

In the opinion of Jones Hall, A Professional Law Corporation, San Francisco, California, Bond Counsel, subject, however, to certain qualifications described in this Official Statement, under existing law, the interest on the Bonds is excluded from gross income for federal income tax purposes and such interest is not an item of tax preference for purposes of the federal alternative minimum tax imposed on individuals and corporations, although for purposes of computing the alternative minimum tax imposed on certain corporations, such interest is taken into account in determining certain income and earnings. In the further opinion of Bond Counsel, interest on the Bonds is exempt from State of California personal income tax. See "LEGAL MATTERS — Tax Matters."

\$7,765,000
OAKDALE PUBLIC FINANCING AUTHORITY REFUNDING REVENUE BONDS
SERIES 2015

Dated: Date of Delivery

Due: September 1, as shown on inside cover

Authority for Issuance. The refunding revenue bonds captioned above (the "Bonds") are being issued by the Oakdale Public Financing Authority (the "Authority"), pursuant to Articles 1 through 4 (commencing with Section 6500) of Chapter 5 of Division 7 of Title 1 of the California Government Code, under an Indenture of Trust dated as of February 1, 2015 (the "Indenture"), by and between the Authority and U.S. Bank National Association, as trustee (the "Trustee"), and under a resolution adopted by the Board of Directors of the Authority on February 2, 2015. See "THE BONDS — Authority for Issuance."

Use of Proceeds. The Bonds are being issued to: (i) acquire a series of special tax refunding bonds (the "CFD 2003-2 Bonds") to be issued concurrently with the Bonds by the City of Oakdale (the "City") for its Community Facilities District No. 2003-2 (Bridle Ridge) ("CFD 2003-2"), (ii) acquire a series of special tax refunding bonds (the "CFD 2004-1 Bonds") to be issued concurrently with the Bonds by the City for its Community Facilities District No. 2004-1 (Bridle Ridge Phase 2) ("CFD 2004-1"), and (iii) acquire a series of special tax refunding bonds (the "CFD 2005-1 Bonds") to be issued concurrently with the issuance of the Bonds by the City for its Community Facilities District No. 2005-1 (Bridle Ridge Phase 3) ("CFD 2005-1"). See "FINANCING PLAN."

The CFD 2003-2 Bonds are being issued to (i) refund an outstanding series of special tax bonds previously issued by the City for CFD 2003-2, (ii) fund a debt service reserve fund for the CFD 2003-2 Bonds, and (iii) pay the costs of issuing the CFD 2003-2 Bonds and a portion of the costs of issuing the Bonds. See "FINANCING PLAN."

The CFD 2004-1 Bonds are being issued to (i) refund an outstanding series of special tax bonds previously issued by the City for CFD 2004-1, (ii) fund a debt service reserve fund for the CFD 2004-1 Bonds, and (iii) pay the costs of issuing the CFD 2004-1 Bonds and a portion of the costs of issuing the Bonds. See "FINANCING PLAN."

The CFD 2005-1 Bonds are being issued to (i) refund an outstanding series of special tax bonds previously issued by the City for CFD 2005-1, (ii) fund a debt service reserve fund for the CFD 2005-1 Bonds, and (iii) pay the costs of issuing the CFD 2005-1 Bonds and a portion of the costs of issuing the Bonds. See "FINANCING PLAN."

Security and Sources of Payment for the Bonds. The Bonds are payable solely from "Revenues" pledged by the Authority under the Indenture, which consist primarily of debt service on the CFD 2003-2 Bonds, the CFD 2004-1 Bonds and the CFD 2005-1 Bonds. See "SECURITY FOR THE BONDS."

Security for the Local Obligations. The CFD 2003-2 Bonds are payable from special taxes levied within CFD 2003-2 and paid to the Authority as debt service on the CFD 2003-2 Bonds. The CFD 2004-1 Bonds are payable from special taxes levied within CFD 2004-1 and paid to the Authority as debt service on the CFD 2004-1 Bonds and the CFD 2005-1 Bonds are payable from special taxes levied within CFD 2005-1 and paid to the Authority as debt service on the CFD 2005-1 Bonds. See "SECURITY FOR THE CFD BONDS."

Bond Terms. The Bonds will be issued in denominations of \$5,000 or any integral multiple of \$5,000. Interest is payable semiannually on each March 1 and September 1, commencing September 1, 2015. The Bonds will be initially issued only in book-entry form and registered to Cede & Co. as nominee of The Depository Trust Company, New York, New York ("DTC"), which will act as securities depository of the Bonds. Principal and interest (and premium, if any) on the Bonds is payable by the Trustee to DTC, which remits such payments to its Participants for subsequent distribution to the registered owners as shown on the Trustee's books. See "THE BONDS — Bond Terms" and "— Book-Entry Only System."

Redemption. The Bonds are subject to optional redemption, mandatory special redemption from the proceeds of early redemption of the CFD 2003-2 Bonds, the CFD 2004-1 Bonds or the CFD 2005-1 Bonds as a result of special tax prepayments and mandatory sinking fund redemption. See "THE BONDS — Redemption."

Risk Factors. The Bonds may not be appropriate investments for certain individuals. Investment in the Bonds involves a significant degree of risk and is speculative in nature. See "RISK FACTORS" for a discussion of the risk factors that should be considered in evaluating the investment quality of the Bonds.

THE BONDS ARE SPECIAL OBLIGATIONS OF THE AUTHORITY PAYABLE SOLELY FROM AND SECURED SOLELY BY THE REVENUES AND FUNDS PLEDGED THEREFOR IN THE INDENTURE. THE BONDS ARE NOT A DEBT OR LIABILITY OF THE CITY, THE STATE OF CALIFORNIA OR ANY POLITICAL SUBDIVISIONS THEREOF OTHER THAN THE AUTHORITY TO THE LIMITED EXTENT DESCRIBED HEREIN, AND NEITHER THE FAITH AND CREDIT OF THE AUTHORITY, THE CITY, THE STATE OR ANY OF ITS POLITICAL SUBDIVISIONS ARE PLEDGED TO THE PAYMENT OF PRINCIPAL OF, PREMIUM, IF ANY, OR INTEREST ON THE BONDS AND NEITHER THE AUTHORITY (EXCEPT TO THE LIMITED EXTENT DESCRIBED HEREIN), THE CITY, THE STATE NOR ANY OF ITS POLITICAL SUBDIVISIONS IS LIABLE THEREFOR, NOR IN ANY EVENT SHALL THE BONDS OR ANY INTEREST THEREON BE PAYABLE OUT OF ANY FUNDS OR PROPERTIES OTHER THAN THOSE OF THE AUTHORITY AS SET FORTH IN THE INDENTURE. NEITHER THE BONDS NOR THE OBLIGATION TO MAKE PAYMENTS ON THE CFD 2003-2 BONDS, THE CFD 2004-1 BONDS OR THE CFD 2005-1 BONDS CONSTITUTES AN INDEBTEDNESS OF THE AUTHORITY, THE CITY, THE STATE OR ANY OF ITS POLITICAL SUBDIVISIONS WITHIN THE MEANING OF ANY CONSTITUTIONAL OR STATUTORY DEBT LIMITATION OR RESTRICTION. THE AUTHORITY HAS NO TAXING POWER.

Maturity Schedule
(see inside cover)

The Bonds will be offered when, as and if issued and received by the Underwriter, subject to the approval as to their legality by Jones Hall, A Professional Law Corporation, San Francisco, California, as Bond Counsel. Certain legal matters will be passed upon for the Authority and the City by the City Attorney. Nossaman LLP, Irvine, California, is acting as Disclosure Counsel to the City. Hawkins, Delafield & Wood LLP, San Francisco, California is acting as counsel to the Underwriter. It is anticipated that the Bonds in definitive form will be available for delivery to DTC in New York, New York on or about February 26, 2015.



RBC Capital Markets®

MATURITY SCHEDULE

\$7,765,000

OAKDALE PUBLIC FINANCING AUTHORITY REFUNDING REVENUE BONDS SERIES 2015

(Base CUSIP:† 672018)

Maturity (September 1)	Principal Amount	Interest Rate	Yield	Price	CUSIP †
2015	\$ 270,000	2.000%	0.700%	100.665	AA6
2016	300,000	2.000	1.000	101.498	AB4
2017	300,000	3.000	1.400	103.938	AC2
2018	310,000	3.000	1.700	104.415	AD0
2019	320,000	3.000	2.000	104.295	AE8
2020	330,000	2.125	2.300	99.098	AF5
2021	340,000	2.375	2.550	98.955	AG3
2022	340,000	2.625	2.800	98.821	AH1
2023	350,000	3.000	3.030	99.776	AJ7
2024	365,000	3.000	3.230	98.128	AK4
2025	380,000	3.125	3.350	98.019	AL2
2026	385,000	3.250	3.480	97.832	AM0
2027	400,000	3.375	3.580	97.946	AN8
2028	410,000	3.500	3.680	98.096	AP3
2029	430,000	3.500	3.730	97.439	AQ1

\$2,535,000 5.000% Term Bonds Due September 1, 2035, Price:109.865%^c (CUSIP†: 672018AR9)

^c Priced to par call at 100% on September 1, 2025.

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GENERAL INFORMATION ABOUT THIS OFFICIAL STATEMENT

No Offering May Be Made Except by this Official Statement. No dealer, broker, salesperson or other person has been authorized by the Authority, the City or the Underwriter to give any information or to make any representations with respect to the Bonds or the CFD Bonds other than as contained in this Official Statement, and if given or made, such other information or representation must not be relied upon as having been authorized by the Authority, the City or the Underwriter.

No Unlawful Offers or Solicitations. This Official Statement does not constitute an offer to sell or the solicitation of an offer to buy in any state in which such offer or solicitation is not authorized or in which the person making such offer or solicitation is not qualified to do so or to any person to whom it is unlawful to make such offer or solicitation.

Effective Date. This Official Statement speaks only as of its date, and the information and expressions of opinion contained in this Official Statement are subject to change without notice. Neither the delivery of this Official Statement nor any sale of the Bonds will, under any circumstances, create any implication that there has been no change in the affairs of the Authority, the City, the CFDs, or any other parties described in this Official Statement, or in the condition of property within the CFDs since the date of this Official Statement.

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

Preparation of this Official Statement. The information contained in this Official Statement has been obtained from sources that are believed to be reliable, but this information is not guaranteed as to accuracy or completeness.

The Underwriter has provided the following sentence for inclusion in this Official Statement: The Underwriter has reviewed the information in this Official Statement in accordance with, and as part of, its responsibilities to investors under the federal securities laws as applied to the facts and circumstances of this transaction, but the Underwriter does not guarantee the accuracy or completeness of such information.

Document References and Summaries. All references to and summaries of the Indenture or other documents contained in this Official Statement are subject to the provisions of those documents and do not purport to be complete statements of those documents.

Stabilization of and Changes to Offering Prices. The Underwriter may overallocate or take other steps that stabilize or maintain the market price of the Bonds at a level above that which might otherwise prevail in the open market. If commenced, the Underwriter may discontinue such market stabilization at any time. The Underwriter may offer and sell the Bonds to certain dealers, dealer banks and banks acting as agent at prices lower than the public offering prices stated on the cover page of this Official Statement, and those public offering prices may be changed from time to time by the Underwriter.

Bonds are Exempt from Securities Laws Registration. The issuance and sale of the Bonds have not been registered under the Securities Act of 1933, as amended, or the Securities Exchange Act of 1934, as amended, in reliance upon exemptions for the issuance and sale of municipal securities provided under Section 3(a)(2) of the Securities Act of 1933 and Section 3(a)(12) of the Securities Exchange Act of 1934.

Estimates and Projections. Certain statements included or incorporated by reference in this Official Statement constitute "forward-looking statements" within the meaning of the United States Private Securities Litigation Reform Act of 1995, Section 21E of the United States Securities Exchange Act of 1934, as amended, and Section 27A of the United States Securities Act of 1933, as amended. Such statements are generally identifiable by the terminology used such as "plan," "expect," "estimate," "budget" or other similar words.

THE ACHIEVEMENT OF CERTAIN RESULTS OR OTHER EXPECTATIONS CONTAINED IN SUCH FORWARD-LOOKING STATEMENTS INVOLVE KNOWN AND UNKNOWN RISKS, UNCERTAINTIES AND OTHER FACTORS WHICH MAY CAUSE ACTUAL RESULTS, PERFORMANCE OR ACHIEVEMENTS DESCRIBED TO BE MATERIALLY DIFFERENT FROM ANY FUTURE RESULTS, PERFORMANCE OR ACHIEVEMENTS EXPRESSED OR IMPLIED BY SUCH FORWARD-LOOKING STATEMENTS. THE AUTHORITY AND THE CITY DO NOT PLAN TO ISSUE ANY UPDATES OR REVISIONS TO THOSE FORWARD-LOOKING STATEMENTS IF OR WHEN ANY EXPECTATIONS, OR EVENTS, CONDITIONS OR CIRCUMSTANCES ON WHICH SUCH STATEMENTS ARE BASED OCCUR.

Internet Site. The City maintains an Internet website, but the information that it contains is not incorporated in this Official Statement.

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**OAKDALE PUBLIC FINANCING AUTHORITY
STANISLAUS COUNTY, CALIFORNIA**

**BOARD OF DIRECTORS
OF THE AUTHORITY AND MEMBERS OF THE CITY COUNCIL**

Pat Paul, *Chair and Mayor*
Tom Dunlop, *Vice Chair and Mayor Pro Tem*
Cherilyn Bairos, *Director and Council Member*
J.R. McCarty, *Director and Council Member*
Donald Petersen, *Director and Council Member*

CITY OFFICERS

Bryan Whitemyer, *City Manager*
Albert Avila, *Finance Director*
Carolyn Wheeler, *City Treasurer*
Tom Hallinan, *City Attorney*
Kathy Teixeira, *City Clerk*

FINANCING SERVICES

BOND COUNSEL

Jones Hall, A Professional Law Corporation
San Francisco, California

DISCLOSURE COUNSEL

Nossaman LLP
Irvine, California

TRUSTEE

U.S. Bank National Association
San Francisco, California

CASH FLOW VERIFICATION

Grant Thornton, LLP
Minneapolis, Minnesota

SPECIAL TAX CONSULTANT

Special District Services, Inc.
Temecula, California

CO-MUNICIPAL ADVISORS

Del Rio Advisors, LLC
Modesto, California

A. M. Peché & Associates LLC
Alameda, California

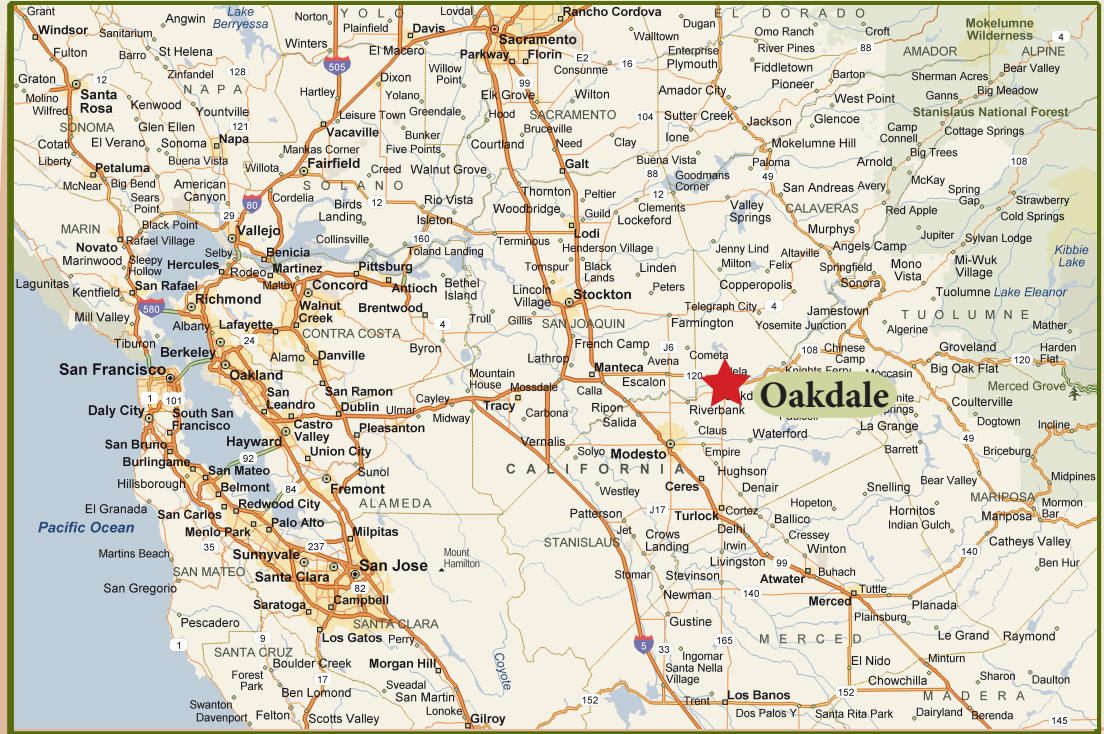
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OAKDALE • CALIFORNIA



\$7,765,000
OAKDALE PUBLIC FINANCING AUTHORITY REFUNDING REVENUE BONDS
SERIES 2015

INTRODUCTION

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

Capitalized terms used but not defined in this Official Statement have the meanings set forth in the Indenture (as defined below). See "APPENDIX B – Summary of Principal Legal Documents."

Authority for Issuance. The refunding revenue bonds captioned above (the "**Bonds**") are being issued by the Oakdale Public Financing Authority (the "**Authority**") under Article 4 (commencing with Section 6500) of Chapter 5 of Division 7 of Title 1 of the Government Code of the State of California (the "**Act**"), under an Indenture of Trust dated as of February 1, 2015 (the "**Indenture**"), by and between the Authority and U.S. Bank National Association, as trustee (the "**Trustee**"), and under a resolution adopted by the Board of Directors of the Authority on February 2, 2015 (the "**Authority Resolution**"). See "THE BONDS – Authority for Issuance."

Financing Purposes. The Bonds are being issued for the following purposes:

(i) to acquire a series of special tax refunding bonds (the "**CFD 2003-2 Bonds**") to be issued concurrently with the Bonds by the City of Oakdale (the "**City**") for its Community Facilities District No. 2003-2 (Bridle Ridge) ("**CFD 2003-2**"),

(ii) to acquire a series of special tax refunding bonds (the "**CFD 2004-1 Bonds**") to be issued concurrently with the Bonds by the City for its Community Facilities District No. 2004-1 (Bridle Ridge Phase 2) ("**CFD 2004-1**"), and

(iii) to acquire a series of special tax refunding bonds (the "**CFD 2005-1 Bonds**") to be issued concurrently with the Bonds by the City for its Community Facilities District No. 2005-1 (Bridle Ridge Phase 3) ("**CFD 2005-1**").

The CFD 2003-2 Bonds, the CFD 2004-1 Bonds and the CFD 2005-1 Bonds are referred to collectively in this Official Statement as the "**Local Obligations**."

See "FINANCING PLAN" for a further description of the uses of the proceeds of the Bonds and the Local Obligations.

Description of the Bonds. The Bonds will be issued in denominations of \$5,000 or any integral multiple of \$5,000. Interest is payable semiannually on each March 1 and September 1, commencing September 1, 2015. See "THE BONDS."

The Bonds will be initially issued only in book-entry form and registered to Cede & Co. as nominee of The Depository Trust Company, New York, New York ("**DTC**"), which will act as

securities depository of the Bonds. Principal and interest (and premium, if any) on the Bonds is payable by the Trustee to DTC, which remits such payments to its Participants for subsequent distribution to the registered owners as shown on the Trustee's books.

Redemption. The Bonds are subject to optional redemption, mandatory special redemption from the proceeds of early redemption of the CFD 2003-2 Bonds, the CFD 2004-1 Bonds or the CFD 2005-1 Bonds and mandatory sinking fund redemption. See "THE BONDS - Redemption."

Security and Sources of Payment for the Bonds. The Bonds are payable from revenues received under the Indenture ("**Revenues**"), which consist primarily of debt service on the Local Obligations, as further described below. See "SECURITY FOR THE BONDS."

The Local Obligations

The CFD 2003-2 Bonds. The "**CFD 2003-2 Bonds**" consist of the special tax bonds captioned "\$3,505,000 City of Oakdale Community Facilities District No. 2003-2 (Bridle Ridge) Special Tax Refunding Bonds, Series 2015," which are being issued by the City for and on behalf of CFD 2003-2.

Authority for Issuance. The CFD 2003-2 Bonds are being issued under the Mello-Roos Community Facilities Act of 1982, as amended, being Chapter 2.5, Part 1, Division 2, Title 5 of the Government Code of the State of California (the "**Mello-Roos Act**"), and a Fiscal Agent Agreement dated as of February 1, 2015 (the "**CFD 2003-2 Fiscal Agent Agreement**"), by and between the City and U.S. Bank National Association, as fiscal agent (the "**CFD Fiscal Agent**").

Purposes. The CFD 2003-2 Bonds are being issued to:

- (i) refund an outstanding series of special tax bonds captioned "City of Oakdale Community Facilities District No. 2003-2 (Bridle Ridge), Special Tax Bonds Series 2003," which were issued in October 2003 in the original principal amount of \$4,405,000 and are currently outstanding in the principal amount of \$3,485,000.(the "**Prior CFD 2003-2 Bonds**"),
- (ii) fund a debt service reserve fund for the CFD 2003-2 Bonds, and
- (iii) pay the costs of issuing the CFD 2003-2 Bonds and a portion of the costs of issuing the Bonds.

See "FINANCING PLAN."

Security and Sources of Payment. The CFD 2003-2 Bonds are payable from the proceeds of special taxes levied under the Mello-Roos Act on taxable property within CFD 2003-2 ("**CFD 2003-2 Special Taxes**"), less amounts set aside to pay administrative expenses. See "SECURITY FOR THE CFD BONDS."

The CFD 2004-1 Bonds. The "**CFD 2004-1 Bonds**" consist of the special tax bonds captioned "\$1,325,000 City of Oakdale Community Facilities District No. 2004-1 (Bridle Ridge Phase 2) Special Tax Refunding Bonds, Series 2015," which are being issued by the City for and on behalf of CFD 2004-1.

Authority for Issuance. The CFD 2004-1 Bonds are being issued under the Mello-Roos Act and a Fiscal Agent Agreement dated as of February 1, 2015 (the "**CFD 2004-1 Fiscal Agent Agreement**"), by and between the City and the CFD Fiscal Agent.

Purposes. The CFD 2004-1 Bonds are being issued to:

- (i) refund an outstanding series of special tax bonds captioned "City of Oakdale Community Facilities District No. 2004-1 (Bridle Ridge Phase 2) Special Tax Bonds Series 2004," which were issued in December 2004 in the original principal amount of \$1,565,000 and are currently outstanding in the principal amount of \$1,300,000 (the "**Prior CFD 2004-1 Bonds**"),
- (ii) fund a debt service reserve fund for the CFD 2004-1 Bonds, and
- (iii) pay the costs of issuing the CFD 2004-1 Bonds and a portion of the costs of issuing the Bonds.

See "FINANCING PLAN."

Security and Sources of Payment. The CFD 2004-1 Bonds are payable from the proceeds of special taxes levied under the Mello-Roos Act on taxable property within CFD 2004-1 ("**CFD 2004-1 Special Taxes**"), less amounts set aside to pay administrative expenses. See "SECURITY FOR THE CFD BONDS."

The CFD 2005-1 Bonds. The "**CFD 2005-1 Bonds**" consist of the special tax bonds captioned "\$2,935,000 City of Oakdale Community Facilities District No. 2005-1 (Bridle Ridge Phase 3) Special Tax Refunding Bonds, Series 2015," which are being issued by the City for and on behalf of CFD 2005-1.

Authority for Issuance. The CFD 2005-1 Bonds are being issued under the Mello-Roos Act and a Fiscal Agent Agreement dated as of February 1, 2015 (the "**CFD 2005-1 Fiscal Agent Agreement**"), by and between the City and the CFD Fiscal Agent.

Purposes. The CFD 2005-1 Bonds are being issued to:

- (i) refund an outstanding series of special tax bonds captioned "City of Oakdale Community Facilities District No. 2005-1 (Bridle Ridge

Phase 2) Special Tax Bonds Series 2006,” which were issued in January 2006 in the original principal amount of \$3,390,000 and are currently outstanding in the principal amount of \$2,855,000. (the “**Prior CFD 2005-1 Bonds**”),

(ii) fund a debt service reserve fund for the CFD 2005-1 Bonds, and

(iii) pay the costs of issuing the CFD 2005-1 Bonds and a portion of the costs of issuing the Bonds.

See “FINANCING PLAN.”

Security and Sources of Payment. The CFD 2005-1 Bonds are payable from the proceeds of special taxes levied under the Mello-Roos Act on taxable property within CFD 2005-1 (“**CFD 2005-1 Special Taxes**”), less amounts set aside to pay administrative expenses. See “SECURITY FOR THE CFD BONDS.”

No Cross-Collateralization Among CFDs. None of the Local Obligations secures the payment of debt service on any other Acquired Obligation, or is available to make up any shortfall in funds to pay debt service on any other Local Obligations: the CFD 2003-2 Special Taxes are available only to pay debt service on the CFD 2003-2 Bonds, the CFD 2004-1 Special Taxes are available only to pay debt service on the CFD 2004-1 Bonds, and the CFD 2005-1 Special Taxes are available only to pay debt service on the CFD 2005-1 Bonds. See “SECURITY FOR THE CFD BONDS,” and “THE COMMUNITY FACILITIES DISTRICTS.”

Debt Service Reserves

No Reserve for the Bonds. The Authority has not established a debt service reserve fund for the Bonds, but the City will establish separate debt service reserve funds for the CFD 2003-2 Bonds, the CFD 2004-1 Bonds and the CFD 2005-1 Bonds, each of which is described below.

CFD 2003-2 Bonds Reserve Account. As further security for the CFD 2003-2 Bonds, the City will deposit a portion of the proceeds of the CFD 2003-2 Bonds with the CFD Fiscal Agent, to be held in a debt service reserve account established under the CFD 2003-2 Fiscal Agent Agreement, and used if there are insufficient special tax revenues available to pay debt service on the CFD 2003-2 Bonds when due. See “SECURITY FOR THE CFD BONDS – Reserve Account.”

CFD 2004-1 Bonds Reserve Account. As further security for the CFD 2004-1 Bonds, the City will deposit a portion of the proceeds of the CFD 2004-1 Bonds with the CFD Fiscal Agent, to be held in a debt service reserve account established under the CFD 2004-1 Fiscal Agent Agreement, and used if there are insufficient special tax revenues available to pay debt service on the CFD 2004-1 Bonds when due. See “SECURITY FOR THE CFD BONDS – Reserve Account.”

CFD 2005-1 Bonds Reserve Account. As further security for the CFD 2005-1 Bonds, the City will deposit a portion of the proceeds of the CFD 2005-1 Bonds with the CFD Fiscal Agent, to be held in a debt service reserve account established under the CFD Fiscal Agent Agreement, and used if there are insufficient special tax revenues available to pay debt service

on the CFD 2005-1 Bonds when due. See “SECURITY FOR THE CFD BONDS – Reserve Account.”

Limited Obligations; Risk Factors. THE BONDS ARE SPECIAL OBLIGATIONS OF THE AUTHORITY PAYABLE SOLELY FROM AND SECURED SOLELY BY THE REVENUES AND FUNDS PLEDGED THEREFOR IN THE INDENTURE. THE BONDS ARE NOT A DEBT OR LIABILITY OF THE CITY, THE STATE OF CALIFORNIA OR ANY POLITICAL SUBDIVISIONS THEREOF OTHER THAN THE AUTHORITY TO THE LIMITED EXTENT DESCRIBED HEREIN, AND NEITHER THE FAITH AND CREDIT OF THE AUTHORITY, THE CITY, THE STATE OR ANY OF ITS POLITICAL SUBDIVISIONS ARE PLEDGED TO THE PAYMENT OF PRINCIPAL OF, PREMIUM, IF ANY, OR INTEREST ON THE BONDS, AND NEITHER THE AUTHORITY (EXCEPT TO THE LIMITED EXTENT DESCRIBED HEREIN), THE CITY, THE STATE NOR ANY OF ITS POLITICAL SUBDIVISIONS IS LIABLE THEREFOR, NOR IN ANY EVENT WILL THE BONDS OR ANY INTEREST THEREON BE PAYABLE OUT OF ANY FUNDS OR PROPERTIES OTHER THAN THOSE OF THE AUTHORITY AS SET FORTH IN THE INDENTURE. NEITHER THE BONDS NOR THE OBLIGATION TO MAKE PAYMENTS ON THE CFD 2003-2 BONDS, THE CFD 2004-1 BONDS OR THE CFD 2005-1 BONDS CONSTITUTES AN INDEBTEDNESS OF THE AUTHORITY, THE CITY, THE STATE OR ANY OF ITS POLITICAL SUBDIVISIONS WITHIN THE MEANING OF ANY CONSTITUTIONAL OR STATUTORY DEBT LIMITATION OR RESTRICTION. THE AUTHORITY HAS NO TAXING POWER.

For a discussion of some of the risks associated with the purchase of the Bonds, see “RISK FACTORS.”

FINANCING PLAN

Purpose of Issue

The Bonds are being issued for the following purposes:

- (i) to acquire the CFD 2003-2 Bonds, which will be issued by the City concurrently with the issuance of the Bonds,
- (ii) to acquire the CFD 2004-1 Bonds, which will be issued by the City concurrently with the issuance of the Bonds, and
- (iii) to acquire the CFD 2005-1 Bonds, which will be issued by the City concurrently with the issuance of the Bonds.

Refunding Plan for Prior CFD Bonds

A portion of the proceeds of the CFD 2003-2 Bonds will be used to refund and legally defease, on a current basis, the Prior CFD 2003-2 Bonds, on March 1, 2015, at a redemption price equal to 101% of the principal amount thereof, together with accrued interest to the redemption date, without premium.

A portion of the proceeds of the CFD 2004-1 Bonds will be used to refund and legally defease, on a current basis, the Prior CFD 2004-1 Bonds, on March 1, 2015, at a redemption price equal to 102% of the principal amount thereof, together with accrued interest to the redemption date.

A portion of the proceeds of the CFD 2005-1 Bonds will be used to refund and legally defease, on a current basis, the Prior CFD 2005-1 Bonds, on March 1, 2015, at a redemption price equal to 103% of the principal amount thereof, together with accrued interest to the redemption date.

A portion of the proceeds of each of the CFD 2003-2 Bonds, CFD 2004-1 Bonds and CFD 2005-1 Bonds will be transferred to U.S. Bank National Association, as fiscal agent for the Prior CFD Bonds (the "**Prior Fiscal Agent**") under three separate Refunding Instructions from the City to the Prior Fiscal Agent.

The amounts deposited from the proceeds of each of the CFD 2003-2 Bonds, CFD 2004-1 Bonds and CFD 2005-1 Bonds will be held by the Prior Fiscal Agent in cash, together with any remaining amounts held in cash by the Prior Fiscal Agent, will be sufficient to pay and redeem the Prior CFD Bonds in full on their redemption date, and to defease the outstanding Prior CFD Bonds as of the date of issuance of the CFD 2003-2 Bonds, CFD 2004-1 Bonds and CFD 2005-1 Bonds. See "VERIFICATION OF MATHEMATICAL COMPUTATIONS."

The moneys held by the Prior Fiscal Agent are pledged to the payment of the Prior CFD Bonds and will not be available for the payment of the Bonds, the CFD 2003-2 Bonds, the CFD 2004-1 Bonds or the CFD 2005-1 Bonds.

Estimated Sources and Uses of Funds

The Bonds. The anticipated sources and uses of funds relating to the Bonds are as follows:

Sources:

Principal Amount of the Bonds	\$7,765,000.00
Plus: Net Original Issue Premium	234,547.45
Total Sources	\$7,999,547.45

Uses:

Deposit to Purchase Fund [1]	\$7,894,719.95
Underwriter's Discount	104,827.50
Total Uses	\$7,999,547.45

[1] To be used to acquire the CFD 2003-2 Bonds, the CFD 2004-1 Bonds and the CFD 2005-1 Bonds. Amount is net of the share of the Underwriter's discount allocable to the CFD 2003-2 Bonds, the CFD 2004-1 Bonds and the CFD 2005-1 Bonds.

CFD Bonds. The anticipated sources and uses of funds relating to the CFD Bonds are as follows:

	<u>CFD 2003-2</u>	<u>CFD 2004-1</u>	<u>CFD 2005-1</u>	<u>Total</u>
<u>Sources:</u>				
Principal Amount of the Bonds	\$ 3,505,000.00	\$ 1,325,000.00	\$ 2,935,000.00	\$ 7,765,000.00
Plus: Net Original Issue Premium	48,098.60	20,592.40	61,028.95	129,719.95
Prior Bonds Reserve Fund	312,710.51	116,308.33	228,277.02	657,295.86
Special Tax Revenue on Hand	102,165.63	38,492.50	72,381.88	213,040.01
Total Sources	\$ 3,976,974.74	\$ 1,500,393.23	\$ 3,296,687.85	\$ 8,765,055.82
<u>Uses:</u>				
Deposit to Refunding Fund [1]	\$ 3,622,015.63	\$ 1,364,492.50	\$ 3,013,031.88	\$ 7,999,540.01
Cost of Issuance [2]	86,847.52	37,948.42	66,682.35	191,478.29
Debt Service Reserve Fund [3]	259,111.59	97,952.31	216,973.62	574,037.52
Total Uses	\$ 3,976,974.74	\$ 1,500,393.23	\$ 3,296,687.85	\$ 8,765,055.82

[1] To be used to refund the Prior CFD Bonds. See "–Refunding Plan for Prior CFD Bonds" above.

[2] To be transferred to the Trustee for the payment of Costs of Issuance, which include Trustee and Fiscal Agent fees, Bond Counsel fees, Disclosure Counsel fees, fees for Co-Municipal Advisors, printing costs, and other related costs of issuing the Bonds and the CFD Bonds. Each of the CFD Bonds are proportionately funding a portion of the costs of issuance of the Bonds.

[3] Equal to the Reserve Requirement for each of the CFD Bonds as of the Closing Date. See "SECURITY FOR THE CFD BONDS – Reserve Account."

THE BONDS

This section provides summaries of the Bonds and certain provisions of the Indenture. See “APPENDIX B – Summary of Principal Legal Documents” for a more complete summary of the Indenture. Capitalized terms used but not defined in this section have the meanings given in APPENDIX B.

Authority for Issuance

The Bonds are being issued under the Act, the Authority Resolution, which was adopted by the board of directors of the Authority on February 2, 2015, and the Indenture. Under the Authority Resolution, the Bonds may be issued in a principal amount not to exceed \$8,500,000.

Bond Terms

General. The Bonds will be dated their date of delivery, and will be issued in the aggregate principal amounts set forth on the inside cover page hereof. The Bonds will bear interest from their dated date at the rates per annum set forth on the inside cover page hereof, payable semiannually on each March 1 and September 1, commencing September 1, 2015 (each, an “**Interest Payment Date**”), and will mature in the amounts and on the dates set forth on the inside cover page hereof.

The Bonds will be issued in fully registered form in denominations of \$5,000 each or any integral multiple thereof.

Payment of Interest and Principal. Interest on the Bonds will be payable on each Interest Payment Date to the person whose name appears on the Bond Register as the Owner of such Bond as of the Record Date immediately preceding each such Interest Payment Date, such interest to be paid by check of the Trustee mailed on such Interest Payment Date by first class mail, postage prepaid, to the Owner at the address of such Owner as it appears on the Bond Register or by wire transfer to an account in the United States of America made on such Interest Payment Date upon instructions of any Owner of \$1,000,000 or more in aggregate principal amount of Bonds of a Series provided to the Trustee in writing at least 5 Business Days before the Record Date for such Interest Payment Date.

Principal of and premium (if any) on any Bond will be paid upon presentation and surrender of such Bond, at maturity or the prior redemption of such Bond, at the Trust Office of the Trustee.

Calculation of Interest. Each Bond will bear interest from the Interest Payment Date next preceding the date of authentication thereof, unless (a) it is authenticated after a Record Date and on or before the following Interest Payment Date, in which event it will bear interest from such Interest Payment Date; or (b) it is authenticated on or before August 15, 2015, in which event it will bear interest from the Closing Date; provided, however, that if, as of the date of authentication of any Bond, interest on such Bond is in default, such Bond will bear interest from the Interest Payment Date to which interest has previously been paid or made available for payment on such Bond, or from the Closing Date if no interest has been paid or made available for payment.

Redemption

Optional Redemption. The Bonds may be redeemed at the option of the Authority, from any source of available funds, prior to maturity on any date on or after September 1, 2025 as a whole, or in part from maturities corresponding proportionately to the maturities of the Local Obligations simultaneously redeemed, if any redemption of Local Obligations is being accomplished in conjunction with such optional redemption, and otherwise from such maturities as are selected by the Authority, and by lot within a maturity, at a redemption price equal to principal amount of the Bonds to be redeemed, plus accrued interest thereon to the date of redemption, without premium.

Mandatory Special Redemption. The Bonds are subject to special mandatory redemption on any Interest Payment Date from proceeds of early redemption of Local Obligations from prepayment of Special Taxes, in whole or in part, from maturities corresponding proportionately to the maturities of the Local Obligations simultaneously redeemed, at the principal amount thereof plus a premium expressed below as a percentage of the principal amount so redeemed, plus accrued interest to the date of redemption thereof.

<u>Redemption Date</u>	<u>Redemption Premium</u>
September 1, 2015 through March 1, 2021	102%
September 1, 2021 through March 1, 2025	101
September 1, 2025 and Interest Payment Dates thereafter	100

Mandatory Sinking Fund Redemption. The Bonds maturing September 1, 2035 are subject to mandatory sinking payment redemption in part on September 1, 2030, and on each September 1 thereafter to maturity, by lot, at a redemption price equal to 100% of their principal amount to be redeemed, without premium, in the aggregate respective principal amounts as set forth in the following table:

<u>Mandatory Redemption Date (September 1)</u>	<u>Sinking Fund Payment</u>
2030	\$440,000
2031	460,000
2032	485,000
2033	515,000
2034	435,000
2035 (maturity)	200,000

For "APPENDIX B – Summary of Principal Legal Documents" description of the redemption provisions of the Local Obligations, see

Notice of Redemption. The Trustee on behalf, and at the expense, of the Authority will mail (by first class mail, postage prepaid) notice of any redemption to the respective Owners of any Bonds designated for redemption at their respective addresses appearing on the Bond Register, and to the Securities Depositories and to the Municipal Securities Rulemaking Board, at least 30 but not more than 60 days prior to the date fixed for redemption.

Neither failure to receive any such notice so mailed nor any defect in such notice will affect the validity of the proceedings for the redemption of such Bonds or the cessation of the accrual of interest on such Bonds. Such notice will state the date of the notice, the redemption date, the redemption place and the redemption price and will designate the CUSIP numbers, the Bond numbers and the maturity or maturities (in the event of redemption of all of the Bonds of such maturity or maturities in whole) of the Bonds to be redeemed, and will require that such Bonds be then surrendered at the Trust Office of the Trustee for redemption at the redemption price, giving notice also that further interest on such Bonds will not accrue after the redemption date.

In addition to the foregoing notice, further notice will be given by the Trustee in said form by first class mail to any Bondowner whose Bond has been called for redemption but who has failed to submit his Bond for payment by the date which is 60 days after the redemption date, but no defect in said further notice nor any failure to give or receive all or any portion of such further notice will in any manner defeat the effectiveness of a call for redemption.

Rescission of Redemption Notice. Any redemption notice may specify that redemption on the specified date will be subject to receipt by the Authority of moneys sufficient to cause such redemption (and will specify the proposed source of such moneys), and neither the Authority nor the Trustee will have any liability to the Owners or any other party as a result of its failure to redeem the Bonds as a result of insufficient moneys.

The Authority has the right to rescind any redemption by written notice to the Trustee on or prior to the date fixed for redemption. Any notice of redemption will be cancelled and annulled if for any reason funds are not available on the date fixed for redemption for the payment in full of the Bonds then called for redemption, and such cancellation will not constitute an Event of Default under the Indenture. The Trustee will mail notice of rescission of redemption in the same manner notice of redemption was originally provided.

Selection of Bonds of a Maturity for Redemption. Unless otherwise provided under the Indenture, whenever provision is made in the Indenture or in the applicable Supplemental Indenture for the redemption of fewer than all of the Bonds of a maturity, the Trustee will select the Bonds to be redeemed from all Bonds of such maturity not previously called for redemption, by lot in any manner which the Trustee in its sole discretion will deem appropriate and fair. For purposes of such selection, all Bonds will be deemed to be comprised of separate \$5,000 authorized denominations, and such separate authorized denominations will be treated as separate Bonds which may be separately redeemed.

Partial Redemption of Bonds. If only a portion of any Bond is called for redemption, then upon surrender of such Bond the Authority will execute and the Trustee will authenticate and deliver to the Owner thereof, at the expense of the Authority, a new Bond or Bonds of the same maturity date, of authorized denominations in aggregate principal amount equal to the unredeemed portion of the Bond to be redeemed.

Effect of Redemption. From and after the date fixed for redemption, if funds available for the payment of the principal of and interest (and premium, if any) on the Bonds so called for redemption will have been duly provided, such Bonds so called will cease to be entitled to any benefit under the Indenture other than the right to receive payment of the redemption price, and no interest will accrue on such Bonds from and after the redemption date specified in such notice.

Book-Entry Only System

General. The Bonds will be 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 actual purchasers of the Bonds (the “**Beneficial Owners**”) in the denominations set forth above, under the book-entry system maintained by DTC, only through brokers and dealers who are or act through DTC Participants (as defined in this Official Statement) as described in this Official Statement. Beneficial Owners will not be entitled to receive physical delivery of the Bonds. See “APPENDIX G — DTC and the Book-Entry-Only System.”

If the book-entry-only system is no longer used with respect to the Bonds, the Bonds will be registered and transferred in accordance with the Indenture. See “—Registration, Transfer and Exchange of Bonds” below.

Payments Made to DTC. While the Bonds are subject to the book-entry system, the principal and interest with respect to a Bond will be paid by the Trustee to DTC, which in turn is obligated to remit such payment to its DTC Participants for subsequent disbursement to Beneficial Owners of the Bonds, as described in “APPENDIX G — DTC and the Book-Entry-Only System.”

Registration, Transfer and Exchange of Bonds

Bond Register. The Trustee will keep or cause to be kept at its Trust Office sufficient records for the registration and transfer of the Bonds, which will be the Bond Register and will at all times during regular business hours be open to inspection by the Authority upon reasonable notice; and, upon presentation for such purpose, the Trustee will, under such reasonable regulations as it may prescribe, register or transfer or cause to be registered or transferred, on said records, Bonds as provided under the Indenture.

Transfer of Bonds. Subject to the book-entry only provisions of the Indenture, any Bond may in accordance with its terms, be transferred, upon the Bond Register, by the person in whose name it is registered, in person or by his duly authorized attorney, upon surrender of such Bond for cancellation, accompanied by delivery of a written instrument of transfer in a form approved by the Trustee, duly executed.

Whenever any Bond is surrendered for transfer, the Authority will execute and the Trustee will thereupon authenticate and deliver to the transferee a new Bond or Bonds of like Series, tenor, maturity and aggregate principal amount. No Bonds selected for redemption will be subject to transfer, nor will any Bond be subject to transfer during the 15 days prior to the selection of Bonds for redemption.

The cost of printing any Bonds and any services rendered or any expenses incurred by the Trustee in connection with any transfer or exchange will be paid by the Authority. However, the Owners of the Bonds will be required to pay any tax or other governmental charge required to be paid for any exchange or registration of transfer and the Owners of the Bonds will be required to pay the reasonable fees and expenses of the Trustee and Authority in connection with the replacement of any mutilated, lost or stolen Bonds.

Exchange of Bonds. Bonds may be exchanged at the Trust Office of the Trustee for Bonds of the same Series, tenor and maturity and of other authorized denominations. No

Bonds selected for redemption will be subject to exchange, nor will any Bond be subject to exchange during the 15 days prior to the selection of Bonds for redemption. The Owners of the Bonds will be required to pay any tax or other governmental charge required to be paid for any exchange and the Owners of the Bonds will be required to pay the reasonable fees and expenses of the Trustee and Authority in connection with the exchange of any Bonds.

Debt Service Schedules

The Bonds. The table below presents the debt service schedule for the Bonds, assuming no optional or special redemptions are made.

Annual Debt Service Schedule for the Bonds

Year Ending September 1	Principal	Interest	Total
2015	\$270,000	\$143,272.22	\$413,272.22
2016	300,000	273,400.02	573,400.02
2017	300,000	267,400.02	567,400.02
2018	310,000	258,400.02	568,400.02
2019	320,000	249,100.02	569,100.02
2020	330,000	239,500.02	569,500.02
2021	340,000	232,487.52	572,487.52
2022	340,000	224,412.52	564,412.52
2023	350,000	215,487.52	565,487.52
2024	365,000	204,987.52	569,987.52
2025	380,000	194,037.52	574,037.52
2026	385,000	182,162.52	567,162.52
2027	400,000	169,650.02	569,650.02
2028	410,000	156,150.00	566,150.00
2029	430,000	141,800.00	571,800.00
2030	440,000	126,750.00	566,750.00
2031	460,000	104,750.00	564,750.00
2032	485,000	81,750.00	566,750.00
2033	515,000	57,500.00	572,500.00
2034	435,000	31,750.00	466,750.00
2035	200,000	10,000.00	210,000.00
Total:	\$7,765,000	\$3,564,747.46	\$11,329,747.46

Source: Underwriter.

The Local Obligations. The following table summarizes the anticipated debt service payments to be received by the Authority as the result of its ownership of the CFD 2003-2 Bonds, the CFD 2004-1 Bonds and the CFD 2005-1 Bonds.

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Annual Debt Service Schedules for the Local Obligations

Year Ending September 1	CFD 2003-2 Bonds	CFD 2004-1 Bonds	CFD 2005-1 Bonds
2015	\$ 198,438	\$ 68,364	\$ 149,078
2016	281,695	108,210	220,759
2017	281,048	106,005	221,637
2018	285,156	103,800	217,286
2019	283,773	106,595	222,935
2020	282,145	109,145	218,126
2021	285,271	106,450	218,317
2022	282,906	108,755	218,279
2023	280,295	105,815	218,012
2024	282,439	107,875	222,516
2025	284,092	104,690	221,562
2026	280,254	101,505	220,379
2027	281,171	103,320	223,967
2028	286,596	104,890	222,097
2029	281,285	106,215	224,998
2030	280,729	107,295	222,441
2031	279,681	103,130	219,655
2032	278,143	103,965	221,640
2033	281,113	104,555	223,167
2034	178,347	104,900	224,236
2035	0	0	224,847

Source: Underwriter.

The following table summarizes the debt service coverage on the Bonds provided by the annual debt service for the Local Obligations.

Annual Debt Service Coverage for the Bonds from Local Obligations

Year Ending September 1	Revenue Bonds Debt Service	Local Obligations Debt Service	Debt Service Coverage
2015	\$ 413,272	\$ 415,881	1.01
2016	573,400	610,664	1.06
2017	567,400	608,690	1.07
2018	568,400	606,242	1.07
2019	569,100	613,303	1.08
2020	569,500	609,416	1.07
2021	572,488	610,038	1.07
2022	564,413	609,940	1.08
2023	565,488	604,122	1.07
2024	569,988	612,830	1.08
2025	574,038	610,344	1.06
2026	567,163	602,138	1.06
2027	569,650	608,458	1.07
2028	566,150	613,583	1.08
2029	571,800	612,498	1.07
2030	566,750	610,465	1.08
2031	564,750	602,466	1.07
2032	566,750	603,748	1.07
2033	572,500	608,835	1.06
2034	466,750	507,483	1.09
2035	210,000	224,847	1.07

Source: Underwriter.

Debt Service Coverage on the CFD 2003-2 Bonds, the CFD 2004-1 Bonds and the CFD 2005-1 Bonds

CFD 2003-2 Bonds. For fiscal year 2014-15, the annual levy of Special Taxes levied on Taxable Property within CFD 2003-2 are estimated to generate revenues (net of Administrative Expenses) equal to approximately \$214,287, assuming 0% Special Tax delinquency, which is 1.08 times the estimated debt service on the CFD 2003-2 Bonds and the maximum Special Taxes levied on Taxable Property within CFD 2003-2 are estimated to generate revenues (net of Administrative Expenses) equal to approximately \$240,504, assuming 0% Special Tax delinquency, which is 1.21 times the estimated debt service on the CFD 2003-2 Bonds.

The following table summarizes the debt service coverage on the CFD 2003-2 Bonds provided by the annual levy of Special Taxes and maximum Special Taxes.

Debt Service Coverage on CFD 2003-2 Bonds

Year Ending September 1	Special Tax ⁽¹⁾	Maximum Tax ⁽²⁾	CFD 2003-2 Bonds Debt Service ⁽³⁾	Debt Service Coverage (Special Tax)	Debt Service Coverage (Maximum Special Tax)
2015 ⁽⁴⁾	\$ 214,287	\$ 240,504	\$ 198,438	1.08	1.21
2016	293,695	342,670	281,695	1.04	1.22
2017	293,048	342,670	281,048	1.04	1.22
2018	297,156	342,670	285,156	1.04	1.20
2019	295,773	342,670	283,773	1.04	1.21
2020	294,145	342,670	282,145	1.04	1.21
2021	297,271	342,670	285,271	1.04	1.20
2022	294,906	342,670	282,906	1.04	1.21
2023	292,295	342,670	280,295	1.04	1.22
2024	294,439	342,670	282,439	1.04	1.21
2025	296,092	342,670	284,092	1.04	1.21
2026	292,254	342,670	280,254	1.04	1.22
2027	293,171	342,670	281,171	1.04	1.22
2028	298,596	342,670	286,596	1.04	1.20
2029	293,285	342,670	281,285	1.04	1.22
2030	292,729	342,670	280,729	1.04	1.22
2031	291,681	342,670	279,681	1.04	1.23
2032	290,143	342,670	278,143	1.04	1.23
2033	293,113	342,670	281,113	1.04	1.22
2034	190,347	342,670	178,347	1.07	1.92

(1) Special Tax determined by Special Tax Consultant on an annual basis per Rate and Method Agreement to equal annual debt service due plus administrative charges and allowance for any delinquencies. For purposes of calculating debt service coverage, administrative charges are estimated total \$12,000, and no future delinquencies are assumed.

(2) Source: Special District Services, Inc.

(3) Source: Underwriter.

(4) FY 2014-15 Special Tax and FY 2014-15 Maximum Special Tax are net of funds on hands used for deposit to Escrow Fund

CFD 2004-1 Bonds. For fiscal year 2014-15, the annual levy of Special Taxes levied on Taxable Property within CFD 2004-1 are estimated to generate revenues (net of Administrative Expenses) equal to approximately \$85,428, assuming 0% Special Tax delinquency, which is 1.25 times the estimated debt service on the CFD 2004-1 Bonds and the maximum Special Taxes levied on Taxable Property within CFD 2004-1 are estimated to generate revenues (net of Administrative Expenses) equal to approximately \$87,761, assuming 0% Special Tax delinquencies, which is 1.28 times the estimated debt service on the CFD 2004-1 Bonds.

The following table summarizes the debt service coverage on the CFD 2004-1 Bonds provided by the annual levy of Special Taxes and maximum Special Taxes.

Debt Service Coverage on CFD 2004-1 Bonds

Year Ending September 1	Special Tax ⁽¹⁾	Maximum Tax ⁽²⁾	CFD 2004-1 Bonds Debt Service ⁽³⁾	Debt Service Coverage (Special Tax)	Debt Service Coverage (Maximum Special Tax)
2015 ⁽⁴⁾	\$ 85,428	\$ 87,761	\$ 68,364	1.25	1.28
2016	120,210	126,253	108,210	1.11	1.17
2017	118,005	126,253	106,005	1.11	1.19
2018	115,800	126,253	103,800	1.12	1.22
2019	118,595	126,253	106,595	1.11	1.18
2020	121,145	126,253	109,145	1.11	1.16
2021	118,450	126,253	106,450	1.11	1.19
2022	120,755	126,253	108,755	1.11	1.16
2023	117,815	126,253	105,815	1.11	1.19
2024	119,875	126,253	107,875	1.11	1.17
2025	116,690	126,253	104,690	1.11	1.21
2026	113,505	126,253	101,505	1.12	1.24
2027	115,320	126,253	103,320	1.12	1.22
2028	116,890	126,253	104,890	1.11	1.20
2029	118,215	126,253	106,215	1.11	1.19
2030	119,295	126,253	107,295	1.11	1.18
2031	115,130	126,253	103,130	1.12	1.22
2032	115,965	126,253	103,965	1.12	1.21
2033	116,555	126,253	104,555	1.11	1.21
2034	116,900	126,253	104,900	1.11	1.20

(1) Special Tax determined by Special Tax Consultant on an annual basis per Rate and Method Agreement to equal annual debt service due plus administrative charges and allowance for any delinquencies. For purposes of calculating debt service coverage, administrative charges are estimated total \$12,000, and no future delinquencies are assumed.

(2) Source: Special District Services, Inc.

(3) Source: Underwriter.

(4) FY 2014-15 Special Tax and FY 2014-15 Maximum Special Tax are net of funds on hands used for deposit to Escrow Fund.

CFD 2005-1 Bonds. For fiscal year 2014-15, the annual levy of Special Taxes levied on Taxable Property within CFD 2005-1 are estimated to generate revenues (net of Administrative Expenses) equal to approximately \$165,422, assuming 0% Special Tax delinquency, which is 1.11 times the estimated debt service on the CFD 2005-1 Bonds and the maximum Special Taxes levied on Taxable Property within CFD 2005-1 are estimated to generate revenues (net of Administrative Expenses) equal to approximately \$235,798, assuming 0% Special Tax delinquencies, which is 1.58 times the estimated debt service on the CFD 2005-1 Bonds.

The following table summarizes the debt service coverage on the CFD 2005-1 Bonds provided by the annual levy of Special Taxes and maximum Special Taxes.

Debt Service Coverage on CFD 2005-1 Bonds

Year Ending September 1	Special Tax ⁽¹⁾	Maximum Tax ⁽²⁾	CFD 2005-1 Bonds Debt Service ⁽³⁾	Debt Service Coverage (Special Tax)	Debt Service Coverage (Maximum Special Tax)
2015 ⁽⁴⁾	\$ 165,422	\$ 235,798	\$ 149,078	1.11	1.58
2016	232,759	308,180	220,759	1.05	1.40
2017	233,637	308,180	221,637	1.05	1.39
2018	229,286	308,180	217,286	1.06	1.42
2019	234,935	308,180	222,935	1.05	1.38
2020	230,126	308,180	218,126	1.06	1.41
2021	230,317	308,180	218,317	1.05	1.41
2022	230,279	308,180	218,279	1.05	1.41
2023	230,012	308,180	218,012	1.06	1.41
2024	234,516	308,180	222,516	1.05	1.38
2025	233,562	308,180	221,562	1.05	1.39
2026	232,379	308,180	220,379	1.05	1.40
2027	235,967	308,180	223,967	1.05	1.38
2028	234,097	308,180	222,097	1.05	1.39
2029	236,998	308,180	224,998	1.05	1.37
2030	234,441	308,180	222,441	1.05	1.39
2031	231,655	308,180	219,655	1.05	1.40
2032	233,640	308,180	221,640	1.05	1.39
2033	235,167	308,180	223,167	1.05	1.38
2034	236,236	308,180	224,236	1.05	1.37
2035	236,847	308,180	224,847	1.05	1.37

(1) Special Tax determined by Special Tax Consultant on an annual basis per Rate and Method Agreement to equal annual debt service due plus administrative charges and allowance for any delinquencies. For purposes of calculating debt service coverage, administrative charges are estimated total \$12,000, and no future delinquencies are assumed.

(2) Source: Special District Services, Inc.

(3) Source: Underwriter.

(4) FY 2014-15 Special Tax and FY 2014-15 Maximum Special Tax are net of funds on hands used for deposit to Escrow Fund

SECURITY FOR THE BONDS

This section provides summaries of the security for the Bonds and certain provisions of the Indenture. See "APPENDIX B – Summary of Principal Legal Documents" for a more complete summary of the Indenture. Capitalized terms used but not defined in this section have the meanings given in APPENDIX B.

General

Revenues. As described below, the Bonds are payable primarily from Revenues, consisting of amounts received by the Authority as the result of its acquisition of the Local Obligations.

The Indenture defines “Revenues” as follows:

- (a) all amounts received from the Local Obligations;
- (b) any proceeds of the Bonds originally deposited with the Trustee and all moneys deposited and held from time to time by the Trustee in the funds and accounts established under the Indenture with respect to the Bonds (other than the Rebate Fund and the Surplus Fund); and
- (c) investment income with respect to any moneys held by the Trustee in the funds and accounts established under the Indenture with respect to the Bonds (other than investment income on moneys held in the Rebate Fund and the Surplus Fund).

Limited Obligations. The Bonds are special obligations of the Authority payable solely from and secured solely by the Revenues and all of the right, title and interest of the Authority in the Local Obligations, subject to the terms of the Indenture. The Bonds are not a debt or liability of the City, the State of California or any political subdivisions thereof other than the Authority to the limited extent described in this Official Statement, and neither the faith and credit of the Authority, the City, the State or any of its political subdivisions are pledged to the payment of principal of, premium, if any, or interest on the Bonds and neither the Authority, the City, the State nor any of its political subdivisions is liable therefor, nor in any event will the Bonds or any interest thereon be payable out of any funds or properties other than those of the Authority as set forth in the Indenture. Neither the Bonds nor the obligation to make payments under the CFD Bonds constitute an indebtedness of the Authority, the City, the State nor any of its political subdivisions within the meaning of any constitutional or statutory debt limitation or restriction. The Authority has no taxing power.

Revenues; Flow of Funds

Revenues. The Bonds are secured by a first lien on and pledge of all of the Revenues. So long as any of the Bonds are Outstanding, the Revenues will not be used for any purpose except as is expressly permitted by the Indenture.

Collection by the Trustee. The Trustee will collect and receive all of the Revenues, and any Revenues collected or received by the Authority will be deemed to be held, and to have been collected or received, by the Authority as the agent of the Trustee and will forthwith be paid by the Authority to the Trustee. Subject to the provisions of the Indenture regarding the remedies and rights of the Bond Owners, the Trustee is also entitled to and will take all steps, actions and proceedings reasonably necessary in its judgment to enforce, either jointly with the Authority or separately, all of the rights of the Authority and all of the obligations of the City under the Local Obligations.

Deposit of Revenues. All Revenues derived from the Local Obligations will be promptly deposited by the Trustee upon receipt thereof in the Revenue Fund.

Application of Revenues. On each Interest Payment Date and date for redemption of the Bonds, the Trustee will transfer from the Revenue Fund, and deposit into the following respective accounts for the Bonds, the following amounts in the following order of priority, the requirements of each such account (including the making up of any deficiencies in any such account resulting from lack of Revenues sufficient to make any earlier required deposit) at the time of deposit to be satisfied before any transfer is made to any account subsequent in priority:

Interest Account. On each Interest Payment Date and redemption date, the Trustee will deposit in the Interest Account an amount required to cause the aggregate amount on deposit in the Interest Account to equal the amount of interest becoming due and payable on such Interest Payment Date on all Outstanding Bonds or to be paid on the Bonds being redeemed on such date.

No deposit need be made into the Interest Account if the amount contained in such account is at least equal to the interest becoming due and payable upon all Outstanding Bonds on the next succeeding Interest Payment Date or redemption date, as applicable.

All moneys in the Interest Account will be used and withdrawn by the Trustee solely for the purpose of paying interest on the Bonds as it will become due and payable (including accrued interest on any Bonds redeemed prior to maturity).

If the amounts on deposit in the Interest Account on any Interest Payment Date or redemption date are insufficient for any reason to pay the aggregate amount of interest then coming due and payable on the Outstanding Bonds, the Trustee will apply such amounts to the payment of interest on each of the Outstanding Bonds on a pro rata basis.

Principal Account. On each Interest Payment Date and redemption date on which the principal of the Bonds will be payable, the Trustee will deposit in the Principal Account an amount required to cause the aggregate amount on deposit in the Principal Account to equal the principal amount of, and premium (if any) on, the Bonds coming due and payable on such Interest Payment Date, or required to be redeemed on such date; provided, however, that no amount will be deposited to effect a mandatory special redemption unless the Trustee has first received a certificate of an Independent Accountant certifying that such deposit to effect the redemption of the Bonds will not impair the ability of the Authority to make timely payment of the principal of and interest on the Bonds, assuming for such purposes that the City continues to make timely payments on all Local Obligations not then in default.

All moneys in the Principal Account will be used and withdrawn by the Trustee solely for the purpose of (i) paying the principal of the Bonds at the maturity thereof or (ii) paying the principal of any Bonds upon the redemption thereof.

Deficiencies. If on any Interest Payment Date or date for redemption the amount on deposit in the Revenue Fund is inadequate to make the transfers described above as a result of a payment default on an issue of Local Obligations, the Trustee will immediately notify the City of the amount needed to make the required deposits under “Application of Revenues” above. In the event that within 5 Business Days of delivering such notice the Trustee receives additional payments from the City to cure such shortfall, the Trustee will deposit such amounts to the account designated in writing by the City.

Deposit into Rebate Fund. On each Interest Payment Date after making the transfers described above, upon receipt of a Request of the Authority to do so, the Trustee will transfer from the Revenue Fund to the Rebate Fund for deposit in the accounts in the Rebate Fund the amounts specified in such Request.

Surplus Fund. On September 2 of each year, after making the deposits described above, the Trustee will transfer all amounts remaining on deposit in the Revenue Fund to the Surplus Fund.

No Reserve Fund for the Bonds

The Authority has not established a debt service reserve fund for the Bonds, but the City has established a debt service reserve fund for each of the CFD Bonds. See “SECURITY FOR THE CFD BONDS – Reserve Account for CFD Bonds.”

Surplus Fund

Any amounts transferred to the Surplus Fund will no longer be considered Revenues and are not pledged to repay the Bonds. So long as Local Obligations are outstanding, on September 3 of each year, after setting aside any amount specified in a Request of the Authority as necessary to pay Administrative Expenses, any moneys remaining in the Surplus Fund will be transferred to the City and used for any lawful purpose.

No Additional Bonds

Under the Indenture, the Authority covenants that it will not issue or incur any additional bonds, notes or other indebtedness payable out of Revenues in whole or in part.

SECURITY FOR THE CFD BONDS

*The provisions of the CFD 2003-2 Fiscal Agent Agreement, the CFD 2004-1 Fiscal Agent Agreement and the CFD 2005-1 Fiscal Agent Agreement (each a “**CFD Fiscal Agent Agreement**”) with respect to security and sources of payment for the CFD 2003-2 Bonds, the CFD 2004-1 Bonds, and the CFD 2005-1 Bonds are substantially identical, and will be described together in this section except as otherwise set forth below. The CFD 2003-2 Bonds, the CFD 2004-1 Bonds and the CFD 2005-1 Bonds are referred to collectively in this section as the “**CFD Bonds**.”*

This section contains only a brief description of those provisions of each CFD Fiscal Agent Agreement, which are further described in APPENDIX B. Capitalized terms used but not defined in this section have the meanings given in APPENDIX B.

General

The CFD Bonds constitute a limited obligation of the City that is secured by a first lien on and pledge of, and is payable solely from, Net Taxes (defined below) collected in each respective CFD and amounts deposited by the City in each Special Tax Fund (exclusive of the Administrative Expense Account). The City's limited obligation to pay the principal of and interest on the CFD Bonds from Net Taxes collected in each respective CFD and amounts in each Special Tax Fund (exclusive of the Administrative Expense Account) is absolute and unconditional.

The CFD Bonds do not constitute a legal or equitable pledge, charge, lien or encumbrance upon any of either CFD's property, or upon any of its income, receipts or revenues, except the Net Taxes collected in the respective CFD and other amounts in the respective Special Tax Fund (except the Administrative Expense Account).

Except for the Net Taxes for each CFD, neither the credit nor the taxing power of the City is pledged for the payment of the CFD Bonds or related interest, and no Owner of the Bonds may compel the exercise of taxing power by the City or the forfeiture of any of its property. The principal of and interest on the CFD Bonds are not a debt of the City, the State of California or any of its political subdivisions within the meaning of any constitutional or statutory limitation or restriction.

Special Taxes; Gross Taxes; Net Taxes

Definitions. The “**Special Taxes**” for each CFD are levied and collected according to the special tax formula contained in the rate and method of apportionment established for that respective CFD. See “– CFD 2003-2 Rate and Method,” “– CFD 2004-1 Rate and Method,” and “– CFD 2005-1 Rate and Method,” APPENDIX D-1, APPENDIX D-2 and APPENDIX D-3.

The “**Net Taxes**” pledged by the City to the CFD Bonds is defined in each CFD Fiscal Agent Agreement as “**Gross Taxes**” minus amounts set aside to pay Administrative Expenses.

“**Gross Taxes**” is defined as the proceeds of the Special Taxes received by the City, including any scheduled payments and any prepayments of, or interest on, such Special Taxes, and proceeds of the redemption or sale of property sold as a result of foreclosure of the lien of the Special Taxes to the amount of said lien and interest on such amount. “Gross Taxes” do not

include any penalties collected in connection with delinquent Special Taxes or any interest in excess of the interest due on the CFD Bonds.

Allocation of Special Taxes. Except for the portion of any Prepayment to be deposited to the Redemption Account, the Fiscal Agent will, on each date on which the Special Taxes are received from the City, deposit the Special Taxes in each Special Tax Fund to be held in trust for the Authority, as sole Owner of the CFD Bonds. The Fiscal Agent will transfer the Special Taxes on deposit in each Special Tax Fund on the dates and in the amounts set forth in each CFD Fiscal Agent Agreement, in the following order of priority, to:

- (1) the Administrative Expense Account of each Special Tax Fund;
- (2) the Interest Account of each Special Tax Fund;
- (3) the Principal Account of each Special Tax Fund;
- (4) the Redemption Account of each Special Tax Fund;
- (5) the Reserve Account of each Special Tax Fund; and
- (6) each Surplus Fund.

No Parity CFD Bonds

Under each CFD Fiscal Agent Agreement, the City covenants that it will not mortgage or otherwise encumber, pledge or place any charge upon any of the Net Taxes (except as provided in each CFD Fiscal Agent Agreement), and will not issue any obligation or security having a lien or charge upon the Net Taxes superior to or on a parity with the Bonds.

Nothing in each CFD Fiscal Agent Agreement prevents the City from issuing or incurring indebtedness payable from a pledge of Net Taxes that is subordinate in all respects to the pledge of Net Taxes to repay the related CFD Bonds.

Priority of Lien

Each installment of the Special Taxes, and any interest and penalties on the Special Taxes, constitutes a lien on the parcel of land on which it was imposed until paid. This lien is co-equal to and independent of the lien for general taxes, the lien of any other community facilities district special taxes and special assessment liens. See “CFD 2003-2 – Direct and Overlapping Governmental Obligations,” “CFD 2004-1 – Direct and Overlapping Governmental Obligations” and “CFD 2005-1 – Direct and Overlapping Governmental Obligations.”

Reserve Account for CFD Bonds

Under each CFD Fiscal Agent Agreement, as further security for each respective series of CFD Bonds, the City will deposit a portion of the proceeds of each series of CFD Bonds with the CFD Fiscal Agent, to be held by the CFD Fiscal Agent in a Reserve Account within each respective Special Tax Fund, in an amount equal to the Reserve Requirement for the related series of CFD Bonds.

Under each CFD Fiscal Agent Agreement, the “**Reserve Requirement**” means the amount specified under the applicable CFD Fiscal Agent Agreement. The collective Reserve Requirement is equal to the Maximum Annual Debt Service on the Bonds. See “FINANCING PLAN – Estimated Sources and Uses of Funds.”

Moneys in each Reserve Account will be used solely for the purpose of paying the principal of and interest on the related series of CFD Bonds when due if the moneys in the related Interest Account and the Principal Account of the Special Tax Fund are insufficient.

See APPENDIX B for a further description of disbursements from each Reserve Account and the replenishment of each Reserve Account from the proceeds of Special Taxes.

Covenants of the City

In each CFD Fiscal Agent Agreement, the City will make the following covenants (among others).

Punctual Payment. It will duly and punctually pay or cause to be paid the principal of and interest on each respective series of CFD Bonds, to the extent that Net Taxes and other amounts pledged under the respective CFD Fiscal Agent Agreement are available for such payment.

Against Encumbrance. It will not mortgage or otherwise encumber, pledge or place any charge upon any of the Net Taxes except as provided in the respective CFD Fiscal Agent Agreement, and will not issue any obligation or security having a lien or charge upon the Net Taxes superior to or on a parity with the CFD Bonds. Nothing in each CFD Fiscal Agent Agreement prevents the City from issuing or incurring indebtedness payable from a pledge of Net Taxes that is subordinate in all respects to the pledge of Net Taxes to repay the related series of CFD Bonds.

Levy of Special Tax. The City will comply with all requirements of the Mello-Roos Act so as to assure the timely collection of Gross Taxes, including without limitation, the enforcement of delinquent Special Taxes.

(i) ***Processing.*** On or within 5 Business Days of each June 1, the CFD Fiscal Agent will provide the Finance Director with a notice stating the amount then on deposit in the Special Tax Fund and the other funds and accounts held by the Fiscal Agent under the respective CFD Fiscal Agent Agreement, whether or not amounts need to be deposited into the Reserve Account to increase the amounts on deposit in such account to the Reserve Requirement, and informing the City that the Special Taxes need to be levied under the Ordinance as necessary to provide for the amount set forth in clause (iii) below. The receipt of or failure to receive such notice by the Finance Director will in no way affect the obligations of the Finance Director under the following two paragraphs and the Fiscal Agent will not be liable for failure to provide such notice to the Finance Director. Upon receipt of such notice, the Finance Director will communicate with the Auditor to ascertain the relevant parcels on which the Special Taxes are to be levied, taking into account any parcel splits or combinations during the preceding and then current year.

(ii) ***Levy.*** The Finance Director will effect the levy of the Special Taxes each Fiscal Year in accordance with the Ordinance by each August 1 that the CFD Bonds are

outstanding, or otherwise such that the computation of the levy is complete before the final date on which Auditor will accept the transmission of the Special Tax amounts for the parcels within each CFD for inclusion on the next real property tax roll. Upon the completion of the computation of the amounts of the levy, the Finance Director will prepare or cause to be prepared, and will transmit to the Auditor, such data as the Auditor requires to include the levy of the Special Taxes on the next real property tax roll.

(iii) *Computation.* The Finance Director will fix and levy the amount of Special Taxes within each CFD in an amount sufficient, together with other amounts on deposit in the related Special Tax Fund and available for such purpose, to pay (A) the principal of and interest on the related CFD Bonds when due, (B) the Administrative Expenses, including amounts necessary to discharge any rebate obligation, during such year and (C) any amounts required to replenish the related Reserve Account to the Reserve Requirement, taking into account the balances in such funds and in the Special Tax Fund. The Special Taxes so levied may not exceed the authorized amounts as provided in the proceedings under each Resolution of Formation.

(iv) *Collection.* The Special Taxes will be payable and be collected in the same manner and at the same time and in the same installment as the general taxes on real property are payable, and have the same priority, become delinquent at the same time and in the same proportionate amounts and bear the same proportionate penalties and interest after delinquency as do the ad valorem taxes on real property.

Commence Foreclosure Proceedings. Under the Mello-Roos Act, the City will covenant in each CFD Fiscal Agent Agreement with and for the benefit of the Authority, as the owners of the CFD Bonds, that it will order, and cause to be commenced as described below, and thereafter diligently prosecute to judgment (unless such delinquency is theretofore brought current), an action in the superior court to foreclose the lien of any Special Tax or installment thereof not paid when due as provided in the following two paragraphs. The Finance Director will notify the City Attorney of any such delinquency of which the Finance Director is aware, and the City Attorney will commence, or cause to be commenced, such proceedings.

On or about March 30 and June 30 of each Fiscal Year, the Finance Director will compare the amount of Special Taxes theretofore levied in each CFD to the amount of Gross Taxes theretofore received by the City, and:

(i) *Individual Delinquencies.* If the Finance Director determines that any single parcel subject to the Special Tax in the CFD is delinquent in the payment of Special Taxes in the aggregate amount of \$5,000 or more, then the Finance Director will send or cause to be sent a notice of delinquency (and a demand for immediate payment of the delinquent amounts) to the property owner within 15 days of such determination, and (if the delinquency remains uncured) foreclosure proceedings will be commenced by the City within 45 days of such determination.

(ii) *Aggregate Delinquencies.* If the Finance Director determines that (i) the total amount of delinquent Special Tax for the prior Fiscal Year for the entire CFD (including the total of delinquencies under paragraph (i) above), exceeds 5% of the total Special Tax due and payable for the prior Fiscal Year, or (ii) there are 10 or fewer owners of real property within the CFD, determined by reference to the latest available secured property tax roll of the County, the City will notify or cause to be notified

property owners who are then delinquent in the payment of Special Taxes (and demand immediate payment of the delinquency) within 15 days of such determination, and will commence foreclosure proceedings within 120 days of such determination against each parcel of land in the CFD with a Special Tax delinquency.

Reduction of Maximum Special Taxes. The City will covenant in each CFD Fiscal Agent Agreement that it will not initiate proceedings to reduce the maximum Special Tax rates for the related CFD unless, in connection therewith, (i) the City receives a certificate from one or more Independent Financial Consultants which, when taken together, certify that, on the basis of the parcels of land and improvements existing in the CFD as of the July 1 preceding the reduction, the maximum amount of the Special Tax which may be levied on then existing Developed Property (as defined in the Rate and Method of Apportionment of Special Taxes then in effect in the CFD) in each Bond Year for any CFD Bonds Outstanding will equal at least 110% of the sum of the estimated Administrative Expenses and gross debt service in each Bond Year on all CFD Bonds to remain Outstanding after the reduction is approved, (ii) the City finds that any reduction made under such conditions will not adversely affect the interests of the Owners of the CFD Bonds, and (iii) the City is not delinquent in the payment of the principal of or interest on the CFD Bonds.

THE COMMUNITY FACILITIES DISTRICTS

Introduction

This section presents certain information describing CFD 2003-2, CFD 2004-1 and CFD 2005-1 (each a “**CFD**,” and collectively, the “**CFDs**”) on a combined basis for informational purposes. See also APPENDIX A – “INFORMATION RELATING TO THE COMMUNITY FACILITIES DISTRICTS” for additional information about the CFDs. However, the Bonds are secured by three distinct revenue streams: debt service on the CFD 2003-2 Bonds, debt service on the CFD 2004-1 Bonds and debt service on the CFD 2005-1 Bonds. See “SECURITY FOR THE BONDS.”

Location. The Community Facilities Districts comprise approximately 232.35 acres currently consisting of 769 single family detached homes and 92 townhouse units located in the southwest portion of the City of Oakdale, in Stanislaus County, California. The land within the Community Facilities Districts represents three phases in the City’s Bridle Ridge Specific Plan Area adopted in 1999.

The Bridle Ridge Specific Plan Area. The 3-phase Bridle Ridge project constitutes a portion of the development planned for the Bridle Ridge Specific Plan area. The Bridle Ridge Specific Plan area was adopted by the City in 1999 and comprises approximately 530 acres located in the southwest area of the City, approximately 1.25 miles west of the center of town, and 1 mile south of the Stanislaus River. The Community Facilities Districts are within the Bridle Ridge Specific Plan area. The plan area is bounded by State Highway 108 on the north, the existing City limits on the east, the Oakdale Irrigation District’s Crane Lateral on the south, and Crane Road on the west. In addition, the planning area includes 8.3 acres at the southwest quadrant of the intersection of Crane Road and State Highway 108 (“F” Street) and two “island” areas totaling approximately 14.5 acres located adjacent to the north side of the Burlington Northern and Santa Fe railroad tracks. The smaller 1+ acre area is located at the southwest corner of “J” Street and Ash Avenue, opposite the Oak Valley District Hospital. The larger 13.5 acre area is located between Wood Avenue and Bryan Avenue west of Oakdale High School. Land uses in the Plan area originally consisted primarily of open agricultural lands with a

concentration of rural residential parcels in the western and central portion of the site. Altogether, the site included approximately 62 rural residences at the time it was created.

The land use program for the Bridle Ridge Specific Plan Area calls for a mixture of residential, commercial, public facilities and open space uses. The plan provides for the development of approximately 1,854 units of new housing, consistent with the City's General Plan. Of the residential units, approximately 1,531+ units would be low-density single-family homes, 143+ units would be medium-density homes, and 180+ units would be high-density units. The maximum density for low density single family homes is 4.4 units per acre. The plan also provides for development of approximately 250,000 square feet of community and neighborhood serving retail, service and office uses at the southeast and southwest corners of Highway 108 and Crane Road. Home development in the Bridle Ridge Specific Plan area was initiated by the Master Developer, Oakdale Land Development Company, Inc.

No Cross-Collateralization Among CFDs. None of the Local Obligations secures the payment of debt service on any other Acquired Obligation, or is available to make up any shortfall in funds to pay debt service on any other Local Obligations: the CFD 2003-2 Special Taxes are available only to pay debt service on the CFD 2003-2 Bonds, the CFD 2004-1 Special Taxes are available only to pay debt service on the CFD 2004-1 Bonds, and the CFD 2005-1 Special Taxes are available only to pay debt service on the CFD 2005-1 Bonds. See "SECURITY FOR THE CFD BONDS."

Separate Methods for the Calculation, Levy and Collection of Special Taxes and Assessments. The parcels in each CFD are taxed according to that CFD's specific Rate and Method. See "APPENDIX D- RATE AND METHOD OF APPORTIONMENT OF SPECIAL TAX" for a copy of each CFD's Special Tax Formula.

Assessed Value-to-Debt Ratios. Special taxes are levied against individual parcels within each CFD, and any individual parcel may have an assessed value-to-debt ratio less than the overall assessed value-to-debt ratio for that CFD or for all of the Districts in the aggregate. In particular, an individual parcel of undeveloped land may have an assessed value-to-debt ratio of less than 1 to 1.

Development Status

As of January 1, 2015, there were a total of 861 dwelling units completed and sold to individual homeowners (1 homeowner has pre-paid the Special Tax obligation) and 177 parcels in various stages of development in the CFDs. Table No. 1 below, is a compilation of total dwelling units completed and sold to individual homeowners as of January 1, 2015 and the total number of dwelling units expected at build-out within each of the CFDs. Table No. 2, below, is a summary of development of the parcels in the CFDs as of January 1, 2015.

As of January 1, 2015 CFD 2003-2 is 93.87% developed, consisting of 459 owner occupied dwelling units and 30 undeveloped parcels. The 30 undeveloped parcels are owned by Oakdale 77 LLP, and are planned for future development.

As of January 1, 2015 CFD 2004-1 is 97.24% developed, consisting of 176 owner occupied dwelling units and 5 undeveloped parcels. The 5 undeveloped parcels are owned by Hearthstone, Inc. and are planned for future development.

As of January 1, 2015 CFD 2005-1 is 61.68% developed, consisting of 227 owner occupied dwelling units and 141 undeveloped parcels. JKB Living, Inc., a builder-developer, is actively developing 37 new homes in 2015, after building 7 homes in 2014. Hearthstone, Inc. owns 38 undeveloped parcels, which are planned for future development. MSCP Pacific Union Oakdale Tamarak, Inc. owns 56 undeveloped parcels, which are planned for future development.

TABLE NO. 1
CITY OF OAKDALE FINANCING AUTHORITY
THE CFDs IN AGGREGATE
DEVELOPMENT STATUS AS OF JANUARY 1, 2015

Taxing Jurisdiction	Approximate Gross Acres	Owner Occupied Dwelling Units ⁽¹⁾	Tentative Map	Unmapped Parcels**	Total Parcels	Percent Sold to Individual Homeowners ⁽³⁾
CFD No. 2003-2	122.90	459	30	0	489*	93.87%
CFD No. 2004-1	42.85	176	5	0	181	97.24
CFD No. 2005-1	66.60	227	135	6	368	61.68
Total:	232.35	862	170	6	1,038	83.04%

Source: Special District Services, Inc.

* One parcel has pre-paid the Special Tax Obligation.

** Six unmapped parcels, totaling 11.24 acres.

(1) Equals the number of completed Dwelling Units no longer owned by developers as of January 1, 2015.

(2) As of January 1, 2015.

(3) Equals the sold Dwelling Units column divided by the Total Parcels column, expressed as a percentage.

TABLE NO. 2
CITY OF OAKDALE FINANCING AUTHORITY
THE CFDs IN AGGREGATE
SUMMARY OF DEVELOPMENT AS OF JANUARY 1, 2015

Development Status	Number of Parcels	Fiscal Year 2014-15 Special Taxes	% of Special Taxes
Developed Residential	769	\$ 537,262	79.33%
Developed Other (Condos)	92	53,601	7.91
Undeveloped Mapped Residential	171	86,386	12.76
Unmapped Parcels	6	0	0
Total	1,038	\$ 677,249	100.00%

Source: Special District Services, Inc.

Value-To-Lien Ratios

The assessed value of all taxable property in the CFDs, 1,038 parcels in total, plus approximately 232.5 acres in the CFDs as established by the Stanislaus County Assessor for Fiscal Year 2014-15, is approximately \$241,488,233. The direct and overlapping land secured special tax and the assessment bonded indebtedness (excluding general obligation bonded indebtedness) within the CFDs as of FY 2014-15 was approximately \$8,656,377. The following table sets forth the historical assessed valuations for the property in the CFDs for the fiscal years indicated. Table No. 3 below presents the historical assessed valuation of all the taxable property in the CFDs for the current and previous four fiscal years. Table Nos. 4 and 5 present information regarding the value to lien ratios with respect to property in the CFDs by land use status and by range.

TABLE NO. 3
CITY OF OAKDALE FINANCING AUTHORITY
THE CFDs IN AGGREGATE
HISTORICAL ASSESSED VALUATION

Fiscal Year	Parcels	Assessed Value	Annual AV Growth
2010-11	960	\$ 169,341,993	-
2011-12	967	157,785,661	(6.8)%
2012-13	1,001	152,975,566	(3.0)
2013-14	1,005	204,841,008	33.9
2014-15	1,038	241,692,319	18.0

Sources: Special District Services, Inc.

TABLE NO. 4
CITY OF OAKDALE FINANCING AUTHORITY
THE CFDs IN AGGREGATE
VALUE TO LIEN RATIOS BY LAND USE STATUS

Land Use	No. of Parcels	Total Assessed Value	Fiscal Year 2014-15 Special Tax	Direct Debt	Total Direct and Overlapping Debt	Value to Lien	Value to Direct and Overlapping Debt
Developed Residential	768	\$222,331,897	\$ 537,234	\$ 6,332,869	\$10,321,712	35.11	21.54
Developed Other (Condos)	92	13,397,037	53,601	696,136	946,923	19.24	14.15
Undeveloped Mapped Residential	172	5,273,489	86,414	700,146	835,221	7.53	6.31
Unmapped Parcels	6	689,896	0	35,849	47,413	19.24	14.55
Total	1,038	\$241,692,319	\$ 677,249	\$ 7,765,000	\$ 12,151,269	31.13	19.89

Sources: Special District Services, Inc.

TABLE NO. 5
CITY OF OAKDALE FINANCING AUTHORITY
THE CFDs IN AGGREGATE
VALUE TO LIEN RATIOS BY RANGE

Value to Lien	No. of Parcels	Total Assessed Value	Fiscal Year 2014-15 Special Tax	Direct Debt	Total Direct and Overlapping Debt	Value to Lien	Value to Direct and Overlapping Debt
Greater than 60:1	30	\$ 1,010,790	\$ 0	\$ 0	\$ 8,334	N/A	121.28:1
40:1 to 59.99:1	11	864,896	0	0	16,126	N/A	53.63:1
30:1 to 39.99:1	0	0	0	0	0	N/A	N/A
20:1 to 29.99:1	641	194,560,820	447,348	4,990,472	8,533,067	38.98:1	22.80:1
15:1 to 19.99:1	146	31,760,559	99,572	1,163,279	1,740,734	27.30:1	18.24:1
10:1 to 14.99:1	66	9,031,439	38,866	480,368	642,705	18.80:1	14.05:1
3:1 to 9.99:1	111	3,886,790	68,889	851,172	920,593	4.56:1	4.22:1
Less than 3:1	33	577,025	22,575	279,709	289,711	2.06:1	1.99:1
Total	1,038	\$ 241,692,319	\$ 677,249	\$ 7,765,000	\$ 12,151,269	31.13:1	19.89:1

Source: Special District Services, Inc.

Value-to-Lien Ratios for Top Ten Taxpayers

The following tables shows the top 10 taxpayers within the CFDs.

TABLE NO. 6
CITY OF OAKDALE
THE CFDs IN AGGREGATE
TOP10 TAXPAYERS

Owner	Number of Parcels	Fiscal Year 2014-15 Assessed Value	Fiscal Year 2014-15 Special Tax	% of Total Special Tax
MSCP Pacific Union Oakdale Tamarack	56	\$ 1,977,660	\$ 37,565	5.55%
Hearthstone Multi-Asset Entity	55	1,540,000	25,182	3.72
JKB Living, Inc.	42	1,065,892	27,308	4.03
Troy, Edith Trs.	2	499,810	1,408	0.21
Fernandez, Ramiro & Zoila C.	2	666,000	1,378	0.20
Panchal, Nilam H.	2	573,875	1,378	0.20
Mora, Michael F. & Beth A.	2	566,738	1,378	0.20
Hunter, Andrew & Angela	2	547,027	1,378	0.20
Eikeberg, Richard M.	2	536,201	1,378	0.20
Maddox, John E. & Ann M. Trs.	2	524,971	1,378	0.20
Total:	167	\$ 8,498,174	\$ 99,734	14.728%

Source: Special District Services, Inc.

Delinquencies

The following tables summarize Special Tax levies, collections and delinquency rates in the CFDs for Fiscal Years 2009-10 through Fiscal Year 2013-14.

TABLE NO. 7
CITY OF OAKDALE
THE CFDs IN AGGREGATE
SPECIAL TAX LEVIES, DELINQUENCIES AND DELINQUENCY RATES
FISCAL YEARS 2009-10 THROUGH 2013-14

Year	Special Tax Levy	No. of Parcels Levied	No. of Delinquent Parcels	Delinquent Special Taxes	No. of Prior Years Delinquent Parcels	Total Prior Years Delinquent Special Taxes	Total Delinquent Special Taxes	%. Delinquent	Date of Annual Delinquency Information
2009-10	\$ 715,140.90	961	3	\$ 12,623	0	\$ 0	\$ 0	1.0%	06/30/2010
2010-11	715,933.60	961	5	12,180	1	350	350	0.0	06/30/2011
2011-12	706,878.74	961	6	13,992	1	350	350	0.0	06/30/2012
2012-13	695,341.72	961	7	14,097	1	350	350	0.1	06/30/2013
2013-14	687,382.00	964	7	3,534	1	0	1,428	0.3	11/14/2014

Sources: Special District Services, Inc. & NBS

Overlapping Public Debt

Contained within the boundaries of each of CFD 2003-2, CFD 2004-1 and CFD 2005-1 are certain overlapping local agencies providing public services and assessing property taxes, assessments, special taxes and other charges on the property in each of CFD 2003-2, CFD 2004-1 and CFD 2005-1. Many of these local agencies have outstanding debt.

A table showing the combined current and estimated direct and overlapping obligations for the CFDs is shown below.

TABLE 8
CITY OF OAKDALE
THE CFDs IN AGGREGATE
COMBINED OVERLAPPING DEBT TABLE

2014-15 Local Secured Assessed Valuation: \$ 241,692,319 (Land and Land & Improvements)

	% Applicable	Debt 2/1/15
<u>DIRECT AND OVERLAPPING TAX AND ASSESSMENT DEBT:</u>		
Yosemite Community College District General Obligation Bonds ⁽¹⁾	0.449%	\$ 1,337,022
Oakdale Joint Unified School District General Obligation Bonds ⁽¹⁾	7.260	1,053,799
Oak Valley Hospital District General Obligation Bonds ⁽¹⁾	6.104	1,995,448
City of Oakdale Community Facilities District No. 2003-2	100.00	3,485,000 ⁽²⁾
City of Oakdale Community Facilities District No. 2004-1	100.00	1,300,000 ⁽²⁾
City of Oakdale Community Facilities District No. 2005-1	100.00	2,855,000 ⁽²⁾
TOTAL DIRECT AND OVERLAPPING TAX AND ASSESSMENT DEBT		\$ 12,026,269
<u>OVERLAPPING GENERAL FUND DEBT:</u>		
Stanislaus County General Fund Obligations	0.617%	\$ 303,917
Stanislaus County Office of Education Certificates of Participation	0.617	20,940
City of Oakdale Certificates of Participation	13.713	325,691
TOTAL OVERLAPPING GENERAL FUND DEBT:		\$ 650,548
COMBINED TOTAL DEBT		\$ 12,676,817⁽³⁾

(1) All bonds under the election authorized have been issued.

(2) Excludes refunding Mello-Roos Act bonds to be sold.

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

Ratios to 2014-15 Assessed Valuation:

Direct Debt (\$7,640,000)	3.19%
Total Direct and Overlapping Tax and Assessment Debt	4.98%
Combined Total Debt	5.25%

Source: California Municipal Statistics, Inc.

RISK FACTORS

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

Limited Obligation to Pay Debt Service

The Bonds. The Bonds are special obligations of the Authority payable solely from and secured solely by the Revenues and funds pledged therefor in the Indenture, consisting primarily of debt service on the CFD Bonds. See “SECURITY FOR THE BONDS.”

The CFD Bonds. The City has no obligation to pay principal of or interest on the CFD Bonds if Special Tax collections are delinquent or insufficient, other than from amounts, if any, on deposit in the Reserve Account established for the CFD Bonds or funds derived from the foreclosure and sale of parcels for Special Tax delinquencies. The City is not obligated to advance funds to pay debt service on the CFD Bonds.

Levy and Collection of the Special Taxes

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

Limitation on Special Tax Rate. The annual levy of the Special Tax on any parcel is limited to the maximum Special Tax rate authorized in the Rate and Method. 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 CFD Bonds.

No Relationship Between Property Value and Special Tax Levy. Because the Special Tax formula set forth in the Rate and Method 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 CFD 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 (by exercise of its rights as mortgage guarantor, or for other reasons) 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 Taxes. For a summary of Special Tax collections in the Community Facilities District, see "THE COMMUNITY FACILITIES DISTRICTS – DELINQUENCIES."

Delays Following Delinquencies and Foreclosure Sales. The CFD Bonds Fiscal Agent Agreement provides that the Special Tax is to be collected in the same manner as ordinary *ad valorem* property taxes are collected and, except as provided in the special covenant for foreclosure described in "SECURITY FOR THE CFD BONDS" and in the Mello-Roos 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 subject to sale by the County.

If sales or foreclosures of property are necessary, there could be a delay in payments to the Authority, as owner of the CFD Bonds, pending such sales or the prosecution of foreclosure proceedings and receipt by the City of the proceeds of sale if the Reserve Account for the CFD Bonds is depleted. See "SECURITY FOR THE CFD BONDS."

Payment of Special Taxes is not a Personal Obligation of the Property Owners

Property Owners are not personally obligated to pay their respective Special Taxes. Rather, the Special Taxes are obligations only against the respective parcels against which they are levied. If, after a default in the payment of the Special Tax and a foreclosure sale, the resulting proceeds are insufficient, taking into account other obligations also constituting a lien against the parcel, the City has no personal recourse against the parcel owner.

Assessed Valuations

The City has not commissioned an appraisal of the parcels in the CFD in connection with the issuance of the Bonds. Therefore, the estimated valuation of the Taxable Property in the CFD set forth in this Official Statement is based on the County Assessor's values. The assessed value is not an indication of what a willing buyer might pay for a property. The assessed 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 Taxable Property in the CFD could be sold for the assessed value if that property should become delinquent and subject to foreclosure proceedings.

Property Values

The value of Taxable Property within the CFD is a critical factor in determining the investment quality of the Bonds. If a parcel owner defaults in the payment of the Special Taxes, the City's only remedy is to foreclose on the delinquent property.

The following is a discussion of specific risk factors that could affect the value of property in the CFD.

Prolonged Economic Downturn. Land values in and around the City have been adversely affected by current economic conditions. To the extent that the economic downturn is prolonged, property values could remain flat for an indefinite period.

Declines in home values in the CFD could also result in property owner unwillingness or inability to pay mortgage payments, as well as *ad valorem* property taxes and Special Taxes, when due. Under such circumstances, bankruptcies are likely to increase. Bankruptcy by homeowners with delinquent Special Taxes would delay the commencement and completion of foreclosure proceedings.

Natural Disasters. The value of the Taxable Property in the CFD can be adversely affected by a variety of natural occurrences, particularly those that may affect infrastructure and other public improvements, and private improvements and the continued habitability and enjoyment of such private improvements.

The areas in and surrounding the City, like those in much of California, may be subject to unpredictable seismic activity. The CFDs are not in a California Alquist-Priolo Special Studies (earthquake fault) Zone. As with other properties in the area, however, the CFDs are affected by periodic tremors. The largest recent earthquake was the October 17, 1989 Loma Prieta Quake which registered 7.1 on the Richter Scale. This quake was centered on the San Andreas Fault in the Santa Cruz Mountains, approximately 54 miles west of the District. No major damage was reported in the immediate area of the CFDs from this quake.

Other natural disasters could include, without limitation, landslides, floods, wildfires, droughts or tornadoes. One or more natural disasters could occur and could result in damage to improvements of varying seriousness. 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 in the CFDs may well depreciate or disappear.

Hazardous Substances. One of the most serious risks in terms of the potential reduction in the property values is a claim with regard to a hazardous substance. In general, the owners and operators of property 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, but California laws with regard to hazardous substances are also stringent and similar. 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 Taxable Property in the CFDs be affected 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.

Although the City is not aware that the owner or operator of any of the Taxable Property in the CFDs has such a current liability, it is possible that such liabilities do

currently exist. Further, it is possible that liabilities may arise in the future resulting from the existence, currently, on the parcel of a substance presently classified as hazardous but that 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 that 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 property values that would otherwise be realized upon a delinquency.

No information is available as to the existence of any hazardous substances within the CFDs.

Other Factors. Other factors that could adversely affect property values in the CFDs include, among others, relocation of employers out of the area, shortages of water, electricity, natural gas or other utilities, and destruction of property caused by man-made disasters.

Other Possible Claims Upon the Property Values

While the Special Taxes are secured by the Taxable Property in the CFD, the security only extends to the value of such property that is not subject to priority and parity liens and similar claims.

Tables listing the outstanding governmental obligations affecting each CFD are set forth above under “THE COMMUNITY FACILITIES DISTRICTS – Overlapping Public Debt.”

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 within the CFDs, and may be secured by a lien on a parity with the lien of the Special Tax securing the CFD Bonds.

In general, the Special Taxes, and all other taxes, assessments and charges also collected on the tax roll, are on a parity, that is, are of equal priority. Questions of priority become significant when collection of one or more of the taxes, assessments or charges is sought by some other procedure, such as foreclosure and sale. If proceedings are brought to foreclose a delinquency, the Special Taxes will generally be on a parity with the other taxes, assessments and charges, and will share the proceeds of such foreclosure proceedings on a pro-rata basis.

Enforcement of Special Taxes on Governmentally Owned Properties

General. The ability of the City 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 CFDs, 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 City 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 a 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.

Neither the City nor the Authority has undertaken to determine whether any federal governmental entity currently has, or is likely to acquire, any interest (including a mortgage interest) in any of the parcels subject to the Special Taxes within the CFDs. No assurance can be given as to the likelihood that the risks described above will materialize while the CFD Bonds are outstanding.

FDIC. If any financial institution making any loan secured by real property within the CFDs is taken over by the FDIC, and prior thereto or thereafter the loan (or loans) goes into default, resulting in ownership of the property by the FDIC, then the ability of the City to collect interest and penalties specified by State law and to foreclose the lien of delinquent unpaid Special Taxes may be limited.

The FDIC’s policy statement regarding the payment of state and local real property taxes (the “**Policy Statement**”) provides that property owned by the FDIC is subject to state and local real property taxes only if those taxes are assessed according to the property’s value, and that the FDIC is immune from real property taxes assessed on any basis other than property value. According to the Policy Statement, the FDIC will pay its property tax obligations when they become due and payable and will pay claims for delinquent property taxes as promptly as is consistent with sound business practice and the orderly administration of the institution’s affairs, unless abandonment of the FDIC’s interest in the property is appropriate. The FDIC will pay claims for interest on delinquent property taxes owed at the rate provided under state law, to the extent the interest payment obligation is secured by a valid lien. The FDIC will not pay any amounts in the nature of fines or penalties and will not pay nor recognize liens for such amounts. If any property taxes (including interest) on FDIC-owned property are secured by a valid lien (in effect before the property became owned by the FDIC), the FDIC will pay those claims. The Policy Statement further provides that no property of the FDIC is subject to levy, attachment, garnishment, foreclosure or sale without the FDIC’s consent. In addition, the FDIC will not permit a lien or security interest held by the FDIC to be eliminated by foreclosure without the FDIC’s consent.

The Policy Statement states that the FDIC generally will not pay non-ad valorem taxes, including special taxes and assessments, on property in which it has a fee interest unless the amount of tax is fixed at the time that the FDIC acquires its fee interest in the property, nor will it recognize the validity of any lien to the extent it purports to secure the payment of any such amounts. Special taxes imposed under the Mello-Roos Act and a special tax formula, which determines the special tax due each year, are specifically identified in the Policy Statement as being imposed each year and therefore covered by the FDIC's federal immunity. The Ninth Circuit issued a ruling on August 28, 2001, in which it determined that the FDIC, as a federal agency, is exempt from Mello-Roos special taxes.

The Authority and the City are unable to predict what effect the application of the Policy Statement would have in the event of a delinquency in the payment of Special Taxes on a parcel within the CFDs, in which the FDIC has or obtains an interest, although prohibiting the lien of the Special Taxes to be foreclosed out at a judicial foreclosure sale could reduce or eliminate the number of persons willing to purchase a parcel at a foreclosure sale. Such an outcome could cause a draw on either the Reserve Account established for the CFD Bonds and perhaps, ultimately, if enough property were to become owned by the FDIC, a default in payment on the CFD Bonds.

Exemptions Under Rate and Method and the Mello-Roos Act. Certain properties are exempt from the Special Tax in accordance with the Rate and Method and the Mello-Roos Act, which provides that properties or entities of the state, federal or local government are exempt from the Special Tax; provided, however, that property within the CFDs acquired by a public entity through a negotiated transaction or by gift or devise, which is not otherwise exempt from the Special Tax, will continue to be subject to the Special Tax.

In addition, although the Mello-Roos Act provides that if property subject to the Special Tax is acquired by a public entity through eminent domain proceedings, the obligation to pay the Special Tax with respect to that property is to be treated as if it were a special assessment, the constitutionality and operation of these provisions of the Act have not been tested, meaning that such property could become exempt from the Special Tax. The Mello-Roos Act further provides that no other properties or entities are exempt from the Special Tax unless the properties or entities are expressly exempted in a resolution of consideration to levy a new special tax or to alter the rate or method of apportionment of an existing special tax.

Depletion of Reserve Funds

CFD Bonds. The City will establish and maintain a Reserve Account for each respective series of the CFD Bonds that may be used to pay principal of and interest on the corresponding series of CFD Bonds if insufficient funds are available from the proceeds of the levy and collection of the Special Taxes against property within the CFDs. See "SECURITY FOR THE CFD BONDS – Reserve Account."

If funds in the Reserve Account for each respective series of the CFD 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 Authority under the applicable CFD Fiscal Agent Agreement. However, no replenishment from the proceeds of a Special Tax levy can occur so long as the proceeds that are collected from the levy of the Special Tax against property within the applicable CFD at the maximum Special Tax rates, together with other available funds, remain insufficient to pay all such amounts.

Thus, it is possible that the Reserve Account for a respective series of CFD Bonds will be depleted and not be replenished by the levy of the Special Tax.

Bankruptcy Delays

The payment of the Special Taxes and the ability of the City to foreclose the lien of a delinquent unpaid Special Tax may be limited by bankruptcy, insolvency or other laws generally affecting creditors' rights or by State laws relating to judicial foreclosure.

The various legal opinions to be delivered concurrently with the delivery of the Bonds (including Bond Counsel's approving legal opinion) will be qualified as to the enforceability of the various legal instruments by bankruptcy, insolvency, reorganization, moratorium and other similar laws affecting creditors' rights, by the application of equitable principles and by the exercise of judicial discretion in appropriate cases.

Although bankruptcy proceedings would not cause the Special Taxes to become extinguished, bankruptcy of a property owner or any other person claiming an interest in the property could result in a delay in superior court foreclosure proceedings and could result in the possibility of Special Tax installments not being paid in part or in full. Such a delay would increase the likelihood of a delay or default in payment of the principal of and interest on the CFD Bonds.

Disclosure to Future Purchasers

The City has recorded, in the Office of the County Recorder, a notice of the Special Tax lien with respect to each of the CFDs. While title companies normally refer to such notices in title reports, there can be no guarantee that such reference will be made or, if made, that a prospective purchaser or lender will consider the obligations represented by the Special Taxes in the purchase of a parcel of land or a home in the CFDs, or the lending of money secured by property in the CFDs.

No Acceleration; Right to Pursue Remedies

Neither the Bonds nor the CFD Bonds contain a provision allowing for acceleration if a payment default or other default occurs under the Indenture or the CFD Bonds Fiscal Agent Agreement. See "APPENDIX B – Summary of Principal Legal Documents."

So long as the Bonds are in book-entry form, DTC will be the sole Bond Owner and will be entitled to exercise all rights and remedies of Bond Owners under the Bonds and the Indenture.

Loss of Tax Exemption

As discussed under the caption "LEGAL MATTERS – Tax Matters," interest on the Bonds might become includable in gross income for purposes of federal income taxation retroactive to the date the Bonds were issued as a result of future acts or omissions of the Authority in violation of its covenants in the Indenture, or of the City in violation of its covenants in the CFD Bonds Fiscal Agent Agreement.

The Indenture does not contain a special redemption feature triggered by the occurrence of an event of taxability. As a result, if interest on the Bonds were to be includable in gross

income for purposes of federal income taxation, the Bonds would continue to remain outstanding until maturity unless earlier redeemed pursuant to mandatory redemption. See “THE BONDS – Redemption.”

In addition, Congress has considered in the past, is currently considering and may consider in the future, legislative proposals, including some that carry retroactive effective dates, that, if enacted, would alter or eliminate the exclusion from gross income for federal income tax purposes of interest on municipal bonds, such as the Bonds. Prospective purchasers of the Bonds should consult their own tax advisors regarding any pending or proposed federal tax legislation.

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 City. 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 CFD Bonds.

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

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

The Special Taxes and the CFD Bonds were each authorized by not less than a two-thirds vote of the landowners within the CFDs who constituted the qualified electors at the time of such voted authorization. The City believes, therefore, that issuance of the CFD Bonds does not require the conduct of further proceedings under the 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 CFDs 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.

Secondary Market for Bonds

There can be no guarantee that there will be a secondary market for the Bonds or, if a secondary market exists, that any Bonds can be sold for any particular price. Prices of bond issues for which a market is being made will depend upon then-prevailing circumstances. Such prices could be substantially different from the original purchase price.

No assurance can be given that the market price for the Bonds will not be affected by the introduction or enactment of any future legislation (including without limitation amendments to the Internal Revenue Code), or changes in interpretation of the Internal Revenue Code, or any action of the Internal Revenue Service, including but not limited to the publication of proposed or final regulations, the issuance of rulings, the selection of the Bonds for audit examination, or the course or result of any Internal Revenue Service audit or examination of the Bonds or obligations that present similar tax issues as the Bonds.

THE AUTHORITY

The Authority is a joint exercise of powers authority organized and existing under Articles 1 through 4 (commencing with Section 6500) of Chapter 5 of Division 7 of Title 1 of the California Government Code (the "**Joint Powers Law**"). The Authority was created by a Joint Exercise of Powers Agreement, dated as of September 18, 1989, between the City and Oakdale Community Redevelopment Agency, which are the sole members of the Authority.

The Authority was created to provide assistance to the City from time to time in connection with their financing programs, and for any other purposes authorized under Article 4 of the Joint Powers Law.

The Authority is governed by a five-member board whose members are the same as those seated on the City Council of the City. The Authority has no employees and all staff work is done by City staff or consultants.

LEGAL MATTERS

Tax Matters

In the opinion of Jones Hall, A Professional Law Corporation, San Francisco, California, Bond Counsel, subject, however to the qualifications set forth below, under existing law, the interest on the Bonds is excluded from gross income for federal income tax purposes and such interest is not an item of tax preference for purposes of the federal alternative minimum tax imposed on individuals and corporations, provided, however, that, for the purpose of computing the alternative minimum tax imposed on corporations (as defined for federal income tax purposes), such interest is taken into account in determining certain income and earnings.

The opinions set forth in the preceding paragraph are subject to the condition that the Authority and the City comply with all requirements of the Internal Revenue Code of 1986, as amended (the "**Tax Code**") that must be satisfied subsequent to the issuance of the Bonds. The Authority and the City have covenanted to comply with each such requirement. Failure to comply with certain of such requirements may cause the inclusion of such interest in gross income for federal income tax purposes to be retroactive to the date of issuance of the Bonds.

If the initial offering price to the public (excluding bond houses and brokers) at which a Bond is sold is less than the amount payable at maturity thereof, then such difference constitutes "original issue discount" for purposes of federal income taxes and State of California personal income taxes. If the initial offering price to the public (excluding bond houses and brokers) at which a Bond is sold is greater than the amount payable at maturity thereof, then such difference constitutes "original issue premium" for purposes of federal income taxes and State of California personal income taxes. De minimis original issue discount and original issue premium is disregarded.

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

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

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

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

Absence of Litigation

The Authority and the City will certify at the time the Bonds are issued that no litigation is pending or threatened concerning the validity of the Bonds, the CFD Bonds or the CFD 2005-1 Bonds and that no action, suit or proceeding is known by the Authority or the City to be pending

that would restrain or enjoin the delivery of the Bonds or the CFD Bonds, or contest or affect the validity of the Bonds or the CFD Bonds, or any proceedings of the Authority or the City taken with respect to the Bonds or the CFD Bonds.

Legal Opinion

All proceedings in connection with the issuance of the Bonds are subject to the approval as to their legality of Jones Hall, A Professional Law Corporation, San Francisco, California, Bond Counsel. The unqualified opinion of Bond Counsel approving the validity of the Bonds is attached as APPENDIX E.

NO RATINGS

The Authority has not made, and does not contemplate making, any application to a rating agency for a rating on the Bonds. No such rating should be assumed from any credit rating that the Authority or the City may obtain for other purposes. Prospective purchasers of the Bonds are required to make independent determinations as to the credit quality of the Bonds and their appropriateness as an investment.

VERIFICATION OF MATHEMATICAL COMPUTATIONS

Grant Thornton, LLP, Minneapolis, Minnesota, independent accountants, upon delivery of the Bonds, will deliver one or more reports on the mathematical accuracy of certain computations contained in schedules provided to them which were prepared by the City relating to the sufficiency of moneys and securities deposited into the escrow funds for the Prior CFD 2003-2 Bonds, the Prior CFD 2004-1 Bonds and the Prior CFD 2005-1 Bonds to pay, when due, the principal, whether at maturity or upon prior prepayment, interest and prepayment premium requirements of the related series of bonds.

UNDERWRITING

RBC Capital Markets, LLC (the “**Underwriter**”), has agreed to purchase the Bonds at a purchase price of \$7,894,719.95 (being the principal amount of the Bonds (\$7,765,000.00) plus net original issue premium of \$234,547.45 and less an underwriter's discount of \$104,827.50).

The Underwriter may change the initial public offering prices of the Bonds from time to time. The agreement under which the Underwriter has agreed to purchase the Bonds provides that the Underwriter will purchase all the Bonds if any are purchased, and that the obligation to make such purchase is subject to certain terms and conditions set forth therein, including, among others, the approval of certain legal matters by counsel.

CONTINUING DISCLOSURE

The City, on behalf of itself and the Authority, will covenant for the benefit of owners of the Bonds to provide certain financial information and operating data relating to the CFDs (the “**Annual Report**”) by not later than nine months following the end of the City's fiscal year (currently March 31 based on the City's fiscal year ending June 30), commencing March 31, 2016, with the report for the fiscal year ending June 30, 2015, and to provide notices of the occurrence of certain listed events. These covenants have been made in order to assist the Underwriter in complying with Securities Exchange Commission Rule 15c2-12(b)(5), as

amended (the “Rule”). The specific nature of the information to be contained in the Annual Report or the notices of listed events is set forth in APPENDIX F.”

The City has previously entered into disclosure undertakings under the Rule in connection with the issuance of long-term obligations for itself and on behalf of its community facilities districts. Within the past five years, the City failed to file, for Fiscal Years 2008-09 through 2012-13, inclusive, in connection with 1997 Tax Allocation Revenue Bonds, 2002 Revenue Bonds, Series A, 2004 Tax Allocation Revenue Bonds and 2005 Lease Revenue Bonds, certain information for the Annual Reports and failed to file audited financial statements. The Annual Reports were also filed late for these fiscal years. The City, on behalf of CFD 2004-1, in Fiscal Year 2010, failed to file certain information regarding major special taxpayers with its annual report for such fiscal year. Additionally, the City failed to file, on behalf of CFD 2003-2, CFD 2004-1 and CFD 2005-1, its audited financial statements in a timely manner for Fiscal Years 2009 through 2012, inclusive, as required by its existing continuing disclosure obligations. As of the date of this Official Statement, the City has made corrective filings for each of these bond issuances as a best effort to come into compliance with the Rule.

In order to ensure ongoing compliance by the City and Authority with its continuing disclosure undertakings either for itself or on behalf of other entities, the City and Authority have contracted with certain consultants to assist the City and Authority in filing accurate, complete and timely disclosure reports on behalf of the City and the Authority.

PROFESSIONALS INVOLVED IN THE OFFERING

All proceedings in connection with the issuance of the Bonds are subject to the approval of Jones Hall, A Professional Law Corporation, San Francisco, California, Bond Counsel. Nossaman LLP, Irvine, California, is acting as Disclosure Counsel to the Authority. U.S. Bank National Association, San Francisco, California, will act as the Trustee. Hawkins, Delafield & Wood LLP, is acting as counsel to the Underwriter. Del Rio Advisors, LLC, Modesto, California and A. M. Peché & Associates LLC of Alameda, California are acting as Co-Municipal Advisors.

The compensation of Bond Counsel, Disclosure Counsel, the Trustee, the Co-Municipal Advisors and Underwriter’s counsel is contingent upon issuance of the Bonds.

CO-MUNICIPAL ADVISORS

The City and the Authority have retained Del Rio Advisors, LLC of Modesto, California and A. M. Peché & Associates LLC of Alameda, California, as co-municipal advisors (the “Co-Municipal Advisors”) in connection with the offering of the Bonds and the preparation of this Official Statement. The Co-Municipal Advisors assisted in the preparation and review of this Official Statement. All financial and other information presented in this Official Statement has been provided by the City and the Authority from their records, except for information expressly attributed to other sources. The Co-Municipal Advisors take no responsibility for the accuracy or completeness of the data provided by the City, Authority or others and has not undertaken to make an independent verification or does not assume responsibility for the accuracy, completeness, or fairness of the information contained in this Official Statement. The fees of the Co-Municipal Advisors are contingent upon the successful closing of the Bonds.

EXECUTION

The execution and delivery of this Official Statement have been duly authorized by the Authority and the City.

OAKDALE PUBLIC FINANCING AUTHORITY

By: /s/ Pat Paul
Chair

CITY OF OAKDALE

By: /s/ Pat Paul
Mayor

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APPENDIX A

INFORMATION RELATING TO THE COMMUNITY FACILITIES DISTRICTS

The information presented in this Appendix provides additional information about the CFDs and should be read in conjunction with the information presented in the forepart of this Official Statement. Capitalized terms used in this Appendix and not otherwise defined have the meanings ascribed to such items in the forepart of this Official Statement.

The Community Facilities Districts

CFD No. 2003-2 Location and Description

Location. CFD 2003-2 is located in the southwest portion of the City of Oakdale, in Stanislaus County, California. The land within CFD 2003-2 represents the Phase 1 portion of the City's Bridle Ridge Specific Plan area adopted in 1999. CFD 2003-2 is bounded on the north by the Burlington Northern Santa Fe Railroad, on the south by the Oakdale Irrigation District's Crane Lateral and on the west by Willowood Drive. The eastern boundary does not correspond with an existing roadway.

Description. CFD 2003-2 was formed by the City in October, 2003 to finance the cost of construction and acquisition of certain public facilities of benefit to property in CFD 2003-2, consisting of public street and intersection improvements, including street lighting and traffic signals; storm drains; sanitary sewer systems; and water system improvements. As of October 31, 2014, CFD 2003-2 included 489 taxable parcels with 459 completed single family detached homes that have been transferred to individual homeowners (one homeowner pre-paid the special tax obligation) and 30 single-family detached home lots available for building permits. Upon build-out, CFD 2003-2 is expected to include 489 taxable single family detached residential homes and 42.2 acres of public property made up of streets, alleys, bike/pedestrian paths and park.

CFD No. 2004-1 Location and Description

Location. CFD 2004-1 is located in the southwest portion of the City of Oakdale, in Stanislaus County, California. The land within CFD No. 2004-1 represents the Phase 2 portion of the City's Bridle Ridge Specific Plan area. CFD 2004-1 consists of two non-contiguous areas east and west of CFD No. 2003-2 and is bounded on the north by the Burlington Northern Santa Fe Railroad and on the south by the Oakdale Irrigation District's Crane Lateral. The eastern and western boundaries do not correspond with an existing roadway.

Description. CFD 2004-1 was formed by the City in September, 2004 to finance the cost of construction and acquisition of certain public facilities of benefit to property in CFD 2004-1, consisting of public street and intersection improvements, including street lighting and traffic signals; storm drains; sanitary sewer systems; and water system improvements. CFD 2004-1 comprises approximately 181 tentative map lots located in the southwest portion of the City. The land within CFD 2004-1 represents Phase 2 of the City's Bridle Ridge Specific Plan area. As of October 31, 2014, CFD 2004-1 includes 181 taxable parcels with 176 completed single family detached homes that have been transferred to individual homeowners and 5 single family detached home lots available for building permits. Upon build-out, CFD 2004-1 is expected include 181 single family detached residential homes and 13.65 acres of public property made up of streets, alleys, bike/pedestrian paths and park.

CFD No. 2005-1 Location and Description

Location. CFD No. 2005-1 comprises approximately 78.5 acres located in the southwest portion of the City of Oakdale, in Stanislaus County, California. The land within CFD No. 2005-1 represents the Phase 3 portion of the City's Bridle Ridge Specific Plan area. CFD No. 2005-1 consists of two non-contiguous areas east and west of CFD No. 2003-2 and CFD No. 2004-1 and is bounded on the north by the Burlington Northern Santa Fe Railroad, on the south by the Oakdale Irrigation District's Crane Lateral. The property is within the Bridle Ridge Specific Plan area, and represents a continuation of ongoing current development within the area initially undertaken by the Master Developer beginning in 2003.

Description. CFD 2005-1 was formed by the City in January, 2006 to finance the cost of construction and acquisition of certain public facilities of benefit to property in CFD 2005-1, consisting of public street and intersection improvements, including street lighting and traffic signals; storm drains; sanitary sewer systems; and water system improvements. As of October 31, 2014, CFD 2005-1 includes 362 taxable parcels with 135 completed single family detached homes and 92 completed condominium units that have been transferred to individual homeowners. There are, currently, 135 single family detached home lots available for building permits and 6 unmapped/undeveloped lots. Upon build-out, CFD 2005-1 is expected to include 276 single family detached residential homes, 92 Condominium Units and 14.5 acres of public property made up of streets, alleys, bike/pedestrian paths and park.

Historical Assessed Valuation

The following tables set forth the historical assessed valuation for the property in the respective CFDs for the fiscal years indicated.

CITY OF OAKDALE COMMUNITY FACILITIES DISTRICT 2003-2 HISTORICAL ASSESSED VALUATION

Fiscal Year	Parcels	Assessed Value	Annual AV Growth
2010-11	461	\$ 84,456,904	-
2011-12	459	78,227,630	(7.4)%
2012-13	460	76,357,037	(2.4)
2013-14	489	120,412,113	57.7
2014-15	489	135,786,043	12.8

Source: Stanislaus County

**CITY OF OAKDALE
COMMUNITY FACILITIES DISTRICT 2004-1
HISTORICAL ASSESSED VALUATION**

Fiscal Year	Parcels	Assessed Value	Annual AV Growth
2010-11	180	\$ 37,795,423	–
2011-12	180	36,274,968	(4.02)%
2012-13	180	35,236,415	(2.86)
2013-14	181	40,234,428	14.18
2014-15	181	49,218,538	22.33

Source: Stanislaus County

**CITY OF OAKDALE
COMMUNITY FACILITIES DISTRICT 2005-1
HISTORICAL ASSESSED VALUATION**

Fiscal Year	Parcels	Assessed Value	Annual AV Growth
2010-11	319	\$ 47,089,666	–
2011-12	328	43,283,063	(8.1)%
2012-13	361	41,382,114	(4.4)
2013-14	335	44,194,467	6.8
2014-15	368	56,512,738	27.9

Source: Stanislaus County

Value-to-Lien Ratios

The following tables present information regarding the value to lien ratios with respect to the property in each of the applicable CFDs.

**CITY OF OAKDALE
CFD 2003-2
SUMMARY VALUE-TO-LIEN RATIOS BY RANGE**

Value to Lien	No. of Parcels	Total Assessed Value	Fiscal Year 2014-15 Special Tax	Direct Debt	Total Direct and Overlapping Debt	Value to Lien	Value to Direct and Overlapping Debt
Greater than 60:1	30	\$ 1,010,790	\$ 0	\$ 0	\$ 8,334	N/A	121.29:1
40:1 to 59.99:1	0	0	0	0	N/A	N/A	N/A
30:1 to 39.99:1	0	0	0	0	0	N/A	N/A
20:1 to 29.99:1	405	123,271,232	279,223	3,092,647	5,337,697	39.86:1	23.09:1
15:1 to 19.99:1	54	11,504,021	37,230	412,353	623,235	27.90:1	18.46:1
10:1 to 14.99:1	0	0	0	0	0	N/A	N/A
3:1 to 9.99:1	0	0	0	0	0	N/A	N/A
Total	489	\$ 135,786,043	\$ 316,453	\$ 3,505,000	\$ 5,969,266	38.74:1	22.75:1

Source: Special District Services, Inc.

**CITY OF OAKDALE
CFD 2003-2
VALUE-TO-LIEN RATIOS BY LAND USE STATUS**

Land Use	No. of Parcels	Total Assessed Value	Fiscal Year 2014-15 Special Tax	Direct Debt	Total Direct and Overlapping Debt	Value to Lien	Value to Direct and Overlapping Debt
Developed Residential	459	\$134,775,253	\$ 316,453	\$ 3,049,350	\$ 5,468,998	44.20:1	24.64:1
Developed Other (Condos)	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Undeveloped Mapped Residential	30	1,010,790	N/A	455,650	500,268	2.22:1	2.02:1
Unmapped Parcels	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Total	489	\$ 135,786,043	\$ 316,453	\$ 3,505,000	\$ 5,969,266	38.74:1	22.75:1

Source: Special District Services, Inc.

**CITY OF OAKDALE
CFD 2004-1
SUMMARY VALUE-TO-LIEN RATIOS BY RANGE**

Value to Lien	No. of Parcels	Total Assessed Value	Fiscal Year 2014-15 Special Tax	Direct Debt	Total Direct and Overlapping Debt	Value to Lien	Value to Direct and Overlapping Debt
Greater than 60:1	0	\$ 0	\$ 0	\$ 0	\$ 0	N/A	N/A
40:1 to 59.99:1	5	175,000	0	0	3,246	N/A	53.91:1
30:1 to 39.99:1	0	0	0	0	0	N/A	N/A
20:1 to 29.99:1	155	45,019,648	109,134	1,166,904	1,983,845	39.58:1	22.66:1
15:1 to 19.99:1	18	4,043,226	12,674	135,511	209,113	29.83:1	19.32:1
10:1 to 14.99:1	1	95,551	704	7,528	9,172	12.69:1	10.42:1
3:1 to 9.99:1	2	60,113	1,408	15,057	16,025	3.99:1	3.74:1
Less than 3:1	0	0	0	0	0	N/A	N/A
Total	181	\$ 49,393,538	\$ 123,920	\$1,325,000	\$ 2,221,401	37.28:1	22.24:1

Source: Special District Services, Inc.

**CITY OF OAKDALE
CFD 2004-1
VALUE-TO-LIEN RATIOS BY LAND USE STATUS**

Land Use	No. of Parcels	Total Assessed Value	Fiscal Year 2014-15 Special Tax	Direct Debt	Total Direct and Overlapping Debt	Value to Lien	Value to Direct and Overlapping Debt
Developed Residential	176	\$ 49,218,538	\$ 123,920	\$ 1,300,000	\$ 2,188,708	37.86	22.49
Developed Other (Condos)	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Undeveloped Mapped Residential	5	175,000	0	25,000	32,693	7.00	5.35
Unmapped Parcels	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Total	181	\$ 49,393,538	\$ 123,920	\$ 1,325,000	\$ 2,221,401	37.28	22.24

Source: Special District Services, Inc.

**CITY OF OAKDALE
CFD 2005-1
SUMMARY VALUE-TO-LIEN RATIOS BY RANGE**

Value to Lien	No. of Parcels	Total Assessed Value	Fiscal Year 2014-15 Special Tax	Direct Debt	Total Direct and Overlapping Debt	Value to Lien	Value to Direct and Overlapping Debt
Greater than 60:1	0	\$ 0	\$ 0	\$ 0	\$ 0	N/A	N/A
40:1 to 59.99:1	6	689,896	0	0	12,880	N/A	53.56:1
30:1 to 39.99:1	0	0	0	0	0	N/A	N/A
20:1 to 29.99:1	81	26,269,940	58,991	730,921	1,211,525	35.94:1	21.68:1
15:1 to 19.99:1	74	16,213,312	49,669	615,415	908,385	26.34:1	17.85:1
10:1 to 14.99:1	65	8,935,888	38,162	472,840	633,533	20.88:1	14.10:1
3:1 to 9.99:1	109	3,826,677	67,481	836,116	904,568	4.57:1	4.23:1
Less than 3:1	33	577,025	22,575	279,709	289,711	2.06:1	1.99:1
Total	368	\$ 56,512,738	\$ 236,876	\$ 2,935,000	\$ 3,960,602	19.25:1	14.27:1

Source: Special District Services, Inc.

**CITY OF OAKDALE
CFD 2005-1
VALUE-TO-LIEN RATIOS BY LAND USE STATUS**

Land Use	No. of Parcels	Total Assessed Value	Fiscal Year 2014-15 Special Tax	Direct Debt	Total Direct and Overlapping Debt	Value to Lien	Value to Direct and Overlapping Debt
Developed Residential	133	\$ 38,338,106	\$ 96,861	\$ 1,983,519	\$ 2,664,006	19.33	14.39
Developed Other (Condos)	92	13,397,037	53,601	696,136	946,923	19.24	14.15
Undeveloped Mapped Residential	137	4,087,699	86,414	219,496	302,260	18.62	13.52
Unmapped Parcels	6	689,896	0	35,849	47,413	19.24	14.55
Total	368	\$56,512,738	\$ 236,876	\$ 2,935,000	\$ 3,960,602	19.25	14.27

Source: Special District Services, Inc.

Maximum Special Taxes

The tables below show the current Maximum Special Taxes that may be levied on the property within CFD 2003-2, CFD 2004-1 and CFD 2005-1 based on the development status within CFD 2003-2, CFD 2004-1 and CFD 2005-1 as of October 31, 2015. The final maturity of CFD 2003-2 Bonds is September 1, 2034, the final maturity of CFD 2004-1 Bonds is September 1, 2034 and the final maturity of CFD 2005-1 Bonds is September 1, 2035.

**CITY OF OAKDALE
COMMUNITY FACILITIES DISTRICT 2003-2
MAXIMUM SPECIAL TAXES**

Assessed Value To Special Tax Burden	No. of Units	Maximum Special Tax per Unit/Acre	FY 2014-15 Special Tax Levy per Unit/Acre	Percent of Maximum
Single Family Residential Property	459	\$ 728.28	\$ 689.44	94.67%
Undeveloped Property (per Acre)	30	4,411.30	0.00	0.00
Total:	489	\$ 5,139.58	\$ 689.44	13.41%

Source: Special District Services, Inc.

**CITY OF OAKDALE
COMMUNITY FACILITIES DISTRICT 2004-1
MAXIMUM SPECIAL TAXES**

Assessed Value To Special Tax Burden	No. of Units	Maximum Special Tax per Unit/Acre	FY 2014-15 Special Tax Levy per Unit/Acre	Percent of Maximum
Single Family Residential Property	176	\$ 728.28	\$ 703.90	96.65%
Undeveloped Property (per Acre)	0	4,411.30	0.00	0.00
Total:	181	\$ 5,139.58	\$ 703.90	13.70%

**CITY OF OAKDALE
COMMUNITY FACILITIES DISTRICT 2005-1
MAXIMUM SPECIAL TAXES**

Assessed Value To Special Tax Burden	No. of Units	Maximum Special Tax per Unit/Acre	FY 2014-15 Special Tax Levy per Unit/Acre	Percent of Maximum
Single Family Residential Property	133	\$ 728.48	\$ 728.08	100.00%
Other-for-Sale Residential Property	92	582.62	582.42	99.97
Other Property (per Acre)	0	4,983.42	0.00	0.00
Undeveloped Property (per Acre)	137	4,983.42	3,812.23	76.50
Total:	362	\$ 11,277.94	\$ 5,122.73	45.42%

Source: Special District Services, Inc.

See Appendix D for the complete text of each CFD's Rate and Method of Apportionment.

Value-to-Lien Ratios for Top Ten Taxpayers

The following tables summarize the assessed valuations and Fiscal Year 2014-15 special tax levy within CFD 2003-2, CFD 2004-1 and CFD 2005-1 for their top ten taxpayers.

CITY OF OAKDALE CFD 2003-2 TOP TEN TAXPAYERS

Owner	Number of Parcels	Fiscal Year 2014-15 Assessed Value	Fiscal Year 2014-15 Special Tax	% of Total Special Tax
Fernandez, Ramiro & Zoila C.	2	\$ 666,000	\$ 1,378	0.44%
Panchal, Nilam H.	2	573,875	1,378	0.44
Mora, Michael F. & Beth A.	2	566,738	1,378	0.44
Hunter, Andrew & Angela	2	547,027	1,378	0.44
Eikeberg, Richard M.	2	536,201	1,378	0.44
Maddox, John E. & Ann M. Trs.	2	524,971	1,378	0.44
Thompson, Daniel A. & Cleta M. Trs.	2	504,500	1,378	0.44
Estrada, Richard T. & Sbrant-Estrada J.	2	504,500	1,378	0.44
Cordano, Mathew & Jameeah	1	414,000	689	0.22
Khacho, Esam & Padilla Maria Hilda	1	410,500	689	0.22
Total	18	\$ 5,248,312	\$ 12,406	3.92%

Source: Special District Services, Inc.

CITY OF OAKDALE CFD 2004-1 TOP TEN TAXPAYERS

Owner	Number of Parcels	Fiscal Year 2014-15 Assessed Value	Fiscal Year 2014-15 Special Tax	% of Total Special Tax
Troy, Edith Trs.	2	\$ 499,810	\$ 1,408	1.14%
Hussain, Nazish A. & Lubna N.	1	370,000	704	0.57
Robinette, Christopher & Katina	1	370,000	704	0.57
Wu, Tzu Lang & Hsiu Chin	1	370,000	704	0.57
Clifton, Daniel & Aviles, Miriam C.	1	365,000	704	0.57
Camorlinga, Miguel & Danarys	1	364,000	704	0.57
Cranston, Courtland L. Et Al	1	364,000	704	0.57
Kenworthy, Steven D. & Jennifer	1	364,000	704	0.57
Edwards, Brian W. & Kim C.	1	363,000	704	0.57
Kolander, Jaquiline	1	355,341	704	0.57
Total	11	\$ 3,785,151	\$ 7,745	6.25%

Source: Special District Services, Inc

**CITY OF OAKDALE
CFD 2005-1
TOP TEN TAXPAYERS**

Owner	Number of Parcels	Fiscal Year 2014-15 Assessed Value	Fiscal Year 2014-15 Special Tax	% of Total Special Tax
MSCP Pacific Union Oakdale Tamarack	56	\$ 1,977,660	\$ 37,565	15.86%
Hearthstone Multi-Asset Entity	55	1,540,000	25,182	10.63
JKB Living, Inc.	42	1,065,892	27,308	11.53
Lacson, Angelito N. & Esperanza E.	2	427,387	1,311	0.55
Crescenti, Eugene James & Shirley	1	394,500	728	0.31
Gavrillis, Tony & Jeannette	1	394,500	728	0.31
Dosanija, S. Trs.	1	393,000	728	0.31
Accosta, Sandy	2	286,678	1,065	0.45
McCarthy, Francis J. Jr. Tr.	2	282,000	1,065	0.45
Greig, Barbara	2	266,402	1,065	0.45
Total:	164	\$ 7,028,019	\$ 96,747	40.86%

Source: Special District Services, Inc

Delinquencies

The following tables summarize Special Tax levies, collections and delinquency rates in CFD 2003-2, CFD 2004-1 and CFD 2005-1 for Fiscal Years 2009-10 through Fiscal Year 2013-14.

**CITY OF OAKDALE
COMMUNITY FACILITIES DISTRICT 2003-2
SPECIAL TAX LEVIES, DELINQUENCIES AND DELINQUENCY RATES
FISCAL YEARS 2009-10 THROUGH 2013-14**

Year	Special Tax Levy	No. of Parcels Levied	No. of Delinquent. Parcels	Delinquent Special Taxes	No. of Prior Years Delinquent Parcels	Total Prior Years Delinquent Special Taxes	Total Delinquent Special Taxes	% Delinquent	As of Date
2009-10	\$ 342,646.02	459	2	\$ 1,750	0	\$ 0	\$ 0	0.00%	6/30/2010
2010-11	342,646.02	459	4	2,100	1	350	350	0.10	6/30/2011
2011-12	331,718.64	459	5	2,800	1	350	350	0.11	6/30/2012
2012-13	327,769.00	459	4	2,450	0	0	0	0.00	6/30/2013
2013-14	322,190.46	459	5	2,106	N/A	N/A	2,106	0.65	11/14/2014

Source: Special District Services, Inc.

**CITY OF OAKDALE
COMMUNITY FACILITIES DISTRICT 2004-1
SPECIAL TAX LEVIES, DELINQUENCIES AND DELINQUENCY RATES
FISCAL YEARS 2009-10 THROUGH 2013-14**

Year	Special Tax Levy	No. of Parcels Levied	No. of Delinquent Parcels	Delinquent Special Taxes	No. of Prior Years Delinquent Parcels	Total Prior Years Delinquent Special Taxes	Total Delinquent Special Taxes	% Delinquent	As of Date
2009-10	\$ 124,887	181	0	\$ 0	0	\$ 0	\$ 0	0.00%	06/30/2010
2010-11	124,887	181	0	0	0	0	0	0.00	06/30/2011
2011-12	124,886	181	0	0	0	0	0	0.00	06/30/2012
2012-13	125,225	181	2	1,050	0	0	0	0.00	06/30/2013
2013-14	125,700	181	1	714	N/A	N/A	714	0.57	11/14/2014

Source: Special District Services, Inc.

**CITY OF OAKDALE
COMMUNITY FACILITIES DISTRICT 2005-1 (Bridle Ridge Phase 3)
SPECIAL TAX LEVIES, DELINQUENCIES AND DELINQUENCY RATES
FISCAL YEARS 2009-10 THROUGH 2013-14**

Year	Special Tax Levy	No. of Parcels Levied	No. of Delinquent Parcels	Delinquent Special Taxes	No. of Prior Years Delinquent Parcels	Total Prior Years Delinquent Special Taxes	Total Delinquent Special Taxes	% Delinquent	As of Date
2009-10	\$ 247,608	321	1	\$ 10,873	0	\$ 0	\$ 0	0.00%	06/30/2010
2010-11	248,401	321	1	10,080	0	0	0	0.00	06/30/2011
2011-12	250,274	321	1	11,192	0	0	0	0.00	06/30/2012
2012-13	242,348	321	1	10,597	1	350	350	0.14	06/30/2013
2013-14	245,229	324	1	714	N/A	N/A	714	0.29	11/14/2014

Source: Special District Services, Inc

Overlapping Public Debt

Contained within the boundaries of each of CFD 2003-2, CFD 2004-1 and CFD 2005-1 are certain overlapping local agencies providing public services and assessing property taxes, assessments, special taxes and other charges on the property in each of CFD 2003-2, CFD 2004-1 and CFD 2005-1. Many of these local agencies have outstanding debt.

The current and estimated direct and overlapping obligations affecting the property in each of CFD 2003-2, CFD 2004-1 and CFD 2005-1 are shown in the following tables.

**CITY OF OAKDALE
COMMUNITY FACILITIES DISTRICT NO. 2003-2
OVERLAPPING DEBT TABLE**

2014-15 Local Secured Assessed Valuation: \$ 135,786,043 (Land & Improvements)

	<u>% Applicable</u>	<u>Debt 2/1/15</u>
<u>DIRECT AND OVERLAPPING TAX AND ASSESSMENT DEBT:</u>		
Yosemite Community College District General Obligation Bonds ⁽¹⁾	0.252%	\$ 751,157
Oakdale Joint Unified School District General Obligation Bonds ⁽¹⁾	4.079	592,039
Oak Valley Hospital District General Obligation Bonds ⁽¹⁾	3.429	1,121,070
City of Oakdale Community Facilities District No. 2003-2	100.00	3,485,000 ⁽²⁾
TOTAL DIRECT AND OVERLAPPING TAX AND ASSESSMENT DEBT		\$ 5,949,266
 <u>OVERLAPPING GENERAL FUND DEBT:</u>		
Stanislaus County General Fund Obligations	0.347%	\$ 170,745
Stanislaus County Office of Education Certificates of Participation	0.347	11,765
City of Oakdale Certificates of Participation	7.704	182,978
TOTAL OVERLAPPING GENERAL FUND DEBT:		\$ 365,488
 COMBINED TOTAL DEBT		 \$ 6,314,754 ⁽³⁾

(1) All bonds under the election authorized have been issued.

(2) Excludes refunding Mello-Roos Act bonds to be sold.

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

Ratios to 2014-15 Assessed Valuation:

Direct Debt (\$3,485,000)	2.57%
Total Direct and Overlapping Tax and Assessment Debt	4.38%
Combined Total Debt	4.65%

Source: California Municipal Statistics, Inc.

**CITY OF OAKDALE
COMMUNITY FACILITIES DISTRICT NO. 2004-1
OVERLAPPING DEBT TABLE**

2014-15 Local Secured Assessed Valuation: \$ 49,393,538 (Land & Improvements)

	% Applicable	Debt 2/1/15
<u>DIRECT AND OVERLAPPING TAX AND ASSESSMENT DEBT:</u>		
Yosemite Community College District General Obligation Bonds ⁽¹⁾	0.092%	\$ 273,241
Oakdale Joint Unified School District General Obligation Bonds ⁽¹⁾	1.484	215,360
Oak Valley Hospital District General Obligation Bonds ⁽¹⁾	1.247	407,800
City of Oakdale Community Facilities District No. 2004-1	100.00	1,300,000 ⁽²⁾
TOTAL DIRECT AND OVERLAPPING TAX AND ASSESSMENT DEBT		\$ 2,196,401
 <u>OVERLAPPING GENERAL FUND DEBT:</u>		
Stanislaus County General Fund Obligations	0.126%	\$ 62,110
Stanislaus County Office of Education Certificates of Participation	0.126	4,279
City of Oakdale Certificates of Participation	2.803	66,560
TOTAL OVERLAPPING GENERAL FUND DEBT:		\$ 132,949
 COMBINED TOTAL DEBT		 \$ 2,329,350 ⁽³⁾

(1) All bonds under the election authorized have been issued.

(2) Excludes refunding Mello-Roos Act bonds to be sold.

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

Ratios to 2014-15 Assessed Valuation:

Direct Debt (\$1,300,000)	2.63%
Total Direct and Overlapping Tax and Assessment Debt	4.45%
Combined Total Debt	4.72%

Source: California Municipal Statistics, Inc.

**CITY OF OAKDALE
COMMUNITY FACILITIES DISTRICT NO. 2005-1
OVERLAPPING DEBT TABLE**

2014-15 Local Secured Assessed Valuation: \$ 56,512,738 (Land and Land & Improvements)

	<u>% Applicable</u>	<u>Debt 2/1/15</u>
<u>DIRECT AND OVERLAPPING TAX AND ASSESSMENT DEBT:</u>		
Yosemite Community College District General Obligation Bonds ⁽¹⁾	0.105%	\$ 312,624
Oakdale Joint Unified School District General Obligation Bonds ⁽¹⁾	1.698	246,400
Oak Valley Hospital District General Obligation Bonds ⁽¹⁾	1.427	460,882
City of Oakdale Community Facilities District No. 2005-1	100.00	<u>2,855,000</u> ⁽²⁾
TOTAL DIRECT AND OVERLAPPING TAX AND ASSESSMENT DEBT		\$ 3,880,602
 <u>OVERLAPPING GENERAL FUND DEBT:</u>		
Stanislaus County General Fund Obligations	0.144%	\$ 71,062
Stanislaus County Office of Education Certificates of Participation	0.144	4,896
City of Oakdale Certificates of Participation	3.206	<u>76,153</u>
TOTAL OVERLAPPING GENERAL FUND DEBT:		\$ 152,111
 COMBINED TOTAL DEBT		 \$ 4,032,713 ⁽³⁾

(1) All bonds under the election authorized have been issued.

(2) Excludes refunding Mello-Roos Act bonds to be sold.

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

Ratios to 2014-15 Assessed Valuation:

Direct Debt (\$2,855,000)	5.05%
Total Direct and Overlapping Tax and Assessment Debt	6.87%
Combined Total Debt	7.14%

Source: California Municipal Statistics, Inc.

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APPENDIX B
SUMMARY OF PRINCIPAL LEGAL DOCUMENTS

**INDENTURE OF TRUST
RELATING TO THE BONDS**

The following is a summary of certain provisions of the Indenture of Trust relating to the Bonds not otherwise described in the text of this Official Statement. Such summary is not intended to be definitive, and reference is made to the full text of the Indenture of Trust for the complete terms thereof.

Certain Definitions.

“Act” means Articles 1 through 4 (commencing with Section 6500) of Chapter 5, Division 7, Title 1 of the Government Code of the State, as it may hereafter be amended from time to time.

“Annual Debt Service” means, for each Bond Year, the sum of (a) the interest payable on the Outstanding Bonds of a Series in such Bond Year, and (b) the principal amount of the Outstanding Bonds of a Series scheduled to be paid in such Bond Year.

“Authority Administrative Expenses” means the fees and expenses of the Trustee, including legal fees and expenses (including fees and expenses of outside counsel and the allocated costs of internal attorneys) and the out of pocket expenses incurred by the Trustee, the City and the Authority in carrying out their duties under the Indenture including payment of amounts payable to the United States pursuant to the Indenture and any costs associated with the increase or decrease in the balance held in the Reserve Fund (whether in connection with the prepayment of Special Taxes or otherwise).

“Authorized Officer” means (i) with respect to the Authority, the Chair, Executive Director, Secretary or Treasurer of the Authority or any other Person authorized by the Authority to perform an act or sign a document on behalf of the Authority for purposes of the Indenture and (ii) with respect to the City, its City Manager, Finance Director or City Clerk, or any other Person authorized by the City to perform an act or sign a document on behalf of the City for purposes of the Indenture.

“Beneficial Owners” means the actual purchasers of the Bonds whose ownership interests are recorded on the books of the DTC Participants.

“Bond Counsel” means Jones Hall, A Professional Law Corporation, and its successors; or any other attorney at law or firm of attorneys selected by the Authority, of nationally recognized standing in matters pertaining to the federal tax exemption of interest on bonds issued by states and political subdivisions, and duly admitted to practice law before the highest court of any state of the United States of America.

“Bond Law” means the Marks Roos Local Bond Pooling Act of 1985, constituting Article 4 of the Act (commencing with Section 6584), as it may hereafter be amended from time to time.

“Bond Year” means each twelve month period extending from September 3 in one calendar year to September 2 of the succeeding calendar year, except in the case of the initial Bond Year which shall be the period from the Closing Date to September 2, 2015, both dates inclusive.

“Bonds” or “Authority Bonds” means the Oakdale Public Financing Authority Refunding Revenue Bonds, Series 2015.

“Business Day” means a day which is not a Saturday or Sunday or a day of the year on which the New York Stock Exchange or banks in New York, New York or Los Angeles, California, or where the Trust Office is located, are not required or authorized to remain closed.

“Certificate of the Authority” means a certificate in writing signed by an Authorized Officer of the Authority.

“CFD Act” means the Mello-Roos Community Facilities Act of 1982, constituting Chapter 2.5 (commencing with Section 53311), Article 1 of Division 2 of Title 5 of the Government Code of that State of California, as amended from time to time.

“CFD Bonds Fiscal Agent” means the fiscal agent under the CFD Fiscal Agent Agreements, initially U.S. Bank National Association.

“CFD Fiscal Agent Agreements” means, collectively, the CFD 2003-2 Fiscal Agent Agreement, the CFD 2004-1 Fiscal Agent Agreement and the CFD 2005-1 Fiscal Agent Agreement.

“CFD 2003-2” means City of Oakdale Community Facilities District No. 2003-2 (Bridle Ridge), a community facilities district formed pursuant to the CFD Act.

“CFD 2003-2 Bonds” means the City of Oakdale Community Facilities District No. 2003-2 (Bridle Ridge) Special Tax Refunding Bonds, Series 2015.

“CFD 2003-2 Fiscal Agent Agreement” means the Fiscal Agent Agreement pursuant to which the CFD 2003-2 Bonds are issued, by and between the City, for and on behalf of CFD 2003-2, and the CFD Bonds Fiscal Agent.

“CFD 2004-1” means City of Oakdale Community Facilities District No. 2004-1 (Bridle Ridge Phase 2), a community facilities district formed pursuant to the CFD Act.

“CFD 2004-1 Bonds” means the City of Oakdale Community Facilities District No. 2004-1 (Bridle Ridge Phase 2) Special Tax Refunding Bonds, Series 2015.

“CFD 2004-1 Fiscal Agent Agreement” means the Fiscal Agent Agreement pursuant to which the CFD 2004-1 Bonds are issued, by and between the City, for and on behalf of CFD 2004-1, and the CFD Bonds Fiscal Agent.

“CFD 2005-1” means City of Oakdale Community Facilities District No. 2005-1 (Bridle Ridge Phase 3), a community facilities district formed pursuant to the CFD Act.

“CFD 2005-1 Bonds” means the City of Oakdale Community Facilities District No. 2005-1 (Bridle Ridge Phase 3) Special Tax Refunding Bonds, Series 2015.

“CFD 2005-1 Fiscal Agent Agreement” means the Fiscal Agent Agreement pursuant to which the CFD 2005-1 Bonds are issued, by and between the City, for and on behalf of CFD 2005-1, and the CFD Bonds Fiscal Agent.

“Code” means the Internal Revenue Code of 1986 as in effect on the Closing Date or (except as otherwise referenced in the Indenture) as it may be amended to apply to obligations issued on the Closing Date, together with applicable temporary and final regulations promulgated, and applicable official guidance published, under the Code.

“Community Facilities Districts” or “CFDs” means CFD 2003-2, CFD 2004-1 and CFD 2005-1.

“Event of Default” means any of the events described as such in the Indenture.

“Fair Market Value” means, with respect to any investment, the price at which a willing buyer would purchase such investment from a willing seller in a bona fide, arm’s length transaction (determined as of the date the contract to purchase or sell the investment becomes binding) if the investment is traded on an established securities market (within the meaning of Section 1273 of the Code) and, otherwise, the term “Fair Market Value” means the acquisition price in a bona fide arm’s length transaction (as described above) if (i) the investment is a certificate of deposit that is acquired in accordance with applicable regulations under the Code, (ii) the investment is an agreement with specifically negotiated withdrawal or reinvestment provisions and a specifically negotiated interest rate (for example, a guaranteed investment contract, a forward supply contract or other investment agreement) that is acquired in accordance with applicable regulations under the Code, (iii) the investment is a United States Treasury Security - State and Local Government Series that is acquired in accordance with applicable regulations of the United States Bureau of Public Debt, or (iv) any commingled investment fund in which the Authority and related parties do not own more than a ten percent (10%) beneficial interest therein if the return paid by the fund is without regard to the source of the investment. The Trustee is not responsible for determining the Fair Market Value.

“Federal Securities” means any of the following:

- (a) Cash (insured at all times by the Federal Deposit Insurance Corporation).
- (b) Obligations of, or obligations guaranteed as to principal and interest by, the U.S. or any agency or instrumentality thereof, when such obligations are backed by the full faith and credit of the U.S. including:
 - U.S. treasury obligations
 - All direct or fully guaranteed obligations
 - Farmers Home Administration
 - General Services Administration
 - Guaranteed Title XI financing
 - Government National Mortgage Association (GNMA)
 - State and Local Government Series

“Fiscal Year” means any twelve month period extending from July 1 in one calendar year to June 30 of the succeeding calendar year, both dates inclusive, or any other twelve month period selected and designated by the Authority as its official fiscal year period.

“Independent Accountant” means any accountant or firm of such accountants appointed and paid by the Authority, and who, or each of whom –

- (a) is in fact independent and not under domination of the Authority or the City;
- (b) does not have any substantial interest, direct or indirect, in the Authority or the City; and
- (c) is not an officer or employee of the Authority, or the City, but who may be regularly retained to make annual or other audits of the books of or reports to the Authority or the City.

“Independent Financial Consultant” means any financial consultant or firm of such consultants appointed and paid by the Authority, and who, or each of whom –

- (a) is in fact independent and not under domination of the Authority or the City;
- (b) does not have any substantial interest, direct or indirect, in the Authority or the City; and
- (c) is not an officer or employee of the Authority or the City, but who may be regularly retained to make annual or other audits of the books of or reports to the Authority or the City.

“Interest Account” means the account by that name established and held by the Trustee pursuant to the Indenture.

“Interest Payment Date” means March 2 and September 2 in each year, beginning September 2, 2015, and continuing thereafter so long as any Bonds remain Outstanding.

“Maximum Annual Debt Service” means, as of the date of any calculation, the largest Annual Debt Service on a Series during the current or any future Bond Year.

“Outstanding”, when used as of any particular time with reference to Bonds, means (subject to the provisions of the Indenture) all Bonds theretofore executed and issued by the Authority and authenticated and delivered by the Trustee under the Indenture except –

- (a) Bonds theretofore cancelled by the Trustee or surrendered to the Trustee for cancellation pursuant to the Indenture;

- (b) Bonds paid or deemed to have been paid within the meaning of the Indenture or Bonds called for redemption for which funds have been provided as described in the Indenture; and

- (c) Bonds in lieu of or in substitution for which other Bonds shall have been executed, issued and delivered pursuant to the Indenture or any Supplemental Indenture.

“Owner” or “Bond Owner”, when used with respect to any Bond, means the person in whose name the ownership of such Bond shall be registered on the Bond Register.

“Permitted Investments” means any of the following which at the time of investment are legal investments under the laws of the State of California for the moneys proposed to be invested therein, but only to the extent that the same are acquired at Fair Market Value:

- (a) Federal Securities;

- (b) any of the following direct or indirect obligations of the following agencies of the United States of America: (i) direct obligations of the Export-Import Bank; (ii) certificates of beneficial ownership issued by the Farmers Home Administration; (iii) participation certificates issued by the General Services Administration; (iv) mortgage-backed bonds or pass-through obligations issued and guaranteed by the Government National Mortgage Association, the Federal National Mortgage Association, the Federal Home Loan Mortgage Corporation or the Federal Housing Administration; (v) project notes issued by the United States Department of Housing and Urban Development; and (vi) public housing notes and bonds guaranteed by the United States of America;

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

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

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

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

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

(h) money market funds which invest in Federal Securities or which are rated in the highest rating category by any Rating Agency, including such funds for which the Trustee, its affiliates or subsidiaries provide investment advisory or other management services or for which the Trustee or an affiliate of the Trustee serves as investment administrator, shareholder servicing agent, and/or custodian or subcustodian, notwithstanding that (i) the Trustee or an affiliate of the Trustee receives fees from funds for services rendered, (ii) the Trustee collects fees for services rendered pursuant to this Indenture, which fees are separate from the fees received from such funds, and (iii) services performed for such funds and pursuant to this Indenture may at times duplicate those provided to such funds by the Trustee or an affiliate of the Trustee;

(i) any investment agreement, repurchase agreement or other investment instrument which represents the general unsecured obligations of a bank, investment banking firm or other financial institution whose long-term obligations are rated at the time of delivery of the investment agreement, repurchase agreement or other investment instrument A or better by any Rating Agency; and

(j) the Local Agency Investment Fund of the State, created pursuant to Section 16429.1 of the California Government Code.

"Principal Account" means the account by that name established and held by the Trustee pursuant to the Indenture.

"Prior CFD Bonds" means, collectively, the Prior CFD 2003-2 Bonds, Prior CFD 2004-1 Bonds and the Prior CFD 2005-1 Bonds.

"Prior CFD Bonds Fiscal Agent" means U.S. Bank National Association, as fiscal agent with respect to the Prior CFD Bonds.

"Prior CFD 2003-2 Bonds" means \$4,405,000 City of Oakdale Community Facilities District No. 2003-2 (Bridle Ridge) Special Tax Bonds Series 2003, which were issued pursuant to a Fiscal Agent Agreement, dated as of October 1, 2003, between the City and the Prior Bonds Fiscal Agent.

"Prior CFD 2004-1 Bonds" means \$11,565,000 City of Oakdale Community Facilities District No. 2004-1 (Bridle Ridge Phase 2) Special Tax Bonds Series 2004, which were issued pursuant to a Fiscal Agent Agreement, dated as of September 1, 2004, between the City and the Prior Bonds Fiscal Agent.

"Prior CFD 2005-1 Bonds" means \$3,390,000 City of Oakdale Community Facilities District No. 2005-1 (Bridle Ridge Phase 3) Special Tax Bonds Series 2006, which were issued pursuant to a Fiscal Agent Agreement, dated as of January 1, 2006, between the City and the Prior Bonds Fiscal Agent.

"Rebate Fund" means the fund by that name established pursuant to the Indenture.

"Record Date" means, with respect to any Interest Payment Date, the fifteenth calendar day of the month preceding the month in which such Interest Payment Date occurs, whether or not such day is a Business Day.

"Request of the Authority" means a written request executed by an Authorized Officer of the Authority.

"Request of the City" means a written certificate or request executed by an Authorized Officer of the City.

"Responsible Officer" means any officer of the Trustee assigned to administer the Trustee's duties under the Indenture.

"Revenue Fund" means the fund by that name established and held by the Trustee pursuant to the Indenture

"Revenues" means: (a) all amounts received from the Local Obligations; (b) any proceeds of the Bonds originally deposited with the Trustee and all moneys deposited and held from time to time by the Trustee in the funds and accounts established under the Indenture with respect to the Bonds (other than the Rebate Fund and the Surplus Fund); and (c) investment income with respect to any moneys held by the Trustee in the funds and accounts established under the Indenture with respect to the Bonds (other than investment income on moneys held in the Rebate Fund, the Project Fund and the Surplus Fund).

"Special Taxes" means the taxes authorized to be levied by CFD 2003-2, CFD 2004-1 and CFD 2005-1 on parcels within the respective CFD, which have been pledged to repay the related CFD Bonds pursuant to the CFD Act.

"Supplemental Indenture" means any indenture, agreement or other instrument hereafter duly executed by the Authority in accordance with the provisions of the Indenture.

"Surplus Fund" means the fund by that name established pursuant to the Indenture.

"Trust Office" means the office of the Trustee at which at any particular time its corporate trust business shall be principally administered, which office at the date of the Indenture is located in Los Angeles, California, or such other place as designated by the Trustee except that with respect to presentation of Bonds for payment or for registration of transfer and exchange, such term shall mean the office or agency of the Trustee at which, at any particular time, its corporate trust agency business shall be conducted.

"Trustee" means U.S. Bank National Association., and its successors and assigns, and any other corporation or association which may at any time be substituted in its place as provided in the Indenture.

Pledge of Revenues.

Subject to certain provisions of the Indenture relating to defeasance and amounts payable to the Trustee, the Bonds are secured by a first lien on and pledge of all of the Revenues. The Bonds shall be equally secured by a pledge, charge and lien upon the Revenues without priority for any Bond over any other Bond; and the payment of the interest on and principal of the Bonds shall be and are secured by an

exclusive pledge, charge and lien upon the Revenues. So long as any of the Bonds are Outstanding, the Revenues shall not be used for any purpose except as is expressly permitted by the Indenture.

Pursuant to the Indenture, the Authority transfers in trust, grants a security interest in and assigns to the Trustee, for the benefit of the Owners from time to time of the Bonds all of the Revenues and all of the right, title and interest of the Authority in the Local Obligations, subject to the terms of the Indenture. The Trustee shall be entitled to and shall collect and receive all of the Revenues, and any Revenues collected or received by the Authority shall be deemed to be held, and to have been collected or received, by the Authority as the agent of the Trustee and shall forthwith be paid by the Authority to the Trustee. The Trustee also shall be entitled to and shall take all steps, actions and proceedings reasonably necessary in its judgment to enforce, either jointly with the Authority or separately, all of the rights of the Authority and all of the obligations of the City under the Local Obligations.

Upon the deposit with the Trustee of moneys sufficient to pay all principal of, and interest on the Bonds, and upon satisfaction of all claims against the Authority under the Indenture with respect to a Series, including all fees, charges and expenses of the Trustee and the Authority which are properly payable under the Indenture, or upon the making of adequate provisions for the payment of such amounts as permitted by the Indenture, all moneys remaining in all funds and accounts pertaining to such respective Series of Bonds, (except any amounts on deposit in the Rebate Fund and the Surplus Fund and except moneys necessary to pay principal of and interest on such series of Bonds, which moneys shall be held by the Trustee pursuant to the defeasance provisions of the Indenture), shall no longer be considered Revenues and are not pledged to repay the Bonds. Such amounts shall be transferred to the fiscal agent for each issue of then outstanding Local Obligations proportionately based on their respective Proportionate Share. In the event that the Local Obligations have been paid or defeased, then any such amounts shall be paid by the Trustee to the Authority to be used by the Authority for any lawful purpose.

Provisions Relating to Investments of Moneys in the Funds and Accounts.

All moneys in any of the funds or accounts established with the Trustee pursuant to the Indenture shall be invested by the Trustee solely in Permitted Investments, as directed pursuant to the Request of the Authority filed with the Trustee at least two Business Days in advance of the making of such investments. The Trustee shall be entitled to conclusively rely on any such Request of the Authority and shall be fully protected in relying thereon. In the absence of any such Request of the Authority the Trustee shall invest any such moneys in Permitted Investments described in clause (h) of the definition thereof; provided, however, that any such investment shall be made by the Trustee only if, prior to the date on which such investment is to be made, the Trustee shall have received a Request of the Authority specifying a specific money market fund and, if no such Request of the Authority is so received, the Trustee shall hold such moneys uninvested. The Trustee shall be entitled to rely upon any investment directions from the Authority as conclusive certification to the Trustee that the investments described therein are so authorized under the laws of the State of California and qualify as Permitted Investments. Permitted Investments purchased as an investment of moneys in any fund or account established pursuant to the Indenture shall be deemed to be part of such fund or account.

All interest or gain derived from the investment of amounts in any of the funds or accounts established under the Indenture shall be deposited in the fund or account from which such investment was made.

Certain Covenants of the Authority.

Punctual Payment. The Authority shall punctually pay or cause to be paid the principal and interest to become due in respect of all the Bonds, in strict conformity with the terms of the Bonds and of the Indenture, according to the true intent and meaning thereof, but only out of Revenues and other assets pledged for such payment as provided in the Indenture.

Against Encumbrances. The Authority shall not create, or permit the creation of, any pledge, lien, charge or other encumbrance upon the Revenues and other assets pledged or assigned under the Indenture while any of the Bonds are Outstanding, except the pledge and assignment created by the Indenture. Subject to this limitation, the Authority expressly reserves the right to enter into one or more other indentures for any of its corporate purposes, including other programs under the Bond Law, and reserves the right to issue other obligations for such purposes.

Accounting Records and Financial Statements. The Trustee shall at all times keep, or cause to be kept, proper books of record and account, prepared in accordance with corporate trust industry standards in which complete and accurate entries shall be made of transactions made by it relating to the proceeds of Bonds, the Revenues, the Local Obligations and all funds and accounts established pursuant to the Indenture. Such books of record and account shall be available for inspection by the Authority and the City upon reasonable prior notice during regular business hours and under reasonable circumstances, in each case as agreed to by the Trustee.

Local Obligations. Subject to the provisions of the Indenture, the Authority and the Trustee shall use reasonable efforts to collect all amounts due from the City pursuant to the Local Obligations and shall diligently enforce, and take all steps, actions and proceedings which the Authority and Trustee determine to be reasonably necessary for the enforcement of all of the rights of the Authority thereunder and for the enforcement of all of the obligations and covenants of the City. The Authority shall instruct the City to authenticate and deliver to the Trustee the Local Obligations registered in the name of the Trustee.

The Authority, the Trustee, and the City may, with prior written notice to Standard & Poor's, at any time consent to, amend or modify any of the Local Obligations pursuant to the terms thereof, (a) with the prior consent of the Owners of a majority in aggregate principal amount of the Bonds then Outstanding, or (b) without the consent of any of the Owners, if such amendment or modification is for any one or more of the following purposes

(a) to add to the covenants and agreements of the City contained in such Local Obligations, other covenants and agreements thereafter to be observed, or to limit or surrender any rights or power therein reserved to or conferred upon the City; or

(b) to make such provisions for the purpose of curing any ambiguity, or of curing, correcting or supplementing any defective provision contained in such Local Obligations, or in any other respect whatsoever as the City may deem necessary or desirable, provided under any circumstances that such modifications or amendments shall not materially adversely affect the interests of the Owners of the Bonds in the opinion of nationally- recognized bond counsel filed with the Trustee; or

(c) to amend any provision thereof to the extent necessary to comply with the Code, but only if and to the extent such amendment will not, in and of itself, adversely affect the exclusion from gross income of the interest on any of the Bonds under the Code, in the opinion of Bond Counsel filed with the Trustee.

Sale of Local Obligations. Notwithstanding anything in the Indenture to the contrary, following prior written notice to Standard & Poor's, the Authority may cause the Trustee to sell, from time to time, all or a portion of an issue of Local Obligations, provided that the Authority shall deliver to the Trustee:

(a) a certificate of an Independent Accountant certifying that, following the sale of such Local Obligations, the Revenues to be paid to the Authority (assuming the timely payment of amounts due thereon with respect to any Local Obligations not then in default), together with interest and principal due on any noncallable Federal Securities pledged to the repayment of the Bonds and the Revenues then on deposit in the funds and accounts established under the Indenture (valuing any Permitted Investments held under the Indenture at the then Fair Market Value thereof), will be sufficient to pay the principal of and interest on the Bonds when due;

(b) if any Bonds are then rated by Moody's and Standard & Poor's, a notification from Moody's, if Moody's then rates such Bonds, and Standard & Poor's, if Standard & Poor's then rates such Bonds, to the effect that such rating will not be withdrawn or reduced as a result of such sale of Local Obligations; and

(c) an opinion of Bond Counsel that such sale of Local Obligations is authorized under the provisions of the Indenture and will not adversely affect the exclusion of interest on the Bonds from gross income for purposes of federal income taxation.

Upon compliance with the foregoing conditions by the Authority, the Trustee shall sell such Local Obligations in accordance with the Request of the Authority and disburse the proceeds of the sale of such Local Obligations to the Authority or upon the receipt of a Request of the Authority shall deposit such proceeds in the Revenue Fund.

Continuing Disclosure. The Authority covenants and agrees that it will cause the City to comply with and carry out all of the provisions of the Continuing Disclosure Certificate. Notwithstanding any other provision of the Indenture, failure of the City to comply with the Continuing Disclosure Certificate shall not be considered an Event of Default; however, any Participating Underwriter or any holder or beneficial owner of the Bonds may, take such actions as may be necessary and appropriate to compel performance, including seeking mandate or specific performance by court order.

Tax Covenants.

Private Activity Bond Limitation. The Authority shall assure that the proceeds of the Bonds are not used so as to cause the Bonds to satisfy the private business tests of Section 141(b) of the Code or the private loan financing test of Section 141(c) of the Code.

Federal Guarantee Prohibition. The Authority shall not take any action or permit or suffer any action to be taken if the result of the same would be to cause the Bonds to be "federally guaranteed" within the meaning of Section 149(b) of the Code.

No Arbitrage. The Authority shall not take, or permit or suffer to be taken by the Trustee or otherwise, any action with respect to the Bond proceeds which, if such action had been reasonably expected to have been taken, or had been deliberately and intentionally taken, on the Closing Date, would have caused the Bonds to be "arbitrage bonds" within the meaning of Section 148 of the Code.

Rebate of Excess Investment Earnings to United States. The Authority shall calculate or cause to be calculated excess investment earnings with respect to the Bonds which are required to be rebated to the United States of America pursuant to Section 148(f) of the Code, and shall pay the full amount of such excess investment earnings to the United States of America in such amounts, at such times and in such manner as may be required pursuant to the Code. Such payments shall be made by the Authority from any source of legally available funds of the Authority, including amounts deposited into the Rebate Fund, if any. The Authority shall keep or cause to be kept, and retain or cause to be retained for a period of six (6) years following the final payment of the Bonds, records of the determinations made pursuant to this covenant. In order to provide for the administration of this covenant, the Authority may provide for the employment of independent attorneys, accountants and consultants compensated on such reasonable basis as the Authority may deem appropriate.

Maintenance of Tax Exemption. The Authority shall take all actions necessary to assure the exclusion of interest on the Bonds from the gross income of the Owners thereof to the same extent as such interest is permitted to be excluded from gross income under the Code as in effect on the date of issuance of the Bonds.

Certain Provisions Relating to the Trustee.

Qualifications of Trustee. The Authority agrees that it will maintain a Trustee which is a trust company, national banking association or bank of good standing located in or incorporated under the laws of the State, duly authorized to exercise trust powers, with a combined capital and surplus of at least \$75,000,000, and subject to supervision or examination by federal or state authority, so long as any Bonds are Outstanding.

Acceptance of Trusts. The Trustee's acceptance of the trusts imposed by the Indenture are subject to the following terms and conditions, among others:

(a) In case an Event of Default under the Indenture has occurred (which has not been cured or waived), the Trustee may exercise such of the rights and powers vested in it by the Indenture, and shall use the same degree of care and skill and diligence in their exercise, as a reasonable person would exercise or use under the circumstances in the conduct of his own affairs.

(b) The Trustee may consult with and act upon the advice of counsel (which may be counsel to the Authority) concerning all matters of trust and its duty under the Indenture and shall be wholly protected in reliance upon the advice or opinion of such counsel in respect of any action taken or omitted by it in good faith and in accordance with the Indenture.

(c) The Trustee shall be protected and shall incur no liability in acting, or refraining from acting in good faith and without negligence, in reliance upon any notice, request, consent, certificate, order, affidavit, letter, telegram, facsimile transmission, electronic mail, or other paper or document believed by it to be genuine and correct and to have been signed or sent by the proper person or persons. Any action taken or omitted to be taken by the Trustee in good faith and without negligence pursuant to the Indenture upon the request or authority or consent of any person who at the time of making such request or giving such authority or consent is the Owner of any Bond, shall be conclusive and binding upon all future Owners of the same Bond and upon Bonds issued in exchange therefor or in place thereof. The Trustee shall not be bound to recognize any person as an Owner of any Bond or to take any action at such person's request unless the ownership of such Bond by such person shall be reflected on the Bond Register.

(d) The Trustee shall not be required to take notice or be deemed to have notice of any Event of Default under the Indenture except where a Responsible Officer has actual knowledge of such Event of Default and except for the failure by the Authority to make any of the payments to the Trustee required to be made by the Authority pursuant to the Indenture, including payments on the Local Obligations, or failure by the Authority to file with the Trustee any document required by the Indenture to be so filed subsequent to the issuance of the Bonds, unless a Responsible Officer shall be specifically notified in writing of such default by the Authority or by the Owners of at least twenty five percent (25%) in aggregate principal amount of the Bonds then Outstanding and all notices or other instruments required by the Indenture to be delivered to the Trustee must, in order to be effective, be delivered to a Responsible Officer at the Trust Office of the Trustee, and in the absence of such notice so delivered the Trustee may conclusively assume there is no Event of Default under the Indenture except as aforesaid. Delivery of a notice to the officer and address for the Trustee set forth in Section 10.12 of the Indenture, as updated by the Trustee from time to time, shall be deemed notice to a Responsible Officer.

(e) Before taking certain action referred to in the Indenture, the Trustee may require that an indemnity bond satisfactory to it be furnished for the reimbursement of all expenses to which it may be put and to protect it against all liability, except liability which is adjudicated to have resulted from its negligence or willful misconduct in connection with any such action.

(f) The Trustee shall not be considered in breach of or in default in its obligations under the Indenture or progress in respect thereto in the event of enforced delay ("unavoidable delay") in the performance of such obligations due to unforeseeable causes beyond its control and without its fault or negligence, including, but not limited to, Acts of God or of the public enemy or terrorists, acts of a government, acts of the other party, fires, floods, epidemics, quarantine restrictions, strikes, freight embargoes, earthquakes, explosion, mob violence, riot, inability to procure or general sabotage or rationing of labor, equipment, facilities, sources or energy, material or supplies in the open market, litigation or arbitration involving a party or others relating to zoning or other governmental action or inaction pertaining to the project, malicious mischief, condemnation, and unusually severe weather or delays of suppliers or subcontractors due to such causes or any similar event and/or occurrences beyond the control of the Trustee.

Fees, Charges and Expenses of Trustee. Upon the occurrence of an Event of Default under the Indenture, but only upon an Event of Default, the Trustee shall have a first lien with right of payment prior to payment of any Bond upon the amounts held in the Funds and accounts under the Indenture for the foregoing fees, charges and expenses incurred by it respectively. The Trustee's right to payment of its fees and expenses shall survive the discharge and payment or defeasance of the Bonds and termination of the Indenture, and the resignation or removal of the Trustee.

Intervention by Trustee. In any judicial proceeding to which the Authority is a party which, in the opinion of the Trustee and its counsel, has a substantial bearing on the interests of Owners of any of the Bonds, the Trustee may intervene on behalf of such Bond Owners, and subject to provisions of the Indenture relating to indemnification, shall do so if requested in writing by the Owners of at least 25% in aggregate principal amount of such Bonds then Outstanding.

Removal of Trustee. The Owners of a majority in aggregate principal amount of the Outstanding Bonds may and the Authority may, so long as no Event of Default then exists, upon 30 days' prior written notice to the Trustee, remove the Trustee initially appointed, and any successor thereto, by an instrument or concurrent instruments in writing delivered to the Trustee. Upon any such removal, the Authority shall appoint a successor or successors thereto; provided that any such successor shall be a bank or trust company meeting the requirements set forth in the Indenture. Notwithstanding any other provision of the Indenture, no removal of the Trustee shall be effective until a successor is appointed.

Resignation by Trustee. The Trustee and any successor Trustee may at any time give prior written notice of its intention to resign as Trustee under the Indenture, such notice to be given to the Authority and the City by registered or certified mail. Upon receiving such notice of resignation, the Authority shall promptly appoint a successor Trustee. Any resignation or removal of the Trustee and appointment of a successor Trustee shall become effective only upon acceptance of appointment by the successor Trustee. Upon such acceptance, the Authority shall cause notice thereof to be given by first class mail, postage prepaid, to the Bond Owners at their respective addresses set forth on the Bond Register.

Appointment of Successor Trustee. In the event of the removal or resignation of the Trustee, the Authority shall promptly appoint a successor Trustee. In the event the Authority shall for any reason whatsoever fail to appoint a successor Trustee within thirty (30) days, the Trustee may petition any court of competent jurisdiction for the appointment of a successor Trustee. Any such successor Trustee appointed by such court shall become the successor Trustee under the Indenture notwithstanding any action by the Authority purporting to appoint a successor Trustee following the expiration of such thirty day period.

Amendment of the Indenture.

With Bondowner Consent. The Indenture and the rights and obligations of the Authority and of the Owners of the Bonds may, with prior written notice to Moody's and Standard & Poor's, be modified or amended at any time by a Supplemental Indenture which shall become binding when the prior written consent of the Owners of a majority in aggregate principal amount of the Bonds then Outstanding are filed with the Trustee. No such modification or amendment shall (a) extend the maturity of or reduce the interest rate on any Bond or otherwise alter or impair the obligation of the Authority to pay the principal or interest at the time and place and at the rate and in the currency provided therein of any Bond without the express written consent of the Owner of such Bond, (b) reduce the percentage of Bonds required for the written consent to any such amendment or modification, or (c) without written consent of the Trustee, modify any of the rights or obligations of the Trustee.

Without Bondowner Consent. The Indenture and the rights and obligations of the Authority and of the Owners of either Series of the Bonds may, with prior written notice to Standard & Poor's, also be modified or amended at any time by a Supplemental Indenture which shall become binding upon adoption, without consent of any Bond Owners, to the extent permitted by law but only for any one or more of the following purposes

(a) to add to the covenants and agreements of the Authority contained in the Indenture, other covenants and agreements thereafter to be observed, or to limit or surrender any rights or powers in the Indenture reserved to or conferred upon the Authority so long as such addition, limitation or surrender of such rights or powers shall not materially adversely affect the Owners of the Bonds; or

(b) to make such provisions for the purpose of curing any ambiguity, or of curing, correcting or supplementing any defective provision contained in the Indenture, or in any other respect whatsoever as the Authority may deem necessary or desirable, provided under any circumstances that such modifications or amendments shall not materially adversely affect the interests of the Owners of the Bonds; or

(c) to amend any provision of the Indenture relating to the Code as may be necessary or appropriate to assure compliance with the Code and the exclusion from gross income of interest on the Bonds; or

(d) to amend the provisions of the Indenture relating to the Surplus Fund.

At least 15 days in advance of the execution of any amendment to the Indenture, the Trustee shall mail notice of such amendment and a copy of the proposed text of such amendment to Standard & Poor's.

Amendment by Mutual Consent. Any Bond Owner may accept any amendment as to the particular Bond held by such Owner, provided that due notation thereof is made on such Bond.

Events of Default and Remedial Action.

Events of Default. The following events shall be Events of Default under the Indenture.

(a) Default in the due and punctual payment of the principal of any Bond when and as the same shall become due and payable, whether at maturity as therein expressed, by proceedings for redemption, by declaration or otherwise.

(b) Default in the due and punctual payment of any installment of interest on any Bond when and as such interest installment shall become due and payable.

(c) Default by the Authority in the observance of any of the other covenants, agreements or conditions on its part in the Indenture or in the Bonds contained, if such default shall have continued for a period of 60 days after written notice thereof, specifying such default and requiring the same to be remedied, shall have been given to the Authority by the Trustee, or to the Authority and the Trustee by the Owners of not less than twenty five percent (25%) in aggregate principal amount of the Bonds at the time Outstanding; provided that such default (other than a default arising from nonpayment of the Trustee's fees and expenses, which must be cured within such 60 day period unless waived by the Trustee) shall not constitute a Event of Default under the Indenture if the Authority shall commence to cure such default within said sixty (60) day period and thereafter diligently and in good faith shall cure such default within a reasonable period of time; or

(d) The filing by the Authority of a petition or answer seeking reorganization or arrangement under the federal bankruptcy laws or any other applicable law of the United States of America, or if a court of competent jurisdiction shall approve a petition, filed with or without the consent of the Authority, seeking reorganization under the federal bankruptcy laws or any other applicable law of the United States of America, or if, under the provisions of any other law for the relief or aid of debtors, any court of competent jurisdiction shall assume custody or control of the Authority or of the whole or any substantial part of its property.

In determining whether a default has occurred under (a) or (b) above, or whether a payment on the Bonds has been made under the Indenture, no effect shall be given to payments made under the Bond Insurance Policy.

Remedies; Rights of Bond Owners. Upon the occurrence of an Event of Default, the Trustee may pursue any available remedy at law or in equity to enforce the payment of the principal of and interest on the Outstanding Bonds, and to enforce any rights of the Trustee under or with respect to the Indenture. In the event of a Event of Default arising out of a nonpayment of Trustee's fees and expenses, the Trustee may sue the Authority to seek recovery of its fees and expenses; provided, however, that such recovery may be made only from Revenues.

If a Event of Default shall have occurred and be continuing and if requested to do so by the Owners of at least twenty five percent (25%) in aggregate principal amount of Outstanding Bonds, and, in each case, if indemnified as provided in the Indenture, the Trustee shall be obligated to exercise such one or more of the rights and powers conferred by the Indenture and, as applicable, under the Local Obligations, as the Trustee, being advised by counsel, shall deem most expedient in the interests of the Bond Owners.

No remedy by the terms of the Indenture conferred upon or reserved to the Trustee (or to the Bond Owners) is intended to be exclusive of any other remedy, but each and every such remedy shall be cumulative and shall be in addition to any other remedy given to the Trustee or to the Bond Owners under the Indenture or now or hereafter existing at law or in equity.

No delay or omission to exercise any right or power accruing upon any Event of Default shall impair any such right or power or shall be construed to be a waiver of any such Event of Default or acquiescence therein; such right or power may be exercised from time to time as often as may be deemed expedient.

Application of Revenues and Other Funds After Event of Default. All amounts received by the Trustee with respect to the Bonds pursuant to any right given or action taken by the Trustee under the provisions of the Indenture relating to the Bonds shall be applied by the Trustee in the following order upon presentation of the several Bonds, and the stamping thereon of the amount of the payment if only partially paid, or upon the surrender thereof if fully paid –

First, to the payment of the fees, costs and expenses of the Trustee in declaring such Event of Default and in carrying out the provisions of the Indenture, including reasonable compensation to its agents, attorneys and counsel (including outside counsel and the allocated costs of internal attorneys), and to the payment of all other outstanding fees and expenses of the Trustee; and

Second, to the payment of the whole amount of interest on and principal of the Bonds then due and unpaid, with interest on overdue installments of principal and interest to the extent permitted by law at the net effective rate of interest then borne by the Outstanding Bonds; provided, however, that in the event such amounts shall be insufficient to pay in full the full amount of such interest and principal, then such amounts shall be applied in the following order of priority.

- (a) first to the payment of all installments of interest on the Bonds then due and unpaid,
- (b) second, to the payment of all installments of principal of the Bonds then due and unpaid, and
- (c) third, to the payment of interest on overdue installments of principal and interest on Bonds.

Power of Trustee to Control Proceedings. In the event that the Trustee, upon the happening of a Event of Default, shall have taken any action, by judicial proceedings or otherwise, pursuant to its duties under the Indenture, whether upon its own discretion or upon the request of the Owners of a majority in aggregate principal amount of the Bonds then Outstanding, it may, in the exercise of its discretion for the best interests of the Owners of the Bonds, with respect to the continuance, discontinuance, withdrawal, compromise, settlement or other disposal of such action; provided, however, that the Trustee shall not, unless there no longer continues a Event of Default, discontinue, withdraw, compromise or settle, or otherwise dispose of any litigation pending at law or in equity, if there has been filed with it a written request signed by the Owners of a majority in aggregate principal amount of the Outstanding Bonds under the Indenture opposing such discontinuance, withdrawal, compromise, settlement or other such litigation and provided further that the Trustee shall have the right to decline to comply with such written request unless indemnification satisfactory to it has been provided. Any suit, action or proceeding which any Owner of Bonds shall have the right to bring to enforce any right or remedy under the Indenture may be brought by the Trustee for the equal benefit and protection of all Owners of Bonds similarly situated and the Trustee is appointed in the Indenture (and the successive respective Owners of the Bonds issued under the Indenture, by taking and holding the same, shall be conclusively deemed so to have appointed it) the true and lawful attorney in fact of the respective Owners of the Bonds for the purposes of bringing any such suit, action or proceeding and to do and perform any and all acts and things for and on behalf of the respective Owners of the Bonds as a class or classes, as may be necessary or advisable in the opinion of the Trustee as such attorney in fact.

Appointment of Receivers. Upon the occurrence of a Event of Default under the Indenture, and upon the filing of a suit or other commencement of judicial proceedings to enforce the rights of the Trustee and of the Bond Owners under the Indenture, the Trustee shall be entitled, as a matter of right, to the appointment of a receiver or receivers of the Revenues and other amounts pledged under the Indenture, pending such proceedings, with such powers as the court making such appointment shall confer.

Rights and Remedies of Bond Owners. No Owner of any Bond issued under the Indenture shall have the right to institute any suit, action or proceeding at law or in equity, for any remedy under or upon the Indenture, unless (a) such Owner shall have previously given to the Trustee written notice of the occurrence of a Event of Default; (b) the Owners of a majority in aggregate principal amount of all the Bonds then Outstanding shall have made written request upon the Trustee to exercise the powers in the Indenture before granted or to institute such action, suit or proceeding in its own name; (c) said Owners shall have tendered to the Trustee indemnity reasonably acceptable to the Trustee against the costs,

expenses and liabilities to be incurred in compliance with such request; and (d) the Trustee shall have refused or omitted to comply with such request for a period of sixty (60) days after such written request shall have been received by, and said tender of indemnity shall have been made to, the Trustee.

Such notification, request, tender of indemnity and refusal or omission are declared in the Indenture, in every case, to be conditions precedent to the exercise by any Owner of Bonds of any remedy under the Indenture; it being understood and intended that no one or more Owners of Bonds shall have any right in any manner whatever by his or their action to enforce any right under the Indenture, except in the manner in the Indenture provided, and that all proceedings at law or in equity to enforce any provision of the Indenture shall be instituted, had and maintained in the manner in the Indenture provided and for the equal benefit of all Owners of the Outstanding Bonds.

The right of any Owner of any Bond to receive payment of the principal of and interest and premium (if any) on such Bond as in the Indenture provided or to institute suit for the enforcement of any such payment, shall not be impaired or affected without the written consent of such Owner, notwithstanding any other provision of the Indenture.

Limited Liability of Authority.

Notwithstanding anything in the Indenture contained, the Authority shall not be required to advance any moneys derived from any source of income other than the Revenues for the payment of the principal of or interest on the Bonds, or for the performance of any covenants in the Indenture contained (except to the extent any such covenants are expressly payable under the Indenture from the Revenues). The Authority may, however, advance funds for any such purpose, provided that such funds are derived from a source legally available for such purpose and may be used by the Authority for such purpose without incurring indebtedness.

The Bonds shall be revenue bonds, payable exclusively from the Revenues and other funds as in the Indenture provided. The general fund of the Authority is not liable, and the credit of the Authority is not pledged, for the payment of the interest on or principal of the Bonds. The Owners of the Bonds shall never have the right to compel the forfeiture of any property of the Authority. The principal of and interest on the Bonds shall not be a legal or equitable pledge, charge, lien or encumbrance upon any property of the Authority or upon any of its income, receipts or revenues except the Revenues and other funds pledged to the payment thereof as in the Indenture provided.

Discharge of Indenture.

If the Authority pays and discharges any or all of the Outstanding Bonds in any one or more of the following ways:

- (a) by well and truly paying or causing to be paid the principal of and interest and premium (if any) on such Bonds, as and when the same become due and payable;
- (b) by irrevocably depositing with the Trustee, in trust, at or before maturity, money which, together with the available amounts then on deposit in the funds and accounts established with the Trustee pursuant to the Indenture and available for such purpose, is fully sufficient to pay such Bonds, including all principal and interest; or
- (c) by irrevocably depositing with the Trustee or any other fiduciary, in trust, Federal Securities in such amount as an Independent Accountant shall determine will, together with the interest to accrue thereon and available moneys then on deposit in the funds and accounts established with the Trustee pursuant to the Indenture and available for such purpose, be fully sufficient to pay and discharge the indebtedness on such Bonds (including all principal and interest) at or before their respective maturity dates;

then any such Outstanding Bond or Bonds shall be deemed to have been paid and discharged; provided, however, that any such Outstanding Bond or Bonds shall be deemed to have been paid and discharged under paragraph (c) above only if (i) in the case of Bonds to be redeemed prior to the maturity thereof, notice of such redemption shall have been mailed pursuant to the Indenture or provision satisfactory to the Trustee shall have been made for the mailing of such notice, (ii) a verification report of an Independent Accountant shall be delivered to the Trustee, and (iii) an opinion of Bond Counsel shall be delivered to the Trustee in the case of a defeasance of Bonds, to the effect that the requirements of the Indenture have been satisfied with respect to such discharge of Bonds. Upon a discharge of one or more Bonds as described above, and notwithstanding that any of such Bonds shall not have been surrendered for payment, the pledge of the Revenues and other funds provided for in the Indenture with respect to such Bonds, and all other pecuniary obligations of the Authority under the Indenture with respect to such Bonds, as applicable, shall cease and terminate, except only the obligation of the Authority to comply with the tax covenants and the indemnification provisions set forth in the Indenture, to pay or cause to be paid to the Owners of such Bonds not so surrendered and paid all sums due thereon from amounts set aside for such purpose, to pay all expenses and costs of the Trustee and to comply with the tax covenants set forth in the Indenture. Any funds thereafter held by the Trustee, which are not required for said purposes, shall be paid over to the Authority or upon a Request of the Authority to the City.

Defeasance shall be accomplished only with an irrevocable deposit in escrow of certain investments referred to in the Indenture. Further substitutions of securities in the escrow are not permitted. The deposit in the escrow must be sufficient, without reinvestment, to pay all principal and interest as schedule on the Bonds to and including the date of redemption. Any security used for defeasance must provide for the timely payment of principal and interest and cannot be callable or prepayable prior to maturity or earlier redemption of the rated debt (excluding securities that do not have a fixed par value and/or whose terms do not promise a fixed dollar amount at maturity or call date).

FISCAL AGENT AGREEMENTS

The following is a summary of certain provisions of each CFD Fiscal Agent Agreement relating to the CFD Bonds not otherwise described in the text of this Official Statement. Such summary is not intended to be definitive, and reference is made to the full text of the respective CFD Fiscal Agent Agreement for the complete terms thereof.

Certain Definitions: Unless otherwise indicated, capitalized terms used below but not defined below have the same meaning given those terms in Indenture of Trust relating to the Bonds.

“Administrative Expenses” means any or all of the following:

(a) the expenses directly related to the administration of the CFD, including, but not limited to, the costs of computing the Special Taxes and preparing the annual Special Tax collection schedules (whether by the City or a designee thereof or both); the costs of collecting the Special Taxes (whether by the County, the City or otherwise); the costs of remitting the Special Taxes to the CFD Fiscal Agent; the costs associated with preparing Special Tax disclosure statements and responding to the public inquiries regarding the Special Taxes; the costs of the City, the CFD or any designee thereof related to an appeal of the Special Tax;

(b) the costs of the CFD Fiscal Agent (including its legal counsel) in the discharge of the duties of the CFD Fiscal Agent pertaining to the CFD Bonds required under the CFD Fiscal Agent Agreement and any Supplemental CFD Agreement;

(c) the costs of the City or any designee thereof of complying with the City, the CFD, the Authority or obligated person disclosure requirements associated with applicable federal or state securities laws of the Act pertaining to the bonds;

(d) the Authority Administrative Expenses;

(e) any amounts required to be rebated to the federal government; and

(f) all other costs and expenses of the City (including, but not limited to, an allocable share of the salaries of the City staff directly related to the foregoing, a proportionate amount of City general administrative overhead related to the foregoing, and amounts advanced by the City for any administrative purpose of the CFD, including costs related to prepayments of Special Taxes, recordings related to such prepayments and satisfaction of Special Taxes, amounts advanced to ensure maintenance of tax exemption, and the costs of prosecuting foreclosure of delinquent Special Taxes, which amounts advanced are subject to reimbursement from other sources, including proceeds of foreclosure) and the CFD Fiscal Agent incurred in connection with the discharge of their respective duties under the CFD Fiscal Agent Agreement and in any way related to the administration of the CFD and all actual costs and expenses incurred in connection with the administration of the CFD Bonds.

“Annual Debt Service” means the principal amount of any Outstanding CFD Bonds payable in a Bond Year at maturity and any interest payable on any Outstanding CFD Bonds in such Bond Year, if the CFD Bonds are retired as scheduled.

“Authorized Investments” means any of the following which at the time of investment are legal investments under the laws of the State of California for the moneys proposed to be invested therein, but only to the extent that the same are acquired at Fair Market Value:

(a) Federal Securities;

(b) any of the following direct or indirect obligations of the following agencies of the United States of America: (i) direct obligations of the Export-Import Bank; (ii) certificates of beneficial ownership issued by the Farmers Home Administration; (iii) participation certificates issued by the General Services Administration; (iv) mortgage-backed bonds or pass-through obligations issued and guaranteed by the Government National Mortgage Association, the Federal National Mortgage Association, the Federal Home Loan Mortgage Corporation or the Federal Housing Administration; (v) project notes issued by the United States Department of Housing and Urban Development; and (vi) public housing notes and bonds guaranteed by the United States of America;

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

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

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

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

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

(h) money market funds (including money market funds for which the Fiscal Agent, its affiliates or subsidiaries provide investment advisory or other management services) which invest in Federal Securities or which are rated in the highest rating category by any Rating Agency;

(i) any investment agreement, repurchase agreement or other investment instrument which represents the general unsecured obligations of a bank, investment banking firm or other financial institution whose long-term obligations are rated at the time of the delivery of the investment agreement, repurchase agreement or other investment instrument A or better by any Rating Agency; and

(j) the Local Agency Investment Fund of the State, created pursuant to Section 16429.1 of the California Government Code.

“Authorized Representative of the City” means the Mayor, City Manager, Finance Director or City Clerk, or any other person or persons designated by a written certificate signed on behalf of the City by

the City Manager or Finance Director of the City and containing the specimen signature of each such person.

“Bond Register” means the books that the CFD Fiscal Agent shall keep or cause to be kept on which the registration and transfer of the CFD Bonds shall be recorded.

“Bondowner” or “Owner” means the person or persons in whose name or names any CFD Bond is registered.

“Bond Year” means the twelve month period commencing on September 2 of each year and ending on September 1 of the following year, except that the first Bond Year for the CFD Bonds shall begin on the Delivery Date and end on the first September 1 which is not more than 12 months after the Delivery Date.

“Certificate of an Authorized Representative” means a written certificate or warrant request executed by an Authorized Representative of the City.

“Finance Director” means the official of the City, or such official’s designee, who acts in the capacity as the chief financial officer of the City, including the controller or other financial officer.

“Gross Taxes” means the proceeds of the Special Taxes received by the City, including any scheduled payments and any prepayments 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 to the amount of said lien and interest thereon. “Gross Taxes” does not include any penalties collected in connection with delinquent Special Taxes or any interest in excess of the interest due on the CFD Bonds.

“Independent Financial Consultant” means a financial consultant or firm of such consultants generally recognized to be well qualified in the financial consulting field, appointed and paid by the City, who, or each of whom:

- (1) is in fact independent and not under the domination of the City;
- (2) does not have any substantial interest, direct or indirect, in the City; and
- (3) is not connected with the City as a member, officer or employee of the City, but who may be regularly retained to make annual or other reports to the City.

“Maximum Annual Debt Service” means the maximum sum obtained for any Bond Year prior to the final maturity of the CFD Bonds by adding the following for each Bond Year:

- (1) the principal amount of all Outstanding CFD Bonds payable in such Bond Year at maturity; and
- (2) the interest payable on the aggregate principal amount of all CFD Bonds Outstanding in such Bond Year if the CFD Bonds are retired as scheduled.

“Net Taxes” means Gross Taxes minus amounts set aside to pay Administrative Expenses.

“Ordinance” means any ordinance of the City levying the Special Taxes in the CFD.

“Outstanding” or “Outstanding CFD Bonds” means all CFD Bonds theretofore issued by the City, except:

- (1) CFD Bonds theretofore cancelled or surrendered for cancellation in accordance with the CFD Fiscal Agent Agreement;

(2) CFD Bonds for payment or redemption of which monies shall have been theretofore deposited in trust (whether upon or prior to the maturity or the redemption date of such CFD Bonds), provided that, if such CFD Bonds are to be redeemed prior to the maturity thereof, notice of such redemption shall have been given as provided in the CFD Fiscal Agent Agreement; and

(3) CFD Bonds which have been surrendered to the CFD Fiscal Agent for transfer or exchange pursuant to the CFD Fiscal Agent Agreement or for which a replacement has been issued pursuant to the CFD Fiscal Agent Agreement or any Supplemental CFD Agreement.

“Prepayments” means any amounts paid by the City to the CFD Fiscal Agent and designated by the City as a prepayment of Special Taxes for one or more parcels in the CFD made in accordance with the Rate and Method of Apportionment of Special Taxes attached to the Resolution of Formation.

“Reserve Requirement” means, as to CFD 2003-2, \$259,111.59, as to CFD 2004-1, \$97,952.31, and as to CFD 2005-1, \$216,973.62.

“Resolution of Formation” means the resolution adopted by the City Council of the City pursuant to which the City formed the CFD.

“Special Taxes” means the taxes authorized to be levied by the City on property within the CFD in accordance with the Ordinance, the Resolution of Formation, the CFD Act and the voter approval obtained at an election in the CFD.

Security for the CFD Bonds.

Pursuant to the CFD Act and the CFD Fiscal Agent Agreement, the CFD Bonds shall be equally payable from the Net Taxes and other amounts in the Special Tax Fund (exclusive of the Administrative Expense Account), without priority for number, date of the CFD Bonds, date of sale, date of execution, or date of delivery, and the payment of the interest on and principal of the CFD Bonds, shall be exclusively paid from the Net Taxes and other amounts in the Special Tax Fund (exclusive of the Administrative Expense Account), which are set aside by the CFD Fiscal Agent Agreement for the payment of the CFD Bonds.

Amounts in the Special Tax Fund (other than the Administrative Expense Account therein) shall constitute a trust fund held for the benefit of the Owners to be applied to the payment of the interest on and principal of the CFD Bonds and so long as any of the CFD Bonds or interest thereon remain Outstanding shall not be used for any other purpose, except as permitted by the CFD Fiscal Agent Agreement or any Supplemental CFD Agreement. Notwithstanding any provision contained in the CFD Fiscal Agent Agreement to the contrary, Net Taxes deposited in the Rebate Fund and the Surplus Fund shall no longer be considered to be pledged to the CFD Bonds, and none of the Surplus Fund, or the Administrative Expense Account of the Special Tax Fund shall be construed as a trust fund held for the benefit of the Owners.

Nothing in the CFD Fiscal Agent Agreement or any Supplemental CFD Agreement shall preclude the redemption prior to maturity of any CFD Bonds subject to call and redemption and payment of said CFD Bonds from proceeds of refunding bonds issued under the CFD Act as the same now exists or as hereafter amended, or under any other law of the State of California.

Deposits and Uses of Special Taxes.

Special Tax Fund. Except for the portion of any Prepayment to be deposited to the Redemption Account, the CFD Fiscal Agent shall, on each date on which the Special Taxes are received from the City, deposit the Special Taxes in the Special Tax Fund to be held in trust for the Owners. The CFD

Fiscal Agent shall transfer the Special Taxes on deposit in the Special Tax Fund in the following order of priority, to:

- (1) The Administrative Expense Account of the Special Tax Fund;
- (2) The Interest Account of the Special Tax Fund;
- (3) The Principal Account of the Special Tax Fund;
- (4) The Redemption Account of the Special Tax Fund;
- (5) The Reserve Account of the Special Tax Fund; and
- (6) The Surplus Fund.

Administrative Expense Account of the Special Tax Fund. The CFD Fiscal Agent shall transfer from the Special Tax Fund and deposit in the Administrative Expense Account of the Special Tax Fund from time to time amounts necessary to make timely payment of Administrative Expenses; provided, however, that the total amount transferred in a Bond Year shall not exceed the amount of the Special Tax levied for until such time as there has been deposited to the Interest Account and the Principal Account an amount, together with any amounts already on deposit therein, that is sufficient to pay the interest and principal on all CFD Bonds due in such Bond Year and to restore the Reserve Fund to the Reserve Requirement.

Following the required transfers of amounts sufficient to pay the interest and principal on all CFD Bonds due in a Bond Year and to restore the Reserve Fund to the Reserve Requirement, an Authorized Representative of the City may direct the CFD Fiscal Agent, in writing, to transfer additional amounts from the Special Tax Fund to the Administrative Expense Account. Moneys in the Administrative Expense Account of the Special Tax Fund may be invested in any Authorized Investments as directed in writing by an Authorized Representative of the City and shall be disbursed as directed in a Certificate of an Authorized Representative.

Interest Account and Principal Account of the Special Tax Fund. The principal of and interest due on the CFD Bonds until maturity, other than principal due upon redemption, shall be paid by the CFD Fiscal Agent from the Principal Account and the Interest Account of the Special Tax Fund, respectively. For the purpose of assuring that the payment of principal of and interest on the CFD Bonds will be made when due, after making the transfer to the Administrative Expense Account, at least five Business Days prior to each March 2 and September 2, the CFD Fiscal Agent shall transfer from the Special Tax Fund, first to the Interest Account and then to the Principal Account, the amount required to pay interest on and principal of the CFD Bonds on the immediately succeeding March 2 or September 2; provided, however, that to the extent that deposits have been made in the Interest Account or the Principal Account from the proceeds of the sale of an issue of the CFD Bonds or otherwise, the transfer from the Special Tax Fund need not be made; and provided, further, that, if amounts in the Special Tax Fund (exclusive of the Reserve Account) are inadequate to make the foregoing transfers, then any deficiency shall be made up by transfers from the Reserve Account.

Redemption Account of the Special Tax Fund. Moneys set aside in the Redemption Account shall be used solely for the purpose of redeeming CFD Bonds and shall be applied on or after the redemption date to the payment of principal of the CFD Bonds to be redeemed upon presentation and surrender of such CFD Bonds and in the case of an extraordinary redemption from Prepayments to pay the interest thereon; provided, however, that in lieu or partially in lieu of such call and redemption, moneys deposited in the Redemption Account, other than Prepayments, may be used to purchase Outstanding CFD Bonds in the manner in the CFD Fiscal Agent Agreement after provided. Purchases of Outstanding CFD Bonds may be made by the City at public or private sale as and when and at such prices as the City may in its discretion determine but only at prices (including brokerage or other expenses) not more than par plus

accrued interest,. Any accrued interest payable upon the purchase of CFD Bonds may be paid from the amount reserved in the Interest Account of the Special Tax Fund for the payment of interest on the next following Interest Payment Date.

Reserve Account. If funded, the amounts in the Reserve Account shall be applied as follows:

(a) Moneys in the Reserve Account will be used solely for the purpose of paying the principal of and interest on the CFD Bonds when due in the event that the moneys in the Interest Account and the Principal Account of the Special Tax Fund are insufficient therefor. If the amounts in the Interest Account, the Principal Account or the Redemption Account of the Special Tax Fund are insufficient to pay the principal of, including Sinking Fund Payments, or interest on any CFD Bonds when due, the CFD Fiscal Agent will withdraw from the Reserve Account for deposit in the Interest Account, the Principal Account or the Redemption Account of the Special Tax Fund, as applicable, moneys necessary for such purposes.

(b) Whenever moneys are withdrawn from the Reserve Account, after making the required transfers described above, the CFD Fiscal Agent will transfer to the Reserve Account from available moneys in the Special Tax Fund, or from any other legally available funds which the City elects to apply to such purpose, the amount needed to restore the amount of such Reserve Account to the Reserve Requirement. Moneys in the Special Tax Fund will be deemed available for transfer to the Reserve Account only if the CFD Fiscal Agent determines that such amounts will not be needed to make the deposits required to be made to the Administrative Expenses Account, as directed by the City, the Interest Account, the Principal Account or the Redemption Account of the Special Tax Fund on or before the next September 2. If amounts in the Special Tax Fund together with any other amounts transferred to replenish the Reserve Account are inadequate to restore the Reserve Account to the Reserve Requirement, then the City will include the amount necessary fully to restore the Reserve Account to the Reserve Requirement in the next annual Special Tax levy to the extent of the maximum permitted Special Tax rates. Whenever, on any Interest Payment Date, the amount in the Reserve Account exceeds the then applicable Reserve Requirement, the CFD Fiscal Agent shall, except as otherwise provided in the CFD Fiscal Agent Agreement for purposes of rebate, transfer on or before such Interest Payment Date an amount equal to the excess from the Reserve Fund to the Redemption Account.

(c) In connection with a redemption of CFD Bonds, or a partial defeasance of CFD Bonds amounts in the Reserve Account may be applied to such redemption or partial defeasance so long as the amount on deposit in the Reserve Account following such redemption or partial defeasance equals the Reserve Requirement. The City will set forth in a Certificate of an Authorized Representative the amount in the Reserve Account to be transferred to the Redemption Account on a redemption date or to be transferred to partially defease CFD Bonds, and the CFD Fiscal Agent will make such transfer on the applicable redemption or defeasance date, subject to the limitation in the preceding sentence.

(d) To the extent that the Reserve Account is at the Reserve Requirement as of the first day of the final Bond Year for the CFD Bonds, amounts in the Reserve Account may be applied to pay the principal of and interest due on the CFD Bonds and any CFD Parity Bonds in the final Bond Year for such issue.

Surplus Fund. After making the transfers described above, as soon as practicable after each September 2, and in any event prior to each October 1, the CFD Fiscal Agent will transfer all remaining amounts in the Special Tax Fund to the Surplus Fund, unless on or prior to such date, it has received a Certificate of an Authorized Representative of the City directing that certain amounts be retained in the Special Tax Fund because the City has assumed such amounts would be available in the Special Tax Fund in calculating the amount of the levy of Special Taxes for such Fiscal Year.

Moneys deposited in the Surplus Fund will be transferred by the CFD Fiscal Agent at the direction of an Authorized Representative of the City as follows:

- (i) to the Interest Account, the Principal Account or the Redemption Account of the Special Tax Fund to pay the principal of and interest on the CFD Bonds when due in the event that moneys in the Special Tax Fund are insufficient therefor,
- (ii) to the Reserve Account to restore the balance therein to the Reserve Requirement,
- (iii) to the Administrative Expense Account of the Special Tax Fund to pay Administrative Expenses to the extent that the amounts on deposit in the Administrative Expense Account of the Special Tax Fund are insufficient to pay Administrative Expenses, and
- (iv) for any other lawful purpose of the City.

The amounts in the Surplus Fund are not pledged to the repayment of the CFD Bonds and may be used by the City for any lawful purpose.

Investments.

Moneys held in any of the Funds, Accounts and Subaccounts under the CFD Fiscal Agent Agreement shall be invested at the written direction of the City in accordance with the limitations set forth below only in Authorized Investments which shall be deemed at all times to be a part of such Funds, Accounts and Subaccounts. Any loss resulting from such Authorized Investments shall be credited or charged to the Fund, Account or Subaccount from which such investment was made, and any investment earnings on amounts deposited in the Special Tax Fund and the Surplus Fund, and each Account therein, shall be deposited in those respective Funds and Accounts.

Moneys in the Funds, Accounts and Subaccounts held under the CFD Fiscal Agent Agreement may be invested by the CFD Fiscal Agent as directed in writing by the City, from time to time, in Authorized Investments subject to the following restrictions:

(a) Moneys in the Interest Account, the Principal Account, and the Redemption Account of the Special Tax Fund shall be invested only in Authorized Investments which will by their terms mature, or in the case of an Investment Agreement are available for withdrawal without penalty, on such dates so as to ensure the payment of principal of, premium, if any, and interest on the CFD Bonds as the same become due.

(b) Monies in the Reserve Account of the Special Tax Fund may be invested only in Authorized Investments which, taken together, have a weighted average maturity not in excess of five years; provided that no such Authorized Investment of amounts in the Reserve Account allocable to the CFD Bonds shall mature later than the respective final maturity date of the CFD Bonds, as applicable.

(c) In the absence of written investment directions from the City, the CFD Fiscal Agent shall invest solely in Authorized Investments specified in clause (h) of the definition thereof; provided, however, that any such investment shall be made by the CFD Fiscal Agent only if, prior to the date on which such investment is to be made, the CFD Fiscal Agent shall have received written investment directions from the City specifying a specific money market fund and, if no such written investment directions from the City is so received, the CFD Fiscal Agent shall hold such moneys uninvested. The CFD Fiscal Agent shall be entitled to rely upon any investment directions from the Authority as conclusive certification to the CFD Fiscal Agent that the investments described therein are so authorized under the laws of the State of California and qualify as Authorized Investments.

The CFD Fiscal Agent shall sell, or present for redemption, any Authorized Investment whenever it may be necessary to do so in order to provide moneys to meet any payment or transfer to such Funds and Accounts or from such Funds and Accounts. For the purpose of determining at any given time the balance in any such Funds and Accounts, any such investments constituting a part of such Funds and Accounts shall be valued at Fair Market Value. In making any valuations under the CFD Fiscal Agent Agreement, the CFD Fiscal Agent may utilize such computerized securities pricing services as may be available to it, including, without limitation, those available through its regular accounting system, and conclusively rely thereon. Notwithstanding anything in the CFD Fiscal Agent Agreement to the contrary, the CFD Fiscal Agent shall not be responsible for any loss from investments, sales or transfers undertaken in accordance with the provisions of the CFD Fiscal Agent Agreement.

Certain Covenants of the City. In addition to the covenants summarized in this Official Statement, the City has covenanted in the CFD Fiscal Agent Agreement as follows:

Tax Covenants.

Private Activity Bond Limitation. The City shall assure that the proceeds of the CFD Bonds are not so used as to cause the Authority Bonds to satisfy the private business tests of section 141(b) of the Code or the private loan financing test of section 141(c) of the Code.

Federal Guarantee Prohibition. The City shall not take any action or permit or suffer any action to be taken if the result of the same would be to cause any of the Authority Bonds to be “federally guaranteed” within the meaning of section 149(b) of the Code.

Rebate Requirement. The City shall take any and all actions necessary to assure compliance with section 148(f) of the Code, relating to the rebate of excess investment earnings, if any, to the federal government, to the extent that such section is applicable to the Authority Bonds.

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

Maintenance of Tax-Exemption. The City shall take all actions necessary to assure the exclusion of interest on the Authority Bonds from the gross income of the Owners of the Authority Bonds to the same extent as such interest is permitted to be excluded from gross income under the Code as in effect on the date of issuance of the Authority Bonds. In addition, the City shall not take any action or fail to take any action if the action or failure adversely affect the exclusion of interest on the Prior CFD Bonds from the gross income of the owners of the Prior CFD Bonds to the same extent as such interest was permitted to be excluded from gross income for federal income tax purposes on the date of issuance of the Prior CFD Bonds.

Continuing Disclosure. The City covenants and agrees that it will comply with and carry out all of the provisions of the Continuing Disclosure Certificate. Notwithstanding any other provision of the CFD Fiscal Agent Agreement, failure of the City to comply with the Continuing Disclosure Certificate shall not be considered an Event of Default; however, the Original Purchaser of the Authority Bonds and any holder or beneficial owner of the CFD Bonds may, take such actions as may be necessary and appropriate to compel performance, including seeking mandate or specific performance by court order.

Supplemental CFD Agreements or Orders Not Requiring Bondowner Consent.

The City may from time to time, and at any time, without notice to or consent of any of the owners of the CFD Bonds or the CFD Parity Bonds, adopt Supplemental CFD Agreements for any of the following purposes:

(a) to cure any ambiguity, to correct or supplement any provisions in the CFD Fiscal Agent Agreement which may be inconsistent with any other provision in the CFD Fiscal Agent Agreement, or to make any other provision with respect to matters or questions arising under the CFD Fiscal Agent Agreement or in any additional resolution or order, provided that such action is not materially adverse to the interests of the owners of the CFD Bonds or the owners of any CFD Parity Bonds;

(b) to add to the covenants and agreements of and the limitations and the restrictions upon the City contained in the CFD Fiscal Agent Agreement, other covenants, agreements, limitations and restrictions to be observed by the City which are not contrary to or inconsistent with the CFD Fiscal Agent Agreement as theretofore in effect or which further secure CFD Bond or CFD Parity Bond payments;

(c) to modify, amend or supplement the CFD Fiscal Agent Agreement in such manner as to permit the qualification of the CFD Fiscal Agent Agreement under the Trust Indenture Act of 1939, as amended, or any similar federal statute hereafter in effect, and to add such other terms, conditions and provisions as may be permitted by said act or similar federal statute, and which shall not materially adversely affect the interests of the Owners of the CFD Bonds then Outstanding; or

(d) to modify, alter or amend the rate and method of apportionment of the Special Taxes in any manner so long as such changes do not reduce the maximum Special Taxes that may be levied in each year on property within the CFD to an amount which is less than 110% of the principal and interest due in each corresponding future Bond Year with respect to the CFD Bonds Outstanding as of the date of such amendment; or

(e) to modify, alter, amend or supplement the CFD Fiscal Agent Agreement in any other respect which is not materially adverse to the owners of the CFD Bonds and any Outstanding CFD Parity Bonds; or

(f) to make such additions, deletions or modifications as may be necessary or desirable to assure exemption from federal income taxation of interest on the Authority Bonds.

Supplemental CFD Agreements or Orders Requiring Bondowner Consent.

Exclusive of the Supplemental CFD Agreements described in above, the Owners of not less than a majority in aggregate principal amount of the CFD Bonds Outstanding shall have the right to consent to and approve the adoption by the City of such Supplemental CFD Agreements as shall be deemed necessary or desirable by the City for the purpose of waiving, modifying, altering, amending, adding to or rescinding, in any particular, any of the terms or provisions contained in the CFD Fiscal Agent Agreement; provided, however, that nothing in the CFD Fiscal Agent Agreement shall permit, or be construed as permitting, (a) an extension of the maturity date of the principal, or the payment date of interest on, any CFD Bond, (b) a reduction in the principal amount of any CFD Bond or the rate of interest thereon, (c) a preference or priority of any CFD Bond over any other CFD Bond, or (d) a reduction in the aggregate principal amount of the CFD Bonds the Owners of which are required to consent to such Supplemental CFD Agreement, without the consent of the Owners of all CFD Bonds then Outstanding. The CFD Fiscal Agent may in its discretion, but shall not be obligated to, enter into any such Supplemental Indentures authorized by the CFD Fiscal Agent Agreement which adversely affects the Fiscal Agent's own rights, duties or immunities under the CFD Fiscal Agent Agreement or otherwise.

If at any time the City shall desire to adopt a Supplemental CFD Agreement, which shall require the consent of the owners of the CFD Bonds and any Outstanding CFD Parity Bonds, the City shall so notify the CFD Fiscal Agent and shall deliver to the CFD Fiscal Agent a copy of the proposed Supplemental CFD Agreement. The CFD Fiscal Agent shall, at the expense of the City, cause notice of the proposed Supplemental CFD Agreement to be mailed, by first class mail, postage prepaid, to all owners of the CFD Bonds at their addresses as they appear in the Bond Register. Such notice shall briefly set forth the nature of the proposed Supplemental CFD Agreement and shall state that a copy thereof is on file at the office of the CFD Fiscal Agent for inspection by all owners of the CFD Bonds. The failure of any owners of the CFD Bonds to receive such notice shall not affect the validity of such Supplemental CFD Agreement when consented to and approved by the Owners of not less than a majority in aggregate principal amount of the CFD Bonds and CFD Parity Bonds Outstanding. Whenever at any time within one year after the date of the first mailing of such notice, the CFD Fiscal Agent shall receive an instrument or instruments purporting to be executed by the Owners of not less than a majority in aggregate principal amount of the CFD Bonds Outstanding, which instrument or instruments shall refer to the proposed Supplemental CFD Agreement described in such notice, and shall specifically consent to and approve the adoption thereof by the City substantially in the form of the copy referred to in such notice as on file with the CFD Fiscal Agent, such proposed Supplemental CFD Agreement, when duly adopted by the City, shall thereafter become a part of the proceedings for the issuance of the CFD Bonds. In determining whether the Owners of a majority of the aggregate principal amount of the CFD Bonds have consented to the adoption of any Supplemental CFD Agreement, CFD Bonds which are owned by the City or by any person directly or indirectly controlling or controlled by or under the direct or indirect common control with the City, shall be disregarded and shall be treated as though they were not Outstanding for the purpose of any such determination.

Upon the adoption of any Supplemental CFD Agreement and the receipt of consent to any such Supplemental CFD Agreement from the Owners of not less than a majority in aggregate principal amount of the Outstanding CFD Bonds in instances where such consent is required pursuant to the CFD Fiscal Agent Agreement, the CFD Fiscal Agent Agreement shall be, and shall be deemed to be, modified and amended in accordance therewith, and the respective rights, duties and obligations under the CFD Fiscal Agent Agreement of the City and all Owners of Outstanding CFD Bonds shall thereafter be determined, exercised and enforced under the CFD Fiscal Agent Agreement, subject in all respects to such modifications and amendments.

Certain Provisions Relating to the CFD Fiscal Agent for the CFD Bonds.

Removal of CFD Fiscal Agent. The City may at any time at its sole discretion remove the CFD Fiscal Agent initially appointed, and any successor thereto, by delivering to the CFD Fiscal Agent a written notice of its decision to remove the CFD Fiscal Agent and may appoint a successor or successors thereto; provided that any such successor shall be a bank, national banking association or trust company having a combined capital (exclusive of borrowed capital) and surplus of at least \$75,000,000, and subject to supervision or examination by federal or state authority. Any removal shall become effective only upon acceptance of appointment by the successor CFD Fiscal Agent. If any bank, national banking association or trust company appointed as a successor publishes a report of condition at least annually, pursuant to law or to the requirements of any supervising or examining authority above referred to, then the combined capital and surplus of such bank, national banking association or trust company shall be deemed to be its combined capital and surplus as set forth in its most recent report of condition so published. Any removal of the CFD Fiscal Agent and appointment of a successor CFD Fiscal Agent shall become effective only upon acceptance of appointment by the successor CFD Fiscal Agent and notice being sent by the successor CFD Fiscal Agent to the owners of the CFD Bonds and any Outstanding CFD Parity Bonds of the successor CFD Fiscal Agent's identity and address.

Resignation of CFD Fiscal Agent. The CFD Fiscal Agent may at any time resign by giving written notice to the City and by giving to the Owners notice of such resignation, which notice shall be mailed to the Owners at their addresses appearing in the registration books in the office of the CFD Fiscal Agent.

Upon receiving such notice of resignation, the City shall promptly appoint a successor CFD Fiscal Agent satisfying the criteria in the CFD Fiscal Agent Agreement by an instrument in writing. Any resignation or removal of the CFD Fiscal Agent and appointment of a successor CFD Fiscal Agent shall become effective only upon acceptance of appointment by the successor CFD Fiscal Agent.

Liability of CFD Fiscal Agent. The CFD Fiscal Agent shall have no duty or obligation whatsoever to enforce the collection of Special Taxes or other funds to be deposited with it under the CFD Fiscal Agent Agreement, or as to the correctness of any amounts received, but its liability shall be limited to the proper accounting for such funds as it shall actually receive. No provision in the CFD Fiscal Agent Agreement shall require the CFD Fiscal Agent to expend or risk its own funds or otherwise incur any financial liability in the performance of any of its duties under the CFD Fiscal Agent Agreement, or in the exercise of its rights or powers.

Defeasance.

If the City shall pay or cause to be paid, or there shall otherwise be paid, to the Owner of an Outstanding Bond the interest due thereon and the principal thereof, at the times and in the manner stipulated in the CFD Fiscal Agent Agreement or any Supplemental CFD Agreement, then the Owner of such CFD Bond shall cease to be entitled to the pledge of Net Taxes, and, other than as set forth below, all covenants, agreements and other obligations of the City to the Owner of such CFD Bond under the CFD Fiscal Agent Agreement shall thereupon cease, terminate and become void and be discharged and satisfied. In the event of a defeasance of all Outstanding CFD Bonds, the CFD Fiscal Agent shall execute and deliver to the City all such instruments as may be desirable to evidence such discharge and satisfaction, and the CFD Fiscal Agent shall pay over or deliver to the City's general fund all money or securities held by it pursuant to the CFD Fiscal Agent Agreement which are not required for the payment of the principal of and interest due on such CFD Bonds.

Any Outstanding CFD Bond shall be deemed to have been paid within the meaning expressed in the preceding paragraph if such CFD Bond is paid in any one or more of the following ways:

- (a) by paying or causing to be paid the principal of and interest on such CFD Bond or CFD Parity Bond, as and when the same become due and payable;
- (b) by depositing with the CFD Fiscal Agent, in trust, at or before maturity, money which, together with the amounts then on deposit in the Special Tax Fund (exclusive of the Administrative Expense Account) and available for such purpose, is fully sufficient to pay the principal of and interest on such CFD Bond, as and when the same shall become due and payable; or
- (c) by depositing with the CFD Fiscal Agent or another escrow bank appointed by the City, in trust, Federal Securities, in which the City may lawfully invest its money, in such amount as will be sufficient, together with the interest to accrue thereon and moneys then on deposit in the Special Tax Fund (exclusive of the Administrative Expense Account) and available for such purpose, together with the interest to accrue thereon, to pay and discharge the principal of and interest on such CFD Bond, as and when the same shall become due and payable;

then, at the election of the City, and notwithstanding that any Outstanding CFD Bonds shall not have been surrendered for payment, all obligations of the City under the CFD Fiscal Agent Agreement and any Supplemental CFD Agreement with respect to such CFD Bond shall cease and terminate, except for the obligation of the CFD Fiscal Agent to pay or cause to be paid to the Owners of any such CFD Bond not so surrendered and paid, all sums due thereon. Notice of such election shall be filed with the CFD Fiscal Agent not less than ten days prior to the proposed defeasance date, or such shorter period of time as may be acceptable to the CFD Fiscal Agent. In connection with a defeasance under (b) or (c) above, there shall be provided to the City a verification report from an independent nationally recognized certified public accountant stating its opinion as to the sufficiency of the moneys or securities deposited with the

CFD Fiscal Agent or the escrow bank to pay and discharge the principal of and interest on all Outstanding CFD Bonds to be defeased, as and when the same shall become due and payable, and an opinion of Bond Counsel (which may rely upon the opinion of the certified public accountant) to the effect that the CFD Bonds being defeased have been legally defeased in accordance with the CFD Fiscal Agent Agreement and any applicable Supplemental CFD Agreement.

Upon a defeasance, the CFD Fiscal Agent, upon request of the City, shall release the rights of the Owners of such CFD Bonds which have been defeased under the CFD Fiscal Agent Agreement and any Supplemental CFD Agreement and execute and deliver to the City all such instruments as may be desirable to evidence such release, discharge and satisfaction. In the case of a defeasance under the CFD Fiscal Agent Agreement of all Outstanding CFD Bonds, the CFD Fiscal Agent shall pay over or deliver to the City any funds held by the CFD Fiscal Agent at the time of a defeasance, which are not required for the purpose of paying and discharging the principal of or interest on the CFD Bonds when due. The CFD Fiscal Agent shall, at the written direction of the City, mail, first class, postage prepaid, a notice to the owners whose CFD Bonds have been defeased, in the form directed by the City, stating that the defeasance has occurred.

Defeasance shall be accomplished only with an irrevocable deposit in escrow of certain investments referred to in the CFD Fiscal Agent Agreement. Further substitutions of securities in the escrow are not permitted. The deposit in the escrow must be sufficient, without reinvestment, to pay all principal and interest as schedule on the CFD Bonds to and including the date of redemption. Any security used for defeasance must provide for the timely payment of principal and interest and cannot be callable or prepayable prior to maturity or earlier redemption of the rated debt (excluding securities that do not have a fixed par value and/or whose terms do not promise a fixed dollar amount at maturity or call date).

APPENDIX C

THE CITY OF OAKDALE AND STANISLAUS COUNTY AREA

The following information concerning the City and surrounding areas is included only for the purpose of supplying general information regarding the community. The Bonds are not a debt of the City, the County, the State or any of its political subdivisions and neither the City, the State, nor any of its political subdivisions is liable therefor. See "SECURITY AND SOURCES OF PAYMENT FOR THE BONDS" herein.

The City lies in the north-central area of Stanislaus County, southeast of Stockton and northeast of Modesto in California's Central Valley, approximately 60 miles south of Sacramento, 90 miles north of San Jose and 125 miles east of San Francisco.

Population

The following table lists population figures for the County of Stanislaus, including the City of Oakdale, for the last five calendar years for which data is available.

CITIES WITHIN THE COUNTY OF STANISLAUS Population Estimates, as of January 1

	2010	2011	2012	2013	2014
Ceres	45,179	45,538	45,801	46,223	46,463
Hughson	6,600	6,687	6,791	6,965	7,118
Modesto	201,911	201,713	202,856	205,562	206,785
Newman	10,208	10,475	10,555	10,622	10,668
Oakdale	20,557	20,779	20,923	21,190	21,442
Patterson	20,364	20,501	20,610	20,802	20,922
Riverbank	22,559	22,775	22,898	23,100	23,243
Turlock	68,279	68,813	69,292	69,744	70,132
Waterford	8,434	8,478	8,523	8,579	8,619
Unincorporated	109,912	110,485	111,101	110,251	110,650
County Total	514,003	516,244	519,350	523,038	526,042

Source: California State Department of Finance, Demographic Research Unit; as of January 1.

Assessed Value

All property is assessed using full cash value as defined by Article XIII A of the State Constitution. State law provides exemptions from *ad valorem* property taxation for certain classes of property such as churches, colleges, non-profit hospitals, and charitable institutions.

Future assessed valuation growth allowed under Article XIII A (new construction, certain changes of ownership, 2% inflation) will be allocated on the basis of "situs" among the jurisdictions that serve the tax rate area within which the growth occurs. Local agencies and schools will share the growth of "base" revenues from the tax rate area. Each year's growth allocation becomes part of each agency's allocation in the following year.

For assessment and collection purposes, property is classified as either "secured" or "unsecured" and is listed accordingly on separate parts of the assessment roll. The "secured roll" is that part of the assessment roll containing State-assessed property and real property

having a tax lien which is sufficient, in the opinion of the assessor, to secure payment of the taxes. Unsecured property comprises all property not attached to land such as personal property or business property. Boats and airplanes are examples of unsecured property. Unsecured property is assessed on the unsecured roll.

The following table shows a ten-year history of assessed valuation in the City.

**CITY OF OAKDALE
Assessed Valuations
Fiscal Years 2005-06 through 2014-15**

	Secured	Utility	Unsecured	Total
2005-06	\$ 1,398,339,162	\$ 712,644	\$ 71,050,542	\$ 1,470,102,348
2006-07	1,733,961,994	1,184,044	80,743,551	1,815,889,589
2007-08	1,927,903,868	872,467	87,191,974	2,015,968,309
2008-09	1,785,673,983	403,948	94,770,275	1,880,848,206
2009-10	1,603,872,653	151,584	97,960,445	1,701,984,682
2010-11	1,526,172,355	151,584	92,926,737	1,619,250,676
2011-12	1,507,516,383	151,584	57,995,143	1,565,663,110
2012-13	1,475,641,653	57,878	56,667,283	1,532,366,814
2013-14	1,514,792,956	57,878	55,369,790	1,570,220,624
2014-15	1,706,057,369	57,878	56,338,414	1,762,453,661

Source: California Municipal Statistics, Inc.

Industry and Employment

The County makes up the Modesto Metropolitan Statistical Area. The following table summarizes the civilian labor force, employment and unemployment in Stanislaus County for the calendar years 2009 through 2013. These figures are county-wide statistics and may not necessarily accurately reflect employment trends in the City.

STANISLAUS COUNTY Civilian Labor Force, Employment and Unemployment (Annual Averages)⁽³⁾

	2009	2010	2011	2012	2013
<u>Civilian Labor Force:</u> ⁽¹⁾	234,900	240,900	239,800	239,700	238,200
Employment	197,700	199,300	199,700	203,600	207,300
Unemployment	37,200	41,500	40,000	36,200	31,000
Unemployment Rate	15.8%	17.2%	16.7%	15.1%	13.0%
<u>Wage and Salary Employment:</u> ⁽²⁾					
Total, All Industries	163,200	162,500	161,900	165,400	170,400
Total Farm	12,900	12,900	12,900	13,400	14,000
Total Non-Farm	150,200	149,700	149,000	152,000	156,500
Total Private	124,400	123,500	123,400	126,600	131,000
Goods Producing	27,500	26,500	26,500	27,000	27,600
Mining, Logging & Construction	6,600	5,900	5,800	6,300	6,900
Manufacturing	20,900	20,700	20,700	20,700	20,600
Service Producing	122,800	123,200	122,500	125,000	128,900
Trade, Transportation & Utilities	31,400	31,600	32,200	33,500	34,800
Information	1,300	1,200	1,100	1,000	900
Financial Activities	5,600	5,500	5,400	5,400	5,400
Professional and Business Services	13,200	12,500	12,200	12,800	13,200
Educational and Health Services	25,700	26,600	26,700	27,200	28,300
Leisure and Hospitality	14,700	14,600	14,500	14,900	15,700
Other Services	5,200	5,100	4,900	4,900	5,000
Government	25,800	26,200	25,600	25,400	25,500

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

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

(3) Data is not seasonally adjusted.

Source: State of California Employment Development Department.

Construction Trends

Provided below are the building permits and valuations for the City and County for calendar years 2010 through 2014.

CITY OF OAKDALE Total Building Permit Valuations (valuations in thousands)

	2010	2011	2012	2013	2014 ⁽¹⁾
<u>Permit Valuation</u>					
New Single-family	\$ 4,305,737	\$ 2,628,355	\$ 7,861,677	\$ 10,432,623	\$ 17,569,664
New Multi-family	0	4,851,458	835,468	0	0
Res. Alterations/Additions	809,252	964,469	1,820,369	1,524,578	975,334
Total Residential	\$ 5,114,989	\$ 8,444,282	\$ 10,517,514	\$ 11,957,201	\$ 18,544,998
New Commercial	3,485,243	0	1,519,000	828,102	1,825,021
New Industrial	0	0	15,000	0	0
New Other	354,047	1,207,912	1,986,350	489,366	1,159,550
Com. Alterations/Additions	1,312,739	1,453,843	2,305,622	913,884	1,710,742
Total Nonresidential	\$ 5,152,029	\$ 2,661,755	\$ 5,825,972	\$ 2,231,352	\$ 4,695,313
<u>New Dwelling Units</u>					
Single Family	22	13	42	64	73
Multiple Family	0	51	4	0	0
TOTAL	\$ 22	\$ 64	\$ 46	\$ 64	\$ 73

Source: Construction Industry Research Board, *Building Permit Summary*

(1) 2014 numbers are through November 2014.

COUNTY OF STANISLAUS Total Building Permit Valuations (valuations in thousands)

	2010	2011	2012	2013	2014 ⁽¹⁾
<u>Permit Valuation</u>					
New Single-family	\$ 31,155,779	\$ 27,045,519	\$ 33,825,559	\$ 64,015,375	\$ 83,328,150
New Multi-family	5,174,449	4,851,458	16,767,451	3,362,853	0
Res. Alterations/Additions	30,936,744	27,230,019	43,827,037	27,737,529	34,593,895
Total Residential	\$ 67,266,972	\$ 59,126,996	\$ 94,420,047	\$ 95,115,757	\$ 117,922,045
New Commercial	18,152,579	10,455,191	17,530,408	20,616,669	73,501,943
New Industrial	5,826,982	4,229,023	84,187,481	10,668,853	9,833,378
New Other	50,943,910	29,091,887	34,773,402	34,918,430	37,641,640
Com. Alterations/Additions	70,646,642	61,010,357	49,916,612	72,028,717	46,374,800
Total Nonresidential	\$ 145,570,113	\$ 104,786,458	\$ 186,407,903	\$ 138,232,669	\$ 167,351,761
<u>New Dwelling Units</u>					
Single Family	176	136	167	292	350
Multiple Family	68	51	116	42	0
TOTAL	\$ 244	\$ 187	\$ 283	\$ 334	\$ 350

Source: Construction Industry Research Board, *Building Permit Summary*

(1) 2014 numbers are through November 2014.

Commercial Activity

Total taxable sales during the first three quarters of calendar year 2013 in the City were reported to be \$195,249, a 4.93% decrease over the total taxable sales during the first three quarters of \$200,692 reported during calendar year 2012. The number of establishments selling merchandise subject to sales tax and the valuation of taxable transactions in the City is presented in the following table. Annual figures are not yet available for 2014.

CITY OF OAKDALE Taxable Transactions (dollars in thousands)

Year	Retail Permits	Retail Stores Taxable Transactions	Total Permits	Total Outlets Taxable Transactions
2009	335	182,000	557	232,214
2010	339	193,049	564	237,566
2011	335	201,837	550	257,969
2012	336	212,928	557	264,409
2013 ⁽¹⁾	364	164,359	574	195,249

Source: CA State Board of Equalization

(1) Data for the fourth quarter of 2013 and 2014 are not yet available.

Total taxable sales during the first three quarters of calendar year 2013 in the County were reported to be \$5,655,913, a 4.83% increase over the total taxable sales during the first three quarters of \$5,292,703 reported during calendar year 2012. The number of establishments selling merchandise subject to sales tax and the valuation of taxable transactions in the County is presented in the following table. Annual figures are not yet available for 2014.

COUNTY OF STANISLAUS Taxable Transactions (dollars in thousands)

Year	Retail Permits	Retail Stores Taxable Transactions	Total Permits	Total Outlets Taxable Transactions
2009	6,364	3,925,638	9,644	5,847,057
2010	6,612	4,112,697	9,881	6,098,614
2011	6,521	4,394,011	9,717	6,662,466
2012	6,649	4,709,642	9,761	7,178,273
2013 ⁽¹⁾	6,741	3,670,275	9,757	5,655,913

Source: State Board of Equalization

(1) Data for the fourth quarter of 2013 and 2014 are not yet available.

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APPENDIX D-1

RATE AND METHOD OF APPORTIONMENT OF SPECIAL TAXES (CFD 2003-2)

The Special Taxes securing the CFD 2003-2 Bonds will be levied under the Rate and Method for CFD 2003-2 (the "CFD 2003-2 Special Tax Formula"), which is briefly described below. The full text of the CFD 2003-2 Special Tax Formula follows this brief description in this Appendix D-1.

CFD 2003-2 Rate and Method

The Special Tax authorized under the Mello-Roos Act applicable to land within CFD 2003-2 will be levied and collected according to the tax liability determined by the City through the application of the appropriate amount or rate as described in the CFD 2003-2 Special Tax Formula. Defined terms set forth below in this section have the meanings set forth in the Special Tax Formula.

Determination of Special Tax Requirement. Each year, the City will determine the Special Tax Requirement of the District for the upcoming fiscal year. The annual "**Special Tax Requirement**" is the amount necessary in any Fiscal Year to pay the following: (i) principal and interest on CFD 2003-2 Bonds which is due in the calendar year that begins in such Fiscal Year; (ii) create and/or replenish reserve funds for the CFD 2003-2 Bonds; (iii) cure any delinquencies in the payment of principal or interest on CFD 2003-2 Bonds which have occurred in the prior Fiscal Year or, based on existing delinquencies in the payment of Special Taxes, are expected to occur in the Fiscal Year in which the tax will be collected; (iv) pay Administrative Expenses (as defined in the CFD 2003-2 Special Tax Formula); and (v) pay the costs of the Facilities, as applicable. The amounts referred to in clauses (i) and (ii) of the preceding sentence may be reduced in any Fiscal Year by: (i) interest earnings on or surplus balances in funds and accounts for the CFD 2003-2 Bonds to the extent that such earnings or balances are available to apply against debt service pursuant the CFD 2003-2 Fiscal Agent Agreement; (ii) proceeds from the collection of penalties associated with delinquent Special Taxes; and (iii) any other revenues available to pay debt service on the CFD 2003-2 Bonds as determined by the City.

Parcels Subject to the Special Tax. The CFD 2003-2 Special Tax Formula describes in detail the precise method for assigning the Maximum Special Tax to parcels within CFD 2003-2, which generally provides that each year the City will use the definitions contained in the CFD 2003-2 Special Tax Formula to classify each parcel as taxable or exempt. The City will prepare a list of the parcels subject to the Special Tax using the records of the City and the County Assessor. The City will tax all parcels within CFD 2003-2 except exempt parcels as described in the CFD 2003-2 Special Tax Formula, such that the Special Tax shall be first be levied proportionately on each taxable parcel of Developed Property (property on which a building permit has been issued prior to June 1 of the preceding fiscal year) up to 100% of the annual Maximum Special Tax for such parcels, then, if additional moneys are needed, on each parcel of Undeveloped Property (property on which no building permit has been issued) within any Large Lot Subdivision Map (as defined in the CFD 2003-2 Special Tax Formula) and then on each parcel of Undeveloped Property not within any Large Lot Subdivision Map.

Assignment of Maximum Special Tax. The annual Maximum Special Tax is shown in the CFD 2003-2 Special Tax Formula as \$700 per unit for single family property and \$4,240 per acre for other property and undeveloped property. The CFD 2003-2 Special Tax Formula also includes a method for allocation of the tax in the event that development in CFD 2003-2 is not in accord with the approved tentative map.

Termination of the Special Tax. The Special Tax will be levied and collected for as long as needed to pay Special Tax Requirement, but the Special Tax may not be levied on any parcel in CFD 2003-2 beyond fiscal year 2039-40. When Special Tax revenues are no longer needed to pay Special Tax Requirement, the Special Tax will cease to be levied.

Prepayment of the Special Tax. The CFD 2003-2 Special Tax Formula provides that landowners may permanently satisfy all or a portion of the Special Tax by a cash settlement with the City, provided certain conditions are met. See Appendix D-1.

Appeals. The CFD 2003-2 Special Tax Formula provides that appeals of any claim of incorrect computation of Special Tax or application of the Special Tax Formula may be made by filing a written notice of appeal with the City not later than one calendar year after having paid the disputed Special Tax. The City is required to promptly review the appeal. If the final decision of the City requires the Special Tax to be modified or changed in favor of the property owner, no cash refund shall be made for prior years' Special Tax levies, but an adjustment shall be made to the next Special Tax levy(ies) as appropriate.

APPENDIX D-2

RATE AND METHOD OF APPORTIONMENT OF SPECIAL TAXES (CFD 2004-1)

The Special Taxes securing the CFD 2004-1 Bonds will be levied under the Rate and Method for CFD 2004-1 (the "CFD 2004-1 Special Tax Formula"), which is briefly described below. The full text of the CFD 2004-1 Special Tax Formula follows this brief description in this Appendix D-2.

CFD 2004-1 Rate and Method

The Special Tax authorized under the Mello-Roos Act applicable to land within CFD 2004-1 will be levied and collected according to the tax liability determined by the City through the application of the appropriate amount or rate as described in the CFD 2004-1 Special Tax Formula. Defined terms set forth below in this section have the meanings set forth in the Special Tax Formula.

Determination of Special Tax Requirement. Each year, the City will determine the Special Tax Requirement of CFD 2004-1 for the upcoming fiscal year. The annual "**Special Tax Requirement**" is the amount necessary in any Fiscal Year to pay the following: (i) principal and interest on CFD 2004-1 Bonds which is due in the calendar year that begins in such Fiscal Year; (ii) create and/or replenish reserve funds for the CFD 2004-1 Bonds; (iii) cure any delinquencies in the payment of principal or interest on CFD 2004-1 Bonds which have occurred in the prior Fiscal Year or, based on existing delinquencies in the payment of Special Taxes, are expected to occur in the Fiscal Year in which the tax will be collected; (iv) pay Administrative Expenses (as defined in the CFD 2004-1 Special Tax Formula); and (v) pay the costs of the Facilities, as applicable. The amounts referred to in clauses (i) and (ii) of the preceding sentence may be reduced in any Fiscal Year by: (i) interest earnings on or surplus balances in funds and accounts for the CFD 2004-1 Bonds to the extent that such earnings or balances are available to apply against debt service pursuant the CFD 2004-1 Fiscal Agent Agreement; (ii) proceeds from the collection of penalties associated with delinquent Special Taxes; and (iii) any other revenues available to pay debt service on the CFD 2004-1 Bonds as determined by the City.

Parcels Subject to the Special Tax. The CFD 2004-1 Special Tax Formula describes in detail the precise method for assigning the Maximum Special Tax to parcels within CFD 2004-1, which generally provides that each year the City will use the definitions contained in the CFD 2004-1 Special Tax Formula to classify each parcel as taxable or exempt. The City will prepare a list of the parcels subject to the Special Tax using the records of the City and the County Assessor. The City will tax all parcels within CFD 2004-1 except exempt parcels as described in the CFD 2004-1 Special Tax Formula, such that the Special Tax shall be first be levied proportionately on each taxable parcel of Developed Property (property on which a building permit has been issued prior to June 1 of the preceding fiscal year) up to 100% of the annual Maximum Special Tax for such parcels, then, if additional moneys are needed, on each parcel of Undeveloped Property (property on which no building permit has been issued) within any Large Lot Subdivision Map (as defined in the CFD 2004-1 Special Tax Formula) and then on each parcel of Undeveloped Property not within any Large Lot Subdivision Map. See Appendix D-2.

Assignment of Maximum Special Tax. The annual Maximum Special Tax is shown in the CFD 2004-1 Special Tax Formula as \$700 per unit for single family property and \$4,240 per acre for other property and undeveloped property. The CFD 2004-1 Special Tax Formula also includes a method for allocation of the tax in the event that development in CFD 2004-1 is not in accord with the approved tentative map.

Termination of the Special Tax. The Special Tax will be levied and collected for as long as needed to pay Special Tax Requirement, but the Special Tax may not be levied on any parcel in CFD 2004-1 beyond fiscal year 2039-40. When Special Tax revenues are no longer needed to pay Special Tax Requirement, the Special Tax will cease to be levied.

Prepayment of the Special Tax. The CFD 2004-1 Special Tax Formula provides that landowners may permanently satisfy all or a portion of the Special Tax by a cash settlement with the City, provided certain conditions are met. See Appendix D-2.

Appeals. The CFD 2004-1 Special Tax Formula provides that appeals of any claim of incorrect computation of Special Tax or application of the CFD 2004-1 Special Tax Formula may be made by filing a written notice of appeal with the City not later than one calendar year after having paid the disputed Special Tax. The City is required to promptly review the appeal. If the final decision of the City requires the Special Tax to be modified or changed in favor of the property owner, no cash refund shall be made for prior years' Special Tax levies, but an adjustment shall be made to the next Special Tax levy(ies) as appropriate.

APPENDIX D-3

RATE AND METHOD OF APPORTIONMENT OF SPECIAL TAXES (CFD 2005-1)

The Special Taxes securing the CFD 2005-1 Bonds will be levied under the Rate and Method for CFD 2005-1 (the "CFD 2005-1 Special Tax Formula"), which is briefly described below. The full text of the CFD 2005-1 Special Tax Formula follows this brief description in this Appendix D-3.

CFD 2005-1 Rate and Method

The Special Tax authorized under the Mello-Roos Act applicable to land within CFD 2005-1 will be levied and collected according to the tax liability determined by the City through the application of the appropriate amount or rate as described in the CFD 2005-1 Special Tax Formula. Defined terms set forth below in this section have the meanings set forth in the CFD 2005-1 Special Tax Formula. See "APPENDIX D-3 — RATE AND METHOD OF APPORTIONMENT OF SPECIAL TAX."

Determination of Special Tax Requirement. Each year, the City will determine the Special Tax Requirement of CFD 2005-1 for the upcoming fiscal year. The annual "**Special Tax Requirement**" is the amount necessary in any Fiscal Year to pay the following: (i) principal and interest on CFD 2005-1 Bonds which is due in the calendar year that begins in such Fiscal Year; (ii) create and/or replenish reserve funds for the CFD 2005-1 Bonds; (iii) cure any delinquencies in the payment of principal or interest on CFD 2005-1 Bonds which have occurred in the prior Fiscal Year or, based on existing delinquencies in the payment of Special Taxes, are expected to occur in the Fiscal Year in which the tax will be collected; (iv) pay Administrative Expenses (as defined in the CFD 2005-1 Special Tax Formula); and (v) pay the costs of the Facilities, as applicable. The amounts referred to in clauses (i) and (ii) of the preceding sentence may be reduced in any Fiscal Year by: (i) interest earnings on or surplus balances in funds and accounts for the CFD 2005-1 Bonds to the extent that such earnings or balances are available to apply against debt service pursuant the CFD 2005-1 Fiscal Agent Agreement; (ii) proceeds from the collection of penalties associated with delinquent Special Taxes; and (iii) any other revenues available to pay debt service on the CFD 2005-1 Bonds as determined by the City.

Parcels Subject to the Special Tax. The CFD 2005-1 Special Tax Formula describes in detail the precise method for assigning the Maximum Special Tax to parcels within CFD 2005-1, which generally provides that each year the City will use the definitions contained in the CFD 2005-1 Special Tax Formula to classify each parcel as taxable or exempt. The City will prepare a list of the parcels subject to the Special Tax using the records of the City and the County Assessor. The City will tax all parcels within CFD 2005-1 except exempt parcels as described in the Special Tax Formula, such that the Special Tax shall be first be levied proportionately on each taxable parcel of Developed Property (property on which a building permit has been issued prior to June 1 of the preceding fiscal year) up to 100% of the annual Maximum Special Tax for such parcels, then, if additional moneys are needed, on each parcel of Undeveloped Property (property on which no building permit has been issued) within any Large Lot Subdivision Map (as defined in the Special Tax Formula) and then on each parcel of Undeveloped Property not within any Large Lot Subdivision Map. See Appendix D-3.

Assignment of Maximum Special Tax. The annual Maximum Special Tax is shown in the CFD 2005-1 Special Tax Formula as \$700 per unit for single family detached property, \$560 per unit for townhouse or condominium property and \$4,790 per acre for other property and undeveloped property. The CFD 2005-1 Special Tax Formula also includes a method for allocation of the tax in the event that development in CFD 2005-1 is not in accord with the approved tentative map.

Termination of the Special Tax. The Special Tax will be levied and collected for as long as needed to pay Special Tax Requirement, but the Special Tax may not be levied on any parcel in CFD 2005-1 beyond fiscal year 2039-40. When Special Tax revenues are no longer needed to pay Special Tax Requirement, the Special Tax will cease to be levied.

Prepayment of the Special Tax. The CFD 2005-1 Special Tax Formula provides that landowners may permanently satisfy all or a portion of the Special Tax by a cash settlement with the City, provided certain conditions are met. See Appendix D-3.

Appeals. The CFD 2005-1 Special Tax Formula provides that appeals of any claim of incorrect computation of Special Tax or application of the CFD 2005-1 Special Tax Formula may be made by filing a written notice of appeal with the City not later than one calendar year after having paid the disputed Special Tax. The City is required to promptly review the appeal. If the final decision of the City requires the Special Tax to be modified or changed in favor of the property owner, no cash refund shall be made for prior years' Special Tax levies, but an adjustment shall be made to the next Special Tax levy(ies) as appropriate.

APPENDIX E
FORM OF BOND COUNSEL OPINION

February 26, 2015

Oakdale Public Financing Authority
280 North Third Avenue
Oakdale, California, 95361

OPINION: \$7,765,000 Oakdale Public Financing Authority Refunding Revenue Bonds,
Series 2015

Members of the Authority:

We have acted as bond counsel to the Oakdale Public Financing Authority (the "Authority") in connection with the delivery by the Authority of the above-referenced bonds (the "Bonds"), issued pursuant to the provisions of the Marks-Roos Local Bond Pooling Act of 1985, constituting Article 4 (commencing with Section 6584) of Chapter 5, Division 7, Title 1 of the Government Code of the State of California (the "Bond Law"), and pursuant to an Indenture of Trust dated as of February 1, 2015 (the "Indenture"), by and between the Authority and U.S. Bank National Association, as trustee. We have examined the Bond Law, an executed copy of the Indenture 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 Authority contained in the Indenture 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 our examination we are of the opinion, under existing law, that:

1. The Authority is a public agency duly organized and existing under the laws of the State of California, with power to enter into the Indenture, to 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 Authority and are legal, valid and binding obligations of the Authority, payable solely from the sources provided therefor in the Indenture.
3. The Indenture has been duly approved by the Authority and constitutes a legal, valid and binding obligation of the Authority enforceable against the Authority in accordance with its terms.
4. Pursuant to the Bond Law, the Indenture establishes a valid lien on and pledge of the Revenues (as such term is defined in the Indenture) for the security of the Bonds.

5. 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 imposed on individuals and corporations; it should be noted, however, that for the purpose of computing the alternative minimum tax imposed on corporations (as defined for federal income tax purposes), such interest is taken into account in determining certain income and earnings. The opinions set forth in the preceding sentence are subject to the condition that the Authority and the City of Oakdale (the "City") comply with all requirements of the Internal Revenue Code of 1986 that must be satisfied subsequent to the issuance of the Bonds in order that interest thereon be, or continue to be, excluded from gross income for federal income tax purposes. The Authority and the City have covenanted to comply with each such requirement. Failure to comply with certain of such requirements may cause the inclusion of interest on the Bonds in gross income for federal income tax purposes to be retroactive to the date of issuance of the Bonds. We express no opinion regarding other federal tax consequences arising with respect to the Bonds.

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

The rights of the owners of the Bonds and the enforceability of the Bonds and the Indenture 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,

/s/ Jones Hall
A Professional Law Corporation

APPENDIX F

FORM OF CONTINUING DISCLOSURE CERTIFICATE

OAKDALE PUBLIC FINANCING AUTHORITY REFUNDING REVENUE BONDS SERIES 2015

This Continuing Disclosure Certificate (this "Disclosure Certificate") is executed and delivered by the City of Oakdale (the "City"), for and on behalf of itself and the Oakdale Public Financing Authority (the "Authority"), in connection with the issuance by the Authority of the revenue bonds captioned above (the "Bonds").

The Bonds are generally secured by revenues derived from debt service payments made on three series of bonds to be issued by the City concurrently with the Bonds: (i) a series of special tax refunding bonds (the "CFD 2003-2 Bonds") for the City of Oakdale Community Facilities District No. 2003-2 (Bridle Ridge), (ii) a series of special tax refunding bonds (the "CFD 2004-1 Bonds") for the City of Oakdale Community Facilities District No. 2004-1 (Bridle Ridge Phase 2), and (iii) a series of special tax refunding bonds (the "CFD 2005-1 Bonds") for the City of Oakdale Community Facilities District No. 2005-1 (Bridle Ridge Phase 3).

The Bonds are being issued under an Indenture of Trust, dated as of February 1, 2015 (the "Indenture"), by and between the Authority and U.S. Bank National Association, as trustee (the "Trustee").

The City, on behalf of itself and the Authority, hereby 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 Indenture, 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 9 months after the end of the City's fiscal year (currently March 31 based on the City's fiscal year end of June 30).

"County" means the County of Stanislaus, California.

"Dissemination Agent" means Special District Services, Inc. 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*” means RBC Capital Markets, LLC, the original underwriter of the Bonds required to comply with the Rule in connection with offering 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 March 31, 2016, with the report for the 2014-15 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(c). 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) to the MSRB, in an electronic format as prescribed by the MSRB, a notice in substantially the form attached as Exhibit A.

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

(i) determine each year prior to the 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 audited financial statements of the City and the Authority, together with the following statement:

THE CITY'S AND THE AUTHORITY'S ANNUAL FINANCIAL STATEMENTS ARE PROVIDED SOLELY TO COMPLY WITH THE SECURITIES EXCHANGE COMMISSION STAFF'S INTERPRETATION OF RULE 15C2-12. NO FUNDS OR ASSETS OF THE CITY OR THE AUTHORITY OTHER THAN THOSE PLEDGED UNDER THE INDENTURE ARE REQUIRED TO BE USED TO PAY DEBT SERVICE ON THE BONDS, AND NEITHER THE CITY NOR THE AUTHORITY ARE OBLIGATED TO ADVANCE AVAILABLE FUNDS FROM ANY SOURCE TO COVER ANY DELINQUENCIES. INVESTORS SHOULD NOT RELY ON THE FINANCIAL CONDITION OF THE CITY OR THE AUTHORITY IN EVALUATING WHETHER TO BUY, HOLD OR SELL THE BONDS.

The audited financial statements shall be 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 such audited financial statements are not available by the time the Annual Report is required to be filed pursuant to Section 3(a), the Annual Report shall contain unaudited financial statements in a format similar to the financial statements contained in the final 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 additional items relating to the Authority, and to CFD 2003-2, CFD 2004-1 and CFD 2005-1 on a combined basis.

(i) Outstanding principal amount of the Bonds as of the end of the most recent fiscal year.

(ii) A description of the issuance of any Additional Bonds.

(c) The following additional items relating to each CFD 2003-2:

(i) Outstanding principal amount of the CFD 2003-2 Bonds as of the end of the most recent fiscal year.

(ii) Balance of the Reserve Account for the CFD 2003-2 Bonds, and a statement of the applicable Reserve Requirement for the Reserve Account, as of September 2 of the current fiscal year.

(iii) A table showing distribution of assessed value-to-burden ratios by land use status for all Taxable Property within CFD 2003-2 (per the County Assessor's records) for the current fiscal year.

(iv) A table showing a history of special tax collections and delinquencies within CFD 2003-2 (per the County Assessor's records) for the current fiscal year.

(v) With respect to delinquent Special Taxes as of June 30 of the preceding fiscal year, (i) a list of all parcels delinquent in the payment of Special Taxes in the aggregate of \$5,000 or more (and information relating to the length of delinquency and status of any foreclosure, including results of foreclosure sales), (ii) the total dollar amount of delinquencies and (iii) in the event (A) that the total delinquencies within CFD 2003-2 as of June 30 of the preceding fiscal year exceed 5% of the Special Tax for the

preceding fiscal year or (B) there are 10 or fewer owners of real property within CFD 2003-2, determined by reference to the latest available secured property tax roll of the County, delinquency information for each parcel delinquent in the payment of Special Tax, amounts of delinquencies, length of delinquency and status of any foreclosure of each such parcel (including results of foreclosure sale).

(vi) The amount of prepayments of the CFD 2003-2 Special Taxes for the most recently completed Fiscal Year.

(vii) A land ownership summary listing property owners responsible for more than 5% of the annual CFD 2003-2 Special Tax levy, as shown on the County Assessor's equalized tax roll as of June 30 of the preceding fiscal year, and a calculation of each such owner's assessed value-to-burden ratio based upon assessed value and the burden of that property's share of the CFD Bonds only.

(viii) Any changes to the Rate and Method of Apportionment of Special Tax for CFD 2003-2 as of June 30 of the preceding fiscal year.

(ix) Annual information required to be filed by the City with the California Debt and Investment Advisory Commission pursuant to the Mello-Roos Act and relating generally to outstanding CFD 2003-2 bond amounts, fund balances, assessed values, special tax delinquencies and foreclosure information.

(d) The following additional items relating to CFD 2004-1:

(i) Outstanding principal amount of the CFD 2004-1 Bonds as of the end of the most recent fiscal year.

(ii) Balance of the Reserve Account for the CFD 2004-1 Bonds, and a statement of the applicable Reserve Requirement for the Reserve Account, as of September 2 of the current fiscal year.

(iii) A table showing distribution of assessed value-to-burden ratios by land use status or all Taxable Property within CFD 2004-1 (per the County Assessor's records) for the current fiscal year.

(iv) A table showing a history of special tax collections and delinquencies within CFD 2004-1 (per the County Assessor's records) for the current fiscal year.

(v) With respect to delinquent Special Taxes as of June 30 of the preceding fiscal year, (i) a list of all parcels delinquent in the payment of Special Taxes in the aggregate of \$5,000 or more (and information relating to the length of delinquency and status of any foreclosure, including results of foreclosure sales), (ii) the total dollar amount of delinquencies and (iii) in the event (A) that the total delinquencies within CFD 2004-1 as of June 30 of the preceding fiscal year exceed 5% of the Special Tax for the preceding fiscal year or (B) there are 10 or fewer owners of real property within CFD 2004-1, determined by reference to the latest available secured property tax roll of the County, delinquency information for each parcel delinquent in the payment of Special Tax, amounts of delinquencies, length of delinquency and status of any foreclosure of each such parcel (including results of foreclosure sale).

(vi) The amount of prepayments of the CFD 2004-1 Special Taxes for the most recently completed Fiscal Year.

(vii) A land ownership summary listing property owners responsible for more than 5% of the annual CFD 2004-1 Special Tax levy, as shown on the County Assessor's equalized tax roll as of June 30 of the preceding fiscal year, and a calculation of each such owner's assessed value-to-burden ratio based upon assessed value and the burden of that property's share of the CFD Bonds only.

(viii) Any changes to the Rate and Method of Apportionment of Special Tax for CFD 2004-1 as of June 30 of the preceding fiscal year.

(ix) Annual information required to be filed by the City with the California Debt and Investment Advisory Commission pursuant to the Mello-Roos Act and relating generally to outstanding CFD 2004-1 bond amounts, fund balances, assessed values, special tax delinquencies and foreclosure information.

(e) The following additional items relating to CFD 2005-1:

(i) Outstanding principal amount of the CFD 2005-1 Bonds as of the end of the most recent fiscal year.

(ii) Balance of the Reserve Account for the CFD 2005-1 Bonds, and a statement of the applicable Reserve Requirement for the Reserve Account, as of September 2 of the current fiscal year.

(iii) A table showing distribution of assessed value-to-burden ratios by land use status for all Taxable Property within CFD 2005-1 (per the County Assessor's records) for the current fiscal year.

(iv) A table showing a history of special tax collections and delinquencies within CFD 2005-1 (per the County Assessor's records) for the current fiscal year.

(v) With respect to delinquent Special Taxes as of June 30 of the preceding fiscal year, (i) a list of all parcels delinquent in the payment of Special Taxes in the aggregate of \$5,000 or more (and information relating to the length of delinquency and status of any foreclosure, including results of foreclosure sales), (ii) the total dollar amount of delinquencies and (iii) in the event (A) that the total delinquencies within CFD 2005-1 as of June 30 of the preceding fiscal year exceed 5% of the Special Tax for the preceding fiscal year or (B) there are 10 or fewer owners of real property within CFD 2005-1, determined by reference to the latest available secured property tax roll of the County, delinquency information for each parcel delinquent in the payment of Special Tax, amounts of delinquencies, length of delinquency and status of any foreclosure of each such parcel (including results of foreclosure sale).

(vi) The amount of prepayments of the CFD 2005-1 Special Taxes for the most recently completed Fiscal Year.

(vii) A land ownership summary listing property owners responsible for more than 5% of the annual CFD 2005-1 Special Tax levy, as shown on the County Assessor's equalized tax roll as of June 30 of the preceding fiscal year, and a calculation

of each such owner's assessed value-to-burden ratio based upon assessed value and the burden of that property's share of the CFD Bonds only.

(viii) Any changes to the Rate and Method of Apportionment of Special Tax for CFD 2005-1 as of June 30 of the preceding fiscal year.

(ix) Annual information required to be filed by the City with the California Debt and Investment Advisory Commission pursuant to the Mello-Roos Act and relating generally to outstanding CFD 2005-1 bond amounts, fund balances, assessed values, special tax delinquencies and foreclosure information.

(f) 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 trustee or the change of name of a trustee, if material.

(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 Indenture.

(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), and (a)(14) of this Section 5 contain the qualifier "if material." 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 the City determines the event's occurrence is material for purposes of U.S. federal securities law.

(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.

Section 6. Identifying Information for Filings with the MSRB. All documents provided to the MSRB under the 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(c).

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. The initial Dissemination Agent shall be Special District Services, Inc. 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 Indenture for amendments to the Indenture 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(c).

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 Indenture, and the sole remedy under this Disclosure Certificate in the event of any failure of the City to comply with this Disclosure Certificate shall be an action to compel performance.

Section 12. Duties, Immunities and Liabilities of Dissemination Agent. (a) The Dissemination Agent shall have only such duties as are specifically set forth in this Disclosure Certificate, and the City agrees to indemnify and save the Dissemination Agent, its officers, directors, employees and agents, harmless against any loss, expense and liabilities which they may incur arising out of or in the exercise or performance of its powers and duties hereunder, including the costs and expenses (including attorneys' fees) of defending against any claim of liability, but excluding liabilities due to the Dissemination Agent's negligence or willful misconduct. The Dissemination Agent shall have no duty or obligation to review any information provided to it by the City hereunder, and shall not be deemed to be acting in any fiduciary capacity for the City, the Bond holders or any other party. The obligations of the City under this Section shall survive resignation or removal of the Dissemination Agent and payment of the Bonds.

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

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

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

Date: _____, 2015

CITY OF OAKDALE

City Manager

AGREED AND ACCEPTED:
Special District Services, Inc.,
as Dissemination Agent

By: _____

Name: _____

Title: _____

EXHIBIT A

NOTICE OF FAILURE TO FILE ANNUAL REPORT

Name of Issuer: Oakdale Public Financing Authority

Name of Issue: Oakdale Public Financing Authority Refunding Revenue Bonds
Series 2015

Date of Issuance: _____, 2015

NOTICE IS HEREBY GIVEN that the City has not provided an Annual Report with respect to the above-named Bonds as required by the Indenture, dated as of February 1, 2015, by and between the City and U.S. Bank National Association, as trustee. The City anticipates that the Annual Report will be filed by _____.

Dated: _____

DISSEMINATION AGENT:

By: _____

Its: _____

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

Neither the issuer of the Bonds (the "Issuer") nor the trustee, fiscal agent or paying agent appointed with respect to the Bonds (the "Agent") take 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 Bonds, (b) certificates representing ownership interest in or other confirmation or ownership interest in the Bonds, or (c) redemption or other notices sent to DTC or Cede & Co., its nominee, as the registered owner of the Bonds, 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"), New York, NY, 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 and www.dtc.org. *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.

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FOR ADDITIONAL BOOKS: ELABRA.COM OR (888) 935-2272