

In the opinion of Jones Hall, A Professional Law Corporation, San Francisco, California, Bond Counsel, subject, however to certain qualifications described herein, under existing law, the interest on the Bonds is excluded from gross income for federal income tax purposes and such interest is not an item of tax preference for purposes of the federal alternative minimum tax. Interest on the Bonds may be subject to the corporate alternative minimum tax. In the further opinion of Bond Counsel, such interest is exempt from California personal income taxes. See "TAX MATTERS" herein.

\$4,795,000
CITY OF ROSEVILLE
LONGMEADOW PARKSIDE COMMUNITY FACILITIES DISTRICT NO. 1
(PUBLIC FACILITIES)
SPECIAL TAX REFUNDING BONDS
SERIES 2023

Dated: Date of Delivery**Due: September 1, as shown on inside cover**

Authority for Issuance. The City of Roseville (the "City") is issuing the above-captioned bonds (the "Bonds") for its Longmeadow Parkside Community Facilities District No. 1 (Public Facilities) (the "District") under the Mello-Roos Community Facilities Act of 1982 (the "Act"), the Resolution of Issuance (as defined herein), and a Fiscal Agent Agreement, dated as of July 1, 2023 (the "Fiscal Agent Agreement"), by and between the City and U.S. Bank Trust Company, National Association, as fiscal agent (the "Fiscal Agent"). See "THE BONDS – Authority for Issuance."

Security and Sources of Payment. The Bonds are payable from a pledge of proceeds of Special Tax Revenues (as defined in this Official Statement) levied on property within the District according to the rate and method of apportionment of special tax approved by the City Council and the eligible landowner voters in the District. The Bonds are secured by a first pledge of the Special Tax Revenues and the moneys on deposit in certain funds held by the Fiscal Agent under the Fiscal Agent Agreement. No additional bonds, except for refunding bonds, will be issued for the District. See "SECURITY FOR THE BONDS."

Use of Proceeds. The Bonds are being issued to (i) refund, in full, the City of Roseville Longmeadow Parkside Community Facilities District No. 1 (Public Facilities) Special Tax Refunding Bonds, Series 2013, (ii) to pay the premium for bond insurance and a reserve fund insurance policy, (iii) generate approximately \$250,000 for capital improvements, and (iv) pay the costs of issuing the Bonds. See "FINANCING PLAN."

Bond Terms. Interest on the Bonds is payable on March 1, 2024, and semiannually thereafter on each September 1 and March 1. The Bonds will be issued in denominations of \$5,000 or integral multiples of \$5,000. The Bonds, when delivered, will be initially registered in the name of Cede & Co., as nominee of The Depository Trust Company ("DTC"). DTC will act as securities depository for the Bonds. See "THE BONDS" and "APPENDIX E – THE BOOK-ENTRY SYSTEM."

Redemption. The Bonds are subject to optional redemption and special mandatory redemption from prepaid Special Taxes. See "THE BONDS – Redemption."

Bond Insurance and Reserve Fund Insurance. The scheduled payment of principal of and interest on the Bonds maturing September 1, 2027 to and including September 1, 2036 (the "Insured Bonds") when due will be guaranteed under a municipal bond insurance policy to be issued concurrently with the delivery of the Bonds by Build America Mutual Assurance Company (the "Insurer"). The Insurer will also issue a reserve fund insurance policy for deposit into the Reserve Fund being established for the Bonds.



The Bonds, the interest thereon, and any premium payable on the redemption of any Bonds (if any), are not an indebtedness of the City (except to the limited extent described in this Official Statement), the State of California (the "State") or any of their respective political subdivisions. None of the City (except to the limited extent described in this Official Statement), the State or any of its political subdivisions is liable for the Bonds. The Bonds do not constitute a general obligation of the City, but are limited obligations of the City payable solely from the Special Tax Revenues collected in the District as more fully described in this Official Statement.

This cover page contains certain information for quick reference only. It is not a summary of essential information about the Bonds. Potential investors should read this entire Official Statement to obtain information essential for making an informed investment decision. Investment in the Bonds involves risks that may not be appropriate for some investors. See "BOND OWNERS' RISKS" for a discussion of special risk factors that should be considered in evaluating the investment quality of the Bonds.

The Bonds are offered when, as and if issued by the City and accepted by the Underwriter, subject to approval as to their legality by Jones Hall, A Professional Law Corporation, San Francisco, California, Bond Counsel, and subject to certain other conditions. Jones Hall, A Professional Law Corporation, has also served as disclosure counsel to the City. Certain matters will be passed upon for the City by the City Attorney and for the Underwriter by Kutak Rock LLP, Irvine, California. It is anticipated that the Bonds, in book-entry form, will be available for delivery through the facilities of DTC on or about July 18, 2023.

PIPER | SANDLER

**CITY OF ROSEVILLE
LONGMEADOW PARKSIDE COMMUNITY FACILITIES DISTRICT NO. 1
(PUBLIC FACILITIES)
SPECIAL TAX REFUNDING BONDS
SERIES 2023**

MATURITY SCHEDULE

Maturity (Sept. 1)	Principal Amount	Interest Rate	Yield	Price	CUSIP† (777870)
2024	\$250,000	5.000%	3.280%	101.871	4A1
2025	285,000	5.000	3.310	103.428	4B9
2026	300,000	5.000	3.290	105.026	4C7
2027 ^(I)	315,000	5.000	3.130	107.171	4D5
2028 ^(I)	330,000	5.000	3.130	108.778	4E3
2029 ^(I)	345,000	5.000	3.140	110.278	4F0
2030 ^(I)	365,000	5.000	3.080	112.187	4G8
2031 ^(I)	380,000	5.000	3.070	113.773	4H6
2032 ^(I)	405,000	5.000	3.070	115.246	4J2
2033 ^(I)	425,000	5.000	3.140	116.014	4K9
2034 ^(I)	440,000	5.000	3.220	115.264 ^(C)	4L7
2035 ^(I)	465,000	5.000	3.340	114.151 ^(C)	4M5
2036 ^(I)	490,000	5.000	3.490	112.776 ^(C)	4N3

(I) Insured Bond.

(C) Priced to optional call at par on September 1, 2033.

† CUSIP Global Services (CGS) is managed on behalf of American Bankers Association by FactSet Research Systems Inc. Copyright© 2023 CUSIP Global Services. This data is not intended to create a database and does not serve in any way as a substitute for the CGS database. CUSIP® numbers are provided for convenience of reference only. None of the City, the Fiscal Agent or the Underwriter take any responsibility for the accuracy of the CUSIP data.

CITY OF ROSEVILLE, CALIFORNIA

City Council

Bruce Houdesheldt, *Mayor (District 3)*
Krista Bernasconi, *Vice Mayor (District 4)*
Scott Alvord, *Councilmember (District 5)*
Tracy Mendonsa, *Councilmember (District 1)*
Pauline Roccucci, *Councilmember (District 2)*

City Staff

Dominick Casey, *City Manager*
Dennis Kauffman, *Assistant City Manager/Chief Financial Officer*
Michelle Sheidenberger, *City Attorney*
Carmen Avalos, *City Clerk*

SPECIAL SERVICES

Bond Counsel and Disclosure Counsel

Jones Hall, A Professional Law Corporation
San Francisco, California

Municipal Advisor

Hilltop Securities Inc.
Encino, California

Special Tax Administrator

Willdan Financial Services
Temecula, California

Verification Agent

Causey Demgen & Moore P.C.
Denver, Colorado

Fiscal Agent

U.S. Bank Trust Company, National Association
San Francisco, California

GENERAL INFORMATION ABOUT THIS OFFICIAL STATEMENT

Use of Official Statement. This Official Statement is submitted in connection with the sale of the Bonds referred to herein and may not be reproduced or used, in whole or in part, for any other purpose. This Official Statement is not to be construed as a contract with the purchasers of the Bonds.

Estimates and Forecasts. When used in this Official Statement and in any continuing disclosure by the City, in any press release and in any oral statement made with the approval of an authorized officer of the City, the words or phrases “will likely result,” “are expected to,” “will continue,” “is anticipated,” “estimate,” “project,” “forecast,” “expect,” “intend” and similar expressions identify “forward looking statements.” Such statements are subject to risks and uncertainties that could cause actual results to differ materially from those contemplated in such forward-looking statements. Any forecast is subject to such uncertainties. Inevitably, some assumptions used to develop the forecasts will not be realized and unanticipated events and circumstances may occur. Therefore, there are likely to be differences between forecasts and actual results, and those differences may be material. The information and expressions of opinion herein are subject to change without notice, and neither the delivery of this Official Statement nor any sale made hereunder shall, under any circumstances, give rise to any implication that there has been no change in the affairs of the City since the date hereof.

Limit of Offering. No dealer, broker, salesperson or other person has been authorized by the City to give any information or to make any representations in connection with the offer or sale of the Bonds other than those contained herein and if given or made, such other information or representation must not be relied upon as having been authorized by the City or the Underwriter. This Official Statement does not constitute an offer to sell or the solicitation of an offer to buy nor shall there be any sale of the Bonds by a person in any jurisdiction in which it is unlawful for such person to make such an offer, solicitation or sale.

Involvement of Underwriter. The Underwriter has reviewed the information in this Official Statement in accordance with, and as a part of, their responsibilities to investors under the Federal Securities Laws as applied to the facts and circumstances of this transaction, but the Underwriter does not guarantee the accuracy or completeness of such information. The information and expressions of opinions herein are subject to change without notice and neither delivery of this Official Statement nor any sale made hereunder shall, under any circumstances, create any implication that there has been no change in the affairs of the City since the date hereof. All summaries of the documents referred to in this Official Statement, are made subject to the provisions of such documents, respectively, and do not purport to be complete statements of any or all of such provisions.

Insurer Disclaimer. Build America Mutual Assurance Company (“the Insurer”) makes no representation regarding the Bonds or the advisability of investing in the Bonds. In addition, the Insurer has not independently verified, makes no representation regarding, and does not accept any responsibility for the accuracy or completeness of this Official Statement or any information or disclosure contained herein, or omitted herefrom, other than with respect to the accuracy of the information regarding the Insurer, supplied by the Insurer and presented under the heading “BOND INSURANCE” and “APPENDIX F – Specimen Municipal Bond Insurance Policy.”

IN CONNECTION WITH THIS OFFERING, THE UNDERWRITER MAY OVERALLOT OR EFFECT TRANSACTIONS WHICH STABILIZE OR MAINTAIN THE MARKET PRICE OF THE BONDS AT A LEVEL ABOVE THAT WHICH MIGHT OTHERWISE PREVAIL IN THE OPEN MARKET. SUCH STABILIZING, IF COMMENCED, MAY BE DISCONTINUED AT ANY TIME.

THE BONDS HAVE NOT BEEN REGISTERED UNDER THE SECURITIES ACT OF 1933, AS AMENDED, IN RELIANCE UPON AN EXCEPTION FROM THE REGISTRATION REQUIREMENTS CONTAINED IN SUCH ACT. THE BONDS HAVE NOT BEEN REGISTERED OR QUALIFIED UNDER THE SECURITIES LAWS OF ANY STATE.

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OFFICIAL STATEMENT

\$4,795,000
CITY OF ROSEVILLE
LONGMEADOW PARKSIDE COMMUNITY FACILITIES DISTRICT NO. 1 (PUBLIC FACILITIES)
SPECIAL TAX REFUNDING BONDS
SERIES 2023

This Official Statement, including the cover page, inside cover and attached appendices, is provided to furnish information regarding the bonds captioned above (the “**Bonds**”) to be issued by the City of Roseville (the “**City**”) on behalf of the City of Roseville Longmeadow Parkside Community Facilities District No. 1 (Public Facilities) (the “**District**”).

Any statements made in this Official Statement involving matters of opinion or of estimates, whether or not so expressly stated, are set forth as such and not as representations of fact, and no representation is made that any of the estimates will be realized. Definitions of certain terms used herein and not defined herein have the meaning set forth in the Fiscal Agent Agreement.

INTRODUCTION

This introduction is not a summary of this Official Statement. It is only a brief description of and guide to, and is qualified by, more complete and detailed information contained in the entire Official Statement, including the cover page, the inside cover and attached appendices, and the documents summarized or described in this Official Statement. A full review should be made of the entire Official Statement. The offering of the Bonds to potential investors is made only by means of the entire Official Statement.

The City. The City is located in the County of Placer (the “**County**”), which is located in the Sacramento Valley near the foothills of the Sierra Nevada mountain range, about 16 miles northeast of Sacramento and 110 miles east of San Francisco. The City presently occupies 43 square miles in the southwestern part of the County and is the largest city in the County as well as the residential and business center of the County. It is bordered by Sacramento County to the south, the City of Rocklin to the north and unincorporated County to the east and west. For additional information on the City and the County, see APPENDIX B.

The District. Land in the District consists of 579 single-family residences. The District was formed and established by the City Council of the City (the “**City Council**”), as legislative body of the District, under the Mello-Roos Community Facilities Act of 1982, as amended (the “**Act**”), pursuant to a resolution adopted by the City Council on October 19, 2005 (the “**Resolution of Formation**”), following a public hearing and landowner election at which the qualified electors of the District authorized the City to incur bonded indebtedness for the District and approved the levy of special taxes. The District was formed to finance infrastructure improvements necessary for development, which is now complete. See “THE DISTRICT.”

Authority for Issuance of the Bonds. The Bonds are issued pursuant to the provisions of the Act, a Fiscal Agent Agreement, dated as of July 1, 2023 (the “**Fiscal Agent Agreement**”), between the City and U.S. Bank Trust Company, National Association, as fiscal agent (the “**Fiscal Agent**”), and a Resolution adopted by the City Council on May 17, 2023 authorizing issuance of the Bonds (the “**Resolution of Issuance**”). See “THE BONDS – Authority for Issuance.”

Security and Sources of Payment for the Bonds. The City Council annually levies special taxes on the property in the District (the “**Special Taxes**”) in accordance with the Rate and Method of Apportionment for City of Roseville Longmeadow Parkside Community Facilities District No. 1 (Public Facilities) (the “**Rate and Method**”), which is attached as APPENDIX A to this Official Statement. The Bonds are secured by and payable from a first pledge of the “**Special Tax Revenues**,” which means the proceeds of the Special Taxes received by the City, including all scheduled payments and delinquent payments thereof, interest thereon and proceeds of the redemption or sale of property sold as a result of foreclosure of the lien of the Special Taxes, net of the administration charge of the County (currently at 1%), but shall not include any interest in excess of the interest due on the Bonds or any penalties collected in connection with any such foreclosure. The Bonds are also secured by certain funds and accounts established and held under the Fiscal Agent Agreement. See “SECURITY FOR THE BONDS.”

Bond Insurance. The scheduled payment of principal of and interest on the Bonds maturing September 1, 2027 to and including September 1, 2036 (the “**Insured Bonds**”) when due will be guaranteed under a municipal bond insurance policy (the “**Policy**”) to be issued concurrently with the delivery of the Bonds by Build America Mutual Assurance Company (the “**Insurer**”). The Insurer will also issue a reserve fund insurance policy (the “**Reserve Policy**”) with a policy limit in the amount of the Reserve Requirement (defined herein) for deposit into the Reserve Fund being established for the Bonds.

Redemption. The Bonds are subject to optional redemption and special mandatory redemption from prepaid Special Taxes. See “THE BONDS – Redemption.”

Purpose of the Bonds. Proceeds of the Bonds will be used to defease and refund, in full, the “City of Roseville Longmeadow Parkside Community Facilities District No. 1 (Public Facilities) Special Tax Refunding Bonds, Series 2013” (the “**2013 Bonds**”), which were issued in 2013 to refund a series of special tax bonds issued for the District in 2005, and to pay costs of issuance. Refunding savings will be used in part to provide funds to generate \$250,000 for capital improvements. See “FINANCING PLAN.”

Value of Land in the District. For Fiscal Year 2022-23, the assessed value of property within the District was \$246,410,212 and the amount of Bonds is \$4,795,000, resulting in a value-to-lien ratio of approximately 51.39 times the principal amount of the Bonds, and approximately 38.75 times the principal amount of the Bonds plus direct and overlapping tax and assessment debt. This is an average and the value-to-lien ratios of individual parcels varies. See “VALUE OF PROPERTY WITHIN THE DISTRICT.”

Covenant to Foreclose. The City has covenanted in the Fiscal Agent Agreement to cause foreclosure proceedings to be commenced and prosecuted against certain parcels with delinquent installments of the Special Taxes. For a more detailed description of the foreclosure covenant see “SECURITY FOR THE BONDS – Delinquent Payments of Special Tax; Covenant for Superior Court Foreclosure.”

No Additional Bonds Except for Refunding Purposes. The City has covenanted in the Fiscal Agent Agreement not to issue any additional bonds payable from the Special Tax Revenues on a parity with the Bonds, except to refund all or some of the Bonds.

Risk Factors. Investment in the Bonds involves risks that may not be appropriate for some investors. See “BOND OWNERS’ RISKS” for a discussion of certain risk factors, including possible effects of the COVID-19 pandemic, which should be considered in addition to the other matters set forth in this Official Statement, in considering the investment quality of the Bonds.

Verification Agent. Causey, Demgen & Moore P.C., Denver, Colorado, independent accountants, upon delivery of the Bonds, will deliver a report on the mathematical accuracy of certain computations, contained in schedules provided to them which were prepared by the City, relating to the sufficiency of moneys and securities deposited into the escrow to pay, when due, the principal, whether at maturity or upon prior prepayment, interest and prepayment premium requirements of the outstanding 2013 Bonds.

FINANCING PLAN

Refunding Plan

The District was established in 2005. The City issued the 2013 Bonds for the purpose of refunding, in full, the first series of special tax bonds issued for the District, which series was issued in 2005 to pay for a portion of the costs of acquiring and constructing certain public infrastructure improvements necessary for the development of property in the District.

The 2013 Bonds are currently outstanding in the aggregate principal amount of \$5,735,000, and will be defeased and redeemed, in full, on September 1, 2023 (the “**Redemption Date**”), at a redemption price equal to 100% of the principal amount thereof, together with accrued interest thereon.

Proceeds of the Bonds will also generate \$250,000 which the City will use to finance capital improvements authorized to be financed by the District.

In order to accomplish the refinancing plan, the net proceeds of the Bonds, together with certain other funds on hand with respect to the 2013 Bonds in a total amount (when taking into account investment earnings thereon) calculated to be sufficient to redeem the 2013 Bonds, will be transferred to U.S. Bank Trust Company, National Association, as escrow agent (the “**Escrow Agent**”), for deposit in an escrow fund (the “**Escrow Fund**”) to be established under an Escrow Agreement dated as of July 1, 2023, by and between the City and the Escrow Agent. *Amounts on deposit in the Escrow Fund are not available to pay debt service on the Bonds.*

Causey, Demgen & Moore P.C., Denver, Colorado, independent accountants, upon delivery of the Bonds, will deliver one or more reports on the mathematical accuracy of certain computations contained in schedules provided to them which were prepared by the City relating to the sufficiency of moneys and securities deposited into the Escrow Fund to pay, when due, the redemption price of the 2013 Bonds on the Redemption Date.

Estimated Sources and Uses of Funds

A summary of the estimated sources and uses of funds associated with the sale of the Bonds follows:

Sources

Principal Amount of Bonds	\$4,795,000.00
Plus Original Issue Premium	538,732.35
Plus Funds Related to 2013 Bonds	1,051,347.53
Total	\$6,385,079.88

Uses

Deposit to Escrow Fund ⁽¹⁾	\$5,826,168.53
Transfer to City for Capital Improvements	250,000.00
Costs of Issuance ⁽²⁾	308,911.35
Total	\$6,385,079.88

(1) Will be used to defease and refund the 2013 Bonds on September 1, 2023. See “– Refunding Plan” above.

(2) Includes fees of bond and disclosure counsel, fees, expenses and charges of the Fiscal Agent, printing costs, fees of the special tax administrator, appraiser, and municipal advisor, Underwriter's discount, bond insurance and reserve fund insurance policy premiums, and other costs of issuance.

DEBT SERVICE SCHEDULE

The annual debt service on the Bonds based on the interest rates and maturity schedule set forth on the cover of this Official Statement is shown below.

City of Roseville
Longmeadow Parkside Community Facilities District No. 1 (Public Facilities)
Special Tax Refunding Bonds Series 2023
Debt Service

Period Ending (Sept. 1)	Bonds Principal	Bonds Interest	Bonds Total
2024	\$250,000.00	\$268,386.80	\$518,386.80
2025	285,000.00	227,250.00	512,250.00
2026	300,000.00	213,000.00	513,000.00
2027	315,000.00	198,000.00	513,000.00
2028	330,000.00	182,250.00	512,250.00
2029	345,000.00	165,750.00	510,750.00
2030	365,000.00	148,500.00	513,500.00
2031	380,000.00	130,250.00	510,250.00
2032	405,000.00	111,250.00	516,250.00
2033	425,000.00	91,000.00	516,000.00
2034	440,000.00	69,750.00	509,750.00
2035	465,000.00	47,750.00	512,750.00
2036	<u>490,000.00</u>	<u>24,500.00</u>	<u>514,500.00</u>
Total	\$4,795,000.00	\$1,877,636.80	\$6,672,636.80

Source: Underwriter.

THE BONDS

This section generally describes certain of the terms of the Bonds contained in the Fiscal Agent Agreement. Reference is hereby made to the full text of the Fiscal Agent Agreement, on file with the Fiscal Agent, for the complete terms thereof.

Authority for Issuance

The Bonds are issued pursuant to the Fiscal Agent Agreement, approved by the Resolution of Issuance adopted by the City Council on May 17, 2023, and the Act.

The District was established and authorized to incur bonded indebtedness in an aggregate principal amount not to exceed \$11,500,000 at a special election in the District held on October 19, 2005 pursuant to the Act. An initial series of special tax bonds were issued for the District in 2005 and refunded, in full, with the proceeds of the 2013 Bonds.

After issuance of the Bonds, the City will have remaining bond authorization for the District however no additional bonds (excluding possible refunding bonds) are allowed to be issued in the future under the Fiscal Agent Agreement.

Description of the Bonds

The Bonds are being issued as fully registered bonds, registered in the name of Cede & Co. as nominee of The Depository Trust Company (“DTC”), and will be available to ultimate purchasers in the denomination of \$5,000 or any integral multiple thereof, under the book-entry system maintained by DTC. Ultimate purchasers of Bonds will not receive physical certificates representing their interest in the Bonds. So long as the Bonds are registered in the name of Cede & Co., as nominee of DTC, references herein to the Owners will mean Cede & Co. and will not mean the ultimate purchasers of the Bonds.

Payments of the principal, premium, if any, and interest on the Bonds will be made directly to DTC, or its nominee, Cede & Co., so long as DTC or Cede & Co. is the registered owner of the Bonds. Disbursements of such payments to DTC’s participants is the responsibility of DTC, and disbursements of such payments to the Beneficial Owners is the responsibility of DTC’s participants and indirect participants, as more fully described in APPENDIX E to this Official Statement.

The Bonds will be dated as of, and bear interest from, the date of their delivery at the rates contained, and mature in the amounts and years shown on the inside cover page of this Official Statement.

The principal of, and any redemption premium due with respect to, the Bonds will be payable in lawful money of the United States of America at the designated corporate trust office of the Fiscal Agent in San Francisco, California, or such other place as designated by the Fiscal Agent, upon presentation and surrender of the Bonds. Interest on the Bonds, computed on the basis of a 360-day year consisting of twelve 30-day months, will be paid in lawful money of the United States of America semiannually on March 1 and September 1 of each year (each an “**Interest Payment Date**”), commencing March 1, 2024.

Interest on the Bonds (including the final interest payment upon maturity or earlier redemption) is payable by check of the Fiscal Agent mailed on each Interest Payment Dates by first class mail to the registered Owner thereof at such registered Owner’s address as it appears on the registration

books maintained by the Fiscal Agent at the close of business on the 15th day of the calendar month preceding the Interest Payment Date (the “**Record Date**”), or by wire transfer made on such Interest Payment Date upon written instructions received by the Fiscal Agent on or before the Record Date preceding the Interest Payment Date, of any Owner of \$1,000,000 or more in aggregate principal amount of Bonds; provided that so long as any Bonds are in book-entry form, payments with respect to such Bonds will be made by wire transfer, or such other method acceptable by the Fiscal Agent, to DTC. See “APPENDIX E – THE BOOK-ENTRY SYSTEM.”

Each Bond will bear interest from the Interest Payment Date next preceding the date of authentication thereof unless (i) it is authenticated on an Interest Payment Date, in which event it will bear interest from such date of authentication, or (ii) it is authenticated prior to an Interest Payment Date and after the close of business on the Record Date preceding such Interest Payment Date, in which event it will bear interest from such Interest Payment Date, or (iii) it is authenticated prior to the Record Date preceding the first Interest Payment Date, in which event it will bear interest from the dated date; provided, however, that if at the time of authentication of a Bond, interest is in default thereon, such Bond will bear interest from the Interest Payment Date to which interest has previously been paid or made available for payment thereon.

So long as the Bonds are registered in the name of Cede & Co., as nominee of DTC, payments of the principal, premium, if any, and interest on the Bonds will be made directly to DTC, or its nominee, Cede & Co. Disbursements of such payments to DTC’s participants is the responsibility of DTC and disbursements of such payments to the Beneficial Owners is the responsibility of DTC’s participants and indirect participants, as more fully described herein. See “APPENDIX E – THE BOOK-ENTRY SYSTEM.”

Redemption

Optional Redemption. The Bonds are subject to optional redemption from any source of available funds prior to maturity, in whole, or in part among series and maturities as will be specified by the City and by lot within a maturity, on any date on or after September 1, 2033, at a redemption price equal to the principal amount of the Bonds to be redeemed, plus accrued interest thereon to the date of redemption, without premium.

Special Mandatory Redemption From Prepaid Special Taxes. The Bonds are subject to mandatory redemption from prepayments of the Special Tax by property owners, in whole or in part among maturities as specified by the City and by lot within a maturity, on any Interest Payment Date at the following respective redemption prices (expressed as percentages of the principal amount of the Bonds to be redeemed), plus accrued interest thereon to the date of redemption:

<u>Redemption Dates</u>	<u>Redemption Price</u>
March 1, 2024 through and including March 1, 2031	103%
September 1, 2031 and March 1, 2032	102
September 1, 2032 and March 1, 2033	101
September 1, 2033 and any Interest Payment Date thereafter	100

Redemption Procedure by Fiscal Agent. The Fiscal Agent shall cause notice of any redemption to be mailed by first class mail, postage prepaid, at least 20 days but not more than 60 days prior to the date fixed for redemption to the respective registered Owners of any Bonds designated for redemption, at their addresses appearing on the Bond registration books in the Principal Office of the Fiscal Agent; but such mailing shall not be a condition precedent to such

redemption and failure to mail or to receive any such notice, or any defect therein, shall not affect the validity of the proceedings for the redemption of such Bonds.

Such notice shall state the redemption date and the redemption price and, if less than all of the then Outstanding Bonds are to be called for redemption, shall designate the CUSIP numbers and Bond numbers of the Bonds to be redeemed by giving the individual CUSIP number and Bond number of each Bond to be redeemed or shall state that all Bonds between two stated Bond numbers, both inclusive, are to be redeemed or that all of the Bonds of one or more maturities have been called for redemption, shall state as to any Bond called in part the principal amount thereof to be redeemed, and shall require that such Bonds be then surrendered at the Principal Office of the Fiscal Agent for redemption at the said redemption price, and shall state that further interest on such Bonds will not accrue from and after the redemption date.

Upon the payment of the redemption price of Bonds being redeemed, each check or other transfer of funds issued for such purpose shall, to the extent practicable, bear the CUSIP number identifying, by issue and maturity, of the Bonds being redeemed with the proceeds of such check or other transfer.

Whenever provision is made in the Fiscal Agent Agreement for the redemption of less than all of the Bonds of any maturity, the Fiscal Agent shall select the Bonds to be redeemed, from all Bonds or such given portion thereof of such maturity by lot in any manner which the Fiscal Agent in its sole discretion shall deem appropriate.

Upon surrender of Bonds redeemed in part only, the City shall execute and the Fiscal Agent shall authenticate and deliver to the registered Owner, at the expense of the City, a new Bond or Bonds, of the same series and maturity, of authorized denominations in aggregate principal amount equal to the unredeemed portion of the Bond or Bonds.

Right to Rescind. The City shall have the right to rescind any notice of prepayment delivered by the Fiscal Agent prior to the date fixed for prepayment.

Effect of Redemption. From and after the date fixed for redemption, if funds available for the payment of the principal of, and interest and any premium on, the Bonds so called for redemption shall have been deposited in the Bond Fund, such Bonds so called shall cease to be entitled to any benefit under the Fiscal Agent Agreement other than the right to receive payment of the redemption price, and no interest shall accrue thereon on or after the redemption date specified in such notice.

Transfer or Exchange of Bonds

So long as the Bonds are registered in the name of Cede & Co., as nominee of DTC, transfers and exchanges of Bonds will be made in accordance with DTC procedures. See APPENDIX E. Any Bond may, in accordance with its terms, be transferred or exchanged by the person in whose name it is registered, in person or by his or her duly authorized attorney, upon surrender of such Bond for cancellation, accompanied by delivery of a duly written instrument of transfer in a form approved by the Fiscal Agent. Whenever any Bond(s) will be surrendered for transfer or exchange, the City will execute and the Fiscal Agent will authenticate and deliver a new Bond(s), for a like aggregate principal amount of Bond(s) of authorized denominations and of the same maturity. The City will pay the cost for any services rendered or any fees or expenses incurred by the Fiscal Agent in connection with any such transfer or exchange. The Fiscal Agent will collect from the Owner requesting such transfer any tax or other governmental charge required to be paid with respect to such transfer or exchange.

No transfers or exchanges of Bonds will be required to be made (i) within 15 days prior to the date established by the Fiscal Agent for selection of Bonds for redemption or (ii) with respect to a Bond after that Bond has been selected for redemption.

SECURITY FOR THE BONDS

The Bonds are secured by and payable from a first pledge of the proceeds of the Special Tax Revenues. The Special Tax Revenues and all moneys deposited into the Special Tax Fund, Bond Fund and the Reserve Fund are pledged to the payment of the principal of, and interest and any premium on, the Bonds, as provided in the Fiscal Agent Agreement and in the Act, until all the Bonds have been paid and retired, or until moneys or Federal Securities have been set aside irrevocably for that purpose.

The Facilities are not in any way pledged to pay the debt service on the Bonds. Any proceeds of condemnation, destruction or other disposition of any Facilities are not pledged to pay the debt service on the Bonds and are free and clear of any lien or obligation imposed under the Fiscal Agent Agreement.

Special Taxes

A Special Tax applicable to each taxable parcel in the District will be levied and collected according to the tax liability determined by the City through the application of the Rate and Method and set forth in APPENDIX A hereto for all taxable properties in the District. Interest and principal on the Bonds is payable from the annual Special Taxes to be levied and collected on taxable property within the District, from amounts held in the funds and accounts established under the Fiscal Agent Agreement (other than the Rebate Fund) and from the proceeds, if any, from the sale of such property for delinquency of such Special Taxes.

The Special Taxes are exempt from the property tax limitation of Article XIII A of the California Constitution, pursuant to Section 4 thereof as a “special tax” authorized by a two-thirds vote of the qualified electors. The levy of the Special Taxes was authorized by the City pursuant to the Act in an amount determined according to the Rate and Method approved by the City. See “Special Tax Methodology” below and “APPENDIX A – RATE AND METHOD OF APPORTIONMENT OF SPECIAL TAX.”

The amount of Special Taxes that the District may levy in any year, and from which principal and interest on the Bonds is to be paid, is strictly limited by the maximum rates approved by the qualified electors within the District which are set forth as the annual “**Maximum Annual Special Tax**” in the Rate and Method. Under the Rate and Method, Special Taxes for the purpose of making payments on the Bonds will be levied annually in an amount, not in excess of the annual Maximum Annual Special Tax. The Special Taxes and any interest earned on the Special Taxes constitute a trust fund for the principal of and interest on the Bonds pursuant to the Fiscal Agent Agreement and, so long as the principal of and interest on these obligations remains unpaid, the Special Taxes and investment earnings thereon will not be used for any other purpose, except as permitted by the Fiscal Agent Agreement, and will be held in trust for the benefit of the owners thereof and will be applied pursuant to the Fiscal Agent Agreement. The Rate and Method apportions the Annual Costs (as defined in the Rate and Method and described below) among the taxable parcels of real property within the District according to the rate and methodology set forth in the Rate and Method. See “Special Tax Methodology” below. See also “APPENDIX A – RATE AND METHOD OF APPORTIONMENT OF SPECIAL TAX.”

The City may levy the Special Tax at the annual Maximum Annual Special Tax rate, which has been authorized by the qualified electors within the District, as set forth in the Rate and Method, if conditions so require. The City has covenanted to annually levy the Special Taxes in an amount at least sufficient to pay the Special Tax Requirement (as defined below). Because each Special Tax levy is limited to the annual Maximum Annual Special Tax rates authorized as set forth in the Rate and Method, no assurance can be given that, in the event of Special Tax delinquencies, the amount of the Special Tax Requirement will in fact be collected in any given year. See “SPECIAL RISK FACTORS — Tax Delinquencies” herein. The Special Taxes are collected for the City by the County of Placer in the same manner and at the same time as *ad valorem* property taxes.

Special Tax Methodology

The Special Tax authorized under the Act applicable to land within the District will be levied and collected according to the tax liability determined by the City through the application of the appropriate amount or rate as described in the Rate and Method set forth in “APPENDIX A – RATE AND METHOD OF APPORTIONMENT OF SPECIAL TAX.” Capitalized terms set forth in this section and not otherwise defined have the meanings set forth in the Rate and Method.

Determination of Annual Costs. Each year, the City will determine the Annual Costs of the District for the upcoming fiscal year. The “**Annual Costs**” include the following items:

- (i) debt service on the Bonds;
- (ii) administrative expenses and County fees;
- (iii) any amounts needed to replenish bond reserve funds and to pay for delinquencies in Special Taxes for the previous Fiscal Year or anticipated for the current year; and
- (iv) pay-as-you-go expenditures for authorized improvements and development-related fees.

The Annual Costs are the basis for the amount of Special Tax to be levied within the District. In no event may the City levy a Special Tax in any year above the Maximum Annual Special Tax identified for each parcel in the Rate and Method.

Parcels Subject to the Special Tax. The City will prepare a list of the parcels subject to the Special Tax using the records of the City and the County Assessor. The City will tax all parcels within the District except “Tax-Exempt” parcels as described in the Rate and Method. Taxable Parcels that are acquired by a public agency after the District is formed will remain subject to the Special Tax unless a “trade” resulting in no loss of Special Tax revenue can be made, as described in the Rate and Method.

Classification of Parcels. The Rate and Method provides that the Special Tax may be levied against all taxable property in the District up to the maximum amount set forth therein. There are 579 taxable lots within the District, each of which is classified as a “Market Rate Unit,” except for 28 originally designated as “Affordable Units.” Affordable Units are eligible for a reduced Special Tax under the Rate and Method however 13 lots of the 28 are considered Market Rate Units and thus not assigned a reduced Special Tax. The Rate and Method describes in detail the precise method for assigning the Maximum Annual Special Tax to parcels within the District, which generally provides that each year the City will use the definitions contained in the Rate and Method to classify each Taxable

Parcel as an Original Parcel or a Successor Parcel and the Special Tax assigned in the amount shown in a schedule attached to the Rate and Method. See “– Levy of Annual Special Tax; Maximum Annual Special Tax” and APPENDIX A.

Annual Special Tax Levy. The Special Tax will be levied each year by comparing the Annual Costs to the Maximum Special Tax Revenue to be generated by all Taxable Parcels; if the Annual Costs are less than the Maximum CFD Revenue, the Special Tax levy will be decreased proportionately for each Taxable Parcel until the Special Tax revenue equals the Annual Costs.

Termination of the Special Tax. The Special Tax will be levied and collected for as long as needed to pay the principal and interest on the Bonds and other costs incurred in order to construct the authorized District-funded facilities and to pay the Annual Costs. The Rate and Method provides that the Special Tax may not be levied on any parcel in the District after fiscal Year 2039-40. When all Annual Costs incurred by the District have been paid, the Special Tax will cease to be levied.

Prepayment of the Special Tax. The Rate and Method provides that landowners may permanently satisfy the Special Tax by a cash settlement with the City, subject to the conditions set forth in the Rate and Method: (i) the prepayment is based on the Maximum Annual Special Tax for the prepaying parcel at the time of prepayment, and (ii) the City determines that the prepayment does not jeopardize its ability to make timely payments of debt service on the Bonds. The prepayment amount will be established using the formula set forth in the Rate and Method, which is generally based on the Parcel's share of the outstanding Bonds, the Reserve Fund, fees, call premiums, negative arbitrage and any expenses incurred by the City in connection with the prepayment and (iii) the landowner prepaying the Special Tax on a parcel has paid any delinquent Special Tax and penalties on that parcel prior to Prepayment.

Levy of Annual Special Tax; Maximum Annual Special Tax

The annual Special Tax will be calculated by the City and levied to provide money for debt service on the Bonds, replenishment of the Reserve Fund, anticipated Special Tax delinquencies, administration of the District, and for payment of pay-as-you-go expenditures of the Improvements or authorized District-funded facilities not funded from Bond proceeds. In no event may the City levy a Special Tax in any year above the Maximum Annual Special Tax identified for each parcel in the Rate and Method. See APPENDIX A.

The following table shows the Maximum Annual Special Tax for the single family homes in the District as shown in the Rate and Method, calculated based upon the 579 units in the District. The Maximum Annual Special Tax does not escalate. See “THE DISTRICT.”

City of Roseville
Longmeadow Parkside Community Facilities District No. 1
Maximum Annual Special Tax Per Single-Family Lot

	No. of <u>Lots</u>	Max. Annual <u>Special Tax</u>
Longmeadow Village 1	144	\$1,584/lot
Longmeadow Village 2: Market Units	372	1,104/lot
Longmeadow Village 2: Low & Middle Income Units	28	120/lot ⁽¹⁾
Parkside Estates	<u>35</u>	320/lot
Total	579	

(1) Thirteen of the 28 low- and middle-income lots are considered "Market Rate Units" and, accordingly, are subject to a Maximum Annual Special Tax rate of \$1,104/lot, same as the remainder of Longmeadow Village 2.

Special Tax Fund

Under the Fiscal Agent Agreement, there is established as a separate fund to be held by the City, the "Longmeadow Parkside Community Facilities District No. 1 (Public Facilities) Special Tax Refunding Bonds, Series 2023, Special Tax Fund," to the credit of which the City shall deposit, immediately upon receipt, all Special Tax Revenues received by the City and any amounts required by the Fiscal Agent Agreement to be deposited in the Special Tax Fund. Moneys in the Special Tax Fund shall be held in trust by the City for the benefit of the City and the Owners of the Bonds, shall be disbursed as provided below and, pending any disbursement, shall be subject to a lien in favor of the Owners of the Bonds.

As soon as practicable after the receipt by the City of any Special Tax Revenues or the transfer of amounts to the Special Tax Fund pursuant to the terms hereof, but no later than 10 Business Days after such receipt or transfer, the City shall withdraw from the Special Tax Fund and transfer: (i) to the Fiscal Agent for deposit in the Bond Fund an amount, taking into account any amounts then on deposit in the Bond Fund, such that the amount in the Bond Fund equals the principal, premium, if any, and interest due on the Bonds during the then-current Bond Year, and (ii) to the Fiscal Agent for deposit in the Reserve Fund, an amount which when added to the amount then on deposit therein is equal to the Reserve Requirement or to reimburse a bond insurer for payment on a reserve surety. At such time as deposits to the Special Tax Fund equal the principal, premium if any, and interest becoming due on the Bonds for the current Bond Year and the amount needed to restore the Reserve Fund balance to the Reserve Requirement, the amount in the Special Tax Fund in excess of such amount shall be available to the City to pay Administrative Expenses; provided, however, that as soon as practicable after the receipt by the City of any prepayments of Special Taxes, but no later than 10 Business Days after such receipt, the City shall transfer such prepayments to the Fiscal Agent for deposit into the Prepayment Account to be used for the redemption of Bonds.

Delinquent Payments of Special Tax; Covenant for Superior Court Foreclosure

The Special Tax will be collected in the same manner and the same time as *ad valorem* property taxes, except at the City's option, the Special Taxes may be billed directly to property owners. In the event of a delinquency in the payment of any installment of Special Taxes, the City is authorized by the Act to order institution of an action in superior court to foreclose the lien therefor.

In the Fiscal Agent Agreement, the City covenants with and for the benefit of the Owners of the Bonds that it will order, and cause to be commenced as hereinafter provided, and thereafter diligently prosecute to judgment (unless such delinquency is theretofore brought current), an action in the

superior court to foreclose the lien of any Special Tax or installment thereof not paid when due as provided in the following two paragraphs. The Assistant City Manager will notify the City Attorney of any such delinquency of which the Assistant City Manager is aware, and the City Attorney will commence, or cause to be commenced, such proceedings.

On or about October 1 of each Fiscal Year, the Assistant City Manager will compare the amount of Special Taxes theretofore levied in the prior Fiscal Year in the CFD to the amount of Special Taxes theretofore received by the City, and

(i) *Individual Delinquencies*. If the Assistant City Manager determines that any single parcel subject to the Special Tax in the CFD is delinquent in the payment of Special Taxes cumulatively by \$2,000 or more, then the Assistant City Manager will send or cause to be sent a notice of delinquency (and a demand for immediate payment thereof) to the property owner within 60 days of such determination, and (if the delinquency remains uncured) foreclosure proceedings will be commenced by the City within 120 days of such determination.

(ii) *Aggregate Delinquencies*. If the Assistant City Manager determines that the total amount of delinquent Special Tax for the prior Fiscal Year for the entire CFD (including the total of delinquencies under subsection (i) above), exceeds 5% of the total Special Tax due and payable for the prior Fiscal Year, the City will notify or cause to be notified property owners who are then delinquent in the payment of Special Taxes (and demand immediate payment of the delinquency) within 60 days of such determination, and will commence foreclosure proceedings within 120 days of such determination against each parcel of land in the CFD with a Special Tax delinquency.

Notwithstanding the foregoing, the City may determine not to initiate foreclosure proceedings if (a) the amount in the Reserve Fund is equal to the Reserve Requirement, and (b) there have been no defaults in the payment of debt service on the Bonds.

Under the Act, foreclosure proceedings are instituted by the bringing of an action in the superior court of the county in which the parcel lies, naming the owner and other interested persons as defendants. The action is prosecuted in the same manner as other civil actions. In such action, the real property subject to the special taxes may be sold at a judicial foreclosure sale for a minimum price which will be sufficient to pay or reimburse the delinquent special taxes.

The owners of the Bonds benefit from the Reserve Fund established pursuant to the Fiscal Agent Agreement; however, if delinquencies in the payment of the Special Taxes with respect to the Bonds are significant enough to completely deplete the Reserve Fund, there could be a default or a delay in payments of principal and interest to the owners of the Bonds pending prosecution of foreclosure proceedings and receipt by the City of the proceeds of foreclosure sales. Provided that it is not levying the Special Tax at the annual Maximum Annual Special Tax rates set forth in the Rate and Method, the City may adjust (but not to exceed the annual Maximum Annual Special Tax) the Special Taxes levied on all property within the District subject to the Special Tax to provide an amount required to pay debt service on the Bonds and to replenish the Reserve Fund.

Under current law, a judgment debtor (property owner) has at least 140 days from the date of service of the notice of levy in which to redeem the property to be sold. If a judgment debtor fails to redeem and the property is sold, his or her only remedy is an action to set aside the sale, which must be brought within 90 days of the date of sale. If, as a result of such an action a foreclosure sale is set aside, the judgment is revived and the judgment creditor is entitled to interest on the revived judgment as if the sale had not been made (California Code of Civil Procedure Section 701.680).

Foreclosure by court action is subject to normal litigation delays, the nature and extent of which are largely dependent upon the nature of the defense, if any, put forth by the debtor and the condition of the calendar of the superior court of the county. Such foreclosure actions can be stayed by the superior court on generally accepted equitable grounds or as the result of the debtor's filing for relief under the Federal bankruptcy laws. The Act provides that, upon foreclosure, the Special Tax lien will have the same lien priority as is provided for *ad valorem* taxes and special assessments.

No assurances can be given that the real property subject to a judicial foreclosure sale will be sold or, if sold, that the proceeds of sale will be sufficient to pay any delinquent Special Tax installment. The Act does not require the District to purchase or otherwise acquire any lot or parcel of property foreclosed upon if there is no other purchaser at such sale.

Section 53356.6 of the Act requires that property sold pursuant to foreclosure under the Act be sold for not less than the amount of judgment in the foreclosure action, plus post-judgment interest and authorized costs, unless the consent of the owners of 75% of the outstanding Bonds is obtained. However, under Section 53356.6 of the Act, the District, as judgment creditor, is entitled to purchase any property sold at foreclosure using a "credit bid," where the District could submit a bid crediting all or part of the amount required to satisfy the judgment for the delinquent amount of the Special Tax. If the District becomes the purchaser under a credit bid, the District must pay the amount of its credit bid into the redemption fund established for the Bonds, but this payment may be made up to 24 months after the date of the foreclosure sale.

Reserve Fund

A Reserve Fund (the "**Reserve Fund**") for the Bonds will be established under the Fiscal Agent Agreement, to be held by the Fiscal Agent. Upon delivery of the Bonds, the amount on deposit in the Reserve Fund will be established by depositing certain proceeds of the Bonds in the amount of the "**Reserve Requirement**" for the Bonds, which is the lesser of 10% of the original principal amount of the Bonds, 100% of Maximum Annual Debt Service on the Bonds, or 125% of average Annual Debt Service on the Bonds. The City is required to maintain an amount of money or other security equal to the Reserve Requirement in the Reserve Fund at all times that the Bonds are outstanding.

Deposit of Reserve Policy. The Reserve Account Requirement for the Bonds will be satisfied in the form of the issuance of the Reserve Policy issued by the Insurer. The Fiscal Agent will comply with all of the terms and provisions of the Reserve Policy for the purpose of assuring that funds are available thereunder when required for the purposes of the Reserve Fund, within the limits of the coverage amount provided by the Reserve Policy.

All amounts deposited in the Reserve Fund (or draws on the Reserve Policy) will be used and withdrawn by the Fiscal Agent solely for the purpose of making transfers to the Bond Fund in the event of any deficiency at any time in the Bond Fund of the amount then required for payment of the principal of, and interest on, the Bonds. Whenever transfer is made from the Reserve Fund to the Bond Fund due to a deficiency in the Bond Fund, the Fiscal Agent will provide written notice thereof to the City.

The City has the right at any time to cause the Fiscal Agent to release funds from the Reserve Fund, in whole or in part, by tendering to the Fiscal Agent: (1) a Qualified Reserve Fund Credit Instrument (as defined in the Fiscal Agent Agreement), and (2) an opinion of Bond Counsel stating that such release will not, of itself, cause the portion of the interest on the Bonds to become includable

in gross income for purposes of federal income taxation. Upon tender of such items to the Fiscal Agent, the Fiscal Agent will transfer such funds from the Reserve Fund to the City.

“Qualified Reserve Fund Credit Instrument” means an irrevocable standby or direct-pay letter of credit or surety bond issued by a commercial bank or insurance company and deposited with the Fiscal Agent pursuant to the Fiscal Agent Agreement, provided that all of the following requirements are met: (i) the long-term credit rating of such bank or insurance company is rated in at least the “AA” category (without regard to qualifier) by S&P or Moody’s at the time of issuance; (ii) such letter of credit or surety bond has a term of at least twelve (12) months; (c) such letter of credit or surety bond has a stated amount at least equal to the portion of the Reserve Requirement with respect to which funds are proposed to be released pursuant to the Fiscal Agent Agreement; and (d) the Fiscal Agent is authorized pursuant to the terms of such letter of credit or surety bond to draw thereunder an amount equal to any deficiencies which may exist from time to time in the Bond Fund for the purpose of making payments required pursuant to the Fiscal Agent Agreement. A change in the rating of the provider of a Qualified Reserve Fund Credit Instrument shall have no impact.

No Additional Bonds Except for Refunding

In the Fiscal Agent Agreement, the City covenants that it will not authorize the issuance of additional bonds payable from Special Taxes and secured by the Special Tax Revenues equally and ratably with Bonds, except to refund all or a portion of the Bonds.

BOND INSURANCE

Municipal Bond Insurance Policy

Concurrently with the issuance of the Bonds, Build America Mutual Assurance Company (“**BAM**”, also referred to herein as the “**Insurer**”) will issue its Municipal Bond Insurance Policy (the “**Policy**”) for the Bonds maturing September 1, 2027 to and including September 1, 2036 (the “**Insured Bonds**”). The Policy guarantees the scheduled payment of principal of and interest on the Insured Bonds when due as set forth in the form of the Policy included as an Appendix F to this Official Statement.

The Policy is not covered by any insurance security or guaranty fund established under New York, California, Connecticut or Florida insurance law.

Build America Mutual Assurance Company

BAM is a New York domiciled mutual insurance corporation and is licensed to conduct financial guaranty insurance business in all fifty states of the United States and the District of Columbia. BAM provides credit enhancement products solely to issuers in the U.S. public finance markets. BAM will only insure municipal bonds, as defined in Section 6901 of the New York Insurance Law, which are most often issued by states, political subdivisions, integral parts of states or political subdivisions or entities otherwise eligible for the exclusion of income under section 115 of the U.S. Internal Revenue Code of 1986, as amended. No member of BAM is liable for the obligations of BAM. The address of the principal executive offices of BAM is: 200 Liberty Street, 27th Floor, New York, New York 10281, its telephone number is: 212-235-2500, and its website is located at: www.buildamerica.com.

BAM is licensed and subject to regulation as a financial guaranty insurance corporation under the laws of the State of New York and in particular Articles 41 and 69 of the New York Insurance Law.

BAM's financial strength is rated “AA/Stable” by S&P Global Ratings, a business unit of Standard & Poor's Financial Services LLC (“**S&P**”). An explanation of the significance of the rating and current reports may be obtained from S&P at <https://www.spglobal.com/en/>. The rating of BAM should be evaluated independently. The rating reflects the S&P's current assessment of the creditworthiness of BAM and its ability to pay claims on its policies of insurance. The above rating is not a recommendation to buy, sell or hold the Bonds, and such rating is subject to revision or withdrawal at any time by S&P, including withdrawal initiated at the request of BAM in its sole discretion. Any downward revision or withdrawal of the above rating may have an adverse effect on the market price of the Bonds. BAM only guarantees scheduled principal and scheduled interest payments payable by the issuer of the Bonds on the date(s) when such amounts were initially scheduled to become due and payable (subject to and in accordance with the terms of the Policy), and BAM does not guarantee the market price or liquidity of the Bonds, nor does it guarantee that the rating on the Bonds will not be revised or withdrawn.

Capitalization of BAM

BAM's total admitted assets, total liabilities, and total capital and surplus, as of March 31, 2023 and as prepared in accordance with statutory accounting practices prescribed or permitted by the New York State Department of Financial Services were \$476.6 million, \$196.7 million and \$279.7 million, respectively.

BAM is party to a first loss reinsurance treaty that provides first loss protection up to a maximum of 15% of the par amount outstanding for each policy issued by BAM, subject to certain limitations and restrictions.

BAM's most recent Statutory Annual Statement, which has been filed with the New York State Insurance Department and posted on BAM's website at www.buildamerica.com, is incorporated herein by reference and may be obtained, without charge, upon request to BAM at its address provided above (Attention: Finance Department). Future financial statements will similarly be made available when published.

BAM makes no representation regarding the Bonds or the advisability of investing in the Bonds. In addition, BAM has not independently verified, makes no representation regarding, and does not accept any responsibility for the accuracy or completeness of this Official Statement or any information or disclosure contained herein, or omitted herefrom, other than with respect to the accuracy of the information regarding BAM, supplied by BAM and presented under this heading "BOND INSURANCE."

Additional Information Available from BAM

Credit Insights Videos. For certain BAM-insured issues, BAM produces and posts a brief Credit Insights video that provides a discussion of the obligor and some of the key factors BAM's analysts and credit committee considered when approving the credit for insurance. The Credit Insights videos are easily accessible on BAM's website at www.buildamerica.com/videos. (The preceding website address is provided for convenience of reference only. Information available at such address is not incorporated herein by reference.)

Credit Profiles. Prior to the pricing of bonds that BAM has been selected to insure, BAM may prepare a pre-sale Credit Profile for those bonds. These pre-sale Credit Profiles provide information about the sector designation (e.g. general obligation, sales tax); a preliminary summary of financial information and key ratios; and demographic and economic data relevant to the obligor, if available. Subsequent to closing, for any offering that includes bonds insured by BAM, any pre-sale Credit Profile will be updated and superseded by a final Credit Profile to include information about the gross par insured by CUSIP, maturity and coupon. BAM pre-sale and final Credit Profiles are easily accessible on BAM's website at www.buildamerica.com/credit-profiles. BAM will produce a Credit Profile for all bonds insured by BAM, whether or not a pre-sale Credit Profile has been prepared for such bonds. (The preceding website address is provided for convenience of reference only. Information available at such address is not incorporated herein by reference.)

Disclaimers. The Credit Profiles and the Credit Insights videos and the information contained therein are not recommendations to purchase, hold or sell securities or to make any investment decisions. Credit-related and other analyses and statements in the Credit Profiles and the Credit Insights videos are statements of opinion as of the date expressed, and BAM assumes no responsibility to update the content of such material. The Credit Profiles and Credit Insight videos are prepared by BAM; they have not been reviewed or approved by the issuer of or the underwriter for the Bonds, and the issuer and underwriter assume no responsibility for their content.

BAM receives compensation (an insurance premium) for the insurance that it is providing with respect to the Bonds. Neither BAM nor any affiliate of BAM has purchased, or committed to purchase, any of the Bonds, whether at the initial offering or otherwise.

THE DISTRICT

Formation of the District

On August 17, 2005, the City Council adopted a Resolution of Intention to form a community facilities district under the Act, to levy a special tax and to incur bonded indebtedness for the purpose of financing the Improvements and making contributions to certain public facilities. After conducting a noticed public hearing, on October 19, 2005, the City Council adopted the Resolution of Formation, which established Longmeadow Parkside Community Facilities District No. 1 (Public Facilities), set forth the Rate and Method within the District and set forth the necessity to incur bonded indebtedness in a total amount not to exceed \$11,500,000. On the same day, an election was held within the District in which the only eligible landowner voter in the District unanimously approved the proposed bonded indebtedness and the levy of the Special Tax.

Location and Description of the District

The District consists of two non-contiguous single-family residential subdivisions identified as Longmeadow at Crocker Ranch ("Longmeadow") and Parkside Estates ("Parkside"). Longmeadow is situated along the north line of Blue Oaks Boulevard, east of Woodcreek Oaks Boulevard. Parkside Estates is located at the southeast quadrant of Junction Boulevard and Porter Drive, approximately 3 miles from the Longmeadow area. Both properties are located in the western portion of the City, approximately 20 miles northeast of the central business district of Sacramento. The Longmeadow community offers frontage along Blue Oaks Boulevard and Woodcreek Oaks Boulevard. The primary point of entry into Longmeadow is from the east line of Woodcreek Oaks Boulevard. Blue Oaks Boulevard is a primary east-west traffic arterial which connects to State Highway 65 and ultimately to the Interstate 80 freeway system. Interstate 80 freeway is located approximately three miles southeast of the State Highway 65/Blue Oaks Boulevard junction and merges with State Highway 65 at an interchange system. Parkside Estates has frontage along Junction Boulevard and Porter Drive, with the primary entrance point along Porter Drive.

Environmental Matters

Flood Hazard Map Information. According to the Federal Emergency Management Agency's flood insurance rate maps (Community-Panel Number 060243-0457F, with an effective date of July 8, 1998), the developable portions of the property in the District are located within Flood Zone X, described as areas of minimal flooding (outside of the 100 and 500-year floodplains). The land in the District has been determined to be outside of the 500-year floodplain and is not a part of the Central Valley Flood Protection Plan (SB-5).

Seismic Conditions. According to the Seismic Safety Commission, the District is located within Zone 3, areas of moderate seismic activity. Zone 3 is considered to be the lowest risk zone in California. In addition, the subject is not located within a Fault-Rupture Hazard Zone (formerly referred to as an Alquist-Priolo Special Study Zone), as defined by Special Publication 42 of the California Department of Conservation, Division of Mines and Geology

Wildfire Risk. The property in the District is not located in a high or very-high fire hazard severity zone, as established by Cal-FIRE.

Development of the District

Property within the District subject to the Special Tax is comprised of 579 parcels covering approximately 87 acres; all parcels were developed with a single family residence built by John Mourier Construction, Inc., the original owner/developer of the property in the District.

The development of Longmeadow occurred in two villages: Village 1 consisting of 144 lots and home sizes ranging from 1,756 to 2,866 square feet in the “Executive” series (6,000 square foot lots), and 1,053 to 2,284 square feet in the “Premier” series (3,000 square foot lots), and Village 2, consisting of 400 lots (including 13 units taxed as low and middle income units). Construction of the Executive series homes began in 2005, with final sales occurring in 2012 and final phase selling prices ranging from approximately \$300,000 to \$500,000. Construction of the Premier series homes also began in 2005, with final sales occurring in late 2012 and final phase selling prices ranging from approximately \$225,000 to \$450,000.

The development of Parkside’s 35 lots commenced in 2005 with floorplans ranging from approximately 2,050 to 3,525 square feet. Final sales occurred in 2008 with final phase selling prices ranging from approximately \$450,000 to \$650,000.

VALUE OF PROPERTY WITHIN THE DISTRICT

Assessed Values

The following table shows a history of assessed valuations of real property in the District since Fiscal Year 2018-19.

Table 1
City of Roseville
Longmeadow Parkside Community Facilities District No. 1 (Public Facilities)
Historical Assessed Values
Fiscal Years 2018-19 through 2022-23

Fiscal Year Levied	Land Assessed Value	Structure Assessed Value	Total Assessed Value	% Annual Change in Total Assessed Values
2018-19	\$43,208,947	\$167,267,093	\$210,476,040	N/A
2019-20	44,769,818	174,058,034	218,827,852	4.0%
2020-21	46,150,848	179,819,047	225,969,895	3.3%
2021-22	47,897,665	186,289,932	234,187,597	3.6%
2022-23	50,204,615	196,205,597	246,410,212	5.2%

Sources: Assessed Values - City of Roseville Longmeadow Parkside Community Facilities District No. 1 (Public Facilities) Special Tax Bonds, Annual Continuing Disclosure Information Statements for fiscal years 2018-19 through 2020-21 and Placer County July 1, 2022 Secured Property Roll, as compiled by Willdan Financial Services.

Value-to-Lien Ratios

The Special Tax will be levied and collected on all 579 taxable parcels in the District through the application of the appropriate amount or rate as described in the Rate and Method in an amount each year at least sufficient to pay debt service on outstanding Bonds and administrative expenses of the District. See "SECURITY FOR THE BONDS – Rate and Method" and APPENDIX A.

Aggregate Assessed Valuation, Maximum Special Tax Levy and Value-to-Lien. The following table shows assessed valuations, maximum special taxes, and the aggregate value-to-lien ratio for real property in the District for Fiscal Year 2022-23.

Table 2
City of Roseville
Longmeadow Parkside Community Facilities District No. 1 (Public Facilities)
Maximum Special Tax and Valuation Summary
2022-23 Special Tax Levy

No. Parcels Levied	Total Assessed Valuation	Aggregate Maximum Special Tax	Bonded Indebtedness⁽¹⁾	VTL⁽¹⁾
579	\$246,140,212	\$666,136	\$4,795,000	51.39

(1) Does not include PACE lien on one parcel and the assessment lien related to CSCDA AD 05-1. See "VALUE OF PROPERTY WITHIN THE DISTRICT - Direct and Overlapping Governmental Obligations."

Sources: *Maximum Special Tax – Willdan Financial Services; Assessed Values-Placer County July 1, 2022 Secured Property Roll, as compiled by Willdan Financial Services.*

Value-to-Lien Stratification Table. The total assessed value of the taxable property within the District is \$246,410,212. The principal amount of direct and overlapping bonded debt in the District (including the Bonds) is \$6,358,512. Consequently, the total assessed value of the taxable property within the District is approximately 51.39 times the par amount of the Bonds and 38.75 times the principal amount of the Bonds plus direct and overlapping tax and assessment debt. The following table sets forth the assessed value and allocable CFD debt by value to lien ratio range categories.

Table 3
City of Roseville
Longmeadow Parkside Community Facilities District No. 1 (Public Facilities)
Fiscal Year 2022-23 – Value-to-Lien Categories

VTL Category	No. Parcels Levied	Total Assessed Valuation	Bonded Indebtedness⁽¹⁾	% of Debt Allocation	VTL⁽¹⁾
30:1 or Greater	551	\$240,007,870	\$4,555,213	95.00%	52.69
20:1 to 29.99:1	27	\$6,239,138	228,385	4.76%	27.32
10:1 to 19.99:1	1	\$163,204	11,402	0.24%	14.31
Total	579	\$246,410,212	\$4,795,000	100.00%	51.39

(1) Does not include PACE lien on one parcel and the annual assessment related to CSCDA AD 05-1. See "VALUE OF PROPERTY WITHIN THE DISTRICT - Direct and Overlapping Governmental Obligations."

Limitations on Increases in Special Tax Levy. If owners are delinquent in the payment of Special Taxes, the City may not increase Special Tax levies to make up for delinquencies for prior Fiscal Years above the Maximum Annual Special Tax rates specified for each category of property within the District. In addition, Section 53321(d) of the Act provides that the special tax levied against any parcel for which an occupancy permit for private residential use has been issued may not be increased as a consequence of delinquency or default by the owner of any other parcel within a community facilities district by more than 10% above the amount that would have been levied in such Fiscal Year had there never been any such delinquencies or defaults. In cases of significant delinquency, these factors may result in defaults in the payment of principal of and interest on the Bonds. See "BOND OWNERS' RISKS."

Special Tax Collection and Delinquency Rate

The Special Tax delinquency rate in the District has typically been less than 1% since the inception of the District. The table below shows the annual Special Tax levies and current delinquencies for the past five years and current fiscal year.

Table 4
City of Roseville
Longmeadow Parkside Community Facilities District No. 1 (Public Facilities)
Special Tax Charges and Delinquencies ⁽¹⁾

Fiscal Year	Total Charge	No. Parcels Levied	Delinquent Parcels	Delinquent Amount	Delinquent Amount %
2017/18	\$607,054.48	579	0	\$0.00	0.00%
2018/19	\$599,919.06	579	0	\$0.00	0.00%
2019/20	\$569,388.06	579	0	\$0.00	0.00%
2020/21	\$569,363.32	579	0	\$0.00	0.00%
2021/22	\$588,928.58	579	1	\$141.45	0.02%
2022/23	\$597,859.94	579	11	\$6,031.23	1.01%
			Total	\$6,172.68	

(1) Delinquency data as of May 15, 2023.

Source: Placer County Tax Collector data as compiled by Willdan Financial Services.

Future delinquencies in the payment of property taxes (including the Special Taxes) with respect to property in the District could result in draws on the Reserve Fund established, and perhaps, ultimately, a default in the payment on the Bonds. See "BOND OWNERS' RISKS."

Special Tax Enforcement and Collection Procedures. The City could receive additional funds for the payment of debt service through foreclosure sales of delinquent property, but no assurance can be given as to the amount of foreclosure sale proceeds or when foreclosure sale proceeds would be received. The City has covenanted in the Fiscal Agent Agreement to take certain enforcement actions and commence and pursue foreclosure proceedings against delinquent parcels under the terms and conditions described in this Official Statement. See "SECURITY FOR THE BONDS – Delinquent Payments of Special Tax; Covenant for Superior Court Foreclosure."

Foreclosure actions would include, among other steps, formal City Council action to authorize commencement of foreclosure proceedings, mailing multiple demand letters to the record owners of the delinquent parcels advising them of the consequences of failing to pay the applicable special taxes and contacting secured lenders to obtain payment. If these efforts were unsuccessful, they would be followed (as needed) by the filing of an action to foreclose in superior court against each parcel that remained delinquent.

Limitations on Increases in Special Tax Levy. If owners are delinquent in the payment of Special Taxes, the City may not increase Special Tax levies to make up for delinquencies for prior Fiscal Years above the Maximum Annual Special Tax rates specified for each category of property within the District. See "SECURITY FOR THE BONDS – Rate and Method." In addition, Section 53321(d) of the Act provides that the special tax levied against any parcel for which an occupancy permit for private residential use has been issued may not be increased as a consequence of delinquency or default by the owner of any other parcel within a community facilities district by more than 10% above the amount that would have been levied in such Fiscal Year had there never been

any such delinquencies or defaults. In cases of significant delinquency, these factors may result in defaults in the payment of principal of and interest on the Bonds. See "BOND OWNERS' RISKS."

Projected Overall Tax Burden

The following table shows the projected overall tax burden for a single-family residential home in Longmeadow Village 1 in the District, for Fiscal Year 2023-24, with an estimated assessed value of \$425,579.

Table 5
City of Roseville
Longmeadow Parkside Community Facilities District No. 1 (Public Facilities)
Projected Overall Tax Burden

Net Taxable Value	Value	
Average Assessed Value ⁽¹⁾	\$425,579	
Less: Homeowner's Exemption	(\$7,000)	
Net Taxable Value	\$418,579	
Ad Valorem Property Taxes	2022-23 Rate ⁽²⁾	Taxes
Base Property Tax	1.000000%	\$4,186
Sierra Coll SFID #4 B&I 2018 Series A	0.002407%	\$10
Sierra Coll SFID #4 B&I 2018 Series B	0.016193%	\$68
Rsvl City Elem B&I 2002 Series A Non Refunding	0.005087%	\$21
Rsvl City Elem B&I 2002 Series A&B Ref 2011	0.004040%	\$17
Rsvl High B&I 1992	0.003747%	\$16
Rsvl High B&I 2004 Series C Non Refunding	0.000737%	\$3
Rsvl High B&I 2004 A B & C Ref 2013	0.019471%	\$82
Rsvl High B&I 2016 Series A	0.003005%	\$13
Rsvl High B&I 2016 Series B	0.004940%	\$21
Rsvl High B&I 2016 Series C	0.002572%	\$11
Total Ad Valorem Property Taxes	1.062199%	\$4,446
Parcel Charges, Special Taxes and Assessments ⁽³⁾	Charges	
Placer Mosquito & Vector ⁽⁴⁾	\$33	
City of Roseville Longmeadow Parkside CFD 1 (Public Facilities) ⁽⁵⁾	\$1,584	
City of Roseville Longmeadow CFD 2 (Public Services) ⁽⁶⁾	\$318	
City of Roseville CFD 3, Municipal Services ⁽⁷⁾	\$530	
Total Parcel Charges, Assessments, and Special Taxes	\$2,465	
Total Projected Taxes and Direct Charges	\$6,911	
Total Effective Tax Rate	1.62%	

(1) Total Assessed Value of District parcels as of July 1, 2022 divided by 579 homes

(2) 2022-23 Ad Valorem Rates

(3) Assumes no PACE related taxes or assessments and does not include the annual assessment related to CSCDA AD 05-1. See "Direct and Overlapping Governmental Obligations."

(4) FY 2022-23 Charge

(5) Equal to the applicable Maximum Public Facilities Special Tax for FY 2023-24

(6) Equal to the applicable Maximum Public Services Special Tax for FY 2023-24

(7) Projected applicable Maximum Municipal Services Special Tax for FY 2023-24

Sources: FY 2022-23 Ad Valorem Tax Rates of TRA 005001 and Placer Mosquito & Vector charges - Placer County; Average Assessed Value - Placer County as compiled by Willdan Financial Services; Maximum Special Tax Rates CFD Nos 1, 2 and 3 - Willdan Financial Services.

Direct and Overlapping Governmental Obligations

Overlapping Debt Statement. Contained within the boundaries of the District are certain overlapping local agencies providing public services. Many of these local agencies have outstanding debt. The direct and overlapping debt affecting the District is shown in the table below, which is an overlapping debt report ("**Debt Report**") prepared by California Municipal Statistics, Inc. The Debt Report is included for general information purposes only. The City has not reviewed the Debt Report for completeness or accuracy and makes no representation in connection therewith.

The Debt Report generally includes long term obligations sold in the public credit markets by public agencies whose boundaries overlap the boundaries of the District in whole or in part. These long-term obligations are not payable from revenues of the District (except as indicated) nor are they necessarily obligations secured by land within the District. In many cases long-term obligations issued by a public agency are payable only from the general fund or other revenues of such public agency. The amount shown reflects the amount outstanding as of the date indicated and does not reflect the amount of authorized but unissued debt.

Table 6
City of Roseville
Longmeadow Parkside Community Facilities District No. 1 (Public Facilities)
Direct and Overlapping Governmental Obligations
As of April 1, 2023

2022-23 Assessed Valuation: \$246,410,212

<u>DIRECT AND OVERLAPPING TAX AND ASSESSMENT DEBT:</u>	<u>% Applicable</u>	<u>Debt 4/1/23</u>
Sierra Joint Community College SFID No. 4 General Obligation Bonds	0.289%	\$ 428,302
Roseville Joint Union High School District General Obligation Bonds	0.649	698,567
Roseville City School District General Obligation Bonds	1.079	99,577
City of Roseville Longmeadow Parkside CFD	100.000	5,735,000 (1)
California Statewide Community Dev Auth Assessment District No. 05-01	16.265	337,066
TOTAL DIRECT AND OVERLAPPING TAX AND ASSESSMENT DEBT		\$7,298,512

(1) Outstanding amount of 2013 Bonds.

Ratios to 2022-23 Assessed Valuation:

Direct Debt (\$5,735,000)..... 2.33%
 Total Direct and Overlapping Tax and Assessment Debt 2.96%

BOND OWNERS' RISKS

The purchase of the Bonds involves a degree of risk that may not be appropriate for some investors. The following includes a discussion of some of the risks that should be considered before making an investment decision. This discussion does not purport to be comprehensive or definitive or a complete statement of all factors that may be considered as risks in evaluating the credit quality of the Bonds.

Limited Obligation of the City to Pay Debt Service

The City has no obligation to pay principal of and interest on the Bonds if Special Tax collections are delinquent or insufficient, other than from amounts, if any, on deposit in the Reserve Fund or funds derived from the tax sale or foreclosure and sale of parcels for Special Tax delinquencies. The City is not obligated to advance funds to pay debt service on the Bonds.

Levy and Collection of the Special Tax

General. The principal source of payment of principal of and interest on the Bonds is the proceeds of the annual levy and collection of the Special Tax against property within the District.

Limitation on Maximum Special Tax Rate. The annual levy of the Special Tax is subject to the maximum annual Special Tax rate authorized in the Rate and Method. The levy cannot be made at a higher rate even if the failure to do so means that the estimated proceeds of the levy and collection of the Special Tax, together with other available funds, will not be sufficient to pay debt service on the Bonds.

In addition to the maximum annual Special Tax rate limitation in the Rate and Method, Section 53321(d) of the Act provides that the special tax levied against any parcel for which an occupancy permit for private residential use has been issued may not be increased as a consequence of delinquency or default by the owner of any other parcel within a community facilities district by more than 10% above the amount that would have been levied in such Fiscal Year had there never been any such delinquencies or defaults. In cases of significant delinquency, these factors may result in defaults in the payment of principal of and interest on the Bonds.

No Relationship Between Property Value and Special Tax Levy. Because the Rate and Method set forth in the Rate and Method is not based on property value, the levy of the Special Tax will rarely, if ever, result in a uniform relationship between the value of particular parcels of Taxable Property and the amount of the levy of the Special Tax against those parcels. Thus, there will rarely, if ever, be a uniform relationship between the value of the parcels of Taxable Property and their proportionate share of debt service on the Bonds, and certainly not a direct relationship.

Factors that Could Lead to Special Tax Deficiencies. The following are some of the factors that might cause the levy of the Special Tax on any particular parcel of Taxable Property to vary from the Special Tax that might otherwise be expected:

Transfers to Governmental Entities. The number of parcels of Taxable Property could be reduced through the acquisition of Taxable Property by a governmental entity and failure of the government to pay the Special Tax based upon a claim of exemption or, in the case of the federal government or an agency thereof, immunity from taxation, thereby resulting in an increased tax burden on the remaining taxed parcels.

Property Tax Delinquencies. Failure of the owners of Taxable Property to pay property taxes (and, consequently, the Special Tax), or delays in the collection of or inability to collect the Special Tax by tax sale or foreclosure and sale of the delinquent parcels, could result in a deficiency in the collection of Special Tax Revenues. See “–Property Tax Delinquencies” below. For a summary of recent Special Tax collection and delinquency rates in the District, see “THE DISTRICT – Special Tax Collection and Delinquency Rates.”

Delays Following Special Tax Delinquencies and Foreclosure Sales. The Fiscal Agent Agreement generally provides that the Special Tax is to be collected in the same manner as ordinary ad valorem property taxes are collected and, except as provided in the special covenant for foreclosure described in “SECURITY FOR THE BONDS – Delinquent Payments of Special Tax; Covenant for Superior Court Foreclosure” and in the Act, is subject to the same penalties and the same procedure, sale and lien priority in case of delinquency as is provided for ordinary ad valorem property taxes. Under these procedures, if taxes are unpaid for a period of five years or more, the property is deeded to the State and then is subject to sale by the County.

If sales or foreclosures of property are necessary, there could be a delay in payments to owners of the Bonds pending such sales or the prosecution of foreclosure proceedings and receipt by the City of the proceeds of sale if the Reserve Fund is depleted. See “SECURITY FOR THE BONDS – Delinquent Payments of Special Tax; Covenant for Superior Court Foreclosure.”

The ability of the City to collect interest and penalties specified by State law and to foreclose against properties having delinquent Special Tax installments may be limited in certain respects with regard to properties in which the Federal Deposit Insurance Corporation (the “**FDIC**”) has or obtains an interest. The FDIC would obtain such an interest by taking over a financial institution that has made a loan that is secured by property within the District. See “ – FDIC/Federal Government Interests in Properties” below.

Other laws generally affecting creditors’ rights or relating to judicial foreclosure may affect the ability to enforce payment of Special Taxes or the timing of enforcement of Special Taxes. For example, the Soldiers and Sailors Civil Relief Act of 1940 affords protections such as a stay in enforcement of the foreclosure covenant, a six-month period after termination of military service to redeem property sold to enforce the collection of a tax or assessment and a limitation on the interest rate on the delinquent tax or assessment to persons in military service if the court concludes the ability to pay such taxes or assessments is materially affected by reason of such service.

Bankruptcy Delays

The payment of the Special Tax and the ability of the City to foreclose the lien of a delinquent unpaid Special Tax, as discussed in “SECURITY FOR THE BONDS,” may be limited by bankruptcy, insolvency or other laws generally affecting creditors’ rights or by the laws of the State of California relating to judicial foreclosure. The various legal opinions to be delivered concurrently with the delivery of the Bonds (including Bond Counsel’s approving legal opinion) will be qualified as to the enforceability of the various legal instruments by bankruptcy, insolvency, reorganization, moratorium and other similar laws affecting creditors’ rights, by the application of equitable principles and by the exercise of judicial discretion in appropriate cases.

Although bankruptcy proceedings would not cause the Special Taxes to become extinguished, bankruptcy of a property owner or any other person claiming an interest in the property could result in a delay in superior court foreclosure proceedings and could result in the possibility of Special Tax

installments not being paid in part or in full. Such a delay would increase the likelihood of a delay or default in payment of the principal of and interest on the Bonds.

In addition, the amount of any lien on property securing the payment of delinquent Special Taxes could be reduced if the value of the property were determined by the bankruptcy court to have become less than the amount of the lien, and the amount of the delinquent Special Taxes in excess of the reduced lien could then be treated as an unsecured claim by the court. Any such stay of the enforcement of the lien for the Special Tax, or any such delay or non-payment, would increase the likelihood of a delay or default in payment of the principal of and interest on the Bonds and the possibility of delinquent Special Taxes not being paid in full.

To the extent that property in the District continues to be owned by a limited number of property owners, the chances are increased that the Reserve Fund could be fully depleted during any such delay in obtaining payment of delinquent Special Taxes. As a result, sufficient moneys would not be available in the Reserve Fund to make up shortfalls resulting from delinquent payments of the Special Tax and thereby to pay principal of and interest on the Bonds on a timely basis.

Property Tax Delinquencies

General. Delinquencies in the payment of property taxes and, consequently, the Special Taxes, can occur because the owners of delinquent parcels may not have received property tax bills from the County in a timely manner. Delinquencies can also reflect economic difficulties and duress by the property owner. See “THE DISTRICT – Special Tax Collection and Delinquency Rates.”

Numerous future delinquencies by the owners of Taxable Property in the District in the payment of property taxes (and, consequently, the Special Taxes, which are collected on the ordinary property tax bills) when due could result in a deficiency in Special Tax Revenues necessary to pay debt service on the Bonds, which could in turn result in the depletion of the Reserve Fund, prior to reimbursement from the resale of foreclosed property or payment of the delinquent Special Tax. In that event, there could be a delay or failure in payments of the principal of and interest on the Bonds. See “SECURITY FOR THE BONDS – Reserve Fund,” and “THE DISTRICT – Potential Consequences of Special Tax Delinquencies.”

Measures to Mitigate Consequences of Continuing Delinquencies. The City intends to take certain actions designed to mitigate the impact of future delinquencies, including: enforcing the lien of the Special Taxes through collection procedures that will include foreclosure actions under certain circumstances (see “SECURITY FOR THE BONDS – Delinquent Payments of Special Tax; Covenant for Superior Court Foreclosure”); and increasing the levy of Special Taxes against non-delinquent property owners in the District, to the extent permitted under the Rate and Method and the Act and to the extent the Special Taxes are not already being levied at the Maximum Annual Special Tax rate. See “THE DISTRICT – Potential Consequences of Special Tax Delinquencies.”

Risks Related to Homeowners With High Loan-to-Value Ratios

Any future decline in home values in the District could result in property owner unwillingness or inability to pay mortgage payments, as well as ad valorem property taxes and Special Taxes, when due. Under such circumstances, bankruptcies are likely to increase. Bankruptcy by homeowners with delinquent Special Taxes would delay the commencement and completion of foreclosure proceedings to collect delinquent Special Taxes.

It is possible that laws could be enacted in the future to assist homeowners in default in the payment of mortgages and property taxes. It is further possible that federal laws could be enacted that would adversely impact the ability of the City to foreclose on parcels with delinquent Special Taxes. No assurance can be given that any such laws will be enacted, or if enacted will be effective in assisting affected homeowners.

Payment of Special Tax is Not a Personal Obligation of the Property Owners

An owner of Taxable Property is not personally obligated to pay the Special Taxes. Rather, the Special Taxes are an obligation running only against the parcels of Taxable Property. If, after a default in the payment of the Special Tax and a foreclosure sale by the City, the resulting proceeds are insufficient, taking into account other obligations also constituting a lien against the affected parcels of Taxable Property, the City has no recourse against the owner.

Property Values

The value of Taxable Property within the District is a critical factor in determining the investment quality of the Bonds. If a property owner defaults in the payment of the Special Tax, the City's only remedy is to foreclose on the delinquent property in an attempt to obtain funds with which to pay the delinquent Special Tax. Land values could be adversely affected by economic and other factors beyond the City's control, such as a general economic downturn, relocation of employers out of the area, shortages of water, electricity, natural gas or other utilities, destruction of property caused by earthquake, flood, wildfires, or other natural disasters, environmental pollution or contamination, or unfavorable economic conditions.

The following is a discussion of specific risk factors that could affect the value of property in the District.

Risks Related to Availability of Mortgage Loans. The current state of the world-wide capital markets has adversely affected the availability of mortgage loans to homeowners, including potential buyers of homes within the District. Any such unavailability could hinder the ability of the current homeowners to resell their homes, or the sale of newly completed homes in the future.

Natural Disasters. The value of the Taxable Property in the future can be adversely affected by a variety of natural occurrences, particularly those that may affect infrastructure and other public improvements and private improvements on the Taxable Property and the continued habitability and enjoyment of such private improvements.

The areas in and surrounding the District, like those in much of California, may be subject to unpredictable seismic activity, including earthquakes. See "THE DISTRICT – Environmental Conditions."

Other natural disasters could include, without limitation, floods, wildfires, droughts or tornadoes. One or more natural disasters could occur and could result in damage to improvements of varying seriousness. The damage may entail significant repair or replacement costs and that repair or replacement may never occur either because of the cost, or because repair or replacement will not facilitate habitability or other use, or because other considerations preclude such repair or replacement. Under any of these circumstances there could be significant delinquencies in the payment of Special Taxes, and the value of the Taxable Property may well depreciate or disappear.

Legal Requirements. Other events that may affect the value of Taxable Property include changes in the law or application of the law. Such changes may include, without limitation, local growth control initiatives, local utility connection moratoriums and local application of statewide tax and governmental spending limitation measures.

Hazardous Substances. One of the most serious risks in terms of the potential reduction in the value of Taxable Property is a claim with regard to a hazardous substance. In general, the owners and operators of Taxable Property may be required by law to remedy conditions of the parcel relating to releases or threatened releases of hazardous substances. The federal Comprehensive Environmental Response, Compensation and Liability Act of 1980, sometimes referred to as “CERCLA” or the “Superfund Act,” is the most well-known and widely applicable of these laws, but California laws with regard to hazardous substances are also stringent and similar. Under many of these laws, the owner or operator is obligated to remedy a hazardous substance condition of property whether or not the owner or operator has anything to do with creating or handling the hazardous substance. The effect, therefore, should any of the Taxable Property be affected by a hazardous substance, is to reduce the marketability and value of the parcel by the costs of remedying the condition, because the purchaser, upon becoming owner, will become obligated to remedy the condition.

The property values set forth in this Official Statement do not take into account the possible reduction in marketability and value of any of the Taxable Property by reason of the possible liability of the owner or operator for the remedy of a hazardous substance condition of the parcel. Although the City is not aware that the owner or operator of any of the Taxable Property has such a current liability with respect to any of the Taxable Property, it is possible that such liabilities do currently exist and that the City is not aware of them.

Further, it is possible that liabilities may arise in the future with respect to any of the Taxable Property resulting from the existence, currently, on the parcel of a substance presently classified as hazardous but that has not been released or the release of which is not presently threatened, or may arise in the future resulting from the existence, currently on the parcel of a substance not presently classified as hazardous but that may in the future be so classified. Further, such liabilities may arise not simply from the existence of a hazardous substance but from the method of handling it. All of these possibilities could significantly affect the value of Taxable Property that is realizable upon a delinquency.

Other Possible Claims Upon the Value of Taxable Property

While the Special Taxes are secured by the Taxable Property, the security only extends to the value of such Taxable Property that is not subject to priority and parity liens and similar claims.

The table in the section entitled “THE DISTRICT – Direct and Overlapping Governmental Obligations” shows the presently outstanding amount of governmental obligations (with stated exclusions), the tax or assessment for which is or may become an obligation of one or more of the parcels of Taxable Property. The table also states the additional amount of general obligation bonds the tax for which, if and when issued, may become an obligation of one or more of the parcels of Taxable Property. The table does not specifically identify which of the governmental obligations are secured by liens on one or more of the parcels of Taxable Property.

In addition, other governmental obligations may be authorized and undertaken or issued in the future, the tax, assessment or charge for which may become an obligation of one or more of the

parcels of Taxable Property and may be secured by a lien on a parity with the lien of the Special Tax securing the Bonds.

In general, as long as the Special Tax is collected on the County tax roll, the Special Tax and all other taxes, assessments and charges also collected on the tax roll are on a parity, that is, are of equal priority. Questions of priority become significant when collection of one or more of the taxes, assessments or charges is sought by some other procedure, such as foreclosure and sale. In the event of proceedings to foreclose for delinquency of Special Taxes securing the Bonds, the Special Tax will be subordinate only to existing prior governmental liens, if any. Otherwise, in the event of such foreclosure proceedings, the Special Taxes will generally be on a parity with the other taxes, assessments and charges, and will share the proceeds of such foreclosure proceedings on a pro rata basis. Although the Special Taxes will generally have priority over non-governmental liens on a parcel of Taxable Property, regardless of whether the non-governmental liens were in existence at the time of the levy of the Special Tax or not, this result may not apply in the case of bankruptcy. See “– Bankruptcy and Foreclosure Delays” below.

Exempt Properties

Certain properties are exempt from the Special Tax in accordance with the Rate and Method and the Act, which provides that properties or entities of the state, federal or local government are exempt from the Special Tax; provided, however, that property within the District acquired by a public entity through a negotiated transaction or by gift or devise, which is not otherwise exempt from the Special Tax, will continue to be subject to the Special Tax. See “SECURITY FOR THE BONDS – Rate and Method.”

In addition, although the Act provides that if property subject to the Special Tax is acquired by a public entity through eminent domain proceedings, the obligation to pay the Special Tax with respect to that property is to be treated as if it were a special assessment, the constitutionality and operation of these provisions of the Act have not been tested, meaning that such property could become exempt from the Special Tax. The Act further provides that no other properties or entities are exempt from the Special Tax unless the properties or entities are expressly exempted in a resolution of consideration to levy a new special tax or to alter the rate or method of apportionment of an existing special tax.

FDIC/Federal Government Interests in Properties

General. The ability of the City to foreclose the lien of delinquent unpaid Special Tax installments may be limited with regard to properties in which the Federal Deposit Insurance Corporation (the “**FDIC**”), the Drug Enforcement Agency, the Internal Revenue Service, or other federal agency has or obtains an interest.

Federal courts have held that, based on the supremacy clause of the United States Constitution, in the absence of Congressional intent to the contrary, a state or local agency cannot foreclose to collect delinquent taxes or assessments if foreclosure would impair the federal government interest.

The supremacy clause of the United States Constitution reads as follows: “This Constitution, and the Laws of the United States which shall be made in Pursuance thereof; and all Treaties made, or which shall be made, under the Authority of the United States, shall be the supreme Law of the Land; and the Judges in every State shall be bound thereby, any Thing in the Constitution or Laws of any State to the contrary notwithstanding.”

This means that, unless Congress has otherwise provided, if a federal governmental entity owns a parcel that is subject to Special Taxes but does not pay taxes and assessments levied on the parcel (including Special Taxes), the applicable state and local governments cannot foreclose on the parcel to collect the delinquent taxes and assessments.

Moreover, unless Congress has otherwise provided, if the federal government has a mortgage interest in the parcel and the City wishes to foreclose on the parcel as a result of delinquent Special Taxes, the property cannot be sold at a foreclosure sale unless it can be sold for an amount sufficient to pay delinquent taxes and assessments on a parity with the Special Taxes and preserve the federal government's mortgage interest. In *Rust v. Johnson* (9th Circuit; 1979) 597 F.2d 174, the United States Court of Appeal, Ninth Circuit held that the Federal National Mortgage Association ("**FNMA**") is a federal instrumentality for purposes of this doctrine, and not a private entity, and that, as a result, an exercise of state power over a mortgage interest held by FNMA constitutes an exercise of state power over property of the United States.

The City has not undertaken to determine whether any federal governmental entity currently has, or is likely to acquire, any interest (including a mortgage interest) in any of the parcels subject to the Special Taxes, and therefore expresses no view concerning the likelihood that the risks described above will materialize while the Bonds are outstanding.

FDIC. In the event that any financial institution making any loan which is secured by real property within the District is taken over by the FDIC, and prior thereto or thereafter the loan or loans go into default, resulting in ownership of the property by the FDIC, then the ability of the District to collect interest and penalties specified by State law and to foreclose the lien of delinquent unpaid Special Taxes may be limited.

The FDIC's policy statement regarding the payment of state and local real property taxes (the "**Policy Statement**") provides that property owned by the FDIC is subject to state and local real property taxes only if those taxes are assessed according to the property's value, and that the FDIC is immune from real property taxes assessed on any basis other than property value. According to the Policy Statement, the FDIC will pay its property tax obligations when they become due and payable and will pay claims for delinquent property taxes as promptly as is consistent with sound business practice and the orderly administration of the institution's affairs, unless abandonment of the FDIC's interest in the property is appropriate. The FDIC will pay claims for interest on delinquent property taxes owed at the rate provided under state law, to the extent the interest payment obligation is secured by a valid lien. The FDIC will not pay any amounts in the nature of fines or penalties and will not pay nor recognize liens for such amounts. If any property taxes (including interest) on FDIC-owned property are secured by a valid lien (in effect before the property became owned by the FDIC), the FDIC will pay those claims. The Policy Statement further provides that no property of the FDIC is subject to levy, attachment, garnishment, foreclosure or sale without the FDIC's consent. In addition, the FDIC will not permit a lien or security interest held by the FDIC to be eliminated by foreclosure without the FDIC's consent.

The Policy Statement states that the FDIC generally will not pay non-ad valorem taxes, including special assessments, on property in which it has a fee interest unless the amount of tax is fixed at the time that the FDIC acquires its fee interest in the property, nor will it recognize the validity of any lien to the extent it purports to secure the payment of any such amounts. Special taxes imposed under the Mello-Roos Act and a Rate and Method which determines the special tax due each year are specifically identified in the Policy Statement as being imposed each year and therefore covered by the FDIC's federal immunity. The Ninth Circuit issued a ruling on August 28, 2001, in

which it determined that the FDIC, as a federal agency, is exempt from special taxes levied under the Act.

The City is unable to predict what effect the application of the Policy Statement would have in the event of a delinquency in the payment of Special Taxes on a parcel within the District in which the FDIC has or obtains an interest, although prohibiting the lien of the Special Taxes to be foreclosed out at a judicial foreclosure sale could reduce or eliminate the number of persons willing to purchase a parcel at a foreclosure sale. Such an outcome could cause a draw on the Reserve Fund and perhaps, ultimately, if enough property were to become owned by the FDIC, a default in payment on the Bonds.

Depletion of Reserve Fund

The Reserve Fund is to be maintained at an amount equal to the Reserve Requirement for the Bonds. See "SECURITY FOR THE BONDS –Reserve Fund." The Reserve Fund will be used to pay principal of and interest on the Bonds (and any Additional Bonds, the principal of and interest on which is payable from amounts in the Reserve Fund) if insufficient funds are available from the proceeds of the levy and collection of the Special Tax against property within the District. If the Reserve Fund is depleted, it can be replenished from the proceeds of the levy and collection of the Special Taxes that exceed the amounts to be paid to the owners of the Bonds (and any Additional Bonds, the principal of and interest on which is payable from amounts in the Reserve Fund) under the Fiscal Agent Agreement. However, because the Special Tax levy is limited to the annual Maximum Annual Special Tax rates, it is possible that no replenishment would be achieved if the Special Tax proceeds, together with other available funds, remain insufficient to pay all such amounts. Thus it is possible that the Reserve Fund will be depleted and not be replenished by the levy and collection of the Special Taxes.

Disclosure to Future Purchasers

The City has recorded a notice of the Special Tax lien in the Office of the County Recorder. While title companies normally refer to such notices in title reports, there can be no guarantee that such reference will be made or, if made, that a prospective purchaser or lender will consider such special tax obligation in the purchase of a parcel of land or a home in the District or the lending of money secured by property in the District. The Act and the Goals and Policies require the subdivider of a subdivision (or its agent or representative) to notify a prospective purchaser or long-term lessor of any lot, parcel, or unit subject to a Mello-Roos special tax of the existence and maximum amount of such special tax using a statutorily prescribed form. California Civil Code Section 1102.6b requires that in the case of transfers other than those covered by the above requirement, the seller must at least make a good faith effort to notify the prospective purchaser of the special tax lien in a format prescribed by statute. Failure by an owner of the property to comply with these requirements, or failure by a purchaser or lessor to consider or understand the nature and existence of the Special Tax, could adversely affect the willingness and ability of the purchaser or lessor to pay the Special Tax when due.

No Acceleration Provisions

The Bonds do not contain a provision allowing for their acceleration in the event of a payment default or other default under the terms of the Bonds or the Fiscal Agent Agreement. Under the Fiscal Agent Agreement, a Bondholder is given the right for the equal benefit and protection of all Bondowners similarly situated to pursue certain remedies. So long as the Bonds are in book-entry form, DTC will be the sole Bondholder and will be entitled to exercise all rights and remedies of Bond holders.

Voter Initiatives

Under the California Constitution, the power of initiative is reserved to the voters for the purpose of enacting statutes and constitutional amendments. Since 1978, the voters have exercised this power through the adoption of Proposition 13 and similar measures, including Proposition 218, which was approved in the general election held on November 5, 1996, and Proposition 26, which was approved on November 2, 2010.

Any such initiative may affect the collection of fees, taxes and other types of revenue by local agencies such as the District. Subject to overriding federal constitutional principles, such collection may be materially and adversely affected by voter-approved initiatives, possibly to the extent of creating cash-flow problems in the payment of outstanding obligations such as the Bonds.

Proposition 218—Voter Approval for Local Government Taxes—Limitation on Fees, Assessments, and Charges—Initiative Constitutional Amendment, added Articles XIIC and XIID to the California Constitution, imposing certain vote requirements and other limitations on the imposition of new or increased taxes, assessments and property-related fees and charges.

On November 2, 2010, California voters approved Proposition 26, entitled the “Supermajority Vote to Pass New Taxes and Fees Act”. Section 1 of Proposition 26 declares that Proposition 26 is intended to limit the ability of the State Legislature and local government to circumvent existing restrictions on increasing taxes by defining the new or expanded taxes as “fees.” Proposition 26 amended Articles XIII A and XIIC of the State Constitution. The amendments to Article XIII A limit the ability of the State Legislature to impose higher taxes (as defined in Proposition 26) without a two-thirds vote of the Legislature. Article XIIC requires that all new local taxes be submitted to the electorate before they become effective. Taxes for general governmental purposes require a majority vote and taxes for specific purposes (“special taxes”) require a two-thirds vote.

The Special Taxes and the issuance of special tax bonds of the District were each authorized by not less than a two-thirds vote of the landowners within the District who constituted the qualified electors at the time of such voted authorization. The District believes, therefore, that issuance of the Bonds does not require the conduct of further proceedings under the Mello-Roos Act, Proposition 218 or Proposition 26.

Like their antecedents, Proposition 218 and Proposition 26 are likely to undergo both judicial and legislative scrutiny before the impact on the District can be determined. Certain provisions of Proposition 218 and Proposition 26 may be examined by the courts for their constitutionality under both State and federal constitutional law, the outcome of which cannot be predicted.

Loss of Tax Exemption

As discussed under the caption “LEGAL MATTERS – Tax Matters,” interest on the Bonds might become includable in gross income for purposes of federal income taxation retroactive to the date the Bonds were issued as a result of future acts or omissions of the City in violation of its covenants in the Fiscal Agent Agreement. The Fiscal Agent Agreement does not contain a special redemption feature triggered by the occurrence of an event of taxability. As a result, if interest on the Bonds were to become includable in gross income for purposes of federal income taxation, the Bonds would continue to remain outstanding until maturity unless earlier redeemed pursuant to optional redemption or redemption upon prepayment of the Special Taxes. See “THE BONDS – Redemption.”

Secondary Market for Bonds

There can be no guarantee that there will be a secondary market for the Bonds or, if a secondary market exists, that any Bonds can be sold for any particular price. Prices of bond issues for which a market is being made will depend upon then-prevailing circumstances. Such prices could be substantially different from the original purchase price.

No assurance can be given that the market price for the Bonds will not be affected by the introduction or enactment of any future legislation (including without limitation amendments to the Internal Revenue Code), or changes in interpretation of the Internal Revenue Code, or any action of the Internal Revenue Service, including but not limited to the publication of proposed or final regulations, the issuance of rulings, the selection of the Bonds for audit examination, or the course or result of any Internal Revenue Service audit or examination of the Bonds or obligations that present similar tax issues as the Bonds.

Pandemic Diseases

In recent years, public health authorities have warned of threats posed by outbreaks of disease and other public health threats. While adverse consequences from the spread of COVID-19 have reduced since its outbreak, other pandemic diseases arising in the future could have significant adverse health and financial impacts throughout the world, leading to loss of jobs and personal financial hardships, and/or actions by federal, State and local governmental authorities to contain or mitigate the effects of an outbreak.

Taxpayer assistance measures may include deferral of due dates of property taxes, which was an assistance program during the COVID-19 pandemic, and with or without a deferral some taxpayers may be unable to make their property and Special Tax payments. No assurance can be given that the property tax payment dates will not be deferred in the future, which may cause a delay in the receipt of Special Taxes. In addition, home values may be affected by a reduction in demand stemming from personal finances, or general widespread economic circumstances resulting from pandemic diseases.

Cyber Security

The City, like many other public and private entities, relies on computer and other digital networks and systems to conduct its operations. As a recipient and provider of personal, private or other sensitive electronic information, the City is potentially subject to multiple cyber threats, including without limitation hacking, viruses, ransomware, malware and other attacks. No assurance can be given that the City's efforts to manage cyber threats and attacks will be successful in all cases, or that any such attack will not materially impact the operations or finances of the City or the District, or the administration of the Bonds. The City is also reliant on other entities and service providers in connection with the administration of the Bonds, including without limitation the County tax collector for the levy and collection of Special Taxes, the fiscal agent, and the dissemination agent. No assurance can be given that the City, the District and these other entities will not be affected by cyber threats and attacks in a manner that may affect the Bond owners.

Potential Early Redemption of Bonds from Prepayments

Property owners within the District are permitted to prepay a portion of their Special Tax obligation at any time. Such prepayments could also be made from the proceeds of bonds issued by or on behalf of an overlapping special assessment district or community facilities district. Such prepayments will result in a redemption of the Bonds on the interest payment date for which timely notice may be given under the Fiscal Agent Agreement following the receipt of the prepayment. The resulting redemption of Bonds that were purchased at a price greater than par could reduce the otherwise expected yield on such Bonds.

CONSTITUTIONAL LIMITATIONS ON TAXATION AND APPROPRIATIONS

Article XIII A of the California Constitution, commonly known as “**Proposition 13**,” provides that each county will levy the maximum *ad valorem* property tax permitted by Proposition 13 and will distribute the proceeds to local agencies in accordance with an allocation formula based in part on pre-Proposition 13 *ad valorem* property tax rates levied by local agencies.

Article XIII A limits the maximum *ad valorem* tax on real property to 1% of “full cash value,” which is defined as the County Assessor’s valuation of real property as shown on the 1975-76 tax bill under full cash value, or, thereafter, the appraised value of real property when purchased, newly constructed, or a change in ownership has occurred after the 1975 assessment. The full cash value may be adjusted annually to reflect increases of no more than 2% per year or decreases in the consumer price index or comparable local data, or declining property value caused by damage, destruction or other factors.

Article XIII A exempts from the 1% tax limitation any taxes to repay indebtedness approved by the voters prior to July 1, 1978, and requires a vote of two-thirds of the qualified electorate to impose Special Taxes or any additional *ad valorem*, sales, or transaction taxes on real property. In addition, Article XIII A requires the approval of two-thirds of all members of the State Legislature to change any State laws resulting in increased tax revenues. On June 3, 1986, California voters approved an amendment to Article XIII A of the California Constitution to allow local governments and school districts to raise their property tax rates above the constitutionally mandated 1% ceiling for the purpose of paying off certain new general obligation debt issued for the acquisition or improvement of real property and approved by two-thirds of the votes cast by the qualified electorate. If any such voter-approved debt is issued, it may be on a parity with the lien of the Special Tax on the parcels within the District.

State and local government agencies in the State, and the State itself are subject to annual appropriation limits, imposed by Article XIII B of the State Constitution. Article XIII B prohibits government agencies and the State from spending “appropriations subject to limitation” in excess of the appropriations limits imposed. “Appropriations subject to limitation” are authorizations to spend “proceeds of taxes,” which consist of tax revenues, certain state subventions and certain other funds, including proceeds from regulatory licenses, user charges or other fees to the extent that such proceeds exceed the cost reasonably borne by such entity in providing the regulation, product or service. No limit is imposed on appropriations of funds which are not “proceeds of taxes” such as debt service on indebtedness existing or authorized before January 1, 1979, or subsequently authorized by the voters, appropriations required to comply with mandates of courts or the federal government, reasonable user charges or fees and certain other non-tax funds.

CONTINUING DISCLOSURE

The City has covenanted for the benefit of owners of the Bonds to provide certain financial information and operating data relating to the District by not later than nine months after the end of the City's fiscal year (presently June 30) in each year (the "**Annual Report**") commencing with its report for the 2022-23 fiscal year (due April 1, 2024) and to provide notices of the occurrence of certain enumerated events.

The Annual Report and notices of material events will be filed with the Municipal Securities Rulemaking Board. The covenants of the City have been made in order to assist the Underwriter in complying with Securities Exchange Commission Rule 15c2-12(b)(5) (the "**Rule**"). The specific nature of the information to be contained in the Annual Report or the notices of listed events by the City is summarized in "APPENDIX D – FORM OF CONTINUING DISCLOSURE UNDERTAKING."

The City believes it currently is in material compliance with all of its continuing disclosure undertakings for the last five years. Notwithstanding the foregoing, in the last five years:

(1) The Annual Report for Fiscal Year 2019-20 for one series of the City's outstanding bonds did not initially fulfill all content requirements; a remedial filing was done approximately 3 months later.

(2) The City has not in a timely manner filed all significant event notices of changes in the ratings of certain then-outstanding obligations resulting from changes in ratings to the bond insurers who insured such obligations or the underlying ratings for such obligations. However, the City has submitted all undisclosed significant event notices of changes in ratings occurring during the last five years on all currently outstanding obligations.

The City believes it has made corrective filings to address the known instances during the last five years of past delayed or failure to file annual reports, omissions of required information and/or rating changes to be filed under its prior continuing disclosure undertakings.

UNDERWRITING

The Bonds were purchased through negotiation by Piper Sandler & Co., as underwriter (the "**Underwriter**"). The Underwriter agreed to purchase the Bonds at a price of \$5,286,981.10 (which is equal to the par amount of the Bonds, plus an original issue premium of \$538,732.35, less an Underwriter's discount of \$46,751.25). The initial public offering prices set forth on the cover page hereof may be changed by the Underwriter. The Underwriter may offer and sell the Bonds to certain dealers and others at a price lower than the public offering prices set forth on the cover page hereof.

MUNICIPAL ADVISOR

The City has retained Hilltop Securities Inc., Encino, California, as registered municipal advisor (the “**Municipal Advisor**”) in connection with the issuance of the Bonds. The Municipal Advisor is not obligated to undertake, and has not undertaken to make, an independent verification or assume responsibility for the accuracy, completeness, or fairness of the information contained in this Official Statement. The fees of the Municipal Advisor are contingent upon the sale and delivery of the Bonds.

LEGAL OPINION

The validity of the Bonds and certain other legal matters are subject to the approving opinion of Jones Hall, a Professional Law Corporation, Bond Counsel. A complete copy of the proposed form of Bond Counsel opinion is contained in APPENDIX C to this Official Statement, and the final opinion will be made available to registered owners of the Bonds at the time of delivery. The fees of Bond Counsel are contingent upon the sale and delivery of the Bonds.

TAX MATTERS

Federal Tax Status. In the opinion of Jones Hall, A Professional Law Corporation, San Francisco, California, Bond Counsel, subject, however to the qualifications set forth below, under existing law, the interest on the Bonds is excluded from gross income for federal income tax purposes and such interest is not an item of tax preference for purposes of the federal alternative minimum tax. Interest on the Bonds may be subject to the corporate alternative minimum tax.

The opinions set forth in the preceding paragraph are subject to the condition that the District comply with all requirements of the Internal Revenue Code of 1986, as amended (the “**Tax Code**”) relating to the exclusion from gross income for federal income tax purposes of interest on obligations such as the Bonds. The District has made certain representations and covenants in order to comply with each such requirement. Inaccuracy of those representations, or failure to comply with certain of those covenants, may cause the inclusion of such interest in gross income for federal income tax purposes, which may be retroactive to the date of issuance of the Bonds.

Tax Treatment of Original Issue Discount and Premium. If the initial offering price to the public at which a Bond is sold is less than the amount payable at maturity thereof, then such difference constitutes “original issue discount” for purposes of federal income taxes and State of California personal income taxes. If the initial offering price to the public at which a Bond is sold is greater than the amount payable at maturity thereof, then such difference constitutes “original issue premium” for purposes of federal income taxes and State of California personal income taxes. *De minimis* original issue discount and original issue premium are disregarded.

Under the Tax Code, original issue discount is treated as interest excluded from federal gross income and exempt from State of California personal income taxes to the extent properly allocable to each owner thereof subject to the limitations described in the first paragraph of this section. The original issue discount accrues over the term to maturity of the Bond on the basis of a constant interest rate compounded on each interest or principal payment date (with straight-line interpolations between compounding dates). The amount of original issue discount accruing during each period is added to the adjusted basis of such Bonds to determine taxable gain upon disposition (including sale, redemption, or payment on maturity) of such Bond. The Tax Code contains certain provisions relating to the accrual of original issue discount in the case of purchasers of the Bonds who purchase the

Bonds after the initial offering of a substantial amount of such maturity. Owners of such Bonds should consult their own tax advisors with respect to the tax consequences of ownership of Bonds with original issue discount, including the treatment of purchasers who do not purchase in the original offering, the allowance of a deduction for any loss on a sale or other disposition, and the treatment of accrued original issue discount on such Bonds under federal individual alternative minimum taxes.

Under the Tax Code, original issue premium is amortized on an annual basis over the term of the Bond (said term being the shorter of the Bond's maturity date or its call date). The amount of original issue premium amortized each year reduces the adjusted basis of the owner of the Bond for purposes of determining taxable gain or loss upon disposition. The amount of original issue premium on a Bond is amortized each year over the term to maturity of the Bond on the basis of a constant interest rate compounded on each interest or principal payment date (with straight-line interpolations between compounding dates). Amortized Bond premium is not deductible for federal income tax purposes. Owners of premium Bonds, including purchasers who do not purchase in the original offering, should consult their own tax advisors with respect to State of California personal income tax and federal income tax consequences of owning such Bonds.

California Tax Status. In the further opinion of Bond Counsel, interest on the Bonds is exempt from California personal income taxes.

Other Tax Considerations. Current and future legislative proposals, if enacted into law, clarification of the Tax Code or court decisions may cause interest on the Bonds to be subject, directly or indirectly, to federal income taxation or to be subject to or exempted from state income taxation, or otherwise prevent beneficial owners from realizing the full current benefit of the tax status of such interest. The introduction or enactment of any such legislative proposals, clarification of the Tax Code or court decisions may also affect the market price for, or marketability of, the Bonds. It cannot be predicted whether or in what form any such proposal might be enacted or whether, if enacted, such legislation would apply to bonds issued prior to enactment.

The opinions expressed by Bond Counsel are based upon existing legislation and regulations as interpreted by relevant judicial and regulatory authorities as of the date of such opinion, and Bond Counsel has expressed no opinion with respect to any proposed legislation or as to the tax treatment of interest on the Bonds, or as to the consequences of owning or receiving interest on the Bonds, as of any future date. Prospective purchasers of the Bonds should consult their own tax advisors regarding any pending or proposed federal or state tax legislation, regulations or litigation, as to which Bond Counsel expresses no opinion.

Owners of the Bonds should also be aware that the ownership or disposition of, or the accrual or receipt of interest on, the Bonds may have federal or state tax consequences other than as described above. Other than as expressly described above, Bond Counsel expresses no opinion regarding other federal or state tax consequences arising with respect to the Bonds, the ownership, sale or disposition of the Bonds, or the amount, accrual or receipt of interest on the Bonds.

RATINGS

S&P Global Ratings, a business unit of Standard & Poor's Financial Services LLC ("**S&P**") is expected to assign the rating of "AA" to the Insured Bonds with the understanding that, upon delivery of the Insured Bonds, the Policy will be issued by the Insurer. S&P has also assigned a rating of "A" to the Bonds, without regard to the issuance of the Policy. Such ratings reflect only the view of S&P and an explanation of the significance of such ratings may be obtained from S&P. There is no assurance that such ratings will continue for any given period of time or that it will not be revised downward or withdrawn entirely by S&P, if in the judgment of S&P, circumstances so warrant. Any such downward revision or withdrawal of such ratings may have an adverse effect on the market price of the Bonds. The City assumes no obligation to attempt to maintain any ratings on the Bonds.

NO LITIGATION

At the time of delivery of and payment for the Bonds, the City Attorney will deliver her opinion that to the best of its knowledge there is no action, suit, proceeding, inquiry or investigation at law or in equity before or by any court or regulatory agency pending against the City affecting its existence or the titles of its officers to office 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, or the collection or application of the Special Tax 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 or any action of the City contemplated by any of said documents, or in any way contesting the completeness or accuracy of this Official Statement or any amendment or supplement thereto, or contesting the powers of the City or its authority with respect to the Bonds or any action of the City contemplated by any of said documents.

EXECUTION

The execution and delivery of this Official Statement by the City has been duly authorized by the City Council on behalf of the District.

CITY OF ROSEVILLE

By: /s/ Dennis Kauffman
Assistant City Manager/
Chief Financial Officer

RATINGS

S&P Global Ratings, a business unit of Standard & Poor's Financial Services LLC ("**S&P**") is expected to assign the rating of "AA" to the Insured Bonds with the understanding that, upon delivery of the Insured Bonds, the Policy will be issued by the Insurer. S&P has also assigned a rating of "A" to the Bonds, without regard to the issuance of the Policy. Such ratings reflect only the view of S&P and an explanation of the significance of such ratings may be obtained from S&P. There is no assurance that such ratings will continue for any given period of time or that it will not be revised downward or withdrawn entirely by S&P, if in the judgment of S&P, circumstances so warrant. Any such downward revision or withdrawal of such ratings may have an adverse effect on the market price of the Bonds. The City assumes no obligation to attempt to maintain any ratings on the Bonds.

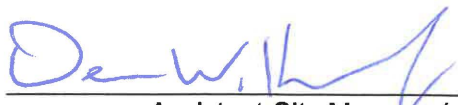
NO LITIGATION

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EXECUTION

The execution and delivery of this Official Statement by the City has been duly authorized by the City Council on behalf of the District.

CITY OF ROSEVILLE

By: 
Assistant City Manager/
Chief Financial Officer

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APPENDIX A

RATE AND METHOD OF APPORTIONMENT OF SPECIAL TAX

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EXHIBIT A
Longmeadow Parkside
Community Facilities District No. 1
(Public Facilities)
City of Roseville, California

**RATE, METHOD OF APPORTIONMENT, AND MANNER OF
COLLECTION OF SPECIAL TAX**

1. Basis of Special Tax Levy

A Special Tax authorized under the Mello-Roos Community Facilities Act of 1982 (Act) applicable to the land in Longmeadow Parkside Community Facilities District No. 1 (Public Facilities) (CFD) of the City of Roseville (City) shall be levied and collected according to the tax liability determined by the City through the application of the appropriate amount or rate, as described below.

2. Definitions

“Act” means the Mello-Roos Community Facilities Act of 1982, as amended, Sections 53311 and following of the California Government Code.

“Administrative Expenses” means the following actual or reasonably estimated costs related to the administration of the CFD, including:

- Costs of computing Special Taxes and preparing annual Special Tax collection schedules (whether by the City or designee thereof or both);
- Costs of collecting the Special Taxes (whether by the County, the City, or otherwise);
- Costs of remitting the Special Taxes to the Trustee;
- Costs of the Trustee (including its legal counsel) in the discharge of the duties required of it under the Bond Indenture;
- Costs to the City, CFD or any designee thereof of complying with arbitrage rebate requirements;
- Costs to the City, CFD or any designee thereof of complying with City, CFD or obliged persons disclosure requirements;
- Costs associated with preparing Special Tax disclosure statements;
- Costs incurred in responding to public inquiries regarding the Special Taxes;

- Costs to the City, CFD or designee thereof related to any appeal of the Special Tax;
- Costs associated with the release of funds from an escrow account, if any; and
- Amounts estimated to be advanced or advanced by the City for any other administrative purposes, including attorney's fees and other costs related to commencing and pursuing to completion any foreclosure of delinquent Special Taxes.

"Administrator" means the person or firm designated by the City to administer the Special Taxes according to this Rate and Method of Apportionment of Special Tax.

"Affordable Unit" means a Unit built on a Single-family Residential Parcel for which an Affordable Purchase Development Agreement has been recorded on title of the property designating the Unit as affordable and resulting in a deed of trust on the Single-family Residential Parcel in favor of the City. Single-family Residential Parcels identified as Affordable Units are identified as lots 15, 16, 19, 20, 129, 130, 135, 136, 141, 142, 153, 154, 159, 160, 165, 166, 170, 171, 172, 175, 176, 177, 181, 182, 183, 187, 188, and 189 as shown on Plat of "Longmeadow Village 2, Phase 1 filed for record June 14, 2005 in Book AA of maps at page 37, in the official records of the County. Affordable Units are identified by County Assessor's Parcel in **Attachment 1**. The list of Affordable Units shall also be updated to reflect those Units no longer qualifying as Affordable Units, also known as Market Rate Units. If an Affordable Unit is no longer owned by the Original Owner, the Taxable Parcel will be reclassified as a Market Rate Unit. The list of Affordable Units, which shall contain all qualifying Affordable Units as of April 30, shall be made available to Administrator by July 1 of each year for purposes of determining the Maximum Annual Special Tax for Taxable Parcels pursuant to **Section 5** below. There shall be no more than 28 Affordable Units in the CFD.

"Annual Costs" means, for any Fiscal Year, the total of the following:

- i) Debt Service to be paid from Special Taxes collected during such Fiscal Year;
- ii) Administrative Expenses for such Fiscal Year;
- iii) The amount needed to replenish the reserve fund for the Bonds to the level required under the Bond Indenture;
- iv) An amount equal to the amount of delinquencies in payments of Special Taxes levied in the previous Fiscal Year and/or anticipated for the current Fiscal Year;
- v) Pay-As-You-Go Expenditures; and
- vi) Less any earnings on the reserve fund and special tax fund that are transferred to the bond redemption fund pursuant to the Bond Indenture.

"Authorized Facilities" means those facilities to be financed as identified in the resolution forming the CFD.

"Benefit Share" means the Maximum Annual Special Tax for a Taxable Parcel divided by the Maximum CFD Revenue.

"Bond(s)" means bond(s) issued or other indebtedness incurred by the City for the CFD under the Act.

"Bond Indenture" means the indenture, resolution, fiscal agent agreement, or other financing document pursuant to which any Bonds are issued.

"Bond Share" means the share of Bonds assigned to a Parcel as specified in **Section 7** hereof.

"CFD" means Longmeadow Parkside Community Facilities District No. 1 (Public Facilities).

"City" means the City of Roseville, California.

"Council" means the City Council of the City.

"County" means the County of Placer, California.

"County Assessor's Parcel" means the Assessor's Parcel number for any Parcel of land in the CFD as recorded by the County Assessor on the County equalized tax roll.

"Debt Service" means the total annual amount of bond principal, interest, and any scheduled sinking fund payments of the Bonds.

"Developed Parcel" means a Parcel in one of the following Parcel categories that has received from the City the applicable development approval for that Parcel category as follows:

<u>Parcel Category</u>	<u>Development Approval</u>
Single-family Residential Parcel	=> - Final Subdivision Map

"Developer" means John Mourier Construction, Inc. or successor.

"Final Subdivision Map" means a recorded map designating individual Single-family Residential Parcels.

"Finance Director" means the City Treasurer of the City or designee.

"Fiscal Year" means the period starting July 1 and ending the following June 30.

"Large Lot Parcel(s)" means any Taxable Parcel that is not a Developed Parcel.

"Large Lot Subdivision Map" means a recorded subdivision map creating Parcels by land use. However, the Large Lot Subdivision Map does not delineate Single-family Residential Parcels. A Final Subdivision Map will create individual single-family parcels.

"Market Rate Unit" means Taxable Parcels in the Longmeadow that are sold without subsidies for low income or medium income home buyers. At formation of the CFD, there will be 28 Taxable Parcels designated as Affordable Units. All remaining Taxable Parcels will be classified as Market Rate Units. An Affordable Unit will be reclassified as a Market Rate Unit when the Original Owner sells the Affordable Unit.

"Maximum CFD Revenue" means the sum of the Maximum Annual Special Tax levied on all Taxable Parcels in the CFD in a Fiscal Year.

"Maximum Annual Special Tax" means the maximum amount of Special Tax that can be levied against a Taxable Parcel in a Fiscal Year as shown in **Attachment 1**.

"Maximum Annual Special Tax Revenue" means the maximum amount of revenue that can be collected by levying the Maximum Annual Special Tax against a group of Taxable Parcels within a specific classification.

"Original Owner" means an individual or party that originally purchases an Affordable Unit.

"Original Parcel" means the County Assessor Parcel's existing at the formation of the CFD, as shown on **Attachment 1**.

"Outstanding Bonds" means the total principal amount of Bonds that have been issued and not fully repaid or legally defeased. Prior to the initial Bond sale, Outstanding Bonds shall be equal to the bond authorization.

"Parcel" means any parcel of land, identified by County Assessor's Parcel, in the CFD based on the equalized tax rolls of the County as of January 1 preceding the Fiscal Year.

"Pay-As-You-Go Expenditure" means expenditures for Authorized Facilities that are not funded through the issuance of bonds. The developer may receive payments from Pay-As-

You-Go Expenditures, for Authorized Facilities constructed but not fully reimbursed from bond proceeds, for a period of five years from the first year that Special Taxes are levied. After that time period, Pay-As-You-Go Expenditures will be utilized by the City, in its sole discretion, for funding any additional Authorized Facilities.

“Planned Residential Lots” means the number of single-family Units planned for each Large Lot Parcel as shown in **Attachment 1**.

“Prepayment” means the complete fulfillment of a Parcel’s Special Tax obligation, as determined by following the procedures in **Section 7**.

“Public Parcel” means any Parcel that is or is intended to be publicly owned, as designated in any final map for Longmeadow that is normally exempt from the levy of general *ad valorem* property taxes under California law, including public streets; schools; parks; and public drainageways, landscaping, wetlands, greenbelts, and open space.

“Reserve Fund Requirement” means the amount required to be held in the bond reserve fund created under the Bond Indenture.

“Reserve Fund Share” means the lesser of: (i) Reserve Fund Requirement or (ii) the reserve fund balance at the time of such calculation, multiplied by the Benefit Share for a given Parcel.

“Single-family Residential Parcel” means a single-family residential lot created by the recordation of a Final Subdivision Map.

“Special Tax(es)” mean(s) any special tax levied on Taxable Parcels in the CFD under the Act.

“Subdivision” or **“Subdivided”** means a division of a Parcel into two or more Parcels through the Subdivision Map Act process.

“Successor Parcel” means a Parcel created by Subdivision of an Original Parcel or other Successor Parcel.

“Tax Collection Schedule” means the document prepared by the City for the County Auditor to use in levying and collecting the Special Tax each Fiscal Year.

“Taxable Acres” or **“Taxable Acreage”** means the portion of a Taxable Parcel that is developable.

"Taxable Parcel" means any Parcel that is not a Tax-Exempt Parcel.

"Tax-Exempt Parcel" means a Parcel not subject to the Special Tax. Tax-Exempt Parcels are: (i) Public Parcels, (ii) Parcels for which the Special Tax has been fully prepaid under **Section 7** hereof, and (iii) certain privately owned Parcels such as common areas owned by homeowner's associations or property owner associations, wetlands, detention basins, water quality ponds, and open space, on which an *ad valorem* property tax is not levied.

"Unit(s)" means a Single-family Residential Parcel, or the number of single-family residential lots proposed for a Large Lot Parcel.

3. Determination of Parcels Subject to Special Tax

The City shall prepare a list of the Parcels subject to the Special Tax. The City shall identify the Taxable Parcels from a list of all Parcels within the CFD boundary by excluding all Tax-Exempt Parcels.

4. Termination of the Special Tax

The Special Tax will be levied and collected for as long as needed to pay the principal and interest on debt and other costs incurred in order to construct the authorized facilities and to pay the Annual Costs. However, in no event shall the Special Tax be levied on any Parcel in the CFD after Fiscal Year 2039-2040.

When all Annual Costs incurred by the CFD have been paid, the Special Tax shall cease to be levied. The City shall direct the County Recorder to record a Notice of Cessation of Special Tax. Such notice will state that the obligation to pay the Special Tax has ceased and that the lien imposed by the Notice of Special Tax Lien is extinguished. The Notice of Cessation of Special Tax shall additionally identify the book and page of the Book of Maps of Assessment and Community Facilities Districts where the map of the boundaries of the CFD is recorded.

5. Assignment of Maximum Annual Special Tax

A. Classification of Parcels. Each Fiscal Year, using the Definitions above, the parcel records of the County Assessor's Secured Tax Roll as of January 1, and other City development approval records as of June 1, the Administrator shall cause:

1. Each Parcel to be classified as a Tax-Exempt Parcel or a Taxable Parcel;
2. Each Taxable Parcel to be classified as a Original Parcel or Successor Parcel;
3. Each Successor Parcel to be classified as a Large Lot Parcel or Developed Parcel;
4. Each Developed Parcel to be classified as a Market Rate Unit or Affordable Unit.

B. Assignment of Maximum Annual Special Tax. The Administrator shall then assign the Maximum Annual Special Tax to each Taxable Parcel as follows:

1. Original Parcels: At the formation of the CFD, Original Parcels are assigned the Maximum Annual Special Tax as shown in **Attachment 1**. Each Original Parcel is assigned Planned Residential Lots and a Maximum Annual Special Tax per Unit. Original Parcels that are Affordable Units are identified by County Assessor's Parcel in **Attachment 1**. As Original Parcels shown in **Attachment 1** are Subdivided into Successor Parcels, use **Sections 5.B.2** through **Section 5.B.3** to assign the Maximum Annual Special Tax to Taxable Parcels.

2. Successor Parcels. As Original Parcels and Successor Parcels are Subdivided, use the following steps to assign the Maximum Annual Special Tax to new Successor Parcels.

a. If Original or Successor Parcel Is Subdivided Into Large Lot Parcels. Use the following steps to assign the Maximum Annual Special Tax to each Large Lot Parcel created by the Subdivision. There shall be no net loss of Maximum CFD Revenue as a result of the assignment of the Maximum Annual Special Tax to new Taxable Parcels.

Step 1. The Developer will assign Planned Residential Lots equal to the total Planned Residential Lots from the Original Parcel(s) to each newly created Large Lot Parcel. If the Developer fails to assign Planned Residential Lots to Large Lot Parcels, the Administrator will allocate Planned Residential Lots on a *pro rata* basis to each Large Lot Parcel based on the percentage of Taxable Acreage of each Large Lot Parcel to the total Taxable Acreage of all Large Lot Parcels.

Step 2. Multiply the number of Planned Residential Lots assigned to each Large Lot Parcel by the Maximum Annual Special Tax per Unit, as shown in **Attachment 1**, to calculate the Maximum Annual Special Tax for each Large Lot Parcel.

b. If Original or Successor Parcel Is Subdivided Into Developed Parcels and One or More Large Lot Parcels. When an Original or Successor Parcel is Subdivided into Single-family Residential Parcels and one or more Large Lot Parcels, the Maximum Annual Special Tax is assigned to the Single-family Residential

Parcels and Large Lot Parcels created by the Subdivision in the following manner.

- Step 1. Assign Planned Residential Lots according to the instructions in **Section 5.B.2.**
- Step 2. For the remaining Large Lot Parcel(s), multiply the number of Planned Residential Lots assigned to the Large Lot Parcel times the Maximum Annual Special Tax per Unit, as shown in **Attachment 1**, to determine the Maximum Annual Special Tax for the Large Lot Parcels(s).
- Step 3. Multiply the Planned Residential Lots assigned to the Large Lot Parcel that has been Subdivided into Developed Parcels by the Maximum Annual Special Tax per Unit assigned to the Large Lot Parcel in **Attachment 1**.
- Step 3. Divide the Maximum Annual Special Tax calculated in **Step 3** above by the number of actual Single Family Residential Parcels created by the Final Subdivision Map. This amount is the Maximum Annual Special Tax per Unit for the Developed Parcels.
- c. If Original or Successor Parcels is Subdivided into Developed Parcels. The Maximum Annual Special Tax is assigned to Developed Parcels using the following steps. There shall be no net loss of Maximum CFD Revenue as a result of the assignment of the Maximum Annual Special Tax to Developed Parcels.
- Step 1. Divide the total amount of Maximum Annual Special Tax assigned to the Large Lot Parcel by the total number of actual Single Family Residential Parcels created by the Final Subdivision Map. This amount is the Maximum Annual Special Tax per Unit.

C. Transfer of Planned Residential Lots from Original or Successor Parcel to Another. The City may, at its sole discretion, allow the transfer of Planned Residential Units from one Original or Successor Parcel to another. Such transfer shall only be allowed if (i) all transfers are agreed to in writing by the affected property owners and Finance Director, and (ii) there is no reduction in Maximum CFD Revenue as a result of such transfers. If such transfer is requested, the Administrator will use the following steps to transfer Planned Residential Lots among Parcels:

1. Determine the number of Planned Residential Lots to be transferred.
2. Determine (from **Attachment 1**) that the Maximum Annual Special Tax per Unit for the Planned Residential Lots to be transferred.

3. Determine (from **Attachment 1**) that the Maximum Annual Special Tax per Unit for the Large Lot Parcel to which the Planned Residential Lots are to be transferred. If the Maximum Annual Special Tax per Unit is the same for each Original or Successor Parcel, reassign the Planned Residential Lots from one Original or Successor Parcel to another. The transfer is complete.
4. If the Maximum Annual Special Tax per Unit is not the same for Units assigned to the Parcels from and to which Planned Residential Lots are to be transferred, then multiply the number calculated in **Section C.1** times the amount determined in **Section C.2**. Subtract this amount from the Maximum Annual Special Tax assigned to the Original or Successor Parcel from which Planned Residential Units are being transferred, and add this amount to the Maximum Annual Special Tax for the Parcel to which Planned Residential Lots are being transferred. Next, transfer the number of Planned Residential Units from one Parcel to the other.

D. Conversion of a Tax-Exempt Parcel to a Taxable Parcel. If a Tax-Exempt Parcel is converted to a Taxable Parcel, it shall become subject to the Special Tax. The Maximum Annual Special Tax for each such Parcel shall be the Taxable Acreage of the Parcel multiplied by \$8,300.

E. Taxable Parcel Acquired by a Public Agency. A Taxable Parcel that is acquired by a public agency after the CFD is formed will remain subject to the applicable Special Tax unless the Special Tax obligation is satisfied pursuant to Section 53317.5 of the Government Code. An exception to this may be made if a Public Parcel, such as a school site, is relocated to a Taxable Parcel, in which case the previously Tax-Exempt Parcel of comparable acreage becomes a Taxable Parcel and the Maximum Annual Special Tax from the previously Taxable Parcel is transferred to the new Taxable Parcel. This trading of a Parcel from a Taxable Parcel to a Public Parcel will be permitted to the extent there is no net loss in Maximum CFD Revenue, and the transfer is agreed to by the owners of the Parcels involved in the transfer and the Administrator.

6. Setting the Annual Special Tax Rate for Taxable Parcels

The City shall calculate the Special Tax levy for each Taxable Parcel for each Fiscal Year as follows:

- A. Compute the Annual Costs using the definition of Annual Costs in **Section 2**.
- B. Calculate the Special Tax levy for each Taxable Parcel by the following steps:

Step 1: Compute 100% of the Maximum Annual Special Tax Revenue for all Taxable Parcels.

Step 2: Compare the Annual Costs with the Maximum Annual Special Tax Revenue calculated in the previous step.

Step 3: If the Annual Costs are less than the Maximum Annual Special Tax Revenue, decrease proportionately the Special Tax levy for each Taxable Parcel until the Special Tax Revenue equals the Annual Cost.

C. Levy on each Taxable Parcel the amount calculated above.

D. Prepare the Tax Collection Schedule, unless an alternative method of collection has been selected pursuant to **Section 9** to be discussed, and send it to the County Auditor requesting that it be placed on the general, secured property tax roll for the Fiscal Year. The Tax Collection Schedule shall not be sent later than the date required by the Auditor for such inclusion.

The City shall make every effort to correctly calculate the Special Tax for each Parcel. It shall be the burden of the taxpayer to correct any errors in the determination of the Parcels subject to the tax and the assignment of the Special Tax to the Parcels.

As development and subdivision of CFD land uses take place, the City will maintain a file, available for public inspection, of each current County Assessor's Parcel Number within the CFD, its Maximum Annual Special Tax, and the Maximum Annual Special Tax Revenues for all Parcels within the CFD. This record shall show the calculation of the assigned Maximum Annual Special Tax to each Taxable Parcel.

7. Prepayment of Special Tax

A property owner may permanently satisfy the Special Tax on a Parcel by prepayment as permitted under Government Code Section 53344. Prepayment is permitted only under the following conditions:

- The Prepayment is based on the Maximum Annual Special Tax for the prepaying Parcel at the time of Prepayment.
- The City determines that the Prepayment of the Special Tax does not jeopardize its ability to make timely payments of Debt Service on outstanding bonds.
- The landowner prepaying the Special Tax on a Parcel has paid any delinquent Special Tax and penalties on that Parcel prior to Prepayment.

The Prepayment amount shall be established by following the steps:

Outstanding Bond Share

- Step 1: Determine the Maximum Annual Special Tax for the Parcel for which the Special Tax is to be fully prepaid by following the procedures in **Section 5**.
- Step 2: Divide the Maximum Annual Special Tax from Step 1 by the Maximum CFD Revenue to arrive at the Benefit Share.
- Step 3: Determine the Bond Share for the Parcel by multiplying the Benefit Share from Step 2 by the Outstanding Bonds. The Outstanding Bonds to be retired from Special Taxes that have been levied but not collected shall reduce the amount of Outstanding Bonds for purposes of calculating the Bond Share. Round to the nearest \$5,000. This amount is the amount to call Bonds.
- Step 4: Add to the amount calculated in Step 3 any fees, call premiums, and expenses incurred by the City in connection with the prepayment calculation or the application of the proceeds of the Prepayment to the call of Bonds.
- Step 5: Determine the Parcel Reserve Fund Share by multiplying the Benefit Share by the Reserve Fund Requirement. Reduce the amount calculated in Step 4 by the Parcels Reserve Fund Share. This amount is the net Prepayment amount.

Note: At the City's sole discretion, the Parcel's Reserve Fund Share may be used to net against the rounding amount and any excess or deficiency netted against the subsequent Fiscal Year Special Tax levy.

8. Appeals

The Administrator has the authority to make necessary administrative adjustments to the Rate and Method of Apportionment in order to remedy any portions of the Special Tax formula that require clarification.

Any taxpayer who feels that the amount of the Special Tax assigned to a Parcel is in error may file a notice with the Administrator appealing the levy of the Special Tax as to that Parcel. The Administrator will then promptly review the appeal, and if necessary, meet with the applicant. If the Administrator verifies that the tax should be modified or changed, a recommendation at that time will be made to the Council and, as appropriate, the levy of the Special Tax as to that Parcel shall be corrected and, if applicable in any case, a refund shall be granted.

Interpretations may be made by Resolution of the Council for purposes of clarifying any vagueness or ambiguity as it relates to the Special Tax rate, the method of apportionment, the classification of properties, or any definition applicable to the CFD.

9. Manner of Collection

The Special Tax will be collected in the same manner and at the same time as *ad valorem* property taxes, provided, however, that the City or its designee may directly bill the Special Tax and may collect the Special Tax at a different time, such as on a monthly or other periodic basis, or in a different manner, if necessary to meet its financial obligations.

Attachment 1
Longmeadow Parkside CFD No. 1 (Public Facilities)
Maximum Annual Special Tax for Original Parcels [1]

Original Parcel	Description	Unit Type	Planned Residential Lots [2]	Maximum Annual Special Tax per Unit	Maximum Annual Special Tax per Original Parcel [3]
482-320-001 to 076	Village L-1	Market Rate Units	144	\$1,584	\$228,096
482-330-001 to 068	Village L-1	Market Rate Units	14	\$1,104	\$15,456
482-351-001 to 14	Village L-2	Market Rate Units	3	\$1,104	\$3,312
482-351-017,018, 021	Village L-2	Market Rate Units	5	\$1,104	\$5,520
482-354-001, 004 to 007	Village L-2	Market Rate Units	14	\$1,104	\$15,456
482-354-010 to 013,016 to 025	Village L-2	Market Rate Units	8	\$1,104	\$8,832
482-354-028 to 031, 034 to 037	Village L-2	Market Rate Units	4	\$1,104	\$4,416
482-354-040 to 042, 046	Village L-2	Market Rate Units	4	\$1,104	\$4,416
482-355-001, 005 to 007	Village L-2	Market Rate Units	7	\$1,104	\$7,728
482-354-011 to 013, 017 to 020	Village L-2	Market Rate Units	8	\$1,104	\$8,832
482-352-001 to 008	Village L-2	Market Rate Units	14	\$1,104	\$15,456
482-353-001 to 014	Village L-2	Market Rate Units	29	\$1,104	\$32,016
482-356-001 to 029	Village L-2	Market Rate Units	7	\$1,104	\$7,728
482-357-001 to 007	Village L-2	Affordable Units	4	\$120	\$480
482-351-015 to 016, 019 to 020	Village L-2	Affordable Units	6	\$120	\$720
482-354-002,003,008,009,014,015	Village L-2	Affordable Units	9	\$120	\$1,080
482-354-026,027,032,033,038,039,043 to 045	Village L-2	Affordable Units	9	\$120	\$1,080
482-355-002 to 004, 008 to 010, 014 to 016	Village L-2	Affordable Units	145		\$132,528
		Subtotal			
482-340-007 [4] [5]	Por. L-3, L-4	Market Rate Units	191	\$1,104	\$210,864
	Por. L-5				
482-340-005 [4] [5]	Por. L-4, L-5	Market Rate Units	62	\$1,104	\$68,448

Attachment 1
Longmeadow Parkside CFD No. 1 (Public Facilities)
Maximum Annual Special Tax for Original Parcels [1]

Original Parcel	Description	Unit Type	Planned Residential Lots [2]	Maximum Annual Special Tax per Unit	Maximum Annual Special Tax per Original Parcel [3]
482-340-006 [4]	Por. L-3	Market Rate Units	2	\$1,104	\$2,208
011-270-001 to 020	D-1	Market Rate Units	35	\$320	\$11,200
011-280-002 to 016					
482-340-003	L-6	Public Parcel [6]	0	\$0	\$0
Totals			579		\$653,344

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[1] The Maximum Annual Special Tax does not escalate.

[2] There should be no net loss of Maximum Annual Special Tax Revenue. If the number of Planned Residential Lots are not created once final maps have been recorded, the Maximum Annual Special Tax per Unit will increase to ensure that there is no net loss of Maximum Annual Special Tax Revenue.

[3] A Maximum Annual Special Tax is assigned to each Original Parcel. As Original Parcels are Subdivided, Planned Residential Lots are assigned by the Developer to the Successor Parcels created by the Subdivision. If the Developer fails to assign Planned Residential Lots to Successor Parcels, the Administrator will assign the Planned Residential Lots using **Section 5.B.2**.

[4] List of Planned Residential Units assigned to Villages L-3, L-4, and L-5 and corresponding County Assessor's Parcels.

Village L-3	76 Units	por. 482-340-007
Village L-4	109 units	482-340-006, por. 482-340-005 and 007
Village L-5	70 units	por. 482-340-005 and 007

[5] If Village L-5 is sold to the Roseville City School District, the Developer will prepay the Special Tax obligation for 72 Planned Residential Units.

[6] Any Public Parcel or Tax-Exempt Parcels that is converted to taxable uses will be assigned a Maximum Annual Special Tax by multiplying the Taxable Acreage of the Parcel by \$8,300.

APPENDIX B

THE CITY OF ROSEVILLE AND PLACER COUNTY

The District is located in the City of Roseville (the “City”), which is located in southwestern Placer County (the “County”), California (the “State”). Certain financial and economic data for the City, County and State are presented in this appendix for information purposes only. The Bonds are not a debt or obligation of the County or State, but are a special limited obligation of the City secured solely by the Special Tax Revenues and other amounts pledged under the Fiscal Agent Agreement, all as described in more detail in this Official Statement.

General

The City is located in the County, which is located in the Sacramento Valley near the foothills of the Sierra Nevada mountain range, about 16 miles northeast of Sacramento and 110 miles east of San Francisco. The City presently occupies 43 square miles in the southwestern part of the County and is the largest city in the County as well as the residential and business center of the County. It is bordered by Sacramento County to the south, the City of Rocklin to the north and un-incorporated Placer County to the east and west. The estimated population of the City as of January 2022 was approximately 151,034.

The City has warm summers typical of central California, with an average July temperature of 77 degrees. Winter temperatures are moderate; the average January temperature is 46 degrees. The temperature drops below freezing an average of eight days per year. Rainfall averages 20 inches annually and falls mostly during the winter.

The City is predominately comprised of residential housing, small and large businesses, as well as numerous retail centers, the latter of which play a vital role in the economy of the City and contribute significantly to City and County sales tax receipts. The City has the thirteenth highest retail sales of all cities in the State, and the City is considered a regional shopping destination. The Westfield Galleria at Roseville is the main shopping center in the City and the second largest shopping mall in Northern California. Across from the Westfield Galleria lies the “Fountains at Roseville,” a 330,000 square foot retail center, containing additional stores and several recreation centers. Plans call for future construction of hotel, additional retail, and office buildings in connection with the Fountains at Roseville project. In addition to the Westfield Galleria and Fountains at Roseville, the City has many shopping plazas surrounding the Westfield Galleria and the Douglas Boulevard financial corridor. The City is also home to one of the largest auto malls in the United States and a popular water park, Roseville Golf and Sun Splash.

Municipal Government

The City was incorporated on April 10, 1909 and is a charter city. The City operates under the council-manager form of government, with a five-member City Council elected by district for staggered four-year terms.

City services include, among others, police and fire protection, library services, street maintenance, and parks and recreation. The City also owns two golf courses and provides its own electricity, water, sewer and refuse services to its citizens.

Population

The following table sets forth population estimates for the City, County and State for the past five years.

POPULATION ESTIMATES
City, County and State
Calendar Years 2018 through 2022, as of January 1

<u>Year</u>	<u>City of Roseville</u>	<u>Placer County</u>	<u>State of California</u>
2018	137,983	389,387	39,586,646
2019	141,299	395,978	39,695,376
2020	147,245	404,739	39,538,223
2021	148,794	407,517	39,303,157
2022	151,034	409,025	39,185,605

Source: California State Department of Finance.

Effective Buying Income

Effective buying income (“**EBI**”) is designated as personal income less personal tax and non-tax payments. Personal income is the aggregate of wages and salaries, other labor income (such as employer contributions to private pension funds), proprietor’s income, rental income (which includes imputed rental income of owner-occupants of non-farm dwellings), dividends paid by corporations, personal interest income from all sources, and transfer payments (such as pensions and welfare assistance). Deducted from this total are personal taxes (federal, state and local), non-tax payments (such as fines, fees, penalties), and personal contributions for social insurance. Effective buying income is a bulk measure of market potential. It indicates the general ability to buy and is essential in comparing, selecting and grouping markets on that basis. The following table demonstrates the growth in annual estimated EBI for the City, the County, the State and the United States.

EFFECTIVE BUYING INCOME (EBI) City, County, State and United States As of January 1, 2019 through 2023

Year	Area	Total Effective Buying Income (000’s Omitted)	Median Household Effective Buying Income
2019	City of Roseville	\$4,981,208	\$75,784
	Placer County	14,736,480	74,797
	California	1,183,264,399	62,637
	United States	9,017,967,563	52,841
2020	City of Roseville	\$4,834,974	\$72,395
	Placer County	14,333,583	72,431
	California	1,243,564,816	65,870
	United States	9,487,165,436	55,303
2021	City of Roseville	\$4,126,395	\$66,668
	Placer County	12,122,101	65,269
	California	1,036,142,723	55,681
	United States	8,132,748,136	48,043
2022	City of Roseville	\$6,165,433	\$87,539
	Placer County	18,491,490	88,051
	California	1,452,426,153	77,058
	United States	11,208,582,541	64,448
2023	City of Roseville	\$6,996,310	\$92,853
	Placer County	19,349,979	91,862
	California	1,461,799,662	77,175
	United States	11,454,846,397	65,326

Source: Claritas, LLC.

Employment and Industry

The unemployment rate in the Sacramento--Roseville--Arden-Arcade MSA was 3.8 percent in April 2023, down from a revised 4.4 percent in March 2023, and above the year-ago estimate of 3.4 percent. This compares with an unadjusted unemployment rate of 4.3 percent for California and 3.1 percent for the nation during the same period. The unemployment rate was 3.6 percent in El Dorado County, 3.3 percent in Placer County, 3.9 percent in Sacramento County, and 4.3 percent in Yolo County.

The following table summarizes the civilian labor force, employment and unemployment, as well as employment by industry, in the Sacramento--Arden-Arcade--Roseville MSA for the years 2018 through 2022.

CIVILIAN LABOR FORCE, EMPLOYMENT AND UNEMPLOYMENT
Sacramento Arden Arcade Roseville Metropolitan Statistical Area
(El Dorado, Placer, Sacramento, and Yolo Counties)
Civilian Labor Force, Employment and Unemployment
Annual Averages

	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>
<u>Civilian Labor Force</u> ⁽¹⁾	1,088,500	1,101,200	1,095,600	1,107,800	1,124,500
Employment	1,047,200	1,061,100	998,400	1,036,700	1,082,500
Unemployment	41,200	40,100	97,200	71,100	42,000
Unemployment Rate	3.8%	3.6%	8.9%	6.4%	3.7%
<u>Wage and Salary Employment</u> ⁽²⁾					
Agriculture	9,100	8,700	8,300	9,000	8,600
Mining and Logging	400	500	500	500	500
Construction	64,500	69,400	70,200	74,900	76,800
Manufacturing	36,000	36,800	36,100	37,700	40,300
Wholesale Trade	28,400	28,600	26,600	26,900	28,300
Retail Trade	102,000	100,500	95,100	101,600	100,800
Transportation, Warehousing and Utilities	29,500	32,200	34,300	37,500	40,500
Information	12,400	11,900	10,200	10,100	10,500
Finance and Insurance	36,700	35,200	34,800	34,100	33,200
Real Estate and Rental and Leasing	16,800	17,300	16,900	17,700	19,100
Professional and Business Services	136,000	137,300	133,500	140,600	147,500
Educational and Health Services	159,800	166,600	164,000	168,800	175,400
Leisure and Hospitality	106,200	109,600	83,900	93,600	108,700
Other Services	34,200	35,400	31,000	33,300	36,100
Federal Government	14,100	14,200	14,800	14,500	14,300
State Government	120,400	121,900	121,700	127,300	128,700
Local Government	103,500	105,300	98,900	98,400	102,900
Total, All Industries ⁽³⁾	1,009,900	1,031,300	980,700	1,025,400	1,072,300

(1)Labor force data is by place of residence; includes self-employed individuals, unpaid family workers, household domestic workers, and workers on strike.

(2)Industry employment is by place of work; excludes self-employed individuals, unpaid family workers, household domestic workers, and workers on strike.

(3)Totals may not add due to rounding.

Source: State of California Employment Development Department

Major Employers

The following table lists the major employers within the County, in alphabetical order.

MAJOR EMPLOYERS Placer County (In Alphabetical Order) May 2023

<u>Employer</u>	<u>Location</u>	<u>Industry</u>
Backyard Bar & BBQ	Truckee	Restaurants
City of Roseville	Roseville	Government Offices-City/Village & Twp
City of Roseville California	Roseville	Government Offices-City/Village & Twp
Costco Wholesale	Roseville	Wholesale Clubs
Golfland Sunsplash Roseville	Roseville	Golf Courses-Miniature
Kaiser Permanente Roseville MD	Roseville	Hospitals
Northstar California	Truckee	Resorts
Oracle	Rocklin	Computer Software-Manufacturers
Palisades Tahoe-Alpine Meadows	Alpine Meadows	Resorts
Placer County Fire Dept	Auburn	Fire Departments
Placer County Food Stamps	Auburn	County Government-Social/Human Resources
Placer County Sheriff	Auburn	Government Offices-County
Placer County Sheriff Dept	Tahoe City	Government Offices-County
PRIDE Industries	Roseville	Employment Agencies & Opportunities
Resort At Squaw Creek A	Alpine Meadows	Hotels & Motels
Roseville Toyota	Roseville	Automobile Dealers-New Cars
Sheriff's Training	Auburn	Government Offices-County
Sierra Joint Cmnty Clg Dist	Rocklin	School Districts
Stagg Howard A Pro Corp	Roseville	Attorneys
Sutter Auburn Faith Hospital	Auburn	Hospitals
Sutter Roseville Med Ctr Fndtn	Roseville	Hospitals
TASQ Technology	Roseville	Importers (whls)
Thunder Valley Casino	Lincoln	Casinos
Union Pacific Railroad Co	Roseville	Railroads
Walmart Supercenter	Roseville	Department Stores

Source: State of California Employment Development Department, extracted from the America's Labor Market Information System (ALMIS) Employer Database, 2023 2nd Edition.

Principal Employers

The following table shows the principal employers in the City, as shown in the City's Comprehensive Annual Financial Report for fiscal year ending June 30, 2022.

PRINCIPAL EMPLOYERS City of Roseville As of June 30, 2022

<u>Employer</u>	<u>Number of Employees</u>
The Kaiser Permanente Medical Group & Foundation Group	5,900
PRIDE Industries	5,342
Sutter Roseville Medical Group	3,361
Adventist Health	1,500
City of Roseville	1,277
Union Pacific Railroad Company	1,150
Roseville City School District	1,133
Roseville Joint Union High School	1,005
Penumbra	600
Consolidated Communications	507
Total – Top Ten	<u>21,865</u>
Total City-Wide Employment	92,281

Source: City of Roseville Comprehensive Annual Financial Report for Fiscal Year 2021-22.

Construction Permits

The following table shows valuations of residential and non-residential building permits issued for calendar years 2018 through 2022. Annual figures are not yet available for 2023.

BUILDING PERMIT VALUATION City of Roseville (Valuation in Thousands of Dollars)

	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>
Permit Valuation					
New Single-family	\$220,813.8	\$265,615.3	\$322,748.5	\$467,676.3	\$420,490.6
New Multi-family	0.0	6,855.8	46,469.0	0.0	1,552.1
Res. Alterations/Additions	<u>8,598.7</u>	<u>16,133.8</u>	<u>5,126.3</u>	<u>39,648.3</u>	<u>5,529.1</u>
Total Residential	\$229,412.5	\$288,604.9	\$374,343.8	\$507,324.6	\$427,571.8
New Commercial	\$21,072.5	\$24,136.7	\$23,230.8	\$16,627.7	\$40,882.5
New Industrial	0.0	0.0	0.0	0.0	0.0
New Other	11,541.4	9,358.1	12,610.6	12,351.9	7,312.1
Com. Alterations/Additions	<u>38,098.5</u>	<u>46,155.6</u>	<u>24,553.9</u>	<u>29,192.0</u>	<u>42,938.9</u>
Total Nonresidential	\$70,712.4	\$79,650.40	\$60,395.3	\$58,171.6	\$91,133.5
New Dwelling Units					
Single-Family	806	1,001	1,226	1,860	1,618
Multiple Family	<u>0</u>	<u>65</u>	<u>372</u>	<u>0</u>	<u>18</u>
Total New Dwelling Units	806	1,066	1,598	1860	1,636

Source: Construction Industry Research Board, Building Permit Summary.

The County's 2022-23 assessment roll totaled \$97,541,982,154 as compared to the prior year's assessment roll of \$89,326,713,518, which reflected a 9.20% increase this year. These numbers over the last two years contrast with the real estate decline years of 2008 and after, where the County assessment roll experienced declines.

The following table shows residential and non-residential building permits issued within the County for calendar years 2018 through 2022. Annual figures are not yet available for 2023.

BUILDING PERMIT VALUATION
County of Placer
(Valuation in Thousands of Dollars)

	2018	2019	2020	2021	2022
<u>Permit Valuation</u>					
New Single-family	\$696,737.4	\$693,647.7	\$827,822.1	\$1,323,114.6	\$1,193,148.4
New Multi-family	23,384.7	7,896.7	72,442.8	11,183.1	40,312.6
Res. Alterations/Additions	<u>99,341.6</u>	<u>86,964.2</u>	<u>52,440.8</u>	<u>107,613.1</u>	<u>82,331.3</u>
Total Residential	\$819,463.7	\$788,508.6	\$952,705.7	\$1,441,910.8	\$1,315,792.3
 New Commercial	 \$90,424.4	 \$73,609.7	 \$58,855.0	 \$52,238.1	 \$105,124.2
New Industrial	7,956.4	268.7	25.0	1,155.5	0.0
New Other	68,208.3	110,951.1	76,576.0	73,032.7	116,224.1
Com. Alterations/Additions	<u>84,271.0</u>	<u>78,159.7</u>	<u>49,149.7</u>	<u>58,371.2</u>	<u>80,371.0</u>
Total Nonresidential	\$250,860.1	\$262,989.2	\$184,605.7	\$184,797.5	\$301,719.3
 <u>New Dwelling Units</u>					
Single-Family	1,963	2,080	2,552	4,176	3,701
Multiple Family	<u>19</u>	<u>71</u>	<u>540</u>	<u>66</u>	<u>351</u>
Total New Dwelling Units	1,982	2,151	3,092	4,242	4,052

Source: Construction Industry Research Board, Building Permit Summary.

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Commercial Activity

A summary of historic taxable sales within the City and the County during the past five years in which data is available is shown in the following tables.

The total taxable sales during calendar year 2022 in the City were reported to be \$5,934,936,479, a 5.63% increase from the total taxable sales of \$5,618,718,251 reported during the calendar year 2021.

CITY OF ROSEVILLE
Taxable Transactions
Calendar Years 2018 through 2022
(Dollars in Thousands)

	Retail Stores		Total All Outlets	
	Number of Permits	Taxable Transactions	Number of Permits	Taxable Transactions
2018	3,705	\$4,048,870	5,393	\$4,767,160
2019	3,748	4,021,058	5,578	4,889,702
2020	3,912	3,692,180	5,968	4,425,817
2021	3,623	4,800,774	5,602	5,618,718
2022	3,676	5,039,926	5,847	5,934,936

Source: State Department of Tax and Fee Administration

The total taxable sales during calendar year 2022 in the County were reported to be \$13,351,486,567, an 5.69% increase over the total taxable sales of \$12,632,960,416 reported during calendar year 2021.

PLACER COUNTY
Taxable Transactions
Calendar Years 2018 through 2022
(Dollars in Thousands)

	Retail Stores		Total All Outlets	
	Number of Permits	Taxable Transactions	Number of Permits	Taxable Transactions
2018	8,717	\$7,724,326	13,794	\$9,909,906
2019	8,771	7,943,537	14,193	10,341,805
2020	9,165	7,931,068	15,141	10,319,123
2021	8,130	9,627,064	13,720	12,632,960
2022	8,201	10,051,067	14,163	13,351,487

Source: State Department of Tax and Fee Administration.

Transportation

The County's transportation network is an integral part of its development. Centrally located in the State, the area is the hub of several major highways. Interstate 80 runs through the County, connecting San Francisco to New York. Highway 65 runs north from I-80 to Lincoln and Marysville. Interstate 5, which is west of the County, runs north to Seattle and south to Los Angeles. In the City, the major highways in the area are Interstate 80 and Interstate 5, and State Highways 65, 50, and 99.

Union Pacific Railroad bought Southern Pacific in 1996 and the J.R. Davis Yard, located in Roseville, is the largest rail facility on the West Coast. Union Pacific owns and operates track in 23 states, primarily west of the Mississippi River. Amtrak provides passenger service daily to San Francisco and San Jose, and the California Zephyr connects the County to the Midwest and Chicago.

Greyhound operates a station in Roseville, providing interstate destination services. Greyhound also operates throughout the County, with bus depots or regularly scheduled stops in most of the communities along major highways and roads.

Sacramento International Airport is serves the Roseville area. Served by ten major carriers and several commuter airlines, as well as air freight carriers, the airport handles passenger flights to over 140 cities with more than 130 scheduled departures per day and 4.3 million passengers annually. Nearby Auburn Municipal Airport serves charter and private aircraft for coastal, state and transcontinental flights. Executive air service is available as well. Auburn Municipal has an elevation of 1,520 feet and an east/west runway 3,100 feet in length.

Several trucking companies serve the County, ranging from interstate lines to local haulers, and transporting a wide variety of goods. United Parcel Service, with a distribution center in Rocklin, offers freight transportation services as well.

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APPENDIX C
FORM OF OPINION OF BOND COUNSEL

July 18, 2023

City Council
City of Roseville
311 Vernon Street
Roseville, California 95678

OPINION: \$4,795,000 City of Roseville Longmeadow Parkside Community Facilities District No. 1 (Public Facilities) Special Tax Refunding Bonds, Series 2023

Members of the City Council:

We have acted as bond counsel to the City of Roseville (the "City") in connection with the issuance by the City of the above-referenced bonds (the "Bonds"), issued pursuant to the provisions of the Mello-Roos Community Facilities Act of 1982, as amended, being California Government Code Section 53311, *et seq.* (the "Act"), and pursuant to a Fiscal Agent Agreement dated as of July 1, 2023 (the "Fiscal Agent Agreement"), by and between the City and U.S. Bank Trust Company, National Association, as fiscal agent. We have examined the Act, an executed copy of the Fiscal Agent Agreement and such certified proceedings and other papers as we deem necessary to render this opinion.

As to questions of fact material to our opinion, we have relied upon representations of the City contained in the Fiscal Agent Agreement and in the certified proceedings and other certifications of public officials furnished to us, without undertaking to verify the same by independent investigation.

Based upon our examination we are of the opinion, under existing law, that:

1. The City is a charter city duly organized and existing under the laws of the State of California, with power to enter into the Fiscal Agent Agreement, to perform the agreements on its part contained therein and to issue the Bonds.
2. The Bonds have been duly authorized, executed and delivered by the City and are legal, valid and binding obligations of the City, payable solely from the sources provided therefor in the Fiscal Agent Agreement.
3. The Fiscal Agent Agreement has been duly entered into by the City and constitutes a legal, valid and binding obligation of the City enforceable against the City.
4. Pursuant to the Act, the Fiscal Agent Agreement establishes a valid lien on the funds pledged by the Fiscal Agent Agreement.

5. The interest on the Bonds is excluded from gross income for federal income tax purposes and is not an item of tax preference for purposes of the federal alternative minimum tax. Interest on the Bonds may be subject to the corporate alternative minimum tax. The opinions set forth in the preceding sentences are subject to the condition that the City comply with all requirements of the Internal Revenue Code of 1986, as amended, relating to the exclusion from gross income for federal income tax purposes of interest on obligations such as the Bonds. The City has made certain representations and covenants in order to comply with each such requirement. Inaccuracy of those representations, or failure to comply with certain of those covenants, may cause the inclusion of such interest in gross income for federal income tax purposes, which may be retroactive to the date of issuance of the Bonds.

6. The interest on the Bonds is exempt from personal income taxation imposed by the State of California.

We express no opinion regarding any other tax consequences arising with respect to the ownership, sale or disposition of, or the amount, accrual or receipt of interest on, the Bonds.

The rights of the owners of the Bonds and the enforceability of the Bonds are limited by bankruptcy, insolvency, reorganization, moratorium and other similar laws affecting creditors' rights generally, and by equitable principles, whether considered at law or in equity.

This opinion is given as of the date hereof, and we assume no obligation to revise or supplement this opinion to reflect any facts or circumstances that may hereafter come to our attention, or any changes in law that may hereafter occur. Our engagement with respect to this matter has terminated as of the date hereof.

Respectfully submitted,

A Professional Law Corporation

APPENDIX D

FORM OF CONTINUING DISCLOSURE UNDERTAKING

\$4,795,000

CITY OF ROSEVILLE

**LONGMEADOW PARKSIDE COMMUNITY FACILITIES DISTRICT NO. 1 (PUBLIC FACILITIES)
SPECIAL TAX REFUNDING BONDS
SERIES 2023**

THIS CONTINUING DISCLOSURE CERTIFICATE (this “Disclosure Certificate”), dated July 18, 2023, is executed and delivered by the CITY OF ROSEVILLE (the “City”) in connection with the issuance of the bonds captioned above (the “Bonds”). The Bonds are being issued pursuant to a Fiscal Agent Agreement, dated as of July 1, 2023 (the “Fiscal Agent Agreement”), by and between the City and U.S. Bank Trust Company, National Association, as fiscal agent (the “Fiscal Agent”). The City hereby covenants and agrees as follows:

Section 1. Purpose of the Disclosure Certificate. This Disclosure Certificate is being executed and delivered by the City for the benefit of the holders and beneficial owners of the Bonds and in order to assist the Participating Underwriter in complying with S.E.C. Rule 15c2-12(b)(5).

Section 2. Definitions. In addition to the definitions set forth above and in the Fiscal Agent Agreement, which apply to any capitalized term used in this Disclosure Certificate unless otherwise defined in this Section, the following capitalized terms shall have the following meanings:

“*Annual Report*” means any Annual Report provided by the City pursuant to, and as described in, Sections 3 and 4 of this Disclosure Certificate.

“*Annual Report Date*” means each April 1 following the City’s fiscal year end.

“*Dissemination Agent*” means Willdan Financial Services, or any successor Dissemination Agent designated in writing by the City and which has filed with the City a written acceptance of such designation.

“*Listed Events*” means any of the events listed in Section 5(a) of this Disclosure Certificate.

“*MSRB*” means the Municipal Securities Rulemaking Board, which has been designated by the Securities and Exchange Commission as the sole repository of disclosure information for purposes of the Rule.

“*Official Statement*” means the final official statement dated June 28, 2023, executed by the City in connection with the issuance of the Bonds.

“*Participating Underwriter*” means Piper Sandler & Co., the original underwriter of the Bonds required to comply with the Rule in connection with offering of the Bonds.

“*Rule*” means Rule 15c2-12(b)(5) adopted by the Securities and Exchange Commission under the Securities Exchange Act of 1934, as it may be amended from time to time.

Section 3. Provision of Annual Reports.

(a) The City shall, or shall cause the Dissemination Agent to, not later than the Annual Report Date, commencing April 1, 2024, with the report for the 2022-23 fiscal year, provide to the MSRB, in an electronic format as prescribed by the MSRB, an Annual Report that is consistent with the requirements of Section 4 of this Disclosure Certificate. Not later than 15 Business Days prior to the Annual Report Date, the City shall provide the Annual Report to the Dissemination Agent (if other than the City). If by 15 Business Days prior to the Annual Report Date the Dissemination Agent (if other than the City) has not received a copy of the Annual Report, the Dissemination Agent shall contact the City to determine if the City is in compliance with the previous sentence. The Annual Report may be submitted as a single document or as separate documents comprising a package, and may include by reference other information as provided in Section 4 of this Disclosure Certificate; provided that the audited financial statements of the City may be submitted separately from the balance of the Annual Report, and later than the Annual Report Date, if not available by that date. If the City's fiscal year changes, it shall give notice of such change in the same manner as for a Listed Event under Section 5(b). The City shall provide a written certification with each Annual Report furnished to the Dissemination Agent to the effect that such Annual Report constitutes the Annual Report required to be furnished by the City hereunder.

(b) If the City does not provide, or cause the Dissemination Agent to provide, an Annual Report by the Annual Report Date as required in subsection (a) above, the Dissemination Agent shall provide a notice of failure to file to the MSRB in a timely manner, in an electronic format as prescribed by the MSRB, and send a copy of such notice to the City.

(c) The Dissemination Agent shall:

(i) determine each year prior to the Annual Report Date the then-applicable rules and electronic format prescribed by the MSRB for the filing of annual continuing disclosure reports; and

(ii) if the Dissemination Agent is other than the City, file a report with the City and the Participating Underwriter certifying that the Annual Report has been provided pursuant to this Disclosure Certificate, and stating the date it was provided.

Section 4. Content of Annual Reports. The City's Annual Report shall contain or incorporate by reference the following documents and information:

(a) Audited Financial Statements prepared in accordance with generally accepted accounting principles as promulgated to apply to governmental entities from time to time by the Governmental Accounting Standards Board. If the City's audited financial statements are not available by the time the Annual Report is required to be filed pursuant to Section 3(a), the Annual Report shall contain unaudited financial statements in a format similar to the financial statements contained in the final Official Statement, and the audited financial statements shall be filed in the same manner as the Annual Report when they become available. This submission should be made with the following caveat:

THE CITY'S ANNUAL FINANCIAL STATEMENT IS PROVIDED SOLELY TO COMPLY WITH THE SECURITIES EXCHANGE COMMISSION STAFF'S INTERPRETATION OF RULE 15C2-12. NO FUNDS OR ASSETS OF THE CITY (OTHER THAN THE PROCEEDS OF THE SPECIAL TAXES LEVIED FOR THE DISTRICT AND SECURING THE BONDS) ARE REQUIRED TO BE USED TO PAY DEBT SERVICE ON THE BONDS AND THE CITY IS NOT OBLIGATED TO ADVANCE AVAILABLE FUNDS FROM THE CITY TREASURY TO COVER ANY DELINQUENCIES. INVESTORS SHOULD

NOT RELY ON THE FINANCIAL CONDITION OF THE CITY IN EVALUATING WHETHER TO BUY, HOLD OR SELL THE BONDS.

(b) The following additional items, indicating information as of the previous September 30th, with respect to the Bonds:

(1) Principal amount of Bonds outstanding under the Fiscal Agent Agreement.

(2) Table indicating Special Tax levy, amount collected, delinquent amount and percent delinquent for the most recent year.

(3) Status of foreclosure proceedings and summary of results of foreclosure sales, if available.

(4) Identity of any delinquent taxpayer representing more than 5% of levy and value-to-lien ratios of applicable properties (using assessed values unless more accurate information is available).

(c) In addition to any of the information expressly required to be provided under paragraphs (a) and (b) of this Section, the City shall provide such further information, if any, as may be necessary to make the specifically required statements, in the light of the circumstances under which they are made, not misleading.

Any or all of the items listed above may be included by specific reference to other documents, including official statements of debt issues of the City or related public entities, which are available to the public on the MSRB's Internet web site or filed with the Securities and Exchange Commission. The City shall clearly identify each such other document so included by reference.

Section 5. Reporting of Listed Events.

(a) The City shall give, or cause to be given, notice of the occurrence of any of the following Listed Events with respect to the Bonds:

- (1) Principal and interest payment delinquencies.
- (2) Non-payment related defaults, if material.
- (3) Unscheduled draws on debt service reserves reflecting financial difficulties.
- (4) Unscheduled draws on credit enhancements reflecting financial difficulties.
- (5) Substitution of credit or liquidity providers, or their failure to perform.
- (6) Adverse tax opinions, the issuance by the Internal Revenue Service of proposed or final determinations of taxability, Notices of Proposed Issue (IRS Form 5701-TEB) or other material notices or determinations with respect to the tax status of the Bonds, or other material events affecting the tax status of the Bonds.
- (7) Modifications to rights of security holders, if material.
- (8) Bond calls, if material, and tender offers.

- (9) Defeasances.
- (10) Release, substitution, or sale of property securing repayment of the securities, if material.
- (11) Rating changes.
- (12) Bankruptcy, insolvency, receivership or similar event of the City.
- (13) The consummation of a merger, consolidation, or acquisition involving the City, or the sale of all or substantially all of the assets of the City (other than in the ordinary course of business), the entry into a definitive agreement to undertake such an action, or the termination of a definitive agreement relating to any such actions, other than pursuant to its terms, if material.
- (14) Appointment of a successor or additional Fiscal Agent or the change of name of the Fiscal Agent, if material.
- (15) Incurrence of a financial obligation of the City, if material, or agreement to covenants, events of default, remedies, priority rights, or other similar terms of a financial obligation of the City, any of which affect security holders, if material (for the definition of “financial obligation,” see clause (e)).
- (16) Default, event of acceleration, termination event, modification of terms, or other similar events under the terms of a financial obligation of the City, any of which reflect financial difficulties (for the definition of “financial obligation,” see clause (e)).

(b) Whenever the City obtains knowledge of the occurrence of a Listed Event, the City shall, or shall cause the Dissemination Agent (if not the City) to, file a notice of such occurrence with the MSRB, in an electronic format as prescribed by the MSRB, in a timely manner not in excess of 10 business days after the occurrence of the Listed Event. Notwithstanding the foregoing, notice of Listed Events described in subsections (a)(8) and (9) above need not be given under this subsection any earlier than the notice (if any) of the underlying event is given to holders of affected Bonds under the Fiscal Agent Agreement.

(c) The City acknowledges that the events described in subparagraphs (a)(2), (a)(7), (a)(8) (if the event is a bond call), (a)(10), (a)(13), (a)(14) and (a)(15) of this Section 5 contain the qualifier “if material” and that subparagraph (a)(6) also contains the qualifier “material” with respect to certain notices, determinations or other events affecting the tax status of the Bonds. The City shall cause a notice to be filed as set forth in paragraph (b) above with respect to any such event only to the extent that it determines the event’s occurrence is material for purposes of U.S. federal securities law. Whenever the City obtains knowledge of the occurrence of any of these Listed Events, the City will as soon as possible determine if such event would be material under applicable federal securities law. If such event is determined to be material, the City will cause a notice to be filed as set forth in paragraph (b) above. The Dissemination Agent shall not be responsible for determining whether an event is material.

(d) For purposes of this Disclosure Certificate, any event described in paragraph (a)(12) above is considered to occur when any of the following occur: the appointment of a receiver, fiscal agent, or

similar officer for the City in a proceeding under the United States Bankruptcy Code or in any other proceeding under state or federal law in which a court or governmental authority has assumed jurisdiction over substantially all of the assets or business of the City, or if such jurisdiction has been assumed by leaving the existing governing body and officials or officers in possession but subject to the supervision and orders of a court or governmental authority, or the entry of an order confirming a plan of reorganization, arrangement, or liquidation by a court or governmental authority having supervision or jurisdiction over substantially all of the assets or business of the City.

Section 6. Identifying Information for Filings with the MSRB. All documents provided to the MSRB under the Disclosure Certificate shall be accompanied by identifying information as prescribed by the MSRB.

Section 7. Termination of Reporting Obligation. The City's obligations under this Disclosure Certificate shall terminate upon the legal defeasance, prior redemption or payment in full of all of the Bonds. If such termination occurs prior to the final maturity of the Bonds, the City shall give notice of such termination in the same manner as for a Listed Event under Section 5(b).

Section 8. Dissemination Agent. The City may, from time to time, appoint or engage a Dissemination Agent to assist it in carrying out its obligations under this Disclosure Certificate, and may discharge any such Agent, with or without appointing a successor Dissemination Agent. The initial Dissemination Agent will be Willdan Financial Services.

Section 9. Amendment; Waiver. Notwithstanding any other provision of this Disclosure Certificate, the City may amend this Disclosure Certificate, and any provision of this Disclosure Certificate may be waived, provided that the following conditions are satisfied:

(a) if the amendment or waiver relates to the provisions of Sections 3(a), 4 or 5(a), it may only be made in connection with a change in circumstances that arises from a change in legal requirements, change in law, or change in the identity, nature, or status of an obligated person with respect to the Bonds, or type of business conducted;

(b) the undertakings herein, as proposed to be amended or waived, would, in the opinion of nationally recognized bond counsel, have complied with the requirements of the Rule at the time of the primary offering of the Bonds, after taking into account any amendments or interpretations of the Rule, as well as any change in circumstances; and

(c) the proposed amendment or waiver either (i) is approved by holders of the Bonds in the manner provided in the Fiscal Agent Agreement for amendments to the Fiscal Agent Agreement with the consent of holders, or (ii) does not, in the opinion of the Fiscal Agent or nationally recognized bond counsel, materially impair the interests of the holders or beneficial owners of the Bonds.

If the annual financial information or operating data to be provided in the Annual Report is amended pursuant to the provisions hereof, the first annual financial information filed pursuant hereto containing the amended operating data or financial information shall explain, in narrative form, the reasons for the amendment and the impact of the change in the type of operating data or financial information being provided.

If an amendment is made to the undertaking specifying the accounting principles to be followed in preparing financial statements, the annual financial information for the year in which the change is made shall present a comparison between the financial statements or information prepared on the basis of the new accounting principles and those prepared on the basis of the former accounting

principles. The comparison shall include a qualitative discussion of the differences in the accounting principles and the impact of the change in the accounting principles on the presentation of the financial information, in order to provide information to investors to enable them to evaluate the ability of the City to meet its obligations. To the extent reasonably feasible, the comparison shall be quantitative. A notice of the change in the accounting principles shall be filed in the same manner as for a Listed Event under Section 5(b).

Section 10. Additional Information. Nothing in this Disclosure Certificate shall be deemed to prevent the City from disseminating any other information, using the means of dissemination set forth in this Disclosure Certificate or any other means of communication, or including any other information in any Annual Report or notice of occurrence of a Listed Event, in addition to that which is required by this Disclosure Certificate. If the City chooses to include any information in any Annual Report or notice of occurrence of a Listed Event in addition to that which is specifically required by this Disclosure Certificate, the City shall have no obligation under this Disclosure Certificate to update such information or include it in any future Annual Report or notice of occurrence of a Listed Event.

Section 11. Default. In the event of a failure of the City to comply with any provision of this Disclosure Certificate, the Participating Underwriter or any holder or beneficial owner of the Bonds may take such actions as may be necessary and appropriate, including seeking mandate or specific performance by court order, to cause the City to comply with its obligations under this Disclosure Certificate. A default under this Disclosure Certificate shall not be deemed an Event of Default under the Fiscal Agent Agreement, and the sole remedy under this Disclosure Certificate in the event of any failure of the City to comply with this Disclosure Certificate shall be an action to compel performance.

Section 12. Duties, Immunities and Liabilities of Dissemination Agent. The Dissemination Agent shall have only such duties as are specifically set forth in this Disclosure Certificate, and the City agrees to indemnify and save the Dissemination Agent, its officers, directors, employees and agents, harmless against any loss, expense and liabilities which it may incur arising out of or in the exercise or performance of its powers and duties hereunder, including the costs and expenses (including attorneys fees) of defending against any claim of liability, but excluding liabilities due to the Dissemination Agent's negligence or willful misconduct. The Dissemination Agent shall have no duty or obligation to review any information provided to it hereunder and shall not be deemed to be acting in any fiduciary capacity for the City, the Fiscal Agent, the Bond owners or any other party. The obligations of the City under this Section shall survive resignation or removal of the Dissemination Agent and payment of the Bonds.

Section 13. Beneficiaries. This Disclosure Certificate shall inure solely to the benefit of the City, the Fiscal Agent, the Dissemination Agent, the Participating Underwriter and holders and beneficial owners from time to time of the Bonds, and shall create no rights in any other person or entity.

Section 14. Counterparts. This Disclosure Certificate may be executed in several counterparts, each of which shall be regarded as an original, and all of which shall constitute one and the same instrument.

IN WITNESS WHEREOF, the parties hereto have executed this Disclosure Certificate as of the date first above written.

CITY OF ROSEVILLE, for and on behalf of City of
Roseville Longmeadow Parkside Community
Facilities District No. 1 (Public Facilities)

By: _____
Dennis Kauffman
Assistant City Manager/Chief Financial Officer

WILLDAN FINANCIAL SERVICES, as
Dissemination Agent

By: _____
Name:
Title:

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APPENDIX E

THE BOOK-ENTRY SYSTEM

The following description of the Depository Trust Company ("DTC"), the procedures and record keeping with respect to beneficial ownership interests in the Bonds, payment of principal, interest and other payments on the Bonds (herein, the "Securities") to DTC Participants or Beneficial Owners, confirmation and transfer of beneficial ownership interest in the Securities and other related transactions by and between DTC, the DTC Participants and the Beneficial Owners is based solely on information provided by DTC. Accordingly, no representations can be made concerning these matters and neither the DTC Participants nor the Beneficial Owners should rely on the foregoing information with respect to such matters, but should instead confirm the same with DTC or the DTC Participants, as the case may be.

Neither the issuer of the Securities (the "Issuer") nor the fiscal agent appointed with respect to the Securities (the "Agent") takes any responsibility for the information contained in this Appendix.

No assurances can be given that DTC, Direct Participants or Indirect Participants will distribute to the Beneficial Owners (a) payments of interest, principal or premium, if any, with respect to the Securities, (b) certificates representing ownership interest in or other confirmation or ownership interest in the Securities, or (c) redemption or other notices sent to DTC or Cede & Co., its nominee, as the registered owner of the Securities, or that they will so do on a timely basis, or that DTC, Direct Participants or Indirect Participants will act in the manner described in this Appendix. The current "Rules" applicable to DTC are on file with the Securities and Exchange Commission and the current "Procedures" of DTC to be followed in dealing with DTC Participants are on file with DTC.

1. The Depository Trust Company ("DTC") will act as securities depository for the securities (the "Securities"). The Securities will be issued as fully-registered securities registered in the name of Cede & Co. (DTC's partnership nominee) or such other name as may be requested by an authorized representative of DTC. One fully-registered Security certificate will be issued for each issue of the Securities, each in the aggregate principal amount of such issue, and will be deposited with DTC. If, however, the aggregate principal amount of any issue exceeds \$500 million, one certificate will be issued with respect to each \$500 million of principal amount, and an additional certificate will be issued with respect to any remaining principal amount of such issue.

2. DTC, the world's largest securities depository, is a limited-purpose trust company organized under the New York Banking Law, a "banking organization" within the meaning of the New York Banking Law, a member of the Federal Reserve System, a "clearing corporation" within the meaning of the New York Uniform Commercial Code, and a "clearing agency" registered pursuant to the provisions of Section 17A of the Securities Exchange Act of 1934. DTC holds and provides asset servicing for over 3.5 million issues of U.S. and non-U.S. equity issues, corporate and municipal debt issues, and money market instruments (from over 100 countries) that DTC's participants ("Direct Participants") deposit with DTC. DTC also facilitates the post-trade settlement among Direct Participants of sales and other securities transactions in deposited securities, through electronic computerized book-entry transfers and pledges between Direct Participants' accounts. This eliminates the need for physical movement of securities certificates. Direct Participants include both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, clearing corporations, and certain other organizations. DTC is

a wholly-owned subsidiary of The Depository Trust & Clearing Corporation ("DTCC"). DTCC is the holding company for DTC, National Securities Clearing Corporation and Fixed Income Clearing Corporation, all of which are registered clearing agencies. DTCC is owned by the users of its regulated subsidiaries. Access to the DTC system is also available to others such as both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, and clearing corporations that clear through or maintain a custodial relationship with a Direct Participant, either directly or indirectly ("Indirect Participants"). DTC has a Standard & Poor's rating of AA+. The DTC Rules applicable to its Participants are on file with the Securities and Exchange Commission. More information about DTC can be found at www.dtcc.com. *The information contained on this Internet site is not incorporated herein by reference.*

3. Purchases of Securities under the DTC system must be made by or through Direct Participants, which will receive a credit for the Securities on DTC's records. The ownership interest of each actual purchaser of each Security ("Beneficial Owner") is in turn to be recorded on the Direct and Indirect Participants' records. Beneficial Owners will not receive written confirmation from DTC of their purchase. Beneficial Owners are, however, expected to receive written confirmations providing details of the transaction, as well as periodic statements of their holdings, from the Direct or Indirect Participant through which the Beneficial Owner entered into the transaction. Transfers of ownership interests in the Securities are to be accomplished by entries made on the books of Direct and Indirect Participants acting on behalf of Beneficial Owners. Beneficial Owners will not receive certificates representing their ownership interests in Securities, except in the event that use of the book-entry system for the Securities is discontinued.

4. To facilitate subsequent transfers, all Securities deposited by Direct Participants with DTC are registered in the name of DTC's partnership nominee, Cede & Co., or such other name as may be requested by an authorized representative of DTC. The deposit of Securities with DTC and their registration in the name of Cede & Co. or such other DTC nominee do not effect any change in beneficial ownership. DTC has no knowledge of the actual Beneficial Owners of the Securities; DTC's records reflect only the identity of the Direct Participants to whose accounts such Securities are credited, which may or may not be the Beneficial Owners. The Direct and Indirect Participants will remain responsible for keeping account of their holdings on behalf of their customers.

5. Conveyance of notices and other communications by DTC to Direct Participants, by Direct Participants to Indirect Participants, and by Direct Participants and Indirect Participants to Beneficial Owners will be governed by arrangements among them, subject to any statutory or regulatory requirements as may be in effect from time to time. Beneficial Owners of Securities may wish to take certain steps to augment the transmission to them of notices of significant events with respect to the Securities, such as redemptions, tenders, defaults, and proposed amendments to the Security documents. For example, Beneficial Owners of Securities may wish to ascertain that the nominee holding the Securities for their benefit has agreed to obtain and transmit notices to Beneficial Owners. In the alternative, Beneficial Owners may wish to provide their names and addresses to the registrar and request that copies of notices be provided directly to them.

6. Redemption notices shall be sent to DTC. If less than all of the Securities within an issue are being redeemed, DTC's practice is to determine by lot the amount of the interest of each Direct Participant in such issue to be redeemed.

7. Neither DTC nor Cede & Co. (nor any other DTC nominee) will consent or vote with respect to Securities unless authorized by a Direct Participant in accordance with DTC's MMI Procedures. Under its usual procedures, DTC mails an Omnibus Proxy to Issuer as soon as possible after the record date. The Omnibus Proxy assigns Cede & Co.'s consenting or voting rights to those Direct Participants to whose accounts Securities are credited on the record date (identified in a listing attached to the Omnibus Proxy).

8. Redemption proceeds, distributions, and dividend payments on the Securities will be made to Cede & Co., or such other nominee as may be requested by an authorized representative of DTC. DTC's practice is to credit Direct Participants' accounts upon DTC's receipt of funds and corresponding detail information from Issuer or Agent, on the payable date in accordance with their respective holdings shown on DTC's records. Payments by Participants to Beneficial Owners will be governed by standing instructions and customary practices, as is the case with securities held for the accounts of customers in bearer form or registered in "street name," and will be the responsibility of such Participant and not of DTC, Agent, or Issuer, subject to any statutory or regulatory requirements as may be in effect from time to time. Payment of redemption proceeds, distributions, and dividend payments to Cede & Co. (or such other nominee as may be requested by an authorized representative of DTC) is the responsibility of Issuer or Agent, disbursement of such payments to Direct Participants will be the responsibility of DTC, and disbursement of such payments to the Beneficial Owners will be the responsibility of Direct and Indirect Participants.

9. A Beneficial Owner will give notice to elect to have its Securities purchased or tendered, through its Participant, to the Agent, and will effect delivery of such Securities by causing the Direct Participant to transfer the Participant's interest in the Securities, on DTC's records, to the Agent. The requirement for physical delivery of Securities in connection with an optional tender or a mandatory purchase will be deemed satisfied when the ownership rights in the Securities are transferred by Direct Participants on DTC's records and followed by a book-entry credit of tendered Securities to the Agent's DTC account.

10. DTC may discontinue providing its services as depository with respect to the Securities at any time by giving reasonable notice to Issuer or Agent. Under such circumstances, in the event that a successor depository is not obtained, Security certificates are required to be printed and delivered.

11. Issuer may decide to discontinue use of the system of book-entry-only transfers through DTC (or a successor securities depository). In that event, Security certificates will be printed and delivered to DTC.

12. The information in this section concerning DTC and DTC's book-entry system has been obtained from sources that Issuer believes to be reliable, but Issuer takes no responsibility for the accuracy thereof.

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APPENDIX F
SPECIMEN MUNICIPAL BOND INSURANCE POLICY

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MUNICIPAL BOND INSURANCE POLICY

ISSUER: [NAME OF ISSUER]

Policy No: _____

MEMBER: [NAME OF MEMBER]

BONDS: \$ _____ in aggregate principal
amount of [NAME OF TRANSACTION]
[and maturing on]

Effective Date: _____

Risk Premium: \$ _____
Member Surplus Contribution: \$ _____
Total Insurance Payment: \$ _____

BUILD AMERICA MUTUAL ASSURANCE COMPANY ("BAM"), for consideration received, hereby UNCONDITIONALLY AND IRREVOCABLY agrees to pay to the trustee (the "Trustee") or paying agent (the "Paying Agent") for the Bonds named above (as set forth in the documentation providing for the issuance and securing of the Bonds), for the benefit of the Owners or, at the election of BAM, directly to each Owner, subject only to the terms of this Policy (which includes each endorsement hereto), that portion of the principal of and interest on the Bonds that shall become Due for Payment but shall be unpaid by reason of Nonpayment by the Issuer.

On the later of the day on which such principal and interest becomes Due for Payment or the first Business Day following the Business Day on which BAM shall have received Notice of Nonpayment, BAM will disburse (but without duplication in the case of duplicate claims for the same Nonpayment) to or for the benefit of each Owner of the Bonds, the face amount of principal of and interest on the Bonds that is then Due for Payment but is then unpaid by reason of Nonpayment by the Issuer, but only upon receipt by BAM, in a form reasonably satisfactory to it, of (a) evidence of the Owner's right to receive payment of such principal or interest then Due for Payment and (b) evidence, including any appropriate instruments of assignment, that all of the Owner's rights with respect to payment of such principal or interest that is Due for Payment shall thereupon vest in BAM. A Notice of Nonpayment will be deemed received on a given Business Day if it is received prior to 1:00 p.m. (New York time) on such Business Day; otherwise, it will be deemed received on the next Business Day. If any Notice of Nonpayment received by BAM is incomplete, it shall be deemed not to have been received by BAM for purposes of the preceding sentence, and BAM shall promptly so advise the Trustee, Paying Agent or Owner, as appropriate, any of whom may submit an amended Notice of Nonpayment. Upon disbursement under this Policy in respect of a Bond and to the extent of such payment, BAM shall become the owner of such Bond, any appurtenant coupon to such Bond and right to receipt of payment of principal of or interest on such Bond and shall be fully subrogated to the rights of the Owner, including the Owner's right to receive payments under such Bond. Payment by BAM either to the Trustee or Paying Agent for the benefit of the Owners, or directly to the Owners, on account of any Nonpayment shall discharge the obligation of BAM under this Policy with respect to said Nonpayment.

Except to the extent expressly modified by an endorsement hereto, the following terms shall have the meanings specified for all purposes of this Policy. "Business Day" means any day other than (a) a Saturday or Sunday or (b) a day on which banking institutions in the State of New York or the Insurer's Fiscal Agent (as defined herein) are authorized or required by law or executive order to remain closed. "Due for Payment" means (a) when referring to the principal of a Bond, payable on the stated maturity date thereof or the date on which the same shall have been duly called for mandatory sinking fund redemption and does not refer to any earlier date on which payment is due by reason of call for redemption (other than by mandatory sinking fund redemption), acceleration or other advancement of maturity (unless BAM shall elect, in its sole discretion, to pay such principal due upon such acceleration together with any accrued interest to the date of acceleration) and (b) when referring to interest on a Bond, payable on the stated date for payment of interest. "Nonpayment" means, in respect of a Bond, the failure of the Issuer to have provided sufficient funds to the Trustee or, if there is no Trustee, to the Paying Agent for payment in full of all principal and interest that is Due for Payment on such Bond. "Nonpayment" shall also include, in respect of a Bond, any payment made to an Owner by or on behalf of the Issuer of principal or interest that is Due for Payment, which payment has been recovered from such Owner pursuant to the United States Bankruptcy Code in accordance with a final, nonappealable order of a court having competent jurisdiction. "Notice" means delivery to BAM of a notice of claim and certificate, by certified mail, email or telecopy as set forth on the attached Schedule or other acceptable electronic delivery, in a form satisfactory to BAM, from and signed by an Owner, the Trustee or the Paying Agent, which notice shall specify (a) the person or entity making the claim, (b) the Policy Number, (c) the claimed amount, (d) payment instructions and (e) the date such claimed amount becomes or became Due for Payment. "Owner" means, in respect of a Bond, the person or entity who, at the time of Nonpayment, is entitled under the terms of such Bond to payment thereof, except that "Owner" shall not include the Issuer, the Member or any other person or entity whose direct or indirect obligation constitutes the underlying security for the Bonds.

BAM may appoint a fiscal agent (the "Insurer's Fiscal Agent") for purposes of this Policy by giving written notice to the Trustee, the Paying Agent, the Member and the Issuer specifying the name and notice address of the Insurer's Fiscal Agent. From and after the date of receipt of such notice by the Trustee, the Paying Agent, the Member or the Issuer (a) copies of all notices required to be delivered to BAM pursuant to this Policy shall be simultaneously delivered to the Insurer's Fiscal Agent and to BAM and shall not be deemed received until received by both and (b) all payments required to be made by BAM under this Policy may be made directly by BAM or by the Insurer's Fiscal Agent on behalf of BAM. The Insurer's Fiscal Agent is the agent of BAM only, and the Insurer's Fiscal Agent shall in no event be liable to the Trustee, Paying Agent or any Owner for any act of the Insurer's Fiscal Agent or any failure of BAM to deposit or cause to be deposited sufficient funds to make payments due under this Policy.

To the fullest extent permitted by applicable law, BAM agrees not to assert, and hereby waives, only for the benefit of each Owner, all rights (whether by counterclaim, setoff or otherwise) and defenses (including, without limitation, the defense of fraud), whether acquired by subrogation, assignment or otherwise, to the extent that such rights and defenses may be available to BAM to avoid payment of its obligations under this Policy in accordance with the express provisions of this Policy. This Policy may not be canceled or revoked.

This Policy sets forth in full the undertaking of BAM and shall not be modified, altered or affected by any other agreement or instrument, including any modification or amendment thereto. Except to the extent expressly modified by an endorsement hereto, any premium paid in respect of this Policy is nonrefundable for any reason whatsoever, including payment, or provision being made for payment, of the Bonds prior to maturity. THIS POLICY IS NOT COVERED BY THE PROPERTY/CASUALTY INSURANCE SECURITY FUND SPECIFIED IN ARTICLE 76 OF THE NEW YORK INSURANCE LAW. THIS POLICY IS ISSUED WITHOUT CONTINGENT MUTUAL LIABILITY FOR ASSESSMENT.

In witness whereof, BUILD AMERICA MUTUAL ASSURANCE COMPANY has caused this Policy to be executed on its behalf by its Authorized Officer.

BUILD AMERICA MUTUAL ASSURANCE COMPANY

By: _____
Authorized Officer

Notices (Unless Otherwise Specified by BAM)

Email:

claims@buildamerica.com

Address:

200 Liberty Street, 27th floor
New York, New York 10281

Telecopy:

212-962-1524 (attention: Claims)

SPECIMEN



CALIFORNIA
ENDORSEMENT TO
MUNICIPAL BOND
INSURANCE POLICY
NO.

This Policy is not covered by the California Insurance Guaranty Association established pursuant to Article 15.2 of Chapter 1 of Part 2 of Division 1 of the California Law.

Nothing herein shall be construed to waive, alter, reduce or amend coverage in any other section of the Policy. If found contrary to the Policy language, the terms of this Endorsement supersede the Policy language

IN WITNESS WHEREOF, BUILDAMERICA MUTUAL ASSURANCE COMPANY has caused this policy to be executed on its behalf by its Authorized Officer.

BUILD AMERICA MUTUAL ASSURANCE COMPANY

By

Authorized Officer

APPENDIX G

SUMMARY OF CERTAIN PROVISIONS OF FISCAL AGENT AGREEMENT

The following contains a brief summary of certain provisions of the Fiscal Agent Agreement not found in the main body of the Official Statement. This summary is qualified by reference to the complete copy of the Fiscal Agent Agreement, a copy of which is available from the Fiscal Agent. In particular, certain provisions regarding the Insurance Policy and the Reserve Policy, as required by BAM to be in the Fiscal Agent Agreement, are not summarized herein.

Certain Definitions

“Administrative Expenses” means any or all of the following: the fees and expenses of the Fiscal Agent (including any fees or expenses of its counsel), the expenses of the City in carrying out its duties hereunder (including, but not limited to, the levying and collection of the Special Taxes, and the foreclosure of the liens of delinquent Special Taxes) including the fees and expenses of its counsel, an allocable share of the salaries of City staff directly related thereto and a proportionate amount of City general administrative overhead related thereto, any amounts paid by the City from its general funds, and all other costs and expenses of the City or the Fiscal Agent incurred in connection with the issuance and administration of the Bonds and/or the discharge of their respective duties hereunder (including, but not limited to, the calculation of the levy of the Special Taxes, foreclosures with respect to delinquent taxes, and the calculation of amounts subject to rebate to the United States) and, in the case of the City, in any way related to the administration of the District. Administrative Expenses shall include any such expenses incurred in prior years but not yet paid.

“Annual Debt Service” means, for each Bond Year, the sum of (i) the interest due on the Outstanding Bonds in such Bond Year, assuming that the Outstanding Bonds are retired as scheduled, and (ii) the principal amount of the Outstanding Bonds due in such Bond Year.

“Authorized Officer” means the Assistant City Manager/Chief Financial Officer, City Manager or City Clerk of the City, or any other Person authorized by the City to perform an act or sign a document on behalf of the City for purposes of the Fiscal Agent Agreement.

“Bond Counsel” means (i) Jones Hall, A Professional Law Corporation or (ii) any other attorney or firm of attorneys acceptable to the City and nationally recognized for expertise in rendering opinions as to the legality and tax-exempt status of securities issued by public entities.

“Bond Year” means each twelve-month period beginning on September 2 in any year and extending to the next succeeding September 1, both dates inclusive; except that the first Bond Year shall begin on the Closing Date and end on September 1, 2023.

“Business Day” means any day other than (i) a Saturday or a Sunday or (ii) a day on which banking institutions in the state in which the Principal Office of the Fiscal Agent is located are authorized or obligated by law or executive order to be closed.

“Cost of Issuance” means items of expense payable or reimbursable directly or indirectly by the City and related to the authorization, sale and issuance of the Bonds, which

items of expense shall include, but not be limited to, printing costs, costs of reproducing and binding documents, closing costs, filing and recording fees, initial fees, expenses and charges of the Fiscal Agent, including its first annual administration fee, expenses incurred by the City in connection with the issuance of the Bonds, financial advisor fees, Bond (underwriter's) discount or underwriting fee, premiums for municipal bond insurance and/or reserve fund insurance, legal fees and charges, including bond counsel, charges for execution, transportation and safekeeping of the Bonds and other costs, charges and fees in connection with the foregoing.

"DTC" means the Depository Trust Company, and its successors and assigns.

"Depository" means (i) initially, DTC, and (ii) any other Securities Depository acting as Depository pursuant to the Fiscal Agent Agreement.

"Fair Market Value" means the price at which a willing buyer would purchase the investment from a willing seller in a bona fide, arm's length transaction (determined as of the date the contract to purchase or sell the investment becomes binding) if the investment is traded on an established securities market (within the meaning of Section 1273 of the Code) and, otherwise, the term *"Fair Market Value"* means the acquisition price in a bona fide arm's length transaction (as referenced above) if (i) the investment is a certificate of deposit that is acquired in accordance with applicable regulations under the Code, (ii) the investment is an agreement with specifically negotiated withdrawal or reinvestment provisions and a specifically negotiated interest rate (for example, a guaranteed investment contract, a forward supply contract or other investment agreement) that is acquired in accordance with applicable regulations under the Code, (iii) the investment is a United States Treasury Security—State and Local Government Series that is acquired in accordance with applicable regulations of the United States Bureau of Public Debt, or (iv) the investment is the Local Agency Investment Fund of the State of California, but only if at all times during which the investment is held its yield is reasonably expected to be equal to or greater than the yield on a reasonably comparable direct obligation of the United States.

"Federal Securities" means any of the following which are non-callable and which at the time of investment are legal investments under the laws of the State of California for funds held by the Fiscal Agent (the Fiscal Agent shall rely upon investment direction from the City as a certification that such investment constitutes a legal investment):

- (i) Direct general obligations of the United States of America (including obligations issued or held in book-entry form on the books of the United States Department of the Treasury) and obligations, the payment of principal of and interest on which are directly or indirectly guaranteed by the United States of America, including, without limitation, such of the foregoing which are commonly referred to as "stripped" obligations and coupons; or

- (ii) Any of the following obligations of the following agencies of the United States of America: (a) direct obligations of the Export-Import Bank, (b) certificates of beneficial ownership issued by the Farmers Home Administration, (c) participation certificates issued by the General Services Administration, (d) mortgage-backed bonds or passthrough obligations issued and guaranteed by the Government National Mortgage Association, (e) project notes issued by the United States Department of Housing and Urban Development, and (f) public housing notes and bonds guaranteed by the United States of America.

“Fiscal Agent” means the Fiscal Agent appointed by the City and acting as an independent fiscal agent with the duties and powers herein provided, its successors and assigns, and any other corporation or association which may at any time be substituted in its place, as provided in the Fiscal Agent Agreement.

“Insurance Policy” means the Municipal Bond Insurance Policy issued by the Insurer that guarantees the schedule payment of principal of and interest on the Bonds when due.

“Insurer” or *“BAM”* means Build America Mutual Assurance Company, or any successor thereto or assignee thereof, as issuer of the Insurance Policy and the Reserve Policy.

“Maximum Annual Debt Service” means the largest Annual Debt Service for any Bond Year after the calculation is made through the final maturity date of any Outstanding Bonds.

“Officer’s Certificate” means a written certificate of the City signed by an Authorized Officer of the City.

“Outstanding,” when used as of any particular time with reference to Bonds, means (subject to the provisions of the Fiscal Agent Agreement) all Bonds except (i) Bonds theretofore canceled by the Fiscal Agent or surrendered to the Fiscal Agent for cancellation; (ii) Bonds paid or deemed to have been paid within the meaning of the Fiscal Agent Agreement; and (iii) Bonds in lieu of or in substitution for which other Bonds shall have been authorized, executed, issued and delivered by the City pursuant to the Fiscal Agent Agreement or any Supplemental Agreement.

“Owner” or *“Bondowner”* means any person who shall be the registered owner of any Outstanding Bond.

“Participating Underwriter” shall have the meaning ascribed thereto in the Continuing Disclosure Certificate.

“Permitted Investments” means any of the following, to the extent that they are lawful investments for City funds at the time of investment, and are acquired at Fair Market Value (the Fiscal Agent shall rely upon investment direction from the City as a certification that such investment constitutes a legal investment):

(i) Federal Securities;

(ii) any of following obligations of federal agencies not guaranteed by the United States of America: (a) debentures issued by the Federal Housing Administration; (b) participation certificates or senior debt obligations of the Federal Home Loan Mortgage Corporation or Farm Credit Banks (consisting of Federal Land Banks, Federal Intermediate Credit Banks or Banks for Cooperatives); (c) bonds or debentures of the Federal Home Loan Bank Board established under the Federal Home Loan Bank Act, bonds of any federal home loan bank established under said act and stocks, bonds, debentures, participations and other obligations of or issued by the Federal National Mortgage Association, the Student Loan Marketing Association, the Government National Mortgage Association and the Federal Home Loan Mortgage Corporation; and (d) bonds, notes or other obligations issued or assumed by the International Bank for Reconstruction and Development;

(iii) interest-bearing demand or time deposits (including certificates of deposit) in federal or State of California chartered banks (including the Fiscal Agent and its affiliates), provided that (a) in the case of a savings and loan association, such demand or time deposits shall be fully insured by the Federal Deposit Insurance Corporation, or the unsecured obligations of such savings and loan association shall be rated in one of the top two rating categories by a nationally recognized rating service, and (b) in the case of a bank, such demand or time deposits shall be fully insured by the Federal Deposit Insurance Corporation, or the unsecured obligations of such bank (or the unsecured obligations of the parent bank holding company of which such bank is the lead bank) shall be rated in one of the top two rating categories by a nationally recognized rating service;

(iv) repurchase agreements with a registered broker/dealer subject to the Securities Investors Protection Corporation Liquidation in the event of insolvency, or any commercial bank provided that: (a) the unsecured obligations of such bank shall be rated in one of the top two rating categories by a nationally recognized rating service, or such bank shall be the lead bank of a banking holding company whose unsecured obligations are rated in one of the top two rating categories by a nationally recognized rating service; (b) the most recent reported combined capital, surplus and undivided profits of such bank shall be not less than \$100 million; (c) the repurchase obligation under any such repurchase obligation shall be required to be performed in not more than thirty (30) days; (d) the entity holding such securities as described in clause (c) shall have a pledged first security interest therein for the benefit of the Fiscal Agent under the California Commercial Code or pursuant to the book-entry procedures described by 31 C.F.R. 306.1 *et seq.* or 31 C.F.R. 350.0 *et seq.* and is rated in one of the top two rating categories by a nationally recognized rating service;

(v) bankers' acceptances endorsed and guaranteed by banks described in clause (iv) above;

(vi) obligations, the interest on which is exempt from federal income taxation under Section 103 of the Code and which are rated in one of the top two rating categories by a nationally recognized rating service;

(vii) money market funds which invest solely in Federal Securities or in obligations described in the preceding clause (ii) of this definition, or money market funds which are rated in the highest rating category by Standard & Poor's Ratings Services or Moody's Investor Service, including such funds for which the Fiscal Agent, its affiliates or subsidiaries provide investment advisory or other management services or for which the Fiscal Agent or an affiliate of the Fiscal Agent serves as investment administrator, shareholder servicing agent, and/or custodian or subcustodian, notwithstanding that (a) the Fiscal Agent or an affiliate of the Fiscal Agent receives and retains a fee for services provided to the fund, (b) the Fiscal Agent collects fees for services rendered pursuant to the Fiscal Agent Agreement, which fees are separate from the fees received from such funds, and (c) services performed for such funds and pursuant to the Fiscal Agent Agreement may at times duplicate those provided to such funds by the Fiscal Agent or an affiliate of the Fiscal Agent;

(viii) units of a taxable government money market portfolio comprised solely of obligations listed in (i) and (iv) above, such funds for which the Fiscal Agent, its affiliates

or subsidiaries provide investment advisory or other management services or for which the Fiscal Agent or an affiliate of the Fiscal Agent serves as investment administrator, shareholder servicing agent, and/or custodian or subcustodian, notwithstanding that (a) the Fiscal Agent or an affiliate of the Fiscal Agent receives and retains a fee for services provided to the fund, (b) the Fiscal Agent collects fees for services rendered pursuant to the Fiscal Agent Agreement, which fees are separate from the fees received from such funds, and (c) services performed for such funds and pursuant to the Fiscal Agent Agreement may at times duplicate those provided to such funds by the Fiscal Agent or an affiliate of the Fiscal Agent;

(ix) any investment which is a legal investment for proceeds of the Bonds at the time of the execution of such agreement, and which investment is made pursuant to an agreement between the City or the Fiscal Agent or any successor Fiscal Agent and a financial institution or governmental body whose long term debt obligations are rated in one of the top two rating categories by a nationally recognized rating service;

(x) commercial paper which at the time of purchase is of "prime" quality of the highest ranking or of the highest letter and numerical rating as provided for by Moody's Investors Service, or Standard and Poor's Corporation, of issuing corporations that are organized and operating within the United States and having total assets in excess of five hundred million dollars (\$500,000,000) and having an "AA" or higher rating for the issuer's debentures, other than commercial paper, as provided for by Moody's Investors Service or Standard and Poor's Corporation, and provided that purchases of eligible commercial paper may not exceed 180 days maturity nor represent more than 10 percent of the outstanding paper of an issuing corporation;

(xi) any general obligation of a bank or insurance company whose long term debt obligations are rated in one of the two highest rating categories of a national rating service;

(xii) shares in a common law trust established pursuant to Title 1, Division 7, Charter 5 of the Government Code of the State which invests exclusively in investments permitted by Section 53635 of Title 5, Division 2, Chapter 4 of the Government Code of the State, as it may be amended;

(xiii) shares in the California Asset Management Program; or

(xiv) the Local Agency Investment Fund established pursuant to Section 16429.1 of the Government Code of the State of California, *provided, however*, that the Fiscal Agent shall be permitted to make investments and withdrawals in its own name and the Fiscal Agent may restrict investments in the such fund if necessary to keep moneys available for the purposes of the Fiscal Agent Agreement.

(xv) any other lawful investment for City funds.

"Prepayment" means moneys received by the City from the prepayment of Special Taxes as provided in the Rate and Method.

"Principal Office" means the designated corporate trust office of the Fiscal Agent at which at any time its corporate trust business shall be administered set forth in the Fiscal Agent Agreement, or such other or additional offices as may be designated by the Fiscal Agent

by notice from time to time to the District and the Owners, or the designated corporate trust office of a successor Fiscal Agent, or such other or additional offices as may be designated by such successor Fiscal Agent by notice from time to time to the District and the Owners.

“Qualified Reserve Fund Credit Instrument” (a) the Reserve Policy and (b) an irrevocable standby or direct-pay letter of credit or surety bond issued by a commercial bank or insurance company and deposited with the Fiscal Agent pursuant to Section 4.03, provided that all of the following requirements are met: (i) the long-term credit rating of such bank or insurance company is rated in at least the “AA” category (without regard to qualifier) by S&P or Moody’s at the time of issuance; (ii) such letter of credit or surety bond has a term of at least twelve (12) months; (c) such letter of credit or surety bond has a stated amount at least equal to the portion of the Reserve Requirement with respect to which funds are proposed to be released pursuant to Section 4.03; and (d) the Fiscal Agent is authorized pursuant to the terms of such letter of credit or surety bond to draw thereunder an amount equal to any deficiencies which may exist from time to time in the Bond Fund for the purpose of making payments required on the Bonds. A change in the rating of the provider of a Qualified Reserve Fund Credit Instrument shall have no impact.

“Record Date” means the fifteenth (15th) day of the month next preceding the month of the applicable Interest Payment Date whether or not such day is a Business Day.

“Regulations” means temporary and permanent regulations promulgated under the Code.

“Reserve Policy” means the Municipal Bond Debt Service Reserve Insurance Policy relating to the Bonds issued by the Insurer.

“Reserve Requirement” means the lesser of 10% of the original principal amount of the Bonds, 100% of Maximum Annual Debt Service on the Bonds, or 125% of average Annual Debt Service on the Bonds. The City may meet all or a portion of the Reserve Requirement with respect to any series of Bonds by depositing a Qualified Reserve Fund Credit Instrument.

“Securities Depositories” means DTC; and, in accordance with then current guidelines of the Securities and Exchange Commission, such other addresses and/or such other securities depositories as the City may designate in an Officer’s Certificate delivered to the Fiscal Agent.

“Supplemental Agreement” means an agreement the execution of which is authorized by a resolution which has been duly adopted by the City under the Act and which agreement is amendatory of or supplemental to the Fiscal Agent Agreement, but only if and to the extent that such agreement is specifically authorized hereunder.

Bond Fund

Establishment. There is established as a separate fund to be held by the Fiscal Agent the Longmeadow Parkside Community Facilities District No. 1 (Public Facilities) Special Tax Bonds Bond Fund, to the credit of which deposits shall be made as required by the Fiscal Agent Agreement, or the Act. Within the Bond Fund, the Fiscal Agent shall establish and maintain a Capitalized Interest Account, to the credit of which deposit shall be made as required by the Fiscal Agent Agreement. Moneys in the Bond Fund shall be held in trust by the Fiscal Agent for the benefit of the Owners of the Bonds, shall be disbursed for the payment

of the principal of, and interest and any premium on, the Bonds as provided below, and, pending such disbursement, shall be subject to a lien in favor of the Owners of the Bonds.

Within the Bond Fund there is hereby established the Prepayment Account, which shall be used exclusively for the administration of any prepayments of Special Taxes to assure the timely redemption of Bonds. Monies in the Prepayment Account shall be used to redeem Bonds on the redemption date specified in the notice to the Fiscal Agent given pursuant to the Fiscal Agent Agreement. In the event all of the Special Taxes are prepaid in full, the Prepayment Account shall be closed.

Disbursements. On each Interest Payment Date, the Fiscal Agent shall withdraw from the Bond Fund and pay to the Owners of the Bonds the principal of, and interest and any premium, then due and payable on the Bonds, provided however, that so long as monies remain in the Capitalized Interest Account of the Bond Fund, the Fiscal Agent shall first withdraw from such Capitalized Interest Account for payment to the Owners of the respective Bonds the interest then due and payable on such Bonds.

In the event that amounts in the Bond Fund are insufficient to pay regularly scheduled payments of principal of and interest on the Bonds, the Fiscal Agent shall, so long as the Reserve Policy is in effect, the Fiscal Agent shall draw under the Reserve Policy as needed and available to make payments on the Bonds in accordance with the terms of the Reserve Policy and the Fiscal Agent Agreement.

Investment. Moneys in the Bond Fund shall be invested and deposited in accordance with the Fiscal Agent Agreement. Interest earnings and profits resulting from such investment and deposit shall be retained in the Bond Fund to be used for the purposes of such fund.

Deficiency. If ten days before any Interest Payment Date it appears to the Fiscal Agent that there is a danger of deficiency in the Bond Fund and that the Fiscal Agent may be unable to pay regularly scheduled debt service on the Bonds in a timely manner, the Fiscal Agent shall report to the Treasurer and Finance Director such fact. The City covenants to increase the levy of the Special Taxes in the next Fiscal Year (subject to the maximum amount authorized by the Resolution of Formation) in accordance with the procedures set forth in the Act for the purpose of curing Bond Fund deficiencies.

If on any Interest Payment Date the Fiscal Agent is unable to pay principal, interest and premium, if any, due on any Interest Payment Date for the Bonds due to insufficient funds in the Bond Fund, or if funds are withdrawn from the Reserve Fund to pay principal and/or interest on the Bonds the Fiscal Agent shall notify the Treasurer and Finance Director in writing of such fact, and the Treasurer or Finance Director shall notify CDIAC of such fact within 10 days of such Interest Payment Date. The Fiscal Agent has no obligation under the Fiscal Agent Agreement to provide notice or disclosure to the Bondowners of insufficient funds or anticipation of deficiency in the Bond Fund.

Certain Covenants

Punctual Payment. The City will punctually pay or cause to be paid the principal of, and interest and any premium on, the Bonds when and as due in strict conformity with the terms of the Fiscal Agent Agreement, and it will faithfully observe and perform all of the conditions covenants and requirements of the Fiscal Agent Agreement and all Supplemental Agreements and of the Bonds.

Extension of Time for Payment. In order to prevent any accumulation of claims for interest after maturity, the City shall not, directly or indirectly, extend or consent to the extension of the time for the payment of any claim for interest on any of the Bonds and shall not, directly or indirectly, be a party to the approval of any such arrangement by purchasing or funding said claims for interest or in any other manner. In case any such claim for interest shall be extended or funded, whether or not with the consent of the City, such claim for interest so extended or funded shall not be entitled, in case of default under the Fiscal Agent Agreement, to the benefits of the Fiscal Agent Agreement, except subject to the prior payment in full of the principal of all of the Bonds then Outstanding and of all claims for interest which shall not have been so extended or funded.

Against Encumbrances. The City will not encumber, pledge or place any charge or lien upon any of the Special Tax Revenues or other amounts pledged to the Bonds superior to or on a parity with the pledge and lien herein created for the benefit of the Bonds, except as permitted by the Fiscal Agent Agreement.

Books and Accounts. The City will keep, or cause to be kept, proper books of record and accounts, separate from all other records and accounts of the City, in which complete and correct entries shall be made of all transactions relating to the expenditure of amounts disbursed from the Special Tax Fund and to the Special Tax Revenues. Such books of record and accounts shall at all times during business hours be subject to the inspection of the Fiscal Agent and the Owners of not less than 10% of the principal amount of the Bonds then Outstanding, or their representatives duly authorized in writing.

The Fiscal Agent will keep, or cause to be kept, proper books of record and accounts, separate from all other records and accounts of the Fiscal Agent, in which complete and correct entries shall be made of all transactions relating to the expenditure of amounts disbursed from the Bond Fund, the Reserve Fund and the Costs of Issuance Fund. Such books of record and accounts shall at all times during business hours and upon reasonable prior notice, be subject to the inspection of the City and the Owners of not less than 10% of the principal amount of the Bonds then Outstanding, or their representatives duly authorized in writing.

Protection of Security and Rights of Owners. The City will preserve and protect the security of the Bonds and the rights of the Owners, and will warrant and defend their rights against all claims and demands of all persons. From and after the delivery of any of the Bonds by the City, the Bonds shall be incontestable by the City.

Collection of Special Tax Revenues. The City shall comply with all requirements of the Act so as to assure the timely collection of Special Tax Revenues, including without limitation, the enforcement of delinquent Special Taxes. On or within 5 Business Days of each June 1, the Fiscal Agent shall provide the Chief Financial Officer with a notice stating the amount then on deposit in the Bond Fund and the reserve accounts of the Reserve Fund. The receipt of such notice by the Chief Financial Officer shall in no way affect the obligations of the Chief Financial Officer under the following two paragraphs. Upon receipt of such notice, the Chief Financial Officer shall ascertain the relevant parcels on which the Special Taxes are to be levied, taking into account any parcel splits during the preceding and then current year.

The City shall effect the levy of the Special Taxes each Fiscal Year in accordance with the Ordinance such that the computation of the levy is complete before the final date on which the County Auditor will accept the transmission of the Special Tax amounts for the parcels

within the District for inclusion on the next secured real property tax roll. Upon the completion of the computation of the amounts of the levy, the City shall prepare or cause to be prepared, and shall transmit to the Chief Financial Officer, such data as the County Auditor requires to include the levy of the Special Taxes on the next secured real property tax roll.

The City shall fix and levy the amount of Special Taxes within the District required for the payment of principal of and interest on any outstanding Bonds of the District becoming due and payable during the ensuing Bond Year, including any necessary replenishment or expenditure of amounts in the Reserve Fund and an amount estimated to be sufficient to pay the Administrative Expenses during such year, all in accordance with the Special Tax Formula and the Ordinance. In any event, the Special Taxes so levied shall not exceed the authorized amounts as provided in the proceedings pursuant to the Resolution of Formation.

The Special Taxes shall be payable and be collected in the same manner and at the same time and in the same installment as the general taxes on real property are payable, and have the same priority, become delinquent at the same times and in the same proportionate amounts and bear the same proportionate penalties and interest after delinquency as do the general taxes on real property. Notwithstanding the foregoing, the Special Taxes may be collected in such other manner as the City shall prescribe if necessary to pay the debt service on the Bonds.

Private Activity Bond Limitation. The City shall assure that the proceeds of the Bonds are not so used as to cause the Bonds to satisfy the private business tests of Section 141(b) of the Code or the private loan financing test of Section 141(c) of the Code.

Federal Guarantee Prohibition. The City shall not take any action or permit or suffer any action to be taken if the result of the same would be to cause any of the Bonds to be "federally guaranteed" within the meaning of Section 149(b) of the Code.

No Arbitrage. The City shall not take, or permit or suffer to be taken by the Fiscal Agent or otherwise, any action with respect to the gross proceeds of the Bonds which if such action had been reasonably expected to have been taken, or had been deliberately and intentionally taken, on the Closing Date would have caused the Bonds to be "arbitrage bonds" within the meaning of Section 148 of the Code and Regulations.

Maintenance of Tax-Exemption. The City shall take all actions necessary to assure the exclusion of interest on the Bonds from the gross income of the Owners of the Bonds to the same extent as such interest is permitted to be excluded from gross income under the Code as in effect on the date of issuance of the Bonds.

Yield of the Bonds. In determining the yield of the Bonds to comply with the Fiscal Agent Agreement, the City will take into account redemption (including premium, if any) in advance of maturity based on the reasonable expectations of the City, as of the Closing, without regard to whether or not redemption moneys are received or Bonds are redeemed.

Further Assurances. The City will adopt, make, execute and deliver any and all such further resolutions, instruments and assurances as may be reasonably necessary or proper to carry out the intention or to facilitate the performance of the Fiscal Agent Agreement, and for the better assuring and confirming unto the Owners of the rights and benefits provided in the Fiscal Agent Agreement.

Investment of Funds

Deposit and Investment of Moneys in Funds. Subject in all respects to the provisions of the Fiscal Agent Agreement, moneys in any fund or account created or established by the Fiscal Agent Agreement and held by the Fiscal Agent, shall be invested by the Fiscal Agent in Permitted Investments, as directed pursuant to an Officer's Certificate filed with the Fiscal Agent at least 2 Business Days in advance of the making of such investments, such Officer's Certificate to specify the particular investment in Permitted Investments to be made. In the absence of any such Officer's Certificate, the Fiscal Agent shall invest any such moneys in Permitted Investments described in clause (vii) of the definition thereof which by their terms mature prior to the date on which such moneys are required to be paid out hereunder; provided, however, that any such investment shall be made by the Fiscal Agent only if, prior to the date on which such investment is to be made, the Fiscal Agent shall have received an Officer's Certificate specifying a specific money market fund and, if no such an Officer's Certificate is so received, the Fiscal Agent shall hold such moneys uninvested as cash. Subject in all respects to the provisions of Section 6.02, moneys in any fund or account created or established by this Agreement and held by the Assistant City Manager shall be invested by the Assistant City Manager in any lawful investments that the City may make, which by their terms mature prior to the date on which such moneys are required to be paid out hereunder. Obligations purchased as an investment of moneys in any fund shall be deemed to be part of such fund or account, subject, however, to the requirements of this Agreement for transfer of interest earnings and profits resulting from investment of amounts in funds and accounts.

The Fiscal Agent, Treasurer or Finance Director may act as principal or agent in the acquisition or disposition of any investment. Neither the Fiscal Agent, the Treasurer or the Finance Director shall incur any liability for any losses, taxes, fees or other charges incurred or arising from any investments, reinvestments or liquidations made pursuant to the Fiscal Agent Agreement. Any losses arising from any investments made pursuant to the Fiscal Agent Agreement shall be offset against interest earnings and profits retained in the same fund. In the event of a loss on the sale of such investments (after giving effect to any interest or other income thereon except to the extent theretofore paid to the District), the Fiscal Agent shall have no responsibility in respect of such loss except that the Fiscal Agent shall notify the City of the amount of such loss and the District shall promptly pay such amount to the Fiscal Agent to be credited as part of the moneys originally invested.

Investments in any and all funds and accounts may be commingled in a separate fund or funds for purposes of making, holding and disposing of investments, notwithstanding provisions in the Fiscal Agent Agreement for transfer to or holding in or to the credit of particular funds or accounts of amounts received or held by the Fiscal Agent or the Treasurer under the Fiscal Agent Agreement, provided that the Fiscal Agent or the Treasurer, as applicable, shall at all times account for such investments strictly in accordance with the funds and accounts to which they are credited and otherwise as provided in the Fiscal Agent Agreement.

The Fiscal Agent or the Treasurer, as applicable, shall sell or present for redemption, any investment security whenever it shall be necessary to provide moneys to meet any required payment, transfer, withdrawal or disbursement from the fund or account to which such investment security is credited and neither the Fiscal Agent nor the Treasurer shall be liable or responsible for any loss resulting from the acquisition or disposition of such investment security in accordance herewith.

The Fiscal Agent

The City may remove the Fiscal Agent initially appointed, and any successor thereto, and may appoint a successor or successors thereto, but any such successor shall be a bank, national banking association or trust company having a combined capital (exclusive of borrowed capital) and surplus of at least Fifty Million Dollars (\$50,000,000) including, for such purpose, the combined capital and surplus of any parent holding company, and subject to supervision or examination by federal or state authority. If such bank, national banking association or trust company publishes a report of condition at least annually, pursuant to law or to the requirements of any supervising or examining authority, the combined capital and surplus of such bank, national banking association or trust company shall be deemed to be its combined capital and surplus as set forth in its most recent report of condition so published.

The Fiscal Agent may at any time resign by giving written notice to the City and by giving to the Owners notice by mail of such resignation. Upon receiving notice of such resignation, the City shall promptly appoint a successor Fiscal Agent by an instrument in writing. Any resignation or removal of the Fiscal Agent shall become effective upon acceptance of appointment by the successor Fiscal Agent.

If no appointment of a successor Fiscal Agent shall be made within thirty (30) days after the Fiscal Agent shall have given to the City written notice or after a vacancy in the office of the Fiscal Agent shall have occurred by reason of its inability to act, the Fiscal Agent (at the expense of the District) or any Bondowner may apply to any court of competent jurisdiction to appoint a successor Fiscal Agent. Said court may thereupon, after such notice, if any, as such court may deem proper, appoint a successor Fiscal Agent.

Amendments

Amendments Permitted. The Fiscal Agent Agreement and the rights and obligations of the City and of the Owners of the Bonds may be modified or amended at any time by a Supplemental Agreement pursuant to the affirmative vote at a meeting of Owners, or with the written consent without a meeting, of the Owners of at least 60% in aggregate principal amount of the Bonds then Outstanding, exclusive of Bonds disqualified as provided in the Fiscal Agent Agreement. No such modification or amendment shall (i) extend the maturity of any Bond or reduce the interest rate thereon, or otherwise alter or impair the obligation of the City to pay the principal of, and the interest and any premium on, any Bond, without the express consent of the Owner of such Bond, or (ii) permit the creation by the City of any pledge or lien upon the Special Taxes superior to or on a parity with the pledge and lien created for the benefit of the Bonds (except as otherwise permitted by the Act, the laws of the State of California or the Fiscal Agent Agreement), or reduce the percentage of Bonds required for the amendment hereof. No such amendment may modify any of the rights or obligations of the Fiscal Agent without its written consent.

The Fiscal Agent Agreement and the rights and obligations of the City and of the Owners may also be modified or amended at any time by a Supplemental Agreement, without the consent of any Owners, only to the extent permitted by law and only for any one or more of the following purposes:

(A) to add to the covenants and agreements of the City in the Fiscal Agent Agreement contained, other covenants and agreements thereafter to be observed, or to limit or surrender any right or power in the Fiscal Agent Agreement reserved to or conferred upon the City;

(B) to make modifications not adversely affecting any outstanding series of Bonds of the City in any material respect, including to effectuate the issuance of Additional Bonds in accordance with the Fiscal Agent Agreement;

(C) to make such provisions for the purpose of curing any ambiguity, or of curing, correcting or supplementing any defective provision contained in the Fiscal Agent Agreement, or in regard to questions arising under the Fiscal Agent Agreement, as the City may deem necessary or desirable, and which shall not adversely affect the rights of the Owners of the Bonds; or

(D) to make such additions, deletions or modifications as may be necessary or desirable to assure compliance with Section 148 of the Code relating to required rebate of excess investment earnings to the United States or otherwise as may be necessary to assure exclusion from gross income for federal income tax purposes of interest on the Bonds or to conform with the Regulations.

No such amendment may modify any of the rights or obligations of the Fiscal Agent without its written consent.

Owners' Meetings. The City may at any time call a meeting of the Owners. In such event the City is authorized to fix the time and place of said meeting and to provide for the giving of notice thereof and to fix and adopt rules and regulations for the conduct of said meeting.

Procedure for Amendment with Written Consent of Owners. The City and the Fiscal Agent may at any time enter into a Supplemental Agreement amending the provisions of the Bonds or of the Fiscal Agent Agreement or any Supplemental Agreement, to the extent that such amendment is permitted by the Fiscal Agent Agreement, to take effect when and as provided. A copy of such Supplemental Agreement, together with a request to Owners for their consent thereto, if such consent is required under the Fiscal Agent Agreement, shall be mailed by first class mail, by the Fiscal Agent to each Owner of Bonds Outstanding, but failure to mail copies of such Supplemental Agreement and request shall not affect the validity of the Supplemental Agreement when assented to as in the Fiscal Agent Agreement provided.

If consent of the Owners is required, such Supplemental Agreement shall not become effective unless there shall be filed with the Fiscal Agent the written consents of the Owners of at least 60% in aggregate principal amount of the Bonds then Outstanding (exclusive of Bonds disqualified as provided in the Fiscal Agent Agreement) and a notice shall have been mailed as hereinafter provided. Each such consent shall be effective only if accompanied by proof of ownership of the Bonds for which such consent is given, which proof shall be such as is permitted by the Fiscal Agent Agreement. Any such consent shall be binding upon the Owner of the Bonds giving such consent and on any subsequent Owner (whether or not such subsequent Owner has notice thereof) unless such consent is revoked in writing by the Owner giving such consent or a subsequent Owner by filing such revocation with the Fiscal Agent prior to the date when the notice hereinafter provided for has been mailed.

After the Owners of the required percentage of Bonds shall have filed their consents to the Supplemental Agreement, the City shall mail a notice to the Owners in the manner hereinbefore provided for the mailing of the Supplemental Agreement, stating in substance that the Supplemental Agreement has been consented to by the Owners of the required

percentage of Bonds and will be effective as provided (but failure to mail copies of said notice shall not affect the validity of the Supplemental Agreement or consents thereto). Proof of the mailing of such notice shall be filed with the Fiscal Agent. A record, consisting of the papers required to be filed with the Fiscal Agent, shall be proof of the matters therein stated until the contrary is proved. The Supplemental Agreement shall become effective upon the filing with the Fiscal Agent of the proof of mailing of such notice, and the Supplemental Agreement shall be deemed conclusively binding (except as otherwise above specifically provided) upon the City and the Owners of all Bonds at the expiration of sixty (60) days after such filing, except in the event of a final decree of a court of competent jurisdiction setting aside such consent in a legal action or equitable proceeding for such purpose commenced within such sixty-day period.

Disqualified Bonds. Bonds owned or held for the account of the City, excepting any pension or retirement fund, shall not be deemed Outstanding for the purpose of any vote, consent or other action or any calculation of Outstanding Bonds provided for in the Fiscal Agent Agreement, and shall not be entitled to vote upon, consent to, or take any other action provided for in the Fiscal Agent Agreement except that in determining whether the Fiscal Agent shall be protected in making such a determination or relying upon any such action, consent or vote, only Bonds which an officer of the Fiscal Agent actually knows to be so owned shall be so disregarded. Upon request, the City shall provide an Officer's Certificate to the Fiscal Agent listing those Bonds which are disqualified pursuant to the Fiscal Agent Agreement.

Effect of Supplemental Agreement. From and after the time any Supplemental Agreement becomes effective pursuant to the Fiscal Agent Agreement, the Fiscal Agent Agreement shall be deemed to be modified and amended in accordance therewith, the respective rights, duties and obligations under the Fiscal Agent Agreement of the City and all Owners of Bonds Outstanding shall thereafter be determined, exercised and enforced under the Fiscal Agent Agreement subject in all respects to such modifications and amendments, and all the terms and conditions of any such Supplemental Agreement shall be deemed to be part of the terms and conditions of the Fiscal Agent Agreement for any and all purposes.

Endorsement or Replacement of Bonds Issued After Amendments. The City may determine that Bonds issued and delivered after the effective date of any action taken as provided in the Fiscal Agent Agreement shall bear a notation, by endorsement or otherwise, in form approved by the City, as to such action. In that case, upon demand of the Owner of any Bond Outstanding at such effective date and presentation of his Bond for that purpose at the Principal Office of the Fiscal Agent or at such other office as the City may select and designate for that purpose, a suitable notation shall be made on such Bond. The City may determine that new Bonds, so modified as in the opinion of the City is necessary to conform to such Owners' action, shall be prepared, executed and delivered. In that case, upon demand of the Owner of any Bonds then Outstanding, such new Bonds shall be exchanged at the Principal Office of the Fiscal Agent without cost to any Owner, for Bonds then Outstanding, upon surrender of such Bonds.

Defeasance and Discharge

If the City shall pay and discharge the entire indebtedness on all or any portion of the Bonds Outstanding in any one or more of the following ways:

(A) by well and truly paying or causing to be paid the principal of, and interest and any premium on, such Bonds Outstanding, as and when the same become due and payable;

(B) by depositing with the Fiscal Agent or other fiduciary, at or before maturity, money which, together with (in the event that all of the Bonds are to be defeased) the amounts then on deposit in certain funds and accounts provided for in the Fiscal Agent Agreement, is fully sufficient to pay such Bonds Outstanding, including all principal, interest and redemption premiums; or

(C) by irrevocably depositing with the Fiscal Agent or other fiduciary, cash and Federal Securities in such amount as the City shall determine as confirmed by an independent certified public accountant will, together with the interest to accrue thereon and (in the event that all of the Bonds are to be defeased) moneys then on deposit in certain fund and accounts provided for in the Fiscal Agent Agreement, be fully sufficient to pay and discharge the indebtedness on such Bonds (including all principal, interest and redemption premiums) at or before their respective maturity dates;

and if such Bonds are to be redeemed prior to the maturity thereof notice of such redemption shall have been given as in the Fiscal Agent Agreement provided or provision satisfactory to the Fiscal Agent shall have been made for the giving of such notice, then, at the election of the City, and notwithstanding that any Bonds shall not have been surrendered for payment, the pledge of the Special Taxes and other funds provided for in the Fiscal Agent Agreement and all other obligations of the City under the Fiscal Agent Agreement with respect to such Bonds Outstanding shall cease and terminate, except only the obligations of the City (i) under the Maintenance of Tax-Exemption provisions of the Fiscal Agent Agreement and (ii) to pay or cause to be paid to the Owners of the Bonds not so surrendered and paid all sums due thereon and all amounts owing to the Fiscal Agent pursuant to the Fiscal Agent Agreement; and thereafter Special Taxes shall not be payable to the Fiscal Agent.

Execution of Documents and Proof of Ownership by Owners

Any request, declaration or other instrument which the Fiscal Agent Agreement may require or permit to be executed by Owners may be in one or more instruments of similar tenor, and shall be executed by Owners in person or by their attorneys appointed in writing.

Except as otherwise expressly provided in the Fiscal Agent Agreement, the fact and date of the execution by any Owner or his attorney of such request, consent, declaration or other instrument, or of such writing appointing such attorney, may be proved by the certificate of any notary public or other officer authorized to take acknowledgments of deeds to be recorded in the state in which he purports to act, that the person signing such request, declaration or other instrument or writing acknowledged to him the execution thereof, or by an affidavit of a witness of such execution, duly sworn to before such notary public or other officer.

Except as otherwise expressly provided in the Fiscal Agent Agreement, the ownership of registered Bonds and the amount, maturity, number and date of holding the same shall be proved by the registry books.

Any request, consent, declaration or other instrument or writing of the Owner of any Bond shall bind all future Owners of such Bond in respect of anything done, omitted or suffered to be done by the City or the Fiscal Agent in good faith and in accordance therewith.

