

**FUNDING, CONSTRUCTION AND ACQUISITION AGREEMENT
VILLAGES AT SIERRA VISTA COMMUNITY FACILITIES DISTRICT NO. 1
(Public Facilities)**

This Funding, Construction and Acquisition Agreement ("**Agreement**") is entered into as of the 16th day of January, 2019, by and between the **CITY OF ROSEVILLE**, a California charter city and municipal corporation (the "**City**"), and **JOHN MOURIER CONSTRUCTION, INC.** or its affiliated assignee ("**Owner**").

Recitals

A. On May 2, 2018, the City Council of the City adopted Resolution No. 18-119 entitled "RESOLUTION OF THE CITY COUNCIL OF THE CITY OF ROSEVILLE TO FORM VILLAGES AT SIERRA VISTA COMMUNITY FACILITIES DISTRICT NO. 1 (PUBLIC FACILITIES)" with respect to Villages at Sierra Vista Community Facilities District No. 1 (Public Facilities) (the "**District**") of the City pursuant to the Mello-Roos Community Facilities Act of 1982, as amended, Chapter 2.5 of Part 1 of Division 2 of Title 5, commencing with Section 53311, of the California Government Code (the "**Act**") and subsequently authorized the issuance of bonds to finance District authorized improvements for Phase 1 development within the District; and

B. Owner owns or controls all the real property in the District, which consists of approximately 682 acres within the corporate limits of the City in the "Sierra Vista Roseville Specific Plan" (the "**Specific Plan**") area, and shown on the map recorded in the Placer County Recorder's Office on March 26, 2018 in Book 3 at Page 77, as Document No. 2018-0019977 of Maps of Assessment and Community Facilities Districts (the "**Property**"). The Specific Plan sets forth a comprehensive land use plan and establishes detailed regulations, conditions and programs for development of the Property.

C. Owner proposes to make improvements to the Property (the development of the Property is defined herein as the "**Project**") as required by the Project Approvals (as defined below).

D. In 2010, the City Council of the City adopted an Ordinance approving a development agreement between the City and Mourier Investments, LLC pursuant to the provisions of Article 2.5 (commencing with Section 65864) of Chapter 4 of Division 1 of Title 7 of the California Government Code with respect to the permitted uses of the Property, and said agreement has been entered into and is dated May 19, 2010 (the "**Development Agreement**"). The Specific Plan, Development Agreement, including conditions of approval, and other existing and subsequent approvals granted by City and agreements between the Owner and the City in implementation of the Project, as the same may be amended from time to time, including amendments thereto, are herein collectively referred to as the "**Project Approvals**."

E. Section 53313.5 of the California Government Code provides that a community facilities district may finance the purchase of public facilities completed after the adoption of the resolution of formation establishing the community facilities district if the facilities have been

constructed as if they had been constructed under the direction and supervision, or under the authority of, the local agency whose governing body is conducting proceedings for the establishment of the District.

F. The purpose of this Agreement is to agree upon and implement the terms of Section 3.17 of the Development Agreement regarding the use of District funds to provide for the acquisition of public facilities authorized to be financed by the District, the issuance and sale of the bonds for the District to finance the design and acquisition of such public facilities and expenses incidental thereto and to provide the terms of any reimbursement to the Owner.

AGREEMENTS

NOW, THEREFORE, in consideration of the preceding recitals and the mutual covenants hereinafter contained, the parties agree as follows:

1. Establishment of District. The City has conducted proceedings pursuant to the Act for the establishment of the District. Such proceedings included but are not limited to, elections pursuant to Sections 53326 and 53327 of the California Government Code on (i) the question of the issuance of bonds for the District to finance the construction or acquisition of the aforementioned public facilities, (ii) the issue of annual levy of special taxes on all taxable property within the District to finance the facilities authorized for the District according to a methodology approved by the City in the Rate and Method of Apportionment and Manner of Collection of Special Tax (the "RMA") for the District in Resolution No. 19- 27 adopted January 16, 2019 (amending a previously approved Rate and Method of Apportionment), including payment of bonds of the District, payment of certain impact fees for facilities and for annual administrative expenses of the City and the District in levying and collecting such special taxes, paying the principal and interest on such bonds and providing for the registration, exchange and transfer of such bonds, costs of issuance, including the fees of fiscal agents and paying agents, and any necessary replenishment for the reserve fund for such bonds, accumulation of funds for future bond payments, and (iii) the question of the establishment of an appropriations limit for the District. Owner shall cooperate with City in its conduct of the proceedings for the administration of the District.

Pursuant to Resolution No. 18-120 adopted on May 2, 2018 by the City Council, the City authorized the issuance of bonds payable from Special Taxes levied on property within the District according to the RMA in a total authorized amount not to exceed \$310,000,000. Bonds for the District are expected to be issued pursuant to two financing programs contemplated under the Development Agreement:

(i) first, being an initial one or more series of bonds to finance a portion of the authorized facilities needed for development of land in the District, other than the "**Development Impact Fee Deferral**" (as defined in the RMA); and

(ii) second, being one or more series of bonds to finance the Development Impact Fee Deferral.

Bonds issued to finance other than the Development Impact Fee Deferral are bonds issued during the "**Initial Bonding Period**" (as defined in the RMA). Bonds issued to finance the Development Impact Fee Deferral are bonds issued during the "**Deferral Bonding Period**" (as defined in the RMA). Multiple series of bonds are currently contemplated during the Initial Bonding Period; this Agreement is applicable to proceeds from bonds issued only during the

Initial Bonding Period and such bonds are herein referred to as the "**Bonds.**" The issuance and sale of Bonds, the aggregate principal amount thereof, and the timing, terms and conditions upon which Bonds shall be sold shall be reasonably determined by the City in consultation with the Owner and as provided herein.

2. Sale of Bonds. The City shall proceed, as hereinafter provided, with the sale of Bonds for the District in an aggregate amount to be determined by the City for the primary purpose of generating money to pay for and reimburse Owner for costs of a portion of the planning, design, construction and acquisition of a portion of the public facilities authorized to be financed by the District, other than the Development Impact Fee Deferral (the "**Public Facilities**"). Such Public Facilities are limited to those listed as authorized public facilities as described in Resolution No. 19- 27 adopted on January 16, 2019 (amending a previously approved List of Facilities to add certain services) by the City Council of the City shown in Exhibit A hereto.

Pursuant to the terms of the Development Agreement, bonds (the "**Deferral Bonds**") are contemplated to be issued for the purpose of financing deferred fees at or beyond a point in time 30 years from the initial issuance of a series of Bonds, all as described in Section 3.17 of the Development Agreement, which bonds may be issued at the sole discretion of the City and will not generate proceeds to be used to reimburse Owner for costs of Public Facilities as contemplated by this Agreement.

In determining the principal amount of each series of Bonds the following shall apply:

(i) the aggregate principal amount of Bonds shall not exceed an aggregate amount, as determined by the City, which results in a remaining amount of bond authorization for the District after issuance of all series of Bonds, determined by the City in its sole discretion to be sufficient to finance the Development Impact Fee Deferral; and

(ii) each series of Bonds shall be structured in a manner which establishes aggregate annual debt service on all Bonds which will be outstanding following the issuance of such series of Bonds to be at a level in which no Special Tax from any Developed Parcel, at a point in time beyond 30 years from the date of the first levy of Special Tax on such Developed Parcel as a Developed Parcel, would be needed to pay scheduled debt service on any series of Bonds in any year (however, Special Taxes from such parcel would remain subject to the pledge for payment of Bonds until all Bonds are retired).

3. Tax Requirements. The City shall take all actions which, in the opinion of City's bond counsel, are necessary to conform to certain requirements of the Internal Revenue Code and regulations thereto in order to avoid classification of the Bonds as "arbitrage bonds" or the loss of tax exemption for the Bonds for any other reason.

4. Amounts to be Included in Bonds. The aggregate principal amount of the Bonds shall be determined by the City in consultation with the Owner and shall include an amount approved by the City to equitably reimburse Owner in accordance with this Agreement for costs and expenses incurred by it which are related to the design and construction of the Public Facilities. Reimbursement may also include certain indirect costs of the Owner related to establishment of the District and the design and construction of the Public Facilities; provided that the City shall determine the amount to be so reimbursed on the basis of detailed itemizations of costs provided by Owner and the decision of the City shall be final. In no event shall Owner be reimbursed from Bond proceeds for (i) in-house administrative overhead

(except that Owner shall be entitled to payment equal to four percent (4%) of actual construction costs as and for project and construction management services), (ii) interest expense incurred by Owner on moneys advanced during the proceedings for formation of the District and issuance of Bonds, and during construction of the Public Facilities; and (iii) any other costs and expenses incurred by Owner which are not authorized by the Act.

The aggregate principal amount of the Bonds shall also include an amount needed to fund a reserve fund for the payment of principal of and interest on the Bonds as is determined by the City to be necessary and appropriate, capitalized interest on the Bonds, if requested by the Owner, for such period as the City shall determine is appropriate, the amount of the discount of the underwriter who purchases the Bonds, and other expenses incurred by the City in connection with the issuance and sale of the Bonds, including bond counsel fees, legal fees, fees of the bank which will act as transfer agent, registrar and paying or fiscal agent for the Bonds, other fees and costs normally incidental to the sale of Bonds, and such other fees and costs enumerated in Section 53345.3 of the California Government Code as the City determines are necessary and appropriate.

Bonds shall not be issued in an aggregate amount which would preclude 30-year bond financing through issuance of the Deferral Bonds as contemplated by provisions of Section 3.17.1.2 of the Development Agreement, as amended from time to time. Deferral Bonds, if issued, shall be issued at the discretion of the City and no proceeds thereof shall be used for reimbursement to the Owner in accordance with this Agreement.

5. Design; Reimbursements. Public Facilities to be acquired by the City shall be designed in conformance with all applicable City standards, requirements and the Development Agreement. Upon completion of the design of each such Public Facility to the satisfaction of the City and when Owner has paid to the City all applicable plan checking and other fees, the City shall notify Owner that the design of the Public Facility is completed and acceptable to the City. It shall be the responsibility of Owner, not the City, to determine the requirements for design and construction of Public Facilities to be acquired by or dedicated to other public agencies, and City's acceptance of Owner's design shall not relieve Owner of this responsibility.

Owner shall be reimbursed out of the proceeds of the sale of the Bonds for Owner's expenses incurred in designing those Public Facilities set forth in Exhibit A, hereto, including all applicable plan checking and other fees paid by Owner as provided above in this Section, subject to the City's determination of the amount to be so reimbursed pursuant to the terms hereof, and subject to the limitation that reimbursement in all cases is to be made from available bond proceeds of the District and from no other source. Pursuant to Section 3.5.2 of the Development Agreement, reimbursement for the cost of construction of all arterial roadways and underground facilities below such roadways, including design and plan check services, shall be made via progress payments, based on invoices for actual work constructed, for stages of the arterial roadway improvements as described in Section 3.5.2 of the Development Agreement that have been signed off by City inspectors, and, for all other Public Facilities, in one or more lump sum payments only after City has received and approved all invoices for such services associated with any particular Public Facility.

Notwithstanding the preceding provisions of this Section, if the City determines that Owner is not proceeding with the design of the Public Facilities on a reasonable schedule which will enable the City to ensure that construction of all of the Public Facilities can be

completed within the time specified in Section 6 hereof, the City may take over the design of the Public Facilities by giving Owner written notice thereof. Upon receipt of such a notice, Owner shall surrender to the City all plans and specifications which have then been completed or which are in progress.

If the City takes over the design of the Public Facilities as provided above, the City shall reimburse Owner from the proceeds of the sale of the Bonds a reasonable amount, as determined by the City, for the expenses incurred by Owner in connection with the design of the Public Facilities to the extent such expenses have not previously been reimbursed. The City's obligation to reimburse is only from and to the extent of funds remaining, after payment for the Public Facilities, to do so.

6. Construction for Acquisition. The City shall only be required to acquire from Owner those Public Facilities which will ultimately be owned by the City. Owner shall proceed with the construction of the Public Facilities in accordance with the approved plans and specifications (either prior to or following the formation and confirmation of the authority of the District).

For construction of Public Facilities under this Section, the Owner shall comply with all of the following requirements to ensure that the Public Facilities will be constructed as if they had been constructed under the direction and supervision, or under the authority of the City:

The plans and specifications, the bidding and contract award procedures, and the bidding and contract documents shall be approved by the City Engineer for conformance with City policy.

Based on qualifications submitted by the contractors, the Owner, in consultation with the City Engineer, shall select a list of qualified bidders or publicly advertise for bid for each element of work. If the Owner determines that the nature of a particular element of the construction does not require a pre-qualified bid list, the Owner may allow a particular element of the work to be publicly bid without a pre-qualified bid list.

(a) Owner shall receive and open bids, and report the results to the City Engineer. Any value engineering proposals shall be submitted to the City Engineer for approval. The City Engineer may, after consulting with Owner, require changes to the work. Owner shall promptly order such changes. The City Engineer shall be consulted with respect to any proposed change to the originally-approved design. The contract or contracts for the construction of the Public Facilities shall be awarded to the responsible bidder(s) submitting the lowest responsible bid(s) for the construction of the Public Facilities, as determined by the Owner.

(b) Owner is required, and the specifications and bid and contract documents shall require all contractors and subcontractors, to pay prevailing wages and to otherwise comply with applicable provisions of the California Labor Code, Government Code and Public Contract Code relating to public works projects of cities and as required by the procedures and standards of the City with respect to the construction of its public works projects.

(c) All contractors and subcontractors shall be required to provide proof of insurance coverage throughout the term of the construction of the Public Facilities which they will construct in conformance with the City's standard procedures and requirements.

Owner shall cause the Public Facilities to be constructed in an expeditious manner so that construction of all such Public Facilities shall be completed by such date as may be required by the Development Agreement or upon which the City and Owner may agree; provided, however, that the construction of the Public Facilities shall proceed and be completed so that the proceeds of each series of Bonds are expended for the construction or acquisition of the Public Facilities within three (3) years from the date of their issuance.

7. Payment; Cost Overruns; Shortfalls. The City and Owner agree that it is in their mutual best interest for Owner to construct the Public Facilities from Owner contributions in accordance with the Development Agreement with the understanding that the Public Facilities shall be dedicated to the City and the City shall reimburse the cost of the Public Facilities constructed by Owner to the extent moneys are available from proceeds of the sale of the Bonds and from special tax revenues sufficient to pay Gap Shortfall amounts as set forth in Section 15 hereof, if and to the extent available, and as otherwise determined by City. All portions of the cost of Public Facilities not reimbursed to Owner from proceeds of the Bonds or from special tax revenues, shall nonetheless be constructed by the Owner and dedicated to the City, as required by the Project Approvals, and the City shall have no liability to Owner for payment of any shortfall between the Owner's cost of Public Facilities and District moneys available (or to become available from the proceeds of excess special taxes as provided in Section 15 hereof) at the time of acquisition. All cost overruns in the construction of the Public Facilities shall be the responsibility of the Owner, except that those cost overruns due to unforeseeable construction conditions encountered in the field for which a City-approved change order has been issued, or due to change orders for additional or changed work required in writing by the City, which shall be eligible for reimbursement from the proceeds of excess special taxes as provided in Section 15 hereof. Any cost savings achieved in an element of any of the Public Facilities constructed in whole or in part with the proceeds of the sale of the Bonds shall be aggregated with all other such savings achieved throughout the District, and shall be used for any other element of the Public Facilities, as approved by the City.

8. Inspection and Approval of Construction. The City shall provide such level of inspection of the progress of construction of the Public Facilities to be constructed by Owner for acquisition by the City as it deems necessary, and its inspectors shall have access to the construction sites at all times for the purpose of conducting their inspection. Owner and its contractors shall cooperate in every way with the City and its inspectors to ensure that they are afforded an adequate opportunity to inspect each and every phase of the progress of construction of each and every such Public Facility. Upon completion of the construction of a Public Facility (either in its entirety, or a portion thereof), constructed by Owner, and upon receipt of written notification from City's inspectors that construction thereof has been completed in accordance with the plans and specifications thereof and the City's standard requirements, and upon receipt of satisfactory proof, based on the records of Owner and the City and such certifications as the City may require, that the requirements of Section 6 hereof have been satisfied, the City shall notify Owner in writing that the construction of the Public Facility, or portion thereof has been satisfactorily completed; provided, however, that Owner, not the City, shall be responsible for determining satisfaction of requirements of other public agencies with respect to the Public Facilities. Upon receiving such notification of a completed Public Facility, the City Clerk staff shall file with the County Recorder of the County of Placer a Notice of Completion pursuant to the provision of Section 8182 of the California Civil Code, and supply to Owner a duplicate copy of each such Notice of Completion showing thereon the date of filing with the County Records. The costs incurred by the City in inspecting and

approving the construction of the bond financed Public Facilities may be paid or reimbursed from the proceeds of the sale of the bonds for the District.

9. Liens. Upon the expiration of the time for the recording of claims of liens as prescribed by Section 8412 and 8414 of the California Civil Code, Owner shall provide to the City such evidence or proof as the City shall require that all persons, firms and corporations supplying work, labor, materials, supplies and equipment to the construction of the Public Facilities (or approved portion thereof) constructed by Owner for acquisition by the City have been paid, and that no claims of liens have been recorded by or on behalf of any such person, firm or corporation.

10. Acquisition; Maintenance. Upon completion of the construction of each Public Facility or portion thereof constructed by Owner for acquisition by the City, the City shall determine the acquisition price to be paid by the City for the acquisition of the completed Public Facility or portion thereof from Owner, provided however the acquisition price shall not exceed the amount available from proceeds of the Bonds and available Gap Shortfall amounts as set forth in Section 15 hereof. The acquisition price as to each Public Facility or portion thereof shall include the actual cost of construction thereof as determined by the contract prices as set forth in contracts and purchase orders entered into by Owner with its contractors, and suppliers, in accordance with standards and procedures therefor as prescribed by the City. Owner shall furnish to the City such proof of the amounts which Owner contends should be included in the acquisition price for a completed Public Facility or portion thereof as the City shall require, together with lien releases from all contractors and suppliers providing work and materials for the completed Public Facility or portion thereof in form satisfactory to the City. The City shall have ten (10) days to determine the acquisition price. The determination of the City as to the acquisition price for a completed Public Facility or portion thereof shall be final.

Upon determining the acquisition price for a completed Public Facility or portion thereof, the City shall promptly notify Owner in writing of such acquisition price. Upon presentation by Owner to the City of such documents, including lien releases, as the City shall require as to the completed Public Facility or portion thereof, the City shall, within ten (10) days thereafter, pay from the proceeds of the sale of the Bonds and available Gap Shortfall amounts, if any, the amount of the acquisition price for the completed Public Facility or portion thereof but in the case of a completed Public Facility less a retention of 150% of the value of "Punch List" work not completed. Upon payment and acceptance of the acquisition price for each completed Public Facility or portion thereof, Owner shall have no further claim for payment from the City with respect to the retentions. The City shall hold the retention amount on all Public Facilities acquired until the Punch List work is completed and accepted by the City.

The administrative procedure to implement the foregoing is as follows, and may be subject to revision by City upon notice to Owner. Owner shall notify the City Engineer that a Public Facility, or particular stage of the Public Facility, as provided in Section 3.5.2 of the Development Agreement, is complete and shall furnish proof of the amounts to be included in the acquisition price, together with lien releases. Development Services staff shall then inspect the Public Facility to confirm completion. Development Services staff shall then notify City's Finance Department regarding completion and shall request payment to Owner. Within ten (10) days thereafter, and provided that the improvement has been conveyed to City or irrevocably offered for dedication, or, in the case of Public Facilities for which progress payments are provided for in the Development Agreement, invoices for actual work constructed have been presented by Owner to the City and the particular Public Facilities have been signed off by City inspectors, City shall issue payment to Owner in the requested amount, further provided and to

the extent that funds are available, except that Owner shall choose one of the following options prior to release of the final five percent (5%): (1) City shall retain five percent (5%) of the acquisition price until expiration of the one-year warranty period for the subject Public Facility; or (2) Owner shall obtain a maintenance bond until expiration of the one-year warranty period for the subject Public Facility. Upon expiration of the one-year warranty period, the five percent (5%) retention shall be disbursed to Owner or the maintenance bond shall be released, less any amounts utilized by the City for warranty work. Notwithstanding the preceding provisions of this Section, the City will not pay for the acquisition of any Public Facilities or portion thereof unless and until the street, drainage or other utility rights of way where they are located have been irrevocably offered to the City for dedication, except in the case of Public Facilities for which progress payments are to be paid by City as provided for in Section 3.5.2 of the Development Agreement, based on invoices for actual work constructed that have been signed off by City inspectors.

Until a Public Facility is acquired by the City, Owner shall maintain it, and shall transfer it to the City free of any liens and in good operating condition. Upon the acquisition of a Public Facility by the City, the City shall, except as otherwise provided in the Project Approvals, become responsible for its maintenance, subject to any contractor's warranty or maintenance provisions of bonds required under the Final Map or other City approval, or under any other agreement.

11. Indemnification; Insurance. Owner shall defend, indemnify and hold harmless the City, the District, and their officers, agents and employees from any and all liability, cost and expense in connection with the construction of the Public Facilities to be constructed by Owner for acquisition by the City, including, but not limited to, liability, costs, expenses and claims arising, under the procedures set forth in Section 6 of this Agreement. Owner shall also defend, indemnify and hold harmless the City, the District, and their officers, agents and employees from any and all liability, cost and expense in connection with the ownership of the Public Facilities to be constructed by Owner for acquisition by the City prior to the time the City accepts the Public Facilities, whether or not such Public Facilities are to be acquired with bond proceeds. Owner shall procure and provide or cause contractor to procure and provide, until construction of all of the Public Facilities to be constructed by Owner is completed and acceptance thereof by the City has occurred, a commercial general liability insurance, in a form acceptable to the City, naming the City, the District and their officers, agents and employees as additional insureds, having a single aggregate liability limit as to all coverages provided thereby in the amount of Two Million Dollars (\$2,000,000). Before commencing the construction of any Public Facility, Owner shall provide or cause contractor to provide the City with a certification of insurance and endorsement as to such insurance in a form acceptable to the City, and Owner shall upon each renewal of such insurance policy provide the City with a new certificate of insurance with respect thereto.

Owner shall also furnish or cause contractor to furnish to the City, prior to commencing the construction of any Public Facility to be constructed by Owner for acquisition by the City, a certificate of insurance evidencing that Owner has procured and has in force a current policy of workers' compensation insurance in compliance with California law as to all workers to be employed by Owner in connection with the design and construction of the Public Facilities. Owner shall require each person, firm or corporation with whom it contracts in connection with the design and construction of the Public Facilities to provide and maintain such workers' compensation insurance and a commercial general liability insurance in the amount hereinabove specified and in a form acceptable to the City. Owner shall provide to the City

proof, in such form and at such intervals as set forth below, that each contractor with whom it contracts has procured and is maintaining such insurance.

Upon the execution of each contract with each person, firm or corporation with whom Owner contracts in connection with the design and construction of the Public Facilities and prior to permitting any such person, firm or corporation to commence work under such contract, Owner shall provide or cause contractor to provide to the City a certificate from the insurance providers for each such contractor that the contractor has in force the insurance policies required of it under this Section 11, that the City is named as an additional insured on the commercial general liability insurance of such contractor, and that the policies will not be canceled or allowed to lapse without 30 days written notice to the City.

The premiums paid by Owner for the insurance required by this Section may be included in the acquisition price to be paid by the City for the Public Facilities to be constructed by Owner as an incidental cost.

12. Ownership of Facilities. Notwithstanding that some of the Public Facilities to be constructed by Owner for acquisition by the City may be constructed in dedicated street rights-of-way or on property which has been or will be dedicated or offered for dedication to the City, District or Public Utility, such Public Facilities or any portion thereof shall be and remain the property of Owner, and Owner shall be responsible for any loss or damage thereto or liability arising therefrom, until they are acquired by the City or other agencies as provided in the preceding Sections of this Agreement. Such ownership by Owner shall likewise not be affected by any agreement which Owner may enter into with the City pursuant to the provisions of the Subdivision Map Act, Section 66410 et seq. of the California Government Code, which may contain or include provisions with respect to the construction and ownership of public facilities which may seem to be contradictory to the provision of this Agreement, and the provisions of this Section shall control.

13. Improvement Security. Notwithstanding any other provisions of this Agreement, Owner shall be required to agree to construct and to secure or cause contractor to secure the construction and completion of construction of the Public Facilities, or portions thereof, as a condition precedent to the approval of subdivision or parcel maps for portions of the Property as required by the City pursuant to Section 66462 and Sections 66499 through 66499.10 of the Government Code.

The aggregate principal amount of the improvement bonds or other security provided by Owner or contractor pursuant to this Section shall be reduced by such amount as the City shall determine is appropriate upon receipt of the proceeds from the sale of the Bonds. The amount of the reduction of such aggregate principal amount shall be determined by the City based on the amount of each such improvement bond or other security which relates to the Public Facilities to be constructed or acquired with the proceeds of the sale of the Bonds. The foregoing provisions notwithstanding, upon the issuance and proceeds from the sale of the Bonds, Owner shall not be required to post any other security for roadway Capital Improvement Program improvements as provided in Section 3.5.4.2 of the Development Agreement.

All subdivision and performance bonds shall provide, among other things, that the principal thereof whether that be Owner or its contractor(s), guarantees that the completed Public Facilities shall be free from defects resulting from faulty workmanship and materials for a period of one year from the date of acceptance by the City, and the obligation of the surety

shall extend to the fulfilling of that guarantee. At the end of said one year period and Subject to certification of the City Engineer that any defects have been corrected, the obligation of the principal and surety named therein shall cease.

14. Failure to Complete Construction. Notwithstanding the preceding provisions, of this Agreement, if Owner fails to expeditiously prosecute the construction of the Public Facilities to be constructed by Owner for acquisition by the City, the City shall have the right and may elect to take over the construction of such Public Facilities, or any part thereof, if City determines it is necessary for City to so proceed in order to protect the City's interests. If the City elects to so proceed, it shall notify Owner in writing that if Owner does not satisfy the City that construction is proceeding expeditiously on the construction of a Public Facility within thirty (30) days after receipt of such notice, the City will take over the construction of such Public Facilities. If after receiving such a written notification Owner does not satisfy the City that it is proceeding expeditiously to construct that portion of the Public Facilities identified in the written notification to the satisfaction of the City, within thirty (30) days from the date of receipt thereof, Owner shall relinquish to the City all design documents, and shall cooperate with the City in every way to ensure that the construction of the Public Facilities will be completed expeditiously.

Notwithstanding the provisions of this Section, the only sources of funds to be utilized by the City for the construction of any such Public Facilities shall be (i) the proceeds of the sale of the Bonds and, at City's discretion, (it) the proceeds of applicable City development fees collected pursuant to the applicable codes, ordinances and policies of the City, including development fees paid through levies of the special taxes of the District, (iii) proceeds from the sale of the bonds of another community facilities district or assessment district established over and including property in the City, (iv) interest earnings on the reserve fund for the Bonds, to the extent such earnings are determined by the City to be available for construction of the Public Facilities, (v) the Owner's subdivision bond or bonds to the extent applicable, (vi) any other performance security that may have been provided by the Owner, and (vii) the Owner's and/or contractors' performance bonds. To the extent that the proceeds of the sale of the Bonds and such other funds may be insufficient to pay for the construction of a Public Facility which will be constructed by the City pursuant to this Section, the City may either construct only those Public Facilities which can be constructed within the total of the amounts of the proceeds from the sale of the Bonds and such other funds which are available therefor, or the City may proceed to complete the Public Facilities and charge the Owner, the Owner's bond or any contractor's bond for the costs thereof.

15. Owner Responsibility for Satisfaction of Improvements required by Conditions of Approval. If the bonds are not sold in an aggregate principal amount sufficient to construct and acquire all of the Public Facilities, Owner shall nevertheless construct and dedicate to the City the Public Facilities required by the Development Agreement, and the City may require such assurances of performance as the City deems appropriate. The parties acknowledge that a shortfall is expected to occur between (a) the Public Facilities cost incurred by Owner and (b) the amount of acquisition funds generated from the sale of Bonds (such shortfall hereafter referred to as the "**Gap Shortfall**"). To cover the Gap Shortfall to the extent that it actually does occur, Owner agrees with the City to: (1) allow the City to acquire the Public Facilities with Bond proceeds available at the time of acquisition 2) waive its right to immediate payment for the portion of the amount of Gap Shortfall actually incurred by Owner arising from the Public Facility acquired ("**Owner's Gap Payment**"), and (3) defer such payment until the District can impose and collect special taxes on Developed Parcels (as defined in the RMA) in excess of the amounts required to pay required debt service and City administration costs associated therewith.

In consideration of such deferral of payment of the acquisition price, City covenants to assess the District special tax at the maximum rate permitted against each Developed Parcel within the District for thirty (30) years, commencing with the year in which there first is a levy of special taxes on such parcel as a Developed Parcel, and thereafter to pay to Owner from excess Special Tax revenues generated from such Developed Parcel on an annual basis payments toward such deferred acquisition price until the earlier of (i) with respect to each Developed Property, thirty (30) years from the date of the first levy of Special Tax on such Developed Property, or (ii) the year the full Owner's Gap Payment plus accrued interest is paid in full. Accrued interest shall be calculated from the first day of the next succeeding month following the date of each payment by Owner for costs related to the Public Facilities for which payment otherwise would have been made from bond proceeds in the absence of such Gap Shortfall, provided the parties agree that bond proceeds shall first be exhausted prior to payment to Owner for any interest. Upon the first payment by Owner for costs related to Public Facilities (after exhaustion of available Bond proceeds) the rate of interest to be paid for purposes of all deferred payments described above shall be fixed as of the date of such first payment by Owner, based on the May rate established by the Engineering New Record Construction Cost Index for the United States Twenty (20) City Average, averaged with the Construction Cost Index for San Francisco.

16. Construction of Other Facilities. Owner shall also proceed expeditiously with the design and construction of the other improvements and facilities, other than the Public Facilities, which are necessary to the development of the Property and the provision of municipal services within the District and to the residents therein. Such other public improvements and facilities shall be designed and constructed on a schedule which will not delay or interfere in any way with the design and construction of the Public Facilities. The provisions of this Section shall not supersede those of any other agreement between Owner and the City.

17. Development Schedule. Owner shall also proceed with the construction of the Public Facilities with all commercially reasonable diligence to ensure that such development is completed in a reasonable time. If Owner does not so proceed with the development of the Property, the City may take action as specified in Section 14 hereof and, in addition, may withhold payment of acquisition costs hereunder.

18. Termination. If for any reason the City is unable to sell the Bonds, this Agreement shall not become effective.

19. Binding on Community Facilities District. The District shall automatically become a party to this Agreement to the extent permitted by California law, and all provisions hereof which apply to the City shall also apply to the District. The City Council of the City, acting for the District, shall perform all parts of this Agreement which require performance on the part of the District.

20. Assignment. Owner may not assign this Agreement or any right or duty hereunder to a non-affiliated assignee without the express written approval of the City. The City may condition any such approval on proof of the financial responsibility and experience of a proposed assignee to undertake and perform the duties and responsibilities of Owner under this Agreement. The City's approval of an assignment of this Agreement and the rights and duties of Owner hereunder shall not be unreasonably withheld. Notwithstanding the foregoing, the Owner may, by written direction to the City, designate an assignee to receive disbursement of moneys otherwise due to the Owner hereunder.

21. Prompt Action. All consents, approvals and determinations required of either the City or Owner pursuant to this Agreement shall be promptly given or made, and shall not be unreasonably withheld.

22. General. This Agreement contains the entire agreement between the parties with respect to the matters herein provided for, and may be amended by a subsequent written agreement signed on behalf of both parties. This Agreement is for the exclusive benefit of Owner and the City and shall not be construed to confer any rights or benefits upon any persons other than the City and the Owner. This Agreement shall, however, inure to the benefit of and be binding upon the successors and assigns of the parties. This Agreement shall be construed and governed by the Constitution and laws of the State of California. Should either party to this Agreement commence a court action or proceeding against the other party with respect to this Agreement or the design and acquisition or construction of the Public Facilities, the Party prevailing in such action or proceeding shall be entitled to receive from the losing party its attorney's fees, expert witness fees, court costs, and other costs incurred by it in prosecuting or defending such action or proceeding. The captions of the sections of this Agreement are provided for convenience temporarily, and shall not have any bearing on the interpretation of any section hereof. This Agreement may be executed in several counterparts, each of which shall be an original of the same Agreement.

[SIGNATURE BLOCK NEXT PAGE]

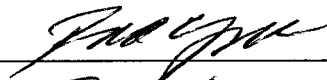
IN WITNESS WHEREOF, the City of Roseville, a municipal corporation, has authorized the execution of this Agreement in duplicate by its City Manager and attested to by its City Clerk under the authority of Resolution No. 19-29, adopted by the Council of the City of Roseville on the 16th day of January, 2019, and OWNER has caused this Agreement to be executed.

CITY OF ROSEVILLE, a
municipal corporation

JOHN MOURIER CONSTRUCTION,
INC., a California corporation

BY: 

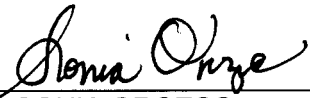
DOMINICK CASEY
City Manager

BY: 

Name: Rod Yamamoto

ATTEST:

Title: CFO

BY: 

SONIA OROZCO
City Clerk

[[SEAL]]

APPROVED AS TO FORM:

BY: 

ROBERT R. SCHMITT
City Attorney

APPROVED AS TO SUBSTANCE:

BY: 

br DENNIS KAUFFMAN
Chief Financial Officer

A notary public or other officer completing this certificate verifies only the identity of the individual who signed the document to which this certificate is attached, and not the truthfulness, accuracy, or validity of that document.

State of California
County of Placer

On 1-9-19 before me, KAREN HEADLEY a Notary Public, personally appeared Rod Yamagata, who proved to me on the basis of satisfactory evidence to be the person(s) whose name(s) is/are subscribed to the within instrument and acknowledged to me that he/she/they executed the same in his/her/their authorized capacity(ies), and that by his/her/their signature(s) on the instrument the person(s), or the entity upon behalf of which the person(s) acted, executed the instrument.

I certify under PENALTY OF PERJURY under the laws of the State of California that the foregoing paragraph is true and correct.

WITNESS my hand and official seal.

Signature: [Handwritten Signature]

Name: KAREN HEADLEY
(Typed or Printed)

(Seal)



EXHIBIT A

City of Roseville
Villages at Sierra Vista
Community Facilities District No. 1
(Public Facilities)
Placer County, California

LIST OF AUTHORIZED FACILITIES

Authorized Facilities

Transportation Improvements

Public roadway improvements designed to meet the needs of the project, including those improvements identified in the project Development Agreement (DA) Sections 3.5.17 and 3.5.18, including but not limited to;

- Federico Drive.
- Fiddymont Road.
- Market Street.
- Santucci Boulevard.
- Summerfaire Drive.
- Silver Spruce Drive.
- Sierra Glen Drive.
- Vista Park Drive.
- Vista Grande Boulevard.
- Westbrook Boulevard.

Eligible roadway improvements include the following items: acquisition of land and easements; roadway design; project management; geotechnical engineering, testing and observations, bridge crossings and culverts; clearing, grubbing, and demolition; grading, soil import/export, paving (including slurry seal), and decorative/enhanced pavement concrete or pavers; power pole relocations; joint trenches, underground utilities, and undergrounding of existing utilities; dry utilities and appurtenances; curbs, gutters, sidewalks, bike trails (including on- and off-site), park and ride facilities, bus rapid transit improvements, including transfer stations and regional public transit improvements; retaining walls, sound walls, enhanced fencing, and access ramps; street lights, signalization, and traffic signal control systems; bus turnouts; signs and striping; erosion control; median and parkway landscaping and irrigation; entry monumentation; bus shelters; masonry walls; traffic control and agency fees; and other improvements related thereto. Eligible improvements for the roads listed above also include any and all necessary

underground potable and non-potable water, sanitary sewer, and storm drainage system improvements.

Potable and Non-Potable Water System Improvements

Authorized facilities include any and all on- and off-site backbone water facilities designed to meet the needs of development of the project. These facilities include potable and non-potable mains, valves, services, and appurtenances; wells; and water treatment and storage facilities, and related improvements, including but not limited to: site clearing, grading, and paving; curbs and gutters; recycled water storage tanks, booster pump stations, and all appurtenances thereto; wells; water treatment; stand-by generator; site lighting, drainage, sanitary sewer, and water service; landscaping and irrigation; access gates and fencing; striping and signage; and the following:

- Water lines in/associated with authorized facility roads.
- Recycled water lines in/associated with authorized facility roads.
- Well construction or financial contributions thereto on, but not limited to JM-60.
- Water Tank Site Improvements (DA Section 3.8.2).
- Recycled Water Storage Tank Facility
- Reimbursement obligation for the Baseline Road 24" water line (DA Section 3.8.3).
- CFD obligations for RW tank(s) required by DA Section 3.9.

Drainage System Improvements

Authorized facilities include any and all on- and off-site backbone drainage and storm drainage improvements designed to meet the needs of development of the project. These facilities include mains, pipelines and appurtenances, outfalls and water quality measures, temporary drainage facilities, detention/retention basins, and drainage pretreatment facilities; drainage ways/channels, pump stations, landscaping, and irrigation; access roads, gates, and fencing; striping and signage; and the following:

- All storm drain lines and facilities in/associated with authorized facility roadways.
- Retention, detention, hydro-modification, and other drainage facilities.

Wastewater System Improvements

Authorized facilities include any and all on- and off-site backbone wastewater facilities designed to meet the needs of development of the project. These facilities include pipelines and all appurtenances thereto; manholes; tie-in to existing main line; force mains; lift stations; odor-control facilities; sewer treatment plant

improvements and permitting related thereto; and related sewer system improvements, including but not limited to:

- All wastewater facilities in/associated with authorized facility roadways.

Solid Waste Improvements

Authorized facilities include any and all backbone solid waste improvements designed to meet the needs of development of the project. Eligible improvements also include the project's pro-rata contribution, as described in the project DA, to the Sierra Vista Specific Plan (SVSP) Solid Waste Recycling Center (DA Section 3.26(iii)).

Park, Landscape Corridor and Paseo Improvements

Authorized facilities include any and all improvements to parks, landscape corridors and paseos located in the project, including but not limited to:

- Construction of Park Sites as identified by the Specific Plan.
- Construction of Paseos as identified by the Specific Plan.

Open Space Improvements

Authorized facilities include any and all open space improvements designed to meet the needs of development of the project, including bike trails, bike/pedestrian bridges, storm drain crossings, storm drain detention/retention, wetland mitigation, tree mitigation, on- and off-site hawk/raptor mitigation, agricultural mitigation or wetland mitigation, property acquisition, endowment payments for open space management, landscaping and irrigation, access gates and fencing, and related open space improvements, including but not limited to:

- Improvements as identified by the Specific Plan.
- Wetland creation mitigation, fencing, etc.

Utilities

Authorized facilities include any and all on- and off-site utility improvements designed to meet the needs of development of the project. All utility improvements, easement payments, and land acquisition not located under or alongside transportation improvements are considered authorized facilities. Authorized facilities also shall include costs related to the acquisition of the off-site electric substation site; site clearing; grading; street frontage improvements, including curbs, gutters, and paving; and construction of an all-weather access road to the site from the nearest public street or extension of temporary 12kV overhead lines as described in the project DA, including but not limited to:

- SVSP Electric Substation site acquisition, and improvements required by

DA Section 3.11.3.

- Temporary overhead 12kV lines to loop SVSP substation to line in WRSP Phase 3 and 4.

Other Public Facilities

Authorized facilities includes any and all public facilities or infrastructure, including the project's pro-rata contribution to the land acquisition of the off-site fire station site, site clearing, grading, and street frontage improvements including curbs, gutters, and paving, including but not limited to:

- Fire Station site reimbursement obligations in DA Section 3.23.

Development Impact Fees

Authorized facilities include development impact fees paid and not otherwise reimbursed, whether standard City or County fees levied at the time of the issuance of a building permit or required as part of the DA for the property. Fees include, but are not limited to, the South Placer Regional Transportation Authority Tier II Traffic Fee, City of Roseville City Wide Park Fee, City of Roseville Public Facilities Fee, and Public Benefit Fee (as defined in Section 3.14.3 of the DA for the property).

Formation, Administrative, and Incidental Expenses

In addition to the above facilities, other expenses incidental to the above and authorized by the Mello-Roos Community Facilities Act of 1982, including but not limited to: the cost of planning, permitting, and designing the facilities (including the cost of environmental evaluation, orthophotography, environmental remediation/mitigation, and preparation of an overarching Operation and Maintenance Plan for the City of Roseville Open Space Preserves); land acquisition and easement payments for the facilities; project management; construction staking; engineering studies and reports; utility relocation and demolition costs incidental to construction of the facilities, wetland/Species mitigation purchase; reimbursements to other areas for infrastructure facilities or planning serving development in the CFD; Sierra Vista Specific Plan planning, legal, engineering, technical studies costs related to the facilities and any other expenses incidental to the construction, completion, and inspection of the facilities.

In addition, costs eligible to be financed by the CFD shall include all costs associated with the formation and ongoing administration of the CFD and issuance of bonds; determination of the amount of taxes and collection of taxes; inspection, plan check and other costs related to acceptance of the facilities by the City, payment of taxes; and any other costs incurred to carry out the authorized purposes of the CFD.

CITY COUNCIL OF THE CITY OF ROSEVILLE

RESOLUTION NO. 19-29

A RESOLUTION APPROVING FUNDING, CONSTRUCTION AND ACQUISITION AGREEMENT IN CONNECTION WITH VILLAGES AT SIERRA VISTA COMMUNITY FACILITIES DISTRICT NO. 1 (PUBLIC FACILITIES)

WHEREAS, on May 2, 2018, the City Council (the "City Council") of the City of Roseville (the "City") adopted a resolution entitled "A Resolution of Formation of the City Council of the City of Roseville to Form Villages at Sierra Vista Community Facilities District No. 1 (Public Facilities) and Future Annexation Area" (the "Resolution of Formation"), and has formed the "City of Roseville Villages at Sierra Vista Community Facilities District No. 1 (Public Facilities)" (the "CFD"), and City of Roseville Villages at Sierra Vista Community Facilities District No. 1 (Public Facilities) (Future Annexation Area)", pursuant to the Mello-Roos Community Facilities Act of 1982, as amended, Chapter 2.5 of Part 1 of Division 2 of Title 5, commencing with Section 53311, of the California Government Code (the "Act"); and

WHEREAS, the facilities to be provided as stated in the Resolution of Formation are set forth in Exhibit A attached thereto, and by this reference made a part hereof; and

WHEREAS, on November 28, 2018, the City Council adopted a resolution entitled "A Resolution of Consideration to Amend the Special Tax Formula and Authorized Facilities and Services of Villages at Sierra Vista Community Facilities District No. 1 (Public Facilities)" which, among other things proposed an amendment to Exhibit A of the Resolution of Formation; and

WHEREAS, the City desires to provide for the acquisition of the facilities to be financed by the CFD in accordance with the provisions of the Act and to enter into an agreement for such purpose.

NOW, THEREFORE, THE CITY COUNCIL OF THE CITY OF ROSEVILLE RESOLVES AS FOLLOWS:

1. As a part of the proceedings for the CFD, this City Council hereby approves a Funding, Construction and Acquisition Agreement (the "Agreement") by and between the City and John Mourier Construction, Inc. The purpose of the Agreement is to provide for the acquisition of certain public facilities and payment of certain incidental expenses relating thereto, all of benefiting the property in the CFD, the issuance and sale of the bonds for the CFD financing, including incidental expenses, and to provide the terms of any reimbursement to owners of land within the CFD.

2. The City Council hereby approves the Agreement in the form presented to the City Council at this meeting. The Mayor, the City Manager, the Chief Financial Officer, the City Attorney or such other person or persons as any one of them may designate (collectively, the "Authorized Officers"), are each hereby authorized and directed to execute the Agreement and the City Clerk is hereby authorized to attest its execution, for and in the name and on behalf of the City and the CFD, in such form, together with any additions thereto or changes therein deemed necessary or advisable by the Authorized Officer, upon consultation with the City Attorney.

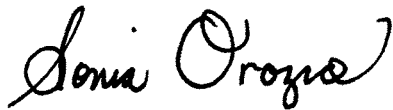
I hereby certify that the foregoing Resolution was duly adopted by the City Council of the City of Roseville, California, at a regularly scheduled meeting thereof, held on the 16th day of January, 2019, by the following vote of the City Council:

AYES:	COUNCILMEMBERS:	Bernasconi, Alvord, Roccucci, Allard
NOES:	COUNCILMEMBERS:	None
ABSENT:	COUNCILMEMBERS:	None
ABSTAIN:	COUNCILMEMBERS:	None



Vice Mayor

ATTEST:



City Clerk of the City of Roseville