

ORDINANCE NO. _____

**AN ORDINANCE OF THE BOARD OF SUPERVISORS OF
THE COUNTY OF SANTA CRUZ, CALIFORNIA, ACTING
AS THE LEGISLATIVE BODY OF THE COMMUNITY
FACILITIES DISTRICT NO. 1 (FELTON) OF THE
COUNTY OF SANTA CRUZ, LEVYING SPECIAL TAXES
WITHIN COMMUNITY FACILITIES DISTRICT NO.
(FELTON) OF THE COUNTY OF SANTA CRUZ**

WHEREAS, on March 15, 2005, this Board of Supervisors (the “Board”) adopted Resolution No. 64-2005 entitled “A Resolution of the Board of Supervisors of the County of Santa Cruz, California Declaring Its Intention to Establish Community Facilities District No. 1 (Felton) of the County of Santa Cruz and to Authorize the Levy of Special Taxes Therein” (the “Resolution of Intention”) stating its intention to establish Community Facilities District No. 1 (Felton) (the “CFD”) of the County, pursuant to Chapter 2.5 of Part I of Division 2 of Title 5, commencing with Section 53311 of the California Government Code, known as the Mello-Roos Community Facilities Act of 1982, as amended (the “Act”), to finance certain facilities (the “Facilities”) as described in the Resolution of Intention; and

WHEREAS, notice was published as required by the Act relative to the intention of this Board to form the CFD and to provide for the Facilities; and

WHEREAS, this Board has held a noticed public hearing as required by the Act relative to the determination to proceed with the formation of the CFD and regarding the rate and method of apportionment of the special tax to be levied within the CFD to finance the costs of the Facilities; and

WHEREAS, at said hearing all persons desiring to be heard on all matters pertaining to the formation of the CFD and the levy of said special taxes were heard, substantial evidence was presented and considered by this Board of Supervisors and a full and fair hearing was held; and

WHEREAS, subsequent to said public hearing the Board adopted its resolutions entitled “A Resolution of the Board of Supervisors of the County of Santa Cruz, California, Authorizing the Formation of Community Facilities District No. 1 (Felton) of the County of Santa Cruz, Authorizing the Levy of Special Tax Therein, Preliminarily Establishing an Appropriations Limit Therefor and Submitting Levy of the Special Tax and the Establishment of the Appropriations Limit to the Qualified Electors Thereof” (the “Resolution of Formation”), “A Resolution of the Board of Supervisors of the County of Santa Cruz, California, acting as the legislative body of Community Facilities District No. 1 (Felton) of the County of Santa Cruz, Determining the Necessity to Incur Bonded Indebtedness and Submitting Proposition to the Qualified Electors Thereof (the “Resolution of Necessity”) and “A Resolution of Community Facilities District No. 1 (Felton) of the County of Santa Cruz Calling A Special Election for the Purpose of Approving a Special Tax Therein, the Issuance of Bonds by said District and Establishment of an Appropriations Limit,” which resolutions established the CFD, authorized the levy of special tax within the CFD and called an election within the CFD on the propositions of incurring

indebtedness, levying a special tax, and establishing an appropriations limit within the CFD, respectively; and

WHEREAS, an election was held within the CFD in which the eligible registered electors approved said propositions by more than the two-thirds vote required by the Act.

NOW, THEREFORE, BE IT ORDAINED BY THE BOARD OF SUPERVISORS OF THE COUNTY OF SANTA CRUZ, acting as the legislative body of the CFD, as follows:

Section 1. Levy of Special Tax. By the passage of this Ordinance, the Board of Supervisors authorizes and levies special taxes within the CFD pursuant to Sections 53328 and 53340 of the Act, at the rates and in accordance with the method of apportionment set forth in Exhibit B of the Resolution of Formation (the "Rate & Method of Apportionment"). The special taxes are hereby levied commencing in fiscal year 2005-2006 and in each fiscal year thereafter until payment of full of any bonds of the CFD (the "Bonds"), payment of all costs of the Facilities, and payment of all costs of administering the CFD.

Section 2. Annual Levy. The Principal Environmental Coordinator in the County Health Service Agency is hereby further authorized and directed each fiscal year, to determine the specific special tax rates and amounts to be levied for the next ensuing fiscal year for each parcel of real property within the CFD, in the manner and as provided in the Rate & Method of Apportionment.

Section 3. Property Exempt From Tax. Properties or entities of the state, federal or local governments shall be exempt from any levy of the special taxes, but only to the extent set forth in the Rate & Method of Apportionment (the "Taxable Public Property," as defined in the Rate and Method of Apportionment), except that when property not otherwise exempt from the above authorized special tax levied pursuant to the Act is acquired by a public entity through a negotiated transaction, or by gift or devise, the above authorized special tax shall, notwithstanding this Ordinance, continue to be levied on the property acquired and shall be enforceable against the public entity that acquired the property. In no event shall the special taxes be levied on any parcel within the CFD in excess of the maximum tax specified in the Rate & Method of Apportionment. Properties served exclusively by wells and not connected to the project shall also be exempt.

Section 4. Taxable Property. No other properties or entities are exempt from the authorized special tax unless the properties or entities are expressly exempted in the Rate & Method of Apportionment.

Section 5. Use of Tax Revenues. All of the collections of the special tax shall be used as provided for in the Act, the Rate & Method of Apportionment, and in the Resolution of Formation, including, but not limited to, the payment of principal and interest on the Bonds, payment of the costs of the Facilities, the payment of the costs of the District in administering the CFD and issuing the Bonds and the cost of collection and administering the special taxes.

Section 6. Manner of Tax Collection. The special taxes shall be collected from time to time as necessary to meet the financial obligations of the CFD on the secured real property tax roll in the same manner as ordinary ad valorem taxes are collected, or other

procedures as may be adopted by the Board of Supervisors. The Principal Environmental Coordinator in the County Health Service Agency is hereby authorized and directed to provide all necessary information to the auditor/tax collector of the County of Santa Cruz and to otherwise take all actions necessary in order to effect proper billing and collection of the special tax, so that the special tax shall be levied and collected in sufficient amounts and at times necessary to satisfy the financial obligations of the CFD in each fiscal year until the Bonds are paid in full, the Facilities have been paid for, and provision has been made for payment of all of the administrative costs of the CFD. The special taxes may be subject to the same penalties and the same procedure, sale, and lien priority in cases of delinquency as provided for ad valorem taxes. Notwithstanding the foregoing, the Principal Environmental Coordinator in the Principal Environmental Coordinator in the County Health Service Agency may collect one or more installments of the special taxes by means of direct billing by the CFD of the property owners within the CFD, if, in the judgment of the Principal Environmental Coordinator in the County Health Service Agency, such means of collection will reduce the administrative burden of the County in administering the CFD, or where is otherwise appropriate in the circumstances. In such event, the special taxes shall become delinquent if not paid when due as set forth in any such respective billing to the property owners. Regardless of the manner of collection, the special taxes shall have the same lien priority, and be subject to the same penalties and the same procedure and sale in cases of delinquency as provided for ad valorem taxes. In addition, the provisions of Section 53356.1 of the Act shall apply to delinquent special tax payments as allowed by applicable law.

Section 7. Cumulative Remedies. As a cumulative remedy, if any amount levied as a special tax together with any penalties and other charges accruing under this Ordinance of the CFD are not paid when due, the Board of Supervisors may, not later than four years after the due date of the last installment of principal, order that the same be collected by an action brought in the superior court to foreclose any lien therefor, as authorized by Section 53356.1 of the Act. This remedy shall not apply to Taxable Public Property, as defined in Rate and Method of Apportionment.

Section 8. Tax Collector Costs. The Tax Collector of the County of Santa Cruz may deduct reasonable administration costs incurred in collecting the special tax, as authorized by law.

Section 9. Severability. If for any reason any portion of this Ordinance is found to be invalid, or if the special taxes found inapplicable to any particular parcel within the CFD, by a court of competent jurisdiction, the balance of this Ordinance and the application of the special tax to the remaining parcels within the CFD shall not be affected.

Section 10. Publication of Ordinance. The Chairperson shall sign this Ordinance and the Clerk of the Board shall attest this Ordinance and cause the same to be published within fifteen (15) days after its passage at least once in a newspaper of general circulation published and circulated in the County and the CFD.

PASSED AND ADOPTED by the Board of Supervisors of the County of Santa Cruz at a regular meeting held on the 2nd day of August, 2005.

COMMUNITY FACILITIES DISTRICT NO. 1
(FELTON) OF THE COUNTY OF SANTA CRUZ

CHAIRPERSON

ATTEST:

CLERK OF THE BOARD OF SUPERVISORS

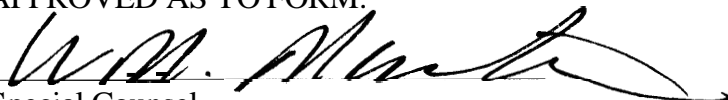
STATE OF CALIFORNIA)
COUNTY OF SANTA CRUZ) ss
)

I, _____, Clerk of the Board of Supervisors of the County of Santa Cruz, HEREBY DO CERTIFY that the foregoing Ordinance was duly adopted at a regular meeting of the Board of Supervisors of the County of Santa Cruz held on the 2nd day of August, 2005, by the following vote:

- AYES: Supervisors:
- NOES: Supervisors:
- ABSENT: Supervisors:
- ABSTAIN: Supervisors:

By: _____
Clerk of the Board of Supervisors

APPROVED AS TO FORM:


Special Counsel