

**Before the Board of Directors for the
East Garrison Public Financing Authority
County of Monterey, State of California**

Resolution No: E/G 06-012

Resolution of Intention to Establish a Community Facilities)
District and to Authorize Levy of a Special Tax - Community)
Facilities District No. 2006-1 (East Garrison Project).)

WHEREAS, in response to a request (the "Request") submitted to the Board of Directors (this "Board") of the East Garrison Public Financing Authority (the "Authority") by East Garrison Partners I, LLC, a California limited liability company (the "Developer"), as an entity which expects to become the owner of more than ten percent (10%) of the privately-owned real property shown on an exhibit map attached to the Request, this Board proposes to establish a community facilities district within the boundaries of one of the members of the Authority, namely the County of Monterey, California (the "County"), under the terms of the Mello-Roos Community Facilities Act of 1982 (the "Act"), and the boundaries of the proposed community facilities district are shown on the boundary map (the "Boundary Map") which is on file with the Secretary of the Authority (the "Secretary") and which has been approved by resolution previously adopted by this Board; and

WHEREAS, by said resolution approving the Boundary Map, this Board has established that the name of the proposed community facilities district shall be the "Community Facilities District No. 2006-1 (East Garrison Project), East Garrison Public Financing Authority, County of Monterey, State of California" ("CFD No. 2006-1"); and

WHEREAS, Section 53321 of the Act provides that legal proceedings for the establishment of a community facilities district pursuant to the Act shall be instituted by the adoption of a resolution of this Board declaring its intention as provided hereafter in this resolution.

NOW THEREFORE, BE IT RESOLVED by the Board of Directors of the East Garrison Public Financing Authority as follows:

1. This Board hereby finds that any property included within the boundary of CFD No. 2006-1 which is currently in agricultural use will nonetheless be benefited by the proposed facilities.
2. The types of public facilities (the "Facilities") and the types of public services (the "Services") proposed to be financed, in whole or in part, by proceeds of sale of the special tax bonds of CFD No. 2006-1 (the "Bonds") or by proceeds of the special tax to be levied on the taxable property within CFD No. 2006-1 (the "Special Tax") are set forth on the Exhibit A attached to this resolution and by this reference made a part hereof.

3. The types of incidental expenses proposed to be incurred and authorized to be paid from the proceeds of the Special Tax or the proceeds of sale of the Bonds are set forth on Exhibit B attached to this resolution and by this reference made a part hereof, as supplemented by the definition of the term "Authorized Expenses," as set forth in Exhibit C, attached to this resolution and by this reference made a part hereof.
4. This Board hereby approves the establishment of the boundary of CFD No. 2006-1 as shown on the Boundary Map.
5. Except where funds are otherwise available, the Special Tax will be annually levied on all taxable parcels within CFD No. 2006-1. 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 each levy of the Special Tax shall attach to all nonexempt real property within CFD No. 2006-1, and this lien shall continue in force and effect until the Special Tax obligation is prepaid and permanently satisfied and the lien cancelled in accordance with law or until levy and collection of the Special Tax by the Authority ceases. The rate and method of apportionment of the Special Tax (the "RMA") is attached hereto as Exhibit C without further action by this Board, the Services Special Tax will continue indefinitely.

Subject to the limitation that the amount of the both the Facilities Special Tax and the Services Special Tax levied for any year on any parcel may not exceed the then-applicable Maximum Facilities Special Tax and Maximum Services Special Tax, respectively, the amount of the Special Tax to be levied annually upon each of the taxable parcels within CFD No. 2006-1 shall be equal to the combined amounts of the "Facilities Special Tax" and the "Services Special Tax" for the subject Fiscal Year, and the aggregate amount of Special Taxes to be levied annually on all taxable parcels within CFD (collectively, the "Taxable Property") shall be the total of the "Facilities Special Tax Requirement" and the "Services Special Tax Requirement" for the subject Fiscal Year, as defined in the RMA.

6. Advances of funds or contributions of work in kind from any lawful source, specifically including but not limited to the Authority, the County, the East Garrison Community Services District (the "District"), the Redevelopment Agency of the County of Monterey and any owner of property within CFD No. 2006-1, including but not limited to the Developer, may be reimbursed from proceeds of sale of the Bonds or proceeds of the Special Tax 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 Authority or any of its members.
7. It is presently contemplated that all of the Facilities will be constructed by or under contract to the Developer and that, upon completion of construction thereof, each such Facility will be transferred to the appropriate public agency in exchange for payment to the Developer from the proceeds of sale of the Bonds or proceeds of the Special Tax, in accordance with the terms, conditions and procedures set forth in one or more separate agreements to be entered into among the Authority, the Developer and any local agency

to which ownership of any portion of the Facilities will be transferred, presently expected to include the County, the District and the Marina Coast Water District.

8. This Board hereby sets Tuesday, June 20, 2006, at 1:30 p.m. or as soon thereafter as the matter may be heard, in the Board Meeting Room at 168 West Alisal Street, Salinas, California, as the time and place for the public hearing on the establishment of CFD No. 2006-1. At the hearing, testimony of all interested persons and taxpayers for or against establishment of CFD No. 2006-1, the extent of CFD No. 2006-1, the proposed list of Facilities and Services to be authorized, the RMA, or any other aspect of the proposed CFD No. 2006-1 will be heard and protests will be considered from both registered voters, if any, residing within CFD No. 2006-1 and persons owning real property within CFD No. 2006-1. As provided by the Act, written protests by a majority of the registered voters, if any, but including a minimum of six registered voters, or by the owners of a majority in area of the land within the proposed CFD No. 2006-1 will constitute a "majority protest" and will require the suspension of proceedings for at least one year. Written protests must be filed with the Secretary at or before the time fixed for the hearing. If such majority protests are directed only against certain elements of the proposed improvements or proposed special tax, only those elements shall be deleted from the proceedings.
9. The Bonds shall be callable in accordance with the provisions of the Act and as more specifically to be set forth in any Resolution Authorizing Issuance of Bonds or any Trust Agreement, Indenture, or other instrument of like nature approved by such resolution and providing for such issuance.
10. It is anticipated that the Special Tax will be billed as a separate line item on the regular property tax bill of the County. However, this Board reserves the right, under Section 53340, 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 Authority, including, but not limited to, direct billing by the Authority to the property owners and supplemental billing.
11. Goodwin Consulting Group, as special tax consultant to the Authority for CFD No. 2006-1, is directed to study CFD No. 2006-1 and to cause the preparation and filing of the report required by Section 53321.5 of the Act (the "Hearing Report") prior to the time of the public hearing.
12. On the basis of the information set forth in that certain certificate entitled "Certificate re Registered Voters and Landowners," on file with the Secretary, in the event that an election is held in these proceedings, it is the intention of this Board that the electors will be the landowner(s) within proposed CFD No. 2006-1 in accordance with Section 53326 of the Act, which provides that each landowner shall be accorded one vote for each acre or portion of an acre of land owned by such landowner within CFD No. 2006-1.
13. This Board also intends to establish the annual appropriations limit of CFD No. 2006-1 at \$5.0 million for the first fiscal year for which the special tax is levied.

14. The Secretary is hereby authorized and directed to cause the publication of a notice of hearing, containing the matters specified by Section 53322 of the Act, one time in a newspaper in general circulation in the area of CFD No. 2006-1, said publication to occur no later than seven days prior to the date of the public hearing.

PASSED AND ADOPTED on this 16th day of May 2006, by the following vote, to wit:

AYES: Supervisors Armenta, Calcagno, Lindley and Smith

NOES: None

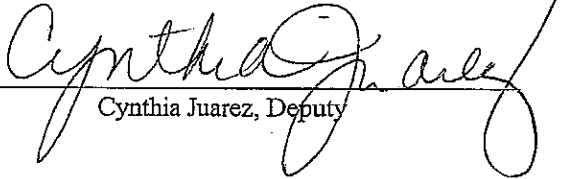
ABSENT: Supervisor Potter

I, Lew C. Bauman, Clerk of the Board of Supervisors of the County of Monterey, State of California, hereby certify that the foregoing is a true copy of an original order of said Board of Supervisors duly made and entered in the minutes thereof Minute Book 73, on May 16, 2006.

Dated: May 17, 2006

Lew C. Bauman, Clerk of the Board of Supervisor,
County of Monterey, State of California.

By



Cynthia Juarez, Deputy