

In the opinion of Jones Hall, a Professional Law Corporation, Bond Counsel, based upon an analysis of existing laws, regulations, rulings and court decisions and assuming (among other things) compliance with certain covenants, interest on the Bonds is excluded from gross income for federal income tax purposes and is exempt from State of California personal income taxes. In the opinion of Bond Counsel, interest on the Bonds is not a specific preference item for purposes of the federal individual or corporate alternative minimum taxes, although Bond Counsel observes that it is included in adjusted current earnings in calculating corporate alternative minimum taxable income. Bond Counsel expresses no opinion regarding any other tax consequences caused by ownership or disposition of, or the accrual or receipt of interest on, the Bonds. See "TAX MATTERS" herein.

\$20,440,000
CITY OF ROSEVILLE
WOODCREEK WEST COMMUNITY FACILITIES DISTRICT NO. 1
SPECIAL TAX REFUNDING BONDS
SERIES 2005

Dated: Date of Delivery

Due: September 1, as shown on inside cover

The bonds captioned above (the "Bonds"), are being issued by the City of Roseville (the "City") by and through its Woodcreek West Community Facilities District No. 1 (the "District"). The Bonds are special tax obligations of the City, authorized pursuant to the Mello-Roos Community Facilities Act of 1982, as amended, being California Government Code Section 53311, et seq. (the "Act"), and are issued pursuant to a Fiscal Agent Agreement dated as of May 1, 2005 (the "Fiscal Agent Agreement") by and between the City and The Bank of New York Trust Company, N.A., as fiscal agent (the "Fiscal Agent"). The Bonds are issued to (i) advance refund the City's Woodcreek West Community Facilities District No. Special Tax Bonds, Series 1999, (ii) refinance obligations of the City on behalf of the District incurred to finance the construction and acquisition of public facilities of benefit to the District; (iii) provide for the establishment of a reserve fund, and (iv) pay the costs of issuance of the Bonds. Interest on the Bonds is payable March 1, 2006, and thereafter semiannually on March 1 and September 1 of each year.

The Bonds are being issued as fully registered bonds, registered in the name of Cede & Co. as nominee of The Depository Trust Company, New York, New York ("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. See "APPENDIX E – BOOK-ENTRY SYSTEM."

The Bonds are secured by and payable from a pledge of Special Taxes (as defined herein) to be levied by the City on real property within the boundaries of the District, from the proceeds of any foreclosure actions brought following a delinquency in the payment of the Special Taxes, and from amounts held in certain funds under the Fiscal Agent Agreement, all as more fully described herein. **Unpaid Special Taxes do not constitute a personal indebtedness of the owners of the parcels within the District. In the event of delinquency, proceedings may be conducted only against the parcel of real property securing the delinquent Special Tax. There is no assurance the owners will be able to pay the Special Tax or that they will pay a Special Tax even though financially able to do so.** To provide funds for payment of the Bonds and the interest thereon as a result of any delinquent Special Taxes, the City will establish a Reserve Fund from proceeds of the Bonds, as described herein. See "SECURITY AND SOURCES OF PAYMENT FOR THE BONDS."

Property in the District subject to the Special Tax comprises approximately 1,530 parcels, 1,525 of which are developed as single family homes. See "THE DISTRICT."

The Bonds are subject to optional and mandatory redemption prior to maturity as described herein. See "THE BONDS — Redemption."

Payment of the principal of and interest on the Bonds when due will be insured by a financial guaranty insurance policy to be issued by Ambac Assurance Corporation simultaneously with delivery of the Bonds. (See "FINANCIAL GUARANTY INSURANCE" herein and "APPENDIX F – SPECIMEN BOND INSURANCE POLICY").



NEITHER THE FAITH AND CREDIT NOR THE TAXING POWER OF THE CITY, THE COUNTY OF PLACER, THE STATE OF CALIFORNIA OR ANY POLITICAL SUBDIVISION THEREOF IS PLEDGED TO THE PAYMENT OF THE BONDS. THE BONDS DO NOT CONSTITUTE A DEBT OF THE CITY WITHIN THE MEANING OF ANY STATUTORY OR CONSTITUTIONAL DEBT LIMITATION. THE INFORMATION SET FORTH IN THIS OFFICIAL STATEMENT, INCLUDING INFORMATION UNDER THE HEADING "SPECIAL RISK FACTORS," SHOULD BE READ IN ITS ENTIRETY.

This cover page contains certain information for general reference only. It is not a summary of all of the provisions of the Bonds. Prospective investors must read the entire Official Statement to obtain information essential to the making of an informed investment decision. See "SPECIAL RISK FACTORS" herein for a discussion of the special risk factors that should be considered, in addition to the other matters and risk factors set forth herein, in evaluating the investment quality of the Bonds.

MATURITY SCHEDULE
(on inside cover)

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The Bonds are offered when, as and if issued, subject to approval as to their legality by Jones Hall, a Professional Law Corporation, San Francisco, California, Bond Counsel. Certain legal matters will also be passed on by Jones Hall, as Disclosure Counsel. Certain legal matters will be passed upon for the City by the City Attorney. It is anticipated that the Bonds will be available for delivery to DTC on or about May 11, 2005 in New York, New York.

PIPER JAFFRAY

MATURITY SCHEDULE

<u>Maturity Date (September 1)</u>	<u>Principal Amount</u>	<u>Interest Rate</u>	<u>Yield</u>	<u>CUSIP † (777870)</u>	<u>Maturity Date (September 1)</u>	<u>Principal Amount</u>	<u>Interest Rate</u>	<u>Yield</u>	<u>CUSIP † (777870)</u>
2006	\$255,000	3.000%	2.480%	LA2	2014	\$660,000	3.875%	3.920%	LJ3
2007	530,000	3.000	2.730	LB0	2015	690,000	4.000	4.010	LK0
2008	545,000	3.000	2.890	LC8	2016	715,000	4.000	4.110	LL8
2009	560,000	3.000	3.080	LD6	2017	745,000	4.125	4.210	LM6
2010	580,000	3.125	3.280	LE4	2018	780,000	4.250	4.290	LN4
2011	595,000	3.375	3.470	LF1	2019	810,000	4.250	4.370	LP9
2012	620,000	3.600	3.670	LG9	2020	845,000	4.250	4.440	LQ7
2013	635,000	3.750	3.820	LH7	2021	880,000	4.375	4.490	LR5

\$3,935,000 4.500% Term Bond Due September 1, 2025 Price: 96.886% CUSIP: 777870 LV6
 \$6,060,000 5.000% Term Bond Due September 1, 2030 Price: 103.246% CUSIP: 777870 MA1

CITY OF ROSEVILLE, CALIFORNIA

City Council

Gina Garbolino, *Mayor*
F.C. "Rocky" Rockholm, *Mayor Pro Tem*
John Allard, *Councilmember*
Jim Gray, *Councilmember*
Richard Roccucci, *Councilmember*

City Staff

W. Craig Robinson, *City Manager*
Russell Cochran Branson, *Administrative Services Director*
Mark Doane, Esq., *City Attorney*
Sonia Orozco, *City Clerk*

SPECIAL SERVICES

Bond Counsel

Jones Hall, A Professional Law Corporation
San Francisco, California

Fiscal Agent

The Bank of New York Trust Company, N.A.
San Francisco, California

Financial Advisor

Public Financial Management, Inc.
San Francisco, California

Verification Agent

The Arbitrage Group
Tuscaloosa, Alabama

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.

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.

SECURITIES PRODUCTS AND SERVICES ARE OFFERED THROUGH PIPER JAFFRAY & CO., MEMBER SIPC AND NYSE, INC.

PIPER JAFFRAY & CO. SINCE 1895. MEMBER SIPC AND NYSE.

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OFFICIAL STATEMENT

\$20,440,000
CITY OF ROSEVILLE
WOODCREEK WEST COMMUNITY FACILITIES DISTRICT NO. 1
SPECIAL TAX REFUNDING BONDS
SERIES 2005

This Official Statement, including the cover page and all Appendices hereto, is provided to furnish certain information in connection with the issuance by the City of Roseville (the "**City**") by and through its Woodcreek West Community Facilities District No. 1 (the "**Community Facilities District**" or the "**District**") of the bonds captioned above (the "**Bonds**").

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 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.

Purposes of the Bonds. The Bonds are being issued to provide funds to refund all of the City's Woodcreek West Community Facilities District No. Special Tax Bonds, Series 1999 (the "**Prior Bonds**") issued in December 1999. Proceeds of the Bonds will also be used to satisfy certain obligations of the City on behalf of the District to pay certain developers principal amounts and interest thereon related to the acquisition of authorized District facilities on a pay-as-you-go basis; to fund the reserve fund established for the Bonds; and to pay the cost of issuance of the Bonds. See "ESTIMATED SOURCES AND USES OF FUNDS." See also "PLAN OF FINANCE."

Authority for Issuance. The Bonds are issued pursuant to the provisions of the Mello-Roos Community Facilities Act of 1982, as amended (Sections 53311, *et seq.*, of the Government Code of the State of California) (the “**Act**”) and pursuant to a Fiscal Agent Agreement dated as of May 1, 2005 (the “**Fiscal Agent Agreement**”) between the City and The Bank of New York Trust Company, N.A., San Francisco, California, as fiscal agent (the “**Fiscal Agent**”) and a resolution adopted on April 6, 2005 (the “**Resolution**”) by the City Council of the City (the “**City Council**”) which authorized the issuance of the Bonds payable from Special Taxes (as defined herein) levied on property within the District according to a methodology approved by the City.

Bond Terms. The Bonds will be dated as of and bear interest from the date of delivery thereof at the rate or rates set forth on the cover page of this Official Statement. Interest on the Bonds is payable on March 1 and September 1 of each year (each an “**Interest Payment Date**”), commencing March 1, 2006. The Bonds will be issued without coupons in denominations of \$5,000 or any integral multiple thereof.

Registration of Ownership of Bonds. The Bonds will be issued only as fully registered bonds in book-entry form, registered in the name of Cede & Co., as nominee of The Depository Trust Company (“**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 herein. See “APPENDIX E – BOOK-ENTRY SYSTEM.”

Source of Payment of the Bonds. The Bonds are payable from special taxes (the “**Special Tax**” or “**Special Taxes**”) which are to be levied by the City on taxable real property within the boundaries of the District. The Bonds are also payable from the proceeds of any foreclosure actions brought following a delinquency in payment of the Special Taxes, and from amounts held in certain funds and accounts pursuant to the Fiscal Agent Agreement, including a reserve fund, all as more fully described herein. The Special Tax applicable to each taxable parcel in the District will be levied and collected according to the tax liability determined by the City Council through the application of a rate and method of apportionment of Special Tax for the District (the “**Special Tax Formula**”) which has been approved by the City. The Special Tax Formula is set forth in APPENDIX A hereto. The Special Taxes represent liens on the parcels of land subject to a Special Tax and failure to pay the Special Taxes could result in proceedings to foreclose the delinquent property. The Special Taxes do not constitute the personal indebtedness of the owners of taxed parcels. See “SECURITY AND SOURCES OF PAYMENT FOR THE BONDS — Special Tax Methodology” and “APPENDIX A — RATE AND METHOD OF APPORTIONMENT OF SPECIAL TAX.” The maximum authorized indebtedness for the District is \$23,000,000; no additional bonds secured by the Special Taxes are expected to be issued in the future.

In the Fiscal Agent Agreement, the City directs the Fiscal Agent to establish a Reserve Fund (the “**Reserve Fund**”) from Bond proceeds in the amount of the Reserve Requirement, which amount is available to be transferred to the Bond Fund in the event of delinquencies in the payment of the Special Taxes, to the extent of such delinquencies. The Reserve Fund is required to be maintained at the Reserve Requirement from moneys available under the Fiscal Agent Agreement. See “SECURITY AND SOURCES OF PAYMENT FOR THE BONDS — Reserve Fund.” If there are additional delinquencies after depletion of funds in the Reserve Fund, the City is not obligated to pay the Bonds or supplement the Reserve Fund.

Bond Insurance. Concurrently with the issuance of the Bonds, Ambac Assurance Corporation (the “**Insurer**”) will issue its financial guaranty insurance policy for the Bonds (the “**Policy**”). The Policy unconditionally guarantees the payment of that portion of the principal of and interest on the Bonds which has become due for payment, but shall be unpaid by reason of nonpayment by the City.

Property Subject to the Special Tax. The District is located in the northwestern portion of the City partially contiguous to the City's western border and is bounded by Pleasant Grove Boulevard to the north, Fiddymont Road to the west and Baseline Road to the south in a recently developed area of the City within the City's North Roseville Specific Plan. The Prior Bonds were issued to finance the construction and acquisition of public improvements necessary for development of land in the District primarily as residential neighborhoods; the improvements are complete and all of the homes planned in the District have been completed and sold to homeowners. The District comprises 1,530 parcels, 1,525 of which have been developed and sold as single family residences since the formation of the District in 1999. Three parcels in the District are undeveloped, one is zoned for multifamily development and two are zoned for commercial development. Land in the District also includes approximately 125 acres utilized as open space, parks and recreation, right of way and public/quasi-public land not subject to the Special Tax. See “THE DISTRICT.”

Assessed Value of Property. Property in the District is security for the Special Tax. In connection with valuing property in the District, the City has obtained the 2004-05 County assessed valuation (the “**Assessed Valuation**”) of the property in the District. The aggregate County assessed valuation of property in the District is \$476,412,520, which is approximately 23.3 times the \$20,440,000 aggregate principal amount of the Bonds. See “VALUATION OF PROPERTY WITHIN THE DISTRICT.”

Risks of Investment. See the section of this Official Statement entitled “SPECIAL RISK FACTORS” for a discussion of special factors that should be considered, in addition to the other matters set forth herein, in considering the investment quality of the Bonds.

Limited Obligation of the City. The general fund of the City is not liable and the full faith and credit of the City is not pledged for the payment of the interest on, or principal of or redemption premiums, if any, on the Bonds. The Bonds are not secured by a legal or equitable pledge of or charge, lien or encumbrance upon any property of the City or any of its income or receipts, except the money in the Special Tax Fund (described herein) established under the Fiscal Agent Agreement, and neither the payment of the interest on nor principal of or redemption premiums, if any, on the Bonds is a general debt, liability or obligation of the City. The Bonds do not constitute an indebtedness of the City within the meaning of any constitutional or statutory debt limitation or restrictions and neither the City Council, the City nor any officer or employee thereof are liable for the payment of the interest on or principal of or redemption premiums, if any, on the Bonds other than from the proceeds of the Special Taxes and the money in the Special Tax Fund, as provided in the Fiscal Agent Agreement.

Summary of Information. Brief descriptions of certain provisions of the Fiscal Agent Agreement, the Bonds and certain other documents are included herein. The descriptions and summaries of documents herein do not purport to be comprehensive or definitive, and reference is made to each such document for the complete details of all its respective terms and conditions, copies of which are available for inspection at the office of the Administrative Services Director of the City. All statements herein with respect to certain rights and remedies are qualified by reference to laws and principles of equity relating to or affecting creditors' rights generally. Capitalized terms used in this Official Statement and not otherwise defined herein have the meanings ascribed to such terms in the Fiscal Agent Agreement. The information and expressions of opinion herein speak only as of the date of this Official Statement and are subject to change without notice. Neither delivery of this Official Statement, any sale made hereunder, nor any future use of this Official Statement shall, under any circumstances, create any implication that there has been no change in the affairs of the City or the District since the date hereof.

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 shall have the meaning ascribed to them in the Fiscal Agent Agreement unless otherwise noted.

PLAN OF FINANCE

The Bonds are being issued to facilitate the refunding of the City's Woodcreek West Community Facilities District No. Special Tax Bonds, Series 1999 (the "**Prior Bonds**") issued in December 1999 in the original principal amount of \$16,945,000 and outstanding in the aggregate principal amount of \$15,615,000. The Prior Bonds were issued to provide money to finance the construction and acquisition of certain public improvements necessary for new home and other development to occur in the District. The improvements have been completed. See "THE DISTRICT." Proceeds of the Bonds will also be used to provide money to satisfy obligations of the City incurred on behalf of the District to developers of property in the District for authorized District improvements acquired by the City. Such improvements which were scheduled to be paid for from future Special Taxes collected by the City as a "pay-as-you-go" component of the Special Tax. See "SECURITY AND SOURCES OF PAYMENT FOR THE BONDS – Special Tax Methodology." These obligations were repayable with interest over a 30 year term and will be refinanced with proceeds of the Bonds. Proceeds of the Bonds will additionally be used to meet the reserve fund requirement for the Bonds and to pay the cost of issuance of the Bonds.

On the date of issuance of the Bonds, a portion of the proceeds will be transferred to The Bank of New York, N.A., as the Escrow Agent for the Prior Bonds (the "**Escrow Agent**") for deposit into an Escrow Fund established under an Escrow Agreement dated as of May 1, 2005 by and between the City and the Escrow Agent, which amount, together with other available moneys, will be invested in Federal Securities and irrevocably pledged for the payment of the principal of and interest on the Prior Bonds on September 1, 2009, plus a redemption premium of 2%.

The amounts held and invested by the Escrow Agent for the Prior Bonds in the Escrow Fund are pledged solely to the payment of amounts due and payable by the City under the Prior Bonds. Neither the funds deposited in the Escrow Fund for the Prior Bonds nor the interest on the invested funds will be available for the payment of debt service on the Bonds.

THE BONDS

Authority for Issuance

The Bonds are issued pursuant to the Fiscal Agent Agreement, approved by Resolution No. 05-156 adopted by the City Council on April 6, 2005, and the Act.

On October 20, 1999, the City Council adopted Resolution No. 99-384 (the “**Resolution of Formation**”), which formed the District. The District was established and authorized to incur bonded indebtedness in an aggregate principal amount not to exceed \$23,000,000 at a special election in the District held on the same day. Under the provisions of the Act, since there were fewer than 12 registered voters residing within the District at a point during the 90-day period preceding the adoption of the Resolution of Formation, the qualified electors entitled to vote in the special election consisted of the then single landowner/developer, who cast one vote for each gross acre or portion of an acre of land owned within the District. The landowner voted to incur the indebtedness and to approve the annual levy of Special Taxes to be collected within the District, for the purpose of paying for the authorized improvements, including repaying any indebtedness of the District, replenishing the Reserve Fund and paying the administrative expenses of the District. See “THE DISTRICT” herein.

Description of the Bonds

Bond Terms. The Bonds will be dated as of and bear interest from the date of delivery thereof at the rates and mature in the amounts and years, as set forth on the cover page hereof. The Bonds are being issued in the denomination of \$5,000 or any integral multiple thereof.

Interest on the Bonds will be payable semiannually on March 1 and September 1 of each year (each an “**Interest Payment Date**”), commencing March 1, 2006. The principal of the Bonds and premiums due upon the redemption thereof, if any, will be payable in lawful money of the United States of America at the principal 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; 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 to the Fiscal Agent, to DTC.

Book-Entry Only System. The Bonds are being issued as fully registered bonds, registered in the name of Cede & Co., as nominee of The Depository Trust Company, New York, New York (“**DTC**”), and will be available to ultimate purchasers 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. The Fiscal Agent will make payments of the principal, premium, if any, and interest on the Bonds 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 herein. See “APPENDIX E –BOOK ENTRY SYSTEM.” below.

Calculation and Payment of Interest. Interest on the Bonds will be computed on the basis of a 360-day year consisting of twelve 30-day months. 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 Date 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 Record Date preceding the Interest Payment 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 to the Fiscal Agent, to DTC. See “APPENDIX E – BOOK ENTRY SYSTEM” below.

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 G – BOOK ENTRY SYSTEM” below.

Redemption

Optional Redemption. The Bonds are subject to optional redemption from any source of available funds, other than prepayments of the Special Tax by property owners, prior to maturity, in whole, or in part among maturities as specified by the City and by lot within a maturity, on any Interest Payment Date on or after September 1, 2015, at the redemption price of the principal amount of the Bonds to be redeemed, plus accrued interest thereon to the date of redemption, without premium.

Mandatory Redemption From Prepayments. The Bonds maturing September 1, 2025 are subject to mandatory redemption from prepayments of the Special Tax by property owners, in whole or in part and by lot within the maturity, or any Interest Payment Date at the following respective redemption prices (expressed as percentages of the principal amount of such Bonds to be redeemed), plus accrued interest thereon to the date of redemption:

<u>Redemption Dates</u>	<u>Redemption Price</u>
September 1, 2005 through March 1, 2015	103%
September 1, 2015 and Interest Payment Dates thereafter	100

Mandatory Sinking Fund Redemption. The Term Bonds maturing September 1, 2025 and 2030 are subject to mandatory sinking payment redemption in part on September 1, 2022 and September 1, 2026, respectively, and on each September 1 thereafter to maturity, by lot, at a redemption price equal to 100% of the principal amount thereof to be redeemed, without premium, in the aggregate respective principal amounts as set forth in the following tables:

Term Bonds of September 1, 2025

Mandatory Redemption Date (September 1)	Sinking Fund Payment
2022	\$ 920,000
2023	960,000
2024	1,005,000
2025 (maturity)	1,050,000

Term Bonds of September 1, 2030

Mandatory Redemption Date (September 1)	Sinking Fund Payment
2026	\$1,095,000
2027	1,150,000
2028	1,210,000
2029	1,270,000
2030 (maturity)	1,335,000

The amounts in the foregoing tables will be reduced pro rata, in order to maintain substantially level debt service, as a result of any prior partial optional redemption or mandatory redemption of the Bonds.

Purchase In Lieu of Redemption. In lieu of redemption, moneys in the Bond Fund may be used and withdrawn by the Fiscal Agent for purchase of Outstanding Bonds, upon the filing with the Fiscal Agent of an Officer's Certificate requesting such purchase, at public or private sale as and when, and at such prices (including brokerage and other charges) as such Officer's Certificate may provide, but in no event may Bonds be purchased at a price in excess of the principal amount thereof, plus interest accrued to the date of purchase.

Redemption Procedure by Fiscal Agent. The Fiscal Agent will cause notice of any redemption to be mailed by first class mail, postage prepaid, at least 30 days but not more than 60 days prior to the date fixed for redemption, to the Securities Depositories and to one or more Information Services, and 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 is not a condition precedent to such redemption and failure to mail or to receive any such notice, or any defect therein, will not affect the validity of the proceedings for the redemption of such Bonds.

Such notice will state the redemption date and the redemption price and, if less than all of the then Outstanding Bonds are to be called for redemption, will 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 will 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, will state as to any Bond called in part the principal amount

thereof to be redeemed, and will require that such Bonds be then surrendered at the Principal Office of the Fiscal Agent for redemption at the said redemption price, and will 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 will, to the extent practicable, bear the CUSIP number identifying, by issue and maturity, 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 will 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 deems appropriate. Upon surrender of Bonds redeemed in part only, the City will execute and the Fiscal Agent will 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.

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 are deposited in the Bond Fund, such Bonds so called will 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 will 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 G" below. 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 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 or Bonds are surrendered for transfer or exchange, the City will execute and the Fiscal Agent will authenticate and deliver a new Bond or Bonds, for a like aggregate principal amount of Bonds of authorized denominations and of the same maturity. The cost for any services rendered or any expenses incurred by the Fiscal Agent in connection with any such transfer or exchange will be paid by the City. 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 such Bond has been selected for redemption.

Bonds Mutilated, Lost, Destroyed or Stolen

If any Bond becomes mutilated, the City will execute, and the Fiscal Agent will authenticate and deliver, a new Bond of like tenor and principal amount in exchange and substitution for the Bond so mutilated, but only upon surrender to the Fiscal Agent of the Bond so mutilated. Every mutilated Bond so surrendered to the Fiscal Agent will be canceled by it and destroyed by the Fiscal Agent, who will deliver a certificate of destruction thereof to the City. If any Bond is lost, destroyed or stolen, evidence of such loss, destruction or theft may be submitted to the Fiscal Agent and, if such evidence is satisfactory to it and indemnity for the Fiscal Agent and the City satisfactory to the Fiscal Agent is given, the City will execute, and the

Fiscal Agent will authenticate and deliver, a new Bond of like tenor and principal amount in lieu of and in substitution for the Bond so lost, destroyed or stolen. The City may require payment of a sum not exceeding the actual cost of preparing each new Bond delivered and of the expenses which may be incurred by the City and the Fiscal Agent for the preparation, execution, authentication and delivery.

ESTIMATED SOURCES AND USES OF FUNDS

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

Estimated Sources of Funds:	
Principal Amount of Bonds	\$20,440,000.00
Plus Funds Available from Prior Bonds	2,032,950.21
Plus Original Issue Premium	<u>6,531.30</u>
Total	\$22,479,481.51
Estimated Uses of Funds:	
Deposit to Escrow Fund	\$17,526,339.78
Deposit to Improvement Fund	2,794,088.06
Deposit to Reserve Fund	1,402,062.52
Costs of Issuance ⁽¹⁾	<u>756,991.15</u>
Total	\$22,479,481.51

⁽¹⁾ Includes fees of Bond Counsel, initial fees, expenses and charges of the Fiscal Agent, costs of printing the Official Statement, administrative fees of the City, bond insurance premium, Underwriter's discount, financial advisory fees, and other costs of issuance.

SECURITY AND SOURCES OF PAYMENT FOR THE BONDS

Under the Fiscal Agent Agreement, the Bonds are secured by the proceeds of the Special Taxes received by the City, including all scheduled payments and delinquent payments thereof, interest and penalties thereon and proceeds of the redemption or sale of property sold as a result of foreclosure of the lien of the Special Taxes (collectively, the “**Special Tax Revenues**”). All of the Special Tax Revenues and all moneys deposited in the Bond Fund, the Reserve Fund and, until disbursed, in the 2005 Improvement Fund and the Special Tax Fund are pledged to secure the repayment of the Bonds. Such pledge constitutes a first lien on the Special Tax Revenues and such amounts.

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 Council through the application of the Special Tax Formula 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 Special Tax Formula 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 Special Tax**” in the Special Tax Formula. Under the Special Tax Formula, 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 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 Special Tax Formula apportions the Annual Costs (as defined in the Special Tax Formula and described below) among the taxable parcels of real property within the District according to the rate and methodology set forth in the Special Tax Formula. 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 Special Tax rate authorized by the qualified electors within the District as set forth in the Special Tax Formula if conditions so require. The City has covenanted to annually levy the Special Taxes in an amount at least sufficient to pay the Annual Costs (as defined below). Because each Special Tax levy is limited to the annual Maximum Special Tax rates authorized as set forth in the Special Tax Formula, no assurance can be given that, in the event of Special Tax delinquencies, the amount of the Annual Costs 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 Special Tax Formula 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 Special Tax Formula.

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) replenishment of the Reserve Fund; (iii) delinquencies in Special Taxes for the previous fiscal year or anticipated for the current year; (iv) administration of the District; and (v) pay-as-you-go expenditures for authorized improvements, which includes reimbursements to the landowners or others for expenditures for costs of the Improvements not funded from Bond proceeds. 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 Special Tax identified for each parcel in the Special Tax Formula.

The Annual Costs is 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 annual Maximum Special Tax identified for each parcel in the Special Tax Formula.

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 and parcels that have prepaid the Special Tax as described in the Special Tax Formula. 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 Special Tax Formula.

Assignment of Maximum Special Tax. The Special Tax Formula describes in detail the precise method for assigning the Maximum Special Tax to parcels within the District, which generally provides that each year the City will use the definitions contained in the Special Tax Formula to classify each parcel as tax-exempt or taxable. The Special Tax Formula assigns a total maximum tax to the existing Original Parcels and then reallocates the tax to Successor Parcels based on pro rata share of net developable area. If a parcel is subdivided into single-family residential lots, the Maximum Special Tax is divided equally among the subdivided lots.

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 Improvements and authorized District-funded facilities and to pay the Annual Costs. The Special Tax Formula provides that the Special Tax may not be levied on any parcel in the District after fiscal Year 2029-2030. When all Annual Costs incurred by the District have been paid, the Special Tax will cease to be levied.

Prepayment of the Special Tax. Landowners may permanently satisfy all or a portion of the Special Tax by a cash settlement with the City as permitted under Government Code Section 53344. Prepayment is permitted only under the following conditions (capitalized terms have the meanings set forth in the Special Tax Formula):

The Parcel is a whole Original Parcel greater than one acre or a Successor Parcel greater than ten acres.

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.

Any landowner prepaying the Special Tax must pay any and all delinquent Special Taxes and penalties for the prepaying Parcel.

Prior to the calculation of the Prepayment amount, the landowner must notify the City whether such landowner intends to execute a full Prepayment or Partial Prepayment. If the landowner intends to execute a Partial Prepayment, the landowner shall further notify the City of the dollar amount of the intended Prepayment. In no event shall a Partial Prepayment be for less than twenty-five percent (25%) of the full Prepayment amount.

The Prepayment amount shall be established by following the procedures described in the Special Tax Formula. Once Bonds are sold, owners of parcels wishing to prepay must prepay their share of outstanding Bonds; parcels wishing to prepay prior to the sale of Bonds may pay the allocated amount of anticipated construction proceeds plus any costs incurred by the City in the formation of the District and the calculation or application of the Prepayment proceeds. No parcels have prepaid the Special Tax prior to the date of sale of the Bonds.

Levy of Annual Special Tax; Maximum Special Tax

At the time the Prior Bonds were issued, the Special Tax was anticipated to be levied at the Maximum Special Tax amount for 30 years to provide money for reimbursements to the developer for expenditures for costs of the authorized improvements or authorized facility contributions not funded from Bond proceeds. The total Maximum Special Tax levy for the District is \$1,698,710. Proceeds of the annual Special Tax levy was to be first used to pay the Annual Costs other than pay-as-you-go expenditures and then, to the extent available, for reimbursement to the developers. Upon issuance of the Bonds, the developer obligations will be repaid in full from Bond proceeds and the resultant savings over the Prior Bonds debt service and prior pay-as-you-go obligation to the developers will result in Annual Costs and future Special Tax levies at an amount below the Maximum Special Tax. See "APPENDIX A - RATE AND METHOD OF APPORTIONMENT OF SPECIAL TAX" for a copy of the Special Tax Formula.

Special Tax Fund

When received, the Special Taxes are required under the Fiscal Agent Agreement to be deposited into a Special Tax Fund to be held by the City in trust for the benefit of the City and the Owners of the Bonds, to the credit of which the City will deposit, immediately upon receipt, all Special Tax Revenue. Moneys in the Special Tax Fund will be disbursed as provided below and, pending any disbursement, will be subject to a lien in favor of the Owners of the Bonds. From time to time, the City may withdraw from the Special Tax Fund amounts needed to pay the City's administrative expenses and County fees; provided that such transfers will not be in excess of the portion of the Special Tax Revenues collected by the City that represent levies for administrative expenses.

All Special Tax Revenue will be deposited in the Special Tax Fund upon receipt. No later than 10 Business Days prior to each Interest Payment Date, the City will withdraw from the Special Tax Fund and transfer (i) 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, and (ii) 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 on the next Interest Payment Date. 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 may, at the discretion of the City, be transferred to the Improvement Fund to pay for costs of authorized District facilities, to pay the principal of, premium, if any, and interest on the Bonds, to replenish the Reserve Fund to the amount of the Reserve Requirement, or to pay administrative expenses.

Deposit and Use of Proceeds of Bonds

The Bonds are additionally secured by unused amounts generated from proceeds of the Bonds, other than the amounts placed in the Escrow Fund, together with interest earnings thereon, pledged under the Fiscal Agent Agreement. The proceeds of the Bonds will be paid to the Fiscal Agent, who will deposit such proceeds in the Reserve Fund and Costs of Issuance Fund established under the Fiscal Agent Agreement, and transfer to the City the amounts designated for deposit into the Improvement Fund to be used to satisfy the obligations of the District to developers, as described above.

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.

The City has covenanted in the Fiscal Agent Agreement with and for the benefit of the Owners of the Bonds that it will annually on or before September 1 of each year review the public records of the County of Placer relating to the collection of the Special Tax in order to determine the amount of the Special Tax collected in the prior fiscal year, and if the City determines on the basis of such review that the amount so collected is deficient by more than 5% of the total amount of the Special Tax levied in the District in such Fiscal Year, it will within 30 days thereafter institute foreclosure proceedings as authorized by the Act in order to enforce the lien of the delinquent installment of the Special Tax against each separate lot or parcel of land in the District for which such installment of the Special Tax is delinquent, and will diligently prosecute and pursue such foreclosure proceedings to judgment and sale; *provided*, that if the City determines on the basis of such review that (a) the amount so collected is deficient by less than 5% of the total amount of the Special Tax levied in the District in such Fiscal Year, but that property owned by any single property owner in the District is delinquent by more than \$5,000 with respect to the Special Tax due and payable by such property owner in such Fiscal Year, or (b) property owned by any single property owner in the District is delinquent cumulatively by more than \$3,000 with respect to the current and past Special Tax due (irrespective of the total delinquencies in the District) then the City will institute, prosecute and pursue such foreclosure proceedings in the time and manner provided herein against each such property owner.

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 Special Tax rates set forth in the Special Tax Formula, the City may adjust (but not to exceed the annual Maximum 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. All amounts deposited in the Reserve Fund 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.

Whenever, on the Business Day prior to any Interest Payment Date, the amount in the Reserve Fund exceeds the then applicable Reserve Requirement, the Fiscal Agent will transfer an amount equal to the excess from the Reserve Fund to the Bond Fund or the Improvement Fund as provided below, except that investment earnings on amounts in the Reserve Fund may be withdrawn from the Reserve Fund for purposes of making payment to the Federal government to comply with rebate requirements.

Moneys in the Reserve Fund will be invested and deposited in accordance with the Fiscal Agent Agreement. Interest earnings and profits resulting from the investment of moneys in the Reserve Fund and other moneys in the Reserve Fund will remain therein until the balance exceeds the Reserve Requirement; any amounts in excess of the Reserve Requirement will be transferred to the Improvement Fund, if the Improvements have not been completed, or if the Improvements have been completed, to the Bond Fund to be used for the payment of the principal of and interest on the Bonds in accordance with the Fiscal Agent Agreement.

Whenever the balance in the Reserve Fund exceeds the amount required to redeem or pay the Outstanding Bonds, including interest accrued to the date of payment or redemption and premium, if any, due upon redemption, and make any other transfer required under the Fiscal Agent Agreement, the Fiscal Agent will transfer the amount in the Reserve Fund to the Bond Fund to be applied, on the next succeeding Interest Payment Date, to the payment and redemption of all of the Outstanding Bonds. If the amount so transferred from the Reserve Fund to the Bond Fund exceeds the amount required to pay and redeem the Outstanding Bonds, the balance in the Reserve Fund will be transferred to the City, after payment of any amounts due the Fiscal Agent, to be used for any lawful purpose of the City.

Improvement Fund

Under the Fiscal Agent Agreement, there is established an Improvement Fund, which is to be held in trust by the City and will be disbursed as provided in the Fiscal Agent Agreement for the payment or reimbursement of the costs of the construction and acquisition of the facilities authorized for the District. The City covenants in the Fiscal Agent Agreement to use such amounts in Improvement Fund first to satisfy the obligations to developers described under the caption "Levy of Annual Special Tax; Maximum Special Tax" above. Satisfaction of such obligations is expected to fully deplete the Improvement Fund.

FINANCIAL GUARANTY INSURANCE

Payment Pursuant to Financial Guaranty Insurance Policy

Ambac Assurance has made a commitment to issue a financial guaranty insurance policy (the "**Financial Guaranty Insurance Policy**") relating to the Bonds effective as of the date of issuance of the Bonds. Under the terms of the Financial Guaranty Insurance Policy, Ambac Assurance will pay to The Bank of New York, in New York, New York or any successor thereto (the "Insurance Trustee") that portion of the principal of and interest on the Bonds which shall become Due for Payment but shall be unpaid by reason of Nonpayment by the Obligor (as such terms are defined in the Financial Guaranty Insurance Policy). Ambac Assurance will make such payments to the Insurance Trustee on the later of the date on which such principal and interest becomes Due for Payment or within one business day following the date on which Ambac Assurance shall have received notice of Nonpayment from the Trustee. The insurance will extend for the term of the Bonds and, once issued, cannot be canceled by Ambac Assurance.

The Financial Guaranty Insurance Policy will insure payment only on stated maturity dates and on mandatory sinking fund installment dates, in the case of principal, and on stated dates for payment, in the case of interest. If the Bonds become subject to mandatory redemption and insufficient funds are available for redemption of all outstanding Bonds, Ambac Assurance will remain obligated to pay principal of and interest on outstanding Bonds on the originally scheduled interest and principal payment dates including mandatory sinking fund redemption dates. In the event of any acceleration of the principal of the Bonds, the insured payments will be made at such times and in such amounts as would have been made had there not been an acceleration.

In the event the Trustee has notice that any payment of principal of or interest on a Bond which has become Due for Payment and which is made to a Holder by or on behalf of the Obligor has been deemed a preferential transfer and theretofore recovered from its registered owner pursuant to the United States Bankruptcy Code in accordance with a final, nonappealable order of a court of competent jurisdiction, such registered owner will be entitled to payment from Ambac Assurance to the extent of such recovery if sufficient funds are not otherwise available.

The Financial Guaranty Insurance Policy does not insure any risk other than Nonpayment,

as defined in the Policy. Specifically, the Financial Guaranty Insurance Policy does not cover:

1. payment on acceleration, as a result of a call for redemption (other than mandatory sinking fund redemption) or as a result of any other advancement of maturity.
2. payment of any redemption, prepayment or acceleration premium.
3. nonpayment of principal or interest caused by the insolvency or negligence of any Trustee, Paying Agent or Bond Registrar, if any.

If it becomes necessary to call upon the Financial Guaranty Insurance Policy, payment of principal requires surrender of Bonds to the Insurance Trustee together with an appropriate instrument of assignment so as to permit ownership of such Bonds to be registered in the name of Ambac Assurance to the extent of the payment under the Financial Guaranty Insurance Policy. Payment of interest pursuant to the Financial Guaranty Insurance Policy requires proof of Holder entitlement to interest payments and an appropriate assignment of the Holder's right to payment to Ambac Assurance.

Upon payment of the insurance benefits, Ambac Assurance will become the owner of the Bond's, appurtenant coupon, if any, or right to payment of principal or interest on such Bond and will be fully subrogated to the surrendering Holder's rights to payment.

In the event that Ambac Assurance were to become insolvent, any claims arising under the Policy would be excluded from coverage by the California Insurance Guaranty Association, established pursuant to the laws of the State of California.

Ambac Assurance Corporation

Ambac Assurance Corporation ("Ambac Assurance") is a Wisconsin-domiciled stock insurance corporation regulated by the Office of the Commissioner of Insurance of the State of Wisconsin and licensed to do business in 50 states, the District of Columbia, the Territory of Guam, the Commonwealth of Puerto Rico and the U.S. Virgin Islands, with admitted assets of approximately \$8,329,000,000 (unaudited) and statutory capital of approximately \$5,224,000,000 (unaudited) as of December 31, 2004. Statutory capital consists of Ambac Assurance's policyholders' surplus and statutory contingency reserve. Standard & Poor's Credit Markets Services, a Division of The McGraw-Hill Companies, Moody's Investors Service and Fitch Ratings have each assigned a triple-A financial strength rating to Ambac Assurance.

Ambac Assurance has obtained a ruling from the Internal Revenue Service to the effect that the insuring of an obligation by Ambac Assurance will not affect the treatment for federal income tax purposes of interest on such obligation and that insurance proceeds representing maturing interest paid by Ambac Assurance under policy provisions substantially identical to those contained in its financial guaranty insurance policy shall be treated for federal income tax purposes in the same manner as if such payments were made by the Obligor of the Bonds.

Ambac Assurance makes no representation regarding the Bonds or the advisability of investing in the Bonds and makes no representation regarding, nor has it participated in the preparation of, the Official Statement other than the information supplied by Ambac Assurance and presented under the heading "FINANCIAL GUARANTY INSURANCE."

Available Information

The parent company of Ambac Assurance, Ambac Financial Group, Inc. (the "Company"), is subject to the informational requirements of the Securities Exchange Act of 1934, as amended

(the "Exchange Act"), and in accordance therewith files reports, proxy statements and other information with the Securities and Exchange Commission (the "SEC"). These reports, proxy statements and other information can be read and copied at the SEC's public reference room at 450 Fifth Street, N.W., Washington, D.C. 20549. Please call the SEC at 1-800-SEC-0330 for further information on the public reference room. The SEC maintains an internet site at <http://www.sec.gov> that contains reports, proxy and information statements and other information regarding companies that file electronically with the SEC, including the Company. These reports, proxy statements and other information can also be read at the offices of the New York Stock Exchange, Inc. (the "NYSE"), 20 Broad Street, New York, New York 10005.

Copies of Ambac Assurance's financial statements prepared in accordance with statutory accounting standards are available from Ambac Assurance. The address of Ambac Assurance's administrative offices and its telephone number are One State Street Plaza, 19th Floor, New York, New York 10004 and (212) 668-0340.

Incorporation of Certain Documents by Reference

The following document filed by the Company with the SEC (File No. 1-10777) is incorporated by reference in this Official Statement:

The Company's Annual Report on Form 10-K for the fiscal year ended December 31, 2004 and filed on March 15, 2005.

All documents subsequently filed by the Company pursuant to the requirements of the Exchange Act after the date of this Official Statement will be available for inspection in the same manner as described above in "Available Information".

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 set forth below.

WOODCREEK WEST COMMUNITY FACILITIES DISTRICT NO. 1 SPECIAL TAX REFUNDING BONDS SERIES 2005 DEBT SERVICE

Year Ending (Sept. 1)	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2006	\$ 255,000.00	\$1,143,154.23	\$ 1,398,154.23
2007	530,000.00	867,957.50	1,397,957.50
2008	545,000.00	852,057.50	1,397,057.50
2009	560,000.00	835,707.50	1,395,707.50
2010	580,000.00	818,907.50	1,398,907.50
2011	595,000.00	800,782.50	1,395,782.50
2012	620,000.00	780,701.26	1,400,701.26
2013	635,000.00	758,381.26	1,393,381.26
2014	660,000.00	734,568.76	1,394,568.76
2015	690,000.00	708,993.76	1,398,993.76
2016	715,000.00	681,393.76	1,396,393.76
2017	745,000.00	652,793.76	1,397,793.76
2018	780,000.00	622,062.52	1,402,062.52
2019	810,000.00	588,912.52	1,398,912.52
2020	845,000.00	554,487.52	1,399,487.52
2021	880,000.00	518,575.02	1,398,575.02
2022	920,000.00	480,075.00	1,400,075.00
2023	960,000.00	438,675.00	1,398,675.00
2024	1,005,000.00	395,475.00	1,400,475.00
2025	1,050,000.00	350,250.00	1,400,250.00
2026	1,095,000.00	303,000.00	1,398,000.00
2027	1,150,000.00	248,250.00	1,398,250.00
2028	1,210,000.00	190,750.00	1,400,750.00
2029	1,270,000.00	130,250.00	1,400,250.00
2030	<u>1,335,000.00</u>	<u>66,750.00</u>	<u>1,401,750.00</u>
Total	\$20,440,00.00	\$14,522,911.87	\$34,962,911.87

The annual debt service coverage for the Bonds, based on the levy of the Maximum Special Tax on properties in the District, is set forth below.

**WOODCREEK WEST COMMUNITY FACILITIES DISTRICT NO. 1
SPECIAL TAX REFUNDING BONDS SERIES 2005
DEBT SERVICE COVERAGE**

Year Ending (Sept. 1)	Total Max Special Tax	Series 2005 Debt Service	Debt Service Coverage
2006	\$1,698,710	\$1,398,154	121%
2007	1,698,710	1,397,958	122
2008	1,698,710	1,397,058	122
2009	1,698,710	1,395,708	122
2010	1,698,710	1,398,908	121
2011	1,698,710	1,395,783	122
2012	1,698,710	1,400,701	121
2013	1,698,710	1,393,381	122
2014	1,698,710	1,394,569	122
2015	1,698,710	1,398,994	121
2016	1,698,710	1,396,394	122
2017	1,698,710	1,397,794	122
2018	1,698,710	1,402,063	121
2019	1,698,710	1,398,913	121
2020	1,698,710	1,399,488	121
2021	1,698,710	1,398,575	121
2022	1,698,710	1,400,075	121
2023	1,698,710	1,398,675	121
2024	1,698,710	1,400,475	121
2025	1,698,710	1,400,250	121
2026	1,698,710	1,398,000	122
2027	1,698,710	1,398,250	121
2028	1,698,710	1,400,750	121
2029	1,698,710	1,400,250	121
2030	1,698,710	1,401,750	121

THE DISTRICT

Formation of the District

On July 7, 1999, 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 20, 1999, the City Council adopted the Resolution of Formation, which established Woodcreek West Community Facilities District No. 1, set forth the Special Tax Formula within the District and set forth the necessity to incur bonded indebtedness in a total amount not to exceed \$23,000,000.

On October 20, 1999 an election was held within the District in which Sammis Roseville Associates, the single landowner eligible to vote unanimously approved the proposed bonded indebtedness and the levy of the Special Tax. The then-owner of property contemplated subdividing the property for residential and related neighborhood commercial use in accordance with the North Roseville Specific Plan, and selling parcels to merchant builders for construction of homes to be sold to homeowners, or other improvements, as contemplated by the City in the North Roseville Specific Plan. The first sale of lots occurred in the first quarter of 2000.

Location and Description of the District and the Immediate Area

The District is located in the northwestern portion of the City partially contiguous to the City's western border and is bounded by Pleasant Grove Boulevard to the north, Fiddyment Road to the west and Baseline Road to the south in a developing area of the City. Pleasant Grove Boulevard is a primary east-west traffic arterial which connects via Foothills Boulevard to State Highway 65 and ultimately to the Interstate 80 freeway system. The District is located approximately five miles west of State Highway 65 via Foothills and Pleasant Grove Boulevards. The 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.

Parcels in the District are contiguous and together comprise a generally rectangular gross area of approximately 492.6 acres, which includes approximately 1,525 single family residences, 124.9 acres of open space, parks and recreation, right of way and public/quasi-public land not subject to the Special Tax. The topography is primarily flat and prior to development was covered by grasslands with minimal tree coverage. The area was historically utilized for livestock grazing and limited dry farming and later became the approximate 492-acre Neighborhood "D" portion of the approximate 654-acre Phase 2 of the two-phase North Roseville Specific Plan, which was adopted by the City Council in August 1997. Development of the existing single family homes, which comprise all but five of the parcels in the District subject to the Special Tax, occurred during the period from 2000 to 2004 in accordance with the Specific Plan.

During the past 20 years, the areas adjacent to the District to the north and east have experienced a transition from largely undeveloped, agriculturally oriented uses toward a mixture of urban land uses, and this transition has particularly intensified during the past 15 years. Residential development in the Del Webb Specific Plan senior living development lies immediately north of the District, and residential development built mostly in the 1990's as part of the Northwest Roseville Specific Plan lies immediately east of the District. Construction of housing within these specific plan areas has generally spread from Baseline Road and Foothills Boulevard on the south and east, respectively, to and beyond Woodcreek Oaks Boulevard on the west. The area south and west of the District is outside the City limits, with older and more rural development to the south and generally undeveloped land to the west, however such land to the west was annexed to the City in October 2004 and expected to be developed as part of the

West Roseville Specific Plan adopted by the City in 2004. The West Roseville Specific Plan area permits the development of a total of 8,430 dwelling units on approximately 3,162 gross acres.

The District is south of and near, but not immediately adjacent to, the other land within the North Roseville Specific Plan, which is bordered on the north and east by the Sunset Industrial Area (in unincorporated Placer County) and the North Industrial Planning Area of the City. These areas collectively encompass approximately 10,000 acres, are recognized as a significant existing and potential employment base within the region, and include the partially developed approximately 487-acre Hewlett-Packard and approximately 154-acre NEC Electronics campuses in the North Industrial Planning Area. Expansion of both of these facilities has occurred over the years, and each company holds additional vacant land within these campuses. Currently, these two firms collectively employ over 7,000. Development of these campuses initially began in 1978 and 1982, respectively, and each has significant frontage on Foothills Boulevard and is easily accessible to the District. Developments located on the north side of Blue Oaks Boulevard include the existing 171-acre Foothills Center Business Park and the proposed 98-acre Roseville Technology Park. The area to the northwest of these developments is currently undeveloped and outside the City limits and will likely remain so for several years as the necessary infrastructure has yet to be extended, and other more readily developable land has yet to be absorbed.

Development in the District

The Prior Bonds were issued to finance the construction and acquisition of public improvements necessary for development of land in the District primarily as residential neighborhoods; the improvements are complete and all of the homes planned in the District have been completed and sold to homeowners. The District comprises 1,530 parcels, 1,525 of which have been developed and sold as single family residences since the formation of the District in 1999. In addition to the residential parcels, there are five parcels currently zoned non-residential, one of which is multifamily. Of the five, two are developed, one with a 222-unit apartment complex and the other with a Catholic church. Three parcels in the District are undeveloped, one is zoned for multifamily development and two are zoned for commercial development. Land in the District also includes approximately 125 acres utilized as open space, parks and recreation, right of way and public/quasi-public land not subject to the Special Tax.

Undeveloped Parcels. Two of the undeveloped parcels (APN 017-162-068 and -069) comprise approximately 5.6 and 9.7 acres respectively and are owned by Peter P. Bollinger Investment Company. The parcels are currently zoned for commercial uses. No plans are currently before the City for these parcels. The owner has inquired with the City about the possibility of rezoning to multi-family uses for possible development, however no action has been taken in that regard. The remaining undeveloped parcel (APN 017-162-067) is zoned for multifamily residential and is owned by Eskaton, an entity that operates a senior care facility nearby in the City. No plans are currently before the City for the parcel.

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).

Seismic Conditions. The property in the District is not located within a seismic special studies zone, designated by the California State Division of Mines and Geology, in accordance with the Alquist-Priolo Special Study Zone Act of 1972.

Improvements Financed With Prior Bonds

The District was formed for the purpose of issuing the Prior Bonds to provide a funding source to the then-owner/developer of the land in the District for certain improvements eligible to be financed by the District as set forth in the proceedings for formation of the District. The improvements primarily consisted of improvements to roadways, wastewater and drainage system needed to accommodate the new development within the District, as well as contributions toward park facilities and a community center. The total estimated construction cost of the improvements, as of the time the CFD was formed, was approximately \$17.3 million. All of the improvements have been completed and no unspent bond proceeds remain in the Improvement Fund.

The Special Tax Formula provides that the funding of authorized improvement costs could also be made from collections of the Special Tax available as the “pay-as-you-go” component of Special Taxes to provide for reimbursement, through annual Special Tax collections in excess of the amount needed to pay the debt service, to developers of the cost of the improvements in excess of the amount provided from Bond proceeds. At the time the Prior Bonds were issued, the City agreed to provide such reimbursement, and the Special Tax was anticipated to be levied at the Maximum Special Tax amount for 30 years. Upon issuance of the Bonds, such developer obligations will be repaid in full from Bond proceeds and the resultant savings over the Prior Bonds debt service and prior pay-as-you-go obligation to the developers will result in future Special Tax levies at an amount below the Maximum Special Tax. See “SECURITY AND SOURCES OF PAYMENT FOR THE BONDS – Special Tax Methodology” and “ – Special Tax Fund.”

Ownership of Property

Unpaid Special Taxes do not constitute a personal indebtedness of the owners of the parcels within the District. There is no assurance that the present property owners or any subsequent owners will have the ability to pay the Special Taxes or that, even if they have the ability, they will choose to pay the Special Taxes. An owner may elect to not pay the Special Taxes when due and cannot be legally compelled to do so. Neither the City nor any Bondowner will have the ability at any time to seek payment directly from the owners of property within the District of the Special Tax or the principal or interest on the Bonds, or the ability to control who becomes a subsequent owner of any property within the District.

The following table summarizes ownership of parcels in the District.

<u>Owner</u>	<u>Category</u>	<u>Number of Parcels</u>	<u>Maximum Special Tax</u>	<u>Percentage of Maximum Special Tax</u>
Homeowners	Single Family Res.	1,525	\$ 1,417,704	83.46%
LHE Woodcreek West Apartments LLC	Multi-Fam (Apts.) Developed	1	101,798	5.99
Roman Catholic Bishop	Church Developed	1	62,906	3.70
Eskaton	Multi-Fam Undeveloped	1	50,441	2.97
Peter Bollinger Investmt. Co.	Comm'l Undeveloped	1	40,530	2.39
Peter Bollinger Investmt. Co.	Comm'l Undeveloped	1	25,331	1.49
TOTAL		1,530	\$1,698,710	100.00%

Valuation and Value to Lien Ratio of Property in the District

The value of the land within the District is a critical factor in determining the investment quality of the Bonds. If a property owner defaults in the payment of a 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. See "SECURITY AND SOURCES OF PAYMENT FOR THE BONDS - Covenant to Commence Superior Court Foreclosure" and "BONDOWNERS' RISKS - Bankruptcy and Foreclosure." Reductions in District property values due to a downturn in the economy, natural disasters such as earthquakes or floods, stricter land use regulations or other events could have an adverse impact on the security for payment of the special taxes.

2004-05 County Assessed Valuation. In connection with valuing property in the District, the City has obtained the 2004-2005 County assessed valuation (the "**Assessed Valuation**") of the property in the District.

The aggregate property valuation of the property in the District has been compiled by the City using the 2004-05 Placer County assessed valuation, which assessed valuation for the 1,525 single family residential homes averages approximately \$294,297 per parcel and collectively is \$448,803,574. The assessed valuation for the remaining five parcels is \$27,608,946, as shown in the table under the caption "Value to Lien Ratios" below. The total 2004-05 Placer County assessed valuation for the property in the District is \$476,412,520.

Economic and other factors beyond the property owners' control, such as economic recession, deflation of land values, acts of terrorism, or the complete or partial destruction of taxable property caused by, among other possibilities, earthquake, flood, fire or other natural disaster, could cause a reduction in the assessed value within the District.

As provided by Article XIII A of the California Constitution, county assessors' assessed values are to reflect market value as of the date the property was last assessed (or 1975, which ever is more recent), increased by a maximum of 2% per year. Properties may be reassessed by the County only upon a change of at least 51% ownership of existing property or upon new construction. The assessed values of parcels in the District thus reflect, for undeveloped parcels, the estimate of the County Assessor (the "**Assessor**") of market value when acquired (or 1975, whichever is later), possibly increased by 2% per year, and for parcels on which construction has occurred since their date of acquisition, the Assessor's estimate of market value as of the time of construction, possibly increased by 2% per year. The actual market value of parcels in the District, if sold at foreclosure, may be higher or lower than the Assessor's assessed values, depending upon the date of the Assessor's most recent assessment. The actual fair market value of any parcel can often be more accurately established through an arms-length sale or an appraisal by an independent appraiser.

In comparing the aggregate value of the real property within the District and the principal amount of the Bonds, it should be noted that only the real property upon which there is a delinquent special tax can be foreclosed upon, and the real property within the District cannot be foreclosed upon as a whole to pay delinquent special taxes of the owners of such parcels within the District unless all of the property is subject to a delinquent special tax. In any event, individual parcels may be foreclosed upon to pay delinquent special taxes levied against such parcels. The principal amount of the Bonds will not be allocated pro-rata among the parcels within the District; rather, the total special taxes for the District is allocated according to the Special Tax Formula.

Other public agencies whose boundaries overlap those of the District could, without the consent of the City and in certain cases without the consent of the owners of the land within the District, impose additional taxes or assessment liens on the land within the District. The purpose would be to finance additional regional or local public improvements or services. The lien created through the levy of such additional taxes or assessments may be on a parity with the lien of the special taxes.

Special taxes are levied on each parcel within the District and only the respective individual parcel is responsible for such special taxes.

Value to Lien Ratios

The aggregate property valuation of the real property within the District has been estimated according to the County assessed valuation to be \$476,412,520. See "Valuation of Property in the District" above. The principal amount of the Bonds for the District is \$20,440,000. Consequently, the aggregate value of the real property within the District is 23.3 times the aggregate principal amount of Bonds.

In comparing the aggregate value of the real property within the District and the principal amount of the Bonds, it should be noted that only the Assessor's parcel of real property upon which there is a delinquent special tax can be foreclosed upon. All of the real property within the District cannot be foreclosed upon as a whole to pay delinquent special taxes unless all of the property is subject to delinquent special taxes. Individual parcels may be foreclosed upon to pay delinquent special taxes levied against such parcels only. See "SECURITY FOR THE BONDS AND SOURCES OF PAYMENT THEREFOR."

The principal amount of the Bonds will not be allocated pro-rata among the parcels within the District; rather, the annual special taxes for the District will be billed annually for each parcel within the District. Upon sale of parcels, the buyer typically acquires the property subject to the unpaid portion of any special taxes and assessments levied against the parcel purchased. Special taxes and assessments are not required to be removed from the property and are not required to be, but may be, paid off in full upon transfer of property or upon development of the property.

The following table summarizes the value to lien ratio of land use categories in the District.

<u>Category</u>	<u>Number of Parcels</u>	<u>Maximum Special Tax</u>	<u>Percentage of Maximum Special Tax</u>	<u>Bond Lien</u>	<u>Assessed Value</u>	<u>Value to Lien Ratio</u>
Commercial						
Undeveloped	2	65,861	3.88%	792,483	977,793	1.23%
Developed	-	-	0.00			
Church/School						
Undeveloped	-	-	0.00			
Developed	1	62,906	3.70	756,927	6,617,332	8.74
MFResidential						
Undeveloped	1	50,441	2.97	606,939	993,203	1.64
Developed	1	101,798	5.99	1,224,901	19,020,618	15.53
SFResidential						
Undeveloped	-	-	0.00			
Developed	<u>1,525</u>	<u>1,417,704</u>	<u>83.46</u>	<u>17,058,750</u>	<u>448,803,574</u>	<u>26.31</u>
	1,530	1,698,710	100.00%	20,440,000	476,412,520	23.31%

The following table summarizes the value to lien ratio for homeowners and the five non-residential parcels in the District.

<u>Owner</u>	<u>Category</u>	<u>Assessed Value</u>	<u>Bond Lien</u>	<u>Value to Lien Ratio</u>
Homeowners	1,525 SFam Residences	\$448,803,574	\$17,058,750	26.31%
LHE Woodcreek West Apartments LLC	Multi-Fam (Apts.) Dev.	19,020,618	1,224,901	15.53
Roman Catholic Bishop	Church Developed	6,617,332	756,927	8.74
Eskaton	Multi-Fam Undeveloped	993,203	606,939	1.64
Peter Bollinger Investmt. Co.	Comm'l Undeveloped	619,921	304,799	1.17
Peter Bollinger Investmt. Co.	Comm'l Undeveloped	<u>357,872</u>	<u>487,684</u>	<u>1.27</u>
TOTAL		\$476,412,520	\$20,440,000	23.31%

Property Tax Status

The following table sets forth the Annual Special Taxes and delinquencies of the District as of February 2005.

<u>Year-Installment</u>	<u>Special Tax Levy</u>	<u>Delinquent Amount</u>	<u>Percent Delinquent</u>	<u>Number Of Parcels Levied</u>	<u>Parcels Delinquent</u>
2002-03 -1	\$ 849,351	\$ 0	0.00%	1,269	0
2002-03 -2	849,351	472	0.06	1,269	1
2003-04 -1	849,344	1,384	0.16	1,530	3
2003-04 -2	849,344	2,752	0.32	1,530	6
2004-05 -1	<u>849,350</u>	<u>15,857</u>	<u>1.87</u>	1,530	34
TOTAL	\$4,246,740	\$20,465	0.40%		

For information on foreclosing to collect delinquent Special Taxes, see "SECURITY AND SOURCES OF PAYMENT FOR THE BONDS - Covenant to Commence Superior Court Foreclosure"

Overlapping Liens and Priority of Lien

The principal of and interest on the Bonds are payable from the Special Tax authorized to be collected within the District, and payment of the Special Tax is secured by a lien on certain real property within the District. Such lien is co-equal to and independent of the lien for general

taxes and any other liens imposed under the Act, regardless of when they are imposed on the property in the District. The imposition of additional special taxes, assessments and general property taxes will increase the amount of independent and co-equal liens which must be satisfied in foreclosure. The City, the County and certain other public agencies are authorized by the Act to form other community facilities districts and improvement areas and, under other provisions of State law, to form special assessment districts, either or both of which could include all or a portion of the land within the District.

Private liens, such as deeds of trust securing loans obtained by the Developer, may be placed upon property in the District at any time. Under California law, the Special Taxes have priority over all existing and future private liens imposed on property subject to the lien of the Special Taxes.

SPECIAL RISK FACTORS

The purchase of the Bonds described in this Official Statement involves a degree of risk that may not be appropriate for some investors. The following includes a discussion of some of the risks which should be considered before making an investment decision.

Limited Obligation of the City to Pay Debt Service

The City has no obligation to pay principal of and interest on the Bonds in the event Special Tax collections are delinquent, 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 on which levies of the Special Tax are delinquent, nor is the City obligated to advance funds to pay such debt service on the Bonds. The Bonds are not general obligations of the City but are limited obligations of the City and the District payable solely from the proceeds of the Special Tax and certain funds held under the Fiscal Agent Agreement, including amounts deposited in the Reserve Fund and investment income thereon, and the proceeds, if any, from the sale of property in the event of a foreclosure. See "SECURITY AND SOURCES OF PAYMENT FOR THE BONDS." Any tax for the payment of the Bonds will be limited to the Special Tax to be collected within the jurisdiction of the District.

Property Values

A land value determined by a county assessor or an appraiser is an opinion with respect to the market value, and is generally based upon a sales comparison approach, which determines the value of the subject property by comparing it to sales of comparable property, adjusted for differences between the subject and the comparable property. No assurance can be given that if a parcel with delinquent special taxes is foreclosed, any bid will be received for such property or, if a bid is received, that such bid will be equal to the value determined by the county assessor or an appraiser, or that it will be sufficient to pay delinquent special taxes.

Natural Disasters. The value of the parcels in the District 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 parcels in the District and the continued habitability and enjoyment of such private improvements. For example, the areas in and surrounding the District, like those in much of California, may be subject to earthquakes or other unpredictable seismic activity, however, the District is not located in a seismic special studies zone.

Other natural disasters could include, without limitation, landslides, floods, 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 parcels may well depreciate.

Legal Requirements. Other events that may affect the value of a parcel 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. Final development in the District may also be adversely affected by the application of laws protecting endangered or threatened species.

Hazardous Substances. Any discovery of a hazardous substance detected on property within the District would affect the marketability and the value of some or all of the property in the District. In that event, the owners and operators of a parcel within the District 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. California laws with regard to hazardous substances are also applicable to property within the District and are as stringent as the federal laws. 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 parcels be contaminated 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 just as is the seller.

Further, it is possible that liabilities may arise in the future with respect to any of the parcels within the District resulting from the existence, currently, on the parcel of a substance presently classified as hazardous but which 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 which 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 a parcel within the District that is realizable upon a foreclosure sale.

Bankruptcy and Foreclosure Delays

The payment of the Special Tax and the ability of the District to foreclose the lien of a delinquent unpaid tax, as discussed in "SECURITY AND SOURCES OF PAYMENT FOR THE BONDS — Delinquent Payments of Special Tax; Covenant for Superior Court Foreclosure," 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 could result in a delay in prosecuting superior court foreclosure proceedings and could result in the possibility of delinquent Special Tax installments not being paid 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. 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 established for the Bonds 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 for transfer to the Bond 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.

To the extent that bankruptcy or similar proceedings were to involve a large property owner, the chances would increase the likelihood that the Bond Reserve Fund could be fully depleted during any resulting delay in receiving payment of delinquent Special Taxes. As a result, sufficient monies would not be available in the Bond Reserve Fund for transfer to the Bonds Redemption Account to make up any shortfalls resulting from delinquent payments of the Special Tax and thereby to pay principal of and interest on the Bonds on a timely basis.

Tax Delinquencies

Under provisions of the Act, the Special Taxes will be billed to the properties within the District on the regular property tax bills sent to owners of such properties. Such Special Tax installments are due and payable, and bear the same penalties and interest for nonpayment, as do regular property tax installments. Special Tax installment payments cannot be made separately from property tax payments. Therefore, the unwillingness or inability of a property owner to pay regular property tax bills as evidenced by property tax delinquencies may also indicate an unwillingness or inability to make regular property tax payments and Special Tax payments in the future.

The annual Special Tax will be billed and collected in two installments payable without penalty by December 10 and April 10. In the event such Special Taxes are not timely paid, moneys available to pay debt service on the Bonds becoming due on the subsequent respective March 1 and September 1 may be insufficient, except to the extent moneys are available in the Reserve Fund.

In the event of non-payment of Special Taxes, funds in the Reserve Fund, if available, may be used to pay principal of and interest on the Bonds. If funds in the Reserve Fund for the Bonds are depleted, the funds can be replenished from the proceeds of the levy and collection of the Special Tax that are in excess of the amount required to pay all amounts to be paid to the Bond holders pursuant to the Fiscal Agent Agreement. However, no replenishment from the proceeds of a Special Tax levy can occur as long as the proceeds that are collected from the levy of the Special Tax against property within the District at the maximum Special Tax rates, together with other available funds, remains insufficient to pay all such amounts. Thus it is possible that the Reserve Fund will be depleted and not be replenished by the levy of the Special Tax.

See "SECURITY AND SOURCES OF PAYMENT FOR THE BONDS — Delinquent Payments of Special Tax; Covenant for Superior Court Foreclosure," for a discussion of the provisions which apply, and procedures which the City is obligated to follow, in the event of delinquency in the payment of Special Taxes.

No Acceleration Provisions

The Bonds do not contain a provision allowing for the acceleration of the Bonds 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 Bond holder is given the right for the equal benefit and protection of all Bond holders similarly situated to pursue certain remedies. So long as the Bonds are in book-entry form, DTC will be the sole Bond holder and will be entitled to exercise all rights and remedies of Bond holders.

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 the next January 15th after the end of the City's fiscal year (presently June 30) in each year (the "**City Annual Report**") commencing with its report for the 2004-05 fiscal year (due January 15, 2006) and to provide notices of the occurrence of certain enumerated events.

The City Annual Report will be filed with each Nationally Recognized Municipal Securities Information Repository. The 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 material events by the City is summarized in "APPENDIX F — FORM OF CONTINUING DISCLOSURE UNDERTAKING."

The City has had no instance in the previous five years in which it failed to comply in all material respects with any previous continuing disclosure obligation under the Rule.

UNDERWRITING

The Bonds were purchased through negotiation by Piper Jaffray & Co. Inc. (the "**Underwriter**"). The Underwriter agreed to purchase the Bonds at a price of \$20,323,891.30 (which is equal to the par amount of the Bonds, plus an original issue premium of \$6,531.30 and less the Underwriter's discount of \$122,640.00). 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.

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 E 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

The Internal Revenue Code of 1986, as amended (the “**Code**”) establishes certain requirements which must be met subsequent to the issuance of the Bonds for the interest on the Bonds to be and remain excluded from gross income for federal income tax purposes. Noncompliance with such requirements could cause interest on the Bonds to be included in gross income for federal income tax purposes retroactive to the date of issuance of the Bonds. These requirements include, but are not limited to, restrictions on the use of bond proceeds and provisions which prescribe yield and other limits within which the proceeds of the Bonds are to be invested and require that certain investment earnings must be rebated on a periodic basis to the United States of America. Failure to comply with such requirements could cause interest on the Bonds to be included in gross income for federal income tax purposes retroactive to the date of issuance of the Bonds. Pursuant to the Fiscal Agent Agreement, the City has covenanted to comply with the requirements of the Code and to cause the payment to the United States Treasury of any and all amounts required to be rebated under the Code with respect to the outstanding Bonds.

In the opinion of Jones Hall, a Professional Law Corporation, San Francisco, California, Bond Counsel, subject to the qualifications set forth below, under existing law and assuming compliance by the City with the aforementioned covenants, interest on the Bonds is excluded from gross income for purposes of federal income taxation. Bond Counsel is further of the opinion that interest on the Bonds is not a specific preference item for purposes of the alternative minimum tax provisions of the Code. However, interest on the Bonds received by corporations will be included in certain earnings for purposes of federal alternative minimum taxable income of such corporations.

Although Bond Counsel has rendered an opinion that the interest on the Bonds is excluded from gross income for purposes of federal income taxation, the accrual or receipt of interest on the Bonds may otherwise affect the federal income tax liability of the recipient. The extent of these other tax consequences will depend on the recipient’s particular tax status or other items of income or deduction and Bond Counsel expresses no opinion regarding any such consequences. Additionally, Bond Counsel has not undertaken to determine (or to inform any person) whether any actions taken (or not taken) or events occurring after the date of delivery of the Bonds may affect the tax status of the Bonds.

Bond Counsel is further of the opinion that under existing law, interest on the Bonds is exempt from personal income taxation imposed by the State of California.

VERIFICATION REPORT

Upon delivery of the Bonds the arithmetical accuracy of certain computations included in the schedules provided by the Underwriter on behalf of the City relating to the: (i) adequacy of forecasted receipts of principal and interest on the Investment Securities and cash held pursuant to the Escrow Agreement; (ii) forecasted payments of principal and interest with respect to the Prior Bonds on and prior to their projected maturity and/or redemption dates; and (iii) yields on the Prior Bonds and on obligations and other securities to be deposited pursuant to the Escrow Agreement upon delivery of the Bonds, will be verified by The Arbitrage Group, Tuscaloosa, Alabama, independent certified public accountants (the “**Verification Agent**”). Such verification shall be based solely upon information and assumptions supplied the Verification Agent by the Underwriter. The Verification Agent has not made a study or evaluation of the information and assumptions on which such computations are based and, accordingly, has not

expressed an opinion on the data used, the reasonableness of the assumptions or the achievability of the forecasted outcome.

RATING

Standard & Poor's Rating Services ("**S&P**") has assigned its municipal bond rating of "AAA" to the Bonds with the understanding that, upon delivery of the Bonds, payment of the principal of and interest on the Bonds will be insured by the Insurer, and has also assigned an underlying rating of "A-" to the Bonds. Any explanation of the significance of such ratings may only be obtained from S&P. Such ratings reflect only the view of Standard & Poor's Ratings Service and an explanation of the significance of such ratings may be obtained only from Standard & Poor's at the following address: Standard & Poor's Rating Services, 55 Water Street, New York, New York 10041. There is no assurance that any such ratings will continue for any given period of time or that it will not be revised downward or withdrawn entirely by a rating agency, if in the judgment of the rating agency, circumstances so warrant. Any such downward revision or withdrawal of any rating may have an adverse effect on the market price of the Bonds. The City assumes no obligation to attempt to maintain any rating on the Bonds.

NO LITIGATION

At the time of delivery of and payment for the Bonds, the City Attorney will deliver his 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

All quotations from, and summaries and explanations of the Fiscal Agent Agreement, the Bonds, the Act or other statutes and documents contained herein do not purport to be complete, and reference is made to said documents and statutes for full and complete statements of their provisions.

This Official Statement is submitted only in connection with the sale of the Bonds by the City. All estimates, assumptions, statistical information and other statements contained herein, while taken from sources considered reliable, are not guaranteed by the City or the Underwriter. The information contained herein should not be construed as representing all conditions affecting the City or the Bonds.

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/ Russell Cochran Branson
Administrative Services Director

APPENDIX A

RATE AND METHOD OF APPORTIONMENT OF SPECIAL TAX

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EXHIBIT A

CITY OF ROSEVILLE

WOODCREEK WEST COMMUNITY FACILITIES DISTRICT NO. 1

RATE AND METHOD OF APPORTIONMENT

1. BASIS OF SPECIAL TAX LEVY

A Special Tax authorized under the Mello-Roos Community Facilities Act of 1982 (the "Act") applicable to the land in the Woodcreek West Community Facilities District No. 1 (the "CFD") of the City of Roseville (the "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 costs incurred by the City to determine, levy and collect the Special Taxes, including salaries of City employees and the fees of consultants and corporate bond paying and/or fiscal agents or trustees for bonds and the costs of collecting installments of the Special Taxes upon the general tax rolls; preparation of required reports, and any other costs required to administer the CFD as determined by the Finance Director of the City of Roseville.

"**Annual Costs**" means for each Fiscal Year for the CFD, the total of 1) Debt Service; 2) Administrative Expenses and County fees; 3) 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 4) any pay-as-you-go expenditures for authorized improvements; less any amounts paid to the CFD from reimbursements.

"**Annual Tax Revenues**" means the amount of Special Taxes required each Fiscal Year to pay the Annual Costs.

"**Anticipated Construction Proceeds**" means \$15,068,900 as adjusted annually after the Base Year in accordance with the Engineering News Record Building Cost Index.

"**Base Year**" means Fiscal Year ending June 30, 1999.

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

"Bond Indenture" means the indenture or other financing documents pursuant to which bonds are issued.

"Bond Share" means the Benefit Share for a Parcel multiplied by the total Outstanding Bonds.

"Bond Year" means the twelve (12)-month period ending on the second bond payment date of each calendar year as defined in the resolution authorizing the issuance of bonds.

"CFD" means the Woodcreek West Community Facilities District No. 1 of the City of Roseville.

"City" means the City of Roseville, California.

"Council" means the City Council of the City of Roseville as the legislative body for the CFD under the Act.

"County" means the County of Placer, California.

"County Assessor's Parcel" means the Parcel and Parcel number as recorded by the County Assessor on the equalized tax roll.

"Debt Service" means for each Fiscal Year or Bond Year, the total amount of principal and interest for any bonds of the City for the CFD during that Fiscal Year, less any applicable credits that may be available from any other sources and less any interest on reserve funds and other funds available to the City to pay principal and interest for the previous or current Fiscal Year or Bond Year. At the City's discretion, applicable credits may be used to: retire outstanding bonds, reimburse landowners for up-front funding of CFD facilities, or any other appropriate CFD funding purpose.

"Final Subdivision Map" means a recorded map designating the final Parcel splits for individual single-family residential Parcels. A Large-Lot Subdivision Map for single-family residentially zoned land is not considered a Final Subdivision Map for purposes of levying the Special Tax.

"Finance Director" means the Finance Director for the City of Roseville or his or her designee.

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

"Full Prepayment" means the Prepayment of a Parcel's entire Maximum Special Tax obligation prior to the termination of Special Taxes for the CFD as a whole.

"Large-Lot Subdivision Map" means a recorded map delineating Parcels by land use and providing an opportunity to transfer ownership of the delineated Parcels.

"Maximum Special Tax" means the greatest amount of Special Tax that can be levied against a Taxable Parcel in any Fiscal Year. Each time a taxable parcel is subdivided, the Maximum Special Tax will be reassigned to the Successor Parcels.

"Maximum CFD Revenue" means the sum of the Maximum Special Tax for all of the Taxable Parcels in the CFD.

"NRSP" means the North Roseville Specific Plan.

"Original Parcel" means a Specific Plan Parcel as it existed at the time of the adoption by the Council of the Resolution of Formation and as shown on **Attachment 1**.

"Outstanding Bonds" means the total principal amount of bonds that have been issued by the CFD and not retired or defeased

"Parcel" means any County Assessor's Parcel in the CFD based on the equalized tax rolls of the County.

"Partial Prepayment" means a Prepayment for less than the full portion of the Special Tax obligation for one or more Parcels.

"Partial Prepayment Factor" means a factor by which Maximum Special Tax Rates for a Partial Prepayment Parcel are multiplied to calculate adjusted Maximum Special Tax Rates. Each Partial Prepayment Factor shall be calculated according to the steps described under Section 7 hereof.

"Partial Prepayment Parcel" means a Parcel that has had a portion of its Special Tax obligation satisfied with a Prepayment under Section 7 hereof. Such Parcels shall be liable for a Special Tax Levy based on adjusted Maximum Special Tax Rates. If one or more Successor Parcels are created through the Subdivision of a Partial Prepayment Parcel, each of these Successor Parcels shall also be a Partial Prepayment Parcel. The Partial Prepayment Factor that applies to the Partial Prepayment Parcel prior to Subdivision shall apply to these Successor Parcels.

"Prepayment" means the full payment of Maximum Special Taxes prior to the termination of Special Taxes for the CFD as a whole.

"Public Parcel" means any Parcel that is (1) publicly owned, and (2) is normally exempt from the levy of general **ad valorem** property taxes under California law, including public streets; schools; parks; and public drainage ways, public landscaping, greenbelts, and public open space.

"Remaining Facility Cost Share" means the total Facility Cost Share for a Parcel less facility costs funded through CFD bonds or on a pay-as-you-go basis.

"Reserve Fund" means the total amount held in the bond reserve funds by the City for all Outstanding Bonds.

"Reserve Fund Share" means the lesser of (i) the reserve requirement on all Outstanding Bonds, or (ii) the Reserve Fund balance on all Outstanding Bonds, multiplied by the Benefit Share for a given Parcel.

"Special Tax(es)" mean(s) any tax levy under the Act in the CFD as defined by the Annual Costs and as levied pursuant to Section 6 herein.

"Specific Plan Parcel" means the planned Parcels by land use in Woodcreek West. The Original Parcels are all Specific Plan Parcels at the formation of the CFD as detailed on **Attachment 1** and shown on **Map 1**.

"Subdivision" means a group of Successor Parcels created from an Original Parcel through the Subdivision Map Act process.

"Successor Parcel" means a Parcel created by Subdivision, lot line adjustment, or parcel map from an Original Parcel.

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

"Taxable Parcel" means any Parcel that is not exempt from Special Taxes as defined below.

"Tax-Exempt Parcel" means a Parcel not subject to the Special Tax. Tax-Exempt Parcels include: (1) Public Parcels identified at the formation of the CFD or created by subdivision of an Original or Successor Parcel, and (2) any Parcel that has prepaid its Special Taxes under Section 7 hereof.

"Total Facility Cost Share" means the Benefit Share for a Parcel multiplied by the Anticipated Construction Proceeds for the CFD.

"Woodcreek West" means the Woodcreek West development in phase II of the North Roseville Specific Plan as shown in **Map 1**.

3. DETERMINATION OF PARCELS SUBJECT TO SPECIAL TAX

The Finance Director shall prepare a list of the Parcels subject to the Special Tax using the records of the County Assessor and the City's own records. The City shall identify the Taxable Parcels from a list of all Parcels within the CFD using the procedure described below.

- 1) Exclude all Tax-Exempt Parcels.
- 2) The remaining Parcels are subject to the Special Tax according to the formula detailed below.

It shall be the burden of the taxpayer to timely correct any errors in the determination of the Parcels subject to the Special Tax and their Special Tax assignments.

4. TERMINATION OF THE SPECIAL TAX

The Special Tax will be levied for as long as is needed to pay the principal and interest on debt incurred in order to construct the authorized facilities and to pay the Annual Costs. However, in no event shall the Special Tax be levied after Fiscal Year 2029-2030.

When all Annual Costs incurred by the CFD have been paid, the Special Tax shall cease to be levied. The Council shall direct the City Clerk 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 SPECIAL TAXES

By August 1 of each Fiscal Year, using the Definitions from Section 2 and the Maximum Special Tax rates from **Attachment 1**, the Finance Director shall assign the Maximum Special Taxes to Taxable Parcels as follows:

Classify Each Taxable Parcel as an Original Parcel, a Successor Parcel, or a Partial Prepayment Parcel.

The assignment of the Maximum Special Tax to Taxable Parcels is as follows:

- a) Prior to Recording Large-Lot Subdivision Map – The Maximum Special Tax for a Parcel that includes more than one Specific Plan Parcel shall be determined by summing the Maximum Special Tax for each Specific Plan Parcel included in the Parcel. If portions of a Specific Plan Parcel are included in more than one Parcel, the Maximum Special Tax for the Specific Plan Parcel shall be divided between the Parcels in which it is included proportional to the land area included in each Parcel.
- b) Partial Prepayment Parcels - the Maximum Special Tax for all Partial Prepayment Parcels is assigned by multiplying the Maximum Special Tax from **Attachment 1**, or as otherwise calculated for a Successor Parcel, by the Partial Prepayment Factor for that Parcel.
- c) Original Parcel - the Maximum Special Tax for each Original Parcel is as shown on **Attachment 1**.
- d) Successor Parcel - the Maximum Special Tax for each Successor Parcel is determined as follows:
 - (i) If the Successor Parcel is the result of a single-family residential or individually-owned residential condominium Parcel Subdivision, divide the Maximum Special Tax assigned to the Original Parcel or Successor Parcel, as calculated under (c) above or (d)(ii) below, by the number of single-family residential Parcels or residential condominium units. The result of this calculation is the Maximum Special Tax for each single-family residential or residential condominium Successor Parcel within the Subdivision.
 - (ii) If the Successor Parcel is the result of a non-residential or multi-family Subdivision, or a single-family residential Subdivision that is not creating final residential lots:
 - calculate the percentage of the taxable Successor Parcel's square footage to the total square footage for all taxable Successor Parcels of that Original or Successor Parcel; then,

- multiply this percentage by the Maximum Special Tax assigned to the previous Original Parcel or Successor Parcel. The result of this calculation is the Maximum Special Tax for the new Successor Parcel.
- e) Residential Unit/Maximum Special Tax Transfer - the Maximum Special Tax assigned to a residential Parcel under (a), (b), (c), or (d) above, may be adjusted to reflect a change in the number of original residential units (as shown in **Attachment 1**) resulting from a transfer of units from one Taxable Parcel to another Taxable Parcel if:
- any decrease in one Parcel's Maximum Special Tax assignment is offset by an equal increase in the Maximum Special Tax of other Parcels to ensure that there is no net loss in the total Maximum Special Taxes; and,
 - all adjustments are agreed to in writing by the affected property owners and the Finance Director.

Such adjustment shall be made in the following manner:

- (i) Calculate the existing Maximum Special Tax per unit by dividing the Maximum Special Tax for the Parcel by the number of units assigned to that Parcel;
 - (ii) Calculate the total Maximum Special Tax being transferred by multiplying the number of units being transferred by the calculation in (i). Add the total Maximum Special Tax and number of units being transferred to the Parcel(s) receiving the transferred units and Maximum Special Tax.
 - (iii) Subtract the total Maximum Special Tax and the number of residential units being transferred, as identified in step 2), from the Parcel transferring the Maximum Special Tax and the residential units.
- e) If the assignment of Maximum Special Taxes to Successor Parcels under step d) or through a transfer of Maximum Special Tax in step e) results in unequal Maximum Special Taxes between residential Subdivisions, the revised Maximum Special Taxes may be shifted between Parcels further to accommodate a uniform Special Tax throughout the CFD. Such adjustments shall also be subject to the transfer conditions under step e) above.
- f) Conversion of a Tax-Exempt Parcel to a Taxable Parcel - if a parcel designated as a Public Parcel is not needed for public use and is converted to a private use, it shall become subject to the Special Tax. The Maximum Special Tax for each such Parcel shall be set equal to the average Maximum Special Tax per unit or acre for Parcels with similar land use designations, as determined by the Finance Director.
- g) Taxable Parcels Acquired by a Public Agency – A Taxable Parcel 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 within the CFD is relocated to a Taxable Parcel, the previously Tax-Exempt Parcel of comparable acreage becomes a Taxable Parcel, and the Maximum Special Tax from the previously Taxable Parcel is transferred to the newly Taxable Parcel. This trading of Parcels will be permitted to the extent that there is no net loss in Maximum CFD Revenue.

6. SETTING THE ANNUAL SPECIAL TAX LEVY

The Special Tax levy for each Taxable Parcel will be established annually as follows:

- 1) Compute the Annual Costs using the definitions in Section 2.
- 2) Calculate the Special Tax for each Parcel as follows:
 - Step 1: Compute 100% of the Maximum Special Tax revenue for all Taxable Parcels.
 - Step 2: Compare the Annual Costs with the Maximum Special Tax revenue calculated in the previous step.
 - Step 3: If the Annual Costs are less than the Maximum Special Tax revenue, decrease proportionately the Special Tax levy for each Taxable Parcel until the Special Tax revenue equals the Annual Cost.
- 3) Prepare the Tax Collection Schedule for each Parcel and send it to the County Auditor requesting that it be placed on the general, secured property tax roll for the following 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 assign the number of taxable units and 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 their Special Tax assignments.

As development and subdivision of the NRSP takes place, the Finance Director will maintain a file of each current assessor's parcel number within the CFD, its Maximum Special Tax, and the authorized Maximum Special Tax on all Parcels within the CFD available for public inspection. This record shall show the Maximum Special Tax on all Original and Successor Parcels and a brief description of the process of assigning the Special Tax each time a Successor Parcel was created, including any adjustments due to change in use. The record will also indicate whether a Parcel is a Prepayment Parcel or a Partial Prepayment Parcel.

7. PREPAYMENT OF SPECIAL TAX OBLIGATION

With a Prepayment, a landowner may satisfy all or a portion of the Special Tax obligation on any given Parcel:

Landowners may permanently satisfy all or part of the Special Tax obligation by a cash settlement with the City as permitted under Government Code Section 53344. Prepayment is permitted only under the following conditions:

- The Parcel is a whole Original Parcel greater than one acre or a Successor Parcel greater than ten acres.
- The City determines that the Prepayment of the Special Tax obligation does not jeopardize its ability to make timely payments of debt service on outstanding bonds.
- Any landowner prepaying the Special Tax obligation must pay any and all delinquent Special Taxes and penalties for the prepaying Parcel.
- Prior to the calculation of the prepayment amount, the landowner must notify the City whether such landowner intends to execute a full Prepayment or Partial Prepayment. If the landowner intends to execute a Partial Prepayment, the landowner shall further notify the City of the dollar amount of the intended Prepayment. In no event shall a Partial Prepayment be for less than twenty-five percent (25%) of the Full Prepayment amount.

The Full Prepayment amount shall be established by following the steps in Parts A and B below. The Partial Prepayment is calculated by following the steps in Part C below. Transfers from the Reserve Fund for a Full or Partial Prepayment are described in Part D below.

Part A: Prepayment of Outstanding Bond Share

- Step A.1: Determine the Maximum Special Tax for the Parcel based on the assignment of the Maximum Special Tax described in Section 5 above.
- Step A.2: Determine the Benefit Share by dividing the Maximum Special Tax determined in Step A.1 by the Maximum CFD Revenue for all Parcels in the CFD.
- Step A.3: Determine the Bond Share for the Parcel by multiplying the Benefit Share From Step A.2 by the total amount of Outstanding Bonds issued by the CFD.
- Step A.4: Calculate the Reserve Fund Share associated with the Bond Share determined in Step A.3 and reduce the Bond Share by the amount of the Reserve Fund Share. The Reserve Fund Share is equal to the reserve requirement on all outstanding bonds multiplied by the Benefit Share. At the City's discretion, the Reserve Fund Share may be withheld from the Prepayment calculation and refunded to the Prepaying landowner at the time that bonds are called.
- Step A.5: Determine the Outstanding Bond Share by adding to the amount calculated in Step A.4 any fees, call premiums, amounts necessary to cover negative arbitrage from the date of the prepayment to first call date on the bonds, and expenses incurred by the City in connection with the prepayment calculation or the application of the proceeds of the prepayment.

Part B. Remaining Facility Cost Share

- Step B.1: Determine the Total Facility Cost Share for the Parcel by multiplying the Benefit Share from Part A, Step A.2 above by the Anticipated Construction Proceeds.
- Step B.2: Determine the share of facilities funded by bonds already issued by the CFD for the Parcel by multiplying the Benefit Share by the construction proceeds made available from all such bonds issued by the CFD. These amounts shall be adjusted to the year of Prepayment by using the Engineering News Record Construction Cost Index.
- Step B.3: Determine the share of facilities already funded Special Tax revenues on a pay-as-you-go basis by multiplying the Benefit Share by the total amount of pay-as-you-go funding used to acquire authorized facilities.
- Step B.4: Determine the Remaining Facility Cost Share for the Parcel by subtracting the results from Steps B.2 and B.3 from the Total Facility Cost Share determined in Step B.1. (Notwithstanding the above, once the City has funded all authorized CFD facilities, the Remaining Facility Cost Share shall be set to zero for purposes of this prepayment calculation.)
- Step B.5 Combine the amount from Part A Step A.5 with the amount from Part B Step B.4 to arrive at the Full Prepayment amount.**

Part C: Partial Prepayments

If the prepayment is a partial prepayment, then the property owner shall designate an amount which is less than the total prepayment amount determined above for the prepaying Parcel (or group of prepaying Parcels) that results in a bond call in a whole number multiple of \$5,000. In no event shall a Partial Prepayment be for less than twenty-five percent (25%) of the Full Prepayment amount. The City shall then determine the Partial Prepayment Factor by the following procedure:

- Step C.1: Subtract the amount of the Partial Prepayment from the Full Prepayment amount calculated in Step B.5;
- Step C.2: Subtract any fixed costs (such as the cost of the Prepayment calculation and other fees that do not vary proportionally with the size of the Prepayment) of the Prepayment from the Full Prepayment amount;
- Step C.3: Divide the result of Step 1 by the result of Step C.2; and,
- Step C.4: If a Partial Prepayment has previously been made for this Parcel, multiply the result of Step C. 3 times the previously calculated Partial Prepayment Factor.

Part D: Transfers

Make the appropriate transfers from the Reserve Fund to the prepayment fund, as follows:

Step D.1: For a Full Prepayment transfer the amount of the Reserve Fund Share.

Step D.2: For a Partial Prepayment, transfer an amount equal to the Reserve Fund Share times one minus the Partial Prepayment Factor.

8. ADMINISTRATIVE CHANGES AND APPEALS

The Finance Director or designee 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 Finance Director appealing the levy of the Special Tax. The Finance Director will then promptly review the appeal, and if necessary, meet with the applicant. If the Finance Director verifies that the tax should be modified or changed, a recommendation at that time will be made to the City Council and, as appropriate, the Special Tax levy shall be corrected and, if applicable in any case, a refund shall be granted.

Interpretations may be made by Resolution of the City 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 obligation.

Attachment 1
Woodcreek West CFD No. 1
Maximum Special Taxes by Specific Plan Parcel

Specific Plan Parcel	Land Use	Units	Annual Maximum Special Tax
WW-1	LDR	77	\$70,234
WW-2	LDR	105	\$95,774
WW-3	LDR	171	\$155,975
WW-4	LDR	131	\$119,489
WW-5	LDR	84	\$76,619
WW-6	LDR	103	\$93,950
WW-7	LDR	102	\$93,038
WW-8	LDR	117	\$106,720
WW-9	LDR	69	\$62,937
WW-10	LDR	96	\$87,565
WW-11	LDR	77	\$70,234
WW-12	LDR	114	\$103,983
WW-13	LDR	62	\$56,552
WW-14	MDR	150	\$121,919
WW-15	HDR	222	\$101,798
WW-16	HDR	224	\$102,715
WW-17	HDR/Sr/Disabled	110	\$50,441
WW-40	Commercial		\$25,331
WW-41	Commercial		\$40,530
WW-73	Church/School		\$62,906
TOTAL		2,014	\$1,698,710

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APPENDIX B

THE CITY OF ROSEVILLE AND PLACER COUNTY

The District is located in the City of Roseville in Southwestern Placer County. The financial and economic data for the City are presented for information purposes only. The Bonds are not a debt or obligation of the City or the County, but are a limited obligation of the City secured solely by the funds held pursuant to the Fiscal Agent Agreement.

The City of Roseville is located in Placer County, in California's 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, with a population estimated to be approximately 96,900 at January 1, 2004, is the largest city in Placer County, as well as the residential and industrial center of the County.

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.

There is a wide variety of land uses within the City. Most of the City's residential neighborhoods are located west of Interstate Highway 80; industrial facilities, including Hewlett-Packard, NEC Electronics, Inc. and Roseville Telephone Company are concentrated in the north Roseville area.

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 at large for staggered four-year terms. At each election, the council member receiving the most votes is appointed mayor pro-tempore for two years and becomes mayor for the final two years.

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

Between 2000 and 2004, the City's population increased 22.2%, compared to a 18.7% increase for the County and 7.1% for the State for the same period. The City's growth in population is shown below.

City of Roseville Population 2000 through 2004

<u>Year</u>	<u>City of Roseville</u>	<u>Placer County</u>	<u>State of California</u>
2000	79,300	246,100	33,753,000
2001	82,200	255,100	34,367,000
2002	85,800	265,700	35,000,000
2003	93,300	283,500	35,612,000
2004	96,900	292,100	36,144,000

Source: California State Department of Finance.

Employment and Industry

The following table summarizes the civilian labor force, employment and unemployment, as well as employment by industry, in the Sacramento Metropolitan Statistical Area (which is comprised of Sacramento, Placer and El Dorado Counties) for the years 1999 through 2003.

Sacramento Metropolitan Statistical Area (Sacramento, Placer and El Dorado Counties) Civilian Labor Force, Employment and Unemployment (Annual Averages)

	<u>1999</u>	<u>2000</u>	<u>2001</u>	<u>2002</u>	<u>2003</u>
Civilian Labor Force ⁽¹⁾	779,200	804,600	826,200	856,100	874,200
Employment	747,900	772,000	792,500	811,200	826,800
Unemployment	31,300	32,600	33,700	44,900	47,400
Unemployment Rate	4.0%	4.0%	4.1%	5.2%	5.4%
<u>Wage and Salary Employment:</u> ⁽²⁾					
Agriculture	3,900	4,000	4,000	3,400	3,500
Natural Resources and Mining	500	600	600	500	500
Construction	43,900	48,300	54,800	56,600	60,800
Manufacturing	44,600	44,900	44,400	41,500	39,500
Wholesale Trade	19,700	20,200	21,400	21,000	21,100
Retail Trade	77,400	81,000	82,900	84,900	87,500
Transportation, Warehousing and Utilities	15,800	16,100	15,600	14,700	14,500
Information	17,500	17,400	21,300	21,900	20,400
Finance and Insurance	37,900	36,600	37,000	39,600	43,400
Real Estate and Rental and Leasing	12,100	12,300	12,300	12,400	13,100
Professional and Business Services	90,000	96,200	90,500	88,000	88,400
Educational and Health Services	62,200	65,300	70,300	72,100	74,800
Leisure and Hospitality	61,200	64,500	66,300	69,300	70,700
Other Services	24,400	25,000	25,900	26,300	26,100
Federal Government	14,700	12,900	10,400	9,800	9,300
State Government	80,200	82,000	86,200	87,400	84,500
Local Government	<u>83,700</u>	<u>86,600</u>	<u>91,200</u>	<u>97,500</u>	<u>97,800</u>
Total, All Industries	689,800	713,800	735,200	746,900	755,800

(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.

Source: State of California Employment Development Department.

Major Employers

The table sets forth the largest employers in the City as of January 1, 2005.

COUNTY OF PLACER Major Employers January 2005

<u>Employer Name</u>	<u>Location</u>	<u>Industry</u>
ADVENTIST HEALTH	Roseville	MARKETING PROGRAMS & SERVICES
ALPINE MEADOWS SKI RESORT	Alpine Meadows	SKIING CENTERS & RESORTS
AUBURN AREA ANSWERING SVC	Auburn	PAGING & ANSWERING SERVICE
CLUB CRUISE	Auburn	TRAVEL AGENCIES & BUREAUS
COHERENT INC	Auburn	LASERS-MEDICAL-MANUFACTURERS
COHERENT INC	Auburn	LASERS-MEDICAL-MANUFACTURERS
CTECH SYSTEMS	Roseville	COMPUTERS-SERVICE & REPAIR
FORMICA CORP	Rocklin	PLASTICS-HIGH PRESSURE LAMINATES (MFRS)
FUTURE FORD	Roseville	AUTOMOBILE DEALERS-NEW CARS
HEWLETT-PACKARD CO	Roseville	COMPUTER & EQUIPMENT DEALERS
HOME DEPOT	Roseville	HOME CENTERS
MOUNTAIN PEOPLES WAREHOUSE INC	Auburn	HEALTH FOOD PRODUCTS-WHOLESALE
MWB BUILDING CONTRACTORS	Rocklin	BUILDING CONTRACTORS
NEC ELECTRONICS USA INC	Roseville	SEMICONDUCTORS & RELATED DEVICES (MFRS)
OLYMPIC ICE PAVILLION HIGH CMP	Olympic Valley	SKATING RINKS
ORACLE CORP	Rocklin	COMPUTER SOFTWARE
PLACER COUNTY SHERIFF	Auburn	SHERIFF
Q & D CONSTRUCTION INC	Loomis	CONSTRUCTION CONSULTANTS
RESORT AT SQUAW CREEK	Olympic Valley	RESORTS
ROSEVILLE GOLFLAND-SUN SPLASH	Roseville	AMUSEMENT PLACES
SIERRA COMMUNITY COLLEGE DIST	Rocklin	SCHOOLS-UNIVERSITIES & COLLEGES ACADEMIC
SIERRA WES DRYWALL INC	Loomis	DRY WALL CONTRACTORS
SUTTER AUBURN FAITH HOSPITAL	Auburn	HOSPITALS
SUTTER ROSEVILLE MEDICAL CTR	Roseville	HOSPITALS
UNDERGROUND CONSTRUCTION CO	Roseville	PIPE LINE CONTRACTORS
WAL-MART	Roseville	DEPARTMENT STORES

Source: State of California Employment Development Department

Construction

The City issued building permits valued in excess of \$585.1 million in 2003. Of this total dollar volume, approximately 73% consisted of new residential construction. The following table shows residential and non-residential building permits issued, for calendar years 1999 through 2003.

**City of Roseville
Building Permit Valuation
(Valuation in Thousands of Dollars)**

	<u>1999</u>	<u>2000</u>	<u>2001</u>	<u>2002</u>	<u>2003</u>
<u>Permit Valuation</u>					
New Single-family	\$714,476.2	\$943,358.1	\$356,214.1	\$526,365.7	\$384,045.3
New Multi-family	70,047.1	119,207.0	61,930.6	78,999.5	42,747.2
Res. Alterations/Additions	<u>30,401.9</u>	<u>32,390.0</u>	<u>2,455.9</u>	<u>2,649.5</u>	<u>2,374.4</u>
Total Residential	814,925.2	1,094,955.0	420,600.6	608,014.8	429,166.9
New Commercial	95,294.4	43,818.8	50,213.0	105,953.3	91,323.3
New Industrial	64,940.3	15,237.0	6,214.0	2,922.5	3,883.9
New Other	13,989.1	17,908.4	11,554.4	22,969.7	23,697.7
Com. Alterations/Additions	<u>36,642.2</u>	<u>65,857.6</u>	<u>40,608.4</u>	<u>34,272.8</u>	<u>37,062.9</u>
Total Nonresidential	210,866.0	142,821.7	108,589.8	166,118.3	155,967.7
<u>New Dwelling Units</u>					
Single Family	3,875	4,745	1,456	2,300	1,467
Multiple Family	<u>1,021</u>	<u>1,634</u>	<u>762</u>	<u>914</u>	<u>474</u>
TOTAL	4,896	6,379	2,218	3,214	1,941

Source: Construction Industry Research Board, Building Permit Summary.

Residential Development. As of July 1, 2003, the City had 31,708 housing units; approximately 75% are single family detached, 20% are apartments and 5% are duplexes and mobile homes. A total of 2,564 building permits, including building permits for 820 apartment units, were issued by the City's Building Division in Fiscal Year 2002-03. The highest monthly total was in April 2003 with 283 single family permits issued. All 820 apartment permits were issued in October 2002. The North Roseville Specific Plan Area is now the most active location for homebuilders in the City with well over 1,000 permits issued. The Stoneridge Specific Plan is seeing steady growth as well.

Commercial Development. The City's has over 9.8 million square feet of developed commercial space on 1,147 acres as of June 30, 2003. Developers built 895,869 square feet of commercial space in 2002-03. New development activity includes national retailers and grocers. Target opened its second store in Roseville and EXPO Design Center's opening was the third store in Roseville opened by the Home Depot chain. Safeway and Ralph's opened additional stores as well.

The City also has over 5.2 million square feet of developed office space as of June 30, 2003. Included is the Sutter Roseville Medical Center, Secret Ravine Medical/Dental Center and Sutter Roseville Medical Center Ambulatory.

Taxable Sales

During the first quarter of calendar year 2003, reported total taxable sales in the City were reported to be \$722,783,000, a 9.7% increase over total taxable transactions of \$658,583,000 that were reported during calendar year 1998. Taxable transactions in the City now exceed \$2 billion annually. A summary of taxable transactions in the City is shown below. Annual figures for 2003 are not yet available.

**City of Roseville
Taxable Transactions
Calendar Years 1999 through 2003
(Dollars in thousands)**

	<u>1999</u>	<u>2000</u>	<u>2001</u>	<u>2002</u>	<u>2003</u>
Apparel stores	\$ 32,672	\$ 67,603	\$ 110,463	\$ 118,936	\$128,694
General merchandise stores	216,270	306,446	370,924	418,267	467,494
Food stores	56,650	64,750	66,469	75,978	93,286
Eating and drinking places	114,344	140,862	177,347	195,011	214,558
Home furnishing and appliances.	46,138	59,436	82,000	96,700	108,737
Building material and farm implements	127,130	146,088	174,920	217,298	251,148
Auto dealers and auto supplies	767,375	879,626	938,034	1,026,213	1,125,482
Service stations	60,337	84,345	90,944	89,200	114,336
Other retail stores	<u>187,597</u>	<u>273,708</u>	<u>341,119</u>	<u>376,465</u>	<u>412,610</u>
Retail Stores Totals	1,608,513	2,022,864	2,352,220	2,614,068	2,916,345
All Other Outlets	<u>404,427</u>	<u>372,430</u>	<u>404,367</u>	<u>374,189</u>	<u>372,114</u>
TOTAL ALL OUTLETS	<u>\$2,012,940</u>	<u>\$2,395,294</u>	<u>\$2,756,587</u>	<u>\$2,988,257</u>	<u>\$3,288,459</u>
TOTAL NUMBER OF PERMITS	2,482	2,637	2,967	3,348	3,909

Source: California State Board of Equalization.

APPENDIX C

FORM OF OPINION OF BOND COUNSEL

_____, 2005

City Council
City of Roseville
311 Vernon Street
Roseville, California 94111

OPINION: \$20,440,000 City of Roseville Woodcreek West Community Facilities District
No. 1 Special Tax Refunding Bonds Series 2005

Members of the City Council:

We have acted as bond counsel in connection with the issuance by the City of Roseville (the "City") of \$20,440,000 City of Roseville Woodcreek West Community Facilities District No. 1 Special Tax Refunding Bonds Series 2005 (the "Bonds"), pursuant to the Mello-Roos Community Facilities Act of 1982, as amended, constituting Section 53311, et seq. of the California Government Code (the "Act") and a Fiscal Agent Agreement dated as of May 1, 2005 (the "Fiscal Agent Agreement") by and between the City on behalf of the City of Roseville Woodcreek West Community Facilities District and The Bank of New York Trust Company, N.A. We have examined the law 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 the foregoing, we are of the opinion, under existing law, as follows:

1. The City is duly created and validly existing as a public body, corporate and politic, with the power to adopt the resolution authorizing the issuance of the Bonds, enter into the Fiscal Agent Agreement, and perform the agreements on its part contained therein and issue the Bonds.
2. The Bonds have been duly authorized, executed and delivered by the City and are valid and binding limited 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 valid and binding obligation of the City enforceable upon the City.

4. Pursuant to the Act the Fiscal Agent Agreement creates a valid lien on the funds pledged by the Fiscal Agent Agreement.

3. 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 imposed on individuals and corporations; it should be noted, however, that, for the purpose of computing the alternative minimum tax imposed on corporations (as defined for federal income tax purposes), such interest is taken into account in determining certain income and earnings. The opinion set forth in the preceding sentence is subject to the condition that the City comply with all requirements of the Internal Revenue Code of 1986 that must be satisfied subsequent to the issuance of the Bonds in order that such interest thereon be, or continue to be, excluded from gross income for federal income tax purposes. The City has covenanted to comply with each such requirement. Failure to comply with certain of such requirements may cause the inclusion of interest on the Bonds in gross income for federal income tax purposes to be retroactive to the date of issuance of the Bonds. We express no opinion regarding other federal tax consequences arising with respect to the Bonds.

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

The rights of the owners of the Bonds and the enforceability of the Bonds and the Fiscal Agent Agreement may be subject to bankruptcy, insolvency, reorganization, moratorium and other similar laws affecting creditors' rights heretofore or hereafter enacted and may also be subject to the exercise of judicial discretion in appropriate cases.

Respectfully submitted,

APPENDIX D

FORM OF CONTINUING DISCLOSURE UNDERTAKING

CONTINUING DISCLOSURE AGREEMENT

THIS CONTINUING DISCLOSURE AGREEMENT (the "Disclosure Agreement") is dated as of May 1, 2005, is by and between the City of Roseville, a public body, corporate and politic, organized and existing under and by virtue of the laws of the State of California (the "Issuer" or the "City"), and MuniFinancial, Temecula, California, in its capacity as Dissemination Agent (the "Dissemination Agent").

WITNESSETH:

WHEREAS, pursuant to a Fiscal Agent Agreement dated as of May 1, 2005 (the "Fiscal Agent Agreement") by and between the City and The Bank of New York Trust Company, N.A., as the Fiscal Agent, the City has issued its City of Roseville Woodcreek West Community Facilities District No. 1 Special Tax Refunding Bonds Series 2005 (the "Bonds"), in the aggregate principal amount of \$20,440,000; and

WHEREAS, this Disclosure Agreement is being executed and delivered by the City and the Dissemination Agent for the benefit of the Holders and Beneficial Owners of the Bonds and in order to assist the Participating Underwriter of the Bonds in complying with Securities and Exchange Commission Rule 15c2-12(b)(5);

NOW, THEREFORE, for and in consideration of the mutual promises and covenants herein contained, the parties hereto agree as follows:

SECTION 1. Definitions. In addition to the definitions set forth in the Agreement, which apply to any capitalized term used in this Disclosure Agreement unless otherwise defined in this Section, the following capitalized terms shall have the following meanings:

"Annual Report" shall mean any Annual Report provided by the City pursuant to, and as described in, Sections 2 and 3 of this Disclosure Agreement.

"Beneficial Owner" shall mean any person which (a) has the power, directly or indirectly, to vote or consent with respect to, or to dispose of ownership of, any Bonds (including persons holding Bonds through nominees, depositories or other intermediaries), or (b) is treated as the owner of any Bonds for federal income tax purposes.

"Disclosure Representative" shall mean the designees of the City to act as the disclosure representative.

"Dissemination Agent" shall mean MuniFinancial, acting in its capacity as Dissemination Agent hereunder, or any successor Dissemination Agent designated in writing by the City.

"Listed Events" shall mean any of the events listed in Section 4(a) of this Disclosure Agreement and any other event legally required to be reported pursuant to the Rule.

"National Repository" shall mean any Nationally Recognized Municipal Securities Information Repository for purposes of the Rule, as they may be designated from time to time pursuant to the Rule. Any filing under this Disclosure Certificate with a National Repository may be made solely by transmitting such filing to the Texas Municipal Advisory Council (the "MAC") as provided at <http://www.disclosureusa.org> unless the United States Securities and Exchange Commission has withdrawn the interpretive advice in its letter to the MAC dated September 7, 2004.

"Official Statement" means the Official Statement, dated April 13, 2005, relating to the Bonds.

"Participating Underwriter" shall mean any of the original underwriters of the Bonds required to comply with the Rule in connection with offering of the Bonds.

"Repository" shall mean each National Repository and each State Repository.

"Rule" shall mean Rule 15c2-12(b)(5) adopted by the Securities and Exchange Commission under the Securities Exchange Act of 1934, as the same may be amended from time to time.

"State" shall mean the State of California.

"State Repository" shall mean any public or private repository or entity designated by the State as a state repository for the purpose of the Rule and recognized as such by the Securities and Exchange Commission. As of the date of this Disclosure Agreement, there is no State Repository.

SECTION 2. Provision of Annual Reports.

(a) The City shall, or shall cause the Dissemination Agent to, not later than January 15 after the end of the City's fiscal year, commencing with the fiscal year ending June 30, 2005 (for the report due January 15, 2006), provide to each Repository an Annual Report which is consistent with the requirements of Section 3 of this Disclosure Agreement. 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 3 of this Disclosure Agreement. Not later than fifteen (15) Business Days prior to said date, the City shall provide the Annual Report to the Dissemination Agent. The City shall provide an Officer's Certificate 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. The Dissemination Agent may conclusively rely upon such Officer's Certificate of the City.

(b) If by fifteen (15) Business Days prior to the date specified in subsection (a) for providing the Annual Report to the Repositories, the Dissemination Agent 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 subsection (a).

(c) If the Dissemination Agent is unable to verify that an Annual Report has been provided to the Repositories by the date required in subsection (a), the Dissemination Agent shall provide to (i) each National Repository or the Municipal Securities Rulemaking Board and (ii) each appropriate State Repository (with a copy to the Trustee) a notice, in substantially the form attached as Exhibit A.

- (d) With respect to the Annual Report, the Dissemination Agent shall:
 - (i) determine each year prior to the date for providing the Annual Report the name and address of each National Repository and the State Repository, if any; and
 - (i) (if the Dissemination Agent is other than the City), to the extent appropriate information is available to it, file a report with the City certifying that the Annual Report has been provided pursuant to this Disclosure Agreement, stating the date it was provided and listing all the Repositories to which it was provided.

SECTION 3. Content of Annual Reports. The City's Annual Report shall contain or include by reference the following:

- (a) The following information:
 - 1. Principal amount of Bonds outstanding.
 - 2. Balance in debt service reserve fund, and statement of the reserve fund requirement. Statement of projected reserve fund draw, if any.
 - 3. Additional debt authorized by the City and payable from or secured by assessments or special taxes with respect to property within the District.
 - 4. The Special Tax levy, the delinquency rate, total amount of delinquencies, number of parcels delinquent in payment for the five most recent fiscal years.
 - 5. Notwithstanding the June 30th reporting date for the Annual Report, the following information shall be reported as of the last day of the month immediately preceding the date of the Annual Report rather than as of June 30th. Identity of each delinquent taxpayer responsible for 5 percent or more of total special tax/assessment levied, and the following information: assessor parcel number, assessed value of applicable properties, amount of Special Tax levied, amount delinquent by parcel number and status of foreclosure proceedings. If any foreclosure has been completed, summary of results of foreclosure sales or transfers.
 - 6. Most recently available total assessed value of all parcels subject to the special tax or assessment.
- (b) 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 2(a), the Annual Report shall contain unaudited financial statements in a format similar to that used for the City's audited financial statements, and the audited financial statements shall be filed in the same manner as the Annual Report when they become available; provided, that in each Annual Report or other filing containing the City's financial statements, the following statement shall be included in bold type:

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 OF ROSEVILLE (OTHER THAN THE PROCEEDS OF THE SPECIAL TAXES LEVIED FOR THE FIDDYMENT RANCH COMMUNITY FACILITIES 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.

Any or all of the items listed above may be included by specific reference to other documents, including official statements of debt issues with respect to which the City is an "obligated person" (as defined by the Rule), which have been filed with each of the Repositories or the Securities and Exchange Commission. If the document included by reference is a final official statement, it must be available from the Municipal Securities Rulemaking Board. The City shall clearly identify each such other document so included by reference.

SECTION 4. Reporting of Significant Events.

(a) Pursuant to the provisions of this Section 4, the City shall give an Officer's Certificate including notice of the occurrence of any of the following events with respect to the Bonds, if material:

1. Principal and interest payment delinquencies.
2. Non-payment related defaults.
3. Modifications to rights of Bondholders.
4. Optional, contingent or unscheduled Bond calls.
5. Defeasances.
6. Rating changes.
7. Adverse tax opinions or events affecting the tax-exempt status of the Bonds.
8. Unscheduled draws on the debt service reserves, if any, reflecting financial difficulties.
9. Unscheduled draws on credit enhancements reflecting financial difficulties.
10. Substitution of credit or liquidity providers, or their failure to perform.
11. Release, substitution, or sale of property securing repayment of the Bonds.

(b) Whenever the City obtains knowledge of the occurrence of a Listed Event, the City shall as soon as possible determine if such event would constitute material information for Holders of Bonds, provided, that any event under subsection (a)(6) will always be defined to be material.

(c) If the City determines that knowledge of the occurrence of a Listed Event would be material under applicable Federal securities law, the City shall, or by written direction cause the Dissemination Agent (if not the City) to, promptly file a notice of such occurrence with (i) each National Repository or the Municipal Securities Rulemaking Board and (ii) each appropriate State Repository with a copy to the Trustee, together with written direction to the Trustee whether or not to notify the Bond holders of the filing of such notice. In the absence of any such direction, the Trustee shall not send such notice to the Bond holders. Notwithstanding the foregoing, notice of Listed Events described in subsections (a)(4) and 5) need not be given under this subsection any earlier than the notice (if any) of the underlying event is given to holders of affected Certificates pursuant to the Indenture.

(d) If in response to a request under subsection (b), the City determines that the Listed Event would not be material under applicable federal securities laws, the City shall so

notify the Dissemination Agent in writing and instruct the Dissemination Agent not to report the occurrence pursuant to subsection (e).

(e) If the Dissemination Agent has been instructed by the City to report the occurrence of a Listed Event, the Dissemination Agent shall file a notice of such occurrence with the Repository. Notwithstanding the foregoing:

SECTION 5. Termination of Reporting Obligation. The obligations of the City, the Dissemination Agent under this Disclosure Agreement 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 4(e) hereof. If the City's obligations under the Agreement are assumed in full by some other entity, such person shall be responsible for compliance with this Disclosure Agreement in the same manner as if it were the City, and the City shall have no further responsibility hereunder.

SECTION 6. 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 Agreement, and may discharge any such Dissemination Agent, with or without appointing a successor Dissemination Agent. The Dissemination Agent may resign at any time by providing at least 30 days' notice in writing to the Issuer and the City.

SECTION 7. Amendment; Waiver. Notwithstanding any other provision of this Disclosure Agreement, the City and the Dissemination Agent may amend this Disclosure Agreement (and the Dissemination Agent shall agree to any amendment so requested by the Issuer, provided no amendment increasing or affecting the obligations or duties of the Dissemination Agent shall be made without the consent of either such party) and any provision of this Disclosure Agreement may be waived if such amendment or waiver is supported by an opinion of counsel expert in federal securities laws acceptable to the Issuer, the City and the Dissemination Agent to the effect that such amendment or waiver would not, in and of itself, cause the undertakings herein to violate the Rule if such amendment or waiver had been effective on the date hereof but taking into account any subsequent change in or official interpretation of the Rule.

SECTION 8. Additional Information. Nothing in this Disclosure Agreement shall be deemed to prevent the City from disseminating any other information, using the means of dissemination set forth in this Disclosure Agreement 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 Agreement. 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 Agreement, the City shall have no obligation under this Agreement to update such information or include it in any future Annual Report or notice of occurrence of a Listed Event.

SECTION 9. Duties, Immunities and Liabilities of Dissemination Agent. The Dissemination Agent shall have only such duties as are specifically set forth in this Disclosure Agreement, 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 they may incur arising out of or in the exercise or performance of their respective 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 be paid compensation by the City for its services provided hereunder in accordance with its schedule of fees as amended from time to time, and

all expenses, legal fees and advances made or incurred by the Dissemination Agent in the performance of its duties hereunder. 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 Issuer, the Bondholders, 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 10. Notices. Any notices or communications to or among any of the parties to this Disclosure Agreement may be given as follows:

To the City:	City of Roseville 311 Vernon Street Roseville, California 95678 Attn: CFD Administrator
To the Dissemination Agent:	MuniFinancial 27369 Via Industria, Suite 110 Temecula, CA 92590

Any person may, by written notice to the other persons listed above, designate a different address or telephone number(s) to which subsequent notices or communications should be sent.

SECTION 11. Beneficiaries. This Disclosure Agreement shall inure solely to the benefit of the City, 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 12. Counterparts. This Disclosure Agreement may be executed in several counterparts, each of which shall be an original and all of which shall constitute but one and the same instrument.

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

CITY OF ROSEVILLE, for and on behalf of
City of Roseville Woodcreek West
Community Facilities District No. 1

By: _____
Authorized Officer

MUNIFINANCIAL as Dissemination Agent

By: _____
Authorized Officer

EXHIBIT A

NOTICE TO REPOSITORIES OF FAILURE TO FILE ANNUAL REPORT

Name of Issuer: City of Roseville
Name of Bond Issue: \$20,440,000 City of Roseville Woodcreek West Community Facilities District No. 1 Special Tax Refunding Bonds Series 2005
Date of Issuance: _____, 2005

NOTICE IS HEREBY GIVEN that the City of Roseville (the "City") on behalf of City of Roseville Woodcreek West Community Facilities District No. 1 has not provided an Annual Report with respect to the above-named Bonds as required by the Fiscal Agent Agreement dated as of May 1, 2005 (the "Fiscal Agent Agreement") by and between the City and The Bank of New York Trust Company, N.A., as Fiscal Agent. The City anticipates that the Annual Report will be filed by _____.

Dated: _____

MUNIFINANCIAL, as Dissemination Agent, on behalf of City of Roseville Woodcreek West Community Facilities District No. 1

By: _____
Authorized Officer

cc: City of Roseville

APPENDIX E

THE BOOK ENTRY SYSTEM

Book-Entry System

DTC will act as securities depository for the Bonds. The Bonds will be issued as fully-registered bonds registered in the name of Cede & Co. (DTC's partnership nominee). One fully-registered Bond will be issued for each maturity of the Bonds, each in the aggregate principal amount of such maturity, and will be deposited with DTC. DTC 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 securities that its participants (the "**Participants**") deposit with DTC. DTC also facilitates the settlement among Participants of securities transactions, such as transfers and pledges, in deposited securities through electronic computerized book-entry changes in Participants' accounts, thereby eliminating the need for physical movement of securities certificates. "**Direct Participants**" include securities brokers and dealers, banks, trust companies, clearing corporations, and certain other organizations. DTC is owned by a number of its Direct Participants and by the New York Stock Exchange, Inc., the American Stock Exchange, Inc. and the National Association of Securities Dealers, Inc. Access to the DTC system is also available to others such as securities brokers and dealers, banks, and trust companies that clear through or maintain a custodial relationship with a Direct Participant, either directly or indirectly ("**Indirect Participants**"). The Rules applicable to DTC and its Participants are on file with the Securities and Exchange Commission.

Purchases of the Bonds under the DTC system must be made by or through Direct Participants, which will receive a credit for the Bonds on DTC's records. The ownership interest of each actual purchaser of each Bond ("**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, but Beneficial Owners are 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 Bonds are to be accomplished by entries made on the books of Participants acting on behalf of Beneficial Owners. Beneficial Owners will not receive certificates representing their ownership interests in the Bonds, except in the event that use of the book-entry system for the Bonds is discontinued. To facilitate subsequent transfers, all Bonds deposited by Participants with DTC are registered in the name of DTC's partnership nominee, Cede & Co. The deposit of Bonds with DTC and their registration in the name of Cede & Co. effect no change in beneficial ownership. DTC has no knowledge of the actual Beneficial Owners of the Bonds; 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 Participants will remain responsible for keeping account of their holdings on behalf of their customers. 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.

Redemption notices shall be sent to Cede & Co. If less than all of the bonds 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. Neither DTC nor Cede & Co. will consent or vote with respect to the Bonds. Under its usual procedures, DTC mails an Omnibus Proxy to

an 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 the Bonds are credited on the record date (identified in a listing attached to the Omnibus Proxy).

Principal, mandatory redemption and interest payments on the Bonds will be made to DTC. DTC's practice is to credit Direct Participants' accounts on payment dates in accordance with their respective holdings shown on DTC's records unless DTC has reason to believe that it will not receive payment on the date payable. 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, the Fiscal Agent or the City, subject to any statutory or regulatory requirements as may be in effect from time to time. Payment of principal and interest to DTC is the responsibility of the City or the Fiscal Agent, disbursement of such payments to Direct Participants shall be the responsibility of DTC, and disbursement of such payments to the Beneficial Owners shall be responsibility of Direct and Indirect Participants.

The City cannot and does not give any assurances that DTC, DTC Participants or others will distribute payments of principal, interest or premium with respect to the Bonds paid to DTC or its nominee as the registered owner, or will distribute any redemption notices or other notices, to the Beneficial Owners, or that they will do so on a timely basis or will serve and act in the manner described in this Official Statement. The City is not responsible or liable for the failure of DTC or any DTC Participant to make any payment or give any notice to a Beneficial Owner with respect to the Bonds or an error or delay relating thereto.

The foregoing description of the procedures and record-keeping with respect to beneficial ownership interests in the Bonds, payment of principal, interest and other payments on the Bonds to DTC Participants or Beneficial Owners, confirmation and transfer of beneficial ownership interests in such Bonds 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.

Discontinuance of Book-Entry System

DTC may discontinue providing its services with respect to the Bonds at any time by giving notice to the Fiscal Agent and discharging its responsibilities with respect thereto under applicable law or the City may terminate participation in the system of book-entry transfers through DTC or any other securities depository at any time. In the event that the book-entry system is discontinued, the City will execute, and the Fiscal Agent will authenticate and make available for delivery, replacement Bonds in the form of registered bonds. In addition, the principal of and redemption premium, if any, on the Bonds will be payable as set forth in the Fiscal Agent Agreement and summarized above under the caption "Description of the Bonds." Bonds will be transferable and exchangeable on the terms and conditions provided in the Fiscal Agent Agreement. See "Transfer or Exchange of Bonds" above.

APPENDIX F
SPECIMEN BOND INSURANCE POLICY

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Ambac Assurance Corporation
One State Street Plaza, 15th Fl.
New York, New York 10004
Telephone: (212) 668-0340

Financial Guaranty Insurance Policy

Obligor:

Policy Number:

Obligations:

Premium:

Ambac Assurance Corporation (Ambac), a Wisconsin stock insurance corporation, in consideration of the payment of the premium and subject to the terms of this Policy, hereby agrees to pay to The Bank of New York, as trustee, or its successor (the "Insurance Trustee"), for the benefit of the Holders, that portion of the principal of and interest on the above-described obligations (the "Obligations") which shall become Due for Payment but shall be unpaid by reason of Nonpayment by the Obligor.

Ambac will make such payments to the Insurance Trustee within one (1) business day following written notification to Ambac of Nonpayment. Upon a Holder's presentation and surrender to the Insurance Trustee of such unpaid Obligations or related coupons, uncanceled and in bearer form and free of any adverse claim, the Insurance Trustee will disburse to the Holder the amount of principal and interest which is then Due for Payment but is unpaid. Upon such disbursement, Ambac shall become the owner of the surrendered Obligations and/or coupons and shall be fully subrogated to all of the Holder's rights to payment thereon.

In cases where the Obligations are issued in registered form, the Insurance Trustee shall disburse principal to a Holder only upon presentation and surrender to the Insurance Trustee of the unpaid Obligation, uncanceled and free of any adverse claim, together with an instrument of assignment, in form satisfactory to Ambac and the Insurance Trustee duly executed by the Holder or such Holder's duly authorized representative, so as to permit ownership of such Obligation to be registered in the name of Ambac or its nominee. The Insurance Trustee shall disburse interest to a Holder of a registered Obligation only upon presentation to the Insurance Trustee of proof that the claimant is the person entitled to the payment of interest on the Obligation and delivery to the Insurance Trustee of an instrument of assignment, in form satisfactory to Ambac and the Insurance Trustee, duly executed by the Holder or such Holder's duly authorized representative, transferring to Ambac all rights under such Obligation to receive the interest in respect of which the insurance disbursement was made. Ambac shall be subrogated to all of the Holders' rights to payment on registered Obligations to the extent of any insurance disbursements so made.

In the event that a trustee or paying agent for the Obligations has notice that any payment of principal of or interest on an Obligation which has become Due for Payment and which is made to a Holder by or on behalf of the Obligor has been deemed a preferential transfer and theretofore recovered from the Holder pursuant to the United States Bankruptcy Code in accordance with a final, nonappealable order of a court of competent jurisdiction, such Holder will be entitled to payment from Ambac to the extent of such recovery if sufficient funds are not otherwise available.

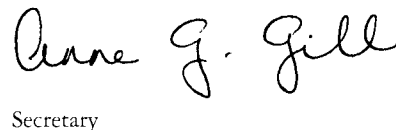
As used herein, the term "Holder" means any person other than (i) the Obligor or (ii) any person whose obligations constitute the underlying security or source of payment for the Obligations who, at the time of Nonpayment, is the owner of an Obligation or of a coupon relating to an Obligation. As used herein, "Due for Payment", when referring to the principal of Obligations, is when the scheduled maturity date or mandatory redemption date for the application of a required sinking fund installment has been reached and does not refer to any earlier date on which payment is due by reason of call for redemption (other than by application of required sinking fund installments), acceleration or other advancement of maturity; and, when referring to interest on the Obligations, is when the scheduled date for payment of interest has been reached. As used herein, "Nonpayment" means the failure of the Obligor to have provided sufficient funds to the trustee or paying agent for payment in full of all principal of and interest on the Obligations which are Due for Payment.

This Policy is noncancelable. The premium on this Policy is not refundable for any reason, including payment of the Obligations prior to maturity. This Policy does not insure against loss of any prepayment or other acceleration payment which at any time may become due in respect of any Obligation, other than at the sole option of Ambac, nor against any risk other than Nonpayment.

In witness whereof, Ambac has caused this Policy to be affixed with a facsimile of its corporate seal and to be signed by its duly authorized officers in facsimile to become effective as its original seal and signatures and binding upon Ambac by virtue of the countersignature of its duly authorized representative.


President




Secretary

Effective Date:

Authorized Representative

THE BANK OF NEW YORK acknowledges that it has agreed to perform the duties of Insurance Trustee under this Policy.


Authorized Officer of Insurance Trustee

Endorsement

Policy for:

Attached to and forming part of Policy No.:

Effective Date of Endorsement:

In the event that Ambac Assurance Corporation were to become insolvent, any claims arising under the Policy would be excluded from coverage by the California Insurance Guaranty Association, established pursuant to the laws of the State of California.

Nothing herein contained shall be held to vary, alter, waive or extend any of the terms, conditions provisions, agreements or limitations of the above mentioned Policy other than as above stated.

In Witness Whereof, Ambac has caused this Endorsement to be affixed with a facsimile of its corporate seal and to be signed by its duly authorized officers in facsimile to become effective as its original seal and signatures and binding upon Ambac by virtue of the countersignature of its duly authorized representative.

Ambac Assurance Corporation



President

Secretary

Authorized Representative