NEW ISSUE NOT RATED

In the opinion of Orrick, Herrington & Sutcliffe, Bond Counsel, based on existing statutes, regulations, rulings and court decisions and assuming, among other matters, compliance with certain covenants, interest on the Bonds is excluded from gross income for federal income tax purposes and is exempt from State of California personal income taxes. In the opinion of Bond Counsel, interest on the Bonds is not a specific preference item for purposes of federal individual or corporate alternative minimum taxes, although Bond Counsel observes that such interest is included in adjusted net book income and adjusted current earnings in calculating corporate alternative minimum taxable income. Bond Counsel expresses no opinion regarding other federal or state income tax consequences relating to the accrual or receipt of interest on the Bonds. (See "CONCLUDING INFORMATION—Tax-Exempt Status.")

$33,720,000
City of Roseville
Northwest Roseville Community Facilities District No. 1
Special Tax Bonds
(Placer County, California)

Dated: January 1, 1990 **Due: September 1, as shown below**

The City of Roseville Northwest Roseville Community Facilities District No. 1 Special Tax Bonds (the "Bonds"), in the aggregate principal amount of $33,720,000, are being issued by the City of Roseville (the "City") to provide funds to pay costs of the acquisition and construction of certain roadway improvements and related storm drainage facilities; a new elementary school facility together with related site acquisition; and all necessary appurtenances thereto and equipment therefor (as more fully described herein, the "Facilities"), to serve property located within the City of Roseville Northwest Roseville Community Facilities District No. 1 (the "District").

The Bonds are authorized pursuant to the Mello-Roos Community Facilities Act of 1982, as amended (Sections 53311 *et seq.* of the California Government Code), and are issued under Resolution No. 89-171 of the City Council of the City (the "City Council") adopted on August 9, 1989, as amended and restated by Resolution No. 89-278 of the City Council adopted on December 20, 1989 (the "Resolution"). The Bonds are payable from the proceeds of an annual Special Tax (as defined herein) to be levied and collected from Taxable Land (as defined herein) within the District. The Special Tax is to be levied according to the rate and method of apportionment determined by a formula approved by the City Council, as the legislative body of the District, and by the qualified landowner electors within the District at an all-mailed ballot election held on July 25, 1989. (See Appendix B, "SPECIAL TAX FORMULA.")

The Special Tax will be collected in the same manner and at the same time as ad valorem property taxes are collected by the Treasurer-Tax Collector (the "County Treasurer") of Placer County, State of California (the "County") and when received by the City will be deposited in the Special Tax Fund to be established by the City. Prepayment of the entire Special Tax obligation of a parcel may be made under certain circumstances, and when received by the City will be deposited into a prepayment account to be used for partial retirement of the Bonds.

The Bonds are being issued as fully registered bonds in denominations of $5,000 or any integral multiple thereof. Interest is payable semiannually on March 1 and September 1 of each year (commencing September 1, 1990) by check mailed to the registered owners of record, except that in the case of an owner of $1,000,000 or more in principal amount of Bonds, payment shall be made by wire transfer at such owner's option. Principal of and premium, if any, on the Bonds will be payable at the corporate trust office of Security Pacific National Bank (the "Paying Agent") in Los Angeles, California.

The Bonds maturing by their terms on or after September 1, 1999 are subject to optional redemption by the City prior to their respective maturity dates, as a whole or in part on any interest payment date on or after September 1, 1998, at the redemption prices described herein. The Term Bonds (as defined herein) maturing on September 1, 2010 are subject to mandatory redemption by the City prior to their maturity date in part on any September 1 on or after September 1, 2006, to and including September 1, 2009. The Term Bonds maturing on September 1, 2020 are subject to mandatory redemption by the City prior to their maturity in part on any September 1 on or after September 1, 2011, to and including September 1, 2019. Redemption in each case shall come solely from Minimum Sinking Fund Account Payments as described herein. (See "THE BONDS—Optional and Mandatory Redemption.")

The validity of the Special Tax and the issuance of the Bonds have been confirmed by a default judgment entered in the Superior Court of the State of California in and for the County of Placer on October 24, 1989 (Superior Court Case No. 86303). (See "JUDICIAL VALIDATION.")

NEITHER THE FULL FAITH AND CREDIT NOR THE GENERAL TAXING POWER OF THE CITY, THE DISTRICT, THE STATE OF CALIFORNIA OR ANY POLITICAL SUBDIVISION THEREOF IS PLEDGED TO THE PAYMENT OF THE BONDS. THE BONDS ARE NOT GENERAL OBLIGATIONS OF THE CITY BUT ARE LIMITED OBLIGATIONS OF THE CITY PAYABLE SOLELY FROM THE PROCEEDS OF THE SPECIAL TAX AUTHORIZED PURSUANT TO THE RESOLUTION.

See "SPECIAL RISK FACTORS" for a discussion of special risk factors that should be considered, in addition to the other matters set forth herein, in evaluating the investment quality of the Bonds.

$8,505,000 Serial Bonds

Maturity September 1	Principal Amount	Interest Rate	Price or Yield	Maturity September 1	Principal Amount	Interest Rate	Price or Yield
1991	$340,000	6.25%	100%	1999	$575,000	7.25%	100%
1992	365,000	6.40	100	2000	620,000	7.30	100
1993	385,000	6.60	100	2001	665,000	7.40	100
1994	410,000	6.75	100	2002	715,000	7.50	100
1995	440,000	6.90	100	2003	765,000	7.50	100
1996	470,000	7.00	100	2004	825,000	7.60	100
1997	505,000	7.10	100	2005	885,000	7.60	100
1998	540,000	7.20	100				

$5,555,000 7.60% Term Bonds Due September 1, 2010—Price 100%
$19,660,000 7.70% Term Bonds Due September 1, 2020—Price 100%
(plus accrued interest from January 1, 1990)

The Bonds are offered when, as and if issued, subject to the approval as to their legality by Orrick, Herrington & Sutcliffe, San Francisco, California, Bond Counsel, and certain other conditions. Certain legal matters will be passed on for the Underwriter by its counsel, Pettit & Martin, San Francisco, California. It is anticipated that the Bonds in definitive form will be available for delivery on or about January 11, 1990, in New York, New York.

BEAR, STEARNS & CO. INC.

The Date of this Official Statement is December 20, 1989.

IN CONNECTION WITH THIS OFFERING, THE UNDERWRITER MAY OVERALLOT OR EFFECT TRANSACTIONS WHICH STABILIZE OR MAINTAIN THE MARKET PRICE OF THE BONDS AT A LEVEL ABOVE THAT WHICH MIGHT OTHERWISE PREVAIL IN THE OPEN MARKET. SUCH STABILIZING, IF COMMENCED, MAY BE DISCONTINUED AT ANY TIME. THE UNDERWRITER MAY OFFER AND SELL THE BONDS TO CERTAIN DEALERS AND OTHERS AT PRICES LOWER THAN THE PUBLIC OFFERING PRICES SET FORTH ON THE COVER PAGE HEREOF AND SAID PUBLIC OFFERING PRICES MAY BE CHANGED FROM TIME TO TIME BY THE UNDERWRITER.

No dealer, broker, salesperson or other person has been authorized by the City or the District to give any information or to make any representations other than as contained in this Official Statement, and if given or made, such other information or representations must not be relied upon as having been authorized by the City or the District.

This Official Statement does not constitute an offer to sell or the solicitation of an offer to buy, nor shall there be any sale of the Bonds by any person in any jurisdiction in which it is unlawful for such person to make such offer, solicitation or sale.

This Official Statement is not to be construed as a contract with the purchasers of the Bonds. Statements contained in this Official Statement which involve estimates, forecasts or matters of opinion, whether or not expressly so described herein, are intended solely as such and are not to be construed as representations of fact.

The information set forth herein has been obtained from sources which are believed to be reliable, but such information is neither guaranteed as to accuracy or completeness, nor to be construed as a representation of such by the City, the District or the Underwriter. The information and expressions of opinion stated herein are subject to change without notice. The delivery of this Official Statement shall not, under any circumstances, create any implication that there has been no change in the affairs of the City, the District or the major property owners within the District, or in the condition of the Facilities or the property within the District, since the date hereof. All summaries of the Resolution (as defined herein) or other documents are made subject to the provisions of such documents and do not purport to be complete statements of any or all of such provisions. Reference is hereby made to the Resolution and such documents on file with the Finance Director of the City for further information.

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

CITY OF ROSEVILLE

CITY COUNCIL

Pauline Roccucci, Mayor
Mel Hamel, Mayor Pro-Tem
John M. Byouck, Member
William Santucci, Member
Harry Crabb, Jr., Member

CITY STAFF

Allen E. Johnson, City Manager
Phil E. Ezell, City Treasurer and Finance Director
Frederick L. Barnett, Director of Public Works
Michael F. Dean, City Attorney
Helen Florance, City Clerk
Steve Dillon, Community Development Director

BOND COUNSEL

Orrick, Herrington & Sutcliffe
San Francisco, California

UNDERWRITER'S COUNSEL

Pettit & Martin
San Francisco, California

FINANCIAL ADVISOR TO THE CITY

Public Financial Management Inc.
San Francisco, California

ENGINEERING ADVISOR TO THE CITY

Frost & Lusk
Citrus Heights, California

APPRAISER

Clark-Wolcott Company, Inc.
Sacramento, California

PAYING AGENT

Security Pacific National Bank
San Francisco, California

UNDERWRITER

Bear, Stearns & Co. Inc.
San Francisco, California

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$33,720,000
CITY OF ROSEVILLE
NORTHWEST ROSEVILLE COMMUNITY FACILITIES DISTRICT NO. 1
SPECIAL TAX BONDS
(PLACER COUNTY, CALIFORNIA)

INTRODUCTION

The purpose of this Official Statement, which includes the cover page and attached Appendices, is to provide certain information concerning the issuance of City of Roseville Northwest Roseville Community Facilities District No. 1 Special Tax Bonds (the "Bonds") in the aggregate principal amount of $33,720,000.

The Mello-Roos Community Facilities Act of 1982, as amended, constituting Sections 53311 *et seq.* of the California Government Code (the "Act"), was enacted by the California Legislature to provide an alternate method of financing certain essential public capital facilities and services, especially in developing areas of the State of California (the "State"). Once duly established by a city, county or other local agency, a community facilities district is a legally constituted governmental entity within definitely defined boundaries, with the governing board or legislative body of the local agency acting on its behalf. Subject to approval by a two-thirds vote of qualified electors and compliance with the provisions of the Act, a legislative body of a local agency may issue bonds for a community facilities district and may levy and collect a special tax within such district to repay such indebtedness.

Pursuant to the Act, the City Council (the "City Council") of the City of Roseville (the "City") adopted Resolution No. 89-109 on July 5, 1989, providing for the establishment of the City of Roseville Northwest Roseville Community Facilities District No. 1 (the "District") and calling an election to authorize the issuance of bonds and the levying of a special tax within the District. On July 25, 1989, at an all-mailed ballot election held pursuant to the Act, the qualified electors within the boundaries of the District, consisting of the landowners within the boundaries of the District, authorized the issuance of up to $40,000,000 principal amount of special tax bonds to finance certain facilities in and for the District, and approved the maximum rate and method of apportionment of a special tax to pay the principal of and interest on the bonds issued.

As used in this Official Statement, the "Special Tax" is that annual special tax authorized pursuant to the Act and levied pursuant to an annual ordinance of the City in accordance with Resolution No. 89-171 adopted by the City Council on August 9, 1989, as amended and restated by Resolution No. 89-278 anticipated to be adopted by the City Council on December 20, 1989 (the "Resolution").

The validity of the Special Tax and the issuance of the Bonds have been confirmed by a judgment entered in the Superior Court of the State of California in and for the County of Placer on October 24, 1989. Among other issues, the validation suit obtained a ruling that the Special Tax to be levied was a special tax as permitted by Article XIIIA of the California Constitution and not an ad valorem tax on real property. (See "JUDICIAL VALIDATION").

Brief descriptions of the Bonds, the security for the Bonds, the City, the District, the major property owners within the District, the Facilities and the property within the District are included in this Official Statement together with summaries of certain provisions of the Bonds and the Resolution and certain other documents. Such descriptions do not purport to be comprehensive or definitive. All references herein to the Resolution and other documents are qualified in their entirety by reference to such documents, and references herein to the Bonds are qualified in their entirety by reference to the form thereof included in the Resolution, copies of which are available for inspection at the office of the Finance Director of the City, 311 Vernon Street, Roseville, California 95678, telephone number (916) 781-0319.

THE BONDS

Authority for Issuance

The Bonds will be issued pursuant to the Act and the Resolution. The authorization of the City to levy the Special Tax and issue the Bonds was approved by the qualified landowner electors within the District at a special all-mailed ballot election held on July 25, 1989. Although the qualified electors authorized up to $40,000,000 principal amount of bonds, the City has covenanted in the Resolution not to issue any bonds payable from the Special Tax other than the Bonds.

Amount and Purpose of the Bonds

The Bonds in the aggregate principal amount of $33,720,000 are being issued to provide funds to pay costs of the acquisition and construction of certain roadway improvements and related storm drainage facilities, consisting of pavements, curbs and gutters, sidewalks, traffic islands, water lines and pressure-reducing stations, sewer mains, gas lines, telephone cables, traffic signals, landscaping, fire hydrants, street lights and electrical distribution lines, together with all necessary appurtenances thereto, and a new elementary school facility, including portable classroom buildings, together with related site acquisition, and all necessary appurtenances thereto and equipment therefor (as more fully described herein, the "Facilities"). The Facilities are more fully described under "THE DISTRICT AND FINANCING PLAN FOR THE FACILITIES — Financing Plan" and in Appendix C, "DESCRIPTION OF FACILITIES TO BE FINANCED WITH PROCEEDS OF THE BONDS."

Application of the Proceeds of the Bonds

Upon the receipt of payment for the Bonds when the same shall have been duly sold by the City, the Treasurer of the City (the "Treasurer") shall set aside and deposit the proceeds of sale of the Bonds in the following accounts and funds in the following order:

(1) Into an account to be called the Redemption Account, an amount equal to the amount of interest accruing on the Bonds to and including March 1, 1991;

(2) Into an account to be called the Bond Reserve Account, an amount equal to $2,892,945 (the "Required Bond Reserve"); and

(3) The remainder of the Bond proceeds shall be deposited into the City of Roseville Northwest Roseville Community Facilities District No. 1 Acquisition and Construction Fund (the "Acquisition and Construction Fund"). All money in the Acquisition and Construction Fund shall be applied to costs arising from the acquisition and construction of the Facilities. Any amounts remaining after the completion of such purpose, but no later than September 1, 1994, shall be deposited into the Redemption Account.

For a more detailed discussion of these and other accounts and funds and the application of monies on deposit therein, see "THE RESOLUTION — Funds and Accounts." For a schedule of the estimated sources and uses of funds related to the issuance of the Bonds, see "SOURCES AND USES OF FUNDS SCHEDULE."

Description of the Bonds

The Bonds in the aggregate principal amount of $33,720,000 will be issued only as fully registered bonds without coupons in denominations of $5,000, or any integral multiple thereof (not exceeding the principal amount maturing at any one time), and shall be dated January 1, 1990. The Bonds will be issued in the form of serial bonds (the "Serial Bonds") and term bonds (the "Term Bonds"). The Serial Bonds and Term Bonds together are referred to herein as the "Bonds".

The Bonds will mature on September 1, in the principal amounts and years, and will bear interest at the rates, as shown on the cover page of this Official Statement. 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 will be paid semiannually on March 1 and September 1 of each year, commencing on September 1, 1990. The Bonds will bear interest from the interest payment date next preceding the date of registration of each Bond, except that if a Bond is registered on a day during the period from the 16th day of the month next preceding an interest payment date to such interest payment date, both inclusive, in which event they shall bear interest from such interest payment date, or unless they are registered on a day on or before the 15th day of the month next preceding the first interest payment date, then they shall bear interest from January 1, 1990; provided , that if at the time of registration of any Bond interest is then in default on the outstanding Bonds, such Bond shall bear interest from the interest payment date to which interest has previously been paid or made available for payment on the outstanding Bonds.

The interest on, principal of and redemption premiums, if any, on the Bonds shall be payable in lawful money of the United States of America at the corporate trust office of Security Pacific National Bank (the "Paying Agent") in Los Angeles, California, or any successor thereto, upon presentation of the Bonds. Payment of interest on the Bonds will be made to the owner thereof by check of the Paying Agent, mailed to the owner at the owner's address as it appears on the registration books to be kept by the Paying Agent at its principal corporate trust office in Los Angeles, California, as of the close of business on the 15th day of the month next preceding each interest payment date, or at such other address as is furnished to the Paying Agent in writing by such owner, except that in the case of an owner of $1,000,000 or more in principal amount of Bonds, payment shall be made at such owner's option by wire transfer of immediately available funds

according to instructions provided by such owner to the Paying Agent at least 15 days before such interest payment date. Payment of the principal of and redemption premiums, if any, on the Bonds shall be made only to the person whose name appears in the Paying Agent's registration books as the registered owner thereof, and such principal and redemption premiums, if any, to be paid only on the surrender of the Bonds at the office of the Paying Agent at maturity or on redemption prior to maturity.

Optional and Mandatory Redemption

Mandatory Redemption. The City will establish and maintain two separate accounts in the Sinking Fund Account to be established within the Redemption Account, one to receive payments (the "Minimum Sinking Fund Account Payments") for the mandatory redemption of Term Bonds maturing on September 1, 2010, and one to receive Minimum Sinking Fund Account Payments for the mandatory redemption of Term Bonds maturing on September 1, 2020. The Term Bonds maturing by their terms on September 1, 2010 are subject to mandatory redemption by the City prior to their maturity date in part on any September 1 on or after September 1, 2006, to and including September 1, 2009, and the Term Bonds maturing by their terms on September 1, 2020 are subject to mandatory redemption by the City prior to their maturity date in part on any September 1 or as after September 1, 2011, to and including September 1, 2019, upon mailed notice as provided herein, in the principal amount thereof together with accrued interest thereon to the date of redemption, solely from Minimum Sinking Fund Account Payments deposited in their respective sub-accounts in the Sinking Fund Account as follows:

Term Bonds Maturing September 1, 2010

Year Ending September 1	Minimum Sinking Fund Account Payment
2006	$ 955,000
2007	1,025,000
2008	1,105,000
2009	1,190,000
2010 (maturity)	1,280,000

Term Bonds Maturing September 1, 2020

Year Ending September 1	Minimum Sinking Fund Account Payment
2011	$1,375,000
2012	1,485,000
2013	1,595,000
2014	1,720,000
2015	1,850,000
2016	1,995,000
2017	2,150,000
2018	2,315,000
2019	2,490,000
2020 (maturity)	2,685,000

In the event of a partial redemption of any of the Term Bonds pursuant to optional redemption as described under "Optional Redemption" below, the amounts of the Minimum Sinking Fund Account Payments shown in the foregoing table will be reduced proportionately by the principal amount of all Term Bonds which are redeemed by such partial redemption.

The City shall maintain the two sub-accounts in the Sinking Fund Account for as long as any Bonds of applicable maturity are outstanding. All money deposited in the Sinking Fund Account is to be used and withdrawn by the City on each September 1 specified in the above table for the mandatory redemption of Term Bonds.

Optional Redemption. The Bonds maturing by their terms on or after September 1, 1999 are subject to optional redemption by the City prior to their respective maturity dates, as a whole or in part on any interest payment date on or after September 1, 1998, from funds derived by the City from any source other than Minimum Sinking Fund Account Payments deposited in the Sinking Fund Account, upon mailed notice as provided in the Resolution, at the following

redemption prices (computed upon the principal amount of the Bonds or portions thereof called for redemption) together with accrued interest to the date of redemption, as follows:

102% if redeemed on September 1, 1998, or March 1, 1999;

101% if redeemed on September 1, 1999, or March 1, 2000; and

100% if redeemed on or after September 1, 2000, and prior to maturity.

If less than all of the outstanding Bonds maturing by their terms on or after September 1, 1999 are to be redeemed at the option of the City at any one time, the Bonds of the latest maturity date or dates shall be redeemed prior to or simultaneously with the redemption of any Bonds maturing prior thereto, and if less than all of the outstanding Bonds of any one maturity date maturing by their terms on or after September 1, 1999 are to be redeemed at any one time, the City shall select the Bonds or portions thereof of such maturity date to be redeemed in integral multiples of $5,000 in any manner that it deems appropriate and fair.

Notice of Redemption

Not less than 30 nor more than 60 days prior to any redemption date, the City shall cause the Paying Agent to mail a notice of redemption to the registered owners of the outstanding Bonds selected for redemption in whole or in part at their addresses appearing on the books kept by the Paying Agent for the transfer and exchange of the Bonds, and to all securities depositories and securities information services selected by the City to comply with custom or the rules of any securities exchange, commission or brokerage, or otherwise as may be determined by it in its sole discretion.

Each notice of redemption shall state the date of such notice, the Bonds to be redeemed, the date of issue of such Bonds, the redemption date, the redemption price, the place or places of redemption (including the name and appropriate address or addresses of the Paying Agent), the CUSIP number (if any) of the maturity or maturities, and, if less than all of the Bonds of such maturity is to be redeemed, the numbers of the Bonds of such maturity to be redeemed, and, in the case of Bonds to be redeemed in part only, the respective portions of the principal amount thereof to be redeemed, and shall give notice that further interest on such Bonds or the portions thereof redeemed will not accrue after the redemption date and shall require that such Bonds be surrendered at the address or addressees of the Paying Agent so designated. If any Bond so chosen for redemption shall not be redeemable in whole, such notice shall also state that such Bond is to be redeemed in part only and that upon presentation of such Bond for redemption there will be issued in lieu of the unredeemed portion of principal thereof a new Bond or Bonds of the same maturity date of authorized denominations equal in aggregate principal amount to such unredeemed portion.

The actual receipt of the notice of redemption shall not be a condition precedent to such redemption, and neither the failure to receive any such notice nor any immaterial defect contained therein shall affect the sufficiency or validity of the proceedings for the redemption of such Bonds, or the cessation of interest on the redemption date.

Transfer and Exchange of Bonds

The Paying Agent will keep at its office books for the transfer and exchange of the Bonds, which books shall at all times during normal business hours be open to inspection by the

registered owner of any Bond. Any Bond may, in accordance with its terms, be transferred or exchanged on such books by the person in whose name it is registered, in person or by his or her duly authorized attorney, upon payment by the registered owner requesting such transfer or exchange of any tax or other governmental charge required to be paid with respect to such transfer or exchange, and upon surrender of such Bond for cancellation accompanied by delivery of a duly executed written instrument of transfer or exchange in a form approved by the Paying Agent. Whenever any Bond or Bonds shall be surrendered for transfer or exchange, the City shall execute and the Paying Agent shall authenticate and deliver a new Bond or Bonds of the same maturity date and of authorized denominations for the same aggregate principal amount, except that neither the City nor the Paying Agent shall be required (i) to transfer or exchange any Bonds during the 15-day period prior to the selection of any Bonds for redemption, or (ii) to transfer or exchange any Bond which has been selected for redemption in whole or in part, except the unredeemed portion of such Bond selected for redemption in part, from and after the day that such Bond has been selected for redemption in whole or in part.

The City and the Paying Agent may treat the registered owner of a Bond, as shown on the registration books kept by the Paying Agent, as the absolute owner of such Bond, whether such Bond shall be overdue or not, and neither the City nor the Paying Agent shall be affected by any notice or knowledge to the contrary. Payment of interest on each Bond shall be made only to the registered owner thereof as of the 15th day of the month next preceding any interest payment date and payment of the principal of and redemption premium, if any, on each Bond shall be made only to the registered owner thereof, which payments shall be valid and effectual to satisfy and discharge the liability on such Bond to the extent of the sum or sums so paid.

Mutilated, Destroyed, Stolen or Lost Bonds

In case any Bond shall become mutilated in respect of the body of such Bond or shall be believed by the City to have been destroyed, stolen or lost, upon proof of ownership satisfactory to the City and the Paying Agent and upon the surrender of such mutilated Bond at the office of the Paying Agent, or upon the receipt of evidence satisfactory to the City and the Paying Agent of such destruction, theft or loss and upon receipt of indemnity satisfactory to the City and the Paying Agent, and also upon payment of all expenses incurred by the City and the Paying Agent in the premises, the City shall execute and the Paying Agent shall authenticate and deliver at such office a new Bond or Bonds of the same maturity date for the same aggregate principal amount of like tenor and date, and bearing such numbers and notations as the Paying Agent shall determine in exchange and substitution for and upon cancellation of the mutilated Bond or in lieu of and in substitution for the Bond so destroyed, stolen or lost.

If any such destroyed, stolen or lost Bond shall have matured or shall have been called for redemption, payment of the amount due thereon may be made by the City upon receipt of like proof, indemnity and payment of expenses.

Any duplicate Bonds issued pursuant to the Resolution shall be entitled to equal and proportionate benefits with all other Bonds issued under the Resolution, and the City and the Paying Agent shall not be required to treat both the original Bond and any duplicate Bond as being outstanding for the purpose of determining the principal amount of Bonds which may be issued hereunder or for the purpose of determining any percentage of Bonds outstanding hereunder, but both the original and the duplicate Bond shall be treated as one and the same.

No Additional Bonds

No bonds are authorized to be issued under the Resolution other than the Bonds. Although the property owners within the District authorized, pursuant to an election held on July 25, 1989, the issuance of up to $40,000,000 principal amount of bonds, the City has covenanted not to issue any bonds payable from the proceeds of the Special Tax other than the Bonds, and not to create or permit the creation of any pledge, lien, charge or other encumbrance upon the proceeds of the Special Tax other than as provided in the Resolution.

SOURCES AND USES OF FUNDS SCHEDULE

The estimated sources and uses of funds in connection with the financing are as follows:

Sources of Funds	
Par Amount of Bonds	$33,720,000.00
Accrued Interest on Bonds 1/	70,800.21
Total Sources of Funds	$33,790,800.21
Uses of Funds	
Redemption Account 2/	$ 2,973,608.75
Bond Reserve Account 3/	2,892,945.00
Costs of Issuance	505,875.00
Underwriter's Discount	532,776.00
Net Acquisition and Construction Fund Amount	26,883,263.22
Contingency	2,332.24
Total Uses of Funds	$33,790,800.21

1/ Accrued interest from January 1, 1990 through January 11, 1990, the estimated delivery date for the Bonds.

2/ This amount represents capitalized interest on the Bonds from January 1, 1990 through March 1, 1991, to be funded from the proceeds of the Bonds.

3/ Equal to the Required Bond Reserve. (See "SOURCES OF PAYMENT FOR THE BONDS — General.")

DEBT SERVICE SCHEDULE

The following is the debt service schedule for the Bonds (assuming no optional redemptions):

Payment Date		Annual Principal Maturing	Sinking Fund Account Payments		Annual Interest Payments 1/	Total Annual Debt Service 1/
September 1, 1990	2/	$ 0.00			$1,699,205.00	$1,699,205.00
September 1, 1991	2/	340,000.00			2,548,807.50	2,888,807.50
September 1, 1992		365,000.00			2,527,557.50	2,892,557.50
September 1, 1993		385,000.00			2,504,197.50	2,889,197.50
September 1, 1994		410,000.00			2,478,787.50	2,888,787.50
September 1, 1995		440,000.00			2,451,112.50	2,891,112.50
September 1, 1996		470,000.00			2,420,752.50	2,890,752.50
September 1, 1997		505,000.00			2,387,852.50	2,892,852.50
September 1, 1998		540,000.00			2,351,997.50	2,891,997.50
September 1, 1999		575,000.00			2,313,117.50	2,888,117.50
September 1, 2000		620,000.00			2,271,430.00	2,891,430.00
September 1, 2001		665,000.00			2,226,170.00	2,891,170.00
September 1, 2002		715,000.00			2,176,960.00	2,891,960.00
September 1, 2003		765,000.00			2,123,335.00	2,888,335.00
September 1, 2004		825,000.00			2,065,960.00	2,890,960.00
September 1, 2005		885,000.00			2,003,260.00	2,888,260.00
September 1, 2006			955,000.00	3/	1,936,000.00	2,891,000.00
September 1, 2007			1,025,000.00	3/	1,863,420.00	2,888,420.00
September 1, 2008			1,105,000.00	3/	1,785,520.00	2,890,520.00
September 1, 2009			1,190,000.00	3/	1,701,540.00	2,891,540.00
September 1, 2010			1,280,000.00	3/	1,611,100.00	2,891,100.00
September 1, 2011			1,375,000.00	3/	1,513,820.00	2,888,820.00
September 1, 2012			1,485,000.00	3/	1,407,945.00	2,892,945.00
September 1, 2013			1,595,000.00	3/	1,293,600.00	2,888,600.00
September 1, 2014			1,720,000.00	3/	1,170,785.00	2,890,785.00
September 1, 2015			1,850,000.00	3/	1,038,345.00	2,888,345.00
September 1, 2016			1,995,000.00	3/	895,895.00	2,890,895.00
September 1, 2017			2,150,000.00	3/	742,280.00	2,892,280.00
September 1, 2018			2,315,000.00	3/	576,730.00	2,891,730.00
September 1, 2019			2,490,000.00	3/	398,475.00	2,888,475.00
September 1, 2020			2,685,000.00	3/	206,745.00	2,891,745.00
TOTAL		$8,505,000.00	$25,215,000.00		$54,692,702.50	$88,412,702.50

1/ Interest payments will be made semiannually on March 1 and September 1 of each year commencing September 1, 1990, through and including September 1, 2020. Interest on the Bonds will be computed on the basis of a 360-day year consisting of twelve 30-day months.

2/ Interest accruing from January 1, 1990 to March 1, 1991 is payable from the proceeds of the sale of the Bonds deposited in the Redemption Account.

3/ Amounts shown from September 1, 2006 through September 1, 2010 represent Sinking Fund Account Payments on the Term Bonds maturing September 1, 2010, and amounts shown from September 1, 2011 through September 1, 2020 represent Sinking Fund Account Payments on the Term Bonds maturing September 1, 2020.

SOURCES OF PAYMENT FOR THE BONDS

General

The initial deposit into the Redemption Account of interest accruing on the Bonds from January 1, 1990 to March 1, 1991 and the initial deposit into the Bond Reserve Account of the Required Bond Reserve (as hereinafter defined) are payable from the proceeds of the sale of the Bonds. (See "THE BONDS — Application of the Proceeds of the Bonds.") The City covenants in the Resolution that so long as any Bonds are outstanding, it will annually levy the Special Tax against all Taxable Land (as hereinafter defined) in the District and make provision for the collection of the Special Tax in amounts which will be sufficient, after making reasonable allowances for contingencies and errors in the estimates, to yield proceeds equal to the amounts required for compliance with the agreements, conditions, covenants and terms contained in the Resolution, and which in any event will be sufficient to pay the interest on, principal of, Minimum Sinking Fund Account Payments for and redemption premiums, if any, on the Bonds as they become due and payable, and to replenish the Bond Reserve Account to the Required Bond Reserve, and to pay all current Expenses (as hereinafter defined) as they become due and payable in accordance with the provisions in the Resolution.

As used in this section and throughout this Official Statement, the following terms shall have the following meanings:

"Bond Year" means the 12-month period terminating on September 1 of each year.

"Debt Service" means, for any Bond Year, the sum of (i) the interest payable during such Bond Year on all outstanding Bonds, assuming that all outstanding Serial Bonds are retired as scheduled and that all outstanding Term Bonds are redeemed or paid as scheduled at the times of and in amounts equal to the Minimum Sinking Fund Account Payments (except to the extent that such interest is to be paid from the proceeds of sale of any of the Bonds), (ii) the principal amount of all outstanding Serial Bonds maturing by their terms in such Bond Year, and (iii) the Minimum Sinking Fund Account Payment required to be deposited in the Sinking Fund Account in such Bond Year.

"Expenses" means all expenses paid or incurred by the City for the cost of planning and designing the Facilities, including the cost of environmental evaluations of the Facilities and the costs associated with the creation of the District, the issuance of the Bonds, the determination of the amount of the Special Tax, the collection of the Special Tax, and the payment of the Special Tax, or costs otherwise incurred in order to carry out the authorized purposes of the District, and any other expenses incidental to the acquisition, construction, completion and inspection of the Facilities; all as determined in accordance with generally accepted accounting principles.

"Fiscal Year" means the 12-month period terminating on June 30 of each year, or any other annual accounting period hereafter selected and designated by the City as its Fiscal Year in accordance with applicable law.

"Required Bond Reserve" means the amount of $2,892,945.

"Serial Bonds" means Bonds for which no Minimum Sinking Fund Account Payments are established, being the Bonds maturing on September 1, 1991 through September 1, 2005, both inclusive.

"Taxable Land" means all land within the District taxable under the Act in accordance with the proceedings for the authorization of the issuance of the Bonds and the levy and collection of the Special Tax.

"Term Bonds" means Bonds which are redeemable or payable in part on or before their specified maturity date or dates from Minimum Sinking Fund Account Payments established for the purpose of redeeming or paying such Bonds on or before their specified maturity date or dates, being the Bonds maturing on September 1, 2010 and September 1, 2020.

The Special Tax is excepted from the tax rate limitation of California Constitution Article XIIIA pursuant to Section 4 thereof as a "special tax" authorized by a two-thirds vote of the qualified electors as set forth in the Act. (See "JUDICIAL VALIDATION.") Consequently, the City has the power and is obligated to levy and cause the collection of the Special Tax in an amount determined according to the rate and method of apportionment of the Special Tax which the City Council and the eligible landowner electors within the District have approved. The Special Tax formula apportions the total debt service requirement (principal, interest, Minimum Sinking Fund Account Payments and redemption premiums, if any), restoration of the Bond Reserve Account (if required), current Expenses and other costs each year in the District among the Taxable Land in the District. For a description of the rates and method of apportionment of the Special Tax, see Appendix B, "SPECIAL TAX FORMULA."

Special Tax

In accordance with the provisions of the Act, the City Council established the District on July 5, 1989 for the purpose of providing for the financing of certain public facilities in and for the District. At an all-mailed ballot election conducted on July 25, 1989, the eligible landowner electors within the District authorized the issuance of bonded indebtedness in the principal amount of up to $40,000,000 and the annual levy of the Special Tax pursuant to the terms and conditions of the Act to finance such facilities. The Act requires a two-thirds vote of the eligible landowner electors who voted in the election. At the time of the election, there were six eligible landowner electors in the District who owned 1,952 acres of land altogether, four of whom cast ballots. Each elector was entitled to one vote for each acre or portion of an acre of land owned. The four property owners who voted in the special election owned a total of 1,800 acres of land, or approximately 92% of the land within the District. All of the property owners who voted at the election voted in favor of the issuance of the Bonds and the levy of the Special Tax.

The Resolution provides that, from the proceeds of the sale of the Bonds, an amount equal to interest accruing on the Bonds through March 1, 1991 will be deposited into the Redemption Account, and an amount equal to the Required Bond Reserve will be deposited into the Bond Reserve Account. It is anticipated that costs and expenses related to the administration of the Bonds payable through March 1, 1991 will be payable from the balance of the Bond proceeds deposited into the Acquisition and Construction Fund. Since interest accruing on the Bonds from January 1, 1990 through March 1, 1991 and the initial amount of the Required Bond Reserve will be funded from the proceeds of the sale of the Bonds, and since such costs and expenses through March 1, 1991 are

anticipated to be paid from the Acquisition and Construction Fund, the first levy of the Special Tax to be applied towards payment of the Bonds will not occur until Fiscal Year 1990-91.

Pursuant to the Resolution, so long as any Bonds are outstanding, the City is required to annually levy the Special Tax against all Taxable Land in the District and make provision for the collection of the Special Tax in amounts which will be sufficient, after making reasonable allowances for contingencies and errors in the estimates, to yield proceeds equal to the amounts required for compliance with the agreements, conditions, covenants and terms contained in the Resolution, and which in any event will be sufficient to pay the interest on, principal of, Minimum Sinking Fund Account Payments for and redemption premiums, if any, on the Bonds as they become due and payable, to replenish the Bond Reserve Account to the Required Bond Reserve, and to pay all current Expenses as they become due and payable in accordance with the provisions of the Resolution.

The Special Tax is to be levied and collected according to the rates and methods of apportionment set forth in the formula (the "Special Tax Formula") summarized in Appendix B, "METHOD AND FORMULA FOR LEVY OF SPECIAL TAX." The Special Tax Formula, which was approved by Resolution No. 89-109 adopted by the City on July 5, 1989 as part of the financing plan for the Facilities (the "Financing Plan"), will be used to allocate the Special Tax required among the Taxable Land based upon land use categories within the District.

The Special Tax Formula provides that each year the City will determine the annual tax rates sufficient to pay current scheduled Debt Service on all outstanding Bonds (including all Minimum Sinking Fund Payments) and all annual and current Expenses, to cure any delinquencies in the payment of principal or interest on the Bonds which have occurred or (based on existing delinquencies in payment of the Special Tax) will occur during the subject Fiscal Year, to replenish the Bond Reserve Account to the Required Bond Reserve (including charges against the Bond Reserve Account which may be necessary in the future because of existing delinquencies in the payment of Special Tax), and to accumulate proceeds for future Debt Service or directly for authorized projects, including the construction of a municipal golf course. (See "THE DISTRICT AND FINANCING PLAN FOR THE FACILITIES — Golf Course Gift Deed Agreement.") The amount of the Special Tax to be levied each year to satisfy these purposes herein is referred to as the "Special Tax Requirement."

The Special Tax Requirement is to be allocated among single-family residential, multi-family residential, commercial and office uses in accordance with the Special Tax Formula. The Special Tax Requirement is to be applied to single-family parcels on a per-unit basis based on the total number of single-family units created and/or planned within the District, and to multi-family, commercial and office use parcels on a per-parcel basis. The parcel divisions are shown on the District map included as Map A-2 in Appendix A hereto. The District is divided into two tax areas: Special Tax Area 1 consists of parcels within the Dry Creek Joint Elementary School District (the "Dry Creek District"); Special Tax Area 2 consists of parcels which are excluded from the Dry Creek District but which are within the Roseville City School District. Approximately $3.2 million of the Bond proceeds will be applied to finance a portion of the cost of construction of a new school within the Dry Creek District, which includes the property within Special Tax Area 1. Since the property within Special Tax Area 2 is not within the Dry Creek District and, therefore, will not benefit from the proposed school, such property will be taxed at a lower rate than parcels or units (as appropriate) within Special Tax Area 1. The use category of each parcel and the number of

anticipated units in each single-family parcel as of the time of the adoption of the Financing Plan are identified in Tables I, II and III, below.

TABLE I
MAXIMUM ANNUAL TAX FOR SINGLE-FAMILY

Parcel	Anticipated Maximum Tax Per Unit	Anticipated Number of Units 1/	Anticipated Maximum Tax Per Parcel
1	$575.00	272	$156,400
2	575.00	181	104,075
3	575.00	189	108,675
4	575.00	418	240,350
7	575.00	77	44,275
8	575.00	120	69,000
23	575.00	204	117,300
26	575.00	103	59,225
28	575.00	348	200,100
32	575.00	203	116,725
58	575.00	148	85,100
61	575.00	134	77,050
62	575.00	265	152,375
63	575.00	244	140,300
66	575.00	244	140,300
72	575.00	81	46,575
95	575.00	85	48,875
96	575.00	156	89,700
22	455.00 2/	325	147,875
42	455.00 2/	77	35,035
TOTAL UNITS		3,874 3/	
TOTAL MAXIMUM ANNUAL TAX FOR SINGLE-FAMILY PARCELS			$2,179,310

1/ The number of dwelling units listed is based upon the anticipated number of units as of the date of the adoption of the Financing Plan, based upon the Northwest Roseville Specific Plan. The anticipated number of units for parcels has since been revised, as shown in Appendix E hereto.

2/ Parcels 22 and 42 are in Special Tax Area 2, hence units therein are subject to only 79% of the Maximum Annual Tax on units in all other residential parcels.

3/ For purposes of calculating the annual Special Tax levy on single-family units, only 79% of the single-family units in Parcels 22 and 42 (Special Tax Area 2) are included in the total number of single-family units in the District because such units are subject to only 79% of the tax levy for units in Special Tax Area 1. Hence although the anticipated actual number of single-family units within the District is 3,874, based upon the Northwest Roseville Specific Plan, it is deemed to be 3,789 for purposes of calculating the Special Tax levy.

Source: City of Roseville, Resolution No. 89-121.

TABLE II

MAXIMUM ANNUAL TAX FOR MULTI-FAMILY, COMMERCIAL AND OFFICE PARCELS

Parcel	Use Category	Anticipated Maximum Tax Per Parcel
9	Multi-Family	$ 58,202
17	Multi-Family	31,940
55	Multi-Family	87,303
89	Multi-Family	111,436
90	Multi-Family	75,489
91	Multi-Family	42,942
47	Multi-Family	20,373
5	Commercial	72,233
11	Commercial	75,516
15	Commercial	70,920
27	Commercial	98,499
64	Commercial	43,996
68	Commercial	78,799
69	Commercial	68,293
86	Commercial	84,053
18	Commercial	74,450
34	Commercial	129,960
67	Office	45,686
70	Office	45,686
77	Office	139,913
19	Office	59,585
TOTAL MAXIMUM ANNUAL TAX FOR MULTI-FAMILY, COMMERCIAL AND OFFICE PARCELS		$1,475,274
TOTAL MAXIMUM ANNUAL TAX FOR SINGLE-FAMILY PARCELS		$2,179,310
TOTAL MAXIMUM ANNUAL TAX FOR THE DISTRICT		$3,654,584

Source: City of Roseville, Resolution No. 89-121.

TABLE III

PUBLIC USES AND URBAN RESERVE

Parcels Intended for Public Use

6, 14, 20, 21, 24, 25, 29, 30, 38, 59, 65, 71, 74, 75, 78, 79

Parcels Designated as Urban Reserve

73, 76

Maximum Tax Rates to be Applied to Approved
Private Development of Public Parcels or Urban Reserve

Use	Special Tax Area 1	Special Tax Area 2
Single-Family	$575/unit	$455/unit 1/
Multi-Family	$355/unit	$290/unit 2/
Commercial	$6,560/acre	$6,525/acre 3/
Office	$5,705/acre	$5,670/acre 3/

1/ Single-family units in Special Tax Area 2 are taxed at 79% of the rate applicable to single-family units in Special Tax Area 1.

2/ Multi-family units in Special Tax Area 2 are taxed at 82% of the rate applicable to multi-family units in Special Tax Area 1.

3/ Commercial and office parcels in Special Tax Area 2 are taxed, on a per-acre basis, at 99% of the rate applicable to commercial and office parcels in Special Tax Area 1.

Source: City of Roseville, Resolution No. 89-121.

The amount of the Special Tax to be levied each year will be calculated as follows:

1. The Special Tax Requirement shall be stated as a percentage (the "Special Tax Percentage") of the total maximum annual Special Tax on the District (the "Total Maximum Tax") as stated on Table II and as may be amended by the City from time to time. The amount stated in Tables I and II as the maximum annual tax for units or parcels in each use category is referred to herein as the "Maximum Annual Tax".

2. The Special Tax levy on each single-family unit (the "Single-Family Levy") in Special Tax Area 1 shall be determined by multiplying the Special Tax Percentage by the total Maximum Annual Tax on all single-family parcels as stated on Table I (and as may be amended in the event of change in the number of single-family units within the District), then dividing the product by the number of single-family units within the District. The Single-Family Levy for units in Special Tax Area 2 shall be equal to 79% of the Single-Family Levy for units in Special Tax Area 1. The number of single-family units within the District shall be determined by taking the sum of the number of single-family units built in the District and the number of unbuilt single-family lots which have been created by recordation of a final subdivision map, provided, however, that only 79% of the single-family units or lots in Special Tax Area 2 shall be counted. If a partial final subdivision map is recorded for any single-family parcel, the number of units in the parcel shall be deemed to equal the number of units created by such subdivision plus the number of units shown on the approved tentative subdivision map for the balance of the parcel. For single-family parcels that have not been subdivided at the time of the levy of the tax, the tax levy shall be equal to the Single-Family Levy times the number of units planned for such parcel, as shown in Table I.

3. The Maximum Annual Tax of a single-family parcel will be the amount shown on Table I as the Maximum Annual Tax for that parcel, unless (i) a parcel (the "Transferring Parcel") is subdivided into fewer units than that indicated in Table I for such parcel; (ii) the unrealized units (the "Excess Units") of the Transferring Parcel are transferred to another single-family parcel within the District for which a final subdivision map has not been recorded (the "Receiving Parcel"); and (iii) the transfer is approved by the City pursuant to an amendment of the Northwest Roseville Specific Plan. In such an event, the portion of the Maximum Annual Tax represented by the Excess Units will be subtracted from the Maximum Annual Tax of the Transferring Parcel and added to the Maximum Annual Tax of the Receiving Parcel. Any changes in the Maximum Annual Tax of any parcel due to such density transfers will not affect the amount of the Total Maximum Tax or Single-Family Levy.

4. If the subdivision of a single-family parcel results in a lower density than that stated for such parcel on Table I, and if such decrease in density limits the City's ability to satisfy its Special Tax Requirements, then the Single-Family Levy shall be redetermined as follows:

(i) The Single-Family Levy for units within the under-subdivided parcel shall be determined by multiplying the Special Tax Percentage by the Maximum Annual Tax for that parcel as stated on Table I (as may be amended by a transfer of units pursuant to paragraph 3 above), then dividing the product by the actual number of units within the parcel.

(ii) The Single-Family Levy for the remaining single-family units in the District shall be the balance of the Special Tax Requirement to be raised by single-family units divided by the number of remaining single-family units within the District (except for

unaffected units within Parcels 22 and 42, which shall be calculated at 79% of their actual number).

5. Taxation of multi-family, commercial and office use parcels is currently calculated on a per-parcel basis. The amount of Special Tax to be levied annually on a parcel (the "Per Parcel Tax Levy") shall be determined by multiplying the Special Tax Percentage by the Maximum Annual Tax stated on Table II for that parcel. Upon subdivision of a parcel, the Maximum Annual Tax for that parcel shall be apportioned among the newly subdivided parcels based on acreage (for commercial or business parcels) or units (for multi-family parcels); the Per Parcel Tax Levy on each subdivided parcel will be determined by multiplying the Special Tax Percentage by the apportioned Maximum Annual Tax for that subdivided parcel.

6. Once a parcel has been placed in a particular use category, the Maximum Annual Tax applicable to such parcel will not be reduced even if the parcel is subsequently converted to a lower-tax use category. A parcel which is converted to a higher use category, however, will have its Maximum Annual Tax adjusted upward accordingly.

Areas of the District which are dedicated to public use, as well as parcels designated as urban reserve, are exempt from the Special Tax. Table III lists the parcels currently intended for public use or designated as urban reserve. In the event that any public use or urban reserve parcel becomes subject to private development pursuant to permission from the appropriate public agencies, such parcel will be taxable on a per-unit or per-acre basis at the rates indicated in Table III for the use category to which such parcel is converted.

As development and subdivision of the parcels within the District take place, the City will maintain a file of each parcel. This record will be available for public inspection, and will show the Maximum Annual Tax on all predecessor parcels, a brief description of the process of subdividing parcels and reapportioning the Maximum Annual Tax each time a predecessor parcel was split or subdivided, including any adjustments due to change in use.

During the first four years of the levying of the Special Tax, the City may include in the Special Tax an amount to pay for a portion of the costs of constructing a municipal golf course. Such amount shall be apportioned proportionately among the units and parcels within the District, and shall not exceed $250,000 each year nor cause the tax levy on a unit or parcel to exceed its Maximum Annual Tax. For additional information regarding the golf course, see "THE DISTRICT AND FINANCING PLAN FOR THE FACILITIES — Golf Course Gift Deed Agreement."

For a complete description of the Special Tax Formula to be used by the City in establishing the Special Tax and a description of the tax rates, rate descriptions and rate categories, see Appendix B, "METHOD AND FORMULA FOR LEVY OF SPECIAL TAX." The Special Tax Formula was approved by the qualified landowner electors in the District at an election held on July 25, 1989.

The Special Tax is to be levied against all Taxable Land within the District. Taxable Land does not include land which is presently intended for public use or which is currently designated as Urban Reserve. (See "THE DISTRICT AND FINANCING PLAN FOR THE FACILITIES — Financing Plan.") This is the only property within the District which is expressly exempted from the Special Tax pursuant to the Special Tax Formula. Although the Special Tax Formula provides that property which may be subsequently dedicated to the City or other public entities, in addition to the property currently dedicated pursuant to the Financing Plan and the

Northwest Roseville Specific Plan, may become exempt from the Special Tax, the City has covenanted in the Resolution that it will not exempt any additional property from the Special Tax if, as a result of such exemption, the amount of the Special Tax that could be levied against the remaining Taxable Land would be insufficient to pay the maximum annual Debt Service and estimated Expenses on the Bonds. (For a more detailed discussion of this covenant, see "THE RESOLUTION — Covenants of the City.")

Pursuant to Section 53340 of the Act, properties or entities of state, federal or other local governments are exempt from the Special Tax except that, under Section 53317.3 of the Act, property not otherwise exempt which is acquired by a public entity through a negotiated transaction, or by gift or demise, remains subject to the Special Tax. It is not clear under the Act whether property acquired by a public entity following a tax sale or foreclosure based upon failure of a non-exempt person or entity to pay property taxes would remain subject to the Special Tax under Section 53317.3 of the Act or would become exempt from the Special Tax under Section 53340 of the Act. Pursuant to Section 53317.5 of the Act, if property subject to the Special Tax is acquired by a public entity through eminent domain proceedings, the obligation to pay the Special Tax with respect to that property is to be treated as if it were a special annual assessment. For this purpose, the present value of the obligation to pay the Special Tax to pay principal and interest on any Bonds outstanding prior to the date of apportionment is to be treated the same as a fixed lien special annual assessment. The Act further provides that no other properties or entities are exempt from the Special Tax unless the properties or entities are expressly exempted in a resolution of consideration to levy a new tax under the Act or to alter the rate or method of apportionment of an existing tax under the Act. (See "SPECIAL RISK FACTORS — Exempt Properties.")

The Act prohibits the City Council from adopting a resolution to reduce the rate of the Special Tax or terminate the levy of the Special Tax unless the City Council determines that the reduction or termination of the Special Tax "would not interfere with the timely retirement" of the Bonds.

Property owners may permanently satisfy the Special Tax obligation of a parcel by a cash settlement with the City as permitted under Government Code Section 53344, subject to the following conditions:

1. With respect to the release of a single-family parcel, any such prepayment must be made only upon (and neither before nor after) recordation of the final subdivision map. With respect to the release of a multi-family, commercial or office parcel (or a parcel subject to the Special Tax and acquired by a public agency), such prepayment may be made upon or any time after recordation of the parcel map (or other such legal land division) creating such parcel;

2. The City determines that the prepayment of the Special Tax obligation would not jeopardize its ability to make timely payments of Debt Service on outstanding Bonds, and that the administration of such prepayment would not be inefficient or burdensome for the City; and

3. The entire prepayment amount, as calculated below, is paid at once.

Notwithstanding prepayment of the Special Tax with respect to any parcel (the "Released Parcel"), each Released Parcel shall continue to be included within the boundaries of the District. In the event the City and the electors of the District approve an increase in the Maximum Annual Tax, the Released Parcel shall be subject to the resulting additional Special Tax.

In the event the above conditions to prepayment are satisfied, the prepayment amount shall be established by the following calculation:

1. The Maximum Annual Tax for the Released Parcel as set forth in Tables I and II hereto may be reduced by the average annual tax delinquency rate for property within the District. If no delinquency history has been established for the Special Tax, the City may reduce the Maximum Annual Tax for the Released Parcel by the most recent five-year average annual delinquency rate for secured property taxes in the City as a whole, provided that the City's ability to make timely payments of debt service in subsequent years will not thereby be jeopardized. The Maximum Annual Tax for the Released Parcel may be reduced still further if all of the Bonds have been issued and the future Debt Service through the maturity of all outstanding Bonds is known with certainty, provided that the Special Tax shall not be reduced below the amount determined by the City as necessary to pay the Released Parcel's share of the annual Debt Service on outstanding Bonds and the annual expenses of administering the District.

2. The annual revenue produced by the Special Tax each year from the date of prepayment to and including the last maturity date of outstanding Bonds, based on the tax determined in Step 1, shall be calculated.

3. The present value of the annual revenue stream determined in Step 2 shall be calculated using a discount rate which, when the prepayment is invested in approved investments (as specified by the Resolution) earning a rate of interest equal to the discount rate, would produce the annual revenue stream determined in Step 2. The discount rate may not exceed the Bond yield as determined by the Tax Reform Act of 1986, as the same may be amended.

4. The prepayment amount shall be equal to the sum of the present value calculated in Step 3, plus any fees or expenses incurred by the City in connection with the prepayment calculation and anticipated in connection with the application or administration of the proceeds of the prepayment, plus the amount of any and all delinquent Special Taxes and penalties associated with the Released Parcel.

The proceeds of the prepayment shall be deposited into a Prepayment Account (the "Prepayment Account") to be established and maintained by the Treasurer, and may be applied by the City in its discretion as follows:

1. As an annuity over the remaining life of outstanding Bonds for the payment of Debt Service and annual expenses of the District. The annuity must be handled so as not to cause the Bonds to become arbitrage bonds under the Tax Reform Act of 1986, as the same may be amended.

2. To call Bonds as may be provided for by the Resolution. If this application is selected by the City, the amount of any call premiums and other expenses in connection therewith shall be included in the prepayment amount as an expense of administering the proceeds of the prepayment.

3. To be applied in full to the next annual Special Tax levy, provided that the City's ability to make timely payments of Debt Service in subsequent years is not thereby jeopardized. This method may be used only if the amount of the prepayment is such that its

application to options (1) and (2) would be inefficient or burdensome for the City, as determined by the City's Director of Finance.

Although the Special Tax will constitute a lien on property subject to taxation within the District, it will not constitute a personal indebtedness of the owners of such property. There is no assurance that the owners will be financially able to pay the annual Special Tax or that they will pay such tax even if financially able to do so. The risk of nonpayment by property owners is more fully described in "SPECIAL RISK FACTORS — Collection of Special Tax."

The City has covenanted annually to cause foreclosure proceedings to be commenced and prosecuted against (i) all parcels with delinquent installments of the Special Tax when the amount of the Special Tax collected in any Fiscal Year is less by more than five percent (5%) of the amount of the Special Tax levied in such Fiscal Year or (ii) any property owned by a single property owner for which the amount of delinquent installments of the Special Tax levied in any Fiscal Year exceeds $25,000. (For a description of the foreclosure covenant, see "SOURCES OF PAYMENT FOR THE BONDS — Delinquent Payments of Special Tax; Covenant for Foreclosure"). Subject to the agreement of the City to pursue such foreclosure proceedings, the Special Tax will be collected in the manner and at the same time as ad valorem property taxes are collected and shall be subject to the same penalties and the same procedure, sale and lien priority in case of delinquency as is provided for ad valorem property taxes. (See "THE CITY OF ROSEVILLE — Ad Valorem Property Taxation.")

Special Tax Analysis

The City Council is to establish tax rates, up to the Maximum Annual Tax rates set forth in the Special Tax Formula, to be used to levy and apportion the Special Tax against Taxable Land within the District on an annual basis by resolution. As noted under "SOURCES OF PAYMENT FOR THE BONDS — Special Tax," the first levy of the Special Tax will not occur until Fiscal Year 1990-91, commencing July 1, 1990.

Table IV below shows a comparison of the estimated annual revenue needs from the Special Tax throughout the term of the Bonds to cover Debt Service, estimated Expenses and a delinquency factor of 6%, with the amount of the Special Tax that could be imposed if the Maximum Annual Tax for each land use category were applied against the Taxable Land within the District according to the land use categories and acreages set forth in the Financing Plan.

TABLE IV
CITY OF ROSEVILLE
NORTHWEST ROSEVILLE COMMUNITY FACILITIES DISTRICT NO. 1
COMPARISON OF ESTIMATED MAXIMUM ANNUAL TAX RATES AND
ESTIMATED TOTAL REVENUE REQUIREMENTS

Year	Estimate of Total Revenue Requirement 1/	Annual Amount of Levy at Maximum Annual Tax Rates 2/	Difference Tax Levy Minus Requirements	Tax Levy As % of Requirements
1990	0	0	0	N/A
1991	$1,485,824	$3,654,584	$2,168,760	245.96%
1992	2,894,144	3,654,584	760,440	126.28%
1993	2,892,731	3,654,584	761,853	126.34%
1994	2,894,520	3,654,584	760,064	126.26%
1995	2,899,287	3,654,584	755,297	126.05%
1996	2,901,288	3,654,584	753,296	125.96%
1997	2,905,979	3,654,584	748,605	125.76%
1998	2,907,625	3,654,584	746,959	125.69%
1999	2,906,154	3,654,584	748,430	125.75%
2000	2,912,399	3,654,584	742,185	125.48%
2001	2,914,953	3,654,584	739,631	125.37%
2002	2,918,719	3,654,584	735,865	125.21%
2003	2,917,908	3,654,584	736,676	125.25%
2004	2,923,827	3,654,584	730,757	124.99%
2005	2,924,213	3,654,584	730,371	124.98%
2006	2,930,478	3,654,584	724,106	124.71%
2007	2,931,211	3,654,584	723,363	124.68%
2008	2,937,047	3,654,584	717,537	124.43%
2009	2,941,854	3,654,584	712,730	124.23%
2010	2,945,244	3,654,584	709,340	124.08%
2011	2,946,819	3,654,584	707,765	124.02%
2012	2,955,323	3,654,584	699,261	123.66%
2013	2,954,993	3,654,584	699,591	123.67%
2014	2,961,734	3,654,584	692,850	123.39%
2015	2,963,728	3,654,584	690,856	123.31%
2016	2,971,172	3,654,584	683,412	123.00%
2017	2,977,546	3,654,584	677,038	122.74%
2018	2,982,041	3,654,584	672,543	122.55%
2019	2,983,847	3,654,584	670,737	122.48%
2020	160,866	3,654,584	3,493,718	2271.82%
TOTAL	$83,743,484	$109,637,520	$25,894,036	

1/ Represents the sum of net Debt Service, annual estimated Expenses and a 6% coverage for tax delinquencies. The actual revenue requirements will vary from those shown in the table depending upon actual Expenses and tax delinquencies. The amounts shown do not reflect amounts of the Special Tax which may be levied to pay costs of the proposed municipal golf course.

2/ Reflects tax revenues if all land uses are taxed at the Maximum Annual Tax rates based upon land uses set forth in the Financing Plan.

Source: Bear, Stearns & Co. Inc.

The actual amount of the Special Tax that may be levied and collected during any future year will depend upon the land use categories then in effect in the District, the tax rates imposed and the level of delinquent Special Tax installments. (See "SPECIAL RISK FACTORS.") The collection history on secured property taxes in the District over the past five years is shown in Table VI below. This delinquency history may not be indicative of delinquency rates that may be experienced within the District in the future once the ownership of property within the District is dispersed. The delinquency history experienced by the City as a whole for the period from Fiscal Year 1982-83 through 1987-88 is shown in Table XI below.

In addition to payment of the Special Tax, the property within the District will also be obligated to pay ad valorem property taxes levied against such property and certain existing and any additional overlapping debt for which the property within the District may become obligated. (See "DIRECT AND OVERLAPPING BONDED DEBT.") Table V below compares the appraised value for the Taxable Land within the District based upon the values set forth in the Appraisal Report (described in "PROPERTY WITHIN THE DISTRICT — SUMMARY OF APPRAISAL REPORT") with estimates of (i) the annual ad valorem property taxes on property within the District based upon such appraised value, (ii) the Special Tax that could be imposed if the Maximum Annual Tax rates were imposed (iii) estimates of annual assessments resulting from existing overlapping assessment bond debt on property within the District, consisting of assessments with respect to the City of Roseville Foothill Boulevard 1915 Act Assessment Bonds and City of Roseville Foothill Boulevard Extension 1915 Act Assessment Bonds (see "DIRECT AND OVERLAPPING BONDED DEBT") and assessment with respect to the Northwest Roseville Specific Plan Landscaping and Lighting District, and (iv) the total of such taxes on an annual basis. The actual amount of these taxes which may be levied or assessed in the future will vary depending upon a number of factors, including the assessed valuation of the property within the District at such time, the actual amount of the Special Tax that is levied annually in the future and the existence of additional bonded and overlapping debt in the future. It is important to note that taxes and assessments will be levied against individual taxable parcels within the District, and not against the property within the District as a whole. Furthermore, the Appraisal Report reflects a summation of the value of the 41 individual parcels of Taxable Land which were appraised (see "PROPERTY WITHIN THE DISTRICT — Summary of Appraisal Report"). The ratio of appraised value to the estimates of the total of these taxes and assessments vary significantly among the 41 parcels of Taxable Land with the District.

TABLE V

CITY OF ROSEVILLE
NORTHWEST ROSEVILLE COMMUNITY FACILITIES DISTRICT NO. 1

COMPARISON OF APPRAISED VALUE AND ESTIMATED AD VALOREM PROPERTY TAXES, MAXIMUM ANNUAL TAX AND EXISTING ASSESSMENTS AND OTHER TAXES

Appraised Value of Taxable Land Within the District 1/	Estimated Ad Valorem Taxes Against Property Within the District 2/	Maximum Annual Special Tax	Estimated Assessments 3/	Total Estimated Property Taxes and Assessments	Ratio of Appraised Value to Estimate of Total of Certain Annual Taxes
$161,755,000	$1,617,679	$3,654,584	$945,013	$6,217,276	26.0 to 1

1/ Summation of appraised values of the 41 parcels of Taxable Land within the District as of November 15, 1989, based upon the Appraisal Report dated December 5, 1989 prepared by Clark-Wolcott Company, Inc. For a description of the Appraisal Report, see "PROPERTY WITHIN THE DISTRICT — Summary of Appraisal Report."

2/ Ad valorem taxes against property within the District in undeveloped condition, based on appraised valuation and weighted average (computed on the basis of assessed valuation) of Fiscal Year 1989-90 tax rates for tax rate areas that comprise the District. Weighted average tax rate is 1.00008% of assessed valuation. The actual levy of ad valorem property taxes against specific property in the future will be based upon assessed valuation.

3/ Includes the current annual assessments for the City of Roseville Foothill Boulevard 1915 Act Assessment Bonds and City of Roseville Foothill Boulevard Extention 1915 Act Assessment Bonds (see "DIRECT AND OVERLAPPING BONDED DEBT"), and an assumed $100 per unit annual assessment against single-family residences for the City of Roseville Specific Plan Landscaping and Lighting District based upon the number as such units specified in the Northwest Roseville Specific Plan (see "PROPERTY WITHIN THE DISTRICT — Landscaping and Lighting Districts"). The actual assessment in future years will vary depending upon a number of features, including without limitation the possible early redemption of assessment bonds, the number of single-family residential units within the District and the possible issuance of additional direct and overlapping bonded debt.

Proceeds of Special Tax

All proceeds of the Special Tax levied are to be deposited in the Special Tax Fund (described in "THE RESOLUTION — Funds and Accounts") of the City established pursuant to the Resolution. All money in the Special Tax Fund is to be set aside by the Treasurer in the following respective special accounts within the Special Tax Fund in the following order of priority:

1. Redemption Account. On or before the 25th day of each February and the 28th day of each August, beginning in February 1991, the Treasurer shall, from the money in the Special Tax Fund (other than money constituting prepayments of the Special Tax), first transfer to and deposit in the Redemption Account an amount of money equal to the aggregate amount of interest becoming due and payable on all outstanding Bonds on the next succeeding interest payment date (except for the March 1, 1999 interest payment), and thereafter shall transfer to and deposit in the Redemption Account an amount of money equal to the sum of (a) one-half of the aggregate amount of principal becoming due and payable on all outstanding Bonds on the next succeeding September 1, plus (b) one-half of the Minimum Sinking Fund Account Payment required to be made during the year ending on the next succeeding September 1 into the two sub-accounts in the Sinking Fund Account.

No deposit need be made into the Redemption Account if the amount of money contained therein is at least equal to the amount required by the terms of the preceding paragraph to be deposited therein at the times and in the amounts provided for in the Resolution.

All money in the Redemption Account shall be used and withdrawn by the Treasurer solely for transfer to the Paying Agent to pay the interest on the Bonds as it becomes due and payable (including accrued interest on any Bonds purchased or redeemed prior to maturity) plus the principal of and redemption premiums, if any, on the Bonds as they shall become due and payable, except that any money in the Sinking Fund Account shall be used only to purchase, redeem or retire Term Bonds as provided herein.

2. Bond Reserve Account. On or before the 25th day of each February and the 28th day of each August, beginning in February 1991, the Treasurer shall, from the then remaining money in the Special Tax Fund (other than money constituting prepayments of the Special Tax), transfer to and deposit in the Bond Reserve Account such amount of money as shall be required to restore the Bond Reserve Account to a sum equal to the Required Bond Reserve.

No deposit into the Bond Reserve Account is required if the amount therein is at least equal to the amount of money required by the above paragraph to be on deposit therein.

All money in the Bond Reserve Account shall be used and withdrawn by the Treasurer solely for the purpose of paying interest on, principal of or redemption premiums, if any, on the Bonds in the event that there is insufficient money in the Redemption Account available for this purpose; provided, however, that if it is determined that the amount in the Bond Reserve Account exceeds the Required Bond Reserve, the Treasurer shall withdraw the excess amount from the Bond Reserve Account and deposit such amount into the Acquisition and Construction Fund or the Special Tax Fund, as the case may be, as provided in the Resolution. (For information regarding valuation of investments in the Bond Reserve Account, see "THE RESOLUTION — Funds and Accounts.")

3. Expense Account. On or before the 25th day of each February and the 28th day of each August, beginning in February 1991, the Treasurer shall, from the then remaining money

in the Special Tax Fund (other than money constituting prepayments of the Special Tax), transfer to and deposit in the Expense Account a sum equal to the amount required by the City for the payment of Expenses during the six-month period beginning on such date. All money in the Expense Account shall be used and withdrawn by the Treasurer only to pay Expenses as they become due and payable or to pay interest on, principal of or redemption premiums, if any, on the Bonds in the event that no other money is available therefor.

4. Prepayment Account. Immediately upon receipt of any prepayments of the Special Tax (including any payments pursuant to Section 53317.5 of the Act), the Treasurer shall, from the money in the Special Tax Fund constituting such prepayments, transfer to and deposit in the Prepayment Account the amount of money constituting such prepayments, and all money in the Prepayment Account shall be used and withdrawn by the Treasurer solely as provided in the applicable provisions of the Special Tax Formula concerning such prepayments. The Prepayment Account may also be used to receive any eminent domain proceeds pursuant to Section 53317.5 of the Act.

Funds in this account may be applied by the City in its discretion for any of the following uses:

(i) As an annuity over the remaining life of outstanding Bonds for the payment of debt service and annual expenses of the District. The annuity must be handled so as not to cause the Bonds to become arbitrage bonds under the Tax Reform Act of 1986, as may be amended.

(ii) To call Bonds as may be provided for by the Resolution. If this application is selected by the City, the amount of any call premiums and other expenses in connection therewith shall be included in the prepayment amount as an expense of administering the proceeds of the prepayment.

(iii) To be applied in full to the next annual Special Tax levy, provided that the City's ability to make timely payments of debt service in subsequent years is not thereby jeopardized. This method may be used only if the amount of the prepayment is such that its application to options (i) and (ii) would be inefficient or burdensome for the City, as determined by the City's Director of Finance.

5. Community Facilities Fund. All money remaining in the Special Tax Fund (other than money in the Redemption Account, the Bond Reserve Account, the Expense Account or the Prepayment Account) on September 1 of each year, beginning in September 1991, after transferring all of the sums required to be transferred therefrom on or prior to such date, shall be withdrawn from the Special Tax Fund by the Treasurer and deposited in the City of Roseville Northwest Roseville Community Facilities District No. 1 Community Facilities Fund (the "Community Facilities Fund"), which fund the City has agreed to maintain so long as any Bonds are outstanding. All money in the Community Facilities Fund shall be used and withdrawn by the Treasurer solely for the payment of costs of the acquisition and construction of the Facilities or otherwise for the benefit of the District in accordance with the Act. During the first four years following March 1, 1991, up to $250,000 of the Community Facilities Fund may be applied each year toward the improvement of a municipal golf course within the District.

All proceeds of the Special Tax in each account are to be held by the Treasurer and applied as authorized by the Resolution. (See "THE RESOLUTION — Funds and Accounts.")

Delinquent Payments of Special Tax; Covenant for Foreclosure

The Resolution 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 below and in the Act, is to be subject to the same penalties and the same procedure, sale, and lien priority in case of delinquency as is provided for ad valorem property taxes. Pursuant to these general 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 Treasurer. (See "THE CITY OF ROSEVILLE — Ad Valorem Property Taxation.")

Pursuant to Section 53356.1 of the Act, in the event of any delinquency in the payment of the Special Tax, the City may order the institution of a Superior Court action to foreclose the lien therefor within specified time limits. In such an action, the real property subject to the unpaid amount may be sold at a judicial foreclosure sale. Such judicial foreclosure action is not mandatory. However, the City has covenanted for the benefit of the owners of the Bonds that it will review the public records of the County relating to the collection of the Special Tax to determine by no later than September 1 of each year the amount of the Special Tax collected in the prior Fiscal Year. If the City determines on the basis of such review that the amount so collected is less by more than five percent of the amount of the Special Tax levied in such year, it will, within 30 days thereafter, institute foreclosure proceedings as authorized by the Act in order to enforce the lien of the delinquent installments of the Special Tax against each separate lot or parcel of land in the District, and will diligently prosecute and pursue such foreclosure proceedings to judgment and sale. In addition, the City has covenanted that if the City determines on the basis of its review that property owned by any single property owner in the District is delinquent by more than $25,000 with respect to the obligation to pay the Special Tax due and payable in such prior Fiscal Year, then the City will institute, prosecute and pursue such foreclosure proceedings in the time and manner provided in the Resolution.

In the event that sales or foreclosures of property are necessary, there could be a delay in payments to holders of the Bonds (if the Bond Reserve Account has been depleted) pending such sales or the prosecution of such foreclosure proceedings and receipt by the City of the proceeds of sale. However, within the limits of the Special Tax, the City may adjust the Special Tax levied on all property within the District, subject to the Maximum Annual Tax, to provide an amount required to pay interest on, principal of, Minimum Sinking Fund Account Payments for and redemption premiums, if any, on the Bonds, and the amount, if any, necessary to replenish the Bond Reserve Account to an amount equal to the Required Bond Reserve and to pay all current Expenses. There is, however, no assurance that the Total Maximum Tax will be at all times sufficient to pay the amounts required to be paid by the Resolution. (See "SPECIAL RISK FACTORS — Maximum Annual Tax Rates.")

No assurance can be given that the real property subject to sale or foreclosure will be sold. The Act does not require the City to purchase or otherwise acquire any lot or parcel of property to be sold if there is no other purchaser at such sale, nor does the Act specify the priority relationship between the Special Tax and other taxes and assessments. The Resolution, however, does specify that the Special Tax will have the same lien priority as for ad valorem property taxes in the case of delinquency. 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.

After the City has ordered a foreclosure action, it shall dismiss the action before judgment if the owner of the subject property (or any other person) pays all of the following amounts: the delinquent Special Taxes and all penalties, interests and costs accrued; costs of the foreclosure action; authorized attorneys fees; and the Special Tax collector's authorized costs.

Bond Reserve Account

To further secure the payment of principal and interest on the Bonds, the City is required to initially deposit in the Bond Reserve Account an amount equal to the Required Bond Reserve upon delivery of the Bonds. Thereafter, the City is required to deposit and maintain the Required Bond Reserve in the Bond Reserve Account at all times while any of the Bonds are outstanding. Amounts in the Bond Reserve Account are to be used to pay Debt Service on the Bonds to the extent other monies are not available therefor. (See "THE RESOLUTION.")

THE DISTRICT AND FINANCING PLAN FOR THE FACILITIES

General Description and Location of the District

The City of Roseville Northwest Roseville Community Facilities District No. 1 (the "District") is a community facilities district organized by the City Council under the Act for the purpose of providing for the acquisition and construction of certain public facilities to serve property within the District. The City Council established the District on July 5, 1989.

The District is comprised of approximately 1,952 acres of land located in the westerly section of the City. The Taxable Land within the District consists of 41 parcels, totalling approximately 1,258 acres. The District is located on the north side of Base Line Road and lies between Washington Boulevard on the east and Fiddyment Road on the west. (See Maps A-1 and A-2 included with the location maps attached hereto as Appendix A.) For a description of the property within the District, see "PROPERTY WITHIN THE DISTRICT."

Legislative Body

Pursuant to the Act, the five members of the City Council of the City serve as the legislative body of the District by virtue of their election to the City Council. The current members of the City Council are identified in "THE CITY OF ROSEVILLE — Governing Body."

Northwest Roseville Specific Plan

On May 10, 1989, the City Council approved the Northwest Roseville Specific Plan (the "Northwest Roseville Specific Plan") which provides for the planned development of an area of approximately 2,660 acres in the northwest portion of the City (the "Plan Area"). (See Map A-2 included with the location maps attached hereto as Appendix A.) All of the property within the boundaries of the District is included within the Plan Area, but the District, consisting of approximately 1,952 acres, only constitutes part of the Plan Area.

The Northwest Roseville Specific Plan envisions primarily residential and some supporting commercial development for the portion of the Plan Area targeted for current development, which is consistent with land use policies as prescribed in the City of Roseville General Plan.

The Northwest Roseville Specific Plan provides for urbanization of a large part but not all of the Plan Area. Of the approximately 2,660 acres within the Plan Area, approximately 2,305.5 (87%) are designated for development. Except for parcels within the District, development of parcels within the Plan Area have been largely completed. Approximately 1,592.1 acres (69%) within the Plan Area are designated for residential use (primarily single-family, but including some multi-family), and approximately 210.5 acres (8%) are designated for business and/or commercial use.

Approximately 354.5 acres in the southwest portion of the Plan Area, 223 acres of which are within the District, are designated by the Northwest Roseville Specific Plan as Urban Reserve. Intended to be an integral part of the Northwest Roseville Specific Plan, the urban reserve land use category provides flexibility for reallocation of dwelling units from other parcels within the Plan Area as well as reallocation of other land uses. Urban reserve may also be used in connection with a "density bonus" or other programs designed to achieve affordable housing for low-income households. The urban reserve land use category does not guarantee land use entitlement; any proposed density transfers or new land use would be subject to City approval through an amendment to the Northwest Roseville Specific Plan.

The Northwest Roseville Specific Plan requires, among other things, that extensive public infrastructure facilities needed to serve the Plan Area be installed and financed by the property within the Plan Area or portions thereof. The Financing Plan described below was designed to ensure that the public infrastructure facilities necessary to serve the District pursuant to the Northwest Roseville Specific Plan are satisfactorily financed by the District.

Development Agreements and Development Rights

With the approval of the City Council, the City entered into Development Agreements (collectively, the "Development Agreements") with each of three property owners who own a significant amount of property within the District. No development agreements exist between the City and the other property owners within the District. Pursuant to the terms of the Development Agreements, however, buyers of parcels subject to the Development Agreements are also subject to the terms of the Development Agreements with respect to their property.

The Development Agreements allow for the development of property within the District in accordance with the Northwest Roseville Specific Plan, provided that the extensive public infrastructure facilities needed to serve the Plan Area are installed and financed by the property within the Plan Area or portions thereof. Each of the Development Agreements is described below.

1. Development Agreement with Elliott Homes, Inc. The City entered into a Development Agreement with Elliott Homes, Inc. ("Elliott Homes"), an Arizona corporation, dated October 6, 1989 (the "Elliott Homes Agreement"). For a description of Elliott Homes and its property ownership within the District, see "PROPERTY WITHIN THE DISTRICT" and "PROPERTY OWNERSHIP WITHIN THE DISTRICT." The Elliott Homes Agreement was authorized and adopted by the City pursuant to Ordinance No. 2257 passed on September 6, 1989. At the time that the Elliott Homes Agreement was entered into, Elliott Homes owned approximately 884 acres, or approximately 45% of the land within the District. Pursuant to the Elliott Homes Agreement, and subject to the conditions described therein, the City granted Elliott Homes the right to develop its property within the District in accordance with the following uses (all acreages are approximate): 49 acres of business professional; 46.8 acres of commercial; 15.8 acres of

commercial-recreation; 428.1 acres of residential (providing a total of 2,193 dwelling units, including both single-family and multi-family units); 216.5 acres of urban reserve; 41.9 acres of park; 11.6 acres of interim park/urban reserve; and 74.2 acres of school site reservation. Elliott Homes has since sold some of the property subject to the Elliott Homes Agreement; for information regarding Elliott Homes' property ownership within the District as of December 11, 1989, see Appendix E.

Pursuant to the Elliott Homes Agreement, Elliott Homes agreed to comply with certain policies and requirements of the Northwest Roseville Specific Plan with respect to the creation of a park-and-ride location, transportation systems management, trees, regional air quality plan and notification to the City regarding density changes. Elliott Homes also agreed to dedicate approximately 42 acres for use as three public parks, in addition to certain bikeway easements. In addition, Elliott Homes agreed to reserve an opportunity for the City to purchase, at fair market value and within two to four years after execution of the Elliott Homes Agreement, 16 acres designated as interim park/urban reserve.

Elliott Homes also agreed to reserve, within Parcels 29 and 59 as shown on the map of the District (included as Map A-2 with Appendix A), school sites for the Dry Creek Joint Elementary School District (the "Dry Creek District"), for which the parties shall enter into lease/option agreements. (For additional information regarding the lease/option agreement to be entered into between Elliott Homes and the Dry Creek District in the near future, see "THE DISTRICT AND FINANCING PLAN FOR THE FACILITIES — Elementary School.") In addition, Elliott Homes agreed to reserve an opportunity for the Roseville Joint Union High School District ("Roseville High") to purchase, at fair market value and within two years of the date of the Elliott Homes Agreement, a high school site within Parcel 71 as shown on Map A-2 included with Appendix A. Alternatively, Elliott Homes and Roseville High may enter into a lease/option agreement with respect to the site. Elliott Homes further agreed to confer in good faith with Roseville High regarding mitigation of demands placed upon high school facilities as a result of Elliott Homes' proposed development within the District. In addition, Elliott Homes has entered into an Advanced Funding Agreement with the Dry Creek District, pursuant to which Elliott Homes provided certain funds enabling the Dry Creek District to participate in the District and to plan and build an elementary school within the District.

Elliott Homes also agreed to grant certain easements for electric powerlines, and to grant a portion of its property required for construction of sewer, water, drainage, street, electric and other public improvements.

Certain of the parcels which are subject to the Elliott Homes Agreement have been sold to other parties. The purchasers of these parcels — Calton Homes of California, Inc., Kaufman & Broad of Northern California, Inc. and Foothill/Junction Investors, A California Limited Partnership — are therefore subject to the terms of the Elliott Homes Agreement with respect to those parcels which are subject to the Elliott Homes Agreement.

2. Development Agreement with Sammis Roseville Associates. The City entered into a Development Agreement with Sammis Roseville Associates ("Sammis"), a California general partnership, dated October 6, 1989 (the "Sammis Agreement"). Sammis is a general partnership of Sammis Foothill Associates, a California general partnership, and New England Mutual Life Insurance Company, a Massachusetts corporation. For a description of Sammis and its property ownership within the District, see "PROPERTY WITHIN THE DISTRICT" and

"PROPERTY OWNERSHIP WITHIN THE DISTRICT." The Sammis Agreement was authorized and adopted by the City pursuant to Ordinance No. 2258, passed on September 6, 1989. At the time that the Sammis Agreement was entered into, Sammis owned approximately 50% of the land within the District. Pursuant to the Sammis Agreement and subject to the conditions described therein, the City granted Sammis the right to develop its property within the District in accordance with the following uses (all acreages are approximate): 36.1 acres of commercial; 521.5 acres of residential (providing a total of 2,180 dwelling units, including both single-family and multiple-family units); 132 acres of urban reserve; 5.2 acres of floodway; 203.7 acres of golf course; 64.1 acres of park; 19.9 acres of interim park/urban reserve; and 10.0 acres of school sites. Sammis has since sold some of the property subject to the Sammis Agreement; for information regarding Sammis' property ownership within the District as of December 11, 1989, see Appendix E.

The Sammis Agreement also obligates Sammis to reserve a percentage of its residential housing development for low-income affordability, and to comply with certain requirements and policies with respect to park and ride locations, transportation systems management, trees, regional air quality and notification to the City regarding density changes. Sammis also agreed to dedicate and convey to the City approximately 37.7 acres for use as parks and recreational floodway. In addition, Sammis agreed to reserve an opportunity for the City to purchase an area designated as interim park/urban reserve, consisting of approximately 19.9 acres within Parcel 75, and to reserve an opportunity for the Dry Creek District to purchase a school site within Parcel 24, for which the parties shall enter into a lease option agreement. Sammis also agreed to confer in good faith with Roseville High regarding mitigation of the demands made upon Roseville High as a result of development within the District by Sammis.

In addition, Sammis agreed to convey to the City certain properties and easements for the construction of electric powerlines, an electric receiving station and certain circulation improvements. Sammis also agreed to pay a fair share for the construction of improvements with respect to sewer, water, drainage, streets, electricity, a highway interchange and other public improvements.

In addition to the Sammis Agreement, Sammis and the City entered into a Golf Course Gift Deed Agreement obligating Sammis to convey approximately 201 acres of its property within the District for a municipal golf course, subject to satisfaction of certain conditions. (See "Golf Course Deed Agreement" in the next section.)

Certain of the parcels which are subject to the Sammis Agreement either have been sold or are being sold to other parties. The purchasers of these parcels — Michael Andrew Group, Mollard Corporation, Hank Fisher Properties, Inc., Ryder Homes of Northern California, Inc., J & R Homes, Inc., Beard & Howard, Inc., Citation Northern, Ron McKim Construction, Inc. and Dale A. Williams — are therefore subject to the terms of the Sammis Agreement with respect to those parcels which are subject to the Sammis Agreement.

3. The Brock Agreement. The City entered into a Development Agreement with M.J. Brock & Sons, Inc. ("Brock"), a Delaware corporation, dated September 18, 1989 (the "Brock Agreement"). For a description of Brock and its property ownership within the District, see "PROPERTY WITHIN THE DISTRICT" and "PROPERTY OWNERSHIP WITHIN THE DISTRICT." The Brock Agreement was authorized and adopted by the City pursuant to Ordinance No. 2256, dated August 16, 1989. At the time that the Brock Agreement was entered into, Brock owned approximately 125 acres, or approximately 5% of the land within the District. Pursuant to

the Brock Agreement, the City granted Brock the right to develop its property in accordance with the following uses (all acreages are approximate): 8.4 acres of business-professional; 10.7 acres of business-professional/ commercial; 67.8 acres of low-density residential (providing 325 dwelling units); 18.5 acres of recreation floodway; 9.0 acres of park; and 10.8 acres of school sites.

The Brock Agreement requires Brock to reserve a percentage of its housing development within the District for low-income affordability. Brock is also required to comply with certain requirements with respect to park and ride locations, transportation system management, trees, regional air quality, and notification to the City regarding density changes. In addition, Brock agreed to dedicate approximately 27.4 acres within the District for use as parks and recreational floodplains, in addition to certain bikeway easements.

Brock also agreed to reserve an opportunity for Roseville City School District ("Roseville Elementary") to purchase, at fair value and within two years of the date of the Brock Agreement, a school site located in Parcel 21 as indicated on Map A-2 attached hereto as Appendix A. Such reservation obligation may be superseded by the execution of a lease/option agreement between Brock and Roseville Elementary. Brock further agreed to confer in good faith with both Roseville Elementary as well as Roseville High with respect to mitigation of demands placed upon each as a result of Brock's development within the District.

Brock further agreed to grant certain easements for electric powerlines, and to contribute to the construction of such facilities as sewer, water, drainage, street, electric, highway and other improvements to public facilities.

For a description of the major property owners within the District, see "PROPERTY OWNERSHIP WITHIN THE DISTRICT."

Golf Course Gift Deed Agreement

The City and Sammis entered into a Golf Course Gift Deed Agreement, dated August 9, 1989 (the "Golf Course Agreement"), pursuant to which Sammis granted to the City a 201-acre parcel solely for use as a municipal golf course and related uses. The City agreed to use its best efforts to raise the additional funding necessary to complete the golf course.

In addition to the $250,000 funding by Sammis, the Golf Course Agreement provides that additional funding for construction of the golf course may be obtained as follows:

1. During the first four years of the levy of the Special Tax, the City may increase the Special Tax up to, but not in excess of, the Maximum Annual Tax on the District to raise up to $250,000 per year to provide additional financing for the golf course.

2. During the first three years of the levy of the Special Tax, to the extent that necessary financing is not satisfied by (1) above, Sammis will loan (to such public entity as the City may direct) the difference between the amount available from (1) above and either $250,000 or the amount of needed financing, whichever is less. The City is limited to three annual requests for such loans, and a maximum total amount of $750,000, with the first request to be made within 30 days of the first levy of the Special Tax. All amounts advanced by Sammis pursuant to this paragraph

shall be repaid, with interest, to Sammis from funds generated by the golf course in excess of its operation and maintenance costs.

It should be noted that the anticipated cost of developing the golf course will be $5 million to $6 million, although the actual costs are uncertain at this time. It is certain, however, that such costs well exceed the amounts the City may receive from the Special Tax or under the Golf Course Agreement. The source of additional financing for the golf course has not been identified, thus there can be no assurance that the golf course will be developed.

In the event that the City fails to develop the parcel granted by Sammis pursuant to the Golf Course Agreement, and desires instead to develop the property for an unrelated purpose or desires to sell the property unrestricted by the obligation to develop a golf course, Sammis would have a right of first refusal to repurchase the parcel.

Elementary School

Both Elliott Homes and Sammis have agreed, pursuant to their respective Development Agreements with the City, to reserve school sites for the Dry Creek District. (See "THE DISTRICT AND FINANCING PLAN FOR THE FACILITIES — Development Agreements.") Although sites within Parcels 29 and 59 (belonging to Elliott Homes) and within Parcel 24 (belonging to Sammis) have been reserved, only one elementary school is planned for immediate construction.

The new school will be under the jurisdiction of the Dry Creek Joint Elementary School District (the "Dry Creek District"). Founded in 1876 as a land grant elementary school, the Dry Creek District jurisdiction consists of 13 square miles within parts of Placer County (all of which lies within the City) as well as parts of Sacramento County. The Dry Creek District currently has one school, which houses approximately 700 students from kindergarten through eighth grade on 10 acres of land.

The Dry Creek District's school facility masterplan, which corresponds to the pattern of residential growth within the Dry Creek District, currently calls for two elementary schools and one middle school in the portion of the Dry Creek District which lies within the City, plus the same number of schools in the portion of the Dry Creek District which lies within Sacramento County. In the event that the planned residential density of the City portion of the Dry Creek District is altered by an amendment to the General Plan, additional school facilities may be added to the masterplan. Under current land use ordinances, the Dry Creek District has a build-out capacity of approximately 5,500 students, which is evenly divided between the City and Sacramento County.

Funding for the construction of new schools in the Dry Creek District is dependent upon community facility districts formed under the Act, developer fees and a lease-purchase program under State. The Dry Creek District has a history of positive working relationships with both the City and Sacramento County in developing its school plans in response to residential growth within the Dry Creek District.

The proposed elementary school to be built as part of the Facilities is to be the Heritage Oak Elementary School ("Heritage Oak"), which will be located on Parcel 59, at the intersection of Junction Boulevard and Americana Drive. Heritage Oak will be located on 10 acres of land adjacent to 8 acres of park site, and will house children from kindergarten through the fifth grade. The design capacity of Heritage Oak will be 600 students with an expansion capacity of an

additional 150 students. Heritage Oak will also be used as a daycare facility and park facility by the City. The facilities to be constructed will consist of 70% permanent structures and 30% relocatable structures consistent with State law.

The anticipated construction cost for Heritage Oak is approximately $6.4 million. It is anticipated that approximately one-half of the cost will be financed from Bond proceeds; the other half is anticipated to be financed from developer fees and a matching funds program by the State. Heritage Oak is expected to open in two phases. Phase one is scheduled to be opened to admit 300 students in the fall of 1990, and the entire school is scheduled to be opened in the winter of 1991.

Parcel 59 is currently owned by Elliott Homes. It is anticipated, however, that Elliott Homes and the Dry Creek District will enter into a Property Lease and Option to Purchase (the "Lease Option Agreement") in December 1989. The draft Lease Option Agreement currently provides that it shall expire on June 30, 1993 unless terminated or extended pursuant to its terms. The Dry Creek District has an option to purchase Parcel 59 from Elliott Homes at fair market value at all times during the term of the Lease Option, but it shall use its best efforts to exercise such option upon obtaining sufficient funds to pay the purchase price in cash.

Pursuant to the Financing Plan, Parcel 59 and other parcels currently dedicated as school sites are completely exempt from the Special Tax. In the event that sites which are not currently dedicated pursuant to the Financing Plan are dedicated and conveyed to the Dry Creek District, the City will determine whether such sites will be exempt from the Special Tax. Regardless of the exemption of such sites from the Special Tax, the City has covenanted that it will not exempt any additional property from the Special Tax if, as a result of such exemption, the amount of the Special Tax that would be levied against the remaining Taxable Land would be insufficient to pay the maximum annual Debt Service and estimated Expenses on the outstanding Bonds. (For a more detailed discussion of this covenant, see "THE RESOLUTION — Covenants of the City.")

Financing Plan

Pursuant to Resolution No. 89-121 adopted by the City Council on July 5, 1989, the City Council approved the Northwest Roseville Financing Plan (the "Financing Plan"). The Financing Plan provides for the financing of roadway improvements and related storm drainage facilities, consisting of pavements, curbs and gutters, sidewalks, traffic islands, water lines and pressure reducing stations, sewer mains, gas lines, telephone cables, traffic signals, landscaping, fire hydrants, street lights and electrical distribution lines, together with all necessary appurtenances thereto, off-site sanitary sewer facilities, a municipal golf course, and one-half of the cost of a new elementary school facility, including portable classroom buildings, together with related site acquisition, and all necessary appurtenances thereto and equipment therefore. In adopting the Financing Plan, the City Council determined that the Financing Plan provides an adequate basis for establishing mechanisms to insure that the public infrastructure necessary to serve the Plan Area are satisfactorily financed by the Plan Area.

It is presently anticipated that the Bond proceeds will be sufficient to finance all of the Facilities, with the exception of Heritage Oak. As described in the proceeding section, only one-half of the costs of constructing Heritage Oak is anticipated to be financed from Bond proceeds. Since the actual costs for the Facilities are not determinable at this time, however, the sufficiency of the Bond proceeds cannot be certain at this point.

Public Improvements. The City anticipates that the Facilities will be completed by late 1990 or early 1991. These improvements, which largely will serve the property within the District, consist of improvements to several miles of streets; sewer, water and storm drain lines; electric power distribution facilities and gas lines; approximately one-half of the costs of building a new elementary school facility; off-site sanitary sewer facilities; and other facilities required by the Development Agreements. A summary of these facilities is included in Appendix C, DESCRIPTION OF FACILITIES TO BE FINANCED WITH PROCEEDS OF THE BONDS.

It is currently anticipated that the costs for all of the Facilities will total $28,183,918 and that these costs will be financed with Bond proceeds. (See "PROPERTY WITHIN THE DISTRICT — Development within the District.") Appendix D, "TENTATIVE DRAWDOWN SCHEDULE," contains a current estimate of the monthly draws for the construction and acquisition of the Facilities from Bond proceeds.

Special Tax. The costs for the Facilities are to be borne by only a portion of the property within the Plan Area through imposition of the Special Tax. The Financing Plan identifies 41 taxable parcels within the District consisting of approximately 1,258 acres of Taxable Land. The land use categories and number of taxable acres for each taxable parcel in the District, as set forth in the Financing Plan, is shown in APPENDIX E, "TAXABLE LAND WITHIN THE DISTRICT — PROPOSED LAND USE, ACREAGE AND PROPERTY OWNERS AS OF NOVEMBER 15, 1989."

Taxable Land does not include areas designated in the Northwest Roseville Specific Plan as open space, parks, school sites, parcels or portions of parcels the developability of which is restricted by power line easements, and rights-of-way for future public streets. The Special Tax Formula provides that property which is subsequently dedicated to the City, in addition to the property to be dedicated pursuant to the Financing Plan and the Northwest Roseville Specific Plan, may become exempt from the Special Tax. The possible exemption of any dedicated property from the Special Tax will be determined by the City at the appropriate time, and shall be subject to the City's agreement in the Resolution that it will not change the land use of property if such change would reduce the Total Maximum Tax to an amount less than the greatest Debt Service in any Bond Year on all outstanding Bonds. (See "THE RESOLUTION — Covenants of the City.") Appendix E identifies the approximately 1,258 acres of land which were designated as Taxable Land in the Financing Plan.

After excluding the parcels that are not to be taxed, 41 parcels — consisting of approximately 1,258 acres — are subject to the Special Tax. The Financing Plan sets forth a formula whereby the Special Tax is to be allocated among the 41 parcels subject to the Special Tax based upon various land use categories. See Appendix B, "METHOD AND FORMULA FOR LEVY OF SPECIAL TAX." The land use categories were set based upon the Northwest Roseville Specific Plan. Should a parcel's land use change to a lower taxed use, no adjustment in the maximum tax for that parcel will be made, but if a parcel's land use changes to a higher taxed use, the maximum tax for that parcel shall be increased to reflect the higher taxed use.

The allocation of the Special Tax among the taxable acres in the District is to be determined in accordance with the formula set forth in Appendix B, "METHOD AND FORMULA FOR LEVY OF SPECIAL TAX." For a description of the Special Tax Formula, see "SOURCES OF PAYMENT FOR THE BONDS — Special Tax."

Construction and Acquisition of the Facilities. It is contemplated that Elliott Homes will arrange for the construction of the Facilities to be financed from Bond proceeds, and that the City will acquire the completed improvements pursuant to a separate acquisition agreement with Elliott Homes. Elliott Homes is also the project manager of the construction of all of the Facilities. See "Management of Construction" and "Reimbursement of Advances and Work-in-Kind" in the next two sections.

The City is not obligated to use Elliott Homes to construct, nor is Elliott Homes obligated to construct, all of the Facilities to be financed with Bond proceeds. However, if Elliott Homes does arrange for the construction of any portion of the Facilities, it is entitled to payment for improvements acquired by the City in accordance with the Act. It is contemplated that the City will retain the ability to direct, manage and construct the Facilities if, in the City's sole judgment, work is not progressing in a timely fashion.

Management of Construction

It is contemplated that Elliott Homes and Sammis will enter into a Management Services and Development Agreement (the "Management Agreement") which provides that Elliott Homes will act as project manager for the construction of the Facilities, and the parties will share certain costs to be advanced in relation to the Facilities. The parties anticipate executing the Management Agreement in December 1989. For a description of Elliott Homes and Sammis, see "PROPERTY OWNERSHIP WITHIN THE DISTRICT."

The draft of the Management Agreement dated November 14, 1989 provides, among other things, that Elliott Homes will coordinate all construction activities for the Facilities, including supervising on-site construction, obtaining necessary governmental permits, monitoring construction to ensure compliance with City standards, permit conditions and right-of-way agreements, preparing specifications, bid packages, contractor lists and contracts, and processing and awarding bids in accordance with City standards. For such management services, it is proposed that Elliott Homes will receive 4% of the cost of construction of each of the Facilities, including engineering, labor, materials and other related costs. Such payments will come solely from revenues arising from the sale of the Bonds and the Special Tax. There is no assurance that the Management Agreement, when executed, will not vary materially from the November 14, 1989 draft of the Management Agreement.

Reimbursement of Advances and Work-in-Kind

The City is expected to enter into an Agreement Relating to Acquisitions of Improvements and Reimbursement of Advances of Funds and Work-in-Kind by the Northwest Roseville Community Facilities District No. 1 (the "Acquisition Agreement") with Elliott Homes sometime in December 1989. For a description of Elliott Homes, see "PROPERTY OWNERSHIP WITHIN THE DISTRICT." The draft of the Acquisition Agreement dated December 8, 1989 provides that the City shall acquire from Elliott Homes all Facilities constructed by Elliott Homes which are within the boundaries of the District and within the scope of the Financing Plan, the costs of which were advanced by Elliott Homes. According to the draft Acquisition Agreement, the City will also reimburse Elliott Homes for any work performed or funds advanced by Elliott Homes for the formation of the District as well as the planning, design and construction of the Facilities. The sole source of payment to Elliott Homes under the Acquisition Agreement is revenues arising from

the sale of the Bonds and the Special Tax. In the event that such revenues are insufficient to cover the costs of Facilities constructed by Elliott Homes, Elliott Homes nonetheless will be obligated to complete the Facilities (with the exception of the elementary school and the municipal golf course), and Elliott Homes will assume the risk of such deficiency. The Acquisition Agreement does not preclude Elliott Homes from seeking reimbursement from other property owners within the District for any deficiency which Elliott Homes assumes pursuant to the Acquisition Agreement. There is no assurance that the Acquisition Agreement, when executed, will not vary materially from the December 8, 1989 draft of the Acquisition Agreement.

Environmental Review

On May 10, 1989, the City Council certified a final Environmental Impact Report (the "EIR") for the Northwest Roseville Specific Plan pursuant to Resolution No. 89-81, and adopted specific findings of overriding considerations relating to certain entitlements to permit the development of the Plan Area in accordance with the Northwest Roseville Specific Plan.

The EIR identifies several environmental impacts created by development within the Plan Area and suggests possible mitigation measures to minimize the impacts to the extent possible. Most of the impacts identified are classified in the EIR as either "Less Than Significant Impact" or "Mitigated to Less Than Significant Impact" upon application of suggested mitigation measures. Impacts on water quality, waste generation, fish habitats, localized carbon monoxide generation, vegetation, wildlife and visual and aesthetic resources were judged by the EIR to be "Significant." The City Council determined, pursuant to Resolution No. 89-81 adopted on May 10, 1989, that although development within the Plan Area would result in some significant adverse environmental impacts, such development should nevertheless be approved for the following reasons:

1. The development would generate approximately 4,747 new primary jobs for the City and would create needed residential housing, including housing which would be affordable to middle and low-income households.

2. The development would implement the Land Use Element and various policies of the City's General Plan.

3. The development plans provide for a 201-acre municipal golf course and 138.4 acres of park areas.

The City Council further determined that the only mitigation measure which would reduce the significant impacts to less-than-significant levels would be the "no project" alternative, since relocating the development would merely shift the same impacts to a different location. The City Council decided, however, that the "no project" alternative could not be considered a realistic long-term land use alternative. Furthermore, the "no project" alternative would prevent the development of the Plan Area as a predominantly residential area, which would in turn aggravate the predicted imbalance between job and housing availability in the region.

To mitigate the environmental impacts resulting from development of the Plan Area, the City Council adopted the "Northwest Roseville Specific Plan Project Monitoring Program" (the "Monitoring Program") pursuant to Resolution No. 89-81 adopted on May 10, 1989. The Monitoring Program imposes various controls designed to monitor the implementation of the recommended mitigation measures, including the following:

1. Inspection of grading and soil erosion by the City at various points throughout construction, and filing of erosion control and drainage plans by each developer;

2. Preclusion of construction (except for limited uses specifically permitted by the City) from certain floodplains, which will be maintained as vegetated corridors providing buffering of runoff;

3. Protection of three vernal pool preserves through enforcement of specific measures;

4. Enforcement of a tree preservation plan, including prohibition against removal of trees without prior identification by the developer and approval by the City;

5. Development of Regional Air Quality Maintenance Plans by the developers in conjunction with the City;

6. Prohibit use of land within a specified distance of electrical transmission facilities for purposes other than recreation, open space and parking; and

7. Review by the City of all applications for use permits and building permits to ensure that landscaping complies with the Northwest Roseville Specific Plan.

Additional Public Improvements

Not all of the public improvements within the District will be fully funded by the Bond proceeds. Certain of the improvements, including a municipal golf course, a new elementary school and certain water facilities, will only receive a portion of their financing from the Bonds.

The Financing Plan authorizes the City to raise up to $250,000 per year for four years to pay for the construction of the golf course. The Golf Course Agreement provides that additional funds may be contributed and loaned by Sammis. It should be noted that the anticipated cost of the golf course well exceeds the amounts the City may receive from the Special Tax or under the Golf Course Agreement. Although the City has agreed to use its best efforts to raise the additional funding necessary to complete the golf course, the availability of such funding has not been identified. For additional information regarding the golf course and its funding, see "- Golf Course Gift Deed Agreement."

Construction of Heritage Oak, the proposed elementary school within the Dry Creek District, is expected to cost approximately $6.4 million. One-half of this amount is to be financed from Bond proceeds. It is anticipated that the balance of $3.2 million will be financed by the State pursuant to a matching funds program and by the imposition of developer fees within the District. The Dry Creek District expects these sources to meet the costs of the construction of Heritage Oak. However, there is no assurance that these other sources of financing will actually be available or, if they are available, that they will be adequate.

A portion of the water facilities to be constructed in the District will be used to conduct water for the County as well as the District. In light of such joint use, the County will provide approximately 10% of the costs of the water facilities. The balance of the costs will be provided by the Bond proceeds. The December 8, 1989 draft of the Acquisition Agreement provides that if the City determines that the pipelines for such water facilities shall be 16 inches in diameter rather than 12 inches, Elliott Homes will assume the risk that revenues from the sale of the Bonds will be insufficient to pay any additional costs resulting from such increase.

Additional Information

This section summarized certain information contained in the Northwest Roseville Specific Plan, the Development Agreements, the Financing Plan and certain other documents, copies of which documents are on file with the City and available for public inspection at the office of the Finance Director of the City, 311 Vernon Street, Roseville, California 95678, telephone number (916) 781-0320. The information contained herein concerning such documents is only a summary of certain information contained in the complete documents on file with the City, and such information is qualified in its entirety by the complete documents on file with the City, which are incorporated herein by this reference.

PROPERTY WITHIN THE DISTRICT

Introduction

The property within the District is located in the westerly section of the City of Roseville in Placer County, part of the northeasterly section of metropolitan Sacramento. The City of Sacramento is approximately 16 miles southwest of Roseville. Roseville is situated at the base of the Sierra Nevada foothills, along Interstate Highway 80. The estimated population of the City as of 1989 is approximately 37,900.

The neighborhood in which the District is located is generally bounded by Blue Oaks Road on the north, Base Line Road to the south, Fiddyment Road to the west and Foothill Boulevard to the east. Until recently, the District was primarily open, undeveloped agricultural land devoted primarily to grain production and cattle grazing. A wide variety of land uses are designated and planned within this area, but the primary planned use is detached single family housing, some multifamily housing, support retail commercial and business and professional offices. See the location maps attached hereto as Appendix A.

Access

Existing primary traffic corridors in the neighborhood of the District include Washington Boulevard and Foothill Boulevard running north-south, and Base Line Road, Blue Oaks Road and Junction Boulevard running east-west. New primary roads or road extensions to be built as part of the Facilities include Cook-Riolo Road, Junction Boulevard, Woodcreek Oaks Boulevard, Wakefield Drive and Country Club Drive.

The nearest freeways are State Highway 65 and Interstate Highway 80. Access to State Highway 65 is available via Foothill Boulevard and Blue Oaks Road. Access to Interstate Highway 80 may be accomplished via Foothill Boulevard and Cirby Way or from Blue Oaks Road to Freeway 65 and then to Interstate 80. Interstate Highway 80 extends from the San Francisco Bay area to the east coast of the United States, and is a primary traffic corridor in the Sacramento metropolitan area.

Zoning and Land Use

The District lies entirely within the Plan Area of the Northwest Roseville Specific Plan. The Northwest Roseville Specific Plan divides the property within the Plan Area into various land use categories. Map A-2 included with the location maps attached hereto as Appendix A contains a map showing the land use designations for property within the Plan Area. In accordance

with the Northwest Roseville Specific Plan, approximately 752 acres of land in the District are designated as open space, parks, land owned or to be dedicated in fee to public entities, parcels or portions of parcels restricted by power-line easements, and rights-of-way for future public streets. These 752 acres are not considered developable and are excluded from the Special Tax under the Financing Plan. The remaining approximately 1,258 acres of land are developable and are subject to the Special Tax. Appendix E sets forth, for each taxable parcel in the District, the number of taxable acres and land use category as specified in the Northwest Roseville Specific Area Plan. The location of each of the taxable parcels is shown on Map A-2 included with the location maps attached hereto as Appendix A. All of the developable property within the District is currently zoned PD (Planned Development).

Pursuant to the Development Agreements, certain property owners within the District have the right to develop their property within the land use categories specified in the Northwest Roseville Specific Plan provided they satisfy certain conditions. The land use category for each taxable parcel set forth in the Northwest Roseville Specific Plan was used in the Financing Plan to allocate the Special Tax among the Taxable Land within the District.

Topography

The topography of the District is rolling to gently rolling with a vegetative cover of native grasses and scattered clumps of oak trees. Portions of the District are traversed by Kaseberg Creek and Pleasant Grove Creek. Thus, a part of the District is within a flood plain area that is designated for open space and as part of a planned 18-hole municipal golf course.

An overhead utility line easement of approximately 360 feet in width extends across a portion of the District in an east-west direction.

Development Within the District

The District is essentially open, undeveloped land. The remainder of the Plan Area, however, has been largely developed. Sale prices for single-family homes in the developed properties within the Plan Area currently range from approximately $130,000 to approximately $250,000.

The proposed development plan for the property within the District, as described in the Northwest Roseville Specific Plan and the Development Agreements, envisions primarily single-family and multi-family residential units with supporting business and commercial uses. The proposed land uses are set forth below.

PROPOSED TAXABLE LAND USES

Use	Taxable Acres 1/	Dwelling Units 1/
Single Family	968	3,865
Multi-Family	103	1,106
Commercial	119	—
Business – Professional	68	—
TOTAL	1,258	4,971

1/ The number of taxable acres and dwelling units reflects the tentative subdivision maps filed with the City rather than the Northwest Roseville Specific Plan.

Only a small percentage of the planned private construction within the District has been completed. Construction on Parcels 58 and 61 has been completed; construction on Parcels 8 and 42 is currently under way. Numerous tentative subdivision maps have been filed or will be filed with the City in the near future. Rough grading has begun on several parcels within the District.

Except for the construction of certain improvements along a section of Junction Boulevard, work on the Facilities has not been commenced. The section of Junction Boulevard which has been constructed includes street pavement, sewers and storm drains. The next phase of construction within the District will be grading of the entire District, which is expected to commence in April or May of 1990. Bids for construction of the improvements will be solicited in January and March of 1990. No bids have been solicited or received.

The current estimate of the total cost of the Facilities is $28,183,917.60. This estimate is based upon actual construction costs for completed improvements, accepted bids for certain improvements and estimates for improvements for which bids have not yet been sought. In the case of improvements for which bids have not yet been sought, estimates have been based upon accepted bids for similar improvements included as part of the Facilities. The estimates of the costs for the Facilities have been prepared by Elliott Homes as project manager and reviewed by the City's Public Works Department. It is currently anticipated that all of the costs of the Facilities, with the exception of one-half of the cost of the proposed elementary school, will be financed from Bond proceeds. (See "SOURCES AND USES OF FUNDS SCHEDULE.")

It is anticipated that substantially all of the Facilities to be financed with Bond proceeds will be completed by early 1991. (See "THE DISTRICT AND FINANCING PLAN FOR THE FACILITIES — Financing Plan.")

Landscaping and Lighting District

The Development Agreements require the City to form a landscaping and lighting district to finance the installation and maintenance of certain improvements pursuant to the Landscaping and Lighting Act of 1982, to be known as the Northwest Roseville Specific Plan

Landscaping and Lighting District (the "Landscaping and Lighting District"). The Landscaping and Lighting District was approved by the City on December 6, 1989.

The boundaries of the proposed Landscaping and Lighting District are almost entirely within those of the District. The improvements to be financed by the assessments upon the proposed Landscaping and Lighting District include streets (including plantings and sidewalls), preservation of vernal pool reserves, bike trails and parks. Pursuant to the Development Agreements, total annual assessment per single-family parcel or unit is expected to be equal to or less than $100.

Summary of Appraisal Report

The City caused the preparation of an Appraisal Report for the Taxable Land within the District by Clark-Wolcott Company, Inc., dated December 5, 1989 (the "Appraisal Report"). The Appraisal Report provides an estimate of the fair market value of the 41 parcels of Taxable Land within the District as of November 15, 1989 based on the assumption that all of the Facilities have been constructed. A copy of the Executive Summary to the Appraisal Report from Clark-Woolcott Company, Inc., dated December 5, 1989, is attached hereto as Appendix F.

In the Appraisal Report, the appraiser concludes that as of November 15, 1989 the probable aggregate retail fair market value of the Taxable Land within the District, assuming completion of all of the Facilities, is $161,755,000. The principal amount of the Bonds is $33,720,000. The total aggregate amount of existing bonded and overlapping debt in the District together with the principal amount of the Bonds is $39,008,568. (See "DIRECT AND OVERLAPPING BONDED DEBT.") Consequently, the aggregate retail fair market value of the 41 parcels of Taxable Land within the District, as set forth in the Appraisal Report, is approximately 4.80 times the principal amount of the Bonds and 4.15 times the amount of bonded and overlapping debt on the District. It should be noted that the Appraisal Report reflects a summation of the value of the 41 individual parcels appraised; it does not indicate the value of the Taxable Land within the District if it were all sold to a single purchaser at a bulk (discounted) sale price. In comparing the aggregate appraised value of the Taxable Land and the principal amount of the Bonds, it should be noted that the land value set forth in the Appraisal Report is the aggregate of the appraised values of the 41 parcels of Taxable Land within the District, and that the Taxable Land in the District cannot be foreclosed upon as a whole to pay delinquent Special Taxes of all property owners within the District. Rather, individual parcels may be foreclosed upon to pay delinquent installments of the Special Tax levied against such parcels. The principal amount of the Bonds will not be allocated among the Taxable Land within the District; rather, annually, the Special Tax Requirement (including the amount necessary to pay Debt Service) will be allocated among the Taxable Land based upon the Special Tax Formula.

In considering the Appraisal Report and the estimates of value contained therein, it should be noted that the Appraisal Report is based upon a number of standard and special assumptions which affected the estimates as to value. Because the Appraisal Report sets forth the appraiser's opinion as to value only as of November 15, 1989, it does not reflect any changes to value that might have occurred since that date or which may occur in the future. The Appraisal

Report assumes that all of the Facilities, whether financed from the Special Tax or otherwise, have been completed. The Facilities are not anticipated to be completed for some time, and there is no assurance that the net proceeds from the sale of the Bonds will be sufficient to complete the Facilities. (See "SPECIAL RISK FACTORS — Completion of the Facilities.") The appraiser's valuations of the property within the District assume fee simple ownership of the property, free and clear of any liens, including the lien of the Special Tax. Included among the assumptions made in the Appraisal Report are assumptions that no conditions exist that are not discoverable through normal, diligent investigation which would affect the use and the value of the property and that no hazardous material such as asbestos, ureaformaldehyde foam insulation or other potentially hazardous materials which may cause a loss in value of property exists within the District. The appraiser, Clark-Wolcott Company, Inc., did not observe any such material in the District; however, it expressly disclaims in the Appraisal Report any expertise with respect to detection of such substances or responsibility for such substances. The appraiser assumes no responsibility for building permits, zoning changes, engineering or other services or duty connected with legally utilizing the property. For a description of certain of the assumptions made in the Appraisal Report, see the Executive Summary of the Appraisal Report attached as Appendix F. For a description of certain risks that might affect the assumptions made in the Appraisal Report, see "SPECIAL RISK FACTORS — Land Values."

There are a number of pending sales within the District that are scheduled to close escrow shortly which may reflect on the value of the property in the District. For a description of these pending sales, see Appendix E. The pending sales reflect base purchase prices that are lower than the values shown in the Appraisal Report. These base purchase prices, however, do not take into account the obligations of these parcels with respect to the Special Tax. The appraiser, Clark-Wolcott Company, Inc., is of the opinion that the obligation of each of these parcels with respect to the Special Tax should be included in the base purchase price to reflect the total cost incurred by the purchaser.

The complete Appraisal Report is on file with the City and available for public inspection at the office of the Finance Director of the City, 311 Vernon Street, Roseville, California 95678, telephone number (916) 781-0319. The conclusions reached in the Appraisal Report, and the summaries thereof contained in the Executive Summary, are subject to certain assumptions and qualifications which are set forth in the Appraisal Report. The information contained herein is a summary only of certain information contained in the Appraisal Report, and such information and the Executive Summary attached as Appendix F are qualified in their entirety by the Appraisal Report, which is incorporated herein by this reference.

No estimate of the value of the land in the District without the improvements constituting the Facilities is available. The gross assessed valuation of property in the District for Fiscal Year 1988 – 89 was $52,477,767. This amount is not representative of the actual market value of the property in the District, however, since Article XIIIA of the California Constitution limits any increase in assessed value to no more than 2% a year unless property is sold or transferred. As a consequence, assessed values are typically less than actual market values unless the property has recently changed ownership. This value does not account for any reassessments based on changes in ownership or improvements to property occurring after March 1, 1989. There have been a number of significant sales of property within the District since March 1989. For a further discussion of the assessed valuation of property within the District, see "THE CITY OF ROSEVILLE — Assessed Valuation."

Secured Property Tax Allotment and Collections

Table VI shows total secured property tax allotment and collections for property within the District for Fiscal Year 1984 – 85 through Fiscal Year 1988 – 89. For a description of tax levies and delinquencies for the City as a whole, see "THE CITY OF ROSEVILLE — Tax Levies and Delinquencies."

TABLE VI

NORTHWEST ROSEVILLE COMMUNITY FACILITIES DISTRICT NO. 1 SECURED PROPERTY TAX ALLOTMENT AND COLLECTIONS WITHIN THE DISTRICT

Fiscal Year	District Secured Property Tax Allotment 1/	District Secured Special Assessment Property Tax Allotment 2/	Total District Secured Property Tax Allotment	Total District Secured Property Tax Collections	District Collections at Close of Fiscal Year as a % of Allotment
1984 – 85	$43,059	$678,283	$721,341	$445,556	61.77% 3/
1985 – 86	41,854	640,492	682,346	405,926	59.49% 3/
1986 – 87	108,836	606,477	715,313	715,313	100.00%
1987 – 88	198,619	655,006	853,625	833,271	97.60%
1988 – 89	534,938	676,498	1,211,436	1,211,436	100.00%

1/ Represents the District's share of the total County-wide 1% secured property tax levy.

2/ Represents the District's share of the total special assessments levied on the secured property tax levy.

3/ The delinquencies for these Fiscal Years were attributable to one property owner who had declared bankruptcy. The properties were subsequently sold to the current owner.

Source: Placer County Auditor/Controller's Office and City of Roseville.

PROPERTY OWNERSHIP WITHIN THE DISTRICT

Appendix E sets forth the ownership of each of the 41 parcels of Taxable Land in the District as of November 15, 1989 and indicates the parcels which are currently in escrow and their respective prospective buyers. The location of each of the 41 parcels is shown on Map A-2 attached hereto as Appendix A. Table VII below lists, for each of the owners and prospective buyers of land with the District, the total number of acres of Taxable Land owned or in escrow and the percentage of total acres of Taxable Land within the District. There is no assurance that the pending sales will close. For a description of current owners of the Taxable Land, see Appendix E.

TABLE VII
SUMMARY OF
PROPERTY OWNERSHIP IN THE DISTRICT

Owner 1/	Approximate Taxable Acreage		Approximate % Taxable Acreage
Elliott Homes, Inc.	308		24.5%
Sammis Roseville Associates	177		14.0%
Calton Homes of California, Inc.	151		12.0%
M.J. Brock & Sons, Inc.	87		6.9%
John Mourier Construction, Inc.	84	2/	6.7%
Michael Andrew Group	68		5.4%
Kaufman & Broad of Northern California, Inc.	67		5.3%
Citation Homes Northern	60		4.8%
Mollard Corporation	49	2/	3.9%
Hank Fisher Properties/Ryder Homes	45		3.6%
Ron McKim Construction	35		2.8%
J & R Homes, Inc.	34		2.7%
Richmond American Homes	28		2.2%
Marvin Oates	20		1.6%
Beard & Howard	14		1.1%
Foothill/Junction Investors	13		1.0%
Crocker Properties	12		1.0%
Dale A. Williams	6		0.5%
TOTAL	1,258		100.0%

1/ Ownership of property currently in escrow, as indicated in Appendix E, has been assigned to the respective buyers for purposes of Table VII. A description of the current ownership of Taxable Land within the District and the pending sales is contained in Appendix E.

2/ Assumes that Kaufman & Broad of Northern California, Inc. owns 60% of Parcel 28, and Calton Homes of California, Inc. owns 40% of Parcel 28.

Following is a brief description of each person or entity owning or having a contract to purchase at least 60 acres (approximately 5% of the Taxable Land within the District).

Elliott Homes, Inc.

Elliott Homes, Inc. ("Elliott Homes"), an Arizona corporation with its principal office in Sacramento, owns approximately 308 acres (approximately 24.5%) of Taxable Land within the District. The corporate officers of Elliott Homes are Harry C. Elliott III, President, Marvin R. Laird, Vice-President, and Stephen Hemington, Secretary/Treasurer. Elliott Homes is active in residential, commercial and multi-family development in California ad Arizona. The company is a third-generation Sacramento-based organization that has built over 25,000 single family homes since 1935. It is the 46th largest builder of for-sale housing in the United States according to the July 1989 issue of *Professional Builder* magazine.

The President of Elliott Homes is Harry C. Elliott III. Mr. Elliott attended the University of California at Los Angeles and graduated with a Bachelor of Science degree in Real Estate and Urban Land Economics in 1968. He then obtained his MBA in 1969 at the University of California at Berkeley in Finance. Mr. Elliott is also a California and Arizona licensed real estate broker. Stephen Hemington, the Secretary/Treasurer of Elliott Homes, attended the University of Santa Clara and graduated with a Bachelor of Science degree in accounting. After obtaining his CPA, Mr. Hemington worked with a major accounting firm in Sacramento before joining the Elliott organization.

Elliott Homes is currently building in 17 subdivisions in California and Arizona. The company is involved in the development of masterplanned communities such as American River Canyon located on 400 acres in Folsom. The community is comprised of custom homesites, community parks, low-density residential homes built by Elliott Homes, a low-density multi-family site and commercial sites. Another development of Elliott Homes is the masterplanned community of Churchill Downs located on 640 acres in Sacramento. Since opening in November 1987, this property has sold 539 homes and will be comprised of approximately 2,750 homes upon final build-out.

Under the Commercial Division of Elliott Homes, projects such as office building, apartment complexes and shopping centers have been developed. The Commercial Division provides property management expertise for all of its projects.

Sammis Roseville Associates

Sammis Roseville Associates ("Sammis") is a California general partnership between New England Mutual Life Insurance Company, a Massachusetts corporation, and Sammis Foothill Associates, a California general partnership. The general partners of Sammis Foothill Associates are: Lee C. Sammis, Samuel G. Lindsay, John S. Hagestad, Carl F. Willgeroth, The Sammis Company, Frank R. Anderson and Ronald L. Alvarado. The Sammis Company is a California corporation which has been engaged in the construction, marketing and management of commercial property for approximately 15 years. In addition to its substantial experience in commercial developments, The Sammis Company has also developed various residential properties including Rollingwood, a 348-acre masterplanned community in Fair Oaks (within metropolitan Sacramento) which received the "Most Innovative Land Plan" award from the Pacific Coast Builders Conference. The Sammis Company or its affiliates own, owned in the past or have developed nearly 11 million square feet of office, retail and industrial properties, in addition to approximately 1.3

million square feet currently being developed or renovated. The Sammis Company also has approximately 10.6 million square feet of building projects in the planning process and nearly 14,000 acres of land being master-planned. Sammis owns approximately 177 acres (approximately 14.0%) of Taxable Land within the District.

The Sammis Company is headquartered in Irvine, California, and has regional offices in Westlake Village, San Jose and Sacramento, California; and Parsippany, New Jersey. It has subregional offices located in Seattle, Washington; Tempe, Arizona; and Vero Beach, Florida. Each regional office is managed by a regional partner who is responsible for the local operations.

The President of Sammis is Sam G. Lindsay. Prior to joining Sammis, Mr. Lindsay was with the Koll Company, where he was a vice president in the acquisitions and development department, as well as project manager and general partner for four business centers in metropolitan Philadelphia. Mr. Lindsay presently oversees company-wide operations and is directly involved in all onsite acquisition and analysis, project designation and design and construction management. The Executive Vice President of Sammis is John S. Hagestad. Mr. Hagestad is a certified public accountant and holds a masters degree in business administration from the University of Southern California. Prior to joining Sammis, Mr. Hagestad was a vice president with the Koll Company, where he was involved in financial analysis and project acquisition. Prior to joining the Koll Company, Mr. Hagestad was employed by Arthur Young Company. Mr. Hagestad is currently in charge of all matters of finance, accounting and administration at Sammis.

Calton Homes of California, Inc.

Calton Homes of California, Inc. ("Calton"), a California corporation, is a wholly-owned subsidiary of Calton Homes, Inc., a New Jersey corporation. Calton Homes, Inc. is in turn wholly owned by Calton Inc., a New Jersey corporation traded on the New York Stock Exchange. Calton was formed in February 1989 to succeed to the interests of Delta Housing Group, a California limited partnership controlled by Calton Homes, Inc. According to the July 1989 issue of *Professional Builder* magazine, Calton is the 40th largest builder of for-sale housing in the United States. Calton owns approximately 151 acres (approximately 12.0%) of Taxable Land within the District.

Calton is currently engaged in several single-family residential developments in northern California, including three projects within metropolitan Sacramento and one project in Rocklin.

The President of Calton is George H. Matters. Mr. Matters is a graduate of Drexel University and the University of Chicago. Mr. Matters was formerly Chairman of the Board of U.S. Home Corp. A certified public accountant, Mr. Matters has more than 18 years of homebuilding management experience. John W. Hillin, Jr. is the Chief Financial Officer of Calton. Mr. Hillin is a graduate of Texas Tech University and the University of Texas. Formerly Senior Auditor of U.S. Home Corp. and Controller of Richard Armstrong, Inc., Mr. Hillin has nine years of experience in the accounting profession, four of which have been with major homebuilders.

M.J. Brock & Sons, Inc.

M.J. Brock & Sons, Inc. ("Brock"), a Delaware corporation, has been engaged in residential and commercial development for over 50 years. Although it has extensive experience in general contracting and construction, since 1986 Brock's construction activities have been

exclusively in residential housing, although it continues to develop and sell commercial properties. Brock operates through two major division offices, one in southern California (Los Angeles) and one in northern California (Sacramento). In addition to its main division offices, Brock also has offices in San Diego, San Bernardino and Laguna Hills, California. Brock has built over 15,000 homes in northern California since its establishment in 1952. Among its other notable developments, Brock developed and built Larchmont Country, a 550-acre planned community of over 3,000 residential units and supporting commercial and office properties in southern metropolitan Sacramento. Brock owns approximately 87 acres (approximately 6.9%) of Taxable Land within the District.

The President of Brock is Jack R. Harter, who has been the President of the company for six years. Prior to that time, Mr. Harter was the Vice President – Residential Operations of Brock. Mr. Harter has been employed by Brock for over 25 years. The Division Manager of Brock's northern California division since 1984 has been Donald E. Reed, who is also Corporate Vice President of Brock. Prior to that time, Mr. Reed was Corporate Vice President and Assistant Division Manager of Brock's northern California division. Mr. Reed has over 14 years of experience in managing Brock's northern California division.

John Mourier Construction, Inc.

John Mourier Construction, Inc. ("JMC"), incorporated in California in 1976, has been building properties in the greater Sacramento area since 1974. JMC's main office is located in the City and consists of the following divisions: New Home, Land, Contract Home, Custom Home and Commercial. JMC's last fiscal year had gross sales of approximately $40 million. JMC owns approximately 84 acres (approximately 6.7%) of Taxable Land within the District.

JMC's New Home Division completed nine single-family residential projects (consisting of 638 lots) over the last 36 months, and is currently engaged in the construction of seven single-family residential projects (consisting of 713 lots), all within the greater Sacramento area. The company's recently-expanded Commercial Division recently finished two separate commercial projects, both of which were completed on schedule and under budget.

The President of JMC is John Mourier, the founder of the company. Bruce McAlister is the General Manager – General Superintendent of JMC. Mr. McAlister has been with JMC since 1979.

Michael Andrew Group

The Michael Andrew Group ("Michael Andrew") is a California corporation primarily engaged in the development of residential real estate. Since its formation in 1983, Michael Andrew has participated (including current projects) in 45 residential developments totalling over $73 million in construction costs. Michael Andrew owns approximately 68 acres (approximately 5.4%) of Taxable Land within the District. All general contracting for Michael Andrew is performed by Scharringhausen, Inc. ("Scharringhausen"), a wholly-owned subsidiary of Michael Andrew.

The Chief Executive Officer of Michael Andrew and Scharringhausen is Robert M. Scharringhausen, who has been involved in construction design and management since 1975. Mr. Scharringhausen was formerly employed by CRS/Metcalf & Eddy, RAK Contracting, Teledyne Inet and the Los Angeles County Flood Control District. Timothy J. Larson is the President of Michael Andrew and of Builders Residential Sales Corporation, an affiliated company which

markets homes built by Michael Andrew. Mr. Larson has served as the President of Michael Andrew since 1987, and holds a real estate broker's license in both California and Nevada.

Kaufman & Broad of Northern California, Inc.

Kaufman & Broad of Northern California, Inc. ("Kaufman & Broad"), a California corporation, is wholly-owned by Kaufman & Broad Home Corporation ("Kaufman Corporation"), a Delaware corporation. Founded in 1957, Kaufman Corporation (including its affiliates) is a major residential developer in California and France, as well as a major commercial developer in the Paris metropolitan area. According to the July 1989 issue of *Professional Builder* magazine, Kaufman Corporation is the ninth largest builder of for-sale housing in the United States. Kaufman & Broad currently operates through nine divisions in California and three divisions in France, and has more than 75 residential projects underway in major metropolitan markets. Kaufman & Broad owns approximately 67 acres (approximately 5.3%) of Taxable Land within the District.

Kaufman & Broad's North Bay Division, based in Dublin, California, has won numerous awards for product design and marketing. The Division President is John Polk. The Sacramento regional office is headquartered in the City and is under the management of Regional Manager Murray Lind.

Citation Homes Northern

Citation Homes Northern ("Citation Northern"), a California corporation, is successor in interest to Citation Homes Northern Division, a residential real estate developer which has been building homes in Sacramento and the Bay Area since 1977. The president and owner of Citation Northern is Mr. Dennis Cheney, who has been responsible for design and construction of Citation Northern residential development since Citation's origin in 1977. Citation Northern owns approximately 60 acres (approximately 4.8%) of Taxable Land within the District.

Citation Northern has constructed nearly 3,900 single family homes in Sacramento, Elk Grove, Elverta, and Folsom, California since 1977, as well as almost 3,600 homes in the San Francisco Bay Area communities of San Ramon, Walnut Creek, Martinez, Hercules, Pinole, Vallejo, Vacaville and Napa. The Citation Northern headquarters office is located in Martinez with a regional office located in Sacramento.

All information contained herein concerning the property owners has been furnished by the property owners. The City has not independently verified, nor does it make any representation as to, the accuracy of such information.

DIRECT AND OVERLAPPING BONDED DEBT

Contained within the boundaries of the District are numerous overlapping local agencies providing public services. The direct and overlapping debt of property within the District as of November 1, 1989 is shown in Table VIII.

TABLE VIII

STATEMENT OF DIRECT AND OVERLAPPING BONDED DEBT NORTHWEST ROSEVILLE COMMUNITY FACILITIES DISTRICT NO. 1 AS OF NOVEMBER 1, 1989

1988 – 89 Assessed Valuation:	$52,477,767	
Direct and Overlapping Bonded Debt:	**% Applicable**	**Debt**
Placer County Building Authorities	0.056%	$ 3,122
Roseville City School District Certificates of Participation	0.172	305
Roseville Financing Authority	2.304	397,210
City of Roseville Foothill Boulevard 1915 Act Assessment Bonds	Various	1,989,412
City of Roseville Foothill Boulevard Extension 1915 Act Assessment Bonds	Various	2,898,519
City of Roseville Northwest Community Facilities District No. 1	100.000	33,720,000 1/
Total Direct and Overlapping Bonded Debt		$39,008,568
Ratios to Assessed Valuation:		
Direct Debt	64.26%	
Total Gross Debt	74.38%	
State School Building Aid Repayable as of June 30, 1989:	$135	

1/ The Bonds to be sold as described herein.

Source: California Municipal Statistics, Inc. and City of Roseville.

In addition to the bonded debt set forth above, new community facilities districts or special assessment districts may be formed and, upon approval of registered voters or landowners within such districts, may issue more bonds and levy additional special or other taxes or assessments. In addition to the Special Tax and special assessments, the property owners within the District will be required to pay the general ad valorem property tax.

THE CITY OF ROSEVILLE

The District is located in the City of Roseville. The following financial and economic data for the City is presented for information only. The Bonds are not a debt or obligation of the City, but are a limited obligation of the City secured solely by the funds held pursuant to the Resolution.

General

The City is in California's Sacramento Valley, near the foothills of the Sierra Nevada. It is located about 16 miles northeast of Sacramento, the State capital, and 110 miles east of San Francisco. With a population of 37,900 in 1989, Roseville is the largest city in the County in addition to being its residential and industrial center. The City was incorporated April 10, 1909. It adopted its first charter in 1934 and its present charter in 1955.

There is a wide variety of land uses within the City. Most of the City's residential neighborhoods are located west of Interstate Highway 80; industrial facilities, including Formica, Reynolds Metals, Western Electric, Alcan Cable, NEC Electronics and Hewlett-Packard are concentrated in the north Roseville area. Property along Douglas Boulevard, the principal commercial street in the City, is predominantly retail, commercial and office building development, including a major auto dealership and several community shopping centers. South of the commercial development along Douglas Boulevard is an area devoted to single- and multi-family residential housing. Also within the area south of Douglas Boulevard is Roseville Community Hospital, a major health care facility serving the northeasterly section of the Sacramento metropolitan area.

Educational facilities from kindergarten through high school are provided by the Dry Creek Joint Elementary School District, the Roseville City School District and the Roseville Joint Union High School District. Institutions of higher learning include Sierra Community College north of the District and numerous colleges and universities in the central Sacramento area, including three junior colleges, McGeorge School of Law, California State University, Sacramento, University of California at Davis, and the University of California Medical Center in Sacramento.

Public transportation to the Roseville area is provided by buses operated by the Sacramento Regional Transit Authority. As a practical matter, however, the primary mode of transportation is by private automobile.

The City has the warm summers typical of central California, with an average July temperature of 77 degrees. Winter temperatures are moderate; the average January temperature is 46 degrees. The temperature drops below freezing an average of 8 days per year. Rainfall averages 20 inches annually and falls mostly during the winter.

Governing Body

The City operates under a council-manager form of government, with a five-member City Council elected at large for staggered four-year terms. At each election, the council member receiving the most votes is appointed mayor for two years. The current members of the City Council and their occupations are listed in Table IX.

TABLE IX

CITY OF ROSEVILLE

Name	Office	Term Expires	Occupation
Pauline Roccucci	Mayor	11/8/93	Nurse
Mel Hamel	Mayor Pro-Tem	11/8/93	Educator
John M. Byouck	Member	11/11/91	Businessman
William Santucci	Member	11/11/91	Retired
Harry Crabb, Jr.	Member	11/8/93	Executive

City Financial Data

The City uses the modified accrual basis of accounting, and its financial accounts are audited annually by an independent auditor.

Table X summarizes the revenues and expenses of the City's general fund for five years, including the Fiscal Year 1988-89 budget. The City's largest sources of general fund revenue are property, sales and utility taxes, which accounted for about 65% of total annual general fund revenue in Fiscal Year 1987-88. The City's largest expense is public safety, accounting for about 37% of total expenditures in Fiscal Year 1988-89. Public safety includes expenditures for police and fire services.

Operating general fund deficits are offset by transfers from special revenue and enterprise funds. The unaudited general fund balance as of the end of Fiscal Year 1988-89 was $4.4 million. The City's long-term debt on its outstanding revenue bonds and certificates of participation was $78.8 million as of October 2, 1989.

The City's audited financial statements for Fiscal Year 1988-89 will be available in mid-December 1989 from the office of the Finance Director of the City, 311 Vernon Street, Roseville, California 95678, telephone number (916) 781-0319. The City's audited financial statements for Fiscal Year 1987-88 and previous Fiscal Years is currently available from the office of the Finance Director of the City.

TABLE X

CITY OF ROSEVILLE
GENERAL FUND REVENUES AND EXPENDITURES

	1984 – 85	1985 – 86	1986 – 87	1987 – 88	Unaudited 1988 – 89
Revenues					
Taxes	$ 7,587,063	$ 8,875,586	$ 10,245,989	$ 10,322,225	$ 12,649,798
Licenses & permits	324,666	434,619	575,258	613,100	1,179,306
Charges for services	562,269	693,898	888,844	1,124,900	2,144,465
Use of money and property	458,502	476,610	431,740	405,500	640,361
Subventions & grants	896,497	1,148,851	1,144,216	1,633,990	1,924,560
Miscellaneous	91,397	34,099	197,337	51,700	220,817
Total Revenues	9,920,394	11,663,663	13,483,384	14,151,415	18,759,247
Expenditures					
General Government	1,800,535	1,838,898	3,298,929	2,564,435	2,706,953
Public works	215,605	554,208	676,851	1,428,450	1,974,779
Public safety	4,668,311	5,291,237	6,206,383	7,280,055	7,754,436
Streets	1,332,330	1,433,012	3,087,283	2,288,000 1/	1,895,696
Library	836,830	792,188	881,699	1,072,190	1,113,565
Parks & recreation	1,370,388	1,807,017	2,880,321	4,567,070 1/	2,372,347
Capital outlay	—	186,625	—	—	1,040,151
Miscellaneous	76,021	—	41,355	100,000	—
Total Expenditures	10,300,020	11,903,185	17,072,821	19,300,200	18,857,927
Operating revenues (deficit)	(379,626)	(239,522)	(3,589,437)	(5,148,785)	(98,680)
Other	—	—	—	—	—
Operating transfers	1,563,397	1,176,700	2,256,924	3,338,760	1,870,226
Operating & other revenue (deficit)	1,183,771	937,178	(1,332,513)	(1,810,025)	1,773,546
Equity tranfers	852	(16,146)	(202,517)	—	(435,726)
Fund balance change	$ 3,197,194	$ 4,118,226	$ 2,583,196	$ 773,171	$ 1,335,820

1/ Includes $575,500 for street improvements and $2,246,700 for park improvements.

Source: City of Roseville audited financial statements for Fiscal Years 1984 – 85 through 1987 – 88 and unaudited financial statements for Fiscal Year 1988 – 89. Audited statistics for Fiscal Year 1988 – 89 will be available from the City after December 15, 1989.

Ad Valorem Property Taxation

Taxes are levied by the County for each Fiscal Year on taxable real and personal property which is situated in the County as of the preceding March 1. For assessment and collection purposes, property is classified either as "secured" or "unsecured" and is listed accordingly on separate parts of the assessment roll. The "secured roll" is that part of the assessment roll containing State-assessed public utilities property and property the taxes on which are a lien on real property sufficient, in the opinion of the County Assessor, to secure payment of the taxes. Other property is assessed on the "unsecured roll."

Property taxes on the secured roll are due in two installments, on November 1 and February 1 of each Fiscal Year. If unpaid, such taxes become delinquent on December 10 and April 10, respectively, and a 10% penalty attaches to any delinquent payment. Property on the secured roll with respect to which taxes are delinquent becomes tax defaulted on or about June 30 of the Fiscal Year. Such property may thereafter be redeemed by payment of a penalty of 1.5% per month to the time of redemption, plus costs and a redemption fee. 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 Treasurer.

Property taxes on the unsecured roll are due as of the March 1 lien date and become delinquent, if unpaid, on August 31. A 10% penalty attaches to delinquent unsecured taxes. If unsecured taxes are unpaid at 5 p.m. on October 31, an additional penalty of 1.5% attaches to them on the first day of each month until paid. The taxing authority has four ways of collecting delinquent unsecured personal property taxes: (1) bringing a civil action against the taxpayer; (2) filing a certificate in the office of the County Clerk specifying certain facts in order to obtain a lien on certain property of the taxpayer; (3) filing a certificate of delinquency for record in the County Clerk and County Recorder's office in order to obtain a lien on certain property of the taxpayer; and (4) seizing and selling personal property, improvements or possessory interests belonging or assessed to the assessee.

Assessed Valuation

Table XI shows a history of assessed valuations in the City since Fiscal Year 1982-83. Over the years shown, assessed valuations increased at an annual compound rate of 16.9%. For each one-year period from 1983-84 through 1987-88, the total value increased significantly over the prior year.

TABLE XI

CITY OF ROSEVILLE
ASSESSED VALUATION AND
AD VALOREM TAX LEVY ($000)

	1982 – 83	1983 – 84	1984 – 85	1985 – 86	1986 – 87	1987 – 88
Security	$ 626,800	$ 710,829	$ 846,457	$ 1,053,446	$ 1,209,138	$ 1,450,926
Utility	51,829	66,292	77,669	85,451	89,966	91,687
Homeowner Exemption	40,927	41,756	43,221	45,190	47,713	52,546
Unsecured	36,990	42,798	48,046	45,056	51,033	59,065
TOTAL	$ 756,546	$ 861,675	$ 1,015,393	$ 1,229,143	$ 1,397,850	$ 1,654,224
% Increase		13.9%	17.8%	21.1%	13.7%	18.3%
General Government	$1,352	$1,531	$1,797	$2,167	$2,458	$2,697
% Delinquent	7.8%	6.6%	6.3%	5.9%	5.1%	N/A

Source: Placer County Auditor/Controller's Office.

Tax Levies and Delinquencies

Table XI above also shows a six-year history of the City's ad valorem tax levies and delinquencies.

Population and Growth

The City's 1989 population is 37,900, or 24% of the County total of 160,400. The City's population increased by 57% between 1980 and 1989, representing an average annual compound growth rate of 5.1%.

TABLE XII

CITY OF ROSEVILLE AND COUNTY OF PLACER
POPULATION GROWTH, 1980 – 1989

	City of Roseville		Placer County	
	Population	Annual Percent Change	Population	Annual Percent Change
1980	24,204	—	117,247	—
1981	25,114	3.8%	120,500	5.1%
1982	25,835	2.9	124,600	3.4
1983	26,388	2.1	127,800	2.6
1984	27,414	3.9	131,100	2.6
1985	28,039	2.3	135,300	3.2
1986	29,897	6.6	140,200	3.6
1987	31,612	5.8	145,900	4.1
1988	34,400	8.1	152,700	4.7
1989	37,900	10.1	160,400	5.0

Source: California Department of Finance.

Employment and Industry

Table XIII summarizes employment and unemployment in the County from 1982 to 1988. During that period, total employment in the County increased by approximately 40%, an annual compound rate of 5.8%. The unemployment rate has decreased from 12.7% in 1982 to 5.1% in 1988. Retail trade and services are the largest employment sectors in the County. The fastest-growing employment sector is manufacturing. The increase in manufacturing employment is due in part to the local growth of the electronics industry.

TABLE XIII

PLACER COUNTY
EMPLOYMENT AND UNEMPLOYMENT
1982 — 1988

	1982	1983	1984	1985	1986	1987	1988
Wage and Salary Employment							
Agriculture and Forestry	500	400	500	500	500	600	600
Construction and Mining	1,900	2,400	3,100	3,600	3,700	4,500	4,700
Manufacturing	3,100	3,300	4,400	4,800	5,200	6,000	6,500
Transportation and Public Utilities	4,100	4,100	4,100	3,900	3,600	3,300	3,400
Wholesale Trade	1,100	1,200	1,200	1,200	1,200	1,400	1,400
Retail trade	8,500	9,000	9,900	10,400	10,900	11,500	12,600
Finance, Insurance and Real Estate	1,900	2,000	2,100	2,300	2,600	2,800	2,800
Services	8,500	8,700	9,600	9,700	10,600	11,200	11,600
Government	8,300	8,200	8,300	8,400	8,700	9,100	9,600
TOTALS	37,900	39,300	43,200	44,800	47,000	50,400	53,200
Unemployment							
Civilian Labor Force	60,600	63,000	66,100	65,300	68,300	71,900	75,500
Employment	52,900	56,600	60,600	60,700	64,200	68,200	71,600
Unemployment	7,700	6,400	5,500	4,600	4,100	3,700	3,900
Unemployment Rate - Placer County	12.7%	10.2%	8.3%	7.1%	5.9%	5.2%	5.1%
Unemployment Rate - State of California	9.9%	9.7%	7.8%	7.2%	5.7%	5.7%	5.3%

Source: State Employment Development Department.

Table XIV shows the largest employers in the City. Southern Pacific operates one of the largest switching and marshaling yards west of Chicago. Hewlett-Packard and NEC Electronics USA have major facilities in the City manufacturing computer components. Together they employ 3,300 persons.

TABLE XIV

CITY OF ROSEVILLE
LARGEST EMPLOYERS
(AS OF DECEMBER 20, 1989)

Firm	Employment	Type of Business
Hewlett-Packard	2,600	Computer Manufacturing
Southern Pacific	1,600	Marshalling Yard and Maintenance
Roseville Community Hospital	1,200	Health Care
NEC Electronics USA, Inc.	700	Semiconductor Manufacturing
City of Roseville	510	City Government
Roseville City School District	425	Education
Kaiser-Permanente	420	Health Care
Formica Corporation	380	Manufacturing
Roseville Telephone	365	Telephone Utility
Roseville Joint Union High School District	335	Education
Lathan Lumber Company	300	Lumber Sales
Roseville Convalescent Hospital	200	Health Care
Albertson's Distribution Center	180	Grocery Distribution

Source: Roseville Chamber of Commerce, City of Roseville Planning Department, Roseville City School District and Roseville Joint Union High School District.

Building Activity

Table XV summarizes building permits issued and building valuation in the City for the past six Fiscal Years.

TABLE XV

CITY OF ROSEVILLE
CONSTRUCTION ACTIVITY

	1983-84	1984-85	1985-86	1986-87	1987-88	1988-89
Valuation ($000)						
Residential	$59,011	$54,428	$84,137	$105,587	$142,500	$160,862
Commercial	9,552	28,002	10,190	31,800	13,298	38,686
Industrial	—	—	—	—	1,085	—
All Others	110	163	126	77	188	216
TOTAL	$68,673	$82,593	$94,453	$137,464	$157,071	$199,764
Dwelling Units						
Single Family	553	413	663	771	926	1,172
Multiple Family	83	284	274	456	712	210
TOTAL	636	697	937	1,227	1,638	1,382

Source: City of Roseville.

Retail Trade

Taxable sales in the City increased by 32% between 1983 and 1988, an annual compound rate of 12.7%, as shown in Table XVI.

The largest category of taxable retail sales is auto dealers and supplies, which accounted for 41.0% of all taxable sales volume in 1988. Significant growth took place between 1983 and 1988 in apparel, general merchandise, home furnishings and appliances, and auto dealers and supplies.

TABLE XVI

CITY OF ROSEVILLE
TAXABLE SALES
1983 – 1988

Taxable Sales ($000)	1983	1984	1985	1986	1987	1988
Retail stores:						
Apparel	$ 6,997	$ 10,395	$ 11,421	$ 14,596	$ 18,361	$ 22,031
General Merchandise	14,730	17,676	21,884	24,502	28,506	43,655
Drug	6,795	6,825	6,614	6,695	7,119	6,905
Food	17,794	22,229	22,498	25,877	28,944	29,305
Liquor	4,553	4,099	4,075	3,880	3,671	3,981
Eating and Drinking	21,493	23,991	26,729	27,429	30,501	32,562
Home Furnishings and Appliances	5,189	8,648	10,763	10,088	7,380	7,942
Building Materials, Farm Implements	29,708	35,964	40,788	38,798	41,936	50,557
Auto Dealers and Supplies	126,338	144,719	171,817	205,480	205,993	226,881
Service Stations	21,353	22,267	22,859	18,571	20,685	23,511
Other Retail Stores	14,389	16,073	20,751	22,024	28,152	34,183
Total Retail Stores	$269,339	$312,886	$360,199	$397,940	$421,248	$481,513
All Other Outlets	35,209	46,134	68,990	61,485	73,584	72,673
Total Taxable Sales	$304,548	$359,020	$429,189	$459,425	$494,832	$554,186

Source: California State Board of Equalization.

Litigation

The City is presently defending a lawsuit brought by approximately 203 individuals residing in approximately 66 households. The plaintiffs have alleged numerous claims against the City, the County and other defendants arising out of flooding that occurred in the City on February 18, 1986 following several days of rain. The plaintiffs seek relief for property damage, personal injury and other losses. The lawsuit is pending in the Placer County Superior Court.

The aggregate amount of potential damages is substantial and could exceed the City's insurance coverage and reserves. The City denies all liability, but the litigation is in the pre-trial stage and the City is therefore unable to predict the outcome of the case. The availability of insurance coverage for any damages that could be awarded has not yet been established.

Transportation

The City is on Interstate Highway 80, which traverses California from San Francisco to the Nevada border. Interstate Highway 80 is the principal all-weather route between San Francisco and points east. Sixteen miles to the west, in Sacramento, Interstate Highway 80 intersects Interstate Highway 5, the principal north-south route connecting the three Pacific Coast states.

The City is on Southern Pacific's mainline track and is a long-established junction point between east-west and north-south traffic. The nearest deep-water port is located in Sacramento. Buses and trucks are available for service throughout California, the western states and the nation. Sacramento Metropolitan Airport is approximately 20 miles west of the City and is served by major scheduled airlines with service to other California cities and points nationwide.

Recreation and Tourism

The City operates a park and recreation program which won the 1972 National Gold Medal Award presented by the National League of Cities. Among the major City facilities are a golf course, two swimming pools and several municipal parks. A new 18-hole municipal golf course to be located within the District is being planned. Nearby is Folsom Lake, with camping, boating and fishing facilities.

The County offers many recreational facilities, particularly in the mountainous areas to the east. Lake Tahoe, 100 miles away, offers summer and winter recreation. Skiing and winter sports are also available in northern and eastern Placer County. Fishing, hunting and hiking are popular recreational activities in the County.

Indebtedness

The City has never defaulted on the payment of principal or interest on any of its indebtedness, or on its obligations or covenants with respect to such indebtedness.

THE RESOLUTION

Funds and Accounts

The Resolution establishes the following funds and accounts:

1. Acquisition and Construction Fund. Upon receipt of the proceeds from sale of the Bonds, the City will deposit (i) into the Redemption Account (described below), an amount equal to interest accruing on the Bonds through March 1, 1991, and (ii) into the Bond Reserve Account (described below), an amount equal to the Required Bond Reserve. The balance of the Bond proceeds will be deposited into the Acquisition and Construction Fund, which will be used to pay for the acquisition and construction of the Facilities as well as related expenses. See "THE BONDS — Application of the Proceeds of the Bonds."

2. Special Tax Fund. So long as any Bonds are outstanding, all proceeds of the Special Tax are to be deposited in the Special Tax Fund established by the Resolution. The monies in the Special Tax Fund are in turn to be deposited into the following separate accounts and according to the following priority: (i) Redemption Account, (ii) Bond Reserve Account, (iii) Expense Account and (iv) Prepayment Account:

(a) Redemption Account. On or before the 25th day of each February and the 28th day of each August beginning in February, 1991, the Treasurer will, from the money in the Special Tax Fund, first transfer to the Redemption Account an amount equal to the aggregate amount of interest due and payable on all outstanding Bonds on the next succeeding interest payment date (except for the March 1, 1991 interest payment). Thereafter, the Treasurer will transfer to the Redemption Account an amount equal to the sum of (i) one-half of the aggregate amount of principal due and payable on all outstanding Bonds on the next succeeding September 1, plus (ii) one-half of the Minimum Sinking Fund Account Payment required to be made into the Sinking Fund Account during the year ending on the next succeeding September 1.

No deposit need be made into the Redemption Account if the amount contained therein is at least equal to the amount required by the preceding paragraph.

All money in the Redemption Account will be used and withdrawn by the Treasurer solely for transfer to the Paying Agent to pay the interest on the Bonds as it becomes due and payable (including accrued interest on any Bonds purchased or redeemed prior to maturity) plus the principal of and redemption premiums, if any, on the Bonds as they become due and payable, except that any money in the Sinking Fund Account shall be used only to purchase, redeem or retire Term Bonds as provided herein.

(b) Bond Reserve Account. On or before the 25th day of each February and the 28th day of each August, beginning in February, 1991, the Treasurer will, from the then remaining money in the Special Tax Fund, transfer to and deposit in the Bond Reserve Account such amount as will be required to restore the Bond Reserve Account to a sum equal to the Required Bond Reserve; for this purpose, beginning in February 1991 all investments in the Bond Reserve Account will be valued on February 25 and August 28 of each year at the face value thereof if such investments mature within 12 months from the date of valuation, or if such investments mature more than 12 months after the date of valuation, at the price at which such investments are redeemable by the holder at his option,

if so redeemable, or if not so redeemable, at the lesser of (i) the cost of such investments plus the amortization of any premium or minus the amortization of any discount, or (ii) the market value of such investments, and for this latter purpose, market value on any such date shall mean the last reported transaction price of such investments or, if not reported, the mean of the closing bid and asked prices of such investments on the next preceding business day as reported in *The Wall Street Journal* (or if such publication is unavailable, in such other financial publication of national standing as may be selected by the Paying Agent), except that as to any investments the bid and asked prices of which are not published on a regular basis in *The Wall Street Journal,* market value shall mean the average bid price at such time of determination for such investments by any two nationally recognized primary government securities dealers (selected by the Paying Agent in its sole discretion) at the time making a market in such investments or the bid price published by a nationally recognized pricing service.

No deposit into the Bond Reserve Account will be necessary if the amount therein is at least equal to the amount required by the above paragraph.

All money in the Bond Reserve Account will be used and withdrawn by the Treasurer solely for the purpose of paying interest on, principal of or redemption premiums, if any, on the Bonds in the event there is insufficient money in the Redemption Account available for this purpose; provided, however, that if as a result of any of the foregoing valuations it is determined that the amount of money in the Bond Reserve Account exceeds the Required Bond Reserve, the Treasurer will withdraw the amount representing such excess from such fund and shall deposit such amount in the Acquisition and Construction Fund or in the Special Tax Fund, as the case may be.

(c) Expense Account. On or before the 25th day of each February and the 28th day of each August, beginning in February 1991, the Treasurer will, from the then remaining money in the Special Tax Fund, transfer to the Expense Account a sum equal to the amount required by the City for the payment of budgeted Expenses. All money in the Expense Account will be used and withdrawn by the Treasurer only to pay Expenses as they become due and payable or to pay interest on, principal of or redemption premiums, if any, on the Bonds in the event that no other money is available therefor.

(d) Prepayment Account. Any prepayments of Special Tax shall be deposited into the Prepayment Account. This account may also be used to receive any eminent domain proceeds pursuant to Section 53317.5 of the Act. Funds in this account may be applied by the City in its discretion for any of the following uses:

(i) As an annuity over the remaining life of outstanding Bonds for the payment of debt service and annual expenses of the District. The annuity must be handled so as not to cause the Bonds to become arbitrage bonds under the Tax Reform Act of 1986, as may be amended.

(ii) To call Bonds as may be provided for by the Resolution. If this application is selected by the City, the amount of any call premiums and other expenses in

connection therewith shall be included in the prepayment amount as an expense of administering the proceeds of the prepayment.

(iii) To be applied in full to the next annual Special Tax levy, provided that the City's ability to make timely payments of debt service in subsequent years is not thereby jeopardized. This method may be used only if the amount of the prepayment is such that its application to options (i) and (ii) would be inefficient or burdensome for the City, as determined by the City's Director of Finance.

3. Community Facilities Fund. All money remaining in the Special Tax Fund (other than money in the Redemption Account, Bond Reserve Account, Expense Account or Prepayment Account on September 1 of each year, beginning in September 1991, after transferring all sums required to be transferred therefrom on or prior to such date, shall be withdrawn from the Special Tax Fund by the Treasurer and deposited in the City of Roseville Northwest Roseville Community Facilities District No. 1 Community Facilities Fund, which fund is established and will be maintained by the City for as long as any Bonds are outstanding. All money in the Community Facilities Fund will be used and withdrawn by the Treasurer solely for the payment of costs of the acquisition and construction of the Facilities or otherwise for the benefit of the District in accordance with the Act.

4. Rebate Fund. The Treasurer is to maintain and administer the Rebate Fund into which the City is to make deposits of all amounts required to be rebated to the United State of America pursuant to Section 148(f) of the Code. The City is to comply with the provisions of a Rebate Certificate delivered by the City pursuant to the Resolution with respect to making deposits into the Rebate Fund. Monies held in the Rebate Fund are pledged to provide payments to the United States of America as provided in the Resolution and the Rebate Certificate and no other person shall have claim to such monies except as provided in the Rebate Certificate.

Covenants of the City

So long as any of the Bonds are outstanding and unpaid, the City is required (through its proper officers, agents or employees) to faithfully perform and abide by all of the covenants, undertakings and provisions contained in the Resolution or the Bonds, including the following covenants for the benefit of the Bond owners:

Punctual Payment and Performance. The City covenants that it will duly and punctually pay the interest on, principal of and redemption premium, if any, to be due on every Bond issued pursuant to the Resolution in strict conformity with the terms of the Act and the Bonds, and that it will faithfully observe and perform all of the conditions, covenants and terms contained in the Resolution and in the Bonds.

Against Additional Indebtedness and Encumbrances. The City covenants that it will not issue any evidence of indebtedness payable from the proceeds of the Special Tax except the Bonds, and will neither create nor permit the creation of any pledge, lien, charge or other encumbrance upon the proceeds of the Special Tax other than as provided in the Resolution.

No Action to Prompt Adverse Tax Consequences. The City covenants that it will neither take any action nor fail to take any action if such action or failure to take such action would adversely affect the exclusion from gross income of interest on the Bonds pursuant to Section 103 of the Code, and specifically will not take any action, or fail to take any action, that would cause

the Bonds to be "arbitrage bonds" subject to federal income taxation by reason of Section 148 of the Code, or "private activity bonds" subject to federal income taxation by reason of Section 141(a) of the Code, or obligations subject to federal income taxation because they are "federally guaranteed" as provided in Section 149(b) of the Code. To this end, the City covenants to comply with such Sections of the Code and the regulations issued thereunder. Without limiting the generality of the foregoing, the City covenants to comply with the provisions of the Rebate Certificate to be executed and delivered by the City prior to the date of delivery of any of the Bonds and to pay from time to time all amounts required to be rebated to the United States of America pursuant to Section 148(f) of the Code and the regulations issued thereunder.

Payment of Claims. The City covenants that it will pay and discharge all lawful claims which, if unpaid, might become payable from the proceeds of the Special Tax or from any of the funds allocated to the payment of the Bonds, or which might impair the security of the Bonds.

Expense Budgets. The City covenants that it will, on or before the date of issuance of the Bonds, adopt a budget setting forth the estimated Expenses until the ensuing July 1 and shall do so on or before each succeeding July 1 for the year ending on the next succeeding June 30. Any budget so adopted may be amended by the City at any time.

Accounting Records; Financial Statements and Other Reports. The City covenants that it will maintain correct and complete accounting records of all applications of the Special Tax and Bond proceeds. These records shall be open for inspection during business hours to any Bond holder (or his or her authorized representative) and to any investment banker, security dealer or other person interested in the Bonds. In addition, the City covenants to prepare, within 180 days after the close of each Fiscal Year (commencing with the Fiscal Year ending June 30, 1990), the following:

1. Financial statements of the City for the preceding Fiscal Year prepared in accordance with generally accepted accounting principles, together with a report thereon signed by an independent certified public accountant and a special report prepared by the independent certified public accountant who examined such financial statements, stating that nothing came to his or her attention in connection with such examination that caused him or her to believe that the City was not in compliance with any of the financial agreements or covenants contained in the Resolution. The City will furnish a copy of such financial statements without charge to the holder of any Bond (or his or her representative authorized in writing) and to any investment banker, security dealer or other person interested in the Bonds requesting copies thereof.

2. A summary report showing in reasonable detail the proceeds of the Special Tax levied and collected and the Expenses for the preceding Fiscal Year, and describing the physical condition of the Facilities. The City will furnish a copy of such summary report without charge to the holder of any Bond (or his or her representative authorized in writing) and to any investment banker, security dealer or other person interested in the Bonds requesting a copy thereof.

Protection of Security and Rights of Holders. The City covenants that it will preserve and protect the security of the Bonds and the rights of the owners of the Bonds, and will warrant and defend their rights against all claims and demands of all persons.

Payment of Governmental Charges and Compliance with Governmental Regulations. The City covenants that it will pay promptly all taxes or payments in lieu of taxes, assessments and other governmental charges or liens that may be levied, assessed or charged upon the Facilities,

except that the City shall not be required to pay any such governmental charges if the City, in good faith, contests the validity of the charges and sets aside reserves to cover such charges. The City covenants that it will duly observe and conform with all valid regulations of any governmental authority relative to the operation of the Facilities, except that the City shall not be required to comply with any such regulations if the City, in good faith, contests the application or validity of the regulations.

Levy and Collection of Special Tax. The City covenants that, so long as any Bonds are outstanding, it will levy the Special Tax annually against all Taxable Land in the District and make provision for the collection of the Special Tax in amounts which will be sufficient, after making reasonable allowances for contingencies and errors in the estimates, to yield proceeds equal to the amounts required for compliance with the agreements, conditions, covenants and terms contained in the Resolution, and which in any event will be sufficient to pay the interest on, principal of, Minimum Sinking Fund Account Payments for, and redemption premiums, if any, on the Bonds as they become due and payable, to replenish the Bond Reserve Account to the Required Bond Reserve, and to pay all current Expenses as they become due and payable in accordance with the provisions of the Resolution. The Special Tax is to be collected in the same manner as ordinary ad valorem property taxes are collected and, except as otherwise provided in the covenant described below under "Foreclosure of Special Tax Liens" and in the Act, is to be subject to the same penalties and the same procedure, sale and lien priority in case of delinquency as is provided for ad valorem property taxes.

Foreclosure of Special Tax Liens. The City covenants that it will review the public records of the County relating to the collection of the Special Tax to determine, by no later than September 1 of each year, the amount of the Special Tax collected in the prior Fiscal Year. If the City determines on the basis of such review that the amount collected is more than five percent less than the amount of the Special Tax levied in such Fiscal Year, within 30 days thereafter it will institute foreclosure proceedings as authorized by the Act to enforce the lien of the delinquent installments against each separate lot or parcel in the District, and will diligently prosecute and pursue such foreclosure proceedings to judgment and sale. The City also covenants that, if it determines on the basis of its review that any single property in the District is delinquent by more than $25,000 of the Special Tax levied against such property during such Fiscal Year, it will institute, prosecute and pursue foreclosure proceedings against the owner of the property in the time and manner provided in the Resolution.

Exemption of Additional Property. The City covenants that in considering whether to exempt any additional property from the Special Tax, the City will consider the effect that such proposed exemption would have upon the District's ability to levy the Special Tax in an amount which would be sufficient to meet annual Debt Service and estimated Expenses so long as any Bonds are outstanding. The City further covenants that it will not exempt any additional property from the Special Tax unless, following the exemption of such property, the amount of the proceeds that would be available to the City if the Special Tax were to be levied and collected at its maximum rate and amount on all Taxable Land in the District (excluding all property then exempt from the Special Tax, including such additional property), based upon the status of such property then in effect, would be at least equal to the maximum annual Debt Service on the outstanding Bonds in any future Bond Year, together with the greatest estimated annual Expenses in any future Bond Year, as shown by a certificate of the City on file with the Paying Agent.

Further Assurances. The City also covenants that it will give all further assurances reasonably necessary to assure Bond holders of their rights and benefits under the Resolution.

Paying Agent

Security Pacific National Bank at its principal corporate trust office in Los Angeles, California has been appointed Paying Agent of the City to receive all money required to be transferred by the Treasurer under the Resolution, and for applying and using money as provided under the Resolution to pay interest on, principal of and redemption premiums, if any, on the Bonds. The only money to be transferred to the Paying Agent by the City will be money in the Special Tax Fund. All Funds and Accounts established under the Resolution will be maintained by the City and not by the Paying Agent.

Other principal responsibilities of the Paying Agent include authenticating all Bonds issued pursuant to the Resolution, and keeping books for the registration of the ownership, transfers and exchanges of the Bonds.

The City may replace the Paying Agent with any bank or trust company which has a principal corporate trust office in either Los Angeles or San Francisco, California and a combined capital (exclusive of borrowed capital) and surplus of at least $75 million, and which is subject to supervision or examination by a federal or state banking authority. The Paying Agent may resign at any time pursuant to written notice. Any resignation or removal of the Paying Agent or any successor shall become effective only upon the acceptance of appointment by a successor Paying Agent.

The City will compensate the Paying Agent for its services, reimburse the Paying Agent for all its expenditures, and indemnify the Paying Agent against liabilities not arising from the Paying Agent's own negligence or willful misconduct which it may incur in the exercise and performance of its rights and obligations under the Resolution. The Paying Agent is not liable in connection with the performance of its duties under the Resolution except for its own negligence or willful misconduct.

The Paying Agent does not act as trustee, fiscal agent or paying agent in connection with any other financing of the City. The City does have other banking relationships with the Paying Agent.

Amendment of or Supplement to the Resolution

The Resolution and the rights and obligations of the City and of the Bond holders may be amended or supplemented at any time by a Supplemental Resolution, which shall become binding when the written consents of the holders of 60% in aggregate principal amount of the Bonds then outstanding (other than Bonds held by or for the account of the City) are filed with the City.

No such amendment or supplement shall (i) extend the maturity of, reduce the interest rate on or otherwise alter or impair the obligation of the City to pay the interest on, principal of or redemption premium, if any, on any Bond at the time and place, at the rate, in the currency and from the funds provided in the Resolution without the express written consent of the holder of such Bond, (ii) permit the issuance by the City of any obligations payable from the Special Tax other than the Bonds as provided in the Resolution, or jeopardize the ability of the City to levy and collect the Special Tax, (iii) reduce the percentage of Bonds required for the written consent to any such

amendment or supplement, or (iv) modify any rights or obligations of the Paying Agent without its prior written consent.

The Resolution and the rights and obligations of the City and of the holders of the Bonds may also be amended or supplemented at any time by a Supplemental Resolution which shall become binding upon adoption without the prior written consent of any holders, but only to the extent permitted by law and only for any one or more of the following purposes:

1. To add to the covenants required to be performed by the City, or to surrender any right or power reserved to or conferred upon the City, which shall not (in the opinion of the City) adversely affect the interests of the holders of the Bonds; or

2. To make provisions for the purpose of curing any ambiguity, or correcting or supplementing any defective provision contained in the Resolution or which the City may deem desirable or necessary, and shall not (in the City's opinion) adversely affect the interests of the holders of the Bonds.

Any holder may accept any amendment or supplement as to any particular Bonds held by such holder provided that due notation is made on such Bonds.

Endorsement or Replacement of the Bonds after Amendment or Supplement

After the effective date of any amendment of or supplement to the Resolution, the City may determine that the Bonds may bear a notation by endorsement in form approved by the City. In that case, upon demand of the holder of any outstanding Bond, an appropriate notation shall be made on such Bond at the office of the Paying Agent. If necessary, the City will exchange new bonds, without cost to each holder, for Bonds then outstanding upon the surrender of such outstanding Bonds.

Remedies of Holders

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 Resolution. Pursuant to the Resolution, any holder of any of the Bonds has a right to the equal benefit and protection of all holders similarly situated:

1. By mandamus or other suit or proceeding at law or in equity to enforce the holder's rights against the City Council, the City, or any of its officers or employees, and to compel the City Council, the City or any such officers or employees to perform and carry out their duties under the Act, the agreements and covenants with the holders contained in the Resolution;

2. By suit in equity to enjoin any acts or things which are unlawful or which violate the rights of the holders; or

3. By suit in equity upon the nonpayment of the Bonds to require the City Council, the City or its officers and employees to account as the trustee of an express trust.

Defeasance

In the event that the City pays or causes to be paid to all holders of outstanding Bonds the interest on, principal of and redemption premiums, if any, on the Bonds, then the agreements, covenants and obligations of the City to the holders of the Bonds under the Resolution will be

discharged. Any outstanding Bonds will, on the maturity date or redemption date thereof, be deemed to have been paid if there shall be on deposit with the Paying Agent money which is sufficient to pay the interest, principal and redemption premium, if any, due on such Bonds on such date.

An outstanding Bond will be deemed to have been paid prior to its maturity date or redemption date if (i) in the case of redemption prior to maturity, the City agrees to mail a notice of redemption to holders of Bonds, securities depositories and securities information services as required by the Resolution, (ii) there is on deposit with an escrow agent or the Paying Agent a sufficient amount of money, federal securities not subject to redemption prior to maturity except by the holder thereof, or municipal obligations which have been defeased with federal securities and which are rated in the highest rating category by either Moody's Investors Service or Standard & Poor's Corporation, the interest on and principal of which, when paid, will provide money which, together with any money deposited with such escrow agent or the Paying Agent at the same time, is sufficient to pay interest due on such Bonds prior to the maturity dates or redemption dates thereof, as the case may be, and the principal of and redemption premiums, if any, on such Bonds on and prior to the maturity dates or the redemption dates thereof, as the case may be, as evidenced by a report from an independent certified public accountant, and (iii) in the event such Bonds are not by their terms subject to redemption within the next 60 days, the City shall have agreed to mail a notice to the holders of such Bonds, and to such securities depositories and securities information services selected by it pursuant to the Resolution, that the deposit required by clause (2) above has been made with such escrow agent or the Paying Agent, and that such Bonds are deemed to have been paid in accordance with this provision and stating the maturity dates or redemption dates, as the case may be, upon which money is to be available for the payment of the principal of and redemption premiums, if any, on such Bonds.

Unclaimed Money

Any money held by the Paying Agent in trust for the payment and discharge of any of the Bonds or any interest thereon which remains unclaimed for four years after the date when such Bonds or interest thereon have become due and payable, either at their stated maturity dates or by call for redemption prior to maturity, if such money was held by the Paying Agent on such date, or for four years after the date of deposit of such money if deposited with the Paying Agent after the date when such Bonds or interest thereon become due and payable shall, at the written request of the City, be repaid by the Paying Agent to the City as its absolute property free from trust and for use in accordance with the Act, and the Paying Agent shall thereupon be released and discharged with respect thereto and the holders of such Bonds shall look only to the City for the payment of such Bonds and interest thereon; provided, however, that before the Paying Agent shall be required to make any such repayment the City shall mail, pursuant to the Resolution, a notice to the holders of all outstanding Bonds and to such securities depositories and securities information services selected by it pursuant to the Resolution that such money remains unclaimed and that after a date named in such notice, which date shall not be less than 30 days after the date of the mailing of such notice, the balance of such money then unclaimed will be returned to the City.

Deposit and Investment of Money in Accounts and Funds

All funds and accounts established under the Resolution are to be maintained by the Treasurer. All money held by the Treasurer in any accounts and funds shall be deposited in time or demand deposits in any state or nationally-chartered bank or trust company, including the Paying

Agent, or a state or federal savings and loan association, and shall be secured at all times by such obligations as are required by law and to the fullest extent required by law, except such money that is at the time invested in accordance with this provision. Money in the Acquisition and Construction Fund, Special Tax Fund, Redemption Account and Expense Account may be invested by the Treasurer in Legal Investments (as defined below) maturing not later than the date on which it is estimated that such money will be required to be paid out hereunder, and money in the Bond Reserve Account may be invested by the Treasurer in Federal Securities maturing not more than five years from the date of purchase by the Treasurer, or the final maturity date of any outstanding Bonds, whichever is earlier. For purposes of this section, "Legal Investments" means any securities in which funds of the City may now or hereafter be legally invested as provided by the applicable law in effect at the time of such investment, and also means any municipal obligations the interest on which, in the opinion of a nationally-recognized bond counsel, is exempt from federal income taxation or excludable from gross income for federal income tax purposes under the Code which are rated in one of the highest two rating categories by either Moody's or Standard & Poor's, and "Federal Securities" means (a) any securities now or hereafter authorized, both the interest on and principal of which are guaranteed by the full faith and credit of the United States of America, and (b) any of the following obligations of federal agencies not guaranteed by the United States of America: (1) participation certificates or senior debt obligations of the Federal Home Loan Mortgage Corporation, (2) bonds or debentures of the Federal Home Loan Bank Bond established under the Federal Home Loan Bank Act and bonds of any federal home loan bank established under said act, and (3) stocks, bonds, debentures, participations and other obligations of or issued by the Federal National Mortgage Association, the Student Loan Marketing Association, the Government National Mortgage Association and the Federal Home Loan Mortgage Corporation, as and to the extent that such securities or obligations are eligible for the legal investment of City funds, together with any repurchase agreements which are secured by any of such securities or obligations that (i) have a fair market value (determined at least daily) at least equal to 102% of the amount invested in the repurchase agreement, (ii) are in the possession of the Trustee or a third party acting solely as agent for the Trustee who holds a perfected first lien therein, and (iii) are free from all third-party claims.

All interest received on any money so deposited or invested which exceeds the requirements of the account or fund from which such money was deposited or invested shall (subject to certain requirements concerning any "arbitrage" earnings), prior to the completion of the acquisition and construction of the Facilities, be deposited in the Acquisition and Construction Fund and, after such completion, be deposited in the Special Tax Fund, and all losses on any such deposit or investment shall be borne by the account or fund from which the deposit or investment was made.

JUDICIAL VALIDATION

On August 11, 1989, the City filed an action in the Superior Court of the State of California in and for the County of Placer (Superior Court Case No. 86303) to confirm the validity of the issuance of the Bonds and certain other issues. The validation proceeding related to Resolution No. 89-171 adopted by the City Council on August 9, 1989, and not the amendment and restatement thereof, contained in Resolution No. 89-278 adopted by the City Council on December 20, 1989. On October 24, 1989, a default judgment was rendered which contained, among others, the following findings of the Court:

1. The City's establishment of the District under the Act is valid and in accordance with the Act.

2. The City has authorized the issuance of the Bonds in the principal amount of $34,255,000 (the principal amount of the Bonds specified in Resolution No. 89-171) in accordance with the Act.

3. The City's contemplated use of the proceeds of the sale of the Bonds is in accordance with the Act.

4. The City has authorized the Special Tax in accordance with the Act, and the Special Tax was duly approved by the qualified electors of the District.

5. The Special Tax constitutes a valid and binding special tax under the provisions of Article XIIIA of the Constitution of the State of California.

6. All conditions, things, and acts required by law to exist, happen or be performed precedent to the issuance of the Bonds and the levy of the Special Tax have existed, happened and been performed in the time, manner and form required by law.

7. The Bonds will constitute legal, valid and binding obligations of the District.

8. Members of the public may no longer bring any legal action challenging the validity of the Bonds or the Special Tax.

The time period for filing an appeal from such default judgment does not expire until December 23, 1989. However, since no party responded to the City's action, the City does not anticipate that an appeal will be filed.

SPECIAL RISK FACTORS

Completion of the Facilities

While it is currently anticipated that Bond proceeds will be sufficient to pay the costs of the acquisition and construction of the Facilities, the adequacy of such financing sources could be adversely affected by many factors, including actual costs which are in excess of current estimates of the costs of the Facilities. Since bids for the constructing of only certain of the Facilities to be financed from Bond proceeds have been received, it is not possible at this time to determine whether Bond proceeds will be sufficient to satisfy such costs. If such financing sources prove to be inadequate, specific sources of financing any excess costs have not been identified. There can be no assurance that financing sources will be available to the City to finance any excess costs. However, the development of property within the District should not be dependent upon the completion of those remaining improvements.

The levy of the Special Tax is not dependent on the completion of the Facilities. Nevertheless, the completion of the Facilities may affect the landowners' ability and willingness to pay the Special Tax and may affect the market value of the property if foreclosed for delinquent payment of the Special Tax.

Land Development

The land within the District currently is either open space or used principally for agricultural purposes. Development within the District may be adversely affected by changes in general economic conditions, fluctuations in the real estate market, increased construction costs, water shortages, and other similar factors. Development in the District may also be affected by development in surrounding areas which may compete with the District, or by environmental issues which may arise. In addition, land development operations are subject to comprehensive federal, state, and local regulations. There can be no assurance that land development operations within the District will not be adversely affected by general economic factors, future governmental policies or environmental issues which may arise.

In addition, land development operations are subject to comprehensive federal, state and local regulations. Currently there are tentative maps and final subdivision maps approved for most of the properties within the District. There can be no assurance that land development operations within the District will not be adversely affected by general economic factors or future governmental policies.

The levy of the Special Tax is not dependent on the development of the properties within the District. Nevertheless, the development of the property within the District may affect the landowners' ability and willingness to pay the Special Tax, as well as the market value of the property if foreclosed for delinquent payment of the Special Tax.

Additional Public Improvements and Land Development Costs

The plan of development within the District includes improvements to be financed privately, improvements to be financed by various governmental entities or by the imposition of additional taxes or fees, and the Facilities. Development of land within the District is contingent upon construction or acquisition of each variety of improvements to the land.

Sources of funding for some of these related improvements have not been guaranteed by the City, the County, the State or any local government. Therefore, construction and maintenance of these improvements are not assured.

Private Improvements — Increased Debt

The viability of the District depends upon both public and private improvement of land within the District. If private development does not occur at the anticipated level and rate, the need for certain of the Facilities would diminish. However, it is anticipated that most of the Facilities will be completed before the end of 1991.

The cost of public and private improvements within the District will increase the public and private debt for which the land within the District serves as security. This increased debt could reduce the ability or desire of the property owners within the District to pay the annual Special Taxes levied against their property. (See "SOURCES OF PAYMENT FOR THE BONDS — Special Tax.")

Collection of Special Tax

To enable the City to pay Debt Service on the Bonds, it is necessary that the Special Taxes levied against land within the District be paid in a timely manner. Should the Special Taxes not be paid on time, the City has established a Bond Reserve Account in the amount of the Required Bond Reserve to pay Debt Service on the Bonds to the extent other funds are not available therefor.

The Resolution 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 below and in the Act, is to be subject to the same penalties and the same procedure, sale and lien priority in case of delinquency as is provided for ad valorem property taxes. Pursuant to these procedures, if taxes are unpaid for a period of five years or more, the property is deeded to the State and then is subject to sale by the County Treasurer. (See "THE CITY OF ROSEVILLE — Ad Valorem Property Taxation.")

Pursuant to the Act, in the event of any delinquency in the payment of the Special Tax, the City may order the institution of a Superior Court action to foreclose the lien therefor within specified time limits. In such an action, the real property subject to the unpaid amount may be sold at judicial foreclosure sale. Such judicial foreclosure action is not mandatory. However, the City has covenanted for the benefit of the owners of the Bonds that it will review the public records of the County relating to the collection of the Special Tax in order to determine by no later than September 1 of each year the amount of the Special Tax collected in the prior Fiscal Year, and if the City determines on the basis of such review that the amount so collected is less by more than five percent than the amount of the Special Tax levied in such Fiscal Year, within 30 days thereafter it will institute foreclosure proceedings as authorized by the Act in order to enforce the lien of the delinquent installments of the Special Tax against each separate lot or parcel of land in the District, and will diligently prosecute and pursue such foreclosure proceedings to judgment and sale. In addition, the City has covenanted that if the City determines on the basis of its review that property owned by any single property owner in the District is delinquent by more than $25,000 with respect to the obligation to pay the Special Tax due and payable in such prior Fiscal Year, then the City will institute, prosecute, and pursue such foreclosure proceedings in the time and manner provided in the Resolution against such property owner.

In the event that sales or foreclosures of property are necessary, there could be a delay in payments to holders of the Bonds pending such sales or the prosecution of foreclosure proceedings and receipt by the City of the proceeds of sale if the Bond Reserve Account is depleted. (See "SOURCES OF PAYMENT FOR THE BONDS — Delinquent Payments of Special Tax; Covenant for Foreclosure.")

The City may be unable to make full or timely payment of Debt Service on the Bonds if property owners fail to pay installments of the Special Tax when due, if the Bond Reserve Account is depleted, or if the City is unable to sell foreclosed parcels for amounts sufficient to cover the delinquent installments of the Special Tax.

Exempt Properties

Certain properties are exempt from the Special Tax in accordance with the Special Tax Formula. In addition, the Act provides that properties or entities of the state, federal or local government are exempt from the Special Tax; provided, however, that property within the District

acquired by a public entity through a negotiated transaction or by gift or devise, which is not otherwise exempt from the Special Tax, will continue to be subject to the Special Tax. It is possible that property acquired by a public entity following a tax sale or foreclosure based upon failure to pay taxes could become exempt from the Special Tax. In addition, the Act provides that if property subject to the Special Tax is acquired by a public entity through eminent domain proceedings, the obligation to pay the Special Tax with respect to that property is to be treated as if it were a special assessment. The constitutionality and operation of these provisions of the Act have not been tested. In the event that additional property is dedicated to the City or other public entities, in addition to the property to be dedicated pursuant to the Financing Plan and the Northwest Roseville Specific Plan, this additional property might become exempt from the Special Tax.

The Act further provides that no other properties or entities are exempt from the Special Tax unless the properties or entities are expressly exempted in a resolution of consideration to levy a new special tax or to alter the rate or method of apportionment of an existing special tax. The properties within the District which are exempt from the Special Tax are described in "THE DISTRICT AND FINANCING PLAN FOR THE FACILITIES — Financing Plan." The Act would prohibit the City Council from adopting a resolution to reduce the rate of the Special Tax or terminate the levy of the Special Tax unless the City Council determined that the reduction or termination of the Special Tax "would not interfere with the timely retirement" of the Bonds.

Zoning and Land Use Decisions

The Special Tax is to be levied annually based upon the land use categories in effect for each taxable parcel. Decisions made by the City Council, which has control over zoning and land use decisions for property within the City, will affect the prospective use of the property. Pursuant to the Development Agreements, development rights with respect to most of the Taxable Land within the District have been established. Nevertheless, any decisions which would change the zoning and land use of property which are not bound by the Development Agreements from that set forth in the Financing Plan should not reduce the maximum annual tax rate for such property. Nonetheless, it is possible that a property owner whose property is rezoned to a land use category with a lower maximum annual tax rate might object to being taxed at the higher maximum annual tax rate applicable to property in the former land use category. (See "THE DISTRICT AND FINANCING PLAN FOR THE FACILITIES — Financing Plan.")

Maximum Annual Tax Rates

Within the limits of the Special Tax, the City may adjust the Special Tax levied on all property within the District to provide an amount required to pay interest on, principal of, Minimum Sinking Fund Account Payments for and redemption premiums, if any, on the Bonds, and the amount, if any, necessary to replenish the Bond Reserve Account to an amount equal to the Required Bond Reserve and to pay all current Expenses. However, the amount of the Special Tax that may be levied against particular categories of property within the District is subject to the Maximum Annual Tax applicable for that category. There is no assurance that the Annual Maximum Tax on the District will be sufficient to pay the amounts required to be paid by the Resolution at all times. (See "SOURCES OF PAYMENT FOR THE BONDS — Special Tax" and "THE DISTRICT AND FINANCING PLAN FOR THE FACILITIES — Financing Plan.")

person who intends to offer subdivided lands for sale or lease within California is required to disclose to buyers the existence of special taxes and assessments.

Dependence upon Elliott Homes, Inc. for Construction and Management

It is anticipated that Elliott Homes will arrange for and manage the construction of the Facilities to be financed with Bond proceeds, and such Facilities are to be acquired by the City. Neither the City nor the Underwriter makes any representation or gives any assurance with respect to the ability of Elliott Homes to arrange for or manage the construction of the Facilities. Elliott Homes is involved in other projects. (See "THE DISTRICT AND FINANCING PLAN FOR THE FACILITIES — Financing Plan; Management of Construction" and "PROPERTY OWNERSHIP WITHIN THE DISTRICT.")

Constitutional Limitations on Taxation and Appropriations

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

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

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

State and local government agencies in the State and the State itself are subject to annual "appropriation limits" imposed by Article XIIIB of the State Constitution. Article XIIIB prohibits government agencies and State from spending "appropriations subject to limitation" in excess of the appropriations limit 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.

Although the Special Tax to be annually levied within the District constitutes the "proceeds of taxes" within the meaning of Article XIIIB, such proceeds would not be subject to the appropriations limit to the extent such proceeds are used for purposes of "debt service" within the meaning of Article XIIIB.

Statutory Restrictions on the Adoption of New or Higher General and Special Taxes

As a result of voter approval of Proposition 62 on November 4, 1986, the Government Code of California was amended to restrict the ability of local governments and districts to impose new or increased taxes. The law now provides in pertinent part as follows:

1. Section 53721 of the Government Code defines "special taxes" as "taxes imposed for specific purposes";

2. Section 53722 of the Government Code restates the current two-thirds voter approval requirement for special taxes;

3. Section 53726 of the Government Code provides that the statute does not affect the operation of any statute enacted prior to August 1, 1985 which authorizes the imposition of special taxes (such as the Act) except as provided in Section 53727;

4. Section 53727(a) of the Government Code provides that neither this statute nor Article XIIIA of the California Constitution, nor Government Code Sections 50075 *et seq.*, may be construed to authorize the imposition of a general or special tax which is not otherwise authorized by statute or the State Constitution, provided that any special tax imposed pursuant to Article 3.5 of Division 1 of Title 5 of the Government Code prior to August 1, 1985 shall not be affected by this Section; and

5. Section 53727(b) of the Government Code provides that all general and special taxes which are imposed on or after August 1, 1985 and prior to the effective date of the statute must be approved by a majority vote of the voters.

Since this statute by its terms applies retroactively to any special taxes imposed after August 1, 1985, and since the Special Tax herein was approved and levied after that date, it is arguable that the Special Tax violates the statute. However, Section 53726 of the Government Code provides that the statute shall not be construed "to repeal or otherwise affect the operation of any statute enacted prior to August 1, 1985, which authorizes the imposition of a special tax" except as provided in Section 53727. Since the Act was enacted prior to 1985, except as provided in Section 53727 of the Government Code, the statute would have no effect on it except perhaps as to amendments enacted following the effective date of the statute. Second, the requirement that all special taxes imposed after August 1, 1985 must be approved by a majority vote has already been fully complied with in the imposition of the Special Tax, as was the requirement that a special tax be approved by a two-thirds voter approval. Finally, the California Superior Court for the County of Placer has validated the provisions of the Resolution providing for the levy of the Special Tax (see "JUDICIAL VALIDATION").

In *Schopflin v. Dole*, 256 Cal. Rptr. 314 (1989), the California Court of Appeal held that certain portions of Proposition 62, requiring voter approval of certain general taxes imposed by local governments, were invalid. That decision, however, does not affect the Special Tax.

No Acceleration Provision

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 Resolution. Pursuant to the Resolution, any holder of any of the Bonds is given the right for the equal benefit and protection of all holders similarly situated to pursue certain remedies described under "THE RESOLUTION — Remedies of Holders."

CONCLUDING INFORMATION

Underwriting

The Bonds were purchased through negotiation by Bear, Stearns & Co. Inc. (the "Underwriter"). The Underwriter agreed to purchase the Bonds at a price of $33,258,024.21, which is equal to the par amount of the Bonds plus accrued interest less the Underwriter's discount (see "SOURCES AND USES OF FUNDS SCHEDULE"). The initial public offering price set forth on the cover page 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 price set forth on the cover page hereof.

No Rating

The Bonds have not been rated by any securities rating agency.

Legal Opinions

The legal opinion of Orrick, Herrington & Sutcliffe, Bond Counsel, approving the validity of the Bonds will be made available to purchasers at the time of original delivery. A copy of the legal opinion will be printed on the back of each definitive Bond. Certain legal matters will be passed on for the Underwriter by its counsel, Pettit & Martin.

Tax-Exempt Status

In the opinion of Orrick, Herrington & Sutcliffe, Bond Counsel, based on existing statutes, regulations, rulings and court decisions, interest on the Bonds is excluded from gross income for federal income tax purposes and is exempt from State of California personal income taxes. A complete copy of the opinion of Bond Counsel is set forth in Appendix G hereto and will be printed on the Bonds.

The Code imposes various restrictions, conditions, and requirements relating to the exclusion from gross income for federal income tax purposes of interest on obligations such as the Bonds. The City has covenanted to comply with certain restrictions designed to assure that interest on the Bonds will not be included in federal gross income. Failure to comply with these covenants may result in interest on the Bonds being included in federal gross income, possibly from the date of issuance of the Bonds. The opinion of Bond Counsel assumes compliance with these covenants. Bond Counsel has not undertaken to determine (or to inform any person) whether any actions taken

(or not taken) or events occurring (or not occurring) after the date of issuance of the Bonds may affect the tax status of interest on the Bonds.

Bond Counsel is further of the opinion that interest on the Bonds is not a specific preference item for purposes of the federal individual or corporate alternative minimum taxes. However, Bond Counsel observes that interest on the Bonds is included in adjusted net book income and adjusted current earnings in calculating corporate alternative minimum taxable income.

Certain requirements and procedures contained or referred to in the Resolution and other relevant documents may be changed and certain actions may be taken, under the circumstances and subject to the terms and conditions set forth in such documents, upon the advice or with the approving opinion of nationally-recognized bond counsel. Orrick, Herrington & Sutcliffe expresses no opinion as to any Bond or the interest thereon if any such change occurs or action is taken upon the advice or approval of bond counsel other than Orrick, Herrington & Sutcliffe.

Although Bond Counsel has rendered an opinion that interest on the Bonds is excluded from federal gross income, the accrual or receipt of interest on the Bonds may otherwise affect a holder's federal income tax liability. The nature and extent of these other tax consequences will depend upon the holder's particular tax status and the holder's other items of income or deduction. Bond Counsel expresses no opinion regarding any such other tax consequences.

No Litigation

At the time of delivery of and payment for the Bonds, the City will certify that there is no action, suit, proceeding, inquiry or investigation, at law or in equity, before or by any court or regulatory agency, public board or body pending or threatened against the City or the District affecting their existence, or the titles of their respective officers, or seeking to restrain or to enjoin the issuance, sale or delivery of the Bonds, the application of the proceeds thereof in accordance with the Resolution, or the collection or application of the Special Tax to pay the principal of and interest on the Bonds, or in any way contesting or affecting the validity or enforceability of the Bonds, the Resolution, any agreement entered into between the City and the Underwriter (the "Bond Purchase Agreement"), or any other applicable agreements or any action of the City or the District contemplated by any of said documents, or in any way contesting the completeness or accuracy of this Official Statement or any amendment or supplement thereto, or contesting the powers of the City or the District or their authority with respect to the Bonds or any action of the City or the District contemplated by any of said documents, nor, to the knowledge of the City, is there any basis therefor.

No General Obligation of the City or the District

The Bonds are not general obligations of the City or the District, but are limited obligations of the City payable solely from proceeds of the Special Tax and proceeds of the Bonds, including amounts in the Bond Reserve Account and investment income on funds held pursuant to the Resolution (other than as necessary to be rebated to the United States of America pursuant to Section 148(f) of the Code and any applicable regulations promulgated pursuant thereto). Any tax for the payment of the Bonds shall be limited to the Special Taxes to be collected within the jurisdiction of the District.

Miscellaneous

All of the preceding summaries of the Resolution, other applicable legislation, 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 of estimates, whether or not so expressly stated, are set forth as such and not as representations of fact, and no representation is made that any of the estimates will be realized.

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

The City will furnish a certificate dated the date of delivery of the Bonds, from an appropriate officer of the City, to the effect that to the best of such officer's knowledge and belief, and after reasonable investigation, (i) neither the Official Statement nor any amendment or supplement thereto contains any untrue statement of a material fact or omits to state any material fact necessary to make the statements therein, in light of the circumstances in which they were made, not misleading; (ii) since the date of the Official Statement, no event has occurred which should have been set forth in an amendment or supplement to the Official Statement which has not been set forth in such an amendment or supplement, and the Bonds, the Resolution, and other applicable agreements conform as to form and tenor to the descriptions thereof contained in the Official Statement; and (iii) the City has complied with all the agreements and has satisfied all the conditions on its part to be performed or satisfied under the Bond Purchase Agreement or the Resolution at and prior to the date of issuance of the Bonds.

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

CITY OF ROSEVILLE

By /s/ Allen E. Johnson
City Manager of the City of Roseville

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APPENDIX A

CITY OF ROSEVILLE
NORTHWEST ROSEVILLE COMMUNITY FACILITIES DISTRICT NO. 1

LOCATION MAPS

Map A–1	—	Regional Location Map
Map A–2	—	Northwest Roseville Specific Plan Area Map

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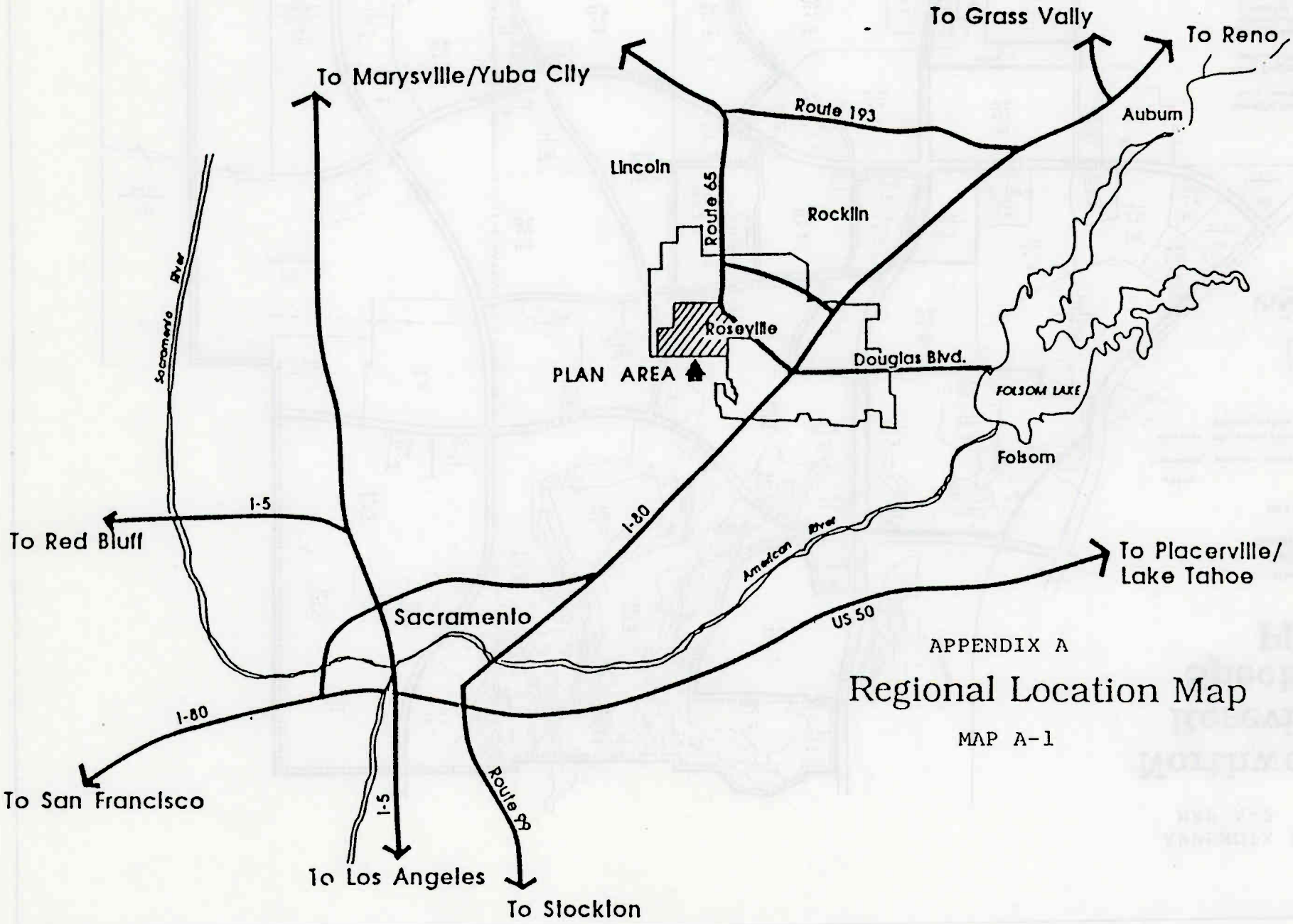


APPENDIX A

Regional Location Map

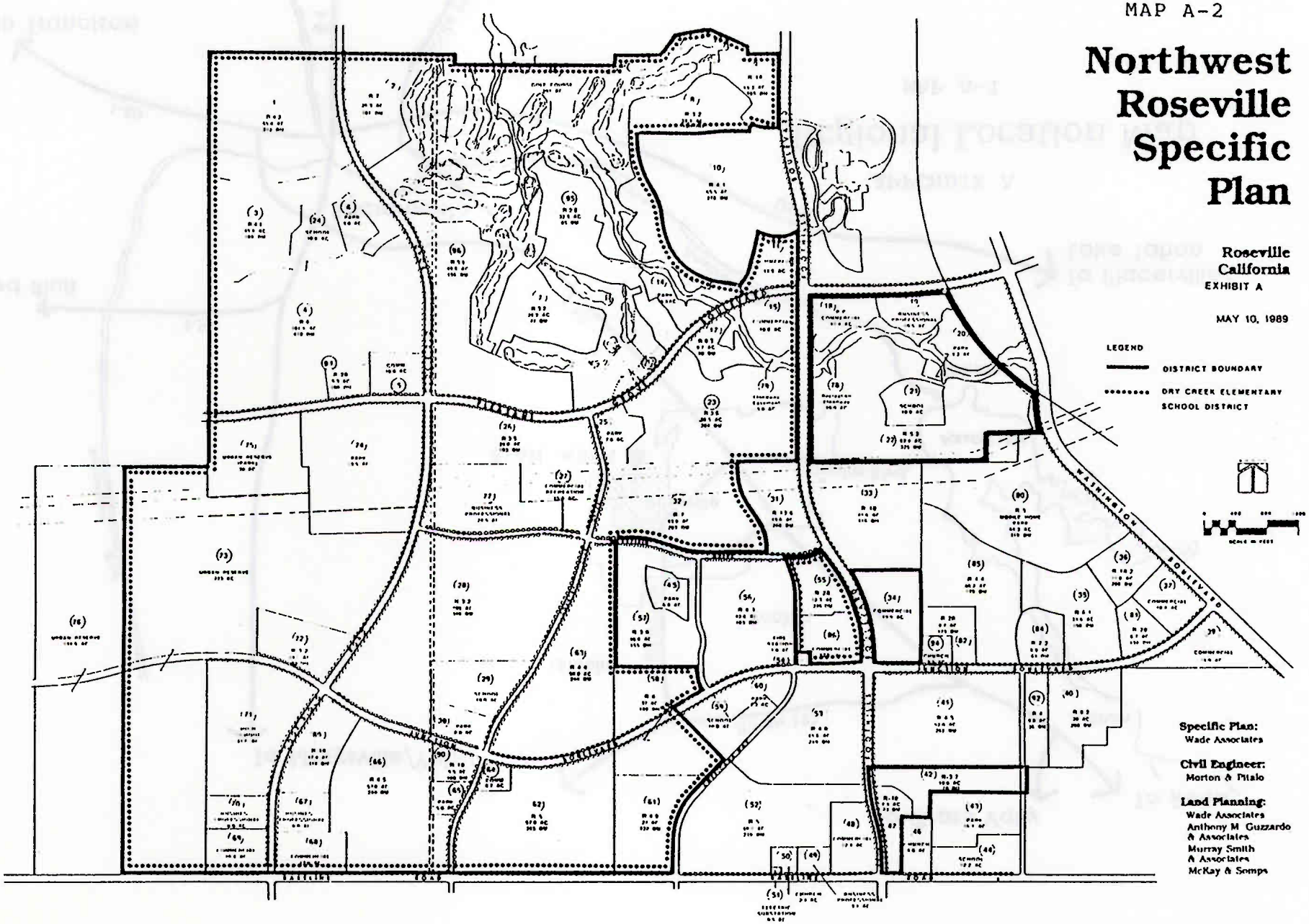
MAP A-1

APPENDIX A
MAP A-2

Northwest Roseville Specific Plan

Roseville
California
EXHIBIT A

MAY 10, 1989



APPENDIX B

CITY OF ROSEVILLE
NORTHWEST ROSEVILLE COMMUNITY FACILITIES DISTRICT NO. 1

METHOD AND FORMULA FOR LEVY OF SPECIAL TAX
FOR NORTHWEST ROSEVILLE COMMUNITY FACILITIES DISTRICT NO. 1

MAXIMUM ANNUAL TAX

Single-Family Uses

For the single-family uses within the Northwest Roseville Community Facilities District No. 1 ("CFD"), the maximum, annual, special tax is shown on Table B-1. The tax is to be applied on a per-unit basis, based on the total number of single-family units created and/or planned within the CFD. If the subdivision of any single-family parcel listed on Table B-1 creates less units than planned therefor, the per-unit tax for the units therein may be changed based on the number of units actually realized thereby and the owner's ability to transfer any of the excess units to other parcels within the CFD (as explained below). In no event, however, may the maximum tax exceed the amount shown as the maximum tax per-parcel.

Other Land Uses

For the multi-family, commercial and office uses within the CFD, the maximum, annual, special tax (the "maximum tax") is described below on a per-parcel basis, based on the parcels shown on the map of the CFD attached as Figure 1 hereto and identified as multi-family, commercial and office on Table B-2 hereto. (If changes in expected land use occur, this maximum tax may be subject to change, as explained below.) Upon subdivision or parcel split of any kind, the maximum tax shall be apportioned on the new multi-family, commercial or office parcels proportionately to the number of units (for multi-family) or area (for commercial or office), excluding therefrom any land area presently intended for use as public streets, public park, public schools or other publicly owned facilities. In the event that additional property is dedicated to the City or other public entities, in addition to the property to be dedicated pursuant to the Financing Plan and the Northwest Roseville Specific Plan, this additional property might become exempt from the special tax.

Public Use and Urban Reserve Property

Attached hereto as Table B-3 is a list of the areas of the CFD, by numbered parcel, which are presently intended for public use and hence have been exempted from the levy of the maximum tax. Also included is a list of parcels currently designated as Urban Reserve and until the City approves any such property for development, such parcels shall also be exempted from the levy of the maximum tax.

Should any of these areas become subject to private development, they shall become subject to the special tax, from the time the appropriate public agency acts to permit the property to become available for private development, at the unit or acreage rate (for such approved private use) shown on Table B-3. The additional special tax revenue to be generated thereby shall be added to the Total Maximum Tax defined below (and, as applicable, to the Total Maximum Annual Tax

For Single-Family Parcels shown on Table B-1, hereinafter referred to as the "Total Maximum for Single-Family"), except to the extent it is being credited to a transferring parcel as described below.

LAND USE CHANGE AND TRANSFER OF UNITS

As shown on Tables B-1 and B-2, the special tax has been calculated based on expected land uses for each of the parcels described on the map attached as Figure 1. Should land use change from any of those shown on said tables from a lower taxed use to a higher, the gross maximum tax shall be increased accordingly (based on the higher rate) on the parcel(s) affected to the extent of the change in use. In addition, the Total Maximum Tax defined below shall be increased by the amount of such increase for such parcel. Should a parcel's land use change to a lower taxed use, no adjustment in the maximum tax shall be made.

As development and subdivision of the parcels within the CFD and described on Figure 1 take place, the Office of the Finance Director will maintain a file of each parcel, along with the assessor's parcel number(s) associated therewith, its maximum tax (based on Tables B-1 and B-2) and the total authorized maximum tax on all parcels within the CFD (the "Total Maximum Tax"). This record shall be available for public inspection and shall show the maximum tax on all predecessor parcels and a brief description of the process of subdividing parcels and reapportioning the maximum tax each time a predecessor parcel was split or subdivided, including any adjustments due to change in use.

In particular, upon the subdivision of each single-family parcel listed on Table B-1, the Finance Director shall revise the entry for the total number of units within such parcel, as appropriate, and shall make a <u>special</u> <u>note</u> of those parcels whose subdivision creates fewer units than listed in Table B-1. The Finance Director shall make <u>no</u> revision to the entry for the maximum tax per-parcel related thereto <u>unless</u> such subdivision results in fewer units <u>and</u> some (or all) of the units that represent the difference between the number of units shown in Table B-1 and the number of units realized by such final subdivision of such parcel (the "excess units") are transferred to other parcels within the CFD. In the event a final subdivision map for a single-family parcel listed on Table B-1 will decrease the number of dwelling units shown therefor (the "transferring parcel"), the landowner thereof may propose to transfer the excess units to another parcel (or parcels) within the CFD, with respect to which parcel a final subdivision map has not then been recorded. Each parcel proposed to receive such excess units (the "receiving parcel") shall require approval by the City of an amendment of the Northwest Roseville Specific Plan for such receiving parcel. If the necessary amendment for the receiving parcel and the proposed transfer are approved by the City for such excess units (or some of them) <u>prior to</u> the recordation of the final subdivision map for the transferring parcel, then the maximum tax associated with the excess units transferred to the receiving parcel (based on the anticipated per-unit amount for such transferring parcel in Table B-1) shall be added to the maximum per-parcel tax for such receiving parcel in Table B-1, and, only upon such subdivision and transfer, the entry for the maximum per-parcel tax in Table B-1 for the transferring parcel shall be reduced by the corresponding amount assumed by the receiving parcel. Any such changes in the parcels' respective maximum per-parcel taxes as a result of such density transfers shall have no effect on the Total Maximum Tax for the CFD.

CALCULATION OF THE ANNUAL TAX

The annual tax rates in any given year must be established by the City Council. City staff will recommend the rates based on the following steps:

1. Annually, no later than the first City Council meeting in July, the City Council shall determine all amounts necessary to pay current scheduled debt service on all outstanding bonds (including all scheduled mandatory sinking fund payments), to pay all annual and current expenses of administering the Community Facilities District (the City shall specify an estimate for the annual expenses in each levy), to cure any delinquencies in the payment of principal or interest on the bonds which have occurred or (based on delinquencies in the payment of special taxes which have already taken place) will occur in the Fiscal Year in which the tax will be collected, to replenish the reserve account to the reserve requirement as necessary (including, in the replenishment, charges against the reserve account which will be necessary in the future because of delinquencies in the payment of special taxes which have already taken place), and to use special tax proceeds directly for authorized projects only as specified in Step 4 below. Special tax proceeds may be accumulated to pay debt service so long as such proceeds are handled in such a fashion as not to cause the bonds to become arbitrage bonds under the Tax Reform Act of 1986, as may be amended.

2. The total amount to be levied will then be stated as a percentage of the Total Maximum Tax (as may be amended). The tax levy on each multi-family, commercial and office parcel shall be that same percentage of its maximum tax. The tax levy on each single-family unit (except for those units within Parcels 22 and 42) shall be determined by taking that same percentage of the Total Maximum for Single-Family (as may be amended from time to time in the event additional units are created within the CFD), and dividing such percentage by the total number of units created or planned within the CFD (the "per-unit levy"); the tax levy for the single-family units within Parcels 22 and 42 shall be equal to 79% times the per-unit levy. For purposes of determining the number of single-family dwelling units within the CFD, in addition to the number of such units built therein, the number of single-family lots that have been created by recordation of final subdivision maps within the CFD and, for those parcels listed on Table B-1 that have not been subdivided, the number of dwelling units designated by Table B-1 therefor, shall be included, provided that for purposes of such total, the amount equal to 79% of the units within Parcels 22 and 42 shall be included therein because the tax levy associated with such units will be 79% of the per-unit levy. If a partial final subdivision map is recorded for any single-family parcel, the number of units in the parcel shall be deemed to be equal to the number of units created by such subdivision plus the number of units shown on the approved tentative subdivision map for the balance of the parcel. For those single-family parcels that have not then been subdivided at the time of the levy of the tax, the tax levy shall be equal to the per-unit levy times the number of units planned for such parcel, as shown on Table B-1.

3. With respect to the special tax to be levied on single-family dwelling units, if the special tax rate is greater than the anticipated maximum for any of the units, as such anticipated maximums are listed on Table B-1, the special tax for the single family units shall be redetermined as follows:

(i) With respect to those units that have been created by the subdivision of parcels at a lesser density than originally designated on Table B-1 (and with respect to which the Director of Finance has made a special note), the special tax for each

such unit shall be redetermined by multiplying the percentage of Total Maximum Tax determined in Step 1 above times the maximum per-parcel tax stated in Table B-1 for the parcel in which such unit is located (as such per-parcel maximum may be amended due to a transfer of units) and then dividing such product by the actual number of units within such parcel.

(ii) The special tax levy for the remaining single-family units not affected by (i) above shall then be equal to the balance of the special tax levy to be raised by the single-family units (based on the difference between the percentage of the Total Maximum for Single-Family determined in Step 2 above and the sum of the amounts redetermined pursuant to (i) above) divided by the total number of remaining unaffected single-family units within the CFD (except for any such unaffected units within Parcels 22 and 42, such levy shall be set at 79% times such redetermined per-unit tax levy).

4. During the first four (4) years of such calculation and levying of the special tax, in order to raise any funds that may become necessary for the construction of golf course improvements (as such improvements are described in the Supplemental List of Improvements), the City may include in the special tax an amount for said golf course improvements. Such amount shall be apportioned proportionately among the units and parcels within the CFD, up to, but not in excess of, the Total Maximum Tax, provided the total amount for such golf course improvements shall not exceed TWO HUNDRED FIFTY THOUSAND DOLLARS ($250,000) per annum.

PREPAYMENT OF SPECIAL TAX

Property owners may permanently satisfy the Special Tax obligation of a parcel by a cash settlement with the City as permitted under Government Code Section 53344, provided any such prepayment shall be permitted only under the following conditions:

A. A final subdivision map for a single-family parcel or a parcel map (or other such legal land division) for any other parcel within the CFD proposed to be released has been recorded in conformance with the requirements of the Subdivision Map Act;

B. With respect to the release of a single-family parcel, any such prepayment may be made only upon (and at no time prior to or after) recordation of the final subdivision map creating the single-family lots within such parcel. With respect to the release of a multi-family, commercial or office parcel (or a parcel subject to the Special Tax and acquired by a public agency), any such prepayment may be made upon, or at any time after, the recordation of the parcel map (or other such legal land division) creating such parcel; and

C. The City determines that the prepayment of the Special Tax obligation does not jeopardize its ability to make timely payments of debt service on outstanding Bonds, and that the administration of such prepayment would not be inefficient or burdensome for the City.

Notwithstanding any prepayment of the Special Tax and permanent satisfaction thereof for any parcel (a "release parcel"), each released parcel shall continue to be included within the boundaries of the CFD. For example, notwithstanding any such prepayment, in the event the City approves a change in the amount and/or allocation of the special tax, which would increase the maximum annual special tax of a released parcel, and such change is approved by the qualified

electors of the CFD, then the additional increment of such special tax associated with such change and allocable to the released parcel may be levied on and collected therefrom.

Calculation of Prepayment

In the event the above conditions are satisfied, the prepayment amount shall be established by the following calculation:

1. The maximum annual special tax for the Parcel, based on Tables B-1, B-2 and B-3, shall be determined.

2. Such maximum annual special tax may be reduced by the average annual tax delinquency rate for property in the CFD If no delinquency history has been established for the special tax, the City may reduce the maximum special tax by the most recent five-year average annual delinquency rate for secured property taxes in the City as a whole, provided that by doing so the City's ability to make timely payments of debt service in subsequent years is not jeopardized thereby. The maximum special tax may be reduced still further if all bonds of the CFD have been issued and the future debt service through the maturity of all outstanding bonds is known with certainty, except that the tax shall not be reduced below the amount determined by the City as necessary to pay the parcel's share of the annual debt service on outstanding bonds and the annual expenses of administering the CFD.

3. The annual revenue produced by the special tax each year from the date of prepayment to and including the last maturity date of outstanding bonds, based on the tax determined in Step 2, shall be calculated.

4. The present value of the annual revenue stream determined in Step 3 shall be calculated using a discount rate which, when the prepayment is invested in approved investments (as specified by the resolution authorizing the issuance of bonds) earning a rate of interest equal to the discount rate, would produce the annual revenue stream determined in said Step 3. The discount rate may not exceed the bond yield as determined by the Tax Reform Act of 1986, as may be amended.

5. The prepayment amount shall be equal to the present value calculated in Step 4, plus the amount of any fees or expenses incurred by the City in connection with the prepayment calculation and the amount of any fees or expenses anticipated in connection with the application or administration of the proceeds of the prepayment, plus the amount of any and all delinquent special taxes and penalties associated with such parcel.

Application of Prepayment

The proceeds of the prepayment may be applied by the City in its discretion by one of the following methods:

(i) As an annuity over the remaining life of outstanding bonds, for the payment of debt service and annual expenses of the CFD. The annuity must be handled in such a fashion as not to cause the bonds to become arbitrage bonds under the Tax Reform Act of 1986, as may be amended.

(ii) To call bonds as may be provided for by the resolution authorizing the issuance of bonds by the CFD. If this application is selected by the City, the

amount of any call premiums and other expenses in connection therewith shall be included in the prepayment amount as an expense of administering the proceeds of the prepayment.

(iii) To be applied in full to the next annual special tax levy, provided that by doing so the City's ability to make timely payments of debt service in subsequent years is not jeopardized thereby. This method may be used only if the amount of the prepayment is such that its application to options (i) and (ii) would be inefficient or burdensome for the City, as determined by the Director of Finance.

TABLE B-1

SINGLE-FAMILY MAXIMUM ANNUAL TAX

Parcel	Anticipated Maximum Tax Per-Unit*	No. of Units	Maximum Tax Per-Parcel
1	$575.00	272	$ 156,400
2	575.00	181	104,075
3	575.00	189	108,675
4	575.00	418	240,350
7	575.00	77	44,275
8	575.00	120	69,000
23	575.00	204	117,300
26	575.00	103	59,225
28	575.00	348	200,100
32	575.00	203	116,725
58	575.00	148	85,100
61	575.00	134	77,050
62	575.00	265	152,375
63	575.00	244	140,300
66	575.00	244	140,300
72	575.00	81	46,575
95	575.00	85	48,875
96	575.00	156	89,700
22	455.00	325**	147,875
42	455.00	77**	35,035
TOTAL UNITS		3,789**	
TOTAL MAXIMUM ANNUAL TAX FOR SINGLE-FAMILY PARCELS			$2,179,310

* The Anticipated Maximum Tax per unit is based on the Maximum Tax per Parcel divided by the planned number of units to be created upon the subdivision thereof. The actual per-unit tax for any of the above parcels may be greater than the listed amount in the event the subdivision thereof creates fewer units than planned.

** Because only 79% of the per-unit tax levy calculated pursuant to Step 2 will be assessed against the units within Parcels 22 and 42, only 79% of the units therein are included in the summation of the number of units above, as reflected in the Total Units entry at the conclusion of said column.

TABLE B-2

MULTI-FAMILY, COMMERCIAL AND OFFICE PARCELS MAXIMUM ANNUAL TAX

Multi-Family

Parcel	Maximum Tax Per-Parcel
9	$58,202
17	31,940
55	87,303
89	111,436
90	35,489
91	42,942
47	20,373
Total Multi-Family Tax	$387,685

Commercial

Parcel	Maximum Tax Per-Parcel
5	$72,233
11	75,516
15	70,920
27	98,499
64	43,996
68	78,799
69	68,293
86	84,053
18	74,450
34	129,960
Total Commercial Tax	$796,719

Office

Parcel	Maximum Tax Per-Parcel
67	$45,686
70	45,686
77	139,913
19	59,585
Total Office Tax	$290,870
TOTAL MAXIMUM ANNUAL TAX FOR MULTI-FAMILY, COMMERCIAL AND OFFICE PARCELS	$1,475,274
TOTAL MAXIMUM ANNUAL TAX FOR CFD	$3,654,584

TABLE B-3
PUBLIC USES AND URBAN RESERVE

Parcels Intended for Public Use

6, 14, 20, 21, 24, 25, 29, 30, 38, 65, 71, 74, 75, 78, and 79.

Parcels Designated as Urban Reserve

73 and 76.

Maximum Tax Rates to Be Applied to Any Approved Private Development of Any Public Parcels or Urban Reserve

Use	Special Tax Area 1*	Special Tax Area 2
Single-Family	$575/unit	$455/unit
Multi-Family	$355/unit	$290/unit
Commercial	$6,560/acre	$6,525/acre
Office	$5,705/acre	$5,670/acre

* Maximum Tax Rate for any uses approved for development in the Urban Reserve portion of the CFD shall be set at the rates above for development of parcels in Area 1.

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APPENDIX C

CITY OF ROSEVILLE
NORTHWEST ROSEVILLE COMMUNITY FACILITIES DISTRICT NO. 1

DESCRIPTION OF FACILITIES TO BE FINANCED WITH PROCEEDS OF THE BONDS

1. JUNCTION BOULEVARD, STATION (-)2+50 TO STATION 64+59

JUNCTION BOULEVARD WILL BE CONSTRUCTED WESTERLY FROM ITS TERMINUS AT SILVERADO OAKS UNIT NO. 4 TO APPROXIMATELY 1,000± FEET WEST OF THE WEST SECTION LINE OF SECTION 32. JUNCTION BOULEVARD WILL BE CONSTRUCTED AS A 4-LANE ROADWAY WITH A TOTAL LENGTH OF APPROXIMATELY 6,700 ± FEET. THE PAVEMENT WIDTH WILL BE 66 FEET WITH CURB AND GUTTER WITHIN AN 84-FOOT-WIDE RIGHT-OF-WAY WESTERLY FROM SILVERADO OAKS UNIT NO. 4 TO COUNTRY CLUB DRIVE. FROM COUNTRY CLUB DRIVE WESTERLY TO 1,100± FEET WEST OF THE WEST SECTION LINE OF SECTION 32 THE PAVEMENT WIDTH WILL BE 70 FEET WITH CURB AND GUTTER WITHIN A 100-FOOT-WIDE RIGHT-OF-WAY.

DRAINAGE FACILITIES TO BE CONSTRUCTED IN JUNCTION BOULEVARD FROM ITS BEGINNING AT THE WESTERLY BOUNDARY OF SILVERADO OAKS UNIT NO. 4 TO COUNTRY CLUB DRIVE WILL CONSIST OF APPROXIMATELY 200± FEET OF 12-INCH STORM DRAIN, 1,070± FEET OF 54-INCH STORM DRAIN AND APPROXIMATELY 300± FEET OF 60-INCH STORM DRAIN AND ALL APPURTENANCES. WEST OF COUNTRY CLUB DRIVE TO COOK-RIOLO ROAD APPROXIMATELY 420± FEET OF 12-INCH STORM DRAIN, 230± FEET OF 36-INCH STORM DRAIN, 90± FEET OF 48-INCH STORM DRAIN, 1,950± FEET OF 60-INCH STORM DRAIN, 810± FEET OF DUAL 60-INCH STORM DRAIN, 450 ± FEET OF 72-INCH STORM DRAIN AND 900± FEET OF 84-INCH STORM DRAIN AND ALL APPURTENANCES WILL BE CONSTRUCTED. WEST OF COOK-RIOLO ROAD AND NORTH OF THE RIGHT-OF-WAY OF JUNCTION BOULEVARD A DRAINAGE CHANNEL WITH A BOTTOM WIDTH OF APPROXIMATELY 20 FEET WILL BE CONSTRUCTED WESTERLY OF COOK-RIOLO ROAD TO AN OUTFALL IN KASEBERG CREEK, A DISTANCE OF APPROXIMATELY 2,200± FEET.

THE SANITARY SEWER FACILITIES IN JUNCTION BOULEVARD SHALL BE CONSTRUCTED AS A 12-INCH SEWER MAIN FROM COUNTRY CLUB DRIVE WEST APPROXIMATELY 1,260± FEET AND AS A 15-INCH SEWER MAIN FOR A LENGTH OF APPROXIMATELY 920± FEET WESTERLY TO COOK-RIOLO ROAD. FROM COOK-RIOLO ROAD WESTERLY TO LIFT STATION NO. 4 APPROXIMATELY 2,800± FEET OF 18-INCH SEWER AND ALL APPURTENANCES WILL BE CONSTRUCTED PARALLEL TO JUNCTION BOULEVARD. THIS SEWER MAIN IS DESIGNATED SEWER LINE "4A".

THE WATER FACILITIES TO BE CONSTRUCTED WITHIN THE RIGHT-OF-WAY OF JUNCTION BOULEVARD WILL CONSIST OF 6,700± FEET OF 12-INCH OR 16-INCH WATER MAIN AND ALL ASSOCIATED APPURTENANCES.

THE ELECTRIC FACILITIES TO BE CONSTRUCTED WITHIN THE RIGHT-OF-WAY OF JUNCTION BOULEVARD WILL CONSIST OF APPROXIMATELY 6,700± FEET OF TRENCHING, ELECTRICAL CONDUIT AND CABLE AND ALL APPURTENANCES. THE PROPOSED ELECTRIC FACILITIES WILL ALSO INCLUDE SPLICE BOXES, SWITCHING GEAR AND 22 STREET LIGHTS.

2. <u>COOK-RIOLO ROAD, STATION 1+00 TO STATION 115+24</u>

COOK-RIOLO ROAD WILL BE CONSTRUCTED NORTHERLY FROM ITS EXISTING TERMINUS AT BASELINE ROAD TO APPROXIMATELY THE NORTH SECTION LINE OF SECTION 29. TWO LANES OF A PROPOSED 4-LANE ROADWAY WILL BE CONSTRUCTED WITH A TOTAL LENGTH OF APPROXIMATELY 11,400 FEET. THE PAVEMENT WIDTH WILL BE APPROXIMATELY 36 FEET WITH CURB AND GUTTER WITHIN A 100-FOOT-WIDE RIGHT-OF-WAY.

DRAINAGE FACILITIES TO BE CONSTRUCTED IN COOK-RIOLO ROAD BETWEEN BASELINE ROAD AND JUNCTION BOULEVARD SHALL CONSIST OF APPROXIMATELY 500± FEET OF 36-INCH STORM DRAIN, 800± FEET OF 42-INCH STORM DRAIN, 600± FEET OF 48-INCH STORM DRAIN AND 300± FEET OF 60-INCH STORM DRAIN AND ALL ASSOCIATED APPURTENANCES. BETWEEN JUNCTION BOULEVARD AND PROPOSED WAKEFIELD DRIVE THE DRAINAGE FACILITIES TO BE CONSTRUCTED IN COOK-RIOLO ROAD SHALL CONSIST OF APPROXIMATELY 470± FEET OF 12-INCH STORM DRAIN, 500± FEET OF 18-INCH STORM DRAIN, 730± FEET OF 24-INCH STORM DRAIN, 160± FEET OF 48-INCH STORM DRAIN, 100± FEET OF 54-INCH STORM DRAIN, 690± FEET OF 60-INCH STORM DRAIN AND 480± FEET OF 84-INCH STORM DRAIN AND ALL ASSOCIATED APPURTENANCES. DRAINAGE FACILITIES TO BE CONSTRUCTED IN COOK-RIOLO ROAD BETWEEN WAKEFIELD DRIVE AND PLEASANT GROVE BOULEVARD CONSIST OF APPROXIMATELY 590± FEET OF 12-INCH STORM DRAIN, 90± FEET OF 18-INCH STORM DRAIN, 290± FEET OF 24-INCH STORM DRAIN, 80± FEET OF 30-INCH STORM DRAIN, 1,270± FEET OF 36-INCH STORM DRAIN, 440± FEET OF 42-INCH STORM DRAIN AND 50± FEET OF 48-INCH STORM DRAIN AND ALL ASSOCIATED APPURTENANCES. AT THE INTERSECTION OF COOK-RIOLO ROAD WITH THE DRAINAGE CHANNEL, 360 FEET SOUTH OF THE NORTH SECTION LINE OF SECTION 32, 160± FEET OF 3 – 10' x 6' REINFORCED CONCRETE BOX CULVERTS SHALL BE CONSTRUCTED. BETWEEN PLEASANT GROVE BOULEVARD AND APPROXIMATELY THE NORTH SECTION LINE OF SECTION 29 THE DRAINAGE FACILITIES TO BE CONSTRUCTED IN COOK-RIOLO ROAD SHALL CONSIST OF APPROXIMATELY 580± FEET OF 12-INCH STORM DRAIN, 500± FEET OF 15-INCH STORM DRAIN, 1,360± FEET OF 18-INCH STORM DRAIN, 190± FEET OF 24-INCH STORM DRAIN, 330± FEET OF 36-INCH STORM DRAIN AND 150± FEET OF 42-INCH STORM DRAIN AND ALL ASSOCIATED APPURTENANCES.

SANITARY SEWER FACILITIES IN COOK-RIOLO ROAD SHALL CONSIST OF APPROXIMATELY 780± FEET OF 10-INCH SEWER MAIN AND 1,700± FEET OF 12-INCH SEWER MAIN BETWEEN BASELINE ROAD AND JUNCTION BOULEVARD. BETWEEN

JUNCTION BOULEVARD AND WAKEFIELD DRIVE SANITARY SEWER FACILITIES SHALL CONSIST OF APPROXIMATELY 800± FEET OF 8-INCH SEWER MAIN, 160± FEET OF 12-INCH SEWER MAIN AND 540_± FEET OF 15-INCH SEWER MAIN AND ALL APPURTENANCES. BETWEEN WAKEFIELD DRIVE AND PLEASANT GROVE BOULEVARD SANITARY SEWER FACILITIES SHALL CONSIST OF APPROXIMATELY 550± FEET OF 8-INCH SEWER MAIN AND 1,330± FEET OF 10-INCH SEWER MAIN. SANITARY SEWER FACILITIES BETWEEN PLEASANT GROVE BOULEVARD AND THE NORTH SECTION LINE OF SECTION 32 SHALL CONSIST OF APPROXIMATELY 350± FEET OF 6-INCH SEWER MAIN AND 420± FEET OF 8-INCH SEWER MAIN AND ALL APPURTENANCES.

THE WATER FACILITIES TO BE CONSTRUCTED WITHIN THE RIGHT-OF-WAY OF COOK-RIOLO ROAD WILL CONSIST OF APPROXIMATELY 11,400± FEET OF 12-INCH OR 16-INCH WATER MAIN AND ALL ASSOCIATED APPURTENANCES.

THE ELECTRIC FACILITIES TO BE CONSTRUCTED WITHIN THE RIGHT-OF-WAY OF COOK-RIOLO ROAD WILL CONSIST OF APPROXIMATELY 11,400± FEET OF TRENCHING, ELECTRICAL CONDUIT AND CABLE AND ALL APPURTENANCES. THE PROPOSED ELECTRIC FACILITIES WILL ALSO INCLUDE SPLICE BOXES, SWITCHING GEAR AND 33 STREET LIGHTS.

3. <u>COUNTRY CLUB DRIVE, STATION 1+00 TO STATION 64+46</u>

COUNTRY CLUB DRIVE WILL BE CONSTRUCTED NORTHERLY FROM ITS BEGINNING AT BASELINE ROAD TO ITS TERMINUS AT PLEASANT GROVE BOULEVARD. COUNTRY CLUB DRIVE WILL BE CONSTRUCTED AS A 2-LANE ROADWAY WITH A TOTAL LENGTH OF APPROXIMATELY 6,340± FEET. THE PAVEMENT WIDTH WILL BE 42 FEET WITH CURB AND GUTTER WITHIN A 60-FOOT-WIDE RIGHT-OF-WAY.

DRAINAGE IMPROVEMENTS TO BE CONSTRUCTED WITHIN THE RIGHT-OF-WAY OF COUNTRY CLUB DRIVE BETWEEN BASELINE ROAD AND JUNCTION BOULEVARD WILL CONSIST OF 380± FEET OF 12-INCH STORM DRAIN, 900± FEET OF 18-INCH STORM DRAIN AND 350± FEET OF 60-INCH STORM DRAIN AND ALL ASSOCIATED APPURTENANCES. BETWEEN JUNCTION BOULEVARD AND WAKEFIELD DRIVE THE DRAINAGE FACILITIES WILL INCLUDE APPROXIMATELY 180± FEET OF 12-INCH STORM DRAIN, 220± FEET OF 18-INCH STORM DRAIN, 600± FEET OF 24-INCH STORM DRAIN, 700± FEET OF 30-INCH STORM DRAIN, 380± FEET OF 36-INCH STORM DRAIN AND 430± FEET OF 48-INCH STORM DRAIN AND ALL APPURTENANCES. DRAINAGE IMPROVEMENTS TO BE CONSTRUCTED BETWEEN WAKEFIELD DRIVE AND PLEASANT GROVE BOULEVARD WILL CONSIST OF APPROXIMATELY 280± FEET OF 12-INCH STORM DRAIN, 680± FEET OF 18-INCH STORM DRAIN, 150± FEET OF 30-INCH STORM DRAIN, 270± FEET OF 48-INCH STORM DRAIN AND 110± FEET OF 2 } 10' x 7' REINFORCED CONCRETE BOX CULVERTS. ALSO TO BE CONSTRUCTED AS A PORTION OF THE DRAINAGE IMPROVEMENTS OF COUNTRY CLUB DRIVE WILL BE APPROXIMATELY 1,120± FEET OF DRAINAGE CHANNEL. THIS CHANNEL WILL HAVE A BOTTOM WIDTH OF APPROXIMATELY 20 FEET AND WILL BE LOCATED ADJACENT TO THE NORTH RIGHT-OF-WAY OF WAKEFIELD DRIVE.

THE SANITARY SEWER FACILITIES TO BE CONSTRUCTED WITHIN THE RIGHT-OF-WAY OF COUNTRY CLUB BOULEVARD BETWEEN BASELINE ROAD AND JUNCTION BOULEVARD WILL CONSIST OF APPROXIMATELY 490± FEET OF 10-INCH SEWER MAIN AND ALL ASSOCIATED APPURTENANCES. BETWEEN JUNCTION BOULEVARD AND WAKEFIELD DRIVE SANITARY SEWER IMPROVEMENTS WILL CONSIST OF APPROXIMATELY 300± FEET OF 6-INCH SEWER MAIN, 600± FEET OF 8-INCH SEWER MAIN AND 670± FEET OF 10-INCH SEWER MAIN. SANITARY SEWER IMPROVEMENTS BETWEEN WAKEFIELD DRIVE AND PLEASANT GROVE BOULEVARD WILL CONSIST OF APPROXIMATELY 960± FEET OF 8-INCH SEWER MAIN AND ALL APPURTENANCES.

THE WATER IMPROVEMENTS TO BE CONSTRUCTED WITHIN THE RIGHT-OF-WAY OF COUNTRY CLUB BOULEVARD WILL CONSIST OF APPROXIMATELY 6,350± FEET OF 12-INCH OR 16-INCH WATER MAIN AND ALL ASSOCIATED APPURTENANCES.

THE ELECTRIC FACILITIES TO BE CONSTRUCTED WITHIN THE RIGHT-OF-WAY OF COUNTRY CLUB DRIVE WILL CONSIST OF APPROXIMATELY 6,350± FEET OF TRENCHING, ELECTRICAL CONDUIT AND CABLE AND ALL APPURTENANCES. THE PROPOSED ELECTRIC FACILITIES WILL ALSO INCLUDE SPLICE BOXES, SWITCHING GEAR AND 22 STREET LIGHTS.

4. <u>WOODCREEK OAKS BOULEVARD, STATION 10+00 TO STATION 85+71AND STATION 93+60 TO STATION 109+60</u>

WOODCREEK OAKS BOULEVARD WILL BE CONSTRUCTED BOTH EASTERLY AND WESTERLY OF ITS PRESENT ALIGNMENT AT FOOTHILLS BOULEVARD. WOODCREEK OAKS BOULEVARD WILL BE EXTENDED APPROXIMATELY 1,600± FEET EAST OF FOOTHILLS BOULEVARD TO THE RIGHT-OF-WAY OF THE SOUTHERN PACIFIC RAILROAD, WITHIN A 100-FOOT-WIDE RIGHT-OF-WAY. WOODCREEK OAKS BOULEVARD WILL ALSO BE CONSTRUCTED APPROXIMATELY 7,570± FEET WEST OF ITS INTERSECTION WITH MISTY WOOD DRIVE, ENDING AT THE WEST SECTION LINE OF SECTION 29. BETWEEN THE WEST SECTION LINE OF SECTION 29 AND COOK-RIOLO ROAD, WOODCREEK OAKS BOULEVARD WILL CONSIST OF 2 LANES OF AN ULTIMATE 4-LANE ROADWAY WITH A PAVEMENT WIDTH OF APPROXIMATELY 36 FEET AND A LENGTH OF 2,900± FEET, WITHIN A 100-FOOT-WIDE RIGHT-OF-WAY. WOODCREEK OAKS BOULEVARD WILL BE CONSTRUCTED WITH 4 LANES OF AN ULTIMATE 6-LANE ROADWAY BETWEEN COOK-RIOLO ROAD AND MISTY WOOD DRIVE AND EAST OF FOOTHILLS BOULEVARD. THE 4-LANE ROADWAY WILL HAVE A PAVEMENT WIDTH OF 60 FEET WITH CURB AND GUTTER AND A LENGTH OF 6,200± FEET, WITHIN A 100-FOOT-WIDE RIGHT-OF-WAY.

DRAINAGE FACILITIES TO BE CONSTRUCTED WITHIN THE RIGHT-OF-WAY OF WOODCREEK OAKS BOULEVARD BETWEEN THE WEST SECTION LINE OF SECTION 29 AND COOK-RIOLO ROAD WILL CONSIST OF APPROXIMATELY 680± FEET OF 12-INCH STORM DRAIN, 690± FEET OF 18-INCH STORM DRAIN, 240± FEET OF 30-INCH STORM DRAIN, 770± FEET OF 42-INCH STORM DRAIN AND 110± FEET OF 48-INCH STORM DRAIN. BETWEEN COOK-RIOLO ROAD AND COUNTRY CLUB DRIVE THE DRAINAGE FACILITIES IN WOODCREEK OAKS BOULEVARD WILL CONSIST OF

APPROXIMATELY 280± FEET OF 12-INCH STORM DRAIN, 140± FEET OF 18-INCH STORM DRAIN, 630± FEET OF 24-INCH STORM DRAIN, 550± FEET OF 30-INCH STORM DRAIN AND 110± FEET OF 48-INCH STORM DRAIN AND ALL APPURTENANCES. THE DRAINAGE FACILITIES TO BE CONSTRUCTED IN WOODCREEK OAKS BOULEVARD BETWEEN COUNTRY CLUB DRIVE AND MISTY WOOD DRIVE WILL CONSIST OF APPROXIMATELY 430± FEET OF 12-INCH STORM DRAIN, 1,210± FEET OF 15-INCH STORM DRAIN AND 450± FEET OF 30-INCH DRAIN AND ALL APPURTENANCES. ALSO, WHERE WOODCREEK OAKS BOULEVARD CROSSES THE SOUTH BRANCH OF WOODCREEK OAKS CREEK, 130± FEET OF 2 – 10' x 11' REINFORCED CONCRETE BOX CULVERTS AND ALL APPURTENANCES WILL BE CONSTRUCTED.

THE SANITARY SEWER FACILITIES TO BE CONSTRUCTED IN THE RIGHT-OF-WAY OF WOODCREEK OAKS BOULEVARD BETWEEN THE WEST SECTION LINE OF SECTION 29 AND COOK-RIOLO ROAD WILL CONSIST OF APPROXIMATELY 1,590± FEET OF 10-INCH SEWER MAIN AND ALL ASSOCIATED APPURTENANCES.

THE WATER IMPROVEMENTS TO BE CONSTRUCTED PARALLEL TO THE RIGHT-OF-WAY OF WOODCREEK OAKS BOULEVARD WILL CONSIST OF APPROXIMATELY 10,000± FEET OF 30-INCH WATER MAIN AND ALL ASSOCIATED APPURTENANCES.

THE ELECTRIC FACILITIES TO BE CONSTRUCTED WITHIN THE RIGHT-OF-WAY OF WOODCREEK OAKS BOULEVARD WILL CONSIST OF APPROXIMATELY 9,170± FEET OF TRENCHING, ELECTRICAL CONDUIT AND CABLE AND ALL APPURTENANCES. THE PROPOSED ELECTRIC FACILITIES WILL ALSO INCLUDE SPLICE BOXES, SWITCHING GEAR AND 31 STREET LIGHTS.

5. <u>WAKEFIELD DRIVE, STATION 24+60 TO STATION 28+35</u>

WAKEFIELD DRIVE WILL BE EXTENDED APPROXIMATELY 375± FEET FROM THE WESTERN BOUNDARY OF SILVERADO OAKS UNIT NO. 3 WESTERLY TO COUNTRY CLUB DRIVE. WAKEFIELD DRIVE WILL BE CONSTRUCTED AS A 2-LANE ROADWAY WITH CURB AND GUTTER WITHIN A 60-FOOT-WIDE RIGHT-OF-WAY. THE PAVEMENT WIDTH OF WAKEFIELD DRIVE WILL BE 42 FEET.

THE DRAINAGE FACILITIES TO BE CONSTRUCTED IN WAKEFIELD DRIVE WILL CONSIST OF APPROXIMATELY 220± FEET OF 12-INCH STORM DRAIN AND ASSOCIATED APPURTENANCES.

WATER IMPROVEMENTS IN WAKEFIELD DRIVE WILL CONSIST OF APPROXIMATELY 375± FEET OF 12-INCH OR 16-INCH WATER MAIN AND APPURTENANCES.

ELECTRIC IMPROVEMENTS TO BE CONSTRUCTED WITHIN THE RIGHT-OF-WAY OF WAKEFIELD DRIVE WILL CONSIST OF APPROXIMATELY 375± FEET OF TRENCHING, ELECTRICAL CONDUIT AND CABLE AND ALL APPURTENANCES. THE PROPOSED ELECTRIC FACILITIES WILL ALSO INCLUDE SPLICE BOXES, SWITCHING GEAR AND 1 STREET LIGHT.

6. BASELINE ROAD, STATION 111+00 TO STATION 164+90

ROADWAY IMPROVEMENTS WITHIN THE RIGHT-OF-WAY OF BASELINE ROAD WILL CONSIST OF ADDING 27 FEET OF PAVEMENT TO THE EXISTING 39 FEET OF PAVEMENT FOR AN ULTIMATE PAVEMENT WIDTH OF 66 FEET. THE PORTION OF BASELINE ROAD THAT IS WITHIN THE SCOPE OF THIS PROJECT WILL BE A 4-LANE ROADWAY AND WILL BE APPROXIMATELY 4,570± FEET IN LENGTH.

DRAINAGE IMPROVEMENTS TO BE CONSTRUCTED WITHIN THE RIGHT-OF-WAY OF BASELINE ROAD WILL CONSIST OF APPROXIMATELY 90± FEET OF 10-INCH STORM DRAIN, 470± FEET OF 12-INCH STORM DRAIN, 1,400± FEET OF 18-INCH STORM DRAIN AND 1,100± FEET OF 21-INCH STORM DRAIN AND ALL ASSOCIATED APPURTENANCES.

WATER FACILITIES TO BE CONSTRUCTED IN BASELINE ROAD WILL CONSIST OF APPROXIMATELY 2,150± FEET OF 16-INCH WATER MAIN AND 2,420± FEET OF 12-INCH OR 16-INCH WATER MAIN AND ALL APPURTENANCES.

ELECTRIC FACILITIES TO BE INSTALLED IN THE RIGHT-OF-WAY OF BASELINE ROAD WILL CONSIST OF 4,570± FEET OF TRENCHING, ELECTRICAL CONDUIT AND CABLE AND ALL APPURTENANCES. THE PROPOSED ELECTRIC FACILITIES WILL ALSO INCLUDE SPLICE BOXES, SWITCHING GEAR AND 15 STREET LIGHTS.

7. JUNCTION BOULEVARD, SILVERADO OAKS UNIT NO. 4

AS PART OF THE CONSTRUCTION OF SILVERADO OAKS UNIT NO. 4 APPROXIMATELY 1,400± FEET OF JUNCTION BOULEVARD WILL BE BUILT. JUNCTION BOULEVARD WILL BE CONSTRUCTED WITH A PAVEMENT WIDTH OF 66 FEET WITH CURB AND GUTTER WITHIN AN 84-FOOT-WIDE RIGHT-OF-WAY.

DRAINAGE FACILITIES TO BE CONSTRUCTRED WITHIN THE RIGHT-OF-WAY OF JUNCTION BOULEVARD WILL CONSIST OF APPROXIMATELY 430± FEET OF 12-INCH STORM DRAIN, 50± FEET OF 15-INCH STORM DRAIN, 150± FEET OF 18-INCH STORM DRAIN, 220± FEET OF 24-INCH STORM DRAIN, 340± FEET OF 27-INCH STORM DRAIN, 300± FEET OF 36-INCH STORM DRAIN, 540± FEET OF 42-INCH STORM DRAIN AND 10± FEET OF 54-INCH STORM DRAIN AND ALL ASSOCIATED APPURTENANCES.

SANITARY SEWER IMPROVEMENTS TO BE CONSTRUCTED IN JUNCTION BOULEVARD WILL CONSIST OF APPROXIMATELY 1,140± FEET OF 6-INCH SEWER MAIN AND ALL APPURTENANCES.

WATER FACILITIES TO BE CONSTRUCTED IN JUNCTION BOULEVARD WILL CONSIST OF APPROXIMATELY 1,400± FEET OF 12-INCH OR 16-INCH WATER MAIN AND APPURTENANCES.

ELECTRIC IMPROVEMENTS TO BE INSTALLED WITHIN THE RIGHT-OF-WAY OF JUNCTION BOULEVARD WILL CONSIST OF APPROXIMATELY 1,400± FEET OF TRENCHING, ELECTRICAL CONDUIT AND CABLE AND ALL APPURTENANCES. THE PROPOSED ELECTRIC FACILITIES WILL ALSO INCLUDE SPLICE BOXES, SWITCHING GEAR AND 8 STREET LIGHTS.

8. OFF-SITE SANITARY SEWER IMPROVEMENTS

ADDITIONAL SANITARY SEWER FACILITIES TO BE CONSTRUCTED AS PART OF THE NORTHWEST ROSEVILLE SPECIFIC PLAN WILL CONSIST OF 3 SANITARY SEWER LINES TO BE BUILT WITHIN THE LIMITS OF THE PROPOSED GOLF COURSE. THESE THREE SEWER LINES ARE DESIGNATED AS SEWER LINES "5A", "5C", AND "5D" AND WILL CONSIST OF APPROXIMATELY 1,150± FEET OF 6-INCH SEWER MAIN, 2,190± FEET OF 8-INCH SEWER MAIN, 2,500± FEET OF 10-INCH SEWER MAIN AND 1,370± FEET OF 12-INCH SEWER MAIN AND APPURTENANCES. ALSO TO BE CONSTRUCTED AS OFFSITE SEWER FACILITIES WILL BE APPROXIMATELY 2,790± FEET OF 14-INCH SEWER FORCE MAIN DESIGNATED FORCE MAIN "2F". IN ADDITION, A 3.5 MGD SEWER LIFT STATION, DESIGNATED LIFT STATION NO. 4, WILL BE CONSTRUCTED AND EXISTING LIFT STATION NO. 3 WILL BE UPGRADEDED TO AN ULTIMATE CAPACITY OF 6.5 MGD.

9. OFF-SITE WATER IMPROVEMENTS

OFF-SITE WATER FACILITIES TO SERVE THE NORTHWEST ROSEVILLE SPECIFIC PLAN WILL CONSIST OF APPROXIMATELY 13,000± FEET OF 24-INCH WATER MAIN AND ALL APPURTENANCES. THIS OFF-SITE WATER MAIN WILL CROSS THE NORTH CENTRAL ROSEVILLE PLAN AREA.

10. ELEMENTARY SCHOOL

ONE-HALF OF THE COSTS OF CONSTRUCTING A NEW ELEMENTARY SCHOOL AT THE INTERSECTION OF JUNCTION BOULEVARD AND AMERICANA DRIVE, ON 10 ACRES OF LAND ADJACENT TO 8 ACRES OF PARK. THE SCHOOL WILL HOUSE 600 STUDENTS IN GRADES KINDERGARTEN THROUGH FIVE, WITH EXPANSION CAPACITY OF AN ADDITIONAL 150 STUDENTS. THE FACILITIES WILL CONSIST OF 70% PERMANENT STRUCTURES AND 30% RELOCATABLE STRUCTURES.

11. GOLF COURSE

FUND CITY EXPENSES FOR THE DESIGN AND CONSTRUCTION OF GOLF COURSE IMPROVEMENTS UP TO $250,000 PER YEAR FOR THE FIRST FOUR YEARS OF LEVY OF THE SPECIAL TAX.

12. FUND CITY AND PROPONENT COSTS OF DISTRICT FORMATION.

13. FUND THE BOND RESERVE FUND AND COSTS OF BOND ISSUANCE, INCLUDING BUT NOT LIMITED TO THE FOLLOWING: DISCOUNT, APPRAISAL COSTS, BOND COUNSEL, LANDOWNER ELECTION COSTS, PRINTING COSTS, ETC.

14. PAY ANNUAL FEES TO THE CITY AND A FISCAL AGENT TO ADMINISTER THE DISTRICT AND THE FUNDS GENERATED FROM THE SPECIAL TAX.

15. FUND NOT MORE THAN TWO (2) YEARS OF DEBT SERVICE PAYMENTS ON THE BONDS ISSUED.

16. THE ACQUISITION OR PAYMENT OF ANY COSTS RELATED TO ENGINEERING AND DESIGN, PROJECT MANAGEMENT AND CITY INSPECTION FEES RELATED TO ITEMS 1 THROUGH 10 OF THIS EXHIBIT.

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APPENDIX E

CITY OF ROSEVILLE
NORTHWEST ROSEVILLE COMMUNITY FACILITIES DISTRICT NO. 1

TAXABLE LAND WITHIN THE DISTRICT —
PROPOSED LAND USE, ACREAGE, DENSITY AND OWNERSHIP
AS OF DECEMBER 11, 1989

Parcel No.	Use Category	Number of Units	Approximate Acreage Taxable Land	Owner
1	Single-Family Residential	272	68.028	Sammis Roseville Associates 1/
2	Single-Family Residential	181	28.639	Sammis Roseville Associates
3	Single-Family Residential	189	48.883	Sammis Roseville Associates 2/
4	Single-Family Residential	418	103.019	Sammis Roseville Associates 3/
5	Commercial		12.201	Sammis Roseville Associates
7	Single-Family Residential	77	23.939	Sammis Roseville Associates
8	Single-Family Residential	120	33.859	J & R Homes, Inc.

1/ Parcel 1 is being sold by Sammis Roseville Associates to Michael Andrew Group; escrow is estimated to close on or about February 22, 1990.

2/ Parcel 3 is being sold by Sammis Roseville Associates to Mollard Corporation; escrow is estimated to close on or about February 22, 1990.

3/ Parcel 4 is being sold by Sammis Roseville Associates as two separate lots, Parcel 4A (approximately 44.562 acres) and Parcel 4B (approximately 58.457 acres). Parcel 4A is being sold to Hank Fisher Properties, Inc. and Ryder Homes of Northern California; escrow is estimated to close on or about March 13, 1990. Parcel 4B is being sold to John Mourier Construction, Inc.; escrow is estimated to close on or about March 13, 1990.

Parcel No.	Use Category	Number of Units	Approximate Acreage Taxable Land	Owner
9	Multi-Family Residential	185	13.805	Sammis Roseville Associates 4/
11	Commercial		11.624	Sammis Roseville Associates 5/
15	Commercial		12.306	Sammis Roseville Associates
17	Multi-Family Residential	90	11.101	Sammis Roseville Associates
18	Business Professional		10.695	M.J. Brock & Sons, Inc.
19	Business Professional		8.395	M.J. Brock & Sons, Inc.
22	Single-Family Residential	325	68.360	M.J. Brock & Sons, Inc.
23	Single-Family Residential	204	60.305	Sammis Roseville Associates 6/
26	Single-Family	103	34.707	Sammis Roseville Associates 7/
27	Commercial		15.799	Calton Homes of California, Inc.
28	Single-Family Residential	348	111.849	Kaufman & Broad of Northern California, Inc.; Calton Homes of California, Inc. 8/

4/ Parcel 9 is being sold by Sammis Roseville Associates to Beard & Howard, Inc.; escrow is estimated to close on or about January 5, 1990.

5/ Parcel 11 is being sold by Sammis Roseville Associates to Crocker Properties; escrow is estimated to close on or about February 27, 1990.

6/ Parcel 23 is being sold by Sammis Roseville Associates to Citation Homes Northern; escrow is estimated to close on or about April 30, 1990.

7/ Parcel 26 is being sold by Sammis Roseville Associates to Ron McKim Construction, Inc.; escrow is estimated to close on or about February 15, 1990.

8/ Parcel 28 is owned by Kaufman & Broad of Northern California, Inc. and Calton Homes of California, Inc. as tenants in common pending recordation of a final subdivision map, whereupon the parcel will be divided between the two parties, with Kaufman & Broad of Northern California, Inc. to own approximately 60% of the land within Parcel 28.

Property Ownership

Current ownership of the real property within the District is concentrated. (See "PROPERTY OWNERSHIP WITHIN THE DISTRICT.") Failure of significant property owners in the District to pay installments of taxes when due could result in the depletion of the Bond Reserve Account prior to reimbursement from the resale of foreclosed property or payment of the delinquent Special Tax. In that event, there could be a delay in payments of the principal of and interest on the Bonds. The only asset of each owner which constitutes security for the Bonds is his or her property holdings located within the District. (See "SPECIAL RISK FACTORS — Bankruptcy" and "SOURCES OF PAYMENT FOR THE BONDS — Delinquent Payments of Special Tax; Covenant for Foreclosure."

Bankruptcy

The payment of the Special Tax and the ability of the City to foreclose on the lien of a delinquent unpaid tax, as discussed in "SOURCES OF PAYMENT FOR THE BONDS," may be limited by bankruptcy, insolvency or other laws generally affecting creditors' rights, or by the laws of the State 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 liens to become extinguished, bankruptcy of a property owner could result in a delay in prosecuting superior court foreclosure proceedings. Such delay would increase the likelihood of a delay or default in payment of the principal of and interest on the Bonds and the possibility of delinquent tax installments not being paid in full. The payment of Special Taxes and the ability of the City to foreclose the lien of a delinquent unpaid tax could be delayed by bankruptcy, reorganization, insolvency, moratorium or other similar laws affecting rights of creditors generally or by the laws of the State relating to judicial foreclosure.

Land Values

The City has been furnished with the Appraisal Report prepared by Clark-Wolcott Company, Inc. The Appraisal Report concludes that the probable aggregate fair market value of the 41 parcels of Taxable Land within the District, consisting of approximately 1,258 acres, assuming completion of the improvements constituting the Facilities and certain other improvements, totals $161,755,000 as of November 15, 1989. The Executive Summary section of the Appraisal is contained in Appendix F. Copies of the complete Appraisal Report are available upon request from the City. It should be noted that the Appraisal Report is based upon a number of assumptions which, if not accurate, could affect the value of the property appraised. Among the assumptions are that no conditions exists that are not discoverable through normal, diligent investigation which would affect the use and value of the property within the District, and that the District contains no hazardous material such as asbestos, area formaldehyde foam insulation or other potentially hazardous materials which may cause a loss in value of property within the District. The appraiser, Clark-Wolcott Company, Inc., did not observe any such material in the District; however,

it expressly disclaims in the Appraisal Report any expertise with respect to detection of such substances or responsibility for such substances.

If the Facilities or other improvements mentioned in the Appraisal Report are not completed as anticipated, the fair market value of the property in the District would be adversely affected. The estimated fair market value of the parcels within the District varies significantly and the estimated fair market value of any parcel relative to the amount of the Special Tax levied on that parcel also varies significantly.

Parity Taxes and Special Assessments

The Special Tax and any penalties thereon will constitute a lien against the lots and parcels of land on which they will be annually imposed until they are paid. Such lien is on a parity with all special taxes and special assessments levied by other agencies and is co-equal to and independent of the lien for general property taxes regardless of when they are imposed upon the same property. Thus, the existing special assessments relating to Foothill Boulevard, the Foothill Boulevard extension and the Landscaping and Lighting District, as well as ad valorem property taxes, are on a parity with the Special Tax. The Special Tax has priority over all existing and future private liens imposed on the property. The City, however, has no control over the ability of other entities and districts to issue indebtedness secured by special taxes or assessments payable from all or a portion of the property within the District. In addition, the City is not prohibited itself from establishing assessment districts, community facilities districts or other districts which might impose assessments or taxes against property within the District. In the event any additional improvements or fees are financed pursuant to the establishment of an assessment district, community facilities district or other district, any taxes or assessment levied to finance such improvements will have a lien on a parity with the lien of the Special Tax. (See "DIRECT AND OVERLAPPING BONDED DEBT.")

Existing and Future Indebtedness

At the present time, most of the property in the District is undeveloped. In order to develop any improvements on the property, the developers who ultimately build on it will need to construct improvements over and above those being financed with the proceeds of the Bonds. The cost of these additional improvements will increase the public and private debt for which the land in the District or other land or collateral owned by the developers is security, and such increased debt could reduce the ability or desire of the developers or future property owners to pay the Special Taxes levied against the land in the District. Moreover, a significant portion of property within the District has already been pledged as security for outstanding loans.

Disclosures to Future Purchasers

A notice of the Special Taxes has been recorded in the Office of the Recorder for the County of Placer. While title companies normally refer to such notices in title reports, there can be no guarantee that such reference will be made or, if made, that a prospective purchaser or lender will consider such Special Tax obligation in the purchase of a property within the District or lending of money thereon. Failure to disclose the existence of the Special Taxes may affect the willingness and ability of future property owners to pay the Special Tax when due. Under California law, any

APPENDIX F

CITY OF ROSEVILLE
NORTHWEST ROSEVILLE COMMUNITY FACILITIES DISTRICT NO. 1

EXECUTIVE SUMMARY OF APPRAISAL REPORT

PREPARED BY CLARK-WOLCOTT COMPANY, INC.

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EXECUTIVE SUMMARY

This appraisal involves valuation of property in the northwesterly section of the city of Roseville, a part of the Sacramento metropolitan area in northern California. The appraisal is made in connection with the Northwest Roseville Community Facilities District No. 1, which was formed pursuant to the Mello-Roos Community Facilities Act. The purpose of the appraisal is to estimate market value of the various parcels appraised and as a valuation guide for bond underwriting purposes. Valuation of the property is as of *November 15, 1989.*

The property appraised is part of the Northwest Roseville Specific Plan Area in the westerly section of the city of Roseville. The project is located on the north side of Base Line Road and lies between Washington Boulevard on the east and Fiddyment Road on the west. A total of 41 parcels are appraised in this report containing a net area of 1,198.835± acres.

Topography of the property is rolling to gently rolling with a vegetative cover of native grasses and scattered oak trees. All utilities will be available to the parcels appraised including water, sewer, natural gas, electric power, telephone service and storm drainage.

Mello-Roos funds will be utilized for developing infrastructure including underground utilities and construction of primary roadways, etc. Included as part of the primary roadway system within the project that will be funded by the Northwest Roseville Community Facilities District No. 1 are improvements along Base Line Road, Foothill Boulevard and Junction Boulevard, and construction of Cook-Riolo Road, Country Club Drive, Woodcreek Oaks Boulevard, Wakefield Drive and Junction Boulevard.

The Northwest Roseville Specific Plan Area is a master-planned community that provides a variety of land uses which include single and multifamily residential housing, business and professional office sites, and commercially oriented property. In addition, there will be an 18-hole golf course and areas devoted to open space.

Highest and best use of the parcels appraised in this report are as currently designated in the master plan of development.

This appraisal is concerned with the valuation of land only and does not consider building improvements. Since the appraisal involves land value, the Market Data Approach is the only appropriate valuation technique. Neither the Cost Approach nor the Income Approach are valid appraisal methods in this instance.

It should be specifically noted that this appraisal assumes completion of the improvements financed by the Northwest Roseville Community Facilities District No 1. Additionally, the various parcels appraised are valued individually with no consideration given to the total value of the project if sold in bulk at a discounted price.

Estimated value of the 41 parcels appraised in this report, their size and probable highest and best use as of *November 15, 1989* are summarized in the table on the following page.

Clark – Wolcott
Incorporated

ASSESSMENT PARCEL NO.	ASSESSOR PARCEL NO.	ZONE	DWELLING UNITS	PROPERTY VALUE
1	PTN 17-23-08	R-4.2	272	$ 7,480,000
2	PTN 17-23-08	R-7	181	4,705,000
3	PTN 17-23-08	R-4.1	189	5,575,000
4	PTN 17-23-08	R-4	418	10,785,000
5	PTN 17-23-08	Commercial	---	2,690,000
7	PTN 17-23-08	R-3.2	77	2,695,000
8	PTN 17-23-23	R-3.2	120	3,780,000
9	PTN 17-23-05,23	R-14	185	2,035,000
11	PTN 17-23-23	Commercial	---	3,110,000
15	PTN 17-23-24	Commercial	---	3,225,000
17	PTN 17-23-08	R-9.3	90	990,000
18	PTN 17-16-03	B-P/Commercial	---	1,885,000
19	PTN 17-16-03	Business Professional	---	1,595,000
22	PTN 17-16-03	R-5.2	325	10,400,000
23	PTN 17-23-08	R-3.6	204	7,140,000
26	PTN 17-23-08	R-3.5	103	2,680,000
27	PTN 17-16-32	Commercial-Recreational	---	2,675,000
28	PTN 17-16-32	R-3.2	348	9,745,000
32	PTN 17-29-12	R-7	203	5,280,000
34	17-29-03	Commercial	---	4,065,000
42	PTN 17-16-14	R-3.7	70	2,100,000
47	PTN 17-16-14	R-10	71	780,000
55	17-29-10	R-20	246	2,090,000
58	PTN 17-16-18	R-4	148	4,590,000
61	17-16-19	R-4.9	132	3,960,000
62	PTN 17-16-31,30	R-5	265	7,420,000
63	PTN 17-16-32,31,30	R-4.4	244	7,320,000
64	PTN 17-16-30	Commercial	---	1,725,000
66	PTN 17-16-29,30	R-4.5	244	7,075,000
67	PTN 17-16-28,29	Business Professional	---	1,560,000
68	PTN 17-16-28,29	Commercial	---	2,950,000
69	PTN 17-16-28	Commercial	---	2,795,000
70	PTN 17-16-28	Business Professional	---	1,610,000
72	PTN 17-16-29,32	R-3.2	81	2,430,000
77	PTN 17-16-32	Business Professional	---	4,995,000
86	17-29-11	Commercial	---	3,840,000
89	PTN 17-16-28,29	R-18	314	2,355,000
90	PTN 17-16-30	R-18	100	750,000
91	PTN 17-23-08	R-20	100	750,000
95	PTN 17-23-08	R-2.6	85	2,975,000
96	PTN 17-23-08	R-3.1	156	5,150,000
				$161,755,000

CLARK-WOLCOTT COMPANY, INC.

By: Thomas W. Clark Jr. Date 12/5/89
Thomas W. Clark, Jr., MAI

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APPENDIX G

CITY OF ROSEVILLE
NORTHWEST ROSEVILLE COMMUNITY FACILITIES DISTRICT NO. 1

FORM OF OPINION OF BOND COUNSEL

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January 11, 1990

City Council
City of Roseville
Roseville, California

City of Roseville
Northwest Roseville Community Facilities District No. 1
Special Tax Bonds
(Final Opinion)

Ladies and Gentlemen:

We have acted as bond counsel in connection with the issuance by the City of Roseville (the "City") of $33,720,000 aggregate principal amount of City of Roseville Northwest Roseville Community Facilities District No. 1 Special Tax Bonds (the "Bonds") pursuant to the provisions of the Mello-Roos Community Facilities Act of 1982 of the State of California (being Sections 53311 et seq. of the Government Code of the State of California, as amended) and all laws amendatory thereof or supplemental thereto, and Resolution No. 89-278 adopted by the City Council of the City on December 20, 1989, amending and restating Resolution No. 89-171 adopted by the City Council of the City on August 9, 1989 (the "Resolution").

In such connection, we have reviewed the Resolution, an opinion of counsel to the City, certifications of the City and others and such other documents, opinions and matters to the extent we deemed necessary to render the opinions set forth herein.

Certain requirements and procedures contained or referred to in the Resolution and other relevant documents may be changed and certain actions may be taken or omitted under the circumstances and subject to the terms and conditions set forth in such documents, upon the advice or with the approving

opinion of nationally recognized bond counsel, and no opinion is expressed herein as to any Bond or the interest thereon if any such change occurs or action is taken or omitted upon the advice or approval of counsel other than ourselves.

The opinions expressed herein are based on an analysis of existing laws, regulations, rulings and court decisions and cover certain matters not directly addressed by such authorities. Such opinions may be affected by actions taken or omitted or events occurring after the date hereof, and we have not undertaken to determine, or to inform any person, whether any such actions or events are taken or do occur. We have assumed the genuineness of all documents and signatures presented to us. We have not undertaken to verify independently, and have assumed, the accuracy of the factual matters represented, warranted or certified in the documents, and of the legal conclusions contained in the opinions, referred to in the second paragraph hereof. Furthermore, we have assumed compliance with all covenants and agreements contained in the Resolution, including (without limitation) covenants and agreements compliance with which is necessary to assure that future actions, omissions or events will not cause interest on the Bonds to be included in gross income for federal income tax purposes. We call attention to the fact that the rights and obligations under the Bonds and the Resolution are subject to bankruptcy, insolvency, reorganization, arrangement, moratorium and other similar laws affecting creditors' rights, to the application of equitable principles, to the exercise of judicial discretion in appropriate cases and to the limitations on legal remedies against municipal corporations in the State of California. Finally, we undertake no responsibility for the accuracy, completeness or fairness of the Official Statement or other offering material relating to the Bonds and express no opinion relating thereto.

Based on and subject to the foregoing, and in reliance thereon, as of the date hereof, we are of the following opinions:

1. The Bonds constitute valid and binding special tax obligations of the City, payable solely from the proceeds of the Special Tax (as that term is defined in the Resolution) and certain funds held under the Resolution to the extent specified in the Resolution.

2. The Resolution has been duly adopted and constitutes a valid and binding obligation of the City.

3. Interest on the Bonds is excluded from gross income for federal income tax purposes under section 103 of the Internal Revenue Code of 1986, and is exempt from State of California personal income taxes. Interest on the Bonds is not a specific preference item for purposes of the federal individual or corporate alternative minimum taxes, although we observe that it is included in adjusted net book income and adjusted current earnings in calculating corporate alternative minimum taxable income. We express no opinion regarding other federal or state tax consequences related to the accrual or receipt of interest on the Bonds.

Faithfully yours,

ORRICK, HERRINGTON & SUTCLIFFE

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