

PRELIMINARY OFFICIAL STATEMENT DATED _____, 2021**NEW ISSUE-FULL BOOK ENTRY****NOT RATED**

In the opinion of Jones Hall, A Professional Law Corporation, San Francisco, California, Bond Counsel, subject, however to certain qualifications described herein, under existing law, the interest on the 2021 Bonds is excluded from gross income for federal income tax purposes and such interest is not an item of tax preference for purposes of the federal alternative minimum tax. In the further opinion of Bond Counsel, such interest is exempt from California personal income taxes. See "TAX MATTERS" herein.

\$ _____ *

CITY OF ROSEVILLE
VILLAGES AT SIERRA VISTA COMMUNITY FACILITIES DISTRICT NO. 1 (PUBLIC FACILITIES)
SPECIAL TAX BONDS
SERIES 2021

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

The bonds captioned above (the "2021 Bonds"), are being issued by the City of Roseville (the "City") by and through its Villages at Sierra Vista Community Facilities District No. 1 (Public Facilities) (the "District"). The 2021 Bonds are special tax obligations of the City, authorized pursuant to the Mello-Roos Community Facilities Act of 1982, as amended, being California Government Code Section 53311, et seq. (the "Act"), and are issued pursuant to the Resolution of Issuance (as defined herein) and a Fiscal Agent Agreement dated as of July 1, 2019, as supplemented and amended, including by a Supplemental Agreement No. 2 to Fiscal Agent Agreement dated as of August 1, 2021 (collectively, the "Fiscal Agent Agreement") by and between the City and The Bank of New York Mellon Trust Company, N.A., as fiscal agent (the "Fiscal Agent"). The 2021 Bonds are being issued to (i) construct and acquire certain public facilities of benefit to the District, (ii) provide for a deposit to a debt service reserve account for the 2021 Bonds, and (iii) pay costs of issuance of the 2021 Bonds. Interest on the 2021 Bonds is payable semiannually on March 1 and September 1 of each year, commencing March 1, 2022. The City has previously issued its \$12,540,000 initial principal amount of City of Roseville Villages at Sierra Vista Community Facilities District No. 1 (Public Facilities) Special Tax Bonds, Series 2019 (the "2019 Bonds") and its \$9,835,000 initial principal amount of City of Roseville Villages at Sierra Vista Community Facilities District No. 1 (Public Facilities) Special Tax Bonds, Series 2020 (the "2020 Bonds"). The 2021 Bonds represent the third series of special tax bonds issued for the District, payable on a parity with the 2019 Bonds and 2020 Bonds, and the issuance of additional parity bonds in the future is contemplated, subject to the conditions set forth in the Fiscal Agent Agreement. See "THE BONDS – Authority for Issuance" and "SECURITY AND SOURCES OF PAYMENT FOR THE BONDS – Parity Bonds."

The 2021 Bonds are being issued as fully registered bonds, registered in the name of Cede & Co. as nominee of The Depository Trust Company ("DTC"), and will be available to ultimate purchasers in the denomination of \$5,000 or any integral multiple thereof, under the book-entry system maintained by DTC. See "APPENDIX G – DTC AND THE BOOK-ENTRY ONLY SYSTEM."

The 2021 Bonds are secured by and payable from a pledge of Special Tax Revenues (as defined herein) derived from Special Taxes (as defined herein) to be levied by the City on real property within the boundaries of the District, from the proceeds of any foreclosure actions brought following a delinquency in the payment of the Special Taxes, and from amounts held in certain funds under the Fiscal Agent Agreement, all as more fully described herein. **Unpaid Special Taxes do not constitute a personal indebtedness of the owners of the parcels within the District. In the event of delinquency, proceedings may be conducted only against the parcel of real property securing the delinquent Special Tax. There is no assurance the owners will be able to pay the Special Tax or that they will pay a Special Tax even though financially able to do so.** To provide funds for payment of the 2021 Bonds and the interest thereon as a result of any delinquent Special Taxes, the City will establish a debt service reserve account for the 2021 Bonds from proceeds of the 2021 Bonds, as described herein. See "SECURITY AND SOURCES OF PAYMENT FOR THE BONDS."

Property currently in the District and subject to the Special Tax comprises approximately 164 acres planned for 975 residential homes in the Sierra Vista Specific Plan, which is located in the northwest portion of the City. This includes 73 acres planned for 395 residential homes in the original boundary of the District, plus 42 acres planned for 283 residential units that were annexed into the District in 2020 and 49 acres planned for 297 residential units that were annexed into the District in 2021, in each case, from a future annexation area established for the District. John Mourier Construction, Inc. ("JMC Homes") is developing the land in the District for sale to individual homeowners, with the initial 395 planned units constituting phase 1 of the development, the next 283 planned units constituting phase 2, and the next 297 planned units constituting phase 3. The land currently in the District constitutes a portion of a larger development project being undertaken by JMC Homes in the area, and additional land is expected to annex into the District from the future annexation area. As of May 1, 2021 (the date of value for the appraisal described herein), 305 residential units within the District were owned by individual homeowners, with the remainder of the lots owned by JMC Homes. See "THE DISTRICT" and "OWNERSHIP OF PROPERTY WITHIN THE DISTRICT."

The 2021 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 2021 Bonds. THE 2021 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 2021 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 2021 Bonds.

The 2021 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 and Kutak Rock LLP, Irvine, California, as counsel to the Underwriter. Certain legal matters will be passed upon for the City by the City Attorney. It is anticipated that the 2021 Bonds will be available for delivery to DTC on or about August _____, 2021.

[Piper logo]

The date of this Official Statement is _____, 2021.

* Preliminary; subject to change.

**CITY OF ROSEVILLE
VILLAGES AT SIERRA VISTA COMMUNITY FACILITIES DISTRICT NO. 1 (PUBLIC FACILITIES)
SPECIAL TAX BONDS
SERIES 2021**

MATURITY SCHEDULE

Maturity (Sept. 1)	Principal Amount	Interest Rate	Yield	Price	CUSIP† (_____)
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\$ _____ % Term Bond Due September 1, 20____; Yield ____%; Price: ____%
CUSIP†: _____

† Copyright 2021, American Bankers Association. CUSIP data herein are provided by CUSIP Global Services, managed by Standard & Poor's Capital IQ, and are provided for convenience of reference only. Neither the City nor the Underwriter assumes any responsibility for the accuracy of these CUSIP data.

CITY OF ROSEVILLE, CALIFORNIA

City Council*

Krista Bernasconi, *Councilmember (At-Large) and Mayor*
Pauline Roccucci, *Councilmember (At-Large)*
Tracy A. Mendonsa, *Councilmember (District 1)*
Bruce Houdesheldt, *Councilmember (District 3)*
Scott Alvord, *Councilmember (District 5)*

City Staff

Dominick Casey, *City Manager*
Dennis Kauffman, *Assistant City Manager/Chief Financial Officer*
Michelle Sheidenberger, *City Attorney*
Sonia Orozco, *City Clerk*

SPECIAL SERVICES

Bond Counsel and Disclosure Counsel

Jones Hall, A Professional Law Corporation
San Francisco, California

Municipal Advisor

Hilltop Securities Inc.
Encino, California

Special Tax Consultant and Administrator

Willdan Financial Services
Temecula, California

Appraiser

Integra Realty Resources
Sacramento, California

Fiscal Agent

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

* The City Council is transitioning from at-large elections to by-district elections, which transition will be completed in connection with the November 2022 election.

GENERAL INFORMATION ABOUT THIS OFFICIAL STATEMENT

Use of Official Statement. This Official Statement is submitted in connection with the sale of the 2021 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 2021 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.” 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 2021 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 2021 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 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.

IN CONNECTION WITH THIS OFFERING, THE UNDERWRITER MAY OVERALLOT OR EFFECT TRANSACTIONS WHICH STABILIZE OR MAINTAIN THE MARKET PRICE OF THE 2021 BONDS AT A LEVEL ABOVE THAT WHICH MIGHT OTHERWISE PREVAIL IN THE OPEN MARKET. SUCH STABILIZING, IF COMMENCED, MAY BE DISCONTINUED AT ANY TIME.

THE 2021 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 2021 BONDS HAVE NOT BEEN REGISTERED OR QUALIFIED UNDER THE SECURITIES LAWS OF ANY STATE.

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OFFICIAL STATEMENT

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CITY OF ROSEVILLE
VILLAGES AT SIERRA VISTA COMMUNITY FACILITIES DISTRICT NO. 1 (PUBLIC FACILITIES)
SPECIAL TAX BONDS
SERIES 2021

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 Villages at Sierra Vista Community Facilities District No. 1 (Public Facilities) (the “**District**”) of the bonds captioned above (the “**2021 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 F.

INTRODUCTION

This introduction is not a summary of this Official Statement. It is only a brief description of and guide to, and is qualified by, more complete and detailed information contained in the entire Official Statement, including the cover page and attached appendices, and the documents summarized or described in this Official Statement. A full review should be made of the entire Official Statement. The offering of the 2021 Bonds to potential investors is made only by means of the entire Official Statement.

The City. The City is located in the County of Placer (the “**County**”), which is located in the 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 presently occupies 43 square miles in the southwestern part of the County and is the largest city in the County as well as the residential and business center of the County. It is bordered by Sacramento County to the south, the City of Rocklin to the north and unincorporated County to the east and west. For additional information on the City and the County, see APPENDIX C.

The District. On March 21, 2018, the City Council of the City (the “**City Council**”), as legislative body of the District, adopted a Resolution of Intention to form the District under the Mello-Roos Community Facilities Act of 1982, as amended (the “**Act**”), to levy a special tax and to incur bonded indebtedness for the purpose of financing the Improvements and making contributions to certain public facilities. After conducting a noticed public hearing, on May 2, 2018, the City Council adopted a Resolution of Formation (the “**Resolution of Formation**”), which established the District

* Preliminary; subject to change.

and a future annexation area for the District (the “**Future Annexation Area**”), 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 \$310,000,000. On the same day, an election was held within the District in which the qualified elector in the District, John Mourier Construction, Inc. (“**JMC Homes**”), approved the proposed bonded indebtedness and the levy of the Special Tax. Change proceedings were undertaken in the District in January 2019 to amend the Special Tax Formula, which proceedings were approved by JMC Homes, as the qualified elector in the District. See “OWNERSHIP OF PROPERTY WITHIN THE DISTRICT”.

Development in the District. Property currently in the District and subject to the Special Tax comprises approximately 164 acres planned for 975 residential homes in the Sierra Vista Specific Plan, which is located in the northwest portion of the City. This includes 73 acres planned for 395 residential homes in the original boundary of the District, plus 42 acres planned for 283 residential units that were annexed into the District in 2020 and 49 acres planned for 297 residential units that were annexed into the District in 2021, in each case, from the Future Annexation Area.

JMC Homes is developing the land in the District for sale to individual homeowners, with the initial 395 planned units constituting phase 1 of the development, the next 283 planned units constituting phase 2, and the next 297 planned units constituting phase 3. The land currently in the District constitutes a portion of a larger development project being undertaken by JMC Homes in the area, and additional land is expected to annex into the District from the Future Annexation Area. As of May 1, 2021 (the date of value for the appraisal described herein), 305 residential units within the District were owned by individual homeowners, with the remainder of the lots owned by JMC Homes.

JMC Homes anticipates annexing additional lots into the District from the future annexation area every few years as market conditions warrant. JMC Homes expects that each annexation will contain a similar number of lots as the initial number of lots in the District. However, the timing of each annexation and number of lots in each annexation may vary based on market conditions. Upon annexation of additional lots into the District additional bonds may be issued by the City on a parity with the 2021 Bonds, 2020 Bonds and 2019 Bonds (defined below) upon the satisfaction of certain conditions set forth in the Fiscal Agent Agreement (defined below) in order to finance additional infrastructure improvements needed by JMC Homes for the development of the project. See “THE DISTRICT.”

Authority for Issuance of the 2021 Bonds. The 2021 Bonds are issued pursuant to the Act, a resolution adopted by the City Council on _____, 2021 (the “**Resolution of Issuance**”) and a Fiscal Agent Agreement dated as of July 1, 2019, as supplemented and amended by a Supplemental Agreement No. 1 to Fiscal Agent Agreement dated as of July 1, 2020, and Supplemental Agreement No. 2 to Fiscal Agent Agreement dated as of August 1, 2021 (collectively, the “**Fiscal Agent Agreement**”) between the City and The Bank of New York Mellon Trust Company, N.A., as fiscal agent (the “**Fiscal Agent**”).

Bond Terms. The 2021 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 2021 Bonds is payable on March 1 and September 1 of each year (each an “**Interest Payment Date**”), commencing March 1, 2022. The 2021 Bonds will be issued without coupons in denominations of \$5,000 or any integral multiple thereof.

Registration of Ownership of 2021 Bonds. The 2021 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 2021 Bonds will not receive physical

certificates representing their interest in the 2021 Bonds. So long as the 2021 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 2021 Bonds. Payments of the principal, premium, if any, and interest on the 2021 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 2021 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 – DTC AND THE BOOK-ENTRY ONLY SYSTEM."

Use of Proceeds. Proceeds of the 2021 Bonds will primarily be used to finance a portion of the costs of acquiring and constructing certain public infrastructure improvements (the "**Improvements**," as described herein) as part of the development being undertaken by JMC Homes. The Improvements consist generally of water, wastewater, drainage, roadway and other infrastructure improvements necessary for development of property within the District and the surrounding area, as well as park and open space improvements (which include environmental mitigation costs). See "THE IMPROVEMENTS." Proceeds of the 2021 Bonds will also be deposited to a debt service reserve account for the 2021 Bonds, and to pay costs of issuance.

Security and Source of Payment of the Bonds. As security for the payment of the Bonds, 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 Amended Rate, Method of Apportionment, and Manner of Collection of Special Tax for the District (the "**Special Tax Formula**"). The Special Tax Formula is set forth in its entirety in APPENDIX A hereto. Pursuant to the Special Tax Formula, a "Facilities Special Tax" will be levied and collected until the earlier of (i) the Transition Year or (ii) Fiscal Year 2082-83, and a "Maintenance Special Tax" will be levied and collected beginning in the Transition Year. *Only the "Facilities Special Tax" is pledged to the payment of the Bonds, and the definition of "Special Taxes" used in the Fiscal Agent Agreement and this Official Statement refers only to the "Facilities Special Tax" levied in accordance with the Special Tax Formula.* See "SECURITY AND SOURCES OF PAYMENT OF THE BONDS – Special Tax Methodology."

The 2021 Bonds, 2020 Bonds, 2019 Bonds and any Additional Bonds are payable from the "**Special Tax Revenues**," consisting of the proceeds of the Special Taxes received by the City, including all scheduled payments and delinquent payments thereof, interest thereon and proceeds of the redemption or sale of property sold as a result of foreclosure of the lien of the Special Taxes, net of the administration charge of the County (currently at 1%), but do not include any interest in excess of the interest due on the Bonds or any penalties collected in connection with any such foreclosure. The 2021 Bonds are also payable 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 "–2021 Reserve Account of the Reserve Fund," below.

The Special Taxes represent liens on the parcels of land subject to a Special Tax, and failure to pay the Special Taxes could result in proceedings to foreclose the delinquent property. The 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 APPORTIONMENT OF SPECIAL TAX."

Additional Parity Bonds. The maximum authorized indebtedness for the District is \$310,000,000. In 2019, the City issued its \$12,540,000 initial principal amount of City of Roseville Villages at Sierra Vista Community Facilities District No. 1 (Public Facilities) Special Tax Bonds,

Series 2019 (the “**2019 Bonds**”), which was the first series of special tax bonds issued under this authorization, and its \$9,835,000 initial principal amount of City of Roseville Villages at Sierra Vista Community Facilities District No. 1 (Public Facilities) Special Tax Bonds, Series 2020 (the “**2020 Bonds**”), which was the second series of special tax bonds issued under this authorization. The 2021 Bonds are the second series of special tax bonds issued under this authorization, and additional series of parity bonds (“**Additional Bonds**”) are expected in the future to finance additional infrastructure improvements needed by JMC Homes for the development of the project as additional property is annexed into the District. In addition, the City may utilize a portion of the available authorized bond amount for the funding of certain deferred impact fees owed to the City, as described below under “– Use of Bond Authorization for Development Impact Fee Deferral Bonds.”

The principal amount of the 2021 Bonds has been sized based on the Special Taxes that can be generated from the 297 residential units annexed into the District in 2021 (although all of the Special Taxes levied in the District are pledged to the 2021 Bonds, 2020 Bonds, 2019 Bonds and any Additional Bonds, on a parity basis). Additional Bonds are expected to be issued in multiple series for Improvements as additional property in the future annexation area is annexed into the District. For the purpose of financing the Improvements, Bonds are expected to be issued in an aggregate principal amount of approximately \$110,000,000, including the 2021 Bonds, 2020 Bonds, and 2019 Bonds. This approximate principal amount does not take into account refunding bonds and bonds issued to pay for the Development Impact Fee Deferral for property in the District. However, the actual aggregate amount of Additional Bonds to fund Improvements and the Development Impact Fee Deferral may vary depending on interest rates at the time of bond issuance, the timing of each bond issue and other factors that may impact the timing and size of each bond issue.

The District may issue Additional Bonds secured by Special Tax Revenues on parity with the 2021 Bonds, 2020 Bonds and 2019 Bonds, upon the satisfaction of certain conditions set forth in the Fiscal Agent Agreement. Any future bonds issued for the District and secured on parity with the 2021 Bonds, 2020 Bond and 2019 Bonds (herein, “**Additional Bonds**” and collectively with the 2021 Bonds, 2020 Bonds and 2019 Bonds, the “**Bonds**”) are required to meet certain conditions of issuance as set forth in the Fiscal Agent Agreement, and no bonds having a lien senior to the lien of the Bonds are allowed. See “SECURITY AND SOURCES OF PAYMENT FOR THE BONDS – Parity Bonds.”

Use of Bond Authorization for Development Impact Fee Deferral Bonds. In connection with the approval of development in the District, the City agreed that payment of certain impact fees owed by JMC Homes and merchant builders will be deferred (referred to as the “Development Impact Fee Deferral” in the Special Tax Formula) to allow payment of the deferred fees after the 2019 Bonds have been fully paid. The City expects to receive payment for the deferred impact fees either through continued collection of Special Taxes or through the issuance of future bonds after the 2019 Bonds have matured. If the City chooses to issue bonds to pay deferred impact fees, the remaining authorization will be available to be utilized by the City as a means therefor.

2021 Reserve Account of the Reserve Fund. In connection with the issuance of the 2019 Bonds, a Reserve Fund (the “**Reserve Fund**”) was established under the Fiscal Agent Agreement, and within the Reserve Fund separate accounts are established for each series of Bonds. Accordingly, a reserve account for the 2019 Bonds was established within the Reserve Fund (the “**2019 Reserve Account**”), a reserve account for the 2020 Bonds was established within the Reserve Fund (the “**2020 Reserve Account**”), and a reserve account for the 2021 Bonds will be established within the Reserve Fund (the “**2021 Reserve Account**”). Amounts in the 2019 Reserve Account and 2020 Reserve Account are available solely for the payment of debt service on the 2019

Bonds and 2020 Bonds, respectively, while amounts in the 2021 Reserve Account are available solely for the payment of debt service on the 2021 Bonds. See “SECURITY AND SOURCES OF PAYMENT FOR THE BONDS – Reserve Fund.” If there are additional delinquencies after depletion of funds in the 2021 Reserve Account of the Reserve Fund, the City is not obligated to pay the 2021 Bonds or supplement the 2021 Reserve Account of the Reserve Fund.

Appraised Value of Property. Property in the District is security for the Special Tax which secures the Bonds. The City authorized the preparation of an appraisal for the 975 lots currently within the District, with a date of value of May 1, 2021, which sets forth an aggregate not-less-than appraised value of \$251,323,000 as of such date. The valuation assumes certain proceeds from the 2021 Bonds (but not any Additional Bonds that may be issued in the future) are available to reimburse for certain completed infrastructure improvements and accounts for the impact of the lien of the Special Tax and adds the estimated bond amount to the value of property. 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 affect the estimates as to value, in addition to the assumption of completion of the Improvements and the availability of certain of the proceeds of the 2021 Bonds to reimburse for completed Improvements. The Improvements to be paid for with proceeds of the 2021 Bonds are anticipated to be completed in 2021. See “VALUE OF PROPERTY WITHIN THE DISTRICT – The Appraisal” and APPENDIX B.

The appraised value of property in the District is ____* times the \$_____ * aggregate principal amount of the Bonds (and overlapping general obligation bond debt of \$_____). This is an average, and individual parcels may vary widely from the average. See “VALUE OF PROPERTY WITHIN THE DISTRICT – Value to Special Tax Burden Ratios.”

Development of land in the District is well underway by JMC Homes, with 305 homes owned by individual homeowners as of May 1, 2021 (the date of value for the appraisal) and an additional _____ homes that have sold and closed to individual homeowners as of June ____, 2021. See “THE DISTRICT – Development in the District” and “OWNERSHIP OF PROPERTY WITHIN THE DISTRICT.”

Risks of Investment; COVID-19. 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 2021 Bonds. ***In particular, no assurance can be given that the timing of construction of homes and/or sale of homes projected by JMC Homes in this Official Statement will be accomplished. Neither the City nor the Underwriter can predict the impact of COVID-19 on home production and home sales activities or the willingness of owners of land in the District, including JMC Homes, to pay the Special Taxes securing the 2021 Bonds. See “SPECIAL RISK FACTORS – COVID-19 Pandemic.”***

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 2021 Bonds. The 2021 Bonds are not secured by a legal or equitable pledge of or charge, lien or encumbrance upon any property of the City or any of its income or receipts, except the money in the funds established and pledged to the Bonds under the Fiscal Agent Agreement, and neither the payment of the interest on nor principal of or redemption premiums, if

* Preliminary, subject to change. _____

any, on the 2021 Bonds is a general debt, liability or obligation of the City. The 2021 Bonds do not constitute an indebtedness of the City within the meaning of any constitutional or statutory debt limitation or restrictions, and neither the City Council, the City nor any officer or employee thereof are liable for the payment of the interest on or principal of or redemption premiums, if any, on the 2021 Bonds other than from the proceeds of the Special Taxes and the money in the funds established and pledged to the Bonds, as provided in the Fiscal Agent Agreement.

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 Chief Financial Officer of the City. All statements herein with respect to certain rights and remedies are qualified by reference to laws and principles of equity relating to or affecting creditors' rights generally. Capitalized terms used in this Official Statement and not otherwise defined herein have the meanings ascribed to such terms in the Fiscal Agent Agreement. The information and expressions of opinion herein speak only as of the date of this Official Statement and are subject to change without notice. Neither delivery of this Official Statement, any sale made hereunder, nor any future use of this Official Statement shall, under any circumstances, create any implication that there has been no change in the affairs of the City or the District since the date hereof.

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.

ESTIMATED SOURCES AND USES OF FUNDS

A summary of the estimated sources and uses of funds associated with the sale of the 2021 Bonds follows:

Estimated Sources of Funds:

Principal Amount of 2021 Bonds	\$
Plus/Less: [Net] Original Issue Premium/Discount	
Total	\$

Estimated Uses of Funds:

Deposit to Improvement Fund	\$
Deposit to 2021 Reserve Account of the Reserve Fund ⁽¹⁾	
Costs of Issuance ⁽²⁾	
Total	\$

(1) Equal to the Reserve Requirement for the 2021 Bonds.

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

THE BONDS

Authority for Issuance

The 2021 Bonds are issued pursuant to the Fiscal Agent Agreement, the Resolution of Issuance and the Act.

On March 21, 2018, the City Council adopted a Resolution of Intention to form a community facilities district under the Act, to levy a special tax and to incur bonded indebtedness for the purpose of financing the Improvements and making contributions to certain public facilities. After conducting a noticed public hearing, on May 2, 2018, the City Council adopted the Resolution of Formation, which established the District and the Future Annexation Area, 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 \$310,000,000. On the same day, an election was held within the District in which the qualified elector in the District, JMC Homes, approved the proposed bonded indebtedness and the levy of the Special Tax. Change proceedings were undertaken in the District in January 2019 to amend the Special Tax Formula, which proceedings were approved by JMC Homes, as the qualified elector in the District. See "OWNERSHIP OF PROPERTY WITHIN THE DISTRICT" below and APPENDIX A.

The principal amount of the 2021 Bonds has been sized based on the Special Taxes that can be generated from the 297 residential units annexed into the District in 2021 (although all of the Special Taxes levied in the District are pledged to the 2021 Bonds, 2020 Bonds, 2019 Bonds and any Additional Bonds, on a parity basis). Additional Bonds are expected to be issued for Improvements as additional property in the future annexation area is annexed into the District. For the purpose of financing the Improvements, Bonds are expected to be issued in an aggregate principal amount of approximately \$110,000,000, including the 2021 Bonds, 2020 Bonds and 2019 Bonds. This approximate principal amount does not take into account refunding bonds and bonds issued to pay for the Development Impact Fee Deferral for property in the District. However, the actual aggregate amount of Additional Bonds to fund Improvements and the Development Impact Fee Deferral may vary depending on interest rates at the time of bond issuance, the timing of each bond issue and other factors that may impact the timing and size of each bond issue.

Description of the Bonds

Bond Terms. The 2021 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 2021 Bonds are being issued in the denomination of \$5,000 or any integral multiple thereof.

Interest on the 2021 Bonds will be payable semiannually on March 1 and September 1 of each year (each an "**Interest Payment Date**"), commencing March 1, 2022. The principal of the 2021 Bonds and premiums due upon the redemption thereof, if any, will be payable in lawful money of the United States of America at the principal corporate trust office of the Fiscal Agent in Los Angeles, California, or such other place as designated by the Fiscal Agent, upon presentation and surrender of the 2021 Bonds; provided that so long as any 2021 Bonds are in book-entry form, payments with respect to such 2021 Bonds will be made by wire transfer, or such other method acceptable to the Fiscal Agent, to DTC.

Book-Entry Only System. The 2021 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 2021 Bonds will not receive physical certificates representing their interest in the 2021 Bonds. So long as the 2021 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 2021 Bonds. The Fiscal Agent will make payments of the principal, premium, if any, and interest on the 2021 Bonds directly to DTC, or its nominee, Cede & Co., so long as DTC or Cede & Co. is the registered owner of the 2021 Bonds. Disbursements of such payments to DTC's Participants are the responsibility of DTC and disbursements of such payments to the Beneficial Owners are the responsibility of DTC's Participants and Indirect Participants, as more fully described herein. See "APPENDIX G – DTC AND THE BOOK-ENTRY ONLY SYSTEM."

Calculation and Payment of Interest. Interest on the 2021 Bonds will be computed on the basis of a 360-day year consisting of twelve 30-day months. Interest on the 2021 Bonds (including the final interest payment upon maturity or earlier redemption) is payable by check of the Fiscal Agent mailed on each Interest Payment Date by first class mail to the registered Owner thereof at such registered Owner's address as it appears on the registration books maintained by the Fiscal Agent at the close of business on the 15th day of the month preceding the month in which the Interest Payment Date occurs whether or not such day is a Business Day (the "**Record Date**") preceding the Interest Payment Date, or by wire transfer made on such Interest Payment Date upon written instructions received by the Fiscal Agent on or before the Record Date preceding the Interest Payment Date, of any Owner of \$1,000,000 or more in aggregate principal amount of 2021 Bonds; provided that so long as any 2021 Bonds are in book-entry form, payments with respect to such 2021 Bonds will be made by wire transfer, or such other method acceptable to the Fiscal Agent, to DTC. See "APPENDIX G – DTC AND THE BOOK-ENTRY ONLY SYSTEM."

Each 2021 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 2021 Bond, interest is in default thereon, such 2021 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 2021 Bonds are registered in the name of Cede & Co., as nominee of DTC, payments of the principal, premium, if any, and interest on the 2021 Bonds will be made directly to DTC, or its nominee, Cede & Co. Disbursements of such payments to DTC's Participants are the responsibility of DTC and disbursements of such payments to the Beneficial Owners are the responsibility of DTC's Participants and Indirect Participants, as more fully described herein. See "APPENDIX G – DTC AND THE BOOK-ENTRY ONLY SYSTEM."

Redemption*

Optional Redemption. The 2021 Bonds are subject to optional redemption from any source of available funds (other than Prepayments of the Special Tax by property owners), in whole or in part among maturities as specified by the City and by lot within a maturity, on any date on and after September 1, 20__ at the following respective redemption prices (expressed as percentages of the principal amount of the 2021 Bonds to be redeemed), plus accrued interest thereon to the date of redemption:

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

Mandatory Redemption From Prepayments. The 2021 Bonds are subject to mandatory redemption from Prepayments of the Special Tax by property owners, in whole or in part among maturities as specified by the City and by lot within a maturity, on any Interest Payment Date at the following respective redemption prices (expressed as percentages of the principal amount of the 2021 Bonds to be redeemed), plus accrued interest thereon to the date of redemption:

<u>Redemption Dates</u>	<u>Redemption Price</u>
September 1, 20__ through and including March 1, 20__	103%
September 1, 20__ and March 1, 20__	102
September 1, 20__ and March 1, 20__	101
September 1, 20__ and any Interest Payment Date thereafter	100

Mandatory Sinking Fund Redemption. The Term 2021 Bonds maturing September 1, 20__ and September 1, 20__ are subject to mandatory sinking payment redemption in part on September 1, 20__ and September 1, 20__, 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 2021 Bonds Maturing September 1, 20__

Mandatory Redemption Date (Sept. 1)	Sinking Fund Payment
---	-------------------------

(maturity)

* Preliminary; subject to change.

Term 2021 Bonds Maturing September 1, 20__

Mandatory Redemption Date <u>(Sept. 1)</u>	Sinking Fund <u>Payment</u>
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(maturity)

The amounts in the foregoing tables will be reduced pro rata, at the direction of the City in an Officer's Certificate, as a result of any prior partial optional redemption or mandatory redemption of the 2021 Bonds. In the event of a Prepayment, the City shall determine the allocation of prepayment proceeds among the 2021 Bonds, 2019 Bonds and Additional Bonds (if any).

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 2021 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 2021 Bonds be purchased at a price in excess of the principal amount thereof, plus interest accrued to the date of purchase.

Redemption Procedure by Fiscal Agent. The Fiscal Agent will cause notice of any redemption to be mailed by first class mail, postage prepaid, at least 20 days but not more than 60 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 2021 Bonds designated for redemption, at their addresses appearing on the registration books in the Principal Office of the Fiscal Agent; but such mailing is not a condition precedent to such redemption and failure to mail or to receive any such notice, or any defect therein, will not affect the validity of the proceedings for the redemption of such 2021 Bonds.

Such notice will state the redemption date and the redemption price and, if less than all of the then Outstanding 2021 Bonds are to be called for redemption, will designate the CUSIP numbers and bond numbers of the 2021 Bonds to be redeemed by giving the individual CUSIP number and bond number of each 2021 Bond to be redeemed or will state that all 2021 Bonds between two stated bond numbers, both inclusive, are to be redeemed or that all of the 2021 Bonds of one or more maturities have been called for redemption, will state as to any 2021 Bond called in part the principal amount thereof to be redeemed, and will require that such 2021 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 2021 Bonds will not accrue from and after the redemption date.

The City has the right to rescind any notice of the optional redemption of 2021 Bonds and such notice may be cancelled and annulled if for any reason funds will not be or are not available on the date fixed for redemption for the payment in full of the 2021 Bonds then called for redemption.

Whenever provision is made in the Fiscal Agent Agreement for the redemption of less than all of the 2021 Bonds of any maturity, the City will select the 2021 Bonds to be redeemed, from all 2021 Bonds or such given portion thereof of such maturity by lot in any manner which the City in its sole discretion deems appropriate that results in relatively uniform debt service. Upon surrender of 2021 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 2021 Bond or 2021 Bonds, of the

same series and maturity, of authorized denominations in aggregate principal amount equal to the unredeemed portion of the 2021 Bond or 2021 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 2021 Bonds so called for redemption are deposited in the Bond Fund, such 2021 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 2021 Bonds are registered in the name of Cede & Co., as nominee of DTC, transfers and exchanges of 2021 Bonds will be made in accordance with DTC procedures. See "APPENDIX G – DTC AND THE BOOK-ENTRY ONLY SYSTEM." Any 2021 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 2021 Bond for cancellation, accompanied by delivery of a duly written instrument of transfer in a form approved by the Fiscal Agent. Whenever any 2021 Bond or 2021 Bonds are surrendered for transfer or exchange, the City will execute and the Fiscal Agent will authenticate and deliver a new 2021 Bond or 2021 Bonds, for a like aggregate principal amount of 2021 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 2021 Bonds will be required to be made (i) within 15 days prior to the date established by the Fiscal Agent for selection of 2021 Bonds for redemption or (ii) with respect to a 2021 Bond after such 2021 Bond has been selected for redemption.

SECURITY AND SOURCES OF PAYMENT FOR THE BONDS

Special Taxes

The Bonds (consisting of the 2021 Bonds, 2020 Bonds, 2019 Bonds and any Additional Bonds that may be issued in the future) are payable from and secured by proceeds of the Special Taxes received by the City, including all scheduled payments and delinquent payments thereof, interest and penalties thereon and proceeds of the redemption or sale of property sold as a result of foreclosure of the lien of the Special Taxes (but excluding any interest in excess of the interest due on the Bonds or any penalties collected in connection with any such foreclosure), and net of a 1% administration charge of the County (the “**Special Tax Revenues**”). All of the Special Tax Revenues and all moneys deposited in the Bond Fund and, until disbursed as provided herein, in the Improvement Fund and the Special Tax Fund are pledged to secure the repayment of the Bonds. In addition, with respect to each Series of Bonds, all moneys in the applicable subaccount of the Reserve Fund for such Series is pledged to secure the repayment of the applicable Series. The Special Tax Revenues and all moneys deposited into such funds (except as otherwise provided in the Fiscal Agent Agreement) are dedicated to the payment of the principal of, including any mandatory sinking fund payments, and interest and any premium on, the Bonds as provided in the Fiscal Agent Agreement and in the Act until all of the Bonds have been paid and retired or defeased in accordance with the Fiscal Agent Agreement.

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

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

The amount of Special Taxes that the District may levy in any year, and from which principal and interest on the Bonds is to be paid, is strictly limited by the maximum rates approved by the qualified electors within the District, which is set forth in the Special Tax Formula. Under the Special Tax Formula, Special Taxes for the purpose of making payments on the Bonds will be levied annually in an amount not in excess of the maximum approved amount. The Special Taxes and any interest earned on the Special Taxes constitute a trust fund for the principal of and interest on the Bonds pursuant to the Fiscal Agent Agreement and, so long as the principal of and interest on these obligations remains unpaid, the Special Taxes and investment earnings thereon will not be used for any other purpose, except as permitted by the Fiscal Agent Agreement, and will be held in trust for the benefit of the owners thereof and will be applied pursuant to the Fiscal Agent Agreement. The Special Tax Formula apportions the Annual Facilities 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 up to the amount of the Maximum Annual Facilities Special Tax 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 Facilities Costs (as defined below). Because each Special Tax levy is limited to the Maximum Annual Facilities 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 Facilities Costs will in fact be collected in any given year. In addition, Section 53321(d) of the Act provides that the special tax levied against any parcel for which an occupancy permit for private residential use has been issued may not be increased as a consequence of delinquency or default by the owner of any other parcel within a community facilities district by more than 10% above the amount that would have been levied in such Fiscal Year had there never been any such delinquencies or defaults. See “SPECIAL RISK FACTORS – Tax Delinquencies” herein. The Special Taxes are collected for the City by the County in the same manner and at the same time as *ad valorem* property taxes.

Special Tax Methodology

Pursuant to the Special Tax Formula, a “Facilities Special Tax” will be levied and collected until the earlier of (i) the Transition Year or (ii) Fiscal Year 2082-83, and a “Maintenance Special Tax” will be levied and collected beginning in the Transition Year. For the definition of “Transition Year” and related matters, see APPENDIX A. *Only the “Facilities Special Tax” is pledged to the payment of the Bonds, and the definition of “Special Taxes” used in the Fiscal Agent Agreement and this Official Statement refers only to the “Facilities Special Tax” levied in accordance with the Special Tax Formula. Capitalized terms set forth in this section and not otherwise defined have the meanings set forth in the Special Tax Formula.*

Determination of Annual Facilities Costs. Each year, the City will determine the Annual Facilities Costs of the District for the upcoming Fiscal Year. The “**Annual Facilities Costs**” includes the following amounts (less any available earnings on any reserve fund, special tax funds, available capitalized interest or any other available revenues):

- (i) Debt Service to be paid from Facilities Special Taxes;
- (ii) the amount needed to replenish bond reserve funds to the level required by Bond documents, to the extent not included in a computation of Annual Facilities Costs in a previous Fiscal Year;
- (iii) Administrative Expenses for such Fiscal Year;
- (iv) the amount needed to (1) cure any delinquencies in the payment of principal or interest on Bonds which have occurred in the prior Fiscal Year, and (2) to fund any foreseeable deficiency of the amount to be available for the payment of principal or interest on Bonds which are expected to occur in the current or any previous Fiscal Year, to the extent not already included in the calculation of Annual Facilities Costs;
- (v) the amount needed to (1) cure any delinquencies in the payment of the Facilities Special Taxes in the prior Fiscal Year, (2) to fund any foreseeable deficiency of the amount to be available for the payment of Facilities Special Taxes which are expected to

occur in such Fiscal Year, in each case, to the extent not already included in the calculation of Annual Facilities Costs;

(vi) pay-as-you-go expenditures for authorized improvements; and

(vii) during the Deferral Bonding Period, the amount needed to pay Development Impact Fee Deferrals not financed by Bonds.

The Annual Facilities Costs is 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 Facilities Special Tax identified for each parcel in the Special Tax Formula.

Parcels Subject to the Facilities Special Tax. The Special Tax Formula designated five “original parcels,” corresponding to five separate development areas within the District, and additional parcels that are annexed into the District over time. Each fiscal year, 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 parcels within each zone within the District pursuant to the Special Tax Formula. Taxable Parcels that are acquired by a public agency after the District is formed will remain subject to the Facilities Special Tax unless a “trade” resulting in no loss of Facilities Special Tax revenue can be made, as described in the Special Tax Formula.

Limitation on Increases in Levy of Facilities Special Tax. If owners are delinquent in the payment of Facilities Special Taxes, the City may not increase Facilities Special Tax levies to make up for delinquencies for prior Fiscal Years above the Maximum Facilities Special Tax rates specified for each category of property within the District. In addition, Section 53321(d) of the Act provides that the special tax levied against any parcel for which an occupancy permit for private residential use has been issued may not be increased as a consequence of delinquency or default by the owner of any other parcel within a community facilities district by more than 10% above the amount that would have been levied in such Fiscal Year had there never been any such delinquencies or defaults. In cases of significant delinquency, these factors may result in defaults in the payment of principal of and interest on the Bonds. See “SPECIAL RISK FACTORS.”

Duration of the Facilities Special Tax; Transition Year. The Facilities Special Tax will be levied and collected (up to maximum allowable amount) until the earlier of (i) the Transition Year or (ii) Fiscal Year 2082-83. Transition Year means the first Fiscal Year following the Fiscal Year in which the Transition Event occurred, and Transition Event means the earlier of (i) after the Initial Bonding Period, the Fiscal Year in which the Administrator determines the Development Impact Fee Deferral has been repaid in full to the City and the City determines funding is no longer needed for Annual Facilities Costs, or (ii) Fiscal Year 2083-84. Initial Bonding Period means the period in which Bonds are outstanding which financed or refinanced Authorized Facilities costs other than the Development Impact Fee Deferral.

Prepayment of the Facilities Special Tax. The Special Tax Formula provides that landowners may prepay some of the Facilities Special Tax by a cash settlement with the City. The amount of the prepayment required is to be calculated according to a formula set forth in the Special Tax Formula, which is generally based on the net present value of the remaining years in which the Facilities Special Tax will be collected, including the effect of a 2% per year escalation factor applicable for the time Bonds remain outstanding using a discount rate equal to the most current yield for the 30-year Treasury Constant Maturity as the discount factor, plus an amount representing the Development Impact Fee Deferral Amount (which amount is not available for prepayment of the Bonds), all as described in Section 8 of the Special Tax Formula set forth in APPENDIX A.

Prepayment is only allowed if the City determines that the prepayment does not jeopardize its ability to make timely payments of debt service on outstanding Bonds.

Levy of Annual Special Tax; Maximum Special Tax

The annual Special Tax will be calculated by the City and levied to provide money for debt service on the Bonds, replenishment of the Reserve Fund, certain delinquencies, administration of the District, and for payment of pay-as-you-go expenditures (to the extent permitted by the City) of the 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 identified for each parcel in the Special Tax Formula.

For the _____ low-density-residential (LDR) units in the District, the Maximum Annual Facilities Special Tax for Fiscal Year 2020-21 equals \$1,872.72 per unit, while for the _____ planned medium-density-residential (MDR) units in the initial boundary of the District, the Maximum Annual Facilities Special Tax for Fiscal Year 2020-21 equals \$1,664.64 per unit. However, these amounts are subject to adjustment based upon the actual number of units built (in the event that less homes are built than are expected in the Special Tax Formula). The Maximum Annual Facilities Special Tax (as defined in the Special Tax Formula) shall escalate by 2% per year until the Transition Event, and thereafter shall no longer be levied. See "APPENDIX A – RATE AND METHOD OF APPORTIONMENT OF SPECIAL TAX" and for a table showing the expected land uses and assigned Maximum Special Taxes, see "Attachment 2" in such Appendix.

Annual Special Tax Levy. The Special Tax will be levied each year by calculating the amount needed to be generated by all Taxable Parcels in the District; the Special Tax (up to the maximum allowable amount) will be levied against each Taxable Parcel until the Special Tax revenue equals such amount; however, the Special Tax Formula establishes a priority for which properties will be levied a Special Tax. First, all "Developed Parcels" in the District receive a levy. If additional amounts are needed, a levy is made against each "Small Lot Tentative Map Parcel" in the District, then each "Large Lot Parcel" in the District, then each "Undeveloped Parcel" in the District. For single-family detached property, Developed Parcels are parcels shown on a Final Small Lot Subdivision Map recorded prior to May 1 of the preceding Fiscal Year. See "APPENDIX A – RATE AND METHOD OF APPORTIONMENT OF SPECIAL TAX."

The City covenants in the Fiscal Agent Agreement to fix and levy the amount of Special Taxes within the District required for the payment of principal of and interest on any outstanding Bonds of the District becoming due and payable during the ensuing year, including any necessary replenishment or expenditure of the Reserve Fund for the Bonds and an amount estimated to be sufficient to pay the Administrative Expenses during such year, all in accordance with the Special Tax Formula. The Special Tax is authorized to be levied in an amount not to exceed the Maximum Special Tax levy as described in the Special Tax Formula notwithstanding that a lower amount is sufficient to pay debt service on the Bonds. The Special Tax Formula provides a mechanism whereby the City may utilize the pay-as-you-go component to pay for and/or reimburse developers for a portion of the cost of Improvements not funded by proceeds of the bonds issued for the District. Proceeds of the annual Special Tax levy will first be used to pay the "Annual Facilities Costs" (which include debt service payments on the Bonds) other than pay-as-you-go expenditures, and the City contemplates that the levy will include a pay-as-you-go component in an amount equal to the Maximum Annual Facilities Special Tax on Developed Parcels, for deposit into the Improvement Fund for authorized costs not funded from Bond proceeds. See "THE IMPROVEMENTS" and "APPRAISAL OF PROPERTY WITHIN THE DISTRICT." See also "SECURITY AND SOURCES OF

PAYMENT 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.

Special Tax Fund

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

All Special Tax Revenue will be deposited in the Special Tax Fund upon receipt. Prior to each Interest Payment Date, the City will withdraw from the Special Tax Fund and transfer (i) to the Fiscal Agent for deposit in the reserve accounts of the Reserve Fund, an amount which when added to the amount then on deposit therein is equal to the Reserve Requirement with respect to each series of Bonds, 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; provided, however, that as soon as practicable after the receipt by the City of any prepayments of Special Taxes, but no later than 10 Business Days after such receipt, the City shall transfer such prepayments to the Fiscal Agent for deposit into the Prepayment Account to be used for the redemption of Bonds. At such time as deposits to the Special Tax Fund 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 accounts of the Reserve Fund balance to the Reserve Requirement with respect to each series of Bonds, the amount in the Special Tax Fund 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 2nd of each year. From time to time, the City may withdraw from the Surplus Account of the Special Tax Fund amounts needed to pay the City’s administrative expenses and County fees; 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. Moneys in the Surplus Account may also be transferred, at the City’s discretion, to the Improvement Fund to pay for costs of the Improvements (including reimbursements to developers for the cost of Improvements not funded from proceeds of bonds issued for the District) or authorized facility contributions, to pay the principal of, premium, if any, and interest on the Bonds or to replenish amounts in the Reserve Fund. See “THE IMPROVEMENTS – Construction and Acquisition of the Improvements.”

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 or collected at a different time to meet the City’s financial obligations. In the event of a delinquency in the payment of any installment of Special Taxes, the City is authorized by the Act to order institution of an action in superior court to foreclose the lien therefor.

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 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 \$3,250 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 that will be sufficient to pay or reimburse the delinquent special taxes.

The owners of the 2021 Bonds benefit from the 2021 Reserve Account within the Reserve Fund established pursuant to the Fiscal Agent Agreement; however, if delinquencies in the payment of the Special Taxes with respect to the 2021 Bonds are significant enough to completely deplete the 2021 Reserve Account within the Reserve Fund, there could be a default or a delay in payments of principal and interest to the owners of the 2021 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 Facilities Special Tax rates set forth in the Special Tax Formula, the City may adjust the Special Taxes levied on all property within the District subject to the Special Tax to provide an amount required to pay debt service on the 2021 Bonds, 2020 Bonds, 2019 Bonds and any Additional Bonds, and to replenish the reserve accounts established for each respective series of Bonds in the Reserve Fund. However, such adjustment is subject to the Maximum Annual Facilities Special Tax and to the limitation described under the caption “– Special Tax Methodology” above.

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

Foreclosure by court action is subject to normal litigation delays, the nature and extent of which are largely dependent upon the nature of the defense, if any, put forth by the debtor and the condition of the calendar of the superior court of the county. Such foreclosure actions can be stayed by the superior court on generally accepted equitable grounds or as the result of the debtor’s filing for relief under the Federal bankruptcy laws. The Act provides that, upon foreclosure, the Special Tax lien will have the same lien priority as is provided for *ad valorem* taxes and special assessments. See “APPRAISAL OF PROPERTY WITHIN 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 Act does not require the District to purchase or otherwise acquire any lot or parcel of property foreclosed upon if there is no other purchaser at such sale.

Section 53356.6 of the Act requires that property sold pursuant to foreclosure under the Act be sold for not less than the amount of judgment in the foreclosure action, plus post-judgment interest and authorized costs, unless the consent of the owners of 75% of the outstanding Bonds is obtained. However, under Section 53356.6 of the Act, the District, as judgment creditor, is entitled to purchase any property sold at foreclosure using a “credit bid,” where the District could submit a bid crediting all or part of the amount required to satisfy the judgment for the delinquent amount of the Special Tax. If the District becomes the purchaser under a credit bid, the District must pay the amount of its credit bid into the redemption fund established for the Bonds, but this payment may be made up to 24 months after the date of the foreclosure sale.

2021 Reserve Account of Reserve Fund

A Reserve Fund has been established under the Fiscal Agent Agreement, and within the Reserve Fund, separate accounts are being established for each series of Bonds. Accordingly, the 2019 Reserve Account was established for the 2019 Bonds, the 2020 Reserve Account was established for the 2020 Bonds, and the 2021 Reserve Account is being established for the 2021 Bonds. Amounts in the 2019 Reserve Account and in the 2020 Reserve Account are available solely for the payment of debt service on the 2019 Bonds and 2020 Bonds, respectively, while amounts in the 2021 Reserve Account are available solely for the payment of debt service on the 2021 Bonds. If there are additional delinquencies after depletion of funds in the 2021 Reserve Account of the Reserve Fund, the City is not obligated to pay the 2021 Bonds or supplement the 2021 Reserve Account of the Reserve Fund.

Upon delivery of the 2021 Bonds, the Fiscal Agent will deposit an amount of the proceeds into the 2021 Reserve Account of the Reserve Fund so that the amount therein equals the “**Reserve Requirement**,” which means, with respect to any series of Bonds, the least of (i) 125% of the average Annual Debt Service with respect to the applicable series of Bonds; (ii) Maximum Annual Debt Service with respect to the applicable series of Bonds; and (iii) 10% of the original principal amount of the applicable series of Bonds (or, if the applicable series of Bonds has more than a de minimis amount of original issue discount or premium, 10% of the issue price of such series of Bonds); provided, that—

- (a) the Reserve Requirement for the 2021 Bonds, 2020 Bonds and 2019 Bonds shall not increase after the date of issuance of the 2021 Bonds, 2020 Bonds or 2019 Bonds, respectively;
- (b) in no event shall the City be obligated to deposit an amount in any reserve fund in excess of the amount permitted by the applicable provisions of the Code to be so deposited from the proceeds of tax-exempt bonds without having to restrict the yield of any investment purchased with any portion of such deposit and, if the amount of any such deposit is so limited, the Reserve Requirement shall be only the amount of such deposit as permitted by the Code; and
- (c) the City may meet all or a portion of the Reserve Requirement with respect to any series of Bonds by depositing a Qualified Reserve Fund Credit Instrument.

For each series of Additional Bonds, the Fiscal Agent shall establish a separate subaccount within the Reserve Fund for such series and moneys in each subaccount shall be held in trust by the Fiscal Agent for the benefit of the Owners of the respective series of Bonds.

The City has the right to either meet the Reserve Requirement at the time of issuance of a series of Bonds or at any time thereafter to cause the Fiscal Agent to release cash from the Reserve Fund, in whole or in part, by tendering to the Fiscal Agent: (1) a Qualified Reserve Fund Credit Instrument, and (2) in the case of a release, an opinion of Bond Counsel stating that such release will not, of itself, cause the portion of the interest on the Bonds secured thereby to become includable in gross income for purposes of federal income taxation. Upon tender of such items to the Fiscal Agent in connection with a release of cash, the Fiscal Agent will transfer such funds to the City. Prior to the expiration of any Qualified Reserve Fund Credit Instrument, if applicable, the City is obligated either to replace such Qualified Reserve Fund Credit Instrument with a new Qualified Reserve Fund Credit Instrument, or to deposit or cause to be deposited with the Fiscal Agent an amount of funds such that the funds on deposit in the Reserve Fund together with all Qualified Reserve Fund Credit Instruments held by the Fiscal Agent is at least equal to the Reserve Requirement (which funds may come from a draw by the Fiscal Agent on the Qualified Reserve Fund Credit Instrument prior to its expiration).

“Qualified Reserve Fund Credit Instrument” means an irrevocable standby or direct-pay letter of credit or surety bond issued by a commercial bank or insurance company and deposited with the Fiscal Agent, provided that all of the following requirements are met: (a) the long-term credit rating of such bank or insurance company is rated in the top two categories (without regard to modifier) by S&P or Moody’s at the time of issuance; (b) such letter of credit or surety bond has a term of at least 12 months; (c) such letter of credit or surety bond has a stated amount at least equal to the portion of the Reserve Requirement being met by such instrument or with respect to which funds are proposed to be released pursuant to the Fiscal Agent Agreement; and (d) the Fiscal Agent is authorized pursuant to the terms of such letter of credit or surety bond to draw thereunder an amount equal to any deficiencies which may exist from time to time in the Bond Fund for the purpose of making payments required pursuant to the Fiscal Agent Agreement.

Whenever, on the Business Day prior to any Interest Payment Date, the amount in any reserve account within the Reserve Fund exceeds the Reserve Requirement for the applicable series of Bonds covered by such reserve account, the Fiscal Agent shall provide written notice to the Chief Financial Officer of the amount of the excess. The Chief Financial Officer shall advise the Fiscal Agent in writing of the amount, if any, of any transfer required pursuant to the Fiscal Agent Agreement, and otherwise direct the Fiscal Agent to transfer an amount equal to the excess to the Improvement Fund, if the Project has not been completed as of the date of such transfer, or if the Project has been completed, to the Bond Fund to be used for the payment of the principal of and interest on the Outstanding Bonds covered by the applicable reserve account in accordance with the Fiscal Agent Agreement; provided, that to the extent that such excess results from the prepayment of Special Taxes and redemption of Bonds, such amount shall be transferred to the Prepayment Account and applied to the corresponding redemption of Bonds.

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 (and within the Improvement Fund, accounts corresponding to respective series of Bonds), which is to be held in trust by the Fiscal Agent 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 payment to JMC Homes or other entities that are due reimbursement for Improvements, the Fiscal Agent will transfer the amount, if any, remaining in the Improvement Fund to 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."

Parity Bonds

The Resolution of Formation authorizes the issuance of up to \$310,000,000 of special tax bonds for the District. In 2019, the City issued \$12,540,000 initial principal amount of 2019 Bonds and in 2020, the City issued \$9,835,000 initial principal amount of 2020 Bonds. The 2021 Bonds represent the third series of special tax bonds issued under the authorization. The City expects that it will, by a Supplemental Agreement, authorize the issuance of one or more additional series of Additional Bonds payable from Special Taxes and secured by the Special Tax Revenues on a parity with the Bonds, as development progresses in the District and upon compliance by the City with the conditions set forth in the Fiscal Agent Agreement, which include the following:

(i) There shall be deposited into a reserve account of the Reserve Fund, an amount at least equal to the Reserve Requirement with respect to such Additional Bonds.

(ii) For each Bond Year the Additional Bonds are Outstanding, projected Special Taxes Revenues, if levied at the maximum annual Special Tax rates per the Special Tax Formula, in each Fiscal Year are at least equal to 110% of Debt Service due in the Bond Year that begins in the corresponding Fiscal Year, as calculated by the special tax consultant to the City.

(iii) Both of the following conditions are met:

(A) Regarding All Parcels in the District: The aggregate value of all parcels in the District subject to the Special Tax, including then existing improvements and any facilities to be constructed or acquired with the proceeds of the Additional Bonds, as determined by an MAI appraisal, assessed valuations shown on the then current County tax roll, or by a combination of both methods, is at least 3.00 times the sum of (1) the aggregate principal amount of all Bonds then Outstanding, plus (2) the aggregate principal amount of the Additional Bonds proposed to be issued, plus (3) the aggregate principal amount of any bonds then outstanding and payable from assessments which are a lien against property in the District, plus (4) a portion of the aggregate principal amount of all bonds issued under the Act, other than Bonds then Outstanding, payable at least partially from special taxes to be levied on parcels of land subject to the Special Tax within the District (the "Other Mello-Roos Bonds") equal to the aggregate principal amount of the Other Mello-Roos Bonds multiplied by

a fraction, the numerator of which is the amount of special taxes levied for the Other Mello-Roos Bonds on parcels of land within the District subject to the Special Tax, and the denominator of which is the total amount of special taxes levied for the Other Mello-Roos Bonds on all parcels of land subject to the Special Tax against which the special taxes are levied to pay the Other Mello-Roos Bonds (such fraction to be determined based upon the special taxes which could be levied the year in which maximum annual debt service on the Other Mello-Roos Bonds occurs), based upon information from the most recent available Fiscal Year.

(B) Regarding Recently Annexed Parcels: The aggregate value of the Recently Annexed Parcels, including then existing improvements and any facilities to be constructed or acquired with the proceeds of the Additional Bonds, as determined by an MAI appraisal, assessed valuations shown on the then current County tax roll, or by a combination of both methods, is at least 3.00 times the sum of (1) the Attributable Principal Amount of all Bonds then Outstanding, plus (2) the Attributable Principal Amount of the Additional Bonds proposed to be issued, plus (3) the amount of any bonds then outstanding and payable from assessments which are a lien against the Recently Annexed Parcels, plus (4) the allocation of Other Mello-Roos Bonds determined to be applicable to the Recently Annexed Parcels.

As used herein, “*Recently Annexed Parcels*” means all parcels in the District subject to the Special Tax which were annexed into the District following the closing date for the then-most recently issued series of Bonds, and “*Attributable Principal Amount*” means for the Bonds or any Additional Bonds, calculated separately, an amount equal to the aggregate outstanding principal amount of such Bonds and Additional Bonds multiplied by a fraction, the numerator of which is the amount of special taxes that will be levied for such Bonds and Additional Bonds on Recently Annexed Parcels in the first fiscal year in which the levy includes debt service for the applicable series of Additional Bonds, and the denominator of which is the total amount of special taxes that will be levied for the Bonds and Additional Bonds on all parcels of land in the District against which the special taxes are levied to pay the Bonds and Additional Bonds in such fiscal year.

Additional Bonds may be issued for the purpose of refunding any outstanding Bonds without meeting the foregoing conditions so long as debt service on the refunding Bonds in each Bond Year is less than debt service on the Bonds refunded.

Nothing in the Fiscal Agent Agreement shall be interpreted to prohibit issuance of bonds or Additional Bonds secured on a subordinate basis to the Bonds.

In connection with the approval of development in the District, the City has agreed that payment of certain impact fees owed by JMC Homes will be deferred (referred to as the “Development Impact Fee Deferral” in the Special Tax Formula) to allow payment of the deferred fees after the 2019 Bonds have been fully paid. The City expects to receive payment for the deferred impact fees either through continued collection of Special Taxes or through the issuance of future bonds after the 2019 Bonds have matured. If the City chooses to issue bonds to pay deferred impact fees, the remaining authorization will be available to be utilized by the City as a means therefor.

DEBT SERVICE SCHEDULES

The annual debt service on the 2021 Bonds, based on the interest rates and maturity schedule set forth on the cover of this Official Statement, together with the annual debt service on the 2019 Bonds and 2020 Bonds, in each case, assuming no early redemptions, is set forth below.

City of Roseville Villages at Sierra Vista Community Facilities District No. 1 (Public Facilities) Parity Debt Service (2019 Bonds, 2020 Bonds, and 2021 Bonds)

<u>Year Ending (Sept. 1)</u>	<u>2019 Bonds Debt Service</u>	<u>2020 Bonds Debt Service</u>	<u>2021 Bonds Principal</u>	<u>2021 Bonds Interest</u>	<u>2021 Bonds Debt Service</u>	<u>Total Parity Debt Service</u>
2021	\$647,525.00	\$449,350.00				
2022	661,325.00	457,850.00				
2023	674,825.00	466,050.00				
2024	688,025.00	473,950.00				
2025	700,925.00	485,750.00				
2026	713,525.00	491,950.00				
2027	726,775.00	502,750.00				
2028	744,025.00	511,750.00				
2029	759,750.00	525,000.00				
2030	774,750.00	537,250.00				
2031	786,950.00	543,500.00				
2032	803,450.00	559,000.00				
2033	818,800.00	570,400.00				
2034	838,000.00	581,000.00				
2035	852,000.00	590,800.00				
2036	869,500.00	604,800.00				
2037	890,250.00	612,800.00				
2038	904,000.00	625,000.00				
2039	926,000.00	641,200.00				
2040	940,750.00	651,200.00				
2041	963,500.00	665,200.00				
2042	983,750.00	678,000.00				
2043	1,001,500.00	694,600.00				
2044	1,021,750.00	704,800.00				
2045	1,039,250.00	723,800.00				
2046	1,064,000.00	736,200.00				
2047	1,085,500.00	752,200.00				
2048	1,103,750.00	766,600.00				
2049	1,128,750.00	779,400.00				
2050	--	795,600.00				
2051	--	--				
Total						

Source: Fiscal Agent for 2019 Bonds and 2020 Bonds; Underwriter for 2021 Bonds.

THE SIERRA VISTA SPECIFIC PLAN

The Sierra Vista Specific Plan (“**SVSP**”) is the primary land use, policy and regulatory document used to guide development of the project area. The Specific Plan establishes a development framework for land use, affordable housing, resource protection, circulation, utilities and services, implementation and design. The intent is to promote the systematic and orderly development of the plan area. All subsequent development projects and related activities in the SVSP area are required to be consistent with the SVSP. The SVSP implements the goals and policies of the City of Roseville General Plan and augments these goals and policies by providing specific direction to reflect conditions unique to the project and Plan Area. The General Plan serves as the long-term policy guide for the physical, economic and environmental growth of the City. The property within the District was included within the SVSP at adoption, and is a component of the SVSP. The full text of the SVSP is available on the City’s website.

Land Use Concept. The SVSP is planned primarily as a residential community, with a significant commercial and employment center along Baseline Road, which properties are not part of the District and not subject to the Special Taxes securing the Bonds. The overall mix and intensity of uses is similar to that found in adjacent portions of the City. The SVSP also provides for recreation, open space, employment and educational opportunities available to residents both within and outside the SVSP area.

The primary elements that comprise the form of the SVSP land use plan include: the residential neighborhoods; a range of commercial and employment uses, schools, parks and open space, as more particularly described below.

Residential Neighborhoods - A variety of housing styles similar to that found elsewhere in the City are planned, including affordable housing and designated age restricted neighborhoods. High density residential comprises approximately 30% of planned residential uses.

Commercial and Employment - A range of commercial and employment uses are proposed within the SVSP, including commercial mixed-use, business professional mixed-use, and community commercial uses. Conventional commercial sites are provided as well, typically along arterial roadways. The SVSP’s employment and service uses are intended to complement and further diversify the City’s employment, retail, service, and revenue base.

Neighborhood Parks - Neighborhood parks are proposed throughout the SVSP, some are located adjacent to the elementary schools and middle school sites, maximizing the potential for joint-use opportunities with the outdoor recreation facilities. Park facilities range from approximately one to approximately 10 acres in size. Some of the SVSP’s neighborhood parks would be linked to a system of paseos, providing a comprehensive network of pedestrian and bikeway connections to the SVSP’s parks and open space system. Neighborhood parks typically include a mix of soccer and baseball fields, tot lots, playgrounds, picnic area, and hard surface game courts.

Open Space - Approximately 317 acres of the SVSP are proposed as Open Space, comprising approximately 15 percent of the total project site acreage. Open Space land use and zoning is generally applied to lands that are environmentally sensitive or otherwise significant due to habitat, natural features, or man-made features. Open space corridors provide for passive recreation opportunities, preservation of significant resources, viewsheds, potential floodwater conveyance and retention, resource mitigation, wildlife

movement corridors, and can function to improve the interface between uses. In many locations, the preserve area accommodates a dedicated Class I pedestrian pathway to be shared with a vehicle maintenance road for maintenance activities. In addition, open space areas could accommodate utility lines and provide the conduit for drainage and space for storm water treatment and detention facilities within the SVSP area. Any disturbance or construction within open space preserve areas of the SVSP would comply with the provisions of the Army Corps of Engineers approved Open Space Management Plan and Section 404 permit requirements.

Land Use Plan. The SVSP land use plan includes a blend of residential, service, employment, open space and public uses. The SVSP area is statistically projected to house approximately 22,045 residents and in excess of 9,000 employees. The SVSP includes a total of 8,679 dwelling units on approximately 2,064 gross acres. Proposed land uses include a total of approximately 317 acres set aside in open space; 106 acres for dedication to parks; 71 acres of public/quasi-public uses; 190 acres of community commercial; 27 acres of business professional; and 41 acres of commercial mixed use.

THE DISTRICT

Location and Description of the District and the Immediate Area

General. JMC Homes is developing approximately 164 acres of property into 975 residential units within the current boundary of the District (395 units in the original District boundary, plus 283 units annexed in 2020 and 297 units annexed in 2021); additional annexations are expected in the future. The District is located in the SVSP area, which is in the northwest portion of the City. Property in the District is within the Center Joint Unified School District. The property was annexed into the City in 2010 when the property was owned by Mourier Investments, LLC (“**MILLC**”), an investment affiliate of JMC Homes. Areas of future annexation into the District are currently owned by MILLC and/or JMC Homes and consist of approximately 508 acres of property. The land owned by JMC Homes and MILLC in the SVSP area is generally level topography, currently with large open annual grassland areas. The SVSP has targeted a majority of the creek corridors, and a portion of the seasonal wetlands, for preservation in permanent open space. High-voltage power lines run adjacent to certain land in the District. See “THE SIERRA VISTA SPECIFIC PLAN” above.

Map. A map showing the entire project, including both the initial boundary of the District and the areas in the Future Annexation Area, is shown on the following page. The pages following thereafter provide aerial overviews of portions of land within the District; the aerials do not show all of the property in the District.

[Reserved for location area map]

[Reserved for boundary map]

[Aerial map]

Entitlements and Development

JMC Homes has provided the following information with respect to entitlements and current and anticipated development of land in the District. No assurance can be given that all information is complete. No assurance can be given that development of land in the District 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 SVSP, the Development Agreements described herein and the policies and requirements of the City. No assurance can be given that the plans or projections detailed below will actually occur.

Overview. As noted above, development within the current District boundary is anticipated by JMC Homes to be consistent with the SVSP land uses, which primarily consist of low-density and medium-density residential neighborhoods. Permitted land uses are configured to reinforce the neighborhood identity and sense of community. See “THE SIERRA VISTA SPECIFIC PLAN” above.

MILLC and JMC Homes currently own approximately 677 acres in the SVSP area, which is approved for development in the SVSP for 2,839 residential units and 25.3 acres of non-residential (retail/office) uses. Property currently in the District and subject to the Special Tax comprises approximately 164 acres planned for 975 residential homes. This includes 73 acres planned for 395 residential homes in the original boundary of the District, 42 acres planned for 283 residential units that were annexed into the District in 2020, plus 49 acres planned for 297 residential units that were annexed into the District in 2021. JMC Homes is a homebuilder and expects to build-out the entirety of the 975 residential units in the current boundary of the District over time.

Entitlements. The entitlements permit a development proposal related to a particular parcel to proceed through tentative map subdivision and design-review permitting processes to final mapping provided the development application is in accord with the entitlements and the final map conditions. The land received full land use approval in 2010, including, but not limited to, approval of Specific Plan Zoning and Development Agreements, and subsequently received a Section 404 (wetlands) permit, California Water Board Section 401 Certification, and U.S. Fish and Wildlife Service Biological Opinion.

Phase 1 (Original District). With respect to the 395 lots that were part of the initial District boundary (referred to as phase 1), these lots received a grading permit and site improvement plans from the City in 2018 and 2019. Site development for these 395 lots commenced in May 2018 and concluded in April 2019 for JM-2A, JM-3A and JM-20A and in February 2020 for JM-4 with all of the improvements accepted by the City.

Phase 2 (2020 Annexation). With respect to the 283 lots that annexed into the District in 2020, site development commenced in May 2020 and all the improvements have now been accepted by the City.

Phase 3 (2021 Annexation). With respect to the 297 lots that annexed into the District in 2021, site development/construction commenced in April 2021 and the small lot final maps are set to record by May/June 2021. Site development is expected to be completed and accepted by the City in December 2021.

Future Phases. Property in the Future Annexation Area encompasses approximately 508 acres, planned for development into an additional 1,843 residential units; these parcels are not currently in the District and are therefore not currently subject to the Special Tax

securing the Bonds. JMC Homes anticipates annexing additional lots into the District every few years as market conditions warrant, however, the timing of each annexation and number of lots in each annexation may vary based on market conditions. Further, the City and JMC Homes could choose to create new community facilities districts or separate improvement areas for land within the Future Annexation Area.

Development and Building Permits by Phase. The following tables show the entitlements for all of the land owned by MILLC and JMC Homes in the SVSP. As shown in the tables, the Phase 1, Phase 2 and Phase 3 parcels are all currently located within the boundary of the District and subject to the Special Tax securing the Bonds; territory remaining in the Future Annexation Area is anticipated to annex to the District in the future.

Table 1
City of Roseville
Villages at Sierra Vista Community Facilities District No. 1 (Public Facilities)
Current District Boundary (as of May 1, 2021) – Owned by JMC Homes

Village (Parcel)	Land Use	Acres	Planned Units	Building Permits
<u>Phase 1</u>				
JM-2A	LDR	15.3	92	85
JM-3A	LDR	19.5	83	82
JM-4	LDR	25.6	132	115
JM-20A	MDR	12.4	88	83
	Sub-Total	72.8	395	365
<u>Phase 2</u>				
JM-2B	LDR	14.40	95	74
JM-3B	LDR	10.63	44	44
JM-20B	MDR	9.50	75	6
JM-20 Phase 3.1A	MDR	7.70	69	69
	Sub-Total	42.23	283	193
<u>Phase 3</u>				
JM-20 Phase 3.1B	MDR	4.7	39	--
JM-21	LDR	18.2	80	--
JM-40	MDR	5.7	35	--
FD-10	MDR	20.5	143	--
	Sub-Total	49.1	297	--
	Total	115.03	975	558

**Future Annexation Area (Not in District as of May 1, 2021) –
Owned by MILLC and JMC Homes**

Village (Parcel)	Land Use	Acres	Planned Units
JM-1	LDR	17.00	135
JM-30	HDR	7.51	159
JM-41	CC	13.48	--
FD-6	LDR	14.37	95
FD-7	LDR	8.80	57
FD-8A	LDR	16.21	78
FD-8B	LDR	18.82	86
FD-21	MDR	24.39	197
FD-23	MDR	17.40	143
FD-24	MDR	10.71	84
FD-32	HDR	8.90	178
FD-33 (1/2 owner)	HDR	4.30	86
FD-41	CMU	5.92	40
CO-1	LDR	17.38	86
CO-2A	LDR	14.04	71
CO-2B	LDR	14.65	73
CO-3	LDR	17.16	78
CO-20	MDR	11.61	84
CO-21	MDR	9.15	70
CO-22	MDR	6.01	43
CO-41	CC	0.16	--
Parks / OS / ROW / Other	Misc.	249.82	--
	Total	507.79	1,843

Development Agreements

General. MILLC entered into Development Agreements, dated June 18, 2010 (“**Development Agreements**”) with the City in accordance with applicable state and local codes. The Development Agreements vest development rights, set forth infrastructure improvements and dedication requirements, secure the timing and methods for financing improvements, and specify other performance obligations as related to development in the Sierra Vista Specific Plan area. All of the property in the District is subject to the requirements of the Development Agreements as well as the SVSP. The Development Agreements were 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.

Development Agreements are the primary implementation tools for the SVSP and are intended to create a binding contract between the City and MILLC and their assigned successors in interest, which set forth the needed infrastructure improvements, park dedication requirements, timing and method for financing improvements and other specific performance obligations of the City and MILLC, including obligations related to development of the property in the District, with the terms, conditions, rules, regulations, entitlements, vested rights and other provisions relating to the development of the property in the District according to the SVSP entitlements. Included are provisions relating to infrastructure improvements, public dedication requirements, landscaping amenities and other obligations of the parties. The Development Agreements have a 30-year term, run with the property, and may be modified only by mutual consent of the City and landowner and in

a manner consistent with the SVSP. With the Development Agreements in place, subject to compliance with the terms of the Development Agreements, construction of homes within the District may occur upon City approval of subdivision maps, satisfaction of certain design requirements and conditions of such maps and issuance of building permits.

Land use and development entitlements granted under the Development Agreements for property in the District are consistent with the SVSP as described under the caption “THE SIERRA VISTA SPECIFIC PLAN” and summarized above.

Improvements. The Development Agreements set forth the responsibility of MILLC and its successors (including JMC Homes) for a portion of the costs of certain public improvements required for its development within the SVSP, including an electric substation. The dedication of the electric substation site occurred on May 26, 2017, and JMC Homes has satisfied its obligations with respect to it. JMC Homes does not believe any of these improvements – including completion of the electric substation by the City – will impair its ability to timely obtain building permits.

Funding of the Improvements with the 2021 Bonds and Additional Bonds proceeds will satisfy a portion, but not all, of the relevant obligations of the District for infrastructure improvements required by the Development Agreements. See Table 6 herein for a sources and uses table. The improvements not funded from the 2021 Bonds and Additional Bonds or Special Taxes are required to be funded by JMC Homes. See “THE IMPROVEMENTS” below.

No Affordable Units. There are no affordable unit requirements for the land in the current District boundary.

Environmental Matters

Flood Hazard Map Information. According to the Federal Emergency Management Agency’s flood insurance rate maps (Flood Area Panel Number 060243, with an effective date of November 2, 2018), the developable portions of the property in the project area (including land in the District) are located within Flood Zone X, described as areas of minimal flooding (outside of the 100 and 500-year floodplains).

Wetland Conditions. According to the City’s planning department, some jurisdictional wetlands will be affected by the development of the project, however the impact has been mitigated by the landowner. No additional environmental permits are required to be obtained.

Seismic Conditions. The property expected to be developed as part of the project (including land in the District) is not located within a seismic special studies zone, designated by the California State Division of Mines and Geology, in accordance with the Alquist-Priolo Special Study Zone Act of 1972.

Wildfire Hazards. Land in the District is not located in a High or Very High Fire Hazard Severity Zone (FHSZ), as defined by CAL FIRE.

OWNERSHIP OF PROPERTY WITHIN THE DISTRICT

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

JMC Homes 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, as described herein. The Special Taxes are not personal obligations of JMC Homes or of any subsequent landowners; 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.

Current Property Owners in the District

As of May 1, 2021 (the date of value of the Appraisal), JMC Homes had 15 model homes built and open to the public. The model homes are located in JM-2A, JM-3A, JM-4 and JM-20A, within phase 1 of the development, but available to serve phase 1 and phase 2 production. Sales are currently underway within phase 1 and phase 2 of the development. JMC Homes estimates that the last of the 395 homes planned for phase 1 of the development will be completed and sold to individual homeowners by early 2023, while the last of the 283 homes planned for phase 2 of the development are expected to be completed and sold to individual homeowners by Fall of 2024. JMC will construct nine model homes to be located in FD-10 and JM-21 and expect to open to the public by early 2022. JM-20 Phase 3.1B and JM-40 will use the models located in JM-20A Phase 1. Sales for the 297 homes to individual homeowners are expected to begin in early 2022.

The following table shows ownership and value-to-lien ratios for parcels in the District as of May 1, 2021 (the Appraiser's date of value). As of June 15, 2021, _____ homes have closed to individual homeowners.

Table 2
City of Roseville
Villages at Sierra Vista Community Facilities District No. 1 (Public Facilities)
Ownership by District and Tax Status as of May 1, 2021

Ownership ⁽¹⁾ / Tax Status ⁽²⁾	No. of Parcels	No. of Units ⁽³⁾	Appraised Value⁽⁴⁾	FY 2020-21 Maximum Facilities Tax ⁽⁵⁾	Projected FY 2020-21 Facilities Special Tax Levy ^{(6)(7) *}	Allocable CFD Bonds ^{(8)(9) *}	% of Total CFD Bonded Debt ⁽⁹⁾	Overlapping Debt ⁽¹⁰⁾	Total Direct & Overlapping Debt *	Average Value to Lien Ratios ^{(9) *}
Individual Homeowners – Developed	305	305	\$157,505,000	\$565,836	\$565,836	\$11,123,592	33.9%	\$585,295	\$11,708,887	13.45
JMC Homes										
Completed Homes	15	15	\$7,408,000	\$27,804	\$27,804	\$546,583	1.7%	\$78,510	\$625,093	11.85
Homes Partially Completed ⁽¹²⁾	179	179	35,702,353	331,309	331,309	6,513,101	19.8%	47,164	6,560,265	5.44
Final Map Lots	179	179	24,074,528	320,909	320,909	6,308,654	19.2%	47,017	6,355,671	3.79
Tentative Map Parcels ⁽⁷⁾	5	297	26,633,119	521,265	424,142	8,338,070	25.4%	73,157	8,411,227	3.17
Total	683	975	\$251,323,000	\$1,767,123	\$1,670,000	\$32,830,000	100.0%	\$831,143	\$33,661,143	7.47

* Preliminary, subject to change.

(1) Ownership as of May 1, 2021.

(2) Tax Status as of April 30, 2021. For the fiscal year 2021-22 Special Tax levy, Developed Parcels consist of all District parcels for which a Final Small Lot Subdivision Map was recorded before May 1, 2021 while Tentative Map Parcels consist of all parcels included in a Small Lot Tentative Map that were approved before May 1, 2021 and which have not yet become a Developed Parcel.

(3) Planned number of residential lots per the Sierra Vista Specific Plan.

(4) Appraised Values as of May 1, 2021.

(5) Maximum Tax in this table refers to Maximum Annual Facilities Special Tax.

(6) Special Tax and the Projected Special Tax Levy in this table refer to Special Facilities Tax.

(7) The Projected FY 2021-22 Special Tax Levy consists of the 678 single family residential lots to be taxed at 100% of the Maximum Special Tax while the 297 entitled single family units within Annexation No. 2 are expected to be taxed at a Special Tax rate of approximately 81%* of the Maximum Special Tax.

(8) Represents the outstanding balance of the 2019 Bonds and the 2020 Bonds of \$12,495,000 and \$9,835,000 together with the estimated par amount of \$10,500,000* of the 2021 Bonds.

(9) This table allocates the CFD Debt based upon each parcel's share of the District's Projected FY 2021-22 Special Tax Levy. Since the amount of the District's Projected Special Tax Levy results in the District's Final Map ("Developed") Property to be levied at the Maximum Special Tax while the District's Tentative Map Property is projected to be levied less than the Maximum Special Tax, less CFD Bonded Debt is allocated to these areas of the District in comparison to the developed portions of the District. This debt allocation causes the Value-to-Lien Ratios of the District's Tentative Map Property in this table to be higher than if CFD Debt was instead allocated based upon each parcel's share of the District's Maximum Special Tax.

(10) Overlapping debt liens of the District parcels as of June 1, 2021 as summarized under the "Direct and Overlapping Tax and Assessment Debt" table in the overlapping debt report prepared by California Municipal Statistics, Inc.

(11) Represents homes within District sold to individual homeowners as of May 1, 2021 per Appraiser and JMC Homes

(12) A partially completed home represents a single family lot upon which a building permit has been issued together with construction towards the completion of either the structure's footings or more.

Sources: Ownership and Number of Units - JMC Homes and Integra Realty Resources, Inc.; Tax Status and Final Map Recordation - County Assessor Maps and JMC Homes; Appraised Value - Integra Realty Resources, Inc; Projected Special Tax Levy - Willdan Financial Services and Overlapping Debt - California Municipal Statistics, Inc, as compiled by Willdan Financial Services

Information Regarding JMC Homes

JMC Homes has been doing business in the greater Sacramento area as a homebuilder since 1978. It has averaged annual new homes sales volume in excess of \$110 million for the past five years and is currently ranked as the 103rd largest homebuilder by *Builder Online*. It is currently building and selling homes in Roseville, Rocklin, Folsom, Lincoln and Marysville in the Sacramento area. *JMC Homes' website address is <http://www.jmchomes.com>. The website address is given for reference and convenience only, the information on the website may be incomplete or inaccurate and has not been reviewed by the City or the Underwriter. Nothing on the website is a part of this Official Statement or incorporated into this Official Statement by reference.*

Current and Proposed Development by JMC Homes

Overview. As noted above, development within the initial District boundary has so far been, and is anticipated by JMC Homes to continue to be, consistent with the SVSP land uses, which primarily consist of low-density residential neighborhoods. Permitted land uses are configured to reinforce the neighborhood identity and sense of community. See "THE SIERRA VISTA SPECIFIC PLAN" above.

Subdivision Maps. The current configuration of parcels in the District, together with final map status, is set forth in the following table.

Table 3
City of Roseville
Villages at Sierra Vista Community Facilities District No. 1 (Public Facilities)
Tentative Map and Final Map Status for Taxable Residential Parcels in the District

Large-Lot Parcel	Village	Land Use	Planned Units	Tentative Map Approval Date	Small Lot Final Map Record Date
<i>Phase 1</i>					
JM-2A	Monument	LDR (Residential)	92	12/12/2013	12/27/2018
JM-3A	Pinnacle	LDR (Residential)	83	12/12/2013	12/27/2018
JM-4A/4B	Sentinel	LDR (Residential)	132	12/12/2013	8/23/2019
JM-20A	Palisade	MDR (Residential)	88	12/12/2013	12/27/2018
		Sub-Total	395		
<i>Phase 2/3</i>					
JM-2B	Monument	LDR (Residential)	95	1/9/2019	5/4/2020
JM-3B	Pinnacle	LDR (Residential)	44	1/9/2019	5/4/2020
JM-20B	Palisade	MDR (Residential)	75	1/9/2019	5/4/2020
JM-20 Phase 3.1A	Palisade	MDR (Residential)	69	1/9/2019	7/1/2020*
		Sub-Total	283		
<i>Phase 3</i>					
JM-20 Phase 3.1B	Palisade	MDR (Residential)	39	1/9/2020	May/June 2021
JM-21	TBD	LDR (Residential)	80	1/9/2020	May/June 2021
JM-40	Palisade	MDR (Residential)	35	12/10/20	May/June 2021
FD-10	TBD	MDR (Residential)	143	2/25/21	May/June 2021
		Sub-Total	297		
		Total	975		

* Date of final map approval by the City Council.
Source: JMC Homes.

In-Tract Improvements. In addition to the Improvements described below, subdivision in-tract improvements have been underway at the project since 2018. With respect to the 678 units planned for phases 1 and 2, in-tract improvements are complete and accepted by the City. With respect to the 297 units planned for phase 3, in-tract improvements began in May 2021 and are expected to be completed in December 2021.

Backbone Infrastructure. With respect to the 678 units planned for phases 1 and 2, JMC Homes completed all basic (sometimes referred to as “backbone”) infrastructure required for development of the initial 395 homes and the 283 units in the first annexation in the District (including major roads and offsite improvements), and was accepted by the City on May 17, 2019 for phase 1 and January 20, 2021 for phase 2, respectively.

With respect to the 297 units planned for phase 3, JMC Homes is utilizing much of the same backbone improvements that serve the 678 units in phases 1 and 2. Additional backbone infrastructure to be built as part of phase 3 consists of a portion of Vista Grande Boulevard, Market Street, Westbrook Boulevard, Upland Drive, and Fiddymont Road, which is expected to be completed by October 2021.

Upon completion of various components of such infrastructure, JMC Homes is eligible to be reimbursed for the cost thereof from proceeds of the Bonds as provided in an acquisition agreement entered into with the City, provided such proceeds are available.

JMC Homes is responsible for the cost of construction of the infrastructure improvements and other costs required for the initial District boundary and the Future Annexation Area. Proceeds of the Bonds and any additional bonds will provide a portion of the cost of improvements and the remainder will be contributed by JMC Homes. See “THE IMPROVEMENTS – Estimated Cost of the Improvements”. Bonds for the District are expected to be issued on a parity with the 2021 Bonds, 2020 Bonds and 2019 Bonds in multiple series as development progresses and annexation of land into the District occurs. The pace of home construction in the District will be determined by JMC Homes, largely by market conditions and demand for homes.

Utilities. All typical urban utility services for finished lots are available at the lots or will be extended to the lots within the District. These utilities include electric power, natural gas, telephone, cable television, water, refuse, and sanitary sewer and storm water facilities. The City provides electric, water, sewer refuse and storm water facilities, and police and fire services. Pacific Gas & Electric provides natural gas.

Model Homes and Production Homes. As of May 1, 2021 (the date of value of the Appraisal), JMC Homes had 15 model homes built and open to the public. The model homes are located in JM-2A, JM-3A, JM-4 and JM-20A, within phase 1 of the development, but available to serve phase 1 and phase 2 production. Sales are currently underway within phases 1 and 2 of the development, and as of May 1, 2021, 305 homes have sold to individual homeowners and 179 were in escrow. JMC Homes estimates that the last of the 678 homes planned for phases 1 and 2 of the development will be completed and sold to individual homeowners by fall 2021, while the last of the 297 homes planned for phase 3 of the development will be completed and sold to individual homeowners by spring of 2025.

However, no assurance can be given that such timing will be accomplished, particularly in light of the current impact of COVID-19 on home production and home sales activities or the willingness of owners of land in the District, including JMC Homes, to pay

the Special Taxes securing the 2021 Bonds. See “SPECIAL RISK FACTORS – COVID-19 Pandemic.”

Planned Home Sale Plans and Sizes. The following table sets forth JMC Homes’ current expectations with respect to floorplans, sizes and asking base prices for the 975 homes planned for the land currently in the District (phase 1, phase 2 and phase 3). Base sales prices are subject to change and exclude options, upgrades, lot premiums and any incentives or price reductions being offered. There can be no assurance that sales prices of the remaining homes in the future annexation areas will equal or exceed the sales prices for the homes in the current District boundary.

**Table 4A
City of Roseville
Villages at Sierra Vista Community Facilities District No. 1 (Public Facilities)
Planned Home Sale Plans, Sizes and Asking Base Prices**

INITIAL CFD BOUNDARY (395 LOTS)

Village	No. of Lots	Completed Models ⁽¹⁾	Project Floorplans	Floorplan Size Range (sf)		Asking Base Prices ⁽²⁾
				Low	High	
Palisade	88	4	8	1,343	2,341	\$399,990 – \$519,990
Monument	92	4	4	1,645	2,508	\$454,990 – \$529,990
Sentinel	132	3	3	1,754	2,178	\$479,990 – \$539,990
Pinnacle (Gated)	83	4	5	2,201	3,004	\$549,990 – \$672,990
	<u>395</u>					

2020 ANNEXATION (283 LOTS)

Village	No. of Lots	Completed Models ⁽¹⁾	Project Floorplans	Floorplan Size Range (sf)		Asking Base Prices ⁽²⁾
				Low	High	
Palisade	144	In Phase 1	8	1,343	2,341	\$399,990 – \$519,990
Monument	95	In Phase 1	4	1,645	2,508	\$454,990 – \$529,990
Pinnacle (Gated)	44	In Phase 1	5	2,201	3,004	\$549,990 – \$672,990
	<u>283</u>					

2021 ANNEXATION (297 LOTS)

Village	No. of Lots	Completed Models	Project Floorplans	Floorplan Size Range (sf)		Asking Base Prices ⁽²⁾
				Low	High	
Palisade	74	In Phase 1	8	1,343	2,341	\$399,990 – \$519,990
FD-10 (Gated)	143	6 planned	TBD	TBD	TBD	TBD
JM-21 (Gated)	80	3 planned	TBD	TBD	TBD	TBD
	<u>297</u>					

(1) All models for Phase 1, 2 and JM-40 and JM-20 Phase 3.1B are located in Phase 1 of the project.

(2) Base sales prices are subject to change and exclude options, upgrades, lot premiums and any incentives or price reductions being offered. There can be no assurance that sales prices of the remaining homes in the future annexation areas will equal or exceed the sales prices for the homes in the current District boundary.

Source: JMC Homes.

Planned Units, Construction and Closings. The following tables sets forth (1) the number of planned units, units under construction and units sold by Village and (2) JMC Homes' construction release and closing summary by Phase and Village, in each case, as of May 1, 2021.

Table 4B
City of Roseville
Villages at Sierra Vista Community Facilities District No. 1 (Public Facilities)
Planned Units, Units Under Construction and Units Sold by Village (Phases 1, 2 and 3)
As of May 1, 2021⁽¹⁾

Village	Total No. Planned Units	Units Completed and Closed	Units Under Construction and in Escrow	Units Under Construction and Unsold	Units Completed and Unsold⁽¹⁾	Finished Lots not Under Construction	Small Lot Final Map Parcels	Tentative Mapped Parcels
Palisade	306	31	40	8	4	5	75	0
Monument	187	56	25	0	4	7	95	0
Sentinel	132	2	30	3	3	94	0	0
Pinnacle (Gated)	127	38	23	4	4	14	44	0
JM-21 (Gated)	80	0	0	0	0	0	0	80
FD-10 (Gated)	143	0	0	0	0	0	0	143
Totals	678	127	118	15	15	120	214	69

(1) All of the units completed and unsold consist of the 15 model homes.
Source: JMC Homes.

Table 4C
City of Roseville
Villages at Sierra Vista Community Facilities District No. 1 (Public Facilities)
Construction Release and Closing Summary by Phase and Village
As of May 1, 2021

No. Building Permits Issued	Description	Total	Construction Status			Released Units		
			Under Dev.	Finished Lots	Model Homes	Not Sold	Sold Backlog	Sold & Closed
Phase 1 (Initial Boundary)								
83	JM-20 Phase 1	88	--	5	4	0	0	79
85	JM-2 Phase 1	92	--	7	4	0	0	81
82	JM-3 Phase 1	83	--	5	4	0	0	73
75	JM-4 Phase 1	92	--	32	3	0	29	28
40	JM-4 Phase 2	40	--	0	0	0	15	25
365	Sub-Total	395	--	49	15	2	46	283
Phase 2 (2020 Annexation)								
74	JM-2 Phase 2	95	--	38	0	0	45	19
44	JM-3 Phase 2	44	--	0	0	3	41	0
6	JM-20 Phase 2	75	--	75	0	0	0	0
69	JM-20 Phase 3.1A	69	--	19	0	0	50	0
193	Sub-Total	283	--	120	0	32	119	12
Phase 3 (2021 Annexation)								
0	JM-20 Phase 3.1B	39	39	0	0	0	0	0
0	JM-21	80	80	0	3	0	0	0
0	JM-40	35	35	0	0	0	0	0
0	FD-10	143	143	0	6	0	0	0
0	Sub-Total	297	297	0	9	0	0	0
558	Total	975	297	169	24	34	165	295

THE IMPROVEMENTS

Eligible Facilities

The Bonds will provide a funding source to JMC Homes for moneys expended for a portion of the cost of the Improvements and for certain JMC Homes fees paid or to be paid by JMC Homes. The eligible Improvements authorized to be funded with proceeds of the Bonds include, but are not limited to, the following:

Transportation Improvements. Public roadway improvements designed to meet the needs of the project, including those improvements identified in the Development Agreement, including but not limited to:

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

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

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

Drainage System Improvements. Authorized facilities include any and all on- and off-site backbone drainage and storm drainage improvements designed to meet the needs of development

of the project. These facilities include mains, pipelines and appurtenances, outfalls and water quality measures, temporary drainage facilities, detention/retention basins, and drainage pretreatment facilities; drainage ways/channels, pump stations, landscaping, and irrigation; access roads, gates, and fencing; striping and signage, among others.

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

Solid Waste Improvements. Authorized facilities include any and all backbone solid waste improvements designed to meet the needs of development of the project. Eligible improvements also include the project's pro-rata contribution, as described in the project DA, to the SVSP Solid Waste Recycling Center.

Park, Landscape Corridor and Paseo Improvements. Authorized facilities include any and all improvements to parks, landscape corridors and paseos located in the project, including but not limited to construction of Park Sites as identified by the Specific Plan, and construction of Paseos as identified by the SVSP.

Open Space Improvements. Authorized facilities include any and all open space improvements designed to meet the needs of development of the project, including bike trails, bike/pedestrian bridges, storm drain crossings, storm drain detention/retention, wetland mitigation, tree mitigation, on- and off-site hawk/raptor mitigation, agricultural mitigation or wetland mitigation, property acquisition, endowment payments for open space management, landscaping and irrigation, access gates and fencing, and related open space improvements, among others.

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

Other Public Facilities and Impact Fees. Authorized facilities includes any and all public facilities or infrastructure, including the project's pro-rata contribution to the land acquisition of the off-site fire station site, site clearing, grading, and street frontage improvements including curbs, gutters, and paving, including fire station site reimbursement obligations in the Development Agreement. Authorized facilities also include development impact fees paid and not otherwise reimbursed, whether standard City or County fees levied at the time of the issuance of a building permit or required as part of the DA for the property. Fees include, but are not limited to, the South Placer Regional Transportation Authority Tier II Traffic Fee, City of Roseville City Wide Park Fee, City of Roseville Public Facilities Fee, and Public Benefit Fee.

Estimated Cost of the Improvements

General. The total estimated cost of the Improvements for the land currently within the District (975 units) is approximately \$79.8 million, as shown in the table below. The 2019 Bonds and 2020 Bonds provided a total of approximately \$21.7 million of proceeds for the Improvements, while the 2021 Bonds are expected to provide an additional approximately \$_____ million*. Additional infrastructure will be required for areas of future annexation and Additional Bonds are expected to be sold in the future.

Table 5
City of Roseville
Villages at Sierra Vista Community Facilities District No. 1 (Public Facilities)
Summary of Partial Authorized Facilities and Estimated Cost in Current District Boundary

<u>Item</u>	<u>Estimated Total Cost ⁽¹⁾</u>
Transportation Improvements	\$9,643,222
Potable and Non-Potable Water System Improvements	2,425,164
Drainage System Improvements	3,810,002
Wastewater System Improvements	3,671,763
Parks, Landscape Corridor and Paseo Improvements	3,727,127
Open Space Improvements	5,802,951
Utilities	3,092,339
Other Public Facilities and Impact Fees	47,642,4232
Total	\$79,814,990

(1) Includes soft cost and contingency.

Source: JMC Homes.

Funding Sources. In connection with the issuance of the Bonds, the City and JMC Homes have previously entered into a Funding, Construction and Acquisition Agreement (the “**Acquisition Agreement**”) which provides that JMC Homes will construct (or cause to be constructed or funded) the Improvements and related facilities, and the City, upon completion of construction and acceptance by the City, or through progress payments prior to completion of the entire improvement, will purchase the Improvements or reimburse JMC Homes for expended amounts using a portion of the proceeds of the Bonds pursuant to the terms of the Acquisition Agreement. JMC Homes will be responsible for the portion of the cost of construction of the Improvements not paid with Bonds.

* Preliminary; subject to change.

The following table shows estimated sources and uses for JMC Homes related to the development and sale of the 975 homes planned for phases 1, 2 and 3 in the District.

Table 6
City of Roseville
Villages at Sierra Vista Community Facilities District No. 1 (Public Facilities)
Proposed Financing Plan – Phase 1, 2 and 3 (975 Lots)
Calendar Years 2021 through 2025

	Total	As of May 1, 2021	Remainder of 2021	2022	2023	2024	2025
Sources:							
Equity	\$18,849,770	\$18,849,770	--	--	--	--	--
Bond Proceeds ⁽¹⁾	20,517,000	12,442,000	\$8,075,000	--	--	--	--
Sales of Homes	338,798,230	52,998,230	64,680,000	\$66,280,000	\$95,920,000	\$47,350,000	\$11,570,000
Total Sources	\$378,165,000	\$84,290,000	\$72,755,000	\$66,280,000	\$95,920,000	\$47,350,000	\$11,570,000
Uses:							
Authorized Facilities ⁽²⁾	\$32,352,000	\$31,260,000	\$1,092,000	--	--	--	--
In-tract Infrastructure	41,700,000	22,550,000	19,150,000	--	--	--	--
Costs of Sales of Homes	189,050,000	30,480,000	36,000,000	\$36,090,000	\$53,310,000	\$26,750,000	\$6,420,000
Total Uses	\$263,102,000	\$84,290,000	\$56,242,000	\$36,090,000	\$53,310,000	\$26,750,000	\$6,420,000
Net Cash Flow	\$115,063,000	--	\$16,513,000	\$30,190,000	\$42,610,000	\$20,600,000	\$5,150,000

(1) Preliminary; subject to change.

(2) Excludes "Other Public Facilities and Impact Fees" included in Cost of Sales of Homes.

Source: JMC Homes.

VALUE OF PROPERTY WITHIN THE DISTRICT

Assessed Valuation

A history of assessed valuation of property in the District since Fiscal Year 2019-20 is set forth in the following table.

Table 7
City of Roseville
Villages at Sierra Vista Community Facilities District No. 1 (Public Facilities)
Historical Assessed Values of the District
Fiscal Years 2019-20 and 2020-21

Fiscal Year	Assessed Land Value	Assessed Structure Value	Assessed Value Total	% Change in Assessed Value Total
2019-20	\$6,582,845	--	\$6,582,845	N/A
2020-21	\$13,963,713	\$31,757,644	\$45,721,357	595%

Source: Assessed Values - Respective Placer County Secured Property Rolls as compiled by Willdan Financial Services.

The Appraisal

General. Integra Realty Resources, Sacramento, California (the “**Appraiser**”) prepared an appraisal report with a date of value of May 1, 2021 (the “**Appraisal**”). The Appraisal was prepared at the request of the City in order to obtain an additional indication of value of land in the District. 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.

Property Appraised. The appraised properties consist of all of the taxable property currently in the District, which is owned by JMC Homes and individual homeowners, and planned for development into 678 single-family residential units. For completed homes that did not have an structural assessed value on the property tax roll, the Appraiser provided a not-less-than value per completed home, based on the smallest floor plan within the applicable subdivision.

Value Estimates. The Appraisal provides a market value, in bulk, of 655 lots that are part of appraised property owned by JMC Homes, a not-less-than value for completed homes owned by individual homeowners and an appraised value for finished homes owned by JMC Homes as of the date of value (based on the hypothetical condition the improvements to be financed by the 2021 Bonds were in place as of the date of valuation). The valuation accounts for the impact of the lien of the Special Tax and represents the hypothetical market value (based on the hypothetical condition) of all the land in the District. The property appraised excludes property in the District designated for public and quasi-public purposes.

The aggregate value estimate for the appraised properties as of the May 1, 2021 date of value, using the methodologies described in the Appraisal and subject to the limiting conditions and special assumptions set forth in the Appraisal, and based on the ownership of the property as of that date, is not less than \$251,323,000.

This aggregate appraised value is further described as follows:

<u>Owner/Subdivision</u>	<u>Value per Parcel</u>	<u>No. of Parcels</u>	<u>Aggregate Value</u>
<u>Individual Homeowners – Completed Homes⁽¹⁾</u>			
Monument	\$498,000	100	\$49,800,000
Palisade	450,000	79	35,550,000
Pinnacle	600,000	73	43,800,000
Sentinel	535,000	53	28,355,000
Sub-Total		305	\$157,505,000
<u>JMC Homes – Finished Homes w/o AVs</u>			
Monument	\$473,000	4	\$1,892,000
Palisade	428,000	4	1,712,000
Pinnacle	570,000	4	2,280,000
Sentinel	508,000	3	1,524,000
Sub-Total		15	\$7,408,000
<u>JMC Homes – Market Value in Bulk</u>		655	\$86,410,000
Aggregate Value of Appraised Properties		975	\$251,323,000

(1) Represents not-less-than value, based on the smallest floor plan within each applicable subdivision.

Hypothetical Condition. The value estimate is subject to a hypothetical condition, defined as that which is contrary to what exists but is supposed for the purposes of analysis. For purposes of the hypothetical condition, the Appraiser assumed that certain proceeds of the 2021 Bonds are available to reimburse for infrastructure improvements completed.

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 certain proceeds from the 2021 Bonds (but not any Additional Bonds that may be issued in the future) are available to reimburse for certain completed infrastructure improvements and accounts for the impact of the lien of the Special Tax. See “THE IMPROVEMENTS.”

- The Appraiser has assumed that there is no hazardous material on or in the property that would cause a loss in value. Should future conditions and events 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 “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.

Exposure Time. Exposure time is the length of time the subject property would have been exposed for sale in the market had it sold on the effective valuation date at the concluded market value. Exposure time is always presumed to precede the effective date of the Appraisal. Based on the Appraiser’s review of recent sales transactions for similar properties and its analysis of supply and

demand in the local land market, the Appraiser's opinion was that the probable exposure time for the appraised property at the concluded market value stated previously is 12 months.

Marketing Time. Marketing time is an estimate of the amount of time it might take to sell a property at the concluded market value immediately following the effective date of value. As the Appraiser foresees no significant changes in market conditions in the near term, the Appraiser's opinion was that a reasonable marketing period for the appraised property in bulk is likely to be the same as the exposure time. Accordingly, the Appraiser estimated the marketing period at 12 months.

No assurance can be given that a sale of the property in bulk by JMC Homes could be achieved or attained over an extended period of time; real estate is cyclical in nature, and it is impossible to accurately forecast and project specific demand over a particular period. See "SPECIAL RISK FACTORS – Property Values and Property Development."

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 2021 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 "–Overlapping Liens and 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

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

Other public agencies whose boundaries overlap those of the District could, without the consent of the City and in certain cases without the consent of the owners of the land within the District, impose additional taxes or assessment liens on the land within the District. Property owners can also voluntarily add Property Assessed Clean Energy (PACE) assessment liens on their property to finance energy efficiency improvements. The lien created on the land within the District through the levy of such additional taxes or assessments may be on a parity with the lien of the Special Tax. In addition, construction loans may be obtained by JMC Homes or home loans may be obtained by ultimate homeowners. The deeds of trust securing such debt on property within the District, however, will be subordinate to the lien of the Special Tax.

Appraised Value to Lien Ratios by Development Status and Land Use. The following table sets forth appraised value, maximum special tax, allocable District debt, and average value to lien ratios by status of development, based on the status of development in the District as of May 1, 2021 (the Appraiser’s date of value), and on assumptions detailed therein.

**Table 8
City of Roseville
Villages at Sierra Vista Community Facilities District No. 1 (Public Facilities)
Value to Lien Ratios – By Development Status and Land Use**

Development Status^{(1)(2)/ Land Use⁽³⁾}	No of Parcels	Planned Units⁽³⁾	Appraised Value⁽⁴⁾	FY 2020-21 Maximum Facilities Tax ⁽⁵⁾	Projected FY 2020-21 Facilities Special Tax Levy^{(6)(7)*}	Allocable Debt CFD Bonds^{(8)(9)*}	% Total CFD Bonded Debt^{(9) *}	Overlapping Debt⁽¹⁰⁾	Total Direct & Overlapping Debt*	Average Value to Lien Ratios^{(8)*}
Homes Completed & Sold ⁽¹⁾⁽¹¹⁾										
LDR	226	226	\$121,955,000	\$431,699	\$431,699	\$8,486,642	25.9%	\$475,931	\$8,962,573	13.61
MDR	79	79	35,550,000	134,137	134,137	2,636,951	8.0%	109,364	2,746,315	12.94
Subtotal	305	305	\$157,505,000	\$565,836	\$565,836	\$11,123,593	33.9%	\$585,295	\$11,708,888	13.45
Homes Completed ⁽¹⁾										
LDR	11	11	\$5,696,000	\$21,012	\$21,012	\$413,067	1.2%	\$57,347	\$470,414	12.11
MDR	4	4	1,712,000	6,792	6,792	133,516	0.4%	21,163	154,679	11.07
Subtotal	15	15	\$7,408,000	\$27,804	\$27,804	\$546,583	1.6%	\$78,510	\$625,093	11.85
Homes Partially Completed ⁽¹⁾⁽¹²⁾										
LDR	129	129	\$26,806,344	\$246,412	\$246,412	\$4,844,145	14.8%	\$36,203	\$4,880,348	5.49
MDR	50	50	8,896,009	84,897	84,897	1,668,956	5.1%	10,961	1,679,917	5.30
Subtotal	179	179	\$35,702,353	\$331,309	\$331,309	\$6,513,101	19.9%	\$47,164	\$6,560,265	5.44
Final Map Lots ⁽²⁾										
LDR	80	80	\$11,505,230	\$152,813	\$152,813	\$3,004,121	9.1%	\$22,715	\$3,026,836	3.80
MDR	99	99	12,569,298	168,095	168,095	3,304,533	10.1%	24,302	3,328,835	3.78
Subtotal	179	179	\$24,074,528	\$320,908	\$320,908	\$6,308,654	19.2%	\$47,017	\$6,355,671	3.79
Tentative Lots (Annexation 2) ⁽¹³⁾										
LDR	1	80	\$8,556,031	\$152,814	\$124,341	\$2,444,385	7.4%	\$23,545	\$2,467,930	3.47
MDR	4	217	18,077,087	368,451	299,802	5,893,684	18.0%	49,612	5,943,296	3.04
Subtotal	5	297	\$26,633,118	\$521,265	\$424,143	\$8,338,069	25.4%	\$73,157	\$8,411,226	3.17
Total	683	975	\$251,323,000	\$1,767,123	\$1,670,000	\$32,830,000	100.0%	\$831,143	\$33,661,143	7.47

Footnotes Follow on Next Page

* Preliminary, subject to change.

- (1) Status of home construction as of May 1, 2021 per Appraiser and JMC Homes.
- (2) Status of subdivision lot recordation as of May 1, 2021 per JMC Homes.
- (3) Land Use and planned number of residential lots per the Sierra Vista Specific Plan.
- (4) Appraised Values as of May 1, 2021 includes bulk value of \$86,410,000 of certain property owned by JMC Homes. In order for this table to show an average value to lien ratio of each Development Status and Land Use of JMC Home's property, the bulk value of \$86,410,000 has been allocated to each of the above categories based upon a discounted cash flow allocation approach suggested by Appraiser.
- (5) Maximum Tax in this table refers to Maximum Annual Facilities Special Tax.
- (6) Special Tax and the Projected Special Tax Levy in this table refer to Special Facilities Tax.
- (7) The Projected FY 2021-22 Special Tax Levy consists of the 678 single family residential lots to be taxed at 100% of the Maximum Special Tax while the 287 entitled single family units within Annexation No. 2 are expected to be taxed at a Special Tax rate of approximately 81%* of the Maximum Special Tax.
- (8) The Projected FY 2021-22 Special Tax Levy consists of the 678 single family residential lots to be taxed at 100% of the Maximum Special Tax while the 297 entitled single family units within Annexation No. 2 are expected to be taxed at a Special Tax rate of approximately 81%* of the Maximum Special Tax.
- (9) Represents the outstanding balance of the 2019 Bonds and the 2020 Bonds of \$12,495,000 and \$9,835,000 together with the estimated par amount of \$10,500,000* of the 2021 Bonds.
- (10) The overlapping debt liens of the District parcels as of June 1, 2021 as summarized under "Direct and Overlapping Tax and Assessment Debt" table in the overlapping debt report prepared by California Municipal Statistics, Inc.
- (11) Represents homes within District sold to individual homeowners as of May 1, 2021 per Appraiser and JMC Homes
- (12) A partially completed home represents a single family lot upon which a building permit has been issued together with construction towards the completion of either the structure's footings or more.
- (13) Represents all property within the District's Annexation No. 2.

Sources: Appraised Values - Integra Realty Resources, Inc.; Development Status - Appraiser and Developer; Land Use and Number of Units - Sierra Vista Specific Plan; Overlapping Debt - California Municipal Statistics, Inc, as compiled by Willdan Financial Services and Maximum Facilities Special Tax - Willdan Financial Services.

Appraised Value to Lien Ratio Categories. The appraised value of all taxable property within the District is \$251,323,000. The principal amount of the direct and overlapping bonded debt in the District (including the Bonds) is \$33,661,143*. Consequently, the estimated value of the taxable property within the District is approximately 7.47* times the principal amount of the direct and overlapping bonded debt. The following table sets forth the appraised value, maximum special tax, projected special tax levy tax and allocable District debt by value to lien ratio range categories.

**Table 9
City of Roseville
Villages at Sierra Vista Community Facilities District No. 1 (Public Facilities)
Average Value to Lien Ratio Categories**

Value-to-Lien Ratio Range *	No. of Parcels	No. of Units⁽¹⁾	Appraised Value⁽²⁾	FY 2020-21 Maximum Facilities Tax⁽³⁾	Projected FY 2021-22 Special Tax Levy^{(4)(5)*}	Allocable CFD Bonds^{(6)(7)*}	% Total CFD Bonded Debt⁽⁷⁾	Overlapping Debt⁽⁸⁾	Total Direct & Overlapping Debt*	Average Value to Lien Ratios^{(7)*}
15:1 to 15.99:1	43	43	\$25,800,000	\$82,137	\$82,138	\$1,614,715	4.9%	\$36,117	\$1,650,832	15.63
10:1 to 14.99:1	277	277	139,113,000	511,502	511,502	10,055,461	30.6	627,688	10,683,149	13.02
5:1 to 5.99:1	179	179	35,702,353	331,309	331,309	6,513,101	19.9	47,164	6,560,265	5.44
3:1 to 3.99:1	184	476	50,707,647	842,175	745,051	14,646,723	44.6	120,174	14,766,897	3.43
Total	683	975	\$251,323,000	\$1,767,123	\$1,670,000	\$32,830,000	100.0%	\$831,143	\$33,661,143	7.47

* Preliminary, subject to change.

(1) Planned number of residential lots per the Sierra Vista Specific Plan

(2) Appraised Values as of May 1, 2021

(3) Maximum Tax in this table refers to Maximum Annual Facilities Special Tax.

(4) Special Tax and the Projected Special Tax Levy in this table refer to Special Facilities Tax

(5) The Projected FY 2021-22 Special Tax Levy consists of the 678 single family residential lots to be taxed at 100% of the Maximum Special Tax while the 297 entitled single family units within Annexation No. 2 are expected to be taxed at a Special Tax rate of approximately 81%* of the Maximum Special Tax.

(6) Represents the outstanding balance of the 2019 Bonds and the 2020 Bonds of \$12,495,000 and \$9,835,000 together with the estimated par amount of \$10,500,000* of the 2021 Bonds.

(7) This table allocates the CFD Debt based upon each parcel's share of the District's Projected FY 2021-22 Special Tax Levy. Since the amount of the District's Projected Special Tax Levy results in the District's Final Map ("Developed") Property to be levied at the Maximum Special Tax while the District's Tentative Map Property is projected to be levied less than the Maximum Special Tax, less CFD Bonded Debt is allocated to these areas of the District in comparison to the developed portions of the District. This debt allocation causes each Value-to-Lien Ratio of the District's less developed parcels to be higher than if CFD Debt was instead allocated based upon each parcel's share of the District's Maximum Special Tax.

(8) The overlapping debt liens of the District parcels as of June 1, 2021 as summarized under "Direct and Overlapping Tax and Assessment Debt" table in the overlapping debt report prepared by California Municipal Statistics, Inc.

Sources: Appraised Value - Integra Realty Resources, Inc.; Overlapping Debt - California Municipal Statistics, Inc. as compiled by Willdan Financial Services and Maximum Special Facilities Tax - Willdan Financial Services.

Special Tax Collections and Delinquencies

Fiscal Year 2019-20 was the first year in which the Special Tax was levied in the District. The following table shows the collections of the Special Tax and delinquency information since Fiscal Year 2019-20.

**Table 10
City of Roseville
Villages at Sierra Vista Community Facilities District No. 1 (Public Facilities)
Historical Collections and Delinquencies
Fiscal Year 2019-20**

Fiscal Year ⁽¹⁾	Annual Special Taxes Levied	No. of Parcels Levied	<u>As of May 28, 2021⁽²⁾</u>			<u>As of Each Fiscal Year End ⁽²⁾⁽³⁾</u>		
			Amount Delinquent ⁽²⁾	No. of Parcels Delinquent	Percent Levy Delinquent	Remaining Amount Delinquent⁽¹⁾	Remaining No. of Parcels Delinquent	Percent Levy Delinquent
2019-20	\$686,521	265	\$0	0	0.00%	\$0	0	0.00%
2020-21	\$1,172,992	399	\$832	1	0.14%	\$832	1	0.14%

(1) Fiscal year 2019-20 was the District's first Special Tax levy.
 (2) Delinquent amounts and collections shown above do not include penalties, interest or fees.
 (3) Delinquency information as of June 15, 2020 for FY 2019-20 levy and May 18, 2021 for FY 2020-21 levy.
 Source: Placer County Tax Collector, compiled by Willdan Financial Services.

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.

Set forth below is an overlapping debt table showing the existing direct and overlapping bonded debt payable with respect to property within the District. This table has been prepared by California Municipal Statistics Inc. as of the date indicated, and is included for general information purposes only. Neither the City nor the Underwriter have not reviewed the data for completeness or accuracy and make no representations in connection therewith. In addition to bonded debt, property in the District is also subject to special taxes authorized to be levied on behalf of the City's Sierra Vista Community Facilities District No. 2 (Public Services) and Community Facilities District No. 3 (Municipal Services) for municipal services, which districts provide for escalating annual special taxes on residential property. The Fiscal Year 2020-21 annual amount is \$352.63 per lot (low density and medium density) for CFD No. 2 and the Fiscal Year 2020-21 amounts are \$469.70 per lot (low density)/\$274.67 per lot (medium density) for CFD No. 3; the CFD No. 3 tax rates are subject to annual escalation up to 4% depending on the City's public safety budget each year.

Table 11
City of Roseville
Villages at Sierra Vista Community Facilities District No. 1 (Public Facilities)
Summary of Overlapping Debt
As of June 1, 2021

2020-21 Local Secured Assessed Valuation: \$49,681,131

<u>DIRECT AND OVERLAPPING TAX AND ASSESSMENT DEBT:</u>	<u>% Applicable</u>	<u>Debt 6/1/21</u>
Sierra Joint Community College District SFID No. 4 General Obligation Bonds	0.067%	\$ 112,345
Center Joint Unified School District General Obligation Bonds	1.921	718,798
City of Roseville Villages at Sierra Vista Community Facilities District No. 1	100.	<u>22,330,000</u> (1)
TOTAL DIRECT AND OVERLAPPING TAX AND ASSESSMENT DEBT		\$23,161,143
<u>OVERLAPPING GENERAL FUND DEBT:</u>		
Placer County Certificates of Participation	0.058%	\$11,286
Placer County Office of Education Certificates of Participation	0.058	280
Sierra Joint Community College District Certificates of Participation	0.044	696
City of Roseville Certificates of Participation	0.194	37,485
Placer County Mosquito and Vector Control District Certificates of Participation	0.058	<u>1,401</u>
TOTAL OVERLAPPING GENERAL FUND DEBT		\$51,148
COMBINED TOTAL DEBT		\$23,212,291 (2)

Ratios to 2020-21 Assessed Valuation:

Direct Debt (\$22,330,000)	44.95%
Total Direct and Overlapping Tax and Assessment Debt.....	46.62%
Combined Total Debt	46.72%

(1) Excludes the 2021 Bonds to be sold.

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

Source: California Municipal Statistics, Inc.

There can be no assurance that JMC Homes, its affiliates or any subsequent owner 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 JMC Homes.

Private liens, such as deeds of trust securing loans obtained by JMC Homes, 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.

Estimated Tax Burden on Single-Family Home

Based on current and estimated sales prices for the smallest floorplan for MDR and LDR homes provided by JMC Homes being planned for the 975 lots currently in the District, the Special Tax Administrator has projected that the overall tax burden for the smallest floorplan homes planned for the District will be approximately ___% and ___%, respectively, as shown in the following table. The projected overall tax burden for larger floorplan homes is expected to be smaller, as a percentage of the projected assessed value of the homes.

Table 12
City of Roseville
Villages at Sierra Vista Community Facilities District No. 1 (Public Facilities)
Projected Overall Tax Burden for Single-Family Residential Parcels
Fiscal Year 2020-21

	<u>Land Use Designations</u>	
	MDR Value	LDR Value
Net Taxable Value		
Projected Assessed Value - Representative Homes ⁽¹⁾	\$445,990.00	\$779,990.00
<u>Less: Homeowner's Exemption</u>	(\$7,000.00)	(\$7,000.00)
Net Taxable Value	\$438,990.00	\$772,990.00
Ad Valorem Property Taxes ⁽²⁾		
Base Property Tax	1.000000% \$4,390.00	\$7,730.00
Sierra Coll SFID #4 B&I 2018 Series A	0.014969% 66.00	116.00
Center Joint Unif B&I	0.272000% 1,194.00	2,103.00
Center Joint Unif B&I 2008 Series 2020A	0.056400% 248.00	436.00
Total Ad Valorem Property Taxes	1.343369% \$5,897.00	\$10,384.00
Parcel Charges, Special Taxes and Assessments ⁽³⁾		
Placer Mosquito & Vector ⁽⁴⁾		
City of Roseville, Villages of Sierra Vista CFD #1 (Public Facilities) ⁽⁵⁾	30.96	30.96
City of Roseville, Sierra Vista CFD #2 (Public Services) ⁽⁶⁾	1,697.93	1,910.17
<u>City of Roseville CFD #3 (Municipal Services) ⁽⁷⁾</u>	366.74	366.74
Total Parcel Charges, Assessments, and Special Taxes	285.66	488.48
	2,381.30	2,796.36
Total Projected Taxes and Direct Charges	\$8,279.00	\$13,180.00
Total Effective Projected Tax Rate	1.86%	1.69%

(1) Values of Representative MDR and LDR Homes from the Ability to Pay section of the Appraisal.

(2) 2020-21 Ad Valorem Property Tax Rate detail of TRA 005-070 per tax bills.

(3) Assumes no optional PACE related Special Taxes

(4) Equal to the rate per home applied on the FY 2020-21 tax bill.

(5) Equal to the applicable Maximum Public Facilities Special Tax for FY 2021-22

(6) Equal to the applicable Maximum Public Services Special Tax for FY 2021-22

(7) Projected applicable Maximum Municipal Services Special Tax for FY 2021-22

Sources: FY 2020-21 Ad Valorem Tax Rate of TRA 005-070 - Placer County Auditor Controller; Placer Mosquito & Vector charges - Placer County Tax Collector; Projected Assessed Values of Representative Homes - Integra Realty Resources, Inc; Maximum Special Tax Rates, Roseville CFD Nos 1, 2 and 3 - Willdan Financial Services

SPECIAL RISK FACTORS

The purchase of the 2021 Bonds described in this Official Statement involves a degree of risk that may not be appropriate for some investors. The following includes a discussion of some of the risks that should be considered before making an investment decision.

Limited Obligation of the City to Pay Debt Service

The City has no obligation to pay principal of and interest on the 2021 Bonds in the event Special Tax collections are delinquent, other than from amounts, if any, on deposit in the Reserve Fund or funds derived from the tax sale or foreclosure and sale of parcels on which levies of the Special Tax are delinquent, nor is the City obligated to advance funds to pay such debt service on the 2021 Bonds. The 2021 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 2021 Bonds will be limited to the Special Tax to be collected within the jurisdiction of the District.

Concentration of Ownership

Land in the District is mostly owned by a single entity, JMC Homes. Owners of property are not personally obligated to pay the Special Tax attributable to their property. Rather, the Special Tax is an obligation only against the parcel of property, secured by the amount which could be realized in a foreclosure proceeding against the property, and not by any promise of the owner to pay. If the value of the property is not sufficient, taking into account other obligations also constituting a lien against the property, the City, Fiscal Agent and owners of the 2021 Bonds have no recourse against the owner, such as filing a lawsuit to collect money.

Failure of JMC Homes 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 on the 2021 Bonds. For a description of JMC Homes, see "OWNERSHIP OF PROPERTY WITHIN THE DISTRICT." In that event, there could be a delay or failure in payments on the 2021 Bonds. See "- Bankruptcy and Foreclosure Delays" below and "SECURITY AND SOURCES OF PAYMENT FOR THE BONDS – Delinquent Payments of Special Tax; Covenant for Superior Court Foreclosure."

Appraised Values

The Appraisal summarized in APPENDIX B estimates the market value of the taxable property within the District. This market value is merely the present opinion of the Appraiser, and is subject to the assumptions and limiting conditions stated in the Appraisal. The City has not sought the present opinion of any other appraiser of the value of the taxed parcels. A different present opinion of value might be rendered by a different appraiser.

The opinion of value relates to sale by a willing seller to a willing buyer as of the date of valuation, each having similar information and neither being forced by other circumstances to sell or

to buy. Consequently, the opinion is of limited use in predicting the selling price at a foreclosure sale, because the sale is forced and the buyer may not have the benefit of full information.

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 affect the estimates as to value, in addition to hypothetical conditions, as set forth in the Appraisal (see APPENDIX B hereto). The improvements to be financed by the 2021 Bonds were not in place as of the date of inspection; thus, the value estimate is subject to a hypothetical condition (of such improvements being in place)

In addition, the opinion is a present opinion. It is based upon present facts and circumstances. Differing facts and circumstances may lead to differing opinions of value. The appraised market value is not evidence of future value because future facts and circumstances may differ significantly from the present.

No assurance can be given that any of the appraised property in the District could be sold in a foreclosure for the estimated market value contained in the Appraisal. Such sale is the primary remedy available to Bondowners if that property should become delinquent in the payment of Special Taxes.

Property Values and Property Development

The value of Taxable Parcels within the District is a critical factor in determining the investment quality of the 2021 Bonds. If a property owner defaults in the payment of the Special Tax, the District's only remedy is to foreclose on the delinquent property in an attempt to obtain funds with which to pay the delinquent Special Tax. Land development and land values could be adversely affected by economic and other factors beyond the City's control, such as: a general economic downturn; adverse judgments in future litigation that could affect the scope, timing or viability of development; relocation of employers out of the area; stricter land use regulations; shortages of water, electricity, natural gas or other utilities; destruction of property caused by earthquake, flood or other natural disasters; environmental pollution or contamination.

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. See "Appraised Values" above.

Neither the District, the Underwriter, nor the City has evaluated development risks. Since these are largely business risks of the type that property owners customarily evaluate individually, and inasmuch as changes in land ownership may well mean changes in the evaluation with respect to any particular parcel, the District is issuing the 2021 Bonds without regard to any such evaluation. Thus, the creation of the District and the issuance of the 2021 Bonds in no way implies that the District, the Underwriter, or the City has evaluated these risks or the reasonableness of these risks.

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

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

First, undeveloped or partially developed land is generally less valuable than developed land and provides less security to the owners of the 2021 Bonds should it be necessary for the District to foreclose on undeveloped or partially developed property due to the nonpayment of Special Taxes.

Second, failure to complete development on a timely basis could adversely affect the land values of those parcels that have been completed. Lower land values would result in less security for the payment of principal of and interest on the 2021 Bonds and lower proceeds from any foreclosure sale necessitated by delinquencies in the payment of the Special Tax. See "VALUE OF PROPERTY WITHIN THE DISTRICT – Value to Special Tax Burden Ratios." No assurance can be given that the proposed development within the District will be completed, and in assessing the investment quality of the 2021 Bonds, prospective purchasers should evaluate the risks of noncompletion.

JMC Homes provides no assurances to the City that the project will be developed or that sources of financing that will actually be available will be sufficient to complete the currently projected development. JMC Homes has no obligation to the City or to owners of the 2021 Bonds to complete the project.

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

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

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

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

The City employs a portfolio approach to its water supplies which includes the use of surface water, groundwater and recycled water. This portfolio approach is designed to provide a more reliable water supply. Surface water is the City's primary water supply which is delivered from the Folsom Reservoir under contracts with the Bureau of Reclamation and the Placer County Water Agency. The City also uses groundwater to supplement its surface water supplies during emergency and drought conditions. These ground water wells are designated to accommodate Aquifer Storage and Recovery (ASR). The City's ASR program allows for the storage of treated surface water in the groundwater basin through direct injection through the ASR wells. This water can be extracted later from the same wells for use during emergency or drought conditions. This water "banking" allows the City to use groundwater without significant impact to the ground water table when surface water supplies are limited. The City also uses recycled water generated from its wastewater treatment facilities for irrigation purposes in commercial landscaping, public rights-of way, parks and golf courses. The use of recycled water reduces the demand for treated water for these purposes and leaving more for domestic use. However, no assurance can be given that a future drought affecting homes in the District would not result in decreased values.

JMC Homes and the City indicate that the existing Development Agreement protects JMC Homes's ability to access water for the project through an agreed upon water allocation. However, in the event that the City's water supply is severely limited or cut off by virtue of future actions beyond its control resulting from ongoing or future drought conditions, development within the District may be delayed or even stopped. The Development Agreement provides that should the City need to restrict development it must do so City-wide and cannot single out the Villages at Sierra Vista property in restricting development activity. In turn, the anticipated diversity of land ownership within the District could also be reduced, making the owners of the 2021 Bonds more dependent upon JMC Homes's or other owners of undeveloped land timely payment of the Special Taxes levied on undeveloped property. Furthermore, such an increased period of concentrated ownership of undeveloped land increases the potential negative impact of any bankruptcy or other financial difficulties experienced by JMC Homes or successor owners. Any reduction or interruption in the water supply would also likely cause a reduction in the land value and thus a reduction in the security in the event of a need to foreclose on land within the District following a delinquency in the payment of Special Taxes.

Legal Requirements. Other events that may affect the value of a parcel include changes in the law or application of the law. Such changes may include, without limitation, local growth control initiatives, local utility connection moratoriums and local application of statewide tax and governmental spending limitation measures. Development in the District may also be adversely affected by the application of laws protecting endangered or threatened species.

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.

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.

Endangered and Threatened Species. It is illegal to harm or disturb any plants or animals in their habitat that have been listed as endangered species by the United States Fish & Wildlife Service under the Federal Endangered Species Act or by the California Fish & Game Commission under the California Endangered Species Act without a permit. Although JMC Homes believes that no federally listed endangered or threatened species would be affected by the proposed development within the District, other than any that are permitted by the entitlements already received (which allow for the impact of development and specify the mitigation required), the discovery of an endangered plant or animal could delay development of vacant property in the District or reduce the value of undeveloped property.

Levy and Collection of Special Taxes

General. The principal source of payment of principal of and interest on the 2021 Bonds is the proceeds of the annual levy and collection of the Special Tax against property within the District.

Limitation on Maximum Special Tax Rate. The annual levy of the Special Tax is subject to the Maximum Annual Facilities Special Tax rate authorized in the Special Tax Formula. The levy cannot be made at a higher rate even if the failure to do so means that the estimated proceeds of the levy and collection of the Special Tax, together with other available funds, will not be sufficient to pay debt service on the 2021 Bonds.

In addition to the Maximum Annual Facilities Special Tax rate limitation in the Special Tax Formula, Section 53321(d) of the Act provides that the special tax levied against any parcel for which an occupancy permit for private residential use has been issued may not be increased as a consequence of delinquency or default by the owner of any other parcel within a community facilities district by more than 10% above the amount that would have been levied in such Fiscal Year had there never been any such delinquencies or defaults. In cases of significant delinquency, these factors may result in defaults in the payment of principal of and interest on the 2021 Bonds.

No Relationship Between Property Value and Special Tax Levy. Because the Special Tax Formula is not based on property value, the levy of the Special Tax will rarely, if ever, result in a uniform relationship between the value of particular parcels of Taxable Property and the amount of the levy of the Special Tax against those parcels. Thus, there will rarely, if ever, be a uniform relationship between the value of the parcels of Taxable Property and their proportionate share of debt service on the 2021 Bonds, and certainly not a direct relationship.

Factors that Could Lead to Special Tax Deficiencies. The following are some of the factors that might cause the levy of the Special Tax on any particular parcel of Taxable Property to vary from the Special Tax that might otherwise be expected:

Transfers to Governmental Entities. The number of parcels of Taxable Property could be reduced through the acquisition of Taxable Property by a governmental entity and failure of the government to pay the Special Tax based upon a claim of exemption or, in the case of the federal government or an agency thereof, immunity from taxation, thereby resulting in an increased tax burden on the remaining taxed parcels.

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

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

If sales or foreclosures of property are necessary, there could be a delay in payments to owners of the 2021 Bonds pending such sales or the prosecution of foreclosure proceedings and receipt by the City of the proceeds of sale if the Reserve Fund is depleted. See “SECURITY AND SOURCES OF PAYMENT FOR THE BONDS – Delinquent Payments of Special Tax; Covenant for Superior Court Foreclosure.”

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

Other laws generally affecting creditors’ rights or relating to judicial foreclosure may affect the ability to enforce payment of Special Taxes or the timing of enforcement of Special Taxes. For example, the Soldiers and Sailors Civil Relief Act of 1940 affords protections such as a stay in enforcement of the foreclosure covenant, a six-month period after termination of military service to redeem property sold to enforce the collection of a tax or assessment and a limitation on the interest

rate on the delinquent tax or assessment to persons in military service if the court concludes the ability to pay such taxes or assessments is materially affected by reason of such service.

FDIC/Federal Government Interests in Properties

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

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

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

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

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

Bankruptcy and Foreclosure Delays

The payment of the Special Tax and the ability of the District to foreclose the lien of a delinquent unpaid tax, as discussed in “SECURITY AND SOURCES OF PAYMENT FOR THE BONDS – Delinquent Payments of Special Tax; Covenant for Superior Court Foreclosure,” may be limited by bankruptcy, insolvency or other laws generally affecting creditors’ rights or by the laws of the State of California relating to judicial foreclosure. The various legal opinions to be delivered concurrently with the delivery of the 2021 Bonds (including Bond Counsel’s approving legal opinion) will be qualified as to the enforceability of the various legal instruments by bankruptcy, insolvency, reorganization, moratorium and other similar laws affecting creditors’ rights, by the application of equitable principles and by the exercise of judicial discretion in appropriate cases.

Although bankruptcy proceedings would not cause the Special Taxes to become extinguished, bankruptcy of a property owner could result in a delay in prosecuting superior court foreclosure proceedings and could result in the possibility of delinquent Special Tax installments not

being paid in full. Such a delay would increase the likelihood of a delay or default in payment of the principal of and interest on the 2021 Bonds. To the extent that property in the District continues to be owned by a limited number of property owners, the chances are increased that the Reserve Fund established for the 2021 Bonds could be fully depleted during any such delay in obtaining payment of delinquent Special Taxes. As a result, sufficient moneys would not be available in the Reserve Fund for transfer to the Bond Fund to make up shortfalls resulting from delinquent payments of the Special Tax and thereby to pay principal of and interest on the 2021 Bonds on a timely basis.

To the extent that bankruptcy or similar proceedings were to involve a large property owner, the chances would increase the likelihood that the Reserve Fund could be fully depleted during any resulting delay in receiving payment of delinquent Special Taxes. As a result, sufficient monies would not be available in the Reserve Fund for transfer to the Bond Fund to make up any shortfalls resulting from delinquent payments of the Special Tax and thereby to pay principal of and interest on the 2021 Bonds on a timely basis.

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

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

Glasply was controlling precedent on bankruptcy courts in the State of California for several years subsequent to the date of the Ninth Circuit’s holding. Pursuant to state law, the lien date for general *ad valorem* property taxes levied in the State of California is the January 1 preceding the fiscal year for which the taxes are levied. Under the *Glasply* holding, a bankruptcy petition filing would have prevented the lien for general *ad valorem* property taxes levied in fiscal years subsequent to the filing of a bankruptcy petition from attaching and becoming a lien so long as the property was a part of the estate in bankruptcy. However, the *Glasply* holding was for the most part subsequently rendered inoperative with respect to the imposition of a lien for and the collection of *ad valorem* taxes by amendments to the federal Bankruptcy Code (Title 11 U.S.C.) which were part of the Bankruptcy Reform Act of 1994 (the “Bankruptcy Reform Act”) passed by Congress during the later part of 1994. The Bankruptcy Reform Act added a provision to the automatic stay section of the Bankruptcy Code which, pursuant to Section 362(b)(18) thereof, excepts from the Bankruptcy Code’s automatic stay provisions, “the creation of a statutory lien for an *ad valorem* property tax imposed by . . . a political subdivision of a state, if such tax comes due after the filing of the petition” by a debtor in bankruptcy court. The effect of this provision is to continue the secured interest of *ad valorem* taxes on real property (i.e., post-petition taxes) in effect during the period following the filing of a bankruptcy petition, including during the period bankruptcy proceedings are pending.

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

Parity Taxes and Special Assessments; Private Debt

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

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 two additional community facilities districts formed to fund services and known as the Sierra Vista Community Facilities District No. 2 (Public Services) and the City’s Community Facilities District No. 3 (Municipal Services). The property is not subject to any other special tax or assessment liens (other than the lien of the Special Tax). See “VALUE OF PROPERTY WITHIN THE DISTRICT – Estimated Tax Burden on Single Family Home.”

In addition, other governmental obligations may be authorized and undertaken or issued in the future, the tax, assessment or charge for which may become an obligation of one or more of the parcels of taxable property and may be secured by a lien on a parity with the lien of the Special Tax securing the 2021 Bonds. The principal of and interest on the 2021 Bonds are payable from the Special Tax authorized to be collected within the District, and payment of the Special Tax is secured by a lien on certain real property within the District. Such lien is co-equal to and independent of the lien for general taxes and any other liens imposed under the Act, regardless of when they are imposed on the property in the District. The imposition of additional special taxes, assessments and general property taxes will increase the amount of independent and co-equal liens which must be satisfied in foreclosure if unpaid. The City, the County and certain other public agencies are authorized by the Act to form other community facilities districts and improvement areas and, under

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

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

Tax Delinquencies

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

The annual Special Tax will be billed and collected in two installments payable without penalty by December 10 and April 10. In the event such Special Taxes are not timely paid, moneys available to pay debt service on the 2021 Bonds becoming due on the subsequent respective March 1 and September 1 may be insufficient, except to the extent moneys are available in the Reserve Fund.

In the event of non-payment of Special Taxes, funds in the 2021 Reserve Account of the Reserve Fund, if available, may be used to pay principal of and interest on the 2021 Bonds. If funds in the 2021 Reserve Account of the Reserve Fund for the 2021 Bonds are depleted, the funds can be replenished from the proceeds of the levy and collection of the Special Tax that are in excess of the amount required to pay all amounts to be paid to the 2021 Bond holders pursuant to the Fiscal Agent Agreement. However, no replenishment from the proceeds of a Special Tax levy can occur as long as the proceeds that are collected from the levy of the Special Tax against property within the District at the maximum Special Tax rates, together with other available funds, remains insufficient to pay all such amounts. Thus it is possible that the 2021 Reserve Account of the Reserve Fund will be depleted and not be replenished by the levy of the Special Tax.

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. See also “SECURITY AND SOURCES OF PAYMENT FOR THE BONDS – Special Tax Methodology” for a discussion of a limitation imposed by the Act applicable to Special Tax increases on residential property.

No Acceleration Provisions

The 2021 Bonds do not contain a provision allowing for the acceleration of the 2021 Bonds in the event of a payment default or other default under the terms of the 2021 Bonds or the Fiscal Agent Agreement. Under the Fiscal Agent Agreement, a 2021 Bond holder is given the right for the equal benefit and protection of all 2021 Bond holders similarly situated to pursue certain remedies. So long as the 2021 Bonds are in book-entry form, DTC will be the sole 2021 Bond holder and will be entitled to exercise all rights and remedies of 2021 Bond holders.

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 “–Property Values and Property Development – Land Development” above. See also “–Voter Initiatives” below.

Voter Initiatives

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

Any such initiative may affect the collection of fees, taxes and other types of revenue by local agencies such as the District. Subject to overriding federal constitutional principles, such collection may be materially and adversely affected by voter-approved initiatives, possibly to the extent of creating cash-flow problems in the payment of outstanding obligations such as the 2021 Bonds.

Proposition 218—Voter Approval for Local Government Taxes—Limitation on Fees, Assessments, and Charges—Initiative Constitutional Amendment, added Articles XIIC and XIID to the California Constitution, imposing certain vote requirements and other limitations on the imposition of new or increased taxes, assessments and property-related fees and charges.

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

The Special Taxes and the issuance of special tax bonds of the District were each authorized by not less than a two-thirds vote of the landowners within the District who constituted the qualified electors at the time of such voted authorization. The District believes, therefore, that issuance of the

2021 Bonds does not require the conduct of further proceedings under the Mello-Roos Act, Proposition 218 or Proposition 26.

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

Recent Case Law Related to the Mello-Roos Act

On August 1, 2014, the California Court of Appeal, Fourth Appellate District, issued its opinion in *City of San Diego v. Melvin Shapiro, et al.* (D063997). The case involved a Convention Center Facilities District (the “CCFD”) established by the City of San Diego. The CCFD is a financing district established under the City’s charter (the “Charter”) and was intended to function much like a community facilities district established under the Mello-Roos Act. The CCFD was comprised of all of the real property in the entire City. However, the CCFD special tax was to be levied only on properties in the CCFD that were improved with a hotel.

At the election to authorize the CCFD special tax, the CCFD proceedings limited the electorate to owners of hotel properties and lessees of real property owned by a governmental entity on which a hotel was located. Registered voters in the City of San Diego were not permitted to vote. This definition of the qualified electors of the CCFD was based on Section 53326(c) of the Mello-Roos Act, which generally provides that, if a special tax will not be apportioned in any tax year on residential property, the legislative body may provide that the vote shall be by the landowners of the proposed community facilities district whose property would be subject to the special tax.

The *San Diego* Court held that the CCFD special tax election did not comply with the City’s Charter and with applicable provisions of the California Constitution -- specifically Article XIII A, section 4 (“Cities, Counties and special districts, by a two-thirds vote of the qualified electors of such district, may impose special taxes on such district...”) and Article XIII C, section 2(d) (“No local government may impose, extend, or increase any special tax unless and until that tax is submitted to the electorate and approved by a two-thirds vote.”) -- because the electors in the CCFD election should have been the registered voters residing within the CCFD (the boundaries of which were coterminous with the boundaries of the City of San Diego).

As to the District, there were no registered voters within the District at the time of the election to authorize the Special Taxes. Significantly, the *San Diego* Court expressly stated that it was not addressing the validity of a landowner election to impose special taxes on residential property pursuant to the Mello-Roos Act in situations where there are fewer than 12 registered voters. Therefore, by its terms, the *San Diego* Court’s holding does not apply to the special tax election in the District.

Moreover, Sections 53341 and 53359 of the Act establish a limited period of time in which special taxes levied under the Mello-Roos Act may be challenged by a third party:

53341. Any action or proceeding to attack, review, set aside, void, or annul the levy of a special tax or an increase in a special tax pursuant to [the Mello-Roos Act] shall be commenced within 30 days after the special tax is approved by the voters....

53359. An action to determine the validity of bonds issued pursuant to [the Mello-Roos Act] or the validity of any special taxes levied pursuant to [the Mello-Roos Act]

... shall be commenced within 30 days after the voters approve the issuance of the bonds or the special tax ...

Section 53326(b) of the Mello-Roos Act defines the authorized voters for an election in which the special taxes will be levied on residential property: "Except as otherwise provided in subdivision (c), if at least 12 persons, who need not necessarily be the same 12 persons, have been registered to vote within the territory of the proposed community facilities district for each of the 90 days preceding the close of the protest hearing, the vote shall be by the registered voters of the proposed district, with each voter having one vote. Otherwise, the vote shall be by the landowners of the proposed district and each person who is the owner of land at the close of the protest hearing, or the authorized representative thereof, shall have one vote for each acre or portion of an acre of land that he or she owns within the proposed community facilities district not exempt from the special tax...."

Landowner voters approved the Special Taxes and the issuance of bonds for the District in compliance with all applicable requirements of the Mello-Roos Act in 2018. Therefore, pursuant to Sections 53341 and 53359 of the Mello-Roos Act, the statute of limitations period to challenge the validity of the special tax has expired. Because the *San Diego* Court expressly stated that it did not consider the facts presented by the District and because the period for challenging the Special Taxes has passed, the City believes the Special Taxes are valid and cannot be challenged.

Recent Changes in Tax Law

H.R. 1 of the 115th U.S. Congress, known as the "Tax Cuts and Jobs Act," was enacted into law on December 22, 2017 (the "**Tax Act**"). The Tax Act makes significant changes to many aspects of the Code that could have an impact on future property development. The Tax Act reduces the amount of mortgage interest expense and state local income tax and property tax expense that individuals may deduct from their gross income for federal income tax purposes, which could increase the cost of home ownership within the District and could adversely affect the sale of homes by JMC Homes. However, neither the City nor JMC Homes can predict the effect that the Tax Act may have on the cost of home ownership or the price of homes in the District, the rate at which homes in the District are sold to individual homeowners, or the ability or willingness of homeowners to pay special taxes or property taxes on Taxable Property within the District. The appraised values do not take into account any of the potential impacts of the Tax Act on home values or home sales in the District.

COVID-19 Pandemic

The spread of the COVID-19 coronavirus pandemic, and responses intended to slow its spread, are likely to result in negative impacts to the homebuilding operations and sales of homes within the District. In addition, no assurance can be given that the property tax payment dates will not be deferred in the future, which may cause a delay in the receipt of Special Tax Revenues by the City for the payment of the 2021 Bonds. Finally, stock and municipal bond markets in the U.S. and globally have seen significant volatility attributed to coronavirus concerns; there can be no assurances that these or other concerns that emerge later will not materially adversely impact the secondary market for the 2021 Bonds.

There can be no assurances that the spread of the virus and the related shelter in place order and social distancing requirements currently imposed by the State of California, or other State or local mandates and/or other responses intended to slow its spread will not materially adversely

impact the pace of homesales or the willingness of owners of land in the District to pay the Special Taxes securing the 2021 Bonds.

As a measure to assist certain taxpayers impacted by COVID 19, on May 6, 2020 the Governor of the State issued Executive Order N-61-20 which waives penalties and interest on property tax installments for residential property occupied by the taxpayer and certain other real property which is used for a small business, subject to certain filing requirements and proof of economic hardship due to COVID-19 or any local, state or federal response to COVID-19. The order applies to taxes not delinquent prior to March 4, 2020, and waives and forgives penalties and interest through May 6, 2021.

Negative impacts on the collection of Special Taxes could occur because Special Tax payments are deferred and could be further deferred, or some taxpayers may be unable to make their property and special tax payments. Additionally the value of property on the 2021-22 and future tax rolls could be reduced, which will not be known until the tax roll is released. At this time, there is no way to provide an estimate of the impact that the pandemic could have on future property taxes.

CONSTITUTIONAL LIMITATIONS ON TAXATION AND APPROPRIATIONS

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

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

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

State and local government agencies in the State, and the State itself are subject to annual appropriation limits, imposed by Article XIII B of the State Constitution. Article XIII B prohibits government agencies and the State from spending “appropriations subject to limitation” in excess of the appropriations limits imposed. “Appropriations subject to limitation” are authorizations to spend “proceeds of taxes,” which consist of tax revenues, certain state subventions and certain other funds, including proceeds from regulatory licenses, user charges or other fees to the extent that such

proceeds exceed the cost reasonably borne by such entity in providing the regulation, product or service. No limit is imposed on appropriations of funds which are not “proceeds of taxes” such as debt service on indebtedness existing or authorized before January 1, 1979, or subsequently authorized by the voters, appropriations required to comply with mandates of courts or the federal government, reasonable user charges or fees and certain other non-tax funds.

CONTINUING DISCLOSURE

The City has covenanted for the benefit of owners of the 2021 Bonds to provide certain financial information and operating data relating to the District by not later than six and one-half months 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 2020-21 fiscal year (due January 15, 2022) and to provide notices of the occurrence of certain enumerated events.

JMC Homes has also covenanted for the benefit of owners of the 2021 Bonds to provide certain financial information and operating data relating to the property it or its affiliates owns in the District by not later than April 1st and October 1st of each year, beginning with the report due October 1, 2022 (the “**Developer Periodic Reports**”) and to provide notices of the occurrence of certain enumerated events. The obligation of JMC Homes to provide such information is in effect only so long as JMC Homes and its affiliates, or their successors, are collectively responsible for 20% or more of the Special Taxes, as described in the Developer Periodic Reports and JMC Homes’ undertaking includes a provision that if a portion of JMC Homes’ property which is responsible for such 20% is sold, the reporting obligation may be assumed by the new owner and JMC Homes’ obligations with respect to such property will be terminated, or if not so assumed, JMC Homes is to report such required information, as applicable to the transferee.

The City Annual Report and the Developer Periodic Reports and notices of listed events will be filed with the Municipal Securities Rulemaking Board. The covenants of the City have been made in order to assist the Underwriter in complying with Securities Exchange Commission Rule 15c2-12(b)(5) (the “**Rule**”). The specific nature of the information to be contained in the Annual Report or the notices of listed events by the City and JMC Homes is summarized in “APPENDIX E — FORM OF CONTINUING DISCLOSURE UNDERTAKINGS.”

The City believes it currently is in material compliance with all of its continuing disclosure undertakings for the last five years. Notwithstanding the foregoing, in the last five years, the City has not in a timely manner filed all significant event notices of changes in the ratings of certain then-outstanding obligations resulting from changes in ratings to the bond insurers who insured such obligations or the underlying rates for such obligations, including up to 365 days late. However, the City has submitted all undisclosed significant event notices of changes in ratings occurring during the last five years on all currently outstanding obligations.

JMC Homes has represented to the City that, during the past five years, JMC Homes has been in material compliance with its continuing disclosure undertakings.

UNDERWRITING

The 2021 Bonds were purchased through negotiation by Piper Sandler & Co., as underwriter (the “**Underwriter**”). The Underwriter agreed to purchase the 2021 Bonds at a price of \$_____ (which is equal to the par amount of the 2021 Bonds, plus/less a [net] original

issue premium/discount of \$_____ and less the Underwriter's discount of \$_____). The initial public offering prices set forth on the cover page hereof may be changed by the Underwriter. The Underwriter may offer and sell the 2021 Bonds to certain dealers and others at a price lower than the public offering prices set forth on the cover page hereof.

MUNICIPAL ADVISOR

The City has retained Hilltop Securities Inc., Encino, California, as registered municipal advisor (the "**Municipal Advisor**") in connection with the issuance of the 2021 Bonds. The Municipal 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. The fees of the Municipal Advisor are contingent upon the sale and delivery of the 2021 Bonds.

LEGAL OPINION

The validity of the 2021 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 D to this Official Statement, and the final opinion will be made available to registered owners of the 2021 Bonds at the time of delivery. The fees of Bond Counsel are contingent upon the sale and delivery of the 2021 Bonds.

TAX MATTERS

Federal Tax Status. In the opinion of Jones Hall, A Professional Law Corporation, San Francisco, California, Bond Counsel, subject, however to the qualifications set forth below, under existing law, the interest on the 2021 Bonds is excluded from gross income for federal income tax purposes and such interest is not an item of tax preference for purposes of the federal alternative minimum tax.

The opinions set forth in the preceding paragraph are subject to the condition that the City comply with all requirements of the Internal Revenue Code of 1986, as amended (the "**Tax Code**") relating to the exclusion from gross income for federal income tax purposes of interest on obligations such as the 2021 Bonds. The City has made certain representations and covenants in order to comply with each such requirement. Inaccuracy of those representations, or failure to comply with certain of those covenants, may cause the inclusion of such interest in gross income for federal income tax purposes, which may be retroactive to the date of issuance of the 2021 Bonds.

Tax Treatment of Original Issue Discount and Premium. If the initial offering price to the public at which a 2021 Bond is sold is less than the amount payable at maturity thereof, then such difference constitutes "original issue discount" for purposes of federal income taxes and State of California personal income taxes. If the initial offering price to the public at which a 2021 Bond is sold is greater than the amount payable at maturity thereof, then such difference constitutes "original issue premium" for purposes of federal income taxes and State of California personal income taxes. *De minimis* original issue discount and original issue premium are disregarded.

Under the Tax Code, original issue discount is treated as interest excluded from federal gross income and exempt from State of California personal income taxes to the extent properly allocable to each owner thereof subject to the limitations described in the first paragraph of this section. The

original issue discount accrues over the term to maturity of the 2021 Bond on the basis of a constant interest rate compounded on each interest or principal payment date (with straight-line interpolations between compounding dates). The amount of original issue discount accruing during each period is added to the adjusted basis of such 2021 Bonds to determine taxable gain upon disposition (including sale, redemption, or payment on maturity) of such 2021 Bond. The Tax Code contains certain provisions relating to the accrual of original issue discount in the case of purchasers of the 2021 Bonds who purchase the 2021 Bonds after the initial offering of a substantial amount of such maturity. Owners of such 2021 Bonds should consult their own tax advisors with respect to the tax consequences of ownership of 2021 Bonds with original issue discount, including the treatment of purchasers who do not purchase in the original offering, the allowance of a deduction for any loss on a sale or other disposition, and the treatment of accrued original issue discount on such 2021 Bonds under federal individual alternative minimum taxes.

Under the Tax Code, original issue premium is amortized on an annual basis over the term of the 2021 Bond (said term being the shorter of the 2021 Bond's maturity date or its call date). The amount of original issue premium amortized each year reduces the adjusted basis of the owner of the 2021 Bond for purposes of determining taxable gain or loss upon disposition. The amount of original issue premium on a 2021 Bond is amortized each year over the term to maturity of the 2021 Bond on the basis of a constant interest rate compounded on each interest or principal payment date (with straight-line interpolations between compounding dates). Amortized 2021 Bond premium is not deductible for federal income tax purposes. Owners of premium 2021 Bonds, including purchasers who do not purchase in the original offering, should consult their own tax advisors with respect to State of California personal income tax and federal income tax consequences of owning such 2021 Bonds.

California Tax Status. In the further opinion of Bond Counsel, interest on the 2021 Bonds is exempt from California personal income taxes.

Other Tax Considerations. Current and future legislative proposals, if enacted into law, clarification of the Tax Code or court decisions may cause interest on the 2021 Bonds to be subject, directly or indirectly, to federal income taxation or to be subject to or exempted from state income taxation, or otherwise prevent beneficial owners from realizing the full current benefit of the tax status of such interest. The introduction or enactment of any such legislative proposals, clarification of the Tax Code or court decisions may also affect the market price for, or marketability of, the 2021 Bonds. It cannot be predicted whether or in what form any such proposal might be enacted or whether, if enacted, such legislation would apply to bonds issued prior to enactment.

The opinions expressed by Bond Counsel are based upon existing legislation and regulations as interpreted by relevant judicial and regulatory authorities as of the date of such opinion, and Bond Counsel has expressed no opinion with respect to any proposed legislation or as to the tax treatment of interest on the 2021 Bonds, or as to the consequences of owning or receiving interest on the 2021 Bonds, as of any future date. Prospective purchasers of the 2021 Bonds should consult their own tax advisors regarding any pending or proposed federal or state tax legislation, regulations or litigation, as to which Bond Counsel expresses no opinion.

Owners of the 2021 Bonds should also be aware that the ownership or disposition of, or the accrual or receipt of interest on, the 2021 Bonds may have federal or state tax consequences other than as described above. Other than as expressly described above, Bond Counsel expresses no opinion regarding other federal or state tax consequences arising with respect to the 2021 Bonds, the ownership, sale or disposition of the 2021 Bonds, or the amount, accrual or receipt of interest on the 2021 Bonds.

NO RATINGS

The City has not applied to a rating agency for the assignment of a rating to the 2021 Bonds and does not contemplate applying for a rating.

NO LITIGATION

At the time of delivery of and payment for the 2021 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 2021 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 2021 Bonds, or in any way contesting or affecting the validity or enforceability of the 2021 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 2021 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: _____
Assistant City Manager/
Chief Financial Officer

APPENDIX A

RATE AND METHOD OF APPORTIONMENT OF SPECIAL TAX

APPENDIX B
THE APPRAISAL

APPENDIX C

THE CITY OF ROSEVILLE AND PLACER COUNTY

The District is located in the City of Roseville (the “City”), which is located in southwestern Placer County (the “County”), California (the “State”). Certain financial and economic data for the City, County and State are presented in this appendix for information purposes only. The 2021 Bonds are not a debt or obligation of the City, County or State, but are a limited obligation of the City, secured solely by the Special Tax Revenues and other amounts pledged under the Fiscal Agent Agreement, all as described in more detail in this Official Statement.

General

The City is located in Placer County, which is located in the 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 presently occupies 43 square miles in the southwestern part of the County and is the largest city in the County as well as the residential and business center of the County. It is bordered by Sacramento County to the south, the City of Rocklin to the north and un-incorporated Placer County to the east and west. The estimated population of the City as of January 1, 2020 was approximately 145,163.

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

The City is predominately comprised of residential housing, small and large businesses, as well as numerous retail centers, the latter of which play a vital role in the economy of the City and contribute significantly to City and County sales tax receipts. The City has the thirteenth highest retail sales of all cities in the State, and the City is considered a regional shopping destination. The Westfield Galleria at Roseville is the main shopping center in the City and the second largest shopping mall in Northern California. Across from the Westfield Galleria lies the “Fountains at Roseville,” a 330,000 square foot retail center, containing additional stores and several recreation centers. Plans call for future construction of hotel, additional retail, and office buildings in connection with the Fountains at Roseville project. In addition to the Westfield Galleria and Fountains at Roseville, the City has many shopping plazas surrounding the Westfield Galleria and the Douglas Boulevard financial corridor. The City is also home to one of the largest auto malls in the United States and a popular water park, Roseville Golfland-SunSplash.

Municipal Government

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

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

Population

The following table sets forth population estimates for the City, County and State for the past five years.

POPULATION ESTIMATES
City, County and State
Calendar Years 2016 through 2020, as of January 1

<u>Year</u>	<u>City of Roseville</u>	<u>Placer County</u>	<u>State of California</u>
2016	132,676	376,508	39,131,307
2017	135,398	383,598	39,398,702
2018	137,983	389,387	39,586,646
2019	141,299	395,978	39,695,376
2020	145,163	403,711	39,782,870

Source: California State Department of Finance.

Effective Buying Income

Effective buying income (“**EBI**”) is designated as personal income less personal tax and non-tax payments. Personal income is the aggregate of wages and salaries, other labor income (such as employer contributions to private pension funds), proprietor’s income, rental income (which includes imputed rental income of owner-occupants of non-farm dwellings), dividends paid by corporations, personal interest income from all sources, and transfer payments (such as pensions and welfare assistance). Deducted from this total are personal taxes (federal, state and local), non-tax payments (such as fines, fees, penalties), and personal contributions for social insurance. Effective buying income is a bulk measure of market potential. It indicates the general ability to buy and is essential in comparing, selecting and grouping markets on that basis. The following table demonstrates the growth in annual estimated EBI for the City, the County, the State and the United States.

EFFECTIVE BUYING INCOME (EBI) City, County, State and United States As of January 1, 2016 through 2020

Year	Area	Total Effective Buying Income (000’s Omitted)	Median Household Effective Buying Income
2016	City of Roseville	\$3,959,073	\$64,615
	Placer County	11,729,490	64,480
	California	981,231,666	53,589
	United States	7,757,960,399	46,738
2017	City of Roseville	\$4,126,395	\$66,668
	Placer County	12,122,101	65,269
	California	1,036,142,723	55,681
	United States	8,132,748,136	48,043
2018	City of Roseville	\$4,470,762	\$70,438
	Placer County	12,967,927	69,226
	California	1,113,648,181	59,646
	United States	8,640,770,229	50,735
2019	City of Roseville	\$4,981,208	\$75,784
	Placer County	14,736,480	74,797
	California	1,183,264,399	62,637
	United States	9,017,967,563	52,841
2020	City of Roseville	\$4,834,974	\$72,395
	Placer County	14,333,583	72,431
	California	1,243,564,816	65,870
	United States	9,487,165,436	55,303

Source: The Nielsen Company (US), Inc for years 2015 through 2018; Claritas, LLC for 2019.

Employment and Industry

The unemployment rate in the Sacramento--Roseville--Arden-Arcade MSA was 13.6 percent in May 2020, down from a revised 14.0 percent in April 2020, and above the year-ago estimate of 3.2 percent. This compares with an unadjusted unemployment rate of 15.9 percent for California and 13.0 percent for the nation during the same period. The unemployment rate was 15.0 percent in El Dorado County, 12.4 percent in Placer County, 14.1 percent in Sacramento County, and 10.5 percent in Yolo County.

The following table summarizes the civilian labor force, employment and unemployment, as well as employment by industry, in the Sacramento--Arden-Arcade--Roseville MSA for the years 2015 through 2019. Annual figures are not yet available for 2020.

CIVILIAN LABOR FORCE, EMPLOYMENT AND UNEMPLOYMENT
Sacramento Arden Arcade Roseville Metropolitan Statistical Area
(El Dorado, Placer, Sacramento, and Yolo Counties)
Civilian Labor Force, Employment and Unemployment
Annual Averages

	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>
<u>Civilian Labor Force</u> ⁽¹⁾	1,052,800	1,068,300	1,075,300	1,089,600	1,101,000
Employment	991,200	1,012,000	1,026,400	1,048,200	1,061,400
Unemployment	61,700	56,400	48,900	41,400	39,600
Unemployment Rate	5.9%	5.3%	4.5%	3.8%	3.6%
<u>Wage and Salary Employment</u> ⁽²⁾					
Agriculture	9,400	9,700	9,800	9,100	8,800
Mining and Logging	400	400	400	500	500
Construction	50,300	55,000	58,700	64,500	68,400
Manufacturing	36,400	36,200	35,700	36,000	36,500
Wholesale Trade	24,400	25,500	26,500	28,400	28,700
Retail Trade	98,000	100,500	101,400	102,000	100,600
Transportation, Warehousing and Utilities	24,600	26,000	26,700	29,600	32,300
Information	14,200	13,800	12,600	12,400	11,900
Finance and Insurance	37,100	37,300	37,200	36,600	35,200
Real Estate and Rental and Leasing	13,800	14,500	15,200	16,800	17,400
Professional and Business Services	120,100	127,800	130,000	133,500	134,900
Educational and Health Services	140,900	146,500	153,600	159,800	166,400
Leisure and Hospitality	95,400	99,800	103,300	106,200	109,200
Other Services	30,900	31,700	33,000	34,200	35,100
Federal Government	13,700	14,000	14,200	14,100	14,200
State Government	115,300	116,600	118,400	120,400	122,500
Local Government	102,900	104,000	102,600	103,500	104,800
Total, All Industries ⁽³⁾	1,052,800	1,068,300	1,075,300	1,089,600	1,101,000

⁽¹⁾ Labor force data is by place of residence; includes self-employed individuals, unpaid family workers, household domestic workers, and workers on strike.

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

⁽³⁾ Totals may not add due to rounding.

Source: State of California Employment Development Department.

Major Employers

The following table lists the major employers within the County, in alphabetical order.

MAJOR EMPLOYERS
Placer County
(In Alphabetical Order)
July 2020

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

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

Principal Employers

The following table shows the principal employers in the City, as shown in the City's Comprehensive Annual Financial Report for fiscal year ending June 30, 2019.

PRINCIPAL EMPLOYERS City of Roseville As of June 30, 2019

<u>Employer</u>	<u>Number of Employees</u>
The Permanente Medical Group & Foundation Group	5,794
Sutter Roseville Medical Group	2,202
City of Roseville	1,896
Hewlett Packard	1,154
Roseville City School District	1,154
PRIDE Industries	1,062
Roseville Joint Union High School	1,005
Adventist Health	920
Union Pacific Railroad Company	569
Wal-Mart	488
Total – Top Ten	<u>16,244</u>
Total City-Wide Employment	88,597

Source: City of Roseville Comprehensive Annual Financial Report for Fiscal Year 2018-19.

Construction Permits

The following table shows valuations of residential and non-residential building permits issued for calendar years 2015 through 2019. Annual figures are not yet available for 2020.

BUILDING PERMIT VALUATION City of Roseville (Valuation in Thousands of Dollars)

	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>
<u>Permit Valuation</u>	\$262,769.4	\$242,272.7	\$322,386.5	\$220,811.3	\$265,615.3
New Single-family				8	
New Multi-family	0.0	5,900.3	51,882.2	0.0	6,855.8
Res. Alterations/Additions	<u>9,039.9</u>	<u>7,518.4</u>	<u>7,283.3</u>	<u>8,598.7</u>	<u>16,133.8</u>
Total Residential	\$271,809.3	\$255,691.4	\$381,552.0	\$229,412.5	288,604.9
New Commercial	\$36,704.0	\$27,783.7	\$81,544.8	\$21,072.5	\$24,136.7
New Industrial	0.0	0.0	0.0	0.0	0.0
New Other	9,340.5	18,126.2	8,356.1	11,541.4	9,358.1
Com. Alterations/Additions	<u>42,754.7</u>	<u>32,621.0</u>	<u>51,836.3</u>	<u>38,098.5</u>	<u>46,155.6</u>
Total Nonresidential	\$88,799.2	\$78,530.9	\$141,737.2	\$70,712.4	\$79,650.40
<u>New Dwelling Units</u>					
Single-Family	927	862	1,201	806	1,001
Multiple Family	<u>0</u>	<u>58</u>	<u>486</u>	<u>0</u>	<u>65</u>
Total New Dwelling Units	927	920	1,687	806	1,066

Source: Construction Industry Research Board, Building Permit Summary.

The County's 2019-20 assessment roll totaled \$80.0 billion as compared to the prior year's assessment roll of \$75.3 billion, which reflected a 6.24% increase this year. These numbers over the last two years contrast with the real estate decline years of 2008 and after, where the County assessment roll experienced declines.

The following table shows residential and non-residential building permits issued within the County for calendar years 2015 through 2019. Annual figures are not yet available for 2020.

BUILDING PERMIT VALUATION
County of Placer
(Valuation in Thousands of Dollars)

	2015	2016	2017	2018	2019
<u>Permit Valuation</u>					
New Single-family	\$683,806.3	\$776,410.8	\$771,800.5	\$696,737.4	\$693,647.7
New Multi-family	21,702.2	42,395.7	92,565.5	23,384.7	7,896.7
Res. Alterations/Additions	<u>82,577.5</u>	<u>79,543.6</u>	<u>89,429.2</u>	<u>99,341.6</u>	<u>86,964.2</u>
Total Residential	\$788,086.0	\$898,350.1	\$953,795.2	\$819,463.7	\$788,508.6
New Commercial	\$72,506.2	\$84,953.2	\$138,544.8	\$90,424.4	\$73,609.7
New Industrial	1,339.6	535.1	0.0	7,956.4	268.7
New Other	72,602.9	90,958.7	57,356.4	68,208.3	110,951.1
Com. Alterations/Additions	<u>80,457.5</u>	<u>64,524.2</u>	<u>94,058.6</u>	<u>84,271.0</u>	<u>78,159.7</u>
Total Nonresidential	\$226,906.2	\$240,971.2	\$289,959.8	\$250,860.1	\$262,989.2
<u>New Dwelling Units</u>					
Single-Family	1,994	2,102	2,500	1,963	2,080
Multiple Family	<u>240</u>	<u>322</u>	<u>782</u>	<u>19</u>	<u>71</u>
Total New Dwelling Units	2,424	2,342	3,282	<u>1,982</u>	<u>2,151</u>

Source: Construction Industry Research Board, Building Permit Summary.

Commercial Activity

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

The total taxable sales during calendar year 2019 in the City were reported to be \$4,889,701,830, a 2.57% increase from the total taxable sales of \$ 4,767,160,237 reported during calendar year 2018. Annual figures for 2020 are not yet available.

TAXABLE TRANSACTIONS City of Roseville Calendar Years 2015 through 2019 (Dollars in Thousands)

	Retail Stores		Total All Outlets	
	Number of Permits	Taxable Transactions	Number of Permits	Taxable Transactions
2015 ⁽¹⁾	3,828	3,684,238	5,334	4,446,457
2016	3,761	3,749,782	5,293	4,425,939
2017	3,715	3,915,184	5,257	4,642,069
2018	3,705	4,048,870	5,393	\$4,767,160
2019	3,748	4,021,058	5,578	4,889,701,830

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

Source: State Department of Tax and Fee Administration.

The total taxable sales during calendar year 2019 in the County were reported to be \$10,341,805,054, a 4.36% increase over the total taxable sales of \$9,909,905,815.00 reported during calendar year 2018. Annual figures for 2020 are not yet available.

TAXABLE TRANSACTIONS Placer County Calendar Years 2015 through 2019 (Dollars in Thousands)

	Retail Stores		Total All Outlets	
	Number of Permits	Taxable Transactions	Number of Permits	Taxable Transactions
2015 ⁽¹⁾	8,678	6,594,126	13,124	8,675,315
2016	8,671	6,814,515	13,227	8,920,892
2017	8,713	7,194,952	13,365	9,428,862
2018	8,717	7,724,326	13,794	9,909,906
2019	8,771	7,943,537	14,193	10,341,805

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

Source: State Department of Tax and Fee Administration.

Transportation

The transportation network in and around the City is an integral part of its development. Centrally located in the State, the area is the hub of several major highways. Interstate 80 runs through the City, connecting San Francisco to New York. Highway 65 runs north through the City, from I-80 to Lincoln and Marysville. Interstate 5, which is west of the City, runs north to Seattle and south to Los Angeles.

Union Pacific Railroad bought Southern Pacific in 1996 and the J.R. Davis Yard, located in Roseville, is the largest rail facility on the West Coast. Union Pacific owns and operates track in 23 states, primarily west of the Mississippi River. Amtrak provides passenger service daily to San Francisco and San Jose, and the California Zephyr connects the County to the Midwest and Chicago.

Greyhound operates a station in the City, providing interstate destination services. Greyhound also operates throughout the County, with bus depots or regularly scheduled stops in most of the communities along major highways and roads.

Sacramento International Airport serves the Roseville area. Served by ten major carriers and several commuter airlines, as well as air-freight carriers, the airport handles passenger flights to over 140 cities with more than 130 scheduled departures per day and 4.3 million passengers annually. Nearby Auburn Municipal Airport serves charter and private aircraft for coastal, state and transcontinental flights. Executive air service is available as well. Auburn Municipal has an elevation of 1,520 feet and an east/west runway 3,100 feet in length.

Several trucking companies serve the City, ranging from interstate lines to local haulers, and transporting a wide variety of goods. United Parcel Service, with a distribution center in Rocklin, offers freight transportation services as well.

APPENDIX D

FORM OF OPINION OF BOND COUNSEL

[Closing Date]

City Council
City of Roseville
311 Vernon Street
Roseville, California 95678

OPINION: \$_____ City of Roseville Villages at Sierra Vista Community Facilities
District No. 1 (Public Facilities) Special Tax Bonds Series 2021

Members of the City Council:

We have acted as bond counsel to the City of Roseville (the “City”) in connection with the issuance by the City of the \$_____ City of Roseville Villages at Sierra Vista Community Facilities District No. 1 (Public Facilities) Special Tax Bonds Series 2021 (the “Bonds”), pursuant to the Mello-Roos Community Facilities Act of 1982, as amended, constituting Section 53311, et seq. of the California Government Code (the “Act”) and a Fiscal Agent Agreement dated as of July 1, 2019, as supplemented and amended by a Supplemental Agreement No. 1 to Fiscal Agent Agreement dated as of July 1, 2020 and a Supplemental Agreement No. 2 to Fiscal Agent Agreement dated as of August 1, 2021 (collectively, the “Fiscal Agent Agreement”), by and between the City, on behalf of the City of Roseville Villages at Sierra Vista Community Facilities District No. 1 (Public Facilities), and The Bank of New York Mellon Trust Company, N.A., as fiscal agent. We have examined the law and such certified proceedings and other papers as we deem necessary to render this opinion.

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

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

1. The City is duly created and validly existing as a public body, corporate and politic, with the power to adopt the resolution authorizing the issuance of the Bonds, enter into the Fiscal Agent Agreement and perform the agreements on its part contained therein, and to issue the Bonds.

2. The Bonds have been duly authorized, executed and delivered by the City and are valid and binding limited obligations of the City, payable solely from the sources provided therefor in the Fiscal Agent Agreement.

3. The Fiscal Agent Agreement has been duly entered into by the City and constitutes a valid and binding obligation of the City enforceable upon the City.

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

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

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

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

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

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

Respectfully submitted,

A Professional Law Corporation

APPENDIX E

FORMS OF CONTINUING DISCLOSURE UNDERTAKINGS

CONTINUING DISCLOSURE CERTIFICATE (City)

This CONTINUING DISCLOSURE CERTIFICATE (this “Disclosure Certificate”) dated as of _____ 1, 2021, is executed and delivered by the CITY OF ROSEVILLE (the “City”) in connection with the execution and delivery of its City of Roseville Villages at Sierra Vista Community Facilities District No. 1 (Public Facilities) Special Tax Bonds Series 2021 (the “Bonds”). The Bonds are being executed and delivered pursuant to a Fiscal Agent Agreement dated as of July 1, 2019, as supplemented and amended by a Supplemental Agreement No. 1 to Fiscal Agent Agreement dated as of July 1, 2020 and a Supplemental Agreement No. 2 to Fiscal Agent Agreement dated as of August 1, 2021 (collectively, the “Fiscal Agent Agreement”), by and between the City and The Bank of New York Mellon Trust Company, N.A., as fiscal agent (the “Fiscal Agent”).

The District covenants and agrees as follows:

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

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

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

“Annual Report Date” means the date that is six and one-half months after the end of the City’s fiscal year (currently January 15 based on the City’s fiscal year end of June 30).

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

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

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

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

“Participating Underwriter” shall mean any of the original underwriters of the Bonds.

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

Section 3. Provision of Annual Reports.

(a) The City shall, or shall cause the Dissemination Agent to, not later than the Annual Report Date, commencing January 15, 2022, with the report for the 2020-21 fiscal year, provide to the MSRB, in an electronic format as prescribed by the MSRB, an Annual Report that is consistent with the requirements of Section 4 of this Disclosure Certificate. Not later than 15 Business Days prior to the Annual Report Date, the City shall provide the Annual Report to the Dissemination Agent (if other than the City). If by 15 Business Days prior to the Annual Report Date the Dissemination Agent (if other than the City) has not received a copy of the Annual Report, the Dissemination Agent shall contact the City to determine if the City is in compliance with the previous sentence. The Annual Report may be submitted as a single document or as separate documents comprising a package, and may include by reference other information as provided in Section 4 of this Disclosure Certificate; provided that the audited financial statements of the City may be submitted separately from the balance of the Annual Report, and later than the Annual Report Date, if not available by that date. If the City’s fiscal year changes, it shall give notice of such change in the same manner as for a Listed Event under Section 5(b). The City shall provide a written certification with each Annual Report furnished to the Dissemination Agent to the effect that such Annual Report constitutes the Annual Report required to be furnished by the City hereunder.

(b) If the City does not provide (or cause the Dissemination Agent to provide) an Annual Report by the Annual Report Date, the City shall provide (or cause the Dissemination Agent to provide) in a timely manner to the MSRB, in an electronic format as prescribed by the MSRB, a notice to that effect.

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

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

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

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

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

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

(i) Principal amount of all outstanding bonds of the District.

(ii) Balance in the improvement fund.

(iii) (a) Balance in 2021 Reserve Account of the Reserve Fund, and statement of the Reserve Requirement for the 2021 Bonds; and statement of projected draws on the 2021 Reserve Account of the Reserve Fund, if any; and (b) balance in any debt service reserve fund or account established in connection with any other issue of bonds of City of Roseville Villages at Sierra Vista Community Facilities District No. 1 (Public Facilities) and statement of the reserve requirement for such other bonds; and statement of projected draws on any other such debt service reserve fund or account, if any.

(iv) Balance in other funds and accounts held by the City or fiscal agent related to the Bonds.

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

(vi) The Special Tax levy.

(vii) Notwithstanding the September 30 reporting date, 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 September 30. Identity of each delinquent taxpayer responsible for 5 percent or more of total Special Tax 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.

(viii) Most recently available total assessed value of all parcels subject to the Special Tax.

(ix) List of landowners and assessor's parcel number of parcels subject to 20% 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).

(x) Debt service coverage.

(ix) The total Special Tax levy and Maximum Special Tax for Developed Property, Small Lot Tentative Map Property, Large Lot Property and Undeveloped Property (all as defined in the Rate and Method of Apportionment) together with the allocable debt of the CFD Bonds and most recently available assessed values for each category.

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

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

Section 5. Reporting of Significant Events.

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

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

- (15) Incurrence of a financial obligation of the City, if material, or agreement to covenants, events of default, remedies, priority rights, or other similar terms of a financial obligation of the City, any of which affect security holders, if material (for the definition of “financial obligation,” see clause (e)).
- (16) Default, event of acceleration, termination event, modification of terms, or other similar events under the terms of a financial obligation of the City, any of which reflect financial difficulties (for the definition of “financial obligation,” see clause (e)).

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

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

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

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

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

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

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

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

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

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

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

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

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

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

Section 10. Additional Information. Nothing in this Disclosure Certificate shall be deemed to prevent the City from disseminating any other information, using the means of dissemination set forth in this Disclosure Certificate or any other means of communication, or including any other information in any Annual Report or notice of occurrence of a Listed Event, in addition to that which is required by this Disclosure Certificate. If the City chooses to include any information in any Annual Report or notice of occurrence of a Listed Event in addition to that which is specifically required by this Disclosure Certificate, the City shall have no obligation under this Disclosure Certificate to update such information or include it in any future Annual Report or notice of occurrence of a Listed Event.

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

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

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

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

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

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

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

CITY OF ROSEVILLE, for and on behalf of
City of Roseville Villages at Sierra Vista
Community Facilities District No. 1 (Public
Facilities)

By: _____
Name:
Title:

WILLDAN FINANCIAL SERVICES, as
Dissemination Agent

By: _____
Name:
Title:

**FORM OF CONTINUING DISCLOSURE CERTIFICATE
(Developer)**

THIS CONTINUING DISCLOSURE AGREEMENT (the “Disclosure Certificate”) dated as of _____, 2021, is executed by John Mourier Construction, Inc., a California corporation (the “Developer”) in connection with the execution and delivery by the City of Roseville of its City of Roseville Villages at Sierra Vista Community Facilities District No. 1 (Public Facilities) Special Tax Bonds Series 2021 (the “Bonds”). The Bonds are being executed and delivered pursuant to a Fiscal Agent Agreement, dated as of July 1, 2019, as supplemented and amended by a Supplemental Agreement No. 1 to Fiscal Agent Agreement dated as of July 1, 2020 and a Supplemental Agreement No. 2 to Fiscal Agent Agreement dated as of August 1, 2021 (collectively, the “Fiscal Agent Agreement”), by and between the City and The Bank of New York Mellon Trust Company, N.A., as fiscal agent (the “Fiscal Agent”).

The Developer covenants and agrees as follows:

Section 1. Purpose of the Disclosure Certificate. This Disclosure Certificate is being executed and delivered by the Developer for the benefit of the holders and beneficial owners of the Bonds.

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

“Affiliate” of another Person means (a) a Person directly or indirectly owning, controlling, or holding with power to vote, 5% or more of the outstanding voting securities of such other Person, (b) any Person, 5% or more of whose outstanding voting securities are directly or indirectly owned, controlled, or held with power to vote, by such other Person, and (c) any Person directly or indirectly controlling, controlled by, or under common control with, such other Person. For purposes hereof, control means the power to exercise a controlling influence over the management or policies of a Person, unless such power is solely the result of an official position with such Person.

“Assumption Agreement” means an undertaking of a Major Owner, or an Affiliate thereof, for the benefit of the holders and beneficial owners of the Bonds containing terms substantially similar to this Disclosure Certificate (as modified for such Major Owner’s development and financing plans with respect to the District), whereby such Major Owner or Affiliate agrees to provide periodic reports and notices of significant events, setting forth the information described in sections 4 and 5 hereof, respectively, with respect to the portion of the property in the District owned by such Major Owner and its Affiliates and, at the option of the Developer or such Major Owner, agrees to indemnify the Dissemination Agent (if any) pursuant to a provision substantially in the form of Section 11 hereof.

“Dissemination Agent” means Willdan Financial Services, or any successor Dissemination Agent designated in writing by the Developer, and which has filed with the Developer, the City and the Fiscal Agent a written acceptance of such designation, and which is experienced in providing dissemination agent services such as those required under this Disclosure Certificate.

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

“Major Owner” means, as of any Report Date, an owner of land in the District that is responsible in the aggregate for 20% or more of the Special Taxes in the District anticipated to be levied at any time during the then-current fiscal year.

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

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

“Participating Underwriter” means Piper Sandler & Co., the original Underwriter of the Bonds.

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

“Person” means an individual, a corporation, a partnership, a limited liability company, an association, a joint stock company, a trust, any unincorporated organization or a government or political subdivision thereof.

“Property” means the property owned by the Developer in the District.

“Report Date” means April 1 and October 1 of any fiscal year.

“Rule” means 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.

“Special Taxes” means the special taxes of the District levied on taxable property within the District.

Section 3. Provision of Periodic Reports.

(a) The Developer shall, or, upon written direction of the Developer the Dissemination Agent shall, not later than the Report Date, commencing October 1, 2022, file or cause to be filed with the MSRB a Periodic Report which is consistent with the requirements of Section 4 of this Disclosure Certificate with a copy to the Fiscal Agent (if different from the Dissemination Agent), the Participating Underwriter and the City. Not later than 15 calendar days prior to the Report Date, the Developer shall provide the Periodic Report to the Dissemination Agent (if different from the Developer). The Developer shall provide a written certification with (or included as a part of) each Periodic Report furnished to the Dissemination Agent (if different from the Developer), the Fiscal Agent (if different from the Dissemination Agent), the Participating Underwriter and the City to the effect that such Periodic Report constitutes the Periodic Report required to be furnished by it under this Disclosure Certificate. The Dissemination Agent, the Fiscal Agent, the Participating Underwriter and the City may conclusively rely upon such certification of the Developer and shall have no duty or obligation to review the Periodic Report. The Periodic Report may be submitted as a single document or as separate documents comprising a package, and may incorporate by reference other information as provided in Section 4 of this Disclosure Certificate.

(b) If the Dissemination Agent does not receive a Periodic Report by 15 calendar days prior to the Report Date, the Dissemination Agent shall send a reminder notice to the Developer that the Periodic Report has not been provided as required under Section 3(a) above. The reminder notice shall instruct the Developer to determine whether its obligations under this Disclosure Certificate have terminated (pursuant to Section 6 below) and, if so, to provide the Dissemination Agent with a notice of such termination in the same manner as for a Listed Event (pursuant to Section 5 below). If the Developer does not provide, or cause the Dissemination Agent to provide, a Periodic Report to the MSRB by the Report Date as required in subsection (a) above, the Dissemination Agent shall send a notice to that effect to the MSRB in substantially the form prescribed by the MSRB, with a copy to the Fiscal Agent (if other than the Dissemination Agent), the City and the Participating Underwriter.

(c) With respect to the Periodic Report, the Dissemination Agent shall, to the extent the Periodic Report has been furnished to it, file the Periodic Report with the MSRB and file a report with the Developer (if the Dissemination Agent is other than the Developer), the City and the Participating Underwriter certifying that the Periodic Report has been provided pursuant to this Disclosure Certificate, stating the date it was provided to and filed with the MSRB.

Section 4. Content of Periodic Reports. The Developer's Periodic Report shall contain or incorporate by reference the information set forth in Exhibit B relating to the Developer, any or all of which may be included by specific reference to other documents, including official statements of debt issues of the Developer or related public entities, which have been submitted to the MSRB or the Securities and Exchange Commission. If the document included by reference is a final official statement, it must be available from the MSRB. The Developer shall clearly identify each such other document so included by reference.

In addition to any of the information expressly required to be provided in Exhibit B, the Developer's Periodic Report shall include such further information, if any, as may be necessary to make the specifically required statements, in the light of the circumstances under which they are made, not misleading.

Section 5. Reporting of Significant Events.

(a) The Developer shall give, or cause to be given, notice of the occurrence of any of the following Listed Events with respect to itself or the Property, if material:

(i) bankruptcy or insolvency proceedings commenced by or against the Developer and, if known, any bankruptcy or insolvency proceedings commenced by or against any Affiliate of the Developer that is reasonably likely to have a significant impact on the Developer's ability to pay Special Taxes or to sell or develop the Property;

(ii) failure to pay any taxes, special taxes (including the Special Taxes) or assessments due with respect to the Property on or prior to the delinquency date;

(iii) filing of a lawsuit of which the Developer is aware against the Developer or an Affiliate seeking damages, which is reasonably likely to have a significant impact on the Developer's ability to pay Special Taxes or to sell or develop the Property;

(iv) material damage to or destruction of any of the improvements on the Property; and

(v) any payment default or other material default by the Developer on any loan with respect to the construction of improvements on the Property.

(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 law.

(c) If the Developer determines that knowledge of the occurrence of a Listed Event would be material under applicable Federal securities law, the Developer shall, or shall cause the Dissemination Agent to, promptly file a notice of such occurrence with the MSRB, with a copy to the Fiscal Agent, the City and the Participating Underwriter.

Section 6. Duration of Reporting Obligation.

(a) All the Developer's obligations hereunder shall commence on the date hereof and terminate (except as provided in Section 11) on the earliest to occur of the following:

(i) upon the legal defeasance, prior redemption or payment in full of all the Bonds, or

(ii) at such time as property owned by the Developer is no longer responsible for payment of 20% or more of the Special Taxes, or

(iii) the date on which the Developer prepays in full all of the Special Taxes attributable to the Property, or

(iv) the date on which (A) the Developer has completed construction of all buildings to be constructed within property it owns in the District and (B) each such building constructed by the Developer and intended for lease by the Developer has been, since completion of construction, at least 80% occupied at one time or another, if applicable.

The Developer shall give notice of the termination of its obligations under this Disclosure Certificate in the same manner as for a Listed Event under Section 5.

(b) If a portion of the Property owned by the Developer, or any Affiliate of the Developer, is conveyed to a Person that, upon such conveyance, will be a Major Owner, the obligations of the Developer hereunder with respect to the property in the District owned by such Major Owner and its Affiliates may be assumed by such Major Owner or by an Affiliate thereof, and if so assumed the Developer's obligations hereunder with respect to such portion of the Property will be terminated. In order to effect such an assumption, such Major Owner or Affiliate shall enter into an Assumption Agreement in form and substance reasonably satisfactory to the City and the Participating Underwriter. If not so assumed, the Developer shall report the information, as applicable to the transferee, required herein so long as the transferee is a Major Owner.

Section 7. Dissemination Agent. The Developer may, from time to time, appoint or engage a Dissemination Agent to assist the Developer in carrying out its obligations under this Disclosure Certificate, and may discharge any such Dissemination Agent, with or without appointing a successor Dissemination Agent. The Dissemination Agent may resign by providing thirty days' written notice to the City, the Developer and the Participating Underwriter.

Section 8. Amendment; Waiver. Notwithstanding any other provision of this Disclosure Certificate, the Developer may amend this Disclosure Certificate, and any provision of this Disclosure Certificate may be waived, provided that the following conditions are satisfied (provided, however, that the Dissemination Agent shall not be obligated under any such amendment that modifies or increases its duties or obligations hereunder without its written consent thereto):

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

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

Section 9. Additional Information. Nothing in this Disclosure Certificate shall be deemed to prevent the Developer from disseminating any other information, using the means of dissemination set forth in this Disclosure Certificate or any other means of communication, or including any other information in any Periodic Report or notice of occurrence of a Listed Event, in addition to that which is required by this Disclosure Certificate. If the Developer chooses to include any information in any Periodic Report or notice of occurrence of a Listed Event in addition to that which is specifically required by this Disclosure Certificate, the Developer shall have no obligation under this Disclosure Certificate to update such information or include it in any future Periodic Report or notice of occurrence of a Listed Event.

Section 10. Default. In the event of a failure of the Developer to comply with any provision of this Disclosure Certificate, the Fiscal Agent shall (upon written direction and only to the extent indemnified to its satisfaction from any liability, cost or expense, including fees and expenses of its attorneys), and the Participating Underwriter and any holder or beneficial owner of the Bonds may, take such actions as may be necessary and appropriate, including seeking mandate or specific performance by court order, to cause the Developer to comply with its obligations under this Disclosure Certificate. A default under this Disclosure Certificate shall not be deemed an Event of Default under the Fiscal Agent Agreement, and the sole and exclusive remedy under this Disclosure Certificate in the event of any failure of the Developer to comply with this Disclosure Certificate shall be an action to compel performance.

Section 11. Duties, Immunities and Liabilities of Dissemination Agent. The Dissemination Agent shall have only such duties as are specifically set forth in this Disclosure Certificate, and the Developer agrees to indemnify and save the Dissemination Agent, its officers, directors, employees and agents (each, an "Indemnified Party"), harmless against any loss, expense and liabilities which it may incur arising out of or in the exercise or performance of its powers and duties hereunder, including the reasonable costs and expenses (including attorneys' fees) of defending against any claim of liability, but excluding loss, liabilities, costs and expenses due to an Indemnified Party's negligence or willful misconduct or failure to perform its duties hereunder. The Dissemination Agent shall be paid compensation for its services provided hereunder in accordance with its schedule of fees as amended from time to time, which schedule, as amended, shall be reasonably acceptable, and all reasonable expenses, reasonable 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 City, the Developer, the Fiscal Agent, the Bond owners, 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 12. Notices. Any notice or communications to be among any of the parties to this Disclosure Certificate may be given as follows:

To the Developer	John Mourier Construction, Inc. Attn: Controller 1430 Blue Oaks Boulevard Roseville, CA 95747
To the Dissemination Agent:	Willdan Financial Services 27368 Via Industria, Suite 200 Temecula, CA 92590
To the Issuer/City:	City of Roseville 311 Vernon Street Roseville, CA 95678 Attn: CFD Administrator
To the Fiscal Agent:	The Bank of New York Mellon Trust Company, N.A. 400 South Hope Street, Suite 400 Los Angeles, CA 90071 Attn: Corporate Trust
To the Participating Underwriter:	Piper Sandler & Co. Attn: Public Finance 2321 Rosecrans Avenue, Suite 3200, El Segundo, CA 90245

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 13. Beneficiaries. This Disclosure Certificate shall inure solely to the benefit of the City, the Developer (its successors and assigns), the Fiscal Agent, 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. All obligations of the Developer hereunder shall be assumed by any legal successor to the obligations of the Developer as a result of a sale, merger, consolidation or other reorganization.

Section 14. Counterparts. This Disclosure Certificate 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 Developer has executed this Disclosure Certificate as of the date first above written.

John Mourier Construction, Inc., a California corporation

By: _____
Name:
Title:

ACCEPTED by DISSEMINATION AGENT:

Willdan Financial Services,
as Dissemination Agent

By: _____
Name:
Title:

EXHIBIT B

PERIODIC REPORT

This Periodic Report is hereby submitted under Section 4 of the Continuing Disclosure Certificate (the "Disclosure Certificate") dated _____ 1, 2021, executed by the undersigned (the "Developer") in connection with the issuance of the above-captioned bonds by the City of Roseville (the "City") with respect to its City of Roseville Villages at Sierra Vista Community Facilities District No. 1 (Public Facilities) (the "District").

Capitalized terms used in this Periodic Report but not otherwise defined have the meanings given to them in the Disclosure Certificate.

I. Property Ownership and Development

The information in this section is provided as of _____ (this date must be not more than 60 days before the date of this Periodic Report).

A. Property currently owned by the Developer in the District (the "Property"):

Development name: _____

Number of lots (acreage): _____

B. Status of land development or construction activities:

C. Status of building permits and any significant amendments to land use or development entitlements:

D. Aggregate property sold, optioned or leased by the Developer to end users or merchant builders:

Since the Date of Issuance <u>of the Bonds</u>		Since the Last Periodic <u>Report</u>	
Acres*	_____	Acres*	_____
Lots	_____	Lots	_____
Bldg. Sq. Ft.	_____	Bldg. Sq. Ft.	_____

* For bulk land sales only (excluding sales of finished lots or completed buildings).

E. Status of any land purchase contracts with regard to the Property, whether acquisition of land in the District by the Developer or sales of land in the District to other property

owners, distinguishing between (i) end users (e.g., condominiums), (ii) developers and (iii) merchant builders.

F. With respect to occupied buildings owned and leased by Developer, (i) occupancy percentage and (ii) a rent roll consisting solely of (A) term of lease and (B) number of square feet subject to the lease, if applicable.

II. Legal and Financial Status of Developer

Unless such information has previously been included or incorporated by reference in a Periodic Report, describe any change in the legal structure of the Developer or the financial condition and financing plan of the Developer that would materially and adversely interfere with its ability to complete its development plan described in the Official Statement.

III. Change in Development or Financing Plans

Unless such information has previously been included or incorporated by reference in a Periodic Report, describe any development plans or financing plans relating to the Property *that are materially different from* the proposed development and financing plan described in the Official Statement.

IV. Official Statement Updates

Unless such information has previously been included or incorporated by reference in a Periodic Report, describe any other significant changes in the information relating to the Developer or the Property contained in the Official Statement under the heading " OWNERSHIP OF PROPERTY WITHIN THE DISTRICT" that would materially and adversely interfere with the Developer's ability to develop and sell the Property as described in the Official Statement.

V. Other Material Information

In addition to any of the information expressly required above, provide such further information, if any, as may be necessary to make the specifically required statements, in the light of the circumstances under which they are made, not misleading.

Certification

The undersigned Developer hereby certifies that this Periodic Report constitutes the Periodic Report required to be furnished by the Developer under the Disclosure Certificate.

ANY STATEMENTS REGARDING THE DEVELOPER, THE DEVELOPMENT OF THE PROPERTY, THE DEVELOPER'S FINANCING PLAN OR FINANCIAL CONDITION, OR THE BONDS, OTHER THAN STATEMENTS MADE BY THE DEVELOPER IN AN OFFICIAL RELEASE, OR FILED WITH THE MUNICIPAL SECURITIES RULEMAKING BOARD, ARE NOT AUTHORIZED BY THE DEVELOPER. THE DEVELOPER IS NOT RESPONSIBLE FOR THE ACCURACY, COMPLETENESS OR FAIRNESS OF ANY SUCH UNAUTHORIZED STATEMENTS.

THE DEVELOPER HAS NO OBLIGATION TO UPDATE THIS PERIODIC REPORT OTHER THAN AS EXPRESSLY PROVIDED IN THE DISCLOSURE CERTIFICATE.

Dated: _____

[John Mourier Construction, Inc.]

By: _____

APPENDIX F

SUMMARY OF CERTAIN PROVISIONS OF FISCAL AGENT AGREEMENT

APPENDIX G

DTC AND THE BOOK-ENTRY ONLY SYSTEM

The following description of the Depository Trust Company (“DTC”), the procedures and record keeping with respect to beneficial ownership interests in the 2021 Bonds, payment of principal, interest and other payments on the 2021 Bonds (herein, the “Securities”) to DTC Participants or Beneficial Owners, confirmation and transfer of beneficial ownership interest in the Securities and other related transactions by and between DTC, the DTC Participants and the Beneficial Owners is based solely on information provided by DTC. Accordingly, no representations can be made concerning these matters and neither the DTC Participants nor the Beneficial Owners should rely on the foregoing information with respect to such matters, but should instead confirm the same with DTC or the DTC Participants, as the case may be.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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