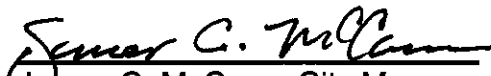


City of Calistoga

Staff Report

TO: Honorable Mayor and City Council
FROM: David W. Spilman, Administrative Services Director/City Treasurer
DATE: January 15, 2008
SUBJECT: Petition for Terrano Napa Valley Community Facilities District

APPROVAL FOR FORWARDING:


James C. McCann, City Manager

1 **ISSUE:** To consider a Resolution accepting the petition by property owners to
2 form a Terrano Napa Valley Community Facilities District (CFD) under the Mello-
3 Roos Community Facilities Act of 1982 (the Act). And to authorize the City
4 Manager to execute agreements for reimbursement of all costs associated with
5 the formation and professional services necessary to form a CFD.
6
7

8 **RECOMMENDATION:** To adopt the Resolutions.
9

10 **BACKGROUND / DISCUSSION:** State law provides the ability for Cities to
11 finance certain public improvements, maintenance and operations for a specific
12 defined area with an annual special tax applied to only those parcels within the
13 defined area and approved by the voters or landowners subject to the special
14 tax. A Community Facilities District can be established under the Mello-Roos
15 Community Facilities Act of 1982 (Government code 53311, et seq) that can
16 provide lower cost tax-exempt financing for certain public improvements and or
17 services. The City has adopted Local Goals and Policies for Community Facilities
18 Districts (Policies) to provide guidance and set the conditions for the
19 establishment of a CFD and the issuance of bonds secured by special taxes
20 levied only on property within the CFD.
21

22 **Petition to form Terrano Napa Valley CFD**
23

24 The City Council has adopted Ordinance #649 which implements a Development
25 Agreement for the Terrano Napa Valley Resort development. One of the terms
26 of the Development Agreement is the formation of a CFD to finance off site public
27 improvements and certain development fees. The CFD would include only the

28 resort properties, the bond financing will be secured by a lien on the properties
 29 and the repayment obligation will be solely from a special tax levied only on the
 30 resort properties. The City will not be obligated to fund the required
 31 improvements or repay the financed amounts.

32
 33 The property owners have submitted a petition to the City to formally request
 34 formation of the Terrano Napa Valley Community Facilities District #1. There are
 35 five parcels totaling 22.53 acres in the proposed CFD. The four property owners
 36 are all parties to the Terrano Napa Valley Development Agreement. Below is a
 37 list of the properties and current owners:
 38

The property that is the subject of this Petition is identified with the following Napa County Assessor Parcel Numbers and acreage:		Property Owner of Record	Mailing Address
APN#	Acres		
APN 011-050-035	1.45	Dennis R. Hunter	C/O Sonoma Mortgage & Investment, 520 Mendocino Ave #250, Santa Rosa, CA 95401
APN 011-050-036	1.45	Rosedale Land Co, LLC	351 Rosedale Rd, Calistoga, CA 94515
APN 011-050-037	1.45	Derrick Dumont & Mary M Orosco-Dumont H/W	315 Rosedale Rd, Calistoga, CA 94515
APN 011-050-039	3.67	Rosedale Properties Group, LLC	Db a Silver Rose Inn & Spa, 351 Rosedale Rd, Calistoga, CA 94515
APN 011-050-040	14.51	Rosedale Land Co, LLC	Db a Silver Rose Winery, 351 Rosedale Rd, Calistoga, CA 94515
Total Acres in District		22.53	

39
 40 Petitions have been submitted from three (3) property owners of 93.6% of the
 41 land area in the proposed CFD. Attached are copies of the petitions and a map of
 42 the proposed CFD. Staff has reviewed the petitions and the proposed CFD
 43 complies with the recently adopted CFD Goals and Policies. Attached is a vicinity
 44 map of the parcels in the proposed CFD.

45
 46 Under the terms of the Development Agreement the developer, Simmons
 47 Canyon, is to acquire ownership of all of the parcels within 30 days of the
 48 effective date of the Development Agreement. The developer will then take the
 49 place of the former owners in the process to form the CFD. In addition, The City
 50 Council adopted Resolution 2007-131, which approved the Tentative
 51 Condominium Map that will reconfigure the above parcels to the condominium
 52 and fractional ownerships proposed in the Development Agreement. Upon
 53 adoption of the final map, the current parcels will be reconfigured and recorded
 54 and the CFD special tax formulas will then apply to the new parcels.

55
 56
 57
 58

59 **Formation Process for the CFD**

60
61 The formation process, and subsequent bond issuance, is complex. Below is a
62 summary of the process:

- 63
64 • Petition submitted to City to form CFD (Terrano CFD – January 15th)
65 • City enters into agreements with property owners for reimbursement of
66 costs and consultants and legal counsel for formation services
67 • Financial and special tax consultants, legal counsel, City staff and
68 Developer to define scope of CFD and develop special tax formulas for
69 consideration by the City
70 • Resolution of Intention to form CFD and issuance of bonds considered by
71 the City Council and setting of a noticed public hearing 30 to 60 days.
72 (Terrano CFD – March 4th)
73 • Public hearing to hear any protest from the affected property owners to the
74 formation of the CFD (Terrano CFD – April 15th)
75 • If none or fewer than 50% protests by CFD property owners, then the City
76 Council can consider a Resolution of formation for the CFD and
77 Resolution calling for an Election of the affected property owners on the
78 special tax to be imposed by the CFD. (Terrano CFD – April 15th)
79 • If the election notice period is waived by 100% of the CFD property
80 owners, then the election may be held at the same meeting as the public
81 hearing and, if the special tax is approved by 2/3rds of the CFD property
82 owners, then the City Council may adopt a Resolution confirming the
83 election results and introduce an Ordinance ordering the levy of the
84 special tax. (Terrano CFD – April 15th)
85 • After the special tax lien is recorded and Ordinance is adopted (Terrano
86 CFD – May 6th) and effective, the special tax formulas and methodology
87 will be implemented according to the timing needs of the bond financing.
88 (Terrano CFD - Ordinance adoption - May 6th and Effective date - June
89 5th)
90 • CFD bonds will be issued according to the timing needs of the
91 development and special tax formulas. (Terrano CFD - June 2009)

92
93 **Reimbursement of Costs by Developer and Consultant and Legal Services**

94
95 Creation of a CFD and issuance of bonds is a complicated process that requires
96 assistance of a team of experienced consultants and special legal counsel. All of
97 the members of the firms recommended have worked together on past CFD
98 issues in other agencies and are very experienced in the services that the City
99 needs. They also have experience in condominium and fractional ownership
100 CFDs. In addition, the City policy is to have the Developer reimburse all City
101 costs related to the CFD through an agreement. There are a number of
102 agreements that are needed and are summarized below:

103
104 The Deposit and Reimbursement Agreement with Simmons Canyon Partners,
105 LLC, the Developer, provides for an initial funding of \$50,000 to cover the
106 estimated non-contingent portion of the consultant and legal services below and

107 the estimated City staff and City Attorney costs. Additional deposits may be
108 needed to cover the actual costs of the CFD formation. The adopted
109 Development Agreement required this agreement as a condition to the formation
110 of the CFD.

111
112 Financial Advisor Services Agreement with Northcross, Hill & Ach, San Rafael, is
113 needed to provide the overall coordination of the development of the special tax
114 formulas and the bond issue with the other consultants and special legal counsel.
115 This firm is very experienced in CFD formation and specifically in application of a
116 CFD to fractional ownership projects. They have been involve and provided
117 review of the Development Agreement terms to staff and the City Attorney's
118 Office relating to the CFD. Due to the nature of CFD formations and bond
119 issuance, the fees for this service are separated into non-contingent formation
120 portion not-to-exceed \$10,000 and contingent bond issuance portion based on
121 the size of the bond issue to be determined later.

122
123 Special Legal Counsel Services Agreement with Jones Hall, San Francisco, is
124 needed to provide the CFD formation and bond issuance documents. The firm is
125 very experienced in CFD and bond issuance and the City has used the firm for
126 several City issues in the past. They have also been very involved in the review
127 of the Development Agreement terms relating to the CFD with the City Attorney's
128 Office. Due to the nature of CFD formations and bond issuance, the fees for this
129 service are also separated into non-contingent formation portion of \$10,000 and
130 contingent bond issuance portion based on the size of the bond issue.

131
132 Special Tax Consultant Agreement with Goodwin Consulting Group,
133 Sacramento, is needed to develop, with the Financial Advisor and Legal Counsel,
134 the complex special tax formulas and methodologies to implement terms of the
135 Development Agreement relating to the CFD and financing timing, security and
136 obligations. This firm is one of the few firms in the State that provide this highly
137 specialized service and have extensive experience with CFD formation. Due to
138 the nature of CFD formations and bond issuance, the fees for this service are
139 also separated into non-contingent formation portion of \$20,000 and contingent
140 bond issuance portion based on the size of the bond issue.

141
142 Bond Underwriting Services Agreement with Brandis Tallman is needed to sell
143 the CFD bonds. Their role in the formation of the CFD is limited to review and
144 advice in developing the special tax formulas to provide a better structure for
145 marketing the negotiated bond issue. They are a very experienced underwriting
146 firm in the complex CFD issues and the City has used them on the recent
147 Community Facilities financing for the Community Pool, Fire Station and other
148 improvements. Since the majority of their work will be in the bond issuance
149 process, the fees for this service are contingent and based on the size of the
150 bond issue.

151
152 It is recommended that these agreements be approved in order to begin the CFD
153 formation process.

154
155
156
157
158
159
160
161
162
163
164
165
166
167
168
169
170
171
172
173
174
175
176
177
178
179
180

FISCAL IMPACT: Any City costs associated with the formation of the proposed CFD will be reimbursed by Simmons Canyon Partners, LLC, the applicant/developer, under the terms of the Deposit agreement.

The estimated cost for the formation of the CFD is \$50,000. The costs for the issuance of the CFD bonds are based on the bond issuance size and will be determined at that time. All costs associated with the formation of the CFD and bond issuance shall be either reimbursed by the developer or paid by the property owners at the time the bonds are issued.

ATTACHMENTS:

1. Resolution accepting petition for a Community Facilities District established under the Mello-Roos Community Facilities Act of 1982
2. Resolution authorizing agreements for the reimbursement of costs and retaining consultant and legal services for the formation of the CFD and bond issuance
3. Property Owner Petitions
4. Deposit and Reimbursement Agreement with Simmons Canyon Partners, LLC
5. Financial Advisor Services Agreement with Northcross, Hill & Ach
6. Special Legal Counsel Services Agreement with Jones Hall
7. Special Tax Consultant Agreement with Goodwin Consulting Group
8. Bond Underwriting Services Agreement with Brandis Tallman
9. Vicinity Map of parcels in the proposed Terrano Napa Valley Community Facilities District

RESOLUTION NO. 2008-_____

RESOLUTION OF THE CITY COUNCIL OF THE CITY OF CALISTOGA, COUNTY OF NAPA, STATE OF CALIFORNIA, ACCEPTING PROPERTY OWNER PETITION TO FORM TERRANO NAPA VALLEY COMMUNITY FACILITIES DISTRICT UNDER THE MELLO-ROOS COMMUNITY FACILITIES ACT OF 1982 AND DIRECTING THE CITY MANAGER TO TAKE NECESSARY ACTIONS TO FACILITATE THE FORMATION

1 **WHEREAS**, the State of California adopted the Mello-Roos Community Facilities
2 Act of 1982 (Government Code 53311, et seq) to facilitate funding of public
3 improvements; and
4

5 **WHEREAS**, the State law provides the ability for Cities to finance certain public
6 improvements, maintenance and operations for specific defined areas within the City
7 with an annual special tax applied to only those parcels within the defined area and
8 approved by the voters or landowners subject to the special tax; and
9

10 **WHEREAS**, the City, in Resolution 2008-003, has adopted local goals and
11 policies concerning the use of the Community Facilities Act and as required by Section
12 53312.7(a) of the California Government Code; and
13

14 **WHEREAS**, property owners of record of the parcels of land to comprise the
15 proposed Community Facilities District have submitted petitions to form the Terrano
16 Napa Valley Community Facilities District and waive special election notice
17 requirements.
18

19 **NOW, THEREFORE BE IT RESOLVED** that the City Council of the City of
20 Calistoga hereby accepts the property owner petitions for the formation of the Terrano
21 Napa Valley Community Facilities District established under the Mello-Roos Community
22 Facilities Act of 1982.
23

24 **NOW, BE IT FURTHER RESOLVED** that the City Council of the City of Calistoga
25 hereby directs and authorizes the City Manager to take the necessary actions to
26 facilitate the formation of the Terrano Napa Valley Community Facilities District
27 established under the Mello-Roos Community Facilities Act of 1982.
28

29 **PASSED, APPROVED, AND ADOPTED** by the City Council of the City of
30 Calistoga at a regular meeting held this **15th day of January 2008** following vote:
31

- 32 **AYES:**
33 **NOES:**
34 **ABSTAIN/ABSENT:**
35

36
37 _____
38 **JACK GINGLES, Mayor**

38 **ATTEST:**

39
40 _____
41 **SUSAN SNEDDON, City Clerk**

RESOLUTION NO. 2008-_____

RESOLUTION OF THE CITY COUNCIL OF THE CITY OF CALISTOGA, COUNTY OF NAPA, STATE OF CALIFORNIA, AUTHORIZING THE CITY MANAGER TO EXECUTE REIMBURSEMENT AND PROFESSIONAL SERVICES AGREEMENTS RELATING TO THE FORMATION OF THE TERRANO NAPA VALLEY COMMUNITY FACILITIES DISTRICT UNDER THE MELLO-ROOS COMMUNITY FACILITIES ACT OF 1982 AND ISSUANCE OF BOND FINANCING

WHEREAS, the State of California adopted the Mello-Roos Community Facilities Act of 1982 (Government Code 53311, et seq) to facilitate funding of public improvements and the City, in Resolution 2008-003, has adopted local goals and policies concerning the use of the Community Facilities Act and as required by Section 53312.7(a) of the California Government Code; and

WHEREAS, the City Council has accepted a petition from the property owners of record to form the Terrano Napa Valley Community Facilities District and waive special election notice requirements.

WHEREAS, all of the cost to form said Community Facilities District is to be reimbursed by the Developer through a Deposit and Reimbursement Agreement; and

WHEREAS, there is a need for consultant and legal services to form the Community Facilities District and issue bond financing; and

WHEREAS, the during the Development Agreement creation, City staff and the City Attorney's Office have discussed the need for consultant and legal services with a several qualified firms and recommend Northcross, Hill & Ach as Financial Advisor, Jones Hall as Legal Counsel, Goodwin Consulting Group as Special Tax Consultant and Brandis Tallman as Underwriter; and

NOW, THEREFORE BE IT RESOLVED that the City Council of the City of Calistoga hereby authorizes the City Manager to execute agreements with the following Developer and firms for the formation of the Terrano Napa Valley Community Facilities District established under the Mello-Roos Community Facilities Act of 1982 and the issuance of the related bond financing:

1. Simmons Canyon Partners, LLC, for Reimbursement of formation costs
2. Northcross, Hill & Ach for Financial Advisor services,
3. Jones Hall for Special Legal and Bond Counsel services,
4. Goodwin Consulting Group for Special Tax Consultant services
5. Brandis Tallman for Bond Underwriter services

PASSED, APPROVED, AND ADOPTED by the City Council of the City of Calistoga at a regular meeting held this **15th day of January 2008** following vote:

AYES:

NOES:

ABSTAIN/ABSENT:

JACK GINGLES, Mayor

ATTEST:

SUSAN SNEDDON, City Clerk

CITY OF CALISTOGA
City ClerkJanuary 11, 2008

JAN 11 2008

RECEIVED

City Council of the
City of Calistoga
1232 Washington Street
Calistoga, CA 94515Re; **Petition To Create a Community Facilities District for the Terrano Napa Valley Project (Including Waivers)**

Members of the Council:

This is a petition to create a community facilities district and related matters (the "Petition") submitted pursuant to the Mello-Roos Community Facilities Act of 1982 (Sections 53311 and following of the California Government Code) (the "Act").

1. Petitioners. This Petition is submitted to the City Calistoga (the "City") by the persons identified below as or for the owner (the "Property Owner") of the parcels of land identified by Assessor Parcel Numbers below (the "Property") pursuant to the Act. The undersigned warrant to the City with respect to the Property that they are authorized to execute this Petition and that the submission of this Petition and participation in the City's proceedings under the Act will not constitute a violation or event of default under any existing financing arrangement in any way affecting the Property Owner and such Property, including any "due-on-encumbrance" clauses under any existing deeds of trust secured by the Property.

2. Request to Institute Proceedings. The City Council is hereby requested to undertake proceedings under the Act to create a community facilities district for the proposed **Terrano Napa Valley Development (the "CFD")**, to levy special taxes in the CFD pursuant to a Rate and Method of Apportionment of Special Tax (the "Rate and Method") to be prepared by the City, and to authorize the issuance of special tax bonds for the CFD in an amount to be determined during the formation proceedings, with the levy of the special tax and the issuance of bonds to be subject to the favorable vote of two-thirds of the votes cast an election in the CFD on those issues.

3. Boundaries of CFD. The Property Owner hereby asks that the territory within the boundaries of the CFD include those parcels of real property identified by the Napa County Assessor Parcel numbers listed below.

4. Purpose of CFD. The CFD shall be created for the purpose of financing the facilities described in Exhibit A attached hereto and incorporated herein by reference (the "Facilities").

5. Elections. The Property Owner hereby asks that the special election to be held under the Act to authorize the special taxes and the issuance of the bonds and to establish an appropriations limit for the CFD be consolidated into a single election and that the election be conducted by the City and its officials, using mailed or hand-delivered ballots, and that such ballots be opened and canvassed and the results certified at the same meeting of the City Council as the public hearings on the CFD under the Act or as soon thereafter as possible.

6. Waivers. To expedite the completion of the proceedings for the CFD, all notices of hearings and all notices of election, applicable waiting periods under the Act for the election and all ballot analyses and arguments for the election are hereby waived. We also waive any requirement as to the specific form of the ballot to be used for the election, whether under the Act, the California Elections Code or otherwise.

This Petition may be executed in several counterparts, each of which shall be an original and all of which shall constitute but one and the same instrument.

By executing this Petition, the person(s) below agree to all of the above.

The property that is the subject of this Petition is identified with the following Napa County Assessor Parcel Numbers and acreage:		Property Owner of Record	Mailing Address
APN#	Acres		

APN 011-050-039	3.67	Rosedale Properties Group, LLC	Db a Silver Rose Inn & Spa, 351 Rosedale Rd, Calistoga, CA 94515
-----------------	------	--------------------------------	--

Total Acreage Owned of record by Petitioner:

100%

The Petitioner owner of record of the property

J-Paul DUMONT

Petitioner Mailing Address

Rosedale Properties Group
351 Rosedale Rd.
Calistoga CA 94515

Executed on January 11, 2008

Petitioner:

[Signature]
Sarah B Dumont

EXHIBIT A

PROPOSED DESCRIPTION OF FACILITIES TO BE FINANCED BY CFD

**City of Calistoga
Terrano Napa Valley Community Facilities District**

FACILITIES

It is intended that the CFD will be authorized to finance all or a portion of the costs of any of the following types of facilities:

Eligible public improvements of the Development

Development Fees

Costs of formation and issuance of bonds for the CFD

The facilities to be financed shall include the costs of the acquisition of right-of-way the costs of design, engineering and planning, the costs of any environmental or traffic studies, (including right-of-way that is intended to be dedicated by the recording of a final map), surveys or other reports, costs related to landscaping and irrigation, soils testing, permits, plan check and inspection fees, insurance, legal and related overhead costs, coordination and supervision and any other costs or appurtenances related to any of the foregoing.

OTHER

The CFD may also finance any of the following:

1. Expenses related to the issuance of Bonds and the formation of the CFD, including underwriter's discount, reserve fund, capitalized interest, letter of credit fees and expenses, bond and disclosure counsel fees and expenses, financial advisor fees and expenses, CFD appraisal costs, bond remarketing costs, and all other incidental expenses.

2. Administrative fees of the City and the Bond trustee or fiscal agent related to the CFD and the Bonds.

3. Reimbursement of costs related to the formation of the CFD advanced by the City, the landowner(s) in the CFD, or any party related to any of the foregoing, as well as reimbursement of any costs advanced by the City, the landowner(s) in the CFD or any party related to any of the foregoing, for facilities, fees or other purposes or costs of the CFD.

JAN 11 2008

RECEIVED

January 11, 2008

City Council of the
City of Calistoga
1232 Washington Street
Calistoga, CA 94515

Re; **Petition To Create a Community Facilities District for the Terrano Napa Valley Project (Including Waivers)**

Members of the Council:

This is a petition to create a community facilities district and related matters (the "Petition") submitted pursuant to the Mello-Roos Community Facilities Act of 1982 (Sections 53311 and following of the California Government Code) (the "Act").

1. Petitioners. This Petition is submitted to the City Calistoga (the "City") by the persons identified below as or for the owner (the "Property Owner") of the parcels of land identified by Assessor Parcel Numbers below (the "Property") pursuant to the Act. The undersigned warrant to the City with respect to the Property that they are authorized to execute this Petition and that the submission of this Petition and participation in the City's proceedings under the Act will not constitute a violation or event of default under any existing financing arrangement in any way affecting the Property Owner and such Property, including any "due-on-encumbrance" clauses under any existing deeds of trust secured by the Property.

2. Request to Institute Proceedings. The City Council is hereby requested to undertake proceedings under the Act to create a community facilities district for the proposed **Terrano Napa Valley Development (the "CFD")**, to levy special taxes in the CFD pursuant to a Rate and Method of Apportionment of Special Tax (the "Rate and Method") to be prepared by the City, and to authorize the issuance of special tax bonds for the CFD in an amount to be determined during the formation proceedings, with the levy of the special tax and the issuance of bonds to be subject to the favorable vote of two-thirds of the votes cast an election in the CFD on those issues.

3. Boundaries of CFD. The Property Owner hereby asks that the territory within the boundaries of the CFD include those parcels of real property identified by the Napa County Assessor Parcel numbers listed below.

4. Purpose of CFD. The CFD shall be created for the purpose of financing the facilities described in Exhibit A attached hereto and incorporated herein by reference (the "Facilities").

5. Elections. The Property Owner hereby asks that the special election to be held under the Act to authorize the special taxes and the issuance of the bonds and to establish an appropriations limit for the CFD be consolidated into a single election and that the election be conducted by the City and its officials, using mailed or hand-delivered ballots, and that such ballots be opened and canvassed and the results certified at the same meeting of the City Council as the public hearings on the CFD under the Act or as soon thereafter as possible.

6. Waivers. To expedite the completion of the proceedings for the CFD, all notices of hearings and all notices of election, applicable waiting periods under the Act for the election and all ballot analyses and arguments for the election are hereby waived. We also waive any requirement as to the specific form of the ballot to be used for the election, whether under the Act, the California Elections Code or otherwise.

This Petition may be executed in several counterparts, each of which shall be an original and all of which shall constitute but one and the same instrument.

By executing this Petition, the person(s) below agree to all of the above.

The property that is the subject of this Petition is identified with the following Napa County Assessor Parcel Numbers and acreage:		Property Owner of Record	Mailing Address
APN#	Acres		
APN 011-050-036	1.45	Rosedale Land Co, LLC	351 Rosedale Rd, Calistoga, CA 94515
APN 011-050-040	14.51	Rosedale Land Co, LLC	Dbas Silver Rose Winery, 351 Rosedale Rd, Calistoga, CA 94515
Total Acres	<u>15.96</u>		

Total Acreage Owned of record by Petitioner:

100%

The Petitioner owner of record of the property

J-Paul Dumont

Petitioner Mailing Address

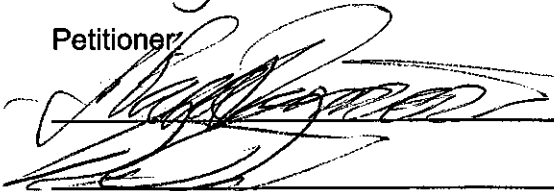
Rosedale Land Co. LLC

351 Rosedale Rd

Calistoga CA 94515

Executed on January 11, 2008

Petitioner:



Sarah B. Dumont

EXHIBIT A

PROPOSED DESCRIPTION OF FACILITIES TO BE FINANCED BY CFD

**City of Calistoga
Terrano Napa Valley Community Facilities District**

FACILITIES

It is intended that the CFD will be authorized to finance all or a portion of the costs of any of the following types of facilities:

Eligible public improvements of the Development

Development Fees

Costs of formation and issuance of bonds for the CFD

The facilities to be financed shall include the costs of the acquisition of right-of-way the costs of design, engineering and planning, the costs of any environmental or traffic studies, (including right-of-way that is intended to be dedicated by the recording of a final map), surveys or other reports, costs related to landscaping and irrigation, soils testing, permits, plan check and inspection fees, insurance, legal and related overhead costs, coordination and supervision and any other costs or appurtenances related to any of the foregoing.

OTHER

The CFD may also finance any of the following:

1. Expenses related to the issuance of Bonds and the formation of the CFD, including underwriter's discount, reserve fund, capitalized interest, letter of credit fees and expenses, bond and disclosure counsel fees and expenses, financial advisor fees and expenses, CFD appraisal costs, bond remarketing costs, and all other incidental expenses.

2. Administrative fees of the City and the Bond trustee or fiscal agent related to the CFD and the Bonds.

3. Reimbursement of costs related to the formation of the CFD advanced by the City, the landowner(s) in the CFD, or any party related to any of the foregoing, as well as reimbursement of any costs advanced by the City, the landowner(s) in the CFD or any party related to any of the foregoing, for facilities, fees or other purposes or costs of the CFD.

JAN 11 2008

RECEIVED

January 11, 2008

City Council of the
City of Calistoga
1232 Washington Street
Calistoga, CA 94515

Re: **Petition To Create a Community Facilities District for the Terrano Napa Valley Project (Including Waivers)**

Members of the Council:

This is a petition to create a community facilities district and related matters (the "Petition") submitted pursuant to the Mello-Roos Community Facilities Act of 1982 (Sections 53311 and following of the California Government Code) (the "Act").

1. Petitioners. This Petition is submitted to the City Calistoga (the "City") by the persons identified below as or for the owner (the "Property Owner") of the parcels of land identified by Assessor Parcel Numbers below (the "Property") pursuant to the Act. The undersigned warrant to the City with respect to the Property that they are authorized to execute this Petition and that the submission of this Petition and participation in the City's proceedings under the Act will not constitute a violation or event of default under any existing financing arrangement in any way affecting the Property Owner and such Property, including any "due-on-encumbrance" clauses under any existing deeds of trust secured by the Property.

2. Request to Institute Proceedings. The City Council is hereby requested to undertake proceedings under the Act to create a community facilities district for the proposed **Terrano Napa Valley Development (the "CFD")**, to levy special taxes in the CFD pursuant to a Rate and Method of Apportionment of Special Tax (the "Rate and Method") to be prepared by the City, and to authorize the issuance of special tax bonds for the CFD in an amount to be determined during the formation proceedings, with the levy of the special tax and the issuance of bonds to be subject to the favorable vote of two-thirds of the votes cast an election in the CFD on those issues.

3. Boundaries of CFD. The Property Owner hereby asks that the territory within the boundaries of the CFD include those parcels of real property identified by the Napa County Assessor Parcel numbers listed below.

4. Purpose of CFD. The CFD shall be created for the purpose of financing the facilities described in Exhibit A attached hereto and incorporated herein by reference (the "Facilities").

5. Elections. The Property Owner hereby asks that the special election to be held under the Act to authorize the special taxes and the issuance of the bonds and to establish an appropriations limit for the CFD be consolidated into a single election and that the election be conducted by the City and its officials, using mailed or hand-delivered ballots, and that such ballots be opened and canvassed and the results certified at the same meeting of the City Council as the public hearings on the CFD under the Act or as soon thereafter as possible.

6. Waivers. To expedite the completion of the proceedings for the CFD, all notices of hearings and all notices of election, applicable waiting periods under the Act for the election and all ballot analyses and arguments for the election are hereby waived. We also waive any requirement as to the specific form of the ballot to be used for the election, whether under the Act, the California Elections Code or otherwise.

This Petition may be executed in several counterparts, each of which shall be an original and all of which shall constitute but one and the same instrument.

By executing this Petition, the person(s) below agree to all of the above.

The property that is the subject of this Petition is identified with the following Napa County Assessor Parcel Numbers and acreage:		Property Owner of Record	Mailing Address
APN#	Acres		

APN 011-050-037	1.45	Derrick Dumont & Mary M Orosco-Dumont H/W	315 Rosedale Rd, Calistoga, CA 94515
-----------------	------	---	--------------------------------------

Total Acreage Owned of record by Petitioner:

100%

The Petitioner owner of record of the property

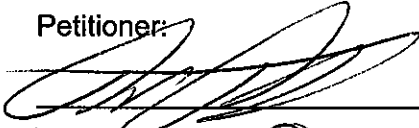
Derrick DUMONT

Petitioner Mailing Address

315 Rosedale rd
Calistoga CA 94515

Executed on January 11, 2008

Petitioner:


Mary M. Orosco-Dumont