

In the opinion of Jones Hall, A Professional Law Corporation, San Francisco, California, Bond Counsel, subject, however to certain qualifications described herein, under existing law, the interest on the 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. In the further opinion of Bond Counsel, such interest is exempt from California personal income taxes. See "TAX MATTERS."

\$5,200,000*
CITY OF ROCKLIN
COMMUNITY FACILITIES DISTRICT NO. 11 (SIERRA COLLEGE INTERCHANGE)
SPECIAL TAX REFUNDING BONDS
SERIES 2019

Dated: Delivery Date

Due: September 1, as shown on the inside front cover

Purpose. The bonds captioned above (the "Bonds"), are being issued by the City of Rocklin (the "City") by and through its Community Facilities District No. 11 (Sierra College Interchange) (the "District"). The Bonds are special tax obligations of the City, authorized pursuant to the Mello-Roos Community Facilities Act of 1982, as amended, being California Government Code Section 53311, et seq. (the "Act"), and are issued pursuant to the Resolution of Issuance (as defined herein) and a Fiscal Agent Agreement dated as of December 1, 2019 (the "Fiscal Agent Agreement") by and between the City and MUFG Union Bank, N.A., as fiscal agent (the "Fiscal Agent"). The Bonds are being issued to (i) refund, in full, the City of Rocklin Community Facilities District No. 11 (Sierra College Interchange) Special Tax Bonds, Series 2012 (the "Prior Bonds"), which are outstanding in the principal amount of \$5,483,169.41, (ii) make a deposit to a debt service reserve fund for the Bonds, and (iii) pay costs of issuance of the Bonds. Interest on the Bonds is payable semiannually on March 1 and September 1 of each year, commencing March 1, 2020.

Payments; Book-Entry. The Bonds are being issued as fully registered bonds, registered in the name of Cede & Co. as nominee of The Depository Trust Company ("DTC"), and will be available to ultimate purchasers in the denomination of \$5,000 or any integral multiple thereof, under the book-entry system maintained by DTC. See "THE BONDS."

Security. The Bonds are secured by and payable from a pledge of Special Tax Revenues (as defined herein) derived from Special Taxes (as defined herein) to be levied by the City on real property within the boundaries of the District, from the proceeds of any foreclosure actions brought following a delinquency in the payment of the Special Taxes, and from amounts held in certain funds under the Fiscal Agent Agreement, all as more fully described herein. **Unpaid Special Taxes do not constitute a personal indebtedness of the owners of the parcels within the District. In the event of delinquency, proceedings may be conducted only against the parcel of real property securing the delinquent Special Tax. There is no assurance the owners will be able to pay the Special Tax or that they will pay a Special Tax even though financially able to do so.** To provide funds for payment of the Bonds and the interest thereon as a result of any delinquent Special Taxes, the City will establish a debt service reserve fund for the Bonds from proceeds of the Bonds, as described herein. See "SECURITY FOR THE BONDS."

The Project and the District. Property within the District consists of a mix of residential and non-residential parcels in the southeast portion of the City, in the immediate vicinity of the Sierra College Boulevard interchange with Interstate-80. Completed development in the District includes the Rocklin Commons and Rocklin Crossings shopping centers, which include a Target, Wal Mart and Bass Pro Shop, and two residential subdivisions developed by Taylor Morrison and Cresleigh Homes, respectively. Undeveloped property in the District, which represented approximately 31% of the Special Tax levy for Fiscal Year 2019-20, includes a few remaining residential lots and several larger parcels zoned for commercial, industrial or undetermined uses. The District was formed in 2006 to finance a portion of the cost of the acquisition of lands, easements, and related rights, and the construction of the Sierra College Boulevard/Interstate-80 interchange. See "THE DISTRICT" and "OWNERSHIP OF PROPERTY WITHIN THE DISTRICT."

Redemption. The Bonds are subject to optional redemption and special mandatory redemption from prepayments prior to maturity. See "THE BONDS – Redemption."

Limited Obligations; Risk Factors. The Bonds are special obligations of the City and are secured by a pledge of, and are payable as to principal and interest from, the Special Tax Revenues and the other funds described in this Official Statement. The Bonds and the interest thereon are not payable out of any funds or properties other than those set forth in the Fiscal Agent Agreement. This cover page contains certain information for general reference only. It is not a summary of all of the provisions of the Bonds. Prospective investors must read the entire Official Statement to obtain information essential to the making of an informed investment decision. See "RISK FACTORS" herein for a discussion of certain risk factors that should be considered, in addition to the other matters and risk factors set forth herein, in evaluating the investment quality of the Bonds.

The Bonds are offered when, as and if issued, subject to approval as to their legality by Jones Hall, a Professional Law Corporation, San Francisco, California, Bond Counsel. Certain legal matters will also be passed on by Jones Hall, as Disclosure Counsel. Certain legal matters will be passed upon for the City by the City Attorney. Stradling Yocca Carlson & Rauth, a Professional Corporation, Newport Beach, California, is serving as counsel to the Underwriter. It is anticipated that the Bonds will be available for delivery through the facilities of DTC on or about December 12, 2019.

STIFEL

The date of this Official Statement is _____, 2019.

* Preliminary; subject to change.

This Preliminary Official Statement and the information contained herein are subject to completion or amendment. Under no circumstances shall this Preliminary Official Statement constitute an offer to sell or a solicitation of an offer to buy nor shall there be any sale of these securities in any jurisdiction in which such offer solicitation or sale would be unlawful prior to registration or qualification under the securities laws of such jurisdiction.

MATURITY SCHEDULE

\$ _____
CITY OF ROCKLIN
COMMUNITY FACILITIES DISTRICT NO. 11 (SIERRA COLLEGE INTERCHANGE)
SPECIAL TAX REFUNDING BONDS
SERIES 2019

<u>Maturity Date (September 1)</u>	<u>Principal Amount</u>	<u>Interest Rate</u>	<u>Yield</u>	<u>Price</u>	<u>CUSIP[†] (Base _____)</u>
2020					
2021					
2022					
2023					
2024					
2025					
2026					
2027					
2028					
2029					
2030					
2031					

^c Priced to the first optional par call date of September 1, 20__.

[†] CUSIP® is a registered trademark of the American Bankers Association. CUSIP data herein is provided by CUSIP Global Services, managed by Standard & Poor's Financial Services LLC on behalf of The American Bankers Association. These data are not intended to create a database and do not serve in any way as a substitute for the CUSIP services. None of the City, the Fiscal Agent or the Underwriter takes any responsibility for the accuracy of the CUSIP data.

**CITY OF ROCKLIN
(PLACER COUNTY, CALIFORNIA)**

CITY COUNCIL

Joe Patterson, *Mayor*
Greg Janda, *Vice Mayor*
Ken Broadway, *Councilmember*
Jill Gayaldo, *Councilmember*
Bill Halldin, *Councilmember*

CITY STAFF

Steven Rudolph, *City Manager*
Kim Sarkovich, *Assistant City Manager/Chief Financial Officer*
Hope Ithurburn, *Deputy City Clerk*

SPECIAL SERVICES

Bond and Disclosure Counsel

Jones Hall, A Professional Law Corporation
San Francisco, California

Municipal Advisor

NHA Advisors, LLC
San Rafael, California

Special Tax Administrator

Willdan Financial Services
Temecula, California

Fiscal Agent

MUFG Union Bank, N.A.
San Francisco, California

TABLE OF CONTENTS

	Page		Page
INTRODUCTION	1	Overlapping Liens and Priority of Lien ..	28
FINANCING PLAN.....	4	RISK FACTORS	30
General.....	4	Limited Obligation of the City to Pay Debt	
Estimated Sources and Uses.....	4	Service.....	30
Debt Service Schedule	5	Property Values and Property	
THE BONDS.....	6	Development.....	30
Authority for Issuance	6	Concentration of Ownership	32
Description of the Bonds.....	6	Levy and Collection of Special Taxes ...	33
Redemption*	7	FDIC/Federal Government Interests in	
Transfer or Exchange of Bonds	8	Properties	34
SECURITY FOR THE BONDS.....	9	Bankruptcy and Foreclosure Delays	34
Special Taxes	9	Parity Taxes and Special Assessments;	
Special Tax Methodology.....	10	Private Debt	36
Levy of Annual Special Tax; Maximum		Tax Delinquencies.....	37
Special Tax	11	No Acceleration Provisions.....	38
Special Tax Fund.....	11	Voter Initiatives.....	38
Delinquent Payments of Special Tax;		Recent Changes in Tax Law.....	39
Foreclosure Covenant.....	12	Loss of Tax Exemption	39
Reserve Fund	14	Secondary Market	39
No Additional Bonds Except for		Cyber Security.....	39
Refunding.....	15	Bonds Subject to Mandatory Redemption	
THE DISTRICT	15	from Prepayments.....	39
Formation of the District.....	15	CONSTITUTIONAL LIMITATIONS ON	
Location and Description of the District		TAXATION AND APPROPRIATIONS	40
and the Immediate Area	15	TAX MATTERS	41
Development in the District.....	17	NO RATINGS	42
OWNERSHIP OF PROPERTY WITHIN THE		CONTINUING DISCLOSURE	42
DISTRICT	22	CONCLUDING INFORMATION	43
VALUE OF PROPERTY WITHIN THE		Underwriting	43
DISTRICT	24	Municipal Advisor	43
Assessed Values	24	Legal Matters.....	43
Value to Special Tax Burden Ratios.....	25	No Litigation	43
Special Tax Collection and		Miscellaneous.....	44
Delinquencies.....	27		

- APPENDIX A - RATE AND METHOD OF APPORTIONMENT OF SPECIAL TAX
- APPENDIX B - SUPPLEMENTAL INFORMATION – CITY OF ROCKLIN AND COUNTY OF PLACER
- APPENDIX C - FORM OF OPINION OF BOND COUNSEL
- APPENDIX D - FORM OF CONTINUING DISCLOSURE CERTIFICATE
- APPENDIX E - SUMMARY OF CERTAIN PROVISIONS OF FISCAL AGENT AGREEMENT
- APPENDIX F - BOOK-ENTRY ONLY SYSTEM

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 to give any information or to make any representations with respect to the 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.

No Unlawful Offers or Solicitations. 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 City or the District 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 in this Official Statement 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, their responsibilities to investors under the federal securities laws as applied to the facts and circumstances of this transaction, but the Underwriter does not guarantee the accuracy or completeness of such information.

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 overallocate 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" within the meaning of the United States Private Securities Litigation Reform Act of 1995, Section 21E of the United States Securities Exchange Act of 1934, as amended, and Section 27A of the United States Securities Act of 1933, as amended. 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 CITY DOES NOT PLAN TO ISSUE ANY UPDATES OR REVISIONS TO THOSE FORWARD-LOOKING STATEMENTS IF OR WHEN ITS EXPECTATIONS, OR EVENTS, CONDITIONS OR CIRCUMSTANCES ON WHICH SUCH STATEMENTS ARE BASED OCCUR.

Website. The City maintains an Internet website, but the information on the website is not incorporated in this Official Statement.

[THIS PAGE INTENTIONALLY LEFT BLANK]

OFFICIAL STATEMENT

\$5,200,000*
CITY OF ROCKLIN
COMMUNITY FACILITIES DISTRICT NO. 11 (SIERRA COLLEGE INTERCHANGE)
SPECIAL TAX REFUNDING BONDS
SERIES 2019

This Official Statement, including the cover page and all Appendices hereto, is provided to furnish certain information in connection with the issuance by the City of Rocklin (the “**City**”) by and through its Community Facilities District No. 11 (Sierra College Interchange) (the “**District**”) of the bonds captioned above (the “**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 attached appendices, and the documents summarized or described in this Official Statement. A full review should be made of the entire Official Statement. The offering of the Bonds to potential investors is made only by means of the entire Official Statement. Definitions of certain terms used herein and not defined herein have the meaning set forth in the Fiscal Agent Agreement. See APPENDIX E.

The District. The District was formed and established by the City in 2006 pursuant to the Mello-Roos Community Facilities Act of 1982, as amended (Sections 53311, *et seq.*, of the Government Code of the State of California) (the “**Act**”) following a public hearing and a landowner election at which the qualified electors of the District, by more than a two-thirds majority vote, authorized the City to issue bonds on behalf of the District and approved the levy of special taxes pursuant to a Rate and Method of Apportionment of Special Tax (the “**Special Tax Formula**”), as described herein. The Special Tax Formula was amended in 2012. The Special Tax Formula, as amended, is set forth as APPENDIX A. See “THE DISTRICT.”

The District is located in the southeastern portion of the City, along and adjacent to Interstate-80. The City, in turn, is located in southwestern part of the County of Placer (the “**County**”). For additional demographic and statistical information on the City and the County, see APPENDIX B.

Completed development in the District includes the Rocklin Commons and Rocklin Crossings shopping centers, which include a Target, Wal Mart and Bass Pro Shop, and two residential subdivisions developed by Taylor Morrison and Cresleigh Homes (which appears on the property tax roll as Garnet Creek Homes LLC), respectively. The Taylor Morrison project is known as “The Preserve at Secret Ravine,” and is a 169-unit residential community of single-family homes, which is now sold out. The Cresleigh Homes project has two components, 260 gated apartment homes called “Garnet Creek” and 80 single-family residences known as “Cresleigh Rocklin Trails.” Undeveloped property includes a few remaining residential lots and several larger parcels zoned for

* Preliminary; subject to change.

commercial, industrial or undetermined uses. See “THE DISTRICT” and “OWNERSHIP OF PROPERTY WITHIN THE DISTRICT.”

The Bonds. The Bonds are issued pursuant to the Act, a resolution adopted by the City Council on November 12, 2019 (the “**Resolution of Issuance**”) and a Fiscal Agent Agreement dated as of December 1, 2019 (the “**Fiscal Agent Agreement**”) between the City and MUFG Union Bank, N.A., as fiscal agent (the “**Fiscal Agent**”). The Bonds are being issued to (i) refund, in full, the City of Rocklin Community Facilities District No. 11 (Sierra College Interchange) Special Tax Bonds, Series 2012 (the “**Prior Bonds**”), which are outstanding in the principal amount of \$5,483,169.41, (ii) make a deposit to a debt service reserve fund for the Bonds, and (iii) pay costs of issuance of the Bonds. The Prior Bonds are currently owned by the City. See “FINANCING PLAN.”

Bond Terms. The Bonds will be dated as of and bear interest from the date of delivery thereof at the rate or rates set forth on the cover page of this Official Statement. Interest on the Bonds is payable on March 1 and September 1 of each year (each an “**Interest Payment Date**”), commencing March 1, 2020. The Bonds will be issued without coupons in denominations of \$5,000 or any integral multiple thereof.

Source of Payment of the Bonds. The Bonds are payable from “**Special Tax Revenues**,” which is defined as the special taxes levied by the City and collected by the County on taxable real property within the boundaries of the District (the “**Special Tax**” or “**Special Taxes**”), net of the County’s administration charge (currently 1%) and “**Priority Administrative Expenses**” (being costs directly related to the administration of the District in the amount of \$30,000 for fiscal year 2019-20, and for each fiscal year thereafter an amount equal to the previous year amount increased by 2%). The Bonds are also payable from the proceeds of any foreclosure actions brought following a delinquency in payment of the Special Taxes, and from amounts held in certain funds and accounts pursuant to the Fiscal Agent Agreement, including a debt service reserve funds, all as more fully described herein.

The Special Taxes represent liens on the parcels of land subject to a Special Tax and failure to pay the Special Taxes could result in proceedings to foreclose the delinquent property. The Bonds are also payable from the proceeds of any foreclosure actions brought following a delinquency in payment of the Special Taxes. The Special Taxes do not constitute the personal indebtedness of the owners of taxed parcels; each parcel subject to a Special Tax is secured by ability to foreclose on the parcel for non-payment. See “SECURITY FOR THE BONDS — Special Tax Methodology” and “APPENDIX A — RATE AND METHOD OF APPORTIONMENT OF SPECIAL TAX.”

Reserve Fund. In connection with the issuance of the Bonds, a reserve fund (the “**Reserve Fund**”) is being established under the Fiscal Agent Agreement and held by the Fiscal Agent for the benefit of the Bonds. See “SECURITY FOR THE BONDS – Reserve Fund.” If the Reserve Fund were depleted, the City is not obligated to pay the Bonds or supplement the Reserve Fund.

No Additional Bonds Except for Refunding. The City covenants in the Fiscal Agent Agreement not to issue additional bonds, notes or obligations secured by the Special Tax Revenues on a parity basis with the Bonds, except for the purpose of refunding all or a part of outstanding Bonds. See “SECURITY FOR THE BONDS – No Additional Bonds.”

Ownership and Value of Property in the District. For Fiscal Year 2019-20, the assessed value of property in the District is \$297,067,935, which is 57.1* times the \$5,200,000* aggregate

* Preliminary; subject to change.

principal amount of the Bonds; there is no overlapping land-secured debt. This is an average, and individual parcels may vary widely from the average. The foregoing assessed value excludes certain parcels owned by Hanzlick Family Partnership, which are undeveloped and have been delinquent in the payment of the Special Tax since Fiscal Year 2011 (the “**Hanzlick Parcels**”). The Bonds have been sized based on at least 110% coverage from Special Tax Revenues without regard to receipt of Special Taxes from the Hanzlick Parcels. See “THE DISTRICT” and “VALUE OF PROPERTY WITHIN THE DISTRICT – Value to Special Tax Burden Ratios.”

Registration of Ownership of Bonds. The Bonds will be issued only as fully registered bonds in book-entry form, registered in the name of Cede & Co., as nominee of The Depository Trust Company (“**DTC**”). Ultimate purchasers of Bonds will not receive physical certificates representing their interest in the Bonds. So long as the Bonds are registered in the name of Cede & Co., as nominee of DTC, references herein to the Owners will mean Cede & Co., and will not mean the ultimate purchasers of the Bonds. Payments of the principal, premium, if any, and interest on the Bonds will be made directly to DTC, or its nominee, Cede & Co. so long as DTC or Cede & Co. is the registered owner of the Bonds. Disbursements of such payments to DTC’s Participants is the responsibility of DTC and disbursements of such payments to the Beneficial Owners is the responsibility of DTC’s Participants and Indirect Participants, as more fully described herein. See “APPENDIX F – BOOK-ENTRY ONLY SYSTEM.”

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

Limited Obligation of the City. The general fund of the City is not liable and the full faith and credit of the City is not pledged for the payment of the interest on, or principal of or redemption premiums, if any, on the Bonds. The Bonds are not secured by a legal or equitable pledge of or charge, lien or encumbrance upon any property of the City or any of its income or receipts, except the money in the funds established and pledged to the Bonds under the Fiscal Agent Agreement, and neither the payment of the interest on nor principal of or redemption premiums, if any, on the Bonds is a general debt, liability or obligation of the City. The Bonds do not constitute an indebtedness of the City within the meaning of any constitutional or statutory debt limitation or restrictions, and neither the City Council, the City nor any officer or employee thereof are liable for the payment of the interest on or principal of or redemption premiums, if any, on the Bonds other than from the proceeds of the Special Taxes and the money in the funds established and pledged to the Bonds, as provided in the Fiscal Agent Agreement.

Further Information. Brief descriptions of certain provisions of the Fiscal Agent Agreement, the Bonds and certain other documents are included herein. The descriptions and summaries of documents herein do not purport to be comprehensive or definitive, and reference is made to each such document for the complete details of all its respective terms and conditions, copies of which are available for inspection at the office of the Chief Financial Officer of the City. All statements herein with respect to certain rights and remedies are qualified by reference to laws and principles of equity relating to or affecting creditors’ rights generally. Capitalized terms used in this Official Statement and not otherwise defined herein have the meanings ascribed to such terms in the Fiscal Agent Agreement. The information and expressions of opinion herein speak only as of the date of this Official Statement and are subject to change without notice. Neither delivery of this Official Statement, any sale made hereunder, nor any future use of this Official Statement shall, under any circumstances, create any implication that there has been no change in the affairs of the City or the District since the date hereof.

During the period of the offering of the Bonds, copies of the forms of all documents are available from the City Clerk, City of Rocklin, 3970 Rocklin Road, Rocklin, California 95677.

FINANCING PLAN

General

The District was formed to finance a portion of the cost of the acquisition of lands, easements, and related rights, and the construction of improvements at the interchange of Interstate 80 and Sierra College Boulevard in the City. In 2006, in order to raise funds for the improvements, the City issued its City of Rocklin Community Facilities District No. 11 (Sierra College Interchange) Special Tax Notes, Series 2006 (the “**2006 Notes**”). In 2012, in order to refinance the 2006 Notes and other obligations of the District, the City issued the Prior Bonds, all of which were purchased by the City’s Retiree’s Health Trust Fund. The Prior Bonds are subject to redemption at the option of the City on any date without any redemption premium.

The Bonds are being issued to refund, in full, the Prior Bonds, to establish a debt service reserve fund for the Bonds, and pay the costs of issuing the Bonds.

Estimated Sources and Uses

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

Estimated Sources of Funds:

Principal Amount of Bonds	\$
Plus/Less: [Net] Original Issue Premium/Discount	
Plus: Funds Relating to Prior Bonds	
Total	\$

Estimated Uses of Funds:

Redemption of Prior Bonds	\$
Deposit to Reserve Fund ⁽¹⁾	
Costs of Issuance ⁽²⁾	
Total	\$

(1) Equal to the Reserve Requirement for the Bonds.

(2) Includes fees of bond and disclosure counsel, fees, expenses and charges of the Fiscal Agent, printing costs, fees of the special tax administrator, and municipal advisor, Underwriter’s discount, and other costs of issuance.

Debt Service Schedule

The annual debt service on the Bonds, based on the interest rates and maturity schedule set forth on the cover of this Official Statement, and assuming no optional or special mandatory prepayments, is set forth below.

**City of Rocklin
Community Facilities District No. 11 (Sierra College Interchange)
Special Tax Refunding Bonds Series 2019
Debt Service Schedule**

Bond Year Ending (Sept. 1)	<u>Bonds Principal</u>	<u>Bonds Interest</u>	<u>Bonds Total</u>
2020			
2021			
2022			
2023			
2024			
2025			
2026			
2027			
2028			
2029			
2030			
2031			
Total			

Source: Underwriter.

THE BONDS

Authority for Issuance

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

Description of the Bonds

Bond Terms. The Bonds will be dated as of and bear interest from the date of delivery thereof at the rates and mature in the amounts and years, as set forth on the cover page hereof. The Bonds are being issued in the denomination of \$5,000 or any integral multiple thereof.

Interest on the Bonds will be payable semiannually on March 1 and September 1 of each year (each an “**Interest Payment Date**”), commencing March 1, 2020. The principal of the Bonds and premiums due upon the redemption thereof, if any, will be payable in lawful money of the United States of America at the principal corporate trust office of the Fiscal Agent in Los Angeles, California, or such other place as designated by the Fiscal Agent, upon presentation and surrender of the Bonds; provided that so long as any Bonds are in book-entry form, payments with respect to such Bonds will be made by wire transfer, or such other method acceptable to the Fiscal Agent, to DTC.

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

Calculation and Payment of Interest. Interest on the Bonds will be computed on the basis of a 360-day year consisting of twelve 30-day months. Interest on the Bonds (including the final interest payment upon maturity or earlier redemption) is payable by check of the Fiscal Agent mailed on each Interest Payment Date by first class mail to the registered Owner thereof at such registered Owner’s address as it appears on the registration books maintained by the Fiscal Agent at the close of business on the 15th day of the month preceding the month in which the Interest Payment Date occurs whether or not such day is a Business Day (the “**Record Date**”) preceding the Interest Payment Date, or by wire transfer made on such Interest Payment Date upon written instructions received by the Fiscal Agent on or before the Record Date preceding the Interest Payment Date, of any Owner of \$1,000,000 or more in aggregate principal amount of Bonds; provided that so long as any Bonds are in book-entry form, payments with respect to such Bonds will be made by wire transfer, or such other method acceptable to the Fiscal Agent, to DTC. See “APPENDIX F – BOOK-ENTRY ONLY SYSTEM.”

Each Bond will bear interest from the Interest Payment Date next preceding the date of authentication thereof unless (i) it is authenticated on an Interest Payment Date, in which event it will bear interest from such date of authentication, or (ii) it is authenticated prior to an Interest

Payment Date and after the close of business on the Record Date preceding such Interest Payment Date, in which event it will bear interest from such Interest Payment Date, or (iii) it is authenticated prior to the Record Date preceding the first Interest Payment Date, in which event it will bear interest from the Dated Date; provided, however, that if at the time of authentication of a Bond, interest is in default thereon, such Bond will bear interest from the Interest Payment Date to which interest has previously been paid or made available for payment thereon. So long as the Bonds are registered in the name of Cede & Co., as nominee of DTC, payments of the principal, premium, if any, and interest on the Bonds will be made directly to DTC, or its nominee, Cede & Co. Disbursements of such payments to DTC's Participants are the responsibility of DTC and disbursements of such payments to the Beneficial Owners are the responsibility of DTC's Participants and Indirect Participants, as more fully described herein. See "APPENDIX F – BOOK-ENTRY ONLY SYSTEM."

Redemption*

Optional Redemption. The Bonds maturing on or before September 1, 20__ are not subject to optional redemption. The Bonds maturing on or after September 1, 20__ are subject to optional redemption from any source of available funds (other than Prepayments of the Special Tax by property owners), in whole or in part among maturities as specified by the City and by lot within a maturity, on and after September 1, 20__ at the following dates and respective redemption prices (expressed as percentages of the principal amount of the Bonds to be redeemed), plus accrued interest thereon to the date of redemption:

<u>Redemption Dates</u>	<u>Redemption Price</u>
September 1, 20__ through August 31, 20__	103%
September 1, 20__ through August 31, 20__	102
September 1, 20__ through August 31, 20__	101
September 1, 20__ and any date thereafter	100

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

<u>Redemption Dates</u>	<u>Redemption Price</u>
March 1, 2020 to March 1, 2027	103%
September 1, 2027 and March 1, 2028	102
September 1, 2028 and March 1, 2029	101
September 1, 2029 and Interest Payment Dates thereafter	100

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

Redemption Procedure by Fiscal Agent. The Fiscal Agent will cause notice of any redemption to be mailed by first class mail, postage prepaid, at least 20 days but not more than 60

* Preliminary; subject to change.

days prior to the date fixed for redemption, to the Securities Depositories and to one or more Information Services, and to the respective registered Owners of any Bonds designated for redemption, at their addresses appearing on the registration books in the Principal Office of the Fiscal Agent; but such mailing is not a condition precedent to such redemption and failure to mail or to receive any such notice, or any defect therein, will not affect the validity of the proceedings for the redemption of such Bonds.

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

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

Whenever provision is made in the Fiscal Agent Agreement for the redemption of less than all of the Bonds of any maturity, the City will select the Bonds to be redeemed, from all Bonds or such given portion thereof of such maturity by lot in any manner which the City in its sole discretion deems appropriate. Upon surrender of Bonds redeemed in part only, the City will execute and the Fiscal Agent will authenticate and deliver to the registered Owner, at the expense of the City, a new Bond or Bonds, of the same series and maturity, of authorized denominations in aggregate principal amount equal to the unredeemed portion of the Bond or Bonds.

Effect of Redemption. From and after the date fixed for redemption, if funds available for the payment of the principal of, and interest and any premium on, the Bonds so called for redemption are deposited in the Bond Fund, such Bonds so called will cease to be entitled to any benefit under the Fiscal Agent Agreement other than the right to receive payment of the redemption price, and no interest will accrue thereon on or after the redemption date specified in such notice.

Transfer or Exchange of Bonds

So long as the Bonds are registered in the name of Cede & Co., as nominee of DTC, transfers and exchanges of Bonds will be made in accordance with DTC procedures. See "APPENDIX F – BOOK-ENTRY ONLY SYSTEM." Any Bond may, in accordance with its terms, be transferred or exchanged by the person in whose name it is registered, in person or by his duly authorized attorney, upon surrender of such Bond for cancellation, accompanied by delivery of a duly written instrument of transfer in a form approved by the Fiscal Agent. Whenever any Bond or Bonds are surrendered for transfer or exchange, the City will execute and the Fiscal Agent will authenticate and deliver a new Bond or Bonds, for a like aggregate principal amount of Bonds of authorized denominations and of the same maturity. The cost for any services rendered or any expenses incurred by the Fiscal Agent in connection with any such transfer or exchange will be paid by the City. The Fiscal Agent will collect from the Owner requesting such transfer any tax or other governmental charge required to be paid with respect to such transfer or exchange. No transfers or exchanges of Bonds will be required to be made (i) within 15 days prior to the date established by the Fiscal Agent for selection

of Bonds for redemption or (ii) with respect to a Bond after such Bond has been selected for redemption.

SECURITY FOR THE BONDS

Special Taxes

The Bonds are payable from and secured by proceeds of the Special Tax Revenues, which is defined to mean the proceeds of the Special Taxes received by the City, including any scheduled payments thereof, interest and proceeds of the redemption or sale of property sold as a result of foreclosure of the lien of the Special Taxes to the amount of said interest, but shall not include any interest in excess of the interest due on the Bonds or any penalties collected in connection with any such foreclosure. The Special Tax Revenues are net of County administrative charges, which are currently equal to 1% of the Special Tax levy, and Priority Administrative Expenses. “**Priority Administrative Expenses**” means costs directly related to the administration of the District in the amount of \$30,000 for fiscal year 2019-20, and for each fiscal year thereafter an amount equal to the previous year amount increased by 2%.

All of the Special Tax Revenues and all moneys deposited in the Reserve Fund and the Bond Fund and, until disbursed as provided in the Fiscal Agent Agreement, in the Special Tax Fund are pledged to secure the repayment of the Bonds. The Special Tax Revenues and all moneys deposited into such funds (except as otherwise provided in the Fiscal Agent Agreement) are dedicated to the payment of the principal of, including any mandatory sinking fund payments, and interest and any premium on, the Bonds as provided in the Fiscal Agent Agreement and in the Act until all of the Bonds have been paid and retired or defeased in accordance with the Fiscal Agent Agreement.

A Special Tax applicable to each taxable parcel in the District will be levied and collected according to the tax amount determined by the City Council through the application of the Special Tax Formula administered by an administrator (the “**Special Tax Administrator**”), currently Willdan Financial Services, Temecula, California, and set forth in APPENDIX A hereto for all taxable properties in the District. Prior to remittance of the Special Tax collections to the City, the County deducts and retains a 1% County administration fee, as noted above. Interest and principal on the Bonds is payable from the annual Special Tax Revenues to be paid to the City from Special Tax levies and collections on taxable property within the District, from amounts held in certain funds and accounts established under the Fiscal Agent Agreement and from the proceeds, if any, from the sale of such property for delinquency of such Special Taxes.

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

The amount of Special Taxes that the District may levy in any year, and from which principal and interest on the Bonds is to be paid, is strictly limited by the maximum rates approved by the qualified electors within the District which are set forth in the Special Tax Formula. Under the Special Tax Formula, Special Taxes for the purpose of making payments on the Bonds will be levied annually in an amount, not in excess of the annual maximum Special Tax. The Special Taxes and any interest

earned on the Special Taxes constitute a trust fund for the principal of and interest on the Bonds pursuant to the Fiscal Agent Agreement and, so long as the principal of and interest on these obligations remains unpaid, the Special Taxes and investment earnings thereon will not be used for any other purpose, except as permitted by the Fiscal Agent Agreement, and will be held in trust for the benefit of the owners thereof and will be applied pursuant to the Fiscal Agent Agreement. The Special Tax Formula apportions the Special Tax Requirement (as defined in the Special Tax Formula and described below) among the taxable parcels of real property within the District according to the rate and methodology set forth in the Special Tax Formula. See “Special Tax Methodology” below. See also “APPENDIX A – RATE AND METHOD OF APPORTIONMENT OF SPECIAL TAX.”

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

Special Tax Methodology

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

Determination of Special Tax Requirement. Each year, the City will determine the annual Special Tax Requirement of the District for the upcoming fiscal year. The “**Special Tax Requirement**” is defined in the Special Tax Formula as the amount necessary in any Fiscal Year (i) to pay principal and interest on Bonds, (ii) to create or replenish reserve funds, (iii) to cure any delinquencies in the payment of principal or interest on indebtedness of the District which have occurred in the prior Fiscal Year or (based on delinquencies in the payment of the Special Taxes which have already taken place) are expected to occur in the Fiscal Year in which the tax will be collected, (iv) to pay Administrative Expenses, and (v) to pay authorized CFD facility expenses to be funded directly from Special Tax proceeds.

The Special Tax Requirement is the basis for the amount of Special Tax to be levied within the District to pay the Bonds. 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.

Classification of Parcels and Amount of Maximum Annual 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 shall identify all Taxable Parcels within the District boundary by excluding all

Tax-Exempt Parcels. The Maximum Annual Special Tax is set on a per parcel basis, and subject to change from time to time per Section 6 and the other provisions of the Special Tax Formula. For a list of Maximum Annual Special Tax rates on a per-parcel basis, see APPENDIX A.

Method of Levying the Special Tax. Each Fiscal Year, the City determines the Special Tax Requirement for the District and levies the Special Tax within the District as follows: (1) Identify the Special Tax Requirement to be paid in the Fiscal Year for which the Special Tax is being calculated; (2) On or about July 1 of each Fiscal Year, determine the aggregate Maximum Annual Special Tax for all Taxable Parcels in the District, per the Special Tax Formula; (3) Calculate the Special Tax proportionately on each Taxable Parcel in an amount sufficient to meet the Special Tax Requirement, up to 100% of the Maximum Annual Special Tax for each Taxable Parcel; and (4) Levy the Special Tax determined in (3) above.

Termination of the Special Tax. The Special Tax will be levied and collected for as long as needed to pay the principal and interest on the Bonds and other costs incurred in order to construct the authorized District-funded facilities and to pay the annual Special Tax Requirement. The Special Tax Formula provides that the Special Tax may not be levied on any parcel in the District after fiscal year 2040-41. When all annual Special Tax Requirement incurred by the District have been paid, the Special Tax will cease to be levied.

Prepayment of the Special Tax. The Special Tax Formula provides that landowners may permanently satisfy the Special Tax by a cash settlement with the City, subject to the conditions set forth in the Special Tax Formula. See APPENDIX A.

Levy of Annual Special Tax; Maximum Special Tax

The annual Special Tax will be calculated by the City and levied to provide money for debt service on the Bonds, replenishment of the Reserve Fund, anticipated Special Tax delinquencies, administration of the District, and for payment of pay-as-you-go expenditures of the Improvements or authorized District-funded facilities not funded from Bond proceeds. In no event may the City levy a Special Tax in any year above the Maximum Annual Special Tax identified for each parcel in the Special Tax Formula. See "APPENDIX A – RATE AND METHOD OF APPORTIONMENT OF SPECIAL TAX."

The Special Tax will be levied each year in an amount at least equal to the Special Tax Requirement as described in the Special Tax Formula and may be levied in an amount up to the maximum rates, which may include a pay-as-you-go component. See "APPENDIX A – RATE AND METHOD OF APPORTIONMENT OF SPECIAL TAX."

Special Tax Fund

When received, the Special Tax Revenues are required under the Fiscal Agent Agreement to be deposited into a Special Tax Fund to be held by the City in trust for the benefit of the City and the Owners of the Bonds. Within the Special Tax Fund, the City has established and will maintain the Surplus Account, to the credit of which the City will deposit surplus Special Tax Revenue, if any, as described below. Moneys in the Special Tax Fund will be disbursed as provided below and, pending any disbursement, will be subject to a lien in favor of the Owners of the Bonds.

As soon as practicable after the receipt by the City of any Special Tax Revenues or the transfer of amounts under the Fiscal Agent Agreement, but no later than ten (10) Business Days

after such receipt or transfer, the Chief Financial Officer shall withdraw from the Special Tax Fund and transfer:

(i) to the Chief Financial Officer for deposit in the Administrative Expense Fund, the amount of the Priority Administrative Expenses allocable to such receipt;

(ii) to the Fiscal Agent for deposit in the Bond Fund, (a) an amount necessary to pay any principal or interest on the Bonds not paid when due, together with additional interest at the rate of interest on the Bonds to the expected date of payment from the date such payment was due, plus (b) an amount, taking into account any amounts then on deposit in the Bond Fund, such that the amount in the Bond Fund equals the principal (including any mandatory sinking fund installment), premium, if any, and interest due on the Bonds on the next two Interest Payment Dates with respect to Special Tax Revenues received during the period from September 1 through the last day of February in any year, and on the next Interest Payment Date with respect to Special Tax Revenues received during the period from March 1 through the last day of August in any year;

(iii) to the Fiscal Agent for deposit in the Reserve Fund an amount, taking into account amounts then on deposit in the Reserve Fund, so that the amount in the Reserve Fund equals the Reserve Requirement; and

(iv) after the foregoing transfers, transfer any amount remaining in the Special Tax Fund to the Surplus Fund. The transfer shall be made on or after September 2nd of each year.

Delinquent Payments of Special Tax; Foreclosure Covenant

General. The Special Tax will be collected in the same manner and the same time as *ad valorem* property taxes, except at the City’s option, the Special Taxes may be billed directly to property owners or collected at a different time to meet the City’s financial obligations. In the event of a delinquency in the payment of any installment of Special Taxes, the City is authorized by the Act to order institution of an action in superior court to foreclose the lien therefor. For delinquency history data, see “VALUE OF PROPERTY WITHIN THE DISTRICT – Special Tax Delinquencies.”

Accelerated Foreclosure Covenant. The City covenants in the Fiscal Agent Agreement that on or about October 1 of each Fiscal Year, the Chief Financial Officer shall compare the amount of Special Taxes theretofore levied in the District to the amount of Special Tax Revenues theretofore received by the City, and if the Chief Financial Officer determines that any single parcel subject to the Special Tax in the District is delinquent in an amount of at least \$20,000, then the Chief Financial Officer shall send or cause to be sent a notice of delinquency (and a demand for immediate payment thereof) to the applicable 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 against each such parcel.

Exception for Hanzlick Parcels. Notwithstanding the foregoing, the City may, but shall in no way to be obligated to, commence foreclosure proceedings against any of the following parcels (previously defined as the “Hanzlick Parcels”), so long as owned by the owner set forth below, in accordance with the accelerated timeframe set forth above:

<u>Assessor’s Parcel Numbers</u>	<u>Owner Name</u>
045-013-005-000	Hanzlick Family Partnership et al.
045-013-022-000	Hanzlick Family Partnership et al.
045-021-045-000	Hanzlick Family Partnership et al.

The Hanzlick Parcels are currently undeveloped property. The property owners have been delinquent in the payment of Special Taxes since Fiscal Year 2011, and no assurance can be given that the Special Taxes levied on the Hanzlick Parcels in the future will be paid. Accordingly, debt service on the Bonds has been sized excluding the Special Tax levied on the Hanzlick Parcels. In addition, the accelerated foreclosure covenant set forth in the Fiscal Agent Agreement expressly excludes the Hanzlick Parcels. For additional information on the Hanzlick Parcels, see “THE DISTRICT – Development in the District – Hanzlick Parcels.”

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

The owners of the Bonds benefit from the Reserve Fund established pursuant to the Fiscal Agent Agreement; however, if delinquencies in the payment of the Special Taxes with respect to the Bonds are significant enough to completely deplete the Reserve Fund, there could be a default or a delay in payments of principal and interest to the owners of the Bonds pending prosecution of foreclosure proceedings and receipt by the City of the proceeds of foreclosure sales. Provided that it is not levying at the maximum special tax rates set forth in the Special Tax Formula, the City may adjust the Special Taxes levied on all property within the District subject to the Special Tax to provide an amount required to pay debt service on the Bonds and to replenish the Reserve Fund. However, such adjustment is subject to the Maximum Annual Special Tax and to the limitation described under the caption “– Special Tax Methodology – Limitation on Increases of Special Tax Levy” above.

Under current law, a judgment debtor (property owner) has at least 120 days from the date of service of the notice of levy to redeem the property to be sold. If a judgment debtor fails to redeem and the property is sold, his or her only remedy is an action to set aside the sale, which must be brought within 90 days of the date of sale. If, as a result of such an action a foreclosure sale is set aside, the judgment is revived and the judgment creditor is entitled to interest on the revived judgment as if the sale had not been made (California Code of Civil Procedure Section 701.680).

Foreclosure by court action is subject to normal litigation delays, the nature and extent of which are largely dependent upon the nature of the defense, if any, put forth by the debtor and the condition of the calendar of the superior court of the county. Such foreclosure actions can be stayed by the superior court on generally accepted equitable grounds or as the result of the debtor’s filing for relief under the Federal bankruptcy laws. The Act provides that, upon foreclosure, the Special Tax lien will have the same lien priority as is provided for *ad valorem* taxes and special assessments.

No assurances can be given that the real property subject to a judicial foreclosure sale will be sold or, if sold, that the proceeds of sale will be sufficient to pay any delinquent Special Tax installment. The Act does not require the District to purchase or otherwise acquire any lot or parcel of property foreclosed upon if there is no other purchaser at such sale.

Section 53356.6 of the Act requires that property sold pursuant to foreclosure under the Act be sold for not less than the amount of judgment in the foreclosure action, plus post-judgment interest and authorized costs, unless the consent of the owners of 75% of the outstanding Bonds is obtained. However, under Section 53356.6 of the Act, the District, as judgment creditor, is entitled to purchase any property sold at foreclosure using a “credit bid,” where the District could submit a bid crediting all or part of the amount required to satisfy the judgment for the delinquent amount of the Special

Tax. If the District becomes the purchaser under a credit bid, the District must pay the amount of its credit bid into the redemption fund established for the Bonds, but this payment may be made up to 24 months after the date of the foreclosure sale.

Reserve Fund

In connection with the issuance of the Bonds, a debt service reserve fund (the “**Reserve Fund**”) is being established under the Fiscal Agent Agreement, to be held by the Fiscal Agent for the benefit of the Bonds. Upon delivery of the Bonds, the Fiscal Agent will deposit an amount of the proceeds into the Reserve Fund so that the amount therein equals the “**Reserve Requirement**,” which means an amount equal to the lesser of (a) Maximum Annual Debt Service on the Outstanding Bonds, (b) 125% of the average Annual Debt Service, or (c) 10% of the principal amount of the Bonds (or the issue price of the Bonds excluding accrued interest, if the net original issue discount or premium is less than 98% or more than 102% of the principal amount of the Bonds), as calculated by the City; provided, that in no event shall the City be obligated to deposit an amount in the Reserve Fund in excess of the amount permitted by the applicable provisions of the Tax Code to be so deposited from the proceeds of tax-exempt bonds without having to restrict the yield of any investment purchased with any portion of such deposit and, if the amount of any such deposit is so limited, the Reserve Requirement shall be only the amount of such deposit as permitted by the Tax Code.

Moneys in the Reserve Fund shall be held by the Fiscal Agent for the benefit of the Owners of the Bonds as a reserve for the payment of the principal of, and interest and any premium on, the Bonds and shall be subject to a lien in favor of the Owners of the Bonds. Except as otherwise provided below, all amounts deposited in the Reserve Fund shall be used and withdrawn by the Fiscal Agent solely for the purpose of making transfers to the Bond Fund in the event of any deficiency within five days prior to any Interest Payment Date in the Bond Fund of the amount required for payment of the principal of, and interest on, the Bonds on such Interest Payment Date. Whenever transfer is made from the Reserve Fund to the Bond Fund due to a deficiency in the Bond Fund, the Fiscal Agent shall provide written notice thereof to the Chief Financial Officer.

Whenever, on the Business Day prior to any Interest Payment Date, the amount in the Reserve Fund exceeds the then applicable Reserve Requirement, the Fiscal Agent shall provide written notice to the Chief Financial Officer of the amount of the excess. The Chief Financial Officer shall advise the Fiscal Agent in writing of the amount, if any, of any transfer required pursuant to the Fiscal Agent Agreement, and otherwise direct the Fiscal Agent to transfer an amount equal to the excess from the Reserve Fund to the Bond Fund to be used for the payment of the principal of and interest on the Bonds in accordance with the Fiscal Agent Agreement; provided, however, that to the extent that such excess results from the prepayment of Special Taxes and redemption of Bonds as provided in an Officer’s Certificate, such amount shall be transferred to the Prepayment Account and applied to the corresponding redemption of Bonds.

Amounts in the Reserve Fund shall be withdrawn for purposes of making payment to the federal government to comply with the Fiscal Agent Agreement, upon receipt by the Fiscal Agent of an Officer’s Certificate specifying the amount to be withdrawn and to the effect that such amount is needed for rebate purposes. No amounts in the Reserve Fund shall be used for rebate unless the amount in the Reserve Fund, excluding earnings, equals the Reserve Requirement.

Whenever the balance in the Reserve Fund exceeds the amount required to redeem or pay the Outstanding Bonds, including interest accrued to the date of payment or redemption and premium, if any, due upon redemption, and after making any transfer required under the Fiscal Agent

Agreement and upon receipt of an Officer's Certificate directing it to do so, the Fiscal Agent shall transfer the amount in the Reserve Fund to the Bond Fund to be applied, on the next succeeding Interest Payment Date to the payment and redemption of Outstanding Bonds. In the event that the amount so transferred from the Reserve Fund to the Bond Fund exceeds the amount required to pay and redeem the Outstanding Bonds, the balance in the Reserve Fund shall be transferred to the City, after payment of any amounts due the Fiscal Agent, to be used for any lawful purpose of the City.

Notwithstanding the foregoing, no amounts shall be transferred from the Reserve Fund under the foregoing until after: (i) the calculation of any amounts due to the federal government and withdrawal of any such amount for purposes of making such payment to the federal government; and (ii) payment of any fees and expenses due to the Fiscal Agent.

No Additional Bonds Except for Refunding

In the Fiscal Agent Agreement, the City covenants not to issue additional Bonds payable from the Special Tax Revenues equally and ratably with Bonds previously issued, except that the City may issue such additional Bonds to refund all or part of the Bonds.

THE DISTRICT

Formation of the District

On August 8, 2006, the City Council adopted a Resolution of Intention to form a community facilities district under the Act, to levy a special tax and to incur bonded indebtedness for the purpose of financing the Improvements and making contributions to certain public facilities. After conducting a noticed public hearing, on September 12, 2006, the City Council adopted the Resolution of Formation, which established the District, set forth the Special Tax Formula within the District and set forth the necessity to incur bonded indebtedness in a total amount not to exceed \$30,000,000. On the same day, an election was held within the District in which the eligible landowner voters in the District approved the proposed bonded indebtedness and the levy of the Special Tax by the requisite 2/3 vote.

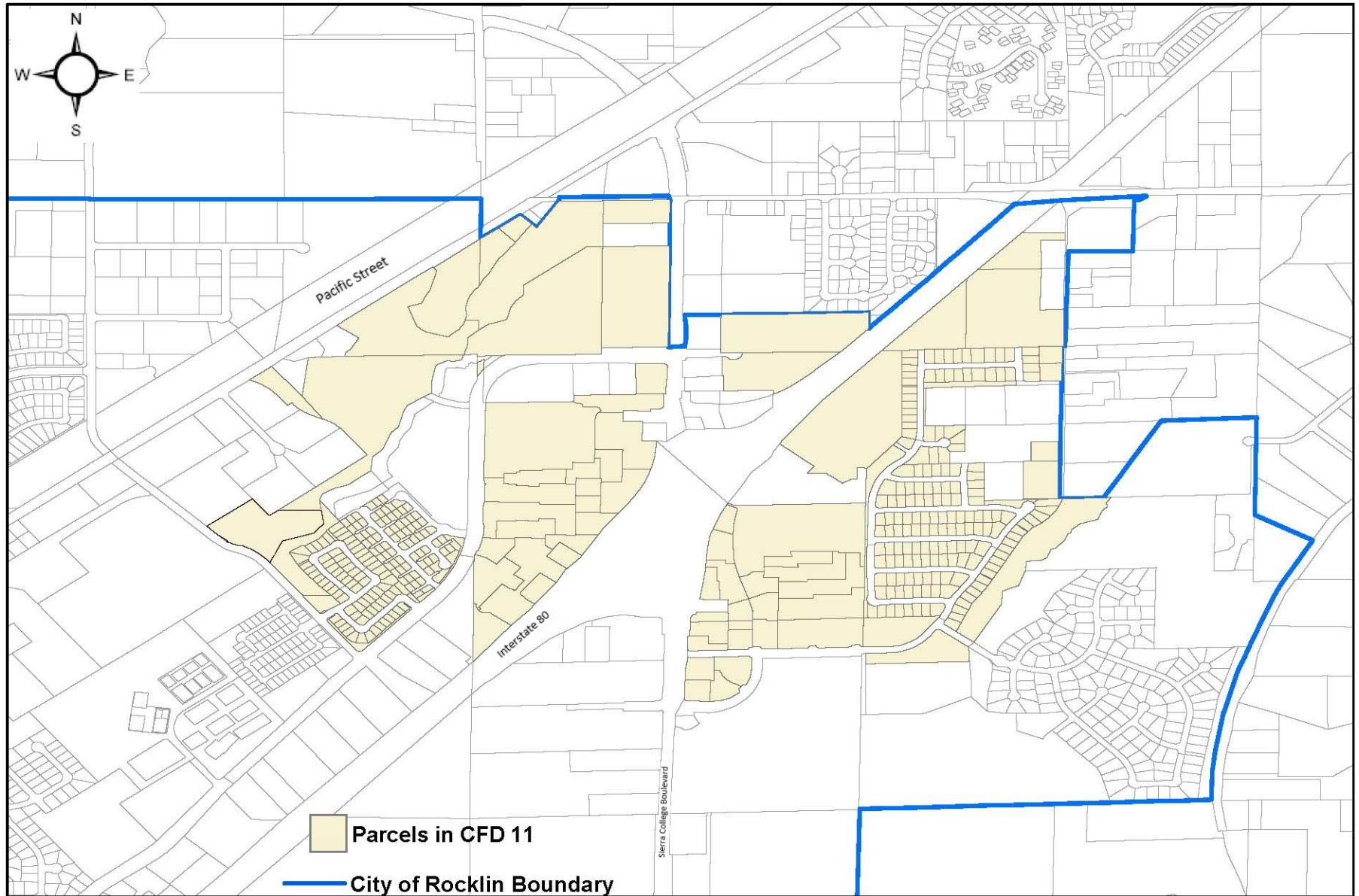
On February 28, 2012, the City Council adopted a resolution amending the Special Tax Formula, which did not require a vote of taxpayers within the District given the amendment was contemplated by the original Special Tax Formula and no taxpayer was affected by increased special taxes. As so amended, the Special Tax Formula is attached as APPENDIX A.

Location and Description of the District and the Immediate Area

The District is located in a southeastern area of the City, along and adjacent to Interstate-80, near developed residential and commercial uses.

The City formed the District in cooperation with landowners to finance construction of major improvements to the interchange of Sierra College Blvd. and Interstate 80. These improvements to the interchange were intended to enable property within the District, as well as some property not within the District, to be developed to its highest and best use. The District was formed to finance a portion of the cost of the acquisition of lands, easements, and related rights, and the construction of the Sierra College Boulevard/Interstate-80 interchange. A map of the parcels in the District is set forth on the following page.

City of Rocklin Community Facilities District No. 11



Development in the District

General. Property in the District consists of a mix of residential and non-residential parcels in the southeast portion of the City, in the immediate vicinity of the Sierra College Boulevard interchange with Interstate-80. Completed development in the District includes the Rocklin Commons and Rocklin Crossings shopping centers, which include a Target, Wal Mart and Bass Pro Shop, and two residential subdivisions developed by Taylor Morrison and Cresleigh Homes, respectively. The Taylor Morrison project is known as “The Preserve at Secret Ravine,” and is a 169-unit residential community of single-family homes, which is now sold out. The Cresleigh Homes project has two components, 260 gated apartment homes called “Garnet Creek” and 80 single-family residences known as “Cresleigh Rocklin Trails.” Undeveloped property includes a few remaining residential lots and several larger parcels zoned for commercial, industrial or undetermined uses.

Development Status and Top Taxpayers in the District. The tables on the following pages sets forth the development status of parcels in the District and the top taxpayers in the District, and in each case includes the taxpayers’ allocable share of the Bonds. The Hanzlick Parcels, which are undeveloped property, have been excluded, since they have been delinquent in the payment of the Special Tax, and the Bonds have been sized excluding the Special Tax levied on the Hanzlick Parcels. In addition, the accelerated foreclosure covenant set forth in the Fiscal Agent Agreement expressly excludes the Hanzlick Parcels.

See “OWNERSHIP OF PROPERTY WITHIN THE DISTRICT” for additional details on certain of the top owners in the District, as well as additional information on the Hanzlick Parcels.

Table 1
City of Rocklin
Community Facilities District No. 11 (Sierra College Interchange)
Development Status, Special Tax Levy and Value-to-Lien Ratios⁽¹⁾
Fiscal Year 2019-20

Development Status, Land Use and Owner Name	Parcel Count	FY 2019-20 Max Tax	FY 2019-20 Levy	Percent of FY 2019-20 Levy	Assessed Land Value	Assessed Structure Value	Total Assessed Value	Allocable Share of Bonded Debt* (2)	Value to Lien Ratio on Bonded Debt* (3)
Developed									
Completed Single Family Homes	311	\$372,879	\$248,255	35.8%	\$39,177,092	\$119,410,293	\$158,587,385	\$1,862,087	85.2
Donahue Schriber Realty Group LP/DS Properties 17 LP (4)	31	203,059	135,193	19.5%	17,564,801	59,069,916	76,634,717	1,014,046	75.6
Bass Pro Outdoor World LLC ET AL	1	50,101	33,357	4.8%	5,730,523	13,477,341	19,207,864	250,198	76.8
Target Corporation	1	45,918	30,572	4.4%	4,415,624	15,055,171	19,470,795	229,310	84.9
Rocklin Pavilions LLC & Pavilions Sales LLC (5)	8	34,525	22,986	3.3%	1,636,157	0	1,636,157	172,413	9.5
Other Taxpayers Representing Less than 1% of the Levy	2	9,603	6,393	1.0%	2,755,101	3,215,990	5,971,091	47,956	124.5
Subtotal	354	\$716,085	\$476,756	68.8%	\$71,279,298	\$210,228,711	\$281,508,009	\$3,576,010	78.7
Undeveloped									
Taylor Road 24 LLC(6)	5	\$102,547	\$68,274	9.9%	\$1,688,995	\$0	\$1,688,995	\$512,106	3.3
Harmon Martin A TR ET AL(6)	2	85,652	57,026	8.2%	2,538,980	0	2,538,980	427,734	5.9
Arrowest Properties Inc.(6)	3	62,816	41,822	6.0%	587,202	0	587,202	313,695	1.9
Del Paso & El Camino LLC	2	49,213	32,765	4.7%	4,625,000	0	4,625,000	245,762	18.8
Garnet Creek Homes LLC	10	13,713	9,129	1.3%	129,351	0	129,351	68,479	1.9
Other Taxpayers Representing Less than 1% of the Levy	2	9,928	6,610	1.0%	5,899,252	0	5,899,252	49,578	119.0
Taylor Morrison LLC (7)	1	1,329	885	0.1%	91,146	0	91,146	6,636	13.7
Subtotal	25	\$325,198	\$216,511	31.2%	\$15,559,926	\$0	\$15,559,926	\$1,623,990	9.6
Grand Total	379	\$1,041,283	\$693,267	100.00%	\$86,839,224	\$210,228,711	\$297,067,935	\$5,200,000	57.1

* Preliminary; subject to change.

Note: Development status as provided by site research performed by NHA Advisors LLC, and 2019-2020 Placer County Land Use Code.

(1) Excludes the Hanzlick Parcels. Bonds have been sized without expectation of revenue from these parcels.

(2) Allocable Share of Bonded Debt based on the FY 2019-20 Levy (excluding the Hanzlick Parcels) multiplied by the Series 2019 Bonds to be issued. Bonds have been sized without expectation of revenue from the Hanzlick Parcels. For detailed information regarding the Hanzlick Parcels, see "OWNERSHIP OF PROPERTY WITHIN THE DISTRICT – Hanzlick Parcels."

(3) Reflects Total Assessed Value divided by Allocable Share of Bonded Debt.

(4) Based on same ownership address from 2019-20 Placer County Secured Roll, Donahue Schriber Realty Group LP and DS Properties 17 LP are assumed to be the same entity and have been combined as one entity for the purposes of this table.

(5) Developed as parking lots for the Rocklin Pavilions shopping centers, but have no structure value on the 2019-20 Placer County Secured Roll.

(6) Taylor Road 24 LLC, Harmon Martin A Trust and Arrowest Properties Inc. all share the same ownership address, and are therefore presumed to be affiliated entities.

(7) For the Fiscal Year 2019-20 property tax roll, Taylor Morrison owned 2 parcels, which have subsequently been developed and sold to individual homeowners, and such sales will be reflected in the following year's property tax roll.

Source: FY 2019-20 Placer County Secured Roll as compiled by Willdan Financial Services.

Table 2
City of Rocklin
Community Facilities District No. 11 (Sierra College Interchange)
Top Taxpayers (Greater than 1% of the Levy) ⁽¹⁾
Fiscal Year 2019-20

Owner Name	Parcel Count	FY 2019-20 Max Tax	FY 2019-20 Levy	Percent of FY 2019-20 Levy	Assessed Land Value	Assessed Structure Value	Total Assessed Value	Allocable Share of Bonded Debt* ⁽²⁾	Value to Lien Ratio on Bonded Debt* ⁽³⁾
Donahue Schriber Realty Group LP/DS Properties 17 LP ⁽⁴⁾	31	\$203,059	\$135,193	19.5%	\$17,564,801	\$59,069,916	\$76,634,717	\$1,014,046	75.6
Taylor Road 24 LLC ⁽⁵⁾	5	102,547	68,274	9.9%	1,688,995	0	1,688,995	512,106	3.3
Harmon Martin A TR ET AL ⁽⁵⁾	2	85,652	57,026	8.2%	2,538,980	0	2,538,980	427,734	5.9
Arrowest Properties Inc. ⁽⁵⁾	3	62,816	41,822	6.0%	587,202	0	587,202	313,695	1.9
Bass Pro Outdoor World LLC ET AL	1	50,101	33,357	4.8%	5,730,523	13,477,341	19,207,864	250,198	76.8
Del Paso & El Camino LLC	2	49,213	32,765	4.8%	4,625,000	0	4,625,000	245,763	18.8
Target Corporation	1	45,918	30,572	4.4%	4,415,624	15,055,171	19,470,795	229,310	84.9
Rocklin Pavilions LLC & Pavilions Sales LLC	8	34,525	22,986	3.3%	1,636,157	0	1,636,157	172,413	9.5
Garnet Creek Homes LLC	19	26,054	17,346	2.5%	229,945	2,223,387	2,453,332	130,109	18.9
Subtotal	72	\$659,885	\$439,341	63.4%	\$39,017,227	\$89,825,815	\$128,843,042	\$3,295,374	39.1
All Others	307	381,398	253,926	36.6%	47,821,997	120,402,896	168,224,893	1,904,626	70.7
Grand Total	379	\$1,041,283	\$693,267	100.0%	\$86,839,224	\$210,228,711	\$297,067,935	\$5,200,000	57.1

* Preliminary; subject to change.

(1) Excludes the Hanzlick Parcels. Bonds have been sized without expectation of revenue from these parcels.

(2) Allocable Share of Bonded Debt based on the FY 2019-20 Levy (excluding the Hanzlick Parcels) multiplied by the Series 2019 Bonds to be issued. Bonds have been sized without expectation of revenue from the Hanzlick Parcels. For detailed information regarding the Hanzlick Parcels, see "OWNERSHIP OF PROPERTY WITHIN THE DISTRICT – Hanzlick Parcels."

(3) Reflects Total Assessed Value divided by Allocable Share of Bonded Debt.

(4) Based on same ownership address from 2019-20 Placer County Secured Roll, Donahue Schriber Realty Group LP and DS Properties 17 LP are assumed to be the same entity and have been combined as one entity for the purposes of this table.

(5) Taylor Road 24 LLC, Harmon Martin A Trust and Arrowest Properties Inc. all share the same ownership address, and are therefore presumed to be affiliated entities.

Source: FY 2019-20 Placer County Secured Roll as compiled by Willdan Financial Services.

Rocklin Crossings and Rocklin Commons Shopping Centers. Two large shopping centers – Rocklin Crossings and Rocklin Commons – are located within the District. These have been developed by Donahue Shriber, a private real estate investment trust, and its affiliates. See “OWNERSHIP OF PROPERTY WITHIN THE DISTRICT” for more information on Donahue Schriber and its affiliates.

The Rocklin Crossings shopping center, located southeast of Interstate-80, opened with the Wal Mart Super Center as the first major anchor (opened late 2013). Now, construction has been completed for all major tenant spaces, shops and pads. Occupancy of all major tenant spaces in this center was completed with PetSmart (opened 2014), Bass Pro Shops (opened 2015), Green Acres (opened 2016), and both Home Goods and TJ Maxx (opened 2018). The shops and pad buildings in the center of the Rocklin Crossings are also filling in commercial tenants such as Starbucks, Great Clips, Gentle Dental, Dazzling Nails, AT&T, Mod Pizza, Beach Hut Deli, UPS Store, Juice It Up, Dickey’s BBQ, Jimboy’s Tacos, Smoosh, Panda Express, In-N-Out, Sleep Train, Wingstop and more recently Baskin Robbins and Mel’s Diner. The roughly 500,000 square foot center is nearing full occupancy.

On the northwestern side of Interstate-80, The Rocklin Commons Shopping Center has also been developing in recent years, with major anchors Target, Ross, Steinmart, Ulta and Studio Movie Grill, all opening in 2014. Other shops and restaurants in the center include Famous Footwear, Sleep First, Maurice’s, Panera, Chipotle, Blast & Brew, Menchie’s, Verizon, Sassy Nails, Supercuts, GNC, Stylish Eyebrows, Subway, Mooyah Burgers, Noodles & Company, Studio Salons, and more recently SunPower, Jersey Mike’s Subs, Tropical Café Smoothie, European Wax Center and The Brass Tap. With about 34,000 square feet left in 7 pad spaces yet to be constructed there is still some undeveloped land, but the majority of the approximately 360,000 square foot center is occupied.

The following table shows breakdown, by square footage, of the largest businesses within the Rocklin Commons and Rocklin Crossings shopping centers, as well as vacant (available for lease) spaces, based on information available on Donahue Shriber's website as of October 1, 2019.

Table 3
City of Rocklin
Community Facilities District No. 11 (Sierra College Interchange)
Largest Businesses within Rocklin Commons and Rocklin Crossings

Suite	Tenant	Square Feet	% of Sq Ft
Rocklin Crossings			
Major C	Wal-Mart Supercenter (N.A.P.)	185,667	22%
Major A	Bass Pro Shops	100,348	12%
Major G	Green Acres Nursery	85,435	10%
25 suites	Other Leased Spaces ⁽¹⁾⁽²⁾	101,953	12%
9 suites	Available for Lease	18,500	2%
		Subtotal	58%
Rocklin Commons			
Major A	Target	137,000	16%
27 suites	Other Leased Spaces ⁽¹⁾⁽³⁾	167,314	20%
10 suites	Available for Lease	52,055	6%
		Subtotal	42%
Combined Total		848,272	100%

(1) Each represents less than 5% of total square footage.

(2) Includes HomeGoods, TJ Maxx, Petsmart, Mattress Firm, In-N-Out (N.A.P.), Mel's Diner, Gentle Dental, Fit 36, MOD Pizza, Cucamonga Clothing Exchange, Fire Wings, Jimboy's Tacos, AT&T Prime, Great Wraps Grill, Panda Express, Waxing the City, Starbucks, Beach Hut Deli, Side Burn BBQ & Brew, The UPS Store, Dazzling Nails, Baskin Robbins, See's Candies, The Joint, Great Clips.

(3) Includes: Studio Movie Grill, Stein Mart, Ross, W. Salon Suites, ULTA, Famous Footwear, Maurice's, Panera Bread, Sleep First, Hooked on Solar, Pacific Dental, Noodles & Company, The Brass Tap, Mooyah Burger, Chipotle, Blast 825 Pizza, European Wax Center, Jersey Mike's Subs, Tropical Smoothie Café, Go Wireless by Verizon, T-Mobile, GNC, Sassy Nails, Menchie's, Stylish Eyebrows by Thread, Subway, Supercuts.

Source: Donahue Shriber website (<https://www.donahuescriber.com/property/>), last accessed October 1, 2019.

The following table shows the expiration date for major tenant leases coming due within the next ten years in Rocklin Commons and Rocklin Crossings, respectively.

Table 4
City of Rocklin
Community Facilities District No. 11 (Sierra College Interchange)
Lease Expiration Dates for Major Tenant Leases

Rocklin Commons	Square Feet	Lease Expiration Date
Studio Movie Grill	35,000	11/30/2029
Ross	25,000	01/31/2025
Stein Mart	32,032	10/31/2024
Panera	4,200	12/31/2023
Total	96,232	
Rocklin Crossings	Square Feet	Lease Expiration Date
Bass Pro	100,348	08/25/2025
Petsmart	12,349	11/30/2024
Green Acres	85,435	04/30/2026
TJ Maxx	21,000	03/31/2028
Home Goods	21,000	06/30/2028
Total	240,132	

Source: Donahue Shriber.

OWNERSHIP OF PROPERTY WITHIN THE DISTRICT

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

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

Donahue Schriber Realty Group LP/DS Properties 17 LP. Donahue Schriber is the owner and developer of multiple parcels in the Rocklin Crossing and Rocklin Commons shopping centers. DS Properties 17 LP owns multiple parcels in the District, consisting of parcels in both the Rocklin Crossings and Rocklin Commons shopping centers. DS Properties 17 LP is the owner-developer of these centers, and an affiliate of Donahue Schriber.

Donahue Schriber is a private real estate investment trust (REIT), with a portfolio of shopping centers in the Western United States. It currently owns and operates 60 neighborhood, community, and power retail centers, encompassing 11 million square feet and valued at over \$3.5 billion. Its shopping centers are anchored by national and regional credit tenants, and its headquarters is located at 200 E. Baker Street, Suite 100, Costa Mesa, CA 92626.

Patrick S. Donahue serves as Donahue Schriber's Chairman and Chief Executive Officer. Mr. Donahue joined the company in 1979 and has been engaged in nearly all of the 32 million square feet of retail space in which the company has been involved. He has worked in every aspect of the business, including leasing, asset management, development and corporate strategy.

Taylor Road 24 LLC, Harmon Martin A Trust and Arrowest Properties Inc. Taylor Road 24, Harmon Martin A Trust and Arrowest Properties Inc. all share the same ownership address, and are therefore presumed to be affiliated entities. These parcels are all currently undeveloped (i.e., showing no assessed value for structure). The owner of the Harmon Martin A Trust parcels obtained a conditional letter of map revision ("**CLOMR**") from the Federal Emergency Management Agency ("**FEMA**") with respect to the development of its parcels. The CLOMR requires certain improvements to be made by FEMA prior to the change in flood zone mapping, and, to the best of the City's knowledge, these improvements have not yet been made.

Del Paseo & El Camino LLC. This entity owns 2 undeveloped parcels in the District. The City believes the owner is planning development of a commercial and hotel project on the parcels, although no assurance can be given that this project will ultimately be constructed.

Garnet Creek Homes LLC. Garnet Creek Homes LLC is an affiliate of Cresleigh Homes Corporation ("**Cresleigh**"). Garnet Creek is walkable community in the City, situated across from the Rocklin Commons shopping center at Granite Drive and Dominguez Road. The development includes 260 gated apartment homes called Garnet Creek and 80 single-family residences named

Cresleigh Rocklin Trails. Garnet Creek includes a pool and spa, fitness center with on-demand classes, dog park and pet washing station, bocce ball courts, a play area for kids, and barbecue pits. Also on site is a business/collaboration center with a kitchen and entertaining spaces.

Cresleigh is a California corporation based in San Francisco that has been building homes in Northern California and Arizona since the early 1990s. Homebuilding in Texas commenced in 2012. Additional information about Cresleigh can be found on the Internet at its website location, www.cresleigh.com. *The website address is given for reference and convenience only, the information on the website may be incomplete or inaccurate or out of date and has not been reviewed by the City or the Underwriter. Nothing on the website is a part of this Official Statement or incorporated into this Official Statement by reference.*

Hanzlick Parcels. The Hanzlick Parcels are currently undeveloped property. Special Taxes levied on the Hanzlick Parcels have been delinquent in the payment of Special Taxes since Fiscal Year 2011, and no assurance can be given that the Special Taxes levied on the Hanzlick Parcels in the future will be paid. The Hanzlick Parcels consist of three assessor's parcel numbers (APNs 045-013-005, 045-013-022, and 045-021-045), which have not been developed, primarily due to environmental considerations. Any development of the Hanzlick Parcels would likely require wetland mitigation efforts and/or other special development efforts and no assurance can be given those efforts will be undertaken by the current or any future owners of the parcels.

VALUE OF PROPERTY WITHIN THE DISTRICT

Assessed Values

In connection with valuing property in the District, the City has obtained the 2019-20 County “full cash” assessed valuation (the “**Assessed Valuation**”) of the taxable property in the District. The Assessed Valuation is \$299,094,967. The following table summarizes the historical assessed valuation of property in the District since the formation of the District.

Table 5
City of Rocklin
Community Facilities District No. 11 (Sierra College Interchange)
Annual Assessed Valuation Totals⁽¹⁾
Fiscal Years 2009-10 through 2019-20

Fiscal Year	Assessed Land Value	Assessed Structure Value	Total Assessed Value	Percent Change
2009-10	\$71,935,890	\$0	\$71,935,890	--
2010-11 ⁽²⁾	58,945,671	0	58,945,671	-18.1%
2011-12 ⁽²⁾	51,820,727	0	51,820,727	-12.1%
2012-13 ⁽²⁾	42,239,545	0	42,239,545	-18.5%
2013-14 ⁽²⁾	36,512,202	0	36,512,202	-13.6%
2014-15	55,084,700	7,775,000	62,859,700	72.2%
2015-16	57,186,042	35,443,501	92,629,543	47.4%
2016-17	70,222,190	77,260,730	147,482,920	59.2%
2017-18	72,248,043	108,818,875	181,066,918	22.8%
2018-19	80,165,733	163,857,399	244,023,132	34.8%
2019-20	88,866,256	210,228,711	299,094,967	22.6%

(1) Includes all taxable parcels, including the Hanzlick Parcels. However, note that the Bonds to be issued have been sized without expectation of revenue from these parcels.

(2) The reduction in land values in Fiscal Years 2010-11 through 2013-14 was attributable to the temporary Proposition 8 reduction by the Placer County Assessor.

Source: Placer County Secured Roll as compiled by Willdan Financial Services.

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.

Because of the general limitation to 2% per year in increases in full cash value of properties that 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, 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.

Value to Special Tax Burden Ratios

Based on the assessed value of property in the District, the taxable property value in the District is 57.1* times the \$5,200,000* aggregate principal amount of the Bonds; there is no overlapping land-secured debt (see “–Overlapping Liens and Priority of Lien” below). This is an average, and individual parcels may vary widely from the average.

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

Other public agencies whose boundaries overlap those of the District could, without the consent of the City and in certain cases without the consent of the owners of the land within the District, impose additional taxes or assessment liens on the land within the District. Property owners can also voluntarily add Property Assessed Clean Energy (PACE) assessment liens on their property to finance energy efficiency improvements. The lien created on the land within the District through the levy of such additional taxes or assessments may be on a parity with the lien of the Special Tax.

* Preliminary; subject to change.

Value to Lien Ratio Categories. The table sets forth the estimated value, and allocable District debt by value to lien ratio range categories.

Table 6
City of Rocklin
Community Facilities District No. 11 (Sierra College Interchange)
Value to Lien Ratios – by Development Status⁽¹⁾
Fiscal Year 2019-20

Value to Lien Ratio on Bonded Debt* (2)	Parcel Count	Total Assessed Value	Allocable Share of Bonded Debt* (3)	FY 2019-20 Levy	Percent of FY 2019-20 Levy
Greater than 20:1	339	\$284,702,354	\$3,349,396	\$446,543	64.4%
10:1 to 19.99:1	9	5,455,533	313,793	41,835	6.0%
5:1 to 9.99:1	13	4,504,500	642,532	85,663	12.4%
3:1 to 4.99:1	6	1,711,279	518,954	69,187	10.0%
2:1 to 2.99:1 (4)	1	20,268	6,848	913	0.1%
1:1 to 1.99:1 (5)	11	674,001	368,478	49,126	7.1%
Total	379	\$297,067,935	\$5,200,000	\$693,267	100.0%

*Preliminary; subject to change.

(1) Excludes the Hanzlick Parcels. Bonds have been sized without expectation of revenue from these parcels.

(2) Reflects Total Assessed Value divided by Allocable Share of Bonded Debt.

(3) Allocable Share of Bonded Debt based on the FY 2019-20 Levy (excluding the Hanzlick Parcels) multiplied by the Series 2019 Bonds to be issued. Bonds have been sized without expectation of revenue from the Hanzlick Parcels. For detailed information regarding the Hanzlick Parcels, see "OWNERSHIP OF PROPERTY WITHIN THE DISTRICT – Hanzlick Parcels."

(4) Includes 1 undeveloped Single Family Residential lot owned by Garnet Creek LLC, representing 0.1% of the FY 2019-20 levy.

(5) Includes 8 undeveloped Single Family Residential lots owned by Garnet Creek LLC, representing 1.1% of the FY 2019-20 levy, and 3 undeveloped Industrial lots owned by Arrowest Properties Inc., representing 6.0% of the FY 2019-20 levy.

Source: FY 2019-20 Placer County Secured Roll as compiled by Willdan Financial Services.

Special Tax Collections and Delinquencies

General. The Special Tax has been levied in the District since Fiscal Year 2009-10. The County does not include the District within its Teeter Plan, and accordingly the City will only receive the amount of the actual collections of Special Taxes in the District. See “– No Teeter Plan” below for additional details.

Historical Collections and Delinquencies. The following table summarizes the delinquency status of property in the District since the fiscal year ending June 30, 2010, as of fiscal year end and as of June 30, 2019, excluding the Hanzlick Parcels.

Table 7
City of Rocklin
Community Facilities District No. 11 (Sierra College Interchange)
Special Tax Collections and Delinquencies⁽¹⁾⁽²⁾
Fiscal Years 2009-10 through 2018-19

Special Tax Levy and Collection				Special Tax Delinquencies ⁽³⁾					
Fiscal Year Ending June 30	Parcels Levied	Annual Special Tax Levy	Total Annual Special Taxes Collected	At Fiscal Year End			As of June 30, 2019		
				Number of Parcels Delinquent	Amount Delinquent	Delinquency Rate	Number of Parcels Delinquent	Amount Delinquent	Delinquency Rate
2010	40	\$1,586,583	\$1,115,973	22	\$470,610	29.66%	0	\$0	0.00%
2011	41	1,586,583	1,092,137	16	494,446	31.16%	0	0	0.00%
2012	41	1,586,583	1,240,757	12	345,826	21.80%	0	0	0.00%
2013	36	983,794	983,794	0	0	0.00%	0	0	0.00%
2014	37	964,944	964,944	0	0	0.00%	0	0	0.00%
2015	54	868,876	868,876	0	0	0.00%	0	0	0.00%
2016	73	833,990	833,990	0	0	0.00%	0	0	0.00%
2017	301	844,820	843,916	3	904	0.11%	0	0	0.00%
2018	380	737,642	734,694	8	2,948	0.40%	0	0	0.00%
2019	379	718,745	717,819	2	926	0.13%	2	926	0.13%
				Totals:			2 \$926		

(1) Excludes the 3 parcels currently owned by Hanzlick Family Partnership (referred to in this Official Statement as the Hanzlick Parcels). This ownership entity previously owned 7 parcels, of which only 3 are still delinquent. The other 4 parcels previously owned by Hanzlick Family Partnership have been included in this table. Bonds have been sized without expectation of revenue from the three Hanzlick Parcels, which have been delinquent since 2011. Current amounts of prior delinquencies outstanding as of June 30, 2019 was \$617,795. For detailed information regarding the Hanzlick Parcels, see "OWNERSHIP OF PROPERTY WITHIN THE DISTRICT – Hanzlick Parcels."

(2) Does not include any penalties, interest or fees.

(3) For the fiscal years ending June 30, 2010 through 2012, the largest portion of delinquencies at fiscal year end was attributable to Rocklin 60 LLC, a taxpayer which no longer owns any property in the District. At fiscal year end in each of those years, Rocklin 60 LLC was delinquent with respect to 12 parcels.

Source: Placer County Tax Collector as compiled by Willdan Financial Services.

No Teeter Plan. In 1949, the California Legislature enacted an alternative method for the distribution of property taxes to local agencies. This method, known as the “**Teeter Plan**,” is found in Sections 4701-4717 of the California Revenue and Taxation Code. Upon adoption and implementation of this method by a county board of supervisors, local agencies for which the county collects property taxes and certain other public agencies and taxing areas located in the county receive annually the full amount of their shares of property taxes and other levies collected on the secured roll, including delinquent property taxes which have yet to be collected. While the county bears the risk of loss on unpaid delinquent taxes, it retains the penalties associated with delinquent taxes when they are paid. In turn, the Teeter Plan provides participating local agencies with stable cash flow and the elimination of collection risk. *The County does not include the District within its Teeter Plan; accordingly, the City will only receive the amount of the actual collections in the District.*

Future delinquencies in the payment of property taxes (including the Special Taxes) with respect to property in the District could result in draws on the Reserve Fund, and perhaps, ultimately, a default in the payment on the Bonds. See “RISK FACTORS.”

Overlapping Liens and Priority of Lien

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

There can be no assurance that the City or another local agency will not form other community facilities districts and improvement areas or for a special assessment district or districts and that parity special taxes or special assessments will not be levied by the County or some other public agency to finance additional public facilities; however no other special districts are currently contemplated by the City.

Private liens may be placed upon property in the District at any time. Under California law, the Special Taxes have priority over all existing and future private liens imposed on property subject to the lien of the Special Taxes.

Set forth below is a statement of direct and overlapping public bonded debt (the "Overlapping Debt Report") prepared by California Municipal Statistics, Inc. as of October 1, 2019. The Overlapping Debt Report includes only such information as has been reported to California Municipal Statistics, Inc. by the issuers of the debt described therein and by others. The Overlapping Debt Report is included for general informational purposes only. Neither the City nor the Underwriter makes any representation as to its completeness or accuracy.

Table 8
City of Rocklin
Community Facilities District No. 11 (Sierra College Interchange)
Summary of Overlapping Debt
As of October 1, 2019

2019-20 Assessed Valuation: \$299,094,967

<u>DIRECT AND OVERLAPPING TAX AND ASSESSMENT DEBT:</u>	<u>% Applicable</u>	<u>Debt 10/1/19</u>	
Sierra Joint Community College District SFID No. 4 G.O. Bonds	0.430%	\$ 344,251	
Rocklin Unified School District General Obligation Bonds	1.287	597,802	
Placer Union High School District General Obligation Bonds	1.130	250,385	
Placer Union High School District SFID No. 2 G.O. Bonds	3.163	664,177	
Loomis Union School District General Obligation Bonds	4.148	97,468	
City of Rocklin Community Facilities District No. 11	100.000	5,483,170	(1)
TOTAL DIRECT AND OVERLAPPING TAX AND ASSESSMENT DEBT		\$7,437,253	
<u>OVERLAPPING GENERAL FUND DEBT:</u>			
Placer County General Fund Obligations	0.374%	\$ 94,182	
Placer County Office of Education Certificates of Participation	0.374	3,406	
Sierra Joint Community College District Certificates of Participation	0.285	10,606	
Rocklin Unified School District Certificates of Participation	1.287	265,408	
Placer Union High School District Certificates of Participation	1.130	9,377	
Loomis Union School District Certificates of Participation	3.432	34,832	
City of Rocklin Certificates of Participation	2.851	240,604	
Placer Mosquito and Vector Control District Certificates of Participation	0.374	9,978	
TOTAL OVERLAPPING GENERAL FUND DEBT		\$668,393	
COMBINED TOTAL DEBT		\$8,105,646	(2)
<u>Ratios to 2019-20 Assessed Valuation:</u>			
Direct Debt (\$5,493,170)		1.83%	
Total Direct and Overlapping Tax and Assessment Debt		2.49%	
Combined Total Debt		2.71%	

(1) Represents Prior Bonds to be refunded.

(2) Excludes tax and revenue anticipation notes, enterprise revenue, mortgage revenue and non-bonded capital lease obligations.

Source: California Municipal Statistics, Inc.

RISK FACTORS

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

Limited Obligation of the City to Pay Debt Service

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

Property Values and Property Development

As shown in Table 6 above, for Fiscal Year 2019-20, approximately 7.2% of the Special Tax levy securing the Bonds was levied on parcels with a value-to-lien ratio of less than 3:1. The value of Taxable Parcels within the District is a critical factor in determining the investment quality of the Bonds. If a property owner defaults in the payment of the Special Tax, the City's only remedy is to foreclose on the delinquent property in an attempt to obtain funds with which to pay the delinquent Special Tax. Land values could be adversely affected by economic and other factors beyond the City's control, such as: a general economic downturn; adverse judgments in future litigation that could affect the scope, timing or viability of development; relocation of employers out of the area; stricter land use regulations; shortages of water, electricity, natural gas or other utilities; destruction of property caused by earthquake, flood or other natural disasters; environmental pollution or contamination.

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

The following is a discussion of specific risk factors that could affect the timing or scope of property development in the District or the value of property in the District.

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

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

Second, failure of property owners that own undeveloped land in the District to develop the land in a timely manner could adversely affect the land values of those parcels that have been developed. Lower land values would result in less security for the payment of principal of and interest on the Bonds and lower proceeds from any foreclosure sale necessitated by delinquencies in the payment of the Special Tax. See "VALUE OF PROPERTY WITHIN THE DISTRICT – Value to Special Tax Burden Ratios." As shown in Table 1 above, for Fiscal Year 2019-20, approximately 31% of the Special Tax levy securing the Bonds was levied on parcels that were undeveloped (i.e., did not have an assessed value for structure). No assurance can be given that any undeveloped parcels in the District will develop, and in assessing the investment quality of the Bonds, prospective purchasers should evaluate the risks of noncompletion.

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

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

Other natural disasters could include, without limitation, landslides, floods, droughts, wildfires or tornadoes. One or more natural disasters could occur and could result in damage to improvements of varying seriousness. Although the District is not in a high-risk area (or a special fire hazard severity zone) for wildfires, landslides, floods, or tornadoes, natural disasters such as these are unpredictable and may occur anywhere throughout the State, with devastating consequences. The damage may entail significant repair or replacement costs and that repair or replacement may never occur either because of the cost, or because repair or replacement will not facilitate habitability or other use, or because other considerations preclude such repair or replacement. Under any of these circumstances there could be significant delinquencies in the payment of Special Taxes, and the value of the parcels may well depreciate.

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

Legal Requirements. Other events that may affect the value of a parcel include changes in the law or application of the law. Such changes may include, without limitation, local growth control initiatives, local utility connection moratoriums and local application of statewide tax and governmental spending limitation measures.

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

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

Concentration of Ownership

A large amount of the land in the District is owned by a limited number of owners. As shown in Table 2, Donahue Shriber Realty Group LP and DS Properties 17 LP, which are affiliated, are responsible for a combined 19.5% of the Special Tax levy for Fiscal Year 2019-20. Similarly, Taylor Road 24 LLC, Harmon Martin A Trust and Arrowest Properties Inc., which share an ownership address and are therefore presumed to be affiliated, are all individually responsible for a significant portion of the Special Tax levy. See “THE DISTRICT” and “OWNERSHIP OF PROPERTY WITHIN THE DISTRICT.”

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

Failure of any of the current large property taxpayers or any future significant taxpayers in the District to pay Special Taxes when due could cause the depletion of amounts in the Reserve Fund prior to reimbursement from the resale of foreclosed property or payment of the delinquent Special Tax and, consequently, result in the delinquency rate reaching a level that would cause an insufficiency in collection of the Special Tax to meet the City’s obligations on the Bonds. For a description of certain of the largest property taxpayers in the District, see “OWNERSHIP OF PROPERTY WITHIN THE DISTRICT.” See also “– Bankruptcy and Foreclosure Delays” below and “SECURITY FOR THE BONDS – Delinquent Payments of Special Tax; Covenant for Superior Court Foreclosure.”

Levy and Collection of Special Taxes

General. The principal source of payment of principal of and interest on the Bonds is the proceeds of the annual levy and collection of the Special Tax against property within the District.

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

In addition to the maximum special tax rate limitation in the Special Tax Formula, Section 53321(d) of the Act provides that the special tax levied against any parcel for which an occupancy permit for private residential use has been issued may not be increased as a consequence of delinquency or default by the owner of any other parcel within a community facilities district by more than 10% above the amount that would have been levied in such Fiscal Year had there never been any such delinquencies or defaults. In cases of significant delinquency, these factors may result in defaults in the payment of principal of and interest on the Bonds.

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

Property Tax Delinquencies. Failure of the owners of Taxable Property to pay property taxes (and, consequently, the Special Tax), or delays in the collection of or inability to collect the Special Tax by tax sale or foreclosure and sale of the delinquent parcels, could result in a deficiency in the collection of Special Tax revenues. See “– Tax Delinquencies” below.

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

If sales or foreclosures of property are necessary, there could be a delay in payments to owners of the 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 BONDS – Delinquent Payments; Foreclosure Covenant.”

The ability of the City to collect interest and penalties specified by State law and to foreclose against properties having delinquent Special Tax installments may be limited in certain respects with regard to properties in which the Federal Deposit Insurance Corporation (the “**FDIC**”) has or obtains an interest. The FDIC would obtain such an interest by taking over a financial institution that has made a loan that is secured by property within the District. See “– FDIC/Federal Government Interests in Properties” below.

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

FDIC/Federal Government Interests in Properties

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

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

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

This means that, unless Congress has otherwise provided, if a federal governmental entity owns a parcel that is subject to Special Taxes within the District but does not pay taxes and assessments levied on the parcel (including Special Taxes), the applicable state and local governments cannot foreclose on the parcel to collect the delinquent taxes and assessments.

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

Bankruptcy and Foreclosure Delays

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

by the application of equitable principles and by the exercise of judicial discretion in appropriate cases.

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

To the extent that bankruptcy or similar proceedings were to involve a large property owner, the chances would increase the likelihood that the Reserve Fund could be fully depleted during any resulting delay in receiving payment of delinquent Special Taxes. As a result, sufficient monies would not be available in the Reserve Fund for transfer to the Bond Fund to make up any shortfalls resulting from delinquent payments of the Special Tax and thereby to pay principal of and interest on the Bonds on a timely basis.

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

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

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

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

Without further clarification by the courts or Congress, the original rationale of the *Glasply* holding could, however, still result in the treatment of post-petition special taxes as "administrative expenses," rather than as tax liens secured by real property, at least during the pendency of bankruptcy proceedings. This treatment might result from the fact that, although the lien of special taxes is of record from the date of the filing of a Notice of Special Tax Lien, the actual special tax is levied annually. As noted above, special taxes have a different lien date than the lien date for general *ad valorem* taxes in the State of California noted above. The lien of a Mello-Roos special tax attaches upon recordation of the notice of the special tax lien, as provided for in Section 53328.3 of the Act, as opposed to the annual January 1 lien date for general *ad valorem* taxes. Thus, in deciding whether the original *Glasply* ruling is applicable to a bankruptcy proceeding involving special taxes rather than general *ad valorem* property taxes, a court might consider the differences in the statutory provisions for creation of the applicable tax lien (general *ad valorem* or special tax) in determining whether there is a basis for post petition special taxes to be entitled to a lien on the property during pending bankruptcy proceedings. If a court were to apply *Glasply* to eliminate the priority of the special tax lien as a secured claim against property with respect to post-petition levies of the Special Taxes made against property owners within the District who file for bankruptcy, collections of the Special Taxes from such property owners could be reduced as the result of being treated as "administrative expenses" of the bankruptcy estate. Also, and most importantly, is the fact that the original holding in *Glasply* and the mitigation of that holding by the Bankruptcy Reform Act of 1994 both appear to be applicable only to general *ad valorem* taxes, and, therefore, the exemption from the automatic stay in Section 362(b)(18) discussed above may not be applicable to special taxes since they were not expressly mentioned or provided for in this section, nor defined to be included within the term "*ad valorem* taxes."

Parity Taxes and Special Assessments; Private Debt

The City, the County and certain other public agencies are authorized by the Act to form other community facilities districts and improvement areas and, under other provisions of State law, to form special assessment districts, either or both of which could include all or a portion of the land within the District. Parcels in the District may impose liens for solar improvements financed through the Property Assessed Clean Energy ("PACE") program.

Property in the District is currently subject to certain overlapping tax and assessment liens, as shown in the overlapping debt statement. In addition, other governmental obligations may be authorized and undertaken or issued in the future, the tax, assessment or charge for which may become an obligation of one or more of the parcels of taxable property and may be secured by a lien on a parity with the lien of the Special Tax securing the Bonds. The principal of and interest on the Bonds are payable from the Special Tax authorized to be collected within the District, and payment of the Special Tax is secured by a lien on certain real property within the District. Such lien is co-equal to and independent of the lien for general taxes and any other liens imposed under the Act, regardless of when they are imposed on the property in the District. The imposition of additional special taxes, assessments and general property taxes will increase the amount of independent and co-equal liens which must be satisfied in foreclosure if unpaid. The City, the County and certain other public agencies are authorized by the Act to form other community facilities districts and

improvement areas and, under other provisions of State law, to form special assessment districts, either or both of which could include all or a portion of the land within the District. Although the Special Taxes will generally have priority over non-governmental liens on a parcel of taxable property, regardless of whether the non-governmental liens were in existence at the time of the levy of the Special Tax or not, this result may not apply in the case of bankruptcy. See “– Bankruptcy and Foreclosure Delays” above.

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

Tax Delinquencies

Under provisions of the Act, the Special Taxes will be billed to the properties within the District on the regular property tax bills sent to owners of such properties. Such Special Tax installments are due and payable, and bear the same penalties and interest for nonpayment, as do regular property tax installments. Special Tax installment payments cannot be made separately from property tax payments. Therefore, the unwillingness or inability of a property owner to pay regular property tax bills as evidenced by property tax delinquencies may also indicate an unwillingness or inability to make regular property tax payments and Special Tax payments in the future.

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

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

See “SECURITY FOR THE BONDS – Delinquent Payments; Foreclosure Covenant” for a discussion of the provisions which apply, and procedures which the City is obligated to follow, in the event of delinquency in the payment of Special Taxes. See also “SECURITY FOR THE BONDS – Special Tax Methodology” for a discussion of a limitation imposed by the Act applicable to Special Tax increases on residential property.

No Acceleration Provisions

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

Voter Initiatives

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

Any such initiative may affect the collection of fees, taxes and other types of revenue by local agencies such as the District. 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, Assessments, and Charges—Initiative Constitutional Amendment, added Articles XIIC and XIID to the California Constitution, imposing certain vote requirements and other limitations on the imposition of new or increased taxes, assessments and property-related fees and charges.

On November 2, 2010, California voters approved Proposition 26, entitled the “Supermajority Vote to Pass New Taxes and Fees Act”. Section 1 of Proposition 26 declares that Proposition 26 is intended to limit the ability of the State Legislature and local government to circumvent existing restrictions on increasing taxes by defining the new or expanded taxes as “fees.” Proposition 26 amended Articles XIIC and XIID of the State Constitution. The amendments to Article XIIC limit the ability of the State Legislature to impose higher taxes (as defined in Proposition 26) without a two-thirds vote of the Legislature. Article XIIC requires that all new local taxes be submitted to the electorate before they become effective. Taxes for general governmental purposes require a majority vote and taxes for specific purposes (“special taxes”) require a two-thirds vote.

The Special Taxes and the issuance of special tax bonds of the District were each authorized by not less than a two-thirds vote of the landowners within the District who constituted the qualified electors at the time of such voted authorization. The District believes, therefore, that issuance of the Bonds does not require the conduct of further proceedings under the Mello-Roos Act, Proposition 218 or Proposition 26.

Like their antecedents, Proposition 218 and Proposition 26 are likely to undergo both judicial and legislative scrutiny before the impact on the District can be determined. Certain provisions of Proposition 218 and Proposition 26 may be examined by the courts for their constitutionality under both State and federal constitutional law, the outcome of which cannot be predicted.

Recent Changes in Tax Law

H.R. 1 of the 115th U.S. Congress, known as the “Tax Cuts and Jobs Act,” was enacted into law on December 22, 2017 (the “Tax Act”). The Tax Act makes significant changes to many aspects of the Tax Code that could have an impact on property values in the District. The Tax Act reduces the amount of mortgage interest expense and state local income tax and property tax expense that individuals may deduct from their gross income for federal income tax purposes, which could increase the cost of home ownership within the District and could adversely affect the sale of residential property in the District in the future.

Loss of Tax Exemption

As discussed under the caption “TAX MATTERS,” interest on the Bonds could 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 City in violation of its covenants in the Fiscal Agent Agreement. In addition, current and future legislative proposals, if enacted into law, may cause interest on the Bonds to be subject, directly or indirectly, to federal income taxation by, for example, changing the current exclusion or deduction rules to limit the aggregate amount of interest on state and local government bonds that may be treated as tax exempt by individuals. Should such an event of taxability occur, the Bonds are not subject to special redemption and will remain outstanding until maturity or until redeemed under other provisions set forth in the Fiscal Agent Agreement.

Secondary Market

There can be no guarantee that there will be a secondary market for the Bonds, or, if a secondary market exists, that the 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 the then prevailing circumstances.

Cyber Security

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

Bonds Subject to Mandatory Redemption from Prepayments

The Bonds are subject to mandatory redemption from prepayment of special taxes. Such prepayments could be made by any of the owners of any of the property within the District, including the Developer, a merchant builder or any individual property owner. Such prepayments could also

be made from the proceeds of bonds issued by or on behalf of an over-lapping special assessment district or community facilities district. The resulting redemption of Bonds that were purchased at a price greater than the applicable redemption price could reduce the otherwise expected yield on such Bonds.

CONSTITUTIONAL LIMITATIONS ON TAXATION AND APPROPRIATIONS

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

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

Article XIII A exempts from the 1% tax limitation any taxes to repay indebtedness approved by the voters prior to July 1, 1978, and requires a vote of two-thirds of the qualified electorate to impose Special Taxes or any additional *ad valorem*, sales, or transaction taxes on real property. In addition, Article XIII A requires the approval of two-thirds of all members of the State Legislature to change any State laws resulting in increased tax revenues. On June 3, 1986, California voters approved an amendment to Article XIII A of the California Constitution to allow local governments and school districts to raise their property tax rates above the constitutionally mandated 1% ceiling for the purpose of paying off certain new general obligation debt issued for the acquisition or improvement of real property and approved by two-thirds of the votes cast by the qualified electorate. If any such voter-approved debt is issued, it may be on a parity with the lien of the Special Tax on the parcels within the District.

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

TAX MATTERS

Federal Tax Status. In the opinion of Jones Hall, A Professional Law Corporation, San Francisco, California, Bond Counsel, subject, however to the qualifications set forth below, under existing law, the interest on the 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.

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

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

Under the Tax Code, original issue discount is treated as interest excluded from federal gross income and exempt from State of California personal income taxes to the extent properly allocable to each owner thereof subject to the limitations described in the first paragraph of this section. The original issue discount accrues over the term to maturity of the Bond on the basis of a constant interest rate compounded on each interest or principal payment date (with straight-line interpolations between compounding dates). The amount of original issue discount accruing during each period is added to the adjusted basis of such Bonds to determine taxable gain upon disposition (including sale, redemption, or payment on maturity) of such Bond. The Tax Code contains certain provisions relating to the accrual of original issue discount in the case of purchasers of the Bonds who purchase the Bonds after the initial offering of a substantial amount of such maturity. Owners of such Bonds should consult their own tax advisors with respect to the tax consequences of ownership of Bonds with original issue discount, including the treatment of purchasers who do not purchase in the original offering, the allowance of a deduction for any loss on a sale or other disposition, and the treatment of accrued original issue discount on such Bonds under federal individual alternative minimum taxes.

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

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

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

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

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

NO RATINGS

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

CONTINUING DISCLOSURE

The City will covenant for the benefit of owners of the Bonds to provide certain financial information and operating data relating to the District by not later than nine months after the end of the City's fiscal year (presently June 30) commencing not later than April 1, 2020 with the report for the 2018-19 fiscal year (the "**Annual Report**"), and to provide notices of the occurrence of certain listed events. The specific nature of the information to be contained in the Annual Report or the notices of listed events is summarized in "APPENDIX D – Form of Continuing Disclosure Certificate," attached to this Official Statement. These covenants have been made in order to assist the Underwriter in complying with Securities Exchange Commission Rule 15c2-12(b)(5) (the "**Rule**").

The City and its related governmental entities have previously entered into numerous disclosure undertakings under the Rule in connection with the issuance of long-term obligations. During the previous five years, the City and its related governmental entities have complied in all material respects with their continuing disclosure undertakings under the Rule, except as follows:

- audited financial statements for the City for Fiscal Year 2013-14 and 2014-15 were filed late, and audited financial statements for the Rocklin Public Financing Authority for Fiscal Year 2015-16 were not filed for one series of bonds that are no longer outstanding;
- notices for certain rating changes were not timely filed after the date of the rating change; and
- certain filings were not correctly linked to all CUSIPs of a series of bonds that are no longer outstanding.

All information required to have been filed in accordance with prior continuing disclosure undertakings has now been filed with respect to obligations that remain outstanding.

CONCLUDING INFORMATION

Underwriting

The Bonds were purchased through negotiation by Stifel, Nicolaus & Company, Incorporated, as underwriter (the “**Underwriter**”). The Underwriter agreed to purchase the Bonds at a price of \$ _____ (which is equal to the par amount of the Bonds, plus/less [net] original issue premium/discount of \$ _____ and less the Underwriter’s discount of \$ _____).

The initial public offering prices set forth on the cover page hereof may be changed by the Underwriter. The Underwriter may offer and sell the Bonds to certain dealers and others at a price lower than the public offering prices set forth on the cover page hereof.

Municipal Advisor

The City has retained the services of NHA Advisors, LLC, San Rafael, California, as municipal advisor in connection with the sale of the Bonds. The municipal advisor is not obligated to undertake, and has not undertaken to make, an independent verification or to assume responsibility for the accuracy, completeness or fairness of the information contained in this Official Statement.

Legal Matters

The final approving opinion of Jones Hall, A Professional Law Corporation, San Francisco, California, Bond Counsel, will be delivered at the time of delivery of the Bonds. A copy of the proposed form of Bond Counsel’s final approving opinion with respect to the Bonds is attached hereto as APPENDIX C. In addition, certain legal matters will be passed on by Jones Hall, A Professional Law Corporation, as Disclosure Counsel and Stradling Yocca Carlson & Rauth, a Professional Corporation, as Underwriter’s Counsel. Certain legal matters will be passed on for the City by the City Attorney. *Compensation paid to Bond Counsel, Disclosure Counsel and Underwriter’s counsel is contingent upon the sale and delivery of the Bonds.*

No Litigation

There is no action, suit or proceeding known to the City to be pending and notice of which has been served upon and received by the City, or threatened, restraining or enjoining the execution

or delivery of the Bonds or the Fiscal Agent Agreement or in any way contesting or affecting the validity of the foregoing or any proceedings of the City taken with respect to any of the foregoing.

Miscellaneous

All of the preceding summaries of the Fiscal Agent Agreement, the Act, other agreements and other documents are made subject to the provisions of such documents respectively and do not purport to be complete statements of any or all of such provisions. Reference is hereby made to such documents on file with the City for further information in connection therewith.

This Official Statement does not constitute a contract with the purchasers of the Bonds. Any statements made in this Official Statement involving matters of opinion or estimates, whether or not so expressly stated, are set forth as such and not as representations of fact, and no representation is made that any of the estimates will be realized.

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

CITY OF ROCKLIN

By: _____
Assistant City Manager/
Chief Financial Officer

APPENDIX A

RATE AND METHOD OF APPORTIONMENT OF SPECIAL TAX

[THIS PAGE INTENTIONALLY LEFT BLANK]

**CITY OF ROCKLIN
COMMUNITY FACILITIES DISTRICT NO. 11
(Sierra College Interchange)**

RATE AND METHOD OF APPORTIONMENT OF SPECIAL TAX

Special Taxes applicable to each Assessor's Parcel in the City of Rocklin Community Facilities District No. 11 (Sierra College Interchange) shall be levied and collected according to the tax liability determined by the City Council of the City of Rocklin or its designee, through the application of the appropriate amount or rate for Taxable Property, as described below. All of the property in CFD No. 11, unless exempted by law or by the provisions below, shall be taxed for the purposes, to the extent, and in the manner herein provided, including property subsequently annexed to the CFD unless a separate or amended Rate and Method of Apportionment is adopted for the annexation area.

1. Basis of Special Tax Levy and Interpretation of the Special Tax Formula

A Special Tax authorized under the Mello-Roos Community Facilities Act of 1982 (the "Act") applicable to the land in Community Facilities District No. 11 ("CFD No.11" or the "CFD") of the City of Rocklin shall be levied and collected according to the tax liability determined by the City through the application of the appropriate rate and method as described below. All property in CFD No. 11 (including property annexed into CFD No.11 in future years), unless exempted by law or by the provisions of Section 10 below, shall be taxed for the purposes, to the extent and in the manner herein provided.

The City reserves the right to interpret and to make administrative and technical changes to this document that do not materially affect the rate and method of apportioning Special Taxes. In addition, the interpretation and application of any section of this document shall be left to the City's discretion. Interpretations may be made by the City by resolution of the City Council for purposes of clarifying any vagueness or ambiguity in this RMA.

2. Definitions

"AB3090 Funds" means those state transportation funds approved for the Sierra College I-80 Interchange Reconstruction Project by the California Transportation Commission by way of STIP Amendment 06S-002 on June 8, 2006 estimated to be paid to the City Of Rocklin in fiscal year 2010/2011.

"Acre or Acreage" means for the purposes of this CFD No. 11 the Gross Acreage of a Parcel less the amount of acreage determined by the City to be non-developable based on a formal determination or declaration of a local, state, or federal agency, such as a formal wetlands delineation. The land area of each Parcel within the boundaries of CFD No.11 shall be set forth

in Attachment 1 to this Rate and Method of Apportionment. All calculations, determinations and apportionments for this CFD No. 11 shall be based on the Acreage stated for the respective Parcel in Attachment 1.

“Act” means the Mello-Roos Community Facilities Act of 1982, as amended, being Chapter 2.5, (commencing with Section 53311), Division 2 of Title 5 of the Government Code of the State of California.

“Administrative Expense” means any or all of the following: the fees and expenses of any fiscal agent or trustee (including any fees or expenses of its counsel) employed in connection with any Bonds of CFD No.11, or any Bonds the proceeds of which are used to purchase any Bonds of CFD No.11, the expenses of the City in carrying out its duties for such Bonds, including, but not limited to, the levying and collection of Special Tax, the fees and expenses of its counsel, charges levied by the County Assessor’s Office, Auditor’s Office, Recorder’s Office, Tax Collector’s Office, and/or Treasurer’s Office, amounts needed to pay rebate to the federal government with respect to any of such Bonds, direct and indirect costs of administration, finance, engineering, overhead, and all other costs and expenses of the City in any way related to the establishment or administration of CFD No.11.

“Administrator” shall mean the City and/or person or firm designated by the City to administer the Special Tax according to this Rate and Method of Apportionment of Special Tax.

“Assessor’s Parcel” means a parcel designated on an official map of the County Assessor of the County of Placer.

“Assessor’s Parcel Map” means an official map of the County Assessor of the County of Placer designating parcels by Assessor’s Parcel Number.

“Assessor’s Parcel Number” means the identifying parcel number used for annual tax and assessment levy assigned to a parcel by the Assessor of the County of Placer.

“Attachment 1” means Attachment 1 to this Rate and Method of Apportionment for CFD No.11 listing each Parcel in CFD No. 11 and its respective Assessor Parcel Number, Maximum Annual Special Tax, and Acreage. It is expected that Attachment 1 will be revised from time to time in accordance with the provisions hereof as parcels are combined, subdivided or otherwise modified.

“Bonds” means any bonds, notes, or other debt (as defined in Section 53317(d) of the Act), whether in one or more series, issued at any time by the City for CFD No.11 under the Act.

“City” means the City of Rocklin, California.

“Council” means City Council of the City of Rocklin.

“County” means the County of Placer, California

“Fiscal Year” means the period starting July 1 and ending on the following June 30.

“Gross Acre” or “Gross Acreage” means the acreage of a parcel as determined by the Administrator based on the records of the County Assessor’s Secured Tax Roll and other City or County development and land use entitlement records.

“Maximum Annual Special Tax” means the maximum amount of Special Tax that can be levied against a Taxable Parcel in any Fiscal Year as shown on Attachment 1, or as recalculated hereunder.

Non-developable Acreage” means the amount of acreage determined by the City to be non-developable based on a formal determination or declaration of a local, state, or federal agency.

“Obligations of the CFD” means the unredeemed Private Placement Bonds, subsequent CFD Bonds and all other estimated debt of the CFD, including but not limited to unfunded construction costs incurred or reasonably expected to be incurred for authorized CFD facility expenses and direct and indirect City costs for administration, finance, engineering and overhead related thereto.

“Original Parcel” means an individual parcel, identified by Assessor’s Parcel Number, in existence at the time of formation of CFD No.11 as identified in Attachment 1 or in the event of annexation, an individual parcel, identified by Assessor’s Parcel Number, in existence at the time of annexation into CFD No. 11.

“Parcel” means any County Assessor’s Parcel in the CFD based on the equalized tax rolls of the County.

“Private Placement Bonds” means the initial series of CFD bonds issued privately to the City and certain CFD No. 11 landowners.

“Public Property” means any property within the boundaries of CFD No.11 that is owned by the City, federal government, State of California or other government or public agencies and used, held or designated for a public purpose.

“Resolution of Formation” means the Resolution No. 2006-299 of the Council adopted September 12, 2006, forming CFD No.11 and describing the facilities being financed.

“Residential Final Map” means a map approved pursuant to the Subdivision Map Act (California Government Code Section 66410 et seq.) that creates individual lots for which single family residential building permits may be issued.

“Residential Lot” means a parcel created by a Residential Final Map which is designated for single family residential development and for which the County Assessor of the County of Placer has issued (or is processing the issuance of) a unique Assessor’s Parcel number.

“Subsequent CFD Bonds” means CFD Bonds secured by the Special Taxes issued after the Private Placement Bonds have been fully or partially redeemed pursuant to Section 5 hereof, to redeem Private Placement Bonds and pay for Obligations of the CFD.

“Special Tax” means a Special Tax levied in any Fiscal Year to pay the Special Tax Requirement.

“Special Tax Requirement” means the amount necessary in any Fiscal Year (i) to pay principal and interest on Bonds, (ii) to create or replenish reserve funds, (iii) to cure any delinquencies in the payment of principal or interest on indebtedness of CFD No.11 which have occurred in the prior Fiscal Year or (based on delinquencies in the payment of Special Taxes which have already taken place) are expected to occur in the Fiscal Year in which the tax will be collected, (iv) to pay Administrative Expenses, and (v) to pay authorized CFD facility expenses to be funded directly from Special Tax proceeds.

“Subdivision” means a division of a Parcel into two or more Successor Parcels by lot line adjustment, parcel map, subdivision map or any other legal means.

“Successor Parcel” means a Parcel created by Subdivision of an Original or Successor Parcel, or the combination of an Original and Successor Parcel.

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

“Tax-Exempt Parcel” means a Parcel which is not subject to the Special Tax. Tax-Exempt Parcels include: a) a Parcel that is Public Property during the time to which the special tax levy relates, b) any Parcel that has made a full prepayment of its Special Taxes, or c) any parcel set aside and planned or used solely as open space or with no development potential.

“Taxable Successor Parcel” means a Parcel created by Subdivision of an Original or Successor Parcel determined by the Administrator to be a Taxable Parcel subject to payment of Special Taxes.

“Total Maximum Annual Special Tax” means the total of the Maximum Annual Special Tax for all parcels listed in Attachment 1.

3. Determination of Parcels Subject to Special Tax

The City shall prepare a list of the Parcels subject to the Special Tax using the records of the County Assessor and City records. The City shall identify the Taxable Parcels from a list of all Parcels within the CFD boundary by excluding all Tax-Exempt Parcels. The Acreage of each Parcel shall be as stated in Attachment 1 (as amended as of the time the list is prepared.)

4. Termination of the Special Tax

The Special Tax will be levied and collected for as long as needed to pay the Special Tax Requirements. However, in no event shall the Special Tax be levied on any Parcel in CFD No. 11 after the Fiscal Year 2040-2041.

When all Special Tax Requirements incurred by CFD No. 11 have been paid, the Special Tax shall cease to be levied. The City shall direct the County Recorder to record a Notice of Cessation of Special Tax. Such notice shall 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 CFD No. 11 is recorded.

5. Future Refunding, Refinancing and Reduction of the Maximum Annual Special Tax

The City is expected to receive AB3090 Funds from the state government which will be used to redeem a majority of the Private Placement Bonds held by CFD landowners. No Private Placement Bonds held by the City shall be redeemed with AB3090 Funds. The remaining Private Placement Bonds, held by CFD landowners and the City, and all Obligations of the CFD will be refinanced at that time or as soon thereafter as practically possible. Upon expenditure of the AB3090 Funds for partial redemption of Private Placement Bonds, the City intends to issue Subsequent CFD Bonds secured by the Special Taxes in an amount not yet determined, but which could be significantly less than the amount of the initial Private Placement Bonds. This Section 5 shall be implemented one time to apportion the outstanding Obligations of the CFD in connection with the redemption of all Private Placement Bonds which were not redeemed by application of the AB3090 funds. All future refunding of Subsequent CFD Bonds shall be conducted according to industry standards for refunding land secured municipal bonds.

A. Once the actual amount of AB3090 Funds available to redeem Private Placement Bonds is determined, the apportionment of the outstanding Private Placement Bonds and other Obligations of the CFD shall be on a pro-rata basis determined as follows:

- 1) Within 60 days of the City's receipt of the AB3090 Funds, the Administrator shall determine the proportionate share for each Parcel in CFD No. 11 by dividing the Parcel's Maximum Annual Special Tax at that time in Attachment 1 by the Total Maximum Annual Special Tax stated in Attachment 1 for all Parcels.
- 2) The total estimated Obligations of the CFD after reimbursement of the AB3090 Funds shall then be multiplied by the percentage shares determined in Step 1 to find the amount of CFD obligation to be apportioned to each Parcel.

B. Each current landowner in CFD No. 11 subject to a Special Tax as set forth in Attachment 1, and each holder of Private Placement Bonds, shall be given notice by registered mail, return receipt requested, of the proportionate amount of the Obligations of the CFD after

reimbursement of the AB3090 Funds attributable to their land and notice that they have 60 days to pay all or a portion of that obligation, including any accrued interest on the Obligations through the 60 day notice period. The notices given to the holders of Private Placement Bonds shall be sent to the address and parties listed in Section 10 of the Private Placement Agreements.

C. After redemption of the Private Placement Bonds, the City will proceed to issue Subsequent CFD Bonds secured by Special Taxes, in an amount not less than the amount required to redeem the remaining Private Placement Bonds and all Obligations of the CFD by or before the termination of the Special Tax as provided in Section 4 above. Attachment 1 shall be updated and revised to show the effect of such changes including showing all Parcels which have fully paid their Obligations of the CFD so as to then be categorized as Tax Exempt Parcels.

D. Once the 60 day window for accepting payments, as described in Subsection B above, has closed, no prepayments will be accepted until such time that the Subsequent CFD Bonds have been sold and closed. Upon sale and closing of the Subsequent CFD Bonds, prepayments will be accepted as provided in Section 11 below.

E. If the amount of the Subsequent CFD Bonds is significantly less than the initial Private Placement Bonds, the City shall, to the extent permitted upon advice of City's bond counsel, take formal action to reduce the Maximum Annual Special Tax for the CFD by reducing the Special Tax lien on all Taxable Parcels within the CFD in a proportional share commensurate with the needs of the CFD to pay the Special Tax Requirements and Attachment 1 shall be updated to reflect the new schedule of Maximum Annual Special Taxes. If formal action is taken to reduce the Maximum Annual Special Tax for the CFD, the City shall record a new Special Tax lien for the CFD reflecting the reduced Maximum Annual Special Taxes.

6. Calculating The Maximum Special Tax

The Maximum Annual Special Tax is set on a per Parcel basis. No Parcel which by definition is a Tax Exempt Parcel shall be subject to the Special Tax for the time during which it was a Tax Exempt Parcel. If there is a loss of developable land through combination or subdivision of land, the Maximum Annual Special Tax of the combined or subdivided land shall be allocated to the affected Taxable Successor Parcels as set forth below. The Maximum Annual Special Tax for each Original Parcel in CFD No.11 that existed when the Resolution of Formation was adopted is identified in the initial Attachment 1. All Taxable Parcels shall be assigned a Maximum Annual Special Tax. It is intended that the total Maximum Annual Special Tax for the District as a whole (as set forth in the initial Attachment 1) shall remain unchanged throughout the life of the CFD (except pursuant to Sections 5.E. and 11) Each time a combination of Parcels or a Subdivision occurs within the CFD, the Administrator shall determine the Maximum Annual Special Tax for each Successor Parcel created as follows:

A. To determine the Maximum Annual Special Tax when multiple parcels are combined into a Taxable Parcel(s), the Administrator shall assign the Maximum Annual Special Tax to the resultant Successor Parcel as follows:

- 1) For all Parcels to be combined, the Administrator shall refer to Attachment 1 for the Maximum Annual Special Tax per parcel and calculate the total Maximum Annual Special Tax of the combined Parcels.
- 2) The resultant total shall be assigned as the Maximum Annual Special Tax for the resultant Successor Parcel.
- 3) Revise Attachment 1 to include the new Taxable Successor Parcel and the corresponding Maximum Annual Special Tax and Acreage assigned to the new Taxable Successor Parcel.

B. To determine the Maximum Annual Special Tax for Taxable Successor Parcels resulting from the subdivision of a Parcel or Parcels (with the exception of subdivisions creating Final Residential Subdivisions):

- 1) When a Parcel is subdivided, the Administrator shall identify all resulting Taxable Successor Parcels and calculate the total Acreage of all Taxable Successor Parcels within the subdivision.
- 2) The Maximum Annual Special Tax as shown on Attachment 1 for the Parcel being subdivided, or if multiple parcels, the sum of the Maximum Annual Special Tax for all Parcels being subdivided, shall be divided by the total Acreage of all Taxable Successor Parcels within the Subdivision identified in Step 1 to establish a Maximum Annual Special Tax Rate per acre for the Parcel being subdivided.
- 3) Multiply the Acreage of each Taxable Parcel resulting from the Subdivision by the rate per acre established in Step 2 to determine the Maximum Annual Special Tax per parcel for all newly created Taxable Successor Parcels resulting from the Subdivision.
- 4) Revise Attachment 1 to include each new Taxable Successor Parcel and the corresponding Maximum Annual Special Tax and Acreage assigned to each such Taxable Successor Parcel.

C. For Residential Final Maps with Residential Lots only, and no other Taxable Successor Parcels within the boundaries of the Subdivision, the Maximum Annual Special Tax per Residential Lot shall be determined at the recording of the Residential Final Map as follows:

- 1) Calculate the total Maximum Annual Special Tax to be apportioned across the land area of the subdivision by finding the Maximum Annual Special Tax as shown on Attachment 1 for the Parcel being subdivided, or if multiple parcels, the sum of the Maximum Annual Special Tax for all parcels being subdivided.

2) Divide the total Maximum Annual Special Tax from Step 1 by the number of Residential Lots to determine the Maximum Annual Special Tax per Residential Lot for the subdivision.

3) Revise Attachment 1 to include each new Residential Lot and the corresponding Maximum Annual Special Tax.

D. For mixed Subdivisions with both a Residential Final Map and additional Taxable Successor Parcels, the Maximum Annual Special Tax per Residential Lot and non-residential Taxable Parcel shall be determined as follows:

1) Calculate the total Maximum Annual Special Tax to be apportioned across the land area of the subdivision by finding the Maximum Annual Special Tax as shown on Attachment 1 for the Parcel being subdivided, or if multiple Parcels, the sum of the Maximum Annual Special Tax for all Parcels being subdivided.

2) Identify all Taxable Successor Parcels and calculate the total Acreage of all Taxable Successor Parcels, the total Acreage of all non-residential Taxable Successor Parcels within the Subdivision, and the total Acreage of all Residential Lots within the Subdivision.

3) Calculate the percentage of the total Acreage of non-residential Taxable Successor Parcels of the total Acreage of all Taxable Successor Parcels.

4) Multiply this percentage by the Maximum Annual Special Tax determined in Step 1 above to obtain the Maximum Annual Special Tax to be apportioned over all non-residential Taxable Successor Parcels in the Subdivision.

5) Apportion the Maximum Annual Special Tax for non-residential Taxable Successor Parcels on a pro-rata acreage basis in a similar manner to Subsection B above.

6) Calculate the percentage of all Acreage of Residential Lots to the total Acreage of all Taxable Successor Parcels.

7) Multiply this percentage by the Maximum Annual Special Tax determined in Step 1 above to obtain the Maximum Annual Special Tax to be apportioned over all Residential Lots in the Subdivision.

8) Divide the Maximum Annual Special Tax determined from Step 7 by the number of Residential Lots to determine the Maximum Annual Special Tax per Residential Lot for the Subdivision.

9) Revise Attachment 1 to include each new Residential Lot and its corresponding Maximum Annual Special Tax and each non-residential Successor Parcel and its corresponding Maximum Annual Special Tax and Acreage.

7. Allowable Transfer of Special Tax

The Maximum Annual Special Tax may be adjusted by shifting the tax to other Taxable Parcels throughout the CFD subject to the following provisions:

- A. Any decrease in one Taxable Parcel's Maximum Annual Special Tax is offset by an equal increase in the Maximum Annual Special Tax of another Taxable Parcel or Parcels to ensure that there is no net loss in total Maximum Annual Special Taxes;
- B. All adjustments are agreed to by the affected property owners and the City; and
- C. None of the transferred Special Taxes will be spread to Public Property.

8. Appropriation And Levy Of Special Tax

Commencing with Fiscal Year 2006-07 and for each following Fiscal Year, the Administrator shall determine the Special Tax Requirement for CFD No.11 for the Fiscal Year, and shall levy the Special Tax within CFD No.11 by applying the following steps:

- 1) Identify the Special Tax Requirement to be paid in the Fiscal Year for which the Special Tax is being calculated.
- 2) On or about July 1 of each Fiscal Year, determine the aggregate Maximum Annual Special Tax for all Taxable Parcels within CFD No.11. To determine the Maximum Annual Special Tax for a portion of the current Fiscal Year, divide the Maximum Annual Special Tax assigned to the Taxable Parcel from Attachment 1 by 365 days per year, and multiply that daily amount by the number of days in the current Fiscal Year the Taxable Parcel would have been subject to the Special Tax.
- 3) Calculate the Special Tax proportionately on each Taxable Parcel in an amount sufficient to meet the Special Tax Requirement, up to 100% of the Maximum Annual Special Tax for each Taxable Parcel.
- 4) Levy the Special Tax determined in Step 3.

9. Manner Of Collection

The Special Taxes for CFD No.11 shall be collected in a manner and at the same time as ordinary ad valorem property taxes, provided, however, that prepayments are permitted as set forth in Section 11 below and provided further that the City may directly bill the Special Tax, may collect Special Taxes at a different time or manner and may collect delinquent Special Taxes through foreclosure or other available methods.

10. Relocation Or Development Of Tax Exempt Parcels Within The CFD.

A. Relocation of Tax Exempt Use to a Taxable Parcel

If a Tax Exempt use is relocated to a Taxable Parcel, the Maximum Annual Special Tax of the Taxable Parcel shall be reallocated as follows:

- 1) If all of the Taxable Parcel is to become Tax Exempt, reassign the Taxable Property's Maximum Annual Special Tax to the former Tax Exempt Parcel.
- 2) If the relocation of the Tax Exempt use to a Taxable Parcel will result in a new Tax Exempt Parcel follow the procedure set forth in Subsection 6.B. to combine and reallocate the Maximum Annual Special Tax between the former Tax Exempt Parcel, the new Tax Exempt Parcel and the Subsequent Taxable Parcel.

B. Change Of Parcel Status From Tax Exempt to Taxable

If a Tax Exempt Parcel is instead privately developed and no longer meets the definition of a Tax Exempt Parcel, and the Tax Exempt Parcel's use is not relocated within the CFD applying Subsection A above, the City shall determine the Maximum Annual Special Tax and the current Fiscal Year Special Tax pursuant to the following steps.

- 1) Identify the Acreage of the Parcel previously designated a Tax Exempt Parcel.
- 2) Multiply the Acreage determined in Step 1 by the Maximum Annual Special Tax per Acre of \$6,029.00 to determine the Maximum Annual Special Tax and amend Attachment 1 to reflect the change in status to a Taxable Parcel, the Maximum Annual Special Tax obligation for the Parcel, and the Acreage.
- 3) Using the data on Special Taxes levied in the prior Fiscal Year, determine the average percentage of the Maximum Annual Special Tax levied on average throughout the CFD in the prior Fiscal Year.
- 4) Multiply the percentage from Step 3 by the Maximum Annual Special Tax obligation assigned to the Parcel in Step 2 to determine the Parcel's Special Tax for the current Fiscal Year.
- 5) Divide the current Fiscal Year Special Tax calculated in Step 4 by 365 days per year, and multiply that daily amount by the number of days in the current Fiscal Year the Parcel was determined to be a Taxable Parcel. Levy that amount for the current Fiscal Year.
- 6) Calculate and levy the Special Tax for subsequent years as set forth in Section 8 above.

11. Prepayment Of Special Tax

This Section 11 is limited to prepayment of Subsequent CFD Bonds. There shall be no prepayments of Private Placement Bonds. The following definitions apply to this Section 11:

“Outstanding Bonds” means all Previously Issued Bonds which remain outstanding.

“Previously Issued Bonds” means all Subsequent CFD Bonds that have been issued by CFD No. 11 prior to the date of prepayment.

A. Full Prepayment

The Special Tax obligation may be prepaid and the obligation of a Taxable Parcel to pay the Special Tax permanently satisfied as described herein, provided that a prepayment may be made only if there are no delinquent Special Taxes with respect to such Taxable Parcel at the time of prepayment. An owner of a Taxable Parcel intending to prepay the Special Tax obligation shall provide the City with written notice of intent to prepay. Within 30 days of receipt of such written notice, the City shall notify such owner of the prepayment date for Bonds to be redeemed with the proceeds of such prepaid Special Taxes. The Prepayment Amount shall be calculated as follows (capitalized terms as defined below):

Bond Redemption Amount
plus Redemption Premium
plus Defeasance
plus Administrative Fees and Expenses
less Reserve Fund Credit
equals Prepayment Amount

As of the proposed date of prepayment, the Prepayment Amount (as defined in Step 11 below) shall be determined as follows:

- 1) Compute the total Maximum Annual Special Tax that could be collected from the Taxable Parcel prepaying the Special Tax in the Fiscal Year in which prepayment would be received by the City.
- 2) Divide the Maximum Annual Special Tax computed pursuant to Step 1 for such Taxable Parcel by the aggregate Maximum Annual Special Tax for all Taxable Parcels within the entire CFD.
- 3) Multiply the quotient computed pursuant to Step 2 by the Outstanding Bonds to compute the amount of Outstanding Bonds to be retired and prepaid (the “Bond Redemption Amount”).

- 4) Multiply the Bond Redemption Amount computed pursuant to Step 3 by the applicable Redemption Premium, if any, on the Outstanding Bonds to be redeemed (the "Redemption Premium").
- 5) Compute the amount needed to pay interest on the Bond Redemption Amount from the last interest payment date on the Outstanding Bonds until the earliest redemption date for the Outstanding Bonds.
- 6) Compute the amount of Special Taxes levied or paid with respect to the Taxable Parcel during the current Fiscal Year and confirm that no Special Tax delinquencies apply to such Taxable Parcel. The Taxable Parcel shall receive a credit for any Special Taxes levied or paid which have not yet been utilized to pay the Special Tax Requirement, but no credit shall be given for Special Taxes that have already been paid and used to pay the Special Tax Requirement.
- 7) Compute the amount the City reasonably expects to derive from the reinvestment of the Bond Redemption Amount plus the Redemption Premium until the redemption date for the Outstanding Bonds that the City expects to redeem with the prepayment.
- 8) Take the amount computed pursuant to Step 5 and subtract the amounts computed pursuant to Steps 6 and 7 (the "Defeasance").
- 9) The Administrative Fees and Expenses of CFD No.11 are as calculated by the City and include the costs of computation of the prepayment, the costs of redeeming Bonds and the costs of recording any notices to evidence the prepayment and the redemption (the "Administrative Fees and Expenses").
- 10) A Reserve Fund Credit shall be calculated as a reduction in the applicable reserve fund for the Outstanding Bonds to be redeemed pursuant to the prepayment (the "Reserve Fund Credit"). No such reserve fund credit will be provided if the City determines that the current amount in the debt service reserve fund is needed to fund ongoing delinquencies.
- 11) The Special Tax prepayment is equal to the sum of the amounts computed pursuant to Steps 3, 4, 8, 9, less the amount computed pursuant to Step 10 (the "Prepayment Amount").

B. Partial Prepayment

A partial prepayment may be made in an amount equal to any percentage of full prepayment desired by the party making a partial prepayment which shall be calculated by applying such percentage to the formula in A above. The Maximum Annual Special Tax that can be levied on a Taxable Parcel after a partial prepayment is made is equal to the Maximum Annual Special Tax that could have been levied prior to the prepayment, reduced by the percentage of the full

prepayment that the partial prepayment represents, all as determined by or at the direction of the Administrator.

12. Annexation Catch-Up Tax

A. If additional property proposes to annex into CFD No.11 in any future Fiscal Year, such property shall be subject to an Annexation Catch-up Tax comprised of the following three components and in an amount determined by the City which shall not exceed the sum of the following three components:

- 1) Missed Special Tax Payments – the estimated Special Tax amount that would have been levied on the property proposing annexation had the property been included in CFD No.11 at the time of adoption of the Resolution of Formation.
- 2) Annexation Costs – all costs associated with the annexation process, including the cost of City staff time, consultant and legal fees, engineering costs to prepare an annexation map, recording costs, and any other costs deemed appropriate by the City.
- 3) Annexation Finance Charge– an amount equivalent to the sum of 10% times the aggregate Missed Special Tax Payments.

B. The Maximum Annual Special Tax and the Missed Special Tax Payments shall be determined by the Administrator at the time an annexation is requested as follows:

- 1) The Administrator shall identify all potentially Taxable Parcels within the property to be annexed and calculate the total Acreage of all potentially Taxable Parcels within the annexation area.
- 2) Multiply the Acreage determined in Step 1 by the Maximum Annual Special Tax per Acre of \$6,029.00 to determine the Maximum Annual Special Tax for each potentially Taxable Parcel in the annexation area.
- 3) Add the Maximum Annual Special Tax of each potentially Taxable Parcel in the annexation area to find the total Maximum Annual Special Tax for the annexation area.
- 4) Using the data on Special Taxes levied in the prior Fiscal Year(s), determine the average percentage of the Maximum Annual Special Tax levied throughout the CFD in each prior Fiscal Year from the formation of the CFD to date.
- 5) For each prior Fiscal Year, or portion thereof, from the formation of the CFD to the date of annexation, multiply the percentage from Step 4 by the Maximum Annual Special Tax for the annexation area determined in Step 3 to determine Missed Special Tax Payments from prior Fiscal Years.

6) To determine the Special Tax for a portion of the current Fiscal Year, divide the prior Fiscal Year Special Tax calculated in Step 5 by 365 days per year, and multiply that daily amount by the number of days in the current Fiscal Year the annexation area would have been subject to the Special Tax.

7) Add the current year estimated Special Tax to the estimated Special Tax amounts from prior years from Step 5 to get the total annexation area Missed Special Tax Payments.

C. The Annexation Catch-up Tax is due and payable to the City prior to commencement of proceedings to implement the annexation. The Annexation Catch-up Tax shall be expended by the City in the following order of priority:

- 1) Any delinquent interest payments on the Private Placement Bonds.
- 2) Any unfunded project costs, including but not limited to, unfunded construction expenses and direct and indirect City costs for administration, finance, engineering and overhead.
- 3) Redemption of any outstanding Private Placement Bonds.
- 4) Placed in the Reserve Fund for any Subsequent CFD Bonds, unless the Reserve Fund is fully funded.
- 5) Prepayment of any outstanding Subsequent CFD Bonds.

ATTACHMENT 1

City of Rocklin
 Community Facilities District No. 11
 (Sierra College Interchange)
 Maximum Special Tax

February, 2013

The Maximum Annual Special Tax is set on a per parcel basis. Attachment 1 will be changed from time to time per Section 6 and other provision in this Rate and Method of Apportionment. Consult the City of Rocklin for the most current Attachment 1.

Assessor's Parcel Number	Owner Name	Maximum Special Tax
045-013-005-000	HANZLICK FAMILY PARTNERSHIP ET AL	\$5,903.64
045-013-018-000	TAYLOR ROAD 24 LLC	32,050.06
045-013-019-000	TAYLOR ROAD 24 LLC	22,476.67
045-013-020-000	GARNET CREEK LLC	24,360.76
045-013-021-000	GARNET CREEK LLC	45,005.48
045-013-022-000	HANZLICK FAMILY PARTNERSHIP ET AL	58,218.11
045-021-043-000	MICHAEL FRINKS LIMITED PARTNERSHIP ET AL	55,030.68
045-021-044-000	GARNET CREEK LLC	38,963.32
045-021-045-000	HANZLICK FAMILY PARTNERSHIP ET AL	13,255.57
045-041-014-000	AUBURN MANOR HOLDINGS CORP	8,445.50
045-041-016-000	HARMON MARTIN A TR ET AL	
	37,471.76	
045-041-023-000	MONSEE ATA & MONSEF SIGRID TR	5,001.70
045-041-024-000	ROCKLIN PAVILIONS LLC & PAVILIONS SALES LLC	46,040.23
045-041-025-000	HARMON MARTIN A TR ET AL	
	46,939.52	
045-041-026-000	TAYLOR ROAD 24 LLC	34,800.00
045-041-027-000	TAYLOR ROAD 24 LLC	11,734.89
045-042-053-000	DEL PASO & EL CAMINO LLC	29,887.20
045-042-055-000	DEL PASO & EL CAMINO LLC	18,612.88
045-043-005-000	ROCKLIN 60 LLC	18,571.89
045-043-008-000	ROCKLIN 60 LLC	8,199.51
045-043-027-000	ROCKLIN 60 LLC	3,402.79
045-043-039-000	ROCKLIN 60 LLC	8,199.51
045-043-041-000	ROCKLIN 60 LLC	4,099.75
045-043-043-000	ROCKLIN 60 LLC	8,199.51
045-043-046-000	ARROWEST PROPERTIES INC	12,299.26
045-043-047-000	ARROWEST PROPERTIES INC	34,437.94
045-043-048-000	ARROWEST PROPERTIES INC	15,169.09
045-043-054-000	ROCKLIN 60 LLC	14,349.15
045-043-063-000	ROCKLIN 60 LLC	4,099.75
045-043-064-000	ROCKLIN 60 LLC	20,088.80
045-043-071-000	ROCKLIN CROSSINGS LLC ET AL	49,375.35
045-051-003-000	ROCKLIN PAVILIONS LLC & PAVILIONS SALES LLC	47,514.12
045-051-004-000	ROCKLIN PAVILIONS LLC & PAVILIONS SALES LLC	14,064.19
045-053-036-000	ROCKLIN 60 LLC	83,225.01
045-053-043-000	ROCKLIN 60 LLC	52,124.63
045-053-044-000	ROCKLIN 60 LLC	10,601.61
045-053-049-000	DONAHUE SCHRIBER ASSET MANAGEMENT CORPORATION	23,342.15
045-053-059-000	ROCKLIN CROSSINGS LLC ET AL	61,063.60
045-053-060-000	ROCKLIN CROSSINGS LLC ET AL	34,546.37
045-041-012-000	ROCKLIN PAVILIONS SALES LLC	58,626.00
	Total	\$1,119,797.95

[THIS PAGE INTENTIONALLY LEFT BLANK]

APPENDIX B

SUPPLEMENTAL INFORMATION – CITY OF ROCKLIN AND COUNTY OF PLACER

The following information concerning the City of Rocklin (the “City”) and the County of Placer (the “County”), is included only for the purpose of supplying general information. The Bonds are not a debt of the City, the County, the State of California (the “State”) or any of its political subdivisions, and neither the City, the County, the State nor any of its political subdivisions is liable therefor, except to the extent of the Special Tax Revenues and other amounts pledged by the City to the Bonds as described in this Official Statement.

General

The County, which covers an estimated area of 1,500 square miles, is bordered by the State of Nevada on the east, Nevada County on the north, Yuba and Sutter Counties on the west and by Sacramento and El Dorado Counties on the south. The County is included (along with Sacramento County and El Dorado County in the three-county Sacramento Metropolitan Statistical Area. There are six incorporated cities in the County, of which four (Auburn, Lincoln, Rocklin and Roseville) have populations of 10,000 or more, with Auburn being the County seat.

Incorporated in 1893 as a general law city, the City is located in the County on Interstate 80, 20 miles northeast of Sacramento, 105 miles northeast of San Francisco, 90 miles southwest of Lake Tahoe and 120 miles southwest of Reno. Rocklin’s climate closely tracks that of the Sacramento Metropolitan region. It is characterized by comfortable fall and spring temperatures in the 70’s and warm summers. Annual rainfall is 21 inches per year.

Topography and Climate

The County offers a great variety of elevations and terrain. From a minimum of 40 feet above sea level in the southwestern corner of the County near Roseville, the land rises to an elevation of 9,000 feet at the summit of the Sierra Nevada Mountains, near the County’s northeastern boundary. The western portion of the County, an area of rolling foothills, provides the site for several large industrial areas and a major railroad marshaling and switching yard. To the northeast, the terrain becomes more mountainous, advancing from orchard land to high elevation timberland. The eastern side of the County, particularly the area surrounding Lake Tahoe, provides a setting for high-altitude winter sports and summer recreational activities. Over much of its length, the County is bounded by the American and Bear Rivers.

The climate in the lower elevations is generally characterized by warm summers and mild winters. The higher elevations experience the extremes of winter typical of such climes. In the more populated areas, monthly averages of daily extreme temperatures range from 39 degrees Fahrenheit minimum to 52 degrees Fahrenheit maximum in January, and 58 degrees Fahrenheit and 90 degrees Fahrenheit in July. The average annual rainfall is 36 inches, with an average annual snowfall of 216 inches in the Lake Tahoe area. Approximately 90% of average annual rainfall occurs in the six-month period extending from November to April.

Population

The following table shows population estimates for the City, the County and the State for the last five years.

CITY OF ROCKLIN, PLACER COUNTY AND STATE OF CALIFORNIA
Population Estimates
Calendar Years 2015 through 2019 as of January 1

Year (January 1)	City of Rocklin	Placer County	State of California
2015	60,502	371,326	38,952,462
2016	61,595	376,443	39,214,803
2017	64,397	383,719	39,504,609
2018	66,711	389,480	39,740,508
2019	69,249	396,691	39,927,315

Source: State Department of Finance.

Employment and Industry

The unemployment rate in the Sacramento-Roseville-Arden-Arcade MSA was 3.7 percent in August 2019, down from a revised 4.0 percent in July 2019, and below the year-ago estimate of 3.8 percent. This compares with an unadjusted unemployment rate of 4.2 percent for California and 3.8 percent for the nation during the same period. The unemployment rate was 3.6 percent in El Dorado County, 3.3 percent in Placer County, 3.9 percent in Sacramento County, and 3.9 percent in Yolo County. The table below lists employment by industry group for the County for the years 2014 to 2018.

PLACER COUNTY Annual Averages Civilian Labor Force, Employment and Unemployment, Employment by Industry (March 2018 Benchmark)

	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>
Civilian Labor Force ⁽¹⁾	175,900	176,900	180,200	182,200	185,200
Employment	164,900	167,900	172,100	175,100	179,400
Unemployment	11,000	8,900	8,100	7,000	5,800
Unemployment Rate	6.3%	5.0%	4.5%	3.9%	3.1%
Wage and Salary Employment ⁽²⁾					
Agriculture	300	300	300	300	400
Natural Resources and Mining	100	100	100	100	100
Construction	10,500	12,200	13,700	14,700	16,000
Manufacturing	6,200	6,500	6,500	5,800	5,700
Wholesale Trade	4,000	4,200	4,200	4,300	4,700
Retail Trade	22,400	22,200	22,300	22,700	23,300
Transportation, Warehousing and Utilities	3,200	3,400	3,700	3,500	3,800
Information	2,200	2,600	2,500	2,400	2,400
Finance and Insurance	8,200	8,300	8,700	8,600	8,600
Real Estate and Rental and Leasing	3,100	3,200	3,400	3,700	5,000
Professional and Business Services	16,800	18,600	19,700	20,100	22,100
Educational and Health Services	24,100	24,700	26,300	27,900	29,100
Leisure and Hospitality	20,300	20,500	22,300	23,200	23,900
Other Services	5,700	6,000	5,800	6,400	6,700
Federal Government	700	700	700	700	700
State Government	900	900	800	800	800
Local Government	17,700	18,200	18,700	19,000	19,500
Total, All Industries ⁽³⁾	146,400	152,300	159,800	164,100	172,500

(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.

Largest Employers

The following tables show the largest major employers in the City and the County.

CITY OF ROCKLIN Major Employers As of June 30, 2018

<u>Employer</u>	<u>Number of Employees</u>
Sierra Joint Community College District	1,500
Rocklin Unified School District	1,434
Oracle America, Inc.	819
United Natural Foods, Inc.	474
Purple Communications, Inc.	428
Wal-Mart Stores, Inc.	422
United Parcel Service	353
Educational Media Foundation (K-LOVE Radio)	325
Rocklin Academy Charter Schools	273
City of Rocklin	228

Source: City of Rocklin Comprehensive Annual Financial Report for fiscal year ended June 30, 2018

PLACER COUNTY Major Employers (Listed alphabetically) As of October 2019

<u>Employer Name</u>	<u>Location</u>	<u>Industry</u>
Adventist Health	Roseville	Health Services
Alpine Meadows Ski Resort	Alpine Meadows	Resorts
Backyard Bar & BBQ	Truckee	Restaurants
Composite Engineering Inc	Roseville	Engineers-Professional
Costco Wholesale	Roseville	Wholesale Clubs
Golfland Sunsplash	Roseville	Water Parks
Hewlett-Packard	Roseville	Computers-Electronic-Manufacturers
Kaiser Permanente Roseville MD	Roseville	Hospitals
Northstar California	Truckee	Resorts
Placer County Fire Dept	Auburn	Government Offices-County
Placer County Food Stamps	Auburn	County Government-Social/Human Resources
Placer County Sheriff	Auburn	Government Offices-County
Placer County Sheriff Dept	Tahoe City	Government Offices-County
PRIDE Industries	Roseville	Employment Agencies & Opportunities
Q I P-Roseville	Roseville	Real Estate Management
Resort At Squaw Creek	Alpine Meadows	Hotels & Motels
Ritz-Carlton Lake Tahoe	Truckee	Hotels & Motels
Sheriff's Training	Auburn	Government Offices-County
Sierra Community College Dist	Rocklin	Junior-Community College-Tech Institutes
Stagg Howard A Pro Corp	Roseville	Attorneys
Sutter Auburn Faith Hospital	Auburn	Hospitals
Sutter Roseville Medical Ctr	Roseville	Hospitals
Tami Saner & Assoc	Roseville	Real Estate
Thunder Valley Casino	Lincoln	Casinos
Union Pacific Railroad Co	Roseville	Railroads

Source: State of California Employment Development Department, extracted from The America's Labor Market Information System (ALMIS) Employer Database, 2020 1st Edition.

Effective Buying Income

“Effective Buying Income” is defined as personal income less personal tax and nontax payments, a number often referred to as “disposable” or “after-tax” income. Personal income is the aggregate of wages and salaries, other labor-related 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, 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), nontax payments (fines, fees, penalties, etc.) and personal contributions to social insurance. According to U.S. government definitions, the resultant figure is commonly known as “disposable personal income.”

The following table summarizes the total effective buying income for the County of Placer, the State and the United States for the period 2015 through 2019.

CITY OF ROCKLIN; PLACER COUNTY Effective Buying Income As of January 1, 2015 through 2019

Year	Area	Total Effective Buying Income (000's Omitted)	Median Household Effective Buying Income
2015	City of Rocklin	\$1,629,243	\$61,668
	Placer County	10,287,888	58,583
	California	901,189,699	50,072
	United States	7,357,153,421	45,448
2016	City of Rocklin	\$1,915,750	\$69,059
	Placer County	11,729,490	64,480
	California	981,231,666	53,589
	United States	7,757,960,399	46,738
2017	City of Rocklin	\$2,006,950	\$70,299
	Placer County	12,122,101	65,269
	California	1,036,142,723	55,681
	United States	8,132,748,136	48,043
2018	City of Rocklin	\$2,157,853	\$73,581
	Placer County	12,967,927	69,226
	California	1,113,648,181	59,646
	United States	8,640,770,229	50,735
2019	City of Rocklin	\$2,558,173	\$80,487
	Placer County	14,736,480	74,797
	California	1,183,264,399	62,637
	United States	9,017,967,563	52,841

Source: The Nielsen Company (US), Inc.

Commercial Activity

A summary of historic taxable sales within the City and the County during the past five years for which data is available is shown in the following tables.

Total taxable sales during the first quarter of calendar year 2018 in the City were reported to be \$281,752,640 a 11.82% increase over the total taxable sales of \$251,972,686 reported during first quarter of calendar year 2017. Annual figures are not yet available for calendar year 2018.

CITY OF ROCKLIN
Taxable Transactions
Number of Permits and Valuation of Taxable Transactions
(Dollars in Thousands)

	<u>Retail Stores</u>		<u>Total All Outlets</u>	
	<u>Number of Permits</u>	<u>Taxable Transactions</u>	<u>Number of Permits</u>	<u>Taxable Transactions</u>
2013	840	556,077	1,219	710,901
2014	905	663,297	1,311	822,939
2015 ⁽¹⁾	977	751,490	1,532	954,238
2016	974	850,846	1,563	1,096,719
2017	986	918,403	1,629	1,155,988

(1) Permit figures for calendar year 2015 are not comparable to that of prior years due to outlet counts in these reports including the number of outlets that were active during the reporting period. Retailers that operate part-time are now tabulated with store retailers.

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

Total taxable sales during the first quarter of calendar year 2018 in the County were reported to be \$2,227,558,002 a 3.10% increase over the total taxable sales of 2,160,547,498 reported during the first quarter of calendar year 2017. Annual figures are not yet available for calendar year 2018.

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

	<u>Retail Stores</u>		<u>Total All Outlets</u>	
	<u>Number of Permits</u>	<u>Taxable Transactions</u>	<u>Number of Permits</u>	<u>Taxable Transactions</u>
2013	8,487	6,050,198	11,713	7,724,406
2014	8,520	6,296,076	11,749	8,100,167
2015 ⁽¹⁾	4,446	6,594,126	13,124	8,675,315
2016	8,671	6,814,515	13,227	8,920,892
2017	8,713	7,194,952	13,365	9,428,862

(1) Permit figures for calendar year 2015 are not comparable to that of prior years due to outlet counts in these reports including the number of outlets that were active during the reporting period. Retailers that operate part-time are now tabulated with store retailers.

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

Construction

Provided below are the building permits and valuations for the City and the County, for calendar years 2014 through 2018.

CITY OF ROCKLIN Total Building Permit Valuations (Valuations in Thousands)

	2014	2015	2016	2017	2018
<u>Permit Valuation</u>					
New Single-family	\$102,175.5	\$121,261.8	\$154,530.8	\$190,478.5	\$207,537.3
New Multi-family	14,849.1	18,213.1	22,918.8	35,285.2	0.0
Res. Alterations/Additions	<u>4,086.6</u>	<u>13,093.9</u>	<u>5,470.4</u>	<u>5,315.8</u>	<u>6,236.0</u>
Total Residential	121,111.2	152,568.8	182,920.0	231,079.5	213,773.3
New Commercial	\$15,914.8	\$19,375.7	\$4,856.3	\$19,160.1	\$3,630.4
New Industrial	0.0	0.0	0.0	0.0	0.0
New Other	3,917.3	6,561.7	14,493.4	8,924.0	9,584.7
Com. Alterations/Additions	<u>24,778.3</u>	<u>16,918.3</u>	<u>10,860.7</u>	<u>15,030.2</u>	<u>11,798.8</u>
Total Nonresidential	44,610.4	42,855.7	30,210.4	43,114.3	25,013.8
New Dwelling Units					
Single Family	306	386	544	698	585
Multiple Family	<u>111</u>	<u>226</u>	<u>220</u>	<u>267</u>	<u>0</u>
TOTAL	417	612	764	965	585

(1) Totals may not add due to rounding.

Source: Construction Industry Research Board, Building Permit Summary.

PLACER COUNTY Total Building Permit Valuations (Valuations in Thousands)

	2014	2015	2016	2017	2018
<u>Permit Valuation</u>					
New Single-family	\$523,638.2	\$683,806.3	\$776,410.8	\$771,800.5	\$696,737.4
New Multi-family	48,645.5	21,702.2	42,395.7	92,565.2	2,338.5
Res. Alterations/Additions	<u>59,428.5</u>	<u>82,577.5</u>	<u>79,543.6</u>	<u>89,429.2</u>	<u>99,341.6</u>
Total Residential	631,712.2	788,086.0	898,350.1	953,794.9	798,417.5
New Commercial	\$43,477.7	\$88,675.3	\$84,953.2	\$138,675.8	\$90,424.4
New Industrial	199.9	1,339.6	535.1	0.0	7,956.5
New Other	39,025.6	56,433.7	90,958.7	57,356.4	68,280.3
Com. Alterations/Additions	<u>101,977.7</u>	<u>80,457.5</u>	<u>64,524.2</u>	<u>94,058.6</u>	<u>84,271.0</u>
Total Nonresidential	\$184,680.9	226,906.1	240,971.2	290,090.8	250,932.1
New Dwelling Units					
Single Family	1,620	1,994	2,102	2,500	1,963
Multiple Family	<u>376</u>	<u>240</u>	<u>322</u>	<u>783</u>	<u>19</u>
TOTAL	1,996	2,234	2,424	3,283	1,982

(1) Totals may not add due to rounding.

Source: Construction Industry Research Board, Building Permit Summary.

[THIS PAGE INTENTIONALLY LEFT BLANK]

APPENDIX C

FORM OF OPINION OF BOND COUNSEL

[Closing Date]

City Council
City of Rocklin
3970 Rocklin Road
Rocklin, California 95677

OPINION: \$_____ City of Rocklin Community Facilities District No. 11 (Sierra College Interchange) Special Tax Refunding Bonds, Series 2019

Members of the City Council:

We have acted as bond counsel to the City of Rocklin (the "City") in connection with the issuance by the City of the \$_____ City of Rocklin Community Facilities District No. 11 (Sierra College Interchange) Special Tax Refunding Bonds, Series 2019 (the "Bonds"), pursuant to the Mello-Roos Community Facilities Act of 1982, as amended, constituting Section 53311, et seq. of the California Government Code (the "Act") and a Fiscal Agent Agreement dated as of December 1, 2019 (the "Fiscal Agent Agreement"), by and between the City, on behalf of the City of Rocklin Community Facilities District No. 11 (Sierra College Interchange), and MUFG Union Bank, N.A., as fiscal agent. We have examined the law and such certified proceedings and other papers as we deem necessary to render this opinion.

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

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

1. The City is duly created and validly existing as a public body, corporate and politic, with the power to adopt the resolution authorizing the issuance of the Bonds, enter into the Fiscal Agent Agreement and perform the agreements on its part contained therein, and to issue the Bonds.
2. The Bonds have been duly authorized, executed and delivered by the City and are valid and binding limited obligations of the City, payable solely from the sources provided therefor in the Fiscal Agent Agreement.
3. The Fiscal Agent Agreement has been duly entered into by the City and constitutes a valid and binding obligation of the City enforceable upon the City.

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

5. The interest on the Bonds is excluded from gross income for federal income tax purposes and is not an item of tax preference for purposes of the federal alternative minimum tax. The opinions set forth in the preceding sentence are subject to the condition that the City comply with all requirements of the Internal Revenue Code of 1986, as amended, relating to the exclusion from gross income for federal income tax purposes of interest on obligations such as the Bonds. The City has made certain representations and covenants in order to comply with each such requirement. Inaccuracy of those representations, or failure to comply with certain of those covenants, may cause the inclusion of such interest in gross income for federal income tax purposes, which may be retroactive to the date of issuance of the Bonds.

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

We express no opinion regarding any other tax consequences arising with respect to the ownership, sale or disposition of, or the amount, accrual or receipt of interest on, the Bonds.

The rights of the owners of the Bonds and the enforceability of the Bonds are limited by bankruptcy, insolvency, reorganization, moratorium and other similar laws affecting creditors' rights generally, and by equitable principles, whether considered at law or in equity.

This opinion is given as of the date hereof, and we assume no obligation to revise or supplement this opinion to reflect any facts or circumstances that may hereafter come to our attention, or any changes in law that may hereafter occur. Our engagement with respect to this matter has terminated as of the date hereof.

Respectfully submitted,

A Professional Law Corporation

APPENDIX D

FORM OF CONTINUING DISCLOSURE CERTIFICATE

**\$ _____
CITY OF ROCKLIN
COMMUNITY FACILITIES DISTRICT NO. 11 (SIERRA COLLEGE INTERCHANGE)
SPECIAL TAX REFUNDING BONDS, SERIES 2019**

This CONTINUING DISCLOSURE CERTIFICATE (this “Disclosure Certificate”) is executed and delivered by the CITY OF ROCKLIN (the “City”) in connection with the execution and delivery of the bonds captioned above (the “Bonds”). The Bonds are issued pursuant to a Fiscal Agent Agreement dated as of December 1, 2019 (the “Fiscal Agent Agreement”), by and between the City and MUFG Union Bank, N.A., as fiscal agent (the “Fiscal Agent”).

The District covenants and agrees as follows:

Section 1. Purpose of the Disclosure Certificate. This Disclosure Certificate is being executed and delivered by the City for the benefit of the holders and beneficial owners of the Bonds and in order to assist the Participating Underwriter in complying with S.E.C. Rule 15c2-12(b)(5).

Section 2. Definitions. In addition to the definitions set forth above and in the Fiscal Agent Agreement, which apply to any capitalized term used in this Disclosure Certificate unless otherwise defined in this Section 2, the following capitalized terms shall have the following meanings:

“Annual Report” means any Annual Report provided by the City pursuant to, and as described in, Sections 3 and 4 of this Disclosure Certificate.

“Annual Report Date” means the date that is nine months after the end of the City’s fiscal year (currently April 1 based on the City’s fiscal year end of June 30).

“Dissemination Agent” means Willdan Financial Services, or any successor Dissemination Agent designated in writing by the City and which has filed with the City a written acceptance of such designation.

“Listed Events” means any of the events listed in Section 5(a) of this Disclosure Certificate.

“MSRB” means the Municipal Securities Rulemaking Board, which has been designated by the Securities and Exchange Commission as the sole repository of disclosure information for purposes of the Rule, or any other repository of disclosure information that may be designated by the Securities and Exchange Commission as such for purposes of the Rule in the future.

“Official Statement” means the final official statement executed by the City in connection with the issuance of the Bonds.

“Participating Underwriter” shall mean Stifel, Nicolaus & Company, Incorporated, as the original underwriter of the Bonds.

“Rule” means Rule 15c2-12(b)(5) adopted by the Securities and Exchange Commission under the Securities Exchange Act of 1934, as it may be amended from time to time.

Section 3. Provision of Annual Reports.

(a) The City shall, or shall cause the Dissemination Agent to, not later than the Annual Report Date, commencing April 1, 2020, with the report for the 2018-19 fiscal year, provide to the MSRB, in an electronic format as prescribed by the MSRB, an Annual Report that is consistent with the requirements of Section 4 of this Disclosure Certificate. Not later than 15 Business Days prior to the Annual Report Date, the City shall provide the Annual Report to the Dissemination Agent (if other than the City). If by 15 Business Days prior to the Annual Report Date the Dissemination Agent (if other than the City) has not received a copy of the Annual Report, the Dissemination Agent shall contact the City to determine if the City is in compliance with the previous sentence. The Annual Report may be submitted as a single document or as separate documents comprising a package, and may include by reference other information as provided in Section 4 of this Disclosure Certificate; provided that the audited financial statements of the City may be submitted separately from the balance of the Annual Report, and later than the Annual Report Date, if not available by that date. If the City’s fiscal year changes, it shall give notice of such change in the same manner as for a Listed Event under Section 5(b). The City shall provide a written certification with each Annual Report furnished to the Dissemination Agent to the effect that such Annual Report constitutes the Annual Report required to be furnished by the City hereunder.

(b) If the City does not provide (or cause the Dissemination Agent to provide) an Annual Report by the Annual Report Date, the City shall provide (or cause the Dissemination Agent to provide) in a timely manner to the MSRB, in an electronic format as prescribed by the MSRB, a notice in substantially the form attached as Exhibit A to this Disclosure Certificate.

(c) With respect to each Annual Report, the Dissemination Agent shall:

(i) determine prior to each Annual Report Date the then-applicable rules and electronic format prescribed by the MSRB for the filing of annual continuing disclosure reports; and

(ii) if the Dissemination Agent is other than the City, file a report with the City certifying that the Annual Report has been provided pursuant to this Disclosure Certificate, and stating the date it was provided.

Section 4. Content of Annual Reports. The City’s Annual Report shall contain or incorporate by reference the following:

(a) The City’s audited financial statements prepared in accordance with generally accepted accounting principles as promulgated to apply to governmental entities from time to time by the Governmental Accounting Standards Board. If the City’s audited financial statements are not available by the Annual Report Date, the Annual Report shall contain unaudited financial statements in a format similar to the financial statements contained in the Official Statement, and the audited financial statements shall be filed in the same manner as the Annual Report when they become available.

(b) The following information, unless otherwise specified, as of September 30 of the preceding year:

(i) Principal amount of outstanding Bonds.

(ii) Balance in the Reserve Fund, and statement of the Reserve Requirement for the Bonds. Statement of projected draw, if any, on the Reserve Fund.

(iii) Balance in other funds and accounts held by the City or Fiscal Agent related to the Bonds.

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

(v) The Special Tax levy, the delinquency rate, total amount of delinquencies, number of parcels delinquent in payment for the five most recent fiscal years, substantially in the form of Table 7 (with a footnote for delinquency information on the Hanzlick Parcels). In addition, notwithstanding the June 30th reporting date for the Annual Report, the following information, which 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:

(A) Identity of each delinquent taxpayer responsible for 5% or more of total special tax levied.

(B) With respect to each taxpayer identified in clause (A), assessed value of applicable properties, amount of Special Tax levied, amount delinquent by owner and status of foreclosure proceedings (if any foreclosure has been completed, summary of results of foreclosure sales or transfers).

(vi) Notwithstanding the June 30th reporting date for the Annual Report, most recently available total assessed value of all parcels in the District subject to the Special Tax, together with value to bonded debt ratio, broken out by (A) developed property, and (B) undeveloped property, substantially in the form of Table 1.

(c) In addition to any of the information expressly required to be provided under this Disclosure Certificate, the City shall provide such further material information, if any, as may be necessary to make the specifically required statements, in the light of the circumstances under which they are made, not misleading.

(d) Any or all of the items listed above may be included by specific reference to other documents, including official statements of debt issues of the City or related public entities, which are available to the public on the MSRB's Internet web site or filed with the Securities and Exchange Commission. The City shall clearly identify each such other document so included by reference.

Section 5. Reporting of Significant Events.

(a) The City shall give, or cause to be given, notice of the occurrence of any of the following Listed Events with respect to the Bonds:

- (1) Principal and interest payment delinquencies.
- (2) Non-payment related defaults, if material.
- (3) Unscheduled draws on debt service reserves reflecting financial difficulties.
- (4) Unscheduled draws on credit enhancements reflecting financial difficulties.
- (5) Substitution of credit or liquidity providers, or their failure to perform.
- (6) Adverse tax opinions, the issuance by the Internal Revenue Service of proposed or final determinations of taxability, Notices of Proposed Issue (IRS Form 5701-TEB) or other material notices or determinations with respect to the tax status of the security, or other material events affecting the tax status of the security.
- (7) Modifications to rights of security holders, if material.
- (8) Bond calls, if material, and tender offers.
- (9) Defeasances.
- (10) Release, substitution, or sale of property securing repayment of the securities, if material.
- (11) Rating changes.
- (12) Bankruptcy, insolvency, receivership or similar event of the City or other obligated person.
- (13) The consummation of a merger, consolidation, or acquisition involving the City or an obligated person, or the sale of all or substantially all of the assets of the City or an obligated person (other than in the ordinary course of business), the entry into a definitive agreement to undertake such an action, or the termination of a definitive agreement relating to any such actions, other than pursuant to its terms, if material.
- (14) Appointment of a successor or additional fiscal agent or the change of name of the fiscal agent, if material.
- (15) Incurrence of a financial obligation of the City, if material, or agreement to covenants, events of default, remedies, priority rights, or other similar terms of a financial obligation of the City, any of which affect security holders, if material (for the definition of "financial obligation," see clause (e)).

- (16) Default, event of acceleration, termination event, modification of terms, or other similar events under the terms of a financial obligation of the City, any of which reflect financial difficulties (for the definition of “financial obligation,” see clause (e)).

(b) Whenever the City obtains knowledge of the occurrence of a Listed Event, the City shall, or shall cause the Dissemination Agent (if not the City) to, file a notice of such occurrence with the MSRB, in an electronic format as prescribed by the MSRB, in a timely manner not in excess of 10 business days after the occurrence of the Listed Event. Notwithstanding the foregoing, notice of Listed Events described in subsections (a)(8) and (9) above need not be given under this subsection any earlier than the notice (if any) of the underlying event is given to holders of affected Bonds under the Fiscal Agent Agreement.

(c) The City acknowledges that the events described in subparagraphs (a)(2), (a)(7), (a)(8) (if the event is a bond call), (a)(10), (a)(13), (a)(14) and (a)(15) of this Section 5 contain the qualifier “if material” and that subparagraph (a)(6) also contains the qualifier “material” with respect to certain notices, determinations or other events affecting the tax status of the Bonds. The City shall cause a notice to be filed as set forth in paragraph (b) above with respect to any such event only to the extent that it determines the event’s occurrence is material for purposes of U.S. federal securities law. Whenever the City obtains knowledge of the occurrence of any of these Listed Events, the City will as soon as possible determine if such event would be material under applicable federal securities law. If such event is determined to be material, the City will cause a notice to be filed as set forth in paragraph (b) above. The Dissemination Agent shall not be responsible for determining whether an event is material.

(d) For purposes of this Disclosure Certificate, any event described in paragraph (a)(12) above is considered to occur when any of the following occur: the appointment of a receiver, fiscal agent, or similar officer for the City in a proceeding under the United States Bankruptcy Code or in any other proceeding under state or federal law in which a court or governmental authority has assumed jurisdiction over substantially all of the assets or business of the City, or if such jurisdiction has been assumed by leaving the existing governing body and officials or officers in possession but subject to the supervision and orders of a court or governmental authority, or the entry of an order confirming a plan of reorganization, arrangement, or liquidation by a court or governmental authority having supervision or jurisdiction over substantially all of the assets or business of the City.

(e) For purposes of Section 5(a)(15) and (16), “financial obligation” means a (i) debt obligation; (ii) derivative instrument entered into in connection with, or pledged as security or a source of payment for, an existing or planned debt obligation; or (iii) guarantee of (i) or (ii). The term financial obligation shall not include municipal securities as to which a final official statement has been provided to the Municipal Securities Rulemaking Board consistent with the Rule.

Section 6. Identifying Information for Filings with the MSRB. All documents provided to the MSRB pursuant to this Disclosure Certificate shall be accompanied by identifying information as prescribed by the MSRB.

Section 7. Termination of Reporting Obligation. The City’s obligations under this Disclosure Certificate shall terminate upon the legal defeasance, prior redemption or payment in full of all of the Bonds. If such termination occurs prior to the final maturity of the Bonds, the City shall give notice of such termination in the same manner as for a Listed Event under Section 5(b).

Section 8. Dissemination Agent. The City may, from time to time, appoint or engage a Dissemination Agent to assist it in carrying out its obligations under this Disclosure Certificate, and may discharge any Dissemination Agent, with or without appointing a successor Dissemination Agent. Any Dissemination Agent may resign by providing 30 days' written notice to the City.

Section 9. Amendment; Waiver. Notwithstanding any other provision of this Disclosure Certificate, the City may amend this Disclosure Certificate, and any provision of this Disclosure Certificate may be waived, provided that the following conditions are satisfied:

(a) if the amendment or waiver relates to the provisions of Sections 3(a), 4 or 5(a), it may only be made in connection with a change in circumstances that arises from a change in legal requirements, change in law, or change in the identity, nature, or status of an obligated person with respect to the Bonds, or type of business conducted;

(b) the undertakings herein, as proposed to be amended or waived, would, in the opinion of nationally recognized bond counsel, have complied with the requirements of the Rule at the time of the primary offering of the Bonds, after taking into account any amendments or interpretations of the Rule, as well as any change in circumstances; and

(c) the proposed amendment or waiver either (i) is approved by holders of the Bonds in the manner provided in the Fiscal Agent Agreement for amendments to the Fiscal Agent Agreement with the consent of holders, or (ii) does not, in the opinion of nationally recognized bond counsel, materially impair the interests of the holders or beneficial owners of the Bonds.

If the annual financial information or operating data to be provided in the Annual Report is amended pursuant to the provisions hereof, the first Annual Report filed pursuant hereto containing the amended operating data or financial information shall explain, in narrative form, the reasons for the amendment and the impact of the change in the type of operating data or financial information being provided.

If an amendment is made to this Disclosure Certificate modifying the accounting principles to be followed in preparing financial statements, the Annual Report for the year in which the change is made shall present a comparison between the financial statements or information prepared on the basis of the new accounting principles and those prepared on the basis of the former accounting principles. The comparison shall include a qualitative discussion of the differences in the accounting principles and the impact of the change in the accounting principles on the presentation of the financial information, in order to provide information to investors to enable them to evaluate the ability of the City to meet its obligations. To the extent reasonably feasible, the comparison shall be quantitative.

A notice of any amendment made pursuant to this Section 9 shall be filed in the same manner as for a Listed Event under Section 5(b).

Section 10. Additional Information. Nothing in this Disclosure Certificate shall be deemed to prevent the City from disseminating any other information, using the means of dissemination set forth in this Disclosure Certificate or any other means of communication, or including any other information in any Annual Report or notice of occurrence of a Listed Event, in addition to that which is required by this Disclosure Certificate. If the City chooses to include any information in any Annual Report or notice of occurrence of a Listed Event in addition to that which is specifically

required by this Disclosure Certificate, the City shall have no obligation under this Disclosure Certificate to update such information or include it in any future Annual Report or notice of occurrence of a Listed Event.

Section 11. Default. If the City fails to comply with any provision of this Disclosure Certificate, the Participating Underwriter or any holder or beneficial owner of the Bonds may take such actions as may be necessary and appropriate, including seeking mandate or specific performance by court order, to cause the City to comply with its obligations under this Disclosure Certificate. A default under this Disclosure Certificate shall not be deemed an Event of Default under the Fiscal Agent Agreement, and the sole remedy under this Disclosure Certificate in the event of any failure of the City to comply with this Disclosure Certificate shall be an action to compel performance.

Section 12. Duties, Immunities and Liabilities of Dissemination Agent.

(a) The Dissemination Agent shall have only such duties as are specifically set forth in this Disclosure Certificate, and the City agrees to indemnify and save the Dissemination Agent, its officers, directors, employees and agents, harmless against any loss, expense and liabilities which they may incur arising out of or in the exercise or performance of its powers and duties hereunder, including the costs and expenses (including attorneys' fees) of defending against any claim of liability, but excluding liabilities due to the Dissemination Agent's negligence or willful misconduct. The Dissemination Agent shall have no duty or obligation to review any information provided to it by the City hereunder and shall not be deemed to be acting in any fiduciary capacity for the City, the Bond holders, or any other party. The obligations of the City under this Section shall survive resignation or removal of the Dissemination Agent and payment of the Bonds.

(b) The Dissemination Agent shall be paid compensation by the City for its services provided hereunder in accordance with its schedule of fees as amended from time to time, and shall be reimbursed for all expenses, legal fees and advances made or incurred by the Dissemination Agent in the performance of its duties hereunder.

Section 13. Beneficiaries. This Disclosure Certificate shall inure solely to the benefit of the City, the Dissemination Agent, the Participating Underwriter and the holders and beneficial owners from time to time of the Bonds, and shall create no rights in any other person or entity.

Section 14. Counterparts. This Disclosure Certificate may be executed in several counterparts, each of which shall be regarded as an original, and all of which shall constitute one and the same instrument.

Date: _____, 2019

CITY OF ROCKLIN, for and on behalf of City
of Rocklin Community Facilities District No.
11 (Sierra College Interchange)

By: _____

Name: _____

Title: _____

Acknowledged and Agreed to by:

Willdan Financial Services, as
Dissemination Agent

By:

Authorized Officer

EXHIBIT A

NOTICE TO REPOSITORIES OF FAILURE TO FILE ANNUAL REPORT

Name of Issuer: City of Rocklin

Name of Bond Issue: \$_____ City of Rocklin Community Facilities District No. 11
(Sierra College Interchange) Special Tax Refunding Bonds Series
2019

Date of Issuance: _____, 2019

NOTICE IS HEREBY GIVEN that the City of Rocklin (the "City") on behalf of City of Rocklin Community Facilities District No. 11 (Sierra College Interchange) has not provided an Annual Report with respect to the above-named Bonds as required by the Continuing Disclosure Certificate dated as of _____, 2019. The City anticipates that the Annual Report will be filed by _____.

Dated: _____

DISSEMINATION AGENT:

By: _____
Its: _____

cc: City of Rocklin

[THIS PAGE INTENTIONALLY LEFT BLANK]

APPENDIX E SUMMARY OF CERTAIN PROVISIONS OF FISCAL AGENT AGREEMENT

The following summarizes certain provisions of the Fiscal Agent Agreement not summarized elsewhere in the Official Statement. Reference is made to the Fiscal Agent Agreement for the complete terms thereof.

Certain Definitions

"Act" means the Mello-Roos Community Facilities Act of 1982, as amended, being sections 53311 et seq. of the California Government Code.

"Administrative Expenses" means costs directly related to the administration of the CFD consisting of: the actual costs of computing the Special Taxes and preparing the annual Special Tax collection schedules (whether by a City employee or consultant or both) and the actual costs of collecting the Special Taxes (whether by the County or otherwise); the actual costs of remitting the Special Taxes to the Fiscal Agent; fees and expenses of the Fiscal Agent (including its legal counsel) in the discharge of its duties under this Agreement; the actual costs of the City or its designee of complying with the disclosure provisions of the Act and this Agreement, including those related to public inquiries regarding the Special Tax and disclosures to Bondowners and the Original Purchaser; the actual costs of the City or its designee related to an appeal of the Special Tax; any amounts required to be rebated to the federal government; an allocable share of the salaries of the City staff directly related to the foregoing and a proportionate amount of City general administrative overhead related thereto. Administrative Expenses shall also include 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.

"Agreement" means this Fiscal Agent Agreement, as it may be amended or supplemented from time to time by any Supplemental Agreement adopted pursuant to the provisions hereof.

"Annual Debt Service" means, for each Bond Year, the sum of (i) the interest due on the Outstanding Bonds in such Bond Year, assuming that the Outstanding Bonds are retired as scheduled, and (ii) the principal amount of the Outstanding Bonds due in such Bond Year (including any sinking fund payments).

"Auditor" means the auditor/controller of the County, or such other official at the County who is responsible for preparing property tax bills.

"Authorized Officer" means the Mayor, the City Manager, Chief Financial Officer, the City Clerk, the City Attorney, or persons in equivalent positions, or any other officer or employee authorized by the City Council of the City or by an Authorized Officer to undertake the action referenced in this Agreement as required to be undertaken by an Authorized Officer.

"Bond Counsel" means initially, Jones Hall, A Professional Law Corporation, San Francisco, California, or any attorney or firm of attorneys acceptable to the City and nationally

recognized for expertise in rendering opinions as to the legality and tax-exempt status of securities issued by public entities.

"Bond Date" means the issuance date of the Bonds, which is the Closing Date.

"Bond Fund" means the fund designated the "City of Rocklin, Community Facilities District No. 11 (Sierra College Interchange) Special Tax Refunding Bonds, Series 2019 Bond Fund" established and administered under the Fiscal Agent Agreement.

"Bond Year" means the one-year period beginning on September 2 in each year and ending on September 1 in the following year, except that the first Bond Year shall begin on the Closing Date and shall end on September 1, 2020.

"Business Day" means any day other than (i) a Saturday or a Sunday or (ii) a day on which banking institutions in the state in which the Fiscal Agent has its principal corporate trust office are authorized or obligated by law or executive order to be closed.

"CDIAC" means the California Debt Investment and Advisory Commission of the Office of the State Treasurer of California, or any successor agency, board or commission.

"CFD" means the City of Rocklin, Community Facilities District No. 11 (Sierra College Interchange) formed under the Resolution of Formation.

"Chief Financial Officer" means the Chief Financial Officer of the City or other official of the City, or designee, who acts in the capacity as the chief financial officer of the City.

"City Attorney" means the any attorney or firm of attorneys employed by the City in the capacity of city attorney.

"Closing Date" means the date upon which there is a physical delivery of the Bonds in exchange for the amount representing the purchase price of the Bonds by the Original Purchaser.

"Continuing Disclosure Certificate" shall mean that certain Continuing Disclosure Certificate executed by the City and dated the date of issuance and delivery of the Bonds, as originally executed and as it may be amended from time to time in accordance with the terms thereof.

"Costs of Issuance" means items of expense payable or reimbursable directly or indirectly by the City and related to the authorization, sale, delivery and issuance of the Bonds, which items of expense shall include, but not be limited to, printing costs, costs of reproducing and binding documents, closing costs, appraisal costs, filing and recording fees, fees and expenses of counsel to the City, initial fees and charges of the Fiscal Agent including its first annual administration fees and its legal fees and charges, including the allocated costs of in-house attorneys, expenses incurred by the City in connection with the issuance of the Bonds, Bond (underwriter's) discount, legal fees and charges, including bond counsel, and counsel to any financial consultant, financial consultant's fees, charges for execution, authentication, transportation and safekeeping of the Bonds and other costs, charges and fees in connection with the foregoing.

"Council" means the City Council of the City as the legislative body.

"Debt Service" means the scheduled amount of interest and amortization of principal payable under the Fiscal Agent Agreement, and the scheduled amount of interest and amortization of principal payable under similar sections with respect to Parity Bonds, during the period of computation, excluding amounts scheduled during such period which relate to principal which has been retired before the beginning of such period.

"Depository" means (a) initially, DTC, and (b) any other Securities Depository acting as Depository for book-entry.

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

"Fair Market Value" means, for the Permitted Investments, the price at which a willing buyer would purchase the investment from a willing seller in a bona fide, arm's length transaction (determined as of the date the contract to purchase or sell the investment becomes binding) if the investment is traded on an established securities market (within the meaning of section 1273 of the Tax Code) and, otherwise, the term "Fair Market Value" means the acquisition price in a bona fide arm's length transaction (as referenced above) if (i) the investment is a certificate of deposit that is acquired in accordance with applicable regulations under the Tax 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 Tax 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 City and related parties do not own more than a ten percent (10%) beneficial interest if the return paid by such fund is without regard to the source of the investment.

"Federal Securities" means (a) any direct general obligations of the United States of America (including obligations issued or held in book entry form on the books of the Department of the Treasury of the United States of America), the payment of principal of and interest on which are unconditionally and fully guaranteed by the United States of America; and (b) any obligations the principal of and interest on which are unconditionally guaranteed by the United States of America.

"Fiscal Agent" means MUFJ Union Bank, N. A., the Fiscal Agent appointed by the City and acting as an independent fiscal agent with the duties and powers herein provided, its successors and assigns, and any other corporation or association which may at any time be substituted in its place, as provided in the Fiscal Agent Agreement.

"Fiscal Year" means the twelve-month period extending from July 1 in a calendar year to June 30 of the succeeding year, both dates inclusive.

"Independent Financial Consultant" means any consultant or firm of such consultants appointed by the City or by an Authorized Officer, and who, or each of whom: (a) is judged by the Chief Financial Officer to have experience in matters relating to the issuance and/or administration of bonds under the Act; (b) is in fact independent and not under the domination of the City; (c) does not have any substantial interest, direct or indirect, with or in the City, or any owner of real property in the CFD, or any real property in the CFD; and (d) is not connected with

the City as an officer or employee of the City, but who may be regularly retained to make reports to the City.

"Interest Payment Date" means each September 1 and March 1 of every calendar year, commencing March 1, 2020.

"Investment Agreements" means guaranteed investment contracts, funding agreements, or any other form of corporate note which represents the unconditional obligation of one or more banks, insurance companies or other financial institutions, or are guaranteed by a financial institution which has an unsecured rating, or which agreement is itself rated, as of the date of execution thereof, in one of the two highest Rating Categories by S&P or Moody's; provided that:

(a) The invested funds are available for withdrawal without penalty or premium, at any time for purposes in the documents other than for reinvestment or the purchase of a surety bond or letter of credit for the Reserve Fund upon not more than seven days' prior notice; the City and the Fiscal Agent hereby agree to give or to cause to be given notice in accordance with the terms of the investment agreement so as to receive funds thereunder with no penalty or premium paid;

(b) The investment agreement shall state that it is the unconditional and general obligation of, and is not subordinated to any other obligations of, the provider thereof or, if the provider is a bank, the agreement or the opinion of counsel shall state that the obligation of the provider to make payments thereunder ranks *pari passu* with the obligations of the provider to its other depositors and its other unsecured and unsubordinated creditors;

(c) The City and the Fiscal Agent receives an opinion of the domestic counsel (which opinion shall be addressed to the City and the Fiscal Agent) that such investment agreement is legal, valid, binding and enforceable upon the provider in accordance with its terms and of foreign counsel (if applicable) in a form and substance acceptable, and addressed to the Issuer and the Fiscal Agent;

(d) Such agreement shall require that if during its term the provider's rating by either S&P or Moody's falls below AA- or Aa3, respectively, the provider shall, at its option, within 10 days of receipt of publication of such downgrade, either (i) collateralize the investment agreement by delivering or transferring in accordance with applicable state and federal laws (other than by means of entries on the provider's books) to the City, the Fiscal Agent or a third party acting solely as agent therefor (the "Holder of the Collateral") collateral free and clear of any third-party liens or claims the market value of which collateral is comprised of those securities outlined in (a) and (b) of the defined term Permitted Investments and maintained at 104% for those securities in (a) and 105% for those securities in (b), or (ii) at the sole expense of the provider, the provider shall prepare written bid specifications for the unconditional assumption of their remaining obligations under the same terms and conditions of the investment agreement, solicit bids from eligible replacement providers whose ratings are at least AA- and Aa3 by S&P and Moody's, respectively, and award the unconditional assumption of the obligations to one of the replacement providers so long as such provider shall be approved by the City or purchase a surety bond which effectively raises the credit quality of the investment agreement to AA-/Aa3 or better.

(e) If the provider's rating by either S&P or Moody's is withdrawn or suspended or falls below A- or A3, respectively, the provider must, at the direction of the City or the Fiscal Agent, within 10 days of receipt of such direction, repay the principal of and accrued but unpaid interest on the investment, in either case with no penalty or premium to the City.

(f) In the event that the provider shall default in its payment obligations, the provider's obligations under the investment agreement shall, at the direction of the City or the Fiscal Agent, be accelerated and amounts invested and accrued but unpaid interest thereon shall be repaid to the City or the Fiscal Agent, as appropriate.

(g) Should the provider become insolvent, not pay its debts as they become due, be declared or petition to be declared bankrupt, etc. ("event of insolvency"), the provider's obligations shall automatically be accelerated and amounts invested and accrued but unpaid interest thereon shall be repaid to the City or the Fiscal Agent, as appropriate.

"Maximum Annual Debt Service" means the largest Annual Debt Service for any Bond Year through the final maturity date of any Outstanding Bonds.

"Moody's" means Moody's Investors Service, Inc., and its successors.

"Officer's Certificate" means a written certificate of the City signed by an Authorized Officer.

"Ordinance" means any ordinance of the Council levying the Special Taxes.

"Original Purchaser" means the first purchaser of the Bonds from the City.

"Other CFDs" means other community facilities districts established by the City or any other public agency, all or a portion of the territory of which is included within the boundaries of the CFD.

"Other CFD Bonds" means any bonds, a portion of the aggregate principal amount of which is then outstanding and is payable at least partially from special taxes to be levied on parcels of land within the CFD as part of Other CFDs.

"Outstanding," when used as of any particular time with reference to Bonds, means (subject to the provisions of the Fiscal Agent Agreement) all Bonds and Parity Bonds except (i) Bonds and Parity Bonds theretofore canceled by the Fiscal Agent or surrendered to the Fiscal Agent for cancellation; (ii) Bonds and Parity Bonds paid or deemed to have been paid within the meaning of the Fiscal Agent Agreement; and (iii) Bonds and Parity Bonds in lieu of or in substitution for which other Bonds shall have been authorized, executed, issued and delivered by the City under this Agreement or any Supplemental Agreement.

"Owner" or **"Bondowner"** means any person who shall be the registered owner of any Outstanding Bond.

"Participating Underwriter" shall have the meaning ascribed thereto in the Continuing Disclosure Certificate.

"Permitted Investments" means any of the following investments, but only to the extent that the same are acquired at Fair Market Value, which are authorized under the laws of the State of California for investment of the funds proposed to be invested therein (provided that the Fiscal Agent shall be entitled to rely upon any investment direction from the City as conclusive certification to the Fiscal Agent that the investments described therein are so authorized under the laws of the State of California):

(a) Federal Securities;

(b) bonds, debentures, notes or other evidence of indebtedness issued or guaranteed by any of the following federal agencies and provided such obligations are backed by the full faith and credit of the United States of America (stripped securities are only permitted if they have been stripped by the agency itself):

1. U.S. Export-Import Bank (Eximbank)
Direct obligations or fully guaranteed certificates of beneficial ownership
2. U.S. Farmers Home Administration (FmHA)
Certificates of Beneficial Ownership
3. Federal Financing Bank
4. Federal Housing Administration Debentures (FHA)
5. General Services Administration
Participation Certificates
6. Government National Mortgage Association (GNMA or Ginnie Mae)
GNMA-guaranteed mortgage-backed bonds
GNMA-guaranteed pass-through obligations
7. U.S. Maritime Administration
Guaranteed Title XI financing
8. U.S. Department of Housing and Urban Development (HUD)
Project Notes
Local Authority Bonds
New Communities Debentures - U.S. government guaranteed debentures
U.S. Public Housing Notes and Bonds - U.S. government guaranteed public housing notes and bonds

(c) bonds, debentures, notes or other evidence of indebtedness issued or guaranteed by any of the following federal agencies which are not backed by the full faith and credit of the United States of America (stripped securities are only permitted if they have been stripped by the agency itself):

1. Federal Home Loan Bank System
Senior debt obligations

2. Federal Home Loan Mortgage Corporation (FHLMC or Freddie Mac)
Participation Certificate
Senior debt obligations
3. Federal National Mortgage Association (FNMA or Fannie Mae)
Mortgage-backed securities and senior debt obligations
4. Student Loan Marketing Association (SLMA or Sallie Mae)
Senior debt obligations
5. Resolution Funding Corp. (REFCORP) obligations
6. Farm Credit System
Consolidated systemwide bonds and notes

(d) interest-bearing demand or time deposits (including certificates of deposit) or deposit accounts in federal or state chartered savings and loan associations or in federal or State of California banks (including the Fiscal Agent), provided that (i) the unsecured short-term obligations of such commercial bank or savings and loan association shall be rated in the highest short-term rating category by any Rating Agency, or (ii) such demand or time deposits shall be fully insured by the Federal Deposit Insurance Corporation, or (iii) collateralized by Federal Securities;

(e) commercial paper rated in the highest short-term rating category by any Rating Agency, issued by corporations which are organized and operating within the United States of America, and which matures not more than 180 days following the date of investment therein;

(f) bankers acceptances, consisting of bills of exchange or time drafts drawn on and accepted by a commercial bank whose short-term obligations are rated in the highest short-term rating category by any Rating Agency or whose long-term obligations are rated A or better by each such Rating Agency, which mature not more than 270 days following the date of investment therein;

(g) obligations the interest on which is excludable from gross income pursuant to Section 103 of the Tax Code and which are either (a) rated A or better by any Rating Agency or (b) fully secured as to the payment of principal and interest by Federal Securities;

(h) obligations issued by any corporation organized and operating within the United States of America having assets in excess of Five Hundred Million Dollars (\$500,000,000), which obligations are rated A or better by any Rating Agency;

(i) money market funds (including money market funds for which the Fiscal Agent, its affiliates or subsidiaries provide investment advisory or other management services) which invest in Federal Securities or which are rated A or better by S&P;

(j) 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);

(k) the Local Agency Investment Fund established pursuant to Section 16429.1 of the Government Code of the State of California, *provided, however*, that the Fiscal Agent shall be permitted to make investments and withdrawals in its own name and the Fiscal Agent may restrict investments in the such fund if necessary to keep moneys available for the purposes of this Fiscal Agent Agreement: or

(l) Investment Agreements; and

(m) Any other lawful investment for City funds.

"Prepayment" means moneys received by the City from the prepayment of Special Taxes as provided in the "Rate and Method of Apportionment of Special Tax" applicable to the CFD.

"Prepayment Account" means the account within the Bond Fund by that name established pursuant to the Fiscal Agent Agreement.

"Principal Office" means such corporate trust office of the Fiscal Agent as may be designated from time to time by written notice from the Fiscal Agent to the City, initially being at the address set forth in the Fiscal Agent Agreement; provided, however for transfer, registration, exchange, payment and surrender of Bonds means care of the corporate trust office of the Fiscal Agent in Los Angeles, California, on behalf of the Fiscal Agent or such other office designated by the Fiscal Agent from time to time.

"Proceeds" when used with reference to the Bonds, means the face amount of the Bonds, plus any accrued interest and premium, less any original issue and/or underwriter's discount.

"Project" means those items described as the "Facilities" in the Resolution of Formation.

"Rating Agency" means S&P or Moody's, or if both should cease to exist a substitute rating agency deemed appropriate by the City and the Fiscal Agent.

"Record Date" means the fifteenth day of the calendar month next preceding the applicable Interest Payment Date, whether or not such day is a Business Day.

"Regulations" means temporary and permanent regulations promulgated under the Tax Code.

"Series" means a series of bonds issued under this Fiscal Agent Agreement.

"S&P" means S&P Global Ratings, and its successors.

"Securities Depositories" means The Depository Trust Company, 55 Water Street, 50th Floor, New York, N.Y. 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 securities depositories as the City designates in written notice filed with the Fiscal Agent.

"Supplemental Agreement" means an agreement the execution of which is authorized by a resolution which has been duly adopted by the City under the Act and which agreement is amendatory of or supplemental to this Agreement, but only if and to the extent that such agreement is specifically authorized hereunder.

"Surplus Fund" means the special fund designated "City of Rocklin, Community Facilities District No. 11 (Sierra College Interchange), Surplus Fund" established and administered under the Fiscal Agent Agreement.

"Tax Code" means the Internal Revenue Code of 1986 as in effect on the date of issuance of the Bonds or (except as otherwise referenced herein) as it may be amended to apply to obligations issued on the date of issuance of the Bonds, together with applicable temporary and final regulations promulgated, and applicable official public guidance published, under the Tax Code.

Bond Fund

Establishment of Bond Fund. The Bond Fund is hereby established as a separate fund to be held by the Fiscal Agent to the credit of which deposits shall be made as required by the Agreement. Moneys in the Bond Fund shall be held by the Fiscal Agent for the benefit of the City and the Owners of the Bonds, shall be disbursed for the payment of the principal of, and interest and any premium on, the Bonds as provided below.

Within the Bond Fund there is hereby established the Prepayment Account, which shall be used exclusively for the administration of any prepayments of Special Taxes to assure the timely redemption of Bonds. Monies in the Prepayment Account shall be used to redeem Bonds on the redemption date specified in the notice to the Fiscal Agent. In the event all of the Special Taxes are prepaid in full, the Prepayment Account shall be closed.

Disbursements. No less than ten (10) Business Days before each Interest Payment Date, the Fiscal Agent shall notify the Chief Financial Officer in writing as to the principal and premium, if any, and interest due on the Bonds on the next Interest Payment Date. The Chief Financial Officer's receipt of or failure to receive such notice shall in no way affect the City's obligation to pay amounts due hereunder and the Fiscal Agent shall not be liable for failure to provide such notices to the Chief Financial Officer. On each Interest Payment Date, the Fiscal Agent shall withdraw from the Bond Fund and pay to the Owners of the Bonds the principal of, and interest and any premium, due and payable on such Interest Payment Date on the Bonds.

Five (5) Business Days prior to each Interest Payment Date, the Fiscal Agent shall determine if the amounts then on deposit in the Bond Fund are sufficient to pay the debt service due on the Bonds on the next Interest Payment Date. In the event that amounts in the Bond Fund are insufficient for such purpose, the Fiscal Agent promptly shall notify the Chief Financial Officer by telephone (and confirm in writing) of the amount of the insufficiency.

In the event that amounts in the Bond Fund are insufficient to pay regularly scheduled payments of principal of and interest on any Series of Bonds, the Fiscal Agent shall withdraw from the respective reserve account within the Reserve Fund established for such Series of Bonds to the extent of any funds therein, the amount of such insufficiency, and the Fiscal Agent

shall provide written notice to the Chief Financial Officer of the amounts so withdrawn from the Reserve Fund. Amounts so withdrawn from the Reserve Fund shall be deposited in the Bond Fund.

If, after the foregoing transfers, there are insufficient funds in the Bond Fund to make the payments provided for in the second sentence of the first paragraph, the Fiscal Agent shall apply the available funds first to the payment of interest on the Bonds, then to the payment of principal due on the Bonds other than by reason of sinking payments, if any, and then to payment of principal due on the bonds by reason of sinking payments.

Investment. Moneys in the Bond Fund shall be invested under the Fiscal Agent Agreement. Interest earnings and profits resulting from such investment shall be retained in the Bond Fund.

Deficiency. If at any time the Fiscal Agent has actual knowledge that there is a danger of deficiency in the Bond Fund and that the Fiscal Agent may be unable to pay debt service on the Bonds in a timely manner, the Fiscal Agent shall report to the Chief Financial Officer such fact. The City covenants to increase the levy of the Special Taxes in the next Fiscal Year (subject to the maximum amount authorized by the Resolution of Formation) in accordance with the procedures set forth in the Act for the purpose of curing Bond Fund deficiencies.

Excess. Any excess moneys remaining in the Bond Fund following the payment of Debt Service on the Bonds shall be transferred to the Chief Financial Officer for deposit in the Special Tax Fund.

Certain Covenants

Punctual Payment. The City will punctually pay or cause to be paid the principal of, and interest and any premium on, the Bonds when and as due in strict conformity with the terms of this Agreement and any Supplemental Agreement, and it will faithfully observe and perform all of the conditions covenants and requirements of this Agreement and all Supplemental Agreements and of the Bonds.

Extension of Time for Payment. In order to prevent any accumulation of claims for interest after maturity, the City shall not, directly or indirectly, extend or consent to the extension of the time for the payment of any claim for interest on any of the Bonds and shall not, directly or indirectly, be a party to the approval of any such arrangement by purchasing or funding said claims for interest or in any other manner. In case any such claim for interest shall be extended or funded, whether or not with the consent of the City, such claim for interest so extended or funded shall not be entitled, in case of default hereunder, to the benefits of this Agreement, except subject to the prior payment in full of the principal of all of the Bonds then Outstanding and of all claims for interest which shall not have so extended or funded.

Against Encumbrances. The City will not encumber, pledge or place any charge or lien upon any of the Special Tax Revenues or other amounts pledged to the Bonds superior to or on a parity with the pledge and lien herein created for the benefit of the Bonds, or their Owners, except as permitted by this Agreement.

Books and Records. The City will keep, or cause to be kept, proper books of record and accounts, separate from all other records and accounts of the City, in which complete and correct entries shall be made of all transactions relating to the expenditure of amounts

disbursed from the Administrative Expense Fund and the Special Tax Fund and to the Special Tax Revenues. Such books of record and accounts shall at all times during business hours be subject to the inspection of the Fiscal Agent and the Owners of not less than ten percent (10%) of the principal amount of the Bonds then Outstanding, or their representatives duly authorized in writing. The Fiscal Agent will keep, or cause to be kept, proper books of record and accounts, separate from all other records and accounts of the Fiscal Agent, in which complete and correct entries shall be made of all transactions made by it relating to the expenditure of amounts disbursed from the funds, and, if any, accounts in such funds held by the Fiscal Agent hereunder. Such books of record and accounts shall at all times during business hours be subject to the inspection of the City and the Owners of not less than ten percent (10%) of the principal amount of the Bonds then Outstanding, or their representatives duly authorized in writing upon reasonable prior notice.

Protection of Security and Rights of Owners. The City will preserve and protect the security of the Bonds and the rights of the Owners, and will warrant and defend their rights against all claims and demands of all persons. From and after the delivery of any of the Bonds by the City, the Bonds shall be incontestable by the City.

Further Assurances. The City will adopt, make, execute and deliver any and all such further resolutions, instruments and assurances as may be reasonably necessary or proper to carry out the intention or to facilitate the performance of this Agreement, and for the better assuring and confirming unto the Owners of the rights and benefits provided in this Agreement.

Private Activity Bond Limitations. The City shall assure that the proceeds of the Bonds are not so used as to cause the Bonds to satisfy the private business tests of section 141(b) of the Tax Code or the private loan financing test of section 141(c) of the Tax 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 the Bonds to be "federally guaranteed" within the meaning of Section 149(b) of the Tax Code.

Rebate Requirement. The City shall take any and all actions necessary to assure compliance with section 148(f) of the Tax 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 Bonds. The Chief Financial Officer shall take note of any investment of monies hereunder in excess of the yield on the Bonds, and shall take such actions as are necessary to ensure compliance with this provision, such as increasing the portion of the Special Tax levy for Administration Expenses as appropriate to have funds available in the Administrative Expense Fund to satisfy any rebate liability under this Section. If necessary to satisfy its obligations under this provision, the City may use:

(A) Earnings on the Reserve Fund if the amount on deposit in the Reserve Fund, following the proposed transfer, is equal to the Reserve Requirement;

(B) Amounts on deposit in the Administrative Expense Fund; and

(C) Any other funds available to the CFD, including amounts advanced by the City, in its sole discretion, to be repaid by the CFD as soon as practicable from amounts described in the preceding clauses (A) and (B).

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

Deposit and Investment of Moneys in Funds.

General. Moneys in any fund or account created or established by this Agreement (except for the Administrative Expense Fund which may be invested in any lawful investment for the City) and held by the Fiscal Agent or the Chief Financial Officer, respectively, shall be invested by the Fiscal Agent or the Chief Financial Officer, respectively, in Permitted Investments, which in any event by their terms mature or are redeemable at par prior to the date on which such moneys are required to be paid out hereunder, as directed pursuant to an Officer's Certificate filed with the Fiscal Agent at least two (2) Business Days in advance of the making of such investments. In the absence of any such Officer's Certificate, the Fiscal Agent shall hold such funds uninvested and notify the City it is doing so. The Chief Financial Officer shall make note of any investment of funds hereunder in excess of the yield on the Bonds so that appropriate actions can be taken to assure compliance with the Fiscal Agent Agreement.

Moneys in Funds. Moneys in any fund or account created or established by this Agreement and held by the Chief Financial Officer shall be invested by the Chief Financial Officer in any Permitted Investment provided that amounts on deposit in the Administrative Expense Fund may be invested in any lawful investment the City may make. Obligations purchased as an investment of moneys in any fund shall be deemed to be part of such fund or account, subject, however, to the requirements of this Agreement for transfer of interest earnings and profits resulting from investment of amounts in funds and accounts. Whenever in this Agreement any moneys are required to be transferred by the City to the Fiscal Agent, such transfer may be accomplished by transferring a like amount of Permitted Investments.

Actions of Officials The Fiscal Agent and its affiliates or the Chief Financial Officer may act as sponsor, advisor, depository, principal or agent in the acquisition or disposition of any investment. Neither the Fiscal Agent nor the Chief Financial Officer shall incur any liability for losses arising from any investments made pursuant to the Fiscal Agent Agreement. The Fiscal Agent shall not be required to determine the legality of any investments and shall receive compensation or fees for such services as agreed upon by and between the Fiscal Agent and the City.

Valuation of Investments. Except as otherwise provided in the next sentence, all investments of amounts deposited in any fund or account created by or pursuant to this Agreement, or otherwise containing gross proceeds of the Bonds (within the meaning of section 148 of the Tax Code) shall be acquired, disposed of, and valued (as of the date that valuation is required by this Agreement or the Tax Code) at Fair Market Value. Investments in funds or accounts (or portions thereof) that are subject to a yield restriction under the applicable provisions of the Tax Code and (unless valuation is undertaken at least annually) investments in the subaccounts within the Reserve Fund shall be valued at their present value (within the meaning of section 148 of the Tax Code). The Fiscal Agent shall not be liable for verification of the application of such sections of the Tax Code or for any determination of Fair Market Value or present value and may conclusively rely upon an Officer's Certificate as to such valuations.

Commingled Money. Investments in any and all funds and accounts may be commingled in a separate fund or funds for purposes of making, holding and disposing of investments, notwithstanding provisions herein for transfer to or holding in or to the credit of particular funds or accounts of amounts received or held by the Fiscal Agent or the Chief Financial Officer hereunder, provided that the Fiscal Agent or the Chief Financial Officer, as applicable, shall at all times account for such investments strictly in accordance with the funds and accounts to which they are credited and otherwise as provided in this Agreement.

Confirmations Waiver. The Fiscal Agent shall furnish the City periodic cash transaction statements which include detail for all investment transactions effected by the Fiscal Agent or brokers selected by the City. Upon the City's election, such statements will be delivered via the Fiscal Agent's online service and upon electing such service, paper statements will be provided only upon request. The City waives the right to receive brokerage confirmations of security transactions effected by the Fiscal Agent as they occur, to the extent permitted by law. The City further understands that trade confirmations for securities transactions effected by the Fiscal Agent will be available upon request and at no additional cost and other trade confirmations may be obtained from the applicable broker.

Sale of Investments. The Fiscal Agent or the Chief Financial Officer, as applicable, shall sell at Fair Market Value, or present for redemption, any investment security whenever it shall be necessary to provide moneys to meet any required payment, transfer, withdrawal or disbursement from the fund or account to which such investment security is credited and neither the Fiscal Agent nor the Chief Financial Officer shall be liable or responsible for any loss resulting from the acquisition or disposition of such investment security in accordance herewith.

Liability of City

General. The City shall not incur any responsibility in respect of the Bonds or this Agreement other than in connection with the duties or obligations explicitly herein or in the Bonds assigned to or imposed upon it. The City shall not be liable in connection with the performance of its duties hereunder, except for its own negligence or willful default. The City shall not be bound to ascertain or inquire as to the performance or observance of any of the terms, conditions, covenants or agreements of the Fiscal Agent herein or of any of the documents executed by the Fiscal Agent in connection with the Bonds, or as to the existence of a default or event of default thereunder.

Reliance. In the absence of bad faith, the City, including the Chief Financial Officer, may conclusively rely, as to the truth of the statements and the correctness of the opinions expressed therein, upon certificates or opinions furnished to the City by the Fiscal Agent or an Independent Financial Consultant and conforming to the requirements of this Agreement. The City, including the Chief Financial Officer, shall not be liable for any error of judgment made in good faith unless it shall be proved that it was negligent in ascertaining the pertinent facts. The City may rely and shall be protected in acting or refraining from acting upon any notice, resolution, request, consent, order, certificate, report, warrant, bond or other paper or document believed by it to be genuine and to have been signed or presented by the proper party or proper parties. The City may consult with counsel, who may be the City Attorney, with regard to legal questions, and the opinion of such counsel shall be full and complete authorization and protection in respect of any action taken or suffered by it hereunder in good faith and in accordance therewith.

No General Liability. No provision of this Agreement shall require the City to expend or risk its own general funds or otherwise incur any financial liability (other than with respect to the Special Tax Revenues) in the performance of any of its obligations hereunder, or in the exercise of any of its rights or powers, if it shall have reasonable grounds for believing that repayment of such funds or adequate indemnity against such risk or liability is not reasonably assured to it.

Owner of Bonds. The City shall not be bound to recognize any person as the Owner of a Bond unless and until such Bond is submitted for inspection, if required, and his title thereto satisfactorily established, if disputed.

Employment of Agents by City. In order to perform its duties and obligations hereunder, the City may employ such persons or entities as it deems necessary or advisable. The City shall not be liable for any of the acts or omissions of such persons or entities employed by it in good faith hereunder, and shall be entitled to rely, and shall be fully protected in doing so, upon the opinions, calculations, determinations and directions of such persons or entities.

The Fiscal Agent

Appointment. The Fiscal Agent is hereby appointed as the fiscal, authentication, paying and transfer agent hereunder and for the Bonds. The Fiscal Agent undertakes to perform such duties, and only such duties, as are specifically set forth in this Agreement, and no implied covenants or obligations shall be read into this Agreement against the Fiscal Agent.

Merger. Any company into which the Fiscal Agent may be merged or converted or with which it may be consolidated or any company resulting from any merger, conversion or consolidation to which it shall be a party or any company to which the Fiscal Agent may sell or transfer all or substantially all of its corporate trust business, provided such company shall be eligible under the following paragraph of this provision shall be the successor to such Fiscal Agent without the execution or filing of any paper or any further act, anything herein to the contrary notwithstanding. The Fiscal Agent shall give the Chief Financial Officer written notice of any such succession hereunder.

Removal. Upon 30 days written notice, the City may remove the Fiscal Agent initially appointed, and any successor thereto, and may appoint a successor or successors thereto, but any such successor shall be a bank or trust company having a combined capital (exclusive of borrowed capital) and surplus of at least fifty million dollars (\$50,000,000), and subject to supervision or examination by federal or state City. If such bank or trust company publishes a report of condition at least annually, pursuant to law or to the requirements of any supervising or examining City above referred to, then for the purposes of this provision, combined capital and surplus of such bank or trust company shall be deemed to be its combined capital and surplus as set forth in its most recent report of condition so published.

Resignation. The Fiscal Agent may at any time resign by giving written notice to the City by certified mail return receipt requested, and by giving to the Owners notice by mail of such resignation. Upon receiving notice of such resignation, the City shall promptly appoint a successor Fiscal Agent by an instrument in writing. Any resignation or removal of the Fiscal Agent shall become effective upon acceptance of appointment by the successor Fiscal Agent.

No Successor. If no appointment of a successor Fiscal Agent shall be made pursuant to the foregoing provisions of this provision within forty-five (45) days after the Fiscal Agent shall have given to the City written notice or after a vacancy in the office of the Fiscal Agent shall

have occurred by reason of its inability to act, the Fiscal Agent, at the expense of the City, or any Owner may apply to any court of competent jurisdiction to appoint a successor Fiscal Agent. Said court may thereupon, after such notice, if any, as such court may deem proper, appoint a successor Fiscal Agent.

Court Order. If, by reason of the judgment of any court, the Fiscal Agent is rendered unable to perform its duties hereunder, all such duties and all of the rights and powers of the Fiscal Agent hereunder shall be assumed by and vest in the Chief Financial Officer of the City in trust for the benefit of the Owners. The City covenants for the direct benefit of the Owners that its Chief Financial Officer in such case shall be vested with all of the rights and powers of the Fiscal Agent hereunder, and shall assume all of the responsibilities and perform all of the duties of the Fiscal Agent hereunder, in trust for the benefit of the Owners of the Bonds.

Liability of Fiscal Agent

General. The recitals of facts, covenants and agreements herein and in the Bonds contained shall be taken as statements, covenants and agreements of the City, and the Fiscal Agent assumes no responsibility for the correctness of the same, nor makes any representations as to the validity or sufficiency of this Agreement or of the Bonds, nor shall the Fiscal Agent incur any responsibility in respect thereof, other than in connection with the duties or obligations herein or in the Bonds assigned to or imposed upon it. The Fiscal Agent shall not be liable in connection with the performance of its duties hereunder, except for its own negligence or willful misconduct. The Fiscal Agent assumes no responsibility or liability for any information, statement or recital in any offering memorandum or other disclosure material prepared or distributed with respect to the issuance of the Bonds. All indemnifications and releases from liability granted to the Fiscal Agent hereunder shall extend to the directors, officers and employees of the Fiscal Agent.

Reliance. The Fiscal Agent may conclusively rely, as to the truth of the statements and the correctness of the opinions expressed therein, upon certificates, documents, written instructions or opinions furnished to the Fiscal Agent and conforming to the requirements of this Agreement; but in the case of any such certificates, documents, written instructions or opinions by which any provision hereof are specifically required to be furnished to the Fiscal Agent, the Fiscal Agent shall be under a duty to examine the same to determine whether or not they conform to the requirements of this Agreement. Except as provided above in this paragraph, the Fiscal Agent shall be protected and shall incur no liability in acting or proceeding, or in not acting or not proceeding, in accordance with the terms of this Agreement, upon any resolution, order, notice, request, consent or waiver, certificate, statement, affidavit, or other paper or document which it shall reasonably believe to be genuine and to have been adopted or signed by the proper person or to have been prepared and furnished pursuant to any provision of this Agreement, and the Fiscal Agent shall not be under any duty to make any investigation or inquiry as to any statements contained or matters referred to in any such instrument.

No Duty to Inquire. The Fiscal Agent shall not be bound to ascertain or inquire as to the performance or observance of any of the terms, conditions, covenants or agreements of the City or the CFD herein or of any of the documents executed by the City or the CFD in connection with the Bonds, or as to the existence of a default or event of default thereunder.

Errors in Judgment. The Fiscal Agent shall not be liable for any error of judgment made in good faith by a responsible officer of the Fiscal Agent unless it shall be proved that the Fiscal Agent was negligent in ascertaining the pertinent facts.

No Expenditures. No provision of this Agreement shall require the Fiscal Agent to expend or risk its own funds or otherwise incur any financial liability in the performance of any of its duties hereunder, or in the exercise of any of its rights or powers.

No Action. The Fiscal Agent shall be under no obligation to exercise any of the rights or powers vested in it by this Agreement at the request or direction of any of the Owners under this Agreement unless such Owners shall have offered to the Fiscal Agent reasonable security or indemnity satisfactory to the Fiscal Agent against the costs, expenses and liabilities which might be incurred by it in compliance with such request or direction.

Owner of Bonds. The Fiscal Agent may become the owner of the Bonds with the same rights it would have if it were not the Fiscal Agent.

Amendments to Fiscal Agent Agreement

With Consent. This Agreement and the rights and obligations of the City and of the Owners of the Bonds may be modified or amended at any time by a Supplemental Agreement pursuant to the affirmative vote at a meeting of Owners, or with the written consent without a meeting, of the Owners of at least fifty percent (50%) in aggregate principal amount of the Bonds then Outstanding, exclusive of Bonds disqualified as provided in the Fiscal Agent Agreement. No such modification or amendment shall (i) extend the maturity of any Bond or reduce the interest rate thereon, or otherwise alter or impair the obligation of the City to pay the principal of, and the interest and any premium on, any Bond, without the express consent of the Owner of such Bond, or (ii) permit the creation by the City of any pledge or lien upon the Special Taxes superior to or on a parity with the pledge and lien created for the benefit of the Bonds (except as otherwise permitted by the Act, the laws of the State of California or this Agreement), or reduce the percentage of Bonds required for the amendment hereof.

Without Consent. This Agreement and the rights and obligations of the City and of the Owners may also be modified or amended at any time by a Supplemental Agreement, without the consent of any Owners, only to the extent permitted by law and only for any one or more of the following purposes:

(i) to add to the covenants and agreements of the City herein, other covenants and agreements thereafter to be observed, or to limit or surrender any right or power herein reserved to or conferred upon the City;

(ii) to make modifications not adversely affecting any Outstanding Bonds in any material respect;

(iii) to make such provisions for the purpose of curing any ambiguity, or of curing, correcting or supplementing any defective provision contained in this Agreement, or in regard to questions arising under this Agreement, as the City and the Fiscal Agent may deem necessary or desirable and not inconsistent with this Agreement, and which shall not adversely affect the rights of the Owners of the Bonds; or

(iv) to make such additions, deletions or modifications as may be necessary or desirable to assure exclusion from gross income for federal income tax purposes of interest on the Bonds.

Procedure for Amendment with Written Consent of Owners. The City and the Fiscal Agent may at any time adopt a Supplemental Agreement amending the provisions of the Bonds or of this Agreement or any Supplemental Agreement, to the extent that such amendment is permitted by the Fiscal Agent Agreement, to take effect when and as provided in the Fiscal Agent Agreement. A copy of such Supplemental Agreement, together with a request to Owners for their consent thereto, shall be mailed by first class mail, by the Fiscal Agent, at the expense of the City), to each Owner of Bonds Outstanding, but failure to mail copies of such Supplemental Agreement and request shall not affect the validity of the Supplemental Agreement when assented to as in the Fiscal Agent Agreement provided.

Such Supplemental Agreement shall not become effective unless there shall be filed with the Fiscal Agent the written consents of the Owners of at least fifty percent (50%) in aggregate principal amount of the Bonds then Outstanding (exclusive of Bonds disqualified as provided in the Fiscal Agent Agreement) and a notice shall have been mailed as hereinafter in the Fiscal Agent Agreement. Each such consent shall be effective only if accompanied by proof of ownership of the Bonds for which such consent is given, which proof shall be such as is permitted by the Fiscal Agent Agreement. Any such consent shall be binding upon the Owner of the Bonds giving such consent and on any subsequent Owner (whether or not such subsequent Owner has notice thereof) unless such consent is revoked in writing by the Owner giving such consent or a subsequent Owner by filing such revocation with the Fiscal Agent prior to the date when the notice hereinafter in the Fiscal Agent Agreement for has been mailed.

After the Owners of the required percentage of Bonds shall have filed their consents to the Supplemental Agreement, the City shall mail a notice to the Owners in the manner provided in the Fiscal Agent Agreement for the mailing of the Supplemental Agreement, stating in substance that the Supplemental Agreement has been consented to by the Owners of the required percentage of Bonds and will be effective as provided in the Fiscal Agent Agreement (but failure to mail copies of said notice shall not affect the validity of the Supplemental Agreement or consents thereto). Proof of the mailing of such notice shall be filed with the Fiscal Agent. A record, consisting of the papers required by the Fiscal Agent Agreement to be filed with the Fiscal Agent, shall be proof of the matters therein stated until the contrary is proved. The Supplemental Agreement shall become effective upon the filing with the Fiscal Agent of the proof of mailing of such notice, and the Supplemental Agreement shall be deemed conclusively binding (except as otherwise herein specifically provided in the Fiscal Agent Agreement) upon the City and the Owners of all Bonds at the expiration of sixty (60) days after such filing, except in the event of a final decree of a court of competent jurisdiction setting aside such consent in a legal action or equitable proceeding for such purpose commenced within such sixty-day period.

Disqualified Bonds. Bonds owned or held for the account of the City, excepting any pension or retirement fund, shall not be deemed Outstanding for the purpose of any vote, consent or other action or any calculation of Outstanding Bonds provided for in the Fiscal Agent Agreement, and shall not be entitled to vote upon, consent to, or take any other action provided for in the Fiscal Agent Agreement.

Effect of Supplemental Agreement. From and after the time any Supplemental Agreement becomes effective under the Fiscal Agent Agreement, this Agreement shall be deemed to be modified and amended in accordance therewith, the respective rights, duties and obligations under this Agreement of the City, the Fiscal Agent and all Owners of Bonds Outstanding shall thereafter be determined, exercised and enforced hereunder subject in all respects to such modifications and amendments, and all the terms and conditions of any such

Supplemental Agreement shall be deemed to be part of the terms and conditions of this Agreement for any and all purposes.

Endorsement or Replacement of Bonds Issued After Amendments. The City may determine that Bonds issued and delivered after the effective date of any action taken as provided in the Fiscal Agent Agreement shall bear a notation, by endorsement or otherwise, in form approved by the City, as to such action. In that case, upon demand of the Owner of any Bond Outstanding at such effective date and upon presentation of his Bond for that purpose at the Principal Office of the Fiscal Agent or at such other office as the City may select and designate for that purpose, a suitable notation shall be made on such Bond. The City may determine that new Bonds, so modified as in the opinion of the City is necessary to conform to such Owners' action, shall be prepared, executed and delivered. In that case, upon demand of the Owner of any Bonds then Outstanding, such new Bonds shall be exchanged at the Principal Office of the Fiscal Agent without cost to any Owner, for Bonds then Outstanding, upon surrender of such Bonds.

Amendatory Endorsement of Bonds. The provisions of the Fiscal Agent Agreement shall not prevent any Owner from accepting any amendment as to the particular Bonds held by him, provided that due notation thereof is made on such Bonds.

Discharge of Fiscal Agent Agreement

If the City shall pay and discharge the entire indebtedness on all Bonds Outstanding in any one or more of the following ways:

- by paying or causing to be paid the principal of, and interest and any premium on, all Bonds Outstanding, as and when the same become due and payable;
- by depositing with the Fiscal Agent, in trust, at or before maturity, money which, together with the amounts then on deposit in the funds and accounts provided for in the Bond Fund and the Reserve Fund hereof is fully sufficient to pay all Bonds Outstanding, including all principal, interest and redemption premiums; or
- by irrevocably depositing with the Fiscal Agent cash and/or Federal Securities in such amount as the City shall determine, as confirmed by Bond Counsel or an independent certified public accountant, will, together with the interest to accrue thereon and moneys then on deposit in the fund and accounts provided for in the Bond Fund and the Reserve Fund (to the extent invested in Federal Securities), be fully sufficient to pay and discharge the indebtedness on all Bonds (including all principal, interest and redemption premiums) at or before their respective maturity dates.

and if such Bonds are to be redeemed prior to the maturity thereof, notice of such redemption shall have been given as in this Agreement provided or provision satisfactory to the Fiscal Agent shall have been made for the giving of such notice, then, at the election of the City, and notwithstanding that any Bonds shall not have been surrendered for payment, the pledge of the Special Taxes and other funds provided for in this Agreement and all other obligations of the City under this Agreement with respect to all Bonds Outstanding shall cease and terminate, except only the obligations of the City under the Fiscal Agent Agreement and of the City to pay or cause to be paid to the Owners of the Bonds not so surrendered and paid all sums due thereon, and the obligation of the City to pay all amounts owing to the Fiscal Agent under the

Fiscal Agent Agreement; and thereafter Special Taxes shall not be payable to the Fiscal Agent. Notice of such election shall be filed with the Fiscal Agent. The satisfaction and discharge of this Fiscal Agent Agreement shall be without prejudice to the rights of the Fiscal Agent to charge and be reimbursed by the City for the expenses which it shall thereafter incur in connection therewith.

Any funds thereafter held by the Fiscal Agent upon payment of all fees and expenses of the Fiscal Agent which remain unclaimed for two (2) years after the principal of all Bonds has become due and payable, shall be paid over to the City as provided in the Fiscal Agent Agreement and the Fiscal Agent shall thereupon be released and discharged with respect thereto and the Owners of such Bonds shall look only to the City for payment of such Bonds.

[THIS PAGE INTENTIONALLY LEFT BLANK]

APPENDIX F

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 (herein, the “Securities”) to DTC Participants or Beneficial Owners, confirmation and transfer of beneficial ownership interest in the Securities and other related transactions by and between DTC, the DTC Participants and the Beneficial Owners is based solely on information provided by DTC. Accordingly, no representations can be made concerning these matters and neither the DTC Participants nor the Beneficial Owners should rely on the foregoing information with respect to such matters, but should instead confirm the same with DTC or the DTC Participants, as the case may be.

Neither the issuer of the Securities (the “Issuer”) nor the fiscal agent appointed with respect to the Securities (the “Agent”) takes any responsibility for the information contained in this Appendix.

No assurances can be given that DTC, DTC Participants or Indirect Participants will distribute to the Beneficial Owners (a) payments of interest, principal or premium, if any, with respect to the Securities, (b) certificates representing ownership interest in or other confirmation or ownership interest in the Securities, or (c) redemption or other notices sent to DTC or Cede & Co., its nominee, as the registered owner of the Securities, or that they will so do on a timely basis, or that DTC, DTC Participants or DTC Indirect Participants will act in the manner described in this Appendix. The current “Rules” applicable to DTC are on file with the Securities and Exchange Commission and the current “Procedures” of DTC to be followed in dealing with DTC Participants are on file with DTC.

1. The Depository Trust Company (“DTC”) will act as securities depository for the securities (the “Securities”). The Securities will be issued as fully-registered securities registered in the name of Cede & Co. (DTC’s partnership nominee) or such other name as may be requested by an authorized representative of DTC. One fully-registered Security certificate will be issued for each issue of the Securities, each in the aggregate principal amount of such issue, and will be deposited with DTC. If, however, the aggregate principal amount of any issue exceeds \$500 million, one certificate will be issued with respect to each \$500 million of principal amount, and an additional certificate will be issued with respect to any remaining principal amount of such issue.

2. DTC, the world’s largest securities depository, is a limited-purpose trust company organized under the New York Banking Law, a “banking organization” within the meaning of the New York Banking Law, a member of the Federal Reserve System, a “clearing corporation” within the meaning of the New York Uniform Commercial Code, and a “clearing agency” registered pursuant to the provisions of Section 17A of the Securities Exchange Act of 1934. DTC holds and provides asset servicing for over 3.5 million issues of U.S. and non-U.S. equity issues, corporate and municipal debt issues, and money market instruments (from over 100 countries) that DTC’s participants (“Direct Participants”) deposit with DTC. DTC also facilitates the post-trade settlement among Direct Participants of sales and other securities transactions in deposited securities, through electronic computerized book-entry transfers and pledges between Direct Participants’ accounts. This eliminates the need for physical movement of securities certificates. Direct Participants include both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, clearing corporations, and certain other organizations. DTC is a wholly-owned subsidiary of The Depository Trust & Clearing Corporation (“DTCC”). DTCC is the holding

company for DTC, National Securities Clearing Corporation and Fixed Income Clearing Corporation, all of which are registered clearing agencies. DTCC is owned by the users of its regulated subsidiaries. Access to the DTC system is also available to others such as both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, and clearing corporations that clear through or maintain a custodial relationship with a Direct Participant, either directly or indirectly ("Indirect Participants"). DTC has a Standard & Poor's rating of AA+. The DTC Rules applicable to its Participants are on file with the Securities and Exchange Commission. More information about DTC can be found at www.dtcc.com. *The information contained on this Internet site is not incorporated herein by reference.*

3. Purchases of Securities under the DTC system must be made by or through Direct Participants, which will receive a credit for the Securities on DTC's records. The ownership interest of each actual purchaser of each Security ("Beneficial Owner") is in turn to be recorded on the Direct and Indirect Participants' records. Beneficial Owners will not receive written confirmation from DTC of their purchase. Beneficial Owners are, however, expected to receive written confirmations providing details of the transaction, as well as periodic statements of their holdings, from the Direct or Indirect Participant through which the Beneficial Owner entered into the transaction. Transfers of ownership interests in the Securities are to be accomplished by entries made on the books of Direct and Indirect Participants acting on behalf of Beneficial Owners. Beneficial Owners will not receive certificates representing their ownership interests in Securities, except in the event that use of the book-entry system for the Securities is discontinued.

4. To facilitate subsequent transfers, all Securities deposited by Direct Participants with DTC are registered in the name of DTC's partnership nominee, Cede & Co., or such other name as may be requested by an authorized representative of DTC. The deposit of Securities with DTC and their registration in the name of Cede & Co. or such other DTC nominee do not effect any change in beneficial ownership. DTC has no knowledge of the actual Beneficial Owners of the Securities; DTC's records reflect only the identity of the Direct Participants to whose accounts such Securities are credited, which may or may not be the Beneficial Owners. The Direct and Indirect Participants will remain responsible for keeping account of their holdings on behalf of their customers.

5. Conveyance of notices and other communications by DTC to Direct Participants, by Direct Participants to Indirect Participants, and by Direct Participants and Indirect Participants to Beneficial Owners will be governed by arrangements among them, subject to any statutory or regulatory requirements as may be in effect from time to time. Beneficial Owners of Securities may wish to take certain steps to augment the transmission to them of notices of significant events with respect to the Securities, such as redemptions, tenders, defaults, and proposed amendments to the Security documents. For example, Beneficial Owners of Securities may wish to ascertain that the nominee holding the Securities for their benefit has agreed to obtain and transmit notices to Beneficial Owners. In the alternative, Beneficial Owners may wish to provide their names and addresses to the registrar and request that copies of notices be provided directly to them.

6. Redemption notices shall be sent to DTC. If less than all of the Securities within an issue are being redeemed, DTC's practice is to determine by lot the amount of the interest of each Direct Participant in such issue to be redeemed.

7. Neither DTC nor Cede & Co. (nor any other DTC nominee) will consent or vote with respect to Securities unless authorized by a Direct Participant in accordance with DTC's Municipal Market Instrument (MMI) Procedures. Under its usual procedures, DTC mails an Omnibus Proxy to Issuer as soon as possible after the record date. The Omnibus Proxy assigns Cede & Co.'s

consenting or voting rights to those Direct Participants to whose accounts Securities are credited on the record date (identified in a listing attached to the Omnibus Proxy).

8. Redemption proceeds, distributions, and dividend payments on the Securities will be made to Cede & Co., or such other nominee as may be requested by an authorized representative of DTC. DTC's practice is to credit Direct Participants' accounts upon DTC's receipt of funds and corresponding detail information from Issuer or Agent, on payable date in accordance with their respective holdings shown on DTC's records. Payments by Participants to Beneficial Owners will be governed by standing instructions and customary practices, as is the case with securities held for the accounts of customers in bearer form or registered in "street name," and will be the responsibility of such Participant and not of DTC, Agent, or Issuer, subject to any statutory or regulatory requirements as may be in effect from time to time. Payment of redemption proceeds, distributions, and dividend payments to Cede & Co. (or such other nominee as may be requested by an authorized representative of DTC) is the responsibility of Issuer or Agent, disbursement of such payments to Direct Participants will be the responsibility of DTC, and disbursement of such payments to the Beneficial Owners will be the responsibility of Direct and Indirect Participants.

9. DTC may discontinue providing its services as depository with respect to the Securities at any time by giving reasonable notice to Issuer or Agent. Under such circumstances, in the event that a successor depository is not obtained, Security certificates are required to be printed and delivered.

10. Issuer may decide to discontinue use of the system of book-entry-only transfers through DTC (or a successor securities depository). In that event, Security certificates will be printed and delivered to DTC.

11. The information in this section concerning DTC and DTC's book-entry system has been obtained from sources that Issuer believes to be reliable, but Issuer takes no responsibility for the accuracy thereof.