

**SECOND SUPPLEMENT TO THE OFFICIAL STATEMENT DATED MAY 14, 2014**

**relating to the  
\$4,680,000**

**CALIFORNIA STATEWIDE COMMUNITIES DEVELOPMENT AUTHORITY  
STATEWIDE COMMUNITY INFRASTRUCTURE PROGRAM REVENUE BONDS  
SERIES 2014A**

The Official Statement dated April 22, 2014, for the above-referenced bonds (the “Official Statement”) is supplemented and amended by this Second Supplement to the Official Statement dated May 14, 2014 (the “Supplement”).

The last sentence under the heading “THE BONDS – Redemption – Notice of Redemption” is hereby amended to read in full as follows (deletions shown in ~~strike through~~ text, additions shown in *italics*):

The notice *of redemption* shall be sent at least ~~15~~ *30*, but not more than 60, days before the date fixed for redemption, to the owners of the Bonds, or portions thereof, so called for redemption, at their respective addresses as they shall last appear on the Bond Register.

Capitalized terms used in this Supplement but not otherwise defined herein are defined in the Official Statement.

**The date of this Supplement is May 14, 2014.**

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**SUPPLEMENT TO THE OFFICIAL STATEMENT DATED MAY 12, 2014**

**relating to the  
\$4,680,000  
CALIFORNIA STATEWIDE COMMUNITIES DEVELOPMENT AUTHORITY  
STATEWIDE COMMUNITY INFRASTRUCTURE PROGRAM REVENUE BONDS  
SERIES 2014A**

The Official Statement dated April 22, 2014, for the above-referenced bonds (the "Official Statement") is supplemented and amended by this Supplement to the Official Statement dated May 12, 2014 (the "Supplement").

The table under the heading "ESTIMATED SOURCES AND USES OF FUNDS" is hereby amended to read in full as follows:

<u>Sources:</u>	
Principal Amount of Bonds	\$4,680,000.00
Less Original Issue Discount	<u>-81,412.20</u>
Total Sources	\$4,598,587.80
<u>Uses:</u>	
Deposit to Local Agency Accounts <sup>(1)</sup>	\$3,860,977.28
Deposit to Debt Service Reserve Fund	302,951.26
Deposit to Capitalized Interest Fund <sup>(2)</sup>	82,245.49
Costs of Issuance <sup>(3)</sup>	235,413.77
Underwriter's Discount	<u>\$117,000.00</u>
Total Uses	\$4,598,587.80

- <sup>(1)</sup> Includes certain transfers of funds directly to Local Agency Participants and to special districts or other legal entities levying development impact fees within the borders of the Series 2014A Districts, which fees are being financed through SCIP.
- <sup>(2)</sup> Capitalized interest on the Local Obligations to September 2, 2014 and a portion of capitalized interest on the Local Obligations due March 2, 2015.
- <sup>(3)</sup> Includes the fees and expenses of Bond Counsel and Disclosure Counsel, cost of printing the preliminary and final Official Statements, Trustee fees and expenses and costs of formation of the Series 2014A Districts.

Capitalized terms used in this Supplement but not otherwise defined herein are defined in the Official Statement.

**The date of this Supplement is May 12, 2014.**

The execution and delivery of this Supplement to the Official Statement has been duly authorized by the Authority.

CALIFORNIA STATEWIDE COMMUNITIES  
DEVELOPMENT AUTHORITY

By:                     /s/ Laura Campbell                      
                    Authorized Signatory

*In the opinion of Orrick, Herrington & Sutcliffe LLP, Bond Counsel to the Issuer, based upon an analysis of existing laws, regulations, rulings and court decisions, and assuming, among other matters, the accuracy of certain representations and compliance with certain covenants, interest on the Bonds is excluded from gross income for federal income tax purposes under Section 103 of the Internal Revenue Code of 1986 and is exempt from State of California personal income taxes. In the further opinion of Bond Counsel, interest on the Bonds is not a specific preference item for purposes of the federal individual or corporate alternative minimum taxes, although Bond Counsel observes that such interest is included in adjusted current earnings when calculating corporate alternative minimum taxable income. Bond Counsel expresses no opinion regarding any other tax consequences related to the ownership or disposition of, or the amount, accrual or receipt of interest on, the Bonds. See "TAX EXEMPTION" herein.*

\$4,680,000



CALIFORNIA STATEWIDE COMMUNITIES DEVELOPMENT AUTHORITY  
Statewide Community Infrastructure Program Revenue Bonds



Series 2014A

**Dated: Date of Delivery****Due: September 2, as shown on inside cover**

The Statewide Community Infrastructure Program ("SCIP") is a program of the California Statewide Communities Development Authority (the "Issuer") that allows cities and counties to finance certain development impact fees and public capital improvements through the issuance of tax-exempt bonds. Under SCIP, the Issuer periodically issues revenue bonds to provide financing for these development impact fees and public capital improvements, while at the same time forming assessment districts in the jurisdictions in which the development impact fees are owed or the public capital improvements are to be located, as applicable. Payments on the annual assessments levied within the assessment districts secure and are used to repay the revenue bonds and to cover certain administrative costs of SCIP.

The Issuer's \$4,680,000 Statewide Community Infrastructure Program Revenue Bonds, Series 2014A (the "Bonds") are being issued by the Issuer (i) to fund the purchase of certain limited obligation improvement bonds (the "Local Obligations") issued by the Issuer and secured by assessments levied by the Issuer, as further described herein, (ii) to fund capitalized interest to September 2, 2014, (iii) to fund a reserve fund for the Bonds, and (iv) to pay costs of issuance of the Bonds. The Bonds and the Local Obligations are issued under a Trust Agreement, dated as of May 1, 2014 (the "Trust Agreement") by and between the Issuer and Wells Fargo Bank, National Association, as trustee (the "Trustee"). **Principal of and interest on the Bonds are payable as set forth in the Maturity Schedule on the inside cover of this Official Statement.**

The Bonds are special obligations of the Issuer, payable from and secured by Revenues (as defined herein) of the Issuer consisting primarily of moneys collected and received by the Issuer on account of unpaid assessments or reassessments securing the Local Obligations (the "Local Obligation Revenues"). The Local Obligation Revenues are calculated to be sufficient to provide the Issuer with money to pay the principal of, premium, if any, and interest on the Bonds when due. The Local Obligations are being issued by the Issuer pursuant to the provisions of the Improvement Bond Act of 1915, consisting of Division 10 of the Streets and Highways Code of the State of California (the "Local Obligation Statute"). **Proceeds of the Local Obligations will be used to finance certain development impact fees and certain public capital improvements necessary for development in the assessment districts shown on the inside cover of this Official Statement** (collectively, the "Series 2014A Districts").

Under the provisions of the Local Obligation Statute, installments of principal and interest sufficient to meet annual debt service on the Local Obligations are included on the regular county tax bills sent to owners of property against which there are unpaid assessments. These annual assessment installments will be transferred to the Trustee to be used to pay debt service on the Local Obligations as they become due. The Local Obligations will be registered in the name of the Trustee, who will use amounts it receives as holder of the Local Obligations to pay principal of and interest on the Bonds pursuant to the Trust Agreement. See "SECURITY AND SOURCES OF PAYMENT FOR THE BONDS."

The Bonds are being issued as fully registered bonds, initially registered in the name of Cede & Co. as nominee of The Depository Trust Company, New York, New York ("DTC"), and will be available to the ultimate purchasers thereof in the denomination of \$5,000 or any integral multiple thereof, under the book-entry system maintained by DTC. Interest on the Bonds is payable on September 2, 2014 and semiannually thereafter on March 2 and September 2 each year. Principal of and premium, if any, on the Bonds are payable at the corporate trust office of the Trustee. Ultimate purchasers of Bonds will not receive physical bonds representing their interest in the Bonds. So long as the Bonds are registered in the name of Cede & Co., as nominee of DTC, references herein to the Holders shall mean Cede & Co., and shall not mean the ultimate purchasers of the Bonds. Payments of the principal of, premium, if any, and interest on the Bonds will be made directly to DTC, or its nominee, Cede & Co., by the Trustee, so long as DTC or Cede & Co. is the registered owner of the Bonds. Disbursements of such payments to DTC's Participants is the responsibility of DTC and disbursements of such payments to the Beneficial Owners is the responsibility of DTC's Participants and Indirect Participants, as more fully described herein. See APPENDIX C – "THE BOOK-ENTRY SYSTEM" herein.

**The Bonds are subject to redemption prior to maturity as described herein. See "THE BONDS - Redemption" herein.**

**Unpaid assessments do not constitute a personal indebtedness of the owners of the parcels within the Series 2014A Districts. In the event of delinquency, foreclosure proceedings may be conducted only against the real property securing the delinquent assessment. Thus, the value of the real property within the Series 2014A Districts is an important factor in determining the investment quality of the Bonds. The unpaid assessments are not required to be paid upon sale of property within the Series 2014A Districts. There is no assurance the owners shall be able to pay the assessment installments or that they shall pay such installments even though financially able to do so.**

To provide funds for payment of the Bonds and the interest thereon as a result of any delinquent assessment installments, the Issuer will establish a Reserve Fund and deposit therein Bond proceeds in an amount equal to the Reserve Requirement (defined herein). See "SECURITY AND SOURCES OF PAYMENT FOR THE BONDS - Reserve Fund." Additionally, the Issuer has covenanted to initiate judicial foreclosure in the event of a delinquency by any particular property owner and to commence the procedure as set forth herein. See "SECURITY AND SOURCES OF PAYMENT FOR THE BONDS - Covenant to Commence Superior Court Foreclosure."

**This cover page contains certain information for general reference only. It is not a summary of this issue. Investors are advised to read the entire Official Statement to obtain information essential to the making of an informed investment decision.**

NEITHER THE FAITH AND CREDIT OF THE ISSUER, NOR THE FAITH AND CREDIT OR TAXING POWER OF THE STATE OF CALIFORNIA OR ANY POLITICAL SUBDIVISION THEREOF, INCLUDING THE COUNTIES IN WHICH THE SERIES 2014A DISTRICTS ARE LOCATED, IS PLEDGED TO THE PAYMENT OF THE BONDS OR THE LOCAL OBLIGATIONS. NEITHER THE BONDS NOR THE LOCAL OBLIGATIONS CONSTITUTE A DEBT OF THE ISSUER WITHIN THE MEANING OF ANY STATUTORY OR CONSTITUTIONAL DEBT LIMITATION. THE INFORMATION SET FORTH IN THIS OFFICIAL STATEMENT, INCLUDING INFORMATION UNDER THE HEADING "BONDOWNERS' RISKS," SHOULD BE READ IN ITS ENTIRETY. THE ISSUER HAS NO TAXING POWER.

*The Bonds are offered when, as and if issued and accepted by the Underwriter subject to the approval, as to their legality, of Orrick, Herrington & Sutcliffe LLP, Bond Counsel to the Issuer. Certain other legal matters will be passed upon for the Issuer by Orrick, Herrington & Sutcliffe LLP. Jones Hall, A Professional Law Corporation, is acting as Underwriter's Counsel. It is expected that the Bonds will be available for delivery in book-entry form on or about May 15, 2014.*



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## SERIES 2014A DISTRICTS

Assessment District 14-01 within the City of Rocklin, County of Placer

Assessment District 14-01 within the City of Manteca, County of San Joaquin

## MATURITY SCHEDULE

(Base CUSIP\* Number 13078Y)

### Series 2014A Bonds

<u>Due (September 2)</u>	<u>Amount</u>	<u>Interest Rate</u>	<u>Yield<sup>†</sup></u>	<u>CUSIP* Suffix</u>
2015	\$100,000	1.000%	1.000%	GR0
2016	100,000	1.250	1.300	GS8
2017	105,000	1.500	1.750	GT6
2018	105,000	2.000	2.200	GU3
2019	105,000	2.250	2.500	GV1
2020	105,000	2.625	2.875	GW9
2021	110,000	3.000	3.150	GX7
2022	115,000	3.250	3.450	GY5
2023	115,000	3.500	3.650	GZ2
2024	120,000	3.625	3.800	HA6
2025	125,000	4.000	4.000	HB4
2026	125,000	4.000	4.150	HC2
2027	140,000	4.125	4.250	HD0
2028	140,000	4.200	4.350	HE8
2029	150,000	4.300	4.450	HF5
2030	150,000	4.375	4.550	HG3
2031	160,000	4.500	4.600	HH1
2032	165,000	4.550	4.700	HJ7
2033	170,000	4.600	4.750	HK4

\$2,275,000 5.000% Term Bond due September 2, 2043; Yield<sup>†</sup> 5.150%; CUSIP\* Suffix HL2

\* Copyright, American Bankers Association. CUSIP data herein is provided by Standard and Poor's, CUSIP Service Bureau, a division of The McGraw-Hill Companies, Inc. This data is not intended to create a database and does not serve in any way as a substitute for the CUSIP Service. CUSIP numbers are provided for convenience of reference only. None of the Authority, the Local Agency Participants or the Underwriter takes any responsibility for the accuracy of such numbers.

† Reoffering prices/yields furnished by the Underwriter. Neither the Authority nor any Local Agency Participant takes any responsibility for the accuracy thereof.

**CALIFORNIA STATEWIDE COMMUNITIES DEVELOPMENT AUTHORITY**

**Commission**

Larry Combs, Chairman

Kevin O'Rourke, Vice Chairman

Terry Schutten, Treasurer

Dwight Stenbakken, Secretary

Irwin Bornstein, Member

Tim Snellings, Member

Dan Mierzwa, Member

**Officers**

Cathy Bando, Executive Director

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**STATEWIDE COMMUNITY INFRASTRUCTURE PROGRAM**

**Bond Counsel and Disclosure Counsel**

Orrick, Herrington & Sutcliffe LLP

**Trustee**

Wells Fargo Bank, National Association  
Los Angeles, California

**Engineer of Work and Assessment Administrator**

David Taussig & Associates, Inc.  
San Francisco, California

**Program Administrator**

BLX Group, LLC  
Los Angeles, California

# Location of Series 2014A Districts





## GENERAL INFORMATION ABOUT THIS OFFICIAL STATEMENT

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

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

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

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

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

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

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## OFFICIAL STATEMENT

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**\$4,680,000**

**CALIFORNIA STATEWIDE COMMUNITIES DEVELOPMENT AUTHORITY**  
**Statewide Community Infrastructure Program Revenue Bonds**  
**Series 2014A**

This Official Statement, including the cover page and the appendices hereto, is provided to furnish information regarding the issuance by the California Statewide Communities Development Authority (the “**Issuer**” or the “**Authority**”) of its \$4,860,000 aggregate principal amount of Statewide Community Infrastructure Program Revenue Bonds, Series 2014A (the “**Bonds**”). Capitalized terms used but not defined in the front part of this Official Statement have the meanings given in APPENDIX B – “SUMMARY OF TRUST AGREEMENT.”

### INTRODUCTION AND PROGRAM DESCRIPTION

**The Issuer.** The Issuer is a joint exercise of powers authority organized pursuant to an Amended and Restated Joint Exercise of Powers Agreement dated June 1, 1988 among a number of California counties, cities and special districts, entered into pursuant to Chapter 5 of Division 7 of Title 1 (commencing with Section 6500) of the California Government Code, and is authorized to issue the Bonds and the Local Obligations for the purposes described herein.

**SCIP.** The Statewide Community Infrastructure Program (“SCIP”) is a program of the Issuer available to cities, counties and local agencies that are members of the Issuer and have joined SCIP (the “Local Agency Participants”) and to qualifying property owners who own and plan to develop real property within the jurisdictions of the Local Agency Participants. SCIP provides the Local Agency Participants and qualifying property owners with access to pooled, tax-exempt financing for certain development impact fees payable by qualifying property owners for their development activities and for certain public capital improvements benefiting property located within the jurisdictions of the Local Agency Participants. Under SCIP, the Issuer periodically issues limited obligation improvement bonds on behalf of the Local Agency Participants to provide financing for the development impact fees of the qualifying property owners and for certain public capital improvements. The Issuer concurrently issues its revenue bonds, the proceeds of which are used to purchase the limited obligation improvement bonds. Payments of principal of and interest on the limited obligation improvement bonds are calculated to exactly match the corresponding payments for the revenue bonds. To secure the limited obligation improvement bonds, and ultimately the revenue bonds, the Issuer forms assessment districts in the jurisdictions in which the development impact fees are owed or public capital improvements are required and levies annual assessments on the parcel(s) benefited thereby, to be paid over time by the initial property owners and any subsequent property owners. The assessment payments are set at levels sufficient to repay the limited obligation improvement bonds to the Issuer, and the Issuer then uses those funds to repay the revenue bonds and to cover certain administrative costs of SCIP.

**Local Agency Participants.** Each of the Local Agency Participants has adopted a resolution joining SCIP and has authorized the Issuer from time to time, in connection with SCIP, to: (i) issue local obligations and revenue bonds on its behalf and (ii) conduct proceedings to form assessment districts

within its jurisdiction to finance development impact fees of qualifying property owners and certain public capital improvements, as applicable, and to provide security for such local obligations and revenue bonds. The net proceeds of the revenue bonds, after the funding of applicable reserve funds and the payment of certain costs of issuance, are the property of the Local Agency Participants and must be used to finance the specified fees and infrastructure improvements within the jurisdiction of the Local Agency Participant. The Local Agency Participants have no obligation to collect assessment installments and are not obligated to make payments on the Local Obligations (as defined herein) or the Bonds.

**Applicable Counties.** For each issue of SCIP revenue bonds, the Issuer forms one assessment district in each county (each an “Applicable County”) in which development impact fees and certain public capital improvements, as applicable, are to be financed. The Applicable Counties collect the unpaid assessment installments through their county tax rolls and transfer such funds, when collected, to the Issuer. See “SECURITY AND SOURCES OF PAYMENT FOR THE BONDS – Revenues” and “– Assessments” below. The Applicable Counties may or may not be members of SCIP and, apart from collection of assessment installments through their tax rolls, have no responsibility for or involvement with the Series 2014A Districts (as defined herein), the Local Obligations or the Bonds.

**The Bonds.** The Bonds are issued to acquire certain limited obligation improvement bonds (the “Local Obligations”) issued by the Issuer, to fund capitalized interest to September 2, 2014, to fund a reserve fund for the Bonds, and to pay the costs of issuance of the Bonds. Proceeds of the Local Obligations will be used to finance certain development impact fees and certain public capital improvements, as applicable (collectively, the “Fees and Improvements”) necessary for development in the assessment districts identified on the Inside Cover of this Official Statement (the “Series 2014A Districts”), and to fund capitalized interest to September 2, 2014.

The Fees and Improvements consist generally of infrastructure improvements and development impact fees related to infrastructure improvements such as sanitary sewer lines, storm drain lines, water lines, drainage facilities, roadways and roadway improvements. Proceeds of the Local Obligations will be used to reimburse developers for costs of certain Fees and Improvements and to prepay certain other Fees and Improvements. See APPENDIX A – “THE PROJECTS AND THE ASSESSED PROPERTY.”

The Bonds are special, limited obligations of the Issuer, payable solely from and secured by Revenues (as defined herein) of the Issuer consisting primarily of moneys collected and received by the Issuer on account of unpaid assessments or reassessments securing the Local Obligations (the “Local Obligation Revenues”). Timely payments of the Local Obligations are calculated to be sufficient to provide the Issuer with funds to pay the principal of, premium, if any, and interest on the Bonds when due. The Local Obligations are issued upon and are secured by assessments (sometimes herein referred to as the “Assessments”) levied against property in the Series 2014A Districts and interest thereon and such unpaid assessments and interest constitute a trust fund for the redemption and payment of the Local Obligations.

**The Projects.** The Fees and Improvements are necessary for the development of certain projects (the “Projects”) within the Series 2014A Districts. The Projects and the real property on which they are located are described in APPENDIX A – “THE PROJECTS AND THE ASSESSED PROPERTY.”

**Limited Scope of Official Statement.** There follow in this Official Statement descriptions of the Issuer, the Bonds, the Bond Resolution, the Trust Agreement, the Series 2014A Districts, the Local Obligations, the Local Obligation Resolution, and certain other documents. The descriptions and summaries of documents herein do not purport to be comprehensive or definitive, and all statements herein with respect to such documents are qualified in their entirety by reference to each such document for the complete details of all of their respective terms and conditions. All statements herein with respect

to certain rights and remedies are qualified by reference to laws and principles of equity relating to or affecting creditors' rights generally. Terms not defined herein shall have the meanings ascribed to them in the Trust Agreement.

The information and expressions of opinion herein speak only as of the date of this Official Statement and are subject to change without notice. Neither delivery of this Official Statement nor any sale made hereunder nor any future use of this Official Statement shall, under any circumstances, create any implication that there has been no change in the affairs of the Issuer or SCIP since the date hereof.

All financial and other information presented in this Official Statement has been provided by the Issuer from their records, except for information expressly attributed to other sources, including information contained in APPENDIX A – “THE PROJECTS AND THE ASSESSED PROPERTY,” which has been obtained from the various owners and developers of property in the Series 2014A Districts. The presentation of information includes projections, which are not intended to indicate future certainties regarding the financial or other affairs of the owners or developers, the Series 2014A Districts or the Issuer.

## **THE BONDS**

### **Authority for Issuance**

The Bonds are special, limited obligations of the Issuer payable from and secured by payments made under the Local Obligations and secured by assessments, as described herein. The Bonds are being issued pursuant to the provisions of a resolution (the “Bond Resolution”) adopted by the Issuer on March 20, 2014 and a Trust Agreement, dated as of May 1, 2014 (the “Trust Agreement”), by and between the Issuer and Wells Fargo Bank, National Association (the “Trustee”). The Local Obligations are being issued pursuant to the provisions of a resolution (the “Local Obligation Resolution”) adopted by the Issuer on February 20, 2014, and the Trust Agreement. The Local Obligations will be registered in the name of the Trustee and will be pledged under the Trust Agreement to secure payment of the Bonds.

The Issuer is authorized to form the Series 2014A Districts and to issue the Local Obligations pursuant to provisions of the Municipal Improvement Act of 1913 (Division 12 of the California Streets and Highways Code) and the Improvement Bond Act of 1915 (Division 10 of the California Streets and Highways Code) (together, the “Local Obligation Statute”). After issuance of the Local Obligations, no additional bonds with respect to the Series 2014A Districts are authorized. The Issuer is authorized to issue the Bonds pursuant to the Marks-Roos Local Bond Pooling Act of 1985 (Article 4, Chapter 5, Division 7, Title 1 of the California Government Code) for the purpose of pooling various local obligations issued by certain local agencies, including the Local Obligations.

### **Issuance of the Bonds**

The Bonds will be dated the date of their original delivery. The Bonds are being issued as fully registered bonds, registered initially in the name of Cede & Co. as nominee of The Depository Trust Company, New York, New York (“DTC”), and will be available to the ultimate purchasers thereof in the denomination of \$5,000 or any integral multiple thereof, under the book-entry system maintained by DTC. The Bonds shall be initially registered in the name of “Cede & Co.” as nominee of DTC, and shall bear interest from the Dated Date.

While the Bonds are subject to the book-entry system, the principal, interest and any prepayment premium with respect to a Bond will be paid by the Trustee to DTC, which in turn is obligated to remit such payment to its Participants for subsequent disbursement to Beneficial Owners of the Bonds as

described herein. Ultimate purchasers of Bonds will not receive physical bonds representing their interest in the Bonds. So long as the Bonds are registered in the name of Cede & Co., as nominee of DTC, references herein to the Holders shall mean Cede & Co., and shall not mean the ultimate purchasers of the Bonds. Payments of the principal of, premium, if any, and interest on the Bonds will be made directly to DTC, or its nominee, Cede & Co., by the Trustee, so long as DTC or Cede & Co. is the registered owner of the Bonds. Disbursements of such payments to DTC's Participants is the responsibility of DTC and disbursements of such payments to the Beneficial Owners is the responsibility of DTC's Participants and Indirect Participants, as more fully described herein. See APPENDIX C – "THE BOOK-ENTRY SYSTEM" herein.

The principal of and redemption premiums, if any, on the Bonds shall be payable at the Corporate Trust Office of the Trustee, upon presentation and surrender of such Bonds. Interest shall be calculated on the basis of a 360-day year consisting of twelve 30-day months. Interest on the Bonds will be payable at the rates set forth on the inside cover page of this Official Statement on March 2 and September 2 of each year, commencing September 2, 2014 (each, an "Interest Payment Date"), and principal of the Bonds will be payable in the amounts and on the maturity dates set forth on the inside cover page of this Official Statement (subject to the right of prior redemption). The principal of and redemption premiums, if any, and interest on the Bonds shall be payable in lawful money of the United States of America. Payment of the interest on any Bond shall be made to the person whose name appears on the bond register kept by the Trustee (the "Bond Register") as the owner thereof as of the close of business on the fifteenth day of the month preceding an Interest Payment Date (the "Record Date"), such interest to be paid by check mailed by first class mail on the Interest Payment Date to the owner at the address which appears on the Bond Register as of the Record Date, for that purpose; except that in the case of an owner of \$1,000,000 or more in aggregate principal amount of Bonds, upon written request of such owner to the Trustee, in form satisfactory to the Trustee, received not later than the Record Date, such interest shall be paid on the Interest Payment Date in immediately available funds by wire transfer to an account in the United States.

### **Application of Proceeds of the Bonds and the Local Obligations**

Proceeds from the sale of the Bonds will be used by the Trustee (i) to acquire the Local Obligations issued by the Issuer and secured by assessments levied by the Issuer, as further described herein, (ii) to fund capitalized interest to September 2, 2014, (iii) to fund a reserve fund for the Bonds, and (iv) to pay costs of issuance of the Bonds. Proceeds of the Local Obligations will be used to finance the Fees and Improvements, which are necessary for development in the Series 2014A Districts. See APPENDIX A – "THE PROJECTS AND THE ASSESSED PROPERTY."

For a discussion of the accounts and funds established under the Trust Agreement and related to the Bonds, see APPENDIX B – "SUMMARY OF TRUST AGREEMENT." For a schedule of the estimated sources and uses of funds related to the issuance of the Bonds and the Local Obligations, see "ESTIMATED SOURCES AND USES OF FUNDS."

### **Redemption**

**Optional Redemption.** The Bonds maturing before September 2, 2023, are not subject to optional redemption. The Bonds maturing on and after September 2, 2023, shall be subject to optional redemption prior to their stated maturity dates as a whole or in part on any date on or after September 2, 2022, at the option of the Issuer from any available source, at a redemption price equal to the principal amount to be redeemed, plus accrued interest thereon to the date fixed for redemption, without premium.



**Mandatory Redemption from Property Owner Prepayments.** The Bonds are subject to mandatory redemption prior to their stated maturity dates as a whole or in part on any Interest Payment Date, and shall be redeemed by the Trustee, from moneys derived as a result of Property Owner Prepayments plus, if applicable, amounts transferred from the Reserve Fund in connection therewith, at a redemption price (expressed as a percentage of the principal amount of the Bonds to be redeemed), plus accrued interest thereon to the date fixed for redemption, as follows:

<b>Redemption Date</b>	<b>Redemption Price</b>
Any Interest Payment Date on and after September 2, 2014 through March 2, 2021	102%
Any Interest Payment Date on and after September 2, 2021 through March 2, 2022	101%
September 2, 2022 and any Interest Payment Date thereafter	100%

“Property Owner Prepayments” shall mean that portion of Revenues which are initially paid to the Authority by or on behalf of a property owner to accomplish pay-off and discharge of a lien securing the Local Obligations (except the portion, if any, of such Revenues which represents accrued interest on the Local Obligations) and which are thereafter transmitted by the Authority to the Trustee, as assignee of the Authority with respect to the Local Obligations, for deposit in the Bond Redemption Fund for application in accordance with the Trust Agreement. Property Owner Prepayments do not include payments from the proceeds of any refunding bonds issued by or on behalf of the Authority.

**Mandatory Redemption.** The Bond maturing on September 2, 2043 is also subject to mandatory redemption in part randomly on September 2 in each year commencing September 2, 2034, at the principal amount thereof plus accrued interest thereon to the date fixed for redemption, without premium, in accordance with the following schedule:

**Term Bond of 2043**

<b><u>Year</u></b> <b><u>(September 2)</u></b>	<b><u>Amount</u></b>
2034	\$180,000
2035	190,000
2036	200,000
2037	210,000
2038	225,000
2039	230,000
2040	240,000
2041	255,000
2042	265,000
2043*	280,000

\*Maturity

In the event that Bonds subject to the above mandatory redemption are redeemed in part prior to their stated maturity date from any moneys other than Principal Installments, the remaining Principal Installments for such Bonds shall be reduced proportionately in each year remaining until and including the final maturity date of such Bonds.

**Notice of Redemption.** In the case of any redemption of Bonds, the Trustee shall determine that it has in the funds maintained pursuant to the Trust Agreement and available therefor sufficient moneys

on hand to pay the principal of, the interest on, and the redemption premium, if any, to make the redemption. Subject to receipt of the Written Order of the Issuer, if sufficient moneys are available for such redemption, the Trustee shall give notice, as provided below, that Bonds, identified by CUSIP numbers, serial numbers and maturity date, have been called for redemption and, in the case of Bonds to be redeemed in part only, the portion of the principal amount thereof that has been called for redemption (or if all the Outstanding Bonds are to be redeemed, so stating, in which event the serial numbers may be omitted), that they will be due and payable on the date fixed for redemption (specifying the date) upon surrender thereof at the Corporate Trust Office of the Trustee, at the redemption price (specifying the price), together with any accrued interest to such date, and that all interest on the Bonds, or portions thereof, so to be redeemed will cease to accrue on and after such date and that from and after such date the Bond or the portion thereof shall no longer be entitled to any lien, benefit or security under the Trust Agreement, and the owner thereof shall have no rights in respect of the redeemed Bond or portion thereof except to receive payment of the redemption price plus accrued interest to the date fixed for redemption. The notice shall be sent at least 15, but not more than 60, days before the date fixed for redemption, to the owners of the Bonds, or portions thereof, so called for redemption, at their respective addresses as they shall last appear on the Bond Register.

**Redemption Instructions.** In the event a portion, but not all, of the Outstanding Bonds are to be redeemed pursuant to extraordinary redemption or optional redemption, the Trustee shall select the amounts and maturities of Bonds for redemption in accordance with a Written Order of the Issuer. Upon any prepayment of a Local Obligation or a determination to redeem Bonds, the Authority shall deliver to the Trustee at least 20 days prior to the redemption date the following:

(i) a Written Order of the Issuer to the Trustee designating the maturities and amounts of Bonds to be redeemed and designating the reduction, if any, in the Reserve Requirement required pursuant to the Cash Flow Certificate delivered pursuant to subsection (ii) below, resulting from the redemption; and

(ii) a Cash Flow Certificate certifying that the anticipated or scheduled Revenues to be received from the Local Obligations will be sufficient in time and amount (together with funds then held under the Trust Agreement representing payments under the Local Obligations and available therefore, but excluding amounts on deposit in the Reserve Fund or earnings thereon) to make all remaining scheduled Principal Installments with respect to, and interest on, the Outstanding Bonds after the redemptions. The Cash Flow Certificate shall indicate the amount which must be withdrawn from the Reserve Fund to redeem a portion of the Bonds in order to prevent any reduction in the proportional relationship between principal and interest remaining due on the Local Obligations and principal and interest remaining due on the Bonds as existed prior to the redemption.

**Selection of Bonds for Redemption.** Whenever less than all the Outstanding Bonds of any one maturity are to be redeemed on any one date, the Trustee shall select the particular Bonds to be redeemed randomly and in selecting the Bonds for redemption the Trustee shall treat each Bond of a denomination of more than \$5,000 as representing that number of Bonds \$5,000 denomination which is obtained by dividing the principal amount of the Bond by \$5,000, and the portion of any Bond of a denomination of more than \$5,000 to be redeemed shall be redeemed in an Authorized Denomination. The Trustee shall promptly notify the Issuer in writing of the numbers of the Bonds so selected for redemption in whole or in part on the redemption date.

**Payment of Redeemed Bonds.** Bonds or portions thereof called for redemption shall be due and payable on the date fixed for redemption at the redemption price thereof, together with accrued interest to the date fixed for redemption, upon presentation and surrender of the Bonds to be redeemed at the office specified in the notice of redemption. If there shall be called for redemption less than the full principal amount of a Bond, the Issuer shall execute and deliver and the Trustee shall authenticate, upon surrender

of the Bond, and without charge to the Owner thereof, Bonds of like interest rate and maturity in an aggregate principal amount equal to the unredeemed portion of the principal amount of the Bonds so surrendered in such Authorized Denominations as shall be specified by the Owner. If any Bond or any portion thereof shall have been duly called for redemption and payment of the redemption price, together with unpaid interest accrued to the date fixed for redemption, shall have been made or provided for by the Issuer, then interest on the Bond or portion thereof shall cease to accrue from the date fixed for redemption, and from and after that date the Bond or portion thereof shall no longer be entitled to any lien, benefit or security under the Trust Agreement, and the Owner thereof shall have no rights in respect of the Bond or portion thereof except to receive payment of the redemption price, and unpaid interest accrued to the date fixed for redemption.

**Purchase in Lieu of Redemption.** In lieu of redemption of any Bond, amounts on deposit in the Proceeds Fund, the Principal Fund or in the Redemption Fund may also be used and withdrawn by the Trustee at any time prior to selection of Bonds for redemption having taken place with respect to such amounts, upon a written order from the Issuer for the purchase of such Bonds at public or private sale as and when and at such prices (including brokerage and other charges, but excluding accrued interest, which is payable from the Interest Fund) as the Issuer may in its discretion determine, but not in excess of the redemption price thereof plus accrued interest to the purchase date.

### ESTIMATED SOURCES AND USES OF FUNDS

The proceeds from the sale of the Bonds and other funds are estimated to be applied as set forth below:

<u>Sources:</u>	
Principal Amount of Bonds	\$4,680,000.00
Less Original Issue Discount	-81,412.20
Developer Contribution	<u>80,000.00</u>
Total Sources	\$4,678,587.80
<u>Uses:</u>	
Deposit to Local Agency Accounts <sup>(1)</sup>	\$3,964,550.72
Deposit to Debt Service Reserve Fund	302,951.26
Deposit to Capitalized Interest Fund <sup>(2)</sup>	58,672.04
Costs of Issuance <sup>(3)</sup>	235,413.78
Underwriter's Discount	<u>\$117,000.00</u>
Total Uses	\$4,678,587.80

<sup>(1)</sup> Includes certain transfers of funds directly to Local Agency Participants and to special districts or other legal entities levying development impact fees within the borders of the Series 2014A Districts, which fees are being financed through SCIP.

<sup>(2)</sup> Capitalized interest on the Local Obligations to September 2, 2014.

<sup>(3)</sup> Includes the fees and expenses of Bond Counsel and Disclosure Counsel, cost of printing the preliminary and final Official Statements, Trustee fees and expenses and costs of formation of the Series 2014A Districts.

## DEBT SERVICE SCHEDULE

The annual debt service on the Bonds is set forth below.

### CALIFORNIA STATEWIDE COMMUNITIES DEVELOPMENT AUTHORITY Statewide Community Infrastructure Program Revenue Bonds Series 2014A

#### Annual Debt Service

<u>Year Ending (September 2)</u>	<u>Bond Principal</u>	<u>Bond Interest</u>	<u>Total</u>
2014*	-	\$ 58,672.04	\$ 58,672.04
2015	\$ 100,000	197,401.26	297,401.26
2016	100,000	196,401.26	296,401.26
2017	105,000	195,151.26	300,151.26
2018	105,000	193,576.26	298,576.26
2019	105,000	191,476.26	296,476.26
2020	105,000	189,113.76	294,113.76
2021	110,000	186,357.52	296,357.52
2022	115,000	183,057.52	298,057.52
2023	115,000	179,320.02	294,320.02
2024	120,000	175,295.02	295,295.02
2025	125,000	170,945.02	295,945.02
2026	125,000	165,945.02	290,945.02
2027	140,000	160,945.02	300,945.02
2028	140,000	155,170.00	295,170.00
2029	150,000	149,290.00	299,290.00
2030	150,000	142,840.00	292,840.00
2031	160,000	136,277.50	296,277.50
2032	165,000	129,077.50	294,077.50
2033	170,000	121,570.00	291,570.00
2034	180,000	113,750.00	293,750.00
2035	190,000	104,750.00	294,750.00
2036	200,000	95,250.00	295,250.00
2037	210,000	85,250.00	295,250.00
2038	225,000	74,750.00	299,750.00
2039	230,000	63,500.00	293,500.00
2040	240,000	52,000.00	292,000.00
2041	255,000	40,000.00	295,000.00
2042	265,000	27,250.00	292,250.00
2043	280,000	14,000.00	294,000.00
<b>Total</b>	<b>\$4,680,000</b>	<b>\$3,948,382.24</b>	<b>\$8,628,382.24</b>

\* Paid from capitalized interest.

## SECURITY AND SOURCES OF PAYMENT FOR THE BONDS

### Limited Obligation

The Bonds are secured by a lien on and pledge of (i) Revenues, as hereinafter defined, (ii) proceeds of Bonds held by the Trustee in the Reserve Fund and (iii) investment income with respect to any moneys held by the Trustee (other than the Rebate Fund and the Local Agency Accounts, as more particularly defined below). Revenues (as more particularly defined below) consist primarily of payments made under the Local Obligations.

The Local Obligations are special, limited obligations of the Issuer and are secured by an irrevocable pledge of certain revenues of the Issuer, consisting primarily of monies received by the Issuer as payment of assessments levied against property within the Series 2014A Districts which secure the Local Obligations. Payments of principal of, premium, if any, and interest on the Local Obligations are calculated to be sufficient to provide the Issuer with money to pay the principal of, premium, if any, and interest on the Bonds when due.

All obligations of the Issuer under the Trust Agreement and the Bonds are special obligations of the Issuer, payable solely from and secured by Revenues and the amounts in the funds established by the Trust Agreement (except amounts in the Rebate Fund and the Local Agency Accounts, as more particularly defined below). The obligations of the Issuer under the Trust Agreement and the Local Obligations shall not be general obligations of the Issuer, but shall be limited obligations, payable solely from the assessments and the funds pledged therefor under the Trust Agreement. Neither the faith and credit of the Issuer nor of the State of California (the "State") or any political subdivision thereof is pledged to the payment of the Local Obligations.

**The Local Obligations are payable solely from and secured solely by the assessments and the amounts in the redemption funds created with respect to such Local Obligations (the "Local Obligation Redemption Funds") under the Trust Agreement. Notwithstanding any other provision of the Trust Agreement, the Issuer is not obligated to advance available surplus funds to cure any deficiency in the Local Obligation Redemption Funds, provided, however, the Issuer is not prevented from so advancing funds in its sole discretion.**

**The Bonds are special, limited obligations of the Issuer, payable from the Revenues described in the Trust Agreement and secured as to the payment of the principal of and the redemption premiums, if any, and the interest on the Bonds in accordance with their terms and the terms of the Trust Agreement, solely by the Revenues and the Local Obligations. The Bonds shall not constitute a charge against the general credit of the Issuer, any of its members or program participants, any Applicable County or any Local Agency Participant, and under no circumstances shall the Issuer be obligated to pay principal of or redemption premiums, if any, or interest on the Bonds except from the Revenues and the Local Obligations. Neither the State nor any public agency (other than the Issuer) nor any member or program participant of the Issuer is obligated to pay the principal of or redemption premiums, if any, or interest on the Bonds, and neither the faith and credit nor the taxing power of the State, any public agency thereof, any member or program participant of the Issuer, any Applicable County or any Local Agency Participant is pledged to the payment of the principal of or redemption premiums, if any, or interest on the Bonds. The payment of the principal of or redemption premiums, if any, or interest on, the Bonds does not constitute a debt, liability or obligation of the State or any public agency (other than the Issuer) or any member of the Issuer. The Issuer has no taxing power.**

## Revenues

The Bonds are secured by a lien on and pledge of Revenues under the Trust Agreement. “Revenues” means the Local Obligation Revenues and all investment earnings on any moneys held in the Funds or accounts established under the Trust Agreement, except the Rebate Fund and the Local Agency Accounts. “Local Obligations Revenues” means: (i) all moneys collected and received by the Issuer on account of unpaid assessments, or reassessments, or securing Local Obligations, including amounts collected in the normal course via the county property tax roll of the Applicable Counties and thereafter remitted to the Issuer, (ii) Property Owner Prepayments, and (iii) amounts received by the Issuer as a result of superior court foreclosure proceedings brought to enforce payment of delinquent installments, but excluding therefrom any amounts explicitly included therein on account of collection charges, administrative cost charges, or attorneys fees and costs paid as a result of foreclosure actions. “Property Owner Prepayments” means that portion of Revenues which are initially paid to the Issuer by or on behalf of a property owner to accomplish pay-off and discharge of a lien securing the Local Obligations (except the portion, if any, of such Revenues which represents accrued interest on the Local Obligations) and which are thereafter transmitted by the Issuer to the Trustee, as registered owner of the Local Obligations, for deposit in the Bond Redemption Fund for application in accordance with the provisions of the Trust Agreement. Property Owner Prepayments do not include payments from the proceeds of any refunding bonds issued by or on behalf of the Issuer.

Under the Trust Agreement, all of the Revenues and the amounts in the Funds established by the Trust Agreement (except amounts in the Rebate Fund and the Local Agency Accounts) are pledged by the Issuer to secure the payment of the principal of and interest on the Bonds in accordance with their terms and the provisions of the Trust Agreement. This pledge constitutes a lien on and security interest in the Revenues upon the physical delivery thereof. In the Trust Agreement, the Issuer transfers in trust 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 Issuer in the Local Obligations. The Trustee shall be entitled to and shall collect and receive all of the Revenues, and any Revenues collected or received by the Issuer shall be deemed to be held, and to have been collected or received, by the Issuer and shall forthwith be paid by the Issuer to the Trustee. The Trustee also is entitled to and may take all steps, actions and proceedings reasonably necessary in its judgment to enforce, either jointly with the Issuer or separately, all of the rights and obligations of the Issuer, if any, with respect to the Local Obligations.

The Trust Agreement provides for the establishment and maintenance of separate Local Obligation Redemption Funds. So long as any part of the Local Obligations remain outstanding, the Issuer is required to deposit into the Local Obligation Redemption Funds, upon receipt, any and all Local Obligation Revenues received by the Issuer. The Issuer further acknowledges in the Trust Agreement that, pursuant to the Local Obligation Statute and the Local Obligation Resolution, no temporary loan or other use whatsoever may be made of the Local Obligation Revenues, and the Local Obligation Redemption Funds constitute a trust fund for the benefit of the Trustee, as registered owner of the Local Obligations.

The Trustee will withdraw from the appropriate Local Obligation Redemption Funds all sums due and payable for the principal of and the interest on the Local Obligations, and the Local Obligations and the interest thereon shall not be paid out of any other funds. Such amounts, received by the Trustee as registered owner of the Local Obligations, shall constitute Revenues. All Revenues, other than Revenues derived from Property Owner Prepayments (which shall be deposited in the Redemption Fund and administered in accordance with the Trust Agreement), received by the Trustee shall be deposited by the Trustee into the Revenue Fund. Not later than 5 Business Days prior to each Interest Payment Date and Principal Payment Date on the Bonds, the Trustee shall transfer Revenues from the Revenue Fund, in the amounts specified in the Trust Agreement, for deposit into the Interest Fund, Principal Fund, Reserve

Fund and Expense Fund in the order of priority set forth in the Trust Agreement. Any amount remaining in the Revenue Fund after making such deposits shall be transferred to each Local Obligation Redemption Fund on a proportionate basis.

### **Assessments**

The Local Obligations are issued upon and are secured by the unpaid assessments together with interest thereon and such unpaid assessments together with interest thereon constitute a trust fund for the redemption and payment of the principal of the Local Obligations and the interest thereon. All the Local Obligations are secured by the monies in the Local Obligation Redemption Funds created pursuant to the assessment proceedings and by the assessments levied. Principal of and interest on the Local Obligations are payable exclusively out of the Local Obligation Redemption Funds.

**Unpaid assessments do not constitute a personal indebtedness of the owners of the parcels within the Series 2014A Districts and the owners have made no commitment to pay the principal of or interest on the Bonds. In the event of delinquency, proceedings may be conducted only against the real property securing the delinquent assessment. Thus, the value of the real property within the Series 2014A Districts is an important factor in determining the investment quality of the Bonds. Excerpts from appraisals of land values of certain portions of the property within the Series 2014A Districts are set forth in Appendix H hereto. The unpaid assessments are not required to be paid upon sale of property within the Series 2014A Districts. There is no assurance the owners shall be able to pay the assessment installments or that they shall pay such installments even though financially able to do so.**

The assessment installments will be collected and transferred by the Applicable Counties to the Issuer in approximately equal semi-annual installments, together with interest on the declining balances, and are payable and become delinquent at the same time and bear the same percentage penalties and interest after delinquency as do general property taxes. The assessment installments will appear on the property tax bills mailed by the Applicable Counties to each affected property owner as a separate line item. The properties upon which the assessments were levied are subject to the same provisions for sale and redemption as are properties for nonpayment of general taxes.

NEITHER THE FAITH AND CREDIT OF THE ISSUER NOR THE FAITH AND CREDIT NOR TAXING POWER OF THE LOCAL AGENCY PARTICIPANTS, THE APPLICABLE COUNTIES, THE STATE OF CALIFORNIA OR ANY POLITICAL SUBDIVISION THEREOF IS PLEDGED TO THE PAYMENT OF THE LOCAL OBLIGATIONS. THE ISSUER HAS NO TAXING POWER.

### **Priority of Lien**

The assessments and each installment thereof and any interest and penalties thereon constitute a lien against the parcels on which they were imposed until the same are paid. Such lien is subordinate to all fixed special assessment liens previously imposed upon the same property, but has priority over all private liens and over all fixed special assessment liens which may thereafter be created against the property, except with respect to the issuance of parity local obligations in accordance with the terms of the Trust Agreement as described below under the heading “—Parity Local Obligations.” Such lien is co-equal to and independent of the lien for general taxes and any lien imposed under the Mello-Roos Community Facilities Act of 1982, as amended. There is currently overlapping debt on some of the property within certain of the Series 2014A Districts. See the table entitled “Series 2014A Projects – Descriptions and Value-to-Lien Ratios” under the heading “THE PROJECTS AND THE ASSESSED PROPERTY” herein.

### **No Additional Bonds or Parity Local Obligations**

The Trust Agreement does not provide for the issuance and delivery of any additional bonds secured by a lien and charge upon the Revenues equal to and on parity with the lien and charge securing the Bonds. The Authority may not issue any additional local obligations on a parity with the Local Obligations.

### **Limited Obligation Upon Delinquency**

ALL OBLIGATIONS OF THE ISSUER UNDER THE TRUST AGREEMENT AND THE BONDS ARE SPECIAL OBLIGATIONS OF THE ISSUER, PAYABLE SOLELY FROM AND SECURED BY REVENUES AND THE AMOUNTS IN THE RESERVE FUND. THE LOCAL OBLIGATIONS ARE LIMITED OBLIGATION IMPROVEMENT BONDS UNDER SECTION 8769 OF THE LOCAL OBLIGATION STATUTE AND ARE PAYABLE SOLELY FROM AND ARE SECURED SOLELY BY THE ASSESSMENTS AND THE AMOUNTS IN THE LOCAL OBLIGATION REDEMPTION FUNDS.

THE ISSUER HAS NO OBLIGATION TO ADVANCE MONIES TO PAY BOND DEBT SERVICE IN THE EVENT OF DELINQUENT ASSESSMENT INSTALLMENTS. BONDOWNERS SHOULD NOT RELY UPON THE ISSUER TO ADVANCE MONIES TO THE LOCAL OBLIGATION REDEMPTION FUNDS. NOTWITHSTANDING THE FOREGOING, THE ISSUER MAY, AT ITS SOLE OPTION AND IN ITS SOLE DISCRETION, ELECT TO ADVANCE AVAILABLE SURPLUS FUNDS TO PAY FOR ANY DELINQUENT INSTALLMENTS PENDING SALE, REINSTATEMENT, OR REDEMPTION OF ANY DELINQUENT PROPERTY.

### **Collection of Assessments**

Pursuant to the Local Obligation Statute, installments of principal and interest sufficient to meet annual debt service on the Local Obligations will be billed by the Applicable Counties to the owner of each parcel within the Series 2014A Districts to which the issue of Local Obligations relates and against which there are assessments. Upon receipt by the Applicable Counties, such assessment installments are to be transferred to the Trustee for deposit into the Local Obligation Redemption Funds, which shall be held by the Trustee and used to pay principal and interest payments on the Local Obligations as they become due. The assessment installments billed against each parcel each year represent pro rata shares of the total principal and interest coming due that year, based on the percentage which the assessment against that parcel bears to the total of assessments in connection with the financing. Payment of the principal of and interest on each series of Local Obligations is secured by moneys in the Local Obligation Redemption Funds.

The Issuer has no obligation to advance funds to the Local Obligation Redemption Funds except to the extent that delinquent assessments are paid or proceeds from foreclosure sales are realized. Additionally, the Issuer has covenanted to cause the institution of judicial foreclosure proceedings following a delinquency, and thereafter to diligently cause prosecution to completion of such foreclosure proceedings upon the lien of delinquent unpaid assessments as set forth herein. See "SECURITY AND SOURCES OF PAYMENT FOR THE BONDS – Covenant to Commence Superior Court Foreclosure." The Issuer is not required to bid at the foreclosure sale. The Local Obligations are a limited obligation of the Issuer and the Issuer has no obligation to advance funds to pay the Local Obligations, except as provided in the Trust Agreement.



## **Reserve Fund**

Upon issuance of the Bonds, the Trustee will establish a Reserve Fund and shall deposit therein from proceeds of the Bonds an amount equal to the "Reserve Requirement" which is, as of any date of calculation, an amount equal to the Maximum Annual Debt Service on all then Outstanding Bonds, provided, that as of the date of issuance of the Bonds, the amount required to be deposited in the Reserve Fund shall not exceed the lesser of: (a) Maximum Annual Debt Service on the Outstanding Bonds, (b) 125% of average Annual Debt Service on the Bonds, or (c) 10% of the amount (within the meaning of Section 148 of the Internal Revenue Code of 1986) of the Bonds. The monies in the Reserve Fund shall constitute a trust fund for the benefit of the Owners of the Bonds, shall be held by the Trustee, and shall be administered by the Trustee in accordance with and pursuant to the provisions of the Trust Agreement.

All moneys in the Reserve Fund will be used and withdrawn by the Trustee solely for the purpose of paying the interest on or the principal or the redemption premiums, if any, of, the Bonds, but solely in the event that insufficient moneys are available in the Interest Fund, the Principal Fund, or the Redemption Fund for such purpose. All earnings on amounts on deposit in the Reserve Fund will be retained in the Reserve Fund, except that in the event the amount on deposit in the Reserve Fund is equal to the Reserve Requirement, then earnings on the investment of moneys on deposit in the Reserve Fund will be transferred to the Issuer for deposit in the Local Obligation Redemption Funds.

In the event of a Property Owner Prepayment, the Trustee shall transfer to the Bond Redemption Fund from the Reserve Fund an amount equal to the proportionate share of the Reserve Fund allocable to such prepayment as provided in the Trust Agreement, and such amount will be credited against the assessment which is being so prepaid.

THE ISSUER HAS NO OBLIGATION TO REPLENISH THE RESERVE FUND EXCEPT TO THE EXTENT THAT DELINQUENT ASSESSMENTS ARE PAID OR PROCEEDS FROM FORECLOSURE SALES ARE REALIZED.

## **Covenant to Commence Superior Court Foreclosure**

The Issuer has covenanted in the Trust Agreement that it will monitor the payment of assessment installments payable with respect to each Assessed Parcel and will send delinquency notices to owners of Assessed Parcels as provided in the SCIP Manual adopted by the Issuer, as amended from time to time (the "SCIP Manual"). Notwithstanding any other provision of the Trust Agreement or of the SCIP Manual, in the event any assessment or installment thereof, including any interest thereon, is not paid by July 1 (with respect to delinquencies in the installment delinquent on the preceding December 10) or November 1 (with respect to installments delinquent on the preceding April 10) the Issuer covenants that it will within 10 business days of such dates order, and will thereafter diligently prosecute, judicial foreclosure proceedings upon such delinquency and interest thereon, which foreclosure proceedings shall be commenced and prosecuted without regard to available surplus funds of the Issuer. Pursuant to Section 8831 of the Streets and Highways Code, the Issuer shall be entitled to reasonable attorney's fees from the proceeds of any foreclosure sale.

Prior to July 1, 1983, the statutory right of redemption from a judicial foreclosure sale was limited to a period of one year from the date of sale. Legislation effective July 1, 1983 eliminated this right of redemption and provided in its place that before notice of sale of the foreclosed parcel can be given following court judgment of foreclosure, a redemption period of 120 days must elapse. Furthermore, if the purchaser at the sale is the judgment creditor (here, the Issuer – the Issuer has no obligation to bid or purchase at the foreclosure sale, and it is not expected that it would ever do so) an action may be commenced by the delinquent property owner within six months after the date of sale to set aside such

sale. The constitutionality of the aforementioned legislation which eliminated the one-year redemption period has not been tested and there can be no assurance that, if tested, such legislation will be upheld. In the event such Superior Court foreclosure or foreclosures are necessary, there may be a delay in payments to Owners pending prosecution of the foreclosure proceedings and receipt by the Issuer of the proceeds of the foreclosure sale; it is also possible that no bid for the purchase of the applicable property would be received at the foreclosure sale. See also “BONDOWNERS’ RISKS – Bankruptcy and Foreclosure” and “– Collection of the Assessment” herein.

### **Local Agency Accounts**

The Trustee shall transfer certain proceeds of the Local Obligations, as determined in the Trust Agreement, for deposit to a custody account (the “Custody Account”) established for SCIP pursuant to that certain Custody Agreement, dated as of June 2, 2003, by and between the Issuer and the Trustee, as Custodian. The Custodian, acting on behalf of the Issuer, will account for such funds in the separate accounts and subaccounts (the “Local Agency Accounts”) for each of the Local Agency Participants, as provided in the SCIP Manual. Certain other proceeds of the Local Obligations may be transferred, in accordance with the Trust Agreement, directly to the Local Agency Participants or to special districts or other legal entities levying development impact fees within the borders of the Series 2014A Districts, which fees are being financed through SCIP. Amounts on deposit in the Local Agency Accounts shall be invested and disbursed in accordance with the terms of the SCIP Manual. Amounts in the Local Agency Accounts shall be the property of the Local Agency Participants as their interests appear, and shall not be available to the Issuer, the Trustee or the Owners for any purpose.

## **THE PROJECTS AND THE ASSESSED PROPERTY**

### **Fees and Improvements**

David Taussig & Associates, Inc., as the engineer of work for the Series 2014A Districts (the “Engineer of Work”) has prepared Engineer’s Reports (the “Engineer’s Reports”) relating to each of the Series 2014A Districts. Information about the Fees and Improvements, including descriptions, cost estimates and related information, can be found in the Engineer’s Reports, which are available for review at the offices of the Issuer. See also APPENDIX G – “EXCERPTS FROM ENGINEER’S REPORTS.”

A portion of the proceeds of the Local Obligations will be used to finance certain developer impact fees and certain public improvements relating to projects benefiting the property within the Series 2014A Districts. The Series 2014A Districts consist of non-contiguous areas located throughout the jurisdictions of the Local Agency Participants with each such District comprising all of such areas within each Applicable County and comprise mostly undeveloped parcels located in various developing areas within such jurisdictions.

### **Description of the Projects**

The proposed development of the property within the Series 2014A Districts can be classified into three separate and distinct Projects, each of which has filed an application for SCIP financing. The table titled “Series 2014A Bonds – Descriptions and Value-To-Lien Ratios” after the following section shows certain information relating to each of the Projects, including the value-to-lien ratio applicable to the Projects, individually and overall.

## Appraisals

All of the Projects were independently appraised in connection with the issuance of the Bonds. Appraisals of the land within the Series 2014A Districts have been prepared by Seevers, Jordan, Ziegenmeyer, Rocklin, California (the “**Appraiser**”) in connection with the issuance of the Bonds. The appraisals for the Projects within the City of Rocklin, County of Placer estimate the land value of the Projects within such Series 2014A District as of January 27, 2014. The appraisal for the Project within the City of Manteca, County of San Joaquin estimates the land value of the property within such Series 2014A District as of January 28, 2014. Excerpts from the appraisals are attached to this Official Statement as Appendix H. The appraisals also reflect the proposed issuance of the Bonds.

For the Rocklin Parkview Project, the Appraiser notes that as of the date of inspection 33 of the 61 lots were improved with partially constructed homes, including three model homes. As of March 1, 2014 the developer has confirmed the issuance of 36 building permits, and 13 of the units are under contract for sale to homebuyers. For the Stanford Ranch Project, as of the date of inspection three lots were improved with partially completed model homes under construction. All remaining lots were finished with backbone infrastructure and in-tract improvements being completed. Since the appraisal, the model homes are complete and a 20 unit home production release is under construction. For Orchard Park, as of the date of inspection, the appraisal notes that Phase 1 had been graded with interior streets paved, utilities extended and home construction underway, with site development approximately 80% complete. Since the inspection date, site development is complete, 7 homes, including 3 model homes are complete, and permits have been pulled for an additional 21 units now under construction. The appraisals do not assign contributory value to completed or partial homes but are based on “as is” land values at the time of inspection. Contributory value of the completed or homes under construction has been estimated utilizing building permit valuations assigned by the cities.

The appraisals are based on certain assumptions expressed therein, including the payment of the impact fees. Subject to those assumptions, the Appraiser estimated that the fee simple market value of the land within the Series 2014A Districts, as of the dates set forth above, in aggregate, is \$28,130,000. The market values reported in the appraisals result in an approximate value-to-lien ratio of 5.74, considering only the land values and not assigning any value to completed or partially completed homes. The values of the homes under construction have been estimated based on permit valuations assigned by the cities at the time the permits are issued. The value-to-lien ratios of the individual parcels and Projects differ from the foregoing aggregate values. Assuming land only values, Parkview has a land only appraised value of \$6,100,000 and a value to lien ratio of 9.56, Stanford Ranch has a land appraised value of \$13,800,000 and a value to lien ratio of 5.93 and Orchard Park has a land appraised value of \$8,230,000 and a value to lien ratio of 4.25. See “– Description of the Projects” above and APPENDIX H – “EXCERPTS FROM APPRAISALS.”

**Series 2014A Projects  
Descriptions and Value-to-Lien Ratios**

City/ County	Project Name	Developer	Project Description	Zoning	Gross Acres	Total Lots	# of Building Permits <sup>[1]</sup>	Assessment Amount	Assessment per Unit	Percent of Assessment	Overlapping CFD Debt <sup>[2]</sup>	Appraised Value of Land <sup>[3]</sup>	Permit Values <sup>[4]</sup>	Value-to- Lien <sup>[5]</sup>
City of Rocklin/ County of Placer	Parkview	D.R. Horton Bay, Inc.	Single Family Homes	Single Family	10.72	61	36	\$637,905	10,457	13.02%	\$13,650	\$6,100,000	\$10,290,360	25.16
City of Rocklin/ County of Placer	Stanford Ranch – The Vista	John Mourier Construction, Inc.	Single Family Homes	Single Family	20.5	92	23	\$2,325,128	25,273	47.47%	\$13,370	\$13,800,000	\$8,343,836	9.47
City of Manteca/ County of San Joaquin	Orchard Park	Meritage Homes of California, Inc.	Single Family Homes	Single Family	18.4	89	28	\$1,934,914	21,741	39.50%	\$0	\$8,230,000	\$5,978,514	7.34
<b>TOTAL</b>					<b>49.62</b>	<b>242</b>	<b>87</b>	<b>\$4,897,947</b>		<b>100.00%</b>	<b>\$27,020</b>	<b>\$28,130,000</b>	<b>\$24,612,710</b>	<b>10.71</b>

[1] As of March 24, 2014, per each respective developer.

[2] Source: California Municipal Statistics (December 2013/January 2014). Reflects parity liens for community facility districts under the Mello-Roos Community Facilities Act of 1982, as amended. Though Orchard Park is not currently subject to a special tax lien, all completed homes in Manteca are subject to Manteca CFD 2000-3 in amounts that vary based on home size.

[3] Parkview and Stanford Ranch – The Vista values as of January 27, 2014. Manteca values as of January 28, 2014. See APPENDIX H – “EXCERPTS FROM APPRAISALS.”

[4] See Appendix F – “MASTER PARCEL TABLE.”

[5] Value is based on the appraised value of the land, plus the value of permits obtained by the developers as of March 24, 2014. Lien includes assessment amount and parity overlapping debt.

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**More detailed descriptions of the Fees and Improvements, the Projects and the Series 2014A Districts, including project diagrams and maps, are contained in the appendices to this Official Statement. See APPENDIX A – “THE PROJECTS AND THE ASSESSED PROPERTY”; APPENDIX F – “MASTER PARCEL TABLE”; and APPENDIX G – “EXCERPTS FROM ENGINEER’S REPORTS.”**

### **BONDOWNERS’ RISKS**

*The following information should be considered by prospective investors in evaluating the Bonds. However, the following does not purport to be an exhaustive listing of risks and other considerations which may be relevant to investing in the Bonds. In addition, the order in which the following information is presented is not intended to reflect the relative importance of any such risks.*

#### **General**

Under the provisions of the Local Obligation Statute, assessment installments, from which funds for the payment of annual installments of principal of and interest on the Bonds are derived, will be billed to properties against which there are assessments on the regular property tax bills sent to owners of such properties. Such assessment installments are due and payable, and bear the same penalties and interest for non-payment, as do regular property tax installments. A property owner cannot pay the county tax collector less than the full amount due on the tax bill, however it is possible to pay assessment installments directly to the Issuer in satisfaction of the obligation to pay that assessment without paying property taxes also then due. It should also be noted that the unwillingness or inability of a property owner to pay regular property tax bills as evidenced by property tax delinquencies may also indicate an unwillingness or inability to make regular property tax payments and assessment installment payments in the future.

**Unpaid assessments do not constitute a personal indebtedness of the owners of the parcels within the Series 2014A Districts. Accordingly, in the event of delinquency, proceedings may be conducted only against the real property securing the delinquent assessment. Thus, the value of the real property within the Series 2014A Districts is an important factor in determining the investment quality of the Bonds. Certain information relating to land values within the Series 2014A Districts is set forth in Appendix A hereto. The unpaid assessments are not required to be paid upon sale of property within the Series 2014A Districts.**

In order to pay debt service on the Bonds, it is necessary that unpaid installments of assessments on land within the Series 2014A Districts be paid in a timely manner. The Issuer has established a Reserve Fund from the proceeds of the Bonds to cover delinquencies in the event that installments are not paid on time. No assurance can be given that the owners will be able to pay the assessment installments or that they will pay such installments even if they are financially able to do so. The assessments are secured by a lien on the parcels within the Series 2014A Districts and the Issuer has covenanted to institute foreclosure proceedings to sell parcels with delinquent installments for amounts sufficient to cover such delinquent installments in order to obtain funds to pay debt service on the Local Obligations. See “Owners Not Personally Obligated to Pay Bonds or Assessments” below.

Failure by owners of the parcels to pay installments of assessments when due, depletion of the Reserve Fund, delay in foreclosure proceedings, or the inability of the Issuer to sell parcels which have been subject to foreclosure proceedings for amounts sufficient to cover the delinquent installments of assessments levied against such parcels may result in the inability of the Issuer to make full or punctual payments of debt service on the Local Obligations and Bondowners would therefore be adversely affected.

## **Owners Not Personally Obligated to Pay Bonds or Assessments**

**Unpaid assessments do not constitute a personal indebtedness of the owners of the parcels within the Series 2014A Districts and the owners have made no commitment to pay the principal of or interest on the Bonds or to support payment of the Bonds in any manner. There is no assurance that the owners have the ability to pay the assessment installments or that, even if they have the ability, they will choose to pay such installments. An owner may elect to not pay the assessments when due and cannot be legally compelled to do so. If an owner decides it is not economically feasible to develop or to continue owning its property encumbered by the lien of the assessment, or decides that for any other reason it does not want to retain title to the property, the owner may choose not to pay assessments and to allow the property to be foreclosed upon. Such a choice may be made due to a decrease in the market value of the property. A foreclosure on the property will result in such owner's interest in the property being transferred to another party. Neither the Issuer nor any Bondholder will have the ability at any time to seek payment from the owners of property within the Series 2014A Districts of any assessment or any principal or interest due on the Bonds, or the ability to control who becomes a subsequent owner of any property within the Series 2014A Districts.**

## **Bankruptcy and Foreclosure**

The payment of assessments and the ability of the Issuer to foreclose the lien of a delinquent unpaid assessment, as discussed in "SECURITY AND SOURCES OF PAYMENT FOR THE BONDS – Covenant to Commence Superior Court Foreclosure," may be limited by bankruptcy, insolvency, or other laws generally affecting creditors' rights or by State law relating to judicial foreclosure. In addition, the prosecution of a foreclosure could be delayed due to local court calendars or procedural delays.

The various legal opinions to be delivered concurrently with the delivery of the Bonds (including Bond Counsel's approving legal opinion) will be qualified as to the enforceability of the various legal instruments by bankruptcy, reorganization, insolvency or other similar laws affecting the rights of creditors generally.

Although bankruptcy proceedings should not cause the assessments to become extinguished, the Authority has experienced delays in prosecuting foreclosure of assessment liens due to bankruptcy and bankruptcy could result in delinquent assessment installments not being paid timely and in full. Such a delay would increase the likelihood of a delay or default in payment of the principal of and interest on the Bonds.

## **Availability of Funds to Pay Delinquent Assessment Installments**

Upon receipt of the proceeds from the sale of the Bonds, the Issuer will initially establish the Reserve Fund in an amount of the Reserve Requirement. The monies in the Reserve Fund shall constitute a trust fund for the benefit of the Owners of the Bonds, shall be held by the Trustee, and shall be administered by the Trustee in accordance with and pursuant to the provisions of the Trust Agreement. If a deficiency occurs in the Interest Fund or the Principal Fund for payment of interest on or principal of the Bonds, the Trustee will transfer into such funds an amount out of the Reserve Fund needed to pay debt service on the Bonds. There is no assurance that the balance in the Reserve Fund will always be adequate to pay the debt service on the Bonds in the event of delinquent assessment installments.

If, during the period of delinquency, there are insufficient funds in the Reserve Fund to pay the principal of and interest on the Bonds as it becomes due, a delay may occur in payments of principal and/or interest to the owners of the Bonds.

## Collection of the Assessment

In order to pay debt service on the Bonds it is necessary that the assessment installments be paid in a timely manner. Should the installments of assessments not be paid on time, funds in the Reserve Fund may be utilized to pay debt service on the Bonds to the extent other funds are not available therefor.

The assessment installments are to be collected in the same manner as ordinary ad valorem real property taxes are collected and, except as provided in the special covenant for foreclosure described herein and in the Local Obligation Statute, is to be subject to the same penalties and the same procedure, sale and lien priority in case of delinquency as is provided for ad valorem real property taxes. Pursuant to these procedures, if taxes are unpaid for a period of five years or more, the property may be deeded to the State and then is subject to sale by the county in which it is located.

Pursuant to the Local Obligation Statute, in the event any delinquency in the payment of an assessment installment occurs, the Issuer may commence an action in superior court to foreclose the lien therefor within specified time limits. In such an action, the real property subject to the unpaid assessment installment may be sold at judicial foreclosure sale. Such judicial foreclosure action is not mandatory. Amendments to the Local Obligation Statute enacted in 1988 and effective January 1, 1989, provide that under certain circumstances property may be sold upon foreclosure at a lesser Minimum Price or without a Minimum Price. "Minimum Price" as used in the Local Obligation Statute is the amount equal to the delinquent installments of principal or interest of the assessment or reassessment, together with all interest penalties, costs, fees, charges and other amounts more fully detailed in the Local Obligation Statute. The court may authorize a sale at less than the Minimum Price if the court determines that sale at less than the Minimum Price will not result in an ultimate loss to the Bondowners or, under certain circumstances, if owners of 75% or more of the outstanding Local Obligations consent to such sale.

## Land Values

Customarily, the issuers of bonds obtain an appraisal of the market value of the property subject to the assessment in order to have an estimate of the security value of the parcels relative to the amount of the outstanding indebtedness of the Bonds. Certain information regarding the Projects is contained in APPENDIX A – "THE PROJECTS AND THE ASSESSED PROPERTY," APPENDIX G – "EXCERPTS FROM ENGINEER'S REPORTS," and APPENDIX H – "EXCERPTS FROM APPRAISALS."

A value determined by an appraiser is an opinion with respect to the value of the property under the assumptions noted in the appraisal. It is important to consider the assumptions that contribute to the value, which often include assumptions that the property is free and clear of liens and that the improvements financed with the proposed bonds are completed and operational. The appraisals are based primarily upon a sales comparison approach, which determines the value of the subject property by comparing it to sales of comparable property, adjusted for differences between the subject and the comparable property.

**All of the Projects were independently appraised for purposes of the Bonds and values of those Projects described in this Official Statement are based on those appraisals.** The appraisals, except as opinions about the future market effect on present values, do not try to anticipate or predict the future; and no assurance can be given that the properties in the Series 2014A Districts will not decline in value in the future.

No assurance can be given that the estimated values are equal to actual market value or that, if a parcel with delinquent assessment installments is foreclosed, any bid will be received for such property,

or, if a bid is received, that such bid will be equal to the value estimated herein, or that such bid will be sufficient to cure the delinquent installments.

Reductions in land values due to a downturn in the economy, physical events such as earthquakes or floods, stricter land use regulations or other events will adversely impact the security of the Bonds. The Series 2014A Districts are located throughout the State and are subject in each case to different risks of natural disaster, local or regional economic changes or changing land use regulations. A significant portion of the State is subject to some degree of risk of seismic activity.

### **Appraisal Risks**

The Appraiser has estimated the market value of the property in the Series 2014A Districts on the basis of certain assumptions which the Appraiser believes to be reasonable under the circumstances. APPENDIX H – “EXCERPTS FROM APPRAISALS.” However, certain of the events assumed by the Appraiser have not yet occurred as of the date of this Official Statement or may prove to be untrue.

Although the Issuer believes that the Appraiser’s methodology and assumptions are reasonable under the circumstances, the Appraiser’s hypothetical market value conclusions are expressions of professional opinion only. No assurance can be given that the market values of property in the Series 2014A Districts are equal to or greater than the Appraiser’s estimated hypothetical market value, nor can any assurance be given that such market values will not decline during the period of time the Bonds are outstanding. The market values of the property in the Series 2014A Districts can be adversely affected by a variety of factors, including, but not limited to, the occurrence of one or more of the special risk events discussed herein. A decline in the market value of a parcel in the Series 2014A Districts could lower the ability or willingness of the owner of such parcel to pay assessments when due and would decrease the amount recoverable at a foreclosure sale of such parcel.

### **Development Risks**

The Series 2014A Districts comprise parcels with newly completed structures, parcels in various stages of development and undeveloped parcels. The completion of development of the land may be adversely affected by changes in general economic conditions, water shortages, increased construction costs, fluctuations in the real estate market, and other similar factors, including development in surrounding areas which may compete with the developments within the Series 2014A Districts. There can be no assurance that development within the Series 2014A Districts will not be adversely affected by these or other factors, including future governmental policies or environmental issues.

The assessment installments are to be collected from the owners of property located within the Series 2014A Districts regardless of the completion of the development of the properties within the Series 2014A Districts. Nevertheless, the extent of completion of the development of the property within the Series 2014A Districts and the landowners’ success in selling the property to home buyers may affect the ability and willingness of landowners to pay the assessment and will affect the market value of any property foreclosed upon for nonpayment of installments of the assessment.

No assurance can be given that any development in progress or contemplated will be partially or fully completed, and in assessing the investment quality of the Bonds prospective purchasers should evaluate the risks of non-completion, especially as related to the concentration of ownership. (See “Concentration of Ownership” below.) Undeveloped land is less valuable than developed land and provides less valuable security to the Bondowners should it be necessary for the Issuer to foreclose due to the nonpayment of assessment installments. In addition, the extent of development of land in the Series 2014A Districts could affect the number of potential purchasers bidding, and the prices bid, at any



foreclosure sale if the Issuer were to foreclose upon the lien of a delinquent unpaid assessment. Finally, a slowdown of the economic development process in any of the regions of the Series 2014A Districts could also adversely affect land values and reduce the proceeds received at a foreclosure sale in the event assessment installments are not paid when due.

### **No Independent Review of Valuation or Viability of Completed Projects**

Property within the Series 2014A Districts is comprised of three separate and distinct Projects as described above and in Appendix A. Payment of assessments are inherently dependent upon the completion of the Projects (which are primarily residential in nature), and the ability of the buyers of completed homes to pay. Neither the Issuer nor the Underwriter has reviewed any business plan for continued ownership, development and/or operation of any Project. Similarly, neither the Issuer nor the Underwriter has conducted any independent evaluation of the existing or projected economic viability or profitability of any of the Projects, including review and/or evaluation of financial statements of any owner or developer of any parcel subject to an assessment. The information contained herein regarding the proposed Projects and the owners of the parcels within the Series 2014A Districts has been supplied by such owners and the Underwriter has not independently verified, makes no representation regarding, and does not accept any responsibility for the accuracy or completeness of such information.

In the event an owner or developer experiences financial difficulties, including difficulties resulting from construction or operation of a Project, the value of the affected parcel within a Series 2014A District may decline and/or such owner or developer may elect to refrain from payment of future assessment installments for such parcel. See also “Development Risks” above.

### **Concentration of Ownership**

All of the property within the Series 2014A Districts is currently owned by three owners. See APPENDIX A – “THE PROJECTS AND THE ASSESSED PROPERTY.” The fact that most of the property providing ultimate security for the payment of the Bonds is controlled by only a small number of owners means that the timely payment of the assessment installments and, therefore, the Bonds, will depend initially upon the willingness and ability of this finite number of owners to pay the assessments when due. The only asset of each owner of property within the Series 2014A Districts which constitutes security for the Local Obligations is such owner’s real property holdings located within the Series 2014A Districts.

There can be no assurance that the undeveloped Projects will be fully developed. See “BONDOWNERS’ RISKS – Bankruptcy and Foreclosure” and “– Development Risks” and “SECURITY AND SOURCES OF PAYMENT FOR THE BONDS – Covenant to Commence Superior Court Foreclosure” herein.

### **Property or Loan Owned by Federal Agencies or Instrumentalities**

Portions of the property within the Series 2014A Districts may now or in the future secure loans. Any such loan is subordinate to the lien of the Assessments. However (a) in the event that any of the financial institutions making any loan that is secured by real property within the Series 2014A Districts is taken over by the Federal Deposit Insurance Corporation (“FDIC”), (b) the FDIC or another federal entity acquires an assessment parcel, (c) the Federal National Mortgage Association, the Federal Home Loan Mortgage Corporation, the United States Department of Housing and Urban Development or similar federal agency or instrumentality has a mortgagee interest in a loan on property subject to an assessment lien, or (d) if a lien is imposed on the property by the Drug Enforcement Agency, the Internal Revenue Service or other similar federal government agency, and, prior thereto or thereafter, the loan or loans go

into default, the ability of the Issuer to collect interest and penalties specified by state law and to foreclose the lien of a delinquent unpaid assessment may be limited.

In the event that a property subject to the assessment lien is owned by the federal government or a private deed of trust secured by such a property is owned by a federal government entity, the ability to foreclose on the delinquent property to collect assessment installments may be limited. 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. As a result, if a federal government entity owns a parcel subject to assessments or special taxes, the applicable state or local government cannot foreclose on that parcel. Moreover, if a federal government entity has a mortgage interest on a parcel subject to assessments or special taxes, the property cannot be sold at a foreclosure sale unless it can be sold for an amount sufficient to preserve the federal government mortgage interest. In *Rust v. Johnson*, 597 F. 2d 174 (1979), the United States Court of Appeal, Ninth Circuit, which includes California, held that the Federal National Mortgage Association (“Fannie Mae”) is a federal instrumentality for purposes of this doctrine, and not a private entity; therefore an exercise of state power over a mortgage interest held by Fannie Mae constitutes an exercise of state power over property of the United States in violation of the supremacy clause.

Specifically, with respect to the FDIC, on June 4, 1991, the FDIC issued a Statement of Policy Regarding the Payment of State and Local Real Property Taxes. The 1991 Policy Statement was revised and superseded by a new Policy Statement effective January 9, 1997 (the “Policy Statement”). The Policy Statement provides that real 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 proper 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 and 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.

Under the Policy Statement, it is unclear whether the FDIC considers the assessments to be “real property taxes” which they intend to pay.

The Issuer is unable to predict what effect the application of the Policy Statement would have in the event of a delinquency with respect to an assessment on a parcel in which the FDIC has an interest, although prohibiting the lien of the FDIC to be foreclosed on at a judicial foreclosure sale would likely reduce the number of or eliminate the persons willing to purchase such a parcel at a foreclosure sale. Purchasers of the Bonds should assume that the Issuer will be unable to foreclose on any parcel owned by the FDIC. Such an outcome could cause a draw on the Reserve Fund (to the extent funds are then on deposit in the Reserve Fund) and perhaps, ultimately, a default in payment of the Bonds. The Issuer has not undertaken to determine whether the FDIC currently has, or is likely to acquire, any interest in any of the parcels in the Series 2014A Districts, and therefore expresses no view concerning the likelihood that the risks described above will materialize while the Bonds are outstanding.

## **Ballot Initiatives**

From time to time constitutional initiatives or other initiative measures may be adopted by California voters. The adoption of any such initiative might place limitations on the ability of the State or any political subdivisions thereof, including the Applicable Counties or the Local Agency Participants and the cities and counties that make up the Issuer, to increase revenues or to increase appropriations, or on the ability of the landowners to complete their developments.

## **Hazardous Substances**

While governmental taxes, assessments and charges are a common claim against the value of a taxed parcel, other less common claims may be relevant. One of the most serious in terms of the potential reduction in the value that may be realized to pay the assessment is a claim with regard to a hazardous substance. In general, the owners and operators of a parcel within the Series 2014A Districts 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 “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) had anything to do with creating or handling the hazardous substance. The effect therefore, should any of the parcels within the Series 2014A Districts 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 owner is obligated to remedy the condition. Further, such liabilities may arise not simply from the existence of a hazardous substance but from the method of handling it. All of these possibilities could significantly affect the value of a property that is realizable upon a delinquency and foreclosure. The statutorily required environmental impact studies prepared for the developments did not identify any hazardous substances.

The estimated values of the real property within the Series 2014A Districts do not take into account the possible liability of the owner (or operator) for the remedy of a hazardous substance condition of any parcel. The Issuer is not aware that the owner (or operator) of any of the land within the Series 2014A Districts has such a current liability with respect to such land. However, it is possible that such liabilities do currently exist and that the Issuer is not aware of them.

## **Parity Taxes and Special Assessments**

The assessment and each installment thereof and any interest and penalties thereon constitute a lien against the parcels on which they were imposed until the same are paid. Such lien is subordinate to all fixed special assessment liens previously imposed upon the same property, but has priority over all private liens and over all fixed special assessment liens which may thereafter be created against the property. Such lien is co-equal to and independent of the lien for general taxes and any lien imposed under the Mello-Roos Community Facilities Act of 1982, as amended.

As of the date of issuance of the Bonds, there will be no other assessment or special tax liens on any of the property within the Series 2014A Districts which is prior to the lien of the Series 2014A Districts’ assessments.

## **Future Overlapping Indebtedness**

The ability of an owner of land within the Series 2014A Districts to pay the assessments could be affected by the existence of other taxes and assessments imposed upon the property subsequent to the date

of issuance of the Local Obligations. In addition, other public agencies whose boundaries overlap those of the Series 2014A Districts could, without the consent of the Issuer, and in certain cases without the consent of the owners of the land within the Series 2014A Districts, impose additional taxes or assessment liens on the property within the Series 2014A Districts to finance public improvements to be located inside of or outside of the Series 2014A Districts.

### **Future Private Indebtedness**

At the present time, most of the property in the Series 2014A Districts is under construction or undeveloped. In order to develop any improvements on that land, the property owners will need to construct private improvements, the cost of which may increase the private debt for which the land in the Series 2014A Districts or other land or collateral owned by the property owners is security over that contemplated by the Local Obligations, and such increased debt could reduce the ability or desire of the property owners to pay the assessments secured by the land in the Series 2014A Districts. It should be noted however, that the lien of any private financing secured by the land within the Series 2014A Districts would be subordinate to the lien of the assessments.

### **No Acceleration Provision**

The Trust Agreement does not contain a provision allowing for the acceleration of the principal of the Bonds or the Local Obligations in the event of a payment default or other default under the terms of the Bonds, the Local Obligations or the Trust Agreement.

## **CONSTITUTIONAL LIMITATIONS ON TAXATION AND APPROPRIATIONS**

### **Property Tax Rate Limitations - Article XIII A**

On June 6, 1978, the California voters added Article XIII A to the State Constitution which limits the amount of any *ad valorem* taxes on real property to one percent (1%) of the property's "full cash value," except that additional *ad valorem* property taxes may be levied to pay debt service on indebtedness approved prior to July 1, 1978 and (as a result of an amendment to Article XIII A approved by California voters on June 3, 1986) on bonded indebtedness for the acquisition or improvement of real property which has been approved on or after July 1, 1978, by two-thirds of the voters voting on such indebtedness. Further, as a result of an amendment to Article XIII A and the addition of Article XIII D approved by the voters on November 5, 1996, additional *ad valorem* taxes may be levied to pay the bonded indebtedness of school and community college districts that has been approved by 55% of the voters voting on such indebtedness. Article XIII A defines full cash value to mean "the county assessor's valuation of real property as shown on the 1975-76 tax bill under full cash value, or thereafter, the appraised value of real property when purchased, newly constructed or a change in ownership has occurred after the 1975 assessment period." This cash value may be increased at a rate not to exceed two percent (2%) per year to account for inflation. The United States Supreme Court has upheld the validity of Article XIII A in a case decided in June 1992.

Article XIII A as originally implemented has been amended to permit reduction of the "full cash value" base in the event of declining property values caused by damage, destruction or other factors, to provide that there would be no increase in the "full cash value" base in the event of reconstruction of property damaged or destroyed in a disaster and in various other minor or technical ways.

## **Legislation Implementing Article XIII A**

Legislation has been enacted and amended a number of times since 1978 to implement Article XIII A. Under current law, local agencies are no longer permitted to levy directly any *ad valorem* property tax. The 1% property tax is automatically levied annually by the county and distributed according to a formula among using agencies. The formula apportions the tax roughly in proportion to the relative shares of taxes levied prior to 1978. Any special tax to pay voter-approved indebtedness is levied in addition to the basic 1% property tax.

Increases of assessed valuation resulting from reappraisals of property due to new construction, change in ownership or from the 2% annual adjustment are allocated among the various jurisdictions in the “taxing area” based upon their respective “situs.” Any such allocation made to a local agency continues as part of its allocation in future years.

Beginning in the 1981-82 fiscal year, assessors in California no longer record property values on tax rolls at the assessed value of 25% of market value which was expressed as \$4.00 per \$100 of assessed value. All taxable property is now shown at full market value on the tax rolls. Consequently, the basic tax rate is expressed as \$1 per \$100 of taxable value.

## **Appropriation Limitation - Article XIII B**

On November 6, 1979, the voters of the State approved Proposition 4, known as the Gann Initiative, which added Article XIII B to the State Constitution. On June 5, 1990, the voters approved Proposition 111, which amended Article XIII B in certain respects. Under Article XIII B, as amended, state and local government entities have an annual “appropriations limit” which limits the entity’s ability to spend certain moneys which are called “appropriations subject to limitation” (consisting of most tax revenues and certain state subventions, together called “proceeds of taxes” and certain other funds) in an amount higher than the “appropriations limit.” Article XIII B does not affect the appropriation of moneys which are excluded from the definition of “appropriations subject to limitation,” including debt service on indebtedness existing or authorized as of January 1, 1979, or bonded indebtedness subsequently approved according to law by a vote of the electors of the issuing entity voting in an election for that purpose.

In general terms, the “appropriations limit” is to be based on the adjusted fiscal year 1986-87 appropriations limit, which is traced back through an annual adjustment process to the 1978-79 fiscal year. Annual adjustments reflect changes in California per capita personal income (or, at the option of the affected local agency, changes in assessed value caused by local nonresidential new construction), population and services provided by these entities. Among other provisions of Article XIII B, if the revenues of such entities in any fiscal year and the following fiscal year exceed the amounts permitted to be spent in such years, the excess would have to be returned by revising tax rates or fee schedules over the subsequent two years.

## **Property Tax Collection Procedures**

In California, taxes in respect of real property are collected on either the “secured roll” or the “unsecured roll.” Real property taxes which are a lien on the real property sufficient, in the opinion of the county assessor, to secure payment of the taxes, are collected on the secured roll. A tax levied on the unsecured roll does not become a lien against the real property. A common example of such a tax is when a public agency leases its land to a private user. The privately-owned leasehold interest is taxed on the unsecured roll. Generally, all real property, title to which is owned by a private person or entity, is taxed on the secured roll, and the tax lien has priority over all other liens arising pursuant to State law,

regardless of the time of the creation of the other liens. The method of collecting and enforcing the taxes on the secured roll and on the unsecured roll are substantially different.

Property taxes on the secured roll are due in two installments, on November 1 and February 1 of each fiscal year. If unpaid, such taxes become delinquent on December 10 and April 10, respectively, and a 10% penalty attaches to any delinquent payment. In addition property on the secured roll with respect to which taxes are due is delinquent on or about June 30 of the fiscal year. Such property may thereafter be redeemed by payment of the delinquent taxes and a delinquency penalty, plus a redemption penalty of 1% per month to the time of redemption. If taxes are unpaid for a period of five years or more, the property is deeded to the State and then is subject to sale by the county tax collector.

Historically, property taxes are levied for each fiscal year on taxable real and personal property situated in the taxing jurisdiction as of the preceding January 1. A bill enacted in 1983, SB 813 (Statutes of 1983, Chapter 498), however, provided for the supplemental assessment and taxation of property as of the occurrence of a change of ownership or completion of new construction. Thus, this legislation eliminated delays in the realization of increased property taxes from new assessments. As amended, SB 813 provided increased revenue to taxing jurisdictions to the extent that supplemental assessments of new construction or changes of ownership occur subsequent to the January 1 lien date.

Property taxes on the unsecured roll are due on the January 1 lien date and become delinquent, if unpaid, on the following August 31. A ten percent (10%) penalty is also attached to delinquent taxes in respect of property on the unsecured roll, and further, an additional penalty of 1½% per month accrues with respect to such taxes beginning the first day of the third month following the delinquency date. The taxing authority has four ways of collecting unsecured personal property taxes: (1) a civil action against the taxpayer, (2) filing a certificate in the office of the county clerk specifying certain facts in order to obtain a judgment lien on certain property of the taxpayer, (3) filing a certificate of delinquency for record in the county recorder's office, in order to obtain a lien on certain property of the taxpayer, and (4) seizure and sale of personal property, improvements or possessory interests belonging or assessed to the assessee. The exclusive means of enforcing the payment of delinquent taxes in respect of property on the secured roll is the sale of the property securing the taxes to the State for the amount of taxes which are delinquent.

### **Proposition 218**

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

Article XIID requires that, beginning July 1, 1997, the proceedings for the levy of any assessment by the a local agency (including, if applicable, any increase in such assessment or any supplemental assessment) must be conducted in conformity with the provisions of Section 4 of Article XIID. Any challenge (including any constitutional challenge) to the proceedings or the assessment or special tax must be brought within 30 days after the date the assessment or special tax was levied. The Issuer believes it has fully complied, in all material respects, with the requirements of Proposition 218 in authorizing the Local Obligations.

Article XIIC removes limitations on the initiative power in matters of local taxes, assessments, fees and charges. Article XIIC does not define the term "assessment," and it is unclear whether this term is intended to include assessments (or reassessments) levied under the Act. In the case of the unpaid assessments which are pledged as security for payment of the Local Obligations, the laws of the State provide that Article XIIC shall not be construed to mean that any owner or beneficial owner of a

municipal security, purchased before or after that date, assumes the risk of, or in any way consents to, any action by initiative measure that constitutes an impairment of contractual rights protected by Section 10 of Article I of the United States Constitution. The laws of the State also provide a mandatory, statutory duty of the County Auditors of the Applicable Counties to post installments on account of the unpaid assessments to the property tax roll of the Applicable Counties each year while any of the Local Obligations are outstanding in amounts equal to the principal of and interest on the Bonds coming due in the succeeding calendar year. The Issuer does not believe that the initiative power can be used to reduce or repeal the unpaid assessments which are pledged as security for payment of the Local Obligations or to otherwise interfere with performance of the mandatory, statutory duty of the County Auditors of the Applicable Counties with respect to the unpaid assessments which are pledged as security for payment of the Local Obligations.

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

### **THE ISSUER**

The Issuer is a joint exercise of powers authority duly organized and operating pursuant to Article 1 (commencing with Section 6500) of Chapter 5, Division 7, Title 1 of the California Government Code, and pursuant to an Amended and Restated Joint Exercise of Powers Agreement dated June 1, 1988, and is authorized to issue the Bonds pursuant to the Marks-Roos Local Bond Pooling Act of 1985 (Article 4, Chapter 5, Division 7, Title 1 of the California Government Code) for the purpose of pooling various local obligations issued by certain local agencies, including the Local Obligations. The Issuer has no taxing power.

The Issuer has sold and delivered obligations other than the Bonds, which other obligations are and will be secured by instruments separate and apart from the Trust Agreement and the Bonds. The holders of such obligations of the Issuer have no claim on the security for the Bonds, and the owners of the Bonds will have no claim on the security for such other obligations issued by the Issuer.

### **CONTINUING DISCLOSURE**

The Issuer has covenanted for the benefit of owners of the Bonds to provide certain financial information and data relating to the Bonds and the Assessments not later than nine months after the end of the Issuer's fiscal year (presently June 30) in each year commencing with its report for the 2013-2014 fiscal year (the "Annual Report") and to provide notices of the occurrence of certain enumerated events. The Annual Report will be filed by the BLX Group, LLC, or its successor as SCIP Program Administrator (the "Program Administrator") with the Municipal Securities Rulemaking Board (MSRB) or any other entity designated or authorized by the Securities and Exchange Commission to receive reports pursuant to Securities and Exchange Commission Rule 15c2-12(b)(5) (the "Rule"). Until otherwise designated by the MSRB or the Securities and Exchange Commission, filings with the MSRB are to be made through the Electronic Municipal Market Access (EMMA) website of the MSRB, currently located at <http://emma.msrb.org>. These covenants have been made in order to assist the Underwriter in complying with Securities Exchange Commission Rule 15c2-12(b)(5). The specific nature of the information to be contained in the Annual Report or the notices of material events is summarized in APPENDIX D – "FORM OF CONTINUING DISCLOSURE AGREEMENT."

Within the past five years, the Issuer has not failed to comply, in all material respects, with its “previous undertakings,” as that term is used in Rule 15c2-12 (the “Rule”) promulgated under the Securities and Exchange Act of 1934, as amended.

### **LEGAL OPINION**

The validity of the Bonds and certain other legal matters are subject to the approving opinion of Orrick, Herrington & Sutcliffe LLP, Bond Counsel to the Issuer. A complete copy of the proposed form of the Bond Counsel Opinion is contained in APPENDIX E hereto. Bond Counsel undertakes no responsibility for the accuracy, completeness or fairness of this Official Statement.

### **TAX EXEMPTION**

In the opinion of Orrick, Herrington & Sutcliffe LLP, Bond Counsel to the Issuer (“Bond Counsel”), based upon an analysis of existing laws, regulations, rulings and court decisions and assuming, among other matters, the accuracy of certain covenants and compliance with certain covenants, interest on the Bonds is excluded from gross income for federal income tax purposes under Section 103 of the Internal Revenue Code of 1986 (the “Code”) and is exempt from State of California personal income taxes. Bond Counsel is of the further opinion that interest on the Bonds is not a specific preference item for purposes of the federal individual or corporate alternative minimum taxes, although Bond Counsel observes that such interest is included in adjusted current earnings when calculating corporate alternative minimum taxable income. A complete copy of the proposed form of opinion of Bond Counsel is set forth in APPENDIX E hereto.

To the extent the issue price of any maturity of the Bonds is less than the amount to be paid at maturity of such Bonds (excluding amounts stated to be interest and payable at least annually over the term of such Bonds), the difference constitutes “original issue discount,” the accrual of which, to the extent properly allocable to each Beneficial Owner thereof, is treated as interest on the Bonds which is excluded from gross income for federal income tax purposes and State of California personal income taxes. For this purpose, the issue price of a particular maturity of the Bonds is the first price at which a substantial amount of such maturity of the Bonds is sold to the public (excluding bond houses, brokers, or similar persons or organizations acting in the capacity of underwriters, placement agents or wholesalers). The original issue discount with respect to any maturity of the Bonds accrues daily over the term to maturity of such Bonds on the basis of a constant interest rate compounded semiannually (with straight-line interpolations between compounding dates). The accruing original issue discount is added to the adjusted basis of such Bonds to determine taxable gain or loss upon disposition (including sale, redemption, or payment on maturity) of such Bonds. Beneficial Owners of the 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 Beneficial Owners who do not purchase such Bonds in the original offering to the public at the first price at which a substantial amount of such Bonds is sold to the public.

Bonds purchased, whether at original issuance or otherwise, for an amount higher than their principal amount payable at maturity (or, in some cases, at their earlier call date) (“Premium Bonds”) will be treated as having amortizable bond premium. No deduction is allowable for the amortizable bond premium in the case of bonds, like the Premium Bonds, the interest on which is excluded from gross income for federal income tax purposes. However, the amount of tax-exempt interest received, and a Beneficial Owner’s basis in a Premium Bond, will be reduced by the amount of amortizable bond premium properly allocable to such Beneficial Owner. Beneficial Owners of Premium Bonds should consult their own tax advisors with respect to the proper treatment of amortizable bond premium in their particular circumstances.



The Code imposes various restrictions, conditions and requirements relating to the exclusion from gross income for federal income tax purposes of interest on obligations such as the Bonds. The Issuer and the Local Agency Participants have made certain representations and covenanted to comply with certain restrictions, conditions and requirements designed to ensure that interest on the Bonds will not be included in federal gross income. Inaccuracy of these representations or failure to comply with these covenants may result in interest on the Bonds being included in gross income for federal income tax purposes, possibly from the date of original issuance of the Bonds. The opinion of Bond Counsel assumes the accuracy of these representations and compliance with these covenants. Bond Counsel has not undertaken to determine (or to inform any person) whether any actions taken (or not taken) or events occurring (or not occurring), or any other matters coming to Bond Counsel's attention after the date of issuance of the Bonds may adversely affect the value of, or the tax status of interest on, the Bonds. Accordingly, the opinion of Bond Counsel is not intended to, and may not, be relied upon in connection with any such actions, events or matters.

Although Bond Counsel is of the opinion that interest on the Bonds is excluded from gross income for federal income tax purposes and is exempt from State of California personal income taxes, the ownership or disposition of, or the accrual or receipt of amounts treated as interest on, the Bonds may otherwise affect a Beneficial Owner's state or local tax liability. The nature and extent of these other tax consequences depends upon the particular tax status of the Beneficial Owner or the Beneficial Owner's other items of income or deduction. Bond Counsel expresses no opinion regarding any such other tax consequences.

Current and future legislative proposals, if enacted into law, clarification of the Code or court decisions may cause interest on the Bonds to be subject, directly or indirectly, in whole or in part, to federal income taxation or to be subject to or exempted from state income taxation, or otherwise prevent Beneficial Owners from realizing the full current benefit of the tax status of such interest. For example, Representative Dave Camp, Chair of the House Ways and Means Committee released draft legislation that would subject interest on the Bonds to a federal income tax at an effective rate of 10% or more for individuals, trusts, and estates in the highest tax bracket, and the Obama Administration proposed legislation that would limit the exclusion from gross income of interest on the Bonds to some extent for high-income individuals. The introduction or enactment of any such legislative proposals or clarification of the Code or court decisions may also affect, perhaps significantly, the market price for, or marketability of, the Bonds. Prospective purchasers of the Bonds should consult their own tax advisors regarding the potential impact of any pending or proposed federal or state tax legislation, regulations or litigation, as to which Bond Counsel is expected to express no opinion.

The opinion of Bond Counsel is based on current legal authority, covers certain matters not directly addressed by such authorities, and represents Bond Counsel's judgment as to the proper treatment of the Bonds for federal income tax purposes. It is not binding on the Internal Revenue Service ("IRS") or the courts. Furthermore, Bond Counsel cannot give and has not given any opinion or assurance about the future activities of the Issuer or the Local Agency Participants, or about the effect of future changes in the Code, the applicable regulations, the interpretation thereof or the enforcement thereof by the IRS. The Issuer and the Local Agency Participants have covenanted, however, to comply with the requirements of the Code.

Bond Counsel's engagement with respect to the Bonds ends with the issuance of the Bonds, and, unless separately engaged, Bond Counsel is not obligated to defend the Issuer, the Local Agency Participants or the Beneficial Owners regarding the tax-exempt status of the Bonds in the event of an audit examination by the IRS. Under current procedures, parties other than the Issuer, the Local Agency Participants, and their respective appointed counsel, including the Beneficial Owners, would have little, if any, right to participate in the audit examination process. Moreover, because achieving judicial review in

connection with an audit examination of tax-exempt bonds is difficult, obtaining an independent review of IRS positions with which the Issuer or the Local Agency Participants legitimately disagree, may not be practicable. Any action of the IRS, including but not limited to selection of the Bonds for audit, or the course or result of such audit, or an audit of bonds presenting similar tax issues may affect the market price for, or the marketability of, the Bonds, and may cause the Issuer, the Local Agency Participants, or the Beneficial Owners to incur significant expense.

#### **NO LITIGATION**

There is no action, suit, or proceeding known by the Issuer to be pending or threatened at the present time restraining or enjoining the delivery of the Local Obligations or the Bonds or the collection of assessments levied by the Issuer in the Series 2014A Districts or in any way contesting or affecting the validity of the Bonds, the Trust Agreement, the Local Obligations, the Local Obligation Resolution or any proceedings of the Issuer taken with respect to the execution or delivery thereof.

#### **NO RATING**

The Issuer has not made, and does not contemplate making, application to any rating agency for the assignment of a rating to the Bonds.

#### **UNDERWRITING**

RBC Capital Markets, LLC, the Underwriter of the Bonds, has agreed to purchase the Bonds from the Issuer at a purchase price of \$4,481,587.80, being the aggregate principal amount of the Bonds \$4,680,000.00, less an original issue discount of \$81,412.20 and less an Underwriter's discount of \$117,000.00. The purchase contract pursuant to which the Underwriter is purchasing the Bonds provides that the Underwriter will purchase all of the Bonds if any are purchased. The obligation of the Underwriter to make such purchase is subject to certain terms and conditions set forth in such contract of purchase.

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

#### **MISCELLANEOUS**

All quotations from, and summaries and explanations of the Trust Agreement, the Local Obligations, the Local Obligation Resolution, the Bonds, the Act, the Local Obligation Statute or other statutes and documents contained herein do not purport to be complete, and reference is made to said documents and statutes for full and complete statements of their provisions.

This Official Statement is submitted only in connection with the sale of the Bonds by the Issuer. All estimates, assumptions, statistical information and other statements contained herein, while taken from sources considered reliable, are not guaranteed by the Issuer or the Underwriter. The information contained herein should not be construed as representing all conditions affecting the Issuer, SCIP or the Bonds.

All information contained in this Official Statement pertaining to the Issuer has been furnished by the Issuer and the execution and delivery of this Official Statement has been duly authorized by the Issuer.

CALIFORNIA STATEWIDE  
COMMUNITIES DEVELOPMENT  
AUTHORITY

By:     /s/ Laura Labanieh Campbell      
          Authorized Signatory

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## APPENDIX A

### THE PROJECTS AND THE ASSESSED PROPERTY

#### Introduction

The Bonds are secured by Local Obligations issued under the Local Obligation Statute for assessment districts created by the Issuer under the Municipal Improvement Act of 1913 (Division 12 of the Streets and Highways Code) (the “Series 2014A Districts”). Each of the Projects for which the Local Obligations are issued has made an application for financing under SCIP through the city or county that grants building permits for the Project (the “Local Agency Participants”). All Projects within a given county are included within a Series 2014A District created by the Issuer for that county (each, an “Applicable County”). Neither the Local Agency Participants nor the Applicable Counties have any obligations with respect to the Local Obligations or the assessment districts, except that each Applicable County is required to include the assessment installments in the regular property tax bills it sends to the owners of property within the Series 2014A Districts. The Issuer, through its Assessment Administrator and Program Administrator, is responsible for all accounting, administration, reporting and collection activities with respect to the Series 2014A Districts and the Local Obligations.

#### The Series 2014A Districts

The Series 2014A Districts consist of non-contiguous areas within the Counties of Placer and San Joaquin (the “**Applicable Counties**”), and comprise parcels with newly completed structures, parcels in various stages of development and undeveloped parcels, located in various developing areas of the above-named counties. The total land area of the Series 2014A Districts is approximately 49.62± net acres. The Series 2014A Districts comprise land planned for residential use. Property within the Series 2014A Districts is comprised of three separate and distinct Projects. See “**The Projects**” below. All of the property is entitled for the anticipated uses. All of the projects are under construction, and some are partially complete with buildings.

The Series 2014A Districts were formed to finance the payment of certain, but not all, development impact fees and infrastructure improvements necessary for development within the jurisdictions of the Local Agency Participants (collectively, the “**Fees and Improvements**”) consisting generally of infrastructure improvements and development impact fees related to infrastructure improvements such as sanitary sewer facilities, storm drain facilities, water facilities, drainage facilities, roadways and roadway improvements. Proceeds of the Local Obligations will be used in part to reimburse developers for their costs of the authorized Fees they have paid, and the Improvements when complete, and to prepay certain other Fees.

Property in the Series 2014A Districts is security for the assessments levied to repay the Local Obligations. Appraisal reports (the “**Appraisal Reports**”) have been prepared for the real property within the Series 2014A Districts. The appraised value for the property described in the Appraisal Reports, together with estimates of construction value added to the properties from building permit valuations, to the extent available and applicable, amounts to an aggregate value of property in the Series 2014A Districts of approximately \$52,742,710 as of the date of the Official Statement. The combined estimated valuation of property in the Series 2014A Districts is approximately 10.7 times the aggregate principal amount of the lien of the assessments securing the Local Obligations. See Table A-1 hereafter in this Appendix A. See APPENDIX F for a detailed listing of information for each individual parcel in the Series 2014A Districts. For a further description of the Appraisal Reports, see “THE PROJECTS AND THE ASSESSED PROPERTY – Appraisals” in the Official Statement.

**Table A-1**  
**Series 2014A Projects**  
**Descriptions and Value-to-Lien Ratios**

City/ County	Project Name	Developer	Project Description	Zoning	Gross Acres	Total Lots	# of Building Permits <sup>[1]</sup>	Assessment Amount	Assessment per Unit	Percent of Assessment	Overlapping CFD Debt <sup>[2]</sup>	Appraised Value of Land <sup>[3]</sup>	Permit Values <sup>[4]</sup>	Value-to- Lien <sup>[5]</sup>
City of Rocklin/ County of Placer	Parkview	D.R. Horton Bay, Inc.	Single Family Homes	Single Family	10.72	61	36	\$637,905	10,457	13.02%	\$13,650	\$6,100,000	\$10,290,360	25.16
City of Rocklin/ County of Placer	Stanford Ranch – The Vista	John Mourier Construction, Inc.	Single Family Homes	Single Family	20.5	92	23	\$2,325,128	25,273	47.47%	\$13,370	\$13,800,000	\$8,343,836	9.47
City of Manteca/ County of San Joaquin	Orchard Park	Meritage Homes of California, Inc.	Single Family Homes	Single Family	18.4	89	28	\$1,934,914	21,741	39.50%	\$0	\$8,230,000	\$5,978,514	7.34
<b>TOTAL</b>					<b>49.62</b>	<b>242</b>	<b>87</b>	<b>\$4,897,947</b>		<b>100.00%</b>	<b>\$27,020</b>	<b>\$28,130,000</b>	<b>\$24,612,710</b>	<b>10.71</b>

[1] As of March 24, 2014, per each respective developer.

[2] Source: California Municipal Statistics (December 2013/January 2014). Reflects parity liens for community facility districts under the Mello-Roos Community Facilities Act of 1982, as amended. Though Orchard Park is not currently subject to a special tax lien, all completed homes in Manteca are subject to Manteca CFD 2000-3 in amounts that vary based on home size.

[3] Parkview and Stanford Ranch – The Vista values as of January 27, 2014. Manteca values as of January 28, 2014. See APPENDIX H – “EXCERPTS FROM APPRAISALS.”

[4] See Appendix F – “MASTER PARCEL TABLE.”

[5] Value is based on the appraised value of the land, plus the value of permits obtained by the developers as of March 24, 2014. Lien includes assessment amount and parity overlapping debt.

See APPENDIX F – “MASTER PARCEL TABLE” for more information regarding the Projects.

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## **Teeter Plan**

Any county may elect from time to time to apply the procedures described in Sections 4701 through 4717, inclusive, of the Revenue and Taxation Code of the State of California, commonly referred to as the “**Teeter Plan**,” with respect to property tax collection and disbursement procedures. These sections provide an alternative method of apportioning secured taxes whereby agencies levying taxes through a county’s tax roll may receive from the county 100% of their taxes whether or not they are actually paid by the property owners at or near the time the local agencies would have received the tax revenues had all taxes been paid. The counties finance this outlay through a special tax loss reserve fund (the “**Tax Loss Reserve Fund**”) accumulated from previously collected delinquent penalties. Both of the Applicable Counties employ the Teeter Plan, but only San Joaquin among the Applicable Counties employs it for assessment districts.

For San Joaquin County, this method of apportioning taxes has been extended to all assessments collected on the County tax roll. Although a local agency currently receives the total levy for its special assessments, without regard to actual collections, the basic legal liability for assessment deficiencies at all times remains with the sponsoring agency and, therefore, the alternative method of tax apportionment only assists the sponsoring agency in the current financing of the maturing debt service requirements. A county board of supervisors may discontinue the procedures under the Teeter Plan altogether, or with respect to any tax or assessment levying agency in such county, if the rate of secured tax and assessment delinquency in that agency in any year exceeds 3% of the total of all taxes and assessments levied on the secured rolls for that agency.

The special assessment installments for the Series 2014A District situated in San Joaquin County (the “**Teeter Plan Districts**”) will be collected pursuant to the procedures described above. Thus, so long as San Joaquin County maintains a policy of collecting assessments pursuant to these procedures and they meet the Teeter Plan requirements, the Authority will receive 100% of the annual assessment installments levied without regard to actual collections in the applicable Teeter Plan District. There is no assurance, however, that the Board of Supervisors of San Joaquin County will maintain its policy of apportioning assessments pursuant to the Teeter Plan procedures.

Potential investors should not rely on any assumption that San Joaquin County will or will not apply the Teeter Plan in any given year.

## **Effective Tax Rates**

The following table sets forth the projected tax rates within the Series 2014A Districts by Project for Fiscal Year 2013-14. The estimated tax rates and amounts presented herein are based on the best available information available at this time. The actual amounts charged are expected to vary and may increase in future years.

**Table A-2**  
**Series 2014A Projects**  
**Effective Tax Rates**

City/ County	Project Name	Median Home Price <sup>[1]</sup>	Ad Valorem Tax Rate	Direct Levies	SCIP 2014A <sup>[2]</sup>	Total Effective Tax Rate <sup>[2]</sup>	Number of Parcels
City of Rocklin/County of Placer	Parkview	\$380,000	1.136%	0.069%	0.462%	1.666%	61
City of Rocklin/County of Placer	Stanford Ranch – The Vista	\$380,000	1.136%	0.035%	0.184%	1.355%	92
City of Manteca/County of San Joaquin	Orchard Park	\$302,000	1.074%	0.000%	0.482%	1.556%	89

[1] Rocklin median home price as of November 2013. Manteca median home price as of December 2013. Source: Seevers Jordan Ziegenmeyer.

[2] Estimated by RBC Capital Markets.

### The Projects

*A description of each of the Projects is set forth below. The following information has been obtained by the Authority from the developers of the Projects, the Local Agency Participants and other sources believed by the Authority to be reliable, but has not been independently verified by the Authority or any of its consultants. Therefore, no assurance can be given that this information is accurate, complete or up-to-date.*

**Parkview (Placer County, City of Rocklin – 13.14% of the Local Obligations).** The Series 2014A Districts will include Parkview (“Parkview”), a residential development project located on 10.71± acres situated at the northeast corner of the intersection of Blue Oaks Boulevard and Sonora Pass Way in the City of Rocklin, California. Parkview comprises 61 single family residential lots being developed by D.R. Horton BAY, Inc., a Delaware corporation (“D.R. Horton BAY”), with average lot sizes of approximately 6,000 square feet. The Parkview site is situated within the Sunset West General Development Plan area and was originally identified as a middle school site. The site had remained undeveloped as the surrounding area was developed with a variety of land uses, primarily single-family residential uses.

D.R. Horton BAY acquired the Parkview site in December 2012 from R C Collet, Inc. for a purchase price of \$2,135,000, recorded the final map in October 2013 and commenced construction of homes thereon in October 2013. The assessed value of the land for 2013/14 is \$2,135,000 and the appraised value as of March 5, 2014, is \$6,100,000. All other approvals and permits required for development of the Parkview site have been secured except as otherwise described in this Official Statement and except for approvals required in the normal course of development.

D.R. Horton BAY plans to construct 61 single family detached homes in the Parkview project. The homes being constructed within Parkview comprise four (4) floor plans with base square footage expected to range from approximately 1,997 square feet to approximately 3,069 square feet.

As of March 1, 2014, backbone infrastructure and primary in-tract public improvements were complete and D.R. Horton BAY had obtained a total of 36 building permits for the three model homes and 33 production homes. As of March 1, 2014, the model home complex and a parking lot were complete and 33 production homes were in various stages of construction, 13 of which were under contract for sale to individual homebuyers. Homes under contract may not result in closed escrows as



sales contracts are subject to cancellation by the homebuyer. D.R. Horton BAY began marketing its homes within Parkview in January 2014 and expects to convey its first production homes to individual homebuyers by April 2014. D.R. Horton BAY expects to complete construction of all 61 proposed homes within Parkview and convey the final homes to individual homebuyers by July 2015.

While the information in this Official Statement reflects D.R. Horton BAY's current development expectations, no assurances can be given that home construction and conveyance to individual homebuyers will be carried out on the schedule or according to the plans described in this Official Statement.

*Adjacent/Surrounding Properties.* An additional 54 single-family residential parcels owned by D.R. Horton BAY, which are not within the Series 2014A Districts, are located immediately adjacent to the north of the Parkview site and are planned to constitute a second phase of Parkview ("Parkview II"). Site development for Parkview II is anticipated to begin in spring 2014 and be completed by the end of 2014 and home construction within Parkview II is anticipated to commence in April 2014. Existing single-family residences and an apartment project have previously been completed on properties adjacent to the south and west of the Parkview site. The property adjacent to the east of the Parkview site is owned by the City of Rocklin and reserved for open space and storm drainage purposes. With the exception of the 54 lots within the Parkview II site noted above, there are no other undeveloped adjacent parcels currently planned for development.

*Developer Information.* D.R. Horton BAY, Inc. a Delaware corporation ("D.R. Horton BAY") is a subsidiary of D.R. Horton, Inc., a Delaware corporation ("D.R. Horton"), a public company whose common stock is traded on the New York Stock Exchange under the symbol "DHI". Founded in 1978 and headquartered in Fort Worth, Texas, D.R. Horton, Inc. has operations in 77 markets in 27 states in the East, Midwest, Southeast, South Central, Southwest and West regions of the United States. D.R. Horton, Inc. and its subsidiaries, including D.R. Horton BAY, design, construct, market and sell single-family detached homes, townhomes, duplexes, triplexes and condominiums primarily to entry level and move-up buyers.

D.R. Horton is subject to the informational requirements of the Securities Exchange Act of 1934, as amended (the "Exchange Act"), and in accordance therewith files reports, proxy statements and other information, including financial statements, with the Securities and Exchange Commission (the "SEC"). Such filings, particularly D.R. Horton's Annual Report on Form 10-K for the fiscal year ended September 30, 2013, as filed by D.R. Horton, Inc. with the SEC on November 26, 2013 set forth certain data relative to the consolidated results of operations and financial position of D.R. Horton and its subsidiaries, including D.R. Horton Bay, as of such dates.

The SEC maintains an Internet web site that contains reports, proxy and information statements and other information regarding registrants that file electronically with the SEC, including D.R. Horton. The address of such Internet web site is [www.sec.gov](http://www.sec.gov). All documents subsequently filed by D.R. Horton pursuant to the requirements of the Exchange Act after the date of this Official Statement will be available for inspection in such manner as the SEC prescribes.

Copies of D.R. Horton's Annual Report and each of its other quarterly and current reports, including any amendments, are available from D.R. Horton's website at [www.drhorton.com](http://www.drhorton.com). The Internet address and references to filings with the SEC are included for reference only, and the information on these Internet sites and on file with the SEC are not a part of this Official Statement and are not incorporated by reference into this Official Statement.

*Financing Plan.* As of March 1, 2014, D.R. Horton BAY has expended approximately \$7.4 million in land acquisition and various site development and home construction costs related to its

property within the Series 2014A Districts. D.R. Horton BAY estimates that it will require an additional \$11.2 million to complete its development within the Series 2014A Districts. To date, D.R. Horton BAY has financed its land acquisition and various site development and home construction costs related to its property within the Series 2014A Districts through home sales and internally generated funds. D.R. Horton BAY expects to use home sales and internal funding to complete its development within the Series 2014A Districts. However, home sales revenues for D.R. Horton BAY's project in the Series 2014A Districts are not segregated and set aside for completing its project in the Series 2014A Districts. Home sales revenue is swept daily from D.R. Horton's divisions for use in operations, to pay down debt and for other corporate purposes and might get diverted to other D.R. Horton needs at the discretion of D.R. Horton management. Notwithstanding the foregoing, D.R. Horton BAY believes that it will have sufficient funds available to complete its proposed development in the Series 2014A Districts, commensurate with the development timing described in this Official Statement.

Although D.R. Horton BAY expects to have sufficient funds available to complete its development in the Series 2014A Districts, commensurate with the development timing described in this Official Statement, there can be no assurance, however, that amounts necessary to finance the remaining development and home construction costs will be available from D.R. Horton BAY or any other source when needed. Neither D.R. Horton BAY, nor its parent, D.R. Horton, nor any of its related entities are under any legal obligation of any kind to expend funds for the remaining development of and construction of homes on its property in the Series 2014A Districts. Any contributions by D.R. Horton to fund the costs of such development and home construction are entirely voluntary.

*City Information.* The City of Rocklin, located at the base of the Sierra Foothills in Placer County, encompasses 19.87 square miles of land. The City of Rocklin benefits from direct freeway access to Interstate 80 and State Highway 65, and to rail, air and bus service to all major employment and business centers in the greater Sacramento region. Rocklin is part of South Placer County which lies in the north-central part of California, approximately 420 miles north of Los Angeles, 250 miles south of the Oregon border, 100 miles northeast of San Francisco, and 80 miles west of Lake Tahoe. According to the California State Department of Finance, the City of Rocklin had a population of 58,484 as of January 2013.

**Stanford Ranch – The Vista (Placer County, City of Rocklin – 47.22% of the Local Obligations).** The Series 2014A Districts will include a development within the City of Rocklin's Stanford Ranch General Plan area ("Stanford Ranch – The Vista"), which portion will constitute a 20.5± acre residential development located on Wildcat Blvd. (North of W. Stanford Rd. and South of Whitney Ranch Pkwy). Stanford Ranch – The Vista comprises 92 single family detached residential lots being developed by John Mourier Construction, Inc., with lot sizes ranging from 6,000± to 16,903± square feet and an average lot size of 7,487± square feet. Three of the lots are improved with partially complete homes (under construction), while the remaining lots are finished with backbone infrastructure and in-tract improvements being completed. The site is bordered to the north by vacant industrial property, to the east by residential property, to the south by property owned by the City of Rocklin and zoned for park use, and to the west by William Jessup University and industrial development.

As of March 2014, the final map has been recorded and all infrastructure and site work is complete. All 92 lots have water and sewer hook-up connections ready, subject to payment of fees. The three-home model complex is currently under construction with an estimated completion date of April 18, 2014. As of March 20, 2014, 23 building permits have been obtained including the three model homes under construction and a 20-home production release. Construction commenced on the 20-home production release March 11, 2014.

John Mourier Construction, Inc. expects to use its cash reserves to finance all new home construction and does not have any existing loan or financing for the development of Stanford Ranch – The Vista.

John Mourier Construction, Inc. acquired the property via Grant Deed recorded in May 2013. The assessed land value of Stanford Ranch – The Vista for 2013/14 is \$5,059,200, which does not reflect the May 2013 sale, and the appraised land value of Stanford Ranch – The Vista as of March 5, 2014, is \$13,800,000. The developer reports purchasing the land for \$7.59 million (or \$82,500 per lot) and expending development costs of approximately \$4.5 million to date. The costs authorized to be financed with proceeds of the Bonds include the funding of \$856,367 in City impact fees and \$996,167 in infrastructure improvements.

*Developer Information.* The property owner and developer is John Mourier Construction, Inc., a California corporation incorporated on July 3, 1978. John Mourier Construction, Inc. is a wholly owned subsidiary of LJM Holding Company, Inc., a California Corporation. The president of John Mourier Construction, Inc. is John L Mourier, III, who is responsible for the day to day operations.

*City Information.* See “Parkview” above for information concerning the City of Rocklin.

**Orchard Park (San Joaquin County – 39.64% of the Local Obligations).** The Series 2014A Districts will include Orchard Park (“Orchard Park”), a residential development located on 31.52± acres situated west of Pillsbury Road, approximately 1/2 mile south of Woodward Avenue in Manteca, California. The assessment district encompasses Phase I of the Orchard Park project located on 18.4 acres of the total Orchard Park project and comprises a total of 89 single family residential lots with average lot sizes of approximately 5,200 square feet.

As part of the project a 5-acre community park is being constructed, public landscaping improvements, irrigation district utilities as well as internal roads, utilities, and related facilities. As of March 20, 2013, park landscaping and irrigation have commenced and all underground utilities including sewer, stormdrain, water, and electricity have been completed and are waiting on energization by PG&E. Additionally all curb, gutter, sidewalk and road paving is complete. Construction of the project began in the summer of 2013 with home construction beginning in December of the same year. Home sizes will range from 2,200 to 3,800 square-feet, with prices ranging from the mid \$300s to mid \$400s. As of March 20, 2014, construction has been completed on 4 homes and 3 model homes and an additional 21 building permits have been obtained and are under construction.

The Orchard Park project includes an additional 185 single-family residential parcels, which are currently under option of Meritage Homes of California, Inc. and are located immediately adjacent to the 89 lots within the District. These lots are planned to constitute additional phases to Orchard Park and are anticipated to be included in future SCIP Assessment Districts.

The cost authorized to be financed with proceeds of the Bonds include prepayment of a portion of the development impact fees and major infrastructure improvements common to all lots within the property.

Financing of construction for improvements in Orchard Park has been funded via internal sources of cash by Meritage Homes of California, Inc. There are no current lenders and no anticipated lenders for this project. The final map for all 89 lots was recorded on March 7, 2013. The project does not include a development agreement with the City and only ministerial building permits approvals are required for each of the planned homes.

Meritage Homes of California, Inc. acquired the property via Grant Deed in March 2013 for \$2,932,550. The assessed land value of Orchard Park for 2013/14 is \$295,213, which does not reflect the March 2013 sale, and the appraised land value of Orchard Park as of March 5, 2014, is \$8,230,000. The developer reports purchasing the land for \$2.9 million and expending development costs of \$2.4 million to date. The costs authorized to be financed with proceeds of the Bonds include the funding of \$767,091 in city impact fees and \$774,640 in backbone infrastructure improvements.

*Developer Information.* The property owner and developer is Meritage Homes of California, Inc., a California Corporation. Meritage Homes of California, Inc. is a wholly-owned subsidiary of Meritage Homes Corporation, a publicly traded company. The regional president of Meritage Homes of California, Inc. is Barry Grant, who is responsible for the day to day operations of Developer.

*City Information.* Incorporated in 1918, the City of Manteca (“Manteca”) is located 76 miles due east of San Francisco and 320 miles north of Los Angeles in the San Joaquin Valley. It is midway between Stockton and Modesto on State Highway 99. City limits cover approximately 17.5 square miles of level terrain. Manteca is surrounded by rich agricultural lands. Although industries based on agriculture are very important to the City’s economy, the City has a diverse employment base. As of January 1, 2013, Manteca’s population was 71,165, as estimated by the California Department of Finance.

## **APPENDIX B**

### **SUMMARY OF TRUST AGREEMENT**

The following is a brief summary of certain provisions of the Trust Agreement, dated as of May 1, 2014, under which the Bonds are issued. Summaries of certain portions of this document, and certain definitions, are also contained in the main portion of this Official Statement. This summary does not purport to be comprehensive or definitive and is qualified in its entirety by reference to the full terms of the Trust Agreement. Capitalized terms not otherwise defined herein have the meanings specified in the Trust Agreement.

### **DEFINITIONS**

“Act” shall mean Article 4 of Chapter 5 of Division 7 of Title 1 of the California Government Code, as amended and supplemented from time to time.

“Annual Bond Debt Service” shall mean, for each Fiscal Year, the sum of (1) the interest falling due on all Outstanding Bonds in such Fiscal Year, assuming that all Principal Installments are paid as scheduled (except to the extent that such interest is to be paid from the proceeds of sale of any Bonds), and (2) the scheduled Principal Installments of the Outstanding Bonds, payable in such Fiscal Year.

“Annual Local Obligation Debt Service” shall mean, for each Fiscal Year, the sum of (1) the interest falling due on all Outstanding Local Obligations in such Fiscal Year, assuming that all Principal Installments are paid as scheduled (except to the extent that such interest is to be paid from the proceeds of sale of any Local Obligations), and (2) the scheduled Principal Installments of the Outstanding Local Obligations, payable in such Fiscal Year.

“Applicable County” means, with respect to any Assessed Parcel, the county in which such parcel is located.

“Appraisal” shall mean, with respect to Assessed Parcels (i) an opinion of value of an independent appraiser who is a Member of the Appraisal Institute (“MAI”) and is credentialed by the State of California Office of Real Estate Appraisers or (ii) the assessed value (land and improvements) shown on the most recent equalized assessment roll of the Applicable County.

“Assessed Parcel” shall mean a parcel of property which is within any Series 2014A District and upon which is levied assessments or reassessments securing Local Obligations.

“Average Annual Bond Debt Service” shall mean the average Fiscal Year Annual Bond Debt Service over all Fiscal Years during which the Bonds are scheduled to remain Outstanding.

“Authority” shall mean the California Statewide Communities Development Authority, a joint exercise of powers agency established pursuant to a Joint Exercise of Powers Agreement, dated June 1, 1988 and the laws of the State, and its successors.

“Authorized Bond Denominations” shall mean five thousand dollars (\$5,000) and any integral multiple thereof, but not exceeding the principal amount of Bonds maturing on any one date.

“Authorized Local Obligations Denominations” shall mean any amount, expressed in dollars and cents, but not exceeding the principal amount of Local Obligations maturing on any one date.

“Authorized Officer” means any member of the Commission of the Authority and any other person as may be designated and authorized to sign on behalf of the Authority pursuant to a resolution adopted thereby.

“Bond Counsel” shall mean Orrick, Herrington & Sutcliffe LLP or any other an attorney-at-law, or a firm of such attorneys appointed by the Authority, of nationally recognized standing in matters pertaining to the tax-exempt nature of interest on obligations issued by states and their political subdivisions.

“Bond Redemption Fund” shall mean the Fund by that name established under the Trust Agreement.

“Bond Register” shall mean the registration books specified as such in the Trust Agreement.

“Book-Entry Bonds” shall mean any Bonds designated as Book-Entry Bonds pursuant to the Trust Agreement and registered in the name of the Nominee pursuant to the Trust Agreement.

“Business Day” shall mean any day other than (i) a Saturday or Sunday or (ii) a day on which the Corporate Trust Office of the Trustee is closed.

“Cash Flow Certificate” shall mean a written certificate executed by a Cash Flow Consultant.

“Cash Flow Consultant” shall mean RBC Capital Markets, LLC or any other financial consultant or firm of such consultants generally recognized to be well qualified in the financial consulting field relating to municipal securities such as the Bonds, appointed and paid by the Authority and who, or each of whom:

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

The Cash Flow Consultant shall not be deemed to have a “financial advisory relationship” with the Authority within the meaning of California Government Code Section 53590(c).

“Chair” shall mean the Chair of the Authority.

“Code” shall mean the Internal Revenue Code of 1986, and the regulations thereunder.

“Continuing Disclosure Agreement” shall mean that certain Continuing Disclosure Agreement, dated as of the date of delivery of the Bonds, by and between the Authority and the Trustee.

“Corporate Trust Office” shall mean the office of the Trustee, at which at any particular time corporate trust business shall be administered, or such other office as the Trustee shall designate.

“Custody Account” means the custody account established for the Program pursuant to that certain Custody Agreement, dated as of June 2, 2003, by and between the Authority and the Trustee, as Custodian.

“Depository” shall mean the securities depository acting as Depository pursuant to the Trust Agreement.

“DTC” shall mean The Depository Trust Company, New York, New York, and its successors and assigns.

“Event of Default” shall mean any event of default specified as such in the Trust Agreement.

“Expenses” shall mean all costs of issuing the Bonds and the Local Obligations and all administrative costs of the Authority that are charged directly or apportioned to the administration of the Local Obligations and the Bonds, such as salaries and wages of employees, audits, overhead and taxes (if any), legal and financial consultant fees and expenses, amounts necessary to pay to the United States of America or otherwise to satisfy requirements of the Code in order to maintain the tax-exempt status of the Bonds, and compensation, reimbursement and indemnification of the Trustee, together with all other reasonable and necessary costs of the Authority or charges required to be paid by it to comply with the terms of any refunding escrow agreement, the Trust Agreement, or the Bonds or in connection with the acquisition of the Local Obligations.

“Expense Fund” shall mean the Fund by that name established pursuant to the Trust Agreement.

“Fiscal Year” shall mean the fiscal year of the Authority, which as of the date of the Trust Agreement is the period commencing on July 1 in each calendar year and ending on June 30 in the following calendar year.

“Funds” shall mean, collectively, the Revenue Fund, the Interest Fund, the Principal Fund, the Bond Redemption Fund, the Reserve Fund, the Local Obligation Fund, the Expense Fund, the Reimbursement Fund, the Surplus Fund and the Rebate Fund, including all accounts therein.

“Government Obligations” shall mean and include any of the following securities:

1. 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. These include, but are not limited to:

- U.S. Treasury obligations: All direct or fully guaranteed obligations
- Farmers Home Administration: Certificates of beneficial ownership
- General Services Administration: Participation certificates
- U.S. Maritime Administration: Guaranteed Title XI financing
- Small Business Administration: Guaranteed participation certificates and Guaranteed pool certificates
- Government National Mortgage Association (GNMA): GNMA-guaranteed mortgage-backed securities and GNMA-guaranteed participation certificates
- U.S. Department of Housing & Urban Development: Local authority bonds
- Washington Metropolitan Area Transit Authority: Guaranteed transit bonds

- State and Local Government Series
  - Veterans Administration: Guaranteed REMIC Pass-through Certificates
2. Obligations of government-sponsored agencies that are not backed by the full faith and credit of the U.S. government:
- Federal Home Loan Mortgage Corp. (FHLMC): Debt obligations
  - Farm Credit System (formerly: Federal Land Banks, Federal Intermediate Credit Banks, and Banks for Cooperatives): Consolidated systemwide bonds and notes
  - Federal Home Loan Banks (FHL Banks): Consolidated debt obligations
  - Federal National Mortgage Association (FNMA): Debt obligations
  - Student Loan Marketing Association (FNMA): Debt obligations
  - Financing Corp. (FICO): Debt obligations
  - Resolution Funding Corp. (REFCORP): Debt obligations
  - U.S. Agency for International Development (U.S. A.I.D.): Guaranteed notes; provided that such securities mature at least 4 business days prior to the date invested funds are required to be available under the Trust Agreement.

3. Stripped securities where the principal-only and interest-only strips of noncallable obligations are issued by the U.S. Treasury and REFCORP securities stripped by the Federal Reserve Bank of New York.

“Interest Fund” shall mean the Fund by that name established pursuant to the Trust Agreement.

“Interest Payment Date” shall mean March 2 and September 2 in each year, commencing on September 2, 2014.

“Investment Securities” shall mean and include any of the following securities, to the extent permitted by the laws of the State:

(i) Direct obligations (including obligations issued or held in book entry form on the books of the Department of the Treasury of the United States of America and obligations of the Government National Mortgage Association), or obligations the principal of and interest on which are unconditionally guaranteed by the United States of America.

(ii) Bonds, debentures or notes or other evidence of indebtedness payable in cash issued by the United States Treasury which represents the full faith and credit of the United States of America or the following Federal agencies: Federal Home Loan Bank, Export Import Bank of the United States, Federal Financing Bank, Federal Farm Credit Bank, Farmer’s Home Administration, Federal Housing Administration, Maritime Administration, Public Housing Corporation, Federal National Mortgage Association and the Federal Home Loan Mortgage Corporation.



(iii) Certificates of deposit issued by commercial banks, state banking corporations (including the Trustee or any of its affiliates), savings and loan associations and mutual savings banks and properly secured at all times by collateral security described in (i) or (ii) above and rated at least “A/A2” or better by S&P or Moody’s.

(iv) The following investments fully insured by the Federal Deposit Insurance Corporation (“FDIC”): (a) certificates of deposit, (b) savings accounts, (c) deposit accounts, or (d) depository receipts of banks, state banking corporations (including the Trustee or any of its affiliates), savings and loan associations and mutual savings banks.

(v) Repurchase agreements or collateralized investment agreements with banks, state banking corporations, savings and loan associations, or any broker-dealer with “retail customers” which falls under the jurisdiction of the Securities Investor Protection Corporation (SIPC), provided that: (a) the collateralization is at least one hundred six percent (106%), valued monthly, with remaining terms and maturities less than or equal to one year, (b) the Trustee or a third party on behalf of the Trustee will have possession of such obligations, (c) the Trustee will have perfected a first priority security interest in such obligations, (d) such obligations are free and clear of claims of third parties, and (e) failure to maintain the requisite collateral percentage will require the Trustee to liquidate the collateral, and (f) eligible collateral will include: (I) direct obligations of the Department of the Treasury of the United States of America, (including obligations of the Government National Mortgage Association), and (II) bonds, debentures or notes or other evidence of indebtedness payable in cash issued by any one or a combination of any of the following federal agencies: the Federal National Mortgage Association and the Federal Home Loan Mortgage Corporation.

(vi) Money market funds rated at least “A/A2” or better by S&P or Moody’s, or money market funds comprised of obligations described in clause (i) above (or repurchase agreements or interest rate swap agreements collateralized by such obligations) including funds for which the Trustee, its parent and affiliates provide investment advisory or other management services.

(vii) Investment agreements or contracts issued by entities whose long-term debt or claims paying ability of which are rated in one of the top two long-term rating categories by S&P or Moody’s in form acceptable to the Authority, provided that any such contract or agreement shall in any event provide that if the investment rating assigned to the long term unsecured debt obligations of the financial institution by S&P or Moody’s falls below “A” or “A2”, respectively, the Trustee shall require immediate repayment of all funds invested thereunder.

(viii) Tax-exempt obligations rated in either of the two highest rating categories by S&P or Moody’s, including money market funds comprised solely of such obligations.

(ix) The Local Agency Investment Fund (Sections 53600-53609 of the Government Code of the State of California), as now in effect or as may be amended or recodified from time to time; provided, that such investment is held in the name and to the credit of the Trustee; and provided further, that the Trustee may restrict such investment if required to keep monies available for the purposes of the Trust Agreement.

(x) Commercial paper rated in the highest short-term rating category, as provided by Moody’s Investors Service, Inc. and Standard & Poor’s Corporation; provided that the issuing corporation is organized and operating within the United States, has total assets in excess of \$500

million and has an “A” or higher rating for its long-term debt, if any, as provided by Moody’s or Standard & Poor’s.

(xi) Forward Purchase Agreements - The Program Administrator may direct the Trustee to enter into Forward Purchase Agreements subject to the following requirements (a) The Program Administrator may provide letters of direction and representation to the Trustee and to the provider of each Forward Purchase Agreement; and (b) Each Forward Purchase Agreement shall only provide for the purchase by the Trustee of investments described under paragraphs i, ii and x of Investment Securities above, at the times and in the amounts deemed appropriate by the Program Administrator for the applicable bond reserve or debt service fund.

“Lien Amount” means, with respect to any Assessed Parcel, the sum of (A) the aggregate principal amount of the Local Obligations attributable to such Assessed Parcel plus (B) the aggregate principal amount of bonds, notes or other evidences of indebtedness other than the Local Obligations then outstanding and payable from assessments or reassessments to be levied on such Assessed Parcel, plus (C) a portion of the aggregate principal amount of bonds, notes or other evidences of indebtedness issued under the Mello-Roos Community Facilities District Act of 1982 and payable at least partially from special taxes to be levied on the Assessed Parcel (except to the extent such special taxes are made expressly subordinate to the assessments securing Local Obligations) (the “Other Mello-Roos Bonds”) equal to the aggregate principal amount of the Other Mello-Roos Bonds multiplied by a fraction, the numerator of which is the amount of special taxes levied for the Other Mello-Roos Bonds on the Assessed Parcel and the denominator of which is the total amount of special taxes levied for the Other Mello-Roos Bonds on all parcels of land securing the Other Mello-Roos Bonds (such fraction to be determined based upon the maximum special taxes which could be levied the year in which maximum annual debt service on the Other Mello-Roos Bonds occurs), based upon information from the most recent available fiscal year.

“Local Agency Participant” means a City or County which has adopted a resolution joining the Program and which has approved an application for financing with respect to an Assessed Parcel.

“Local Obligation Fund” shall mean the fund by that name established pursuant to the Trust Agreement.

“Local Obligation Resolution” shall mean, with respect to each of the Local Obligations, the resolution adopted by the Authority, providing for the issuance of the Local Obligations upon the security of unpaid assessments in each of the Series 2014A Districts and all resolutions supplemental thereto.

“Local Obligation Revenue” shall mean all moneys collected and received by the Authority on account of unpaid assessments, or reassessments, or securing Local Obligations including amounts collected in the normal course via the Applicable County property tax roll and thereafter remitted to the Authority, Property Owner Prepayments, and amounts received by the Authority or a result of superior court foreclosure proceedings brought to enforce payment of delinquent installments, but excluding therefrom any amounts explicitly included therein on account of collection charges, administrative cost charges, or attorneys fees and costs paid as a result of foreclosure actions.

“Local Obligations” shall mean the Limited Obligation Improvement Bonds for each of the Series 2014A Districts issued under the Trust Agreement and under the Local Obligation Statute.

“Local Obligation Statute” shall mean the Improvement Bond Act of 1915, Division 10 of the Streets and Highways Code (being Section 8500 and following thereof) and the Refunding Act of 1984 for 1915 Improvement Act Bonds (Division 11.5 of the Streets and Highways Code), as applicable.

“Maximum Annual Bond Debt Service” shall mean the largest Annual Bond Debt Service during the period from the date of such determination through the final maturity date of any Outstanding Bonds.

“Moody’s” means Moody’s Investors Service, and its successors.

“Nominee” shall mean the nominee of the Depository, which may be the Depository, as determined from time to time pursuant to the Trust Agreement.

“Officer’s Certificate” shall mean a certificate signed by an Authorized Officer.

“Opinion of Bond Counsel” shall mean a legal opinion signed by Bond Counsel.

“Outstanding” shall mean, with respect to the Bonds or Local Obligations, as the case may be, and as of any date, the aggregate of Bonds or Local Obligations authorized, issued, authenticated and delivered under the Trust Agreement, except:

- (a) Bonds or Local Obligations canceled or surrendered to the Trustee for cancellation;
- (b) Bonds or Local Obligations deemed to have been paid; and
- (c) Bonds or Local Obligations in lieu of or in substitution for which other Bonds or Local Obligations shall have been authenticated and delivered pursuant to the Trust Agreement.

“Owner” shall mean, as of any date, the Person or Persons in whose name or names a particular Bond shall be registered on the Bond Register as of such date.

“Participants” shall mean those broker-dealers, banks and other financial institutions from time to time for which the Depository holds the Bonds as securities depository.

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

“Principal Fund” shall mean the Fund by that name established pursuant to the Trust Agreement.

“Principal Installment” shall mean, depending on context: (1) the principal amount of Outstanding Bonds due on any Principal Payment Date, including any mandatory term Bond redemptions; (2) the principal amount of Outstanding Local Obligations due on any Principal Payment Date, including any mandatory term bond redemptions; or (3) the principal portion of the annual assessment installments to be collected on the secured property tax bills of the Assessed Parcels.

“Principal Payment Date” shall mean September 2 of each year commencing September 2, 2014, and ending on the last date on which any Bonds are scheduled to mature.

“Program” shall mean the Statewide Community Infrastructure Program (“SCIP”) established by the Authority and operated in accordance with the SCIP Manual.

“Property Owner Prepayments” shall mean that portion of Revenues which are initially paid to the Authority by or on behalf of a property owner to accomplish pay-off and discharge of a lien securing the Local Obligations (except the portion, if any, of such Revenues which represents accrued interest on the Local Obligations) and which are thereafter transmitted by the Authority to the Trustee, as assignee of the Authority with respect to the Local Obligations, for deposit in the Bond Redemption Fund for

application in accordance with the Trust Agreement. Property Owner Prepayments do not include payments from the proceeds of any refunding bonds issued by or on behalf of the Authority.

“Proportionate Share” means a fraction, the numerator of which is the total principal and interest paid on Outstanding Local Obligations with respect to a Series 2014A District and the denominator of which is the total amount of principal and interest due to the date of calculation on Outstanding Local Obligations.

“Rebate Fund” shall mean the Fund by that name established pursuant to the Trust Agreement.

“Rebate Instructions” shall mean those calculations and directions required to be delivered to the Trustee by the Authority pursuant to the Tax Certificate.

“Rebate Requirement” shall mean the Rebate Requirement defined in the Tax Certificate.

“Record Date” shall mean the fifteenth (15th) day of the month preceding any Interest Payment Date, whether or not such day is a Business Day.

“Reimbursement Fund” shall mean the Fund by that name established pursuant to the Trust Agreement.

“Requisition of the Authority” shall mean a requisition of the Authority delivered to the Trustee pursuant to the Trust Agreement.

“Reserve Fund” shall mean the Fund by that name established pursuant to the Trust Agreement.

“Reserve Requirement” shall mean, as of any date of calculation, Maximum Annual Bond Debt Service on all then Outstanding Bonds; provided, that as of the date of issuance of the Bonds, the amount required to be deposited in the Reserve Fund shall not exceed the lesser of (i) Maximum Annual Bond Debt Service on the Bonds, (ii) 125% of Average Annual Debt Service, or (iii) 10% of the amount (within the meaning of Section 148 of the Code) of the Bonds.

“Revenue Fund” shall mean the Fund by that name established pursuant to the Trust Agreement.

“Revenues” shall mean Local Obligation Revenues and all other amounts received by the Trustee as the payment of interest or premiums on, or the equivalent thereof, and the payment or return of principal of, or the equivalent thereof, all Local Obligations, whether as a result of scheduled payments or Property Owner Prepayments or remedial proceedings taken in the event of a default thereon, and all investment earnings on any moneys held in the Funds or accounts established under the Trust Agreement, except the Rebate Fund.

“SCIP Manual” means the reference manual for the Program adopted by the Authority, as amended from time to time.

“Secretary” shall mean the Secretary of the Authority, or the deputy thereof.

“Series” shall mean, when used with reference to the Bonds, all of the Bonds authenticated and delivered on original issuance and identified pursuant to the Trust Agreement and any Bonds thereafter authenticated and delivered in lieu of or in substitution for such Bonds pursuant to the Trust Agreement.

“Series 2014A Districts” shall have the meaning ascribed thereto in the Trust Agreement.

“S&P” shall mean Standard and Poor’s Ratings Group, and its successors.

“Special Record Date” shall mean the date established by the Trustee pursuant to the Trust Agreement as a record date for the payment of defaulted interest on the Bonds.

“State” shall mean the State of California.

“Supplemental Trust Agreement” shall mean any trust agreement supplemental to or amendatory of the Trust Agreement which is duly executed and delivered in accordance with the provisions of the Trust Agreement.

“Surplus Fund” shall mean the Fund by that name established pursuant to the Trust Agreement.

“Tax Certificate” shall mean that certificate, relating to various federal tax requirements, including the requirements of Section 148 of the Code, signed by the Authority and dated the date the Bonds are issued, as the same may be amended or supplemented in accordance with its terms.

“Third-Party Participant” means a district, authority or other governmental entity, other than a City or County, that levies impact fees within the jurisdiction of a Local Agency Participant and has approved the financing of such fees through SCIP.

“Treasurer” shall mean the Treasurer of the Authority.

“Trust Agreement” shall mean the Trust Agreement dated as of May 1, 2014, by and between the Authority and the Trustee, pursuant to which the Bonds are to be issued, as amended or supplemented from time to time in accordance with its terms.

“Trust Estate” shall mean all of the funds, revenues and assets described under “REVENUES AND FUNDS FOR BONDS – Establishment of Funds; Pledge of Revenues and Local Obligations.”

“Trustee” shall mean Wells Fargo Bank, National Association, a national banking association, duly organized and existing under the laws of the United States, in its capacity as trustee under the Trust Agreement, and any successor as trustee under the Trust Agreement.

“Written Order,” when used with reference to the Authority, shall mean a written direction of the Authority to the Trustee signed by an Authorized Officer.

## **REVENUES AND FUNDS FOR BONDS**

*Establishment of Funds; Pledge of Revenues and Local Obligations.* The Trustee agrees under the Trust Agreement to maintain, the following special trust funds for the Bonds, which the Trustee shall keep separate and apart from all other funds and moneys held by it: the Revenue Fund, the Interest Fund, the Principal Fund, the Bond Redemption Fund, the Reserve Fund, the Expense Fund, the Reimbursement Fund, the Local Obligation Fund, the Surplus Fund and the Rebate Fund. All of the Revenues and the Local Obligations are pledged as security for the payment of the principal of and interest and redemption premiums, if any, on the Bonds.

*Local Obligation Fund.* All Local Obligations registered in the name of the Trustee shall be deposited into the Local Obligation Fund, which the Trustee is directed to establish and maintain.

*Revenue Fund.* All Revenues, other than Revenues derived from Property Owner Prepayments (which shall be identified in writing to the Trustee by the Authority and deposited in the Bond Redemption Fund), received by the Trustee shall be deposited by the Trustee into the Revenue Fund. On each Interest Payment Date and Principal Payment Date on the Bonds, the Trustee shall transfer Revenues from the Revenue Fund for deposit into the respective funds as set forth in the Trust Agreement, the requirements of each fund to be fully satisfied, leaving no deficiencies therein, prior to any deposit into any fund later in priority.

*Interest Fund.* The Trustee shall deposit in the Interest Fund on each Interest Payment Date from the Revenue Fund an amount of Revenues which together with any amounts then on deposit in said Interest Fund is equal to the interest on the Bonds due on such date. On each Interest Payment Date, the Trustee shall pay the interest due and payable on the Bonds on such date from the Interest Fund. All amounts in the Interest Fund shall be used and withdrawn by the Trustee solely for the purpose of paying interest on Bonds as it shall become due and payable.

*Principal Fund.* Having first satisfied the requirements of the Trust Agreement respecting deposits in the Interest Fund, the Trustee shall next deposit in the Principal Fund before each Principal Payment Date from the Revenue Fund an amount of Revenues which, together with any amounts then on deposit in the Principal Fund (other than amounts previously deposited on account of any Bonds which have matured but which have not been presented for payment), is sufficient to pay the Principal Installments on the Bonds when due on such Principal Payment Date. The Trustee shall pay the Principal Installments when due upon presentation and surrender of the subject Bonds.

*Reserve Fund.* The Trustee shall deposit in the Reserve Fund the amounts required by the Trust Agreement. Except as provided in the paragraphs below, all moneys in the Reserve Fund shall be used and withdrawn by the Trustee solely for the purpose of paying the interest on or the principal or the redemption premiums, if any, of, the Bonds; but solely in the event that insufficient moneys are available in the Interest Fund, the Principal Fund, or the Bond Redemption Fund for such purpose.

If on any date of calculation the amounts in the Reserve Fund are sufficient to pay in full all remaining installments of principal and interest on the Bonds as they become due and payable, all such amounts shall be applied as a credit against the Property Owner assessments for remaining payments due on the Local Obligations, and shall be applied to the payment of the interest on or the principal of the Local Obligations and the corresponding Bonds. The Reserve Requirement shall be reduced in an amount equal to the amount used to pay debt service on the Local Obligations and corresponding Bonds.

Except in the event the amount on deposit in the Reserve Fund is equal to the Reserve Requirement, in which case a Proportionate Share of such excess amount on deposit in said Reserve Fund shall be transferred to each Local Obligation Redemption Fund, the Trustee shall retain in the Reserve Fund all earnings on amounts on deposit in the Reserve Fund which amounts shall be applied as provided above.

Notwithstanding any other provision of the Trust Agreement, the failure to maintain an amount in the Reserve Fund equal to the Reserve Requirement shall not be an Event of Default.

Having first satisfied the requirements of the Trust Agreement respecting deposits in the Interest Fund and the Principal Fund, respectively, the Trustee shall next deposit in the Reserve Fund an amount of Revenues which, together with any other amounts on deposit in the Reserve Fund, equal the Reserve Requirement.

*Expense Fund.* Having first satisfied the requirements of the Trust Agreement respecting deposits in the Interest Fund, the Principal Fund and the Reserve Fund, respectively, the Trustee shall next deposit in the Expense Fund from Revenues an amount specified in a Written Order. The Authority shall deliver to the Trustee within thirty (30) days after the beginning of each Fiscal Year a Written Order specifying the amount of Expenses it anticipates will be required to be paid in such Fiscal Year. The Authority may amend such Written Order at any time during the Fiscal Year by filing a new Written Order with the Trustee which shall supersede all previously filed Written Orders with respect to Expenses. Amounts in the Expense Fund shall be applied by the Trustee to the payment of Expenses upon receipt of a Requisition of the Authority stating the Person to whom payment is to be made, the amount and purpose of the payment and that (i) such payment is a proper charge against the Expense Fund, and (ii) such payment has not been previously paid from the Expense Fund. Any amounts remaining in the Expense Fund on the last day of each Fiscal Year shall be retained in the Expense Fund unless the Authority delivers a Written Order to the Trustee requesting that such amounts be transferred to the Authority. Any amounts so transferred shall be subject to the provisions of the Trust Agreement respecting the Bond Redemption Fund.

*Surplus Fund.* Having first satisfied the requirements of the Trust Agreement respecting deposits in the Interest Fund, Principal Fund, Reserve Fund and Expense Fund, respectively, the Trustee shall deposit the remaining amount in the Surplus Fund. On July 1 in each year, the Trustee shall first transfer to the Reserve Fund the amount necessary to bring the amount in the Reserve Fund to the Reserve Requirement, and thereafter, transfer a Proportionate Share for such fiscal year of any remaining Revenues to each Local Obligation Redemption Fund as a credit against unpaid assessments for the following fiscal year; provided that if there are insufficient moneys in any Local Obligation Redemption Fund to pay debt service on the related Local Obligations on the following Interest Payment Date, such amounts shall not be applied as a credit against unpaid assessments but shall instead be applied make up the expected shortfall on the Local Obligation debt service payment.

*Bond Redemption Fund.* All moneys held in or transferred to the Bond Redemption Fund as a result of property owner prepayments (including any amounts transferred from the Reserve Fund in connection therewith) shall be used for the purpose of redeeming or purchasing all or a portion of the Outstanding Bonds.

The Trustee shall use amounts in the Bond Redemption Fund for the payment of the redemption price of Bonds called for redemption or the purchase price of Bonds purchased in lieu of redemption, together with accrued interest to the redemption or purchase date.

*Rebate Fund.* The Trustee agrees under the Trust Agreement to establish and maintain a fund separate from any other fund established and maintained thereunder designated the Rebate Fund. The Trustee shall deposit in the Rebate Fund, from funds made available by the Authority, the Rebate Requirement, all in accordance with Rebate Instructions received from the Authority. The Trustee will apply moneys held in the Rebate Fund as provided in the Trust Agreement and according to instructions provided by the Authority. Moneys held in the Rebate Fund are pledged to secure payment to the United States of America of the Authority's rebate liability, if any, with respect to the Bonds. The Authority and the Owners will have no rights in or claim to such moneys. The Trustee will invest all amounts held in the Rebate Fund in Investment Securities as directed in writing by the Authority and all investment earnings with respect thereto shall be deposited in the Rebate Fund.

*Revenues Derived From Property Owner Prepayments.* The Local Obligation Statute requires that amounts received by the Authority on account of Property Owner Prepayments be utilized, in accordance with the Local Obligation Statute, for the sole purpose of prior redemption of Local Obligations and not to pay current, scheduled debt service payments on the Local Obligations.

Correspondingly, in order to maintain a proper matching between debt service payments on the Local Obligations and debt service payments on the Bonds, it is a requirement of the Trust Agreement that Revenues received by the Trustee which constituted Property Owner Prepayments when received by the Local Agency be utilized by the Trustee to redeem Bonds.

The Trust Agreement requires that all Revenues derived from Property Owner Prepayments received by the Trustee shall be immediately deposited in the Bond Redemption Fund to be used to redeem Bonds.

*Reimbursement Fund.* All moneys held in or transferred to the Reimbursement Fund shall be used for the purpose of reimbursing owners of property within the Series 2014A Districts for prepayments of impact fees levied or capital improvements located within the Series 2014A Districts. The Trustee shall reimburse property owners for fee prepayments in accordance with instructions from the Program Administrator, who shall approve any such reimbursement only upon confirmation from the applicable Local Agency Participant or Third-Party Participant of the date and amount of such fee prepayment. The Trustee shall reimburse property owners for capital improvements in accordance with instructions from the Program Administrator, who shall approve any such reimbursement only upon confirmation from the applicable Local Agency Participant or Third-Party Participant of the satisfaction of the conditions precedent to payment under the applicable Acquisition Agreement, and the amount of the Acquisition Price for the capital improvement.

## **THE LOCAL OBLIGATIONS**

*Issuance of Local Obligations.* The Local Obligations will be issued for each Series 2014A District as provided in the Trust Agreement upon the security of the aggregate amount of unpaid assessments (together with the interest thereon) and will represent and be secured by said assessments in accordance with the provisions of the Local Obligations Statute pursuant to the provisions of the Resolution of Intention for each Series 2014A District adopted by the Commission of the Authority and proceedings taken thereunder.

*Registration and Denominations.* The Local Obligations will be issued as fully registered bonds, registered in the name of the Trustee.

*Pledge of Assessments to Local Obligations.* The unpaid assessments for each of the Series 2014A Districts, as determined by the Authority, together with interest thereon computed at the rate specified in the Local Obligations, shall, in accordance with and consistent with the Local Obligation Statute, remain and constitute a trust fund for the redemption and payment of the principal of the Local Obligations and for the interest due thereon, and said assessments and each installment thereof and the interest and penalties thereon shall constitute a lien against the lots and parcels of land on which they are made until paid. The Treasurer shall annually make a record in his or her office showing the several installments of principal and interest on said assessments which are to be collected in each year during the term of the Local Obligations and shall transmit such record to the Auditor-Controller of each Applicable County; and an annual installment of said unpaid assessments shall be payable and shall be collected in each year corresponding in amount to the amount of the Local Obligations unpaid and to accrue that year, which amount shall be at least sufficient to pay the Local Obligations as the same become due, and an annual installment of interest on said unpaid assessments shall be payable and shall be collected in each year corresponding in amount to the amount of interest which will accrue on the Local Obligations outstanding for such year, which amount shall be sufficient to pay the interest thereon that shall become due in the next succeeding March and September. The annual portion of said unpaid assessments coming due in any year, together with the annual interest on such assessments, shall be payable in the same manner and at the same time and in the same number of installments as the general taxes on real property



in each Applicable County are payable, and said unpaid assessment installments and said annual interest on said unpaid assessments shall be payable and become delinquent on the same dates and bear the same proportionate penalties and interest after delinquency as do general taxes on real property in each Applicable County.

***Foreclosure Covenant.* The Authority covenants in the Trust Agreement that it will monitor the payment of assessment installments payable with respect to each Assessed Parcel and will send delinquency notices to owners of Assessed Parcels as provided in the SCIP Manual adopted by the Issuer, as amended from time to time (the “SCIP Manual”). Notwithstanding any other provision of the Trust Agreement or of the SCIP Manual, in the event any assessment installments are not paid by November 1 (with respect to all installments delinquent after either the preceding December 10 or April 10), the Authority covenants that it will within 10 business days order, and will thereafter diligently prosecute, judicial foreclosure proceedings upon such delinquencies, which foreclosure proceedings shall be commenced and prosecuted without regard to available surplus funds of the Issuer. Pursuant to Section 8831 of the Streets and Highways Code, the Issuer shall be entitled to reasonable attorney’s fees from the proceeds of any foreclosure sale.**

*Local Obligation Redemption Funds.* There is created and established under the Trust Agreement a separate fund for each of the Local Obligations to be known as the “Local Obligation Redemption Fund” with respect to such Local Obligation (each such fund to be designated with the name of the Applicable County) which fund shall be kept by the Trustee and shall constitute a trust fund for the benefit of the registered owners of the Local Obligations. All sums received by the Treasurer which are received from the collection of unpaid assessments (except for those amounts allocable to administrative expenses), and of the interest and penalties thereon, shall upon receipt be immediately transferred to the Trustee and deposited in said fund. All sums to become due for the principal of and the interest on the Local Obligations shall be withdrawn by the Trustee from said fund for use for the payment of the principal of and the interest on the Local Obligations, and the Local Obligations and the interest thereon shall not be paid out of any other funds.

There is created and established within each Local Obligation Redemption Fund a Prepayment Account. The owner of an Assessed Parcel may prepay the assessment and remove the lien of the same from the Assessed Parcel by paying to the Authority the sum of the following amounts: (a) the amount of any delinquent installments of principal and interest, together with penalties accrued to the date of prepayment; (b) the unpaid, non-delinquent principal of the assessment, including principal posted to the tax roll for the current fiscal year but not yet paid; (c) an allowance for redemption premium, calculated by multiplying the amount of the unmatured principal (exclusive of principal due during the fiscal year of prepayment) by the redemption premium, being three percent (3%), of the principal amount so prepaid; (d) a reasonable fee, to be fixed by the Authority, for the cost of administering the prepayment and the advance redemption of Local Obligations; (e) interest accrued to the next statutory call date for the Local Obligation Bonds (which is the next Interest Payment Date) which is not less than 90 days after the date of prepayment; and (f) less a credit for the Reserve Fund calculated to be an amount equal to the ratio of the total amount initially deposited to the Reserve Fund to meet the Reserve Requirement with respect to the Local Obligations to the total amount originally assessed in the proceedings for the issuance of the Local Obligations, as specified in an Officer’s Certificate to be delivered to the Trustee upon such prepayment pursuant to the Trust Agreement. Upon receiving any prepayment of an assessment, the Authority shall disburse the amount thereof as follows: (a) the administrative fee shall be applied by the Authority to pay administrative costs; (b) delinquent principal, interest and penalties shall be deposited in the applicable Local Obligation Redemption Fund unless the Reserve Fund has been depleted on account of the delinquencies, in which case the delinquent amounts and penalties shall be deposited instead in the Reserve Fund; (c) the installment of principal due in the fiscal year of prepayment shall be deposited in the applicable Local Obligation Redemption Fund; (d) interest accrued to the next Interest Payment Date

shall be deposited in the applicable Local Obligation Redemption Fund; and (e) the balance of such prepayment shall be deposited in the Prepayment Account to be used to advance the maturity of Local Obligations to the next redemption date as provided in Part 11.1 of the Local Obligation Statute.

All moneys in each Local Obligation Redemption Fund shall be invested in Investment Securities maturing (or otherwise available for withdrawal at par without penalty) not later than the date on which such moneys are required for disbursement as provided in the Trust Agreement, and all interest earned on such investments shall be credited to said fund. All surplus remaining in said fund after payment of all Local Obligations and the interest thereon shall be applied as directed by the Authority in accordance with the Local Obligation Statute.

*Local Agency Accounts.* The Trustee shall transfer from the proceeds of the Local Obligations and certain other funds, the amounts specified in the Trust Agreement for deposit to the Custody Account. The Authority will account for such funds in the Local Agency Accounts and subaccounts therein, as provided in the SCIP Manual.

Amounts on deposit in the Local Agency Accounts and subaccounts therein shall be invested and disbursed in accordance with the terms of the SCIP Manual. Amounts in the Custody Account shall be the property of the Local Agency Participants as their interests appear, and shall not be available to the Authority, the Trustee or the Owners for any purpose.

*Defeasance of Local Obligations.* The Local Obligations may be refunded and defeased pursuant to the provisions of the Local Obligation Statute.

*Issuance of Parity Local Obligations.* The Authority may not issue any additional local obligations on a parity with the Local Obligations.

## **SECURITY FOR AND INVESTMENT OF MONEYS**

*Security.* All moneys required to be deposited with or paid to the Trustee in any of the Funds (other than the Rebate Fund, the Custody Account and the Local Agency Accounts) referred to in any provision of the Trust Agreement shall be held by the Trustee in trust, and except for moneys held for the payment or redemption of Bonds or the payment of interest on Bonds, shall, while held by the Trustee, be subject to the lien and pledge created thereby.

*Investment of Funds.* So long as the Bonds are Outstanding and there is no default under the Trust Agreement, moneys on deposit to the credit of each Local Obligation Redemption Fund, the Revenue Fund, the Interest Fund, the Principal Fund, the Reserve Fund, the Rebate Fund, the Expense Fund the Bond Redemption Fund and all accounts within such funds shall, at the request of an Authorized Officer of the Authority, be invested by the Trustee in Investment Securities having maturities or otherwise providing for availability of funds when needed for purposes of the Trust Agreement.

Notwithstanding anything to the contrary contained in the Trust Agreement, an amount of interest received with respect to any Investment Security equal to the amount of accrued interest, if any, paid as part of the purchase price of such Investment Security shall be credited to the Fund (or account) from which such accrued interest was paid. The securities purchased with the moneys in each such Fund shall be deemed a part of such Fund.

Investments in the Revenue Fund, the Interest Fund, the Principal Fund, the Reserve Fund, the Bond Redemption Fund and each Local Obligation Redemption Fund, may be commingled for purposes of making, holding and disposing of investments, notwithstanding provisions in the Trust Agreement for

transfer to or holding in particular Funds amounts received or held by the Trustee; provided, that the Trustee shall at all times account for such investments strictly in accordance with the Funds to which they are credited and otherwise as provided in the Trust Agreement.

All earnings on the investment of the moneys on deposit in any fund shall remain a part of such fund; provided that, in the event the amount on deposit in the Reserve Fund is equal to the Reserve Requirement, then a Proportionate Share of such excess amount on deposit in said Reserve Fund shall be transferred to each Local Obligation Redemption Fund.

## **COVENANTS OF THE AUTHORITY**

*Payment of Bonds; No Encumbrances.* The Authority shall cause the Trustee to promptly pay, from Revenues and other funds derived from the trust estate pledged under the Trust Agreement, the principal of and redemption premium, if any, on and the interest on every Bond issued under and secured by the Trust Agreement at the place, on the dates and in the manner specified therein and in such Bonds according to the true intent and meaning thereof. The Authority shall not issue any bonds, notes or other evidences of indebtedness or incur any obligations payable from or secured by the Revenues or the Local Obligations, other than the Bonds and any refunding bonds issued pursuant to the Trust Agreement.

*Enforcement and Amendment of Local Obligations.* The Authority and Trustee shall enforce all of their rights with respect to the Local Obligations to the fullest extent necessary to preserve the rights and protect the security of the Owners under the Trust Agreement.

The Authority and the Trustee may, without the consent of or notice to the Owners consent to any amendment, change or modification of any Local Obligation that may be required (a) to conform to the provisions of the Trust Agreement (including any modifications or changes contained in any Supplemental Trust Agreement), (b) for the purpose of curing any ambiguity or inconsistency or formal defect or omission, (c) so as to add additional rights acquired in accordance with the provisions of such Local Obligation, (d) in connection with any other change therein which is not to the material prejudice of the Trustee or the Owners of the Bonds pursuant to an Opinion of Bond Counsel, (e) in the Opinion of Bond Counsel, to preserve or assure the exemption of interest on the Bonds from federal income taxes or the exemption from California personal income tax or (f) any other amendment to the Local Obligation (or consent to any change or modification of the applicable Series 2014A Districts), including a change to the method of apportionment of assessments, provided, that the following conditions are met:

(a) no territory outside the exterior boundaries of the applicable Series 2014A Districts (as originally formed) may be assessed to secure any Local Obligation;

(b) the Trustee shall have received a certificate of the Cash Flow Consultant to the effect that, after giving effect to the change or modification, the value of each Assessed Parcel as shown by an Appraisal is at least equal to three (3.0) times the Lien Amount; and

(c) the owners of 100% of the Assessed Parcels affected by such change have consented in writing to such change.

Except for amendments, changes or modifications provided for in the preceding paragraph, neither the Authority nor the Trustee shall consent to any amendment, change or modification of any Local Obligation without the mailing of notice and the written approval or consent of the Owners of not less than a majority in aggregate principal amount of the Bonds at the time Outstanding given and procured as provided in this section. If at any time the Authority shall request the consent of the Trustee to any such proposed amendment, change or modification of a Local Obligation, the Trustee shall, upon

being satisfactorily indemnified with respect to expenses, cause notice of such proposed amendment, change or modification to be mailed to the Owners. Such notice shall briefly set forth the nature of such proposed amendment, change or modification and shall state that copies of the instrument embodying the same are on file with the Trustee for inspection by all Owners. Nothing contained in this section shall be construed to prevent the Trustee, with the consent of the Authority, from settling a default under any Local Obligation on such terms as the Trustee may determine to be in the best interests of the Owners.

*Further Documents.* The Authority covenants that it will from time to time execute and deliver such further instruments and take such further action as may be reasonable and as may be required to carry out the purpose of the Trust Agreement; provided, that no such instruments or actions shall pledge the faith and credit or the taxing power of the State or any political subdivision of the State.

*Tax Covenants.* The Authority will not take any action, or fail to take any action, if any such action or failure to take action would adversely affect the exclusion from gross income of interest on the Bonds under Section 103 of the Code.

If the Authority shall provide to the Trustee an Opinion of Bond Counsel that any specified action required under this section is no longer required or that some further or different action is required to maintain the exclusion from gross income for federal income tax purposes of interest with respect to the Bonds, the Trustee and the Authority may conclusively rely on such Opinion in complying with the requirements of this section, and the covenants under the Trust Agreement shall be deemed to be modified to that extent.

The provisions of the Trust Agreement regarding tax covenants shall survive the defeasance of the Bonds.

*Maintenance of Existence.* The Authority shall maintain the existence, powers and authority of the Authority as a joint powers authority under California law.

*Continuing Disclosure.* The Authority and the Trustee covenant and agree in the Trust Agreement that they will comply with and carry out all of their respective obligations under the Continuing Disclosure Agreement. See APPENDIX D – “FORM OF CONTINUING DISCLOSURE AGREEMENT.”

## **DEFAULTS AND REMEDIES**

*Events of Default.* The following shall constitute “Events of Default” under the Trust Agreement:

- (a) if payment of interest on the Bonds shall not be made when due; or
- (b) if payment of any Principal Installment shall not be made when due and payable, whether at maturity, by proceedings for redemption, or otherwise; or
- (c) if the Authority shall fail to observe or perform in any material way any other agreement, condition, covenant or term contained in the Trust Agreement on its part to be performed, and such failure shall continue for sixty (60) days after written notice specifying such failure and requiring the same to be remedied shall have been given to the Authority, as the case may be, by the Trustee or by the Owner(s) of not less than a majority in aggregate principal amount of the Bonds Outstanding, provided, that if such default be such that it cannot be corrected within the applicable period, it shall not constitute an Event of Default if corrective action is instituted by the Authority within the applicable period and diligently pursued until the default is corrected.

*Proceedings by Trustee; No Acceleration.* Upon the happening and continuance of any Event of Default, the Trustee at the written request of the Owners of not less than a majority in aggregate principal amount of Bonds Outstanding shall (but only if indemnified to its satisfaction from any liability, expenses or costs), do the following:

- (a) by mandamus, or other suit, action or proceeding at law or in equity, enforce all rights of the Owners, including the right to receive and collect the Revenues;
- (b) bring suit upon or otherwise enforce any defaulting Local Obligation;
- (c) by action or suit in equity enjoin any acts or things which may be unlawful or in violation of the rights of the Owners;
- (d) as a matter of right, have a receiver or receivers appointed for the Trust Estate and of the earnings, income, issues, products, profits and revenues thereof pending such proceedings, with such powers as the court making such appointment shall confer; and
- (e) take such action with respect to any and all Local Obligations or Investment Securities as the Trustee shall deem necessary and appropriate, subject to the limitations of the Trust Agreement.

The Trustee shall have no right to declare the principal of all of the Bonds then Outstanding, or the interest accrued thereon, to be due and payable immediately.

*Effect of Discontinuance or Abandonment.* In case any proceeding taken by the Trustee on account of any default shall have been discontinued or abandoned for any reason, or shall have been determined adversely to the Trustee, then and in every such case the Trustee and the Owners shall be restored to their former positions and rights under the Trust Agreement, respectively, and all rights, remedies and powers of the Trustee shall continue as though no such proceeding had been taken.

*Rights of Owners.* Anything in the Trust Agreement to the contrary notwithstanding, subject to certain limitations and restrictions as to the rights of the Owners set forth in the Trust Agreement, upon the happening and continuance of any Event of Default, the Owners of not less than twenty-five percent (25%) in aggregate principal amount of the Bonds then Outstanding shall have the right, upon providing the Trustee security and indemnity reasonably satisfactory to it against the costs, expenses and liabilities to be incurred therein or thereby, by an instrument in writing executed and delivered to the Trustee, to direct the method and place of conducting all remedial proceedings to be taken by the Trustee under the Trust Agreement.

The Trustee may refuse to follow any direction that conflicts with law or the Trust Agreement or that the Trustee determines is prejudicial to rights of other Owners or would subject the Trustee to personal liability without adequate indemnification therefor.

*Restriction on Owner's Action.* In addition to the other restrictions on the rights of Owners to request action upon the occurrence of an Event of Default and to enforce remedies set forth in this article, no Owner of any of the Bonds shall have any right to institute any suit, action or proceeding in equity or at law for the enforcement of any trust under the Trust Agreement, or any other remedy under the Trust Agreement or on the Bonds, unless such Owner previously shall have given to the Trustee written notice of an Event of Default as provided above and unless the Owners of not less than twenty-five percent (25%) in aggregate principal amount of the Bonds then Outstanding shall have made written request of the Trustee to institute any such suit, action, proceeding or other remedy, after the right to exercise such powers or rights of action, as the case may be, shall have accrued, and shall have afforded the Trustee a

reasonable opportunity either to proceed to exercise the powers granted in the Trust Agreement, or to institute such action, suit or proceeding in its or their name; nor unless there also shall have been offered to the Trustee security and indemnity reasonably satisfactory to it against the costs, expenses and liabilities to be incurred therein or thereby, and the Trustee shall not have complied with such request within a reasonable time; and such notification, request and offer of indemnity are declared in every such case to be conditions precedent to the execution of the trusts of the Trust Agreement or for any other remedy under the Trust Agreement, it being understood and intended that no one or more Owners of the Bonds secured by the Trust Agreement shall have any right in any manner whatever by his or their action to affect, disturb or prejudice the security of the Trust Agreement, or to enforce any rights under the Trust Agreement or under the Bonds, except in the manner provided in the Trust Agreement, and that all proceedings at law or in equity shall be instituted, had and maintained in the manner provided in the Trust Agreement, and for the equal benefit of all Owners of Outstanding Bonds; subject, however, to the provisions of this section. Notwithstanding the foregoing provisions of this section or any other provision of the Trust Agreement, the obligation of the Authority shall be absolute and unconditional to pay, but solely from the Trust Estate, the principal of and the redemption premiums, if any, on and the interest on the Bonds to the respective Owners thereof at the respective due dates thereof, and nothing in the Trust Agreement shall affect or impair the right of action, which is absolute and unconditional, of such Owners to enforce such payment.

*Power of Trustee to Enforce.* All rights of action under the Trust Agreement or under any of the Bonds secured by the Trust Agreement which are enforceable by the Trustee may be enforced by it without the possession of any of the Bonds, or the production thereof at the trial or other proceedings relative thereto, and any such suit, action or proceedings instituted by the Trustee shall be brought in its own name, as Trustee, for the equal and ratable benefit of the Owners subject to the provisions of the Trust Agreement.

*Remedies Not Exclusive.* No remedy in the Trust Agreement conferred upon or reserved to the Trustee or to the Owners is intended to be exclusive of any other remedy or remedies, and each and every such remedy shall be cumulative, and shall be in addition to every other remedy given under the Trust Agreement or now or hereafter existing at law or in equity or by statute.

*Waiver of Events of Default; Effect of Waiver.* Upon the written request of the Owners of at least a majority in aggregate principal amount of all Outstanding Bonds the Trustee shall waive any Event of Default under the Trust Agreement and its consequences. The Trustee may waive any Event of Default under the Trust Agreement and its consequences at any time. If any Event of Default shall have been waived, the Trustee shall promptly give written notice of such waiver to the Authority and shall give notice thereof by first class mail, postage prepaid, to all Owners of Outstanding Bonds if such Owners had previously been given notices of such Event of Default; but no such waiver, rescission and annulment shall extend to or affect any subsequent Event of Default, or impair any right or remedy consequent thereon.

No delay or omission of the Trustee or of any Owner to exercise any right or power accruing upon any default or Event of Default shall impair any such right or power or shall be construed to be a waiver of any such default or Event of Default, or an acquiescence therein; and every power and remedy given by this article to the Trustee and to the Owners of the Bonds, respectively, may be exercised from time to time and as often as may be deemed expedient.

*Application of Moneys.* Any moneys received by the Trustee as a result of an enforcement of one or more remedies as described above, after payment of all fees and expenses of the Trustee, and the fees and expenses of its counsel incurred in representing the Owners, be applied as follows:

- (a) unless the principal of all of the Outstanding Bonds shall be due and payable,

FIRST - To the payment of the Owners entitled thereto of all installments of interest then due on the Bonds, in the order of the maturity of the installments of such interest, and if the amount available shall not be sufficient to pay in full any particular installment, then to the payment ratably, according to the amounts due on such installment, to the Persons entitled thereto, without any discrimination or privilege;

SECOND - To the payment of the Owners entitled thereto of the unpaid principal of and redemption premiums, if any, on any of the Bonds which shall have become due (other than Bonds matured or called for redemption for the payment of which moneys are held pursuant to the provisions of the Trust Agreement) in the order of their due dates, and if the amount available shall not be sufficient to pay in full the principal of and redemption premiums, if any, on such Bonds due on any particular date, then to the payment ratably, according to the amount due on such date, to the Persons entitled thereto without any discrimination or privilege; and

THIRD - To be held for the payment to the Owners entitled thereto as the same shall become due of the principal of and redemption premiums, if any, on and interest on the Bonds which may thereafter become due, either at maturity or upon call for redemption prior to maturity, and if the amount available shall not be sufficient to pay in full such principal and redemption premiums, if any, due on any particular date, together with interest then due and owing thereon, payment shall be made in accordance with the FIRST and SECOND paragraphs hereof.

(b) if the principal of all of the Outstanding Bonds shall be due and payable, to the payment of the principal and redemption premiums, if any, and interest then due and unpaid upon the Outstanding Bonds without preference or priority of any of the principal of or the redemption premium, if any, on any Outstanding Bond over any other Outstanding Bond or of any interest on any Outstanding Bond over any other Outstanding Bond, ratably, according to the amounts due respectively for principal and redemption premiums, if any, and interest, to the Owners entitled thereto without any discrimination or preference except as to any difference in the respective amounts of interest specified in the Outstanding Bonds.

(c) After having first satisfied all obligations to Owners of Bonds pursuant to subsections (a) and (b) above, then any remaining moneys received by the Trustee pursuant to this section shall be transferred to the Authority.

(d) Whenever moneys are to be applied as described in this section, such moneys shall be applied at such times, and from time to time, as the Trustee shall determine, having due regard to the amount of such moneys available for application and the likelihood of additional moneys becoming available for such application in the future. The Trustee shall give, by mailing by first class mail as it may deem appropriate, such notice of the deposit with it of any such moneys.

## **THE TRUSTEE**

*Appointment and Acceptance of Duties.* The Trustee accepts and agrees to the trusts created under the Trust Agreement, to all of which the Authority agrees and the respective Owners of the Bonds, by their purchase and acceptance thereof, agree.

*Duties, Immunities and Liability of Trustee.* The Trustee shall, prior to an Event of Default, and after the curing or waiver of all Events of Default which may have occurred, perform such duties and only such duties as are specifically set forth in the Trust Agreement, and no implied duties or obligations shall be read into the Trust Agreement against the Trustee. The Trustee shall, during the existence of any

Event of Default (which has not been cured or waived), exercise such of the rights and powers vested in it by the Trust Agreement, and use the same degree of care and skill in their exercise as a prudent person would exercise or use under the circumstances in the conduct of his own affairs.

The Authority may, in the absence of an Event of Default, and upon receipt of an instrument or concurrent instruments in writing signed by the Owners of not less than a majority in aggregate principal amount of the Bonds then Outstanding (or their attorneys duly authorized in writing) or if at any time the Trustee shall cease to be eligible, or shall become incapable of acting, or shall commence a case under any bankruptcy, insolvency or similar law, or a receiver of the Trustee or of its property shall be appointed, or any public officer shall take control or charge of the Trustee or its property or affairs for the purpose of rehabilitation, conservation or liquidation, shall, remove the Trustee by giving written notice of such removal to the Trustee, and thereupon the Authority shall promptly appoint a successor Trustee by an instrument in writing.

The Trustee may, subject to certain limitations set forth below, resign by giving written notice of such resignation to the Authority and by giving notice of such resignation by mail, first class postage prepaid, to the Owners at the addresses listed in the Bond Register. Upon receiving such notice of resignation, the Authority shall promptly appoint a successor Trustee by an instrument in writing.

Any removal or resignation of the Trustee and appointment of a successor Trustee shall become effective only upon acceptance of appointment by the successor Trustee. If no successor Trustee shall have been appointed and shall have accepted appointment within thirty (30) days of giving notice of removal or notice of resignation as aforesaid, the resigning Trustee or any Owner (on behalf of himself and all other Owners) may petition any court of competent jurisdiction for the appointment of a successor Trustee, and such court may thereupon, after such notice (if any) as it may deem proper, appoint such successor Trustee.

Any Trustee appointed under the provisions of this section shall be a trust company or bank having the powers of a trust company, having a corporate trust office in California, having a combined capital and surplus of at least fifty million dollars (\$50,000,000), and subject to supervision or examination by federal or state authority. If such bank or trust company publishes a report of condition at least annually, pursuant to law or to the requirements of any supervising or examining authority above referred to, then for the purpose of this subsection the combined capital and surplus of such bank or trust company shall be deemed to be its combined capital and surplus as set forth in its most recent report of condition so published. In case at any time the Trustee shall cease to be eligible, the Trustee shall resign immediately in the manner and with the effect specified in this section.

No provision in the Trust Agreement shall require the Trustee to risk or expend its own funds or otherwise incur any financial liability in the performance of any duties thereunder. The Trustee shall be entitled to interest on all moneys advanced by it under the Trust Agreement at its prime rate then in effect plus two percent.

In accepting the trust created by the Trust Agreement, the Trustee acts solely as Trustee for the Owners and not in its individual capacity, and under no circumstances shall the Trustee be liable in its individual capacity for the obligations evidenced by the Bonds.

The Trustee makes no representation or warranty, express or implied, as to the compliance with legal requirements of the use contemplated by the Authority of the funds under the Trust Agreement including, without limitation, the purchase of the Local Obligations under the Trust Agreement; provided, however, that the Trustee shall not acquire Local Obligations other than pursuant to the requirements of the Trust Agreement.



The Trustee shall not be responsible for the validity or effectiveness or value of any collateral or security securing any Local Obligation. The Trustee shall not be responsible for the recording or filing of any document relating to this Agreement or any Local Obligation or of financing statements (or continuation statements in connection therewith) or mortgage or of any supplemental instruments or documents of further assurance as may be required by law in order to perfect the security interests or lien on or in any collateral or security securing any Local Obligation. The Trustee shall not be deemed to have made representations as to the security afforded thereby or as to the validity or sufficiency of any such document, collateral or security.

The Trustee shall not be deemed to have knowledge of any Event of Default under the Trust Agreement unless and until it shall have actual knowledge thereof at its corporate trust office in San Francisco, California.

The Trustee shall not be accountable for the use or application by the Authority or any other party of any funds which the Trustee has released under the Trust Agreement.

The Trustee shall provide a monthly accounting of all Funds held pursuant to the Trust Agreement (and all funds held by the Trustee as trustee or fiscal agent pursuant to any Local Obligation) to the Authority within fifteen (15) Business Days after the end of such month and shall provide statements of account for each annual period beginning July 1 and ending June 30, within 90 days after the end of such period. Such accounting shall show in reasonable detail all financial transactions during the accounting period and the balance in any Funds and accounts (including the Local Obligation Fund) created under the Trust Agreement as of the beginning and close of such accounting period.

Merger or Consolidation. Any company into which the Trustee may be merged or converted or with which it may be consolidated or any company resulting from any merger, conversion or consolidation to which it shall be a party or any company to which the Trustee may sell or transfer all or substantially all of its corporate trust business, provided such company shall be eligible under the Trust Agreement, shall succeed to the rights and obligations of such Trustee without the execution or filing of any paper or any further act.

#### **MODIFICATION OF TRUST AGREEMENT AND SUPPLEMENTAL TRUST AGREEMENTS**

*Supplemental Trust Agreements Without Consent of Owners.* The Authority may, without the consent of the Owners, enter into a Supplemental Trust Agreement or Supplemental Trust Agreements, which thereafter shall form a part of the Trust Agreement, for any one or more of the following purposes:

(a) to add to the agreements and covenants of the Authority contained in the Trust Agreement other agreements and covenants thereafter to be observed, or to surrender any right or power in the Trust Agreement reserved to or conferred upon the Authority; provided, that no such agreement, covenant or surrender shall materially adversely affect the rights of any Owner;

(b) to cure any ambiguity, to supply any omission or to cure, correct or supplement any defect or inconsistent provisions contained in the Trust Agreement or in any Supplemental Trust Agreement;

(c) to make any change which does not materially adversely affect the rights of any Owner;

(d) to grant to the Trustee for the benefit of the Owners additional rights, remedies, powers or authority;

(e) to subject to the Trust Agreement additional collateral or to add other agreements of the Authority;

(f) to modify the Trust Agreement or the Bonds to permit qualification under the Trust Indenture Act of 1939, as amended, or any similar statute at the time in effect, or to permit the qualification of the Bonds for sale under the securities laws of any state of the United States of America; or

(g) to evidence the succession of a new Trustee.

The Trustee may in its discretion determine whether or not in accordance with the foregoing powers of amendment of the Trust Agreement any particular Bond would be affected by any modification or amendment of the Trust Agreement and any such determination shall be binding and conclusive on the Authority, the Authority and all Owners of Bonds. For all purposes of this section, the Trustee shall be entitled to rely upon and shall be fully protected in relying upon an Opinion of Bond Counsel, in form and substance satisfactory to it, with respect to the extent, if any, to which any action affects the rights under the Trust Agreement of any Owner.

Supplemental Trust Agreements With Consent of Owners. Any modification or alteration of the Trust Agreement or of the rights and obligations of the Authority, the Authority or the Owners of the Bonds may be made with the consent of the Owners of not less than a majority in aggregate principal amount of the Bonds then Outstanding; provided, that no such modification or alteration shall be made which will reduce the percentage of aggregate principal amount of Bonds the consent of the Owners of which is required for any such modification or alteration, or permit the creation by the Authority of any lien prior to or on a parity with the lien of the Trust Agreement upon the Trust Estate or which will affect the times, amounts and currency of payment of the principal of or the redemption premiums, if any, on or the interest on the Bonds or affect the rights, duties or obligations of the Trustee without the consent of the party affected thereby.

## **DEFEASANCE**

*Defeasance.* If and when the Bonds shall become due and payable in accordance with their terms or through redemption proceedings as provided in the Trust Agreement, or otherwise, and the whole amount of the principal and the redemption premiums, if any, and the interest so due and payable upon all of the Bonds shall be paid, or provision shall have been made for the payment of the same, together with all other sums payable under the Trust Agreement by the Authority, including all fees and expenses of the Trustee, then and in that case, the Trust Agreement and the lien created thereby shall be completely discharged and satisfied and the Authority shall be released from the agreements, conditions, covenants and terms of the Authority contained in the Trust Agreement, and the Trustee shall assign and transfer all property (in excess of the amounts required for the foregoing) then held by the Trustee free and clear of any encumbrances as provided in the Trust Agreement and shall execute such documents as may be reasonably required by the Trustee or the Authority in this regard.

Notwithstanding the satisfaction and discharge of the Trust Agreement, those provisions of the Trust Agreement relating to the maturity of the Bonds, interest payments and dates thereof, exchange and transfer of Bonds, replacement of mutilated, destroyed, lost or stolen Bonds, the safekeeping and cancellation of Bonds, nonpresentment of Bonds, and the duties of the Trustee in connection with all of the foregoing, remain in effect and shall be binding upon the Trustee and the Owners and the Trustee shall continue to be obligated to hold in trust any moneys or investments then held by the Trustee for the payment of the principal of and redemption premiums, if any, on and interest on the Bonds, to pay to the Owners of Bonds the funds so held by the Trustee as and when such payment becomes due, and those

provisions of the Trust Agreement relating to the compensation and indemnification of the Trustee and relating to the tax covenants of the Authority shall remain in effect and shall be binding upon the Trustee and the Authority.

*Bonds Deemed to Have Been Paid.* If moneys shall have been set aside and held by the Trustee for the payment or redemption of any Bonds and the interest installments therefor at the maturity or redemption date thereof, such Bonds shall be deemed to be paid within the meaning and with the effect provided above. Any Outstanding Bond shall prior to the maturity or redemption date thereof be deemed to have been paid within the meaning and with the effect expressed above under the subsection entitled "Defeasance" if (a) in case said Bonds are to be redeemed on any date prior to their maturity, the Authority shall have given to the Trustee in form satisfactory to the Trustee irrevocable instructions to mail notice of redemption of such Bonds on such redemption date, (b) there shall have been deposited with the Trustee in escrow either moneys in an amount which shall be sufficient, or noncallable Government Obligations the principal of and the interest on which when due, and without any reinvestment thereof, will provide moneys which, together with the moneys, if any, deposited with or held by the Trustee at the same time, shall be sufficient (as certified by a nationally recognized independent certified public accountant), to pay when due the principal of and the redemption premiums, if any, and the interest due and to become due on such Bonds on and prior to the redemption date or maturity date thereof, as the case may be, and (c) in the event any of such Bonds are not to be redeemed within the next succeeding sixty (60) days, the Authority shall have given the Trustee in form satisfactory to the Trustee irrevocable instructions to mail, as soon as practicable in the same manner as a notice of redemption, a notice to the Owners of such Bonds that the deposit required by (b) above has been made with the Trustee and that such Bonds are deemed to have been paid in accordance with this section and stating such maturity or redemption dates upon which moneys are to be available for the payment of the principal of and redemption premiums, if any, on and interest on such Bonds. Neither the securities nor moneys deposited with the Trustee pursuant to this section nor principal or interest payments on any such securities shall be withdrawn or used for any purpose other than, and shall be held in trust for, the payment of the principal of and redemption premiums, if any, on and interest on such Bonds; provided, that any cash received from such principal or interest payments on such obligations deposited with the Trustee, if not then needed for such purpose, shall, to the extent practicable and at the direction of the Authority, be reinvested in Government Obligations maturing at times and in amounts, together with the other moneys and payments with respect to Government Obligations then held by the Trustee pursuant to this section, sufficient to pay when due the principal of and redemption premiums, if any, and interest to become due on such Bonds on and prior to such redemption date or maturity date thereof, as the case may be. Any earnings not needed for such purpose shall, upon receipt by the Trustee of a Written Order so directing, be paid over to the Authority as received by the Trustee free and clear of any trust, lien or pledge.

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## APPENDIX C

### THE BOOK-ENTRY SYSTEM

*The information in this APPENDIX C has been provided by DTC for use in securities offering documents, and the Issuer takes no responsibility for the accuracy or completeness thereof. The Issuer cannot and does not give any assurances that DTC, DTC Participants or Indirect Participants will distribute to the beneficial owners either (a) payments of interest, principal or premium, if any, with respect to the Bonds or (b) certificates representing ownership interest in or other confirmation of ownership interest in 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 Official Statement. 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 bonds (the "Bonds"). The Bonds 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 Bond certificate will be issued for each series and maturity of the Bonds, each in the principal amount of such series and maturity, and will be deposited with DTC. If, however, the aggregate principal amount of any series and maturity 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 series and maturity.

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](http://www.dtcc.com).

3. Purchases of Bonds under the DTC system must be made by or through Direct Participants, which will receive a credit for the Bonds on DTC's records. The ownership interest of each actual purchaser of each Bond ("Beneficial Owner") is in turn to be recorded on the Direct and Indirect Participants' records. Beneficial Owners will not receive written confirmation from DTC of their purchase. 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 Bonds 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 Bonds, except in the event that use of the book-entry system for the Bonds is discontinued.

4. To facilitate subsequent transfers, all Bonds 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 Bonds 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 Bonds; DTC's records reflect only the identity of the Direct Participants to whose accounts such Bonds 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 the Bonds may wish to take certain steps to augment the transmission to them of notices of significant events with respect to the Bonds, such as defaults and proposed amendments to the Bond documents. For example, Beneficial Owners of the Bonds may wish to ascertain that the nominee holding the Bonds 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 Trustee and Paying Agent 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 Bonds within an issue are being redeemed, DTC's practice is to determine by lot the amount of the interest of each Direct Participant in such issue to be redeemed.

7. Neither DTC nor Cede & Co. (nor any other DTC nominee) will consent or vote with respect to Bonds 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 Bonds are credited on the record date (identified in a listing attached to the Omnibus Proxy).

8. Redemption proceeds, distributions, and dividend payments on the Bonds 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 Paying 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, Paying 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 Paying 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 Bonds at any time by giving reasonable notice to Issuer or Paying Agent. Under such circumstances, in the event that a successor depository is not obtained, Security certificates are required to be printed and delivered.

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

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## APPENDIX D

### FORM OF CONTINUING DISCLOSURE AGREEMENT

**\$4,680,000**

**California Statewide Communities Development Authority  
Statewide Community Infrastructure Program Revenue Bonds  
Series 2014A**

This Continuing Disclosure Agreement (the “Disclosure Agreement”) is executed and delivered by the California Statewide Communities Development Authority (the “Authority”) and Wells Fargo Bank, National Association (the “Trustee”) in connection with the issuance by the Authority of its Statewide Community Infrastructure Program Revenue Bonds, Series 2014A (the “Bonds”). The Bonds are being issued pursuant to a Trust Agreement dated as of May 1, 2014, between the Authority, as Issuer (the “Issuer”) and the Trustee (the “Trust Agreement”). The proceeds of the Bonds are being used by the Issuer to fund certain Limited Obligation Improvement Bonds of the Authority (the “Local Obligations”), the proceeds of which will be used to pay the cost of certain infrastructure improvements eligible to be funded under the Municipal Improvement Act of 1913 (Division 12, commencing with Section 10000 of the Streets and Highways Code of the State of California). Pursuant to Section 8.06 of the Trust Agreement, the Authority and the Trustee covenant and agree as follows:

SECTION 1. Purpose of the Disclosure Agreement. This Disclosure Agreement is being executed and delivered by the Authority and the Trustee for the benefit of the Holders and Beneficial Owners of the Bonds and in order to assist the Participating Underwriter in complying with the Rule (defined below). The Authority and the Trustee acknowledge that the Issuer has undertaken no responsibility with respect to any reports, notices or disclosures provided or required under this Agreement, and has no liability to any person, including any Holder or Beneficial Owner of the Bonds, with respect to the Rule.

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

“Annual Report” shall mean any Annual Report provided by the Authority pursuant to, and as described in, Sections 3 and 4 of this Disclosure Agreement.

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

“Disclosure Representative” shall mean any Member of the Authority or his or her designee, or such other person as the Authority shall designate in writing to the Trustee from time to time.

“Dissemination Agent” shall mean the Trustee, acting in its capacity as Dissemination Agent hereunder, or any successor Dissemination Agent designated in writing by the Authority and which has filed with the Trustee a written acceptance of such designation.

“Holder” shall mean the person in whose name any Bond shall be registered.

“Listed Events” shall mean any of the events listed in Section 5(a) of this Disclosure Agreement.

“MSRB” shall mean the Municipal Securities Rulemaking Board or any other entity designated or authorized by the Securities and Exchange Commission to receive reports pursuant to the Rule. Until otherwise designated by the MSRB or the Securities and Exchange Commission, filings with the MSRB are to be made through the Electronic Municipal Market Access (EMMA) website of the MSRB, currently located at <http://emma.msrb.org>.

“Participating Underwriter” shall mean any of the original underwriter of the Bonds required to comply with the Rule in connection with offering of the Bonds.

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

### SECTION 3. Provision of Annual Reports.

(a) The Authority shall, or shall cause the Dissemination Agent to, not later than nine months after the end of the Authority’s fiscal year (currently ending June 30), commencing with the report for the 2013-14 Fiscal Year (which is due not later than April 1, 2015), provide to the MSRB an Annual Report which is consistent with the requirements of Section 4 of this Disclosure Agreement. The Annual Report must be submitted in electronic format, accompanied by such identifying information as is prescribed by the MSRB, and may cross-reference other information as provided in Section 4 of this Disclosure Agreement; provided, that the audited financial statements of the Authority may be submitted separately from the balance of the Annual Report and later than the date required above for the filing of the Annual Report if they are not available by that date. If the Authority’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 Annual Report shall be submitted on a standard form in use by industry participants or other appropriate form and shall identify the Bonds by name and CUSIP number.

(b) Not later than 15 business days prior to said date, the Authority shall provide the Annual Report to the Dissemination Agent (if other than the Authority). If the Authority is unable to provide to the MSRB an Annual Report by the date required in subsection (a), the Authority shall send a notice to the MSRB in substantially the form attached as Exhibit A.

(c) The Dissemination Agent shall (if the Dissemination Agent is other than the Authority) file a report with the Authority certifying that the Annual Report has been provided pursuant to this Disclosure Agreement, stating the date it was provided to the MSRB.

SECTION 4. Content of Annual Reports. The Authority’s Annual Report shall contain or include by reference the following:

(a) A schedule showing the aggregate amount of all outstanding Local Obligations, including the combined debt service schedule for all such Local Obligations.

(b) A statement of the amounts on deposit in the Reserve Fund.

(c) Information concerning any delinquencies in the payment of assessment installments securing the Local Obligations including (i) the total amount of delinquencies in each assessment district, both as a dollar amount and as a percentage of the total levy for the Fiscal Year and (ii) with respect to any delinquency of an owner which holds land subject to more than 5% of the assessment liens securing Local Obligations, the following information:

1. Assessor’s Parcel Number
2. Record owner of the parcel;

3. Amount of delinquency, including separate statement of amounts representing principal on Local Obligations, interest on Local Obligations, administrative expenses levy, penalties and interest on delinquency;

4. Due date of first delinquent installment; and

5. Status of foreclosure action, if any.

(d) Complete, updated information in substantially the form set forth in Appendix F to the Official Statement relating to the Bonds.

Any or all of the items listed above may be set forth in one or a set of documents or may be included by specific reference to other documents, including official statements of debt issues of the Authority or related public entities, which have been made available to the public on the MSRB's website. The Authority shall clearly identify each such other document so included by reference.

#### SECTION 5. Reporting of Significant Events.

(a) Pursuant to the provisions of this Section 5, the Authority shall give, or cause to be given, notice of the occurrence of any of the following events with respect to the Bonds in a timely manner not later than ten business days after the occurrence of the event:

1. principal and interest payment delinquencies;

2. unscheduled draws on debt service reserves reflecting financial difficulties;

3. unscheduled draws on credit enhancements reflecting financial difficulties;

4. substitution of credit or liquidity providers, or their failure to perform;

5. issuance by the Internal Revenue Service of proposed or final determination of taxability or of a Notice of Proposed Issue (IRS Form 5701 TEB);

6. tender offers;

7. defeasances;

8. rating changes; or

9. bankruptcy, insolvency, receivership or similar event of the obligated person.

Note: for the purposes of the event identified in subparagraph (9), the event is considered to occur when any of the following occur: the appointment of a receiver, fiscal agent or similar officer for an obligated person in a proceeding under the U.S. 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 obligated person, or if such jurisdiction has been assumed by leaving the existing governmental 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 obligated person.

(b) The Authority shall give, or cause to be given, notice of the occurrence of any of the following events with respect to the Bonds, if material, in a timely manner not later than ten business days after the occurrence of the event:

1. unless described in paragraph 5(a)(5), adverse tax opinions or other material notices or determinations by the Internal Revenue Service with respect to the tax status of the Bonds or other material events affecting the tax status of the Bonds;
2. modifications to rights of Bond holders;
3. optional, unscheduled or contingent Bond calls;
4. release, substitution, or sale of property securing repayment of the Bonds;
5. non-payment related defaults;
6. the consummation of a merger, consolidation, or acquisition involving an obligated person or the sale of all or substantially all of the assets of the 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; or
7. appointment of a successor or additional trustee or the change of name of a trustee.

(c) The Trustee shall, within one (1) Business Day of obtaining actual knowledge of the occurrence of any of the Listed Events contact the Disclosure Representative, inform such person of the event, and request that the Authority promptly notify the Trustee in writing whether or not to report the event pursuant to subsection (g).

(d) Whenever the Authority obtains knowledge of the occurrence of a Listed Event, because of a notice from the Trustee pursuant to subsection (b) or otherwise, the Authority shall as soon as possible determine if such event would be material under applicable federal securities laws.

(e) If the Authority learns of the occurrence of a Listed Event described in Section 5(a), or determines that knowledge of the occurrence of a Listed Event described in Section 5(b) would be material under applicable federal securities laws, the Authority shall promptly notify the Trustee in writing. Such notice shall instruct the Trustee to report the occurrence pursuant to subsection (g). Notwithstanding the foregoing, notice of the Listed Event described in subsections (a)(7) or (b)(3) need not be given under this subsection any earlier than the notice (if any) of the underlying event is given to Holders of affected Certificates pursuant to the Trust Agreement.

(f) If in response to a request under subsection (b), the Authority determines that the Listed Event described in Section 5(b) would not be material under applicable federal securities laws, the Authority shall so notify the Trustee in writing and instruct the Trustee not to report the occurrence pursuant to subsection (g).

(g) If the Trustee has been instructed by the Authority to report the occurrence of a Listed Event, the Trustee shall promptly file a notice of such occurrence with the MSRB in electronic format, accompanied by such identifying information as is prescribed by the MSRB. Notwithstanding the foregoing, notice of Listed Events described in subsections (a)(4) and (5) need not be given under this subsection any earlier than the notice (if any) of the underlying event is given to the Holders of affected Bonds pursuant to the Trust Agreement.

SECTION 6. Termination of Reporting Obligation. The Authority's obligations under this Disclosure Agreement shall terminate upon the legal defeasance, prior redemption or payment in full of all of the Bonds. If the Authority's obligations under the Local Obligations are assumed in full by some other entity, such person shall be responsible for compliance with this Disclosure Agreement in the same

manner as if it were the Authority and the original Authority shall have no further responsibility hereunder. If such termination or substitution occurs prior to the final maturity of the Bonds, the Authority shall give notice of such termination or substitution in the same manner as for a Listed Event under Section 5(f).

SECTION 7. Dissemination Agent. The Authority may, from time to time, appoint or engage a Dissemination Agent to assist it in carrying out its obligations under this Disclosure Agreement, and may discharge any such Agent, with or without appointing a successor Dissemination Agent. The Dissemination Agent shall not be responsible in any manner for the content of any notice or report prepared by the Authority pursuant to this Disclosure Agreement. If at any time there is not any other designated Dissemination Agent, the Trustee shall be the Dissemination Agent. The initial Dissemination Agent shall be the Trustee.

SECTION 8. Amendment; Waiver. Notwithstanding any other provision of this Disclosure Agreement, the Authority and the Trustee may amend this Disclosure Agreement (and the Trustee shall agree to any amendment so requested by the Authority) and any provision of this Disclosure Agreement may be waived, provided that the following conditions are satisfied:

(a) If the amendment or waiver relates to the provisions of Sections 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 the type of business conducted;

(b) The undertaking, as amended or taking into account such waiver, would, in the opinion of nationally recognized bond counsel, have complied with the requirements of the Rule at the time of the original issuance of the Bonds, after taking into account any amendments or interpretations of the Rule, as well as any change in circumstances; and

(c) The amendment or waiver either (i) is approved by the Holders of the Bonds in the same manner as provided in the Trust Agreement for amendments to the Trust Agreement with the consent of Holders, or (ii) does not, in the opinion of the Trustee or nationally recognized bond counsel, materially impair the interests of the Holders or Beneficial Owners of the Bonds.

In the event of any amendment or waiver of a provision of this Disclosure Agreement, the Authority shall describe such amendment in the next Annual Report, and shall include, as applicable, a narrative explanation of the reason for the amendment or waiver and its impact on the type (or, in the case of a change of accounting principles, on the presentation) of financial information or operating data being presented by the Authority. In addition, if the amendment relates to the accounting principles to be followed in preparing financial statements, (i) notice of such change shall be given in the same manner as for a Listed Event under Section 5(f), and (ii) the Annual Report for the year in which the change is made should present a comparison (in narrative form and also, if feasible, in quantitative form) between the financial statements as prepared on the basis of the new accounting principles and those prepared on the basis of the former accounting principles.

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

SECTION 10. Default. In the event of a failure of the Authority or the Trustee to comply with any provision of this Disclosure Agreement, the Trustee may (and, at the request of any Participating Underwriter or the Holders of at least 25% aggregate principal amount of Outstanding Bonds, shall), 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 Authority or the Trustee, as the case may be, to comply with its obligations under this Disclosure Agreement. A default under this Disclosure Agreement shall not be deemed an Event of Default under the Trust Agreement, and the sole remedy under this Disclosure Agreement in the event of any failure of the Authority or the Trustee to comply with this Disclosure Agreement shall be an action to compel performance.

SECTION 11. Duties, Immunities and Liabilities of Trustee and Dissemination Agent. Article X of the Trust Agreement is hereby made applicable to this Disclosure Agreement as if this Disclosure Agreement were (solely for this purpose) contained in the Trust Agreement. The Dissemination Agent (if other than the Trustee or the Trustee in its capacity as Dissemination Agent) shall have only such duties as are specifically set forth in this Disclosure Agreement, and the Authority agrees to indemnify and save the Dissemination Agent, its officers, directors, employees and agents, harmless against any loss, expense and liabilities which it may incur arising out of or in the exercise or performance of its powers and duties hereunder, including the 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 obligations of the Authority under this Section shall survive resignation or removal of the Dissemination Agent and payment of the Bonds.

SECTION 12. Notices. Any notices or communications to or among any of the parties to this Disclosure Agreement may be given as set forth in Exhibit B hereto.

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

SECTION 13. Beneficiaries. This Disclosure Agreement shall inure solely to the benefit of the Issuer, the Authority, the Trustee, the Dissemination Agent, the Participating Underwriters, and 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 Agreement may be executed in several counterparts, each of which shall be an original and all of which shall constitute but one and the same instrument.

Date: \_\_\_\_\_, 2014.

CALIFORNIA STATEWIDE COMMUNITIES  
DEVELOPMENT AUTHORITY

By \_\_\_\_\_  
Authorized Signatory

WELLS FARGO BANK, NATIONAL ASSOCIATION,  
as Trustee

By \_\_\_\_\_  
Authorized Officer

EXHIBIT A

FORM OF NOTICE TO THE MUNICIPAL SECURITIES RULEMAKING BOARD  
OF FAILURE TO FILE ANNUAL REPORT

Name of Issuer: CALIFORNIA STATEWIDE COMMUNITIES DEVELOPMENT  
AUTHORITY

Name of Bond Issue: STATEWIDE COMMUNITY INFRASTRUCTURE PROGRAM  
REVENUE BONDS, SERIES 2014A

Date of Issuance: \_\_\_\_\_, 2014

NOTICE IS HEREBY GIVEN that the California Statewide Communities Development Authority (the "Authority") has not provided an Annual Report with respect to the above-named Bonds as required by Section 8.06 of the Trust Agreement dated as of May 1, 2014, between the Authority and the Trustee and Sections 3 and 4 of the Continuing Disclosure Agreement dated the date of issuance. The Authority anticipates that the Annual Report will be filed by \_\_\_\_\_.

Dated: \_\_\_\_\_

WELLS FARGO BANK, NATIONAL ASSOCIATION,  
on behalf of Authority

cc: Authority



## APPENDIX E

### PROPOSED FORM OF BOND COUNSEL OPINION

[Closing Date]

California Statewide Communities Development Authority  
Sacramento, California

California Statewide Communities Development Authority  
Statewide Community Infrastructure Program Revenue Bonds, Series 2014A  
(Final Opinion)

Ladies and Gentlemen:

We have acted as bond counsel to the California Statewide Communities Development Authority (the “Issuer”) in connection with the issuance of \$4,680,000 aggregate principal amount of its Statewide Community Infrastructure Program Revenue Bonds, Series 2014A (the “Bonds”), issued pursuant to the provisions of a trust agreement, dated as of May 1, 2014 (the “Trust Agreement”), between the Issuer and Wells Fargo Bank, National Association, as trustee (the “Trustee”) providing for the issuance, sale and delivery of the Bonds approved by a resolution of the Issuer adopted on March 20, 2014. The Bonds are issued for the purpose of enabling the Issuer to fund certain limited obligation improvement bonds of the Issuer (the “Local Obligations”), which will in turn be used to fund certain development impact fees to pay for public capital improvements for certain participating local governmental agencies (the “Local Agency Participants”), to directly fund certain public capital improvements for some of the Local Agency Participants, to fund a reserve fund for the Bonds, and to pay costs of issuance of the Bonds. Capitalized terms not otherwise defined herein shall have the meanings ascribed thereto in the Trust Agreement.

In such connection, we have reviewed the Trust Agreement, the Tax Certificate, certifications of the Issuer, the Trustee, the Local Agency Participants and others, an opinion of counsel to the Trustee, and such other documents, opinions and matters to the extent we deemed necessary to render the opinions set forth herein.

The opinions expressed herein are based on an analysis of existing laws, regulations, rulings and court decisions and cover certain matters not directly addressed by such authorities. Such opinions may be affected by actions taken or omitted or events occurring after the date hereof. We have not undertaken to determine, or to inform any person, whether any such actions are taken or omitted or events do occur or any other matters come to our attention after the date hereof. Accordingly, this letter speaks only as of its date and is not intended to, and may not, be relied upon in connection with any such actions, events or matters. We have assumed the genuineness of all documents and signatures presented to us (whether as originals or as copies) and the due and legal execution and delivery thereof by, and validity against, any parties other than the Issuer. We have assumed, without undertaking to verify, the accuracy of the factual matters represented, warranted or certified in the documents, and of the legal conclusions contained in the opinion, referred to in the second paragraph hereof. Furthermore, we have assumed compliance with all covenants and agreements contained in the Trust Agreement, and the Tax Certificate, including (without limitation) covenants and agreements compliance with which is necessary to assure that future actions, omissions or events will not cause interest on the Bonds to be included in gross income for federal income tax purposes.

We call attention to the fact that the rights and obligations under the Bonds, the Trust Agreement, and the Tax Certificate and their enforceability may be subject to bankruptcy, insolvency, reorganization, arrangement, fraudulent conveyance, moratorium and other laws relating to or affecting creditors' rights, to the application of equitable principles, to the exercise of judicial discretion in appropriate cases and to the limitations on legal remedies against joint powers authorities in the State of California. We express no opinion with respect to any indemnification, contribution, liquidated damages, penalty (including any remedy deemed to constitute a penalty), arbitration, judicial reference, choice of law, choice of forum, choice of venue, waiver or severability provisions contained in the foregoing documents. Our services did not include financial or other non-legal advice. Finally, we undertake no responsibility for the accuracy, completeness or fairness of the Official Statement or other offering material relating to the Bonds and express no opinion with respect thereto.

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

1. The Bonds constitute valid and binding limited obligations of the Issuer.
2. The Trust Agreement has been duly authorized, executed and delivered by, and constitutes the valid and binding obligation of, the Issuer. The Trust Agreement creates a valid pledge, to secure the payment of the principal of and redemption premium, if any, and interest on the Bonds, of the Revenues and any other amounts held by the Trustee in any fund or account established pursuant to the Trust Agreement (other than the Rebate Fund, the Custody Account and the Local Agency Accounts) and the Local Obligations, subject to the provisions of the Trust Agreement permitting the application thereof for the purposes and on the terms and conditions set forth therein.
3. The Bonds are not a lien or charge upon the funds or property of the Issuer except to the extent of the aforementioned pledge. Neither the faith and credit nor the taxing power of the State of California or of any political subdivision thereof is pledged to the payment of the principal of or interest on the Bonds. The Bonds are not a debt of the State of California, and said State is not liable for the payment thereof.
4. Interest on the Bonds is excluded from gross income for federal income tax purposes under section 103 of the Internal Revenue Code of 1986 and is exempt from State of California personal income taxes. Interest on the Bonds is not a specific preference item for purposes of the federal individual or corporate alternative minimum taxes, although we observe that it is included in adjusted current earnings when calculating corporate alternative minimum taxable income. We express no opinion regarding other tax consequences relating to the ownership or disposition of, or the amount, accrual or receipt of interest on, the Bonds.

Faithfully yours,

ORRICK, HERRINGTON & SUTCLIFFE LLP

per

**APPENDIX F**

**MASTER PARCEL TABLE**

<b>County</b>	<b>City</b>	<b>Project Name</b>	<b>APN</b>	<b>Gross Acres</b>	<b>Assessment Amount</b>	<b>Appraised Value</b>	<b>Building Permit Value<sup>[1]</sup></b>	<b>Total Value (Appraised Plus Building Permit)</b>	<b>Value to Lien Ratio<sup>[2]</sup></b>
San Joaquin	Manteca	Orchard Park	226-240-01	0.169	\$21,741	\$92,472	\$0	\$92,472	4.25
San Joaquin	Manteca	Orchard Park	226-240-02	0.175	\$21,741	\$92,472	\$0	\$92,472	4.25
San Joaquin	Manteca	Orchard Park	226-240-03	0.198	\$21,741	\$92,472	\$0	\$92,472	4.25
San Joaquin	Manteca	Orchard Park	226-240-04	0.236	\$21,741	\$92,472	\$0	\$92,472	4.25
San Joaquin	Manteca	Orchard Park	226-240-05	0.258	\$21,741	\$92,472	\$0	\$92,472	4.25
San Joaquin	Manteca	Orchard Park	226-240-06	0.321	\$21,741	\$92,472	\$0	\$92,472	4.25
San Joaquin	Manteca	Orchard Park	226-240-07	0.229	\$21,741	\$92,472	\$0	\$92,472	4.25
San Joaquin	Manteca	Orchard Park	226-240-08	0.190	\$21,741	\$92,472	\$0	\$92,472	4.25
San Joaquin	Manteca	Orchard Park	226-240-09	0.238	\$21,741	\$92,472	\$0	\$92,472	4.25
San Joaquin	Manteca	Orchard Park	226-240-10	0.348	\$21,741	\$92,472	\$0	\$92,472	4.25
San Joaquin	Manteca	Orchard Park	226-240-11	0.270	\$21,741	\$92,472	\$0	\$92,472	4.25
San Joaquin	Manteca	Orchard Park	226-240-12	0.278	\$21,741	\$92,472	\$0	\$92,472	4.25
San Joaquin	Manteca	Orchard Park	226-240-13	0.221	\$21,741	\$92,472	\$0	\$92,472	4.25
San Joaquin	Manteca	Orchard Park	226-240-14	0.179	\$21,741	\$92,472	\$0	\$92,472	4.25
San Joaquin	Manteca	Orchard Park	226-240-15	0.181	\$21,741	\$92,472	\$0	\$92,472	4.25
San Joaquin	Manteca	Orchard Park	226-240-16	0.222	\$21,741	\$92,472	\$0	\$92,472	4.25
San Joaquin	Manteca	Orchard Park	226-240-17	0.183	\$21,741	\$92,472	\$0	\$92,472	4.25
San Joaquin	Manteca	Orchard Park	226-240-18	0.179	\$21,741	\$92,472	\$0	\$92,472	4.25
San Joaquin	Manteca	Orchard Park	226-240-19	0.177	\$21,741	\$92,472	\$0	\$92,472	4.25
San Joaquin	Manteca	Orchard Park	226-240-20	0.237	\$21,741	\$92,472	\$0	\$92,472	4.25
San Joaquin	Manteca	Orchard Park	226-240-21	0.215	\$21,741	\$92,472	\$0	\$92,472	4.25
San Joaquin	Manteca	Orchard Park	226-240-22	0.173	\$21,741	\$92,472	\$0	\$92,472	4.25
San Joaquin	Manteca	Orchard Park	226-240-23	0.178	\$21,741	\$92,472	\$0	\$92,472	4.25
San Joaquin	Manteca	Orchard Park	226-240-24	0.181	\$21,741	\$92,472	\$0	\$92,472	4.25
San Joaquin	Manteca	Orchard Park	226-240-25	0.188	\$21,741	\$92,472	\$0	\$92,472	4.25
San Joaquin	Manteca	Orchard Park	226-240-26	0.200	\$21,741	\$92,472	\$0	\$92,472	4.25
San Joaquin	Manteca	Orchard Park	226-240-27	0.206	\$21,741	\$92,472	\$0	\$92,472	4.25
San Joaquin	Manteca	Orchard Park	226-240-28	0.209	\$21,741	\$92,472	\$0	\$92,472	4.25
San Joaquin	Manteca	Orchard Park	226-240-29	0.208	\$21,741	\$92,472	\$0	\$92,472	4.25
San Joaquin	Manteca	Orchard Park	226-240-30	0.202	\$21,741	\$92,472	\$0	\$92,472	4.25
San Joaquin	Manteca	Orchard Park	226-240-31	0.188	\$21,741	\$92,472	\$0	\$92,472	4.25
San Joaquin	Manteca	Orchard Park	226-240-32	0.174	\$21,741	\$92,472	\$0	\$92,472	4.25
San Joaquin	Manteca	Orchard Park	226-240-33	0.219	\$21,741	\$92,472	\$0	\$92,472	4.25
San Joaquin	Manteca	Orchard Park	226-240-34	0.178	\$21,741	\$92,472	\$0	\$92,472	4.25
San Joaquin	Manteca	Orchard Park	226-240-35	0.191	\$21,741	\$92,472	\$0	\$92,472	4.25
San Joaquin	Manteca	Orchard Park	226-240-36	0.186	\$21,741	\$92,472	\$0	\$92,472	4.25
San Joaquin	Manteca	Orchard Park	226-240-37	0.200	\$21,741	\$92,472	\$204,946	\$297,418	13.68
San Joaquin	Manteca	Orchard Park	226-240-38	0.181	\$21,741	\$92,472	\$179,561	\$272,033	12.51
San Joaquin	Manteca	Orchard Park	226-240-39	0.184	\$21,741	\$92,472	\$204,946	\$297,418	13.68

County	City	Project Name	APN	Gross Acres	Assessment		Building Permit Value <sup>(1)</sup>	Total Value (Appraised Plus Building Permit)	Value to Lien Ratio <sup>(2)</sup>
					Amount	Appraised Value			
San Joaquin	Manteca	Orchard Park	226-240-40	0.184	\$21,741	\$92,472	\$204,946	\$297,418	13.68
San Joaquin	Manteca	Orchard Park	226-240-41	0.185	\$21,741	\$92,472	\$204,946	\$297,418	13.68
San Joaquin	Manteca	Orchard Park	226-240-42	0.185	\$21,741	\$92,472	\$226,243	\$318,715	14.66
San Joaquin	Manteca	Orchard Park	226-240-43	0.185	\$21,741	\$92,472	\$204,946	\$297,418	13.68
San Joaquin	Manteca	Orchard Park	226-240-44	0.232	\$21,741	\$92,472	\$204,946	\$297,418	13.68
San Joaquin	Manteca	Orchard Park	226-240-45	0.213	\$21,741	\$92,472	\$0	\$92,472	4.25
San Joaquin	Manteca	Orchard Park	226-240-46	0.202	\$21,741	\$92,472	\$0	\$92,472	4.25
San Joaquin	Manteca	Orchard Park	226-240-47	0.206	\$21,741	\$92,472	\$0	\$92,472	4.25
San Joaquin	Manteca	Orchard Park	226-240-48	0.292	\$21,741	\$92,472	\$0	\$92,472	4.25
San Joaquin	Manteca	Orchard Park	226-240-49	0.268	\$21,741	\$92,472	\$0	\$92,472	4.25
San Joaquin	Manteca	Orchard Park	226-240-50	0.216	\$21,741	\$92,472	\$0	\$92,472	4.25
San Joaquin	Manteca	Orchard Park	226-240-51	0.230	\$21,741	\$92,472	\$0	\$92,472	4.25
San Joaquin	Manteca	Orchard Park	226-240-52	0.236	\$21,741	\$92,472	\$0	\$92,472	4.25
San Joaquin	Manteca	Orchard Park	226-240-53	0.195	\$21,741	\$92,472	\$0	\$92,472	4.25
San Joaquin	Manteca	Orchard Park	226-240-54	0.184	\$21,741	\$92,472	\$0	\$92,472	4.25
San Joaquin	Manteca	Orchard Park	226-240-55	0.179	\$21,741	\$92,472	\$0	\$92,472	4.25
San Joaquin	Manteca	Orchard Park	226-240-56	0.189	\$21,741	\$92,472	\$0	\$92,472	4.25
San Joaquin	Manteca	Orchard Park	226-240-57	0.189	\$21,741	\$92,472	\$0	\$92,472	4.25
San Joaquin	Manteca	Orchard Park	226-240-58	0.185	\$21,741	\$92,472	\$0	\$92,472	4.25
San Joaquin	Manteca	Orchard Park	226-240-59	0.189	\$21,741	\$92,472	\$0	\$92,472	4.25
San Joaquin	Manteca	Orchard Park	226-240-60	0.173	\$21,741	\$92,472	\$0	\$92,472	4.25
San Joaquin	Manteca	Orchard Park	226-240-61	0.269	\$21,741	\$92,472	\$0	\$92,472	4.25
San Joaquin	Manteca	Orchard Park	226-240-62	0.182	\$21,741	\$92,472	\$0	\$92,472	4.25
San Joaquin	Manteca	Orchard Park	226-240-63	0.258	\$21,741	\$92,472	\$0	\$92,472	4.25
San Joaquin	Manteca	Orchard Park	226-250-01	0.209	\$21,741	\$92,472	\$0	\$92,472	4.25
San Joaquin	Manteca	Orchard Park	226-250-02	0.207	\$21,741	\$92,472	\$263,442	\$355,914	16.37
San Joaquin	Manteca	Orchard Park	226-250-03	0.207	\$21,741	\$92,472	\$228,584	\$321,056	14.77
San Joaquin	Manteca	Orchard Park	226-250-04	0.207	\$21,741	\$92,472	\$207,104	\$299,576	13.78
San Joaquin	Manteca	Orchard Park	226-250-05	0.207	\$21,741	\$92,472	\$0	\$92,472	4.25
San Joaquin	Manteca	Orchard Park	226-250-06	0.226	\$21,741	\$92,472	\$0	\$92,472	4.25
San Joaquin	Manteca	Orchard Park	226-250-07	0.293	\$21,741	\$92,472	\$0	\$92,472	4.25
San Joaquin	Manteca	Orchard Park	226-250-09	0.204	\$21,741	\$92,472	\$207,104	\$299,576	13.78
San Joaquin	Manteca	Orchard Park	226-250-10	0.179	\$21,741	\$92,472	\$204,946	\$297,418	13.68
San Joaquin	Manteca	Orchard Park	226-250-11	0.179	\$21,741	\$92,472	\$204,946	\$297,418	13.68
San Joaquin	Manteca	Orchard Park	226-250-12	0.179	\$21,741	\$92,472	\$283,204	\$375,676	17.28
San Joaquin	Manteca	Orchard Park	226-250-13	0.184	\$21,741	\$92,472	\$204,946	\$297,418	13.68
San Joaquin	Manteca	Orchard Park	226-250-14	0.237	\$21,741	\$92,472	\$204,946	\$297,418	13.68
San Joaquin	Manteca	Orchard Park	226-250-15	0.195	\$21,741	\$92,472	\$204,946	\$297,418	13.68
San Joaquin	Manteca	Orchard Park	226-250-16	0.198	\$21,741	\$92,472	\$283,204	\$375,676	17.28
San Joaquin	Manteca	Orchard Park	226-250-17	0.203	\$21,741	\$92,472	\$204,946	\$297,418	13.68
San Joaquin	Manteca	Orchard Park	226-250-18	0.218	\$21,741	\$92,472	\$204,946	\$297,418	13.68
San Joaquin	Manteca	Orchard Park	226-250-19	0.207	\$21,741	\$92,472	\$204,946	\$297,418	13.68
San Joaquin	Manteca	Orchard Park	226-250-20	0.205	\$21,741	\$92,472	\$179,561	\$272,033	12.51
San Joaquin	Manteca	Orchard Park	226-250-21	0.197	\$21,741	\$92,472	\$226,243	\$318,715	14.66

County	City	Project Name	APN	Gross Acres	Assessment Amount	Appraised Value	Building Permit Value <sup>[1]</sup>	Total Value (Appraised Plus Building Permit)	Value to Lien Ratio <sup>[2]</sup>
San Joaquin	Manteca	Orchard Park	226-250-22	0.176	\$21,741	\$92,472	\$204,946	\$297,418	13.68
San Joaquin	Manteca	Orchard Park	226-250-23	0.178	\$21,741	\$92,472	\$179,561	\$272,033	12.51
San Joaquin	Manteca	Orchard Park	226-250-24	0.178	\$21,741	\$92,472	\$260,952	\$353,424	16.26
San Joaquin	Manteca	Orchard Park	226-250-25	0.203	\$21,741	\$92,472	\$179,561	\$272,033	12.51
San Joaquin	Manteca	Orchard Park	226-250-26	0.190	\$21,741	\$92,472	\$0	\$92,472	4.25
San Joaquin	Manteca	Orchard Park	226-250-27	0.189	\$21,741	\$92,472	\$0	\$92,472	4.25
Placer	Rocklin	Stanford Ranch	017-081-069-000	20.5	\$2,325,128	\$13,800,000	\$8,343,836	\$22,143,836	9.52
Placer	Rocklin	Parkview	365-010-041-000	10.7	\$637,905	\$6,100,000	\$10,290,360	\$16,390,360	25.69
<b>Total</b>				<b>49.628</b>	<b>\$4,897,947</b>	<b>\$28,130,000</b>	<b>\$24,612,710</b>	<b>\$52,742,710</b>	<b>10.77</b>

[1] 28 permits have been pulled for Orchard Park, 23 permits have been pulled for Stanford Ranch – The Vista and 36 permits have been pulled for Parkview.

[2] Does not include any overlapping debt.

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**APPENDIX G**

**EXCERPTS FROM ENGINEER'S REPORTS**

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**FINAL**

**ENGINEER'S REPORT**

**CALIFORNIA STATEWIDE COMMUNITIES  
DEVELOPMENT AUTHORITY**



**ASSESSMENT DISTRICT No. 14-01  
CITY OF ROCKLIN, COUNTY OF PLACER**

***BEGINNING FISCAL YEAR 2014-2015***

**INTENT MEETING: NOVEMBER 26, 2013**

**PUBLIC HEARING: FEBRUARY 20, 2014**

**Prepared by**

DAVID TAUSSIG & ASSOCIATES, INC.  
2250 Hyde Street, 5th Floor  
San Francisco, California 94109  
(800) 969-4382

Public Finance  
Public Private Partnerships  
Urban Economics

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Newport Beach  
San Francisco  
Fresno  
Riverside  
Chicago, Illinois  
Dallas, Texas

The fees which are the subject of this Report are briefly described as follows:

### **A. Impact Fees**

- 1 Local Traffic Fees (*Resolution No. 2011-125*) – Traffic impact fees to fund capital improvements to the City of Rocklin’s roadway and traffic system.
- 2 Highway 65 Interchange Improvement Fees (*Resolution No. 2007-01*) – Fees collected against new development to fund street improvements along Highway 65. The Highway 65 Interchange Impact Fee is exacted against new development to fund its fair share of the capital street improvements associated with growth.
- 3 South Placer Regional Traffic Fees (*Resolution No. 2008-02*) – Fees collected against new development to fund street improvements dedicated to and maintained by the County of Placer.
- 4 AB 1600 Public Facilities Fee (*Ordinance No. 893*) – Fees collected against new development to meet future growth requirements for two facilities categories: Community Parks and Park Development.

### **B. Capital Improvements**

The following capital improvements located within the City of Rocklin, County of Placer, and specifically within the Stanford Ranch project, will be funded, or partially funded, by proceeds from this bond issuance.

- 1 Drainage Improvements – Funding for capital improvements including, but not limited to, facilities for the collection and disposal of storm waters and for flood control purposes, as well as supporting improvements and related facilities such as construction and installation of storm drains, water pipes, and mains associated with the utility connections of the Stanford Ranch development.
- 2 Traffic / Surface Improvements – Funding for capital improvements including, but not limited to, streets, roads, and public ways, as well as supporting improvements and related facilities such as construction, widening, and installation of grading, paving, curbs, gutters, sidewalks, site utilities, street name signs, and survey monuments associated with the Stanford Ranch development.

### **C. Reimbursement for Capital Improvements – Stanford Ranch**

Future negotiations and agreements between the City of Rocklin (“City”) and the project developer may outline a mechanism whereby the developer of a “benefited” property would pay the City for that property’s share of the costs of certain public facilities. Such payments related to public facilities privately financed by the developer of Stanford Ranch would then be paid, when received by the City, to the developer of the Stanford Ranch project. Such payments related to public facilities financed by the District would be allocated to the parcels within the District in proportion to their respective original assessments as shown in

this Report. As pertains to any of those parcels that the developer of Stanford Ranch may sell, those amounts would be paid to the developer of Stanford Ranch. As pertains to any such parcels still owned by the developer of Stanford Ranch, the City would use those amounts to partially prepay the assessments on those parcels pursuant to Streets and Highways Code Section 8766.5.

Bonds representing unpaid assessments, and bearing interest at a rate not to exceed twelve percent (12.00%) shall be issued in the manner provided by the Improvement Bond Act of 1915 (Division 10, Streets and Highways Code), and the last installment of the bonds shall not mature more than twenty-nine (29) years from the second day of September next succeeding twelve (12) months from their date.

This Report includes the following sections:

**Plans and Specifications** – Plans and specifications for improvements to be constructed. Plans and specifications are a part of this Report whether or not separately bound.

**Cost Estimate** – An estimate of the cost of the improvements.

**Assessment Roll** – An assessment roll, showing the amount to be assessed against each parcel of real property within this Assessment District and the names and addresses of the property owners. An Assessor's Parcel number or other designation describes each parcel. Each parcel is also assigned an "assessment number" that links the Assessment Roll to the Assessment Diagram.

**Method of Assessment** – A statement of the method by which the Assessment Engineer determined the amount to be assessed against each parcel, based on special benefits to be derived by each parcel from the improvements.

**Assessment Diagram** – A diagram showing all of the parcels of real property to be assessed within this Assessment District. The diagram corresponds with the Assessment Roll by assessment number.

**Maximum Annual Administrative Cost Add-on** – Proposed maximum annual assessment per parcel for current costs and expenses.

**Debt Limitation Report** – A debt limitation report showing compliance with Part 7.5 of Division 4 of the Streets and Highways Code.

The plans, specifications, and studies of the improvements and impact fees for this District are voluminous and will not be bound in this Report, but by this reference are incorporated as if attached to this Report. The plans and specifications are on file with the City of Rocklin and/or the County of Placer, California.

**Summary Cost Estimate**

The estimated costs of the fees and improvements have been calculated and are shown below along with other bond financing costs. All fee information has been provided to DTA by the project proponents, the City of Rocklin, and the SCIP Administrator.

Cost Estimate City of Rocklin, County of Placer - Stanford Ranch & Parkview					
Description	Development Impact Fees	Special Benefit Apportioned to Project	Total Amount (\$)	Amounts Pre-Paid by & Reimbursable to Developer	Amount Funded to Agency
<b>Stanford Ranch Impact Fees</b>					
Local Traffic Fee	\$347,208	100%	\$347,208	\$0	\$347,208
Highway 65 Interchange Improvement Fee	\$115,828	100%	\$115,828	\$0	\$115,828
Park Development Fee	\$0	100%	\$0	\$119,508	\$0
Community Park Fee	\$65,412	100%	\$65,412	\$0	\$65,412
South Placer Regional Traffic Fee	\$176,180	100%	\$176,180	\$0	\$176,180
Inflationary Adjustment (5%)	\$35,231	100%	\$35,231	\$0	\$35,231
<b>Parkview Impact Fees</b>					
Local Traffic Fee	\$230,214	100%	\$230,214	\$0	\$230,214
Highway 65 Interchange Improvement Fee	\$76,799	100%	\$76,799	\$0	\$76,799
Park Development Fee	\$121,085	100%	\$121,085	\$0	\$121,085
Community Park Fee	\$43,371	100%	\$43,371	\$0	\$43,371
Inflationary Adjustment (5%)	\$23,573	100%	\$23,573	\$0	\$23,573
<b>Subtotal</b>	<b>\$1,234,902</b>		<b>\$1,234,902</b>	<b>\$119,508</b>	<b>\$1,234,902</b>
<b>Improvements Funded (Stanford Ranch)</b>					
Drainage Improvements	\$254,641	95%	\$241,908	\$241,908	\$0
Street & Surface Improvements	\$838,065	90%	\$754,258	\$754,258	\$0
<b>Subtotal</b>	<b>\$1,092,705</b>		<b>\$996,167</b>	<b>\$996,167</b>	<b>NA</b>
<b>Professional Services</b>					
<b>Stanford Ranch</b>					
Assessment Engineer	\$12,600		\$12,600	\$0	\$12,600
Appraiser	\$5,000		\$5,000	\$0	\$5,000
District Administration	\$10,000		\$10,000	\$0	\$10,000
<b>Parkview</b>					
Assessment Engineer	\$6,600		\$6,600	\$0	\$6,600
Appraiser	\$5,000		\$5,000	\$0	\$5,000
District Administration	\$10,000		\$10,000	\$0	\$10,000
<b>Subtotal</b>	<b>\$49,200</b>		<b>\$2,399,777</b>	<b>\$0</b>	<b>\$2,399,777</b>
<b>Financing Costs</b>					
Bond Reserve Fund	10.00%		\$296,303	-	-
Capitalized Interest	4.00%		\$118,521	-	-
Legal	1.00%		\$29,630	-	-
Issuer	1.50%		\$44,445	-	-
Underwriter	2.50%		\$74,076	-	-
Contingency	0.01%		\$280	-	-
<b>Subtotal</b>	<b>19.01%</b>		<b>\$563,256</b>	<b>-</b>	<b>-</b>
<b>Total Assessment</b>			<b>\$2,963,033</b>		

A Boundary Map showing the Assessment District, including the boundaries and dimensions of the parcels, lots, or subdivisions of land within the Assessment District as they existed at the time of the passage of the Resolution of Intention, has been filed and recorded at the County of Placer Recorder's office (Document No: 2013-0114448). Each of the subdivisions of land, parcels, or lots has been given a separate number on the Boundary Map that corresponds with the assessment number shown on the Assessment Roll.

The Assessment Diagram on the following page will be filed with the Final Engineer's Report at the time of the passage of the Resolution of Formation.

SHEET 1 OF 1

**AMENDED ASSESSMENT DIAGRAM  
CALIFORNIA STATEWIDE COMMUNITIES DEVELOPMENT AUTHORITY  
STATEWIDE COMMUNITIES INFRASTRUCTURE PROGRAM  
ASSESSMENT DISTRICT NO. 14-01  
(CITY OF ROCKLIN, COUNTY OF PLACER)  
STATE OF CALIFORNIA**

Assessment Number	Assessor Parcel Number
1	017-081-069-000
2	365-010-041-000

This map amends the Assessment Diagram for California Statewide Communities Development Authority Assessment District 14-01 (City of Rocklin, County of Placer) State of California, prior recorded at Book 7 of Maps of Assessment and Community Facilities Districts at Page 43-1, as Document No. 2013-0114449, on December 16, 2013, in the Office of the County Recorder of the County of Placer, State of California.

**LEGEND**

(N) Assessment Number  
 — Boundary Line

For particulars of lines and dimensions of Assessor's parcels reference is made to the maps of the Placer County Assessor, California.

PREPARED BY DAVID TAUSSIG AND ASSOCIATES, INC.

Filed this \_\_\_\_\_ day of \_\_\_\_\_, 2014, at the hour of \_\_\_\_\_ o'clock \_\_\_\_ m., in the book \_\_\_\_\_ of Maps of Assessment and Community Facilities Districts at page \_\_\_\_\_ in the office of the Recorder of the County of Placer, State of California.

\_\_\_\_\_  
 By Deputy,  
 County Recorder, County of Placer

Document No.: \_\_\_\_\_

Fee: \_\_\_\_\_

Filed in the office of the Secretary of the California Statewide Communities Development Authority on the \_\_\_\_\_ day of \_\_\_\_\_, 2014.

\_\_\_\_\_  
 Secretary of the Authority  
 California Statewide Communities Development Authority

An assessment was levied by the Commission of the California Statewide Communities Development Authority on the lots, pieces and parcels of land shown on this amended assessment diagram. Said assessment was levied on the \_\_\_\_\_ day of \_\_\_\_\_, 2014; said assessment diagram and the assessment roll were recorded in the office of the Superintendent of Streets, of the California Statewide Communities Development Authority, on the \_\_\_\_\_ day of \_\_\_\_\_, 2014. Reference is made to the assessment roll recorded in the office of the Superintendent of Streets, for the exact amount of each assessment levied against each parcel of land shown on this diagram.

\_\_\_\_\_  
 Secretary of the Authority  
 California Statewide Communities Development Authority

Recorded in the office of the Superintendent of Streets of the California Statewide Communities Development Authority on the \_\_\_\_\_ day of \_\_\_\_\_, 2014.

\_\_\_\_\_  
 Superintendent of Streets of the  
 California Statewide Communities Development Authority

**FINAL**

**ENGINEER'S REPORT**

**CALIFORNIA STATEWIDE COMMUNITIES  
DEVELOPMENT AUTHORITY**



**ASSESSMENT DISTRICT No. 14-01  
CITY OF MANTECA, COUNTY OF SAN JOAQUIN**

***BEGINNING FISCAL YEAR 2014-2015***

**INTENT MEETING: DECEMBER 19, 2013**

**PUBLIC HEARING: FEBRUARY 20, 2014**

**Prepared by**

DAVID TAUSSIG & ASSOCIATES, INC.  
2250 Hyde Street, 5th Floor  
San Francisco, California 94109  
(800) 969-4382

Public Finance  
Public Private Partnerships  
Urban Economics

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Newport Beach  
San Francisco  
Fresno  
Riverside  
Chicago, Illinois  
Dallas, Texas



The fees which are the subject of this Report are briefly described as follows:

### **A. Impact Fees**

- 1 Surface Water Capital Fee – Water impact fees imposed by City of Manteca to fund capital improvements to the City’s water system.
- 2 WQCF Phase III Completion Charge, Low Density (*Ord. No. 1411; approved July 20, 2009*) – fees imposed by City of Manteca to fund the Phase III expansion of the Manteca WQCF to provide 10 MGD of Title 22 recycled water. Construction included an influent pump station equipped with Floway VTPs, Aqua Aerobics tertiary filters, Wedeco UV disinfection, chemical handling facility, a 7-million-gallon HPDE lined and covered effluent equalization pond, covered primary sedimentation basins, odor control biofilters, a truck fill station, emergency generator, and site improvements.
- 3 Public Facilities Implementation Plan (“PFIP”) Sewer Fees, Low Density, Zone 24 (*Res. No. R2013-31; rates effective May 4, 2013*) – the PFIP is the implementing program for public infrastructure policies identified in the City’s General Plan Policy Document. The purpose of the PFIP is to ensure that certain public infrastructure needed for growth – namely water, wastewater, storm drainage, and transportation facilities – are sufficient to support the City’s growth in accordance with its General Plan. Another purpose of the PFIP is to ensure that infrastructure is constructed in a timely manner and financed in a way that equitably divided financial responsibility in proportion to the demands placed on the new facilities.

The PFIP uses a development impact model wherein the City assumes some responsibility for funding and constructing major facilities, while the developers – in most cases – simply pay their proportionate share to reimburse the City for the cost to finance and construct the infrastructure.

On March 5, 2013, the Manteca City Council adopted the 2013 Public Facilities Implementation Plan Update. It should be noted that only the fees for water, storm drainage, and sewer collection facilities were included in the 2013 PFIP Update. The program and fees for transportation adopted previously remain in effect until updated in the future.

- 4 PFIP Storm Drainage Fees, Low Density, Zone 36 (*Res. No. R2013-31; rates effective May 4, 2013*) - PFIP fees for storm drainage are based on the land use type and the zone in which the parcel is located. This fee is charged when a parcel of land is paved over or built upon, as for a commercial development, or for each home within a subdivision as it is built. Water that would have been absorbed into the ground is now runoff that must be handled by the City’s drainage system. This fee does not apply to new construction on a site that is already paved (for example, existing buildings were demolished and are being replaced).
- 5 PFIP Transportation Fees, Low Density, Zone 3 – Development fee for construction and maintenance of roadways and improvements. Not charged for parking lots; only actual

building space.

- 6 PFI Well Water Fees, Low Density (*Res. No. R2013-31; rates effective May 4, 2013*) – Development fee that pays for new water wells and distribution lines (In addition to connection fees above; applies to all land uses). Fees for this category discussed herein are net of fee credits.

## **B. Capital Improvements**

The following capital improvements located within the Pillsbury Estates/Orchard Park project, and specifically within the Mono Street and Pillsbury Road right of way, located in the City of Manteca, California will be funded, or partially funded, by proceeds from this bond issuance.

- 1 Street / Roadway Improvements – Funding for capital improvements including, but not limited to, local streets with related grading; concrete curb, gutter and sidewalk; aggregate base; asphaltic concrete paving; and street lighting improvements.
- 2 Storm Drain Improvements – Funding for capital improvements including, but not limited to, facilities for the collection and disposal of storm waters for drainage and flood control purposes, including mainline and connector pipes, drainage inlets, manholes, retention basin, bubblers, risers, and outfall pumps.
- 3 Sanitary Sewer Improvements – Funding for capital improvements for the collection of sewage, including but not limited to, pump station, manholes, gravity mainline, and force mains necessary to meet the project service demands of the Pillsbury Estates/Orchard Park development.
- 4 Water Improvements – Funding for capital improvements for the water system, including but not limited to, the removal and installation of water mains and appurtenances, and the installation of fire hydrants, backflow preventer and irrigation, necessary to meet the potable and non-potable water needs of the Pillsbury Estates/Orchard Park development.
- 5 Landscaping - Funding for capital improvements including, but not limited to, park site grading, ground cover, irrigation, play equipment, and low voltage lighting necessary to meet the neighborhood park space needs of the Pillsbury Estates/Orchard Park development.

## **C. Reimbursement for Capital Improvements**

Future negotiations and agreements between the City of Manteca (“City”) and the project developer may outline a mechanism whereby the developer of a “benefited” property would pay the City for that property’s share of the costs of certain public facilities. Such payments related to public facilities privately financed by the developer of Pillsbury Estates/Orchard Park would then be paid, when received by the City, to the developer of Pillsbury Estates/Orchard Park. Such payments related to public facilities financed by the District would be allocated to the parcels within the District in proportion to their respective original assessments as shown in this Report. As pertains to any of those parcels that the developer

of Pillsbury Estates/Orchard Park may sell, those amounts would be paid to the developer of Pillsbury Estates/Orchard Park. As pertains to any such parcels still owned by the developer of Pillsbury Estates/Orchard Park, the City would use those amounts to partially prepay the assessments on those parcels pursuant to Streets and Highways Code Section 8766.5.

Bonds representing unpaid assessments, and bearing interest at a rate not to exceed twelve percent (12.00%) shall be issued in the manner provided by the Improvement Bond Act of 1915 (Division 10, Streets and Highways Code), and the last installment of the bonds shall not mature more than twenty-nine (29) years from the second day of September next succeeding twelve (12) months from their date.

This Report includes the following sections:

**Plans and Specifications** – Plans and specifications for improvements to be constructed. Plans and specifications are a part of this Report whether or not separately bound.

**Cost Estimate** – An estimate of the cost of the improvements.

**Assessment Roll** – An assessment roll, showing the amount to be assessed against each parcel of real property within this Assessment District and the names and addresses of the property owners. An Assessor's Parcel number or other designation describes each parcel. Each parcel is also assigned an "assessment number" that links the Assessment Roll to the Assessment Diagram.

**Method of Assessment** – A statement of the method by which the Assessment Engineer determined the amount to be assessed against each parcel, based on special benefits to be derived by each parcel from the improvements.

**Assessment Diagram** – A diagram showing all of the parcels of real property to be assessed within this Assessment District. The diagram corresponds with the Assessment Roll by assessment number.

**Maximum Annual Administrative Cost Add-on** – Proposed maximum annual assessment per parcel for current costs and expenses.

**Debt Limitation Report** – A debt limitation report showing compliance with Part 7.5 of Division 4 of the Streets and Highways Code.

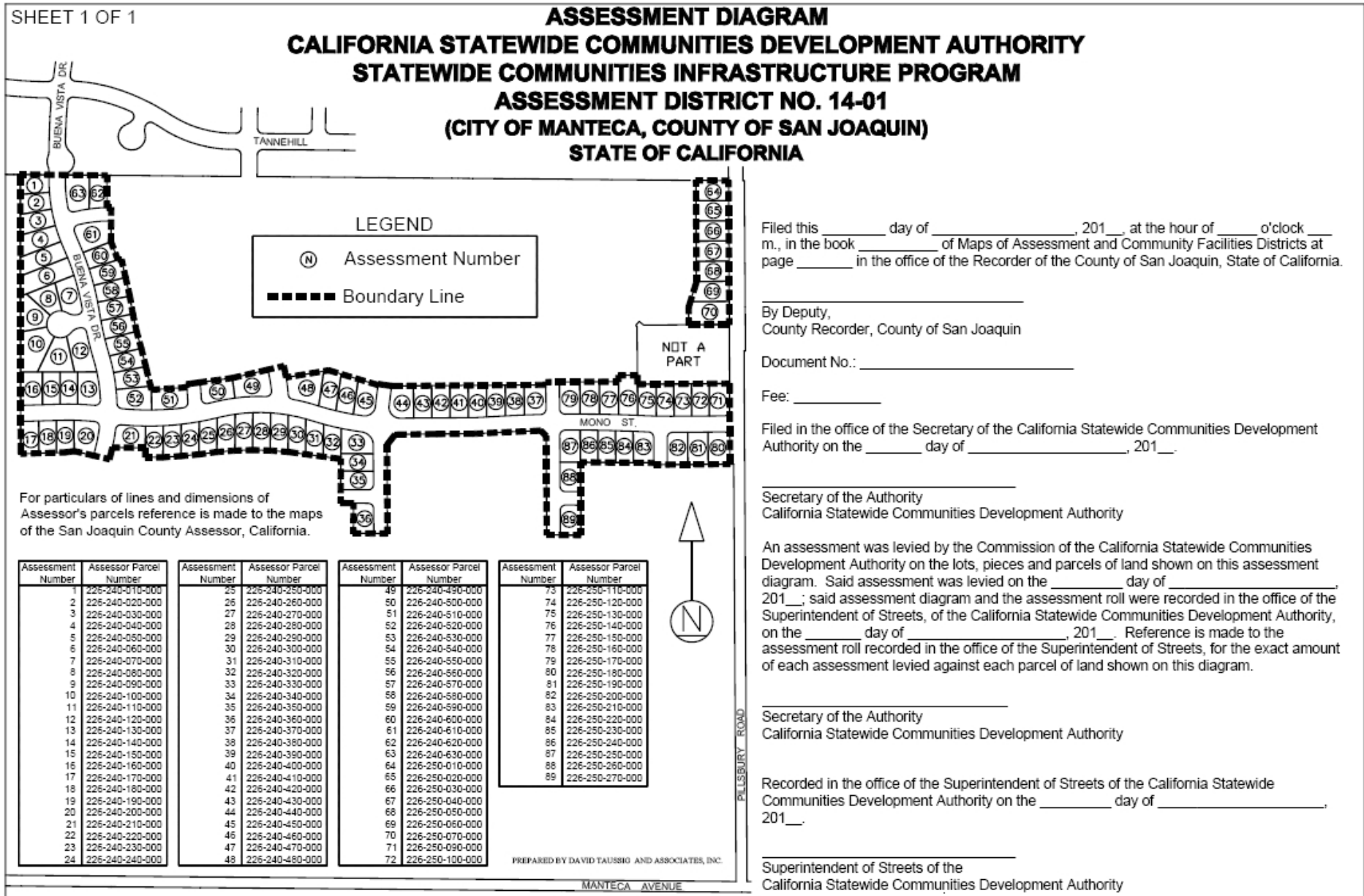
**Summary Cost Estimate**

The estimated costs of the fees and improvements have been calculated and are shown below along with other bond financing costs. All fee information has been provided to DTA by the project proponents, the City of Manteca, and the SCIP Administrator.

Cost Estimate					
City of Manteca, County of San Joaquin - Orchard Park					
Description	Development Impact Fees	Special Benefit Apportioned to Project	Total Amount Due (\$)	Amounts Pre-paid by & Reimbursable to Developer	Amount Funded to Agency
<b>Impact Fees</b>					
Surface Water Capital Fee	\$9,968	100.00%	\$9,968	\$0	\$9,968
WQCF Phase 3 Completion Charge - Low Density	\$178,267	100.00%	\$178,267	\$0	\$178,267
Sewer PFIP - Low Density, Zone 24	\$116,234	100.00%	\$116,234	\$0	\$116,234
Storm Drainage PFIP - Low Density, Zone 6	\$194,732	100.00%	\$194,732	\$0	\$194,732
Transportation PFIP Low Density, Zone 3	\$242,347	100.00%	\$242,347	\$0	\$242,347
Well Water PFIP Low Density (Net of Credit)	\$25,543	100.00%	\$25,543	\$0	\$25,543
<b>Subtotal</b>	<b>\$767,091</b>	<b>NA</b>	<b>\$767,091</b>	<b>\$0</b>	<b>\$767,091</b>
<b>Public Improvements Funded (See Table 3)</b>					
Roadway & Street Lights	\$673,003	7.68%	\$51,672	\$0	\$51,672
Storm Drain	\$552,105	33.59%	\$185,448	\$0	\$185,448
Sanitary Sewer	\$479,701	31.09%	\$149,143	\$0	\$149,143
Water	\$497,210	29.45%	\$146,451	\$0	\$146,451
Parks, Landscaping, and Other	\$803,380	30.11%	\$241,925		\$241,925
<b>Subtotal</b>	<b>\$3,005,399</b>	<b>NA</b>	<b>\$774,640</b>	<b>\$0</b>	<b>\$774,640</b>
<b>Orchard Park</b>					
Assessment Engineer	\$15,600	100.00%	\$15,600	\$0	\$15,600
Appraiser	\$5,000	100.00%	\$5,000	\$0	\$5,000
District Administration	\$4,756	100.00%	\$4,756	\$0	\$4,756
<b>Subtotal</b>	<b>\$25,356</b>	<b>NA</b>	<b>\$25,356</b>	<b>\$0</b>	<b>\$25,356</b>
<b>Financing Costs</b>					
Bond Reserve Fund	10.00%	NA	\$193,491	-	-
Capitalized Interest	4.00%	NA	\$77,397	-	-
Legal	1.00%	NA	\$19,349	-	-
Issuer	1.50%	NA	\$29,024	-	-
Underwriter	2.50%	NA	\$48,373	-	-
Contingency	0.01%	NA	\$193	-	-
<b>Subtotal</b>	<b>19.01%</b>	<b>NA</b>	<b>\$367,827</b>	<b>-</b>	<b>-</b>
<b>Total Assessment</b>			<b>\$1,934,914</b>		

A Boundary Map showing the Assessment District, including the boundaries and dimensions of the parcels, lots, or subdivisions of land within the Assessment District as they existed at the time of the passage of the Resolution of Intention, has been filed and recorded at the County of San Joaquin Recorder's office (Document No: 2014-008135). Each of the subdivisions of land, parcels, or lots has been given a separate number on the Boundary Map that corresponds with the assessment number shown on the Assessment Roll.

The Assessment Diagram will be filed with the Final Engineer's Report at the time of the passage of the Resolution of Formation.



Filed this \_\_\_\_\_ day of \_\_\_\_\_, 201\_\_\_\_, at the hour of \_\_\_\_\_ o'clock \_\_\_\_\_ m., in the book \_\_\_\_\_ of Maps of Assessment and Community Facilities Districts at page \_\_\_\_\_ in the office of the Recorder of the County of San Joaquin, State of California.

By Deputy,  
 County Recorder, County of San Joaquin

Document No.: \_\_\_\_\_

Fee: \_\_\_\_\_

Filed in the office of the Secretary of the California Statewide Communities Development Authority on the \_\_\_\_\_ day of \_\_\_\_\_, 201\_\_\_\_.

Secretary of the Authority  
 California Statewide Communities Development Authority

An assessment was levied by the Commission of the California Statewide Communities Development Authority on the lots, pieces and parcels of land shown on this assessment diagram. Said assessment was levied on the \_\_\_\_\_ day of \_\_\_\_\_, 201\_\_\_\_; said assessment diagram and the assessment roll were recorded in the office of the Superintendent of Streets, of the California Statewide Communities Development Authority, on the \_\_\_\_\_ day of \_\_\_\_\_, 201\_\_\_\_. Reference is made to the assessment roll recorded in the office of the Superintendent of Streets, for the exact amount of each assessment levied against each parcel of land shown on this diagram.

Secretary of the Authority  
 California Statewide Communities Development Authority

Recorded in the office of the Superintendent of Streets of the California Statewide Communities Development Authority on the \_\_\_\_\_ day of \_\_\_\_\_, 201\_\_\_\_.

Superintendent of Streets of the  
 California Statewide Communities Development Authority

**APPENDIX H**

**EXCERPTS FROM APPRAISALS**

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# Appraisal Report

## Parkview- Sunset West Parcel 48

APN: 365-010-041

Rocklin, CA 95765



*California Statewide Communities Development  
Authority Assessment District No. 14-01*

**Date of Report:** March 5, 2014

**Prepared For:**

Mr. Scott Carper  
Program Manager  
California Statewide Communities  
Development Authority  
2999 Oak Road, Suite 710  
Walnut Creek, California 94597

**Prepared By:**

Eric Segal, Appraiser



Seevers  
Jordan  
Ziegenmeyer

Real Estate Appraisal & Consultation



Seevers  
Jordan  
Ziegenmeyer

Real Estate Appraisal & Consultation

March 5, 2014

Mr. Scott Carper  
Program Manager  
California Statewide Communities  
Development Authority  
2999 Oak Road, Suite 710  
Walnut Creek, California 94597

Re: Parkview- Sunset West Parcel 48  
APN: 365-010- 041  
Rocklin, CA 95765

Mr. Carper:

At your request and authorization, Seevers • Jordan • Ziegenmeyer has prepared an Appraisal Report pertaining to the above referenced property. This report is written in conformance with the requirements set forth under Standards Rule 2-2(a) of the 2014-15 edition of the Uniform Standards of Professional Appraisal Practice (USPAP).

The subject property is a portion of a planned 115 unit residential project currently identified as Parkview- Sunset West. The first phase of the project (subject property) includes 61 residential lots and is identified as “Parcel 48” by the Developer, identified as Placer County Assessor’s parcel (APN) 365-010-041. The subject property is located east of Blue Oaks Boulevard, south of Sunset Boulevard, within the city of Rocklin, Placer County, California. As of the date of report, 33 of the lots are improved with partially constructed homes (various stages of construction) and three completed model homes; however, no contributory value will be assigned to the completed and partially completed homes. The remaining lots of Phase 1 are partially complete. The typical lot size for both phases of the project is estimated at 6,000 square feet. The property is owned by DR Horton Bay, Inc. The subject is more fully described within the attached report.

The market value estimated herein is based on a *hypothetical condition*. USPAP defines a hypothetical condition as “a condition, directly related to a specific assignment, which is contrary to what is known by the appraiser to exist on the effective date of the assignment results, but is used for the purpose of the analysis.” Proceeds from the Bonds will be used to finance certain impact fees. The market value estimated herein is based on the hypothetical condition such impact fees are paid.

Mr. Scott Carper  
March 5, 2014  
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As a result of our analysis, it is our opinion the market value, in accordance with the extraordinary assumptions, hypothetical conditions, general assumptions and limiting conditions set forth within this report, and based on an effective date of value of January 27, 2014, which was our date of inspection, is not less than...

**SIX MILLION ONE HUNDRED THOUSAND DOLLARS**

**\$6,100,000**

We hereby certify the property has been inspected and we have impartially considered all data collected in the investigation. Further, we have no past, present or anticipated future interest in the property.

The estimate of market value provided assumes a transfer would reflect a cash transaction or terms considered to be equivalent to cash. The estimate is also premised on an assumed sale after reasonable exposure in a competitive market under all conditions requisite to a fair sale, with buyer and seller each acting prudently, knowledgeably, for their own self interest and assuming neither is under duress. The estimate of market value accounts for the impact of the Assessment Lien securing the Bonds.

The subject property does not have any significant natural, cultural, recreational or scientific value. The appraiser certifies this appraisal assignment was not based on a requested minimum valuation, a specific valuation or the approval of a loan.

This letter must remain attached to the report, which contains 65 pages, plus related exhibits and Addenda, in order for the value opinion(s) contained herein to be considered valid.

This appraisal has been performed in accordance with the requirements of the Uniform Standards of Professional Appraisal Practice (USPAP) and the Code of Professional Ethics and Standards of Professional Appraisal Practice of the Appraisal Institute.

Thank you for the opportunity to work with you on this assignment.

Sincerely,



Eric A. Segal, Appraiser  
State Certification No.: AG026558  
Expires: February 18, 2015

/mlm

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**SUMMARY OF IMPORTANT FACTS AND CONCLUSIONS**

**Property:** Parkview- Sunset West Parcel 48, consisting of 10.72± acres with final map approval for 61 single-family lots.

**Location:** The subject property is located east of Blue Oaks Boulevard, south of Sunset Boulevard, within the city of Rocklin, Placer County, California

**Census Tract Number:** 229.00/1

**Land Area:** 10.72 acres

**APNs:** 365-010-041

Individual Assessor parcel numbers will ultimately be assigned to each lot upon recordation of the final subdivision map.

**Owner(s) of Record:** DR Horton Bay, Inc.

**Zoning and Entitlements:** Zoning

The subject property zoned PD-6, Planned Development with a maximum density of six units per acre

General Plan  
MDR – Medium Density Residential

Site improvement plans have been submitted by the Developer and the final map was approved in October 2013 for 61 single-family residential lots.

**Flood Zoning:** Zone X – Areas determined to be outside 500-year floodplain, as well as the 1% and 0.2% annual chance floodplains; FIRM Community Panel Number 060242-0413F, dated June 8, 1998.

**Average Lot Size:** The subject average lot size is approximately 6,000 square feet, which is typical for the area.

A copy of the final subdivision map is appended to this report.

**Highest and Best Use:** Single-family residential development

**Date of Inspection:** January 27, 2014

**Effective Date of Value:** January 27, 2014

**Date of Report:** March 5, 2014

**Exposure Time:**

Exposure time is the period a property interest would have been offered on the market prior to the hypothetical consummation of a sale at market value on the effective date of the appraisal. For a complete definition of exposure time, please reference the *Glossary of Terms* in the Addenda. In attempting to estimate a reasonable exposure time for the subject property, we looked at both the historical exposure times of a number of sales, as well as current economic conditions. With competitive pricing, transfers of similar properties in the region were typically occurring within 6 to 12 months of exposure. At the concluded value and as of the date of value, it is estimated that the transfer of the subject property would have occurred within **12 months** of initial exposure.

**Conclusion of Market Value,  
Subject to a Hypothetical  
Condition:**

**\$6,100,000**

The market value estimated herein is based on a *hypothetical condition*. USPAP defines a hypothetical condition as “a condition, directly related to a specific assignment, which is contrary to what is known by the appraiser to exist on the effective date of the assignment results, but is used for the purpose of the analysis.” Proceeds from the Bonds will be used to finance certain impact fees. The market value estimated herein is based on the hypothetical condition such impact fees are paid.

## APPRAISAL ASSIGNMENT CONDITIONS

<b>Client:</b>	California Statewide Community Development Authority
<b>Intended User:</b>	California Statewide Community Development Authority
<b>Intended Use:</b>	This report is intended to be used for bond underwriting purposes.
<b>Report Format:</b>	This document is an Appraisal Report, intended to comply with the reporting requirements set forth under Standards Rule 2-2(a) of the 2014-15 edition of the Uniform Standards of Professional Appraisal Practice (USPAP).
<b>Date of Inspection:</b>	January 27, 2014
<b>Effective Date of Value:</b>	January 27, 2014
<b>Date of Report:</b>	March 5, 2014
<b>Type and Definition of Value:</b>	The purpose of this appraisal is to estimate the market value subject to a hypothetical condition as of January 27, 2014.

The market value estimated herein is based on a *hypothetical condition*. USPAP defines a hypothetical condition as “a condition, directly related to a specific assignment, which is contrary to what is known by the appraiser to exist on the effective date of the assignment results, but is used for the purpose of the analysis.” Proceeds from the Bonds will be used to finance certain impact fees. The market value estimated herein is based on the hypothetical condition such impact fees are paid.

Market Value: The most probable price which a property should bring in a competitive and open market under all conditions requisite to a fair sale, the buyer and seller each acting prudently and knowledgeably, and assuming the price is not affected by undue stimulus. Implicit in this definition is the consummation of a sale as of a specified date and the passing of title from seller to buyer under conditions whereby:

- (1) Buyer and seller are typically motivated;
- (2) Both parties are well informed or well advised, and acting in what they consider their own best interests;
- (3) A reasonable time is allowed for exposure in the open market;
- (4) Payment is made in terms of cash in U.S. dollars or in terms of financial arrangements

- comparable thereto; and
- (5) The price represents the normal consideration for the property sold unaffected by special or creative financing or sales concessions granted by anyone associated with the sale.<sup>1</sup>

**Property Rights Appraised:**

Fee Simple Estate: absolute ownership unencumbered by any other interest or estate, subject only to the limitations imposed by the governmental powers of taxation, eminent domain, police power, and escheat.<sup>2</sup>

**Scope of Work:**

The individuals involved in the preparation of this appraisal included Eric Segal, Appraiser, and Joseph Mulholland, Research Analyst. Mr. Mulholland inspected the subject property; collected and confirmed data related to the subject, comparables and the neighborhood/ market area; analyzed market data; and prepared a draft report with preliminary estimates of value. Mr. Segal also inspected the subject property, provided professional input, reviewed the draft report and made necessary revisions. In preparing this appraisal, the appraisers:

- researched the legal and physical attributes of the subject property including: a physical inspection of the property was completed and serves as the basis for the site description contained in this report; the sales history was verified by consulting public records (Realquest.com); zoning and entitlement information was obtained from the Rocklin Planning Department; the subject's earthquake zone, flood zone and utilities were verified with applicable public agencies; property tax information for the current tax year was obtained from the Placer County Treasurer-Tax Collector's Office;
- researched market data and neighborhood characteristics;
- performed a highest and best use analysis;
- gathered information on comparable properties;
- confirmed comparable transactions;
- In the valuation of the subject lots, we utilized the sales comparison approach, in which we adjusted the prices of comparable transactions in the region based on differences between the comparables and subject.
- Our analysis excluded a typical income capitalization approach, since the subject property largely represents vacant land with limited extended income potential. However, the land residual analysis is the subdivision equivalent of the income capitalization approach.

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<sup>1</sup> Code of Federal Regulations, Title 12, Section 34.42 (55 Federal Register 34696, Aug. 24, 1990; as amended at 57 Federal Register 12202, Apr. 9, 1992; 59 Federal Register 29499, June 7, 1994).

<sup>2</sup> The Dictionary of Real Estate Appraisal, 5<sup>th</sup> ed. (Chicago: Appraisal Institute, 2010), 78.



## **EXTRAORDINARY ASSUMPTIONS AND HYPOTHETICAL CONDITIONS**

It is noted the use of an extraordinary assumption or hypothetical condition may have affected the results of the appraisal.

### **Extraordinary Assumptions**

(None)

### **Hypothetical Conditions**

1. The market value estimated herein is based on a *hypothetical condition*. USPAP defines a hypothetical condition as “a condition, directly related to a specific assignment, which is contrary to what is known by the appraiser to exist on the effective date of the assignment results, but is used for the purpose of the analysis.” Proceeds from the Bonds will be used to finance certain impact fees. The market value estimated herein is based on the hypothetical condition such impact fees are paid.

## GENERAL ASSUMPTIONS AND LIMITING CONDITIONS

This appraisal report is subject to the following general assumptions and limiting conditions:

1. No responsibility is assumed for the legal description provided or for matters pertaining to legal or title considerations. Title to the property is assumed to be good and marketable unless otherwise stated.
2. No responsibility is assumed for matters of law or legal interpretation.
3. The property is appraised free and clear of any or all liens or encumbrances unless otherwise stated.
4. The information and data furnished by others in preparation of this report has been reasonably evaluated by Seevers • Jordan • Ziegenmeyer as to content and source and has reasonably been determined to be accurate and reliable, but no warranty is given for its accuracy.
5. It is assumed that there are no hidden or unapparent conditions of the property, subsoil, or structures that render it more or less valuable. No responsibility is assumed for such conditions or for obtaining the engineering studies that may be required to discover them.
6. It is assumed that the property is in full compliance with all applicable federal, state, and local environmental regulations and laws unless the lack of compliance is stated, described, and considered in the appraisal report.
7. It is assumed that the property conforms to all applicable zoning and use regulations and restrictions unless nonconformity has been identified, described and considered in the appraisal report.
8. It is assumed that all required licenses, certificates of occupancy, consents, and other legislative or administrative authority from any local, state, or national government or private entity or organization have been or can be obtained or renewed for any use which is specified in the appraisal report as a use on which the value estimate contained in this report is based.
9. It is assumed that the use of the land and improvements is confined within the boundaries or property lines of the property described and that there is no encroachment or trespass unless noted in the report.
10. Unless otherwise stated in this report, the existence of hazardous materials, which may or may not be present on the property, was not observed by the appraiser. The appraiser has no knowledge of the existence of such materials on or in the property. The appraiser, however, is not qualified to detect such substances. The presence of substances such as asbestos, urea-formaldehyde foam insulation and other potentially hazardous materials may affect the value of the property. The value estimated is predicated on the assumption that there is no such material on or in the property that would cause a loss in value. No responsibility is assumed for such conditions or for any expertise or engineering knowledge required to discover them. The intended user of this report is urged to retain an expert in this field, if desired.

11. The Americans with Disabilities Act (ADA) became effective January 26, 1992. I (we) have not made a specific survey or analysis of this property to determine whether the physical aspects of the improvements meet the ADA accessibility guidelines. Since compliance matches each owner's financial ability with the cost-to cure the property's potential physical characteristics, the real estate appraiser cannot comment on compliance with ADA. A brief summary of the subject's physical aspects is included in this report. It in no way suggests ADA compliance by the current owner. Given that compliance can change with each owner's financial ability to cure non-accessibility, the value of the subject does not consider possible non-compliance. Specific study of both the owner's financial ability and the cost-to-cure any deficiencies would be needed for the Department of Justice to determine compliance.
12. The appraisal is to be considered in its entirety and use of only a portion thereof will render the appraisal invalid.
13. This report may not be relied upon by anyone other than the client without the previous written consent of Seevers • Jordan • Ziegenmeyer.
14. Neither all nor any part of the contents of this report (especially any conclusions as to value, the identity of the appraiser, or the firm with which the appraiser is connected) shall be disseminated to the public through advertising, public relations, news, sales, or any other media without the prior written consent and approval of Seevers • Jordan • Ziegenmeyer. Seevers • Jordan • Ziegenmeyer authorizes reproduction of this document in the Official Statement for bond financing purposes.
15. The liability of Seevers • Jordan • Ziegenmeyer and its employees/subcontractors for errors/omissions, if any, in this work is limited to the amount of its compensation for the work performed in this assignment.
16. Acceptance and/or use of the appraisal report constitute acceptance of all assumptions and limiting conditions stated in this General Assumptions and Limiting Conditions.
17. An inspection of the subject property revealed no apparent adverse easements, encroachments or other conditions, which currently impact the subject. However, the exact locations of typical roadway and utility easements, or any additional easements, which would be referenced in a preliminary title report, were not provided to the appraiser. The appraiser is not a surveyor nor qualified to determine the exact location of easements. It is assumed typical easements do not have an impact on the opinion(s) of value as provided in this report. If, at some future date, these easements are determined to have a detrimental impact on value, the appraiser reserves the right to amend the opinion(s) of value.
18. This appraisal report is prepared for the exclusive use of the appraiser's client. No third parties are authorized to rely upon this report without the express consent of the appraiser.
19. The appraiser is not qualified to determine the existence of mold, the cause of mold, the type of mold or whether mold might pose any risk to the property or its inhabitants. Additional inspection by a qualified professional is recommended.

## CERTIFICATION STATEMENT

I certify that, to the best of my knowledge and belief:

- The statements of fact contained in this report are true and correct.
- The reported analyses, opinions, and conclusions are limited only by the reported assumptions and limiting conditions and are my personal, impartial, and unbiased professional analyses, opinions, and conclusions.
- I have no present or prospective interest in the property that is the subject of this report and no personal interest with respect to the parties involved.
- I have no bias with respect to the property that is the subject of this report or to the parties involved with this assignment.
- I have performed no services, as an appraiser or in any other capacity, regarding the property that is the subject of this report within the three-year period immediately preceding acceptance of this assignment.
- My engagement in this assignment was not contingent upon developing or reporting predetermined results.
- My compensation for completing this assignment is not contingent upon the development or reporting of a predetermined value or direction in value that favors the cause of the client, the amount of the value opinion, the attainment of a stipulated result, or the occurrence of a subsequent event directly related to the intended use of this appraisal.
- My analyses, opinions, and conclusions were developed, and this report has been prepared, in conformity with the Uniform Standards of Professional Appraisal Practice.
- The reported analyses, opinions, and conclusions were developed, and this report has been prepared, in conformity with the Code of Professional Ethics and Standards of Professional Appraisal Practice of the Appraisal Institute.
- The use of this report is subject to the requirements of the Appraisal Institute relating to review by its duly authorized representatives.
- I have made a personal inspection of the property that is the subject of this report.
- Joseph Mulholland, Research Analyst, provided significant real property appraisal assistance to the person signing this certification.
- I certify that my State of California general real estate appraiser license has never been revoked, suspended, cancelled, or restricted.
- I have the knowledge and experience to complete this appraisal assignment and have appraised similar properties in the past. Please see the Qualifications of Appraiser portion of the Addenda to this report for additional information.
- As of the date of this report, I have completed the Standards and Ethics Education Requirement of the Appraisal Institute for Associate Members.



ERIC A. SEGAL, APPRAISER

State Certification No.: AG026558 (February 18, 2015)

March 5, 2014

DATE

# Appraisal Report

## Stanford Ranch Parcel 69

APN: 017-081-069

Rocklin, CA 95765



*California Statewide Communities Development  
Authority Assessment District No. 14-01*

**Date of Report:** February 25, 2014

**Prepared For:**

Mr. Scott Carper  
Program Manager  
California Statewide Communities  
Development Authority  
2999 Oak Road, Suite 710  
Walnut Creek, California 94597

**Prepared By:**

Eric Segal, Appraiser



Seevers  
Jordan  
Ziegenmeyer

Real Estate Appraisal & Consultation



February 25, 2014

Mr. Scott Carper  
Program Manager  
California Statewide Communities  
Development Authority  
2999 Oak Road, Suite 710  
Walnut Creek, California 94597

Re: Stanford Ranch Parcel 69  
APN: 017-081-069  
Rocklin, CA 95765

Mr. Carper:

At your request and authorization, Seevers • Jordan • Ziegenmeyer has prepared an Appraisal Report pertaining to the above referenced property. This report is written in conformance with the requirements set forth under Standards Rule 2-2(a) of the 2014-15 edition of the Uniform Standards of Professional Appraisal Practice (USPAP).

The subject property is a planned 92 unit project currently identified as Stanford Ranch Parcel 69, located west of Wildcat Boulevard, north of W. Stanford Ranch Road, within the city of Rocklin, Placer County, California. Three of the lots are improved with partially complete homes (under construction), while the remaining lots are finished with backbone infrastructure and in-tract improvements being completed; however, no contributory value will be assigned to the partially completed homes. The typical lot size is estimated at 7,000 square feet. The property is owned by John Mourier Construction, Inc. (doing business as JMC Homes), which is hereinafter referred to as the "Developer." The subject is more fully described within the attached report.

The market value estimated herein is based on a *hypothetical condition*. USPAP defines a hypothetical condition as "a condition, directly related to a specific assignment, which is contrary to what is known by the appraiser to exist on the effective date of the assignment results, but is used for the purpose of the analysis." Proceeds from the Bonds will be used to finance certain impact fees. The market value estimated herein is based on the hypothetical condition such impact fees are paid.

As a result of our analysis, it is our opinion the market value, in accordance with the extraordinary assumptions, hypothetical conditions, general assumptions and limiting conditions set forth within this report, and based on an effective date of value of January 27, 2014, which was our date of inspection, is not less than...

**THIRTEEN MILLION EIGHT HUNDRED THOUSAND DOLLARS**  
**\$13,800,000**

Mr. Scott Carper  
February 25, 2014  
Page 2

We hereby certify the property has been inspected and we have impartially considered all data collected in the investigation. Further, we have no past, present or anticipated future interest in the property.

The estimate of market value provided assumes a transfer would reflect a cash transaction or terms considered to be equivalent to cash. The estimate is also premised on an assumed sale after reasonable exposure in a competitive market under all conditions requisite to a fair sale, with buyer and seller each acting prudently, knowledgeably, for their own self interest and assuming neither is under duress. The estimate of market value accounts for the impact of the Assessment Lien securing the Bonds.

The subject property does not have any significant natural, cultural, recreational or scientific value. The appraiser certifies this appraisal assignment was not based on a requested minimum valuation, a specific valuation or the approval of a loan.

This letter must remain attached to the report, which contains 64 pages, plus related exhibits and Addenda, in order for the value opinion(s) contained herein to be considered valid.

This appraisal has been performed in accordance with the requirements of the Uniform Standards of Professional Appraisal Practice (USPAP) and the Code of Professional Ethics and Standards of Professional Appraisal Practice of the Appraisal Institute.

Thank you for the opportunity to work with you on this assignment.

Sincerely,



Eric A. Segal, Appraiser  
State Certification No.: AG026558  
Expires: February 18, 2015

/mlm

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## SUMMARY OF IMPORTANT FACTS AND CONCLUSIONS

<b>Property:</b>	Stanford Ranch Parcel 69, consisting of 20.5± acres with final map approval for 92 single-family lots
<b>Location:</b>	West of Wildcat Boulevard, north of W. Stanford Ranch Road, within the city of Rocklin, Placer County, CA 95765
<b>Census Tract Number:</b>	210.40/2
<b>Land Area:</b>	20.5± acres
<b>Assessor Parcel Number:</b>	017-081-069

The subject property was recently assigned its Assessor parcel number, and was previously identified as three parcel numbers (APN 017-081-014, 017-081-037, and 017-171-008). The current year's taxes were paid under the previous parcel numbers. This will be discussed in more detail within the *Taxes section* of this report. Furthermore, individual Assessor parcel numbers will be assigned to each lot upon recordation of the final subdivision map.

**Owner(s) of Record:** John Mourier Construction, Inc. (d/b/a JMC Homes)

**Zoning and Entitlements:** Zoning  
PD-6 – Planned Development with a maximum density of six units per acre

General Plan  
MDR – Medium Density Residential

The subject was rezoned on December 27, 2012 (effective date). The subject's previous zoning was Planned Development Business Park/Commercial/Light Industrial (PD-BP/C/LI), and its previous General Plan designation was Business Park/Commercial/Light Industrial (BP/Comm/LI). On the same date, a tentative subdivision map for 92 single-family lots of the Parcel 69 project, and a Mitigated Negative Declaration, was approved.

In total, the subject property contains approximately 20.5± acres, which includes 92 planned single-family residential lots.

Site improvement plans have been submitted by the Developer and the final map was approved in October 2013.

Further, the subject is not required to construct onsite affordable housing. However, like other projects in Rocklin, the

subject is encumbered by an in-lieu affordable housing fee that is paid at building permit, along with other fees.

**Flood Zoning:** Zone X – Areas determined to be outside 500-year floodplain, as well as the 1% and 0.2% annual chance floodplains; FIRM Community Panel Number 060239-0413F, dated June 8, 1998.

**Lot Sizing:** The subject lots are planned to range from 6,000± to 16,903± square feet, with an average lot size of 7,487± square feet. We estimate a typical lot size of 7,000± square feet for the subject. A copy of the final subdivision map is appended to this report.

**Highest and Best Use:** Single-family residential development

**Date of Inspection:** January 27, 2014

**Effective Date of Value:** January 27, 2014

**Date of Report:** February 25, 2014

**Exposure Time:** Exposure time is the period a property interest would have been offered on the market prior to the hypothetical consummation of a sale at market value on the effective date of the appraisal. For a complete definition of exposure time, please reference the *Glossary of Terms* in the Addenda. In attempting to estimate a reasonable exposure time for the subject property, we looked at both the historical exposure ties of a number of sales, as well as current economic conditions. With competitive pricing, transfers of similar properties in the region were typically occurring within 6 to 12 months of exposure. At the concluded value and as of the date of value, it is estimated that the transfer of the subject property would have occurred within **12 months** of initial exposure.

**Conclusion of Market Value,  
Subject to a Hypothetical  
Condition:** **\$13,800,000**

The market value estimated herein is based on a *hypothetical condition*. USPAP defines a hypothetical condition as “a condition, directly related to a specific assignment, which is contrary to what is known by the appraiser to exist on the effective date of the assignment results, but is used for the purpose of the analysis.” Proceeds from the Bonds will be used to finance certain impact fees. The market value estimated herein is based on the hypothetical condition such impact fees are paid.

## APPRAISAL ASSIGNMENT CONDITIONS

<b>Client:</b>	California Statewide Community Development Authority
<b>Intended User:</b>	California Statewide Community Development Authority
<b>Intended Use:</b>	This report is intended to be used for bond underwriting purposes.
<b>Report Format:</b>	This document is an Appraisal Report, intended to comply with the reporting requirements set forth under Standards Rule 2-2(a) of the 2014-15 edition of the Uniform Standards of Professional Appraisal Practice (USPAP).
<b>Date of Inspection:</b>	January 27, 2014
<b>Effective Date of Value:</b>	January 27, 2014
<b>Date of Report:</b>	February 25, 2014
<b>Type and Definition of Value:</b>	The purpose of this appraisal is to estimate the market value of the appraised property, subject to a hypothetical condition, as of January 27, 2014.

The market value estimated herein is based on a *hypothetical condition*. USPAP defines a hypothetical condition as “a condition, directly related to a specific assignment, which is contrary to what is known by the appraiser to exist on the effective date of the assignment results, but is used for the purpose of the analysis.” Proceeds from the Bonds will be used to finance certain impact fees. The market value estimated herein is based on the hypothetical condition such impact fees are paid.

Market Value: The most probable price which a property should bring in a competitive and open market under all conditions requisite to a fair sale, the buyer and seller each acting prudently and knowledgeably, and assuming the price is not affected by undue stimulus. Implicit in this definition is the consummation of a sale as of a specified date and the passing of title from seller to buyer under conditions whereby:

- (1) Buyer and seller are typically motivated;
- (2) Both parties are well informed or well advised, and acting in what they consider their own best interests;
- (3) A reasonable time is allowed for exposure in the open market;
- (4) Payment is made in terms of cash in U.S. dollars or in terms of financial arrangements

- comparable thereto; and
- (5) The price represents the normal consideration for the property sold unaffected by special or creative financing or sales concessions granted by anyone associated with the sale.<sup>1</sup>

**Property Rights Appraised:**

Fee Simple Estate: absolute ownership unencumbered by any other interest or estate, subject only to the limitations imposed by the governmental powers of taxation, eminent domain, police power, and escheat.<sup>2</sup>

**Scope of Work:**

The individuals involved in the preparation of this appraisal included Eric Segal, Appraiser, and Joseph Mulholland, Research Analyst. Mr. Mulholland inspected the subject property; collected and confirmed data related to the subject, comparables and the neighborhood/ market area; analyzed market data; and prepared a draft report with preliminary estimates of value. Mr. Segal also inspected the subject property, provided professional input, reviewed the draft report and made necessary revisions. In preparing this appraisal, the appraisers:

- researched the legal and physical attributes of the subject property including: a physical inspection of the property was completed and serves as the basis for the site description contained in this report; the sales history was verified by consulting public records (Realquest.com); zoning and entitlement information was obtained from the Rocklin Planning Department; the subject's earthquake zone, flood zone and utilities were verified with applicable public agencies; property tax information for the current tax year was obtained from the Placer County Treasurer-Tax Collector's Office;
- researched market data and neighborhood characteristics;
- performed a highest and best use analysis;
- gathered information on comparable properties;
- confirmed comparable transactions;
- In the valuation of the subject lots, we utilized the sales comparison approach, in which we adjusted the prices of comparable transactions in the region based on differences between the comparables and subject.
- Our analysis excluded a typical income capitalization approach, since the subject property largely represents vacant land with limited extended income potential. However, the land residual analysis is the subdivision equivalent of the income capitalization approach.

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<sup>1</sup> Code of Federal Regulations, Title 12, Section 34.42 (55 Federal Register 34696, Aug. 24, 1990; as amended at 57 Federal Register 12202, Apr. 9, 1992; 59 Federal Register 29499, June 7, 1994).

<sup>2</sup> The Dictionary of Real Estate Appraisal, 5<sup>th</sup> ed. (Chicago: Appraisal Institute, 2010), 78.

## **EXTRAORDINARY ASSUMPTIONS AND HYPOTHETICAL CONDITIONS**

It is noted the use of an extraordinary assumption or hypothetical condition may have affected the results of the appraisal.

### **Extraordinary Assumptions**

(None)

### **Hypothetical Conditions**

1. The market value estimated herein is based on a *hypothetical condition*. USPAP defines a hypothetical condition as “a condition, directly related to a specific assignment, which is contrary to what is known by the appraiser to exist on the effective date of the assignment results, but is used for the purpose of the analysis.” Proceeds from the Bonds will be used to finance certain impact fees. The market value estimated herein is based on the hypothetical condition such impact fees are paid.

## GENERAL ASSUMPTIONS AND LIMITING CONDITIONS

This appraisal report is subject to the following general assumptions and limiting conditions:

1. No responsibility is assumed for the legal description provided or for matters pertaining to legal or title considerations. Title to the property is assumed to be good and marketable unless otherwise stated.
2. No responsibility is assumed for matters of law or legal interpretation.
3. The property is appraised free and clear of any or all liens or encumbrances unless otherwise stated.
4. The information and data furnished by others in preparation of this report has been reasonably evaluated by Seevers • Jordan • Ziegenmeyer as to content and source and has reasonably been determined to be accurate and reliable, but no warranty is given for its accuracy.
5. It is assumed that there are no hidden or unapparent conditions of the property, subsoil, or structures that render it more or less valuable. No responsibility is assumed for such conditions or for obtaining the engineering studies that may be required to discover them.
6. It is assumed that the property is in full compliance with all applicable federal, state, and local environmental regulations and laws unless the lack of compliance is stated, described, and considered in the appraisal report.
7. It is assumed that the property conforms to all applicable zoning and use regulations and restrictions unless nonconformity has been identified, described and considered in the appraisal report.
8. It is assumed that all required licenses, certificates of occupancy, consents, and other legislative or administrative authority from any local, state, or national government or private entity or organization have been or can be obtained or renewed for any use which is specified in the appraisal report as a use on which the value estimate contained in this report is based.
9. It is assumed that the use of the land and improvements is confined within the boundaries or property lines of the property described and that there is no encroachment or trespass unless noted in the report.
10. Unless otherwise stated in this report, the existence of hazardous materials, which may or may not be present on the property, was not observed by the appraiser. The appraiser has no knowledge of the existence of such materials on or in the property. The appraiser, however, is not qualified to detect such substances. The presence of substances such as asbestos, urea-formaldehyde foam insulation and other potentially hazardous materials may affect the value of the property. The value estimated is predicated on the assumption that there is no such material on or in the property that would cause a loss in value. No responsibility is assumed for such conditions or for any expertise or engineering knowledge required to discover them. The intended user of this report is urged to retain an expert in this field, if desired.

11. The Americans with Disabilities Act (ADA) became effective January 26, 1992. I (we) have not made a specific survey or analysis of this property to determine whether the physical aspects of the improvements meet the ADA accessibility guidelines. Since compliance matches each owner's financial ability with the cost-to cure the property's potential physical characteristics, the real estate appraiser cannot comment on compliance with ADA. A brief summary of the subject's physical aspects is included in this report. It in no way suggests ADA compliance by the current owner. Given that compliance can change with each owner's financial ability to cure non-accessibility, the value of the subject does not consider possible non-compliance. Specific study of both the owner's financial ability and the cost-to-cure any deficiencies would be needed for the Department of Justice to determine compliance.
12. The appraisal is to be considered in its entirety and use of only a portion thereof will render the appraisal invalid.
13. This report may not be relied upon by anyone other than the client without the previous written consent of Seevers • Jordan • Ziegenmeyer.
14. Neither all nor any part of the contents of this report (especially any conclusions as to value, the identity of the appraiser, or the firm with which the appraiser is connected) shall be disseminated to the public through advertising, public relations, news, sales, or any other media without the prior written consent and approval of Seevers • Jordan • Ziegenmeyer. Seevers • Jordan • Ziegenmeyer authorizes reproduction of this document in the Official Statement for bond financing purposes.
15. The liability of Seevers • Jordan • Ziegenmeyer and its employees/subcontractors for errors/omissions, if any, in this work is limited to the amount of its compensation for the work performed in this assignment.
16. Acceptance and/or use of the appraisal report constitute acceptance of all assumptions and limiting conditions stated in this General Assumptions and Limiting Conditions.
17. An inspection of the subject property revealed no apparent adverse easements, encroachments or other conditions, which currently impact the subject. However, the exact locations of typical roadway and utility easements, or any additional easements, which would be referenced in a preliminary title report, were not provided to the appraiser. The appraiser is not a surveyor nor qualified to determine the exact location of easements. It is assumed typical easements do not have an impact on the opinion(s) of value as provided in this report. If, at some future date, these easements are determined to have a detrimental impact on value, the appraiser reserves the right to amend the opinion(s) of value.
18. This appraisal report is prepared for the exclusive use of the appraiser's client. No third parties are authorized to rely upon this report without the express consent of the appraiser.
19. The appraiser is not qualified to determine the existence of mold, the cause of mold, the type of mold or whether mold might pose any risk to the property or its inhabitants. Additional inspection by a qualified professional is recommended.

## CERTIFICATION STATEMENT

I certify that, to the best of my knowledge and belief:

- The statements of fact contained in this report are true and correct.
- The reported analyses, opinions, and conclusions are limited only by the reported assumptions and limiting conditions and are my personal, impartial, and unbiased professional analyses, opinions, and conclusions.
- I have no present or prospective interest in the property that is the subject of this report and no personal interest with respect to the parties involved.
- I have no bias with respect to the property that is the subject of this report or to the parties involved with this assignment.
- I have performed no services, as an appraiser or in any other capacity, regarding the property that is the subject of this report within the three-year period immediately preceding acceptance of this assignment.
- My engagement in this assignment was not contingent upon developing or reporting predetermined results.
- My compensation for completing this assignment is not contingent upon the development or reporting of a predetermined value or direction in value that favors the cause of the client, the amount of the value opinion, the attainment of a stipulated result, or the occurrence of a subsequent event directly related to the intended use of this appraisal.
- My analyses, opinions, and conclusions were developed, and this report has been prepared, in conformity with the Uniform Standards of Professional Appraisal Practice.
- The reported analyses, opinions, and conclusions were developed, and this report has been prepared, in conformity with the Code of Professional Ethics and Standards of Professional Appraisal Practice of the Appraisal Institute.
- The use of this report is subject to the requirements of the Appraisal Institute relating to review by its duly authorized representatives.
- I have made a personal inspection of the property that is the subject of this report.
- Joseph Mulholland, Research Analyst, provided significant real property appraisal assistance to the person signing this certification.
- I certify that my State of California general real estate appraiser license has never been revoked, suspended, cancelled, or restricted.
- I have the knowledge and experience to complete this appraisal assignment and have appraised similar properties in the past. Please see the Qualifications of Appraiser portion of the Addenda to this report for additional information.
- As of the date of this report, I have completed the Standards and Ethics Education Requirement of the Appraisal Institute for Associate Members.



ERIC A. SEGAL, APPRAISER

State Certification No.: AG026558 (February 18, 2015)

February 25, 2014

DATE



# Appraisal Report

## Orchard Park (portion)

West side of Pillsbury Road, south of Woodward Avenue  
Manteca, CA 95337



*California Statewide Communities Development  
Authority Assessment District No. 14-01*

**Date of Report:** February 24, 2014

### Prepared For:

Mr. Scott Carper  
Program Manager  
California Statewide Communities  
Development Authority  
2033 North Main Street, Suite 700  
Walnut Creek, California 94596

### Prepared By:

Eric Segal, Appraiser  
Jarrod Hodgson, Appraiser



Seevers  
Jordan  
Ziegenmeyer

Real Estate Appraisal & Consultation



February 24, 2014

Mr. Scott Carper  
Program Manager  
California Statewide Communities  
Development Authority  
2033 North Main Street, Suite 700  
Walnut Creek, California 94596

Re: Orchard Park (portion)  
Manteca, CA 95337

Dar Mr. Carper:

At your request and authorization, Seevers • Jordan • Ziegenmeyer has prepared an Appraisal Report of the above-captioned real property located within California Statewide Communities Development Authority Assessment District No. 14-01 (the “District”). The financing (the “Bonds”) provided by the District will be used for certain capital improvements and impact fees. Payments of principal and interest on the Bonds will be paid by an Assessment Lien levied against the subject property.

The subject property is 89 partially finished lots that represent Phase 1 of the Orchard Park single-family residential project in the city of Manteca, San Joaquin County, California. As of the date of inspection, the site had been graded with interior streets paved and utilities extended, and home construction was underway. No homes have yet closed escrow to individual homebuyers. Site development for the subject property is approximately 80% complete. The property is owned by Meritage Homes of California Inc, which is hereinafter referred to as the “Developer” of the subject property.

The market value estimated herein is based on a *hypothetical condition*. USPAP defines a hypothetical condition as “a condition, directly related to a specific assignment, which is contrary to what is known by the appraiser to exist on the effective date of the assignment results, but is used for the purpose of the analysis.” Proceeds from the Bonds will be used to finance certain capital improvements and impact fees. The market value estimated herein is based on the hypothetical condition the said improvements and fee credits are in place and available.

As a result of our analysis, it is our opinion that the market value, in accordance with the extraordinary assumptions, hypothetical conditions, general assumptions and limiting conditions set

Mr. Scott Carper  
February 24, 2014  
Page 2

forth on pages 6 through 8 of this report, and based on an effective date of value of January 28, 2014, which was our date of inspection, *is not less than...*

**EIGHT MILLION TWO HUNDRED THIRTY THOUSAND DOLLARS**  
**\$8,230,000**

The estimate of value provided herein represents a not-less-than estimate, since no contributory value is assigned to partially completed homes and building permit fees paid.

The estimate of market value provided assumes a transfer would reflect a cash transaction or terms considered to be equivalent to cash. The estimate is also premised on an assumed sale after reasonable exposure in a competitive market under all conditions requisite to a fair sale, with buyer and seller each acting prudently, knowledgeably, for their own self interest and assuming neither is under duress. The estimate of market value accounts for the impact of the Assessment Lien securing the Bonds.

Note that in this report, the term “finished lot” means all site development is completed, final map has recorded, and all development fees due at final map have been paid. A finished lot does not include fees due at building permit, since these items are associated with home construction. The definition of finished lot utilized in this report is shared by market participants in the Northern California region.

We hereby certify the property has been inspected and have impartially considered all data collected in the investigation. Further, we have no past, present or anticipated future interest in the property.

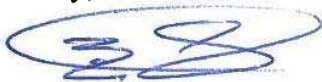
This letter must remain attached to the report, which contains 58 pages, plus related exhibits and Addenda, in order for the value opinions set forth herein to be considered valid.

The subject property does not have any significant natural, cultural, recreational or scientific value. The appraisers certify this appraisal assignment was not based on a requested minimum valuation, a specific valuation or the approval of a loan.

This appraisal has been performed in accordance with the requirements of USPAP and the Code of Professional Ethics and the Standards of Professional Practice of the Appraisal Institute. Additionally, this valuation is offered in accordance with the limiting conditions and assumptions set forth in this report.

Thank you for the opportunity to work with your office on this assignment.

Sincerely,



Eric A. Segal, Appraiser  
State Certification No.: AG026558  
Expires: February 18, 2015  
/jab



Jarrod E. Hodgson, Appraiser  
State Certification No.: AG040480  
Expiration Date: June 8, 2014

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## SUMMARY OF IMPORTANT FACTS AND CONCLUSIONS

- Property:** The subject property is 89 partially finished lots that represent Phase 1 of the Orchard Park single-family residential project, located within California Statewide Communities Development Authority Assessment District No. 14-01 (the “District”).
- Location:** The subject property is located along the west side of Pillsbury Road, approximately ¼ mile south of Woodward Avenue, within the city of Manteca, San Joaquin County, California 95337.
- Census Tract Number:** 51.06
- Assessor Parcel Number:** 226-240-01 through -63  
226-250-01 through -07; -09 through -27
- Final subdivision map has recorded and individual Assessor parcel numbers have been assigned to each lot.
- Owner(s) of Record:** Meritage Homes of California Inc. (the “Developer”)
- Zoning:** R1 – Single-Family Residential (Zoning)  
  
LDR – Low Density Residential (General Plan)  
  
The zoning and General Plan designations are consistent.
- Entitlements:** The subject received tentative map approval as part of the 275-lot Pillsbury Estates (prior project name) on December 22, 2009, and is represented by Vesting Tentative Map Tract No. 3512. The prior property owner processed development entitlements (including tentative map, General Plan Amendment, annexation into the City and an Environmental Impact Report). The final subdivision map for the subject property (Pillsbury Estates Unit 1, Tract No. 3512) recorded on March 7, 2013.
- The subject is not encumbered by a requirement to construct onsite affordable housing requirement.
- Flood Zoning:** Zone X – Areas determined to be outside 500-year floodplain and determined to be outside the 1% and 0.2% annual chance floodplains; FIRM Community Panel Number 060299-0640F, dated September 25, 2009.
- Lot Sizing:** The subject lots range in size from 7,356 to 15,177 square feet. There is no predominant lot size, but an approximate typical lot within the subject contains 9,000 square feet. The subject lots have a traditional, double-loaded street configuration (which will provide for front-yard driveways and fenced rear yards).

**Highest and Best Use:** Single-family residential development

**Exposure Time:** Exposure time is the period a property interest would have been offered on the market prior to the hypothetical consummation of a sale at market value on the effective date of the appraisal. For a complete definition of exposure time, please reference the *Glossary of Terms* in the Addenda. In attempting to estimate a reasonable exposure time for the subject property, we looked at both the historical exposure times of a number of sales, as well as current economic conditions. With competitive pricing, transfers of similar properties in the region were typically occurring within 6 to 12 months of exposure. At the concluded value and as of the date of value, it is estimated that the transfer of the subject property would have occurred within **12 months** of initial exposure.

**Conclusions of Not-Less-Than Value Subject to a Hypothetical Condition:** **\$8,230,000**

The market value estimated herein is based on a *hypothetical condition*. USPAP defines a hypothetical condition as “a condition, directly related to a specific assignment, which is contrary to what is known by the appraiser to exist on the effective date of the assignment results, but is used for the purpose of the analysis.” Proceeds from the Bonds will be used to finance certain capital improvements and impact fees. The market value estimated herein is based on the hypothetical condition the said improvements and fee credits are in place and available.

The value is subject to the extraordinary assumptions, hypothetical conditions, general assumptions and limiting conditions referenced on pages 6 through 8 of this report.

## APPRAISAL ASSIGNMENT CONDITIONS

<b>Client:</b>	California Statewide Communities Development Authority
<b>Intended User:</b>	California Statewide Communities Development Authority
<b>Intended Use:</b>	The intended use of the appraisal is for bond underwriting purposes.
<b>Report Format:</b>	This Appraisal Report has been prepared in accordance with Standards Rule 2-2(a) of the Uniform Standards of Professional Appraisal Practice (USPAP)
<b>Date of Inspection:</b>	January 28, 2014
<b>Effective Date of Value:</b>	January 28, 2014
<b>Date of Report:</b>	February 24, 2014
<b>Type and Definition of Value:</b>	The purpose this appraisal is to estimate the not-less-than market value of the subject property based on a hypothetical condition, as of the date of value, January 28, 2014. Market value is defined as follows:

Market Value: The most probable price which a property should bring in a competitive and open market under all conditions requisite to a fair sale, the buyer and seller each acting prudently and knowledgeably, and assuming the price is not affected by undue stimulus. Implicit in this definition is the consummation of a sale as of a specified date and the passing of title from seller to buyer under conditions whereby:

- (1) Buyer and seller are typically motivated;
- (2) Both parties are well informed or well advised, and acting in what they consider their own best interests;
- (3) A reasonable time is allowed for exposure in the open market;
- (4) Payment is made in terms of cash in U.S. dollars or in terms of financial arrangements comparable thereto; and
- (5) The price represents the normal consideration for the property sold unaffected by special or creative financing or sales concessions granted by anyone associated with the sale.<sup>1</sup>

The market value estimated herein is based on a *hypothetical condition*. USPAP defines a hypothetical condition as “a condition, directly related to a specific assignment, which is contrary to what

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<sup>1</sup> Code of Federal Regulations, Title 12, Section 34.42 (55 Federal Register 34696, Aug. 24, 1990; as amended at 57 Federal Register 12202, Apr. 9, 1992; 59 Federal Register 29499, June 7, 1994).

is known by the appraiser to exist on the effective date of the assignment results, but is used for the purpose of the analysis.” Proceeds from the Bonds will be used to finance certain capital improvements and impact fees. The market value estimated herein is based on the hypothetical condition the said improvements and fee credits are in place and available.

The estimate of value provided herein represents a not-less-than estimate, since no contributory value is assigned to partially completed homes and building permit fees paid.

Note that in this report, the term “finished lot” means all site development is completed, final map has recorded, and all development fees due at final map have been paid. A finished lot does not include fees due at building permit, since these items are associated with home construction. The definition of finished lot utilized in this report is shared by market participants in the Northern California region.

**Property Rights Appraised:**

Fee Simple Estate: absolute ownership unencumbered by any other interest or estate, subject only to the limitations imposed by the governmental powers of taxation, eminent domain, police power, and escheat.<sup>2</sup>

**Scope of Work:**

The individuals involved in the preparation of this appraisal included Eric Segal and Jarrod Hodgson, Appraisers. Mr. Hodgson inspected the subject property; collected and confirmed data related to the subject, comparables and the neighborhood/ market area; analyzed market data; and prepared a draft report with preliminary estimates of value. Mr. Segal inspected the subject, reviewed the draft report and made necessary revisions.

In preparing this appraisal, the appraisers:

- researched the legal and physical attributes of the subject property including: a physical inspection of the property was completed and serves as the basis for the site description contained in this report; the sales history was verified by consulting public records (Realquest.com); zoning and entitlement information was obtained from the City of Manteca Planning Department; the subject’s earthquake zone, flood zone and utilities were verified with applicable public agencies; property tax information for the current tax year was obtained from the San Joaquin County Treasurer-Tax Collector’s Office;
- analyzed and documented data relating to the subject’s neighborhood and surrounding market areas; this information was obtained through personal inspections of portions of the

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<sup>2</sup>The Dictionary of Real Estate Appraisal, 5<sup>th</sup> ed. (Chicago: Appraisal Institute, 2010), 78.



neighborhood and market areas, newspaper articles, real estate conferences and interviews with various market participants, including property owners, property managers, brokers, developers and local government agencies. We also relied on comparable information (sales, costs, permits and fees) that we had retained in our appraisal files and which may have resulted from prior interviews with market participants;

- performed a highest and best use analysis as though vacant based on the four standard tests (legal permissibility, physical possibility, financial feasibility and maximum productivity). As will be shown in the *Highest and Best Use Analysis* section, the highest and best use of the subject property is (1) completion of construction of the partially completed homes for the near term sale to individuals and (2) near term development of the vacant single-family lots with single-family residential homes (production homes).
- gathered information on comparable properties;
- confirmed comparable transactions;
- In the valuation of the subject lots, we utilized the sales comparison approach and extraction analysis. In the sales comparison approach, we adjusted the prices of comparables in the region based on differences between the subject and comparables, and reconciled the prices of the comparable data into an opinion of value. As support for the sales comparison approach, we utilized an extraction analysis, where home construction and remaining site development costs were deducted from an estimate of current home price to determine the underlying land value.
- Our analysis excluded a typical income capitalization approach, since the subject property represents vacant land with limited extended income potential. As noted, however, we did utilize an extraction analysis, where home construction costs were taken into account.

## **EXTRAORDINARY ASSUMPTIONS AND HYPOTHETICAL CONDITIONS**

It is noted the use of an extraordinary assumption or hypothetical condition may have affected the results of the appraisal.

### **Extraordinary Assumptions**

None

### **Hypothetical Conditions**

1. The market value estimated herein is based on a hypothetical condition. USPAP defines a hypothetical condition as “a condition, directly related to a specific assignment, which is contrary to what is known by the appraiser to exist on the effective date of the assignment results, but is used for the purpose of the analysis.” Proceeds from the Bonds will be used to finance certain capital improvements and impact fees. The market value estimated herein is based on the hypothetical condition the said improvements and fee credits are in place and available.

## GENERAL ASSUMPTIONS AND LIMITING CONDITIONS

This appraisal report is subject to the following general assumptions and limiting conditions:

1. No responsibility is assumed for the legal description provided or for matters pertaining to legal or title considerations. Title to the property is assumed to be good and marketable unless otherwise stated.
2. No responsibility is assumed for matters of law or legal interpretation.
3. The property is appraised free and clear of any or all liens or encumbrances unless otherwise stated.
4. The information and data furnished by others in preparation of this report is believed to be reliable, but no warranty is given for its accuracy.
5. It is assumed there are no hidden or unapparent conditions of the property, subsoil, or structures that render it more or less valuable. No responsibility is assumed for such conditions or for obtaining the engineering studies that may be required to discover them.
6. It is assumed the property is in full compliance with all applicable federal, state, and local environmental regulations and laws unless the lack of compliance is stated, described, and considered in the appraisal report.
7. It is assumed the property conforms to all applicable zoning and use regulations and restrictions unless nonconformity has been identified, described and considered in the appraisal report.
8. It is assumed all required licenses, certificates of occupancy, consents, and other legislative or administrative authority from any local, state, or national government or private entity or organization have been or can be obtained or renewed for any use on which the value estimate contained in this report is based.
9. It is assumed the use of the land and improvements is confined within the boundaries or property lines of the property described and there is no encroachment or trespass unless noted in the report.
10. Unless otherwise stated in this report, the existence of hazardous materials, which may or may not be present on the property, was not observed by the appraiser. The appraiser has no knowledge of the existence of such materials on or in the property. The appraiser, however, is not qualified to detect such substances. The presence of substances such as asbestos, urea-formaldehyde foam insulation and other potentially hazardous materials may affect the value of the property. The value estimated is predicated on the assumption there is no such material on or in the property that would cause a loss in value. No responsibility is assumed for such conditions or for any expertise or engineering knowledge required to discover them. The intended user of this report is urged to retain an expert in this field, if desired.
11. The Americans with Disabilities Act (ADA) became effective January 26, 1992. I (we) have not made a specific survey or analysis of this property to determine whether the physical aspects of the improvements meet the ADA accessibility guidelines. Since compliance matches each owner's financial ability with the cost-to cure the property's potential physical characteristics, the real estate appraiser cannot comment on compliance with ADA. A brief summary of the subject's physical aspects is included in this report. It in no way suggests ADA compliance by

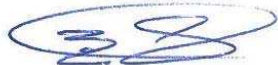
the current owner. Given that compliance can change with each owner's financial ability to cure non-accessibility, the value of the subject does not consider possible non-compliance. Specific study of both the owner's financial ability and the cost-to-cure any deficiencies would be needed for the Department of Justice to determine compliance.

12. The appraisal is to be considered in its entirety and use of only a portion thereof will render the appraisal invalid.
13. Possession of this report or a copy thereof does not carry with it the right of publication nor may it be used for any purpose by anyone other than the client without the previous written consent of Seevers • Jordan • Ziegenmeyer.
14. Neither all nor any part of the contents of this report (especially any conclusions as to value, the identity of the appraiser, or the firm with which the appraiser is connected) shall be disseminated to the public through advertising, public relations, news, sales, or any other media without the prior written consent and approval of Seevers • Jordan • Ziegenmeyer. Seevers • Jordan • Ziegenmeyer authorizes the reproduction of this document to aid in bond underwriting and in the issuance of bonds.
15. The liability of Seevers • Jordan • Ziegenmeyer and its employees/subcontractors for errors/omissions, if any, in this work is limited to the amount of its compensation for the work performed in this assignment.
16. Acceptance and/or use of the appraisal report constitutes acceptance of all assumptions and limiting conditions stated in this report.
17. An inspection of the subject property revealed no apparent adverse easements, encroachments or other conditions, which currently impact the subject. However, the exact locations of typical roadway and utility easements, or any additional easements, which would be referenced in a preliminary title report, were not provided to the appraiser. The appraiser is not a surveyor nor qualified to determine the exact location of easements. It is assumed typical easements do not have an impact on the opinion (s) of value as provided in this report. If, at some future date, these easements are determined to have a detrimental impact on value, the appraiser reserves the right to amend the opinion (s) of value.
18. This appraisal report is prepared for the exclusive use of the appraiser's client. No third parties are authorized to rely upon this report without the express consent of the appraiser.
19. The appraiser is not qualified to determine the existence of mold, the cause of mold, the type of mold or whether mold might pose any risk to the property or its inhabitants. Additional inspection by a qualified professional is recommended.

## CERTIFICATION STATEMENT

I certify that, to the best of my knowledge and belief:

- The statements of fact contained in this report are true and correct.
- The reported analyses, opinions, and conclusions are limited only by the reported assumptions and limiting conditions and are my personal, impartial, and unbiased professional analyses, opinions, and conclusions.
- I have no present or prospective interest in the property that is the subject of this report and no personal interest with respect to the parties involved.
- I have no bias with respect to the property that is the subject of this report or to the parties involved with this assignment.
- I have performed no services, as an appraiser or in any other capacity, regarding the property that is the subject of this report within the three-year period immediately preceding acceptance of this assignment.
- My engagement in this assignment was not contingent upon developing or reporting predetermined results.
- My compensation for completing this assignment is not contingent upon the development or reporting of a predetermined value or direction in value that favors the cause of the client, the amount of the value opinion, the attainment of a stipulated result, or the occurrence of a subsequent event directly related to the intended use of this appraisal.
- My analyses, opinions, and conclusions were developed, and this report has been prepared, in conformity with the Uniform Standards of Professional Appraisal Practice.
- The reported analyses, opinions, and conclusions were developed, and this report has been prepared, in conformity with the Code of Professional Ethics and Standards of Professional Appraisal Practice of the Appraisal Institute.
- The use of this report is subject to the requirements of the Appraisal Institute relating to review by its duly authorized representatives.
- I have made a personal inspection of the property that is the subject of this report.
- Jarrod Hodgson, Appraiser, provided significant real property appraisal assistance to the person signing this certification.
- I certify that my State of California general real estate appraiser license has never been revoked, suspended, cancelled, or restricted.
- I have the knowledge and experience to complete this appraisal assignment and have appraised similar properties in the past. Please see the Qualifications of Appraiser portion of the Addenda to this report for additional information.
- As of the date of this report, I have completed the Standards and Ethics Education Requirement of the Appraisal Institute for Associate Members.



ERIC A. SEGAL, APPRAISER

State Certification No.: AG026558 (February 18, 2015)

February 24, 2014

DATE

## CERTIFICATION STATEMENT

I certify that, to the best of my knowledge and belief:

- The statements of fact contained in this report are true and correct.
- The reported analyses, opinions, and conclusions are limited only by the reported assumptions and limiting conditions and are my personal, impartial, and unbiased professional analyses, opinions, and conclusions.
- I have no present or prospective interest in the property that is the subject of this report and no personal interest with respect to the parties involved.
- I have no bias with respect to the property that is the subject of this report or to the parties involved with this assignment.
- I have performed no services, as an appraiser or in any other capacity, regarding the property that is the subject of this report within the three-year period immediately preceding acceptance of this assignment.
- My engagement in this assignment was not contingent upon developing or reporting predetermined results.
- My compensation for completing this assignment is not contingent upon the development or reporting of a predetermined value or direction in value that favors the cause of the client, the amount of the value opinion, the attainment of a stipulated result, or the occurrence of a subsequent event directly related to the intended use of this appraisal.
- My analyses, opinions, and conclusions were developed, and this report has been prepared, in conformity with the Uniform Standards of Professional Appraisal Practice.
- The reported analyses, opinions, and conclusions were developed, and this report has been prepared, in conformity with the Code of Professional Ethics and Standards of Professional Appraisal Practice of the Appraisal Institute.
- The use of this report is subject to the requirements of the Appraisal Institute relating to review by its duly authorized representatives.
- I have made a personal inspection of the property that is the subject of this report.
- Eric Segal, Appraiser, reviewed this report.
- I certify that my State of California general real estate appraiser license has never been revoked, suspended, cancelled, or restricted.
- I have the knowledge and experience to complete this appraisal assignment and have appraised similar properties in the past. Please see the Qualifications of Appraiser portion of the Addenda to this report for additional information.
- As of the date of this report, I have completed the Standards and Ethics Education Requirement of the Appraisal Institute for Associate Members.



JARROD E. HODGSON, APPRAISER  
State Certification No.: AG040480 (June 8, 2014)

February 24, 2014

DATE





FOR ADDITIONAL BOOKS: [ELABRA.COM](http://ELABRA.COM) OR (888) 935-2272