NEW ISSUE-FULL BOOK ENTRY

NOT RATED

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

\$^ 11,285,000 CITY OF ROSEVILLE STONE POINT COMMUNITY FACILITIES DISTRICT NO. 1 SPECIAL TAX BONDS SERIES 2003

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

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

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

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

Property in the District subject to the Special Tax comprises approximately 98 net acres planned for an office park development of approximately 1.65 million square feet of gross building area, along with a limited amount of associated retail uses. The property is currently unimproved land. The City has approved a final subdivision map to create 17 development parcels, a park and open space. A single landowner owns all of the land in the District; all of the developable parcels in the District are under option to a related single development entity and are actively being marketed for sale and development. See "THE DISTRICT" and "OWNERSHIP OF PROPERTY WITHIN THE DISTRICT."

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

NEITHER THE FAITH AND CREDIT NOR THE TAXING POWER OF THE CITY, THE COUNTY OF PLACER, THE STATE OF CALIFORNIA OR ANY POLITICAL SUBDIVISION THEREOF IS PLEDGED TO THE PAYMENT OF THE BONDS. THE BONDS DO NOT CONSTITUTE A DEBT OF THE CITY WITHIN THE MEANING OF ANY STATUTORY OR CONSTITUTIONAL DEBT LIMITATION. THE INFORMATION SET FORTH IN THIS OFFICIAL STATEMENT, INCLUDING INFORMATION UNDER THE HEADING "SPECIAL RISK FACTORS," SHOULD BE READ IN ITS ENTIRETY.

This cover page contains certain information for general reference only. It is not a summary of all of the provisions of the Bonds. Prospective investors must read the entire Official Statement to obtain information essential to the making of an informed investment decision. See "SPECIAL RISK FACTORS" herein for a discussion of the special risk factors that should be considered, in addition to the other matters and risk factors set forth herein, in evaluating the investment quality of the Bonds.

MATURITY SCHEDULE

Base CUSIP No.: 777870

Maturity Date	Principal	Interest			Maturity Date	Principal	Interest		I
(September 1)	Amount	<u>Rate</u>	<u>Yield</u>	CUSIP No.	(September 1)	<u>Amount</u>	<u>Rate</u>	<u>Yield</u>	CUSIP No.
2005	\$255,000	3.000%	3.000%	HP4	2013	\$355,000	5.200%	5.300%	HX7
2006	260,000	3.500	3.500	HQ2	2014	375,000	5.375	5.500	HY5
2007	270,000	4.000	4.000	HR0	2015	395,000	5.500	5.600	HZ2
2008	280,000	4.350	4.350	HS8	2016	415,000	5.600	5.700	JA5
2009	290,000	4.700	4.700	HT6	2017	440,000	5.700	5.800	JB3
2010	305,000	4.900	4.900	HU3	2018	465,000	5.800	5.900	JC1
2011	320,000	5.000	5.000	HV1	2019	490,000	6.000	6.000	JD9
2012	335,000	5.125	5.200	HW9	2020	520,000	6.000	6.100	JE7

\$2,415,000 6.375% Term Bonds Due September 1, 2024 — Priced to Yield: 6.400% CUSIP No. 777870JJ6 53,100,000 6.375% Term Bonds Due September 1, 2028 — Priced to Yield: 6.450% CUSIP No. 777870JN7

The Bonds are offered when, as and if issued, subject to approval as to their legality by Jones Hall, a Professional Law Corporation, San Francisco, California, Bond Counsel. Certain legal matters will also be passed on by Jones Hall as Disclosure Counsel. Certain legal matters will be passed upon for the City by the City Attorney. It is anticipated that the Bonds will be available for delivery to DTC on or about <u>March 18.</u> 2003 in New York, New York.

U.S. Bancorp Piper Jaffray

The date of this Official Statement is ^ March 5, 2003

CITY OF ROSEVILLE, CALIFORNIA

CITY COUNCIL

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

CITY STAFF

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

SPECIAL SERVICES

Bond Counsel

Jones Hall, A Professional Law Corporation San Francisco, California

Fiscal Agent

BNY Western Trust Company San Francisco, California

Financial Advisor

Public Financial Management, Inc. San Francisco, California

Appraiser

Bender Rosenthal, Inc. Roseville, California

Special Tax Consultant

Economic & Planning Systems, Inc. Sacramento, California

GENERAL INFORMATION ABOUT THIS OFFICIAL STATEMENT

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

Estimates and Forecasts. When used in this Official Statement and in any continuing disclosure by the City, in any press release and in any oral statement made with the approval of an authorized officer of the City, the words or phrases "will likely result," "are expected to", "will continue", "is anticipated", "estimate", "project," "forecast", "expect", "intend" and similar expressions identify "forward looking statements" within the meaning of the Private Securities Litigation Reform Act of 1995. Such statements are subject to risks and uncertainties that could cause actual results to differ materially from those contemplated in such forward-looking statements. Any forecast is subject to such uncertainties. Inevitably, some assumptions used to develop the forecasts will not be realized and unanticipated events and circumstances may occur. Therefore, there are likely to be differences between forecasts and actual results, and those differences may be material. The information and expressions of opinion herein are subject to change without notice, and neither the delivery of this Official Statement nor any sale made hereunder shall, under any circumstances, give rise to any implication that there has been no change in the affairs of the City since the date hereof.

Limit of Offering. No dealer, broker, salesperson or other person has been authorized by the City to give any information or to make any representations in connection with the offer or sale of the Bonds other than those contained herein and if given or made, such other information or representation must not be relied upon as having been authorized by the City or the Underwriter. This Official Statement does not constitute an offer to sell or the solicitation of an offer to buy nor shall there be any sale of the Bonds by a person in any jurisdiction in which it is unlawful for such person to make such an offer, solicitation or sale.

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

THE BONDS HAVE NOT BEEN REGISTERED UNDER THE SECURITIES ACT OF 1933, AS AMENDED, IN RELIANCE UPON AN EXCEPTION FROM THE REGISTRATION REQUIREMENTS CONTAINED IN SUCH ACT. THE BONDS HAVE NOT BEEN REGISTERED OR QUALIFIED UNDER THE SECURITIES LAWS OF ANY STATE.

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

NOT FDIC INSURED

NO BANK GUARANTEE

MAY LOSE VALUE

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AREA MAP

OFFICIAL STATEMENT

\$^ 11,285,000

CITY OF ROSEVILLE STONE POINT COMMUNITY FACILITIES DISTRICT NO. 1 SPECIAL TAX BONDS SERIES 2003

This Official Statement, including the cover page and all Appendices hereto, is provided to furnish certain information in connection with the issuance by the City of Roseville (the "City") by and through its Stone Point Community Facilities District No. 1 (the "Community Facilities District") of the bonds captioned above (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. Definitions of certain terms used herein and not defined herein have the meaning set forth in the Fiscal Agent Agreement. See "APPENDIX C – SUMMARY OF CERTAIN PROVISIONS OF FISCAL AGENT AGREEMENT."

INTRODUCTION

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

Authority For Issuance. The Bonds are issued pursuant to the provisions of the Mello-Roos Community Facilities Act of 1982, as amended (Sections 53311, et seq., of the Government Code of the State of California) (the "Mello-Roos Act") and pursuant to a Fiscal Agent Agreement dated as of March 1, 2003 (the "Fiscal Agent Agreement") between the City and BNY Western Trust Company, San Francisco, California, as fiscal agent (the "Fiscal Agent") and a resolution (the "Resolution") adopted on February 19, 2003 by the City Council of the City (the "City Council") which authorized the issuance of the Bonds. The Bonds are payable from Special Taxes (defined herein) according to a methodology approved by the City, which are to be levied by the City on real property within the boundaries of the District. The Bonds are also payable from the proceeds of any foreclosure actions brought following a delinquency in the payment of the Special Taxes and from amounts held in certain funds and

accounts pursuant to the Fiscal Agent Agreement, including a reserve fund, all as more fully described herein. See "SECURITY FOR THE BONDS."

Bond Terms. The Bonds will be dated as of and bear interest from the date of delivery thereof at the rate or rates set forth on the cover page of this Official Statement. Interest on the Bonds is payable on March 1 and September 1 of each year (each an "Interest Payment Date"), commencing September 1, 2003. The Bonds will be issued without coupons in denominations of \$5,000 or any integral multiple thereof.

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

Use of Proceeds. Proceeds of the Bonds will primarily be used to finance a portion of the costs of acquiring certain public infrastructure improvements (the "Improvements," as described herein) necessary for development of the property in the District. The Improvements consist generally of water, wastewater, drainage, roadway, park, bike trail and other infrastructure improvements, as well as land acquisition for parks and trail easements. See "THE IMPROVEMENTS." Proceeds of the Bonds are expected to be sufficient to finance all of the Improvements required for development in the District. The Developer (described herein) projects completion of the Improvements by December 31, 2003 and is actively marketing the parcels for sale and development. Proceeds of the Bonds will also be used to fund a reserve fund for the Bonds, to provide capitalized interest on the Bonds, and to pay cost of the issuance of the Bonds.

Source of Payment of the Bonds. The Bonds are payable from special taxes (the "Special Tax" or "Special Taxes") which are to be levied by the City on taxable real property within the boundaries of the District. The Bonds are also payable from the proceeds of any foreclosure actions brought following a delinquency in the payment of the Special Taxes, and from amounts held in certain funds and accounts pursuant to the Fiscal Agent Agreement, including a reserve fund, all as more fully described herein. The Special Tax applicable to each taxable parcel in the District will be levied and collected in an amount determined by the application of the approved rate and method of apportionment of Special Tax for the District (the "Special Tax Formula"). The Special Tax Formula is set forth in APPENDIX A hereto. The Special Taxes represent liens on the parcels of land subject to a Special Tax under the community facilities district proceedings and failure to pay the Special Taxes could result in proceedings to foreclose the delinquent property. The Special Taxes do not constitute the personal indebtedness of the owners of taxed parcels. See "SECURITY AND SOURCES OF PAYMENT FOR THE BONDS — Special Tax Methodology" and "APPENDIX A — RATE AND METHOD OF See "SECURITY AND SOURCES OF PAYMENT FOR THE APPORTIONMENT OF SPECIAL TAX." The maximum authorized indebtedness for the District is \$14 million; however, after issuance of the Bonds no additional bonds secured by the Special Tax in the District are expected to be issued, except that bonds may be issued to refund the Bonds.

The City will direct the Fiscal Agent to establish a Reserve Fund (the "Reserve Fund") from Bond proceeds in the amount of the Reserve Requirement, which amount is available to be

transferred to the Bond Fund in the event of delinquencies in the payment of the Special Taxes to the extent of such delinquencies. See "SECURITY AND SOURCES OF PAYMENT FOR THE BONDS — Reserve Fund." If there are additional delinquencies after depletion of funds in the Reserve Fund, the City is not obligated to pay the Bonds or supplement the Reserve Fund.

Property Subject to the Special Tax. The District is located in the Northeast Roseville Specific Plan area of the City, in an area of rapidly expanding commercial and residential development in the area of Eureka Road and North Sunrise Boulevard near Interstate 80. Land uses in the vicinity of the District include the Roseville Auto Mall, two theaters, two hospitals, relatively new and new office buildings, a water park, and several restaurants. The City is in southern Placer County and straddles Interstate 80, about 23 miles from downtown Sacramento, 105 miles northeast of San Francisco, and about 112 miles southwest of Reno, Nevada. See "THE DISTRICT."

Land in the District comprises approximately 98 net acres planned for an office park planned development of approximately 1.65 million square feet of gross building area. City zoning allows for 10% of the space to be associated retail uses. The developable property is comprised of 17 parcels shown on a final subdivision map approved by the City in December 2002. The existing entitlements provide for development of 17 parcels, plus a park and open space consistent with the Stone Point Master Plan (described herein) for the parcels approved by the City in May 2002. The property is currently unimproved land with an approved final map and property improvements consisting of off-site improvements and perimeter curbs and gutters on the adjacent major roadways. All of the land in the District is currently owned by Richland Roseville, L.P. (the "Landowner"), however approximately 15.2 acres (three parcels) are in escrow to be sold to another developer, Opus West Corporation, with closing expected within 5 days after issuance of the Bonds. The Landowner expects to transfer all of its property to an affiliate Richland Ventures, Inc. (the "Developer"). Infrastructure development will be carried out by the Developer, however, the Developer does not intend to hold the property long-term, and is currently marketing the property in the District for end-user development by others. See "THE DISTRICT — Anticipated Development in the District" and "OWNERSHIP OF PROPERTY WITHIN THE DISTRICT."

Appraised Value of Property. Real property in the District subject to the Special Tax is security for the Special Tax. The City authorized the preparation of an appraisal report for the taxable real property within the District, which sets forth a total bulk sale discounted value of such property of \$34,500,000 as of January 31, 2003. The valuation assumes completion of the Improvements funded by the Bonds and accounts for the impact of the lien of the Special Tax. See "THE IMPROVEMENTS." In considering the estimates of value evidenced by the appraisal, it should be noted that the appraisal is based upon a number of standard and special assumptions which affected the estimates as to value, in addition to the assumption of completion of the Improvements. See "APPRAISAL OF PROPERTY WITHIN THE DISTRICT" and Appendix B. The appraised bulk sale valuation of property in the District is 3.06 times the \$^1,285,000 aggregate principal amount of Bonds.

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

Limited Obligation of the City. The general fund of the City is not liable and the full faith and credit of the City is not pledged for the payment of the interest on, or principal of or redemption premiums, if any, on the Bonds. The Bonds are not secured by a legal or equitable

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pledge of or charge, lien or encumbrance upon any property of the City or any of its income or receipts, except the money in the Special Tax Fund (described herein) established under the Fiscal Agent Agreement, and neither the payment of the interest on nor principal of or redemption premiums, if any, on the Bonds is a general debt, liability or obligation of the City.

The Bonds are not a general obligation of the City and do not constitute an indebtedness of the City within the meaning of any constitutional or statutory debt limitation or restrictions. Neither the City, the City Council nor any officer or employee of the City are liable for the payment of the interest on or principal of or redemption premiums, if any, on the Bonds. The City's primary obligation relative to the Bonds is to apply the proceeds of the Special Taxes and the money in the Special Tax Fund towards payment of the Bonds, all as provided in the Fiscal Agent Agreement.

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

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

THE BONDS

Authority for Issuance

The Bonds are issued pursuant to the Fiscal Agent Agreement, approved by a resolution adopted by the City Council on February 19, 2003, and the Act.

On February 19, 2003, the City Council adopted a resolution (the "Resolution of Formation"), which formed the District. The District was established and authorized to incur bonded indebtedness in an aggregate principal amount not to exceed \$14,000,000 at a special election in the District held on the same day. Under the provisions of the Act, since there were fewer than 12 registered voters residing within the District at a point during the 90-day period preceding the adoption of the Resolution of Formation, the sole qualified elector entitled to vote in the special election was the Landowner, who cast one vote for each acre or portion of an acre of land owned within the District. The Landowner voted to incur the indebtedness and to approve the annual levy of Special Taxes to be collected within the District, for the purpose of paying for the Improvements, including repaying any indebtedness of the District, replenishing the Reserve Fund and paying the administrative expenses of the District. See "THE DISTRICT"

herein. The City has covenanted not to issue any additional bonds secured by the Special Tax in the District other than the Bonds, except to refund the Bonds.

Description of the Bonds

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

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

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

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

Each Bond will bear interest from the Interest Payment Date next preceding the date of authentication thereof unless (i) it is authenticated on an Interest Payment Date, in which event it will bear interest from such date of authentication, or (ii) it is authenticated prior to an Interest Payment Date and after the close of business on the Record Date preceding such Interest Payment Date, in which event it will bear interest from such Interest Payment Date, or (iii) it is authenticated prior to the Record Date preceding the first Interest Payment Date, in which event it will bear interest from the Dated Date; provided, however, that if at the time of authentication of a Bond, interest is in default thereon, such Bond will bear interest from the Interest Payment Date to which interest has previously been paid or made available for

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

Redemption

Optional Redemption. The Bonds are subject to optional redemption from any source of available funds prior to maturity, in whole, or in part among maturities as specified by the City and by lot within a maturity, on any Interest Payment Date on or after September 1, 20¹³, at the following respective redemption prices (expressed as percentages of the principal amount of the Bonds to be redeemed), plus accrued interest thereon to the date of redemption:

Redemption Dates	Redemption Price	
September 1, 20 [^] 13 and March 1, 20 [^] 14	102%	I
September 1, $20^{\circ} \frac{14}{14}$ and March 1, $20^{\circ} \frac{15}{15}$	101	
September 1, 20 [^] 15 and Interest Payment Dates	100	
thereafter		•

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

Redemption Dates	Redemption Price
On or prior to March 1, 2014	<u>102%</u>
March 2, 2014 through March 1, 2015	<u>101</u>
March 2, 2015 and thereafter	<u>100</u>

Mandatory Sinking Fund Redemption. ^ The Term Bonds maturing September 1, 20 ^ 24 and September 1, 2028 are subject to mandatory sinking payment redemption in part on September 1, 20 ^ 21 and September 1, 2025, respectively, and on each September 1 thereafter to maturity, by lot, at a redemption price equal to 100% of the principal amount thereof to be redeemed, without premium, in the aggregate respective principal amounts as set forth in the following tables:

Term Bonds Maturing September 1, 2024

Mandatory Redemption Date (September 1)	Sinking Fund <u>Payment</u>
2021	\$550,000
$\overline{2022}$	585,000
$\overline{2023}$	620,000
$\overline{2024}$ (maturity)	660,000

Term Bonds Maturing September 1, 2028

<u>Mandatory</u>	
Redemption Date	Sinking Fund
(September 1)	Payment
<u>2025</u>	\$705,000
2026	750,000
$\overline{2027}$	795,000
$\overline{2028}$ (maturity)	850,000

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

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

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

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

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

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

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

Transfer or Exchange of Bonds

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

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

Bonds Mutilated, Lost, Destroyed or Stolen

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

ESTIMATED SOURCES AND USES OF FUNDS

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

Principal Amount of Bonds	\$11,285,000.00
Less Original Issue Discount	66,745.45
Total	\$11,218,254.55

Estimated Uses of Funds:

Deposit to Improvement Fund	\$8,942,000.00
Deposit to Redemption Account (1)	934,202.41
Deposit to Reserve Fund	904,352.50
Costs of Issuance (2)	437,699.64
Total	\$11,218,254.55

(1) Represents capitalized interest through September 1, 2004.
(2) Includes fees of Bond Counsel, initial fees, expenses and charges of the Fiscal Agent, fees of Landowner's counsel, printing the Official Statement, administrative fees of the City, Underwriter's discount, financial advisory fees, and other costs of issuance.

SECURITY AND SOURCES OF PAYMENT FOR THE BONDS

Special Taxes

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

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

The amount of Special Taxes that the District may levy in any year, and from which principal and interest on the Bonds is to be paid, is strictly limited by the maximum rates approved by the qualified electors within the District which are set forth as the "Maximum Annual Special Tax" in the Special Tax Formula. Under the Special Tax Formula, Special Taxes for the purpose of making payments on the Bonds will be levied annually in an amount, not in excess of the Maximum Annual Special Tax. The Special Taxes and any interest earned on the Special Taxes constitute a trust fund for the principal of and interest on the Bonds pursuant to the Fiscal Agent Agreement and, so long as the principal of and interest on these obligations remains unpaid, the Special Taxes and investment earnings thereon will not be used for any other purpo se, except as permitted by the Fiscal Agent Agreement, and will be held in

trust for the benefit of the owners thereof and will be applied pursuant to the Fiscal Agent Agreement. The Special Tax Formula apportions the Annual Costs (as defined in the Special Tax Formula and described below) among the taxable parcels of real property within the District according to the rate and methodology set forth in the Special Tax Formula. See "Special Tax Methodology" below. See also "APPENDIX A — RATE AND METHOD OF APPORTIONMENT OF SPECIAL TAX."

The City may levy the Special Tax at the Maximum Annual Special Tax rate authorized by the qualified electors within the District as set forth in the Special Tax Formula if conditions so require. The City has covenanted to annually levy the Special Taxes in an amount at least sufficient to pay the Annual Costs (as defined below). Beginning with the 2003-04 fiscal year, the City may levy the Special Tax at the Maximum Annual Special Tax rate authorized by the qualified electors within the District as set forth in the Special Tax Formula if conditions so require. Because each Special Tax levy is limited to the Maximum Annual Special Tax rates authorized as set forth in the Special Tax Formula, no assurance can be given that, in the event of Special Tax delinquencies, the amount of the Annual Costs will in fact be collected in any given year. See "SPECIAL RISK FACTORS — Insufficiency of Special Taxes" herein. The Special Taxes are collected for the City by the County of Placer in the same manner and at the same time as *ad valorem* property taxes.

The City has covenanted that, after issuance of the Bonds, it will not issue any additional bonds secured by the Special Tax in the District except to refund the Bonds.

The proceeds of the Bonds are expected to provide capitalized interest through September 1, 2004. City intends to begin the levy the Special Tax in Fiscal Year 2004-05 and such Special Taxes will be due at the same times as ordinary ad valorem property taxes.

Special Tax Methodology

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

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

- (i) debt service on the Bonds;
- (ii) Administrative Expenses and County fees;
- (iii) any amounts needed to replenish bond reserve funds and to pay for delinquencies in Special Taxes for the previous Fiscal Year or anticipated for the current year; and
 - (iv) pay-as-you-go expenditures for authorized improvements.

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

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

Assignment of Maximum Annual Special Tax. The Special Tax Formula describes in detail the precise method for assigning the Maximum Annual Special Tax to parcels within the District, which generally provides that each year the City will use the definitions contained in the Special Tax Formula to classify each Taxable Parcel as an "Original Parcel" (meaning a County Assessor's parcel existing at the time the District was formed) or a "Successor Parcel" (meaning a County Assessor's parcel formed by the subsequent subdivision of (or lot line adjustment involving) an Original Parcel or a larger Successor Parcel). The Special Tax Formula assigns a total maximum tax to the existing Original Parcels and then reallocates the tax to Successor Parcels based on the number of acres, by dividing the maximum special tax between the taxable acres on a pro rata basis. The maximum annual Special Tax is set at \$10,900 per acre.

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

Termination of the Special Tax. The Special Tax will be levied and collected for as long as needed to pay the principal and interest on the Bonds and other costs incurred in order to construct the authorized District-funded facilities and to pay the Annual Costs. The Special Tax Formula provides that the Special Tax may not be levied on any parcel in the District after fiscal Year 2036-37. When all Annual Costs incurred by the District have been paid, the Special Tax will cease to be levied.

Prepayment of the Special Tax. The Special Tax Formula provides that landowners may permanently satisfy all or a portion of the Special Tax by a cash settlement with the City, subject to the conditions set forth in the Special Tax Formula, including the condition that the Parcel whose Special Tax is to be prepaid is either (i) a whole Original Parcel or a Successor Parcel greater than one acre, and (ii) the City determines that the prepayment will not jeopardize its ability to pay the Bonds. The prepayment amount will be established using the formula set forth in the Special Tax Formula, which is generally based on the Parcel's share of the outstanding Bonds, the Reserve Fund, fees, call premiums, negative arbitrage and any expenses incurred by the City in connection with the prepayment.

Levy of Maximum Annual Special Tax and Debt Service Coverage

The annual Special Tax will be calculated by the City and levied to provide money for debt service on the Bonds, replenishment of the Reserve Fund, anticipated Special Tax delinquencies, administration of the District, and for payment of pay-as-you-go expenditures of the Improvements or authorized District-funded facilities not funded from Bond proceeds. In no event may the City levy a Special Tax in any year above the Maximum Annual Special Tax identified for each parcel in the Special Tax Formula. The Maximum Annual Special Tax is \$10,900 per acre, resulting in the following per parcel Special Tax.

				Maximum Special
		Maximum		Tax
Parcel No.	Net Acres	Special Tax	Percent of Total	Per Acre
1	1.20	\$13,100	1.2%	\$10,900
2	10.11	110,200	10.3	10,900
3	7.92	86,300	8.0	10,900
4	3.14	34,800	3.2	10,900
5	1.78	19,400	2.0	10,900
6	11.54	125,800	12.0	10,900
7	12.63	137,700	13.0	10,900
8	1.36	14,800	1.4	10,900
9	1.16	12,600	1.2	10,900
10	1.85	20,200	1.9	10,900
11	7.31	79,700	7.4	10,900
12	7.80	85,000	8.0	10,900
13	7.60	82,800	8.0	10,900
14	7.75	84,500	8.0	10,900
16	7.32	79,800	7.4	10,900
17	5.83	63,500	6.0	10,900
18	2.12	23,100	2.2	10,900
Total	$\overline{98.47}$	\$1,073,300	$1\overline{00.0}\%$	

The Special Tax will be levied in an amount at least equal to the Annual Costs as described in the Special Tax Formula and may be levied in an amount up to the maximum rates. The total Maximum Annual Special Tax levy for the District is \$1,073,300, which for the 2003-04 fiscal year is anticipated to provide annual debt service coverage on the Bonds of approximately $^{\wedge}$ 1.14%.

Proceeds of the annual Special Tax levy will first be used to pay the Annual Costs other than pay-as-you-go expenditures and second, if the levy included a pay-as-you-go component, for deposit into the Improvement Fund for authorized costs not funded from Bond proceeds. The pay-as-you-go component of the Special Tax Formula may be utilized in the event the cost of the Improvements exceeds the amounts in the Improvement Fund available therefor and the Developer elects not to pay such deficiency from other available sources of funds. See "THE IMPROVEMENTS" and "APPRAISAL OF PROPERTY IN THE DISTRICT." See also "SECURITY AND SOURCES OF PAYMENTS FOR THE BONDS — Special Tax Methodology" above. See "APPENDIX A - RATE AND METHOD OF APPORTIONMENT OF SPECIAL TAX" for a copy of the Special Tax Formula. The Fiscal Agent Agreement provides that no additional bonds secured by the levy of Special Tax may be issued, except to refund the Bonds.

Special Tax Fund

When received, the Special Taxes are required under the Fiscal Agent Agreement to be deposited into a Special Tax Fund to be held by the City in trust for the benefit of the City and the Owners of the Bonds. Within the Special Tax Fund, the Finance Director will establish and maintain two accounts, (i) the Debt Service Account, to the credit of which the City will deposit, immediately upon receipt, all Special Tax revenue, and (ii) the Surplus Account, to the credit of which the City will deposit surplus Special Tax Revenue as described below. Moneys in the Special Tax Fund will be disbursed as provided below and, pending any disbursement, will be subject to a lien in favor of the Owners of the Bonds. From time to time, the City may withdraw from the Debt Service Account or the Surplus Account of the Special Tax Fund amounts needed to pay the City administrative expenses; provided that such transfers will not be in excess of the portion of the Special Tax Revenues collected by the City that represent levies for administrative expenses.

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

Moneys in the Surplus Account may, at the City's discretion, be transferred to the Improvement Fund to pay for costs of the Improvements or authorized facility contributions, to pay the principal of, premium, if any, and interest on the Bonds or to replenish the Reserve Fund to the amount of the Reserve Requirement. See "THE IMPROVEMENTS – Construction and Acquisition of the Improvements."

Deposit and Use of Proceeds of Bonds

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

Delinquent Payments of Special Tax; Covenant for Superior Court Foreclosure

The Special Tax will be collected in the same manner and the same time as *ad valorem* property taxes, except at the City's option, the Special Taxes may be billed directly to property owners. In the event of a delinquency in the payment of any installment of Special Taxes, the City is authorized by the Act to order institution of an action in superior court to foreclose the lien therefor.

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

by more than \$5,000 with respect to the Special Tax due and payable by such property owner in such Fiscal Year, or (b) property owned by any single property owner in the District is delinquent cumulatively by more than \$3,000 with respect to the current and past Special Tax due (irrespective of the total delinquencies in the District) then the City will institute, prosecute and pursue such foreclosure proceedings in the time and manner provided herein against each such property owner.

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

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

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

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

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

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

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

Reserve Fund

In order to secure further the timely payment of principal of and interest on the Bonds, the City is required to maintain on deposit in the Reserve Fund held by the Fiscal Agent an amount set forth in the Fiscal Agent Agreement equal to the "Reserve Requirement," which is the lesser of 10% of the original principal amount of the Bonds, 100% of maximum annual debt service on the Bonds, or 125% of average annual debt service on the Bonds. The City is required to maintain an amount of money or other security equal to the Reserve Requirement in the Reserve Fund at all times that the Bonds are outstanding. All amounts deposited in the Reserve Fund will be used and withdrawn by the Fiscal Agent solely for the purpose of making transfers to the Bond Fund in the event of any deficiency at any time in the Bond Fund of the amount then required for payment of the principal of, and interest on, the Bonds. Whenever transfer is made from the Reserve Fund to the Bond Fund due to a deficiency in the Bond Fund, the Fiscal Agent will provide written notice thereof to the City.

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

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

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

Improvement Fund

Under the Fiscal Agent Agreement, there is established an Improvement Fund, which is to be held in trust by the City and will be disbursed as provided in the Fiscal Agent Agreement for the payment or reimbursement of the costs of the construction and acquisition of the Improvements in accordance with the Acquisition Agreement (as described herein). Interest earnings from the investment of amounts in the Improvement Fund will be retained in the Improvement Fund to be used for the purposes of the Improvement Fund.

Upon completion of the Improvements and reimbursement to the Developer for authorized reimbursements, the City will transfer the amount, if any, remaining in the Improvement Fund to the Fiscal Agent for deposit in the Bond Fund for application to the payment of principal of and interest on the Bonds in accordance with the Fiscal Agent Agreement, and the Improvement Fund will be closed. See "THE IMPROVEMENTS."

DEBT SERVICE SCHEDULE

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

STONE POINT COMMUNITY FACILITIES DISTRICT NO. 1 SPECIAL TAX BONDS SERIES 2003 DEBT SERVICE

Year Ending			
September 1	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
<u>2003</u>	<u>=</u>	<u>\$293,982.39</u>	<u>\$293,982.39</u>
<u>2004</u>	<u>=</u>	<u>649,286.26</u>	<u>649,286.26</u>
<u>2005</u>	<u>\$255,000.00</u>	<u>649,286.26</u>	904,286.26
<u>2006</u>	<u>260,000.00</u>	<u>641,636.26</u>	901,636.26
<u>2007</u>	<u>270,000.00</u>	<u>632,536.26</u>	902,536.26
<u>2008</u>	<u>280,000.00</u>	<u>621,736.26</u>	901,736.26
<u>2009</u>	<u>290,000.00</u>	609,556.26	<u>899,556.26</u>
<u>2010</u>	305,000.00	<u>595,926.26</u>	900,926.26
<u>2011</u>	320,000.00	<u>580,981.26</u>	900,981.26
<u>2012</u>	335,000.00	<u>564,981.26</u>	<u>899,981.26</u>
<u>2013</u>	355,000.00	<u>547,812.50</u>	902,812.50
<u>2014</u>	375,000.00	<u>529,352.50</u>	904,352.50
<u>2015</u>	395,000.00	<u>509,196.26</u>	904,196.26
<u>2016</u>	415,000.00	487,471.26	902,471.26
<u>2017</u>	440,000.00	464,231.26	904,231.26
<u>2018</u>	465,000.00	439,151.26	904,151.26
<u>2019</u>	490,000.00	412,181.26	902,181.26
<u>2020</u>	520,000.00	382,781.26	902,781.26
<u>2021</u>	<u>550,000.00</u>	<u>351,581.26</u>	901,581.26
2022	585,000.00	316,518.76	901,518.76
2023	620,000.00	279,225.00	899,225.00
2024	660,000.00	239,700.00	899,700.00
2025	705,000.00	197,625.00	902,625.00
2026	750,000.00	152,681.26	902,681.26
2027	795,000.00	104,868.76	899,868.76
2028	850,000.00	54,187.50	904,187.50
			

THE DISTRICT

Formation of the District

On December 18, 2002, the City Council adopted a Resolution of Intention to form a community facilities district under the Act, to levy a special tax and to incur bonded indebtedness for the purpose of financing the Improvements. After conducting a noticed public hearing, on February 19, 2003, the City Council adopted the Resolution of Formation, which established Stone Point Community Facilities District No. 1, set forth the Special Tax Formula within the District and set forth the necessity to incur bonded indebtedness in a total amount not to exceed \$14 million. On February 19, 2003, an election was held within the District in which Richland Roseville, L.P. (who was then the sole landowner/voter in the District) unanimously approved the proposed bonded indebtedness and the levy of the Special Tax. See "OWNERSHIP OF PROPERTY WITHIN THE DISTRICT" below.

Location and Description of the District and the Immediate Area

The District is located in the easterly portion of the City within a portion of the Northeast Roseville Specific Plan area (described below), between North Sunrise Boulevard on the northwest, Eureka Road on the southwest, Rocky Ridge Drive on the south, East Roseville Parkway to the east and Miner's Ravine to the northeast. Most of the property is located at a highly visible and easily accessible location on the top of a hill on Eureka Road and easily accessible from nearby Interstate 80, with views of the surrounding area. Adjacent and immediate area land uses include newly constructed and developing residential developments and open space, as well as various commercial uses to the west, including the Sutter Roseville Medical Center, a theater complex, offices, the Roseville Auto Mall, and recently completed restaurants and retail buildings.

The District comprises approximately 130 gross acres of undeveloped land planned for approximately 98 net acres of office park planned development comprising approximately 1.65 million square feet of gross building area on approximately 98 acres within 17 parcels, which may include 10% of its area as associated retail uses, as described below. Parcels within the District will be accessed by a new public roadway to be constructed and named Stone Point Drive, which is planned to traverse the District and connect North Sunrise Avenue to Rocky Ridge Drive.

North Sunrise Avenue, Eureka Road and Rocky Ridge Drive are major local thoroughfares that abut the District and will provide regional access to the District. These thoroughfares provide access to Interstate 80 less than one mile from the District and near to the Highway 65 Bypass.

The land in the District is characterized as rolling, and bordered to the northeast by Miner's Ravine, which will be a part of the 26 acre open space area planned for Parcel 19 (a parcel not subject to the Special Tax). The rolling topography extends to the east and is the beginning of the transition from the flatness of the Sacramento area to the mountainous terrain of the Sierra Nevada mountains to the east. Nearby land to the east has historically been vacant and undeveloped, but is currently the focus of several ongoing new residential developments locally referred to as within the Stoneridge area of the City.

[Reserved for map]

The Specific Plan and Master Plan

Northeast Roseville Specific Plan. The District constitutes a portion of the Northeast Roseville Specific Plan area approved by the City on April 8, 1987 (the "Northeast Roseville Specific Plan"). The Northeast Roseville Specific Plan was adopted by the City to "plan, coordinate, implement and monitor development" of the plan area, of which property in the District is a part. Adjacent plan areas include a portion of the Southeast Roseville Specific Plan Area to the south, Stoneridge to the north and east, and infill areas. These areas collectively represent most of the City east of Interstate 80. The Northeast Roseville Specific Plan area is north of Douglas Boulevard and east of Interstate 80.

The Northeast Roseville Specific Plan Area consists of 884 acres, with approximately 936 existing and 144 proposed dwelling units as of January 2003. The plan was adopted in 1987 and consists primarily of nonresidential uses, plus approximately 250 acres of office uses, a 90.2-acre auto mall, neighborhood and community shopping centers, the first phase of Kaiser Hospital's 700,000-square-foot medical park, and the new 315,000-square-foot Sutter Roseville Medical Center acute care hospital which opened in June 1997. Most of the Northeast plan area consists of a masterplanned development known as Olympus Point. The neighborhood has two movie theater complexes and a power center with Sam's Club and Home Depot as anchor tenants.

Of the 251.94 acres approved for business and professional uses in the Northeast Roseville Plan Area, 224.04 acres have been developed with 2,225,669 square feet of space as of third quarter, 2002. Property in the District was not included as business and professional use land in the original Northeast Roseville Specific Plan. See "The Stone Point Master Plan" below. The business and professional zoned acreage is approximately 89% built out. Another 7.69 acres with a planned 117,935 square feet were under construction. Of the 197.97 acres of commercially-zoned land, 142.54 acres have been developed with 1,324,913 square feet of space. A 142,129-square-foot WalMart has been approved for construction at 1400 Lead Hill Boulevard. The Rocky Ridge Pavilion shopping center with 37,145 square feet has been approved for construction at 149 Rocky Ridge Road. This plan area's designated retail and office areas are nearly built out. The land in the District represents the last vacant large planned development area in the east Roseville area.

The Stone Point Master Plan. Development of property in the District is the subject to the Stone Point Master Plan (the "Master Plan") created by the Landowner and approved by the City in May 2002. The Master Plan is a component of Stage 1 of the Stone Point Major Project Permit and implements the planning policies and development principles set forth in the Northeast Roseville Specific Plan and the Development Agreement (described below), as such policies and principles apply to the Stone Point property. The development principles and design standards contained in the Master Plan are intended to provide the planning tools necessary to govern site development in accordance with a "campus" concept, where the built and natural environments are linked internally by a series of elements common to other developments within the Northeast Roseville Specific Plan. Each individual building project on the site will be subject to future City review and approval under Stages 2 and 3 of the City's Major Project Permit process. One of the principle purposes of the Major Project Permit review process is to assure that the design of individual projects is consistent with the development principles and design standards set forth in the Master Plan, the Northeast Roseville Specific Plan and the Development Agreement.

Anticipated Development in the District

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

Property in the District is currently approximately 130 gross acres of vacant land comprising all of Placer County Assessor's Parcel No. 048-460-007. The land has an approved final map to create 19 parcels. The entitlements provide for development of 17 parcels, a park and open space. The parcels planned for park and open space uses in the District comprise approximately 31 acres and will not be subject to the Special Tax. The property currently has all off-site improvements and perimeter curbs and gutters on the adjacent major roadways. The final map for the property was recorded on December 26, 2002 at Book Y of Maps, page 64 of the Official Records of Placer County.

Development Plan. The District is planned for approximately 98 net acres of office-park development comprising approximately 1.65 million square feet of gross building area. City zoning allows for 10% of the space to be associated retail uses. Zoning for the property is under a planned development designation. Development is expected to be in a "campus like" environment with class A office space, capable of accommodating research and development activities as well as administrative functions. The property has a major project permit approved for 21 buildings up to five stories in height, although the Developer currently expects most of the buildings will be three stories. Lot coverage is not to exceed 40% of the gross lot area for single story buildings and 35% for multistory buildings. Developed properties in the District will be subject to Covenants, Conditions & Restrictions (commonly known as "CC&Rs") limiting the use of and regulating the character of development on the property.

The 17 developable parcels range in size from 1.16 to 12.63 acres. Below is a listing of the final map parcels in the District, with the tentative allowable building floor area shown in the approved master plan:

Taxable		Size	Buildable
Parcel No.	Net Acres	(Square Feet)	Sq. Ft. Allocation
1	1.20	52,272	6,000
2	10.11	440,392	226,000
3	7.92	344,995	226,000
4	3.14	138,956	18,000
5	1.78	77,537	6,000
6	11.54	502,682	226,000
7	12.63	550,163	226,000
8	1.36	59,242	6,000
9	1.16	50,530	6,000
10	1.85	80,586	6,000
11	7.31	318,424	120,000
12	7.80	339,768	135,000
13	7.60	331,056	135,000
14	7.75	337,590	112,000
16	7.32	318,859	90,000
17	5.83	253,955	90,000
18	2.12	92,347	16,000
Subtotal	98.47	4,289,353	1,650,000

Tax-Exempt Parcels	
15-Park	1.98
19- Open	
Space	25.93
Right of	
Way	3.40
Subtotal	<u>31.31</u>
Total	129.78

Lots 1, 8, 9 and 10 will have the best access and exposure to public thoroughfares and have been designated by the Landowner as restaurant sites. Parcels 4 and 5 are planned for office uses but are in a location which would also be suitable for retail development as part of the expected 10% retail land use component.

Property Ownership and Development Projection. As of February 19, 2003, all of the land in the District was owned by the Richland Roseville, L.P. (the "Landowner"), who purchased the property in 1999. The property will be transferred to Richland Ventures, Inc. (the "Developer") pursuant to an option agreement with the Landowner, and infrastructure development is expected to be carried out by the Developer. The Developer's plan is to subdivide the property, construct the infrastructure and sell the parcels for development by others. The Developer is actively marketing the developable parcels in the District and currently expects that all parcels will be sold by December 31, 2005. See "OWNERSHIP OF PROPERTY WITHIN THE DISTRICT."

The Developer expects that construction of initial building improvements on property in the District will commence in June of 2003 and be substantially complete by December 31, 2003. Since the ownership of the parcels is subject to change, the Developer's projection of development plans may not be continued by the subsequent owner, although development by

any subsequent owner will be subject to the master plan for the project, the Development Agreement, and the policies and requirements of the City.

Infrastructure and **Utilities**. Property in the District has completed off-site improvements that include publicly maintained major arterial roadways. On-site improvements to be funded by the CFD include planned street work, storm drainage, park and bike trail improvement, landscaping and entrance monuments, the Stone Point Drive roadway, various sewer lines and connections and electricity line connections. This work is projected to be complete by the end of 2003. See "THE IMPROVEMENTS" below.

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

Development Agreement

All of the property in the District is also subject to an approved Development Agreement as further described below.

General. The City approved a Development Agreement (the "Development Agreement") by and between the City, Johnson Ranch Investors, and Johnson Ranch Developers in 1988 for development of the property in the District. The Development Agreement is subject to the Northeast Roseville Specific Plan, and was entered into in accordance with Sections 65864 through 65869.5 of the California Government Code, as implemented through Article V, Chapter 19.84 of the City's Zoning Ordinance No. 802. The Development Agreement was adopted by the City Council on May 6, 1987 by Ordinance No. 2038 and recorded on June 6, 1987 at Book 3221, Page 151 of the Official Records of Placer County.

The Development Agreement is the primary implementation tool for the development of land within the Northeast Roseville Specific Plan, and sets forth the needed infrastructure improvements, park dedication requirements, timing and method for financing improvements and other specific performance obligations relating to the development of the property in the District. The Development Agreement will be binding on the Developers and all successor owner-developers of property in the District.

Off-Site Improvements. The major off-site improvements required to serve the property within the District have all been constructed by the master developer of the 884-acre Northeast Rosevile Specific Plan area of which the property in the District is a part. Construction and acquisition of the major Northeast Roseville Specific Plan public infrastructure was financed with the proceeds from the sale of bonds by the Northeast Roseville Community Facility Districts No. 1 ("NER CFD No. 1"). The property within the District prepaid its share of the costs of the Northeast Roseville Specific Plan off-site improvements, and was not included in the NER CFD No. 1 and is not subject to a levy of special tax by NER CFD No. 1.

Environmental Matters

Flood Hazard Map Information. Property in the District is located in Flood Zone X, areas determined to be outside the 500-year flood plain, shown on the Federal Emergency Management Agency's flood insurance rate map Community Panel Number 06061C- 0477-G and -0479-G, dated November 21, 2001. The flood zone of the Miner's Ravine Creek area is to the north and does not affect the property subject to the Special Tax.

Wetland Conditions. According to the City's planning department, the property has received federal and state agency approvals in the early 1990's to fill the site's wetlands with the exception of wetlands within the proposed open space designated for Parcel 19.

Seismic Conditions. The property in the District is not located within the boundaries of an Alquist-Priolo Earthquake Fault Zone. No known active faults are located on or in the proximity of the District.

THE IMPROVEMENTS

General

The proceeds of the Bonds will finance the cost of the public improvements eligible to be financed with the proceeds of the Bonds (the "**Improvements**," as described below), which are required for development within the District to proceed.

Bond proceeds are expected to fund all of the Improvements eligible to be financed by the District. The Improvements are all expected to be constructed by the Developer, which will convey those improvements to the City in return for reimbursement of a portion of their costs pursuant to a Funding, Construction and Acquisition Agreement. See "Estimated Cost of the Improvements" and "Construction and Acquisition of the Improvements" below.

Eligible Facilities

The Improvements eligible to be financed by the District are set forth in the Resolution of Intention and in the Community Facilities District Hearing Report (the "CFD Hearing Report") dated February 19, 2003 prepared by Economic & Planning Systems, Inc., Sacramento, California (the "Special Tax Consultant") in connection with the formation of the District.

The eligible Improvements authorized are as follows.

Roads. Eligible roadway improvements include, but are not limited to: purchase of right of way; roadway design; project management; bridge crossings; clearing and grubbing; grading and paving; joint trenches and underground utilities (including electrical improvements and reimbursements to City for costs of underground electrical improvements installed by City); curbs, gutters and sidewalks; medians; street lights (including reimbursements to the City) and signalization; bus turnouts; signs and striping; erosion control; median and parkway landscaping; entry features and monumentation; and other improvements related thereto. Planned road improvements include Stone Point Drive construction; improvements to North Sunrise Avenue, Eureka Road, Rocky Ridge Road, and Roseville Parkway; and other public roadway improvements designed to meet the needs of development within the District.

Water System Improvements. Authorized facilities include any and all water facilities designed to meet the needs of development within the District. These facilities include, but may not be limited to: water distribution facilities including waterlines and appurtenances, gate valves, pressure reducing stations, flow meters, fire hydrants, and other improvements related thereto. Also included are any and all recycled water system facilities designed to meet the needs of development within the District, including recycled water distribution facilities including pipelines and appurtenances, gate valves, flow meters, booster pump pressuration system, and other improvements related thereto.

Drainage. Authorized facilities include any and all drainage and storm drain improvements designed to meet the needs of development within the District. These facilities include, but are not be limited to: pipelines and appurtenances, temporary drainage facilities, detention/retention basins, drainage pretreatment facilities, and other improvements related thereto.

Sewer. Authorized facilities include any and all wastewater facilities designed to meet the needs of development within the District. These facilities include, but may not be limited to: pipeline and appurtenances, manholes, tieins to existing main line, and other improvements related thereto.

Parks and Open Space. Authorized facilities include any and all improvements to parks located within the District. Authorized facilities include any and all improvements to open space located within the District. These facilities include, but may not be limited to: bike trails, bike/pedestrian bridges, storm drain crossings, wetland mitigation, and related open space improvements. Authorized facilities include acquisition of any and all parkland as well as open space/bike trail/public access easements located within the District.

Reimbursements. Authorized facilities include reimbursements to the City or third party landowners for costs incurred in constructing public improvements serving the needs of the Stone Point Project, including Roseville Parkway adjacent to Stone Point Parcel 18.

Other Facilities and Infrastructure. In addition to the above facilities, other incidental expenses as authorized by the Mello-Roos Community Facilities Act of 1982, including, but not limited to, the cost of planning and designing the facilities (including the cost of environmental evaluation and environmental remediation); engineering and surveying; construction staking; utility relocation and demolition costs incidental to the construction of the public facilities; costs of project/construction management; costs (including the costs of legal services) associated with the creation of the Mello-Roos CFD; issuance of bonds; determination of the amount of taxes, collection of taxes; payment of taxes; or costs otherwise incurred in order to carry out the authorized purposes of the District; reimbursements to other areas for infrastructure facilities serving the Stone Point Project; and any other expenses incidental to the formation and implementation of the District and to the construction, completion, inspection and acquisition of the facilities.

Estimated Cost of the Improvements

Bond proceeds are expected to be sufficient to fund all of the Improvements. The following table shows the cost estimates for the Improvements and the estimated amounts to be

paid from Bond proceeds. Any cost of the Improvements not payable from Bond proceeds will remain the responsibility of the Developer. See "OWNERSHIP OF PROPERTY WITHIN THE DISTRICT" below for a description of sources of funding available to the Developer.

The CFD Hearing Report indicates that approximately \$8.9 million in public facilities is required for the development of property in the District, based on information obtained from the Developer. The table below shows the total on-site facility costs for the development as well as a \$87,000 contribution to the City of Roseville and \$1,000,000 for parkland acquisition. MacKay & Somps Civil Engineers, Inc. prepared the facility costs, including engineering, surveying, and contingency. All funding for the Improvements is expected to come from the proceeds of the Bonds.

Stone Point Community Facilities District No. 1 List of Authorized Facilities and Estimated Cost

	Total Estimated
<u>Description</u>	<u>Cost</u>
Street & Earthwork	\$1,348,409
Concrete	168,650
Retaining Walls with Railing	347,825
Exterior Roadway Modification	
N. Sunrise Boulevard	90,900
Rocky Ridge Road	61,045
Eureka Road	79,200
Sanitary Sewer	286,575
Water System	324,840
Storm Drainage	677,080
Electrical	675,000
Landscaping & Monumentation	401,000
Bike Path	301,600
Park Improvements	349,797
Tree Related Improvements	471,900
Design & Civil Engineering	648,760
Permits & Fees	334,710
Subtotal Estimated Improvement Costs	\$6,567,291
Contingency @ 15%	985,094
Management Fee @ 4%	302,095
Roseville Parkway Reimbursement	87,000
Parkland Acquisition	1,000,000
Total Estimated Improvement Costs	\$8,941,480

Source: The Developer.

The Special Tax Formula provides that the funding of Improvement costs can also be made from collections of the Special Tax available as the "pay-as-you-go" component of Special Taxes. The pay-as-you-go funding component could provide for funding of the cost of the Improvements in excess of the amount provided from Bond proceeds (if Bond proceeds are not sufficient) through annual Special Tax collections in excess of the amount needed to pay the debt service on the Bonds. The Developer does not anticipate utilizing the pay as you go mechanism. See "SECURITY AND SOURCES OF PAYMENT FOR THE BONDS – Special Tax Methodology" and " – Special Tax Fund."

Construction and Acquisition of the Improvements

The City and the Developer have entered into a Funding, Construction and Acquisition Agreement dated as of February, 2003 (the "Acquisition Agreement") which provides that the Developer will construct (or cause to be constructed or funded) the portion of the Improvements consisting of roadways and related facilities, and the City, upon completion of construction and acceptance by the City, will purchase the Improvements. Upon completion of the Improvements and acceptance and acquisition by the City, proceeds of the Bonds will be used to pay a portion of the purchase price of the Improvements pursuant to the terms of the Acquisition Agreement. The Developer will be responsible for any cost of construction of the Improvements not paid with Bond proceeds.

The Developer currently projects commencement of the construction of the Improvements in early June 2003 and completion by the end of 2003.

OWNERSHIP OF PROPERTY WITHIN THE DISTRICT

All of the property in the District is currently owned by the Landowner, who intends to sell the property to the Developer. The Developer is currently actively marketing parcels for sale. The initial sale of property in the District is expected to occur immediately after the issuance of the Bonds, with the sale of Parcels 16, 17 and 18 to Opus West Corporation.

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

Each respective property owner has provided the information set forth in this section entitled "OWNERSHIP OF PROPERTY WITHIN THE DISTRICT." No assurance can be given that all information is complete. In addition, any Internet addresses included below are for reference only, and the information on those Internet sites is not a part of this Official Statement or incorporated by reference into this Official Statement.

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

The Landowner and the Developer

Ownership Structure. All of the property within the District is currently owned by the Landowner, Richland Roseville, Ltd, a Florida limited partnership doing business in California as Richland Roseville, L.P., which entity intends to sell the property to an affiliate, Richland Ventures, Inc., a Florida corporation, herein referred to as the Developer. The Developer will acquire the property pursuant to an option agreement with the Landowner. The Developer is active in California real estate development and is part of Richland Investments, LLC, a real estate development group owned by John H. Bray, an individual.

Mr. Bray has been active in real estate investment and development in California, Texas, Florida and Canada for over 25 years through a number of different development entitites in addition to the Developer, including, in particular, Richland Properties, Inc., based in Tampa, Florida and Richland Communities, Inc., based in Santa Ana, California (collectively, "Richland"). Richland has developed many office and industrial buildings, anchored retail shopping centers, and residential master planned communities. Richland's Northern California operations are headquartered in Roseville, California where, as further discussed below, Richland is developing significant holdings in addition to the property within the District.

Past developments by Richland or related entities in Florida include: The Summit, an approximately 186-acre commercial-office mixed use project, Southchase, an approximately 3,200-acre residential-commercial mixed use project (both in the Orlando area) and Colusa Trace, an approximately 4-acre residential-commercial mixed use project in Tampa. Past Texas projects inlude: West Rim Estates, a gated 200 lot custom home development in Austin and Stone Oak, an approximately 4,800-acre mixed use project with approximately 4,000 homes in San Antonio.

In 1994, Richland began to focus on the California market by purchasing numerous projects in a number of California jurisdictions, including Roseville, Thousand Oaks, Westlake Village, Chino Hills, Temecula, Murrieta, Oceanside, Rancho Cucamonga and unincorporated Riverside County.

Land development activity in the above jurisdictions has included significant holdings in eleven master planned developments including: the Morro Hills Master Plan; portions of the approximately 1,715-acre North Central Roseville Specific Plan entitled for approximately 1,500 residential units and approximately 285 acres designated for commercial, business professional and light industrial land use in Roseville; the Woodcreek East residential development in Roseville consisting of approximately 350 single family residential lots; the Highland Reserve North Specific Plan in Roseville, entitled for approximately 1,770 residential units and approximately 162 acres of commercial use; the Westlake Plaza Center – Phase III in Thousand Oaks, entitled for approximately 475,000 square feet of office space and a 200-bed senior assisted living facility; the Pinehurst Specific Plan in Chino Hills, entitled for approximately 693 residential lots with supporting retail use; the Westlake North Specific Plan, entitled for approximately 1,414,000 square feet of commercial and office space, and approximately 250 residential units; Lincoln Ranch in Murrieta, entitled for approximately 441 residential lots with supporting residential use; Lake Hills Crest in unincorporated Riverside county, entitled for approximately 512 residential lots; and the Crown Valley Specific Plan in unincorporated Riverside County, entitled for approximately 419 residential lots.

Since 1994, Richland has sold more than \$235 million of real estate, including over 4,300 proposed residential lots and over 3.9 million square feet of entitled, but un-built, commercial and office space. An approximate additional 4,200 proposed residential lots and 6.7 million square feet of commercial and office space are currently under development.

Richland does not typically fully develop its properties, electing to sell approved or semi-finished parcels to merchant builders or end users for further development. Richland customer's have included many national and regional residential builders, including Centex Homes, U.S. Homes, Pulte Homes, KB Home, Forecast Homes, Western Pacific Housing, Lennar Renaissance, Fairfield and Spanos, as well as commercial users and developers, such as Home Depot, Lowe's, Wal Mart, Target, Albertsons, Winco Foods, World Com and Trammel Crow.

Sale of Property Within the District. The Developer is not an end-user builder and intends to sell all of the land within the District to other developers or end-users. The Developer will manage the construction of the Improvements. The parcels are currently being

marketed for sale and negotiations are underway for the sale of certain parcels. It is anticipated that all of the property will be sold by approximately the end of 2005. The initial sale, the purchase by Opus West Corporation of Parcels 16, 17 and 18, is expected to occur by April 2003.

No assurance can be given that any sales of property will actually occur and no assurance can be given that an owner of any parcel in the District will be the developer of its property in the District or will develop its property in accordance with projections described herein.

Developer's Financing Plan. The Improvement costs are planned to be 100% financed with Bond proceeds. Improvement costs, if any, in excess of available Bond proceeds will be funded by the Developer in accordance with the provisions of the Acquisition Agreement, which includes terms pursuant to which such excess costs may be reimbursed out of Special Tax proceeds on an annual basis after payment of debt service on the Bonds.

The Developer funds its land acquisition and development activities, including those within the District, with cash on hand and from revolving lines of credit it has established with various banks. Certain of these banks include U.S. Bank, Bank Midwest and AmSouth Bank. Property in the District is and will be subject to a deed of trust securing a \$10 million loan made by Bank of the West. The Deed of Trust is a subordinate lien to the lien of the Special Taxes. The Developer acquired the property in the District in 1999 and estimates that it currently has approximately \$25 million equity in the property. The Developer currently anticipates the loan will be paid off upon sale of the property in the District. The Improvements are anticipated by the Developer to be constructed in a single phase of approximately six months.

Acquisition and holding cost cash flow needs are provided by equity and borrowing facilities from Bank Midwest and US Bank. Each of these loans is secured by the property in the District and contains lien release provisions upon sale of parcels. See "Ownership Structure" above.

Future cash flow needs include interest payments, general and administration costs, real estate taxes, and parcel specific costs such as engineering and legal expenses. These costs are anticipated by the Developer to be funded from proceeds on land sales or from Developer's equity if needed.

Opus West Corporation

Opus West Corporation is a member of the Opus Group. The Opus Group has been in business since 1953 and is currently one of the largest build-to-suit privately held developers in the United States. With 28 offices nationwide in five regional operating centers, Opus provides services in real estate development, engineering, architecture, financing, asset management, and property management, along with traditional construction services. The Opus Group currently has 26 million square feet of space planned or under development. Opus West Corporation is headquartered in Phoenix, Arizona, with offices in Sacramento, San Francisco and Orange County, California. Opus West Corporation provides in-house architecture, construction management, real estate development and property management services to clients in Arizona, California, Nevada, New Mexico and Utah. Opus West was founded as Opus Southwest Corporation in 1979 and is completing or has developed over 16 million square feet of office, industrial and retail space. Mark Rauenhorst is President and Chief Executive Officer of Opus West Corporation, with oversight responsibility for all the Opus regional operating companies.

APPRAISAL OF PROPERTY WITHIN THE DISTRICT

The Appraisal

General. Bender Rosenthal, Inc., Roseville, California (the "Appraiser") prepared an appraisal report with a date of value of January 31, 2003 (the "Appraisal") to estimate the value of the taxable land within the District as of January 31, 2003. The Appraisal was prepared at the request of the City.

A copy of the Appraisal is set forth in APPENDIX B hereto. The description herein of the Appraisal is intended for limited purposes only; the Appraisal should be read in its entirety. The conclusions reached in the Appraisal are subject to certain assumptions and qualifications which are set forth in the Appraisal.

Value Estimates. The Appraisal presents an estimate of the bulk value of the fee simple interest in the property in the District subject to the Special Tax, "as-is", subject to special tax and assessment liens. The valuation assumes completion of Improvements expected to be funded by the Bonds, accounts for the impact of the lien of the Special Tax and represents the bulk sale discounted value of all the property in the District expected to be subject to the Special Tax upon development. See Section VII – "Final Valuation Analysis and Value Summary" in the Appraisal contained in Appendix B hereto for a summary of the bulk sale valuation assumptions, including the absorption and discounting calculations. The bulk value estimate for the property as of the January 31, 2003 date of value, using the methodologies described in the Appraisal and subject to the limiting conditions and special assumptions set forth in the Appraisal, is as follows:

Bulk Valuation: \$34,500,000

Assumptions and Limiting Conditions. In considering the estimate of value evidenced by the Appraisal, the Appraisal is based upon a number of standard and special assumptions which affect the estimates as to value, some of which include the following. See "APPENDIX B – THE APPRAISAL."

- The value estimates assume the completion only of the public facilities to be financed by the Bonds and account for the impact on value of the lien of the Special Tax securing the Bonds.
- The Appraiser has also assumed that there is no hazardous material on or in the property that would cause a loss in value. Should future conditions and events could reduce the level of permitted development or delay the completion of any projected development, the value of the undeveloped land would likely be reduced from that estimated by the Appraiser. See "SPECIAL RISK FACTORS Future Land Use Regulations and Growth Control Initiatives" and "— Hazardous Substances" below. See "APPENDIX B THE APPRAISAL" hereto for a description of certain assumptions made by the Appraiser. Accordingly, because the Appraiser arrived at an estimate of current market value based upon certain assumptions which may or may not be fulfilled, no assurance can be given that should the parcels become delinquent due to unpaid Special Taxes, and be foreclosed upon and offered for sale for the amount of the delinquency, that any bid would be received for such property or, if a bid is received, that such bid would be sufficient to pay such delinquent Special Taxes.

Projected Absorption Period. The Appraisal estimated that the absorption period for the property in the District will be through 2006, with approximately 68 of the 98 acres to be developed projected to be absorbed by the end of 2004.

Limitations of Appraisal Valuation. Property values may not be evenly distributed throughout the District; thus, certain parcels may have a greater value than others. This disparity is significant because in the event of nonpayment of the Special Tax, the only remedy is to foreclose against the delinquent parcel.

No assurance can be given that the foregoing valuation can or will be maintained during the period of time that the Bonds are outstanding in that the City has no control over the market value of the property within the District or the amount of additional indebtedness that may be issued in the future by other public agencies, the payment of which, through the levy of a tax or an assessment, may be on a parity with the Special Taxes. See "Priority of Lien" below.

For a description of certain risks that might affect the assumptions made in the Appraisal, see "SPECIAL RISK FACTORS" herein.

Value to Special Tax Burden Ratios

The Appraisal sets forth the estimated bulk sale discounted value, subject to the Special Tax lien, of all taxa ble property within the District to be \$34,500,000 subject to the limiting conditions stated therein. (See "The Appraisal" above and Appendix B hereto.) The principal amount of Bonds is \$^ 11,285,000. Consequently, the estimated bulk sale discounted value, subject to the Special Tax lien, of the real property within the District, is approximately 3.06:1^ times the principal amount of the Bonds. Since the value per acre and maximum special tax per acre are uniform, each parcel in District has this same value to lien ratio. The maximum authorized principal amount of bonds to be secured by the Special Tax in the District is \$14,000,000, however, after the issuance of the Bonds, no additional bonds (other than refunding bonds) secured by the Special Tax may be issued.

Property in the District will also be subject to an overlapping annual maintenance special tax of a community facilities district formed simultaneously with the formation of the District. The annual special tax is projected to be \$607-707 per acre per year. See "Overlapping Liens and Priority of Lien" below.

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

Other public agencies whose boundaries overlap those of the District could, without the consent of the City and in certain cases without the consent of the owners of the land within the District, impose additional taxes or assessment liens on the land within the District. The lien created on the land within the District through the levy of such additional taxes or assessments may be on a parity with the lien of the Special Tax. In addition, construction loans may be obtained by the property developers. The deeds of trust securing such debt on property within the District, however, will be subordinate to the lien of the Special Tax.

Overlapping Liens and Priority of Lien

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

The property in the District is also subject to the special tax of an additional community facilities district for services known as the Stone Point Community Facilities District No. 2 Services District. The principal purpose of this district is to fund and maintenance of the Open Space Parcel 19, the Park Parcel 15, the public pedestrian and bicycle pathways, the project entries and entry medians, and the common on-site fire protection systems, as well as mitigation monitoring under the Project's environmental permits. This district is not authorized to issue bonds. The special tax levy of this district, the proceeds of which will be used to fund annual maintenance expenses of the landscaping, will be on a parity to the lien securing the Special Tax. The maximum annual special tax for this community facilities district is projected to be \$607 to \$707 per acre. The maximum annual tax may escalate by no more than 4% annually.

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

There can be no assurance that owners of property in the District will not petition for the formation of other community facilities districts and improvement areas or for a special assessment district or districts and that parity special taxes or special assessments will not be levied by the County or some other public agency to finance additional public facilities, however no other special districts are currently contemplated by the City or the Developer.

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

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

Stone Point Community Facilities District No. 1 Overlapping Debt Table

2002-03 Local Secured Assessed Valuation: \$12,484,800

DIRECT AND OVERLAPPING TAX AND ASSESSMENT DEBT: Roseville Joint Union High School District Roseville City School District City of Roseville Stone Point Community Facilities District No. 1 TOTAL DIRECT AND OVERLAPPING TAX AND ASSESSMENT DEBT	% Applicable 0.097% 0.190 100.	Debt 3/1/03 \$39,992 26,927 \$66,919	(1)
OVERLAPPING GENERAL FUND OBLIGATION DEBT: Placer County Certificates of Participation Placer County Office of Education Certificates of Participation Sierra Joint Community College District Certificates of Participation Roseville Joint Union High School District Certificates of Participation Roseville City School District Certificates of Participation City of Roseville Certificates of Participation TOTAL OVERLAPPING GENERAL FUND OBLIGATION DEBT	0.042% 0.042 0.030 0.099 0.199 0.135	\$10,868 1,344 1,472 1,614 42,009 <u>36,369</u> \$93,676	
COMBINED TOTAL DEBT		\$160,595	(2)

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

Ratios to 2002-03 Assessed Valuation:

Direct Debt.	- %
Total Direct and Overlapping Tax and Assessment Debt0.5	4%
Combined Total Debt1.2	29%

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

Source: California Municipal Statistics, Inc.

SPECIAL RISK FACTORS

Failure to Develop Properties

There can be no assurance that land development operations within the District will not be adversely affected by a deterioration of the real estate market and economic conditions or the adoption of local, State and federal governmental policies relating to real estate development, the income tax treatment of real property ownership, or the national economy. A slowdown of the development process could adversely affect land values and reduce the ability or desire of the property owners to pay the annual Special Taxes. In that event, there could be a default in the payment of the Bonds.

Concentration of Ownership

All of the land within the District is currently owned by a single owner, Richland Roseville, Ltd., and under option to a related developer, Richland Ventures, Inc. The Developer and the Landowner anticipate that all of the taxable property in the District owned by either of them will be sold; accordingly there is likely to be subsequent transfers of ownership of property within the District. No assurance can be given that the property development and construction, and property sales to end users, will occur on the schedule currently anticipated.

Failure of the current or any future owner of significant property subject to the Special Taxes in the District to pay installments of Special Taxes when due could cause the depletion of the Reserve Fund prior to reimbursement from the resale of foreclosed property or payment of the delinquent Special Tax and, consequently, result in the delinquency rate reaching a level that would cause an insufficiency in collection of the Special Tax to meet the District's obligations under the Indenture. For a description of the current owner of all the property in the District, see "OWNERSHIP OF PROPERTY WITHIN THE DISTRICT." In that event, there could be a delay or failure in payments on the Bonds. See "SPECIAL RISK FACTORS -Bankruptcy and Foreclosure Delays" below and "SECURITY AND SOURCES OF PAYMENT FOR THE BONDS - Delinquent Payments of Special Tax; Covenant for Superior Court Foreclosure."

Hazardous Substances

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

The values set forth in the Appraisal do not take into account the possible reduction in marketability and value of any of the parcels within the District by reason of the possible liability of the owner (or operator) for the remedy of a hazardous substance condition on a parcel. Although the City is not aware that the owner (or operator) of any of the property within the District has a current liability for a hazardous substance with respect to any of the parcels, it is possible that such liabilities do currently exist and that the City is not aware of them. A "Phase I" environmental site assessment was prepared for the property in the District in October 1996 in connection with the establishment of the Stoneridge Specific Plan, which did not indicate the presence of any hazardous substance or other environmental concerns within the District.

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

Land Values

The Appraisal information included as APPENDIX B sets forth certain assumptions of the Appraiser in estimating the market value of the property within the District as of the date indicated. No assurance can be given that the land values are accurate if these assumptions are incorrect or that the values will not decline in the future if one or more events, such as natural disasters or adverse economic conditions, occur.

Bankruptcy and Foreclosure Delays

General. The payment of a property owner's taxes and the ability of the District to foreclose the lien of delinquent unpaid Special Taxes may be limited by bankruptcy, insolvency, or other laws generally affecting creditors' rights or by the laws of the State relating to judicial foreclosure. See "SECURITY AND SOURCES OF PAYMENT FOR THE BONDS — Delinquent Payments of Special Tax; Covenant for Superior Court Foreclosure," herein.

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, reorganization, insolvency or other similar laws affecting the rights of creditors generally.

Although bankruptcy proceedings would not cause the Special Taxes to become extinguished, bankruptcy of a property owner could result in a delay in prosecuting superior court foreclosure proceedings. Such delay would increase the likelihood of a default in payment of the interest on the Bonds and the possibility of delinquent Special Tax installments not being paid in full.

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

Glasply Marine Industries. On July 30, 1992, the United States Court of Appeals for the Ninth Circuit issued its opinion in a bankruptcy case entitled In re Glasply Marine Industries. In that case, the court held that ad valorem property taxes levied by Snohomish County in the State of Washington after the date that the property owner filed a petition for bankruptcy were not entitled to priority over the claims of a secured creditor with a prior lien on the property. Although the court upheld the priority of unpaid taxes imposed before the filing of the bankruptcy opinion, unpaid taxes imposed after the filing of the bankruptcy petition were declared to be "administrative expenses" of the bankruptcy estate, payable after the claims of all secured creditors. As a result, the secured creditor was able to foreclose on the property and retain all the proceeds of the sale except the amount of the pre-petition taxes. There is no assurance a court would not declare the Special Taxes to be an "administrative expense."

According to the court's ruling, as administrative expenses, post-petition taxes would be paid assuming that the debtor has sufficient assets to do so. In certain circumstances, payment of such administrative expenses may be allowed to be deferred. Once the property is transferred out of the bankruptcy estate (through foreclosure or otherwise), it would at that time become subject to current ad valorem property taxes (i.e., not those accruing during the bankruptcy proceeding).

The Glasply decision is controlling precedent in bankruptcy court in the State of California. If Glasply were held to be applicable to Special Taxes, a bankruptcy petition filing would prevent the lien for Special Taxes levied in subsequent fiscal years from attaching so long as the property was part of the estate in bankruptcy, which could reduce the amount of Special Taxes available to pay debt service on the Bonds. However, Glasply speaks as to ad valorem property taxes, and not Special Taxes, and no case law exists with respect to how a

bankruptcy court would treat the lien for Special Taxes levied after the filing of a petition in bankruptcy.

It should also be noted that on October 22, 1994, Congress enacted 11 U.S.C. § 362(b)(18), which added a new exception to the automatic stay for ad valorem property taxes imposed by a political subdivision after the filing of a bankruptcy petition. Under this new provision of law, in the event of a bankruptcy petition filed on or after October 22, 1994, the lien for ad valorem taxes in subsequent fiscal years will attach even if the property is part of the bankruptcy estate. However, the potential effect of 11 U.S.C. § 362(b)(18) on the Special Taxes depends upon whether a court were to determine that the Special Taxes should be treated like ad valorem taxes for this purpose.

Other Public and Private Debt

The City, the County and certain other public agencies are authorized by the Act to form other community facilities districts and improvement areas and, under other provisions of State law, to form special assessment districts, either or both of which could include all or a portion of the land within the District.

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

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

Parity Taxes and Special Assessments

The Special Taxes 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 and is co-equal to and independent of the lien for general property taxes upon the same property regardless of when they are imposed. The Special Taxes have priority over all existing and future private liens imposed on the property.

Tax Delinquencies

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

indicate an unwillingness or inability to make regular property tax payments and Special Tax payments in the future.

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

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

No General Obligation of the City

The Bonds are not general obligations of the City but are limited obligations of the City and the District payable solely from the proceeds of the Special Tax and certain funds held under the Fiscal Agent Agreement, including amounts deposited in the Reserve Fund and investment income thereon, and the proceeds, if any, from the sale of property in the event of a foreclosure. See "SECURITY AND SOURCES OF PAYMENT FOR THE BONDS." Any tax for the payment of the Bonds will be limited to the Special Tax to be collected within the jurisdiction of the District.

Ballot Initiatives

From time to time, initiative measures qualify for the State ballot pursuant to the State's constitutional initiative process and those measures could be adopted by California voters. The adoption of any such initiative might place limitations on the ability of the State, the City, the County or other local districts to increase revenues or to increase appropriations or on the ability of the landowners to complete the development of the District. See "Failure to Develop Properties" above. See also "Proposition 218" below.

Proposition 218

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

Article XIIIC removes limitations on the initiative power in matters of local taxes, assessments, fees and charges. Article XIIIC does not define the term "local taxes" and it is unclear whether this term is intended to include special taxes levied under the Act. In the case of the Special Taxes which are pledged as security for payment of the Bonds, the laws of the State provide a mandatory, statutory duty of the City and the County Auditor to post the Special Taxes on the property tax roll of the County each year while any of the Bonds are outstanding.

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

CONSTITUTIONAL LIMITATIONS ON TAXATION AND APPROPRIATIONS

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

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

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

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

CONTINUING DISCLOSURE

The City has covenanted for the benefit of owners of the Bonds to provide certain financial information and operating data relating to the District by not later than the next January 15th after the end of the City's fiscal year (presently June 30) in each year (the "City Annual Report") commencing with its report for the 2002-03 fiscal year (due January 15, 2004) and to provide notices of the occurrence of certain enumerated events.

The Developer has also covenanted for the benefit of owners of the Bonds to provide certain financial information and operating data relating to the property it owns, or its affiliates or subsidiaries, or entities it has an interest in or controls owns, in the District by not later than April 1 of each year (reflecting reported information as of December 31 of the prior year) beginning with the report due April 1, 2004 (the "Developer Annual Report") and to provide

notices of the occurrence of certain enumerated events. The Developer's obligation to provide such information is in effect only so long as the Developer or its affiliates, or their successors, are collectively responsible for a certain percentage of the Special Taxes, as described in the Developer Annual Report.

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

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

UNDERWRITING

The Bonds were purchased through negotiation by U.S. Bancorp Piper Jaffray, Inc. (the "Underwriter"). The Underwriter agreed to purchase the Bonds at a price of $\frac{11,068,728.30}{11,068,745.45}$ (which is equal to the par amount of the Bonds, less an original issue discount of $\frac{566,745.45}{11,068,745.45}$ and less the Underwriter's discount of $\frac{5149,526.25}{11,068,728.30}$. The initial public offering prices set forth on the cover page hereof may be changed by the Underwriter. The Underwriter may offer and sell the Bonds to certain dealers and others at a price lower than the public offering prices set forth on the cover page hereof.

FINANCIAL ADVISOR

The City has retained Public Financial Management, Inc., of San Francisco, California, as financial advisor (the "Financial Advisor") in connection with the issuance of the Bonds. The Financial Advisor is not obligated to undertake, and has not undertaken to make, an independent verification or assume responsibility for the accuracy, completeness, or fairness of the information contained in this Official Statement. Public Financial Management, Inc., is an independent financial advisory firm and is not engaged in the business of underwriting, trading or distributing municipal securities or other public securities.

LEGAL OPINION

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

TAX MATTERS

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

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

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

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

RATINGS

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

NO LITIGATION

At the time of delivery of and payment for the Bonds, the City Attorney will deliver his opinion that to the best of its knowledge there is no action, suit, proceeding, inquiry or investigation at law or in equity before or by any court or regulatory agency pending against the City affecting its existence or the titles of its officers to office or seeking to restrain or to enjoin the issuance, sale or delivery of the Bonds, the application of the proceeds thereof in accordance with the Fiscal Agent Agreement, or the collection or application of the Special Tax

to pay the principal of and interest on the Bonds, or in any way contesting or affecting the validity or enforceability of the Bonds, the Fiscal Agent Agreement or any action of the City contemplated by any of said documents, or in any way contesting the completeness or accuracy of this Official Statement or any amendment or supplement thereto, or contesting the powers of the City or its authority with respect to the Bonds or any action of the City contemplated by any of said documents.

EXECUTION

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

CITY OF ROSEVILLE

By:	/s/ Russell Cochran Branson				
Finance Director					

APPENDIX A

RATE AND METHOD OF APPORTIONMENT OF SPECIAL TAX

CITY OF ROSEVILLE STONE POINT COMMUNITY FACILITIES DISTRICT NO. 1

APPENDIX B THE APPRAISAL

APPENDIX C SUMMARY OF CERTAIN PROVISIONS OF FISCAL AGENT AGREEMENT

APPENDIX D

THE CITY OF ROSEVILLE AND PLACER COUNTY

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

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

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

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

Overview of Southwestern Placer County

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

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

State Highway 65 is another of the region's primary transportation corridors, and it merges with Interstate 80 at an interchange system located in Roseville. From the interchange, the highway extends northerly through the cities of Roseville and Rocklin to nearby Lincoln. Lincoln has been the focus of some new development in recent years, and residential and commercial development is underway or proposed for Lincoln and nearby project areas in the future. Within the 3,000-acre developed portion of the Sunset Industrial Area along State Highway 65 in the vicinity of Lincoln, Rocklin and Roseville, many major companies have developed plant facilities, including Formica Corporation, Reynolds Metals, Western Electric,

Alcan Cable, Ace Hardware (distribution center), Herman Miller Furniture and Albertson's distribution center. The completion of State Highway 65 in the summer of 1987 created a bypass thoroughfare around "downtown" Roseville and has also enhanced this industrial location by providing better accessibility and identity to the area and improved linkage among the cities of Roseville, Rocklin and Lincoln.

The population of Placer County was reported to be approximately 257,500 in January 2001, which represents an increase of approximately 3.5% over that reported in the 2000 census. According to the California State Department of Finance, by 2005 the County's population is projected to grow to approximately 298,500, an increase of 16% over the 2001 estimate. Roseville has an estimated population of 83,000 as of January 1, 2001. While Roseville and Rocklin have larger populations and have recently been the County's fastest growing cities, it is projected that Lincoln will surpass Rocklin as Placer County's fastest growing city, with the current population of approximately 13,900 increasing to a projected 15,000 by 2005. According to the California State Department of Finance, the current population of Roseville and Rocklin is expected to increase to approximately 173,100 by the year 2015.

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

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

The Placer County Board of Supervisors has recently approved the Sunset Industrial Area Plan, which earmarks about 8,900 acres of undeveloped land for industrial development. The proposed redevelopment plan will help provide roads, sewers, water and fire services to

assist in attracting business to the unincorporated area adjacent to the cities of Roseville, Rocklin and Lincoln.

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

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

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

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

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

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

City Government

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

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

Population

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

CITY OF ROSEVILLE Population 1998 through 2002

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

Source: California State Department of Finance.

Employment and Industry

Placer County, along with El Dorado and Sacramento Counties, comprise the Sacramento Metropolitan Statistical Area. The unemployment rate in the Sacramento MSA was 5.3 percent in November 2002, down from a revised 5.4 percent in October 2002, but above the year-ago estimate of 4.3 percent. This compares with an unadjusted unemployment rate of 6.3 percent for California and 5.7 percent for the nation during the same period. The unemployment rate was 4.7 percent in El Dorado County, 4.6 percent in Placer County and 5.5 percent in Sacramento County.

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

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

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

Labor force data is by place of residence; includes self-employed individuals, unpaid family workers, household domestic workers, and workers on strike.

Source: State of California Employment Development Department.

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

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

⁽²⁾ Industry employment is by place of work; excludes self-employed individuals, unpaid family workers, household domestic workers, and workers on strike.

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

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

PLACER COUNTY Largest Employers

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

Source: State of California Employment Development Department.

Construction

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

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

	<u> 1997</u>	<u>1998</u>	<u> 1999</u>	<u>2000</u>	<u>2001</u>
Permit Valuation					
New Single-family	\$265,817.8	\$342,595.8	\$231,549.9	\$313,769.6	\$356,214.1
New Multi-family	19,284.7	30,707.4	38,746.2	83,145.1	61,930.6
Res. Alterations/Additions	4,216.8	4,054.3	<u>1,584.3</u>	<u>1,593.0</u>	2,455.9
Total Residential	289,319.2	377,357.4	271,880.4	398,507.7	420,600.6
New Commercial	35,691.4	81,526.1	95,294.4	43,818.8	50,213.0
New Industrial	15,045.3	5,418.9	64,940.3	15,237.0	6,214.0
New Other	6,506.2	8,125.7	13,989.1	17,908.4	11,554.4
Com. Alterations/Additions	<u>19,070.0</u>	<u>29,883.3</u>	36,642.2	<u>65,857.6</u>	40,608.4
Total Nonresidential	76,312.8	124,954.0	210,866.0	142,821.7	108,589.8
New Dwelling Units					
Single Family	1,688	2,034	1,204	1,393	1,456
Multiple Family	_330	_440	_609	1,116	762
TOTAL	2,018	$\overline{2,474}$	1,813	$\overline{2,509}$	$2,\overline{218}$

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

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

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

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

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

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

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

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

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

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

Commercial Activity

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

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

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

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

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

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

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

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

Source: State Board of Equalization.

City Services

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

APPENDIX E FORM OF OPINION OF BOND COUNSEL

APPENDIX F FORM OF CONTINUING DISCLOSURE UNDERTAKINGS

CONTINUING DISCLOSURE AGREEMENT (City)

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

WITNESSETH:

WHEREAS, pursuant to the Fiscal Agent Agreement, dated as of ^ March 1, 2003 (the "Agreement"), by and between the City and the Fiscal Agent, the City has issued its City of Roseville Stone Point Community Facilities District No. 1 Special Tax Bonds Series 2003 (the "Bonds"), in the aggregate principal amount of ^ \$11,285,000; and

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

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

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

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

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

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

"Dissemination Agent" shall mean Munifinancial, acting in its capacity as Dissemination Agent hereunder, or any successor Dissemination Agent designated in writing by the City and which has filed with the Fiscal Agent a written acceptance of such designation.

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

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

"Official Statement" means the Official Statement, dated ^ <u>March 5, 2003</u>, relating to | the Bonds.

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

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

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

"State" shall mean the State of California.

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

SECTION 2. Provision of Annual Reports.

- (a) The City shall, or shall cause the Dissemination Agent to, not later than January 15 after the end of the City's fiscal year, commencing with the fiscal year ending June 30, 2003 (for the report due January 15, 2004), provide to each Repository an Annual Report which is consistent with the requirements of Section 3 of this Disclosure Agreement. The Annual Report may be submitted as a single document or as separate documents comprising a package, and may include by reference other information as provided in Section 3 of this Disclosure Agreement. Not later than fifteen (15) Business Days prior to said date, the City shall provide the Annual Report to the Dissemination Agent. The City shall provide an Officer's Certificate with each Annual Report furnished to the Dissemination Agent to the effect that such Annual Report constitutes the Annual Report required to be furnished by the City hereunder. The Dissemination Agent may conclusively rely upon such Officer's Certificate of the City.
- (b) If by fifteen (15) Business Days prior to the date specified in subsection (a) for providing the Annual Report to the Repositories, the Dissemination Agent has not received a copy of the Annual Report, the Dissemination Agent shall contact the City to determine if the City is in compliance with subsection (a).
- (c) If the Dissemination Agent is unable to verify that an Annual Report has been provided to the Repositories by the date required in subsection (a), the Dissemination Agent shall send a notice to the Municipal Securities Rulemaking Board in substantially the form attached as Exhibit A.

(d) The Dissemination Agent shall:

- (i) determine each year prior to the date for providing the Annual Report the name and address of each National Repository and the State Repository, if any; and
- (ii) (if the Dissemination Agent is other than the City), to the extent appropriate information is available to it, file a report with the City certifying that the Annual Report has been provided pursuant to this Disclosure Agreement, stating the date it was provided and listing all the Repositories to which it was provided.

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

- (a) The following information:
 - 1. Principal amount of Bonds outstanding.
 - 2. Balance in the improvement fund or construction account.
- 3. Balance in debt service reserve fund, and statement of the reserve fund requirement. Statement of projected reserve fund draw, if any.
- 4. Balance in other funds and accounts held by Issuer or fiscal agent related to the Bonds.
- 5. The Special Tax levy, the delinquency rate, total amount of delinquencies, number of parcels delinquent in payment for the three most recent fiscal years.
- 6. Notwithstanding the June 30th reporting date for the Annual Report, the following information shall be reported as of the last day of the month immediately preceding the date of the Annual Report rather than as of June 30th. Identity of each delinquent taxpayer responsible for 5 percent or more of total special tax/assessment levied, and the following information: assessor parcel number, assessed value of applicable properties, amount of Special Tax levied, amount delinquent by parcel number and status of foreclosure proceedings. If any foreclosure has been completed, summary of results of foreclosure sales or transfers.
- 7. Most recently available assessed value of all parcels subject to the special tax or assessment.
- 8. List of landowners and assessor's parcel number of parcels subject to 20 percent or more of the Special Tax levy including the following information: development status to the extent shown in City records, land use classification, assessed value (land and improvements).
- (b) Audited financial statements prepared in accordance with generally accepted accounting principles as promulgated to apply to governmental entities from time to time by the Governmental Accounting Standards Board. If the City's audited financial statements are not available by the time the Annual Report is required to be filed pursuant to Section 2(a), the Annual Report shall contain unaudited financial statements in a format similar to that used for the City's audited financial statements, and the audited financial statements shall be filed in the same manner as the Annual Report when they become available; provided, that in each Annual Report or other filing containing the City's financial statements, the following statement shall be included in bold type:

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

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

SECTION 4. Reporting of Significant Events.

- (a) Pursuant to the provisions of this Section 4, the City shall give an Officer's Certificate including notice of the occurrence of any of the following events with respect to the Bonds, if material:
 - 1. Principal and interest payment delinquencies.
 - 2. Non-payment related defaults.
 - 3. Modifications to rights of Bondholders.
 - 4. Optional, contingent or unscheduled Bond calls.
 - 5. Defeasances.
 - 6. Rating changes.
 - 7. Adverse tax opinions or events affecting the tax-exempt status of the Bonds.
 - 8. Unscheduled draws on the debt service reserves, if any, reflecting financial difficulties.
 - 9. Unscheduled draws on credit enhancements reflecting financial difficulties.
 - 10. Substitution of credit or liquidity providers, or their failure to perform.
 - 11. Release, substitution, or sale of property securing repayment of the Bonds.
- (b) Whenever the City obtains knowledge of the occurrence of a Listed Event, the City shall as soon as possible determine if such event would constitute material information for Holders of Bonds, provided, that any event under subsection (a)(6) will always be defined to be material.
- (c) If the City has determined that knowledge of the occurrence of a Listed Event would be material under applicable Federal securities laws, the City shall promptly notify the Dissemination Agent by Officer's Certificate. Such Officer's Certificate shall instruct the Dissemination Agent to report the occurrence pursuant to subsection (e).
- (d) If in response to a request under subsection (b), the City determines that the Listed Event would not be material under applicable federal securities laws, the City shall so notify the Dissemination Agent in writing and instruct the Dissemination Agent not to report the occurrence pursuant to subsection (e).
- (e) If the Dissemination Agent has been instructed by the City to report the occurrence of a Listed Event, the Dissemination Agent shall file a notice of such occurrence with the Repository. Notwithstanding the foregoing:
- **SECTION 5.** Termination of Reporting Obligation. The obligations of the City, the Dissemination Agent under this Disclosure Agreement shall terminate upon the legal defeasance, prior redemption or payment in full of all of the Bonds. If such termination occurs prior to the final maturity of the Bonds, the City shall give notice of such termination in the same manner as for a Listed Event under Section 4(e) hereof. If the City's obligations under the

Agreement are assumed in full by some other entity, such person shall be responsible for compliance with this Disclosure Agreement in the same manner as if it were the City, and the City shall have no further responsibility hereunder.

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

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

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

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

SECTION 10. Notices. Any notices or communications to or among any of the parties to this Disclosure Agreement may be given as follows:

To the City: City of Roseville

311 Vernon Street

Roseville, California 95678

Attn: CFD Administrator

To the Dissemination Agent: Munifinancial

28675 Single Oak Drive, Suite 200

Temecula, CA 92590

Any person may, by written notice to the other persons listed above, designate a different address or telephone number(s) to which subsequent notices or communications should be sent.

SECTION 11. <u>Beneficiaries</u>. This Disclosure Agreement shall inure solely to the benefit of the City, the Dissemination Agent, the Fiscal Agent, the Participating Underwriter and Holders and Beneficial Owners from time to time of the Bonds, and shall create no rights in any other person or entity.

SECTION 12. Counterparts. This Disclosure Agreement may be executed in several counterparts, each of which shall be an original and all of which shall constitute but one and the same instrument.

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

City of Roseville Stone Point Community Facilities District No. 1
By:Authorized Officer
MUNIFINANCIAL, as Dissemination Agent
By:Authorized Officer

CITY OF ROSEVILLE, for and on behalf of

EXHIBIT A

NOTICE TO REPOSITORIES OF FAILURE TO FILE ANNUAL REPORT

Name of Issuer:	City of Roseville
Name of Bond Issue:	$^{\wedge}$ §11,285,000 City of Roseville Stone Point Community Facilities District No. 1 Special Tax Bonds Series 2003
Date of Issuance:	^ <u>March 18, 2003</u>
Roseville Stone Point Comm with respect to the above-na March 1, 2003, by and betw	GIVEN that the City of Roseville (the "City") on behalf of City of nunity Facilities District No. 1 has not provided an Annual Report med Bonds as required by the Fiscal Agent Agreement, dated as of een the City and BNY Western Trust Company, as Fiscal Agent. Annual Report will be filed by
	BNY WESTERN TRUST COMPANY, as Dissemination Agent, on behalf of City of Roseville Stone Point Community Facilities District No. 1
	By:Authorized Officer
cc: City of Roseville	

CONTINUING DISCLOSURE AGREEMENT (Developer)

THIS CONTINUING DISCLOSURE AGREEMENT (the "Disclosure Agreement") dated as of <u>March 18</u>, 2003, is by and between Richland Ventures, Inc., (the "Developer") and Munifinancial, Temecula, California, in its capacity as dissemination agent (the "Dissemination Agent").

WITNESSETH:

WHEREAS, pursuant to the Fiscal Agent Agreement, dated as of ^ March 1, 2003 (the "Agreement"), by and between the City of Roseville, California (the "City") and BNY Western Trust Company, in its capacity as Fiscal Agent thereunder, the City has issued its City of Roseville Stone Point Community Facilities District No. 1 Special Tax Bonds Series 2003 (the "Bonds"), in the aggregate principal amount of ^ \$11,285,000; and

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

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

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

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

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

"Dissemination Agent" shall mean Munifinancial, acting in its capacity as Dissemination Agent hereunder, or any successor Dissemination Agent designated in writing by the City and which has filed with the Fiscal Agent a written acceptance of such designation.

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

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

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

"Official Statement" means the Official Statement, dated ^ <u>March 5</u>, 2003, relating to | the Bonds.

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

"Project" shall mean the proposed residential development of property within the District being undertaken by the Developer, as described in the Official Statement.

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

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

"State" shall mean the State of California.

SECTION 2. Provision of Annual Reports.

- (a) The Developer shall, not later than April 1st of each year (reflecting reported information as of December 31st of the prior year) beginning with the report due April 1, 2004 and continuing while this agreement is in effect, provide to the Dissemination Agent an Annual Report which is consistent with the requirements of Section 3 of this Disclosure Agreement with a copy to the Issuer. The Developer shall provide a written certification with each Annual Report furnished to the Dissemination Agent and the Issuer to the effect that the Annual Report is being provided pursuant to this Disclosure Agreement. The Annual Report may be submitted as a single document or as separate documents comprising a package, and may cross-reference other information as provided in Section 4 of this Disclosure Agreement. If the Developer's fiscal year changes, it shall give notice of such change in the same manner as for a Listed Event under Section 4(c).
- (b) If by fifteen (15) Business Days prior to the date specified in subsection (a) for providing the Annual Report to the Repositories, the Dissemination Agent has not received a copy of the Annual Report, the Dissemination Agent shall contact the Developer to determine if the Developer is in compliance with subsection (a).
- (c) If the Developer is unable to provide to the Dissemination Agent an Annual Report by the date required in subsection (a), the Developer shall send a notice to the Dissemination Agent in substantially the form attached as Exhibit A.

(d) The Dissemination Agent shall:

- (i) determine each year prior to the date for providing the Annual Report the name and address of each National Repository and the State Repository, if any; and
- (ii) to the extent appropriate information is available to it, file a report with the Issuer certifying that the Annual Report has been provided pursuant to this Disclosure Agreement, stating the date it was provided and listing all the Repositories to which it was provided.
- **SECTION 3.** <u>Content of Annual Reports</u>. The Developer's Annual Report shall contain or incorporate by reference the following, for each ownership group, information, separately with respect to property owned by it, or its affiliates or subsidiaries, or entities it has an interest in or controls, if material:

- (a) Any significant changes in the information contained in the Official Statement under the headings: "THE DISTRICT Anticipated Development in the District," "THE IMPROVEMENTS" and "OWNERSHIP OF PROPERTY WITHIN THE DISTRICT" and the status of completion of the Improvements (as defined in the Official Statement).
 - (b) A general description of the development status of the parcels within the District.
- (c) A listing of property within the District sold by the Developer since the date of the Official Statement.
- (d) Material changes in Project costs, status of any construction loans and any permanent financing received by the Developer with respect to the Project that could have a significant impact on the Developer's ability to complete the construction and sale of homes within the District.
- (e) Any denial of credit, lines of credit, loans or loss of source of capital that could have a significant impact on the Developer's ability to pay the Special Tax or other taxes or assessments or to comply with its obligations under the Development Agreement.
- (f) Any failure by the Developer to pay when due general property taxes or assessments or special taxes with respect to its property in the District.
- (g) Any previously undisclosed amendments to the land use entitlements or environmental conditions or other governmental conditions that are necessary to complete the development plan.

SECTION 4. Reporting of Significant Events.

- (a) Pursuant to the provisions of this Section 4, the Developer shall give, to the Dissemination Agent, notice of the occurrence of any of the following events with respect to the Bonds. if material:
 - (i) failure to pay any real property taxes (including any assessments or special taxes) levied within the District on a parcel owned by the Developer.
 - (ii) the discovery of toxic material or hazardous waste which will require remediation on any property owned by the Developer subject to the Special Tax.
 - (iii) default by the Developer on any loan with respect to the construction or permanent financing of public or private improvements with respect to the Project.
 - (iv) Initiation of bankruptcy proceedings (whether voluntary or involuntary) by the Developer or any related entity.
- (b) Whenever the Developer obtains knowledge of the occurrence of a Listed Event, the Developer shall as soon as possible determine if such event would be material under applicable federal securities laws.
- (c) If the Developer determines that knowledge of the occurrence of a Listed Event would be material under applicable federal securities laws, the Developer shall promptly provide a notice of such occurrence to the Dissemination Agent, with a copy to the Issuer.

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

- **SECTION 6.** <u>Amendment; Waiver</u>. Notwithstanding any other provision of this Disclosure Agreement, the Developer and the Dissemination Agent may amend this Disclosure Agreement (and the Dissemination Agent shall agree to any amendment so requested by the Developer, provided no amendment increasing or affecting the obligations or duties of the Dissemination Agent shall be made without the consent of either such party), and any provision of this Disclosure Agreement may be waived, provided that the following conditions are satisfied:
 - (a) If the amendment or waiver relates to the provisions of Sections 2(a), 3, or 4(a), it may only be made in connection with a change in circumstances that arises from a change in legal requirements or change in law;
 - (b) The amendment or waiver either (i) is approved by the Bondholders of the Bonds in the same manner as provided in the Agreement for amendments to the Agreement with the consent of Bondholders, or (ii) does not, in the opinion of nationally recognized bond counsel, materially impair the interests of the Bondholders or Beneficial Owners of the Bonds.

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

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

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

have no duty or obligation to review any information provided to it hereunder and shall not be deemed to be acting in any fiduciary capacity for the Issuer, the Bondholders, or any other party. The obligations of the Developer under this Section shall survive resignation or removal of the Dissemination Agent and payment of the Bonds.

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

SECTION 10. <u>Notices</u>. Any notices or communications to or among any of the parties to this Disclosure Agreement may be given as follows:

To the Developer Richland Ventures, Inc.

2220 Douglas Boulevard Roseville, CA 95661

To the Dissemination Agent: Munifinancial

28675 Single Oak Drive, Suite 200

Temecula, CA 92590

To the Issuer/City: City of Roseville

311 Vernon Street

Roseville, California 95678 Attn: CFD Administrator

Any person may, by written notice to the other persons listed above, designate a different address or telephone number(s) to which subsequent notices or communications should be sent.

SECTION 11. <u>Beneficiaries</u>. This Disclosure Agreement shall inure solely to the benefit of the City, the Dissemination Agent, the Participating Underwriter and Holders and Beneficial Owners from time to time of the Bonds, and shall create no rights in any other person or entity.

SECTION 12. Counterparts. This Disclosure Agreement may be executed in several counterparts, each of which shall be an original and all of which shall constitute but one and the same instrument.

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

RICHLAND VENTURES, INC. as Developer	
By:	
Its:	
MUNIFINANCIAL, as Dissemination Agent	
By:	
Authorized Officer	

EXHIBIT A

NOTICE TO REPOSITORIES OF FAILURE TO FILE ANNUAL REPORT

Name of Issuer: City of Roseville	
Name of Bond Issue: ^ <u>\$11,285,000</u> City of Ro No. 1, Special Tax Bonds, Series 2003	seville, Stone Point Community Facilities District
Date of Issuance: ^ March 18, 2003	
Annual Report with respect to the above-r	(the "Developer") has not provided an named Bonds as required by the Continuing d as of the date of issuance of such Bonds. The will be filed by
Dated:	
	on behalf of the Developer
	By:
	Its:
cc: Developer	

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APPENDIX G

THE BOOK ENTRY SYSTEM

Book-Entry System

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

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

Redemption notices shall be sent to Cede & Co. If less than all of the bonds within an issue are being redeemed, DTC's practice is to determine by lot the amount of the interest of each Direct Participant in such issue to be redeemed. Neither DTC nor Cede & Co. will consent

or vote with respect to the Bonds. Under its usual procedures, DTC mails an Omnibus Proxy to an issuer as soon as possible after the record date. The Omnibus Proxy assigns Cede & Co.'s consenting or voting rights to those Direct Participants to whose accounts the Bonds are credited on the record date (identified in a listing attached to the Omnibus Proxy).

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

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

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

Discontinuance of Book-Entry System

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