

In the opinion of Jones Hall, A Professional Law Corporation, San Francisco, California, Bond Counsel, subject, however to certain qualifications described herein, under existing law, the interest on the 2023 Bonds is excluded from gross income for federal income tax purposes and such interest is not an item of tax preference for purposes of the federal alternative minimum tax. Interest on the Bonds may be subject to the corporate alternative minimum tax. In the further opinion of Bond Counsel, such interest is exempt from California personal income taxes. See "TAX MATTERS" herein.

\$14,300,000
CITY OF ROSEVILLE
CREEKVIEW COMMUNITY FACILITIES DISTRICT NO. 1 (PUBLIC FACILITIES)
IMPROVEMENT AREA NO. 2
SPECIAL TAX BONDS
SERIES 2023

Dated: Date of Delivery

Due: September 1, as shown on inside cover

The bonds captioned above (the "2023 Bonds"), are being issued by the City of Roseville (the "City") by and through Improvement Area No. 2 ("Improvement Area No. 2") of the City of Roseville Creekview Community Facilities District No. 1 (Public Facilities) (the "District"). The 2023 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 the Resolution of Issuance (as defined herein) and a Fiscal Agent Agreement dated as of July 1, 2023, (the "Fiscal Agent Agreement") by and between the City and U.S. Bank Trust Company, National Association, as fiscal agent (the "Fiscal Agent"). The 2023 Bonds are being issued to (i) construct and/or acquire certain authorized public facilities, (ii) provide for a deposit to a debt service reserve account for the 2023 Bonds, (iii) pay capitalized interest on the 2023 Bonds through September 1, 2023 and (iv) pay costs of issuance of the 2023 Bonds. Interest on the 2023 Bonds is payable semiannually on March 1 and September 1 of each year, commencing September 1, 2023. The 2023 Bonds represent the first series of special tax bonds issued for Improvement Area No. 2 and the issuance of additional parity bonds in the future is contemplated, subject to the conditions set forth in the Fiscal Agent Agreement. See "THE BONDS – Authority for Issuance" and "SECURITY AND SOURCES OF PAYMENT FOR THE BONDS – Future Parity Bonds."

The 2023 Bonds are being issued as fully registered bonds, registered in the name of Cede & Co. as nominee of The Depository Trust Company ("DTC"), and will be available to ultimate purchasers in the denomination of \$5,000 or any integral multiple thereof, under the book-entry system maintained by DTC. See "APPENDIX G – DTC AND THE BOOK-ENTRY ONLY SYSTEM."

The 2023 Bonds are secured by and payable from a pledge of Special Tax Revenues (as defined herein) derived from Special Taxes (derived from the levy of "Facilities Special Taxes," both as defined herein) to be levied by the City on real property within Improvement Area No. 2, 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 Improvement Area No. 2. 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 2023 Bonds and the interest thereon as a result of any delinquent Special Taxes, the City will establish a debt service reserve account for the 2023 Bonds from proceeds of the 2023 Bonds, as described herein. See "SECURITY AND SOURCES OF PAYMENT FOR THE BONDS."

Property currently in Improvement Area No. 2 and subject to the Special Tax is proposed to be developed into 561 taxable residential units, which represents "phase 3" and "phase 4" of the "Winding Creek" development ongoing within the Creekview Specific Plan, located in the northwest portion of the City. Final maps creating residential lots in the 4 villages within phase 3 were recorded in August 2022, with final maps creating the residential lots in the 4 villages in phase 4 anticipated to record in September 2024. Anthem United Creekview Developments Limited Partnership, a Washington limited partnership (the "Master Developer"), which is the master developer of the project, has sold all 4 villages in phase 3 to merchant builders, as described herein. The 2023 Bonds have been sized so that the maximum Special Taxes on property in phase 3 is at least equal to 110% of debt service on the 2023 Bonds. See "IMPROVEMENT AREA NO. 2 PLANNED DEVELOPMENT," "THE MASTER DEVELOPER," and "MERCHANT BUILDER INFORMATION."

The 2023 Bonds are subject to optional and mandatory redemption prior to maturity as described herein. See "THE BONDS – Redemption."

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 2023 BONDS. THE 2023 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 2023 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 2023 Bonds.

The 2023 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, Stradling, Yocca, Carlson & Rauth, a Professional Corporation, Newport Beach, California, as counsel to the Underwriter, and Holland & Knight LLP, San Francisco, California, as counsel to the Master Developer. Certain legal matters will be passed upon for the City by the City Attorney. It is anticipated that the 2023 Bonds will be available for delivery to DTC on or about July 26, 2023.

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**CITY OF ROSEVILLE
CREEKVIEW COMMUNITY FACILITIES DISTRICT NO. 1 (PUBLIC FACILITIES)
IMPROVEMENT AREA NO. 2
SPECIAL TAX BONDS
SERIES 2023**

MATURITY SCHEDULE

\$1,075,000 – 4.500% Term Bond Due September 1, 2033; Yield 4.700%; Price: 98.402%
CUSIP†: 777870 5D4

\$1,490,000 – 5.000% Term Bond Due September 1, 2038; Yield 4.950%; Price: 100.357%^C
CUSIP†: 777870 5E2

\$2,455,000 – 5.000% Term Bond Due September 1, 2043; Yield 5.060%; Price: 99.243%
CUSIP†: 777870 5F9

\$9,280,000 – 5.250% Term Bond Due September 1, 2053; Yield 5.280%; Price: 99.544%
CUSIP†: 777870 5G7

C: Priced to the optional call date of September 1, 2032 at 100%.

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CITY OF ROSEVILLE, CALIFORNIA

City Council

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

City Staff

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

SPECIAL SERVICES

Bond Counsel and Disclosure Counsel

Jones Hall, A Professional Law Corporation
San Francisco, California

Municipal Advisor

Hilltop Securities Inc.
Encino, California

Special Tax Consultant and Administrator

Willdan Financial Services
Temecula, California

Appraiser

Integra Realty Resources
Sacramento, California

Fiscal Agent

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

GENERAL INFORMATION ABOUT THIS OFFICIAL STATEMENT

Use of Official Statement. This Official Statement is submitted in connection with the sale of the 2023 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 2023 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 2023 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 2023 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.

IN CONNECTION WITH THIS OFFERING, THE UNDERWRITER MAY OVERALLOT OR EFFECT TRANSACTIONS WHICH STABILIZE OR MAINTAIN THE MARKET PRICE OF THE 2023 BONDS AT A LEVEL ABOVE THAT WHICH MIGHT OTHERWISE PREVAIL IN THE OPEN MARKET. SUCH STABILIZING, IF COMMENCED, MAY BE DISCONTINUED AT ANY TIME.

THE 2023 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 2023 BONDS HAVE NOT BEEN REGISTERED OR QUALIFIED UNDER THE SECURITIES LAWS OF ANY STATE.

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OFFICIAL STATEMENT

\$14,300,000
CITY OF ROSEVILLE
CREEKVIEW COMMUNITY FACILITIES DISTRICT NO. 1 (PUBLIC FACILITIES)
IMPROVEMENT AREA NO. 2
SPECIAL TAX BONDS
SERIES 2023

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 Improvement Area No. 2 (“**Improvement Area No. 2**”) of the City or Roseville Creekview Community Facilities District No. 1 (Public Facilities) (the “**District**”) of the bonds captioned above (the “**2023 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. See “APPENDIX F – SUMMARY OF CERTAIN PROVISIONS OF 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 2023 Bonds to potential investors is made only by means of the entire Official Statement.

The City. The City is located in the Sacramento Valley near the foothills of the Sierra Nevada mountain range, about 16 miles northeast of Sacramento and 110 miles east of San Francisco. With an estimated population as of January 1, 2022 of approximately 151,034, the City is the largest city in Placer County (the “**County**”). For economic and demographic information regarding the area in and around the City, see “APPENDIX C – The City of Roseville and Placer County.”

The District and Improvement Area No. 2. On October 2, 2019, the City Council of the City (the “**City Council**”), as legislative body of the District, adopted a Resolution of Intention to form the District, and designate Improvement Area No. 1 as an improvement area therein, under the Mello-Roos Community Facilities Act of 1982, as amended (the “**Act**”), to levy a special tax (the “**Facilities Special Tax**,” also referred to herein as the “**Special Tax**”) and to incur bonded

indebtedness for the purpose of financing certain authorized facilities. After conducting a noticed public hearing, on November 6, 2019, the City Council adopted a Resolution of Formation (the “**Resolution of Formation**”), which established the District, designated Improvement Area No. 1 as an improvement area therein, and formed a future annexation area for the District (the “**Future Annexation Area**”). In July 2022, the Master Developer (defined below) annexed a portion of the land (comprising phase 3 and phase 4 of the development) within the Future Annexation Area into the District as Improvement Area No. 2, approved the levy of special taxes pursuant to the Rate and Method (defined below), and established a bonded indebtedness limit for Improvement Area No. 2 of \$111,000,000.

The Master Developer and the Development. Property currently in Improvement Area No. 2 and subject to the Special Tax is proposed to be developed into 561 taxable residential units, which represents “phase 3” and “phase 4” of the “Winding Creek” development ongoing within the Creekview Specific Plan, located in the northwest portion of the City. Final maps creating residential lots in the 4 villages within phase 3 recorded in August 2022. Final maps creating the residential lots within the 4 villages planned for phase 4 are anticipated to record in September 2024. Land in Improvement Area No. 2 also includes 168 HDR units designated as affordable units as part of “phase 3” of the project, which are not subject to the Special Tax and provide no security for repayment of the 2023 Bonds. Anthem United Creekview Developments Limited Partnership, a Washington limited partnership (the “**Master Developer**”), which is the master developer of the project, has sold all 4 villages in phase 3 to merchant builders, as described herein. The Master Developer owns the remaining taxable property in Improvement Area No. 2, consisting of large lots C-6, C-7, C-8 and C-20, which will be developed as “phase 4” of the project. See “IMPROVEMENT AREA NO. 2 PLANNED DEVELOPMENT” and “THE MASTER DEVELOPER.”

The 2023 Bonds have been sized to provide at least a 110% annual debt service coverage ratio from “phase 3” of Improvement Area No. 2 Special Tax Revenues, based on the Maximum Annual Facilities Special Tax generated by the 330 taxable parcels within phase 3, although all the land in Improvement Area No. 2 provides security for the 2023 Bonds. Additional Bonds, secured on parity with the 2023 Bonds, are expected to be issued to finance the acquisition and/or construction of additional Improvements in the future.

Land in Improvement Area No. 2 represents a portion of the larger “Winding Creek” development. Home building and sales in Improvement Area No. 1, which represents “phase 1” and “phase 2” of the project, is well underway, with 381 of the 561 total planned single-family residential units having sold and closed to individual homeowners as of May 2023. Phase 5 of the project (planned for an additional 285 single-family residential units) remains in the Future Annexation Area and will be the final phase to develop and is expected to annex into the District as a separate improvement area. *Only the land in Improvement Area No. 2 is and will be security for the 2023 Bonds.*

The Merchant Builders. Of the planned 561 taxable lots in Improvement Area No. 2, 330 lots, comprising all of “Phase 3” of the project have been acquired by or for the following merchant builders (collectively, the “**Merchant Builders**”):

- AG EHC II (LEN) CA 2, L.P., the land bank for Lennar Homes of California, LLC, a California limited liability company (“**Lennar Homes**”) (large lot C-5, planned for 74 homes);

- Meritage Homes of California, Inc., a California corporation (“**Meritage**”) (large lot C-22, planned for 82 homes);
- Woodside 05N, LP, a California limited partnership (“**Woodside**”) (large lot C-9, planned for 97 homes); and
- Winding Creek C-21 – Roseville, L.P., a Delaware limited partnership (“**Hearthstone Land Bank**”), the land bank for D.R. Horton CA2, Inc., a California corporation (“**D.R. Horton**”) (large lot C-21, planned for 77 homes).

For additional details, see “IMPROVEMENT AREA NO. 2 PLANNED DEVELOPMENT” and “MERCHANT BUILDER INFORMATION.”

The following table summarizes ownership and levy data for parcels in the District as of May 1, 2023.

Ownership ⁽¹⁾ / Development Status / Village / Land Use	No. of Parcels	Planned Units	Appraised Value ⁽²⁾	FY 2023-24 Maximum Tax ⁽³⁾	Projected FY 2023-24 Special Tax Levy ⁽⁴⁾	Allocable Debt CFD Bonds ⁽⁵⁾⁽⁶⁾	% of Total CFD Bonded Debt ⁽⁶⁾
Phase 3							
<u>Merchant Builders - Finished Lots</u>							
C-5 (LDR) Lennar Homes/AG Land Bank ⁽¹⁾	74	74	\$10,730,000	\$234,818	\$234,818	\$3,573,609	24.99%
C-9 (LDR) Woodside	97	97	14,550,000	307,802	307,802	4,684,332	32.76%
C-21 (MDR) D.R. Horton/Hearthstone Land Bank ⁽¹⁾	77	77	8,778,000	192,266	192,266	2,926,026	20.46%
C-22 (MDR) Meritage	82	82	10,004,000	204,751	204,751	3,116,033	21.79%
Total Phase 3	330	330	\$44,062,000	\$939,637	\$939,637	\$14,300,000	100.00%
Phase 4							
<u>Master Developer - Undeveloped</u>							
C-6 (LDR)	1	48	\$2,714,352	\$152,315	\$0	\$0	0.00%
C-7 (LDR)	1	74	4,184,626	234,818	0	0	0.00%
C-8 (LDR)	1	32	1,809,568	101,543	0	0	0.00%
C-20 (MDR)	1	77	3,501,454	192,266	0	0	0.00%
Total Phase 4	4	231	\$12,210,000	\$680,942	\$0	\$0	0.00%
Total	334	561	\$56,272,000	\$1,620,579	\$939,637	\$14,300,000	100.00%

(1) Ownership, Development Status and Land Use as of May 1, 2023. On June 22, 2023 Village C-5 was conveyed by Lennar Homes to AG EHC II (LEN) CA 2, L.P., a land bank. Lennar Homes will be developing the lots and has an option, but not an obligation, to acquire lots from the land bank pursuant to a takedown schedule. See “MERCHANT BUILDER INFORMATION – Lennar Homes” herein. Similarly, Village C-21 is being developed by D.R. Horton through its land bank Winding Creek C-21 – Roseville, L.P., an entity formed by Hearthstone. D.R. Horton has an option, but not an obligation, to acquire lots from the land bank pursuant to a takedown schedule. See “MERCHANT BUILDER INFORMATION – D.R. Horton” herein.

(2) Appraised Values as of May 1, 2023.

(3) Maximum Tax refers to Maximum Annual Facilities Special Tax.

(4) Special Tax refers to annual Facilities Special Tax.

(5) Represents the par amount of the 2023 Bonds.

(6) The Allocable Debt of the CFD Bonds of the 4 undeveloped parcels comprising of Phase 4 are shown as “0” since this table allocates CFD Bonded Debt using each parcel's share of the projected FY 2023-24 Special Tax levy and none of the Phase 4 territory is expected to be levied in FY 2023-24.

Sources: Ownership and Development Status - Integra Realty Resources, Inc.; Appraised Value - Integra Realty Resources, Inc.; Future Development Activities – Master Developer; Land Use and Planned Number of Units - Improvement Area No. 2 Rate and Method and Maximum Facilities Special Tax - Willdan Financial Services.

Authority for Issuance of the 2023 Bonds. The 2023 Bonds are issued pursuant to the Act, a resolution adopted by the City Council on June 21, 2023 (the “**Resolution of Issuance**”) and a Fiscal Agent Agreement dated as of July 1, 2023, (the “**Fiscal Agent Agreement**”),

between the City and U.S. Bank Trust Company, National Association, as fiscal agent (the “**Fiscal Agent**”).

Bond Terms. The 2023 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 2023 Bonds is payable on March 1 and September 1 of each year (each an “**Interest Payment Date**”), commencing September 1, 2023. The 2023 Bonds will be issued without coupons in denominations of \$5,000 or any integral multiple thereof.

Registration of Ownership of 2023 Bonds. The 2023 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 2023 Bonds will not receive physical certificates representing their interest in the 2023 Bonds. So long as the 2023 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 2023 Bonds. Payments of the principal, premium, if any, and interest on the 2023 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 2023 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 G – DTC AND THE BOOK-ENTRY ONLY SYSTEM.”

Use of Proceeds. Proceeds of the 2023 Bonds will primarily be used to finance a portion of the costs of acquiring and constructing certain authorized infrastructure improvements (the “**Improvements**,” as described herein) as part of the development being undertaken by the Master Developer. The Improvements consist generally of roadway, water, wastewater, drainage, and other infrastructure improvements necessary for development of property within the District, as well as park and open space improvements. Proceeds of the 2023 Bonds will also be deposited to a debt service reserve account for the 2023 Bonds, and to pay costs of issuance and to pay capitalized interest through September 1, 2023.

Security and Source of Payment of the 2023 Bonds. As security for the payment of the 2023 Bonds, a facilities special tax applicable to each taxable parcel in Improvement Area No. 2 will be levied and collected according to the facilities tax liability determined by the City Council through the application of the Rate, Method of Apportionment, and Manner of Collection of Special Tax for Improvement Area No. 2 (the “**Rate and Method**”). The Rate and Method is set forth in its entirety in APPENDIX A hereto. The Rate and Method includes a services special tax component which is not security for the 2023 Bonds. Pursuant to the Rate and Method, a “Facilities Special Tax” will be levied and collected until the earlier of (i) the “Transition Year” (defined herein) or (ii) Fiscal Year 2086-87, and a “Maintenance Special Tax” will be levied and collected in perpetuity beginning in the Transition Year. *Only the “Facilities Special Tax” is pledged to the payment of the 2023 Bonds, and the definition of “**Special Taxes**” used in the Fiscal Agent Agreement and this Official Statement refers only to the “Facilities Special Tax” levied in accordance with the Rate and Method.* See “SECURITY AND SOURCES OF PAYMENT OF THE BONDS – Special Tax Methodology.”

The 2023 Bonds and any Additional Bonds that may be issued in the future pursuant to the terms of the Fiscal Agent Agreement are payable from the “**Special Tax Revenues**,” consisting of the proceeds of the Special Taxes received by the City, including all scheduled payments and delinquent payments thereof, interest thereon and proceeds of the redemption or sale of property sold as a result of foreclosure of the lien of the Special Taxes, net of the

administration charge of the County (currently at 1%), but do not include any interest in excess of the interest due on the Bonds or any penalties collected in connection with any such foreclosure. The 2023 Bonds are also payable from amounts held in certain funds and accounts pursuant to the Fiscal Agent Agreement, including a debt service reserve account, all as more fully described herein.

The Special Tax represents a lien on each parcel of land subject to the Special Tax, and failure to pay the Special Taxes could result in proceedings to foreclose the delinquent parcel. The Special Taxes do not constitute the personal indebtedness of the owners of taxed parcels. See “SECURITY AND SOURCES OF PAYMENT FOR THE BONDS.”

Additional Parity Bonds. The maximum authorized indebtedness for Improvement Area No. 2 is \$111,000,000, and the 2023 Bonds represent the first series of special tax bonds issued under this authorization. As development progresses one or more additional series of parity bonds may be issued in the future to finance additional infrastructure improvements needed for the development of the project being undertaken by the Master Developer. In addition, the City may utilize a portion of the available authorized bond amount for the funding of certain deferred impact fees owed to the City, as described below under “– Use of Bond Authorization for Development Impact Fee Deferral Bonds.”

The District may issue additional bonds secured by Special Tax Revenues on parity with the 2023 Bonds (the “**Additional Bonds**,” and collectively, the “**Bonds**”), upon the satisfaction of certain conditions set forth in the Fiscal Agent Agreement. Additional Bonds are expected to be issued in the future for additional Improvements, including bonds which may be issued to pay for the Development Impact Fee Deferral (see the following paragraph). The actual aggregate amount of Additional Bonds to fund Improvements and the Development Impact Fee Deferral may vary depending on interest rates at the time of bond issuance, the timing of each bond issue and other factors that may impact the timing and size of each bond issue. So long as the 2023 Bonds are outstanding, issuance of any Additional Bonds must comply with certain conditions set forth in the Fiscal Agent Agreement, and no bonds having a lien senior to the lien of the 2023 Bonds are allowed. See “SECURITY AND SOURCES OF PAYMENT FOR THE BONDS – Future Parity Bonds.”

Use of Bond Authorization for Development Impact Fee Deferral Bonds. In connection with the approval of development in the District (including Improvement Area No. 2), the City agreed that payment of certain impact fees owed by the Master Developer and merchant builders will be deferred (referred to as the “Development Impact Fee Deferral” in the Rate and Method) to allow payment of the deferred fees after the 2023 Bonds have been fully paid. The City expects to receive payment for the deferred impact fees either through continued collection of Special Taxes or through the issuance of future bonds after the 2023 Bonds and any Additional Bonds have matured. If the City chooses to issue bonds to pay deferred impact fees, the remaining authorization will be available to be utilized by the City as a means therefor.

2023 Reserve Account of the Reserve Fund. A debt service reserve fund has been established under the Fiscal Agent Agreement (the “**Reserve Fund**”), and within the Reserve Fund, separate reserve accounts are being established for each series of Bonds. Accordingly, at the time of issuance of the 2023 Bonds, a reserve account will be established within the Reserve Fund for the benefit of the holders of the 2023 Bonds (the “**2023 Reserve Account**”). The 2023 Reserve Account is available solely for the payment of debt service on the 2023 Bonds and no other parity obligations. See “SECURITY AND SOURCES OF PAYMENT FOR THE BONDS – 2023 Reserve Account of the Reserve Fund.”

Appraised Value of Property. Property in Improvement Area No. 2 is security for the Special Tax that secures the Bonds. The City authorized the preparation of an appraisal report (the “**Appraisal**”) for certain real property within Improvement Area No. 2, which sets forth an aggregate value of appraised taxable property currently in Improvement Area No. 2 of \$56,272,000, as of May 1, 2023. The valuation assumes completion of the Improvements funded by the 2023 Bonds (but not any Additional Bonds that may be issued in the future) and accounts for the impact of the lien of the Special Tax on the value of the property. In considering the estimates of value evidenced by the Appraisal, it should be noted that the Appraisal is based upon a number of standard and special assumptions, which affect the estimates as to value. See “VALUE OF PROPERTY WITHIN IMPROVEMENT AREA NO. 2 – The Appraisal” and APPENDIX B.

The appraised value of property in Improvement Area No. 2 is 3.88 times the \$14,492,437 aggregate principal amount of the 2023 Bonds (\$14,300,000) plus overlapping tax and assessment debt (\$192,437). This is based on the entirety of Improvement Area No. 2, the value to lien ratio for individual parcels will vary from the average. See “VALUE OF PROPERTY WITHIN IMPROVEMENT AREA NO. 2 – Value to Special Tax Burden Ratios.”

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 2023 Bonds. In particular, no assurance can be given that the timing of construction of homes and/or sale of homes projected by the Merchant Builders in this Official Statement will be accomplished. **See “SPECIAL RISK FACTORS.”**

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 2023 Bonds. The 2023 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 funds established and pledged to the 2023 Bonds under the Fiscal Agent Agreement, and neither the payment of the interest on nor principal of or redemption premiums, if any, on the 2023 Bonds is a general debt, liability or obligation of the City. The 2023 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 2023 Bonds other than from the proceeds of the Special Taxes and the money in the funds established and pledged to the 2023 Bonds, as provided in the Fiscal Agent Agreement.

Changes from Preliminary Official Statement. In addition to pricing and pricing-related information, the Preliminary Official Statement, dated June 23, 2023, related to the 2023 Bonds has been updated to reflect that (1) the Master Developer has secured a revolving credit line for its work in Phase 4 and Phase 5 of the project (see “THE MASTER DEVELOPER – Master Developer Financing Plan – Revolving Construction Loan”), (2) Meritage anticipates commencing construction of model and production homes in August 2023 (instead of June 2023) and D.R. Horton anticipates first sales to homeowners by December 2023 (instead of October 2023) (see pages 43 and 46, herein), and (3) the properties in Phase 3 of the project are projected to be levied at the maximum special tax rate for Fiscal Year 2023-24 (see the table on page 3, as well as Table 6 and Table 7, herein).

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 Chief Financial Officer 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 have been no changes to the City or the land in Improvement Area No. 2 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.*

ESTIMATED SOURCES AND USES OF FUNDS

A summary of the estimated sources and uses of funds associated with the sale of the 2023 Bonds follows:

Estimated Sources of Funds:

Principal Amount of 2023 Bonds	\$14,300,000.00
Less: Net Original Issue Discount	(72,760.35)
Total	\$14,227,239.65

Estimated Uses of Funds:

Deposit to Improvement Fund	\$12,317,482.85
Deposit to Bond Fund ⁽¹⁾	71,246.88
Deposit to 2023 Reserve Account of the Reserve Fund ⁽²⁾	1,273,324.92
Costs of Issuance ⁽³⁾	565,185.00
Total	\$14,227,239.65

(1) To pay capitalized interest on the 2023 Bonds through September 1, 2023.

(2) Equal to the initial Reserve Requirement for the 2023 Bonds.

(3) Includes fees of bond and disclosure counsel, fees, expenses and charges of the Fiscal Agent and its counsel, printing costs, fees of the special tax consultant and administrator, Appraiser, and Municipal Advisor, Underwriter's discount, and other costs of issuance.

THE BONDS

Authority for Issuance

The 2023 Bonds are issued pursuant to the Fiscal Agent Agreement, the Resolution of Issuance and the Act.

The 2023 Bonds have been sized to provide at least a 110% annual debt service coverage ratio from “phase 3” of Improvement Area No. 2 Special Tax Revenues, based on the Maximum Annual Facilities Special Tax generated by the 330 taxable parcels within phase 3, although all the land in Improvement Area No. 2 provides security for the 2023 Bonds. Additional Bonds, secured on parity with the 2023 Bonds, are expected to be issued to finance the acquisition and/or construction of additional Improvements in the future. See “SECURITY AND SOURCES OF PAYMENT FOR THE BONDS – Future Parity Bonds.”

Description of the Bonds

Bond Terms. The 2023 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 2023 Bonds are being issued in the denomination of \$5,000 or any integral multiple thereof.

Interest on the 2023 Bonds will be payable semiannually on March 1 and September 1 of each year (each an “**Interest Payment Date**”), commencing September 1, 2023. The principal of the 2023 Bonds and premiums due upon the redemption thereof, if any, will be payable in lawful money of the United States of America at the designated principal corporate trust office of the Fiscal Agent in Los Angeles, California, or such other place as designated by the Fiscal Agent, upon presentation and surrender of the 2023 Bonds; provided that so long as any 2023 Bonds are in book-entry form, payments with respect to such 2023 Bonds will be made by wire transfer, or such other method acceptable to the Fiscal Agent, to DTC.

Book-Entry Only System. The 2023 Bonds are being issued as fully registered bonds, registered in the name of Cede & Co., as nominee of The Depository Trust Company (“**DTC**”), and will be available to ultimate purchasers under the book-entry system maintained by DTC. Ultimate purchasers of 2023 Bonds will not receive physical certificates representing their interest in the 2023 Bonds. So long as the 2023 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 2023 Bonds. The Fiscal Agent will make payments of the principal, premium, if any, and interest on the 2023 Bonds directly to DTC, or its nominee, Cede & Co., so long as DTC or Cede & Co. is the registered owner of the 2023 Bonds. Disbursements of such payments to DTC’s Participants are the responsibility of DTC and disbursements of such payments to the Beneficial Owners are the responsibility of DTC’s Participants and Indirect Participants, as more fully described herein. See “APPENDIX G – DTC AND THE BOOK-ENTRY ONLY SYSTEM.”

Calculation and Payment of Interest. Interest on the 2023 Bonds will be computed on the basis of a 360-day year consisting of twelve 30-day months. Interest on the 2023 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 15th day of the month preceding the month in

which the Interest Payment Date occurs whether or not such day is a Business Day (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 2023 Bonds; provided that so long as any 2023 Bonds are in book-entry form, payments with respect to such 2023 Bonds will be made by wire transfer, or such other method acceptable to the Fiscal Agent, to DTC. See “APPENDIX G – DTC AND THE BOOK-ENTRY ONLY SYSTEM.”

Each 2023 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 2023 Bond, interest is in default thereon, such 2023 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 2023 Bonds are registered in the name of Cede & Co., as nominee of DTC, payments of the principal, premium, if any, and interest on the 2023 Bonds will be made directly to DTC, or its nominee, Cede & Co. Disbursements of such payments to DTC’s Participants are the responsibility of DTC and disbursements of such payments to the Beneficial Owners are the responsibility of DTC’s Participants and Indirect Participants, as more fully described herein. See “APPENDIX G – DTC AND THE BOOK-ENTRY ONLY SYSTEM.”

Redemption

Optional Redemption. The 2023 Bonds are subject to optional redemption from any source of available funds (other than Prepayments of the Special Tax by property owners), in whole or in part among maturities as specified by the City and by lot within a maturity, on any date on and after September 1, 2029 at the following respective redemption prices (expressed as percentages of the principal amount of the 2023 Bonds to be redeemed), plus accrued interest thereon to the date of redemption:

<u>Redemption Dates</u>	<u>Redemption Price</u>
September 1, 2029 through August 31, 2030	103%
September 1, 2030 through August 31, 2031	102
September 1, 2031 through August 31, 2032	101
September 1, 2032 and any date thereafter	100

Mandatory Redemption From Prepayments. The 2023 Bonds are subject to mandatory redemption from Prepayments of the Special Tax by property owners, in whole or in part among maturities of the 2023 Bonds and any Additional Bonds, as specified by the City, and by lot within a maturity, on any Interest Payment Date at the following respective redemption prices (expressed as percentages of the principal amount of the 2023 Bonds to be redeemed), plus accrued interest thereon to the date of redemption:

<u>Redemption Dates</u>	<u>Redemption Price</u>
Interest Payment Dates through and including March 1, 2030	103%
September 1, 2030 and March 1, 2031	102
September 1, 2031 and March 1, 2032	101
September 1, 2032 and any Interest Payment Date thereafter	100

Prepayments and amounts released from the 2023 Reserve Account in connection with Prepayments will be allocated to the redemption of the 2023 Bonds as nearly as practicable on a proportionate basis based on the outstanding principal amount of the 2023 Bonds and shall be applied to redeem 2023 Bonds as nearly as practicable on a pro rata basis among maturities in increments of \$5,000; provided, however, that, for Prepayments of less than \$50,000, the City may specify that Prepayments be applied to one or more maturities of the 2023 Bonds or Additional Bonds so long as there is delivered to the Fiscal Agent a certification of a Special Tax consultant or administrator that, following such redemption from Prepayments, the maximum Special Taxes that may be levied in each Fiscal Year on Developed Property in Improvement Area No. 2 is not less than 110% of Maximum Annual Debt Service (as defined herein).

See "SPECIAL RISK FACTORS – Potential Early Redemption of Bonds from Prepayments" for a discussion of the potential for the 2023 Bonds to be priced with original issue premium and then be redeemed from Special Tax prepayments prior to maturity.

Mandatory Sinking Fund Redemption. The Term 2023 Bonds maturing September 1, 2033, September 1, 2038, September 1, 2043 and September 1, 2053 (collectively, the "**Term Bonds**") are subject to mandatory sinking payment redemption in part on September 1, 2024, September 1, 2034, September 1, 2039 and September 1, 2044, 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 2023 Bonds Maturing September 1, 2033

Mandatory Redemption Date (Sept. 1)	Sinking Fund Payment
2024	\$20,000
2025	40,000
2026	55,000
2027	75,000
2028	90,000
2029	115,000
2030	135,000
2031	155,000
2032	180,000
2033 (maturity)	210,000

Term 2023 Bonds Maturing September 1, 2038

Mandatory Redemption Date (Sept. 1)	Sinking Fund Payment
2034	\$235,000
2035	265,000
2036	295,000
2037	330,000
2038 (maturity)	365,000

Term 2023 Bonds Maturing September 1, 2043

Mandatory Redemption Date (Sept. 1)	Sinking Fund Payment
2039	\$405,000
2040	445,000
2041	490,000
2042	535,000
2043 (maturity)	580,000

Term 2023 Bonds Maturing September 1, 2053

Mandatory Redemption Date (Sept. 1)	Sinking Fund Payment
2044	\$635,000
2045	690,000
2046	750,000
2047	810,000
2048	875,000
2049	945,000
2050	1,020,000
2051	1,100,000
2052	1,185,000
2053 (maturity)	1,270,000

The amounts in the foregoing tables will be reduced pro rata, in order to maintain substantially uniform debt service, as a result of any prior partial optional redemption or mandatory redemption of the 2023 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 2023 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 2023 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 20 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 2023 Bonds designated for redemption, at their addresses appearing on the 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 2023 Bonds.

Such notice will state the redemption date and the redemption price and, if less than all of the then Outstanding 2023 Bonds are to be called for redemption, will designate the CUSIP numbers and bond numbers of the 2023 Bonds to be redeemed by giving the individual CUSIP number and bond number of each 2023 Bond to be redeemed or will state that all 2023 Bonds between two stated bond numbers, both inclusive, are to be redeemed or that all of the 2023 Bonds of one or more maturities have been called for redemption, will state as to any 2023 Bond called in part the principal amount thereof to be redeemed, and will require that such 2023 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 2023 Bonds will not accrue from and after the redemption date.

The City has the right to rescind any notice of the optional redemption of 2023 Bonds and such notice may be cancelled and annulled if for any reason funds will not be or are not available on the date fixed for redemption for the payment in full of the 2023 Bonds then called for redemption.

Whenever provision is made in the Fiscal Agent Agreement for the redemption of less than all of the 2023 Bonds of any maturity, the City will select the 2023 Bonds to be redeemed, from all 2023 Bonds or such given portion thereof of such maturity by lot in any manner which the City in its sole discretion deems appropriate. Upon surrender of 2023 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 2023 Bond or 2023 Bonds, of the same series and maturity, of authorized denominations in aggregate principal amount equal to the unredeemed portion of the 2023 Bond or 2023 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 2023 Bonds so called for redemption are deposited in the Bond Fund, such 2023 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 2023 Bonds are registered in the name of Cede & Co., as nominee of DTC, transfers and exchanges of 2023 Bonds will be made in accordance with DTC procedures. See "APPENDIX G – DTC AND THE BOOK-ENTRY ONLY SYSTEM." Any 2023 Bond may, in accordance with its terms, be transferred or exchanged by the person in whose name it is registered, in person or his or her duly authorized attorney, upon surrender of such 2023 Bond for cancellation, accompanied by delivery of a duly written instrument of transfer in a form approved by the Fiscal Agent. Whenever any 2023 Bond or 2023 Bonds are surrendered for transfer or exchange, the City will execute and the Fiscal Agent will authenticate and deliver a new 2023 Bond or 2023 Bonds, for a like aggregate principal amount of 2023 Bonds of authorized denominations and of the same maturity. The cost for any services rendered or any fees or 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 2023 Bonds will be required to be made (i) within 15 days prior to the date established by the Fiscal Agent for selection of 2023 Bonds for redemption or (ii) with respect to a 2023 Bond after such 2023 Bond has been selected for redemption.

SECURITY AND SOURCES OF PAYMENT FOR THE BONDS

Special Taxes

The Bonds (consisting of the 2023 Bonds and any Additional Bonds that may be issued in the future) are payable from and secured by proceeds of the Special Taxes received by the City, including all scheduled payments and delinquent payments thereof, interest and proceeds of the redemption or sale of property sold as a result of foreclosure of the lien of the Special Taxes (but excluding any interest in excess of the interest due on the Bonds or any penalties collected in connection with any such foreclosure), and net of a 1% administration charge of the County (the "**Special Tax Revenues**"). All of the Special Tax Revenues and all moneys deposited in the Bond Fund and, until disbursed as provided herein, in the Special Tax Fund are pledged to secure the repayment of the Bonds. In addition, with respect to each Series of Bonds, all moneys in the applicable Reserve Account within the Reserve Fund for such Series is pledged to secure the repayment of the applicable Series, such that amounts in the 2023 Reserve Account are pledged to the 2023 Bonds. The Special Tax Revenues and all moneys deposited into such funds (except as otherwise provided in the Fiscal Agent Agreement) are dedicated to the payment of the principal of, including any mandatory sinking fund payments, and interest and any premium on, the Bonds as provided in the Fiscal Agent Agreement and in the Act until all of the Bonds have been paid and retired or defeased in accordance with the Fiscal Agent Agreement.

A Special Tax applicable to each taxable parcel in Improvement Area No. 2 will be levied and collected according to the tax amount determined by application of the Rate and Method administered by Willdan Financial Services, Temecula, California (the "**Special Tax Administrator**") and set forth in APPENDIX A hereto for all taxable properties in Improvement Area No. 2. Prior to remittance of the Special Tax collections to the City, the County deducts and retains a 1% County administration fee, as noted above. Interest and principal on the Bonds is payable from the annual Special Tax Revenues to be paid to the City from Special Tax levies and collections on taxable property within Improvement Area No. 2, from amounts held in certain funds

and accounts established under the Fiscal Agent Agreement 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 Council, as legislative body of the District, pursuant to the Act in an amount determined according to the Rate and Method. See “– Special Tax Methodology” below and APPENDIX A.

The amount of Special Taxes that the City 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 Improvement Area No. 2, which is set forth in the Rate and Method. Under the Rate and Method, Special Taxes for the purpose of making payments on the Bonds will be levied annually in an amount not in excess of the maximum approved amount. The Special Taxes and any interest earned on the Special Taxes constitute a trust fund for the principal of and interest on the Bonds pursuant to the Fiscal Agent Agreement and, so long as the principal of and interest on these obligations remains unpaid, the Special Taxes and investment earnings thereon will not be used for any other purpose, except as permitted by the Fiscal Agent Agreement, and will be held in trust for the benefit of the owners thereof and will be applied pursuant to the Fiscal Agent Agreement. The Rate and Method apportions the Annual Facilities Costs (as defined in the Rate and Method and described below) among the taxable parcels of real property within Improvement Area No. 2 according to the rate and methodology set forth in the Rate and Method. See “– Special Tax Methodology” below. See also “APPENDIX A – RATE AND METHOD OF APPORTIONMENT OF SPECIAL TAX.”

The City may levy the Special Tax up to the amount of the Maximum Annual Facilities Special Tax set forth in the Rate and Method, if conditions so require. The City has covenanted to annually levy the Special Taxes in an amount at least sufficient to pay the Annual Facilities Costs (as defined below). Because each Special Tax levy is limited to the Maximum Annual Facilities Special Tax rates authorized as set forth in the Rate and Method, no assurance can be given that, in the event of Special Tax delinquencies, the amount of the Annual Facilities Costs will in fact be collected in any given year. In addition, Section 53321(d) of the Act provides that the special tax levied against any parcel for which an occupancy permit for private residential use has been issued may not be increased as a consequence of delinquency or default by the owner of any other parcel within a community facilities district by more than 10% above the amount that would have been levied in such Fiscal Year had there never been any such delinquencies or defaults. See “SPECIAL RISK FACTORS – Tax Delinquencies” herein. The Special Taxes are collected for the City by the County in the same manner and at the same time as *ad valorem* property taxes.

Special Tax Methodology

Pursuant to the Rate and Method, a “Facilities Special Tax” will be levied and collected until the earlier of (i) the Transition Year (defined herein) or (ii) Fiscal Year 2086-87, and a “Maintenance Special Tax” will be levied and collected in perpetuity beginning in the Transition Year. *Only the “Facilities Special Tax” is pledged to the payment of the Bonds, and the definition of “Special Taxes” used in the Fiscal Agent Agreement and this Official Statement refers only to the “Facilities Special Tax” levied in accordance with the Rate and Method. Capitalized terms set forth in this section and not otherwise defined have the meanings set forth in the Rate and Method.*

Determination of Annual Facilities Costs. Each year, the City will determine the Annual Facilities Costs for the upcoming Fiscal Year. The “**Annual Facilities Costs**” includes the following amounts (less any available earnings on any reserve fund, special tax funds, available capitalized interest or any other available revenues):

- (i) Debt Service to be paid from Facilities Special Taxes;
- (ii) the amount needed to replenish bond reserve funds to the level required by Bond documents, to the extent not included in a computation of Annual Facilities Costs in a previous Fiscal Year;
- (iii) Administrative Expenses for such Fiscal Year;
- (iv) the amount needed to (1) cure any delinquencies in the payment of principal or interest on Bonds which have occurred in the prior Fiscal Year, and (2) to fund any foreseeable deficiency of the amount to be available for the payment of principal or interest on Bonds which are expected to occur in such Fiscal Year, in each case to the extent not already included in the calculation of Annual Facilities Costs in the current or any previous Fiscal Year;
- (v) the amount needed to (1) cure any delinquencies in the payment of the Facilities Special Taxes in the prior Fiscal Year, (2) to fund any foreseeable deficiency of the amount to be available for the payment of Facilities Special Taxes which are expected to occur in such Fiscal Year, in each case, to the extent not already included in the calculation of Annual Facilities Costs in the current or any previous Fiscal Year;
- (vi) pay-as-you-go expenditures for authorized improvements; and
- (vii) during the Deferral Bonding Period, the amount needed to pay Development Impact Fee Deferrals not financed by Bonds.

The Annual Facilities Costs is the basis for the amount of Special Tax to be levied within Improvement Area No. 2. In no event may the City levy a Special Tax in any year above the Maximum Annual Facilities Special Tax identified for each parcel in the Rate and Method.

Parcels Subject to the Facilities Special Tax. The Rate and Method identifies 8 large-lot taxable parcels planned for residential uses within the boundary of Improvement Area No. 2, which large-lot parcels are planned to be subdivided over time. Each fiscal year, the City will prepare a list of the then-current parcels subject to the Special Tax using the records of the City and the County Assessor, and will tax such parcels in accordance with the Rate and Method. Taxable parcels that are acquired by a public agency in the future will remain subject to the Facilities Special Tax unless a “trade” resulting in no loss of Facilities Special Tax revenue can be made, as described in the Rate and Method.

Limitation on Increases in Levy of Facilities Special Tax. If owners are delinquent in the payment of Facilities Special Taxes, the City may not increase Facilities Special Tax levies to make up for delinquencies for prior Fiscal Years above the Maximum Facilities Special Tax rates specified for each category of property within Improvement Area No. 2. In addition, Section 53321(d) of the Act provides that the special tax levied against any parcel for which an occupancy permit for private residential use has been issued may not be increased as a consequence of delinquency or default by the owner of any other parcel within a community facilities district by

more than 10% above the amount that would have been levied in such Fiscal Year had there never been any such delinquencies or defaults. In cases of significant delinquency, these factors may result in defaults in the payment of principal of and interest on the Bonds. See "SPECIAL RISK FACTORS."

Duration of the Facilities Special Tax; Transition Year. The Facilities Special Tax will be levied and collected (up to maximum allowable amount) until the earlier of (i) the Transition Year or (ii) Fiscal Year 2086-87. For purposes of Improvement Area No. 2, "Transition Year" means the first Fiscal Year following the Fiscal Year in which the Transition Event occurred, and "Transition Event" means the earlier of (i) after the Initial Bonding Period, the Fiscal Year in which the Administrator determines the Development Impact Fee Deferral has been repaid in full to the City and the City determines funding is no longer needed for Annual Facilities Costs, or (ii) Fiscal Year 2086-87. "Initial Bonding Period" means the period in which Bonds are outstanding or refunded which financed Authorized Facilities (as defined in the Rate and Method) costs or refunded prior Bonds, other than the Development Impact Fee Deferral.

Prepayment of the Facilities Special Tax. The Rate and Method provides that residential parcels may prepay a portion of the Facilities Special Tax by a cash settlement with the City. The amount of the prepayment required is to be calculated according to a formula set forth in the Rate and Method, which is generally based on the net present value of the remaining years in which the Facilities Special Tax will be collected, including the effect of a 2% per year escalation factor applicable for the time Bonds remain outstanding using a discount rate equal to the most current yield for the 30-year Treasury Constant Maturity as the discount factor, plus an amount representing the Development Impact Fee Deferral Amount (which amount is not available for prepayment of the Bonds), all as described in Section 8 of the Rate and Method set forth in APPENDIX A. Prepayment is only allowed if the City determines that the prepayment does not jeopardize its ability to make timely payments of debt service on outstanding Bonds, and the City maintains at least 110% debt service coverage on the outstanding Bonds.

Reduction of the Maximum Annual Facilities Special Tax Prior to First Bond Sale. The Rate and Method includes a provision that, at the request of the developer/builders, the Maximum Annual Special Taxes set forth in the Rate and Method could be reduced once prior to the first sale of special tax bonds for Improvement Area No. 2. This provision was not utilized, and is no longer applicable, given the issuance and sale of the 2023 Bonds.

Levy of Annual Special Tax; Maximum Special Tax

General. The annual Special Tax will be calculated by the City and levied to provide money for debt service on the Bonds, replenishment of Reserve Accounts established within the Reserve Fund for each Series of Bonds, certain delinquencies, administration of the District (including Improvement Area No. 2), and for payment of pay-as-you-go expenditures (to the extent permitted by the City) of the authorized public capital facilities not funded from Bond proceeds. In no event may the City levy a Special Tax in any year above the maximum identified for each taxable parcel in the Rate and Method. Land in Improvement Area No. 2 also includes 168 HDR units designated as affordable units as part of "phase 3" of the project, which are not subject to the Special Tax and provide no security for repayment of the Bonds.

Annual Special Tax Levy. The Special Tax will be levied each year by calculating the amount needed to be generated by all Taxable Parcels in Improvement Area No. 2; the Special Tax (up to the maximum allowable amount) will be levied against each Taxable Parcel until the Special Tax revenue equals such amount; however, the Rate and Method establishes a priority

for which properties will be levied a Special Tax. First, all “Developed Parcels” in Improvement Area No. 2 receive a levy. **“Developed Parcel”** for single-family parcels is defined in the Rate and Method as a parcel for which a Final Small Lot Subdivision Map was recorded before May 1 of the preceding Fiscal Year. If additional amounts are needed, a levy is made against each “Small Lot Tentative Map Parcel” in Improvement Area No. 2, then each “Large Lot Parcel” in Improvement Area No. 2, then each “Undeveloped Parcel” in Improvement Area No. 2. See “APPENDIX A – RATE AND METHOD OF APPORTIONMENT OF SPECIAL TAX.”

For Fiscal Year 2023-24, the Assigned Maximum Annual Facilities Special Tax per Unit is \$3,173 for LDR units and \$2,497 for MDR units, respectively.

The City covenants in the Fiscal Agent Agreement to fix and levy the amount of Special Taxes within Improvement Area No. 2 required for the payment of principal of and interest on any outstanding Bonds of Improvement Area No. 2 becoming due and payable during the ensuing year, including any necessary replenishment or expenditure of the Reserve Fund for the Bonds and an amount estimated to be sufficient to pay the Administrative Expenses during such year, all in accordance with the Rate and Method. The Special Tax is authorized to be levied in an amount not to exceed the Maximum Special Tax levy as described in the Rate and Method notwithstanding that a lower amount is sufficient to pay debt service on the Bonds. The Rate and Method provides a mechanism whereby the City may utilize the pay-as-you-go component to pay for and/or reimburse developers for a portion of the cost of Improvements not funded by proceeds of the bonds issued for Improvement Area No. 2. Proceeds of the annual Special Tax levy will first be used to pay the “Annual Facilities Costs” (which include debt service payments on the Bonds) other than pay-as-you-go expenditures, and the City contemplates that Special Taxes levied in future years will include a pay-as-you-go component in an amount equal to the Maximum Annual Facilities Special Tax on Developed Parcels, for deposit into the Improvement Fund for authorized costs not funded from Bond proceeds. See “SECURITY AND SOURCES OF PAYMENT FOR THE BONDS – Special Tax Methodology” above. See “APPENDIX A – RATE AND METHOD OF APPORTIONMENT OF SPECIAL TAX” for a copy of the Rate and Method.

Annual Escalation of Facilities Special Tax. The Facilities Special Tax escalates by 2% per fiscal year until the Transition Event, and thereafter will no longer be levied. See “APPENDIX A – RATE AND METHOD OF APPORTIONMENT OF SPECIAL TAX” and for a table showing the expected land uses and assigned Maximum Special Taxes, see “Attachment 2” in such Appendix.

Special Tax Fund

When received, the Special Tax Revenues 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. Within the Special Tax Fund, the City has established and will maintain the Surplus Account, to the credit of which the City will deposit surplus Special Tax Revenue, if any, as described below. 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.

All Special Tax Revenue will be deposited in the Special Tax Fund upon receipt. 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 accounts of the Reserve Fund, an amount which when added to the amount then on deposit therein is equal to the Reserve Requirement with respect to each series of Bonds, 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; provided, however, that as soon as practicable after the receipt by the City of any prepayments of Special Taxes, but no later than 10 Business Days after such receipt, the City shall transfer such prepayments to the Fiscal Agent for deposit into the Prepayment Account of the Bond Fund to be used for the redemption of bonds. 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 accounts of the Reserve Fund balance to the Reserve Requirement with respect to each series of Bonds, the amount in the Special Tax Fund in excess of such amount may, at the discretion of the City, be transferred to the Surplus Account, which will occur on or after September 2nd of each year. From time to time, the City may withdraw from the Surplus Account of 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. Moneys in the Surplus Account may also be transferred, at the City's discretion, to the Improvement Fund to pay for costs of the Improvements (including reimbursements to developers for the cost of Improvements not funded from proceeds of Bonds issued for Improvement Area No. 2) or authorized facility contributions, to pay the principal of, premium, if any, and interest on the Bonds or to replenish amounts in the Reserve Fund.

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 or collected at a different time to meet the City's financial obligations. 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 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 Improvement Area No. 2 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 Improvement Area No. 2 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 Improvement Area No. 2 in such Fiscal Year, but that property owned by any single property owner in Improvement Area No. 2 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 Improvement Area No. 2 is delinquent cumulatively by more than \$5,000 with respect to the current and past Special Tax due (irrespective of the total delinquencies in Improvement Area No. 2), 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 that 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 Maximum Annual Facilities Special Tax rates set forth in the Rate and Method, the City may adjust the Special Taxes levied on all property within Improvement Area No. 2 subject to the Special Tax to provide an amount required to pay debt service on the Bonds and to replenish the Reserve Fund. However, such adjustment is subject to the Maximum Annual Facilities Special Tax and to the limitation described under the caption “– Special Tax Methodology” above.

Under current law, a judgment debtor (property owner) has at least 120 days from the date of service of the notice of levy 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. See “VALUE OF PROPERTY WITHIN IMPROVEMENT AREA NO. 2 – Priority of Lien.”

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 City 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 at least 75% of the outstanding Bonds is obtained. However, under Section 53356.6 of the Act, the City, as judgment creditor, is entitled to purchase any property sold at foreclosure using a “credit bid,” where the City 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 City becomes the purchaser under a credit bid, the City 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.

2023 Reserve Account of Reserve Fund

A debt service reserve fund has been established under the Fiscal Agent Agreement (the “**Reserve Fund**”), and within the Reserve Fund, separate reserve accounts are being established

for each series of Bonds. Accordingly, at the time of issuance of the 2023 Bonds, a reserve account will be established within the Reserve Fund for the benefit of the holders of the 2023 Bonds (the “**2023 Reserve Account**”). The 2023 Reserve Account is available solely for the payment of debt service on the 2023 Bonds and no other parity obligations.

Upon delivery of the 2023 Bonds, the Fiscal Agent will deposit an amount of the proceeds into the 2023 Reserve Account of the Reserve Fund so that the amount therein equals the “**Reserve Requirement**,” which means, with respect to any series of Bonds, the least of (i) 125% of the average Annual Debt Service with respect to the applicable series of Bonds; (ii) Maximum Annual Debt Service with respect to the applicable series of Bonds; and (iii) 10% of the original principal amount of the applicable series of Bonds (or, if the applicable series of Bonds has more than a de minimis amount of original issue discount or premium, 10% of the issue price of such series of Bonds); provided, that—

- (a) the Reserve Requirement for the 2023 Bonds shall not increase after the date of issuance of the 2023 Bonds;
- (b) in no event shall the City be obligated to deposit an amount in any reserve account in excess of the amount permitted by the applicable provisions of the Code to be so deposited from the proceeds of tax-exempt bonds without having to restrict the yield of any investment purchased with any portion of such deposit and, if the amount of any such deposit is so limited, the Reserve Requirement shall be only the amount of such deposit as permitted by the Code; and
- (c) the City may meet all or a portion of the Reserve Requirement with respect to any series of Bonds by depositing a Qualified Reserve Fund Credit Instrument.

As noted above, for each series of Additional Bonds, the Fiscal Agent shall establish a separate subaccount within the Reserve Fund for such series and moneys in each subaccount shall be held in trust by the Fiscal Agent for the benefit of the Owners of the respective series of Bonds.

The City has the right to either meet the Reserve Requirement at the time of issuance of a series of Bonds or at any time thereafter to cause the Fiscal Agent to release cash from the Reserve Fund, in whole or in part, by tendering to the Fiscal Agent: (1) a Qualified Reserve Fund Credit Instrument, and (2) in the case of a release, an opinion of Bond Counsel stating that such release will not, of itself, cause the portion of the interest on the Bonds secured thereby to become includable in gross income for purposes of federal income taxation. Upon tender of such items to the Fiscal Agent in connection with a release of cash, the Fiscal Agent will transfer such funds to the City. Prior to the expiration of any Qualified Reserve Fund Credit Instrument, if applicable, the City is obligated either to replace such Qualified Reserve Fund Credit Instrument with a new Qualified Reserve Fund Credit Instrument, or to deposit or cause to be deposited with the Fiscal Agent an amount of funds such that the funds on deposit in the Reserve Fund together with all Qualified Reserve Fund Credit Instruments held by the Fiscal Agent is at least equal to the Reserve Requirement (which funds may come from a draw by the Fiscal Agent on the Qualified Reserve Fund Credit Instrument prior to its expiration).

“**Qualified Reserve Fund Credit Instrument**” means an irrevocable standby or direct-pay letter of credit or surety bond issued by a commercial bank or insurance company and deposited with the Fiscal Agent, provided that all of the following requirements are met: (a) the long-term credit rating of such bank or insurance company is rated in the top two categories

(without regard to modifier) by S&P or Moody's at the time of issuance; (b) such letter of credit or surety bond has a term of at least 12 months; (c) such letter of credit or surety bond has a stated amount at least equal to the portion of the Reserve Requirement being met by such instrument or with respect to which funds are proposed to be released pursuant to the Fiscal Agent Agreement; and (d) the Fiscal Agent is authorized pursuant to the terms of such letter of credit or surety bond to draw thereunder an amount equal to any deficiencies which may exist from time to time in the Bond Fund for the purpose of making payments required pursuant to the Fiscal Agent Agreement.

Whenever, on the Business Day prior to any Interest Payment Date, the amount in any reserve account within the Reserve Fund exceeds the Reserve Requirement for the applicable series of Bonds covered by such reserve account, the Fiscal Agent shall provide written notice to the Chief Financial Officer of the amount of the excess. The Chief Financial Officer shall advise the Fiscal Agent in writing of the amount, if any, of any transfer required pursuant to the Fiscal Agent Agreement, and otherwise direct the Fiscal Agent to transfer an amount equal to the excess to the Improvement Fund, if the Project has not been completed as of the date of such transfer, or if the Project has been completed, to the Bond Fund to be used for the payment of the principal of and interest on the Outstanding Bonds covered by the applicable reserve account in accordance with the Fiscal Agent Agreement; provided, that to the extent that such excess results from the prepayment of Special Taxes and redemption of Bonds, such amount shall be transferred to the Prepayment Account and applied to the corresponding redemption of Bonds.

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 Fiscal Agent 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 Improvements in accordance with the Acquisition Agreement (as described herein). Interest earnings from the investment of amounts in the Improvement Fund will be retained in the Improvement Fund to be used for the purposes of the Improvement Fund.

Upon completion of the Improvements and payment to the Master Developer or other entities that are due reimbursement for Improvements, the Fiscal Agent will transfer the amount, if any, remaining in the Improvement Fund to the Bond Fund for application to the payment of principal of and interest on the Bonds in accordance with the Fiscal Agent Agreement, and the Improvement Fund will be closed.

Future Parity Bonds

The proceedings conducted under the Act for the District and Improvement Area No. 2 authorize the issuance of up to \$111,000,000 of special tax bonds for Improvement Area No. 2,

of which the 2023 Bonds represent the first series. The City expects that it will, by a Supplemental Agreement, authorize the issuance of one or more additional series of Bonds (previously defined as the “**Additional Bonds**”) payable from Special Taxes and secured by the Special Tax Revenues on a parity with the 2023 Bonds, as development progresses in Improvement Area No. 2 and upon compliance by the City with the conditions set forth in the Fiscal Agent Agreement, which include the following:

(i) There shall be deposited into a reserve account of the Reserve Fund, an amount at least equal to the Reserve Requirement with respect to such Additional Bonds.

(ii) After giving effect to the issuance of the Additional Bonds, for each Bond Year the Additional Bonds are Outstanding, projected Special Tax Revenues (which are net of 1% County collection charge), if levied at the maximum annual Special Tax rates per the Rate and Method, in each Fiscal Year are at least equal to 110% of Debt Service due in the Bond Year that begins in the corresponding Fiscal Year, as calculated by the special tax consultant to the City.

(iii) After giving effect to the issuance of the Additional Bonds, the aggregate value of all parcels in Improvement Area No. 2 subject to the Special Tax, including then existing improvements and any facilities to be constructed or acquired with the proceeds of the Additional Bonds, as determined by an MAI appraisal, assessed valuations shown on the then current County tax roll, or by a combination of both methods, is at least 3 times the sum of (1) the aggregate principal amount of all Bonds then Outstanding, plus (2) the aggregate principal amount of the Additional Bonds proposed to be issued, plus (3) the proportionate principal amount of any bonds then outstanding and payable from assessments which are a lien against property in Improvement Area No. 2, plus (4) a portion of the aggregate principal amount of all bonds issued under the Act, other than 2023 Bonds then Outstanding and the Additional Bonds, payable at least partially from special taxes to be levied on parcels of land subject to the Special Tax within Improvement Area No. 2 (the “**Other Mello-Roos Bonds**”) equal to the aggregate principal amount of the Other Mello-Roos Bonds multiplied by a fraction, the numerator of which is the amount of special taxes levied for the Other Mello-Roos Bonds on parcels of land within Improvement Area No. 2 subject to the Special Tax, and the denominator of which is the total amount of special taxes levied for the Other Mello-Roos Bonds on all parcels of land subject to the Special Tax against which the special taxes are levied to pay the Other Mello-Roos Bonds (such fraction to be determined based upon the special taxes which could be levied the year in which the Additional Bonds are issued, as determined by the City), based upon information from the most recent available Fiscal Year.

Additional Bonds may be issued to finance additional improvements, Deferred Impact Fees, and/or to refund outstanding 2023 Bonds. Additional Bonds may be issued for the purpose of refunding any outstanding 2023 Bonds or Additional Bonds without meeting the foregoing conditions so long as debt service on the refunding Bonds in each Bond Year is less than debt service on the 2023 Bonds or Additional Bonds refunded.

Nothing in the Fiscal Agent Agreement shall be interpreted to prohibit issuance of bonds or Additional Bonds secured on a subordinate basis to the 2023 Bonds.

In connection with the approval of development in Improvement Area No. 2, the City has agreed that payment of certain impact fees owed by the Master Developer and merchant builders in Improvement Area No. 2 will be deferred (referred to as the “Development Impact Fee Deferral”

in the Rate and Method) to allow payment of the deferred fees after the 2023 Bonds have been fully paid. The City expects to receive payment for the deferred impact fees either through continued collection of Special Taxes or through the issuance of future bonds after the 2023 Bonds have matured. If the City chooses to issue bonds to pay deferred impact fees, the remaining authorization will be available to be utilized by the City as a means therefor.

DEBT SERVICE SCHEDULE

The annual debt service on the 2023 Bonds, assuming no early redemptions other than mandatory sinking fund payments, is set forth below.

**City of Roseville
Creekview Community Facilities District No. 1 (Public Facilities)
Improvement Area No. 2
2023 Bonds – Annual Debt Service**

Year Ending (Sept. 1)	2023 Bonds Principal	2023 Bonds Interest	2023 Bonds Total
2023 ⁽¹⁾	--	\$71,246.88	\$71,246.88
2024	\$20,000.00	732,825.00	752,825.00
2025	40,000.00	731,925.00	771,925.00
2026	55,000.00	730,125.00	785,125.00
2027	75,000.00	727,650.00	802,650.00
2028	90,000.00	724,275.00	814,275.00
2029	115,000.00	720,225.00	835,225.00
2030	135,000.00	715,050.00	850,050.00
2031	155,000.00	708,975.00	863,975.00
2032	180,000.00	702,000.00	882,000.00
2033	210,000.00	693,900.00	903,900.00
2034	235,000.00	684,450.00	919,450.00
2035	265,000.00	672,700.00	937,700.00
2036	295,000.00	659,450.00	954,450.00
2037	330,000.00	644,700.00	974,700.00
2038	365,000.00	628,200.00	993,200.00
2039	405,000.00	609,950.00	1,014,950.00
2040	445,000.00	589,700.00	1,034,700.00
2041	490,000.00	567,450.00	1,057,450.00
2042	535,000.00	542,950.00	1,077,950.00
2043	580,000.00	516,200.00	1,096,200.00
2044	635,000.00	487,200.00	1,122,200.00
2045	690,000.00	453,862.50	1,143,862.50
2046	750,000.00	417,637.50	1,167,637.50
2047	810,000.00	378,262.50	1,188,262.50
2048	875,000.00	335,737.50	1,210,737.50
2049	945,000.00	289,800.00	1,234,800.00
2050	1,020,000.00	240,187.50	1,260,187.50
2051	1,100,000.00	186,637.50	1,286,637.50
2052	1,185,000.00	128,887.50	1,313,887.50
2053	1,270,000.00	66,675.00	1,336,675.00
Total	\$14,300,000.00	\$16,358,834.38	\$30,658,834.38

(1) Capitalized interest is being funded for the 2023 Bonds through September 1, 2023.
Source: Underwriter.

THE CREEKVIEW SPECIFIC PLAN

The Creekview Specific Plan (“**Creekview Specific Plan**”) is the primary land use, policy and regulatory document used to guide development of land in Improvement Area No. 2 and the surrounding area. The Creekview Specific Plan establishes a development framework for land use, affordable housing, resource protection, circulation, utilities and services, implementation and design for approximately 461 acres in the northwest portion of the City projected to develop into approximately 2,011 single and multi-family residential units, of which land in Improvement Area No. 2 consists of land planned for 561 taxable residential units as well as non-taxable residential and public/quasi-public uses. The plan area is bounded by Blue Oaks Boulevard to the south, the Fiddymont Ranch portion of the West Roseville Specific Plan to the east and the City’s Johnson Wildlife Area property to the west.

The intent of the Creekview Specific Plan is to promote the systematic and orderly development of the plan area. All subsequent development projects and related activities in the Creekview Specific Plan area are required to be consistent with the Creekview Specific Plan. The Creekview Specific Plan implements the goals and policies of the City of Roseville General Plan and augments these goals and policies by providing specific direction to reflect conditions unique to the project and plan area. The City’s General Plan serves as the long-term policy guide for the physical, economic and environmental growth of the City. The property within the District was included within the Creekview Specific Plan at adoption, and is a component of the Creekview Specific Plan. The full text of the Creekview Specific Plan is available on the City’s website.

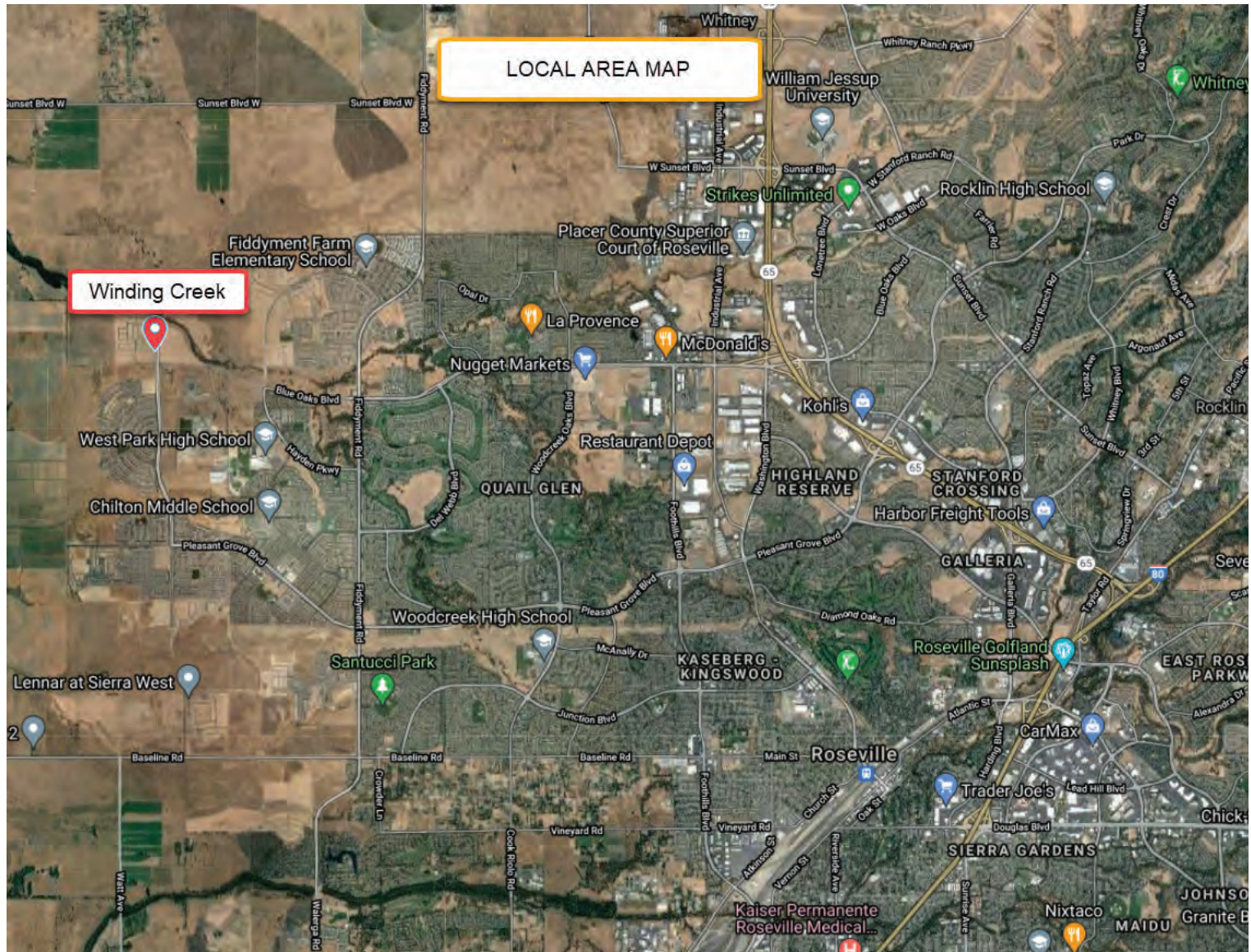
Land Use Concept. The Creekview Specific Plan is planned primarily as a residential community, while also providing recreation, open space, employment and educational opportunities. The primary elements that comprise the form of the Creekview Specific Plan land use plan include a commercial area, residential neighborhoods and park/open space areas, as described below.

Blue Oaks/Westbrook Commercial – The intersection of Blue Oaks Boulevard and Westbrook Boulevard creates the plan area’s best opportunity for commercial uses, anticipated to consist of community commercial, business professional and related uses. These uses are anticipated to support approximately 190,000 square feet of commercial/business uses, including a grocery store, drug store, retail services, personal services and professional offices.

Residential Neighborhoods – A variety of housing styles similar to that found elsewhere in the City are planned. The neighborhoods are generally divided by the geography of the site into four irregularly-sized quadrants. Each quadrant has its own adjacent land uses, natural resources and circulation requirements.

Parks and Open Space – Approximately 30% of the plan area is planned for park and open spaces use, which is equivalent to 28 acres of park and open space per 1,000 residents. Open space corridors provide for passive recreation opportunities, preservation of significant resources, viewsheds, potential floodwater conveyance and retention, resource mitigation, wildlife movement corridors, and can function to improve the interface between uses.

Maps. Maps showing the region and local area where Improvement Area No. 2 is located, as well as the boundaries of Improvement Area No. 2 follow.





Improvement Area 2

Improvement Area 1

IMPROVEMENT AREA NO. 2 PLANNED DEVELOPMENT

The information regarding development of the property contained under this caption has been provided by representatives of the Master Developer, and has not been independently confirmed or verified by the Underwriter or the City. Neither the Underwriter nor the City makes any representation as to the accuracy or adequacy of the information contained under this caption. There may be material adverse changes in this information after the date of this Official Statement. See "SPECIAL RISK FACTORS" herein.

The Creekview Development

General. The land within Improvement Area No. 2, planned for 561 taxable single-family homes, is part of a larger residential community referred to as the "Winding Creek" project being developed by the Master Developer in the Creekview Specific Plan (herein, the "**Creekview Development**" or "**Property**" or "**Project**"). The Creekview Development is located north of Blue Oaks Boulevard and west of the Fiddymment Farm development, in the northwest part of the City.

The Creekview Development encompasses property currently within Improvement Area No. 1 and Improvement Area No. 2. The Creekview Specific Plan establishes a development framework for land use, affordable housing, resource protection, circulation, utilities and services, implementation and design for approximately 461.40 acres in the northwest portion of the City projected to develop into approximately 2,011 single and multi-family residential units. The residential portion of the project is planned to include 987 Low Density Residential units on 182.81 acres, 477 Medium Density Residential units on 51.20 acres and 547 High Density Residential units on 17.68 acres. In addition to the residential uses, the project is planned to include open space and parks (153.17 acres), public uses/infrastructure (40.32 acres), commercial (9.22 acres) and an elementary school site (7.0 acres).

Information on land in Improvement Area No. 1 is provided for informational purposes; only the land in Improvement Area No. 2 is security for the Bonds.

Planned Development in Improvement Area No. 2. The property in Improvement Area No. 2 consists of approximately 167 acres, which is expected to be developed as a mix of Low Density Residential ("**LDR**"), Medium Density Residential ("**MDR**"), High Density Residential ("**HDR**"), and commercial, as shown in the following table.

Table 1
Property Ownership and Planned Development of Taxable Property
in Improvement Area No. 2
(as of May 1, 2023)

Phase	Larger Parcel Designation	Current Owner/Developer	Type of Units	No. of Taxable Actual (Expected) Units
3	C-5	Lennar Homes ⁽¹⁾	Low Density Residential	74
3	C-9	Woodside	Low Density Residential	97
3	C-21	D.R. Horton/Hearthstone Land Bank ⁽¹⁾	Medium Density Residential	77
3	C-22	Meritage	Medium Density Residential	<u>82</u>
			<i>Sub-Total (Phase 3)</i>	330
4	C-6	Master Developer	Low Density Residential	(48)
4	C-7	Master Developer	Low Density Residential	(74)
4	C-8	Master Developer	Low Density Residential	(32)
4	C-20	Master Developer	Medium Density Residential	<u>(77)</u>
			<i>Sub-Total (Phase 4)</i>	(231)
Total – Taxable Property in Improvement Area No. 2				561

(1) Ownership, Development Status and Land Use as of May 1, 2023. Lennar Homes reports that on June 22, 2023 Village C-5 was conveyed by Lennar Homes to AG EHC II (LEN) CA 2, L.P., a land bank. Lennar Homes will be developing the lots and has an option, but not an obligation, to acquire lots from the land bank pursuant to a takedown schedule. See “MERCHANT BUILDER INFORMATION – Lennar Homes” herein. Similarly, Village C-21 is being developed by D.R. Horton through its land bank Winding Creek C-21 – Roseville, L.P., an entity formed by Hearthstone. D.R. Horton has an option, but not an obligation, to acquire lots from the land bank pursuant to a takedown schedule. See “MERCHANT BUILDER INFORMATION – D.R. Horton” herein.

Source: Master Developer.

Phasing of Planned Development. The phasing map on the following page shows each of the Villages planned for Improvement Area No. 2, as well as the Villages planned for the larger Creekview development project being undertaken by the Master Developer which are located outside of Improvement Area No. 2 and therefore do not provide security for the Bonds. See “– The Creekview Development” for additional details on the overall development project, of which the land in Improvement Area No. 2 forms a part, comprised of the area south of the creek. Phase 1 and phase 2 of the Winding Creek project are located in Improvement Area No. 1, phase 3 and phase 4 of the project are located in Improvement Area No. 2 and phase 5 of the project remains in the Future Annexation Area. *Only the land in Improvement Area No. 2 is security for the 2023 Bonds.*

The Master Developer has constructed all of the backbone and in-tract infrastructure necessary for Phase 3 and is constructing backbone and in-tract infrastructure necessary to bring all of the property into finished lot condition.

Phase 3 – All Lots Owned by Merchant Builders. Of the planned 561 taxable lots in Improvement Area No. 2, 330 lots, comprising all of “Phase 3” of the project have been acquired by or for the following merchant builders (collectively, the “**Merchant Builders**”):

- AG EHC II (LEN) CA 2, L.P., the land bank for Lennar Homes of California, LLC, a California limited liability company (“**Lennar Homes**”) (large lot C-5, planned for 74 homes);

- Meritage Homes of California, Inc., a California corporation (“**Meritage**”) (large lot C-22, planned for 82 homes);
- Woodside 05N, LP, a California limited partnership (“**Woodside**”) (large lot C-9, planned for 97 homes); and
- Winding Creek C-21 – Roseville, L.P., a Delaware limited partnership (“**Hearthstone Land Bank**”), the land bank for D.R. Horton CA2, Inc., a California corporation (“**D.R. Horton**”) (large lot C-21, planned for 77 homes).

Final Map Status. Final maps for the Phase 3 lots (330 lots) were recorded on August 30, 2022. Final maps for the Phase 4 lots (231 lots) are anticipated to be recorded in September 2024. As of May 1, 2023, the property had the following mapping status:

Table 2
Final Map Status of Taxable Property
in Improvement Area No. 2
(as of May 1, 2023)

Owner	Villages	Date of Final Map Recorded (Anticipated Recordation)	Number of Actual (Expected) Lots
<u>Phase 3 (330 Lots):</u>			
Lennar Homes ⁽¹⁾	C-5	August 30, 2022	74
Woodside	C-9	August 30, 2022	97
D.R. Horton/Hearthstone Land Bank ⁽¹⁾	C-21	August 30, 2022	77
Meritage	C-22	August 30, 2022	<u>82</u>
Phase 3 Totals			330
<u>Phase 4 (231 Lots):</u>			
Master Developer	C-6	(September 2024)	(48)
Master Developer	C-7	(September 2024)	(74)
Master Developer	C-8	(September 2024)	(32)
Master Developer	C-20	(September 2024)	<u>(77)</u>
Phase 4 Totals			(231)

(1) Ownership, Development Status and Land Use as of May 1, 2023. Lennar Homes reports that on June 22, 2023, Village C-5 was conveyed by Lennar Homes to AG EHC II (LEN) CA 2, L.P., a land bank. Lennar Homes will be developing the lots and has an option, but not an obligation, to acquire lots from the land bank pursuant to a takedown schedule. See “MERCHANT BUILDER INFORMATION – Lennar Homes” herein. Similarly, Village C-21 is being developed by D.R. Horton through its land bank Winding Creek C-21 – Roseville, L.P., an entity formed by Hearthstone. D.R. Horton has an option, but not an obligation, to acquire lots from the land bank pursuant to a takedown schedule. See “MERCHANT BUILDER INFORMATION – D.R. Horton” herein.

Source: Master Developer.

Future Sales of Multi-Family Site (Non-Taxable Property). Land in Improvement Area No. 2 also includes land designated for 168 high-density-residential (HDR) units that are not subject to the Special Tax and provide no security for repayment of the Bonds.

Future Sales of Phase 4 (Taxable Property). Land in Improvement Area No. 2 also includes land within “Phase 4” of the project planned to develop into 231 LDR/MDR units. The Master Developer anticipates selling these lots to the Merchant Builders or other merchant builders as market conditions warrant.

Development Agreement

General. The City entered into a Development Agreement, dated October 3, 2012, and First Amendment to Development Agreement, dated November 6, 2019 (collectively, the “**Development Agreement**”) with certain entities and individuals to which the Master Developer has subsequently succeeded with respect to the land being developed by the Master Developer in the District. The Development Agreement’s purpose is to vest development rights, set forth infrastructure improvements and dedication requirements, secure the timing and methods for financing improvements, and specify other performance obligations as related to development in the Creekview Specific Plan area. All of the property in the District is subject to the requirements of the Development Agreement, as well as the Creekview Specific Plan. The Development Agreement was entered into in accordance with Sections 65864 through 65869.5 of the California Government Code, as implemented through Article V, Chapter 19.84 of the City’s Zoning Ordinance No. 3014.

The Development Agreement is the primary implementation tool for the Creekview Specific Plan and creates a binding contract between the City and the parties thereto, and their assigned successors in interest, which sets forth the needed infrastructure improvements, park dedication requirements, timing and method for financing improvements and other specific performance obligations of the City and the Master Developer and its successors, including obligations related to development of the property in the District, with the terms, conditions, rules, regulations, entitlements, vested rights and other provisions relating to the development of the property in the District according to the Creekview Specific Plan entitlements. Included are provisions relating to infrastructure improvements, public dedication requirements, landscaping amenities and other obligations of the parties.

The Development Agreement expires on April 25, 2043, which is 30 years following the annexation of portions of the Creekview Specific Plan into the City. The Development Agreement runs with the property, and may be modified only by mutual consent of the parties, and in a manner consistent with the Creekview Specific Plan. With the Development Agreement in place, subject to compliance with the terms of the Development Agreement, construction of homes within the District may occur upon City approval of subdivision maps, satisfaction of certain design requirements and conditions of such maps and issuance of building permits.

Land use and development entitlements granted under the Development Agreement for property in the District are consistent with the Creekview Specific Plan.

Improvements. The Development Agreement sets forth the responsibility of the Master Developer and its successors for a portion of the costs of certain public improvements required for its development within the Creekview Specific Plan. See “– Backbone Infrastructure and Other Development Conditions” herein for additional details.

Affordable Units. At the end of January 2021, the Master Developer submitted a series of documents to the City for consideration, including a proposed amendment to the Creekview Specific Plan and a proposed second amendment to the Development Agreement. The specific plan amendment was approved by the Planning Commission on July 22, 2021 and approved by the City Council on August 18, 2021. The second reading of the specific plan amendment was approved by the City Council on September 1, 2021. Following statutory appeal periods, it become effective on October 1, 2021. On October 8, 2021, the Second Amendment of Development Agreement was recorded with the Placer County Recorder’s Office. As a result of

these amendments, the affordable housing requirement for the project is the following: at least 201 total low-income units to be constructed in Villages C-40 (located in Improvement Area No. 2) and C-43 (located in Improvement Area No. 1). The Master Developer is under contract with an affordable housing developer (scheduled to close in August 2023) to sell Villages C-40 and C-43, who intends to construct in excess of the 201 required affordable units.

These affordable housing units are regulated by the City's affordable housing requirements and are not subject to the special tax. For Improvement Area No. 2 satisfaction of the affordable housing requirements applicable to Village C-43 is not a pre-condition for the Master Developer or any subsequent owner to obtain a final map or building permit with respect to any of the lots within Improvement Area No. 2 and, accordingly, the Master Developer does not believe the affordable housing requirements will impact the timing of development or sale of any those lots.

Backbone Infrastructure and Other Development Conditions. The Development Agreement requires satisfaction of various items as conditions of development of the Creekview Development. Set forth below is a table describing some of those conditions required for the Creekview Development that impact the property in Improvement Area No. 2 and the status of those conditions:

Table 3
Conditions of Development for Improvement Area No. 2
As of May 1, 2023

Item	Condition	Status (as of May 1, 2023)
CC&R's	A declaration of Conditions, Covenants and Restrictions (CC&R's), in a form approved by the City Attorney, shall be recorded on the entire property concurrently with the Final/Parcel Map.	CC&R's have been prepared and were approved by the City of Roseville concurrently with the Phase 1 small lot final maps on October 7, 2020. The CC&R's were recorded October 21, 2020.
Bonds	Prior to the recordation of a small lot residential subdivision map for the Property, Master Developer shall provide adequate assurances to City, either in the form of subdivision improvement bonds, issuance and sale of bonds by the CFD or other manner acceptable to the City, that adequate funds are available to finance the completion of all improvements to Arterial Roadways, and Collector Streets to serve the portion of the Property which is the subject of the small lot residential subdivision map; provided, however, Master Developer shall not be required to post security for the portion of the work associated with Road CIP improvements.	<u>Phase 3 Backbone Roads:</u> Subdivision improvement bond is in place for Westbrook Segment 3, expect it to be reduced to a warranty bond in June 2023. <u>Phase 3 Villages:</u> Subdivision Improvement bonds are in place for all villages (5, 9, 21, & 22) <u>Phase 4 Backbone Roads:</u> Subdivision Improvement Bond is in place for Westbrook Segment 4.
Formation of Services CFD No. 2 and Annexation to Municipal Services CFD No. 3	Building permits may not be issued for the Property until a project-specific services CFD (CFD No. 2) is formed and the property annexes into the City's municipal services CFD (CFD No. 3). The CFDs will finance landscaping and open space maintenance for the project, and City-wide services.	Complete.
Bypass Channel	The Pleasant Grove Creek Bypass Channel must be completed prior to development of Improvement Area No. 2.	Complete.

Item	Condition	Status (as of May 1, 2023)
Arterial Roadways, Collector Streets, and Rights of Way	Master Developer shall construct backbone and in-tract roads.	Backbone road for Phase 3 (Westbrook Blvd Segment 3 from Pleasant Creek to Creeppark Drive) is 100% complete, scheduled for acceptance by the City of Roseville in June, 2023. Backbone road for Phase 2 (Westbrook Blvd Segment 4 from Creeppark Drive to Benchmark Drive) is 95% complete. Expect 100% completion by June, 2023. In-tract roads for Phase 3 villages are 100% complete. Grading for Phase 4 in-tract improvements is 100% complete. Construction of Phase 4 in-tract improvements is anticipated to begin in Spring of 2024 and be 100% complete by the end of 2024.
Sewer Facilities	Master Developer shall construct on-site sewer facilities.	On-site sewer facilities serving Phase 3 & 4 backbone roads and Phase 3 villages are complete. On-site sewer improvements serving Phase 4 villages are anticipated to begin in the Spring of 2024 and be complete by the end of 2024.
Groundwater Well	Parcel C-84 must be dedicated to be used as a ground water well.	Completed. Parcel C-84 was irrevocably offered for dedication to the City on the Final Map of Creekview Phase 1 Large Lot Subdivision, recorded on June 1, 2020.
Water Facilities	Master Developer shall construct on-site water system facilities.	On-site water facilities serving Phase 3 & 4 backbone roads and Phase 3 villages are complete. On-site water improvements serving Phase 4 villages are anticipated to begin in the Spring of 2024 and be complete by the end of 2024.
Recycled Water Facilities	Master Developer shall construct specified recycled water system facilities.	Recycled Water Facilities serving Improvement Area No. 2 have been constructed in Westpark Drive and Westbrook Blvd. as required to serve the Creekview Specific Plan.
Storm Drains	Master Developer shall construct storm drain mains and laterals in accordance with the Master Drainage Plan for each tributary shed and Phasing Plan and in accordance with the City's then current Improvement standards.	Storm Drain facilities serving Phase 3 & 4 backbone roads and Phase 3 villages are complete. Storm Drain facilities serving Phase 4 villages are anticipated to begin in the Spring of 2024 and be complete by the end of 2024.
On-Site Electric Facilities	Concurrently with the construction of the adjacent roadways and as specified in the Development Agreement, Master Developer agrees to construct, or finance the construction of, on-site 12kv electric distribution facilities as directed by the Electric Utility Director.	On-Site Electric facilities serving Phase 3 & 4 backbone roads and Phase 3 villages are complete. On-Site Electric facilities serving Phase 4 villages are anticipated to begin in the Summer of 2024 and be complete by the end of 2024.
Off-Site Electric Facilities	If the electric infrastructure is not installed to the boundary of the Plan Area prior to the start of construction of the first phase of the Specific Plan, Master Developer agrees to construct, or finance the construction of, off-site 12kv electric distribution facilities as directed by the Electric Utility Director.	Off-Site Utility construction to the boundary of the plan area is complete.
Electric Substation Site	The Master Developer shall, prior to the issuance of the 923rd residential building permit or any combination of building permits within the Creekview Specific Plan, dedicate to City a 0.90 buildable acre site (parcel C-81) (including grading, construction of retaining walls, access roads, and power line corridor) net of easements, wetlands, riparian corridors and required setbacks for use as an electrical substation.	The substation site will be ready for delivery in June, 2023 concurrently with the completion of Westbrook Segment 4 improvements.

Item	Condition	Status (as of May 1, 2023)
Parks	Dedicate 16.3 acres of park land and 136.9 acres of open space land, and pay park fees at building permit.	In Improvement Area No. 2, Park parcels C-60 and C-61 were irrevocably offered for dedication to the City on the Final Map of Creekview Phase 3 Large Lot Subdivision, recorded December 2, 2021. All land for open space and backbone road improvements has been irrevocably offered for dedication to the City on the Final Map of Creekview Phase 3 Large Lot Subdivision. Additional land for landscaping and road improvements have been offered for dedication to the City on the Phase 3 Small Lot Final Maps recorded in August 2022. Additional land for landscaping and road improvements will be offered for dedication to the City when the Phase 4 Small Lot Final Maps are anticipated to record in the Fall of 2024. All park fees will be paid by the Merchant Builders at such time as a building permit is requested.
School Fees	Under a mitigation agreement with the Roseville City School District, the School District agreed to defer a portion of the school fees payable at building permit for the property in Improvement Area No. 2, with the deferred amount payable as a lump sum when the first building permits are pulled in the Future Annexation Area.	The Merchant Builders will pay the reduced school fees in connection with each request for building permits in Improvement Area No. 2. The deferred amounts will be payable by the Master Developer prior to the request for the first building permit in the Future Annexation Area.

Environmental Matters

Flood Hazard Map Information. According to the Federal Emergency Management Agency's flood insurance rate maps (Flood Area Panel Number 06061C-0920H, with an effective date of November 2, 2018), the property in Improvement Area No. 2 is located within Flood Zone X, described as areas of minimal flooding (outside of the 100- and 500-year floodplains).

Wetland Conditions. According to the City's planning department, some jurisdictional wetlands will be affected by the development of the Project; however the impact has been mitigated by the Master Developer. No additional environmental permits are required to be obtained.

Seismic Conditions. None of the property expected to be developed as part of the Project (including land in Improvement Area No. 2) is 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.

Wildfire Zone. None of the property in Improvement Area No. 2 is within a very high fire hazard severity zone, as defined by CAL-FIRE.

Utilities. It is expected that utility service for the property in Improvement Area No. 2 will be provided by the following entities:

Utility

Water/Sewer
Electricity
Natural Gas
Data/Phone

Provider

City of Roseville
City of Roseville
Pacific Gas & Electric
Comcast/AT&T

THE MASTER DEVELOPER

The information regarding the ownership of the property contained under this caption has been provided by the Master Developer, and has not been independently confirmed or verified by the Underwriter or the City. Neither the Underwriter nor the City makes any representation as to the accuracy or adequacy of the information contained under this caption. There may be material adverse changes in this information after the date of this Official Statement. Neither the Bonds nor the Special Taxes securing the Bonds are personal obligations of the Master Developer, any affiliate of the Master Developer, or any other subsequent property owners within Improvement Area No. 2 (including the Merchant Builders), and, in the event that any property owner defaults in the payment of its Special Taxes, the District may proceed with judicial foreclosure of the delinquent land within Improvement Area No. 2 securing the Bonds, but has no direct recourse to any other assets of any property owner or any affiliate thereof. See "SPECIAL RISK FACTORS" herein.

General

Ownership Structure of Master Developer. The Master Developer is a Washington limited partnership with its primary development executive team having both regional and national development experience in residential, commercial, and municipal projects. Its general partner is Anthem United Creekview Management LLC, a Washington limited liability company ("**Anthem United**"), and its limited partners are: (1) Anthem United Homes, Inc. ("**Anthem United Homes**"), (2) Granite Bay Development LP, and (3) Sherwood Developments, LLC.

General Partner. Anthem United, together with its affiliates, including Anthem United Homes, is a land development and homebuilding company operating across western North America (Canada and the United States). Anthem United is currently involved with building approximately 14,600 homes in more than 60 communities across more than 5,000 acres of land. Headquartered in Vancouver BC, it also has offices in Calgary and Edmonton AB, and Roseville, California. Anthem United, as the general partner of the Master Developer, has full managerial control of the Master Developer.

Limited Partners. Anthem United Homes is a privately held affiliate of Anthem United responsible primarily for home-building operations undertaken by Anthem United entities. Its President is Eric Carlson. Granite Bay Development LP is a privately held affiliate of Anthem United. Eric Carlson is also its President. Sherwood Developments, LLC is privately held, and owned by Cameron Taylor. Its President is Cameron Taylor.

Relevant Experience of Master Developer and Affiliates. Examples of some of the Master Developer's (or its affiliate's) other projects include the following:

- Natomas Meadows (Sacramento) – 630 single family detached finished lots, all of which were sold to D.R. Horton, Lennar Homes, Carson, and Woodside.
- Promenade (West Sacramento) – 222 single family detached finished lots, all of which were sold to Anthem United Homes.
- Fiddymont Ranch (Roseville) - 419 single family detached finished lots, all of which were sold to JMC Homes and Taylor Morrison.

Master Developer Financing Plan

Estimated Cost of the Improvements. The Master Developer has expended over \$113 million dollars on improvements for the Creekview Development and intends to finish constructing site improvements and certain backbone infrastructure improvements in both Improvement Area No. 1 and Improvement Area No. 2 and in the remaining future annexation area (collectively, the “Improvements”). The following table details the status of the Improvements to be constructed and the estimated costs associated with such Improvements.

Table 4
Master Developer’s Estimated Costs of Improvements
As of May 1, 2023

Area	Improvement	Estimated Total Cost	Costs Spent as of 5/1/23	% of Completion	Remaining Costs
Improvement Area No. 1	Backbone Infrastructure	\$36,020,840	\$35,787,714	99.4%	\$233,126
	In-Tract Improvements	\$28,299,014	\$28,299,014	100.0%	\$0
	Subtotal – Improv. Area No. 1	\$64,319,854	\$64,086,728	99.6%	\$233,126
Improvement Area No. 2 – Phase 3	Backbone Infrastructure	\$13,313,374	\$13,267,523	99.7%	\$45,851
	In-Tract Improvements	\$25,765,899	\$25,765,899	100.0%	\$0
	Subtotal Phase 3	\$39,079,273	\$39,033,422	99.9%	\$45,851
Improvement Area No. 2 – Phase 4	Backbone Infrastructure	\$9,926,500	\$9,653,937	97.3%	\$272,563
	In-Tract Improvements	\$12,609,366	\$559,341	4.4%	\$12,050,025
	Subtotal Phase 4	\$22,535,866	\$10,213,278	45.3%	\$12,322,588
Future Annexation Area – Phase 5	Backbone Infrastructure	\$4,645,398	\$188,168	4.1%	\$4,457,230
	In-Tract Improvements	\$16,771,058	\$36,315	0.2%	\$16,734,743
	Subtotal – FAA	\$21,416,456	\$224,483	1.0%	\$21,191,973
TOTAL – Creekview Development		\$147,351,449	\$113,557,911	77.1%	\$33,793,538

Funding Sources. The Master Developer intends to use the following sources of funds to finance the Improvements for the Creekview Development:

- Equity from the partner-entities comprising the Master Developer (see “–The Master Developer,” above, for more information about these entities).
- Draws on a future revolving construction loan (see “– *Revolving Construction Loan*” below).
- Sales of lots in Improvement Area No. 1 and Improvement Area No. 2 to merchant builders and other developers (see “–Pending Sales of Phase 2 Lots to Merchant Builders” herein).

- Proceeds of the Bonds (secured by Improvement Area No. 2) and bonds issued for land within Improvement Area No. 1.
- Pay-as-you-go Special Taxes available to the Master Developer under the Acquisition Agreement (see “– *Acquisition Agreement*” below).

Revolving Construction Loan. The \$107,900,000 revolving credit line the Master Developer had in place for Phases 1-3 was paid in full. On June 29, 2023, the Master Developer secured a \$71,579,245.17 revolving loan from GCAM Winding Capital, LLC (the “**Phase 4-5 Loan**”). The principal amount of the Phase 4-5 Loan outstanding at any time may not exceed \$35,000,000. Subject to the foregoing and other conditions, the Phase 4-5 Loan may be drawn in the maximum amount of approximately \$43,571,000 to pay for offsite and in-tract development work on Phase 4. Subject to the overall revolving cap of \$35,000,000, if certain conditions are met, the Phase 4-5 Loan may be drawn in the maximum amount of approximately \$27,758,000 to pay for offsite and in-tract development work on Phase 5. If the conditions for developing Phase 5 are not met, the Phase 4-5 Loan is payable on or before March 31, 2025, subject to certain conditions and extensions. Assuming amounts are eligible to be drawn for Phase 5, the Phase 4-5 Loan will be due in March 2026, subject to certain conditions and extensions.

The Phase 4-5 Loan is secured by a deed of trust (“**Deed of Trust**”) on all of the property in Improvement Area No. 1, Improvement Area No. 2, and the Future Annexation Area of the District that is owned by the Master Developer, including all property that will eventually be conveyed to governmental agencies for public use. As property is conveyed to a merchant builder or to a governmental agency that will acquire the property for a price (such as a school district), a release price must be paid to remove the lien of the Deed of Trust on the property conveyed; property conveyed to public agencies without a purchase price (open space, landscaping, etc.) do not require the payment of a release price and the Deed of Trust will be reconveyed upon acquisition by the public agency.

The Phase 4-5 Loan is guaranteed by Anthem Works, LTD, the ultimate holding company for all of the Anthem entities.

Acquisition Agreement. In connection with the formation of the District, the City and the Master Developer entered into a Funding, Construction and Acquisition Agreement (the “**Acquisition Agreement**”) which provides that the Master Developer will construct (or cause to be constructed or funded) the Improvements, and the City, upon completion of construction and acceptance (or through progress payments prior to completion of the entire Improvement), will purchase the Improvements or reimburse the Master Developer for expended amounts from the proceeds of the Bonds and/or Special Taxes on a pay-as-you-go basis. The Master Developer will be responsible for the portion of the cost of construction of the Improvements not paid with Bond proceeds and Special Taxes.

The Rate and Method provides that the funding of Improvement costs can also be made from collections of the Special Tax available as the “pay-as-you-go” component of Special Taxes. The pay-as-you-go funding component is expected to provide for funding of the cost of a portion of the Improvements in excess of the amount provided from Bond proceeds (if such proceeds are not sufficient) through annual Special Tax collections in excess of the amount needed to pay the debt service. The City contemplates utilizing this funding mechanism during the time the Bonds are outstanding. Additionally, after the final maturity date of the Bonds and any additional bonds issued to reimburse developers for costs of the Improvements, the City expects to continue to

levy Special Taxes for payment of the “Development Impact Fee Deferral” (as defined in the Rate and Method) which levy may secure future bonds issued after payment in full of the Bonds and any Additional Bonds.

Cash Flow Statement

The following table shows estimated cash flow sources and uses for the Master Developer related to the development of the land within Phase 3 of Improvement Area No. 2 only.

Table 5
Master Developer’s Proposed Financing Plan – Improvement Area No. 2
Phase 3 Only⁽¹⁾
As of May 1, 2023

	<i>As of May 1, 2023</i>	<i>Remainder 2023</i>	<i>Total Through 2023</i>
Developer’s Sources of Funds			
Owner Equity	\$12,174,900	\$0	\$12,174,900
Revolving LOC ⁽²⁾	44,526,122	0	44,526,122
Village Lot Sales/Acreage Sales	44,802,500	0	44,802,500
CFD Proceeds	0	12,000,000	12,000,000
Recoveries ⁽³⁾	1,916,046	0	1,916,046
Total Sources	\$103,419,568	\$12,000,000	\$115,419,568
Developer’s Uses of Funds			
Land Acquisition and Env’l	\$10,568,528	\$0	\$10,568,528
Backbone Infrastructure	13,267,523	45,851	13,313,374
In-Tract Improvements	25,765,899	0	25,765,899
Sales & Marketing	929,509	0	929,509
Planning & Consultants	3,254,302	0	3,254,302
Loan Repayment (principal)	44,526,122	0	44,526,122
Loan Repayment (interest)	1,885,384	0	1,885,384
Total Uses	\$100,197,267	\$45,851	\$100,243,118
Annual Cash Flow (Sources – Uses)	\$3,222,301	\$11,954,149	\$15,176,450

(1) These sources and uses are for Phase 3 only. The development of Phase 4 lots will begin in the Spring of 2024.

(2) Only the amount of the revolving loan applied to Improvement Area No. 2 is shown in Table 5.

(3) Recoveries consist of reimbursements by the City of Roseville for any improvements completed by the Master Developer on behalf of other parties. The flow of funds is managed by the City of Roseville and the Master Developer submits reimbursement requests once the work is complete.

Notwithstanding the belief of the Master Developer that it will have sufficient funds to complete its planned development, no assurance can be given that sources of financing available to the Master Developer will be sufficient to complete such development as currently anticipated. While the Master Developer has made internal financing available in the past for similar activities, there can be no assurance whatsoever of its willingness or ability to do so in the future. Neither the Master Developer nor any of its affiliates has any legal obligation of any kind to make any such funds available or to obtain loans or lines of credit. If and to the extent that internal financing, loan proceeds, lines of credit, or bond proceeds are inadequate to pay the costs to complete the Master Developer’s planned development, there could be a shortfall in the funds required to complete such proposed development and portions of such development might not be completed.

MERCHANT BUILDER INFORMATION

The information regarding the ownership of the property contained under this caption has been provided by the respective Merchant Builders, and has not been independently confirmed or verified by the Underwriter or the City. Neither the Underwriter nor the City makes any representation as to the accuracy or adequacy of the information contained under this caption. There may be material adverse changes in this information after the date of this Official Statement. Neither the Bonds nor the Special Taxes securing the Bonds are personal obligations of the Merchant Builders, or any other subsequent property owners within Improvement Area No. 2, and, in the event that any property owner defaults in the payment of its Special Taxes, the District may proceed with judicial foreclosure of the delinquent land within Improvement Area No. 2 securing the Bonds, but has no direct recourse to any other assets of any property owner or any affiliate thereof. As a result, other than as provided in this Official Statement, no financial statements or information is, or will be provided about the Merchant Builders or any other current or subsequent property owner. See "SPECIAL RISK FACTORS" herein.

Lennar Homes

Ownership. Lennar Homes is based in Irvine, California. Lennar Homes has been in the business of developing residential real estate communities in California since 1996. On February 1, 2022, Lennar Homes of California, Inc., a California corporation, was converted to a California limited liability company and is now known as Lennar Homes of California, LLC, a California limited liability company ("**Lennar Homes**"). All references herein to Lennar Homes prior to February 1, 2022 shall mean Lennar Homes of California, Inc. a California corporation, and all references herein to Lennar Homes on and after February 1, 2022 shall mean Lennar Homes of California, LLC, a California limited liability company.

Lennar Homes is wholly-owned by U.S. Home, LLC, a Delaware limited liability company ("**U.S. Home**"). U.S. Home is wholly-owned by Lennar Corporation, which is based in Miami, Florida. Founded in 1954, Lennar Corporation completed its initial public offering in 1971 and listed its common stock on the New York Stock Exchange in 1972. Lennar Corporation's Class A and Class B common stock are listed on the New York Stock Exchange under the symbols "LEN" and "LEN.B." respectively. Lennar Corporation is one of the largest homebuilders in the United States based on home sales revenues and net earnings, and operates under a number of brand names, including Lennar Homes and U.S. Home. Lennar Homes primarily develops residential communities both within the Lennar family of builders and through consolidated and unconsolidated partnerships in which Lennar Homes maintains an interest.

Lennar Corporation is subject to the informational requirements of the Exchange Act and in accordance therewith files reports, proxy statements and other information with the SEC. Such filings, particularly the Annual Report on Form 10-K and its most recent Quarterly Report on Form 10-Q, set forth, among other things, certain data relative to the consolidated results of operations and financial position of Lennar Corporation and its consolidated subsidiaries, including Lennar Homes, as of such dates.

The SEC maintains a website that contains reports, proxy and other information statements and other information regarding registrants that file electronically with the SEC, including Lennar Corporation. The address of such website is www.sec.gov. All documents filed by Lennar Corporation pursuant to the requirements of the Exchange Act after the date of this Periodic Report will be available for inspection in such manner as the SEC prescribes.

Copies of Lennar Corporation's Annual Report and related financial statements, prepared in accordance with generally accepted accounting standards, are available from Lennar Corporation's website at www.lennar.com. *The foregoing website addresses and references to filings with the SEC are given for reference and convenience only, and the information on such websites and on file with the SEC does not form a part of this Official Statement and is not incorporated by reference herein. No representation is made in this Official Statement as to the accuracy or adequacy of the information contained on such websites. Lennar Corporation and Lennar Homes are not obligated to advance funds for construction or development or to pay ad valorem property taxes or the Special Taxes and investors should not rely on the information and financial statements contained on such websites in evaluating whether to buy, hold or sell the Bonds. The information contained on such websites may be incomplete or inaccurate and has not been reviewed by the City or the Underwriter.*

The Land Bank Structure. In connection with a land banking transaction, on June 22, 2023 Lennar Homes transferred 74 lots in Improvement Area No. 2 (the "**Land Bank Lots**") to AG EHC II (LEN) CA 2, L.P., a Delaware limited partnership (the "**Land Bank Owner**"). In connection therewith, Lennar Homes and the Land Bank Owner entered into that certain Option Agreement, dated June 22, 2023 (the "**Lennar Option Agreement**") whereby Lennar Homes has the option, but not the obligation, to purchase the Land Bank Lots from the Land Bank Owner beginning on June 22, 2023 and extending through September 10, 2025 (unless sooner terminated pursuant to the Lennar Option Agreement). Lennar Homes is responsible for making special tax payments while the Lennar Option Agreement is in place. Under the Lennar Option Agreement, Lennar has the option to take-down approximately 4 lots per month during the period March to July 2025 and then 3 lots per month for the final two months (August and September 2025).

The Land Bank Owner. The Land Bank Owner is an affiliate of, and managed by, Angelo Gordon & Co., L.P. ("**Angelo Gordon**"). Angelo Gordon is a privately-held alternative investment firm founded in 1988 and headquartered in New York, with associated offices across the United States, Europe and Asia. Angelo Gordon manages approximately \$52 billion across a broad range of credit and real estate strategies. Affiliates of the Land Bank have entered into land banking arrangements with Lennar Corporation and its affiliated entities on more than 200 residential development projects.

Development Plan. Lennar Homes plans to construct a total of 74 single-family detached homes in Improvement Area No. 2 in a single neighborhood using its "St. Moritz" product line. This product type is already being used in Lennar Homes' "The Ranch" development project, located nearby in the City, and its project in the Winding Creek development represents a continuation of that homebuilding activity.

Lennar Homes anticipates that the plan sizes of the homes will range from 2,119 to 3,033 square feet, with base pricing ranging from \$592,000 to \$712,000. Base sales prices are as of May 1, 2023. Base sales prices exclude lot premiums, options and extras and any incentives or price reductions. Base sales prices are subject to change.

Status of Development. Lennar Homes anticipates commencing model homes in October, 2023 and production homes in December 2023. First sales to homeowners are anticipated to start by December 2023.

Financing Plan. Lennar homes purchased finished lots from the Master Developer. Lennar Homes intends to finance the development of its neighborhood within Village C-5 using internal sources (which may include funding from its parent company and home sales proceeds).

No assurance can be given that amounts necessary to fund the planned development by Lennar Homes in Improvement Area No. 2 will be available when needed. Neither Lennar Homes nor any other entity or person is under any legal obligation of any kind to expend funds for the development of the property as planned by Lennar Homes in Improvement Area No. 2. Any contributions by Lennar Homes or any other entity or person to fund the costs of such development are entirely voluntary. Lennar Homes has no legal obligation to Bond holders to make any such funds available for construction or development, or the payment of ad valorem property taxes or the Special Taxes. Many factors beyond Lennar Homes' control, or a decision by Lennar Homes to alter its current plans, may cause the actual sources and uses to differ from the projections.

If and to the extent that internal funding, including but not limited to home sales revenues and corporate financing from Lennar Homes' parent company, is inadequate to pay the costs to complete the planned development by Lennar Homes within Improvement Area No. 2 and other financing by Lennar Homes is not put into place, there could be a shortfall in the funds required to complete the proposed development by Lennar Homes in Improvement Area No. 2 and the remaining portions of Lennar Homes' project in Improvement Area No. 2 may not be developed. See "SPECIAL RISK FACTORS – Property Values and Property Development" herein.

Woodside

Ownership. As defined previously in this Official Statement, "Woodside" refers to Woodside 05N, LP, a California limited partnership. Woodside is wholly owned by Woodside Group, LLC, a Nevada limited liability company ("**Woodside Group**"), directly or through its wholly owned subsidiaries. Woodside is owned 99% directly by Woodside Group, as a limited partner. The remaining 1% interest is owned by WDS GP, Inc., a California corporation, as its general partner, which is wholly owned by Woodside Homes of California, Inc., a California corporation, which in turn is wholly owned by Woodside Group. The parent of Woodside Group is Woodside Homes Company, LLC, a Delaware limited liability company ("**Woodside Homes Company**"). Since February 28, 2017, the ultimate parent of Woodside Homes Company has been Sekisui House, Ltd, one of Japan's largest homebuilders, which was founded in 1960 and is headquartered in Osaka, Japan.

Woodside Group's subsidiaries engage in the design, construction, and sale of single-family homes under the brand name of "Woodside Homes." Woodside is one of America's top 30 homebuilders having built more than 40,000 homes across the United States, with current operations in Arizona, California, Nevada, and Utah.

The foregoing internet addresses and references to filings with the SEC are included for reference only, and the information on such internet sites and on file with the SEC are not a part of this Official Statement and are not incorporated by reference into this Official Statement. No representation is made in this Official Statement as to the accuracy or adequacy of the information contained on such sites, and such sites have not been reviewed by the Authority or the Underwriter. Neither Woodside nor any related entity is obligated to advance funds for construction or development or to pay ad valorem property taxes or the Special Taxes, and investors should not rely on the information and financial statements contained on such internet sites in evaluating whether to buy, hold or sell the Bonds.

Development Plan. Woodside plans to construct a total of 97 single-family detached homes in Improvement Area No. 2 in a single neighborhood known as “Wildflower at Winding Creek.” The proposed product mix for the homes planned to be constructed by Woodside within this neighborhood is set forth in the following table.

**“Wildflower at Winding Creek” – Village C-9
(as of May 1, 2023)**

Floor Plan	Square Footage	Total Number of Planned Units	Projected Base Sales Price⁽¹⁾
Plan 1	2,330	26	\$665,990
Plan 2	2,915	25	715,990
Plan 3	3,041	20	725,990
Plan 4	3,217	<u>26</u>	750,000
TOTAL		97	

(1) Base sales prices are as of May 1, 2023. Base sales prices exclude lot premiums, options and extras and any incentives or price reductions. Base sales prices are subject to change.

Status of Development. Woodside anticipates commencing construction of the model homes and the first phase of production homes in July 2023. First sales to homeowners are anticipated by August, 2023.

Woodside’s development expectations described above are based on Woodside’s current plans. These plans may change due to changes in economic and market conditions or other factors. No assurance can be given that home construction and sales will be carried out on the schedule and according to the plans described herein, or that the home construction and sale plans or base prices set forth above will not change after the date of this Official Statement. Woodside reserves the right to change its development plans at any time without notice. Additionally, homes under contract to be sold may not result in closed escrows as sales contracts are subject to cancellation by the homebuyer. See “SPECIAL RISK FACTORS — Property Values and Property Development – Risks of Real Estate Secured Investments Generally.”

Financing Plan. Woodside intends to finance the development of its neighborhood within Village C-9 using internal sources, including cash generated from its homebuilding operations and advances from affiliates of its parent Woodside Homes Company. Woodside Homes Company has a \$330 million unsecured term loan. Woodside Homes Company also has an unsecured revolving credit facility with borrowing capacity as of April 1, 2023 of \$200 million, which is not subject to a borrowing base.

As of May 1, 2023, Woodside has expended approximately \$16.2 million on its development within Improvement Area No. 2, including land acquisition costs and site development cost, and anticipated expending an additional approximately \$39 million to complete the development, including, site development costs, permits and fees, direct and indirect home construction costs, and marketing and sales costs and expenses.

No assurance can be given that amounts necessary to fund the planned development by Woodside in Improvement Area No. 2 will be available when needed. Neither Woodside nor any

other entity or person is under any legal obligation of any kind to expend funds for the development of the property as planned by Woodside in Improvement Area No. 2. Any contributions by Woodside or any other entity or person to fund the costs of such development are entirely voluntary. Woodside has no legal obligation to Bond holders to make any such funds available for construction or development, or the payment of ad valorem property taxes or the Special Taxes. Many factors beyond Woodside's control, or a decision by Woodside to alter its current plans, may cause the actual sources and uses to differ from the projections.

If and to the extent that internal funding, including but not limited to home sales revenues and corporate financing from affiliates of Woodside's parent company, is inadequate to pay the costs to complete the planned development by Woodside within Improvement Area No. 2 and other financing by Woodside is not put into place, there could be a shortfall in the funds required to complete the proposed development by Woodside in Improvement Area No. 2 and the remaining portions of Woodside's project in Improvement Area No. 2 may not be developed. See "SPECIAL RISK FACTORS – Property Values and Property Development" herein.

Meritage

Ownership. As previously defined in this Official Statement, "Meritage" is Meritage Homes of California, Inc., a California corporation. Meritage is a subsidiary of Meritage Homes Corporation ("**Meritage Homes Corporation**"), a Maryland corporation. Meritage Homes Corporation is a homebuilder focused primarily on high-growth regions of the western and southern United States. Meritage Homes Corporation operates as a holding company, has no independent assets or operations, and is traded on the New York Stock Exchange ("**NYSE**") under the ticker symbol MTH. Homebuilding, construction, development and sales activities are conducted through subsidiaries. As of December 31, 2022, Meritage Homes Corporation was actively selling homes in 271 communities, with base prices ranging from approximately \$250,000 to \$1,400,000. The company's average sales price on both home closings and orders was approximately \$440,000 for the year ended December 31, 2022.

Meritage Homes Corporation is subject to the informational reporting requirements of the Securities and Exchange Act of 1934, as amended (the "**Exchange Act**"), and in accordance therewith files reports, proxy statements and other information, including financial statements, with the Securities and Exchange Commission (the "**SEC**"). Such filings set forth, among other things, certain data relative to the consolidated results of operations and financial position of Meritage Homes Corporation and its subsidiaries (e.g., see Meritage Homes Corporation's Annual Report on Form 10-K for the fiscal year ended December 31, 2022, as filed with the SEC on February 15, 2023 and Quarterly Report on Form 10-Q for the quarterly period ended March 31, 2023, as filed with the SEC on April 28, 2023) as of the dates described therein. The SEC maintains an Internet website that contains reports, proxy and information statements and other information regarding registrants that file electronically with the SEC, including Meritage Homes Corporation. The address of such Internet website is www.sec.gov. All documents subsequently filed by Meritage Homes Corporation pursuant to the requirements of the Exchange Act after the date of this Official Statement will be available for inspection in such manner as the SEC prescribes. Copies of Meritage Homes Corporation's annual report, quarterly reports and current reports, including any amendments, will be available from Meritage Homes Corporation's website at www.meritagehomes.com.

The foregoing internet addresses and references to filings with the SEC are included for reference only, and the information on such internet sites and on file with the SEC are not a part of this Official Statement and are not incorporated by reference into this Official Statement. No

representation is made in this Official Statement as to the accuracy or adequacy of the information contained on such sites, and such sites have not been reviewed by the Authority or the Underwriter. Neither Meritage nor Meritage Homes Corporation is obligated to advance funds for construction or development or to pay ad valorem property taxes or the Special Taxes, and investors should not rely on the information and financial statements contained on such internet sites in evaluating whether to buy, hold or sell the Bonds.

Development Plan. Meritage plans to construct a total of 82 single-family detached homes in Improvement Area No. 2 in a single neighborhood known as “Traverse at Winding Creek.” The proposed product mix for the homes planned to be constructed by Meritage within this neighborhood is set forth in the following table.

**“Traverse at Winding Creek” – Village C-22
(as of May 1, 2023)**

Floor Plan	Square Footage	Total Number of Planned Units	Projected Base Sales Price⁽¹⁾
Plan 1	1,651	10	\$534,990
Plan 2	1,823	18	550,990
Plan 3	2,020	26	570,990
Plan 4	2,177	<u>28</u>	586,990
TOTAL		82	

(1) Base sales prices are as of May 1, 2023. Base sales prices exclude lot premiums, options and extras and any incentives or price reductions. Base sales prices are subject to change.

Status of Development. Meritage anticipates commencing construction of the model homes and first phase of production homes in August 2023. First sales to homeowners are anticipated by November 2023.

Meritage’s development expectations described above are based on Meritage’s current plans. These plans may change due to changes in economic and market conditions or other factors. No assurance can be given that home construction and sales will be carried out on the schedule and according to the plans described herein, or that the home construction and sale plans or base prices set forth above will not change after the date of this Official Statement. Meritage reserves the right to change its development plans at any time without notice. Additionally, homes under contract to be sold may not result in closed escrows as sales contracts are subject to cancellation by the homebuyer. See “SPECIAL RISK FACTORS — Property Values and Property Development – Risks of Real Estate Secured Investments Generally.”

Financing Plan. Meritage intends to finance the development of its neighborhood within Village C-22 using internal sources (which may include funding from its parent company and home sales proceeds). As of May 1, 2023, Meritage has expended approximately \$9.3 million on its development in Improvement Area No. 2, including land in acquisition costs, site development costs, permits and fees, direct and indirect home construction costs, and marketing and sales costs and expenses, and anticipated expending an additional approximately \$26.3 million to complete the development, including site development costs, permits and fees, direct and indirect home construction costs, and marketing and sales costs and expenses.

No assurance can be given that amounts necessary to fund the planned development by Meritage in Improvement Area No. 2 will be available when needed. Neither Meritage nor any other entity or person is under any legal obligation of any kind to expend funds for the development of the property as planned by Meritage in Improvement Area No. 2. Any contributions by Meritage or any other entity or person to fund the costs of such development are entirely voluntary. Meritage has no legal obligation to Bond holders to make any such funds available for construction or development, or the payment of ad valorem property taxes or the Special Taxes. Many factors beyond Meritage's control, or a decision by Meritage to alter its current plans, may cause the actual sources and uses to differ from the projections.

If and to the extent that internal funding, including but not limited to home sales revenues and corporate financing from Meritage's parent company, is inadequate to pay the costs to complete the planned development by Meritage within Improvement Area No. 2 and other financing by Meritage is not put into place, there could be a shortfall in the funds required to complete the proposed development by Meritage in Improvement Area No. 2 and the remaining portions of Meritage's project in Improvement Area No. 2 may not be developed. See "SPECIAL RISK FACTORS – Property Values and Property Development" herein.

D.R. Horton

Ownership. As previously defined in this Official Statement "D.R. Horton" is D.R. Horton CA2, Inc., a California corporation. D.R. Horton is a wholly-owned subsidiary of D.R. Horton, Inc., a Delaware corporation ("**D.R. Horton, Inc.**"). D.R. Horton, Inc. is a public company whose common stock is traded on the NYSE under the symbol "DHI." Founded in 1978 and headquartered in Arlington, Texas, D.R. Horton, Inc. constructs and sells homes through its operating divisions in 106 markets in 33 states under the names of D.R. Horton, America's Builder, Emerald Homes, Express Homes and Freedom Homes.

D.R. Horton, Inc. is subject to the informational requirements of the Exchange Act, and in accordance therewith files reports, proxy statements and other information, including financial statements, with the SEC. Such filings, particularly, D.R. Horton, Inc.'s Annual Report on Form 10-K for the fiscal year ended September 30, 2022, as filed with the SEC on November 18, 2022, and D.R. Horton's Quarterly Report on Form 10-Q for the quarter ended March 31, 2023, as filed with the SEC on April 24, 2023, set forth certain data relative to the consolidated results of operations and financial position of D.R. Horton, Inc. and its subsidiaries, including D.R. Horton, as of such dates.

The SEC maintains an Internet web site that contains reports, proxy and information statements and other information regarding registrants that file electronically with the SEC, including D.R. Horton, Inc. The address of such Internet web site is www.sec.gov. All documents subsequently filed by D.R. Horton, Inc. pursuant to the requirements of the Exchange Act after the date of this Official Statement will be available for inspection in such manner as the SEC prescribes.

Copies of D.R. Horton, Inc.'s Annual Report and each of its other quarterly and current reports, including any amendments, are available from D.R. Horton, Inc.'s website at www.drhorton.com.

The foregoing internet addresses and references to filings with the SEC are included for reference only, and the information on such internet sites and on file with the SEC are not a part of this Official Statement and are not incorporated by reference into this Official Statement. No

representation is made in this Official Statement as to the accuracy or adequacy of the information contained on such sites, and such sites have not been reviewed by the Authority or the Underwriter. Neither D.R. Horton nor D.R. Horton Inc. is obligated to advance funds for construction or development or to pay ad valorem property taxes or the Special Taxes, and investors should not rely on the information and financial statements contained on such internet sites in evaluating whether to buy, hold or sell the Bonds.

Hearthstone Land Bank. As of April 20, 2023, the Master Developer had closed the sale of 77 lots within Improvement Area No. 2 to Hearthstone Land Bank. Concurrent with the sale of the 77 lots to Hearthstone Land Bank, D.R. Horton entered into a separate option agreement with Hearthstone Land Bank whereby D.R. Horton will have the option, but not the obligation, to purchase the 77 lots from Hearthstone Land Bank. D.R. Horton is responsible for making special tax payments while the option arrangement with the Hearthstone Land Bank is in place.

Hearthstone Land Bank is ultimately controlled by Hearthstone, Inc., a California corporation ("**Hearthstone**"). Hearthstone is devoted exclusively to investing in residential housing developments on behalf of institutional capital. Hearthstone's investments include single-family subdivisions, condominium and townhouse developments, master planned communities, land development projects and mixed-use communities. Hearthstone was the first, and is today among the largest institutional investment managers in the country that is dedicated to the residential building industry. At the time Hearthstone was organized in 1992, homebuilders across the United States were suffering from a shortage of capital resulting from changes in federal laws affecting the banking industry and from a loss of investor confidence in real estate. Hearthstone was organized in 1992 in response to changes in federal laws affecting the banking industry that greatly diminished the availability of investment capital for the homebuilding industry and in recognition of the long-term investment opportunity that residential homebuilding presents for institutional investors. Hearthstone manages funds for numerous public and private pension plans, university endowments, Fortune 100 companies, Wall Street investment banks and family offices. Hearthstone invests these funds on behalf of its investors in homebuilding and residential lot development projects with public and private homebuilders in select target markets throughout the United States. Hearthstone has funded and managed over \$16.5 billion in investments to construct over 140,000 homes and lots in 22 states since its inception. Hearthstone's principal office is located in Calabasas, California.

Development Plan. The Hearthstone land bank arrangement gives D.R. Horton the option, but not the obligation, to purchase the 77 lots from Hearthstone Land Bank pursuant to a takedown schedule. There is no guaranty that D.R. Horton will acquire the 77 lots from Hearthstone Land Bank as planned. The following is the takedown schedule:

Scheduled Acquisition Date	Lots Scheduled to be Acquired	Cumulative Number of Lots to be Acquired
8/9/23	18	18
12/5/23	17	35
3/5/24	16	51
6/6/24	18	69
9/5/24	8	77
Total:	77	

Following acquisition of the 77 lots in Improvement Area No. 2 owned by Hearthstone Land Bank, D.R. Horton plans to construct a total of 77 single-family detached homes thereon in a single neighborhood known as Village C-21, to be marketed as “Dragonfly at Winding Creek.” The proposed product mix for the homes planned to be constructed by D.R. Horton within this neighborhood is set forth in the following table.

**“Dragonfly at Winding Creek” – Village C-21
(as of May 1, 2023)**

Floor Plan	Square Footage	Total Number of Planned Units	Projected Base Sales Price⁽¹⁾
Plan 1	1,567	25	TBD
Plan 2	1,615	26	TBD
Plan 3	1,631	26	TBD
TOTAL		77	

(1) As of May 1, 2023, initial base sales prices were not yet available. Base sales prices exclude lot premiums, options and extras and any incentives or price reductions. Base sales prices are subject to change.

Status of Development. D.R. Horton anticipates commencing construction of the model homes and first phase of production homes in August 2023. First sales to homeowners are anticipated by December, 2023.

D.R. Horton’s development expectations described above are based on D.R. Horton’s current plans. These plans may change due to changes in economic and market conditions or other factors. No assurance can be given that home construction and sales will be carried out on the schedule and according to the plans described herein, or that the home construction and sale plans or base prices set forth above will not change after the date of this Official Statement. D.R. Horton reserves the right to change its development plans at any time without notice. Additionally, homes under contract to be sold may not result in closed escrows as sales contracts are subject to cancellation by the homebuyer. See “SPECIAL RISK FACTORS — Property Values and Property Development – Risks of Real Estate Secured Investments Generally.”

Financing Plan. D.R. Horton intends to finance the acquisition and development of its neighborhood within Village C-21 using internal sources (which may include funding from its parent company and home sales proceeds). As of May 1, 2023, D.R. Horton has expended approximately \$246,394 on its development within Improvement Area No. 2, which primarily consisted of initial development costs. D.R. Horton anticipates expending an additional approximately \$32,256,009 to complete the development, including land acquisition costs, site development costs, permits and fees, direct and indirect home construction costs, and marketing and sales costs and expenses.

No assurance can be given that amounts necessary to fund the planned development by D.R. Horton in Improvement Area No. 2 will be available when needed. Neither D.R. Horton nor any other entity or person is under any legal obligation of any kind to expend funds for the development of the property as planned by D.R. Horton in Improvement Area No. 2. Any

contributions by D.R. Horton or any other entity or person to fund the costs of such development are entirely voluntary. D.R. Horton has no legal obligation to Bond holders to make any such funds available for construction or development, or the payment of ad valorem property taxes or the Special Taxes. Many factors beyond D.R. Horton's control, or a decision by D.R. Horton to alter its current plans, may cause the actual sources and uses to differ from the projections.

If and to the extent that internal funding, including but not limited to home sales revenues and corporate financing from D.R. Horton's parent company, is inadequate to pay the costs to complete the planned development by D.R. Horton within Improvement Area No. 2 and other financing by D.R. Horton is not put into place, there could be a shortfall in the funds required to complete the proposed development by D.R. Horton in Improvement Area No. 2 and the remaining portions of D.R. Horton's project in Improvement Area No. 2 may not be developed. See "SPECIAL RISK FACTORS – Property Values and Property Development" herein.

Increasing Mortgage Interest Rates and Banking Uncertainty

Most of the purchasers of the Merchant Builders' homes finance their acquisitions with mortgage financing. As such, rising interest rates, decreased availability of mortgage financing or of certain mortgage programs, higher down payment requirements, or increased monthly mortgage costs could have a negative impact on the estimated absorption rates of the Merchant Builders' planned for-sale homes in Improvement Area No. 2. Further, a combination of higher mortgage rates, delays in construction stemming from delays in the supply chain, homebuyers' inability to sell their existing homes and adverse changes in local, regional or national economic conditions, among other factors, could contribute to an increase in the Merchant Builders' rate of home order cancellations. An increase in the level of such cancellations could similarly have a negative impact on the estimated absorption rates of the Merchant Builders' planned for-sale homes in Improvement Area No. 2. See also "SPECIAL RISK FACTORS."

VALUE OF PROPERTY WITHIN IMPROVEMENT AREA NO. 2

The Appraisal

General. Integra Realty Resources, Sacramento, California (the "**Appraiser**") prepared an appraisal report with a date of value of May 1, 2023 (the "**Appraisal**"). The Appraisal was prepared at the request of the City. The Appraisal is set forth in APPENDIX B hereto. The description herein of the Appraisal is intended for limited purposes only; the Appraisal should be read in its entirety. The conclusions reached in the Appraisal are subject to certain assumptions and qualifications which are set forth in the Appraisal.

Property Appraised. The appraised properties consist of all of the taxable property within Improvement Area No. 2, which consists of "phase 3" and "phase 4" of the larger Creekview Development. The final maps for Phase 3 (330 lots) recorded in August 2022 and lot construction was completed in March 2023. Phase 4 (231 lots) is currently under development; final maps are anticipated to be created and recorded by September 2024. All four villages in phase 3 of the project recently transferred to the Merchant Builders, as described elsewhere herein.

Value Estimates. The Appraisal provides a market value of the appraised property as of the date of value (based on the hypothetical condition the improvements to be financed by the 2023 Bonds were in place as of the date of valuation). The valuation accounts for the impact of the lien of the Special Tax and represents the hypothetical market value (based on the hypothetical condition)

of all the land in Improvement Area No. 2. The property appraised excludes property in Improvement Area No. 2 designated for public and quasi-public purposes.

The aggregate value estimate for the appraised properties as of the date of value, using the methodologies described in the Appraisal and subject to the limiting conditions and special assumptions and the hypothetical condition set forth in the Appraisal, and based on the ownership of the property as of that date, is \$56,272,000. For information on how the values were allocated among parcels and ownership, see APPENDIX B.

Hypothetical Condition. The value estimate is subject to a hypothetical condition, defined as that which is contrary to what exists but is supposed for the purposes of analysis. For purposes of the hypothetical condition, the Appraiser assumed that certain proceeds of the 2023 Bonds are available to reimburse for certain infrastructure improvements already completed or impact fees paid.

Extraordinary Assumptions. The estimate of value set forth in the Appraisal is based on a number of extraordinary assumptions, including the following:

- According to the cost budget provided to the Appraiser, the Master Developer is obligated to complete significant infrastructure improvements benefitting both the subject property, as well as adjacent projects in Fiddymont Farms, Westpark and the Amoruso Specific Plan. Such development includes improvements to Blue Oaks Boulevard and Westbrook Boulevard. Completion of these improvements will generate City credits and/or reimbursements from future developers.

The intent of the Appraisal is to capture the increment of benefit associated with completion of the area wide improvements by the Master Developer. Should such credits/reimbursements not be received by the Master Developer, the estimate of value in the Appraisal would likely be negatively impacted.

Assumptions and Limiting Conditions. In considering the estimate of value evidenced by the Appraisal, the Appraisal is based upon a number of standard and special assumptions which affect the estimates as to value. For example, the Appraiser has assumed that there is no adverse soil conditions, toxic substances or other environmental hazards that would interfere or inhibit development of the appraised property. Should future conditions and events reduce the level of permitted development or delay the completion of any projected development, the value of the undeveloped land would likely be reduced from that estimated by the Appraiser. See "APPENDIX B – THE APPRAISAL."

Accordingly, because the Appraiser arrived at an estimate of current market value based upon certain assumptions which may or may not be fulfilled, no assurance can be given that should the parcels become delinquent due to unpaid Special Taxes, and be foreclosed upon and offered for sale for the amount of the delinquency, that any bid would be received for such property or, if a bid is received, that such bid would be sufficient to pay such delinquent Special Taxes.

Exposure Time. Exposure time is the length of time the subject property would have been exposed for sale in the market had it sold on the effective valuation date at the concluded market value. Exposure time is always presumed to precede the effective date of the Appraisal. Based on the Appraiser's review of recent sales transactions for similar properties and its analysis of supply and demand in the local land market, the Appraiser's opinion was that the probable exposure time for the appraised property at the concluded market value stated previously is 12 months.

Marketing Time. Marketing time is an estimate of the amount of time it might take to sell a property at the concluded market value immediately following the effective date of value. As the Appraiser foresees no significant changes in market conditions in the near term, the Appraiser's opinion was that a reasonable marketing period for the appraised property in bulk is likely to be the same as the exposure time. Accordingly, the Appraiser estimated the marketing period at 12 months or less. *No assurance can be given that a sale of the property in bulk through foreclosure could be achieved or attained over an extended period of time; real estate is cyclical in nature, and it is impossible to accurately forecast and project specific demand over a particular period. See "SPECIAL RISK FACTORS – Property Values and Property Development."*

Limitations of Appraisal Valuation. Property values may not be evenly distributed throughout Improvement Area No. 2; thus, certain parcels may have a greater value than others. This disparity is significant because in the event of nonpayment of the Special Tax, the only remedy is to foreclose against the delinquent parcel.

No assurance can be given that the foregoing valuation can or will be maintained during the period of time that the 2023 Bonds are outstanding in that the City has no control over the market value of the property within Improvement Area No. 2 or the amount of additional indebtedness that may be issued in the future by other public agencies, the payment of which, through the levy of a tax or an assessment, may be on a parity with the Special Taxes. See "–Overlapping Liens and Priority of Lien" below. For a description of certain risks that might affect the assumptions made in the Appraisal, see "SPECIAL RISK FACTORS" herein.

Value to Special Tax Burden Ratios

In comparing the value of the real property within Improvement Area No. 2 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 Improvement Area No. 2 cannot be foreclosed upon as a whole to pay delinquent Special Taxes of the owners of such parcels within Improvement Area No. 2 unless all of the property is subject to a delinquent Special Tax. In any event, individual parcels may be foreclosed upon separately to pay delinquent Special Taxes levied against such parcels.

Other public agencies whose boundaries overlap those of Improvement Area No. 2 could, without the consent of the City and in certain cases without the consent of the owners of the land within Improvement Area No. 2, impose additional taxes or assessment liens on the land within Improvement Area No. 2. Property owners can also voluntarily add Property Assessed Clean Energy (PACE) assessment liens on their property to finance energy efficiency improvements. The lien created on the land within Improvement Area No. 2 through the levy of such additional taxes or assessments may be on a parity with the lien of the Special Tax. In addition, construction loans may be obtained by the Master Developer and subsequent merchant homebuilders, and home loans may be obtained by ultimate homeowners. The deeds of trust securing such debt on property within Improvement Area No. 2, however, will be subordinate to the lien of the Special Tax.

Appraised Value to Lien Ratios by Development Status and Land Use. The following table sets forth appraised value, maximum special facilities tax, allocable debt, and value to lien ratios by ownership, development status, village and land use in Improvement Area No. 2 as of May 1, 2023 (the Appraiser's date of value), based on the assumptions detailed therein.

Table 6
City of Roseville
Creekview Community Facilities No. 1 (Public Facilities)
Improvement Area No. 2 – Series 2023 Bonds
Value to Lien Ratios by Ownership, Development Status and Land Use as of May 1, 2023
CFD Debt Allocated by Projected Special Tax Levy

Ownership ⁽¹⁾ / Development Status / Village / Land Use ⁽¹⁾	No. of Parcels	Planned Units	Appraised Value ⁽²⁾	FY 2023-24 Maximum Tax ⁽³⁾	Projected FY 2023-24 Special Tax Levy ⁽⁴⁾	Allocable Debt CFD Bonds ⁽⁵⁾⁽⁶⁾	% of Total CFD Bonded Debt ⁽⁶⁾	Overlapping Debt ⁽⁷⁾	Total Direct & Overlapping Debt	Average Value to Lien Ratio ⁽⁶⁾
Phase 3										
<u>Merchant Builders - Finished Lots</u>										
C-5 (LDR) Lennar Homes ⁽¹⁾	74	74	\$10,730,000	\$234,818	\$234,818	\$3,573,609	24.99%	\$36,493	\$3,610,102	2.97
C-9 (LDR) Woodside	97	97	14,550,000	307,802	307,802	4,684,332	32.76%	18,665	4,702,997	3.09
C-21 (MDR) D.R. Horton ⁽¹⁾	77	77	8,778,000	192,266	192,266	2,926,026	20.46%	21,617	2,947,643	2.98
C-22 (MDR) Meritage	<u>82</u>	<u>82</u>	<u>10,004,000</u>	<u>204,751</u>	<u>204,751</u>	<u>3,116,033</u>	<u>21.79%</u>	<u>27,896</u>	<u>3,143,929</u>	<u>3.18</u>
Total Phase 3	330	330	\$44,062,000	\$939,637	\$939,637	\$14,300,000	100.00%	\$104,671	\$14,404,671	3.06
Phase 4										
<u>Master Developer - Undeveloped</u>										
C-6 (LDR)	1	48	\$2,714,352	\$152,315	\$0	\$0	0.00%	\$21,950	\$21,950	N/A ⁽⁶⁾
C-7 (LDR)	1	74	4,184,626	234,818	0	0	0.00%	37,871	37,871	N/A ⁽⁶⁾
C-8 (LDR)	1	32	1,809,568	101,543	0	0	0.00%	4,071	4,071	N/A ⁽⁶⁾
C-20 (MDR)	<u>1</u>	<u>77</u>	<u>3,501,454</u>	<u>192,266</u>	<u>0</u>	<u>0</u>	<u>0.00%</u>	<u>23,874</u>	<u>23,874</u>	<u>N/A ⁽⁶⁾</u>
Total Phase 4	4	231	\$12,210,000	\$680,942	\$0	\$0	0.00%	\$87,766	\$87,766	N/A ⁽⁶⁾
Total	334	561	\$56,272,000	\$1,620,579	\$939,637	\$14,300,000	100.00%	\$192,437	\$14,492,437	3.88 ⁽⁶⁾

(1) Ownership, Development Status and Land Use as of May 1, 2023. On June 22, 2023 Village C-5 was conveyed by Lennar Homes to AG EHC II (LEN) CA 2, L.P., a land bank. Lennar Homes will be developing the lots and has an option, but not an obligation, to acquire lots from the land bank pursuant to a takedown schedule. See "MERCHANT BUILDER INFORMATION – Lennar Homes" herein. Similarly, Village C-21 is being developed by D.R. Horton through its land bank Winding Creek C-21 – Roseville, L.P., an entity formed by Hearthstone. D.R. Horton has an option, but not an obligation, to acquire lots from the land bank pursuant to a takedown schedule. See "MERCHANT BUILDER INFORMATION – D.R. Horton" herein.

(2) Appraised Values as of May 1, 2023.

(3) Maximum Tax refers to Maximum Annual Facilities Special Tax.

(4) Special Tax refers to Facilities Special Tax only.

(5) Represents the par amount of the 2023 Bonds.

(6) The value to lien ratios of the 4 undeveloped parcels comprising of Phase 4 are shown as "N/A" since this table allocates CFD Bonded Debt using each parcel's share of the projected FY 2023-24 Special Tax levy and none of the Phase 4 territory is expected to be levied in FY 2023-24. Should the appraised value of the Phase 4 parcels be considered in the Improvement Area's overall value to lien ratio, it would be 3.88 to 1.

(7) Represents the overlapping debt liens of the Improvement Area's parcels as of June 1, 2023 as summarized under "Table 8 Direct and Overlapping Tax and Assessment Debt" from the overlapping debt report prepared by California Municipal Statistics, Inc. No direct charges related to PACE liens secured by Special Taxes were levied onto the Improvement Area's parcels in FY 2022-23.

Sources: Ownership and Development Status - Integra Realty Resources, Inc. and Master Developer; Appraised Value - Integra Realty Resources, Inc.; Future Development Activities – Master Developer; Land Use and Planned Number of Units - Improvement Area No. 2 Rate and Method; PACE Lien Charges - Placer County; Overlapping Debt - California Municipal Statistics, Inc., as compiled by Willdan Financial Services and Maximum Facilities Special Tax - Willdan Financial Services.

Table 7
City of Roseville
Creekview Community Facilities No. 1 (Public Facilities)
Improvement Area No. 2 – Series 2023 Bonds
Summary Value to Lien Ratios by Range
CFD Debt Allocated by Projected Special Tax Levy

Value-to-Lien Ratio Range	No. of Parcels	Planned Units	Appraised Value ⁽¹⁾	FY 2023-24 Maximum Tax ⁽²⁾	Projected FY 2023-24 Special Tax Levy ⁽³⁾	Allocable Debt CFD Bonds ⁽⁴⁾⁽⁵⁾	% of Total CFD Bonded Debt ⁽⁵⁾	Overlapping Debt ⁽⁶⁾	Total Direct & Overlapping Debt	Average Value to Lien Ratio ⁽⁵⁾
3.00 to 3:99: 1	179	179	\$24,554,000	\$512,553	\$512,553	\$7,800,365	54.5%	\$46,560	\$7,846,925	3.13
2.00 to 2:99: 1	151	151	19,508,000	427,084	427,084	6,499,635	45.5	58,111	6,557,746	2.97
N/A ⁽⁵⁾	<u>4</u>	<u>231</u>	<u>12,210,000</u>	<u>680,942</u>	<u>0</u>	<u>0</u>	<u>0.0</u>	<u>87,766</u>	<u>87,766</u>	<u>N/A</u>
Total	334	561	\$56,272,000	\$1,620,579	\$939,637	\$14,300,000	100.0%	\$192,437	\$14,492,437	3.88 ⁽⁵⁾

(1) Appraised Values as of May 1, 2023.

(2) Maximum Tax in this table refers to the Improvement Area's Maximum Annual Facilities Special Tax.

(3) Special Tax refers to Special Facilities Tax.

(4) Represents the par amount of the 2023 Bonds.

(5) The value to lien ratios of the 4 undeveloped parcels comprising of Phase 4 are shown as "N/A" since this table allocates CFD Bonded Debt using each parcel's share of the projected FY 2023-24 Special Tax levy and none of the Phase 4 territory is expected to be levied in FY 2023-24. Should the appraised value of the Phase 4 parcels be considered in the Improvement Area's overall value to lien ratio, it would be 3.88 to 1.

(6) Represents the overlapping debt liens of the Improvement Area's parcels as of June 1, 2023 as summarized under "Table 8 Direct and Overlapping Tax and Assessment Debt" from the overlapping debt report prepared by California Municipal Statistics, Inc. No direct charges related to PACE liens secured by Special Taxes were levied onto the Improvement Area's parcels in FY 2022-23.

Sources: Appraised Value - Integra Realty Resources, Inc.; Planned Number of Units - Improvement Area No. 2 Rate and Method; PACE Lien Charges - Placer County; Overlapping Debt - California Municipal Statistics, Inc, as compiled by Willdan Financial Services and Maximum Facilities Special Tax - Willdan Financial Services.

No History of Special Tax Collections

Fiscal Year 2023-24 is the first year in which the Special Tax is being levied in Improvement Area No. 2. Accordingly, there is no history of special tax collections.

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 Improvement Area No. 2, and payment of the Special Tax is secured by a lien on certain real property within Improvement Area No. 2. 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 Improvement Area No. 2. 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 Improvement Area No. 2.

Set forth below is an overlapping debt table showing the existing direct and overlapping tax and assessment debt payable with respect to property within Improvement Area No. 2. This table is taken from information prepared by California Municipal Statistics Inc. as of the date indicated, and is included for general information purposes only. The City has not reviewed the data for completeness or accuracy and makes no representations in connection therewith. In addition to bonded debt, property in Improvement Area No. 2 is also subject to special taxes authorized to be levied on behalf of the City's Creekview Community Facilities District No. 2 (Public Services) and Community Facilities District No. 3 (Municipal Services) for municipal services, which districts provide for escalating annual special taxes on residential property.

Table 8
City of Roseville
Creekview Community Facilities District No. 1 (Public Facilities)
Improvement Area No. 2 - Series 2023 Bonds
Summary of Overlapping Debt
As of June 1, 2023

2022-23 Assessed Valuation: \$ 13,021,746

<u>DIRECT AND OVERLAPPING TAX AND ASSESSMENT DEBT:</u>	<u>% Applicable</u>	<u>Debt</u>
Sierra Joint Community College District SFID No. 4 General Obligation Bonds	0.015%	\$ 22,682
Roseville Joint Union High School District General Obligation Bonds	0.034	36,995
Roseville Joint Union High School District SFID No. 1 General Obligation Bonds	0.199	127,487
Roseville City School District General Obligation Bonds	0.057	5,273
City of Roseville Creekview Community Facilities District No. 1, I.A. 2	100.000	0 ⁽¹⁾
TOTAL DIRECT AND OVERLAPPING TAX AND ASSESSMENT DEBT		\$192,437

Ratio to 2022-23 Assessed Valuation:

Total Direct and Overlapping Tax and Assessment Debt 1.48%

⁽¹⁾ Excludes the 2023 Bonds to be sold.

Sources: California Municipal Statistics, Inc.

There can be no assurance that the Master Developer, its affiliates or any subsequent owner will not petition for the formation of other community facilities districts and improvement areas or for a special assessment district or districts and that parity special taxes or special assessments will not be levied by the County or some other public agency to finance additional public facilities; however, no other special districts are currently contemplated by the City or the Master Developer.

Private liens, such as deeds of trust securing loans obtained by the Master Developer or Merchant Builders, may be placed upon property in Improvement Area No. 2 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.

Estimated Overall Tax Burden

The following table shows the estimated overall tax burden for representative single-family residential homes in Improvement Area No. 2 (both LDR and MDR types), for Fiscal Year 2023-24. As shown in the table, the overall estimated tax burden is approximately 1.63% for MDR homes and 1.67% for LDR homes, respectively.

Table 9
City of Roseville
Creekview Community Facilities No. 1 (Public Facilities)
Improvement Area No. 2 – Series 2023 Bonds
Estimated Overall Tax Burden Fiscal Year 2023-24

Net Taxable Value		Land Use Designation	
		MDR	LDR
Projected Assessed Value - Representative Homes ⁽¹⁾		\$600,000	\$725,000
Less: Homeowner's Exemption		(7,000)	(7,000)
Net Taxable Value		\$593,000	\$718,000
FY 2022-23 Ad Valorem Property Taxes ⁽²⁾	Rate	Taxes	Taxes
Base Property Tax	1.000000%	\$5,930	\$7,180
Sierra Coll SFID #4 B&I 2018 Series A	0.002407%	14	17
Sierra Coll SFID #4 B&I 2018 Series B	0.016193%	96	116
Roseville City Elem B&I 2002 Series A Non Refunding	0.005087%	30	37
Roseville City Elem B&I 2002 Series A&B Ref 2011	0.004040%	24	29
Roseville High B&I 1992	0.003747%	22	27
Roseville High B&I 2004 Series C Non Refunding	0.000737%	4	5
Roseville High B&I 2004 A,B & C Ref 2013	0.019471%	115	140
Roseville High B&I 2008 SFID #1 11A Non-Ref 2016B	0.003617%	21	26
Roseville High B&I 2008 SFID #1 Series 2017	0.005978%	35	43
Roseville High B&I 2008 SFID #1 Series 2018	0.016724%	99	120
Roseville High B&I 2008 SFID #1 Series 2019	0.007618%	45	55
Roseville High B&I 2016 Series A	0.003005%	18	22
Roseville High B&I 2016 Series B	0.004940%	29	35
Roseville High B&I 2016 Series C	0.002572%	15	18
Total FY 2022-23 Ad Valorem Property Tax Rate ⁽²⁾	1.096136%	\$6,500	\$7,870
Direct Charges ⁽³⁾		Charges	Charges
Placer County Mosquito & Vector ⁽⁴⁾		\$6	\$6
City of Roseville, Creekview CFD No. 1, IA No. 2 ⁽⁵⁾		2,497	3,173
City of Roseville, Creekview CFD # 2 (Public Services) ⁽⁶⁾		483	565
City of Roseville CFD 3 (Municipal Services) ⁽⁷⁾		309	528
Total Direct Charges		\$3,295	\$4,272
Total Projected Taxes and Direct Charges		\$9,795	\$12,143
Estimated Effective Tax Rate		1.63%	1.67%

(1) Values of Representative MDR and LDR Homes from the Ability to Pay section of the Appraisal Report.

(2) The Aggregate 2022-23 Ad Valorem Property Tax Rate for TRA 005-073. Subject to change in subsequent years.

(3) Direct Charges include Parcel Charges, Fee, Assessments and Special Taxes not determined by assessed value; amount assumes no optional PACE related Special Taxes.

(4) Equal to FY 2022-23 mosquito & vector charges

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

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

(7) Equal to the projected Maximum Municipal Services Special Tax for FY 2023-24

Sources: Aggregate FY 2022-23 Ad Valorem Tax Rate of TRA 005-073 - Placer County Resolution 2022-177; Mosquito & Vector charges - Placer County Tax Collector; Projected Assessed Values of Representative Homes - Integra Realty Resources, Inc; projected Maximum Special Tax Rates, Roseville CFD Nos. 1, 2 and 3 - Willdan Financial Services.

SPECIAL RISK FACTORS

The purchase of the 2023 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 that 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 2023 Bonds in the event Special Tax collections are delinquent, other than from amounts, if any, on deposit in the 2023 Reserve Account of 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 2023 Bonds. The 2023 Bonds are not general obligations of the City but are limited obligations of the City, payable solely from the proceeds of the Special Tax and certain funds held under the Fiscal Agent Agreement, including amounts deposited in the 2023 Reserve Account of 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 2023 Bonds will be limited to the Special Tax to be collected within Improvement Area No. 2.

Concentration of Ownership

Land in Improvement Area No. 2 is 100% owned by the Master Developer and the Merchant Builders (or a land bank). No assurance can be given that the Merchant Builders will complete homes on the lots that they purchase and sell the lots to individual homeowners on the timeline projected in this Official Statement or at all. In addition, no assurance can be given that the Master Developer will complete the sale of additional lots to merchant builders and others on the timeline projected by the Master Developer in this Official Statement.

Owners of property are not personally obligated to pay the Special Tax attributable to their property. Rather, the Special Tax is an obligation only against the parcel of property, secured by the amount which could be realized in a foreclosure proceeding against the property, and not by any promise of the owner to pay. If the value of the property is not sufficient, taking into account other obligations also constituting a lien against the property, the City, Fiscal Agent and owners of the 2023 Bonds have no recourse against the owner, such as filing a lawsuit to collect money.

Failure of the Master Developer, any of the Merchant Builders or any other future owner of significant property subject to the Special Taxes in Improvement Area No. 2 to pay installments of Special Taxes when due could cause the depletion of amounts in the 2023 Reserve Account of the Reserve Fund prior to reimbursement from the resale of foreclosed property or payment of the delinquent Special Tax and, consequently, result in the delinquency rate reaching a level that would cause an insufficiency in collection of the Special Tax to timely pay debt service on the 2023 Bonds. In that event, there could be a delay or failure in payments on the 2023 Bonds. See “– Bankruptcy and Foreclosure Delays” below and “SECURITY AND SOURCES OF PAYMENT FOR THE BONDS – Delinquent Payments of Special Tax; Covenant for Superior Court Foreclosure.”

Appraised Values

The Appraisal summarized in APPENDIX B estimates the market value of the taxable property within Improvement Area No. 2. This market value is merely the present opinion of the Appraiser, and is subject to the assumptions and limiting conditions stated in the Appraisal. The City

has not sought the present opinion of any other appraiser of the value of the taxed parcels. A different present opinion of value might be rendered by a different appraiser.

The opinion of value relates to sale by a willing seller to a willing buyer as of the date of valuation, each having similar information and neither being forced by other circumstances to sell or to buy. Consequently, the opinion is of limited use in predicting the selling price at a foreclosure sale, because the sale is forced and the buyer may not have the benefit of full information.

In considering the estimates of value evidenced by the appraisal, it should be noted that the appraisal is based upon a number of standard and special assumptions which affect the estimates as to value, in addition to hypothetical conditions, as set forth in the Appraisal (see APPENDIX B hereto). Some of the improvements to be financed by the 2023 Bonds were not in place as of the date of inspection; thus, the value estimate is subject to a hypothetical condition (of such improvements being in place)

In addition, the opinion is a present opinion. It is based upon present facts and circumstances. Differing facts and circumstances may lead to differing opinions of value. The appraised market value is not evidence of future value because future facts and circumstances may differ significantly from the present.

No assurance can be given that any of the appraised property in Improvement Area No. 2 could be sold in a foreclosure for the estimated market value contained in the Appraisal. Such sale is the primary remedy available to Bondowners if that property should become delinquent in the payment of Special Taxes.

Property Values and Property Development

The value of Taxable Parcels within Improvement Area No. 2 is a critical factor in determining the investment quality of the 2023 Bonds. If a property owner defaults in the payment of the Special Tax, the City may bring an action to foreclose on the delinquent property in an attempt to obtain funds with which to pay debt service on the 2023 Bonds. Land development and land values could be adversely affected by economic and other factors beyond the City's control, such as: a general economic downturn; adverse judgments in future litigation that could affect the scope, timing or viability of development; relocation of employers out of the area; stricter land use regulations; shortages of water, electricity, natural gas or other utilities; destruction of property caused by earthquake, flood or other natural disasters; environmental pollution or contamination.

The Appraisal information included as APPENDIX B sets forth certain assumptions of the Appraiser in estimating the market value of the property within Improvement Area No. 2 as of the date indicated. No assurance can be given that the land values are accurate if these assumptions are incorrect or that the values will not decline in the future if one or more events, such as natural disasters or adverse economic conditions, occur. See "Appraised Values" above.

Neither the City nor the Underwriter has evaluated development risks. Since these are largely business risks of the type that property owners customarily evaluate individually, and inasmuch as changes in land ownership may well mean changes in the evaluation with respect to any particular parcel, the City is issuing the 2023 Bonds without regard to any such evaluation. Thus, the issuance of the 2023 Bonds in no way implies that the City or the Underwriter has evaluated these risks or the reasonableness of these risks.

The following is a discussion of specific risk factors that could affect the timing or scope of property development in Improvement Area No. 2 or the value of property in Improvement Area No. 2.

Land Development. Land values are influenced by the level of development in the area in many respects.

First, undeveloped or partially developed land is generally less valuable than developed land and provides less security to the owners of the 2023 Bonds should it be necessary for the City to foreclose on undeveloped or partially developed property due to the nonpayment of Special Taxes.

Second, failure to complete development on a timely basis could adversely affect the land values of those parcels that have been completed. Lower land values would result in less security for the payment of principal of and interest on the 2023 Bonds and lower proceeds from any foreclosure sale necessitated by delinquencies in the payment of the Special Tax. See "VALUE OF PROPERTY WITHIN IMPROVEMENT AREA NO. 2 – Value to Special Tax Burden Ratios." No assurance can be given that the proposed development within Improvement Area No. 2 will be completed, and in assessing the investment quality of the 2023 Bonds, prospective purchasers should evaluate the risks of noncompletion.

Neither the Master Developer nor the Merchant Builders provide any assurances to the City that the project will be developed or that sources of financing that will actually be available will be sufficient to complete the currently projected development. Neither the Master Developer nor the Merchant Builders have any obligation to the City or to owners of the 2023 Bonds to complete the project overall or their particular developments therein.

Risks of Real Estate Investment Generally. Continuing development of land within Improvement Area No. 2 may be adversely affected by changes in general or local economic conditions, fluctuations in the real estate market, increased construction costs, development, financing and marketing capabilities of individual property owners, water or electricity shortages, and other similar factors. Development in Improvement Area No. 2 may also be affected by development in surrounding areas, which may compete with development in Improvement Area No. 2. In addition, land development operations are subject to comprehensive federal, state and local regulations, including environmental, land use, zoning and building requirements. There can be no assurance that proposed land development operations within Improvement Area No. 2 will not be adversely affected by future government policies, including, but not limited to, governmental policies to restrict or control development, or future growth control initiatives. There can be no assurance that land development operations within Improvement Area No. 2 will not be adversely affected by these risks.

Natural Disasters. The value of the parcels in Improvement Area No. 2 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 Improvement Area No. 2 and the continued habitability and enjoyment of such private improvements. For example, the areas in and surrounding Improvement Area No. 2, like those in much of California, may be subject to earthquakes or other unpredictable seismic activity, however, Improvement Area No. 2 is not located in a seismic special studies zone.

Other natural disasters could include, without limitation, landslides, floods, droughts, wildfires or tornadoes. One or more natural disasters could occur and could result in damage to improvements of varying seriousness. Although the land in Improvement Area No. 2 is not in a high-risk area (or a special fire hazard severity zone) for wildfires, landslides, floods, or tornadoes, natural

disasters such as these are unpredictable and may occur anywhere throughout the State, with devastating consequences. 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.

Drought. California has been subject to droughts from time-to-time in the past. Although the City does not believe any future drought would impact development in Improvement Area No. 2, no assurances can be given in this regard.

The City employs a portfolio approach to its water supplies which includes the use of surface water, groundwater and recycled water. This portfolio approach is designed to provide a more reliable water supply. Surface water is the City's primary water supply which is delivered from the Folsom Reservoir under contracts with the Bureau of Reclamation and the Placer County Water Agency. The City also uses groundwater to supplement its surface water supplies during emergency and drought conditions. These ground water wells are designated to accommodate Aquifer Storage and Recovery ("**ASR**"). The City's ASR program allows for the storage of treated surface water in the groundwater basin through direct injection through the ASR wells. This water can be extracted later from the same wells for use during emergency or drought conditions. This water "banking" allows the City to use groundwater without significant impact to the ground water table when surface water supplies are limited. The City also uses recycled water generated from its wastewater treatment facilities for irrigation purposes in commercial landscaping, public rights-of way, parks and golf courses. The use of recycled water reduces the demand for treated water for these purposes and leaving more for domestic use. However, no assurance can be given that a future drought affecting homes in Improvement Area No. 2 would not result in decreased values.

The City indicates it has adequate surface water and groundwater supplies to satisfy the planned development of property in Improvement Area No. 2 in accordance with applicable law and regulations. However, in the event that the City's water supply is severely limited or cut off by virtue of future actions beyond its control resulting from ongoing or future drought conditions, development within Improvement Area No. 2 may be delayed or even stopped. The Development Agreement provides that should the City need to restrict development it must do so City-wide and cannot single out the Creekview property in restricting development activity. Any reduction or interruption in the water supply would also likely cause a reduction in the land value and thus a reduction in the security in the event of a need to foreclose on land within Improvement Area No. 2 following a delinquency in the payment of Special Taxes.

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. Development in Improvement Area No. 2 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 Improvement Area No. 2 would affect the marketability and the value of some or all of the property in Improvement Area No. 2. In that event, the owners and operators of a parcel within Improvement Area No. 2 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 Improvement Area No. 2 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.

The values set forth in the Appraisal do not take into account the possible reduction in marketability and value of any of the parcels within Improvement Area No. 2 by reason of the possible liability of the owner (or operator) for the remedy of a hazardous substance condition on a parcel. Although the City is not aware that the owner (or operator) of any of the property within Improvement Area No. 2 has a current liability for a hazardous substance with respect to any of the parcels, it is possible that such liabilities do currently exist and that the City is not aware of them.

Further, it is possible that liabilities may arise in the future with respect to any of the parcels within Improvement Area No. 2 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 Improvement Area No. 2 that is realizable upon a foreclosure sale.

Endangered and Threatened Species. It is illegal to harm or disturb any plants or animals in their habitat that have been listed as endangered species by the United States Fish & Wildlife Service under the Federal Endangered Species Act or by the California Fish & Game Commission under the California Endangered Species Act without a permit. Although the Master Developer believes that no federally listed endangered or threatened species would be affected by the proposed development within Improvement Area No. 2, other than any that are permitted by the entitlements already received (which allow for the impact of development and specify the mitigation required), the discovery of an endangered plant or animal could delay development of vacant property in Improvement Area No. 2 or reduce the value of undeveloped property.

Levy and Collection of Special Taxes

General. The principal source of payment of principal of and interest on the 2023 Bonds is the proceeds of the annual levy and collection of the Special Tax against property within Improvement Area No. 2.

Limitation on Maximum Special Tax Rate. The annual levy of the Special Tax is subject to the Maximum Annual Facilities Special Tax rate authorized in the Rate and Method. The levy cannot be made at a higher rate even if the failure to do so means that the estimated proceeds of the levy and collection of the Special Tax, together with other available funds, will not be sufficient to pay debt service on the 2023 Bonds.

In addition to the Maximum Annual Facilities Special Tax rate limitation in the Rate and Method, Section 53321(d) of the Act provides that the special tax levied against any parcel for which an occupancy permit for private residential use has been issued may not be increased as a consequence of delinquency or default by the owner of any other parcel within a community facilities

district by more than 10% above the amount that would have been levied in such Fiscal Year had there never been any such delinquencies or defaults. In cases of significant delinquency, these factors may result in defaults in the payment of principal of and interest on the 2023 Bonds.

No Relationship Between Property Value and Special Tax Levy. Because the Rate and Method is not based on property value, the levy of the Special Tax will rarely, if ever, result in a uniform relationship between the value of particular parcels of Taxable Property and the amount of the levy of the Special Tax against those parcels. Thus, there will rarely, if ever, be a uniform relationship between the value of the parcels of Taxable Property and their proportionate share of debt service on the 2023 Bonds, and certainly not a direct relationship.

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

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

Property Tax Delinquencies. Failure of the owners of Taxable Property to pay property taxes (and, consequently, the Special Tax), or delays in the collection of or inability to collect the Special Tax by tax sale or foreclosure and sale of the delinquent parcels, could result in a deficiency in the collection of Special Tax revenues. See “– Tax Delinquencies” below. There is currently no history of tax levies in Improvement Area No. 2.

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

If sales or foreclosures of property are necessary, there could be a delay in payments to owners of the 2023 Bonds pending such sales or the prosecution of foreclosure proceedings and receipt by the City of the proceeds of sale if the 2023 Reserve Account of the Reserve Fund is depleted. See “SECURITY AND SOURCES OF PAYMENT FOR THE BONDS – Delinquent Payments of Special Tax; Covenant for Superior Court Foreclosure.”

The ability of the City to collect interest and penalties specified by State law and to foreclose against properties having delinquent Special Tax installments may be limited in certain respects with regard to properties in which the Federal Deposit Insurance Corporation (the “**FDIC**”) has or obtains an interest. The FDIC would obtain such an interest by taking over a financial institution that has made a loan that is secured by property within Improvement Area No. 2. See “– FDIC/Federal Government Interests in Properties” below.

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

FDIC/Federal Government Interests in Properties

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

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

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

This means that, unless Congress has otherwise provided, if a federal governmental entity owns a parcel that is subject to Special Taxes within Improvement Area No. 2 but does not pay taxes and assessments levied on the parcel (including Special Taxes), the applicable state and local governments cannot foreclose on the parcel to collect the delinquent taxes and assessments.

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

Bankruptcy and Foreclosure Delays

The payment of the Special Tax and the ability of the City 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 2023 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 2023 Bonds. To the extent that property in Improvement Area No. 2 continues to be owned by a limited number of property owners, the chances are increased that the 2023 Reserve Account of the Reserve Fund established for the 2023 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 2023 Reserve Account of 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 2023 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 2023 Reserve Account of the 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 2023 Reserve Account of the Reserve Fund for transfer to the Bond Fund to make up any shortfalls resulting from delinquent payments of the Special Tax and thereby to pay principal of and interest on the 2023 Bonds on a timely basis.

On July 30, 1992, the United States Court of Appeals for the Ninth Circuit issued its opinion in a bankruptcy case entitled *In re Glasply Marine Industries*. In that case, the court held that *ad valorem* property taxes levied by Snohomish County in the State of Washington after the date that the property owner filed a petition for bankruptcy were not entitled to priority over a secured creditor with a prior lien on that property. The court upheld the priority of unpaid *ad valorem* taxes imposed before the bankruptcy petition (the "pre-petition taxes"), but unpaid taxes imposed after the filing of the bankruptcy petition ("post-petition taxes") were declared to be unsecured "administrative expenses" of the bankruptcy estate, and were therefore held to be payable from the bankruptcy estate only after payment of all secured creditors. As a result, the secured creditor of the property was able to foreclose on the property and retain all of the proceeds of the sale except for the amount of the pre-petition taxes.

According to the court's ruling, as administrative expenses, post-petition taxes would have to be paid, but only if the debtor had sufficient assets not subject to other perfected security interests to do so. In certain circumstances, payment of such administrative expenses may also be allowed to be deferred. Once the property is transferred out of the bankruptcy estate (through foreclosure or otherwise) it would at that time again become subject to and would secure liens for then current and future *ad valorem* taxes.

Glasply was controlling precedent on bankruptcy courts in the State of California for several years subsequent to the date of the Ninth Circuit's holding. Pursuant to state law, the lien date for general *ad valorem* property taxes levied in the State of California is the January 1 preceding the fiscal year for which the taxes are levied. Under the *Glasply* holding, a bankruptcy petition filing would have prevented the lien for general *ad valorem* property taxes levied in fiscal years subsequent to the filing of a bankruptcy petition from attaching and becoming a lien so long as the property was a part of the estate in bankruptcy. However, the *Glasply* holding was for the most part subsequently rendered inoperative with respect to the imposition of a lien for and the collection of *ad valorem* taxes by amendments to the federal Bankruptcy Code (Title 11 U.S.C.) which were part of the Bankruptcy Reform Act of 1994 (the "Bankruptcy Reform Act") passed by Congress during the

later part of 1994. The Bankruptcy Reform Act added a provision to the automatic stay section of the Bankruptcy Code which, pursuant to Section 362(b)(18) thereof, excepts from the Bankruptcy Code's automatic stay provisions, "the creation of a statutory lien for an *ad valorem* property tax imposed by . . . a political subdivision of a state, if such tax comes due after the filing of the petition" by a debtor in bankruptcy court. The effect of this provision is to continue the secured interest of *ad valorem* taxes on real property (i.e., post-petition taxes) in effect during the period following the filing of a bankruptcy petition, including during the period bankruptcy proceedings are pending.

Without further clarification by the courts or Congress, the original rationale of the *Glasply* holding could, however, still result in the treatment of post-petition special taxes as "administrative expenses," rather than as tax liens secured by real property, at least during the pendency of bankruptcy proceedings. This treatment might result from the fact that, although the lien of special taxes is of record from the date of the filing of a Notice of Special Tax Lien, the actual special tax is levied annually. As noted above, special taxes have a different lien date than the lien date for general *ad valorem* taxes in the State of California noted above. The lien of a Mello-Roos special tax attaches upon recordation of the notice of the special tax lien, as provided for in Section 53328.3 of the Act, as opposed to the annual January 1 lien date for general *ad valorem* taxes. Thus, in deciding whether the original *Glasply* ruling is applicable to a bankruptcy proceeding involving special taxes rather than general *ad valorem* property taxes, a court might consider the differences in the statutory provisions for creation of the applicable tax lien (general *ad valorem* or special tax) in determining whether there is a basis for post petition special taxes to be entitled to a lien on the property during pending bankruptcy proceedings. If a court were to apply *Glasply* to eliminate the priority of the special tax lien as a secured claim against property with respect to post-petition levies of the Special Taxes made against property owners within Improvement Area No. 2 who file for bankruptcy, collections of the Special Taxes from such property owners could be reduced as the result of being treated as "administrative expenses" of the bankruptcy estate. Also, and most importantly, is the fact that the original holding in *Glasply* and the mitigation of that holding by the Bankruptcy Reform Act of 1994 both appear to be applicable only to general *ad valorem* taxes, and, therefore, the exemption from the automatic stay in Section 362(b)(18) discussed above may not be applicable to special taxes since they were not expressly mentioned or provided for in this section, nor defined to be included within the term "*ad valorem* taxes."

Parity Taxes and Special Assessments; Private Debt

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 Improvement Area No. 2.

Property in Improvement Area No. 2 is currently subject to certain overlapping tax and assessment liens, as shown in the overlapping debt statement. Property in Improvement Area No. 2 is also subject to the special tax of two additional community facilities districts formed to fund services and known as the Creekview Community Facilities District No. 2 (Public Services) and the City's Community Facilities District No. 3 (Municipal Services). The property is not subject to any other special tax or assessment liens (other than the lien of the Special Tax). See "VALUE OF PROPERTY WITHIN IMPROVEMENT AREA NO. 2 – Estimated Tax Burden on Single Family Home."

In addition, other governmental obligations may be authorized and undertaken or issued in the future, the tax, assessment or charge for which may become an obligation of one or more of the parcels of taxable property and may be secured by a lien on a parity with the lien of the Special Tax

securing the 2023 Bonds. The principal of and interest on the 2023 Bonds are payable from the Special Tax authorized to be collected within Improvement Area No. 2, and payment of the Special Tax is secured by a lien on certain real property within Improvement Area No. 2. 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 Improvement Area No. 2. 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 if unpaid. 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 Improvement Area No. 2. Although the Special Taxes will generally have priority over non-governmental liens on a parcel of taxable property, regardless of whether the non-governmental liens were in existence at the time of the levy of the Special Tax or not, this result may not apply in the case of bankruptcy. See “– Bankruptcy and Foreclosure Delays” above.

There can be no assurance that property owners within Improvement Area No. 2 will not petition for the formation of other community facilities districts and improvement areas or for a special assessment district or districts and that parity special taxes or special assessments will not be levied by the County or some other public agency to finance additional public facilities. This includes PACE assessments which homeowners can request be placed on their home for financing energy improvements. In addition to liens for special taxes or assessments to finance public improvements of benefit to land within Improvement Area No. 2, owners of property may obtain loans from banks or other private sources which loans may be secured by a lien on the parcels in Improvement Area No. 2. Such loans would increase amounts owed by the owner of such parcel with respect to development of its property in Improvement Area No. 2. However, the lien of such private loans would be subordinate to the lien of the Special Taxes.

Tax Delinquencies

Under provisions of the Act, the Special Taxes will be billed to the properties within Improvement Area No. 2 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 2023 Bonds becoming due on the subsequent respective March 1 and September 1 may be insufficient, except to the extent moneys are available in the 2023 Reserve Account of the Reserve Fund.

In the event of non-payment of Special Taxes, funds in the 2023 Reserve Account of the Reserve Fund, if available, may be used to pay principal of and interest on the 2023 Bonds. If funds in the 2023 Reserve Account of the Reserve Fund for the 2023 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 2023 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

Improvement Area No. 2 at the maximum Special Tax rates, together with other available funds, remains insufficient to pay all such amounts. Thus it is possible that the 2023 Reserve Account of 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. See also “SECURITY AND SOURCES OF PAYMENT FOR THE BONDS – Special Tax Methodology” for a discussion of a limitation imposed by the Act applicable to Special Tax increases on residential property.

No Acceleration Provisions

The 2023 Bonds do not contain a provision allowing for the acceleration of the 2023 Bonds in the event of a payment default or other default under the terms of the 2023 Bonds or the Fiscal Agent Agreement. Under the Fiscal Agent Agreement, a 2023 Bond holder is given the right for the equal benefit and protection of all 2023 Bond holders similarly situated to pursue certain remedies. So long as the 2023 Bonds are in book-entry form, DTC will be the sole 2023 Bond holder and will be entitled to exercise all rights and remedies of 2023 Bond holders.

Ballot Initiatives

From time to time, initiative measures qualify for the State ballot pursuant to the State’s constitutional initiative process, and those measures could be adopted by California voters. The adoption of any such initiative might place limitations on the ability of the State, the City, the County or other local districts to increase revenues or to increase appropriations or on the ability of the landowners to complete the development of Improvement Area No. 2. See “–Property Values and Property Development – Land Development” above. See also “–Voter Initiatives” below.

Voter Initiatives

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

Any such initiative may affect the collection of fees, taxes and other types of revenue by local agencies such as the City. Subject to overriding federal constitutional principles, such collection may be materially and adversely affected by voter-approved initiatives, possibly to the extent of creating cash-flow problems in the payment of outstanding obligations such as the 2023 Bonds.

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

On November 2, 2010, California voters approved Proposition 26, entitled the “Supermajority Vote to Pass New Taxes and Fees Act”. Section 1 of Proposition 26 declares that Proposition 26 is intended to limit the ability of the State Legislature and local government to circumvent existing restrictions on increasing taxes by defining the new or expanded taxes as “fees.” Proposition 26

amended Articles XIII A and XIII C of the State Constitution. The amendments to Article XIII A limit the ability of the State Legislature to impose higher taxes (as defined in Proposition 26) without a two-thirds vote of the Legislature. Article XIII C requires that all new local taxes be submitted to the electorate before they become effective. Taxes for general governmental purposes require a majority vote and taxes for specific purposes (“special taxes”) require a two-thirds vote.

The levy of the Special Taxes and the issuance of special tax bonds of the City for Improvement Area No. 2 were each authorized by not less than a two-thirds vote of the landowners within Improvement Area No. 2 who constituted the qualified electors at the time of such voted authorization. The District believes, therefore, that issuance of the 2023 Bonds does not require the conduct of further proceedings under the Mello-Roos Act, Proposition 218 or Proposition 26.

Like their antecedents, Proposition 218 and Proposition 26 are likely to undergo both judicial and legislative scrutiny before the impact on Improvement Area No. 2 can be determined. Certain provisions of Proposition 218 and Proposition 26 may be examined by the courts for their constitutionality under both State and federal constitutional law, the outcome of which cannot be predicted.

Case Law Related to the Mello-Roos Act

On August 1, 2014, the California Court of Appeal, Fourth Appellate District, issued its opinion in *City of San Diego v. Melvin Shapiro, et al.* (D063997). The case involved a Convention Center Facilities District (the “CCFD”) established by the City of San Diego. The CCFD is a financing district established under the City’s charter (the “Charter”) and was intended to function much like a community facilities district established under the Mello-Roos Act. The CCFD was comprised of all of the real property in the entire City. However, the CCFD special tax was to be levied only on properties in the CCFD that were improved with a hotel.

At the election to authorize the CCFD special tax, the CCFD proceedings limited the electorate to owners of hotel properties and lessees of real property owned by a governmental entity on which a hotel was located. Registered voters in the City of San Diego were not permitted to vote. This definition of the qualified electors of the CCFD was based on Section 53326(c) of the Mello-Roos Act, which generally provides that, if a special tax will not be apportioned in any tax year on residential property, the legislative body may provide that the vote shall be by the landowners of the proposed community facilities district whose property would be subject to the special tax.

The *San Diego* Court held that the CCFD special tax election did not comply with the City’s Charter and with applicable provisions of the California Constitution -- specifically Article XIII A, section 4 (“Cities, Counties and special districts, by a two-thirds vote of the qualified electors of such district, may impose special taxes on such district....”) and Article XIII C, section 2(d) (“No local government may impose, extend, or increase any special tax unless and until that tax is submitted to the electorate and approved by a two-thirds vote.”) -- because the electors in the CCFD election should have been the registered voters residing within the CCFD (the boundaries of which were coterminous with the boundaries of the City of San Diego).

As to the District (including Improvement Area No. 2), there were no registered voters within the District (including Improvement Area No. 2) at the time of the election to authorize the Special Taxes. Significantly, the *San Diego* Court expressly stated that it was not addressing the validity of a landowner election to impose special taxes on residential property pursuant to the Mello-Roos Act in situations where there are fewer than 12 registered voters. Therefore, by its terms, the *San Diego* Court’s holding does not apply to the special tax election held for Improvement Area No. 2.

Moreover, Sections 53341 and 53359 of the Act establish a limited period of time in which special taxes levied under the Mello-Roos Act may be challenged by a third party:

53341. Any action or proceeding to attack, review, set aside, void, or annul the levy of a special tax or an increase in a special tax pursuant to [the Mello-Roos Act] shall be commenced within 30 days after the special tax is approved by the voters....

53359. An action to determine the validity of bonds issued pursuant to [the Mello-Roos Act] or the validity of any special taxes levied pursuant to [the Mello-Roos Act] ... shall be commenced within 30 days after the voters approve the issuance of the bonds or the special tax ...

Section 53326(b) of the Mello-Roos Act defines the authorized voters for an election in which the special taxes will be levied on residential property: "Except as otherwise provided in subdivision (c), if at least 12 persons, who need not necessarily be the same 12 persons, have been registered to vote within the territory of the proposed community facilities district for each of the 90 days preceding the close of the protest hearing, the vote shall be by the registered voters of the proposed district, with each voter having one vote. Otherwise, the vote shall be by the landowners of the proposed district and each person who is the owner of land at the close of the protest hearing, or the authorized representative thereof, shall have one vote for each acre or portion of an acre of land that he or she owns within the proposed community facilities district not exempt from the special tax...."

Landowner voters approved the Special Taxes and the issuance of bonds for Improvement Area No. 2 in compliance with all applicable requirements of the Mello-Roos Act in 2018. Therefore, pursuant to Sections 53341 and 53359 of the Mello-Roos Act, the statute of limitations period to challenge the validity of the special tax has expired. Because the *San Diego* Court expressly stated that it did not consider the facts presented by Improvement Area No. 2 and because the period for challenging the Special Taxes has passed, the City believes the Special Taxes are valid and cannot be challenged.

Exempt Properties

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

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

Changes in Tax Law

H.R. 1 of the 115th U.S. Congress, known as the “Tax Cuts and Jobs Act,” was enacted into law on December 22, 2017 (the “**Tax Act**”). The Tax Act makes significant changes to many aspects of the Code that could have an impact on future property development. The Tax Act reduces the amount of mortgage interest expense and state local income tax and property tax expense that individuals may deduct from their gross income for federal income tax purposes, which could increase the cost of home ownership within Improvement Area No. 2 and could adversely affect the sale of homes by merchant builders that purchase lots from the Master Developer. However, the City cannot predict the effect that the Tax Act may have on the cost of home ownership or the price of homes in Improvement Area No. 2, the rate at which homes in Improvement Area No. 2 are sold to individual homeowners, or the ability or willingness of homeowners to pay special taxes or property taxes on Taxable Property within Improvement Area No. 2. The appraised values do not take into account any of the potential impacts of the Tax Act on home values or home sales in Improvement Area No. 2.

Pandemic Diseases

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

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

Cyber Security

The City, like many other public and private entities, relies on computer and other digital networks and systems to conduct its operations. As a recipient and provider of personal, private or other sensitive electronic information, the City is potentially subject to multiple cyber threats, including without limitation hacking, viruses, ransomware, malware and other attacks. No assurance can be given that the City’s efforts to manage cyber threats and attacks will be successful in all cases, or that any such attack will not materially impact the operations or finances of the City, or the administration of the 2023 Bonds. The City is also reliant on other entities and service providers in connection with the administration of the 2023 Bonds, including without limitation the County tax collector for the levy and collection of Special Taxes, the Fiscal Agent, and the dissemination agent. No assurance can be given that the City and these other entities will not be affected by cyber threats and attacks in a manner that may affect the Bond owners.

Potential Early Redemption of Bonds from Prepayments

Property owners within Improvement Area No. 2, including the Master Developer, the Merchant Builders and individual homeowners, are permitted to prepay their Special Tax obligation at any time. Such prepayments could also be made from the proceeds of bonds issued by or on

behalf of an overlapping special assessment district or community facilities district. Such prepayments will result in a redemption of the Bonds on the interest payment date for which timely notice may be given under the Fiscal Agent Agreement following the receipt of the prepayment. The resulting redemption of Bonds that were purchased at a price greater than par could reduce the otherwise expected yield on such Bonds.

CONSTITUTIONAL LIMITATIONS ON TAXATION AND APPROPRIATIONS

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

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

Article XIII A exempts from the 1% tax limitation any taxes to repay indebtedness approved by the voters prior to July 1, 1978, and requires a vote of two-thirds of the qualified electorate to impose Special Taxes or any additional *ad valorem*, sales, or transaction taxes on real property. In addition, Article XIII A requires the approval of two-thirds of all members of the State Legislature to change any State laws resulting in increased tax revenues. On June 3, 1986, California voters approved an amendment to Article XIII A of the California Constitution to allow local governments and school districts to raise their property tax rates above the constitutionally mandated 1% ceiling for the purpose of paying off certain new general obligation debt issued for the acquisition or improvement of real property and approved by two-thirds of the votes cast by the qualified electorate. If any such voter-approved debt is issued, it may be on a parity with the lien of the Special Tax on the parcels within Improvement Area No. 2.

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

CONTINUING DISCLOSURE

The City

The City has covenanted for the benefit of owners of the 2023 Bonds to provide certain financial information and operating data relating to Improvement Area No. 2 by not later than nine months 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 2022-23 fiscal year (due April 1, 2024) and to provide notices of the occurrence of certain enumerated events.

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

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

- (1) The Annual Report for Fiscal Year 2019-20 for one series of the City's outstanding bonds did not initially fulfill all content requirements; a remedial filing was done approximately 3 months later.
- (2) For its Annual Report for Fiscal Year 2021-22, while the City filed unaudited financial statements and then its audited financial statements when available, the unaudited financial statements were not timely filed with respect to certain bond issues.
- (3) The City has not in a timely manner filed all significant event notices of changes in the ratings of certain then-outstanding obligations resulting from changes in ratings to the bond insurers who insured such obligations or the underlying rates for such obligations. However, the City has submitted all undisclosed significant event notices of changes in ratings occurring during the last five years on all currently outstanding obligations.

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

The Master Developer

The Master Developer has voluntarily covenanted for the benefit of owners of the 2023 Bonds to provide certain information and operating data relating to the property it or its affiliates owns in Improvement Area No. 2 under certain circumstances. Until the Reporting Commencement Date (as defined in the Continuing Disclosure Certificate (Developer) in Exhibit E), the Master Developer shall have no obligation to make semi-annual continuing disclosure reports, but will be required to report on any significant events. The Reporting Commencement Date means the date that is 30 days after the Trigger Event, which is defined as the date that both of the following are true: (A) any part of "phase 4" of Improvement Area No. 2 becomes Developed Property (as defined in the Rate and Method) and (B) the Master Developer is, or will become, a Major Owner (i.e., if the Master Developer owns land in Improvement Area No. 2 that is responsible for 20% or more of the special

taxes) as a result of property in “phase 4” becoming Developed Property. After the Reporting Commencement Date, and until termination, the Master Developer will provide semi-annual reports not later than May 1st and November 1st of each year. The obligation of the Master Developer under the continuing disclosure certificate will terminate at the earlier of (A) the date the Master Developer no longer owns, or is responsible to report on, any taxable property in Improvement Area No. 2, or (B) the date that the Master Developer and its Affiliates own property in Improvement Area No. 2 collectively responsible for less than 20% of the Special Taxes in the then-current Fiscal Year or the following Fiscal Year. The Master Developer’s undertaking includes a provision that if a portion of the Master Developer’s property in Improvement Area No. 2 that is collectively responsible for 20% or more of the Special Taxes is sold, the reporting obligation may be assumed by the new owner and the Master Developer’s obligations with respect to such property will be terminated, or if not so assumed, the Master Developer is to report such required information on behalf of such property until terminated.

The Master Developer has had only one continuing disclosure obligation, and that was associated with the bonds issued in Improvement Area No. 1 of the District. The Master Developer terminated that obligation in December 2021, but was in compliance at all times prior to termination.

The Merchant Builders

General. Each of the Merchant Builders has voluntarily covenanted for the benefit of owners of the 2023 Bonds to provide certain information and operating data relating to the property it or its affiliates owns or is under option to acquire in Improvement Area No. 2 by not later than May 1st and November 1st of each year, beginning with the report due November 1, 2023 (the “**Merchant Builder Periodic Reports**”) and to provide notices of the occurrence of certain enumerated events. The obligation of the Merchant Builders to provide such information is in effect until such time as a Merchant Builder (and its affiliates) no longer own or is under option to acquire property in Improvement Area No. 2 collectively responsible for 20% or more of the Special Taxes.

D.R. Horton Continuing Disclosure Compliance. D.R. Horton’s Sacramento Division is the division which will be responsible for complying with its obligations under its Developer Continuing Disclosure Certificate. D.R. Horton has advised the City that, based on a review of prior continuing disclosure obligations in Northern California, encompassing D.R. Horton’s Sacramento and Bay Area Divisions, D.R. Horton has not failed to comply in any material respect with any previous undertaking by it to provide periodic continuing disclosure reports or notice of listed events with respect to community facilities district or assessment district financings in Northern California within the past five years.

Lennar Homes Continuing Disclosure Compliance. Lennar Homes has advised the City that, other than as disclosed in this paragraph, to the actual knowledge of Lennar Homes, Lennar Homes has not failed in any material respect to comply with any previous undertaking by it to provide periodic continuing disclosure reports or notices of material events with respect to community facilities districts or assessment districts in California within the past five years. However, (i) in connection with the \$16,780,000 California Municipal Finance Authority Special Tax Revenue Bonds BOLD Program Series 2020B, Lennar Homes inadvertently failed to file the initial Semi-Annual Report by the due date of May 1, 2021, but filed a curative report on May 21, 2021; and (ii) in connection with the \$5,795,000 City of Rancho Cordova Grantline 208 Community Facilities District No. 2018-1 Special Tax Bonds, Series 2021B, Lennar Homes inadvertently failed to file the initial annual report by the due date of April 1, 2022, but filed a curative report on September 21, 2022.

Meritage Prior Continuing Disclosure Compliance. Meritage’s Northern California division will be responsible for compliance with its obligations under its Continuing Disclosure

Certificate. Meritage has advised the District that, except as described in the following paragraph, based on a review of prior continuing disclosure obligations in Northern California, Meritage has not failed to comply in any material respect with any previous undertaking by it to provide periodic continuing disclosure reports or notice of listed events with respect to community facilities district or assessment district bond issues in Northern California within the past five years.

However, in connection with a continuing disclosure obligation entered into with respect to the \$14,735,000 Improvement Area No. 1 of the City of Dixon Community Facilities District No. 2019-1 (Homestead) Special Tax Bonds, Series 2020, Meritage was late in filing its first periodic report due June 15, 2021. The oversight was discovered in August 2021, and Meritage promptly filed a curative report on August 23, 2021 or approximately two months after the due date. Additionally, in connection with the phased acquisition of lots from the master developer of property within the City of Roseville Creekview Community Facilities District No. 1 (Public Facilities) Improvement Area No. 1 ("Roseville CFD No. 1, IA No. 1"), Meritage executed a Continuing Disclosure Certificate (Assumption by Builder), dated August 13, 2021 (the "CDC Assumption"), with respect to the acquisition of Villages C-11 (34 projected units), C-12 (95 projected units), C-14 (20 projected units), and C-15 (20 projected units). The CDC Assumption relates to the issuance of \$10,905,000 City of Roseville Creekview Community Facilities District No. 1 (Public Facilities) Improvement Area No. 1 Special Tax Bonds Series 2020, and requires the filing of periodic reports by May 1 and November 1 of each year with respect to the property referenced, commencing November 1, 2021. Meritage was late in filing its first periodic report due November 1, 2021. The oversight was discovered in late April 2022, and Meritage promptly filed a curative report on April 28, 2022 or approximately six months after the due date. Identification of the above-described events does not constitute a representation by Meritage that such events were material.

Woodside Continuing Disclosure Compliance. Woodside's Northern California Division is the division which will be responsible for complying with its obligations under its Developer Continuing Disclosure Certificate. Woodside has advised the City that, based on a review of prior continuing disclosure obligations in Northern California, Woodside has not failed to comply in any material respect with any previous undertaking by it to provide periodic continuing disclosure reports or notice of listed events with respect to community facilities district or assessment district financings in Northern California within the past five years.

UNDERWRITING

The 2023 Bonds were purchased through negotiation by Piper Sandler & Co., as underwriter (the "**Underwriter**"). The Underwriter agreed to purchase the 2023 Bonds at a price of \$14,042,054.65, which is the principal amount thereof (\$14,300,000.00) less net original issue discount of \$72,760.35 and less Underwriter's discount of \$185,185.00. 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 2023 Bonds to certain dealers and others at a price lower than the public offering prices set forth on the cover page hereof.

MUNICIPAL ADVISOR

The City has retained Hilltop Securities Inc., Encino, California, as registered municipal advisor (the “**Municipal Advisor**”) in connection with the issuance of the 2023 Bonds. The Municipal Advisor is not obligated to undertake, and has not undertaken to make, an independent verification or assume responsibility for the accuracy, completeness, or fairness of the information contained in this Official Statement. The fees of the Municipal Advisor are contingent upon the sale and delivery of the 2023 Bonds.

LEGAL OPINION

The validity of the 2023 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 D to this Official Statement, and the final opinion will be made available to registered owners of the 2023 Bonds at the time of delivery. The fees of Bond Counsel are contingent upon the sale and delivery of the 2023 Bonds.

TAX MATTERS

Federal Tax Status. In the opinion of Jones Hall, A Professional Law Corporation, San Francisco, California, Bond Counsel, subject, however to the qualifications set forth below, under existing law, the interest on the 2023 Bonds is excluded from gross income for federal income tax purposes and such interest is not an item of tax preference for purposes of the federal alternative minimum tax. Interest on the 2023 Bonds may be subject to the corporate alternative minimum tax.

The opinions set forth in the preceding paragraph are subject to the condition that the City comply with all requirements of the Internal Revenue Code of 1986, as amended (the “**Tax Code**”) relating to the exclusion from gross income for federal income tax purposes of interest on obligations such as the 2023 Bonds. The City has made certain representations and covenants in order to comply with each such requirement. Inaccuracy of those representations, or failure to comply with certain of those covenants, may cause the inclusion of such interest in gross income for federal income tax purposes, which may be retroactive to the date of issuance of the 2023 Bonds.

Tax Treatment of Original Issue Discount and Premium. If the initial offering price to the public at which a 2023 Bond is sold is less than the amount payable at maturity thereof, then such difference constitutes “original issue discount” for purposes of federal income taxes and State of California personal income taxes. If the initial offering price to the public at which a 2023 Bond is sold is greater than the amount payable at maturity thereof, then such difference constitutes “original issue premium” for purposes of federal income taxes and State of California personal income taxes. *De minimis* original issue discount and original issue premium are disregarded.

Under the Tax Code, original issue discount is treated as interest excluded from federal gross income and exempt from State of California personal income taxes to the extent properly allocable to each owner thereof subject to the limitations described in the first paragraph of this section. The original issue discount accrues over the term to maturity of the 2023 Bond on the basis of a constant interest rate compounded on each interest or principal payment date (with straight-line interpolations between compounding dates). The amount of original issue discount accruing during each period is added to the adjusted basis of such 2023 Bonds to determine taxable gain upon disposition (including sale, redemption, or payment on maturity) of such 2023 Bond. The Tax Code contains certain provisions relating to the accrual of original issue discount in the case of purchasers of the

2023 Bonds who purchase the 2023 Bonds after the initial offering of a substantial amount of such maturity. Owners of such 2023 Bonds should consult their own tax advisors with respect to the tax consequences of ownership of 2023 Bonds with original issue discount, including the treatment of purchasers who do not purchase in the original offering, the allowance of a deduction for any loss on a sale or other disposition, and the treatment of accrued original issue discount on such 2023 Bonds under federal individual alternative minimum taxes.

Under the Tax Code, original issue premium is amortized on an annual basis over the term of the 2023 Bond (said term being the shorter of the 2023 Bond's maturity date or its call date). The amount of original issue premium amortized each year reduces the adjusted basis of the owner of the 2023 Bond for purposes of determining taxable gain or loss upon disposition. The amount of original issue premium on a 2023 Bond is amortized each year over the term to maturity of the 2023 Bond on the basis of a constant interest rate compounded on each interest or principal payment date (with straight-line interpolations between compounding dates). Amortized 2023 Bond premium is not deductible for federal income tax purposes. Owners of premium 2023 Bonds, including purchasers who do not purchase in the original offering, should consult their own tax advisors with respect to State of California personal income tax and federal income tax consequences of owning such 2023 Bonds.

California Tax Status. In the further opinion of Bond Counsel, interest on the 2023 Bonds is exempt from California personal income taxes.

Other Tax Considerations. Current and future legislative proposals, if enacted into law, clarification of the Tax Code or court decisions may cause interest on the 2023 Bonds to be subject, directly or indirectly, to federal income taxation or to be subject to or exempted from state income taxation, or otherwise prevent beneficial owners from realizing the full current benefit of the tax status of such interest. The introduction or enactment of any such legislative proposals, clarification of the Tax Code or court decisions may also affect the market price for, or marketability of, the 2023 Bonds. It cannot be predicted whether or in what form any such proposal might be enacted or whether, if enacted, such legislation would apply to bonds issued prior to enactment.

The opinions expressed by Bond Counsel are based upon existing legislation and regulations as interpreted by relevant judicial and regulatory authorities as of the date of such opinion, and Bond Counsel has expressed no opinion with respect to any proposed legislation or as to the tax treatment of interest on the 2023 Bonds, or as to the consequences of owning or receiving interest on the 2023 Bonds, as of any future date. Prospective purchasers of the 2023 Bonds should consult their own tax advisors regarding any pending or proposed federal or state tax legislation, regulations or litigation, as to which Bond Counsel expresses no opinion.

Owners of the 2023 Bonds should also be aware that the ownership or disposition of, or the accrual or receipt of interest on, the 2023 Bonds may have federal or state tax consequences other than as described above. Other than as expressly described above, Bond Counsel expresses no opinion regarding other federal or state tax consequences arising with respect to the 2023 Bonds, the ownership, sale or disposition of the 2023 Bonds, or the amount, accrual or receipt of interest on the 2023 Bonds.

NO RATINGS

The City has not applied to a rating agency for the assignment of a rating to the 2023 Bonds and does not contemplate applying for a rating.

NO LITIGATION

At the time of delivery of and payment for the 2023 Bonds, the City Attorney will deliver her opinion that to the best of its knowledge there is no action, suit, proceeding, inquiry or investigation at law or in equity before or by any court or regulatory agency pending against the City affecting its existence or the titles of its officers to office or seeking to restrain or to enjoin the issuance, sale or delivery of the 2023 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 2023 Bonds, or in any way contesting or affecting the validity or enforceability of the 2023 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 2023 Bonds or any action of the City contemplated by any of said documents.

EXECUTION

The execution and delivery of this Official Statement by the City has been duly authorized by the City Council of the City, as the legislative body of the District.

CITY OF ROSEVILLE

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

NO LITIGATION

At the time of delivery of and payment for the 2023 Bonds, the City Attorney will deliver her opinion that to the best of its knowledge there is no action, suit, proceeding, inquiry or investigation at law or in equity before or by any court or regulatory agency pending against the City affecting its existence or the titles of its officers to office or seeking to restrain or to enjoin the issuance, sale or delivery of the 2023 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 2023 Bonds, or in any way contesting or affecting the validity or enforceability of the 2023 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 2023 Bonds or any action of the City contemplated by any of said documents.

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The execution and delivery of this Official Statement by the City has been duly authorized by the City Council of the City, as the legislative body of the District.

CITY OF ROSEVILLE

By: 
Dennis Kauffman
Assistant City Manager/
Chief Financial Officer

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APPENDIX A

RATE AND METHOD OF APPORTIONMENT OF SPECIAL TAX

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EXHIBIT A

City of Roseville
Creekview Community Facilities District No. 1—
Improvement Area No. 2
(Public Facilities)
Placer County, California

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

1. Basis of Special Tax Levy

A Special Tax authorized under the Mello-Roos Community Facilities Act of 1982 (Act) applicable to the land in Creekview Community Facilities District No. 1—Improvement Area No. 2 (Public Facilities) (CFD) of the City of Roseville (City) shall be levied and collected according to the tax liability determined by the City through the application of the appropriate amount or rate, as described below.

2. Definitions

“Acre” or **“Acreage”** means the land area of an Assessor’s Parcel as shown on an Assessor’s Parcel Map, or if the land area is not shown on an Assessor’s Parcel Map, the land area shown on the applicable final map or other Development Plan.

“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 actual or reasonably estimated costs related to the administration of Improvement Area No. 2, including, but not limited to, these for Improvement Area No. 2:

- a. Costs of computing Special Taxes and preparing annual Special Tax collection schedules (whether by the City or any designee thereof or both).
- b. Costs of collecting the Special Taxes (whether by the County, the City, or otherwise).
- c. Costs of remitting the Special Taxes to the Trustee.
- d. Costs of the Trustee (including its legal counsel) in the discharge of the duties required of it under the Bond Indenture.
- e. Costs to the City, CFD, or any designee thereof, of complying with arbitrage rebate requirements.

- f. Costs to the City, CFD, or any designee thereof, of complying with City, CFD, or obligated persons disclosure requirements.
- g. Costs associated with preparing Special Tax disclosure statements.
- h. Costs incurred in responding to public inquiries regarding the Special Taxes.
- i. Costs to the City, CFD, or designee thereof related to any appeal of the Special Taxes.
- j. Costs associated with the release of funds from an escrow account, if any.
- k. Costs to the City for the issuance of Bonds authorized by the CFD that are not recovered through the Bond sale proceeds.
- l. Amounts estimated to be advanced or already advanced by the City for any other administrative purposes, including attorney's fees and other costs related to collection of the Special Taxes and commencing and pursuing to completion any foreclosure of delinquent Special Taxes.

“Administrator” means a City official in the Finance Department, or their designee responsible for determining or overseeing the levy and collection of the Special Taxes.

“Affordable Housing Director” means, at any point in time, the person in the City who serves as head of the department that is in charge of the City's affordable housing program.

“Affordable Unit” means a Unit built on a Residential Use Parcel for which an Affordable Unit agreement has been entered into for the property designating the Unit as affordable. A Multifamily Parcel may have only a portion of the Units assigned as Affordable Units. The City Manager, or his or her designee, shall determine which Units are designated as Affordable Units and maintain an Affordable Unit listing, which shall contain all designated buildable parcels by tract and lot number, and in the case of Large Lot Parcels remaining before May 1 of the preceding Fiscal Year, the number of designated Affordable Units for each such Large Lot Parcel; all entries shall indicate the effective date of designation. The Affordable Unit listing also shall be updated to reflect those Units no longer qualifying as Affordable Units, also known as Market-Rate Units. The Affordable Unit listing, which shall contain all qualifying Affordable Units as of April 30, shall be made available to the Administrator by July 1 of each year for purposes of determining the Maximum Annual Special Tax for Parcels pursuant to **Section 4**.

“Annexation Parcels” means a Parcel or Parcels annexed to the CFD after formation. Parcels annexed into the CFD after formation may be placed into a new Improvement Area or included in Improvement Area No. 1 or No. 2. The Maximum Annual Special Tax will be assigned to Parcels in the Future Annexation Area using the provisions of **Section 4**. Annexation Parcels may be assigned a different Maximum Annual Special Tax Rate or Maximum Annual Special Tax per Parcel using a methodology different from the other Parcels in the CFD and shall be placed in an area designated as a separate zone or improvement area of the CFD, all of which shall be set forth in revised attachments hereto as needed, without further CFD proceedings.

"Annual Facilities Costs" means, for any Fiscal Year, the total of these for Improvement Area No. 2:

- a. Debt Service to be paid from Facilities Special Taxes.
- b. The amount needed to replenish the reserve fund for the Bonds to the level required under the Bond Indenture, to the extent not included in a computation of Annual Facilities Costs in a previous Fiscal Year.
- c. Administrative Expenses for such Fiscal Year.
- d. The amount needed to (1) cure any delinquencies in the payment of principal or interest on Bonds, which have occurred in the prior Fiscal Year, to the extent not otherwise included in a computation of Annual Facilities Costs in the current or any previous Fiscal Year, and (2) to fund any foreseeable deficiency of the amount to be available for the payment of principal or interest on Bonds, which are expected to occur in such Fiscal Year, to the extent not included in a computation of Annual Facilities Costs in the current or any previous Fiscal Year.
- e. The amount needed to (1) cure any delinquencies in the payment of the Facilities Special Tax in the prior Fiscal Year, to the extent not otherwise included in a computation of Annual Facilities Costs in the current or any previous Fiscal Year, and (2) to fund any foreseeable deficiency in the payment of the Facilities Special Tax for that Fiscal Year which is expected to occur in such Fiscal Year, to the extent not included in a computation of Annual Facilities Costs in the current or any previous Fiscal Year.
- f. Authorized Pay-As-You-Go Costs.
- g. During the Deferral Bonding Period, the amount needed to pay Development Impact Fee Deferrals not financed by Bonds.
- h. *Less* any available earnings on any reserve fund or Facilities Special Tax funds, available capitalized interest or any other available revenues of the CFD or the City that may be used to fund Annual Facilities Costs.

"Annual Maintenance Costs" means, for any Fiscal Year, the total of these for Improvement Area No. 2:

- a. Authorized Services costs to be paid from Maintenance Special Taxes.
- b. Administrative Expenses for such Fiscal Year.
- c. The amount needed to (1) cure any delinquencies in the payment of the Maintenance Special Tax in the prior Fiscal Year, to the extent not otherwise included in a computation of Annual Maintenance Costs in the current or any previous Fiscal Year, and (2) to fund any foreseeable deficiency in the payment of the Maintenance Special Tax for that Fiscal Year which is expected to occur in such Fiscal Year, to the extent not included in a computation of Annual Maintenance Costs in the current or any previous Fiscal Year.

- d. Less any available earnings on any reserve fund, Maintenance Special Tax funds or any other available revenues of the CFD or the City that may be used to fund Annual Maintenance Costs.

"Assessor's Parcel" means a lot or Parcel with an assigned Assessor's Parcel Number in the maps used by the County Assessor in preparing the tax roll.

"Assessor's Parcel Map" means an official map of the County Assessor designating Parcels by Assessor's Parcel Number.

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

"Assigned Maximum Annual Special Tax" means the maximum Facilities Special Tax or Maintenance Special Tax assigned to each Large Lot Parcel that is an Original Parcel based on the Expected Land Uses at CFD formation, or at annexation, as shown in **Attachment 1**.

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

"Authorized Services" means those services authorized to be funded, as defined in the resolution forming the CFD.

"Base Year" means the Fiscal Year beginning July 1, 2021, and ending June 30, 2022.

"Bond(s)" means any bond(s) issued by the City for the CFD under the Act and any other debt, as defined in the Act, the City incurs to further the CFD's purposes.

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

"Building Permit" means a permit issued by the City for the construction of a Residential Use or Nonresidential Use structure.

"Business Professional" means a Parcel or Parcels zoned to provide for office uses and other uses that are related to and supportive of office uses.

"CFD" means Creekview Community Facilities District No. 1 (Public Facilities) of the City of Roseville, Placer County, California, including all Improvement Areas therein.

"Chief Financial Officer" or **"CFO"** means the Chief Financial Officer of the City, or his/her designee.

"City" means the City of Roseville in Placer County, California.

"Council" means the City Council of the City acting for the CFD under the Act.

"County" means the County of Placer, California.

"Debt Service" means the total annual amount of Bond principal, interest, and the scheduled sinking fund payments of the Bonds in a calendar year.

"Deferral Bonding Period" means the period after the Initial Bonding Period has ended and during which the City finances the Development Impact Fee Deferral. Each Improvement Area of the CFD will have its own Deferral Bonding Period.

"Developed Parcel" means, in any Fiscal Year:

- a. For Single-Family Parcels: All Parcels for which a Final Small Lot Subdivision Map was recorded before May 1 of the preceding Fiscal Year.
- b. For Multifamily Parcels: All Parcels for which a Building Permit for new construction of a Residential Use structure was issued before May 1 of the preceding Fiscal Year.
- c. For all Nonresidential Use Parcels: All Parcels for which a Building Permit for new construction of a Nonresidential Use structure was issued before May 1 of the preceding Fiscal Year.

Once a Parcel is defined as a Developed Parcel it shall remain as a Developed Parcel.

"Development Agreement" means the Development Agreement By and Between the City of Roseville and Granite Bay Development II, LLC, Phillips Road 160 Investors Limited Partnership, Phillip Road Land, LLC, J & KD Enterprises, LLC, Soule Investments, LLC, Bennet West Roseville, LLC, Decou West Roseville, LLC, Blue Oaks – Roseville, LP, and Chuang relative to the Creekview Specific Plan dated November 28, 2012, and assigned to Anthem United Developments, LP on May 24, 2019, or as may be amended from time to time.

"Development Impact Fee Deferral" means the deferred payment of development impact fees due to the City or the South Placer Regional Transportation Authority (SPRTA) for Developed Parcels, using the approach and amounts identified in the Development Agreement, which may be amended from time to time.

"Development Plan" means a condominium plan, apartment plan, site plan, or other development plan that identifies such information as the type of structure, acreage, square footage, or number of Units that are approved to be developed on Single-Family Parcels, Multifamily Parcels, and Nonresidential Parcels.

"Expected Land Use(s)" means, for each Improvement Area, the total number of Units or Acres of each land use type by Tax Category expected in each Large Lot Parcel and Original Parcel at CFD formation as identified in **Attachment 3** of this RMA, or as to Annexation Parcels, the total number of Units or Acres of each land use type by Tax Category expected in each Large Lot Parcel and Original Parcel at the time of annexation as identified in a subsequent attachment to RMA.

"Facilities Special Tax" means the Special Tax authorized to fund Annual Facilities Cost. Facilities Special Taxes are shown in **Attachments 2 and 3**, or as to Annexation Parcels, as shown in a subsequent attachment to the RMA.

"Final Use Small Lot Parcel" means a Parcel designated for development as a single-family residence, which is part of a Final Small Lot Subdivision Map.

"Final Small Lot Subdivision Map" means a recorded map designating the final Parcel subdivision for individual Single-Family Parcels.

"First Bond Sale" means issuance of the first series of Bonds secured, in whole or in part, by Facilities Special Taxes levied and collected from Parcels in the CFD.

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

"Full Prepayment" means the fulfillment of a Parcel's Facilities Special Tax obligation, as determined by following the procedures in **Section 8**.

"High Density Residential" means, per the Creekview Specific Plan, a land use designation that primarily accommodates attached housing, but depending on the unit type, could also include detached housing, within the density range of 13.0 or greater dwelling units per gross developable acre. Typical housing product types include, but shall not be limited to, detached townhomes, courtyard townhomes/condominiums, garden-style apartments, and podium design apartments/condominiums.

"Improvement Area" means an area within the CFD with its own distinct geographic area in which the provisions of this RMA shall apply. If there are more than one Improvement Areas, each Improvement Area shall have its own distinct number that is different from any other Improvement Area.

"Improvement Area No. 2" means the area designated as such on **Map 1**.

"Initial Bonding Period" means the period in which Bonds are outstanding which financed Authorized Facilities costs or refunded prior Bonds other than the Development Impact Fee Deferral. Each Improvement Area of the CFD will have its own Initial Bonding Period.

"Large Lot Parcel" means a Parcel created by a Large Lot Subdivision Map.

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

"Low Density Residential" means, per the Creekview Specific Plan, a land use designation that supports single-family detached homes on conventional lots within the density range of up to 6.9 dwelling units per gross developable acre. Typical housing product types include, but shall not be limited to, standard, alley-loaded, or clustered, single-family detached units.

"Maintenance Special Tax" means the Special Tax authorized to fund Annual Maintenance Costs. The Maintenance Special Tax will be levied and collected beginning with the Transition Year. Maintenance Special Taxes are shown in **Attachment 4**.

"Market-Rate Unit" means a Unit that is not an Affordable Unit.

"Maximum Annual Special Tax" means the greatest amount of Facilities Special Tax or Maintenance Special Tax that can be levied against a Parcel in a given Fiscal Year, as shown in **Attachments 2, 3, and 4**.

"Maximum Annual Facilities Special Tax" means the greatest amount of Facilities Special Tax that can be levied against a Parcel in a given Fiscal Year, as shown in **Attachments 2, 3, or 4.**

"Maximum Annual Maintenance Special Tax" means the greatest amount of Maintenance Special Tax that can be levied against a Parcel in a given Fiscal Year, as shown in **Attachments 2, 3, or 4.**

"Maximum Annual Special Tax Rate" means the maximum rate of Facilities Special Tax or Maintenance Special Tax charged per Unit or per Taxable Acre each Fiscal Year, as shown in **Attachments 2, 3, and 4**, as subsequently escalated by the Tax Escalation Factor.

"Maximum Annual Facilities Special Tax Revenue" means the greatest amount of Facilities Special Tax revenue that can be collected in total from a group of Parcels (such as Developed Parcels) by levying the Maximum Annual Facilities Special Tax.

"Maximum Annual Maintenance Special Tax Revenue" means the greatest amount of Maintenance Special Tax revenue that can be collected in total from a group of Parcels (such as Developed Parcels) by levying the Maximum Annual Maintenance Special Tax.

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

"Medium Density Residential" means, per the Creekview Specific Plan, a land use designation that accommodates both single-family detached homes and attached homes within the density range of 7.0 to 12.9 dwelling units per gross developable acre. Typical housing product types include, but shall not be limited to, standard or alley-loaded lots, courtyard lots, green court lots, auto courts, alley clusters, zero-lot lines, or z-shaped lots. In addition, duet/half-plex homes, townhomes, or condominiums may be accommodated in Medium Density Residential areas.

"Mixed Use Parcel" means a Parcel or Parcels designated for a combination of Residential Uses and Nonresidential Uses.

"Multifamily For-Rent" or **"Multifamily For-Rent Parcel"** means any Parcel designated or developed for more than one residential dwelling Unit per Parcel and where such units are initially offered for rent to the general public and cannot be purchased by individual homeowners. Such uses may consist of apartments or structures such as duplexes or triplexes, including land uses defined as High Density Residential. Each residential dwelling Unit within Multifamily For-Rent or Multifamily For-Rent Parcels is not expected to have its own distinct Assessor's Parcel Number.

"Multifamily For-Sale" or **"Multifamily For-Sale Parcel"** means any Parcel designated or developed for more than one residential dwelling Unit within a single building or structure and that may share at least one common wall where such units are not initially offered for rent to the general public and initially may be offered for sale to individual homeowners. Such uses may consist of condominiums or buildings such as half-plexes or time-share units, including land uses defined as High Density Residential. Multifamily For-Sale Parcels are anticipated to have their own distinct Assessor's Parcel Number as is

the case in residential condominium projects. Once designated as Multifamily For-Sale or Multifamily For-Sale Parcel, the Parcel shall remain so designated unless the original structures are demolished.

“Nonresidential Use” means a Taxable Parcel zoned for land uses other than Residential Uses which may include Business Professional, Community Commercial and Mixed Use.

“Original Parcel” means a Taxable Parcel identified in **Attachment 1** at formation of the CFD.

“Parcel” means any Assessor’s Parcel in the CFD based on the equalized tax rolls of the County as of January 1 of each Fiscal Year.

“Partial Prepayment” means the partial fulfillment of a Parcel’s Facilities Special Tax obligation, as determined by following the procedures in **Section 8**.

“Pay-As-You-Go Costs” means that portion of costs of acquisition, construction, and improvement of Authorized Facilities not financed by Bonds that are eligible for funding from the Facilities Special Tax.

“Prepayment” means the Full Prepayment or Partial Prepayment of a Parcel’s Facilities Special Tax obligation, as determined by following the procedures in **Section 8**.

“Proportionately” means that the ratio of the actual Special Tax levy to the Maximum Annual Special Tax is equal for all Developed Parcels. For Small Lot Tentative Map Parcels, Proportionately means that the ratio of the actual Special Tax levy to the Maximum Annual Special Tax is equal for all Small Lot Tentative Map Parcels. For Large Lot Parcels, Proportionately means that the ratio of the actual Special Tax levy to the Maximum Annual Special Tax is equal for all Large Lot Parcels. For Undeveloped Parcels, Proportionately means that the ratio of the actual Special Tax levy to the Maximum Annual Special Tax is equal for all Undeveloped Parcels.

“Public Parcel” means any Parcel that is or is intended to be publicly owned, as designated in any final map, that is normally exempt from the levy of general ad valorem property taxes under California law, including, but not limited to, public streets, schools, parks, and public drainageways, landscaping, wetlands, greenbelts, and open space.

“Remainder Parcel” means a portion of a unit of land that is created as a result of the recording of a Large Lot Parcel Map or Final Small Lot Subdivision Map, which results in a designated remainder as defined in Government Code Section 66424.6(a) (Remainder Parcel). Such a Remainder Parcel may contain taxable and tax-exempt uses, such as Residential Uses, and Public Parcels, such as park sites. Once designated as a Remainder Parcel, such Parcel will be considered a Large Lot Parcel for the purposes of future Subdivisions and for the provisions of **Sections 4** through **6**.

“Residential Use” means a Parcel designated for residential use, such as single-family residential Units, residential condominiums, townhouses, or apartments that would be included in the definitions of Low-Density Residential, Medium Density Residential or High Density Residential.

"RMA" means this Rate and Method of Apportionment, and Manner of Collection of Special Tax, as it may be amended from time to time in connection with Annexation Parcels or otherwise.

"Single-Family Parcel" means, in any Fiscal Year, all Parcels in the CFD for which a building permit was issued or may be issued for construction of a Unit that is a single-family residential, residential condominium, or townhouse Unit.

"Small Lot Tentative Map" means a map that is approved by the City for the purpose of showing the design of a proposed Subdivision, including the individual buildable lots expected in the Subdivision, as well as the conditions pertaining thereto. The Small Lot Tentative Map designation for this RMA is in reference only to the areas shown on the map on which Low-Density Residential and Medium-Density Residential uses would be permitted. A Small Lot Tentative Map is not based on a detailed survey of the property in the map and is not recorded at the County Recorder's Office to create legal lots.

"Small Lot Tentative Map Parcel" means, in any Fiscal Year, all Parcels included in a Small Lot Tentative Map that was approved before May 1 of the prior Fiscal Year that are planned for Low-Density Residential and Medium-Density Residential and which have not yet become a Developed Parcel.

"Special Tax(es)" mean(s) any tax levy under the Act in the CFD.

"Subdivision" or **"Subdivided"** means a division of a Parcel into two or more Parcels through Parcel reconfiguration, lot-line adjustments, or the Subdivision Map Act process. A Subdivision also may include the merging of two or more Parcels to create new Parcels.

"Successor Parcel" means a Parcel created by the Subdivision of an Original Parcel or a Successor Parcel.

"Tax Category" means the categories of taxable land uses shown in **Attachments 2, 3, and 4**.

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

"Tax Escalation Factor" means a factor of 2 percent by which the Maximum Annual Facilities Special Tax, Maximum Annual Maintenance Special Tax and related Maximum Annual Special Tax Rates shall be increased annually until the Transition Event. After the Transition Event, the Maximum Annual Maintenance Special Tax may be increased up to 2 percent annually at the City's discretion. The Administrator should refer to Section 4a for application of the Tax Escalation Factor.

"Taxable Acreage" means that area of a Parcel determined by the Administrator to become a Taxable Parcel or Parcels upon further Subdivision. An example might be that a Large Lot Parcel Map creates a Remainder Parcel that, according to **Attachment 1**, contains both taxable uses and tax-exempt uses.

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

"Tax-Exempt Parcel" means a Parcel not subject to the Annual Special Tax. Tax-Exempt Parcels include (a) Public Parcels, and (b) Parcels owned by the City, school districts, special districts, or the state or federal government. A Taxable Parcel that is acquired by a public agency shall remain a Taxable Parcel as per the provisions of **Section 4.i.**

Certain privately-owned Parcels also may be exempt from the levy of Annual Special Taxes, including common areas owned by homeowner's associations or property owner associations, wetlands, detention basins, water quality ponds, and open space, as determined by the Administrator.

"Transition Event" means for Improvement Area No. 2, the earlier of (a) after the Initial Bonding period, the Fiscal Year in which the Administrator determines the Development Impact Fee Deferral, and any eligible Pay-As-You-Go Costs have been repaid in full to the City and City determines funding is no longer needed for Annual Facilities Costs, or (b) Fiscal Year 2086-87, and, for parcels within the Future Annexation Area annexed into an Improvement Area other than Improvement Area No. 2, the earlier of (a) after the Initial Bonding period for that Improvement Area, the Fiscal Year in which the Administrator determines the Development Impact Fee Deferral, and any eligible Pay-As-You-Go Costs have been repaid in full to the City and City determines funding is no longer needed for Annual Facilities Costs, or (b) sixty-five Fiscal Years following the first full Fiscal Year after the date of creation of such Improvement Area.

"Transition Year" means, for each Improvement Area separate from the other, the first Fiscal Year following the Fiscal Year in which the Transition Event occurred.

"Trustee" means a national banking association organized and existing under the laws of the United States acting as a trustee or fiscal agent for Bonds.

"Undeveloped Parcel" means a Taxable Parcel that is not a Developed Parcel, Small Lot Tentative Map Parcel, or a Large Lot Parcel.

"Unit" means, for a Single-Family Parcel, the individual residential unit on such Parcel, or for a Multifamily For-Rent Parcel or Multifamily For-Sale Parcel, an individual residential unit in a multifamily building.

3. Duration of the Special Tax

Improvement Area No. 2

The Facilities Special Tax will be levied and collected until the earlier of (i) the Transition Year or (ii) Fiscal Year 2086-87. The Maintenance Special Tax will be levied and collected beginning in the Transition Year. The Maintenance Special Tax will thereafter be collected in perpetuity.

Future Annexation Area Parcels

For parcels within the Future Annexation Area annexed into an Improvement Area other than Improvement Area No. 1 and No. 2, the Facilities Special Tax will be levied and collected until the earlier of (i) the Transition Year or (ii) sixty-five Fiscal Years following the first full Fiscal Year after the date of creation of such Improvement Area. The

Maintenance Special Tax will be levied and collected beginning in the Transition Year. The Maintenance Special Tax will thereafter be collected in perpetuity.

4. Administrative Tasks for the Facilities Special Tax

The provisions of Section 4 shall apply to each Improvement Area on a stand-alone basis. For each Improvement Area, tasks required of the Administrator are set forth below:

- a. Annual Special Tax Escalation. Until the Transition Event, the Administrator shall increase the Maximum Annual Facilities Special Tax, the Maximum Annual Maintenance Special Tax and Maximum Annual Special Tax Rates by the Tax Escalation Factor in all Fiscal Years following the Base Year. After the Transition Event, the City, in its sole discretion, may determine whether to apply the Tax Escalation Factor to the Maximum Annual Maintenance Special Tax in any Fiscal Year.
- b. Assignment of the Maximum Annual Facilities Special Tax to Original Parcels. **Attachment 3** identifies the Assigned Maximum Annual Facilities Special Tax for each Original Parcel included in Improvement Area No. 2, which is determined for each Large Lot Parcel based on the Expected Land Uses in each Large Lot Parcel at CFD Formation. The Assigned Maximum Annual Facilities Special Tax shall continue to apply to the geographic area to which it was assigned. If, before further Subdivision, the Administrator determines there are multiple Assessor's Parcels in a Large Lot Parcel, the Administrator shall assign the Maximum Annual Facilities Special Tax to each Assessor's Parcel on a pro rata basis to all Assessor's Parcels in that Large Lot Parcel based on the percentage share of Taxable Acreage identified for each Assessor's Parcel. Similarly, if the Administrator determines there are multiple Large Lot Parcels in an Assessor's Parcel, the Maximum Annual Facilities Special Tax shall equal the sum of the Assigned Maximum Annual Facilities Special Tax for all Large Lot Parcels in that Assessor's Parcel.
- c. Assignment of the Maximum Annual Facilities Special Tax to Annexation Parcels. If Parcels are annexed to the CFD after formation, the Maximum Annual Facilities Special Tax shall be assigned to these Annexation Parcels using the definitions in **Section 2** and the Maximum Annual Facilities Special Tax per Unit or Acre shown in **Attachment 2** as adjusted by the Tax Escalation Factor applied by the Administrator, unless the Annexation Parcels are annexed with a new set of Maximum Annual Facilities Special Taxes. Annexation Parcels will be included in a new Improvement Area and not be annexed into Improvement Area No. 1 or No. 2. **Attachments 1** or **2** shall be amended, or a new attachment created, to include the new Improvement Area, the Annexation Parcels and, if necessary, the applicable tax rates. If new Maximum Annual Facilities Special Taxes are created, **Attachments 1, 2, and 3** should be amended to reflect the Maximum Annual Facilities Special Taxes for the Annexation Parcels. Once annexed, these annexed Parcels shall be considered Original and Successor Parcels and will be subject to the same procedures for assignment of the Maximum Annual Facilities Special Tax to Successor Parcels described in **Section 4.d**. The owner of the Annexation Parcels shall be responsible for paying all costs associated with annexing the Annexation Parcels to the CFD, but

otherwise shall not be required to pay any other charge, fee or catch-up special tax in connection with or as a condition of such annexation unless otherwise agreed to by the owner of the Annexation Parcel in connection with the annexation.

- d. Assignment of the Maximum Annual Facilities Special Tax to Successor Parcels. As Original Parcels and Successor Parcels are Subdivided through creation of Final Small Lot Subdivision Maps, lot line adjustments or other Parcel amendments through the Subdivision Map Act process, the Administrator shall use the following steps to assign the Maximum Annual Facilities Special Tax to new Successor Parcels. As a result of each assignment of the Maximum Annual Facilities Special Tax upon Subdivision of an Original Parcel or Successor Parcel, the sum of the Maximum Annual Facilities Special Taxes assigned to the newly created Taxable Parcels shall never be less, but may be greater, than the Assigned Maximum Annual Facilities Special Tax for that Original Parcel or Successor Parcel.
 1. If an Original Parcel or Successor Parcel is Fully Subdivided into Single-Family Parcels with No Remainder Parcel(s). There shall be no net loss of Maximum CFD Special Tax Revenue as a result of the assignment of the Maximum Annual Facilities Special Tax to Single-Family Parcels. The Administrator shall use the following procedures to assign the Maximum Annual Facilities Special Tax to Single-Family Parcels. All references to Maximum Annual Facilities Special Taxes in the attachments are subject to application by the Tax Escalation Factor by the Administrator:
 - A. Multiply the Maximum Annual Facilities Special Tax per Unit by Tax Category from **Attachment 2** by the number of Units for each Single-Family Parcel created by the Subdivision. Sum the Maximum Annual Facilities Special Taxes for all Single-Family Parcels created by the Subdivision.
 - B. If the sum of Maximum Annual Facilities Special Taxes calculated in Step 4.d.1.A above is equal to or greater than the Assigned Maximum Annual Facilities Special Tax for the Original or Successor Parcel that was Subdivided, assign the Maximum Annual Facilities Special Tax per Unit by Tax Category as calculated in Step 4.1.d.A above to each Single-Family Parcel created by the Subdivision.
 - C. If the sum of Maximum Annual Facilities Special Taxes calculated in Step 4.d.1.A above is less than the Assigned Maximum Annual Facilities Special Tax for the Original or Successor Parcel that was Subdivided, unless 100 percent of the Units are designated Affordable Units, (i) assign the Maximum Annual Facilities Special Tax for Affordable Units shown in **Attachment 2** to each Affordable Unit (if any) and, (ii) Proportionately increase the Maximum Annual Facilities Special Tax per Unit for all Units that are not Affordable Units until the sum of resulting Maximum Annual Facilities Special Taxes from all Units (including Affordable Units) equals the Assigned Maximum Annual Facilities Special Tax for the Original or Successor Parcel that was Subdivided. Assign the Maximum Annual Facilities Special Tax calculated in this step to each new Single-Family Parcel created by the Subdivision.

- D. If the sum of Maximum Annual Facilities Special Taxes calculated in Step 4.d.1.A above is less than the Assigned Maximum Annual Facilities Special Tax for the Original or Successor Parcel that was Subdivided **and** if 100 percent of the Single-Family Parcels created by Subdivision are designated as Affordable Units, increase Proportionately the Maximum Annual Facilities Special Tax per Unit for each Affordable Unit until the sum of Maximum Annual Facilities Special Taxes from all Affordable Units on the new Single-Family Parcels created by the Subdivision equal the Assigned Maximum Annual Facilities Special Tax for the Original or Successor Parcel that was Subdivided. Assign the Maximum Annual Facilities Special Tax calculated in this step to each new Single-Family Parcel created by the Subdivision.
2. If Original or Successor Parcel Is Subdivided into Single-Family Parcels and One or More Remainder Parcels. When an Original or Successor Parcel is Subdivided into Single-Family Parcels and one or more Large Lot Parcels (or Remainder Parcels), the Assigned Maximum Annual Facilities Special Tax is apportioned to the Single-Family Parcels and Large Lot Parcels created by the Subdivision in the following manner:
- A. Apportion the Assigned Maximum Annual Facilities Special Tax to the area(s) that is/are being Subdivided into Single-Family Parcels and to the area(s) that will be Remainder Parcel(s) on a pro rata basis, based on the percentage share of Taxable Acreage represented by each such area as compared to the total area of the Original or Successor Parcel.
- B. For each area Subdivided into Single-Family Parcels, multiply the Maximum Annual Facilities Special Tax per Unit by Tax Category from **Attachment 2** by the number of Units for each Single-Family Parcel created by the Subdivision. Sum the Maximum Annual Facilities Special Taxes for all Single-Family Parcels created by the Subdivision.
- C. For each area Subdivided into Single-Family Parcels, if the sum of Maximum Annual Facilities Special Taxes calculated in Step 4.d.2.B above is equal to or greater than the Assigned Maximum Annual Facilities Special Tax apportioned to that area of the Original or Successor Parcel that was Subdivided into Single-Family Parcels, assign the Maximum Annual Facilities Special Tax per Unit by Tax Category as calculated in Step 4.d.2.B above to each Single-Family Parcel created by the Subdivision.
- D. For each area Subdivided into Single-Family Parcels, if the sum of Maximum Annual Facilities Special Taxes calculated in Step 4.d.2.B above is less than the Assigned Maximum Annual Facilities Special Tax apportioned to that area of the Original or Successor Parcel that was Subdivided into Single-Family Parcels, unless 100 percent of the Units are designated Affordable Units, (i) assign the Maximum Annual Facilities Special Tax for Affordable Units shown in **Attachment 2** to each Affordable Unit (if any) and, (ii) Proportionately increase the Maximum Annual Facilities Special Tax per Unit for all Units that are not Affordable Units until the sum of resulting Maximum Annual Facilities Special Taxes from all Units (including Affordable

Units) equals the Assigned Maximum Annual Facilities Special Tax apportioned to that area of the Original or Successor Parcel that was Subdivided into Single-Family Parcels. Assign the Maximum Annual Facilities Special Tax calculated in this step to each new Single-Family Parcel created by the Subdivision.

- E. For each area Subdivided into Single-Family Parcels, if the sum of Maximum Annual Facilities Special Taxes calculated in Step 4.d.2.B above is less than the Assigned Maximum Annual Facilities Special Tax apportioned to that area of the Original or Successor Parcel that was Subdivided into Single-Family Parcels **and** if 100 percent of the Single-Family Parcels created by Subdivision are designated as Affordable Units, increase Proportionately the Maximum Annual Facilities Special Tax per Unit for each Affordable Unit until the sum of Maximum Annual Facilities Special Taxes from all Affordable Units on the new Single-Family Parcels created by the Subdivision equal the Assigned Maximum Annual Facilities Special Tax apportioned to that area of the Original or Successor Parcel that was Subdivided into Single-Family Parcels. Assign the Maximum Annual Facilities Special Tax calculated in this step to each new Single-Family Parcel created by the Subdivision.
- F. For the Remainder Parcel or Parcels, identify the Maximum Annual Facilities Special Tax for the entire Original or Successor Parcel that has been Subdivided. Sum the Maximum Annual Facilities Special Tax for all Single-Family Parcels created by the Subdivision, including Single-Family Parcels with Affordable Units. Subtract the sum of the Maximum Annual Facilities Special Tax for all Single-Family Parcels from the Assigned Maximum Annual Facilities Special Tax for the Original or Successor Parcel being subdivided and compare it to the Maximum Annual Facilities Special Tax assigned to the Remainder Parcel or Parcels in Step 4.d.2.A. Assign to each Remainder Parcel, the lesser of the calculations in this step or in Step 4.d.2.A, but in no event less than the difference between the previously Assigned Maximum Annual Facilities Special Tax for the Original Parcel or Successor Parcel being Subdivided and the total of the Maximum Annual Facilities Special Tax for all Single-Family Parcels created by such Subdivision.

Once designated as a Remainder Parcel, such Parcel will be considered a Large Lot Parcel for the purposes of future Subdivisions and for the provisions of **Sections 4** through **6**.

- 3. If an Original or Successor Parcel is Subdivided creating multiple land uses and Tax Categories or for any rezones of land uses on Original or Successor Parcels:
 - A. Identify the Assigned Maximum Annual Facilities Special Tax for the Original Parcel or Successor Parcel that is being Subdivided or rezoned.
 - B. For each Taxable Parcel subject to rezone or created by Subdivision multiply the Maximum Annual Facilities Special Tax per Unit or per Acre by the number of Units or by the number of Acres by the appropriate Tax Category. For each

Taxable Parcel created by Subdivision that includes Affordable Units, multiply the number of Affordable Units by the Tax per Unit for such Affordable Units.

- C. Sum the Maximum Annual Facilities Special Tax for each Taxable Parcel and compare it to the Assigned Maximum Annual Facilities Special Tax of the Original or Successor Parcel that is subject to rezone or is being Subdivided. If the sum of Maximum Annual Facilities Special Tax for each Taxable Parcel is greater than the Assigned Maximum Annual Facilities Special Tax for the Original Parcel, the Administrator shall apply the Maximum Annual Facilities Special Tax calculated above for each Taxable Parcel.
 - D. If the Assigned Maximum Annual Facilities Special Tax for the Original Parcel or Successor Parcel subject to rezone or that is being subdivided is greater than the sum of Maximum Annual Facilities Special Tax for each Successor Parcel being created, increase Proportionately the Maximum Annual Facilities Special Tax per Unit or per Acre for all Tax Categories on each Taxable Parcel such that the sum of Maximum Annual Facilities Special Tax for all Taxable Parcels equals the Assigned Maximum Annual Facilities Special Tax for the Original Parcel.
4. If Multifamily Residential Units are Constructed on an Original or Successor Parcel: If a Building Permit for Multifamily Residential—For Rent uses is issued for an Original or Successor Parcel, identify the Maximum Annual Facilities Special Tax for the Taxable Parcel in **Attachment 3**. Assign this amount as the Maximum Annual Facilities Special Tax for the Parcel.

If a Building Permit for Multifamily Residential—For Sale uses is issued for an Original or Successor Parcel, use the following procedure to assign the Maximum Annual Facilities Special Tax to Successor Parcels.

- A. Multiply the Maximum Annual Facilities Special Tax per Unit for High Density Residential Units from **Attachment 2** by the number of High Density Residential Units (excluding Affordable Units) created by the Building Permit. Sum the Maximum Annual Facilities Special Taxes for all High Density Residential Units created by the Building Permit.
- B. Multiply the Maximum Annual Facilities Special Tax per Unit High Density Residential Affordable Units from **Attachment 2** by the number of High Density Residential Affordable Units created by the Building Permit. Sum the Maximum Annual Facilities Special Taxes for all High Density Residential Affordable Units created by the Building Permit.
- C. Sum the results from **Section 4.d.4.A** and **Section 4.d.4.B.** and compare it to the Assigned Maximum Annual Facilities Special Tax of the Original or Successor Parcel with the issued Building Permit. If the sum of Maximum Annual Facilities Special Tax for each Taxable Parcel is greater than the Assigned Maximum Annual Facilities Special Tax for the Original Parcel, the Administrator shall apply the Maximum Annual Facilities Special Tax calculated above for each Taxable Parcel.

- D. If the Assigned Maximum Annual Facilities Special Tax for the Original Parcel or Successor Parcel subject to the Building Permit is greater than the sum of Maximum Annual Facilities Special Tax for each Successor Parcel being created, increase Proportionately the Maximum Annual Facilities Special Tax per Unit for all Tax Categories on each Taxable Parcel such that the sum of Maximum Annual Facilities Special Tax for all Taxable Parcels equals the Assigned Maximum Annual Facilities Special Tax for the Original Parcel.
- e. Affordable Units that Become Market-Rate Units. If, in any Fiscal Year, the City Manager, or his or her designee, determines that a Unit that previously had been designated as an Affordable Unit no longer qualifies as such, the Affordable Housing Director shall update the Affordable Unit listing by denoting the change in status of the Unit, together with the effective date thereof. For all Affordable Units that are converted to Market-Rate Units, such Units shall be assigned the Maximum Annual Facilities Special Tax per Unit based on their Tax Category as shown in **Attachment 2**, as adjusted by the Tax Escalation Factor so long as the Special Tax does not decrease on such a Unit.
- f. Transfer of the Assigned Maximum Annual Facilities Special Tax from One Large Lot Parcel to Another. The Maximum Annual Facilities Special Taxes shown in **Attachment 3** were determined based on the Expected Land Uses for each Large Lot Parcel shown in **Attachment 1**. If the number of planned residential Units or Nonresidential Acreage is transferred from one Large Lot Parcel to another before recording a Final Small Lot Subdivision Map in any portion of the Large Lot Parcel, the City may, in its sole discretion, allow for a transfer of the Maximum Annual Facilities Special Tax from one Large Lot Parcel to another. Such a transfer shall be allowed only if (1) all adjustments are agreed to in writing by the affected property owners and the CFO, and (2) there is no reduction in the Maximum Annual CFD Special Tax Revenues as a result of the transfer. Should a transfer result in an amendment to **Attachments 1, 2, or 3** of the Notice of Special Tax Lien, the requesting property owner shall bear the costs to effect the transfer in the CFD records and prepare the required amendments to the Notice of Special Tax Lien and **Attachments 1, 2, or 3**. Before the transfer, the City may require a deposit from the requesting property owner for such costs.
- g. Reduction of the Maximum Annual Facilities Special Tax Prior to First Bond Sale. At the request of the developer/builders, the Maximum Annual Special Taxes set forth in **Attachments 2, 3 and 4** may be reduced for a given Tax Category, once, prior to the First Bond Sale. The reduction in this paragraph (g) may occur in a single Tax Category or multiple Tax Categories, and there shall be no requirement that the reduction in one Tax Category be proportionate to the reduction in another Tax Category. Such reduction shall be made without a vote of the qualified electors within the CFD following discussion with the developers/builders and the City. Any such reduction shall occur at least 30 days prior to the First Bond Sale. The Special Tax reductions permitted pursuant to this paragraph shall be reflected in an Amended Notice of Special Tax Lien, which the Administrator shall cause to be recorded.

- h. Conversion of a Tax-Exempt Parcel to a Taxable Parcel. If a Tax-Exempt Parcel is not needed for public use and is converted to a taxable use or transferred to a private owner, it shall become subject to the Facilities Special Tax. The Maximum Annual Facilities Special Tax for the newly Taxable Parcel will be determined using the provisions of **Sections 4 and 5** of the RMA.
- i. Taxable Parcels Acquired by a Public Agency. A Taxable Parcel that is acquired by a public agency after the CFD is formed will remain subject to the applicable Special Tax unless the Special Tax obligation is satisfied pursuant to Section 53317.5 of the Government Code. An exception to this may be made if a Public Parcel, such as a park site, is relocated to a Taxable Parcel, in which case the previously Tax-Exempt Parcel of comparable acreage becomes a Taxable Parcel and the Maximum Annual Facilities Special Tax from the previously Taxable Parcel is transferred to the new Taxable Parcel. This trading of a Parcel from a Taxable Parcel to a Public Parcel will be permitted to the extent there is no net loss in Maximum Annual CFD Special Tax Revenue and the transfer is agreed to by the owners of the Parcels involved in the transfer and the CFO.

5. Administrative Tasks for the Maintenance Special Tax

This section discusses the administrative tasks for the Maintenance Special Tax, which shall be applicable after the Transition Event.

Separately, the provisions of **Section 5** shall apply to each Improvement Area. For each Improvement Area, tasks required of the Administrator are set forth below:

- a. Assignment of the Maximum Annual Maintenance Special Tax to Developed Parcels. After the Transition Event, the Administrator shall assign the Maximum Annual Maintenance Special Tax to all Developed Parcels using the Maximum Annual Special Tax Rates for the Maintenance Special Tax by Tax Category shown in **Attachment 4**, as adjusted by the Tax Escalation Factor.
- b. Assignment of the Maximum Annual Maintenance Special Tax to Successor Parcels. After the Transition Event, if Original Parcels and Successor Parcels are Subdivided through creation of Final Small Lot Subdivision Maps, lot line adjustments or other Parcel amendments through the Subdivision Map Act process, the Administrator shall use the steps in **Section 4.d** to assign the Maximum Annual Maintenance Special Tax to new Successor Parcels. ***When applying Section 4.d after the Transition Event, the Administrator shall substitute Maintenance Special Tax for Facilities Special Tax and shall substitute Maximum Annual Maintenance Special Tax for Maximum Annual Facilities Special Tax.***
- c. Assignment of the Maximum Annual Maintenance Special Tax to Annexation Parcels. If Parcels are annexed to the CFD after formation, the Maximum Annual Maintenance Special Tax shall be assigned to these Annexation Parcels using the definitions in **Section 2** and the Maximum Annual Maintenance Special Tax per Unit or Acre shown in **Attachment 4** as adjusted by the Tax Escalation Factor applied by the Administrator, unless the Annexation Parcels are annexed with a new set of Maximum

Annual Maintenance Special Taxes. **Attachment 1** may be amended, or a new attachment created, to include the Annexation Parcels and, if necessary, the applicable tax rates. If new Maximum Annual Maintenance Special Taxes are created, **Attachment 4** should be amended to reflect the Maximum Annual Maintenance Special Taxes for the Annexation Parcels. Once annexed, these annexed Parcels shall be considered Original and Successor Parcels and will be subject to the same procedures for assignment of the Maximum Annual Maintenance Special Tax to Successor Parcels described in this section. The owner of the Annexation Parcels shall be responsible for paying all costs associated with annexing the Annexation Parcels to the CFD, but otherwise shall not be required to pay any other charge, fee or catch-up special tax in connection with or as a condition of such annexation unless otherwise agreed to by the owner of the Annexation Parcel in connection with the annexation.

- d. Affordable Units that Become Market-Rate Units. If, in any Fiscal Year, the City Manager, or his or her designee, determines that a Unit that previously had been designated as an Affordable Unit no longer qualifies as such, the Affordable Housing Director shall update the Affordable Unit listing by denoting the change in status of the Unit, together with the effective date thereof. For all Affordable Units that are converted to Market-Rate Units, such Units shall be assigned the Maximum Annual Maintenance Special Tax per Unit based on their Tax Category as shown in **Attachment 4**, as adjusted by the Tax Escalation Factor.
- e. Conversion of a Tax-Exempt Parcel to a Taxable Parcel. If a Tax-Exempt Parcel is not needed for public use and is converted to a taxable use or transferred to a private owner, it shall become subject to the Maintenance Special Tax. The Maximum Annual Maintenance Special Tax for the newly Taxable Parcel will be determined using the provisions of **Sections 5** and **6** of the RMA.
- f. Taxable Parcels Acquired by a Public Agency. A Taxable Parcel that is acquired by a public agency after the CFD is formed will remain subject to the applicable Special Tax unless the Special Tax obligation is satisfied pursuant to Section 53317.5 of the Government Code. An exception to this may be made if a Public Parcel, such as a park site, is relocated to a Taxable Parcel, in which case the previously Tax-Exempt Parcel of comparable acreage becomes a Taxable Parcel and the Maximum Annual Maintenance Special Tax from the previously Taxable Parcel is transferred to the new Taxable Parcel. This trading of a Parcel from a Taxable Parcel to a Public Parcel will be permitted to the extent there is no net loss in Maximum Annual CFD Special Tax Revenue and the transfer is agreed to by the owners of the Parcels involved in the transfer and the CFO.

6. Assignment of the Maximum Annual Special Tax

Separately for each Improvement Area, the Administrator shall assign the Maximum Annual Special Tax using the procedures identified below:

- a. Classification of Parcels. For purposes of the next Fiscal Year tax levy, by June 30 of each Fiscal Year, using the Definitions in **Section 2**, the Parcel records of the Assessor's secured tax roll as of January 1, and other City development approval records, the Administrator shall cause:
 1. Each Parcel to be classified as a Taxable Parcel or Tax-Exempt Parcel.
 2. Each Parcel to be classified as a Developed Parcel, a Small Lot Tentative Map Parcel, a Large Lot Parcel (including Remainder Parcels), or an Undeveloped Parcel.
- b. Assignment of the Maximum Annual Facilities Special Tax to Taxable Parcels. The Maximum Annual Facilities Special Tax will be assigned to each Taxable Parcel each Fiscal Year using the procedures (not all steps may be applicable for each such Parcel) in **Section 4**.
- c. Assignment of the Maximum Annual Maintenance Special Tax to Taxable Parcels. Following the Transition Event, the Maximum Annual Maintenance Special Tax will be assigned to each Taxable Parcel each Fiscal Year using the procedures (not all steps may be applicable for each such Parcel) in **Sections 4** and **5**.

7. Calculating Annual Special Taxes

This section discusses the levy of the Facilities Special Tax and the Maintenance Special Tax. Collectively, these Special Taxes are included in the discussion of the assignment of the Maximum Annual Special Taxes. For the period following CFD formation until the Transition Event, the Maximum Annual Special Tax shall refer to the Facilities Special Tax. Beginning with the Transition Year, the Maximum Annual Special Tax shall refer to the Maintenance Special Tax.

Separately for each Improvement Area, the Administrator shall follow the special tax levy procedures described below.

The Administrator will compute the Annual Facilities Costs or Annual Maintenance Costs and determine the annual Special Tax levy for each Taxable Parcel based on the assignment of the Special Tax in **Sections 4, 5, and 6**. The Administrator then will determine the tax levy for each Taxable Parcel using the following process.

Facilities Special Tax Levy

- a. Compute the Annual Facilities Costs using the definition of Annual Facilities Costs in **Section 2**.
- b. For all Taxable Parcels, calculate the Facilities Special Tax levy for each using the following steps:
 - Step 7.b.1. The Facilities Special Tax shall be levied proportionately on all Developed Parcels up to the amount of Annual Facilities Cost or up to 100 percent of the Maximum Annual Facilities Special Tax Revenue for all Developed Parcels, whichever is less.

- Step 7.b.2. If additional revenue is needed after *Step 7.b.1.*, the Facilities Special Tax shall be levied proportionately on each Small Lot Tentative Map Parcel until the revenue from the Facilities Special Tax levy in this step, when added to the levy amount computed in *Step 7.b.1.*, equals the Annual Facilities Costs, or up to 100 percent of the Maximum Annual Facilities Special Tax Revenue for all Small Lot Tentative Map Parcels. As necessary, the Facilities Special Tax shall be levied on Small Lot Tentative Map Parcels for the entire portion of Annual Facilities Costs, excluding Pay-As-You-Go Costs.
- Step 7.b.3. If additional revenue is needed after *Step 7.b.2.*, the Facilities Special Tax shall be levied proportionately on each Large Lot Parcel until the revenue from the Facilities Special Tax levy in this step, when added to the levy amount computed through *Step 7.b.2.*, equals the Annual Facilities Costs, or up to 100 percent of the Maximum Annual Facilities Special Tax Revenue for all Large Lot Parcels. As necessary, the Facilities Special Tax shall be levied on Large Lot Parcels for the entire portion of Annual Facilities Costs, excluding Pay-As-You-Go Costs.
- Step 7.b.4. If additional revenue is needed after *Step 7.b.3.*, the Facilities Special Tax shall be levied on each Undeveloped Parcel until the revenue from the Facilities Special Tax levy in this step, when added to the levy amounts computed through *Step 7.b.3.*, equals the Annual Facilities Costs, or up to 100 percent of the Maximum Annual Facilities Special Tax Revenue for all Undeveloped Parcels. As necessary, the Facilities Special Tax shall be levied on Undeveloped Parcels for the entire portion of Annual Facilities Costs, excluding Pay-As-You-Go Costs.

Maintenance Special Tax Levy

- c. Beginning in the Transition Year, compute the Annual Maintenance Cost using the definition of Annual Maintenance Costs in **Section 2**.
- d. For all Taxable Parcels, calculate the Maintenance Special Tax levy for each using the following steps:
- Step 7.d.1. The Maintenance Special Tax shall be levied proportionately on all Developed Parcels up to the amount of Annual Maintenance Cost or up to 100 percent of the Maximum Annual Maintenance Special Tax Revenue for all Developed Parcels, whichever is less.
- Step 7.d.2. If additional revenue is needed after *Step 7.d.1.*, the Maintenance Special Tax shall be levied proportionately on each Small Lot Tentative Map Parcel until the revenue from the Maintenance Special Tax levy in this step, when added to the levy amount computed in *Step 7.d.1.*, equals the Annual Maintenance Costs, or up to 100 percent of the Maximum Annual Maintenance Special Tax Revenue for all Small Lot Tentative Map Parcels.

- Step 7.d.3. If additional revenue is needed after *Step 7.d.2.*, the Maintenance Special Tax shall be levied proportionately on each Large Lot Parcel until the revenue from the Maintenance Special Tax levy in this step, when added to the levy amount computed through *Step 7.d.2.*, equals the Annual Maintenance Costs, or up to 100 percent of the Maximum Annual Maintenance Special Tax Revenue for all Large Lot Parcels.
- Step 7.d.4. If additional revenue is needed after *Step 7.d.3.*, the Maintenance Special Tax shall be levied on each Undeveloped Parcel until the revenue from the Maintenance Special Tax levy in this step, when added to the levy amounts computed through *Step 7.d.3.*, equals the Annual Maintenance Costs, or up to 100 percent of the Maximum Annual Maintenance Special Tax Revenue for all Undeveloped Parcels.
- e. Levy on each Taxable Parcel the amount calculated above.
- f. Prepare the Tax Collection Schedule and, unless an alternative method of collection has been selected pursuant to **Section 10**, send it to the County Auditor requesting that it be placed on the general, secured property tax roll for the Fiscal Year. The Tax Collection Schedule will be sent no later than the date required by the County Auditor for such inclusion.

The Administrator will make every effort to calculate the Special Tax correctly for each Parcel. It will be the burden of the taxpayer to identify any errors in determining which Parcels are subject to the tax and their Special Tax assignments.

8. Prepayment of the Facilities Special Tax Obligation

Calculations of a Prepayment shall reflect the Improvement Area within which the Parcel seeking to prepay resides. A property owner may at any time prepay either 25 percent or 50 percent of the Full Prepayment, except that the City may allow a partial prepayment of any percentage up to 50 percent of the Full Prepayment to be made as a "buy down" of the rate for purposes of marketing the property by a builder or developer of land to be sold for Residential Use. In the event such a builder or developer has prepaid a portion of the Facilities Special Tax, the allowable 25 percent or 50 percent partial prepayment of the Facilities Special Tax that can be made by a subsequent owner shall be reduced by the amount so prepaid by the builder or developer. For example, if a builder made a partial prepayment of 15 percent, a subsequent owner could make another partial prepayment of 10 percent or 35 percent bringing the total sum or partial prepayments to 25 percent or 50 percent respectively of the Full Prepayment. Full Prepayment is permitted only for Nonresidential Use Parcels; Full Prepayment is not allowable for Residential Use Parcels.

Prepayments must be made in sufficient time to, in the City's opinion, have the Prepayment reflected in the following Fiscal Year's Special Tax levy.

Prepayment is permitted only under the following additional conditions:

- The landowner prepaying the Facilities Special Tax on a Parcel has paid any delinquent Facilities Special Tax and penalties on that Parcel at or before or at the time of Prepayment.
- Following Prepayment, amounts in any debt service reserve fund are equal to or greater than the reserve fund requirement.
- The City determines that the Prepayment will not jeopardize its ability to make timely payments of Debt Service and maintain a 110 percent annual Debt Service coverage based on Maximum Annual Special Tax Revenues in all years in which issued Bonds will be outstanding.
- The portion of the Prepayment for the Development Impact Fee Deferral shall only be used to pay for the Development Impact Fee Deferral whether it was or is to be funded through annual special tax payments or through bonded indebtedness.

When permitted, the Administrator shall calculate Prepayments using the following steps:

a. The Full Prepayment amount shall be established by following the steps below:

- Step 8.a.1: Determine the percentage of the Maximum Facilities Special Tax for the Taxable Parcel for which the Facilities Special Tax is to be prepaid using the provisions of **Sections 4, 5, and 6**. If the Parcel is not designated as a Developed Parcel, determine the applicable Facilities Special Tax for the Parcel assuming it is a Developed Parcel.
- Step 8.a.2: Increase the Maximum Facilities Special Tax by 2 percent per annum for the longer of (i) 30 years from the year in which the Parcel was first subject to the Facilities Special Tax as a Developed Parcel, or (ii) the end of the then-remaining Initial Bonding Period.
- Step 8.a.3: Using a discounted rate equal to the most current yield for the 30-Year Treasury Constant Maturity, calculate the net present value of the revenue stream determined *Step 8.a.2*. If this yield is no longer available, the Administrator will select a yield rate from the most comparable type of security.
- Step 8.a.4: Add to the amount calculated in *Step 8.a.3* interest on the Bonds being redeemed to the next redemption date.
- Step 8.a.5: Add to the amount calculated in *Step 8.a.4* a redemption premium on the Bonds being redeemed (if any) as identified in the Bond Indenture(s).
- Step 8.a.6: Add to the amount calculated in *Step 8.a.5* the Development Impact Fee Deferral amount applicable to the Parcel, as adjusted for inflation. If Bonds have been issued to finance the Development Impact Fee Deferral, follow *Steps 8.a.2 and 8.a.3*, using for *Step 8.a.2* the longer of (i) 30 years from the year in which the Parcel was first subject to the

Facilities Special Tax during the Deferral Bonding Period, or (ii) the end of the then-remaining Deferral Bonding Period.

Step 8.a.7: Add the administrative cost of processing the Prepayment to the amount calculated in *Step 8.a.6*.

Step 8.a.8: The amount in *Step 8.a.7* is the amount of the Full Prepayment of the Maximum Annual Special Tax for the Taxable Parcel.

b. Partial Prepayments will be calculated as described below:

The amount of any Partial Prepayment is limited to a maximum of 50 percent of the Full Prepayment amount determined in *Step 8.a.8*. When a Partial Prepayment is made, the full amount of Administrative fees and expenses determined in *Step 8.a.7* shall be included in the Partial Prepayment calculation. The Facilities Special Tax that can be levied on a Parcel after a Partial Prepayment is made is equal to the Maximum Facilities Special Tax multiplied by one minus the percentage that has been prepaid.

9. Interpretation, Application, and Appeal of Special Tax Formula and Procedures

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

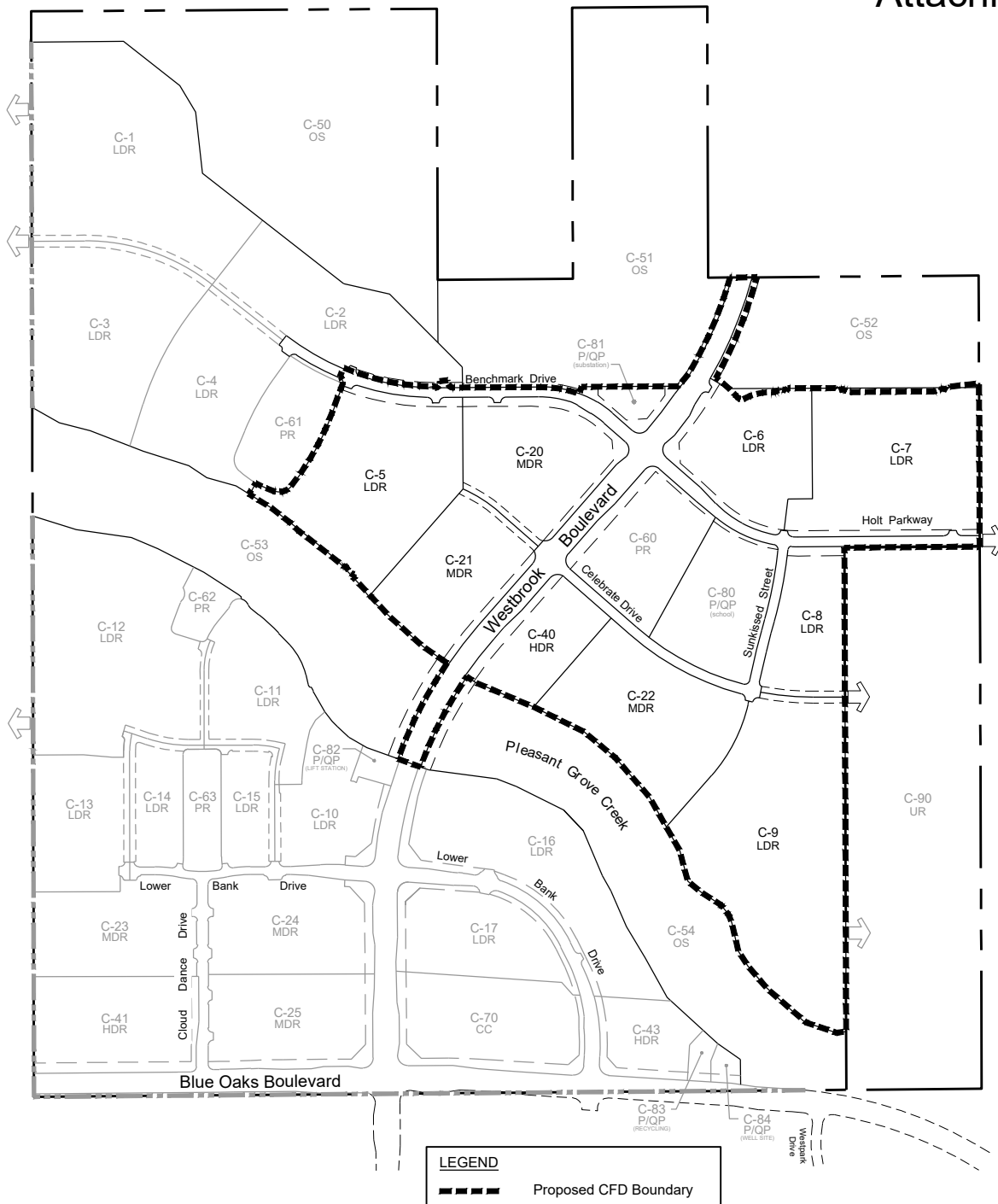
Interpretations may be made by the City, without Resolution or Ordinance of the Council, for purposes of clarifying any vagueness or ambiguity as it relates to the Special Tax rate, the method of apportionment, the classification of properties, or any definition applicable to the CFD.

Without Council approval, the CFO may make minor, non-substantive administrative and technical changes to the provisions of this RMA that do not materially affect the rate, method of apportionment, or manner of collection of the Special Tax for purposes of administrative efficiency or convenience or to comply with new applicable federal, state, or local law.

The City, upon request of an owner of land in the CFD that is not a Developed Parcel, also may amend this RMA in any manner acceptable to the City, without Resolution or Ordinance of the Council, upon the affirmative vote of such owner and without the vote of owners of any other land in the CFD, provided such amendment is only applicable to such owner's land and does not reduce the total Maximum Annual CFD Special Tax Revenue.

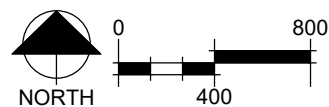
10. Manner of Collection

The Special Tax will be collected in the same manner and at the same time as ad valorem property taxes, provided, however, the Administrator 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



LOT NO.	LAND USE	ACREAGE	DU
C-5	LDR	13.43	74
C-6	LDR	8.05	48
C-7	LDR	14.11	74
C-8	LDR	5.7	32
C-9	LDR	21.8	97
C-20	MDR	8.79	96
C-21	MDR	7.92	95
C-22	MDR	11.3	104
C-40	HDR	5.2	168
TOTAL		96.3	788

Creekview Community Facilities District #1 (Improvement Area 2) Identification of Large Lots



April 2022

Attachment 2
Creekview CFD No. 1 (Public Infrastructure)
Maximum Annual Facilities Special Taxes by Tax Category
for the Base Year of FY 2021-22 (Improvement Area No. 2) [1]

Expected Land Uses (Tax Category)	Facilities Special Tax per Unit/Taxable Acre	
	Before Transition Event [1]	After Transition Event
Residential Uses	<u>per Unit</u>	<u>per Unit</u>
Low Density Residential (LDR)	\$3,050.00	\$0.00
Medium Density Residential (MDR)	\$2,400.00	\$0.00
High Density Residential (HDR) [2]		
High Density Residential (HDR) For-Sale [2]	\$0.00	\$0.00
High Density Residential (HDR) For-Rent [2]	\$0.00	\$0.00
Affordable Medium Density Residential	\$0.00	\$0.00
Affordable High Density Residential [2]	\$0.00	\$0.00
Very Low Affordable High Density Residential [2]	\$0.00	\$0.00
Nonresidential Uses [2]	<u>per Taxable Acre</u>	<u>per Taxable Acre</u>
Mixed Use (MU) [2]	\$0.00	\$0.00
Business Professional (BP) [2]	\$0.00	\$0.00
Community Commercial (CC) [2]	\$0.00	\$0.00
Undeveloped Property	\$26,478.00	\$0.00

att2

[1] This amount is subject to increase by the Tax Escalation Factor in each Fiscal Year following the Base Year as described in this RMA.

[2] If a Low Density Residential, Medium Density Residential or Affordable Medium Density Residential Parcel with a Special Tax is rezoned to a use with an identified Special Tax of \$0 in this attachment, the Special Tax would be assigned to the Parcel using the provisions of Section 4 of this RMA.

Attachment 3

Creekview CFD No. 1 (Public Infrastructure)

Assigned Maximum Annual Facilities Special Taxes for Original Parcels for the Base Year of FY 2021-22 (Improvement Area No. 2)

Large Lot Number [1]	Original Parcel(s)	Tax Category	Expected Land Uses		Planned Units per Acre	Assigned Maximum Annual Facilities Special Tax per Unit	Assigned Maximum Annual Facilities Special Tax per Taxable Acre	Assigned Maximum Facilities Special Tax per Village
			Acres	Planned Units				
Improvement Area No. 2						[2] [3]	[2] [3]	[2] [3]
Phase 3								
C-5	Por. 017-101-056	LDR	13.60	74	5.44	\$3,050	\$0	\$225,700
C-9	Por. 017-101-054 and 017-101-055	LDR	21.80	97	4.45	\$3,050	\$0	\$295,850
C-21	Por. 017-101-056	MDR	7.70	77	10.00	\$2,400	\$0	\$184,800
C-22	Por. 017-101-054 and 017-101-055	MDR	11.30	82	7.26	\$2,400	\$0	\$196,800
C-40	Por. 017-101-054 and 017-101-055	HDR	5.20	168	32.31	\$0	\$0	\$0
Phase 4								
C-6	Por. 017-101-054	LDR	8.00	48	6.00	\$3,050	\$0	\$146,400
C-7	Por. 017-101-054 and 017-101-058	LDR	13.90	74	5.32	\$3,050	\$0	\$225,700
C-8	Por. 017-101-055	LDR	5.70	32	5.61	\$3,050	\$0	\$97,600
C-20	Por. 017-101-056	MDR	8.70	77	8.85	\$2,400	\$0	\$184,800
C-60	Por. 017-101-056	Park	7.40	n/a	0.00	\$0		\$0
C-80	Por. 017-101-054	PQP	7.00	n/a	0.00	\$0		\$0
C-81	Por. 017-101-055	PQP	0.90	n/a	0.00	\$0		\$0
Totals			111.20	729				\$1,557,650

att3

[1] Indicates village identifier assigned by City in the Creekview Specific Plan.

[2] This amount may be increased by the Tax Escalation Factor in each Fiscal Year following the Base Year as described in this RMA.

[3] If amended to include Annexation Parcels, the Maximum Annual Special Tax for Annexation Parcels would also be subject to the Tax Escalation Factor.

Attachment 4
Creekview CFD No. 1 (Public Infrastructure)
(Improvement Area No. 2
Maximum Annual Maintenance Special Taxes by Tax Category
for the Base Year of FY 2021-22 (Improvement Area No. 2) [1]

Expected Land Uses (Tax Category)	Maintenance Special Tax per Unit/Taxable Acre	
	Before Transition Event [1]	After Transition Event [1]
Residential Uses	<u>per Unit</u>	<u>per Unit</u>
Low Density Residential (LDR)	\$0.00	\$1,525.00
Medium Density Residential (MDR)	\$0.00	\$1,200.00
High Density Residential (HDR) [2]		
High Density Residential (HDR) For-Sale [2]	\$0.00	\$0.00
High Density Residential (HDR) For-Rent [2]	\$0.00	\$0.00
Affordable Medium Density Residential	\$0.00	\$600.00
Affordable High Density Residential [2]	\$0.00	\$0.00
Very Low Affordable High Density Residential [2]	\$0.00	\$0.00
Nonresidential Uses [2]	<u>per Taxable Acre</u>	
Mixed Use (MU) [2]	\$0.00	\$0.00
Business Professional (BP) [2]	\$0.00	\$0.00
Community Commercial (CC) [2]	\$0.00	\$0.00
Undeveloped Property	\$0.00	\$0.00

att4

[1] This amount is subject to increase by the Tax Escalation Factor in each Fiscal Year following the Base Year as described in this RMA.

[2] If a Low Density Residential, Medium Density Residential or Affordable Medium Density Residential Parcel with a Special Tax is rezoned to a use with an identified Special Tax of \$0 in this attachment, the Special Tax would be assigned to the Parcel using the provisions of Section 4 of this RMA.

PROPOSED BOUNDARY MAP
CITY OF ROSEVILLE
CREEKVIEW COMMUNITIES FACILITIES DISTRICT NO. 1
(PUBLIC FACILITIES)

CITY OF ROSEVILLE • PLACER COUNTY • CALIFORNIA
BEING A PORTION OF SECTION 14, T.11 N., R.5 E., M.D.M.

CITY CLERK'S MAP FILING STATEMENT

FILED IN THE OFFICE OF THE CITY CLERK OF THE CITY OF ROSEVILLE, COUNTY OF PLACER, STATE OF CALIFORNIA THIS ____ DAY OF ____ 2022.

SONIA OROZCO, CITY CLERK
CITY OF ROSEVILLE
PLACER COUNTY, CALIFORNIA

CITY CLERK'S MAP STATEMENT

I HEREBY CERTIFY THAT THE WITHIN MAP SHOWING THE PROPOSED BOUNDARIES OF CREEKVIEW COMMUNITY FACILITIES DISTRICT NO. 1 (PUBLIC FACILITIES), CITY OF ROSEVILLE, COUNTY OF PLACER, STATE OF CALIFORNIA, WAS APPROVED BY THE CITY COUNCIL OF THE CITY OF ROSEVILLE, AT A REGULAR MEETING THEREOF, HELD ON THE ____ DAY OF ____, 2022 BY ITS RESOLUTION NO. ____.

SONIA OROZCO, CITY CLERK
CITY OF ROSEVILLE
PLACER COUNTY, CALIFORNIA

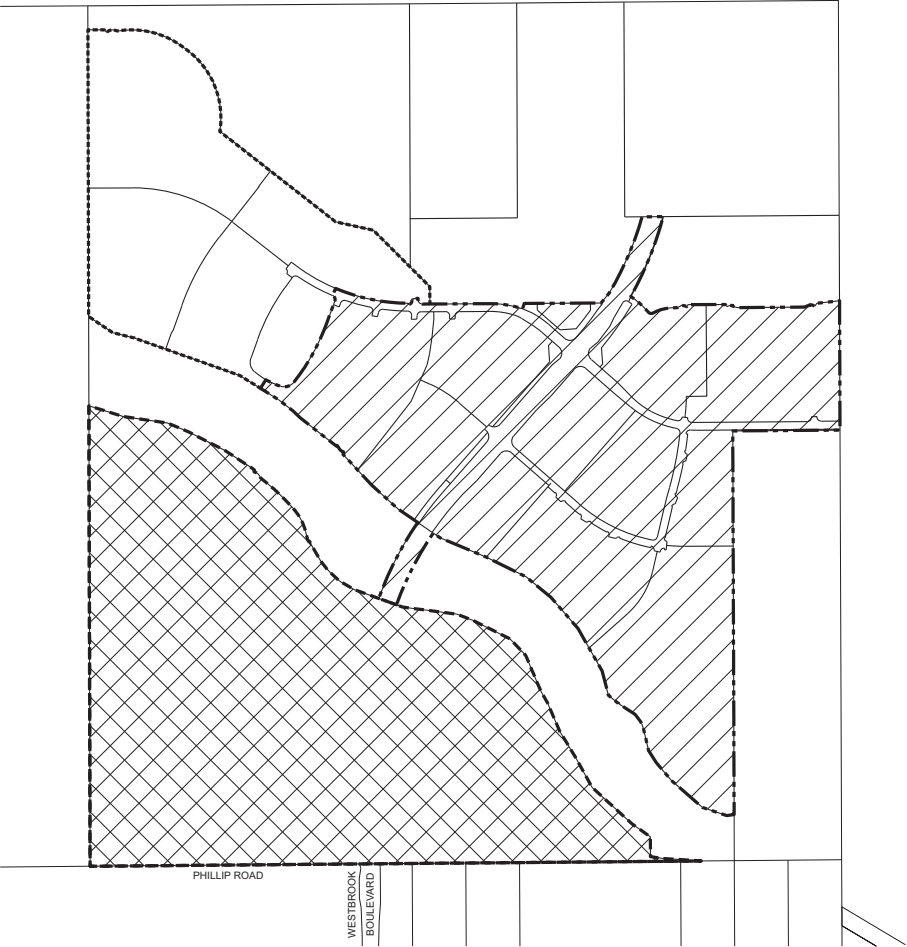
RECORDER'S STATEMENT

FILED THIS ____ DAY OF ____, 2022, AT THE HOUR OF ____ O'CLOCK __ M. IN BOOK ____ OF MAPS OF COMMUNITY FACILITIES DISTRICT, AT PAGE ____ IN THE OFFICE OF THE COUNTY RECORDER OF THE COUNTY OF PLACER, STATE OF CALIFORNIA.

DOCUMENT NO. _____

FEE: _____

BY: _____
RYAN RONCO
COUNTY RECORDER
COUNTY OF PLACER



0 250 500 1000
SCALE: 1"=500'

LEGEND

-  EXISTING BOUNDARY OF IMPROVEMENT AREA NO. 1
-  PROPOSED CFD BOUNDARY AND BOUNDARY OF IMPROVEMENT AREA NO. 2
-  AREAS OF FUTURE ANNEXATION

Mackay & Somp
ENGINEERS PLANNERS SURVEYORS
1532 Eureka Road, Suite 100, Roseville, CA 95661 (916) 775-1189

MAY 2022

SHEET 1 OF 1 18431.CFD

APPENDIX B
THE APPRAISAL

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Appraisal of Real Property

Creekview CFD No. 1, IA-2
Residential Subdivision
Westbrook Blvd.
Roseville, Placer County, California 95747

Prepared For:
City of Roseville

Date of the Report:
June 22, 2023

Report Format:
Appraisal Report

IRR - Sacramento
File Number: 193-2023-0155



Subject Photographs



Creekview CFD No. 1, IA-2
Westbrook Blvd.
Roseville, California

Aerial Photograph





June 22, 2023

Mr. Dennis Kauffman
Chief Financial Officer
City of Roseville
311 Vernon St.
Roseville, CA 95678

SUBJECT: Market Value Appraisal
 Creekview CFD No. 1, IA-2
 Westbrook Blvd.
 Roseville, Placer County, California 95747
 IRR - Sacramento File No. 193-2023-0155

Dear Mr. Kauffman:

Integra Realty Resources – Sacramento is pleased to submit the accompanying appraisal of the referenced property. The purpose of the appraisal is to develop an opinion of the market value, by ownership, as well as the aggregate value of appraised properties, pertaining to the fee simple interest in the property. The client for the assignment is the City of Roseville and the intended use of the report is for bond underwriting purposes.

The subject property represents Phase 3 and 4 of the Winding Creek project, within the Creekview Specific Plan ("CSP", "Specific Plan"). The Specific Plan is located in southwestern Placer County; specifically, it is bounded by the under construction extension of Blue Oaks Boulevard (along the Phillip Road alignment) within the West Roseville Specific Plan (WRSP) on the south, the Fiddymont Ranch portion of the WRSP to the east, the Amoruso Ranch Specific Plan to the north, and the City of Roseville's Al Johnson Wildlife Area property to the west. The CSP is planned for 1,464 single-family units, 547 multi-family units, 9.22± acres of commercial land, 15.8 acres of parks, 136.9 acres of open space, as well as a 7-acre school site and various public/quasi-public land uses. The Winding Creek master planned community is anticipated to be developed in five phases. The boundaries of Improvement Area No. 2 include Phases 3 and 4, which will consist of 561 SFR units. The final maps for Phase 3 (330 lots) recorded in August 2022 and lot construction was completed in March 2023. Phase 4 (231 lots) is currently under development; final maps are anticipated to be

created and recorded in 2023. All four villages within Phase 3 of the project have recently transferred to merchant builders. Improvement Area No. 2 also includes a future community park and an elementary school site; however, these sites are not subject to the lien of the special tax securing the CFD No. 1 IA 2 Bonds.

We have been requested to provide a market value of the appraised properties by ownership, as well as a cumulative, or aggregate, value of the properties, as of the date of value, which accounts for the impact of the Lien of the Special Tax securing the City of Roseville Creekview CFD No. 1, IA2 (Creekview Improvement Area 2) Bonds. It is a hypothetical condition of the Appraisal that certain proceeds from the Bonds are available to reimburse certain infrastructure improvements completed, or reimburse for impact fees paid.

The appraisal conforms to the Uniform Standards of Professional Appraisal Practice (USPAP), the Code of Professional Ethics and Standards of Professional Practice of the Appraisal Institute, and applicable state appraisal regulations. The Appraisal Report is also prepared in accordance with the Appraisal Standards for Land Secured Financing published by the California Debt and Investment Advisory Commission (CDIAC) (2004).

Standards Rule 2-2 (Content of a Real Property Appraisal Report) contained in the Uniform Standards of Professional Appraisal Practice (USPAP) requires each written real property appraisal report to be prepared as either an Appraisal Report or a Restricted Appraisal Report. This report is prepared as an Appraisal Report as defined by USPAP under Standards Rule 2-2(a), and incorporates practical explanation of the data, reasoning, and analysis that were used to develop the opinion of value.

As a result of our analysis, it is our opinion the cumulative, or aggregate, value of the appraised properties, in accordance with the assumptions and conditions set forth in the attached document, as of May 1, 2023, is as follows:

Value Conclusions		
Entity	Lots	Aggregate Market Value
Hearthstone		
Finished Lots	77	\$8,778,000
Meritage		
Finished Lots	82	\$10,004,000
Woodside		
Finished Lots	97	\$14,550,000
Lennar Homes		
Finished Lots	74	\$10,730,000
Anthem United Creekview Developments LP		
Undeveloped Lots	<u>231</u>	<u>\$12,210,000</u>
Aggregate, or Cumulative, Value of Appraised Properties	561	\$56,272,000



Extraordinary Assumptions and Hypothetical Conditions

The value conclusions are subject to the following extraordinary assumptions. An extraordinary assumption is an assignment-specific assumption as of the effective date regarding uncertain information used in an analysis which, if found to be false, could alter the appraiser's opinions or conclusions.

1. According to the cost budget provided, the Developer is obligated to complete significant infrastructure improvements benefitting both the subject property, as well as adjacent projects in Fiddymont Farms, Westpark and the Amoruso Specific Plan. Such development includes improvements to Blue Oaks Boulevard and Westbrook Boulevard. Completion of these improvements will generate City credits and/or reimbursements from future developers. The intent herein is to capture the increment of benefit associated with completion of the area wide improvements by the Developer. Should such credits/reimbursements not be received by the Developer, the estimate of value herein will likely be negatively impacted.

The value conclusions are based on the following hypothetical conditions. A hypothetical condition is a condition, directly related to a specific assignment, which is contrary to what is known by the appraiser to exist on the effective date of the assignment results, but is used for the purpose of analysis.

1. It is a hypothetical condition of the Appraisal that certain proceeds from the Bonds are available to reimburse for certain infrastructure improvements already completed or impact fees paid. The estimate of market value, by ownership, accounts for the impact of the proposed Lien of the Special Taxes securing the Bonds.

The use of any extraordinary assumption or hypothetical condition may have affected the assignment results.

If you have any questions or comments, please contact the undersigned. Thank you for the opportunity to be of service.

Mr. Dennis Kauffman
City of Roseville
June 22, 2023
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Respectfully submitted,

Integra Realty Resources - Sacramento



Kevin Ziegenmeyer, MAI
California Certified General Real Estate
Appraiser #AG013567
Telephone: 916.435.3883, ext. 224
Email: kziegenmeyer@irr.com



Kari Tatton
California Certified General Real Estate
Appraiser #3002218
Telephone: 916.435.3883, ext. 229
Email: ktatton@irr.com



Eric Segal, MAI
California Certified General Real Estate
Appraiser #AG026558
Telephone: 916.435.3883, ext. 228
Email: esegal@irr.com

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Executive Summary

Property Name	Creekview CFD No. 1, IA-2
Address	Westbrook Blvd. Roseville, Placer County, California 95747
Property Type	Land - Residential Subdivision
Owner of Record	Anthem United Creekview Development, LP., Lennar Homes, Woodside Homes, Meritage Homes, and Hearthstone
Land Area (Gross)	95.90 acres; 4,177,408 SF
Zoning Designation	RS/DS, R1/DS, Small lot residential, development standard overlay; Single-family residential
Highest and Best Use	Single-family residential
Exposure Time; Marketing Period	12 months; 12 months
Effective Date of the Appraisal	May 1, 2023
Date of the Report	June 22, 2023
Property Interest Appraised	Fee Simple

Value Conclusion

Value Type & Appraisal Premise	Interest Appraised	Date of Value	Value Conclusion
Aggregate Value of Appraised Properties	Fee Simple	May 1, 2023	\$56,272,000

The values reported above are subject to the definitions, assumptions, and limiting conditions set forth in the accompanying report of which this summary is a part. No party other than City of Roseville may use or rely on the information, opinions, and conclusions contained in the report. It is assumed that the users of the report have read the entire report, including all of the definitions, assumptions, and limiting conditions contained therein.

Extraordinary Assumptions and Hypothetical Conditions

The value conclusions are subject to the following extraordinary assumptions. An extraordinary assumption is an assignment-specific assumption as of the effective date regarding uncertain information used in an analysis which, if found to be false, could alter the appraiser's opinions or conclusions.

1. According to the cost budget provided, the Developer is obligated to complete significant infrastructure improvements benefitting both the subject property, as well as adjacent projects in Fiddymont Farms, Westpark and the Amoruso Specific Plan. Such development includes improvements to Blue Oaks Boulevard and Westbrook Boulevard. Completion of these improvements will generate City credits and/or reimbursements from future developers. The intent herein is to capture the increment of benefit associated with completion of the area wide improvements by the Developer. Should such credits/reimbursements not be received by the Developer, the estimate of value herein will likely be negatively impacted.

The value conclusions are based on the following hypothetical conditions. A hypothetical condition is a condition, directly related to a specific assignment, which is contrary to what is known by the appraiser to exist on the effective date of the assignment results, but is used for the purpose of analysis.

1. It is a hypothetical condition of the Appraisal that certain proceeds from the Bonds are available to reimburse for certain infrastructure improvements already completed or impact fees paid. The estimate of market value, by ownership, accounts for the impact of the proposed Lien of the Special Taxes securing the Bonds.

The use of any extraordinary assumption or hypothetical condition may have affected the assignment results.

Identification of the Appraisal Problem

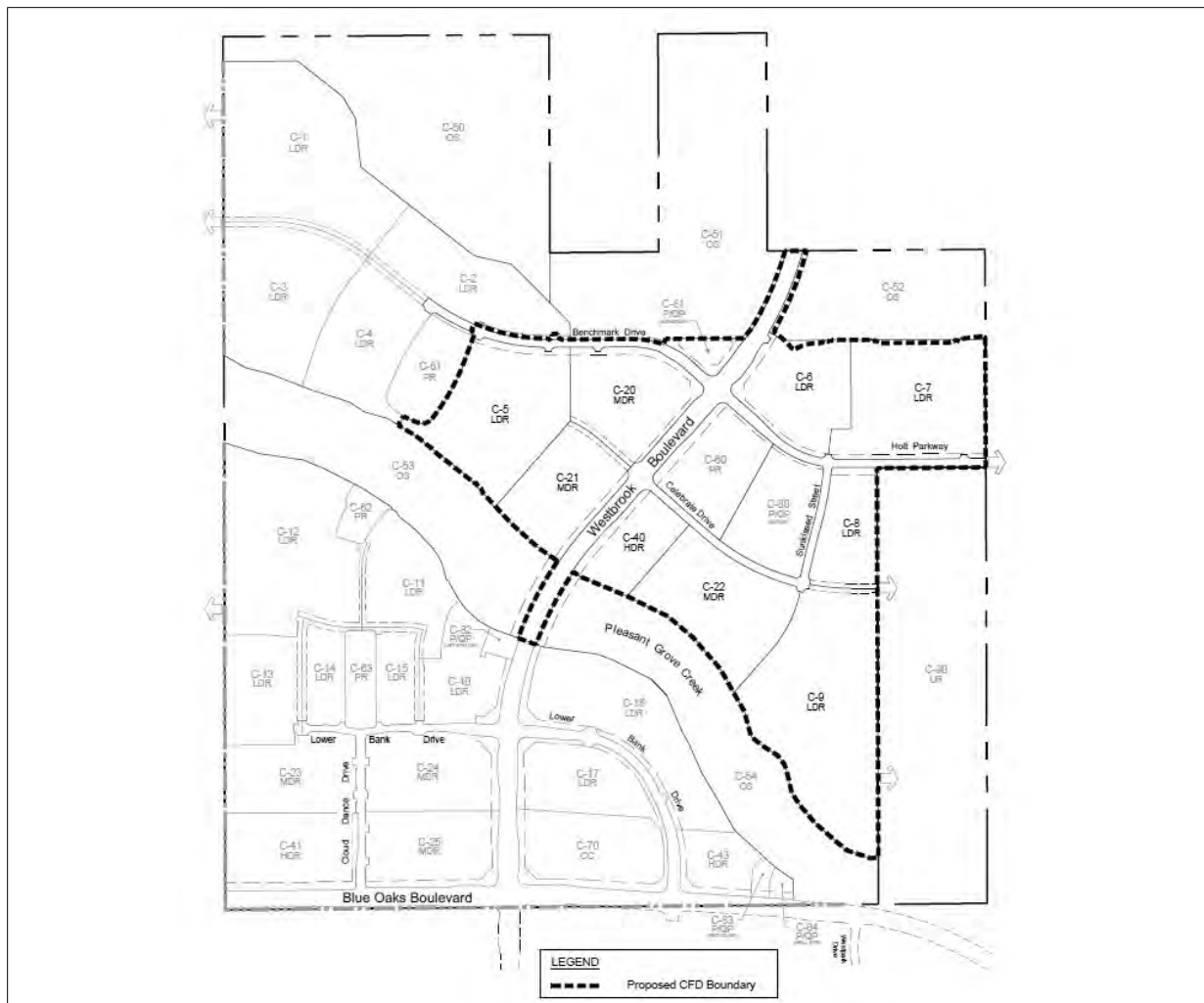
Subject Description

The subject property represents Phase 3 and 4 of the Winding Creek project, within the Creekview Specific Plan (“CSP”, “Specific Plan”). The Specific Plan is located in southwestern Placer County; specifically, it is bounded by the under construction extension of Blue Oaks Boulevard (along the Phillip Road alignment) within the West Roseville Specific Plan (WRSP) on the south, the Fiddymont Ranch portion of the WRSP to the east, the Amoruso Ranch Specific Plan to the north, and the City of Roseville’s Al Johnson Wildlife Area property to the west. The CSP is planned for 1,464 single-family units, 547 multi-family units, 9.22± acres of commercial land, 15.8 acres of parks, 136.9 acres of open space, as well as a 7-acre school site and various public/quasi-public land uses. The Winding Creek master planned community is anticipated to be developed in five phases. The boundaries of Improvement Area No. 2 include Phases 3 and 4, which will consist of 561 SFR units. The final maps for Phase 3 (330 lots) recorded in August 2022 and lot construction was completed in March 2023. Phase 4 (231 lots) is currently under development; final maps are anticipated to be created and recorded in 2023. All four villages within Phase 3 of the project have recently transferred to merchant builders. Improvement Area No. 2 also includes a future community park and an elementary school site; however, these sites are not subject to the lien of the special tax securing the CFD No. 1 IA 2 Bonds.

Property Identification

Property Name	Creekview CFD No. 1, IA-2
Address	Westbrook Blvd. Roseville, California 95747
Owner of Record	Anthem United Creekview Development, LP., Lennar Homes, Woodside Homes, Meritage Homes, and Hearthstone

A map of the project boundaries and breakdown is presented as follows:



Please note, for the purposes of this analysis, we will utilize the 90.70 acres referenced in the RMA, which does not include any properties within the boundaries not subject to the Lien of the Special Tax securing the Bonds.

Strengths:

- Desirable regional location (south Placer County, Roseville)
- The housing market remains strong
- Appeal to a broad range of prospective buyers
- Good condition of surrounding homes and immediate path of growth
- Good transportation linkages with proximity to State Highway 65 and Interstate 80
- Diversity of product offerings

Weaknesses:

- Some backbone and in-tract work remains to be completed
- The increase in the number of competing, active subdivisions in West Roseville could impact overall absorption and pricing in the market in the near term

- Opportunities:**
- Housing shortage in the region may lead buyers to consider purchasing in the development
 - Current shortage of developable lots within the region
- Threats:**
- Macroeconomic factors, and the possibility the economy becomes stagnant, and the residential sector loses steam
 - Market uncertainty from continued inflation and rising interest rates
 - Unforeseen delays

Sale History

The entire Creekview project was acquired in several separate transactions dated between August 2018 and May 2019 and was between five separate ownership groups.

There have been numerous bulk lot transactions to various merchant builders, most of which will be detailed in the Sales Comparison Approach of the appraisal. Please refer to the valuation section for details of the most recent bulk lot sales within the subject property.

Additionally, “Winding Creek – C-21, L.P.”, (herein “Hearthstone”) is serving as the owner and land bank of the 77 lots for which D.R. Horton has an option to acquire. For purposes of analysis herein, there is no delineation between the land bank and the Merchant builder (D.R. Horton) in the determination of market value, in bulk, of the subject property.

To the best of our knowledge, no other sale or transfer of ownership has taken place within a three-year period prior to the effective appraisal date.

Appraisal Purpose

The purpose of the appraisal is to develop the following opinion(s) of value:

- The market value by ownership, as well as the aggregate, or cumulative, value of appraised properties of the fee simple interest in the subject property as of the effective date of the appraisal, May 1, 2023.

The date of the report is June 22, 2023. The appraisal is valid only as of the stated effective date or dates.

Value Type Definitions

The definitions of the value types applicable to this assignment are summarized below.

Market Value

The most probable price which a property should bring in a competitive and open market under all conditions requisite to a fair sale, the buyer and seller each acting prudently and knowledgeably, and assuming the price is not affected by undue stimulus. Implicit in this definition is the consummation of a sale as of a specified date and the passing of title from seller to buyer under conditions whereby:

1. Buyer and seller are typically motivated;

2. Both parties are well informed or well advised, and acting in what they consider their own best interests;
3. A reasonable time is allowed for exposure in the open market;
4. Payment is made in terms of cash in U.S. dollars or in terms of financial arrangements comparable thereto; and
5. The price represents the normal consideration for the property sold unaffected by special or creative financing or sales concessions granted by anyone associated with the sale.¹

Property Rights Definitions

The property rights appraised which are applicable to this assignment are defined as follows.

Fee Simple Estate

Absolute ownership unencumbered by any other interest or estate, subject only to the limitations imposed by the governmental powers of taxation, eminent domain, police power, and escheat.²

Client and Intended User(s)

The client and intended user is the City of Roseville and its associated finance team. No party or parties beyond the client's associated finance team may use or rely on the information, opinions, and conclusions contained in this report; however, this appraisal report may be included in the offering document provided in connection with the issuance and sale of the Bonds.

Intended Use

The intended use of the appraisal is for bond underwriting purposes. The appraisal is not intended for any other use.

Applicable Requirements

This appraisal report conforms to the following requirements and regulations:

- Uniform Standards of Professional Appraisal Practice (USPAP);
- Code of Professional Ethics and Standards of Professional Practice of the Appraisal Institute;
- Applicable state appraisal regulations;
- Interagency Appraisal and Evaluation Guidelines issued December 10, 2010;
- Appraisal Standards for Land Secured Financing published by the California Debt and Investment Advisory Commission (CDIAC) (2004).

Report Format

Standards Rule 2-2 (Content of a Real Property Appraisal Report) contained in the Uniform Standards of Professional Appraisal Practice (USPAP) requires each written real property appraisal report to be

¹ Code of Federal Regulations, Title 12, Chapter I, Part 34.42[h]; also Interagency Appraisal and Evaluation Guidelines, Federal Register, 75 FR 77449, December 10, 2010, page 77472

² Appraisal Institute, *The Dictionary of Real Estate Appraisal*, 7th ed. (Chicago: Appraisal Institute, 2022)

prepared as either an Appraisal Report or a Restricted Appraisal Report. This report is prepared as an Appraisal Report as defined by USPAP under Standards Rule 2-2(a), and incorporates practical explanation of the data, reasoning, and analysis used to develop the opinion of value.

Prior Services

USPAP requires appraisers to disclose to the client any other services they have provided in connection with the subject property in the prior three years, including valuation, consulting, property management, brokerage, or any other services. We have previously appraised the property that is the subject of this report.

Appraiser Competency

No steps were necessary to meet the competency provisions established under USPAP. The assignment participants have appraised several properties similar to the subject in physical, locational, and economic characteristics, and are familiar with market conditions and trends; therefore, appraiser competency provisions are satisfied for this assignment. Appraiser qualifications and state credentials are included in the addenda of this report.

Scope of Work

Introduction

The appraisal development and reporting processes require gathering and analyzing information about the assignment elements necessary to properly identify the appraisal problem. The scope of work decision includes the research and analyses necessary to develop credible assignment results, given the intended use of the appraisal. Sufficient information includes disclosure of research and analyses performed and might also include disclosure of research and analyses not performed.

To determine the appropriate scope of work for the assignment, the intended use of the appraisal, the needs of the user, the complexity of the property, and other pertinent factors were considered. The concluded scope of work is described below.

Research and Analysis

The type and extent of the research and analysis conducted are detailed in individual sections of the report. Although effort has been made to confirm the arms-length nature of each sale with a party to the transaction, it is sometimes necessary to rely on secondary verification from sources deemed reliable.

Subject Property Data Sources

The legal and physical features of the subject property, including size of the site, flood plain data, seismic zone designation, property zoning, existing easements and encumbrances, access and exposure, and condition of the improvements (as applicable) were confirmed and analyzed.

Inspection

Details regarding the property inspection conducted as part of this appraisal assignment are summarized as follows:

Property Inspection		
Party	Inspection Type	Inspection Date
Kevin Ziegenmeyer, MAI	On-site	May 1, 2023
Eric Segal, MAI	On-site	April 25, 2023
Kari Tatton	On-site	April 25, 2023

Valuation Methodology

Three approaches to value are typically considered when developing a market value opinion for real property. These are the cost approach, the sales comparison approach, and the income capitalization approach. Use of the approaches in this assignment is summarized as follows:

Approaches to Value

Approach	Applicability to Subject	Use in Assignment
Cost Approach	Not Applicable	Not Utilized
Sales Comparison Approach	Applicable	Utilized
Income Capitalization Approach	Not Applicable	Not Utilized

The valuation began by employing the sales comparison approach and Land residual analysis to estimate the market value of a benchmark lot category of the low density residential (LDR) lots. In the sales comparison approach, adjustments were applied to the prices of comparable bulk lot transactions, and a market value for this benchmark lot category was concluded. Then, as a support of reasonableness, a land residual analysis was utilized, which was reconciled with the sales comparison approach conclusion. For the subject's medium density lots, the sales comparison approach also was used, with support from a static residual analysis (extraction technique). Next, adjustments were applied to determine values for each residential larger parcel, based upon lot size differences that exist from the benchmark larger parcels.

The master developer still owns the entirety of the undeveloped lots. Additionally, they remain obligated for the completion of additional infrastructure improvements; thus, the market value, in bulk, involved the subdivision development method (a type of discounted cash flow analysis), which takes into consideration the revenue and expenses (including the completion of backbone infrastructure) associated with selling off the individual land components over a projected absorption period (also incorporating an appropriate discount rate to the cash flows).

Economic Analysis

Area Analysis – Placer County

Introduction

Placer County is part of the four-county Sacramento Metropolitan Area, along with the counties of Sacramento, Yolo and El Dorado. The county is located in the north-central part of California, approximately 420 miles north of Los Angeles, 250 miles south of Oregon, 100 miles northeast of San Francisco, 80 miles west of Lake Tahoe and 100 miles southwest of Reno. The southernmost part of Placer County consists of a valley commonly referred to as South Placer, while the remainder of the county is divided into the Gold Country, where parts of Auburn and Colfax are located, and the High Country, which encompasses Tahoe City and Kings Beach along Lake Tahoe. Placer's largest cities are Roseville, Rocklin and Lincoln. Elevations in the county range from 165 feet above sea level in Roseville to 10,000 feet above sea level in the Sierra Nevada Mountains.

Placer County is developed with a mix of urban and rural uses. The larger cities, namely Roseville and Rocklin, are mostly urban, while the smaller communities, such as Loomis, Newcastle and Colfax, have remained rural. Auburn and Lincoln both exhibit a combination of urban and rural settings. However, in recent years the city of Lincoln has experienced dramatic growth and development and has become one of the fastest-growing cities in California.

Population

Placer County has experienced population growth in recent years, primarily in the southern part of the county. The main origin for in-migration to the region are the Bay Area, other parts of the Sacramento region and Southern California. The state's population data indicate a strong pattern of movement by residents from the high-cost, high-density Bay Area to inland areas in Northern California.

The following table depicts the population change in Placer County and its component cities over the past five years.

Population Trends							
City	2017	2018	2019	2020	2021	2022	%/Yr
Auburn	14,162	14,265	14,353	13,781	13,795	13,608	-0.8%
Colfax	2,113	2,131	2,139	2,001	2,016	2,042	-0.7%
Lincoln	47,564	48,044	48,430	49,731	50,422	51,252	1.6%
Loomis	6,753	6,775	6,796	6,814	6,833	6,739	0.0%
Rocklin	64,274	66,476	68,869	71,290	71,644	71,663	2.3%
Roseville	135,300	137,824	141,097	147,245	148,794	151,034	2.3%
Unincorporated	113,092	113,357	113,661	113,877	114,013	112,687	-0.1%
Total	383,258	388,872	395,345	404,739	407,517	409,025	1.3%

Source: California Department of Finance

Placer County has experienced an average annual growth rate of 1.3% over the past five years. The cities of Rocklin, Roseville and Lincoln are the fastest growing in the region. Loomis and the

unincorporated areas have had relatively little growth. Over the past decade, Placer County has been the fastest-growing county within the four-county Sacramento MSA (which also includes Sacramento, El Dorado and Yolo Counties). It is projected this trend will continue for the near future.

Employment & Economy

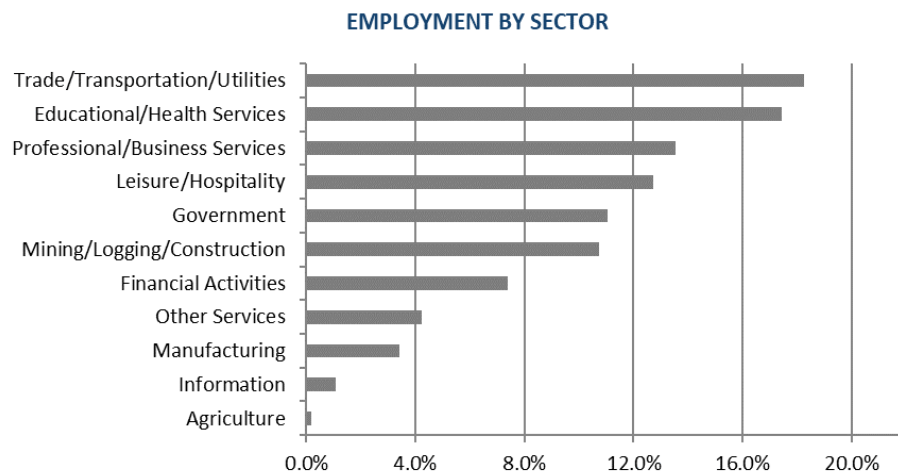
The California Employment Development Department has reported the following employment data for Placer County over the past five years.

Employment Trends						
	2017	2018	2019	2020	2021	2022
Labor Force	181,200	185,600	189,000	187,400	189,600	193,800
Employment	174,200	179,700	183,100	173,400	180,000	187,900
Annual Employment Change	2,700	5,500	3,400	(9,700)	6,600	7,900
Unemployment Rate	3.9%	3.2%	3.1%	7.5%	5.1%	3.0%
Source: California Employment Development Department						

Most areas within the state and nation, including Placer County, saw declining unemployment rates from 2004 through 2006, increases from 2007 to 2010, declines during 2011-2019, a significant increase in 2020 due to the pandemic and improvement in 2021 and 2022.

The California Employment Development Department reported an unemployment rate of 3.7% in Placer County in March 2023, above the rate of 3.2% a year prior. This compares to the average rates of 4.8% for California and 3.6% for the nation.

The following chart indicates the percentage of total employment for each sector within the county based on the 2021 annual average, the most recent available data for Placer County separate from the Sacramento MSA.



Source: California Employment Development Department

The area's largest employment sectors are Trade/Transportation/Utilities, which includes retail and wholesale trade, accounting for 18.3% of total employment; Educational and Health Services (17.4%); and Professional/Business Services (13.6%). Leisure and Hospitality accounts for 12.7% of total employment; this sector was the most significantly impacted by the pandemic and although employment in this industry has since improved substantially, it remains below its pre-pandemic levels.

Although many residents commute to employment centers in Sacramento, Placer County offers thousands of jobs and attracts workers from the local area as well as "reverse commuters" from Sacramento and residents of outlying areas such as Marysville/Yuba City to the north. The largest employers in the county, according to the Sacramento Business Journal, are highlighted as follows:

Largest Employers			
	Employer	Industry	Employees
1	Sutter Health	Healthcare	7,320
2	Kaiser Permanente	Healthcare	6,367
3	Palisades Tahoe	Leisure/Hospitality	2,600
4	Placer County	Government	2,530
5	Sierra Joint Community College District	Education	2,100
6	Thunder Valley Casino Resort*	Leisure/Hospitality	1,712
7	Safeway	Grocery Store	1,288
8	City of Roseville	Government	1,260
9	Roseville City School District	Education	1,260
10	Pacific Gas & Electric	Utilities	1,151

Source: Sacramento Business Journal, The List: Placer County Employers, June 8, 2022

Household Income

Median household income represents a broad statistical measure of well-being or standard of living in a community. The median income level divides households into two equal segments with one half of households earning less than the median and the other half earning more. The median income is considered to be a better indicator than the average household income as it is not dramatically affected by unusually high or low values. According to Claritas Spotlight data reporting service, the median household income for Placer County in 2023 is \$109,628, which is higher than the state of California's median income of \$89,113.

Transportation

Interstate 80, State Highway 65 and State Highway 193 are the major routes traversing Placer County. Major urban arterials in the southern part of the county include Douglas Boulevard, Roseville Parkway, Pleasant Grove Boulevard, Foothills Boulevard, Sunrise Avenue, Auburn-Folsom Road, Sierra College Boulevard, Sunset Boulevard, Rocklin Road and Stanford Ranch Road.

In addition to roadways within the county limits, South Placer County enjoys proximity to many of the Sacramento region's freeways that provide access to the San Francisco Bay Area to the west, Central and Southern California to the south, Northern California and Oregon to the north, and Nevada to the

east. Sacramento International Airport is situated about 10 miles west of the county border. The county is also home to a couple of small private airports. The region has good railroad service, including the transcontinental Union Pacific Railroad and Amtrak. The Capitol Corridor system provides high-speed commuter rail service from Roseville to San Jose and Placer County Transit provides seven fixed routes servicing areas from Colfax down to Watt Avenue in Sacramento.

Recreation & Community Services

Placer County has ample community services and recreational opportunities. The County, cities and various park districts operate numerous public parks, golf courses, aquatic centers, libraries and community centers. Many private golf courses are located in the region, and several ski resorts are located in the mountains. Within the county lies a portion of the Folsom Lake State Recreation Area, a boating, fishing, and swimming retreat.

In terms of higher education, Placer County is home to Sierra College in Rocklin, a two-year community college offering a wide range of day and evening classes serving over 25,000 students. Sierra College also has an extension campus located in the Vernon District in Roseville and two additional campuses – the Nevada County and Tahoe-Truckee campuses. In 2004, William Jessup University, a private Christian college, moved from San Jose to a new facility in Rocklin. Additional university campuses within the county include Brandman University, National University and University of Phoenix, all located in Roseville.

The region offers good health services, including hospitals and medical office facilities. Two hospitals are located in Roseville – the Sutter Roseville Medical Center and Kaiser Permanente. In addition to the hospital, construction was completed at the end of 2019 for a new state-of-the-art, 194,000 square foot Kaiser Permanente medical campus to replace their existing campus on Riverside Avenue. The city of Auburn is home to Sutter Auburn Faith Hospital, Sutter Medical Center-Auburn, UC Davis Medical Center, Foundation Medical Clinic and Heritage Medical Center Complex. The city of Lincoln contains medical offices/clinics operated by Sutter, UC Davis, Kaiser and Catholic Healthcare West. In addition to these institutional health care facilities, the county is home to a large and growing number of private physicians, dentists, clinics and other medical specialists.

The city of Roseville is South Placer's hub for fine dining and entertainment. Several upscale restaurants are situated along Eureka Road, Roseville Parkway and Galleria Boulevard. Roseville and Rocklin both offer two multi-screen movie theatres, and Auburn has one theatre. Shopping centers are widespread, the largest of which are the Galleria at Roseville, a regional shopping mall that opened in 2000 and was expanded in 2008-2009, and the Fountains at Roseville, an outdoor lifestyle center that opened in June 2008.

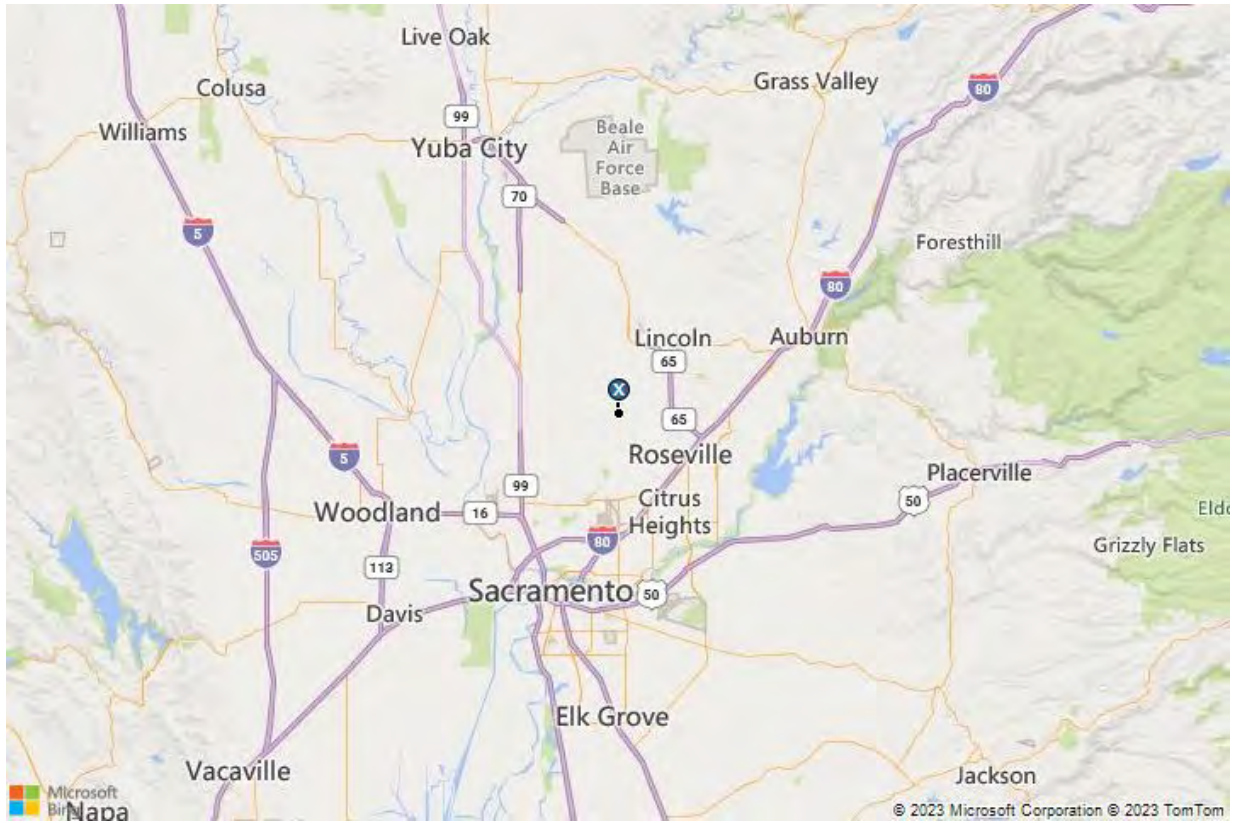
Conclusion

Placer County encompasses a diverse area, with growing cities, small towns and rural areas, and an abundance of open space. The cities of Roseville, Rocklin and Lincoln have experienced strong growth in population and development over the past several years. Placer County is one of the most affluent in the greater Sacramento region in terms of household income levels. The area has a number of positive attributes, including seismic stability, a well-educated work force, good transportation

systems, relative affordability and availability of housing compared to the Bay Area, and an excellent level of community services.

After a period of strong market and economic conditions, employment conditions declined sharply following the onset of the pandemic. Market and economic conditions have since improved, however, in the near term, macroeconomic factors, particularly high inflation and rising interest rates, have reintroduced uncertainty in the market. The long-term outlook for the region is positive given the county's strong attributes and the historical stability of the local economy.

Area Map



Surrounding Area Analysis

Boundaries

The boundaries of a neighborhood identify the physical area that influences the value of the subject property. These boundaries may coincide with observable changes in prevailing land use or occupant characteristics. Physical features such as the type of development, street patterns, terrain, vegetation and parcel size tend to identify neighborhoods. Roadways, waterways and changing elevations can also create neighborhood boundaries.

The subject property is located within the city of Roseville, Placer County, California. Specifically, the subject is situated in the West Roseville area. The subject's neighborhood boundaries can generally be described as Foothills Boulevard to the east, Baseline Road to the south, and the city limits of Roseville to the west and north.

Access and Linkages

The main surface streets in the neighborhood that will provide access to Creekview are Blue Oaks and Westbrook Boulevards. Blue Oaks Boulevard is an east-west major surface street that currently terminates at the western boundaries of Fiddymment Ranch, and in an easterly direction travels through West Roseville and the city of Rocklin. Blue Oaks Boulevard is also considered the primary means of access to State Highway 65, which is about 3.5 miles to the east of the subject property. Westbrook Boulevard is a north-south surface street that currently terminates at the northern boundaries of the Sierra Vista Specific Plan in a southerly direction and provides access to the Westpark master planned community in a northerly direction. Upon build out of the Creekview Specific Plan, Westbrook Boulevard will continue into the future extension of Holt Parkway to the north.

Other primary connectors in the neighborhood are Fiddymment Road, Pleasant Grove Boulevard, Woodcreek Boulevard and Foothills Boulevard. State Highway 65 is a north-south route that provides access to Lincoln, Wheatland and Yuba City to the north and Interstate 80 to the south. Interstate 80 is a primary east-west corridor for the Sacramento Metropolitan Area that intersects with State Highway 65 to the east of the subject property. In a southerly direction, Fiddymment Road connects to Baseline Road (another thoroughfare that eventually connects with Highway 99 in a westerly direction) and continues south (when it becomes Walerga Road) to the communities of Antelope and North Highlands. In a northerly direction, Fiddymment Road connects to areas of unincorporated Placer County and the outskirts of the city of Lincoln (where it terminates at Moore Road).

Traveling east, Interstate 80 provides access to the outlying portions of Placer County and continues toward Reno, Nevada. To the west, Interstate 80 connects the subject neighborhood to Sacramento's Central Business District (via Business 80/Capital City Freeway) before continuing on toward Davis and San Francisco.

Roseville Transit provides public transportation for the area, which features fixed bus routes, commuter services and ride sharing minivans. Free transfers are also provided for the Placer County Transit and Sacramento Regional Transit.

Demographics

A demographic profile of the surrounding area, including population, households, and income data, is presented in the following table.

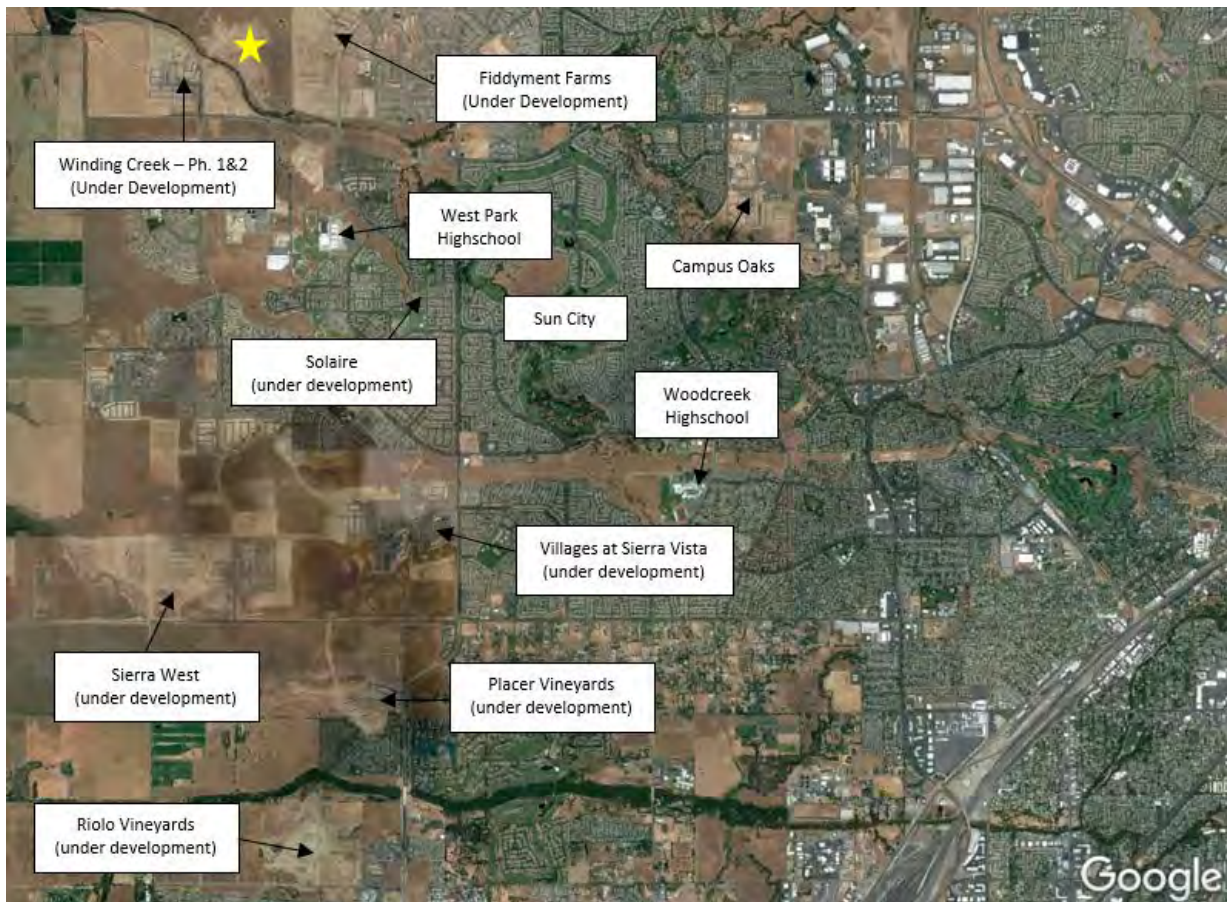
Surrounding Area Demographics					
2023 Estimates	1-Mile Radius	3-Mile Radius	5-Mile Radius	95747 (Roseville, CA)	Placer County, CA
Population 2020	1,954	40,544	76,820	75,357	404,739
Population 2023	2,240	44,998	82,154	80,747	419,929
Population 2028	2,657	51,394	89,752	88,445	441,444
Compound % Change 2020-2023	4.7%	3.5%	2.3%	2.3%	1.2%
Compound % Change 2023-2028	3.5%	2.7%	1.8%	1.8%	1.0%
Households 2020	555	14,542	27,148	26,674	152,101
Households 2023	618	15,779	28,749	28,284	157,404
Households 2028	723	17,698	31,158	30,714	165,055
Compound % Change 2020-2023	3.6%	2.8%	1.9%	2.0%	1.1%
Compound % Change 2023-2028	3.2%	2.3%	1.6%	1.7%	1.0%
Median Household Income 2023	\$142,709	\$133,405	\$129,737	\$130,161	\$109,628
Average Household Size	3.5	2.9	2.8	2.9	2.6
College Graduate %	53%	48%	46%	45%	41%
Median Age	37	41	40	40	43
Owner Occupied %	87%	84%	79%	79%	73%
Renter Occupied %	13%	16%	21%	21%	27%
Median Owner Occupied Housing Value	\$771,847	\$707,714	\$683,790	\$687,576	\$701,696
Median Year Structure Built	2016	2007	2002	2003	1993
Average Travel Time to Work in Minutes	35	34	33	33	30
Source: Claritas					

As shown above, the current population within a 3-mile radius of the subject is 44,998, and the average household size is 2.9. Population in the area has grown since the 2020 census, and this trend is projected to continue over the next five years. Compared to the subject's 95747 zip code overall, the population within a 3-mile radius is projected to grow at a faster rate.

Median household income is \$133,405, which is higher than the household income for the 95747 zip code s. Residents within a 3-mile radius have a higher level of educational attainment than those of the 95747 zip code, and median owner occupied home values are also higher.

Land Uses

A map of land uses in the vicinity of the subject (identified with a yellow star) is provided as follows:



Community Uses

There are several community uses in the neighborhood, such as schools, churches, medical facilities, parks, and recreational and cultural facilities. The most prominent recreational facility in the neighborhood is Mahany Park, a regional park at the southwest quadrant of Woodcreek Oaks Boulevard and Pleasant Grove Boulevard. This facility offers a softball complex and the neighboring Roseville Aquatics Complex and Roseville Sports Center. There are several golf courses in the neighborhood, including the public Woodcreek Oaks Golf Club and Diamond Oaks Municipal Golf Course, as well as the private Sierra View Country Club and 27 holes in the Sun City Roseville development.

Woodcreek High School is located on the west line of Woodcreek Oaks Boulevard, south of Pleasant Grove Boulevard. The Placer County Fairgrounds is located at the intersection of Junction Boulevard and Washington Boulevard. WestPark High school, which is located less than one mile southeast of the subject, was recently completed and opened for 9th and 10th grade students for the 2020-21 school year.

There are two main hospitals in Roseville, both of which are located in east Roseville, just south of Interstate 80 – Kaiser Permanente, located at the northeast corner of Rocky Ridge Drive and Douglas Boulevard, and Sutter Roseville Medical Center on Roseville Parkway.

Conclusion

In conclusion, the subject is located in an expanding suburban area that should continue to experience adequate demand for various urban property uses. While the subject is located on the edge of its neighborhood, and within an expanding area, overall the neighborhood will offer a balanced mix of land uses. The area has good access to neighborhood thoroughfares. Households in the area have above-average income levels, and the community appeal is good. The characteristics of the neighborhood relative to other parts of the Sacramento region are desirable.

Surrounding Area Map



Residential Market Analysis

Given prevailing land use patterns and the subject's zoning, a likely use of the property is for residential development. In the following paragraphs, we examine supply and demand indicators for residential development in the subject's area.

Submarket Overview

The subject is the Creekview Specific Plan, within the city of Roseville. The subject is adjacent to newer home construction and planned future development and is considered to have good transportation linkages. The neighborhood is characterized as a growing suburban area. Based on existing surrounding homes and new projects under development, the subject characteristics best support projects designed for entry level to move-up buyers as well as empty nesters looking to downsize.

Single-Family Building Permits

Single-family building permits for the city of Roseville as well as Placer County totals are shown in the following table.

Building Permits		
Year	City of Roseville	Placer County
2007	1,050	2,188
2008	676	1,393
2009	602	1,130
2010	635	1,087
2011	411	812
2012	663	1,189
2013	535	1,268
2014	645	1,636
2015	967	1,996
2016	862	2,107
2017	1,191	2,500
2018	808	1,884
2019	998	2,035
2020	1,264	2,632
2021	1,883	4,073
2022	1,578	3,468
2023 (Mar.)	207	502

Source: SOCDS Building Permits Database

As shown by the preceding chart, building permit activity in Placer County was at a high point in 2007, followed by a dramatic decline during the recessionary period through 2011, when it resumed an upward climb since, reaching a peak in 2021 of 4,073 permits.

A generally similar pattern is observed for permit activity in the city of Roseville. Activity generally fell from 2007 into 2011, then increased into 2012, was generally stable/flat for a few years, and resumed

an upward climb from 2013 into 2015, with a slight decline in 2016. Permit activity in 2017, 2020, 2021 and 2022 surpassed the previous high experienced in 2007.

New Home Pricing and Sales

The Gregory Group surveys active new home projects in California and Nevada. On the following page we present a table containing indicators for active single-family residential projects the subject's County for the past three years. The data include both attached and detached projects, but the vast majority of units are detached homes.

New Home Sales History								
Time Period	Average price	% Change Average Price	Average Home Size (SF)	Average Price/Avg SF	% Change Price/SF	Quarter Sold	Number of Projects	Sold Per Proj. Per Month
1Q 2018	\$517,797	--	2,538	\$204.02	--	520	60	2.89
2Q 2018	\$533,097	3.0%	2,566	\$207.75	1.8%	535	57	3.13
3Q 2018	\$546,323	2.5%	2,568	\$212.74	2.4%	373	50	2.49
4Q 2018	\$552,195	1.1%	2,570	\$214.86	1.0%	248	47	1.76
1Q 2019	\$558,717	1.2%	2,587	\$215.97	0.5%	399	47	2.83
2Q 2019	\$562,415	0.7%	2,559	\$219.78	1.8%	433	55	2.62
3Q 2019	\$561,823	-0.1%	2,533	\$221.80	0.9%	388	54	2.40
4Q 2019	\$551,303	-1.9%	2,477	\$222.57	0.3%	372	54	2.30
1Q 2020	\$557,958	1.2%	2,440	\$228.67	2.7%	510	50	3.40
2Q 2020	\$559,465	0.3%	2,437	\$229.57	0.4%	410	53	2.58
3Q 2020	\$561,708	0.4%	2,397	\$234.34	2.1%	727	64	3.79
4Q 2020	\$575,287	2.4%	2,378	\$241.92	3.2%	653	62	3.51
1Q 2021	\$617,645	7.4%	2,405	\$256.82	6.2%	989	63	5.23
2Q 2021	\$668,414	8.2%	2,413	\$277.01	7.9%	772	66	3.90
3Q 2021	\$668,486	0.0%	2,373	\$281.71	1.7%	532	74	2.40
4Q 2021	\$680,245	1.8%	2,356	\$288.73	2.5%	665	77	2.88
1Q 2022	\$701,134	3.1%	2,344	\$299.12	3.6%	881	85	3.45
2Q 2022	\$731,952	4.4%	2,390	\$306.26	2.4%	618	85	2.42
3Q 2022	\$711,065	-2.9%	2,365	\$300.66	-1.8%	311	83	1.25
4Q 2022	\$725,114	2.0%	2,415	\$300.25	-0.1%	360	82	1.46
1Q 2023	\$736,396	1.6%	2,452	\$300.32	0.0%	778	78	3.32

As shown by the table, new home pricing in Placer County has generally been in an upward trend over the past three years, albeit with some fluctuations. The highest sale price (net of incentives) in the data set - \$736,396 - was observed in the most recent quarter. The average price per square foot over the last three years was at a low point in First Quarter 2018 and has been on a gradual upward trend since then.

With regard to absorption of product, the range of the number of home sales per project per month over the last three years is 1.76 (Fourth Quarter 2018) to 5.23 (First Quarter 2021), with no particular noticeable pattern in the data set. Over the past year, absorption rates have ranged from 1.25 to 3.32 sales per month, and the average absorption over the past year has been 2.12 sales per month, or approximately 6.35 sales per quarter.

Active New Home Projects Pricing and Absorption

According to the Gregory Group, there are currently 40 active projects in Roseville, all of which are detached product. The projects are summarized in the following table as of First Quarter 2023.

Active Projects											
Project	Master Plan	Community	Developer	Average Price	Avg. Home Size (SF)	Average Price/SF	Typical Lot Size	Units Planned	Units Offered	Units Sold	Units Unsold
Andorra	Sierra West	Roseville	Lennar Homes	\$614,490	2,276	\$270	6,300	193	122	119	3
Aspire at Solaire	Solaire	Roseville	K. Hovnanian Homes	\$611,887	2,152	\$284	3,825	180	174	168	6
Balboa	Fiddymment Farm	Roseville	D.R. Horton	\$465,240	1,366	\$341	2,400	299	168	163	5
Bartlett	Mason Trails	Roseville	KB Home	\$572,162	2,313	\$247	6,000	53	50	48	2
Belle Maison	Campus Oaks	Roseville	Lennar Homes	\$553,990	1,916	\$289	2,400	132	126	124	2
Breckenridge	Sierra West	Roseville	Lennar Homes	\$639,990	2,571	\$249	3,850	182	66	62	4
Cabernet at Brady Vineyards	No	Roseville	Woodside Homes	\$689,657	2,573	\$268	6,600	118	16	9	7
Chantilly	Campus Oaks	Roseville	Lennar Homes	\$589,490	1,981	\$298	3,600	86	76	74	2
Cortland	Mason Trails	Roseville	KB Home	\$514,740	1,928	\$267	5,500	110	77	71	6
Corvara II	Campus Oaks	Roseville	Lennar Homes	\$751,740	2,469	\$304	4,000	112	95	92	3
Emilia^	Placer Vineyards	Roseville	Lennar Homes	\$721,740	2,683	\$269	6,825	257	81	65	16
Excelsior	Sierra Vista	Roseville	JMC Homes	\$846,657	2,962	\$286	7,500	80	20	9	11
Fairbrook	Fiddymment Farm	Roseville	JMC Homes	\$699,990	2,190	\$320	5,000	115	72	65	7
Farms at Riolo Mariposa	No	Roseville	Homes by Towne	\$576,133	2,189	\$263	7,000	107	107	105	2
Firefly	Winding Creek	Roseville	K. Hovnanian Homes	\$611,020	2,128	\$287	3,600	122	82	73	9
Homestead	Mason Trails	Roseville	Fieldstone Communities	\$934,667	3,184	\$294	14,500	11	11	4	7
Illumination	Solaire	Roseville	Tri Pointe Homes	\$551,323	2,021	\$273	3,000	110	100	93	7
Lazio^	Placer Vineyards	Roseville	Lennar Homes	\$593,190	2,133	\$278	5,775	311	88	76	12
Lumiere	Sierra West	Roseville	Lennar Homes	\$736,240	2,745	\$268	6,300	205	123	115	8
Magnolia	Fiddymment Farm	Roseville	Taylor Morrison Homes	\$780,567	3,027	\$258	6,000	99	55	50	5
Meadowbrook	Fiddymment Farm	Roseville	JMC Homes	\$959,990	3,153	\$304	6,500	80	72	58	14
Melrose	Mason Trails	Roseville	D.R. Horton Homes	\$588,740	2,087	\$282	5,500	93	42	37	5
Meribel	Sierra West	Roseville	Lennar Homes	\$751,990	2,947	\$255	6,300	167	121	115	6
Molise^	Placer Vineyards	Roseville	Lennar Homes	\$503,990	1,550	\$325	4,725	178	72	57	15
Moscato at Brady Vineyards	No	Roseville	Woodside Homes	\$586,990	2,120	\$277	5,000	83	12	6	6
Novara	Fiddymment Farm	Roseville	Lennar Homes	\$634,990	2,046	\$310	5,250	105	105	105	0
Palisade Village	Sierra Vista	Roseville	JMC Homes	\$541,990	1,541	\$352	3,600	306	262	253	9
Pinnacle Village	Sierra Vista	Roseville	JMC Homes	\$701,990	2,674	\$263	7,150	127	127	127	0
Radiance	Solaire	Roseville	Tri Pointe Homes	\$608,288	2,397	\$254	4,000	103	84	77	7
Roam	Winding Creek	Roseville	Meritage Homes	\$674,950	2,408	\$280	5,500	95	78	67	11
Sagebrook	Fiddymment Farm	Roseville	JMC Homes	\$767,490	2,339	\$328	5,500	122	74	56	18
Seasons	Mason Trails	Roseville	Richmond American Homes	\$605,950	1,810	\$335	9,600	77	19	13	6
Seasons at Sierra Vista	Sierra Vista	Roseville	Richmond American Homes	\$536,617	2,070	\$259	4,275	143	15	9	6
Sentinel Village	Sierra Vista	Roseville	JMC Homes	\$675,323	1,961	\$344	5,775	234	153	141	12
St. Moritz	Sierra West	Roseville	Lennar Homes	\$674,740	2,567	\$263	5,250	144	119	114	5
The Wilds II	Winding Creek	Roseville	D.R. Horton	\$553,740	1,751	\$316	3,600	182	154	150	4
Vail	Solaire	Roseville	Taylor Morrison Homes	\$813,567	3,483	\$234	6,000	74	65	60	5
Verrado	Solaire	Roseville	Beazer Homes	\$593,323	2,198	\$270	4,050	76	73	71	2
Windham	Sierra West	Roseville	Lennar Homes	\$562,740	1,981	\$284	3,500	105	71	68	3
Windsong	Winding Creek	Roseville	Richmond American Homes	\$579,450	2,172	\$267	4,500	71	40	35	5
Minimum				\$465,240	1,366	\$234	2,400				
Maximum				\$959,990	3,483	\$352	14,500				
Average				\$649,294	2,302	\$285	5,389				

*Age-restricted project

Active Projects – West Roseville

Directly competing areas to the subject would include all communities within West Roseville, including: Campus Oaks, Fiddymment Farm, Solaire, Sierra Vista, Sierra West and WestPark.

Absorption												
Project	Master Plan	Builder	Avg. Home Price (1Q 23 Only)	Avg. Home Size (1Q 23 Only)	Lot Size (SF)	1Q 2023	4Q 2022	3Q 2022	2Q 2022	12-Month Total	Average Per Quarter	Average Per Month
Andorra	Sierra West	Lennar Homes	\$614,490	2,276	6,300	23	3	17	7	50	12.5	4.2
Aspire at Solaire	Solaire	K. Hovnanian Homes	\$611,887	2,152	3,825	14	4	0	10	28	7.0	2.3
Balboa	Fiddymment Farm	D.R. Horton	\$465,240	1,366	2,400	28	11	12	25	76	19.0	6.3
Bartlett	Mason Trails	KB Home	\$572,162	2,313	6,000	14	-1	9	18	40	10.0	3.3
Belle Maison	Campus Oaks	Lennar Homes	\$553,990	1,916	2,400	27	11	7	4	49	12.3	4.1
Breckenridge	Sierra West	Lennar Homes	\$639,990	2,571	3,850	17	10	18	6	51	12.8	4.3
Chantilly	Campus Oaks	Lennar Homes	\$589,490	1,981	3,600	24	8	8	5	45	11.3	3.8
Cortland	Mason Trails	KB Home	\$514,740	1,928	5,500	15	15	12	17	59	14.8	4.9
Corvara II	Campus Oaks	Lennar Homes	\$751,740	2,469	4,000	13	12	4	7	36	9.0	3.0
Excelsior	Sierra Vista	JMC Homes	\$846,657	2,962	7,500	6	1	0	2	9	2.3	0.8
Fairbrook	Fiddymment Farm	JMC Homes	\$699,990	2,190	5,000	14	4	-5	8	21	5.3	1.8
Firefly	Winding Creek	K. Hovnanian Homes	\$611,020	2,128	3,600	2	1	1	10	14	3.5	1.2
Homestead	Mason Trails	Fieldstone Communities	\$934,667	3,184	14,500	3	-1	-1	2	3	0.8	0.3
Illumination	Solaire	Tri Pointe Homes	\$551,323	2,021	3,000	19	6	4	10	39	9.8	3.3
Lumiere	Sierra West	Lennar Homes	\$736,240	2,745	6,300	17	5	11	13	46	11.5	3.8
Magnolia	Fiddymment Farm	Taylor Morrison Homes	\$780,567	3,027	6,000	16	9	18	7	50	12.5	4.2
Meadowbrook	Fiddymment Farm	JMC Homes	\$959,990	3,153	6,500	5	-5	7	6	13	3.3	1.1
Melrose	Mason Trails	D.R. Horton Homes	\$588,740	2,087	5,500	16	9	12	--	37	12.3	4.1
Meribel	Sierra West	Lennar Homes	\$751,990	2,947	6,300	16	14	6	16	52	13.0	4.3
Novara	Fiddymment Farm	Lennar Homes	\$634,990	2,046	5,250	1	3	10	7	21	5.3	1.8
Palisade Village	Sierra Vista	JMC Homes	\$541,990	1,541	3,600	40	7	5	16	68	17.0	5.7
Pinnacle Village	Sierra Vista	JMC Homes	\$701,990	2,674	7,150	2	2	0	0	4	1.0	0.3
Radiance	Solaire	Tri Pointe Homes	\$608,288	2,397	4,000	10	5	-2	17	30	7.5	2.5
Roam	Winding Creek	Meritage Homes	\$674,950	2,408	5,500	19	7	13	7	46	11.5	3.8
Sagebrook	Fiddymment Farm	JMC Homes	\$767,490	2,339	5,500	4	5	-4	8	13	3.3	1.1
Seasons	Mason Trails	Richmond American Homes	\$605,950	1,810	9,600	4	4	5	--	13	4.3	1.4
Seasons at Sierra Vista	Sierra Vista	Richmond American Homes	\$536,617	2,070	4,275	8	-2	-1	1	6	1.5	0.5
Sentinel Village	Sierra Vista	JMC Homes	\$675,323	1,961	5,775	11	6	-3	0	14	3.5	1.2
St. Moritz	Sierra West	Lennar Homes	\$674,740	2,567	5,250	17	15	3	10	45	11.3	3.8
The Wilds II	Winding Creek	D.R. Horton	\$553,740	1,751	3,600	21	12	5	25	63	15.8	5.3
Vail	Solaire	Taylor Morrison Homes	\$813,567	3,483	6,000	15	15	5	9	44	11.0	3.7
Verrado	Solaire	Beazer Homes	\$593,323	2,198	4,050	26	-2	2	3	29	7.3	2.4
Windham	Sierra West	Lennar Homes	\$562,740	1,981	3,500	21	14	12	4	51	12.8	4.3
Windsong	Winding Creek	Richmond American Homes	\$579,450	2,172	4,500	9	1	3	4	17	4.3	1.4
Total						497	208	193	284			
No. of Active Projects						34	34	34	32			
Quarterly Pro-Rata						14.6	6.1	5.7	8.9			
Monthly Pro-Rata						4.9	2.0	1.9	3.0			
									2.9	Average Monthly Pro-Rata		

Resale Pricing

The following table shows historical resale data for more recently built homes (2015 and newer) in West Roseville. We restricted our search to lot sizes with less than 10,000 square feet.

Resales									
Address	Sale Date	Living Area (SF)	Sale Price	Last List Price	Sale Price		Year Built	Days on	
					/SF	Sale/List		Market	Lot Size
9708 Sword Dancer Dr	4/24/2023	3,077	\$990,000	\$960,000	\$322	103.1%	2018	3	11,439
8641 Trinidad Way	4/20/2023	3,544	\$864,900	\$864,900	\$244	100.0%	2018	2	6,578
7120 Adeliade	4/20/2023	2,018	\$680,000	\$650,000	\$337	104.6%	2021	4	5,959
1065 Zodiac Ln	4/18/2023	2,766	\$772,500	\$795,000	\$279	97.2%	2019	12	6,826
3089 Radiant Way	4/13/2023	2,277	\$665,000	\$670,000	\$292	99.3%	2018	9	5,567
2149 Pleasant Grove Blvd	4/11/2023	1,467	\$535,000	\$525,000	\$365	101.9%	2019	21	2,657
1109 Vista Verde Dr	4/10/2023	2,985	\$725,000	\$699,800	\$243	103.6%	2018	6	6,177
7249 Universal Ln	4/4/2023	1,884	\$625,000	\$625,000	\$332	100.0%	2021	65	5,502
4056 Afterlight Ln	4/4/2023	2,309	\$655,000	\$649,000	\$284	100.9%	2021	48	5,776
6072 Twin Suns St	4/3/2023	2,018	\$603,000	\$609,900	\$299	98.9%	2018	5	5,497
4048 Montcalm Pl	3/29/2023	2,185	\$585,000	\$585,000	\$268	100.0%	2017	13	2,779
8695 Morgan Creek Ln	3/28/2023	2,840	\$850,000	\$850,000	\$299	100.0%	2021	33	9,104
8473 Trinidad Way	3/27/2023	2,838	\$799,900	\$799,900	\$282	100.0%	2020	7	7,100
3193 Radiant Way	3/24/2023	2,317	\$679,000	\$679,000	\$293	100.0%	2018	9	5,937
9096 Whitefish Way	3/23/2023	3,312	\$939,000	\$929,990	\$284	101.0%	2021	5	6,612
2216 Provincetown Way	3/21/2023	1,365	\$540,000	\$538,000	\$396	100.4%	2018	88	5,637
2064 Honey Church Pl	3/20/2023	2,218	\$575,000	\$575,000	\$259	100.0%	2015	152	2,622
7733 Mount Evans Way	3/20/2023	2,347	\$705,000	\$739,000	\$300	95.4%	2017	88	6,717
7145 Encore Way	3/20/2023	1,698	\$549,900	\$549,990	\$324	100.0%	2020	49	4,500
3009 Octave Ave	3/20/2023	4,357	\$930,000	\$934,000	\$213	99.6%	2016	15	7,062
4485 Seabiscuit Dr	3/15/2023	4,122	\$1,010,000	\$979,000	\$245	103.2%	2017	6	11,252
2157 Castle Pines Way	3/13/2023	2,444	\$640,000	\$650,000	\$262	98.5%	2015	5	5,275
2064 Lanesborough St	3/8/2023	2,365	\$689,000	\$689,000	\$291	100.0%	2020	4	4,356
1072 Knox Way	3/7/2023	1,093	\$420,000	\$470,000	\$384	89.4%	2020	184	2,413
7032 Driftway Loop	3/6/2023	2,096	\$645,000	\$649,999	\$308	99.2%	2021	29	5,105
10075 Evening Star Dr	3/6/2023	2,505	\$785,000	\$785,000	\$313	100.0%	2021	6	12,197
701 Patton Dr	3/3/2023	1,476	\$390,000	\$400,000	\$264	97.5%	2015	82	4,826
4088 Trailblazer Loop	3/1/2023	1,678	\$535,000	\$535,000	\$319	100.0%	2021	9	3,642
2056 Hudson Cove Dr	2/27/2023	2,201	\$730,000	\$719,000	\$332	101.5%	2020	105	7,218
2565 Mead Way	2/27/2023	2,639	\$655,000	\$655,000	\$248	100.0%	2016	63	5,371
4056 Wyman Way	2/27/2023	3,512	\$850,000	\$855,999	\$242	99.3%	2018	15	7,283
2064 Provincetown Way	2/23/2023	1,355	\$591,250	\$600,000	\$436	98.5%	2017	18	5,650
4153 Afterlight Ln	2/22/2023	2,188	\$560,000	\$575,000	\$256	97.4%	2018	158	5,502
9013 Carneros St	2/21/2023	1,300	\$515,000	\$519,000	\$396	99.2%	2017	11	4,125
6096 Shimmer Falls Dr	2/17/2023	2,508	\$644,000	\$650,000	\$257	99.1%	2021	12	4,655
6024 Parkminster Way	2/16/2023	2,693	\$770,000	\$779,990	\$286	98.7%	2016	60	6,059
6145 Duet Way	2/15/2023	4,182	\$935,000	\$950,000	\$224	98.4%	2018	67	7,910
2057 Cattledrive Way	2/9/2023	2,872	\$735,000	\$775,000	\$256	94.8%	2015	61	6,647
1117 Wind Pl	2/9/2023	1,332	\$450,000	\$449,000	\$338	100.2%	2017	21	2,592
4217 Eckersley Way	2/2/2023	2,361	\$705,000	\$729,000	\$299	96.7%	2018	206	6,090
5105 Syracuse Way	2/1/2023	2,952	\$725,000	\$758,000	\$246	95.6%	2020	203	6,865
Total Sales	41	2,432	\$681,436	\$692,719	\$295	99.3%	2018	48	5,978
		(avg.)	(avg.)	(avg.)	(avg.)	(avg.)	(avg.)	(avg.)	(avg.)

As shown by the data, MLS reports that there have been 41 re-sales in West Roseville in the past 3 months. Most homes have closed at or near the asking price, and the time on the market has averaged 48 days.

Ability to Pay

In this section, we will examine the ability to pay among prospective buyers for a representative price point of \$600,000 for the MDR lots, and \$725,000 for the LDR lots, based on the indicators from the competing projects and the current projects being marketed in prior phases of the subject. First, we will estimate the required annual household income based on typical mortgage parameters in the subject's market area. Specifically, we will employ a loan-to-value ratio of 80% (down payment of

20%), mortgage interest rate of 6.25%, 360 monthly payments, and a 40% ratio for the housing costs as a percent of monthly income (inclusive of principal, interest, all taxes and insurance).

As alluded to above, property tax payments are accounted for in the analysis. Ad valorem taxes are 1.096136% of assessed value.

The most significant direct levy payments are related to the proposed CFD bond: the Creekview CFD No. 1 IA2. According to the RMA, prepared by EPS (dated May 9, 2022), annual special tax levy rates for a typical lot in CFD No. 1 (as of the 2022/23 tax year) will be \$3,111 per home/year (or \$259 per home/month) for LDR lots and \$2,448 per home/year (or \$204 per home/month) for MDR lots. Additional special taxes associated with the Creekview services tax, typical monthly payments of \$130 and \$102 for the LDR and MDR lots, respectively, are also considered. Please note, we have not taken into account the yearly escalator.

The following tables show the estimates of the annual household income that would be required to afford typically priced homes within the District.

Income Required		
Home Price	\$600,000	\$725,000
Loan % of Price (Loan to Value)	80%	80%
Loan Amount	\$480,000	\$580,000
Interest Rate	6.25%	6.25%
Mortgage Payment	\$2,955	\$3,571
Ad Valorem Taxes	\$548	\$0
Bond Payments		
CFD No. 1	\$204	\$259
CFD Services	\$102	\$130
Property Insurance	\$100	\$121
Total Monthly Obligation	\$3,910	\$4,081
Mortgage Payment % of Income	40%	40%
Monthly Income	\$9,774	\$10,202
Annual Income	\$117,285	\$122,426

We have obtained income data from Esri Business Analyst Online (Esri), formerly STDB Online, for a 20-mile radius surrounding the subject property, which is considered representative of typical buyers for the subject property. In the following table we show the income brackets within the noted area, along with estimates of the percentage of households able to afford homes priced at the representative price point within each income bracket.

Household Ability - \$600,000

Household Income	Households	Percent of Households	Percent Able to Pay	Households	Households Able to Pay
< \$15,000	9,797	5.3%	0.0%	0	0.0%
\$15,000 - \$24,999	9,881	5.3%	0.0%	0	0.0%
\$25,000 - \$34,999	10,892	5.9%	0.0%	0	0.0%
\$35,000 - \$49,999	16,891	9.1%	0.0%	0	0.0%
\$50,000 - \$74,999	28,198	15.3%	0.0%	0	0.0%
\$75,000 - \$99,999	24,553	13.3%	0.0%	0	0.0%
\$100,000 - \$149,999	37,573	20.3%	65.4%	24,584	13.3%
\$150,000 - \$199,999	20,092	10.9%	100.0%	20,092	10.9%
\$200,000 +	<u>26,977</u>	<u>14.6%</u>	100.0%	<u>26,977</u>	<u>14.6%</u>
	184,854	100.0%		71,653	38.8%

Household Ability - \$725,000

Household Income	Households	Percent of Households	Percent Able to Pay	Households	Households Able to Pay
< \$15,000	9,797	5.3%	0.0%	0	0.0%
\$15,000 - \$24,999	9,881	5.3%	0.0%	0	0.0%
\$25,000 - \$34,999	10,892	5.9%	0.0%	0	0.0%
\$35,000 - \$49,999	16,891	9.1%	0.0%	0	0.0%
\$50,000 - \$74,999	28,198	15.3%	0.0%	0	0.0%
\$75,000 - \$99,999	24,553	13.3%	0.0%	0	0.0%
\$100,000 - \$149,999	37,573	20.3%	55.1%	20,720	11.2%
\$150,000 - \$199,999	20,092	10.9%	100.0%	20,092	10.9%
\$200,000 +	<u>26,977</u>	<u>14.6%</u>	100.0%	<u>26,977</u>	<u>14.6%</u>
	184,854	100.0%		67,789	36.7%

Generally, interest rates have an inverse relationship on the affordability of a home. In short, all else being equal higher interest rates lower the price point for buyers based on income. Over the past several years, interest rates have remained historically low, often at or below 3.0%. Rates are still low, from a historical perspective, but are currently avering above 6.00%, and are expected to further increase over the near term. Conversations with sales agents in multiple new home projects noted there has recently been a slowing in demand for new residential homes. The combination of historically high new home prices and rising interest rates have reportedly begun to price some buyers out of entry-level (lower priced) homes. While some projects seem to be affected more than others, there are some buyers who have been motivated by recent events to purchase now rather than wait for any potential future rises in interest rates. Given the continued high inflation numbers, interest rates are expected to climb higher in the near term to try and temper inflation. Continued high inflation will force prospective homeowners to account for other costs like groceries, gas, etc. over buying a new home at a higher interest rate.

Information from homebuilders over the last few weeks have noted more turmoil from pending buyers dropping out of contract because of rising interest rates. Homebuilders have also noted pace of

sales have slowed from the historic highs. Further, homebuilders have begun to offer concessions in the form of buying down interest rates and discounted options, instead of decreasing their base prices. In some markets, there has been enough downward pressure on the market for homebuilders to offer concessions as well as drop their base prices. In the past several quarters, homebuilders were able to sell homes faster than they were able to construct the homes, but with the rising interest rates this has since moderated. Based on current information and survey responses, recent increases in interest rates have begun to impact the pace of sales as well as pricing in some markets. It's worth noting, retreating home prices has increased housing market affordability in California to the highest level in a year, according to the California Association of Realtors.

Conclusions

We have summarized some of the key points from this section as follows:

- Building permit activity for single-family residences in Roseville reached a peak in 2007, then fell precipitously during the recessionary period, but has been increasing in more recent years and surpassed the previous high in 2017, 2020, 2021 and 2022.
- New home pricing in Roseville has been in a general increasing pattern over the last four years, albeit with a few quarterly dips. The highest new home pricing observed over the last four years was almost nine months ago.
- According to the Gregory Group, there are currently 40 active new home projects in Roseville.
- Absorption rates within new home projects in West Roseville have ranged from 1.9 to 4.9 sales per month over the past year, with an average of 2.9 sales per month.
- Re-sale homes in West Roseville are transferring at or near the asking price, and the exposure period has averaged 48 days.
- Overall, demand for new homes in the subject's market area remains steady despite continued high inflation and rising interest rates.

Property Analysis

Land Description and Analysis

Land Description	
Land Area (Gross)	95.90 acres; 4,177,408 SF
Source of Land Area	Engineering Report
Primary Street Frontage	Westbrook
Shape	Irregular
Corner	Yes
Topography	Generally level and at street grade
Drainage	No problems reported or observed
Environmental Hazards	None reported or observed
Ground Stability	No problems reported or observed
Flood Area Panel Number	06061C-0920H
Date	November 2, 2018
Zone	x
Description	Outside of 500-year floodplain
Insurance Required?	No
Zoning; Other Regulations	
Zoning Jurisdiction	City of Roseville
Zoning Designation	RS/DS, R1/DS
Description	Small lot residential, development standard overlay; Single-family residential
Legally Conforming?	Appears to be legally conforming
Zoning Change Likely?	No
Other Land Use Regulations	None reported or observed
Utilities	
Service	Provider
Water	City of Roseville
Sewer	City of Roseville
Electricity	Roseville Electric
Natural Gas	PG&E
Local Phone	Comcast, AT&T

Environmental Hazards

An environmental assessment report was not provided for review, and during our inspection, we did not observe any obvious signs of contamination on or near the subject. However, environmental issues are beyond our scope of expertise. It is assumed that the property is not adversely affected by environmental hazards.

Zoning

Zoning information for the appraised property is presented as follows:

Zoning:	R1/DS – Single-family Housing/Development Standards
Purpose:	The single-family residential district is intended for detached, single-family homes and similar and related uses inclusive of half-plexes. The development standard (DS) district is an overlay district which allows modification of the specified development standards in general zone districts including any or all of the following development standards: 1) minimum lot size, 2) minimum lot depth, 3) maximum lot depth, 4) minimum yard setbacks, 5) maximum coverage, 6) minimum usable open space, 7) maximum building height, 8) principal building types, 9) minimum landscaping setbacks and 10) minimum parking ratios.
Zoning:	RS/DS – Small Lot Residential/Development Standards
Purpose:	The small lot residential district is intended to allow either attached or detached single-family dwellings, and similar and related compatible uses.

We are not experts in the interpretation of zoning ordinances. An appropriately qualified land use attorney should be engaged if a determination of compliance is required.

Entitlements

The final maps for Phase 3 (330 lots) were recorded in August 2022 and lot construction was completed in March 2023. Phase 4 (231 lots) is currently under development and the final maps are anticipated to be created and recorded in 2023.

Easements, Encroachments and Restrictions

We were not provided a current title report to review. We are not aware of any easements, encroachments, or restrictions that would adversely affect value. Our valuation assumes no adverse impacts from easements, encroachments, or restrictions, and further assumes that the subject has clear and marketable title.

Mitigation

According to the master developer, all environmental mitigation requirements have been satisfied.

Off-site Improvements

As of the date of inspection, a substantial portion of the off-site improvements (streets, curbs, gutters, sidewalks, streetlights) were in place along Blue Oaks and Westbrook Boulevards. As the interior access roads are completed, these off-site improvements will be required as part of the site work.

Remaining Site Development Costs

Remaining backbone infrastructure and in-tract costs for Phases 3 and 4 are detailed in the following table:

Remaining Costs

Total Costs	Costs Spent to Date	Remaining Costs
Phase 3		
\$40,778,117	\$40,758,117	\$20,000
Phase 4		
\$27,227,729	\$9,744,713	<u>\$17,483,016</u>
Total		\$17,503,016

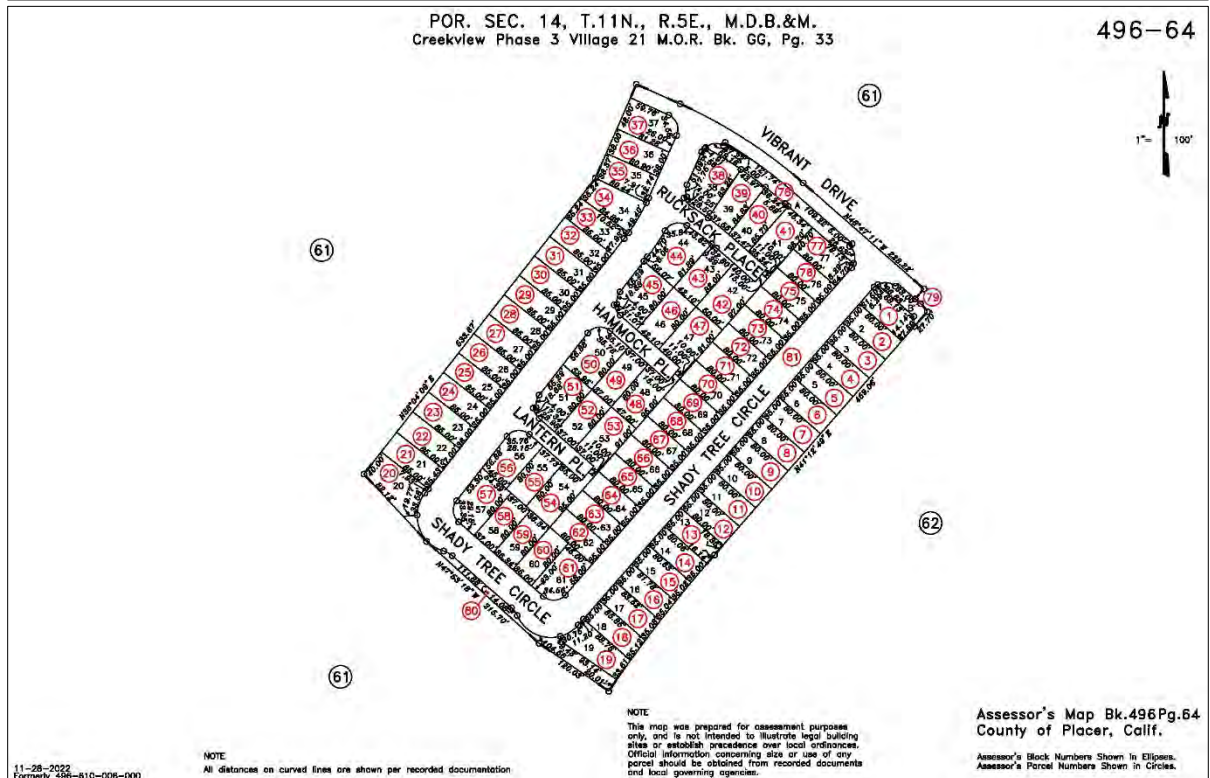
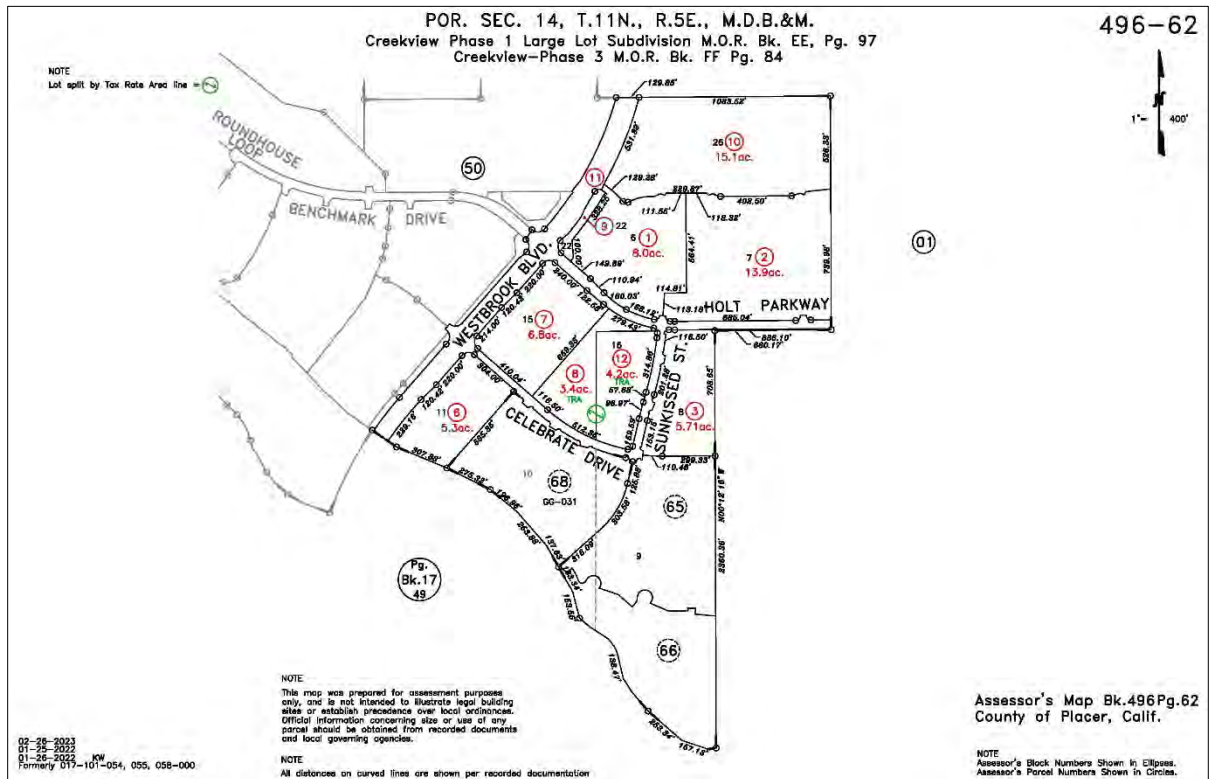
Permits and Fees

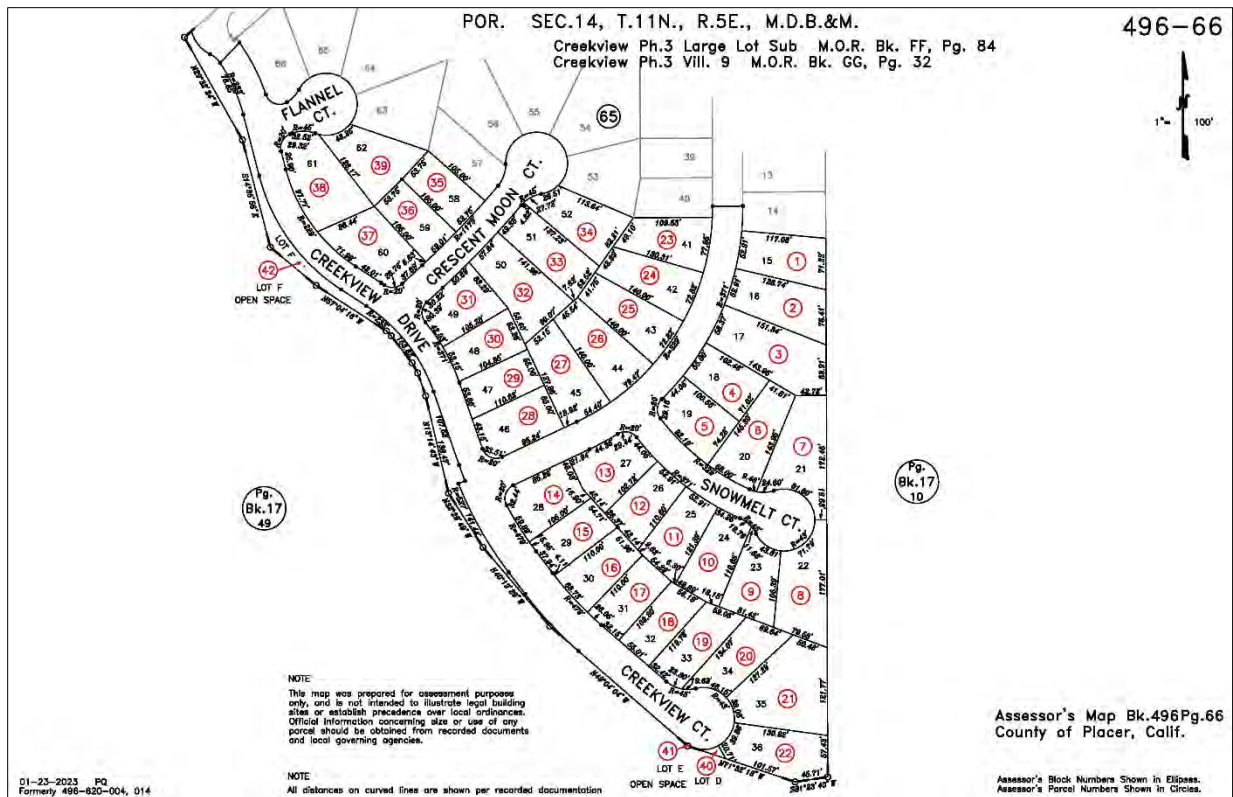
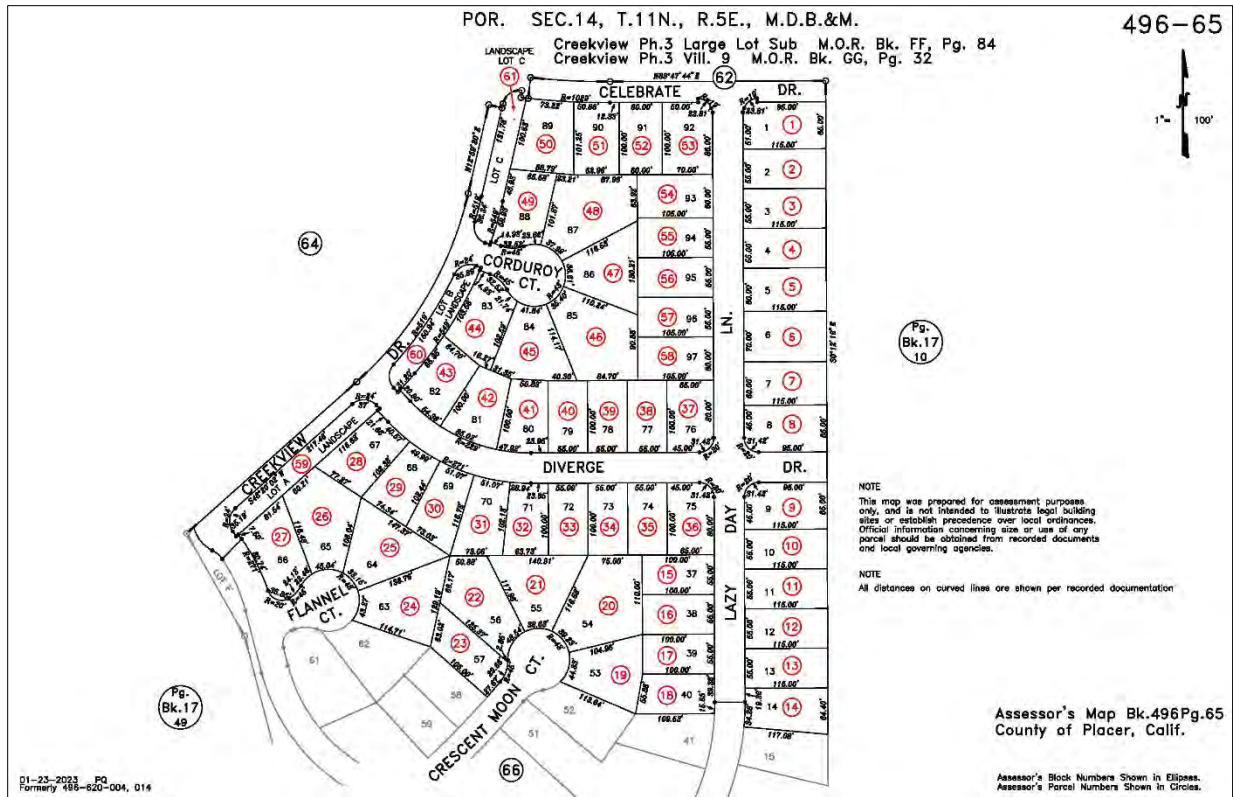
According to information provided, permits and fees due at building permit average \$92,423 per LDR lot, and \$86,286 per MDR lot, which will be used in our analysis.

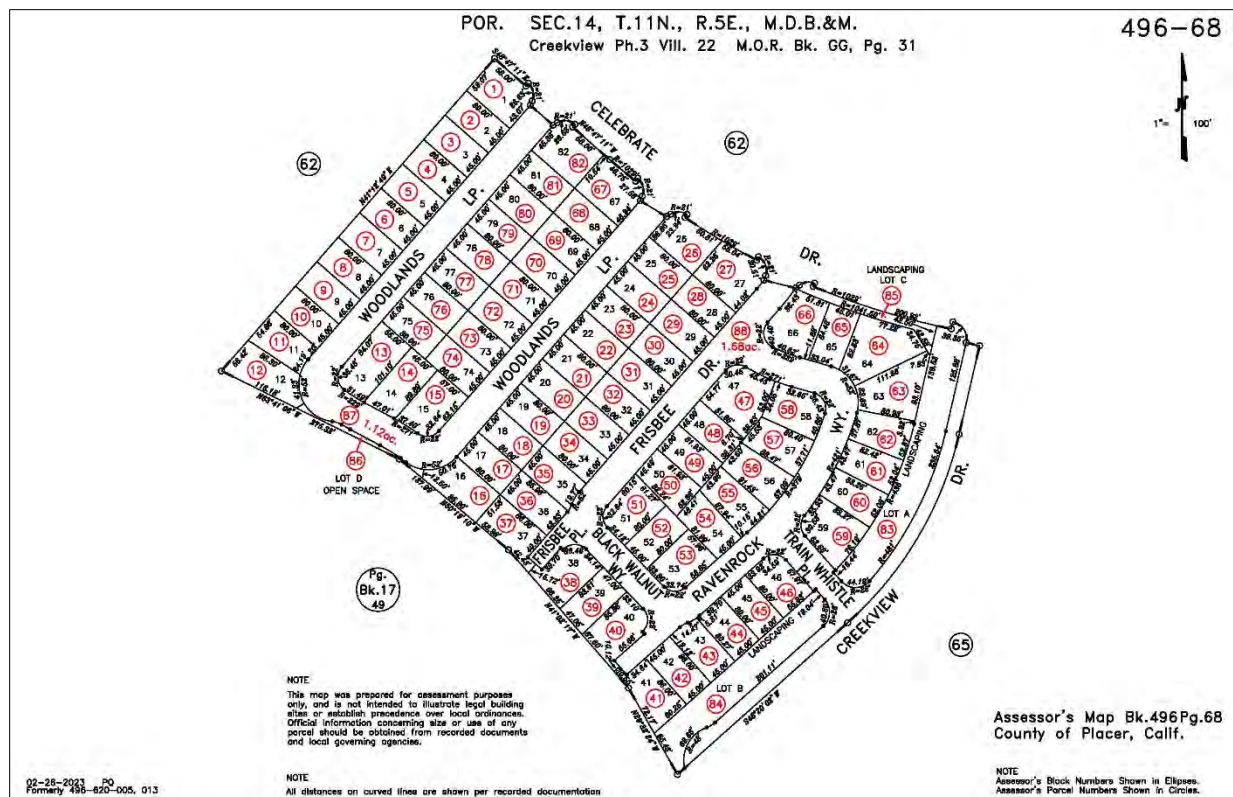
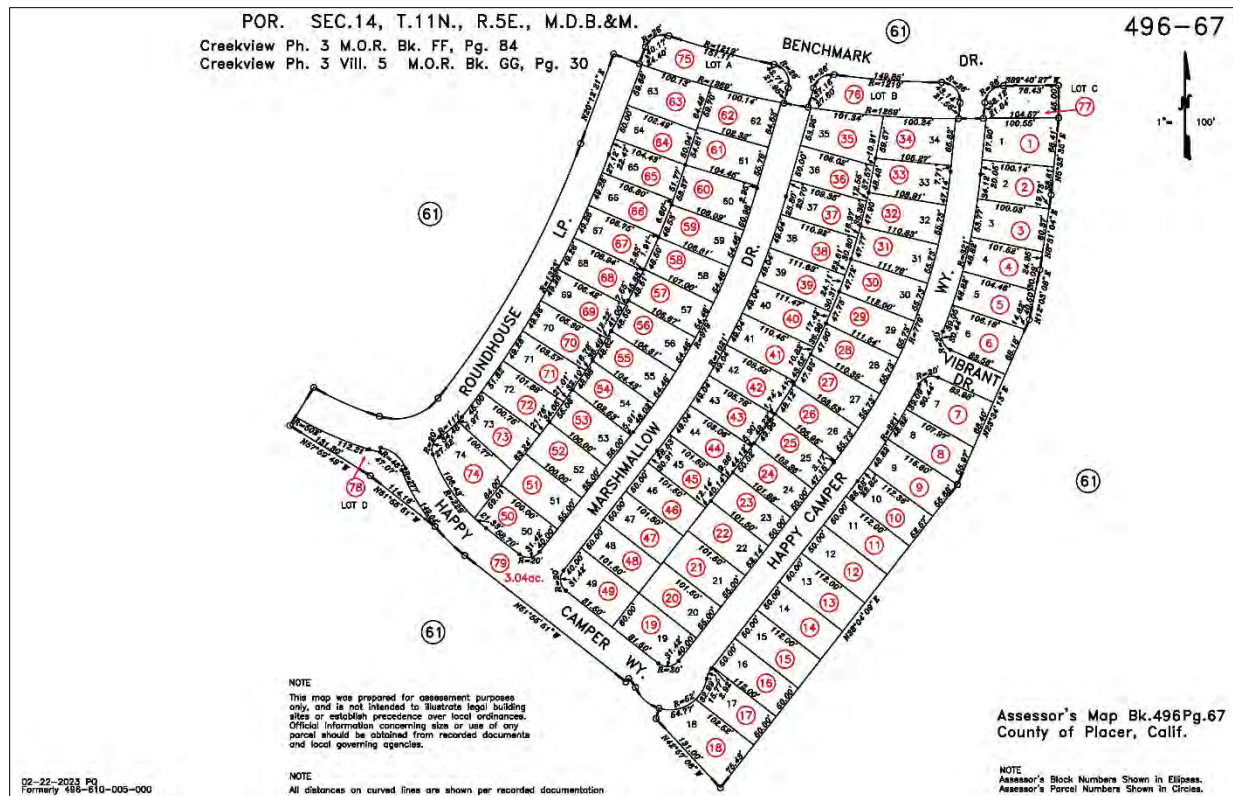
Conclusion of Site Analysis

Overall, the physical characteristics of the site and the availability of utilities result in functional utility suitable for a variety of uses including those permitted by zoning. We are not aware of any other particular restrictions on development.

Assessor's Parcel Maps







Aerial

Source: GoogleMaps; boundary lines are approximate; aerial is dated (May 2022) and not representative of current development.











Real Estate Taxes

The property tax system in California was amended in 1978 by Article XIII to the State Constitution, commonly referred to as Proposition 13. It provides for a limitation on property taxes and for a procedure to establish the current taxable value of real property by reference to a base year value, which is then modified annually to reflect inflation (if any). Annual increases cannot exceed 2% per year.

The base year was set at 1975-76 or any year thereafter in which the property is substantially improved or changes ownership. When either of these two conditions occurs, the property is to be re-appraised at market value, which becomes the new base year assessed value. Proposition 13 also limits the maximum tax rate to 1% of the value of the property, exclusive of bonds and direct charges. Bonded indebtedness approved prior to 1978, and any bonds subsequently approved by a two-thirds vote of the district in which the property is located, can be added to the 1% tax rate.

According to the Placer County Treasurer-Tax Collector's Office, the appraised property has a cumulative annual tax rate of 1.096136% based on assessed value.

Special Assessments

The appraised property is situated within the boundaries of the City of Roseville Creekview Community Facilities District No. 1.

According to the RMA, prepared by EPS (dated May 9, 2022), the annual total maximum special tax payments for the various components as of the 2022/23 tax year, are as follows:

City of Roseville Creekview CFD No. 1 (IA2)

Proposed Land Use	Special Tax Per Lot/Unit/Acre
LDR	\$3,111
MDR	\$2,448

Creekview CFD No. 1 (Public Infrastructure) - Services Tax

Proposed Land Use	Special Tax Per Lot/Unit/Acre
LDR	\$1,556
MDR	\$1,224

Both special tax categories have an annual maximum escalation of 2% per year. Please note, the Services special tax is not levied until the "Transition Event" which is the earlier of (a) after the Initial Bonding period, the Fiscal Year in which the Administrator determines the Development Impact Fee Deferral, and any eligible Pay-As-You-Go Costs have been repaid in full to the City and City determines funding is no longer needed for Annual Facilities Costs, or (b) Fiscal Year 2086-87.

Highest and Best Use

Process

Before a property can be valued, an opinion of highest and best use must be developed for the subject site, both as if vacant, and as improved or proposed. By definition, the highest and best use must be:

- Legally permissible under the zoning regulations and other restrictions that apply to the site.
- Physically possible.
- Financially feasible.
- Maximally productive, i.e., capable of producing the highest value from among the permissible, possible, and financially feasible uses.

Highest and Best Use As If Vacant

Legally Permissible

The legal factors influencing the highest and best use of the appraised properties are primarily government regulations, such as zoning and building codes. The appraised properties are zoned and approved for single-family residential development. Overall, the legally permissible uses are to develop the appraised properties in accordance with the existing entitlements and land use designations, which have undergone extensive planning and review. A re-zone to any other land use is highly unlikely. Additionally, the above land uses are consistent with the City of Roseville General Plan and the Creekview Specific Plan.

Physically Possible

The physical characteristics of a site that affect its possible use(s) include, but are not limited to, location, street frontage, visibility, access, size, shape, topography, availability of utilities, offsite improvements, easements and soil and subsoil conditions. The legally permissible test has resulted in uses consistent with the existing entitlements (i.e., single- and multi-family development); at this point the physical characteristics are examined to see if they are suited for the legally permissible uses.

The physical characteristics of the appraised properties support development. The Winding Creek project has good access and project roadways connect the various lots within the development. Public utilities are available to support development. The subject is not located in an adverse earthquake or flood zone. Surrounding land uses are compatible and/or similar to the legally permissible use. Existing development in adjacent areas of West Roseville (Fiddymont Farm, WestPark and earlier phases of Winding Creek) provides support that soils are likely adequate for development. In summary, residential uses are considered physically possible.

Financially Feasible

Financial feasibility depends on supply and demand influences. With respect to financial feasibility of single-family residential development, consideration to the current state of the residential housing market and its impact on the residential land market is necessary. As previously discussed in the Residential Market Analysis section, the significant rise in mortgage interest rates have an inverse

relationship on the affordability of a home. Over the past several years, interest rates remained historically low, often at or below 3.0%. However, while mortgage rates are still low from a historical perspective, they have recently risen to as much as 7.00%, only recently dropping below 7.0%. Conversations with sales agents in multiple new home projects noted there has recently been a slowing in demand for new residential homes, which has begun to price some buyers out of entry level (lower priced) homes.

In the past several quarters, homebuilders were able to sell homes faster than they were able to construct the homes, but with the rising interest rates this has since moderated. Based on current information and survey responses, recent increases in interest rates have impacted the pace of sales as well as pricing in some markets. The downward shift in home prices seen in the Fourth Quarter 2022 had a significant impact on underlying land/lot values, with land brokers reporting an abrupt drop in builder demand for developable lots and an inability to sell lots presently available. However, this downward trend appears to have been short lived, as recent activity among national homebuilders for developable lots is resulting in a recent surge in transactions to meet continued demand for new homes. Development of unimproved residential lots may be financially feasible, if the vacant land is acquired at prices commensurate with current new home pricing. Due to existing inventories for many builders, additional land and lot acquisitions may not be the maximally productive use of vacant land (discussed below). It's worth noting, retreating home prices has increased housing market affordability in California to the highest level in a year, according to the California Association of Realtors.

Maximally Productive

Legal, physical and market conditions have been analyzed to evaluate the highest and best use of the appraised properties as vacant. The analysis is presented to evaluate the type of use(s) that will generate the greatest level of future benefits possible to the property. Based on the factors previously discussed, the maximally productive use of the appraised properties, and its highest and best use as vacant, is for near term single- and multi-family residential development.

Highest and Best Use as Improved

Highest and best use of the property as improved pertains to the use that should be made in light of its current improvements.

In the case of undeveloped land under development, consideration must be given to whether it makes sense to demolish existing improvements (either on-site or off-site improvements) for replacement with another use. The time and expense to demolish existing improvements, re-grade, reroute utilities or re-map must be weighed against alternative uses. If the existing or proposed improvements are not performing well, then it may produce a higher return to demolish existing improvements, if any, and re-grade the site for development of an alternative use.

Based on the current condition, the improvements completed contribute to the overall property value. The value of the subject as improved exceeds its value as vacant less demolition. The highest and best use of the subject as improved is for completion of remaining site work and single-family home construction.

Probable Buyer

The probable buyer of the subject property as improved and unimproved lots is a regional or national merchant home builder.

Valuation

Valuation Methodology

Appraisers usually consider three approaches to estimating the market value of real property. These are the cost approach, sales comparison approach and the income capitalization approach.

The **cost approach** assumes that the informed purchaser would pay no more than the cost of producing a substitute property with the same utility. This approach is particularly applicable when the improvements being appraised are relatively new and represent the highest and best use of the land or when the property has unique or specialized improvements for which there is little or no sales data from comparable properties.

The **sales comparison approach** assumes that an informed purchaser would pay no more for a property than the cost of acquiring another existing property with the same utility. This approach is especially appropriate when an active market provides sufficient reliable data. The sales comparison approach is less reliable in an inactive market or when estimating the value of properties for which no directly comparable sales data is available. The sales comparison approach is often relied upon for owner-user properties.

The **income capitalization approach** reflects the market's perception of a relationship between a property's potential income and its market value. This approach converts the anticipated net income from ownership of a property into a value indication through capitalization. The primary methods are direct capitalization and discounted cash flow analysis, with one or both methods applied, as appropriate. This approach is widely used in appraising income-producing properties.

Additional analyses often undertaken in the valuation of subdivisions include **extraction**, **land residual analysis**, and the **subdivision development method**.

Reconciliation of the various indications into a conclusion of value is based on an evaluation of the quantity and quality of available data in each approach and the applicability of each approach to the property type.

The methodology employed in this assignment is summarized as follows:

Approaches to Value		
Approach	Applicability to Subject	Use in Assignment
Cost Approach	Not Applicable	Not Utilized
Sales Comparison Approach	Applicable	Utilized
Income Capitalization Approach	Not Applicable	Not Utilized

Lot Valuation

Benchmark Lot Valuation

In the benchmark lot analysis, we will assign two benchmark larger parcels, one for the low-density residential (LDR) lots and one for the medium density residential (MDR) lots.

The typical lot sizes of the LDR lots range from 4,050 to 5,500 square feet with an average size of 4,770 square feet. With regard to lot count, the larger parcels have lot counts that range from 32 to 97 lots, with an average of 65 lots. Given this discussion, our benchmark LDR lot selection is **Parcel C-5**, which contains 74 lots with a typical lot size of 5,000 square feet.

The typical lot sizes of the MDR lots is 2,800 square feet. With regard to lot count, the parcels have lot counts that range from 77 to 82 lots.

LDR Lot Analysis

In this section of the report, we will utilize the sales comparison approach and the land residual analysis to estimate the market value of the LDR lot category. The estimate of value assumes the lots would sell on a bulk, or wholesale, basis. That is, a group of lots would transfer in one transaction to a single buyer.

Sales Comparison Approach (LDR)

This approach is based on the economic principle of substitution. According to The Appraisal of Real Estate, 14th Edition (Chicago: Appraisal Institute, 2013), *"The principle of substitution holds that the value of property tends to be set by the cost of acquiring a substitute or alternative property of similar utility and desirability within a reasonable amount of time."* The sales comparison approach is applicable when there are sufficient recent, reliable transactions to indicate value patterns or trends in the market.

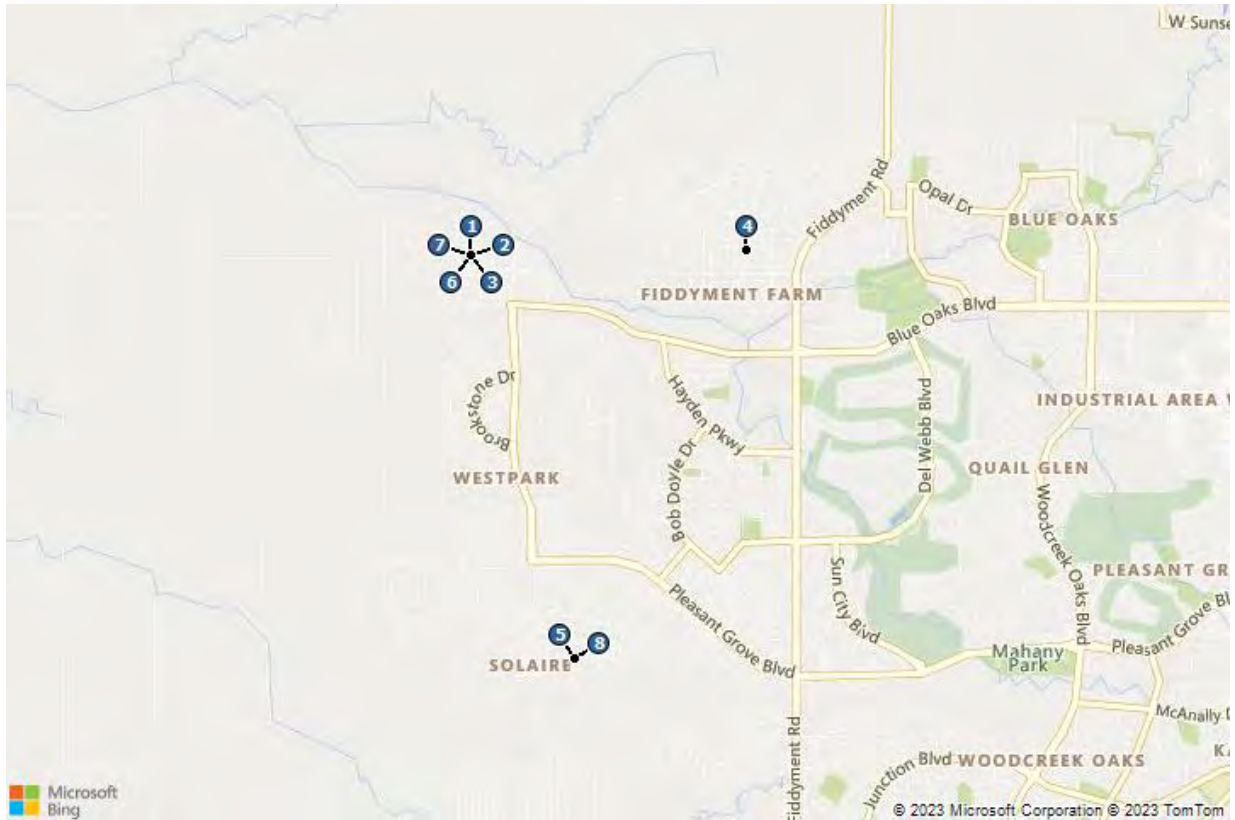
The proper application of this approach requires obtaining recent sales data for comparison with the subject property. In order to assemble the comparable sales, we searched public records and other data sources for leads, then confirmed the raw data obtained with parties directly related to the transactions (primarily brokers, buyers and sellers).

On the following page, we have arrayed comparable sales that have occurred in West Roseville. The summary table is accompanied by a map and followed by details of each comparable. The basis of analysis is price per lot. The comparable data includes finished and unimproved transactions (with adjustments for remaining site costs and profit applied to the unimproved transactions).

Summary of Comparable Land Sales - LDR Lots

No.	Name/Address	Sale Date; Status	Sale Price; Bond Consideration/Lot	Typical Lot Size	Number of Lots	\$/Lot	Costs to Finish
1	Winding Creek - Village C-9 E/O Westbrook Blvd., N/O Blue Oaks Blvd. Roseville Placer County CA Comments: This comparable represents the sale of 97 finished lots with a typical lot size of 5,500 square feet. Permits & fees average \$92,423 per lot and annual special assessments are \$3,111 per lot. The southern lots are anticipated to achieve open space premiums as they are adjacent to Pleasant Grove Creek. The purchase price is in addition to a Master Marketing Fee of 0.75% of HUD Purchase Price which is to be paid in connection with each home closing.	Apr-23 Closed	\$16,005,000 \$6,222	5,500	97	\$165,000	\$92,423
2	Winding Creek - Village C-5 W/O Westbrook Blvd., N/O Blue Oaks Blvd. Roseville Placer County CA Comments: This comparable represents the sale of 74 finished lots with a typical lot size of 5,000 square feet. Permits & fees average \$92,423 per lot and annual special assessments are \$3,111 per lot. The purchase price is in addition to a Master Marketing Fee of 0.75% of HUD Purchase Price which is to be paid in connection with each home closing.	Apr-23 Closed	\$10,730,000 \$6,222	5,000	74	\$145,000	\$92,423
3	Winding Creek Parcel C-12 W/O Westbrook Blvd., N/O Blue Oaks Blvd. Roseville Placer County CA Comments: This comparable represents the sale of 95 finished lots with a typical lot size of 5,500 square feet. Permits & fees average \$82,223 per lot and annual special assessments are \$2,518 per lot. The northern lots are anticipated to achieve open space premiums as they are adjacent to Winding Creek.	Aug-21 Closed	\$14,725,000 \$5,036	5,500	95	\$155,000	\$82,223
4	Fiddymet Ranch, Village F-10A (ptn.) N/O Holt Pky., W/O N. Hayden Pky. Roseville Placer County CA Comments: This comparable represents the sale of 50 finished lots (55'x110') in phase 3 of Fiddymet Farms. Permits & Fees are \$78,594/lot and annual special assessments are \$1,864/lot. This transaction represents a two phase takedown; the remaining 61 lots within the village are projected to transfer in January 2022 for \$5,000 more/lot.	Mar-21 Closed	\$7,000,000 \$3,728	6,050	50	\$140,000	\$78,594
5	Westpark-Federico Parcel FD-4 W/O Market St., S/O Earl Rush Dr. Roseville Placer County CA Comments: This sale represents the sale of 33 LDR paper lots with a typical lot size of 4,500 square feet in Phase 1 of Westpark-Federico. Permits & Fees are approximately \$62,148/lot and development costs are approximately \$62,437/lot. Annual special taxes are \$1,836/lot. These lots are located within the CIJUSD.	Feb-21 Closed	\$2,000,000 \$3,672	4,500	33	\$60,606	\$124,585
6	Winding Creek Parcels C-10 & C-13 W/O Westbrook Blvd., N/O Blue Oaks Blvd. Roseville Placer County CA Comments: This comparable represents the sale of 86 finished lots with a typical lot size of 4,050 square feet. Permits & fees are \$82,223 per lot and annual special assessments are \$2,420 per lot.	Dec-20 Closed	\$9,640,000 \$4,840	4,050	86	\$112,093	\$82,223
7	Winding Creek Parcels C-11, C-14 & C-15 W/O Westbrook Blvd., N/O Blue Oaks Blvd. Roseville Placer County CA Comments: This comparable represents the sale of 74 finished LDR lots with a typical lot size of 5,000 square feet (50'x100'). Permits & fees are \$82,223 per lot and annual special assessments are \$2,420 per lot. Meritage is constructing Trek at Winding Creek, which offers floor plans ranging in size from 1,628 to 2,948 square feet.	Nov-20 Closed	\$8,658,000 \$4,840	5,000	74	\$117,000	\$82,223
8	Westpark-Federico Parcel FD-22A E/O Westbrook Blvd., N/O Earl Rush Dr. Roseville Placer County CA Comments: This sale represents the sale of 76 LDR paper lots with a typical lot size of 4,500 square feet in Phase 1 of Westpark-Federico. Permits & Fees are approximately \$80,948/lot and development costs are approximately \$62,437/lot. Annual special taxes are \$1,836/lot. These lots are located within the RIJHSD/RCSD.	Aug-20 Closed	\$5,396,000 \$3,672	4,500	76	\$71,000	\$143,385
Subject Creekview CFD No. 1, IA-2 Roseville, CA				5,000	74		

Comparable Land Sales Map



Analysis and Adjustment of Sales

The sales are compared to the subject and adjusted to account for material differences that affect value. The adjustment process is typically applied through either quantitative or qualitative analysis, or a combination of the two. Quantitative adjustments are often developed as dollar or percentage amounts and are most credible when there is sufficient data to perform a paired sales analysis.

This analysis relies on qualitative adjustments, with adjustments being characterized as being slightly superior/inferior, superior/inferior, or significantly superior/inferior, where approximate percent adjustments would be assigned as follows:

Qualitative Adjustment Summary

Adjustment	Identification	General Percent of	
		Adjustment Ranges	
Sig. Inferior	+++	11%	to 20+%
Inferior	++	6%	to 10%
Sl. Inferior	+	1%	to 5%
Similar		0%	
Sl. Superior	-	-1%	to -5%
Superior	--	-6%	to -10%
Sig. Superior	---	-11%	to -20+%

While we present percentage adjustments in the above table for comparison purposes, they are based on qualitative judgment rather than empirical research as there is not sufficient data to develop a sound quantitative estimate.

As a result of the limited data present in the market, many of the adjustments require the appraiser's experience and knowledge of the market and information obtained from those knowledgeable and active in the marketplace. Additionally, many of the adjustments are subjective and reflect the premiums and discounts a typical buyer would most likely assign for differing attributes between the comparables and the subject property.

Our rating of each comparable sale in relation to the subject is the basis for the adjustments. If the comparable is superior to the subject, its sale price is adjusted downward to reflect the subject's relative attributes; if the comparable is inferior, its price is adjusted upward.

Adjustment Factors

The sales are compared to the subject and adjusted to account for material differences that affect value. Adjustments are considered for the following factors, in the sequence shown below.

Adjustment Factor	Accounts For	Comments
Costs to Finish	Remaining site development costs (if any) as well as a permits and fees due upon building permit are included on a dollar-for-dollar basis, all of which are presumed to be an obligation of the merchant builder.	All adjustments are accounted for accordingly.
Bond Encumbrance	The present value of the special taxes or the assessment lien are considered.	If applicable, we consider the annual special tax over a typical market holding period (2 years).
Real Property Rights	Fee simple, leased fee, leasehold, partial interest, etc.	All the comparables represent fee simple estate transactions. Therefore, adjustments for property rights are not necessary.
Financing Terms	Seller financing, or assumption of existing financing, at non-market terms.	The comparable sales were cash to the seller transactions and do not require adjustments.
Conditions of Sale	Extraordinary motivation of buyer or seller, assemblage, forced sale.	No adjustments are warranted for this element of comparison.
Market Conditions	Changes in the economic environment over time that affect the appreciation and depreciation of real estate.	Home values increased significantly leading up to the first quarter of 2022, when mortgage interest rates began a steady increase from historical lows (below 3%) to over 6%. While some price appreciation was offset by rising construction costs (materials) and labor shortages during the pandemic, construction costs have since moderated. As the inventory of available new homes continues to deplete, and demand remains strong, despite the higher interest rates, home prices appear to be stabilizing. Thus, we apply a market conditions adjustment to Comparables 3 through 8.

Adjustment Factor	Accounts For	Comments
Location/Community Appeal	Market or submarket area influences on sale price; surrounding land use influences.	Overall community appeal is considered good. As observed by the number of transactions within the past 24 months, South Placer County is a highly desirable submarket for single-family residential lots. The subject and all of the comparables are located within similar areas of West Roseville and do not require adjustment.
Number of Lots	Generally, there is an inverse relationship between the number of lots and price per lot such that larger projects (with a greater number of lots) achieve a lower price per lot.	Typically, variances in per lot prices, all else being equal, are not observed in transactions between 50 and 250 lots. All of the comparable represent fairly similar sized transactions and do not require adjustments. While Comparable 5 represents a smaller transaction, an adjustment is not warranted.
Lot Size	Adjustments for differences in lot size between the comparables and subject are estimated by applying lot size adjustment factors to difference in lot size.	Comparable 4 has a larger lot size relative to the subject's benchmark lot size of 5,000 square feet and is adjusted downward. Conversely, Comparable 6 is adjusted upward to account for its smaller lot size.
Lot Configuration	All else being equal, a traditional lot configuration is generally superior to alley-loaded or 6-pack design lots.	No adjustments required for this element of comparison as the subject and all of the comparables possess traditional lot configurations.
Lot Premiums/Discounts	Primary physical factors that affect desirability of lots.	Comparables 1 and 3 are adjusted downward given the number of lots that back up to the adjacent open and park spaces. None of the remaining comparables benefit from view or significant open space premiums and do not require adjustments.

Adjustment Factor	Accounts For	Comments
School District	The market has demonstrated preference for certain school districts, which are reflected within home sale prices.	The subject lots and all of the comparables are located within the Roseville City School District (RCSD) and Roseville Joint Union High School District (RJUSD). As such, no adjustments are required for this element of comparison.

The following table summarizes the adjustments we make to the comparable sales.

Land Sales Adjustment Grid - LDR Lots									
	Subject	Comparable 1	Comparable 2	Comparable 3	Comparable 4	Comparable 5	Comparable 6	Comparable 7	Comparable 8
Name	Creekview CFD No. 1, IA-2	Winding Creek - Village C-9	Winding Creek - Village C-5	Winding Creek Parcel C-12	Fiddymont Ranch, Village F-10A (ptn.)	Westpark-Federico Parcel FD-4	Winding Creek Parcels C-10 & C-13	Winding Creek Parcels C-11, C-14 & C-15	Westpark-Federico Parcel FD-22A
City	Roseville	Roseville	Roseville	Roseville	Roseville	Roseville	Roseville	Roseville	Roseville
County	Placer	Placer	Placer	Placer	Placer	Placer	Placer	Placer	Placer
Sale Date		Apr-23	Apr-23	Aug-21	Mar-21	Feb-21	Dec-20	Nov-20	Aug-20
Sale Status		Closed	Closed	Closed	Closed	Closed	Closed	Closed	Closed
Sale Price		\$16,005,000	\$10,730,000	\$14,725,000	\$7,000,000	\$2,000,000	\$9,640,000	\$8,658,000	\$5,396,000
Number of Lots	74	97	74	95	50	33	86	74	76
Price per Lot		\$165,000	\$145,000	\$155,000	\$140,000	\$60,606	\$112,093	\$117,000	\$71,000
Costs to Finish		\$92,423	\$92,423	\$82,223	\$78,594	\$124,585	\$82,223	\$82,223	\$143,385
Bond Consideration		\$6,222	\$6,222	\$5,036	\$3,728	\$3,672	\$4,840	\$4,840	\$3,672
Price per Lot		\$263,645	\$243,645	\$242,259	\$222,322	\$188,863	\$199,156	\$204,063	\$218,057
Transactional Adjustments									
Property Rights		Fee Simple	Fee Simple	Fee Simple	Fee Simple	Fee Simple	Fee Simple	Fee Simple	Fee Simple
Adjustment		-	-	-	-	-	-	-	-
Financing Terms		Cash to seller	Cash to seller	Cash to seller	Cash to seller	Cash to seller	Cash to seller	Cash to seller	Cash to seller
Adjustment		-	-	-	-	-	-	-	-
Conditions of Sale		Arm's-length	Arm's-length	Arm's-length	Arm's-length	Arm's-length	Arm's-length	Arm's-length	Arm's-length
Adjustment		-	-	-	-	-	-	-	-
Market Conditions	5/1/2023	Apr-23	Apr-23	Aug-21	Mar-21	Feb-21	Dec-20	Nov-20	Aug-20
Adjustment		-	-	Inferior	Inferior	Inferior	Inferior	Inferior	Inferior
Location/Community	West Roseville	West Roseville	West Roseville	West Roseville	West Roseville	West Roseville	West Roseville	West Roseville	West Roseville
Adjustment		-	-	-	-	-	-	-	-
Number of Lots	74	97	74	95	50	33	86	74	76
Adjustment		-	-	-	-	-	-	-	-
Typical Lot Size	5,000	5,500	5,000	5,500	6,050	4,500	4,050	5,000	4,500
Adjustment		-	-	-	Superior	-	Inferior	-	-
Lot Configuration	Traditional	Traditional	Traditional	Traditional	Traditional	Traditional	Traditional	Traditional	Traditional
Adjustment		-	-	-	-	-	-	-	-
Lot Premiums/Discounts	Average	Abv. Avg.	Average	Abv. Avg.	Average	Average	Average	Average	Average
Adjustment		Superior	-	Superior	-	-	-	-	-
School District	RUSD/RJHSD	RUSD/RJHSD	RUSD/RJHSD	RUSD/RJHSD	RUSD/RJHSD	RUSD/RJHSD	RUSD/RJHSD	RUSD/RJHSD	RUSD/RJHSD
Adjustment		-	-	-	-	-	-	-	-
Overall Ranking		Superior	Similar	Similar	Inferior	Inferior	Very Inferior	Inferior	Inferior

Land Value Conclusion

The market data set consists of various sales that are considered reasonable indicators of market value for the fee simple interest in the LDR lot category of the subject property. After accounting for remaining site development costs, permits and fees and special taxes, the data set reflects an unadjusted (loaded lot price) range of \$188,863 to \$263,645 per lot.

Based upon the analysis presented, a ranking of the subject and the comparable sales is in the table below:

Bulk Lot Ranking Summary			
Property	Sale Date	\$/ Loaded Lot (Unadjusted)	Net Adjustment
Comparable 1	Apr-23	\$263,645	Superior
Comparable 2	Apr-23	\$243,645	Similar
Comparable 3	Aug-21	\$242,259	Similar
Subject Property	--	\$240,000	--
Comparable 4	Mar-21	\$222,322	Inferior
Comparable 8	Aug-20	\$218,057	Inferior
Comparable 7	Nov-20	\$204,063	Inferior
Comparable 6	Dec-20	\$199,156	Very Inferior
Comparable 5	Feb-21	\$188,863	Inferior

As shown, the loaded lot value indicator for the subject property is estimated to be lower than Comparable 1, generally similar to Comparables 2 and 3, and higher than the balance of the data set. A loaded lot indicator of \$240,000 per lot is concluded for the benchmark village (C-5) of the subject property. As previously mentioned, the fees due at building permit average \$92,423 per LDR lot. As such, our conclusion of finished lot value for the benchmark village is as follows:

Lot Value Conclusion	
Concluded Loaded Lot Value	\$240,000
Less: Permits & Fees	(\$92,243)
Indicated Lot Value (Rd.)	\$148,000

Land Residual Analysis

The land residual analysis is employed as an additional indicator of market value for the subject's lots. This valuation method is used in estimating land value when subdivision and development are the highest and best use of the land being appraised. All direct and indirect costs are deducted from an estimate of the anticipated gross sales price of the improved product; the resultant net sales proceeds are then discounted to present value at an anticipated rate over the development and absorption period to indicate the value of the land. The land residual analysis is conducted on a quarterly basis. As a discounted cash flow analysis, the land residual analysis consists of four primary components summarized as follows:

Revenue – the gross income is based on the sale of completed homes.

Absorption Analysis – the time frame required for sell off. Of primary importance in this analysis is the allocation of the revenue over the absorption period – including the estimation of an appreciation factor (if any).

Expenses – the expenses associated with the sell-off are calculated in this section – including infrastructure costs (if any), direct and indirect construction costs, administration, marketing and commission costs, as well as taxes and special taxes (if any).

Discount Rate – an appropriate discount rate is derived employing a variety of data.

Discussions of these four concepts follows below, with the discounted cash flow analysis offered at the end of this section.

Revenue

The projected sales price for the average home within the project will vary, as the ultimate sales price is affected by unit size, location within the project, site influences, construction costs, anticipated premiums achievable at the point of retail sale, as well as external influences such as adjacent land uses. The benchmark lot category has a typical lot size of 5,000 square feet. Based on the Residential Market section of this report, we estimate a typical average-sized home on the subject would contain approximately 2,600 square feet and would have a corresponding base price of \$725,000. These estimates will be utilized in the analysis. In addition to this amount, a model recapture is also considered. Based on the product lines offered, four model homes are utilized to market the homes within each neighborhood, with upgrade costs of \$75,000 per model. A model recapture of 25% is considered reasonable and reflected in this analysis. No lot premiums are anticipated for the subject property. The estimate of total revenue by (provided in the table below) does not reflect market appreciation during the sellout, which is discussed on the following page.

Revenue Summary					
Floor Plan	No. of Units	Unit Size	Sale \$/SF	Value Per Unit	Extension
Typical Floor Plan	74	2,600	\$279	\$725,000	\$53,650,000
Model Recapture					<u>\$75,000</u>
Total	74	0 (weighted avg.)		\$726,014 (avg.)	\$53,725,000

Changes in Market Conditions (Price Increases or Decreases)

The subject's market area has experienced rapid market appreciation in home prices for the past few years; however, since early 2022 the Federal Reserve Bank began raising the benchmark federal-funds rate (from near zero in March 2022) in an effort to manage rising inflation. The fed-funds rate is nearing 5% (4.83% effective rate), which has resulted in a substantial rise in mortgage interest rates, which now average between 6.0% and 7.0%. Market expectations are for additional rate increases. The rise in mortgage interest rates is anticipated to impact the affordability of homes for a certain segment of the homebuyer market, which may impact pricing in the near term. Consequently, under current market conditions, forecasting home appreciation during the absorption period is speculative, and several homebuilders surveyed indicate they typically do not trend/forecast home appreciation during the sell-off period. Therefore, for purposes of this analysis, the home price revenue will be held constant during the selloff period.

Closing Projections

The typical time required for the construction of units has been approximately three to six months from start to closing. It is assumed that initial closings will occur within three to six months of the date of sale. The premise is that the builder constructs efficiently as homes are sold. These assumptions are reflected in the projected construction schedule shown in the land residual models at the end of this section. Since the land residual analysis is conducted on a quarterly basis, closings are reflected in the following period, as most construction will be substantially completed prior to initiation of sales.

Absorption

Typically, multiple product lines would be marketed in a subdivision to create characteristics appealing to as many potential purchasers as possible. Offering home products within a subdivision to different market segments is done with the aim of increasing absorption and reducing the overall development holding period for a project. Based on information presented in the residential market analysis section, as well as the subject's location and physical features, we estimate the subject property could achieve absorption rates of 6-7 sales per quarter. With sales beginning in Period 1, the subject's lots sell out in Period 11, with Period 12 needed to complete construction and close escrow.

Expense Projections

As part of an ongoing effort to assemble market information, the following table reflects survey responses and developer budget information for numerous attached, single-family residential projects throughout Northern California.

Subdivision Budgets														
Developer Classification	Budget Date	No. of Units	Quality	Avg. Home Size (SF)	Typical Lot Size	G & A % of Revenue	Mkt & Sales % of Revenue	Direct Costs/SF	Indirect Costs/SF	Indirect % of Direct Costs	Site Costs/Lot	Permits & Fees/Unit	Cost per Model	Profit % of Revenue
National	2023	85	Average	2,118	4,800	2.25%	2.25%	\$96.79	\$9.92	10.24%	N/Av	\$88,700	N/Av	N/Av
National	2023	573	Average	2,327	5,232	N/Av	N/Av	\$99.86	N/Av	2.50%	\$126,003	\$98,422	N/Av	20.00%
Regional	2022	27	Good	3,179	10,100	3.0%	1.1%	\$115.00	\$13.13	11.0%	\$200,111	\$70,470	N/Av	15.7%
Local	2022	22	Good	2,700	12,000	N/Av	N/Av	\$115.26	N/Av	N/Av	\$220,317	\$67,876	N/Av	22.0%
National	2022	919	Good	1,877	4,782	3.0%	3.0%	\$143.00	N/Av	N/Av	N/Av	\$78,522	N/Av	N/Av
Regional	2022	55	Good	3,428	11,000	2.0%	2.0%	\$148.00	N/Av	N/Av	\$218,004	\$31,420	N/Av	11.0%
National	2022	159	Average	1,575	2,275	N/Av	N/Av	\$145.64	N/Av	N/Av	\$41,811	\$54,100	N/Av	28.0%
National	2022	65	Average	3,447	5,200	N/Av	N/Av	\$110.00	N/Av	N/Av	N/Av	\$71,290	N/Av	N/Av
National	2022	862	Average	2,176	5,306	N/Av	N/Av	\$112.00	N/Av	N/Av	\$161,203	\$52,801	N/Av	N/Av
National	2022	387	Average	1,771	5,000	6.0%	3.0%	\$105.39	N/Av	N/Av	N/Av	\$43,000	N/Av	28.0%
Regional	2022	30	Average	2,090	5,200	3.0%	2.0%	\$150.00	\$9.00	6.0%	\$103,967	\$55,800	N/Av	16.4%
Local	2022	99	Good	2,614	5,500	5.5%	1.2%	\$95-\$105	N/Av	N/Av	\$100,600	\$48,599	\$125,000	29.0%
Regional	2022	49	Average	2,062	6,600	3.0%	3.9%	\$104.63	N/Av	N/Av	\$82,916	\$56,472	N/Av	20.9%
Regional	2021	87	Average	1,978	6,500	N/Av	N/Av	\$98.00	N/Av	N/Av	\$96,759	\$63,947	N/Av	N/Av
Regional	2021	145	Average	2,109	5,775	4.2%	4.25	\$79.86	\$13.01	16.4%	\$94,951	\$37,659	\$54,000	6.8%
Local	2021	36	Good	2,533	3,450	5.5%	6.6%	\$112.26	\$5.53	4.9%	N/Av	\$55,497	N/Av	15.0%
National	2021	124	Average	1,753	6,723	N/Av	N/Av	\$102.12	N/Av	N/Av	\$41,505	\$51,458	N/Av	N/Av
Local	2021	21	Average	2,010	6,050	N/Av	N/Av	\$102.50	N/Av	N/Av	\$78,415	\$44,500	N/Av	N/Av
Local	2021	12	Good	1,909	3,450	N/Av	1.4%	\$189.48	\$31.64	16.7%	\$96,162	\$36,270	N/Av	20.0%
Regional	2021	72	Good	2,551	3,800	N/Av	7.4%	\$88.00	N/Av	N/Av	\$112,128	\$63,610	N/Av	9.5%
Local	2020	30	Average	1,643	5,344	0.4%	1.7%	\$143.00	\$7.39	5%	N/Av	\$25,267	N/Av	N/Av
Regional	2020	10	Average	3,127	7,500	N/Av	N/Av	\$96.00	\$8.64	9%	N/Av	\$20,405	N/Av	N/Av
Regional	2020	233	Good	2,300	7,500	3.0%	4.2%	\$91.00	N/Av	11%	\$100,000	\$40,600	N/Av	10.0%
Regional	2020	81	Average	1,974	5,775	N/Av	2.5%	\$80.00	\$16.00	20%	\$83,788	\$81,336	N/Av	N/Av
Local	2020	51	Average	2,106	6,955	3.3%	4.0%	\$91.50	\$10.07	11%	\$122,885	\$66,000	\$38,500	20.0%
National	2020	14	Average	2,165	3,500	N/Av	3.2%	\$95.00	\$11.02	12%	N/Av	\$68,214	N/Av	N/Av
National	2020	48	Average	2,102	5,250	2.4%	6.1%	\$124.00	\$20.13	16%	\$102,134	\$53,000	\$126,000	16.1%
Regional	2020	112	Average	2,060	6,300	4.6%	4.1%	\$80.23	N/Av	10%	\$86,830	\$63,400	\$108,380	13.20%
National	2020	144	Average	1,800	2,000	N/Av	N/Av	\$134.00	N/Av	N/Av	\$25,569	\$37,700	N/Av	N/Av
Local	2019	61	Good	1,972	2,500	N/Av	N/Av	\$86.15	N/Av	N/Av	N/Av	\$40,898	N/Av	N/Av
National	2019	121	Average	2,000	5,775	1.5%	2.6%	\$74.00	\$10.06	14%	\$73,047	\$67,278	N/Av	18.8%
Regional	2019	71	Average	1,989	3,250	N/Av	N/Av	\$92.65	N/Av	18%	\$60,754	\$55,714	N/Av	N/Av
Local	2019	52	Good	2,604	7,000	N/Av	3.3%	\$93.92	N/Av	22%	\$40,178	\$40,229	N/Av	12.6%
Local	2019	24	Good	3,021	8,500	5.8%	4.0%	\$94.20	\$8.21	9%	\$99,800	\$81,463	\$102,340	17.6%
Regional	2019	84	Average	2,349	5,500	4.0%	2.6%	\$90.21	N/Av	14%	N/Av	\$46,576	\$106,667	12.6%
Local	2019	48	Average	2,545	7,006	2.1%	5.7%	\$88.47	\$18.81	21%	\$63,645	\$72,300	\$133,333	6.8%
Regional	2019	41	Average	2,845	8,385	5.4%	5.5%	\$86.61	\$5.76	7%	N/Av	\$60,988	\$200,000	N/Av
Regional	2019	76	Average	2,684	6,500	N/Av	5.0%	\$85.33	\$5.80	7%	N/Av	\$73,815	\$200,000	N/Av
								Minimum	\$74.00					
								Maximum	\$189.48					
								Average	\$106.60					

General and Administrative

These expenses consist of management fees, liability and fire insurance, inspection fees, appraisal fees, legal and accounting fees and copying or publication costs. This expense category typically ranges from 2.0% to 4.0%, depending on length of project and if all of the categories are included in a builder's budget. We have used 3.0% for general and administrative expenses.

Marketing and Sale

These expenses typically consist of advertising and promotion, closing costs, sales operations, and sales commissions. The expenses are expressed as a percentage of the gross sales revenue. The range of marketing and sales expenses typically found in projects within the subject's market area is 5.0% to 6.0%. A figure of 6.0%, or 3.0% for marketing and 3.0% for sales, is estimated in the marketing and sales expense category.

Property Taxes (Ad Valorem and Special Taxes)

The subject is located within an area with an effective tax rate of 1.096136%. This amount is applied to the estimated market values and divided by the total number of units to yield an estimate of ad valorem taxes/unit/year for each phase. The tax amounts are applied to unclosed inventory over the sell-off period. Property taxes are increased by 2% per year. Additionally, the subject will be encumbered by Special Taxes associated with the City of Roseville CFD No. 1 (Creekview) as well as

CFD No. 2, which are taken into consideration in this analysis. The assigned special tax rates for the 2022/23 tax year are provided below.

City of Roseville Creekview CFD No. 1 (IA2)

Proposed Land Use	Special Tax Per Lot/Unit/Acre
LDR	\$3,111
MDR	\$2,448

Creekview CFD No. 1 (Public Infrastructure) - Services Tax

Proposed Land Use	Special Tax Per Lot/Unit/Acre
LDR	\$1,556
MDR	\$1,224

Both special tax categories have an annual maximum escalation of 2% per year. Please note, the Services special tax is not levied until the “Transition Event” which is the earlier of (a) after the Initial Bonding period, the Fiscal Year in which the Administrator determines the Development Impact Fee Deferral, and any eligible Pay-As-You-Go Costs have been repaid in full to the City and City determines funding is no longer needed for Annual Facilities Costs, or (b) Fiscal Year 2086-87.

Permits and Fees

Permits and fees represent all fees payable upon obtaining building permit for the construction of the proposed units and include school fees and any impact fees. As noted, permits and fees due at building permit are reported to average \$92,423 per LDR lot.

Direct and Indirect Construction Costs

Construction costs are generally classified into direct and indirect costs. Direct costs reflect the cost of labor and materials to build the project. Direct costs generally are lower per square foot for larger floor plans, all else being equal, due to economies of scale. Indirect items are the carrying costs and fees incurred in developing the project and during the construction cycle. Construction quality and market-segment are significant factors that affect direct construction costs. In addition, national/public builders, which are able to achieve lower costs due to the larger scale in which orders are placed, routinely achieve lower direct costs.

Recent conversations with homebuilders confirm construction costs have increased over the last 12 months; consequently, based on the cost comparables, and considering the product line under development, a direct cost estimate of \$100 per square foot is applied to the 2,600 square foot home.

Regarding indirect costs, the following list itemizes some of the typical components that generally comprise indirect costs:

- Architectural and engineering fees for plans, plan checks, surveys and environmental studies
- Appraisal, consulting, accounting and legal fees

- The cost of carrying the investment in land and contract payments during construction. If the property is financed, the points, fees or service charges and interest on construction loans are considered
- All-risk insurance
- The cost of carrying the investment in the property after construction is complete, but before sell-out is achieved
- Developer fee earned by the project coordinator
- Interest reserve

Conversations with homebuilders indicate the indirect costs generally range anywhere from 10% to 15% of the direct costs (excluding marketing, sales, general and administrative expenses, taxes, which are accounted for separately). An estimate of 15% is considered reasonable for the subject.

Summary

The following chart summarizes the revenue and expenses discussed on the preceding pages.

Revenue Summary					
Floor Plan	No. of Units	Unit Size	Sale \$/SF	Value Per Unit	Extension
Typical Floor Plan	74	2,600	\$279	\$725,000	\$53,650,000
Model Recapture					<u>\$75,000</u>
Total	74	2,600		\$726,014 (avg.)	\$53,725,000
Expenses Summary					
General and Administrative		3.0% of total revenue			
Marketing and Sales		6.0% of total revenue			
Ad Valorem Taxes					
1.0961% - Tax Rate (based on residual land value)				\$112,589	
÷ Total Number of Units			74		
				\$1,521 /lot	
Special Taxes	per month			\$259 /lot	
Estimated Permits and Fees at Building Permit/Occupancy					
Net (Average) Permits and Fees/Unit			\$92,423		
x Number of Units			<u>74</u>		
Construction Costs	<u>SF</u>	<u>Units</u>	<u>Cost/SF</u>	<u>Extension</u>	<u>Indirects</u>
Typical Floor Plan	2,600	74	\$100.00	\$19,240,000	\$2,886,000
Average Direct Construction Costs				\$260,000	
Indirect Costs		15% of Direct Costs		\$39,000	
Model Complex				\$300,000	

Developer's Incentive and Discount Rate

Developer's Incentive

When employing a land residual analysis, most market participants (homebuilders) analyze projects based on an expected increment of profit and a cost-of-funds discount rate. The developer's profit is expressed as a percent of sales revenue and is included as an expense deduction. The cost-of-funds rate is used to discount each year of net income to present value. This methodology differs from the subdivision development method, in which most market participants (typically land developers) employ a yield rate or internal rate of return (IRR) inclusive of developer's profit, and do not deduct profit as a line item expense.

According to industry sources, developer's incentive (profit) historically has ranged anywhere from 5% to 25%, with a predominate range of 5% to 15%. Profit is based on the perceived risk associated with the development. Low profit expectations are typical for projects focused on more affordable product with faster sales rates. Higher profit expectations are common in projects with more risk such as developments where sales rates are slower, project size produces an extended holding period or the product type is considered weak or untested.

Elements affecting profit include location, supply/demand, anticipated risk, construction time frame and project type. Another element considered in profit expectations is for the development stage of a project. First phases typically generate a lower profit margin due to cautious or conservative pricing, as new subdivisions in competitive areas must become established to generate a fair market share. Additionally, up front development costs on first phases can produce lower profit margins.

The prior table at the beginning of the Expense Projections discussion includes survey results for profit expectations of active home builders in the region.

Based on the preceding discussion and developer surveys, we have concluded an estimate of 14% for developer's incentive.

Discount Rate (Cost of Funds)

A discount rate will be employed to convert future cash flows to present value, thus reflecting the time value of money. An appropriate discount rate should reflect the cost of funds under current market conditions. For a cost of funds index, we will use the 11th District Cost of Funds Index (COFI), which is a standard financial index widely used in U.S. capital markets as a benchmark for adjustable-rate loans. Lenders use such an index to adjust interest rates as economic conditions change. Lenders add a certain number of percentage points, or margin, to the index to establish interest rates. The 11th District COFI was 0.223% as of April 2023. A typical margin used by banks is about 250 to 350 basis points, or 2.5% to 3.5% not including additional points or fees. We will employ a discount rate (cost of funds) of 5.00% in the land residual analysis.

Conclusion

The land residual analysis is presented as follows:

Land Residual Analysis													
Revenue and Sales Summary													
Period (Quarter/3 months):	1	2	3	4	5	6	7	8	9	10	11	12	Total
Sales	7	7	7	7	7	7	7	7	7	7	4	0	74
Close of Escrow (COE)	0	7	7	7	7	7	7	7	7	7	7	4	74
Unsold Inventory	67	60	53	46	39	32	25	18	11	4	0	0	
Total Sales	\$ 5,082,095	\$ 5,082,095	\$ 5,082,095	\$ 5,082,095	\$ 5,082,095	\$ 5,082,095	\$ 5,082,095	\$ 5,082,095	\$ 5,082,095	\$ 5,082,095	\$ 2,904,054	\$ -	\$ 53,725,000
Total Sales Revenue	\$ -	\$ 5,082,095	\$ 5,082,095	\$ 5,082,095	\$ 5,082,095	\$ 5,082,095	\$ 5,082,095	\$ 5,082,095	\$ 5,082,095	\$ 5,082,095	\$ 5,082,095	\$ 2,904,054	\$ 53,725,000
Expenses and Cash Flow Summary													
Period (Quarter/3 months):	1	2	3	4	5	6	7	8	9	10	11	12	Total
General and Administrative	\$ (134,313)	\$ (134,313)	\$ (134,313)	\$ (134,313)	\$ (134,313)	\$ (134,313)	\$ (134,313)	\$ (134,313)	\$ (134,313)	\$ (134,313)	\$ (134,313)	\$ (134,313)	\$ (1,611,750)
Marketing and Sales	\$ -	\$ (304,926)	\$ (304,926)	\$ (304,926)	\$ (304,926)	\$ (304,926)	\$ (304,926)	\$ (304,926)	\$ (304,926)	\$ (304,926)	\$ (304,926)	\$ (174,243)	\$ (3,223,500)
Ad Valorem Real Estate Taxes	\$ (28,147)	\$ (25,485)	\$ (22,822)	\$ (20,160)	\$ (17,497)	\$ (14,834)	\$ (12,172)	\$ (9,509)	\$ (6,847)	\$ (4,184)	\$ (1,521)	\$ -	\$ (163,178)
Special Assessments	\$ (57,554)	\$ (52,109)	\$ (46,665)	\$ (41,221)	\$ (35,777)	\$ (30,332)	\$ (24,888)	\$ (19,444)	\$ (14,000)	\$ (8,555)	\$ (3,111)	\$ -	\$ (333,655)
Direct Construction Costs	\$ (910,000)	\$ (1,820,000)	\$ (1,820,000)	\$ (1,820,000)	\$ (1,820,000)	\$ (1,820,000)	\$ (1,820,000)	\$ (1,820,000)	\$ (1,820,000)	\$ (1,820,000)	\$ (1,430,000)	\$ (520,000)	\$ (19,240,000)
Model Upgrade Costs	\$ (300,000)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ (300,000)
Indirect Construction Costs	\$ (136,500)	\$ (273,000)	\$ (273,000)	\$ (273,000)	\$ (273,000)	\$ (273,000)	\$ (273,000)	\$ (273,000)	\$ (273,000)	\$ (273,000)	\$ (214,500)	\$ (78,000)	\$ (2,886,000)
Building Permits	\$ (646,959)	\$ (646,959)	\$ (646,959)	\$ (646,959)	\$ (646,959)	\$ (646,959)	\$ (646,959)	\$ (646,959)	\$ (646,959)	\$ (646,959)	\$ (369,691)	\$ -	\$ (6,839,277)
Total Expenses	\$ (2,213,472)	\$ (3,256,791)	\$ (3,248,684)	\$ (3,240,577)	\$ (3,232,470)	\$ (3,224,363)	\$ (3,216,257)	\$ (3,208,150)	\$ (3,200,043)	\$ (3,191,936)	\$ (2,458,061)	\$ (906,556)	\$ (34,597,360)
Net Income Before Developer's Incentive	\$ (2,213,472)	\$ 1,825,304	\$ 1,833,411	\$ 1,841,517	\$ 1,849,624	\$ 1,857,731	\$ 1,865,838	\$ 1,873,945	\$ 1,882,052	\$ 1,890,158	\$ 2,624,033	\$ 1,997,498	\$ 19,127,640
Total Developer's Incentive (Profit)	14.00%	\$ -	\$ 711,493	\$ 711,493	\$ 711,493	\$ 711,493	\$ 711,493	\$ 711,493	\$ 711,493	\$ 711,493	\$ 711,493	\$ 406,568	\$ 7,521,500
Net Income (Before Discounting)	\$ (2,213,472)	\$ 1,113,811	\$ 1,121,917	\$ 1,130,024	\$ 1,138,131	\$ 1,146,238	\$ 1,154,345	\$ 1,162,452	\$ 1,170,558	\$ 1,178,665	\$ 1,912,540	\$ 1,590,931	\$ 11,606,140
Present Value Factor													
Discount Rate (Cost of Borrowed Funds)	5.00%	0.98765	0.97546	0.96342	0.95152	0.93978	0.92817	0.91672	0.90540	0.89422	0.88318	0.87228	0.86151
Discounted Cash Flow	\$ (2,186,145)	\$ 1,086,479	\$ 1,080,876	\$ 1,075,245	\$ 1,069,589	\$ 1,063,909	\$ 1,058,206	\$ 1,052,482	\$ 1,046,738	\$ 1,040,975	\$ 1,668,266	\$ 1,370,601	\$ 10,427,220
Net Present Value	\$ 10,427,220												
Conclusion of Value by Discounted Cash Flow Analysis (Rd)												Per Lot	\$ 10,430,000
													\$ 141,000

Reconciliation of Benchmark Lot Value (LDR)

For the LDR lot category, the sales comparison approach indicated \$148,000 per finished lot, while the land residual analysis yielded a value of \$141,000 per finished lot, a difference of approximately 5%. Both methods are credible and supported; however, given the quantity and quality of comparables utilized in the Sales Comparison Approach, we will place primary emphasis on this approach. As such, our conclusion of value is **\$145,000 per finished lot for the benchmark LDR category.**

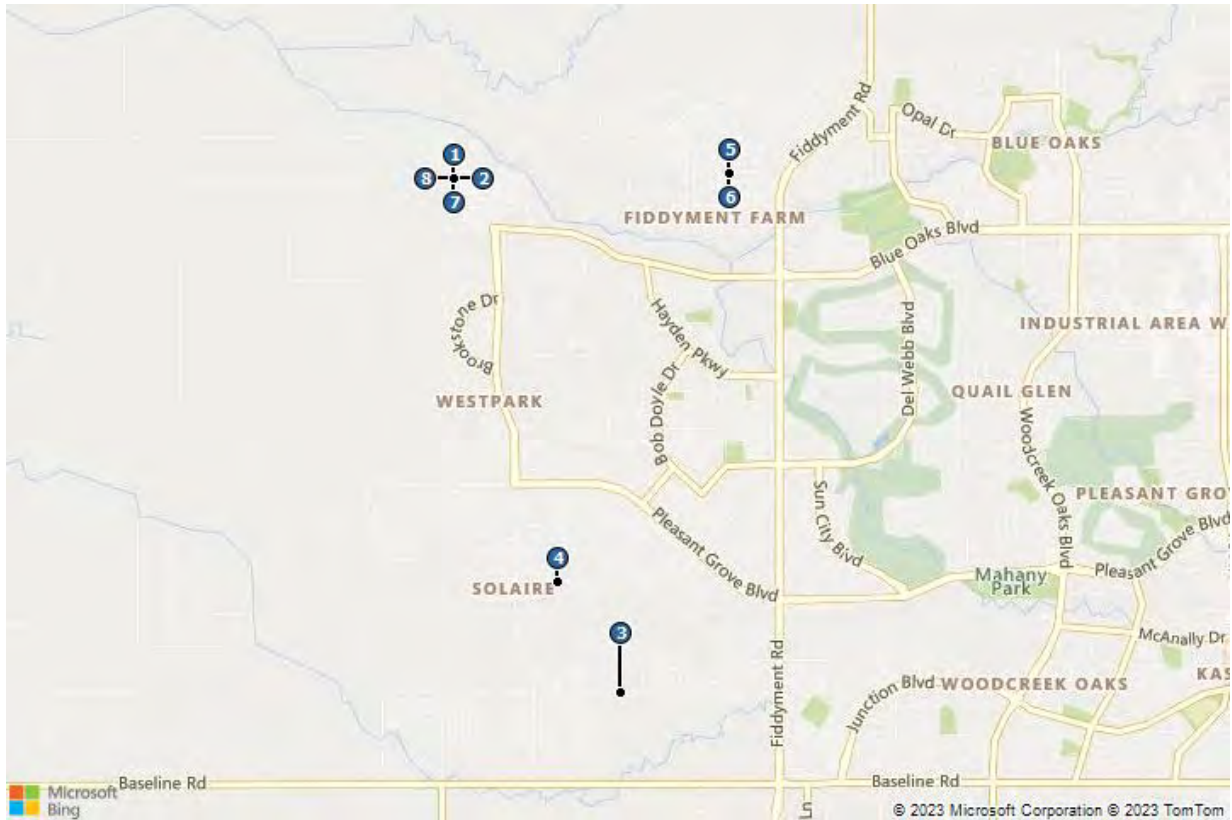
Sales Comparison Approach (MDR)

In the following table, we have arrayed comparable small lot sales that have occurred in West Roseville. The basis of analysis is price per lot. The comparable data includes finished and unimproved transactions (with adjustments for remaining site costs and profit applied to the unimproved transactions). Please refer to the discussion of applicable adjustments presented in the previous LDR lot analysis.

Summary of Comparable Land Sales - MDR Lots

No.	Name/Address	Sale Date; Status	Sale Price; Bond Consideration/Lot	Typical Lot Size	Number of Lots	\$/Lot	Costs to Finish
1	Winding Creek - Village C-21 W/O Westbrook Blvd., N/O Blue Oaks Blvd. Roseville Placer County CA <i>Comments: This comparable represents the sale of 77 finished MDR lots with a typical lot size of 3,600 square feet (45'x80'). Permits & fees are \$86,286 per lot and annual special assessments are \$2,448 per lot. The purchase price is in addition to a Master Marketing Fee of 0.75% of HUD Purchase Price which is to be paid in connection with each home closing.</i>	Apr-23 Closed	\$9,047,500 \$4,896	2,800	77	\$117,500	\$86,286
2	Winding Creek - Village C-22 E/O Westbrook Blvd., N/O Blue Oaks Blvd. Roseville Placer County CA <i>Comments: This comparable represents the sale of 82 finished MDR lots with a typical lot size of 3,600 square feet (45'x80'). Permits & fees are \$86,286 per lot and annual special assessments are \$2,448 per lot. The purchase price is in addition to a Master Marketing Fee of 0.75% of HUD Purchase Price which is to be paid in connection with each home closing.</i>	Mar-23 Closed	\$9,020,000 \$4,896	3,600	82	\$110,000	\$86,286
3	Sierra Vista - Parcel FD-10 NEC of Vista Grande & Westbrook Boulevards Roseville Placer County CA <i>Comments: This comparable represents the sale of 143 finished lots sold in two phases closing 3 months apart (the first one closing in Dec. 2021). Permits and fees average approximately \$53,000 per lot and annual special taxes are \$1,665/lot. The typical lot size is 3,600 square feet.</i>	Mar-22 Closed	\$26,455,000 \$3,330	3,600	143	\$185,000	\$53,000
4	Westpark-Federico Parcel FD-4 W/O Market St., S/O Earl Rush Dr. Roseville Placer County CA <i>Comments: This sale represents the sale of 33 LDR paper lots with a typical lot size of 4,500 square feet in Phase 1 of Westpark-Federico. Permits & Fees are approximately \$62,148/lot and development costs are approximately \$62,437/lot. Annual special taxes are \$1,836/lot. These lots are located within the CIUSD.</i>	Feb-21 Closed	\$2,000,000 \$3,672	4,500	33	\$60,606	\$124,585
5	Fiddymt Ranch, Village F-11B NEQ of Holt Pky, & N. Hayden Pky. Roseville Placer County CA <i>Comments: This comparable represents the sale of 152 finished lots (43'x57') in phase 3 of Fiddymt Farms. Permits & Fees are \$69,529/lot and annual special assessments are \$1,435/lot. Reportedly, the builder is constructing a 152-unit rental project with homes ranging in size from 1,357 to 1,589 square feet.</i>	Jan-21 Closed	\$15,200,000 \$2,870	2,451	152	\$100,000	\$69,529
6	Fiddymt Ranch, Village F-8B (ptn.) S/O Crawford Pky, E/O N. Hayden Pky. Roseville Placer County CA <i>Comments: This comparable represents the sale of 66 finished lots (33'x71') in phase 3 of Fiddymt Farms. These represent alley-loaded lots. Permits & Fees are \$69,529/lot and annual special assessments are \$1,435/lot. This transaction represents a two part phased takedown; the next takedown is for 61 lots and is anticipated to close in June 2021.</i>	Dec-20 Closed	\$6,930,000 \$2,870	2,343	66	\$105,000	\$69,529
7	Winding Creek Parcels C-10 & C-13 W/O Westbrook Blvd., N/O Blue Oaks Blvd. Roseville Placer County CA <i>Comments: This comparable represents the sale of 86 finished lots with a typical lot size of 4,050 square feet. Permits & fees are \$82,223 per lot and annual special assessments are \$2,420 per lot.</i>	Dec-20 Closed	\$112,093 \$4,840	4,050	RS/DS	\$27.68	
8	Winding Creek Parcels C-23 & C-24 W/O Westbrook Blvd., N/O Blue Oaks Blvd. Roseville Placer County CA <i>Comments: This comparable represents the sale of 120 finished MDR lots with a typical lot size of 3,600 square feet (45'x80'). Permits & fees are \$77,026 per lot and annual special assessments are \$1,910 per lot. DR Horton is constructing The Wilds at Winding Creek which will offer plans ranging in size from 1,547 to 1,969 square feet.</i>	Nov-20 Closed	\$105,000 \$3,820	3,600	RS/DS	\$29.17	
Subject Creekview CFD No. 1, IA-2 Roseville, CA				2,800	77		

Comparable Land Sales Map



Land Sales Adjustment Grid - MDR Lots

	Subject	Comparable 1	Comparable 2	Comparable 3	Comparable 4	Comparable 5	Comparable 6	Comparable 7	Comparable 8
Name	Creekview CFD No. 1, IA-2	Winding Creek - Village C-21	Winding Creek - Village C-22	Sierra Vista - Parcel FD-10	Westpark-Federico Parcel FD-4	Fiddymment Ranch, Village F-11B	Fiddymment Ranch, Village F-8B (ptn.)	Winding Creek Parcels C-10 & C-13	Winding Creek Parcels C-23 & C-24
Address	Westbrook Blvd.	W/O Westbrook Blvd., N/O Blue Oaks Blvd.	E/O Westbrook Blvd., N/O Blue Oaks Blvd.	NEC of Vista Grande & Westbrook Boulevards	W/O Market St., S/O Earl Rush Dr.	NEQ of Holt Pky, & N. Hayden Pky.	S/O Crawford Pky, E/O N. Hayden Pky.	W/O Westbrook Blvd., N/O Blue Oaks Blvd.	W/O Westbrook Blvd., N/O Blue Oaks Blvd.
City	Roseville	Roseville	Roseville	Roseville	Roseville	Roseville	Roseville	Roseville	Roseville
County	Placer	Placer	Placer	Placer	Placer	Placer	Placer	Placer	Placer
Sale Date		Apr-23	Mar-23	Mar-22	Feb-21	Jan-21	Dec-20	Dec-20	Nov-20
Sale Status		Closed	Closed	Closed	Closed	Closed	Closed	Closed	Closed
Sale Price		\$9,047,500	\$9,020,000	\$26,455,000	\$2,000,000	\$15,200,000	\$6,930,000	\$9,640,000	\$12,600,000
Number of Lots	77	77	82	143	33	152	66	86	120
Price per Lot		\$117,500	\$110,000	\$185,000	\$60,606	\$100,000	\$105,000	\$112,093	\$105,000
Costs to Finish		\$86,286	\$86,286	\$53,000	\$124,585	\$69,529	\$69,529	\$82,223	\$77,026
Bond Consideration		\$4,896	\$4,896	\$3,330	\$3,672	\$2,870	\$2,870	\$4,840	\$3,820
Price per Lot		\$208,682	\$201,182	\$241,330	\$188,863	\$172,399	\$177,399	\$199,156	\$185,846
Property Rights		Fee Simple	Fee Simple	Fee Simple	Fee Simple	Fee Simple	Fee Simple	Fee Simple	Fee Simple
Adjustment		—	—	—	—	—	—	—	—
Financing Terms		Cash to seller	Cash to seller	Cash to seller	Cash to seller	Cash to seller	Cash to seller	Cash to seller	Cash to seller
Adjustment		—	—	—	—	—	—	—	—
Conditions of Sale		Arm's-length	Arm's-length	Arm's-length	Arm's Length	Arm's Length	Arm's Length	Arm's Length	Arm's Length
Adjustment		—	—	—	—	—	—	—	—
Market Conditions	5/1/2023	Apr-23	Mar-23	Mar-22	Feb-21	Jan-21	Dec-20	Dec-20	Nov-20
Adjustment		—	—	Very Superior	Inferior	Inferior	Inferior	Inferior	Inferior
Location/Community	West Roseville	West Roseville	West Roseville	West Roseville	West Roseville	West Roseville	West Roseville	West Roseville	West Roseville
Adjustment		—	—	—	—	—	—	—	—
Number of Lots	77	77	82	143	33	152	66	86	120
Adjustment		—	—	—	—	—	—	—	—
Typical Lot Size	2,800	2,800	3,600	3,600	4,500	2,451	2,343	4,050	3,600
Adjustment		—	—	—	Superior	—	—	Superior	—
Lot Configuration	Traditional	Traditional	Traditional	Traditional	Traditional	Traditional	Alley-Loaded	Traditional	Traditional
Adjustment		—	—	—	—	—	Inferior	—	—
Lot Premiums/Discounts	Average	Average	Average	Average	Average	Average	Average	Average	Average
Adjustment		—	—	—	—	—	—	—	—
School District	RUSD/RJHSD	RUSD/RJHSD	RUSD/RJHSD	CJUSD	CJUSD	RUSD/RJHSD	RUSD/RJHSD	RUSD/RJHSD	RUSD/RJHSD
Adjustment		—	—	Inferior	Inferior	—	—	—	—
Overall Ranking		Similar	Similar	Superior	Inferior	Inferior	Inferior	Similar	Inferior

Land Value Conclusion

The market data set consists of various sales that are considered reasonable indicators of market value for the fee simple interest in the single-family residential lot category of the subject property. After accounting for remaining site development costs, permits and fees and special taxes, the data set reflects an unadjusted (loaded lot price) range of \$172,399 to \$241,330 per lot.

Based upon the analysis presented, a ranking of the subject and the comparable sales is in the table below:

Bulk Lot Ranking Summary			
Property	Sale Date	\$/ Loaded Lot (Unadjusted)	Net Adjustment
Comparable 3	Mar-22	\$241,330	Superior
Comparable 1	Apr-23	\$208,682	Similar
Comparable 2	Mar-23	\$201,182	Similar
Subject Property	--	\$200,000	--
Comparable 7	Dec-20	\$199,156	Similar
Comparable 4	Feb-21	\$188,863	Inferior
Comparable 8	Nov-20	\$185,846	Inferior
Comparable 6	Dec-20	\$177,399	Inferior
Comparable 5	Jan-21	\$172,399	Inferior

It's worth noting Comparable 3 transferred during a tumultuous period for pricing in bulk lot sales. However, rising interest rates and slowing demand put downward pressure on home and lot prices. Market participants have noted that First Quarter 2022 represented the top of the market and land values have since declined due to the rising interest rates and other economic conditions.

As shown, the loaded lot value indicator for the subject property is estimated to be lower than Comparable 3, generally similar to Comparables 1, 2 and 7 and higher than the balance of the data set. As such, a loaded lot indicator of \$200,000 per lot is concluded for the subject's MDR benchmark lot. As previously mentioned, the fees due at building permit average \$86,286 per lot. As such, our conclusion of improved lot value for the benchmark village is as follows:

Lot Value Conclusion	
Concluded Loaded Lot Value	\$200,000
Less: Permits & Fees	(\$86,286)
Indicated Lot Value (Rd.)	\$114,000

The remaining in-tract and offsite (infrastructure) development costs will be accounted for in the subdivision development method (discounted cash flow), presented later in this report.

Extraction Analysis

As support for the estimate of finished lot value concluded in the sales comparison approach, we utilize an extraction (residual) analysis that takes into account home prices, direct and indirect construction costs, accrued depreciation and developer's incentive in order to arrive at an estimate of finished lot value. The elements of the extraction technique are discussed below.

Revenue

Based on the *Residential Market* section of this report, and considering the developer's proposed home sizes and pricing, as well as typical home prices of nearby projects, we will utilize a typical home size of 1,900 square feet and would have a corresponding base price of \$600,000.

Expense Projections

General and Administrative

These expenses consist of management fees, liability and fire insurance, inspection fees, appraisal fees, legal and accounting fees and copying or publication costs. This expense category typically ranges from 2.5% to 4.0%, depending on length of project and if all of the categories are included in a builder's budget. We have used 3.0% for general and administrative expenses.

Marketing and Sale

These expenses typically consist of advertising and promotion, closing costs, sales operations, and sales commissions. The expenses are expressed as a percentage of the gross sales revenue. The range of marketing and sales expenses typically found in projects within the subject's market area is 5.0% to 6.5%. A figure of 6.0%, or 3.0% for marketing and 3.0% for sales, is estimated in the marketing and sales expense category.

Direct and Indirect Construction Costs

Construction costs are generally classified into direct and indirect costs. Direct costs reflect the cost of labor and materials to build the project. Direct costs generally are lower per square foot for larger floor plans, all else being equal, due to economies of scale. Indirect items are the carrying costs and fees incurred in developing the project and during the construction cycle. Construction quality and market-segment are significant factors that affect direct construction costs. In addition, national/public builders, which are able to achieve lower costs due to the larger scale in which orders are placed, routinely achieve lower direct costs.

Recent conversations with homebuilders confirm construction costs have increased over the last 12 months; consequently, based on the cost comparables, and considering the product line under development, a direct cost estimate of \$115 per square foot is applied to the 1,900 square foot home.

Regarding indirect costs, the following list itemizes some of the typical components that generally comprise indirect costs:

- Architectural and engineering fees for plans, plan checks, surveys and environmental studies
- Appraisal, consulting, accounting and legal fees

- The cost of carrying the investment in land and contract payments during construction. If the property is financed, the points, fees or service charges and interest on construction loans are considered
- All-risk insurance
- The cost of carrying the investment in the property after construction is complete, but before sell-out is achieved
- Developer fee earned by the project coordinator
- Interest reserve

Conversations with homebuilders indicate the indirect costs generally range anywhere from 10% to 15% of the direct costs (excluding marketing, sales, general and administrative expenses, taxes, which are accounted for separately). However, given the recent challenges with supply chain issues and labor shortages reported, an estimate of 20% is considered reasonable for the subject. This factor also considers the additional holding costs referenced above (property taxes, including special taxes).

Permits and Fees

As noted, net permits and fees due at building permit are projected to total \$86,286 per lot.

Accrued Depreciation

For new construction on the subject, an allocation for depreciation (physical, functional, or economic) is not applicable.

Developer's Incentive

According to industry sources, developer's incentive (profit) historically has ranged anywhere from 5% to 25%, with a predominate range of 5% to 15%. Profit is based on the perceived risk associated with the development. Low profit expectations are typical for projects focused on more affordable product with faster sales rates. Higher profit expectations are common in projects with more risk such as developments where sales rates are slower, project size produces an extended holding period or the product type is considered weak or untested.

Elements affecting profit include location, supply/demand, anticipated risk, construction time frame and project type. Another element considered in profit expectations is for the development stage of a project. First phases typically generate a lower profit margin due to cautious or conservative pricing, as new subdivisions in competitive areas must become established to generate a fair market share. Additionally, up front development costs on first phases can produce lower profit margins.

Positive attributes of the subject property include:

- Approved entitlements
- Construction of horizontal improvements are underway
- Steady pricing and steady absorption in the area

There are generally few “negative” attributes associated with the subject property, other than the potential for deterioration in market conditions in the residential sector that would result from a change in macroeconomic factors (e.g., unemployment rates, interest rates, etc.). The prior table at the beginning of the Expense Projections discussion includes survey results for profit expectations of active home builders in the region.

Based on the preceding discussion and developer surveys, we have concluded an estimate of 14% for developer’s incentive.

Conclusion

Our estimates of finished lot value for the subject’s lots via the extraction analysis is presented on the as follows:

Extraction Analysis - MDR Lots			
Revenue			
Average Floor Plan Size	1,900 SF		
Typical Home Price			\$600,000
Expense Projections			
G&A Costs	3.00% of Retail Value	\$18,000	
Marketing/Sales	6.00% of Retail Value	\$36,000	
Average Direct Costs	\$115.00 per SF	\$218,500	
Indirect Costs	20.00% of Direct Costs	\$43,700	
Permits and Fees	\$86,286 per lot	\$86,286	
Developer's Incentive	14.00% of home price	\$84,000	
			\$486,486
Residual Lot Value			\$113,514
		Rd.	\$114,000

Reconciliation of Benchmark Lot Value (MDR)

For the MDR lot category, both the sales comparison approach and the extraction technique yielded a value of \$114,000 per finished lot. As such, our conclusion of value is **\$114,000 per finished lot for the benchmark MDR category.**

Lot Value Conclusions

In this section of the report we will present the conclusion, by larger parcel designation, of the single-family residential lots comprising the subject property. As a starting point we will use the benchmark lot valuations previously presented to value the residential lot holdings.

Benchmark Lot Values

We have set two benchmark lot values based on lot size/density. As discussed earlier in the report, the benchmark parcel selected was C-5 for the LDR lots (typical lot size of 5,000 square feet). The benchmark lot conclusions of value, as shown in the previous section, are \$145,000 per lot for the LDR lots and \$114,000 per lot for the MDR lots (typical lot size of 2,800 square feet).

Lot Size Adjustment

We have estimated a lot size adjustment factor of \$10.00 per square foot for lots greater than and smaller than the benchmark lots, consistent with our market observations.

Residential Lot Revenue

Based on the preceding analysis and discussions, estimates of market value for the varying lot size categories comprising the District is presented in the following table.

Residential Lot Component									
Larger Parcel Designation	Phase	Merchant Builder	Typical Lot Size	Land Use	Benchmark Value	Lot Size Adjustment	Adjusted Lot Value (Rd.)	Acreage	No. of Lots
C-5	3	Lennar	5,000	LDR	\$145,000	\$0	\$145,000	13.60	74
C-6	4	--	4,050	LDR	\$145,000	(\$9,500)	\$136,000	8.00	48
C-7	4	--	5,250	LDR	\$145,000	\$2,500	\$148,000	13.90	74
C-8	4	--	4,050	LDR	\$145,000	(\$9,500)	\$136,000	5.70	32
C-9	3	Woodside Homes	5,500	LDR	\$145,000	\$5,000	\$150,000	21.80	97
C-20	4	--	2,800	MDR	\$114,000	\$0	\$114,000	8.70	77
C-21	3	DR Horton	2,800	MDR	\$114,000	\$0	\$114,000	7.70	77
C-22	3	Meritage	3,600	MDR	\$114,000	\$8,000	\$122,000	<u>11.30</u>	<u>82</u>
Total								90.70	561

Value By Ownership

Introduction

The appraised properties represent certain components of the Westbrook master planned community. In this section, the previously concluded market values will be allocated to each ownership group comprising the appraised properties in order to provide a market value of the appraised properties by ownership and parcel.

The appraised properties consist of 330 finished residential lots and 231 unimproved lots.

In light of the fact the merchant builders have a number of lot(s) that could sell in bulk to one buyer within 12 months, no additional discounting is necessary beyond the market value, in bulk, of the various single-family residential lot categories previously estimated.

Values by Ownership			
Entity	Lots	Value per Lot	Market Value
Hearthstone			
Finished Lots	77	\$114,000	\$8,778,000
Meritage			
Finished Lots	82	\$122,000	\$10,004,000
Woodside			
Finished Lots	97	\$150,000	\$14,550,000
Lennar			
Finished Lots	74	\$145,000	\$10,730,000

Anthem United Creekview Developments, L.P. Ownership

As of the date of value, 231 of the subject lots are held, in bulk, by the master developer, with lingering development cost obligations to consider. As such, in this section, the market value, in bulk, of this landowner will be estimated using a discounted cash flow analysis (subdivision development method).

Discounted Cash Flow Analysis

A discounted cash flow analysis is a procedure in which a discount rate is applied to a projected revenue stream generated from the sale of individual components of a project. In this method of valuation, the appraiser/analyst specifies the quantity, variability, timing and duration of the revenue streams and discounts each to its present value at a specified yield rate.

The four main components of a discounted cash flow analysis are listed as follows:

Revenue – the gross income is based on the individual component values.

Absorption Analysis – the time frame required for sell off. Of primary importance in this analysis is the allocation of the revenue over the absorption period – including the estimation of an appreciation factor (if any).

Expenses – the expenses associated with the sell-off are calculated in this section – including infrastructure costs, administration, marketing and commission costs, as well as taxes and special taxes.

Discount Rate – an appropriate discount rate is derived employing a variety of data.

Discussions of these four concepts follows below, with the discounted cash flow analysis offered at the end of this section.

Revenue

The revenue component associated with the subject includes the concluded LDR and MDR lot value for the different typical lot sizes within the development. The value conclusion is based on the lots in a finished condition; as such, our analysis will address the expenses required to deliver these components in finished condition. The revenue is summarized in the following table.

Total Project Revenue		
Land Component	Not of Lots/Units	Total Revenue
LDR Lots	154	\$21,832,000
MDR Lots	<u>77</u>	<u>\$8,778,000</u>
Total	231	\$30,610,000

Additionally, outside of the expected CFD proceeds, the Developer also receives recoveries for constructing improvements that benefit others (adjacent projects, the City of Roseville, etc.). The mechanism for triggering reimbursement is different for every segment of improvements but will

come in the form of cash or fee credits. These recoveries, which total \$1,551,251, are accounted for commensurate with the timeline presented in the Developer's budget.

Absorption

Absorption rates are best measured by looking at historic absorption rates for similar properties in the region. In developing an appropriate absorption period for the disposition of the parcels, we have considered historic absorption rates for similar properties and also attempted to consider the impacts of present market conditions, as well as the anticipated changes in the market. Real estate is cyclical in nature, and it is difficult to accurately forecast specific demand over a projected absorption period.

In attempting to estimate the exposure time that would be required for the disposition of the lots comprising the subject, both historical exposure times and projected economic conditions have been considered. A number of assumptions are made in the discounted cash flow analysis, not the least of which is the forecast of absorption, or disposition, of the various land use components comprising the subject properties. It is common for surveys of market participants to reveal different estimations of anticipated absorption periods for the sell-off of multiple components comprising a master planned development, or large land holding, with some developers preferring to hasten the holding period in favor of mitigating exposures to fluctuations in market conditions; whereas, other developers prefer to manage the sell-off of the property over an extended period of time so as to minimize direct competition of product within the master planned project – most often associated with large residential developments.

In light of the strength of the residential market in the West Roseville area, but also considering the remaining backbone infrastructure requirements, it is anticipated the disposition of the subject components could occur within 12 months, especially given the improvements underway and the Developer's anticipated timeline.

Expense Projections

Changes in Expenses (Expense Increases or Decreases)

Market participants widely expect expenses to increase either from inflation or labor increases (as workers become less willing to accept lower pay as more sources of work become available). General and administrative and marketing and sale expenses are calculated in this section as a fixed percentage of revenue. Property tax expenses are trended upward, as will be discussed in a later section.

General and Administrative

The general and administrative expense category covers the various administrative costs associated with managing the overall development. This would include management, legal and accounting fees and other professional services common to a development project. For purposes of this analysis, we have estimated this expense at 2% of the total gross sale proceeds. This expense is spread evenly over the entire sellout period.

Marketing and Sales

The costs associated with marketing, commissions and closing costs relative to the disposition of the subject's components are estimated at 2% of the total gross sale proceeds. Although this rate is

somewhat negotiable, it is consistent with current industry trends. Larger transactions, such as the subject, typically have a lower sales commission as a percentage of sale price.

Remaining Site Development Costs

Remaining backbone infrastructure and in-tract costs for Phases 3 and 4 are detailed in the following table:

Remaining Costs		
Total Costs	Costs Spent to Date	Remaining Costs
Phase 3		
\$40,778,117	\$40,758,117	\$20,000
Phase 4		
\$27,227,729	\$9,744,713	<u>\$17,483,016</u>
Total		\$17,503,016

Property Taxes (Ad Valorem and Special Taxes)

This appraisal is predicated on, and assumes, a sale of the appraised property in bulk. Interim ad valorem real estate taxes are based on a tax rate of 1.096136%. This rate is applied to the estimated market value (in bulk) and divided by the total number of lots to yield an estimate of ad valorem taxes/lot/year. The ad valorem taxes are appreciated by 2% per year and the total tax expense is gradually reduced over the absorption period, as the land components are sold off.

For the reader's reference, the ad valorem tax table shown in the analysis reflects annual taxes per residential lot/unit. First, we estimated the total aggregate revenue allocation between the LDR and MDR components, then we multiplied each allocation percentage by the total tax obligation, and then divided this number by the number of lots/units to arrive at estimates of annual tax obligations for each component. Ad valorem taxes are expected to decrease as lots are sold, as they are paid on total existing inventory.

According to the RMA, prepared by EPS (dated May 9, 2022), the annual total maximum special tax payments for the 2022/23 tax year for the various components are as follows:

City of Roseville Creekview CFD No. 1 (IA2)

Proposed Land Use	Special Tax Per Lot/Unit/Acre
LDR	\$3,111
MDR	\$2,448

Creekview CFD No. 1 (Public Infrastructure) - Services Tax

Proposed Land Use	Special Tax Per Lot/Unit/Acre
LDR	\$1,556
MDR	\$1,224

Both special tax categories have an annual maximum escalation of 2% per year. Please note, the Services special tax is not levied until the “Transition Event” which is the earlier of (a) after the Initial Bonding period, the Fiscal Year in which the Administrator determines the Development Impact Fee Deferral, and any eligible Pay-As-You-Go Costs have been repaid in full to the City and City determines funding is no longer needed for Annual Facilities Costs, or (b) Fiscal Year 2086-87.

CFD No. 1 (IA2) Special Taxes are levied at recordation of Final Map, which will occur upon completion of site development and sale to merchant builders (Period 4 of the discounted cash flow model).

Discount Rate

The project yield rate is the rate of return on the total un-leveraged investment in a development, including both equity and debt. The leveraged yield rate is the rate of return to the “base” equity position when a portion of the development is financed. The “base” equity position represents the total equity contribution. The developer/builder may have funded all of the equity contribution, or a consortium of investors/builders as in a joint venture may fund it. Most surveys indicate that the threshold project yield requirement is about 20% to 30% for production home type projects. Instances in which project yields may be less than 20% often involve profit participation arrangements in master planned communities where the master developer limits the number of competing tracts.

According to a leading publication within the appraisal industry, the PwC Real Estate Investor Survey^[1], discount rates for land development projects ranged from 12.00% to 30.00%, with an average of 18.70% during the Fourth Quarter 2022, which is 150 basis points higher than the average reported in the Second Quarter 2022, 200 basis points higher than a year ago, and assumes entitlements are in place. Without entitlements in place, certain investors will increase the discount rate an average of 213 basis points.

According to the data presented in the survey prepared by PwC, the majority of those respondents who use the discounted cash flow (DCF) method do so free and clear of financing. Additionally, the participants reflect a preference in including the developer’s profit in the discount rate, versus a separate line item for this factor. As such, the range of rates presented above is inclusive of the

^[1] [PwC Real Estate Investor Survey](#), PricewaterhouseCoopers, 4th Quarter 2022.

developer's profit projection.

The discount rates are based on a survey that includes residential, office, retail and industrial developments. Participants in the survey indicate the highest expected returns are on large-scale, unapproved developments. The low end of the range was extracted from projects where certain development risks had been lessened or eliminated. Several respondents indicate they expect slightly lower returns when approvals/entitlements are already in place.

Excerpts from recent PwC surveys are copied below.

"Confronted with inflation, rising interest rates, economic uncertainty, and a slowdown in tenant demand, it is not surprising that most surveyed investors expect property values to decline over the next 12 months...When looking at macro development prospects for the five major commercial real estate sectors included in *Emerging Trends*, only the hotel sector shows an improvement in its rating from last year... Although the industrial/distribution and multi-family sectors boast the highest ratings for 2023, they both slip this year among respondents... From a micro standpoint, the top-five property types for development prospects in 2023 are datacenters, fulfillment, moderate-income/workforce apartments, life-science facilities, and single-family rental housing." Labor costs and availability as well as material costs are among the top three reported development issues for 2023. (Fourth Quarter 2022)

"Compared to five years ago, both the apartment and industrial sectors show strong gains in their ratings, while the other three sectors [retail, office, hotel] see their ratings decline...From a micro standpoint, the top five property types for development prospects in 2022 are fulfillment, life science facilities, warehouse, single-family rental housing, and moderate-income/workforce apartments." Among the top five development issues as reported among *Emerging Trends* Respondents are construction material costs, construction labor costs, construction labor availability, land costs and state & local regulations. (Fourth Quarter 2021)

"2020 revealed that where people work and where people live can be very far apart," says a development land participant. This philosophy is a driving force behind a resurgence of new-home construction in the United States. In the nonresidential sector, each segment reported year-over-year declines in spending as of March 2021. Over the next 12 months, surveyed investors are most optimistic regarding value trends for the national development land market. Their expectations range from a decline of 5.0% to growth of 25.0% with an average expected value change of +5.8%. This average is better than where it was six months ago (+4.9%), as well as a year ago (-6.9%). (Second Quarter 2021)

For 2021, most *Emerging Trends* respondents (53.0%) believe that debt capital for development and redevelopment will be undersupplied. This percentage is more than twice the figure from last year's report and is likely due to the uncertainty tied to the pandemic. Interestingly, the percentage of respondents that feel debt capital for such projects will be "in balance" drops this year to 35.0% – down from 57.0% in 2020. (Fourth Quarter 2020)

Amid the COVID-19 crisis, participants in the national development land market are looking to reduce leverage, lessen their holding costs, and preserve cash flow. “These are highly uncertain times, and we are moving in a direction no one thought we’d be headed a few months ago,” shares a participant. Although some investors are looking to acquire distressed properties, it is difficult to ascertain pricing amid such uncertainty. For now, most investors are content to wait on the sidelines for a clearer path to emerge before they formulate new strategies for the rest of 2020 and beyond. (Second Quarter 2020)

Project Yield Rate Survey

Data Source	Yield / IRR Expectations (Inclusive of Profit)
PwC Real Estate Investor Survey - Fourth Quarter 2022 (updated semi-annually)	Range of 12.0% to 30.0%, with an average of 18.70%, on an unleveraged basis, for land development (national average)
National Builder	20% to 25% for entitled lots
Regional Builder	18% to 25%. Longer term, higher risk projects on higher side of the range, shorter term, lower risk projects on the lower side of the range. Long term speculation properties (10 to 20 years out) often closer to 30%.
National Builder	18% minimum, 20% target
Developer	Minimum IRR of 20-25%; for an 8 to 10 year cash flow, mid to upper 20% range
Developer	25% IRR for land development is typical (no entitlements); slightly higher for properties with significant infrastructure costs
Land Management Company	20% to 30% IRR for land development deals on an unleveraged basis
Land Developer	35% for large land deals from raw unentitled to tentative map stage, unleveraged or leveraged. 25% to 30% from tentative map to pad sales to merchant builders, unleveraged
Land Developer	18% to 22% for land with some entitlements, unleveraged. 30% for raw unentitled land
Real Estate Consulting Firm	Low 20% range yield rate required to attract capital to longer-term land holdings
Land Developer	Merchant builder yield requirements in the 20% range for traditionally financed tract developments. Larger land holdings would require 25% to 30%. Environmentally challenged or politically risky development could well run in excess of 35%.
Regional Builder	10% discount rate excluding profit for single-family subdivisions
National Builder	10% to 40% for single-family residential subdivisions with 1-2 year development timelines
Regional Builder	15% to 20% IRR
Regional Builder	No less than 20% IRR for land development, either entitled or unentitled
Land Developer	20% to 30% for an unentitled property; the lower end of the range would reflect those properties close to tentative maps
Regional Builder	No less than 30% when typical entitlement risk exists

There are several positive attributes associated with the subject property that we consider in our selection of a discount rate, including (but not necessarily limited to):

- Location within the West Roseville area, which is one of the most desirable communities for new home construction and new home purchases in the Sacramento region;
- Entitlement status of the subject property with final maps in place for Phase 3;

- Recent momentum in bulk lot purchases by regional and/or national builders in the West Roseville area
- The subject's Phase 4 lots have all recently transferred to different merchant builders

Even though much of the entitlement risk and the extent of the development and mitigation costs have been mitigated and quantified, there is risk associated with estimating the timing that the subject components will be sold off. In addition, there is risk associated with unforeseen factors such as broad economic declines and job losses as well as competition from other projects proximate to the subject. With respect to developable residential land, in the midst of some stagnation in the global and national economy and many segments of the commercial market, several merchant builders remain focused on their supply of buildable residential lots over the next 12 to 36 months. Thus, recent evidence demonstrates ongoing interest in a future supply of single-family residential lots in primary market areas, with sales occurring, post COVID-19 pandemic, at price points commensurate with pre-pandemic prices. Considering these factors, and the positive and negative characteristics previously described, an internal rate of return of **10%** is estimated for the entire subject.

Conclusion

The discounted cash flow analysis (subdivision development method) is presented on the following page.

Subdivision Development Method									
Inputs									
Number of MDR Lots	77	Ad Valorem Tax Table							
Total MDR Revenue	\$8,778,000	Annual Increase in Property Taxes 2%							
Total MDR Revenue per Lot	\$114,000	First Year Annual Taxes/MDR Lot \$498							
		First Year Annual Taxes/LDR Lot \$620							
Number of LDR Lots	154								
Total LDR Revenue	\$21,832,000								
Total LDR Revenue per Lot	\$141,766								
General & Administrative	2.0%	Special Assessments							
Marketing and Commissions	2.0%								
Remaining In-tract Costs	\$12,069,433								
Remaining Backbone Infrastructure	\$5,433,583								
Revenue, Expenses and Valuation									
MDR Revenue	Period (3 mos)	1	2	3	3	Total			
Sales (Lots):		0	0	0	77	77			
End of Period Inventory		77	77	77	0	0			
Total Period Inventory		77	77	77	77	77			
MDR Revenue	\$	-	\$	-	\$	-	\$	8,778,000	\$ 8,778,000
LDR Revenue									
Sales (Lots):		0	0	0	154	154			
End of Period Inventory		154	154	154	0	0			
Total Period Inventory		154	154	154	154	154			
LDR Revenue	\$	-	\$	-	\$	-	\$	21,832,000	\$ 21,832,000
Total Sales Revenue	\$	-	\$	-	\$	-	\$	30,610,000	\$ 30,610,000
Recoveries	\$	480,233	\$	213,437	\$	657,484	\$	200,097	\$ 1,551,251
Total Aggregate Revenue	\$	480,233	\$	213,437	\$	657,484	\$	30,810,097	\$ 32,161,251
Expenses	All Categories								
General & Administrative	\$	(153,050)	\$	(153,050)	\$	(153,050)	\$	(153,050)	\$ (612,200)
Marketing/Commissions	\$	-	\$	-	\$	-	\$	(612,200)	\$ (612,200)
In-tract Costs		0%	0%	50%	50%	100%			
	\$	-	\$	-	\$	(6,034,717)	\$	(6,034,717)	\$ (12,069,433)
Backbone Infrastructure		0%	0%	50%	50%	100%			
	\$	-	\$	-	\$	(2,716,792)	\$	(2,716,792)	\$ (5,433,583)
MDR Only									
Ad Valorem Taxes	\$	(9,595)	\$	(9,595)	\$	(9,595)	\$	(9,595)	\$ (38,381)
Creekview CFD#1	\$	-	\$	-	\$	-	\$	(47,124)	\$ (47,124)
LDR Only									
Ad Valorem Taxes	\$	(23,864)	\$	(23,864)	\$	(23,864)	\$	(23,864)	\$ (95,458)
Creekview CFD#1	\$	-	\$	-	\$	-	\$	(119,774)	\$ (119,774)
Total Expenses	\$	(186,510)	\$	(186,510)	\$	(8,938,018)	\$	(9,717,115)	\$ (19,028,152)
Net Income	\$	293,723	\$	26,927	\$	(8,280,534)	\$	21,092,982	\$ 13,133,099
Internal Rate of Return	10.00%	0.97561	0.95181	0.92860	0.92860				
Discounted Cash Flow	\$	286,559	\$	25,630	\$	(7,689,299)	\$	19,586,931	\$ 12,209,821
Net Present Value	\$	12,209,821							
Conclusion of Value by Discounted Cash Flow Analysis (Rd.)									\$ 12,210,000

Final Opinion of Value

As a result of our analysis, it is our opinion the cumulative, or aggregate, value of the appraised properties, in accordance with the assumptions and conditions set forth in the attached document, as of May 1, 2023, is as follows:

Value Conclusions		
Entity	Lots	Aggregate Market Value
Hearthstone		
Finished Lots	77	\$8,778,000
Meritage		
Finished Lots	82	\$10,004,000
Woodside		
Finished Lots	97	\$14,550,000
Lennar Homes		
Finished Lots	74	\$10,730,000
Anthem United Creekview Developments LP		
Undeveloped Lots	<u>231</u>	<u>\$12,210,000</u>
Aggregate, or Cumulative, Value of Appraised Properties	561	\$56,272,000

Extraordinary Assumptions and Hypothetical Conditions

The value conclusions are subject to the following extraordinary assumptions. An extraordinary assumption is an assignment-specific assumption as of the effective date regarding uncertain information used in an analysis which, if found to be false, could alter the appraiser's opinions or conclusions.

1. According to the cost budget provided, the Developer is obligated to complete significant infrastructure improvements benefitting both the subject property, as well as adjacent projects in Fiddymont Farms, Westpark and the Amoruso Specific Plan. Such development includes improvements to Blue Oaks Boulevard and Westbrook Boulevard. Completion of these improvements will generate City credits and/or reimbursements from future developers. The intent herein is to capture the increment of benefit associated with completion of the area wide improvements by the Developer. Should such credits/reimbursements not be received by the Developer, the estimate of value herein will likely be negatively impacted.

The value conclusions are based on the following hypothetical conditions. A hypothetical condition is a condition, directly related to a specific assignment, which is contrary to what is known by the appraiser to exist on the effective date of the assignment results, but is used for the purpose of analysis.

1. It is a hypothetical condition of the Appraisal that certain proceeds from the Bonds are available to reimburse for certain infrastructure improvements already completed or impact fees paid. The estimate of market value, by ownership, accounts for the impact of the proposed Lien of the Special Taxes securing the Bonds.

The use of any extraordinary assumption or hypothetical condition may have affected the assignment results.

Exposure Time

Exposure time is the period a property interest would have been offered on the market prior to the hypothetical consummation of a sale at market value on the effective date of the appraisal. In attempting to estimate a reasonable exposure time for the subject property, we looked at both the historical exposure times of a number of sales, as well as current and past economic conditions. Based on a survey of market participants, a transfer of land properties in the region typically occurs within **12** months of exposure. It is estimated the exposure time for the subject property, if appropriately priced, would have been within **12** months of initial exposure.

Marketing Period

Marketing time is an estimate of the time to sell a property interest in real estate at the estimated market value during the period immediately after the effective date of value. A reasonable marketing time is estimated by comparing the recent exposure time of similar properties, and then taking into consideration current and future economic conditions and how they may impact marketing of the subject property.

Certification

We certify that, to the best of our knowledge and belief:

1. The statements of fact contained in this report are true and correct.
2. The reported analyses, opinions, and conclusions are limited only by the reported assumptions and limiting conditions, and are our personal, impartial, and unbiased professional analyses, opinions, and conclusions.
3. We have no present or prospective interest in the property that is the subject of this report and no personal interest with respect to the parties involved.
4. We have previously appraised the property that is the subject of this report.
5. We have no bias with respect to the property that is the subject of this report or to the parties involved with this assignment.
6. Our engagement in this assignment was not contingent upon developing or reporting predetermined results.
7. Our compensation for completing this assignment is not contingent upon the development or reporting of a predetermined value or direction in value that favors the cause of the client, the amount of the value opinion, the attainment of a stipulated result, or the occurrence of a subsequent event directly related to the intended use of this appraisal.
8. Our analyses, opinions, and conclusions were developed, and this report has been prepared, in conformity with the Uniform Standards of Professional Appraisal Practice as well as applicable state appraisal regulations.
9. The reported analyses, opinions, and conclusions were developed, and this report has been prepared, in conformity with the Code of Professional Ethics and Standards of Professional Appraisal Practice of the Appraisal Institute.
10. The use of this report is subject to the requirements of the Appraisal Institute relating to review by its duly authorized representatives.
11. Kevin Ziegenmeyer, MAI, Eric Segal, MAI, and Kari Tatton have made a personal inspection of the property that is the subject of this report.
12. No one provided significant real property appraisal assistance to the person(s) signing this certification.
13. We have experience in appraising properties similar to the subject and are in compliance with the Competency Rule of USPAP.
14. As of the date of this report, Kevin Ziegenmeyer, MAI, and Eric Segal, MAI, have completed the continuing education program for Designated Members of the Appraisal Institute.



Kevin Ziegenmeyer, MAI
Certified General Real Estate Appraiser
California Certificate # AG013567



Kari Tatton
Certified General Real Estate Appraiser
California Certificate # 3002218



Eric Segal, MAI
Certified General Real Estate Appraiser
California Certificate # AG026558

Assumptions and Limiting Conditions

This appraisal and any other work product related to this engagement are limited by the following standard assumptions, except as otherwise noted in the report:

1. The title is marketable and free and clear of all liens, encumbrances, encroachments, easements and restrictions. The property is under responsible ownership and competent management and is available for its highest and best use.
2. There are no existing judgments or pending or threatened litigation that could affect the value of the property.
3. There are no hidden or undisclosed conditions of the land or of the improvements that would render the property more or less valuable. Furthermore, there is no asbestos in the property.
4. The revenue stamps placed on any deed referenced herein to indicate the sale price are in correct relation to the actual dollar amount of the transaction.
5. The property is in compliance with all applicable building, environmental, zoning, and other federal, state and local laws, regulations and codes.
6. The information furnished by others is believed to be reliable, but no warranty is given for its accuracy.

This appraisal and any other work product related to this engagement are subject to the following limiting conditions, except as otherwise noted in the report:

1. An appraisal is inherently subjective and represents our opinion as to the value of the property appraised.
2. The conclusions stated in our appraisal apply only as of the effective date of the appraisal, and no representation is made as to the effect of subsequent events.
3. No changes in any federal, state or local laws, regulations or codes (including, without limitation, the Internal Revenue Code) are anticipated.
4. No environmental impact studies were either requested or made in conjunction with this appraisal, and we reserve the right to revise or rescind any of the value opinions based upon any subsequent environmental impact studies. If any environmental impact statement is required by law, the appraisal assumes that such statement will be favorable and will be approved by the appropriate regulatory bodies.
5. Unless otherwise agreed to in writing, we are not required to give testimony, respond to any subpoena or attend any court, governmental or other hearing with reference to the property without compensation relative to such additional employment.
6. We have made no survey of the property and assume no responsibility in connection with such matters. Any sketch or survey of the property included in this report is for illustrative purposes only and should not be considered to be scaled accurately for size. The appraisal

- covers the property as described in this report, and the areas and dimensions set forth are assumed to be correct.
7. No opinion is expressed as to the value of subsurface oil, gas or mineral rights, if any, and we have assumed that the property is not subject to surface entry for the exploration or removal of such materials, unless otherwise noted in our appraisal.
 8. We accept no responsibility for considerations requiring expertise in other fields. Such considerations include, but are not limited to, legal descriptions and other legal matters such as legal title, geologic considerations such as soils and seismic stability; and civil, mechanical, electrical, structural and other engineering and environmental matters. Such considerations may also include determinations of compliance with zoning and other federal, state, and local laws, regulations and codes.
 9. The distribution of the total valuation in the report between land and improvements applies only under the reported highest and best use of the property. The allocations of value for land and improvements must not be used in conjunction with any other appraisal and are invalid if so used. The appraisal report shall be considered only in its entirety. No part of the appraisal report shall be utilized separately or out of context.
 10. Neither all nor any part of the contents of this report (especially any conclusions as to value, the identity of the appraisers, or any reference to the Appraisal Institute) shall be disseminated through advertising media, public relations media, news media or any other means of communication (including without limitation prospectuses, private offering memoranda and other offering material provided to prospective investors) without the prior written consent of the persons signing the report.
 11. Information, estimates and opinions contained in the report and obtained from third-party sources are assumed to be reliable and have not been independently verified.
 12. Any income and expense estimates contained in the appraisal report are used only for the purpose of estimating value and do not constitute predictions of future operating results.
 13. If the property is subject to one or more leases, any estimate of residual value contained in the appraisal may be particularly affected by significant changes in the condition of the economy, of the real estate industry, or of the appraised property at the time these leases expire or otherwise terminate.
 14. Unless otherwise stated in the report, no consideration has been given to personal property located on the premises or to the cost of moving or relocating such personal property; only the real property has been considered.
 15. The current purchasing power of the dollar is the basis for the values stated in the appraisal; we have assumed that no extreme fluctuations in economic cycles will occur.
 16. The values found herein are subject to these and to any other assumptions or conditions set forth in the body of this report but which may have been omitted from this list of Assumptions and Limiting Conditions.
 17. The analyses contained in the report necessarily incorporate numerous estimates and assumptions regarding property performance, general and local business and economic

- conditions, the absence of material changes in the competitive environment and other matters. Some estimates or assumptions, however, inevitably will not materialize, and unanticipated events and circumstances may occur; therefore, actual results achieved during the period covered by our analysis will vary from our estimates, and the variations may be material.
18. The Americans with Disabilities Act (ADA) became effective January 26, 1992. We have not made a specific survey or analysis of the property to determine whether the physical aspects of the improvements meet the ADA accessibility guidelines. We claim no expertise in ADA issues, and render no opinion regarding compliance of the subject with ADA regulations. Inasmuch as compliance matches each owner's financial ability with the cost to cure the non-conforming physical characteristics of a property, a specific study of both the owner's financial ability and the cost to cure any deficiencies would be needed for the Department of Justice to determine compliance.
 19. The appraisal report is prepared for the exclusive benefit of the Client, its subsidiaries and/or affiliates. It may not be used or relied upon by any other party. All parties who use or rely upon any information in the report without our written consent do so at their own risk.
 20. No studies have been provided to us indicating the presence or absence of hazardous materials on the subject property or in the improvements, and our valuation is predicated upon the assumption that the subject property is free and clear of any environment hazards including, without limitation, hazardous wastes, toxic substances and mold. No representations or warranties are made regarding the environmental condition of the subject property. Integra Realty Resources – Sacramento, Integra Realty Resources, Inc., Integra Strategic Ventures, Inc. and/or any of their respective officers, owners, managers, directors, agents, subcontractors or employees (the "Integra Parties"), shall not be responsible for any such environmental conditions that do exist or for any engineering or testing that might be required to discover whether such conditions exist. Because we are not experts in the field of environmental conditions, the appraisal report cannot be considered as an environmental assessment of the subject property.
 21. The persons signing the report may have reviewed available flood maps and may have noted in the appraisal report whether the subject property is located in an identified Special Flood Hazard Area. We are not qualified to detect such areas and therefore do not guarantee such determinations. The presence of flood plain areas and/or wetlands may affect the value of the property, and the value conclusion is predicated on the assumption that wetlands are non-existent or minimal.
 22. Integra Realty Resources – Sacramento is not a building or environmental inspector. Integra Sacramento does not guarantee that the subject property is free of defects or environmental problems. Mold may be present in the subject property and a professional inspection is recommended.
 23. The appraisal report and value conclusions for an appraisal assume the satisfactory completion of construction, repairs or alterations in a workmanlike manner.
 24. It is expressly acknowledged that in any action which may be brought against any of the Integra Parties, arising out of, relating to, or in any way pertaining to this engagement, the

- appraisal reports, and/or any other related work product, the Integra Parties shall not be responsible or liable for any incidental or consequential damages or losses, unless the appraisal was fraudulent or prepared with intentional misconduct. It is further acknowledged that the collective liability of the Integra Parties in any such action shall not exceed the fees paid for the preparation of the appraisal report unless the appraisal was fraudulent or prepared with intentional misconduct. Finally, it is acknowledged that the fees charged herein are in reliance upon the foregoing limitations of liability.
25. Integra Realty Resources – Sacramento, an independently owned and operated company, has prepared the appraisal for the specific intended use stated elsewhere in the report. The use of the appraisal report by anyone other than the Client is prohibited except as otherwise provided. Accordingly, the appraisal report is addressed to and shall be solely for the Client's use and benefit unless we provide our prior written consent. We expressly reserve the unrestricted right to withhold our consent to your disclosure of the appraisal report or any other work product related to the engagement (or any part thereof including, without limitation, conclusions of value and our identity), to any third parties. Stated again for clarification, unless our prior written consent is obtained, no third party may rely on the appraisal report (even if their reliance was foreseeable).
26. The conclusions of this report are estimates based on known current trends and reasonably foreseeable future occurrences. These estimates are based partly on property information, data obtained in public records, interviews, existing trends, buyer-seller decision criteria in the current market, and research conducted by third parties, and such data are not always completely reliable. The Integra Parties are not responsible for these and other future occurrences that could not have reasonably been foreseen on the effective date of this assignment. Furthermore, it is inevitable that some assumptions will not materialize and that unanticipated events may occur that will likely affect actual performance. While we are of the opinion that our findings are reasonable based on current market conditions, we do not represent that these estimates will actually be achieved, as they are subject to considerable risk and uncertainty. Moreover, we assume competent and effective management and marketing for the duration of the projected holding period of this property.
27. All prospective value opinions presented in this report are estimates and forecasts which are prospective in nature and are subject to considerable risk and uncertainty. In addition to the contingencies noted in the preceding paragraph, several events may occur that could substantially alter the outcome of our estimates such as, but not limited to changes in the economy, interest rates, and capitalization rates, behavior of consumers, investors and lenders, fire and other physical destruction, changes in title or conveyances of easements and deed restrictions, etc. It is assumed that conditions reasonably foreseeable at the present time are consistent or similar with the future.
28. The appraisal is also subject to the following:

Extraordinary Assumptions and Hypothetical Conditions

The value conclusions are subject to the following extraordinary assumptions. An extraordinary assumption is an assignment-specific assumption as of the effective date regarding uncertain information used in an analysis which, if found to be false, could alter the appraiser's opinions or conclusions.

1. According to the cost budget provided, the Developer is obligated to complete significant infrastructure improvements benefitting both the subject property, as well as adjacent projects in Fiddymont Farms, Westpark and the Amoruso Specific Plan. Such development includes improvements to Blue Oaks Boulevard and Westbrook Boulevard. Completion of these improvements will generate City credits and/or reimbursements from future developers. The intent herein is to capture the increment of benefit associated with completion of the area wide improvements by the Developer. Should such credits/reimbursements not be received by the Developer, the estimate of value herein will likely be negatively impacted.

The value conclusions are based on the following hypothetical conditions. A hypothetical condition is a condition, directly related to a specific assignment, which is contrary to what is known by the appraiser to exist on the effective date of the assignment results, but is used for the purpose of analysis.

1. It is a hypothetical condition of the Appraisal that certain proceeds from the Bonds are available to reimburse for certain infrastructure improvements already completed or impact fees paid. The estimate of market value, by ownership, accounts for the impact of the proposed Lien of the Special Taxes securing the Bonds.

The use of any extraordinary assumption or hypothetical condition may have affected the assignment results.

Addendum A

Appraiser Qualifications

Kevin Ziegenmeyer, MAI

Experience

Mr. Ziegenmeyer is a Certified General real estate appraiser and holds the Appraisal Institute's MAI designation. In 1989, Mr. Ziegenmeyer began his career in real estate as a controller for a commercial and residential real estate development corporation. In 1991 he began appraising and continued to be involved in appraisal assignments covering a wide variety of properties, including office, retail, industrial, residential income and subdivisions throughout the state of California, and Northern Nevada. Mr. Ziegenmeyer handles many of the firm's master-planned property appraisals and over the past two decades has developed expertise in the valuation of Community Facilities Districts and Assessment Districts. In fact, Mr. Ziegenmeyer was one of five appraisers to collaborate with other professionals in developing the appraisal guidelines for the California Debt and Investment Advisory Commission (Recommended Practices in the Appraisal of Real Estate for Land-Secured Financing - 2004). He has developed the experience and background necessary to deal with complex assignments covering an array of property types, with a particular focus on urban redevelopment in the cities and counties of San Francisco, Dublin, Monterey, Newport Beach, Alameda, Napa and San Mateo. In early 2015, Mr. Ziegenmeyer obtained the Appraisal Institute's MAI designation. Kevin is currently Senior Managing Director of the Integra-San Francisco office and Managing Director of the Integra-Sacramento office.

Licenses

California, Certified General Real Estate Appraiser, AG013567, Expires June 2023

Education

Academic:

Bachelor of Science in Accounting, Azusa Pacific University, California

Appraisal and Real Estate Courses:

Standards of Professional Practice, Parts A, B & C

Basic Valuation Procedures

Real Estate Appraisal Principles

Capitalization Theory and Techniques, Part A

Advanced Income Capitalization

Report Writing and Valuation Analysis

Advanced Applications

IRS Valuation Summit I & II

2008, 2009, 2010 & 2011 Economic Forecast

Business Practices and Ethics

Contemporary Appraisal Issues with Small Business Administration Financing

General Demonstration Appraisal Report Writing Seminar

7-Hour National USPAP Update Course

Valuation of Easements and Other Partial Interests

2009 Summer Conference

Uniform Appraisal Standards for Federal Land Acquisitions

2008 Economic Update

Valuation of Conservation Easements

Subdivision Valuation

2005 Annual Fall Conference

Integra Realty Resources - Sacramento

590 Menlo Drive
Suite 1
Rocklin, CA 95765

T 916-435-3883
F 916-435-4774

irr.com



Kevin Ziegenmeyer, MAI

Education (Cont'd)

Land Valuation Adjustment Procedures
Highest & Best Use and Market Analysis
Entitlements, Land Subdivision & Valuation
Real Estate Value Cycles
El Dorado Hills Housing Symposium
Federal Land Exchanges
M & S Computer Cost-Estimating, Nonresidential

Integra Realty Resources
San Francisco

San Francisco, CA 95765

T 916-435-3883

F 916-435-4774

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Business, Consumer Services & Housing Agency
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Kevin K. Ziegenmeyer

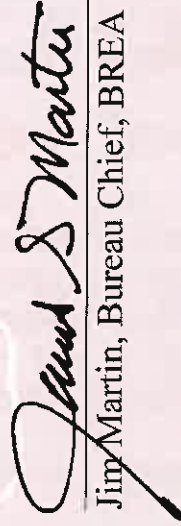
has successfully met the requirements for a license as a residential and commercial real estate appraiser in the State of California and is, therefore, entitled to use the title:

"Certified General Real Estate Appraiser"

This license has been issued in accordance with the provisions of the Real Estate Appraisers' Licensing and Certification Law.

BREA APPRAISER IDENTIFICATION NUMBER: AG 013567

Effective Date: June 5, 2019
Date Expires: June 4, 2021


Jim Martin, Bureau Chief, BREB

3045137

Eric Segal, MAI

Experience

Mr. Segal is a Certified General real estate appraiser and holds the Appraisal Institute's MAI designation. In 1998, Mr. Segal began his career in real estate as a research analyst/appraiser trainee for Richard Seevers and Associates. By 1999, he began writing narrative appraisal reports covering a variety of commercial properties, with an emphasis on residential master planned communities and subdivisions. Today, Mr. Segal is a partner in the firm and is involved in appraisal assignments covering a wide variety of properties including office, retail, industrial, multifamily housing, master planned communities, and specializes in the appraisal of Mello-Roos Community Facilities Districts and Assessment Districts for land-secured municipal financings, as well as multifamily developments under the U.S. Department of Housing and Urban Development's Multifamily Accelerated Processing (MAP) Guide. He has developed the experience and background necessary to deal with complex assignments covering an array of property types, with a particular focus on urban redevelopment in the cities of San Francisco, Monterey, Alameda and San Mateo. He has developed the experience and background necessary to deal with complex assignments covering an array of property types. Eric is currently Managing Director of the Integra-San Francisco office as well as Integra-Sacramento office.

Professional Activities & Affiliations

Appraisal Institute, Member (MAI) Appraisal Institute, January 2016

Licenses

California, Certified General Real Estate Appraiser, AG026558, Expires February 2023

Nevada, Certified General, A.0207666-CG, Expires January 2025

Arizona, Certified General, CGA - 1006422, Expires January 2024

Washington, Certified General, 20100611, Expires June 2023

Education

Academic:

Bachelor of Science in Business Administration (Concentrations in Finance and Real Estate & Land Use Affairs), California State University, Sacramento

Appraisal and Real Estate Courses:

Uniform Standards of Professional Appraisal Practice

Appraisal Principles

Basic Income Capitalization

Highest & Best Use and Market Analysis

Advanced Income Capitalization

Report Writing and Valuation Analysis

Self-Storage Economics and Appraisal Seminar

Appraisal Litigation Practice and Courtroom Management

Hotel Valuations: New Techniques for today's Uncertain Times

Computer Enhanced Cash Flow Modeling

Advanced Sales Comparison & Cost Approaches

Advanced Applications

Supervisor-Trainee Course for California

Integra Realty Resources - Sacramento

590 Menlo Drive
Suite 1
Rocklin, CA 95765

T 916.435.3883
F 916.435.4774

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REAL ESTATE APPRAISER LICENSE

Eric A. Segal

has successfully met the requirements for a license as a residential and commercial real estate appraiser in the State of California and is, therefore, entitled to use the title:

“Certified General Real Estate Appraiser”

This license has been issued in accordance with the provisions of the Real Estate Appraisers' Licensing and Certification Law.

BREA APPRAISER IDENTIFICATION NUMBER: AG 026558

Effective Date: February 19, 2023
Date Expires: February 18, 2025

Angela Jemmott
Angela Jemmott, Bureau Chief, BREA

3069186

Kari Tatton

Experience

Ms. Tatton is a Certified General real estate appraiser. After completing her bachelor's degree at California State University, Sacramento, Ms. Tatton began her career in real estate in March 2011, and has been writing narrative appraisal reports for a variety of commercial properties including office, retail, industrial, multifamily housing, land and special-purpose properties including self-storage facilities, religious facilities, schools and auto dealerships. She specializes in the appraisal of residential master planned communities and subdivisions, as well as Mello-Roos and Assessment Districts for land-secured municipal financings.

Licenses

California, Certified General Real Estate, 3002218, Expires June 2024

Education

Academic:

Bachelor of Arts in Interior Design (Concentration in Interior Architecture)
California State University, Sacramento

Appraisal and Real Estate Courses:

Basic Appraisal Principles
Basic Appraisal Procedures
Site Valuation & Cost Approach
General Market Analysis & Highest and Best Use
Sales Comparison Approach
Income Capitalization Approach Part I
Income Capitalization Approach Part II
General Appraiser Report Writing and Case Studies
Appraisal of Fast Food Facilities
Appraising Small Apartment Properties
Appraisal of Land Subject to Ground Leases
Appraising Automobile Dealerships

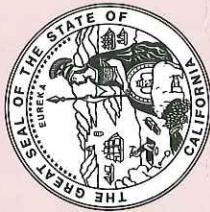
Integra Realty Resources - Sacramento

590 Menlo Drive
Suite 1
Rocklin, CA 95765

T 916.435.3883
F 916.435.4774

irr.com





Business, Consumer Services & Housing Agency
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REAL ESTATE APPRAISER LICENSE

Kari M. Tatton

has successfully met the requirements for a license as a residential and commercial real estate appraiser in the State of California and is, therefore, entitled to use the title:

“Certified General Real Estate Appraiser”

This license has been issued in accordance with the provisions of the Real Estate Appraisers' Licensing and Certification Law.

BREA APPRAISER IDENTIFICATION NUMBER: 3002218

Effective Date: June 2, 2022
Date Expires: June 1, 2024

Loretta Dillon

Loretta Dillon, Deputy Bureau Chief, BREA

3063596

About IRR

Integra Realty Resources, Inc. (IRR) provides world-class commercial real estate valuation, counseling, and advisory services. Routinely ranked among leading property valuation and consulting firms, we are now the largest independent firm in our industry in the United States, with local offices coast to coast and in the Caribbean.

IRR offices are led by MAI-designated Senior Managing Directors, industry leaders who have over 25 years, on average, of commercial real estate experience in their local markets. This experience, coupled with our understanding of how national trends affect the local markets, empowers our clients with the unique knowledge, access, and historical perspective they need to make the most informed decisions.

Many of the nation's top financial institutions, developers, corporations, law firms, and government agencies rely on our professional real estate opinions to best understand the value, use, and feasibility of real estate in their market.

Local Expertise...Nationally!

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Addendum B

IRR Quality Assurance Survey

IRR Quality Assurance Survey

We welcome your feedback!

At IRR, providing a quality work product and delivering on time is what we strive to accomplish. Our local offices are determined to meet your expectations. Please reach out to your local office contact so they can resolve any issues.

Integra Quality Control Team

Integra does have a Quality Control Team that responds to escalated concerns related to a specific assignment as well as general concerns that are unrelated to any specific assignment. We also enjoy hearing from you when we exceed expectations! You can communicate with this team by clicking on the link below. If you would like a follow up call, please provide your contact information and a member of this Quality Control Team will call contact you.

Link to the IRR Quality Assurance Survey: quality.irr.com

Addendum C

Definitions

Definitions

The source of the following definitions is the Appraisal Institute, *The Dictionary of Real Estate Appraisal*, 7th ed. (Chicago: Appraisal Institute, 2022), unless otherwise noted.

As Is Market Value

The estimate of the market value of real property in its current physical condition, use, and zoning as of the appraisal date.

Disposition Value

The most probable price that a specified interest in property should bring under the following conditions:

1. Consummation of a sale within a specified time, which is shorter than the typical exposure time for such a property in that market.
2. The property is subjected to market conditions prevailing as of the date of valuation.
3. Both the buyer and seller are acting prudently and knowledgeably.
4. The seller is under compulsion to sell.
5. The buyer is typically motivated.
6. Both parties are acting in what they consider to be their best interests.
7. An adequate marketing effort will be made during the exposure time.
8. Payment will be made in cash in U.S. dollars (or the local currency) or in terms of financial arrangements comparable thereto.
9. The price represents the normal consideration for the property sold, unaffected by special or creative financing or sales concessions granted by anyone associated with the sale.

This definition can also be modified to provide for valuation with specified financing terms.

Effective Date

1. The date on which the appraisal opinion applies. (SVP)
2. The date to which an appraiser's analysis, opinions, and conclusions apply; also referred to as *date of value*. (USPAP, 2020-2021 ed.)
3. The date that a lease goes into effect.

Entitlement

In the context of ownership, use, or development of real estate, governmental approval for annexation, zoning, utility extensions, number of lots, total floor area, construction permits, and occupancy or use permits.

Entrepreneurial Incentive

The amount an entrepreneur expects or wants to receive as compensation for providing coordination and expertise and assuming the risks associated with the development of a project. Entrepreneurial incentive is the expectation of future reward as opposed to the profit actually earned on the project.

Entrepreneurial Profit

1. A market-derived figure that represents the amount an entrepreneur receives for his or her contribution to a past project to compensate for his or her time, effort, knowledge, and risk; the difference between the total cost of a property (cost of development) and its market value (property value after completion), which represents the entrepreneur's compensation for the risk and expertise associated with development. An entrepreneur is motivated by the prospect of future value enhancement (i.e., the entrepreneurial incentive). An entrepreneur who successfully creates value through new development, expansion, renovation, or an innovation change of use is rewarded by entrepreneurial profit. Entrepreneurs may also fail and suffer losses.
2. In economics, the actual return on successful management practices, often identified with coordination, the fourth factor of production following land, labor, and capital; also called entrepreneurial return or entrepreneurial reward.

Exposure Time

1. The time a property remains on the market.
2. An opinion, based on supporting market data, of the length of time that the property interest being appraised would have been offered on the market prior to the hypothetical consummation of a sale at market value on the effective date of the appraisal.

Fee Simple Estate

Absolute ownership unencumbered by any other interest or estate, subject only to the limitations imposed by the governmental powers of taxation, eminent domain, police power, and escheat.

Floor Area Ratio (FAR)

The relationship between the above-ground floor area of a building, as described by the zoning or building code, and the area of the plot on which it stands; in planning and zoning, often expressed as a decimal, e.g., a ratio of 2.0 indicates that the permissible floor area of a building is twice the total land area.

Highest and Best Use

1. The reasonably probable use of property that results in the highest value. The four criteria that the highest and best use must meet are legal permissibility, physical possibility, financial feasibility, and maximum productivity.
2. The use of an asset that maximizes its potential and that is possible, legally permissible, and financially feasible. The highest and best use may be for continuation of an asset's existing use or for some alternative use. This is determined by the use that a market participant would have in mind for the asset when formulating the price that it would be willing to bid. (ISV)

3. [The] highest and most profitable use for which the property is adaptable and needed or likely to be needed in the reasonably near future. (Uniform Appraisal Standards for Federal Land Acquisitions)

Investment Value

1. The value of a property to a particular investor or class of investors based on the investor's specific requirements. Investment value may be different from market value because it depends on a set of investment criteria that are not necessarily typical of the market.
2. The value of an asset to the owner or a prospective owner given individual investment or operational objectives (may also be known as worth). (IVS)

Lease

A contract in which rights to use and occupy land, space, or structures are transferred by the owner to another for a specified period of time in return for a specified rent.

Leased Fee Interest

The ownership interest held by the lessor, which includes the right to receive the contract rent specified in the lease plus the reversionary right when the lease expires.

Leasehold Estate

The right held by the lessee to use and occupy real estate for a stated term and under the conditions specified in the lease.

Liquidation Value

The most probable price that a specified interest in real property should bring under the following conditions:

1. Consummation of a sale within a short time period.
2. The property is subjected to market conditions prevailing as of the date of valuation.
3. Both the buyer and seller are acting prudently and knowledgeably.
4. The seller is under extreme compulsion to sell.
5. The buyer is typically motivated.
6. Both parties are acting in what they consider to be their best interests.
7. A normal marketing effort is not possible due to the brief exposure time.
8. Payment will be made in cash in U.S. dollars (or the local currency) or in terms of financial arrangements comparable thereto.
9. The price represents the normal consideration for the property sold, unaffected by special or creative financing or sales concessions granted by anyone associated with the sale.

This definition can also be modified to provide for valuation with specified financing terms.

Marketing Time

An opinion of the amount of time to sell a property interest at the concluded market value or at a benchmark price during the period immediately after the effective date of an appraisal. Marketing time differs from exposure time, which precedes the effective date of an appraisal.

Market Value

The most probable price which a property should bring in a competitive and open market under all conditions requisite to a fair sale, the buyer and seller each acting prudently and knowledgeably, and assuming the price is not affected by undue stimulus. Implicit in this definition is the consummation of a sale as of a specified date and the passing of title from seller to buyer under conditions whereby:

- buyer and seller are typically motivated;
- both parties are well informed or well advised, and acting in what they consider their own best interests;
- a reasonable time is allowed for exposure in the open market;
- payment is made in terms of cash in U.S. dollars or in terms of financial arrangements comparable thereto; and
- the price represents the normal consideration for the property sold unaffected by special or creative financing or sales concessions granted by anyone associated with the sale.

(Source: Code of Federal Regulations, Title 12, Chapter I, Part 34.42[h]; also Interagency Appraisal and Evaluation Guidelines, Federal Register, 75 FR 77449, December 10, 2010, page 77472)

Prospective Opinion of Value

A value opinion effective as of a specified future date. The term does not define a type of value. Instead, it identifies a value opinion as being effective at some specific future date. An opinion of value as of a prospective date is frequently sought in connection with projects that are proposed, under construction, or under conversion to a new use, or those that have not yet achieved sellout or a stabilized level of long-term occupancy.

Retrospective Value Opinion

A value opinion effective as of a specified historical date. The term *retrospective* does not define a type of value. Instead, it identifies a value opinion as being effective at some specific prior date. Value as of a historical date is frequently sought in connection with property tax appeals, damage models, lease renegotiation, deficiency judgments, estate tax, and condemnation. Inclusion of the type of value with this term is appropriate, e.g., “retrospective market value opinion.”

Addendum D

Comparable Data

Location & Property Identification

Property Name:	Winding Creek - Village C-9
Sub-Property Type:	Residential, Residential Subdivision
Address:	E/O Westbrook Blvd., N/O Blue Oaks Blvd.
City/State/Zip:	Roseville, CA 95747
County:	Placer
Market Orientation:	Suburban
IRR Event ID:	2929118



Sale Information

Sale Price:	\$16,005,000
Effective Sale Price:	\$16,005,000
Sale Date:	04/28/2023
Sale Status:	Closed

Expenditures After Purchase: \$92,423

Expenditures Description:	Permits & Fees
Other Adjustment:	\$3,111
Adjustment Comments:	Annual Special Assessments
Sale Price Includes FF&E?	No

\$/Unit (Potential):	\$165,000 /Approved Lot
Grantor/Seller:	Anthem United Creekview Development, LP.
Grantee/Buyer:	Woodside 05N, LP.
Portfolio Sale:	No
Assets Sold:	Real estate only
Property Rights:	Fee Simple
% of Interest Conveyed:	100.00
Financing:	Cash to seller
Conditions of Sale:	Arm's-length
Document Type:	Deed

Improvement and Site Data

MSA:	Sacramento--Roseville--Arden-Arcade, CA
Acres(Gross):	21.80
Land-SF(Gross):	949,608
Potential Building SF:	5,500
No. of Units (Potential):	97
Shape:	Irregular
Topography:	Level
Corner Lot:	No
Zoning Code:	RS/DS
Zoning Desc.:	Small lot residential
Easements:	No
Environmental Issues:	No
Flood Zone Designation:	X (Shaded)
Source of Land Info.:	Past Appraisal

Sale Analysis

Comments

This comparable represents the sale of 97 finished lots

Comments (Cont'd)

with a typical lot size of 5,500 square feet. Permits & fees average \$92,423 per lot and annual special assessments are \$3,111 per lot. The southern lots are anticipated to achieve open space premiums as they are adjacent to Pleasant Grove Creek. The purchase price is in addition to a Master Marketing Fee of 0.75% of HUD Purchase Price which is to be paid in connection with each home closing.

Location & Property Identification

Property Name:	Winding Creek - Village C-5
Sub-Property Type:	Residential, Residential Subdivision
Address:	W/O Westbrook Blvd., N/O Blue Oaks Blvd.
City/State/Zip:	Roseville, CA 95747
County:	Placer
Market Orientation:	Suburban
IRR Event ID:	2996404



Sale Information

Sale Price:	\$10,730,000
Effective Sale Price:	\$10,730,000
Sale Date:	04/28/2023
Sale Status:	Closed

Expenditures After Purchase: \$92,423

Expenditures Description:	Permits & Fees
Other Adjustment:	\$3,111
Adjustment Comments:	Annual Special Assessments
Sale Price Includes FF&E?	No

\$/Unit (Potential):	\$145,000 /Approved Lot
Grantor/Seller:	Anthem United Creekview Development, LP.
Grantee/Buyer:	Lennar Homes
Portfolio Sale:	No
Assets Sold:	Real estate only
Property Rights:	Fee Simple
% of Interest Conveyed:	100.00
Financing:	Cash to seller
Conditions of Sale:	Arm's-length
Document Type:	Deed

Improvement and Site Data

MSA:	Sacramento--Roseville--Arden-Arcade, CA
Acres(Gross):	13.60
Land-SF(Gross):	592,416
Potential Building SF:	5,000
No. of Units (Potential):	74
Shape:	Irregular
Topography:	Level
Corner Lot:	No
Zoning Code:	RS/DS
Zoning Desc.:	Small lot residential
Easements:	No
Environmental Issues:	No
Flood Zone Designation:	X (Shaded)
Source of Land Info.:	Past Appraisal

Sale Analysis

Comments

This comparable represents the sale of 74 finished lots



Comments (Cont'd)

with a typical lot size of 5,000 square feet. Permits & fees average \$92,423 per lot and annual special assessments are \$3,111 per lot. The purchase price is in addition to a Master Marketing Fee of 0.75% of HUD Purchase Price which is to be paid in connection with each home closing.

Location & Property Identification

Property Name:	Winding Creek Parcel C-12
Sub-Property Type:	Residential, Residential Subdivision
Address:	W/O Westbrook Blvd., N/O Blue Oaks Blvd.
City/State/Zip:	Roseville, CA 95747
County:	Placer
Market Orientation:	Suburban
IRR Event ID:	2698355



Sale Information

Sale Price:	\$14,725,000
Effective Sale Price:	\$14,725,000
Sale Date:	08/09/2021
Sale Status:	Closed

\$/Unit (Potential):	\$155,000 /Approved Lot
Grantor/Seller:	Anthem United Creekview Development, LP.
Grantee/Buyer:	Meritage Homes of California, Inc.
Portfolio Sale:	No
Assets Sold:	Real estate only
Property Rights:	Fee Simple
% of Interest Conveyed:	100.00
Financing:	Cash to seller
Conditions of Sale:	Arm's-length
Document Type:	Deed
Recording No.:	2021.103031

Sale Analysis

Expenditures After Purchase:	\$82,223
Expenditures Description:	permits & fees
Other Adjustment:	\$2,518
Adjustment Comments:	annual special taxes
Sale Price Includes FF&E?	No

Improvement and Site Data

MSA:	Sacramento--Roseville--Arden-Arcade, CA
Legal/Tax/Parcel ID:	017-490-017
Acres(Gross):	18.72
Land-SF(Gross):	815,443
Potential Building SF:	5,500
No. of Units (Potential):	95
Shape:	Irregular
Topography:	Level
Corner Lot:	No
Zoning Code:	RS/DS
Zoning Desc.:	Small lot residential
Easements:	No
Environmental Issues:	No
Flood Zone Designation:	X (Shaded)
Source of Land Info.:	Past Appraisal

Comments

This comparable represents the sale of 95 finished lots with a typical lot size of 5,500 square feet. Permits & fees average \$82,223 per lot and annual special assessments are \$2,518 per lot. The northern lots are anticipated to achieve open space premiums as they are adjacent to Winding Creek.

Location & Property Identification

Property Name:	Fiddymt Ranch, Village F-10A (ptn.)
Sub-Property Type:	Residential, Residential Subdivision
Address:	N/O Holt Pky., W/O N. Hayden Pky.
City/State/Zip:	Roseville, CA 95747
County:	Placer
Market Orientation:	Suburban
IRR Event ID:	2627049



Sale Information

Sale Price:	\$7,000,000
Effective Sale Price:	\$7,000,000
Sale Date:	03/04/2021
Contract Date:	03/25/2020
Sale Status:	Closed
\$/Unit (Potential):	\$140,000 /Approved Lot
Grantor/Seller:	JEN California 15, LLC.
Grantee/Buyer:	JMC Homes
Assets Sold:	Real estate only
Property Rights:	Fee Simple
% of Interest Conveyed:	100.00
Financing:	Cash to seller
Document Type:	Deed

Expenditures Description:	Permits & Fees
Other Adjustment:	\$1,864
Adjustment Comments:	Annual Special Assessments
Sale Price Includes FF&E?	No

Improvement and Site Data

Acres(Gross):	1.00
Land-SF(Gross):	43,560
Potential Building SF:	6,050
No. of Units (Potential):	50
Shape:	Irregular
Topography:	Level
Corner Lot:	No
Zoning Desc.:	Single-family
Easements:	No
Flood Plain:	No
Flood Zone Designation:	X
Utilities:	Electricity, Water Public, Sewer, Gas
Source of Land Info.:	Other

Sale Analysis

Expenditures After Purchase:	\$78,594

Comments

This comparable represents the sale of 50 finished lots (55'x110') in phase 3 of Fiddymt Farms. Permits & Fees are \$78,594/lot and annual special assessments are

Comments (Cont'd)

\$1,864/lot. This transaction represents a two phase takedown; the remaining 61 lots within the village are projected to transfer in January 2022 for \$5,000 more/lot.

Location & Property Identification

Property Name:	Westpark-Federico Parcel FD-4
Sub-Property Type:	Residential, Residential Subdivision
Address:	W/O Market St., S/O Earl Rush Dr.
City/State/Zip:	Roseville, CA 95747
County:	Placer
Market Orientation:	Suburban
IRR Event ID:	2619364



Sale Information

Sale Price:	\$2,000,000
Effective Sale Price:	\$2,000,000
Sale Date:	02/01/2021
Sale Status:	Closed

\$/Unit (Potential):	\$60,606 /Approved Lot
Grantor/Seller:	Solaire Community Builders, LLC.
Grantee/Buyer:	K. Hovnanian Homes
Portfolio Sale:	No
Assets Sold:	Real estate only
Property Rights:	Fee Simple
% of Interest Conveyed:	100.00
Financing:	Cash to seller
Document Type:	Deed

Expenditures After Purchase: \$124,585

Expenditures Description:	Permits & Fees and Site Development Costs
Other Adjustment:	\$1,836
Adjustment Comments:	Annual Special Assessments
Sale Price Includes FF&E?	No

Improvement and Site Data

MSA:	Sacramento--Roseville--Arden-Arcade, CA
Legal/Tax/Parcel ID:	498-020-010
Acres(Gross):	7.70
Land-SF(Gross):	335,342
Potential Building SF:	4,500
No. of Units (Potential):	33
Shape:	Irregular
Topography:	Level
Zoning Code:	LDR
Zoning Desc.:	Low Density Residential
Easements:	No
Environmental Issues:	No
Flood Plain:	No
Flood Zone Designation:	X
Source of Land Info.:	Other

Sale Analysis

Comments

This sale represents the sale of 33 LDR paper lots with a typical lot size of 4,500 square feet in Phase 1 of Westpark-Federico. Permits & Fees are approximately \$62,148/lot and development costs are approximately \$62,437/lot. Annual special taxes are \$1,836/lot. These lots are located within the CJUSD.

Location & Property Identification

Property Name: Winding Creek Parcels C-10 & C-13

Sub-Property Type: Residential, Residential Subdivision

Address: W/O Westbrook Blvd., N/O Blue Oaks Blvd.

City/State/Zip: Roseville, CA 95747

County: Placer

Market Orientation: Suburban

IRR Event ID: 2474149



Sale Information

Sale Price: \$9,640,000

Effective Sale Price: \$9,640,000

Sale Date: 12/09/2020

Sale Status: Closed

Expenditures After Purchase: \$82,223

Expenditures Description: Permits & Fees

Other Adjustment: \$2,420

Adjustment Comments: Annual Special Assessments

Sale Price Includes FF&E? No

\$/Unit (Potential): \$112,093 /Approved Lot

Grantor/Seller: Anthem United Creekview Development, LP.

Grantee/Buyer: K. Hovnanian Homes

Portfolio Sale: No

Assets Sold: Real estate only

Property Rights: Fee Simple

% of Interest Conveyed: 100.00

Financing: Cash to seller

Document Type: Deed

Improvement and Site Data

MSA: Sacramento--Roseville--Arden-Arcade, CA

Legal/Tax/Parcel ID: 170-101-050 (ptn.)

Acres(Gross): 13.19

Land-SF(Gross): 574,556

Potential Building SF: 4,050

No. of Units (Potential): 86

Shape: Irregular

Topography: Level

Corner Lot: No

Zoning Code: RS/DS

Zoning Desc.: Small lot residential

Easements: No

Environmental Issues: No

Flood Zone Designation: X (Shaded)

Source of Land Info.: Past Appraisal

Sale Analysis

Comments

This comparable represents the sale of 86 finished lots with a typical lot size of 4,050 square feet. Permits & fees are \$82,223 per lot and annual special assessments are \$2,420 per lot.

Location & Property Identification

Property Name: Winding Creek Parcels C-11, C-14 & C-15

Sub-Property Type: Residential, Residential Subdivision

Address: W/O Westbrook Blvd., N/O Blue Oaks Blvd.

City/State/Zip: Roseville, CA 95747

County: Placer

Market Orientation: Suburban

IRR Event ID: 2619456



Sale Information

Sale Price: \$8,658,000

Effective Sale Price: \$8,658,000

Sale Date: 11/15/2020

Contract Date: 06/12/2020

Sale Status: Closed

\$/Unit (Potential): \$117,000 /Approved Lot

Grantor/Seller: Anthem United Creekview Development, LP.

Grantee/Buyer: Meritage Homes

Portfolio Sale: No

Assets Sold: Real estate only

Property Rights: Fee Simple

% of Interest Conveyed: 100.00

Financing: Cash to seller

Document Type: Deed

Sale Analysis

Expenditures After Purchase: \$82,223

Expenditures Description: Permits & Fees

Other Adjustment: \$2,420

Adjustment Comments: Annual Special Assessments

Sale Price Includes FF&E? No

Improvement and Site Data

MSA: Sacramento--Roseville--Arden-Arcade, CA

Legal/Tax/Parcel ID: 017-496-049, -050 (ptn.), -051 (ptn.)

Acres(Gross): 14.85

Land-SF(Gross): 646,774

Potential Building SF: 5,000

No. of Units (Potential): 74

Shape: Irregular

Topography: Level

Corner Lot: No

Zoning Code: RS/DS

Zoning Desc.: Small lot residential

Easements: No

Environmental Issues: No

Flood Zone Designation: X (Shaded)

Improvement and Site Data (Cont'd)

Source of Land Info.: Past Appraisal

Comments

This comparable represents the sale of 74 finished LDR lots with a typical lot size of 5,000 square feet (50'x100'). Permits & fees are \$82,223 per lot and annual special assessments are \$2,420 per lot. Meritage is constructing Trek at Winding Creek, which offers floor plans ranging in size from 1,628 to 2,948 square feet.



Location & Property Identification

Property Name: Westpark-Federico Parcel FD-22A

Sub-Property Type: Residential, Residential Subdivision

Address: E/O Westbrook Blvd., N/O Earl Rush Dr.

City/State/Zip: Roseville, CA 95747

County: Placer

Market Orientation: Suburban

IRR Event ID: 2558507



Sale Information

Sale Price: \$5,396,000

Effective Sale Price: \$5,396,000

Sale Date: 08/06/2020

Sale Status: Closed

\$/Unit (Potential): \$71,000 /Approved Lot

Grantor/Seller: Solaire Community Builders, LLC.

Grantee/Buyer: Solaire-Roseville LP. (Beazer Homes)

Portfolio Sale: No

Assets Sold: Real estate only

Property Rights: Fee Simple

% of Interest Conveyed: 100.00

Financing: Cash to seller

Document Type: Deed

Recording No.: 82424

Sale Analysis

Expenditures After Purchase: \$143,385

Expenditures Description: Permits & Fees and Site Development Costs

Other Adjustment: \$1,836

Adjustment Comments: Annual Special Assessments

Sale Price Includes FF&E? No

Improvement and Site Data

MSA: Sacramento--Roseville--Arden-Arcade, CA

Legal/Tax/Parcel ID: 498-020-005

Acres(Gross): 12.50

Land-SF(Gross): 544,500

Potential Building SF: 4,500

No. of Units (Potential): 76

Shape: Irregular

Topography: Level

Zoning Code: LDR

Zoning Desc.: Low Density Residential

Easements: No

Environmental Issues: No

Flood Plain: No

Improvement and Site Data (Cont'd)

Flood Zone Designation: X
Source of Land Info.: Other

Comments

This sale represents the sale of 76 LDR paper lots with a typical lot size of 4,500 square feet in Phase 1 of Westpark-Federico. Permits & Fees are approximately \$80,948/lot and development costs are approximately \$62,437/lot. Annual special taxes are \$1,836/lot. These lots are located within the RJUHSD/RCSD.



Location & Property Identification

Property Name:	Winding Creek - Village C-21
Sub-Property Type:	Residential, Residential Subdivision
Address:	W/O Westbrook Blvd., N/O Blue Oaks Blvd.
City/State/Zip:	Roseville, CA 95747
County:	Placer
Market Orientation:	Suburban
IRR Event ID:	2996406



Sale Information

Sale Price:	\$9,047,500
Effective Sale Price:	\$9,047,500
Sale Date:	04/20/2023
Sale Status:	Closed
\$/Unit (Potential):	\$117,500 /Approved Lot
Grantor/Seller:	Anthem United Creekview Development, LP.
Grantee/Buyer:	DR Horton
Portfolio Sale:	No
Assets Sold:	Real estate only
Property Rights:	Fee Simple
% of Interest Conveyed:	100.00
Financing:	Cash to seller
Conditions of Sale:	Arm's-length
Document Type:	Deed

Sale Analysis

Expenditures After Purchase:	\$86,286
Expenditures Description:	Permits & Fees
Other Adjustment:	\$2,448
Adjustment Comments:	Annual Special Assessments
Sale Price Includes FF&E?	No

Improvement and Site Data

MSA:	Sacramento--Roseville--Arden-Arcade, CA
Legal/Tax/Parcel ID:	496-620-005
Acres(Gross):	7.70
Land-SF(Gross):	335,412
Potential Building SF:	2,800
No. of Units (Potential):	77
Shape:	Irregular
Topography:	Level
Corner Lot:	No
Zoning Code:	RS/DS
Zoning Desc.:	Small lot residential
Easements:	No
Environmental Issues:	No
Flood Zone Designation:	X (Shaded)

Improvement and Site Data (Cont'd)

Source of Land Info.: Past Appraisal

Comments

This comparable represents the sale of 77 finished MDR lots with a typical lot size of 3,600 square feet (45'x80'). Permits & fees are \$86,286 per lot and annual special assessments are \$2,448 per lot. The purchase price is in addition to a Master Marketing Fee of 0.75% of HUD Purchase Price which is to be paid in connection with each home closing.



Location & Property Identification

Property Name: Winding Creek - Village C-22

Sub-Property Type: Residential, Residential Subdivision

Address: E/O Westbrook Blvd., N/O Blue Oaks Blvd.

City/State/Zip: Roseville, CA 95747

County: Placer

Market Orientation: Suburban

IRR Event ID: 2929125



Sale Information

Sale Price: \$9,020,000

Effective Sale Price: \$9,020,000

Sale Date: 03/31/2023

Sale Status: Closed

\$/Unit (Potential): \$110,000 /Approved Lot

Grantor/Seller: Anthem United Creekview Development, LP.

Grantee/Buyer: Meritage Homes of CA, Inc.

Portfolio Sale: No

Assets Sold: Real estate only

Property Rights: Fee Simple

% of Interest Conveyed: 100.00

Financing: Cash to seller

Conditions of Sale: Arm's-length

Document Type: Deed

Sale Analysis

Expenditures After Purchase: \$86,286

Expenditures Description: Permits & Fees

Other Adjustment: \$2,448

Adjustment Comments: Annual Special Assessments

Sale Price Includes FF&E? No

Improvement and Site Data

MSA: Sacramento--Roseville--Arden-Arcade, CA

Legal/Tax/Parcel ID: 496-620-005

Acres(Gross): 11.30

Land-SF(Gross): 492,228

Potential Building SF: 3,600

No. of Units (Potential): 82

Shape: Irregular

Topography: Level

Corner Lot: No

Zoning Code: RS/DS

Zoning Desc.: Small lot residential

Easements: No

Environmental Issues: No

Flood Zone Designation: X (Shaded)

Improvement and Site Data (Cont'd)

Source of Land Info.: Past Appraisal

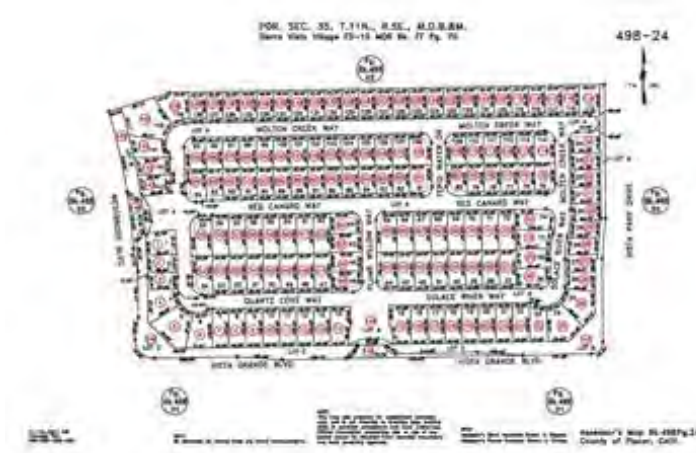
Comments

This comparable represents the sale of 82 finished MDR lots with a typical lot size of 3,600 square feet (45'x80'). Permits & fees are \$86,286 per lot and annual special assessments are \$2,448 per lot. The purchase price is in addition to a Master Marketing Fee of 0.75% of HUD Purchase Price which is to be paid in connection with each home closing.



Location & Property Identification

Property Name:	Sierra Vista - Parcel FD-10
Sub-Property Type:	Residential, Residential Subdivision
Address:	NEC of Vista Grande & Westbrook Boulevards
City/State/Zip:	Roseville, CA 95747
County:	Placer
Market Orientation:	Suburban
IRR Event ID:	2796819



Sale Information

Sale Price:	\$26,455,000
Effective Sale Price:	\$26,455,000
Sale Date:	03/29/2022
Sale Status:	Closed

\$/Unit (Potential):	\$185,000 /Unit
Grantor/Seller:	John Mourier Construction, Inc.
Grantee/Buyer:	Richmond American Homes
Assemblage:	No
Portfolio Sale:	No
Assets Sold:	Real estate only
Property Rights:	Fee Simple
% of Interest Conveyed:	100.00
Financing:	Cash to seller
Conditions of Sale:	Arm's-length
Document Type:	Deed

Sale Analysis

Expenditures After Purchase:	\$53,000
Expenditures Description:	permits & fees
Other Adjustment:	\$1,665
Adjustment Comments:	annual special taxes

Improvement and Site Data

MSA:	Sacramento--Roseville--Arden-Arcade, CA
Legal/Tax/Parcel ID:	498-020-026
Acres(Gross):	20.46
Land-SF(Gross):	891,237
Potential Building SF:	3,600
No. of Units (Potential):	143
Topography:	Level
Corner Lot:	Yes
Zoning Code:	RS/DS
Zoning Desc.:	Small lot residential
Flood Zone Designation:	X
Source of Land Info.:	Public Records

Comments

This comparable represents the sale of 143 finished lots sold in two phases closing 3 months apart (the first one closing in Dec. 2021). Permits and fees average

Comments (Cont'd)

approximately \$53,000 per lot and annual special taxes are \$1,665/lot. The typical lot size is 3,600 square feet.

Location & Property Identification

Property Name:	Westpark-Federico Parcel FD-4
Sub-Property Type:	Residential, Residential Subdivision
Address:	W/O Market St., S/O Earl Rush Dr.
City/State/Zip:	Roseville, CA 95747
County:	Placer
Market Orientation:	Suburban
IRR Event ID:	2619364



Sale Information

Sale Price:	\$2,000,000
Effective Sale Price:	\$2,000,000
Sale Date:	02/01/2021
Sale Status:	Closed

Expenditures After Purchase: \$124,585

Expenditures Description:	Permits & Fees and Site Development Costs
Other Adjustment:	\$1,836
Adjustment Comments:	Annual Special Assessments
Sale Price Includes FF&E?	No

\$/Unit (Potential):	\$60,606 /Approved Lot
Grantor/Seller:	Solaire Community Builders, LLC.
Grantee/Buyer:	K. Hovnanian Homes
Portfolio Sale:	No
Assets Sold:	Real estate only
Property Rights:	Fee Simple
% of Interest Conveyed:	100.00
Financing:	Cash to seller
Document Type:	Deed

Improvement and Site Data

MSA:	Sacramento--Roseville--Arden-Arcade, CA
Legal/Tax/Parcel ID:	498-020-010
Acres(Gross):	7.70
Land-SF(Gross):	335,342
Potential Building SF:	4,500
No. of Units (Potential):	33
Shape:	Irregular
Topography:	Level
Zoning Code:	LDR
Zoning Desc.:	Low Density Residential
Easements:	No
Environmental Issues:	No
Flood Plain:	No
Flood Zone Designation:	X
Source of Land Info.:	Other

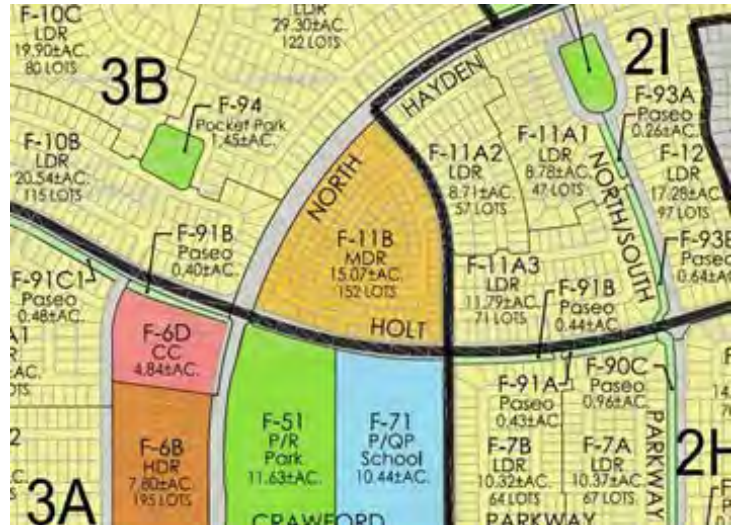
Sale Analysis

Comments

This sale represents the sale of 33 LDR paper lots with a typical lot size of 4,500 square feet in Phase 1 of Westpark-Federico. Permits & Fees are approximately \$62,148/lot and development costs are approximately \$62,437/lot. Annual special taxes are \$1,836/lot. These lots are located within the CJUSD.

Location & Property Identification

Property Name:	Fiddymment Ranch, Village F-11B
Sub-Property Type:	Residential, Residential Subdivision
Address:	NEQ of Holt Pky, & N. Hayden Pky.
City/State/Zip:	Roseville, CA 95747
County:	Placer
Market Orientation:	Suburban
IRR Event ID:	2619390



Sale Information

Sale Price:	\$15,200,000
Effective Sale Price:	\$15,200,000
Sale Date:	01/26/2021
Contract Date:	12/19/2019
Sale Status:	Closed
\$/Unit (Potential):	\$100,000 /Approved Lot
Grantor/Seller:	JEN California 15, LLC.
Grantee/Buyer:	Curve Development
Assets Sold:	Real estate only
Property Rights:	Fee Simple
% of Interest Conveyed:	100.00
Financing:	Cash to seller
Document Type:	Deed

Expenditures Description:	Permits & Fees
Other Adjustment:	\$1,435
Adjustment Comments:	Annual Special Assessments
Sale Price Includes FF&E?	No

Improvement and Site Data

Legal/Tax/Parcel ID:	492-012-047
Acres(Gross):	17.88
Land-SF(Gross):	778,765
Potential Building SF:	2,451
No. of Units (Potential):	152
Topography:	Level
Zoning Desc.:	Single-family
Source of Land Info.:	Other

Comments

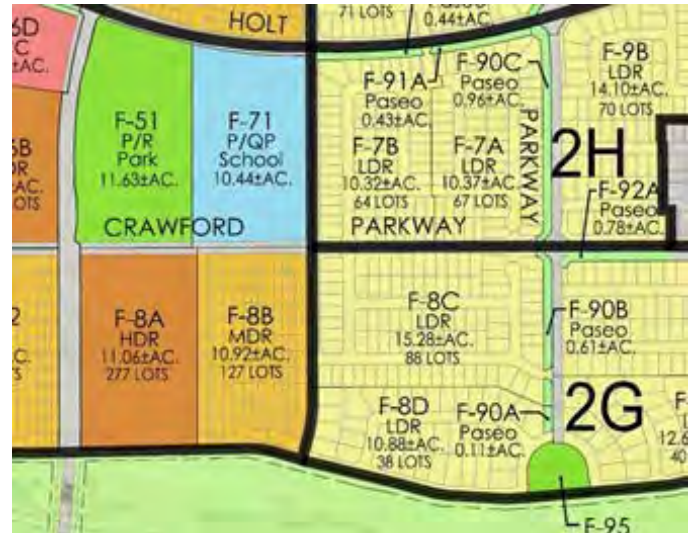
This comparable represents the sale of 152 finished lots (43'x57') in phase 3 of Fiddymment Farms. Permits & Fees are \$69,529/lot and annual special assessments are \$1,435/lot. Reportedly, the builder is constructing a 152-unit rental project with homes ranging in size from 1,357 to 1,589 square feet.

Sale Analysis

Expenditures After Purchase:	\$69,529

Location & Property Identification

Property Name:	Fiddymment Ranch, Village F-8B (ptn.)
Sub-Property Type:	Residential, Residential Subdivision
Address:	S/O Crawford Pky, E/O N. Hayden Pky.
City/State/Zip:	Roseville, CA 95747
County:	Placer
Market Orientation:	Suburban
IRR Event ID:	2547660



Sale Information

Sale Price:	\$6,930,000
Effective Sale Price:	\$6,930,000
Sale Date:	12/23/2020
Sale Status:	Closed
\$/Unit (Potential):	\$105,000 /Approved Lot
Grantor/Seller:	JEN California 15, LLC.
Grantee/Buyer:	DR Horton
Assets Sold:	Real estate only
Property Rights:	Fee Simple
% of Interest Conveyed:	100.00
Financing:	Cash to seller
Document Type:	Deed

Other Adjustment:	\$1,435
Adjustment Comments:	Annual Special Assessments
Sale Price Includes FF&E?	No

Improvement and Site Data

Legal/Tax/Parcel ID:	492-012-092
Acres(Gross):	62.99
Land-SF(Gross):	2,743,844
Potential Building SF:	2,343
No. of Units (Potential):	66
Topography:	Level
Zoning Desc.:	Single-family
Source of Land Info.:	Other

Comments

This comparable represents the sale of 66 finished lots (33'x71') in phase 3 of Fiddymment Farms. These represent alley-loaded lots. Permits & Fees are \$69,529/lot and annual special assessments are \$1,435/lot. This transaction represents a two part phased takedown; the next takedown is for 61 lots and is anticipated to close in June 2021.

Sale Analysis

Expenditures After Purchase:	\$69,529
Expenditures Description:	Permits & Fees

Location & Property Identification

Property Name: Winding Creek Parcels C-10 & C-13

Sub-Property Type: Residential, Residential Subdivision

Address: W/O Westbrook Blvd., N/O Blue Oaks Blvd.

City/State/Zip: Roseville, CA 95747

County: Placer

Market Orientation: Suburban

IRR Event ID: 2474149



Sale Information

Sale Price: \$9,640,000

Effective Sale Price: \$9,640,000

Sale Date: 12/09/2020

Sale Status: Closed

Expenditures After Purchase: \$82,223

Expenditures Description: Permits & Fees

Other Adjustment: \$2,420

Adjustment Comments: Annual Special Assessments

Sale Price Includes FF&E? No

\$/Unit (Potential): \$112,093 /Approved Lot

Grantor/Seller: Anthem United Creekview Development, LP.

Grantee/Buyer: K. Hovnanian Homes

Portfolio Sale: No

Assets Sold: Real estate only

Property Rights: Fee Simple

% of Interest Conveyed: 100.00

Financing: Cash to seller

Document Type: Deed

Improvement and Site Data

MSA: Sacramento--Roseville--Arden-Arcade, CA

Legal/Tax/Parcel ID: 170-101-050 (ptn.)

Acres(Gross): 13.19

Land-SF(Gross): 574,556

Potential Building SF: 4,050

No. of Units (Potential): 86

Shape: Irregular

Topography: Level

Corner Lot: No

Zoning Code: RS/DS

Zoning Desc.: Small lot residential

Easements: No

Environmental Issues: No

Flood Zone Designation: X (Shaded)

Source of Land Info.: Past Appraisal

Sale Analysis

Comments

This comparable represents the sale of 86 finished lots with a typical lot size of 4,050 square feet. Permits & fees are \$82,223 per lot and annual special assessments are \$2,420 per lot.

Location & Property Identification

Property Name:	Winding Creek Parcels C-23 & C-24
Sub-Property Type:	Residential, Residential Subdivision
Address:	W/O Westbrook Blvd., N/O Blue Oaks Blvd.
City/State/Zip:	Roseville, CA 95747
County:	Placer
Market Orientation:	Suburban
IRR Event ID:	2619439



Sale Information

Sale Price:	\$12,600,000
Effective Sale Price:	\$12,600,000
Sale Date:	11/15/2020
Contract Date:	06/12/2020
Sale Status:	Closed
\$/Unit (Potential):	\$105,000 /Approved Lot
Grantor/Seller:	Anthem United Creekview Development, LP.
Grantee/Buyer:	Forestar USA Real Estate Group, Inc. (DR Horton)
Portfolio Sale:	No
Assets Sold:	Real estate only
Property Rights:	Fee Simple
% of Interest Conveyed:	100.00
Financing:	Cash to seller
Document Type:	Deed

Sale Analysis

Expenditures After Purchase:	\$77,026
Expenditures Description:	Permits & Fees
Other Adjustment:	\$1,910
Adjustment Comments:	Annual Special Assessments
Sale Price Includes FF&E?	No

Improvement and Site Data

MSA:	Sacramento--Roseville--Arden-Arcade, CA
Legal/Tax/Parcel ID:	017-490-011, -012
Acres(Gross):	16.25
Land-SF(Gross):	707,850
Potential Building SF:	3,600
No. of Units (Potential):	120
Shape:	Irregular
Topography:	Level
Corner Lot:	No
Zoning Code:	RS/DS
Zoning Desc.:	Small lot residential
Easements:	No
Environmental Issues:	No
Flood Zone Designation:	X (Shaded)

Improvement and Site Data (Cont'd)

Source of Land Info.: Past Appraisal

Comments

This comparable represents the sale of 120 finished MDR lots with a typical lot size of 3,600 square feet (45'x80'). Permits & fees are \$77,026 per lot and annual special assessments are \$1,910 per lot. DR Horton is constructing The Wilds at Winding Creek which will offer plans ranging in size from 1,547 to 1,969 square feet.



APPENDIX C

THE CITY OF ROSEVILLE AND PLACER COUNTY

The District is located in the City of Roseville (the “City”), which is located in southwestern Placer County (the “County”), California (the “State”). Certain financial and economic data for the City, County and State are presented in this appendix for information purposes only. The 2023 Bonds are not a debt or obligation of the City, County or State, but are a limited obligation of the City, secured solely by the Special Tax Revenues and other amounts pledged under the Fiscal Agent Agreement, all as described in more detail in this Official Statement.

General

The City is located in the County, which is located in the Sacramento Valley near the foothills of the Sierra Nevada mountain range, about 16 miles northeast of Sacramento and 110 miles east of San Francisco. The City presently occupies 43 square miles in the southwestern part of the County and is the largest city in the County as well as the residential and business center of the County. It is bordered by Sacramento County to the south, the City of Rocklin to the north and un-incorporated Placer County to the east and west. The estimated population of the City as of January 2023 was approximately 152,928.

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

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

Municipal Government

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

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

Population

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

POPULATION ESTIMATES
City, County and State
Calendar Years 2019 through 2023, as of January 1

<u>Year</u>	<u>City of Roseville</u>	<u>Placer County</u>	<u>State of California</u>
2019	141,097	395,345	39,605,361
2020	143,493	399,015	39,648,938
2021	148,736	406,688	39,286,510
2022	151,450	409,441	39,078,674
2023	152,928	410,305	38,940,231

Source: California State Department of Finance.

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Effective Buying Income

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

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

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

Source: Claritas, LLC.

Employment and Industry

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

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

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

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

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

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

(3) Totals may not add due to rounding.

Source: State of California Employment Development Department

Major Employers

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

MAJOR EMPLOYERS Placer County (In Alphabetical Order) May 2023

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

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

Principal Employers

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

PRINCIPAL EMPLOYERS City of Roseville As of June 30, 2022

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

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

Construction Permits

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

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

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

Source: Construction Industry Research Board, Building Permit Summary.

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

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

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

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

Source: Construction Industry Research Board, Building Permit Summary.

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Commercial Activity

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

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

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

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

Source: State Department of Tax and Fee Administration

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

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

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

Source: State Department of Tax and Fee Administration.

Transportation

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

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

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

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

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

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APPENDIX D
FORM OF OPINION OF BOND COUNSEL

July 26, 2023

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

OPINION: \$14,300,000 City of Roseville Creekview Community Facilities District No. 1
 (Public Facilities) Improvement Area No. 2 Special Tax Bonds Series 2023

Members of the City Council:

We have acted as bond counsel to the City of Roseville (the "City") in connection with the issuance by the City of the \$14,300,000 City of Roseville Creekview Community Facilities District No. 1 (Public Facilities) Improvement Area No. 2 Special Tax Bonds Series 2023 (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 July 1, 2023 (the "Fiscal Agent Agreement"), by and between the City, on behalf of the City of Roseville Creekview Community Facilities District No. 1 (Public Facilities), and U.S. Bank Trust Company, National Association, as fiscal agent. 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 to 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.

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

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

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

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

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

Respectfully submitted,

A Professional Law Corporation

APPENDIX E

FORMS OF CONTINUING DISCLOSURE UNDERTAKINGS

CONTINUING DISCLOSURE CERTIFICATE (City)

This CONTINUING DISCLOSURE CERTIFICATE (this “Disclosure Certificate”) dated as of July 1, 2023, is executed and delivered by the CITY OF ROSEVILLE (the “City”) in connection with the execution and delivery of its City of Roseville Creekview Community Facilities District No. 1 (Public Facilities) Improvement Area No. 2 Special Tax Bonds Series 2023 (the “Bonds”). The Bonds are being executed and delivered pursuant to a Fiscal Agent Agreement dated as of July 1, 2023 (the “Fiscal Agent Agreement”), by and between the City and U.S. Bank Trust Company, National Association, as fiscal agent (the “Fiscal Agent”).

The District covenants and agrees as follows:

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

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

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

“Annual Report Date” means the date that is nine months after the end of the City’s fiscal year (currently April 1 based on the City’s fiscal year end of June 30).

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

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

“MSRB” means the Municipal Securities Rulemaking Board, which has been designated by the Securities and Exchange Commission as the sole repository of disclosure information for purposes of the Rule, or any other repository of disclosure information that may be designated by the Securities and Exchange Commission as such for purposes of the Rule in the future.

“Official Statement” means the final official statement executed by the City in connection with the issuance of the Bonds.

“Participating Underwriter” shall mean any of the original underwriters of the Bonds.

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

Section 3. Provision of Annual Reports.

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

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

(c) With respect to each Annual Report, the Dissemination Agent shall:

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

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

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

(a) The City’s 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 Annual Report Date, the Annual Report shall contain unaudited financial statements in a format similar to the financial statements contained in the Official Statement, and the audited financial statements shall be filed in the same manner as the Annual Report when they become available.

(b) The following information, unless otherwise specified, as of September 30 of the preceding year:

- (i) Principal amount of all outstanding bonds of Improvement Area No. 2.
 - (ii) Balance in the Improvement Fund.
 - (iii) Balance in 2023 Reserve Account of the Reserve Fund, and statement of the Reserve Requirement for the Bonds. Statement of projected draws on the 2023 Reserve Account of the Reserve Fund, if any.
 - (iv) Balance in other funds and accounts held by the City or fiscal agent related to the Bonds.
 - (v) Additional debt authorized by the City and payable from or secured by assessments or special taxes with respect to property within Improvement Area No. 2.
 - (vi) The Special Tax levy, the delinquency rate, total amount of delinquencies, number of parcels delinquent in payment for the five most recent fiscal years.
 - (vii) Notwithstanding the September 30 reporting date, 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 September 30. Identity of each delinquent taxpayer responsible for 5 percent or more of total Special Tax 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.
 - (viii) Most recently available total assessed value of all parcels subject to the Special Tax.
 - (ix) List of landowners and assessor's parcel number of parcels subject to 20% or more of the Special Tax levy including the following information: development status and land use classification, to the extent shown in City records as of April 30 of the preceding fiscal year and assessed value (land and improvements).
- (c) In addition to any of the information expressly required to be provided under this Disclosure Certificate, the City shall provide such further material information, if any, as may be necessary to make the specifically required statements, in the light of the circumstances under which they are made, not misleading.
- (d) Any or all of the items listed above may be included by specific reference to other documents, including official statements of debt issues of the City or related public entities, which are available to the public on the MSRB's Internet web site or filed with the Securities and Exchange Commission. The City shall clearly identify each such other document so included by reference.

Section 5. Reporting of Significant Events.

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

- (1) Principal and interest payment delinquencies.
- (2) Non-payment related defaults, if material.
- (3) Unscheduled draws on debt service reserves reflecting financial difficulties.
- (4) Unscheduled draws on credit enhancements reflecting financial difficulties.
- (5) Substitution of credit or liquidity providers, or their failure to perform.
- (6) Adverse tax opinions, the issuance by the Internal Revenue Service of proposed or final determinations of taxability, Notices of Proposed Issue (IRS Form 5701-TEB) or other material notices or determinations with respect to the tax status of the security, or other material events affecting the tax status of the security.
- (7) Modifications to rights of security holders, if material.
- (8) Bond calls, if material, and tender offers.
- (9) Defeasances.
- (10) Release, substitution, or sale of property securing repayment of the securities, if material.
- (11) Rating changes.
- (12) Bankruptcy, insolvency, receivership or similar event of the City or other obligated person.
- (13) The consummation of a merger, consolidation, or acquisition involving the City or an obligated person, or the sale of all or substantially all of the assets of the City or an obligated person (other than in the ordinary course of business), the entry into a definitive agreement to undertake such an action, or the termination of a definitive agreement relating to any such actions, other than pursuant to its terms, if material.
- (14) Appointment of a successor or additional fiscal agent or the change of name of a fiscal agent, if material.
- (15) Incurrence of a financial obligation of the City, if material, or agreement to covenants, events of default, remedies, priority rights, or other similar terms of a financial obligation of the City, any of which affect security holders, if material (for the definition of "financial obligation," see clause (e)).

- (16) Default, event of acceleration, termination event, modification of terms, or other similar events under the terms of a financial obligation of the City, any of which reflect financial difficulties (for the definition of “financial obligation,” see clause (e)).

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

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

(d) For purposes of this Disclosure Certificate, any event described in paragraph (a)(12) above is considered to occur when any of the following occur: the appointment of a receiver, fiscal agent, or similar officer for the City in a proceeding under the United States Bankruptcy Code or in any other proceeding under state or federal law in which a court or governmental authority has assumed jurisdiction over substantially all of the assets or business of the City, or if such jurisdiction has been assumed by leaving the existing governing body and officials or officers in possession but subject to the supervision and orders of a court or governmental authority, or the entry of an order confirming a plan of reorganization, arrangement, or liquidation by a court or governmental authority having supervision or jurisdiction over substantially all of the assets or business of the City.

(e) For purposes of Section 5(a)(15) and (16), “financial obligation” means a (i) debt obligation; (ii) derivative instrument entered into in connection with, or pledged as security or a source of payment for, an existing or planned debt obligation; or (iii) guarantee of (i) or (ii). The term financial obligation shall not include municipal securities as to which a final official statement has been provided to the MSRB consistent with the Rule.

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

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

Section 8. Dissemination Agent. The City may, from time to time, appoint or engage a Dissemination Agent to assist it in carrying out its obligations under this Disclosure Certificate, and may discharge any Dissemination Agent, with or without appointing a successor Dissemination Agent. Any Dissemination Agent may resign by providing 30 days' written notice to the City.

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

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

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

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

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

If an amendment is made to this Disclosure Certificate modifying the accounting principles to be followed in preparing financial statements, the Annual Report for the year in which the change is made shall present a comparison between the financial statements or information prepared on the basis of the new accounting principles and those prepared on the basis of the former accounting principles. The comparison shall include a qualitative discussion of the differences in the accounting principles and the impact of the change in the accounting principles on the presentation of the financial information, in order to provide information to investors to enable them to evaluate the ability of the City to meet its obligations. To the extent reasonably feasible, the comparison shall be quantitative.

A notice of any amendment made pursuant to this Section 9 shall be filed in the same manner as for a Listed Event under Section 5(b).

Section 10. Additional Information. Nothing in this Disclosure Certificate shall be deemed to prevent the City from disseminating any other information, using the means of dissemination set forth in this Disclosure Certificate or any other means of communication, or including any other information in any Annual Report or notice of occurrence of a Listed Event, in addition to that which is required by this Disclosure Certificate. If the City chooses to include any information in any Annual Report or notice of occurrence of a Listed Event in addition to that which is specifically

required by this Disclosure Certificate, the City shall have no obligation under this Disclosure Certificate to update such information or include it in any future Annual Report or notice of occurrence of a Listed Event.

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

Section 12. Duties, Immunities and Liabilities of Dissemination Agent.

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

(b) 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 shall be reimbursed for all expenses, legal fees and advances made or incurred by the Dissemination Agent in the performance of its duties hereunder.

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

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

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

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

By: _____
Name:
Title:

WILLDAN FINANCIAL SERVICES, as
Dissemination Agent

By: _____
Name:
Title:

CONTINUING DISCLOSURE CERTIFICATE
([Name of Merchant Builder])

THIS CONTINUING DISCLOSURE CERTIFICATE ([NAME OF MERCHANT BUILDER]) (the “**Disclosure Certificate**”) dated as of July 26, 2023, is executed by _____ (the “**Builder**”) in connection with the execution and delivery by the City of Roseville of its City of Roseville Creekview Community Facilities District No. 1 (Public Facilities) Improvement Area No. 2 Special Tax Bonds Series 2023 (the “**Bonds**”). The Bonds are being executed and delivered pursuant to a Fiscal Agent Agreement dated as of July 1, 2023 (the “**Fiscal Agent Agreement**”), by and between the City and U.S. Bank Trust Company, National Association, as fiscal agent.

The Builder covenants and agrees as follows:

Section 1. Purpose of the Disclosure Certificate. This Disclosure Certificate is being executed and delivered by the Builder for the benefit of the holders and beneficial owners of the Bonds.

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

“**Affiliate**” means any person presently directly (or indirectly through one or more intermediaries) under managerial control of the Builder, and about whom information could be material to potential investors in their investment decision regarding the Bonds (including without limitation information relevant to the proposed development of the Property or to the Builder’s ability to pay the Special Taxes levied on the Property prior to delinquency).

“**Assumption Agreement**” means an undertaking of a Major Owner for the benefit of the holders and beneficial owners of the Bonds containing terms substantially similar to this Disclosure Certificate (as modified for such Major Owner’s development and financing plans with respect to property owned by such Major Owner in Improvement Area No. 2), whereby such Major Owner agrees to provide periodic reports and notices of significant events, setting forth the information described in sections 4 and 5 hereof, respectively, with respect to the portion of the Property in Improvement Area No. 2 owned by such Major Owner, at the option of the Builder or such Major Owner, agrees to indemnify the Dissemination Agent (if any) pursuant to a provision substantially in the form of Section 11 hereof.

“**Dissemination Agent**” means the Builder, or any successor Dissemination Agent designated in writing by the Builder, and which has filed with the Builder, the City and the Participating Underwriter a written acceptance of such designation, and which is experienced in providing dissemination agent services such as those required under this Disclosure Certificate.

“**District**” means the City of Roseville Creekview Community Facilities District No. 1 (Public Facilities).

“**Hearthstone Land Bank**” means [FOR D.R. HORTON: Winding Creek C-21 – Roseville L.P.] [FOR LENNAR: Angelo Gordon & Co.]; [FOR MERITAGE/ WOODSIDE: NOT APPLICABLE].

“Improvement Area No. 2” means the improvement area designated as such within the District.

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

“Major Owner” means, as of any date of determination, a Person that owns land in Improvement Area No. 2 that is collectively responsible for 20% or more of the Special Taxes in Improvement Area No. 2.

“MSRB” means the Municipal Securities Rulemaking Board, which has been designated by the Securities and Exchange Commission as the sole repository of disclosure information, or any other repository of disclosure information that may be designated by the Securities and Exchange Commission as such in the future.

“Official Statement” means the final Official Statement, dated July 6, 2023, executed by the City in connection with the issuance of the Bonds.

“Option Agreement” means that [FOR D.R. HORTON: Option and Development Agreement dated April 20, 2023, between the Hearthstone Land Bank and the Builder] [FOR LENNAR: Angelo Gordon & Co.]; [FOR MERITAGE/LENNAR/WOODSIDE: NOT APPLICABLE].

“Participating Underwriter” means Piper Sandler & Co., the original Underwriter of the Bonds.

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

“Person” means an individual, a corporation, a partnership, a limited liability company, an association, a joint stock company, a trust, any unincorporated organization or a government or political subdivision thereof.

“Property” means, as of the date of determination, the real property within the boundaries of Improvement Area No. 2 that is owned by (i) the Builder, (ii) any Affiliate of the Builder, (iii) [FOR D.R. HORTON ONLY: Hearthstone Land Bank (during the term of the Option Agreement),] and (iv) the property in Improvement Area No. 2 that the Builder sold to a Major Owner who has not assumed the undertakings of this Disclosure Certificate under Section 6(b) and that is owned by such Major Owner.

“Report Date” means May 1 and November 1 of each year.

“Special Taxes” means the special taxes levied on the Property in Improvement Area No. 2.

Section 3. Provision of Periodic Reports.

(a) So long as Builder’s obligations under this Disclosure Certificate have not been terminated pursuant to Section 6 below, the Builder shall, or, upon written direction of the Builder the Dissemination Agent shall, not later than the Report Date, commencing November 1, 2023, file or cause to be filed with the MSRB a Periodic Report which is consistent with the requirements of Section 4 of this Disclosure Certificate with a copy to the Participating Underwriter and the City.

Not later than 15 calendar days prior to the Report Date, the Builder shall provide the Periodic Report to the Dissemination Agent (if different from the Builder). The Builder shall provide a written certification with (or included as a part of) each Periodic Report furnished to the Dissemination Agent (if different from the Builder), the Participating Underwriter and the City to the effect that such Periodic Report constitutes the Periodic Report required to be furnished by it under this Disclosure Certificate. The Dissemination Agent (if different than the Builder), the Participating Underwriter and the City may conclusively rely upon such certification of the Builder and shall have no duty or obligation to review the Periodic Report. The Periodic Report may be submitted as a single document or as separate documents comprising a package, and may incorporate by reference other information as provided in Section 4 of this Disclosure Certificate.

(b) If the Dissemination Agent (if different than the Builder) does not receive a Periodic Report by 15 calendar days prior to the Report Date, the Dissemination Agent shall send a reminder notice to the Builder that the Periodic Report has not been provided as required under Section 3(a) above. The reminder notice shall instruct the Builder to determine whether its obligations under this Disclosure Certificate have terminated (pursuant to Section 6 below) and, if so, to provide the Dissemination Agent with a notice of such termination in the same manner as for a Listed Event (pursuant to Section 5 below). If the Builder does not provide, or cause the Dissemination Agent to provide, a Periodic Report to the MSRB by the Report Date as required in subsection (a) above, the Dissemination Agent shall send a notice to the MSRB to such effect, in substantially the form prescribed by the MSRB, with a copy to the City and the Participating Underwriter.

(c) The Dissemination Agent shall:

- (i) determine prior to each Report Date the then-applicable rules and electronic format prescribed by the MSRB for the filing of continuing disclosure reports; and
- (ii) to the extent the Periodic Report has been furnished to it, file a report with the Builder (if the Dissemination Agent is other than the Builder), the City and the Participating Underwriter certifying that the Periodic Report has been provided pursuant to this Disclosure Certificate, and stating the date it was provided.

Section 4. Content of Periodic Reports. Each Periodic Report shall contain or incorporate by reference the information set forth in Exhibit A relating to the Builder, any or all of which may be included by specific reference to other documents, including official statements of debt issues of the Builder or related public entities, which are available to the public on the MSRB's Internet web site or filed with the Securities and Exchange Commission. If the document included by reference is a final official statement, it must be available from the MSRB. The Builder shall clearly identify each such other document so included by reference.

In addition to any of the information expressly required to be provided in Exhibit A, each Periodic Report shall include such further information, if any, as may be necessary to make the specifically required statements, in the light of the circumstances under which they are made, not misleading.

Section 5. Reporting of Significant Events.

(a) So long as Builder's obligations under this Disclosure Certificate have not been terminated pursuant to Section 6 below, the Builder shall give, or cause to be given, notice of the occurrence of any of the following Listed Events with respect to itself or the Property, if material:

(i) bankruptcy or insolvency proceedings commenced by or against the Builder and, if known, any bankruptcy or insolvency proceedings commenced by or against any Affiliate of the Builder, that is reasonably likely to have a significant impact on the Builder's ability to pay Special Taxes or to sell or develop the Property;

(ii) failure to pay any taxes, special taxes (including the Special Taxes) or assessments due with respect to the Property on or prior to the delinquency date to the extent such failure is not promptly cured by the Builder upon discovery thereof;

(iii) filing of a lawsuit of which the Builder is aware against the Builder or an Affiliate seeking damages, which, if successful, could have a material and adverse impact on the Builder's ability to pay Special Taxes prior to delinquency or to sell or develop the Property;

(iv) material damage to or destruction of any of the improvements on the Property; and

(v) any payment default or other material default by the Builder on any loan with respect to the construction of improvements on the Property that continues to exist beyond any applicable notice and cure periods on any loan with respect to the construction of improvements on the Property.

(b) Whenever the Builder obtains knowledge of the occurrence of a Listed Event, the Builder shall as soon as possible determine if such event would be material under applicable Federal securities law.

(c) If the Builder determines that knowledge of the occurrence of a Listed Event would be material under applicable Federal securities law, the Builder shall, or shall cause the Dissemination Agent to, promptly file a notice of such occurrence with the MSRB, with a copy to the City and the Participating Underwriter.

Section 6. Duration of Reporting Obligation.

(a) All the Builder's obligations hereunder shall commence on the date hereof and terminate (except as provided in Section 11) on the earliest to occur of the following:

(i) upon the legal defeasance, prior redemption or payment in full of all the Bonds;

(ii) at such time as the Property in Improvement Area No. 2 is collectively responsible for less than 20% of the Special Taxes; or

(iii) the date on which all of the Special Taxes attributable to the Property are prepaid in full.

The Builder shall give notice of the termination of its obligations under this Disclosure Certificate in the same manner as for a Listed Event under Section 5.

(b) If a portion of the Property is conveyed to a Person that, upon such conveyance, will be a Major Owner, the obligations of the Builder hereunder with respect to the Property conveyed to the Major Owner may be assumed by such Major Owner, and the Builder's obligations hereunder with respect to the Property conveyed will be terminated. In order to effect such assumption, such Major Owner shall enter into an Assumption Agreement in form and substance equivalent to this Disclosure Certificate or as otherwise satisfactory to the City and the Participating Underwriter. However, a Major Owner shall not be required to enter into an Assumption Agreement if such Major Owner is already a party to a continuing disclosure certificate in form and substance similar to this Disclosure Certificate with respect to the Bonds, and under which the Property conveyed to such Major Owner will become subject to future Periodic Reports. If a Major Owner required by this Section 6(b) to enter into an Assumption Agreement does not enter into an Assumption Agreement, then the Builder shall continue reporting on the Property conveyed to the Major Owner so long as it is owned by such Major Owner or until an Assumption Agreement is executed or until the Builder's obligations may be terminated in accordance with Section 6(a).

Section 7. Dissemination Agent. The Builder may, from time to time, appoint or engage a Dissemination Agent to assist the Builder in carrying out its obligations under this Disclosure Certificate, and may discharge any such Dissemination Agent, with or without appointing a successor Dissemination Agent. The Dissemination Agent may resign by providing thirty days' written notice to the City, the Builder and the Participating Underwriter.

Section 8. Amendment; Waiver. Notwithstanding any other provision of this Disclosure Certificate, the Builder may amend this Disclosure Certificate, and any provision of this Disclosure Certificate may be waived, provided that the following conditions are satisfied (provided, however, that the Dissemination Agent shall not be obligated under any such amendment that modifies or increases its duties or obligations hereunder without its written consent thereto):

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

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

Section 9. Additional Information. Nothing in this Disclosure Certificate shall be deemed to prevent the Builder from disseminating any other information, using the means of dissemination set forth in this Disclosure Certificate or any other means of communication, or including any other information in any Periodic Report or notice of occurrence of a Listed Event, in addition to that which is required by this Disclosure Certificate. If the Builder chooses to include any information in any Periodic Report or notice of occurrence of a Listed Event in addition to that which is specifically required by this Disclosure Certificate, the Builder shall have no obligation under this Disclosure Certificate to update such information or include it in any future Periodic Report or notice of occurrence of a Listed Event.

Section 10. Default. In the event of a failure of the Builder to comply with any provision of this Disclosure Certificate, the City, the Participating Underwriter, and any holder or beneficial owner of the Bonds may take such actions as may be necessary and appropriate, including seeking mandate or specific performance by court order, to cause the Builder to comply with its obligations under this Disclosure Certificate. A default under this Disclosure Certificate shall not be deemed an Event of Default under the Fiscal Agent Agreement, and the sole and exclusive remedy under this Disclosure Certificate in the event of any failure of the Builder to comply with this Disclosure Certificate shall be an action to compel performance.

Section 11. Duties, Immunities and Liabilities of Dissemination Agent. The Dissemination Agent shall have only such duties as are specifically set forth in this Disclosure Certificate, and the Builder agrees to indemnify and save the Dissemination Agent, its officers, directors, employees and agents (each, an “**Indemnified Party**”), harmless against any loss, expense and liabilities which it may incur arising out of or in the exercise or performance of its powers and duties hereunder, including the reasonable costs and expenses (including attorneys’ fees) of defending against any claim of liability, but excluding (i) losses, liabilities, costs and expenses due to an Indemnified Party’s negligence or willful misconduct or failure to perform its duties hereunder and (ii) losses, expenses and liabilities due to the failure of the City to pay the fees and expenses of the Dissemination Agent. The Dissemination Agent (if other than the Builder) shall be paid compensation for its services provided hereunder from Special Taxes levied for administration of the CFD in accordance with the Dissemination Agent’s schedule of fees as amended from time to time, which schedule, as amended, shall be reasonably acceptable, and all reasonable expenses, reasonable 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 City, the Builder, the Bond owners, or any other party. The obligations of the Builder under this Section shall survive resignation or removal of the Dissemination Agent and payment of the Bonds, but shall be assumed by a Major Owner from and after the date of such assumption when property is sold to a Major Owner and such Major Owner enters into an Assumption Agreement.

Section 12. Notices. Any notice or communications to be among any of the parties to this Disclosure Certificate may be given by electronic, regular, or overnight mail as follows:

To the Builder:

Attn: _____

Email: _____

To the City:

City of Roseville
Attn: CFD Administrator
311 Vernon Street
Roseville, CA 95678

To the Participating
Underwriter:

Piper Sandler & Co.
Attn: Managing Director
2321 Rosecrans Avenue, Suite 3200
El Segundo, CA 90245

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 13. Beneficiaries. This Disclosure Certificate shall inure solely to the benefit of the City, the Builder (its successors and assigns), 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. All obligations of the Builder hereunder shall be assumed by any legal successor to the obligations of the Builder as a result of a sale, merger, consolidation or other reorganization.

IN WITNESS WHEREOF, the Builder has executed this Disclosure Certificate as of the date first above written.

_____,
a _____

By: _____
Name:
Title:

EXHIBIT A

PERIODIC REPORT

[MAY 1, ____ / NOVEMBER 1, ____]

\$14,300,000

CITY OF ROSEVILLE

CREEKVIEW COMMUNITY FACILITIES DISTRICT NO. 1 (PUBLIC FACILITIES)

IMPROVEMENT AREA NO. 2

SPECIAL TAX BONDS

SERIES 2023

This Periodic Report is hereby submitted under Section 4 of the Continuing Disclosure Certificate ([Name of Merchant Builder]) (the “**Disclosure Certificate**”) dated July 26, 2023, executed by the undersigned (the “**Builder**”) in connection with the issuance of the above-captioned bonds by the City of Roseville (the “**City**”) with respect to its City of Roseville Creekview Community Facilities District No. 1 (Public Facilities) (the “**District**”).

Capitalized terms used in this Periodic Report but not otherwise defined have the meanings given to them in the Disclosure Certificate.

I. Property Ownership and Development

The information in this section is provided as of _____ (this date must be not more than 60 days before the due date of this Periodic Report).

A. Description of the Property in Improvement Area No. 2, in substance and form similar to such information in the Official Statement for the Bonds under the heading “MERCHANT BUILDER INFORMATION – [Lennar Homes] [Woodside] [Meritage] [D.R. Horton]”:

B. Updated information regarding land development and home construction activities with respect to the Property described in the Official Statement for the Bonds under the heading “MERCHANT BUILDER INFORMATION – [Lennar Homes] [Woodside] [Meritage] [D.R. Horton]” or the Periodic Report last filed in accordance with the Disclosure Certificate, [FOR D.R. HORTON and LENNAR: including the number of parcels acquired by the Builder from the Land Bank pursuant to the Option Agreement]:

C. Status of building permits and any material changes to the description of land use or development entitlements for the Property described in the Official Statement for the Bonds under the heading “MERCHANT BUILDER INFORMATION – [Lennar Homes] [Woodside] [Meritage] [D.R. Horton]” or the Periodic Report last filed in accordance with the Disclosure Certificate:

D. Status of any land purchase contracts with regard to the Property, including sales of land in Improvement Area No. 2 to other property owners (other than individual homeowners).

II. Legal and Financial Status of Builder

Unless such information has previously been included or incorporated by reference in a Periodic Report, describe any material change in the legal structure of the Builder or the financial condition and financing plan of the Builder that would materially and adversely interfere with its ability to complete the development plan with respect to the Property described in the Official Statement. To the extent that the ownership of the Builder has changed, describe all material terms of the new ownership structure.

III. Change in Development or Financing Plans

Unless such information has previously been included or incorporated by reference in a Periodic Report, describe any development plans or financing plans relating to the Property *that are materially different from* the proposed development and financing plan for the Property described in the Official Statement or in a previous Periodic Report.

IV. Official Statement Updates

Unless such information has previously been included or incorporated by reference in a Periodic Report, describe any other significant changes in the information relating to the Builder or the Property contained in the Official Statement under the heading “MERCHANT BUILDER INFORMATION – [Lennar Homes] [Woodside] [Meritage] [D.R. Horton]” that would materially and adversely interfere with the Builder’s ability to develop and sell the Property as described in the Official Statement.

V. Other Material Information

In addition to any of the information expressly required above, provide such further information, if any, with respect to the Property and the Builder as may be necessary to make the specifically required statements, in the light of the circumstances under which they are made, not misleading.

Certification

On behalf of the Builder, the undersigned officer or authorized representative, based on actual knowledge after reasonable inquiry of employees of Builder and its affiliates, hereby certifies that this Periodic Report constitutes the Periodic Report required to be furnished by the Builder under the Disclosure Certificate.

ANY OTHER STATEMENTS REGARDING THE BUILDER, THE DEVELOPMENT OF THE PROPERTY, THE BUILDER'S FINANCING PLAN OR FINANCIAL CONDITION, OR THE BONDS, OTHER THAN STATEMENTS MADE BY THE BUILDER IN AN OFFICIAL RELEASE, OR FILED WITH THE MUNICIPAL SECURITIES RULEMAKING BOARD, ARE NOT AUTHORIZED BY THE BUILDER. THE BUILDER IS NOT RESPONSIBLE FOR THE ACCURACY, COMPLETENESS OR FAIRNESS OF ANY SUCH UNAUTHORIZED STATEMENTS.

THE BUILDER HAS NO OBLIGATION TO UPDATE THIS PERIODIC REPORT OTHER THAN AS EXPRESSLY PROVIDED IN THE DISCLOSURE CERTIFICATE.

Dated: _____

By: _____

CONTINUING DISCLOSURE CERTIFICATE (Developer)

THIS CONTINUING DISCLOSURE CERTIFICATE (DEVELOPER) (the “**Disclosure Certificate**”) dated as of July 26, 2023, is executed by Anthem United Creekview Developments Limited Partnership, a Washington limited partnership (the “**Developer**”), in connection with the execution and delivery by the City of Roseville of its City of Roseville Creekview Community Facilities District No. 1 (Public Facilities) Improvement Area No. 2 Special Tax Bonds Series 2023 (the “**Bonds**”). The Bonds are being executed and delivered pursuant to a Fiscal Agent Agreement, dated as of July 1, 2023 (the “**Fiscal Agent Agreement**”), by and between the City and U.S. Bank Trust Company, National Association, as fiscal agent.

The Developer covenants and agrees as follows:

Section 1. Purpose of the Disclosure Certificate. This Disclosure Certificate is being executed and delivered by the Developer for the benefit of the holders and beneficial owners of the Bonds.

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

“**Affiliate**” means any person presently directly (or indirectly through one or more intermediaries) under managerial control of the Developer, and about whom information could be material to potential investors in their investment decision regarding the Bonds (including without limitation information relevant to the proposed development of the Property or to the Developer’s ability to pay the Special Taxes levied on the Property prior to delinquency).

“**Assumption Agreement**” means an undertaking of a Major Owner for the benefit of the holders and beneficial owners of the Bonds containing terms substantially similar to this Disclosure Certificate (as modified for such Major Owner’s development and financing plans with respect to property owned by such Major Owner in Improvement Area No. 2), whereby such Major Owner agrees to provide periodic reports and notices of significant events, setting forth the information described in sections 4 and 5 hereof, respectively, with respect to the portion of the Property in Improvement Area No. 2 owned by such Major Owner, and at the option of the Developer or such Major Owner, agrees to indemnify the Dissemination Agent (if any) pursuant to a provision substantially in the form of Section 11 hereof.

“**Dissemination Agent**” means the Developer, or any successor Dissemination Agent designated in writing by the Developer, and which has filed with the Developer, the City and the Participating Underwriter a written acceptance of such designation, and which is experienced in providing dissemination agent services such as those required under this Disclosure Certificate.

“**District**” means the City of Roseville Creekview Community Facilities District No. 1 (Public Facilities).

“**Improvement Area No. 2**” means the improvement area designated as such within the District.

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

“Major Owner” means, as of any date of determination, a Person that owns land in Improvement Area No. 2 that is collectively responsible for 20% or more of the Special Taxes in Improvement Area No. 2.

“MSRB” means the Municipal Securities Rulemaking Board, which has been designated by the Securities and Exchange Commission as the sole repository of disclosure information, or any other repository of disclosure information that may be designated by the Securities and Exchange Commission as such in the future.

“Official Statement” means the final Official Statement dated July 6, 2023, executed by the City in connection with the issuance of the Bonds.

“Participating Underwriter” means Piper Sandler & Co., the original Underwriter of the Bonds.

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

“Person” means an individual, a corporation, a partnership, a limited liability company, an association, a joint stock company, a trust, any unincorporated organization or a government or political subdivision thereof.

“Phase 4” means Phase 4 (approximately 221 residential lots) of the Creekview Project, which is located entirely in Improvement Area No. 2 and is, as of the date of this Disclosure Certificate, owned exclusively by the Developer and is considered Undeveloped Property (as defined in the Rate and Method).

“Property” means (i) the property owned by the Developer in Improvement Area No. 2 as of the date of determination, and (ii) the property in Improvement Area No. 2 that the Developer sold to a Major Owner after the date of this Disclosure Certificate who has not assumed the undertakings of this Disclosure Certificate under Section 6(b) and that is owned by such Major Owner.

“Rate and Method” means the Rate, Method of Apportionment, and Manner of Collection of Special Tax for Improvement Area No. 2.

“Report Date” means May 1 and November 1 of each year.

“Reporting Commencement Date” means the Report Date that occurs at least thirty (30) calendar days after the Trigger Event.

“Special Taxes” means the special taxes levied on property in Improvement Area No. 2.

“Trigger Event” means the date that both of the following are true: (A) any part of Phase 4 of Improvement Area No. 2 becomes Developed Property (as defined in the Rate and Method) and (B) the Developer is, or will become, a Major Owner as a result of property in Phase 4 becoming Developed Property.

Section 3. Provision of Periodic Reports.

(a) So long as Developer's obligations under this Disclosure Certificate have not been terminated pursuant to Section 6 below, the Developer shall, or, upon written direction of the Developer the Dissemination Agent shall, not later than the Report Date, commencing on the Reporting Commencement Date, file or cause to be filed with the MSRB a Periodic Report which is consistent with the requirements of Section 4 of this Disclosure Certificate with a copy to the Participating Underwriter and the City. Not later than 15 calendar days prior to the applicable Report Date following the Reporting Commencement Date, the Developer shall provide the Periodic Report to the Dissemination Agent (if different from the Developer). The Developer shall provide a written certification with (or included as a part of) each Periodic Report furnished to the Dissemination Agent (if different from the Developer), the Participating Underwriter and the City to the effect that such Periodic Report constitutes the Periodic Report required to be furnished by it under this Disclosure Certificate. The Dissemination Agent (if different than the Developer), the Participating Underwriter and the City may conclusively rely upon such certification of the Developer and shall have no duty or obligation to review the Periodic Report. The Periodic Report may be submitted as a single document or as separate documents comprising a package, and may incorporate by reference other information as provided in Section 4 of this Disclosure Certificate.

(b) If the Dissemination Agent (if different than the Developer) does not receive a Periodic Report by 15 calendar days prior to the applicable Report Date following the Reporting Commencement Date, the Dissemination Agent shall send a reminder notice to the Developer that the Periodic Report has not been provided as required under Section 3(a) above. The reminder notice shall instruct the Developer to determine whether its obligations under this Disclosure Certificate have terminated (pursuant to Section 6 below) and, if so, to provide the Dissemination Agent with a notice of such termination in the same manner as for a Listed Event (pursuant to Section 5 below). If the Developer does not provide, or cause the Dissemination Agent to provide, a Periodic Report to the MSRB by the applicable Report Date following the Reporting Commencement Date as required in subsection (a) above, the Dissemination Agent shall send a notice to the MSRB in substantially the form attached hereto as Exhibit A, with a copy to the City and the Participating Underwriter.

(c) The Dissemination Agent shall:

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

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

(d) For purposes of clarity, the Developer shall not be required to provide either a Periodic Report or a notice that there will be no filing of a Periodic Report prior to the Reporting Commencement Date.

Section 4. Content of Periodic Reports. Each Periodic Report shall contain or incorporate by reference the information set forth in Exhibit B relating to the Developer, any or all of which may be included by specific reference to other documents, including official statements of debt issues of the Developer or related public entities, which are available to the public on the MSRB's

Internet web site or filed with the Securities and Exchange Commission. If the document included by reference is a final official statement, it must be available from the MSRB. The Developer shall clearly identify each such other document so included by reference.

In addition to any of the information expressly required to be provided in Exhibit B, each Periodic Report shall include such further information, if any, as may be necessary to make the specifically required statements, in the light of the circumstances under which they are made, not misleading.

Section 5. Reporting of Significant Events.

(a) So long as Developer's obligations under this Disclosure Certificate have not been terminated pursuant to Section 6 below, the Developer shall give, or cause to be given, notice of the occurrence of any of the following Listed Events with respect to itself or the Property, if material:

(i) bankruptcy or insolvency proceedings commenced by or against the Developer and, if known, any bankruptcy or insolvency proceedings commenced by or against any Affiliate of the Developer, that is reasonably likely to have a significant impact on the Developer's ability to pay Special Taxes on its Property prior to delinquency or to sell or develop the Property;

(ii) failure to pay any taxes, special taxes (including the Special Taxes) or assessments due with respect to the Property on or prior to the delinquency date to the extent such failure is not promptly cured by the Developer upon discovery thereof;

(iii) filing of a lawsuit of which the Developer is aware against the Developer or an Affiliate seeking damages, which, if successful, could have a material and adverse impact on the Developer's ability to pay Special Taxes on its Property prior to delinquency or to sell or develop the Property;

(iv) material damage to or destruction of any of the improvements on the Property; and

(v) any payment default or other material default by the Developer on any loan with respect to the construction of improvements on the Property that continues to exist beyond any applicable notice and cure periods on any loan with respect to the construction of improvements on the Property.

(b) Whenever the Developer obtains knowledge of the occurrence of a Listed Event, the Developer shall as soon as possible determine if such event would be material under applicable Federal securities law.

(c) If the Developer determines that knowledge of the occurrence of a Listed Event would be material under applicable Federal securities law, the Developer shall, or shall cause the Dissemination Agent to, promptly file a notice of such occurrence with the MSRB, with a copy to the City and the Participating Underwriter.

Section 6. Duration of Reporting Obligation.

(a) All the Developer's obligations hereunder shall commence on the date hereof and terminate (except as provided in Section 11) on the earliest to occur of the following:

(i) upon the legal defeasance, prior redemption or payment in full of all the Bonds, or

(ii) at such time as the earlier of (A) the date the Developer no longer owns, or is responsible to report on, any taxable property in Improvement Area No. 2, or (B) the date that the Developer and its Affiliates own property in Improvement Area No. 2 collectively responsible for less than 20% of the Special Taxes in the then-current Fiscal Year or the following Fiscal Year; or

(iii) the date on which all of the Special Taxes attributable to the Property are prepaid in full.

The Developer shall give notice of the termination of its obligations under this Disclosure Certificate in the same manner as for a Listed Event under Section 5.

(b) If a portion of the Property is conveyed to a Person that, upon such conveyance, will be a Major Owner, the obligations of the Developer hereunder with respect to the Property conveyed to the Major Owner may be assumed by such Major Owner, and the Developer's obligations hereunder with respect to the Property conveyed will be terminated. In order to effect such assumption, such Major Owner shall enter into an Assumption Agreement in form and substance equivalent to this Disclosure Certificate or as otherwise satisfactory to the City and the Participating Underwriter. However, a Major Owner shall not be required to enter into an Assumption Agreement if such Major Owner is already a party to a continuing disclosure certificate in form and substance similar to this Disclosure Certificate with respect to the Bonds, and under which the Property conveyed to such Major Owner will become subject to future Periodic Reports. If a Major Owner required by this Section 6(b) to enter into an Assumption Agreement does not enter into an Assumption Agreement, then the Developer shall continue reporting on the Property conveyed to the Major Owner so long as it is owned by such Major Owner or until an Assumption Agreement is executed or until the Developer's obligations may be terminated in accordance with Section 6(a).

Section 7. Dissemination Agent. The Developer may, from time to time, appoint or engage a Dissemination Agent to assist the Developer in carrying out its obligations under this Disclosure Certificate, and may discharge any such Dissemination Agent, with or without appointing a successor Dissemination Agent. The Dissemination Agent may resign by providing thirty days' written notice to the City, the Developer and the Participating Underwriter.

Section 8. Amendment; Waiver. Notwithstanding any other provision of this Disclosure Certificate, the Developer may amend this Disclosure Certificate, and any provision of this Disclosure Certificate may be waived, provided that the following conditions are satisfied (provided, however, that the Dissemination Agent shall not be obligated under any such amendment that modifies or increases its duties or obligations hereunder without its written consent thereto):

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

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

Section 9. Additional Information. Nothing in this Disclosure Certificate shall be deemed to prevent the Developer from disseminating any other information, using the means of dissemination set forth in this Disclosure Certificate or any other means of communication, or including any other information in any Periodic Report or notice of occurrence of a Listed Event, in addition to that which is required by this Disclosure Certificate. If the Developer chooses to include any information in any Periodic Report or notice of occurrence of a Listed Event in addition to that which is specifically required by this Disclosure Certificate, the Developer shall have no obligation under this Disclosure Certificate to update such information or include it in any future Periodic Report or notice of occurrence of a Listed Event.

Section 10. Default. In the event of a failure of the Developer to comply with any provision of this Disclosure Certificate, the City, the Participating Underwriter, and any holder or beneficial owner of the Bonds may take such actions as may be necessary and appropriate, including seeking mandate or specific performance by court order, to cause the Developer to comply with its obligations under this Disclosure Certificate. A default under this Disclosure Certificate shall not be deemed an Event of Default under the Fiscal Agent Agreement, and the sole and exclusive remedy under this Disclosure Certificate in the event of any failure of the Developer to comply with this Disclosure Certificate shall be an action to compel performance.

Section 11. Duties, Immunities and Liabilities of Dissemination Agent. The Dissemination Agent shall have only such duties as are specifically set forth in this Disclosure Certificate, and the Developer agrees to indemnify and save the Dissemination Agent, its officers, directors, employees and agents (each, an “**Indemnified Party**”), harmless against any loss, expense and liabilities which it may incur arising out of or in the exercise or performance of its powers and duties hereunder, including the reasonable costs and expenses (including attorneys’ fees) of defending against any claim of liability, but excluding (i) losses, liabilities, costs and expenses due to an Indemnified Party’s negligence or willful misconduct or failure to perform its duties hereunder and (ii) losses, expenses and liabilities due to the failure of the City to pay the fees and expenses of the Dissemination Agent. The Dissemination Agent (if other than the Developer) shall be paid compensation for its services provided hereunder from Special Taxes levied for administration of the CFD in accordance with the Dissemination Agent’s schedule of fees as amended from time to time, which schedule, as amended, shall be reasonably acceptable, and all reasonable expenses, reasonable 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 City, the Developer, the Bond owners, or any other party. The obligations of the Developer under this Section shall survive resignation or removal of the Dissemination Agent and payment of the Bonds, but shall be assumed by a Major Owner from and after the date of such assumption when property is sold to a Major Owner and such Major Owner enters into an Assumption Agreement.

Section 12. Notices. Any notice or communications to be among any of the parties to this Disclosure Certificate may be given by electronic, regular, or overnight mail as follows:

To the Developer	Anthem United Creekview Developments Limited Partnership Attn: Brian Moore 3001 Douglas Blvd., Suite 200 Roseville, CA 95661 Email: bmoore@anthemunited.com

To the City:	City of Roseville Attn: CFD Administrator 311 Vernon Street Roseville, CA 95678 Email: Dkauffman@roseville.ca.us Email: jthrash@roseville.ca.us

To the Participating Underwriter:	Piper Sandler & Co. Attn: Managing Director 2321 Rosecrans Avenue, Suite 3200 El Segundo, CA 90245 Email: dennis.mcguire@psc.com Email: renee.vancho@psc.com

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 13. Beneficiaries. This Disclosure Certificate shall inure solely to the benefit of the City, the Developer (its successors and assigns), 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. All obligations of the Developer hereunder shall be assumed by any legal successor to the obligations of the Developer as a result of a sale, merger, consolidation or other reorganization.

Section 14. Counterparts. This Disclosure Certificate 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 Developer has executed this Disclosure Certificate as of the date first above written.

ANTHEM UNITED CREEKVIEW DEVELOPMENTS LIMITED PARTNERSHIP,
a Washington limited partnership

By: Anthem United Creekview Management, LLC,
a Washington limited liability company,
its General Partner

By: _____
Brian Moore,
Vice President

By: _____
Matt Gustus,
Vice President

EXHIBIT A

NOTICE TO REPOSITORIES OF FAILURE TO FILE PERIODIC REPORT

Name of Issuer: City of Roseville

Name of Bond Issue: \$14,300,000 City of Roseville, Creekview Community Facilities District
No. 1 (Public Facilities) Improvement Area No. 2 Special Tax Bonds
Series 2023

Date of Issuance: July 26, 2023

NOTICE IS HEREBY GIVEN that _____ (the "**Major Owner**") has not provided a Periodic Report with respect to the above-named Bonds as required by the Continuing Disclosure Certificate (Developer) of the Developer dated as of the date of issuance of such Bonds. The Developer anticipates that the Periodic Report will be filed by _____.

Dated: _____, 2023

Dissemination Agent

By: _____

Its: _____

cc: Developer

EXHIBIT B
PERIODIC REPORT

\$14,300,000
City of Roseville Creekview Community Facilities District No. 1 (Public Facilities) Improvement
Area No. 2 Special Tax Bonds Series 2023

This Periodic Report is hereby submitted under Section 4 of the Continuing Disclosure Certificate (Developer) (the “**Disclosure Certificate**”) dated July 26, 2023, executed by the undersigned (the “**Developer**”) in connection with the issuance of the above-captioned bonds by the City of Roseville (the “**City**”) with respect to its City of Roseville Creekview Community Facilities District No. 1 (Public Facilities) (the “**District**”).

Capitalized terms used in this Periodic Report but not otherwise defined have the meanings given to them in the Disclosure Certificate.

I. Property Ownership and Development

The information in this section is provided as of _____ (this date must be not more than 60 days before the due date of this Periodic Report).

A. Description of the Property currently owned by Developer in Improvement Area No. 2 (the “**Property**”), in substance and form similar to such information in the Official Statement for the Bonds: _____.

B. Updated information regarding land development activities with respect to the Property described in the Official Statement for the Bonds or the Periodic Report last filed in accordance with the Disclosure Certificate:

C. Status of any material changes to the description of land use or development entitlements for the Property described in the Official Statement for the Bonds or the Periodic Report last filed in accordance with the Disclosure Certificate:

D. Status of any land purchase contracts with regard to the Property, whether acquisition of land in Improvement Area No. 2 by the Developer or sales of land in Improvement Area No. 2 to other property owners, distinguishing between (i) end users (e.g., condominiums), (ii) developers and (iii) merchant builders.

II. Legal and Financial Status of Developer

Unless such information has previously been included or incorporated by reference in a Periodic Report, describe any material change in the legal structure of the Developer or the financial condition and financing plan of the Developer that would materially and adversely interfere with its ability to complete the development plan with respect to the Property described in the Official Statement. To the extent that the ownership of the Developer has changed, describe all material terms of the new ownership structure.

III. Change in Development or Financing Plans

Unless such information has previously been included or incorporated by reference in a Periodic Report, describe any development plans or financing plans relating to the Property *that are materially different from* the proposed development and financing plan for the Property described in the Official Statement or in a previous Periodic Report.

IV. Official Statement Updates

Unless such information has previously been included or incorporated by reference in a Periodic Report, describe any other significant changes in the information relating to the Developer or the Property contained in the Official Statement under the heading "IMPROVEMENT AREA NO. 2 PLANNED DEVELOPMENT" and "THE MASTER DEVELOPER," that would materially and adversely interfere with the Developer's ability to develop and sell the Property as described in the Official Statement.

V. Other Material Information

In addition to any of the information expressly required above, provide such further information, if any, with respect to the Property and the Developer as may be necessary to make the specifically required statements, in the light of the circumstances under which they are made, not misleading.

Certification

On behalf of the Developer, the undersigned, based on actual knowledge after reasonable inquiry of employees of Developer and its affiliates, hereby certifies that this Periodic Report constitutes the Periodic Report required to be furnished by the Developer under the Disclosure Certificate.

ANY OTHER STATEMENTS REGARDING THE DEVELOPER, THE DEVELOPMENT OF THE PROPERTY, THE DEVELOPER'S FINANCING PLAN OR FINANCIAL CONDITION, OR THE BONDS, OTHER THAN STATEMENTS MADE BY THE DEVELOPER IN AN OFFICIAL RELEASE, OR FILED WITH THE MUNICIPAL SECURITIES RULEMAKING BOARD, ARE NOT AUTHORIZED BY THE DEVELOPER. THE DEVELOPER IS NOT RESPONSIBLE FOR THE ACCURACY, COMPLETENESS OR FAIRNESS OF ANY SUCH UNAUTHORIZED STATEMENTS.

THE DEVELOPER HAS NO OBLIGATION TO UPDATE THIS PERIODIC REPORT OTHER THAN AS EXPRESSLY PROVIDED IN THE DISCLOSURE CERTIFICATE.

Dated: _____, 2023

By: _____

APPENDIX F

SUMMARY OF CERTAIN PROVISIONS OF FISCAL AGENT AGREEMENT

The following contains a brief summary of certain provisions of the Fiscal Agent Agreement not found in the main body of the Official Statement. Investors are hereby directed to obtain a complete copy of the Fiscal Agent Agreement, which is available from the City or the Fiscal Agent upon request.

Certain Definitions

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

“Agreement” means this Fiscal Agent Agreement, as it may be amended or supplemented from time to time by any Supplemental Agreement.

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

“Authorized Officer” means the City Manager, Chief Financial Officer, City Attorney or any other officer or employee authorized by the City Council of the City or by an Authorized Officer to undertake the action referenced in this Agreement as required to be undertaken by an Authorized Officer.

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

“Bond Year” means each twelve-month period beginning on September 2 in any year and extending to the next succeeding September 1, both dates inclusive.

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

“CDIAC” means the California Debt and Investment Advisory Commission of the office of the California State Treasurer or any successor agency or bureau thereto.

“Chief Financial Officer” means the duly acting Chief Financial Officer of the City, or if the City has no Chief Financial Officer, the Finance Director, Treasurer or other officer of the City serving a similar role.

“City” means the City of Roseville, California, and any successor thereto.

“Closing Date” the date upon which there is a physical delivery of the 2023 Bonds in exchange for the amount representing the purchase price of the 2023 Bonds by the Original Purchaser.

“Code” means the Internal Revenue Code of 1986 as in effect on the date of issuance of the Bonds or (except as otherwise referenced herein) as it may be amended to apply to obligations issued on the date of issuance of the Bonds, together with applicable temporary and final regulations promulgated, and applicable official public guidance published, under the Code.

“Continuing Disclosure Certificate” means the Continuing Disclosure Certificate, dated as of the Closing Date, executed by the City and Willdan Financial Services, in its capacity as Dissemination Agent, as originally executed and as it may be amended from time to time in accordance with the terms thereof.

“Cost of Issuance” means items of expense payable or reimbursable directly or indirectly by the City and related to the authorization, sale and issuance of the Bonds, which items of expense shall include, but not be limited to, printing costs, costs of reproducing and binding documents, closing costs, filing and recording fees, initial fees, expenses and charges of the Fiscal Agent, including its first annual administration fee, and expenses and fees of counsel to the Fiscal Agent, expenses incurred by the City in connection with the issuance of the Bonds, financial advisor fees, Bond (underwriter’s) discount or underwriting fee, legal fees and charges, including bond counsel, charges for execution, transportation and safekeeping of the Bonds and other costs, charges and fees in connection with the foregoing.

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

“Debt Service” means the scheduled amount of interest and amortization of principal payable on the Bonds during the period of computation, excluding amounts scheduled during such period which relate to principal which has been retired before the beginning of such period.

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

“District” means the City of Roseville Creekview Community Facilities District No. 2 (Public Facilities) formed pursuant to the Resolution of Formation.

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

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

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

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

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

“Fiscal Year” means the twelve-month period extending from July 1 in a calendar year to June 30 of the succeeding year, both dates inclusive.

“Improvement Area No. 2” means the area designated as Improvement Area No. 2 of the District pursuant to the Resolution of Formation.

“Information Services” means “EMMA” or the “Electronic Municipal Market Access” system of the Municipal Securities Rulemaking Board; or, in accordance with then-current

guidelines of the Securities and Exchange Commission, such other services providing information with respect to called bonds as the City may designate in an Officer's Certificate delivered to the Fiscal Agent.

"Maximum Annual Debt Service" means, for each series of Outstanding Bonds, the largest Annual Debt Service for any Bond Year after the calculation is made through the final maturity date of the respective series of Outstanding Bonds.

"Officer's Certificate" means a written certificate of the City signed by an Authorized Officer of the City.

"Ordinance" means any ordinance of the City levying the Special Taxes.

"Original Purchaser" means, with respect to each series of Bonds, the first purchaser of such Bonds from the City.

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

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

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

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

(i) Federal Securities;

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

(iii) interest-bearing demand or time deposits (including certificates of deposit) in federal or State of California chartered banks (including the Fiscal Agent

and its affiliates), provided that (a) in the case of a savings and loan association, such demand or time deposits shall be fully insured by the Federal Deposit Insurance Corporation, or the unsecured obligations of such savings and loan association shall be rated in one of the top two rating categories by a nationally recognized rating service, and (b) in the case of a bank, such demand or time deposits shall be fully insured by the Federal Deposit Insurance Corporation, or the unsecured obligations of such bank (or the unsecured obligations of the parent bank holding company of which such bank is the lead bank) shall be rated in one of the top two rating categories by a nationally recognized rating service;

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

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

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

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

(viii) units of a taxable government money market portfolio comprised solely of obligations listed in (i) and (iv) above, such funds for which the Fiscal Agent, its affiliates or subsidiaries provide investment advisory or other management services or for which the Fiscal Agent or an affiliate of the Fiscal Agent serves as investment administrator, shareholder servicing agent, and/or custodian or subcustodian, notwithstanding that (a)

the Fiscal Agent or an affiliate of the Fiscal Agent receives and retains a fee for services provided to the fund, (b) the Fiscal Agent collects fees for services rendered pursuant to this Agreement, which fees are separate from the fees received from such funds, and (c) services performed for such funds and pursuant to this Agreement may at times duplicate those provided to such funds by the Fiscal Agent or an affiliate of the Fiscal Agent;

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

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

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

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

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

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

(xiv) any other lawful investment for City funds.

"Prepayment" means moneys received by the City from the prepayment of Special Taxes as provided in the Special Tax Formula.

"Principal Office" means the corporate trust office of the Fiscal Agent set forth in the Agreement, or such other or additional offices as may be designated by the Fiscal Agent.

"Project" means the acquisition and/or construction of the authorized facilities for the District described in the Resolution of Formation, including Administrative Expenses related thereto.

“Qualified Reserve Fund Credit Instrument” means an irrevocable standby or direct-pay letter of credit or surety bond issued by a commercial bank or insurance company and deposited with the Fiscal Agent, provided that all of the following requirements are met: (i) the long-term credit rating of such bank or insurance company is rated in the top two categories (without regard to modifier) by S&P or Moody’s at the time of issuance; (ii) such letter of credit or surety bond has a term of at least 12 months; (iii) such letter of credit or surety bond has a stated amount at least equal to the portion of the Reserve Requirement being met by such instrument or with respect to which funds are proposed to be released pursuant to the Fiscal Agent Agreement; and (iv) the Fiscal Agent is authorized pursuant to the terms of such letter of credit or surety bond to draw thereunder an amount equal to any deficiencies which may exist from time to time in the Bond Fund for the purpose of making payments required pursuant to the Fiscal Agent Agreement.

“Record Date” means the 15th day of the month preceding an Interest Payment Date, whether or not such day is a Business Day.

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

“Resolution of Formation” means Resolution No. 29-456, adopted by the City Council of the City on November 6, 2019.

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

“Special Tax Formula” means the “Rate, Method of Apportionment, and Manner of Collection of Special Tax for City of Roseville Creekview Community Facilities District No. 2 (Public Facilities),” approved by the qualified electors in the District on November 6, 2019, and as it may be amended in the future.

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

Bond Fund

Establishment. There is established as a separate fund to be held by the Fiscal Agent the Creekview Community Facilities District No. 2 (Public Facilities) Improvement Area No. 2 Special Tax Bonds Bond Fund, to the credit of which deposits shall be made as required by the Agreement, or the Act. Within the Bond Fund, the Fiscal Agent shall establish and maintain a Capitalized Interest Account, to the credit of which deposit shall be made as required by the Agreement. Moneys in the Bond Fund shall be held in trust by the Fiscal Agent for the benefit of the Owners of the Bonds, shall be disbursed for the payment of the principal of, and interest and any premium on, the Bonds as provided below, and, pending such disbursement, shall be subject to a lien in favor of the Owners of the Bonds.

Within the Bond Fund there is hereby established the Prepayment Account, which shall be used exclusively for the administration of any prepayments of Special Taxes to assure the

timely redemption of Bonds. Monies in the Prepayment Account shall be used to redeem Bonds on the redemption date specified in the notice to the Fiscal Agent given pursuant to the Agreement. In the event all of the Special Taxes are prepaid in full, the Prepayment Account shall be closed.

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

In the event that amounts in the Bond Fund are insufficient to pay regularly scheduled payments of principal of and interest on any Series of Bonds, the Fiscal Agent shall withdraw from the respective reserve account within the Reserve Fund established for such Series of Bonds to the extent of any funds therein, the amount of such insufficiency, and the Fiscal Agent shall provide written notice to the Treasurer and Finance Director of the amounts so withdrawn from the Reserve Fund. Amounts so withdrawn from the Reserve Fund shall be deposited in the Bond Fund.

If, after the foregoing transfer, there are insufficient funds in the Bond Fund to make the payments provided for to pay regularly scheduled payments of principal of and interest on the Bonds, the Fiscal Agent shall apply the available funds first to the payment of interest on the Bonds, then to the payment of principal due on the Bonds other than by reason of sinking payments, and then to payment of principal due on the Bonds by reason of sinking payments. Any sinking payment not made as scheduled shall be added to the sinking payment to be made on the next sinking payment date.

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

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

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

Certain Covenants

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

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

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

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

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

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

Compliance with Law; Completion of Project. The City will comply with all applicable provisions of the Act and the law in completing the acquisition and construction of the Project; provided that the City shall have no obligation to advance any funds to complete the Project in excess of the amounts available therefor in the Improvement Fund.

Collection of Special Tax Revenues. The City shall comply with all requirements of the Act so as to assure the timely collection of Special Tax Revenues, including without limitation, the enforcement of delinquent Special Taxes. On or within 5 Business Days of each June 1, the

Fiscal Agent shall provide the Chief Financial Officer with a notice stating the amount then on deposit in the Bond Fund and the reserve accounts of the Reserve Fund. The receipt of such notice by the Chief Financial Officer shall in no way affect the obligations of the Chief Financial Officer under the following two paragraphs. Upon receipt of such notice, the Chief Financial Officer shall ascertain the relevant parcels on which the Special Taxes are to be levied, taking into account any parcel splits during the preceding and then current year.

The City shall effect the levy of the Special Taxes each Fiscal Year in accordance with the Ordinance such that the computation of the levy is complete before the final date on which the County Auditor will accept the transmission of the Special Tax amounts for the parcels within the District for inclusion on the next secured real property tax roll. Upon the completion of the computation of the amounts of the levy, the City shall prepare or cause to be prepared, and shall transmit to the Chief Financial Officer, such data as the County Auditor requires to include the levy of the Special Taxes on the next secured real property tax roll.

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

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

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

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

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

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

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

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

Investment of Funds

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

The Fiscal Agent, Treasurer or Finance Director may act as principal or agent in the acquisition or disposition of any investment. Neither the Fiscal Agent, the Treasurer or the Finance Director shall incur any liability for losses arising from any investments made pursuant to the Agreement. Any losses arising from any investments made pursuant to the Agreement shall be offset against interest earnings and profits retained in the same fund.

Except as otherwise provided in the next sentence, all investments of amounts deposited in any fund or account created by or pursuant to the Agreement, or otherwise containing gross proceeds of the Bonds (within the meaning of Section 148 of the Code), shall be acquired, disposed of, and valued (as of the date that valuation is required by the Agreement or the Code) at Fair Market Value. For purposes of any Fair Market Value determination under the Agreement, the Fiscal Agent shall be entitled to conclusively rely on an Officer's Certificate of the City and shall be fully protected in relying thereon. Investments in funds or accounts (or portions thereof) that are subject to a yield restriction under applicable provisions of the Code and (unless valuation is undertaken at least annually) investments in the Reserve Fund shall be valued by the City at their present value (within the meaning of Section 148 of the Code).

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

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

The City acknowledges that to the extent regulations of the Comptroller of the Currency or other applicable regulatory entity grant the City the right to receive brokerage confirmations of security transactions as they occur, the City specifically waives receipt of such confirmations to the extent permitted by law. The Fiscal Agent will furnish the City periodic cash transaction statements which include detail for all investment transactions made by the Fiscal Agent under the Agreement.

The Fiscal Agent

Limited Liability of Fiscal Agent. The recitals of facts, covenants and agreements in the Agreement and in the Bonds contained shall be taken as statements, covenants and agreements of the City, and the Fiscal Agent assumes no responsibility for the correctness of the same, or makes any representations as to the validity or sufficiency of the Agreement or of the Bonds, or shall incur any responsibility in respect thereof, other than in connection with the duties or obligations in the Agreement or in the Bonds assigned to or imposed upon it. The Fiscal Agent shall not be liable in connection with the performance of its duties under the Agreement, except for its own negligence or willful default. The Fiscal Agent assumes no responsibility or liability for any information, statement or recital in any offering memorandum or other disclosure material prepared or distributed with respect to the issuance of the Bonds. The Fiscal Agent has no liability regarding the use of the proceeds from the purchase of the Bonds deposited in funds held by the City.

In the absence of bad faith, the Fiscal Agent may conclusively rely, as to the truth of the statements and the correctness of the opinions expressed therein, upon certificates or opinions furnished to the Fiscal Agent and conforming to the requirements of the Agreement, including all Officer's Certificates of the City meeting such requirements; but in the case of any such certificates or opinions by which any provision hereof are specifically required to be furnished to the Fiscal Agent, the Fiscal Agent shall be under a duty to examine the same to determine whether or not they conform to the requirements of the Agreement. Except as provided above in this paragraph, the Fiscal Agent shall be protected and shall incur no liability in acting or proceeding, or in not acting or not proceeding, in good faith, reasonably and in accordance with the terms of the Agreement, upon any resolution, order, notice, request, consent or waiver, certificate, statement, affidavit, or other paper or document which it shall in good faith reasonably believe to be genuine and to have been adopted or signed by the proper person or to have been prepared and furnished pursuant to any provision of the Agreement, and the

Fiscal Agent shall not be under any duty to make any investigation or inquiry as to any statements contained or matters referred to in any such instrument.

The Fiscal Agent shall not be liable for any error of judgment made in good faith by a responsible officer unless it shall be proved that the Fiscal Agent was negligent in ascertaining the pertinent facts.

No provision of the Agreement shall require the Fiscal Agent to expend or risk its own funds or otherwise incur any financial liability in the performance of any of its duties under the Agreement, or in the exercise of any of its rights or powers, if it shall have reasonable grounds for believing that repayment of such funds or adequate indemnity against such risk or liability is not reasonably assured to it.

The Fiscal Agent shall be under no obligation to exercise any of the rights or powers vested in it by the Agreement at the request or direction of any of the Owners pursuant to the Agreement unless such Owners shall have offered to the Fiscal Agent reasonable security or indemnity against the costs, expenses and liabilities which might be incurred by it in compliance with such request or direction.

The Fiscal Agent shall not be considered in breach of or in default in its obligations under the Agreement or progress in respect thereto in the event of unavoidable delay in the performance of such obligations due to unforeseeable causes beyond its control and without its fault or negligence, including, but not limited to, Acts of God or of the public enemy or terrorists, acts of a government, acts of the other party, fires, floods, epidemics, quarantine restrictions, strikes, freight embargoes, earthquakes, explosion, mob violence, riot, inability to procure or general sabotage or rationing of labor, equipment, facilities, sources of energy, material or supplies in the open market, litigation or arbitration involving a party or others relating to zoning or other governmental action or inaction pertaining to the project, malicious mischief, condemnation, and unusually severe weather or delays of suppliers or subcontractors due to such causes or any similar event and/or occurrences beyond the control of the Fiscal Agent.

The Fiscal Agent may become the owner of the Bonds with the same rights it would have if it were not the Fiscal Agent. The Fiscal Agent shall not be concerned with or accountable to anyone for the subsequent use or application of any moneys which shall be released or withdrawn in accordance with the provisions of the Agreement. The permissive right of the Fiscal Agent to do things enumerated in the Agreement shall not be construed as a duty and it shall not be answerable for other than its negligence or willful misconduct.

Notice to Fiscal Agent. The Fiscal Agent may rely and shall be protected in acting or refraining from acting upon any Officer's Certificate, notice, resolution, request, consent, order, certificate, report, facsimile transmission, electronic mail, warrant, Bond or other paper or document believed by it to be genuine and to have been signed or presented by the proper party or proper parties and given in accordance with the requirements of the Agreement. The Fiscal Agent may execute any of the powers under the Agreement or perform any duties either directly or by or through agents or attorneys and the Fiscal Agent shall not be responsible for any misconduct or negligence on the part of any agent or attorney appointed with due care by it hereunder. The Fiscal Agent may consult with counsel, who may be counsel to the City, with regard to legal questions, and the opinion of such counsel shall be full and complete authorization and protection in respect of any action taken or suffered by it hereunder in good faith and in accordance with the Agreement.

The Fiscal Agent shall have the right to accept and act upon instructions, including funds transfer instructions ("Instructions") given pursuant to this Agreement and delivered using Electronic Means by an Authorized Officer (or his or her designee) ("Electronic Means" shall mean the following communications methods: e-mail, facsimile transmission, secure electronic transmission containing applicable authorization codes, passwords and/or authentication keys issued by the Fiscal Agent, or another method or system specified by the Fiscal Agent as available for use in connection with its services hereunder); provided, however, that the City shall provide to the Fiscal Agent an incumbency certificate for each person with the authority to provide such Instructions and containing specimen signatures of such persons, which incumbency certificate shall be amended by the City whenever a person is to be added or deleted from the listing. If the City elects to give the Fiscal Agent Instructions using Electronic Means and the Fiscal Agent in its discretion elects to act upon such Instructions, the Fiscal Agent's understanding of such Instructions shall be deemed controlling. The City understands and agrees that the Fiscal Agent cannot determine the identity of the actual sender of such Instructions and that the Fiscal Agent shall conclusively presume that directions that purport to have been sent by an Authorized Officer (or designee) listed on the incumbency certificate provided to the Fiscal Agent have been sent by such Authorized Officer (or designee). The City shall be responsible for ensuring that only Authorized Officers (or their designees) transmit such Instructions to the Fiscal Agent and that the City is solely responsible to safeguard the use and confidentiality of applicable user and authorization codes, passwords and/or authentication keys upon receipt by the City. The Fiscal Agent shall not be liable for any losses, costs or expenses arising directly or indirectly from the Fiscal Agent's reliance upon and compliance with such Instructions notwithstanding such directions conflict or are inconsistent with a subsequent written instruction. The City agrees: (i) to assume all risks arising out of the use of Electronic Means to submit Instructions to the Fiscal Agent, including without limitation the risk of the Fiscal Agent acting on unauthorized Instructions, and the risk of interception and misuse by third parties; (ii) that it is fully informed of the protections and risks associated with the various methods of transmitting Instructions to the Fiscal Agent and that there may be more secure methods of transmitting Instructions than the method(s) selected by the City; (iii) that the security procedures (if any) to be followed in connection with its transmission of Instructions provide to it a commercially reasonable degree of protection in light of its particular needs and circumstances; and (iv) to notify the Fiscal Agent immediately upon learning of any compromise or unauthorized use of the security procedures.

Compensation, Indemnification. The City shall pay to the Fiscal Agent from time to time reasonable compensation for all services rendered as Fiscal Agent under the Agreement, and also all reasonable expenses, charges, counsel fees and other disbursements, including those of their attorneys, agents and employees, incurred in and about the performance of their powers and duties under the Agreement, but the Fiscal Agent shall not have a lien therefor on any funds at any time held by it under the Agreement. The City further agrees, to the extent permitted by applicable law, to indemnify and save the Fiscal Agent, its officers, employees, directors and agents harmless against any costs, claims, expenses or liabilities, including, without limitation, fees and expenses of its attorneys which it may incur in the exercise and performance of its powers and duties under the Agreement which are not due to its negligence or willful misconduct. This obligation of the City shall survive resignation or removal of the Fiscal Agent under the Agreement and payment of the Bonds and discharge of the Agreement.

Amendments

Amendments Permitted. The Agreement and the rights and obligations of the City and of the Owners of the Bonds may be modified or amended at any time by a Supplemental

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

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

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

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

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

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

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

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

Procedure for Amendment with Written Consent of Owners. The City and the Fiscal Agent may at any time enter into a Supplemental Agreement amending the provisions of the Bonds or of the Agreement or any Supplemental Agreement, to the extent that such amendment is permitted by the Agreement, to take effect when and as provided. A copy of such Supplemental Agreement, together with a request to Owners for their consent thereto, if such consent is required under the Agreement, shall be mailed by first class mail, by the Fiscal

Agent to each Owner of Bonds Outstanding, but failure to mail copies of such Supplemental Agreement and request shall not affect the validity of the Supplemental Agreement when assented to as in the Agreement provided.

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

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

Disqualified Bonds. Bonds owned or held for the account of the City, excepting any pension or retirement fund, shall not be deemed Outstanding for the purpose of any vote, consent or other action or any calculation of Outstanding Bonds provided for in the Agreement, and shall not be entitled to vote upon, consent to, or take any other action provided for in the Agreement. Upon request, the City shall provide an Officer's Certificate to the Fiscal Agent listing those Bonds which are disqualified pursuant to the Agreement.

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

Endorsement or Replacement of Bonds Issued After Amendments. The City may determine that Bonds issued and delivered after the effective date of any action taken as provided in the Agreement shall bear a notation, by endorsement or otherwise, in form

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

Defeasance and Discharge

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

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

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

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

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

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APPENDIX G

DTC AND THE BOOK-ENTRY ONLY SYSTEM

The following description of the Depository Trust Company (“DTC”), the procedures and record keeping with respect to beneficial ownership interests in the 2023 Bonds, payment of principal, interest and other payments on the 2023 Bonds (herein, the “Securities”) to DTC Participants or Beneficial Owners, confirmation and transfer of beneficial ownership interest in the Securities and other related transactions by and between DTC, the DTC Participants and the Beneficial Owners is based solely on information provided by DTC. Accordingly, no representations can be made concerning these matters and neither the DTC Participants nor the Beneficial Owners should rely on the foregoing information with respect to such matters, but should instead confirm the same with DTC or the DTC Participants, as the case may be.

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

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

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

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

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

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

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

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

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

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

rights to those Direct Participants to whose accounts Securities are credited on the record date (identified in a listing attached to the Omnibus Proxy).

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

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

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

11. The information in this section concerning DTC and DTC's book-entry system has been obtained from sources that Issuer and Agent believe to be reliable, but neither Issuer nor Agent takes no responsibility for the accuracy thereof.

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