

NEW ISSUE-FULL BOOK ENTRY

RATINGS: SERIES A BONDS (AMBAC INSURED): S&P: "AAA"
SERIES B BONDS: Not insured; Not Rated
(See "RATINGS" herein)

In the opinion of Jones Hall, A Professional Law Corporation, San Francisco, California, Bond Counsel, under existing statutes, regulations, rulings and judicial decisions, and assuming certain representations and compliance with certain covenants and requirements described herein, 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 calculating the federal alternative minimum tax imposed on individuals and corporations. In the further opinion of Bond Counsel, interest on the Bonds is exempt from State of California personal income tax. See "LEGAL MATTERS — Tax Matters" herein.

ROSEVILLE FINANCE AUTHORITY

\$44,075,000
SPECIAL TAX REVENUE REFUNDING BONDS
2007 SERIES A (SENIOR LIEN BONDS)
(Insured)

\$10,350,000
SPECIAL TAX REVENUE REFUNDING BONDS
2007 SERIES B (JUNIOR LIEN BONDS)
(Uninsured)

Dated: Date of Delivery**Due: As shown on inside cover**

The Bonds, consisting of the Series A Bonds and the Series B Bonds captioned above, are being issued by the Roseville Finance Authority (the "Authority"), pursuant to Articles 1 through 4 (commencing with Section 6500) of Chapter 5 of Division 7 of Title 1 of the Government Code of the State of California to (i) acquire certain special tax bonds to be issued by the City of Roseville (the "City") concurrently with the issuance of the Bonds (the "CFD Bonds"), (ii) finance the acquisition of certain public capital improvements (the "Project"), (iii) provide funds for a separate reserve fund for each series of Bonds, and (iv) pay a portion of the costs of issuance of the Bonds and CFD Bonds. The CFD Bonds are being issued to (i) refund five outstanding series of bonds (the "Prior Bonds"), (ii) finance certain public capital improvements, (iii) provide funds for a separate reserve fund for each series of Bonds, and (iv) pay a portion of the costs of issuance of the Bonds and CFD Bonds.

The Series A Bonds are payable solely from "Revenues" pledged by the Authority pursuant to that certain Indenture of Trust, dated as of May 1, 2007 (the "Indenture"), by and between the Authority and The Bank of New York Trust Company, N.A., as trustee (the "Trustee"). Revenues consist primarily of special taxes levied in four community facilities districts in the City and paid to the Authority as debt service on the CFD Bonds.

The Series B Bonds are payable from "Subordinated Revenues" pledged by the Authority pursuant to the Indenture. Subordinated Revenues generally consist of Revenues remaining after payment of debt service on the Series A Bonds and replenishment of the Series A Reserve Fund, if necessary.

The Bonds will be issued in denominations of \$5,000 or any integral multiple thereof. Interest is payable on September 1, 2007 and semiannually thereafter on March 1 and September 1 each year. The Bonds will be initially issued only in book-entry form and registered to Cede & Co. as nominee of The Depository Trust Company, New York, New York ("DTC"), which will act as securities depository of the Bonds. Principal and interest (and premium, if any) on the Bonds is payable by the Trustee to DTC, which remits such payments to its Participants for subsequent distribution to the registered owners as shown on the Trustee's books as of the fifteenth day of the calendar month immediately preceding each interest payment date. See "THE BONDS - Book-Entry Only System" and "- General Provisions" herein.

The Bonds are subject to redemption prior to maturity as described herein.

Payment of the principal of and interest on the Series A Bonds when due will be insured by a financial guaranty insurance policy to be issued by Ambac Assurance Corporation simultaneously with the delivery of the Series A Bonds. **The Series B Bonds are neither insured nor rated.**

Ambac

See "SPECIAL RISK FACTORS" herein for a discussion of the risk factors that should be considered in evaluating the investment quality of the Bonds. The Series B Bonds are secured on a subordinate basis to the Series A Bonds and are not insured; the Series B Bonds may not be appropriate investments for certain individuals.

THE BONDS ARE SPECIAL OBLIGATIONS OF THE AUTHORITY PAYABLE SOLELY FROM AND SECURED SOLELY BY THE REVENUES AND SUBORDINATED REVENUES, AS APPLICABLE, AND FUNDS PLEDGED THEREFOR IN THE INDENTURE. THE BONDS ARE NOT A DEBT OR LIABILITY OF THE CITY, THE STATE OF CALIFORNIA OR ANY POLITICAL SUBDIVISIONS THEREOF OTHER THAN THE AUTHORITY TO THE LIMITED EXTENT DESCRIBED HEREIN, AND NEITHER THE FAITH AND CREDIT OF THE AUTHORITY, THE CITY, THE STATE OR ANY OF ITS POLITICAL SUBDIVISIONS ARE PLEDGED TO THE PAYMENT OF PRINCIPAL OF, PREMIUM, IF ANY, OR INTEREST ON THE BONDS AND NEITHER THE AUTHORITY (EXCEPT TO THE LIMITED EXTENT DESCRIBED HEREIN), THE CITY, THE STATE NOR ANY OF ITS POLITICAL SUBDIVISIONS IS LIABLE THEREFOR, NOR IN ANY EVENT SHALL THE BONDS OR ANY INTEREST OR REDEMPTION PREMIUM THEREUNDER BE PAYABLE OUT OF ANY FUNDS OR PROPERTIES OTHER THAN THOSE OF THE AUTHORITY AS SET FORTH IN THE INDENTURE. NEITHER THE BONDS NOR THE OBLIGATION TO MAKE PAYMENTS UNDER THE CFD BONDS CONSTITUTE AN INDEBTEDNESS OF THE AUTHORITY, THE CITY, THE STATE OR ANY OF ITS POLITICAL SUBDIVISIONS WITHIN THE MEANING OF ANY CONSTITUTIONAL OR STATUTORY DEBT LIMITATION OR RESTRICTION. THE AUTHORITY HAS NO TAXING POWER.

Maturity Schedule
(see inside cover)

The Bonds will be offered when, as and if issued and received by the Underwriter, subject to the approval as to their legality by Jones Hall, A Professional Corporation, San Francisco, California, as Bond Counsel. Certain legal matters will be passed upon for the Authority by the City Attorney. Jones Hall, A Professional Law Corporation, San Francisco, California, is also serving as Disclosure Counsel. It is anticipated that the Bonds will be available for delivery to DTC in New York, New York on or about May 17, 2007.

PiperJaffray

Dated: May 3, 2007.

MATURITY SCHEDULE

2007 Series A (Senior Lien Bonds) (Insured) (Base CUSIP: †77781P)

Maturity (September 1)	Principal Amount	Interest Rate	Yield	CUSIP [†]	Maturity (September 1)	Principal Amount	Interest Rate	Yield	CUSIP [†]
2007	\$1,175,000	3.250%	3.520%	AA 5	2016	\$1,405,000	5.000%	3.890%	AK 3
2008	990,000	4.000	3.520	AB 3	2017	1,465,000	5.000	3.940	AL 1
2009	1,030,000	3.500	3.550	AC 1	2018	1,545,000	5.000	4.020 c	AM 9
2010	1,060,000	4.000	3.600	AD 9	2019	1,610,000	5.000	4.060 c	AN 7
2011	1,100,000	4.000	3.640	AE 7	2020	1,695,000	4.000	4.260	AP 2
2012	1,155,000	5.000	3.680	AF 4	2021	1,770,000	4.125	4.330	AQ 0
2013	1,210,000	5.000	3.720	AG 2	2022	1,835,000	4.250	4.400	AR 8
2014	1,265,000	5.000	3.770	AH 0	2023	1,910,000	4.250	4.440	AS 6
2015	1,335,000	5.000	3.830	AJ 6					

\$8,550,000 4.375% Series A Term Bonds due September 1, 2027; Yield: 4.565%; CUSIP[†] No. 77781P AT 4
 \$1,970,000 4.500% Series A Term Bonds due September 1, 2033; Yield: 4.650%; CUSIP[†] No. 77781P BJ 5
 \$10,000,000 5.000% Series A Term Bonds due September 1, 2033; Yield: 4.360% c; CUSIP[†] No. 77781P AU 1

c – Priced to call at par September 1, 2017.

Series 2007 Series B (Junior Lien Bonds) (Uninsured) (Base CUSIP: †77781P)

Maturity (September 1)	Principal Amount	Interest Rate	Yield	CUSIP [†]	Maturity (September 1)	Principal Amount	Interest Rate	Yield	CUSIP [†]
2007	\$270,000	3.750%	3.850%	AV 9	2014	\$295,000	4.250%	4.400%	BC 0
2008	240,000	3.750	3.850	AW 7	2015	310,000	4.350	4.450	BD 8
2009	240,000	3.750	3.900	AX 5	2016	320,000	4.375	4.500	BE 6
2010	255,000	4.000	4.100	AY 3	2017	335,000	4.400	4.550	BF 3
2011	270,000	4.100	4.200	AZ 0	2018	350,000	4.500	4.600	BG 1
2012	275,000	4.125	4.300	BA 4	2019	370,000	4.500	4.650	BH 9
2013	280,000	4.200	4.350	BB 2					

\$1,210,000 4.750% Series B Term Bonds due September 1, 2022; Price: 100%; CUSIP[†] No. 77781P BL 0
 \$1,890,000 5.000% Series B Term Bonds due September 1, 2026; Yield: 4.900% c; CUSIP[†] No. 77781P BM 8
 \$3,440,000 5.000% Series B Term Bonds due September 1, 2033; Yield: 4.950% c; CUSIP[†] No. 77781P BN 6

c – Priced to call at par September 1, 2017.

[†] Copyright 2007. American Bankers Association. CUSIP data herein is provided by Standard & Poor's CUSIP Service Bureau, a division of The McGraw-Hill Companies, Inc.

GENERAL INFORMATION ABOUT THIS OFFICIAL STATEMENT

No Offering May Be Made Except by this Official Statement. No dealer, broker, salesperson or other person has been authorized by the Authority, the City or the Underwriter to give any information or to make any representations with respect to the Bonds or the CFD Bonds other than as contained in this Official Statement, and if given or made, such other information or representation must not be relied upon as having been authorized by the Authority, the City or the Underwriter. This Official Statement does not constitute an offer to sell or the solicitation of an offer to buy in any state in which such offer or solicitation is not authorized or in which the person making such offer or solicitation is not qualified to do so or to any person to whom it is unlawful to make such offer or solicitation.

Effective Date. This Official Statement speaks only as of its date, and the information and expressions of opinion contained in this Official Statement are subject to change without notice. Neither the delivery of this Official Statement nor any sale of the Bonds will, under any circumstances, create any implication that there has been no change in the affairs of the Authority, the City's, the Districts, any other parties described in this Official Statement, or in the condition of property within the Districts since the date of this Official Statement.

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

Preparation of this Official Statement. The information contained in this Official Statement has been obtained from sources that are believed to be reliable, but this information is not guaranteed as to accuracy or completeness. The Underwriter has provided the following sentence for inclusion in this Official Statement: The Underwriter has reviewed the information in this Official Statement in accordance with, and as part of, its 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.

Document References and Summaries. All references to and summaries of the Indenture or other documents contained in this Official Statement are subject to the provisions of those documents and do not purport to be complete statements of those documents.

Stabilization of and Changes to Offering Prices. The Underwriter may over allot or take other steps that stabilize or maintain the market price of the Bonds at a level above that which might otherwise prevail in the open market. If commenced, the Underwriter may discontinue such market stabilization at any time. The Underwriter may offer and sell the Bonds to certain dealers, dealer banks and banks acting as agent at prices lower than the public offering prices stated on the cover page of this Official Statement, and those public offering prices may be changed from time to time by the Underwriter.

Bonds are Exempt from Securities Laws Registration. The issuance and sale of the Bonds have not been registered under the Securities Act of 1933, as amended, or the Securities Exchange Act of 1934, as amended, in reliance upon exemptions for the issuance and sale of municipal securities provided under Section 3(a)(2) of the Securities Act of 1933 and Section 3(a)(12) of the Securities Exchange Act of 1934.

Estimates and Projections. Certain statements included or incorporated by reference in this Official Statement constitute "forward-looking statements." Such statements are generally identifiable by the terminology used such as "plan," "expect," "estimate," "budget" or other similar words. THE ACHIEVEMENT OF CERTAIN RESULTS OR OTHER EXPECTATIONS CONTAINED IN SUCH FORWARD-LOOKING STATEMENTS INVOLVE KNOWN AND UNKNOWN RISKS, UNCERTAINTIES AND OTHER FACTORS WHICH MAY CAUSE ACTUAL RESULTS, PERFORMANCE OR ACHIEVEMENTS DESCRIBED TO BE MATERIALLY DIFFERENT FROM ANY FUTURE RESULTS, PERFORMANCE OR ACHIEVEMENTS EXPRESSED OR IMPLIED BY SUCH FORWARD-LOOKING STATEMENTS. THE AUTHORITY AND THE CITY DO NOT PLAN TO ISSUE ANY UPDATES OR REVISIONS TO THOSE FORWARD-LOOKING STATEMENTS IF OR WHEN ANY EXPECTATIONS, OR EVENTS, CONDITIONS OR CIRCUMSTANCES ON WHICH SUCH STATEMENTS ARE BASED OCCUR.

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

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

ROSEVILLE FINANCE AUTHORITY

City of Roseville City Council and Authority Officers

Jim Gray, *Mayor/Chairperson of the Authority*
Gina Garbolino, *Vice Mayor/Vice-Chairperson of the Authority*
John Allard, *Councilmember/Boardmember*
Carol Garcia, *Councilmember/Boardmember*
Richard Roccucci, *Councilmember/Boardmember*

City Staff

W. Craig Robinson, *City Manager*
Russell Cochran Branson, *Administrative Services Director/Treasurer*
Brita McNay, Esq., *City Attorney*
Sonia Orozco, *City Clerk*

Special Services

Bond Counsel

Jones Hall, A Professional Law Corporation
San Francisco, California

Fiscal Agent

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

Financial Advisor

Public Financial Management, Inc.
San Francisco, California

Verification Agent

The Arbitrage Group
Tuscaloosa, Alabama

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OFFICIAL STATEMENT

ROSEVILLE FINANCE AUTHORITY

\$44,075,000
SPECIAL TAX REVENUE
REFUNDING BONDS
2007 SERIES A
(SENIOR LIEN BONDS)

\$10,350,000
SPECIAL TAX REVENUE
REFUNDING BONDS
2007 SERIES B
(JUNIOR LIEN BONDS)

The purpose of this Official Statement, which includes the cover page and Appendices hereto (the “**Official Statement**”), is to provide certain information concerning the sale and issuance of the following series of bonds (collectively, the “**Bonds**”):

Series A Bonds: Roseville Finance Authority Special Tax Revenue Refunding Bonds, 2007 Series A (Senior Lien Bonds); and

Series B Bonds: Roseville Finance Authority Special Tax Revenue Refunding Bonds, 2007 Series B (Junior Lien Bonds).

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 appendices hereto, and the documents summarized or described herein. 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.

Financing Purpose

Purpose of the Bonds. The Bonds are being issued by the Roseville Finance Authority (the “**Authority**”) for the following purposes (see “THE FINANCING PLAN” herein):

- (i) to acquire the “**CFD Bonds**” described below, of the following Community Facilities Districts (the “**CFDs**”) of the City of Roseville:
 - Stoneridge Parcel 1 Community Facilities District No. 1 (the “**Stoneridge Parcel 1 CFD**”),
 - Stoneridge West Community Facilities District No. 1 (the “**Stoneridge West CFD**”),
 - Stoneridge East Community Facilities District No. 1 (the “**Stoneridge East CFD**”), and

- Crocker Ranch Community Facilities District No. 1 (the “**Crocker Ranch CFD**”).
- (ii) to finance the acquisition and construction of certain public capital improvements,
- (iii) to provide a portion of the funding of a separate reserve funds for the Series A Bonds and the Series B Bonds (the “**Reserve Funds**”), and
- (iv) to pay a portion of the costs of issuance of the Bonds and CFD Bonds.

Purpose of the CFD Bonds. The net proceeds of the CFD Bonds, along with other available funds, will be used as follows (see “FINANCING PLAN” herein):

- (i) to redeem the “**Prior Bonds**” (described below) on the date of issuance of the Bonds,
- (ii) as to the Stoneridge East CFD and the Stoneridge West CFD, to finance the acquisition and construction of certain capital improvements,
- (iii) to provide a portion of the funding of a separate reserve funds for the Series A Bonds and the Series B Bonds, and
- (iv) to pay a portion of the costs of issuance of the Bonds and CFD Bonds.

The Bonds; The CFD Bonds

Series A Bonds. The Series A Bonds are payable from revenues (“**Revenues**”) as defined more completely below received by the Authority, primarily derived from the payment of debt service on the CFD Bonds.

Series B Bonds. The Series B Bonds are payable from “**Subordinated Revenues**”, as defined more completely below, generally consisting of Revenues remaining after payment of debt service on the Series A Bonds and replenishment of the Series A Reserve Fund, if necessary.

CFD Bonds. The “**CFD Bonds**” (also referred to herein as the “**Local Obligations**”) consist of the following:

(i) \$2,025,000 City of Roseville Stoneridge Parcel 1 Community Facilities District No. 1 Special Tax Refunding Bonds, Series 2007 (the “**Stoneridge Parcel 1 CFD Bonds**”) issued to refund the outstanding “**Prior Stoneridge Parcel 1 CFD Bonds**”, as described herein, consisting generally of a prior series of special tax bonds issued by the City on behalf of the Stoneridge Parcel 1 CFD, and to finance certain capital improvements in the Stoneridge Parcel 1 CFD. See “FINANCING PLAN” herein. The Stoneridge Parcel 1 CFD Bonds are payable from Special Taxes levied only on taxable property in the Stoneridge Parcel 1 CFD. See “STONERIDGE PARCEL 1 CFD” herein.

(ii) \$13,530,000 City of Roseville Stoneridge West Community Facilities District No. 1 Special Tax Refunding Bonds, Series 2007 (the “**Stoneridge West CFD Bonds**”), which include a new money component, issued to refund the outstanding “**Prior Stoneridge West CFD Bonds**”, as described herein, consisting generally of a prior series of special tax bonds issued by the City on behalf of the Stoneridge West CFD, and to finance certain capital improvements in the Stoneridge West CFD. See “FINANCING PLAN” herein. The Stoneridge West CFD Bonds are payable from Special

Taxes levied only on taxable property in the Stoneridge West CFD. See "STONERIDGE WEST CFD" herein.

(iii) \$17,285,000 City of Roseville Stoneridge East Community Facilities District No. 1 Special Tax Refunding Bonds, Series 2007 (the "**Stoneridge East CFD Bonds**"), which include a new money component, issued to refund the outstanding "**Prior Stoneridge East CFD Bonds**", as described herein, consisting generally of a prior series of special tax bonds issued by the City on behalf of the Stoneridge East CFD, and to finance certain capital improvements in the Stoneridge East CFD. See "FINANCING PLAN" herein. The Stoneridge East CFD Bonds are payable from Special Taxes levied only on taxable property in the Stoneridge East CFD. See "STONERIDGE EAST CFD" herein.

(iv) \$20,435,000 City of Roseville Crocker Ranch Community Facilities District No. 1 Special Tax Refunding Bonds, Series 2007 (the "**Crocker Ranch CFD Bonds**") issued to refund the outstanding "**Prior Crocker Ranch CFD Bonds**", as described herein, consisting generally of a prior series of special tax bonds issued by the City on behalf of the Crocker Ranch CFD. See "FINANCING PLAN" herein. The Crocker Ranch CFD Bonds are payable from Special Taxes levied only on taxable property in the Crocker Ranch CFD. See "CROCKER RANCH CFD" herein.

The Prior Stoneridge Parcel 1 CFD Bonds, the Prior Stoneridge West CFD Bonds, the Prior Stoneridge East CFD Bonds and the Prior Crocker Ranch CFD Bonds are collectively referred to in this Official Statement as the "**Prior Bonds**".

Legal Authority

The Bonds. The Bonds are being issued under Article 4 of the Joint Powers Act (the "**Act**") and an Indenture of Trust dated as of May 1, 2007 (the "**Indenture**"), by and between the Authority and The Bank of New York Trust Company, N.A., as trustee (the "**Trustee**").

The CFD Bonds. The CFD Bonds are being issued pursuant to the Mello-Roos Community Facilities Act of 1982, as amended, being Chapter 2.5, Part 1, Division 2, Title 5 of the Government Code of the State of California (the "**Mello-Roos Act**"), and four separate respective Bond Indentures, both dated as of May 1, 2007 (each, a "**CFD Indenture**"), by and between the City and The Bank of New York Trust Company, N.A., as trustee.

Sources of Payment for the Bonds and the CFD Bonds

Series A Bonds. The Series A Bonds are secured by a first lien on and pledge of all of the Revenues. "**Revenues**" are defined in the Indenture to include:

- (a) all amounts received from the Local Obligations;
- (b) any proceeds of the Series A Bonds originally deposited with the Trustee and all moneys deposited and held from time to time by the Trustee in the funds and accounts established hereunder with respect to the Series A Bonds (other than the Rebate Fund and the Surplus Fund); and
- (c) investment income with respect to any moneys held by the Trustee in the funds and accounts established hereunder with respect to the Series A Bonds (other than investment income on moneys held in the Rebate Fund and the Surplus Fund).

Series B Bonds. The Series B Bonds are secured by a first lien on and pledge of all of the Subordinated Revenues. "**Subordinated Revenues**" are defined in the Indenture to include:

- (a) any proceeds of the Series B Bonds originally deposited with the Trustee,
- (b) all amounts remaining in the Revenue Fund on each September 1 after payment of debt service on the Series A Bonds and Series B Bonds and payment of the amounts necessary to replenish the Series A Reserve Fund and Series B Reserve Fund;
- (c) all moneys deposited and held from time to time by the Trustee in the funds and accounts established under the Indenture with respect to the Series B Bonds (other than the Rebate Fund and the Surplus Fund); and
- (d) investment income with respect to any moneys held by the Trustee in the funds and accounts established hereunder with respect to the Series B Bonds (other than investment income on moneys held in the Rebate Fund and the Surplus Fund).

See "SECURITY FOR THE BONDS – Revenues; Flow of Funds" herein.

CFD Bonds. Each series of CFD Bonds will be payable from Special Tax Revenues collected in the respective CFD as a result of the levy of the respective Special Taxes for each CFD. "**Special Tax Revenues**" means the proceeds of the Special Taxes received by the City, including all scheduled payments and delinquent payments thereof, interest and penalties thereon and proceeds of the redemption or sale of property sold as a result of foreclosure of the lien of the Special Taxes.

The CFD Bonds are not cross-collateralized. In other words, annual Special Taxes from one CFD cannot be used to cover any shortfall in the payment of debt service on the other CFD Bonds. See "SPECIAL RISK FACTORS" herein for a discussion of the risk factors that should be considered in evaluating the investment quality of the Bonds. The Series B Bonds are secured on a subordinate basis to the Series A Bonds and are not insured; the Series B Bonds may not be appropriate investments for certain individuals.

Description of the Bonds

Payments. Interest is payable on September 1, 2007, and semiannually thereafter on September 1 and March 1 each year. Principal of and premium, if any, on the Bonds shall be payable by the Trustee. See "THE BONDS - General Provisions" and "- Book-Entry Only System" herein.

Denominations. The Bonds will be issued in denominations of \$5,000 each or integral multiples thereof.

Redemption. The Bonds are subject to redemption prior to their maturity. See "THE BONDS - Redemption" herein.

Registration, transfers and exchanges. The Bonds will be 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 actual purchasers of the Bonds (the "**Beneficial Owners**") under the book-entry system maintained by DTC. See "THE BONDS – Payment, Registration, Transfer and Exchange of Bonds" and "Book-Entry Only System."

The City

The City of Roseville (the “**City**”) is located in Placer County (the “**County**”). The City was incorporated on April 10, 1909 and is a charter city and public body, corporate and politic, organized and existing under and by virtue of the Constitution and laws of the State of California (the “**State**”). See “APPENDIX D – General Information About the City of Roseville and Placer County” attached hereto.

The Authority

The Authority is a joint exercise of powers authority organized and existing pursuant to Articles 1 through 4 (commencing with Section 6500) of Chapter 5 of Division 7 of Title 1 of the Government Code of the State of California.

Professionals Involved in the Offering

All proceedings in connection with the issuance of the Bonds are subject to the approval of Jones Hall, A Professional Law Corporation, San Francisco, California, Bond Counsel. The Bank of New York Trust Company, N.A., San Francisco, California, will act as the Trustee. Public Financial Management, Inc., San Francisco, California, is acting as financial advisor to the Authority. Jones Hall, A Professional Law Corporation is also acting as Disclosure Counsel. The Arbitrage Group, Tuscaloosa, Alabama, will provide escrow verification services.

Jones Hall and Public Financial Management will receive compensation as Bond and Disclosure Counsel, and Financial Advisor, respectively, contingent upon issuance of the Bonds.

Continuing Disclosure

The City, on behalf of itself and the Authority, has covenanted for the benefit of holders and beneficial owners of the Bonds to provide certain financial information and operating data relating to the Authority and the City by not later than 9 months following the end of its fiscal year (which currently would be by March 31 each year based upon the June 30 end of their fiscal years), commencing by March 31, 2008 with the report for the 2006-07 Fiscal Year (the “**Annual Report**”), and to provide notices of the occurrence of certain enumerated events, if material. The Annual Report will be filed by the City with each Nationally Recognized Municipal Securities Information Repository, and with the appropriate State information repository, if any. The notices of material events will be filed by the City with the Municipal Securities Rulemaking Board (and with the appropriate State information repository, if any). The specific nature of the information to be contained in the Annual Report or the notices of material events is set forth in “APPENDIX F - Form of Continuing Disclosure Certificate.” These covenants have been made in order to assist the Underwriter in complying with S.E.C. Rule 15c2-12(b)(5) (the “**Rule**”).

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

FINANCING PLAN

Purpose of Issue and the Refunding Plan

Acquisition of the CFD Bonds. Proceeds of the Bonds will be used by the Authority (i) to purchase the CFD Bonds, (ii) to finance or refinance the acquisition and construction of certain public capital improvements (the “**Project**”), (iii) to establish a separate reserve fund for each series of the Bonds, and (iv) to pay costs of issuance of the Bonds and the CFD Bonds.

The principal amount of the CFD Bonds is less than the principal amount of the Bonds, however the annual revenues generated from the CFD Bonds is sufficient to pay the annual debt service on the Bonds. A prepayment of Special Taxes in certain years could result in a shortfall of revenues from the corresponding CFD Bond redemption to redeem an allocable amount of Bonds, however the reduction in the amount required to be on deposit in the reserve funds as a result of such prepayment will be sufficient to provide the amount of any shortfall needed to redeem the Bonds in connection with a redemption of CFD Bonds from property owner prepayments.

Refunding of the Prior Bonds. Certain proceeds of the CFD Bonds, along with other available moneys, will be used to refund the Prior Bonds. The “**Prior Bonds**” consist of the following bonds:

- (i) \$2,000,000 original principal amount of City of Roseville Stoneridge Parcel 1 Community Facilities District No. 1 Special Tax Bonds, Series 2000 (the “**Prior Stoneridge Parcel 1 CFD Bonds**”) issued to finance the acquisition or construction of certain facilities of benefit to the Stoneridge Parcel 1 CFD, outstanding in the principal amount of \$1,835,000;
- (ii) \$12,995,000 City of Roseville Stoneridge West Community Facilities District No. 1 Special Tax Bonds, Series 2001 (the “**Prior Stoneridge West CFD Bonds**”) issued to finance the acquisition or construction of certain facilities of benefit to the Stoneridge West CFD, outstanding in the principal amount of \$11,865,000;
- (iii) \$16,000,000 City of Roseville Stoneridge East Community Facilities District No. 1 Special Tax Bonds, Series 2001 (the “**Prior Stoneridge East CFD Bonds**”) issued to finance the acquisition or construction of certain facilities for the Stoneridge East CFD, outstanding in the principal amount of \$14,820,000;
- (iv) \$4,525,000 City of Roseville Crocker Ranch Community Facilities District No. 1 Special Tax Bonds, Series 2002 (the “**Prior Crocker Ranch CFD 2002 Bonds**”) issued to finance the acquisition or construction of certain facilities of benefit to the Crocker Ranch CFD, outstanding in the principal amount of \$4,255,000; and
- (v) \$15,475,000 City of Roseville Crocker Ranch Community Facilities District No. 1 Special Tax Bonds, Series 2003 (the “**Prior Crocker Ranch CFD 2003 Bonds**”) and together with the Crocker Ranch CFD 2002 Prior Bonds, the “**Prior Crocker Ranch CFD Bonds**”) issued to finance the acquisition or construction of certain facilities of benefit to the Crocker Ranch CFD, outstanding in the principal amount of \$14,725,000.

On the date of issuance of the CFD Bonds, a portion of the proceeds will be transferred to The Bank of New York, N.A., as the Escrow Agent (the “**Escrow Agent**”) for each respective

series of Prior Bonds for deposit into a separate respective Escrow Fund established under a separate Escrow Agreement for each respective series of Prior Bonds, dated as of May 1, 2007 by and between the City and the Escrow Agent. The amount deposited under each Escrow Agreement, together with other available moneys, will be invested in Federal Securities and irrevocably pledged for the payment of the principal of and interest on the respective Prior Bonds at the following indicated redemption price (expressed as a percentage of the principal amount of the Prior Bonds to be redeemed) plus accrued interest to the date fixed for redemption:

- Stoneridge Parcel 1 CFD: September 1, 2010 @102%;
- Stoneridge West CFD: September 1, 2011 @102%;
- Stoneridge East CFD: September 1, 2011 @102%;
- Crocker Ranch CFD: September 1, 2009 @103%.

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

See “Estimated Sources and Uses of Funds” below. See also “MISCELLANEOUS – Verification of Mathematical Accuracy” below.

Acquisition and Construction of Capital Improvements. The City is authorized to issue bonds payable from Special Taxes in the Stoneridge East CFD in the aggregate principal amount of not-to-exceed \$17,000,000, and it has previously issued the Stoneridge East CFD Prior Bonds in the aggregate principal amount of \$16,000,000, leaving a remaining bonding capacity of \$1,000,000. Likewise, the City is authorized to issue bonds payable from Special Taxes in the Stoneridge West CFD in the aggregate principal amount of not-to-exceed \$15,000,000, and it has previously issued the Stoneridge West CFD Prior Bonds in the aggregate principal amount of \$12,995,000, leaving a remaining bonding capacity of \$2,005,000. As part of the financing, the City is now issuing additional bonds secured by special taxes levied in the Stoneridge East CFD and Stoneridge West CFD in an amount not to exceed the remaining authorized principal amount for the purpose of financing additional facilities authorized for such CFDs. A portion of the proceeds of the Stoneridge East CFD Bonds and Stoneridge West CFD Bonds will be deposited in a respective Project Fund established and administered pursuant to the respective CFD Indenture for the purpose of financing public capital improvements of benefit to the respective Stoneridge East CFD and Stoneridge West CFD. See “APPENDIX A – Summary of Principal Legal Documents – CFD Indenture Relating to the Bonds” herein for a description of the Project Fund.

Obligation for Previously Acquired Improvements. A portion of the proceeds of the Bonds will be used to provide money to satisfy a portion of obligations of the City incurred on behalf of the Crocker Ranch CFD to the original developer of property in the District for authorized improvements acquired by the City. Such improvements which were scheduled to be paid from future Special Taxes collected by the City as a “pay-as-you-go” component of the Special Tax for the Crocker Ranch CFD. These obligations are repayable with interest over a multi-year term and will be refinanced in part with proceeds of the Bonds so as to achieve

interest cost savings on amounts owed to the developer and otherwise payable from Special Taxes of the Crocker Ranch CFD.

Estimated Sources and Uses of Funds

The Bonds. The anticipated sources and uses of funds relating to the Bonds and the CFD Bonds are as follows:

SERIES A & SERIES B BONDS SOURCES & USES

	SERIES A SENIOR BONDS	SERIES B SUBORDINATE BONDS	TOTAL
Sources of Funds			
Par Amount of Bonds	\$44,075,000.00	\$10,350,000.00	\$54,425,000.00
Reoffering Premium	<u>1,013,871.30</u>	<u>499.75</u>	<u>1,014,371.05</u>
Total Sources:	\$45,088,871.30	\$10,350,499.75	\$55,439,371.05
Uses of Funds			
Purchase of Stoneridge Parcel 1 Local Obligations	\$1,633,458.60	\$424,715.25	\$2,058,173.85
Purchase of Stoneridge East Local Obligations	12,987,875.05	4,579,302.70	17,567,177.75
Purchase of Stoneridge West Local Obligations	13,137,020.80	680,070.75	13,817,091.55
Purchase of Crocker Ranch Local Obligations	16,920,000.00	3,515,000.00	20,435,000.00
Deposit to Series A Reserve Fund	--	--	--
Deposit to Series B Reserve Fund	--	77,789.02	77,789.02
Deposit to Project Fund	--	1,041,571.85	1,041,571.85
Costs of Issuance ⁽¹⁾	<u>410,516.85</u>	<u>32,050.18</u>	<u>442,567.03</u>
Total Uses:	\$45,088,871.30	\$10,350,499.75	\$55,439,371.05

- (1) Includes a portion of Underwriter's discount, Series A Bond insurance premium, fees of Bond Counsel and Disclosure Counsel, fees of Financial Advisor, initial fees, expenses and charges of the Trustee, costs of printing the Official Statement, administrative fees of the City and other costs of issuance.

CFD BONDS SOURCES & USES

	Crocker Ranch CFD	Stoneridge East CFD	Stoneridge West CFD	Stoneridge Parcel 1	Total
Sources of Funds					
Par Amount of Bonds	\$20,435,000.00	\$17,285,000.00	\$13,530,000.00	\$2,025,000.00	\$53,275,000.00
Original Issue Premium	<u> --</u>	<u> 282,177.75</u>	<u> 287,091.55</u>	<u> 33,173.85</u>	<u> 602,443.15</u>
Total Purchase Price of Local Obligation	20,435,000.00	17,567,177.75	13,817,091.55	2,058,173.85	53,877,443.15
Transfers from Prior Issue DSR Funds	1,481,739.82	1,198,995.15	933,311.29	164,196.99	3,778,243.25
Transfers from Prior Issue Bond Funds	<u> 551.85</u>	<u> 465.50</u>	<u> 291.37</u>	<u> 62.90</u>	<u> 1,371.62</u>
Total Sources:	\$21,917,291.67	\$18,766,638.40	\$14,750,694.21	\$2,222,433.74	\$57,657,058.02
Uses of Funds					
Deposit to Escrow Fund	\$20,183,419.08	\$16,126,750.14	\$12,761,956.32	\$2,014,112.25	\$51,086,237.79
Deposit to Series A Reserve Fund	1,144,513.26	859,399.58	869,207.76	108,228.20	2,981,348.80
Deposit to Series B Reserve Fund	237,763.84	309,803.23	45,996.99	28,748.12	622,312.18
Deposit to Project Fund	--	855,368.94	556,572.23	--	1,411,941.17
Costs of Issuance ⁽¹⁾	<u> 351,595.49</u>	<u> 615,316.51</u>	<u> 516,960.91</u>	<u> 71,345.17</u>	<u> 1,555,218.08</u>
Total Uses:	\$21,917,291.67	\$18,766,638.40	\$14,750,694.21	\$2,222,433.74	\$57,657,058.02

(1) Includes a portion of costs of the Bonds for Underwriter's discount, Series A Bond insurance premium, fees of Bond Counsel and Disclosure Counsel, fees of Financial Advisor, initial fees, expenses and charges of the Trustee, costs of printing the Official Statement, administrative fees of the City and other costs of issuance.

THE BONDS

General Provisions

The Bonds (designated as the Series A Bonds and the Series B Bonds) will be dated their date of delivery, and will be issued in the aggregate principal amounts set forth on the cover hereof. The Bonds will bear interest from their dated date at the rates per annum set forth on the cover page hereof, payable semiannually on each March 1 and September 1, commencing September 1, 2007 (each, an “**Interest Payment Date**”), and will mature in the amounts and on the dates set forth on the inside cover page hereof. The Bonds will be issued in fully registered form in denominations of \$5,000 each or any integral multiple thereof.

Interest on the Bonds will be payable on each Interest Payment Date to the person whose name appears on the Bond Register as the Owner as of the Record Date immediately preceding each Interest Payment Date. Interest will be paid by check of the Trustee mailed on the Interest Payment Date by first class mail, postage prepaid, to the Owner at the address as it appears on the Bond Register or by wire transfer to an account in the continental United States of America upon instructions of any Owner of \$1,000,000 or more in aggregate principal amount of Bonds provided to the Trustee in writing at least five Business Days before the Record Date for such Interest Payment Date.

Principal of and premium (if any) on any Bond will be paid upon presentation and surrender thereof, at maturity or the prior redemption thereof, at the Trust Office of the Trustee.

Each Bond will bear interest from the Interest Payment Date next preceding the date of authentication thereof, unless (a) it is authenticated after a Record Date (the 15th calendar day of the month preceding an Interest Payment Date, whether or not it is a Business Day) and on or before the following Interest Payment Date, in which event it will bear interest from such Interest Payment Date; or (b) it is authenticated on or before August 15, 2007, in which event it will bear interest from the Bond Date; provided, however, that if, as of the date of authentication of any Bond, interest thereon is in default, such Bond will bear interest from the Interest Payment Date to which interest has previously been paid or made available for payment thereon, or from the Bond Date if no interest has been paid or made available for payment.

Redemption

Optional Redemption. Series A Bonds. The Series A Bonds maturing on or before September 1, 2017 are not subject to optional call and redemption prior to maturity. The Series A Bonds maturing on or after September 1, 2018 may be redeemed at the option of the Authority, from any source of available funds, prior to maturity on any Interest Payment Date on or after September 1, 2017 as a whole, or in part from maturities corresponding proportionately to the maturities of the CFD Bonds simultaneously redeemed, if any redemption of CFD Bonds is being accomplished in conjunction with such optional redemption, and otherwise from such maturities as are selected by the Authority, by lot within a maturity, at a redemption price equal to the principal amount of the Series A Bonds to be redeemed, together with accrued interest thereon to the date of redemption, premium.

Series B Bonds. The Series B Bonds may be redeemed at the option of the Authority, from any source of available funds (excluding from proceeds of early redemption of CFD Bonds from prepayment of Special Taxes within a CFD in connection with CFD Bonds) prior to maturity on any Interest Payment Date as a whole, or in part from maturities corresponding proportionately to the maturities of the CFD Bonds simultaneously redeemed, if any redemption

of CFD Bonds is being accomplished in conjunction with such optional redemption, and otherwise from such maturities as are selected by the Authority, by lot within a maturity, at a redemption price equal to the principal amount of the Series B Bonds to be redeemed, together with accrued interest thereon to the date of redemption, plus a premium expressed below as a percentage of the principal amount so redeemed, plus accrued interest to the date of redemption thereof:

Redemption Date	Redemption Price
September 1 2007 through March 1, 2015	103%
September 1 2015 and March 1, 2016	102
September 1, 2016 and March 1, 2017	101
September 1, 2017 and thereafter	100

Special Redemption. Series A Bonds. The Series A Bonds are subject to special redemption on any Interest Payment Date on or after September 1, 2017 from proceeds of early redemption of CFD Bonds from prepayment of Special Taxes or from other funds available therefor, in whole or in part (by lot), from maturities corresponding proportionately to the maturities of the CFD Bonds simultaneously redeemed, at a redemption price equal to the principal amount of the Series A Bonds to be redeemed, together with accrued interest thereon to the date of redemption, without premium.

Series B Bonds. The Series B Bonds are subject to special redemption on any Interest Payment Date on or after September 1, 2017 from proceeds of early redemption of CFD Bonds from prepayment of Special Taxes or from other funds available therefor, in whole or in part (by lot), from maturities corresponding proportionately to the maturities of the CFD Bonds simultaneously redeemed, at a redemption price equal to the principal amount of the Series B Bonds to be redeemed, together with accrued interest thereon to the date of redemption, without premium.

A prepayment of Special Taxes in certain years could result in a shortfall of revenues from the corresponding CFD Bond redemption to redeem an allocable amount of Bonds, however the City and the Authority have determined that the reduction in the amount required to be on deposit in the reserve fund as a result of such prepayment will be sufficient to provide the amount of any shortfall needed to redeem the Bonds in connection with a redemption of CFD Bonds from property owner prepayments. See “FINANCING PLAN” above.

The Authority shall (i) advise the Bond Insurer in writing as to which Bonds are to be redeemed with the proceeds to be received with respect to such CFD Bonds (which shall be determined in the discretion of the Authority so long as the ability to pay debt service on the Bonds will not be adversely impacted), and (ii) deliver to the Trustee and the Bond Insurer a certificate of an Independent Accountant verifying that, following such optional prepayment of the CFD Bonds and redemption of Bonds, the principal and interest generated from the remaining CFD Bonds is adequate to make the timely payment of principal and interest due on the Bonds that will remain Outstanding following such redemption.

Mandatory Sinking Fund Redemption. The Series A Bonds maturing on September 1, 2027, the Series A Bonds bearing interest at 4.50% and maturing on September 1, 2033, and the Series A Bonds bearing interest at 5.00% and maturing on September 1, 2033 (collectively, the “**Series A Term Bonds**”) shall be subject to mandatory sinking fund redemption prior to maturity, in part, on September 1, 2024, 2028 and 2028 respectively, and on each September 1 thereafter by lot, from sinking fund payments at a redemption price equal to the principal amount of Series A Term Bonds to be redeemed, together with accrued interest to the date of redemption, without premium, as follows:

Series A Term Bonds of September 1, 2027

Redemption Date (September 1)	Redemption Amount
2024	\$2,000,000
2025	2,095,000
2026	2,185,000
2027 (maturity)	2,270,000

Series A Term Bonds of September 1, 2033 (Interest Rate 4.500%)

Redemption Date (September 1)	Redemption Amount
2028	\$395,000
2029	415,000
2030	430,000
2031	425,000
2032	170,000
2033 (maturity)	135,000

Series A Term Bonds of September 1, 2033 (Interest Rate 5.000%)

Redemption Date (September 1)	Redemption Amount
2028	\$1,985,000
2029	2,080,000
2030	2,190,000
2031	2,205,000
2032	855,000
2033 (maturity)	685,000

The Series B Bonds maturing on September 1, 2022, 2026 and 2033 (the “**Series B Term Bonds**”) are subject to mandatory sinking fund redemption prior to their respective dates of maturity, in part, on September 1, 2020, 2023, and 2027 respectively, and on each respective September 1 thereafter, by lot, in accordance with the tables set forth below, from sinking fund payments at a redemption price equal to the principal amount of Series B Bonds to be redeemed, together with accrued interest to the date of redemption, without premium, as follows:

Term Series B Bonds of September 1, 2022

Redemption Date (September 1)	Redemption Amount
2020	\$390,000
2021	400,000
2022 (maturity)	420,000

Term Series B Bonds of September 1, 2026

Redemption Date (September 1)	Redemption Amount
2023	\$440,000
2024	465,000
2025	480,000
2026 (maturity)	505,000

Term Series B Bonds of September 1, 2033

Redemption Date (September 1)	Redemption Amount
2027	\$545,000
2028	555,000
2029	590,000
2030	625,000
2031	620,000
2032	285,000
2033 (maturity)	220,000

In the event that the Series A Term Bonds or the Series B Term Bonds are redeemed pursuant to the optional or special redemption provisions set forth above, the sinking fund payments for the applicable Bonds shall be reduced as nearly as practicable on a proportionate basis in integral multiples of \$5,000.

Notice of Redemption. The Trustee is required to mail (by first class mail, postage prepaid) notice of any redemption to the Bond Insurer and the respective Owners of any Bonds designated for redemption at their respective addresses appearing on the Bond Register, and to the Securities Depositories and to the Information Services, at least thirty (30) but not more than sixty (60) days prior to the date fixed for redemption. Neither failure to receive any such notice so mailed nor any defect therein will affect the validity of the proceedings for the redemption of such Bonds or the cessation of the accrual of interest thereon. The notice will state the date of the notice, the redemption date, the redemption place and the redemption price and will designate the CUSIP numbers, the Bond numbers and the maturity or maturities (in the event of redemption of all of the Bonds of such maturity or maturities in whole) of the Bonds to be redeemed, and will require that such Bonds be then surrendered at the Trust Office of the Trustee for redemption at the redemption price, giving notice also that further interest on such Bonds will not accrue after the redemption date. Any such redemption notice may specify that redemption on the specified date will be subject to receipt by the Authority of moneys sufficient to cause such redemption (and shall specify the proposed source of such moneys), and neither the Authority nor the Trustee shall have any liability to the Owners or any other party as a result of its failure to redeem the Bonds as a result of insufficient moneys.

Selection of Bonds of a Maturity for Redemption. Unless otherwise provided in the Indenture, whenever provision is made for the redemption of less than all of the Bonds of a maturity of a Series of the Bonds, the Trustee will select the Bonds to be redeemed from all Bonds of such maturity not previously called for redemption, by lot in any manner which the Trustee in its sole discretion deems appropriate and fair.

Partial Redemption of Bonds. In the event only a portion of any Bond is called for redemption, then upon surrender of such Bond the Authority will execute and the Trustee shall authenticate and deliver to the Owner thereof, at the expense of the Authority, a new Bond or Bonds of the same maturity date, of authorized denominations in aggregate principal amount equal to the unredeemed portion of the Bond to be redeemed.

Effect of Redemption. From and after the date fixed for redemption, if funds available for the payment of the principal of and interest (and premium, if any) on the Bonds so called for redemption have been duly provided, such Bonds so called will cease to be entitled to any benefit under the Indenture other than the right to receive payment of the redemption price, and no interest will accrue thereon from and after the redemption date specified in such notice.

Payment, Registration, Transfer and Exchange of Bonds

Book-Entry Only System. The Bonds will be 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 actual purchasers of the Bonds (the “Beneficial Owners”) in the denominations set forth above, under the book-entry system maintained by DTC, only through brokers and dealers who are or act through DTC Participants (as defined herein) as described herein. Beneficial Owners will not be entitled to receive physical delivery of the Bonds. See “THE BONDS – Book-Entry Only System.” In the event that the book-entry-only system is no longer used with respect to the Bonds, the Bonds will be registered and transferred in accordance with the Indenture. See “THE BONDS – Book-Entry Only System – Discontinuance of DTC Service.”

Transfer of Bonds. Subject to the book-entry only provisions of the Indenture, any Bond may in accordance with its terms, be transferred, upon the Bond Register maintained by the Trustee, by the person in whose name it is registered, in person or by his duly authorized attorney, upon surrender of such Bond for cancellation, accompanied by delivery of a written instrument of transfer in a form approved by the Trustee, duly executed. Whenever any Bond is surrendered for transfer, the Authority will execute and the Trustee will authenticate and deliver to the transferee a new Bond or Bonds of like Series, tenor, maturity and aggregate principal amount. No Bonds selected for redemption will be subject to transfer during the fifteen days prior to the selection of Bonds for redemption.

The cost of printing any Bonds and any services rendered or any expenses incurred by the Trustee in connection with any transfer or exchange will be paid by the Authority. However, the Owners of the Bonds will be required to pay any tax or other governmental charge required to be paid for any exchange or registration of transfer and the Owners of the Bonds will be required to pay the reasonable fees and expenses of the Trustee and Authority in connection with the replacement of any mutilated, lost or stolen Bonds.

Exchange of Bonds. Subject to the book-entry only provisions of the Indenture, bonds may be exchanged at the Trust Office of the Trustee for Bonds of the same Series, tenor and maturity and of other authorized denominations. No Bonds selected for redemption will be subject to exchange during the fifteen days prior to the selection of Bonds for redemption. The

Owners of the Bonds shall be required to pay any tax or other governmental charge required to be paid for any exchange and the Owners of the Bonds shall be required to pay the reasonable fees and expenses of the Trustee and Authority in connection with the exchange of any Bonds.

Bond Register. The Trustee will keep or cause to be kept at its Trust sufficient records for the registration and transfer of the Bonds, which will be the Bond Register and shall at all times during regular business hours be open to inspection by the Authority upon reasonable notice; and, upon presentation for such purpose, the Trustee will, under such reasonable regulations as it may prescribe, register or transfer or cause to be registered or transferred, on said records, Bonds as hereinbefore provided.

Book-Entry Only System

While the Bonds are subject to the book-entry system, the principal, interest and any redemption premium with respect to a Bond will be paid by the Trustee to The Depository Trust Company, New York, New York ("**DTC**"), which in turn is obligated to remit such payment to its DTC Participants for subsequent disbursement to Beneficial Owners of the Bonds, as described in "APPENDIX G — DTC and the Book-Entry-Only System" herein.

Estimated Debt Service Schedules: Series A Bonds, Series B Bonds and CFD Bonds

The following table presents the debt service schedule for the Series A Bonds and the Series B Bonds, assuming no optional or special redemptions are made:

Table 1
ROSEVILLE FINANCE AUTHORITY
Annual Debt Service Schedule for the Bonds

Year Ending Sept. 1	Series A Principal	Series A Interest	Series A Total	Series B Principal	Series B Interest	Series B Total	Grand Total
2007	\$1,175,000	\$581,367.22	\$1,756,367.22	\$270,000	\$139,717.14	\$409,717.14	\$2,166,084.36
2008	990,000	1,974,237.54	2,964,237.54	240,000	473,511.28	713,511.28	3,677,748.82
2009	1,030,000	1,934,637.54	2,964,637.54	240,000	464,511.28	704,511.28	3,669,148.82
2010	1,060,000	1,898,587.54	2,958,587.54	255,000	455,511.28	710,511.28	3,669,098.82
2011	1,100,000	1,856,187.54	2,956,187.54	270,000	445,311.28	715,311.28	3,671,498.82
2012	1,155,000	1,812,187.54	2,967,187.54	275,000	434,241.28	709,241.28	3,676,428.82
2013	1,210,000	1,754,437.54	2,964,437.54	280,000	422,897.54	702,897.54	3,667,335.08
2014	1,265,000	1,693,937.54	2,958,937.54	295,000	411,137.54	706,137.54	3,665,075.08
2015	1,335,000	1,630,687.54	2,965,687.54	310,000	398,600.04	708,600.04	3,674,287.58
2016	1,405,000	1,563,937.54	2,968,937.54	320,000	385,115.04	705,115.04	3,674,052.58
2017	1,465,000	1,493,687.54	2,958,687.54	335,000	371,115.00	706,115.00	3,664,802.54
2018	1,545,000	1,420,437.54	2,965,437.54	350,000	356,375.00	706,375.00	3,671,812.54
2019	1,610,000	1,343,187.54	2,953,187.54	370,000	340,625.00	710,625.00	3,663,812.54
2020	1,695,000	1,262,687.54	2,957,687.54	390,000	323,975.00	713,975.00	3,671,662.54
2021	1,770,000	1,194,887.54	2,964,887.54	400,000	305,450.00	705,450.00	3,670,337.54
2022	1,835,000	1,121,875.02	2,956,875.02	420,000	286,450.00	706,450.00	3,663,325.02
2023	1,910,000	1,043,887.52	2,953,887.52	440,000	266,500.00	706,500.00	3,660,387.52
2024	2,000,000	962,712.52	2,962,712.52	465,000	244,500.00	709,500.00	3,672,212.52
2025	2,095,000	875,212.54	2,970,212.54	480,000	221,250.00	701,250.00	3,671,462.54
2026	2,185,000	783,556.26	2,968,556.26	505,000	197,250.00	702,250.00	3,670,806.26
2027	2,270,000	687,962.50	2,957,962.50	545,000	172,000.00	717,000.00	3,674,962.50
2028	2,380,000	588,650.00	2,968,650.00	555,000	144,750.00	699,750.00	3,668,400.00
2029	2,495,000	471,625.00	2,966,625.00	590,000	117,000.00	707,000.00	3,673,625.00
2030	2,620,000	348,950.00	2,968,950.00	625,000	87,500.00	712,500.00	3,681,450.00
2031	2,630,000	220,100.00	2,850,100.00	620,000	56,250.00	676,250.00	3,526,350.00
2032	1,025,000	90,725.00	1,115,725.00	285,000	25,250.00	310,250.00	1,425,975.00
2033	820,000	40,325.00	860,325.00	220,000	11,000.00	231,000.00	1,091,325.00

The following table summarizes the anticipated debt service payments to be received by the Authority as the result of its ownership of the CFD Bonds. The following schedule does not include an allowance for delinquencies in the payment of Special Taxes.

Table 2
CITY OF ROSEVILLE
STONERIDGE PARCEL 1 CFD
STONERIDGE WEST CFD
STONERIDGE EAST CFD
CROCKER RANCH CFD
Annual Debt Service Schedule for the CFD Bonds

Year Ending Sept.1	Stoneridge Parcel 1 CFD Bonds	Stoneridge West CFD Bonds	Stoneridge East CFD Bonds	Crocker Ranch CFD Bonds	Total
2007	\$61,653	\$558,137	\$678,726	\$868,285	\$2,166,801
2008	146,121	919,178	1,186,594	1,426,235	3,678,128
2009	148,946	916,615	1,180,481	1,423,683	3,669,725
2010	141,809	920,203	1,185,506	1,422,212	3,669,730
2011	139,609	921,603	1,182,906	1,427,716	3,671,834
2012	142,394	922,388	1,184,581	1,427,774	3,677,137
2013	144,525	919,019	1,181,969	1,422,097	3,667,610
2014	141,395	919,889	1,183,259	1,420,921	3,665,464
2015	143,258	919,789	1,183,309	1,428,458	3,674,814
2016	144,855	918,669	1,182,001	1,429,182	3,674,707
2017	141,199	921,544	1,179,439	1,422,854	3,665,036
2018	137,569	923,194	1,180,619	1,430,766	3,672,148
2019	138,894	918,569	1,180,169	1,426,601	3,664,233
2020	139,969	922,944	1,183,294	1,425,886	3,672,093
2021	141,456	920,919	1,184,344	1,423,857	3,670,576
2022	137,650	917,425	1,183,456	1,425,489	3,664,020
2023	138,725	917,413	1,180,606	1,423,993	3,660,737
2024	144,538	921,263	1,180,919	1,425,920	3,672,640
2025	139,819	923,044	1,183,919	1,424,982	3,671,764
2026	145,100	918,513	1,180,106	1,427,704	3,671,423
2027	139,913	922,888	1,184,700	1,427,773	3,675,274
2028	144,725	920,700	1,182,200	1,421,188	3,668,813
2029	148,550	918,300	1,179,050	1,428,158	3,674,058
2030	146,900	919,175	1,183,675	1,432,343	3,682,093
2031	--	918,075	1,180,575	1,428,217	3,526,867
2032	--	--	--	1,426,543	1,426,543
2033	--	--	--	1,092,031	1,092,031

Debt Service Coverage on the CFD Bonds

The scheduled debt service on the Bonds is approximately equal to the scheduled debt service on the CFD Bonds. The principal amount of the CFD Bonds is less than the principal amount of the Bonds, however the annual revenues generated from the CFD Bonds is sufficient to pay the annual debt service on the Bonds. A prepayment of Special Taxes in certain years could result in a shortfall of revenues from the corresponding CFD Bond redemption to redeem an allocable amount of Bonds, however the City and the Authority have determined that the reduction in the amount required to be on deposit in the reserve funds as a result of such prepayment will be sufficient to provide the amount of any shortfall needed to redeem the Bonds

in connection with a redemption of CFD Bonds from property owner prepayments. See “FINANCING PLAN” above.

The following tables summarize the debt service coverage on each of the CFD Bonds provided by maximum Special Taxes.

Table 3
CITY OF ROSEVILLE
STONERIDGE PARCEL 1 CFD
Debt Service Coverage on Stoneridge Parcel 1 CFD Bonds

Year Ending Sept. 1	Stoneridge Parcel 1 CFD Maximum Special Tax	Stoneridge Parcel 1 CFD Bonds Debt Service	Debt Service Coverage
2007	\$175,260	\$61,653	284%
2008	175,260	146,121	120
2009	175,260	148,946	118
2010	175,260	141,809	124
2011	175,260	139,609	126
2012	175,260	142,394	123
2013	175,260	144,525	121
2014	175,260	141,395	124
2015	175,260	143,258	122
2016	175,260	144,855	121
2017	175,260	141,199	124
2018	175,260	137,569	127
2019	175,260	138,894	126
2020	175,260	139,969	125
2021	175,260	141,456	124
2022	175,260	137,650	127
2023	175,260	138,725	126
2024	175,260	144,538	121
2025	175,260	139,819	125
2026	175,260	145,100	121
2027	175,260	139,913	125
2028	175,260	144,725	121
2029	175,260	148,550	118
2030	175,260	146,900	119

Table 4
CITY OF ROSEVILLE
STONERIDGE WEST CFD
Debt Service Coverage on Stoneridge West CFD Bonds

Year Ending Sept. 1	Stoneridge West CFD Maximum Special Tax	Stoneridge West CFD Bonds Debt Service	Debt Service Coverage
2007	\$1,017,300	\$558,137	182%
2008	1,017,300	919,178	111
2009	1,017,300	916,615	111
2010	1,017,300	920,203	111
2011	1,017,300	921,603	110
2012	1,017,300	922,388	110
2013	1,017,300	919,019	111
2014	1,017,300	919,889	111
2015	1,017,300	919,789	111
2016	1,017,300	918,669	111
2017	1,017,300	921,544	110
2018	1,017,300	923,194	110
2019	1,017,300	918,569	111
2020	1,017,300	922,944	110
2021	1,017,300	920,919	110
2022	1,017,300	917,425	111
2023	1,017,300	917,413	111
2024	1,017,300	921,263	110
2025	1,017,300	923,044	110
2026	1,017,300	918,513	111
2027	1,017,300	922,888	110
2028	1,017,300	920,700	110
2029	1,017,300	918,300	111
2030	1,017,300	919,175	111
2031	1,017,300	918,075	111

Table 5
CITY OF ROSEVILLE
STONERIDGE EAST CFD
Debt Service Coverage on Stoneridge East CFD Bonds

Year Ending Sept. 1	Stoneridge East CFD Maximum Special Tax	Stoneridge East CFD Bonds Debt Service	Debt Service Coverage
2007	\$1,343,625	\$678,726	198%
2008	1,343,625	1,186,594	113
2009	1,343,625	1,180,481	114
2010	1,343,625	1,185,506	113
2011	1,343,625	1,182,906	114
2012	1,343,625	1,184,581	113
2013	1,343,625	1,181,969	114
2014	1,343,625	1,183,259	114
2015	1,343,625	1,183,309	114
2016	1,343,625	1,182,001	114
2017	1,343,625	1,179,439	114
2018	1,343,625	1,180,619	114
2019	1,343,625	1,180,169	114
2020	1,343,625	1,183,294	114
2021	1,343,625	1,184,344	113
2022	1,343,625	1,183,456	114
2023	1,343,625	1,180,606	114
2024	1,343,625	1,180,919	114
2025	1,343,625	1,183,919	113
2026	1,343,625	1,180,106	114
2027	1,343,625	1,184,700	113
2028	1,343,625	1,182,200	114
2029	1,343,625	1,179,050	114
2030	1,343,625	1,183,675	114
2031	1,343,625	1,180,575	114

Table 6
CITY OF ROSEVILLE
CROCKER RANCH CFD
Debt Service Coverage on Crocker Ranch CFD Bonds

Year Ending Sept. 1	Crocker Ranch CFD Maximum Special Tax	Crocker Ranch CFD Bonds Debt Service	Debt Service Coverage
2007	\$1,686,995	\$868,285	194%
2008	1,686,995	1,426,235	118
2009	1,686,995	1,423,683	118
2010	1,686,995	1,422,212	119
2011	1,686,995	1,427,716	118
2012	1,686,995	1,427,774	118
2013	1,686,995	1,422,097	119
2014	1,686,995	1,420,921	119
2015	1,686,995	1,428,458	118
2016	1,686,995	1,429,182	118
2017	1,686,995	1,422,854	119
2018	1,686,995	1,430,766	118
2019	1,686,995	1,426,601	118
2020	1,686,995	1,425,886	118
2021	1,686,995	1,423,857	118
2022	1,686,995	1,425,489	118
2023	1,686,995	1,423,993	118
2024	1,686,995	1,425,920	118
2025	1,686,995	1,424,982	118
2026	1,686,995	1,427,704	118
2027	1,686,995	1,427,773	118
2028	1,686,995	1,421,188	119
2029	1,686,995	1,428,158	118
2030	1,686,995	1,432,343	118
2031	1,686,995	1,428,217	118
2032	1,686,995	1,426,543	118
2033	1,686,995	1,092,031	154

SECURITY FOR THE BONDS

General

As described below, the Series A Bonds are payable primarily from Revenues, and the Series B Bonds are payable primarily from Subordinated Revenues, in each case consisting of amounts received by the Authority as the result of its acquisition of the CFD Bonds.

The Bonds are special obligations of the Authority payable solely from and secured solely by the Revenues and the Subordinated Revenues, as applicable, and the funds pledged therefor in the Indenture. The Bonds are not a debt or liability of the City, the State of California or any political subdivisions thereof other than the Authority to the limited extent described herein, and neither the faith and credit of the Authority, the City, the State or any of its political subdivisions are pledged to the payment of principal of, premium, if any, or interest on the Bonds and neither the Authority, the City, the State nor any of its political subdivisions is liable therefor, nor in any event shall the Bonds or any interest or redemption premium thereunder be payable out of any funds or properties other than those of the Authority as set forth in the Indenture. Neither the Bonds nor the obligation to make payments under the CFD Bonds constitute an indebtedness of the Authority, the City, the State nor any of its political subdivisions within the meaning of any constitutional or statutory debt limitation or restriction. The Authority has no taxing power.

Revenues and Subordinated Revenues; Flow of Funds

Series A Bonds; Revenues. The Series A Bonds are secured by a first lien on and pledge of all of the Revenues. So long as any of the Bonds are Outstanding, the Revenues will not be used for any purpose except as is expressly permitted by the Indenture.

Series B Bonds; Subordinated Revenues. The Series B Bonds are secured by a first lien on and pledge of all of the Subordinated Revenues. So long as any of the Bonds are Outstanding, the Subordinated Revenues will not be used for any purpose except as is expressly permitted by the Indenture.

Collection by the Trustee. The Trustee will collect and receive all of the Revenues and Subordinated Revenues, and any Revenues and Subordinated Revenues collected or received by the Authority will be deemed to be held, and to have been collected or received, by the Authority as the agent of the Trustee and shall forthwith be paid by the Authority to the Trustee. The Trustee is also entitled to and will take all steps, actions and proceedings reasonably necessary in its judgment to enforce, either jointly with the Authority or separately, all of the rights of the Authority and all of the obligations of the City under the CFD Bonds.

Deposit of Revenues. All Revenues derived from the CFD Bonds will be promptly deposited by the Trustee upon receipt thereof in the Revenue Fund. Any Revenues which represent the payment of delinquent principal of or interest on an issue of CFD Bonds will immediately be deposited to the Account of the Series A Reserve Fund for the related CFD Bond to the extent necessary to replenish the amount in such Account to the required balance (or used to reimburse the provider of a Qualified Reserve Fund Credit Instrument, if applicable), with any amount in excess of that needed to replenish such Account to be transferred as provided in the provisions of the Indenture.

Application of Revenues. On each Interest Payment Date and date for redemption of the Series A Bonds, the Trustee shall transfer from the Revenue Fund, and deposit into the following respective accounts for the Series A Bonds, the following amounts in the following order of priority, the requirements of each such account (including the making up of any deficiencies in any such account resulting from lack of Revenues sufficient to make any earlier required deposit) at the time of deposit to be satisfied before any transfer is made to any account subsequent in priority:

Series A Interest Account. On each Interest Payment Date and redemption date, the Trustee will deposit in the Series A Interest Account an amount required to cause the aggregate amount on deposit in the Series A Interest Account to equal the amount of interest becoming due and payable on such Interest Payment Date on all Outstanding Series A Bonds or to be paid on the Series A Bonds being redeemed on such date. Moneys in the Series A Interest Account will be used and withdrawn by the Trustee solely for the purpose of paying interest on the Series A Bonds as it shall become due and payable (including accrued interest on any Series A Bonds redeemed prior to maturity). In the event that the amounts on deposit in the Series A Interest Account on any Interest Payment Date or redemption date, after any transfers from the Series A Reserve Fund, are insufficient for any reason to pay the aggregate amount of interest then coming due and payable on the Outstanding Series A Bonds, the Trustee will apply such amounts to the payment of interest on each of the Outstanding Series A Bonds on a pro rata basis.

Series A Principal Account. On each Interest Payment Date and redemption date on which the principal of the Series A Bonds are payable, the Trustee will deposit in the Series A Principal Account an amount required to cause the aggregate amount on deposit in the Series A Principal Account to equal the principal amount of, and premium (if any) on, the Series A Bonds coming due and payable on such Interest Payment Date, or required to be redeemed on such date; provided, however, that no amount shall be deposited to effect an optional redemption unless the Trustee has first received a certificate of an Independent Accountant certifying that such deposit to effect an optional redemption of the Series A Bonds will not impair the ability of the Authority to make timely payment of the principal of and interest on the Series B Bonds, assuming for such purposes that the City continues to make timely payments on all CFD Bonds not then in default. All moneys in the Series A Principal Account will be used and withdrawn by the Trustee solely for the purpose of (i) paying the principal of the Series A Bonds at the maturity thereof or (ii) paying the principal of and premium (if any) on any Series A Bonds upon the optional redemption thereof.

Series A Reserve Fund. On each Interest Payment Date on which the balance in the Series A Reserve Fund is less than the Series A Reserve Requirement, after making deposits required into the Series A Interest Account and the Series A Principal Account, the Trustee shall transfer from the Revenue Fund an amount sufficient to increase the balance in the Series A Reserve Fund to the Series A Reserve Requirement by depositing the amount necessary to make the various accounts therein equal, together, the Series A Reserve Requirement, provided the value of the moneys deposited therein, as invested, will be valued at market value on such transfer date for purposes of making such determination.

Application of Subordinated Revenues. On each Interest Payment Date after making the deposits required described above, the Trustee will transfer from the Revenue Fund, and deposit into the following respective accounts, the following amounts in the following order of priority, the requirements of each such account (including the making up of any deficiencies in any such account resulting from lack of Subordinated Revenues sufficient to make any earlier

required deposit) at the time of deposit to be satisfied before any transfer is made to any account subsequent in priority:

Series B Interest Account. On each Interest Payment Date, the Trustee will deposit in the Series B Interest Account an amount required to cause the aggregate amount on deposit in the Series B Interest Account, to equal the amount of interest becoming due and payable on such Interest Payment Date on all Outstanding Series B Bonds. All moneys in the Series B Interest Account will be used and withdrawn by the Trustee solely for the purpose of paying interest on the Series B Bonds as it becomes due and payable (including accrued interest on any Series B Bonds redeemed prior to maturity). In the event that the amounts on deposit in the Series B Interest Account on any Interest Payment Date are insufficient for any reason to pay the aggregate amount of interest then coming due and payable on the Outstanding Series B Bonds, the Trustee will apply such amounts to the payment of interest on each of the Outstanding Series B Bonds on a pro rata basis.

Series B Principal Account. On each Interest Payment Date on which the principal of the Series B Bonds is payable, the Trustee will deposit in the Series B Principal Account an amount required to cause the aggregate amount on deposit in the Series B Principal Account to equal the principal amount of, and premium (if any) on, the Series B Bonds coming due and payable on such Interest Payment Date, or required to be redeemed on such Interest Payment Date pursuant to the optional redemption provisions of the Indenture. All moneys in the Series B Principal Account will be used and withdrawn by the Trustee solely for the purpose of (i) paying the principal of the Series B Bonds at the maturity thereof or (ii) paying the principal of and premium (if any) on any Series B Bonds upon the optional redemption thereof.

Series B Reserve Fund. On each Interest Payment Date on which the balance in the Series B Reserve Fund is less than the Series B Reserve Requirement, after making deposits to the Series B Interest Account and the Series B Interest Account, the Trustee will transfer from the Revenue Fund an amount sufficient to increase the balance in the Series B Reserve Fund to the Series B Reserve Requirement by depositing the amount necessary to make the various accounts therein equal, together, the Series B Reserve Requirement, provided the value of the moneys deposited therein, as invested, will be valued at market value on such transfer date for purposes of making such determination.

Deficiencies. If on any Interest Payment Date or date for redemption the amount on deposit in the Revenue Fund is inadequate to make the transfers described above as a result of a payment default on an issue of CFD Bonds, the Trustee will immediately notify the City of such CFD Bonds of the amount needed to make the required deposits under subsection (a) above and the amount needed to make the required deposits under subsection (b) above. In the event that within 5 Business Days of delivering such notice the Trustee receives additional payments from the City to cure such shortfall, the Trustee shall deposit such amounts to the account designated in writing by the City.

Deposit into Rebate Fund. On each Interest Payment Date after making the transfers described above, upon receipt of a Request of the Authority to do so, the Trustee will transfer from the Revenue Fund to the Rebate Fund for deposit in the accounts therein the amounts specified in such Request.

Surplus Fund. On September 1 of each year, after making the deposits described above, the Trustee will transfer all amounts remaining on deposit in the Revenue Fund to the Surplus Fund. See "Surplus Fund" below.

Reserve Funds

Series A Reserve Fund. There shall be maintained in the Series A Reserve Fund an amount equal to the “**Series A Reserve Requirement**” (as defined in the Indenture). On the Closing Date, the Authority shall deposit into the Series A Reserve Fund an amount equal to the Series A Reserve Requirement. In the Indenture, each CFD is given a proportionate share (the “Proportionate Share”) of such CFD's of the Series A Reserve Requirement, and the Proportionate Share attributable to each CFD shall be deposited in such CFD's subaccount of the Series A Reserve Fund. “**Proportionate Share**” means, as of the date of calculation for any issue of the CFD Bonds, the ratio derived by dividing the outstanding principal amount of such CFD Bonds by the aggregate principal amount of the Outstanding CFD Bonds.

In lieu of funding the Series A Reserve Fund with cash, the Series A Reserve Requirement may be met by furnishing an irrevocable standby or direct-pay letter of credit or surety bond issued by a commercial bank or insurance company deposited with the Trustee (a “**Qualified Reserve Fund Credit Instrument**”) as described in, and meeting the requirements of, the Indenture.

In the event that the amount of the Series A Reserve Requirement is reduced because of the payment at final maturity of CFD Bonds or payment or prepayment of Special Taxes, the Trustee will, upon receipt of a Request of the Authority, adjust the balance in any account provided that the total amount in the Series A Reserve Fund equals the Series A Reserve Requirement.

Moneys in the Series A Reserve Fund will be used to pay the principal of and interest on the Series A Bonds when the moneys in the Series A Interest Account and the Series A Principal Account of the Revenue Fund are insufficient therefor. In addition, amounts in the Series A Reserve Fund may be applied (i) in connection with an optional or special (from prepayments of Special Taxes) redemption of the Series A Bonds pursuant to the Indenture or a defeasance pursuant to the Indenture, but only to the extent that amounts remaining on deposit in the Series A Reserve Fund after such application are equal to the Reserve Requirement, (ii) in connection with prepayments of Special Taxes, (iii) when the balance therein equals the principal and interest due on the Series A Bonds to and including maturity, or (iv) when amounts in certain accounts of the Series A Reserve Fund are transferred to the Series A Interest Account and the Series A Principal Account as a credit against the payments due on the CFD Bonds on the transfer dates specified below.

If the amounts in the Series A Interest Account or the Series A Principal Account of the Revenue Fund are insufficient to pay the principal of or interest on the Series A Bonds when due, the Trustee will withdraw from the Series A Reserve Fund for deposit in the Series A Interest Account and the Series A Principal Account, as applicable, moneys necessary for such purposes, subject to the following limitation: if the insufficiency was caused by a delinquency in the payment of a CFD Bond, the Trustee shall notify the City of such deficiency and the moneys necessary to make up the deficiency in the Series A Interest Account or the Series A Principal Account caused by the delinquency on the CFD Bond shall be transferred from the Account of the Series A Reserve Fund established for such CFD Bond. **Amounts in the Account of the Series A Reserve Fund established with respect to one issue of CFD Bonds may be transferred to the Series A Interest Account or Series A Principal Account only to the extent necessary to cure any default on that issue of CFD Bonds, and may not be transferred to cure any default on the other issue of CFD Bonds.**

In the event Special Taxes are paid in cash in advance of the applicable final maturity date of a CFD Bond, the Authority is required to credit such prepaid Special Tax obligation with a proportionate share of the applicable Account of the Series A Reserve Fund for the applicable CFD Bond thus reducing the total amount of the Series A Reserve Fund. The amount to be so credited is the pro-rata share of the original amount deposited in such Account, less any amount previously transferred from such Account to the redemption fund for the applicable CFD Bond as a result of the delinquency in the payment of Special Tax installments, for the parcel for which the Special Tax is being prepaid. The Authority will direct the Trustee in writing to transfer the amount representing such credit from the Series A Reserve Fund to the special tax fund or redemption fund, as applicable, for the applicable CFD Bond. Notwithstanding the foregoing, such amount available as such credit shall only be actually credited as described in this paragraph if and to the extent such credit amount is not needed for redemption of Series A Bonds in accordance with the Indenture.

On July 1 of each year, any interest earned on the investment of monies on deposit in the Series A Reserve Fund which would cause the amount therein to exceed the Series A Reserve Requirement shall be deposited in the Revenue Fund.

When amounts in an Account of the Series A Reserve Fund are sufficient to repay the remaining principal and interest due on the respective CFD Bonds that will be applied to the Series A Bonds, such amount shall be transferred to the Series A Interest Account and the Series A Principal Account as a credit against the payments due on the CFD Bonds of the applicable CFD on such date with the amount transferred from an Account being deposited first to the Series A Interest Account as a credit on the interest due on the applicable CFD Bonds on such date and the balance being deposited to the Series A Principal Account as a credit on the principal due on the applicable CFD Bonds on such date.

Under the Indenture, the Authority has the right at any time to release funds from the Series A Reserve Fund, in whole or in part, by tendering to the Trustee: (i) a Qualified Reserve Fund Credit Instrument, and (ii) an opinion of Bond Counsel stating that neither the release of such funds nor the acceptance of such Qualified Reserve Fund Credit Instrument will cause interest on the Series A Bonds to become includable in gross income for purposes of federal income taxation.

At least fifteen (15) days prior to the expiration of any Qualified Reserve Fund Credit Instrument, the Authority is obligated either (i) to replace such Qualified Reserve Fund Credit Instrument with a new Qualified Reserve Fund Credit Instrument, or (ii) to deposit or cause to be deposited with the Trustee an amount of funds such that the amount on deposit in the Series A Reserve Fund (and the applicable accounts therein) is equal to the Series A Reserve Requirement (without taking into account such expiring Qualified Reserve Fund Credit Instrument). In the event that the Authority shall fail to take action as specified in clause (i) or (ii) of the preceding sentence, the Trustee shall, prior to the expiration thereof, draw upon the Qualified Reserve Fund Credit Instrument in full and deposit the proceeds of such draw in the Series A Reserve Fund (and the applicable accounts therein).

In the event that the Series A Reserve Requirement shall at any time be maintained in the Series A Reserve Fund (and the applicable accounts therein) in the form of a combination of cash and a Qualified Reserve Fund Credit Instrument, the Trustee shall apply the amount of such cash to make any payment required to be made from the Series A Reserve Fund (and the applicable accounts therein) before the Trustee shall draw any moneys under such Qualified Reserve Fund Credit Instrument for such purpose.

Series B Reserve Fund. There shall be maintained in the Series B Reserve Fund an amount equal to the “**Series B Reserve Requirement**” (as defined in the Indenture). On the Closing Date, the Authority shall deposit into the Series B Reserve Fund an amount equal to the Series B Reserve Requirement. In the Indenture, each CFD is given a proportionate share (the “Proportionate Share”) of such CFD's of the Series B Reserve Requirement, and the Proportionate Share attributable to each CFD shall be deposited in such CFD's subaccount of the Series B Reserve Fund.

In lieu of funding the Series B Reserve Fund with cash, the Series A Reserve Requirement may be met by furnishing an irrevocable standby or direct-pay letter of credit or surety bond issued by a commercial bank or insurance company deposited with the Trustee (a “Qualified Reserve Fund Credit Instrument”) as described in, and meeting the requirements of, the Indenture.

Moneys in the Series B Reserve Fund will be used to pay the principal of and interest on the Series B Bonds when due in the event that when the moneys in the Series B Interest Account and the Series B Principal Account of the Revenue Fund are insufficient therefore. In addition, amounts in the Series B Reserve Fund may be applied (i) in connection with an optional redemption of Series B Bonds pursuant to the Indenture or a defeasance pursuant to the Indenture, but only to the extent that amounts remaining on deposit in the Series B Reserve Fund after such application are equal to the Reserve Requirement, (ii) in connection with prepayments of Special Taxes, (iii) when the balance therein equals the principal and interest due on the Series B Bonds to and including maturity, or (iv) when amounts in certain Accounts of the Series B Reserve Fund are transferred to the Series B Interest Account and the Series B Principal Account as a credit against the payments due on the CFD Bonds on the transfer dates specified below.

If the amounts in the Series B Interest Account or the Series B Principal Account of the Revenue Fund are insufficient to pay the principal of or interest on the Series B Bonds when due, the Trustee shall withdraw from the Series B Reserve Fund for deposit in the Series B Interest Account and the Series B Principal Account, as applicable, moneys necessary for such purposes in the following priority and subject to the following limitations: if the insufficiency was caused by a delinquency in the payment of a CFD Bond, the Trustee shall notify the City of such deficiency and the moneys necessary to make up the deficiency in the Series B Interest Account or the Series B Principal Account caused by the delinquency on the CFD Bond shall be transferred from the Account of the Series B Reserve Fund established for such CFD Bond. **Amounts in an account of the Series B Reserve Fund established with respect to one Local Obligation may be transferred to the Series B Interest Account or Series B Principal Account only to the extent necessary to cure any default on that Local Obligation, and may not be transferred to cure any default on any other CFD Bonds.**

On July 1 of each year, any interest earned on the investment of monies on deposit in the Series B Reserve Fund which would cause the amount therein to exceed the Series B Reserve Requirement shall be transferred to the Revenue Fund.

When amounts in an Account of the Series B Reserve Fund are sufficient to repay the remaining principal and interest due on the respective CFD Bonds that will be applied to the Series B Bonds, such amount shall be transferred to the Series B Interest Account and the Series B Principal Account as a credit against the payments due on the applicable CFD Bonds, with the amount transferred from an Account being deposited first to the Series B Interest Account as a credit on the interest due on the applicable CFD Bonds on such date and the

balance being deposited to the Series B Principal Account as a credit on the principal due on the applicable CFD Bonds on such date.

The Authority has the right at any time to release funds from the Series B Reserve Fund, in whole or in part, by tendering to the Trustee: (i) a Qualified Reserve Fund Credit Instrument, and (ii) an opinion of Bond Counsel stating that neither the release of such funds nor the acceptance of such Qualified Reserve Fund Credit Instrument will cause interest on the Series B Bonds to become includable in gross income for purposes of federal income taxation

At least fifteen (15) days prior to the expiration of any Qualified Reserve Fund Credit Instrument, the Authority is obligated either (i) to replace such Qualified Reserve Fund Credit Instrument with a new Qualified Reserve Fund Credit Instrument, or (ii) to deposit or cause to be deposited with the Trustee an amount of funds such that the amount on deposit in the Series B Reserve Fund (and the applicable accounts therein) is equal to the Series B Reserve Requirement (without taking into account such expiring Qualified Reserve Fund Credit Instrument). In the event that the Authority shall fail to take action as specified in clause (i) or (ii) of the preceding sentence, the Trustee shall, prior to the expiration thereof, draw upon the Qualified Reserve Fund Credit Instrument in full and deposit the proceeds of such draw in the Series B Reserve Fund (and the applicable accounts therein).

In the event that the Series B Reserve Requirement shall at any time be maintained in the Series B Reserve Fund (and the applicable accounts therein) in the form of a combination of cash and a Qualified Reserve Fund Credit Instrument, the Trustee shall apply the amount of such cash to make any payment required to be made from the Series B Reserve Fund (and the applicable accounts therein) before the Trustee shall draw any moneys under such Qualified Reserve Fund Credit Instrument for such purpose.

Surplus Fund

Any amounts transferred to the Surplus Fund will no longer be considered Revenues or Subordinated Revenues and are not pledged to repay the Bonds. So long as Local Obligations are outstanding, on September 2 of each year, after setting aside any amount specified in a Request of the Authority as necessary to pay Administrative Expenses, any moneys remaining in the Surplus Fund shall be transferred to the City and used for any lawful purpose.

Additional Bonds

The Authority may issue Additional Bonds secured on a parity with Series A Bonds ("**Additional Series A Bonds**"), and may issue Additional Bonds secured on a parity with Series B Bonds ("**Additional Series B Bonds**") to refund the Series B Bonds, in each case in such principal amount as shall be determined by the Authority, pursuant to a Supplemental Indenture adopted or entered into by the Authority, provided there shall have been delivered to the Trustee a certificate of an Independent Financial Consultant stating that the annual payments due on the CFD Bonds will be adequate to pay the principal of and interest on all Bonds and Additional Bonds when due subject to the following conditions precedent.

(a) Any Additional Bonds issued on parity with the Series A Bonds must be issued by the Authority and the issuance of such Additional Series A Bonds shall be subject to the following conditions precedent, unless waived by the Bond Insurer:

(i) The maximum Special Taxes that could be generated in each CFD for each Fiscal Year that the Additional Series A Bonds are to be outstanding is equal to or greater

than one hundred fifteen percent (115%) of the corresponding annual debt service on the corresponding portion of the Local Obligations purchased by the Series A Bonds.

(ii) The maximum Special Taxes that could be generated in the each CFD from property within the corresponding respective CFD which is listed on the most recent Placer County tax roll as having an amount of structural value shall be equal to or greater than one hundred percent (100%) of Debt Service on the Series A Bonds and Additional Series A Bonds payable from Revenues attributable to the corresponding respective CFD for each Fiscal Year that the Bonds and Additional Series A Bonds will be outstanding;

(iii) The aggregate value of all parcels in each CFD subject to the special tax supporting the respective Local Obligations, as determined by an MAI appraisal or, in the alternative, the assessed value of all such parcels and improvements thereon as shown on the then current County tax roll, or the value determined by a combination of both methods is at least ten (10) times the outstanding amount of the corresponding respective CFD Local Obligations.

(iv) The portion of the Series B Bonds allocable (as determined by the City) to the CFD Bonds of the Stoneridge Parcel 1 CFD may not be refunded as bonds secured by Revenues.

(c) The Supplemental Indenture providing for the issuance of such Additional Bonds shall provide that interest thereon shall be payable on September 1 and March 1, and principal thereof shall be payable on September 1 in any year in which principal is payable.

(d) The Supplemental Indenture providing for the issuance of such Additional Bonds may provide for the establishment of separate funds and accounts.

(e) No Event of Default shall have occurred and be continuing with respect to the Bonds or any of the Local Obligations.

(f) The Authority shall deliver to the Trustee a written Certificate of the Authority certifying that the conditions precedent to the issuance of such Additional Bonds set forth in subsection (a) (excluding any conditions waived by the Bond Insurer) above have been satisfied and that (i) with respect to the Series A Reserve Fund, an amount equal to the Series A Reserve Requirement is on deposit in the Series A Reserve Fund or is held in a separate reserve account established by the Trustee, solely to secure the Series A Bonds and the Additional Series A Bonds (which may be maintained in whole or in part in the form of a Qualified Reserve Fund Credit Instrument as provided herein) and (ii) with respect to the Series B Reserve Fund, an amount equal to the Series B Reserve Requirement is on deposit in the Series B Reserve Fund or is held in a separate reserve account established by the Trustee, solely to secure the Series B Bonds and the Additional Series B Bonds (which may be maintained in whole or in part in the form of a Qualified Reserve Fund Credit Instrument as provided herein).

SECURITY FOR THE CFD BONDS

General

Each CFD Bond is a limited obligation of the City payable solely from Special Tax Revenues (defined below) collected in the CFD and amounts deposited by the City in the Special Tax Fund. The City's limited obligation to pay the principal of, premium, if any, and interest on the applicable CFD Bonds from Special Tax Revenues collected in the CFD and amounts in the Special Tax Fund is absolute and unconditional.

Each CFD Bond is not a legal or equitable pledge, charge, lien or encumbrance upon any of the CFD's property, or upon any of its income, receipts or revenues, except the Special Tax Revenues collected in the CFD and other amounts in the Special Tax Fund.

None of the Special Taxes levied in one CFD may be used to pay debt service on the other CFD Bond.

Except for the Special Tax Revenues for each CFD, neither the credit nor the taxing power of the City is pledged for the payment of the CFD Bonds or related interest, and no Owner of the Bonds may compel the exercise of taxing power by the City or the forfeiture of any of its property. The principal of and interest on the CFD Bonds and premiums upon the redemption thereof, if any, are not a debt of the City, the State of California or any of its political subdivisions within the meaning of any constitutional or statutory limitation or restriction.

Special Taxes; Special Tax Revenues

The "**Special Taxes**" for the CFDs are levied and collected according to the rate and method of apportionment (each, a "**Rate and Method**") established for such CFD. See "STONERIDGE PARCEL 1 CFD," "STONERIDGE WEST CFD," "STONERIDGE EAST CFD," and "CROCKER RANCH CFD" for a description of the Rate and Method for each CFD. See also Appendix B hereto.

The "**Special Tax Revenues**" pledged by the City to the related CFD Bonds is defined as the proceeds of the Special Taxes received by the City, including all scheduled payments and delinquent payments thereof, interest and penalties thereon and proceeds of the redemption or sale of property sold as a result of foreclosure of the lien of the Special Taxes.

Except for the portion of any prepayment of Special Taxes to be deposited into the Redemption Account established under the applicable CFD Indenture, the Trustee under the CFD Indenture will, on each date on which the Special Taxes are received from the CFD, deposit the Special Taxes in the Special Tax Fund to be held in trust for the Owners. The City will transfer the Special Taxes on deposit in the Special Tax Fund on the dates and in the amounts set forth in the following Sections, in the following order of priority, to:

- (1) The Interest Account of the Special Tax Fund;
- (2) The Principal Account of the Special Tax Fund;
- (3) The Redemption Account of the Special Tax Fund;
- (4) The Authority Trustee, the amount needed to restore the applicable CFD Reserve Account of the Series A Reserve Fund held by the Authority Trustee to the Proportionate Share of the Series A Reserve Requirement

- (5) The Authority Trustee, in the amount needed to restore the applicable CFD Reserve Account of the Series B Reserve Fund held by the Authority Trustee to the Proportionate Share of the Series B Reserve Requirement; and
- (6) The Administrative Expense Account of the Special Tax Fund;
- (7) The Surplus Fund.

The Special Tax is collected in the manner and at the same time as ad valorem property taxes are collected and is subject to the same penalties and the same procedure, sale, and lien priority in case of delinquency as is provided for *ad valorem* property taxes.

CFD Parity Bonds

In each CFD Indenture, the City covenants that it will not issue additional bonds secured by Special Tax Revenues on a parity with the related CFD Bonds, however any such limitation does not prevent the City from issuing such bonds for the purpose of refunding all or a portion of the related CFD Bonds (or bonds previously issued for that purpose).

Priority of Lien

Each installment of the Special Taxes and any interest and penalties thereon, constitutes a lien on the parcel of land on which it was imposed until the same is paid. Such lien is co-equal to and independent of the lien for general taxes, any other community facilities district special taxes and special assessment liens. See "THE COMMUNITY FACILITIES DISTRICTS— Overlapping Liens" herein.

Covenants of the CFD

In each CFD Indenture, the City covenants as follows, among other things:

Punctual Payment. It will duly and punctually pay or cause to be paid the principal of and interest on each related CFD Bond issued under a CFD Indenture, together with the premium, if any to the extent that Special Tax Revenues and other amounts pledged under the CFD Indenture are available therefor.

Against Encumbrance. It will not mortgage or otherwise encumber, pledge or place any charge upon any of the Special Tax Revenues except as provided in the related CFD Indenture, and will not issue any obligation or security having a lien or charge upon the Special Tax Revenues superior to or on a parity with the related CFD Bonds. Nothing in the CFD Indenture prevents the City from issuing or incurring indebtedness which is payable from a pledge of Special Tax Revenues which is subordinate in all respects to the pledge of Special Tax Revenues to repay the related CFD Bond, nor prevents the City from issuing refunding bonds.

Levy of Special Tax. The City shall comply with all requirements of the Act so as to assure the timely collection of Gross Taxes, including without limitation, the enforcement of delinquent Special Taxes.

- (i) ***Processing.*** On or within five (5) Business Days of each July 1, the Trustee shall provide the Administrative Services Director with a notice stating the amount then on deposit in the Special Tax Fund and the other funds and accounts held by the Trustee under the Indenture, whether or not amounts need to be deposited into the applicable Reserve Accounts to increase the amounts on deposit therein to the Proportionate Share of the Reserve Requirement, and informing the City that the Special

Taxes need to be levied as necessary to provide for the Special Tax Requirement (as defined in clause (iii) below). The receipt of or failure to receive such notice by the Administrative Services Director shall in no way affect the obligations of the Administrative Services Director under the following two paragraphs and the Trustee shall not be liable for failure to provide such notice to the Administrative Services Director. Upon receipt of such notice, the Administrative Services Director shall communicate with the Auditor to ascertain the relevant parcels on which the Special Taxes are to be levied, taking into account any parcel splits or combinations during the preceding and then current year.

(ii) *Levy.* The Administrative Services Director shall effect the levy of the Special Taxes each Fiscal Year by each September 1 that the Bonds are outstanding, or otherwise such that the computation of the levy is complete before the final date on which Auditor will accept the transmission of the Special Tax amounts for the parcels within the CFD for inclusion on the next real property tax roll. Upon the completion of the computation of the amounts of the levy, the Administrative Services Director shall prepare or cause to be prepared, and shall transmit to the Auditor, such data as the Auditor requires to include the levy of the Special Taxes on the next real property tax roll.

(iii) *Computation.* The Administrative Services Director shall fix and levy the amount of Special Taxes within the CFD in an amount sufficient, together with other amounts on deposit in the Special Tax Fund and available for such purpose, to pay (A) the principal of and interest on the Bonds and any Parity Bonds when due, (B) the Administrative Expenses, including amounts necessary to discharge any rebate obligation, during such year and (C) any amounts required to replenish the applicable Reserve Accounts to the Proportionate Share of the Series A Reserve Requirement and the Series B Reserve Requirement (the “**Special Tax Requirement**”), taking into account the balances in such funds and in the Special Tax Fund. The Special Taxes so levied shall not exceed the authorized amounts as provided in the proceedings under the Resolution of Formation.

(iv) *Collection.* The Special Taxes shall be payable and be collected in the same manner and at the same time and in the same installment as the general taxes on real property are payable, and have the same priority, become delinquent at the same time and in the same proportionate amounts and bear the same proportionate penalties and interest after delinquency as do the *ad valorem* taxes on real property.

Commence Foreclosure Proceedings. Under the Act, the City covenants with and for the benefit of the Owners of the Bonds that it will order, and cause to be commenced as hereinafter provided, and thereafter diligently prosecute to judgment (unless such delinquency is theretofore brought current), an action in the superior court to foreclose the lien of any Special Tax or installment thereof not paid when due as provided in the following two paragraphs. The Administrative Services Director shall notify the City Attorney of any such delinquency of which the Administrative Services Director is aware, and the City Attorney shall commence, or cause to be commenced, such proceedings.

On or about March 30 and June 30 of each Fiscal Year, the Administrative Services Director shall compare the amount of Special Taxes theretofore levied in the CFD to the amount of Special Tax Revenues theretofore received by the City, and:

(i) *Individual Delinquencies.* So long as the CFD does not participate in the Alternative Method of Distribution of Tax Levies and Collections described in Revenue & Taxation Code Section 4701 et seq., or an equivalent procedure, if the Administrative Services Director determines that any single parcel subject to the Special Tax in the CFD is delinquent in the payment of Special Taxes in the aggregate amount of \$3,000 or more, then the Administrative Services Director shall send or cause to be sent a notice of delinquency (and a demand for immediate payment thereof) to the property owner within 60 days of such determination, and (if the delinquency remains uncured) foreclosure proceedings shall be commenced by the City within 120 days of such determination.

(ii) *Aggregate Delinquencies.* So long as the CFD does not participate in the Alternative Method of Distribution of Tax Levies and Collections described in Revenue & Taxation Code Section 4701 et seq., or an equivalent procedure, if the Administrative Services Director determines that the total amount of delinquent Special Tax for the prior Fiscal Year for the entire CFD, (including the total of delinquencies under subsection (i) above), exceeds 5% of the total Special Tax due and payable for the prior Fiscal Year, the City shall notify or cause to be notified property owners who are then delinquent in the payment of Special Taxes (and demand immediate payment of the delinquency) within 60 days of such determination, and shall commence foreclosure proceedings within 120 days of such determination against each parcel of land in the CFD with a Special Tax delinquency.

FINANCIAL GUARANTY INSURANCE

Payment of principal of and interest on the Series A Bonds when due will be insured by a financial guaranty insurance policy (the "**Policy**") to be issued simultaneously with issuance of the Series A Bonds by Ambac Assurance Corporation ("**Ambac Assurance**" or the "**Bond Insurer**"). **The Series B Bonds are not insured by the Policy.**

The following information has been furnished by Ambac Assurance for use in this Official Statement. This information has not been independently confirmed or verified by the City or the Underwriter. No representation is made by the City or the Underwriter as to the accuracy or adequacy of this information subsequent to the date of this Official Statement, or that the information contained and incorporated herein by reference is correct. Reference is made to Appendix I for a specimen of the Insurer's Financial Guaranty Insurance Policy.

Payment Pursuant to Financial Guaranty Insurance Policy

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

The Financial Guaranty Insurance Policy will insure payment only on stated maturity dates and on mandatory sinking fund installment dates, in the case of principal, and on stated dates for payment, in the case of interest. If the Series A Bonds become subject to mandatory redemption and insufficient funds are available for redemption of all outstanding Series A Bonds, Ambac Assurance will remain obligated to pay the principal of and interest with respect to outstanding Series A Bonds on the originally scheduled interest and principal payment dates, including mandatory sinking fund redemption dates. In the event of any acceleration of the principal of the Series A Bonds, the insured payments will be made at such times and in such amounts as would have been made had there not been an acceleration, except to the extent that Ambac Assurance elects, in its sole discretion, to pay all or a portion of the accelerated principal and interest accrued thereon to the date of acceleration (to the extent unpaid by the Obligor). Upon payment of all such accelerated principal and interest accrued to the acceleration date, Ambac Assurance's obligations under the Financial Guaranty Insurance Policy shall be fully discharged.

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

The Financial Guaranty Insurance Policy does not insure any risk other than Nonpayment (as set forth in the Financial Guaranty Insurance Policy). Specifically, the Financial Guaranty Insurance Policy does not cover:

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

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

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

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

Ambac Assurance Corporation

Ambac Assurance is a Wisconsin-domiciled stock insurance corporation regulated by the Office of the Commissioner of Insurance of the State of Wisconsin, and is licensed to do business in 50 states, the District of Columbia, the Territory of Guam, the Commonwealth of Puerto Rico and the U.S. Virgin Islands, with admitted assets of approximately \$10,015,000,000 (unaudited) and statutory capital of approximately \$6,371,000,000 (unaudited) as of December 31, 2006. Statutory capital consists of Ambac Assurance's policyholders' surplus and statutory contingency reserve. Standard & Poor's Ratings Services, a division of The McGraw-Hill Companies, Inc., Moody's Investors Service, Inc. and Fitch Ratings have each assigned a triple-A financial strength rating to Ambac Assurance.

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

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

Available Information

The parent company of Ambac Assurance, Ambac Financial Group, Inc. (the "**Company**"), is subject to the informational requirements of the Securities Exchange Act of 1934, as amended (the "**Exchange Act**"), and in accordance therewith files reports, proxy statements and other information with the Securities and Exchange Commission (the "**SEC**"). These reports, proxy statements and other information can be read and copied at the SEC's public reference room at 100 F Street, N.E., Room 1580, Washington, D.C. 20549. Please call the SEC at 1-800-SEC-0330 for further information on the public reference room. The SEC maintains an internet site at <http://www.sec.gov> that contains reports, proxy and information statements and other information regarding companies that file electronically with the SEC, including the Company. These reports, proxy statements and other information can also be read at the offices of the New York Stock Exchange, Inc., 20 Broad Street, New York, New York 10005.

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

Incorporation of Certain Documents by Reference

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

- The Company's Annual Report on Form 10-K for the fiscal year ended December 31, 2006 and filed on March 1, 2007; and
- The Company's Current Report on Form 8-K dated and filed on April 25, 2007.

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

THE COMMUNITY FACILITIES DISTRICTS

Introduction

Set forth in this section is certain information describing the CFDs on a combined basis, followed by sections setting forth information on each CFD separately.

Although the Authority believes the information with respect to the CFDs in the aggregate is relevant to an informed decision to purchase the Bonds, investors should be aware that the **debt service on one series of CFD Bonds may not be used to make up any shortfall in the debt service on the other issue of CFD Bonds**. Moreover, the parcels in both of the CFDs are taxed according to that CFD's specific Rate and Method.

Furthermore, potential investors should be aware that Special Taxes are levied against individual parcels within each CFD, therefore any individual parcel in a CFD may have a value-to-debt burden ratio which is less than the overall value-to-debt burden for such CFD, or less than the value-to-debt burden of both CFDs on a combined basis. In particular, an individual parcel which is undeveloped may have a value-to-debt burden ratio of less than 1 to 1.

Property Values and Value-to-Burden Ratios on a Combined Basis

Assessed Value of Parcels in the CFDs. The City has obtained the "full cash" assessed values of all of the taxable parcels in Stoneridge Parcel 1 CFD (127 parcels), Stoneridge West CFD (667 parcels), Stoneridge East CFD (758 parcels) and Crocker Ranch CFD (928 parcels), as established by the County Assessor for Fiscal Year 2006-07, and as to the parcels which are on the tax roll as unimproved but construction is completed but not yet reflected on the tax roll, the City has utilized the amount reported by an independent data reporting service (based on the sale price of the new home when transferred from the homebuilder to the homeowner) to determine value. The estimated total valuation of the parcels in the CFDs are reported to be as follows: Stoneridge Parcel 1 CFD: \$76,290,087 Stoneridge West CFD: \$405,711,568, Stoneridge East CFD: \$330,325,245, and Crocker Ranch CFD: \$413,088,335, for a combined total valuation of \$1,225,415,235, as summarized in the table below.

Due to the recent and ongoing nature of development of homes in the CFDs, the County assessed valuations are not in all cases reflective of most current development status, as is the case with certain properties in the District. As provided by Article XIII A of the California Constitution, county assessors' assessed values are to reflect market value as of the date the property was last assessed (or 1975, whichever is more recent), increased by a maximum of 2% per year. Properties may be reassessed by the County only upon a change of at least 51% ownership of existing property or upon new construction. The assessed values of parcels in the District thus reflect, for undeveloped parcels, the estimate of the County Assessor (the "Assessor") of market value when acquired (or 1975, whichever is later), possibly increased by 2% per year, and for parcels on which construction has occurred since their date of acquisition, the Assessor's estimate of market value as of the time of construction, possibly increased by 2% per year. The actual market value of parcels in the District, if sold at foreclosure, may be higher or lower than the Assessor's assessed values, depending upon the date of the Assessor's most recent assessment. The actual fair market value of any parcel can often be more accurately established through an arms-length sale or an appraisal by an independent appraiser.

Because of the general limitation to 2 percent per year in increases in full cash value of properties which remain in the same ownership, the county tax roll does not reflect values uniformly proportional to actual market values. No assurance can be given that should a parcel with delinquent Special Taxes be foreclosed and sold for the amount of the delinquency, that any bid will be received for such property, or if a bid is received that such bid will be sufficient to pay such delinquent installments.

The following tables summarize the combined value-to-debt burden of all property in the CFDs against the Bonds, with the first table showing the allocation of the CFD Bonds liens corresponding to the Series A Bonds and the second table showing the allocation of the CFD Bonds liens corresponding to the subordinate position of the Series B Bonds. Potential investors should note that the Special Taxes levied and collected in one CFD secure only the issue of CFD Bonds issued on behalf of such CFD and additional Special Taxes cannot be levied in one CFD to compensate for nonpayment of Special Taxes in the other CFD.

Table 7
CITY OF ROSEVILLE
VALUE-TO-BURDEN RATIOS
Stoneridge Parcel 1 CFD, Stoneridge West CFD, Stoneridge East, and
Crocker Ranch CFD and Combined
Calculation of Special Tax Revenues by Development Category
Value to Lien Ratio For Senior Lien Bonds

Category	Number of Parcels	Maximum Special Tax	% of Max Special Tax	CFD Lien Corresponding to Senior Bonds	Value	Value to Lien Ratio
<i>SF Residential</i>						
With Structural Value per 06/07 Tax Roll	2,162	\$2,973,952	97.4%	\$42,910,913	\$1,147,444,314	26.74
Sale Value Per "DataQuick" ⁽¹⁾	1	1,530	0.1	22,352	238,251	10.66
Final Building Permit	14	20,292	0.7	305,139	1,573,056	5.16
Initial Building Permit	39	N/A	N/A	N/A	4,543,378	N/A
Undeveloped	261	N/A	N/A	N/A	48,727,717	N/A
<i>Multi-Family Residential</i>						
With Structural Value per 2006/07 Tax Roll	1	57,500	1.9	836,597	23,215,342	27.75
High Density Residential Undeveloped	2	N/A	N/A	N/A	242,928	N/A
Total	2,480	\$3,053,273	100.0%	\$44,075,000	\$1,225,984,986	27.82

⁽¹⁾ DataQuick is an independent data reporting service that reports the sale price of new homes, based on County transfer fee calculation, upon transfer from the homebuilder to the homeowner.

Table 8
CITY OF ROSEVILLE
VALUE-TO-BURDEN RATIOS
Stoneridge Parcel 1 CFD, Stoneridge West CFD, Stoneridge East, and
Crocker Ranch CFD and Combined
Calculation of Special Tax Revenues by Development Category
Value to Lien Ratio For the Bonds

Category	Number of Parcels	Maximum Special Tax	% of Max Special Tax	CFD Lien Corresponding to All Bonds ⁽¹⁾	Value	Value to Lien Ratio
<i>SF Residential</i>						
With Structural Value per 06/07 Tax Roll	2,162	\$2,973,952	70.5%	\$43,335,913	\$1,147,444,314	26.48
Sale Value Per "DataQuick"	1	1,530	0.0	22,352	238,251	10.66
Final Building Permit	14	20,292	0.5	305,139	1,573,056	5.16
Initial Building Permit	39	54,090	1.3	402,800	4,543,378	11.28
Undeveloped	261	983,696	23.3	8,295,415	47,727,717	5.87
<i>Multi-Family Residential</i>						
With Structural Value per 06/07 Tax Roll	1	57,500	1.4	836,597	23,215,342	27.75
High Density Residential Undeveloped	2	126,000	3.0	1,226,786	242,928	0.20
Total	2,480	\$4,217,060	100.0%	\$54,425,000	\$1,225,984,986	22.53

(1) Developed Property Lien includes \$415,000 of Series B Bonds associated with Stoneridge Parcel 1 CFD, as that CFD is fully developed.

The Series B Bonds amount was sized substantially in part based upon the amount of undeveloped property in the CFDs. The following table shows the value-to-debt burden of the undeveloped property in the CFDs against the Series B Bonds.

Table 9
CITY OF ROSEVILLE
VALUE-TO-BURDEN RATIOS
Stoneridge Parcel 1 CFD, Stoneridge West CFD, Stoneridge East, and
Crocker Ranch CFD and Combined
Calculation of Special Tax Revenues Attributable to Undeveloped Property
(per 2006-07 Tax Roll)
Value to Lien Ratio For Series B Bonds

Category	Number of Parcels	Maximum Special Tax	% of Max Special Tax	CFD Lien Corresponding to Series B Bonds ⁽¹⁾	Value	Value to Lien Ratio
<i>SF Residential</i>						
Initial Building Permit	39	\$54,090	4.6%	\$402,800	\$4,543,378	11.28
Undeveloped	261	983,696	84.5	8,295,415	48,727,717	5.87
<i>Multi-Family Residential</i>						
High Density Residential Undeveloped	2	126,000	10.8	1,226,786	242,928	0.20
Subtotal	302	1,163,786	100.0%	9,925,000	53,514,023	5.39
Plus: Series B Lien Allocated to Stoneridge Parcel 1 ⁽¹⁾				425,000		
Total	302	\$1,163,786	100.0%	\$10,350,000	\$53,514,023	5.17

⁽¹⁾ Stoneridge Parcel 1 is fully developed, however a portion of the prior bonds are being refunded on a subordinate basis per structuring requirements of the aggregate refinancing.

STONERIDGE PARCEL 1 CFD

Location and Description

Pursuant to the Mello-Roos Act, the City Council adopted a resolution stating its intent to establish Stoneridge Parcel 1 CFD, to authorize the levy of special taxes (the "**Stoneridge Parcel 1 CFD Special Tax**") on land within the district, and to have Stoneridge Parcel 1 CFD incur bonded indebtedness. Following public hearings conducted pursuant to the Mello-Roos Act, the City Council adopted a resolution establishing the Stoneridge Parcel 1 CFD and calling for a special election to authorize the levy of the Stoneridge Parcel 1 CFD Special Tax and incur bonded indebtedness in an aggregate principal amount of not-to-exceed \$2,500,000. At the special election on May 7, 1999 the qualified electors of Stoneridge Parcel 1 CFD authorized Stoneridge Parcel 1 CFD to incur bonded indebtedness and approved the levy of the Stoneridge Parcel 1 CFD Special Tax pursuant to the Rate and Method of Apportionment of Special Taxes (the "**Stoneridge Parcel 1 CFD Rate and Method**"). For the complete text of the Stoneridge Parcel 1 CFD Rate and Method, see "APPENDIX C – Rate and Methods of Apportionment of Special Taxes for the CFDs".

Stoneridge Parcel 1 CFD is located in the easterly portion of the City within the Stoneridge Specific Plan area. The specific plan area consists of approximately 1,089 acres located northeast of the center of the City. The specific plan area is bounded on the north by the city of Rocklin; on the west by Interstate 80, Secret Ravine, and East Roseville Parkway; on the south by Olympus Drive; and on the east by Sierra College Boulevard. The Stoneridge Specific Plan includes a mix of land uses extending development to the north and east of the pre-existing urbanized portion of the City. Property within Stoneridge Parcel 1 CFD constitutes only a portion (known as "Parcel 1") of the specific plan area. Access to the District is provided via East Roseville Parkway and Olympus Drive.

The property in Stoneridge Parcel 1 CFD consists of approximately 35.45 acres of land fully developed with 127 single-family homes.

Purpose of Prior Stoneridge Parcel 1 CFD Bonds

On behalf of Stoneridge Parcel 1 CFD, the City previously issued the \$2,000,000 original principal amount of City of Roseville Stoneridge Parcel 1 Community Facilities District No. 1 Special Tax Bonds, Series 2000 (the "**Prior Stoneridge Parcel 1 Bonds**"). Following issuance of the Prior Stoneridge Parcel 1 CFD Bonds, there was a remaining authorized bonded indebtedness of \$500,000.

The Prior Stoneridge Parcel 1 CFD Bonds were issued to finance roadway improvements in the Stoneridge Specific Plan area and incidental expenses related thereto. All of the proceeds of the Prior Stoneridge Parcel 1 CFD Bonds designated to be used to finance the improvements have been expended.

Rate and Method of Apportionment of Special Taxes

The Special Tax authorized under the Act applicable to land within the Stoneridge Parcel 1 CFD 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 (defined terms set forth below in this section have the meanings set forth in the Special Tax Formula) set forth in "APPENDIX C — RATE AND METHODS OF APPORTIONMENT OF SPECIAL TAXES FOR THE CFDs."

In General. The Stoneridge Parcel 1 CFD Special Taxes are levied in accordance with the Stoneridge Parcel 1 CFD Rate and Method, set forth in Appendix C. Capitalized terms used below but not defined below have the meaning given them in the Stoneridge Parcel 1 CFD Rate and Method.

Annual Levy. Each year, the City will determine the Annual Costs of the Stoneridge Parcel 1 CFD for the upcoming fiscal year. The "Annual Costs" include the following items (i) debt service on the Bonds; (ii) replenishment of the Reserve Fund; (iii) delinquencies in Special Taxes for the previous fiscal year or anticipated for the current year; (iv) administration of the Stoneridge Parcel 1 CFD; and (v) pay-as-you-go expenditures for authorized improvements, which includes reimbursements to the Developer or others for expenditures for costs of the Improvements not funded from Bond proceeds. The Annual Costs are the basis for the amount of Special Tax to be levied within the Stoneridge Parcel 1 CFD. In no event may the City levy a Special Tax in any year above the Maximum Special Tax identified for each parcel in the Special Tax Formula.

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 Stoneridge Parcel 1 CFD except tax-exempt parcels as described in the Special Tax Formula.

Assignment of Maximum Special Tax. The Special Tax Formula describes in detail the precise method for assigning the Maximum Special Tax to parcels within the Stoneridge Parcel 1 CFD, which generally provides that each year the City will use the definitions contained in the Special Tax Formula to classify each parcel as tax-exempt or taxable. The Special Tax Formula assigns a total maximum tax to the existing Original Parcels and then reallocates the tax to Successor Parcels based on pro rata share of net developable area. A final map for the property in the Stoneridge Parcel 1 CFD creating 127 single-family lots was recorded on September 8, 1999 and the resulting annual Maximum Special Tax for the Stoneridge Parcel 1 CFD is \$175,260, or \$1,380 per lot. Such amount was levied beginning in the 1999-2000 fiscal year.

Termination of the Special Tax. The Special Tax will be levied and collected for as long as needed to pay the Annual Costs, which include the principal and interest on bonds of the Stoneridge Parcel 1 CFD. The Special Tax Formula provides that the Special Tax may not be levied on any parcel in the Stoneridge Parcel 1 CFD after fiscal Year 2030-31. When all Annual Costs incurred by the Stoneridge Parcel 1 CFD have been paid, the Special Tax will cease to be levied.

Prepayment of the Special Tax. The Special Tax Formula does not provide that landowners may permanently satisfy all or a portion of the Special Tax by a cash settlement with the City.

For the complete text of the Stoneridge Parcel 1 CFD Rate and Method, see "APPENDIX C - Rate and Methods of Apportionment of Special Taxes for the CFDs".

2006-07 Assessed Valuation and Development Status

For information on the 2005-06 County assessed valuation of property in the Stoneridge Parcel 1 CFD and other information relevant to the Stoneridge Parcel 1 CFD, see the 2006 Annual Continuing Disclosure Information Statement attached hereto as Appendix B.

Valuation and Value-to-Debt Burden

Assessed Value of Land in Stoneridge Parcel 1 CFD. The City has obtained the "full cash" assessed values of all of the taxable parcels in Stoneridge Parcel 1 CFD (127 parcels in total), as established by the County Assessor for Fiscal Year 2006-07. The estimated total valuation of the parcels in the Stoneridge Parcel 1 CFD is \$76,290,087 as summarized in the table below.

Value-to-Debt Burden. The value-to-debt burden of the taxable parcels in Stoneridge Parcel 1 CFD (\$76,290,087 valuation, as noted below) and the burden of the Stoneridge Parcel 1 CFD Special Taxes based on the Stoneridge Parcel 1 CFD Bonds is shown below, based on bond amounts allocable to the Stoneridge Parcel 1 CFD Bonds. The table describes the number of taxable parcels in certain value-to-debt burden categories for fiscal year 2006-07. For purposes of this Official Statement, parcels shown below are only those parcels against which Special Taxes may be levied and collected and the only burden is the burden of the Stoneridge Parcel 1 CFD Bonds.

STONERIDGE PARCEL 1 CFD
Calculation of Special Tax Revenues by Development Category
Value to Lien Ratio on Stoneridge Parcel 1 CFD Bonds

Category	Number of Parcels	Maximum Special Tax	% of Total Max Tax	Lien Per Category	Land Value	Structure Value	Total Value	Value to Lien Per Category
Developed (per 06/07 Tax Roll)	127	\$172,260	100.00%	\$1,600,000	\$22,613,084	\$53,677,003	\$76,290,087	47.68

Delinquencies

The following table sets forth the 1999-00 through 2006-07 Special Taxes and delinquencies of Stoneridge Parcel 1 CFD.

STONERIDGE PARCEL 1 CFD
Delinquency Summary
April 2007

Due Date	Dollars Levied	Dollars Delinquent	% Dollars Delinquent	Parcels Levied	Parcels Delinquent
1999/00 – 1	\$87,630.00	\$0.00	0.00%	3	0
1999/00 – 2	87,630.00	0.00	0.00	3	0
2000/01 – 1	87,630.00	0.00	0.00	127	0
2000/01 – 2	87,630.00	0.00	0.00	127	0
2001/02 – 1	87,630.00	0.00	0.00	127	0
2001/02 – 2	87,630.00	0.00	0.00	127	0
2002/03 – 1	87,630.00	0.00	0.00	127	0
2002/03 – 2	87,630.00	0.00	0.00	127	0
2003/04 – 1	79,820.77	0.00	0.00	127	0
2003/04 – 2	79,820.77	0.00	0.00	127	0
2004/05 – 1	73,680.32	0.00	0.00	127	0
2004/05 – 2	73,680.32	0.00	0.00	127	0
2005/06 – 1	75,530.71	1,189.46	1.57	127	2
2005/06 – 2	75,530.71	1,784.19	2.36	127	3
2006/07 – 1	71,451.47	5,063.49	7.09	127	9
Total	\$1,230,555.07	\$8,037.14	0.65%		

Source: MuniFinancial.

There are currently no Principal Property Owners representing more than 5% of the Special Tax that are delinquent in the payment of Special Taxes.

Overlapping Liens

Agencies that provide public services which overlap the boundaries of the Stoneridge Parcel 1 CFD may have outstanding certificates of participation and bonds in the form of general obligation, special assessment, special tax, redevelopment or lease revenue bonds. Some impose special assessments and charges without corresponding indebtedness. In general, certificates of participation and redevelopment and lease revenue bonds do not represent obligations for which a property owner is obligated to make a direct payment representing debt service, but instead such obligations can be payable from the general fund of the issuer of such obligation or from property tax increment made available to such issuer.

The following table summarizes the direct and overlapping debt represented by the Stoneridge Parcel 1 CFD Bonds and by overlapping debt of overlapping agencies.

CITY OF ROSEVILLE STONERIDGE PARCEL 1 CFD Direct and Overlapping Debt

2006-07 Local Secured Assessed Valuation: \$76,290,087

<u>DIRECT AND OVERLAPPING TAX AND ASSESSMENT DEBT:</u>	<u>% Applicable</u>	<u>Debt 4/15/07</u>
Roseville Joint Union High School District	0.350%	\$ 284,103
Eureka Union School District	1.487	129,175
City of Roseville Stoneridge Parcel No. 1 Community Facilities District No. 1	100.	<u>1,835,000</u> (1)
TOTAL DIRECT AND OVERLAPPING TAX AND ASSESSMENT DEBT		\$2,248,278
 <u>OVERLAPPING GENERAL FUND DEBT:</u>		
Placer County General Fund Obligations	0.151%	\$ 33,922
Placer County Office of Education Certificates of Participation	0.151	4,183
Sierra Joint Community College District Certificates of Participation	0.111	11,566
Roseville Joint Union High School District Certificates of Participation	0.363	18,749
Eureka Union School District Certificates of Participation	1.488	101,110
City of Roseville Certificates of Participation	0.493	<u>117,334</u>
TOTAL OVERLAPPING GENERAL FUND DEBT		\$286,864
 COMBINED TOTAL DEBT		 \$2,535,142 (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 Assessed Valuation:

Direct Debt (\$1,835,000)	2.41%
Total Direct and Overlapping Tax and Assessment Debt.....	2.95%
Combined Total Debt	3.32%

STATE SCHOOL BUILDING AID REPAYABLE AS OF 6/30/06: \$0

Source: California Municipal Statistics.

STONERIDGE WEST CFD

Location and Description

Pursuant to the Mello-Roos Act, the City Council adopted a resolution stating its intent to establish Stoneridge West CFD, to authorize the levy of special taxes (the “**Stoneridge West CFD Special Tax**”) on land within the district, and to have Stoneridge West CFD incur bonded indebtedness. Following public hearings conducted pursuant to the Mello-Roos Act, the City Council adopted a resolution establishing the Stoneridge West CFD and calling for a special election to authorize the levy of the Stoneridge West CFD Special Tax and incur bonded indebtedness in an aggregate principal amount of not-to-exceed \$15,000,000. At the special election on May 18, 2001 the qualified electors of Stoneridge West CFD authorized Stoneridge West CFD to incur bonded indebtedness and approved the levy of the Stoneridge West CFD Special Tax pursuant to the Rate and Method of Apportionment of Special Taxes (the “**Stoneridge West CFD Rate and Method**”). For the complete text of the Stoneridge West CFD Rate and Method, see “APPENDIX C – Rate and Methods of Apportionment of Special Taxes for the CFDs”.

Stoneridge West CFD is located in the easterly portion of the City within a portion of the Stoneridge Specific Plan area, west of Sierra College Boulevard, north of Olympus Drive, east of Roseville Parkway, and south of Secret Ravine Parkway. Adjacent land uses are predominantly residential and open space, with various commercial uses to the west, including the Sutter Roseville Medical Center, offices, the Roseville Auto Mall, and other retail buildings.

Stoneridge West CFD comprises 224 gross acres currently planned for 724 residential units. Currently, there are 667 parcels, 633 of the parcels are reported as developed on the County tax roll (meaning the parcel has an assigned structure value). Additionally, 5 of the parcels are completed and sold home not yet on the tax roll, 9 homes are under construction and 20 parcels are undeveloped. The District represents only a portion of the Stoneridge Specific Plan area. The Stoneridge Specific Plan area permits the development of a total of 2,810 dwelling units. Major local thoroughfares providing regional access to the District are Douglas Boulevard, Sierra College Boulevard, Sunrise Avenue, Eureka Road, East Roseville Parkway, and Rocky Ridge Drive. These thoroughfares provide access to Interstate 80 and the Highway 65 Bypass.

Purpose of Prior Stoneridge West CFD Bonds

On behalf of Stoneridge West CFD, the City previously issued the \$12,995,000 original principal amount of City of Roseville Stoneridge West Community Facilities District No. 1 Special Tax Bonds, Series 2001 (the “**Prior Stoneridge West Bonds**”). Following issuance of the Prior Stoneridge West CFD Bonds, there was a remaining authorized bonded indebtedness of \$2,005,000.

The Prior Stoneridge West CFD Bonds were issued to finance transportation improvements, water and wastewater system improvements, drainage improvements, and other capital improvements and incidental expenses of benefit to the Stoneridge West CFD. All of the proceeds of the Prior Stoneridge West CFD Bonds designated to be used to finance the improvements have been expended.

Rate and Method of Apportionment of Special Taxes

The Special Tax authorized under the Act applicable to land within the Stoneridge West CFD 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 (defined terms set forth below in this section have the meanings set forth in the Special Tax Formula) set forth in “APPENDIX C — RATE AND METHODS OF APPORTIONMENT OF SPECIAL TAXES FOR THE CFDs.”

In General. The Stoneridge West CFD Special Taxes are levied in accordance with the Stoneridge West CFD Rate and Method, set forth in Appendix C. Capitalized terms used below but not defined below have the meaning given them in the Stoneridge West CFD Rate and Method.

Annual Levy. Each year, the City will determine the Annual Costs of the Stoneridge West CFD for the upcoming fiscal year. The “Annual Costs” include (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 Stoneridge West CFD. 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 Stoneridge West CFD except “Tax-Exempt” parcels as described in the Special Tax Formula.

Assignment of Maximum Annual Special Tax. The Special Tax Formula describes in detail the precise method for assigning the Maximum Annual Special Tax to parcels within the Stoneridge West CFD, which generally provides that each year the City will use the definitions contained in the Special Tax Formula to classify each Taxable Parcel as an “Original Parcel” (meaning a County Assessor’s parcel existing at the time the Stoneridge West CFD was formed) or a “Successor Parcel” (meaning a County Assessor’s parcel formed by the subsequent subdivision of (or lot line adjustment involving) an Original Parcel or a larger Successor Parcel). The Special Tax Formula assigns a total maximum Special Tax to the existing Original Parcels, and (a) allocates the Special Tax to single-family residential or individually owned residential condominium Successor Parcels by dividing the maximum Special Tax assigned to the respective Original Parcel by the actual number of lots or individually owned residential condominium units realized by such subdivision, and (b) allocates the Special Tax to multi-family and non-residential Successor Parcels (and Successor Parcels that do not create final residential lots) based on the square footage of the Successor Parcel in question as a percentage of the square footage of all Successor Parcels resulting from the same Original Parcel. Currently no multi-family parcels are contemplated for the Stoneridge West CFD. In each case the assignment of the maximum Special Tax is subject to potential transfers and other adjustments set forth in the Special Tax Formula.

Annual Special Tax Levy. The Special Tax will be levied each year by comparing the Annual Costs to the Maximum Annual Special Tax Revenue to be generated by all Taxable Parcels; if the Annual Costs are less than the Maximum Annual Special Tax 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 Annual Costs, which include the principal and interest on the bonds of the Stoneridge West CFD. The Special Tax Formula provides that the Special Tax may not be levied on any parcel in the Stoneridge West CFD after fiscal Year 2035-36. When all Annual Costs incurred by the Stoneridge West CFD 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, (ii) a Successor Parcel greater than ten acres, or (iii) 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.

For the complete text of the Stoneridge West CFD Rate and Method, see "APPENDIX C – Rate and Methods of Apportionment of Special Taxes for the CFDs".

2006-07 Assessed Valuation and Development Status

For information on the 2005-06 County assessed valuation of property in the Stoneridge West CFD and other information relevant to the Stoneridge West CFD, see the 2006 Annual Continuing Disclosure Information Statement attached hereto as Appendix B.

Valuation and Value-to-Debt Burden

Assessed Value of Land in Stoneridge West CFD. The City has obtained the "full cash" assessed values of all of the taxable parcels in Stoneridge West CFD (667 parcels in total), as established by the County Assessor for Fiscal Year 2006-07, and as to the parcels which are on the tax roll as unimproved but construction is completed but not yet reflected on the tax roll, the City has indicated the value based on the home sale price, as reported by an independent data reporting company. The estimated total valuation of the parcels in the Stoneridge West CFD is \$405,711,568 as summarized in the table below.

Value-to-Debt Burden. The value-to-debt burden of the taxable parcels in Stoneridge West CFD (\$405,711,568 valuation, as noted below) and the burden of the Stoneridge West CFD Special Taxes based on the Stoneridge West CFD Bonds is shown below, based on bond amounts allocable to the Stoneridge West CFD Bonds. The table describes the number of taxable parcels in certain value-to-debt burden categories for fiscal year 2006-07. For purposes of this Official Statement, parcels shown below are only those parcels against which Special Taxes may be levied and collected and the only burden is the burden of the Stoneridge West CFD Bonds.

STONERIDGE WEST CFD
Calculation of Special Tax Revenues by Development Category
Value to Lien Ratio on Stoneridge West CFD Bonds

Category	Number of Parcels	Maximum Special Tax	% of Total Max Tax	Senior Lien Per Category	Land Value	Structure Value	Total Value	Value to Lien Per Category
Developed with Structural Value per 06/07 Tax Roll	633	\$878,070	99.80%	\$12,827,648	\$108,705,091	\$282,332,371	\$391,037,462	30.48
DataQuick Sale Value	1	1,530	0.20	22,352	--	238,251	238,251	10.66
Initial Bldg. Permit Issued	9	N/A	--	--	2,263,138	--	2,263,138	--
Undeveloped (\$0 Structural Assessed Value)	24	N/A	--	--	12,742,468	--	12,742,468	--
Total	667	\$879,600	100.00%	\$12,850,000	\$123,710,697	\$282,570,622	\$406,281,319	31.62

STONERIDGE WEST CFD
Series B Bonds Allocation Value-to-Lien Ratio
(Undeveloped Property Only)

Category	Number of Parcels	Maximum Special Tax	% of Total Max Tax	Series B Bonds Lien Per Category	Land Value	Total Value	Value to Lien Per Category
Initial Building Permit Issued	9	\$13,770	10.00%	\$68,000	\$2,263,138	\$2,263,138	33.28
Undeveloped (\$0 Structural Assessed Value)	24	123,930	90.00	612,000	12,742,468	12,742,468	20.82
Total	33	\$137,700	100.00%	\$680,000	\$15,005,606	\$15,005,606	22.07

Delinquencies

Fiscal year 2001-02 was the first year Special Taxes were levied to parcels in the Stoneridge West CFD. The following table sets forth the Annual Special Taxes and delinquencies of the Stoneridge West CFD for tax years 2001-02 through 2006-07.

STONERIDGE WEST CFD Delinquency Summary April 2007

Due Date	Dollars Levied	Dollars Delinquent	% Dollars Delinquent	Parcels Levied	Parcels Delinquent
2001/02 – 1	\$508,650.00	\$0.00	0.00%	428	0
2001/02 – 2	508,650.00	75,735.00	14.89	428	1
2002/03 – 1	490,858.31	0.00	0.00	651	0
2002/03 – 2	490,858.31	0.00	0.00	651	0
2003/04 – 1	488,381.16	0.00	0.00	667	0
2003/04 – 2	488,381.16	0.00	0.00	667	0
2004/05 – 1	498,972.37	0.00	0.00	667	0
2004/05 – 2	498,972.37	0.00	0.00	667	0
2005/06 – 1	483,053.23	2,768.31	0.57	667	4
2005/06 – 2	483,053.23	2,768.31	0.57	667	4
2006/07 – 1	487,232.64	20,896.45	4.29	667	31
Total	\$5,427,062.78	\$102,168.07	1.88%		

Source: MuniFinancial.

As of December 29, 2006, there were no property owners who were responsible for 5% or more of the Special Taxes and are delinquent in the payment of their Special Taxes in the Stoneridge West CFD. The table below presents an update of the status of delinquencies listed in the Stoneridge West CFD's 2005 Annual Continuing Disclosure Information Statement and shows all delinquent installments billed to Stoneridge Parkway Partners LLC.

Assessor's Parcel Number	Property Owner	Years Delinquent	Special Tax Levied	Amount Delinquent
456-010-013 ⁽¹⁾	Stoneridge Parkway Partners LLC	2001/02	\$151,470	\$75,735

(1) Only the second installment of the FY 2001/02 Special Tax Levy of APN 456-010-013 remains delinquent.
Source: City of Roseville collection information, as compiled by MuniFinancial.

Overlapping Liens

Agencies that provide public services which overlap the boundaries of the Stoneridge West CFD may have outstanding certificates of participation and bonds in the form of general obligation, special assessment, special tax, redevelopment or lease revenue bonds. Some impose special assessments and charges without corresponding indebtedness. In general, certificates of participation and redevelopment and lease revenue bonds do not represent obligations for which a property owner is obligated to make a direct payment representing debt service, but instead such obligations can be payable from the general fund of the issuer of such obligation or from property tax increment made available to such issuer.

The following table summarizes the direct and overlapping debt represented by the Stoneridge West CFD Bonds and by overlapping debt of overlapping agencies.

CITY OF ROSEVILLE STONERIDGE WEST CFD Direct and Overlapping Debt

2006-07 Local Secured Assessed Valuation: \$406,093,685

<u>DIRECT AND OVERLAPPING TAX AND ASSESSMENT DEBT:</u>	<u>% Applicable</u>	<u>Debt 4/15/07</u>
Roseville Joint Union High School District	1.863%	\$ 1,512,242
Eureka Union School District	0.008	695
Roseville City School District	3.485	1,321,421
City of Roseville Stoneridge West Community Facilities District No. 1	100.	<u>11,865,000</u> (1)
TOTAL DIRECT AND OVERLAPPING TAX AND ASSESSMENT DEBT		\$14,699,358
 <u>OVERLAPPING GENERAL FUND DEBT:</u>		
Placer County Certificates of Participation	0.802%	\$ 180,169
Placer County Office of Education Certificates of Participation	0.802	22,215
Sierra Joint Community College District Certificates of Participation	0.593	61,791
Roseville Joint Union High School District Certificates of Participation	1.931	99,736
Eureka Union School District Certificates of Participation	0.008	544
Roseville City School District Certificates of Participation	3.730	671,400
City of Roseville Certificates of Participation	2.625	<u>624,750</u>
TOTAL OVERLAPPING GENERAL FUND DEBT		\$1,660,605
 COMBINED TOTAL DEBT		 \$16,359,963 (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 2006-07 Assessed Valuation:

Direct Debt (\$11,865,000)	2.92%
Total Direct and Overlapping Tax and Assessment Debt	3.62%
Combined Total Debt	4.03%

STATE SCHOOL BUILDING AID REPAYABLE AS OF 6/30/06: \$0

Source: California Municipal Statistics.

STONERIDGE EAST CFD

Location and Description

Pursuant to the Mello-Roos Act, the City Council adopted a resolution stating its intent to establish Stoneridge East CFD, to authorize the levy of special taxes (the “**Stoneridge East CFD Special Tax**”) on land within the district, and to have Stoneridge East CFD incur bonded indebtedness. Following public hearings conducted pursuant to the Mello-Roos Act, the City Council adopted a resolution establishing the Stoneridge East CFD and calling for a special election to authorize the levy of the Stoneridge East CFD Special Tax and incur bonded indebtedness in an aggregate principal amount of not-to-exceed \$17,000,000. At the special election on June 20, 2001 the qualified electors of Stoneridge East CFD authorized Stoneridge East CFD to incur bonded indebtedness and approved the levy of the Stoneridge East CFD Special Tax pursuant to the Rate and Method of Apportionment of Special Taxes (the “**Stoneridge East CFD Rate and Method**”). For the complete text of the Stoneridge East CFD Rate and Method, see “APPENDIX C – Rate and Methods of Apportionment of Special Taxes for the CFDs”.

Stoneridge East CFD is located in the easterly portion of the City within a portion of the Stoneridge Specific Plan area, west of Sierra College Boulevard, north of Olympus Drive, east of Roseville Parkway, and south of the Rocklin/Roseville city limit boundaries. Adjacent land uses include Rocklin Highlands, a residential subdivision in the City of Rocklin to the north, rural residential homes and homesites known as Cavitt Ranch Estates to the east, a completed residential subdivision to the south, and the remainder of the developing Stoneridge Master Planned Community to the west. Major local thoroughfares providing access to the District are Douglas Boulevard, Sunrise Boulevard, Eureka Road, Roseville Parkway, and Rocky Ridge Drive, which provide indirect access to Interstate 80 and the Highway 65 Bypass.

Stoneridge East CFD covers approximately 501 gross acres planned for 1,512 units. The land is currently comprised of 758 parcels, 708 of which are developed with 707 single-family homes and a 230-unit apartment complex, as well as public uses, parks and open space. There are currently 50 undeveloped parcels, including 3 zoned for medium density residential and 2 zoned for high density residential.

Purpose of Prior Stoneridge East CFD Bonds

On behalf of Stoneridge East CFD, the City previously issued the \$16,000,000 original principal amount of City of Roseville Stoneridge East Community Facilities District No. 1 Special Tax Bonds, Series 2001 (the “**Prior Stoneridge East Bonds**”). Following issuance of the Prior Stoneridge East CFD Bonds, there was a remaining authorized bonded indebtedness of \$1,000,000.

The Prior Stoneridge East CFD Bonds were issued to finance transportation improvements, water and wastewater system improvements, drainage improvements, park improvements and other capital improvements and incidental expenses related thereto of benefit to the Stoneridge East CFD. All of the proceeds of the Prior Stoneridge East CFD Bonds designated to be used to finance the improvements have been expended.

Rate and Method of Apportionment of Special Taxes

The Special Tax authorized under the Act applicable to land within the Stoneridge East CFD 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 (defined terms set forth below in this section have the meanings set forth in the Special Tax Formula) set forth in “APPENDIX C — RATE AND METHODS OF APPORTIONMENT OF SPECIAL TAXES FOR THE CFDs.”

In General. The Stoneridge East CFD Special Taxes are levied in accordance with the Stoneridge East CFD Rate and Method, set forth in Appendix C. Capitalized terms used below but not defined below have the meaning given them in the Stoneridge East CFD Rate and Method.

Annual Levy. Each year, the City will determine the Annual Costs of the Stoneridge East CFD for the upcoming fiscal year. The “Annual Costs” include the following items (i) debt service on the Bonds; (ii) replenishment of the Reserve Fund; (iii) delinquencies in Special Taxes for the previous fiscal year or anticipated for the current year; (iv) administration of the Stoneridge East CFD; and (v) 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 Stoneridge East CFD. In no event may the City levy a Special Tax in any year above the Maximum Special Tax identified for each parcel in the Special Tax Formula.

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 Stoneridge East CFD except tax-exempt parcels as described in the Special Tax Formula.

Assignment of Maximum Special Tax. The Special Tax Formula describes in detail the precise method for assigning the Maximum Special Tax to parcels within the Stoneridge East CFD, which generally provides that each year the City will use the definitions contained in the Special Tax Formula to classify each parcel as tax-exempt or taxable. The Special Tax Formula assigns a total maximum tax to the existing Original Parcels and then reallocates the tax to Successor Parcels based on the actual number of lots realized by such subdivision, subject to potential transfers and other adjustments.

Termination of the Special Tax. The Special Tax will be levied and collected for as long as needed to pay the Annual Costs, which include principal and interest on bonds of the Stoneridge East CFD. The Special Tax Formula provides that the Special Tax may not be levied on any parcel in the Stoneridge East CFD after fiscal Year 2035-36. When all Annual Costs incurred by the Stoneridge East CFD 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, provided the Parcel is either (i) a whole Specific Plan Parcel greater than one acre, (ii) a Successor Parcel greater than ten acres, or (iii) a Final Use Parcel (as those terms are defined in the Special Tax Formula).

For the complete text of the Stoneridge East CFD Rate and Method, see “APPENDIX C – Rate and Methods of Apportionment of Special Taxes for the CFDs”.

2006-07 Assessed Valuation and Development Status

For information on the 2005-06 County assessed valuation of property in the Stoneridge East CFD and other information relevant to the Stoneridge East CFD, see the 2006 Annual Continuing Disclosure Information Statement attached hereto as Appendix B.

Valuation and Value-to-Debt Burden

Assessed Value of Land in Stoneridge East CFD. The City has obtained the “full cash” assessed values of all of the taxable parcels in Stoneridge East CFD (758 parcels in total), as established by the County Assessor for Fiscal Year 2006-07. The estimated total valuation of the parcels in the Stoneridge East CFD is \$330,325,245 as summarized in the table below.

Value-to-Debt Burden. The value-to-debt burden of the taxable parcels in Stoneridge East CFD (\$330,325,245 valuation, as noted below) and the burden of the Stoneridge East CFD Special Taxes based on the Stoneridge East CFD Bonds is shown below, based on bond amounts allocable to the Stoneridge East CFD Bonds. The table describes the number of taxable parcels in certain value-to-debt burden categories for fiscal year 2006-07. For purposes of this Official Statement, parcels shown below are only those parcels against which Special Taxes may be levied and collected and the only burden is the burden of the Stoneridge East CFD Bonds.

STONERIDGE EAST CFD
Calculation of Special Tax Revenues by Development Category
Value to Lien Ratio on Stoneridge East CFD Bonds

Category	Number of Parcels	Maximum Special Tax	% of Total Max Tax	Senior Lien Per Category	Land Value	Structure Value	Total Value	Value to Lien Per Category
Developed with Structural Value per 06/07 Tax Roll (Low Density Res.)	707	\$815,725	93.00%	\$11,868,403	\$97,311,599	\$207,856,028	\$305,167,627	25.71
Developed with Structural Value per 06/07 Tax Roll (High Density Res.)	1	57,500	7.00	836,597	1,699,870	21,515,472	23,215,342	27.75
Undeveloped (\$0 Structural Assessed Value) (Low Density Residential)	48	N/A	--	--	1,699,348	--	1,699,348	--
Undeveloped -- No Structural Assessed Value (High Density Residential)	2	N/A	--	--	242,928	--	242,928	--
Total	758	\$873,225	100.00%	\$12,705,000	\$100,953,745	\$229,371,500	\$330,325,245	26.00

STONERIDGE EAST CFD
Series B Bonds Allocation Value-to-Lien Ratio
(Undeveloped Property Only)

Category	Number of Parcels	Maximum Special Tax	% of Total Max Tax	Lien Per Category	Land Value	Total Assessed Value ⁽²⁾	Value to Lien Per Category
Low Density Residential	48	\$344,400	73.00%	\$3,353,214	\$1,699,348	1,699,348	0.51
High Density Residential	2	126,000	27.00	1,226,786	242,928	242,928	0.20
Total	50⁽¹⁾	\$470,400	100.00%	\$4,580,000	\$1,942,276	\$1,942,276	0.42

(1) 41 of the 50 parcels are single family parcels; the remaining are unsubdivided and approved for 534 residential units. All parcels are owned by Elliott Homes.

(2) Represents assessed value and is not indicative of current market value. The City has not, and does not intend to obtain an appraisal of this land, however within the last 12 months, the City, for purposes related to other CFDs, has obtained four different appraisals of residential land values within the City. Taking into consideration absorption, density, unimproved status and other factors, these appraisals set forth approximate values of \$50,000 (high density attached parcel) to \$200,000 (7,875 square feet parcel) per lot.

Delinquencies

The following table sets forth the Annual Special Taxes and delinquencies of the Stoneridge East CFD for the 2001-02 through 2006-07 tax years.

STONERIDGE EAST CFD Delinquency Summary April 2007

Due Date	Dollars Levied	Dollars Delinquent	% Dollars Delinquent	Parcels Levied	Parcels Delinquent
2001/02 – 1	\$671,812.50	\$0.00	0.00%	26	0
2001/02 – 2	671,812.50	0.00	0.00	26	0
2002/03 – 1	640,715.82	0.00	0.00	210	0
2002/03 – 2	640,715.82	0.00	0.00	210	0
2003/04 – 1	547,250.53	0.00	0.00	370	0
2003/04 – 2	547,250.53	0.00	0.00	370	0
2004/05 – 1	611,104.79	1,023.34	0.17	449	2
2004/05 – 2	611,104.79	1,023.34	0.17	449	2
2005/06 – 1	671,805.99	1,646.43	0.25	758	3
2005/06 – 2	671,805.99	2,703.58	0.40	758	5
2006/07 – 1	610,529.50	16,579.56	2.72	758	30
Total	\$6,895,908.76	\$22,976.25	0.33%		

Source: MuniFinancial.

As of April 15, 2006, there are no property owners who are responsible for 5% or more of the Special Taxes and are delinquent in the payment of their Special Taxes in the District.

Overlapping Liens

Agencies that provide public services which overlap the boundaries of the Stoneridge East CFD may have outstanding certificates of participation and bonds in the form of general obligation, special assessment, special tax, redevelopment or lease revenue bonds. Some impose special assessments and charges without corresponding indebtedness. In general, certificates of participation and redevelopment and lease revenue bonds do not represent obligations for which a property owner is obligated to make a direct payment representing debt service, but instead such obligations can be payable from the general fund of the issuer of such obligation or from property tax increment made available to such issuer.

The following table summarizes the direct and overlapping debt represented by the Stoneridge East CFD Bonds and by overlapping debt of overlapping agencies.

CITY OF ROSEVILLE STONERIDGE EAST CFD Direct and Overlapping Debt

2006-07 Local Secured Assessed Valuation: \$330,584,805

<u>DIRECT AND OVERLAPPING TAX AND ASSESSMENT DEBT:</u>	<u>% Applicable</u>	<u>Debt 4/15/07</u>
Roseville Joint Union High School District	1.516%	\$ 1,230,573
Roseville City School District	3.040	1,076,854
City of Roseville Stoneridge East Community Facilities District No. 1	100.	<u>14,820,000</u> (1)
TOTAL DIRECT AND OVERLAPPING TAX AND ASSESSMENT DEBT		\$17,127,427

OVERLAPPING GENERAL FUND DEBT:

Placer County Certificates of Participation	0.653%	\$ 146,696
Placer County Office of Education Certificates of Participation	0.653	18,088
Sierra Joint Community College District Certificates of Participation	0.483	50,329
Roseville Joint Union High School District Certificates of Participation	1.572	81,194
Roseville City School District Certificates of Participation	3.040	547,200
City of Roseville Certificates of Participation	2.137	<u>508,606</u>
TOTAL OVERLAPPING GENERAL FUND DEBT		\$1,352,113

COMBINED TOTAL DEBT \$18,479,540 (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 2006-07 Assessed Valuation:

Direct Debt (\$14,820,000)	4.48%
Total Direct and Overlapping Tax and Assessment Debt ...	5.18%
Combined Total Debt	5.59%

STATE SCHOOL BUILDING AID REPAYABLE AS OF 6/30/06: \$0

Source: California Municipal Statistics.

CROCKER RANCH CFD

Location and Description

Pursuant to the Mello-Roos Act, the City Council adopted a resolution stating its intent to establish Crocker Ranch CFD, to authorize the levy of special taxes (the “**Crocker Ranch CFD Special Tax**”) on land within the district, and to have Crocker Ranch CFD incur bonded indebtedness. Following public hearings conducted pursuant to the Mello-Roos Act, the City Council adopted a resolution establishing the Crocker Ranch CFD and calling for a special election to authorize the levy of the Crocker Ranch CFD Special Tax and incur bonded indebtedness in an aggregate principal amount of not-to-exceed \$20,000,000. At the special election on February 6, 2002 the qualified electors of Crocker Ranch CFD authorized Crocker Ranch CFD to incur bonded indebtedness and approved the levy of the Crocker Ranch CFD Special Tax pursuant to the Rate and Method of Apportionment of Special Taxes (the “**Crocker Ranch CFD Rate and Method**”). For the complete text of the Crocker Ranch CFD Rate and Method, see “APPENDIX C – Rate and Methods of Apportionment of Special Taxes for the CFDs”.

Crocker Ranch CFD is located in the northwestern area of the City within a portion of the North Roseville Specific Plan area, 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, Fiddymont 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.

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.

Crocker Ranch CFD comprises approximately 240 net developable acres (approximately 321 gross acres. Currently, there are 928 parcels, 709 of the parcels are reported as developed on the County tax roll (meaning the parcel has an assigned structure value). Additionally, 14 homes are completed and not on the tax roll, 30 parcels are under construction and 189 parcels are undeveloped. All of the property is zoned for single family residential use.

Purpose Prior Crocker Ranch CFD Bonds

On behalf of Crocker Ranch CFD, the City previously issued the \$4,525,000 original principal amount of City of Roseville Crocker Ranch Community Facilities District No. 1 Special Tax Bonds, Series 2002 and \$15,475,000 original principal amount of City of Roseville Crocker Ranch Community Facilities District No. 1 Special Tax Bonds, Series 2003 (together, the “**Prior Crocker Ranch Bonds**”). Following issuance of the Prior Crocker Ranch CFD Bonds, there is no remaining authorized bonded indebtedness for the Crocker Ranch CFD.

The Prior Crocker Ranch CFD Bonds were issued to finance transportation improvements, water and wastewater system improvements, drainage improvements, City capital improvements and incidental expenses related thereto of benefit to the Crocker Ranch CFD. All of the proceeds of the Prior Crocker Ranch CFD Bonds designated to be used to finance the improvements have been expended.

Rate and Method of Apportionment of Special Taxes

The Special Tax authorized under the Act applicable to land within the Crocker Ranch CFD 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 (defined terms set forth below in this section have the meanings set forth in the Special Tax Formula) set forth in "APPENDIX C — RATE AND METHODS OF APPORTIONMENT OF SPECIAL TAXES FOR THE CFDs."

In General. The Crocker Ranch CFD Special Taxes are levied in accordance with the Crocker Ranch CFD Rate and Method, set forth in Appendix C. Capitalized terms used below but not defined below have the meaning given them in the Crocker Ranch CFD Rate and Method.

Annual Levy. Each year, the City will determine the Annual Costs of the Crocker Ranch CFD for the upcoming fiscal year. The "Annual Costs" include (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 Crocker Ranch CFD. 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 Crocker Ranch CFD except "Tax-Exempt" parcels as described in the Special Tax Formula.

Tax Zone 1 and Tax Zone 2 Parcels. The Special Tax Formula classifies the property in the Crocker Ranch CFD 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 Crocker Ranch CFD 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 Crocker Ranch CFD, 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 Crocker Ranch CFD-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 Crocker Ranch CFD after fiscal Year 2035-36. When all Annual Costs incurred by the Crocker Ranch CFD 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.

For the complete text of the Crocker Ranch CFD Rate and Method, see "APPENDIX C - Rate and Methods of Apportionment of Special Taxes for the CFDs".

2006-07 Assessed Valuation and Development Status

For information on the 2005-06 County assessed valuation of property in the Crocker Ranch CFD and other information relevant to the Crocker Ranch CFD, see the 2006 Annual Continuing Disclosure Information Statement attached hereto as Appendix B.

Valuation and Value-to-Debt Burden

Assessed Value of Land in Crocker Ranch CFD. The City has obtained the "full cash" assessed values of all of the taxable parcels in Crocker Ranch CFD (928 parcels in total), as established by the County Assessor for Fiscal Year 2006-07. The estimated total valuation of the parcels in the Crocker Ranch CFD is \$413,088,335 as summarized in the table below.

Value-to-Debt Burden. The value-to-debt burden of the taxable parcels in Crocker Ranch CFD (\$413,088,335 valuation, as noted below) and the burden of the Crocker Ranch CFD Special Taxes based on the Crocker Ranch CFD Bonds is shown below, based on bond amounts allocable to the Crocker Ranch CFD Bonds. The table describes the number of taxable parcels in certain value-to-debt burden categories for fiscal year 2006-07. For purposes of this Official Statement, parcels shown below are only those parcels against which Special Taxes may be levied and collected and the only burden is the burden of the Crocker Ranch CFD Bonds.

CROCKER RANCH CFD
Calculation of Special Tax Revenues by Development Category
Value to Lien Ratio on Crocker Ranch CFD Bonds

Category	Number of Parcels	Maximum Special Tax	% of Total Max Tax	Senior Lien Per Category	Land Value	Structure Value	Total Value	Value to Lien Per Category
Developed per 06/07 Tax Roll	695	\$1,104,896	98.00%	\$16,614,861	\$115,931,984	\$259,017,154	\$374,949,138	22.57
Parcels with Final Bldg. Permit Issued ⁽¹⁾	14	20,292	2.00	305,139	1,573,056	--	1,573,056	5.16
Initial Bldg. Permit Issued	30	N/A	--	--	2,280,240	--	2,280,240	--
Undeveloped	189	N/A	--	--	34,285,901	--	34,285,901	--
Total	928	\$1,125,188	100.00%	\$16,920,000	\$154,071,181	\$259,017,154	\$413,088,335	24.41

(1) Property with Final Building Permit Issued most likely has structural assessed values. This is not being reflected in the value-to-lien calculation.

CROCKER RANCH CFD
Series B Bonds Allocation Value-to-Lien Ratio
(Undeveloped Property Only)

Category	Number of Parcels	Maximum Special Tax	% of Total Max Tax	Series B Bonds Lien Per Category	Land Value	Total Value	Value to Lien Per Category
Initial Building Permit Issued	30	\$40,320	7.00%	\$334,800	\$2,280,240	\$2,280,240	6.81
Undeveloped	189	521,847	93.00	4,330,200	34,285,901	34,285,901	7.92
Total	219	\$561,807	100.00%	\$4,665,000	\$36,566,141	\$36,566,141	7.84

Delinquencies

The following table sets forth the Annual Special Taxes and delinquencies of the Crocker Ranch CFD for the 2002-03 through 2006-07 tax years.

CROCKER RANCH CFD Delinquency Summary April 2007

Due Date	Dollars Levied	Dollars Delinquent	% Dollars Delinquent	Parcels Levied	Parcels Delinquent
2002/03 – 1	\$182,811.89	\$0.00	0.00%	6	0
2002/03 – 2	182,811.89	0.00	0.00	6	0
2003/04 – 1	843,498.00	0.00	0.00	351	0
2003/04 – 2	843,498.00	0.00	0.00	351	0
2004/05 – 1	843,496.82	0.00	0.00	724	0
2004/05 – 2	843,496.82	0.00	0.00	724	0
2005/06 – 1	843,496.82	6,128.45	0.73	811	8
2005/06 – 2	843,496.82	10,300.81	1.22	811	13
2006/07 – 1	843,496.64	50,768.62	6.02	928	64
Total	\$6,270,103.70	\$67,197.88	1.07%		

Source: MuniFinacial.

There are currently no property owners responsible for 5% or more of the Special Tax that are delinquent in the payment of Special Taxes.

Overlapping Liens

Agencies that provide public services which overlap the boundaries of the Crocker Ranch CFD may have outstanding certificates of participation and bonds in the form of general obligation, special assessment, special tax, redevelopment or lease revenue bonds. Some impose special assessments and charges without corresponding indebtedness. In general, certificates of participation and redevelopment and lease revenue bonds do not represent obligations for which a property owner is obligated to make a direct payment representing debt service, but instead such obligations can be payable from the general fund of the issuer of such obligation or from property tax increment made available to such issuer.

The following table summarizes the direct and overlapping debt represented by the Crocker Ranch CFD Bonds and by overlapping debt of overlapping agencies.

CITY OF ROSEVILLE CROCKER RANCH CFD Direct and Overlapping Debt

2006-07 Local Secured Assessed Valuation: \$413,088,335

<u>DIRECT AND OVERLAPPING TAX AND ASSESSMENT DEBT:</u>	<u>% Applicable</u>	<u>Debt 4/15/07</u>
Roseville Joint Union High School District	1.895%	\$ 1,538,217
Roseville City School District	3.549	1,345,688
City of Roseville Crocker Ranch Community Facilities District No. 1	100.	<u>18,980,000</u> (1)
TOTAL DIRECT AND OVERLAPPING TAX AND ASSESSMENT DEBT		\$21,863,905

OVERLAPPING GENERAL FUND DEBT:

Placer County Certificates of Participation	0.816%	\$ 183,314
Placer County Office of Education Certificates of Participation	0.816	22,603
Sierra Joint Community College District Certificates of Participation	0.603	62,833
Roseville Joint Union High School District Certificates of Participation	1.964	101,441
Roseville City School District Certificates of Participation	3.798	683,640
City of Roseville Certificates of Participation	2.670	<u>635,460</u>
TOTAL OVERLAPPING GENERAL FUND DEBT		\$1,689,291

COMBINED TOTAL DEBT \$23,553,196 (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 2006-07 Assessed Valuation:

Direct Debt (\$18,980,000)	4.59%
Total Direct and Overlapping Tax and Assessment Debt	5.29%
Combined Total Debt	5.70%

STATE SCHOOL BUILDING AID REPAYABLE AS OF 6/30/06: \$0

Source: California Municipal Statistics.

GENERAL RISK FACTORS RELATING TO THE BONDS

Factors Affecting Parcel Value and Aggregate Values

The facts and circumstances concerning the values of the parcels subject to the Special taxes that are of importance are not confined to those relating to individual parcel values because the CFD Bonds are not individually secured by particular parcels. The following are some of the factors which may affect the market for and value of particular parcels in the CFDs.

Geologic, topographic and climatic conditions. Values of parcels can be adversely affected by a variety of natural events and conditions. These include, without limitation:

- geologic conditions such as earthquakes;
- topographic conditions such as earth movements and floods; and
- climatic conditions such as droughts.

The possibility of the occurrence of some of these conditions and events has been taken into account to a limited extent in the design of public improvements which have been or may be approved by the CFD or other public agencies. Building codes require that some of these conditions be taken into account to a limited extent in the design of private improvements. Design criteria in any of these circumstances are established upon the basis of a variety of considerations and may change from time to time leaving previously designed improvements unaffected by more stringent subsequently established criteria. In general, design criteria, at the time of their establishment, reflect a balance between the present costs of protection and the future costs of lack of protection, based in part upon a present perception of the probability that the condition will occur and the seriousness of the condition should it occur. Also reflecting that balance are decisions not to impose design criteria at all.

The City expects that one or more of these conditions may occur from time to time, and, even if design criteria do exist, such conditions may result in damage to property improvements. That damage may entail significant repair or replacement costs, and repair or replacement may never occur. Under any of these circumstances, the value of the parcels in the CFDs could depreciate substantially notwithstanding the establishment of design criteria.

Legal requirements. Other events which may affect the value of a parcel include changes in the law or application of the law. Such changes may include, without limitation, the following:

- local growth control initiatives;
- local utility connection moratoriums;
- local application of statewide tax and governmental spending limitation measures.

Seismic Conditions. The CFDs, like all California communities, may be subject to unpredictable seismic activity. There are several active and potentially active fault zones that could affect the area.

Other Possible Claims Upon the Value of a Parcel

Other Governmental Obligations. While the CFD Bonds are not secured by specific parcels, the security only extends to the value thereof that is not subject to priority and parity liens and similar claims relative to the CFD Bonds (i.e., special taxes or assessments). Other

governmental obligations may be authorized and undertaken or issued in the future the tax, assessment or charge for which may become an obligation of one or more of the parcels in the CFDs, and may be secured by liens on a parity with the liens of the Special Taxes.

In general, as long as installments of the Special Taxes are collected on the County tax roll, the installments and all other taxes, assessments and charges also collected on the tax roll are on a parity. 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, 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.

Hazardous substances. While governmental taxes, assessments and charges are a common claim against the value of a parcel, other less common claims may be relevant. One of the most serious in terms of the potential reduction in the value that may be realized to pay the special taxes is a claim with regard to a hazardous substance. In general, the owners and operators of a parcel may be required by law to remedy conditions of the parcel relating to released or threatened releases of hazardous substances. The federal Comprehensive Environmental Response, Compensation and Liability Act of 1980, sometimes referred to as "CERCLA" or "Superfund Act", is the most well known and widely applicable of these laws, but California laws with regard to hazardous substances are also stringent and similar. Under many of these laws, the owner or operator of a property is obligated to remedy a hazardous substance condition 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 affected by a hazardous substance, is to reduce the marketability and value of the parcel by the costs of remedying the condition.

Further, it is possible that liabilities may arise in the future with respect to any of the parcels resulting from the current existence 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 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 that is realizable upon delinquency.

Bankruptcy and Foreclosure Delays

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

Although bankruptcy proceedings would not cause the Special Taxes to become extinguished, bankruptcy of a property owner or any other person claiming an interest in a

property subject to the Special Taxes could result in a delay in superior court foreclosure proceedings and could result in the possibility of Special Tax installments not being paid in part or in full. Such a delay would increase the likelihood of a delay or default in payment of the principal of and interest on the Bonds.

Property Owned by FDIC. In addition, the ability of the City to foreclose upon the lien on property for delinquent Special Taxes may be limited for properties in which the Federal Deposit Insurance Corporation (the “**FDIC**”) has an interest. On November 26, 1996, the FDIC adopted a Statement of Policy Regarding the Payment of State and Local Property Taxes (the “**Policy Statement**”) (which superseded a prior statement issued by the FDIC and the Resolution Trust Corporation in 1991). The Policy Statement applies to the FDIC when it is liquidating assets in its corporate and receivership capacities. The Policy Statement provides, in part, that real property of the FDIC is subject to state and local real property taxes if those taxes are assessed according to the property's value, and that the FDIC is immune from ad valorem real property taxes assessed on other bases. The Policy Statement also provides that the FDIC will pay its proper tax obligations when they become due and will pay claims for delinquencies as promptly as is consistent with sound business practice and the orderly administration of the institution's affairs, unless abandonment of the FDIC interest in the property is appropriate. It further provides that the FDIC will pay claims for interest on delinquent property taxes owned at the rate provided under state law, but only to the extent the interest payment obligation is secured by a valid lien. The FDIC will not pay for any fines or penalties and will not pay nor recognize liens for such amounts. The Policy Statement also provides that if any property taxes (including interest) on FDIC-owned property are secured by a valid lien (in effect before the property became owned by the FDIC), the FDIC will pay those claims. No property of the FDIC is subject to levy, attachment, garnishment, foreclosure or sale without the FDIC's consent. In addition, a lien for taxes and interest may attach, but the FDIC will not permit a lien or security interest held by the FDIC to be eliminated by foreclosure without the FDIC's consent.

With respect to challenges to assessments, the Policy Statement provides: “The (FDIC) is only liable for state and local taxes which are based on the value of the property during the period for which the tax is imposed, notwithstanding the failure of any person, including prior record owners, to challenge an assessment under the procedures available under state law. In the exercise of its business judgment, the (FDIC) may challenge assessments which do not conform with the statutory provisions, and during the challenge may pay tax claims based on the assessment level deemed appropriate, provided such payment will not prejudice the challenge. The (FDIC) will generally limit challenges to the current and immediately preceding taxable year and to the pursuit of previously filed tax protests. However, the (FDIC) may, in the exercise of its business judgment, challenge any prior taxes and assessments provided that (1) the (FDIC's) records (including appraisals, offers or bids received for the purchase of the property, etc.) indicate that the assessed value is clearly excessive, (2) a successful challenge will result in a substantial savings to the (FDIC), (3) the challenge will not unduly delay the sale of the property, and (4) there is a reasonable likelihood of a successful challenge.”

The Policy Statement states that the FDIC generally will not pay non-ad valorem taxes, including special assessments, on property in which it has a fee simple interest unless the amount of tax is fixed at the time the FDIC acquires its fee simple interest in the property, nor will the FDIC recognize the validity of any lien to the extent it purports to secure the payment of any such amounts. Because the Special Taxes are neither ad valorem taxes nor special assessments, and because they are levied under a special tax formula under which the amount of the Special Tax is determined each year, the Special Taxes appear to fall within the category of taxes the FDIC generally will not pay under the Policy Statement.

Following the County of Orange bankruptcy proceedings filed in December 1994, the FDIC filed claims against the County of Orange in the U.S. Bankruptcy Court and the Federal District Court which challenged special taxes that Orange County had levied on FDIC-owned property (and which the FDIC had paid). The FDIC took a position similar to that outlined in the Policy Statement, to the effect that the FDIC, as a governmental entity, is exempt from special taxes under the Mello-Roos Act. The Bankruptcy Court agreed, finding that the FDIC was not liable for post-receivership Mello-Roos taxes, and the Bankruptcy Appellate Panel affirmed. On appeal, the U.S. Court of Appeals for the Ninth Circuit, while not specifically asked to decide on the issue, stated in its decision filed on August 28, 2001, that “the FDIC, as a federal agency, is exempt from the Mello-Roos tax,” and quoted Section 53340(c) of the Mello-Roos Act in stating that “properties or entities’ of the federal government are exempt from the tax.”

The City is unable to predict what effect the application of the Policy Statement, or the ultimate outcome of the County of Orange case, would have in case of a Special Tax delinquency on a parcel in which the FDIC has an interest. However, prohibiting the judicial foreclosure sale of a FDIC-owned parcel would likely reduce the number of or eliminate the persons willing to purchase a parcel at a foreclosure sale. Owners of the Bonds should assume that the City will be unable to foreclose on parcels of land in the CFDs owned by the FDIC. Such an outcome could cause a draw on the Reserve Funds and perhaps, ultimately, a default in payment of the Bonds.

Proposition 218

Under the California Constitution, the power of initiative is reserved to the voters for the purpose of enacting statutes and constitutional amendments. Over the past 18 years, the voters have exercised this power through the adoption of Proposition 13 and similar measures. On November 5, 1996, the voters approved Proposition 218.

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

Proposition 218—Voter Approval for Local Government Taxes—Limitation on Fees, Reassessments, and Charges—Initiative Constitutional Amendment, added Articles XIII C and XIII D to the California Constitution, imposing certain vote requirements and other limitations on the imposition of new or increased taxes, assessments and property-related fees and charges. Proposition 218 states that all taxes imposed by local governments shall be deemed to be either general taxes or special taxes. Special purpose districts, including assessment districts and community facilities districts, have no power to levy general taxes. No local government may impose, extend or increase any general tax unless and until such tax is submitted to the electorate and approved by a majority vote. No local government may impose, extend or increase any special tax unless and until such tax is submitted to the electorate and approved by a two-thirds vote.

Proposition 218 also provides that no tax, assessment, fee or charge shall be assessed by any agency upon any parcel of property or upon any person as an incident of property ownership except: (i) the ad valorem property tax imposed pursuant to Article XIII and Article XIII A of the California Constitution, (ii) any special tax receiving a two-thirds vote pursuant to the California Constitution, and (iii) assessments, fees and charges for property related services as provided in Proposition 218. Proposition 218 then goes on to add voter requirements for

assessments and fees and charges imposed as an incident of property ownership, other than fees and charges for sewer, water, and refuse collection services. In addition, all assessments and fees and charges imposed as an incident of property ownership, including sewer, water, and refuse collection services, are subjected to various additional procedures, such as hearings and stricter and more individualized benefit requirements and findings. The effect of such new provisions will presumably be to increase the difficulty a local agency will have in imposing, increasing or extending such reassessments, fees and charges.

Among other things, Section 3 of Article XIIC states that “. . . the initiative power shall not be prohibited or otherwise limited in matters of reducing or repealing any local tax, assessment, fee or charge.” The Act provides for a procedure which includes notice, hearing, protest and voting requirements to alter the rate and method of apportionment of an existing special tax.

On July 1, 1997, a bill was signed into law by the Governor of the State enacting Government Code Section 5854, which states that:

“Section 3 of Article XIIC 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 protected by Section 10 of Article I of the United States Constitution.”

Therefore, although the matter is not free from doubt, it is likely that Proposition 218 has not conferred on the voters the power to repeal or reduce the Special Taxes if such reduction would interfere with the timely retirement of the CFD Bonds with the procedural requirements of, Article XIID of the California Constitution.”

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

Like its antecedents, Proposition 218 is likely to undergo both judicial and legislative scrutiny before its impact on the City and its obligations can be determined. Certain provisions of Proposition 218 may be examined by the courts for their constitutionality under both State and federal constitutional law. Neither the City nor the Authority is able to predict the outcome of any such examination.

Payment of the Special Taxes is Not a Personal Obligation

The owners of Taxable Property in the CFDs are not personally liable for the payment of the Special Taxes. Rather, the Special Taxes are obligations only of the Taxable Property, as applicable. If the value of a parcel of Taxable Property is not sufficient to fully secure the Special Taxes on it, as applicable, neither the City nor the Authority has any recourse against the owner.

Limited Obligation to Pay Debt Service

Neither the Authority nor the City has any obligation to pay principal of and interest on the Bonds if Special Tax collections are insufficient for that purpose, other than from amounts, if

any, on deposit in the Reserve Funds. Neither the City nor the Authority is obligated to advance its own funds to pay debt service on the Bonds.

Depletion of Reserve Funds

The Reserve Funds are to be maintained at an amount equal to the applicable Reserve Requirement. See "SECURITY FOR THE BONDS – Reserve Funds." Funds in the Reserve Funds may be used to pay principal of and interest on the Bonds if insufficient funds are available from the proceeds of the levy and collection of the Special Taxes. If funds in the Reserve Funds 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 Indenture. However, no replenishment from the proceeds of Special Taxes can occur as long as the proceeds that are collected, together with other available funds, remain insufficient to pay all such amounts. Thus it is possible that the Reserve Funds will be depleted and not replenished. *Furthermore, neither the Bonds nor the CFD Bonds are not cross-collateralized. In other words, funds in the Series A Reserve Fund cannot be used to pay debt service on the Series B Bonds, and vice versa. Moreover, annual Special Taxes from one CFD, and payment of debt service on one CFD Bond, cannot be used to cover any shortfall in the payment of debt service, or replenishment of the applicable reserve accounts, on the other CFD Bond.*

No Acceleration

The principal of the CFD Bonds will not be subject to acceleration under the provisions of the Bond Indentures under which they are being issued.

Limitations on Remedies

Remedies available to the owners of the Bonds may be limited by a variety of factors and may be inadequate to assure the timely payment of principal of and interest on the Bonds or to preserve the tax-exempt status of the Bonds.

Bond Counsel has limited its opinion as to the enforceability of the Bonds and of the Indenture to the extent that enforceability may be limited by bankruptcy, insolvency, reorganization, fraudulent conveyance or transfer, moratorium, or other similar laws affecting generally the enforcement of creditors' rights, by equitable principles and by the exercise of judicial discretion. The lack of availability of certain remedies or the limitation of remedies may entail risks of delay, limitation or modification of the rights of the owners of the Bonds.

Loss of Tax Exemption

As discussed under the caption "LEGAL MATTERS – Tax Matters," interest on the Bonds might become includable in gross income for purposes of federal income taxation retroactive to the date the Bonds were issued as a result of future acts or omissions of the Authority or the City in violation of their covenants in the Indenture and the CFD Indentures. Neither the Indenture nor the CFD Indentures contain a special redemption feature triggered by the occurrence of an event of taxability. As a result, if interest on the Bonds were to be includable in gross income for purposes of federal income taxation, the Bonds would continue to remain outstanding until maturity unless earlier redeemed pursuant to optional or mandatory redemption or redemption.

Secondary Market

There can be no guarantee that there will be a secondary market for the Bonds, or, if a secondary market exists, that such Bonds can be sold for any particular price. Occasionally, because of general market conditions or because of adverse history or economic prospects connected with a particular issue, secondary marketing practices in connection with a particular issue are suspended or terminated. Additionally, prices of issues for which a market is being made will depend upon then prevailing circumstances. Such prices could be substantially different from the original purchase price.

Disclosure to Future Purchasers

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

Levy and Collection of the Special Tax

The principal source of payment of principal of and interest on the CFD Bonds is the proceeds of the annual levy and collection of the Special Tax against property within the CFDs. The annual levy of the Special Taxes is subject to the maximum tax rates authorized. The levy cannot be made at a higher rate even if the failure to do so means that the estimated proceeds of the levy and collection of the Special Taxes, together with other available funds, will not be sufficient to pay debt service on the corresponding CFD Bonds. Other funds which might be available include funds derived from the payment of penalties on delinquent Special Taxes and funds derived from the tax sale or foreclosure and sale of parcels on which levies of the Special Tax are delinquent.

The levy of the Special Taxes will rarely, if ever, result in a uniform relationship between the value of particular taxed parcels and the amount of the levy of the Special Tax against such parcels. Thus, there will rarely, if ever, be a uniform relationship between the value of such parcels and the proportionate share of debt service on the CFD Bonds, and certainly not a direct relationship.

The Special Tax levied in any particular tax year on a taxed parcel is based upon the revenue needs and application of the applicable Rate and Method. Application of the applicable Rate and Method will, in turn, be dependent upon certain development factors with respect to each taxed parcel by comparison with similar development factors with respect to the other taxed parcels within the CFDs. Thus, in addition to annual variations of the revenue needs from the Special Taxes, the following are some of the factors which might cause the levy of a Special

Tax on any particular taxed parcel to vary from the Special Tax that might otherwise be expected:

(1) Reduction in the number of taxed parcels, for such reasons as acquisition of taxed parcels by a government and failure of the government to pay the Special Tax based upon a claim of exemption or, in the case of the federal government or an agency thereof, immunity from taxation, thereby resulting in an increased tax burden on the remaining taxed parcels.

(2) Failure of the owners of taxed parcels to pay the Special Tax and delays in the collection of or inability to collect the Special Tax by tax sale or foreclosure and sale of the delinquent parcels, thereby resulting in an increased tax burden on the remaining parcels.

(3) Development of a parcel of Taxable Property more rapidly than development of other parcels of Taxable Property, thereby resulting in the application of development factors in the Special Tax formula to the parcel and resulting in an increased tax burden on the parcel of Taxable Property.

(4) Development of other parcels of Taxable Property less rapidly than expected, thereby resulting in delay in application of development factors in the Special Tax formula to the other parcels of Taxable Property and resulting in an increased tax burden on the parcel of Taxable Property.

The CFD Indentures provide that the Special Taxes are to be collected in the same manner as ordinary *ad valorem* property taxes are collected and, except as provided in the special covenant for foreclosure described in "SECURITY FOR THE CFD BONDS – Covenants of the City – Commence Foreclosure Proceedings" and in the Mello-Roos Act, is subject to the same penalties and the same procedure, sale and lien priority in case of delinquency as is provided for *ad valorem* property taxes. Pursuant to these procedures, if taxes are unpaid for a period of five years or more, the property is deeded to the State and then is subject to sale by the County.

In the event that sales or foreclosures of property are necessary, there could be a delay in payments to owners of the Bonds pending such sales or the prosecution of foreclosure proceedings and receipt by the City of the proceeds of sale if the Reserve Fund is depleted. See "SECURITY FOR THE CFD BONDS - Covenants of the City – Commence Foreclosure Proceedings."

Exempt Properties

Certain properties are exempt from the Special Taxes in accordance with the Rates and Methods. In addition, the Mello-Roos Act provides that properties or entities of the state, federal or local government are exempt from Special Taxes; provided, however, that property within a CFD acquired by a public entity through a negotiated transaction or by gift or devise, which is not otherwise exempt from a Special Tax, will continue to be subject to the Special Tax. It is possible that property acquired by a public entity following a tax sale or foreclosure based upon failure to pay taxes could become exempt from the Special Tax. In addition, although the Mello-Roos Act provides that if property subject to the Special Tax is acquired by a public entity through eminent domain proceedings, the obligation to pay the Special Tax with respect to that property is to be treated as if it were a special assessment, the constitutionality and operation of these provisions of the Mello-Roos Act have not been tested, meaning that such property could become exempt from the Special Tax. In the event that additional property is dedicated to the School District or other public entities, this additional property might become exempt from the Special Tax.

The Mello-Roos Act further provides that no other properties or entities are exempt from the Special Tax unless the properties or entities are expressly exempted in a resolution of consideration to levy a new special tax or to alter the rate or method of apportionment of an existing special tax.

Subordinate Nature of Series B Bonds

The Series B Bonds are subordinate to the Series A Bonds in priority and right of payment. Subordinated Revenues will be available to pay obligations on the Series B Bonds only after all payments and deposits in respect of the Series A Bonds have been made as set forth herein and in the Indenture. In the event of delinquencies in the payment of Special Taxes, there may not be sufficient Subordinated Revenues available to pay interest or principal due on any or all of the Series B Bonds then Outstanding.

No Rating of Series B Bonds

The Series B Bonds are not rated by any rating agency, and the Authority does not presently intend to seek any rating of the Series B Bonds nor does the Authority anticipate that the Series B Bonds would qualify for an investment grade rating due to the structure and size of the Series A Bonds.

LEGAL MATTERS

Tax Matters

In the opinion of Jones Hall, A Professional Law Corporation, San Francisco, California, Bond Counsel, subject, however to the qualifications set forth below, under existing law, the interest on the Bonds is excluded from gross income for federal income tax purposes and such interest is not an item of tax preference for purposes of the federal alternative minimum tax imposed on individuals and corporations, provided, 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 opinions set forth in the preceding paragraph are subject to the condition that the Authority and the City comply with all requirements of the Internal Revenue Code of 1986 (the "Tax Code") that must be satisfied subsequent to the issuance of the Bonds in order that such interest be, or continue to be, excluded from gross income for federal income tax purposes. The Authority and the City have covenanted to comply with each such requirement. Failure to comply with certain of such requirements may cause the inclusion of such interest in gross income for federal income tax purposes to be retroactive to the date of issuance of the Bonds.

If the initial offering price to the public (excluding bond houses and brokers) at which a Bond is sold is less than the amount payable at maturity thereof, then such difference constitutes "original issue discount" for purposes of federal income taxes and State of California personal income taxes. If the initial offering price to the public (excluding bond houses and brokers) at which each Bond is sold is greater than the amount payable at maturity thereof, then such difference constitutes "original issue premium" for purposes of federal income taxes and State of California personal income taxes. De minimis original issue discount and original issue premium is disregarded. Owners of Bonds with original issue discount or original issue premium, including purchasers who do not purchase in the original offering, should consult their own tax advisors with respect to federal income tax and State of California personal income tax consequences of owning such Bonds.

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

Owners of the Bonds should also be aware that the ownership or disposition of, or the accrual or receipt of interest on, the Bonds may have federal or state tax consequences other than as described above. Bond Counsel expresses no opinion regarding any federal or state tax consequences arising with respect to the Bonds other than as set forth in their opinion, the proposed form of which is set forth in APPENDIX E.

Absence of Litigation

The Authority and the City will certify at the time the Bonds are issued that no litigation is pending or threatened concerning the validity of the Bonds or the CFD Bonds and that no action, suit or proceeding is known by the Authority or the City to be pending that would restrain or enjoin the delivery of the Bonds or the CFD Bonds, or contest or affect the validity of the Bonds or the CFD Bonds or any proceedings of the Authority or the City taken with respect to the Bonds or the CFD Bonds.

Legal Opinion

All proceedings in connection with the issuance of the Bonds are subject to the approval as to their legality of Jones Hall, A Professional Corporation, San Francisco, California, Bond Counsel in connection with the Bonds. The unqualified opinion of Bond Counsel approving the validity of the Bonds will be attached to each Bond. Bond Counsel's employment is limited to a review of legal procedures required for the approval of the Bonds and to rendering an opinion as to the validity of the Bonds and the exemption of interest on the Bonds from income taxation. Jones Hall, A Professional Law Corporation, San Francisco, California is also serving as Disclosure Counsel.

Payment of the fees of Bond Counsel and Disclosure Counsel is contingent upon issuance of the Bonds.

THE AUTHORITY

The Authority was established under Sections 6500 et seq. of the California Government Code and a Joint Exercise of Powers Agreement originally entered into as of July 1, 1989 and amended and restated as of July 1, 1997, by and between the City and the Redevelopment Agency of the City of Roseville.

The Authority was established for the purpose of financing the acquisition, construction, improvement and equipping of public capital improvements. The governing board of the Authority is the City Council of the City.

MISCELLANEOUS

Ratings

Series A Bonds. Standard & Poor's Ratings Service ("**S&P**") has assigned its municipal bond rating of "AAA" to the Series A Bonds with the understanding that upon execution and delivery of such Series A Bonds the Financial Guaranty Insurance Policy insuring the payment when due of the principal and interest on Series A Bonds will be issued by Ambac Assurance. Such ratings reflect only the views of such organization and an explanation of the significance of such rating may be obtained from S&P. There is no assurance that such ratings will continue for any given period of time or that such rating will not be revised downward or withdrawn entirely by such organization, if in its judgment circumstances so warrant. Any such downward revision or withdrawal of such rating may have an adverse effect on the market price of the Series A Bonds.

Series B Bonds. The Series B Bonds are not rated. The Series B Bonds are not insured by Ambac Assurance.

Verification of Mathematical Accuracy

The Arbitrage Group, Tuscaloosa, Alabama, independent accountants, upon delivery of the Bonds, will deliver a report on the mathematical accuracy of certain computations, contained in schedules provided to them which were prepared by the City, relating to the sufficiency of moneys and securities deposited into the Escrow Funds to pay, when due, the principal, whether at maturity or upon prior prepayment, interest and prepayment premium requirements of the Prior Bonds.

The report of The Arbitrage Group will include the statement that the scope of its engagement is limited to verifying the mathematical accuracy of the computations contained in such schedules provided to it, and that it has no obligation to update its report because of events occurring, or data or information coming to its attention, subsequent to the date of its report.

Underwriting

The Bonds were purchased through negotiation by Piper Jaffray & Co. (the “Underwriter”) at the following purchase prices:

Series A Bonds: a purchase price of \$44,826,625.05 (being the aggregate principal amount thereof (\$44,075,000), less an underwriter’s discount of \$262,246.25, plus an original issue premium of \$1,013,871.30).

Series B Bonds: a purchase price of \$10,221,124.75 (being the aggregate principal amount thereof (\$10,350,000), less an underwriter’s discount of \$129,375.00, plus an original issue premium of \$499.75).

Additional Information

References are made herein to certain documents and reports which are brief summaries thereof which do not purport to be complete or definitive, and reference is made to such documents and reports for full and complete statements of the contents thereof.

Any statements in this Official Statement involving matters of opinion, whether or not expressly so stated, are intended as such and not as representations of fact. This Official Statement is not to be construed as a contract or agreement between the Authority and the purchasers or Owners of any of the Bonds.

The execution and delivery of this Official Statement has been duly authorized by the Authority and the City.

ROSEVILLE FINANCE AUTHORITY

By: Russell Cochran Branson
Treasurer

CITY OF ROSEVILLE, for and on behalf of
STONERIDGE PARCEL 1 COMMUNITY
FACILITIES DISTRICT NO. 1, the
STONERIDGE WEST COMMUNITY
FACILITIES DISTRICT NO. 1, the
STONERIDGE EAST COMMUNITY
FACILITIES DISTRICT NO. 1, and the
CROCKER RANCH COMMUNITY
FACILITIES DISTRICT NO. 1

By: Russell Cochran Branson
Administrative Services Director/Treasurer

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APPENDIX A

SUMMARY OF CERTAIN PROVISIONS OF PRINCIPAL LEGAL DOCUMENTS INDENTURE OF TRUST RELATING TO THE BONDS

The following is a summary of certain provisions of the Indenture of Trust relating to the Bonds not otherwise described in the text of this Official Statement. Such summary is not intended to be definitive, and reference is made to the full text of the Indenture of Trust for the complete terms thereof.

Certain Definitions.

“Act” means Articles 1 through 4 (commencing with Section 6500) of Chapter 5, Division 7, Title 1 of the Government Code of the State, as it may hereafter be amended from time to time.

“Annual Debt Service” means, for each Bond Year, the sum of (a) the interest payable on the Outstanding Bonds of a Series in such Bond Year, and (b) the principal amount of the Outstanding Bonds of a Series scheduled to be paid in such Bond Year.

“Authority Administrative Expenses” means the fees and expenses of the Trustee, including legal fees and expenses (including fees and expenses of outside counsel and the allocated costs of internal attorneys) and the out of pocket expenses incurred by the Trustee, the City and the Authority in carrying out their duties under the Indenture including payment of amounts payable to the United States pursuant to the Indenture and any costs associated with the increase or decrease in the balance held in the Reserve Funds (whether in connection with the prepayment of Special Taxes or otherwise).

“Authorized Officer” means (i) with respect to the Authority, the Chairman, Executive Director, Secretary or Treasurer of the Authority or any other Person authorized by the Authority to perform an act or sign a document on behalf of the Authority for purposes of the Indenture and (ii) with respect to the City, its City Manager, Administrative Services Director/Treasurer or City Clerk, or any other Person authorized by the City to perform an act or sign a document on behalf of the City for purposes of the Indenture.

“Bond Counsel” means Jones Hall, A Professional Law Corporation, and its successors; or any other attorney at law or firm of attorneys selected by the Authority, of nationally recognized standing in matters pertaining to the federal tax exemption of interest on bonds issued by states and political subdivisions, and duly admitted to practice law before the highest court of any state of the United States of America.

“Bond Insurance Policy” means that financial guaranty insurance policy to be issued by the Bond Insurer insuring the payment when due of the principal of and interest on the Series A Bonds as provided therein.

“Bond Insurer” means Ambac Assurance Corporation, a Wisconsin domiciled stock insurance corporation, and its successors and assigns.

“Bond Law” means the Marks Roos Local Bond Pooling Act of 1985, constituting Article 4 of the Act (commencing with Section 6584), as it may hereafter be amended from time to time.

“Bond Register” means the registration books for the Bonds maintained by the Trustee in accordance with the Indenture.

“Bond Year” means each twelve month period extending from September 2 in one calendar year to September 1 of the succeeding calendar year, except in the case of the initial Bond Year which shall be the period from the Closing Date to September 1, 2007, both dates inclusive.

“Business Day” means a day which is not a Saturday or Sunday or a day of the year on which the New York Stock Exchange or banks in New York, New York or Los Angeles, California, or where the Trust Office is located, are not required or authorized to remain closed.

“Certificate of the Authority” means a certificate in writing signed by an Authorized Officer of the Authority.

“CFD Act” means the Mello-Roos Community Facilities Act of 1982, constituting Chapter 2.5 (commencing with Section 53311), Article 1 of Division 2 of Title 5 of the Government Code of that State of California, as amended from time to time.

“CFD Indentures” means the Bond Indentures pursuant to which the CFD Bonds are issued.

“Code” means the Internal Revenue Code of 1986 as in effect on the Closing Date or (except as otherwise referenced in the Indenture) as it may be amended to apply to obligations issued on the Closing Date, together with applicable temporary and final regulations promulgated, and applicable official guidance published, under the Code.

“Dated Date” means the Closing Date.

“DTC” means The Depository Trust Company, New York, New York, and its successors and assigns.

“Debt Service” means the scheduled amount of interest and amortization of principal payable on the Bonds during the period of computation, excluding amounts scheduled during such period which relate to principal which has been retired before the beginning of such period.

“DTC Participants” means securities brokers and dealers, banks, trust companies, clearing corporations and other organizations maintaining accounts with DTC.

“Event of Default” means any Series A Event of Default or Series B Event of Default.

“Fair Market Value” means, with respect to any investment, the price at which a willing buyer would purchase such investment from a willing seller in a bona fide, arm's length transaction (determined as of the date the contract to purchase or sell the investment becomes binding) if the investment is traded on an established securities market (within the meaning of Section 1273 of the Code) and, otherwise, the term “Fair Market Value” means the acquisition price in a bona fide arm's length transaction (as described above) if (i) the investment is a certificate of deposit that is acquired in accordance with applicable regulations under the Code, (ii) the investment is an agreement with specifically negotiated withdrawal or reinvestment provisions and a specifically negotiated interest rate (for example, a guaranteed investment contract, a forward supply contract or other investment agreement) that is acquired in accordance with applicable regulations under the Code, (iii) the investment is a United States Treasury Security -State and Local Government Series that is acquired in accordance with applicable regulations of the United States Bureau of Public Debt, or (iv) any commingled investment fund in which the Authority and related parties do not own more than a ten percent (10%) beneficial interest therein if the return paid by the fund is without regard to the source of the investment.

“Federal Securities” means any of the following:

(a) Cash (insured at all times by the Federal Deposit Insurance Corporation).

(b) Obligations of, or obligations guaranteed as to principal and interest by, the U.S. or any agency or instrumentality thereof, when such obligations are backed by the full faith and credit of the U.S. including:

- U.S. treasury obligations
- All direct or fully guaranteed obligations
- Farmers Home Administration
- General Services Administration
- Guaranteed Title XI financing
- Government National Mortgage Association (GNMA)
- State and Local Government Series

“Fiscal Year” means any twelve month period extending from July 1 in one calendar year to June 30 of the succeeding calendar year, both dates inclusive, or any other twelve month period selected and designated by the Authority as its official fiscal year period.

“Independent Accountant” means any accountant or firm of such accountants appointed and paid by the Authority, and who, or each of whom –

(a) is in fact independent and not under domination of the Authority or the City;

(b) does not have any substantial interest, direct or indirect, in the Authority or the City;
and

(c) is not an officer or employee of the Authority, or the City, but who may be regularly retained to make annual or other audits of the books of or reports to the Authority or the City.

“Independent Financial Consultant” means any financial consultant or firm of such consultants appointed and paid by the Authority, and who, or each of whom –

(a) is in fact independent and not under domination of the Authority or the City;

(b) does not have any substantial interest, direct or indirect, in the Authority or the City;
and

(c) is not an officer or employee of the Authority or the City, but who may be regularly retained to make annual or other audits of the books of or reports to the Authority or the City.

“Information Services” means Financial Information, Inc.'s "Daily Called Bond Service", 30 Montgomery Street, 10th Floor, Jersey City, New Jersey 07302, Attention: Editor; FIS/Mergent, Inc., 5250 77 Center Drive, Suite 150, Charlotte, North Carolina 28217, Attn: Call Notification; Standard & Poor's Securities Evaluation, Inc., 55 Water Street, 45th Floor, New York, New York 10041, Attention: Notification Department; Xcitek, 5 Hanover Square, New York, New York 10004; and, in accordance with then current guidelines of the Securities and Exchange Commission, such other addresses and/or such other services providing information with respect to the redemption of bonds as the Authority may designate in a Certificate of the Authority filed with the Trustee.

“Interest Payment Date” means March 1 and September 1 in each year, beginning September 1, 2007, and continuing thereafter so long as any Bonds remain Outstanding.

“Maximum Annual Debt Service” means, as of the date of any calculation, the largest Annual Debt Service on a Series during the current or any future Bond Year.

“Moody’s” means Moody’s Investors Service, its successors and assigns.

“Outstanding”, when used as of any particular time with reference to Bonds, means (subject to the provisions of the Indenture relating to defeasance) all Bonds theretofore executed and issued by the Authority and authenticated and delivered by the Trustee under the Indenture (including any Series A Bonds with respect to which the Bond Insurer has paid the principal of and interest) *except* –

(a) Bonds theretofore cancelled by the Trustee or surrendered to the Trustee for cancellation pursuant to the Indenture;

(b) Bonds paid or deemed to have been paid within the meaning of the defeasance provisions of the Indenture or Bonds called for redemption for which funds have been provided as described in Indenture; and

(c) Bonds in lieu of or in substitution for which other Bonds shall have been executed, issued and delivered pursuant to the Indenture or any Supplemental Indenture.

“Owner” or “Bond Owner”, when used with respect to any Bond, means the person in whose name the ownership of such Bond shall be registered on the Bond Register.

“Permitted Investments” means any of the following which at the time of investment are legal investments under the laws of the State of California for the moneys proposed to be invested therein, but only to the extent that the same are acquired at Fair Market Value:

(a) Federal Securities;

(b) obligations of any of the following federal agencies which obligations represent the full faith and credit of the United States of America, including:

- Export-Import Bank;
- Rural Economic Community Development Administration (formerly the Farmers Home Administration);
- U.S. Maritime Administration;
- Small Business Administration;
- U.S. Department of Housing & Urban Development (PHAs);
- Federal Housing Administration;
- Federal Financing Bank;

(c) direct obligations of any of the following federal agencies which obligations are not fully guaranteed by the full faith and credit of the United States of America:

- Senior debt obligations issued by the Federal National Mortgage Association (FNMA) or Federal Home Loan Mortgage Corporation (FHLMC);
- Obligations of the Resolution Funding Corporation (REFCORP);
- Senior debt obligations of the Federal Home Loan Bank System;
- Senior debt obligations of other agencies sponsored by the federal government approved by the Bond Insurer;

(d) U.S. dollar denominated deposit accounts, federal funds and bankers’ acceptances with domestic commercial banks, including the Trustee and its affiliates, which have a rating on their short-term certificates of deposit on the date of purchase of “A-1” or “A1+” by S&P and “P-1” by Moody’s and maturing no more than 360 calendar days after the date of purchase (ratings on holding companies are not considered as the rating of the bank);

(e) commercial paper which is rated at the time of purchase in the single highest classification, “A-1+” by S&P and “P-1” by Moody’s, and which matures not more than 270 calendar days after the date of purchase;

(f) investments in a money market fund rated “AAAm” or “AAAm-G” or better by S&P, including funds for which the Trustee or its affiliates receive fees for investment advisory or other services to the fund;

(g) pre-refunded municipal obligations defined as follows: any bonds or other obligations of any state of the United States of America or of any agency, instrumentality or local governmental unit of any such state which are not callable at the option of the obligor prior to maturity or as to which irrevocable instructions have been given by the obligor to call on the date specified in the notice; and

(i) which are rated or guaranteed by an entity rated, based on an irrevocable escrow account or fund (the "Escrow"), in the highest rating category of S&P and Moody's or any successors thereto; or

(ii) (A) which are fully secured as to principal and interest and redemption premium, if any, by an escrow consisting only of cash or obligations described in clause (b) of the definition of Federal Securities, which escrow may be applied only to the payment of such principal of and interest and redemption premium, if any, on such bonds or other obligations on the maturity date or dates thereof or the specified redemption date or dates pursuant to such irrevocable instructions, as appropriate; and (B) which escrow is sufficient, as verified by a nationally recognized independent certified public accountant, to pay principal of and interest and redemption premium, if any, on the bonds or other obligations described in this paragraph on the maturity date or dates specified in the irrevocable instructions referred to above, as appropriate;

(h) municipal obligations rated "Aaa/AAA" or general obligations of states with a rating of least "A2/A" or higher by both Moody's and S&P;

(i) investment agreements (i) as to investments of Series A Bonds funds, if approved in writing by the Bond Insurer; and (ii) as to investments of Series B Bonds funds, any investment which is a legal investment for proceeds of the Bonds at the time of the execution of such agreement, and which investment is made pursuant to an agreement between the Authority or the Trustee or any successor Trustee and a financial institution or governmental body whose long term debt obligations are rated, or guaranteed by an entity rated, in one of the top two rating categories by a nationally recognized rating service;

(j) other forms of investments, including repurchase agreements (i) as to investments of Series A Bonds funds, if approved in writing by the Bond Insurer; and (ii) as to investments of Series B Bonds funds, any investment which is a legal investment for proceeds of the Bonds at the time of the execution of such agreement, and which investment is made pursuant to an agreement between the Authority or the Trustee or any successor Trustee and a financial institution or governmental body whose long term debt obligations are rated, or guaranteed by an entity rated, in one of the top two rating categories by a nationally recognized rating service; and

(k) shares in a California common law trust established pursuant to Title 1, Division 7, Chapter 5 of the California Government Code which invests exclusively in investments permitted by Section 53635 of Title 5, Division 2, Chapter 4 of the California Government Code, as it may be amended, including but not limited to the California Asset Management Program ("CAMP")

(l) the Local Agency Investment Fund of the State of California.

"Project" means the improvements, the acquisition and construction of which is financed with proceeds of the Bonds.

"Proportionate Share" means, as of the date of calculation for any issue of the Local Obligations, the ratio derived by dividing the outstanding principal amount of such Local Obligations by the aggregate principal amount of the Outstanding Local Obligations. The initial Proportionate Share for each CFD is: Stoneridge Parcel 1 CFD - 3.80%, Stoneridge West CFD - 25.40%, the Stoneridge East CFD - 32.44%, and Crocker Ranch CFD - 38.36%.

“Qualified Reserve Fund Credit Instrument” means an irrevocable standby or direct-pay letter of credit or surety bond issued by a commercial bank or insurance company and deposited with the Trustee, provided that all of the following requirements are met: (a) the long-term credit rating of such bank or insurance company is in one of the two highest rating categories by S&P and Moody's; (b) such letter of credit or surety bond has a term of at least twelve (12) months; (c) such letter of credit or surety bond has a stated amount at least equal to the portion of the Series A Reserve Requirement or the Series B Reserve Requirement, as applicable, with respect to which funds are proposed to be released; (d) the Trustee is authorized pursuant to the terms of such letter of credit or surety bond to draw thereunder an amount equal to any deficiencies which may exist from time to time in the Series A Interest Account, the Series A Principal Account, the Series B Interest Account or the Series B Principal Account, as applicable, for the purpose of making payments; (e) written notice of the posting of such Qualified Reserve Fund Credit Instrument is given to S&P and Moody's; and (f) such letter of credit or surety bond is approved by the Bond Insurer.

“Record Date” means, with respect to any Interest Payment Date, the fifteenth calendar day of the month preceding the month in which such Interest Payment Date occurs, whether or not such day is a Business Day.

“Request of the Authority” means a written request executed by an Authorized Officer of the Authority.

“Reserve Requirement” means, collectively, the Series A Reserve Requirement and the Series B Reserve Requirement.

“Responsible Officer” means any officer of the Trustee assigned to administer the Trustee's duties under the Indenture.

“Revenues” means: (a) all amounts received from the Local Obligations; (b) any proceeds of the Series A Bonds originally deposited with the Trustee and all moneys deposited and held from time to time by the Trustee in the funds and accounts established hereunder with respect to the Series A Bonds (other than the Rebate Fund and the Surplus Fund); and (c) investment income with respect to any moneys held by the Trustee in the funds and accounts established hereunder with respect to the Series A Bonds (other than investment income on moneys held in the Rebate Fund and the Surplus Fund).

“Securities Depositories” means The Depository Trust Company, 55 Water Street, 50th Floor, New York, NY 10041-0099 Attn. Call Notification Department, Fax (212) 855-7232; and, in accordance with then current guidelines of the securities and Exchange Commission, such other addresses and/or such other securities depositories as the Authority may designate in a Certificate of the Authority delivered to the Trustee.

“Series” means each of the Series A Bonds and the Series B Bonds issued pursuant to the Indenture.

“Series A Event of Default” means any of the events described in the section of the Indenture entitled "Series A Events of Default".

“Series A Reserve Requirement” means, initially \$700,101.20, and at any time of calculation on or after September 1, 2007 an amount equal to the following calculation: (A) the least of (i) 10% of the initial principal amount of the Series A Bonds and Series B Bonds, (ii) Maximum Annual Debt Service on the Outstanding Series A Bonds and Series B Bonds, or (iii) 125% of Average Annual Debt Service on the Outstanding Series A Bonds and Series B Bonds, times (B) a ratio derived by dividing the outstanding principal amount of such Series B Bonds by the aggregate principal amount of the Series A Bonds and Series B Bonds.

“Series B Event of Default” means any of the events described in the section of the Indenture entitled "Series B Events of Default".

“Series B Reserve Requirement” means the least of (i) 10% of the initial principal amount of the Series B Bonds, (ii) Maximum Annual Debt Service on the Outstanding Series B Bonds, or (iii) 125% of Average Annual Debt Service on the Outstanding Series B Bonds.

“Special Taxes” means the taxes authorized to be levied by the CFDs on parcels within the CFDs which have been pledged to repay the CFD Bonds pursuant to the CFD Act.

“Subordinated Revenues” means (a) any proceeds of the Series B Bonds originally deposited with the Trustee, (b) all amounts remaining in the Revenue Fund on each September 1 after the deposits required by Section 4.2(a) hereof have been made, (c) all moneys deposited and held from time to time by the Trustee in the funds and accounts established hereunder with respect to the Series B Bonds (other than the Rebate Fund and the Surplus Fund); and (d) investment income with respect to any moneys held by the Trustee in the funds and accounts established hereunder with respect to the Series B Bonds (other than investment income on moneys held in the Rebate Fund and the Surplus Fund).

“Supplemental Indenture” means any indenture, agreement or other instrument hereafter duly executed by the Authority in accordance with the Indenture.

“Trust Office” means the office of the Trustee at which at any particular time its corporate trust business shall be principally administered, which office at the date of the Indenture is located in San Francisco, California, or such other place as designated by the Trustee except that with respect to presentation of Bonds for payment or for registration of transfer and exchange, such term shall mean the office or agency of the Trustee at which, at any particular time, its corporate trust agency business shall be conducted.

“Trustee” means The Bank of New York Trust Company, N.A., and its successors and assigns, and any other corporation or association which may at any time be substituted in its place as provided in the Indenture.

Pledge of Revenues.

Subject to certain provisions of the Indenture relating to defeasance and amounts payable to the Trustee, the Series A Bonds shall be secured by a first lien on and pledge of all of the Revenues. The Series A Bonds shall be equally secured by a pledge, charge and lien upon the Revenues without priority for any Series A Bond over any other Series A Bond; and the payment of the interest on and principal of the Series A Bonds and any premiums upon the redemption of any Series A Bonds shall be and are secured by an exclusive pledge, charge and lien upon the Revenues. So long as any of the Bonds are Outstanding, the Revenues shall not be used for any purpose except as is expressly permitted by the Indenture.

Subject to certain provisions of the Indenture relating to defeasance and amounts payable to the Trustee, the Series B Bonds shall be secured by a first lien on and pledge of all of the Subordinated Revenues. The Series B Bonds shall be equally secured by a pledge, charge and lien upon the Subordinated Revenues without priority for any Series B Bonds over any other Series B Bonds; and the payment of the interest on and principal of the Series B Bonds and any premiums upon the redemption of any Series B Bonds shall be and are secured by an exclusive pledge, charge and lien upon the Subordinated Revenues. So long as any of the Bonds are Outstanding, the Subordinated Revenues shall not be used for any purpose except as is expressly permitted by the Indenture.

The Authority transfers in trust, grants a security interest in and assigns to the Trustee, for the benefit of the Owners from time to time of the Series A Bonds and Series B Bonds, respectively, all of the Revenues and Subordinated Revenues, respectively, and all of the right, title and interest of the Authority in the Local Obligations, subject to the terms of the Indenture. The Trustee shall be entitled to and shall collect and receive all of the Revenues and Subordinated Revenues, and any Revenues and Subordinated Revenues collected or received by the Authority shall be deemed to be held, and to have been collected or received, by the Authority as the agent of the Trustee and shall forthwith be paid by the

Authority to the Trustee. Subject to the provisions of the Indenture relating to Series A Bonds and the rights of the Bond Insurer, the Trustee also shall be entitled to and shall take all steps, actions and proceedings reasonably necessary in its judgment to enforce, either jointly with the Authority or separately, all of the rights of the Authority and all of the obligations of the City under the Local Obligations.

Upon the deposit with the Trustee of moneys sufficient to pay all principal of, premium, if any, and interest on the Series A Bonds or the Series B Bonds, respectively, and upon satisfaction of all claims against the Authority under the Indenture with respect to a Series, including all fees, charges and expenses of the Trustee and the Authority which are properly payable under the Indenture, or upon the making of adequate provisions for the payment of such amounts as permitted, all moneys remaining in all funds and accounts pertaining to such respective Series of Bonds, (except any amounts on deposit in the Rebate Fund and the Surplus Fund and except moneys necessary to pay principal of, premium, if any, and interest on such Series of Bonds, which moneys shall be held by the Trustee pursuant to the defeasance provisions of the Indenture), shall no longer be considered Revenues and are not pledged to repay the Bonds. Such amounts shall be transferred to the trustee for each issue of then outstanding Local Obligations proportionately based on their respective Proportionate Share. In the event that the Local Obligations have been paid or defeased, then any such amounts shall be paid by the Trustee to the Authority to be used by the Authority for any lawful purpose.

Provisions Relating to Investments of Moneys in the Funds and Accounts.

All moneys in any of the funds or accounts established with the Trustee pursuant to the Indenture shall be invested by the Trustee solely in Permitted Investments, as directed pursuant to the Request of the Authority filed with the Trustee at least two (2) Business Days in advance of the making of such investments. The Trustee shall be entitled to conclusively rely on any such Request of the Authority and shall be fully protected in relying thereon. In the absence of any such Request of the Authority the Trustee shall invest any such moneys in Permitted Investments described in clause (f) of the definition thereof. Permitted Investments purchased as an investment of moneys in any fund or account established pursuant to the Indenture shall be deemed to be part of such fund or account.

All interest or gain derived from the investment of amounts in any of the funds or accounts established under the Indenture shall be deposited in the fund or account from which such investment was made; provided, however, that all interest or gain derived from the investment of amounts in the Reserve Funds shall, to the extent the balance in any account thereof exceeds, on August 1 of each year, its respective share of the applicable Reserve Requirement, be withdrawn by the Trustee on such August 1, and deposited into the Revenue Fund.

Certain Covenants of the Authority.

Punctual Payment. The Authority shall punctually pay or cause to be paid the principal and interest and premium (if any) to become due in respect of all the Bonds, in strict conformity with the terms of the Bonds and of the Indenture, according to the true intent and meaning thereof, but only out of Revenues, Subordinated Revenues and other assets pledged for such payment as provided in the Indenture.

Against Encumbrances. The Authority shall not create, or permit the creation of, any pledge, lien, charge or other encumbrance upon the Revenues, Subordinated Revenues and other assets pledged or assigned under the Indenture while any of the Bonds are Outstanding, except the pledge and assignment created by the Indenture. Subject to this limitation, the Authority expressly reserves the right to enter into one or more other indentures for any of its corporate purposes, including other programs under the Bond Law, and reserves the right to issue other obligations for such purposes.

Accounting Records and Financial Statements. The Trustee shall at all times keep, or cause to be kept, proper books of record and account, prepared in accordance with corporate trust industry standards in which complete and accurate entries shall be made of transactions made by it relating to the proceeds

of Bonds, the Revenues, the Subordinated Revenues, the Local Obligations and all funds and accounts established pursuant to the Indenture. Such books of record and account shall be available for inspection by the Authority and the City upon reasonable prior notice during regular business hours and under reasonable circumstances, in each case as agreed to by the Trustee.

Not later than 45 days following each Interest Payment Date, the Trustee shall prepare and file with the Authority a report setting forth: (i) amounts withdrawn from and deposited into each fund and account maintained by the Trustee under the Indenture; (ii) the balance on deposit in each fund and account as of the date for which such report is prepared; and (iii) a brief description of all obligations held as investments in each fund and account. Copies of such reports may be mailed to any Owner upon the Owner's written request to the Trustee at the expense of such Owner at a cost not to exceed the Trustee's actual costs of duplication and mailing.

Local Obligations. Subject to the provisions of the Indenture, the Authority and the Trustee shall use reasonable efforts to collect all amounts due from the City (for and on behalf of the CFDs) pursuant to the Local Obligations and shall diligently enforce, and take all steps, actions and proceedings which the Authority and Trustee determine to be reasonably necessary for the enforcement of all of the rights of the Authority thereunder and for the enforcement of all of the obligations and covenants of the City (for and on behalf of the CFDs thereunder). The Authority shall instruct the City (for and on behalf of the CFDs) to authenticate and deliver to the Trustee the Local Obligations registered in the name of the Trustee.

The Authority, the Trustee, and the City may, with prior written notice to the Bond Insurer, at any time consent to, amend or modify any of the Local Obligations pursuant to the terms thereof, (a) with the prior consent of the Owners of a majority in aggregate principal amount of the Bonds then Outstanding and the Bond Insurer, or (b) without the consent of any of the Owners but with the consent of the Bond Insurer, if such amendment or modification is for any one or more of the following purposes:

(a) to add to the covenants and agreements of the City contained in such Local Obligations, other covenants and agreements thereafter to be observed, or to limit or surrender any rights or power therein reserved to or conferred upon the City; or

(b) to make such provisions for the purpose of curing any ambiguity, or of curing, correcting or supplementing any defective provision contained in such Local Obligations, or in any other respect whatsoever as the City may deem necessary or desirable, provided under any circumstances that such modifications or amendments shall not materially adversely affect the interests of the Owners of the Bonds in the opinion of nationally-recognized bond counsel filed with the Trustee; or

(c) to amend any provision thereof to the extent necessary to comply with the Code, but only if and to the extent such amendment will not, in and of itself, adversely affect the exclusion from gross income of the interest on any of the Bonds under the Code, in the opinion of Bond Counsel filed with the Trustee.

Sale of Local Obligations. Notwithstanding anything in the Indenture to the contrary, the Authority may cause the Trustee to sell, from time to time, all or a portion of an issue of Local Obligations, provided that the Authority shall deliver to the Trustee:

(a) a certificate of an Independent Accountant certifying that, following the sale of such Local Obligations, the Revenues and Subordinated Revenues to be paid to the Authority (assuming the timely payment of amounts due thereon with respect to any Local Obligations not then in default), together with interest and principal due on any noncallable Federal Securities pledged to the repayment of the Bonds and the Revenues and Subordinated Revenues then on deposit in the funds and accounts established under the Indenture (valuing any Permitted Investments held under the Indenture at the then Fair Market Value thereof), will be sufficient to pay the principal of and interest on the Bonds when due;

(b) a certificate of the Bond Insurer consenting to such sale of Local Obligations;

(c) if any Bonds are then rated by Moody's and Standard & Poor's but not insured by the Bond Insurer, a notification from Moody's, if Moody's then rates such Bonds, and Standard & Poor's, if Standard & Poor's then rates such Bonds, to the effect that such rating will not be withdrawn or reduced as a result of such sale of Local Obligations; and

(d) an opinion of Bond Counsel that such sale of Local Obligations is authorized under the provisions of the Indenture and will not adversely affect the exclusion of interest on the Bonds from gross income for purposes of federal income taxation.

Upon compliance with the foregoing conditions by the Authority, the Trustee shall sell such Local Obligations in accordance with the Request of the Authority and disburse the proceeds of the sale of such Local Obligations to the Authority or upon the receipt of a Request of the Authority shall deposit such proceeds in the Revenue Fund.

Continuing Disclosure. The Authority covenants and agrees that it will cause the City to comply with and carry out all of the provisions of the Continuing Disclosure Certificate. Notwithstanding any other provision of the Indenture, failure of the City to comply with the Continuing Disclosure Certificate shall not be considered an Event of Default; however, any Participating Underwriter or any holder or beneficial owner of the Bonds may, take such actions as may be necessary and appropriate to compel performance, including seeking mandate or specific performance by court order.

Tax Covenants.

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

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

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

Rebate of Excess Investment Earnings to United States. The Authority shall calculate or cause to be calculated excess investment earnings with respect to the Bonds which are required to be rebated to the United States of America pursuant to Section 148(f) of the Code, and shall pay the full amount of such excess investment earnings to the United States of America in such amounts, at such times and in such manner as may be required pursuant to the Code. Such payments shall be made by the Authority from any source of legally available funds of the Authority, including amounts deposited into the Rebate Fund, if any. The Authority shall keep or cause to be kept, and retain or cause to be retained for a period of six (6) years following the final payment of the Bonds, records of the determinations made pursuant to this covenant. In order to provide for the administration of this covenant, the Authority may provide for the employment of independent attorneys, accountants and consultants compensated on such reasonable basis as the Authority may deem appropriate.

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

Amendment of the Indenture.

With Bondowner Consent. The Indenture and the rights and obligations of the Authority and of the Owners of either Series of the Bonds may, be modified or amended at any time by a Supplemental Indenture which shall become binding when the prior written consent of the Bond Insurer and the Owners of a majority in aggregate principal amount of the affected Series of Bonds then Outstanding (and as to the Series A Bonds only, the prior written consent of the Bond Insurer) are filed with the Trustee. No such modification or amendment shall (a) extend the maturity of or reduce the interest rate on any Bond or otherwise alter or impair the obligation of the Authority to pay the principal, interest or redemption premiums at the time and place and at the rate and in the currency provided therein of any Bond without the express written consent of the Owner of such Bond, (b) reduce the percentage of Bonds required for the written consent to any such amendment or modification, or (c) without written consent of the Trustee, modify any of the rights or obligations of the Trustee.

Without Bondowner Consent. The Indenture and the rights and obligations of the Authority and of the Owners of either Series of the Bonds may, with prior written consent of the Bond Insurer (but only with respect to the Series A Bonds), also be modified or amended at any time by a Supplemental Indenture which shall become binding upon adoption, without consent of any Bond Owners, to the extent permitted by law but only for any one or more of the following purposes:

(a) to add to the covenants and agreements of the Authority contained in the Indenture, other covenants and agreements thereafter to be observed, or to limit or surrender any rights or powers in the Indenture reserved to or conferred upon the Authority so long as such addition, limitation or surrender of such rights or powers shall not materially adversely affect the Owners of the Bonds; or

(b) to make such provisions for the purpose of curing any ambiguity, or of curing, correcting or supplementing any defective provision contained in the Indenture, or in any other respect whatsoever as the Authority may deem necessary or desirable, provided under any circumstances that such modifications or amendments shall not materially adversely affect the interests of the Owners of the Bonds; or

(c) to amend any provision of the Indenture relating to the Code as may be necessary or appropriate to assure compliance with the Code and the exclusion from gross income of interest on the Bonds; or

(d) to amend any provision of the Indenture to place any Additional Bonds on a parity with the Bonds for all purposes of the Indenture, including, but not limited to, for the purpose of exercising all rights and remedies under the Indenture; or

(e) to amend the provisions of the Indenture relating to the Surplus Fund.

Amendment by Mutual Consent. Any Bond Owner may accept any amendment as to the particular Bond held by such Owner, provided that due notation thereof is made on such Bond.

Consent of Insurer.

Amendment of Rights of the Bond Insurer. Any provision of the Indenture expressly recognizing or granting rights in or to the Bond Insurer may not be amended in any manner which affects the rights of the Bond Insurer under the Indenture without the prior written consent of the Bond Insurer.

Consent of Bond Insurer Upon Default. Anything in the Indenture to the contrary notwithstanding, upon the occurrence and continuance of an event of default as defined in the Indenture, the Bond Insurer shall be entitled to control and direct the enforcement of all rights and remedies granted to the Owners or the Trustee for the benefit of the Owners under the Indenture.

Consent of Bond Insurer in lieu of Bondowner Consent. The Bond Insurer's consent shall be required in lieu of the consent of the Series A Bondowners, when required, for the following purposes: (i) execution and delivery of any Supplemental Indenture relating to the Series A Bonds or any amendment, supplement to or modification of the CFD Indentures, (ii) removal of the Trustee or selection and appointment of any successor Trustee, and (iii) initiation or approval of any action not described in (i) or (ii) above which requires consent of the Series A Bondowners.

Consent of Bond Insurer in the Event of Insolvency. Any reorganization or liquidation plan with respect to the Authority must be acceptable to the Bond Insurer. In the event of any reorganization or liquidation, the Bond Insurer shall have the right to vote on behalf of all Owners of Bond Insurer-insured Series A Bonds absent a default by the Bond Insurer under the applicable Bond Insurance Policy insuring such Series A Bonds.

Series A Events of Default and Remedial Action.

Series A Events of Default. The following events shall be Series A Events of Default under the Indenture.

(a) Default in the due and punctual payment of the principal of any Series A Bond when and as the same shall become due and payable, whether at maturity as therein expressed, by proceedings for redemption, by declaration or otherwise.

(b) Default in the due and punctual payment of any installment of interest on any Series A Bond when and as such interest installment shall become due and payable.

(c) Default by the Authority in the observance of any of the other covenants, agreements or conditions on its part in the Indenture or in the Series A Bonds contained, if such default shall have continued for a period of sixty (60) days after written notice thereof, specifying such default and requiring the same to be remedied, shall have been given to the Authority and the Bond Insurer by the Trustee, or to the Authority, the Bond Insurer and the Trustee by the Owners of not less than twenty five percent (25%) in aggregate principal amount of the Series A Bonds at the time Outstanding or to the Authority and Trustee by the Bond Insurer; provided that such default (other than a default arising from nonpayment of the Trustee's fees and expenses, which must be cured within such 60 day period unless waived by the Trustee) shall not constitute a Series A Event of Default under the Indenture if the Authority shall commence to cure such default within said sixty (60) day period and thereafter diligently and in good faith shall cure such default within a reasonable period of time; or

(d) The filing by the Authority of a petition or answer seeking reorganization or arrangement under the federal bankruptcy laws or any other applicable law of the United States of America, or if a court of competent jurisdiction shall approve a petition, filed with or without the consent of the Authority, seeking reorganization under the federal bankruptcy laws or any other applicable law of the United States of America, or if, under the provisions of any other law for the relief or aid of debtors, any court of competent jurisdiction shall assume custody or control of the Authority or of the whole or any substantial part of its property.

In determining whether a default has occurred under (a) or (b) above, or whether a payment on the Bonds has been made under the Indenture, no effect shall be given to payments made under the Bond Insurance Policy.

The Authority and the Trustee agree to give notice to the Bond Insurer immediately upon the occurrence of an Event of Default under (a) or (b) above and within 30 days of such party's knowledge of an Event of Default under (c) or (d) above.

Remedies; Rights of Series A Bond Owners. Upon the occurrence of a Series A Event of Default, the Trustee may pursue any available remedy at law or in equity to enforce the payment of the principal of, premium, if any, and interest on the Outstanding Series A Bonds, and to enforce any rights of the

Trustee under or with respect to the Indenture; provided, however, that, except as described in the following sentence, so long as the Bond Insurer has not defaulted under the Bond Insurance Policy, the Trustee shall obtain the prior written consent of the Bond Insurer before exercising any remedies. In the event of a Series A Event of Default arising out of a nonpayment of Trustee's fees and expenses, the Trustee may, without Bond Insurer consent, sue the Authority to seek recovery of its fees and expenses; provided, however, that such recovery may be made only from Subordinate Revenues or the funds of the Authority and not from Revenues.

If a Series A Event of Default shall have occurred and be continuing and if requested so to do by the Bond Insurer, or if the Bond Insurer has failed to comply with its payment obligations under the Bond Insurance Policy, if requested to do so by the Owners of at least twenty five percent (25%) in aggregate principal amount of Outstanding Series A Bonds, and, in each case, if indemnified as provided in the Indenture, the Trustee shall be obligated to exercise such one or more of the rights and powers conferred by the Indenture and, as applicable, under the Local Obligations, as the Trustee, being advised by counsel, shall deem most expedient in the interests of the Series A Bond Owners.

No remedy by the terms of the Indenture conferred upon or reserved to the Trustee (or to the Series A Bond Owners) is intended to be exclusive of any other remedy, but each and every such remedy shall be cumulative and shall be in addition to any other remedy given to the Trustee or to the Series A Bond Owners under the Indenture or now or hereafter existing at law or in equity.

No delay or omission to exercise any right or power accruing upon any Series A Event of Default shall impair any such right or power or shall be construed to be a waiver of any such Series A Event of Default or acquiescence therein; such right or power may be exercised from time to time as often as may be deemed expedient.

Notwithstanding any other provisions of the Indenture, the Bond Insurer shall have the right, so long as it is not in default under the Bond Insurance Policy, to direct the remedies to be taken upon any Event of Default, and the Bond Insurer's consent shall be required for remedial action taken by the Trustee or the Authority under the Indenture.

Application of Revenues and Other Funds After Series A Event of Default. All amounts received by the Trustee with respect to the Series A Bonds pursuant to any right given or action taken by the Trustee under the provisions of the Indenture relating to the Series A Bonds shall be applied by the Trustee in the following order upon presentation of the several Series A Bonds, and the stamping thereon of the amount of the payment if only partially paid, or upon the surrender thereof if fully paid –

First, to the payment of the fees, costs and expenses of the Trustee in declaring such Series A Event of Default and in carrying out the provisions of the Indenture, including reasonable compensation to its agents, attorneys and counsel (including outside counsel and the allocated costs of internal attorneys), and to the payment of all other outstanding fees and expenses of the Trustee; and

Second, to the payment of the whole amount of interest on and principal of the Series A Bonds then due and unpaid, with interest on overdue installments of principal and interest to the extent permitted by law at the net effective rate of interest then borne by the Outstanding Series A Bonds; provided, however, that in the event such amounts shall be insufficient to pay in full the full amount of such interest and principal, then such amounts shall be applied in the following order of priority.

(a) first to the payment of all installments of interest on the Series A Bonds then due and unpaid, and

(b) second, to the payment of all installments of principal of the Series A Bonds then due and unpaid, and

(c) third, to the payment of interest on overdue installments of principal and interest on Series A Bonds.

Power of Trustee to Control Proceedings. In the event that the Trustee, upon the happening of a Series A Event of Default, shall have taken any action, by judicial proceedings or otherwise, pursuant to its duties under the Indenture, whether upon its own discretion or upon the request of the Bond Insurer or the Owners of a majority in aggregate principal amount of the Series A Bonds then Outstanding, it may, with the consent of the Bond Insurer, in the exercise of its discretion for the best interests of the Owners of the Series A Bonds, with respect to the continuance, discontinuance, withdrawal, compromise, settlement or other disposal of such action; provided, however, that the Trustee shall not, unless there no longer continues a Series A Event of Default, discontinue, withdraw, compromise or settle, or otherwise dispose of any litigation pending at law or in equity, if at the time the Bond Insurer is in default under the Bond Insurance Policy and there has been filed with it a written request signed by the Owners of a majority in aggregate principal amount of the Outstanding Series A Bonds under the Indenture opposing such discontinuance, withdrawal, compromise, settlement or other such litigation and provided further that the Trustee shall have the right to decline to comply with such written request unless indemnification satisfactory to it has been provided. Any suit, action or proceeding which any Owner of Series A Bonds shall have the right to bring to enforce any right or remedy under the Indenture may be brought by the Trustee for the equal benefit and protection of all Owners of Series A Bonds similarly situated and the Trustee is appointed (and the successive respective Owners of the Series A Bonds issued under the Indenture, by taking and holding the same, shall be conclusively deemed so to have appointed it) the true and lawful attorney in fact of the respective Owners of the Series A Bonds for the purposes of bringing any such suit, action or proceeding and to do and perform any and all acts and things for and on behalf of the respective Owners of the Series A Bonds as a class or classes, as may be necessary or advisable in the opinion of the Trustee as such attorney in fact.

Appointment of Receivers. Upon the occurrence of a Series A Event of Default under the Indenture, and upon the filing of a suit or other commencement of judicial proceedings to enforce the rights of the Trustee and of the Series A Bond Owners under the Indenture, the Trustee shall be entitled, as a matter of right, to the appointment of a receiver or receivers of the Revenues and other amounts pledged under the Indenture, pending such proceedings, with such powers as the court making such appointment shall confer.

Rights and Remedies of Series A Bond Owners. No Owner of any Series A Bond issued under the Indenture shall have the right to institute any suit, action or proceeding at law or in equity, for any remedy under or upon the Indenture, unless (a) such Owner shall have previously given to the Trustee written notice of the occurrence of a Series A Event of Default; (b) the Owners of a majority in aggregate principal amount of all the Series A Bonds then Outstanding shall have made written request upon the Trustee to exercise the powers in the Indenture before granted or to institute such action, suit or proceeding in its own name; (c) said Owners shall have tendered to the Trustee indemnity reasonably acceptable to the Trustee against the costs, expenses and liabilities to be incurred in compliance with such request; and (d) the Trustee shall have refused or omitted to comply with such request for a period of sixty (60) days after such written request shall have been received by, and said tender of indemnity shall have been made to, the Trustee.

Such notification, request, tender of indemnity and refusal or omission are declared, in every case, to be conditions precedent to the exercise by any Owner of Series A Bonds of any remedy under the Indenture; it being understood and intended that no one or more Owners of Series A Bonds shall have any right in any manner whatever by his or their action to enforce any right under the Indenture, except in the manner in the Indenture provided, and that all proceedings at law or in equity to enforce any provision of the Indenture shall be instituted, had and maintained in the manner in the Indenture provided and for the equal benefit of all Owners of the Outstanding Series A Bonds and the Bond Insurer.

The right of any Owner of any Series A Bond to receive payment of the principal of and interest and premium (if any) on such Series A Bond as in the Indenture provided or to institute suit for the enforcement of any such payment, shall not be impaired or affected without the written consent of such Owner, notwithstanding any other provision of the Indenture.

Series B Events of Default and Remedial Action.

Series B Events of Default. The following events are Series B Events of Default under the Indenture.

(a) Default in the due and punctual payment of the principal of any Series B Bond when and as the same shall become due and payable, whether at maturity as therein expressed, by proceedings for redemption, by declaration or otherwise.

(b) Default in the due and punctual payment of any installment of interest on any Series B Bond when and as such interest installment shall become due and payable.

(c) Default by the Authority in the observance of any of the other covenants, agreements or conditions on its part in the Indenture or in the Series B Bonds contained, if such default shall have continued for a period of sixty (60) days after written notice thereof, specifying such default and requiring the same to be remedied, shall have been given to the Authority by the Trustee, or to the Authority and the Trustee by the Owners of not less than twenty five percent (25%) in aggregate principal amount of the Series B Bonds at the time Outstanding; provided that such default (other than a default in payment of the Trustee's fees and expenses, which must be cured within such 60-day period unless waived by the Trustee) shall not constitute a Series B Event of Default under the Indenture if the Authority shall commence to cure such default within said sixty (60) day period and thereafter diligently and in good faith shall cure such default within a reasonable period of time; or

(d) The filing by the Authority of a petition or answer seeking reorganization or arrangement under the federal bankruptcy laws or any other applicable law of the United States of America, or if a court of competent jurisdiction shall approve a petition, filed with or without the consent of the Authority, seeking reorganization under the federal bankruptcy laws or any other applicable law of the United States of America, or if, under the provisions of any other law for the relief or aid of debtors, any court of competent jurisdiction shall assume custody or control of the Authority or of the whole or any substantial part of its property.

Remedies; Rights of Series B Bond Owners. Upon the occurrence of a Series B Event of Default, the Trustee may pursue any available remedy at law or in equity to enforce the payment of the principal of, premium, if any, and interest on the Outstanding Series B Bonds, and to enforce any rights of the Trustee under or with respect to the Indenture; provided, however, that the Trustee shall take no action under the Indenture that would impair the receipt of Revenues necessary to pay the Series A Bonds when due unless a majority in aggregate principal amount of the Outstanding Series A Bonds and the Bond Insurer shall have consented to such action. Notice of any such action taken under the Indenture shall be provided by the Trustee to the Bond Insurer.

If a Series B Event of Default shall have occurred and be continuing and if requested so to do by the Owners of at least twenty five percent (25%) in aggregate principal amount of Outstanding Series B Bonds and indemnified as provided in the Indenture, and subject to the limitations set forth in the first paragraph above the Trustee shall be obligated to exercise such one or more of the rights and powers conferred by the Indenture, as the Trustee, being advised by counsel, shall deem most expedient in the interests of the Series B Bond Owners.

No remedy by the terms of the Indenture conferred upon or reserved to the Trustee (or to the Series B Bond Owners) is intended to be exclusive of any other remedy, but each and every such remedy shall be cumulative and shall be in addition to any other remedy given to the Trustee or to the Series B Bond Owners under the Indenture or now or hereafter existing at law or in equity.

No delay or omission to exercise any right or power accruing upon any Series B Event of Default shall impair any such right or power or shall be construed to be a waiver of any such Series B Event of

Default or acquiescence therein; such right or power may be exercised from time to time as often as may be deemed expedient.

In no event shall the principal of the Series B Bonds be accelerated.

Application of Subordinated Revenues and Other Funds After Default. All Subordinated Revenues received by the Trustee pursuant to any right given or action taken by the Trustee under the provisions of the Indenture relating to the Series B Bonds shall be applied by the Trustee in the following order upon presentation of the several Series B Bonds, and the stamping thereon of the amount of the payment if only partially paid, or upon the surrender thereof if fully paid –

First, to the payment of the fees, costs and expenses of the Trustee in declaring such Series B Event of Default and in carrying out the provisions of the Indenture, including reasonable compensation to its agents, attorneys and counsel (including outside counsel and the allocated costs of internal attorneys), and to the payment of all other outstanding fees and expenses of the Trustee; and

Second, to the payment of the whole amount of interest on and principal of the Series B Bonds then due and unpaid, with interest on overdue installments of principal and interest to the extent permitted by law at the net effective rate of interest then borne by the Outstanding Series B Bonds; provided, however, that in the event such amounts shall be insufficient to pay in full the full amount of such interest and principal, then such amounts shall be applied in the following order of priority:

(a) first, to the payment of all installments of interest on the Series B Bonds then due and unpaid,

(b) second, to the payment of principal of all installments of the Series B Bonds then due and unpaid, and

(c) third, to the payment of interest on overdue installments of principal and interest on Series B Bonds.

Power of Trustee to Control Proceedings. Subject to the limitations set forth in the Indenture, in the event that the Trustee, upon the happening of a Series B Event of Default, shall have taken any action, by judicial proceedings or otherwise, pursuant to its duties under the Indenture, whether upon its own discretion or upon the request of the Owners of a majority in aggregate principal amount of the Series B Bonds then Outstanding, it shall have full power, in the exercise of its discretion for the best interests of the Owners of the Series B Bonds, with respect to the continuance, discontinuance, withdrawal, compromise, settlement or other disposal of such action; provided, however, that the Trustee shall not, unless there no longer continues a Series B Event of Default, discontinue, withdraw, compromise or settle, or otherwise dispose of any litigation pending at law or in equity, if at the time there has been filed with it a written request signed by the Owners of a majority in aggregate principal amount of the Outstanding Series B Bonds under the Indenture opposing such discontinuance, withdrawal, compromise, settlement or other such litigation and provided further that the Trustee shall have the right to decline to comply with such written request unless indemnification satisfactory to the Trustee shall have been provided to it. Any suit, action or proceeding which any Owner of Series B Bonds shall have the right to bring to enforce any right or remedy under the Indenture may be brought by the Trustee for the equal benefit and protection of all Owners of Series B Bonds similarly situated and the Trustee is appointed (and the successive respective Owners of the Series B Bonds issued under the Indenture, by taking and holding the same, shall be conclusively deemed so to have appointed it) the true and lawful attorney in fact of the respective Owners of the Series B Bonds for the purposes of bringing any such suit, action or proceeding and to do and perform any and all acts and things for and on behalf of the respective Owners of the Series B Bonds as a class or classes, as may be necessary or advisable in the opinion of the Trustee as such attorney in fact.

Appointment of Receivers. Upon the occurrence of a Series B Event of Default under the Indenture, and upon the filing of a suit or other commencement of judicial proceedings to enforce the

rights of the Trustee and of the Series B Bond Owners under the Indenture, the Trustee shall be entitled, as a matter of right, to the appointment of a receiver or receivers of the Subordinated Revenues and other amounts pledged under the Indenture, pending such proceedings, with such powers as the court making such appointment shall confer.

Rights and Remedies of Series B Bond Owners. No Owner of any Series B Bond issued under the Indenture shall have the right to institute any suit, action or proceeding at law or in equity, for any remedy under or upon the Indenture, unless (a) such Owner shall have previously given to the Trustee written notice of the occurrence of a Series B Event of Default; (b) the Owners of a majority in aggregate principal amount of all the Series B Bonds then Outstanding shall have made written request upon the Trustee to exercise the powers in the Indenture before granted or to institute such action, suit or proceeding in its own name; (c) said Owners shall have tendered to the Trustee indemnity reasonably acceptable to the Trustee against the costs, expenses and liabilities to be incurred in compliance with such request; and (d) the Trustee shall have refused or omitted to comply with such request for a period of sixty (60) days after such written request shall have been received by, and said tender of indemnity shall have been made to, the Trustee.

Such notification, request, tender of indemnity and refusal or omission are declared, in every case, to be conditions precedent to the exercise by any Owner of Series B Bonds of any remedy under the Indenture; it being understood and intended that no one or more Owners of Series B Bonds shall have any right in any manner whatever by his or their action to enforce any right under the Indenture, except in the manner in the Indenture provided, and that all proceedings at law or in equity to enforce any provision of the Indenture shall be instituted, had and maintained in the manner in the Indenture provided and for the equal benefit of all Owners of the Outstanding Series B Bonds.

The right of any Owner of any Series B Bond to receive payment of the principal of and interest and premium (if any) on such Series B Bond as in the Indenture provided or to institute suit for the enforcement of any such payment, shall not be impaired or affected without the written consent of such Owner, notwithstanding any other provision of the Indenture.

Limited Liability of Authority.

Notwithstanding anything in the Indenture contained, the Authority shall not be required to advance any moneys derived from any source of income other than the Revenues or Subordinated Revenues, as the case may be, for the payment of the principal of or interest on the Bonds, or any premiums upon the redemption thereof, or for the performance of any covenants in the Indenture contained (except to the extent any such covenants are expressly payable under the Indenture from the Revenues or Subordinated Revenues). The Authority may, however, advance funds for any such purpose, provided that such funds are derived from a source legally available for such purpose and may be used by the Authority for such purpose without incurring indebtedness.

The Bonds shall be revenue bonds, payable exclusively from the Revenues or Subordinated Revenues, as the case may be, and other funds as in the Indenture provided. The general fund of the Authority is not liable, and the credit of the Authority is not pledged, for the payment of the interest and premium (if any) on or principal of the Bonds. The Owners of the Bonds shall never have the right to compel the forfeiture of any property of the Authority. The principal of and interest on the Series A Bonds and Series B Bonds, respectively, and any premiums upon the redemption of any thereof, shall not be a legal or equitable pledge, charge, lien or encumbrance upon any property of the Authority or upon any of its income, receipts or revenues except the Revenues (with respect to the Series A Bonds) and Subordinated Revenues (with respect to the Series B Bonds) and other funds pledged to the payment thereof as in the Indenture provided.

Discharge of Indenture.

If the Authority pays and discharges any or all of the Outstanding Bonds in any one or more of the following ways:

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

(b) by irrevocably depositing with the Trustee, in trust, at or before maturity, money which, together with the available amounts then on deposit in the funds and accounts established with the Trustee pursuant to the Indenture and available for such purpose, is fully sufficient to pay such Bonds, including all principal, interest and redemption premiums; or

(c) by irrevocably depositing with the Trustee or any other fiduciary, in trust, Federal Securities in such amount as an Independent Accountant shall determine will, together with the interest to accrue thereon and available moneys then on deposit in the funds and accounts established with the Trustee pursuant to the Indenture and available for such purpose, be fully sufficient to pay and discharge the indebtedness on such Bonds (including all principal, interest and redemption premiums) at or before their respective maturity dates;

then any such Outstanding Bond or Bonds shall be deemed to have been paid and discharged; provided, however, that any such Outstanding Bond or Bonds shall be deemed to have been paid and discharged under paragraph (c) above only if (i) in the case of Bonds to be redeemed prior to the maturity thereof, notice of such redemption shall have been mailed pursuant to the Indenture or provision satisfactory to the Trustee shall have been made for the mailing of such notice, (ii) a verification report of an Independent Accountant shall be delivered to the Trustee, which shall be in a form acceptable to the Bond Insurer in the case of a discharge of Series A Bonds, and (iii) an opinion of Bond Counsel shall be delivered to the Trustee and the Bond Insurer in the case of a defeasance of Series A Bonds, to the effect that the requirements of the Indenture have been satisfied with respect to such discharge of Bonds. Upon a discharge of one or more Bonds as described above, and notwithstanding that any of such Bonds shall not have been surrendered for payment, the pledge of the Revenues, Subordinated Revenues, and other funds provided for in the Indenture with respect to such Bonds, and all other pecuniary obligations of the Authority under the Indenture with respect to such Bonds, as applicable, shall cease and terminate, except only the obligation of the Authority to comply with the tax covenants and the indemnification provisions set forth in the Indenture, to pay or cause to be paid to the Owners of such Bonds not so surrendered and paid all sums due thereon from amounts set aside for such purpose, to pay all expenses and costs of the Trustee and to comply with the tax covenants set forth in the Indenture. Any funds thereafter held by the Trustee, which are not required for said purposes, shall be paid over to the Authority or upon a Request of the Authority to the City.

In the event that the Bonds are to be defeased, the Bond Insurer shall be notified and provided with draft copies of the proposed escrow agreement, Independent Accountant certification and preliminary official statement of the refunding issue (if applicable). These materials shall be delivered to the Bond Insurer no less than five business days prior to the scheduled defeasance.

Defeasance shall be accomplished only with an irrevocable deposit in escrow of certain investments referred to in the Indenture. Further substitutions of securities in the escrow are not permitted. The deposit in the escrow must be sufficient, without reinvestment, to pay all principal and interest as schedule on the Bonds to and including the date of redemption. Any security used for defeasance must provide for the timely payment of principal and interest and cannot be callable or prepayable prior to maturity or earlier redemption of the rated debt (excluding securities that do not have a fixed par value and/or whose terms do not promise a fixed dollar amount at maturity or call date).

Notwithstanding anything in the Indenture to the contrary, in the event that the principal and/or interest due on the Series A Bonds shall be paid by the Bond Insurer pursuant to the Bond Insurance Policy, the Series A Bonds will remain Outstanding for all purposes, not be defeased or otherwise satisfied and not be considered paid by the Authority, and the assignment and pledge of the Revenues and all covenants, agreements and other obligations of the Authority to the registered owners of the Series A Bonds shall continue to exist and shall run to the benefit of the Bond Insurer, and the Bond Insurer shall be subrogated to the rights of such registered owners of the Series A Bonds.

Payment on, and Conditions of, Bond Insurance Policy.

As long as the Bond Insurance Policy shall be in full force and effect, the Authority and the Trustee agree to comply with the following provisions:

(a) At least one (1) business day prior to all Interest Payment Dates, the Trustee will determine whether there will be sufficient funds in the Funds and Accounts to pay the principal of or interest on the Series A Bonds on such Interest Payment Date. If the Trustee, determines that there will be insufficient funds in such Funds or Accounts, the Trustee, shall so notify the Bond Insurer. Such notice shall specify the amount of the anticipated deficiency, the Series A Bonds to which such deficiency is applicable and whether such Series A Bonds will be deficient as to principal or interest, or both. If the Trustee, has not so notified the Bond Insurer at least one (1) business day prior to an Interest Payment Date, the Bond Insurer will make payments of principal or interest due on the Series A Bonds on or before the first (1st) business day next following the date on which the Bond Insurer shall have received notice of nonpayment from the Trustee.

(b) The Trustee shall, after giving notice to the Bond Insurer as provided in (a) above, make available to the Bond Insurer and, at the Bond Insurer's direction, to The Bank of New York, in New York, New York, as insurance trustee for the Bond Insurer or any successor insurance trustee (the "Insurance Trustee"), the registration books of the Authority maintained by the Trustee, and all records relating to the Funds and Accounts maintained under the Indenture.

(c) The Trustee shall provide the Bond Insurer and the Insurance Trustee with a list of registered owners of Series A Bonds entitled to receive principal or interest payments from the Bond Insurer under the terms of the Bond Insurance Policy, and shall make arrangements with the Insurance Trustee (i) to mail checks or drafts to the registered owners of Series A Bonds entitled to receive full or partial interest payments from the Bond Insurer and (ii) to pay principal upon Series A Bonds surrendered to the Insurance Trustee by the registered owners of Series A Bonds entitled to receive full or partial principal payments from the Bond Insurer.

(d) The Trustee shall, at the time it provides notice to the Bond Insurer pursuant to (a) above, notify registered owners of Series A Bonds entitled to receive the payment of principal or interest thereon from the Bond Insurer (i) as to the fact of such entitlement, (ii) that the Bond Insurer will remit to them all or a part of the interest payments next coming due upon proof of Holder entitlement to interest payments and delivery to the Insurance Trustee, in form satisfactory to the Insurance Trustee, of an appropriate assignment of the registered owner's right to payment, (iii) that should they be entitled to receive full payment of principal from the Bond Insurer, they must surrender their Series A Bonds (along with an appropriate instrument of assignment in form satisfactory to the Insurance Trustee to permit ownership of such Series A Bonds to be registered in the name of the Bond Insurer) for payment to the Insurance Trustee, and not the Trustee, and (iv) that should they be entitled to receive partial payment of principal from the Bond Insurer, they must surrender their Series A Bonds for payment thereon first to the Trustee, who shall note on such Series A Bonds the portion of the principal paid by the Trustee, and then, along with an appropriate instrument of assignment in form satisfactory to the Insurance Trustee, to the Insurance Trustee, which will then pay the unpaid portion of principal.

(e) In the event that the Trustee has notice that any payment of principal of or interest on a Series A Bond which has become Due for Payment and which is made to a Holder by or on behalf of the Authority has been deemed a preferential transfer and theretofore recovered from its registered owner pursuant to the United States Bankruptcy Code by a trustee in bankruptcy in accordance with the final, nonappealable order of a court having competent jurisdiction, the Trustee shall, at the time the Bond Insurer is notified pursuant to (a) above, notify all registered owners that in the event that any registered owner's payment is so recovered, such registered owner will be entitled to payment from the Bond Insurer to the extent of such recovery if sufficient funds are not otherwise available, and the Trustee shall furnish to the Bond Insurer its records evidencing the payments of principal of and interest on the Series A Bonds which have been

made by the Trustee and subsequently recovered from registered owners and the dates on which such payments were made.

(f) In addition to those rights granted the Bond Insurer under the Indenture, the Bond Insurer shall, to the extent it makes payment of principal of or interest on Series A Bonds, become subrogated to the rights of the recipients of such payments in accordance with the terms of the Bond Insurance Policy, and to evidence such subrogation (i) in the case of subrogation as to claims for past due interest, the Trustee shall note the Bond Insurer's rights as subrogee on the registration books of the Authority maintained by the Trustee, upon receipt from the Bond Insurer of proof of the payment of interest thereon to the registered owners of the Series A Bonds, and (ii) in the case of subrogation as to claims for past due principal, the Trustee shall note the Bond Insurer's rights as subrogee on the registration books of the Authority maintained by the Trustee, upon surrender of the Series A Bonds by the registered owners thereof together with proof of the payment of principal thereof.

BOND INDENTURES RELATING TO THE CFD BONDS

The following is a summary of certain provisions of the Bond Indentures relating to the CFD Bonds not otherwise described in the text of this Official Statement. Such summary is not intended to be definitive, and reference is made to the full text of the Bond Indentures for the complete terms thereof.

Certain Definitions: Unless otherwise indicated, capitalized terms used below but not defined below have the same meaning given those terms in Indenture of Trust relating to the Bonds.

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

“Administrative Expenses” means any or all of the following:

(a) the expenses directly related to the administration of the CFD, including, but not limited to, the costs of computing the Special Taxes and preparing the annual Special Tax collection schedules (whether by the City or a designee thereof or both); the costs of collecting the Special Taxes (whether by the County, the City or otherwise); the costs of remitting the Special Taxes to the Trustee; the costs associated with preparing Special Tax disclosure statements and responding to the public inquiries regarding the Special Taxes; the costs of the City, the CFD or any designee thereof related to an appeal of the Special Tax;

(b) the costs of the Trustee (including its legal counsel) in the discharge of the duties of the Trustee pertaining to the CFD Bonds required under the Bond Indenture and any Supplemental Indenture;

(c) the costs of the City or any designee thereof of complying with the City, the CFD, the Authority or obligated person disclosure requirements associated with applicable federal or state securities laws of the Act pertaining to the bonds;

(d) a Proportionate Share of the Authority Administrative Expenses;

(e) any amounts required to be rebated to the federal government; and

(f) all other costs and expenses of the City (including, but not limited to, an allocable share of the salaries of the City staff directly related to the foregoing, a proportionate amount of City general administrative overhead related to the foregoing, and amounts advanced by the City for any administrative purpose of the CFD, including costs related to prepayments of Special Taxes, recordings related to such prepayments and satisfaction of Special Taxes, amounts advanced to ensure maintenance of tax exemption, and the costs of prosecuting foreclosure of delinquent Special Taxes, which amounts advanced are subject to reimbursement from other sources, including proceeds of foreclosure) and the Trustee incurred in connection with the discharge of their respective duties under the Bond Indenture and in any way related to the administration of the CFD and all actual costs and expenses incurred in connection with the administration of the CFD Bonds.

“Administrative Services Director” means the official of the City, or such official’s designee, who acts in the capacity as the chief financial officer of the City, including the controller or other financial officer.

“Annual Debt Service” means the principal amount of any Outstanding CFD Bonds or Parity Bonds payable in a Bond Year either at maturity or pursuant to a Sinking Fund Payment and any interest payable on any Outstanding CFD Bonds or Parity Bonds in such Bond Year, if the CFD Bonds and any Parity Bonds are retired as scheduled.

“Authorized Representative of the City” means the Mayor, City Manager, Administrative Services Director or City Clerk, or any other person or persons designated by a written certificate signed on behalf of the City by the City Manager or Administrative Services Director of the City and containing the specimen signature of each such person.

“Bond Register” means the books which the Trustee shall keep or cause to be kept on which the registration and transfer of the CFD Bonds and any Parity Bonds shall be recorded.

“Bondowner” or “Owner” means the person or persons in whose name or names any CFD Bond or Parity Bond is registered.

“Bond Year” means the twelve month period commencing on September 2 of each year and ending on September 1 of the following year, except that the first Bond Year for the CFD Bonds or an issue of Parity Bonds shall begin on the Delivery Date and end on the first September 1 which is not more than 12 months after the Delivery Date.

“Certificate of an Authorized Representative” means a written certificate or warrant request executed by an Authorized Representative of the City.

“Independent Financial Consultant” means a financial consultant or firm of such consultants generally recognized to be well qualified in the financial consulting field, appointed and paid by the City, who, or each of whom:

(a) is in fact independent and not under the domination of the City;

(b) does not have any substantial interest, direct or indirect, in the City; and

(c) is not connected with the City as a member, officer or employee of the City, but who may be regularly retained to make annual or other reports to the City.

“Maximum Annual Debt Service” means the maximum sum obtained for any Bond Year prior to the final maturity of the CFD Bonds and any Parity Bonds by adding the following for each Bond Year:

(a) the principal amount of all Outstanding CFD Bonds and Parity Bonds payable in such Bond Year either at maturity or pursuant to a Sinking Fund Payment; and

(b) the interest payable on the aggregate principal amount of all CFD Bonds and Parity Bonds Outstanding in such Bond Year if the CFD Bonds and Parity Bonds are retired as scheduled.

“Ordinance” means any ordinance of the City levying the Special Taxes in the CFD.

“Outstanding” or “Outstanding CFD Bonds and Parity Bonds” means all CFD Bonds and Parity Bonds theretofore issued by the City, except:

(a) CFD Bonds and Parity Bonds theretofore cancelled or surrendered for cancellation in accordance with the Bond Indenture;

(b) CFD Bonds and Parity Bonds for payment or redemption of which monies shall have been theretofore deposited in trust (whether upon or prior to the maturity or the redemption date of such CFD Bonds or Parity Bonds), provided that, if such CFD Bonds or Parity Bonds are to be redeemed prior to the maturity thereof, notice of such redemption shall have been given as provided in the Bond Indenture or any applicable Supplemental Indenture for Parity Bonds; and

(c) CFD Bonds and Parity Bonds which have been surrendered to the Trustee for transfer or exchange pursuant to the Bond Indenture or for which a replacement has been issued pursuant to the Bond Indenture.

"Parity Bonds" means bonds issued pursuant to the Bond Indenture that are payable from Special Tax Revenues and other amounts deposited in the Special Tax Fund and secured by a lien and charge upon such amounts equal to the lien and charge securing the CFD Bonds.

"Prepayments" means any amounts paid by the City to the Trustee and designated by the City as a prepayment of Special Taxes for one or more parcels in the CFD made in accordance with the Rate and Method of Apportionment of Special Taxes attached to the Resolution of Formation.

"Proportionate Share" means, as of the date of calculation, the ratio derived by dividing the Outstanding principal amount of the CFD Bonds and any Parity Bonds by the principal amount of the outstanding Local Obligations.

"Resolution of Formation" means the resolution adopted by the City Council of the City pursuant to which the City formed the CFD.

"Special Taxes" means the taxes authorized to be levied by the City on property within the CFD in accordance with the Ordinance, the Resolution of Formation, the Act and the voter approval obtained at an election in the CFD.

"Special Tax Revenues" means the proceeds of the Special Taxes received by the City, including all scheduled payments and delinquent payments thereof, interest and penalties thereon and proceeds of the redemption or sale of property sold as a result of foreclosure of the lien of the Special Taxes.

Security for the CFD Bonds.

Pursuant to the Act and the Bond Indenture, the CFD Bonds and any Parity Bonds shall be equally payable from the Special Tax Revenues and other amounts in the Special Tax Fund (exclusive of the Administrative Expense Account), without priority for number, date of the CFD Bonds or Parity Bonds, date of sale, date of execution, or date of delivery, and the payment of the interest on and principal of the CFD Bonds and any Parity Bonds and premiums upon the redemption thereof, shall be exclusively paid from the Special Tax Revenues and other amounts in the Special Tax Fund (exclusive of the Administrative Expense Account), which are set aside for the payment of the CFD Bonds and any Parity Bonds.

Amounts in the Special Tax Fund (other than the Administrative Expense Account therein) shall constitute a trust fund held for the benefit of the Owners to be applied to the payment of the interest on and principal of the CFD Bonds and any Parity Bonds and so long as any of the CFD Bonds and any Parity Bonds or interest thereon remain Outstanding shall not be used for any other purpose, except as permitted by the Bond Indenture or any Supplemental Indenture. Notwithstanding any provision contained in the Bond Indenture to the contrary, Special Tax Revenues deposited in the Rebate Fund and the Surplus Fund shall no longer be considered to be pledged to the CFD Bonds or any Parity Bonds, and none of the Rebate Fund, the Surplus Fund, or the Administrative Expense Account of the Special Tax Fund shall be construed as a trust fund held for the benefit of the Owners.

Nothing in the Bond Indenture or any Supplemental Indenture shall preclude; (a) the redemption prior to maturity of any CFD Bonds or Parity Bonds subject to call and redemption and payment of said CFD Bonds or Parity Bonds from proceeds of refunding bonds issued under the Act as the same now exists or as hereafter amended, or under any other law of the State of California; or (b) the issuance, subject to the limitations contained in the Bond Indenture, of Parity Bonds which shall be payable from Special Tax Revenues.

Deposits and Uses of Special Taxes.

Special Tax Fund. Except for the portion of any Prepayment to be deposited to the Redemption Account, the Trustee shall, on each date on which the Special Taxes are received from the City, deposit the Special Taxes in the Special Tax Fund to be held in trust for the Owners. The Trustee shall transfer the Special Taxes on deposit in the Special Tax Fund in the following order of priority, to:

- (1) The Interest Account of the Special Tax Fund;
- (2) The Principal Account of the Special Tax Fund;
- (3) The Redemption Account of the Special Tax Fund;
- (4) The Authority Trustee, in the amount needed to restore the applicable Reserve Account of the Series A Reserve Fund held by the Authority Trustee to the Proportionate Share of the Series A Reserve Requirement;
- (5) The Authority Trustee, in the amount needed to restore the applicable Reserve Account of the Series B Reserve Fund held by the Authority Trustee to the Proportionate Share of the Series B Reserve Requirement; and
- (6) The Administrative Expense Account of the Special Tax Fund;
- (7) The Surplus Fund.

Interest Account and Principal Account of the Special Tax Fund. The principal of and interest due on the CFD Bonds and any Parity Bonds until maturity, other than principal due upon redemption, shall be paid by the Trustee from the Principal Account and the Interest Account of the Special Tax Fund, respectively. For the purpose of assuring that the payment of principal of and interest on the CFD Bonds and any Parity Bonds will be made when due, at least five Business Days prior to each March 1 and September 1, the Trustee shall transfer from the Special Tax Fund, first to the Interest Account and then to the Principal Account, the amount required to pay interest on and principal of the CFD Bonds on the immediately succeeding March 1 or September 1; provided, however, that to the extent that deposits have been made in the Interest Account or the Principal Account from the proceeds of the sale of an issue of the CFD Bonds, any Parity Bonds, or otherwise, the transfer from the Special Tax Fund need not be made.

Redemption Account of the Special Tax Fund. With respect to each September 1 on which a Sinking Fund Payment is due, after the deposits have been made to the Interest Account and the Principal Account of the Special Tax Fund, the Trustee shall next transfer into the Redemption Account of the Special Tax Fund from the Special Tax Fund the amount needed to make the balance in the Redemption Account five Business Days prior to each September 1 equal to the Sinking Fund Payment due on any Outstanding CFD Bonds and Parity Bonds on such September 1. Moneys so deposited in the Redemption Account shall be used and applied by the Trustee to call and redeem Term CFD Bonds in accordance with the Sinking Fund Payment schedule set forth in the Bond Indenture, and to redeem Parity Bonds in accordance with any Sinking Fund Payment schedule set forth in the Supplemental Indenture for such Parity Bonds.

After making the deposits to the Interest Account, the Principal Account, and the Redemption Account for Sinking Fund Payments then due, and in accordance with the City's election to call CFD Bonds for optional redemption, or to call Parity Bonds for optional redemption as set forth in any Supplemental Indenture for Parity Bonds, the Trustee shall transfer from the Special Tax Fund and deposit in the Redemption Account moneys available for the purpose and sufficient to pay the principal and the premiums, if any, payable on the CFD Bonds or Parity Bonds called for optional redemption; provided, however, that amounts in the Special Tax Fund may be applied to optionally redeem CFD

Bonds and Parity Bonds only if immediately following such redemption the amount in the applicable Reserve Accounts of the Reserve Funds will equal the Proportionate Share of the Reserve Requirement.

Moneys set aside in the Redemption Account shall be used solely for the purpose of redeeming CFD Bonds and Parity Bonds and shall be applied on or after the redemption date to the payment of principal of and premium, if any, on the CFD Bonds or Parity Bonds to be redeemed upon presentation and surrender of such CFD Bonds or Parity Bonds and in the case of an optional redemption or an extraordinary redemption from Prepayments to pay the interest thereon; provided, however, that in lieu or partially in lieu of such call and redemption, moneys deposited in the Redemption Account, other than Prepayments, may be used to purchase Outstanding CFD Bonds or Parity Bonds in the manner in the Bond Indenture after provided. Purchases of Outstanding CFD Bonds or Parity Bonds may be made by the City at public or private sale as and when and at such prices as the City may in its discretion determine but only at prices (including brokerage or other expenses) not more than par plus accrued interest, plus, in the case of moneys set aside for an optional redemption, the premium applicable at the next following call date according to the premium schedule established pursuant to the Bond Indenture, or in the case of Parity Bonds the premium established in any Supplemental Indenture. Any accrued interest payable upon the purchase of CFD Bonds or Parity Bonds may be paid from the amount reserved in the Interest Account of the Special Tax Fund for the payment of interest on the next following Interest Payment Date.

Administrative Expense Account of the Special Tax Fund. The Trustee shall transfer from the Special Tax Fund and deposit in the Administrative Expense Account of the Special Tax Fund from time to time amounts necessary to make timely payment of Administrative Expenses; provided, however, that the provided that such transfers shall not be in excess of the portion of the Special Tax revenues collected by the City that represent levies for Administrative Expenses.

Following the required transfers of amounts sufficient to pay the interest and principal on all Bonds due in a Bond Year and to restore the Authority Reserve Funds to the respective Reserve Requirement, an Authorized Representative of the City may direct the Trustee, in writing, to transfer additional amounts from the Special Tax Fund to the Administrative Expense Account. Moneys in the Administrative Expense Account of the Special Tax Fund may be invested in any Authorized Investments as directed in writing by an Authorized Representative of the City and shall be disbursed as directed in a Certificate of an Authorized Representative.

Surplus Fund. After making the transfers described above, as soon as practicable after each September 1, and in any event prior to each October 1, the Trustee shall transfer all remaining amounts in the Special Tax Fund to the Surplus Fund, unless on or prior to such date, it has received a Certificate of an Authorized Representative of the City directing that certain amounts be retained in the Special Tax Fund because the City has assumed such amounts would be available in the Special Tax Fund in calculating the amount of the levy of Special Taxes for such Fiscal Year.

Moneys deposited in the Surplus Fund will be transferred by the Trustee at the direction of an Authorized Representative of the City as follows:

(i) to the Interest Account, the Principal Account or the Redemption Account of the Special Tax Fund to pay the principal of, including Sinking Fund Payments, premium, if any, and interest on the CFD Bonds and any Parity Bonds when due in the event that moneys in the Special Tax Fund and the applicable Reserve Accounts are insufficient therefor,

(ii) to the applicable Reserve Accounts in order to replenish the applicable Reserve Accounts to the Proportionate Share Reserve Requirement,

(iii) to the Administrative Expense Account of the Special Tax Fund to pay Administrative Expenses to the extent that the amounts on deposit in the Administrative Expense Account of the Special Tax Fund are insufficient to pay Administrative Expenses, and

(iv) for any other lawful purpose of the City.

The amounts in the Surplus Fund are not pledged to the repayment of the CFD Bonds or the Parity Bonds and may be used by the City for any lawful purpose.

Investments.

Moneys held in any of the Funds, Accounts and Subaccounts under the Bond Indenture shall be invested at the written direction of the City in accordance with the limitations set forth below only in Authorized Investments which shall be deemed at all times to be a part of such Funds, Accounts and Subaccounts. Any loss resulting from such Authorized Investments shall be credited or charged to the Fund, Account or Subaccount from which such investment was made, and any investment earnings on amounts deposited in the Special Tax Fund and the Surplus Fund, and each Account therein, shall be deposited in those respective Funds and Accounts.

Moneys in the Funds, Accounts and Subaccounts held under the Bond Indenture may be invested by the Trustee as directed in writing by the City, from time to time, in Authorized Investments subject to the following restrictions:

(a) Moneys in the Interest Account, the Principal Account, and the Redemption Account of the Special Tax Fund shall be invested only in Authorized Investments which will by their terms mature, or in the case of an Investment Agreement are available for withdrawal without penalty, on such dates so as to ensure the payment of principal of, premium, if any, and interest on the CFD Bonds as the same become due.

(b) In the absence of written investment directions from the City, the Trustee shall invest solely in Authorized Investments specified in clause (f) of the definition thereof.

The Trustee shall sell, or present for redemption, any Authorized Investment whenever it may be necessary to do so in order to provide moneys to meet any payment or transfer to such Funds and Accounts or from such Funds and Accounts. For the purpose of determining at any given time the balance in any such Funds and Accounts, any such investments constituting a part of such Funds and Accounts shall be valued at their cost. In making any valuations under the Bond Indenture, the Trustee may utilize such computerized securities pricing services as may be available to it, including, without limitation, those available through its regular accounting system, and conclusively rely thereon. Notwithstanding anything in the Bond Indenture to the contrary, the Trustee shall not be responsible for any loss from investments, sales or transfers undertaken in accordance with the provisions of the Bond Indenture.

Redemption of CFD Bonds.

Optional Redemption and Extraordinary Redemption. Subject to the provisions of the Bond Indenture summarized in "Certification of Independent Financial Consultant" above, certain of the CFD Bonds may be redeemed, at the option of the City from any source of funds on certain dates, in whole, or in part and by lot, at a redemption price set forth in the Bond Indentures.

Selection of CFD Bonds and Parity Bonds for Redemption. If less than all of the CFD Bonds or Parity Bonds Outstanding are to be redeemed, the portion of any Bond or Parity Bond of a denomination of more than \$5,000 to be redeemed shall be in the principal amount of \$5,000 or an integral multiple thereof. In selecting portions of such CFD Bonds or Parity Bonds for redemption, the Trustee shall treat such CFD Bonds or Parity Bonds, as applicable, as representing that number of CFD Bonds or Parity Bonds of \$5,000 denominations which is obtained by dividing the principal amount of such CFD Bonds or Parity Bonds to be redeemed in part by \$5,000. The procedure for the selection of Parity Bonds for redemption may be modified as set forth in the Supplemental Indenture for such Parity Bonds. The Trustee shall promptly notify the City in writing of the CFD Bonds or Parity Bonds, or portions thereof, selected for redemption.

Notice of Redemption. When CFD Bonds or Parity Bonds are due for redemption or under another redemption provision set forth in a Supplemental Indenture relating to any Parity Bonds, the Trustee shall give notice, in the name of the City, of the redemption of such CFD Bonds or Parity Bonds. The City may instruct the Trustee to specify in the redemption notice that such redemption may be subject to receipt of funds sufficient to accomplish the redemption. Such notice of redemption shall (a) specify the CUSIP numbers (if any), the bond numbers and the maturity date or dates of the CFD Bonds or Parity Bonds selected for redemption, except that where all of the CFD Bonds or all of an issue of Parity Bonds are subject to redemption, or all the CFD Bonds or Parity Bonds of one maturity, are to be redeemed, the bond numbers of such issue need not be specified; (b) state the date fixed for redemption and surrender of the CFD Bonds or Parity Bonds to be redeemed; (c) state the redemption price; (d) state the place or places where the CFD Bonds or Parity Bonds are to be redeemed; (e) in the case of CFD Bonds or Parity Bonds to be redeemed only in part, state the portion of such Bond or Parity Bond which is to be redeemed; (f) state the date of issue of the CFD Bonds or Parity Bonds as originally issued; (g) state the rate of interest borne by each Bond or Parity Bond being redeemed; and (h) state any other descriptive information needed to identify accurately the CFD Bonds or Parity Bonds being redeemed as shall be specified by the Trustee. Such notice shall further state that on the date fixed for redemption, there shall become due and payable on each Bond, Parity Bond or portion thereof called for redemption, the principal thereof, together with any premium, and interest accrued to the redemption date, and that from and after such date, interest thereon shall cease to accrue and be payable. At least 30 days but no more than 45 days prior to the redemption date, the Trustee shall mail a copy of such notice, by first class mail, postage prepaid, to the respective Owners thereof at their addresses appearing on the Bond Register. The actual receipt by the Owner of any Bond or Parity Bond of notice of such redemption shall not be a condition precedent to redemption, and neither the failure to receive nor any defect in such notice shall affect the validity of the proceedings for the redemption of such CFD Bonds or Parity Bonds, or the cessation of interest on the redemption date. A certificate by the Trustee that notice of such redemption has been given as in the Bond Indenture provided shall be conclusive as against all parties and the Owner shall not be entitled to show that he or she failed to receive notice of such redemption.

Any such redemption notice may specify that redemption on the specified date will be subject to receipt by the City of moneys sufficient to cause such redemption, and neither the City nor the Trustee shall have any liability to the Owners or any other party as a result of its failure to redeem the CFD Bonds as a result of insufficient moneys.

In addition to the foregoing notice, further notice shall be given by the Trustee as set out below, but only if the CFD Bonds or Parity Bonds are not owned by the Authority at the time the notice of redemption is given, provided that no defect in said further notice nor any failure to give all or any portion of such further notice shall in any manner defeat the effectiveness of a call for redemption if notice thereof is given as above prescribed.

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

Certification of Independent Financial Consultant. The City shall not be authorized to redeem bonds pursuant to the Optional Redemption or Special Redemption provisions of the Bond Indenture unless it has provided the Trustee with a certificate of an Independent Financial Consultant to the effect that the proposed redemption, assuming a corresponding redemption of the Authority CFD Bonds, and assuming continuing payment of Special Taxes by property owners not then in default, will not adversely impact the availability of Revenues (as defined in the Authority Indenture) in an amount sufficient to pay debt service on the Authority CFD Bonds, as scheduled.

Certain Covenants of the City. In addition to the covenants summarized in this Official Statement, the City has covenanted in the Bond Indentures as follows:

Tax Covenants.

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

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

Rebate Requirement. The City shall take any and all actions necessary to assure compliance with section 148(f) of the Code, relating to the rebate of excess investment earnings, if any, to the federal government, to the extent that such section is applicable to the Authority Bonds.

No Arbitrage. The City shall not take, or permit or suffer to be taken by the Trustee or otherwise, any action with respect to the proceeds of the CFD Bonds which, if such action had been reasonably expected to have been taken, or had been deliberately and intentionally taken, on the date of issuance of the CFD Bonds would have caused the Authority CFD Bonds to be "arbitrage bonds" within the meaning of section 148 of the Code.

Maintenance of Tax-Exemption. The City shall take all actions necessary to assure the exclusion of interest on the Authority CFD Bonds from the gross income of the Owners of the Authority CFD Bonds to the same extent as such interest is permitted to be excluded from gross income under the Code as in effect on the date of issuance of the Authority CFD Bonds. In addition, the City shall not take any action or fail to take any action if the action or failure adversely affect the exclusion of interest on the Prior CFD Bonds from the gross income of the owners of the Prior CFD Bonds to the same extent as such interest was permitted to be excluded from gross income for federal income tax purposes on the date of issuance of the Prior CFD Bonds.

Continuing Disclosure. The City covenants and agrees that it will comply with and carry out all of the provisions of the Continuing Disclosure Certificate. Notwithstanding any other provision of the Bond Indenture, failure of the City to comply with the Continuing Disclosure Certificate shall not be considered an Event of Default; however, the Original Purchaser of the Authority CFD Bonds and any holder or beneficial owner of the CFD Bonds may, take such actions as may be necessary and appropriate to compel performance, including seeking mandate or specific performance by court order.

Supplemental Indentures or Orders Not Requiring Bondowner Consent

The City may from time to time, and at any time, without notice to or consent of any of the Bondowners, but only with the prior written consent of the Bond Insurer so long as the Bond Insurance Policy is in full force and effect, adopt Supplemental Indentures for any of the following purposes:

(a) to cure any ambiguity, to correct or supplement any provisions in the Bond Indenture which may be inconsistent with any other provision in the Bond Indenture, or to make any other provision with respect to matters or questions arising under the Bond Indenture or in any additional resolution or order, provided that such action is not materially adverse to the interests of the Bondowners;

(b) to add to the covenants and agreements of and the limitations and the restrictions upon the City contained in the Bond Indenture, other covenants, agreements, limitations and restrictions to be observed by the City which are not contrary to or inconsistent with the Bond Indenture as theretofore in effect or which further secure Bond or Parity Bond payments;

(c) to provide for the issuance of any Parity Bonds, and to provide the terms and conditions under which such Parity Bonds may be issued, subject to and in accordance with the provisions of the Bond Indenture;

(d) to modify, amend or supplement the Bond Indenture in such manner as to permit the qualification of the Bond Indenture under the Trust Indenture Act of 1939, as amended, or any similar federal statute hereafter in effect, and to add such other terms, conditions and provisions as may be permitted by said act or similar federal statute, and which shall not materially adversely affect the interests of the Owners of the CFD Bonds or any Parity Bonds then Outstanding; or

(e) to modify, alter or amend the rate and method of apportionment of the Special Taxes in any manner so long as such changes do not reduce the maximum Special Taxes that may be levied in each year on property within the CFD to an amount which is less than 110% of the principal and interest due in each corresponding future Bond Year with respect to the CFD Bonds and Parity Bonds Outstanding as of the date of such amendment; or

(f) to modify, alter, amend or supplement the Bond Indenture in any other respect which is not materially adverse to the Bondowners; or

(g) to make such additions, deletions or modifications as may be necessary or desirable to assure exemption from federal income taxation of interest on the Authority CFD Bonds.

Supplemental Indentures or Orders Requiring Bondowner Consent.

Exclusive of the Supplemental Indentures described in above, the Owners of not less than a majority in aggregate principal amount of the CFD Bonds and Parity Bonds Outstanding shall have the right to consent to and approve the adoption by the City of such Supplemental Indentures as shall be deemed necessary or desirable by the City for the purpose of waiving, modifying, altering, amending, adding to or rescinding, in any particular, any of the terms or provisions contained in the Bond Indenture; provided, however, (i) the City shall have first obtained the written consent of the Bond Insurer so long as the Bond Insurance Policy is in full force and effect and (ii) that nothing in the Bond Indenture shall permit, or be construed as permitting, (a) an extension of the maturity date of the principal, or the payment date of interest on, any Bond or Parity Bond, (b) a reduction in the principal amount of, or redemption premium on, any Bond or Parity Bond or the rate of interest thereon, (c) a preference or priority of any Bond or Parity Bond over any other Bond or Parity Bond, or (d) a reduction in the aggregate principal amount of the CFD Bonds and Parity Bonds the Owners of which are required to consent to such Supplemental Indenture, without the consent of the Owners of all CFD Bonds and Parity Bonds then Outstanding.

If at any time the City shall desire to adopt a Supplemental Indenture, which shall require the consent of the Bondowners, the City shall so notify the Trustee and shall deliver to the Trustee a copy of the proposed Supplemental Indenture. The Trustee shall, at the expense of the City, cause notice of the proposed Supplemental Indenture to be mailed, by first class mail, postage prepaid, to all Bondowners at their addresses as they appear in the Bond Register. Such notice shall briefly set forth the nature of the proposed Supplemental Indenture and shall state that a copy thereof is on file at the office of the Trustee for inspection by all Bondowners. The failure of any Bondowners to receive such notice shall not affect the validity of such Supplemental Indenture when consented to and approved by the Owners of not less than a majority in aggregate principal amount of the CFD Bonds and Parity Bonds Outstanding. Whenever at any time within one year after the date of the first mailing of such notice, the Trustee shall receive an instrument or instruments purporting to be executed by the Owners of not less than a majority in aggregate principal amount of the CFD Bonds and Parity Bonds Outstanding, which instrument or instruments shall refer to the proposed Supplemental Indenture described in such notice, and shall specifically consent to and approve the adoption thereof by the City substantially in the form of the copy referred to in such notice as on file with the Trustee, such proposed Supplemental Indenture, when duly adopted by the City, shall thereafter become a part of the proceedings for the issuance of the CFD Bonds and any Parity Bonds. In determining whether the Owners of a majority of the aggregate principal amount

of the CFD Bonds and Parity Bonds have consented to the adoption of any Supplemental Indenture, CFD Bonds or Parity Bonds which are owned by the City or by any person directly or indirectly controlling or controlled by or under the direct or indirect common control with the City, shall be disregarded and shall be treated as though they were not Outstanding for the purpose of any such determination.

Upon the adoption of any Supplemental Indenture and the receipt of consent to any such Supplemental Indenture from the Owners of not less than a majority in aggregate principal amount of the Outstanding CFD Bonds and Parity Bonds in instances where such consent is required pursuant to the Bond Indenture, the Bond Indenture shall be, and shall be deemed to be, modified and amended in accordance therewith, and the respective rights, duties and obligations under the Bond Indenture of the City and all Owners of Outstanding CFD Bonds and Parity Bonds shall thereafter be determined, exercised and enforced under the Bond Indenture, subject in all respects to such modifications and amendments.

Events of Default and Remedial Action.

Events of Default. Any one or more of the following events shall constitute an “event of default”:

(a) Default in the due and punctual payment of the principal of or redemption premium, if any, on any Bond or Parity Bond when and as the same shall become due and payable, whether at maturity as therein expressed, by declaration or otherwise;

(b) Default in the due and punctual payment of the interest on any Bond or Parity Bond when and as the same shall become due and payable; or

(c) Except as described in (a) or (b), default shall be made by the City in the observance of any of the agreements, conditions or covenants on its part contained in the Bond Indenture, the CFD Bonds or any Parity Bonds, and such default shall have continued for a period of 30 days after the City shall have been given notice in writing of such default by the Trustee or the Owners of 25% in aggregate principal amount of the Outstanding CFD Bonds and Parity Bonds.

Remedies of Owners. Upon the occurrence of an Event of Default, the Trustee may pursue any available remedy at law or in equity to enforce the payment of the principal of, premium, if any, and interest on the Outstanding CFD Bonds and Parity Bonds, and to enforce any rights of the Trustee under or with respect to the Bond Indenture, including:

(a) By mandamus or other suit or proceeding at law or in equity to enforce his rights against the City and any of the members, officers and employees of the City, and to compel the City or any such members, officers or employees to perform and carry out their duties under the Act and their agreements with the Owners as provided in the Bond Indenture;

(b) By suit in equity to enjoin any actions or things which are unlawful or violate the rights of the Owners; or

(c) By a suit in equity to require the City and its members, officers and employees to account as the trustee of an express trust.

If an Event of Default shall have occurred and be continuing and if requested so to do by the Owners of at least 25% in aggregate principal amount Outstanding CFD Bonds and Parity Bonds and is indemnified to its satisfaction, the Trustee shall be obligated to exercise such one or more of the rights and powers conferred by the Bond Indenture, as the Trustee, being advised by counsel, shall deem most expedient in the interests of the Owners of the CFD Bonds and Parity Bonds.

No remedy in the Bond Indenture conferred upon or reserved to the Trustee or to the Owners is intended to be exclusive of any other remedy. Every such remedy shall be cumulative and shall be in addition to every other remedy given under the Bond Indenture or now or hereafter existing, at law or in

equity or by statute or otherwise, and may be exercised without exhausting and without regard to any other remedy conferred by the Act or any other law.

Application of Revenues and Other Funds After Default. All amounts received by the Trustee pursuant to any right given or action taken by the Trustee under the provisions of the Bond Indenture relating to the CFD Bonds and Parity Bonds shall be applied by the Trustee in the following order upon presentation of the several CFD Bonds and Parity Bonds:

First, to the payment of the fees, costs and expenses of the Trustee in declaring such Event of Default and in carrying out the provisions of the Bond Indenture, including reasonable compensation to its agents, attorneys and counsel, and to the payment of all other outstanding fees and expenses of the Trustee; and

Second, to the payment of the whole amount of interest on and principal of the CFD Bonds and Parity Bonds then due and unpaid, with interest on overdue installments of principal and interest to the extent permitted by law at the net effective rate of interest then borne by the Outstanding CFD Bonds and Parity Bonds; provided, however, that in the event such amounts shall be insufficient to pay in full the full amount of such interest and principal, then such amounts shall be applied in the following order of priority:

(a) first to the payment of all installments of interest on the CFD Bonds and Parity Bonds then due and unpaid on a pro rata basis based on the total amount then due and owing,

(b) second, to the payment of all installments of principal, including Sinking Fund Payments, of the CFD Bonds and Parity Bonds then due and unpaid on a pro rata basis based on the total amount then due and owing, and

(c) third, to the payment of interest on overdue installments of principal and interest on the CFD Bonds and Parity Bonds on a pro rata basis based on the total amount then due and owing.

Defeasance.

If the City shall pay or cause to be paid, or there shall otherwise be paid, to the Owner of an Outstanding Bond or Parity Bond the interest due thereon and the principal thereof, at the times and in the manner stipulated in the Bond Indenture or any Supplemental Indenture, then the Owner of such Bond or Parity Bond shall cease to be entitled to the pledge of Special Tax Revenues, and, other than as set forth below, all covenants, agreements and other obligations of the City to the Owner of such Bond or Parity Bond under the Bond Indenture and any Supplemental Indenture relating to such Parity Bond shall thereupon cease, terminate and become void and be discharged and satisfied. In the event of a defeasance of all Outstanding CFD Bonds and Parity Bonds, the Trustee shall execute and deliver to the City all such instruments as may be desirable to evidence such discharge and satisfaction, and the Trustee shall pay over or deliver to the City's general fund all money or securities held by it pursuant to the Bond Indenture which are not required for the payment of the principal of, premium, if any, and interest due on such CFD Bonds and Parity Bonds.

Any Outstanding Bond or Parity Bond shall be deemed to have been paid within the meaning expressed in the preceding paragraph if such Bond or Parity Bond is paid in any one or more of the following ways:

(a) by paying or causing to be paid the principal of, premium, if any, and interest on such Bond or Parity Bond, as and when the same become due and payable;

(b) by depositing with the Trustee, in trust, at or before maturity, money which, together with the amounts then on deposit in the Special Tax Fund (exclusive of the Administrative Expense Account) and available for such purpose, is fully sufficient to pay the principal of,

premium, if any, and interest on such Bond or Parity Bond, as and when the same shall become due and payable; or

(c) by depositing with the Trustee or another escrow bank appointed by the City, in trust, Federal Securities, in which the City may lawfully invest its money, in such amount as will be sufficient, together with the interest to accrue thereon and moneys then on deposit in the Special Tax Fund (exclusive of the Administrative Expense Account) and available for such purpose, together with the interest to accrue thereon, to pay and discharge the principal of, premium, if any, and interest on such Bond or Parity Bond, as and when the same shall become due and payable;

then, at the election of the City, and notwithstanding that any Outstanding CFD Bonds and Parity Bonds shall not have been surrendered for payment, all obligations of the City under the Bond Indenture and any Supplemental Indenture with respect to such Bond or Parity Bond shall cease and terminate, except for the obligation of the Trustee to pay or cause to be paid to the Owners of any such Bond or Parity Bond not so surrendered and paid, all sums due thereon. Notice of such election shall be filed with the Trustee not less than ten days prior to the proposed defeasance date, or such shorter period of time as may be acceptable to the Trustee. In connection with a defeasance under (b) or (c) above, there shall be provided to the City a verification report from an independent nationally recognized certified public accountant stating its opinion as to the sufficiency of the moneys or securities deposited with the Trustee or the escrow bank to pay and discharge the principal of, premium, if any, and interest on all Outstanding CFD Bonds and Parity Bonds to be defeased, as and when the same shall become due and payable, and an opinion of Bond Counsel (which may rely upon the opinion of the certified public accountant) to the effect that the CFD Bonds or Parity Bonds being defeased have been legally defeased in accordance with the Bond Indenture and any applicable Supplemental Indenture.

Upon a defeasance, the Trustee, upon request of the City, shall release the rights of the Owners of such CFD Bonds and Parity Bonds which have been defeased under the Bond Indenture and any Supplemental Indenture and execute and deliver to the City all such instruments as may be desirable to evidence such release, discharge and satisfaction. In the case of a defeasance under the Bond Indenture of all Outstanding CFD Bonds and Parity Bonds, the Trustee shall pay over or deliver to the City any funds held by the Trustee at the time of a defeasance, which are not required for the purpose of paying and discharging the principal of or interest on the CFD Bonds and Parity Bonds when due. The Trustee shall, at the written direction of the City, mail, first class, postage prepaid, a notice to the Bondowners whose CFD Bonds or Parity Bonds have been defeased, in the form directed by the City, stating that the defeasance has occurred.

Defeasance shall be accomplished only with an irrevocable deposit in escrow of certain investments referred to in the Bond Indenture. Further substitutions of securities in the escrow are not permitted. The deposit in the escrow must be sufficient, without reinvestment, to pay all principal and interest as schedule on the Bonds to and including the date of redemption. Any security used for defeasance must provide for the timely payment of principal and interest and cannot be callable or prepayable prior to maturity or earlier redemption of the rated debt (excluding securities that do not have a fixed par value and/or whose terms do not promise a fixed dollar amount at maturity or call date).

Conditions for the Issuance of Parity Bonds and Other Additional Indebtedness.

The City may at any time after the issuance and delivery of the CFD Bonds under the Bond Indenture issue Parity Bonds payable from the Special Tax Revenues and other amounts deposited in the Special Tax Fund (other than in the Administrative Expense Account therein) and secured by a lien and charge upon such amounts equal to the lien and charge securing the Outstanding CFD Bonds and any other Parity Bonds theretofore issued under the Bond Indenture or under any Supplemental Indenture; provided, however, that Parity Bonds may only be issued for the purpose of refunding all or a portion of the CFD Bonds or any Parity Bonds then Outstanding. Parity Bonds which may only be issued to effect a partial refunding may be issued subject to the following additional specific conditions, which are made conditions precedent to the issuance of any such Parity Bonds:

(a) The City shall be in compliance with all covenants set forth in the Bond Indenture and any Supplemental Indenture then in effect and a certificate of the City to that effect shall have been filed with the Trustee; provided, however, that Parity Bonds may be issued notwithstanding that the City is not in compliance with all such covenants so long as immediately following the issuance of such Parity Bonds the City will be in compliance with all such covenants.

(b) The issuance of such Parity Bonds shall have been duly authorized pursuant to the Act and all applicable laws, and the issuance of such Parity Bonds shall have been provided for by a Supplemental Indenture duly adopted by the City which shall specify the following:

(1) The purpose for which such Parity Bonds are to be issued and the fund or funds into which the proceeds thereof are to be deposited, including a provision requiring the proceeds of such Parity Bonds to be applied solely for the purpose of refunding any Outstanding CFD Bonds or Parity Bonds, including payment of all costs and the funding of all reserves incidental to or connected with such refunding;

(2) The authorized principal amount of such Parity Bonds;

(3) The date and the maturity date or dates of such Parity Bonds; provided that (i) each maturity date shall fall on an September 1, (ii) all such Parity Bonds of like maturity shall be identical in all respects, except as to number, and (iii) fixed serial maturities or Sinking Fund Payments, or any combination thereof, shall be established to provide for the retirement of all such Parity Bonds on or before their respective maturity dates;

(4) The description of the Parity Bonds, the place of payment thereof and the procedure for execution and authentication;

(5) The denominations and method of numbering of such Parity Bonds;

(6) The amount and due date of each mandatory Sinking Fund Payment, if any, for such Parity Bonds;

(7) The amount, if any, to be deposited from the proceeds of such Parity Bonds in the applicable Reserve Accounts to increase the amount therein to the Proportionate Share of the Reserve Requirement;

(8) The form of such Parity Bonds; and

(9) Such other provisions as are necessary or appropriate and not inconsistent with the Bond Indenture.

(c) The City shall have received the following documents or money or securities, all of such documents dated or certified, as the case may be, as of the date of delivery of such Parity Bonds by the Trustee (unless the Trustee shall accept any of such documents bearing a prior date):

(1) A certified copy of the Supplemental Indenture authorizing the issuance of such Parity Bonds;

(2) A written request of the City as to the delivery of such Parity Bonds;

(3) An opinion of Bond Counsel and/or general counsel to the City to the effect that (a) the City has the right and power under the Act to adopt the Bond Indenture and the Supplemental Indentures relating to such Parity Bonds, and the Bond Indenture and all such Supplemental Indentures have been duly and lawfully adopted by the City, are in full force and effect and are valid and binding upon the City and enforceable in

accordance with their terms (except as enforcement may be limited by bankruptcy, insolvency, reorganization and other similar laws relating to the enforcement of creditors' rights); (b) the Bond Indenture creates the valid pledge which it purports to create of the Special Tax Revenues and other amounts as provided in the Bond Indenture, subject to the application thereof to the purposes and on the conditions permitted by the Bond Indenture; and (c) such Parity Bonds are valid and binding limited obligations of the City, enforceable in accordance with their terms (except as enforcement may be limited by bankruptcy, insolvency, reorganization and other similar laws relating to the enforcement of creditors' rights) and the terms of the Bond Indenture and all Supplemental Indentures thereto and entitled to the benefits of the Bond Indenture and all such Supplemental Indentures, and such Parity Bonds have been duly and validly authorized and issued in accordance with the Act (or other applicable laws) and the Bond Indenture and all such Supplemental Indentures.

(4) A certificate of the City containing such statements as may be reasonably necessary to show compliance with the requirements of the Bond Indenture;

(5) A certificate of an Independent Financial Consultant certifying that (i) the total net interest cost to maturity on the Parity Bonds plus the principal amount of the Parity Bonds exceeds the total net interest cost to maturity on the CFD Bonds or Parity Bonds to be refunded plus the principal amount of the CFD Bonds or Parity Bonds to be refunded, (ii) the maturity date of the Parity Bonds will not exceed the latest maturity date of the CFD Bonds or Parity Bonds being refunded, and (iii) issuance of the Parity Bonds will not adversely impact the ability of the Authority to pay debt service on the Authority CFD Bonds; and

(6) Such further documents, money and securities as are required by the provisions of the Bond Indenture and the Supplemental Indenture providing for the issuance of such Parity Bonds.

APPENDIX B
RATE AND METHODS OF APPORTIONMENT OF
SPECIAL TAXES FOR THE CFDs

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APPENDIX A

CITY OF ROSEVILLE

Stoneridge – Parcel 1 COMMUNITY FACILITIES DISTRICT NO. 1

RATE AND METHOD OF APPORTIONMENT OF SPECIAL TAX

1. BASIS OF SPECIAL TAX LEVY

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

2. DEFINITIONS

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

"**Administrative Expenses**" means the costs incurred by the City to determine, levy and collect the Special Taxes, including salaries of City employees and the fees of consultants and corporate bond paying and/or fiscal agents or trustees for bonds and the costs of collecting installments of the Special Taxes upon the general tax rolls; preparation of required reports, and any other costs required to administer the CFD as determined by the Finance Director of the City of Roseville.

"**Annual Costs**" means for each Fiscal Year for the CFD, the total of 1) Debt Service; 2) Administrative Expenses and County fees; 3) any amounts needed to replenish bond reserve funds and to pay for delinquencies in Special Taxes for the previous Fiscal Year or anticipated for the current year, and 4) any pay-as-you-go expenditures for authorized improvements.

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

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

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

"**CFD**" means the Stoneridge--Parcel 1 Community Facilities District No. 1 of the City of Roseville.

"**City**" means the City of Roseville, California.

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

"**County**" means the County of Placer, California.

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

"**Debt Service**" means the total amount of bond principal, interest, and scheduled sinking fund payments for the Bond Year commencing in such Fiscal Year.

"**Final Residential Lot**" means a Residential Unit created by a Final Subdivision Map.

"**Final Subdivision Map**" means a recorded map designating the final Parcel splits for individual single-family residential Parcels.

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

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

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

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

"**Outstanding Bonds**" means bonds that have been issued by the CFD and not retired or defeased.

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

"**Public Parcel**" means any Parcel that is (1) publicly owned, and (2) is normally exempt from the levy of general *ad valorem* property taxes under California law, including public streets; schools; parks; and public drainage ways, public landscaping, greenbelts, and public open space. These Public Parcels -- so identified at the formation of CFD -- are exempt from the levy of Special Taxes.

"**Residential Unit**" means a either a lot created by a Final Subdivision Map or a single-family unit as assigned by the City to the applicable Parcel.

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

"Special Tax(es)" mean(s) any tax levy under the Act in the CFD and as set forth in the definition of Annual Costs and Section 6 herein.

"Specific Plan Parcel" means a Parcel designated in the Stoneridge Specific Plan, or a remainder portion of such Parcel, assigned multiple Residential Units.

"Stoneridge" means the Stoneridge Specific Plan.

"Stoneridge--Parcel 1" means "Parcel 1" of the Stoneridge Specific Plan at the formation of the CFD. The Specific Plan Parcel 1 is included in a portion of three County Assessor Parcels -- 048-020-057, 048-020-061, and 048-020-079.

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

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

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

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

"Tax-Exempt Parcel" means a Parcel not subject to the Special Tax. Tax-Exempt Parcels include Public Parcels identified at the formation of the CFD or created by Subdivision of an Specific Plan or Successor Parcel. A Taxable Parcel acquired by a public agency after formation of the CFD will not be classified as a Tax-Exempt Parcel.

3. DETERMINATION OF PARCELS SUBJECT TO SPECIAL TAX

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

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

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

4. TERMINATION OF THE SPECIAL TAX

The Special Tax will be levied for as long as is needed to pay the principal and interest on debt incurred in order to construct the authorized facilities and to pay the Annual Costs. However, in no event shall the Special Tax be levied after Fiscal Year 2030-2031.

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

5. ASSIGNMENT OF MAXIMUM SPECIAL TAXES

The Maximum Special Tax for the CFD is **\$1,380 per Residential Unit**.

By August 1 of each Fiscal Year, using the Definitions from Section 2 the Finance Director shall assign the Maximum Special Taxes to each Taxable Parcel as follows:

- 1) Specific Plan Parcels – The Maximum Special Tax for a Specific Plan Parcel shall be determined by multiplying the Maximum Special Tax per Residential Unit by the number of Residential Units assigned to the Specific Plan Parcel or as otherwise designated by the City.
- 2) Final Residential Parcels – the Maximum Special Tax for each Final Residential Parcel is equivalent to the number of Residential Units times the Maximum Special Tax per Residential Unit.
- 3) Conversion of a Tax-Exempt Parcel to a Taxable Parcel – if a Public Parcel is not needed for public use and is converted to a private use, it shall become subject to the Special Tax.
- 4) Taxable Parcels Acquired by a Public Agency – A Taxable Parcel that is acquired by a public agency after the CFD is formed will remain subject to the applicable Special Tax unless the Special Tax obligation is satisfied pursuant to Section 53317.5 of the Government Code. An exception to this may be made if a Public Parcel within the CFD is relocated to a Taxable Parcel, the previously Tax-Exempt Parcel of comparable acreage becomes a Taxable Parcel, and the Maximum Special Tax from the previously Taxable Parcel is transferred to the newly Taxable Parcel. This trading of Parcels will be permitted to the extent that there is no net loss in Maximum CFD Revenue.

6. SETTING THE ANNUAL SPECIAL TAX LEVY

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

- 1) Compute the Annual Costs using the definitions in Section 2.
- 2) Calculate the Special Tax for each Parcel as follows:
 - Step 1: Compute 100% of the Maximum Special Tax revenue for all Taxable Parcels.
 - Step 2: Compare the Annual Costs with the Maximum Special Tax revenue calculated in the previous step.
 - Step 3: If the Annual Costs are less than the Maximum Special Tax revenue, decrease proportionately the Special Tax levy for each Taxable Parcel until the Special Tax revenue equals the Annual Cost.
- 3) Prepare the Tax Collection Schedule for each Parcel and send it to the County Auditor requesting that it be placed on the general, secured property tax roll for the following Fiscal Year. The Tax Collection Schedule shall not be sent later than the date required by the Auditor for such inclusion.

The City shall make every effort to correctly assign the number of taxable units and calculate the Special Tax for each parcel. It shall be the burden of the taxpayer to correct any errors in the determination of the parcels subject to the tax and their Special Tax assignments.

As development and subdivision of the project takes place, the Finance Director will maintain a file of each current assessor's parcel number within the CFD and the authorized Maximum Special Tax on all such Parcels available for public inspection. This record shall show the Maximum Special Tax on all Specific Plan and Successor Parcels and a brief description of the process of assigning the Maximum Special Tax each time a Successor Parcel was created.

7. ADMINISTRATIVE CHANGES AND APPEALS

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

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

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

8. MANNER OF COLLECTION

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

CLERK'S MAP FILING STATEMENT:

FILED IN THE OFFICE OF THE CLERK OF THE CITY OF ROSEVILLE, PLACER COUNTY, CALIFORNIA ON THIS 19 DAY OF May, 1999.

Carolyn Parkinson
 ASSISTANT CITY CLERK
 CAROLYN PARKINSON, CITY CLERK
 CITY OF ROSEVILLE
 PLACER COUNTY, CALIFORNIA

CLERK'S MAP STATEMENT:

I HEREBY CERTIFY THAT THIS MAP WAS APPROVED BY THE CITY COUNCIL OF THE CITY OF ROSEVILLE AT A REGULAR MEETING THEREOF, HELD ON THE 19 DAY OF May, 1999, BY ITS RESOLUTION NUMBER, RESOLUTION NO. 99-169

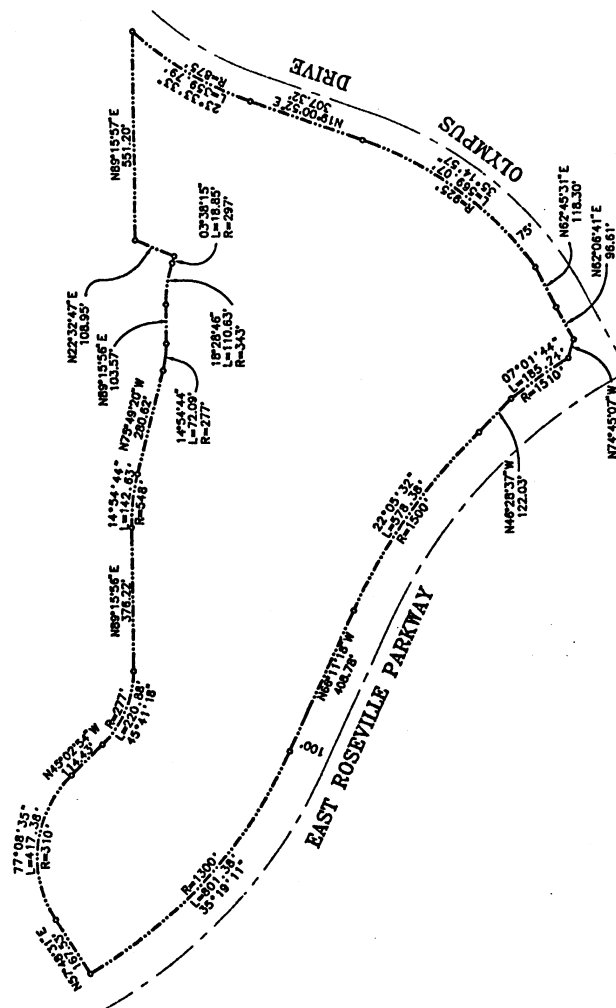
Carolyn Parkinson
 ASSISTANT CITY CLERK
 CAROLYN PARKINSON, CITY CLERK
 CITY OF ROSEVILLE
 PLACER COUNTY, CALIFORNIA

COUNTY RECORDER'S FILING STATEMENT:

FILED THIS 21st DAY OF May, 1999, AT THE HOUR OF 2:57 P.M. IN BOOK 3 OF MAPS OF ASSESSMENT AND COMMUNITY FACILITIES DISTRICTS AT PAGE 14 IN THE OFFICE OF THE COUNTY RECORDER IN THE COUNTY OF PLACER, STATE OF CALIFORNIA.

FILED 99-41997
 FEE 8.00 BY Jim McCauley
 COUNTY RECORDER OF THE
 COUNTY OF PLACER
 DEPUTY C. Cooke

PROPOSED BOUNDARY OF
 STONERIDGE PARCEL 1
 COMMUNITY FACILITIES DISTRICT NO. 1
 CITY OF ROSEVILLE, COUNTY OF PLACER, STATE OF CALIFORNIA



0 250 500 1000
 SCALE 1" = 500'

THE ENGINEERING
 FIRM OF
 SURVEYING AND MAPPING
WOOD-RODGERS INC.
 1210 G STREET SACRAMENTO, CA 95814
 PHONE (916) 441-7700

MAY 1999

Sheet 1 of 1

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APPENDIX A

CITY OF ROSEVILLE

STONERIDGE WEST COMMUNITY FACILITIES DISTRICT NO. 1

RATE AND METHOD OF APPORTIONMENT

1. BASIS OF SPECIAL TAX LEVY

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

2. DEFINITIONS

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

"**Administrative Expenses**" means the costs incurred by the City to determine, levy and collect the Special Taxes, including salaries of City employees and the fees of consultants and corporate bond paying and/or fiscal agents or trustees for bonds and the costs of collecting installments of the Special Taxes upon the general tax rolls; preparation of required reports; and any other costs required to administer the CFD as determined by the Finance Director of the City of Roseville.

"**Annual Costs**" means for each Fiscal Year for the CFD, the total of 1) Debt Service; 2) Administrative Expenses and County fees; 3) any amounts needed to replenish bond reserve funds and to pay for delinquencies in Special Taxes for the previous Fiscal Year or anticipated for the current year; and 4) any pay-as-you-go expenditures for authorized improvements.

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

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

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

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

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

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

"**City**" means the City of Roseville, California.

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

"**County**" means the County of Placer, California.

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

"**Debt Service**" means the total amount of bond principal, interest, and scheduled sinking fund payments for the Bond Year commencing in a Fiscal Year.

"**Final Use Parcel**" means a Parcel with a residential structure and a certificate of occupancy permit and is owned by an individual owner other than the builder. A Final Use Parcel may also be a custom residential lot without a residential structure which is owned by an individual property owner.

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

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

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

"**Maximum CFD Revenue**" means the sum of the Maximum Annual Special Tax for all of the Taxable Parcels in the CFD. The Maximum CFD Revenue shall be \$1,017,300. This amount may be adjusted by Resolution of City Council to reflect the actual Maximum Annual Special Tax for all Taxable Parcels.

"**Original Parcel**" means the Parcels that lie within the boundaries of the CFD at the time of formation, as shown on **Map 1**. Original Parcels are identified in **Attachment 1**, wherein each Original Parcel is assigned a Maximum Annual Special Tax.

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

"Outstanding Bond Share" means the amount calculated for a Parcel to prepay the Special Tax obligation for the CFD. This amount is derived by subtracting the Reserve Fund Share from the Bond Share, and adding to that result any costs associated with the redemption of bonds, further delineated in Section 7, Step A.5.

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

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

"Public Parcel" means any Parcel that is (1) publicly owned, and (2) is normally exempt from the levy of general *ad valorem* property taxes under California law, including public streets, schools, parks, and public drainage ways, public landscaping, greenbelts, and public open space. The Public Parcels - so identified at the formation of the CFD - are exempt from the Special Tax levy.

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

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

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

"Subdivision" means one or more Successor Parcels created from an Original Parcel(s) or Successor Parcel(s) through the Subdivision Map Act process.

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

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

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

"Tax-Exempt Parcel" means a Parcel not subject to the Special Tax. Tax-Exempt Parcels include: (1) Public Parcels identified at the formation of the CFD or created by subdivision of an Original or Successor Parcel, (2) a Parcel designated in the Stoneridge Specific Plan as a Public Parcel, and (3) any Parcel that has prepaid its Special Taxes under Section 7 hereof.

3. DETERMINATION OF PARCELS SUBJECT TO SPECIAL TAX

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

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

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

4. TERMINATION OF THE SPECIAL TAX

The Special Tax will be levied for as long as is needed to pay the principal and interest on debt incurred in order to construct the authorized facilities and to pay the Annual Costs. However, in no event shall the Special Tax be levied after Fiscal Year 2035-2036.

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

5. ASSIGNMENT OF MAXIMUM ANNUAL SPECIAL TAXES

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

Classify Each Taxable Parcel as an Original Parcel or a Successor Parcel.

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

- a) Original Parcels - The Maximum Annual Special Tax for an Original Parcel shall be determined by assigning the Maximum Annual Special Tax from **Attachment 1** to each Original Parcel as shown in **Map 1**
- b) Successor Parcel - the Maximum Annual Special Tax for each Successor Parcel of a Original Parcel is determined as follows:
 - (i) If the Successor Parcel is the result of a single family residential or individually owned residential condominium Parcel Subdivision, divide the Maximum Annual Special Tax assigned to the Original Parcel, as identified in step a), by the number of single family residential Parcels or

residential condominium units. The result of this calculation is the Maximum Annual Special Tax for each single family residential or residential condominium Successor Parcel within the Subdivision.

- (ii) If the Successor Parcel is the result of a non-residential or multi-family Subdivision, or a single family residential Subdivision that is not creating final residential lots:
- calculate the percentage of the taxable Successor Parcel's square footage to the total square footage for all taxable Successor Parcels of that Specific Plan Parcel or Successor Parcel; then,
 - multiply this percentage by the Maximum Special Tax assigned to the previous Specific Plan Parcel or Successor Parcel. The result of this calculation is the Maximum Special Tax.
- c) Residential Unit/Maximum Annual Special Tax Transfer - the Maximum Annual Special Tax assigned to a single family residential Parcel under steps a) or b) may be adjusted to reflect a change in the number of originally planned residential units (as shown in **Attachment 1**) resulting from a transfer of units from one Successor Parcel to another Successor Parcel if:
- any decrease in one Parcel's Maximum Annual Special Tax assignment is offset by an equal increase in the Maximum Annual Special Tax of other Parcels to ensure that there is no net loss in the total Maximum Annual Special Taxes; and,
 - all adjustments are agreed to in writing by the affected property owners and the Finance Director.
- Such adjustment shall be made in the following manner:
- (i) Calculate the existing Maximum Annual Special Tax per unit by dividing the Maximum Annual Special Tax for the Parcel by the number of units assigned to that Parcel;
- (ii) Calculate the total Maximum Annual Special Tax being transferred by multiplying the number of units being transferred by the calculation in step (i). Add the total Maximum Annual Special Tax and number of units being transferred to the Parcel(s) receiving the transferred units and Maximum Annual Special Tax.
- (iii) Subtract the total Maximum Annual Special Tax and the number of residential units being transferred, as identified in step (ii), from the Parcel transferring the Maximum Annual Special Tax and the residential units.
- d) Maximum Annual Special Tax Shift - If the assignment of Maximum Annual Special Taxes to Successor Parcels under step b), or through a transfer of

Maximum Annual Special Tax in step c), results in inequitable Maximum Annual Special Taxes between residential Subdivisions, the revised Maximum Annual Special Taxes may be shifted between Parcels further to accommodate a uniform Special Tax throughout the CFD. Such adjustments shall also be subject to the transfer conditions under step c) above.

- e) Conversion of a Tax-Exempt Parcel to a Taxable Parcel - if a Public Parcel is not needed for public use and is converted to a private use, it shall become subject to the Special Tax. The Maximum Annual Special Tax for each such Parcel shall be set equal to the average Maximum Annual Special Tax per unit or acre for Parcels with similar land use designations, as determined by the Finance Director.
- f) Taxable Parcels Acquired by a Public Agency - A Taxable Parcel acquired by a public agency after the CFD is formed will remain subject to the applicable Special Tax unless the Special Tax obligation is satisfied pursuant to Section 53317.5 of the Government Code. An exception to this may be made if a Public Parcel within the CFD is relocated to a Taxable Parcel, the previously Tax-Exempt Parcel of comparable acreage becomes a Taxable Parcel, and the Maximum Annual Special Tax from the previously Taxable Parcel is transferred to the newly Taxable Parcel. This trading of Parcels will be permitted to the extent that there is no net loss in Maximum CFD Revenue.

6. SETTING THE ANNUAL SPECIAL TAX LEVY

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

- 1) Compute the Annual Costs using the definitions in Section 2.
- 2) Calculate the Special Tax for each Parcel as follows:
 - Step 1: Compute 100% of the Maximum Annual Special Tax revenue for all Taxable Parcels.
 - Step 2: Compare the Annual Costs with the Maximum Annual Special Tax revenue calculated in the previous step.
 - Step 3: If the Annual Costs are less than the Maximum Annual Special Tax revenue, decrease proportionately the Special Tax levy for each Taxable Parcel until the Special Tax revenue equals the Annual Cost.
- 3) Prepare the Tax Collection Schedule for each Parcel and send it to the County Auditor requesting that it be placed on the general, secured property tax roll for the following Fiscal Year. The Tax Collection Schedule shall not be sent later than the date required by the Auditor for such inclusion.

The City shall make every effort to correctly assign the number of taxable units and calculate the Special Tax for each parcel. It shall be the burden of the taxpayer to correct any errors in the determination of the parcels subject to the tax and their Special Tax assignments.

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

7. PREPAYMENT OF SPECIAL TAX OBLIGATION

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

- The Parcel is either (i) a whole Specific Plan Parcel greater than one acre, (ii) a Successor Parcel greater than ten acres, or (iii) a Final Use Parcel.
- The City determines that the Prepayment of the Special Tax obligation does not jeopardize its ability to make timely payments of debt service on outstanding bonds.
- Any landowner prepaying the Special Tax obligation must pay any and all delinquent Special Taxes and penalties for the prepaying Parcel.

The Prepayment amount shall be established by following the steps in Part A below. Transfers from the Reserve Fund for a Prepayment are described in Part B below.

Part A: Prepayment of Outstanding Bond Share

- Step A.1: Determine the Maximum Annual Special Tax for the Parcel based on the assignment of the Maximum Annual Special Tax described in Section 5.
- Step A.2: Determine the Benefit Share by dividing the Maximum Annual Special Tax determined in Step A.1 by the Maximum CFD Revenue for all Parcels in the CFD.
- Step A.3: Determine the Bond Share for the Parcel by multiplying the Benefit Share From Step A.2 by the total amount of Outstanding Bonds issued by the CFD.
- Step A.4: Calculate the Reserve Fund Share associated with the Bond Share determined in Step A.3 and reduce the Bond Share by the amount of the Reserve Fund Share. The Reserve Fund Share is equal to the reserve requirement on all outstanding bonds multiplied by the Benefit Share. At the City's discretion, the Reserve Fund Share may be withheld from the Prepayment calculation and refunded to the Prepaying landowner at the time that bonds are called.

Step A.5: Determine the Outstanding Bond Share by adding to the amount calculated in Step A.4 any fees, call premiums, amounts necessary to cover negative arbitrage from the date of the prepayment to first call date on the bonds, and expenses incurred by the City in connection with the prepayment calculation or the application of the proceeds of the prepayment.

Part B: Transfers

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

Transfer the Reserve Fund Share from the Reserve Fund to the prepayment fund.

8. ADMINISTRATIVE CHANGES AND APPEALS

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

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

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

9. MANNER OF COLLECTION

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

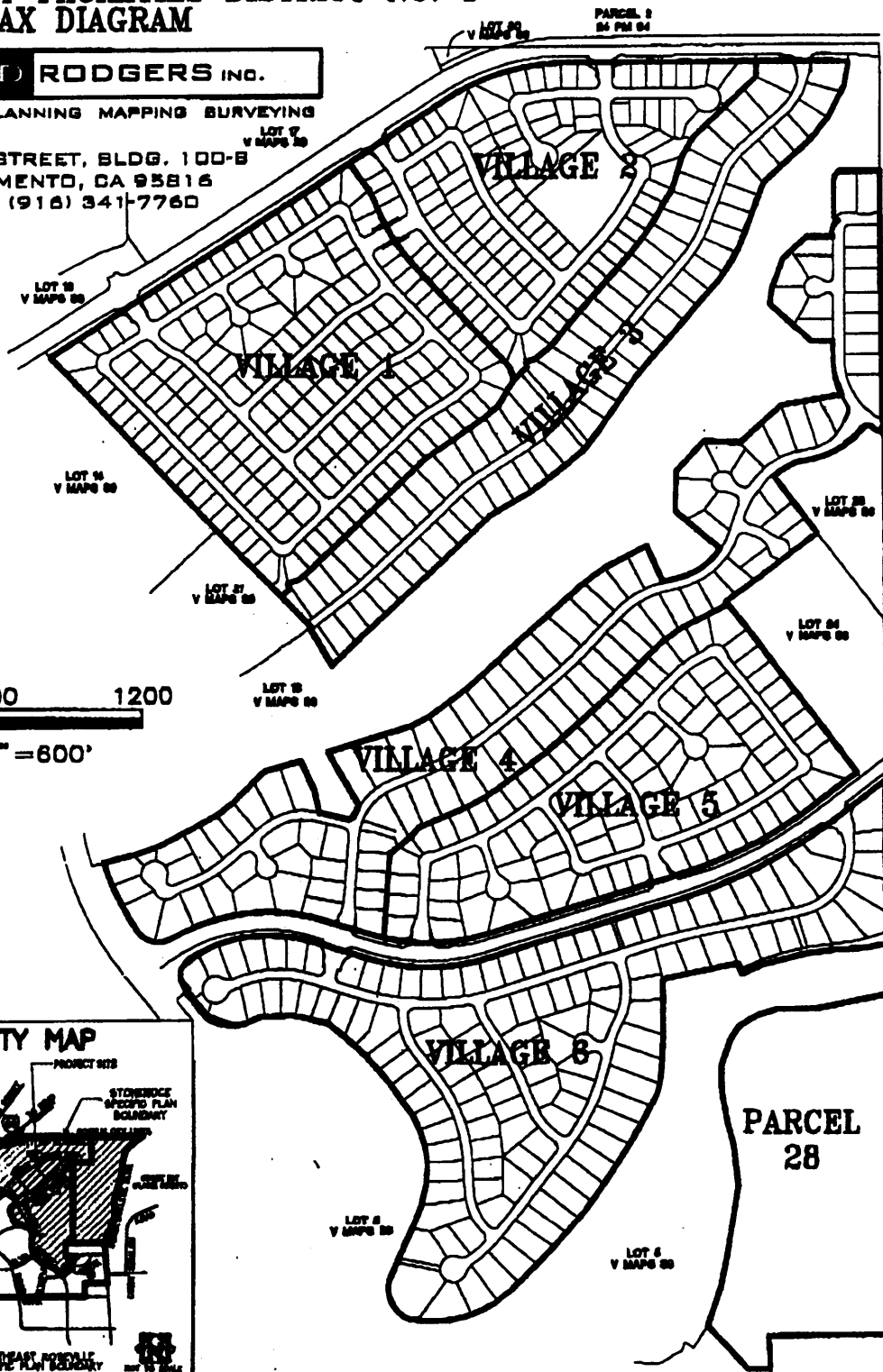
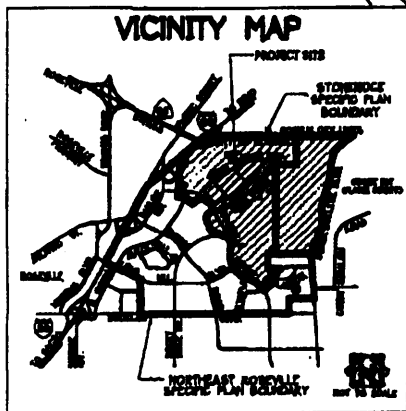
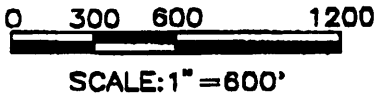
**CITY OF ROSEVILLE
STONERIDGE WEST
COMMUNITY FACILITIES DISTRICT NO. 1
SPECIAL TAX DIAGRAM**

Map 1 - Boundary Map

WILD RODGERS INC.

ENGINEERING PLANNING MAPPING SURVEYING

3301 C STREET, BLDG. 100-B
SACRAMENTO, CA 95816
PHONE: (916) 341-7760



Attachment 1
City of Roseville
Stoneridge West CFD No. 1
Maximum Annual Special Tax - Original Parcels

Village	Assessor's Parcel Number	Planned Units	Estimated Maximum Annual Special Tax Rate [1]	Maximum Annual Special Tax
Village 1 [2]	456-020-001 to 068	66	\$1,300	\$85,800
Village 1 [3]	456-030-001 to 045	41	\$1,300	\$53,300
Village 1 [4]	456-040-001 to 064	63	\$1,300	\$81,900
Village 2 [5]	456-070-001 to 059	54	\$1,100	\$59,400
Village 2 [6]	456-080-001 to 036	50	\$1,100	\$55,000
Village 3 [7]	456-090-001 to 020	18	\$1,530	\$27,540
Village 3 [8]	456-100-001 to 028	26	\$1,530	\$39,780
Village 3 [9]	456-110-001 to 030	28	\$1,530	\$42,840
Village 4	456-010-013	99	\$1,530	\$151,470
Village 5 [10]	456-050-001 to 053	44	\$1,500	\$66,000
Village 5	456-060-001 to 050	50	\$1,500	\$75,000
Village 6	456-010-014	126	\$1,500	\$189,000
Parcel 28	456-010-015	58	\$1,530	\$88,740
Parcel 28	456-010-016	1	\$1,530	\$1,530
Totals		724		\$1,017,300

"Attachment_1"

[1] Estimated Maximum Annual Special Tax 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 Section 5.C.

- [2] APNs 456-020-067 & 068 are landscape corridors at the subdivision entry and are tax-exempt as specified in the tax formula.
- [3] APNs 456-030-042 through 045 are landscape corridors at the entry to the subdivision and are tax-exempt, as specified in the tax formula.
- [4] APN 456-040-064 is a public utility easement and is tax-exempt, as specified in the tax formula.
- [5] APNs 456-070-055 & 056 are landscape corridors at the entry to the subdivision. APN 456-070-057 is a public utility easement. APN 456-070-058 is open space, and APN 456-070-059 is a public park. All of these parcels are tax-exempt, as specified in the tax formula.
- [6] APN 456-080-034 is designated as "remainder lands". Seventeen taxable lots are proposed to be created on this parcel. APNs 456-080-035 and 036 are landscape corridors at the entry to the subdivision, and will be exempt from the special tax, as specified in the tax formula.
- [7] APNs 456-090-019 & 020 are landscape corridors at the subdivision entry and are tax-exempt as specified in the tax formula.
- [8] APNs 456-100-027 & 028 are public utility easements and are tax-exempt, as specified in the tax formula.
- [9] APNs 456-110-029 & 030 are public utility easements and are tax-exempt, as specified in the tax formula.
- [10] APNs 456-050-045, 046, and 048 to 053 are landscape corridors at the entry to the subdivision. APN 456-050-047 is a public utility easement. These parcels are tax-exempt, as specified in the tax formula.

APPENDIX A

RATE AND METHOD OF APPORTIONMENT OF SPECIAL TAX

CITY OF ROSEVILLE STONERIDGE EAST COMMUNITY FACILITIES DISTRICT NO. 1

1. BASIS OF SPECIAL TAX LEVY

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

2. DEFINITIONS

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

"Administrative Expenses" means the costs incurred by the City to determine, levy and collect the Special Taxes, including salaries of City employees and the fees of consultants and corporate bond paying and/or fiscal agents or trustees for bonds and the costs of collecting installments of the Special Taxes upon the general tax rolls; preparation of required reports; and any other costs required to administer the CFD as determined by the Finance Director of the City of Roseville.

"Annual Costs" means for each Fiscal Year for the CFD, the total of 1) Debt Service; 2) Administrative Expenses and County fees; 3) any amounts needed to replenish bond reserve funds and to pay for delinquencies in Special Taxes for the previous Fiscal Year or anticipated for the current year; and 4) any pay-as-you-go expenditures for authorized improvements; less any amounts paid to the CFD from reimbursements.

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

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

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

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

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

"**CFD**" means the Stoneridge East Community Facilities District No. 1 of the City of Roseville.

"**City**" means the City of Roseville, California.

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

"**County**" means the County of Placer, California.

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

"**Debt Service**" means for each Bond Year, the total amount of principal and interest for any bonds of the City for the CFD during that Fiscal Year, less any applicable credits that may be available from any other sources.

"**Final Use Parcel**" means a Parcel with a residential structure and a certificate of occupancy permit and is owned by an individual owner other than the builder. A Final Use Parcel may also be a custom residential lot without a residential structure which is owned by an individual property owner.

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

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

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

"**Maximum CFD Revenue**" means the sum of the Maximum Annual Special Tax for all of the Taxable Parcels in the CFD. The Maximum CFD Revenue shall be \$1,343,625. This amount may be adjusted by Resolution of City Council to reflect the actual Maximum Annual Special Tax for all Taxable Parcels.

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

"**Outstanding Bond Share**" means the amount calculated for a Parcel to prepay the Special Tax obligation for the CFD. This amount is derived by subtracting the Reserve Fund Share from the Bond Share, and adding to that result any costs associated with the redemption of bonds, further delineated in Section 7, Step A.5.

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

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

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

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

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

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

"Specific Plan Parcel" means the planned Parcels by land use in the Stoneridge Specific Plan area that lie within the boundaries of the CFD, as shown on **Map 1**. Specific Plan Parcels are identified in **Attachment 1**, wherein each Specific Plan Parcel is assigned a Maximum Annual Special Tax.

"Subdivision" means one or more Successor Parcels created from a Specific Plan Parcel(s) through the Subdivision Map Act process.

"Successor Parcel" means a Parcel created by Subdivision, lot line adjustment, or parcel map from a Specific Plan Parcel, or from another Successor Parcel.

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

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

"Tax-Exempt Parcel" means a Parcel not subject to the Special Tax. Tax-Exempt Parcels include: (1) Public Parcels identified at the formation of the CFD or created by subdivision of a Specific Plan Parcel, (2) a Parcel designated in the Stoneridge Specific Plan as a Public Parcel, and (3) any Parcel that has prepaid its Special Taxes under Section 7 hereof.

3. DETERMINATION OF PARCELS SUBJECT TO SPECIAL TAX

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

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

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

4. TERMINATION OF THE SPECIAL TAX

The Special Tax will be levied for as long as is needed to pay the principal and interest on debt incurred in order to construct the authorized facilities and to pay the Annual Costs. However, in no event shall the Special Tax be levied after Fiscal Year 2035-2036.

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

5. ASSIGNMENT OF MAXIMUM ANNUAL SPECIAL TAXES

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

Classify Each Taxable Parcel as a Specific Plan Parcel or a Successor Parcel.

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

a) Specific Plan Parcels – The Maximum Annual Special Tax for a Specific Plan Parcel shall be determined by assigning the Maximum Annual Special Tax from **Attachment 1** to each Specific Plan Parcel as shown in **Map 1**

b) Successor Parcel - the Maximum Annual Special Tax for each Successor Parcel of a Specific Plan Parcel is determined as follows:

- (i) If the Successor Parcel is the result of a single-family residential or individually owned residential condominium Parcel Subdivision, divide the Maximum Annual Special Tax assigned to the Specific Plan Parcel, as identified in step a), by the number of single family residential Parcels or residential condominium units. The result of this calculation is the Maximum Annual Special Tax for each single family residential or residential condominium Successor Parcel within the Subdivision.

(ii) If the Successor Parcel is the result of a non-residential or multi-family Subdivision, or a single-family residential Subdivision that is not creating final residential lots:

- calculate the percentage of the taxable Successor Parcel's square footage to the total square footage for all taxable Successor Parcels of that Specific Plan Parcel or Successor Parcel; then,
- multiply this percentage by the Maximum Special Tax assigned to the previous Specific Plan Parcel or Successor Parcel. The result of this calculation is the Maximum Special Tax.

c) Residential Unit/Maximum Annual Special Tax Transfer - the Maximum Annual Special Tax assigned to a single-family residential Parcel under steps a) or b) may be adjusted to reflect a change in the number of originally planned residential units (as shown in Attachment 1) resulting from a transfer of units from one Successor Parcel to another Successor Parcel if:

- any decrease in one Parcel's Maximum Annual Special Tax assignment is offset by an equal increase in the Maximum Annual Special Tax of other Parcels to ensure that there is no net loss in the total Maximum Annual Special Taxes; and,
- all adjustments are agreed to in writing by the affected property owners and the Finance Director.

Such adjustment shall be made in the following manner:

(i) Calculate the existing Maximum Annual Special Tax per unit by dividing the Maximum Annual Special Tax for the Parcel by the number of units assigned to that Parcel;

(ii) Calculate the total Maximum Annual Special Tax being transferred by multiplying the number of units being transferred by the calculation in step (i). Add the total Maximum Annual Special Tax and number of units being transferred to the Parcel(s) receiving the transferred units and Maximum Annual Special Tax.

(iii) Subtract the total Maximum Annual Special Tax and the number of residential units being transferred, as identified in step (ii), from the Parcel transferring the Maximum Annual Special Tax and the residential units.

d) Maximum Annual Special Tax Shift - If the assignment of Maximum Annual Special Taxes to Successor Parcels under step b), or through a transfer of Maximum Annual Special Tax in step c), results in inequitable Maximum Annual Special Taxes between residential Subdivisions, the revised Maximum Annual Special Taxes may be shifted between Parcels further to accommodate a uniform Special Tax throughout the CFD. Such adjustments shall also be subject to the transfer conditions under step c) above.

e) Conversion of a Tax-Exempt Parcel to a Taxable Parcel - If a Public Parcel is not needed for public use and is converted to a private use, it shall become subject to the Special Tax. The Maximum Annual Special Tax for each such Parcel shall be set equal to the average Maximum Annual Special Tax per unit or acre for Parcels with similar land use designations, as determined by the Finance Director.

f) Taxable Parcels Acquired by a Public Agency - A Taxable Parcel acquired by a public agency after the CFD is formed will remain subject to the applicable Special Tax unless the Special Tax obligation is satisfied pursuant to Section 53317.5 of the Government Code. An exception to this may be made if a Public Parcel within the CFD is relocated to a Taxable Parcel, the previously Tax-Exempt Parcel of comparable acreage becomes a Taxable Parcel, and the Maximum Annual Special Tax from the previously Taxable Parcel is transferred to the newly Taxable Parcel. This trading of Parcels will be permitted to the extent that there is no net loss in Maximum CFD Revenue.

6. SETTING THE ANNUAL SPECIAL TAX LEVY

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

- 1) Compute the Annual Costs using the definitions in Section 2.
- 2) Calculate the Special Tax for each Parcel as follows:

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

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

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

- 3) Prepare the Tax Collection Schedule for each Parcel and send it to the County Auditor requesting that it be placed on the general, secured property tax roll for the following Fiscal Year. The Tax Collection Schedule shall not be sent later than the date required by the Auditor for such inclusion.

The City shall make every effort to correctly assign the number of taxable units and calculate the Special Tax for each parcel. It shall be the burden of the taxpayer to correct any errors in the determination of the parcels subject to the tax and their Special Tax assignments.

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

7. PREPAYMENT OF SPECIAL TAX OBLIGATION

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

- The Parcel is either (i) a whole Specific Plan Parcel greater than one acre, (ii) a Successor Parcel greater than ten acres, or (iii) a Final Use Parcel.

- The City determines that the Prepayment of the Special Tax obligation does not jeopardize its ability to make timely payments of debt service on outstanding bonds.
- Any landowner prepaying the Special Tax obligation must pay any and all delinquent Special Taxes and penalties for the prepaying Parcel.

The Prepayment amount shall be established by following the steps in Part A below. Transfers from the Reserve Fund for a Prepayment are described in Part B below.

Part A: Prepayment of Outstanding Bond Share

Step A.1: Determine the Maximum Annual Special Tax for the Parcel based on the assignment of the Maximum Annual Special Tax described in Section 5.

Step A.2: Determine the Benefit Share by dividing the Maximum Annual Special Tax determined in Step A.1 by the Maximum CFD Revenue for all Parcels in the CFD.

Step A.3: Determine the Bond Share for the Parcel by multiplying the Benefit Share From Step A.2 by the total amount of Outstanding Bonds issued by the CFD.

Step A.4: Calculate the Reserve Fund Share associated with the Bond Share determined in Step A.3 and reduce the Bond Share by the amount of the Reserve Fund Share. The Reserve Fund Share is equal to the reserve requirement on all outstanding bonds multiplied by the Benefit Share. At the City's discretion, the Reserve Fund Share may be withheld from the Prepayment calculation and refunded to the Prepaying landowner at the time that bonds are called.

Step A.5: Determine the Outstanding Bond Share by adding to the amount calculated in Step A.4 any fees, call premiums, amounts necessary to cover negative arbitrage from the date of the prepayment to first call date on the bonds, and expenses incurred by the City in connection with the prepayment calculation or the application of the proceeds of the prepayment.

Part B: Transfers

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

Transfer the Reserve Fund Share from the Reserve Fund to the prepayment fund.

8. ADMINISTRATIVE CHANGES AND APPEALS

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

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

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

9. MANNER OF COLLECTION

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

Attachment 1

City of Roseville Stoneridge East Community Facilities District No. 1 Specific Plan Parcels Maximum Annual Tax Rate

Specific Plan Parcel No. ⁽¹⁾	Assessor's Parcel Numbers	Zoning	No. of Planned Units	Maximum Annual Special Tax	Estimated Maximum Annual Special Tax Per Unit ⁽²⁾
<i>Taxable Parcels</i>					
22	455-010-015	RS/DS	65	\$69,875	\$1,075
27	455-010-002	R1	99	\$116,325	\$1,175
28	455-010-003	R1	86	\$92,450	\$1,075
30	455-010-005	R1	118	\$126,850	\$1,075
39	455-010-014	R1	12	\$15,000	\$1,250
40	455-010-016	R3	230	\$57,500	\$250
41	455-010-006	R1	16	\$20,000	\$1,250
41	455-010-007	R1	25	\$31,250	\$1,250
41	455-010-008	R1	21	\$26,250	\$1,250
41	455-010-009	R1	2	\$2,500	\$1,250
42	455-010-010	R1	68	\$79,900	\$1,175
46	455-010-011	RS/DS	97	\$104,275	\$1,075
46	455-010-012	RS/DS	20	\$21,500	\$1,075
46	455-010-013	RS/DS	3	\$3,225	\$1,075
47	455-010-018	RS/DS	71	\$76,325	\$1,075
47	455-010-019	RS/DS	32	\$34,400	\$1,075
49	455-010-021	R1	80	\$94,000	\$1,175
51	455-010-024	R1	20	\$18,000	\$900
52	455-010-025	R1	25	\$29,375	\$1,175
52	455-010-026	R2	20	\$23,500	\$1,175
54	455-010-027	PD (Cluster)	93	\$83,700	\$900
54	455-010-028	PD (Cluster)	47	\$42,300	\$900
55	455-010-029	R1	60	\$54,000	\$900
55	455-010-030	R2	20	\$18,000	\$900
57	455-010-031	R1	48	\$43,200	\$900
59	455-010-020	R1	51	\$59,925	\$1,175
<i>Tax-Exempt Parcels</i>					
29	455-010-004	Park		<i>tax exempt</i>	\$0
29	455-010-044	Park		<i>tax exempt</i>	\$0
31	455-010-033	OS		<i>tax exempt</i>	\$0
31	455-010-034	OS		<i>tax exempt</i>	\$0
36	455-010-017	P/QP		<i>tax exempt</i>	\$0
37	455-010-039	Park		<i>tax exempt</i>	\$0
43	455-010-035	P/QP		<i>tax exempt</i>	\$0
44	455-010-036	OS		<i>tax exempt</i>	\$0
45	455-010-037	Park		<i>tax exempt</i>	\$0
45	455-010-038	Park		<i>tax exempt</i>	\$0
48	455-010-040	Park		<i>tax exempt</i>	\$0
50	455-010-022	OS		<i>tax exempt</i>	\$0
50	455-010-023	OS		<i>tax exempt</i>	\$0
56	455-010-042	Park		<i>tax exempt</i>	\$0
Totals			1,429	\$1,343,625	

⁽¹⁾ Specific Plan Parcel Numbers are assigned as of April 4, 2001.

⁽²⁾ Estimated Maximum Annual Special Tax 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 of units created by a final map. If less 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 Section 5.

~max_tax~

EXHIBIT A

CITY OF ROSEVILLE CROCKER RANCH COMMUNITY FACILITIES DISTRICT NO. 1 RATE AND METHOD OF APPORTIONMENT

1. BASIS OF SPECIAL TAX LEVY

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

2. DEFINITIONS

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

"Administrative Expenses" means the costs incurred by the City to determine, levy and collect the Special Taxes, including salaries of City employees and the fees of consultants and corporate bond paying and/or fiscal agents or trustees for bonds and the costs of collecting installments of the Special Taxes upon the general tax rolls; preparation of required reports, and any other costs required to administer the CFD as determined by the Finance Director of the City of Roseville.

"Annual Costs" means for each Fiscal Year for the CFD, the total of 1) Debt Service; 2) Administrative Expenses and County fees; 3) any amounts needed to replenish bond reserve funds and to pay for delinquencies in Special Taxes for the previous Fiscal Year or anticipated for the current year, and 4) any pay-as-you-go expenditures for authorized facilities.

"Anticipated Construction Proceeds" means \$13,750,000 as adjusted annually after the Base Year in accordance with the Engineering News Record Building Cost Index.

"Base Year" means Fiscal Year ending June 30, 2002.

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

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

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

"**Bond Year**" means the twelve (12) month period ending on the second bond payment date of each calendar year as defined in the Bond Indenture.

"**CFD**" means the Crocker Ranch Community Facilities District No. 1 of the City of Roseville.

"**City**" means the City of Roseville, California.

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

"**County**" means the County of Placer, California.

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

"**Crocker Ranch**" means the Crocker Ranch Community Facilities District No. 1 of the City of Roseville.

"**Debt Service**" means the total amount of bond principal, interest, and scheduled sinking fund payments for the Bond Year commencing in a Fiscal Year.

"**Developed Parcel**" means a Parcel receiving one of the following development approvals from the City where right-of-way for streets and other public facilities are dedicated:

<u>Land Use</u>	<u>Development Approval</u>
Single Family Residential	- Final Subdivision Map
Other Taxable Land Uses	- Building Permit

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

"**Final Use Parcel**" means a Parcel with a residential structure and a certificate of occupancy permit and is owned by an individual owner other than the builder. A Final Use Parcel may also be a custom residential lot without a residential structure that is owned by an individual property owner.

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

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

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

"**Gross Acre(age)**" means the acreage of a parcel prior to dedication of right of way for streets, roads, landscaping, and other public purposes.

"**Large Lot Number**" means the designation for Large Lot Parcels in the CFD as shown on **Map 1**. The Maximum Annual Special Tax is assigned to each Large Lot Parcel, which is identified by the Large Lot Number, at CFD formation as shown in **Attachment 1**.

"**Large Lot Parcel**" means the planned Large Lot Parcels by land use as identified in the North Roseville Specific Plan Phase II and Phase III, or Parcels subsequently created by Large Lot Subdivision Maps.

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

"**Maximum Annual Special Tax**" means the greatest amount of Special Tax that can be levied against a Taxable Parcel in any Fiscal Year.

"**Maximum CFD Revenue**" means the sum of the Maximum Annual Special Tax for all of the Taxable Parcels in the CFD. The Maximum CFD Revenue shall be \$1,686,996. This amount may be adjusted by Resolution of City Council to reflect the actual Maximum Annual Special Tax for all Taxable Parcels.

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

"**Outstanding Bond Share**" means the amount calculated for a Parcel to prepay the Special Tax obligation for the CFD. This amount is derived by subtracting the Reserve Fund Share from the Bond Share, and adding to that result any costs associated with the redemption of bonds, further delineated in Section 7, Step A.5.

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

"**Pay-As-You-Go**" means funding for authorized facilities from accumulated special tax revenues.

"**Planned Unit**" means the number of single family residential lots or parcels estimated to be created by a Final Subdivision map for each Large Lot Parcel shown **Attachment 1**.

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

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

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

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

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

"**Subdivision**" means one or more Parcels created through the Subdivision Map Act process.

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

"**Tax Zone 1**" means that area so designated on **Map 1**, located in the CFD south of the North Branch of Pleasant Grove Creek.

"**Tax Zone 2**" means that area so designated on **Map 1**, located in the CFD north of the North Branch of Pleasant Grove Creek.

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

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

"**Undeveloped Parcel**" means any Taxable Parcel that is not a Developed Parcel or a Large Lot Parcel.

3. DETERMINATION OF PARCELS SUBJECT TO SPECIAL TAX

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

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

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

4. TERMINATION OF THE SPECIAL TAX

The Special Tax will be levied for as long as is needed to pay the principal and interest on debt incurred in order to construct the authorized facilities and to pay the Annual Costs. However, in no event shall the Special Tax be levied after Fiscal Year 2035-2036.

When all Annual Costs incurred by the CFD have been paid, the Special Tax shall cease to be levied. The Council shall direct the City Clerk to record a Notice of Cessation of Special Tax. Such notice will state that the obligation to pay the Special Tax has ceased and that the lien imposed by the Notice of Special Tax Lien is extinguished. The Notice of Cessation of

Special Tax shall additionally identify the book and page of the Book of Maps of Assessment and Community Facilities Districts where the map of the boundaries of the CFD is recorded.

5. ASSIGNMENT OF MAXIMUM ANNUAL SPECIAL TAXES

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

1. Classify each Taxable Parcel as a Developed Parcel, Large Lot Parcel, or an Undeveloped Parcel. Taxable Parcels are further classified as being located in Tax Zone 1 or Tax Zone 2, as shown on **Map 1**.
2. The assignment of the Maximum Annual Special Tax to Taxable Parcels is as follows:
 - a) Developed Parcels - the Maximum Annual Special Tax for all Developed Parcels is assigned using **Attachment 1**. Each Large Lot Parcel shown in **Attachment 1** is assigned a number of Planned Units and an assigned Maximum Annual Special Tax. As Large Lot Parcels are subdivided, the Maximum Annual Special Tax is allocated to Developed Parcels using the following steps.
 - 1) If a Large Lot Parcel shown in **Attachment 1** is subdivided with no remainder parcel, divide the Maximum Annual Special Tax for the Large Lot Parcel by the number of small lot residential Parcels created by the Final Subdivision Map to arrive at the Maximum Annual Special Tax for each Taxable Parcel created.
 - 2) If a Large Lot Parcel is subdivided creating small lot residential Parcels and a remainder Parcel, perform the following steps.
 - (i) Assign the Maximum Annual Special Tax per Planned Unit shown for the Large Lot Parcel in **Attachment 1** to each small lot residential Parcel.
 - (ii) Subtract the number of small lot residential Parcels created by the Final Subdivision Map from the Planned Units for the Large Lot Parcel. Assign the resulting number of Planned Units to the remainder Parcel. If more than one remainder Parcel is created in the subdivision of a Large Lot Parcel, the Planned Units will be assigned to the remainder Parcels based on the development potential of each remainder Parcel.
 - (iii) Multiply the Estimated Maximum Annual Special Tax Rate by the number of Planned Units assigned to the remainder Parcel(s) to derive the Maximum Annual Special Tax for the Parcel(s).
 - 3) If a Large Lot is developed as other than a single family residential use, the Maximum Annual Special Tax for the Parcel at Developed Parcel

status is the Maximum Annual Special Tax for the Large Lot Parcels as shown in **Attachment 1**, or the Maximum Annual Special Tax calculated for remainder Parcels in Step 2) above.

- b) Large Lot Parcels - the Maximum Annual Special Tax for all Large Lot Parcels is assigned using **Attachment 1**. A remainder Parcel that is created in Step 5.2.a) 2) above will be considered a Large Lot Parcel.
- c) Undeveloped Parcels - the Maximum Annual Special Tax for an Undeveloped Parcel is calculated by multiplying the Gross Acreage by the Maximum Annual Special Tax Rate for Undeveloped Parcels shown on **Attachment 1**.
- d) Conversion of a Tax-Exempt Parcel to a Taxable Parcel - if a Parcel designated as a Public Parcel is not needed for public use and is converted to a private use, it shall become subject to the Special Tax. The Maximum Annual Special Tax for each such Parcel shall be set equal to the average Maximum Annual Special Tax per unit or acre for Parcels with similar land use designations, as determined by the Finance Director.
- e) Taxable Parcels Acquired by a Public Agency - A Taxable Parcel acquired by a public agency after the CFD is formed will remain subject to the applicable Special Tax unless the Special Tax obligation is satisfied pursuant to Section 53317.5 of the Government Code. An exception to this may be made if a Public Parcel within the CFD is relocated to a Taxable Parcel, the previously Tax-Exempt Parcel of comparable acreage becomes a Taxable Parcel, and the Maximum Annual Special Tax from the previously Taxable Parcel is transferred to the newly Taxable Parcel. This trading of Parcels will be permitted to the extent that there is no net loss in Maximum CFD Revenue.

6. SETTING THE ANNUAL SPECIAL TAX LEVY

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

- 1) Compute the Annual Costs using the definitions in Section 2.
- 2) Calculate the Special Tax for each Parcel as follows:
 - Step 1: Compute the Annual Costs using the definition of Annual Costs in Section 2.
 - Step 2: Compute 100 percent of the Maximum Annual Special Tax Revenue for all Developed Parcels in Tax Zone 1 and Tax Zone 2 by summing the Maximum Annual Special Tax for each Taxable Parcel.
 - Step 3: Compare the Annual Costs with the Maximum Annual Special Tax Revenue from Developed Parcels calculated in the previous step.
 - Step 4: If the Annual Costs are less than or equal to the Maximum Annual Special Tax Revenue, levy a proportional amount of the Special Tax on

each Developed Parcels in Tax Zone 1 and Tax Zone 2 to just equal the amount of Annual Costs or until 100 percent of the Maximum Annual Special Tax is reached for such Developed Parcels.

Step 5: If the Annual Costs are greater than the Maximum Annual Special Tax Revenue from Developed Parcels in Tax Zone 1 and Tax Zone 2, levy the Maximum Annual Special Tax on each Large Lot Parcel in Tax Zone 1 to just equal the amount of Annual Costs or until 100 percent of the Maximum Annual Special Tax is reached for such Large Lot Parcels in Tax Zone 1.

Step 6: If the Annual Costs are greater than the Maximum Annual Special Tax Revenue from Developed Parcels in Tax Zone 1 and Tax Zone 2 and Large Lot Parcels in Tax Zone 1, levy the Maximum Annual Special Tax on each Large Lot Parcel in Tax Zone 2 to just equal the amount of Annual Costs or until 100 percent of the Maximum Annual Special Tax is reached for such Large Lot Parcels in Tax Zone 2.

Step 7: If the Annual Costs are greater than the Maximum Annual Special Tax Revenue from Developed Parcels in Tax Zone 1 and Tax Zone 2, and Large Lot Parcels in Tax Zone 1 and Tax Zone 2, levy the Maximum Annual Special Tax on each Undeveloped Parcel in Tax Zone 1 to just equal the amount of Annual Costs or until 100 percent of the Maximum Annual Special Tax is reached for such Undeveloped Parcels in Tax Zone 1.

Step 8: If the Annual Costs are greater than the Maximum Annual Special Tax Revenue from Developed Parcels in Tax Zone 1 and Tax Zone 2, Large Lot Parcels in Tax Zone 1 and Tax Zone 2, and Undeveloped Parcels in Tax Zone 1, levy the Maximum Annual Special Tax on each Undeveloped Parcel in Tax Zone 2 to just equal the amount of Annual Costs or until 100 percent of the Maximum Annual Special Tax is reached for such Undeveloped Parcels in Tax Zone 2.

- 3) Prepare the Tax Collection Schedule for each Parcel and send it to the County Auditor requesting that it be placed on the general, secured property tax roll for the following Fiscal Year. The Tax Collection Schedule shall not be sent later than the date required by the Auditor for such inclusion.

The City shall make every effort to correctly assign the number of taxable units and calculate the Special Tax for each parcel. It shall be the burden of the taxpayer to correct any errors in the determination of the parcels subject to the tax and their Special Tax assignments.

As development and subdivision of the Crocker Ranch takes place, the Finance Director will maintain a file of each current assessor's parcel number within the CFD, its Maximum Annual Special Tax, and the authorized Maximum Annual Special Tax on all Parcels within

in the CFD available for public inspection. This record shall show the Maximum Annual Special Tax on all Developed, Large Lot, and Undeveloped Parcels and a brief description of the process of assigning the Special Tax each time a Parcel was created by a Subdivision, including any adjustments due to change in use. The record will also indicate whether a Parcel is a Prepayment Parcel.

7. PREPAYMENT OF SPECIAL TAX OBLIGATION

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

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

- The Parcel is either (i) a whole Specific Plan Parcel greater than one acre, or (ii) a Final Use Parcel.
- The City determines that the Prepayment of the Special Tax obligation does not jeopardize its ability to make timely payments of debt service on outstanding bonds.
- Any landowner prepaying the Special Tax obligation must pay any and all delinquent Special Taxes and penalties for the prepaying Parcel.

The Full Prepayment amount shall be established by following the steps in Part A and B, and transfers from the Reserve Fund for a Full Prepayment are described in Part C below.

Part A: Prepayment of Outstanding Bond Share

Step A.1: Determine the Maximum Annual Special Tax for the Parcel based on the assignment of the Maximum Annual Special Tax described in Section 5 above.

Step A.2: Determine the Benefit Share by dividing the Maximum Annual Special Tax determined in Step A.1 by the Maximum CFD Revenue for all Parcels in the CFD.

Step A.3: Determine the Bond Share for the Parcel by multiplying the Benefit Share from Step A.2 by the total amount of Outstanding Bonds issued by the CFD.

Step A.4: Calculate the Reserve Fund Share associated with the Bond Share determined in Step A.3 and reduce the Bond Share by the amount of the Reserve Fund Share. The Reserve Fund Share is equal to the reserve requirement on all outstanding bonds multiplied by the Benefit Share. At the City's discretion, the Reserve Fund Share may be withheld from the Prepayment calculation and refunded to the Prepaying landowner at the time that bonds are

Step A.5: Determine the Outstanding Bond Share by adding to the amount calculated in Step A.4 any fees, call premiums, amounts necessary to cover negative arbitrage from the date of the prepayment to first call date on the bonds, and expenses incurred by the City in connection with the prepayment calculation or the application of the proceeds of the prepayment.

Part B. Remaining Facility Cost Share

Step B.1: Determine the Total Facility Cost Share for the Parcel by multiplying the Benefit Share from Part A, Step A.2 above by the Anticipated Construction Proceeds.

Step B.2: Determine the share of facilities funded by bonds already issued by the CFD for the Parcel by multiplying the Benefit Share by the construction proceeds made available from all such bonds issued by the CFD. These amounts shall be adjusted to the year of Prepayment by using the Engineering News Record Construction Cost Index.

Step B.3: Determine the share of facilities already funded with Special Tax revenues on a pay-as-you-go basis by multiplying the Benefit Share by the total amount of pay-as-you-go funding used to acquire authorized facilities.

Step B.4: Determine the Remaining Facility Cost Share for the Parcel by subtracting the results from Steps B.2 and B.3 from the Total Facility Cost Share determined in Step B.1. (Notwithstanding the above, once the City has funded all authorized CFD facilities issued all bonds for the CFD, the remaining facility cost share shall be set to zero for purposes of this prepayment calculation.)

Step B.5: The Bond Authorization for the CFD shall be reduced by an amount equal to the amount determined in Step B.4 multiplied by a factor of 1.15.

Step B.6 Combine the amount from Part A Step A.5 with the amount from Part B Step B.4 to arrive at the Full Prepayment amount.

Part C: Transfers

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

Step C.1: Transfer the amount of the Reserve Fund Share.

8. ADMINISTRATIVE CHANGES AND APPEALS

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

Any taxpayer that feels that the amount of the Special Tax assigned to a parcel is in error may file a notice with the Finance Director appealing the levy of the Special Tax. The Finance Director will then promptly review the appeal, and if necessary, meet with the

applicant. If the Finance Director verifies that the tax should be modified or changed, a recommendation at that time will be made to the City Council and, as appropriate, the Special Tax levy shall be corrected and, if applicable in any case, a refund shall be granted.

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

9. MANNER OF COLLECTION

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

**Attachment 1
City of Roseville
Crocker Ranch CFD No. 1
Maximum Annual Special Tax By Large Lot Number**

Large Lot Number	Assessor's Parcel Number	Planned Units	Estimated Maximum Annual Special Tax Rate [1]	Maximum Annual Special Tax
<i>Per Planned Unit</i>				
W-1	017-114-082	35	\$1,740	\$60,900
W-2	017-114-083	36	\$1,740	\$62,640
W-3A	por. 017-114-084	112	\$1,740	\$194,880
W-3B	por. 017-114-084	36	\$1,536	\$55,296
W-4	017-114-085	112	\$1,740	\$194,880
W-5	017-114-086	48	\$1,740	\$83,520
DR-1	por. 017-114-028	45	\$1,344	\$60,480
DR-2	por. 017-114-028	72	\$1,536	\$110,592
DR-3	por. 017-114-028	306	\$1,536	\$470,016
DR-4	por. 017-114-028	293	\$1,344	\$393,792
DR-50	por. 017-114-028	0	<i>Exempt</i>	\$0
W-50	017-114-087	0	<i>Exempt</i>	\$0
W-51	017-114-088	0	<i>Exempt</i>	\$0
W-52	017-114-089	0	<i>Exempt</i>	\$0
W-53	017-114-090	0	<i>Exempt</i>	\$0
W-80	017-114-091	0	<i>Exempt</i>	\$0
W-81	017-114-092	0	<i>Exempt</i>	\$0
W-82	017-114-089	0	<i>Exempt</i>	\$0
W-83		0	<i>Exempt</i>	\$0
Totals		1,095		\$1,686,996

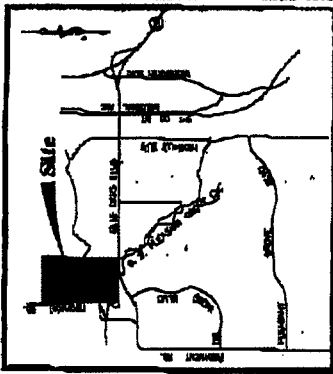
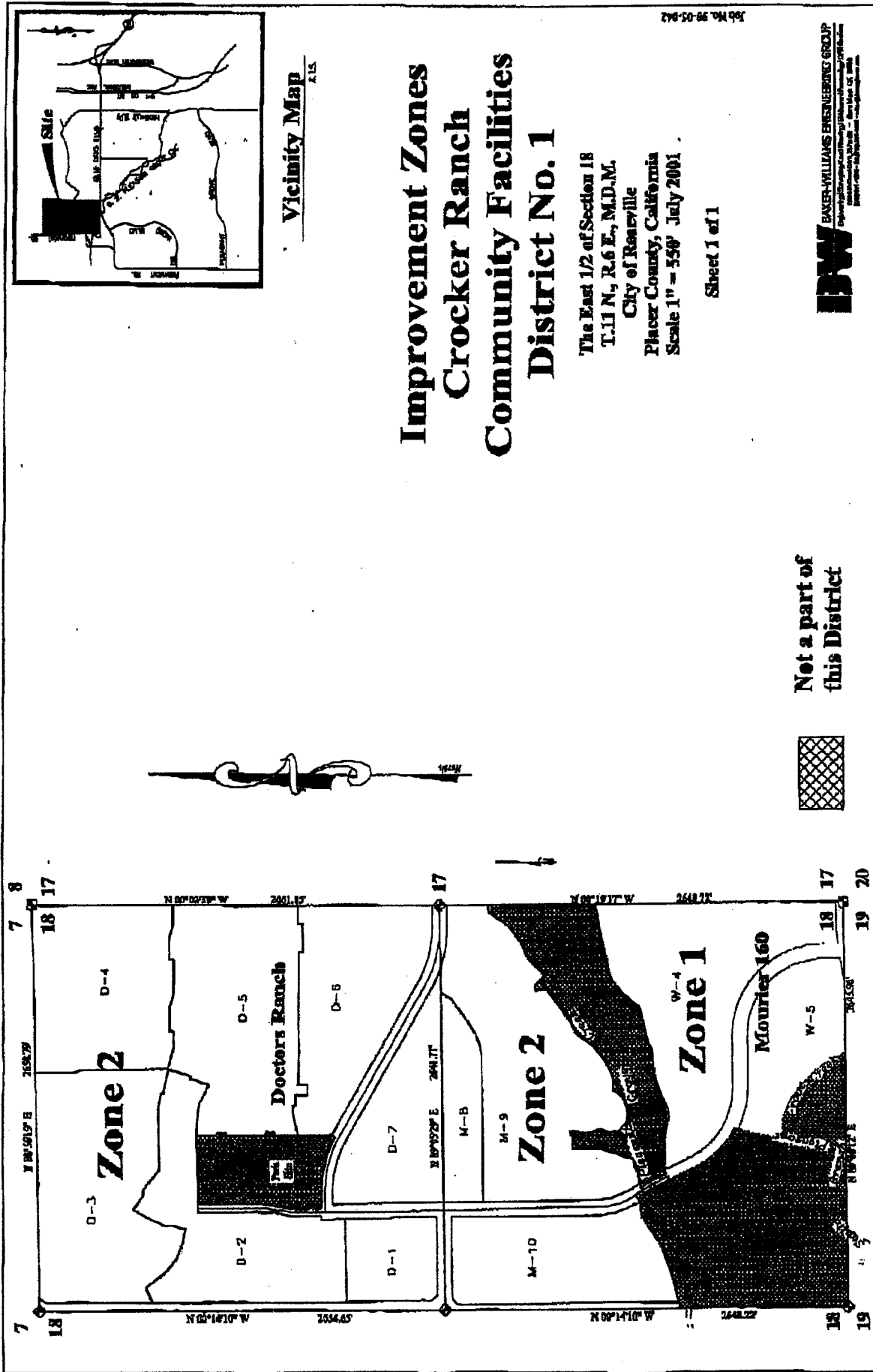
Per Gross Acre
\$7,400

Undeveloped Parcels

"att_1"

[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 Section 5.2.

**Map 1
[See Attachment]**



Vicinity Map
A 15

Improvement Zones Crocker Ranch Community Facilities District No. 1

The East 1/2 of Section 18
T-11 N., R-6 E., M.D.M.
City of Roseville
Placer County, California
Scale 1" = 550' July 2001

Sheet 1 of 1

Job No. 98-05-042



Map 1

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APPENDIX C

JANUARY 2007 CONTINUING DISCLOSURE ANNUAL REPORTS FOR the CFDS

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**CITY OF ROSEVILLE
STONERIDGE PARCEL 1
COMMUNITY FACILITIES DISTRICT NO. 1
\$2,000,000 SPECIAL TAX BONDS
SERIES 2000**

**Placer County, California
Dated: March 29, 2000
CUSIP: 777870**



**2005/06 ANNUAL CONTINUING DISCLOSURE
INFORMATION STATEMENT**

January 9, 2007

LIST OF PARTICIPANTS

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* In its role as Disclosure Consultant and Dissemination Agent, MuniFinancial has not passed upon the accuracy, completeness or fairness of the statements contained herein.

I. INTRODUCTION

Pursuant to an Official Statement dated March 15, 2000, the City of Roseville, (the "City") issued \$2,000,000 Stoneridge Parcel 1 Community Facilities District No. 1 Special Tax Bonds Series 2000 (the "Bonds"). The Bonds were issued to provide funds primarily to acquire certain roadway facilities and related public improvements and facilities within the Stoneridge Parcel 1 Community Facilities District No. 1 (the "District").

Roseville is located in Placer County, California, 16 miles northeast of Sacramento at the base of the Sierra Nevada foothills along Interstate 80.

The District is located at the southerly apex of the Stoneridge Specific Plan area and is bounded by Roseville Parkway to the west and south, Olympus Drive to the east and south, and vacant land to the north zoned for park and recreational use. The property in the District consists of 35.45 acres of land.

The Bonds are limited obligations payable by special taxes (the "Special Tax") levied on the properties in the District. The Bonds are not a debt of the City, the State of California, or any of its political subdivisions and neither the City, the State of California, nor any of its political subdivisions is liable. The Bonds do not constitute indebtedness within the meaning of any constitutional or statutory debt limit or restriction.

This Annual Continuing Disclosure Information Statement is being provided pursuant to a covenant made by the City for the benefit of the holders of the Bonds and includes the information specified in the Continuing Disclosure Agreement. For further information and a more complete description of the City, the Districts, and the Bonds, reference is made to the Official Statement.

The information set forth herein has been furnished by the City and by sources, which are believed to be accurate and reliable but is not guaranteed as to accuracy or completeness. Statements contained in this Annual Continuing Disclosure Information Statement which involve estimates, forecasts, or other matters of opinion, whether or not expressly so described herein, are intended solely as such and are not to be construed as representations of fact. Further, the information and expressions of opinion contained herein are subject to change without notice and the delivery of this Annual Continuing Disclosure Information Statement will not, under any circumstances, create any implication that there has been no change in the affairs of the City, the District or any other parties described herein.

II. BOND INFORMATION

A. PRINCIPAL OUTSTANDING

Bond Issue	Balance as of September 30, 2006
Stoneridge Parcel 1, CFD 1, Series 2000	\$1,835,000

B. FUND INFORMATION

Fund	Balance as of September 30, 2006
Reserve Fund	\$163,542
Reserve Requirement	\$161,375
Improvement Fund	\$0

III. FINANCIAL INFORMATION

The audited financial statements for the City for the Fiscal Year Ended June 30, 2006 will be separately filed with the Nationally Recognized Municipal Securities Information Repositories and are hereby incorporated by reference into this Annual Continuing Disclosure Information Statement.

IV. OPERATING INFORMATION

A. AUTHORIZATION OF ADDITIONAL DEBT

Since the date of issuance of the Bonds, the City has not authorized any additional debt payable or secured by the assessments or special taxes with respect to property within the District.

B. FINANCED FACILITIES

All authorized facilities of the District have been completed.

C. PRINCIPAL PROPERTY OWNERS

All parcels have been sold to end-users; therefore, there are no principal property owners. The following table sets forth the District totals. Ownership and assessed value information was compiled from the latest Secured Property Roll of the Placer County Assessor and does not reflect any subsequent development, changes of ownership, nor changes in assessed value due to changes of ownership. Therefore, the assessed value figures herein may not reflect recent development within the District, if any.

Property Owner	Number of Parcels	2006/07 Assessed Values			2006/07 Maximum Annual Tax	Bonded Debt ⁽¹⁾	Value to Bonded Debt	Percent of Bonded Debt
		Land	Structure	Total				
Individual Property Owners	127	\$22,613,084	\$53,677,003	\$76,290,087	\$175,260	\$1,835,000	41.57	100%
Total	127	\$22,613,084	\$53,677,003	\$76,290,087	\$175,260	\$1,835,000	41.57	100%

(1) Bonded Debt is based on the proportionate share of the Annual Maximum Tax times the Bonds outstanding.

Source: Assessed Values – Placer County 2006/07 Secured Property Roll, as compiled by MuniFinancial.

D. RESIDENTIAL DEVELOPMENT SUMMARY

All of the District’s 127 residential units have been constructed according to the Placer County 2006/07 secured property roll .

E. VALUE TO LIEN

The following table sets forth a summary of the assessed value of the District’s Parcels on which Special Taxes were levied, as shown on the assessment roll of the Placer County Assessor and the estimated bonded debt for all of the Parcels.

Value to Bonded Debt	Number of Parcels	Total 2006/07 Assessed Value	Bonded Debt ⁽¹⁾	Percent of Bonded Debt
20:1 or Greater	127	\$76,290,087	\$1,835,000	100%
Total	127	\$76,290,087	\$1,835,000	100%

(1) Bonded Debt is based on the proportionate share of the annual Special Tax times the Bonds outstanding.

Source: Assessed Values – Placer County 2006/07 Secured Property Roll, as compiled by MuniFinancial.

F. DEBT SERVICE COVERAGE

The following table shows the District’s debt service coverage for fiscal year 2006/07.

Description	2006/07 Amount	2006/07 Debt Service ⁽¹⁾	2006/07 Debt Service Coverage
Maximum Special Tax	\$175,260	\$160,540	109.17%
Special Tax Levy	\$142,903	\$160,540	89.01% ⁽²⁾

(1) This amount represents the calendar year 2007 debt service. In order to compensate for the six-month delay between the start of the District’s fiscal year and the receipt of the Special Tax collections from the County, the calendar year debt service is used to calculate the fiscal year levy.

(2) Excess District funds are to be used to fund upcoming debt service payments. These funds, which were generated by interest earnings and unused Pay-As-You-Go facilities funding, reduced the FY 2006/07 Special Tax Levy by \$40,151.

G. DELINQUENCY SUMMARY

The following table sets forth the Annual Special Taxes and delinquencies of the District for all tax years with delinquent installments.

Fiscal Year	Annual Special Tax	Number of Parcels	Parcels Delinquent	Delinquent Amount	Percent Delinquent
2005/06	151,061	127	4	\$4,163	2.76%

Source: Placer County Tax Collector data as of April 15, 2006, compiled by MuniFinancial.

H. DELINQUENCIES BY PRINCIPAL PROPERTY OWNERS

There are currently no Principal Property Owners representing more than 5% of the Special Tax that are delinquent in the payment of Special Taxes.

I. FORECLOSURE PROCEEDINGS

No foreclosure actions have been required.

V. DEBT SERVICE SCHEDULE

The Debt Service Schedule of the Bonds is shown on the following page.

**CITY OF ROSEVILLE
 STONERIDGE PARCEL 1 COMMUNITY FACILITIES DISTRICT NO. 1
 \$2,000,000 SPECIAL TAX BONDS - SERIES 2000**

DATE:	COUPON:	PRINCIPAL DUE:	INTEREST DUE:	DEBT SERVICE	YEARLY DEBT SERVICE	YEARLY DEBT SERVICE	PRINCIPAL OUTSTANDING
3/1/2007		\$0.00	\$62,770.00	\$62,770.00		\$62,770.00	\$1,835,000.00
9/1/2007	5.900%	\$35,000.00	\$62,770.00	\$97,770.00	\$160,540.00		\$1,800,000.00
3/1/2008		\$0.00	\$61,737.50	\$61,737.50		\$159,507.50	\$1,800,000.00
9/1/2008	6.000%	\$35,000.00	\$61,737.50	\$96,737.50	\$158,475.00		\$1,765,000.00
3/1/2009		\$0.00	\$60,687.50	\$60,687.50		\$157,425.00	\$1,765,000.00
9/1/2009	6.100%	\$40,000.00	\$60,687.50	\$100,687.50	\$161,375.00		\$1,725,000.00
3/1/2010		\$0.00	\$59,467.50	\$59,467.50		\$160,155.00	\$1,725,000.00
9/1/2010	6.200%	\$40,000.00	\$59,467.50	\$99,467.50	\$158,935.00		\$1,685,000.00
3/1/2011		\$0.00	\$58,227.50	\$58,227.50		\$157,695.00	\$1,685,000.00
9/1/2011	6.300%	\$40,000.00	\$58,227.50	\$98,227.50	\$156,455.00		\$1,645,000.00
3/1/2012		\$0.00	\$56,967.50	\$56,967.50		\$155,195.00	\$1,645,000.00
9/1/2012	6.400%	\$45,000.00	\$56,967.50	\$101,967.50	\$158,935.00		\$1,600,000.00
3/1/2013		\$0.00	\$55,527.50	\$55,527.50		\$157,495.00	\$1,600,000.00
9/1/2013	6.500%	\$50,000.00	\$55,527.50	\$105,527.50	\$161,055.00		\$1,550,000.00
3/1/2014		\$0.00	\$53,902.50	\$53,902.50		\$159,430.00	\$1,550,000.00
9/1/2014	6.600%	\$50,000.00	\$53,902.50	\$103,902.50	\$157,805.00		\$1,500,000.00
3/1/2015		\$0.00	\$52,252.50	\$52,252.50		\$156,155.00	\$1,500,000.00
9/1/2015	6.700%	\$55,000.00	\$52,252.50	\$107,252.50	\$159,505.00		\$1,445,000.00
3/1/2016		\$0.00	\$50,410.00	\$50,410.00		\$157,662.50	\$1,445,000.00
9/1/2016	6.900%	\$60,000.00	\$50,410.00	\$110,410.00	\$160,820.00		\$1,385,000.00
3/1/2017		\$0.00	\$48,340.00	\$48,340.00		\$158,750.00	\$1,385,000.00
9/1/2017	6.900%	\$60,000.00	\$48,340.00	\$108,340.00	\$156,680.00		\$1,325,000.00
3/1/2018		\$0.00	\$46,270.00	\$46,270.00		\$154,610.00	\$1,325,000.00
9/1/2018	6.900%	\$65,000.00	\$46,270.00	\$111,270.00	\$157,540.00		\$1,260,000.00
3/1/2019		\$0.00	\$44,027.50	\$44,027.50		\$155,297.50	\$1,260,000.00
9/1/2019	6.900%	\$70,000.00	\$44,027.50	\$114,027.50	\$158,055.00		\$1,190,000.00
3/1/2020		\$0.00	\$41,612.50	\$41,612.50		\$155,640.00	\$1,190,000.00
9/1/2020	6.900%	\$75,000.00	\$41,612.50	\$116,612.50	\$158,225.00		\$1,115,000.00
3/1/2021		\$0.00	\$39,025.00	\$39,025.00		\$155,637.50	\$1,115,000.00
9/1/2021	7.000%	\$80,000.00	\$39,025.00	\$119,025.00	\$158,050.00		\$1,035,000.00
3/1/2022		\$0.00	\$36,225.00	\$36,225.00		\$155,250.00	\$1,035,000.00
9/1/2022	7.000%	\$85,000.00	\$36,225.00	\$121,225.00	\$157,450.00		\$950,000.00
3/1/2023		\$0.00	\$33,250.00	\$33,250.00		\$154,475.00	\$950,000.00
9/1/2023	7.000%	\$90,000.00	\$33,250.00	\$123,250.00	\$156,500.00		\$860,000.00
3/1/2024		\$0.00	\$30,100.00	\$30,100.00		\$153,350.00	\$860,000.00
9/1/2024	7.000%	\$100,000.00	\$30,100.00	\$130,100.00	\$160,200.00		\$760,000.00
3/1/2025		\$0.00	\$26,600.00	\$26,600.00		\$156,700.00	\$760,000.00
9/1/2025	7.000%	\$105,000.00	\$26,600.00	\$131,600.00	\$158,200.00		\$655,000.00
3/1/2026		\$0.00	\$22,925.00	\$22,925.00		\$154,525.00	\$655,000.00
9/1/2026	7.000%	\$115,000.00	\$22,925.00	\$137,925.00	\$160,850.00		\$540,000.00
3/1/2027		\$0.00	\$18,900.00	\$18,900.00		\$156,825.00	\$540,000.00
9/1/2027	7.000%	\$120,000.00	\$18,900.00	\$138,900.00	\$157,800.00		\$420,000.00
3/1/2028		\$0.00	\$14,700.00	\$14,700.00		\$153,600.00	\$420,000.00
9/1/2028	7.000%	\$130,000.00	\$14,700.00	\$144,700.00	\$159,400.00		\$290,000.00
3/1/2029		\$0.00	\$10,150.00	\$10,150.00		\$154,850.00	\$290,000.00
9/1/2029	7.000%	\$140,000.00	\$10,150.00	\$150,150.00	\$160,300.00		\$150,000.00
3/1/2030		\$0.00	\$5,250.00	\$5,250.00		\$155,400.00	\$150,000.00
9/1/2030	7.000%	\$150,000.00	\$5,250.00	\$155,250.00	\$160,500.00		\$0.00
		\$0.00				\$155,250.00	
TOTALS		\$1,835,000.00	\$1,978,650.00	\$3,813,650.00	\$3,813,650.00	\$3,813,650.00	

Source: Bank of New York Trust Company – Compiled by MuniFinancial

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**CITY OF ROSEVILLE
STONERIDGE WEST
COMMUNITY FACILITIES DISTRICT NO. 1
\$12,995,000 SPECIAL TAX BONDS
SERIES 2001**

**Placer County, California
Dated: October 25, 2001
CUSIP: 777870**



**2005/06 ANNUAL CONTINUING DISCLOSURE
INFORMATION STATEMENT**

January 10, 2007

LIST OF PARTICIPANTS

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* In its role as Disclosure Consultant and Dissemination Agent, MuniFinancial has not passed upon the accuracy, completeness or fairness of the statements contained herein.

I. INTRODUCTION

Pursuant to an Official Statement dated October 11, 2001, the City of Roseville, (the "City") issued \$12,995,000 Stoneridge West Community Facilities District No. 1, Special Tax Bonds Series 2001 (the "Bonds"). The Bonds are being issued to construct and acquire a portion of certain public facilities on behalf of the District.

The City of Roseville is located in Placer County, California, 16 miles northeast of Sacramento at the base of the Sierra Nevada foothills along Interstate 80.

Stoneridge West Community Facilities District No. 1 (the "District") covers approximately 224 gross acres in the easterly portion of the City, west of Sierra College Boulevard, north of Olympus Drive, east of Roseville Parkway and south of Secret Ravine Parkway.

The Bonds are limited obligations payable by special taxes (the "Special Tax") levied on the properties in the District. The Bonds are not a debt of the City, the State of California, or any of its political subdivisions and neither the City, the State of California, nor any of its political subdivisions is liable. The Bonds do not constitute indebtedness within the meaning of any constitutional or statutory debt limit or restriction.

This Annual Continuing Disclosure Information Statement is being provided pursuant to a covenant made by the City for the benefit of the holders of the Bonds and includes the information specified in the Continuing Disclosure Agreement. For further information and a more complete description of the City, the District, and the Bonds, reference is made to the Official Statement.

The information set forth herein has been furnished by the City and by sources, which are believed to be accurate and reliable but is not guaranteed as to accuracy or completeness. Statements contained in this Annual Continuing Disclosure Information Statement which involve estimates, forecasts, or other matters of opinion, whether or not expressly so described herein, are intended solely as such and are not to be construed as representations of fact. Further, the information and expressions of opinion contained herein are subject to change without notice and the delivery of this Annual Continuing Disclosure Information Statement will not, under any circumstances, create any implication that there has been no change in the affairs of the City, the District or any other parties described herein.

II. BOND INFORMATION

A. PRINCIPAL OUTSTANDING

<u>Bond Issue</u>	<u>Balance as of September 30, 2006</u>
Stoneridge West, CFD 1, Series 2001	\$11,865,000

No early redemptions of bonds have occurred since the issuance of the Bonds.

B. FUND INFORMATION

<u>Fund</u>	<u>Balance as of September 30, 2006</u>
Reserve Fund	\$925,419
Reserve Requirement	\$924,295
Improvement Fund	\$649,326

III. FINANCIAL INFORMATION

The audited financial statements for the City for the Fiscal Year Ended June 30, 2006 will be separately filed with the Nationally Recognized Municipal Securities Information Repositories and are hereby incorporated by reference into this Annual Continuing Disclosure Information Statement.

IV. OPERATING INFORMATION

A. AUTHORIZATION OF ADDITIONAL DEBT

Since the date of issuance of the Bonds, the City has not authorized any additional debt payable or secured by the assessments or special taxes with respect to property within the District.

B. FINANCED FACILITIES

All financed facilities have been completed. The majority of the financed improvements were completed prior to the issuance of the Bonds. The Bonds were issued to provide financing for portions of the certain roadway, sewer, water, drainage and park facilities within the District. The majority of the bond proceeds were to be used to reimburse AKT Development for developer funds previously expended to construct the financed improvements.

C. PRINCIPAL PROPERTY OWNERS

No property owners in the District are subject to 20% or more of the Special Tax. The following table sets forth the Principal Property Owners in the District, as determined by those property owners responsible for 1% or more of the Special Tax Levy for fiscal year 2006/07. Ownership and assessed value information was compiled from the latest Secured Property Roll of the Placer County Assessor and does not reflect any subsequent development, changes of ownership, nor changes in assessed value due to changes of ownership. Therefore, the assessed value figures herein may not reflect recent development within the District, if any.

Property Owner	Number of Parcels	2006/07 Assessed Land Value	2006/07 Assessed Structure Value	Total 2006/07 Assessed Value	2006/07 Maximum Tax	Bonded Debt ⁽¹⁾	Value to Bonded Debt	Percent of Bonded Debt
Parkland Homes Inc.	2	\$6,533,100	0	\$6,533,100	\$90,270	\$1,052,839	6.21	8.87%
All Others (under 1%)	665	117,228,211	282,332,371	399,560,582	927,030	10,812,161	36.95	91.13%
Total	667	\$123,761,311	\$282,332,371	\$406,093,682	\$1,017,300	\$11,865,000	34.23	100.00%

(1) Bonded Debt is based on each parcel's proportionate share of the FY 2006/07 Maximum Annual Tax times the Bonds outstanding.

Source: Assessed Values – Placer County 2006/07 Secured Property Roll, as compiled by MuniFinancial.

D. RESIDENTIAL DEVELOPMENT SUMMARY

Parcels representing 633 residential units of the District's planned 724 residential units have been developed according to the Placer County 2006/07 secured property roll.

E. VALUE TO LIEN

The following table sets forth a summary of the assessed value of the District's Parcels on which Special Taxes were levied, as shown on the assessment roll of the Placer County Assessor and the estimated bonded debt for all of the Parcels.

Value to Bonded Debt	Number of Parcels	2006/07 Total Assessed Value	Bonded Debt ⁽¹⁾	Percent of Bonded Debt
20:1 or Greater	629	\$390,443,511	\$10,172,782	85.74%
10:1 to 19.99:1	37	9,530,171	657,223	5.54%
5:1 to 9.99:1	1	6,120,000	1,034,995	8.72%
Total	667	\$406,093,682	\$11,865,000	100.00%

(1) Bonded Debt is based on each parcel's proportionate share of the FY 2006/07 Maximum Annual Tax times the Bonds outstanding.

Source: Assessed Values – Placer County 2006/07 Secured Property Roll, as compiled by MuniFinancial.

F. DEBT SERVICE COVERAGE

The following table shows the District's debt service coverage for fiscal year 2006/07.

Description	2006/07 Amount	2006/07 Debt Service ⁽¹⁾	2006/07 Debt Service Coverage
Maximum Special Tax	\$1,017,300	\$922,233	110.31%
Special Tax Levy	\$974,465	\$922,233	105.66%

(1) This amount represents the calendar year 2007 debt service. In order to compensate for the six-month delay between the start of the District's fiscal year and the receipt of the Special Tax collections from the County, the calendar year debt service is used to calculate the fiscal year levy.

G. DELINQUENCY SUMMARY

Fiscal year 2001/02 was the first year Special Taxes were levied to parcels in the District. The following table sets forth the Annual Special Taxes and delinquencies of the District for all tax years with delinquent installments.

Fiscal Year	Annual Special Tax	Number of Parcels	Parcels Delinquent	Delinquent Amount	Percent Delinquent
2001/02 ⁽¹⁾	\$1,017,300	428	1	\$75,735	7.44%
2002/03 ⁽²⁾	981,716	651	0	0	0.00%
2003/04 ⁽²⁾	976,762	667	0	0	0.00%
2004/05 ⁽²⁾	997,945	667	1	736	0.08%
2005/06 ⁽³⁾	966,113	667	20	16,562	1.72%

(1) Source: City of Roseville as of January 5, 2007, as compiled by MuniFinancial.

(2) Source: Placer County as of May 15, 2006, as compiled by MuniFinancial.

(3) Source: Placer County as of May 16, 2006, as compiled by MuniFinancial.

H. DELINQUENCY DETAIL

As of December 29, 2006, there are no property owners who are responsible for 5% or more of the Special Taxes and are delinquent in the payment of their Special Taxes in the District. The table below presents an update of the status of delinquencies listed in the District's 2005 Annual Continuing Disclosure Information Statement and shows all delinquent installments billed to Stoneridge Parkway Partners LLC.

Assessor's Parcel Number	Property Owner	Years Delinquent	Special Tax Levied	Amount Delinquent
456-010-013 ⁽¹⁾	Stoneridge Parkway Partners LLC	2001/02	\$151,470	\$75,735

Source: City of Roseville collection information, as compiled by MuniFinancial.

(1) Only the second installment of the FY 2001/02 Special Tax Levy of APN 456-010-013 remains delinquent.

The City is pursuing collection action concerning the above referenced delinquency. The City will take additional actions as necessary, under advice from legal counsel, to enforce collection in the event of continued non-payment.

V. DEBT SERVICE SCHEDULE

**CITY OF ROSEVILLE
STONERIDGE WEST COMMUNITY FACILITIES DISTRICT NO. 1
SPECIAL TAX BONDS - SERIES 2001**

DATE:	COUPON:	PRINCIPAL DUE:	INTEREST DUE:	DEBT SERVICE	YEARLY DEBT SERVICE	YEARLY DEBT SERVICE	PRINCIPAL OUTSTANDING
3/1/2007		\$0.00	\$346,116.25	\$346,116.25		\$346,116.25	\$11,865,000.00
9/1/2007	4.600%	\$230,000.00	\$346,116.25	\$576,116.25	\$922,232.50		\$11,635,000.00
3/1/2008		\$0.00	\$340,826.25	\$340,826.25		\$916,942.50	\$11,635,000.00
9/1/2008	4.850%	\$240,000.00	\$340,826.25	\$580,826.25	\$921,652.50		\$11,395,000.00
3/1/2009		\$0.00	\$335,006.25	\$335,006.25		\$915,832.50	\$11,395,000.00
9/1/2009	5.000%	\$250,000.00	\$335,006.25	\$585,006.25	\$920,012.50		\$11,145,000.00
3/1/2010		\$0.00	\$328,756.25	\$328,756.25		\$913,762.50	\$11,145,000.00
9/1/2010	5.150%	\$265,000.00	\$328,756.25	\$593,756.25	\$922,512.50		\$10,880,000.00
3/1/2011		\$0.00	\$321,932.50	\$321,932.50		\$915,688.75	\$10,880,000.00
9/1/2011	5.300%	\$280,000.00	\$321,932.50	\$601,932.50	\$923,865.00		\$10,600,000.00
3/1/2012		\$0.00	\$314,512.50	\$314,512.50		\$916,445.00	\$10,600,000.00
9/1/2012	5.400%	\$295,000.00	\$314,512.50	\$609,512.50	\$924,025.00		\$10,305,000.00
3/1/2013		\$0.00	\$306,547.50	\$306,547.50		\$916,060.00	\$10,305,000.00
9/1/2013	5.500%	\$310,000.00	\$306,547.50	\$616,547.50	\$923,095.00		\$9,995,000.00
3/1/2014		\$0.00	\$298,022.50	\$298,022.50		\$914,570.00	\$9,995,000.00
9/1/2014	5.600%	\$325,000.00	\$298,022.50	\$623,022.50	\$921,045.00		\$9,670,000.00
3/1/2015		\$0.00	\$288,922.50	\$288,922.50		\$911,945.00	\$9,670,000.00
9/1/2015	5.700%	\$345,000.00	\$288,922.50	\$633,922.50	\$922,845.00		\$9,325,000.00
3/1/2016		\$0.00	\$279,090.00	\$279,090.00		\$913,012.50	\$9,325,000.00
9/1/2016	5.800%	\$365,000.00	\$279,090.00	\$644,090.00	\$923,180.00		\$8,960,000.00
3/1/2017		\$0.00	\$268,505.00	\$268,505.00		\$912,595.00	\$8,960,000.00
9/1/2017	5.900%	\$385,000.00	\$268,505.00	\$653,505.00	\$922,010.00		\$8,575,000.00
3/1/2018		\$0.00	\$257,147.50	\$257,147.50		\$910,652.50	\$8,575,000.00
9/1/2018	5.950%	\$410,000.00	\$257,147.50	\$667,147.50	\$924,295.00		\$8,165,000.00
3/1/2019		\$0.00	\$244,950.00	\$244,950.00		\$912,097.50	\$8,165,000.00
9/1/2019	6.000%	\$430,000.00	\$244,950.00	\$674,950.00	\$919,900.00		\$7,735,000.00
3/1/2020		\$0.00	\$232,050.00	\$232,050.00		\$907,000.00	\$7,735,000.00
9/1/2020	6.000%	\$460,000.00	\$232,050.00	\$692,050.00	\$924,100.00		\$7,275,000.00
3/1/2021		\$0.00	\$218,250.00	\$218,250.00		\$910,300.00	\$7,275,000.00
9/1/2021	6.000%	\$485,000.00	\$218,250.00	\$703,250.00	\$921,500.00		\$6,790,000.00
3/1/2022		\$0.00	\$203,700.00	\$203,700.00		\$906,950.00	\$6,790,000.00
9/1/2022	6.000%	\$515,000.00	\$203,700.00	\$718,700.00	\$922,400.00		\$6,275,000.00
3/1/2023		\$0.00	\$188,250.00	\$188,250.00		\$906,950.00	\$6,275,000.00
9/1/2023	6.000%	\$545,000.00	\$188,250.00	\$733,250.00	\$921,500.00		\$5,730,000.00
3/1/2024		\$0.00	\$171,900.00	\$171,900.00		\$905,150.00	\$5,730,000.00
9/1/2024	6.000%	\$580,000.00	\$171,900.00	\$751,900.00	\$923,800.00		\$5,150,000.00
3/1/2025		\$0.00	\$154,500.00	\$154,500.00		\$906,400.00	\$5,150,000.00
9/1/2025	6.000%	\$615,000.00	\$154,500.00	\$769,500.00	\$924,000.00		\$4,535,000.00
3/1/2026		\$0.00	\$136,050.00	\$136,050.00		\$905,550.00	\$4,535,000.00
9/1/2026	6.000%	\$650,000.00	\$136,050.00	\$786,050.00	\$922,100.00		\$3,885,000.00
3/1/2027		\$0.00	\$116,550.00	\$116,550.00		\$902,600.00	\$3,885,000.00
9/1/2027	6.000%	\$690,000.00	\$116,550.00	\$806,550.00	\$923,100.00		\$3,195,000.00
3/1/2028		\$0.00	\$95,850.00	\$95,850.00		\$902,400.00	\$3,195,000.00
9/1/2028	6.000%	\$730,000.00	\$95,850.00	\$825,850.00	\$921,700.00		\$2,465,000.00
3/1/2029		\$0.00	\$73,950.00	\$73,950.00		\$899,800.00	\$2,465,000.00
9/1/2029	6.000%	\$775,000.00	\$73,950.00	\$848,950.00	\$922,900.00		\$1,690,000.00
3/1/2030		\$0.00	\$50,700.00	\$50,700.00		\$899,650.00	\$1,690,000.00
9/1/2030	6.000%	\$820,000.00	\$50,700.00	\$870,700.00	\$921,400.00		\$870,000.00
3/1/2031		\$0.00	\$26,100.00	\$26,100.00		\$896,800.00	\$870,000.00
9/1/2031	6.000%	\$870,000.00	\$26,100.00	\$896,100.00	\$922,200.00		\$0.00
		\$0.00				\$896,100.00	
TOTALS		\$11,865,000.00	\$11,196,370.00	\$23,061,370.00	\$23,061,370.00	\$23,061,370.00	

Source: Bank of New York Trust Company – Compiled by MuniFinancial

**CITY OF ROSEVILLE
STONERIDGE EAST
COMMUNITY FACILITIES DISTRICT NO. 1
\$16,000,000 SPECIAL TAX BONDS
SERIES 2001**

**Placer County, California
Dated: August 23, 2001
CUSIP: 777870**



**2005/06 ANNUAL CONTINUING DISCLOSURE
INFORMATION STATEMENT**

January 11, 2007

LIST OF PARTICIPANTS

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* In its role as Disclosure Consultant and Dissemination Agent, MuniFinancial has not passed upon the accuracy, completeness or fairness of the statements contained herein.

I. INTRODUCTION

Pursuant to an Official Statement dated August 15, 2001, the City of Roseville, (the “City”) issued \$16,000,000 Stoneridge East Community Facilities District No. 1, Special Tax Bonds Series 2001 (the “Bonds”). The Bonds are being issued to construct and acquire a portion of certain public facilities on behalf of Stoneridge East Community Facilities District No. 1 (the “District”).

The City of Roseville is located in Placer County, California, 16 miles northeast of Sacramento at the base of the Sierra Nevada foothills along Interstate 80.

The District covers approximately 501 gross acres in the easterly portion of the City, west of Sierra College Boulevard, north of Olympus Drive, east of Roseville Parkway and south of the Rocklin/Roseville city limits.

The Bonds are limited obligations payable by special taxes (the “Special Tax”) levied on the properties in the District. The Bonds are not a debt of the City, the State of California, or any of its political subdivisions and neither the City, the State of California, nor any of its political subdivisions is liable. The Bonds do not constitute indebtedness within the meaning of any constitutional or statutory debt limit or restriction.

This Annual Continuing Disclosure Information Statement is being provided pursuant to a covenant made by the City for the benefit of the holders of the Bonds and includes the information specified in the Continuing Disclosure Agreement. For further information and a more complete description of the City, the District, and the Bonds, reference is made to the Official Statement.

The information set forth herein has been furnished by the City and by sources, which are believed to be accurate and reliable but is not guaranteed as to accuracy or completeness. Statements contained in this Annual Continuing Disclosure Information Statement which involve estimates, forecasts, or other matters of opinion, whether or not expressly so described herein, are intended solely as such and are not to be construed as representations of fact. Further, the information and expressions of opinion contained herein are subject to change without notice and the delivery of this Annual Continuing Disclosure Information Statement will not, under any circumstances, create any implication that there has been no change in the affairs of the City, the District or any other parties described herein.

II. BOND INFORMATION

A. PRINCIPAL OUTSTANDING

Bond Issue	Balance as of September 30, 2006
Stoneridge East, CFD 1, Special Tax Bonds, Series 2001	\$14,820,000

No early redemptions of bonds have occurred since the issuance of the Bonds.

B. FUND INFORMATION

Fund	Balance as of September 30, 2006
Reserve Fund	\$1,188,365
Reserve Requirement	1,188,365
Improvement Fund	\$ 32,219

III. FINANCIAL INFORMATION

The audited financial statements for the City for the Fiscal Year Ended June 30, 2006 will be separately filed with the Nationally Recognized Municipal Securities Information Repositories and are hereby incorporated by reference into this Annual Continuing Disclosure Information Statement.

IV. OPERATING INFORMATION

A. AUTHORIZATION OF ADDITIONAL DEBT

Since the date of issuance of the Bonds, the City has not authorized any additional debt payable or secured by the assessments or special taxes with respect to property within the District.

B. DISTRICT FACILITIES

The Bond financed improvements for the CFD are complete. The Bonds were issued to finance portions of certain road, water, sewer, drainage, park, bike trail and frontage improvements and electrical facilities. For additional detail regarding the District's financed facilities and Developer funded facilities, reference is made to the Official Statement.

Portions of the Phase 4 improvements, which are to be funded solely by the Developer rather than bond proceeds, are to be disclosed annually by the Developer in accordance with a Developer's Continuing Disclosure Agreement. For the status of the completion of these Developer funded improvements, reference is made to the Developer's Annual Continuing Disclosure Statement. ⁽¹⁾

(1) The Developer's Annual Continuing Disclosure Statement is required to be filed by the Developer by April 1 each year until the ownership of the Developer, or Successor Developer, properties represent less than twenty (20%) percent of the District's total Special Taxes. This reporting requirement is the sole obligation of the Developer.

C. PRINCIPAL PROPERTY OWNERS

The following table sets forth the Principal Property Owners in the District, as determined by those subject to 20% or more of the Special Tax Levy in fiscal year 2006/07. Ownership and assessed value information was compiled from the latest Secured Property Roll of the Placer County Assessor and does not reflect any subsequent development, changes of ownership, nor changes in assessed value due to changes of ownership. Therefore, the assessed value figures herein may not reflect recent development within the District, if any.

Property Owner	Number of Parcels	2006/07 Assessed Land Value	2006/07 Assessed Structure Value	Total 2006/07 Assessed Value	2006/07 Maximum Tax	Bonded Debt ⁽¹⁾	Value to Bonded Debt	Percent of Bonded Debt
Elliott Homes, Inc.	143	\$2,416,334	\$16,923,140	\$19,339,474	\$584,754	\$6,449,758	3.00	43.521%
All other owners	615	98,537,411	212,448,360	310,985,771	758,871	8,370,242	37.15	56.479%
Total	758	\$100,953,745	\$229,371,500	\$330,325,245	\$1,343,625	\$14,820,000	22.29	100.00%

(1) Bonded Debt is based on the proportionate share of the Maximum Annual Tax times the Bonds outstanding.

Source: Assessed Values – Placer County 2006/07 Secured Property Roll, as compiled by MuniFinancial.

D. RESIDENTIAL DEVELOPMENT SUMMARY

A total of 708 parcels, representing 937 residential units of the District's planned 1,512 residential units, have been developed according to the Placer County 2006/07 secured property roll.

E. DEVELOPMENT STATUS

The following table reflects the development status and other information for properties owned by entities responsible for 20% or more of the District's FY 2006/07 Special Tax Levy:

Property Owner	Village No.	Planned Village Units	Units Owned by Elliott Homes	No. of Parcels Levied	2006/07 Assessed Land Value	2006/07 Assessed Structure Value	2006/07 Total Assessed Value	Land Use	Development Status			
									Specific Plan Approval Only	Project Approved	Under Construction	Developed/ Completed
Elliott Homes, Inc	Village 1	120	7	7	\$31,479	\$761,032	\$792,511	SF Residential			X	
Elliott Homes, Inc	Village 2	68	10	10	44,970	1,212,708	1,257,678	SF Residential			X	
Elliott Homes, Inc	Village 4A	333	454	8	1,325,994	0	1,325,994	SF & MF Residential		X		
Elliott Homes, Inc	Village 4B	80	80	1	373,395	0	373,395	SF Residential		X		
Elliott Homes, Inc	Village 5 & 6	81	1	1	7,745	100,000	107,745	SF Residential			X	
Elliott Homes, Inc	Village 7	83	29	29	185,426	8,285,500	8,470,926	SF Residential				X
Elliott Homes, Inc	Village 8	194	50	50	222,426	6,563,900	6,786,326	SF Residential			X	
Elliott Homes, Inc	Village 9	37	37	37	224,899	0	224,899	SF Residential		X		
Total		996	668	143	\$2,416,334	\$16,923,140	\$19,339,474					

Source: Assessed Values – Placer County 2006/07 Secured Property Roll, Land Use and Development Status - City of Roseville's 3rd Quarter 2006 Development Activity Map dated October 13, 2006.

F. VALUE TO LIEN

The following table sets forth a summary of the assessed value of the District's Parcels on which Special Taxes were levied, as shown on the assessment roll of the Placer County Assessor and the estimated bonded debt for all of the Parcels.

Value to Bonded Debt	Number Of Parcels	2006/07 Total Assessed Value	Bonded Debt ⁽¹⁾	Percent of Bonded Debt
20:1 or Greater	605	\$313,288,240	\$8,242,634	55.62%
10:1 to 19.99:1	58	11,928,623	815,953	5.51%
5:1 to 9.99:1	21	2,407,120	281,470	1.90%
3:1 to 4.99:1	3	141,401	36,823	0.25%
1:1 to 2.99:1	21	617,585	254,675	1.72%
less than 1:1	50	1,942,276	5,188,445	35.00%
Total	758	\$330,325,245	\$14,820,000	100.00%

(1) Bonded Debt is based on each parcel's proportionate share of the FY 2006/07 Maximum Annual Tax times the Bonds outstanding.

Source: Assessed Values – Placer County 2006/07 Secured Property Roll, as compiled by MuniFinancial.

G. DEBT SERVICE COVERAGE

The following table shows the District's debt service coverage for fiscal year 2006/07.

Description	2006/07 Amount	2006/07 Debt Service ⁽¹⁾	2006/07 Debt Service Coverage
Maximum Special Tax	\$1,343,625	\$1,187,115	113.18%
Special Tax Levy	\$1,221,059	\$1,187,115	102.86%

(1) This amount represents the calendar year 2007 debt service. In order to compensate for the six-month delay between the start of the District's fiscal year and the receipt of the Special Tax collections from the County, the calendar year debt service is used to calculate the fiscal year levy.

H. DELINQUENCY SUMMARY

The following table sets forth the Annual Special Taxes and delinquencies of the District for all tax years with delinquent installments.

Fiscal Year	Annual Special Tax	Number of Parcels	Parcels Delinquent	Delinquent Amount	Percent Delinquent
2004/05	\$1,222,210	449	2	\$2,046	0.17%
2005/06	\$1,343,612	758	26	\$19,208	1.43%

Source: Placer County, as of April 15, 2006, as compiled by MuniFinancial.

I. DELINQUENCIES BY PRINCIPAL PROPERTY OWNERS

As of April 15, 2006, there are no property owners who are responsible for 5% or more of the Special Taxes and are delinquent in the payment of their Special Taxes in the District.

J. FORECLOSURE PROCEEDINGS

No foreclosure actions have been required.

V. DEBT SERVICE SCHEDULE

CITY OF ROSEVILLE STONERIDGE EAST COMMUNITY FACILITIES DISTRICT NO. 1 SPECIAL TAX BONDS SERIES 2001

DATE:	COUPON:	PRINCIPAL DUE:	INTEREST DUE:	DEBT SERVICE	YEARLY DEBT SERVICE	YEARLY DEBT SERVICE	PRINCIPAL OUTSTANDING
3/1/2007		\$0.00	\$456,057.50	\$456,057.50		\$456,057.50	\$14,820,000.00
9/1/2007	5.000%	\$275,000.00	\$456,057.50	\$731,057.50	\$1,187,115.00		\$14,545,000.00
3/1/2008		\$0.00	\$449,182.50	\$449,182.50		\$1,180,240.00	\$14,545,000.00
9/1/2008	5.100%	\$290,000.00	\$449,182.50	\$739,182.50	\$1,188,365.00		\$14,255,000.00
3/1/2009		\$0.00	\$441,787.50	\$441,787.50		\$1,180,970.00	\$14,255,000.00
9/1/2009	5.250%	\$300,000.00	\$441,787.50	\$741,787.50	\$1,183,575.00		\$13,955,000.00
3/1/2010		\$0.00	\$433,912.50	\$433,912.50		\$1,175,700.00	\$13,955,000.00
9/1/2010	5.400%	\$320,000.00	\$433,912.50	\$753,912.50	\$1,187,825.00		\$13,635,000.00
3/1/2011		\$0.00	\$425,272.50	\$425,272.50		\$1,179,185.00	\$13,635,000.00
9/1/2011	5.600%	\$335,000.00	\$425,272.50	\$760,272.50	\$1,185,545.00		\$13,300,000.00
3/1/2012		\$0.00	\$415,892.50	\$415,892.50		\$1,176,165.00	\$13,300,000.00
9/1/2012	5.800%	\$355,000.00	\$415,892.50	\$770,892.50	\$1,186,785.00		\$12,945,000.00
3/1/2013		\$0.00	\$405,597.50	\$405,597.50		\$1,176,490.00	\$12,945,000.00
9/1/2013	6.200%	\$375,000.00	\$405,597.50	\$780,597.50	\$1,186,195.00		\$12,570,000.00
3/1/2014		\$0.00	\$393,972.50	\$393,972.50		\$1,174,570.00	\$12,570,000.00
9/1/2014	6.200%	\$400,000.00	\$393,972.50	\$793,972.50	\$1,187,945.00		\$12,170,000.00
3/1/2015		\$0.00	\$381,572.50	\$381,572.50		\$1,175,545.00	\$12,170,000.00
9/1/2015	6.200%	\$425,000.00	\$381,572.50	\$806,572.50	\$1,188,145.00		\$11,745,000.00
3/1/2016		\$0.00	\$368,397.50	\$368,397.50		\$1,174,970.00	\$11,745,000.00
9/1/2016	6.200%	\$450,000.00	\$368,397.50	\$818,397.50	\$1,186,795.00		\$11,295,000.00
3/1/2017		\$0.00	\$354,447.50	\$354,447.50		\$1,172,845.00	\$11,295,000.00
9/1/2017	6.200%	\$475,000.00	\$354,447.50	\$829,447.50	\$1,183,895.00		\$10,820,000.00
3/1/2018		\$0.00	\$339,722.50	\$339,722.50		\$1,169,170.00	\$10,820,000.00
9/1/2018	6.200%	\$505,000.00	\$339,722.50	\$844,722.50	\$1,184,445.00		\$10,315,000.00
3/1/2019		\$0.00	\$324,067.50	\$324,067.50		\$1,168,790.00	\$10,315,000.00
9/1/2019	6.200%	\$535,000.00	\$324,067.50	\$859,067.50	\$1,183,135.00		\$9,780,000.00
3/1/2020		\$0.00	\$307,482.50	\$307,482.50		\$1,166,550.00	\$9,780,000.00
9/1/2020	6.200%	\$570,000.00	\$307,482.50	\$877,482.50	\$1,184,965.00		\$9,210,000.00
3/1/2021		\$0.00	\$289,812.50	\$289,812.50		\$1,167,295.00	\$9,210,000.00
9/1/2021	6.200%	\$605,000.00	\$289,812.50	\$894,812.50	\$1,184,625.00		\$8,605,000.00
3/1/2022		\$0.00	\$271,057.50	\$271,057.50		\$1,165,870.00	\$8,605,000.00
9/1/2022	6.300%	\$645,000.00	\$271,057.50	\$916,057.50	\$1,187,115.00		\$7,960,000.00
3/1/2023		\$0.00	\$250,740.00	\$250,740.00		\$1,166,797.50	\$7,960,000.00
9/1/2023	6.300%	\$685,000.00	\$250,740.00	\$935,740.00	\$1,186,480.00		\$7,275,000.00
3/1/2024		\$0.00	\$229,162.50	\$229,162.50		\$1,164,902.50	\$7,275,000.00
9/1/2024	6.300%	\$725,000.00	\$229,162.50	\$954,162.50	\$1,183,325.00		\$6,550,000.00
3/1/2025		\$0.00	\$206,325.00	\$206,325.00		\$1,160,487.50	\$6,550,000.00
9/1/2025	6.300%	\$775,000.00	\$206,325.00	\$981,325.00	\$1,187,650.00		\$5,775,000.00
3/1/2026		\$0.00	\$181,912.50	\$181,912.50		\$1,163,237.50	\$5,775,000.00
9/1/2026	6.300%	\$820,000.00	\$181,912.50	\$1,001,912.50	\$1,183,825.00		\$4,955,000.00
3/1/2027		\$0.00	\$156,082.50	\$156,082.50		\$1,157,995.00	\$4,955,000.00
9/1/2027	6.300%	\$875,000.00	\$156,082.50	\$1,031,082.50	\$1,187,165.00		\$4,080,000.00
3/1/2028		\$0.00	\$128,520.00	\$128,520.00		\$1,159,602.50	\$4,080,000.00
9/1/2028	6.300%	\$930,000.00	\$128,520.00	\$1,058,520.00	\$1,187,040.00		\$3,150,000.00
3/1/2029		\$0.00	\$99,225.00	\$99,225.00		\$1,157,745.00	\$3,150,000.00
9/1/2029	6.300%	\$985,000.00	\$99,225.00	\$1,084,225.00	\$1,183,450.00		\$2,165,000.00
3/1/2030		\$0.00	\$68,197.50	\$68,197.50		\$1,152,422.50	\$2,165,000.00
9/1/2030	6.300%	\$1,050,000.00	\$68,197.50	\$1,118,197.50	\$1,186,395.00		\$1,115,000.00
3/1/2031		\$0.00	\$35,122.50	\$35,122.50		\$1,153,320.00	\$1,115,000.00
9/1/2031	6.300%	\$1,115,000.00	\$35,122.50	\$1,150,122.50	\$1,185,245.00		\$0.00
						\$1,150,122.50	
TOTALS		\$14,820,000.00	\$14,827,045.00	\$29,647,045.00	\$29,647,045.00	\$29,647,045.00	

Source: Bank of New York Trust Company – Compiled by MuniFinancial

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CITY OF ROSEVILLE
CROCKER RANCH COMMUNITY FACILITIES DISTRICT NO. 1
\$4,525,000 SPECIAL TAX BONDS
SERIES 2002

Placer County, California
Dated: April 25, 2002
CUSIP: 777870



2005/2006 ANNUAL CONTINUING DISCLOSURE
INFORMATION STATEMENT

January 11, 2007

LIST OF PARTICIPANTS

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<p>Stone & Youngberg LLC</p>
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* In its role as Disclosure Consultant and Dissemination Agent, MuniFinancial has not passed upon the accuracy, completeness or fairness of the statements contained herein.

I. INTRODUCTION

Pursuant to Official Statements dated April 11, 2002 and May 6, 2003, the City of Roseville (the "City") issued \$4,525,000 Crocker Ranch Community Facilities District No. 1, Special Tax Bonds, Series 2002 and \$15,475,000 Crocker Ranch Community Facilities District No. 1, Special Tax Bonds, Series 2003, respectively (the "Bonds"). The Bonds were issued to construct or acquire a portion of certain public facilities benefiting the Crocker Ranch Community Facilities District No. 1 (the "District"). The Bonds are considered "Parity Bonds", that is, each Series of Bonds has an equal priority in receiving its pro-rata share of the Special Taxes collections.

The City of Roseville is located in Placer County, California, 16 miles northeast of Sacramento at the base of the Sierra Nevada foothills along Interstate 80.

The District is located in the northwestern area of the City within a portion of the North Roseville Specific Plan Area. The area is generally bounded by Woodcreek Oaks Boulevard to the east, Blue Oaks Boulevard to the south, Fiddymont Road to the west and the Placer County/Roseville City limit to the north.

The Bonds were issued by the City, by and through the District to acquire a portion of public facilities to benefit the District. The Bonds are limited obligations payable by special taxes (the "Special Tax") levied on the properties in the District. The Bonds are not a debt of the City, the State of California, or any of its political subdivisions and neither the City, the State of California, nor any of its political subdivisions is liable. The Bonds do not constitute indebtedness within the meaning of any constitutional or statutory debt limit or restriction.

This Annual Continuing Disclosure Information Statement is being provided pursuant to covenants made by the City for the benefit of the holders of the Bonds and includes the information specified in the Continuing Disclosure Agreements. For further information and a more complete description of the City, the District, and the Bonds, reference is made to the respective Official Statement of either Series of Bonds.

The information set forth herein has been furnished by the City and by sources, which are believed to be accurate and reliable but is not guaranteed as to accuracy or completeness. Statements contained in this Annual Continuing Disclosure Information Statement which involve estimates, forecasts, or other matters of opinion, whether or not expressly so described herein, are intended solely as such and are not to be construed as representations of fact. Further, the information and expressions of opinion contained herein are subject to change without notice and the delivery of this Annual Continuing Disclosure Information Statement will not, under any circumstances, create any implication that there has been no change in the affairs of the City, the District or any other parties described herein.

II. BOND INFORMATION

A. PRINCIPAL OUTSTANDING

Bond Issue	Balance as of September 30, 2006
Special Tax Bonds, Series 2002	\$4,255,000
Special Tax Bonds, Series 2003	\$14,725,000
Total	\$18,980,000

No early redemption of bonds has occurred since the issuance of either Series of Bonds.

B. FUND INFORMATION – SERIES 2002 BONDS

Fund	Balance as of September 30, 2006
Improvement Fund ⁽¹⁾	\$0
Reserve Fund	\$338,539
Reserve Requirement	335,625

C. FUND INFORMATION – SERIES 2003 BONDS

Fund	Balance as of September 30, 2006
Improvement Fund ⁽¹⁾	\$559,015
Reserve Fund	\$1,128,836.86
Reserve Requirement	1,098,000

(1) Although the improvements are complete, the balance of the Improvement Fund does not reflect the reimbursement requests, if any, that may be eligible for payment for completed improvements that were financed by the Developer.

III. FINANCIAL INFORMATION

The audited financial statements for the City for the Fiscal Year Ended June 30, 2006 will be separately filed with the Nationally Recognized Municipal Securities Information Repositories and are hereby incorporated by reference into this Annual Information Statement.

IV. OPERATING INFORMATION

A. AUTHORIZATION OF ADDITIONAL DEBT

Upon formation, the District was authorized to incur bonded indebtedness up to \$20,000,000. The District issued the Series 2002 Bonds of \$4,525,000 in April of 2002. The District utilized its remaining bonding capacity on May 6, 2003 upon the issuance of Series 2003 Bonds in the amount of \$15,475,000.

Since the issuance of the Series 2003 Bonds, the City has not authorized any additional debt payable or secured by the assessments or special taxes with respect to property within the District.

B. FINANCED FACILITIES

The financed improvements for the CFD are complete with the exception of the construction of a portion Fiddymment Road and the completion of the Masonry Wall along the Northern boundary of the District.

C. PRINCIPAL PROPERTY OWNERS

The following table sets forth the Principal Property Owners in the District, as measured by the amount of Special Taxes levied on the property owned by such taxpayers in fiscal year 2006/07. Ownership and assessed value information was compiled from the latest Secured Property Roll of the Placer County Assessor and does not reflect any subsequent development, changes of ownership, nor changes in assessed value due to changes of ownership. Therefore, the assessed value figures herein may not reflect recent development within the District, if any.

Property Owners	Number of Parcels	2006/2007 Assessed Values			2006/07 Maximum Tax	Bonded Debt (1)	Value to Bonded Debt	Percent of Bonded Debt
		Land	Structure	Total				
JOHN MOURIER CONSTRUCTION INC	305	\$42,925,256	\$17,657,048	\$60,582,304	\$547,595	\$6,160,870	9.83	32.46%
MOURIER LAND INVESTMENT CORPORATION	1	1,110,098	0	1,110,098	147,456	1,658,994	0.67	8.74%
ALL OTHERS	622	110,035,827	241,360,106	351,395,933	991,944	11,160,136	31.49	58.80%
TOTAL	928	\$154,071,181	\$259,017,154	\$413,088,335	\$1,686,995	\$18,980,000	21.76	100.00%

(1) Bonded Debt is based on the proportionate share of the annual Maximum Tax times the Bonds outstanding.

(2) Bonded Debt is the combined of the 2002 and 2003 series bonds.

Source: Assessed Values – Placer County 2006/07 Secured Property Roll, as compiled by MuniFinancial.

D. RESIDENTIAL DEVELOPMENT SUMMARY

Parcels representing 695 residential units of the District's planned 1,092 residential units have been developed according to the Placer County 2006/07 secured property roll.

E. DEVELOPMENT STATUS

The following table reflects the development status of parcels subject to 5% or more of the District’s FY 2006/07 Special Tax Levy.

Property Owners	Assessor Parcel Number	2006/2007 Assessed Values			Percent of Bonded Debt	Land Use	Development Status		
		Land	Structure	Total			Project Approved	Under Construction	Developed/ Completed
MOURIER LAND INVESTMENT CORPORATION	017-115-075-000	\$1,110,098	\$0	\$1,110,098	8.74%	Residential	X		
JOHN MOURIER CONSTRUCTION INC	017-115-095-000	10,360,000	0	10,360,000	5.58%	Residential	X		
Total:		\$11,470,098	\$0	\$11,470,098	14.32%				

Source: Assessed Values – Placer County 2006/07 Secured Property Roll, as compiled by MuniFinancial.

F. VALUE TO LIEN

The following table sets forth a summary of the assessed value of the District's Parcels on which Special Taxes were levied, as shown on the assessment roll of the Placer County Assessor and the estimated bonded debt for all of the Parcels.

Value to Bonded Debt ⁽¹⁾	Number of Parcels	Total 2006/07 Assessed Value	Bonded Debt	Percent of Bonded Debt
Greater than 20:1	644	\$362,743,302	\$11,568,932	60.95%
10:1 to 19.99:1	43	11,247,455	726,592	3.83%
5:1 to 9.99:1	216	36,310,666	4,628,515	24.39%
3:1 to 4.99:1	24	1,676,814	396,967	2.09%
1:1 to 2.99:1	0	0	0	0.00%
Less than 1:1	1	1,110,098	1,658,994	8.74%
Total	928	\$413,088,335	\$18,980,000	100.00%

(1) Bonded Debt is based on each parcel's proportionate share of the FY 2006/07 Maximum Annual Tax times the Bonds outstanding.

G. DEBT SERVICE COVERAGE

The following table shows the District's combined debt service coverage for fiscal year 2006/07.

Description	2006/07 Amount	2006/07 Debt Service ⁽¹⁾⁽²⁾	2006/07 Debt Service Coverage
Maximum Special Tax	\$1,686,995	\$1,430,978	118%
Special Tax Levy	\$1,686,993	\$1,430,978	118%

(1) Represents the combined annual debt service for both Series 2002 and Series 2003 Bonds.

(2) This amount represents the calendar year 2007 debt service. In order to compensate for the six-month delay between the start of the District's fiscal year and the receipt of the Special Tax collections from the County, the calendar year debt service is used to calculate the fiscal year levy.

H. DELINQUENCY SUMMARY

The following table sets forth the District's Annual Special Taxes and delinquencies.

Fiscal Year	Annual Special Tax	Number of Parcels Levied	Parcels Delinquent	Delinquent Amount	Percent Delinquent
2004/05	1,686,994	724	0	\$0	0.00%
2005/06	1,686,994	811	44	\$43,628	2.59%

Source: Placer County, as of May 16, 2006, as compiled by MuniFinancial

I. DELINQUENCIES BY PRINCIPAL PROPERTY OWNERS

There are currently no Principal Property Owners (property owners responsible for 5% or more of the Special Tax) that are delinquent in the payment of Special Taxes.

J. FORECLOSURE PROCEEDINGS

No foreclosure actions have been required.

V. DEBT SERVICE SCHEDULES

Debt Service Schedules for the Series 2002 and Series 2003 Bonds are shown in the following pages of the Report.

Roseville Crocker Ranch 2002

DATE:	COUPON:	PRINCIPAL DUE:	INTEREST DUE:	DEBT SERVICE	YEARLY DEBT SERVICE	YEARLY DEBT SERVICE	PRINCIPAL OUTSTANDING
9/1/2002	3.000%	\$0.00	\$94,082.63	\$94,082.63		\$94,082.63	\$4,525,000.00
3/1/2003	3.000%	\$0.00	\$134,403.75	\$134,403.75	\$228,486.38		\$4,525,000.00
9/1/2003	3.000%	\$65,000.00	\$134,403.75	\$199,403.75		\$333,807.50	\$4,460,000.00
3/1/2004	3.650%	\$0.00	\$133,428.75	\$133,428.75	\$332,832.50		\$4,460,000.00
9/1/2004	3.650%	\$65,000.00	\$133,428.75	\$198,428.75		\$331,857.50	\$4,395,000.00
3/1/2005	4.250%	\$0.00	\$132,242.50	\$132,242.50	\$330,671.25		\$4,395,000.00
9/1/2005	4.250%	\$70,000.00	\$132,242.50	\$202,242.50		\$334,485.00	\$4,325,000.00
3/1/2006	4.500%	\$0.00	\$130,755.00	\$130,755.00	\$332,997.50		\$4,325,000.00
9/1/2006	4.500%	\$70,000.00	\$130,755.00	\$200,755.00		\$331,510.00	\$4,255,000.00
3/1/2007	4.750%	\$0.00	\$129,180.00	\$129,180.00	\$329,935.00		\$4,255,000.00
9/1/2007	4.750%	\$75,000.00	\$129,180.00	\$204,180.00		\$333,360.00	\$4,180,000.00
3/1/2008	5.000%	\$0.00	\$127,398.75	\$127,398.75	\$331,578.75		\$4,180,000.00
9/1/2008	5.000%	\$80,000.00	\$127,398.75	\$207,398.75		\$334,797.50	\$4,100,000.00
3/1/2009	5.200%	\$0.00	\$125,398.75	\$125,398.75	\$332,797.50		\$4,100,000.00
9/1/2009	5.200%	\$80,000.00	\$125,398.75	\$205,398.75		\$330,797.50	\$4,020,000.00
3/1/2010	5.300%	\$0.00	\$123,318.75	\$123,318.75	\$328,717.50		\$4,020,000.00
9/1/2010	5.300%	\$85,000.00	\$123,318.75	\$208,318.75		\$331,637.50	\$3,935,000.00
3/1/2011	5.350%	\$0.00	\$121,066.25	\$121,066.25	\$329,385.00		\$3,935,000.00
9/1/2011	5.350%	\$90,000.00	\$121,066.25	\$211,066.25		\$332,132.50	\$3,845,000.00
3/1/2012	5.500%	\$0.00	\$118,658.75	\$118,658.75	\$329,725.00		\$3,845,000.00
9/1/2012	5.500%	\$95,000.00	\$118,658.75	\$213,658.75		\$332,317.50	\$3,750,000.00
3/1/2013	5.600%	\$0.00	\$116,046.25	\$116,046.25	\$329,705.00		\$3,750,000.00
9/1/2013	5.600%	\$100,000.00	\$116,046.25	\$216,046.25		\$332,092.50	\$3,650,000.00
3/1/2014	5.700%	\$0.00	\$113,246.25	\$113,246.25	\$329,292.50		\$3,650,000.00
9/1/2014	5.700%	\$105,000.00	\$113,246.25	\$218,246.25		\$331,492.50	\$3,545,000.00
3/1/2015	5.750%	\$0.00	\$110,253.75	\$110,253.75	\$328,500.00		\$3,545,000.00
9/1/2015	5.750%	\$115,000.00	\$110,253.75	\$225,253.75		\$335,507.50	\$3,430,000.00
3/1/2016	5.850%	\$0.00	\$106,947.50	\$106,947.50	\$332,201.25		\$3,430,000.00
9/1/2016	5.850%	\$120,000.00	\$106,947.50	\$226,947.50		\$333,895.00	\$3,310,000.00
3/1/2017	6.250%	\$0.00	\$103,437.50	\$103,437.50	\$330,385.00		\$3,310,000.00
9/1/2017	6.250%	\$125,000.00	\$103,437.50	\$228,437.50		\$331,875.00	\$3,185,000.00
3/1/2018	6.250%	\$0.00	\$99,531.25	\$99,531.25	\$327,968.75		\$3,185,000.00
9/1/2018	6.250%	\$135,000.00	\$99,531.25	\$234,531.25		\$334,062.50	\$3,050,000.00
3/1/2019	6.250%	\$0.00	\$95,312.50	\$95,312.50	\$329,843.75		\$3,050,000.00
9/1/2019	6.250%	\$145,000.00	\$95,312.50	\$240,312.50		\$335,625.00	\$2,905,000.00
3/1/2020	6.250%	\$0.00	\$90,781.25	\$90,781.25	\$331,093.75		\$2,905,000.00
9/1/2020	6.250%	\$150,000.00	\$90,781.25	\$240,781.25		\$331,562.50	\$2,755,000.00
3/1/2021	6.250%	\$0.00	\$86,093.75	\$86,093.75	\$326,875.00		\$2,755,000.00
9/1/2021	6.250%	\$160,000.00	\$86,093.75	\$246,093.75		\$332,187.50	\$2,595,000.00
3/1/2022	6.250%	\$0.00	\$81,093.75	\$81,093.75	\$327,187.50		\$2,595,000.00
9/1/2022	6.250%	\$170,000.00	\$81,093.75	\$251,093.75		\$332,187.50	\$2,425,000.00
3/1/2023	6.250%	\$0.00	\$75,781.25	\$75,781.25	\$326,875.00		\$2,425,000.00
9/1/2023	6.250%	\$180,000.00	\$75,781.25	\$255,781.25		\$331,562.50	\$2,245,000.00
3/1/2024	6.250%	\$0.00	\$70,156.25	\$70,156.25	\$325,937.50		\$2,245,000.00
9/1/2024	6.250%	\$195,000.00	\$70,156.25	\$265,156.25		\$335,312.50	\$2,050,000.00
3/1/2025	6.250%	\$0.00	\$64,062.50	\$64,062.50	\$329,218.75		\$2,050,000.00
9/1/2025	6.250%	\$205,000.00	\$64,062.50	\$269,062.50		\$333,125.00	\$1,845,000.00
3/1/2026	6.250%	\$0.00	\$57,656.25	\$57,656.25	\$326,718.75		\$1,845,000.00
9/1/2026	6.250%	\$220,000.00	\$57,656.25	\$277,656.25		\$335,312.50	\$1,625,000.00
3/1/2027	6.250%	\$0.00	\$50,781.25	\$50,781.25	\$328,437.50		\$1,625,000.00
9/1/2027	6.250%	\$230,000.00	\$50,781.25	\$280,781.25		\$331,562.50	\$1,395,000.00
3/1/2028	6.250%	\$0.00	\$43,593.75	\$43,593.75	\$324,375.00		\$1,395,000.00
9/1/2028	6.250%	\$245,000.00	\$43,593.75	\$288,593.75		\$332,187.50	\$1,150,000.00
3/1/2029	6.250%	\$0.00	\$35,937.50	\$35,937.50	\$324,531.25		\$1,150,000.00
9/1/2029	6.250%	\$260,000.00	\$35,937.50	\$295,937.50		\$331,875.00	\$890,000.00
3/1/2030	6.250%	\$0.00	\$27,812.50	\$27,812.50	\$323,750.00		\$890,000.00
9/1/2030	6.250%	\$280,000.00	\$27,812.50	\$307,812.50		\$335,625.00	\$610,000.00
3/1/2031	6.250%	\$0.00	\$19,062.50	\$19,062.50	\$326,875.00		\$610,000.00
9/1/2031	6.250%	\$295,000.00	\$19,062.50	\$314,062.50		\$333,125.00	\$315,000.00
3/1/2032	6.250%	\$0.00	\$9,843.75	\$9,843.75	\$323,906.25		\$315,000.00
9/1/2032	6.250%	\$315,000.00	\$9,843.75	\$324,843.75		\$334,687.50	\$0.00
	0.000%	\$0.00			\$324,843.75		
TOTALS		\$4,525,000.00	\$5,560,647.63	\$10,085,647.63	\$10,085,647.63	\$10,085,647.63	

**City of Roseville, Series 2003
Crocker Ranch CFD 1 Special Tax Bds**

DATE:	COUPON:	PRINCIPAL DUE:	INTEREST DUE:	DEBT SERVICE	YEARLY DEBT SERVICE	YEARLY DEBT SERVICE	PRINCIPAL OUTSTANDING
9/1/2003		\$0.00	\$272,176.25	\$272,176.25		\$272,176.25	\$15,475,000.00
3/1/2004		\$0.00	\$426,015.00	\$426,015.00	\$698,191.25		\$15,475,000.00
9/1/2004	2.250%	\$245,000.00	\$426,015.00	\$671,015.00		\$1,097,030.00	\$15,230,000.00
3/1/2005		\$0.00	\$423,258.75	\$423,258.75	\$1,094,273.75		\$15,230,000.00
9/1/2005	2.500%	\$250,000.00	\$423,258.75	\$673,258.75		\$1,096,517.50	\$14,980,000.00
3/1/2006		\$0.00	\$420,133.75	\$420,133.75	\$1,093,392.50		\$14,980,000.00
9/1/2006	3.000%	\$255,000.00	\$420,133.75	\$675,133.75		\$1,095,267.50	\$14,725,000.00
3/1/2007		\$0.00	\$416,308.75	\$416,308.75	\$1,091,442.50		\$14,725,000.00
9/1/2007	3.650%	\$265,000.00	\$416,308.75	\$681,308.75		\$1,097,617.50	\$14,460,000.00
3/1/2008		\$0.00	\$411,472.50	\$411,472.50	\$1,092,781.25		\$14,460,000.00
9/1/2008	4.000%	\$270,000.00	\$411,472.50	\$681,472.50		\$1,092,945.00	\$14,190,000.00
3/1/2009		\$0.00	\$406,072.50	\$406,072.50	\$1,087,545.00		\$14,190,000.00
9/1/2009	4.250%	\$285,000.00	\$406,072.50	\$691,072.50		\$1,097,145.00	\$13,905,000.00
3/1/2010		\$0.00	\$400,016.25	\$400,016.25	\$1,091,088.75		\$13,905,000.00
9/1/2010	4.600%	\$295,000.00	\$400,016.25	\$695,016.25		\$1,095,032.50	\$13,610,000.00
3/1/2011		\$0.00	\$393,231.25	\$393,231.25	\$1,088,247.50		\$13,610,000.00
9/1/2011	4.850%	\$310,000.00	\$393,231.25	\$703,231.25		\$1,096,462.50	\$13,300,000.00
3/1/2012		\$0.00	\$385,713.75	\$385,713.75	\$1,088,945.00		\$13,300,000.00
9/1/2012	4.950%	\$325,000.00	\$385,713.75	\$710,713.75		\$1,096,427.50	\$12,975,000.00
3/1/2013		\$0.00	\$377,670.00	\$377,670.00	\$1,088,383.75		\$12,975,000.00
9/1/2013	5.050%	\$340,000.00	\$377,670.00	\$717,670.00		\$1,095,340.00	\$12,635,000.00
3/1/2014		\$0.00	\$369,085.00	\$369,085.00	\$1,086,755.00		\$12,635,000.00
9/1/2014	5.100%	\$355,000.00	\$369,085.00	\$724,085.00		\$1,093,170.00	\$12,280,000.00
3/1/2015		\$0.00	\$360,032.50	\$360,032.50	\$1,084,117.50		\$12,280,000.00
9/1/2015	5.200%	\$375,000.00	\$360,032.50	\$735,032.50		\$1,095,065.00	\$11,905,000.00
3/1/2016		\$0.00	\$350,282.50	\$350,282.50	\$1,085,315.00		\$11,905,000.00
9/1/2016	5.300%	\$395,000.00	\$350,282.50	\$745,282.50		\$1,095,565.00	\$11,510,000.00
3/1/2017		\$0.00	\$339,815.00	\$339,815.00	\$1,085,097.50		\$11,510,000.00
9/1/2017	5.400%	\$415,000.00	\$339,815.00	\$754,815.00		\$1,094,630.00	\$11,095,000.00
3/1/2018		\$0.00	\$328,610.00	\$328,610.00	\$1,083,425.00		\$11,095,000.00
9/1/2018	5.500%	\$440,000.00	\$328,610.00	\$768,610.00		\$1,097,220.00	\$10,655,000.00
3/1/2019		\$0.00	\$316,510.00	\$316,510.00	\$1,085,120.00		\$10,655,000.00
9/1/2019	5.550%	\$460,000.00	\$316,510.00	\$776,510.00		\$1,093,020.00	\$10,195,000.00
3/1/2020		\$0.00	\$303,745.00	\$303,745.00	\$1,080,255.00		\$10,195,000.00
9/1/2020	5.600%	\$490,000.00	\$303,745.00	\$793,745.00		\$1,097,490.00	\$9,705,000.00
3/1/2021		\$0.00	\$290,025.00	\$290,025.00	\$1,083,770.00		\$9,705,000.00
9/1/2021	5.900%	\$515,000.00	\$290,025.00	\$805,025.00		\$1,095,050.00	\$9,190,000.00
3/1/2022		\$0.00	\$274,832.50	\$274,832.50	\$1,079,857.50		\$9,190,000.00
9/1/2022	5.900%	\$545,000.00	\$274,832.50	\$819,832.50		\$1,094,665.00	\$8,645,000.00
3/1/2023		\$0.00	\$258,755.00	\$258,755.00	\$1,078,587.50		\$8,645,000.00
9/1/2023	5.900%	\$580,000.00	\$258,755.00	\$838,755.00		\$1,097,510.00	\$8,065,000.00
3/1/2024		\$0.00	\$241,645.00	\$241,645.00	\$1,080,400.00		\$8,065,000.00
9/1/2024	5.900%	\$610,000.00	\$241,645.00	\$851,645.00		\$1,093,290.00	\$7,455,000.00
3/1/2025		\$0.00	\$223,650.00	\$223,650.00	\$1,075,295.00		\$7,455,000.00
9/1/2025	6.000%	\$650,000.00	\$223,650.00	\$873,650.00		\$1,097,300.00	\$6,805,000.00
3/1/2026		\$0.00	\$204,150.00	\$204,150.00	\$1,077,800.00		\$6,805,000.00
9/1/2026	6.000%	\$685,000.00	\$204,150.00	\$889,150.00		\$1,093,300.00	\$6,120,000.00
3/1/2027		\$0.00	\$183,600.00	\$183,600.00	\$1,072,750.00		\$6,120,000.00
9/1/2027	6.000%	\$730,000.00	\$183,600.00	\$913,600.00		\$1,097,200.00	\$5,390,000.00
3/1/2028		\$0.00	\$161,700.00	\$161,700.00	\$1,075,300.00		\$5,390,000.00
9/1/2028	6.000%	\$770,000.00	\$161,700.00	\$931,700.00		\$1,093,400.00	\$4,620,000.00
3/1/2029		\$0.00	\$138,600.00	\$138,600.00	\$1,070,300.00		\$4,620,000.00
9/1/2029	6.000%	\$820,000.00	\$138,600.00	\$958,600.00		\$1,097,200.00	\$3,800,000.00
3/1/2030		\$0.00	\$114,000.00	\$114,000.00	\$1,072,600.00		\$3,800,000.00
9/1/2030	6.000%	\$870,000.00	\$114,000.00	\$984,000.00		\$1,098,000.00	\$2,930,000.00
3/1/2031		\$0.00	\$87,900.00	\$87,900.00	\$1,071,900.00		\$2,930,000.00
9/1/2031	6.000%	\$920,000.00	\$87,900.00	\$1,007,900.00		\$1,007,900.00	\$2,010,000.00
3/1/2032		\$0.00	\$60,300.00	\$60,300.00	\$1,068,200.00		\$2,010,000.00
9/1/2032	6.000%	\$975,000.00	\$60,300.00	\$1,035,300.00		\$1,035,300.00	\$1,035,000.00
3/1/2033		\$0.00	\$31,050.00	\$31,050.00	\$1,066,350.00		\$1,035,000.00
9/1/2033	6.000%	\$1,035,000.00	\$31,050.00	\$1,066,050.00		\$1,066,050.00	\$0.00
		\$0.00			\$1,066,050.00		
TOTALS		\$15,475,000.00	\$17,668,536.25	\$33,143,536.25	\$33,143,536.25	\$32,964,286.25	

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

Placer County, California
Dated: May 6, 2003
CUSIP: 777870



2005/2006 ANNUAL CONTINUING DISCLOSURE
INFORMATION STATEMENT

January 11, 2007

LIST OF PARTICIPANTS

<p>CITY OF ROSEVILLE <i>www.roseville.ca.us</i></p>
<p>Russ Branson Director of Finance 311 Vernon Street Roseville, CA 95678 (916) 774-5319 Rbranson@roseville.ca.us</p>
<p>DISTRICT ADMINISTRATION DISCLOSURE CONSULTANT & DISSEMINATION AGENT</p>
<p>MuniFinancial* Temecula, California (951) 587-3500 <u>www.muni.com</u></p>
<p>UNDERWRITER</p>
<p>Stone & Youngberg LLC</p>
<p>BOND COUNSEL</p>
<p>Jones Hall, a Professional Law Corporation</p>
<p>FISCAL AGENT</p>
<p>Sally Ronquillo Bank of New York Trust Company, N.A 550 Kearny Street, Suite 600 San Francisco, CA 94108 Phone (415) 263-2412 Rronquillo@bankofny.com www.bankofny.com</p>

* In its role as Disclosure Consultant and Dissemination Agent, MuniFinancial has not passed upon the accuracy, completeness or fairness of the statements contained herein.

I. INTRODUCTION

Pursuant to Official Statements dated April 11, 2002 and May 6, 2003, the City of Roseville (the "City") issued \$4,525,000 Crocker Ranch Community Facilities District No. 1, Special Tax Bonds, Series 2002 and \$15,475,000 Crocker Ranch Community Facilities District No. 1, Special Tax Bonds, Series 2003, respectively (the "Bonds"). The Bonds were issued to construct or acquire a portion of certain public facilities benefiting the Crocker Ranch Community Facilities District No. 1 (the "District"). The Bonds are considered "Parity Bonds", that is, each Series of Bonds has an equal priority in receiving its pro-rata share of the Special Taxes collections.

The City of Roseville is located in Placer County, California, 16 miles northeast of Sacramento at the base of the Sierra Nevada foothills along Interstate 80.

The District is located in the northwestern area of the City within a portion of the North Roseville Specific Plan Area. The area is generally bounded by Woodcreek Oaks Boulevard to the east, Blue Oaks Boulevard to the south, Fiddymont Road to the west and the Placer County/Roseville City limit to the north.

The Bonds were issued by the City, by and through the District to acquire a portion of public facilities to benefit the District. The Bonds are limited obligations payable by special taxes (the "Special Tax") levied on the properties in the District. The Bonds are not a debt of the City, the State of California, or any of its political subdivisions and neither the City, the State of California, nor any of its political subdivisions is liable. The Bonds do not constitute indebtedness within the meaning of any constitutional or statutory debt limit or restriction.

This Annual Continuing Disclosure Information Statement is being provided pursuant to covenants made by the City for the benefit of the holders of the Bonds and includes the information specified in the Continuing Disclosure Agreements. For further information and a more complete description of the City, the District, and the Bonds, reference is made to the respective Official Statement of either Series of Bonds.

The information set forth herein has been furnished by the City and by sources, which are believed to be accurate and reliable but is not guaranteed as to accuracy or completeness. Statements contained in this Annual Continuing Disclosure Information Statement which involve estimates, forecasts, or other matters of opinion, whether or not expressly so described herein, are intended solely as such and are not to be construed as representations of fact. Further, the information and expressions of opinion contained herein are subject to change without notice and the delivery of this Annual Continuing Disclosure Information Statement will not, under any circumstances, create any implication that there has been no change in the affairs of the City, the District or any other parties described herein.

II. BOND INFORMATION

A. PRINCIPAL OUTSTANDING

Bond Issue	Balance as of September 30, 2006
Special Tax Bonds, Series 2002	\$4,255,000
Special Tax Bonds, Series 2003	\$14,725,000
Total	\$18,980,000

No early redemption of bonds has occurred since the issuance of either Series of Bonds.

B. FUND INFORMATION – SERIES 2002 BONDS

Fund	Balance as of September 30, 2006
Improvement Fund ⁽¹⁾	\$0
Reserve Fund	\$338,539
Reserve Requirement	335,625

C. FUND INFORMATION – SERIES 2003 BONDS

Fund	Balance as of September 30, 2006
Improvement Fund ⁽¹⁾	\$559,015
Reserve Fund	\$1,128,836.86
Reserve Requirement	1,098,000

(1) Although the improvements are complete, the balance of the Improvement Fund does not reflect the reimbursement requests, if any, that may be eligible for payment for completed improvements that were financed by the Developer.

III. FINANCIAL INFORMATION

The audited financial statements for the City for the Fiscal Year Ended June 30, 2006 will be separately filed with the Nationally Recognized Municipal Securities Information Repositories and are hereby incorporated by reference into this Annual Information Statement.

IV. OPERATING INFORMATION

A. AUTHORIZATION OF ADDITIONAL DEBT

Upon formation, the District was authorized to incur bonded indebtedness up to \$20,000,000. The District issued the Series 2002 Bonds of \$4,525,000 in April of 2002. The District utilized its remaining bonding capacity on May 6, 2003 upon the issuance of Series 2003 Bonds in the amount of \$15,475,000.

Since the issuance of the Series 2003 Bonds, the City has not authorized any additional debt payable or secured by the assessments or special taxes with respect to property within the District.

B. FINANCED FACILITIES

The financed improvements for the CFD are complete with the exception of the construction of a portion Fiddymment Road and the completion of the Masonry Wall along the Northern boundary of the District.

C. PRINCIPAL PROPERTY OWNERS

The following table sets forth the Principal Property Owners in the District, as measured by the amount of Special Taxes levied on the property owned by such taxpayers in fiscal year 2006/07. Ownership and assessed value information was compiled from the latest Secured Property Roll of the Placer County Assessor and does not reflect any subsequent development, changes of ownership, nor changes in assessed value due to changes of ownership. Therefore, the assessed value figures herein may not reflect recent development within the District, if any.

Property Owners	Number of Parcels	2006/2007 Assessed Values			2006/07 Maximum Tax	Bonded Debt (1)	Value to Bonded Debt	Percent of Bonded Debt
		Land	Structure	Total				
JOHN MOURIER CONSTRUCTION INC	305	\$42,925,256	\$17,657,048	\$60,582,304	\$547,595	\$6,160,870	9.83	32.46%
MOURIER LAND INVESTMENT CORPORATION	1	1,110,098	0	1,110,098	147,456	1,658,994	0.67	8.74%
ALL OTHERS	622	110,035,827	241,360,106	351,395,933	991,944	11,160,136	31.49	58.80%
TOTAL	928	\$154,071,181	\$259,017,154	\$413,088,335	\$1,686,995	\$18,980,000	21.76	100.00%

(1) Bonded Debt is based on the proportionate share of the annual Maximum Tax times the Bonds outstanding.

(2) Bonded Debt is the combined of the 2002 and 2003 series bonds.

Source: Assessed Values – Placer County 2006/07 Secured Property Roll, as compiled by MuniFinancial.

D. RESIDENTIAL DEVELOPMENT SUMMARY

Parcels representing 695 residential units of the District's planned 1,092 residential units have been developed according to the Placer County 2006/07 secured property roll.

E. DEVELOPMENT STATUS

The following table reflects the development status of parcels subject to 5% or more of the District’s FY 2006/07 Special Tax Levy.

Property Owners	Assessor Parcel Number	2006/2007 Assessed Values			Percent of Bonded Debt	Land Use	Development Status		
		Land	Structure	Total			Project Approved	Under Construction	Developed/ Completed
MOURIER LAND INVESTMENT CORPORATION	017-115-075-000	\$1,110,098	\$0	\$1,110,098	8.74%	Residential	X		
JOHN MOURIER CONSTRUCTION INC	017-115-095-000	10,360,000	0	10,360,000	5.58%	Residential	X		
Total:		\$11,470,098	\$0	\$11,470,098	14.32%				

Source: Assessed Values – Placer County 2006/07 Secured Property Roll, as compiled by MuniFinancial.

F. VALUE TO LIEN

The following table sets forth a summary of the assessed value of the District's Parcels on which Special Taxes were levied, as shown on the assessment roll of the Placer County Assessor and the estimated bonded debt for all of the Parcels.

Value to Bonded Debt ⁽¹⁾	Number of Parcels	Total 2006/07 Assessed Value	Bonded Debt	Percent of Bonded Debt
Greater than 20:1	644	\$362,743,302	\$11,568,932	60.95%
10:1 to 19.99:1	43	11,247,455	726,592	3.83%
5:1 to 9.99:1	216	36,310,666	4,628,515	24.39%
3:1 to 4.99:1	24	1,676,814	396,967	2.09%
1:1 to 2.99:1	0	0	0	0.00%
Less than 1:1	1	1,110,098	1,658,994	8.74%
Total	928	\$413,088,335	\$18,980,000	100.00%

(1) Bonded Debt is based on each parcel's proportionate share of the FY 2006/07 Maximum Annual Tax times the Bonds outstanding.

G. DEBT SERVICE COVERAGE

The following table shows the District's combined debt service coverage for fiscal year 2006/07.

Description	2006/07 Amount	2006/07 Debt Service ⁽¹⁾⁽²⁾	2006/07 Debt Service Coverage
Maximum Special Tax	\$1,686,995	\$1,430,978	118%
Special Tax Levy	\$1,686,993	\$1,430,978	118%

(1) Represents the combined annual debt service for both Series 2002 and Series 2003 Bonds.

(2) This amount represents the calendar year 2007 debt service. In order to compensate for the six-month delay between the start of the District's fiscal year and the receipt of the Special Tax collections from the County, the calendar year debt service is used to calculate the fiscal year levy.

H. DELINQUENCY SUMMARY

The following table sets forth the District's Annual Special Taxes and delinquencies.

Fiscal Year	Annual Special Tax	Number of Parcels Levied	Parcels Delinquent	Delinquent Amount	Percent Delinquent
2004/05	1,686,994	724	0	\$0	0.00%
2005/06	1,686,994	811	44	\$43,628	2.59%

Source: Placer County, as of May 16, 2006, as compiled by MuniFinancial

I. DELINQUENCIES BY PRINCIPAL PROPERTY OWNERS

There are currently no Principal Property Owners (property owners responsible for 5% or more of the Special Tax) that are delinquent in the payment of Special Taxes.

J. FORECLOSURE PROCEEDINGS

No foreclosure actions have been required.

V. DEBT SERVICE SCHEDULES

Debt Service Schedules for the Series 2002 and Series 2003 Bonds are shown in the following pages of the Report.

Roseville Crocker Ranch 2002

DATE:	COUPON:	PRINCIPAL DUE:	INTEREST DUE:	DEBT SERVICE	YEARLY DEBT SERVICE	YEARLY DEBT SERVICE	PRINCIPAL OUTSTANDING
9/1/2002	3.000%	\$0.00	\$94,082.63	\$94,082.63		\$94,082.63	\$4,525,000.00
3/1/2003	3.000%	\$0.00	\$134,403.75	\$134,403.75	\$228,486.38		\$4,525,000.00
9/1/2003	3.000%	\$65,000.00	\$134,403.75	\$199,403.75		\$333,807.50	\$4,460,000.00
3/1/2004	3.650%	\$0.00	\$133,428.75	\$133,428.75	\$332,832.50		\$4,460,000.00
9/1/2004	3.650%	\$65,000.00	\$133,428.75	\$198,428.75		\$331,857.50	\$4,395,000.00
3/1/2005	4.250%	\$0.00	\$132,242.50	\$132,242.50	\$330,671.25		\$4,395,000.00
9/1/2005	4.250%	\$70,000.00	\$132,242.50	\$202,242.50		\$334,485.00	\$4,325,000.00
3/1/2006	4.500%	\$0.00	\$130,755.00	\$130,755.00	\$332,997.50		\$4,325,000.00
9/1/2006	4.500%	\$70,000.00	\$130,755.00	\$200,755.00		\$331,510.00	\$4,255,000.00
3/1/2007	4.750%	\$0.00	\$129,180.00	\$129,180.00	\$329,935.00		\$4,255,000.00
9/1/2007	4.750%	\$75,000.00	\$129,180.00	\$204,180.00		\$333,360.00	\$4,180,000.00
3/1/2008	5.000%	\$0.00	\$127,398.75	\$127,398.75	\$331,578.75		\$4,180,000.00
9/1/2008	5.000%	\$80,000.00	\$127,398.75	\$207,398.75		\$334,797.50	\$4,100,000.00
3/1/2009	5.200%	\$0.00	\$125,398.75	\$125,398.75	\$332,797.50		\$4,100,000.00
9/1/2009	5.200%	\$80,000.00	\$125,398.75	\$205,398.75		\$330,797.50	\$4,020,000.00
3/1/2010	5.300%	\$0.00	\$123,318.75	\$123,318.75	\$328,717.50		\$4,020,000.00
9/1/2010	5.300%	\$85,000.00	\$123,318.75	\$208,318.75		\$331,637.50	\$3,935,000.00
3/1/2011	5.350%	\$0.00	\$121,066.25	\$121,066.25	\$329,385.00		\$3,935,000.00
9/1/2011	5.350%	\$90,000.00	\$121,066.25	\$211,066.25		\$332,132.50	\$3,845,000.00
3/1/2012	5.500%	\$0.00	\$118,658.75	\$118,658.75	\$329,725.00		\$3,845,000.00
9/1/2012	5.500%	\$95,000.00	\$118,658.75	\$213,658.75		\$332,317.50	\$3,750,000.00
3/1/2013	5.600%	\$0.00	\$116,046.25	\$116,046.25	\$329,705.00		\$3,750,000.00
9/1/2013	5.600%	\$100,000.00	\$116,046.25	\$216,046.25		\$332,092.50	\$3,650,000.00
3/1/2014	5.700%	\$0.00	\$113,246.25	\$113,246.25	\$329,292.50		\$3,650,000.00
9/1/2014	5.700%	\$105,000.00	\$113,246.25	\$218,246.25		\$331,492.50	\$3,545,000.00
3/1/2015	5.750%	\$0.00	\$110,253.75	\$110,253.75	\$328,500.00		\$3,545,000.00
9/1/2015	5.750%	\$115,000.00	\$110,253.75	\$225,253.75		\$335,507.50	\$3,430,000.00
3/1/2016	5.850%	\$0.00	\$106,947.50	\$106,947.50	\$332,201.25		\$3,430,000.00
9/1/2016	5.850%	\$120,000.00	\$106,947.50	\$226,947.50		\$333,895.00	\$3,310,000.00
3/1/2017	6.250%	\$0.00	\$103,437.50	\$103,437.50	\$330,385.00		\$3,310,000.00
9/1/2017	6.250%	\$125,000.00	\$103,437.50	\$228,437.50		\$331,875.00	\$3,185,000.00
3/1/2018	6.250%	\$0.00	\$99,531.25	\$99,531.25	\$327,968.75		\$3,185,000.00
9/1/2018	6.250%	\$135,000.00	\$99,531.25	\$234,531.25		\$334,062.50	\$3,050,000.00
3/1/2019	6.250%	\$0.00	\$95,312.50	\$95,312.50	\$329,843.75		\$3,050,000.00
9/1/2019	6.250%	\$145,000.00	\$95,312.50	\$240,312.50		\$335,625.00	\$2,905,000.00
3/1/2020	6.250%	\$0.00	\$90,781.25	\$90,781.25	\$331,093.75		\$2,905,000.00
9/1/2020	6.250%	\$150,000.00	\$90,781.25	\$240,781.25		\$331,562.50	\$2,755,000.00
3/1/2021	6.250%	\$0.00	\$86,093.75	\$86,093.75	\$326,875.00		\$2,755,000.00
9/1/2021	6.250%	\$160,000.00	\$86,093.75	\$246,093.75		\$332,187.50	\$2,595,000.00
3/1/2022	6.250%	\$0.00	\$81,093.75	\$81,093.75	\$327,187.50		\$2,595,000.00
9/1/2022	6.250%	\$170,000.00	\$81,093.75	\$251,093.75		\$332,187.50	\$2,425,000.00
3/1/2023	6.250%	\$0.00	\$75,781.25	\$75,781.25	\$326,875.00		\$2,425,000.00
9/1/2023	6.250%	\$180,000.00	\$75,781.25	\$255,781.25		\$331,562.50	\$2,245,000.00
3/1/2024	6.250%	\$0.00	\$70,156.25	\$70,156.25	\$325,937.50		\$2,245,000.00
9/1/2024	6.250%	\$195,000.00	\$70,156.25	\$265,156.25		\$335,312.50	\$2,050,000.00
3/1/2025	6.250%	\$0.00	\$64,062.50	\$64,062.50	\$329,218.75		\$2,050,000.00
9/1/2025	6.250%	\$205,000.00	\$64,062.50	\$269,062.50		\$333,125.00	\$1,845,000.00
3/1/2026	6.250%	\$0.00	\$57,656.25	\$57,656.25	\$326,718.75		\$1,845,000.00
9/1/2026	6.250%	\$220,000.00	\$57,656.25	\$277,656.25		\$335,312.50	\$1,625,000.00
3/1/2027	6.250%	\$0.00	\$50,781.25	\$50,781.25	\$328,437.50		\$1,625,000.00
9/1/2027	6.250%	\$230,000.00	\$50,781.25	\$280,781.25		\$331,562.50	\$1,395,000.00
3/1/2028	6.250%	\$0.00	\$43,593.75	\$43,593.75	\$324,375.00		\$1,395,000.00
9/1/2028	6.250%	\$245,000.00	\$43,593.75	\$288,593.75		\$332,187.50	\$1,150,000.00
3/1/2029	6.250%	\$0.00	\$35,937.50	\$35,937.50	\$324,531.25		\$1,150,000.00
9/1/2029	6.250%	\$260,000.00	\$35,937.50	\$295,937.50		\$331,875.00	\$890,000.00
3/1/2030	6.250%	\$0.00	\$27,812.50	\$27,812.50	\$323,750.00		\$890,000.00
9/1/2030	6.250%	\$280,000.00	\$27,812.50	\$307,812.50		\$335,625.00	\$610,000.00
3/1/2031	6.250%	\$0.00	\$19,062.50	\$19,062.50	\$326,875.00		\$610,000.00
9/1/2031	6.250%	\$295,000.00	\$19,062.50	\$314,062.50		\$333,125.00	\$315,000.00
3/1/2032	6.250%	\$0.00	\$9,843.75	\$9,843.75	\$323,906.25		\$315,000.00
9/1/2032	6.250%	\$315,000.00	\$9,843.75	\$324,843.75		\$334,687.50	\$0.00
	0.000%	\$0.00			\$324,843.75		
TOTALS		\$4,525,000.00	\$5,560,647.63	\$10,085,647.63	\$10,085,647.63	\$10,085,647.63	

**City of Roseville, Series 2003
Crocker Ranch CFD 1 Special Tax Bds**

DATE:	COUPON:	PRINCIPAL DUE:	INTEREST DUE:	DEBT SERVICE	YEARLY DEBT SERVICE	YEARLY DEBT SERVICE	PRINCIPAL OUTSTANDING
9/1/2003		\$0.00	\$272,176.25	\$272,176.25		\$272,176.25	\$15,475,000.00
3/1/2004		\$0.00	\$426,015.00	\$426,015.00	\$698,191.25		\$15,475,000.00
9/1/2004	2.250%	\$245,000.00	\$426,015.00	\$671,015.00		\$1,097,030.00	\$15,230,000.00
3/1/2005		\$0.00	\$423,258.75	\$423,258.75	\$1,094,273.75		\$15,230,000.00
9/1/2005	2.500%	\$250,000.00	\$423,258.75	\$673,258.75		\$1,096,517.50	\$14,980,000.00
3/1/2006		\$0.00	\$420,133.75	\$420,133.75	\$1,093,392.50		\$14,980,000.00
9/1/2006	3.000%	\$255,000.00	\$420,133.75	\$675,133.75		\$1,095,267.50	\$14,725,000.00
3/1/2007		\$0.00	\$416,308.75	\$416,308.75	\$1,091,442.50		\$14,725,000.00
9/1/2007	3.650%	\$265,000.00	\$416,308.75	\$681,308.75		\$1,097,617.50	\$14,460,000.00
3/1/2008		\$0.00	\$411,472.50	\$411,472.50	\$1,092,781.25		\$14,460,000.00
9/1/2008	4.000%	\$270,000.00	\$411,472.50	\$681,472.50		\$1,092,945.00	\$14,190,000.00
3/1/2009		\$0.00	\$406,072.50	\$406,072.50	\$1,087,545.00		\$14,190,000.00
9/1/2009	4.250%	\$285,000.00	\$406,072.50	\$691,072.50		\$1,097,145.00	\$13,905,000.00
3/1/2010		\$0.00	\$400,016.25	\$400,016.25	\$1,091,088.75		\$13,905,000.00
9/1/2010	4.600%	\$295,000.00	\$400,016.25	\$695,016.25		\$1,095,032.50	\$13,610,000.00
3/1/2011		\$0.00	\$393,231.25	\$393,231.25	\$1,088,247.50		\$13,610,000.00
9/1/2011	4.850%	\$310,000.00	\$393,231.25	\$703,231.25		\$1,096,462.50	\$13,300,000.00
3/1/2012		\$0.00	\$385,713.75	\$385,713.75	\$1,088,945.00		\$13,300,000.00
9/1/2012	4.950%	\$325,000.00	\$385,713.75	\$710,713.75		\$1,096,427.50	\$12,975,000.00
3/1/2013		\$0.00	\$377,670.00	\$377,670.00	\$1,088,383.75		\$12,975,000.00
9/1/2013	5.050%	\$340,000.00	\$377,670.00	\$717,670.00		\$1,095,340.00	\$12,635,000.00
3/1/2014		\$0.00	\$369,085.00	\$369,085.00	\$1,086,755.00		\$12,635,000.00
9/1/2014	5.100%	\$355,000.00	\$369,085.00	\$724,085.00		\$1,093,170.00	\$12,280,000.00
3/1/2015		\$0.00	\$360,032.50	\$360,032.50	\$1,084,117.50		\$12,280,000.00
9/1/2015	5.200%	\$375,000.00	\$360,032.50	\$735,032.50		\$1,095,065.00	\$11,905,000.00
3/1/2016		\$0.00	\$350,282.50	\$350,282.50	\$1,085,315.00		\$11,905,000.00
9/1/2016	5.300%	\$395,000.00	\$350,282.50	\$745,282.50		\$1,095,565.00	\$11,510,000.00
3/1/2017		\$0.00	\$339,815.00	\$339,815.00	\$1,085,097.50		\$11,510,000.00
9/1/2017	5.400%	\$415,000.00	\$339,815.00	\$754,815.00		\$1,094,630.00	\$11,095,000.00
3/1/2018		\$0.00	\$328,610.00	\$328,610.00	\$1,083,425.00		\$11,095,000.00
9/1/2018	5.500%	\$440,000.00	\$328,610.00	\$768,610.00		\$1,097,220.00	\$10,655,000.00
3/1/2019		\$0.00	\$316,510.00	\$316,510.00	\$1,085,120.00		\$10,655,000.00
9/1/2019	5.550%	\$460,000.00	\$316,510.00	\$776,510.00		\$1,093,020.00	\$10,195,000.00
3/1/2020		\$0.00	\$303,745.00	\$303,745.00	\$1,080,255.00		\$10,195,000.00
9/1/2020	5.600%	\$490,000.00	\$303,745.00	\$793,745.00		\$1,097,490.00	\$9,705,000.00
3/1/2021		\$0.00	\$290,025.00	\$290,025.00	\$1,083,770.00		\$9,705,000.00
9/1/2021	5.900%	\$515,000.00	\$290,025.00	\$805,025.00		\$1,095,050.00	\$9,190,000.00
3/1/2022		\$0.00	\$274,832.50	\$274,832.50	\$1,079,857.50		\$9,190,000.00
9/1/2022	5.900%	\$545,000.00	\$274,832.50	\$819,832.50		\$1,094,665.00	\$8,645,000.00
3/1/2023		\$0.00	\$258,755.00	\$258,755.00	\$1,078,587.50		\$8,645,000.00
9/1/2023	5.900%	\$580,000.00	\$258,755.00	\$838,755.00		\$1,097,510.00	\$8,065,000.00
3/1/2024		\$0.00	\$241,645.00	\$241,645.00	\$1,080,400.00		\$8,065,000.00
9/1/2024	5.900%	\$610,000.00	\$241,645.00	\$851,645.00		\$1,093,290.00	\$7,455,000.00
3/1/2025		\$0.00	\$223,650.00	\$223,650.00	\$1,075,295.00		\$7,455,000.00
9/1/2025	6.000%	\$650,000.00	\$223,650.00	\$873,650.00		\$1,097,300.00	\$6,805,000.00
3/1/2026		\$0.00	\$204,150.00	\$204,150.00	\$1,077,800.00		\$6,805,000.00
9/1/2026	6.000%	\$685,000.00	\$204,150.00	\$889,150.00		\$1,093,300.00	\$6,120,000.00
3/1/2027		\$0.00	\$183,600.00	\$183,600.00	\$1,072,750.00		\$6,120,000.00
9/1/2027	6.000%	\$730,000.00	\$183,600.00	\$913,600.00		\$1,097,200.00	\$5,390,000.00
3/1/2028		\$0.00	\$161,700.00	\$161,700.00	\$1,075,300.00		\$5,390,000.00
9/1/2028	6.000%	\$770,000.00	\$161,700.00	\$931,700.00		\$1,093,400.00	\$4,620,000.00
3/1/2029		\$0.00	\$138,600.00	\$138,600.00	\$1,070,300.00		\$4,620,000.00
9/1/2029	6.000%	\$820,000.00	\$138,600.00	\$958,600.00		\$1,097,200.00	\$3,800,000.00
3/1/2030		\$0.00	\$114,000.00	\$114,000.00	\$1,072,600.00		\$3,800,000.00
9/1/2030	6.000%	\$870,000.00	\$114,000.00	\$984,000.00		\$1,098,000.00	\$2,930,000.00
3/1/2031		\$0.00	\$87,900.00	\$87,900.00	\$1,071,900.00		\$2,930,000.00
9/1/2031	6.000%	\$920,000.00	\$87,900.00	\$1,007,900.00		\$1,007,900.00	\$2,010,000.00
3/1/2032		\$0.00	\$60,300.00	\$60,300.00	\$1,068,200.00		\$2,010,000.00
9/1/2032	6.000%	\$975,000.00	\$60,300.00	\$1,035,300.00		\$1,035,300.00	\$1,035,000.00
3/1/2033		\$0.00	\$31,050.00	\$31,050.00	\$1,066,350.00		\$1,035,000.00
9/1/2033	6.000%	\$1,035,000.00	\$31,050.00	\$1,066,050.00		\$1,066,050.00	\$0.00
		\$0.00			\$1,066,050.00		
TOTALS		\$15,475,000.00	\$17,668,536.25	\$33,143,536.25	\$33,143,536.25	\$32,964,286.25	

APPENDIX D

GENERAL INFORMATION ABOUT THE CITY OF ROSEVILLE AND PLACER COUNTY

Financial and economic data for the City of Roseville are presented in this Appendix for information purposes only. The Bonds are not a debt or obligation of the City, but are a limited obligation secured solely by the funds held under the Indenture.

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 104,655 at January 1, 2006, is the largest city in Placer County, as well as the residential and industrial center of the County.

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

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

Municipal Government

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

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

Population

The following table shows population estimates for the City, the County and the State as of January 1 for the past five calendar years.

PLACER COUNTY Population Estimates 2003 through 2007

<u>Year</u>	<u>City of Roseville</u>	<u>Placer County</u>	<u>State of California</u>
2003	93,502	283,942	35,691,472
2004	98,558	297,033	36,245,016
2005	103,185	308,431	36,728,196
2006	104,655	316,508	37,172,015
2007	106,266	324,495	37,662,518

Source: California State Department of Finance.

Effective Buying Income

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

The following table summarizes the total effective buying income for Placer County, the State of California and the United States for the period 2001 through 2005.

Effective Buying Income Calendar Years 2001 through 2005

Year	Area	Total Effective Buying Income (000's Omitted)	Median Household Effective Buying Income
2001	Placer County	\$5,883,619	\$49,427
	California	650,521,407	43,532
	United States	5,303,481,498	38,365
2002	Placer County	\$6,352,855	\$50,350
	California	647,879,427	42,484
	United States	5,340,682,818	38,035
2003	Placer County	\$6,834,353	\$50,504
	California	674,721,020	42,924
	United States	5,466,80,008	38,201
2004	Placer County	\$7,318,021	\$51,455
	California	705,108,410	43,915
	United States	5,692,909,567	39,324
2005	Placer County	\$7,979,745	\$52,702
	California	720,798,106	44,681
	United States	5,894,663,750	40,529

Source: Sales & Marketing Management Survey of Buying Power for 2001 through 2004; Claritas Demographics for 2005.

Employment and Industry

The unemployment rate in the Sacramento-Arden Arcade-Roseville MSA (which includes Sacramento, Placer, Yolo and El Dorado Counties) was 4.9% in March 2007. This compares with an unadjusted unemployment rate of 5.1% for California and 4.4% for the nation during the same period. The unemployment rate was 5.0% in El Dorado County, 4.5% in Placer County, 4.9% in Sacramento County, and 5.9% in Yolo County.

The table below provides information about employment by industry type for the Sacramento MSA for calendar years 2002 through 2006.

SACRAMENTO-ARDEN ARCADE-ROSEVILLE MSA El Dorado, Placer, Sacramento, Yolo Counties Employment by Industry Annual Averages

	<u>2002</u>	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>
Civilian Labor Force ⁽¹⁾	964,400	989,800	1,004,200	1,020,000	1,039,800
Employment	911,500	933,500	950,100	971,900	991,300
Unemployment	52,900	56,300	54,100	48,100	48,500
Unemployment Rate	5.5%	5.7%	5.4%	4.7%	4.7%
Wage and Salary Employment ⁽²⁾					
Agriculture	7,900	7,500	7,400	7,400	7,600
Natural Resources and Mining	800	700	700	700	800
Construction	61,300	66,500	70,800	73,400	71,000
Manufacturing	47,000	46,300	47,300	48,800	49,200
Wholesale Trade	25,600	26,300	26,500	26,900	28,600
Retail Trade	92,700	94,900	96,700	98,700	100,600
Transportation, Warehousing and Utilities	22,400	21,900	22,900	23,400	23,900
Information	23,100	21,900	20,900	19,900	19,900
Finance and Insurance	41,300	44,800	45,400	47,000	48,400
Real Estate and Rental and Leasing	13,900	14,600	15,100	16,400	16,900
Professional and Business Services	96,100	95,800	98,400	102,800	106,300
Educational and Health Services	78,000	81,000	84,600	88,200	92,000
Leisure and Hospitality	75,200	77,300	79,900	82,100	85,700
Other Services	28,200	28,000	28,500	28,500	28,700
Federal Government	12,700	12,900	12,600	12,800	12,600
State Government	108,200	106,700	102,300	102,500	105,400
Local Government	<u>105,900</u>	<u>106,600</u>	<u>106,800</u>	<u>108,800</u>	<u>110,400</u>
Total, All Industries ⁽³⁾	840,100	853,500	866,400	888,300	908,000

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

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

⁽³⁾ Totals may not add due to rounding.

Source: State of California Employment Development Department.

Major Employers

The table below lists the top 10 major employers in the City as of 2006.

CITY OF ROSEVILLE Major Employers 2006

Business	No. of Employees	Product/Service
Hewlett-Packard	3,857	Technology
Kaiser Permanente	3,062	Health Care
Sutter Roseville Medical Center	1,922	Health Care
Union Pacific	1,328	Railroad
City of Roseville	1,233	Government
Roseville Joint Union High School District	975	Education
Roseville Elementary School District	840	Education
NEC Electronics	800	Technology
PRIDE Industries	800	Employment Service
Wal-Mart	690	Retail

Source: City of Roseville, Economic & Community Services Department.

The table below lists the largest employers in the County as of January 1, 2007.

PLACER COUNTY Major Employers January 1, 2007

Employer Name	Location	Industry
Adventist Health	Roseville	Health Services
Alpine Meadows Ski Area	Alpine Meadows	Skiing Centers & Resorts
Auburn Area Answering Svc	Auburn	Paging & Answering Service
Club Cruise Inc	Auburn	Travel Agencies & Bureaus
Coherent Inc	Auburn	Lasers-Medical-Manufacturers
Ford Authorized Sales/Service	Roseville	Automobile Dealers-New Cars
Formica Corp	Rocklin	Plastics-High Pressure Laminates (Mfrs)
Future Ford	Roseville	Automobile Dealers-New Cars
Hewlett-Packard	Roseville	Exporters
Home Depot	Roseville	Home Centers
J R Pierce Plbg Co Of Sacto	Rocklin	Plumbing Contractors
Kaiser Permanente Laser Vision	Roseville	Laser Vision Correction
Nec Electronics Usa Inc	Roseville	Semiconductors & Related Devices (Mfrs)
Oracle Corp	Rocklin	Computer Software
Placer County Sheriff	Auburn	Sheriff
Placer County Superintendent	Auburn	Schools
Public Works	Auburn	Grading Contractors
Resort At Squaw Creek	Olympic Valley	Spas-Beauty & Day
Roseville Toyota Scion	Roseville	Automobile Dealers-New Cars
Sierra Community College Dist	Rocklin	Schools-Universities & Colleges Academic
Sierra Wes Drywall Inc	Loomis	Dry Wall Contractors
Sutter Auburn Faith Hospital	Auburn	Hospitals
Sutter Roseville Medical Ctr	Roseville	Hospitals
Thunder Valley Casino	Lincoln	Casinos
Wal-Mart	Roseville	Department Stores

Source: State of California Employment Development Department.

Construction Activity

The following table shows a five-year summary of the valuation of building permits issued in the County.

PLACER COUNTY Building Permit Valuation (Valuation in Thousands of Dollars)

	<u>2002</u>	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>
<u>Permit Valuation</u>					
New Single-family	\$1,124,222.7	\$1,037,441.2	\$1,128,674.4	\$1,160,684.7	\$645,610.6
New Multi-family	141,165.7	51,983.3	14,777.9	47,179.2	55,306.1
Res. Alterations/Additions	<u>45,294.0</u>	<u>46,182.9</u>	<u>72,624.7</u>	<u>75,000.4</u>	<u>77,853.3</u>
Total Residential	1,310,682.4	1,135,607.5	1,216,077.0	1,282,864.2	778,769.9
New Commercial	136,904.0	104,946.5	148,943.1	134,966.4	97,471.3
New Industrial	3,858.0	9,213.6	13,600.2	6,870.8	6,006.6
New Other	57,145.6	61,638.8	74,011.4	112,453.9	45,677.9
Com. Alterations/Additions	<u>57,145.7</u>	<u>80,503.9</u>	<u>94,818.0</u>	<u>115,465.6</u>	<u>67,486.3</u>
Total Nonresidential	\$255,053.3	\$256,302.9	\$331,372.8	\$369,756.7	\$216,642.1
<u>New Dwelling Units</u>					
Single Family	5,441	4,670	4,743	4,858	2,557
Multiple Family	<u>1,747</u>	<u>584</u>	<u>151</u>	<u>436</u>	<u>648</u>
TOTAL	7,188	5,254	4,894	5,294	3,205

Source: Construction Industry Research Board, Building Permit Summary.

The following table shows residential and non-residential building permits issued, for calendar years 2002 through 2006.

CITY OF ROSEVILLE Building Permit Valuation (Valuation in Thousands of Dollars)

	<u>2002</u>	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>
<u>Permit Valuation</u>					
New Single-family	\$526,365.7	\$384,045.3	\$251,956.9	\$174,522.4	\$161,553.8
New Multi-family	78,999.5	42,747.2	7,863.7	17,304.5	3,755.1
Res. Alterations/Additions	<u>2,649.5</u>	<u>2,374.4</u>	<u>3,781.0</u>	<u>3,043.1</u>	<u>4,331.2</u>
Total Residential	608,014.8	429,166.9	263,601.6	194,870.0	169,640.1
New Commercial	105,953.3	91,323.3	88,982.1	69,756.3	97,471.3
New Industrial	2,922.5	3,883.9	13,600.2	5,975.0	6,006.6
New Other	22,969.7	23,697.7	25,404.3	23,301.6	45,677.9
Com. Alterations/Additions	<u>34,272.8</u>	<u>37,062.9</u>	<u>43,987.8</u>	<u>52,473.8</u>	<u>67,486.3</u>
Total Nonresidential	\$166,118.3	\$155,967.7	\$171,974.3	\$151,506.7	\$216,642.1
<u>New Dwelling Units</u>					
Single Family	2,300	1,467	1,015	826	752
Multiple Family	<u>914</u>	<u>474</u>	<u>93</u>	<u>165</u>	<u>48</u>
TOTAL	3,214	1,941	1,108	991	800

Source: Construction Industry Research Board, Building Permit Summary.

Residential Development. According to the City's *Comprehensive Annual Financial Report, Fiscal Year Ended June 30, 2006*, economic growth is strong despite recent slowdowns in the housing market. New home building permits are up in early 2007 over the same time period last year.

Commercial and Industrial Development. The City added nearly 354,000 square feet of commercial space and over 1.3 million square feet of office space in Fiscal Year 2006. 297,000 square feet of new industrial space was also added during the same time period.

The City's health care sector showed continued growth. Major expansions of both Kaiser and Sutter Hospitals are almost complete.

Commercial Activity

During the first quarter of calendar year 2006, reported total taxable sales in the City were reported to be \$939,703,000 a 7.7% increase over total taxable transactions of \$872,331,000 that were reported during the first quarter of calendar year 2005. A summary of taxable transactions in the City is shown below. Annual figures for 2006 are not yet available.

**CITY OF ROSEVILLE
Taxable Transactions
Calendar Years 2001 through 2005
(Dollars in Thousands)**

	<u>2001</u>	<u>2002</u>	<u>2003</u>	<u>2004</u>	<u>2005</u>
Apparel stores	\$110,463	\$118,936	\$128,694	\$158,633	\$167,693
General merchandise stores	370,924	418,267	467,494	561,058	599,179
Food stores	66,469	75,978	93,286	95,389	101,410
Eating and drinking places	177,347	195,011	214,558	235,917	258,486
Home furnishing and appliances.	82,000	96,700	108,737	136,822	135,036
Building material and farm implements	174,920	217,298	251,148	288,940	293,684
Auto dealers and auto supplies	938,034	1,026,213	1,125,482	1,201,552	1,281,810
Service stations	90,944	89,200	114,336	130,953	152,008
Other retail stores	<u>341,119</u>	<u>376,465</u>	<u>412,610</u>	<u>446,106</u>	<u>495,145</u>
Retail Stores Totals	2,352,220	2,614,068	2,916,345	3,255,370	3,484,451
All Other Outlets	<u>404,367</u>	<u>374,189</u>	<u>372,114</u>	<u>405,061</u>	<u>413,408</u>
TOTAL ALL OUTLETS	\$2,756,587	\$2,988,257	\$3,288,459	\$3,660,431	\$3,897,859
TOTAL NUMBER OF PERMITS	2,967	3,348	3,909	4,307	4,442

Source: California State Board of Equalization.

Total taxable transactions reported in the County during the first quarter of calendar year 2006 were reported to be to \$1,705,682,000, a 7.4% increase over the total taxable transactions of \$1,588,538,000 that were reported during the first quarter of calendar year 2005. A summary of historic taxable sales within the County during the past five years for which data is available is shown in the following table. Annual figures for 2006 are not yet available.

**PLACER COUNTY
Taxable Transactions
Calendar Years 2001 through 2005
(Dollars in Thousands)**

	Retail Stores		Total All Outlets	
	Number of Permits	Taxable Transactions	Number of Permits	Taxable Transactions
2001	3,385	\$3,793,236	8,885	\$5,201,929
2002	3,861	4,161,204	9,559	5,549,881
2003	4,389	4,539,346	10,543	5,973,818
2004	4,841	5,024,153	11,184	6,595,566
2005	5,055	5,539,337	11,488	7,232,568

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

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APPENDIX E

FORM OF BOND COUNSEL OPINION

May 17, 2007

Roseville Finance Authority
311 Vernon Street
Roseville, California 95678

OPINION: \$44,075,000 Roseville Finance Authority Special Tax
Revenue Refunding Bonds, 2007 Series A (Senior Lien Bonds)

\$10,350,000 Roseville Finance Authority Special Tax
Revenue Refunding Bonds, 2007 Series B (Junior Lien Bonds)

Members of the Authority:

We have acted as bond counsel to the Roseville Finance Authority (the "Authority") in connection with the delivery by the Authority of the above-referenced bonds (the "Bonds"), issued pursuant to the provisions of the Marks-Roos Local Bond Pooling Act of 1985, constituting Article 4 (commencing with Section 6584) of Chapter 5, Division 7, Title 1 of the Government Code of the State of California (the "Bond Law"), and pursuant to an Indenture of Trust dated as of May 1, 2007 (the "Indenture"), by and between the Authority and The Bank of New York Trust Company, N.A., as trustee. We have examined the Bond Law, an executed copy of the Indenture 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 Authority contained in the Indenture and in the certified proceedings and other certifications of public officials furnished to us, without undertaking to verify the same by independent investigation.

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

1. The Authority is a public agency duly organized and existing under the laws of the State of California, with power to enter into the Indenture, to perform the agreements on its part contained therein and to issue the Bonds.

2. The Bonds have been duly authorized, executed and delivered by the Authority and are legal, valid and binding obligations of the Authority, payable solely from the sources provided therefor in the Indenture.

3. The Indenture has been duly approved by the Authority and constitutes a legal, valid and binding obligation of the Authority enforceable against the Authority in accordance with its terms.

4. Pursuant to the Bond Law, the Indenture establishes a valid lien on and pledge of the Revenues and the Subordinated Revenues (as such terms are defined in the Indenture) for the security of the Bonds.

5. 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 opinions set forth in the preceding sentence are subject to the condition that the Authority and the City of Roseville 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 interest thereon be, or continue to be, excluded from gross income for federal income tax purposes. The Authority and the City have 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. 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 Indenture 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 accordance with principles of equity or otherwise in appropriate cases.

Respectfully submitted,

Jones Hall,
A Professional Law Corporation

APPENDIX F

FORM OF CONTINUING DISCLOSURE CERTIFICATE

ROSEVILLE FINANCE AUTHORITY

\$44,075,000
SPECIAL TAX REVENUE
REFUNDING BONDS
2007 SERIES A
(SENIOR LIEN BONDS)
(Insured)

\$10,350,000
SPECIAL TAX REVENUE
REFUNDING BONDS
2007 SERIES B
(JUNIOR LIEN BONDS)
(Uninsured)

CONTINUING DISCLOSURE CERTIFICATE

This Continuing Disclosure Certificate (the "Disclosure Certificate") is executed and delivered by the City of Roseville, for and on behalf of itself and the Roseville Finance Authority (the "**Authority**"), in connection with the issuance by the Authority of its \$44,075,000 Special Tax Revenue Refunding Bonds, 2007 Series A (the "**Series A Bonds**") and its \$10,350,000 Special Tax Revenue Refunding Bonds, 2007 Series B (the "**Series B Bonds**," and together with the Series A Bonds, the "**Bonds**"). The Bonds are generally secured by revenues derived from debt service payments made on the City's \$2,025,000 City of Roseville Stoneridge Parcel 1 Community Facilities District Special Tax Bonds, Series 2007 (the "**Stoneridge Parcel 1 CFD Bonds**"), \$13,530,000 City of Roseville Stoneridge West Community Facilities District No. 1 Special Tax Bonds, Series 2007 (the "**Stoneridge West CFD Bonds**"), \$17,285,000 City of Roseville Stoneridge East Community Facilities District No. 1 Special Tax Bonds, Series 2007 (the "**Stoneridge East CFD Bonds**" and its \$20,435,000 City of Roseville Crocker Ranch Community Facilities District No. 1 Special Tax Bonds, Series 2007 (the "**Crocker Ranch CFD Bonds**", (collectively, the "**CFD Bonds**"). The Bonds are being issued pursuant to an Indenture of Trust, dated as of May 1, 2007 (the "**Indenture**"), by and between the Authority and The Bank of New York Trust Company, N.A., as trustee (the "**Trustee**"). The CFD Bonds are being issued pursuant to two separate Bond Indentures, both dated as of May 1, 2007, by and between the City and the Trustee (the "**CFD Indentures**"). The City, on behalf of itself and the Authority, hereby covenants and agrees 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 Certificate unless otherwise defined in this Section, the following capitalized terms shall have the following meanings:

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

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

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

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

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

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

"Official Statement" means the Official Statement, dated May 17, 2007, relating to the Bonds.

"Participating Underwriter" shall mean any of the original underwriter 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, 2007 (for the report due January 15, 2008), provide to each Repository an Annual Report which is consistent with the requirements of Section 3 of this Disclosure Agreement. The Annual Report may be submitted as a single document or as separate documents comprising a package, and may include by reference other information as provided in Section 3 of this Disclosure Agreement. Not later than fifteen (15) Business Days prior to said date, the City shall provide the Annual Report to the Dissemination Agent. The City shall provide an Officer's Certificate with each Annual Report furnished to the Dissemination Agent to the effect that such Annual Report constitutes the Annual Report required to be furnished by the City hereunder. The Dissemination Agent may conclusively rely upon such Officer's Certificate of the City.

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

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

(d) With respect to the Annual Report, the Dissemination Agent shall:

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

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

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

(a) The audited financial statements of the City and the Authority, together with the following statement:

THE CITY'S AND THE AUTHORITY'S ANNUAL FINANCIAL STATEMENTS ARE PROVIDED SOLELY TO COMPLY WITH THE SECURITIES EXCHANGE COMMISSION STAFF'S INTERPRETATION OF RULE 15C2-12. NO FUNDS OR ASSETS OF THE CITY OR THE AUTHORITY OTHER THAN THOSE PLEDGED UNDER THE INDENTURE ARE REQUIRED TO BE USED TO PAY DEBT SERVICE ON THE BONDS, AND NEITHER THE CITY NOR THE AUTHORITY ARE OBLIGATED TO ADVANCE AVAILABLE FUNDS FROM ANY SOURCE TO COVER ANY DELINQUENCIES. INVESTORS SHOULD NOT RELY ON THE FINANCIAL CONDITION OF THE CITY OR THE AUTHORITY IN EVALUATING WHETHER TO BUY, HOLD OR SELL THE BONDS.

The audited financial statements shall be 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 such audited financial statements are not available by the time the Annual Report is required to be filed pursuant to Section 3(a), the Annual Report shall contain unaudited financial statements in a format similar to the financial statements contained in the final Official Statement, and the audited financial statements shall be filed in the same manner as the Annual Report when they become available.

(b) Additional Items relating to the Authority and the CFDs on a combined basis.

1. Principal amount of Bonds outstanding.
2. Balance in debt service reserve fund, and statement of the reserve fund requirement. Statement of projected reserve fund draw, if any.
3. Balance in other funds and accounts held by Issuer or fiscal agent related to the Bonds.

4. The Special Tax levy, the delinquency rate, total amount of delinquencies, number of parcels delinquent in payment for the five most recent fiscal years for each Community Facilities District related to the CFD Bonds.

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

6. 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).

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

SECTION 4. Reporting of Significant Events.

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

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

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

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

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

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

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

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

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

SECTION 8. Additional Information. Nothing in this Disclosure Agreement shall be deemed to prevent the City from disseminating any other information, using the means of dissemination set forth in this Disclosure Agreement or any other means of communication, or including any other information in any Annual Report or notice of occurrence of a Listed Event, in addition to that which is required by this Disclosure Agreement. If the City chooses to include

any information in any Annual Report or notice of occurrence of a Listed Event, in addition to that which is specifically required by this Disclosure Agreement, the City shall have no obligation under this Agreement to update such information or include it in any future Annual Report or notice of occurrence of a Listed Event.

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

SECTION 10. Notices. Any notices or communications to or among any of the parties to this Disclosure Agreement may be given as follows:

To the City:	City of Roseville 311 Vernon Street Roseville, California 95678 Attn: CFD Administrator
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To the Dissemination Agent:	MuniFinancial 27368 Via Industria, Suite 110 Temecula, California 92590
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Any person may, by written notice to the other persons listed above, designate a different address or telephone number(s) to which subsequent notices or communications should be sent.

SECTION 11. Beneficiaries. This Disclosure Agreement shall inure solely to the benefit of the City, the Dissemination Agent, the Participating Underwriter and Holders and Beneficial Owners from time to time of the Bonds, and shall create no rights in any other person or entity.

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

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

CITY OF ROSEVILLE, for and on behalf of
itself and the ROSEVILLE FINANCE
AUTHORITY

By: _____

AGREED AND ACCEPTED:

_____,
as Dissemination Agent

By: _____

Title: _____

EXHIBIT A

NOTICE OF FAILURE TO FILE ANNUAL REPORT

Name of Issuer: ROSEVILLE FINANCE AUTHORITY

Name of Bond Issues:

\$44,075,000
SPECIAL TAX REVENUE
REFUNDING BONDS
2007 SERIES A (SENIOR LIEN BONDS)
(Insured)

\$10,350,000
SPECIAL TAX REVENUE
REFUNDING BONDS
2007 SERIES B (JUNIOR LIEN BONDS)
(Uninsured)

Date of Issuance: May 17, 2007

NOTICE IS HEREBY GIVEN that the City, on behalf of itself and the Roseville Finance Authority, has not provided an Annual Report with respect to the above-named Bonds as required by the Indentures of Trust dated as of May 1, 2007 between the City and The Bank of New York Trust Company, N.A. The City anticipates that the Annual Report will be filed by

_____.

Dated: _____

CITY OF ROSEVILLE, for and on behalf of
itself and the ROSEVILLE FINANCE
AUTHORITY

By _____

cc: Dissemination Agent

APPENDIX G

DTC AND THE BOOK-ENTRY-ONLY SYSTEM

The following description of the Depository Trust Company (“DTC”), the procedures and record keeping with respect to beneficial ownership interests in the Bonds, payment of principal, interest and other payments on the Bonds to DTC Participants or Beneficial Owners, confirmation and transfer of beneficial ownership interest in the 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.

Neither the issuer of the Bonds (the “Issuer”) nor the trustee, fiscal agent or paying agent appointed with respect to the Bonds (the “Agent”) take any responsibility for the information contained in this Appendix.

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

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

2. DTC, the world’s largest depository, is a limited-purpose trust company organized under the New York Banking Law, a “banking organization” within the meaning of the New York Banking Law, a member of the Federal Reserve System, a “clearing corporation” within the meaning of the New York Uniform Commercial Code, and a “clearing agency” registered pursuant to the provisions of Section 17A of the Securities Exchange Act of 1934. DTC holds and provides asset servicing for over 2.2 million issues of U.S. and non-U.S. equity, corporate and municipal debt issues, and money market instrument from over 100 countries that DTC’s participants (“Direct Participants”) deposit with DTC. DTC also facilitates the post-trade settlement among Direct Participants of sales and other securities transactions in deposited securities through electronic computerized book-entry transfers and pledges between Direct Participants’ accounts. This eliminates the need for physical movement of securities certificates. Direct Participants include both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, clearing corporations, and certain other organizations. DTC is a wholly-owned

subsidiary of The Depository Trust & Clearing Corporation (“DTCC”). DTCC, in turn, is owned by a number of Direct Participants of DTC and Members of the National Securities Clearing Corporation, Fixed Income Clearing Corporation, and Emerging Markets Clearing Corporation (NSCC, FICC, and EMCC, also subsidiaries of DTCC), as well as by the New York Stock Exchange, Inc., the American Stock Exchange LLC, and the National Association of Securities Dealers, Inc. Access to the DTC system is also available to others such as both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, and clearing corporations that clear through or maintain a custodial relationship with a Direct Participant, either directly or indirectly (“Indirect Participants”). DTC has Standard & Poor’s highest rating: AAA. The DTC Rules applicable to its Participants are on file with the Securities and Exchange Commission. More information about DTC can be found at www.dtcc.com and www.dtc.org.

3. Purchases of 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. Beneficial Owners are, however, expected to receive written confirmations providing details of the transaction, as well as periodic statements of their holdings, from the Direct or Indirect Participant through which the Beneficial Owner entered into the transaction. Transfers of ownership interests in the Bonds are to be accomplished by entries made on the books of Direct and Indirect Participants acting on behalf of Beneficial Owners. Beneficial Owners will not receive certificates representing their ownership interests in Bonds, except in the event that use of the book-entry system for the Bonds is discontinued.

4. To facilitate subsequent transfers, all Bonds deposited by Direct Participants with DTC are registered in the name of DTC’s partnership nominee, Cede & Co. or such other name as may be requested by an authorized representative of DTC. The deposit of Bonds with DTC and their registration in the name of Cede & Co. or such other nominee do not effect any 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 Bonds are credited, which may or may not be the Beneficial Owners. The Direct and Indirect Participants will remain responsible for keeping account of their holdings on behalf of their customers.

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

6. Redemption notices shall be sent to DTC. 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.

7. Neither DTC nor Cede & Co. (nor such other DTC nominee) will consent or vote with respect to the Bonds unless authorized by a Direct Participant in accordance with DTC’s Procedures. Under its usual procedures, DTC mails an Omnibus Proxy to Issuer as soon as

possible after the record date. The Omnibus Proxy assigns Cede & Co.'s consenting or voting rights to those Direct Participants to whose accounts the Bonds are credited on the record date (identified in a listing attached to the Omnibus Proxy).

8. Redemption proceeds, distributions, and interest payments on the Bonds will be made to Cede & Co., or such other nominee as may be requested by an authorized representative of DTC. DTC's practice is to credit Direct Participants' accounts, upon DTC's receipt of funds and corresponding detail information from Issuer or Agent on payable date in accordance with their respective holdings shown on DTC's records. Payments by Participants to Beneficial Owners will be governed by standing instructions and customary practices, as is the case with securities held for the accounts of customers in bearer form or registered in "street name," and will be the responsibility of such Participant and not of DTC nor its nominee, Agent, or Issuer, subject to any statutory or regulatory requirements as may be in effect from time to time. Payment of redemption proceeds, distributions, and dividend payments to Cede & Co. (or such other nominee as may be requested by an authorized representative of DTC) is the responsibility of Issuer or Agent, disbursement of such payments to Direct Participants will be the responsibility of DTC, and disbursement of such payments to the Beneficial Owners will be the responsibility of Direct and Indirect Participants.

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

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

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

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APPENDIX H
SPECIMEN FINANCIAL GUARANTY INSURANCE POLICY

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Financial Guaranty Insurance Policy

Obligor:

Policy Number:

Obligations:

Premium:

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

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

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

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

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

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

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



President



Secretary

Effective Date:

Authorized Representative

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



Authorized Officer of Insurance Trustee

Endorsement

Policy for:

Attached to and forming part of Policy No.:

Effective Date of Endorsement:

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

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

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

Ambac Assurance Corporation



President



Secretary

Authorized Representative