

(a) Subject to the terms and conditions, and in reliance upon the representations, warranties and agreements set forth herein, the Underwriter hereby agrees to purchase from the City, and the City hereby agrees to sell to the Underwriter, all (but not less than all) of the \$33,470,000 aggregate principal amount of the City of Roseville Highland Reserve North Community Facilities District No. 1, Special Tax Bonds, Series 1999 (the "Bonds"), dated the Closing Date (as hereinafter defined), bearing interest at the rates and maturing on the dates and in the principal amounts set forth in Exhibit A hereto. The purchase price for the Bonds shall be \$33,019,453.70 (representing the principal of amount of the Bonds, less an original issue discount of \$ 15,436.30, less an underwriter's discount of \$ 435,110.00), plus accrued interest.

Section 1. Purchase, Sale and Delivery of the Bonds.

The undersigned (the "Underwriter") offers to enter into this Purchase Contract (this "Purchase Contract") with the City of Roseville (the "City") on behalf of City of Roseville Highland Reserve North Community Facilities District No. 1 (the "District"), which upon acceptance will be binding upon the Underwriter, the City and the District. The agreement of the Underwriter to purchase the Bonds (as hereinafter defined) is contingent upon the City satisfying all of the obligations imposed upon it under this Purchase Contract. This offer is made subject to the City's acceptance by the execution of this Purchase Contract and its delivery to the Underwriter on the date hereof, and, if not so accepted, will be subject to withdrawal by the Underwriter upon notice delivered to the City at any time prior to the acceptance hereof by the City. All capitalized terms used herein, which are not otherwise defined, shall have the meaning provided for such terms in the Fiscal Agent Agreement (as hereinafter defined).

Ladies and Gentlemen:

City of Roseville
Highland Reserve North Community Facilities District No. 1
311 Vernon Street
Roseville, California 95678

September 28, 1999

\$33,470,000
CITY OF ROSEVILLE
HIGHLAND RESERVE NORTH COMMUNITY FACILITIES DISTRICT NO. 1
SPECIAL TAX BONDS
SERIES 1999
PURCHASE CONTRACT

The Bonds shall be substantially in the form described in, shall be issued and secured under the provisions of, and shall be payable from the Special Taxes as provided in the Fiscal Agent Agreement, dated as of October 1, 1999 (the "Fiscal Agent Agreement"), between the City and U.S. Bank Trust National Association, as fiscal agent (the "Fiscal Agent"), the Official Statement (as hereinafter defined), and the Mello-Roos Community Facilities Act of 1982, constituting Section 53311 *et seq.* of the California Government Code (the "Act"). The net proceeds of the Bonds will be used to (1) finance certain public improvements of benefit to land in the District, (2) to fund a Reserve Fund for the Bonds, (3) to pay for capitalized interest on the Bonds, and (4) to pay the costs of issuing the Bonds.

(b) Pursuant to the authorization of the City, the Underwriter has distributed copies of the Preliminary Official Statement, dated September 17, 1999, relating to the Bonds, which, together with the cover page and appendices thereto, is herein called the "Preliminary Official Statement." By its acceptance of this Purchase Contract, the City hereby ratifies the use by the Underwriter of the Preliminary Official Statement; and the City agrees to execute a final official statement relating to the Bonds (the "Official Statement") which will consist of the Preliminary Official Statement with such changes as may be made thereto, with the approval of Cox Castle & Nicholson LLP, the City's Bond Counsel (herein called "Bond Counsel") and the Underwriter, and to provide copies thereof to the Underwriter as set forth in Section 2(n) hereof. The City hereby authorizes the Underwriter to use and promptly distribute, in connection with the offer and sale of the Bonds, the Preliminary Official Statement, the Official Statement and any supplement or amendment thereto. The City further authorizes the Underwriter to use and distribute, in connection with the Purchase Contract and all information contained herein, and all other documents, certificates and statements furnished by or on behalf of the City or the District to the Underwriter in connection with the transactions contemplated by this Purchase Contract.

(c) Except as the Underwriter and the City may otherwise agree, at 8:00 A.M. California time, on October 19, 1999 (the "Closing Date"), the City will deliver to the Underwriter, at the offices of Cox Castle & Nicholson LLP, San Francisco, California, or at such other location as may be mutually agreed upon by the Underwriter and the City, the documents hereinafter mentioned and the City will deliver to the Underwriter at the offices of The Depository Trust Company ("DTC") in New York, New York, the Bonds, in definitive form (all Bonds bearing CUSIP numbers), duly executed by the City and authenticated by the Fiscal Agent in the manner provided for in the Fiscal Agent Agreement and the Act, and the Underwriter will accept such delivery and pay the purchase price of the Bonds as set forth in paragraph (a) of this Section in immediately available funds (such delivery and payment being herein referred to as the "Closing"). The Bonds shall be made available to the Underwriter for inspection not later than two Business Days prior to the Closing Date. The Bonds shall be in fully registered book-entry form (which may be typewritten) and shall be registered in the name of Cede & Co., as nominee of DTC.

Section 2. Representations, Warranties and Agreements of the City. The City represents, warrants to, covenants and agrees with, the Underwriter that:

(a) The District is a community facilities district duly organized and validly existing under the Constitution and laws of the State of California, and the City, acting on behalf of the District, has, and at the Closing Date will have, full legal right, power (i) to enter into, execute and deliver under this Purchase Contract, the Fiscal Agent Agreement, the Continuing Disclosure Agreement, dated as of October 1, 1999 (the "Issuer Continuing Disclosure Agreement"), by and among the City, the Fiscal Agent and U.S. Bank Trust National Association, as dissemination agent (the "Dissemination Agent," and together with the Fiscal Agent, "U.S. Bank Trust") and the Official Statement and (ii) to carry out, give effect to and consummate the transactions contemplated hereby and thereby.

(b) The City has complied, and will at the Closing Date be in compliance, in all respects with the Fiscal Agent Agreement, the Issuer Continuing Disclosure Agreement, the Act and this Purchase Contract.

(c) The City Council has duly and validly: (i) approved and authorized the execution and delivery of the Fiscal Agent Agreement, the Bonds, the Issuer Continuing Disclosure Agreement, this Purchase Contract and the Official Statement and approved the distribution of the Preliminary Official Statement, and (ii) authorized and approved the performance by the City of its obligations contained in, and the taking of any and all action as may be necessary to carry out, give effect to and consummate the transactions contemplated by, each of such documents.

(d) Except as described in the Preliminary Official Statement, neither the City nor the District is, in any respect material to the transactions referred to herein or contemplated hereby, in breach of or in default under, any law or administrative rule or regulation of the State of California, the United States of America, or of any department, division, agency or other instrumentality of either thereof, or under any loan agreement, note, resolution, indenture, agreement or other instrument to which the City or the District is a party or is otherwise subject or bound, and the performance by the City on behalf of the District of its obligations under the Fiscal Agent Agreement, the Bonds, the Issuer Continuing Disclosure Agreement and this Purchase Contract and any other instruments contemplated by any of such documents, and compliance with the provisions of each thereof, will not conflict with or constitute a breach of or default under any applicable law or administrative rule or regulation of the State of California, the United States of America, or of any department, division, agency or instrumentality of either thereof, or under any applicable court or administrative decree or order, note, resolution, indenture, agreement, contract, agreement or other instrument to which the City or the District is a party or is otherwise subject or bound, and adversely affect the performance by the City on behalf of the District of its obligations under the Fiscal Agent Agreement, the Bonds, the Issuer Continuing Disclosure Agreement or this Purchase Contract.

(e) Except as may be required under the "blue sky" or other securities laws of any jurisdiction, all approvals, consents, authorizations, elections and orders of, or filings or registrations with, any governmental authority, board, agency or commission having jurisdiction

which would constitute a condition precedent to, or the absence of which would materially adversely affect the performance by the City on behalf of the District of its obligations hereunder or under the Fiscal Agent Agreement, the Bonds or the Issuer Continuing Disclosure Agreement have been or will be obtained at the Closing Date and are or will be at the Closing Date in full force and effect.

(f) The Fiscal Agent Agreement creates a valid pledge of, first lien upon and security interest in, the Special Tax Revenues and the amounts in the Special Tax Fund, the Bond Fund and the Reserve Fund established pursuant to the Fiscal Agent Agreement, on the terms and conditions set forth in the Fiscal Agent Agreement.

(g) As of the date hereof the information in the Preliminary Official Statement is true, correct and complete in all material respects and does not and, on the Closing Date the information in the Official Statement will not, contain any untrue statement of a material fact or omit to state a material fact required to be stated therein or necessary to make the statements therein, in the light of the circumstances under which they were made, not misleading.

(h) If after the date of this Purchase Contract and until ninety (90) days after the End of the Underwriting Period (as hereinafter defined), any event shall occur, of which the City has notice, as a result of which it may be necessary to supplement the Official Statement in order to make the statements therein, in the light of the circumstances existing at such time, not misleading, the City shall forthwith notify the Underwriter of any such event of which it has knowledge and, if in the opinion of the Underwriter and the City Manager on behalf of the District, such event requires an amendment or supplement to the Official Statement, the City will at its own expense amend or supplement the Official Statement in a form and manner jointly approved by the City and the Underwriter so that the statements therein as so amended or supplemented will not be misleading in the light of the circumstances existing at such time and the City will promptly furnish to the Underwriter a reasonable number of copies of such amendment or supplement. As used herein the term "End of the Underwriting Period" means the later of such time as (i) the City on behalf of the District delivers the Bonds to the Underwriter, or (ii) the Underwriter do not retain an unsold balance of the Bonds for sale to the public. Unless the Underwriter give notice to the contrary, the End of the Underwriting Period shall be deemed to be the Closing Date. Any notice delivered pursuant to this provision shall be written notice delivered to the City at or prior to the Closing Date, and shall specify a date (other than the Closing Date) to be deemed the "End of the Underwriting Period."

(i) Except as disclosed in the Preliminary Official Statement, no action, suit, proceeding, inquiry or investigation, at law or in equity, before or by any court, regulatory agency or public board or body to which the City or the District is a party and has been served with a summons or other notice thereof, is pending, or to the knowledge of the City Manager threatened, in any way affecting the existence of the District, the existence of the City or the titles of its officers to their respective offices or seeking to restrain or to enjoin the issuance, sale or delivery of the Bonds, the application of the proceeds thereof in accordance with the Fiscal Agent Agreement, the collection or application of the Special Taxes pledged or to be pledged to pay the principal of, and interest on, the Bonds, or the pledge thereof, or the collection or

application of the Special Taxes pledged or to be pledged to pay the principal of, and interest on, the Bonds, or the pledge thereof, or in any way contesting or affecting the validity or enforceability of the Fiscal Agent Agreement, the Bonds, the Issuer Continuing Disclosure Agreement or this Purchase Contract, any action of the City or the District contemplated by any of such documents, or in any way contesting the completeness or accuracy of the Preliminary Official Statement or the Official Statement or the powers of the City or the District with respect to the Fiscal Agent Agreement, the Bonds, the Issuer Continuing Disclosure Agreement or this Purchase Contract or any action of the City or the District contemplated by any of such documents, or which contests the exclusion from gross income for federal income tax purposes of interest paid on the Bonds or the exemption of interest paid on the Bonds from State of California personal income taxation.

(j) The City will furnish such information, execute such instruments and take such other action in cooperation with the Underwriter as the Underwriter may reasonably request in order for the Underwriter to qualify the Bonds for offer and sale under the "blue sky" or other securities laws and regulations of such states and other jurisdictions of the United States of America as the Underwriter may designate; provided, however, that neither the City nor the District shall be required to register as a dealer or broker of securities or to consent to service of process or quality to do business in any jurisdiction where it is not now so subject. It is understood that such "blue sky" registration is the sole responsibility of the Underwriter.

(k) Any certificate signed by any authorized officer or employee of the City authorized to do so shall be deemed a representation and warranty by the City on behalf of the District as to the statements made therein.

(l) The City on behalf of the District will apply the proceeds of the Bonds in accordance with the Fiscal Agent Agreement.

(m) Until such time as moneys have been set aside in an amount sufficient to pay all then outstanding Bonds at maturity or to the date of redemption if redeemed prior to maturity, plus unpaid interest thereon and premium, if any, to maturity or to the date of redemption if redeemed prior to maturity, the City on behalf of the District will faithfully perform and abide by all of the covenants, undertakings and provisions contained in the Fiscal Agent Agreement.

(n) The Preliminary Official Statement heretofore delivered to the Underwriter has been deemed final by the City as of its date, except for the omission of such information as is permitted to be omitted in accordance with Rule 15c2-12 promulgated under the Securities Exchange Act of 1934 ("Rule 15c2-12"). The City hereby covenants and agrees that, within seven (7) business days from the date hereof, or upon reasonable written notice from the Underwriter within sufficient time to accompany any confirmation requesting payment from any customers of the Underwriter, the City shall cause a final printed form of the Official Statement to be delivered to the Underwriter in sufficient quantity to comply with Rule 15c2-12 and the applicable rules of the Municipal Securities Rulemaking Board.

(o) Except as disclosed in the Official Statement, to the best of the City's knowledge, no other public debt secured by a tax or assessment levied by the City on the land in the District is in the process of being authorized and no assessment districts or community facilities district have been or are in the process of being formed by the city which include any portion of the land within the District.

The execution and delivery of this Purchase Contract by the City on behalf of the District shall constitute a representation to the Underwriter that the representations and warranties contained in the Section 2 are true as of the date hereof.

Section 3. Conditions To The Obligations Of The Underwriter. (i) The following conditions precedent to the printing of the Preliminary Official Statement and the pricing of the Bonds (collectively, the "Printing Conditions") shall have been satisfied prior to printing of the Preliminary Official Statement and shall continue to be true and correct at the time of the Closing:

1. Highland Reserve North, L.P., a Delaware limited partnership ("Highland Reserve"), shall have delivered to the City and the Underwriter a certificate substantially in the form of Exhibit B hereto, dated the date of the Preliminary Official Statement.

2. Oakville Reserve, Ltd., a Florida limited partnership ("Oakville" and together with Highland Reserve, the "Developer"), shall have delivered to the City and the Underwriter a certificate substantially in the form of Exhibit C hereto.

3. Pillsbury Madison & Suro LLP, counsel to the Developer, shall have delivered to the City and the Underwriter an opinion substantially in the form of Exhibit D hereto, dated the date of the Preliminary Official Statement.

4. Economic & Planning Systems, Inc. (the "Special Tax Consultant") shall have delivered to the City and the Underwriter a certificate substantially in the form of Exhibit E hereto, dated the date of the Preliminary Official Statement.

5. Mackay & Soms (the "Engineer") shall have delivered to the City and the Underwriter a certificate substantially in the form of Exhibit F hereto, dated the date of the Preliminary Official Statement.

6. Bender Rosenthal (the "Appraiser") shall have delivered to the City and the Underwriter a certificate substantially in the form of Exhibit G hereto, dated the date of the Preliminary Official Statement.

7. The Funding, Construction and Acquisition Agreement by and between the City and Highland Reserve (the "Acquisition Agreement") shall have been executed by the City and Highland Reserve in form and content satisfactory to the City and the Underwriter.

(a) At the Closing Date, the Fiscal Agent Agreement, the Issuer Continuing Disclosure Agreement, the Continuing Disclosure Agreement (Developer), executed by the Highland Reserve, on behalf of itself and Oakville, dated no later than the Closing Date (the "Developer Continuing Disclosure Agreement," and together with the Issuer Continuing Disclosure Agreement, the "Continuing Disclosure Agreements") and this Purchase Contract shall be in full force and effect, and shall not have been amended, modified or supplemented, except as may have been agreed to in writing by the Underwriter, and there shall have been taken in connection therewith, with the issuance of the Bonds, and with the transactions contemplated

(ii) The obligation of the Underwriter to accept delivery of and pay for the Bonds on the Closing Date shall be subject, at the option of the Underwriter, to the accuracy in all material respects of the representations and warranties on the part of the City contained herein, to the accuracy in all material respects of the statements of the officer and other officials of the City made in any certificates or other documents furnished pursuant to the provisions hereof, to the performance by the City on behalf of the District of its obligations to be performed hereunder at or prior to the Closing Date and to the following conditions:

By execution of this Purchase Contract, Underwriter and City acknowledge that all Printing Conditions have been satisfied or waived.

12. Each of Highland Reserve and Oakville shall have delivered to the Underwriter, and the Underwriter shall have approved, unaudited balance sheets of each such entity showing (i) the financial condition of such entity as of the date of delivery of such balance sheets, and (ii) such other financial statements as the Underwriter may require. Such financial statements (i) shall be prepared in accordance with generally accepted accounting principles, consistently applied, and (ii) shall be certified as true and complete without qualification by an officer of each such entity. Each such entity shall deliver "date downs" of such financial statements within three (3) days following the date of execution of this Purchase Contract.

11. All parties required by this Purchase Contract to deliver certificates and opinions at the Closing shall have agreed to the form and content of each such certificate and opinion.

10. There shall not have been filed any action, suit, proceeding at law seeking to enjoin the execution and delivery of the Acquisition Agreement, the Development Agreement, the issuance of the bonds or the construction of the Improvements (as defined in the Preliminary Official Statement).

9. Each of Highland Reserve and Oakville shall have delivered to the Underwriter and City fully executed copies of its Partnership Agreements, certified by the appropriate Secretary of State (collectively the "Organization Documents").

8. A copy of the Development Agreement (the "Development Agreement") by and between the City and Highland Reserve shall have been delivered to the Underwriter.

thereby, by this Purchase Contract, all such actions as, in the opinion of Bond Counsel, shall be necessary and appropriate.

(b) At the Closing Date, except as was described in the Preliminary Official Statement, neither the City nor the District shall be, in any respect material to the transactions referred to herein or contemplated hereby, in breach of or in default under, any law or administrative rule or regulation of the State of California, the United States of America, or of any department, division, agency or instrumentality of either court or administrative decree or order, or under any loan agreement, indenture, note, resolution, or otherwise contract, agreement or other instrument to which the City or the District is a party or is otherwise subject or bound, and the performance by the City on behalf of the District of its obligations under the Bonds, the Fiscal Agent Continuing Disclosure Agreement and this Purchase Contract, and any other instruments contemplated by any of such documents, and compliance with the provisions of each thereof, will not conflict with or constitute a breach of or default under any applicable law or administrative rule or regulation of the State of California, the United States of America, or of any department, division, agency or instrumentality of either court or administrative decree or order, or under any loan agreement, indenture, note, resolution, or otherwise contract, agreement or other instrument to which the City or the District is a party or is otherwise subject or bound, and the performance by the City on behalf of the District of its obligations under the Bonds, Fiscal Agent Agreement, the Issuer Continuing Disclosure Agreement and this Purchase Contract.

(c) At the Closing Date, except as may be required under the "blue sky" or other securities laws of any jurisdiction, all approvals, consents, authorizations, elections and orders of, or filings or registrations with, any governmental authority, board, agency or commission having jurisdiction which would constitute a condition precedent to, or the absence of which would materially adversely affect, the performance by the City on behalf of the District of its obligations hereunder, and the Fiscal Agent Agreement, the Bonds or the Issuer Continuing Disclosure Agreement will have been obtained and will be in full force and effect.

(d) The information contained in the Official Statement is, as of the Closing Date and as of the date of any supplement or amendment thereto pursuant to Section 2(h) hereof, true, correct and complete in all material respects and does not, as of the Closing Date or as of the date of any supplement or amendment thereto pursuant to Section 2(h) hereof, contain any untrue statement of a material fact or omit to state a material fact required to be stated therein or necessary to make the statements therein, in the light of the circumstances under which they were made, not misleading.

(e) Between the date hereof and the Closing Date, the market price or marketability, at the initial offering prices set forth on the inside cover page of the Official Statement, of the Bonds shall not have been materially adversely affected (evidenced by a written notice to the City terminating the obligation of the Underwriter to accept delivery of and pay for the Bonds), by reason of any of the following:

(1) Legislation introduced in or enacted (or resolution passed) by the Congress of the United States of America or recommended to the Congress by the President of the United States, the Department of the Treasury, the Internal Revenue Service, or any member of Congress, or favorably reported for passage to either House of Congress by any committee of such House to which such legislation had been referred for consideration, or a decision rendered by a court established under Article III of the Constitution of the United States of America or by the Tax Court of the United States of America, or an order, ruling, regulation (final, temporary or proposed), press release or other form of notice issued or made by or on behalf of the Internal Revenue Service, with the purpose or effect, directly or indirectly, of imposing federal income taxation upon such interest as would be received by any owners of the Bonds;

(2) Legislation introduced in or enacted (or resolution passed) by the Congress or an order, decree or injunction issued by any court of competent jurisdiction, or an order, ruling, regulation (final, temporary or proposed), press release or other form of notice issued or made by or on behalf of the Securities and Exchange Commission, or any other governmental agency having jurisdiction of the subject matter, to the effect that obligations of the general character of the Bonds, including any or all underlying arrangements, are not exempt from registration under or other requirements of the Securities Act of 1933, as amended, or that the Fiscal Agent Agreement is not exempt from qualification under or other requirements of the Trust Indenture Act of 1939, as amended, or that the issuance, offering or sale of obligations of the general character of the Bonds, including any or all underlying arrangements, as contemplated hereby or by the Official Statement or otherwise is or would be in violation of the federal securities laws as amended and then in effect;

(3) A general suspension of trading in securities on the New York Stock Exchange, or a general banking moratorium declared by Federal, State of New York or State of California officials authorized to do so;

(4) The introduction, proposal or enactment of any amendment to the Federal or California Constitution or any action by any Federal or California court, legislative body, regulatory body or any other governmental body materially adversely affecting the tax status of the District, its property, income, securities (or interest thereon), the validity or enforceability of the Special Taxes, as contemplated by the Fiscal Agent Agreement and the Official Statement;

(5) Any event occurring, or information becoming known which, in the judgment of the Underwriter, makes untrue in any material respect any statement or information contained in the Preliminary Official Statement or in the Official Statement, or has the effect that the Preliminary Official Statement or the Official Statement contains any untrue statement of a material fact or omits to

state a material fact required to be stated therein or necessary to make the statements therein, in the light of the circumstances under which they were made, not misleading; or

(6) There shall have occurred any outbreak of hostilities or other local, national or international calamity or crisis or the escalating of any hostilities, calamity or crisis, the effect of which on the financial markets of the United States of America, in the reasonable judgment of the Underwriter, is such as to materially and adversely affect (A) the market price or the marketability of the Bonds, or (B) the ability of the Underwriter to enforce contracts for the sale of the Bonds.

(f) At or prior to the Closing Date, the Underwriter shall have received two counterpart originals or certified copies of the following documents, in each case satisfactory in form and substance to the Underwriter:

(1) The resolution authorizing the sale of the Bonds adopted on August 18, 1999 by the City Council, acting in its capacity as legislative body of the District (the "Resolution"), together with a certificate of the Secretary of the City Council, dated as of the Closing Date, to the effect that such resolution is a true, correct and complete copy of the resolution duly adopted by the City;

(2) The Official Statement, executed on behalf of the District by an authorized signatory of the City;

(3) The Fiscal Agent Agreement duly executed and delivered by the City and the Fiscal Agent;

(4) The Continuing Disclosure Agreements, duly authorized and executed by the City and Highland Reserve, as applicable, and U.S. Bank Trust;

(5) An unqualified opinion, dated the Closing Date and addressed to the City, of Bond Counsel, to the effect that the Bonds are the valid, legal and binding obligations of the City and that the interest thereon is excluded from gross income for federal income tax purposes and exempt from personal income taxes of the State of California in substantially the form included as Appendix B to the Official Statement, together with an unqualified opinion of Bond Counsel, dated the Closing Date and addressed to the Underwriter, to the effect that such opinion addressed to the City may be relied upon by the Underwriter to the same extent as if such opinion was addressed to the Underwriter;

(6) A supplemental opinion or opinions, dated the Closing Date and addressed to the City and the Underwriter, of Bond Counsel, to the effect that (i) this Purchase Contract has been duly authorized, executed and delivered by the City and, assuming due authorization, execution and delivery by the other parties thereto, constitutes the legal, valid and binding agreement of the City and the

(7) the opinion of Cox Castle & Nicholson LLP, San Francisco, California, Disclosure Counsel, dated the Closing Date, addressed to the District, and to the Underwriter with respect to clauses (i) and (iii) below, to the effect that (i) based upon an examination which they have made, and without having undertaken to determine independently the accuracy or completeness of the statements contained in the Official Statement, they have no reason to believe that the Official Statement (other than financial statements and other statistical and financial data and information relating to The Depository Trust Company, New York, New York, and its book-entry system contained therein and incorporated therein by reference, as to which no view need be expressed) contains any untrue statement of a material fact or omits to state a material fact necessary to make the statements therein, in the light of the circumstances under which they were made, not misleading; (ii) the Continuing Disclosure Agreements meet the criteria established by Rule 15c2-12(b)(5) promulgated by the Securities and Exchange Commission pursuant to the Securities Exchange Act of 1934, as amended, for the "written agreement or contract" referenced in paragraph (b)(5)(i) of the Rule; and (iii) the Continuing Disclosure Agreements provide a suitable basis for the

District, each enforceable in accordance with its terms, except to the extent that enforceability may be limited by moratorium, bankruptcy, reorganization or other insolvency or other similar laws affecting creditors' rights generally or by the exercise of judicial discretion in accordance with general principles of equity or otherwise in appropriate cases; (ii) the Bonds are exempt from registration pursuant to the Securities Act of 1933, as amended, and the Fiscal Agent Agreement is exempt from qualification under the Trust Indenture Act of 1939, as amended; (iii) the Bonds, the Fiscal Agent Agreement and the Continuing Disclosure Agreements, Bond Counsel's final opinion and the Act, are accurate in all material respects; (iv) the Fiscal Agent Agreement has been duly adopted by the City Council, acting as the legislative body of the District and creates a valid pledge of the Special Taxes and the amounts on deposit in certain funds and accounts established under the Fiscal Agent Agreement, as and to the extent provided in such Fiscal Agent Agreement; and (v) the Special Taxes and the levy thereof have been duly and validly authorized in accordance with the provisions of the Act and, when levied, the Special Tax will be a valid and binding lien upon the property against which it is levied, enforceable by the City in accordance with the provisions of the Fiscal Agent Agreement and the Act except as the same may be limited by bankruptcy, insolvency, reorganization, moratorium or other laws relating to or affecting generally the enforcement of creditor's rights;

Underwriter, in connection with the Offering (as defined in Rule 15c2-12 promulgated by the Securities and Exchange Commission pursuant to the Securities Exchange Act of 1934, as amended) of the Bonds, to make a reasonable determination as required by paragraph (b)(5) of said Rule;

(8) An opinion, dated the Closing Date and addressed to the Underwriter, of Orrick, Herrington & Sutcliffe LLP, as Underwriter's counsel addressed to the Underwriter, in form and substance satisfactory to the Underwriter;

(9) A certificate of the City, dated the Closing Date and signed by the City Manager or his or her authorized designee to the effect that (i) the representations and warranties of the City contained herein are true and correct in all material respects on and as of the Closing Date with the same effect as if made on the Closing Date, except that all references herein to the Preliminary Official Statement shall be deemed to be references to the Official Statement; (ii) to the best knowledge of such officer, no event has occurred since the date of the Official Statement which should be disclosed in the Official Statement for the purpose for which it is to be used or which it is necessary to disclose therein in order to make the statements and information therein not misleading in any material respect; and (ii) the City has complied with all the agreements and satisfied all the conditions on its part to be satisfied under this Purchase Contract, the Fiscal Agent Agreement, the Issuer Continuing Disclosure Agreement and the Official Statement at or prior to the Closing Date;

(10) An opinion, dated the Closing Date and addressed to the City and the Underwriter, of the City Counsel, to the effect that (i) the District is a community facilities district duly organized and validly existing under the Act; (ii) the Official Statement and the distribution thereof have been duly authorized by the City; (iii) the forms of the Fiscal Agent Agreement, the Issuer Continuing Disclosure Agreement and this Purchase Contract have been duly approved at a meeting of the City Council, acting as the legislative body of the District, which was called and held pursuant to law and with all public notice required by law and at which a quorum was present and acting; (iv) the City on behalf of the District has duly and validly executed and delivered on behalf of the District this Purchase Contract, the Fiscal Agent Agreement, the Bonds and the Issuer Continuing Disclosure Agreement, and each such document constitutes the legal, valid and binding obligation of the District enforceable against the District in accordance with its terms, subject to bankruptcy, insolvency, reorganization, moratorium and other laws affecting enforcement of creditors' rights in general and to the application of equitable principles if equitable remedies are sought; (v) other than as disclosed in the Official Statement, no action, suit, proceeding, inquiry or investigation, at law or in equity, before or by any court, regulatory agency, public board or body to which the City or the District is a party and has been served with a summons or other notice thereof, is pending or, to such counsel's knowledge,

threatened, in any way affecting the existence of the District, the existence of the City or the titles of its officers to their respective offices, or seeking to restrain or to enjoin the issuance, sale or delivery of the Bonds, the application of the proceeds thereof in accordance with the Fiscal Agent Agreement, the collection or application of the Special Taxes to pay the principal of, and interest on, the Bonds, or in any way contesting or affecting the validity or enforceability of the Bonds, the Fiscal Agent Agreement, this Purchase Contract, the Issuer Continuing Disclosure Agreement, or any action of the City or the District contemplated by any of such documents or in any way contesting the completeness or accuracy of the Official Statement or the powers of the City or the District with respect to the Bonds, the Fiscal Agent Agreement, this Purchase Contract, the Issuer Continuing Disclosure Agreement, of any action on the part of the City or the District contemplated by any of such documents, or in any way seeking to enjoin or restrain the City from approving the development of any of the property within the District, or which challenges the exclusion of the interest paid on the Bonds from federal income tax purposes and the exemption of interest paid on the Bonds from State of California personal income taxation; (vi) the statements in the Official Statement under the heading "NO LITIGATION" are as of the date of the Official Statement and as of the date of the opinion, true and correct in all material respects and do not, as of the date of the Official Statement and as of the date of the opinion, contain any untrue statement of a material fact or omit to state a material fact required to be stated therein or necessary to make the statements therein, in the light of the circumstances under which they were made, not misleading; and (vii) the City is duly organized and validly existing as a political subdivision under the Constitution and laws of the State of California with full legal right, power and authority to form the District;

(11) A transcript of all proceedings relating to the authorization, issuance, sale and delivery of the Bonds, including certified copies of the Fiscal Agent Agreement and all resolutions relating thereto;

(12) Certified copies of the general resolution of U.S. Bank Trust, as Fiscal Agent and Dissemination Agent, authorizing the execution and delivery of certain documents by certain officers of the U.S. Bank Trust, which resolution authorizes the execution of the Fiscal Agent Agreement and the Continuing Disclosure Agreements;

(13) A certificate of U.S. Bank Trust, addressed to the Underwriter and the City dated the Closing Date, to the effect that (i) U.S. Bank Trust is authorized to carry out corporate trust powers, and has full power and to perform its duties under the Fiscal Agent Agreement and the Continuing Disclosure Agreements; (ii) U.S. Bank Trust is duly authorized to execute and deliver the Fiscal Agent Agreement and the Continuing Disclosure Agreements, to accept the obligations created by the Fiscal Agent Agreement and the Continuing Disclosure Agreements, and to authenticate the Bonds pursuant to the terms of the Fiscal

(19) Such additional legal opinions, certificates, instruments and other documents as the Underwriter may reasonably request to evidence the truth and accuracy, as of the date hereof and as of the Closing Date, of the material

(18) A nonarbitrage certificate of the City on behalf of the District in form and substance acceptable to Bond Counsel and the Underwriter;

(17) A copy of the Appraisal;

(16) A letter, dated the Closing Date, of Pillsbury Madison & Sutro LLP, counsel to the Developer, reaffirming as of the Closing Date the opinions of such counsel delivered pursuant to Section 3(i) hereof.

(15) Certificates dated the Closing Date from each of the Developer, the Special Tax Consultant, the Engineer and the Appraiser substantially in the form of Exhibits B, C, D, E, F and G hereto, respectively;

(14) An opinion of counsel to U.S. Bank Trust, dated the Closing Date, addressed to the Underwriter and the City, to the effect that U.S. Bank Trust is a national banking association duly organized and validly existing under the laws of the United States having full power and being qualified to enter into, accept and agree to the provisions of the Fiscal Agent Agreement and the Continuing Disclosure Agreements, and that the Fiscal Agent Agreement and the Continuing Disclosure Agreements have been duly authorized, executed and delivered by U.S. Bank Trust, in its capacities as the Fiscal Agent and the Dissemination Agent and, assuming due execution and delivery by the other parties thereto, constitute the legal, valid and binding obligations of the U.S. Bank Trust, enforceable in accordance with their terms, subject to bankruptcy, insolvency, reorganization, moratorium and other laws affecting the enforcement of creditors' rights in general and except as such enforceability may be limited by the application of equitable principles if equitable remedies are sought;

Agent Agreement; (iii) no consent, approval, authorization or other action by any governmental or regulatory authority having jurisdiction over U.S. Bank Trust that has not been obtained is or will be required for the authentication of the Bonds, of the consummation by it of the other transactions contemplated to be performed by it in connection with the authentication of the Bonds and the acceptance and performance of the obligations created by the Fiscal Agent Agreement and the Continuing Disclosure Agreements; and (v) to the best of its knowledge, compliance with the terms of the Fiscal Agent Agreement and the Continuing Disclosure Agreements, will not conflict with, or result in a violation or breach of, or constitute a default under, any loan agreement, fiscal agent agreement, bond, note, resolution or any other agreement or instrument to which U.S. Bank Trust is a party or by which it is bound, or any law or any rule, regulation, order or decree of any court or governmental agency or body having jurisdiction over U.S. Bank Trust or any of its activities or properties;

Section 5. Undertakings of the City. The City agrees (a) to inform the Underwriter, from time to time, upon the reasonable request of the Underwriter, of the amount then on deposit in the Reserve Fund and all accounts thereunder, and (b) to make available to the Underwriter, upon reasonable request of the Underwriter, at the expense of the City, sufficient copies of its audited financial statements, if any, resolutions of its legislative body with respect to the Bonds, the Fiscal Agent Agreement, the Official Statement, any amendments or supplements thereto, and other documents relating to the Bonds and pertaining to the District or the City, to the extent that such documents are publicly available, as may be reasonably required from time to time for

(b) Whether or not the Bonds are delivered to the Underwriter as set for the herein, the City shall be under no obligation to pay, and the Underwriter shall be responsible for and pay, CUSIP Bureau and CDIAAC fees and expenses to qualify the Bonds for sale under any "blue sky" laws; and all other expenses incurred by the Underwriter in connection with its public offering and distribution of the Bonds not specifically enumerated in paragraph (a) of this Section, including the fees and disbursements of its counsel.

(a) Whether or not the Underwriter accepts delivery of and pays for the Bonds as set forth herein, it shall be under no obligation to pay, and the City shall pay out of the proceeds of the Bonds or any other legally available funds of the City, all expenses incidental to the performance of the City's obligations hereunder, including but not limited to the cost of printing, engraving and delivering the Bonds to the Underwriter; the costs of printing and shipping the Preliminary Official Statement and the Official Statement; the fees and disbursements of the District, the City, the Fiscal Agent, the Dissemination Agent, Bond Counsel, accountants, engineers, appraisers, economic consultants and any other experts or consultants retained by the City in connection with the issuance and sale of Bonds; rating agency fees, if any; the premium on any policy of municipal bond insurance for the Bonds; and any other expenses not specifically enumerated in paragraph (b) of this Section incurred in connection with the issuance and sale of the Bonds.

Section 4. Expenses.

If the City shall be unable to satisfy the conditions to the obligations of the Underwriter to purchase, accept delivery of and pay for the Bonds contained in this Purchase Contract, or if the obligations of the Underwriter to purchase, accept delivery of and pay for the Bonds shall be terminated for any reason permitted by this Purchase Contract, this Purchase Contract shall terminate and none of the City, the District nor the Underwriter shall be under any further obligation hereunder, except that the respective obligations of the Underwriter, the City and the District set forth in Section 4 hereof shall continue in full force and effect.

representations and warranties of the City contained herein, and of the statements and information contained in the Official Statement and the due performance or satisfaction by the City at or prior to the Closing of all agreements then to be performed and all conditions then to be satisfied by the City in connection with the transactions contemplated hereby, the Fiscal Agent Agreement and Continuing Disclosure Agreements and the Official Statement.

the prompt and efficient performance by the Underwriter of their obligations hereunder (except any portion of any such document which, by contract, is not subject to disclosure).

Section 6. Notices. Any notice or other communication to be given to the City under this Purchase Contract may be given by delivering the same in writing to the City of Roseville at 311 Vernon Street, Roseville, California 95678, Attention: City Manager; any notice or other communication to be given to the Underwriter under this Purchase Contract may be given by delivering the same in writing to the Representative: Stone & Youngberg LLC, 50 California Street, 35th Floor, San Francisco, California, Attention: Sohail Bengali.

Section 7. Parties in Interest. This Purchase Contract is made solely for the benefit of the City, the District and the Underwriter (including any successors or assignees of the Underwriter) and no other person shall acquire or have any right hereunder or by virtue hereof.

Section 8. Survival of Representations and Warranties. The representations and warranties of the City hereunder shall not be deemed to have been discharged, satisfied or otherwise rendered void by reason of the Closing and regardless of any investigations made by or on behalf of the Underwriter (or statements as to the results of such investigations) concerning such representations and statements of the City and regardless of the delivery of and payment for the Bonds.

Section 9. Execution in Counterparts. This Purchase Contract may be executed by the parties hereto in separate counterparts, each of which when so executed and delivered shall be an original, but all such counterparts shall together constitute but one and the same instrument.

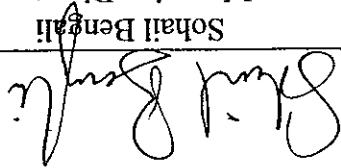
Section 10. No Prior Agreements. This Purchase Contract supersedes and replaces all prior negotiations, agreements and understandings among the parties hereto in relation to the sale of the Bonds of the City.

Section 11. Effective Date. This Purchase Contract shall become effective and binding upon the respective parties hereto upon the execution of the acceptance hereof by the City and shall be valid and enforceable as of the time of such acceptance.

Very truly yours,

STONE & YOUNGBERG LLC

By:



Sohail Bengali
Managing Director

CITY OF ROSEVILLE
on behalf of HIGHLAND RESERVE NORTH
COMMUNITY FACILITIES DISTRICT NO. 1

By:

Authorized Signatory

By: [Signature]
Authorized Signatory

CITY OF ROSEVILLE
on behalf of HIGHLAND RESERVE NORTH
COMMUNITY FACILITIES DISTRICT NO. 1

By: [Signature]
Sohail Bengali
Managing Director

STONE & YOUNGBERG LLC

Very truly yours,

Section 11. Effective Date. This Purchase Contract shall become effective and binding upon the respective parties hereto upon the execution of the acceptance hereof by the City and shall be valid and enforceable as of the time of such acceptance.

EXHIBIT A

\$33,470,000.00
City of Roseville
(Placer County, CA)
Highland Reserve North Community Facilities District No. 1
Special Tax Bonds, Series 1999

MATURITY SCHEDULE

Maturity	Principal	Coupon	Yield	Price
9/1/01	\$630,000.00	4.700%	4.700%	\$100,000
9/1/02	\$660,000.00	4.900%	5.000%	\$99,730
9/1/03	\$695,000.00	5.100%	5.150%	\$99,820
9/1/04	\$730,000.00	5.125%	5.250%	\$99,462
9/1/05	\$765,000.00	5.300%	5.400%	\$99,495
9/1/06	\$805,000.00	5.400%	5.500%	\$99,427
9/1/11	\$4,785,000.00	6.000%	6.000%	\$100,000
9/1/25	\$24,400,000.00	6.300%	6.300%	\$100,000
TOTAL				
\$33,470,000.00				

Serial Bonds
 Term Bond
 Term Bond

¹ Insert in certificate delivered at time of printing of Preliminary Official Statement.
² Insert in certificate delivered at Closing.

5. No Litigation. There is no action, suit, proceeding, inquiry or investigation, at law or in equity, before or by any court, government agency, public board or body, pending or threatened by or against the Developer: (i) in any way questioning the due formation and valid existence of the Developer; (ii) in any way contesting or affecting the validity of the Developer Documents or the consummation of the transactions contemplated thereby; (iii) in any way questioning or contesting the validity of any governmental approval of the

4. No Breach or Default. The execution and delivery of the Developer Documents and compliance with the provisions thereof, under the circumstances contemplated thereby, do not and will not in any material respect conflict with or constitute on the part of the Developer a breach or default under any agreement or instrument to which the Developer is a party or by which it is bound, and no event has occurred and is continuing which, with the passage of time or the giving of notice, or both, would, in any material respect, constitute a default or an event of default under the Developer Documents.

3. Due Authorization and Approval. By all necessary partnership action, the Developer has duly authorized and approved the execution and delivery of, and the performance by the Developer of the obligations of the Developer contained in the Developer Documents and as of the date hereof, such authorizations and approvals are in full force and effect and have not been amended, modified or rescinded. The Developer acknowledges that it (as one of the two owners of all taxable land in the District) has the obligation to pay Special Taxes.

2. Organization Documents. Attached hereto is a fully executed, true, correct and complete copy of the Limited Partnership Agreement of the Developer (the "Developer Organization Document") and such Developer Organization Document has not been amended or supplemented and is in full force and effect.

1. Due Organization, Existence and Authority. The Developer is a Delaware limited partnership, and is duly formed and validly existing under the laws of its organization and is duly qualified and in good standing to do business as a foreign limited partnership in California. The Developer has full rights, power and authority to execute, deliver and perform its obligations under the Development Agreement, as amended, by and between the City and the Developer (the "Development Agreement") and the Funding, Construction and Acquisition Agreement by and between the City and the Developer ("Acquisition Agreement") and to carry out and consummate the transactions contemplated by the Development Agreement and Acquisition Agreement (collectively, the "Developer Documents").

Highland Reserve North, L.P., a Delaware limited partnership (the "Developer") hereby makes the following representations, warranties and covenants as of the date hereof to and for the benefit of the City of Roseville (the "City"), for itself and on behalf of Highland Reserve North Community Facilities District No. 1 (the "District"), and to Stone & Youngberg LLC (the "Underwriter") in connection with the [pricing/sale and delivery] by the City of its Highland Reserve North Community Facilities District No. 1 Special Tax Bonds, Series 1999 (the "Bonds").

[Date]

Developer Representations, Warranties and Covenants

\$
CITY OF ROSEVILLE
HIGHLAND RESERVE NORTH COMMUNITY FACILITIES DISTRICT NO. 1
SPECIAL TAX BONDS, SERIES 1999

Exhibit B

1 Insert in certificate delivered at time of printing of Preliminary Official Statement.

- 13. Agreement. In addition to the foregoing, the Developer covenants that, while the Bonds are outstanding, the Developer will not bring any action, suit, proceeding, inquiry or investigation at law or in equity, before any court, regulatory agency, public board or body which in any way seeks to challenge or overturn the District, the levy of the Special Tax in accordance with the terms of the resolutions and ordinances previously adopted by the District or the validity of the Bonds or the proceedings leading up to their issuance.
 - 12. Consent to Fiscal Agent Agreement. The Developer hereby consents to all of the terms and conditions contained in that certain Fiscal Agent Agreement dated as of September 1, 1999, by and between the City and the Fiscal Agent.
 - 11. Consent to Bond Issuance. The Developer hereby consents to the issuance of the Bonds.
 - 10. Appraisal. The Developer has reviewed the Appraisal Report dated August 18, 1999 prepared by Bender Rosenthal ("Appraisal") and agrees with the assumptions that all Improvements will be completed within eighteen (18) months following issuance of the Bonds.
 - 9. Taxes and Assessments. All taxes and assessments are current on the property which the Developer owns or will own within the District.
 - 8. Developer's Financial Statements. The financial statements previously provided to the Underwriter are true, correct and complete in all material respects and fairly present the financial position of Developer as of the date thereof. No material adverse change has occurred in such financial position since the date of such financial statement.
 - 7. [Preliminary] Official Statement. The Developer has provided the information set forth in the [Preliminary] Official Statement describing the Developer, its affiliates and the development undertaken and proposed to be undertaken by the Developer and the Underwriter is authorized to use such information in the distribution of the [Preliminary] Official Statement. With respect to the discussion in the [Preliminary] Official Statement under the captions "THE DISTRICT," "THE IMPROVEMENTS," "OWNERSHIP OF PROPERTY WITHIN THE DISTRICT" and "SPECIAL RISK FACTORS," insofar as such statements purport to summarize information with respect to the Developer, its affiliates, its proposed development and projections, property ownership, and pending or threatened litigation, nothing has come to the Developer's attention as of the date of this Certificate which would lead the Developer to believe that such discussion contains any untrue statements of a material fact or omits to state a material fact necessary, to make the statements therein, in the light of the circumstances under which they were made, not misleading.
 - 6. Information. The information submitted by the Developer to the City or the Underwriter in connection with the preparation of the [Preliminary] Official Statement dated the date hereof in connection with the sale of the Bonds (the "[Preliminary] Official Statement") was, and is as of this date, true and correct.
- District or any aspect thereof or (iv) which would have a material adverse effect upon the financial condition of the Developer or the ability to develop the District.

14. Satisfaction, Waiver or Deferral of Certain Conditions. The Developer agrees and acknowledges that the conditions in Section 3 of the Purchase Contract by and between the City, on behalf of itself and the District, and the Underwriter relating to the sale of the Bonds have been satisfied or waived.

HIGHLAND RESERVE NORTH, L.P.

By: _____
Name: _____
Title: _____

¹ Insert in certificate delivered at time of printing of Preliminary Official Statement.
² Insert in certificate delivered at Closing.

20. [Preliminary] Official Statement. Oakville has provided the information set forth in the Preliminary Official Statement describing Oakville, its affiliates and the development undertaken and proposed to be undertaken in the District, and the Underwriter is authorized to use such information in the distribution of the Preliminary Official Statement. With respect to the discussion in the [Preliminary] Official Statement under the captions "THE DISTRICT," "THE IMPROVEMENTS," "OWNERSHIP OF PROPERTY WITHIN THE DISTRICT" and "SPECIAL RISK FACTORS," insofar as such statements purport to summarize information with respect to Oakville, its affiliates, the proposed development of the District and projections, property ownership, and pending or threatened litigation, nothing has come to Oakville's attention as of the date of this Certificate which would lead Oakville to believe that such discussion contains any untrue statements of a material fact or omits to state a material fact necessary, to make the statements therein, in the light of the circumstances under which they were made, not misleading.

19. Information. The information submitted by Oakville to the City or the Underwriter in connection with the preparation of the [Preliminary] Official Statement dated the date hereof in connection with the sale of the Bonds (the "[Preliminary] Official Statement") was, and is as of this date, true and correct.

18. No Litigation. There is no action, suit, proceeding, inquiry or investigation, at law or in equity, before or by any court, government agency, public board or body, pending or threatened by or against Oakville; (i) in any way questioning the due formation and valid existence of Oakville; (ii) in any way questioning or contesting the validity of any governmental approval of the District or any aspect thereof or (iii) which would have a material adverse effect upon the financial condition of Oakville or the ability to develop the District.

17. Special Taxes. Oakville acknowledges that it (as one of the two owners of all taxable land in the District) has the obligation to pay Special Taxes.

16. Organization Documents. Attached hereto is a fully executed, true, correct and complete copy of the Limited Partnership Agreement of Oakville (the "Oakville Organization Document") and such Oakville Organization Document has not been amended or supplemented and is in full force and effect.

15. Due Organization, Existence and Authority. Oakville is a Florida limited partnership, and is duly formed and validly existing under the laws of its organization is duly qualified and in good standing to do business as a foreign limited partnership in California.

Oakville Reserve, Ltd., a Florida limited partnership ("Oakville"), hereby makes the following representations, warranties and covenants as of the date hereof to and for the benefit of the City of Roseville (the "City"), for itself and on behalf of Highland Reserve North Community Facilities District No. 1 (the "District"), and Stone & Youngberg LLC (the "Underwriter") in connection with the [pricing/sale and delivery] by the City of its Highland Reserve North Community Facilities District No. 1 Special Tax Bonds, Series 1999 (the "Bonds").

[Date]

Developer Representations, Warranties and Covenants

CITY OF ROSEVILLE
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HIGHLAND RESERVE NORTH COMMUNITY FACILITIES DISTRICT NO. 1
SPECIAL TAX BONDS, SERIES 1999

Exhibit C

21. Developer's Financial Statements. The financial statements previously provided to the Underwriter are true, correct and complete in all material respects and fairly present the financial position of Oakville as of the date thereof. No material adverse change has occurred in such financial position since the date of such financial statement.

22. Taxes and Assessments. All taxes and assessments are current on the property which Oakville owns or will own within the District.

23. Appraisal. Oakville has reviewed the Appraisal Report dated August 18, 1999 prepared by Bender Rosenthal ("Appraisal") and agrees with the assumptions that all improvements will be completed within eighteen (18) months following issuance of the Bonds.

24. Consent to Bond Issuance. Oakville hereby consents to the issuance of the Bonds.

25. Development Agreement. Oakville acknowledges that it has read and understood the terms and conditions of the Development Agreement and agrees with the provisions set forth therein.

26. Consent to Fiscal Agent Agreement. Oakville hereby consents to all of the terms and conditions contained in that certain Fiscal Agent Agreement dated as of September 1, 1999, by and between the City and the Fiscal Agent.

27. Agreement. In addition to the foregoing, Oakville covenants that, while the Bonds are outstanding, Oakville will not bring any action, suit, proceeding, inquiry or investigation at law or in equity, before any court, regulatory agency, public board or body which in any way seeks to challenge or overturn the District, the levy of the Special Tax in accordance with the terms of the resolutions and ordinances previously adopted by the District or the validity of the Bonds or the proceedings leading up to their issuance.

28. Satisfaction, Waiver or Deferral of Certain Conditions. Oakville agrees and acknowledges that the conditions in Section 3 of the Purchase Contract by and between the City, on behalf of itself and the District, and the Underwriter relating to the sale of the Bonds have been satisfied or waived.

OAKVILLE RESERVE, LTD.

By: _____
Name: _____
Title: _____

1 Insert in opinion at time of printing of Preliminary Official Statement.

We have assumed the genuineness of all signatures and documents submitted as originals, that all copies submitted to us conform to the originals, the legal capacity of all natural persons, and as to documents executed by entities other than the Developers, that each such entity has complied with any applicable requirement to file returns and pay taxes under the California Franchise Tax law and had the power to enter into and perform its obligations under such documents, and that such documents have been duly authorized, executed and delivered by, and are binding upon and enforceable against, such entities.

We have examined copies of (i) the Development Agreement dated as of September 19, 1997, between Highland Reserve and the City (the "Development Agreement"), (ii) the Acquisition Agreement and together with the September 1999, between Highland Reserve and the City (the "Acquisition Agreement") and together with the Development Agreement, the "Developer Agreements") and (iii) the [Preliminary] Official Statement for the offer and sale of the Bonds dated _____, 1999 (the "[Preliminary] Official Statement"). We have also examined such other documents and certificates of public officials and representatives of Highland Reserve and Oakville as we have deemed necessary as a basis for the opinions expressed herein. As to questions of fact material to such opinions, we have, when relevant facts were not independently established, relied upon certificates of representatives of Highland Reserve and Oakville.

We have acted as counsel to Highland Reserve North, L.P., a Delaware limited partnership ("Highland Reserve" or "Developer") and Oakville Reserve, Ltd., a Florida limited partnership ("Oakville") with respect to (i) the proposed development known as Highland Reserve North (the "Development") to be located in the City of Roseville (the "City") as described in the [Preliminary] Official Statement (as defined herein) and (ii) the issuance of approximately \$34,000,000 in City of Roseville Highland Reserve North Community Facilities District No. 1 Special Tax Bonds, Series 1999 (the "Bonds"). This opinion is rendered pursuant to Section 3 of the Purchase Contract between the City, acting for itself and on behalf of the City of Roseville Highland Reserve North Community Facilities District No. 1 (the "District") and Stone & Youngberg LLC (the "Purchase Contract"). Capitalized terms used herein without definition shall have the meanings set forth in the Purchase Contract.

Ladies and Gentlemen:

City of Roseville
311 Vernon Street
Roseville, CA 95678
Stone & Youngberg LLC
50 California Street
San Francisco, CA 94111

_____, 1999

[Letterhead of Pillsbury Madison & Suto LLP]

Form of Developer's Counsel Opinion

HIGHLAND RESERVE NORTH COMMUNITY FACILITIES DISTRICT NO. 1
SPECIAL TAX BONDS, SERIES 1999

CITY OF ROSEVILLE

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Exhibit D

We assume that the City and Stone & Youngberg LLC know of no agreements, understandings or negotiations between the parties not set forth in the Developer Agreements that would modify the terms or rights and obligations of the parties thereunder.

We express no opinion as to the laws of any jurisdiction other than California, Delaware, Florida and the United States.

Based on the foregoing and subject to the qualifications set forth below, it is our opinion that:

1. Highland Reserve is a limited partnership in good standing under the laws of Delaware and Oakville is a limited partnership in good standing under the laws of Florida and each is duly qualified and in good standing to do business as a foreign limited partnership in California.

2. The Developer Agreements have been duly authorized by all necessary action on the part of Highland Reserve and have been duly executed and delivered by Highland Reserve.

3. The Developer Agreements are valid and binding obligations of Highland Reserve, enforceable in accordance with their terms.

4. Execution and delivery of the Developer Agreements and performance by Highland Reserve of its obligations thereunder as contemplated therein do not conflict with or violate the Amended and Restated Limited Partnership Agreement for Highland Reserve dated as of October 1, 1998, or any order of court or arbitrator known to us, and do not conflict with and will not constitute a material breach of the provisions of any material contract known to us by which Highland Reserve is bound.

5. To our knowledge, there are no actions, suits or proceedings pending or overtly threatened against Highland Reserve or Oakville before any court or administrative agency.

6. The statements contained in the [Preliminary] Official Statement under the captions "THIS DISTRICT," "THE IMPROVEMENTS," "OWNERSHIP OF PROPERTY WITHIN THE DISTRICT" and "SPECIAL RISK FACTORS" insofar as such statements purport to summarize certain provisions of the Developer Agreements are accurate in all material respects.

The opinions set forth above are subject to the following qualifications:

(a) Our opinion in paragraph 3 above is subject to and limited by: (i) the effect of bankruptcy, insolvency, reorganization, receivership, conservatorship, arrangement, moratorium, fraudulent transfers or other laws affecting or relating to the rights of creditors generally; (ii) the rules governing the availability of specific performance, injunctive relief or other equitable remedies and general principles of equity, regardless of whether considered in a proceeding in equity or at law; (iii) the effect of applicable court decisions, invoking statutes or principles of equity, which have held that certain covenants and provisions of agreements are unenforceable where the breach of such covenants or provisions imposes restrictions or burdens upon a borrower, and it cannot be demonstrated that the enforcement of such restrictions or burdens is necessary for the protection of the creditor, or which have held that the creditor's enforcement of such covenants or provisions under the circumstances would violate the creditor's covenants of good faith and fair dealing implied under California law; or (iv) the effect of California statutes or rules of law which cannot be waived prospectively by an obligor.

(b) Whenever a statement herein is qualified by "known to us," "to our knowledge," or a similar phrase, it indicates that in the course of our representation of the Developers no information that would give us

PILLSBURY MADISON & SUTRO LLP

Very truly yours,

This opinion is rendered solely for your information in connection with the transaction described above and may not be relied upon by any other person for any purpose without our prior written consent. We assume no obligation to supplement the opinions expressed herein if any applicable law changes or we become aware of any additional facts or circumstances bearing on such opinions after the date hereof.

current actual knowledge of the inaccuracy of such statement has come to the attention of the attorneys in this firm who have rendered legal services in connection with this transaction. We have not made any independent investigation to determine the accuracy of such statement, except as expressly described herein. No inference as to our knowledge of any matters bearing on the accuracy of such statement should be drawn from the fact of our representation of the Developers in other matters in which such attorneys are not involved.

Exhibit E

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CITY OF ROSEVILLE
HIGHLAND RESERVE NORTH COMMUNITY FACILITIES DISTRICT NO. 1
SPECIAL TAX BONDS, SERIES 1999

Certificate of Special Tax Consultant

Stone & Youngberg LLC
50 California Street
San Francisco, California 94111
City of Roseville
311 Vernon Street
Roseville, California 95678

The undersigned hereby states and certifies:

[29. That he is an authorized officer of Economic and Planning Systems, Inc. (the "Special Tax Consultant") and as such is familiar with the facts herein certified and is authorized and qualified to certify the same.

[30. That the Special Tax Consultant assisted the City of Roseville (the "City") in the preparation of (a) the Rate and Method of Apportionment of the Special Tax (the "Special Tax Formula") as set forth in Appendix A to, and (b) the Highland Reserve North Specific Plan CFD No. 1 Financing Plan (the "CDF Financing Plan") dated June 9, 1999, as described under the section entitled "THE DISTRICT" of, the [Preliminary Official Statement dated _____, 1999 (the "Preliminary Official Statement")/the Official Statement dated _____, 1999 (the "Official Statement")], for the City of Roseville Highland Reserve North Community Facilities District No. 1 (the "District") Special Tax Bonds, Series 1999 (the "Bonds"). Capitalized terms not otherwise defined herein shall be defined as provided in the Special Tax Formula or in the Fiscal Agent Agreement dated as of September 1, 1999 between the City and the Fiscal Agent named therein.

[31. That the Special Taxes, if levied in accordance with the Special Tax Formula and collected will annually yield sufficient revenue to make timely payments of the annual debt service on the Bonds, and annual Administrative Expenses related to the levy and collection of the Special Taxes and the expenses of the Fiscal Agent for the Bonds, and if levied at their maximum rates will generate at least the amounts set forth in the Official Statement under the caption "DEBT SERVICE SCHEDULE".]

[32. That all information supplied by the Special Tax Consultant for use in the Official Statement, including Appendix A thereto, is true and correct.

[33. That (i) the amount of the maximum Special Taxes that may be levied in each Fiscal Year shall be at least one hundred ten percent (110%) of the total Annual Debt Service for each such Fiscal Year on the Bonds, plus Administrative Expenses for each Fiscal Year as estimated by the Treasurer, (ii) the aggregate Special Tax Prepayments that could occur after the issuance of the Bonds is not less than the Outstanding principal amount of the Bonds, and (iii) based upon the Special Taxes that may be levied under the Special Tax Formula at the time when there is no longer any Undeveloped Property in the District, and taking into account the status of the expected Developed Property in the District, the estimated Maximum Special Tax that may then be levied in the District in each Fiscal Year are reasonably expected to exceed one hundred ten percent (110%) of the total Annual Debt

¹ Insert in certificate delivered at time of printing of Preliminary Official Statement.
² Insert in certificate delivered at time of Closing.

¹ Insert in certificate delivered at time of printing of Preliminary Official Statement.
² Insert in certificate delivered at time of Closing.

By: _____
Principal

Dated: _____, 1999
ECONOMIC AND PLANNING SYSTEMS, INC.

[35. Attached hereto is a true and correct calculation of the Special Tax applicable in the District for Fiscal Year 1998-99 upon issuance of the Bonds, which amount has been calculated in conformance with Section _____ of the Special Tax Formula.]²

[34. That, as of the date of the [Preliminary] Official Statement and as of the date hereof, those portions of the Official Statement entitled "SECURITY AND SOURCES OF PAYMENTS FOR THE BONDS--Special Taxes--Special Tax Methodology," "THE DISTRICT," "SPECIAL RISK FACTORS," and "APPENDIX A" and the other data provided by the Special Tax Consultant and included in [Preliminary] Official Statement, do not, to our knowledge, contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made therein, in light of the circumstances under which they were made, not misleading.

Service for each Fiscal Year on the Bonds, plus Administrative Expenses for each Fiscal Year as estimated by the Treasurer.]²

1 To be inserted in certificate delivered at time of printing of Preliminary Official Statement.

Exhibit F

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CITY OF ROSEVILLE
HIGHLAND RESERVE NORTH COMMUNITY FACILITIES DISTRICT NO. 1
SPECIAL TAX BONDS, SERIES 1999

Certificate of Engineer

Stone & Youngberg LLC
50 California Street
San Francisco, California 94111
City of Roseville
311 Vernon Street
Roseville, California 95678

The undersigned hereby certifies that, to the best of its knowledge and belief, the statements set forth below are true, correct and complete as of the date hereof to and for the benefit of the City of Roseville for itself and on behalf of Highland Reserve North Community Facilities District No. 1 (the "District") and to Stone & Youngberg LLC (the "Underwriter") in connection with the issuance by the City of its Highland Reserve North Community Facilities District No. 1 Special Tax Bonds, Series 1999 (the "Bonds"). Capitalized terms not otherwise defined herein, are defined as provided in the Purchase Contract (the "Purchase Contract") between the Underwriter and the City.

1. Official Statement and Lost Estimates for Public Improvements. The undersigned has reviewed the [Preliminary Official Statement dated August 18, 1999 ("Preliminary Official Statement")]/Official Statement dated _____, 1999 (the "Official Statement")² in connection with the sale of the Bonds and the CFD Financing Plan. In connection with the undersigned's review of the [Preliminary] Official Statement and the CFD Financing Plan, the undersigned attests that, to the best of its knowledge and belief, the information in the [Preliminary] Official Statement under the captions "THE DISTRICT - Development Agreement" and "IMPROVEMENTS" accurately describes the Improvements to be built, the preliminary opinion of costs of such Improvements, and the undersigned's role in preparing the preliminary Improvement plans, and the undersigned further believes that the preliminary opinion of costs for the Improvements contained in the [Preliminary] Official Statement and the CFD Financing Plan, as of their respective dates, are reasonable.

Dated: _____, 1999
MACKAY & SOMPS

By: _____

1 To be inserted in certificate delivered at time of printing of Preliminary Official Statement.
2 To be inserted in certificate delivered at Closing.

Dated: _____, 1999
BENDER ROSENTHAL

5. We hereby consent to the reproduction and use of the Appraisal Report appended to the [Preliminary] Official Statement. We also consent to the use of the references to our firm made in the [Preliminary] Official Statement.

4. That, as of the date hereof, the information under the caption "APPRAISAL OF PROPERTY WITHIN THE DISTRICT" and the Appraisal Report appended to the [Preliminary] Official Statement, to the best of our knowledge and belief, and subject to all of the General and Specific Assumptions and Limiting Conditions set forth in the Appraisal Report, does not contain any untrue statement of a material fact or omit to state a material fact necessary in order to make the statements contained therein, in the light of the circumstances under which they were made, not misleading, and no events or occurrences have been ascertained by us or have come to our attention that would substantially change the estimated values concluded in the Appraisal Report. However, we have not performed any procedures since the date of the Appraisal Report to obtain knowledge of such events or occurrences nor are we obligated to do so in the future.

3. That, as of the date of this Certificate, the conclusions set forth in the Appraisal included as Appendix A to the [Preliminary Official Statement dated _____, 1999 (the "Official Statement")?] are confirmed.

2. That the Appraiser has prepared an appraisal report dated August 18, 1999 (the "Appraisal Report"), on behalf of the City of Roseville (the "City") and in connection with the sale by the City on behalf of the Highland Reserve North Community Facilities District No. 1 (the "District") of its City of Roseville Highland Reserve North Community Facilities District No. 1 Special Tax Bonds, Series 1999 (the "Bonds"). Capitalized terms not otherwise defined herein shall be defined as provided in the Purchase Contract dated as of _____, 1999, between the City and the Underwriter named therein.

1. That he or she is an authorized principal of Bender Rosenthal (the "Appraiser") and as such is familiar with the facts herein certified and is authorized and qualified to certify the same.

The undersigned hereby states and certifies:

City of Roseville
311 Vernon Street
Roseville, California 95678
Stone & Youngberg LLC
50 California Street
San Francisco, California 94111

Certificate of Appraiser

§
CITY OF ROSEVILLE
HIGHLAND RESERVE NORTH COMMUNITY FACILITIES DISTRICT NO. 1
SPECIAL TAX BONDS, SERIES 1999

By: _____