Draft 2/20/03
3/22/03
4/7/03

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NEW ISSUE-FULL BOOK ENTRY **NOT RATED**

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

$15,475,000^
CITY OF ROSEVILLE
CROCKER RANCH COMMUNITY FACILITIES DISTRICT NO. 1
SPECIAL TAX BONDS
SERIES 2003

Dated: Date of Delivery **Due: September 1, as shown below**

The bonds captioned above (the "2003 Bonds"), are being issued by the City of Roseville (the "City") by and through its Crocker Ranch Community Facilities District No. 1 (the "District"). The 2003 Bonds are special tax obligations of the City, authorized pursuant to the Mello-Roos Community Facilities Act of 1982, as amended, being California Government Code Section 53311, et seq. (the "Act"), and are issued pursuant to a Fiscal Agent Agreement dated as of April 1, 2002 and a First Supplement to Fiscal Agent Agreement dated as of April 1, 2003 (together, the "Fiscal Agent Agreement") by and between the City and BNY Western Trust Company, as fiscal agent (the "Fiscal Agent"). The 2003 Bonds are issued to (i) construct and acquire certain public facilities of benefit to the District; (ii) increase the amount in a reserve fund, (iii) provide capitalized interest, and (iv) pay the costs of issuance of the 2003 Bonds. Interest on the 2003 Bonds is payable September 1, 2003, and thereafter semiannually on March 1 and September 1 of each year.

The 2003 Bonds are being issued as fully registered bonds, registered in the name of Cede & Co. as nominee of The Depository Trust Company, New York, New York ("**DTC**"), and will be available to ultimate purchasers in the denomination of $5,000 or any integral multiple thereof, under the book-entry system maintained by DTC. See "APPENDIX G – BOOK-ENTRY SYSTEM."

The 2003 Bonds are secured by and payable from a pledge of Special Taxes (as defined herein) to be levied by the City on real property within the boundaries of the District, from the proceeds of any foreclosure actions brought following a delinquency in the payment of the Special Taxes, and from amounts held in certain funds under the Fiscal Agent Agreement, all as more fully described herein. The 2003 Bonds are secured on a parity with $4,525,000 original principal amount of bonds issued by the City in April 2002. **Unpaid Special Taxes do not constitute a personal indebtedness of the owners of the parcels within the District. In the event of delinquency, proceedings may be conducted only against the parcel of real property securing the delinquent Special Tax. There is no assurance the owners will be able to pay the Special Tax or that they will pay a Special Tax even though financially able to do so.** To provide funds for payment of the bonds issued in 2002 and the interest thereon as a result of any delinquent Special Taxes, the City established a Reserve Fund from proceeds of such bonds and will increase the amount in the Reserve Fund with proceeds of the 2003 Bonds, as described herein. See "SECURITY FOR THE 2003 BONDS."

Property in the District subject to the Special Tax comprises approximately 240 net acres northwest of the center of the City planned for 1,096 single family units and related uses. Substantial infrastructure has been completed and homebuilding activity is underway. The District has previously issued $4,525,000 Special Tax Bonds, Series 2002 that are payable from Special Taxes on a parity with the 2003 Bonds. See "THE DISTRICT" and "OWNERSHIP OF PROPERTY WITHIN THE DISTRICT."

The 2003 Bonds are subject to optional and mandatory redemption prior to maturity as described herein. See "THE 2003 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 2003 BONDS. THE 2003 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 2003 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

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should be considered, in addition to the other matters and risk factors set forth herein, in evaluating the investment quality of the 2003 Bonds.

MATURITY SCHEDULE

Maturity Date (September 1)	Principal Amount	Interest Rate	Price or Yield	CUSIP (777870)
2004	$245,000.00	2.250%	100.000%	JU1
2005	250,000.00	2.500	100.000	JV9
2006	255,000.00	3.000	100.000	JW7
2007	265,000.00	3.650	100.000	JX5
2008	270,000.00	4.000	100.000	JY3
2009	285,000.00	4.250	100.000	JZ0
2010	295,000.00	4.600	100.000	KA3
2011	310,000.00	4.850	100.000	KB1
2012	325,000.00	4.950	100.000	KC9
2013	340,000.00	5.050	100.000	KD7
2014	355,000.00	5.100	100.000	KE5
2015	375,000.00	5.200	100.000	KF2
2016	395,000.00	5.300	100.000	KG0
2017	415,000.00	5.400	100.000	KH8
2018	440,000.00	5.500	100.000	KJ4
2019	460,000.00	5.550	100.000	KK1
2020	490,000.00	5.600	100.000	KL9

$2,250,000 5.900% Term Bond Due September 1, 2024 Price: 100% CUSIP: KQ8
$2,065,000 6.000% Term Bond Due September 1, 2027 Price: 100% CUSIP: KT2
$5,390,000 6.000% Term Bond Due September 1, 2033 Price: 98.615% CUSIP: KZ8
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The 2003 Bonds are offered when, as and if issued, subject to approval as to their legality by Jones Hall, a Professional Law Corporation, San Francisco, California, Bond Counsel. Certain legal matters will also be passed on by Jones Hall, as Disclosure Counsel. Certain legal matters will be passed upon for the City by the City Attorney. It is anticipated that the 2003 Bonds will be available for delivery to DTC on or about ^ May 6, 2003 in New York, New York.

U.S. BANCORP PIPER JAFFRAY

The date of this Official Statement is April 24, 2003

CITY OF ROSEVILLE, CALIFORNIA

City Council
F. C. "Rocky" Rockholm, *Mayor*
Gina Garbolino, *Mayor Pro Tempore*
Jim Gray, *Councilmember*
Richard Roccucci, *Councilmember*
Earl Rush, *Councilmember*

City Staff
W. Craig Robinson, *City Manager*
Russell Cochran Branson, *Finance Director*
Mark Doane, Esq., *City Attorney*
Carolyn Parkinson, *City Clerk*

SPECIAL SERVICES

Bond Counsel
Jones Hall, A Professional Law Corporation
San Francisco, California

Fiscal Agent
BNY Western Trust Company
San Francisco, California

Financial Advisor
Public Financial Management, Inc.
San Francisco, California

Appraiser
Seevers Jordan Ziegenmeyer
Roseville, California

Special Tax Consultant
Economic & Planning Systems, Inc.
Sacramento, California

GENERAL INFORMATION ABOUT THIS OFFICIAL STATEMENT

Use of Official Statement. This Official Statement is submitted in connection with the sale of the 2003 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 2003 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" within the meaning of the Private Securities Litigation Reform Act of 1995. 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 2003 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 2003 Bonds by a person in any jurisdiction in which it is unlawful for such person to make such an offer, solicitation or sale.

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

THE 2003 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 2003 BONDS HAVE NOT BEEN REGISTERED OR QUALIFIED UNDER THE SECURITIES LAWS OF ANY STATE.

SECURITIES PRODUCTS AND SERVICES ARE OFFERED THROUGH PIPER JAFFRAY INC., MEMBER SIPC AND NYSE, INC. AND A SUBSIDIARY OF US BANCORP PIPER JAFFRAY.

NOT FDIC INSURED **NO BANK GUARANTEE** **MAY LOSE VALUE**

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AREA MAP

OFFICIAL STATEMENT

$15,475,000
CITY OF ROSEVILLE
CROCKER RANCH COMMUNITY FACILITIES DISTRICT NO. 1
SPECIAL TAX BONDS
SERIES 2003

This Official Statement, including the cover page and all Appendices hereto, is provided to furnish certain information in connection with the issuance by the City of Roseville (the "**City**") by and through its Crocker Ranch Community Facilities District No. 1 (the "**Community Facilities District**" or the "**District**") of the bonds captioned above (the "**2003 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 C – SUMMARY OF CERTAIN PROVISIONS OF THE FISCAL AGENT AGREEMENT."

INTRODUCTION

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

Creation of the District. The 2003 Bonds are issued pursuant to the provisions of the Mello-Roos Community Facilities Act of 1982, as amended (Sections 53311, *et seq*., of the Government Code of the State of California) (the **"Act"**) and pursuant to a Fiscal Agent Agreement dated as of April 1, 2002 between the City and BNY Western Trust Company, San Francisco, California, as fiscal agent (the **"Fiscal Agent"**) as supplemented by a First Supplement to Fiscal Agent Agreement dated as of April 1, 2003 (as supplemented, the **"Fiscal Agent Agreement"**) and Resolution No. 03-98 (the "**Resolution**") adopted on March 19, 2003 by the City Council of the City (the "**City Council**") which authorized the issuance of the 2003 Bonds payable from Special Taxes (as defined herein) levied on property within the District according to a methodology approved by the City.

Bond Terms. The 2003 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 2003 Bonds is payable on March 1 and September 1 of each year (each an "**Interest Payment Date**"), commencing September 1, 2003. The 2003 Bonds will be issued without coupons in denominations of $5,000 or any integral multiple thereof.

Registration of Ownership of Bonds. The 2003 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 2003 Bonds will not receive physical certificates representing their interest in the 2003 Bonds. So long as the 2003 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 2003 Bonds. Payments of the principal, premium, if any, and interest on the 2003 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 2003 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 – BOOK-ENTRY SYSTEM."

Use of Proceeds. Proceeds of the 2003 Bonds will primarily be used to finance a portion of the costs of acquiring and constructing certain public infrastructure improvements (the **"Improvements,"** as described herein), including certain development impact fees related thereto. The Improvements consist generally of water, wastewater, drainage, roadway and other infrastructure improvements necessary for development of property within the District, as well as park and certain community improvements. See "THE IMPROVEMENTS." A substantial portion of the Improvements to be funded by the 2003 Bonds have been completed by the Developer (described herein) and the cost thereof will be reimbursed by the proceeds of the 2003 Bonds. The land in the District is planned for 1,096 single family residential units and initial homebuilding activity is underway. Proceeds of the 2003 Bonds will also be used to increase the amount in a reserve fund established for the 2002 Bonds (described below) and available for the Bonds, to provide capitalized interest until September 1, 2003 and to pay cost of the issuance of the 2003 Bonds.

Source of Payment of the 2003 Bonds. The 2003 Bonds are payable from special taxes (the "**Special Tax**" or "**Special Taxes**") which are to be levied by the City on taxable real property within the boundaries of the District. The 2003 Bonds are payable on a parity with the City's $4,525,000 outstanding amount of Special Tax Bonds, Series 2002 issued in April 2002 (the **"2002 Bonds"** and together with the 2003 Bonds, the **"Bonds"**). After issuance of the 2003 Bonds, no additional bonds will be issued for the District. The 2003 Bonds are also payable from the proceeds of any foreclosure actions brought following a delinquency in payment of the Special Taxes, and from amounts held in certain funds and accounts pursuant to the Fiscal Agent Agreement, including a reserve fund, all as more fully described herein. The Special Tax applicable to each taxable parcel in the District will be levied and collected according to the tax liability determined by the City Council through the application of a rate and method of apportionment of Special Tax for the District (the "**Special Tax Formula**") which has been approved by the City. The Special Tax Formula is set forth in APPENDIX A hereto. The Special Taxes represent liens on the parcels of land subject to a Special Tax and failure to pay the Special Taxes could result in proceedings to foreclose the delinquent property. The Special Taxes do not constitute the personal indebtedness of the owners of taxed parcels. See "SECURITY AND SOURCES OF PAYMENT FOR THE 2003 BONDS — Special Tax Methodology" and "APPENDIX A — RATE AND METHOD OF APPORTIONMENT OF SPECIAL TAX." The maximum authorized indebtedness for the District is $20 million; the

2003 Bonds are the second series of bonds being issued by the District. 2002 Bonds are payable from Special Taxes on a parity with the 2003 Bonds.

In connection with the issuance of the 2002 Bonds, the City directed the Fiscal Agent to establish a Reserve Fund (the "**Reserve Fund**") from 2002 Bond proceeds in the amount of the Reserve Requirement, which amount is available to be transferred to the Bond Fund in the event of delinquencies in the payment of the Special Taxes, to the extent of such delinquencies. The amount in the Reserve Fund will be increased to the Reserve Requirement for the combined amount of 2002 Bonds and 2003 Bonds from proceeds of the 2003 Bonds upon issuance. See "SECURITY AND SOURCES OF PAYMENT FOR THE 2003 BONDS — Reserve Fund." If there are additional delinquencies after depletion of funds in the Reserve Fund, the City is not obligated to pay the Bonds or supplement the Reserve Fund.

Property Subject to the Special Tax. The District comprises approximately 240 net acres planned for 1,096 single-family homes in eleven villages, as well as open space and public parks (not subject to the Special Tax), all located in the northwestern portion of the City within the City's North Roseville Specific Plan. All of the land in the District was master planned by homebuilder John Mourier Construction, Inc., Roseville, California (**"JMC"** or the **"Developer"**). The Developer recently sold 183 lots to two other merchant homebuilders, U.S. Home and JTS Communities, Inc. The Developer and the two other homebuilders each plan to build and sell single family homes on their property in the District. Construction of model home complexes and an initial release of to-be-constructed production homes by the Developer began in June 2002 and home construction is currently underway by the Developer and JTS Communities, with 32 homes sold or under contract to homeowners as of February 2003.

Appraised Value of Property. Property in the District is security for the Special Tax. The City authorized the preparation of an appraisal report for the real property within the District, which sets forth a total bulk sale discounted value of property in the District of $108,740,000, as of January 28, 2003. The valuation assumes completion of the Improvements funded by the 2003 Bonds and accounts for the impact of the lien of the Special Tax securing the 2003 Bonds. See "THE IMPROVEMENTS." 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 affected the estimates as to value, in addition to the assumption of completion of the Improvements. The Improvements to be paid for with proceeds of the Bonds are substantially complete. See "APPRAISAL OF PROPERTY WITHIN THE DISTRICT" and Appendix B. The appraised bulk sale valuation of property in the District is 5.43^ times the $20,000,000^ aggregate principal amount of 2002 Bonds and 2003 Bonds. See "APPRAISAL OF PROPERTY WITHIN THE DISTRICT."

Risks of Investment. See the section of this Official Statement entitled "SPECIAL RISK FACTORS" for a discussion of special factors that should be considered, in addition to the other matters set forth herein, in considering the investment quality of the 2003 Bonds.

Limited Obligation of the City. **The general fund of the City is not liable and the full faith and credit of the City is not pledged for the payment of the interest on, or principal of or redemption premiums, if any, on the 2003 Bonds. The 2003 Bonds are not secured by a legal or equitable pledge of or charge, lien or encumbrance upon any property of the City or any of its income or receipts, except the money in the Special Tax Fund (described herein) established under the Fiscal Agent Agreement, and neither the payment of the interest on nor principal of or redemption premiums, if any, on the 2003 Bonds is a general debt, liability or obligation of the**

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City. The 2003 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 2003 Bonds other than from the proceeds of the Special Taxes and the money in the Special Tax Fund, as provided in the Fiscal Agent Agreement.

Summary of Information. Brief descriptions of certain provisions of the Fiscal Agent Agreement, the 2003 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 Finance Director of the City. All statements herein with respect to certain rights and remedies are qualified by reference to laws and principles of equity relating to or affecting creditors' rights generally. Capitalized terms used in this Official Statement and not otherwise defined herein have the meanings ascribed to such terms in the Fiscal Agent Agreement. The information and expressions of opinion herein speak only as of the date of this Official Statement and are subject to change without notice. Neither delivery of this Official Statement, any sale made hereunder, nor any future use of this Official Statement shall, under any circumstances, create any implication that there has been no change in the affairs of the City or the District since the date hereof.

Any statements made in this Official Statement involving matters of opinion or of estimates, whether or not so expressly stated, are set forth as such and not as representations of fact, and no representation is made that any of the estimates will be realized. For definitions of certain terms used herein and not defined herein, see "APPENDIX C – SUMMARY OF CERTAIN PROVISIONS OF THE FISCAL AGENT AGREEMENT."

THE 2003 BONDS

Authority for Issuance

The 2003 Bonds are issued pursuant to the Fiscal Agent Agreement, approved by Resolution No. 03-03-98 adopted by the City Council on March 19, 2003, and the Act.

On February 6, 2002, the City Council adopted Resolution No. 02-53 (the **"Resolution of Formation**"), which formed the District. The District was established and authorized to incur bonded indebtedness in an aggregate principal amount not to exceed $20,000,000 at a special election in the District held on the same day. The District has previously issued the 2002 Bonds in the amount of $4,525,000 and the 2003 Bonds are the second and final series to be issued under the authorization. Under the provisions of the Act, since there were fewer than 12 registered voters residing within the District at a point during the 90-day period preceding the adoption of the Resolution of Formation, the qualified electors entitled to vote in the special election consisted of the Developer and an affiliated entity, who cast one vote for each gross acre or portion of an acre of land owned within the District. The landowners voted to incur the indebtedness and to approve the annual levy of Special Taxes to be collected within the District, for the purpose of paying for the Improvements, including repaying any indebtedness of the District, replenishing the Reserve Fund and paying the administrative expenses of the District. See "THE DISTRICT" herein. See "SECURITY AND SOURCES OF PAYMENT FOR THE 2003 BONDS – No Additional Bonds" below.

Description of the 2003 Bonds

Bond Terms. The 2003 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 2003 Bonds are being issued in the denomination of $5,000 or any integral multiple thereof.

Interest on the 2003 Bonds will be payable semiannually on March 1 and September 1 of each year (each an "**Interest Payment Date**"), commencing September 1, 2003. The principal of the 2003 Bonds and premiums due upon the redemption thereof, if any, will be payable in lawful money of the United States of America at the principal corporate trust office of the Fiscal Agent in San Francisco, California, or such other place as designated by the Fiscal Agent, upon presentation and surrender of the 2003 Bonds; provided that so long as any 2003 Bonds are in book-entry form, payments with respect to such 2003 Bonds will be made by wire transfer, or such other method acceptable to the Fiscal Agent, to DTC.

Book-Entry Only System. The 2003 Bonds are being issued as fully registered bonds, registered in the name of Cede & Co., as nominee of The Depository Trust Company, New York, New York ("**DTC**"), and will be available to ultimate purchasers under the book-entry system maintained by DTC. Ultimate purchasers of 2003 Bonds will not receive physical certificates representing their interest in the 2003 Bonds. So long as the 2003 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 2003 Bonds. The Fiscal Agent will make payments of the principal, premium, if any, and interest on the 2003 Bonds directly to DTC, or its nominee, Cede & Co., so long as DTC or Cede & Co. is the registered owner of the 2003 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 –BOOK ENTRY SYSTEM." below.

Calculation and Payment of Interest. Interest on the 2003 Bonds will be computed on the basis of a 360-day year consisting of twelve 30-day months. Interest on the 2003 Bonds (including the final interest payment upon maturity or earlier redemption) is payable by check of the Fiscal Agent mailed on each Interest Payment Date by first class mail to the registered Owner thereof at such registered Owner's address as it appears on the registration books maintained by the Fiscal Agent at the close of business on the Record Date preceding the Interest Payment Date, or by wire transfer made on such Interest Payment Date upon written instructions received by the Fiscal Agent on or before the Record Date preceding the Interest Payment Date, of any Owner of $1,000,000 or more in aggregate principal amount of 2003 Bonds; provided that so long as any 2003 Bonds are in book-entry form, payments with respect to such 2003 Bonds will be made by wire transfer, or such other method acceptable to the Fiscal Agent, to DTC. See "APPENDIX G – BOOK ENTRY SYSTEM" below.

Each 2003 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 2003 Bond, interest is in default thereon, such 2003 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 2003 Bonds are registered in the name of Cede & Co., as nominee of DTC, payments of the principal, premium, if any, and interest on the 2003 Bonds will be made directly to DTC, or its nominee, Cede & Co. Disbursements of such payments to DTC's Participants is the responsibility of DTC and disbursements of such payments to the Beneficial Owners is the responsibility of DTC's Participants and Indirect Participants, as more fully described herein. See "APPENDIX G – BOOK ENTRY SYSTEM" below.

Redemption

Optional Redemption. The 2003 Bonds are subject to optional redemption from any source of available funds prior to maturity, in whole, or in part among maturities as specified by the City and by lot within a maturity, on any Interest Payment Date on or after September 1, 20^ 09, at the following respective redemption prices (expressed as percentages of the principal amount of the 2003 Bonds to be redeemed), plus accrued interest thereon to the date of redemption:

Redemption Dates	Redemption Price
September 1, 2009^ and March 1, 20^ 10	103%
September 1, 20^ 10 and March 1, 20^ 11	102
September 1, 20^ 11 and March 1, 20^ 12	101
September 1, 20^ 12 and Interest Payment Dates thereafter	100

Mandatory Redemption From Prepayments. The 2003 Bonds are subject to mandatory redemption from prepayments of the Special Tax by property owners, in whole or in part among maturities as specified by the City and by lot within a maturity, or any Interest Payment Date at the following respective redemption prices (expressed as percentages of the principal amount of the 2003 Bonds to be redeemed), plus accrued interest thereon to the date of redemption:

Redemption Dates	Redemption Price
September 1, 2003 ^ through March 1, 2010	103%
September 1, 2010 and March 1, 2011	102
September 1, 2011 and March 1, 2012	101
September 1, 2012 and Interest Payment Dates thereafter	100

Mandatory Sinking Fund Redemption.

The Term Bonds maturing September 1, 20^ 24 ,^ 20^ 27 and 2033 are subject to mandatory sinking payment redemption in part on September 1, 20^ 21, September 1, 2025 and ^ September 1, 20^ 28, respectively, and on each September 1 thereafter to maturity, by lot, at a redemption price equal to 100% of the principal amount thereof to be redeemed, without premium, in the aggregate respective principal amounts as set forth in the following tables:

Term Bonds of 20^ 24

Mandatory Redemption Date (September 1)	Sinking Fund Payment
2021	$515,000
2022	545,000
2023	580,000
2024 (maturity)	610,000

Term Bonds of 20^ 27

Mandatory Redemption Date (September 1)	Sinking Fund Payment
2025	$650,000
2026	685,000
2027 (maturity)	730,000

Term Bonds of 2033

Mandatory Redemption Date (September 1)	Sinking Fund Payment
2028	$770,000
2029	820,000
2030	870,000
2031	920,000
2032	975,000
2033 (maturity)	1,035,000

The amounts in the foregoing tables will be reduced pro rata, in order to maintain substantially level debt service, as a result of any prior partial optional redemption or mandatory redemption of the 2003 Bonds.

Purchase In Lieu of Redemption. In lieu of redemption, moneys in the Bond Fund may be used and withdrawn by the Fiscal Agent for purchase of Outstanding Bonds, upon the filing with the Fiscal Agent of an Officer's Certificate requesting such purchase, at public or private sale as and when, and at such prices (including brokerage and other charges) as such Officer's Certificate may provide, but in no event may 2003 Bonds be purchased at a price in excess of the principal amount thereof, plus interest accrued to the date of purchase.

Redemption Procedure by Fiscal Agent. The Fiscal Agent will cause notice of any redemption to be mailed by first class mail, postage prepaid, at least 30 days but not more than 60 days prior to the date fixed for redemption, to the Securities Depositories and to one or more Information Services, and to the respective registered Owners of any 2003 Bonds designated for redemption, at their addresses appearing on the 2003 Bond registration books in the Principal Office of the Fiscal Agent; but such mailing is not a condition precedent to such redemption and failure to mail or to receive any such notice, or any defect therein, will not affect the validity of the proceedings for the redemption of such 2003 Bonds.

Such notice will state the redemption date and the redemption price and, if less than all of the then Outstanding Bonds are to be called for redemption, will designate the CUSIP numbers and Bond numbers of the 2003 Bonds to be redeemed by giving the individual CUSIP number and Bond number of each 2003 Bond to be redeemed or will state that all 2003 Bonds between two stated Bond numbers, both inclusive, are to be redeemed or that all of the 2003 Bonds of one or more maturities have been called for redemption, will state as to any 2003 Bond called in part the principal amount thereof to be redeemed, and will require that such 2003 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 2003 Bonds will not accrue from and after the redemption date.

Upon the payment of the redemption price of 2003 Bonds being redeemed, each check or other transfer of funds issued for such purpose will, to the extent practicable, bear the CUSIP number identifying, by issue and maturity, the 2003 Bonds being redeemed with the proceeds of such check or other transfer.

Whenever provision is made in the Fiscal Agent Agreement for the redemption of less than all of the 2003 Bonds of any maturity, the Fiscal Agent will select the 2003 Bonds to be redeemed, from all 2003 Bonds or such given portion thereof of such maturity by lot in any manner which the Fiscal Agent in its sole discretion deems appropriate. Upon surrender of 2003 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 2003 Bond or 2003 Bonds, of the same series and maturity, of authorized denominations in aggregate principal amount equal to the unredeemed portion of the 2003 Bond or 2003 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 2003 Bonds so called for redemption are deposited in the Bond Fund, such 2003 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 2003 Bonds

So long as the 2003 Bonds are registered in the name of Cede & Co., as nominee of DTC, transfers and exchanges of 2003 Bonds will be made in accordance with DTC procedures. See "Appendix G" below. Any 2003 Bond may, in accordance with its terms, be transferred or exchanged by the person in whose name it is registered, in person or by his duly authorized attorney, upon surrender of such 2003 Bond for cancellation, accompanied by delivery of a duly written instrument of transfer in a form approved by the Fiscal Agent. Whenever any 2003 Bond or 2003 Bonds are surrendered for transfer or exchange, the City will execute and the Fiscal Agent will authenticate and deliver a new 2003 Bond or 2003 Bonds, for a like aggregate principal amount of 2003 Bonds of authorized denominations and of the same maturity. The cost for any services rendered or any expenses incurred by the Fiscal Agent in connection with any such transfer or exchange will be paid by the City. The Fiscal Agent will collect from the Owner requesting such transfer any tax or other governmental charge required to be paid with respect to such transfer or exchange.

No transfers or exchanges of 2003 Bonds will be required to be made (i) within 15 days prior to the date established by the Fiscal Agent for selection of 2003 Bonds for redemption or (ii) with respect to a 2003 Bond after such 2003 Bond has been selected for redemption.

Bonds Mutilated, Lost, Destroyed or Stolen

If any 2003 Bond becomes mutilated, the City will execute, and the Fiscal Agent will authenticate and deliver, a new 2003 Bond of like tenor and principal amount in exchange and substitution for the 2003 Bond so mutilated, but only upon surrender to the Fiscal Agent of the 2003 Bond so mutilated. Every mutilated 2003 Bond so surrendered to the Fiscal Agent will be canceled by it and destroyed by the Fiscal Agent, who will deliver a certificate of destruction thereof to the City. If any 2003 Bond is lost, destroyed or stolen, evidence of such loss, destruction or theft may be submitted to the Fiscal Agent and, if such evidence is satisfactory to it and indemnity for the Fiscal Agent and the City satisfactory to the Fiscal Agent is given, the City will execute, and the Fiscal Agent will authenticate and deliver, a new 2003 Bond of like tenor and principal amount in lieu of and in substitution for the 2003 Bond so lost, destroyed or stolen. The City may require payment of a sum not exceeding the actual cost of preparing each new 2003 Bond delivered and of the expenses which may be incurred by the City and the Fiscal Agent for the preparation, execution, authentication and delivery.

ESTIMATED SOURCES AND USES OF FUNDS

A summary of the estimated sources and uses of funds associated with the sale of the 2003 Bonds follows:

Estimated Sources of Funds:	
Principal Amount of 2003 Bonds	$15,475,000.00
Less Original Issue Discount	(74,651.50)
Total	$15,400,348.50
Estimated Uses of Funds:	
Deposit to Improvement Fund	$13,630,381.91
Deposit to Reserve Fund	1,088,000.00
Deposit to Bond Fund [1]	271,310.34
Costs of Issuance [2]	410,656.25
Total	$15,400,348.50

[1] Represents an amount to provide for interest to September 1, 2003.
[2] Includes fees of Bond Counsel, initial fees, expenses and charges of the Fiscal Agent, costs of printing the Official Statement, administrative fees of the City, special tax consultant , appraiser, Underwriter's discount, financial advisory fees, and other costs of issuance.

SECURITY AND SOURCES OF PAYMENT FOR THE 2003 BONDS

Special Taxes

A Special Tax applicable to each taxable parcel in the District will be levied and collected according to the tax liability determined by the City Council through the application of the Special Tax Formula prepared by Economic & Planning Systems, Inc., Sacramento, California (the "**Special Tax Consultant**") and set forth in APPENDIX A hereto for all taxable properties in the District. Interest and principal on the 2003 Bonds, as well as the 2002 Bonds, is payable from the annual Special Taxes to be levied and collected on taxable property within the District, from amounts held in the funds and accounts established under the Fiscal Agent Agreement (other than the Rebate Fund) and from the proceeds, if any, from the sale of such property for delinquency of such Special Taxes.

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

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

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

Special Tax Methodology

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

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

(i) debt service on the Bonds;

(ii) administrative expenses and County fees;

(iii) any amounts needed to replenish bond reserve funds and to pay for delinquencies in Special Taxes for the previous Fiscal Year or anticipated for the current year; and

(iv) pay-as-you-go expenditures for authorized improvements.

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

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

Tax Zone 1 and Tax Zone 2 Parcels. The Special Tax Formula classifies the property in the District as being within "Tax Zone 1," which is all property south of the North Branch of Pleasant Grove Creek and "Tax Zone 2," which is all property north of the creek. The Developer's initial area of development is within Tax Zone 1. The Special Tax Formula provides that the Special Tax will be levied against property in the District up to the maximum in the following order: (i) Developed Parcels in Tax Zone 1 and Tax Zone 2, (ii) Large Lot Parcels in Zone 1, (iii) Large Lot Parcels in Zone 2, (iv) Undeveloped Parcels in Tax Zone 1 and (v) Undeveloped Parcels in Tax Zone 2. "**Developed Parcels**" are defined as single family residential property subject to a final small lot subdivision map for which a building permit has been issued. "**Large Lot Parcels**" are the planned Large Lot Parcels by land use as identified in the North Roseville Specific Plan Phase 2 and Phase 3, or parcels subsequently created by Large Lot Subdivision Maps. An "**Undeveloped Parcel**" is any parcel subject to the Special Tax which is not a Developed Parcel or a Large Lot Parcel. The Special Tax Formula describes in detail the precise method for assigning the Maximum Annual Special Tax to parcels within the District, which generally provides that by August 1 of each year the City will use the definitions contained in the Special Tax Formula to classify each Taxable Parcel as a Developed Parcel, a Large Lot Parcel or an Undeveloped Parcel and the Special Tax assigned in the amount shown in a schedule attached to the Special Tax Formula. See "Levy of Annual Special Tax; Maximum Special Tax."

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

Termination of the Special Tax. The Special Tax will be levied and collected for as long as needed to pay the principal and interest on the Bonds and other costs incurred in order to construct the authorized District-funded facilities and to pay the Annual Costs. The Special Tax Formula provides that the Special Tax may not be levied on any parcel in the District after fiscal Year 2035-36. When all Annual Costs incurred by the District have been paid, the Special Tax will cease to be levied.

Prepayment of the Special Tax. The Special Tax Formula provides that landowners may permanently satisfy all or a portion of the Special Tax by a cash settlement with the City, subject to the conditions set forth in the Special Tax Formula, including the condition that the Parcel whose Special Tax is to be prepaid is either (i) a whole Specific Plan Parcel greater than one acre, or (ii) a Final Use Parcel. The prepayment amount will be established using the formula set forth in the Special Tax Formula, which is generally based on the Parcel's share of the outstanding Bonds, the Reserve Fund, fees, call premiums, negative arbitrage and any expenses incurred by the City in connection with the prepayment.

Levy of Annual Special Tax; Maximum Special Tax

The annual Special Tax will be calculated by the City and levied to provide money for debt service on the Bonds, replenishment of the Reserve Fund, anticipated Special Tax delinquencies, administration of the District, and for payment of pay-as-you-go expenditures of the Improvements or authorized District-funded facilities not funded from Bond proceeds. In no event may the City levy a Special Tax in any year above the Maximum Annual Special Tax identified for each parcel in the Special Tax Formula. Based on current development plans, the Maximum Annual Special Tax per single family unit is either $1,344, $1,508, $1,541 or $1,740, however these amounts are subject to adjustment based upon the actual number of units built. For Large Lot Parcels and Undeveloped Parcels, the Special Tax is based upon the gross acres or number of units planned for such parcels. See “APPENDIX A - RATE AND METHOD OF APPORTIONMENT OF SPECIAL TAX.”

The Special Tax will be levied in an amount at least equal to the Annual Costs as described in the Special Tax Formula and may be levied in an amount up to the maximum rates, which may include a pay-as-you-go component. The total Maximum Annual Special Tax levy for the District is $1,686,996. The Developer expects to utilize the pay-as-you-go component to pay for and/or reimburse the Developer the cost of Improvements not funded by proceeds of the Bonds. The following table shows the Maximum Annual Special Tax for each large lot in the District as shown in the North Roseville Specific Plan, calculated based upon the Developer's currently anticipated development plan for 1,096 units in the District. See "THE DISTRICT."

City of Roseville
Crocker Ranch Community Facilities District No. 1
Maximum Annual Special Tax By Large Lot Number

(Large Lot Designations) Specific Plan	(Large Lot Designations) Recorded Map	Assessor's Parcel Number	Planned Units	Estimated Maximum Annual Special Tax Rate (1) Per Planned Unit	Maximum Annual Special Tax
ZONE 1	**Crocker Ranch South:**				
W-4	Villages 1 and 2	(Individual small-lot APN's)	112	1,740	$194,880
W-5	Village 3	(Individual small-lot APN's)	48	1,740	83,520
SUBTOTAL			160		278,400
ZONE 2	**Crocker Ranch North:**				
DR-1	Village 1	017-115-072	45	1,344	60,480
DR-4A	Village 2	017-115-073	132	1,344	177,408
DR-4B	Village 3	017-115-074	161	1,344	216,384
DR-3C	Village 4	017-115-075	96	1,541	147,939
DR-3B	Village 5	017-115-076	118	1,541	181,842
DR-3A	Village 6	017-115-077	91	1,541	140,235
DR-2 / W-3B	Village 7	017-115-078 and 017-115-079	110	1,508	165,888
W-3A	Village 8	017-115-080	112	1,740	194,880
W-1 / W-2	Village 9	017-115-081	71	1,740	123,540
SUBTOTAL			936		1,408,596
TAX-EXEMPT PARCELS:					
DR-50			0	Exempt	0
W-50			0	Exempt	0
W-51			0	Exempt	0
W-52			0	Exempt	0
W-53			0	Exempt	0
W-80			0	Exempt	0
W-82			0	Exempt	0
W-83			0	Exempt	0
SUBTOTAL			0	Exempt	0
TOTAL			1,096		$1,686,996

(1) Estimated Maximum Annual Special Tax Rate per unit is calculated by dividing the Maximum Annual Special Tax by the number of Planned Units. The Maximum Annual Special Tax per unit will be calculated by dividing the Maximum Annual Special Tax by the actual number units created by a final map. If fewer units are created than estimated in this table, the Maximum Annual Special Tax per unit will increase unless the Special Tax is transferred pursuant to provisions of the Special Tax Formula.

Proceeds of the annual Special Tax levy will first be used to pay the Annual Costs other than pay-as-you-go expenditures and second, if the levy included a pay-as-you-go component, for deposit into the Improvement Fund for authorized costs not funded from Bond proceeds. The pay-as-you-go component of the Special Tax Formula may be utilized in the event the cost of the Improvements exceeds the amounts in the Improvement Fund available therefor and the Developer elects not to pay such deficiency from other available sources of funds. The Developer expects to receive reimbursement for the cost of a portion of the Improvements not funded from Bond proceeds through the pay-as-you-go component of the Special Tax. See "THE IMPROVEMENTS" and "APPRAISAL OF PROPERTY IN THE DISTRICT." See also "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 Special Tax Formula.

Special Tax Fund

When received, the Special Taxes are required under the Fiscal Agent Agreement to be deposited into a Special Tax Fund to be held by the City in trust for the benefit of the City and the Owners of the Bonds. Within the Special Tax Fund, the Finance Director will establish and maintain two accounts, (i) the Debt Service Account, to the credit of which the City will deposit, immediately upon receipt, all Special Tax revenue, and (ii) the Surplus Account, to the credit of which the City will deposit surplus Special Tax Revenue 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. From time to time, the City may withdraw from the Debt Service Account or 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.

All Special Tax Revenue will be deposited in the Debt Service Account upon receipt. No later than 10 Business Days prior to each Interest Payment Date, the City will withdraw from the Debt Service Account of the Special Tax Fund and transfer (i) to the Fiscal Agent for deposit in the Reserve Fund, an amount which when added to the amount then on deposit therein is equal to the Reserve Requirement, and (ii) to the Fiscal Agent for deposit in the Bond Fund an amount, taking into account any amounts then on deposit in the Bond Fund, such that the amount in the Bond Fund equals the principal, premium, if any, and interest due on the Bonds on the next Interest Payment Date. At such time as deposits to the Debt Service Account equal the principal, premium if any, and interest becoming due on the Bonds for the current Bond Year and the amount needed to restore the Reserve Fund balance to the Reserve Requirement, the amount in the Debt Service Account 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 15th of each year. If there has been no levy for pay-as-you-go expenditures it is unlikely there will be amounts to be transferred to the Surplus Account.

Moneys in the Surplus Account may, at the City's discretion, be transferred to the Improvement Fund to pay for costs of the Improvements (including reimbursements to the Developer for the cost of Improvements not funded from Bond proceeds) or authorized facility contributions, to pay the principal of, premium, if any, and interest on the Bonds or to replenish the Reserve Fund to the amount of the Reserve Requirement. See "THE IMPROVEMENTS – Construction and Acquisition of the Improvements."

Deposit and Use of Proceeds of Bonds

The Bonds are additionally secured by amounts generated from proceeds of the Bonds, together with interest earnings thereon pledged under the Fiscal Agent Agreement. The proceeds of the 2003 Bonds will be paid to the Fiscal Agent, who will deposit such proceeds in the Reserve Fund, Bond Fund and Costs of Issuance Fund established under the Fiscal Agent Agreement, and transfer to the City the amounts designated for deposit into the Improvement Fund. See "APPENDIX C – SUMMARY OF CERTAIN PROVISIONS OF THE FISCAL AGENT AGREEMENT" for information on use of the moneys, including investment earnings thereon, in the various funds established under the Fiscal Agent Agreement. See also "Reserve Fund" and "Improvement Fund" below.

Delinquent Payments of Special Tax; Covenant for Superior Court Foreclosure

The Special Tax will be collected in the same manner and the same time as *ad valorem* property taxes, except at the City's option, the Special Taxes may be billed directly to property owners. In the event of a delinquency in the payment of any installment of Special Taxes, the

City is authorized by the Act to order institution of an action in superior court to foreclose the lien therefor.

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

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

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

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

Foreclosure by court action is subject to normal litigation delays, the nature and extent of which are largely dependent upon the nature of the defense, if any, put forth by the debtor and the condition of the calendar of the superior court of the county. Such foreclosure actions can be stayed by the superior court on generally accepted equitable grounds or as the result of the debtor's filing for relief under the Federal bankruptcy laws. The Act provides that, upon foreclosure, the Special Tax lien will have the same lien priority as is provided for *ad valorem* taxes and special assessments. See "APPRAISAL OF PROPERTY WITH THE DISTRICT – 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 District to purchase or otherwise acquire any lot or parcel of property foreclosed upon if there is no other purchaser at such sale.

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

Reserve Fund

A Reserve Fund (the "**Reserve Fund**") was established under the original Fiscal Agent Agreement, and is being held by the Fiscal Agent. Upon delivery of the 2003 Bonds, the amount on deposit in the Reserve Fund will be increased by depositing certain proceeds of the 2003 Bonds into the Reserve Fund, such that the amount in the Reserve Fund equals the "**Reserve Requirement**" for the combined outstanding amount of 2002 Bonds and 2003 Bonds, which is the lesser of 10% of the original principal amount of the Bonds, 100% of maximum annual debt service on the Bonds, or 125% of average annual debt service on the Bonds. The City is required to maintain an amount of money or other security equal to the Reserve Requirement in the Reserve Fund at all times that the Bonds are outstanding. Within the Reserve Fund the Fiscal Agent established a 2002 Reserve Account and will establish a 2003 Reserve Account. These subaccounts are established for purposes of accounting for the use and disposition of Reserve Fund moneys derived from each respective series of Bonds, and amounts in each subaccount shall be drawn upon pro rata whenever a draw is made on the Reserve Fund. All amounts deposited in the Reserve Fund will be used and withdrawn by the Fiscal Agent solely for the purpose of making transfers to the Bond Fund in the event of any deficiency at any time in the Bond Fund of the amount then required for payment of the principal of, and interest on, the Bonds. Whenever transfer is made from the Reserve Fund to the Bond Fund due to a deficiency in the Bond Fund, the Fiscal Agent will provide written notice thereof to the City.

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

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

Improvements have been completed, to the Bond Fund to be used for the payment of the principal of and interest on the Bonds in accordance with the Fiscal Agent Agreement.

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

Improvement Fund

Under the Fiscal Agent Agreement, there is established an Improvement Fund, which is to be held in trust by the City and will be disbursed as provided in the Fiscal Agent Agreement for the payment or reimbursement of the costs of the construction and acquisition of the 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 Developer pursuant to the Acquisition Agreement, the City will transfer the amount, if any, remaining in the Improvement Fund to the Fiscal Agent for deposit in 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. See “THE IMPROVEMENTS.”

No Additional Bonds

The Resolution of Formation authorizes the issuance of up to $20 million of bonds, of which the Bonds represent the second series. After issuance of the 2003 Bonds, the City will not issue any additional bonds secured by the Special Taxes. The City may in the future issue bonds secured by the Special Taxes to refund all or part of the outstanding Bonds.

DEBT SERVICE SCHEDULE

The annual debt service on the 2003 Bonds, based on the interest rates and maturity schedule set forth on the cover of this Official Statement, is set forth below.

CROCKER RANCH COMMUNITY FACILITIES DISTRICT NO. 1
SPECIAL TAX BONDS SERIES 2003
DEBT SERVICE

Year Ending (Sept. 1)	2003 Bonds Principal	2003 Bonds Interest*	2003 Bonds Total	2002 Bonds Total	2002 Bonds & 2003 Bonds Total
2003	-	$272,176.25	$272,176.25	$94,082.63	$366,258.88
2004	$245,000.00	852,030.00	1,097,030.00	333,807.50	1,430,837.50
2005	250,000.00	846,517.50	1,096,517.50	331,857.50	1,428,375.00
2006	255,000.00	840,267.50	1,095,267.50	334,458.00	1,429,725.50
2007	265,000.00	832,617.50	1,097,617.50	333,360.00	1,430,977.50
2008	270,000.00	822,945.00	1,092,945.00	334,797.50	1,427,742.50
2009	285,000.00	812,145.00	1,097,145.00	330,797.50	1,427,942.50
2010	295,000.00	800,032.50	1,095,032.50	331,637.50	1,426,670.00
2011	310,000.00	786,462.50	1,096,462.50	332,132.50	1,428,595.00
2012	325,000.00	771,427.50	1,096,427.50	332,317.50	1,428,745.00
2013	340,000.00	755,340.00	1,095,340.00	332,092.50	1,427,432.50
2014	355,000.00	738,170.00	1,093,170.00	331,492.50	1,424,662.50
2015	375,000.00	720,065.00	1,095,065.00	335,507.50	1,430,572.50
2016	395,000.00	700,565.00	1,095,565.00	333,895.00	1,429,460.00
2017	415,000.00	679,630.00	1,094,630.00	331,875.00	1,426,505.00
2018	440,000.00	657,220.00	1,097,220.00	334,062.50	1,431,282.50
2019	460,000.00	633,020.00	1,093,020.00	335,625.00	1,428,645.00
2020	490,000.00	607,490.00	1,097,490.00	331,562.50	1,429,052.50
2021	515,000.00	580,050.00	1,095,050.00	332,187.50	1,427,237.50
2022	545,000.00	549,665.00	1,094,665.00	332,187.50	1,426,852.50
2023	580,000.00	517,510.00	1,097,510.00	331,562.50	1,429,072.50
2024	610,000.00	483,290.00	1,093,290.00	335,312.50	1,428,602.50
2025	650,000.00	447,300.00	1,097,300.00	333,125.00	1,430,425.00
2026	685,000.00	408,300.00	1,093,300.00	335,312.50	1,428,612.50
2027	730,000.00	367,200.00	1,097,200.00	331,562.50	1,428,762.50
2028	770,000.00	323,400.00	1,093,400.00	332,187.50	1,425,587.50
2029	820,000.00	277,200.00	1,097,200.00	331,875.00	1,429,075.00
2030	870,000.00	228,000.00	1,098,000.00	335,625.00	1,433,625.00
2031	920,000.00	175,800.00	1,095,800.00	333,125.00	1,428,925.00
2032	975,000.00	120,600.00	1,095,600.00	334,687.50	1,430,287.50
2033	1,035,000.00	62,100.00	1,097,100.00	-	1,097,100.00
TOTAL	$15,475,000.00	$17,668,536.25	$33,143,536.25	$9,754,110.63	$42,897,646.88

* Paid from capitalized interest.

THE DISTRICT

Formation of the District

On September 19, 2001, the City Council adopted a Resolution of Intention to form a community facilities district under the Act, to levy a special tax and to incur bonded indebtedness for the purpose of financing the Improvements and making contributions to certain public facilities. After conducting a noticed public hearing, on February 6, 2002, the City Council adopted the Resolution of Formation, which established Crocker Ranch Community Facilities District No. 1, set forth the Special Tax Formula within the District and set forth the necessity to incur bonded indebtedness in a total amount not to exceed $20 million. On February 6, 2002, an election was held within the District in which John Mourier Construction, Inc. and Mourier Land Investment Corp. (who were then the eligible landowner voters in the District) unanimously approved the proposed bonded indebtedness and the levy of the Special Tax. See “OWNERSHIP OF PROPERTY WITHIN THE DISTRICT” below.

Location and Description of the District and the Immediate Area

The District is located in the northwestern area of the City within a portion of the North Roseville Specific Plan area (described below), approximately 20 miles northeast of the Central business district of Sacramento. The area is generally bounded by the Highway 65 Bypass to the east, Blue Oaks Boulevard to the south, Fiddyment Road to the west, and the Placer County/Roseville City Limit line on the north. Blue Oaks Boulevard is a primary east-west traffic arterial which connects to State Highway 65 and ultimately to the Interstate 80 freeway system. Interstate 80 freeway is located approximately three miles southeast of the State Highway 65/Blue Oaks Boulevard junction and merges with State Highway 65 at an interchange system.

Property in the District and surrounding area is predominantly flat. Much of the area in this portion of the City has been experiencing a transition from largely undeveloped, agriculturally oriented uses toward a mixture of urban land uses, and this transition has particularly intensified during the past 10 years. The predominant approved suburban land use within the City limits in the vicinity of the District is single family residential. The District is adjacent to recently constructed residential subdivisions to the south and east, including the Developer's substantially sold-out Portofino, Barcelona La Rochelle and Siena Woods subdivisions. New home construction and sales are still underway within the vicinity of the District, including in the Diamond Creek planned area to the east. Residential development in the Del Webb Specific Plan senior living development, which sold-out in 1999, lies immediately south of the District, and residential development built mostly in the past ten years as part of the Northwest Roseville Specific Plan lies immediately south and southeast of the District. The area north and west of the District is outside the City limits and is predominantly rural.

The land in the District is crossed by the Pleasant Grove Creek, which provides a scenic corridor and open space amenity for certain residential lots. The Developer has completed the initial infrastructure development south of Pleasant Grove Creek and is currently developing the area north of the creek as the second phase. See "Anticipated Development in the District" below. The property in Zone 1 of the District includes two of the 11 planned residential villages which together consist of 160 lots. The Developer recently sold the larger of the two villages (112 lots) to JTS Communities, Inc., a local homebuilder. The Developer is building out and selling the remaining portion (48 lots) of the Zone 1 property. The Zone 2 property is planned for 936 lots in 9 villages and one village (71 lots) has been sold to U.S. Home, a merchant homebuilder. The Developer currently expects to build and sell homes on most, if not all, remaining lots in Zone 2. The overall lot count for the development may vary as final maps are filed.

The District comprises approximately 240 net developable acres (approximately 321 gross acres, which includes land planned for public uses and not subject to the Special Tax) zoned for low-density residential development of 1,121 residential units. The Developer currently intends that only 1,096 units will be built, all in accordance with the North Roseville Specific Plan and a Development Agreement (described below). The District includes land planned for parks and open space (representing 80 acres) which will not be subject to the Special Tax. Homebuilding activity is currently underway in the District.

The District represents only a portion of the North Roseville Specific Plan area, being a portion of Phase 2 and all of Phase 3 of the specific plan area. The specific plan area was amended in September 2000 to include a portion of the property in the District as Phase 3 of the specific plan area. This Phase 3 area, referred to by the Developer as the "Doctor's Ranch," was annexed to the City in 2001. The North Roseville Specific Plan area permits the development of a total of 5,644 dwelling units (including 4,144 low-density single family units) on approximately 1,552 net acres. As of the end of September 2001, approximately 1,675 single family units were completed or under construction in the specific plan area, with none in the District.

North Roseville Specific Plan. The District constitutes a portion of Phase 2 and all of Phase 3 of the three-phase North Roseville Specific Plan, as amended (the "**North Roseville Specific Plan**"), which was adopted by the City Council on August 6, 1997 by Resolution No. 97-213, and subsequently amended. The City, as a charter city, has adopted the North Roseville Specific Plan by a procedure that is consistent with its General Plan and with the provisions of Article 8, Sections 65450 through 65457 of Title 7 Planning and Land Use Law, California Government Code. All projects within the planning area (including subdivisions, use permits, design-review permits and public-works projects) must be consistent with the North Roseville Specific Plan and the City General Plan.

The North Roseville Specific Plan area includes all properties in the north and west side of the City which at the time of its adoption was not zoned for urban use or previously included in a specific plan. The plan designates a 738-net acre Phase 1 land area as Neighborhood A and Neighborhood B and a 654-net acre Phase 2 land area as Neighborhood C and Neighborhood D. Phase 1, Neighborhood A and B and Phase 2, Neighborhood C are separated from Neighborhood D by the recently completed Del Webb residential project. The most recent amendment added a 160-net acre Phase 3 area, designated as Neighborhood E. Property in the District constitutes all of Neighborhood E and a portion of Neighborhood C. Neighborhoods A, B and D are currently undergoing development and include many recently completed homes, which are subject to a special tax of the City's Woodcreek West or North Roseville community facilities districts. Property in the North Roseville Specific Plan designated for residential use is owned by various developers, including the Developer, with homes completed and in various stages of development. Property in the District is expected to be the final area of development within the North Roseville Specific Plan.

The North Roseville Specific Plan combines a land use and circulation plan, affordable housing program, resource management strategy, development standards and an integral, comprehensive infrastructure plan in a single document and provides for a mix of residential neighborhoods (including in Phase 1 a retirement community planned for attached dwelling units, assisted living units and skilled nursing facilities), schools, parks, and supporting commercial land uses located adjacent to a major regional employment center. The proposed land uses are predominantly residential, with 5,644 units planned, recreational and open space. The plan also includes approximately 120 acres of sites for retail and professional services, including specialty retail, restaurants, and office uses overlooking the natural creeks adjacent to parks.

Development within the North Roseville Specific Plan area is proceeding in three phases, matching the entitlement phases of the respective phases. Phase 1 improvements began in the spring of 1999 with the initial construction of the infrastructure improvements within the North Roseville Specific Plan Phase 1 entitlement. A portion of the cost of the infrastructure improvements was financed by special tax bonds issued in connection with the Woodcreek West and North Roseville community facilities districts formed by the City. Under the specific plan, Phase 1 was approved for a maximum of 2,509 dwelling units including a maximum of 400 attached housing units proposed to be developed in the Eskaton Village senior living campus, supporting a forecasted population of approximately 5,868 residents. Phase 2 is planned for 2,466 units, many of which are completed. 452 units of Phase 2 are in the District and Phase 3, approved for 669 units, is entirely within the District.

Land use and zoning entitlements provided by the North Roseville Specific Plan include full land-use entitlements, including a general plan amendment, specific plan amendment, rezone, design guidelines and a development agreement between the City and each owner. This permits development of the property to proceed through approval of subsequent development entitlements such as subdivision maps and design review permits. See “Development Agreement” below.

Maps. A map of the major planning areas of the City, an aerial photo of the area, the North Roseville Specific Plan land use map, diagrams of the parcels in the District and the boundary map of the District are shown on the following pages. In the aerial photo, the areas designated "Doctor's Ranch" and "Mourier 160" collectively represent the District. The parcel diagram of the District indicates 1,098 lots allowed for development, however the Developer currently contemplates only 1,096.

[Reserved for map]

Anticipated Development in the District

The Developer has provided the following information with respect to development within the District. No assurance can be given that all information is complete. No assurance can be given that development of the property will be completed, or that it will be completed in a timely manner. Since the ownership of the parcels is subject to change, the development plans outlined below may not be continued by the subsequent owner if the parcels are sold, although development by any subsequent owner will be subject to the North Roseville Specific Plan, the Development Agreement and the policies and requirements of the City. No assurance can be given that the plans or projections detailed below will actually occur.

Development within the District is anticipated by the Developer to be consistent with the North Roseville Specific Plan Phase 2 and Phase 3 land uses, which primarily consist of low density residential neighborhoods and, to a lesser extent, supporting uses such as parks, recreation, open space and supporting neighborhood land uses. Permitted land uses are configured to reinforce the neighborhood identity and sense of community.

The Developer is a homebuilder and may build out as many as 913 units in the District, with the remainder of 183 units to be built by JTS Communities, Inc. (112 lots) and U.S. Home (71 lots) on land purchased by them from the Developer.

Entitlements. Property within the District has land-use entitlements for 1,121 single family residences consistent with the zoning designations of the North Roseville Specific Plan, however, the Developer anticipates reconfigurations of some proposed lots and contemplates development of 1,096 homes in the District. The entitlements permit a development proposal related to a particular parcel to proceed through tentative map subdivision and design-review permitting processes to final mapping provided the development application is in accord with the entitlements and the final map conditions. See "Development Agreement" below. A large-lot map for the property was recorded in March 2002. Subsequently, the Developer has obtained approved final maps for Parcels 1,2, and 3 south of Pleasant Grove Creek (total of 160 units) and Parcels 1, 6, 8, and 9 north of the creek (total of 319 units).

Subdivision Maps. The Developer initially planned land in the District for 1,098 single family lots and currently proposes, among other minor changes, to reduce the number of homes to be built on Parcel W-4 from the originally planned 115 to 112 to allow for larger lot sizes, resulting in the development of 1,096 homes. The current lotting plan provides for 11 residential villages. The Developer has obtained approved final maps for Villages 1, 2, and 3 south of Pleasant Grove Creek that total 160 units and which constitute all of the Zone 1 property in the Special Tax Formula. Model home complexes are complete and new home construction is underway in these subdivisions. The Developer has also obtained approved final maps for Villages 1, 6, 8, and 9 north of the creek that total 319 units and anticipates model home construction for each of these subdivisions within the next several months. Approved final maps for Parcels 2 (132 lots) and 7 (110 lots) are expected in April 2003 and final maps for the remaining parcels are expected to be obtained in spring 2004.

Projected Construction Schedule. Construction of infrastructure improvements, which include all of the Improvements to be financed with proceeds of the Bonds, for the initial 160 homes to be developed in the District is complete and construction of homes began in June 2002, commencing with construction of a model complex and the initial release of production homes. Of these 160 lots, 48 (Crocker Ranch South Village 3) are being developed by the Developer and 112 (Crocker Ranch South Villages 1 and 2) are being developed by JTS Communities. Construction of homes on the Developer property began in June 2002 and as of February 2003, 16 homes are under contract for sale and 2 have been sold. Construction of homes on the JTS

Communities property began in July 2002 and as of February 2003, 14 homes are under contract for sale to homeowners. A substantial portion of the infrastructure development for the remainder of the land in the District (936 lots) has been completed by the Developer and the Developer is to be reimbursed for the cost thereof from proceeds of the 2003 Bonds.

The pace of home construction in the District will be determined in part by market conditions and demand for homes. The Developer has sold land similar to those planned for the District in the Developer's 140-acre initial Crocker Ranch master planned community approximately 1/10 mile from the District. That community comprises the "Barcelona," "La Rochelle," "Portofino" and “Siena Woods" subdivisions, where home sizes range from 1,171 to 3,821 square feet. Except for some of the model homes, these subdivisions were recently sold-out. Based on absorption in these nearby subdivisions, the Developer currently projects sales of 5-8 homes per subdivision per month for the initial phases of development in the District.

The Developer has completed a substantial portion of the infrastructure improvements for the Zone 2 area (the area north of Pleasant Grove Creek planned for 936 units). Home development in a portion of this area will occur simultaneously with development in the Zone 1 (south of the creek) area. The actual construction schedule will be determined in part by market demand. Of the 936 lots in the Zone 2 area, 71 have been sold to U.S. Home for development by it, and the Developer expects to construct the remainder of the units.

The following table summarizes the status of development in each of the villages within the District.

City of Roseville
Crocker Ranch Community Facilities District No. 1
Summary of Status of Development
February 2003

(Large Lot Designations) Specific Plan	(Large Lot Designations) Recorded Map	Units	Approx. Acres	Status
ZONE 1:	**Crocker Ranch South:**			
W-4	Villages 1 and 2	112	29.2	Sold to JTS – homes under construction, 14 under contract
W-5	Village 3	48	12.2	Developer homes under construction, 3 sold, 16 under contract
SUBTOTAL		160	41.4	
ZONE 2:	**Crocker Ranch North:**			
DR-1	Village 1	45	7.2	Approved final map
DR-4A	Village 2	132	20.6	Subdivision improvements 90% complete Final map expected April 2003
DR-4B	Village 3	161	28.2	Subdivision improvements 40% complete Final map expected Spring 2004
DR-3C	Village 4	96	22.5	Begin sub. improvements Spring 2004 Final map expected Spring 2004
DR-3B	Village 5	118	26.9	Final map expected Spring 2004
DR-3A	Village 6	91	21.4	Begin sub. improvements Spring 2004 Approved final map
DR-2 / W-3B	Village 7	110	22.0	Subdivision improvements 60% complete Final map expected April 2003
W-3A	Village 8	112	32.2	Subdivision improvements 60% complete Approved final map
W-1 / W-2	Village 9	71	18.2	Subdivision improvements 97% complete Sold to U.S. Home – final map / finished lots
SUBTOTAL		936	199.2	
TAX-EXEMPT PARCELS:				
Parks		0	22.7	Not subject to Special Tax
Open Space		0	37.7	Not subject to Special Tax
Right of Ways		0	20.0	Not subject to Special Tax
SUBTOTAL		0	80.4	
TOTAL UNITS AND GROSS ACRES		1,096	321.0	

Current Home Offerings. As of February 2003, a total of 33 homes have been sold or are under contract to be sold to homeowners in two subdivisions which comprise a total of 160 lots and which are currently being marketed by the Developer and by JTS Communities, Inc. The status of each homebuilder's lots is shown below. For information on the homebuilders, see "OWNERSHIP OF PROPERTY WITHIN THE DISTRICT." The following summarizes builder activity as of February 2003.

John Mourier Construction:

Subdivision Size: 48 lots
Under Contract to Homeowners: 16 homes
Sold to Homeowners: 3 homes

The Developer's initial subdivision in the District is named "Seriana" and home construction began in June 2002. Four model homes opened in January 2003 and sales are underway. The following summarizes certain development projections of Developer.

Began Home Construction	Began Home Sales	First Home Sale Closings	No. of Floor-Plans	Approx. Square Footage	Projected Initial Price Range
June 2002	September 2002	January 2003	4	2,511 to 3,927	$400,000 to $600,000

JTS Communities:

Subdivision Size: 112 lots
Under Contract to Homeowners: 14 homes

JTS's holdings in the District comprise the "Esquire at Crocker Ranch" subdivision. Three model homes opened in early 2003 and sales are underway. The following summarizes certain development projections of JTS Communities.

Began Home Construction	Began Home Sales	First Home Sale Closings	No. of Floor-Plans	Approx. Square Footage	Projected Initial Price Range
July 2002	August 2002	April 2003	13	2,450 to 5,100	$438,000 to $590,000

U.S. Home:

U.S. Home is preparing to market homes in its 71 lots in the District as the "Laureate at Crocker Ranch" subdivision. Infrastructure is completed. Seven floorplans will be offered and two model homes are planned. Several of the floorplans will be similar to the offerings of U.S. Home in its "Laureate at Stoneridge" subdivision in the Stoneridge area in east Roseville. The following summarizes the development projection of U.S. Home.

Begin Home Construction	Begin Home Sales	First Home Sale Closings	Model Home Completion	No. of Floor-Plans	Approx. Square Footage	Projected Initial Price Range
April 2003	March 2003	Oct. 2003	June 2003	7	2,487 to 4,100	$435,000 to $535,000

Infrastructure and Utilities. The Developer is undertaking construction of infrastructure improvements in the District in two phases, initially for the 160 lots south of Pleasant Grove Creek and subsequently for the remainder of the property. The 2002 Bonds were issued to finance the initial phase, which is complete. North of Pleasant Grove Creek, substantial infrastructure has been completed, including backbone streets, sidewalks, water, sewer, drainage, concrete curb, gutter and paving and all of the relevant utilities, and the bridge over the creek. These improvements provide access to the villages within the northern portion of the District.

Total basic (sometimes referred to as "backbone") infrastructure cost for development in the entire District is estimated to be approximately $13.1 million with additional moneys required for City obligations such as fees and contributions. The Developer is responsible for the construction of the infrastructure improvements and other costs. Proceeds of the 2002 Bonds provided approximately $3.8 million of this cost. See "THE IMPROVEMENTS - Construction and Acquisition of the Improvements and Payment of Fees" below.

All typical urban utility services for finished lots are available at the lots or will be extended to the lots. These utilities include electric power, natural gas, telephone, cable television, water, and sanitary sewer and storm water facilities. Roseville Electric provides electric power, Pacific Gas & Electric provides natural gas, and the City provides water, sewer and storm water facilities.

Affordable Units. Under the Development Agreement, 28 of the residential units to be constructed in the District are to be available to buyers as detached or attached single family residential units affordable to persons in middle income households. The Developer is required to enter into an agreement with the City governing the availability of such units. The Developer anticipates that these units will be located on portions of Parcel No. DR-4 as units to purchase. The Special Tax Formula does not provide for any reduction in the Special Tax for units that are the subject of the affordable housing provisions.

Development Agreement

General. The City and the Developer entered into a Development Agreement dated September 22, 1999, as amended in a First Amendment dated July 25, 2001 (as amended, the "**Development Agreement**"). All of the property in the District is subject to the Development Agreement as well as the North Roseville Specific Plan, and 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. 802. The Development Agreement is the primary implementation tool for the North Roseville Specific Plan and is intended to create a binding contract between the City and the Developer 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 Developer as such obligations relate to development of the property in the District, including the terms, conditions, rules, regulations, entitlements, vested rights and other provisions relating to the development of the property in the District according to the North Roseville Specific Plan entitlements. Included are provisions relating to infrastructure improvements, public dedication requirements, landscaping amenities and other obligations of the parties. The Development Agreement has a 20-year term, runs with the property, and may be modified only by mutual consent of the City and the Developer and in a manner consistent with the North Roseville 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. The Development Agreement will be binding on the Developer and all successor owner-developers of property in the District.

Land use and development entitlements granted under the Development Agreement for property in the District is consistent with the North Roseville Specific Plan described under the caption "The North Roseville Specific Plan" and summarized above.

Improvements. The Development Agreement sets forth the responsibility of the Developer and its successors for a portion of the costs of certain public improvements required for its development within the North Roseville Specific Plan area. Funding of the Improvements with Bond proceeds (and, if necessary, the pay-as-you-go mechanism) will satisfy a portion, but not all, of the relevant obligations of the District for infrastructure improvements required by the Development Agreement. The improvements not funded from Bond proceeds and pay-as-you-go will be funded by the Developer. See "THE IMPROVEMENTS" below.

Environmental Matters

Flood Hazard Map Information. According to the Federal Emergency Management Agency's flood insurance rate maps (Community-Panel Number 060243-0457F, with an effective date of July 8, 1998), the developable portions of the property in the District are located within Flood Zone X, described as areas of minimal flooding.

Wetland Conditions. According to the City's planning department, some jurisdictional wetlands will be affected by the development within the District, however the impact has been mitigated by the Developer.

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

THE IMPROVEMENTS

Eligible Facilities

The proceeds of the 2002 Bonds provided approximately $3.8 million of financing for the Zone 1 public improvements eligible to be financed with the proceeds of the Bonds. The 2003 Bonds will provide a funding source to the Developer for moneys expended for a portion of the cost of the Improvements and for certain developer fees paid or to be paid by the Developer.

The Improvements eligible to be financed by the District are set forth in the Resolution of Intention and in the Community Facilities District Hearing Report (the "CFD Hearing Report") dated January 29, 2003 prepared by Economic & Planning Systems, Inc., Sacramento, California (the "**Special Tax Consultant**") in connection with the formation of the District.

The eligible Improvements authorized are described in the CFD Hearing Report as follows.

Transportation Improvements. Authorized facilities include the following transportation-related improvements:

- Blue Oaks Boulevard
- Crocker Ranch Road
- Fiddyment Road
- Casa Sedona Drive
- Opal Drive
- Other public roadway improvement required to meet the needs of the project

Eligible roadway improvements include; purchase of right of way; roadway design; project management; bridge crossings, demolition, grading and paving; joint trenches and underground utilities; curbs, gutters, and sidewalks (including sidewalks on some or all of above mentioned roads); street lights (including reimbursements to the City) and signalization; intersection improvements; signs and striping; soundwalls and fencing; and median and corridor landscaping related thereto.

Wastewater System Improvements. Authorized facilities include any and all wastewater facilities designed to meet the needs of development within Crocker Ranch

CFD No. 1. These facilities include sewer improvements consistent with the Master Wastewater Plan.

Water System Improvements. Authorized facilities include any and all water facilities designed to meet the needs of development within Crocker Ranch CFD No. 1. These facilities include water distribution facilities including fire hydrants, and related water system improvements; pressure reducing stations, flow meters, and recycled water improvements. Landowner's fair share for the retrofit of water/irrigation system at Diamond Oaks Golf Course.

Drainage System Improvements. Authorized facilities include any and all drainage and storm sewer improvements designed to serve the needs of development within the CFD including, but not limited to pipelines and appurtenances, temporary drainage facilities, detention basins, and drainage pretreatment facilities.

Electric Facilities. Authorized facilities include on-site and off-site electric distribution facilities.

Park Improvements. Authorized facilities include any and all improvements to park facilities located in the Phase II and Phase III of the North Roseville Specific Plan, including acquisition of property and the design and construction thereof.

Masonry Wall/Fencing. Authorized facilities include masonry wall fencing along the projects' northern boundary.

Contributions to City Projects. Authorized facilities include contributions to the following public improvements including but not limited to the following items:

- Construction of the Mahany Community Center and the off-site softball fields;
- Contributions to a transportation study of the Riverside/City intersection;
- Landowners fair share for the update of the City's Bikeway Master Plan and City's short Range and Long Range Transit Master Plans;
- Mahany Park facilities;
- Diamond Oaks Golf Course irrigation facilities;
- Other City park facilities; and
- Other Citywide facility contributions as specified in the Mourier 160 or Doctors Ranch Development Agreement(s) entered into by the Developer and the City of Roseville.

City and County Public Improvements. Public improvements, such as roadways, wastewater system improvements, sewer system improvements, public facility improvements and other capital improvements for which developer impact fees are payable to the City pursuant to approved ordinances or resolutions upon issuance of a building permit or upon final map approval for a single family residence within the CFD are authorized costs under the CFD.

Other Expenses. In addition to the above facilities, other incidental expenses as authorized by the Mello-Roos Community Facilities Act of 1982, including, but not limited to, the cost of planning and designing the facilities (including the cost of environmental evaluation and environmental remediation or mitigation); construction staking; utility relocation and demolition costs incident to the construction of the public facilities, costs associated with the creation of the Mello-Roos CFD; issuance of bonds;

determination of the amount of taxes, collection of taxes; payment of taxes; or costs otherwise incurred in order to carry out the authorized purposes of the CFD; reimbursements to other areas for infrastructure facilities serving the Crocker Ranch project; and any other expenses incidental to the construction, completion, and inspection of the facilities.

All of the Improvements required for development in Zone 1 have been completed and home construction in that area is underway. Financing for the Zone 1 Improvements was provided by the 2002 Bonds. A substantial portion of the roadway improvements and related facilities with respect to Zone 2 have been constructed by the Developer, who will convey those improvements to the City in return for reimbursement of a portion of their costs pursuant to a Funding, Construction and Acquisition Agreement, and for credits against certain impact fees intended to finance roadway improvements.

Estimated Cost of the Improvements

The total estimated construction cost of the Improvements for both Zone 1 and Zone 2, as shown in the CFD Hearing Report and updated by the Developer, is $19,077,316. Approximately $3.8 million of this amount was financed by the 2002 Bonds and approximately $13.5 million is projected to be financed by the 2003 Bonds. The Zone 1 Improvements have been completed and the Zone 2 Improvements are estimated by the Developer to be approximately 82% complete (based on cost) as of February 2003. The cost of the Zone 2 Improvements not financed by the Bonds will be paid for by the Developer, with the Developer to be reimbursed for certain of such improvement expenditures through the pay-as-you-go component of the annual Special Tax levy. See "OWNERSHIP OF PROPERTY WITHIN THE DISTRICT" below for a description of sources of funding available to the Developer.

TABLE 4
Crocker Ranch Community Facilities District No. 1
Summary of Authorized Facilities and Estimated Cost

Item	Total	Phase I Facilities	Phase II Facilities
Facility Costs [1]			
Backbone Infrastructure	$13,087,838	$3,309,198	$9,778,640
Project-wide CFD Obligations / Contributions[2]	3,383,539	575,719	2,807,820
Total Facil. Costs Before Impact / Dev. Fees			12,586,460
Bond Funded Fees	2,605,939		2,605,939
Total Authorized Facilities	$19,077,316	$3,884,917	$15,192,399
Funding Sources			
Estimated CFD Bonds Proceeds	$17,346,148	$3,801,148	$13,545,000
Developer Funding or Other Sources [3]	1,731,168	83,769	1,647,399
Total Funding Sources	$19,077,316	$3,884,917	$15,192,399

(1) Provided by the Developer.
(2) As required by the Development Agreement.
(3) Other sources include (a) initial Developer funding with reimbursement from pay-as you go revenues; (b) pay-as-you-go revenue during construction, and (c) interest earnings on construction fund.
Source: Economic & Planning Systems and the Developer.

The Special Tax Formula 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 could provide for funding of the cost of the Zone 2 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 Developer expects to utilize the pay-as-you-go component to pay for Improvements not funded by proceeds of the Bonds, which may result in the levy of the maximum Special Tax until the Developer is reimbursed to the extent allowed in the Acquisition Agreement. See "SECURITY AND SOURCES OF PAYMENT FOR THE BONDS – Special Tax Methodology" and " – Special Tax Fund."

Construction and Acquisition of the Improvements and Payment of Fees

In connection with the issuance of the 2002 Bonds, the City and John Mourier Construction, Inc. entered into a Funding, Construction and Acquisition Agreement (the "**Acquisition Agreement**") which provides that the Developer will construct (or cause to be constructed or funded) the portion of the Improvements consisting of roadways and related facilities, and the City, upon completion of construction and acceptance by the City, will purchase the Improvements. Upon completion of the Improvements and acceptance by the City, proceeds of the Bonds will be used to pay a portion of the purchase price of the Improvements pursuant to the terms of the Acquisition Agreement. The Developer will be responsible for the portion of the cost of construction of the Improvements not paid with Bond proceeds, which may be reimbursed to the Developer from Special Taxes collected as the pay-as-you-go portion of the levy. A portion of Bond proceeds will also be used to pay certain development fees authorized to be paid from Bond proceeds, up to a maximum amount of approximately $2.6 million, which will be used by the City to construct or acquire certain components of the Improvements.

OWNERSHIP OF PROPERTY WITHIN THE DISTRICT

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

The Developer, its affiliate, JTS Communities, Inc. and U.S. Home have provided the information set forth in this section entitled "OWNERSHIP OF PROPERTY WITHIN THE DISTRICT." No assurance can be given that all information is complete. In addition, any Internet addresses included below are for reference only, and the information on those Internet sites is not a part of this Official Statement or incorporated by reference into this Official Statement.

No assurance can be given that development of the property will be completed, or that it will be completed in a timely manner. The Special Taxes are not personal obligations of the developers or of any subsequent landowners; the Bonds are secured only by the Special Taxes and moneys available under the Fiscal Agent Agreement. See "SECURITY AND SOURCES OF PAYMENT FOR THE BONDS" and "SPECIAL RISK FACTORS" herein.

The Developer and Other Landowners

All of the land within the District was previously owned by John Mourier Construction, Inc. (**"JMC", also the "Developer"**) or its affiliate, Mourier Land Investment Corporation. In

April 2002 the Developer sold 112 lots (Crocker Ranch South Villages 1 and 2) to JTS Communities, Inc. and in December 2002 the Developer sold 71 lots (Crocker Ranch North Village 9) to U.S. Home. Both of the buyers are merchant builder who intend to build and sell homes on the property purchased. The Developer currently expects to develop most, and possibly all, of the homes in the remainder of the District.

Mourier Land Investment Corporation is 100% owned by its president, John Mourier III ("Mourier") and acquires and holds real properties as long-term investments. JMC is a development and homebuilding entity.

Ownership and Financing Structure. John Mourier III has been doing business in the greater Sacramento area as a homebuilder since 1974 and incorporated his homebuilding business as JMC in 1978. JMC is 100% owned by John Mourier III, who is president. The company typically has over 200 employees and had average annual home sales volume in excess of $150 million for the past four years. JMC is currently ranked nationally as the 108th largest homebuilder by the *Professional Builder Magazine* and locally as the 7th largest homebuilder by the *Sacramento Business Journal*. The Company has completed over 4,000 homes in the Sacramento area and builds approximately 600 homes annually. JMC reports that it has received several industry awards including "Builder of the Year", "Best Single Family Home Project of the Year", and "Best Energy Efficient Project of the Year."

Current projects for JMC outside the District include Parkway in Folsom (126 lots), Aviano at Stonelake (110 lots) and Parkside at Stonelake (126 lots) in Elk Grove, the Crossings in Rocklin (87 lots), Silver Legends in the County of Sacramento (103 lots), and American Dream (92 lots), Symphony (84 lots) and Windsong / Seranade (105 lots) in the Woodcreek West area of the City.

JMC has an internet home page located at *www.jmchomes.com*. The website address is given for reference and convenience only. The information on the website may be incomplete or inaccurate and has not been reviewed by the City or the Underwriter. Nothing on the website is a part of this Official Statement or incorporated into this Official Statement by reference.

Recent projects completed or under construction by JMC in California (not including the 380-lot initial development in Crocker Ranch but outside of the District) include the following:

Project Name	City	No. of Lots	Status
Country Estates	Elk Grove	40	completed
Provance at Empire Ranch	Folsom	89	completed
Highland Ranch	Rocklin	219	completed
The Courtyards	Sacramento	115	completed
Arias at Gateway West	Sacramento	88	completed
Bishop Ranch	Elk Grove	121	under construction
Heirloom	Rocklin	64	under construction
North Natomas Estates	Sacramento	67	under construction

In fiscal years 2001 and 2002, JMC closed a total of 561 and 625 homes respectively in the Sacramento, California area, including in Roseville. JMC plans to build over 700 homes in fiscal year 2003.

JMC and its affiliate have invested approximately $28.2 million through 2002 on property in the District. Mourier Land Investment Corporation purchased the properties for approximately $11.7 million in 1998 and 2001; the balance of its investment has been cash used for holding, entitlement, subdivision improvements, and unreimbursed costs of improvements to the property. The investment was funded through cash flow generated by capital contributions and by other business operations of JMC. In three separate transactions in 2001 and 2002, JMC acquired large lot villages 1-3 south of Pleasant Grove Creek and villages 1, 2, 6, 7, 8, and 9 north of the creek from Mourier Land Investment Corporation for cash and notes collateralized by deeds of trusts against the acquired properties. The current outstanding balances of these related-party notes total $34.2 million. A portion of the remaining properties is collateral for a $9 million line of credit for Mourier Land Investment Corporation with Housing Capital Company that, as of February 2003, has no outstanding balance. Housing Capital Company is a Minnesota general partnership that has DFP Financial, Inc., a California corporation, as its managing general partner. Its other partner is U.S. Bank. Housing Capital Company is located in California and has its headquarters in San Mateo and has offices in Fresno and Costa Mesa.

Financing Plan. The development of the residential parcels, the in-tract developments, home construction and the payment of the Special Taxes will primarily be funded from the cash flows of JMC's homebuilding operations and advances from its existing banking arrangements, including lines of credit with Wells Fargo Bank, Sacramento, California and Comerica Bank, Sacramento, California. Both Wells Fargo Bank and Comerica have provided JMC with lines of credit (secured and unsecured) on 2-year rolling loan terms collectively in excess of $41.5 million for use in JMC's business activities.

Future cash flow needs also will include general and administration costs, property taxes, the Special Taxes, and parcel-specific costs such as engineering and legal expenses, remaining in-tract improvements and construction of homes. These costs are anticipated to be funded from the revolving lines of credit, proceeds from the sale of homes and internal funds.

JTS Communities, Inc. JTS Communities, Inc. (**"JTS Communities"**) is a California corporation formed in 1999 that is wholly owned by Jack T. Sweigart and Larry A. Carter. JTS Communities was formed as a corporate successor to the homebuilding business carried out by J&L Properties, a California general partnership formed in 1978 that is controlled by Mr. Sweigart and Mr. Carter. Prior to 1978, Mr. Sweigart and Mr. Carter operated independently as homebuilders in the Sacramento area. JTS Communities, Inc. and its predecessors have been in the homebuilding business for over 30 years and have built over 12,000 homes during that time. JTS Communities had approximately $201 million in home sales for fiscal year 2002 and an average homes sales volume of over $150 million per year over the past four years. J&L Properties has completed over 12,500 homes in the Sacramento area, and approximately 400 homes annually. The company currently employs over 400 people at various locations in the Sacramento area, including at the sites of 12 subdivisions where it currently is constructing and selling homes.

JTS Communities projects recently sold out or currently underway include:

Subdivision Name	Lots	Location
Expressions	134	Elk Grove
Cristal	104	Elk Grove
Chateaux	108	Elk Grove
Mosaic	170	Elk Grove
Esquire	112	Roseville
Elan	154	Elk Grove
Quintessence	100	El Dorado Hills
Summit	57	El Dorado Hills
Ridge	44	El Dorado Hills
Serrano E	132	El Dorado Hills
Shores	111	Sacramento
Veranda II	102	Sacramento
Promenade	138	West Sacramento

JTS Communities has an internet home page located at *www.jtscommunities.com*. The website address is given for reference and convenience only, the information on the website may be incomplete or inaccurate and has not been reviewed by the City or the Underwriter. Nothing on the website is a part of this Official Statement or incorporated into this Official Statement by reference.

U.S. Home. U.S. Home (**"U.S. Home"**) is a Delaware corporation and a wholly-owned affiliate of Lennar Corporation (**"Lennar"**). Lennar is a diversified real estate company headquartered in Miami, Florida and publicly traded on the New York Stock Exchange under the symbol LEN. As a publicly traded company, the stock of Lennar is widely held, but Leonard Miller, co-founder and Chairman of the Board, controls the voting stock of the company. Lennar is one of the country's leading homebuilders and developers of master planned communities. Lennar was founded in 1953 and has reported a profit each year since its inception.

Presently Lennar maintains construction and development operations in Arizona, California, Florida, Nevada and Texas. Homebuilding affiliates of Lennar that are active in California include Lennar Renaissance Inc., Renaissance Homes, Winncrest Homes, U.S. Home Corporation and Greystone Homes.

Financial information with respect to Lennar is included in documents filed with the Securities and Exchange Commission, particularly in its Annual Report on Form 10K and its most recent quarterly Report on Form 10Q.

Lennar has an internet home page located at *www.lennar.com*. The website address is given for reference and convenience only. The information on the website may be incomplete or inaccurate and has not been reviewed by the City or the Underwriter. Nothing on the website is a part of this Official Statement or incorporated into this Official Statement by reference.

Since its organization in 1954, U.S. Home has been one of the leading builders of homes in the United States, delivering more than 280,000 residences. Since 1969, U.S. Home has been a leader in the development of communities designed especially for active adult living, having sold more than 44,000 retirement/active adult or second homes. U.S. Home has been building in the Sacramento and surrounding areas since 1981.

U.S. Home has an internet home page located at *www.ushome.com*. The website address is given for reference and convenience only. The information on the website may be incomplete or inaccurate and has not been reviewed by the City or the Underwriter. Nothing on the website is a part of this Official Statement or incorporated into this Official Statement by reference.

APPRAISAL OF PROPERTY WITHIN THE DISTRICT

The Appraisal

General. Seevers Jordan Ziegenmeyer, Roseville, California (the "**Appraiser**") prepared an appraisal report dated February 18, 2003, with a date of value of January 28, 2003, and an update thereto dated March 27, 2003(collectively, the **"Appraisal"**). The Appraisal was prepared at the request of the City. The update was prepared to determine the value for each village, as to the Zone 1, Village 3 and Zone 2, Villages 1-8 property held by the Developer.

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 complete Appraisal is on file with the City and is available for public inspection at the City offices at 311 Vernon Street, Roseville California 95678 or from the Underwriter during the initial marketing period. The conclusions reached in the Appraisal are subject to certain assumptions and qualifications which are set forth in the Appraisal.

Value Estimates. The Appraisal valued the fee simple estate of the taxable property in the District, on a bulk value basis by ownership. The valuation assumes completion of infrastructure funded by the Bonds, accounts for the impact of the lien of the Special Tax and represents the cumulative value of all the land in the District. The property appraised excludes property in the District designated for public and quasi public purposes. The value estimate for the property as of the January 28, 2003 date of value, using the methodologies described in the Appraisal and subject to the limiting conditions and special assumptions set forth in the Appraisal, and based on the ownership of the property as of that date is as follows:

Ownership	Units	Bulk Value
Mourier	Village 3 South & 1-8 North	$78,290,000
JTS Communities	Villages 1&2 South	18,560,000
U.S. Home	Village 9 North	11,890,000
Cumulative Value		$108,740,000

For the Zone 1, Village 3 and Zone 2, Villages 1-8 property held by the Developer, the Appraiser concluded the $78,290,000 valuation is allocated among the various villages as follows:

Ownership	Village	Lots	Value
Mourier	Village 3 South	48	$5,980,000
Mourier	Village 1 North	45	4,230,000
Mourier	Village 2 North	132	9,720,000
Mourier	Village 3 North	161	11,120,000
Mourier	Village 4 South	96	5,610,000
Mourier	Village 5 North	118	6,910,000
Mourier	Village 6 North	91	8,700,000
Mourier	Village 7 North	110	10,550,000
Mourier	Village 8 North	112	15,280,000
TOTAL			$78,100,000*

* The Appraiser reported that the marginal discrepancy in value conclusions between the hypothetical market value in bulk ($78,290,000) and the cumulative value estimated above is attributable to the discounting of in-tract development costs, which are applied on a per village basis, rather than on average per lot.

As of the date of valuation, the property in the District was at various stages of active development, and included partially improved and improved detached single-family residential lots and several lots were partially improved and improved with detached single-family residential dwellings. The value conclusion determined by the Appraiser did not include the contributory value of any structural improvements which existed or were planned as of the date of the Appraisal.

The appraisal methodology used in the Appraisal is based on the subdivision development approach, which utilizes the sales comparison approach to estimate the aggregate value for the property's various land components. The aggregate value estimate is then integrated into the discounted cash flow portion of the subdivision development approach. The approaches to value were conducted as set forth below.

Aggregate Value. The retail value for the property represents estimates of what an end user would pay for a finished property under the condition requisite to a fair sale. The Appraiser considered property finished if it were in a state where it could be purchased and then or shortly thereafter be fully developed, with all major infrastructure in place, the subdivision map ready for final approval, and the in-tract improvements able to be completed shortly. The aggregate retail value is the sum of the retail values for the applicable property groupings. This value estimate excludes all allowances for carrying costs and is not equal to the market value of all the subject properties.

Market Value, Bulk Value. The bulk sale value represents the most probable price, in a sale of certain parcels within District, to a single purchaser or sales to multiple buyers, over a reasonable absorption period discounted to present value. The discounted value of the property represents the market value of the property in the District.

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, some of which include the following. See "APPENDIX B – THE APPRAISAL."

- The value estimates assume the completion of the public facilities to be financed by both the 2002 Bonds and the 2003 Bonds and the contributory value of the work completed by the Developer as of the date of valuation, and the value estimates account for the impact on value of the lien of the Special Tax securing the Bonds. See "THE IMPROVEMENTS."

- The values are directly tied to the subdivision map and phasing of the project provided by the Developer. Any significant change in the number or size of the new parcels, or in the phasing of the project, could affect the value estimate. Likewise, any significant change in development costs could have a direct impact on the value estimates.

- The Appraiser has also assumed that there is no hazardous material on or in the property that would cause a loss in value. 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" hereto for a description of certain assumptions made by the Appraiser. 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.

Projected Absorption Period. The Appraisal estimated an absorption period for the land areas held by the Developer based on market conditions and the likely phasing of the remaining infrastructure improvements. The absorption projection was that Village 3 of Crocker Ranch South and Village 8 of Crocker Ranch North, totaling 160 improved lots, will sell in year one of the absorption period. The Appraiser assumed that in year two, as lots are improved northward, Villages 1, 6 and 7 of Crocker Ranch North, totaling 246 lots, will transfer. In year three, Villages 2 and 3 will sell, totaling 293 lots, with the remainder, Villages 4 and 5 (214 lots) transferring in year four. These are estimates only, the actual absorption rate will ultimately be affected by the market demand at any point in time. The Appraiser concluded the balance of the District, Villages 1 & 2 of Crocker Ranch South (JTS Communities) and Village 9 of Crocker Ranch North (U.S. Home), would transfer in a single transaction in year one and, as such, is not discounted.

Limitations of Appraisal Valuation. Property values may not be evenly distributed throughout the District; 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 Bonds are outstanding in that the City has no control over the market value of the property within the District 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

The Appraisal sets forth the estimated bulk sale discounted value, subject to the Special Tax lien, of all taxable property within the District to be $108,740,000 subject to the limiting conditions stated therein. (See “The Appraisal” above and Appendix B hereto.) The principal amount of 2002 Bonds is $4,525,000 and the amount of the 2003 Bonds is $15,475,000^ . There is also an overlapping lien of approximately $34,557 (the **“Overlapping Debt”**). Consequently, the estimated bulk sale discounted value, subject to the Special Tax lien, of the real property within the District, is approximately 5.43^ times the principal amount of the Bonds and the other Overlapping Debt.

The following table summarizes the value to lien based on expected special tax.

^

Value to Lien by Village Based on Assumed Special Tax

Village	Number of Units	Maximum Special Tax Per Unit	Maximum Special Tax per Village	Percent Of Maximum Special Tax	Bonded Lien per Village	Appraised Value [1]	Value to Lien
Zone 1							
Village 1 and 2	112	$ 1,740	$194,880	11.55%	$ 2,310,379	$18,560,000	8.03
Village 3	48	1,740	83,520	4.95	990,162	5,980,000	6.04
Zone 2							
Final Mapped - Zone 2							
Village 1 North	45	1,344	60,480	3.59	717,014	4,230,000	5.90
Village 2 North [2]	132	1,344	177,408	10.52	2,103,242	9,720,000	4.62
Village 6 North	91	1,541	140,235	8.31	1,662,532	8,700,000	5.23
Village 7 North [2]	110	1,508	165,888	9.83	1,966,667	10,550,000	5.36
Village 8 North	112	1,740	194,880	11.55	2,310,379	15,280,000	6.61
Village 9 North	71	1,740	123,540	7.32	1,464,615	11,890,000	8.12
Large Lot Prop. - Zone 2							
Village 3 North	161	1,344	216,384	12.83	2,565,317	11,120,000	4.33
Village 4 North	96	1,541	147,940	8.77	1,753,880	5,610,000	3.20
Village 5 North	118	1,541	181,843	10.78	2,155,811	6,910,000	3.21
Totals	1,096		1,686,996		20,000,000	108,550,000	5.43

[1] See "APPRAISAL OF PROPERTY WITHIN THE DISTRICT."
[2] Final Map expected in April 2003.

Property in the District is also subject to an annual maintenance special tax of $226 per unit, subject to escalation. See "Overlapping Liens and Priority of Lien" below.

In comparing the appraised value of the real property within the District and the principal amount of the Bonds, it should be noted that only the real property upon which there is a delinquent Special Tax can be foreclosed upon, and the real property within the District cannot be foreclosed upon as a whole to pay delinquent Special Taxes of the owners of such parcels within the District unless all of the property is subject to a delinquent Special Tax. In any event, individual parcels may be foreclosed upon separately to pay delinquent Special Taxes levied against such parcels.

Other public agencies whose boundaries overlap those of the District could, without the consent of the City and in certain cases without the consent of the owners of the land within the District, impose additional taxes or assessment liens on the land within the District. The lien created on the land within the District 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 Developers or home loans may be obtained by ultimate homeowners. The deeds of trust securing such debt on property within the District, however, will be subordinate to the lien of the Special Tax.

Overlapping Liens and Priority of Lien

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

Property in the District is currently subject to certain overlapping tax and assessment liens in the total amount of $34,557, as shown in the overlapping debt statement below.

The property in the District is also subject to the special tax of an additional community facilities district for services known as the Crocker Ranch Community Facilities District No. 2 Services District. This district encompasses the same boundaries as the District. The principal purpose of this district is to maintain certain portions of the landscaping located within the roadway corridors. This district is not authorized to issue bonds. The special tax levy of this district, the proceeds of which will be used to fund annual maintenance expenses of the landscaping, will be on a parity to the lien securing the Special Tax. The maximum annual special tax for this community facilities district is currently $226 per single family residential parcel. The maximum annual tax may escalate by no more than 4% annually.

The property is not subject to any other special tax or assessment liens (other than the lien of the Special Tax).

There can be no assurance that the 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 Developer.

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

Overlapping Debt. The following table shows direct and overlapping debt affecting property in the District.

Crocker Ranch Community Facilities District No. 1
Overlapping Debt Table

2002-03 Local Secured Assessed Valuation: $5,551,859

DIRECT AND OVERLAPPING TAX AND ASSESSMENT DEBT:	% Applicable	Debt 3/1/03	
Roseville Joint Union High School District	0.043%	$ 17,728	
Roseville City School District	0.084	23,663	
City of Roseville Crocker Ranch Community Facilities District No. 1	**100.**	**4,525,000**	(1)
TOTAL DIRECT AND OVERLAPPING TAX AND ASSESSMENT DEBT		$4,566,391	
OVERLAPPING GENERAL FUND OBLIGATION DEBT:			
Placer County Certificates of Participation	0.019%	$ 4,916	
Placer County Office of Education Certificates of Participation	0.019	608	
Sierra Joint Community College District Certificates of Participation	0.013	638	
Roseville Joint Union High School District Certificates of Participation	0.044	717	
Roseville City School District Certificates of Participation	0.089	18,788	
City of Roseville Certificates of Participation	0.050	13,470	
TOTAL OVERLAPPING GENERAL FUND OBLIGATION DEBT		$39,137	
COMBINED TOTAL DEBT		$4,605,528	(2)

(1) Excludes Mello-Roos Act bonds to be sold.
(2) Excludes tax and revenue anticipation notes, enterprise revenue, mortgage revenue and tax allocation bonds and non-bonded capital lease obligations.

Ratios to 2002-03 Assessed Valuation:
Direct Debt ($4,525,000)..81.50%
Total Direct and Overlapping Tax and Assessment Debt........82.25%
Combined Total Debt..82.95%

STATE SCHOOL BUILDING AID REPAYABLE AS OF 6/30/02: $0

Source: California Municipal Statistics, Inc.

SPECIAL RISK FACTORS

The purchase of the 2003 Bonds described in this Official Statement involves a degree of risk that may not be appropriate for some investors. The following includes a discussion of some of the risks which should be considered before making an investment decision.

Limited Obligation of the City to Pay Debt Service

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

Concentration of Ownership

Except for certain new homes sold to individuals, all of the land within the District is currently owned by the Developer or its affiliate, and two other homebuilder entities. Although homebuilding activity in the District has begun for the construction of homes for sale to end users, there can be no assurance that the property development and construction, and home sales to end users, will occur on the schedule currently anticipated.

The owner of property in the District is not personally obligated to pay the Special Tax attributable to the owner's 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 Bonds have no recourse against the owner, such as filing a lawsuit to collect money.

Failure of the Developer, its affiliate, or any future owner of significant property subject to the Special Taxes in the District to pay installments of Special Taxes when due could cause the depletion 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 meet the District's obligations on the Bonds. For a description of the Developer, see "OWNERSHIP OF PROPERTY WITHIN THE DISTRICT." In that event, there could be a delay or failure in payments on the Bonds. See "SPECIAL RISK FACTORS - 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 the District. 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 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 the District 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 the District is a critical factor in determining the investment quality of the Bonds. If a property owner defaults in the payment of the Special Tax, the District's only remedy is to foreclose on the delinquent property in an attempt to obtain funds with which to pay the delinquent Special Tax. Land development and land values could be adversely affected by economic and other factors beyond the District'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 the District 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 District nor the City have 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 District is issuing the Bonds without regard to any such evaluation. Thus, the creation of the District and the issuance of the Bonds in no way implies that the District or the City 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 the District or the value of property in the District.

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 Bonds should it be necessary for the District 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 Bonds and lower proceeds from any foreclosure sale necessitated by delinquencies in the payment of the Special Tax. See "APPRAISAL OF PROPERTY WITHIN THE DISTRICT –Value to Special Tax Burden Ratios." No assurance can be given that the proposed development within the District will be completed, and in assessing the investment quality of the Bonds, prospective purchasers should evaluate the risks of noncompletion.

Risks of Real Estate Investment Generally. Continuing development of land within the District 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 the District may also be affected by development in surrounding areas, which may compete with the District. 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 the District 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 the District will not be adversely affected by these risks.

Electricity Crisis. The State of California is recently experienced a crisis in the supply and pricing of electricity and natural gas. The crisis resulted in rolling blackouts in some areas of the State in 2001. The effect of the electricity and natural gas crisis on the economy of the area, as well as California as a whole, cannot be predicted. There can be no assurance that land development operations, home sales and land values in the District will not be adversely affected by the cost of electricity in California.

Natural Disasters. The value of the parcels in the District in the future can be adversely affected by a variety of natural occurrences, particularly those that may affect infrastructure and other public improvements and private improvements on the parcels in the District and the continued habitability and enjoyment of such private improvements. For example, the areas in and surrounding the District, like those in much of California, may be subject to earthquakes or other unpredictable seismic activity, however, the District is not located in a seismic special studies zone.

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

Legal Requirements. Other events that may affect the value of a parcel include changes in the law or application of the law. Such changes may include, without limitation, local growth control initiatives, local utility connection moratoriums and local application of statewide tax and governmental spending limitation measures. Development in the District may also be adversely affected by the application of laws protecting endangered or threatened species.

Hazardous Substances. Any discovery of a hazardous substance detected on property within the District would affect the marketability and the value of some or all of the property in the District. In that event, the owners and operators of a parcel within the District may be required by law to remedy conditions of the parcel relating to releases or threatened releases of hazardous substances. The federal Comprehensive Environmental Response, Compensation and Liability Act of 1980, sometimes referred to as "CERCLA" or the "Superfund Act," is the most well-known and widely applicable of these laws. California laws with regard to hazardous substances are also applicable to property within the District and are as stringent as the federal laws. Under many of these laws, the owner (or operator) is obligated to remedy a hazardous substance condition of property whether or not the owner (or operator) has anything to do with creating or handling the hazardous substance. The effect, therefore, should any of the parcels be contaminated by a hazardous substance is to reduce the marketability and value of the parcel by the costs of remedying the condition, because the purchaser, upon becoming owner, will become obligated to remedy the condition just as is the seller.

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 the District 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 the District 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. A "Phase I" environmental site assessment was prepared for the property in the District (not including the specific plan Phase 3 property) in October 1996 in connection with the establishment of the North Roseville Specific Plan, which did not indicate the presence of any hazardous substance or other environmental concerns within the District.

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

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 Developer believes that no federally listed endangered or threatened species would be affected by the proposed development within the District, other than any that are permitted by the entitlements already received, the discovery of an endangered plant or animal could delay development of vacant property in the District or reduce the value of undeveloped property.

Bankruptcy and Foreclosure Delays

The payment of the Special Tax and the ability of the District to foreclose the lien of a delinquent unpaid tax, as discussed in "SECURITY AND SOURCES OF PAYMENT FOR THE BONDS — Delinquent Payments of Special Tax; Covenant for Superior Court Foreclosure," may be limited by bankruptcy, insolvency or other laws generally affecting creditors' rights or by the laws of the State of California relating to judicial foreclosure. The various legal opinions to be delivered concurrently with the delivery of the Bonds (including Bond Counsel's approving legal opinion) will be qualified as to the enforceability of the various legal instruments by bankruptcy, insolvency, reorganization, moratorium and other similar laws affecting creditors' rights, by the application of equitable principles and by the exercise of judicial discretion in appropriate cases.

Although bankruptcy proceedings would not cause the Special Taxes to become extinguished, bankruptcy of a property owner could result in a delay in prosecuting superior court foreclosure proceedings and could result in the possibility of delinquent Special Tax installments not being paid in full. Such a delay would increase the likelihood of a delay or default in payment of the principal of and interest on the Bonds. To the extent that property in the District continues to be owned by a limited number of property owners, the chances are increased that the Reserve Fund established for the Bonds could be fully depleted during any such delay in obtaining payment of delinquent Special Taxes. As a result, sufficient moneys would not be available in the Reserve Fund for transfer to the Bond Fund to make up shortfalls resulting from delinquent payments of the Special Tax and thereby to pay principal of and interest on the Bonds on a timely basis.

To the extent that bankruptcy or similar proceedings were to involve a large property owner, the chances would increase the likelihood that the Bond Reserve Fund could be fully depleted during any resulting delay in receiving payment of delinquent Special Taxes. As a result, sufficient monies would not be available in the Bond Reserve Fund for transfer to the

Bonds Redemption Account to make up any shortfalls resulting from delinquent payments of the Special Tax and thereby to pay principal of and interest on the Bonds on a timely basis.

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 the District.

Property in the District is currently subject to certain overlapping tax and assessment liens, as shown in the overlapping debt statement. Property in the District is also subject to the special tax of an additional community facilities district known as the Crocker Ranch Community Facilities District No. 2 Services District. The property is not subject to any other special tax or assessment liens (other than the lien of the Special Tax). See "APPRAISAL OF PROPERTY WITHIN THE DISTRICT – Overlapping Debt and Priority of Lien."

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

There can be no assurance that property owners within the District 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. In addition to liens for special taxes or assessments to finance public improvements of benefit to land within the District, owners of property may obtain loans from banks or other private sources which loans may be secured by a lien on the parcels in the District. Such loans would increase amounts owed by the owner of such parcel with respect to development of its property in the District. However, the lien of such 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 the District on the regular property tax bills sent to owners of such properties. Such Special Tax installments are due and payable, and bear the same penalties and interest for nonpayment, as do regular property tax installments. Special Tax installment payments cannot be made separately from property tax payments. Therefore, the unwillingness or inability of a property owner to pay regular property tax bills as evidenced by property tax delinquencies may also indicate an unwillingness or inability to make regular property tax payments and Special Tax payments in the future.

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

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

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

No Acceleration Provisions

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

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 the District. See "Property Values and Property Development – Land Development" above. See also "Proposition 218" below.

Proposition 218

On November 5, 1996, the voters of the State approved Proposition 218, the so-called "Right to Vote on Taxes Act." Proposition 218 added Articles XIIIC and XIIID to the State Constitution, which contain a number of provisions affecting the ability of the City to levy and collect both existing and future taxes, assessments and property related fees and charges.

Article XIIIC removes limitations on the initiative power in matters of local taxes, assessments, fees and charges. Article XIIIC does not define the term "local taxes" and it is unclear whether this term is intended to include special taxes levied under the Act. This provision with respect to the initiative power is not limited to taxes imposed on or after November 6, 1996, the effective date of Proposition 218. In the case of the Special Taxes which are pledged as security for payment of the Bonds, the laws of the State provide a mandatory, statutory duty of the City and the County Auditor to post the Special Taxes on the property tax roll of the County each year while any of the Bonds are outstanding. Additionally, on July 1, 1997, a bill was signed into law by the Governor of the State enacting Government Code 5854, which states:

> Section 3 of Article XIIIC of the California Constitution, as adopted at the November 5, 1996 general election, shall not be construed to mean that any owner or beneficial owner of a municipal security, purchased before or after that date, assumes the risk of, or in any way consents to, any action by initiative measure that constitutes an impairment of contractual rights protection by Section 10 of Article I of the United States Constitution.

The Special Taxes and the Bonds were each authorized by not less than a two-thirds vote of the Developer, as the sole landowner within the District, who constituted the qualified electors of the District at the time of such voted authorization. The City believes, therefore, that issuance of the Bonds does not require the conduct of further proceedings under the Act or Proposition 218.

The interpretation and application of Proposition 218 will ultimately be determined by the courts with respect to a number of the matters discussed above, and it is not possible at this time to predict with certainty the outcome of such determination.

CONSTITUTIONAL LIMITATIONS ON TAXATION AND APPROPRIATIONS

Article XIIIA 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 XIIIA 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 XIIIA 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 XIIIA 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 XIIIA of the California Constitution to allow local governments and school districts to raise their property tax rates above the constitutionally mandated 1% ceiling for the purpose of paying off certain new general obligation debt issued for the acquisition or improvement of real property and approved by two-thirds of the votes cast by the qualified electorate. If any such voter-approved debt is issued, it may be on a parity with the lien of the Special Tax on the parcels within the District.

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

CONTINUING DISCLOSURE

The City has covenanted for the benefit of owners of the 2003 Bonds to provide certain financial information and operating data relating to the District by not later than the next January 15th after the end of the City's fiscal year (presently June 30) in each year (the "**City Annual Report**") commencing with its report for the 2002-2003 fiscal year (due January 15, 2004) and to provide notices of the occurrence of certain enumerated events.

John Mourier Construction, Inc. has also covenanted for the benefit of owners of the 2003 Bonds to provide certain financial information and operating data relating to the property it owns, or its affiliates or subsidiaries, or entities it has an interest in or controls owns, in the District by not later than April 1 of each year (reflecting reported information as of December 31 of the prior year) beginning with the report due April 1, 2004 (the "**Developer Annual Report**") and to provide notices of the occurrence of certain enumerated events. The obligation of John Mourier Construction, Inc. to provide such information is in effect only so long as John Mourier Construction, Inc. and its affiliates, or their successors, are collectively responsible for a certain percentage of the Special Taxes, as described in the Developer Annual Report.

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

The City did not file in a timely manner 1998 annual reports as required by undertakings under the Rule in connection with certain previous financings by the City. The City has since filed all information required by such undertakings and has established a new procedure to provide for the timely filing of all information required by such undertakings and the Continuing Disclosure Agreement under the Rule.

UNDERWRITING

The 2003 Bonds were purchased through negotiation by U.S. Bancorp Piper Jaffray, Inc. (the "**Underwriter**"). The Underwriter agreed to purchase the 2003 Bonds at a price of ^ $15,203,042.25 (which is equal to the par amount of the 2003 Bonds, less an original issue discount of ^ $74,651.50 and less the Underwriter's discount of ^ $197,306.25). The initial public offering prices set forth on the cover page hereof may be changed by the Underwriter. The Underwriter may offer and sell the 2003 Bonds to certain dealers and others at a price lower than the public offering prices set forth on the cover page hereof.

FINANCIAL ADVISOR

The City has retained Public Financial Management, Inc., of San Francisco, California, as financial advisor (the "**Financial Advisor**") in connection with the issuance of the 2003 Bonds. The Financial 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. Public Financial Management, Inc., is an independent financial advisory firm and is not engaged in the business of underwriting, trading or distributing municipal securities or other public securities.

LEGAL OPINION

The validity of the 2003 Bonds and certain other legal matters are subject to the approving opinion of Jones Hall, a Professional Law Corporation, Bond Counsel. A complete copy of the proposed form of Bond Counsel opinion is contained in Appendix E to this Official Statement, and the final opinion will be made available to registered owners of the 2003 Bonds at the time of delivery. The fees of Bond Counsel are contingent upon the sale and delivery of the 2003 Bonds.

TAX MATTERS

The Internal Revenue Code of 1986, as amended (the "**Code**") establishes certain requirements which must be met subsequent to the issuance of the 2003 Bonds for the interest on the 2003 Bonds to be and remain excluded from gross income for federal income tax purposes. Noncompliance with such requirements could cause interest on the 2003 Bonds to be included in gross income for federal income tax purposes retroactive to the date of issuance of the 2003 Bonds. These requirements include, but are not limited to, restrictions on the use of bond proceeds and provisions which prescribe yield and other limits within which the proceeds of the 2003 Bonds are to be invested and require that certain investment earnings must be rebated on a periodic basis to the United States of America. Failure to comply with such requirements could cause interest on the 2003 Bonds to be included in gross income for federal income tax purposes retroactive to the date of issuance of the 2003 Bonds. Pursuant to the Fiscal Agent Agreement, the City has covenanted to comply with the requirements of the Code and to cause the payment to the United States Treasury of any and all amounts required to be rebated under the Code with respect to the outstanding 2003 Bonds.

In the opinion of Jones Hall, a Professional Law Corporation, San Francisco, California, Bond Counsel, subject to the qualifications set forth below, under existing law and assuming compliance by the City with the aforementioned covenants, interest on the 2003 Bonds is excluded from gross income for purposes of federal income taxation. Bond Counsel is further of the opinion that interest on the 2003 Bonds is not a specific preference item for purposes of the alternative minimum tax provisions of the Code. However, interest on the 2003 Bonds received by corporations will be included in certain earnings for purposes of federal alternative minimum taxable income of such corporations.

Although Bond Counsel has rendered an opinion that the interest on the 2003 Bonds is excluded from gross income for purposes of federal income taxation, the accrual or receipt of interest on the 2003 Bonds may otherwise affect the federal income tax liability of the recipient. The extent of these other tax consequences will depend on the recipient's particular tax status or other items of income or deduction and Bond Counsel expresses no opinion regarding any such consequences. Additionally, Bond Counsel has not undertaken to determine (or to inform any person) whether any actions taken (or not taken) or events occurring after the date of delivery of the 2003 Bonds may affect the tax status of the 2003 Bonds.

Bond Counsel is further of the opinion that under existing law, interest on the 2003 Bonds is exempt from personal income taxation imposed by the State of California.

RATINGS

The City has not applied to a rating agency for the assignment of a rating to the 2003 Bonds and does not contemplate applying for a rating.

NO LITIGATION

At the time of delivery of and payment for the 2003 Bonds, the City Attorney will deliver his opinion that to the best of its knowledge there is no action, suit, proceeding, inquiry or investigation at law or in equity before or by any court or regulatory agency pending against the City affecting its existence or the titles of its officers to office or seeking to restrain or to enjoin the issuance, sale or delivery of the 2003 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 2003 Bonds, or in any way contesting or affecting the validity or enforceability of the 2003 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 2003 Bonds or any action of the City contemplated by any of said documents.

EXECUTION

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

CITY OF ROSEVILLE

By: /s/ Russell Cochran Branson
Finance Director

APPENDIX A

RATE AND METHOD OF APPORTIONMENT OF SPECIAL TAX

APPENDIX B

THE APPRAISAL

APPENDIX C

SUMMARY OF CERTAIN PROVISIONS OF THE FISCAL AGENT AGREEMENT

APPENDIX D

THE CITY OF ROSEVILLE AND PLACER COUNTY

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

The City of Roseville is located in Placer County, in California's Sacramento Valley, near the foothills of the Sierra Nevada mountain range, about 16 miles northeast of Sacramento and 110 miles east of San Francisco. The City, with a population estimated to be approximately 85,500 at January 1, 2002, is the largest city in Placer County as well as the residential and industrial center of the County.

The City has warm summers typical of central California, with an average July temperature of 74 degrees. Winter temperatures are moderate; the average January temperature is 45 degrees. The temperature drops below freezing an average of eight days per year. Rainfall averages 20 inches annually and falls mostly during the winter.

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

Overview of Southwestern Placer County

The District is located in the southwestern portion of Placer County which, along with portions of adjacent Sacramento County, has experienced rapid growth in recent years. Southwestern Placer County comprises a portion of the northeasterly quadrant of the Sacramento metropolitan area and is generally located at the base of the Sierra Nevada foothills, within the area of influence of the Interstate 80 freeway corridor. For more than a decade, new growth and development have occurred along this primary transportation corridor, which extends locally from the central section of the City of Sacramento to the foothills of the Sierra Nevada range.

The incorporated portions of southwestern Placer County have historically served as bedroom communities of the metropolitan Sacramento area. However, in recent years, new employment opportunities have been created in the cities of Roseville and Rocklin, contributing to the rapid rate of growth in the southwestern Placer County area. As a result, these cities have now become more balanced relative to jobs and housing and less economically dependent on employment opportunities and services provided in adjacent Sacramento County. In recent years Roseville has become a business and residential center in the greater Sacramento area. For information on the City of Roseville, see "APPENDIX D – THE CITY OF ROSEVILLE."

State Highway 65 is another of the region's primary transportation corridors, and it merges with Interstate 80 at an interchange system located in Roseville. From the interchange, the highway extends northerly through the cities of Roseville and Rocklin to nearby Lincoln. Lincoln has been the focus of some new development in recent years, and residential and commercial development is underway or proposed for Lincoln and nearby project areas in the future. Within the 3,000-acre developed portion of the Sunset Industrial Area along State Highway 65 in the vicinity of Lincoln, Rocklin and Roseville, many major companies have developed plant facilities, including Formica Corporation, Reynolds Metals, Western Electric, Alcan Cable, Ace Hardware (distribution center), Herman Miller Furniture and Albertson's distribution center. The completion of State Highway 65 in the summer of 1987 created a bypass thoroughfare around “downtown” Roseville and has also enhanced this industrial location by providing better accessibility and identity to the area and improved linkage among the cities of Roseville, Rocklin and Lincoln.

The population of Placer County was reported to be approximately 264,900 in January 2002, which represents an increase of approximately 6.6% over that reported in the 2000 census. According to the California State Department of Finance, by 2005 the County's population is projected to grow to approximately 298,500, an increase of 12.7% over the 2002 estimate. Roseville has an estimated population of 85,500 as of January 1, 2002. While Roseville and Rocklin have larger populations and have recently been the County's fastest growing cities, it is projected that Lincoln will surpass Rocklin as Placer County's fastest growing city, with the current population of approximately 17,700. According to the California State Department of Finance, the current population of Roseville and Rocklin is expected to increase to approximately 173,100 by the year 2015.

Southwestern Placer County and the State Highway 65 corridor in particular have emerged as major employment hubs of the Sacramento region. In addition to various quality-of-life and housing issues, the seismic stability of the area and its location largely out of the floodplain prompted Hewlett-Packard to purchase and begin developing its ±487-acre campus in northwestern Roseville in 1978. Four years later, NEC Electronics began developing a memory chip plant nearby and now owns a ±154-acre campus. Expansion of both of these facilities has occurred over the years, and each company holds additional land in order to accommodate future growth. Today, these two firms collectively employ in excess of 6,000. In Rocklin, Wells Fargo Bank and Oracle Corporation have purchased sites in Stanford Ranch for their operations. The Galleria regional mall in Roseville was completed in August, 2000 and is the first regional mall development in the last 15 years in the Sacramento area. It is located at the northeast corner of Galleria Boulevard and the Roseville Parkway immediately adjacent to Highway 65. The two-level mall has four major anchors and a total gross leaseable area of 1,120,000 square feet, which is currently 99% leased. The mall features more than 120 retailers and anchors include Macy’s, Nordstrom, Penney’s and Sears. The construction of the regional mall has stimulated commercial activity in both the North Central Roseville Specific Plan and the Highland Reserve North Specific Plan areas and is expected to have a significant impact on residential development activity as well.

Adjacent to the Galleria to the east, the 1.4 million square foot Creekside Town Center opened in the fall of 2000. It includes 1.23 million square feet of retail and office uses plus 154,000 square feet of future hotel space. Approximately 545,000 square feet of Retail / Office / Restaurant space was recently completed across from the Galleria to the south in the Fountains Center. Directly to the north of the Galleria at Five Star Drive is the Stanford Ranch Crossing Shopping Center which includes Costco, Linens ‘N Things, Staples, Toys R Us, Sports Authority and McDonald’s. Construction of a new Home Depot store on Fairway Drive, just to the west, was completed in late 2000. Lowe’s Home Improvement Warehouse recently purchased a site adjacent to Home Depot and has a store under construction on the site. Sam's Club is also under construction on a site adjacent to Lowe’s. The Willow Rock Plaza Shopping Center, anchored by Food Source, is located across Stanford Ranch Road on Five Star Drive along with Walmart and various other retailers. Safeway has a store under construction at the corner of Pleasant Grove Boulevard and East Roseville Parkway.

The Placer County Board of Supervisors has recently approved the Sunset Industrial Area Plan, which earmarks about 8,900 acres of undeveloped land for industrial development. The proposed redevelopment plan will help provide roads, sewers, water and fire services to assist in attracting business to the unincorporated area adjacent to the cities of Roseville, Rocklin and Lincoln.

The City of Lincoln, located approximately 10 miles north of Roseville, has also experienced new development and job growth during the past four years. This growth is largely attributable to Lincoln’s proximity to several high-tech firms and the development and transportation opportunities offered by Lincoln Air Center, an established industrial park located adjacent to the city’s municipally-owned airport. The park became the local home of Zytec Services in 1994, now known as Artesyn Solutions, Inc., and began producing power supplies and repairing computers for Hewlett-Packard's nearby operations in Roseville. Since then, four similar firms have joined Artesyn in the Lincoln Air Center, including Express Point Technology, Comtek Computer Systems, ESL Technologies and Exel Logistics. Caliber Logistics, Inc., a contract warehouse and distribution firm for Hewlett-Packard, recently completed a 400,000 square-foot facility.

One of the recently completed residential developments in southwestern Placer County is Del Webb's Sun City retirement community in Roseville. The project was completed in 1999 and encompasses 1,200 acres along Roseville's western boundary, and includes approximately 3,500 housing units. Over one-third of the acreage is set aside for recreational and open space uses, including nine- and 18-hole golf courses. This development has helped to establish southwestern Placer County as a viable location for seniors-oriented communities, with the rate of sales and buildout far exceeding original expectations. The success of Sun City Roseville prompted the Del Webb Corporation to initiate another similar project in nearby Lincoln. Sales of homes in the Lincoln project began in February 1999, with marketing being directed throughout the western United States for the ±5,300-lot seniors housing community. Sun City Lincoln is proposed to encompass approximately 2,370 acres, or 42% of the expanded ±5,700-acre Twelve Bridges project area, which will accommodate a total of approximately 10,000 lots when completed. With 5,300 homes projected, Sun City Lincoln is planned to be approximately 70% larger than Del Webb's project in Roseville.

The Roseville / Rocklin / Lincoln area is recognized for its planned growth environment and the quality and thoroughness of its land planning process. The process in these three cities is guided by specific plans – comprehensive documents that spell out not only where growth will occur and at what density, but also how it can be accommodated with the least negative impact on the nearby cities. The plans specify designs, detail roadways and facilities, and provide for their funding and phasing. In addition to the planned communities and specific plan areas moving forward in the cities of Roseville, Rocklin and Lincoln (and smaller, luxury home subdivisions in the Granite Bay area east of Roseville), the Dry Creek-West Placer Community Plan area southwest of Roseville in unincorporated Placer County now appears to be emerging as a new growth area in southwestern Placer County. This plan area encompasses approximately 9,200 acres and is bounded by Baseline Road on the north, Sutter County to the west, Sacramento County on the south, and Roseville on the east.

Educational facilities from kindergarten through high school are provided to southwestern Placer County residents (including those in the District) by a variety of school districts. Advanced educational facilities include Sierra College, located in the city of Rocklin, and numerous colleges and universities in the greater Sacramento area, which include two other community colleges, McGeorge School of Law of the University of the Pacific, California State University at Sacramento and the University of California at Davis.

Recreational facilities in southwestern Placer County include numerous neighborhood and regional parks. Most notable are Maidu Park in southeastern Roseville and Folsom Lake, which is located several miles east of Roseville in the Granite Bay community area of unincorporated Placer County. Folsom Lake is a major recreational resource area of the Sacramento metroplex.

In summary, southwestern Placer County has experienced steady population trend in recent years and has outperformed the regional economy in general. The immediate area is regarded as a desirable residential location, with good proximity to major transportation corridors, growing employment centers, and a stable base of supporting commercial services.

City Government

The City was incorporated on April 10, 1909 and is a charter city. The City operates under the council-manager form of government, with a five-member City Council elected at large for staggered four-year terms. At each election, the council member receiving the most votes is appointed mayor pro-tempore for two years and becomes mayor for the final two years.

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

Population

Between 1998 and 2002, the City's population increased 27%, compared to a 21% increase for the County and 5.5% for the State for the same period. The City's growth in population is shown below.

CITY OF ROSEVILLE
Population
1998 through 2002

Year (As of January 1)	City of Roseville	County of Placer	State of California
1998	71,600	229,700	32,657,000
1999	76,700	238,300	33,140,000
2000	79,300	246,100	33,573,000
2001	82,100	2554,900	34,385,000
2002	85,500	264,900	35,037,000

Source: California State Department of Finance.

Employment and Industry

Placer County, along with El Dorado and Sacramento Counties, comprise the Sacramento Metropolitan Statistical Area. The unemployment rate in the Sacramento MSA was 5.6 percent in January 2003, up from a revised 5.2 percent in October 2002, but above the year-ago estimate of 4.3 percent. This compares with an unadjusted unemployment rate of 7.0 percent for California and 6.5 percent for the nation during the same period. The unemployment rate was 6.0 percent in El Dorado County, 4.9 percent in Placer County and 5.7 percent in Sacramento County.

The following table summarizes the labor force, employment and unemployment figures, as well as the distribution of employment by industry in the Sacramento Metropolitan Statistical Area labor market.

Sacramento Metropolitan Statistical Area
Labor Force, Employment and Unemployment
Annual Average for Calendar Years 1998 through 2002

	1998	1999	2000	2001	2002
Civilian Labor Force [1]	760,100	786,900	813,000	829,800	864,300
Employment	723,200	755,300	780,200	796,200	819,000
Unemployment	36,900	31,600	32,800	33,600	45,300
Unemployment Rate	4.9%	4.0%	4.0%	4.0%	5.2%
Wage and Salary Employment: [2]					
Agriculture	3,700	3,900	4,000	4,000	3,400
Natural Resources and Mining	500	500	600	600	600
Construction	37,300	43,900	48,300	54,800	56,100
Manufacturing	43,900	44,600	44,900	44,400	40,800
Wholesale Trade	18,600	19,700	20,200	21,400	21,300
Retail Trade	73,900	77,400	81,000	82,900	84,400
Trans., Warehousing, Utilities	14,600	15,800	16,100	15,600	15,000
Information	16,500	17,500	17,400	21,300	21,900
Financial and Insurance	37,400	37,900	36,600	37,000	39,100
Real Estate, Rental & Leasing	11,600	12,100	12,300	12,300	12,200
Professional and Business Services	82,900	90,000	96,200	90,500	88,700
Educational and Health Services	60,200	62,200	65,300	70,300	72,100
Leisure and Hospitality	59,400	61,200	64,500	66,300	69,200
Other Services	23,500	24,400	25,000	25,900	26,500
Federal Government	16,900	14,700	12,900	10,400	10,400
State Government	76,800	80,200	82,000	86,200	87,600
Local Government	78,100	83,700	86,600	91,200	97,900
Total All Industries	655,800	689,800	713,800	735,200	747,100

(1) Labor force data is by place of residence; includes self-employed individuals, unpaid family workers, household domestic workers, and workers on strike.
(2) Industry employment is by place of work; excludes self-employed individuals, unpaid family workers, household domestic workers, and workers on strike.
Source: State of California Employment Development Department.

The unemployment rate in the Sacramento MSA was 5.6 percent in January 2003, up from a revised 5.2 percent in December 2002, and above the year-ago estimate of 5.3 percent. This compares with an unadjusted unemployment rate of 7.0 percent for California and 6.5 percent for the nation during the same period. The unemployment rate was 6.0 percent in El Dorado County, 4.9 percent in Placer County and 5.7 percent in Sacramento County.

The total number of wage and salary jobs in the Sacramento MSA declined from 753,400 in December 2002 to 743,400 in January 2003. The decrease of 10,000 jobs was largely seasonal, with the largest decline of 4,900 jobs occurring in trade, transportation and utilities, mostly due to post holiday cutbacks in retail trade. Professional and business services jobs were down by 2,500, construction by 2,300 and government by 1,600 where local government education cutbacks accounted for most of the loss during the winter break. Scattered cutbacks in manufacturing and other services accounted for declines of 600 and 500 jobs, respectively, while farm jobs were down by 200. Slightly offsetting those decreases, leisure and hospitality experienced a gain of 1,400 jobs, primarily due to seasonal expansion at Sierra Nevada ski areas. Educational and health services was up by 1,000 jobs, while information and financial activities employment increased by 100 jobs each. No change was observed in natural resources and mining.

Between January 2002 and January 2003, the total job count was up by 11,600 jobs or a growth rate of 1.6 percent. Government accounted for the largest gain of 5,300 jobs, fueled by growth in local government education. Financial activities employment increased by 3,200 jobs, leisure and hospitality by 2,400 jobs, and construction by 2,300 jobs, while trade, transportation, and utilities gained 2,000 jobs, mostly in retail trade. Professional and business services expanded by 1,400 jobs, educational and health services increased by 900 jobs, while employment in natural resources and mining and other services were up modestly by 100 jobs each. Somewhat offsetting those gains, manufacturing was down by 3,500 jobs, due mostly to cutbacks in technology firms. Likewise, the information sector was down by 2,000 jobs, primarily due to cutbacks in telecommunications, while farm employment was down by 600 jobs compared with last year.

The table below lists the ten largest manufacturing and non-manufacturing employers within the County as of 2002.

PLACER COUNTY
Largest Employers

Employer Name	Location	Industry
Alpine Meadows Ski Resort	Olympic Valley	Hotels & Motels
Artesyn Solutions Inc	Lincoln	Computer & Data Processing Services
City of Roseville	Roseville	Public Administration (Government)
Coherent Inc	Auburn	Medical Instruments & Supplies
County of Placer	Multiple	Public Administration (Government)
Hewlett-Packard	Roseville	Computer & Office Equipment
NEC Electronics	Roseville	Electronic Components & Accessories
Oracle Corp	Rocklin	Computer & Data Processing Services
Pride Industries	Roseville	Individual & Family Services
Resort at Squaw Creek	Olympic Valley	Hotels & Motels
Sierra Community College	Rocklin	Colleges & Universities
Squaw Valley USA Ski Corp	Olympic Valley	Hotels & Motels
Surewest Communications	Roseville	Telephone Communications
Sutter Hospitals	Roseville	Hospitals
Union Pacific Railroad Co	Roseville	Railroads

Source: State of California Employment Development Department.

Construction

The City issued building permits valued in excess of $529.1 million in 2001. Of this total dollar volume, approximately 67% consisted of new residential construction. The following tables show residential and non-residential building permits for calendar years 1997 through 2001 for the City and the County.

CITY OF ROSEVILLE
Total Building Permit Valuations
($'s in thousands)

	1997	1998	1999	2000	2001
Permit Valuation					
New Single-family	$265,817.8	$342,595.8	$231,549.9	$313,769.6	$356,214.1
New Multi-family	19,284.7	30,707.4	38,746.2	83,145.1	61,930.6
Res. Alterations / Additions	4,216.8	4,054.3	1,584.3	1,593.0	2,455.9
Total Residential	289,319.2	377,357.4	271,880.4	398,507.7	420,600.6
New Commercial	35,691.4	81,526.1	95,294.4	43,818.8	50,213.0
New Industrial	15,045.3	5,418.9	64,940.3	15,237.0	6,214.0
New Other	6,506.2	8,125.7	13,989.1	17,908.4	11,554.4
Com. Alterations / Additions	19,070.0	29,883.3	36,642.2	65,857.6	40,608.4
Total Nonresidential	76,312.8	124,954.0	210,866.0	142,821.7	108,589.8
New Dwelling Units					
Single Family	1,688	2,034	1,204	1,393	1,456
Multiple Family	330	440	609	1,116	762
TOTAL	2,018	2,474	1,813	2,509	2,218

(1) Numbers may not add due to rounding.
Source: Construction Industry Research Board, Building Permit Summary.

PLACER COUNTY
Total Building Permit Valuations
($'s in thousands)

	1997	1998	1999	2000	2001
Permit Valuation					
New Single-family	475,135.1	646,989.6	714,476.2	943,358.1	947,283.1
New Multi-family	51,267.7	83,782.9	70,047.1	119,207.0	101,162.3
Res. Alterations / Additions	23,450.4	26,159.1	30,401.9	32,390.0	38,811.9
Total Residential	549,853.2	756,931.6	814,925.2	1,094,955.1	1,087,257.3
New Commercial	63,835.3	108,953.5	115,942.6	74512.4	105,418.9
New Industrial	26,735.3	14,611.4	70,185.5	25143.5	9,917.4
New Other	30,681.4	46,370.4	39,050.2	48098.6	38,521.1
Com. Alterations / Additions	37,647.0	43,924.2	53,655.9	87117.0	65,854.6
Total Nonresidential	158,898.9	213,859.5	278,834.2	234871.5	219,712.0
New Dwelling Units					
Single Family	3,011	3,878	3,875	4745	4,717
Multiple Family	826	1,328	1,021	1634	1,257
TOTAL	3,837	5,206	4,896	6379	5,974

(1) Numbers may not add due to rounding.
Source: Construction Industry Research Board, Building Permit Summary.

Residential Development. As of July 1, 2000, the City had 31,708 housing units; approximately 75% are single family detached, 20% are apartments and 5% are duplexes and mobile homes. A total of 1,842 building permits, including building permits for 585 apartment units, were issued by the City's Building Division in fiscal year 1999-00. The highest monthly total was in December 1999 with 173 single family permits issued. The final 49 building permits in Del Webb's Sun City Roseville were issued in September 1999.

The City's building permit activity is second only to Sacramento County when compared to jurisdictions throughout the northern Central Valley. The City's developers account for three times as much activity as seen in unincorporated Placer County and the neighboring city of Rocklin. The City expects that single family homebuilders will continue their strong activity.

Multi-Family Residential Development. As of July 1, 2000, a total of 2,554 multifamily units were in process, approved, or under construction. With the City's current inventory of 6,260 units (as of July 1, 2000) the new construction activity represents a 41% increase in the total multi-family units in the City.

Industrial Development. Roseville currently has a total of 6,287,877 square feet of developed industrial space. 56,397 square feet were constructed in fiscal year 1999-00. As of July 1, 2000, 965,933 square feet of industrial projects were under construction.

Office Space Development. The City has a total of 4,755,313 square feet of office space as of July 1, 2000. Developers added 982,316 square feet of office space during fiscal year 1999-00. Office space developers are constructing 307,427 square feet, and the City expects to have over 11 million square feet of office development when all property within the current City limits is developed.

Commercial Development. As of July 1, 2000, the City had 6,187,340 square feet of commercial space. Developers built 226,544 of this space during fiscal year 1999-00. Commercial construction completed in fiscal year 1999-00 included four new gasoline service stations, two drug stores, two restaurants, four automobile-related retail uses, and other uses. In addition, over 1.7 million square feet of retail space is currently under construction, which is expected to receive occupancy permits during the beginning of fiscal year 2000-01. A majority of this space is at the Galleria at Roseville, the City's 1.1 million square foot regional mall which commenced construction in 1998 and was completed in August, 2000. Creekside Town Center is a mixed-use development with 802,000 square feet of retail, 435,000 square feet of office and two hotel sites.

Commercial Activity

During calendar year 2001, reported total taxable sales in the City were reported to be $2,756,587,000 a 16.3% increase over total taxable transactions of $2,395,294,000 that were reported during calendar year 2000. During calendar year 2001, reported total taxable sales in the County were reported to be $5,201,929,000 a 9.7% increase over total taxable transactions of $4,741,567,000 that were reported during calendar year 2000.

Summaries of taxable transactions in the City and the County are shown below. Itemized figures are not yet available for 2001.

CITY OF ROSEVILLE
Taxable Retail Sales
Number of Permits and Valuation of Taxable Transactions
(Dollars in Thousands)

	Retail Stores		Total All Outlets	
	Number of Permits	Taxable Transactions	Number of Permits	Taxable Transactions
1997	725	$1,180,536	2,356	$1,476,617
1998	756	1,315,488	2,423	1,659,616
1999	874	1,608,513	2,482	2,012,940
2000	980	2,022,864	2,637	2,395,294
2001	1,232	2,352,220	2,967	2,756,587

Source: California State Board of Equalization, Taxable Sales in California (Sales & Use Tax).

The number of establishments selling merchandise subject to sales tax and the valuation of taxable transactions within the County is presented in the following table. Taxable sales reported in the County have been steadily increasing over the past five years.

PLACER COUNTY
Taxable Retail Sales
Number of Permits and Valuation of Taxable Transactions
(Dollars in Thousands)

	Retail Stores		Total All Outlets	
	Number of Permits	Taxable Transactions	Number of Permits	Taxable Transactions
1997	2,465	$2,122,328	8,172	$3,066,395
1998	2,484	2,345,526	8,146	3,405,178
1999	2,782	2,807,480	8,166	4,047,530
2000	2,993	3,384,347	8,415	4,741,567
2001	3,385	3,793,236	8,885	5,201,929

Source: State Board of Equalization.

City Services

The City operates various utilities, including Roseville Electric, Wastewater, Water, Recycled Water and Refuse Services. Other services operated by the City include golf course operations, school-aged child care and local transportation enterprise funds.

APPENDIX E

FORM OF OPINION OF BOND COUNSEL

_______________, 2003

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

OPINION: ^ $15,475,000 City of Roseville Crocker Ranch Community Facilities District No. 1 Special Tax Bonds Series 2003

Members of the City Council:

We have acted as bond counsel in connection with the issuance by the City of Roseville (the "City") of ^ $15,475,000 City of Roseville Crocker Ranch Community Facilities District No. 1 Special Tax Bonds Series 2003 (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 April 1, 2002 and a First Supplement to Fiscal Agent Agreement dated as of April 1, 2003 (together, the "Fiscal Agent Agreement") by and between the City on behalf of the City of Roseville Crocker Ranch Community Facilities District and BNY Western Trust Company. We have examined the law and such certified proceedings and other papers as we deem necessary to render this opinion.

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

Based upon the foregoing, we are of the opinion, under existing law, as follows:

1. The City is duly created and validly existing as a public body, corporate and politic, with the power to adopt the resolution authorizing the issuance of the Bonds, enter into the Fiscal Agent Agreement, and perform the agreements on its part contained therein and issue the Bonds.

^ 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.

^ The Fiscal Agent Agreement has been duly entered into by the City and constitutes a valid and binding obligation of the City enforceable upon the City.

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

3. The interest on the Bonds is excluded from gross income for federal income tax purposes and is not an item of tax preference for purposes of the federal alternative minimum tax imposed on individuals and corporations; it should be noted, however, that, for the purpose of computing the alternative minimum tax imposed on corporations (as defined for federal income tax purposes), such interest is taken into account in determining certain income and earnings. The opinion set forth in the preceding sentence is subject to the condition that the City comply with all requirements of the Internal Revenue Code of 1986 that must be satisfied subsequent to the issuance of the Bonds in order that such interest thereon be, or continue to be, excluded from gross income for federal income tax purposes. The City has covenanted to comply with each such requirement. Failure to comply with certain of such requirements may cause the inclusion of interest on the Bonds in gross income for federal income tax purposes to be retroactive to the date of issuance of the Bonds. We express no opinion regarding other federal tax consequences arising with respect to the Bonds.

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

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

Respectfully submitted,

APPENDIX F

FORM OF CONTINUING DISCLOSURE UNDERTAKINGS

CONTINUING DISCLOSURE AGREEMENT
(City)

THIS CONTINUING DISCLOSURE AGREEMENT (the "Disclosure Agreement") is dated as of April 1, 2003, is by and between the City of Roseville, a public body, corporate and politic, organized and existing under and by virtue of the laws of the State of California (the "Issuer" or the "City"), and MuniFinancial, Inc., Temecula, California, in its capacity as Dissemination Agent (the "Dissemination Agent").

W I T N E S S E T H :

WHEREAS, pursuant to a Fiscal Agent Agreement dated as of April 1, 2002 and a First Supplement to Fiscal Agent Agreement dated as of April 1, 2003 (together, the “Fiscal Agent Agreement”) by and between the City and BNY Western Trust Company, as the Fiscal Agent, the City has issued its City of Roseville Crocker Ranch Community Facilities District No. 1 Special Tax Bonds Series 2003 (the "Bonds"), in the aggregate principal amount of $4,525,000; and

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

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

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

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

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

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

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

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

"National Repository" shall mean any Nationally Recognized Municipal Securities Information Repository for purposes of the Rule, as they may be designated from time to time pursuant to the Rule.

"Official Statement" means the Official Statement, dated April 11, 2003, relating to the Bonds.

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

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

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

"State" shall mean the State of California.

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

SECTION 2. Provision of Annual Reports.

(a) The City shall, or shall cause the Dissemination Agent to, not later than January 15 after the end of the City's fiscal year, commencing with the fiscal year ending June 30, 2003 (for the report due January 15, 2004), provide to each Repository an Annual Report which is consistent with the requirements of Section 3 of this Disclosure Agreement. The Annual Report may be submitted as a single document or as separate documents comprising a package, and may include by reference other information as provided in Section 3 of this Disclosure Agreement. Not later than fifteen (15) Business Days prior to said date, the City shall provide the Annual Report to the Dissemination Agent. The City shall provide an Officer's Certificate with each Annual Report furnished to the Dissemination Agent to the effect that such Annual Report constitutes the Annual Report required to be furnished by the City hereunder. The Dissemination Agent may conclusively rely upon such Officer's Certificate of the City.

(b) If by fifteen (15) Business Days prior to the date specified in subsection (a) for providing the Annual Report to the Repositories, the Dissemination Agent has not received a copy of the Annual Report, the Dissemination Agent shall contact the City to determine if the City is in compliance with subsection (a).

(c) If the Dissemination Agent is unable to verify that an Annual Report has been provided to the Repositories by the date required in subsection (a), the Dissemination Agent shall send a notice to the Municipal Securities Rulemaking Board in substantially the form attached as Exhibit A.

(d) The Dissemination Agent shall:

(i) determine each year prior to the date for providing the Annual Report the name and address of each National Repository and the State Repository, if any; and

(ii) (if the Dissemination Agent is other than the City), to the extent appropriate information is available to it, file a report with the City certifying that the Annual Report has been provided pursuant to this Disclosure Agreement, stating the date it was provided and listing all the Repositories to which it was provided.

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

(a) The following information:

1. Principal amount of Bonds outstanding.

2. Balance in the improvement fund or construction account.

3. Balance in debt service reserve fund, and statement of the reserve fund requirement. Statement of projected reserve fund draw, if any.

4. Balance in other funds and accounts held by Issuer or fiscal agent related to the Bonds.

5. Additional debt authorized by the City and payable from or secured by assessments or special taxes with respect to property within the District.

6. The Special Tax levy, the delinquency rate, total amount of delinquencies, number of parcels delinquent in payment for the five most recent fiscal years.

7. Notwithstanding the June 30th reporting date for the Annual Report, the following information shall be reported as of the last day of the month immediately preceding the date of the Annual Report rather than as of June 30th. Identity of each delinquent taxpayer responsible for 5 percent or more of total special tax / assessment levied, and the following information: assessor parcel number, assessed value of applicable properties, amount of Special Tax levied, amount delinquent by parcel number and status of foreclosure proceedings. If any foreclosure has been completed, summary of results of foreclosure sales or transfers.

8. Most recently available total assessed value of all parcels subject to the special tax or assessment.

9. List of landowners and assessor's parcel number of parcels subject to 20 percent or more of the Special Tax levy including the following information: development status to the extent shown in City records , land use classification, assessed value (land and improvements).

(b) Audited financial statements prepared in accordance with generally accepted accounting principles as promulgated to apply to governmental entities from time to time by the Governmental Accounting Standards Board. If the City’s audited financial statements are not available by the time the Annual Report is required to be filed pursuant to Section 2(a), the Annual Report shall contain unaudited financial statements in a format similar to that used for the City’s audited financial statements, and the audited financial statements shall be filed in the same manner as the Annual Report when they become available; provided, that in each Annual Report or other filing containing the City's financial statements, the following statement shall be included in bold type:

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

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

SECTION 4. <u>Reporting of Significant Events</u>.

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

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

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

(c) If the City has determined that knowledge of the occurrence of a Listed Event would be material under applicable Federal securities laws, the City shall promptly notify the Dissemination Agent by Officer's Certificate. Such Officer's Certificate shall instruct the Dissemination Agent to report the occurrence pursuant to subsection (e).

(d) If in response to a request under subsection (b), the City determines that the Listed Event would not be material under applicable federal securities laws, the City shall so notify the Dissemination Agent in writing and instruct the Dissemination Agent not to report the occurrence pursuant to subsection (e).

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

SECTION 5. Termination of Reporting Obligation. The obligations of the City, the Dissemination Agent under this Disclosure Agreement shall terminate upon the legal defeasance, prior redemption or payment in full of all of the Bonds. If such termination occurs prior to the final maturity of the Bonds, the City shall give notice of such termination in the same manner as for a Listed Event under Section 4(e) hereof. If the City's obligations under the Agreement are assumed in full by some other entity, such person shall be responsible for compliance with this Disclosure Agreement in the same manner as if it were the City, and the City shall have no further responsibility hereunder.

SECTION 6. Dissemination Agent. The City may, from time to time, appoint or engage a Dissemination Agent to assist it in carrying out its obligations under this Disclosure Agreement, and may discharge any such Dissemination Agent, with or without appointing a successor Dissemination Agent. The Dissemination Agent may resign at any time by providing at least 30 days' notice in writing to the Issuer and the City.

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

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

SECTION 9. Duties, Immunities and Liabilities of Dissemination Agent. The Dissemination Agent shall have only such duties as are specifically set forth in this Disclosure Agreement, and the City agrees to indemnify and save the Dissemination Agent, its officers, directors, employees and agents, harmless against any loss, expense and liabilities which they may incur arising out of or in the exercise or performance of their respective powers and duties hereunder, including the costs and expenses (including attorneys' fees) of defending against any claim of liability, but excluding liabilities due to the Dissemination Agent's negligence or willful misconduct. The Dissemination Agent shall be paid compensation by the City for its services provided hereunder in accordance with its schedule of fees as amended from time to time, and all expenses, legal fees and advances made or incurred by the Dissemination Agent in the performance of its duties hereunder. The Dissemination Agent shall have no duty or obligation to review any information provided to it hereunder and shall not be deemed to be acting in any fiduciary capacity for the Issuer, the Bondholders, or any other party. The obligations of the City under this Section shall survive resignation or removal of the Dissemination Agent and payment of the Bonds.

SECTION 10. Beneficiaries. This Disclosure Agreement shall inure solely to the benefit of the City, the Dissemination Agent, the Participating Underwriter and Holders and Beneficial Owners from time to time of the Bonds, and shall create no rights in any other person or entity.

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

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

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

By: ______________________________
Authorized Officer

MUNIFINANCIAL INC., as Dissemination Agent

By: ______________________________
Authorized Officer

EXHIBIT A

NOTICE TO REPOSITORIES OF FAILURE TO FILE ANNUAL REPORT

Name of Issuer:	City of Roseville
Name of Bond Issue:	^ $15,475,000 City of Roseville Crocker Ranch Community Facilities District No. 1 Special Tax Bonds Series 2003
Date of Issuance:	_______________, 2003

NOTICE IS HEREBY GIVEN that the City of Roseville (the "City") on behalf of City of Roseville Crocker Ranch Community Facilities District No. 1 has not provided an Annual Report with respect to the above-named Bonds as required by the Fiscal Agent Agreement dated as of April 1, 2002 and a First Supplement to Fiscal Agent Agreement dated as of April 1, 2003 (together, the “Fiscal Agent Agreement”) by and between the City and BNY Western Trust Company, as Fiscal Agent. The City anticipates that the Annual Report will be filed by ______________.

Dated: ________________

MUNIFINANCIAL, INC., as Dissemination Agent, on behalf of City of Roseville Crocker Ranch Community Facilities District No. 1

By: ____________________________________
Authorized Officer

cc: City of Roseville

CONTINUING DISCLOSURE AGREEMENT
(Developer)

THIS CONTINUING DISCLOSURE AGREEMENT (the "Disclosure Agreement") dated as of April 1, 2003, is by and between John Mourier Construction, Inc. (the "Developer") and MuniFinancial, Inc., Temecula, California, in its capacity as Dissemination Agent (the "Dissemination Agent").

W I T N E S S E T H:

WHEREAS, pursuant to the Fiscal Agent Agreement, dated as of April 1, 2003 (the "Agreement"), by and between the City and the Dissemination Agent, in its capacity as Fiscal Agent thereunder, the City has issued its City of Roseville Crocker Ranch Community Facilities District No. 1 Special Tax Bonds Series 2003 (the "Bonds"), in the aggregate principal amount of ^ $15,475,000; and

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

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

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

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

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

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

"Issuer" shall mean the City of Roseville, Placer County, California.

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

"National Repository" shall mean any Nationally Recognized Municipal Securities Information Repository for purposes of the Rule, as they may be designated from time to time pursuant to the Rule.

"Official Statement" means the Official Statement, dated April 11, 2003, relating to the Bonds.

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

"Project" shall mean the proposed 1,096-unit subdivision within the District, as described in the Official Statement.

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

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

"State" shall mean the State of California.

SECTION 2. Provision of Annual Reports.

(a) The Developer shall, not later than April 1st of each year (reflecting reported information as of December 31st of the prior year) beginning with the report due Aprl 1, 2004 and continuing while this agreement is in effect, provide to the Dissemination Agent an Annual Report which is consistent with the requirements of Section 3 of this Disclosure Agreement with a copy to the Issuer. The Developer shall provide a written certification with each Annual Report furnished to the Dissemination Agent and the Issuer to the effect that the Annual Report is being provided pursuant to this Disclosure Agreement. The Annual Report may be submitted as a single document or as separate documents comprising a package, and may cross-reference other information as provided in Section 4 of this Disclosure Agreement. If the Developer's fiscal year changes, it shall give notice of such change in the same manner as for a Listed Event under Section 4(c).

(b) If by fifteen (15) Business Days prior to the date specified in subsection (a) for providing the Annual Report to the Repositories, the Dissemination Agent has not received a copy of the Annual Report, the Dissemination Agent shall contact the Developer to determine if the Developer is in compliance with subsection (a).

(c) If the Developer is unable to provide to the Dissemination Agent an Annual Report by the date required in subsection (a), the Developer shall send a notice to the Dissemination Agent substantially the form attached as Exhibit A.

(d) The Dissemination Agent shall:

^ determine each year prior to the date for providing the Annual Report the name and address of each National Repository and the State Repository, if any; and

^ (if the Dissemination Agent is other than the Developer), to the extent appropriate information is available to it, file a report with the Developer certifying that the Annual Report has been provided pursuant to this Disclosure Agreement, stating the date it was provided and listing all the Repositories to which it was provided.

SECTION 3. Content of Annual Reports. The Developer's Annual Report shall contain or incorporate by reference the following, if material:

(a) Any significant changes in the information contained in the Official Statement under the headings: "THE DISTRICT - Anticipated Development in the District" and the status of completion of the Improvements (as defined in the Official Statement).

(b) A general description of the development status of the parcels within the District.

(c) A listing of property within the District sold by the Developer since the date of the Official Statement.

(d) A description of any change in the legal structure of the Developer.

(e) Material changes in Project costs, status of any construction loans and any permanent financing received by the Developer with respect to the Project that could have a significant impact on the Developer's ability to complete the construction and sale of homes within the District.

(f) Any denial of credit, lines of credit, loans or loss of source of capital that could have a significant impact on the Developer's ability to pay the Special Tax or other taxes or assessments or to comply with its obligations under the Development Agreement.

(g) Any failure by the Developer to pay when due general property taxes or assessments or special taxes with respect to its property in the District.

(h) Any previously undisclosed amendments to the land use entitlements or environmental conditions or other governmental conditions that are necessary to complete the development plan.

(i) A description of any changes to the Development Agreement which materially adversely affect the development of the property within the District as set forth in the Official Statement.

SECTION 4. Reporting of Significant Events.

(a) Pursuant to the provisions of this Section 4, the Developer shall give, to the Dissemination Agent, notice of the occurrence of any of the following events with respect to the Bonds, if material:

(i) failure to pay any real property taxes (including any assessments or special taxes) levied within the District on a parcel owned by the Developer.

(ii) the discovery of toxic material or hazardous waste which will require remediation on any property owned by the Developer subject to the Special Tax.

(iii) default by the Developer on any loan with respect to the construction or permanent financing of public or private improvements with respect to the Project.

(iv) Initiation of Dissemination bankruptcy proceedings (whether voluntary or involuntary) by the Developer or any related entity.

(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 laws.

(c) If the Developer determines that knowledge of the occurrence of a Listed Event would be material under applicable federal securities laws, the Developer shall promptly provide a notice of such occurrence to the Dissemination Agent, with a copy to the Issuer.

SECTION 5. Termination of Reporting Obligation. The obligations of the Developer and the Dissemination Agent under this Disclosure Agreement shall terminate upon the legal defeasance, prior redemption or payment in full of all of the Bonds. In addition the Developer shall have no obligations hereunder if the Special Tax of the District on all property within the District owned by the Developer and affiliates or partners thereof is less than twenty percent (20%) of the total Special Tax for the entire District. If such termination occurs prior to the final maturity of the Bonds, the Developer shall give notice of such termination in the same manner as for a Listed Event under Section 4(c).

SECTION 6. Amendment; Waiver. Notwithstanding any other provision of this Disclosure Agreement, the Developer and the Dissemination Agent may amend this Disclosure Agreement (and the Dissemination Agent shall agree to any amendment so requested by the Developer, provided no amendment increasing or affecting the obligations or duties of the Dissemination Agent shall be made without the consent of either such party), and any provision of this Disclosure Agreement may be waived, provided that the following conditions are satisfied:

(a) If the amendment or waiver relates to the provisions of Sections 2(a), 3, or 4(a), it may only be made in connection with a change in circumstances that arises from a change in legal requirements or change in law;

(b) The amendment or waiver either (i) is approved by the Bondholders of the Bonds in the same manner as provided in the Agreement for amendments to the Agreement with the consent of Bondholders, or (ii) does not, in the opinion of nationally recognized bond counsel, materially impair the interests of the Bondholders or Beneficial Owners of the Bonds.

In the event of any amendment or waiver of a provision of this Disclosure Agreement, the Developer shall describe such amendment in the next Annual Report, and shall include, as applicable, a narrative explanation of the reason for the amendment or waiver and its impact on the type of information being presented by the Developer.

SECTION 7. Additional Information. Nothing in this Disclosure Agreement shall be deemed to prevent the Developer from disseminating any other information, using the means of dissemination set forth in this Disclosure Agreement or any other means of communication, or including any other information in any Annual Report or notice of occurrence of a Listed Event, in addition to that which is required by this Disclosure Agreement. If the Developer chooses to include any information in any Annual Report or notice of occurrence of a Listed Event in addition to that which is specifically required by this Disclosure Agreement, the Developer shall have no obligation under this Disclosure Agreement to update such information or include it in any future Annual Report or notice of occurrence of a Listed Event.

SECTION 8. Duties, Immunities and Liabilities of Dissemination Agent. The Dissemination Agent shall have only such duties as are specifically set forth in this Disclosure Agreement, and the Developer agrees to indemnify and save the Dissemination Agent, its officers, directors, employees and agents, harmless against any loss, expense and liabilities which they may incur arising out of or in the exercise or performance of their respective powers and duties hereunder, including the costs and expenses (including attorneys' fees) of defending against any claim of liability, but excluding liabilities due to the Dissemination Agent's negligence or willful misconduct. The Dissemination Agent shall be paid compensation by the

Developer for its services provided hereunder in accordance with its schedule of fees as amended from time to time, and all expenses, legal fees and advances made or incurred by the Dissemination Agent in the performance of its duties hereunder. The Dissemination Agent shall have no duty or obligation to review any information provided to it hereunder and shall not be deemed to be acting in any fiduciary capacity for the Issuer, the Bondholders, or any other party. The obligations of the Developer under this Section shall survive resignation or removal of the Dissemination Agent and payment of the Bonds.

SECTION 9. Subsequent Developers. The Developer will require, as a condition of sale of any property which the Developer sells within the Project resulting in a new owner who, together with affiliates or partners thereof, owns at least twenty percent (20%) of the total assessments for the entire District, that such purchaser execute an agreement substantially in the form of this Disclosure Agreement, unless this Disclosure Agreement, as it may be amended from time to time, by its own terms would not require the purchaser to provide any disclosure.

SECTION 10. Beneficiaries. This Disclosure Agreement shall inure solely to the benefit of the City, the Dissemination Agent, the Participating Underwriter and Holders and Beneficial Owners from time to time of the Bonds, and shall create no rights in any other person or entity.

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

[Remainder of page intentionally left blank]

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

John Mourier Construction, Inc.

By: ____________________________________

Its: ____________________________________

Munifinancial, Inc.,
as Dissemination Agent

By: ____________________________________
Authorized Officer

EXHIBIT A

NOTICE TO REPOSITORIES OF FAILURE TO FILE ANNUAL REPORT

Name of Issuer: City of Roseville

Name of Bond Issue: ^ $15,475,000 City of Roseville, Crocker Ranch Community Facilities District No. 1, Special Tax Bonds, Series 2003

Date of Issuance: ____________, 2003

NOTICE IS HEREBY GIVEN that John Mourier Construction, Inc. (the "Developer") has not provided an Annual Report with respect to the above-named Bonds as required by the Continuing Disclosure Agreement of the Developer dated as of the date of issuance of such Bonds. The Developer anticipates that the Annual Report will be filed by ____________.

Dated: _______________

____
on behalf of the Dissemination Agent

By: ___________________________________

Its: ___________________________________

cc: Developer

APPENDIX G

THE BOOK ENTRY SYSTEM

Book-Entry System

DTC will act as securities depository for the Bonds. The Bonds will be issued as fully-registered bonds registered in the name of Cede & Co. (DTC's partnership nominee). One fully-registered Bond will be issued for each maturity of the Bonds, each in the aggregate principal amount of such maturity, and will be deposited with DTC. DTC is a limited-purpose trust company organized under the New York Banking Law, a "banking organization" within the meaning of the New York Banking Law, a member of the Federal Reserve System, a "clearing corporation" within the meaning of the New York Uniform Commercial Code, and a "clearing agency" registered pursuant to the provisions of Section 17A of the Securities Exchange Act of 1934. DTC holds securities that its participants (the "**Participants**") deposit with DTC. DTC also facilitates the settlement among Participants of securities transactions, such as transfers and pledges, in deposited securities through electronic computerized book-entry changes in Participants' accounts, thereby eliminating the need for physical movement of securities certificates. "**Direct Participants**" include securities brokers and dealers, banks, trust companies, clearing corporations, and certain other organizations. DTC is owned by a number of its Direct Participants and by the New York Stock Exchange, Inc., the American Stock Exchange, Inc. and the National Association of Securities Dealers, Inc. Access to the DTC system is also available to others such as securities brokers and dealers, banks, and trust companies that clear through or maintain a custodial relationship with a Direct Participant, either directly or indirectly ("**Indirect Participants**"). The Rules applicable to DTC and its Participants are on file with the Securities and Exchange Commission.

Purchases of the Bonds under the DTC system must be made by or through Direct Participants, which will receive a credit for the Bonds on DTC's records. The ownership interest of each actual purchaser of each Bond ("**Beneficial Owner**") is in turn to be recorded on the Direct and Indirect Participants' records. Beneficial Owners will not receive written confirmation from DTC of their purchase, but Beneficial Owners are expected to receive written confirmations providing details of the transaction, as well as periodic statements of their holdings, from the Direct or Indirect Participant through which the Beneficial Owner entered into the transaction. Transfers of ownership interests in the Bonds are to be accomplished by entries made on the books of Participants acting on behalf of Beneficial Owners. Beneficial Owners will not receive certificates representing their ownership interests in the Bonds, except in the event that use of the book-entry system for the Bonds is discontinued. To facilitate subsequent transfers, all Bonds deposited by Participants with DTC are registered in the name of DTC's partnership nominee, Cede & Co. The deposit of Bonds with DTC and their registration in the name of Cede & Co. effect no change in beneficial ownership. DTC has no knowledge of the actual Beneficial Owners of the Bonds; DTC's records reflect only the identity of the Direct Participants to whose accounts such securities are credited, which may or may not be the Beneficial Owners. The Participants will remain responsible for keeping account of their holdings on behalf of their customers. Conveyance of notices and other communications by DTC to Direct Participants, by Direct Participants to Indirect Participants, and by Direct Participants and Indirect Participants to Beneficial Owners will be governed by arrangements among them, subject to any statutory or regulatory requirements as may be in effect from time to time.

Redemption notices shall be sent to Cede & Co. If less than all of the bonds within an issue are being redeemed, DTC's practice is to determine by lot the amount of the interest of each Direct Participant in such issue to be redeemed. Neither DTC nor Cede & Co. will consent or vote with respect to the Bonds. Under its usual procedures, DTC mails an Omnibus Proxy to an issuer as soon as possible after the record date. The Omnibus Proxy assigns Cede & Co.'s consenting or voting rights to those Direct Participants to whose accounts the Bonds are credited on the record date (identified in a listing attached to the Omnibus Proxy).

Principal, mandatory redemption and interest payments on the Bonds will be made to DTC. DTC's practice is to credit Direct Participants' accounts on payment dates in accordance with their respective holdings shown on DTC's records unless DTC has reason to believe that it will not receive payment on the date payable. Payments by Participants to Beneficial Owners will be governed by standing instructions and customary practices, as is the case with securities held for the accounts of customers in bearer form or registered in "street name," and will be the responsibility of such Participant and not of DTC, the Fiscal Agent or the City, subject to any statutory or regulatory requirements as may be in effect from time to time. Payment of principal and interest to DTC is the responsibility of the City or the Fiscal Agent, disbursement of such payments to Direct Participants shall be the responsibility of DTC, and disbursement of such payments to the Beneficial Owners shall be responsibility of Direct and Indirect Participants.

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

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

Discontinuance of Book-Entry System

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