing on July 1, 2027, the Maximum Facilities Special Tax Rates shall be increased by the Facilities Special Tax Escalation Factor of the Maximum Facilities Special Tax Rates in effect for the previous Fiscal Year.

(2) On each July 1, commencing on July 1, 2027, the Maximum Services Special Tax Rates shall be increased by an amount equal to the Services Special Tax Escalation Factor of the Maximum Services Special Tax Rates in effect for the previous Fiscal Year.

ATTACHMENT B
CITY OF FOLSOM
COMMUNITY FACILITIES DISTRICT NO. 22A (FOLSOM HEIGHTS)
IMPROVEMENT AREA 3
MINIMUM FACILITIES REVENUE
(FISCAL YEAR 2026-2027)

Land Use Category	Lot Size	Planned Number of Residential Lots	2026-2027 Developed Property Maximum Facilities Special Tax Rate[(1)(2)]	2026-2027 Minimum Facilities Revenue [(1)(3)]
Developed Property:				
Single-Family Detached Property – SF Zoning	Any	0	$0	$0
Single-Family Detached Property – SFHD Zoning	> = 5,775 Sq Ft	0	$0	$0
Single-Family Detached Property – SFHD Zoning	< 5,775 Sq Ft	0	$0	$0
Single-Family Detached Property – MLD Zoning	Any	0	$0	$0
Other Taxable Property	Any	0	$0	$0
Total Minimum Facilities Revenue[(4)]				**$0**

(1) On each July 1, commencing on July 1, 2027, the Developed Property Maximum Facilities Special Tax Rates and Minimum Facilities Revenue shall be increased by the Facilities Special Tax Escalation Factor of the Developed Property Maximum Facilities Special Tax Rates and Minimum Facilities Revenue in effect for the previous Fiscal Year.

(2) As a result of future Assessor's Parcel changes, described in Section C.2, the assigned Maximum Facilities Special Tax Rates for Developed Property may exceed the Developed Property Maximum Facilities Special Tax Rates set forth in this table.

(3) The total Minimum Facilities Revenue may be decreased as result of a portion of Maximum Facilities Special Tax obligations being prepaid pursuant to Section L.

(4) Based upon the Developed Property Maximum Facilities Special Tax Rate for Single-Family Detached Property in Improvement Area No. 3.

ATTACHMENT C
CITY OF FOLSOM
COMMUNITY FACILITIES DISTRICT NO. 22A (FOLSOM HEIGHTS)
IMPROVEMENT AREA 3
EFFECTIVE TAX RATE EVALUATION MAXIMUM FACILITIES SPECIAL TAX RATES
(FISCAL YEAR 2026-2027)

Land Use Category	Lot Size	2026-2027 Effective Tax Rate Evaluation Maximum Facilities Special Tax Rate[(1)(2)]	Taxed Per
Developed Property:			
Single-Family Detached Property – SF Zoning	Any	$_____	Residential Lot
Single-Family Detached Property – SFHD Zoning	> = 5,775 Sq Ft	_____	Residential Lot
Single-Family Detached Property – SFHD Zoning	< 5,775 Sq Ft	_____	Residential Lot
Single-Family Detached Property – MLD Zoning	Any	_____	Residential Lot
Other Taxable Property	Any	_____	Acre
Small Lot Final Map Property:			
Single-Family Detached Property – SF Zoning	Any	$_____	Residential Lot
Single-Family Detached Property – SFHD Zoning	> = 5,775 Sq Ft	_____	Residential Lot
Single-Family Detached Property – SFHD Zoning	< 5,775 Sq Ft	_____	Residential Lot
Single-Family Detached Property – MLD Zoning	Any	_____	Residential Lot
Other Taxable Property	Any	_____	Acre
Permit Ready Multi-Family/Non-Residential Property		$_____	Acre
Large Lot Property		$_____	Acre
Undeveloped Property		$_____	Acre

(1) Effective Tax Rate Evaluation Maximum Facilities Special Tax Rates will be inserted following the Effective Tax Rate Evaluation.

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

ATTACHMENT D
CITY OF FOLSOM
COMMUNITY FACILITIES DISTRICT NO. 22A (FOLSOM HEIGHTS)
IMPROVEMENT AREA 3
EFFECTIVE TAX RATE EVALUATION MINIMUM FACILITIES REVENUE
(FISCAL YEAR 2026-2027)

Land Use Category	Lot / Village #	Planned Number of Residential Lots / Acres[(1)]	2026-2027 Developed Property Effective Tax Rate Evaluation Maximum Facilities Special Tax Rate[(1)(2)(3)]	2026-2027 Effective Tax Rate Evaluation Minimum Facilities Revenue[(1)(2)(4)]
Developed Property:				
Single-Family Detached Property – SF Zoning	Any	0	$_____	$_____
Single-Family Detached Property – SFHD Zoning	> = 5,775 Sq Ft	0	_____	_____
Single-Family Detached Property – SFHD Zoning	< 5,775 Sq Ft	0	_____	_____
Single-Family Detached Property – MLD Zoning	Any	0	_____	_____
Other Taxable Property	Any	0	_____	_____
Total Effective Tax Rate Evaluation Minimum Facilities Revenue[(5)]				**$_____**

(1) Planned Number of Residential Units/Acres, Developed Property Effective Tax Rate Evaluation Maximum Facilities Special Tax Rate and Effective Tax Rate Evaluation Minimum Facilities Revenue to be inserted following the Effective Tax Rate Evaluation.

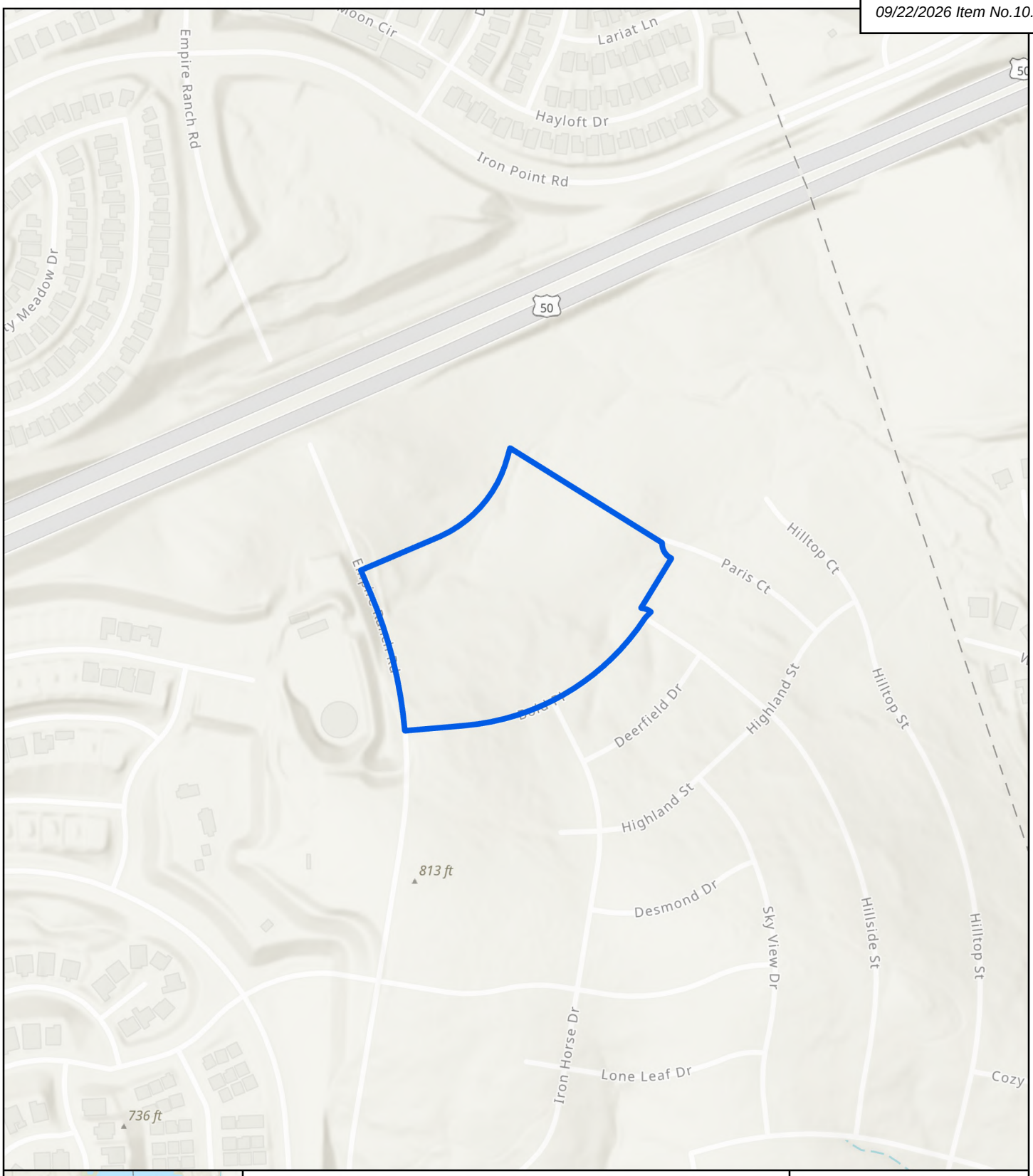
(2) On each July 1, commencing in the Fiscal Year after the Effective Tax Rate Evaluation occurs, the Developed Property Effective Tax Rate Evaluation Maximum Facilities Special Tax Rates and Effective Tax Rate Evaluation Minimum Facilities Revenue shall be increased by the Facilities Special Tax Escalation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

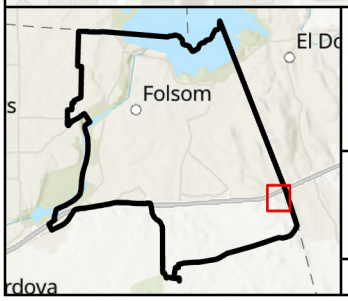
(3) As a result of future Assessor's Parcel changes, described in Section C.3, the assigned Developed Property Effective Tax Rate Evaluation Maximum Facilities Special Tax Rates may exceed the Developed Property Effective Tax Rate Evaluation Maximum Facilities Special Tax Rates set forth in this table.

(4) The total Effective Tax Rate Evaluation Minimum Facilities Revenue may be decreased as result of a portion of Effective Tax Rate Evaluation Maximum Facilities Special Tax obligations being prepaid pursuant to Section L.

(5) Based upon the total Effective Developed Property Maximum Facilities Special Tax Rate Evaluation for Single-Family Detached Property in Improvement Area No. 3.

ATTACHMENT E
CITY OF FOLSOM
COMMUNITY FACILITIES DISTRICT NO. 22A (FOLSOM HEIGHTS)
IMPROVEMENT AREA 3





City of Folsom
Community Facilities District No. 22A (Folsom Heights)
Improvement Area 3

Improvement Area 3 Boundary

2026

N

0 0.05 0.1 Mi

0 265 530 US Feet

Coordinate System: NAD 1983 State[illegible] FIPS 0402 Feet

NBS helping communities fund tomorrow

Attachment 2

RESOLUTION NO. 11711

A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF FOLSOM DEEMING IT NECESSARY TO INCUR BONDED INDEBTEDNESS IN AND FOR CITY OF FOLSOM COMMUNITY FACILITIES DISTRICT NO. 22A (FOLSOM HEIGHTS)

WHEREAS, for the preliminary scope of the project and financing contemplated by these proceedings, reference is made to Resolutions No. 11679 and No. 11680 adopted by the City Council of the City of Folsom (the "City Council") on August 11, 2026; and

WHEREAS, on September 22, 2026, at the time and place scheduled for the public hearing concerning the formation of the proposed City of Folsom Community Facilities District No. 22A (Folsom Heights) (the "District") and designation of each improvement area therein (the "Improvement Areas"), said public hearing of protests was duly convened by the City Council, and the City Council duly heard all interested parties desiring to be heard; and

WHEREAS, at said hearing, the City Council determined that a majority protest under Section 53324 of the Government Code was not made at the hearing for any Improvement Area within the District and therefore the proposed formation of the District, designation of the Improvement Areas therein, and special tax to be levied within the District has not been eliminated by majority protest pursuant to said Section 53324;

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

Section 1. The City Council finds and determines that the foregoing recitals are true and correct.

Section 2. The City Council now deems it necessary to incur the contemplated bonded indebtedness for Improvement Area No. 1 and Improvement Area No. 2 within the District.

Section 3. The purpose for incurring the bonded indebtedness is to assist in the financing of the public facilities described in the Resolution to Form a Community Facilities District, to Designate a Future Annexation Therein and to Levy Special Taxes Therein adopted this date (the "Resolution of Formation").

Section 4. All Taxable Property (as defined in Exhibits D-1 and D-2 of the Resolution of Formation) within the boundaries of Improvement Area No. 1 and Improvement Area No. 2 of the District shall be subject to a special tax to repay the bonded indebtedness for the District.

Section 5. Subject to the requirements of the Resolution of Formation and this resolution, the amount of bonded indebtedness to be incurred, and the amount and timing of each issuance of bonds, shall be subject to the discretion of this City Council; provided that the maximum principal amount of bonded indebtedness to be paid for by City of Folsom Community Facilities District No. 22A, Improvement Area No. 1 (Folsom Heights) is $22,000,000; and by City of Folsom Community Facilities District No. 22A, Improvement Area No. 2 (Folsom Heights) is $25,000,000.

Section 6. The maximum term of any issue of bonds under this authority shall not extend beyond 40 years from their date of issue.

Section 7. The maximum rate of interest shall be determined by competitive sale or by negotiation at the time of bond sale, but in any case shall not exceed the legal rate as specified, from time to time, by Government Code Section 53531 or any similar controlling provision of law.

Section 8. It is the intention of this City Council that any bonds issued may be made callable on terms to be specified in any resolution or indenture providing for the form, execution and issuance of bonds, in accordance with the terms of the Mello-Roos Community Facilities Act of 1982 (the "Act").

Section 9. The question of the authorization to issue the bonds described herein and incur the bonded indebtedness to be paid for by the District will be submitted to the voters of each Improvement Area of the District at a special election in accordance with the Act and with the findings contained in the certificate regarding landowners heretofore filed in these proceedings.

Section 10. The City Clerk of the City of Folsom (the "City Clerk") is hereby designated as the official to conduct a special, mailed-ballot election related to each Improvement Area of the District pursuant to Elections Code Sections 307 and 320.

Section 11. The special community facilities district election for each Improvement Area of the District (which shall be consolidated with the special community facilities district election to levy a special tax within such respective Improvement Area) shall be conducted by mailed ballot. In order to be counted, ballots must be returned to, and be physically received by the City Clerk before 6:30 p.m. on September 22, 2026. If all authorized ballots are received prior to that time, the City Clerk shall be so notified and, pursuant to Government Code Section 53326(d), immediately close the election and declare the results.

Section 12. The ballot language for Improvement Area No. 1 shall be as follows:

> Shall the City of Folsom be authorized to form the City of Folsom Community Facilities District No. 22A (Folsom Heights) (the "District"), designate Improvement Area No. 1 and a future annexation therein, issue a maximum amount not to exceed $22,000,000 in bonds that will be paid for by Improvement Area No. 1 of the District, levy a special tax in Improvement Area No. 1 and finance public facilities and services by and through the District and shall the appropriations limit for Improvement Area No. 1 within the District for fiscal year 2026-27 be established in the amount of $4,000,000, all as specified in the City's Resolution to Form a Community Facilities District, to Designate Improvement Areas Within the District, to Designate a Future Annexation Area Therein and to Levy Special Taxes Therein and Resolution Deeming it Necessary to Incur Bonded Indebtedness In and for City of Folsom Community Facilities District No. 22A (Folsom Heights) each adopted by the City Council of the City on September 22, 2026?

The ballot language for Improvement Area No. 2 shall be as follows:

> Shall the City of Folsom be authorized to form the City of Folsom Community Facilities District No. 22A (Folsom Heights) (the "District"), designate Improvement Area No. 2 and a future annexation therein, issue a maximum amount not to exceed $25,000,000 in bonds that will be paid for by Improvement Area No. 2 of the District, levy a special tax in Improvement Area No. 2 and finance public facilities and services by and through the District and shall the appropriations limit for Improvement Area No. 2 within the District for fiscal year 2026-27 be established in the amount of $4,000,000, all as specified in the City's Resolution to Form a Community Facilities District, to Designate Improvement Areas Within the District, to Designate a Future Annexation Area Therein and to Levy Special Taxes Therein and Resolution Deeming it Necessary to Incur Bonded Indebtedness In and for City of Folsom Community Facilities District No. 22A (Folsom Heights) each adopted by the City Council of the City on September 22, 2026?

Section 13. This resolution shall take effect from and after its adoption.

PASSED AND ADOPTED this 22nd day of September 2026, by the following roll call vote:

AYES: Councilmember(s):

NOES: Councilmember(s):

ABSENT: Councilmember(s):

ABSTAIN: Councilmember(s):

Justin Raithel, MAYOR

ATTEST:

Christa Freemantle, City Clerk

Attachment 3

RESOLUTION NO. 11712

A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF FOLSOM CALLING SPECIAL MAILED-BALLOT ELECTION IN THE CITY OF FOLSOM COMMUNITY FACILITIES DISTRICT NO. 22A (FOLSOM HEIGHTS)

WHEREAS, reference is made to the Resolution to Form a Community Facilities District, to Designate Improvement Areas Within the District, to Designate a Future Annexation Therein and to Levy Special Taxes Therein (the "Resolution of Formation") and to the Resolution Deeming it Necessary to Incur Bonded Indebtedness In and for City of Folsom Community Facilities District No. 22A (Folsom Heights) (the "Resolution of Necessity"), each adopted by the City Council of the City of Folsom (the "City Council") on September 22, 2026; and

WHEREAS, the levy of a special tax within each Improvement Area (as defined herein) of CFD 22A (as defined herein) proposed in the Resolution of Formation shall be submitted to the voters pursuant to Government Code Section 53326; and

WHEREAS, the authorization to issue bonded indebtedness proposed in the Resolution of Necessity shall be submitted to the voters pursuant to Government Code Section 53351; and

WHEREAS, the setting of the appropriations limit shall be submitted to the voters pursuant to Government Code Section 53325.7; and

WHEREAS, the three ballot questions just described shall be combined into a single ballot measure pursuant to Government Code Section 53353.5. The ballot language shall be as shown on the form of ballot attached hereto as Exhibit A, which form of ballot is hereby approved; and

WHEREAS, a certificate regarding landowners have been filed with the City Clerk of the City of Folsom (the "City Clerk");

NOW, THEREFORE, BE IT RESOLVED BY THE CITY COUNCIL, as follows:

Section 1. The City Council finds and determines that the foregoing recitals are true and correct.

Section 2. This City Council hereby accepts the certificate regarding landowners heretofore filed in these proceedings and finds, in accordance therewith, that there are no registered voters residing within the boundaries of Improvement Area No. 1, Improvement Area No. 2, and Improvement Area No. 3 (the "Improvement Areas") of Community Facilities District No. 22A (Folsom Heights) ("CFD 22A") and have been no registered voters residing within the boundaries of each such Improvement Area for the 60 days preceding the date hereof. Accordingly, under Government Code Section 53326(b) the qualified electors in this election shall be the landowners owning land within each Improvement Area of CFD 22A.

Section 3. The City Council further finds, in accordance with the certificate regarding landowners that the landowners of record owning property within CFD 22A are those set forth in

the attachment to the certificate regarding landowners and that the attachment correctly sets forth the number of acres owned by each landowner and the number of votes to which each is entitled.

Section 4. The City Council hereby approves the form of Waiver and Consent Shortening Time Periods and Waiving Various Requirements for Proceedings and for Conducting Special Mailed-Ballot Election in the City of Folsom Community Facilities District No. 22A (Folsom Heights), attached hereto as Exhibit B. The City Council finds that the rights, procedures and time periods therein waived are solely for the protection of the voters, may be waived under Government Code Section 53326(a) and Section 53327(b), and that the waiver constitutes a full and knowing waiver, by any voter who has executed the form, of those rights, procedures and time periods.

Section 5. The City Council accepts the Certificate of the City Clerk that 100% of the voters eligible to vote in this election in each Improvement Area have delivered to the City Clerk properly executed waivers in the form of Exhibit B.

Section 6. Accordingly, this City Council hereby calls the special election described herein and sets September 22, 2026, as the election day. Pursuant to Government Code Section 53326(d), the election shall be conducted by mailed ballot. By attesting this resolution below, the City Clerk indicates her concurrence to such date and to the waivers and consents described in Section 4 hereof.

Section 7. The City Clerk is directed to cause the separate ballots to be mailed or delivered, in the form of Exhibit A hereto, to the landowners for each Improvement Area shown on the attachment to the certificate regarding landowners. The City Clerk or her designee shall complete the form of ballot for each Improvement Area, and shall fill in the names of the landowners and the number of votes to be cast on each ballot, according to the certificate regarding landowners, before delivery or mailing.

Section 8. The City Clerk shall accept personal or mail delivery of the ballots at any time up to 6:30 p.m. on September 22, 2026, provided, that if all authorized ballots are received by the City Clerk prior to that time, the City Clerk shall, pursuant to Government Code Section 53326(d), immediately close the election and declare the results to the City Council.

Section 9. This resolution shall take effect from and after its adoption.

PASSED AND ADOPTED this 22nd day of September 2026, by the following roll-call vote:

AYES: Councilmember(s):

NOES: Councilmember(s):

ABSENT: Councilmember(s):

ABSTAIN: Councilmember(s):

_____
Justin Raithel, MAYOR

ATTEST:

_____
Christa Freemantle, CITY CLERK

EXHIBIT A

CITY OF FOLSOM
COMMUNITY FACILITIES DISTRICT NO. 22A
(FOLSOM HEIGHTS)

FORM OF SPECIAL ELECTION BALLOT

(Mailed-Ballot Election)

This ballot is for the use of _____, a landowner owning land within City of Folsom Community Facilities District No. 22A (Folsom Heights), Improvement Area No. [1/2/3].

According to the provisions of the Mello-Roos Community Facilities Act of 1982 and the resolutions of the City Council of the City of Folsom, the above-named landowner is entitled to cast _____ votes on this ballot.

In order to be counted, this ballot must be certified below and be returned, either by mail or in person, before 6:30 p.m. on September 22, 2026, to:

Christa Freemantle, City Clerk
City of Folsom
50 Natoma Street
Folsom, CA 95630

Mailing by that date will not be sufficient. The ballot must be physically received by the City Clerk prior to the deadline in order to be counted.

AN "X" OR OTHER MARK WILL CAST ALL VOTES ASSIGNED TO THIS BALLOT, OR THE VOTER MAY WRITE NUMBERS IN THE SPACES PROVIDED.

BALLOT MEASURE

Shall the City of Folsom be authorized to form the City of Folsom Community Facilities District No. 22A (Folsom Heights) (the "District"), designate Improvement Area No. [1/2/3] and a future annexation therein, [issue a maximum amount not to exceed $[22,000,000/25,000,000] in bonds that will be paid for by Improvement Area No. [1/2] of the District], levy a special tax in Improvement Area No. [1/2/3] and finance public facilities and services by and through the District and shall the appropriations limit for Improvement Area No. [1/2/3] within the District for fiscal year 2026-27 be established in the amount of $[4,000,000/4,000,000/4,000,000], all as specified in the City's Resolution to Form a Community Facilities District, to Designate Improvement Areas Within the District, to Designate a Future Annexation Area Therein and to Levy Special Taxes Therein and Resolution Deeming it Necessary to Incur Bonded Indebtedness	Number of votes YES _____ Number of votes NO _____

In and for City of Folsom Community Facilities District No. 22A (Folsom Heights) each adopted by the City Council of the City on September 22, 2026?

Certification

The undersigned is or are the authorized representative(s) of the above-named landowner and is the person legally authorized and entitled to cast this ballot on behalf of the above-named landowner.

I declare under penalty of perjury under the laws of the State of California that the foregoing is true and correct and that this declaration is executed as of September 22, 2026.

[LANDOWNER]

By: _____

Name: _____

Title: _____

EXHIBIT B

FORM OF WAIVER AND CONSENT
SHORTENING TIME PERIODS AND WAIVING VARIOUS
REQUIREMENTS FOR PROCEEDINGS AND FOR
CONDUCTING SPECIAL MAILED-BALLOT ELECTION
CITY OF FOLSOM
COMMUNITY FACILITIES DISTRICT NO. 22A
(FOLSOM HEIGHTS)

The undersigned _____, is the authorized representative of the owner (the "Owner") of all of the property within Improvement Area No. [1/2/3] of the above-captioned Community Facilities District (the "District").

The Owner is the present owner of [__] acres of land located within the proposed boundaries of Improvement Area No. [1/2/3]. To the actual knowledge of the undersigned, there are no registered voters residing within Improvement Area No. [1/2/3], and there have been none during the 90 day period preceding September 22, 2026.

The undersigned is (or are) the person (or persons) legally entitled and authorized to cast the ballot for the Owner in the election to be conducted within Improvement Area No. [1/2/3] of the District to determine, among other things, whether certain land, including land owned by the Owner, shall be subject to an annual special tax.

The undersigned, on behalf of the Owner, certifies that the Owner has received notice of the September 22, 2026 public hearing to be held by the City Council of the City of Folsom (the "City") regarding the levy of special taxes in Improvement Area No. [1/2/3] and the incurring of bonded indebtedness by the District for Improvement Area No. [1/2/3]. The undersigned, on behalf of the Owner, agrees that the Owner received adequate notice of the September 22, 2026 hearing.

The Owner has received from the City, and the City has made available to the owner, necessary and relevant information regarding the proposed formation of the District and designation of Improvement Area No. [1/2/3] and the imposition of the special tax and the issuance of bonded indebtedness, as set forth in Resolution No. 11679 and Resolution No. 11680 adopted by the City Council of the City on August 11, 2026 (the "Resolutions") to finance the facilities, services and other amounts as set forth in the Resolutions.

In order to induce the City to conduct an election on the same date that the District is formed, the undersigned, on behalf of the Owner, hereby waives:

1. any and all minimum time periods relative to the election pursuant to Government Code Section 53326(a);

2. preparation and distribution of an impartial analysis of the ballot measure, as well as arguments in favor and against, under the authority of Government Code Section 53327(b);

3. publication of notice of the election under Government Code Section 53352;

4. requirements regarding the time to mail ballots to the qualified electors under Elections Code Section 4101;

5. requirements regarding identification envelopes for the return of mailed ballots contained in Government Code Section 53327.5;

6. requirements pertaining to impartial analysis, arguments or rebuttals concerning the election provided in Elections Code Sections 9160 to 9167, inclusive and Elections Code Section 9190; and

7. any other time limits or procedural requirements pertaining to the conduct of the election.

The undersigned, on behalf of the Owner, hereby waives any right to notice and hearing and consents to authorized facilities, expenses and rate and method of apportionment of special tax as described in the Resolution of Formation to be adopted by the City Council of the City of Folsom on September 22, 2026.

The undersigned, on behalf of the Owner, hereby waives any and all defects in notice or procedure in the formation of the District, time periods to record the boundary map, conduct of the election, whether known or unknown (other than the right to have ballots accurately counted), and states that the election is being expedited, pursuant to this waiver and consent, at the particular instance and request of the Owner.

Further, the undersigned, on behalf of the Owner, hereby waives any entitlement to initiate or prosecute any form of legal proceedings, including judicial proceedings, to challenge any aspect of the proceedings for levy of the special tax and for issuance of special tax bonds in the District.

I declare, under penalty of perjury, under the laws of the State of California, that the foregoing is true and correct and that this declaration is executed on _____, 2026.

[LANDOWNER]

By: _____

Name: _____

Title: _____

Attachment 4

RESOLUTION NO. 11713

RESOLUTION OF THE CITY COUNCIL OF THE CITY OF FOLSOM DECLARING ELECTION RESULTS IN THE CITY OF FOLSOM COMMUNITY FACILITIES DISTRICT NO. 22A (FOLSOM HEIGHTS)

WHEREAS, reference is made to the Resolution Calling Special Mailed-Ballot Election in the City of Folsom Community Facilities District No. 22A (Folsom Heights) (the "Resolution Calling Election") adopted by the City Council of the City of Folsom (the "City Council") on September 22, 2026; and

WHEREAS, the City Council has received, reviewed and hereby accepts the Certificate of City Clerk Regarding Election Results, dated September 22, 2026;

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

Section 1. The City Council finds and determines that the foregoing recitals are true and correct.

Section 2. The City Council hereby finds and declares that the ballot measure submitted to the qualified electors of the Improvement Area No. 1 for City of Folsom Community Facilities District No. 22A (Folsom Heights) pursuant to the Resolution Calling Election has been passed and approved by those qualified electors in accordance with California Government Code Sections 53328 and 53355.

Section 3. The City Council hereby finds and declares that the ballot measure submitted to the qualified electors of the Improvement Area No. 2 for City of Folsom Community Facilities District No. 22A (Folsom Heights) pursuant to the Resolution Calling Election has been passed and approved by those qualified electors in accordance with California Government Code Sections 53328 and 53355.

Section 4. The City Council hereby finds and declares that the ballot measure submitted to the qualified electors of the Improvement Area No. 3 for City of Folsom Community Facilities District No. 22A (Folsom Heights) pursuant to the Resolution Calling Election has been passed and approved by those qualified electors in accordance with California Government Code Sections 53328 and 53355.

Section 5. The City Council hereby authorizes and directs the City Clerk to record the separate notice of special tax lien related to each such ballot measure in accordance with the provisions of California Government Code Section 53328.3 and California Streets and Highways Code Section 3114.5.

Section 6. This resolution shall take effect from and after its adoption.

PASSED AND ADOPTED this 22nd day of September 2026, by the following roll-call vote:

AYES: Councilmember(s):

NOES: Councilmember(s):

ABSENT: Councilmember(s):

ABSTAIN: Councilmember(s):

_____
Justin Raithel, MAYOR

ATTEST:

_____
Christa Freemantle, CITY CLERK

Attachment 5

RESOLUTION NO. 11714

A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF FOLSOM DETERMINING THAT THE SPECIAL TAX OF CITY OF FOLSOM COMMUNITY FACILITIES DISTRICT NO. 22 (FOLSOM HEIGHTS) SHALL CEASE TO BE LEVIED AND AUTHORIZING AND DIRECTING THE RECORDATION OF A NOTICE OF CESSATION OF SPECIAL TAX

WHEREAS, the City Council (the "City Council") of the City of Folsom (the "City") previously formed the City of Folsom Community Facilities District No. 22 (Folsom Heights)" ("CFD 22") and authorized the levy and collection of a special tax therein (the "Special Tax");

WHEREAS, a Notice of Special Tax Lien was recorded November 28, 2018, in the office of the County Recorder of Sacramento County; and

WHEREAS, Elliott Homes, Inc., as developer and landowner within CFD 22, has requested that the City dissolve CFD 22; and

WHEREAS, no bonds have been issued and no Special Tax has been levied in connection with CFD 22, and CFD 22 is not obligated to pay any outstanding debt; and

WHEREAS, the City Council has determined that it no longer intends to incur debt in order to construct facilities, and that there are no costs and incidental expenses of services or of the construction of facilities for which the levy of special taxes is needed; and

WHEREAS, elimination of the Special Tax will not result in the loss of any benefits to the owners of property within CFD 22, but it will relieve them of the burden of paying the Special Tax; and

WHEREAS, the City Council, acting as the legislative body of CFD 22 desires to take action in accordance with Government Code Section 53330.5 to determine that the obligation to pay the Special Tax within CFD 22 has ceased and to extinguish the lien created by the Notice of Special Tax Lien;

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

Section 1. The City Council finds and determines that the foregoing recitals are true and correct.

Section 2. In accordance with Government Code Section 53330.5, the City Council acting as the legislative body of CFD 22 hereby determines that the obligation to pay the Special Tax within CFD 22 has ceased and hereby authorizes and directs the City Clerk to execute a Notice of Cessation of Special Tax and to cause it to be recorded with the County Recorder of the County of Sacramento.

Section 3. All actions heretofore taken by the officers and agents of the City with respect to the matters set forth in this resolution are hereby approved, confirmed, and ratified.

Section 4. This resolution shall take effect from and after its adoption.

PASSED AND ADOPTED this 22nd day of September, 2026, by the following roll-call vote:
AYES: Councilmember(s):

NOES: Councilmember(s):

ABSENT: Councilmember(s):

ABSTAIN: Councilmember(s):

_____
Justin Raithel, MAYOR

ATTEST:

_____
Christa Freemantle, CITY CLERK

Attachment 6

ORDINANCE NO. 1379

AN UNCODIFIED ORDINANCE LEVYING SPECIAL TAXES FOR THE FISCAL YEAR 2026-27 AND FOLLOWING FISCAL YEARS SOLELY WITHIN AND RELATING TO THE CITY OF FOLSOM COMMUNITY FACILITIES DISTRICT NO. 22A (FOLSOM HEIGHTS)

The City Council of the City of Folsom hereby ordains as follows:

SECTION 1 PURPOSE

The City Council of the City of Folsom hereby finds, determines and declares based on the record before it that:

1. The City is authorized to establish a community facilities district pursuant to the terms of the Mello-Roos Community Facilities Act of 1982, Chapter 2.5 of Division 2 of Title 5 of the California Government Code, commencing with Section 53311 (the "Act"); and

2. On September 22, 2026, the City Council adopted its Resolution No. [___] (the "Resolution of Formation") establishing the City of Folsom Community Facilities District No. 22A (Folsom Heights) (the "District") and designated three separate improvement areas therein (the "Improvement Areas"), pursuant to the Act; and

3. In accordance with the separate Rate and Method of Apportionment for each Improvement Area, the Resolution of Formation approved the annual levy, subject to voter approval, of a special tax in connection with each Improvement Area of the District (the "Special Tax"); and

4. The Resolution of Formation proposed the establishment of an appropriations limit for each Improvement Area of the District (the "Appropriations Limit"); and

5. On September 22, 2026, the City Clerk, as elections official, conducted an election of the landowners of each Improvement Area of the District (the "Elections"); and

6. On September 22, 2026, the City Council adopted its Resolution No. [___] certifying that, at the Elections, the landowners of each Improvement Area of the District approved the Special Tax and the Appropriations Limit for each respective Improvement Area; and

7. The City Council desires to levy and impose the Special Tax and to take other related actions.

SECTION 2

NOW, THEREFORE, THE CITY COUNCIL OF THE CITY OF FOLSOM RESOLVES:

1. The recitals set forth in Section 1 are true and correct.

2. A special tax is hereby levied on all Taxable Property (as defined in the respective Rate and Method of Apportionment) within each Improvement Area of the District, for the 2026-27 fiscal year and for all subsequent fiscal years in the amount of the maximum authorized tax, provided that this amount may be adjusted annually, subject to the maximum authorized special tax limit, by resolution of the City Council.

3. The Finance Director of the City of Folsom or designee thereof (the "CFD Administrator") is authorized and directed, to determine each year, without further action of the City Council, the Special Tax, to prepare the annual Special Tax roll in the amount of the Special Tax in accordance with the related exhibit and, without further action of the City Council, to provide all necessary and appropriate information to the Sacramento County Auditor-Controller's Office (the "County") in proper form, and in proper time, necessary to effect the correct and timely billing and collection of the Special Tax on the secured property tax roll of the County; provided, that as provided in the Resolution of Formation and Section 53340 of the California Government Code, the City has reserved the right 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 of Folsom (the "City"), including but not limited to, direct billing by the City to the property owners and supplemental billing.

4. The appropriate officers and agents of the City are authorized to make adjustments to the Special Tax roll prior to the final posting of the Special Tax to the County tax roll each fiscal year, as may be necessary to achieve a correct match of the Special Tax levy with the assessor's parcel numbers finally utilized by the County in sending out property tax bills.

5. The City agrees that, in the event the Special Tax is collected on the secured tax roll of the County, the County may deduct its reasonable and agreed charges for collecting the Special Tax from the amounts collected, prior to remitting the Special Tax collections to the City.

6. Taxpayers who have requested changes or corrections of the Special Tax pursuant to Section J of the respective Rate and Method of Apportionment and who are not satisfied with the decision of the CFD Administrator (whether the CFD Administrator disagrees with the taxpayer or concludes that the City is not authorized to consider the change requested), may appeal to the City Council. The appeal must be in writing and fully explain the grounds of appeal, and must be based solely on the correction of mistakes in the levy based upon the status of the property, and no other appeals will be allowed. The CFD Administrator shall schedule the appeal for consideration within a reasonable time at a City Council meeting.

SECTION 3 SEVERABILITY

If for any cause any portion of this ordinance is found to be invalid, or if the Special Tax is found inapplicable to any particular parcel by a court of competent jurisdiction, the balance of this ordinance, and the application of the Special Tax to the remaining parcels, shall not be affected.

SECTION 4 EFFECTIVE DATE

This ordinance shall take effect and be in force as a tax measure thirty (30) days following its second reading and adoption at a meeting of the City Council; and before the expiration of twenty (20) days after its passage the same shall be published, with the names of the members voting for and against the same, at least once in a newspaper of general circulation published and circulated in the District.

This ordinance was introduced and the title thereof read at the regular meeting of the City Council on September 22, 2026, and the second reading is to occur at the regular meeting of the City Council on October __, 2026.

On a motion by Councilmember _____ seconded by Councilmember _____, the foregoing ordinance was passed and adopted by the City Council of the City of Folsom, State of California, this __th day of October 2026 by the following roll-call vote:

AYES: Councilmember(s):

NOES: Councilmember(s):

ABSENT: Councilmember(s):

ABSTAIN: Councilmember(s):

_____
Justin Raithel, MAYOR

ATTEST:

_____
Christa Freemantle, CITY CLERK

Attachment 7

CITY OF FOLSOM

Public Hearing Report for:

Community Facilities District No. 22A (Folsom Heights)

September 2026

Prepared by NBS for and on behalf of the City of Folsom

Prepared by:

NBS
helping communities fund tomorrow

nbsgov.com

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TABLE OF CONTENTS

INTRODUCTION **1**

DISTRICT INFORMATION **2**
Background 2
District Purpose 2
District Description 3
District Boundaries 3

DESCRIPTION OF FACILITIES AND SERVICES **4**
Facilities 4
Authorized Services 6
Incidental Expenses 7

COST ESTIMATE **9**
Estimated Cost of Public Facilities 9
Estimated Cost of Public Services 9
Annual Appropriations Limit 9
Maximum Bonded Indebtedness 10
Maximum Special Tax Rates 10
Annual Maximum Special Tax Escalation 10

RATE AND METHOD OF APPORTIONMENT **14**
Term of Facilities, Services, & Transition Services Special Tax 14
Manner of Collection 14

APPENDIX A: BOUNDARY MAP ..... **A**

APPENDIX B: RATE AND METHOD OF APPORTIONMENT – IA 1 ..... **B**

APPENDIX C: RATE AND METHOD OF APPORTIONMENT – IA 2 ..... **C**

APPENDIX D: RATE AND METHOD OF APPORTIONMENT – IA 3 ..... **D**

INTRODUCTION

The City Council (the "City Council") of the City of Folsom (the "City") did, pursuant to the provisions of the Mello-Roos Community Facilities Act of 1982 (Sections 53311 and following, California Government Code; hereafter referred to as the "Act"), on August 11, 2026, adopt Resolution No. XXXX entitled "A Resolution of the City Council of the City of Folsom Approving a Proposed Boundary Map and Declaring Intention to Form a Community Facilities District to be Named 'City of Folsom Community Facilities District No. 22A (Folsom Heights),' Identify Territory Proposed for Annexation to the Community Facilities District in the Future and to Levy Special Taxes Therein" (the "Resolution of Intention"). In the Resolution of Intention, the City Council directed the study and filing of a public hearing report (the "Report") required by Section 53321.5 of the Act for the proposed City of Folsom Community Facilities District No. 22A (Folsom Heights) (the "District" or "CFD 22A").

Section 53321.5 of the Act provides that the Report contain the following:

1. A brief description of the public facilities and services to be provided by the District; and

2. An estimate of the fair and reasonable cost of providing the public facilities and services, including the incidental expenses in connection therewith, any City administration costs, and all other related costs.

For particulars, reference is made to the Resolution of Intention for the District, as previously adopted on August 11, 2026, by the City Council.

NOW, THEREFORE, the City Manager of the City, the appointed responsible officer directed to prepare the Report or cause the Report to be prepared pursuant to the provisions of the Act, does hereby submit this Report containing the following information:

- **DISTRICT INFORMATION**. Information related to the District, including background information, land use plans, and the proposed boundaries that include those properties and parcels on which special taxes may be levied to pay for the costs and expenses of the facilities and services.
- **DESCRIPTION OF FACILITIES AND SERVICES**. A description of the facilities and services that the City Council has determined to be eligible to be funded by the District.
- **COST ESTIMATE**. The cost estimate for the District facilities and services.
- **RATE AND METHOD OF APPORTIONMENT**. The Rate and Method of Apportionment of Special Tax for each Improvement Area approved by this City Council on August 11, 2026.

DISTRICT INFORMATION

Background

The District is located within the Folsom Plan Area, south of Highway 50. The Folsom Plan Area is located on approximately 3,500 acres and is bounded by Grand Prairie Road on the west, Highway 50 on the north, White Rock Road on the south, and the Sacramento County/El Dorado County boundary on the east. The Folsom Plan Area is a master-planned community, and, through December 31, 2025, the City has received and approved several Specific Plan Amendments that have changed the entitlements to include approximately 11,300 residential units of various size and densities and approximately 2.5 million building square feet of non-residential land uses.

FOLSOM PLAN AREA SPECIFIC PLAN PUBLIC FACILITIES FINANCING PLAN

On January 28, 2014, the City Council approved the Folsom Plan Area Specific Plan Public Facilities Financing Plan (the "PFFP"). The PFFP is an $877 million plan that describes the backbone infrastructure and facility requirements, presents a comprehensive financing strategy, and sets forth the estimated time horizon for the development of the Folsom Plan Area. The backbone infrastructure improvements identified in the PFFP include roadways, on-site water, off-site potable water, recycled water, wastewater (sewer), storm drainage, and habitat mitigation for infrastructure. The public facilities identified in the PFFP include public schools, parks, transit services, housing trust, trails, fire facilities and equipment, police facilities and equipment, a municipal service center, corporation yard, solid waste, branch library, a community and aquatic center, other general capital facilities, and transportation.

District Purpose

This District is being formed, with three separate improvement areas (the "Improvement Areas") to provide funding for all or a portion of each Improvement Area's share of the backbone infrastructure, on-site and off-site costs, the estimated Specific Plan Infrastructure Fee Program obligation, and other internal site improvements necessary for development. The District will provide funding for authorized facilities through a combination of bonded indebtedness and pay as you go funding (the "PAYGO"), both of which are secured by the levy of special taxes upon property within the boundaries of each Improvement Area of the District. In addition, a special tax will be levied upon District property to provide funding for development specific services that include open space, landscape corridors, streetlight maintenance, median, entries and entry monumentation maintenance, neighborhood park maintenance, community amenities, and storm water management.

District Description

The District boundaries include three Improvement Areas and encompass all of the property designated by the Assessor's Parcel Numbers below:

Improvement Area ("IA") 1:
072-3460-013-0000, 072-3460-014-0000, 072-3460-015-0000, 072-3460-016-0000, 072-3460-017-0000, 072-3460-018-0000, 072-3460-019-0000, 072-3460-020-0000, 072-3460-021-0000, 072-3460-022-0000, 072-3460-023-0000

IA 2A:
072-3460-001-0000, 072-3460-002-0000, 072-3460-003-0000, 072-3460-007-0000, 072-3460-008-0000, 072-3460-009-0000, 072-3460-010-0000, 072-3460-011-0000, 072-3460-012-0000

IA 3:
072-3460-004-0000, 072-3460-005-0000, 072-3460-006-0000

The current development plans for each IA are presented in the table below.

Proposed Development within the Improvement Areas

Development Plan	IA 1	IA 2	IA 3
Single-Family Detached Property - SF Zoning (1)	78	55	0
Single-Family Detached Property - SFHD Zoning < 5,775 sq.ft. (1)	38	81	0
Single-Family Detached Property - SFHD Zoning >= 5,775 sq.ft. (1)	93	60	0
Single-Family Detached Property - MLD Zoning (1)	53	72	0
Non-Residential Property (2)	0	0	11.549

(1) Residential units.
(2) Acres.

District Boundaries

The proposed boundaries of the District, including the Improvement Areas, are identified on the map of the District recorded on August 14, 2026, in Book 149 at Page 12 of Maps of Assessment and Community Facilities Districts in the office of the County Recorder for the County of Sacramento. The District map is on file with the City Clerk, to which reference is hereby made and a reduced copy of such map is set forth in Appendix A of this Report.

DESCRIPTION OF FACILITIES AND SERVICES

Facilities

The Facilities to be financed by CFD 22A include facilities designed to meet the needs of development within CFD 22A, whether such facilities are located within or outside the boundaries of CFD 22A, and include but are not limited to the following:

TRANSPORTATION IMPROVEMENTS

Eligible roadway improvements include, but are not limited to: acquisition of land and easements; roadway design; project management; bridge crossings and culverts; clearing, grubbing, and demolition; grading, soil import/export, paving (including slurry seal), and decorative/enhanced pavement concrete and/or pavers; joint trenches, underground utilities and undergrounding of existing utilities; dry utilities and appurtenances; curbs, gutters, sidewalks, bike trails (including onsite and off-site), enhanced fencing, and access ramps; street lights, signalization, and traffic signal control systems; bus turnouts; signs and striping; erosion control; median and parkway landscaping and irrigation; entry monumentation; bus shelters, Bus Rapid Transit improvements including transfer stations and regional public transit improvements; masonry walls; traffic control and agency fees; and other improvements related thereto. Eligible improvements for the roads listed herein also include any and all necessary underground potable and recycled water, sanitary sewer, and storm drainage system improvements.

Authorized facilities include the following transportation improvements:

- Summit Street
- Prima Drive
- Empire Ranch Road
- Alder Creek Parkway
- Folsom Heights Drive
- Other public roadway improvements designed to meet the needs of development of property within CFD 22A, including internal subdivision streets and related underground utilities.

WATER SYSTEM IMPROVEMENTS

Authorized facilities include any and all water facilities designed to meet the needs of development of property within CFD 22A. These facilities include, but may not be limited to: water storage, treatment and distribution facilities including waterlines and appurtenances, gate valves, pressure reducing stations, flow meters, fire hydrants, and other improvements related thereto such as site clearing, grading and paving; curbs and gutters; booster pump stations and power; stand-by generators; site lighting, drainage, sanitary sewer, and water service; landscaping and irrigation; access gates, and fencing; and striping and signage.

RECYCLED WATER SYSTEM IMPROVEMENTS

Authorized facilities include any and all recycled water system facilities designed to meet the needs of development of property within CFD 22A. These facilities include, but may not be limited to: treatment and distribution facilities including pipelines and appurtenances, gate valves, flow meters, booster pump pressurization system, and other improvements related thereto - such as site clearing, grading and paving; curbs and gutters; booster pump stations; stand-by generators; site lighting, drainage, sanitary sewer, and water service; landscaping and irrigation; access gates, and fencing; and striping and signage.

DRAINAGE SYSTEM IMPROVEMENTS

Authorized facilities include any and all drainage and storm drain improvements designed to meet the needs of development of property within CFD 22A. These facilities include, but may not be limited to: excavation and grading, pipelines and appurtenances, outfalls and water quality measures, detention/retention basins, drainage pretreatment facilities, drainage ways/channels, pump stations, landscaping and irrigation; access roads, gates, and fencing; and striping and signage and other improvements related thereto.

WASTEWATER SYSTEM IMPROVEMENTS

Authorized facilities include any and all wastewater facilities designed to meet the needs of development of property within CFD 22A. These facilities include, but may not be limited to, pipelines and all appurtenances thereto; manholes; tie-in to existing main lines; force mains; lift stations; upgrades to existing lift stations; odor-control facilities; and permitting related thereto; and related sewer system improvements.

PARK, PARKWAY AND OPEN SPACE IMPROVEMENTS

Authorized facilities include any and all improvements to parks, parkways and open space required for development of property within CFD 22A. These facilities include, but may not be limited to: grading, turf, shrubs and trees, landscaping irrigation, site lighting, drainage, sanitary sewer and water service, pedestrian and bicycle trails, protective fencing (including soundwalls), pedestrian/bicycle bridges, storm drain crossings, wetland mitigation, hawk mitigation for authorized facilities herein, access gates and fencing and related open space improvements. Authorized facilities include acquisition of any and all parkland as well as open space/bike trail/public access easements required for development of property within CFD 22A.

SPECIFIC PLAN INFRASTRUCTURE FEE INFRASTRUCTURE

Authorized facilities include any and all improvements that are included in the Specific Plan Infrastructure Fee Program adopted by the City Council on September 8, 2015, including any future amendments thereto.

OTHER INCIDENTAL EXPENSES AND BOND ISSUANCE COSTS

In addition to the above facilities, other incidental expenses as authorized by the Mello-Roos Community Facilities Act of 1982, including, but not limited to, the cost of planning and designing the facilities (including the cost of environmental evaluation, remediation and mitigation); engineering and surveying; construction staking; utility relocation and demolition costs incidental to the construction of the public facilities; costs of project/construction management; costs (including the costs of legal services) associated with the formation

of the Mello-Roos CFD; issuance of bonds (if any); determination of the amount of taxes; collection of taxes; payment of taxes; costs of calculating and providing reimbursements from one-time special tax payments; or costs otherwise incurred in order to carry out the authorized purposes of CFD 22A; and any other expenses incidental to the formation and implementation of CFD 22A and to the construction, completion, inspection and acquisition of the authorized facilities.

Authorized Services

The authorized services to be funded from the levy and collection of annual special taxes include those set forth below in addition to the costs associated with collecting and administering the special taxes and annual administration of CFD 22A.

CFD 22A will be eligible to fund all or a portion of the costs of reconstruction and/or rehabilitation, operation, maintenance, repair and replacement, and servicing of the following items not otherwise subject to funding from the City of Folsom Community Facilities District No. 18 (Folsom Plan Area – Area-Wide Improvements and Services):

1. Open Space improvements, operations and management, monitoring, maintenance (including general maintenance, signage, City owned fence maintenance, trash and debris collection, and bike trails and their appurtenances [drainage culverts or pipes from adjacent subdivisions] within open space), creation and maintenance of fire breaks, Permits, Vandalism/Graffiti, Flood Conveyance (Vegetation/tree removals), Beaver dam removals, Outfall/drainage swale maintenance, Erosion control/bank stabilization, Native planting/replanting, Pre and post emergent, maintenance activities as required by a 404 permit and Operations and Management Plan-Conservation and Passive Recreation Open Space, dated June 9, 2017, and repair and replacement of facilities within open space areas in the Project Area.

2. The maintenance of on-site landscape corridors and paseos designed to serve land uses within CFD 22A, including general maintenance, masonry walls, accent lighting, water and utility costs.

3. The maintenance of streetlights, including any utility costs related thereto.

4. The maintenance of medians, entries, and entry monumentation.

5. Neighborhood park maintenance, and repair and replacement.

6. Community amenities, such as a community clubhouse.

7. Storm water management, water quality structural controls, including drainage swales constructed between storm drain facilities and receiving waters.

8. Miscellaneous costs related to any of the items described above including planning, engineering, GIS, legal, and city and county administration costs.

9. The levy of special taxes to accumulate sinking funds for anticipated future repairs or replacement costs of landscape corridors, irrigation facilities, medians, entries and entry monumentation,

lighting, neighborhood parks, storm water management and other facilities maintained by CFD 22A as determined by the Administrator.

Annual maintenance functions and costs generally will include the installation, maintenance and servicing of ground cover, shrubs and trees, irrigation systems, street lighting, fencing, sound walls, sidewalks, monuments, enhanced open space maintenance including but not limited to maintaining the enhanced open space areas located adjacent to avoided or created habitat mitigation areas and other buffer areas between the enhanced open space and vertical development, bike trails, walkways, entry signage, street pavers, and labor, materials, supplies, utilities (including water and electricity) and equipment, as applicable, for property owned or maintained by the City. Annual maintenance costs include an allowance for long-term repair and replacement of improvements.

CFD 22A may fund any of the following related to the maintenance of the services described above: obtaining, repairing, reconstructing, furnishing, operating and maintaining equipment, apparatus or facilities related to providing the services and/or equipment, apparatus, facilities or fixtures in areas to be maintained, paying the salaries and benefits of the personnel necessary or convenient to provide the services, and other related expenses and the provision of reserves for repairs and replacements for the future provision of services. It is expected that the services will be provided by the City, either with its own employees or by contract with third parties, or any combination thereof. CFD 22A may also fund administrative fees of the City related to CFD 22A.

CFD 22A will further be eligible to fund all or a portion of the costs of the following public services:

Police, fire and other emergency services that are in addition to those services that were provided within the boundaries of CFD 22A at the time of formation of CFD 22A, including but not limited to (i) the costs of contracting services, (ii) related equipment, vehicles, ambulances, fire apparatus and supplies, (iii) the salaries and benefits of City and non-City staff that directly provide police, fire and emergency services, and (iv) City and non-City overhead costs associated with providing such services within CFD 22A

Incidental Expenses

It is anticipated that the following incidental expenses may be incurred for CFD 22A:

- Engineering services
- Special tax consultant services
- City review and administration
- Bond counsel services
- Bond counsel expenses
- Disclosure counsel services
- Disclosure counsel expenses
- Independent municipal advisor services and expenses
- Appraiser services

- Market absorption study and real estate economist services
- Initial bond transfer agent, fiscal agent, registrar and paying agent fees
- Rebate calculation service set up charge
- Bond printing
- Offering memorandum printing and mailing costs
- Publishing, mailing and posting of notices
- Underwriter's discount
- Bond reserve fund
- Capitalized interest
- Bond syndication costs
- Governmental notification and filing costs
- Credit enhancement costs
- Real estate acquisition costs
- Rating agency fees
- Charges and fees of City other than those waived

Certain annual costs may be included in each annual special tax levy. These include:

- Annual bond transfer agent, fiscal agent, registrar and paying agent fees
- Annual rebate calculation costs
- Special tax consultant costs and administrative expenses
- Other necessary consultant costs
- Costs of posting and collecting the special taxes
- Personnel and Administrative costs of the City
- Arbitrage rebate
- Continuing disclosure reporting and compliance

COST ESTIMATE

Estimated Cost of Public Facilities

The District is eligible to finance the authorized public facilities described in the Description of Facilities and Services section of this Report. The estimated cost for constructing all required facilities for the Folsom Heights subdivision is approximately $83,819,615, covering backbone infrastructure, soft costs, and improvement area subdivision infrastructure. Backbone infrastructure improvements include upgrades to transportation, water systems, recycled water systems, drainage, wastewater, parks, parkways, and open spaces. Subdivision infrastructure encompasses underground utilities, roadways, street lighting, sound walls, and landscaping.

The District will provide the financing to fund the authorized public facilities and estimated Specific Plan Infrastructure Fee obligation through bond issuance and the generation of PAYGO special tax revenue from the levy and collection of the facilities special tax within each IA. The primary pledge of facilities special tax revenues will be to service outstanding debt. Facilities special tax revenues in excess of the annual debt service and administrative expenses will be used on a PAYGO basis. The developers will retain 100 percent of the annual PAYGO revenues to fund authorized facilities for the first 20 years, beginning the fiscal year following the issuance of the first building permit or the issuance of the first series of bonds or other debt for the respective IA, whichever occurs first for each IA. Beginning the 21st year and thereafter, the City will be able to utilize 100 percent of the annual PAYGO revenues to fund or acquire eligible facilities.

Estimated Cost of Public Services

The District is eligible to finance the authorized public services described in the Description of Facilities and Services section of this Report. The authorized public services and the estimated costs herein are subject to review and confirmation and the actual costs may differ from the estimated costs presented below.

District Services Cost Estimate for each IA

Description	IA 1	IA 2	IA 3
Landscaping & Irrigation	$12,163	$12,314	$1,800
Public Safety Services	16,201	16,401	2,398
Administrative Services	6,480	6,561	959
Total Services Cost Estimate for each IA:	**$34,844**	**$35,276**	**$5,158**

Annual Appropriations Limit

The Fiscal Year 2026/27 annual appropriations limit for each IA is:

- IA 1: $4,000,000
- IA 2: $4,000,000
- IA 3: $4,000,000

Maximum Bonded Indebtedness

The maximum authorized bonded indebtedness for each IA is:

- IA 1: $22,000,000
- IA 2: $25,000,000
- IA 3: $0

Maximum Special Tax Rates

The determination and application of the maximum special tax rates for the Improvement Areas are more fully set forth in the Rate and Method of Apportionment for each IA, which are included under Appendices B through D of this Report. The Rate and Method of Apportionment for each IA of the District was included as part of the Resolution of Intention, approved by the City Council on August 11, 2026, and established Fiscal Year 2026/27 maximum special tax rates. The Fiscal Year 2026/27 maximum special tax rates for each IA are presented in the tables on the following pages.

Annual Maximum Special Tax Escalation

On each July 1, commencing on July 1, 2027, the Facilities Special Tax shall be increased by 2% of the maximum facilities special tax in effect for the previous Fiscal Year.

On each July 1, commencing on July 1, 2027, the Services Special Tax shall be increased by the maximum of two percent (2%) or the June annualized percentage change of the Consumer Price Index for all Urban Consumers, for the San Francisco-Oakland-Hayward area, not to exceed four percent (4%).

On each July 1, commencing on July 1, 2027, the Transition Services Special Tax shall be increased by the maximum of two percent (2%) or the June annualized percentage change of the Consumer Price Index for all Urban Consumers, for the San Francisco-Oakland-Hayward area, not to exceed four percent (4%).

IA 1
Maximum Special Tax Rates
Fiscal Year 2026/27

Land Use Category	Lot Size	2026-2027 Maximum Facilities Special Tax Rate[1]	2026-2027 Maximum Services Special Tax Rate[2]	Taxed Per
Developed Property:				
Single-Family Detached Property – SF Zoning	Any	$3,500	$137	Residential Lot
Single-Family Detached Property – SFHD Zoning	> = 5,775 Sq Ft	$2,800	$137	Residential Lot
Single-Family Detached Property – SFHD Zoning	< 5,775 Sq Ft	$2,600	$137	Residential Lot
Single-Family Detached Property – MLD Zoning	Any	$2,000	$117	Residential Lot
Other Taxable Property	Any	$15,000	$645	Acre
Small Lot Final Map Property:				
Single-Family Detached Property – SF Zoning	Any	$3,500	$137	Residential Lot
Single-Family Detached Property – SFHD Zoning	> = 5,775 Sq Ft	$2,800	$137	Residential Lot
Single-Family Detached Property – SFHD Zoning	< 5,775 Sq Ft	$2,600	$137	Residential Lot
Single-Family Detached Property – MLD Zoning	Any	$2,000	$117	Residential Lot
Other Taxable Property	Any	$15,000	$645	Acre
Permit Ready Multi-Family/Non-Residential Property		$15,000	$645	Acre
Large Lot Property		$15,000	$645	Acre
Undeveloped Property		$15,000	$645	Acre

(1) On each July 1, commencing on July 1, 2027, the Maximum Facilities Special Tax Rates shall be increased by the Facilities Special Tax Escalation Factor of the Maximum Facilities Special Tax Rates in effect for the previous Fiscal Year.

(2) On each July 1, commencing on July 1, 2027, the Maximum Services Special Tax Rates shall be increased by an amount equal to the Services Special Tax Escalation Factor of the Maximum Services Special Tax Rates in effect for the previous Fiscal Year.

IA 2
Maximum Special Tax Rates
Fiscal Year 2026/27

Land Use Category	Lot Size	2026-2027 Maximum Facilities Special Tax Rate[(1)]	2026-2027 Maximum Services Special Tax Rate[(2)]	Taxed Per
Developed Property:				
Single-Family Detached Property – SF Zoning	Any	$3,770	$137	Residential Lot
Single-Family Detached Property – SFHD Zoning	> = 5,775 Sq Ft	$3,067	$137	Residential Lot
Single-Family Detached Property – SFHD Zoning	< 5,775 Sq Ft	$2,959	$137	Residential Lot
Single-Family Detached Property – MLD Zoning	Any	$2,357	$117	Residential Lot
Other Taxable Property	Any	$15,000	$659	Acre
Small Lot Final Map Property:				
Single-Family Detached Property – SF Zoning	Any	$3,770	$137	Residential Lot
Single-Family Detached Property – SFHD Zoning	> = 5,775 Sq Ft	$3,067	$137	Residential Lot
Single-Family Detached Property – SFHD Zoning	< 5,775 Sq Ft	$2,959	$137	Residential Lot
Single-Family Detached Property – MLD Zoning	Any	$2,357	$117	Residential Lot
Other Taxable Property	Any	$15,000	$659	Acre
Permit Ready Multi-Family/Non-Residential Property		$15,000	$659	Acre
Large Lot Property		$15,000	$659	Acre
Undeveloped Property		$15,000	$659	Acre

(1) On each July 1, commencing on July 1, 2027, the Maximum Facilities Special Tax Rates shall be increased by the Facilities Special Tax Escalation Factor of the Maximum Facilities Special Tax Rates in effect for the previous Fiscal Year.

(2) On each July 1, commencing on July 1, 2027, the Maximum Services Special Tax Rates shall be increased by an amount equal to the Services Special Tax Escalation Factor of the Maximum Services Special Tax Rates in effect for the previous Fiscal Year.

IA 3
Maximum Special Tax Rates
Fiscal Year 2026/27

Land Use Category	Lot Size	2026-2027 Maximum Facilities Special Tax Rate[(1)]	2026-2027 Maximum Services Special Tax Rate[(2)]	Taxed Per
Developed Property:				
Single-Family Detached Property – SF Zoning	Any	$0	$137	Residential Lot
Single-Family Detached Property – SFHD Zoning	> = 5,775 Sq Ft	$0	$137	Residential Lot
Single-Family Detached Property – SFHD Zoning	< 5,775 Sq Ft	$0	$137	Residential Lot
Single-Family Detached Property – MLD Zoning	Any	$0	$117	Residential Lot
Other Taxable Property	Any	$0	$474	Acre
Small Lot Final Map Property:				
Single-Family Detached Property – SF Zoning	Any	$0	$137	Residential Lot
Single-Family Detached Property – SFHD Zoning	> = 5,775 Sq Ft	$0	$137	Residential Lot
Single-Family Detached Property – SFHD Zoning	< 5,775 Sq Ft	$0	$137	Residential Lot
Single-Family Detached Property – MLD Zoning	Any	$0	$117	Residential Lot
Other Taxable Property	Any	$0	$474	Acre
Permit Ready Multi-Family/Non-Residential Property		$0	$474	Acre
Large Lot Property		$0	$474	Acre
Undeveloped Property		$0	$474	Acre

(1) On each July 1, commencing on July 1, 2027, the Maximum Facilities Special Tax Rates shall be increased by the Facilities Special Tax Escalation Factor of the Maximum Facilities Special Tax Rates in effect for the previous Fiscal Year.

(2) On each July 1, commencing on July 1, 2027, the Maximum Services Special Tax Rates shall be increased by an amount equal to the Services Special Tax Escalation Factor of the Maximum Services Special Tax Rates in effect for the previous Fiscal Year.

RATE AND METHOD OF APPORTIONMENT

All of the property located within the District, unless exempted by law or by the Rate and Method of Apportionment, shall be taxed for the purpose of providing the necessary facilities and services for the District. Pursuant to Section 53325.3 of the Act, the tax imposed "is a special tax and not a special assessment, and there is no requirement that the tax be apportioned on the basis of benefit to any property." The special tax "may be based on benefit received by parcels of real property, the cost of making facilities available to each parcel, or other reasonable basis as determined by the legislative body," although the special tax may not be apportioned on an ad valorem basis pursuant to Article XIIIA of the California Constitution.

As shown in Appendices B through D, the Rate and Method of Apportionment for each IA provides information sufficient to allow each property owner to estimate the maximum special tax that he or she will be required to pay.

Term of Facilities, Services, & Transition Services Special Tax

The District's facilities special tax shall be levied commencing in Fiscal Year 2026/27 and shall be levied to the extent necessary to fully satisfy the annual facilities special tax requirement. For each IA, the facilities special tax shall be levied for a period no longer than the earlier of fiscal year 2086/87 or the fiscal year occurring 50 years following the fiscal year in which the first building permit was issued or the first series of bonds or other debt was issued within the IA.

The District's services special tax shall be levied commencing in Fiscal Year 2026/27 and shall be levied until the transition event occurs, which shall be the earlier of Fiscal Year 2086/87 or the or the fiscal year when the District administrator determines that both of the following events have occurred (1) all bonds secured by the levy and collection of the facilities special tax in an improvement area have been fully repaid and the City determines that no additional bonds are to be issued, and (2) all facilities administrative expenses have been paid or reimbursed to an improvement area. The District's transition services special tax shall commence in the transition year, which is the first year in which the District administrator determines that the transition event occurred in the prior fiscal year.

The District's transition services special tax shall be levied commencing in the transition year and shall be levied in perpetuity unless and until such time the City determines that revenues are no longer needed to pay the transition services special tax requirement.

Manner of Collection

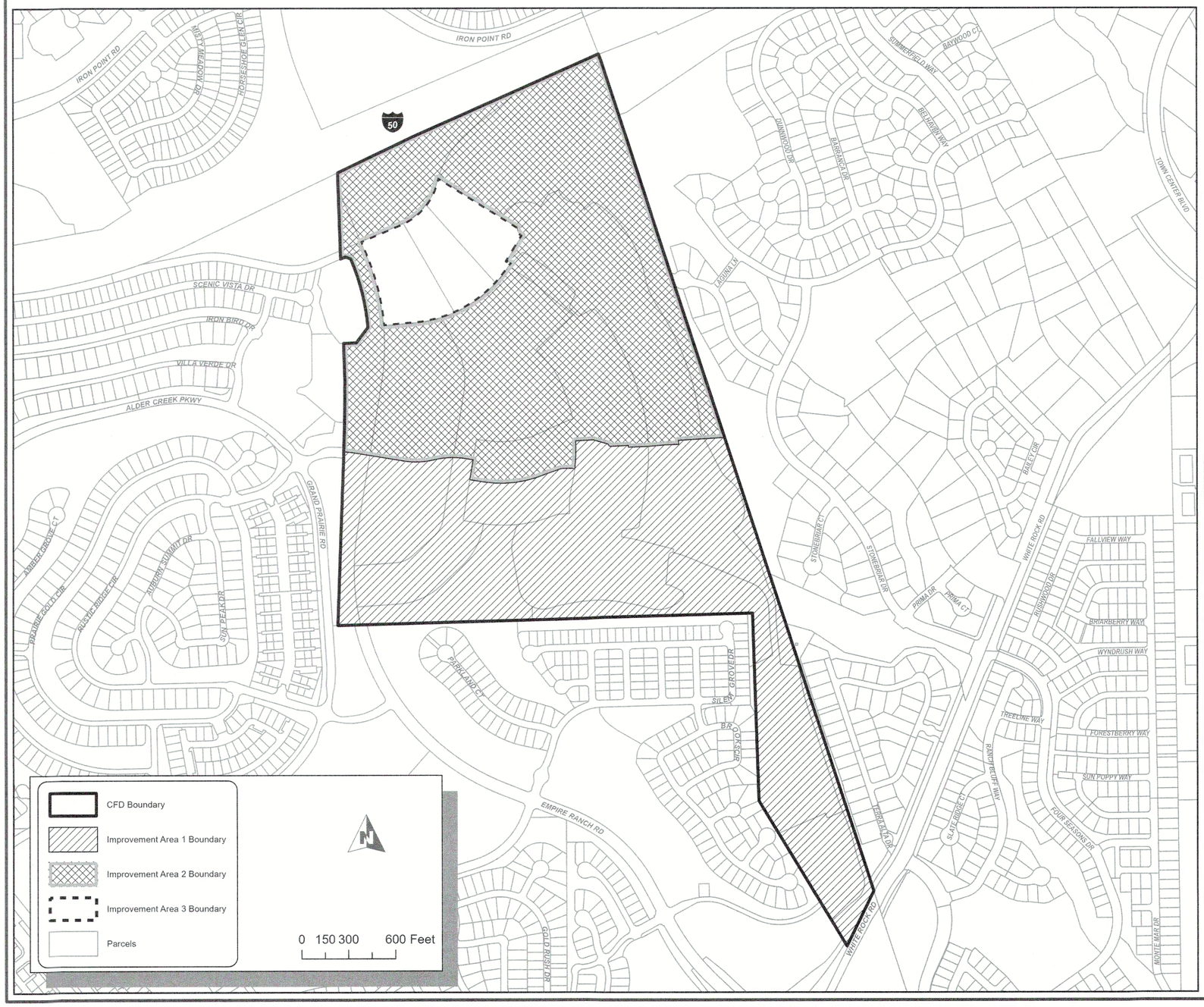
The annual District special tax shall be collected in the same manner and at the same time as ordinary ad valorem property taxes; provided, however, that the City, may directly bill the District special tax, and may collect special taxes at a different time or in a different manner as necessary to meet its financial obligations, and may covenant to foreclose and may actually foreclose on Assessor's Parcels of taxable property that are delinquent in the payment of special taxes.

APPENDIX A: BOUNDARY MAP

The boundary map for the District, including the boundaries for the Improvement Areas, is shown on the following pages. The lines and dimensions of each lot or parcel within the District are those lines and dimensions shown on the maps of the County Assessor, at the time this Report was prepared, and are incorporated by reference herein and made part of this Report.

MAP OF PROPOSED BOUNDARIES
CITY OF FOLSOM
COMMUNITY FACILITIES DISTRICT NO. 22A
(FOLSOM HEIGHTS)

CITY OF FOLSOM
COUNTY OF SACRAMENTO
STATE OF CALIFORNIA



FILED IN THE OFFICE OF THE CITY CLERK OF THE CITY OF FOLSOM THIS 12 DAY OF Aug., 20 26.

CITY CLERK
CITY OF FOLSOM
SACRAMENTO COUNTY, CALIFORNIA

I HEREBY CERTIFY THAT THE WITHIN MAP SHOWING THE PROPOSED BOUNDARIES OF THE CITY OF FOLSOM COMMUNITY FACILITIES DISTRICT NO. 22A (FOLSOM HEIGHTS), CITY OF FOLSOM, COUNTY OF SACRAMENTO, STATE OF CALIFORNIA, WAS APPROVED BY THE CITY COUNCIL OF THE CITY OF FOLSOM, AT A MEETING THEREOF, HELD ON THE 11 DAY OF Aug., 20 26, BY ITS RESOLUTION NO. 11679.

CITY CLERK
CITY OF FOLSOM
SACRAMENTO COUNTY, CALIFORNIA

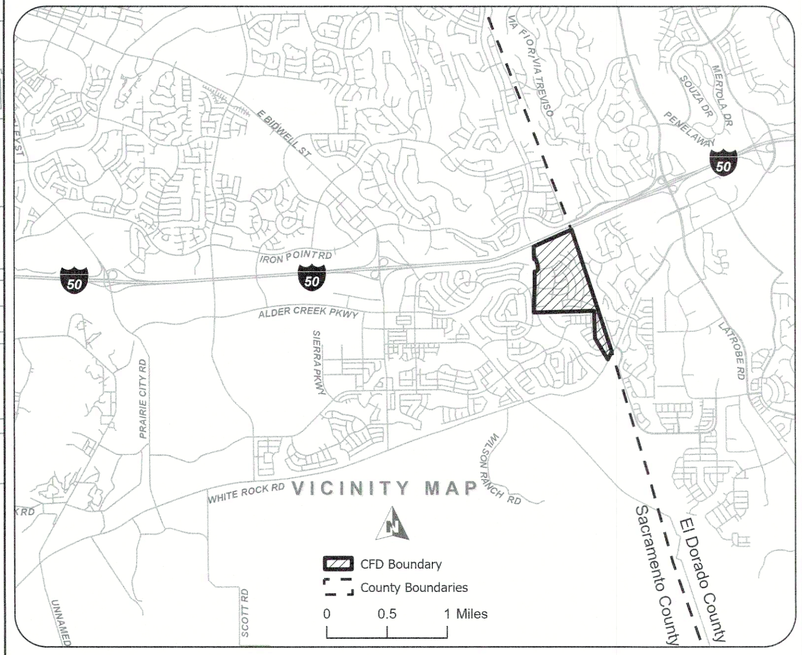
FILED THIS 14th DAY OF August, 2026, AT THE HOUR OF 10:12 O'CLOCK A M, IN BOOK 119 OF MAPS OF ASSESSMENT AND COMMUNITY FACILITIES DISTRICTS AT PAGE 12 IN THE OFFICE OF THE COUNTY RECORDER OF THE COUNTY OF SACRAMENTO, STATE OF CALIFORNIA.

File: 202608140772

Florence Evans
COUNTY RECORDER
COUNTY OF SACRAMENTO, CALIFORNIA

Deputy

FOR PARTICULARS OF THE LINES AND DIMENSIONS OF ASSESSOR PARCELS, REFERENCE IS MADE TO THE MAPS OF THE ASSESSOR, COUNTY OF SACRAMENTO, STATE OF CALIFORNIA.



Source: Sacramento County GIS
Geographic Coordinate Reference: GCS North American 1983
Projection: NAD 1983 StatePlane California II FIPS 0402 Feet

NBS

APPENDIX B: RATE AND METHOD OF APPORTIONMENT – IA 1

The following pages provide a copy of the Rate and Method of Apportionment for IA 1.

RATE AND METHOD OF APPORTIONMENT FOR
CITY OF FOLSOM
COMMUNITY FACILITIES DISTRICT NO. 22A
(FOLSOM HEIGHTS)
IMPROVEMENT AREA 1

A Special Tax, as hereinafter defined, shall be levied on each Assessor's Parcel of Taxable Property within Improvement Area No. 1 of the City of Folsom Community Facilities District No. 22A (Folsom Heights) (CFD No. 22A IA1) and collected each Fiscal Year in an amount determined by the CFD No. 22A IA1 Administrator through the application of the Rate and Method of Apportionment as described below. All of the real property within CFD No. 22A IA1, unless exempted by law or by the provisions hereof, shall be taxed for the purposes, to the extent and in the manner herein provided.

A. GENERAL DEFINITIONS

The terms hereinafter set forth have the following meaning:

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

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

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

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

"Authorized Services" means the services authorized to be financed by CFD No. 22A IA1.

"Average Sales Price" means the estimated average net price of new homes with options and upgrades by product category, as identified in the most recent Price Point Study for the CFD 22A IA1 market area.

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

"Bonds" means any bonds or other debt (as defined in the Act), whether in one or more series, issued by CFD No. 22A IA1 under the Act.

"CFD No. 22A IA1" means City of Folsom Community Facilities District No. 22A IA1 (Folsom Heights).

"CFD No. 22A IA1 Administrator" means the City's Finance Director, or designee thereof, responsible for determining the Facilities Special Tax Requirement, Services Special Tax Requirement, and

Transition Services Special Tax Requirement and providing for the levy and collection of the Special Taxes.

"City" means the City of Folsom.

"City Council" means the City Council of the City, acting as the legislative body of CFD No. 22A IA1.

"County" means the County of Sacramento.

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

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

"Effective Tax Rate Evaluation Maximum Facilities Special Tax" means the total maximum annual Facilities Special Tax, as determined during the Effective Tax Rate Evaluation, in accordance with the provisions of Section C.3, which may be levied in any Fiscal Year on any Assessor's Parcel of Taxable Property.

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

"Effective Tax Rate Evaluation Minimum Facilities Revenue" means, following the Effective Tax Rate Evaluation, the total minimum amount of CFD No. 22A IA1 Effective Tax Rate Evaluation Maximum Facilities Special Tax, as adjusted annually by the Facilities Special Tax Escalation Factor after the Fiscal Year in which the Effective Tax Rate Evaluation occurs, less any Effective Tax Rate Evaluation Maximum Facilities Special Tax amounts partially prepaid pursuant to Section L. The Effective Tax Rate Evaluation Minimum Facilities Revenue, based on Planned Development, is set forth in Attachment D of this Rate and Method of Apportionment.

"Exempt Property" means all Assessors' Parcels that are exempt from the Special Tax pursuant to Section G.

"Facilities Administrative Expenses" means the actual or reasonably estimated costs directly related to the administration of the Facilities Special Tax including, but not limited to, the following: the costs of computing the Facilities Special Tax and preparing the annual Facilities Special Tax collection schedules (whether by the City or designee thereof or both); the costs of collecting the Facilities Special Taxes (whether by the County, the City, or otherwise); the costs of remitting the Facilities Special Taxes to the Trustee; the costs of the Trustee (including its legal counsel) in the discharge of the duties required of it under the Indenture; the costs to the City, CFD No. 22A IA1, or any designee thereof of complying with arbitrage rebate requirements or responding to questions from the IRS or SEC pertaining to any Bonds or any audit of any Bonds by the SEC or IRS; the costs to the City, CFD No. 22A IA1, or any designee thereof of providing continuing disclosure regarding the Bonds pursuant to

applicable state or federal securities law; the costs associated with preparing Facilities Special Tax disclosure statements and responding to public inquiries regarding the Facilities Special Taxes; the costs of the City, CFD No. 22A IA1, or any designee thereof related to any appeal of the levy or application of the Facilities Special Tax; the costs associated with the release of funds from an escrow account, if any; and the costs associated with computing and preparing the Effective Tax Rate Evaluation, including the Price Point Study. Facilities Administrative Expenses shall also include amounts estimated or advanced by the City or CFD No. 22A IA1 for any other administrative purposes, including, but not limited to, attorney's fees and other costs related to commencing and pursuing to completion any foreclosure of delinquent Facilities Special Taxes.

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

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

"Facilities Special Tax Requirement" means that amount of Special Tax revenue required in any Fiscal Year for CFD No. 22A IA1 to: (i) pay Facilities Administrative Expenses in an amount designated by the City; (ii) pay annual debt service on all Outstanding Bonds due in the Bond Year beginning in such Fiscal Year; (iii) pay other periodic costs on Outstanding Bonds, including but not limited to, credit enhancement and rebate payments on Outstanding Bonds; (iv) pay any amounts required to establish or replenish any reserve funds for all Outstanding Bonds in accordance with the Indenture; (v) pay for reasonably anticipated delinquent Special Taxes based on the delinquency rate for Special Taxes levied in the previous Fiscal Year and known upcoming delinquencies; and (vi) pay for Pay As You Go Costs; less (vii) a credit for funds available to reduce the annual Facilities Special Tax levy as determined by the CFD No. 22A IA1 Administrator pursuant to the Indenture.

"Facilities Special Tax Term" means the earlier of Fiscal Year 2086-2087 or the Fiscal Year occurring 50 years following the Fiscal Year in which the first building permit was issued, or the first series of Bonds was issued within CFD No. 22A IA1.

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

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

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

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

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

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

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

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

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

Beginning in the Transition Year, "Maximum Special Tax", also means the total annual Maximum Transition Services Special Tax, determined in accordance with the provisions of Section D, which may be levied in any Fiscal Year following the Transition Event on any Assessor's Parcel of Taxable Property.

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

"Maximum Transition Services Special Tax" means, beginning in the Transition Year, the maximum amount, determined in accordance with the provisions of Section D, which may be levied in any Fiscal Year following the Transition Event on any Assessor's Parcel of Taxable Property.

"Minimum Facilities Revenue" means the minimum amount of total CFD No. 22A IA1 Maximum Facilities Special Tax, as adjusted annually by the Facilities Special Tax Escalation Factor, less any Maximum Facilities Special Tax amounts partially prepaid pursuant to Section L. The Minimum Facilities Revenue, based on Planned Development, is set forth in Attachment B of this Rate and Method of Apportionment. Following the Transition Event, the Minimum Facilities Revenue shall be zero.

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

"Open Space Property" means property within the boundaries of CFD No. 22A IA1 which (a) has been designated with specific boundaries and acreage on a Small Lot Final Subdivision Map as open space, or (b) is classified by the City zoning code or County Assessor as open space, or (c) has been irrevocably offered for dedication as open space to the federal government, the State of California, the County, the City, any other public agency, a private, non-profit organization, or (d) is encumbered by an easement or other restriction required by the City limiting the use of such property to open space.

"Other Taxable Property" means all other land uses of Taxable Property, for which a building permit for new construction can be issued. Other Taxable Property does not include Residential Property and Non-Residential Property land use categories.

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

"Pay As You Go Costs" means that portion of the Facilities Special Tax Requirement attributable to the direct payment for the acquisition and/or construction of public improvements, which are authorized to be financed by CFD No. 22A IA1.

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

"Planned Development" means the planned number of Residential Lots, Permit Ready Multi-Family/Non-Residential Property Acreage planned within CFD No. 22A IA1, set forth in Attachment B or, following the Effective Tax Rate Evaluation, Attachment D of this Rate and Method of Apportionment, as amended by the future recordation of all Large Lot Maps and Small Lot Final Subdivision Maps within CFD No. 22A IA1.

"Price Point Study" means an analysis, prepared by an independent firm, to verify the estimated Average Sales Price within each land use category of Residential Property given the project location and current market conditions.

"Property Owner Association Property" means any property within the boundaries of CFD No. 22A IA1, which is (a) owned by a property owner association or (b) designated with specific boundaries and Acreage on a Small Lot Final Subdivision Map as property owner association property. As used in this definition, a property owner association includes any master or sub-association.

"Proportionately" means for Taxable Property that the ratio of the Facilities Special Tax levy to the Maximum Facilities Special Tax (or Effective Tax Rate Evaluation Maximum Facilities Special Tax) and the Services Special Tax levy to the Maximum Services Special Tax is equal for all Assessors' Parcels within each classification (Developed Property, Single Family Final Map Property, Permit Ready Multi-Family/Non-Residential Property, Large Lot Property, etc.) within CFD No. 22A IA1.

"Public Property" means any property within the boundaries of CFD No. 22A IA1, which (a) is owned by a public agency, (b) has been irrevocably offered for dedication to a public agency, or (c) is designated with specific boundaries and Acreage on a Small Lot Final Subdivision Map as property, which will be owned by a public agency. For purposes of this definition, a public agency includes the federal government, the State of California, the County, the City, or any other public agency.

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

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

"Residential Unit" means a residential dwelling unit, including accessory dwelling units, as allowed by the City zoning code.

"Services Administrative Expenses" means the actual or reasonably estimated costs directly related to the administration of the Services Special Tax including, but not limited to, the following: the costs of computing the Services Special Taxes and preparing the annual Services Special Tax collection schedules (whether by the City or designee thereof or both); the costs of collecting the Services Special Taxes (whether by the County, the City, or otherwise); the costs associated with preparing Special Tax disclosure statements and responding to public inquiries regarding the Services Special Tax; and the costs of the City, CFD No. 22A IA1, or any designee thereof related to any appeal of the levy or application of the Services Special Tax. Services Administrative Expenses shall also include amounts estimated or advanced by the City or CFD No. 22A IA1 for any other administrative purposes related to the Services Special Tax.

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

"Services Special Tax Escalation Factor" means the maximum of two percent (2%) or the June annualized percentage change of the Consumer Price Index for all Urban Consumers, for the San Francisco-Oakland-Hayward area, not to exceed four percent (4%).

"Services Special Tax Requirement" means the amount of Services Special Tax revenue required for CFD No. 22A IA1, before the Transition Year, to (i) pay Services Administrative Expenses in an amount designated by the City; (ii) pay Authorized Services expenses; (iii) pay any amounts required to establish or replenish any repair and contingency funds, capital improvement funds, or reserve funds related to the Authorized Services expenses; (iv) cover any shortfalls that exist if, in any Fiscal Year, the levy of the Facilities Special Tax on each Assessor's Parcel of Taxable Property is insufficient to pay the Facilities Special Tax Requirement in that Fiscal Year. Facilities Special Tax Requirement shortfalls shall not include Pay As You Go Costs, and (v) pay for reasonably anticipated delinquent Services Special Taxes based on the delinquency rate for Services Special Taxes levied in the previous Fiscal Year; less (vi) a credit for funds available to reduce the annual Services Special Tax levy as determined by the CFD No. 22A IA1 Administrator.

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

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

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

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

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

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

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

"State" means the State of California.

"Taxable Property" means all of the Assessor's Parcels within the boundaries of CFD No. 22A IA1 that are not exempt from the CFD No. 22A IA1 Special Tax pursuant to law or Section F below.

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

"Total Estimated Tax Burden" means the total amount of overlapping property taxes anticipated to be levied upon a Residential Unit, based upon the estimated Average Sales Price identified in the most

recently completed Price Point Study and existing property tax rates for the current Fiscal Year. Existing property tax rates shall reflect the actual property tax rates— excluding utility-related fees and charges and PACE loans— levied upon Taxable Property in the Fiscal Year that the Effective Tax Rate Evaluation is completed.

"Transition Event" means the earlier of (i) Fiscal Year 2086-2087 or (ii) the Fiscal Year when the CFD No. 22A IA1 Administrator determines that both of the following events have occurred (1) all Bonds secured by the levy and collection of the Facilities Special Tax in CFD No. 22A IA1 have been fully repaid and the City determines that no additional Bonds are to be issued, and (2) all Facilities Administrative Expenses have been paid or reimbursed to CFD No. 22A IA1.

"Transition Services Administrative Expenses" means the actual or reasonably estimated costs directly related to the administration of the Transition Services Special Tax including, but not limited to, the following: the costs of computing the Transition Services Special Taxes and preparing the annual Transition Services Special Tax collection schedules (whether by the City or designee thereof or both); the costs of collecting the Transition Services Special Taxes (whether by the County, the City, or otherwise); the costs associated with preparing Special Tax disclosure statements and responding to public inquiries regarding the Transition Services Special Tax; and the costs of the City, CFD No. 22A IA1, or any designee thereof related to any appeal of the levy or application of the Transition Services Special Tax. Transition Services Administrative Expenses shall also include amounts estimated or advanced by the City or CFD No. 22A IA1 for any other administrative purposes related to the Transition Services Special Tax.

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

"Transition Services Special Tax Escalation Factor" means the maximum of two percent (2%) or the June annualized percentage change of the Consumer Price Index for all Urban Consumers, for the San Francisco-Oakland-Hayward area, not to exceed four percent (4%).

"Transition Services Special Tax Rate" means, calculated in the Transition Year, the amount equal to the prior Fiscal Year's Maximum Services Special Tax Rate plus fifty percent (50%) of the prior Fiscal Year's Maximum Facilities Special Tax Rate. The Transition Services Special Tax Escalation Factor shall be applied beginning in the Transition Year. Following the Transition Year, the Transition Services Special Tax Rate shall be equal to the prior Fiscal Year's Transition Services Special Tax Rate, increased by the Transition Services Special Tax Escalation Factor.

"Transition Services Special Tax Requirement" means the amount of Transition Services Special Tax revenue required for CFD No. 22A IA1, beginning in the Transition Year, to (i) pay Transition Services Administrative Expenses in an amount designated by the City; (ii) pay Authorized Services expenses; (iii) pay any amounts required to establish or replenish any repair, replacement and contingency funds, capital improvement funds, or reserve funds related to the Authorized Services expenses; (iv) pay for reasonably anticipated delinquent Transition Services Special Taxes based on the delinquency rate for Transition Services Special Taxes levied in the previous Fiscal Year; less (v) a credit for funds

available to reduce the annual Transition Services Special Tax levy as determined by the CFD No. 22A IA1 Administrator.

"Transition Year" means the first year in which the CFD No. 22A IA1 Administrator determines that the Transition Event occurred in the prior Fiscal Year.

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

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

"Welfare Exempt Property" means, in any Fiscal Year, all Parcels within the boundaries of CFD No. 22A IA1 that (a) have been granted a welfare exemption by the County under subdivision (g) of Section 214 of the Revenue and Taxation Code indicated in the Assessor's Data finalized as of January 1 of the previous Fiscal Year, and (b) are exempt from the Special Tax pursuant to Section 53340(c) of the Act. Pursuant to Section 53340(c) of the Act, after the issuance of the first series of Bonds, as applicable, any Assessor's Parcels that receives a welfare exemption under subdivision (g) of Section 214 of the Revenue and Taxation Code shall not be classified as Welfare Exempt Property and will be subject to the Facilities Special Tax.

B. ASSIGNMENT TO LAND USE CATEGORIES

Each Fiscal Year, using City and County records, City zoning information, and land use development plans, all Assessor's Parcels within the boundaries of CFD No. 22A IA1 shall be designated as either Taxable Property or Exempt Property.

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

C. FACILITIES SPECIAL TAX

Prior to the Transition Year, a Maximum Facilities Special Tax shall be assigned to all Taxable Property within CFD No. 22A IA1 according to the Maximum Facilities Special Tax Rates set forth in Attachment A of this Rate and Method of Apportionment.

Once assigned, the sum of the total Maximum Facilities Special Tax shall be equal to or greater than the Minimum Facilities Revenue, unless adjusted by an Effective Tax Rate Evaluation as described below. The Minimum Facilities Revenue for Fiscal Year 2027-2028 is set forth in Attachment B of this Rate and Method of Apportionment.

C.1. Increase in the Maximum Facilities Special Tax

On each July 1, commencing on July 1, 2028, the Maximum Facilities Special Tax Rates and Minimum Facilities Revenue in effect for the previous Fiscal Year shall be increased by the Facilities Special Tax Escalation Factor.

C.2. Future Assessor's Parcel Changes – Prior to an Effective Tax Rate Evaluation

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

Undeveloped Property Subdividing into Large Lot Property

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

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

If the sum of the total expected Developed Property Maximum Facilities Special Tax is less than the Minimum Facilities Revenue, the Developed Property, Small Lot Final Map Property and Permit Ready Multi-Family/Non-Residential Property Maximum Facilities Special Tax Rates shall be uniformly increased on the Large Lot Property created from the Undeveloped Property subdivision until the sum of the total expected Developed Property Maximum Facilities Special Tax is equal to the Minimum Facilities Revenue. Further, if the sum of the total current Maximum Facilities Special Tax is less than the Minimum Facilities Revenue, the Maximum Facilities Special Tax Rates for the Large Lot Property and any remaining Undeveloped Property created from the Undeveloped Property subdivision shall be uniformly increased until the sum of the total current Maximum Facilities Special Tax is equal to the Minimum Facilities Revenue. Attachment B of this

Rate and Method of Apportionment shall be updated to reflect any increases to the Maximum Facilities Special Tax Rates from the Undeveloped Property subdivision. The Developed Property, Small Lot Final Map Property and Permit Ready Multi-Family/Non-Residential Property Maximum Facilities Special Tax Rates shall not be adjusted for any Taxable Property already classified as Developed Property, Small Lot Final Map Property or Permit Ready Multi-Family/Non-Residential Property.

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

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

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

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

C.3. Effective Tax Rate Evaluation

Prior to the issuance of the first series of Bonds within CFD No. 22A IA1 an Effective Tax Rate Evaluation will be completed. Following the Effective Tax Rate Evaluation, Attachment C of this Rate and Method of Apportionment will be updated to reflect the Effective Tax Rate Evaluation Maximum Facilities Special Tax Rate for all Taxable Property in CFD No. 22A IA1.

Additionally, prior to the issuance of the first series of Bonds, the Developer may, one time, at their discretion, further reduce the Maximum Facilities Special Tax Rate for any or all Taxable Property in CFD No. 22A IA1 to an amount less than the rates produced in the Effective Tax Rate Evaluation. If reduced, the reduction will be applied uniformly by land use category.

Effective Tax Rate Evaluation Maximum Facilities Special Tax Rates

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

If the Total Effective Tax Rate for any Residential Property land use category exceeds the Total Maximum Effective Tax Rate, the Developed Property Maximum Facilities Special Tax Rate set forth in Attachment A shall be reduced until the Total Effective Tax Rate is less than or equal to the Total Maximum Effective Tax Rate for that Residential Property land use category. Attachment C of this Rate and Method of Apportionment will be updated to set forth the Developed Property Effective Tax Rate Evaluation Maximum Facilities Special Tax Rate for each Residential Property land use category.

Effective Tax Rate Evaluation Minimum Facilities Revenue

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

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

C.4. Future Assessor's Parcel Changes – After an Effective Tax Rate Evaluation

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

Undeveloped Property Subdividing into Large Lot Property

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

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

If the sum of the total expected Developed Property Effective Tax Rate Evaluation Maximum Facilities Special Tax is less than the Effective Tax Rate Evaluation Minimum Facilities Revenue, the Developed Property, Small Lot Final Map Property and Permit Ready Multi-Family/Non-Residential Property Effective Tax Rate Evaluation Maximum Facilities Special Tax Rates shall be uniformly increased, on the Large Lot Property created from the Undeveloped Property subdivision, until the sum of the total expected Developed Property Effective Tax Rate Evaluation Maximum Facilities Special Tax is equal to the Effective Tax Rate Evaluation Minimum Facilities Revenue. Further, if the sum of the total current Effective Tax Rate Evaluation Maximum Facilities Special Tax is less than the Effective Tax Rate Evaluation Minimum Facilities Revenue, the Effective Tax Rate Evaluation Maximum Facilities Special Tax Rates for the Large Lot Property and any remaining Undeveloped Property created from the Undeveloped Property subdivision shall be uniformly increased until the sum of the total current Effective Tax Rate Evaluation Maximum

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

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

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

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

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

Family/Non-Residential Property Effective Tax Rate Evaluation Maximum Facilities Special Tax Rates shall not be adjusted for any Taxable Property already classified as Developed Property, Small Lot Final Map Property or Permit Ready Multi-Family/Non-Residential Property created prior to the Large Lot Property subdivision.

C.5. Method of Apportionment of Facilities Special Tax

Using the definitions and procedures described herein, the CFD No. 22A IA1 Administrator shall determine the Facilities Special Tax Requirement and levy the Facilities Special Tax until the amount of Facilities Special Taxes equals the Facilities Special Tax Requirement. The Facilities Special Tax shall be levied each Fiscal Year until the Transition Year as follows:

Prior to an Effective Tax Rate Evaluation

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

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

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

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

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

After an Effective Tax Rate Evaluation

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

Second: If additional monies are needed to satisfy the Facilities Special Tax Requirement (excluding Pay As You Go Costs) after the first step has been completed, the Facilities Special Tax

shall be levied Proportionately on all Small Lot Final Map Property at a rate up to 100% of the Effective Tax Rate Evaluation Maximum Facilities Special Tax for Small Lot Final Map Property.

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

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

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

D. SERVICES SPECIAL TAX

A Services Special Tax shall be assigned to all Taxable Property within CFD No. 22A IA1 according to the Maximum Services Special Tax Rates set forth in Attachment A of this Rate and Method of Apportionment.

D.1. Prior to the Transition Event - Increase in the Maximum Services Special Tax

Prior to the Transition Event, on each July 1, commencing on July 1, 2027, the Maximum Services Special Tax Rates in effect for the previous Fiscal Year shall be increased by the Services Special Tax Escalation Factor.

D.2. Prior to the Transition Event - Method of Apportionment of Services Special Tax

If, in any Fiscal Year prior to the Transition Year, the Facilities Special Tax is levied against each Assessor's Parcel of Taxable Property within CFD No. 22A IA1 and the Facilities Special Tax revenues generated are insufficient to pay the Facilities Special Tax Requirement, such shortfall shall be deemed a component of the Services Special Tax Requirement in that Fiscal Year, and proceeds from the levy of the Services Special Tax shall first be applied to mitigate the shortfall in the Facilities Special Tax Requirement before being used to pay for Authorized Services. The Services Special Tax revenue shall not be applied to any Facilities Special Tax Requirement shortfalls attributable to Pay As You Go Costs authorized to be financed by CFD No. 22A IA1.

Using the definitions and procedures described herein, the CFD No. 22A IA1 Administrator shall determine the Services Special Tax Requirement and levy the Services Special Tax until the amount of Services Special Tax equals the Services Special Tax Requirement. The Services Special Tax shall be levied each Fiscal Year as follows:

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

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

Third: If additional monies are needed to satisfy the Services Special Tax Requirement after the second step has been completed, the Services Special Tax shall be levied Proportionately on all Permit-Ready Multi-Family/Non-Residential Property, Large Lot Property, and Undeveloped Property at a rate up to 100% of the Maximum Services Special Tax for Permit-Ready Multi-Family/Non-Residential Property, Large Lot Property, and Undeveloped Property in order to satisfy the Services Special Tax Requirement.

E. TRANSITION SERVICES SPECIAL TAX

A Transition Services Special Tax shall be assigned to all Taxable Property within CFD No. 22A IA1 according to the Maximum Transition Services Special Tax Rates set forth in Attachment A of this Rate and Method of Apportionment.

E.1. After the Transition Event – Method of Apportionment of Transition Services Special Tax

Using the definitions and procedures described herein, the CFD No. 22A IA1 Administrator shall determine the Transition Services Special Tax Requirement and levy the Transition Services Special Tax until the amount of Transition Services Special Tax equals the Transition Services Special Tax Requirement. The Transition Services Special Tax shall be levied each Fiscal Year as follows:

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

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

F. DELINQUENCIES

Notwithstanding the above, under no circumstances will the CFD No. 22A IA1 Facilities Special Tax levied against any Assessor's Parcel of Developed Property classified as Residential Property, in any Fiscal Year, be increased as a consequence of the delinquency or default in the payment of the CFD No. 22A IA1 Facilities Special Taxes by the owner or owners of any other Taxable Property by more than ten percent (10%) above the amount that would have been levied against such Assessor's Parcel in such Fiscal Year had there been no delinquencies or defaults.

G. EXEMPTIONS

The CFD No. 22A IA1 Administrator shall classify the following as Exempt Property: Public Property, Property Owner Association Property, Open Space Property, and Assessor's Parcels with public or utility easements making impractical their utilization for any use other than the purposes set forth in the easement.

The Maximum Facilities Special Tax obligation or, if applicable, the Effective Tax Rate Evaluation Maximum Facilities Special Tax obligation for Taxable Property which will be transferred or dedicated to a public agency and will be classified as Public Property may be fully prepaid by the seller, pursuant to Section L, prior to the transfer/dedication of such Taxable Property. Until the Maximum Facilities Special Tax obligation or, if applicable, the Effective Tax Rate Evaluation Maximum Facilities Special Tax obligation for any such Taxable Property is prepaid, the Taxable Property shall continue to be subject to the levy of the Facilities Special Tax. An exception to this may be made if an Assessor's Parcel of Public Property, such as a school site, is relocated to an Assessor's Parcel of Taxable Property, in which case the Assessor's Parcel of previously Public Property becomes Taxable Property and the Assessor's Parcel of previously Taxable Property becomes Public Property. This trading of an Assessor's Parcel from Taxable Property to Public Property will be permitted to the extent there is no loss in Maximum Facilities Special Tax revenue or, if applicable, Effective Tax Rate Evaluation Maximum Facilities Special Tax revenue, and the transfer is agreed to by the owners of all Assessor's Parcels involved in the transfer and the City Council.

If the use of an Assessor's Parcel changes so that such Assessor's Parcel is no longer eligible to be classified as one of the uses set forth in paragraph 1 of Section G. above that would make such Assessor's Parcel eligible to continue to be classified as Exempt Property, such Assessor's Parcel shall cease to be classified as Exempt Property and shall be deemed to be Taxable Property and subject to the Special Tax.

No Special Tax shall be levied on any Assessor's Parcel in any Fiscal Year in which such Assessor's Parcel is classified as Welfare Exempt Property; however, pursuant to Section 53340(c) of the Act, after the issuance of the first series of Bonds, as applicable, any Assessor's Parcel that receives a welfare exemption under subdivision (g) of Section 214 of the Revenue and Taxation Code shall not be classified as Welfare Exempt Property and will be subject to the Facilities Special Tax.

H. TRANSFERS

Prior to the issuance of the first series of Bonds within CFD No. 22A IA1, the City may permit the transfer of Maximum Facilities Special Tax or Effective Tax Rate Evaluation Maximum Facilities Special Tax from one Assessor's Parcel to another Assessor's Parcel. Before recordation of a Small Lot Final Subdivision Map, if a subdivision map is required, the City may permit a transfer if the number of planned Residential Units, Multi-Family Attached Property Acreage, or Non-Residential Property Acreage is transferred from one Assessor's Parcel(s) to another Assessor's Parcel(s) in any portion of Large Lot Property. The City may, in its sole discretion, allow for a transfer of the Maximum Facilities Special Tax or Effective Tax Rate Evaluation Maximum Facilities Special Tax from one Assessor's Parcel to another Assessor's Parcel provided such a transfer shall be allowed only if (1) all adjustments are

agreed to in writing by the affected property owners and the City's Finance Director, and (2) there is no reduction in the sum of the total Maximum Facilities Special Tax or sum of the total Effective Tax Rate Evaluation Maximum Facilities Special Tax as a result of the transfer. Should a transfer result in an amendment to Attachment B or, following an Effective Tax Rate Evaluation, Attachment D of this Rate and Method of Apportionment, the requesting property owner shall bear the costs to affect the transfer in the CFD No. 22A IA1 records and prepare the required amendments to Attachment B or, following an Effective Tax Rate Evaluation, Attachment D of this Rate and Method of Apportionment.

I. INTERPRETATIONS

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

J. REVIEW/APPEALS

The CFD No. 22A IA1 Administrator may establish such procedures, as it deems necessary to undertake the review of any such appeal. The CFD No. 22A IA1 Administrator shall interpret this Rate and Method of Apportionment and make determinations relative to the annual administration of the Special Tax and any property owner appeals, as herein specified.

Any property owner may file a written appeal of the Special Tax with the CFD No. 22A IA1 Administrator claiming that the amount or application of the Special Tax is not correct. The appeal must be filed not later than one calendar year after having paid the Special Taxes that are disputed, and the appellant must be current in all payments of Special Taxes. In addition, during the term of the appeal process, all Special Taxes levied must be paid on or before the payment date established when the levy was made. The appeal must specify the reasons why the appellant claims the Special Taxes are in error. The CFD No. 22A IA1 Administrator shall review the appeal, meet with the appellant if the CFD No. 22A IA1 Administrator deems necessary, and advise the appellant of its determination.

If the property owner disagrees with the CFD No. 22A IA1 Administrator's decision relative to the appeal, the owner may file a written notice with the City Manager of the City appealing the amount of the Special Tax levied on such Assessor's Parcel. If following such consultation and action (if any by the City Manager of the City), the property owner believes such error still exists, such person may file a written notice with the City Council appealing the amount of the Special Tax levied on such Assessor's Parcel. The decision of the City shall be final and binding to all persons. If the decision of the CFD No. 22A IA1 Administrator or subsequent decision by the City Manager of the City or City Council requires the Special Taxes to be modified or changed in favor of the property owner, no cash refund shall be made for prior years' Special Taxes, but an adjustment shall be made to credit future Special Taxes. This procedure shall be exclusive and its exhaustion by any property owner shall be a condition precedent to filing any legal action by such owner.

K. MANNER OF COLLECTION

The annual Special Tax shall be collected in the same manner and at the same time as ordinary ad valorem property taxes; provided, however, that CFD No. 22A IA1, may, at the sole discretion of the City, directly bill the Special Tax, may collect Special Taxes at a different time or in a different manner as necessary to meet its financial obligations, and may covenant to foreclose and may actually foreclose on Assessor's Parcels of Taxable Property that are delinquent in the payment of Special Taxes.

L. PREPAYMENT IN PART OF FACILITIES SPECIAL TAX

The Facilities Special Tax obligation of an Assessor's Parcel of Taxable Property may be partially prepaid as described herein; provided that there are no delinquent Special Taxes with respect to such Assessor's Parcel at the time of partial prepayment. An owner of an Assessor's Parcel intending to partially prepay the Facilities Special Tax obligation shall provide the CFD No. 22A IA1 Administrator with written notice of intent to partially prepay. Within 30 days of receipt of such written notice, the CFD No. 22A IA1 Administrator shall notify such owner of the partial prepayment amount of such Assessor's Parcel. Any partial prepayment must be submitted at least 60 days before the next occurring bond redemption date, and the proceeds of such prepayment shall be provided to the Trustee for application toward bond redemption in accordance with the Indenture. The CFD No. 22A IA1 Administrator may charge a fee for providing this service.

L.1. Partial Prepayment Amount

The Facilities Special Tax may be prepaid in an amount determined at the time of prepayment based on the portion of Bonds then outstanding; provided, however, that no partial prepayment shall be accepted in an amount equal to an annual Special Tax amount less than the annual Transition Services Special Tax rate escalated to the then current fiscal year less the then current Services Special Tax rate.

The "Partial Prepayment Amount" is calculated as follows:

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

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

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

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

The "Redemption Amount" is calculated as follows:

Step 1: Divide the Maximum Facilities Special Tax (or Effective Tax Rate Evaluation Maximum Facilities Special Tax) computed pursuant to Step 1 of Section L.1 by the total Maximum Facilities Special Taxes (or total Effective Tax Rate Evaluation Maximum Facilities Special Taxes) for the entire CFD No. 22A IA1, based on the Maximum Facilities Special Taxes (or Effective Tax Rate Evaluation Maximum Facilities Special Taxes) that could be charged in the current Fiscal Year if all Taxable Property were designated as Developed Property, excluding any Assessor's Parcels which have prepaid the Maximum Facilities Special Tax (or Effective Tax Rate Evaluation Maximum Facilities Special Tax) obligation (the "Prepayment Quotient").

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

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

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

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

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

Step 7: If any capitalized interest for the Outstanding Bonds will not have been expended at the time of the first interest and/or principal payment following the current Fiscal Year, a

capitalized interest credit shall be calculated by multiplying the quotient computed pursuant to Step 1 by the expected balance in the capitalized interest fund after such first interest payment.

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

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

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

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

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

M. TERM OF SPECIAL TAX

The Facilities Special Tax shall be levied commencing in Fiscal Year 2027-2028 to the extent necessary to fully satisfy the Facilities Special Tax Requirement and shall be levied through the Facilities Special Tax Term.

The Services Special Tax shall be levied commencing in Fiscal Year 2027-2028 and shall be levied until the Transition Event to the extent necessary to fully satisfy the Services Special Tax Requirement.

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

ATTACHMENT A
CITY OF FOLSOM
COMMUNITY FACILITIES DISTRICT NO. 22A (FOLSOM HEIGHTS)
IMPROVEMENT AREA 1
MAXIMUM SPECIAL TAX RATES
(FISCAL YEAR 2026-2027)

Land Use Category	Lot Size	2026-2027 Maximum Facilities Special Tax Rate[(1)]	2026-2027 Maximum Services Special Tax Rate[(2)]	Taxed Per
Developed Property:				
Single-Family Detached Property – SF Zoning	Any	$3,500	$137	Residential Lot
Single-Family Detached Property – SFHD Zoning	> = 5,775 Sq Ft	$2,800	$137	Residential Lot
Single-Family Detached Property – SFHD Zoning	< 5,775 Sq Ft	$2,600	$137	Residential Lot
Single-Family Detached Property – MLD Zoning	Any	$2,000	$117	Residential Lot
Other Taxable Property	Any	$15,000	$645	Acre
Small Lot Final Map Property:				
Single-Family Detached Property – SF Zoning	Any	$3,500	$137	Residential Lot
Single-Family Detached Property – SFHD Zoning	> = 5,775 Sq Ft	$2,800	$137	Residential Lot
Single-Family Detached Property – SFHD Zoning	< 5,775 Sq Ft	$2,600	$137	Residential Lot
Single-Family Detached Property – MLD Zoning	Any	$2,000	$117	Residential Lot
Other Taxable Property	Any	$15,000	$645	Acre
Permit Ready Multi-Family/Non-Residential Property		$15,000	$645	Acre
Large Lot Property		$15,000	$645	Acre
Undeveloped Property		$15,000	$645	Acre

(1) On each July 1, commencing on July 1, 2027, the Maximum Facilities Special Tax Rates shall be increased by the Facilities Special Tax Escalation Factor of the Maximum Facilities Special Tax Rates in effect for the previous Fiscal Year.

(2) On each July 1, commencing on July 1, 2027, the Maximum Services Special Tax Rates shall be increased by an amount equal to the Services Special Tax Escalation Factor of the Maximum Services Special Tax Rates in effect for the previous Fiscal Year.

ATTACHMENT B
CITY OF FOLSOM
COMMUNITY FACILITIES DISTRICT NO. 22A (FOLSOM HEIGHTS)
IMPROVEMENT AREA 1
MINIMUM FACILITIES REVENUE
(FISCAL YEAR 2026-2027)

Land Use Category	Lot Size	Planned Number of Residential Lots	2026-2027 Developed Property Maximum Facilities Special Tax Rate[(1)(2)]	2026-2027 Minimum Facilities Revenue [(1)(3)]
Developed Property:				
Single-Family Detached Property – SF Zoning	Any	78	$3,500	$273,000
Single-Family Detached Property – SFHD Zoning	> = 5,775 Sq Ft	93	$2,800	$260,400
Single-Family Detached Property – SFHD Zoning	< 5,775 Sq Ft	38	$2,600	$98,800
Single-Family Detached Property – MLD Zoning	Any	53	$2,000	$106,000
Other Taxable Property	Any	0	$15,000	$0
Total Minimum Facilities Revenue[(4)]				**$738,200**

(1) On each July 1, commencing on July 1, 2027, the Developed Property Maximum Facilities Special Tax Rates and Minimum Facilities Revenue shall be increased by the Facilities Special Tax Escalation Factor of the Developed Property Maximum Facilities Special Tax Rates and Minimum Facilities Revenue in effect for the previous Fiscal Year.

(2) As a result of future Assessor's Parcel changes, described in Section C.2, the assigned Maximum Facilities Special Tax Rates for Developed Property may exceed the Developed Property Maximum Facilities Special Tax Rates set forth in this table.

(3) The total Minimum Facilities Revenue may be decreased as result of a portion of Maximum Facilities Special Tax obligations being prepaid pursuant to Section L.

(4) Based upon the Developed Property Maximum Facilities Special Tax Rate for Single-Family Detached Property in Improvement Area No. 1.

ATTACHMENT C
CITY OF FOLSOM
COMMUNITY FACILITIES DISTRICT NO. 22A (FOLSOM HEIGHTS)
IMPROVEMENT AREA 1
EFFECTIVE TAX RATE EVALUATION MAXIMUM FACILITIES SPECIAL TAX RATES
(FISCAL YEAR 2026-2027)

Land Use Category	Lot Size	2026-2027 Effective Tax Rate Evaluation Maximum Facilities Special Tax Rate[(1)(2)]	Taxed Per
Developed Property:			
Single-Family Detached Property – SF Zoning	Any	$_____	Residential Lot
Single-Family Detached Property – SFHD Zoning	> = 5,775 Sq Ft	_____	Residential Lot
Single-Family Detached Property – SFHD Zoning	< 5,775 Sq Ft	_____	Residential Lot
Single-Family Detached Property – MLD Zoning	Any	_____	Residential Lot
Other Taxable Property	Any	_____	Acre
Small Lot Final Map Property:			
Single-Family Detached Property – SF Zoning	Any	$_____	Residential Lot
Single-Family Detached Property – SFHD Zoning	> = 5,775 Sq Ft	_____	Residential Lot
Single-Family Detached Property – SFHD Zoning	< 5,775 Sq Ft	_____	Residential Lot
Single-Family Detached Property – MLD Zoning	Any	_____	Residential Lot
Other Taxable Property	Any	_____	Acre
Permit Ready Multi-Family/Non-Residential Property		$_____	Acre
Large Lot Property		$_____	Acre
Undeveloped Property		$_____	Acre

(1) Effective Tax Rate Evaluation Maximum Facilities Special Tax Rates will be inserted following the Effective Tax Rate Evaluation.

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

ATTACHMENT D
CITY OF FOLSOM
COMMUNITY FACILITIES DISTRICT NO. 22A (FOLSOM HEIGHTS)
IMPROVEMENT AREA 1
EFFECTIVE TAX RATE EVALUATION MINIMUM FACILITIES REVENUE
(FISCAL YEAR 2026-2027)

Land Use Category	Lot / Village #	Planned Number of Residential Lots / Acres[(1)]	2026-2027 Developed Property Effective Tax Rate Evaluation Maximum Facilities Special Tax Rate[(1)(2)(3)]	2026-2027 Effective Tax Rate Evaluation Minimum Facilities Revenue[(1)(2)(4)]
Developed Property:				
Single-Family Detached Property – SF Zoning	Any	78	$_____	$_____
Single-Family Detached Property – SFHD Zoning	> = 5,775 Sq Ft	93	_____	_____
Single-Family Detached Property – SFHD Zoning	< 5,775 Sq Ft	38	_____	_____
Single-Family Detached Property – MLD Zoning	Any	53	_____	_____
Other Taxable Property	Any	0	_____	_____
Total Effective Tax Rate Evaluation Minimum Facilities Revenue[(5)]				**$_____**

(1) Planned Number of Residential Units/Acres, Developed Property Effective Tax Rate Evaluation Maximum Facilities Special Tax Rate and Effective Tax Rate Evaluation Minimum Facilities Revenue to be inserted following the Effective Tax Rate Evaluation.

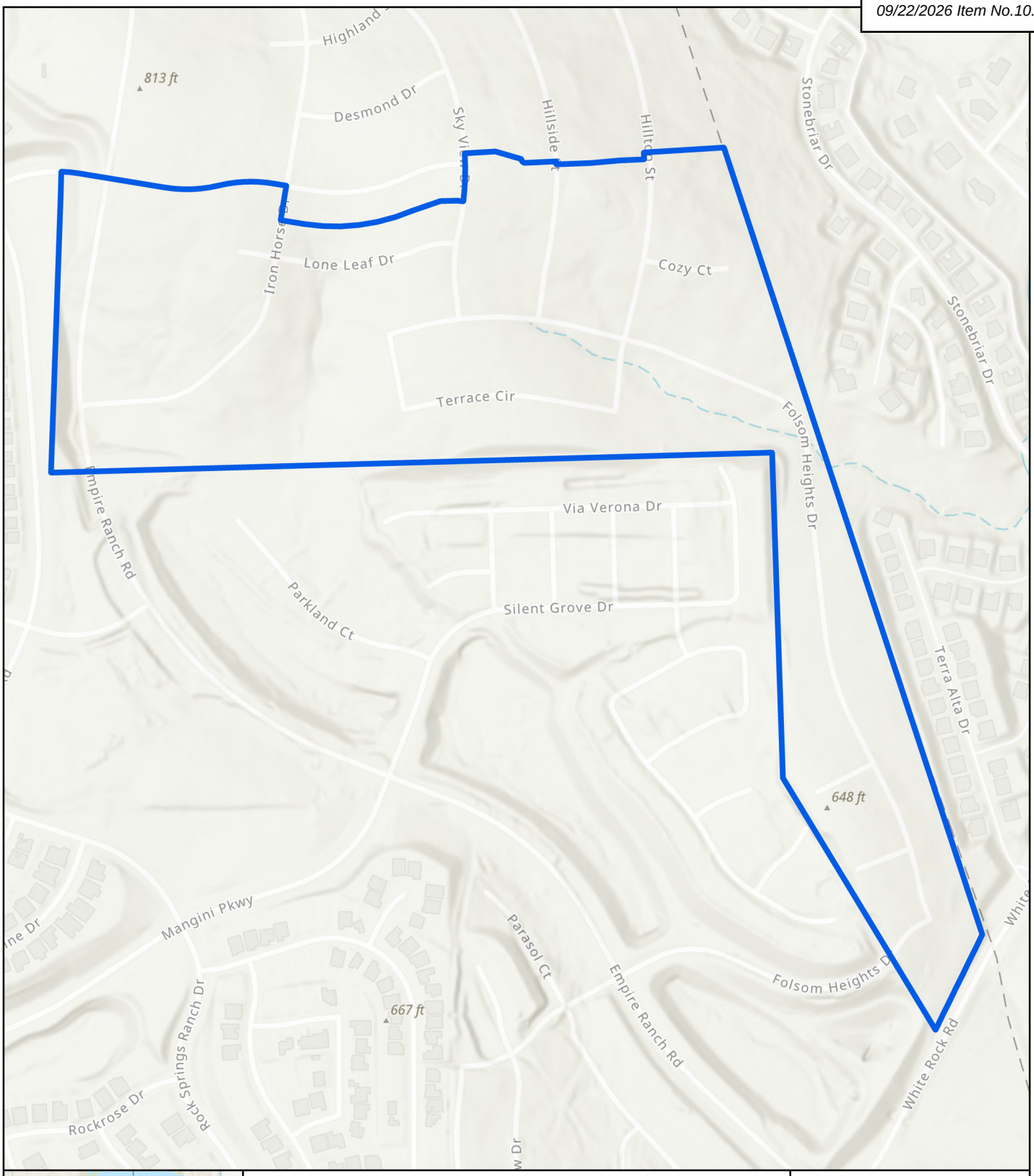
(2) On each July 1, commencing in the Fiscal Year after the Effective Tax Rate Evaluation occurs, the Developed Property Effective Tax Rate Evaluation Maximum Facilities Special Tax Rates and Effective Tax Rate Evaluation Minimum Facilities Revenue shall be increased by the Facilities Special Tax Escalation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

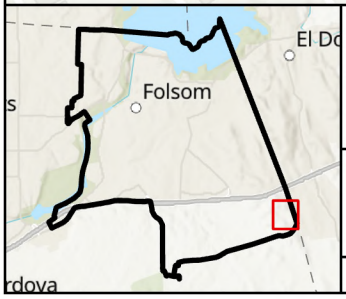
(3) As a result of future Assessor's Parcel changes, described in Section C.3, the assigned Developed Property Effective Tax Rate Evaluation Maximum Facilities Special Tax Rates may exceed the Developed Property Effective Tax Rate Evaluation Maximum Facilities Special Tax Rates set forth in this table.

(4) The total Effective Tax Rate Evaluation Minimum Facilities Revenue may be decreased as result of a portion of Effective Tax Rate Evaluation Maximum Facilities Special Tax obligations being prepaid pursuant to Section L.

(5) Based upon the total Effective Developed Property Maximum Facilities Special Tax Rate Evaluation for Single-Family Detached Property in Improvement Area No. 1.

ATTACHMENT E
CITY OF FOLSOM
COMMUNITY FACILITIES DISTRICT NO. 22A (FOLSOM HEIGHTS)
IMPROVEMENT AREA 1





City of Folsom
Community Facilities District No. 22A (Folsom Heights)
Improvement Area 1

Improvement Area 1 Boundary

2026

Coordinate System: NAD 1983 State... FIPS 0402 Feet

N

0 0.05 0.1 Mi

0 295 590 US Feet

NBS helping communities fund tomorrow

APPENDIX C: RATE AND METHOD OF APPORTIONMENT – IA 2

The following pages provide a copy of the Rate and Method of Apportionment for IA 2.

RATE AND METHOD OF APPORTIONMENT FOR
CITY OF FOLSOM
COMMUNITY FACILITIES DISTRICT NO. 22A
(FOLSOM HEIGHTS)
IMPROVEMENT AREA 2

A Special Tax, as hereinafter defined, shall be levied on each Assessor's Parcel of Taxable Property within Improvement Area No. 2 of the City of Folsom Community Facilities District No. 22A (Folsom Heights) (CFD No. 22A IA2) and collected each Fiscal Year in an amount determined by the CFD No. 22A IA2 Administrator through the application of the Rate and Method of Apportionment as described below. All of the real property within CFD No. 22A IA2, unless exempted by law or by the provisions hereof, shall be taxed for the purposes, to the extent and in the manner herein provided.

A. GENERAL DEFINITIONS

The terms hereinafter set forth have the following meaning:

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

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

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

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

"Authorized Services" means the services authorized to be financed by CFD No. 22A IA2.

"Average Sales Price" means the estimated average net price of new homes with options and upgrades by product category, as identified in the most recent Price Point Study for the CFD 22A IA2 market area.

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

"Bonds" means any bonds or other debt (as defined in the Act), whether in one or more series, issued by CFD No. 22A IA2 under the Act.

"CFD No. 22A IA2" means City of Folsom Community Facilities District No. 22A IA2 (Folsom Heights).

"CFD No. 22A IA2 Administrator" means the City's Finance Director, or designee thereof, responsible for determining the Facilities Special Tax Requirement, Services Special Tax Requirement, and

Transition Services Special Tax Requirement and providing for the levy and collection of the Special Taxes.

"City" means the City of Folsom.

"City Council" means the City Council of the City, acting as the legislative body of CFD No. 22A IA2.

"County" means the County of Sacramento.

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

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

"Effective Tax Rate Evaluation Maximum Facilities Special Tax" means the total maximum annual Facilities Special Tax, as determined during the Effective Tax Rate Evaluation, in accordance with the provisions of Section C.3, which may be levied in any Fiscal Year on any Assessor's Parcel of Taxable Property.

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

"Effective Tax Rate Evaluation Minimum Facilities Revenue" means, following the Effective Tax Rate Evaluation, the total minimum amount of CFD No. 22A IA2 Effective Tax Rate Evaluation Maximum Facilities Special Tax, as adjusted annually by the Facilities Special Tax Escalation Factor after the Fiscal Year in which the Effective Tax Rate Evaluation occurs, less any Effective Tax Rate Evaluation Maximum Facilities Special Tax amounts partially prepaid pursuant to Section L. The Effective Tax Rate Evaluation Minimum Facilities Revenue, based on Planned Development, is set forth in Attachment D of this Rate and Method of Apportionment.

"Exempt Property" means all Assessors' Parcels that are exempt from the Special Tax pursuant to Section G.

"Facilities Administrative Expenses" means the actual or reasonably estimated costs directly related to the administration of the Facilities Special Tax including, but not limited to, the following: the costs of computing the Facilities Special Tax and preparing the annual Facilities Special Tax collection schedules (whether by the City or designee thereof or both); the costs of collecting the Facilities Special Taxes (whether by the County, the City, or otherwise); the costs of remitting the Facilities Special Taxes to the Trustee; the costs of the Trustee (including its legal counsel) in the discharge of the duties required of it under the Indenture; the costs to the City, CFD No. 22A IA2, or any designee thereof of complying with arbitrage rebate requirements or responding to questions from the IRS or SEC pertaining to any Bonds or any audit of any Bonds by the SEC or IRS; the costs to the City, CFD No. 22A IA2, or any designee thereof of providing continuing disclosure regarding the Bonds pursuant to

applicable state or federal securities law; the costs associated with preparing Facilities Special Tax disclosure statements and responding to public inquiries regarding the Facilities Special Taxes; the costs of the City, CFD No. 22A IA2, or any designee thereof related to any appeal of the levy or application of the Facilities Special Tax; the costs associated with the release of funds from an escrow account, if any; and the costs associated with computing and preparing the Effective Tax Rate Evaluation, including the Price Point Study. Facilities Administrative Expenses shall also include amounts estimated or advanced by the City or CFD No. 22A IA2 for any other administrative purposes, including, but not limited to, attorney's fees and other costs related to commencing and pursuing to completion any foreclosure of delinquent Facilities Special Taxes.

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

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

"Facilities Special Tax Requirement" means that amount of Special Tax revenue required in any Fiscal Year for CFD No. 22A IA2 to: (i) pay Facilities Administrative Expenses in an amount designated by the City; (ii) pay annual debt service on all Outstanding Bonds due in the Bond Year beginning in such Fiscal Year; (iii) pay other periodic costs on Outstanding Bonds, including but not limited to, credit enhancement and rebate payments on Outstanding Bonds; (iv) pay any amounts required to establish or replenish any reserve funds for all Outstanding Bonds in accordance with the Indenture; (v) pay for reasonably anticipated delinquent Special Taxes based on the delinquency rate for Special Taxes levied in the previous Fiscal Year and known upcoming delinquencies; and (vi) pay for Pay As You Go Costs; less (vii) a credit for funds available to reduce the annual Facilities Special Tax levy as determined by the CFD No. 22A IA2 Administrator pursuant to the Indenture.

"Facilities Special Tax Term" means the earlier of Fiscal Year 2086-2087 or the Fiscal Year occurring 50 years following the Fiscal Year in which the first building permit was issued, or the first series of Bonds was issued within CFD No. 22A IA2.

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

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

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

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

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

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

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

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

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

Beginning in the Transition Year, "Maximum Special Tax", also means the total annual Maximum Transition Services Special Tax, determined in accordance with the provisions of Section D, which may be levied in any Fiscal Year following the Transition Event on any Assessor's Parcel of Taxable Property.

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

"Maximum Transition Services Special Tax" means, beginning in the Transition Year, the maximum amount, determined in accordance with the provisions of Section D, which may be levied in any Fiscal Year following the Transition Event on any Assessor's Parcel of Taxable Property.

"Minimum Facilities Revenue" means the minimum amount of total CFD No. 22A IA2 Maximum Facilities Special Tax, as adjusted annually by the Facilities Special Tax Escalation Factor, less any Maximum Facilities Special Tax amounts partially prepaid pursuant to Section L. The Minimum Facilities Revenue, based on Planned Development, is set forth in Attachment B of this Rate and Method of Apportionment. Following the Transition Event, the Minimum Facilities Revenue shall be zero.

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

"Open Space Property" means property within the boundaries of CFD No. 22A IA2 which (a) has been designated with specific boundaries and acreage on a Small Lot Final Subdivision Map as open space, or (b) is classified by the City zoning code or County Assessor as open space, or (c) has been irrevocably offered for dedication as open space to the federal government, the State of California, the County, the City, any other public agency, a private, non-profit organization, or (d) is encumbered by an easement or other restriction required by the City limiting the use of such property to open space.

"Other Taxable Property" means all other land uses of Taxable Property, for which a building permit for new construction can be issued. Other Taxable Property does not include Residential Property and Non-Residential Property land use categories.

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

"Pay As You Go Costs" means that portion of the Facilities Special Tax Requirement attributable to the direct payment for the acquisition and/or construction of public improvements, which are authorized to be financed by CFD No. 22A IA2.

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

"Planned Development" means the planned number of Residential Lots, Permit Ready Multi-Family/Non-Residential Property Acreage planned within CFD No. 22A IA2, set forth in Attachment B or, following the Effective Tax Rate Evaluation, Attachment D of this Rate and Method of Apportionment, as amended by the future recordation of all Large Lot Maps and Small Lot Final Subdivision Maps within CFD No. 22A IA2.

"Price Point Study" means an analysis, prepared by an independent firm, to verify the estimated Average Sales Price within each land use category of Residential Property given the project location and current market conditions.

"Property Owner Association Property" means any property within the boundaries of CFD No. 22A IA2, which is (a) owned by a property owner association or (b) designated with specific boundaries and Acreage on a Small Lot Final Subdivision Map as property owner association property. As used in this definition, a property owner association includes any master or sub-association.

"Proportionately" means for Taxable Property that the ratio of the Facilities Special Tax levy to the Maximum Facilities Special Tax (or Effective Tax Rate Evaluation Maximum Facilities Special Tax) and the Services Special Tax levy to the Maximum Services Special Tax is equal for all Assessors' Parcels within each classification (Developed Property, Single Family Final Map Property, Permit Ready Multi-Family/Non-Residential Property, Large Lot Property, etc.) within CFD No. 22A IA2.

"Public Property" means any property within the boundaries of CFD No. 22A IA2, which (a) is owned by a public agency, (b) has been irrevocably offered for dedication to a public agency, or (c) is designated with specific boundaries and Acreage on a Small Lot Final Subdivision Map as property, which will be owned by a public agency. For purposes of this definition, a public agency includes the federal government, the State of California, the County, the City, or any other public agency.

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

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

"Residential Unit" means a residential dwelling unit, including accessory dwelling units, as allowed by the City zoning code.

"Services Administrative Expenses" means the actual or reasonably estimated costs directly related to the administration of the Services Special Tax including, but not limited to, the following: the costs of computing the Services Special Taxes and preparing the annual Services Special Tax collection schedules (whether by the City or designee thereof or both); the costs of collecting the Services Special Taxes (whether by the County, the City, or otherwise); the costs associated with preparing Special Tax disclosure statements and responding to public inquiries regarding the Services Special Tax; and the costs of the City, CFD No. 22A IA2, or any designee thereof related to any appeal of the levy or application of the Services Special Tax. Services Administrative Expenses shall also include amounts estimated or advanced by the City or CFD No. 22A IA2 for any other administrative purposes related to the Services Special Tax.

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

"Services Special Tax Escalation Factor" means the maximum of two percent (2%) or the June annualized percentage change of the Consumer Price Index for all Urban Consumers, for the San Francisco-Oakland-Hayward area, not to exceed four percent (4%).

"Services Special Tax Requirement" means the amount of Services Special Tax revenue required for CFD No. 22A IA2, before the Transition Year, to (i) pay Services Administrative Expenses in an amount designated by the City; (ii) pay Authorized Services expenses; (iii) pay any amounts required to establish or replenish any repair and contingency funds, capital improvement funds, or reserve funds related to the Authorized Services expenses; (iv) cover any shortfalls that exist if, in any Fiscal Year, the levy of the Facilities Special Tax on each Assessor's Parcel of Taxable Property is insufficient to pay the Facilities Special Tax Requirement in that Fiscal Year. Facilities Special Tax Requirement shortfalls shall not include Pay As You Go Costs, and (v) pay for reasonably anticipated delinquent Services Special Taxes based on the delinquency rate for Services Special Taxes levied in the previous Fiscal Year; less (vi) a credit for funds available to reduce the annual Services Special Tax levy as determined by the CFD No. 22A IA2 Administrator.

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

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

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

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

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

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

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

"State" means the State of California.

"Taxable Property" means all of the Assessor's Parcels within the boundaries of CFD No. 22A IA2 that are not exempt from the CFD No. 22A IA2 Special Tax pursuant to law or Section F below.

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

"Total Estimated Tax Burden" means the total amount of overlapping property taxes anticipated to be levied upon a Residential Unit, based upon the estimated Average Sales Price identified in the most

recently completed Price Point Study and existing property tax rates for the current Fiscal Year. Existing property tax rates shall reflect the actual property tax rates— excluding utility-related fees and charges and PACE loans— levied upon Taxable Property in the Fiscal Year that the Effective Tax Rate Evaluation is completed.

"Transition Event" means the earlier of (i) Fiscal Year 2086-2087 or (ii) the Fiscal Year when the CFD No. 22A IA2 Administrator determines that both of the following events have occurred (1) all Bonds secured by the levy and collection of the Facilities Special Tax in CFD No. 22A IA2 have been fully repaid and the City determines that no additional Bonds are to be issued, and (2) all Facilities Administrative Expenses have been paid or reimbursed to CFD No. 22A IA2.

"Transition Services Administrative Expenses" means the actual or reasonably estimated costs directly related to the administration of the Transition Services Special Tax including, but not limited to, the following: the costs of computing the Transition Services Special Taxes and preparing the annual Transition Services Special Tax collection schedules (whether by the City or designee thereof or both); the costs of collecting the Transition Services Special Taxes (whether by the County, the City, or otherwise); the costs associated with preparing Special Tax disclosure statements and responding to public inquiries regarding the Transition Services Special Tax; and the costs of the City, CFD No. 22A IA2, or any designee thereof related to any appeal of the levy or application of the Transition Services Special Tax. Transition Services Administrative Expenses shall also include amounts estimated or advanced by the City or CFD No. 22A IA2 for any other administrative purposes related to the Transition Services Special Tax.

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

"Transition Services Special Tax Escalation Factor" means the maximum of two percent (2%) or the June annualized percentage change of the Consumer Price Index for all Urban Consumers, for the San Francisco-Oakland-Hayward area, not to exceed four percent (4%).

"Transition Services Special Tax Rate" means, calculated in the Transition Year, the amount equal to the prior Fiscal Year's Maximum Services Special Tax Rate plus fifty percent (50%) of the prior Fiscal Year's Maximum Facilities Special Tax Rate. The Transition Services Special Tax Escalation Factor shall be applied beginning in the Transition Year. Following the Transition Year, the Transition Services Special Tax Rate shall be equal to the prior Fiscal Year's Transition Services Special Tax Rate, increased by the Transition Services Special Tax Escalation Factor.

"Transition Services Special Tax Requirement" means the amount of Transition Services Special Tax revenue required for CFD No. 22A IA2, beginning in the Transition Year, to (i) pay Transition Services Administrative Expenses in an amount designated by the City; (ii) pay Authorized Services expenses; (iii) pay any amounts required to establish or replenish any repair, replacement and contingency funds, capital improvement funds, or reserve funds related to the Authorized Services expenses; (iv) pay for reasonably anticipated delinquent Transition Services Special Taxes based on the delinquency rate for Transition Services Special Taxes levied in the previous Fiscal Year; less (v) a credit for funds

available to reduce the annual Transition Services Special Tax levy as determined by the CFD No. 22A IA2 Administrator.

"Transition Year" means the first year in which the CFD No. 22A IA2 Administrator determines that the Transition Event occurred in the prior Fiscal Year.

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

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

"Welfare Exempt Property" means, in any Fiscal Year, all Parcels within the boundaries of CFD No. 22A IA2 that (a) have been granted a welfare exemption by the County under subdivision (g) of Section 214 of the Revenue and Taxation Code indicated in the Assessor's Data finalized as of January 1 of the previous Fiscal Year, and (b) are exempt from the Special Tax pursuant to Section 53340(c) of the Act. Pursuant to Section 53340(c) of the Act, after the issuance of the first series of Bonds, as applicable, any Assessor's Parcels that receives a welfare exemption under subdivision (g) of Section 214 of the Revenue and Taxation Code shall not be classified as Welfare Exempt Property and will be subject to the Facilities Special Tax.

B. <u>ASSIGNMENT TO LAND USE CATEGORIES</u>

Each Fiscal Year, using City and County records, City zoning information, and land use development plans, all Assessor's Parcels within the boundaries of CFD No. 22A IA2 shall be designated as either Taxable Property or Exempt Property.

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

C. FACILITIES SPECIAL TAX

Prior to the Transition Year, a Maximum Facilities Special Tax shall be assigned to all Taxable Property within CFD No. 22A IA2 according to the Maximum Facilities Special Tax Rates set forth in Attachment A of this Rate and Method of Apportionment.

Once assigned, the sum of the total Maximum Facilities Special Tax shall be equal to or greater than the Minimum Facilities Revenue, unless adjusted by an Effective Tax Rate Evaluation as described below. The Minimum Facilities Revenue for Fiscal Year 2027-2028 is set forth in Attachment B of this Rate and Method of Apportionment.

C.1. Increase in the Maximum Facilities Special Tax

On each July 1, commencing on July 1, 2028, the Maximum Facilities Special Tax Rates and Minimum Facilities Revenue in effect for the previous Fiscal Year shall be increased by the Facilities Special Tax Escalation Factor.

C.2. Future Assessor's Parcel Changes – Prior to an Effective Tax Rate Evaluation

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

Undeveloped Property Subdividing into Large Lot Property

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

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

If the sum of the total expected Developed Property Maximum Facilities Special Tax is less than the Minimum Facilities Revenue, the Developed Property, Small Lot Final Map Property and Permit Ready Multi-Family/Non-Residential Property Maximum Facilities Special Tax Rates shall be uniformly increased on the Large Lot Property created from the Undeveloped Property subdivision until the sum of the total expected Developed Property Maximum Facilities Special Tax is equal to the Minimum Facilities Revenue. Further, if the sum of the total current Maximum Facilities Special Tax is less than the Minimum Facilities Revenue, the Maximum Facilities Special Tax Rates for the Large Lot Property and any remaining Undeveloped Property created from the Undeveloped Property subdivision shall be uniformly increased until the sum of the total current Maximum Facilities Special Tax is equal to the Minimum Facilities Revenue. Attachment B of this

Rate and Method of Apportionment shall be updated to reflect any increases to the Maximum Facilities Special Tax Rates from the Undeveloped Property subdivision. The Developed Property, Small Lot Final Map Property and Permit Ready Multi-Family/Non-Residential Property Maximum Facilities Special Tax Rates shall not be adjusted for any Taxable Property already classified as Developed Property, Small Lot Final Map Property or Permit Ready Multi-Family/Non-Residential Property.

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

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

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

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

C.3. Effective Tax Rate Evaluation

Prior to the issuance of the first series of Bonds within CFD No. 22A IA2 an Effective Tax Rate Evaluation will be completed. Following the Effective Tax Rate Evaluation, Attachment C of this Rate and Method of Apportionment will be updated to reflect the Effective Tax Rate Evaluation Maximum Facilities Special Tax Rate for all Taxable Property in CFD No. 22A IA2.

Additionally, prior to the issuance of the first series of Bonds, the Developer may, one time, at their discretion, further reduce the Maximum Facilities Special Tax Rate for any or all Taxable Property in CFD No. 22A IA2 to an amount less than the rates produced in the Effective Tax Rate Evaluation. If reduced, the reduction will be applied uniformly by land use category.

Effective Tax Rate Evaluation Maximum Facilities Special Tax Rates

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

If the Total Effective Tax Rate for any Residential Property land use category exceeds the Total Maximum Effective Tax Rate, the Developed Property Maximum Facilities Special Tax Rate set forth in Attachment A shall be reduced until the Total Effective Tax Rate is less than or equal to the Total Maximum Effective Tax Rate for that Residential Property land use category. Attachment C of this Rate and Method of Apportionment will be updated to set forth the Developed Property Effective Tax Rate Evaluation Maximum Facilities Special Tax Rate for each Residential Property land use category.

Effective Tax Rate Evaluation Minimum Facilities Revenue

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

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

C.4. Future Assessor's Parcel Changes – After an Effective Tax Rate Evaluation

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

Undeveloped Property Subdividing into Large Lot Property

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

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

If the sum of the total expected Developed Property Effective Tax Rate Evaluation Maximum Facilities Special Tax is less than the Effective Tax Rate Evaluation Minimum Facilities Revenue, the Developed Property, Small Lot Final Map Property and Permit Ready Multi-Family/Non-Residential Property Effective Tax Rate Evaluation Maximum Facilities Special Tax Rates shall be uniformly increased, on the Large Lot Property created from the Undeveloped Property subdivision, until the sum of the total expected Developed Property Effective Tax Rate Evaluation Maximum Facilities Special Tax is equal to the Effective Tax Rate Evaluation Minimum Facilities Revenue. Further, if the sum of the total current Effective Tax Rate Evaluation Maximum Facilities Special Tax is less than the Effective Tax Rate Evaluation Minimum Facilities Revenue, the Effective Tax Rate Evaluation Maximum Facilities Special Tax Rates for the Large Lot Property and any remaining Undeveloped Property created from the Undeveloped Property subdivision shall be uniformly increased until the sum of the total current Effective Tax Rate Evaluation Maximum

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

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

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

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

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

Family/Non-Residential Property Effective Tax Rate Evaluation Maximum Facilities Special Tax Rates shall not be adjusted for any Taxable Property already classified as Developed Property, Small Lot Final Map Property or Permit Ready Multi-Family/Non-Residential Property created prior to the Large Lot Property subdivision.

C.5. Method of Apportionment of Facilities Special Tax

Using the definitions and procedures described herein, the CFD No. 22A IA2 Administrator shall determine the Facilities Special Tax Requirement and levy the Facilities Special Tax until the amount of Facilities Special Taxes equals the Facilities Special Tax Requirement. The Facilities Special Tax shall be levied each Fiscal Year until the Transition Year as follows:

Prior to an Effective Tax Rate Evaluation

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

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

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

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

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

After an Effective Tax Rate Evaluation

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

Second: If additional monies are needed to satisfy the Facilities Special Tax Requirement (excluding Pay As You Go Costs) after the first step has been completed, the Facilities Special Tax

shall be levied Proportionately on all Small Lot Final Map Property at a rate up to 100% of the Effective Tax Rate Evaluation Maximum Facilities Special Tax for Small Lot Final Map Property.

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

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

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

D. SERVICES SPECIAL TAX

A Services Special Tax shall be assigned to all Taxable Property within CFD No. 22A IA2 according to the Maximum Services Special Tax Rates set forth in Attachment A of this Rate and Method of Apportionment.

D.1. Prior to the Transition Event - Increase in the Maximum Services Special Tax

Prior to the Transition Event, on each July 1, commencing on July 1, 2027, the Maximum Services Special Tax Rates in effect for the previous Fiscal Year shall be increased by the Services Special Tax Escalation Factor.

D.2. Prior to the Transition Event - Method of Apportionment of Services Special Tax

If, in any Fiscal Year prior to the Transition Year, the Facilities Special Tax is levied against each Assessor's Parcel of Taxable Property within CFD No. 22A IA2 and the Facilities Special Tax revenues generated are insufficient to pay the Facilities Special Tax Requirement, such shortfall shall be deemed a component of the Services Special Tax Requirement in that Fiscal Year, and proceeds from the levy of the Services Special Tax shall first be applied to mitigate the shortfall in the Facilities Special Tax Requirement before being used to pay for Authorized Services. The Services Special Tax revenue shall not be applied to any Facilities Special Tax Requirement shortfalls attributable to Pay As You Go Costs authorized to be financed by CFD No. 22A IA2.

Using the definitions and procedures described herein, the CFD No. 22A IA2 Administrator shall determine the Services Special Tax Requirement and levy the Services Special Tax until the amount of Services Special Tax equals the Services Special Tax Requirement. The Services Special Tax shall be levied each Fiscal Year as follows:

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

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

Third: If additional monies are needed to satisfy the Services Special Tax Requirement after the second step has been completed, the Services Special Tax shall be levied Proportionately on all Permit-Ready Multi-Family/Non-Residential Property, Large Lot Property, and Undeveloped Property at a rate up to 100% of the Maximum Services Special Tax for Permit-Ready Multi-Family/Non-Residential Property, Large Lot Property, and Undeveloped Property in order to satisfy the Services Special Tax Requirement.

E. TRANSITION SERVICES SPECIAL TAX

A Transition Services Special Tax shall be assigned to all Taxable Property within CFD No. 22A IA2 according to the Maximum Transition Services Special Tax Rates set forth in Attachment A of this Rate and Method of Apportionment.

E.1. After the Transition Event – Method of Apportionment of Transition Services Special Tax

Using the definitions and procedures described herein, the CFD No. 22A IA2 Administrator shall determine the Transition Services Special Tax Requirement and levy the Transition Services Special Tax until the amount of Transition Services Special Tax equals the Transition Services Special Tax Requirement. The Transition Services Special Tax shall be levied each Fiscal Year as follows:

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

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

F. DELINQUENCIES

Notwithstanding the above, under no circumstances will the CFD No. 22A IA2 Facilities Special Tax levied against any Assessor's Parcel of Developed Property classified as Residential Property, in any Fiscal Year, be increased as a consequence of the delinquency or default in the payment of the CFD No. 22A IA2 Facilities Special Taxes by the owner or owners of any other Taxable Property by more than ten percent (10%) above the amount that would have been levied against such Assessor's Parcel in such Fiscal Year had there been no delinquencies or defaults.

G. EXEMPTIONS

The CFD No. 22A IA2 Administrator shall classify the following as Exempt Property: Public Property, Property Owner Association Property, Open Space Property, and Assessor's Parcels with public or utility easements making impractical their utilization for any use other than the purposes set forth in the easement.

The Maximum Facilities Special Tax obligation or, if applicable, the Effective Tax Rate Evaluation Maximum Facilities Special Tax obligation for Taxable Property which will be transferred or dedicated to a public agency and will be classified as Public Property may be fully prepaid by the seller, pursuant to Section L, prior to the transfer/dedication of such Taxable Property. Until the Maximum Facilities Special Tax obligation or, if applicable, the Effective Tax Rate Evaluation Maximum Facilities Special Tax obligation for any such Taxable Property is prepaid, the Taxable Property shall continue to be subject to the levy of the Facilities Special Tax. An exception to this may be made if an Assessor's Parcel of Public Property, such as a school site, is relocated to an Assessor's Parcel of Taxable Property, in which case the Assessor's Parcel of previously Public Property becomes Taxable Property and the Assessor's Parcel of previously Taxable Property becomes Public Property. This trading of an Assessor's Parcel from Taxable Property to Public Property will be permitted to the extent there is no loss in Maximum Facilities Special Tax revenue or, if applicable, Effective Tax Rate Evaluation Maximum Facilities Special Tax revenue, and the transfer is agreed to by the owners of all Assessor's Parcels involved in the transfer and the City Council.

If the use of an Assessor's Parcel changes so that such Assessor's Parcel is no longer eligible to be classified as one of the uses set forth in paragraph 1 of Section G. above that would make such Assessor's Parcel eligible to continue to be classified as Exempt Property, such Assessor's Parcel shall cease to be classified as Exempt Property and shall be deemed to be Taxable Property and subject to the Special Tax.

No Special Tax shall be levied on any Assessor's Parcel in any Fiscal Year in which such Assessor's Parcel is classified as Welfare Exempt Property; however, pursuant to Section 53340(c) of the Act, after the issuance of the first series of Bonds, as applicable, any Assessor's Parcel that receives a welfare exemption under subdivision (g) of Section 214 of the Revenue and Taxation Code shall not be classified as Welfare Exempt Property and will be subject to the Facilities Special Tax.

H. TRANSFERS

Prior to the issuance of the first series of Bonds within CFD No. 22A IA2, the City may permit the transfer of Maximum Facilities Special Tax or Effective Tax Rate Evaluation Maximum Facilities Special Tax from one Assessor's Parcel to another Assessor's Parcel. Before recordation of a Small Lot Final Subdivision Map, if a subdivision map is required, the City may permit a transfer if the number of planned Residential Units, Multi-Family Attached Property Acreage, or Non-Residential Property Acreage is transferred from one Assessor's Parcel(s) to another Assessor's Parcel(s) in any portion of Large Lot Property. The City may, in its sole discretion, allow for a transfer of the Maximum Facilities Special Tax or Effective Tax Rate Evaluation Maximum Facilities Special Tax from one Assessor's Parcel to another Assessor's Parcel provided such a transfer shall be allowed only if (1) all adjustments are

agreed to in writing by the affected property owners and the City's Finance Director, and (2) there is no reduction in the sum of the total Maximum Facilities Special Tax or sum of the total Effective Tax Rate Evaluation Maximum Facilities Special Tax as a result of the transfer. Should a transfer result in an amendment to Attachment B or, following an Effective Tax Rate Evaluation, Attachment D of this Rate and Method of Apportionment, the requesting property owner shall bear the costs to affect the transfer in the CFD No. 22A IA2 records and prepare the required amendments to Attachment B or, following an Effective Tax Rate Evaluation, Attachment D of this Rate and Method of Apportionment.

I. INTERPRETATIONS

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

J. REVIEW/APPEALS

The CFD No. 22A IA2 Administrator may establish such procedures, as it deems necessary to undertake the review of any such appeal. The CFD No. 22A IA2 Administrator shall interpret this Rate and Method of Apportionment and make determinations relative to the annual administration of the Special Tax and any property owner appeals, as herein specified.

Any property owner may file a written appeal of the Special Tax with the CFD No. 22A IA2 Administrator claiming that the amount or application of the Special Tax is not correct. The appeal must be filed not later than one calendar year after having paid the Special Taxes that are disputed, and the appellant must be current in all payments of Special Taxes. In addition, during the term of the appeal process, all Special Taxes levied must be paid on or before the payment date established when the levy was made. The appeal must specify the reasons why the appellant claims the Special Taxes are in error. The CFD No. 22A IA2 Administrator shall review the appeal, meet with the appellant if the CFD No. 22A IA2 Administrator deems necessary, and advise the appellant of its determination.

If the property owner disagrees with the CFD No. 22A IA2 Administrator's decision relative to the appeal, the owner may file a written notice with the City Manager of the City appealing the amount of the Special Tax levied on such Assessor's Parcel. If following such consultation and action (if any by the City Manager of the City), the property owner believes such error still exists, such person may file a written notice with the City Council appealing the amount of the Special Tax levied on such Assessor's Parcel. The decision of the City shall be final and binding to all persons. If the decision of the CFD No. 22A IA2 Administrator or subsequent decision by the City Manager of the City or City Council requires the Special Taxes to be modified or changed in favor of the property owner, no cash refund shall be made for prior years' Special Taxes, but an adjustment shall be made to credit future Special Taxes. This procedure shall be exclusive and its exhaustion by any property owner shall be a condition precedent to filing any legal action by such owner.

K. MANNER OF COLLECTION

The annual Special Tax shall be collected in the same manner and at the same time as ordinary ad valorem property taxes; provided, however, that CFD No. 22A IA2, may, at the sole discretion of the City, directly bill the Special Tax, may collect Special Taxes at a different time or in a different manner as necessary to meet its financial obligations, and may covenant to foreclose and may actually foreclose on Assessor's Parcels of Taxable Property that are delinquent in the payment of Special Taxes.

L. PREPAYMENT IN PART OF FACILITIES SPECIAL TAX

The Facilities Special Tax obligation of an Assessor's Parcel of Taxable Property may be partially prepaid as described herein; provided that there are no delinquent Special Taxes with respect to such Assessor's Parcel at the time of partial prepayment. An owner of an Assessor's Parcel intending to partially prepay the Facilities Special Tax obligation shall provide the CFD No. 22A IA2 Administrator with written notice of intent to partially prepay. Within 30 days of receipt of such written notice, the CFD No. 22A IA2 Administrator shall notify such owner of the partial prepayment amount of such Assessor's Parcel. Any partial prepayment must be submitted at least 60 days before the next occurring bond redemption date, and the proceeds of such prepayment shall be provided to the Trustee for application toward bond redemption in accordance with the Indenture. The CFD No. 22A IA2 Administrator may charge a fee for providing this service.

L.1. Partial Prepayment Amount

The Facilities Special Tax may be prepaid in an amount determined at the time of prepayment based on the portion of Bonds then outstanding; provided, however, that no partial prepayment shall be accepted in an amount equal to an annual Special Tax amount less than the annual Transition Services Special Tax rate escalated to the then current fiscal year less the then current Services Special Tax rate.

The "Partial Prepayment Amount" is calculated as follows:

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

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

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

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

The "Redemption Amount" is calculated as follows:

Step 1: Divide the Maximum Facilities Special Tax (or Effective Tax Rate Evaluation Maximum Facilities Special Tax) computed pursuant to Step 1 of Section L.1 by the total Maximum Facilities Special Taxes (or total Effective Tax Rate Evaluation Maximum Facilities Special Taxes) for the entire CFD No. 22A IA2, based on the Maximum Facilities Special Taxes (or Effective Tax Rate Evaluation Maximum Facilities Special Taxes) that could be charged in the current Fiscal Year if all Taxable Property were designated as Developed Property, excluding any Assessor's Parcels which have prepaid the Maximum Facilities Special Tax (or Effective Tax Rate Evaluation Maximum Facilities Special Tax) obligation (the "Prepayment Quotient").

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

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

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

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

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

Step 7: If any capitalized interest for the Outstanding Bonds will not have been expended at the time of the first interest and/or principal payment following the current Fiscal Year, a

capitalized interest credit shall be calculated by multiplying the quotient computed pursuant to Step 1 by the expected balance in the capitalized interest fund after such first interest payment.

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

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

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

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

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

M. TERM OF SPECIAL TAX

The Facilities Special Tax shall be levied commencing in Fiscal Year 2027-2028 to the extent necessary to fully satisfy the Facilities Special Tax Requirement and shall be levied through the Facilities Special Tax Term.

The Services Special Tax shall be levied commencing in Fiscal Year 2027-2028 and shall be levied until the Transition Event to the extent necessary to fully satisfy the Services Special Tax Requirement.

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

ATTACHMENT A
CITY OF FOLSOM
COMMUNITY FACILITIES DISTRICT NO. 22A (FOLSOM HEIGHTS)
IMPROVEMENT AREA 2
MAXIMUM SPECIAL TAX RATES
(FISCAL YEAR 2026-2027)

Land Use Category	Lot Size	2026-2027 Maximum Facilities Special Tax Rate[(1)]	2026-2027 Maximum Services Special Tax Rate[(2)]	Taxed Per
Developed Property:				
Single-Family Detached Property – SF Zoning	Any	$3,770	$137	Residential Lot
Single-Family Detached Property – SFHD Zoning	> = 5,775 Sq Ft	$3,067	$137	Residential Lot
Single-Family Detached Property – SFHD Zoning	< 5,775 Sq Ft	$2,959	$137	Residential Lot
Single-Family Detached Property – MLD Zoning	Any	$2,357	$117	Residential Lot
Other Taxable Property	Any	$15,000	$659	Acre
Small Lot Final Map Property:				
Single-Family Detached Property – SF Zoning	Any	$3,770	$137	Residential Lot
Single-Family Detached Property – SFHD Zoning	> = 5,775 Sq Ft	$3,067	$137	Residential Lot
Single-Family Detached Property – SFHD Zoning	< 5,775 Sq Ft	$2,959	$137	Residential Lot
Single-Family Detached Property – MLD Zoning	Any	$2,357	$117	Residential Lot
Other Taxable Property	Any	$15,000	$659	Acre
Permit Ready Multi-Family/Non-Residential Property		$15,000	$659	Acre
Large Lot Property		$15,000	$659	Acre
Undeveloped Property		$15,000	$659	Acre

(1) On each July 1, commencing on July 1, 2027, the Maximum Facilities Special Tax Rates shall be increased by the Facilities Special Tax Escalation Factor of the Maximum Facilities Special Tax Rates in effect for the previous Fiscal Year.

(2) On each July 1, commencing on July 1, 2027, the Maximum Services Special Tax Rates shall be increased by an amount equal to the Services Special Tax Escalation Factor of the Maximum Services Special Tax Rates in effect for the previous Fiscal Year.

ATTACHMENT B
CITY OF FOLSOM
COMMUNITY FACILITIES DISTRICT NO. 22A (FOLSOM HEIGHTS)
IMPROVEMENT AREA 2
MINIMUM FACILITIES REVENUE
(FISCAL YEAR 2026-2027)

Land Use Category	Lot Size	Planned Number of Residential Lots	2026-2027 Developed Property Maximum Facilities Special Tax Rate[(1)(2)]	2026-2027 Minimum Facilities Revenue [(1)(3)]
Developed Property:				
Single-Family Detached Property – SF Zoning	Any	55	$3,770	$207,350
Single-Family Detached Property – SFHD Zoning	> = 5,775 Sq Ft	60	$3,067	$184,020
Single-Family Detached Property – SFHD Zoning	< 5,775 Sq Ft	81	$2,959	$239,679
Single-Family Detached Property – MLD Zoning	Any	72	$2,357	$169,704
Other Taxable Property	Any	0	$15,000	$0
Total Minimum Facilities Revenue[(4)]				**$800,753**

(1) On each July 1, commencing on July 1, 2027, the Developed Property Maximum Facilities Special Tax Rates and Minimum Facilities Revenue shall be increased by the Facilities Special Tax Escalation Factor of the Developed Property Maximum Facilities Special Tax Rates and Minimum Facilities Revenue in effect for the previous Fiscal Year.

(2) As a result of future Assessor's Parcel changes, described in Section C.2, the assigned Maximum Facilities Special Tax Rates for Developed Property may exceed the Developed Property Maximum Facilities Special Tax Rates set forth in this table.

(3) The total Minimum Facilities Revenue may be decreased as result of a portion of Maximum Facilities Special Tax obligations being prepaid pursuant to Section L.

(4) Based upon the Developed Property Maximum Facilities Special Tax Rate for Single-Family Detached Property in Improvement Area No. 2.

ATTACHMENT C
CITY OF FOLSOM
COMMUNITY FACILITIES DISTRICT NO. 22A (FOLSOM HEIGHTS)
IMPROVEMENT AREA 2
EFFECTIVE TAX RATE EVALUATION MAXIMUM FACILITIES SPECIAL TAX RATES
(FISCAL YEAR 2026-2027)

Land Use Category	Lot Size	2026-2027 Effective Tax Rate Evaluation Maximum Facilities Special Tax Rate[(1)(2)]	Taxed Per
Developed Property:			
Single-Family Detached Property – SF Zoning	Any	$_____	Residential Lot
Single-Family Detached Property – SFHD Zoning	> = 5,775 Sq Ft	_____	Residential Lot
Single-Family Detached Property – SFHD Zoning	< 5,775 Sq Ft	_____	Residential Lot
Single-Family Detached Property – MLD Zoning	Any	_____	Residential Lot
Other Taxable Property	Any	_____	Acre
Small Lot Final Map Property:			
Single-Family Detached Property – SF Zoning	Any	$_____	Residential Lot
Single-Family Detached Property – SFHD Zoning	> = 5,775 Sq Ft	_____	Residential Lot
Single-Family Detached Property – SFHD Zoning	< 5,775 Sq Ft	_____	Residential Lot
Single-Family Detached Property – MLD Zoning	Any	_____	Residential Lot
Other Taxable Property	Any	_____	Acre
Permit Ready Multi-Family/Non-Residential Property		$_____	Acre
Large Lot Property		$_____	Acre
Undeveloped Property		$_____	Acre

(1) Effective Tax Rate Evaluation Maximum Facilities Special Tax Rates will be inserted following the Effective Tax Rate Evaluation.

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

ATTACHMENT D
CITY OF FOLSOM
COMMUNITY FACILITIES DISTRICT NO. 22A (FOLSOM HEIGHTS)
IMPROVEMENT AREA 2
EFFECTIVE TAX RATE EVALUATION MINIMUM FACILITIES REVENUE
(FISCAL YEAR 2026-2027)

Land Use Category	Lot / Village #	Planned Number of Residential Lots / Acres[(1)]	2026-2027 Developed Property Effective Tax Rate Evaluation Maximum Facilities Special Tax Rate[(1)(2)(3)]	2026-2027 Effective Tax Rate Evaluation Minimum Facilities Revenue[(1)(2)(4)]
Developed Property:				
Single-Family Detached Property – SF Zoning	Any	55	$_____	$_____
Single-Family Detached Property – SFHD Zoning	> = 5,775 Sq Ft	60	_____	_____
Single-Family Detached Property – SFHD Zoning	< 5,775 Sq Ft	81	_____	_____
Single-Family Detached Property – MLD Zoning	Any	72	_____	_____
Other Taxable Property	Any	0	_____	_____
Total Effective Tax Rate Evaluation Minimum Facilities Revenue[(5)]				**$_____**

(1) Planned Number of Residential Units/Acres, Developed Property Effective Tax Rate Evaluation Maximum Facilities Special Tax Rate and Effective Tax Rate Evaluation Minimum Facilities Revenue to be inserted following the Effective Tax Rate Evaluation.

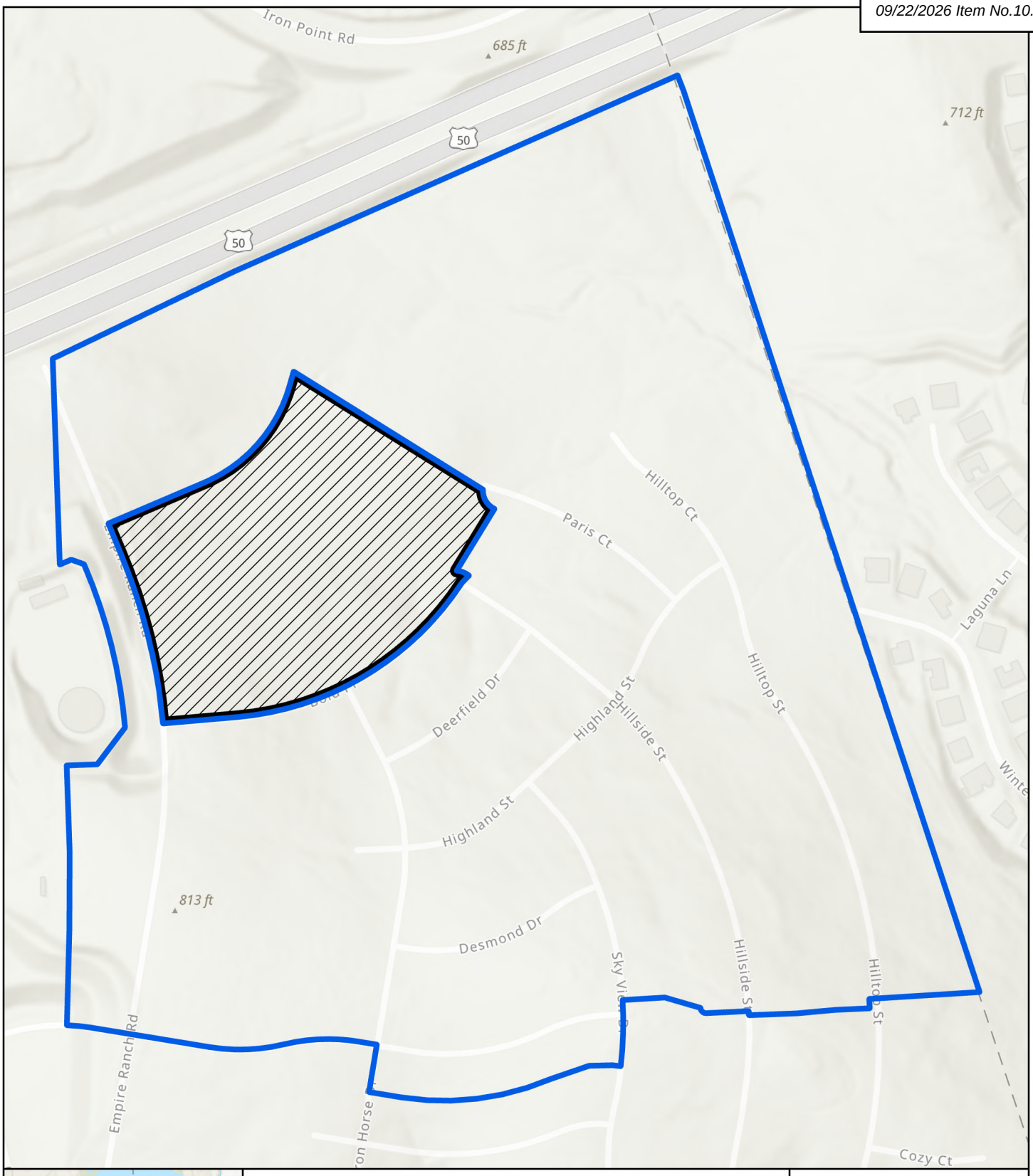
(2) On each July 1, commencing in the Fiscal Year after the Effective Tax Rate Evaluation occurs, the Developed Property Effective Tax Rate Evaluation Maximum Facilities Special Tax Rates and Effective Tax Rate Evaluation Minimum Facilities Revenue shall be increased by the Facilities Special Tax Escalation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

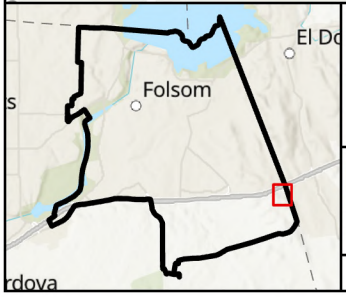
(3) As a result of future Assessor's Parcel changes, described in Section C.3, the assigned Developed Property Effective Tax Rate Evaluation Maximum Facilities Special Tax Rates may exceed the Developed Property Effective Tax Rate Evaluation Maximum Facilities Special Tax Rates set forth in this table.

(4) The total Effective Tax Rate Evaluation Minimum Facilities Revenue may be decreased as result of a portion of Effective Tax Rate Evaluation Maximum Facilities Special Tax obligations being prepaid pursuant to Section L.

(5) Based upon the total Effective Developed Property Maximum Facilities Special Tax Rate Evaluation for Single-Family Detached Property in Improvement Area No. 2.

ATTACHMENT E
CITY OF FOLSOM
COMMUNITY FACILITIES DISTRICT NO. 22A (FOLSOM HEIGHTS)
IMPROVEMENT AREA 2





City of Folsom
Community Facilities District No. 22A (Folsom Heights)
Improvement Area 2

Improvement Area 2 Boundary

Not A Part

2026

Coordinate System: NAD 1983 State[illegible] FIPS 0402 Feet

N

0 0.04 0.07 Mi

0 215 430 US Feet

NBS helping communities fund tomorrow

APPENDIX D: RATE AND METHOD OF APPORTIONMENT – IA 3

The following pages provide a copy of the Rate and Method of Apportionment for IA 3.

RATE AND METHOD OF APPORTIONMENT FOR
CITY OF FOLSOM
COMMUNITY FACILITIES DISTRICT NO. 22A
(FOLSOM HEIGHTS)
IMPROVEMENT AREA 3

A Special Tax, as hereinafter defined, shall be levied on each Assessor's Parcel of Taxable Property within Improvement Area No. 3 of the City of Folsom Community Facilities District No. 22A (Folsom Heights) (CFD No. 22A IA3) and collected each Fiscal Year in an amount determined by the CFD No. 22A IA3 Administrator through the application of the Rate and Method of Apportionment as described below. All of the real property within CFD No. 22A IA3, unless exempted by law or by the provisions hereof, shall be taxed for the purposes, to the extent and in the manner herein provided.

A. GENERAL DEFINITIONS

The terms hereinafter set forth have the following meaning:

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

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

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

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

"Authorized Services" means the services authorized to be financed by CFD No. 22A IA3.

"Average Sales Price" means the estimated average net price of new homes with options and upgrades by product category, as identified in the most recent Price Point Study for the CFD 22A IA3 market area.

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

"Bonds" means any bonds or other debt (as defined in the Act), whether in one or more series, issued by CFD No. 22A IA3 under the Act.

"CFD No. 22A IA3" means City of Folsom Community Facilities District No. 22A IA3 (Folsom Heights).

"CFD No. 22A IA3 Administrator" means the City's Finance Director, or designee thereof, responsible for determining the Facilities Special Tax Requirement, Services Special Tax Requirement, and

Transition Services Special Tax Requirement and providing for the levy and collection of the Special Taxes.

"City" means the City of Folsom.

"City Council" means the City Council of the City, acting as the legislative body of CFD No. 22A IA3.

"County" means the County of Sacramento.

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

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

"Effective Tax Rate Evaluation Maximum Facilities Special Tax" means the total maximum annual Facilities Special Tax, as determined during the Effective Tax Rate Evaluation, in accordance with the provisions of Section C.3, which may be levied in any Fiscal Year on any Assessor's Parcel of Taxable Property.

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

"Effective Tax Rate Evaluation Minimum Facilities Revenue" means, following the Effective Tax Rate Evaluation, the total minimum amount of CFD No. 22A IA3 Effective Tax Rate Evaluation Maximum Facilities Special Tax, as adjusted annually by the Facilities Special Tax Escalation Factor after the Fiscal Year in which the Effective Tax Rate Evaluation occurs, less any Effective Tax Rate Evaluation Maximum Facilities Special Tax amounts partially prepaid pursuant to Section L. The Effective Tax Rate Evaluation Minimum Facilities Revenue, based on Planned Development, is set forth in Attachment D of this Rate and Method of Apportionment.

"Exempt Property" means all Assessors' Parcels that are exempt from the Special Tax pursuant to Section G.

"Facilities Administrative Expenses" means the actual or reasonably estimated costs directly related to the administration of the Facilities Special Tax including, but not limited to, the following: the costs of computing the Facilities Special Tax and preparing the annual Facilities Special Tax collection schedules (whether by the City or designee thereof or both); the costs of collecting the Facilities Special Taxes (whether by the County, the City, or otherwise); the costs of remitting the Facilities Special Taxes to the Trustee; the costs of the Trustee (including its legal counsel) in the discharge of the duties required of it under the Indenture; the costs to the City, CFD No. 22A IA3, or any designee thereof of complying with arbitrage rebate requirements or responding to questions from the IRS or SEC pertaining to any Bonds or any audit of any Bonds by the SEC or IRS; the costs to the City, CFD No. 22A IA3, or any designee thereof of providing continuing disclosure regarding the Bonds pursuant to

applicable state or federal securities law; the costs associated with preparing Facilities Special Tax disclosure statements and responding to public inquiries regarding the Facilities Special Taxes; the costs of the City, CFD No. 22A IA3, or any designee thereof related to any appeal of the levy or application of the Facilities Special Tax; the costs associated with the release of funds from an escrow account, if any; and the costs associated with computing and preparing the Effective Tax Rate Evaluation, including the Price Point Study. Facilities Administrative Expenses shall also include amounts estimated or advanced by the City or CFD No. 22A IA3 for any other administrative purposes, including, but not limited to, attorney's fees and other costs related to commencing and pursuing to completion any foreclosure of delinquent Facilities Special Taxes.

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

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

"Facilities Special Tax Requirement" means that amount of Special Tax revenue required in any Fiscal Year for CFD No. 22A IA3 to: (i) pay Facilities Administrative Expenses in an amount designated by the City; (ii) pay annual debt service on all Outstanding Bonds due in the Bond Year beginning in such Fiscal Year; (iii) pay other periodic costs on Outstanding Bonds, including but not limited to, credit enhancement and rebate payments on Outstanding Bonds; (iv) pay any amounts required to establish or replenish any reserve funds for all Outstanding Bonds in accordance with the Indenture; (v) pay for reasonably anticipated delinquent Special Taxes based on the delinquency rate for Special Taxes levied in the previous Fiscal Year and known upcoming delinquencies; and (vi) pay for Pay As You Go Costs; less (vii) a credit for funds available to reduce the annual Facilities Special Tax levy as determined by the CFD No. 22A IA3 Administrator pursuant to the Indenture.

"Facilities Special Tax Term" means the earlier of Fiscal Year 2086-2087 or the Fiscal Year occurring 50 years following the Fiscal Year in which the first building permit was issued, or the first series of Bonds was issued within CFD No. 22A IA3.

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

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

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

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

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

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

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

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

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

Beginning in the Transition Year, "Maximum Special Tax", also means the total annual Maximum Transition Services Special Tax, determined in accordance with the provisions of Section D, which may be levied in any Fiscal Year following the Transition Event on any Assessor's Parcel of Taxable Property.

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

"Maximum Transition Services Special Tax" means, beginning in the Transition Year, the maximum amount, determined in accordance with the provisions of Section D, which may be levied in any Fiscal Year following the Transition Event on any Assessor's Parcel of Taxable Property.

"Minimum Facilities Revenue" means the minimum amount of total CFD No. 22A IA3 Maximum Facilities Special Tax, as adjusted annually by the Facilities Special Tax Escalation Factor, less any Maximum Facilities Special Tax amounts partially prepaid pursuant to Section L. The Minimum Facilities Revenue, based on Planned Development, is set forth in Attachment B of this Rate and Method of Apportionment. Following the Transition Event, the Minimum Facilities Revenue shall be zero.

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

"Open Space Property" means property within the boundaries of CFD No. 22A IA3 which (a) has been designated with specific boundaries and acreage on a Small Lot Final Subdivision Map as open space, or (b) is classified by the City zoning code or County Assessor as open space, or (c) has been irrevocably offered for dedication as open space to the federal government, the State of California, the County, the City, any other public agency, a private, non-profit organization, or (d) is encumbered by an easement or other restriction required by the City limiting the use of such property to open space.

"Other Taxable Property" means all other land uses of Taxable Property, for which a building permit for new construction can be issued. Other Taxable Property does not include Residential Property and Non-Residential Property land use categories.

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

"Pay As You Go Costs" means that portion of the Facilities Special Tax Requirement attributable to the direct payment for the acquisition and/or construction of public improvements, which are authorized to be financed by CFD No. 22A IA3.

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

"Planned Development" means the planned number of Residential Lots, Permit Ready Multi-Family/Non-Residential Property Acreage planned within CFD No. 22A IA3, set forth in Attachment B or, following the Effective Tax Rate Evaluation, Attachment D of this Rate and Method of Apportionment, as amended by the future recordation of all Large Lot Maps and Small Lot Final Subdivision Maps within CFD No. 22A IA3.

"Price Point Study" means an analysis, prepared by an independent firm, to verify the estimated Average Sales Price within each land use category of Residential Property given the project location and current market conditions.

"Property Owner Association Property" means any property within the boundaries of CFD No. 22A IA3, which is (a) owned by a property owner association or (b) designated with specific boundaries and Acreage on a Small Lot Final Subdivision Map as property owner association property. As used in this definition, a property owner association includes any master or sub-association.

"Proportionately" means for Taxable Property that the ratio of the Facilities Special Tax levy to the Maximum Facilities Special Tax (or Effective Tax Rate Evaluation Maximum Facilities Special Tax) and the Services Special Tax levy to the Maximum Services Special Tax is equal for all Assessors' Parcels within each classification (Developed Property, Single Family Final Map Property, Permit Ready Multi-Family/Non-Residential Property, Large Lot Property, etc.) within CFD No. 22A IA3.

"Public Property" means any property within the boundaries of CFD No. 22A IA3, which (a) is owned by a public agency, (b) has been irrevocably offered for dedication to a public agency, or (c) is designated with specific boundaries and Acreage on a Small Lot Final Subdivision Map as property, which will be owned by a public agency. For purposes of this definition, a public agency includes the federal government, the State of California, the County, the City, or any other public agency.

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

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

"Residential Unit" means a residential dwelling unit, including accessory dwelling units, as allowed by the City zoning code.

"Services Administrative Expenses" means the actual or reasonably estimated costs directly related to the administration of the Services Special Tax including, but not limited to, the following: the costs of computing the Services Special Taxes and preparing the annual Services Special Tax collection schedules (whether by the City or designee thereof or both); the costs of collecting the Services Special Taxes (whether by the County, the City, or otherwise); the costs associated with preparing Special Tax disclosure statements and responding to public inquiries regarding the Services Special Tax; and the costs of the City, CFD No. 22A IA3, or any designee thereof related to any appeal of the levy or application of the Services Special Tax. Services Administrative Expenses shall also include amounts estimated or advanced by the City or CFD No. 22A IA3 for any other administrative purposes related to the Services Special Tax.

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

"Services Special Tax Escalation Factor" means the maximum of two percent (2%) or the June annualized percentage change of the Consumer Price Index for all Urban Consumers, for the San Francisco-Oakland-Hayward area, not to exceed four percent (4%).

"Services Special Tax Requirement" means the amount of Services Special Tax revenue required for CFD No. 22A IA3, before the Transition Year, to (i) pay Services Administrative Expenses in an amount designated by the City; (ii) pay Authorized Services expenses; (iii) pay any amounts required to establish or replenish any repair and contingency funds, capital improvement funds, or reserve funds related to the Authorized Services expenses; (iv) cover any shortfalls that exist if, in any Fiscal Year, the levy of the Facilities Special Tax on each Assessor's Parcel of Taxable Property is insufficient to pay the Facilities Special Tax Requirement in that Fiscal Year. Facilities Special Tax Requirement shortfalls shall not include Pay As You Go Costs, and (v) pay for reasonably anticipated delinquent Services Special Taxes based on the delinquency rate for Services Special Taxes levied in the previous Fiscal Year; less (vi) a credit for funds available to reduce the annual Services Special Tax levy as determined by the CFD No. 22A IA3 Administrator.

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

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

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

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

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

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

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

"State" means the State of California.

"Taxable Property" means all of the Assessor's Parcels within the boundaries of CFD No. 22A IA3 that are not exempt from the CFD No. 22A IA3 Special Tax pursuant to law or Section F below.

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

"Total Estimated Tax Burden" means the total amount of overlapping property taxes anticipated to be levied upon a Residential Unit, based upon the estimated Average Sales Price identified in the most

recently completed Price Point Study and existing property tax rates for the current Fiscal Year. Existing property tax rates shall reflect the actual property tax rates— excluding utility-related fees and charges and PACE loans— levied upon Taxable Property in the Fiscal Year that the Effective Tax Rate Evaluation is completed.

"Transition Event" means the earlier of (i) Fiscal Year 2086-2087 or (ii) the Fiscal Year when the CFD No. 22A IA3 Administrator determines that both of the following events have occurred (1) all Bonds secured by the levy and collection of the Facilities Special Tax in CFD No. 22A IA3 have been fully repaid and the City determines that no additional Bonds are to be issued, and (2) all Facilities Administrative Expenses have been paid or reimbursed to CFD No. 22A IA3.

"Transition Services Administrative Expenses" means the actual or reasonably estimated costs directly related to the administration of the Transition Services Special Tax including, but not limited to, the following: the costs of computing the Transition Services Special Taxes and preparing the annual Transition Services Special Tax collection schedules (whether by the City or designee thereof or both); the costs of collecting the Transition Services Special Taxes (whether by the County, the City, or otherwise); the costs associated with preparing Special Tax disclosure statements and responding to public inquiries regarding the Transition Services Special Tax; and the costs of the City, CFD No. 22A IA3, or any designee thereof related to any appeal of the levy or application of the Transition Services Special Tax. Transition Services Administrative Expenses shall also include amounts estimated or advanced by the City or CFD No. 22A IA3 for any other administrative purposes related to the Transition Services Special Tax.

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

"Transition Services Special Tax Escalation Factor" means the maximum of two percent (2%) or the June annualized percentage change of the Consumer Price Index for all Urban Consumers, for the San Francisco-Oakland-Hayward area, not to exceed four percent (4%).

"Transition Services Special Tax Rate" means, calculated in the Transition Year, the amount equal to the prior Fiscal Year's Maximum Services Special Tax Rate plus fifty percent (50%) of the prior Fiscal Year's Maximum Facilities Special Tax Rate. The Transition Services Special Tax Escalation Factor shall be applied beginning in the Transition Year. Following the Transition Year, the Transition Services Special Tax Rate shall be equal to the prior Fiscal Year's Transition Services Special Tax Rate, increased by the Transition Services Special Tax Escalation Factor.

"Transition Services Special Tax Requirement" means the amount of Transition Services Special Tax revenue required for CFD No. 22A IA3, beginning in the Transition Year, to (i) pay Transition Services Administrative Expenses in an amount designated by the City; (ii) pay Authorized Services expenses; (iii) pay any amounts required to establish or replenish any repair, replacement and contingency funds, capital improvement funds, or reserve funds related to the Authorized Services expenses; (iv) pay for reasonably anticipated delinquent Transition Services Special Taxes based on the delinquency rate for Transition Services Special Taxes levied in the previous Fiscal Year; less (v) a credit for funds

available to reduce the annual Transition Services Special Tax levy as determined by the CFD No. 22A IA3 Administrator.

"Transition Year" means the first year in which the CFD No. 22A IA3 Administrator determines that the Transition Event occurred in the prior Fiscal Year.

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

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

"Welfare Exempt Property" means, in any Fiscal Year, all Parcels within the boundaries of CFD No. 22A IA3 that (a) have been granted a welfare exemption by the County under subdivision (g) of Section 214 of the Revenue and Taxation Code indicated in the Assessor's Data finalized as of January 1 of the previous Fiscal Year, and (b) are exempt from the Special Tax pursuant to Section 53340(c) of the Act. Pursuant to Section 53340(c) of the Act, after the issuance of the first series of Bonds, as applicable, any Assessor's Parcels that receives a welfare exemption under subdivision (g) of Section 214 of the Revenue and Taxation Code shall not be classified as Welfare Exempt Property and will be subject to the Facilities Special Tax.

B. ASSIGNMENT TO LAND USE CATEGORIES

Each Fiscal Year, using City and County records, City zoning information, and land use development plans, all Assessor's Parcels within the boundaries of CFD No. 22A IA3 shall be designated as either Taxable Property or Exempt Property.

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

C. FACILITIES SPECIAL TAX

Prior to the Transition Year, a Maximum Facilities Special Tax shall be assigned to all Taxable Property within CFD No. 22A IA3 according to the Maximum Facilities Special Tax Rates set forth in Attachment A of this Rate and Method of Apportionment.

Once assigned, the sum of the total Maximum Facilities Special Tax shall be equal to or greater than the Minimum Facilities Revenue, unless adjusted by an Effective Tax Rate Evaluation as described below. The Minimum Facilities Revenue for Fiscal Year 2027-2028 is set forth in Attachment B of this Rate and Method of Apportionment.

C.1. Increase in the Maximum Facilities Special Tax

On each July 1, commencing on July 1, 2028, the Maximum Facilities Special Tax Rates and Minimum Facilities Revenue in effect for the previous Fiscal Year shall be increased by the Facilities Special Tax Escalation Factor.

C.2. Future Assessor's Parcel Changes – Prior to an Effective Tax Rate Evaluation

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

Undeveloped Property Subdividing into Large Lot Property

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

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

If the sum of the total expected Developed Property Maximum Facilities Special Tax is less than the Minimum Facilities Revenue, the Developed Property, Small Lot Final Map Property and Permit Ready Multi-Family/Non-Residential Property Maximum Facilities Special Tax Rates shall be uniformly increased on the Large Lot Property created from the Undeveloped Property subdivision until the sum of the total expected Developed Property Maximum Facilities Special Tax is equal to the Minimum Facilities Revenue. Further, if the sum of the total current Maximum Facilities Special Tax is less than the Minimum Facilities Revenue, the Maximum Facilities Special Tax Rates for the Large Lot Property and any remaining Undeveloped Property created from the Undeveloped Property subdivision shall be uniformly increased until the sum of the total current Maximum Facilities Special Tax is equal to the Minimum Facilities Revenue. Attachment B of this

Rate and Method of Apportionment shall be updated to reflect any increases to the Maximum Facilities Special Tax Rates from the Undeveloped Property subdivision. The Developed Property, Small Lot Final Map Property and Permit Ready Multi-Family/Non-Residential Property Maximum Facilities Special Tax Rates shall not be adjusted for any Taxable Property already classified as Developed Property, Small Lot Final Map Property or Permit Ready Multi-Family/Non-Residential Property.

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

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

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

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

C.3. Effective Tax Rate Evaluation

Prior to the issuance of the first series of Bonds within CFD No. 22A IA3 an Effective Tax Rate Evaluation will be completed. Following the Effective Tax Rate Evaluation, Attachment C of this Rate and Method of Apportionment will be updated to reflect the Effective Tax Rate Evaluation Maximum Facilities Special Tax Rate for all Taxable Property in CFD No. 22A IA3.

Additionally, prior to the issuance of the first series of Bonds, the Developer may, one time, at their discretion, further reduce the Maximum Facilities Special Tax Rate for any or all Taxable Property in CFD No. 22A IA3 to an amount less than the rates produced in the Effective Tax Rate Evaluation. If reduced, the reduction will be applied uniformly by land use category.

Effective Tax Rate Evaluation Maximum Facilities Special Tax Rates

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

If the Total Effective Tax Rate for any Residential Property land use category exceeds the Total Maximum Effective Tax Rate, the Developed Property Maximum Facilities Special Tax Rate set forth in Attachment A shall be reduced until the Total Effective Tax Rate is less than or equal to the Total Maximum Effective Tax Rate for that Residential Property land use category. Attachment C of this Rate and Method of Apportionment will be updated to set forth the Developed Property Effective Tax Rate Evaluation Maximum Facilities Special Tax Rate for each Residential Property land use category.

Effective Tax Rate Evaluation Minimum Facilities Revenue

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

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

C.4. Future Assessor's Parcel Changes – After an Effective Tax Rate Evaluation

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

Undeveloped Property Subdividing into Large Lot Property

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

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

If the sum of the total expected Developed Property Effective Tax Rate Evaluation Maximum Facilities Special Tax is less than the Effective Tax Rate Evaluation Minimum Facilities Revenue, the Developed Property, Small Lot Final Map Property and Permit Ready Multi-Family/Non-Residential Property Effective Tax Rate Evaluation Maximum Facilities Special Tax Rates shall be uniformly increased, on the Large Lot Property created from the Undeveloped Property subdivision, until the sum of the total expected Developed Property Effective Tax Rate Evaluation Maximum Facilities Special Tax is equal to the Effective Tax Rate Evaluation Minimum Facilities Revenue. Further, if the sum of the total current Effective Tax Rate Evaluation Maximum Facilities Special Tax is less than the Effective Tax Rate Evaluation Minimum Facilities Revenue, the Effective Tax Rate Evaluation Maximum Facilities Special Tax Rates for the Large Lot Property and any remaining Undeveloped Property created from the Undeveloped Property subdivision shall be uniformly increased until the sum of the total current Effective Tax Rate Evaluation Maximum

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

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

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

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

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

Family/Non-Residential Property Effective Tax Rate Evaluation Maximum Facilities Special Tax Rates shall not be adjusted for any Taxable Property already classified as Developed Property, Small Lot Final Map Property or Permit Ready Multi-Family/Non-Residential Property created prior to the Large Lot Property subdivision.

C.5. Method of Apportionment of Facilities Special Tax

Using the definitions and procedures described herein, the CFD No. 22A IA3 Administrator shall determine the Facilities Special Tax Requirement and levy the Facilities Special Tax until the amount of Facilities Special Taxes equals the Facilities Special Tax Requirement. The Facilities Special Tax shall be levied each Fiscal Year until the Transition Year as follows:

Prior to an Effective Tax Rate Evaluation

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

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

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

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

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

After an Effective Tax Rate Evaluation

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

Second: If additional monies are needed to satisfy the Facilities Special Tax Requirement (excluding Pay As You Go Costs) after the first step has been completed, the Facilities Special Tax

shall be levied Proportionately on all Small Lot Final Map Property at a rate up to 100% of the Effective Tax Rate Evaluation Maximum Facilities Special Tax for Small Lot Final Map Property.

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

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

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

D. SERVICES SPECIAL TAX

A Services Special Tax shall be assigned to all Taxable Property within CFD No. 22A IA3 according to the Maximum Services Special Tax Rates set forth in Attachment A of this Rate and Method of Apportionment.

D.1. Prior to the Transition Event - Increase in the Maximum Services Special Tax

Prior to the Transition Event, on each July 1, commencing on July 1, 2027, the Maximum Services Special Tax Rates in effect for the previous Fiscal Year shall be increased by the Services Special Tax Escalation Factor.

D.2. Prior to the Transition Event - Method of Apportionment of Services Special Tax

If, in any Fiscal Year prior to the Transition Year, the Facilities Special Tax is levied against each Assessor's Parcel of Taxable Property within CFD No. 22A IA3 and the Facilities Special Tax revenues generated are insufficient to pay the Facilities Special Tax Requirement, such shortfall shall be deemed a component of the Services Special Tax Requirement in that Fiscal Year, and proceeds from the levy of the Services Special Tax shall first be applied to mitigate the shortfall in the Facilities Special Tax Requirement before being used to pay for Authorized Services. The Services Special Tax revenue shall not be applied to any Facilities Special Tax Requirement shortfalls attributable to Pay As You Go Costs authorized to be financed by CFD No. 22A IA3.

Using the definitions and procedures described herein, the CFD No. 22A IA3 Administrator shall determine the Services Special Tax Requirement and levy the Services Special Tax until the amount of Services Special Tax equals the Services Special Tax Requirement. The Services Special Tax shall be levied each Fiscal Year as follows:

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

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

Third: If additional monies are needed to satisfy the Services Special Tax Requirement after the second step has been completed, the Services Special Tax shall be levied Proportionately on all Permit-Ready Multi-Family/Non-Residential Property, Large Lot Property, and Undeveloped Property at a rate up to 100% of the Maximum Services Special Tax for Permit-Ready Multi-Family/Non-Residential Property, Large Lot Property, and Undeveloped Property in order to satisfy the Services Special Tax Requirement.

E. TRANSITION SERVICES SPECIAL TAX

A Transition Services Special Tax shall be assigned to all Taxable Property within CFD No. 22A IA3 according to the Maximum Transition Services Special Tax Rates set forth in Attachment A of this Rate and Method of Apportionment.

E.1. After the Transition Event – Method of Apportionment of Transition Services Special Tax

Using the definitions and procedures described herein, the CFD No. 22A IA3 Administrator shall determine the Transition Services Special Tax Requirement and levy the Transition Services Special Tax until the amount of Transition Services Special Tax equals the Transition Services Special Tax Requirement. The Transition Services Special Tax shall be levied each Fiscal Year as follows:

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

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

F. DELINQUENCIES

Notwithstanding the above, under no circumstances will the CFD No. 22A IA3 Facilities Special Tax levied against any Assessor's Parcel of Developed Property classified as Residential Property, in any Fiscal Year, be increased as a consequence of the delinquency or default in the payment of the CFD No. 22A IA3 Facilities Special Taxes by the owner or owners of any other Taxable Property by more than ten percent (10%) above the amount that would have been levied against such Assessor's Parcel in such Fiscal Year had there been no delinquencies or defaults.

G. EXEMPTIONS

The CFD No. 22A IA3 Administrator shall classify the following as Exempt Property: Public Property, Property Owner Association Property, Open Space Property, and Assessor's Parcels with public or utility easements making impractical their utilization for any use other than the purposes set forth in the easement.

The Maximum Facilities Special Tax obligation or, if applicable, the Effective Tax Rate Evaluation Maximum Facilities Special Tax obligation for Taxable Property which will be transferred or dedicated to a public agency and will be classified as Public Property may be fully prepaid by the seller, pursuant to Section L, prior to the transfer/dedication of such Taxable Property. Until the Maximum Facilities Special Tax obligation or, if applicable, the Effective Tax Rate Evaluation Maximum Facilities Special Tax obligation for any such Taxable Property is prepaid, the Taxable Property shall continue to be subject to the levy of the Facilities Special Tax. An exception to this may be made if an Assessor's Parcel of Public Property, such as a school site, is relocated to an Assessor's Parcel of Taxable Property, in which case the Assessor's Parcel of previously Public Property becomes Taxable Property and the Assessor's Parcel of previously Taxable Property becomes Public Property. This trading of an Assessor's Parcel from Taxable Property to Public Property will be permitted to the extent there is no loss in Maximum Facilities Special Tax revenue or, if applicable, Effective Tax Rate Evaluation Maximum Facilities Special Tax revenue, and the transfer is agreed to by the owners of all Assessor's Parcels involved in the transfer and the City Council.

If the use of an Assessor's Parcel changes so that such Assessor's Parcel is no longer eligible to be classified as one of the uses set forth in paragraph 1 of Section G. above that would make such Assessor's Parcel eligible to continue to be classified as Exempt Property, such Assessor's Parcel shall cease to be classified as Exempt Property and shall be deemed to be Taxable Property and subject to the Special Tax.

No Special Tax shall be levied on any Assessor's Parcel in any Fiscal Year in which such Assessor's Parcel is classified as Welfare Exempt Property; however, pursuant to Section 53340(c) of the Act, after the issuance of the first series of Bonds, as applicable, any Assessor's Parcel that receives a welfare exemption under subdivision (g) of Section 214 of the Revenue and Taxation Code shall not be classified as Welfare Exempt Property and will be subject to the Facilities Special Tax.

H. TRANSFERS

Prior to the issuance of the first series of Bonds within CFD No. 22A IA3, the City may permit the transfer of Maximum Facilities Special Tax or Effective Tax Rate Evaluation Maximum Facilities Special Tax from one Assessor's Parcel to another Assessor's Parcel. Before recordation of a Small Lot Final Subdivision Map, if a subdivision map is required, the City may permit a transfer if the number of planned Residential Units, Multi-Family Attached Property Acreage, or Non-Residential Property Acreage is transferred from one Assessor's Parcel(s) to another Assessor's Parcel(s) in any portion of Large Lot Property. The City may, in its sole discretion, allow for a transfer of the Maximum Facilities Special Tax or Effective Tax Rate Evaluation Maximum Facilities Special Tax from one Assessor's Parcel to another Assessor's Parcel provided such a transfer shall be allowed only if (1) all adjustments are

agreed to in writing by the affected property owners and the City's Finance Director, and (2) there is no reduction in the sum of the total Maximum Facilities Special Tax or sum of the total Effective Tax Rate Evaluation Maximum Facilities Special Tax as a result of the transfer. Should a transfer result in an amendment to Attachment B or, following an Effective Tax Rate Evaluation, Attachment D of this Rate and Method of Apportionment, the requesting property owner shall bear the costs to affect the transfer in the CFD No. 22A IA3 records and prepare the required amendments to Attachment B or, following an Effective Tax Rate Evaluation, Attachment D of this Rate and Method of Apportionment.

I. INTERPRETATIONS

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

J. REVIEW/APPEALS

The CFD No. 22A IA3 Administrator may establish such procedures, as it deems necessary to undertake the review of any such appeal. The CFD No. 22A IA3 Administrator shall interpret this Rate and Method of Apportionment and make determinations relative to the annual administration of the Special Tax and any property owner appeals, as herein specified.

Any property owner may file a written appeal of the Special Tax with the CFD No. 22A IA3 Administrator claiming that the amount or application of the Special Tax is not correct. The appeal must be filed not later than one calendar year after having paid the Special Taxes that are disputed, and the appellant must be current in all payments of Special Taxes. In addition, during the term of the appeal process, all Special Taxes levied must be paid on or before the payment date established when the levy was made. The appeal must specify the reasons why the appellant claims the Special Taxes are in error. The CFD No. 22A IA3 Administrator shall review the appeal, meet with the appellant if the CFD No. 22A IA3 Administrator deems necessary, and advise the appellant of its determination.

If the property owner disagrees with the CFD No. 22A IA3 Administrator's decision relative to the appeal, the owner may file a written notice with the City Manager of the City appealing the amount of the Special Tax levied on such Assessor's Parcel. If following such consultation and action (if any by the City Manager of the City), the property owner believes such error still exists, such person may file a written notice with the City Council appealing the amount of the Special Tax levied on such Assessor's Parcel. The decision of the City shall be final and binding to all persons. If the decision of the CFD No. 22A IA3 Administrator or subsequent decision by the City Manager of the City or City Council requires the Special Taxes to be modified or changed in favor of the property owner, no cash refund shall be made for prior years' Special Taxes, but an adjustment shall be made to credit future Special Taxes. This procedure shall be exclusive and its exhaustion by any property owner shall be a condition precedent to filing any legal action by such owner.

K. MANNER OF COLLECTION

The annual Special Tax shall be collected in the same manner and at the same time as ordinary ad valorem property taxes; provided, however, that CFD No. 22A IA3, may, at the sole discretion of the City, directly bill the Special Tax, may collect Special Taxes at a different time or in a different manner as necessary to meet its financial obligations, and may covenant to foreclose and may actually foreclose on Assessor's Parcels of Taxable Property that are delinquent in the payment of Special Taxes.

L. PREPAYMENT IN PART OF FACILITIES SPECIAL TAX

The Facilities Special Tax obligation of an Assessor's Parcel of Taxable Property may be partially prepaid as described herein; provided that there are no delinquent Special Taxes with respect to such Assessor's Parcel at the time of partial prepayment. An owner of an Assessor's Parcel intending to partially prepay the Facilities Special Tax obligation shall provide the CFD No. 22A IA3 Administrator with written notice of intent to partially prepay. Within 30 days of receipt of such written notice, the CFD No. 22A IA3 Administrator shall notify such owner of the partial prepayment amount of such Assessor's Parcel. Any partial prepayment must be submitted at least 60 days before the next occurring bond redemption date, and the proceeds of such prepayment shall be provided to the Trustee for application toward bond redemption in accordance with the Indenture. The CFD No. 22A IA3 Administrator may charge a fee for providing this service.

L.1. Partial Prepayment Amount

The Facilities Special Tax may be prepaid in an amount determined at the time of prepayment based on the portion of Bonds then outstanding; provided, however, that no partial prepayment shall be accepted in an amount equal to an annual Special Tax amount less than the annual Transition Services Special Tax rate escalated to the then current fiscal year less the then current Services Special Tax rate.

The "Partial Prepayment Amount" is calculated as follows:

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

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

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

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

The "Redemption Amount" is calculated as follows:

Step 1: Divide the Maximum Facilities Special Tax (or Effective Tax Rate Evaluation Maximum Facilities Special Tax) computed pursuant to Step 1 of Section L.1 by the total Maximum Facilities Special Taxes (or total Effective Tax Rate Evaluation Maximum Facilities Special Taxes) for the entire CFD No. 22A IA3, based on the Maximum Facilities Special Taxes (or Effective Tax Rate Evaluation Maximum Facilities Special Taxes) that could be charged in the current Fiscal Year if all Taxable Property were designated as Developed Property, excluding any Assessor's Parcels which have prepaid the Maximum Facilities Special Tax (or Effective Tax Rate Evaluation Maximum Facilities Special Tax) obligation (the "Prepayment Quotient").

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

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

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

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

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

Step 7: If any capitalized interest for the Outstanding Bonds will not have been expended at the time of the first interest and/or principal payment following the current Fiscal Year, a

capitalized interest credit shall be calculated by multiplying the quotient computed pursuant to Step 1 by the expected balance in the capitalized interest fund after such first interest payment.

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

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

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

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

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

M. TERM OF SPECIAL TAX

The Facilities Special Tax shall be levied commencing in Fiscal Year 2027-2028 to the extent necessary to fully satisfy the Facilities Special Tax Requirement and shall be levied through the Facilities Special Tax Term.

The Services Special Tax shall be levied commencing in Fiscal Year 2027-2028 and shall be levied until the Transition Event to the extent necessary to fully satisfy the Services Special Tax Requirement.

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

ATTACHMENT A
CITY OF FOLSOM
COMMUNITY FACILITIES DISTRICT NO. 22A (FOLSOM HEIGHTS)
IMPROVEMENT AREA 3
MAXIMUM SPECIAL TAX RATES
(FISCAL YEAR 2026-2027)

Land Use Category	Lot Size	2026-2027 Maximum Facilities Special Tax Rate[(1)]	2026-2027 Maximum Services Special Tax Rate[(2)]	Taxed Per
Developed Property:				
Single-Family Detached Property – SF Zoning	Any	$0	$137	Residential Lot
Single-Family Detached Property – SFHD Zoning	> = 5,775 Sq Ft	$0	$137	Residential Lot
Single-Family Detached Property – SFHD Zoning	< 5,775 Sq Ft	$0	$137	Residential Lot
Single-Family Detached Property – MLD Zoning	Any	$0	$117	Residential Lot
Other Taxable Property	Any	$0	$474	Acre
Small Lot Final Map Property:				
Single-Family Detached Property – SF Zoning	Any	$0	$137	Residential Lot
Single-Family Detached Property – SFHD Zoning	> = 5,775 Sq Ft	$0	$137	Residential Lot
Single-Family Detached Property – SFHD Zoning	< 5,775 Sq Ft	$0	$137	Residential Lot
Single-Family Detached Property – MLD Zoning	Any	$0	$117	Residential Lot
Other Taxable Property	Any	$0	$474	Acre
Permit Ready Multi-Family/Non-Residential Property		$0	$474	Acre
Large Lot Property		$0	$474	Acre
Undeveloped Property		$0	$474	Acre

(1) On each July 1, commencing on July 1, 2027, the Maximum Facilities Special Tax Rates shall be increased by the Facilities Special Tax Escalation Factor of the Maximum Facilities Special Tax Rates in effect for the previous Fiscal Year.

(2) On each July 1, commencing on July 1, 2027, the Maximum Services Special Tax Rates shall be increased by an amount equal to the Services Special Tax Escalation Factor of the Maximum Services Special Tax Rates in effect for the previous Fiscal Year.

ATTACHMENT B
CITY OF FOLSOM
COMMUNITY FACILITIES DISTRICT NO. 22A (FOLSOM HEIGHTS)
IMPROVEMENT AREA 3
MINIMUM FACILITIES REVENUE
(FISCAL YEAR 2026-2027)

Land Use Category	Lot Size	Planned Number of Residential Lots	2026-2027 Developed Property Maximum Facilities Special Tax Rate[(1)(2)]	2026-2027 Minimum Facilities Revenue [(1)(3)]
Developed Property:				
Single-Family Detached Property – SF Zoning	Any	0	$0	$0
Single-Family Detached Property – SFHD Zoning	> = 5,775 Sq Ft	0	$0	$0
Single-Family Detached Property – SFHD Zoning	< 5,775 Sq Ft	0	$0	$0
Single-Family Detached Property – MLD Zoning	Any	0	$0	$0
Other Taxable Property	Any	0	$0	$0
Total Minimum Facilities Revenue[(4)]				**$0**

(1) On each July 1, commencing on July 1, 2027, the Developed Property Maximum Facilities Special Tax Rates and Minimum Facilities Revenue shall be increased by the Facilities Special Tax Escalation Factor of the Developed Property Maximum Facilities Special Tax Rates and Minimum Facilities Revenue in effect for the previous Fiscal Year.

(2) As a result of future Assessor's Parcel changes, described in Section C.2, the assigned Maximum Facilities Special Tax Rates for Developed Property may exceed the Developed Property Maximum Facilities Special Tax Rates set forth in this table.

(3) The total Minimum Facilities Revenue may be decreased as result of a portion of Maximum Facilities Special Tax obligations being prepaid pursuant to Section L.

(4) Based upon the Developed Property Maximum Facilities Special Tax Rate for Single-Family Detached Property in Improvement Area No. 3.

ATTACHMENT C
CITY OF FOLSOM
COMMUNITY FACILITIES DISTRICT NO. 22A (FOLSOM HEIGHTS)
IMPROVEMENT AREA 3
EFFECTIVE TAX RATE EVALUATION MAXIMUM FACILITIES SPECIAL TAX RATES
(FISCAL YEAR 2026-2027)

Land Use Category	Lot Size	2026-2027 Effective Tax Rate Evaluation Maximum Facilities Special Tax Rate[(1)(2)]	Taxed Per
Developed Property:			
Single-Family Detached Property – SF Zoning	Any	$_____	Residential Lot
Single-Family Detached Property – SFHD Zoning	> = 5,775 Sq Ft	_____	Residential Lot
Single-Family Detached Property – SFHD Zoning	< 5,775 Sq Ft	_____	Residential Lot
Single-Family Detached Property – MLD Zoning	Any	_____	Residential Lot
Other Taxable Property	Any	_____	Acre
Small Lot Final Map Property:			
Single-Family Detached Property – SF Zoning	Any	$_____	Residential Lot
Single-Family Detached Property – SFHD Zoning	> = 5,775 Sq Ft	_____	Residential Lot
Single-Family Detached Property – SFHD Zoning	< 5,775 Sq Ft	_____	Residential Lot
Single-Family Detached Property – MLD Zoning	Any	_____	Residential Lot
Other Taxable Property	Any	_____	Acre
Permit Ready Multi-Family/Non-Residential Property		$_____	Acre
Large Lot Property		$_____	Acre
Undeveloped Property		$_____	Acre

(1) Effective Tax Rate Evaluation Maximum Facilities Special Tax Rates will be inserted following the Effective Tax Rate Evaluation.

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

ATTACHMENT D
CITY OF FOLSOM
COMMUNITY FACILITIES DISTRICT NO. 22A (FOLSOM HEIGHTS)
IMPROVEMENT AREA 3
EFFECTIVE TAX RATE EVALUATION MINIMUM FACILITIES REVENUE
(FISCAL YEAR 2026-2027)

Land Use Category	Lot / Village #	Planned Number of Residential Lots / Acres[(1)]	2026-2027 Developed Property Effective Tax Rate Evaluation Maximum Facilities Special Tax Rate[(1)(2)(3)]	2026-2027 Effective Tax Rate Evaluation Minimum Facilities Revenue[(1)(2)(4)]
Developed Property:				
Single-Family Detached Property – SF Zoning	Any	0	$_____	$_____
Single-Family Detached Property – SFHD Zoning	> = 5,775 Sq Ft	0	_____	_____
Single-Family Detached Property – SFHD Zoning	< 5,775 Sq Ft	0	_____	_____
Single-Family Detached Property – MLD Zoning	Any	0	_____	_____
Other Taxable Property	Any	0	_____	_____
Total Effective Tax Rate Evaluation Minimum Facilities Revenue[(5)]				**$_____**

(1) Planned Number of Residential Units/Acres, Developed Property Effective Tax Rate Evaluation Maximum Facilities Special Tax Rate and Effective Tax Rate Evaluation Minimum Facilities Revenue to be inserted following the Effective Tax Rate Evaluation.

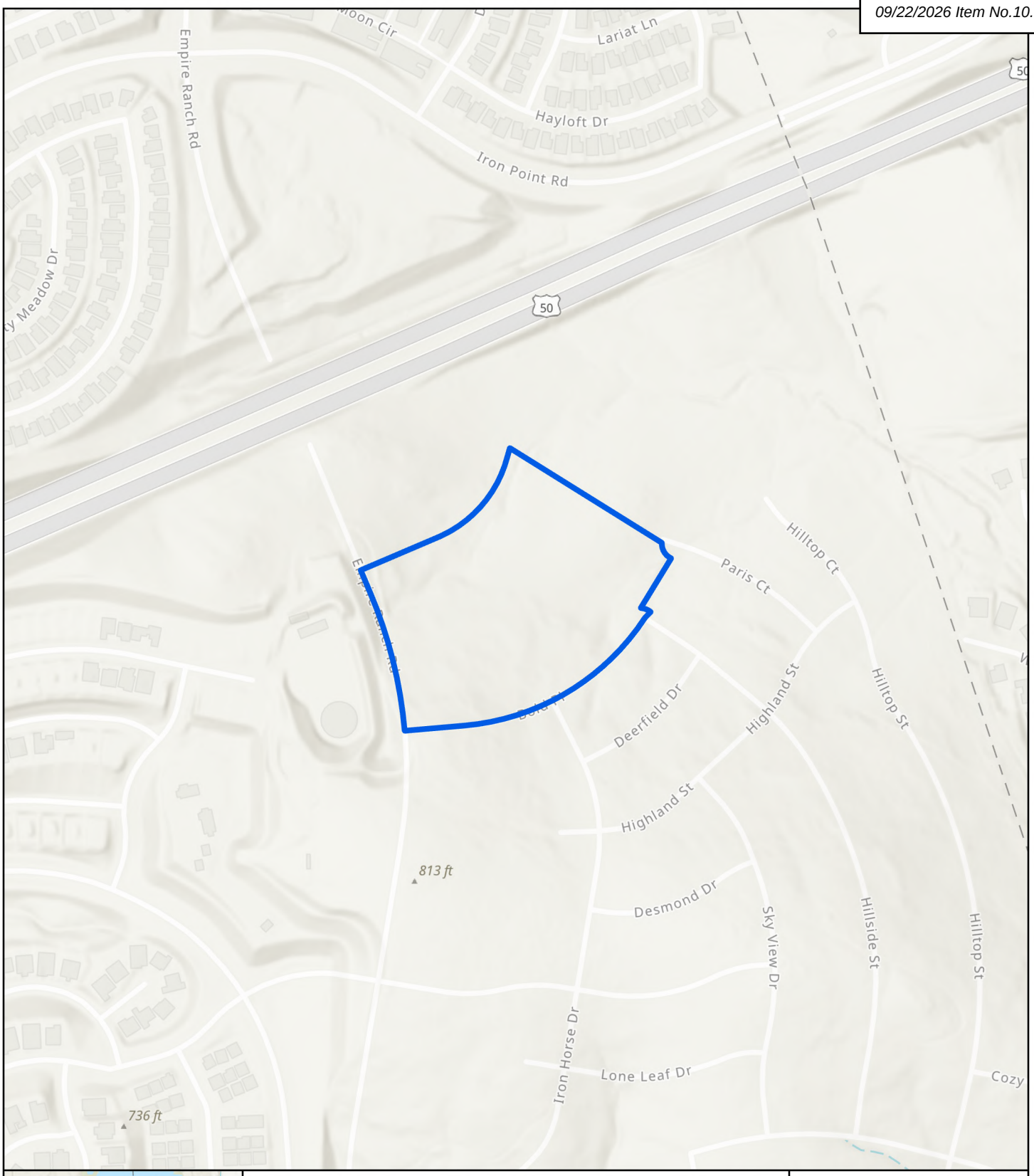
(2) On each July 1, commencing in the Fiscal Year after the Effective Tax Rate Evaluation occurs, the Developed Property Effective Tax Rate Evaluation Maximum Facilities Special Tax Rates and Effective Tax Rate Evaluation Minimum Facilities Revenue shall be increased by the Facilities Special Tax Escalation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

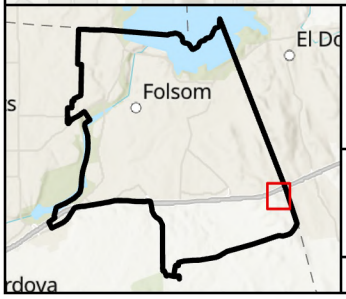
(3) As a result of future Assessor's Parcel changes, described in Section C.3, the assigned Developed Property Effective Tax Rate Evaluation Maximum Facilities Special Tax Rates may exceed the Developed Property Effective Tax Rate Evaluation Maximum Facilities Special Tax Rates set forth in this table.

(4) The total Effective Tax Rate Evaluation Minimum Facilities Revenue may be decreased as result of a portion of Effective Tax Rate Evaluation Maximum Facilities Special Tax obligations being prepaid pursuant to Section L.

(5) Based upon the total Effective Developed Property Maximum Facilities Special Tax Rate Evaluation for Single-Family Detached Property in Improvement Area No. 3.

ATTACHMENT E
CITY OF FOLSOM
COMMUNITY FACILITIES DISTRICT NO. 22A (FOLSOM HEIGHTS)
IMPROVEMENT AREA 3





City of Folsom
Community Facilities District No. 22A (Folsom Heights)
Improvement Area 3

Improvement Area 3 Boundary

2026

Coordinate System: NAD 1983 State[illegible] FIPS 0402 Feet

N

0 0.05 0.1 Mi

0 265 530 US Feet

NBS helping communities fund tomorrow

Attachment 8

Stradling Yocca Carlson & Rauth LLP
660 Newport Center Drive, Suite 1600
Newport Beach, CA 92660-6422
949 725 4000
stradlinglaw.com

Megan Schones
949 725 4096
mschones@stradlinglaw.com

September 4, 2026

Via FedEx

Attention: Price Walker
Elliott Homes, Inc.
340 Palladio Parkway, Suite 521
Folsom, CA 95630

Re: Public Hearing re Formation of City of Folsom Community Facilities District No. 22A (Folsom Heights)

Dear Mr. Walker:

Enclosed please find the materials for execution by the authorized representative for Elliott Homes, Inc., pertaining to the September 22, 2026 public hearing for the formation of City of Folsom Community Facilities District No. 22A (Folsom Heights). Please have the documents executed where indicated.

There are a total of 3 waivers and 3 ballots. Please write the name of the authorized representative on page 1 of each waiver, sign each waiver on the 2nd page where indicated, and fill in the date. For the ballot, please vote for each proposition on the 1st page and sign where indicated on the 2nd page.

If possible, please send a PDF scan of all signed pages to peichar@stradlinglaw.com and mvasquez@stradlinglaw.com.

All materials should be returned to the City Clerk of the City of Folsom in the enclosed FedEx envelope for receipt no later than **Monday, September 21** prior to the September 22, 2026 public hearing.

Should you have any questions, you can reach Trish Eichar at (916) 449-2335 or Monica Vasquez at (916) 449-2350. Thank you for your assistance.

Very truly yours,

STRADLING YOCCA CARLSON & RAUTH LLP

Megan Schones
Paralegal – Public Law Assistant

4937-5993-0317v1/022919-0002

NOTICE OF PUBLIC HEARING REGARDING THE FORMATION OF THE CITY OF FOLSOM COMMUNITY FACILITIES DISTRICT NO. 22A (FOLSOM HEIGHTS), DESIGNATION OF IMPROVEMENT AREAS WITHIN THE DISTRICT AND LEVYING OF SPECIAL TAXES THEREIN

NOTICE IS HEREBY GIVEN that on Tuesday, August 11, 2026, the City of Folsom (the "City") duly adopted its Resolution No. 11679 (the "Resolution of Intention") wherein it declared its intention to form a community facilities district to be known as "City of Folsom Community Facilities District No. 22A (Folsom Heights)" ("CFD 22A" or the "CFD"), identify territory proposed for annexation to CFD 22A in the future with the unanimous approval of the owner or owners of each such parcel or parcels at the time that such parcel or parcels are annexed to CFD 22A (the "Future Annexation Area"), to designate three improvement areas within CFD 22A (each, an "Improvement Area") to be known as "City of Folsom Community Facilities District No. 22A (Folsom Heights) Improvement Area No. 1" ("Improvement Area No. 1"), "City of Folsom Community Facilities District No. 22A (Folsom Heights) Improvement Area No. 2" ("Improvement Area No. 2"), and "City of Folsom Community Facilities District No. 22A (Folsom Heights) Improvement Area No. 3" ("Improvement Area No. 3"), and to levy a special tax within CFD 22A and to pay the costs of certain public facilities, including, transportation, water system, recycled water, drainage system, wastewater system, park, parkway and open space, and infrastructure required by the specific plan infrastructure fee; and other incidental expenses and bond issuance costs (collectively, the "Facilities") and of certain services, including reconstruction and/or rehabilitation, operation, maintenance, repair and replacement of open space improvements, landscape corridors and paseos, streetlights, medians, neighborhood parks, storm water management, and water quality controls, and certain costs related to the maintenance of the services described above (collectively, the "Services"), all as more specifically described in the Resolution of Intention, and its Resolution No. 11680 (the "Resolution Declaring the Necessity for Incurring Bonded Indebtedness") wherein it declared its intention to incur bonded indebtedness in a principal amount not to exceed $22,000,000 for Improvement Area No. 1 and $25,000,000 for Improvement Area No. 2 to finance the acquisition and construction of the Facilities within CFD 22A under and pursuant to the terms and provisions of the "Mello Roos Community Facilities Act of 1982," being Chapter 2.5, Part 1, Division 2, Title 5 of the Government Code of the State of California (the "Act").

This Notice contains a brief summary of the Proposal (as described below), but you are referred to the City's Resolution of Intention and its Resolution Declaring the Necessity for Incurring Bonded Indebtedness on file with the City Clerk for the definitive description of the Proposal, including a description of the Facilities and the Services, a list of incidental expenses and bond issuance costs and the rates and methods of apportionment of the special tax.

The Proposal consists of the authorization of (1) a special tax within CFD 22A and each Improvement Area therein, (2) the issuance of bonds for each Improvement Area to finance the Facilities and (3) the annual appropriations limit of CFD 22A to be set at $4,000,000 for Improvement Area No. 1, $4,000,000 for Improvement Area No. 2, and $4,000,000 for Improvement Area No. 3, each for fiscal year 2026-27.

In order to confer the authority upon the City to levy the special tax and to issue the bonds, a public hearing must be held on the Proposal, the City must determine to form CFD 22A, designate the Improvement Areas, and, finally, the qualified electors within each Improvement Area must approve the Proposal by a two-thirds vote. Where a proposed community facilities district is uninhabited or inhabited by fewer than 12 registered voters (there are no registered voters inhabiting CFD 22A) the qualified electors are, pursuant to the Act, the owners of property within the proposed community facilities district.

THIS IS THE NOTICE OF THE PUBLIC HEARING.

The public hearing will be held during the City Council meeting on Tuesday, September 22, 2026, at 6:30 p.m., or as soon thereafter as the City Council may reach the matter, at the City Hall, 50 Natoma Street, Folsom, CA, 95630.

At the hearing, oral and written testimony of all interested persons or potential special taxpayers for or against the formation of CFD 22A, the extent of CFD 22A, the identification of the Future Annexation Area, the designation of the Improvement Areas within CFD 22A, the furnishing of the Facilities, the authorization to levy a special tax within CFD 22A and the authorization to issue the bonds will be heard. Written protests against the formation of CFD 22A or the designation of the Improvement Areas 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, CFD 22A or the Future Annexation Area will be counted toward a possible majority protest against such formation and designation. Written protests by a majority of the registered voters residing within CFD 22A (provided they number at least 6) or by the owners of a majority of the land area within CFD 22A that is or will be subject to the related special tax, if not withdrawn prior to the close of the hearing so as to reduce the value of the protests to less than a majority, will require the formation of CFD 22A and the levy of the related specified special tax to be eliminated from immediate consideration and prevent their being included in a subsequent proceedings for at least one year. Written protests by a majority of the registered voters residing within the Future Annexation Area (provided they number at least 6) or by the owners of a majority of the land area within the Future Annexation Area, or by the owners of one-half or more of the land area within the Future Annexation Area, will require suspension of the proceedings to authorize the same territory to be annexed to CFD 22A in the future for at least one year. If such protests constitute a majority protest and are directed only against the furnishing of a specified type or types of the Facilities or Services or against levying a specified special tax, only those types of Facilities, Services or the specified special tax will be eliminated from the proceedings.

Questions should be directed to Stacey Tamagni, Chief Financial Officer, telephone (916) 461-6081.

Dated: September 12, 2026.

City Clerk of the
CITY OF FOLSOM

CITY OF FOLSOM
COMMUNITY FACILITIES DISTRICT NO. 22A
(FOLSOM HEIGHTS)

SPECIAL ELECTION BALLOT

(Mailed-Ballot Election)

This ballot is for the use of **Elliott Homes, Inc.**, a landowner owning land within City of Folsom Community Facilities District No. 22A (Folsom Heights), Improvement Area No. 1.

According to the provisions of the Mello-Roos Community Facilities Act of 1982 and the resolutions of the City Council of the City of Folsom, the above-named landowner is entitled to cast **55** votes on this ballot.

In order to be counted, this ballot must be certified below and be returned, either by mail or in person, before 6:30 p.m. on September 22, 2026, to:

Christa Freemantle, City Clerk
City of Folsom
50 Natoma Street
Folsom, CA 95630

Mailing by that date will not be sufficient. The ballot must be physically received by the City Clerk prior to the deadline in order to be counted.

AN "X" OR OTHER MARK WILL CAST ALL VOTES ASSIGNED TO THIS BALLOT, OR THE VOTER MAY WRITE NUMBERS IN THE SPACES PROVIDED.

BALLOT MEASURE

Shall the City of Folsom be authorized to form the City of Folsom Community Facilities District No. 22A (Folsom Heights) (the "District"), designate Improvement Area No. 1 and a future annexation therein, issue a maximum amount not to exceed $22,000,000 in bonds that will be paid for by Improvement Area No. 1 of the District, levy a special tax in Improvement Area No. 1 and finance public facilities and services by and through the District and shall the appropriations limit for Improvement Area No. 1 within the District for fiscal year 2026-27 be established in the amount of $4,000,000, all as specified in the City's Resolution to Form a Community Facilities District, to Designate Improvement Areas Within the District, to Designate a Future Annexation Area Therein and to Levy Special Taxes Therein and Resolution Deeming it Necessary to Incur Bonded Indebtedness In and for City of Folsom Community Facilities District No. 22A (Folsom Heights) each adopted by the City Council of the City on September 22, 2026?

Number of votes
YES
X

Number of votes
NO
_____

Certification

The undersigned is or are the authorized representative(s) of the above-named landowner and is the person legally authorized and entitled to cast this ballot on behalf of the above-named landowner.

I declare under penalty of perjury under the laws of the State of California that the foregoing is true and correct and that this declaration is executed as of September 22, 2026.

ELLIOTT HOMES, INC.

By: _____

Name: Price Walker

Title: Vice President, Project Development

CITY OF FOLSOM
COMMUNITY FACILITIES DISTRICT NO. 22A
(FOLSOM HEIGHTS)

SPECIAL ELECTION BALLOT

(Mailed-Ballot Election)

This ballot is for the use of **ELLIOTT HOMES, INC.**, a landowner owning land within City of Folsom Community Facilities District No. 22A (Folsom Heights), Improvement Area No. 2.

According to the provisions of the Mello-Roos Community Facilities Act of 1982 and the resolutions of the City Council of the City of Folsom, the above-named landowner is entitled to cast **54** votes on this ballot.

In order to be counted, this ballot must be certified below and be returned, either by mail or in person, before 6:30 p.m. on September 22, 2026, to:

Christa Freemantle, City Clerk
City of Folsom
50 Natoma Street
Folsom, CA 95630

Mailing by that date will not be sufficient. The ballot must be physically received by the City Clerk prior to the deadline in order to be counted.

AN "X" OR OTHER MARK WILL CAST ALL VOTES ASSIGNED TO THIS BALLOT, OR THE VOTER MAY WRITE NUMBERS IN THE SPACES PROVIDED.

BALLOT MEASURE

Shall the City of Folsom be authorized to form the City of Folsom Community Facilities District No. 22A (Folsom Heights) (the "District"), designate Improvement Area No. 2 and a future annexation therein, issue a maximum amount not to exceed $25,000,000 in bonds that will be paid for by Improvement Area No. 2 of the District, levy a special tax in Improvement Area No. 2 and finance public facilities and services by and through the District and shall the appropriations limit for Improvement Area No. 2 within the District for fiscal year 2026-27 be established in the amount of $4,000,000, all as specified in the City's Resolution to Form a Community Facilities District, to Designate Improvement Areas Within the District, to Designate a Future Annexation Area Therein and to Levy Special Taxes Therein and Resolution Deeming it Necessary to Incur Bonded Indebtedness In and for City of Folsom Community Facilities District No. 22A (Folsom Heights) each adopted by the City Council of the City on September 22, 2026?

Number of votes
YES
X

Number of votes
NO
_____

Certification

The undersigned is or are the authorized representative(s) of the above-named landowner and is the person legally authorized and entitled to cast this ballot on behalf of the above-named landowner.

I declare under penalty of perjury under the laws of the State of California that the foregoing is true and correct and that this declaration is executed as of September 22, 2026.

ELLIOTT HOMES, INC.

By: _____

Name: Price Walker

Title: Vice President, Project Development

CITY OF FOLSOM
COMMUNITY FACILITIES DISTRICT NO. 22A
(FOLSOM HEIGHTS)

SPECIAL ELECTION BALLOT

(Mailed-Ballot Election)

This ballot is for the use of **Elliott Homes, Inc.**, a landowner owning land within City of Folsom Community Facilities District No. 22A (Folsom Heights), Improvement Area No. 3.

According to the provisions of the Mello-Roos Community Facilities Act of 1982 and the resolutions of the City Council of the City of Folsom, the above-named landowner is entitled to cast **12** votes on this ballot.

In order to be counted, this ballot must be certified below and be returned, either by mail or in person, before 6:30 p.m. on September 22, 2026, to:

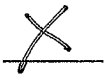
Christa Freemantle, City Clerk
City of Folsom
50 Natoma Street
Folsom, CA 95630

Mailing by that date will not be sufficient. The ballot must be physically received by the City Clerk prior to the deadline in order to be counted.

AN "X" OR OTHER MARK WILL CAST ALL VOTES ASSIGNED TO THIS BALLOT, OR THE VOTER MAY WRITE NUMBERS IN THE SPACES PROVIDED.

BALLOT MEASURE

Shall the City of Folsom be authorized to form the City of Folsom Community Facilities District No. 22A (Folsom Heights) (the "District"), designate Improvement Area No. 3 and a future annexation therein, levy a special tax in Improvement Area No. 3 and finance services by and through the District and shall the appropriations limit for Improvement Area No. 3 within the District for fiscal year 2026-27 be established in the amount of $4,000,000, all as specified in the City's Resolution to Form a Community Facilities District, to Designate Improvement Areas Within the District, to Designate a Future Annexation Area Therein and to Levy Special Taxes Therein and Resolution Deeming it Necessary to Incur Bonded Indebtedness In and for City of Folsom Community Facilities District No. 22A (Folsom Heights) each adopted by the City Council of the City on September 22, 2026?

Number of votes
YES


Number of votes
NO
_____

Certification

The undersigned is or are the authorized representative(s) of the above-named landowner and is the person legally authorized and entitled to cast this ballot on behalf of the above-named landowner.

I declare under penalty of perjury under the laws of the State of California that the foregoing is true and correct and that this declaration is executed as of September 22, 2026.

ELLIOTT HOMES, INC.

By: _____

Name: Price Walker

Title: Vice President, Project Development

WAIVER AND CONSENT
SHORTENING TIME PERIODS AND WAIVING VARIOUS
REQUIREMENTS FOR PROCEEDINGS AND FOR
CONDUCTING SPECIAL MAILED-BALLOT ELECTION
CITY OF FOLSOM
COMMUNITY FACILITIES DISTRICT NO. 22A
(FOLSOM HEIGHTS)

The undersigned Price Walker, is the authorized representative of the owner (the "Owner") of all of the property within Improvement Area No. 1 of the above-captioned Community Facilities District (the "District").

The Owner is the present owner of 54.048 acres of land located within the proposed boundaries of Improvement Area No. 1 that will be subject to the special tax. To the actual knowledge of the undersigned, there are no registered voters residing within Improvement Area No. 1, and there have been none during the 90 day period preceding September 22, 2026.

The undersigned is (or are) the person (or persons) legally entitled and authorized to cast the ballot for the Owner in the election to be conducted within Improvement Area No. 1 of the District to determine, among other things, whether certain land, including land owned by the Owner, shall be subject to an annual special tax.

The undersigned, on behalf of the Owner, certifies that the Owner has received notice of the September 22, 2026 public hearing to be held by the City Council of the City of Folsom (the "City") regarding the levy of special taxes in Improvement Area No. 1 and the incurring of bonded indebtedness by the District for Improvement Area No. 1. The undersigned, on behalf of the Owner, agrees that the Owner received adequate notice of the September 22, 2026 hearing.

The Owner has received from the City, and the City has made available to the owner, necessary and relevant information regarding the proposed formation of the District and designation of Improvement Area No. 1 and the imposition of the special tax and the issuance of bonded indebtedness, as set forth in Resolution No. 11679 and Resolution No. 11680 adopted by the City Council of the City on August 11, 2026 (the "Resolutions") to finance the facilities, services and other amounts as set forth in the Resolutions.

In order to induce the City to conduct an election on the same date that the District is formed, the undersigned, on behalf of the Owner, hereby waives:

1. any and all minimum time periods relative to the election pursuant to Government Code Section 53326(a);

2. preparation and distribution of an impartial analysis of the ballot measure, as well as arguments in favor and against, under the authority of Government Code Section 53327(b);

3. publication of notice of the election under Government Code Section 53352;

4. requirements regarding the time to mail ballots to the qualified electors under Elections Code Section 4101;

5. requirements regarding identification envelopes for the return of mailed ballots contained in Government Code Section 53327.5;

6. requirements pertaining to impartial analysis, arguments or rebuttals concerning the election provided in Elections Code Sections 9160 to 9167, inclusive and Elections Code Section 9190; and

7. any other time limits or procedural requirements pertaining to the conduct of the election.

The undersigned, on behalf of the Owner, hereby waives any right to notice and hearing and consents to authorized facilities, expenses and rate and method of apportionment of special tax as described in the Resolution of Formation to be adopted by the City Council of the City of Folsom on September 22, 2026.

The undersigned, on behalf of the Owner, hereby waives any and all defects in notice or procedure in the formation of the District, time periods to record the boundary map, conduct of the election, whether known or unknown (other than the right to have ballots accurately counted), and states that the election is being expedited, pursuant to this waiver and consent, at the particular instance and request of the Owner.

Further, the undersigned, on behalf of the Owner, hereby waives any entitlement to initiate or prosecute any form of legal proceedings, including judicial proceedings, to challenge any aspect of the proceedings for levy of the special tax and for issuance of special tax bonds in the District.

I declare, under penalty of perjury, under the laws of the State of California, that the foregoing is true and correct and that this declaration is executed on September 9, 2026.

ELLIOTT HOMES, INC.

By: _____

Name: Price Walker

Title: Vice President, Project Development

WAIVER AND CONSENT
SHORTENING TIME PERIODS AND WAIVING VARIOUS
REQUIREMENTS FOR PROCEEDINGS AND FOR
CONDUCTING SPECIAL MAILED-BALLOT ELECTION
CITY OF FOLSOM
COMMUNITY FACILITIES DISTRICT NO. 22A
(FOLSOM HEIGHTS)

The undersigned Price Walker, is the authorized representative of the owner (the "Owner") of all of the property within Improvement Area No. 2 of the above-captioned Community Facilities District (the "District").

The Owner is the present owner of 53.589 acres of land located within the proposed boundaries of Improvement Area No. 2 that will be subject to the special tax. To the actual knowledge of the undersigned, there are no registered voters residing within Improvement Area No. 2, and there have been none during the 90 day period preceding September 22, 2026.

The undersigned is (or are) the person (or persons) legally entitled and authorized to cast the ballot for the Owner in the election to be conducted within Improvement Area No. 2 of the District to determine, among other things, whether certain land, including land owned by the Owner, shall be subject to an annual special tax.

The undersigned, on behalf of the Owner, certifies that the Owner has received notice of the September 22, 2026 public hearing to be held by the City Council of the City of Folsom (the "City") regarding the levy of special taxes in Improvement Area No. 2 and the incurring of bonded indebtedness by the District for Improvement Area No. 2. The undersigned, on behalf of the Owner, agrees that the Owner received adequate notice of the September 22, 2026 hearing.

The Owner has received from the City, and the City has made available to the owner, necessary and relevant information regarding the proposed formation of the District and designation of Improvement Area No. 2 and the imposition of the special tax and the issuance of bonded indebtedness, as set forth in Resolution No. 11679 and Resolution No. 11680 adopted by the City Council of the City on August 11, 2026 (the "Resolutions") to finance the facilities, services and other amounts as set forth in the Resolutions.

In order to induce the City to conduct an election on the same date that the District is formed, the undersigned, on behalf of the Owner, hereby waives:

8. any and all minimum time periods relative to the election pursuant to Government Code Section 53326(a);

9. preparation and distribution of an impartial analysis of the ballot measure, as well as arguments in favor and against, under the authority of Government Code Section 53327(b);

10. publication of notice of the election under Government Code Section 53352;

11. requirements regarding the time to mail ballots to the qualified electors under Elections Code Section 4101;

12. requirements regarding identification envelopes for the return of mailed ballots contained in Government Code Section 53327.5;

13. requirements pertaining to impartial analysis, arguments or rebuttals concerning the election provided in Elections Code Sections 9160 to 9167, inclusive and Elections Code Section 9190; and

14. any other time limits or procedural requirements pertaining to the conduct of the election.

The undersigned, on behalf of the Owner, hereby waives any right to notice and hearing and consents to authorized facilities, expenses and rate and method of apportionment of special tax as described in the Resolution of Formation to be adopted by the City Council of the City of Folsom on September 22, 2026.

The undersigned, on behalf of the Owner, hereby waives any and all defects in notice or procedure in the formation of the District, time periods to record the boundary map, conduct of the election, whether known or unknown (other than the right to have ballots accurately counted), and states that the election is being expedited, pursuant to this waiver and consent, at the particular instance and request of the Owner.

Further, the undersigned, on behalf of the Owner, hereby waives any entitlement to initiate or prosecute any form of legal proceedings, including judicial proceedings, to challenge any aspect of the proceedings for levy of the special tax and for issuance of special tax bonds in the District.

I declare, under penalty of perjury, under the laws of the State of California, that the foregoing is true and correct and that this declaration is executed on September 9, 2026.

ELLIOTT HOMES, INC.

By: _____

Name: Price Walker

Title: Vice President, Project Development

WAIVER AND CONSENT
SHORTENING TIME PERIODS AND WAIVING VARIOUS
REQUIREMENTS FOR PROCEEDINGS AND FOR
CONDUCTING SPECIAL MAILED-BALLOT ELECTION
CITY OF FOLSOM
COMMUNITY FACILITIES DISTRICT NO. 22A
(FOLSOM HEIGHTS)

The undersigned Price Walker, is the authorized representative of the owner (the "Owner") of all of the property within Improvement Area No. 3 of the above-captioned Community Facilities District (the "District").

The Owner is the present owner of 11.549 acres of land located within the proposed boundaries of Improvement Area No. 3 that will be subject to the special tax. To the actual knowledge of the undersigned, there are no registered voters residing within Improvement Area No. 3, and there have been none during the 90 day period preceding September 22, 2026.

The undersigned is (or are) the person (or persons) legally entitled and authorized to cast the ballot for the Owner in the election to be conducted within Improvement Area No. 3 of the District to determine, among other things, whether certain land, including land owned by the Owner, shall be subject to an annual special tax.

The undersigned, on behalf of the Owner, certifies that the Owner has received notice of the September 22, 2026 public hearing to be held by the City Council of the City of Folsom (the "City") regarding the levy of special taxes in Improvement Area No. 3 and the incurring of bonded indebtedness by the District for Improvement Area No. 3. The undersigned, on behalf of the Owner, agrees that the Owner received adequate notice of the September 22, 2026 hearing.

The Owner has received from the City, and the City has made available to the owner, necessary and relevant information regarding the proposed formation of the District and designation of Improvement Area No. 3 and the imposition of the special tax and the issuance of bonded indebtedness, as set forth in Resolution No. 11679 and Resolution No. 11680 adopted by the City Council of the City on August 11, 2026 (the "Resolutions") to finance the facilities, services and other amounts as set forth in the Resolutions.

In order to induce the City to conduct an election on the same date that the District is formed, the undersigned, on behalf of the Owner, hereby waives:

15. any and all minimum time periods relative to the election pursuant to Government Code Section 53326(a);

16. preparation and distribution of an impartial analysis of the ballot measure, as well as arguments in favor and against, under the authority of Government Code Section 53327(b);

17. publication of notice of the election under Government Code Section 53352;

18. requirements regarding the time to mail ballots to the qualified electors under Elections Code Section 4101;

19. requirements regarding identification envelopes for the return of mailed ballots contained in Government Code Section 53327.5;

20. requirements pertaining to impartial analysis, arguments or rebuttals concerning the election provided in Elections Code Sections 9160 to 9167, inclusive and Elections Code Section 9190; and

21. any other time limits or procedural requirements pertaining to the conduct of the election.

The undersigned, on behalf of the Owner, hereby waives any right to notice and hearing and consents to authorized facilities, expenses and rate and method of apportionment of special tax as described in the Resolution of Formation to be adopted by the City Council of the City of Folsom on September 22, 2026.

The undersigned, on behalf of the Owner, hereby waives any and all defects in notice or procedure in the formation of the District, time periods to record the boundary map, conduct of the election, whether known or unknown (other than the right to have ballots accurately counted), and states that the election is being expedited, pursuant to this waiver and consent, at the particular instance and request of the Owner.

Further, the undersigned, on behalf of the Owner, hereby waives any entitlement to initiate or prosecute any form of legal proceedings, including judicial proceedings, to challenge any aspect of the proceedings for levy of the special tax and for issuance of special tax bonds in the District.

I declare, under penalty of perjury, under the laws of the State of California, that the foregoing is true and correct and that this declaration is executed on September 9, 2026.

ELLIOTT HOMES, INC.

By: _____

Name: Price Walker

Title: Vice President, Project Development

Folsom City Council
Staff Report

MEETING DATE:	9/22/2026
AGENDA SECTION:	New Business
SUBJECT:	Resolution No. 11723 – A Resolution Authorizing the City Manager to Execute a Memorandum of Understanding with Sacramento County Related to Interim Design, Construction, and Maintenance for Prairie City Road
FROM:	Public Works Department

RECOMMENDATION / CITY COUNCIL ACTION

The Public Works Department recommends that the City Council pass and adopt the following Resolution No. 11723 – A Resolution Authorizing the City Manager to Execute a Memorandum of Understanding with Sacramento County related to interim design, construction, and maintenance of Prairie City Road.

BACKGROUND / ISSUE

South of US-50, Prairie City Road is a jointly owned facility between the City of Folsom and County of Sacramento. Additionally, the centerline of the road serves as the jurisdictional boundary between both communities, providing a north-south route to the freeway and serving as a primary quarry truck route for several key facilities located within unincorporated Sacramento County. Earlier this year, the City and County entered into an agreement for maintenance of shared transportation facilities, which was approved by City Council on March 24, 2026, under Resolution No 11578.

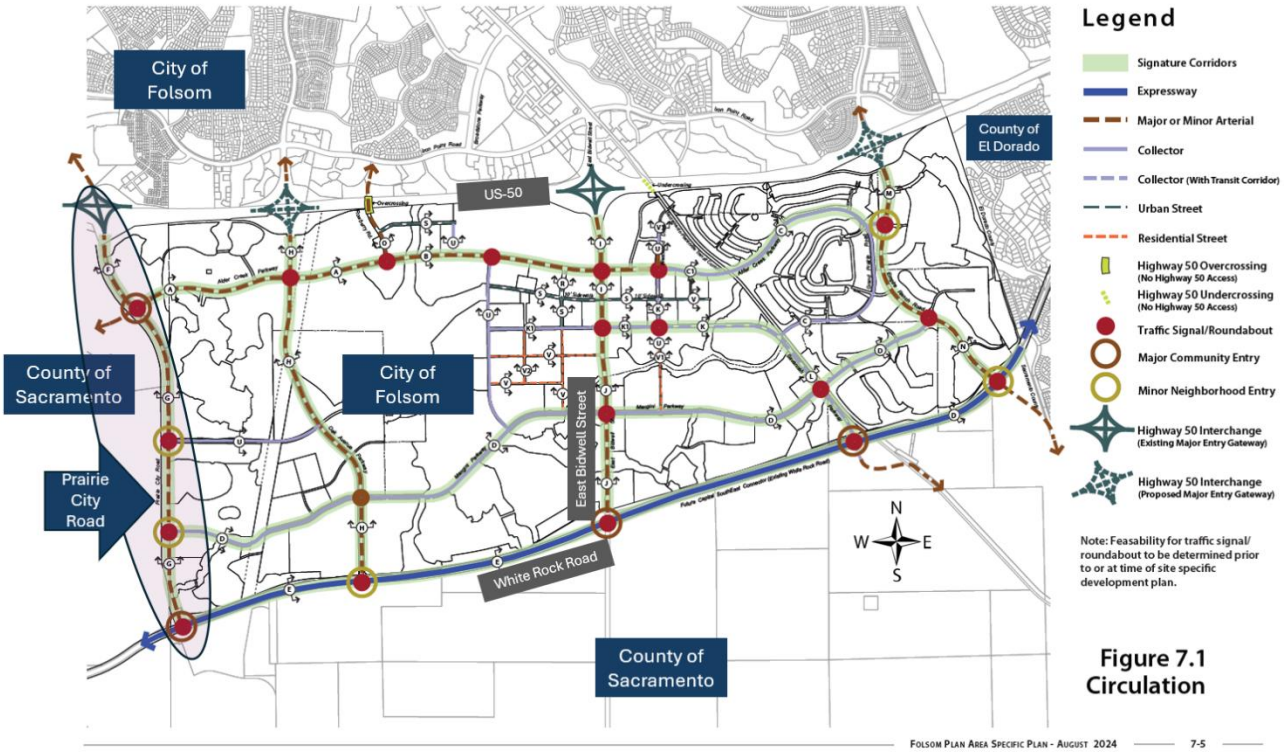


Figure 7.1 Circulation

In 2024, the City of Folsom was engaged by the local development community to explore near-term opportunities to continue development and construction west of East Bidwell Street, located in the remaining undeveloped portions of the Folsom Plan Area. This initiated discussions around circulation, congestion mitigation, and community facilities to support existing residents and planned growth in both jurisdictions. With approved master plans for both the Folsom Plan Area Specific Plan and the Glenborough at Easton Land Use Master Plan, a coordinated plan for Prairie City Road became a necessity.

Currently a two-lane facility, Prairie City Road is in need of realignment and construction of a larger facility to support the future circulation needs of planned growth. In the County's General Plan, Prairie City Road is identified as a six-lane arterial roadway from White Rock Road to the US-50 interchange. In the City's adopted Folsom Plan Area Specific Plan, Prairie City Road is identified as a four-lane facility from White Rock Road to the future extension of the Alder Creek Parkway/Easton Valley Parkway intersection (Section G), and a six-lane facility north of that same intersection to US-50 (Section F).

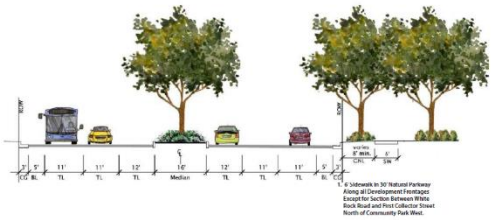


Figure 7.8 - Northern Section - Prairie City Road
(Section F - 6 Lane Major Arterial)

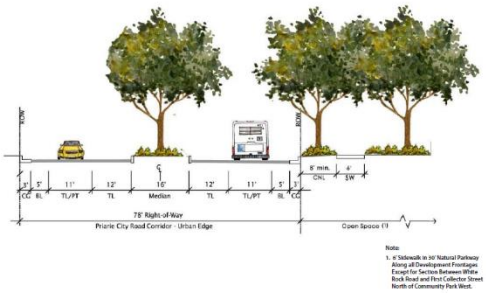
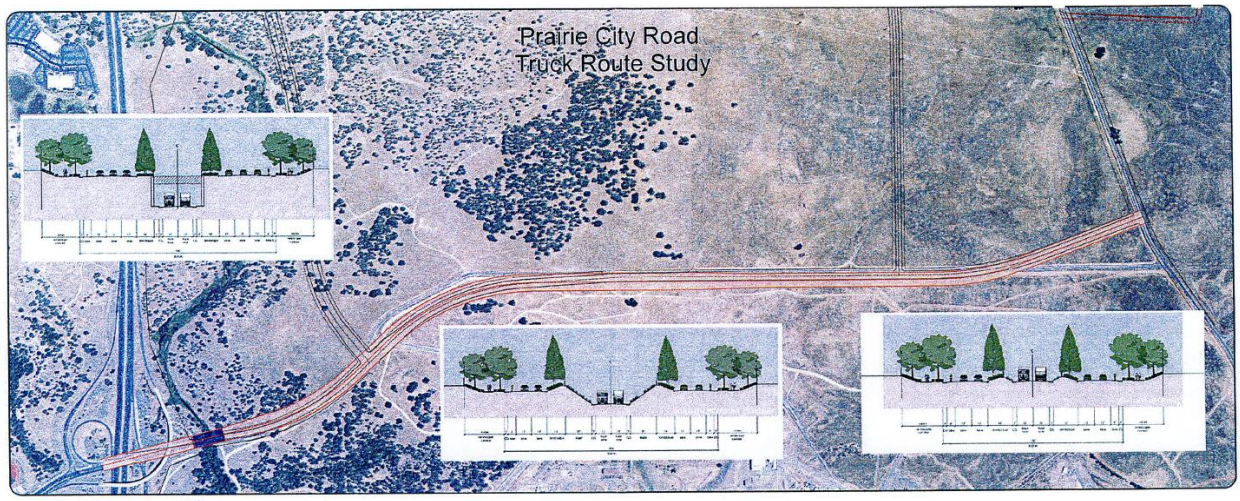


Figure 7.9 - Southern Section - Prairie City Road
(Section G - 4 Lane Minor Arterial)

Additionally, the County has approved several rock quarries in the unincorporated area south of White Rock Road, including a Quarry Truck Management Plan Operational Agreement adopted under Board

Resolution No. 2012-0045 (and approved by the Folsom City Council on December 6, 2011, under Resolution No. 8938). This allowed the City of Folsom to participate in the Truck Management Plan Program and receive funding collected by the County from participating quarries for quality-of-life improvements along designated truck routes, which includes Prairie City Road. As part of that operational plan, a six-lane facility was planned with dedicated, depressed lanes to serve as the primary quarry truck route.



In 2025, the City of Folsom received an application for the development of 1,424 residential lots and various community amenities, including private and public recreation spaces, parks, landscaping, open space, a future fire station, elementary school sites, and roadways. Given the existence of three different conceptual cross-sections and alignments across various planning documents for both the County and the City, staff reached out to the County in February 2025 to reopen discussions around the future of Prairie City Road to seek agreeable alternatives that meet the needs of all users and stakeholders. Following a year of coordination with County staff, rock quarries, development partners, and relevant stakeholders, City and County staff arrived at a mutual understanding and acceptable options for future cross-sections and alignment that protect and serve the needs of the community.

POLICY / RULE

Execution of a Memorandum of Understanding Agreement between Agencies requires City Council approval.

ANALYSIS

The proposed Memorandum of Understanding (MOU) addresses critical long-range traffic and transportation needs for Prairie City Road between White Rock Road and US-50, benefiting both the City of Folsom and Sacramento County. It creates a joint framework for the planning, design, funding, construction, and ongoing maintenance of the future Prairie City Road project.

Purpose and Council Action

On September 22, 2026, the County Board of Supervisors will consider approving the MOU, and City staff will provide an update to the City Council during its regular meeting.

Approval allows the City and County to require developers and new quarry operators to pay for traffic mitigations and road improvements needed to offset their impact on Prairie City Road and nearby utilities, such as SMUD's overhead power lines. It also reserves the right for both jurisdictions to initiate road reconstruction as funding becomes available. Once complete, the upgraded road will support planned housing, commercial growth, walking and biking routes, and quarry truck traffic.

Key Roadway Design Features

Exhibits D, E, and F of the MOU (provided on the following page) illustrate conceptual designs consistent with the goals and objectives City and County planning documents, including the Quarry Truck Management Plan and recently approved entitlements, including the Toll Brothers at Alder Creek approved by Council on June 23, 2026. Key features include:

- **Right-of-Way:** A reserved 90-foot-wide corridor from White Rock Road to US-50.
- **Traffic Control:** At the request of Sacramento County, signalized intersections with no roundabouts are recommended.
- **Travel Lanes:** Standard 12-foot-wide travel lanes (with 11-foot lanes adjacent to the landscaped median in the final design).
- **Bicycle and Pedestrian Paths**: A 12-foot paved, off-street multi-use path on both sides of the road. The west-side path will also serve as a maintenance access road for SMUD's power lines.
- **North Segment (Alder Creek Parkway to US-50):** Expanded to a six-lane arterial road (Exhibit D), consistent with the Folsom Plan Area Specific Plan.
- **South Segment (White Rock Rod to Alder Creek Parkway):** Initially built as a four-lane road (Exhibit E), with long-term plans to expand to six lanes to align with the County's General Plan (Exhibit F).
- **Future Connections:** The Prairie City Road and Alder Creek Parkway intersection will be built 98 feet wide with utility connections ready for the future Easton Valley Parkway extension to the west.

Once fully designed, the project will accommodate all planned residential, commercial, and multimodal traffic, including dedicated capacity for quarry haul trucks. Additional details on shared maintenance, ownership, and administrative duties are included in the attached MOU.

EXHIBIT D

PRAIRIE CITY ROAD MODIFIED FPASP CROSS-SECTION
ULTIMATE 6-LANE CONFIGURATION (CITY/COUNTY)
ALDER CREEK PARKWAY/EASTON VALLEY PARKWAY TO US-50
(LOOKING NORTH)
MAY 18, 2026

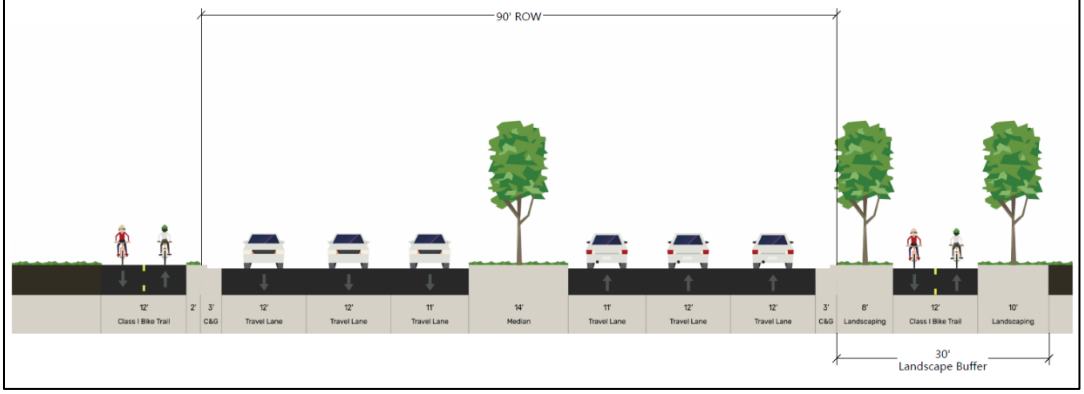


EXHIBIT E

PRAIRIE CITY ROAD MODIFIED FPASP CROSS-SECTION
CITY ULTIMATE/COUNTY INTERIM 4-LANE CONFIGURATION
WHITE ROCK ROAD TO ALDER CREEK PARKWAY/EASTON VALLEY PARKWAY
(LOOKING NORTH)
MAY 18, 2026

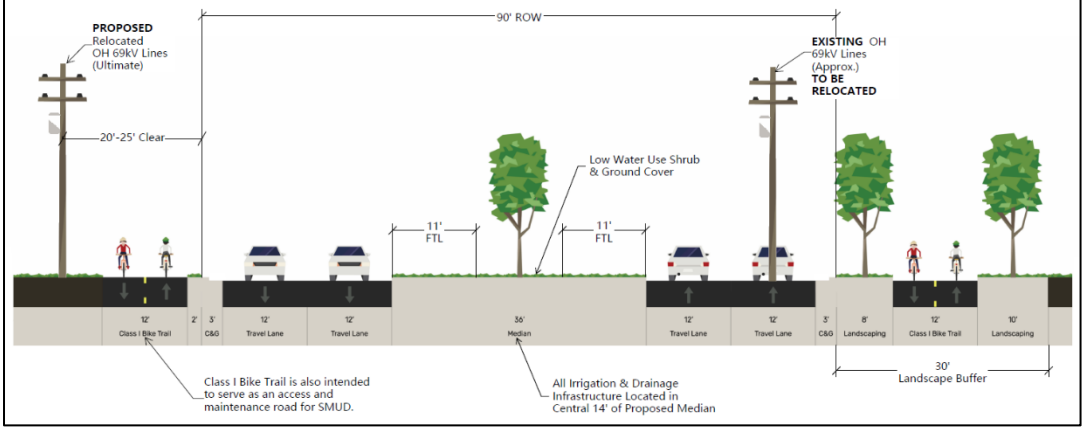
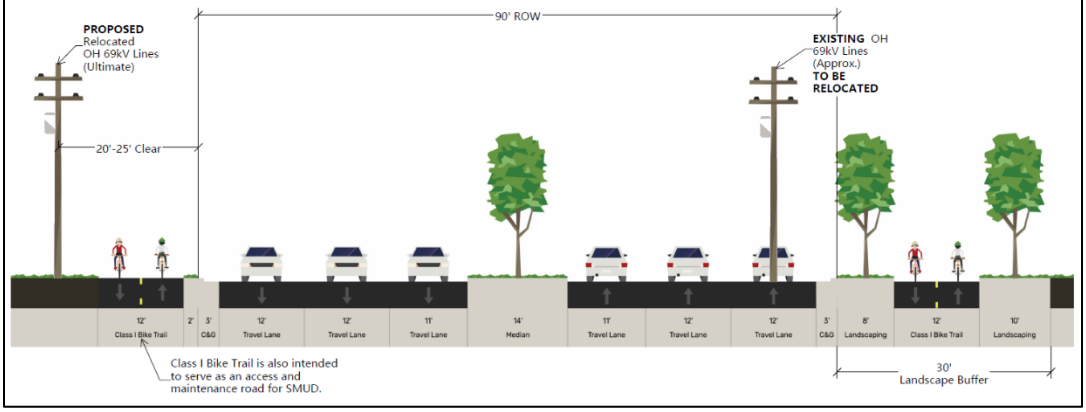


EXHIBIT F

PRAIRIE CITY ROAD MODIFIED FPASP CROSS-SECTION
COUNTY ULTIMATE 6-LANE CONFIGURATION
WHITE ROCK ROAD TO ALDER CREEK PARKWAY/EASTON VALLEY PARKWAY
(LOOKING NORTH)
MAY 18, 2026



Next Steps and Annexation

Realigning the road requires adjusting City and County boundaries at the centerline of the new road to serve as the official border. On September 22, 2026, City staff will present an item to the City Council seeking direction on the Prairie City Road Right-of-Way Annexation.

FINANCIAL IMPACT

Executing this Memorandum of Understanding (MOU) has no direct financial impact. Future Prairie City Road improvements will be presented to the City Council for consideration either as developer-funded conditions or as City- or County-led capital projects. Staff will return to Council for approval before any funds are encumbered.

ENVIRONMENTAL REVIEW

This Memorandum of Understanding (MOU) memorializes the agreement between the City and the County regarding the interim design, construction, and maintenance planning for Prairie City Road. It does not constitute a project under the California Environmental Quality Act (CEQA) and is exempt pursuant to CEQA Guidelines Section 15061(b)(3). Environmental review and clearance will be completed as part of a future, defined project.

ATTACHMENTS

1. Resolution No. 11723 – A Resolution Authorizing the City Manager to Execute a Memorandum of Understanding with Sacramento County Related to Interim Design, Construction, and Maintenance for Prairie City Road

2. Proposed Memorandum of Understanding between City of Folsom and Sacramento County

Respectfully Submitted,

Rebecca Neves, Public Works Director/City Engineer

Attachment 1

RESOLUTION NO. 11723

A RESOLUTION AUTHORIZING THE CITY MANAGER TO EXECUTE A MEMORANDUM OF UNDERSTANDING WITH SACRAMENTO COUNTY RELATED TO INTERIM DESIGN, CONSTRUCTION, AND MAINTENANCE FOR PRAIRIE CITY ROAD

WHEREAS, Prairie City Road serves as the jurisdictional boundary between the City of Folsom and County of Sacramento as identified in the City and County General Plans, the Folsom Plan Area Specific Plan, and the Quarry Truck Management Plan with various funding mechanisms and differing cross sections of four-lane and six-lane facilities; and

WHEREAS, adopted plans, approved projects, existing aggregate mining operations, and proposed development resulted in a need for coordinated transportation improvements along the Prairie City Road corridor between White Rock Road and US-50; and

WHEREAS, the City and County recognize that reconstruction of Prairie City Road is necessary to accommodate future residential, commercial, and quarry truck traffic while maintaining consistency with each agency's long-range transportation planning objectives; and

WHEREAS, the City and County have negotiated a Memorandum of Understanding (MOU) to establish a mutually agreeable cooperative framework for the planning, design, funding, construction, operation, and maintenance of Prairie City Road between White Rock Road and US-50; and

WHEREAS, the MOU establishes mutually agreed-upon roadway cross sections, identifies potential funding sources, provides procedures for coordinated project delivery and design review, and establishes administrative responsibilities for implementation of the agreement. The MOU is administrative in nature and does not approve any specific construction project or authorize physical changes to the existing environment, which is subject for review under future roadway improvement projects as appropriate; and

NOW, THEREFORE, BE IT RESOLVED that the City Council of the City of Folsom authorizes the the City Manager to Execute a Memorandum of Understanding with Sacramento County related to interim design, construction, and maintenance of Prairie City Road as administrative in nature, does not authorize any physical improvements, is in substantial form attached hereto, and does not require separate environmental review under the California Environmental Quality Act (CEQA).

BE IT FURTHER RESOLVED that the City Council of the City of Folsom authorizes and directs the Public Works Director, or his/her designee, on behalf of the City, to execute the Memorandum of Understanding; to make administrative amendments as necessary; to implement the purposes, mechanisms, and strategies contemplated by the Memorandum of Understanding; and to do and perform necessary actions to carry out the purpose and intent of this Resolution.

PASSED AND ADOPTED this 22nd day of September, 2026, by the following roll-call vote:

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

_____
Justin Raithel, MAYOR

ATTEST:

_____
Christa Freemantle, CITY CLERK

Attachment 2

MEMORANDUM OF UNDERSTANDING BETWEEN CITY OF FOLSOM AND SACRAMENTO COUNTY REGARDING AN INTERIM DESIGN, CONSTRUCTION AND MAINTENANCE FOR PRAIRIE CITY ROAD

This Memorandum of Understanding ("MOU") is made and entered into this _____day of _____, 2026, by and between the County of Sacramento, a political subdivision of the State of California ("COUNTY"), and the City of Folsom, a municipal corporation organized and existing under the laws of the State of California ("CITY").

BACKGROUND

A. Prairie City Road is identified in the COUNTY's General Plan as a six-lane arterial roadway in unincorporated COUNTY and the centerline of the roadway serves as the boundary between the unincorporated COUNTY and the CITY.

B. In January 2009, COUNTY approved the Glenborough at Easton Land Use Master Plan and certified an Environmental Impact Report ("EIR") for approximately 1,208 acres of development adjacent to and west of Prairie City Road, which will include up to 3,239 housing units.

C. Since 2010, the COUNTY approved several hard rock quarries in the unincorporated area of COUNTY south of White Rock Road including but not limited to the Teichert ("Teichert"), and Stoneridge Quarry, LLC ("Stoneridge") quarries.

D. The COUNTY certified EIRs for those quarries requiring that the owners of the quarries contribute their fair share as mitigation toward improvements to the roadways impacted by quarry truck operations including but not limited to Prairie City Road.

E. In June 2011, CITY adopted the Folsom Plan Area Specific Plan ("FPASP") for the development of approximately 3,500 acres south of Highway 50 and bounded by El Dorado County in the east and Prairie City Road, and COUNTY to the west and south below White Rock Road.

F. The FPASP included a new four-lane cross section and design for Prairie City Road from White Rock Road to the future intersection of Alder Creek Parkway and Easton Valley Parkway, and a six-lane arterial roadway from said intersection to US Highway 50 in the north in order to handle traffic from development as shown in Exhibit A.

G. In addition to adoption of the FPASP, the CITY Council also certified in June 2011 an Environmental Impact Report and Environmental Impact Statement ("EIR/EIS") as well as a Mitigation Monitoring and Reporting Program ("MMRP") for the area as required under the California Environmental Quality Act ("CEQA") and National Environmental Policy Act.

H. In December of 2011, COUNTY, CITY, and Sacramento County Water Agency entered into an agreement relating to transportation and water supply issues involving the south of Highway 50 Folsom Plan Area Annexation ("SOI Agreement"), which included required improvements as part of the special road design along Prairie City Road from Highway 50 to White Rock Road. The required improvements are listed in Section 4 of the SOI Agreement, attached hereto as Exhibit B,

and include a depressed, two-lane roadway at the future intersection of Prairie City Road and Easton Valley Parkway.

I. On December 14, 2011, the COUNTY Board of Supervisors ("Board") approved Resolution No. 2011-0938 establishing a Quarry Truck Management Plan ("QTMP") funding program for quality-of-life improvements for the multiple mining interests for southeastern Sacramento County.

J. On January 24, 2012, the COUNTY Board approved the QTMP Operational Agreement with the City of Rancho Cordova, and delegated authority for the Director of the Department of Transportation to approve and execute a QTMP Operational Agreement with the City of Folsom in substantially the same form, subject to the approval of the agreement by COUNTY Counsel.

K. The QTMP among other things provides a funding mechanism for potential roadway improvement options along Prairie City Road that could facilitate construction of a dedicated quarry truck haul route, as identified in Figure V to Exhibit B of the QTMP Operational Agreement with CITY, attached hereto as Exhibit C.

L. In 2014 prior to the start of the construction of the backbone infrastructure for the FPASP, an Initial Study Mitigated Negative Declaration ("ISMND") was prepared and certified by the CITY Council. The ISMND evaluated the environmental effects of construction of the backbone infrastructure.

M. In January 2014, the CITY Council approved the Public Facilities Finance Plan ("PFFP") in Resolution No. 9298 to fund backbone infrastructure as well as other required facilities necessary for the development set forth in the FPASP.

N. As part of the PFFP for the FPASP, the CITY has been collecting and remitting Sacramento County Transportation Development Fees ("SCTDF") to the COUNTY as development occurs in the FPASP Area.

O. In addition, COUNTY collects SCTDF fees for development projects in the unincorporated area of COUNTY adjacent to and west of Prairie City Road. The CITY and COUNTY agree that the SCTDF fees collected are eligible to be used for the design and reconstruction of Prairie City Road in accordance with the adopted MOU under COUNTY Board Resolution 2015-0375.

P. On March 28, 2024, CITY Council approved the QTMP Operational Agreement with the COUNTY that identified certain roads in Folsom as acceptable routes for the quarry truck traffic including Prairie City Road. Said QTMP Operational Agreement is attached hereto as Exhibit C.

Q. Both CITY and COUNTY agree that Prairie City Road and its intersection with the future Easton Valley Parkway shall be designed with the intent to accommodate and facilitate the movement not only of vehicles but also of quarry haul trucks.

R. In 2025, the CITY received development applications for approximately 1,400 lots located near and adjacent to Prairie City Road. Furthermore, the Glenborough Development is expected to

develop in the unincorporated area of the COUNTY immediately west of Prairie City Road. The reconstruction of Prairie City Road will be necessary prior to completion of any of those projects.

S. Both the CITY and COUNTY have interests in re-aligning and reconstructing Prairie City Road using a mutually agreeable cross sections to serve not only residential and commercial traffic but also to provide a reasonable and continuously direct route for quarry trucks to access US Highway 50 through the use of an interim cross section that does not preclude the COUNTY from widening Prairie City Road to the planned six-lane arterial per the COUNTY's General Plan in anticipation for future development, operation of the quarries, and development of other unincorporated areas.

T. CITY and COUNTY wish to enter into this MOU to document the coordination efforts associated with the design, construction, and operation of the realignment and reconstruction of Prairie City Road and the intersections located between White Rock Road and US Highway 50.

AGREEMENT

With these Background facts in mind, the CITY and COUNTY agree as follows:

1. DEVELOPERS TO CONSTRUCT

To the extent permissible by law, CITY and COUNTY shall impose conditions and require fulfillment of mitigation measures on land developers and any new quarries not previously approved by COUNTY that cause a significant impact under the California Environmental Quality Act ("CEQA") and benefit from the use of Prairie City Road to facilitate the reconstruction or payment for reconstruction of applicable segments of Prairie City Road, including associated wet and dry utility infrastructure as well as the relocation of the SMUD 69 kV line. Notwithstanding this provision, both CITY and COUNTY each reserve the right to initiate or complete all or any portions of the reconstruction of Prairie City Road subject to the availability of and access to funding.

2. PRAIRIE CITY ROAD DESIGN

As shown in Exhibits D, E, and F, attached here to, Prairie City Road shall be designed consistent with the FPASP with the following modifications:

a. 90-foot Right of Way is reserved for Prairie City Road from White Rock Road to US Highway 50;

b. Signalized intersections and no roundabouts;

c. 12-foot-wide travel lanes for each of the two travel lanes; except for the lanes adjacent to the median which shall be 11-foot lanes in the ultimate configuration;

d. 12-foot, Class I separated pedestrian and bike path on the east side;

e. 12-foot, Class I separated pedestrian and bike path on the west side, which shall also serve as a maintenance road for SMUD to access the 69 kV power lines;

f. Six-lane arterial north of Alder Creek Parkway/Easton Valley Parkway to US Highway 50 as shown in Exhibit D, shown as the CITY and COUNTY ultimate cross section for this northernmost segment of Prairie City Road;

g. The western intersection of Prairie City Road and Alder Creek Parkway shall be stubbed out for future utilities and built to a width of 98 feet to accommodate the future Easton Valley Parkway to the west;

h. Four-lane arterial south of Alder Creek Parkway/Easton Valley Parkway to White Rock Road as shown in Exhibit E representing the CITY's ultimate cross section and the COUNTY's interim cross section; and

i. Future six-lane arterial south of Alder Creek Parkway/Easton Valley Parkway to White Rock Road as shown in Exhibit F, representing the COUNTY's ultimate cross section for this segment consistent with the COUNTY's General Plan.

3. DESIGN AS INTERIM CONDITION

The redesign and reconstruction of the roadway as described in Section 2 shall be an interim condition until such time that the traffic volume warrants and the COUNTY has the necessary funding to construct the road consistent with what is shown in the COUNTY General Plan as illustrated in Exhibit F, subject to COUNTY and CITY approval. CITY and COUNTY agree that the redesign of the roadway described in Section 2 and shown in Exhibits D and E shall replace the conceptual roadway design presented in the QTMP and will preclude any future construction of the roadway improvements options for a dedicated depressed grade quarry truck haul route, which is identified in Figure V of Exhibit B of the QTMP. Furthermore, this redesign and reconstruction replaces the required designs shown in Figures 7.8 and 7.9 of the FPASP (Exhibit A) and also removes the requirement for a depressed, two-lane roadway at the future intersection of Prairie City Road and Easton Valley Parkway as stated in the first bullet point in Section 4 of the SOI Agreement (Exhibit B). CITY and COUNTY further agree that the design shall incorporate appropriate quality of life roadway improvements identified in Section 3.3 of the QTMP including, but not limited to the use of rubberized asphalt for travel, sound walls and soundwall extensions, and landscaping.

4. RELOCATION OF 69kV POWERLINES

In order to construct the new design for Prairie City Road, the 69 kV poles and power lines, which are owned and operated by the Sacramento Municipal Utility District ("SMUD") shall be relocated with SMUD's authorization to a final approved location acceptable to SMUD, the COUNTY, and the CITY.

5. AVAILABILITY OF FUNDING AND PROJECT DELIVERY

I. The CITY and COUNTY agree that the following funding sources may be used in a manner consistent with funding requirements for the design and construction of Prairie City Road including relocation of the 69 kV power lines:

a. Folsom Plan Area Specific Plan – Stand-Alone Component entitled "SCTDF Fees"
b. Folsom Plan Area Specific Plan Infrastructure Fees ("SPIF");
c. Quarry Truck Management Plan Funds;
d. Folsom Plan Area Community Facilities District No. 18;
e. Sacramento County Transportation Development Fees;
f. Other such eligible funds as agreed to by the CITY and COUNTY; and
g. Funding from the Sacramento Municipal Utility District (SMUD).

Any and all work contemplated under this MOU shall be subject to availability of funds and compliance with applicable public procurement requirements. The funds listed above are not in priority order and shall be used consistent with the requirements of each fund.

II. Notwithstanding the language in this section, CITY or COUNTY and/or a developer may use a credit and reimbursement agreement or a similar instrument to allow for the reconstruction of the roadway in advance of the availability of all funds necessary to complete the project given that funds may be collected over time from subsequent development in the area served by the roadway.

III. The selection of the design professional who will prepare the Prairie City Road bid documents shall be conducted via a competitive Qualification Based Selection (QBS) process. The CITY and COUNTY reserve the right to establish minimum qualification criteria, participate in the evaluation committee, and provide final concurrence on the selected firm to ensure technical competency and adherence to regional standards. To ensure the highest quality of project delivery, the CITY and COUNTY shall be voting members of the selection committee responsible for evaluating proposals for the Prairie City Road design contract. The CITY and COUNTY agree that the appointment of the design consultant is contingent upon a consensus regarding the firm's qualifications and past performance on similar public works projects.

IV. If a developer is conditioned to build all or a portion of Prairie City Road then the selection of the design professional and the competitive bid process shall be the responsibility of the developer. The developer shall be responsible for the design and construction of Prairie City Road consistent with Exhibits D, E and F unless that responsibility is otherwise delegated back to the CITY and/or the COUNTY through a development agreement. The CITY and COUNTY shall each review and sign the plans with CITY as the final approving party.

6. ANNEXATION TO ROADWAY CENTERLINE

CITY agrees to work with COUNTY to annex to the CITY the land to the center line of the new Prairie City Road alignment consistent with the requirements of the COUNTY Local Agency Formation Commission ("LAFCO"), subject to the approvals of the Folsom City Council and the COUNTY Board of Supervisors. The CITY and COUNTY further agree to extend the existing tax sharing provisions related to the land subject to adjustment and realignment of Prairie City Road when annexation occurs.

7. SHARED MAINTENANCE RESPONSIBILITIES

CITY and COUNTY agree to share maintenance responsibility of Prairie City Road in a fair and equitable manner and in accordance with the Parties' agreement for maintenance of shared transportation facilities, as the agreement may be amended from time to time (City of Folsom Contract No. 174-21 26-014/ Sacramento County Contract No. 81570).

8. OWNERSHIP, CONTROL AND SUPERVISION

Notwithstanding the work performed by third parties, the CITY or the COUNTY or that of either agency in the jurisdiction of the other, each agency retains full ownership, control and supervision of the roadways and facilities within its jurisdiction. This MOU does not transfer roadways or roadway facility ownership, control or supervision from one agency to the other.

9. DISPUTES

In the event of any dispute arising out of or relating to this MOU, the agencies will attempt, in good faith, to promptly resolve the dispute mutually between themselves. If the dispute cannot be resolved by mutual agreement, nothing herein will preclude either agency's right to pursue its available legal and equitable remedies, pursuant to the laws of the State of California.

10. TERM

This MOU will be effective on the date the MOU is fully executed set out on the signature page below and will terminate upon completion of Prairie City Road or December 31, 2035 whichever is later, unless extended, modified or terminated by mutual agreement of the parties.

11. TERMINATION

Either agency may terminate this MOU for any reason and without cause during the term thereof by providing 180-days prior written notice of such termination to the other agency.

12. ADMINISTRATION

The CITY's Public Works Director (CITY's Director) shall administer this MOU on behalf of the CITY and the COUNTY's Director of the Department of Transportation (COUNTY's Director) shall administer the MOU on behalf of COUNTY. Said administration shall include the authority to make administrative amendments to this MOU on behalf of their respective agency. Administrative amendments may include, but are not limited to, updating party contact information, correcting typographical errors, and minor adjustments to the Prairie City Road Design. Administrative amendments do not include changes to any section in this MOU which materially affect the rights, obligations, scope, or financial terms of this MOU, extensions of the term of this MOU, or changes to the responsibilities of any Party. Unless otherwise provided herein or required by applicable law, CITY's Director and COUNTY's Director shall be vested with all the rights, powers and duties of their respective agencies herein. With respect to matters subject to the approval, satisfaction, or discretion of CITY, CITY's Director's decision in such matters shall be final. With respect to matters subject to the approval, satisfaction, or discretion of COUNTY, COUNTY's Director's decision in such matters shall be final. Any matter that is not an administrative amendment shall include consultation with other affected parties including landowners to Prairie City Road and the quarry owners/operators prior to action by the CITY Council and/or COUNTY Board.

13. RECORDS

During the term of this MOU and for at least five (5) years after the work performed under the MOU is complete, both parties shall keep appropriate books, records, and accounts in connection with the activities performed under this MOU except that records pertaining to any audit then in progress, or any claims or litigation, will be retained beyond such five (5) year period until final

resolution of such audit, claim or litigation. These records shall be available to any federal or state auditor, as required under any subsequent agreement.

14. INDEMNIFICATION

CITY shall defend, indemnify and hold harmless COUNTY, its Board of Supervisors, officers, directors, agents, employees, contractors, subcontractors and volunteers from and against all demands, claims, actions, liabilities, losses, damages, and costs, including payments of reasonable attorneys' fees, arising out of or resulting from the performance of the MOU, caused in whole or in part by the negligent or intentional acts or omissions of CITY's City Council, officers, directors, agents, employees, contractors, subcontractors, or volunteers.

COUNTY shall defend, indemnify, and hold harmless CITY, its CITY Council, officers, directors, agents, employees, contractors, subcontractors and volunteers from and against all demands, claims, actions, liabilities, losses, damages and costs, including payments of reasonable attorneys' fees, arising out of or resulting from the performance of the MOU, caused in whole or in part by the negligent or intentional acts or omissions of the COUNTY's Board of Supervisors, officers, directors, agents, employees, contractors, subcontractors, or volunteers.

It is the intention of COUNTY and CITY that the provisions of this paragraph be interpreted to impose on each party responsibility to the other for the acts and omissions of their respective officers, directors, agents, employees, volunteers, COUNTY's Board of Supervisors, CITY's City Council and CITY's and COUNTY's subcontractors. It is also the intention of the COUNTY and CITY that, where comparative fault is determined to have been contributory, principles of comparative fault will be followed and each party shall bear the proportionate cost of any damage attributable to the fault of that party, its officers, directors, agents, employees, volunteers, COUNTY's Board of Supervisors, CITY's City Council and their subcontractors.

15. INSURANCE

Each agency, at its sole cost and expense, shall carry insurance – or self-insure – its activities in connection with this MOU, and obtain, keep in force and maintain, insurance or equivalent programs of self-insurance to cover its potential liabilities hereunder. Each agency agrees to provide the other thirty (30) days' advance written notice of any cancellation, termination or lapse of any of the insurance or self-insurance coverages.

16. GOVERNING LAWS AND JURISDICTION

This MOU shall be deemed to have been executed and to be performed within the State of California and shall be construed and governed by the internal laws of the State of California. Any legal proceedings arising out of or relating to this MOU shall be brought in Sacramento County, California.

17. ASSIGNMENT

Neither party hereto shall assign, or transfer any interest in this MOU hereunder, without the prior written consent of the other party, and no assignment shall be of any force or effect whatsoever unless and until the other party furnishes such consent in writing, signed by both parties to this MOU.

18. AMENDMENTS

This MOU may be modified or amended, or any of its provisions waived, only by a subsequent written amendment executed by each of the parties hereto.

19. CONSTRUCTION AND INTERPRETATION

It is agreed and acknowledged by the parties hereto that the provisions of this MOU have been arrived at through negotiation, and that each of the parties has had a full and fair opportunity to revise the provisions of this MOU and to have such provisions reviewed by legal counsel. Therefore, the normal rule of construction that any ambiguities are to be resolved against the drafting party shall not apply in construing or interpreting this MOU.

20. WAIVER

A party's failure to insist on strict performance of this MOU or to exercise any right or remedy upon the other party's breach of this MOU will not constitute a waiver of the performance, right, or remedy. A party's waiver of the other party's breach of any term or provision in this MOU is not a continuing waiver or a waiver of any subsequent breach of the same or any other term or provision. A waiver is binding only if set forth in writing and signed by the waiving party.

21. SEVERABILITY

The invalidity, illegality or unenforceability of any provision of this MOU shall not render the other provisions unenforceable, invalid or illegal, provided that such invalidity does not materially affect the respective rights and obligations of the parties.

22. NOTICES

All notices and other communications under this MOU must be in writing and are deemed to have been duly given (i) on the date of delivery, if delivered personally to the party to whom notice is given, or if made by email directed to the party to whom notice is to be given at the email address listed below, or (ii) at the earlier date of actual receipt or the second business day following deposit in the United States mail, postage prepaid. Notices and other communications must be directed to the parties at the addresses shown below. A party may change its person designated to receive notice, or its address from time to time by giving notice to the other party in accordance with the procedures set forth in this Article.

CITY: City of Folsom
Attention: Rebecca Neves, Director
Public Works Department
50 Natoma Street
Folsom, California 95630
Email: rebeccaneves@folsom.ca.us

COUNTY: Sacramento County
Attention: Ron Vicari, Director
Department of Transportation
4111 Branch Center Road
Sacramento, California 95827
Email: vicarir@saccounty.gov

23. AUTHORITY TO EXECUTE

Each person executing this MOU represents and warrants that he or she is duly authorized and has legal authority to execute and deliver this MOU for or on behalf of the parties to this MOU. Each agency represents and warrants to the other that the execution and delivery of the MOU and the performance of such party's obligations hereunder have been duly authorized.

24. COUNTERPARTS

This MOU may be executed in counterparts. The MOU shall be deemed executed when it has been signed by both parties.

25. THIRD PARTY BENEFICIARIES.

This MOU is made and entered into for the sole protection and benefit of the CITY and COUNTY and their successors and assigns. No other person shall have any right of action based upon any provision in this MOU.

("Signature page to follow")

IN WITNESS WHEREOF, the CITY and COUNTY have entered into this MOU on the day and year set out in the last date set out below.

CITY OF FOLSOM, a Municipal Corporation

_____
Name: Bryan Whitemyer
Title: City Manager

Dated: _____

ATTEST:

_____
Christa Freemantle
City Clerk

APPROVED AS TO FORM:

_____
Sari Myers Dierking
City Attorney

COUNTY OF SACRAMENTO, a political subdivision of the State of California

_____
Name: David Villanueva
Title: County Executive

Dated: _____

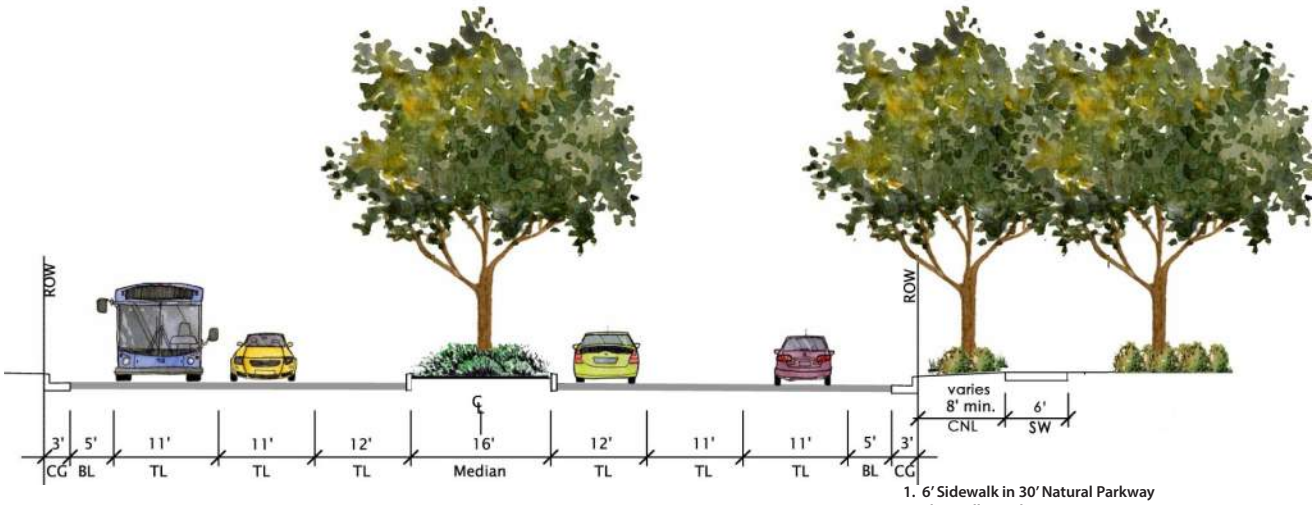
ATTEST:

_____
Todd Stermer
Board Clerk

APPROVED AS TO FORM:

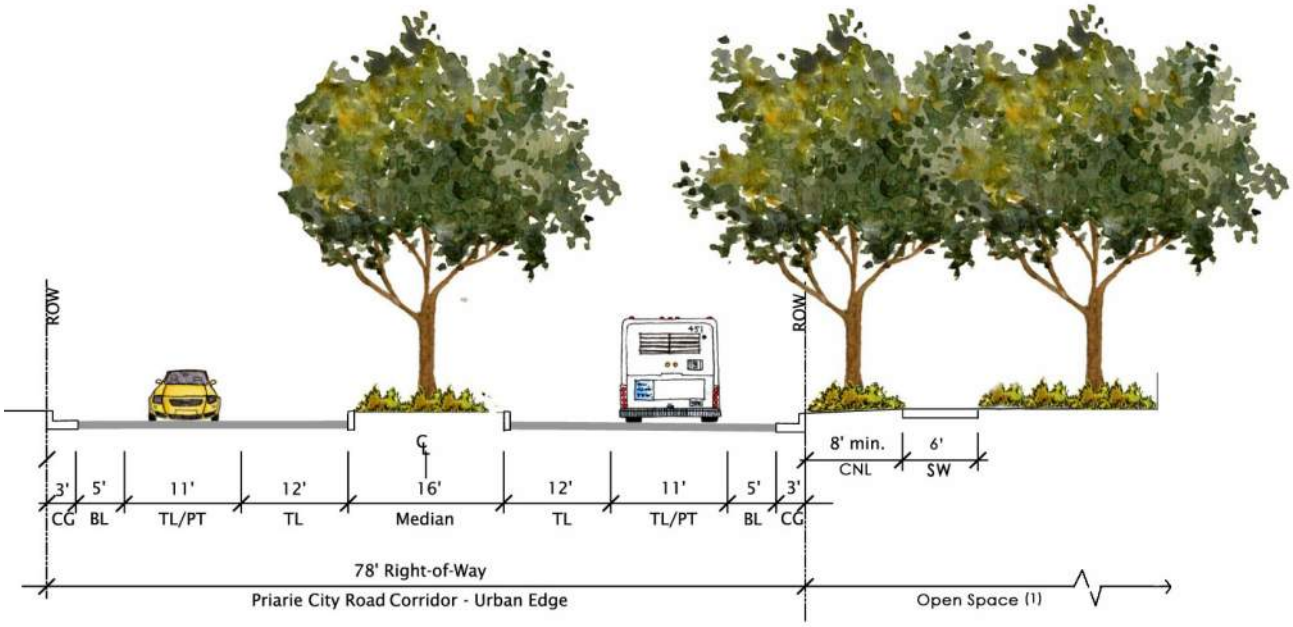
_____
Amanda L. McDermott
Deputy County Counsel

Exhibit A
Folsom Plan Area Specific Plan
Figures 7.8 and 7.9 for Prairie City Road



1. 6' Sidewalk in 30' Natural Parkway Along all Development Frontages Except for Section Between White Rock Road and First Collector Street North of Community Park West.

Figure 7.8 - Northern Section - Prairie City Road
(Section F - 6 Lane Major Arterial)



Note:

1. 6' Sidewalk in 30' Natural Parkway Along all Development Frontages Except for Section Between White Rock Road and First Collector Street North of Community Park West.

Figure 7.9 - Southern Section - Prairie City Road
(Section G - 4 Lane Minor Arterial)

Exhibit B
Section 4 of the SOI Agreement Showing
A Depressed, Two-lane roadway at the future intersection of Prairie City Road and Easton Valley Parkway

ORIGINAL
Official Document
Folsom City Clerk's Department

09/22/2026 Item No.11.

RECEIVED
JAN 2012
SACRAMENTO LOCAL AGENCY FORMATION COMMISSION

AGREEMENT BETWEEN THE COUNTY OF SACRAMENTO, THE SACRAMENTO COUNTY WATER AGENCY AND THE CITY OF FOLSOM, RELATING TO TRANSPORTATION AND WATER SUPPLY ISSUES INVOLVING THE SOUTH OF HIGHWAY 50 FOLSOM PLAN AREA ANNEXATION

This AGREEMENT ("Agreement") is made and executed in duplicate this 21st day of December, 2011 by and between the COUNTY OF SACRAMENTO, a political subdivision of the State of California (hereinafter referred to as "COUNTY"), the SACRAMENTO COUNTY WATER AGENCY, a special district operating under the authority of and pursuant to the provisions of the Sacramento County Water Agency Act (California Water Code – Appendix, Chapter 66, commencing at Section 66-1 et seq.) ("WATER AGENCY"), and the CITY OF FOLSOM, a charter city ("CITY").

RECITALS

A. CITY has filed an application with the Sacramento Local Agency Formation Commission ("LAFCO"), entitled "City of Folsom Annexation – Annexation of the Sphere of Influence (LAFC-07-09)," ("Annexation") requesting its approval of the annexation of approximately 3600 acres of real property to CITY, consisting generally of the area within the CITY's South of Highway 50 sphere of influence ("the Annexation Area").

B. CITY and COUNTY have entered into a Property Tax Exchange Agreement as required by California Revenue and Taxation Code Section 99 to provide for a fair and equitable sharing of property tax revenue collected with the Annexation Area.

C. The Annexation also raises concerns on the part of the COUNTY with respect to issues involving transportation and water supply.

D. In order to encourage and sustain economic viability for both CITY and COUNTY, the parties agree that commercial truck traffic is a necessary and desirable means by which to convey goods to, from and across the Annexation Area.

E. CITY and COUNTY further agree it is reasonable and appropriate to provide for and maintain direct access for commercial truck traffic through the Annexation Area to and from both eastbound and westbound U.S. Highway 50 ("Highway 50").

F. Under the facilitation of COUNTY, the CITY, the City of Rancho Cordova, Stoneridge, Teichert and other private and public entities have been working to develop an East Sacramento Regional Aggregate Mining Truck Management Plan (TMP) in order to address quarry truck traffic in the eastern area of Sacramento County, and quality of life impacts to the CITY and other public entities as a result of such quarry truck traffic.

G. It is anticipated that an adopted TMP will result in a beginning amount of twelve (12) cents per ton contribution paid by participating quarry operators to the COUNTY and to help fund the construction of a special road design on Prairie City Road

Folsom File No. 174-21 11-076
Res 8933 12/06/2011
31144

and other quality of life improvements and to guarantee access to U.S. Highway 50 as described herein.

H. Section 2.4.5.A. of the Teichert Quarry Development Agreement dated November 30, 2010, requires Teichert to participate in the TMP process, and upon approval by COUNTY of a TMP, to contribute its fair share towards funding a TMP implementation program, and to comply with any truck routing redistribution measures contained within any TMP implementation program.

I. Section 2.4.4. of the draft Stoneridge Quarry Development Agreement, currently scheduled to be considered for approval by the BOARD in December of 2011, would require Stoneridge to participate in the TMP process, and upon approval by COUNTY of a TMP, to contribute its fair share towards funding a TMP implementation program, and to comply with any truck routing redistribution measures contained within any TMP implementation program.

J. Prairie City Road and White Rock Road are currently COUNTY Roadways, existing solely within the COUNTY and are maintained solely by the COUNTY.

K. Upon annexation of the Folsom Sphere of Influence area to CITY, portions of Prairie City Road and White Rock Road will be within the CITY's boundaries and portions will be within the unincorporated area of the COUNTY thereby giving rise to shared responsibility between the COUNTY and the CITY for improvement, operation, and maintenance of such roadways.

L. CITY and the WATER AGENCY previously entered into a Memorandum of Understanding ("MOU"), a copy of which is attached hereto as Attachment E, with respect to potential negotiations for CITY's purchase of capacity in the Freeport Regional Water Project ("FRWP") to enable it to deliver surface water to the Annexation Area.

M. CITY and WATER AGENCY desire to reiterate that the MOU will serve as the basis for any negotiations between the CITY and the WATER AGENCY with respect to CITY's use of capacity in the FRWP.

N. CITY and WATER AGENCY further desire to clarify the basis on which negotiations may take place in the future with respect to CITY's use of capacity in the FRWP.

O. In consideration of CITY's covenants under this Agreement, COUNTY and WATER AGENCY agree not to oppose the Annexation before the Sacramento Local Agency Formation Commission.

CITY, COUNTY and WATER AGENCY hereby agree as follows:

Section 1. Recitals. The foregoing recitals are true and correct and part of this Agreement.

Section 2. Management of Access Through Annexation Area.

Upon annexation, the CITY shall be responsible for establishing, and then managing the appropriate routes for commercial truck access through the Annexation Area to Highway 50 which may be modified by the CITY over time.

CITY is however, obligated to provide 24-hour per day, 7 days per week direct, continuous and reasonable access for commercial trucks that have agreed to pay a baseline cents per ton contribution of $0.12 as provided in an approved TMP.

Said direct, continuous and reasonable access shall be accommodated on one or more of the following roadways:

- Scott Road (east) between White Rock Road and U.S. Highway 50
- Future Oak Avenue between White Rock Road and U.S. Highway 50
- Prairie City Road between White Rock Road and U.S. Highway 50

Section 3. Collaboration and Agreement on Prairie City Road.

CITY and COUNTY shall collaborate and mutually agree on the design, financing and construction schedule of a future special road design for Prairie City Road between White Rock Road and Highway 50.

Said agreement shall occur prior to quarry generated truck traffic exceeding **700** loaded truck trips per day on existing Prairie City Road.

Said agreement shall require the approval of both the Folsom City Council and the Sacramento County Board of Supervisors.

Section 4. Prairie City Road Special Design. Unless otherwise mutually agreed to by CITY and COUNTY, the special road design along Prairie City Road from U.S. Highway 50 to White Rock Road shall include, but not be limited to, the following improvements:

- A depressed, two-lane roadway for the use of commercial trucking along with a grade separation structure at the future intersection of Prairie City Road and Easton Valley Parkway as generally depicted in Exhibit 1, including any associated landscaping or sound walls necessary to meet CITY's quality of life objectives.
- Improvements to the Prairie City Road and the U.S. Highway 50 interchange as determined by or negotiated with Caltrans.
- Improvements to the Prairie City Road and White Rock Road intersection as determined by CITY and COUNTY in consultation with the Sacramento Southeast Connector Joint Powers Authority.

Improvements to Prairie City Road may be constructed in phases, depending on quarry production levels, associated truck volumes, and development patterns in the Annexation Area and the Easton Place/Glenborough development area.

Section 5. Funding Assurances. COUNTY and CITY acknowledge that implementation of the Prairie City Road special design as described in Section 4 of this Agreement is contingent upon both COUNTY adopting the contemplated TMP funding mechanism program and CITY adopting appropriate funding mechanisms. COUNTY anticipates adopting a TMP funding mechanism program of sufficient magnitude to partially fund the total cost of implementing the Prairie City Road special design. CITY anticipates adopting a funding mechanism through the entitlement process of the Annexation Area and/or other funding mechanism of sufficient magnitude to partially fund the total cost of implementing the Prairie City Road special design. If COUNTY does not adopt the contemplated TMP funding mechanism program, then COUNTY agrees that the components of the described Prairie City Road special design will require modification to reflect the lower amount of funding. If CITY does not identify the above funding mechanism(s), then CITY agrees to not direct or concentrate a significant portion of commercial truck access onto Prairie City Road.

Section 6. Reciprocal Funding Agreement. CITY and COUNTY shall negotiate in good-faith with respect to the development and implementation of a reciprocal funding agreement related to cross jurisdictional roadway impacts. Such agreement shall include COUNTY facilities that will receive a fair share contribution from development within the Annexation Area equivalent to what such development would have paid in COUNTY Transportation Development Fee Program fees if the Annexation Area had remained in the unincorporated area of COUNTY. Likewise, the agreement would address a contribution from COUNTY projects towards facilities within the Annexation Area. Such agreement shall exclude any quality of life related improvements in either CITY or COUNTY.

Section 7. Mitigation of Roadway Impacts to County Roadways. Prior to CITY's discretionary approval of any land uses within the Annexation Area, CITY shall analyze, as part of its environmental document prepared pursuant to the requirements of the California Environmental Quality Act ("CEQA"), any CEQA-level impacts to the COUNTY's roadways. This analysis shall include appropriate mitigation measures, the phasing of any COUNTY roadway improvements identified as a mitigation measure, and appropriate mechanisms in CITY's infrastructure financing plans to ensure that funding will be made available to timely construct any COUNTY roadway improvements identified as mitigation measures. The CITY hereby agrees that its discretionary approval of any land uses within the Annexation Area shall include an enforceable condition requiring the developer to mitigate their fair share of any significant impacts on COUNTY roadway facilities identified in the relevant CEQA document approved by CITY. CITY further agrees that it shall not make a finding that any such impact is significant and unavoidable based solely on the fact that the impact is on a roadway outside the CITY's jurisdictional boundaries.

Section 8. MOU. CITY and WATER AGENCY acknowledge and affirm each of the following with respect to the MOU:

(a) The MOU remains in full force and effect as of the date of this Agreement.
(b) There have been no agreements between CITY and WATER AGENCY to revise or otherwise vary the provisions of the MOU.
(c) Except as specifically provided for in Section 8 hereof, this Agreement does not serve to revise or otherwise vary the provisions of the MOU.

Section 9. Cost of Purchasing FRWP Capacity.

(a) CITY has in the past used a figure of $70 million as a placeholder to estimate the costs that it will incur to purchase capacity in the FRWP from the WATER AGENCY to enable it to deliver surface water to the Annexation Area. This $70 million dollar figure is also within the range of the rough estimate of approximately $40 to $80 million that was included in the staff report submitted to the WATER AGENCY Board of Directors in connection with its consideration of the MOU. The parties hereto acknowledge and agree that neither the $70 million figure nor the $40-80 million range of costs should be used as a target figure, a minimum starting point, or otherwise be used to represent the actual cost for CITY's purchase of FRWA capacity should CITY and WATER AGENCY seek to negotiate and then finalize an agreement for the purchase of such capacity.
(b) CITY acknowledges and agrees that the detailed actual costs to be used in any potential contractual agreement for CITY to purchase FRWA capacity from the WATER AGENCY to deliver surface water to the Annexation Area will be developed exclusively through future negotiations between the CITY and the WATER AGENCY consistent with the provisions of the MOU.
(c) CITY further acknowledges and agrees to each of the following with respect to any negotiations that may occur pursuant to the MOU:

(i) Although the MOU provides the context for further discussion of the use of WATER AGENCY facilities, including the FRWP, neither CITY nor the WATER AGENCY are under any legal or other obligation to enter into negotiations and that should any such negotiations take place that they will occur consistent with a mutually agreed upon timetable.
(ii) There will be no effort to compel or otherwise coerce the other party to participate in negotiations or to negotiate subject to a timetable that limits the ability of either party to thoroughly and freely participate in negotiations and to fully assess the benefits, impacts and implications of an eventual agreement.
(ii) The existing participation or involvement of the CITY or the WATER AGENCY in regional water planning activities, while potentially conducive to or compatible with any potential future agreement for the

CITY to purchase FRWA capacity from the WATER AGENCY, shall not be considered as either an explicit or implicit determination or commitment that either party will ultimately negotiate or enter into a specific future agreement for supplying or delivering water to the Annexation Area.

Section 10. **Modification.** This Agreement, and all of the covenants and conditions set forth herein, may be modified, amended or terminated only by a writing duly authorized and executed by the CITY, COUNTY and WATER AGENCY.

Section 11. **Integration.** The terms of this Agreement are intended by the parties as a final expression of their mutual agreement and understanding with respect to such terms as are included in this Agreement and may not be contradicted by evidence of prior or contemporaneous agreement. The parties further intend that this Agreement constitutes the complete and exclusive statement of its terms and that no extrinsic evidence whatsoever may be introduced to vary its terms in any proceeding involving this Agreement.

Section 12. **Notices.** All notices, requests, certifications or other correspondence required to be provided by the parties to this Agreement shall be in writing and shall be personally delivered or delivered by first class mail to the respective parties at the following addresses:

COUNTY
County Executive
County of Sacramento
700 H Street, Room 7650
Sacramento, CA 95814

CITY
City Manager
City of Folsom
50 Natoma Street
Folsom, CA 95630

WATER AGENCY
Agency Engineer
Sacramento County Water Agency
827 7th Street, Room 301
Sacramento, CA 95818

Notice by personal delivery shall be effective immediately upon delivery. Notice by mail shall be effective upon receipt or three days after mailing, whichever is earlier.

Section 13. **Approval, Consent, and Agreement.** Wherever this Agreement requires a party's approval, consent, or agreement, the party shall make its decision to give or withhold such approval, consent or agreement in good faith, and shall not withhold such approval, consent or agreement unreasonably or without good cause.

Section 14. **Construction and Interpretation.** It is agreed and acknowledged by the parties hereto that the provisions of this Agreement have been arrived at through negotiation, and that each of the parties has had a full and fair opportunity to revise the provisions of this Agreement and to have such provisions reviewed by legal counsel.

Therefore, the normal rule of construction that any ambiguities are to be resolved against the drafting party shall not apply in construing or interpreting this Agreement.

Section 15. **Construction of Captions.** Captions of the sections of this Agreement are for convenience and reference only. The words in the captions in no way explain, modify, amplify, or interpret this Agreement.

Section 16. **Counterparts.** This Agreement may be executed in two counterparts, each of which shall constitute an original.

IN WITNESS WHEREOF, the parties hereto have executed this Agreement in the County of Sacramento, State of California, on the dates set forth above.

COUNTY OF SACRAMENTO

By: _____
Navdeep S. Gill, Chief Operations Officer

Reviewed and Approved as to Form:

_____
John Whisenhunt, Assistant County Counsel

SACRAMENTO COUNTY WATER AGENCY

By: _____
Navdeep S. Gill, Chief Operations Officer

Reviewed and Approved as to Form:

_____
John Whisenhunt, Assistant County Counsel

CITY OF FOLSOM

By: _____ 12/21/2011
Evert W. Palmer, City Manager

Approved As to Form:

_____
Bruce C. Cline, City Attorney

ATTEST: _____
Christa Freemantle, City Clerk

Exhibit C
Quarry Truck Management Plan Operational Agreement

COUNTY OF SACRAMENTO
COMMUNITY SERVICES AGENCY

QUARRY TRUCK MANAGEMENT PLAN OPERATIONAL AGREEMENT BETWEEN THE COUNTY OF SACRAMENTO AND THE CITY OF FOLSOM

THIS AGREEMENT is made and entered into on 03/28/24, by and between the County of Sacramento, a political subdivision of the State of California, hereinafter referred to as "COUNTY" and the City of Folsom, a municipal corporation, hereinafter referred to as "CITY". Collectively, COUNTY and CITY may be referred to as the Parties. Individually, COUNTY and CITY may be referred to as a Party.

RECITALS

WHEREAS, since 2002, COUNTY has received four separate applications for aggregate quarries to be located in the eastern sector of the unincorporated county; and

WHEREAS, the Teichert Quarry was approved by COUNTY's Board of Supervisors (Board) on November 30, 2010, and the Stoneridge Quarry was approved by the Board on January 10, 2012; and

WHEREAS, the third application, the Milgate Quarry (PLNP2010-00237), is currently on hold; and

WHEREAS, the fourth application, the White Rock North Mine project (PLNP2021-00216), is pending; and

WHEREAS, other quarrying proposals to be located in the eastern sector of the unincorporated county may be advanced in the future; and

WHEREAS, the Teichert and Stoneridge Quarries, and these other various quarries will, if approved, generate considerable truck related traffic; and

WHEREAS, each quarry when approved either has been or will be required to analyze and mitigate its California Environmental Quality Act (CEQA) identified impacts, including but not limited to traffic capacity, air quality and noise impacts; and

WHEREAS, in addition to such CEQA identified impacts, COUNTY recognizes that there may be various perceived "quality of life" concerns, stemming from the truck traffic, which are not subject to analysis and mitigation as required under CEQA; and

WHEREAS, on December 14, 2011, the Board adopted Resolution Number 2011-0938 which establishes the Quarry Truck Management Plan (TMP) Funding Mechanism Program (TMP Program), attached for reference as Attachment 1, a voluntary non-CEQA

based funding mechanism whereby aggregate quarry operations in eastern Sacramento County can commit to providing partial funding for the implementation of various roadway related improvements to help address perceived quality of life concerns stemming from the quarry truck traffic; and

WHEREAS, on January 24, 2012, the Board adopted Resolution Number 2012-0045 which approved a Quarry TMP Operational Agreement with the City of Rancho Cordova and authorized the Director of Transportation to approve and execute a similar Quarry TMP Operational Agreement with the City of Folsom; and

WHEREAS, on February 6, 2012, the Rancho Cordova City Council adopted Resolution Number 10-2012 authorizing the City Manager to execute a Quarry TMP Operational Agreement, and COUNTY and City of Rancho Cordova subsequently executed such Quarry TMP Operational Agreement (County Contract No. 52361, City of Rancho Cordova Contract No. 10-2012); and

WHEREAS, the perceived quality of life concerns related to the aggregate truck traffic from the quarry projects may impact the current and future residents and businesses located in an area of concern which includes a portion of the City of Folsom as depicted in Exhibit A to the TMP Program; and

WHEREAS, by entering into this Agreement, CITY agrees not to exercise its present rights to restrict truck traffic on roadways within CITY jurisdiction under State law, including but not limited to Vehicle Code Section 35701, in consideration for the benefits and payments provided for in this Agreement; and

WHEREAS, the conditions of approval for the Teichert and Stoneridge Quarries also include provisions to install infrastructure to monitor quarry truck traffic at defined locations along the quarry truck haul routes; and

WHEREAS, CITY desires to participate in the TMP Program and receive funding for quality of life improvements along designated quarry truck routes within said area of concern.

NOW, THEREFORE, in consideration of the mutual promises hereinafter set forth, COUNTY and CITY agree as follows:

1. **INCORPORATION OF RECITALS.**
The foregoing recitals are true and correct and are hereby incorporated into this Agreement by reference.

2. **COUNTY ACTIONS**
In addition to the applicable provisions of the most recently adopted TMP Program, which is hereby made a part of this agreement, COUNTY hereby agrees to be bound by and implement the following provisions:

2.1 COUNTY shall be responsible for the collection of the TMP Program contributions as described in the TMP Program. COUNTY shall exercise its best efforts and exhaust all reasonable remedies to collect the TMP Program contributions from participating quarries, but in no event shall COUNTY be liable to CITY in the event such efforts are unsuccessful.

2.2 On or before April 30 of each year, COUNTY shall be responsible for distributing to CITY the City-allocated TMP Program contributions collected by COUNTY during the prior calendar year pursuant to the provisions of, and in order to implement paragraphs 9 through 12 of Exhibit B to the TMP Program. The distribution of the TMP Program funds to CITY shall include any interest that may have accrued on those funds being held by COUNTY on behalf of CITY. Distributions to CITY shall be authorized by the Director of the Department of Transportation or his/her designee. COUNTY shall provide to CITY, at the time TMP Program funds are distributed, an accounting of the total program contributions received from the participating quarries and the allocations paid out to the participating jurisdictions.

2.3 COUNTY shall be responsible for monitoring and evaluating the quarry truck trip distribution patterns associated with each participating quarry. The relative quarry truck distribution may change over time to reflect new aggregate market areas being served by participating quarries or other changes in aggregate distribution. These distribution changes may result in increases or decreases in quarry truck traffic on roadways within CITY's jurisdiction, compared to the figures referenced in paragraphs 9 and 10 of the TMP Program. In order to ensure accurate and transparent monitoring of quarry truck trip distribution patterns, COUNTY shall utilize the most appropriate tracking technology and generate annual reports showing quarry truck traffic distribution during the calendar year. If the annual report indicates a quarry truck trip distribution pattern that differs by more than ten percent (10%), compared to the most recently approved figures referenced in paragraphs 9 and 10 of the TMP Program, on any through quarry truck route, either Party may request an adjustment to the funding allocation pursuant to paragraph 11 of Exhibit B to the TMP Program, by providing the other Party with written notice. COUNTY shall respond to CITY with a proposed recalculation of CITY's allocation within 30 calendar days of written notice. CITY and COUNTY shall mutually agree on any revision to the TMP Program funding distribution to CITY.

2.4 COUNTY shall provide guaranteed, reasonable, continuous, and direct access for all aggregate trucks from quarries participating in this program and traveling along Prairie City Road, Scott Road (east), White Rock Road, Grant Line Road and Jackson Highway within the unincorporated County. Except as stated in paragraph 14 of Exhibit B to the TMP Program, there shall be no limit set on the volume of such quarry truck trips that is permitted to travel

along Prairie City Road, Scott Road (east), White Rock Road, Grant Line Road and Jackson Highway within the unincorporated County.

2.5 COUNTY's Department of Transportation shall be responsible for managing and administering all aspects of the TMP Program. All costs associated with COUNTY managing and administering the TMP Program (Administrative Costs) shall be paid from the TMP Program funds. The Administrative Costs shall be apportioned to and subtracted from the yearly TMP Program distribution to each participating jurisdiction based on the proportion of the gross distribution of the TMP Program funds to each jurisdiction to that of the total gross TMP Program funds collected on a yearly basis. CITY shall be responsible for all costs associated with a request by CITY for COUNTY to perform an audit of material produced and funds distributed pursuant to Figure II of Exhibit B to the TMP Program. The Administrative Costs deducted from TMP Program funds by COUNTY shall not exceed one and one-half percent (1.5%) of the total gross TMP Program funds collected on a yearly basis.

2.6 COUNTY shall provide all quarries and jurisdictions participating in the TMP Program with reasonable notification prior to any proposed amendment to this Agreement.

2.7 COUNTY acknowledges and agrees that should COUNTY initiate a legal action based upon quarry truck traffic challenging an application for a new quarry, or the renewal of an existing quarry located within the TMP Participation Area, as defined in Figure I of Exhibit B to the TMP Program, (Participation Area), then COUNTY shall automatically be terminated from participating in the TMP Program and no longer be eligible to receive any contributions pursuant to it. This provision shall, however, only be applicable where a quarry project has entered into a development agreement, or other similar binding obligation, wherein it becomes obligated to make the contribution payments established in the TMP Program. If COUNTY is excluded from the benefits of the TMP Program, the remaining participating jurisdictions shall meet and confer to determine which agency will assume administrative responsibilities and make other amendments to the TMP Program as necessary.

2.8 In the event CITY violates any material provision of this Agreement, COUNTY shall have the right to unilaterally withhold the distribution of the TMP Program funds allocation to CITY. At least 60-days prior to withholding a distribution of TMP Program funds to CITY, COUNTY shall provide CITY with a written notice of said violation(s) and request CITY to cure the violation(s). Upon remedy of CITY's violation(s), COUNTY shall distribute CITY's TMP Program funds allocation pursuant to this Agreement. The specific provisions of this section shall not apply to sections 3.1, 3.9, and 3.10 of this

Agreement. COUNTY's enforcement of the provisions of this section shall not be construed in part or in whole as a material violation of this Agreement.

3. CITY ACTIONS

CITY hereby agrees to be bound by and implement the applicable provisions of the adopted TMP Program. In addition, CITY hereby agrees to be bound by and implement the following provisions:

3.1 Pursuant to paragraph 7 of Exhibit B to the TMP Program, if CITY approves a new quarry or renews an existing quarry within its jurisdiction that is located within the Participation Area, and that quarry does not participate in the TMP Program or provide a cents per ton contribution that is less than the amount established in the TMP Program, then the contribution amount applicable to all quarry operators subject to the TMP Program shall be adjusted to reflect the lowest contribution amount, and CITY shall not be entitled to receive any of the benefits of the TMP Program including the cents per ton contribution. Additionally, a quarry approved or renewed by CITY will not require any subsequent approvals from COUNTY prior to commencing operations. Nothing in this agreement shall prevent CITY from taking unilateral action, so long as it is consistent with State law, to restrict truck traffic, including quarry truck traffic, on CITY roadways in the event CITY is excluded from the benefits of the TMP Program.

3.2 Those contributions intended for quarry truck routes where CITY and COUNTY share jurisdictional boundaries shall be shared by CITY and COUNTY as indicated in the most recently adopted Figures III and IV of Exhibit B to the TMP Program, as well as indicated in any new distribution figures for additional quarries included in an adopted TMP Program pursuant to paragraph 11 of Exhibit B to the TMP Program. However, COUNTY will assign any contributions it receives for Prairie City Road or Scott Road (east) toward quality of life improvements on Prairie City Road.

3.3 TMP Program funds received by CITY shall only be used for the purpose of designing, approving, financing, constructing and maintaining quality of life roadway improvements related to quarry truck traffic from participating quarries. Such roadway related improvements may include, but are not limited to, any of the following: special quarry truck lanes (including grade separation) and associated improvements, rubberized asphalt, sound wall extensions, and landscaping enhancements as well as right of way acquisition for any such improvements. CITY quality of life improvements shall generally be the improvements depicted on Figure V, as well as (1) improvements to the Prairie City Road/Highway 50 interchange as determined by or negotiated with the California Department of Transportation, (2) improvements to the Prairie City Road and White Rock Road intersection as determined by the County and the City in consultation with the Sacramento Southeast Connector Joint Powers Authority. CITY is

entitled to utilize up to one and one-half percent (1.5%) of the TMP Program funds it receives on administrative and enforcement costs related to the TMP Program and this Agreement.

3.4 TMP Program funds received by CITY shall not be used in lieu of nexus based traffic mitigation fees and/or CEQA based mitigations for road capacity improvements or for normal road maintenance, with the exception of maintenance of quality of life improvements.

3.5 Prior to commencement of construction of quality of life improvement projects located within the City, or within the shared jurisdiction of CITY and COUNTY, and funded with TMP Program funds, appropriate CEQA review shall be conducted by CITY. Where the quality of life improvements are located within CITY and COUNTY, CITY and COUNTY may review such improvements jointly.

3.6 Once CITY has received funds from COUNTY pursuant to the TMP Program, CITY shall thereafter provide an annual report to COUNTY which accounts for CITY's use of those contributions during the prior year for the duration that CITY receives funds from the TMP Program.

3.7 CITY shall hold TMP Program funds in a separate account specifically identified for TMP Program quality of life improvements. CITY's TMP Program funds shall not be available to, or loaned to, CITY's general fund.

3.8 CITY shall provide guaranteed, reasonable, continuous, and direct access for quarry trucks from quarries participating in the TMP Program to and from Highway 50. CITY may, however, assign such traffic to Scott Road (east), Prairie City Road, the future extension of Oak Avenue, or any combination thereof, provided that at all times participating quarry truck traffic is provided with guaranteed, reasonable, and continuous access. Said assignment of traffic shall include the ability to limit hours trucks may traverse a particular road, so long as guaranteed 24 hour per day access is provided along one of the enumerated routes.

3.9 CITY acknowledges and agrees that should CITY initiate a legal action, based upon the distribution of quarry truck traffic, challenging an application for a new quarry, or the renewal of an existing quarry located within the TMP Participation Area, then CITY shall automatically be terminated from participating in the TMP Program and no longer be eligible to receive any contributions pursuant to it. This provision shall, however, only be applicable where a quarry project has entered into a development agreement, or other similar binding obligation, wherein it becomes obligated to make the contribution payments established in the TMP Program.

3.10 If CITY initiates any legal action against the Stoneridge Project, then CITY shall not receive any Quarry TMP funding contribution from the Stoneridge quarry.

3.11 In the event CITY does not receive payment from COUNTY of its allocation under the TMP Program within 90-days of the date the fees are due to be paid by COUNTY, or if COUNTY otherwise violates any material provision of this Agreement, including but not limited to sections 1.1 and 1.2 of this Agreement, or if CITY is no longer entitled to receive the benefits of the TMP Program for any reason, CITY shall have the right to unilaterally restrict truck traffic on CITY roadways consistent with State law. CITY shall provide COUNTY and affected quarries with a written request to cure the violations at least 60-days prior to enacting such a restriction. Upon remedy of COUNTY's violation, CITY shall cease to restrict truck traffic on CITY roadways.

4. ENFORCEMENT

Participating jurisdictions should coordinate enforcement efforts using the most appropriate technology, which may include a GPS tracking system, to ensure participating quarries comply with the TMP Program truck route restrictions. CITY, however, is not limited by the TMP Program or this Agreement from taking any enforcement action it sees fit, including but not limited to authorizing CITY's Police to issue fines and citations to quarry trucks, either owned by a participating quarry or operating as an independent contractor for a participating quarry, that operate operating in violation of the TMP Program.

5. TERM

This Agreement shall be effective and commence as of the date first written above and shall remain valid and in effect concurrent with a use permit or use permit extension for any quarry participating in the TMP and until all obligations covered by this Agreement are completed.

6. NOTICE

Any notice, demand, request, consent, or approval that either party hereto may or is required to give the other pursuant to this Agreement shall be in writing and shall be either personally delivered or sent by mail, addressed as follows:

TO COUNTY:	TO CITY:
Attn: Director County of Sacramento Department of Transportation 4111 Branch Center Road Sacramento, CA 95827	Attn: Director City of Folsom Public Works Department 50 Natoma Street Folsom, CA 95630

Either party may change the address to which subsequent notice and/or other communications can be sent by giving written notice designating a change of address to the other party, which shall be effective upon receipt.

7. GOVERNING LAWS AND JURISDICTION

This Agreement shall be deemed to have been executed and to be performed within the State of California and shall be construed and governed by the internal laws of the State of California. Any legal proceedings arising out of or relating to this Agreement shall be brought in Sacramento County, California.

8. AMENDMENT AND WAIVER

Except as provided herein, no alteration, amendment, variation, or waiver of the terms of this Agreement shall be valid unless made in writing and signed by both parties. Waiver by either party of any default, breach or condition precedent shall not be construed as a waiver of any other default, breach or condition precedent, or any other right hereunder. No interpretation of any provision of this Agreement shall be binding upon COUNTY unless agreed in writing by Director and counsel for COUNTY.

9. SUCCESSORS

This Agreement shall bind the successors of COUNTY and CITY in the same manner as if they were expressly named.

10. TIME

Time is of the essence of this Agreement.

11. INTERPRETATION

This Agreement shall be deemed to have been prepared equally by both of the parties, and the Agreement and its individual provisions shall not be construed or interpreted more favorably for one party on the basis that the other party prepared it.

12. DIRECTOR

As used in this Agreement, "Director" shall mean the Director of the Sacramento County Department of Transportation, or his/her designee. Director shall administer this Agreement on behalf of the COUNTY, and has authority to make administrative amendments to this Agreement on behalf of the COUNTY. Unless otherwise provided herein or required by applicable law, Director shall be vested with all the rights, powers, and duties of COUNTY herein. With respect to matters herein subject to the approval, satisfaction, or discretion of COUNTY or Director, the decision of the Director in such matters shall be final.

13. DISPUTES

In the event of any dispute arising out of or relating to this Agreement, the parties shall attempt, in good faith, to promptly resolve the dispute mutually between themselves. Pending resolution of any such dispute, each Party shall continue

without delay to carry out all its responsibilities under this Agreement unless the Agreement is otherwise terminated in accordance with the Termination provisions herein. COUNTY shall not be required to make payments that are the subject of this dispute resolution process until such dispute has been mutually resolved by the parties. If the dispute cannot be resolved within 15 calendar days of initiating such negotiations or such other time period as may be mutually agreed to by the parties in writing, either party may pursue its available legal and equitable remedies, pursuant to the laws of the State of California. Nothing in this Agreement or provision shall constitute a waiver of any of the government claim filing requirements set forth in Title 1, Division 3.6, of the California Government Code or as otherwise set forth in local, state and federal law.

14. PRIOR AGREEMENTS

This Agreement constitutes the entire contract between COUNTY and CITY regarding the subject matter of this Agreement. Any prior agreements, whether oral or written, between COUNTY and CITY regarding the subject matter of this Agreement are hereby terminated effective immediately upon full execution of this Agreement.

15. SEVERABILITY

If any term or condition of this Agreement or the application thereof to any person(s) or circumstance is held invalid or unenforceable, such invalidity or unenforceability shall not affect other terms, conditions, or applications which can be given effect without the invalid term, condition, or application; to this end the terms and conditions of this Agreement are declared severable.

16. FORCE MAJEURE

Neither CITY nor COUNTY shall be liable or responsible for delays or failures in performance resulting from events beyond the reasonable control of such party and without fault or negligence of such party. Such events shall include but not be limited to acts of God, strikes, lockouts, riots, acts of war, epidemics, pandemics, acts of government, fire, power failures, nuclear accidents, earthquakes, unusually severe weather, acts of terrorism, or other disasters, whether or not similar to the foregoing, and acts or omissions or failure to cooperate of the other party or third parties (except as otherwise specifically provided herein).

17. SURVIVAL OF TERMS

All services performed and payments provided pursuant to this Agreement are subject to all of the terms, conditions, and rates set forth herein, notwithstanding the expiration of the initial term of this Agreement or any extension thereof. Further, the terms, conditions and warranties contained in this Agreement that by their sense and context are intended to survive the completion of the performance, cancellation or termination of this Agreement shall so survive.

18. AUTHORITY TO EXECUTE

Each person executing this Agreement represents and warrants that he or she is duly authorized and has legal authority to execute and deliver this Agreement for or on behalf of the parties to this Agreement. Each party represents and warrants to the other that the execution and delivery of the Agreement and the performance of such party's obligations hereunder have been duly authorized.

19. DUPLICATE COUNTERPARTS

This Agreement may be executed in duplicate counterparts. The Agreement shall be deemed executed when it has been signed by both parties.

Signatures scanned and transmitted electronically shall be deemed original signatures for purposes of this Agreement, with such scanned signatures having the same legal effect as original signatures. This Agreement may be executed through the use of an electronic signature and will be binding on each party as if it were physically executed.

20. ADDITIONAL PROVISIONS

The TMP Program, attached to this Agreement as Attachment 1, is an essential part of the Agreement and is hereby incorporated by reference into this Agreement. In the event that conflicts arise due to inconsistencies between this Agreement and the TMP Program, the TMP Program shall control.

(SIGNATURE PAGE FOLLOWS)

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be duly executed.

CONTRACTOR:

(If a corporation, must be signed by two officers of the corporation per Corporations Code section 313.)

Date	Tax I.D. Number
Signature	Signature
Print Name	Print Name
Title	Title

CITY OF FOLSOM, A Municipal Corporation:

3/28/24	
Date	Elaine Andersen, City Manager

ATTEST:

Christa Freemantle 3/28/24

Christa Freemantle, City Clerk Date

FUNDING AVAILABLE:

Adam Darlin for 3/27/24

Stacey Tamagni, Finance Director Date

ORIGINAL APPROVED AS TO CONTENT:

Marie McKeeth for: 3/15/24

Mark Rackovan, Public Works Director Date

ORIGINAL APPROVED AS TO FORM:

3/28/2024

Steven Wang, City Attorney Date

NOTICE: SIGNATURE(S) ON BEHALF OF CONSULTANT MUST BE NOTARIZED.
A certificate of acknowledgment in accordance with the provisions of California Civil Code section 1189 must be attached for each person executing this agreement on behalf of consultant. This section provides, at part (b): "Any certificate of acknowledgment taken in another place shall be sufficient in this state if it is taken in accordance with the laws of the place where the acknowledgment is made.

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be duly executed as of the day and year first written above.

COUNTY OF SACRAMENTO, a political subdivision of the State of California

By: Ron E. Vicari
Ron E. Vicari
Director
Department of Transportation

"COUNTY"

Date: 4/16/24

Agreement approved by
Board of Supervisors:

Agenda Date: 01/24/2012

Item Number: 23

Resolution No.: 2012 - 0045

CITY OF FOLSOM, a municipal corporation

By:
Elaine Andersen
City Manager

"CITY"

Date: 3/28/24

Contract Reviewed and Approved by County Counsel

By: Date: 4/18/2024
Amanda McDermott
Deputy County Counsel

Attachment 1

Quarry Truck Management Plan (QTMP)

Revised
December 15, 2011

RESOLUTION NO. 2011-0938

RESOLUTION OF THE BOARD OF SUPERVISORS, OF THE COUNTY OF SACRAMENTO, STATE OF CALIFORNIA, ESTABLISHING A QUARRY TRUCK MANAGEMENT PLAN FUNDING MECHANISM PROGRAM FOR QUALITY OF LIFE IMPROVEMENTS FOR EASTERN SACRAMENTO COUNTY

WHEREAS, since 2002, Sacramento County (County) has received three separate applications for aggregate quarries to be located in the eastern sector of the County;

WHEREAS, Teichert Quarry was approved by the Board of Supervisors (Board) on November 30, 2010, and Stoneridge Quarry was heard by the Board on December 7, 2011 and final Board action is tentatively scheduled in January of 2012;

WHEREAS, the third remaining application, Milgate Quarry, has yet to be heard by the Board;

WHEREAS, other quarrying proposals to be located in the eastern sector of the County may be advanced in the future;

WHEREAS, the Teichert and Stoneridge Quarries and these other various quarries will, if approved, generate considerable truck related traffic;

WHEREAS, each quarry when approved either has been or will be required to analyze and mitigate its California Environmental Quality Act ("CEQA") identified traffic capacity, air quality and noise impacts;

WHEREAS, in addition to such CEQA identified impacts, the Board recognizes that there may be various perceived "quality of life" concerns, stemming from said truck traffic, which are not subject to analysis and mitigation as required under CEQA;

WHEREAS, the Board desires to establish a voluntary non-CEQA based funding mechanism whereby aggregate quarry operations in eastern Sacramento County can commit to providing partial funding for the implementation of various roadway related improvements to help address perceived "quality of life" concerns stemming from said aggregate truck traffic;

WHEREAS, said aggregate truck related quality of life concerns will be to land uses located in an area of concern which includes the area south of the City of Folsom consisting of the City's south of U.S. Highway 50 sphere of influence area, a portion of the City of Rancho Cordova and a portion of unincorporated Sacramento County;

WHEREAS, said area of concern is depicted, jurisdiction by jurisdiction, in Exhibit A; and

WHEREAS, the Board desires to enhance comity between the three affected jurisdictions and settle existing and avoid future litigation.

NOW, THEREFORE, BE IT RESOLVED that the Board of Supervisors of the County of Sacramento does hereby establish the Quarry Truck Management Plan (TMP) Funding Mechanism Program, attached hereto as Exhibit B:

1. Section 2.4.5.B of the Development Agreement by and between the County of Sacramento and Teichert & Sons, Inc., dated 30 November, 2010, requiring the adoption of a TMP program, is hereby deemed satisfied by the adoption of this Resolution.

2. In order for the City of Rancho Cordova to receive funds from this Quarry TMP Funding Mechanism, the City must dismiss with prejudice its lawsuit against the County and Real Party in Interest Teichert regarding the Teichert Quarry (Sacramento Superior Court Case Number 34-2010-80000747) within 45 days of the adoption of this Resolution. If a final judgment has been entered by the Superior Court prior to the lapse of said 45 days, Rancho Cordova must enter into an agreement with the County before receipt of funds from the TMP Funding Mechanism which provides: (1) that Rancho Cordova will not appeal any decision rendered by the Superior Court

(2) that Rancho Cordova waives any claim for an award of attorneys' fees stemming from said case from either the County or Real Party in Interest Teichert and (3) pledges that Rancho Cordova will not, in the event it has prevailed before the Superior Court, file a subsequent action challenging the Teichert Quarry EIR. Said agreement must be executed within 60 days of the adoption of this Resolution.

3. Section 2.4.4 of the Development Agreement by and between the County of Sacramento and Angelo G. Tsakopoulos and Katherine Tsakopoulos, requiring the adoption of a TMP program, will be deemed satisfied by the adoption of this Resolution, upon approval of the Development Agreement by the Board of Supervisors.

BE IT FURTHER RESOLVED that Exhibits "A" through "B" are hereby incorporated into and made a part of this resolution establishing a Quarry Truck Management Plan Funding Mechanism Program.

On a motion by Supervisor MacGlashan Seconded by Supervisor Nottoli, the foregoing resolution was passed and adopted by the Board of Supervisors of the County of Sacramento, State of California, at a regular meeting thereof this 14th day of December, 2011, by the following vote, to wit:

AYES:	Nottoli, Peters, Serna, Yee, MacGlashan
NOES:	None
ABSENT:	None
ABSTAIN:	None

Roberta MacGlashan
Chair, Board of Supervisors
of Sacramento County, California

ATTEST: Cyndi Lee
Clerk, Board of Supervisors

In accordance with Section 25103 of the Government Code of the State of California a copy of the document has been delivered to the Chairman of the Board of Supervisors. County Of Sacramento on: 12/15/11

By V. Rodgers
Deputy Clerk, Board of Supervisors

FILED
BOARD OF SUPERVISORS
DEC 15 2011
BY Cyndi Lee
CLERK OF THE BOARD

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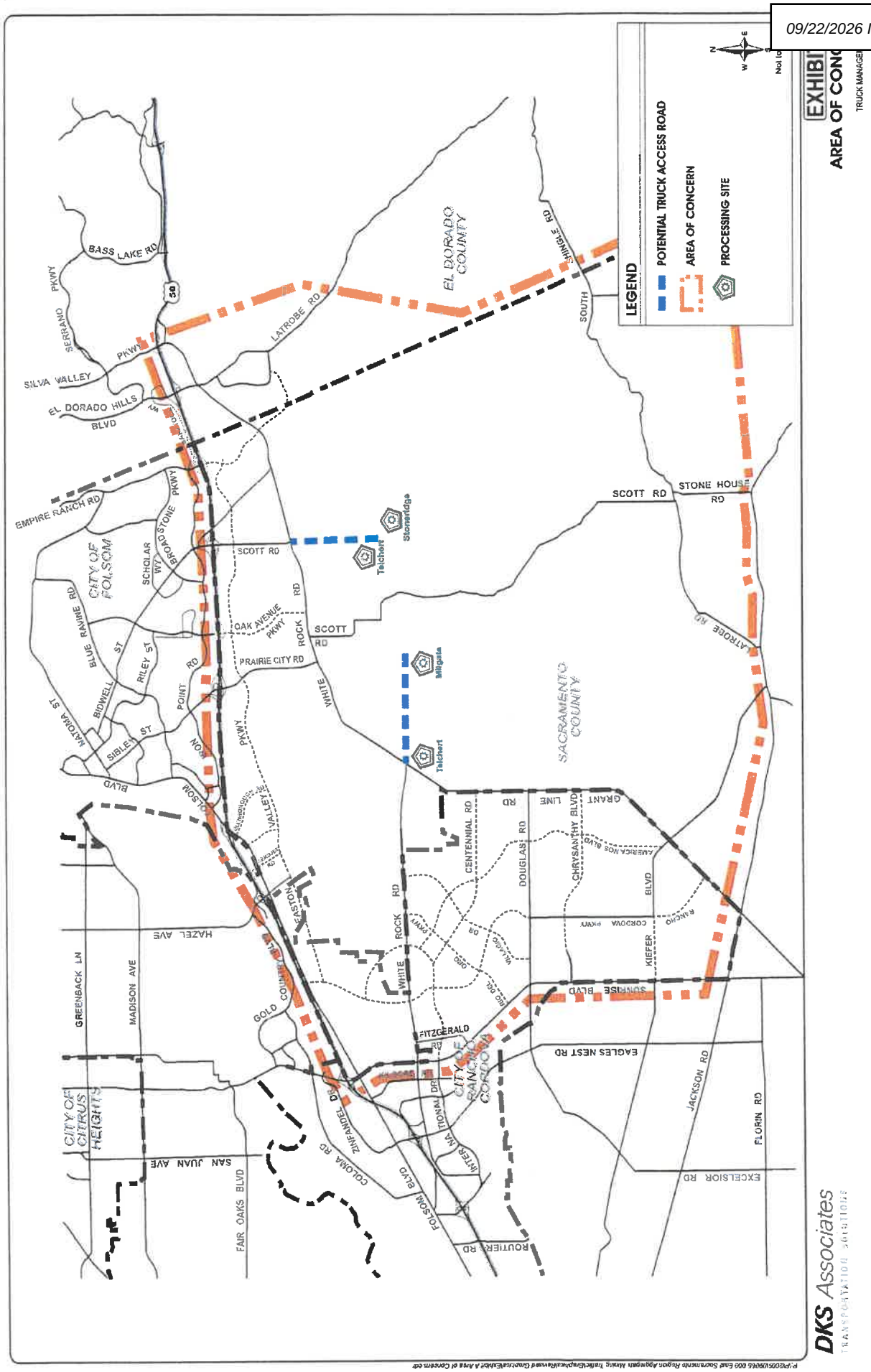

LEGEND
POTENTIAL TRUCK ACCESS ROAD
AREA OF CONCERN
PROCESSING SITE
EXHIBIT
AREA OF CONC
TRUCK MANAGEM
EL DORADO COUNTY
SACRAMENTO COUNTY
CITY OF FOLSOM
CITY OF RANCHO CORDOVA
CITY OF CITRUS HEIGHTS
BASS LAKE RD
SERRANO PKWY
SILVA VALLEY PKWY
EL DORADO HILLS BLVD
LATROBE RD
SOUTH SHINGLE RD
EMPIRE RANCH RD
BROADSTONE PKWY
SCHOLAR WY
SCOTT RD
STONE HOUSE RD
Stoneridge
Talchert
Milgate
OAK AVENUE PKWY
PRAIRIE CITY RD
WHITE ROCK RD
BLUE RAVINE RD
RILEY ST
BIDWELL ST
NATOMA ST
SIBLEY ST
POINT RD
FOLSOM BLVD
VALLEY
EASTON
GRANT LINE RD
CENTENNIAL RD
DOUGLAS RD
CHRYSANTHY BLVD
AMERICANOS BLVD
KIEFER BLVD
RANCHO CORDOVA PKWY
SUNRISE BLVD
EAGLES NEST RD
JACKSON RD
FLORIN RD
EXCELSIOR RD
FITZGERALD RD
HAZEL AVE
GREENBACK LN
MADISON AVE
GOLD COUNTRY BLVD
ZINFANDEL DR
COLOMA RD
FOLSOM BLVD
INTERNATIONAL DR
ROUTIER RD
SAN JUAN AVE
FAIR OAKS BLVD
DKS Associates
TRANSPORTATION SOLUTIONS

Revised
December 15, 2011

EXHIBIT B
Eastern Sacramento County
Quarry Truck Management Plan Funding Mechanism Program

1. All new quarry or other mining proposals and renewals of existing quarry or other mining permits (quarry or quarries), located within the Quarry TMP Participation Area (Participation Area), as depicted in Figure I, may elect to participate in the Quarry TMP Funding Mechanism Program.

2. Those jurisdictions located within the Participation Area may similarly elect to participate in the Quarry TMP Funding Mechanism Program.

3. The Quarry TMP Funding Mechanism Program shall consist of a twelve (12) cents per ton contribution on all aggregate material produced and sold from the participating quarries. Aggregate material shall include raw materials sold or transferred to affiliates or subsidiaries for the production of concrete, asphalt or other products. Asphalt oil, water, cement or other ingredients from outside sources shall not be included in the tonnage measured, although, the sale of recycled materials shall be included.

4. A quarry operator electing to participate in the Quarry TMP Funding Mechanism Program shall execute a development agreement, or other similar binding obligation, with the County which mandates payment of the twelve (12) cents per ton contribution specified in Paragraph 3. In the event a quarry is approved by a participating jurisdiction other than the County, a quarry electing to participate in this program shall execute a similar agreement with that jurisdiction.

5. The Quarry TMP Funding Mechanism Program contribution (contribution) shall be collected for the term of each quarry use permit and any extensions thereto granted up to a total of one hundred (100) years, subject to modification as provided in Paragraphs 6 and 7 below.

6. In recognition of the fact that the value of a ton of aggregate may fluctuate, the twelve (12) cents per ton contribution will be adjusted every eight (8) years for the first twenty four (24) years that the contribution is in place (year 8, year 16, and year 24) by applying an Adjustment Factor to the contribution, provided that, in no event will the adjustment be more than one half (1/2) cent per year (e.g. four (4) cents in any adjustment period), and in no event shall the adjustment reduce the cents per ton contribution to less than twelve (12) cents per ton during the same twenty four (24) year period. The Adjustment Factor shall be defined as the proportion of the value of a ton of aggregate material as of one year from the date of the first aggregate material sale from the first quarry

participating in this program to the value of a ton of aggregate material as of the date eight (8) years after the first aggregate material sale from the first quarry participating in this program. The value of a ton of aggregate for purposes of the eight (8) year review shall be the annual gross revenue received for aggregate material (aggregate material as defined in paragraph 3) from all participating quarries divided by the annual total tons of aggregate material sold from all participating quarries. The participating quarries shall provide a report with this information to the County within ninety (90) days of the triggering dates outlined above. The County will maintain this information as confidential and calculate the Adjustment Factor to be applied to the cents per ton contribution by averaging the data provided by participating quarries. The adjusted contribution shall apply to all of the participating quarries located in the Participation Area.

Beginning on the twenty fourth (24th) year that the contribution is in place, there shall be an evaluation of the amount of the contribution every ten (10) years thereafter. The evaluation of the contribution shall be considered by the County Board of Supervisors and shall be based on the following factors:

a. The total amount of the contribution collected to date;

b. The total amount of contributions that have been expended to date;

c. The quality of life improvements that have been constructed to date;

d. The quality of life improvements that still need to be constructed;

e. The maintenance costs associated with the quality of life improvements;

f. The total amount of funding and adjustments to that funding collected and expended toward quality of life improvements by non-quarry contributors; and

g. Whether the participating quarry operations will be competitive in the regional market given the contribution.

The Board's evaluation may result in a reduction to the per ton fee. In the event that the quality of life improvements have not been completed by the fiftieth (50th) year that the contribution is in place, the contribution will be reduced to an amount necessary to provide for ongoing maintenance of the quality of life improvements that were previously constructed and shall extend for the balance of the permitted life or extended permit life up to a total of one hundred (100) years of each quarry operation.

7. If a jurisdiction approves a new quarry or renews an existing quarry that is located within the Participation Area and that quarry elects to not participate in the Quarry TMP Funding Mechanism Program or provides a cents per ton contribution that is less than the amount established in Paragraphs 3 and 6 above, then the contribution amount applicable to all quarry operators shall be adjusted to reflect the lowest contribution amount and the jurisdiction that approved such quarry shall not be entitled to receive any of the benefits of the Quarry TMP Funding Mechanism Program including the cents per ton contribution. Additionally, a quarry approved or renewed by a jurisdiction other than Sacramento County will not require any subsequent approvals from Sacramento County prior to commencing operations.

8. The County shall be responsible for the collection of the Quarry TMP contributions, which shall occur as described in Figure II.

9. The County shall also be responsible for distributing the collected contributions to the participating jurisdictions. The distribution of contributions shall be based upon the relative distribution of through (not local delivery) quarry truck traffic established as part of the project approval for each quarry relative to each jurisdiction that elects to participate in the Quarry TMP Funding Mechanism Program. Local quarry trucks are defined as those quarry trucks with a delivery destination located within the Participation Area. Through quarry trucks are defined as those quarry trucks with a delivery destination located outside of the Participation Area. For quarry truck distribution routes that share a jurisdictional boundary, the affected jurisdictions shall share in the contributions for that route. Distribution of contributions for Teichert Quarry and for Stroneridge Quarry shall be as depicted in Figures III and IV, respectively.

10. As additional quarries are approved and elect to participate, distribution figures shall be added to this program for those quarries. Said distribution figures shall be based upon the anticipated distribution of quarry truck traffic as established at the time of the project approval.

11. The County shall review and revise the figures referenced in Paragraphs 9 and 10 to represent changes that may occur over time to the trip distribution patterns associated with each participating quarry or changes in jurisdiction boundaries. Said review and revision shall occur every four (4) years from the effective date of the Resolution creating this program or sooner should a significant changed condition occur. Participatory

quarries shall be responsible for ensuring that their through quarry trucks utilize the through truck haul routes established on the distribution exhibits.

12. Participating jurisdictions shall share those contributions intended for quarry truck routes which straddle jurisdictional boundaries. However, the County will assign any contributions it receives for Prairie City Road or Scott Road (east) towards quality of life improvements on Prairie City Road. The County shall also assign any contributions it receives for White Rock Road toward quality of life improvements to White Rock Road.

13. In order to participate in this Quarry TMP Funding Mechanism Program and receive contributions for quality of life improvements, jurisdictions must enter into an operational agreement with the County. All such operational agreements shall contain the following:

    a. That distribution of contributions for quality of life improvements shall be made by the County on an annual basis consistent with Paragraphs 9 through 12.

    b. That contributions shall only be used for the purpose of designing, approving, financing, constructing and maintaining quality of life roadway improvements related to quarry truck traffic from participating quarries. Such roadway related improvements may include, but are not limited to, any of the following: special quarry truck lanes (including grade separation) and associated improvements, rubberized asphalt, sound wall extensions, and landscaping enhancements as well as right of way acquisition for any such improvements.

    c. That contributions shall not be used in lieu of nexus based traffic mitigation fees and/or CEQA based mitigations for road capacity improvements or for normal road maintenance, with the exception of maintenance of quality of life improvements identified in this TMP.

    d. That, prior to commencement of construction of quality of life improvement projects pursuant to this program, appropriate CEQA review shall be conducted by the jurisdiction proposing such improvements. Where the quality of life improvements are located within more than one jurisdiction, the jurisdictions may review such improvements jointly.

    e. That an annual report shall be provided to the County by any jurisdiction receiving contributions which accounts for the use of those contributions during the prior year.

f. That contributions shall be held in a separate account, specifically identified for Quarry TMP quality of life improvements, and shall not be available to the general fund of the receiving jurisdiction.

g. That the County shall provide guaranteed, reasonable and continuous direct access for all aggregate trucks from quarries participating in this program and traveling along Prairie City Road, Scott Road (east), White Rock Road, Grant Line Road and Jackson Highway. Except as stated in paragraph 14 below, there shall be no limit set on the volume of such quarry truck trips that is permitted to travel along Prairie City Road, Scott Road (east), White Rock Road, Grant Line Road and Jackson Highway within the unincorporated County.

14. In order to participate in this Quarry TMP Funding Mechanism Program and receive contributions for quality of life improvements, the operational agreement with the City of Folsom shall be consistent with the provisions of the agreement between the County and the City of Folsom relating to transportation, adopted by both jurisdictions on December 6, 2011, which provisions are incorporated herein by reference as well as the provisions of this Quarry TMP Funding Mechanism Program and shall contain, in addition to the provisions of Paragraph 13, the following:

a. That the City will set no limit, following annexation, on the volume of participating quarry truck traffic which is allowed to pass through the Folsom SOI area for quarry trucks that have agreed to pay a baseline cents per ton contribution of $0.12 as provided in Sections 3 and 4

b. That the City, following annexation, shall provide guaranteed, reasonable and continuous direct access through the Folsom SOI area for participating quarry truck traffic traveling to and from U. S. Highway 50. The City may, however, assign such traffic to Scott Road (east), Prairie City Road and any future extension of Oak Avenue, or any combination thereof, provided that at all times participating quarry truck traffic is provided with said guaranteed, reasonable and continuous access. Said assignment of traffic shall include the ability to limit hours trucks may traverse a particular road so long as guaranteed 24 hour per day access is provided along one of the enumerated routes.

c. That the City quality of life improvements shall generally be the improvements depicted in Figure V, as well as (1) improvements to the Prairie City Road/Highway 50 interchange as determined by or negotiated with the California Department of Transportation, (2) improvements to the Prairie City Road and White Rock Road intersection as determined by the County and the City in consultation with the Sacramento Southeast Connector Joint Powers Authority.

d. That contributions for the City will begin to accrue upon annexation of the Folsom SOI area.

15. In order to participate in this Quarry TMP Funding Mechanism Program and receive contributions for quality of life improvements, the operational agreement with the City of Rancho Cordova shall be consistent with the provisions of this Quarry TMP Funding Mechanism Program and shall contain, in addition to the provisions of Paragraph 13, the following:

a. That the City shall provide guaranteed, reasonable and continuous direct access for aggregate trucks from quarries participating in this program which travel along Grant Line Road and Jackson Highway. There shall be no limit set on the volume of such quarry truck trips permitted to travel along Grant Line Road and Jackson Highway.

b. That the City shall provide guaranteed, reasonable and continuous direct access on White Rock Road in the City for Granite and Milgate aggregate trucks resulting from an annual aggregate production level equivalent to four (4) million tons. Unless otherwise revised through an amendment to this agreement and subject to the consensus by the City, Granite, and Milgate, the four (4) million tons per year aggregate production shall be apportioned as follows:

1) Three (3) million tons of aggregate production shall be assigned to Granite Construction Company via an aggregate production site that would directly access White Rock Road.

2) One (1) million tons of aggregate production shall be assigned to Milgate quarry.

c. The four (4) million ton limitation stated above shall not be reduced by either local aggregate truck trips using White Rock Road in the City of Rancho Cordova or by any temporary access allowed by the City to other participating quarry operators due to construction activities on Grant Line Road or Jackson Highway.

16. In the event that a participating jurisdiction initiates a legal action based upon quarry truck traffic challenging an application for a new quarry, or the renewal of an existing quarry located within the Participation Area, then that jurisdiction shall automatically be terminated from participating in this program and no longer be eligible to receive any contributions pursuant to it. This provision shall, however, only be applicable where a quarry project has entered into a development agreement, or other similar binding obligation, wherein it becomes obligated to make the contribution payments established in Paragraph 3.

17. In order to participate in this program, Teichert must first amend its development agreement with the County so that the Construction Market Equalizer in Section 2.5 of the agreement shall only apply to Sections 2.4.1 through Section 2.4.4.3 and is rendered inapplicable to Sections 2.4.5.A, 2.4.5 B and 2.4.6. In addition, Teichert shall commit, in its amended development agreement, not to route Teichert Quarry and Teichert Grantline Plant trucks, moving to and from U.S. Highway 50, via White Rock Road and Sunrise Boulevard, White Rock Road and Zinfandel Drive and/or White Rock Road and a future Rancho Cordova Parkway.

18. No participating quarry trucks will utilize White Rock Road or any other roadways within the current jurisdictional boundaries of the City of Rancho Cordova except for quarry trips identified in Paragraph 15b above and quarry truck trips making local deliveries, or if temporarily necessary due to construction along either Grant Line Road or Jackson Highway. Any said temporary use of City of Rancho Cordova roadways shall be subject to review and approval by the City of Rancho Cordova prior to use of those roadways.

19. If the City of Rancho Cordova or the City of Folsom initiates any legal action against the Stoneridge Project, then the City(s) that brought forward that legal action shall not receive any Quarry TMP funding contribution from the Stoneridge quarry. If the Folsom SOI landowners initiate any legal action against the Stoneridge Project, then the City of Folsom shall not receive any Quarry TMP funding contribution from the Stoneridge quarry.

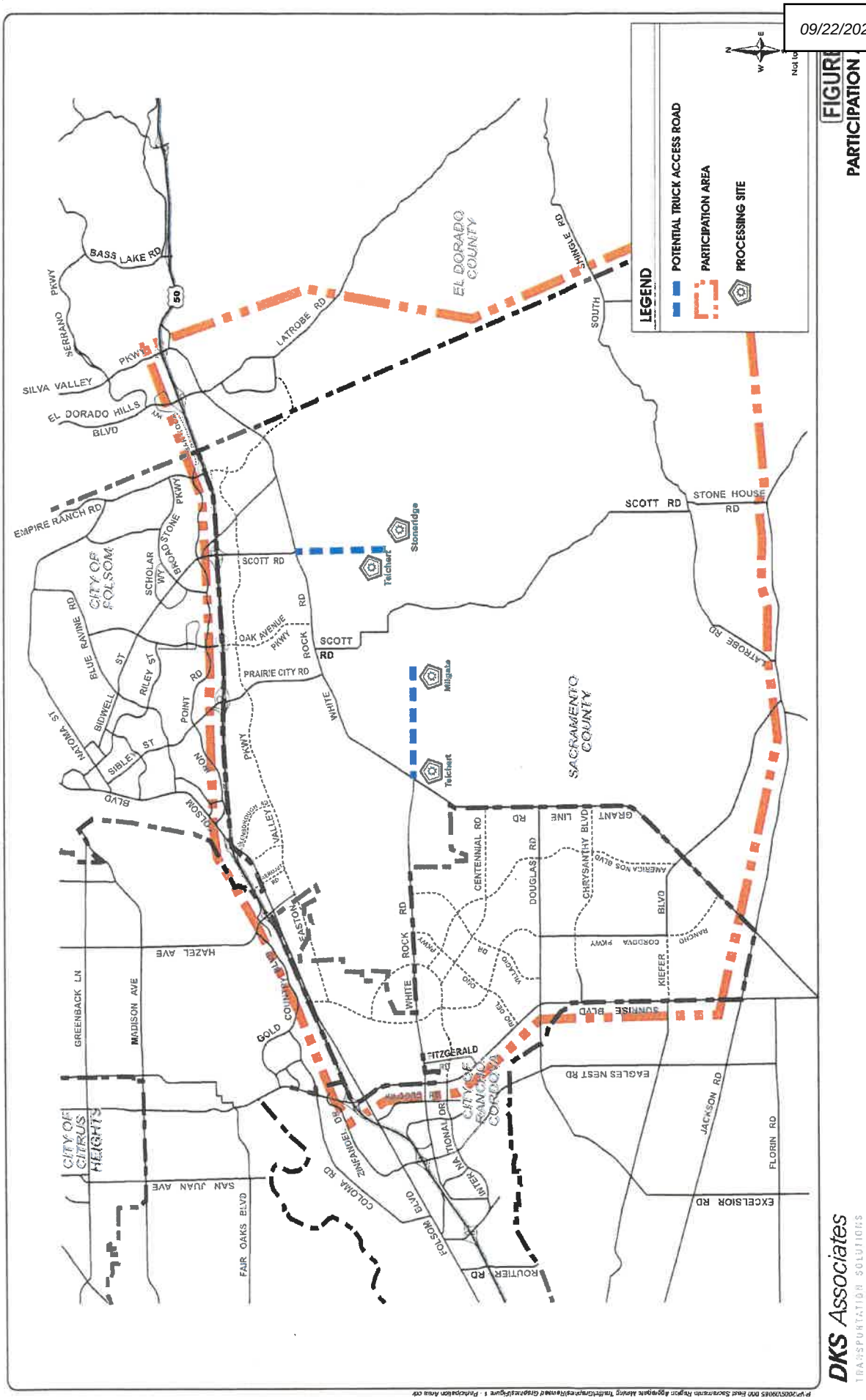


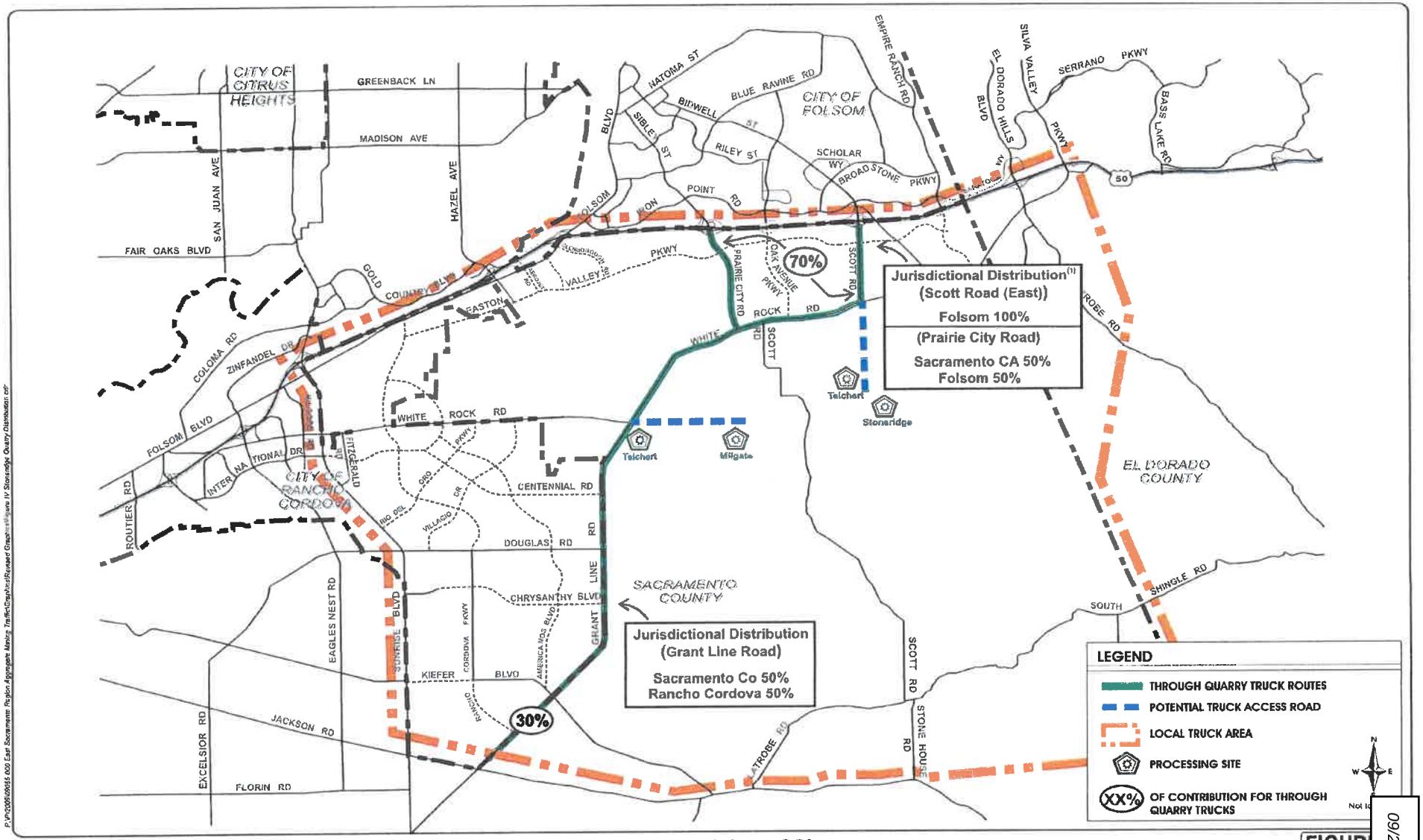
FIGURE
PARTICIPATION
TRUCK MANAGE

Figure II

Calculation, Payment and Verification of Aggregate Funds Cents per Ton Contributions. Payments required by the TMP Resolution shall be made within 30 days of the following quarterly dates each year: March 31, June 30, September 30, and December 31. The first quarterly contribution shall be due at the end of the first quarter during which quarry makes its first sale. Together with each payment, quarry shall provide County with a statement indicating the tons of Aggregate Material sold and the calculation of the contribution being made. Quarterly payments shall be based upon the tonnage produced and sold from the Project site and the rates provided pursuant to the TMP Resolution. Payments to County shall be made to County of Sacramento TMP Fund account and delivered to the County CEO Office, or such address as County may designate in writing. All transmittals of payments shall be copied to the Sacramento County Planning Division and the Sacramento County Department of Transportation.

The County may audit, as it determines necessary, the tonnage of Aggregate Material being produced and sold at the Project site and the contributions paid to County to verify that the amount of payment correctly reflects actual tonnage sold.

The County shall provide all participating jurisdictions with appropriate documentary support for the calculation and distribution of the cents per ton contributions. Any participating jurisdiction may request the County to perform an audit of material produced and funds distributed. Such audits shall not be requested more frequently than every other year.

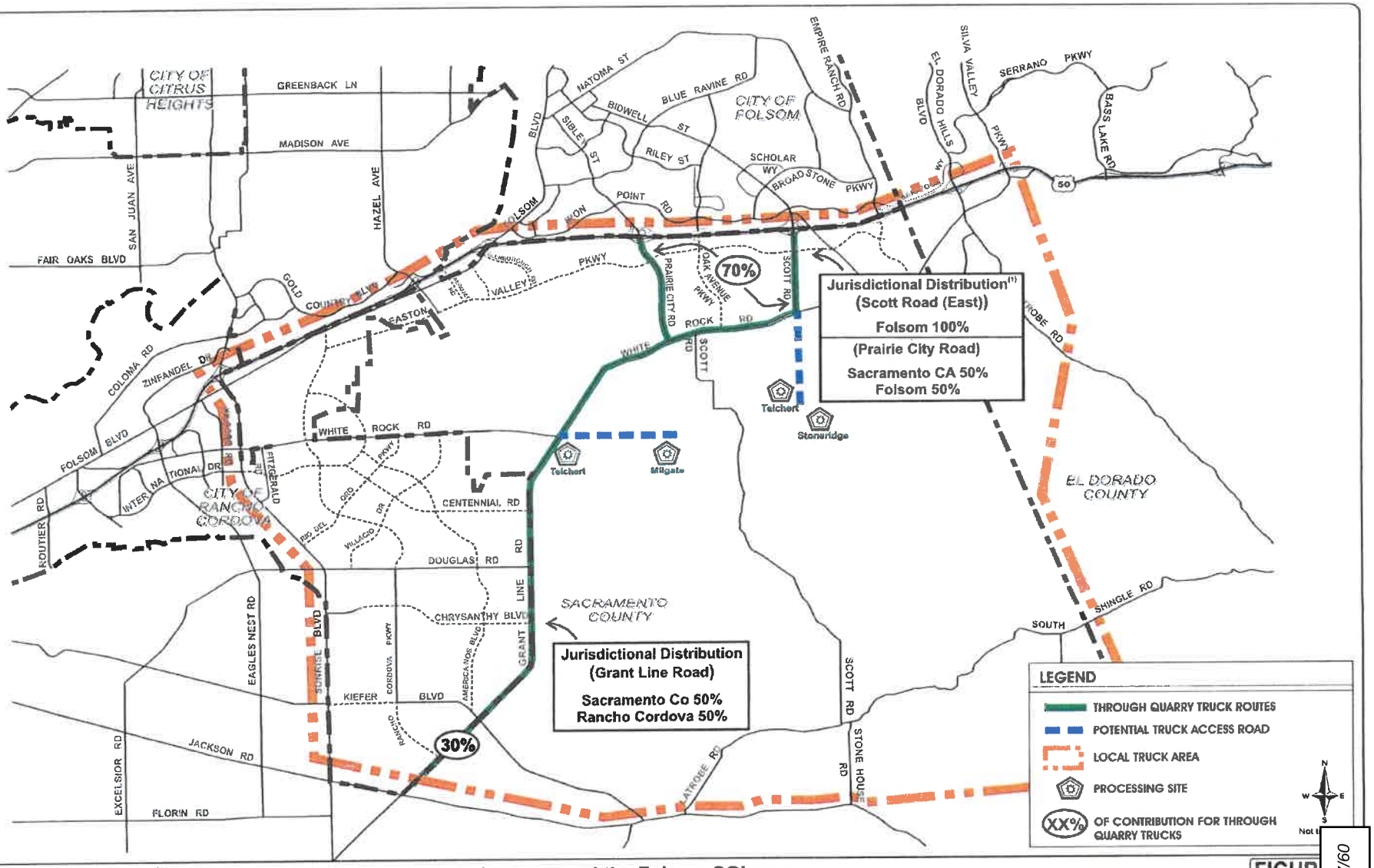


P:\P2005\05055.000 East Sacramento Region Aggregate Mining Traffic\Graphics\Revised Graphics\Figure HV Stoneridge Quarry Distribution.cdr

DKS Associates
TRANSPORTATION SOLUTIONS

(1) Assumes that the City of Folsom has annexed the Folsom SOI area.

FIGURE
TEICHERT QUARRY CONTRIBUTION DISTRIBU
TRUCK MANAGE



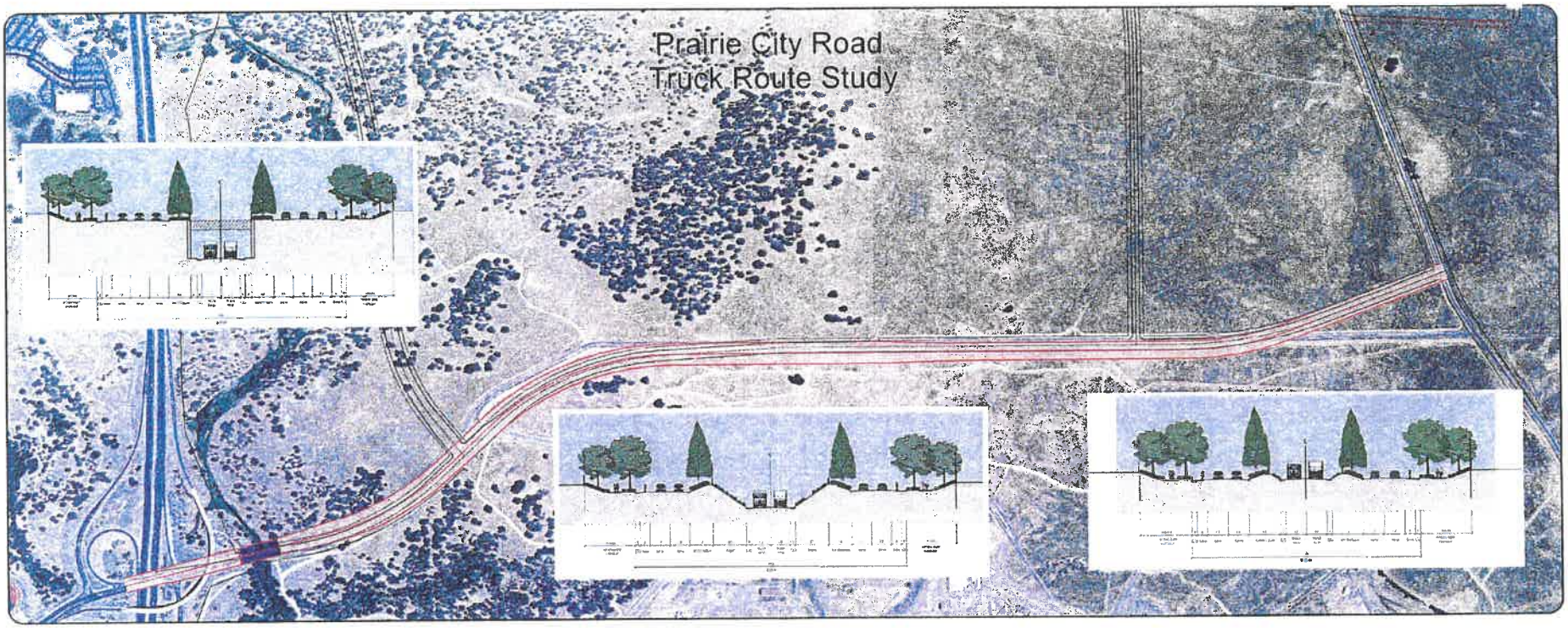
(1) Assumes that the City of Folsom has annexed the Folsom SOI area.

DKS Associates
TRANSPORTATION SOLUTIONS

FIGUR

STONERIDGE QUARRY CONTRIBUTION DISTRIBU

TRUCK MANAGE



Intersection 'A'
Prairie City Road - Easton Valley Parkway

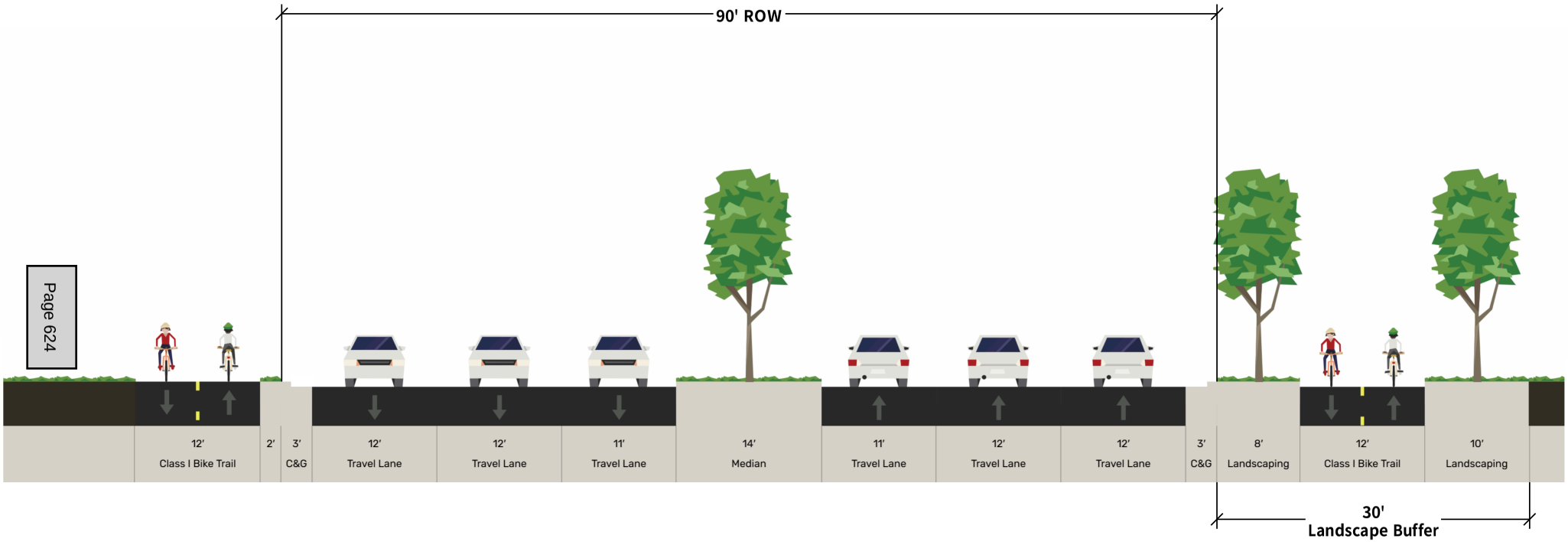
Intersection 'C'
Prairie City Road - Street A

Figure V
Prairie City Road Special Desig

Exhibit D
Prairie City Road Modified FPASP Cross-Section
Ultimate 6-Lane Configuration (City/County)
Alder Creek Parkway/Easton Valley Parkway to US 50

EXHIBIT D

PRAIRIE CITY ROAD MODIFIED FPASP CROSS-SECTION
ULTIMATE 6-LANE CONFIGURATION (CITY/COUNTY)
ALDER CREEK PARKWAY/EASTON VALLEY PARKWAY TO US-50
(LOOKING NORTH)
MAY 18, 2026

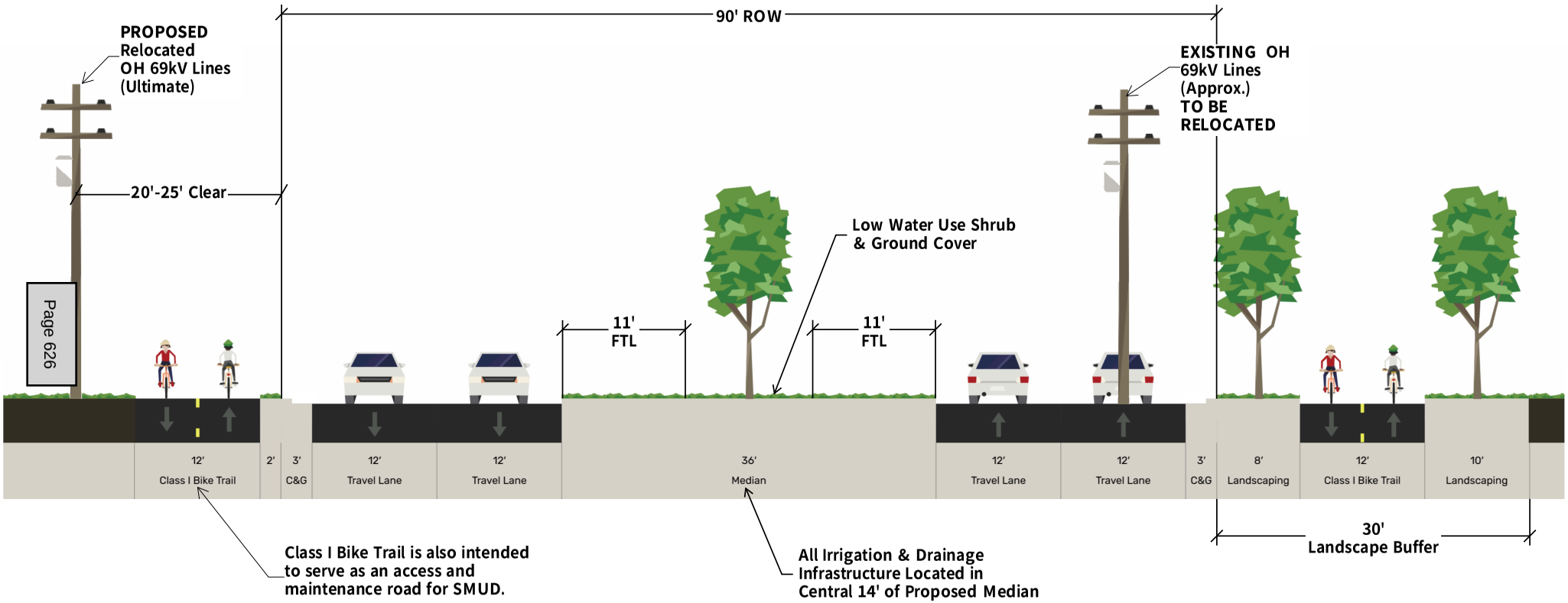


09/22/2026 Item No.11.

Exhibit E
Prairie City Road Modified FPASP Cross-Section
4-Lane Configuration (City Ultimate/County Interim)
White Rock Road to Alder Creek Parkway/Easton Valley Parkway

EXHIBIT E

PRAIRIE CITY ROAD MODIFIED FPASP CROSS-SECTION
CITY ULTIMATE/COUNTY INTERIM 4-LANE CONFIGURATION
WHITE ROCK ROAD TO ALDER CREEK PARKWAY/EASTON VALLEY PARKWAY
(LOOKING NORTH)
MAY 18, 2026

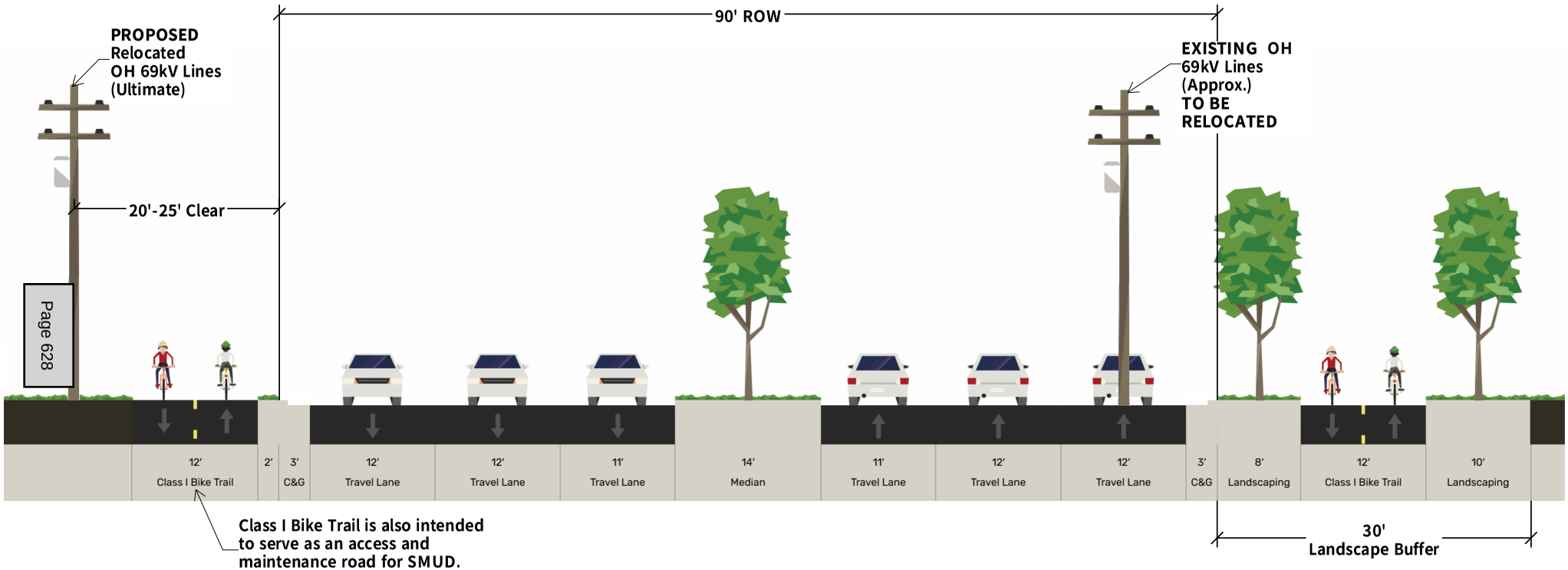


09/22/2026 Item No.11.

Exhibit F
Prairie City Road Modified FPASP Cross-Section
6-Lane Configuration (County Ultimate)
White Rock Road to Alder Creek Parkway/Easton Valley Parkway

EXHIBIT F

PRAIRIE CITY ROAD MODIFIED FPASP CROSS-SECTION
COUNTY ULTIMATE 6-LANE CONFIGURATION
WHITE ROCK ROAD TO ALDER CREEK PARKWAY/EASTON VALLEY PARKWAY
(LOOKING NORTH)
MAY 18, 2026



09/22/2026 Item No.11.

Folsom City Council
Staff Report

MEETING DATE:	9/22/2026
AGENDA SECTION:	New Business
SUBJECT:	Direction to Staff on Prairie City Road Right-of-Way Annexation for Jurisdictional Boundary Realignment
FROM:	Community Development Department

RECOMMENDATION / CITY COUNCIL ACTION

Staff recommend that the City Council direction to staff to initiate discussions with Sacramento County and the Sacramento Local Agency Formation Commission (LAFCo) regarding a potential modification of the jurisdictional boundary between the City of Folsom and Sacramento County to generally align the boundary with the future realignment of Prairie City Road.

BACKGROUND / ISSUE

The existing jurisdictional boundary between the City of Folsom and unincorporated Sacramento County in the vicinity of Prairie City Road does not consistently follow the road's centerline or right-of-way. In several segments, the boundary bisects the roadway itself or splits individual parcels between the two jurisdictions. This condition, which is common where boundaries were originally set by section lines, parcel lines, or prior annexations rather than by infrastructure, creates recurring practical difficulties, including:

- Ambiguity over which agency is responsible for pavement maintenance, striping, signage, drainage, and traffic signal operations along affected segments of Prairie City Road;
- Split jurisdiction over code enforcement, law enforcement, and emergency response for parcels or road segments that straddle the boundary;
- Inconsistent permitting and development review where a single project site or frontage improvement falls under two jurisdictions; and
- Increased administrative burden for property owners, utility providers, and both agencies in confirming service and taxing jurisdiction.

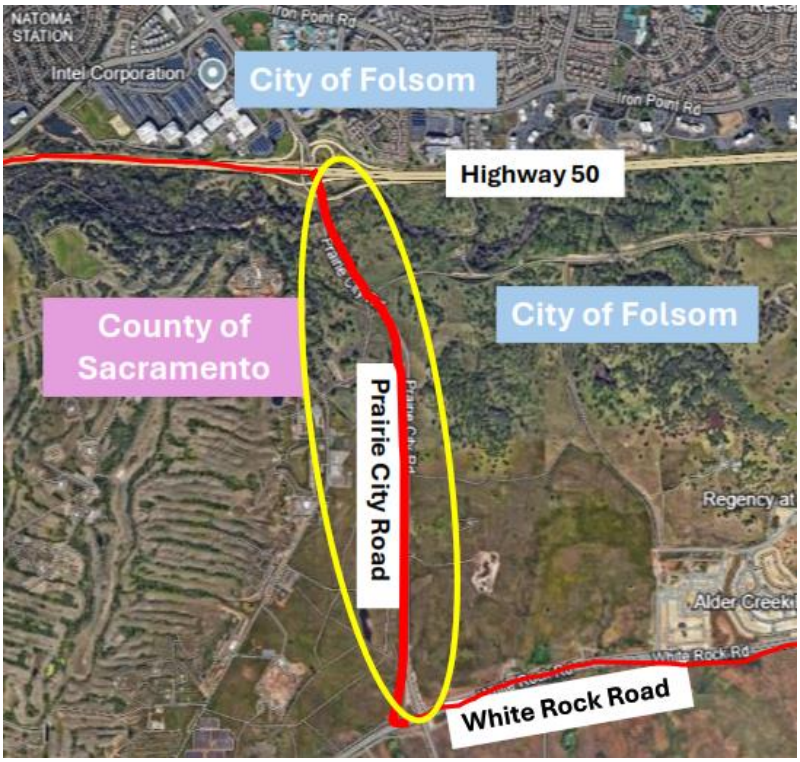
City and County staff have had preliminary discussions regarding a boundary realignment that would move the jurisdictional line to follow the centerline of future Prairie City Road right-of-way, consistent with the approach the City and County have used elsewhere along shared corridors. With current City and County action adopting a new Memorandum of Understanding for interim and ultimate right-of-way cross sections and alignment of Prairie City Road, the agencies can now proceed with realignment of our jurisdictional boundary down the centerline of that future roadway between the two agencies.

Because the proposed action would reorganize territory between two local agencies, it is subject to review and approval by Sacramento LAFCo under the Cortese-Knox-Hertzberg Act, and requires an application initiated by resolution of the affected legislative body or bodies. Staff is not requesting formal direction to submit the application, but rather to commence the coordination with Sacramento County and LAFCo. Staff anticipate returning to City Council in the first quarter of 2027 with a resolution to initiate the application including additional details on the project, process, cost, and timeline.

ANALYSIS

Proposed Boundary Realignment

The proposed modification would adjust the Folsom / Sacramento County jurisdictional boundary along Prairie City Road so that it follows the road right-of-way (or centerline, to be determined through the LAFCo application process) rather than its current, irregular alignment.



The intent is not to expand the City's jurisdiction for land-use purposes beyond what is necessary to establish a logical and functional jurisdictional boundary. Rather, the proposed modification would seek to create a boundary that is readily identifiable in the field, corresponds with the future transportation network, and provides a more logical division of responsibility between the City and County.

A boundary generally following the centerline or other appropriate right-of-way boundary of the realigned Prairie City Road could provide several benefits, including:

- Logical jurisdictional boundary. A major public roadway provides a clear and readily identifiable boundary between jurisdictions.
- Improved service delivery. Aligning the jurisdictional boundary with the roadway could reduce situations in which roadway improvements, maintenance, landscaping, drainage, utilities, or other public infrastructure cross jurisdictional boundaries in an irregular manner.
- Clear maintenance responsibilities. A boundary aligned with the future roadway could provide greater clarity regarding responsibility for roadway and associated public improvements.
- Consistency with planned development. The modification would better reflect the transportation network planned for the Folsom Plan Area and surrounding areas.
- Long-term administrative efficiency. Establishing a logical boundary before completion of the roadway realignment could reduce future boundary and maintenance issues.
- Improved coordination with Sacramento County. A mutually agreed-upon boundary would provide a framework for coordinating transportation, public works, emergency response, land-use planning, and other municipal services.

The precise location of the proposed boundary has not yet been established. Staff would work with Sacramento County, affected property owners, surveyors, and Sacramento LAFCo to develop an appropriate legal description and boundary exhibit. Attachment 1 includes a Conceptual Realigned Boundary Exhibit.

Ultimately, the realignment will also implement the Folsom Plan Area Specific Plan adopted in 2011 and memorialize a previous conditional certificate of compliance – lot line adjustment between Aerojet/Easton and the City of Folsom.

Annexation Process

Any proposed annexation that involves a change to City of Folsom boundaries is subject to review and approval by Sacramento County’s Local Agency Formation Commission (LAFCo) in addition to approval by the Folsom City Council (and in this instance Sacramento County Board of Supervisors). This is true for service district boundary changes as well. Procedurally, this type of change to a jurisdictional boundary requires extensive study, environmental analysis, public review, and decision-making that can take years and often decades to complete for a project of this magnitude. The general LAFCo process, along with Folsom’s annexation history can be found in Attachments 2 and 3, respectively.

The realignment is intended to be jurisdiction-neutral in effect — it is not proposed as an annexation of new territory for development purposes, but as a technical correction to align governmental boundaries with a readily identifiable physical feature. Because minor amounts of territory may transfer between the City and County to achieve a clean boundary, the application will need to address:

- Preparation of a legal description and boundary map of the proposed new jurisdictional line, prepared by a licensed land surveyor;
- Identification of any affected parcels, including notice to property owners whose parcel would change jurisdiction, tax rate area, or service provider as a result;
- A property tax exchange agreement between the City and County, as required for any reorganization under Revenue and Taxation Code Section 99, reflecting the (likely minimal) net change in assessed value and service responsibility;
- Coordination on which agency assumes maintenance, capital improvement, and operational responsibility for the realigned road segments; and
- Review under the California Environmental Quality Act (CEQA), which is anticipated to qualify for an exemption as a minor boundary adjustment involving no physical change or new development entitlement, subject to confirmation by the LAFCo executive officer.

A jurisdictional boundary modification of this type is processed by Sacramento LAFCo as a reorganization application. Typical steps include: adoption of a resolution of application by the City Council (and a concurrent or parallel action by the County Board of Supervisors); submittal of the application, boundary map, and legal description to LAFCo staff; LAFCo staff review and preparation of a report and recommendation; a public hearing before the LAFCo Commission; and, if approved, recordation of the boundary change with the Sacramento County Recorder and update of official jurisdictional maps. Depending on LAFCo's hearing calendar and the complexity of the tax-sharing negotiation with the County, staff estimates the process could take approximately [9–12 months] from application submittal to effective date.

At this meeting, LAFCo Executive Director Jose Hernriquez will present information about the traditional Annexation process for territorial change and the simplified/streamlined process for this qualifying reorganization Annexation to realign the jurisdictional boundary between Folsom and Sacramento County along the future centerline of Prairie City Road.

Why Council Direction Is Requested Now

Because the application must be filed jointly, or with concurrence, from both affected agencies, and because it commits staff time from Community Development, Public Works, Finance, and the City Attorney's Office, staff is seeking Council direction before finalizing the scope of the application and returning with a resolution of application and any required interagency agreements for formal Council action.

FISCAL IMPACT

At this stage, the proposed action is primarily to provide direction to staff and authorize further coordination and preparation of a potential LAFCo application.

There may be costs associated with surveying, preparation of legal descriptions and exhibits, application fees, environmental review, title research, and other technical work necessary to process the boundary modification. Staff will evaluate these costs as the proposal is developed.

If additional funding is necessary to complete the application or associated technical work, staff will return to the City Council for authorization as appropriate.

ENVIRONMENTAL REVIEW

The action requested at this time is to provide direction to staff to investigate and pursue a potential jurisdictional boundary modification. No physical development or construction is proposed as part of this action.

Staff will coordinate with the City Attorney's Office and Sacramento LAFCo to determine the appropriate environmental review for the eventual boundary modification proposal.

ATTACHMENTS

1. Conceptual Realigned Boundary Exhibit for Prairie City Road
2. Local Agency Formation Commission Annexation Process
3. Folsom Annexation History

Submitted,

Pam Johns, Community Development Director

Attachment 1

US 50
US 50
PRAIRIE CITY RD
PRAIRIE CITY RD
PRAIRIE CITY RD
PRAIRIE CITY RD
WHITE ROCK RD
WHITE ROCK RD
WHITE ROCK RD
PRAIRIE CITY RD
APN 072-0231-140
ALDER CREEK WEST IMPROVEMENT
COMPANY LLC
2006 AEROJET RD
APN 072-3360-047
EASTON DEVELOPMENT COMPANY LLC
SCOTT RD
APN 072-0110-047
ALDER CREEK WEST IMPROVEMENT
COMPANY LLC
12379 LOUISIANA RD
APN 072-0231-145
EASTON DEVELOPMENT COMPANY
WHITE ROCK RD
APN 072-0060-090
AEROJET ROCKETDYNE INC
WHITE ROCK RD
APN 072-0060-091
ALDER CREEK WEST IMPROVEMENT
COMPANY LLC
13920 WHITE ROCK RD
APN 072-0060-095
CITY OF FOLSOM
WHITE ROCK RD
APN 072-0100-031
ELK GROVE-RANCHO
CORDOVA-EL DORADO
CONNECTOR AUTHO
SCOTT RD
APN 072-0110-077
AEROJET ROCKETDYNE INC

Attachment 2

LAFCO Annexation Process Overview

Local Agency Formation Commission (LAFCO) is a countywide commission, required in each California county. Sacramento County LAFCO has authority over any Sphere of Influence Amendments or Annexations in Sacramento County.

The broad goals of the Commission's directive are to ensure the orderly formation of local governmental agencies, to preserve agricultural and open space lands, and to discourage urban sprawl. Commissions must, by law, create Municipal Service Reviews and Update Spheres of Influence for each independent local governmental jurisdiction within their countywide jurisdiction.

Relevant Definitions and Acronyms

- Municipal Service Review (MSR). Municipal Service Review is a study conducted by the commission documenting and analyzing the services in a particular geographic region or jurisdictional area pursuant to the requirements of Government Code Section 56430 and Sacramento LAFCO's adopted local policy as permitted pursuant to subsection (a)(7) of section 56430.

- Sphere of Influence (SOI). Sphere of Influence is a plan for the probable ultimate physical boundaries and service area of a local agency, as determined by the commission consistent with Government Code Section 56425.

- Pre-zoning. Prezoning is the adoption of an anticipated zoning category prior to annexation to be effective subsequent to annexation.

- Annexation. Annexation is the inclusion, attachment, or addition of territory to a city or district which is Governed by Government Code Section 65668.

Process/Logistics for a City to Request Sphere of Influence Amendment/Annexation

A city, a landowner, and/or registered voters can request a modification to a Sphere of Influence (SOI). Landowners can initiate this on their own without the city but at some point the city has to state whether they are in favor of the Sphere of Influence change or not.

Municipal Service Review(s) are required before a city can change/update a Sphere of Influence, one or to analyze ability to provide services now and in the future. The Municipal Service Review would accompany the Sphere of Influence application but can also be done in advance of a Sphere of Influence application. Sacramento County LAFCO has a policy that the Sphere of Influence is heard at a different meeting than the Municipal Service Review.

Sphere of Influence Amendments and Annexation are subject to the California Environmental Quality Act (CEQA).

In any Sphere of Influence Amendment, the city and county have to meet and confer. Before LAFCO can adopt a Sphere of Influence amendment, there has to be agreement/resolution between the city and the county.

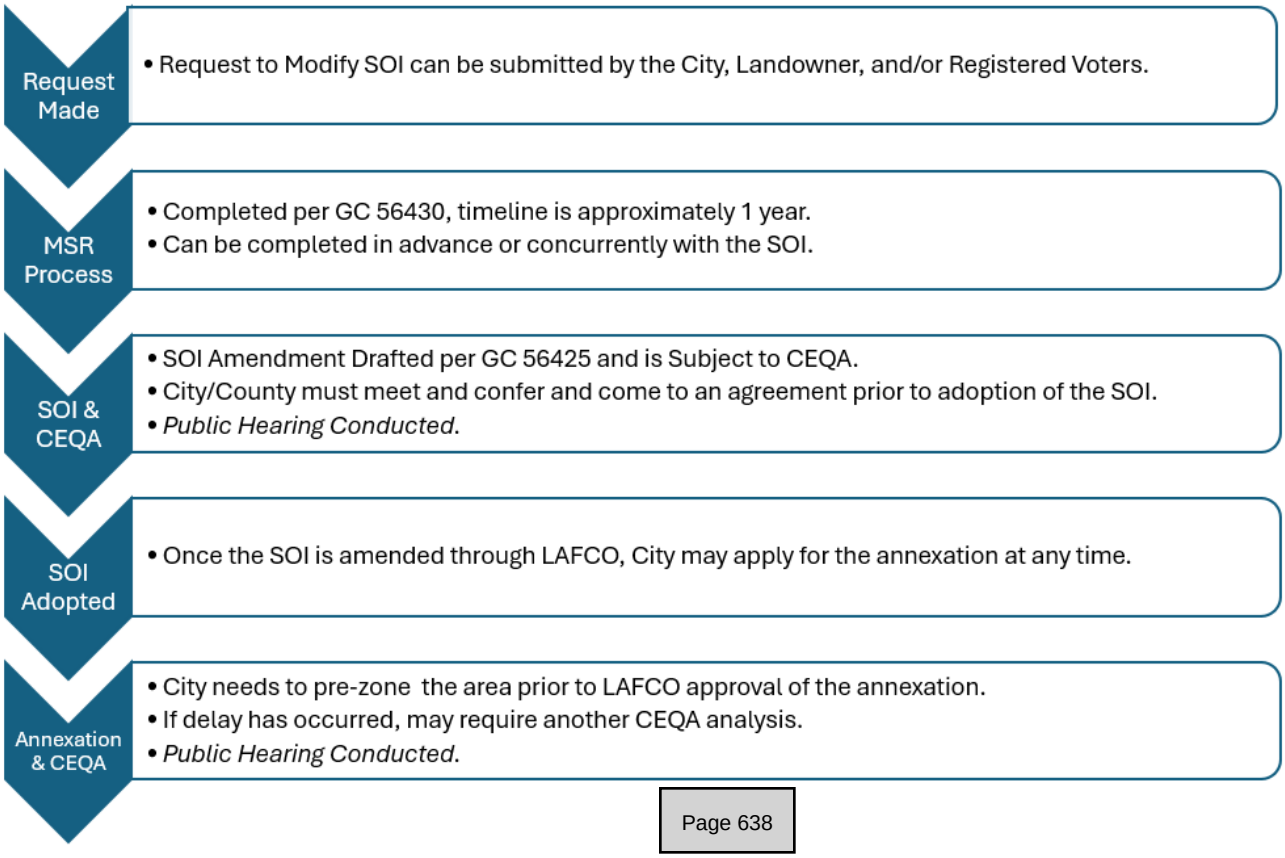
A public hearing with LAFCO is required for both Sphere of Influence requests as well as Annexation requests.

LAFCO Annexation Process Overview

LAFCO must consider the following factors in determining the Sphere of Influence of each governmental agency:

1. The maximum possible service area of the agency is based upon present and possible service capabilities of the agency.
2. The range of services the agency is providing or could provide.
3. The projected future population growth of the area.
4. The type of development occurring or planned for the area, including, but not limited to, residential, commercial, and industrial development.
5. The present and probable future service needs of the area.
6. Local governmental agencies presently providing services to such area and the present level, range and adequacy of services provided by such existing local governmental agencies.
7. The existence of social and economic interdependence and interaction between the areas within the boundaries of a local governmental agency and the area which surrounds it and which could be considered within the agency's sphere of influence.
8. The existence of agricultural preserves in the area which could be considered within the agency's sphere of influence and the effect on maintaining the physical and economic integrity of such preserves in the event that such preserves are within a sphere of influence of a local governmental agency.

LAFCO Commission may put policy conditions onto Sphere of Influence amendment that could affect annexation. Once a Sphere of Influence is amended through LAFCO, the city can apply for the Annexation at any time. The city would need to pre-zone the area prior to LAFCO's approval of the annexation. Below is a simple flow chart for the above-described process:



Attachment 3

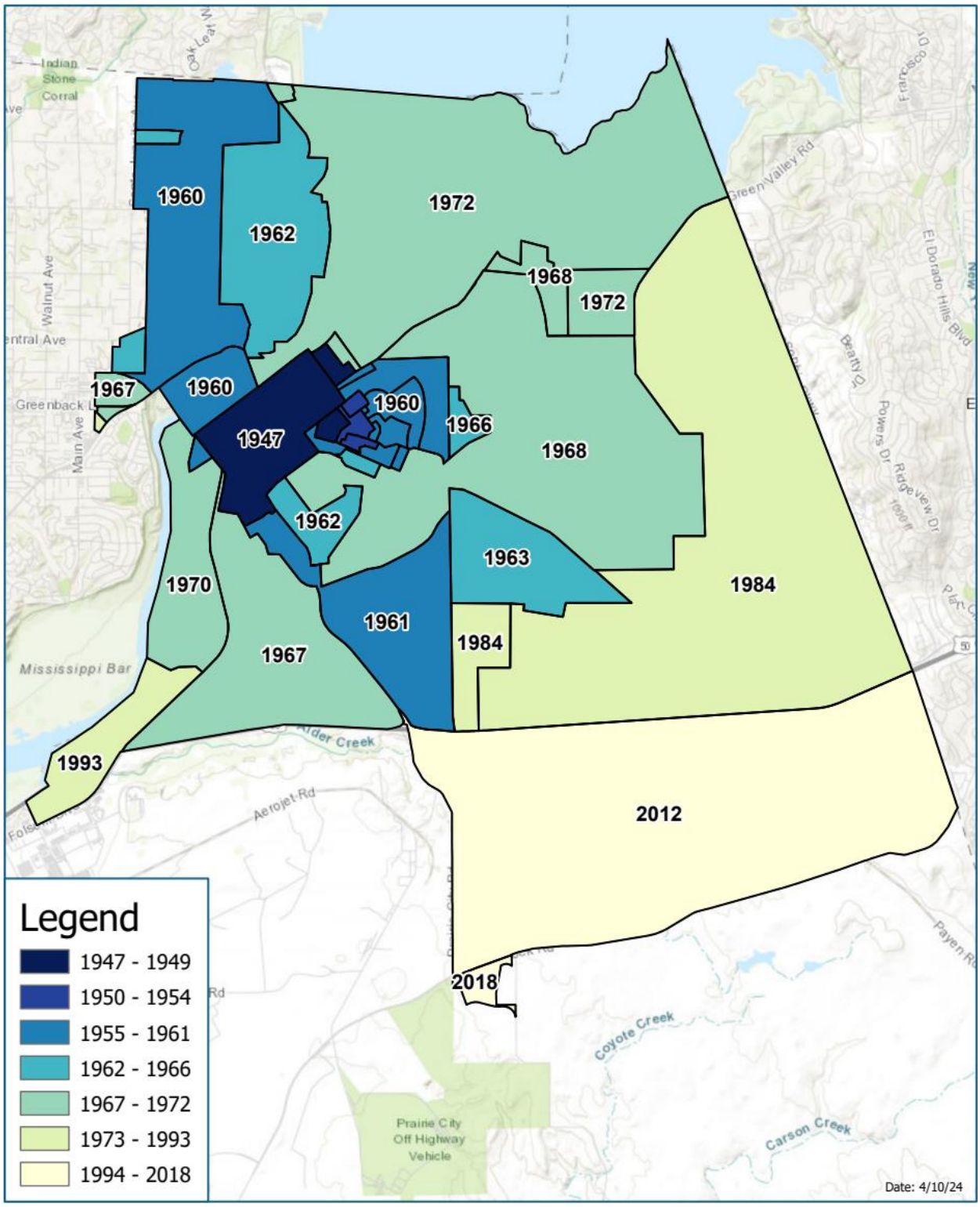
Folsom Annexation History 1946 - Present

When Folsom incorporated in 1946, development was largely restricted to the Historic District. By 1980, 35 years later, development had expanded east and north of the Historic District on both sides of the American River and the city limits had expanded south to Highway 50. When the last General Plan was adopted in 1988, Folsom had gone through a massive expansion; the city grew from a population of 5,800 in 1970 to 23,000 in 1988 – quadrupling in size in less than 20 years. The previous 1988 General Plan guided Folsom's continued growth for 30 years.

In 2018 with a population over 77,000 residents and city limits largely developed north of Highway 50, City Council adopted Folsom General Plan 2035 creating a blueprint for the City's growth and development over the next 20 years. That current General Plan incorporated 3,585 acres south of Highway 50 that were annexed in 2012 in conjunction with the adoption of the Folsom Plan Area Specific Plan (after more than a decade of study, planning, analysis, and agreements). See the City's annexation history map on the following page and the chronology for the most recent annexation south of Highway 50 below.

Folsom Annexation Process to Expand the Sphere of Influence South of Highway 50	
1999	City Growth and Annexation Consideration. Growth area designated in SACOG Blueprint. Discussion about whether the City or County should plan it.
2001	Sacramento LAFCO approved the City's application to expand it's Sphere of Influence (SOI) with the condition for a comprehensive planning process to ensure the area is efficiently served, its valuable natural resources protected, and that "piecemeal" development is avoided
2004	Measure W passed by Folsom voters with 3 primary stipulations: • The city must secure a new water supply for the area • Current residents not be required to pay fees for construction of new infrastructure, including schools and roads, in the new community • 30% of the gross land area be maintained as natural open space for the preservation of oak woodlands and sensitive habitat
2005	Vision/Land Planning Process Commenced (multi-year process)
2011	Folsom Plan Area Specific Plan Adopted and EIR Certified, Development Agreement Adopted
2012	Prezoning and Annexation Approved
2013	Specific Plan Refinements, Open Space Management Plan, Public facilities and Financing Plan, Design Guidelines, Specific Plan Amendments, Tentative Subdivision Maps
2015	Construction of Phase 1 Backbone Infrastructure $250M investment in water, sewer and roadway infrastructure and improvements
2017	First residential building permits issued
2018	First residential home occupied

Folsom Annexation History 1946 - Present



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CITY OF
FOLSOM
DISTINCTIVE BY NATURE

Folsom City Council
Staff Report

MEETING DATE:	9/22/2026
AGENDA SECTION:	New Business
SUBJECT:	Housing Program Implementation Workshop: City Council Priorities for the Next Two Years
FROM:	Community Development Department

RECOMMENDATION / CITY COUNCIL ACTION

The purpose of this workshop is to provide an overview of the progress made to date on Housing Element implementation, share information on projects underway, and discuss several proposed housing initiatives that require City Council input/direction. With two and a half years remaining in the current Housing Element cycle, staff hopes to ensure that workload and resources remain focused on the most important and impactful efforts.

BACKGROUND/ISSUE

The City has sufficient housing funds available to support additional affordable housing developments and over the past year, staff has received a number of inquiries from affordable housing developers expressing strong interest in building an affordable housing project in Folsom, including significant interest in the Lakeside Church property and the City-owned Glenn Station light rail site, which is currently used as a park-and-ride lot. Given our current funding capacity and the substantial level of developer interest, staff believes the City should carefully consider how to best utilize our limited staff resources and available housing funds to ensure that we direct these resources toward projects that most effectively address community needs, leverage outside funding sources, and advance our Housing Element goals.

To support this effort, staff has identified several initiatives intended to establish clear priorities and encourage future affordable development, ensuring that the City is well positioned as new opportunities emerge. To advance this work, staff are requesting City Council review and provide input on each initiative and determine priority order. Each City Council member will be asked to rank these initiatives to prioritize staff implementation during the remaining two and half years of this Housing Element cycle. Any initiatives receiving strong support from City Council that

cannot be fully completed in this cycle may be incorporated as programs (in whole or in part) in the next Housing Element cycle (2029 – 2037).

Purpose and Background of the Sixth Cycle Housing Element

The primary purpose of a Housing Element is to ensure that local governments plan for the housing needs of all income levels, remove barriers to development, support private market solutions, address constraints to housing, and promote fair and equitable access. It serves as a state-approved blueprint for how communities will grow to meet housing demands.

The City's sixth cycle Housing Element was adopted in August 2021 and establishes the framework for housing policy during the planning period of May 15, 2021, through May 15, 2029. The adopted Element re-evaluated the City's housing-related goals and objectives, addressed existing and emerging housing issues, and identified a comprehensive set of programs to support housing development, affordability, and equity. This cycle introduced several new challenges for the City, including the need to accommodate a significantly increased share of the Regional Housing Needs Assessment (RHNA) allocation (refer to the table below) and comply with evolving state housing laws. Among these was SB 166 (2017), the "no-net-loss" law, which requires the City's land inventory and site identification programs to maintain sufficient sites to meet any unmet RHNA throughout the planning period.

Progress to Date

The table below summarizes the City's progress in meeting RHNA targets though December 2025.

Regional Housing Needs Allocation (RHNA) Progress – 8-year period			
Income Level	**RHNA Allocation Of Units**	**Total Units Built in 2021 and 2025**	**Total Units Remaining**
Very Low (50% AMI)	2,226	186	2,040
Low (80% AMI)	1,341	348	993
Moderate (80-120% AMI)	829	812	17
Above Moderate (+120% AMI)	1,967	3,473	0
Totals	6,363	4,819	3,050

While the City has made good progress meeting its RHNA targets for housing affordable to moderate and above-moderate income households, the City has struggled to meet its share of the lower-income housing need like many cities throughout the state. While the City has provided enough land zoned to address this need, insufficient State and federal funding, the cost of construction, overall development costs including fees, and financial feasibility are major barriers to this type of development. In addition to ongoing work to meet the City's RHNA obligations, the City has made solid progress implementing the goals, policies, and programs in the adopted Housing Element. Of the 34 programs included in the Housing Element, ten are complete, 19 are ongoing, three are in process or partially implemented, and two have not yet been initiated. A summary of progress for each Housing Element program is provided in Attachment 1.

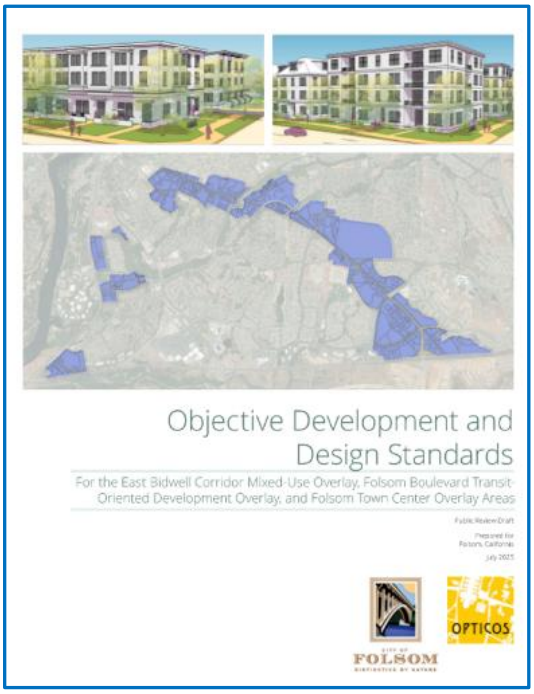
State Housing and Community Development Compliance and Monitoring

Timely implementation is increasingly important, as the State Housing and Community Development Department (HCD) closely tracks jurisdictions for compliance. In March of this year, HCD issued a Letter of Inquiry requesting updates on several sixth-cycle programs with past completion dates listed in the 2024 Annual Progress Report. The letter also reiterated potential consequences for noncompliance, including ineligibility for certain state funding, referral to the Attorney General, court-imposed penalties, loss of local land use authority, and possible application of the builder's remedy. Several of the programs identified as past due by HCD were already completed or in progress (Program H-3: Standards for Transit-Oriented Development; Program H:5 Accessory Dwelling Unit Incentive - pre-approved ADU Plans; and Program H:13 Update to Density Bonus Ordinance). However, two of the identified programs (Program H-6: Tracking and Monitoring ADUs and Multi-Generational Units and Program H-30: Zoning Code Amendments for Special Needs Housing) still require City action. City staff responded to HCD with a detailed letter that provided an update outlining recent progress and revised timelines.

2025/2026 Housing Element Program Implementation Highlights

The following section highlights the implementation progress made on Housing Element programs over the past year:

<u>Program H-3: Standards for Transit-Oriented Development and Program H-8: Objective Design Standards for Multifamily Housing (Implemented)</u>
On December 9, 2025, the City Council adopted a comprehensive set of Objective Development and Design Standards (ODDS) for the East Bidwell Street corridor, the transit priority areas surrounding the Glenn and Iron Point light rail stations, and the Folsom Plan Area, specifically the Folsom Town Center south of Highway 50. These standards are intended to guide the physical form and character of new development, promote compatibility with the community's established character, and support walkability and human-scale urban design.



Program H-5: Accessory Dwelling Unit Incentives (Implementation Initiated)
In September 2026, staff launched the Accessory Dwelling Unit (ADU) Pre-Approved Master Plan Program. This program allows architects and designers to submit ADU plans for pre-approval as master plans, which residents can then purchase for use. The program is expected to reduce costs for homeowners by providing multiple pre-approved plan options and streamline the review process. A dedicated webpage is now live, and staff has initiated targeted outreach to encourage architect and designer participation.

Program H-9: Conduct Inclusionary Housing Fee Study (Implemented)
On January 13, 2026, the City Council adopted Ordinance No. 1359 and Resolution No. 11510, revising the method for calculating the inclusionary in-lieu fee. The update replaces the previous formula (1% of the lowest-priced home within a subdivision) with a simplified and standardized fee structure based on square footage, consistent with practices in other jurisdictions. The action also incorporated non-substantive cleanup revisions for clarity and consistency.

Program H-17: Study the Purchase of Land for Affordable Housing (Completed and Pending)
On June 23, 2026, the City Council adopted Resolution No. 11659, authorizing the purchase of Leidesdorff Street property (Assessor Parcel Numbers 070-9946-026 and 070-0042-002) as a strategic location for future affordable housing. The sites are identified as suitable for lower-income housing needs, and the City Council considered the purchase of these sites as an important opportunity for an innovative housing project that could be thoughtfully planned in coordination with the surrounding neighborhood and the future redevelopment of the City's Corporation Yard. The acquisition was fully funded through the City's Housing Fund.

On August 11, 2026, the City Council adopted Resolution No. 11686, authorizing the purchase of approximately 6.69 acres of undeveloped land located at the northeast corner of East Bidwell Street and Oak Avenue Parkway. The property, owned by Lakeside Church, had been identified as an important site to help meet the city's lower-income housing needs. Securing the land will allow the City to preserve a strategically located opportunity for future affordable housing and to guide the timing, type, and quality of development consistent with community needs. The site's proximity to the Los Rios Community College campus also creates potential for future partnerships, including opportunities to explore student and workforce housing. The acquisition will be fully funded by the City's Housing Fund.

Program H-13: Update to Density Bonus Ordinance (Underway)
On September 22, 2026, the revised Density Bonus Ordinance is scheduled for City Council consideration and final adoption. Staff separated this update from the broader zoning code effort to advance a targeted amendment that brings the ordinance into full compliance with current state density bonus requirements and simplifies its provisions for clearer application and implementation.

Other 2025/2026 Accomplishments

In addition to implementing Housing Element programs, the City has made progress over the past year on several other housing-related efforts, summarized below:

Affordable Housing Loan (AHL) Program Guidelines (Completed)
On August 26, 2025, the City Council adopted Resolution No. 11427 approving the AHL Program Guidelines, establishing a clear framework for providing financial assistance to affordable housing projects. The guidelines formalize loan policies and create a structured basis for issuing future Notices of Funding Availability (NOFAs), allowing the City to proactively solicit proposals and direct funding to projects that align with Housing Element priorities. This ensures resources can be allocated to developments in preferred locations or those serving high-need populations while maintaining a transparent and equitable process.

Evaluation of CDBG Entitlement Status (Completed)
In April of 2026, the City retained a consultant to evaluate whether the City should pursue CDBG entitlement status, including an assessment of funding potential, administrative obligations, and the limited number of eligible Low and Moderate Income (LMI) areas. Based on this analysis, the consultant did not recommend moving forward with entitlement status, citing limited benefit relative to the City's small allocation and significant administrative burden. Following this recommendation, the City entered into a cooperative agreement with SHRA to continue accessing CDBG funds through the existing countywide structure.

Accessory Dwelling Unit (ADU) Ordinance Update (Completed)
On April 12, 2026, the City Council adopted Ordinance No. 1361, which updated the City's existing ADU regulations to align with State law, while preserving and strengthening standards in areas where the City can still exercise local control, such as limited regulations related to size, height, and other objective design and development requirements. The updated ordinance also standardized and consolidated ADU provisions to improve readability and streamline the review process.

Seventh Cycle Housing Element Consultant Procurement (Completed)
The City issued the RFP for the Seventh Cycle Housing Element Update on May 20, 2026, reviewed all four proposals that were received, and selected Ascent as the consultant. On August 11, 2026, the City Council approved Resolution No. 11676 authorizing the Professional Services Agreement and contract execution is currently underway. Early initiation of this effort is essential to secure the consultant's availability and ensure the City is well-prepared to address the complex requirements of the Seventh Cycle.

Local Tenant Preference Policy (Initiated)
Staff is currently developing a local tenant preference policy for City-funded affordable housing projects and has reviewed policies from several jurisdictions across California. Based on this research, staff recommends moving forward with a program modeled closely on Placer County's approach, which includes preferences for current residents, former residents, local workers, and potentially local students. Once the draft policy and required disparate impact analysis are complete, staff will present the proposed policy to the City Council.

LOOKING AHEAD: HOUSING INITIATIVES AND CITY COUNCIL PRIORITIES

As the City moves into the final quarter of the current eight-year Housing Element cycle, it is important to maintain steady implementation of the programs and policies identified in the Housing Element. While the City has limited staffing capacity (one Housing Manager) and constrained General Fund resources, it also retains a meaningful amount of dedicated housing funds that can be directed toward strategically selected housing initiatives. See Attachment 2: Housing Funds Overview for Housing Fund information and funding totals. Given these conditions, prioritization is essential to ensure that available resources are applied to initiatives that have the greatest level of community support and meet the City Council's housing policy priorities.

Maintaining momentum will require focused attention on core implementation tasks, strategic use of available funding, and steady alignment of land-use decisions with long-term housing goals. Clear direction from the City Council will help ensure that limited staff capacity and financial resources are directed toward the initiatives most likely to meaningfully advance the production of affordable housing needed during this Housing Element cycle.

To assist with this effort, staff has identified five near-term initiatives for the City Council's consideration and prioritization. These items represent opportunities to utilize existing resources efficiently and advance the city's housing goals. Each item is summarized below with supporting background information.

Initiative 1: Glenn/Holderness Station Request for Proposals (RFP)

Recommended Action

Direct staff to advance Program H-15 by continuing coordination with affordable housing developers and Sacramento Regional Transit (SacRT) regarding development feasibility of the Glenn/Holderness Station site as a transit-oriented housing development. This evaluation would address Federal Transit Administration (FTA) parking obligations, infrastructure needs, and partnership opportunities, and include preparation and release of a Request for Proposal (RFP), for development of this site.

Background and Context

Program H-15 calls for the City to partner with an affordable housing developer to construct affordable units at the Glenn/Holderness Station, with a goal of producing at least 74 lower-income units by 2029. The 2.73-acre park-and-ride site is designated for high-density housing and is identified in the Housing Element as an eligible affordable housing location. The property was originally acquired using FTA funds as part of the larger Gold Line project. Because of this federal participation, the site remains subject to FTA real property requirements intended to ensure the long-term transit use and benefit of the asset.

It is staff's understanding based on information from SacRT and a previous 2007 TOD analysis of the site, that under FTA rule, parking acquired with federal funds must be preserved unless the local agency chooses to reimburse FTA for the federal investment associated with the facility or replaces the parking. The original plans submitted to FTA identified a commitment to provide 191 parking stalls. While FTA regulations do not prohibit additional uses or structures on the property, a redevelopment concept must maintain the required parking or provide acceptable replacement parking.

Developer interest in the site has increased over the past year, coinciding with the City's adoption of increased density for of targeted areas and Objective Design and Development Standards supporting higher-density, transit-oriented development (TOD). Prior studies, including TOD concept analyses completed in 2007 and feasibility testing through the 2022 Objective Development Standards project, identified the site as a strong candidate for infill residential development at increased densities, but recommended reduced residential parking requirements.

Infrastructure considerations remain an important factor in evaluating future development potential. The General Plan update identified possible wastewater conveyance constraints north of Highway 50, particularly within the 33-inch and 27-inch trunk line sheds. A Wastewater Conveyance Master Plan study is currently underway and expected to be completed early next year, which will clarify available system capacity and determine any improvements necessary to support higher-intensity development at this site. Final impacts will depend on the level of density proposed and other key assumptions.

State law now allows reduced parking near major transit stops, so future development at the Glenn Drive site may not require traditional parking levels. Any project will still need to determine the appropriate amount of parking to support transit use, which may include exploring shared-parking options with nearby properties while meeting FTA's replacement expectations.

If prioritized, staff will continue coordination with SacRT regarding parking requirements, conduct outreach to adjacent property owners, assess infrastructure needs to support a potential affordable housing development, and bring a Resolution to the City Council outlining the recommended development approach and authorizing the release of an RFP for the site.

Initiative 2: Master Plan a City-Owned Site for Future Affordable Housing

Recommeded Action

Direct staff to initiate a master planning effort for one of the City-owned sites to evaluate potential affordable housing development opportunities. This work would likely require hiring a consultant to prepare the master plan, conducting site analysis, and leading a public engagement process. The effort would identify feasible housing concepts, infrastructure needs, and partnership options. This initiative is not specific to any particular Housing Element program, but complements future implementation of Program H-17, which calls for studying the purchase of land for affordable housing.

Background and Context

Master planning a City-owned site would allow the City to proactively shape affordable housing outcomes by clearly identifying development constraints, infrastructure requirements, and community priorities before selecting a housing development partner. A master plan would also ensure that any future development is consistent with the City's recently adopted ODDS, allowing the City to proactively guide development to align with updated design, zoning, and development standards. A consultant would be needed to prepare the master plan, conduct site analysis, and facilitate public input to help refine and evaluate housing alternatives. Consultant service costs would be a qualifying expense of the cities housing funds.

Both the Glenn Station and Lakeside Church sites are strong candidates for this type of planning effort. Their size and location provide opportunities to evaluate several affordable housing concepts, such as transit-oriented development housing, student housing, mixed-income housing, or other income-restricted multifamily options. A structured master planning process would allow the City to explore these alternatives, incorporate community feedback, and determine the most appropriate and feasible housing approach for the selected site. Alternatively, the City Council may determine that another City-owned site (such as the Wye property or the Corporation Yard) is better suited for this type of planning and could choose to direct staff to focus the effort on a different City-owned site.

If prioritized as a top initiative, staff will work with the City Council to confirm the site with preferred housing opportunities/alternatives, and outline a plan for community engagement and master planning services on that particular site.

Initiative 3: Land Acquisition Program for Future Affordable Housing

Recommended Action
Direct staff to establish a program that continues exploring and pursuing opportunities to acquire land for future affordable housing development. This effort would include evaluating potential acquisition strategies and analyzing options for using City-owned land (such as direct sale, long-term ground leases, and other partnership structures) to determine which approaches best support long-term affordable housing objectives.

Background and Context
Housing Element Program H-17, "Study the Purchase of Land for Affordable Housing," directs the City to explore the feasibility of creating a program to purchase land for affordable housing across the community. In 2026, two land acquisition opportunities emerged: the Leidesdorff site adjacent to the Corporation Yard and the Lakeside Church property on Oak Avenue Parkway at East Bidwell Street. Both sites are identified in the Housing Element as appropriate for future affordable housing development and the acquisition of these properties gives the City greater ability to guide development outcomes there.

The Leidesdorff site's proximity to the Corporation Yard provides an opportunity for intentional planning and phased adjustments that could create a more developable parcel while maintaining compatibility with the Historic District. The Lakeside Church site offers a strategic location where City ownership would allow the City to determine the most appropriate affordable housing type for the area and ensure that necessary infrastructure to support development is in place.

Continuing to explore these opportunities helps the City preserve key sites for affordable housing, avoid loss of designated sites to market-rate development, control the timing/type/details of future affordable housing, and ultimately strengthen long-term Housing Element compliance.

If prioritized as a top initiative, staff with Council's direction will begin assessing what types of sites the City should pursue for acquisition, including appropriate size, location, and overall development suitability. Staff will also evaluate specific options for using City-owned land (including direct sale, long-term ground leases, and other partnership structures) to determine

which approach would best support future affordable housing development. This analysis will define feasible development pathways and provide a clear, actionable strategy for how City-owned sites should be used moving forward.

Initiative 4: Partner to Build Additional For-Sale Affordable Housing

Recommended Action:
Direct staff to explore partnership opportunities with affordable for-sale housing developers such as Habitat for Humanity to support the development of additional for-sale affordable housing in Folsom. This effort would include identifying potential sites, assessing feasibility and infrastructure needs, and coordinating with Habitat and other for-sale affordable developers to understand project models, funding considerations, and alignment with the City's long-term affordable housing objectives.

Background and Context
Habitat for Humanity successfully constructed ten affordable homes on Persifer Street. Their development model (using sweat equity, long-term affordability restrictions, and targeted subsidy) creates stable, income-restricted homeownership opportunities. This approach is one of the most effective methods for producing low-income for-sale housing and directly supports the City's Housing Element goals.

Over the past several months, staff has met with Habitat for Humanity to discuss potential future partnership opportunities and identified several possible sites. Although none of these locations have yet proven viable due to site constraints or timing issues, Habitat has expressed sustained interest in pursuing a project in Folsom when an appropriate site becomes available.

Housing Element Program H-23, "Expand Existing Affordable Housing Developments," directs the City to initiate conversations with existing affordable housing developers to identify opportunities and available funding or incentives that could support the expansion of current developments and increase the number of affordable units. Exploring opportunities with Habitat and other for-sale affordable developers aligns with this directive, as it strengthens relationships with established affordable housing partners and helps the City identify realistic pathways for expanding affordable homeownership options.

If prioritized as a top initiative, staff will continue evaluating potential sites, assess development feasibility, and work closely with Habitat and other for-sale affordable developers to understand project requirements, funding needs, and partnership structures. This work will help identify realistic development opportunities and clarify the steps required to support a future affordable for-sale project in Folsom.

Initiative 5: Establish a NOFA Process for Distribution of Affordable Housing Funds

Recommended Action
Direct staff to establish a Notice of Funding Availability (NOFA) process to guide distribution of the City's affordable housing funds moving forward. This would include frequency of distribution, amount of distribution, and criteria for distribution on an annual or bi-annual basis.

Background and Context

The City's affordable housing efforts are funded primarily through inclusionary in-lieu fees (Folsom Housing Fund) and commercial development fees (Housing Trust Fund), which support the Affordable Housing Loan Program. Historically, the City has allocated funding based on the reasonableness of a project's financial request while allowing developers flexibility in housing type and income targeting.

Housing Element Program H-11, "Local Funding for Affordable Housing Development," directs the City to explore the possibility of establishing priorities for how affordable housing funds are distributed. A NOFA process is a tool that would allow the City to implement more targeted funding priorities—such as income levels, housing types, special needs populations, or geographic focus areas (such as the Folsom Plan Area)—while maintaining developer flexibility. It would also allow the City to establish a distribution amount and frequency (e.g., up to $5,000,000 every other year) as a way of metering the housing funds over time.

If identified as a top priority, staff will prepare a NOFA framework, seek Council input on funding levels and desired focus areas, such as geographic or special need preferences, and begin implementing a more structured and targeted process for allocating affordable housing funds.

CONCLUSION

These five initiatives together reflect opportunities that staff have identified to support steady and meaningful implementation of the Housing Element during the remaining two and half years of the current Housing Element cycle. Given limited staffing capacity and available funding resources, prioritization is necessary to ensure attention and funding are directed toward efforts that can deliver measurable progress on City Council top housing policies and programs. Clear direction from the City Council on the relative priority of these proposed initiatives will enable staff to organize the work program, allocate available resources appropriately, and focus on activities that can reliably advance the City's long term housing objectives. Providing this direction will also help the development community understand the City's funding priorities and better anticipate opportunities for partnership on future affordable housing projects.

Attachment 3 includes an initiative ranking sheet listing these five initiatives, along with an option for City Council to identify one or more additional initiatives for consideration and ranking. At the City Council meeting, staff will request that City Council individually identify their ranked priorities. Compiled rankings will establish direction to staff for implementation of top-ranked initiatives over the next two and half years of the current Housing Element cycle (2021 – 2029). Some initiatives may carry over to the next Housing Element cycle and other initiatives may become policy or program directives in the next Housing Element cycle (2029 – 2037) as determined by City Council with community and stakeholder input.

ATTACHMENTS

1. Housing Element 2025 Progress Report Summary
2. Housing Funds Overview
3. Initiative Ranking Sheet

Submitted,

Pam Johns, Community Development Director

Attachment 1

Housing Element 2025 Progress Report Summary

Name of Program	Objective
H-1 Adequate Sites Monitoring	The City shall annually update the vacant and underutilized sites inventory; maintain adequate sites to accommodate assigned RHNA; and provide “no net loss” findings consistent with Government Code Section 65863.
H-2 Create Additional Lower-Income Housing Capacity	Increase allowable densities; coordinate with property owners; disperse affordable housing; update FPASP Policy 4.7; ensure lower-income sites are maintained.
H-3 Standards for Transit-Oriented Development	Establish TOD development standards; support sustainable development; allow mixed-use/residential; provide CEQA streamlining.
H-4 Accessory Dwelling Unit Tools and Resources	Develop ADU Design Workbook; provide illustrated examples; promote ADUs; target 194 ADUs by 2029.
H-5 Accessory Dwelling Unit Incentives	Provide fee reductions; pursue pre approved plans; coordinate with lenders; target 194 ADUs by 2029.
H-6 Track and Monitor ADUs and Multi-Generational Units	Track units; review affordability; ensure RHNA compliance if units do not meet lower-income needs; target 194 ADUs and 387 multi generational units by 2029.
H-7 Development Impact and Permit Fees	Review impact and permit fees; determine feasibility of fee reductions for affordable projects; identify revenue offset options.
H-8 Objective Design Standards for Multifamily Housing	Adopt multifamily objective design standards; rescind prior guidelines.
H-9 Conduct Inclusionary Housing Fee Study	Prepare study to determine subsidy gap; evaluate fee levels; consider ordinance revisions.
H-10 Provide Information on Affordable Housing	Create educational materials; update website; collaborate with homeless service providers.
H-11 Local Funding for Affordable Housing Development	Allocate Housing Fund resources; consider priority criteria; support approx. 580 units by 2029.
H-12 Incentives for Affordable Housing Development	Provide incentives (density bonus, fee deferrals); conduct annual outreach; support approx. 2,150 units by 2029.
H-13 Update Density Bonus Ordinance	Update ordinance to reflect State law as part of zoning code update.

H-14 Facilitate Affordable Housing on Large Sites	Coordinate developers and property owners; streamline approvals; provide fee deferrals; target 635 lower income units by 2029.
H-15 Affordable Development at Glenn/Robert G. Holderness Station	Pursue TOD affordable housing opportunities; coordinate with SacRT; maintain parking; target 74 lower income units by 2029.
H-16 Facilitate Affordable Housing on City Owned Land	Support affordable housing on Persifer and Comstock sites; collaborate with developers; comply with Surplus Land Act; target 16 units by 2029
H-17 Study the Purchase of Land for Affordable Housing	Explore feasibility of purchasing land using housing funds; continue gap financing if infeasible
H-18 Prioritize Infrastructure for Affordable Housing	Establish procedures for granting priority water and sewer service to developments with lower income units per Government Code Section 65589.7.
H-19 Participate in Sacramento County CDBG Program	Coordinate with SHRA to receive CDBG funds supporting Renter's Helpline and housing rehabilitation; target 550 rehab units by 2029.
H-20 Housing Choice Vouchers	Continue participation in SHRA's voucher program; promote SHRA Landlord Incentive Program; target 120 voucher households per year; distribute program information.
H-21 Mortgage Credit Certificate Program	Continue participation in SHRA's MCC Program; assist low income first time homebuyers; prepare outreach materials; target 20 households by 2029.
H-22 Additional State, Federal, and Regional Funding	Pursue State/Federal/Regional funding; target $5 million through 2029; seek funds from HOME, MHP, PLHA, TOD, AHSC programs and others.
H-23 Expand Existing Affordable Housing Developments	Initiate conversations with owners of existing affordable complexes; identify opportunities and funding to expand facilities; target 30 units by 2029.
H-24 Mobile Home Repair and Replacement Loan Forgiveness Program	Continue forgiving CDBG loans for manufactured home improvements for households experiencing HUD defined economic hardship.
H-25 Housing Conditions Survey	Seek CDBG or other funds to conduct a housing conditions survey; identify units needing rehabilitation or replacement.

H-26 Code Enforcement	Encourage rehabilitation of substandard residential properties using the Code Enforcement program to improve housing quality.
H-27 Seniors Helping Seniors Program	Provide minor and major home repair assistance to low income seniors and mobile homeowners; target 550 households by 2029.
H-28 Habitat for Humanity Home Repair Program	Work with Habitat to promote its Home Repair Program; provide accessibility, safety, and critical repair assistance; target 3 units per year.
H-29 Emergency Shelter Facility Development	Encourage and assist local groups to develop emergency shelters; target at least 47 shelter beds.
H-30 Zoning Code Amendments for Special Needs Housing	Amend zoning code to comply with multiple State laws regarding special needs housing, supportive housing, navigation centers, group homes, farmworker housing, mobile home zoning, SB 35 streamlining, and parking requirements.
H-31 Homeless Services	Work with Sacramento County and community organizations to expand satellite services for individuals experiencing or at risk of homelessness.
H-32 Fair Housing Information	Use CDBG funds for Renter's Helpline; provide fair housing information at City Hall, website, and library; conduct annual outreach campaigns.
H-33 Affirmative Marketing Plan	Require affordable developers (and encourage private developers) to prepare an affirmative marketing plan attracting diverse renters and buyers.
H-34 Green Means Go Program	Support SACOG Green Means Go; accelerate infill development; identify additional Green Zones including Greenback Lane near River Rock Drive.

Timeframe in H.E.	Status of Program Implementation
Annually	The City's residential vacant and underutilized sites are fond in Attachment C-2 of the Housing Element and available on the City website. All rezones or development proposals include required “no net loss” findings.
Increase densities by 2022; conduct outreach annually	Completed – On August 27, 2024, the City Council approved General Plan amendments creating capacity for approximately 6,046 additional units. FPASP landowners agreed to provide at least 956 deed restricted units.
2021 / Ongoing	Completed – In 2023, the City secured $243,000 in SACOG REAP funds to prepare Objective Design Standards (ODDS). ODDS adopted in December 2025.
2022	Completed – Two part ADU Design Workbook created; includes design standards, review processes, and Historic District guidelines.
2024	Underway – The City has developed an ADU Master Plan program to encourage architects to submit their plans for pre-approved ADU plans.
Ongoing; determine affordability by 2025	Ongoing – In 2025, permits issued for 19 ADUs and 4 multi generational units.
2022	Ongoing – City provides 50% fee reductions for studio units and completed an inclusionary nexus study in 2025; adopted per sq ft in lieu fee methodology; exempted for sale units ≤1,500 sq ft.
2021	Completed – ODDS adopted in December 2025; apply to East Bidwell Corridor Overlay, Folsom Boulevard TOD Overlay, and FPASP Town Center.
2022	Completed – 2025 nexus study retained rental exemption; adopted per sq ft fee methodology; exempted small for sale units (≤1,500 sq ft).
Create by September 2022	Ongoing – Updated online resources, social media information, and brochures. Housing resource documents updated in 2023.
Establish priorities by 2024	Ongoing – City loans provided to Sage at Folsom, Mangini Place, Bidwell Place, and Harrington Grove.
Annual outreach; ongoing	Ongoing – Incentives granted for Mangini Place, Sage, Vintage Senior, Persifer Street, and Harrington Grove. Continued outreach with supportive housing providers.
2021	Underway – Completion scheduled for Fall 2026.

Ongoing	Ongoing – City continues facilitating large site affordable housing. Parcel 61 map revised in 2024 to create parcel for 64 deed restricted units.
Initiate by 2026	Ongoing – Discussions with SacRT initiated; ODDS and General Plan amendments adopted 2024/2025 support higher density housing; City engaged developers in 2025.
2022	Completed/Ongoing – Persifer land sale finalized in 2024; construction completed in 2025 (10 units). Comstock site partially designated exempt surplus in 2025 to enable future housing.
2026	Underway – In 2026, the City identified two sites to purchase for future affordable housing development.
2022	The City is currently updating the Management Plan and will evaluate priority sewer service procedures in late 2026/early 2027.
Ongoing	Ongoing – City continues participation with SHRA in CDBG and HOME programs; CDBG funds subsidize minor and major repairs through Seniors Helping Seniors.
2022 / Ongoing	Ongoing – City continues participating with SHRA. In 2024, 296 households used vouchers, exceeding the 120 household target and increasing 14% from the previous year.
Ongoing	Ongoing – City continues participating in MCC Program. Since 1990, 79 households have received MCCs. No single family MCC allocations have been available since 2019.
Annually	Ongoing – City continues pursuing additional funding. Awards include: three SACOG REAP grants totaling $765,000 (2021), SACOG Green Means Go Early Activation Grant ($374,000 in 2022), and PLHA allocations totaling $439,703 (2024). Additional programs listed in Housing Element remain under active pursuit.
Initiate in 2023	In 2024, City initiated discussions with several affordable housing owners to identify expansion opportunities.
Ongoing	Completed – Since 2011, 13 loans have been forgiven. All loans have now been resolved; the last forgiveness occurred in February 2024.
2025	In 2023, the City's housing intern conducted a windshield survey of Block Group 3, Census Tract 84.04 (homes built 1916–1938). Results: 13% showed moderate repair needs; one home required major repairs; none categorized as dilapidated.

Ongoing	Ongoing – City continues encouraging rehabilitation of substandard properties.
Ongoing	Ongoing – In 2025, the program provided $235,430 in assistance to 75 households, plus three major repair grants totaling $22,552.
Ongoing	Ongoing – City continues promoting Habitat's Home Repair Program via e news and social media.
Ongoing	Ongoing – City continues providing technical assistance for emergency shelter development.
2021	Underway – Completion planned as part of the comprehensive zoning update scheduled for adoption in late 2026.
2022 / Annually	Ongoing – City continues partnering with Sacramento County and local organizations to expand homeless related services.
Annually	Ongoing – City continues funding Renter's Helpline and distributing fair housing information; outreach conducted regularly.
2024	Completed – City requires affirmative marketing plans for affordable housing developments.
2021	Completed – City continues supporting Green Means Go; Greenback Lane/River Rock Drive area identified as a designated Green Zone.

Attachment 2

Housing Funds Overview

Attachment 2: Housing Funds Overview

This attachment provides an overview of the City of Folsom's primary housing funding sources, including historical context, current balances, and external sources of funding. These resources play a critical role in implementing Housing Element programs and supporting broader affordable housing goals.

City-Managed Housing Funds

The City utilizes several dedicated funding mechanisms to support affordable housing development and related activities. The four major City-managed funds are summarized below.

Fund 238 – Folsom Housing Fund
Established in 2013, this fund is supported by inclusionary housing in-lieu fees and applies to for-sale residential development. The Inclusionary Housing Fee equals $3.00 per square foot for dwelling units larger than 1,500 square feet, based on conditioned square footage. Units 1,500 square feet or less are exempt from the fee. Under a legal settlement with the Sacramento Housing Alliance, *a minimum of 50 percent of all deposits must be used for construction or major rehabilitation of multifamily rental housing affordable to low- and very low-income households.*

Fund 221 – Housing Trust Fund
Established in 2002, the Housing Trust Fund (HTF) collects a fee of $2.13 per square foot from new commercial development. This revenue source reflects the relationship between job creation and housing demand. HTF revenues are primarily used to close financing gaps for affordable rental housing projects.

Fund 274 – Oaks at Willow Springs Fund
Created in 2006 as part of the Oaks at Willow Springs Development inclusionary housing requirement. Of the $3.1 million contributed by the developer, $2.7 million was dedicated to developing low-income housing on City-owned land on Sibley Street, now the site of Granite City Apartments.

Fund 280 – Bonds Fund
Following the dissolution of redevelopment in 2012, the City lost a key affordable housing funding source. Senate Bill 107 (2015) authorized the use of remaining pre-2011 redevelopment bond proceeds for housing purposes. This enabled the City to access more than $9.6 million, which has since been committed to various affordable housing developments.

These funds are used to support development of affordable projects, Housing Element updates, and specialized housing financial consulting services.

CURRENT Fund Balances

As of June 30, 2026 (unaudited), the City's available housing fund balance totals approximately $15.4 million. The table below summarizes balances for each fund.

Folsom Housing Funds

Table 1. Folsom Housing Funds		
Housing Fund Name	**Source**	**Cash Balance**
Housing Trust Fund (Fund 221)	Commercial Fees	$1,725,464
Folsom Housing Fund (Fund 238)	Inclusionary In-lieu Fees	$13,540,351*
Oaks at Willow Springs (Fund 274)	Willow Springs Inclusionary Fee	$26,681
Bonds Fund (Fund 280)	Former Redevelopment Bonds	$155,580
Total		$15,448,076

**This total has factored in the $7.1 million authorized for the purchase of the Lakeside Church site.*

Note: Total funds include allocations for consulting services, special reports, and other housing-related activities.

Of the four funding sources, only the Folsom Housing Fund (Fund 238) and Housing Trust Fund (Fund 221) generate ongoing revenue. So far over this calendar year, the City has collected more than $1.6 million in inclusionary fees (primarily from new single-family development in the Folsom Plan Area) and approximately $339,206 in Housing Trust Fund fees from new commercial projects. The table below provides a summary of the amount of Inclusionary In-lieu Fees and the amount of Housing Trust Fund Fees collected since 2022.

Table 2. Summary of Inclusionary and Housing Trust Fund Activity (2022–2025)			
Year	Fee Type	Fees Collected	Number of Permits
2022	Inclusionary	$5,771,200	805
	Housing Trust Fund	$67,940	5
2023	Inclusionary	$5,659,341	870
	Housing Trust Fund	$53,090	5
2024	Inclusionary	$4,600,739	649
	Housing Trust Fund	$346,369	7
2025	Inclusionary	$2,886,777	403
	Housing Trust Fund	$435,110	3

External Funding Sources

In addition to local funds, the City leverages federal, state, and regional programs to support affordable housing initiatives.

Federal Funding (via SHRA)

• Community Development Block Grant (CDBG): Approximately $200,000 annually supports

the Seniors Helping Seniors Program.
• HOME Investment Partnership Program: $800,000 currently allocated for an upcoming affordable rental housing project.

State Funding (via HCD)
Programs such as Homekey and Infill Infrastructure Grants require prevailing wage compliance, which increases development costs but provides critical financing for affordable housing. Notably, the City secured $2.5 million in Homekey funding for the Bidwell Street Studios project.
• Permanent Local Housing Allocation (PLHA): Folsom receives approximately $161,538 annually. In 2025, up to $810,000 in current and future PLHA allocations were committed to the Persifer Street Habitat for Humanity homeownership project.

Regional Funding (via SACOG)
SACOG administers several grant programs supporting infill development and climate-friendly growth, including Regional Early Action Planning and Green Means Go. Awards include:
• $41,000 for Housing Element updates (2020).
• $575,000 for Program H-2 implementation (2021).
• $374,000 in Green Means Go funding (2022) to support infrastructure improvements associated with the Persifer Street project.

Attachment 3

Initiative Ranking Sheet

Initiatives Ranking Sheet

Please rank each initiative from 1 (top priority) to 5 (lowest priority). If an initiative is not a viable option for you, mark it with an "X". You may also cross out an initiative and replace it with a different one in the write-in section.

Initiative	Description	Justin Raithel (Mayor)	Anna Rohrbough (Vice Mayor)	Sarah Aquino (Councilmember)	Barbara Leary (Councilmember)	Mike Kozlowski (Councilmember)
Initiative 1	Glenn/Holderness Station Request for Proposals (RFP)					
Initiative 2	Master Plan a City-Owned Site for Future Affordable Housing					
Initiative 3	Land Acquisition Program for Future Affordable Housing					
Initiative 4	Partner to Build Additional For-Sale Affordable Housing					
Initiative 5	Establish a NOFA Process for Fund Distribution					
Initiative 6	Write-In					
Initiative 7	Write-In					
Initiative 8	Write-In					

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CITY OF
FOLSOM
DISTINCTIVE BY NATURE

Folsom City Council Meeting

Additional Information Transmittal

MEETING DATE:	9/22/2026
AGENDA SECTION:	New Business
STAFF REPORT TITLE	Housing Program Implementation Workshop: City Council Priorities for the Next Two Years
FROM:	Community Development Department

The above-referenced agenda item will be continued off calendar so that staff can prepare additional background information regarding potential housing initiatives for consideration and direction from City Council.

Instructions to staff: *Deliver original and 30 stapled/double-sided copies to the City Clerk's Department; City Clerk's Department will distribute via email and hardcopy to City Council, City Manager, City Attorney, and City Clerk.*

Updated: Jan 2026

Folsom City Council
Staff Report

MEETING DATE:	9/22/2026
AGENDA SECTION:	New Business
SUBJECT:	i. Resolution No. 11718 - A Resolution Authorizing the City Manager to Execute a Construction Agreement with Doug Veerkamp General Engineering, Inc. for the Empire Ranch Crack Seal Project in the amount of $218,600, and Appropriation of Funds in the amount of $258,600 from the Road Maintenance and Rehabilitation Fund (Fund 235) ii. Resolution 11719 – A Resolution Authorizing the City Manager to Execute a No-Cost Contract Amendment No. 1 with Dewberry Engineers, Inc. for Construction Management and Inspection Services Expanded Scope
FROM:	Public Works Department

RECOMMENDATION / CITY COUNCIL ACTION

The Public Works Department recommends that the City Council pass and adopt the following:

Resolution No. 11718 - A Resolution Authorizing the City Manager to Execute a Construction Agreement with Doug Veerkamp General Engineering, Inc. for the Empire Ranch Crack Seal Project in the amount of $218,600, and appropriation of funds in the amount of $258,600 from the Road Maintenance and Rehabilitation Fund (Fund 235)

Resolution No. 11719 – A Resolution Authorizing the City Manager to Execute a no-cost Contract Amendment No. 1 with Dewberry Engineers, Inc. for Construction Management and Inspection Services Expanded Scope

BACKGROUND / ISSUE

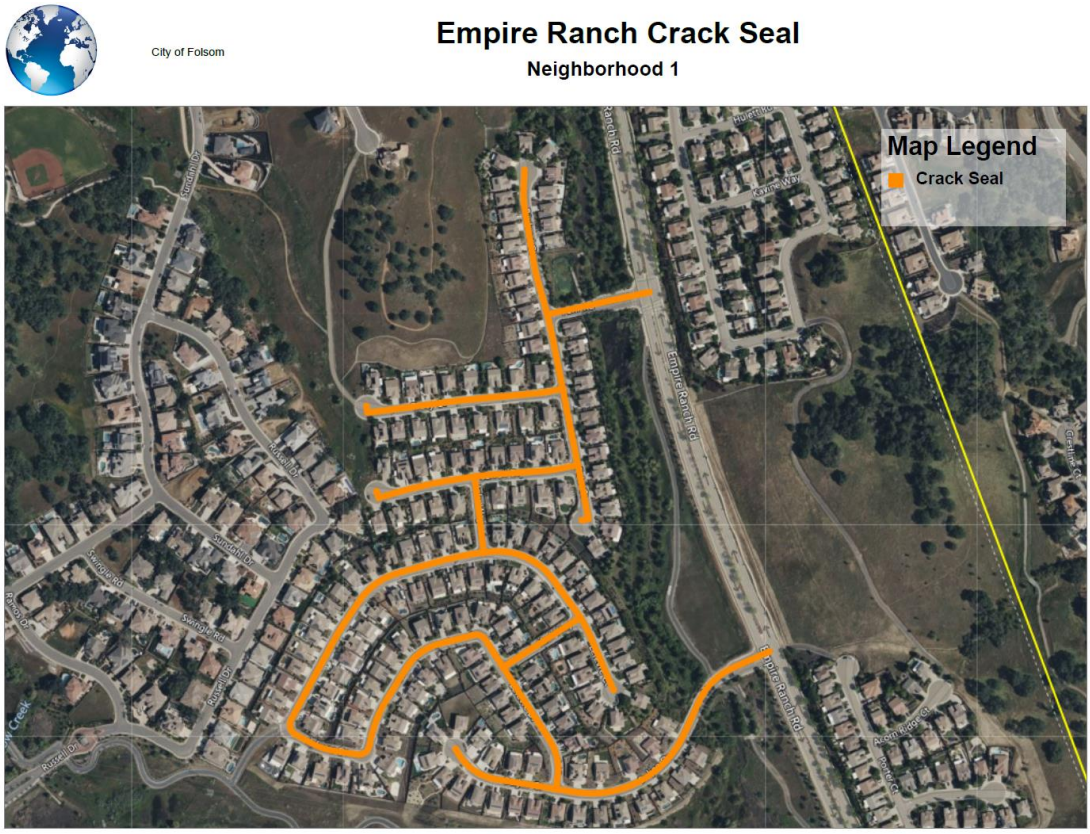
The Public Works Department is aggressively pursuing road maintenance, which includes a variety of measures such as routing and crack sealing in advance of winter. This simple but effective

measure prevents water intrusion into the subgrade that ultimately leads to road base and asphalt failure if not addressed. Using the "fix-it-first" prioritization approach, road maintenance can reduce long-term costs of replacement when crack seal and other maintenance measures are implemented. Staff has identified several key neighborhoods that would benefit from this approach, with crack seal taking place this fall to be followed by slurry seal taking place the following spring as part of a larger effort.

In advance of the coming winter, this contract proposes to crack seal multiple residential neighborhoods in Empire Ranch, which include the following roads:

- Stockman Circle
- Carpenter Hill Road
- Longhorn Road
- Owl Meadow Street
- Hidden Falls Drive
- Fenceline Drive
- Buljan Drive
- Lefevre Drive
- Fehr Road
- Connecting Courts and Secondary Drives

Below is an image of the three specific neighborhoods included in this project:



City of Folsom

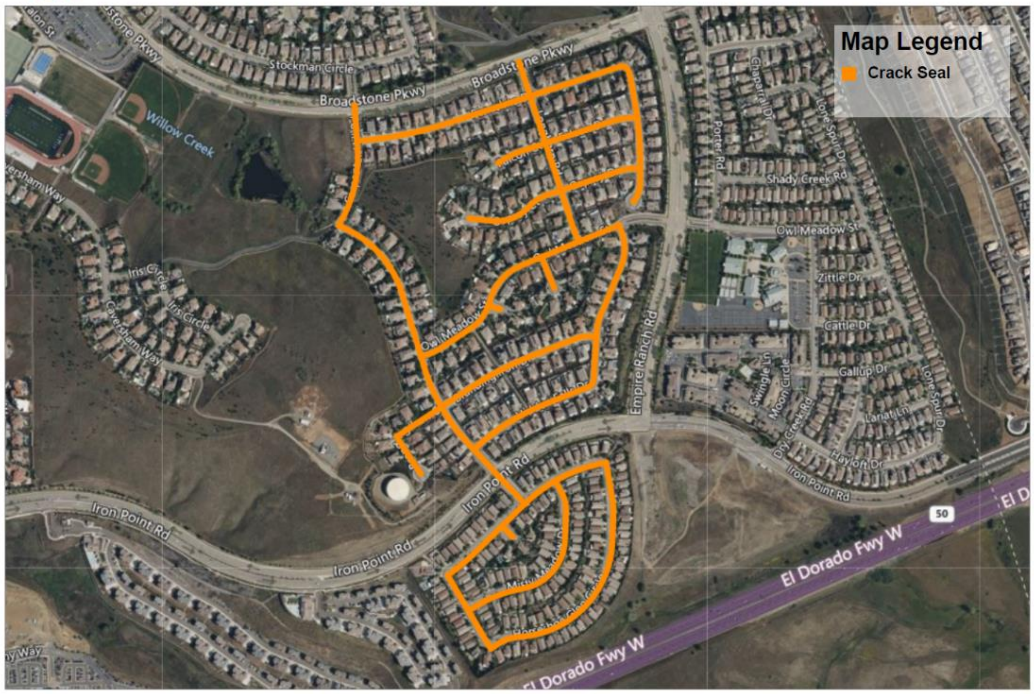
Empire Ranch Crack Seal

Neighborhood 2

City of Folsom

Empire Ranch Crack Seal

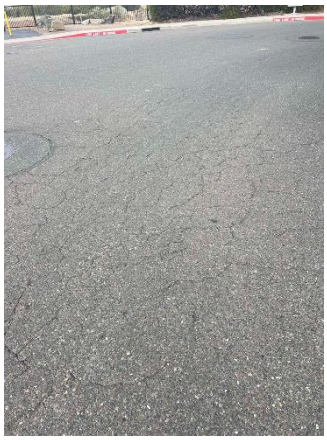
Neighborhood 3



The project improvements include approximately:

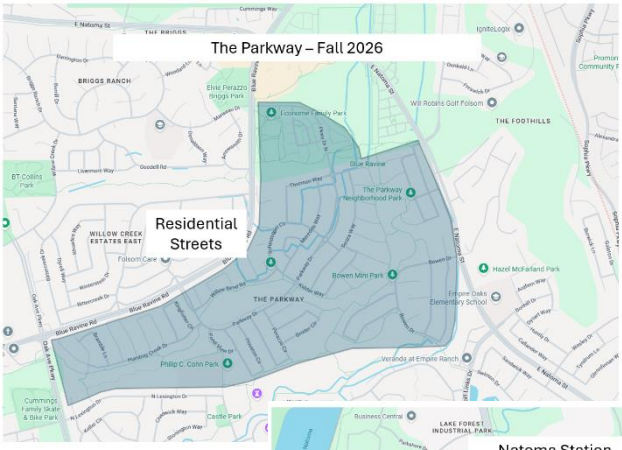
- 73,000 pounds of crack seal material on residential streets
- 3” Removal and Replacement of failed asphalt sections

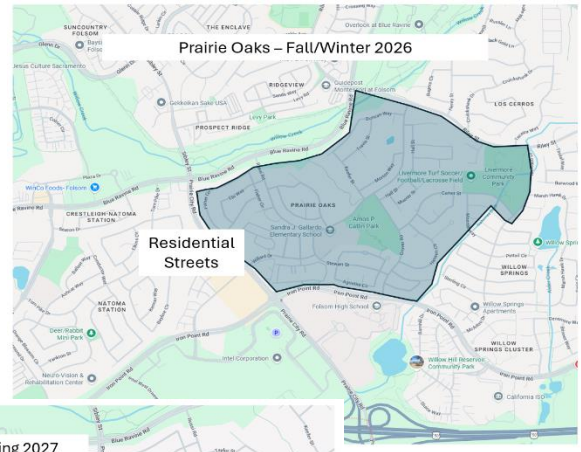
The proposed improvements will preserve roadway life cycle as winter arrives, with planned slurry seal in the Spring of 2027 as part of a much larger contract. Residents within the project areas will receive advance notification prior to construction activities. Temporary traffic control measures, parking restrictions, and short-duration rolling lane closures will be used during construction to safely complete the work while maintaining local access whenever feasible. Below are example photos of the roadway conditions within the neighborhoods to be crack sealed and repaired as part of this contract:

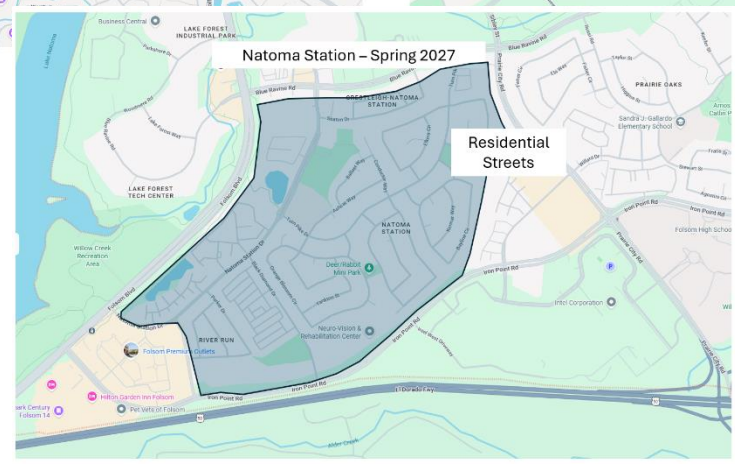


As maintenance efforts continue, future near-term crack seal contracts will include:

- The Parkway – Fall 2026
- Prairie Oaks – Fall/Winter 2026
- Natoma Station – Spring 2027







Bid documents for those areas are underway and will be brought forward at a future City Council meeting for consideration and approval. Staff is fully committed to the most cost-effective approach in maintaining Folsom's roads by retaining or improving its Pavement Condition Index (PCI) wherever possible to uphold the quality-of-life residents value and deserve within available funding.

POLICY / RULE

Section 2.36.120 of the Folsom Municipal Code states, in part, that contracts for supplies, equipment, services, and construction with an estimated value of $77,426 or greater shall be awarded by the City Council.

ANALYSIS

This project was informally bid utilizing the City's on-call contracting list. Bids were solicited in August, and on September 1, 2026, the City received the following bids:

1. Doug Veerkamp General Engineering, Inc.: $218,599.80
2. Arrow Construction: $373,410.00
3. Central Valley Engineering Asphalt, Inc.: $434,000.00

Staff reviewed the bids submitted alongside the contractor stated exclusions against the requirements of Public Contract Code 22034 for Informal Bidding Procedures and has deemed Doug Veerkamp General Engineering, Inc. as the lowest responsive and responsible bidder. Construction is anticipated to begin in October 2026 and will be completed by mid-November 2026 in advance of winter.

The proposed pavement rehabilitation work is consistent with the recommendations identified in the City's 2026 Pavement Management Program Update and supports the City's ongoing effort to preserve roadway infrastructure through preventative maintenance strategies that maximize pavement life and reduce long-term rehabilitation costs. Should City Council approve this contract, staff will use the City's standard Construction Agreement in a form acceptable to the City Attorney.

With a focus on project delivery and preparation for winter, staff assessed the available internal construction management resources and found that additional support is needed. The current contract with Dewberry Engineers, Inc., awarded by City Council on July 14, 2026 (Resolution No. 11670) for the Pavement Resurfacing Project FY 25-26 pavement rehabilitation in the amount of $232,954.04 has significant available funds remaining, and the work is concluding. For that reason, staff is requesting the issuance of Amendment No. 1 to the contract at no additional cost, and it will include expansion of construction management and inspections for the Empire Ranch Crack Seal Project and the upcoming crack seal projects through the spring of 2027 until fully expended.

FINANCIAL IMPACT

If approved, the contract with Doug Veerkamp General Engineering, Inc., would be authorized for $218,600, with the project budgeted for a total of $258,600, which includes a contingency amount of $40,00 for potential change orders at the recommendation of staff. An appropriation in the amount of $258,600 from the Road Maintenance and Rehabilitation Fund (Fund 235) would be required for the contract. The Road Maintenance and Rehabilitation Fund (Fund 235) has sufficient funding available to support the cost of construction agreement.

ENVIRONMENTAL REVIEW

This project is categorically exempt from the California Environmental Quality Act (CEQA) pursuant to CEQA Guidelines Section 15301(c) – Existing Facilities. CEQA Guidelines Section 15301(c) specifically exempts existing highways and streets, sidewalks, gutters, bicycle and pedestrian facilities, and similar roadway improvements, including the addition of bicycle lanes and other transportation safety improvements that do not create additional automobile travel lanes.

ATTACHMENTS

1. Resolution No. 11718 - A Resolution Authorizing the City Manager to Execute a Construction Agreement with Doug Veerkamp General Engineering, Inc. for the Empire Ranch Crack Seal Project in the amount of $218,600, and Appropriation of Funds in the amount of $258,600 from the Road Maintenance and Rehabilitation Fund (Fund 235)

2. Resolution No. 11719 – A Resolution Authorizing the City Manager to Execute a No-Cost Contract Amendment No. 1 with Dewberry Engineers, Inc. for Construction Management and Inspection Services Expanded Scope

Respectfully Submitted,

Rebecca Neves, Public Works Director/City Engineer

Attachment 1

RESOLUTION NO. 11718

A RESOLUTION AUTHORIZING THE CITY MANAGER TO EXECUTE A CONSTRUCTION AGREEMENT WITH DOUG VEERKAMP GENERAL ENGINEERING, INC. FOR THE EMPIRE RANCH CRACK SEAL PROJECT IN THE AMOUNT OF $218,600, AND APPROPRIATION OF FUNDS IN THE AMOUNT OF $258,600 FROM THE ROAD MAINTENANCE AND REHABILITATION FUND (FUND 235)

WHEREAS, the City of Folsom desires to repair and preserve the existing asphalt on various roadways within the City; and

WHEREAS, the project was informally bid utilizing provisions from Public Contract Code and the City's On-Call Contractor List, and three bids were received on September 1, 2026, with Doug Veerkamp General Engineering, Inc. being the lowest responsive and responsible bidder; and

WHEREAS, the Empire Ranch Crack Seal Project was identified as a priority utilizing the "fix-it first" approach to road preservation and as identified in the City's Pavement Management Program; and

WHEREAS, sufficient funding is available in the Road Maintenance and Rehabilitation Fund (Fund 235) to support the recommended work and appropriation of $240,460; and

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

NOW, THEREFORE, BE IT RESOLVED that the City Council of the City of Folsom Authorizes the City Manager to Execute a Construction Agreement with Doug Veerkamp General Engineering, Inc. for the Empire Ranch Crack Seal Project in the amount of $218,600, including a contingency of $40,000 for a total not-to-exceed amount of $258,600 funded in the Road Maintenance and Rehabilitation Fund (Fund 235).

BE IT FURTHER RESOLVED that the Finance Director is authorized to appropriate $258,600 for this agreement in the Road Maintenance and Rehabilitation Fund (Fund 235).

PASSED AND ADOPTED on this 22nd day of September 2026, by the following roll-call vote:

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

_____
Justin Raithel, MAYOR

ATTEST:

_____

Christa Freemantle, CITY CLERK

Attachment 2

RESOLUTION NO. 11719

A RESOLUTION AUTHORIZING THE CITY MANAGER TO EXECUTE A NO-COST CONTRACT AMENDMENT NO. 1 WITH DEWBERRY ENGINEERS, INC. FOR CONSTRUCTION MANAGEMENT AND INSPECTION SERVICES EXPANDED SCOPE

WHEREAS, the City of Folsom desires to receive construction management services for road maintenance projects; and

WHEREAS, City Council approved a consultant services agreement with Dewberry Engineers, Inc. for construction management services for the Pavement Resurfacing Project FY 25-26 in the amount of $232,954.04 at their regularly scheduled meeting held on July 14, 2026; and

WHEREAS, the Pavement Resurfacing Project FY 25-26 is approaching completion and significant budget remains in the current construction management services contract with Dewberry Egngineers, Inc.; and

WHEREAS, staff would like to amend and expand their scope to include construction management and inspection services for the Empire Ranch Crack Seal Project and upcoming crack seal projects through Spring of 2027, utilizing the existing remaining contract balance with no additional appropriation of funds; and

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

NOW, THEREFORE, BE IT RESOLVED that the City Council of the City of Folsom authorizes the the City Manager to Execute a No-Cost Contract Amendment No. 1 with Dewberry Engineers, Inc. for Construction Management and Inspection Services expanded scope.

PASSED AND ADOPTED this 22nd day of September, 2026, by the following roll-call vote:

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

_____
Justin Raithel, MAYOR

ATTEST:

_____
Christa Freemantle, CITY CLERK

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CITY OF
FOLSOM
DISTINCTIVE BY NATURE