

\$33,120,000
CITY OF ROSEVILLE
HIGHLAND RESERVE NORTH COMMUNITY FACILITIES DISTRICT NO. 1
SPECIAL TAX REFUNDING BONDS
SERIES 2006

\$6,245,000
CITY OF ROSEVILLE
WOODCREEK EAST COMMUNITY FACILITIES DISTRICT NO. 1
SPECIAL TAX REFUNDING BONDS
SERIES 2006

CFD BONDS PURCHASE AGREEMENT

This CFD BONDS PURCHASE AGREEMENT (this "**Purchase Agreement**"), dated as of March 23, 2006, is by and between the Roseville Finance Authority (the "**Authority**"), a joint powers authority organized and existing under the laws of the State of California and the City of Roseville (the "**City**"), a charter city and municipal corporation organized and existing under and by virtue of the Constitution and laws of the State of California, for and on behalf of Highland Reserve North Community Facilities District No. 1 and Woodcreek East Community Facilities District No. 1.

WITNESSETH:

WHEREAS, the Authority is a joint exercise of powers authority duly organized and existing under the provisions of Articles 1 through 4 (commencing with Section 6500) of Chapter 5 of Division 7 of Title 1 of the Government Code of the State of California (the "**Act**"), and is authorized pursuant to Article 4 of the Act (the "**Bond Law**") to borrow money for the purpose of financing the acquisition of bonds, notes and other obligations to provide financing or refinancing for public capital improvements of local agencies within the State of California; and

WHEREAS, the City is issuing the following bonds (the "**CFD Bonds**") pursuant to the following Bond Indentures (the "**Bond Indentures**") to refund the following outstanding bonds (collectively, the "**Prior Bonds**"):

(a) the \$33,120,000 City of Roseville Highland Reserve North Community Facilities District No. 1 Special Tax Refunding Bonds, Series 2006, pursuant to a Bond Indenture, dated as of April 1, 2006, by and between the City and The Bank of New York Trust Company, N.A., as trustee (the "**Trustee**"), to refund the \$33,470,000 original principal amount of City of Roseville Highland Reserve North Community Facilities District No. 1 Special Tax Bonds, Series 1999 and to finance certain public capital improvements; and

(b) the \$6,245,000 City of Roseville Woodcreek East Community Facilities District No. 1 Special Tax Refunding Bonds, Series 2006, pursuant to a Bond Indenture, dated as of April 1, 2006, by and between the City and the Trustee, to refund the \$5,465,000 City of Roseville Woodcreek East Community Facilities District No. 1 Special Tax Bonds, Series 2000;

WHEREAS, the Authority has authorized the issuance of its Revenue Bonds, 2006 Series A (Senior Lien Bonds) in the aggregate principal amount of \$35,870,000 (the "**Series A Bonds**") and its Revenue Bonds, 2006 Series B (Junior Lien Bonds) in the aggregate principal amount of \$4,645,000 (the "**Series B Bonds**," and together with the Series A Bonds, the "**Bonds**"), under an Indenture of Trust dated as of April 1, 2006 (the "**Authority Bond Indenture**"), by and between the Authority and the Trustee and under the Bond Law for the purpose of providing the funds required to acquire the CFD Bonds; and

WHEREAS, the Authority and the City desire to enter into this CFD Bonds Purchase Agreement providing for the purchase and sale of the CFD Bonds by the City to the Authority and containing the other agreements herein set forth;

NOW, THEREFORE, in consideration of the mutual agreements herein contained, and for other good and valuable consideration, the receipt of which is hereby acknowledged, the Authority and the City agree as follows:

1. Upon the terms and conditions and upon the basis of the representations, warranties and agreements hereinafter set forth, the City hereby commits to sell to the Authority and does hereby sell to the Authority, and the Authority hereby commits to purchase from the City and does hereby purchase from the City with the proceeds of the Authority Bonds all of the \$40,515,000 combined aggregate principal amount of the CFD Bonds. The CFD Bonds will bear the annual interest rates and mature at the times set forth in Exhibit A attached hereto and hereby made a part hereof. The aggregate purchase price of the CFD Bonds is set forth below and the individual purchase price of each issue of the CFD Bonds shall be as set forth in Exhibit A.

2. All terms not herein defined shall have the meanings given such terms in the Indenture of Trust authorizing the issuance of the Authority Bonds.

3. The City confirms that there are no substantial conditions precedent to the issuance by the City and to the sale (as provided herein) and the delivery to the Authority of the CFD Bonds.

4. The parties hereto hereby specify April 5, 2006, as the date of closing of the purchase of the CFD Bonds hereunder (the "**Closing Date**"). The CFD Bonds shall be registered in the name of the Trustee, as assignee of the Authority. On the Closing Date, the City shall issue and deliver the CFD Bonds to the Trustee upon payment by the Trustee of the purchase price of the CFD Bonds in the aggregate amount of \$39,365,000, being the aggregate principal amount of the CFD Bonds. Said purchase price shall be paid from the proceeds of sale of the Authority Bonds, and shall be paid by the Trustee from the Purchase Fund established under the Authority Bond Indenture.

5. The CFD Bonds shall be as described in the Official Statement dated as of the date hereof, relating to the Authority Bonds (the "**Official Statement**") and shall be issued and secured under the provisions of the resolution adopted by the City on March 15, 2006 (the "**Resolution**") and the Bond Indentures. The CFD Bonds and interest thereon will be payable from Special Taxes levied and collected in accordance with the Resolution and the Bond Indentures.

6. Any action under this Purchase Agreement taken by the Authority, including payment for and acceptance of the CFD Bonds, and delivery and execution of any receipt for the CFD Bonds and any other instruments in connection with the closing on the Closing Date,

shall be valid and sufficient for all purposes and binding upon the Authority, provided that any such action shall not impose any obligation or liability upon the Authority other than as may arise as expressly set forth in this Purchase Agreement.

7. It is a condition to the City's sale and delivery of the CFD Bonds to the Authority, and to the Authority's purchase of the CFD Bonds and the obligations of the Authority to accept delivery of and to pay for the CFD Bonds, that the entire aggregate principal amount of the CFD Bonds authorized by the Resolutions and the Bond Indentures shall be delivered by the City, and accepted and paid for by the Authority, on the Closing Date.

8. The City have furnished some, but not all, of the information contained in the Official Statement and hereby authorize the use of that information by the Authority in connection with the public offering and sale of the Authority Bonds.

9. The City represents and warrants to the Authority that:

(a) The City is a a charter city and municipal corporation organized and existing under the Constitution and laws of the State of California, and has, and on the Closing Date will have, full legal right, power and authority (i) to enter into this Purchase Agreement, the Continuing Disclosure Certificate relating to the Bonds and the CFD Bonds (the "**Continuing Disclosure Certificate**") and the Bond Indentures (collectively, the "**City Documents**"), (ii) to adopt the Resolution, (iii) to issue, sell and deliver the CFD Bonds to the Authority as provided herein, and (iv) to carry out and consummate the transactions contemplated by the Resolution, the City Documents and the Official Statement;

(b) By all necessary official action of the City, the City has duly authorized and approved the execution and delivery of, and the performance by the City of the obligations contained in, the City Documents and as of the date hereof, such authorizations and approvals are in full force and effect and have not been amended, modified or rescinded. When executed and delivered, the City Documents will constitute the legally valid and binding obligations of the City enforceable in accordance with their respective terms, except as enforcement may be limited by bankruptcy, insolvency, reorganization, moratorium or similar laws or equitable principles relating to or affecting creditors' rights generally;

(c) The City has complied, and will at the Closing be in compliance in all respects, with the terms of the City Documents;

(d) The execution and delivery of City Documents and the CFD Bonds, the adoption of the Resolutions and compliance with the provisions of each thereof, and the carrying out and consummation of the transactions contemplated by the Official Statement, will not conflict with or constitute a breach of or a default under any applicable law or administrative regulation of the State of California or the United States, or any applicable judgment, decree, agreement or other instrument to which the City is a party or is otherwise subject;

(e) To the knowledge of the City, at the time of the City's acceptance hereof and at all times subsequent thereto up to and including the Closing Date, with respect to information describing the City, the CFDs, the City Documents and the Resolution and other resolutions relating to the CFDs, the Official Statement does not and will not contain any untrue statement of a material fact or omit to state a material fact required to

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

(f) Except as described in the Official Statement, there is no action, suit, proceeding or investigation before or by any court, public board or body pending or, to the knowledge of the City, threatened, wherein an unfavorable decision, ruling or finding would: (i) affect the creation, organization, existence or powers of the City or the titles of its members and officers to their respective offices, (ii) enjoin or restrain the issuance, sale and delivery of the CFD Bonds, the levy and receipt of the Reassessments which secure the CFD Bonds, or the pledge thereof, (iii) in any way question or affect any of the rights, powers, duties or obligations of the City with respect to the moneys pledged or to be pledged to pay the principal of, premium, if any, or interest on the CFD Bonds, (iv) in any way question or affect any authority for the issuance of the CFD Bonds, or the validity or enforceability of the CFD Bonds, the Resolution or the City Documents, or (v) in any way question or affect the City Documents or the transactions contemplated by the City Documents, the Official Statement, the Resolution, the other documents referred to in the Official Statement, or any other agreement or instrument to which the City is a party relating to the CFD Bonds;

(g) The City will furnish such information, execute such instruments and take such other action in cooperation with the Authority, as the Authority may reasonably request, to qualify the Authority Bonds for offer and sale under the Blue Sky or other securities laws and regulations of such states and other jurisdictions of the United States as the Authority may designate, and will assist, if necessary therefor, in the continuance of such qualifications in effect as long as required for the distribution of the Authority Bonds; provided, however, that the City shall not be required to qualify as a foreign corporation or to file any general consents to service of process under the laws of any state;

(h) The issuance and sale of the CFD Bonds is not subject to any transfer or other documentary stamp taxes of the State of California or any political subdivision thereof;

(i) The City has never failed to comply with a continuing disclosure undertaking pursuant to Rule 15c2-12; and

(j) Any certificate signed by any official of the City authorized to do so shall be deemed a representation and warranty by the City to the Authority as to the statements made therein.

10. If between the date of this Purchase Agreement and the date ninety (90) days after the Closing Date an event occurs which is materially adverse to the purpose for which the Official Statement is to be used which is not disclosed in the Official Statement, the City shall notify the Authority of such fact.

11. At 9:00 a.m., Pacific Time, on the Closing Date, or at such other time or on such other date as is mutually agreed by the City and the Authority, (a) the City will deliver the CFD Bonds to the Trustee in definitive form, duly executed, together with the other documents hereinafter mentioned, (b) subject to the terms and conditions hereof, the Trustee solely from moneys held under the Indenture of Trust will accept such delivery and pay the purchase price of the CFD Bonds as referenced in paragraph 1 hereof by wire transfer or other funds which are good funds on the Closing Date, (c) the Trustee shall deposit into the funds established under

the Bond Indentures the amounts described in the Bond Indentures. Delivery and payment, as aforesaid, shall be made at such place as shall have been mutually agreed upon by the City, the Trustee and the Authority.

12. The Authority has entered into this Purchase Agreement in reliance upon the representations, warranties and agreements of the City contained herein and to be contained in the documents and instruments to be delivered on the Closing Date, and upon the performance by the City of their respective obligations hereunder, both as of the date hereof and as of the Closing Date. Accordingly, the Authority's obligations under this Purchase Agreement to purchase, to accept delivery of and to pay for the CFD Bonds shall be subject to the performance by the City of their respective obligations to be performed hereunder and under such documents and instruments at or prior to the Closing Date, and shall also be subject to the following conditions:

(a) The representations and warranties of the City contained herein shall be true, complete and correct on the date hereof and on and as of the Closing Date, as if made on the Closing Date;

(b) On the Closing Date the Resolutions and the City Documents shall be in full force and effect, and shall not have been amended, modified or supplemented, and the Official Statement shall not have been amended, modified or supplemented, except in either case as may have been agreed to by both the Authority and the Underwriter;

(c) As of the Closing Date, all official action of the City relating to the CFD Bonds, including but not limited to the Resolution, shall be in full force and effect, and there shall have been taken all such actions as, in the opinion of Jones Hall, A Professional Law Corporation ("**Bond Counsel**"), shall be necessary or appropriate in connection therewith, with the issuance of the Authority Bonds and the CFD Bonds, and with the transactions contemplated hereby, all as described in the Official Statement;

(d) The Authority shall have the right to terminate the Authority's obligations under this Purchase Agreement to purchase, to accept delivery of and to pay for the CFD Bonds by notifying the City of its election to do so if, after the execution hereof and prior to the Closing: (i) either the marketability of the Authority Bonds or the market price of the Authority Bonds, in the opinion of the Authority, has been materially and adversely affected by any decision issued by a court of the United States (including the United States Tax Court) or of the State of California, by any ruling or regulation (final, temporary or proposed) issued by or on behalf of the Department of the Treasury of the United States, the Internal Revenue Service, or other governmental agency of the United States, or any governmental agency of the State of California, or by a tentative decision with respect to legislation reached by a committee of the House of Representatives or the Senate of the Congress of the United States, or by legislation enacted by, pending in, or favorably reported to either the House of Representatives or the Senate of the Congress of the United States or either house of the Legislature of the State of California, or formally proposed to the Congress of the United States by the President of the United States or to the Legislature of the State of California by the Governor of the State of California in an executive communication, affecting the tax status of the Authority or the City, their property or income, their bonds (including the Authority Bonds) or the interest thereon, or any tax exemption granted or authorized by the Bond Law; (ii) the United States shall have become engaged in: hostilities which have resulted in a declaration of war or national emergency, or there shall have occurred any other outbreak of hostilities, or a local, national or international calamity or crisis,

financial or otherwise, the effect of such outbreak, calamity or crisis being such as, in the reasonable opinion of the Authority, would affect materially and adversely the ability of the Authority to market the Authority Bonds (it being agreed by the Authority that there is no outbreak, calamity or crisis of such a character as of the date hereof); (iii) there shall have occurred a general suspension of trading on the New York Stock Exchange or the declaration of a general banking moratorium by the United States, New York State or California State authorities; (iv) there shall have occurred a withdrawal or downgrading of any rating assigned to any securities of the City by a national municipal bond rating agency; (v) any Federal or California court, authority or regulatory body shall take action materially and adversely affecting the ability of a developer to proceed with the development as contemplated by the Official Statement; (vi) an event described in paragraph 12 hereof occurs which in the opinion of the Authority requires a supplement or amendment to the Official Statement, and such supplement or amendment is not agreed to by the City; and

(e) On or prior to the Closing Date, the Authority shall have received each of the following documents:

(1) All documents and opinions required to be received by the Trustee prior to the application of proceeds of the Authority Bonds to the purchase of the CFD Bonds;

(2) Opinions, in form and substance satisfactory to the City and the Authority, dated as of the Closing Date, of Bond Counsel, approving, without qualification, the validity of the CFD Bonds;

(3) A letter of Bond Counsel, dated the date of the Closing and addressed to the Authority and the Underwriter, to the effect that the opinion referred to in the preceding subparagraph (2) may be relied upon by the Authority to the same extent as if such opinion were addressed to it;

(4) A supplemental opinion, dated the date of the Closing and addressed to the Authority and the Underwriter, of Bond Counsel to the effect that this Purchase Agreement has been duly authorized, executed and delivered by, and, assuming due authorization, execution and delivery by the Authority, constitutes a legal, valid and binding agreement of the City enforceable in accordance with its terms, except as such enforceability may be limited by the application of equitable principles if equitable remedies are sought, and that the statements contained in the Official Statement (including the cover page and the Appendices thereto), insofar as such statements purport to summarize certain provisions of the CFD Bonds, the City Documents or the Resolution, accurately summarize the information presented therein;

(5) A certificate dated the Closing Date, addressed to the Authority and the Underwriter, signed by a City official having knowledge of the facts to the effect that:

(i) The representations and warranties of the City contained herein are true and correct in all material respects on and as of the Closing Date as if made on the Closing Date;

(ii) Except as described in the Official Statement, there is no action, suit, proceeding or investigation before or by any court, public

board or body pending or threatened, wherein an unfavorable decision, ruling or finding would: (A) affect the creation, organization, existence or powers of the City, or the titles of its members and officers to their respective offices, (B) enjoin or restrain the issuance, sale and delivery of the CFD Bonds, the levy or collection of the Special Taxes or any other moneys or property pledged or to be pledged under the Resolution or the Bond Indentures, or the pledge thereof, (C) in any way question or affect any of the rights, powers, duties or obligations of the City with respect to the moneys and assets pledged or to be pledged to pay the principal of, premium, if any, or interest on the CFD Bonds, (D) in any way question or affect any authority for the issuance of the CFD Bonds, or the validity or enforceability of the CFD Bonds, the Resolution or the City Documents, or (E) in any way question or affect this Purchase Agreement or the transactions contemplated by the City Documents, the Resolution, the Official Statement or the documents referred to in the Official Statement;

(iii) The City has complied with all agreements, covenants and arrangements, and satisfied all conditions, on its part to be complied with or satisfied on or prior to the Closing Date; and

(iv) To the best of its knowledge, no event affecting the City has occurred since the date of the Official Statement which should be disclosed in the Official Statement for the purposes for which it is necessary to disclose therein in order to make the statements not misleading in any respect;

(6) An opinion, dated the date of Closing and addressed to the Authority and the Underwriter, of the City Attorney, to the effect that (A) the City Documents have been duly authorized, executed and delivered by, and, assuming due authorization, execution and delivery, constitute the legal, valid and binding agreement of the City enforceable in accordance with their terms, except as such enforceability may be limited by the application of equitable principles if equitable remedies are sought, (B) the Resolution has been duly adopted, is in full force and effect and has not been modified, amended or rescinded, and (C) except as described in the Official Statement, there is no action, suit, proceeding or investigation before or by any court, public board or body pending or threatened, wherein an unfavorable decision, ruling or finding would: (i) affect the creation, organization, existence or powers of the City, or the CFDs; (ii) enjoin or restrain the issuance, sale and delivery of the CFD Bonds, the receipt of any other moneys or property pledged or to be pledged under the Indentures or the pledge thereof; (iii) in any way question or affect any of the rights, powers, duties or obligations of the City with respect to the moneys and assets pledged or to be pledged to pay the principal of, premium, if any, or interest on the CFD Bonds; (iv) in any way question or affect any authority for the issuance of the CFD Bonds, or the validity or enforceability of the CFD Bonds, the Resolution or the CFD Documents; (v) in any way question or affect this Purchase Agreement or the transactions contemplated by the City Documents, the Official Statement or the documents referred to in the Official Statement and (vi) the statements in the Official Statements relating to the City are true and accurate;

(7) Such additional legal opinions, certificates, instruments and documents as the Authority may reasonably request to evidence the truth and

accuracy, as of the date hereof and as of the Closing Date, of the City's representations and warranties contained herein and of the statements and information contained in the Official Statement; and

(8) Executed copies of the Bond Indentures.

(9) A report of an Independent Certified Public Accountant required by Section 9.03(c) of the Fiscal Agent Agreements relating to the Prior Bonds.

(10) The Resolution, certified by authorized officers as a true copy and/or as having been adopted or executed (as applicable), with only such amendments, modifications or supplements as may have been agreed to by the Authority and the Underwriter.

All of the opinions, letters, certificates, instruments and other documents mentioned above or elsewhere in this Purchase Agreement shall be deemed to be in compliance with the provisions hereof if, but only if, they are in form and substance satisfactory to the Authority, but the approval of the Authority shall not be unreasonably withheld. Receipt of, and payment for, the CFD Bonds shall constitute evidence of the satisfactory nature of such as to the Authority. The performance of any and all obligations of the City hereunder and the performance of any and all conditions contained herein for the benefit of the Authority may be waived by the Authority in its sole discretion.

If the City shall be unable to satisfy the conditions to the obligations of the Authority to purchase, accept delivery of and pay for the CFD Bonds contained in this Purchase Agreement, or if the obligations of the Authority to purchase, accept delivery of and pay for the CFD Bonds shall be terminated for any reason permitted by this Purchase Agreement, this Purchase Agreement shall terminate, and neither the Authority nor the City shall be under further obligation hereunder, except that the respective obligations of the City and the Authority set forth in paragraphs 15 and 16 hereof shall continue in full force and effect.

14. The Authority and the City shall determine which portion of expenses incurred in connection with issuance of the Authority Bonds and the CFD Bonds will be paid by each respective entity, in such proportion as is in compliance with all applicable laws.

15. To the extent permitted by law, the City shall indemnify and hold harmless the Authority and the Trustee, and their respective officers, directors, employees and agents, against any and all losses, claims, damages, liabilities, costs and expenses (including without limitation fees and disbursements of counsel and other expenses) incurred by them or any of them in connection with investigating or defending any loss, claim, damages, liability or any suit, action or proceeding, joint or several, to which they or any of them may become subject under the laws of the State of California or under federal tax law, insofar as such losses, claims, damages, liabilities, costs and expenses (or any suit, action or proceeding in respect thereof) arise out of or are based upon the issuance and sale of the CFD Bonds or any untrue statement or alleged untrue statement of a material fact contained in the Official Statement or in any amendment or supplement thereto, or any omission or alleged omission to state therein a material fact relating to the City, the CFDs or the CFD Bonds which is required to be stated therein or necessary to make the statements therein, in light of the circumstances under which they were made, not misleading. This indemnity agreement shall be in addition to any liability which the City or the CFDs may otherwise have.

16. This Purchase Agreement is made solely for the benefit of the City and the Authority (including their successors and assigns), and no other person shall acquire or have any right

hereunder or by virtue hereof. All of the City's representations, warranties and agreements contained in this Purchase Agreement shall remain operative and in full force and effect regardless of: (i) any investigations made by or on behalf of the Authority or (ii) delivery of and payment for the CFD Bonds pursuant to this Purchase Agreement. The agreements contained in this paragraph and in paragraph 15 shall survive any termination of this Purchase Agreement.

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

18. In case any one or more of the provisions contained herein shall for any reason be held to be invalid, illegal or unenforceable in any respect, such invalidity, illegality or unenforceability shall not affect any other provision hereof.

19. The validity, interpretation and performance of this Purchase Agreement shall be governed by the laws of the State of California.

IN WITNESS WHEREOF, the Authority and the City have caused this Purchase Agreement to be executed by their duly authorized officers all as of the date first above written.

ROSEVILLE FINANCE AUTHORITY

By 
Treasurer

**CITY OF ROSEVILLE, for and on behalf of
HIGHLAND RESERVE NORTH COMMUNITY
FACILITIES DISTRICT NO. 1 AND
WOODCREEK EAST COMMUNITY
FACILITIES DISTRICT NO. 1**

By 
Administrative Services Director/Treasurer

Approved:



City Attorney
City of Roseville

EXHIBIT A

Maturity Schedule

Highland Reserve North CFD Bonds

<u>Maturity Date (September 1)</u>	<u>Principal Maturity</u>	<u>Interest Rate</u>
2006	\$1,041,000	4.385%
2007	1,063,000	4.385
2008	1,107,000	4.385
2009	1,157,000	4.385
2010	1,211,000	4.385
2011	1,264,000	4.385
2012	1,317,000	4.385
2013	1,376,000	4.385
2014	1,434,000	4.385
2015	1,499,000	4.385
2016	1,565,000	4.385
2017	1,635,000	4.385
2018	1,703,000	4.385
2019	1,777,000	4.385
2020	1,857,000	4.385
2021	1,939,000	4.385
2022	2,026,000	4.385
2023	2,111,000	4.385
2024	2,207,000	4.385
2025	2,301,000	4.385
2026	730,000	9.500
2027	800,000	9.500

Maturity Schedule

Woodcreek East CFD Bonds

<u>Maturity Date</u> <u>(September 1)</u>	<u>Principal Maturity</u>	<u>Interest Rate</u>
2006	\$189,000	4.928%
2007	164,000	4.928
2008	172,000	4.928
2009	184,000	4.928
2010	200,000	4.928
2011	211,000	4.928
2012	219,000	4.928
2013	230,000	4.928
2014	236,000	4.928
2015	251,000	4.928
2016	258,000	4.928
2017	282,000	4.928
2018	294,000	4.928
2019	306,000	4.928
2020	318,000	4.928
2021	336,000	4.928
2022	357,000	4.928
2023	374,000	4.928
2024	389,000	4.928
2025	408,000	4.928
2026	423,000	4.928
2027	444,000	4.928