

## **ATTACHMENT 7**

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### **FUNDING, CONSTRUCTION AND ACQUISITION AGREEMENT**

**Dated as of September 2, 2025**

**by and between**

**CITY OF MANTECA**

**and**

**K. HOVNANIAN HOMES NORTHERN CALIFORNIA, INC.**

**RELATIVE TO THE**

**CITY OF MANTECA  
COMMUNITY FACILITIES DISTRICT NO. 2025-1  
(INDELICATO FACILITIES AND SERVICES)**

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This **FUNDING, CONSTRUCTION AND ACQUISITION AGREEMENT** (this "**Agreement**") is entered into as of September 1, 2025, by and between the CITY OF MANTECA, a municipal corporation and general law city existing under the laws of the State of California (the "**City**"), and K. HOVNANIAN HOMES NORTHERN CALIFORNIA, INC., a California corporation ("**Developer**").

## **RECITALS**

**WHEREAS**, the City Council of the City (the "**City Council**") has conducted proceedings under and pursuant to the Mello-Roos Community Facilities Act of 1982, as amended (the "**Act**"), to establish the City of Manteca Community Facilities District No. 2025-1 (Indelicato Facilities and Services) (the "**District**");

**WHEREAS**, land in the District relates to the proposed development within the City commonly known as "Indelicato" being undertaken by the Developer (the "**Property**"), which is planned to develop into 173 residential units on approximately 40 acres;

**WHEREAS**, the City and the Developer are parties to one or more of the following: (i) improvement agreements between the Developer and the City concerning the acquisition and construction of public facilities related to the development of the Property; and (ii) conditions to the City's approval of development entitlements for the Property that concern the acquisition or construction of a public facility related to the development thereof (collectively, as applicable, the "**Development Documents**");

**WHEREAS**, Section 53313.5 of the Act provides that a community facilities district may finance the construction and acquisition of facilities (i) constructed prior to formation of a community facilities district and (ii) constructed after the adoption of the resolution of formation establishing the community facilities district if the facilities have been constructed as if they had been constructed under the direction and supervision, or under the authority of, the local agency whose governing body is conducting proceedings for the establishment of the district;

**WHEREAS**, the purpose of this Agreement is to provide for the acquisition of certain public facilities constructed in connection with the development of the Property, to be financed in whole or in part by the District using Available Proceeds (as defined herein); and

**WHEREAS**, this Agreement is not intended to supersede or alter in any other way the rights and obligations of the parties under any Development Documents.

## AGREEMENTS

NOW, THEREFORE, in consideration of the preceding recitals and the mutual covenants hereinafter contained, the parties agree as follows:

**Section 1. Establishment of District.** The City has initiated and concluded proceedings pursuant to the Act for the establishment of the District. Such proceedings included elections pursuant to Sections 53326 and 53327 of the California Government Code on (i) the question of the issuance of bonds in one or more series for District in a maximum aggregate principal amount of \$7,000,000 to finance the design, construction or acquisition of the Authorized Facilities (defined below), (ii) the issue of the annual levy of the facilities special tax ("**Facilities Special Tax**") on all taxable property within the District pursuant to the terms of the Rate and Method of Apportionment of Special Taxes for the District (the "**RMA**"), for the payment of principal and interest on the bonds of the District and the annual administrative expenses of the City and the District in levying and collecting such special taxes, paying the principal and interest on such bonds and providing for the registration, exchange and transfer of such bonds, including the fees of fiscal agents and paying agents, and any necessary replenishment for the reserve fund for such bonds, accumulation of funds for future bond payments, or the acquisition of authorized facilities and payment of authorized costs from the proceeds of such special taxes, and (iii) the question of the establishment of an initial appropriations limit for the District in the amount of \$7,000,000.

**Section 2. Authorization and Sale of Bonds; Authorized Facilities.** The City intends to proceed with the sale of bonds in one or more series for the District (collectively, the "**Bonds**") for the purpose of raising money eligible for use as payment for the Acquisition Prices of the Authorized Facilities in accordance with this Agreement, in the maximum aggregate principal amount of \$7,000,000 (excluding Bonds described in Section 53364.2(e) of the Act). The timing of the issuance and sale of each series of Bonds, the aggregate principal amount thereof, and the terms and conditions upon which they shall be sold shall be determined by the City.

The authorized facilities eligible for acquisition pursuant to this Agreement are described in the resolution of formation for the District, and reproduced on Exhibit A and includes the Exhibit B Facilities (as defined herein) (the "**Authorized Facilities**"). The Authorized Facilities represent all of the facilities that are eligible for acquisition; however, the obligation and timing of construction of the Authorized Facilities is governed by the Development Documents.

The Acquisition Prices of the Authorized Facilities shall be financed from "**Available Proceeds**," which is defined to mean, collectively, the Available Bond Proceeds, Available Special Tax Revenues (as defined in Section 8), and Available Prepayment Amounts. The term "**Available Bond Proceeds**" shall mean the proceeds of the sale of the Bonds plus any interest earnings on such proceeds, net of costs of issuance, less the Formation Fees and Costs (defined herein), capitalized interest, and any administration costs to be deducted therefrom. The term "**Available Prepayment Amounts**" shall mean prepayments of special taxes under the RMA to the extent that such prepayments are allocated to the costs of Authorized Facilities pursuant to the RMA.

**Section 3. Tax Requirements.** For any Bonds that are issued as federally tax-exempt, the City shall take all actions which, in the opinion of City's bond counsel, are necessary in order to avoid classification of the Bonds as "arbitrage bonds" or the loss of tax exemption for the Bonds for any other reason.

**Section 4. Amounts to Be Included in Bonds.** The principal amount of each series of Bonds shall include an amount needed (i) to fund a reserve fund for the payment of principal and interest of such Bonds as is determined by the City to be necessary and appropriate, and to fund capitalized interest on such Bonds for such period as the City and the Developer shall determine is appropriate (if and to the extent not provided by the levy and collection of special taxes in advance of such Bond sale), (ii) to pay the amount of the discount of the underwriter who purchases such Bonds, and (iii) to pay other expenses incurred by the City in connection with the issuance and sale of such Bonds, including bond and disclosure counsel fees, legal fees, fees of the bank which will act as transfer agent, registrar and paying or fiscal agent for such Bonds, other fees and costs normally incidental to the sale of Bonds, and such other fees and costs enumerated in Section 53345.3 of the Act as the City determines are necessary and appropriate. The City shall, at the request of the Developer, also include within the principal amount of a series of Bonds an amount determined by the City to reimburse Developer, or any entities related thereto, for costs and expenses incurred by the Developer which are related to the establishment of the District; provided, that the City shall determine the amount to be so reimbursed on the basis of detailed itemizations of costs provided by Developer. All of the foregoing fees, costs, and expenses described in this paragraph are hereinafter “**Formation Fees and Costs.**”

In no event shall Developer be reimbursed from Bond proceeds for (i) in-house administrative overhead (except that Developer shall be entitled to payment equal to four percent (4%) of actual construction costs as and for project and construction management services), (ii) interest expense incurred by Developer on moneys advanced during the proceedings for formation of the District and issuance of Bonds, and during construction of the Authorized Facilities, and (iii) any other costs and expenses incurred by Developer which are not authorized by the Act.

If Developer does not design and construct the Authorized Facilities within the timelines set forth in the Development Documents, the City may, but has no obligation to, utilize Available Proceeds to complete such design and/or construction after providing the Developer with notice and an opportunity to cure.

The sources of funds to be utilized by the City for the design or construction of any such Authorized Facilities may include (i) Available Bond Proceeds and Available Special Tax Revenues, (ii) interest earnings on the reserve fund or improvement fund for Bonds, to the extent such earnings are determined by the City to be available for construction of the Authorized Facilities, (iii) the Developer's subdivision bond or bonds to the extent applicable, (iv) any other performance security that may have been provided by Developer, and (v) the Developer's and/or contractors' performance bonds. To the extent that such sources may be insufficient to pay for the design or construction of an Authorized Facility, the City may either construct only those Authorized Facilities which can be constructed with such sources of funds which are available therefor, or the City may proceed to complete the Authorized Facilities and charge the Developer's bond or any contractor's bond for the costs thereof. Nothing contained herein and no take-over of design or construction of Authorized Facilities by the City shall relieve a Developer of any of its responsibilities under any Development Document. Following completion of the Authorized Facilities taken over by the City, the City shall use the above-referenced sources to reimburse the Developer for any costs incurred by the Developer in the construction of the Authorized Facilities that were not previously reimbursed to the Developer.

## **Section 5. Design of Authorized Facilities.**

(a) Conformance with Standards. Authorized Facilities to be acquired by the City shall be designed in conformance with all applicable City standards and requirements, except where deviation from such standard or requirement is required by the City or approved by the City in writing.

(b) Reimbursement for Design. Developer may be reimbursed out of Available Proceeds for such expenses incurred in designing the Authorized Facilities, including all applicable plan checking and other fees paid, subject to the City's reasonable determination of the amount to be so reimbursed pursuant to the terms hereof and as confirmed to the Developer prior to construction, and subject to the limitation that reimbursement in all cases is to be made from Available Proceeds only. Reimbursement for design and for plan check services related to approval of the design for each Authorized Facility shall be made in one or more lump sum payments as and when the design for each Authorized Facility is approved, but only after City has received and approved all invoices for such services associated with the design of such Authorized Facility and subject to any limits set forth in the Development Documents.

**Section 6. Construction for Acquisition.** This Section 6 and each of its subsections do not apply to the Exhibit B Facilities. This Section 6 and each of its subsections apply only to Authorized Facilities that have not been bid or started construction as of the date of this Agreement. The City shall only be required to acquire from Developer, and otherwise pay Developer for, the Authorized Facilities constructed in accordance with the approved City plans and specifications. Developer shall comply with all of the following requirements to ensure that the Authorized Facilities that are not Exhibit B Facilities are constructed as if they had been constructed under the direction and supervision, or under the authority of the City:

(a) Approval by City. The plans and specifications and form of contract documents shall be approved by the City Engineer and City Attorney for conformance with the City municipal code and applicable City policy.

(b) Prevailing Wage Requirement. Developer shall require, and the specifications and contract documents shall require, all contractors to pay prevailing wages in accordance with the California Labor Code.

(c) Bidding Requirements. The following bidding requirements of the City shall apply to contracts for the construction of Authorized Facilities:

(i) The Developer shall solicit not less than three qualified bids (unless the nature of the Authorized Facility, the construction timeline, or other relevant factors, makes soliciting three bids unrealistic, in which case the minimum number of bids shall be one). Bids shall be submitted to the Developer or the Developer's representative either via hard copy or email. The bids shall be received and opened by the Developer and there shall be no requirement for a public bid opening. After the bids are received and opened by the Developer, the Developer may contact one or more of the bidders and request clarification of any bid or adjustments to the bid to comply with the specifications of the proposed project so that all bids may be evaluated on a comparable basis. The contract for the construction of an Authorized Facility shall be awarded to the responsible bidder submitting the lowest responsive bid (as adjusted pursuant to this paragraph, if applicable) for the construction of such Authorized Facility. Notwithstanding the foregoing provisions, contract letting procedures that differ from these procedures shall be deemed to satisfy

this Agreement if the Developer and the applicable City officer agree in writing on such other contract letting procedures.

(ii) The specifications and bid and contract documents shall require all contractors and subcontractors to pay prevailing wages in accordance with the California Labor Code.

(iii) No contractor or subcontractor may be listed on a bid proposal for the Authorized Facilities unless registered with the Department of Industrial Relations pursuant to Labor Code Section 1725.5. No contractor or subcontractor may work on the Authorized Facilities unless registered with the Department of Industrial Relations pursuant to Labor Code Section 1725.5. Developer shall require its contractors to comply with the registration requirements of the Labor Code.

(iv) Developer shall notify the Department of Industrial Relations within five (5) days of the award of the initial prime contract for the Authorized Facilities.

(v) Developer shall require its contractors to comply with all federal, state and local laws, ordinances and regulations applicable to the construction of the Authorized Facilities.

(c) Liens. Developer shall provide to the City (with its Request for Payment, defined in paragraph 7(a) below) reasonable evidence or proof that all persons, firms and corporations supplying work, labor, materials, supplies and equipment to the construction of the Authorized Facilities, or portion thereof, constructed by Developer for acquisition by the City (collectively, "**Potential Lien Claimants**") have been paid; provided, however, while Developer shall endeavor to obtain signed lien releases from all Potential Lien Claimants, Developer shall not be required to provide signed lien releases from all Potential Lien Claimants to satisfy its obligations under this Section 6. During the construction of the Authorized Facilities, Developer shall require its contractors to provide, conditional lien releases with respect to pending Requests for Payment (defined below), and unconditional lien releases for previously paid Requests for Payment.

## **Section 7. Payment of Acquisition Price.**

(a) Request for Payment of Acquisition Price. On or about the 30th day of each month following commencement of construction of any of the Authorized Facilities, or such other dates as are mutually agreeable by City and Developer, Developer may submit to City a request for payment (the "**Request for Payment**") of the Acquisition Price (defined below) for the portion of each Authorized Facility constructed during the previous month. The Request for Payment shall be made on the form attached hereto as Exhibit C and include such necessary information (including invoices, receipts, worksheets and other evidence) in sufficient detail to allow the City to verify the Acquisition Price of such portions of the Authorized Facilities. The Acquisition Price shall be the actual costs of the Authorized Facility, including (i) all hard and soft costs that may be capitalized as part of the cost of the Authorized Facility and (ii) an amount equal to 4% of the cost of constructing such Authorized Facility for Developer construction management and supervision.

(b) Determination of Acquisition Price/City Inspection. Upon submittal of a complete (as reasonably determined by City) Request for Payment, the City shall verify the actual costs of the Authorized Facility to determine the Acquisition Price ("**Acquisition Price**") to be paid by the City for the acquisition from Developer of the portions of the Authorized Facilities constructed by

Developer during said prior month. City Inspectors shall verify the type and quantity of work described in the Request for Payment as having been completed and confirm said work is completed in a satisfactory manner. City Inspectors shall transmit to the City's Finance Department the findings of their review and then consult with the Finance Department as needed to determine the Acquisition Price. The Acquisition Price for the portion of an Authorized Facility shall include the actual cost of construction (or payment) thereof as determined by the contract prices as set forth in contracts and purchase orders entered into by Developer with its contractors, and suppliers, in accordance with the terms of this Agreement and the applicable Development Documents. The City shall use its best efforts to determine the Acquisition Price within 30 days from receipt of a Request for Payment. Upon determining the Acquisition Price, City shall promptly notify Developer in writing of such Acquisition Price. The City may utilize third-party consultants to assist with this process and such costs shall be part of the Acquisition Price.

(c) Payment of Acquisition Price. Within 45 days after receipt of a complete (as reasonably determined by City) Request for Payment, the City shall pay or cause to be paid from the Available Proceeds the Acquisition Price then due to Developer.

Upon completion of an Authorized Facility in its entirety and City acceptance of such Authorized Facility, the City shall pay or cause to be paid from the Available Proceeds the balance, if any, of the Acquisition Price then due to Developer for such Authorized Facility. City may suspend payment to Developer if the Developer is delinquent in the payment of any special taxes due with respect to property owned by the Developer in the District, until such time as the overdue special taxes are paid in full. For the purposes of clarity, acceptance of a completed Authorized Facility is not a condition precedent to the payment of the Acquisition Price of the Authorized Facility in accordance with this subsection.

(d) Payment Limited to Available Proceeds. As noted hereunder, payments to Developer shall be payable solely from the Available Proceeds. The amount to be paid to Developer shall be for actual costs incurred as determined by the City in accordance with this Agreement and shall not exceed the Developer's cost thereof as reasonably determined by the City to be eligible under the Act to be part of the Acquisition Price of Authorized Facilities. All portions of the Authorized Facilities not acquired with the Available Proceeds shall nonetheless be constructed by the Developer, to the extent required by the Development Documents.

Developer shall not be entitled to reimbursement for costs allocable to any Authorized Facility if, in the opinion of the City, such reimbursement would create a double payment to Developer for such Authorized Facility, or component thereof.

(e) Accounting of Available Proceeds. At the request of Developer, which shall be not more than once per quarter calendar year during the term of this Agreement, City shall prepare and provide to Developer an accounting (an "**Accounting**") of the following: (i) the total amount of Available Proceeds; (ii) if not previously provided to Developer, the fiscal year tax roll submitted to the County Auditor-Controller; (iii) the amount of all charges and credits to the Available Proceeds from the date of the last Accounting, including interest earnings on the funds therein and charges for City administration and any third party consultant or administration fees; (iv) the total amount then on deposit in the reserve fund, and (v) the amount, if any, of outstanding payments then approved for payment to Developer pursuant to approved Requests for Payment.

(f) Expectations of the Parties. The City understands and agrees that (i) the Developer may be constructing Authorized Facilities prior to the availability of Available Proceeds that will be used to pay for such Authorized Facilities, (ii) the City may be inspecting such

Authorized Facilities and processing and completing Requests for Payment for the payment on such Authorized Facilities with knowledge that there may be insufficient Available Proceeds at such time, (iii) the Authorized Facilities may be conveyed to and accepted by the City when there are insufficient Available Proceeds to pay the Acquisition Prices of such Authorized Facilities, and (iv) in any such case, the payment of any approved Requests for Payment for the Acquisition Prices of such Authorized Facilities will be deferred until there are sufficient Available Proceeds available to pay the Acquisition Prices of such Authorized Facilities, at which time the City will make such payments in accordance with this Agreement. At all times, the Developer will be constructing such Authorized Facilities with the expectation that the Acquisition Prices for such Authorized Facilities will be paid from the Available Proceeds. The conveyance of Authorized Facilities to the City prior to receipt of the Acquisition Prices for such Authorized Facilities shall not be construed as a dedication or gift, or a waiver of the payment of the Acquisition Prices, or any part thereof, for such Authorized Facilities, provided however, the City shall have no liability to Developer for payment of any shortfall between the Developer's cost of Authorized Facilities and the Available Proceeds from time to time.

(g) General Cooperation. In connection with processing any payment request for Authorized Facilities under this Agreement, the City and the applicable City officers will use good faith efforts to request any additional information required to process the request as soon as practicable following the submission of the original materials, and to make each additional information request comprehensive and thorough to minimize the number of requests delivered, and Developer will use its good faith efforts to provide a thorough, organized, and complete response to each request. Developer is authorized to communicate directly with the City, the applicable City officers, and their designees, agents, and contractors to facilitate any additional information request, to facilitate the prompt resolution of any technical issues, and to minimize the amount of time it takes to resolve outstanding issues. In addition to the foregoing, and except as otherwise is provided for herein, the City agrees that if a payment request includes more than one Authorized Facility, it will not withhold payment authorization on any Authorized Facility that has been approved and will withhold payment authorization only on such Authorized Facility that has not been approved.

## **Section 8. Gap Shortfall; Available Special Tax Revenues.**

(a) "Gap Shortfall" Defined. The parties anticipate that a shortfall may occur between: (i) the actual costs of the Authorized Facilities, and (ii) the Available Bond Proceeds (hereafter referred to as the "**Gap Shortfall**").

(b) Payment of Gap Shortfall. To cover the Gap Shortfall, the City has agreed in the RMA that for the first 10 fiscal years (the "**Gap Shortfall Period**") commencing in the fiscal year in which the Facilities Special Tax is first levied on Developed Property (as defined in the RMA), the City shall levy the Facilities Special Tax on each parcel of Developed Property at 100% of the applicable maximum Assigned Facilities Special Tax (as such term is defined in the RMA) and, after September 1st of each year, to apply the Available Special Tax Revenues (as defined below) to fund the Gap Shortfall.

(i) The term "**Available Special Tax Revenues**" shall mean the amount of Facilities Special Tax collected in a fiscal year in excess of the amounts required in the calendar year commencing in such fiscal year to pay required debt service on the Bonds (if any), replenish the debt service reserve fund (if any), cure bond delinquencies (if any), and pay City administration costs.



(c) After the Gap Shortfall Period. After the expiration of the Gap Shortfall Period, the City may continue to levy the Facilities Special Tax so as to create Available Special Tax Revenues in the manner authorized by the RMA and use the Available Special Tax Revenues so created for any other purpose authorized for the District, including, upon the agreement of the Developer and the City, funding any Gap Shortfall that remains following the Gap Shortfall Period.

(d) Available Special Tax Revenues are Part of Available Proceeds. As set forth in Section 2 herein, the Available Special Tax Revenues during the Gap Shortfall Period are part of the Available Proceeds.

**Section 9. Exhibit B Facilities.** Notwithstanding anything herein to the contrary, prior to the execution of this Agreement, the Developer has solicited bids and may have begun or completed construction for the Authorized Facilities listed in Exhibit B attached hereto (the “**Exhibit B Facilities**”). The Developer certifies as to the following with respect to the Exhibit B Facilities: Exhibit B Facilities were bid consistently with the following: (i) the contract was competitively bid and the construction contract was awarded to the responsible bidder submitting the lowest responsive bid, (ii) the contractors listed in Exhibit B are reputable, licensed contractors registered with the California Contractors State License Board, (iii) the bid was received in an arms-length transaction with the Developer, and (iv) the Exhibit B Facilities were or are subject to the payment of prevailing wages. The City has determined that the bidding and awarding of contracts for the Exhibit B Facilities conform with the City municipal code and applicable City policy and meet the requirements of this Agreement; consequently, there shall be no review of the bidding and contract award when reviewing any Request for Payment of an Exhibit B Facility.

**Section 10. Assignment.** Developer may not assign this Agreement or any right or duty hereunder without the express written approval of the City. The City’s approval of an assignment of this Agreement and the rights and duties of Developer hereunder shall not be unreasonably withheld or delayed. Provided, however, that where the City approves the assignment (in whole or in part) of a subdivision improvement agreement relating to the Property, the City shall not disapprove an assignment hereof (in whole or in part) in connection therewith, if requested by Developer.

**Section 11. Prompt Action.** All consents, approvals and determinations required of either the City or Developer pursuant to this Agreement shall be promptly given or made and shall not be unreasonably withheld.

**Section 12. General.** This Agreement contains the entire agreement between the parties with respect to the matters herein provided for and may be amended by a subsequent written agreement signed on behalf of both parties. This Agreement is for the exclusive benefit of the parties and shall not be construed to confer any rights or benefits upon any persons other than the City and Developer. This Agreement shall, however, inure to the benefit of and be binding upon the successors and permitted assigns of the parties. This Agreement shall be construed and governed by the Constitution and laws of the State of California. Should either party to this Agreement commence a court action or proceeding against the other party with respect to this Agreement, the party prevailing in such action or proceeding shall be entitled to receive from the losing party its attorney’s fees and court costs incurred by it in successfully prosecuting or defending such action or proceeding. The captions of the sections of this Agreement are provided for convenience only and shall not have any bearing on the interpretation of any section hereof. This Agreement may be executed in several counterparts, each of which shall be an original of the same Agreement.

IN WITNESS WHEREOF, the parties have caused this Agreement to be signed as of the date first above written.

**CITY OF MANTECA,**  
a municipal corporation

**K. HOVNANIAN HOMES NORTHERN  
CALIFORNIA, INC.,**  
a California corporation

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

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

Title: \_\_\_\_\_

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

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

Title: \_\_\_\_\_

## **EXHIBIT A**

### **List of Authorized Facilities**

#### **Authorized Facilities**

The Facilities shown below are authorized to be financed by the City of Manteca Community Facilities District No. 2025-1 (Indelicato Facilities and Services) (the “CFD”):

#### **Roadway and Transportation Improvements**

Authorized facilities include any and all on-site and off-site publicly-owned roadway and transportation facilities required to meet the needs of development within the CFD. Eligible costs of these facilities include, but are not limited to, the following to the extent that they are capital costs of the facilities: Acquisition of land and easements; design; project management; payment and performance bond premiums; clearing, grubbing, and demolition; grading, soil import/export; paving (including slurry seal), and decorative/enhanced pavement concrete and/or pavers; bridge crossings and culverts; 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; roundabouts; intersections, signalization, and traffic signal control systems; bus turnouts; signs and striping; winterization and erosion control; median and landscape corridor landscaping and irrigation; bus shelters; retaining walls; masonry walls; implementation and maintenance of Stormwater Pollution Prevention Plan (SWPPP) measures; traffic control and agency fees required as a condition of development within the boundaries of the CFD; and other improvements related thereto where required.

Eligible roadway improvements include, but are not limited to:

- Airport Way

#### **Water System and Irrigation Improvements**

Authorized facilities include any and all on-site and off-site potable water system facilities designed to meet the needs of development within the CFD. Eligible costs of these facilities include, but are not limited to, the following to the extent that they are capital costs of the facilities: Acquisition of land and easements; design; project management; grading; implementation and maintenance of SWPPP measures; potable water storage, groundwater wells, storage tanks, distribution facilities including pipelines and appurtenances and irrigation facilities, gate valves, flow meters, booster pump pressurization system, hardscape improvements (pavement), fencing, lighting at water storage tank sites, booster pumping stations, and groundwater wells; and other improvements related thereto.

#### **Recycled Water System Improvements**

Authorized facilities include any and all on-site and off-site recycled water system facilities designed to meet the needs of development within the CFD. Eligible costs of these facilities include, but are not limited to, the following to the extent that they are capital costs of the facilities: Acquisition of land and easements; design; project management; grading; implementation and maintenance of SWPPP measures; recycled water storage, treatment and distribution facilities including pipelines and appurtenances, gate valves, storage tanks, flow meters, booster pump

pressurization system, hardscape improvements (pavement), fencing, lighting at water storage tank sites, booster pumping stations, and groundwater wells; and other improvements related thereto.

### **Drainage System Improvements**

Authorized facilities include any and all on-site and off-site publicly-owned drainage facilities required to meet the storage and conveyance needs of development within the CFD. Eligible costs of these facilities include, but are not limited to, the following to the extent that they are capital costs of the facilities: Acquisition of land and easements; design; project management; grading; implementation and maintenance of SWPPP measures; mains, pipelines and appurtenances; outfalls and water quality measures; temporary drainage facilities; detention/retention basins and drainage pretreatment facilities; drainage ways/channels; pump stations; landscaping and irrigation; access roads, gates, and fencing; striping and signage; and other improvements related thereto where required.

### **Wastewater System Improvements**

Authorized facilities include any and all on-site and off-site publicly-owned facilities required to meet the wastewater conveyance needs of development within the CFD. Eligible costs of these facilities include, but are not limited to, the following to the extent that they are capital costs of the facilities: Acquisition of land and easements; design; project management; grading; implementation and maintenance of SWPPP measures; pipelines and all appurtenances thereto; manholes; tie-in to existing main line; emergency storage for at lift station sites; force mains; lift stations; odor-control facilities; sewer treatment plant improvements; hardscape improvements (pavement), fencing, lighting at lift station sites; and other improvements related thereto where required.

### **Other**

Any other facilities serving substantially the same purpose as the above described facilities.

Any other facilities permitted under the Mello-Roos Community Facilities Act of 1982, including the facilities described in Section 53313.5 of the California Government Code, as amended from time to time, provided that such facilities satisfy at least one of the following criteria: 1) augment, improve or expand existing CFD facilities that are primarily for the benefit of the CFD, or 2) repair or rehabilitate existing CFD facilities.

The foregoing description of the type of Facilities eligible to be financed is general in nature and includes any appurtenant work and incidental expenses related to the Facilities. The final nature and location of the facilities will be determined upon the preparation of final plans and specifications for such facilities.

### **Incidental Expenses**

Also included as authorized expenditures for the CFD are: (1) CFD bond-related fees and costs, including but not limited to fees of the City, underwriters/placement agents, financial advisors, appraisals, reserve fund balance, capitalized interest, bond counsel, disclosure counsel, special tax consultant, bond and official statement printing and all other incidental expenses; and (2) CFD administrative fees, including fees of the City, the bond trustee/fiscal agent, and the special tax consultant, related to the CFD and any CFD bonds.

## EXHIBIT B

### EXHIBIT B FACILITIES

#	Contract	Description	Estimated Amount*
1			
2			
3			
4			
5			
6			

\* These costs are for reference only and shall not limit the payment of the actual cost of the Exhibit B Facilities.

## EXHIBIT C

### Payment Request Form

**City of Manteca  
Community Facilities District No. 2025-1  
(Indelicato Facilities and Services)**

#### Request for Payment

The undersigned hereby requests payment pursuant to the Funding, Construction and Acquisition Agreement dated September 1, 2025 (the "**Agreement**"), between the CITY OF MANTECA and K. HOVNANIAN HOMES NORTHERN CALIFORNIA, INC., a California corporation ("**Developer**"), in the total amount of \$\_\_\_\_\_. Capitalized terms used herein unless otherwise defined herein shall have the meanings ascribed thereto in the Agreement.

The payment requested is for the portion of the Authorized Facility that has been completed by Developer (the "**Completed Work**") and is the subject of this request for payment, as more fully described in Schedule 1 attached hereto. In connection with this request for payment, the undersigned hereby represents and warrants to City as follows:

1. The person executing this request on behalf of the Developer is duly authorized to do so and is knowledgeable as to the matters set forth herein.

2. The Completed Work described in **Schedule 1** hereto has been constructed in accordance with the approved plans therefor.

3. The true and correct actual cost of the Completed Work for which payment is requested is set forth in **Schedule 1**.

4. Attached hereto are invoices, receipts, worksheets and other evidence of actual cost that are in sufficient detail to allow City Inspectors and City consultants to verify the actual cost of the Completed Work for which payment is requested. There shall be no deduction for retention of any kind.

5. There has not been filed with or served upon the Developer notice of any lien, right to lien or attachment upon, or claim affecting the right to receive the payment requested herein that has not been released or will not be released simultaneously with the payment of such obligation, other than materialman's or mechanics' liens accruing by operation of law. Copies of lien releases for all Completed Work for which payment is requested hereunder are attached hereto.

6. The Developer is in compliance with the terms and provisions of the Agreement. Payment of the amount requested hereby should be made payable to:

\_\_\_\_\_

and sent to: \_\_\_\_\_

at the following address: \_\_\_\_\_

\_\_\_\_\_

I(we) hereby declare under penalty of perjury that the above representations and warranties are true and correct.

**Developer:**

**K. HOVNANIAN HOMES NORTHERN CALIFORNIA, INC.,**  
a California corporation

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

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

Title: \_\_\_\_\_

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(ATTACHMENT)

SCHEDULE 1  
Description of Completed Work and Cost