



AGENDA

October 2, 2019

CITY COUNCIL CLOSED SESSION

5:00 p.m.

CITY COUNCIL MEETING

6:00 p.m.

Council Chambers
311 Vernon Street
Roseville, California
www.roseville.ca.us

THE CITY OF ROSEVILLE WELCOMES YOUR PARTICIPATION

If an agenda item is open to public comment, such public comment shall be addressed to the chair of the meeting.

Public Comment - Speakers have three minutes under Public Comment to speak on issues that are not listed on the agenda and are within the City's jurisdiction. The Brown Act does not permit any action or discussion on items not listed on the agenda.

Consent Calendar - If applicable, the Consent Calendar consists of routine items that may be approved by one motion. Any person can remove an item from the Consent Calendar to be discussed separately.

Agenda Items - Speakers have five minutes to address items that are listed on the agenda.

Americans with Disabilities Act - Notify the City Clerk or Secretary at least 72 hours in advance if special assistance is required to participate in a meeting including the need of auxiliary aids or services.

Audio/Visual Presentations - If making a presentation regarding an agenda item, audio/visual materials must be submitted to the City Clerk or Secretary at least 72 hours in advance.

Roseville City Clerk 311 Vernon Street, Roseville, CA 916-774-5200 TDD 916-774-5220

CLOSED SESSION

5:00 p.m.

Threat to Public Services or Facilities

Pursuant to Government Code Section 54957

Consultation with Roseville Police Department, Police Chief Jim Maccoun

CONTACT: Robert Schmitt 916-774-5325 rschmitt@roseville.ca.us

1. **CALL TO ORDER**
2. **ROLL CALL**
3. **PLEDGE OF ALLEGIANCE**
4. **MEETING PROCEDURES**
5. **PRESENTATIONS**

5.1. Placer Mosquito and Vector Control District Presentation

CONTACT: Sonia Orozco 916-774-5263 sorozco@roseville.ca.us

6. **PUBLIC COMMENTS**

7. **CONSENT CALENDAR**

BEGINNING OF CONSENT CALENDAR

Bids / Purchases / Services

7.1. Emissions Gases and Chemicals (RFQ 10-3225) - Contract Purchase Agreement

Memo from Buyer Babette Owens and Chief Financial Officer Dennis Kauffman recommending the City Council adopt RESOLUTION NO. 19-427 APPROVING A CONTRACT PURCHASE AGREEMENT BETWEEN THE CITY OF ROSEVILLE AND MAGNEGAS WELDING SUPPLY WEST LLC, AND AUTHORIZING THE CITY MANAGER TO EXECUTE IT ON BEHALF OF THE CITY OF ROSEVILLE (3000041). Staff recommends City Council approve a contract purchase agreement with Magnegas Welding Supply West LLC for the supply and delivery of emissions gases & chemicals for the Roseville Energy Park. The initial contract award is \$50,000.00. Funding is included in the Roseville Electric Department's FY2019-20 budget. Staff requests authorization to renew without further Council approval.

CC #: 0323

File #: 0203-03

CONTACT: Babette Owens 916-774-5704 bowens@roseville.ca.us

7.2. Fuel and Lubricants (SACOG RFP 2018-0029) - Contract Purchase Agreement

Memo from Buyer Babette Owens and Chief Financial Officer Dennis Kauffman recommending the City Council adopt RESOLUTION NO. 19-433 APPROVING A CONTRACT PURCHASE AGREEMENT FOR FUELS AND LUBRICANTS (3000065). Staff recommends Council approve a contract purchase agreement with Hunt and Sons, Inc. for the supply and delivery of fuel and lubricants for the Fleet Services Division. The estimated annual cost is \$3,935,000.00 and funding is included in the Public Works Department's Fleet Services division FY2019-20 budget. Staff requests

authorization to renew the service agreement without further City Council approval.

CC #: 0331

File #: 0203-02

CONTACT: Babette Owens 916-774-5704 bowens@roseville.ca.us

7.3. 60kV Disconnect Switches (RFQ 10-3228) - Purchase Order

Memo from Buyer Babette Owens and Chief Financial Officer Dennis Kauffman recommending the City Council adopt RESOLUTION NO. 19-432 APPROVING A PURCHASE ORDER BETWEEN THE CITY OF ROSEVILLE AND ONESOURCE SUPPLY SOLUTIONS, AND AUTHORIZING THE CITY MANAGER TO EXECUTE IT ON BEHALF OF THE CITY OF ROSEVILLE. Staff request Council authorize purchase orders to Onesource Supply Solutions for the purchase of 60kV disconnect switches on an as-needed basis. The estimated annual cost is \$212,186.00. Funding is included in the Electric Department's FY2019-20 budget. Staff requests authorization to renew without further City Council approval, contingent upon budget approval each year.

CC #: 0330

File #: 0203-07-01

CONTACT: Babette Owens 916-774-5704 bowens@roseville.ca.us

7.4. Virtualization Software - Purchase Order Renewal

Memo from Information Technology Program Manager Matt Donaldson and Chief Information Officer Hong Sae recommending the City Council authorize a purchase order with vCloud Tech, Inc. to renew software subscription and maintenance support for VMWare server virtualization software. The total cost for this purchase order will not exceed \$52,048.50. Funds for license renewal are included in the Information Technology Department's FY2019-20 Internal Service Fund budget.

CC #: 0320

File #: 0203-06

CONTACT: Matt Donaldson 916-774-5405 mdonaldson@roseville.ca.us

Resolutions

7.5. Background Investigation Services - Professional Services Agreement Amendment

Memo from Administrative Analyst Shelly Bracco and Police Chief James Maccoun recommending the City Council adopt RESOLUTION NO. 19-420 APPROVING A SECOND AMENDMENT TO PROFESSIONAL SERVICES AGREEMENT, BY AND BETWEEN THE CITY OF ROSEVILLE AND MARK SUNDBERG DBA SUNDBERG IV INVESTIGATIONS, AND AUTHORIZING THE CITY MANAGER TO EXECUTE IT ON BEHALF OF THE CITY OF ROSEVILLE. The requested agreement is for additional background investigation services. The cost of the amendment is not to exceed \$250,000.00 in five years. Funding is available in the Police Department's FY2019-20 budget.

CC #: 0312

File #: 0600

CONTACT: Josh Simon 916-774-5059 jsimon@roseville.ca.us

7.6. Plan Checking and Inspection Services - Agreement Amendments

Memo from Administrative Analyst Brandy LeBeau and Development Services Director Mike Isom recommending the City Council adopt RESOLUTION NO. 19-435 APPROVING A FIRST AMENDMENT TO AGREEMENT FOR PLAN CHECKING AND INSPECTION SERVICES, BY AND BETWEEN THE CITY OF ROSEVILLE AND 4LEAF, INC., AND AUTHORIZING THE CITY MANAGER TO EXECUTE IT ON BEHALF OF THE CITY OF ROSEVILLE; and adopt RESOLUTION NO. 19-436 APPROVING A FIRST AMENDMENT TO AGREEMENT FOR PLAN CHECKING AND INSPECTION SERVICES, BY AND BETWEEN THE CITY OF ROSEVILLE AND BUREAU VERITAS NORTH AMERICA, INC., AND AUTHORIZING THE CITY MANAGER TO EXECUTE IT ON BEHALF OF THE CITY OF ROSEVILLE; and adopt RESOLUTION NO. 19-437 APPROVING A FIRST AMENDMENT TO AGREEMENT FOR PLAN CHECKING AND INSPECTION SERVICES, BY AND BETWEEN THE CITY OF ROSEVILLE AND CSG CONSULTANTS, INC., AND AUTHORIZING THE CITY MANAGER TO EXECUTE IT ON BEHALF OF THE CITY OF ROSEVILLE; and adopt RESOLUTION NO. 19-438 APPROVING A FIRST AMENDMENT TO AGREEMENT FOR PLAN CHECKING AND INSPECTION SERVICES, BY AND BETWEEN THE CITY OF ROSEVILLE AND INTERWEST CONSULTING GROUP, INC., AND AUTHORIZING THE CITY MANAGER TO EXECUTE IT ON BEHALF OF THE CITY OF ROSEVILLE. This item concerns first amendments to four (4) agreements for Plan Checking and Inspection Services with 4LEAF, Inc., Bureau Veritas North America, Inc., CSG Consultant Inc., and Interwest Consulting Group to extend the term through June 30, 2020. The consulting groups provide building plan review and inspection services for the Development Services Department. All costs associated with plan review and inspection are recovered in administrative and permit fees paid by applicants at the time services are rendered, resulting in no impact to the General Fund. Funding for the agreements is included in the Development Services Department's FY2019-20 annual budget.

CC #: 0333

File #: 0800-06

CONTACT: Brandy LeBeau 916-774-5278 blebeau@roseville.ca.us

7.7. Sierra Vista Substation Design Build Project - Notice of Completion

Memo from Senior Power Engineer Mitch Larkin and Environmental Utilities Director Richard Plecker recommending the City Council adopt RESOLUTION NO. 19-424 ACCEPTING THE PUBLIC WORK KNOWN AS SIERRA VISTA SUBSTATION DESIGN BUILD PROJECT, APPROVING THE "NOTICE OF COMPLETION", AND AUTHORIZING THE ELECTRIC UTILITY DIRECTOR TO EXECUTE SAID NOTICE ON BEHALF OF THE CITY OF ROSEVILLE. The Electric Department has made a final inspection

of the Sierra Vista Substation Design Build project and has found that all contract work has been completed in accordance to the plans and specifications. The project is now to receive the "Notice of Completion". The total contract amount of \$8,962,459.47 was paid from the Electric Department's Capital Improvement project budget.

CC #: 0317

File #: 0800-03

CONTACT: Mitch Larkin 916-746-1601 mlarkin@roseville.ca.us

7.8. Barton Road Water Treatment Plant Condition Assessment - Professional Services Agreement

Memo from Principal Engineer George Hanson and Environmental Utilities Director Richard Plecker recommending the City Council adopt RESOLUTION NO. 19-421 APPROVING A PROFESSIONAL SERVICES AGREEMENT, BY AND BETWEEN THE CITY OF ROSEVILLE AND CAROLLO ENGINEERS, INC., AND AUTHORIZING THE CITY MANAGER TO EXECUTE IT ON BEHALF OF THE CITY OF ROSEVILLE. This item requests approval of a professional services agreement to Carollo Engineers, Inc. in the amount of \$719,544.00 for the Barton Road Water Treatment Plant Condition Assessment. Funding for the project is from the Water Rehabilitation Fund which is funded by Water Utility rate revenue.

CC #: 0313

File #: 0800-02

CONTACT: George Hanson 916-746-1764 ghanson@roseville.ca.us

7.9. 400 Lincoln Street - Lease Agreement

Memo from Development Analyst Robert Cline and Economic Development Director Laura Matteoli recommending the City Council adopt RESOLUTION NO. 19-426 APPROVING A LEASE AGREEMENT, BY AND BETWEEN THE CITY OF ROSEVILLE AND THE ROSEVILLE FIRE MUSEUM AND AUTHORIZING THE CITY MANAGER TO EXECUTE IT ON BEHALF OF THE CITY OF ROSEVILLE. The City is leasing the property to the Roseville Fire Museum at 400 Lincoln Street on a long-term basis so they can make necessary renovations and repairs in order to operate a fire museum. Execution of the lease agreement would result in a positive fiscal impact of \$6,204.00 annually in rent. In addition to annual rent, the Roseville Fire Museum will pay to maintain the property and all utility costs.

CC #: 0322

File #: 0717

CONTACT: Robert Cline 916-746-1172 racline@roseville.ca.us

7.10. Creekview Community Facilities District No. 1 (Public Facilities) - Intent to Form

Memo from Administrative Analyst Jeannine Thrash and Chief Financial Officer Dennis Kauffman recommending the City Council adopt CITY COUNCIL OF THE CITY OF ROSEVILLE RESOLUTION NO. 19-422 A RESOLUTION OF INTENTION OF THE CITY COUNCIL OF THE CITY OF ROSEVILLE TO FORM A COMMUNITY FACILITIES DISTRICT, DESIGNATE AN

IMPROVEMENT AREA THEREIN, ESTABLISH A FUTURE ANNEXATION AREA, PROVIDE FOR ADDITIONAL FUTURE IMPROVEMENT AREAS THEREIN, AND TO AUTHORIZE THE LEVY OF A SPECIAL TAX THEREIN TO FINANCE PUBLIC FACILITIES AND PUBLIC SERVICES IN AND FOR SUCH COMMUNITY FACILITIES DISTRICT; and adopt CITY COUNCIL OF THE CITY OF ROSEVILLE RESOLUTION NO. 19-423 A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF ROSEVILLE OF INTENTION TO INCUR BONDED INDEBTEDNESS TO FINANCE THE ACQUISITION AND CONSTRUCTION OF CERTAIN PUBLIC FACILITIES IN AND FOR THE CITY OF ROSEVILLE CREEKVIEW COMMUNITY FACILITIES DISTRICT NO. 1 (PUBLIC FACILITIES) AND IMPROVEMENT AREAS THEREIN. The project is approximately 503.2 acres of property that has been approved for the development of 2,011 residential units, 9.2 commercial/business professional acreage, a school site, 16 acres for parks, roughly 138 acres of open space, and 39.8 acres of urban reserve. The landowner, Anthem United, has requested the City form a Community Facilities District (CFD) under the Mello-Roos Community Facilities Act of 1982 to provide funding for certain authorized public facilities within the property, as detailed in the List of Authorized Facilities and Services. The CFD will generate special taxes that will be paid by the property owners sufficient to pay the costs of the debt service, CFD administration, and any authorized pay-as-you-go facilities, as well as provide funding in the future for maintenance/replacement of constructed facilities. The issuance of bonds will not impact the City's General Fund.

CC #: 0314

File #: 0206-03-01

CONTACT: Jeannine Thrash 916-774-5473 jthrash@roseville.ca.us
Dennis Kauffman 916-774-5313 dkauffman@roseville.ca.us

7.11. Planning Commission - Meeting Time Change

Memo from City Clerk Technician Helen Dreyer and City Clerk Sonia Orozco recommending the City Council approve the start time change for the Planning Commission from 7:00 p.m. to 6:00 p.m. There is no cost associated with this request.

CC #: 0315

File #: 0103-07-02

CONTACT: Helen Dreyer 916-774-5356 hdreyer@roseville.ca.us

7.12. Mobility Management Grant Authorization

Memo from Financial Analyst Elizabeth Haydu and Public Works Director Jason Shykowski recommending the City Council adopt RESOLUTION NO. 19-431 AUTHORIZING THE CITY MANAGER TO SUBMIT SECTION 5310 GRANT APPLICATIONS FOR CERTAIN TRANSIT SERVICES AND TO EXECUTE THE RELATED GRANT APPLICATIONS, FORMS AND AGREEMENT. This item requests authorization for the City Manager or his designee to submit a new grant application to Caltrans for Federal Transit Administration 2019 Section 5310 funds to continue for two more years the South Placer Mobility Management Program which provides Enhanced Mobility

for Seniors and Individuals with Disabilities, with a grant amount up to \$160,000.00 and a local match of \$40,000.00 for a total cost of \$200,000, and to execute all related forms and agreements. Matching funds will be provided by state toll credits or Transportation Development Act funds from the Western Placer Consolidated Transportation Service Agency. No General Fund resources will be used.

CC #: 0327

File #: 0214 & 0721

CONTACT: Elizabeth Haydu 916-746-1302 ehaydu@roseville.ca.us

7.13. Street Closure Request - Family Fun Night - October 24, 2019

Memo from Parks, Recreation & Libraries Superintendent Jeff Nereson and Assistant City Manager Dion Louthan recommending the City Council adopt RESOLUTION NO. 19-425 APPROVING AN AGREEMENT BETWEEN THE CITY OF ROSEVILLE AND DOWNTOWN ROSEVILLE MERCHANTS, INC., AND AUTHORIZING THE CITY MANAGER TO EXECUTE IT ON BEHALF OF THE CITY OF ROSEVILLE. Staff requests the closure of the following streets between 2:30 p.m. – 9:00 p.m. for the Family Fun Night event on Thursday October 24, 2019: Vernon Street between Lincoln Street and Taylor Street; South Grant Street between Oak Street and Atlantic Street; and the option to close the ground level of the parking garage at 405 Vernon Street, only as necessary in the event of inclement weather. All costs associated with this event for City services will be reimbursed by the applicant.

CC #: 0318

File #: 0109-02

CONTACT: Jeff Nereson 916-774-5974 jnereson@roseville.ca.us

Ordinances (for introduction and adoption - appropriation/urgency measures)

7.14. ROSEVILLE FINANCE AUTHORITY/CITY COUNCIL - 2012 Electric System Revenue Refunding Certificates of Participation Third Supplement to Trust Agreement and Budget Adjustment

Memo from Financial Analyst Teri Quinlan and Chief Financial Officer Dennis Kauffman recommending the Roseville Finance Authority adopt ROSEVILLE FINANCE AUTHORITY RESOLUTION NO. 2-19 OF THE BOARD OF DIRECTORS OF THE ROSEVILLE FINANCE AUTHORITY AUTHORIZING THE EXECUTION OF A SUPPLEMENT TO TRUST AGREEMENT IN CONNECTION WITH ELECTRIC SYSTEM CERTIFICATES OF PARTICIPATION AND APPROVING RELATED DOCUMENTS AND OFFICIAL ACTIONS; and adopt RESOLUTION NO. 19-434 AUTHORIZING THE MODIFICATION OF TERMS OF REPAYMENT OF PRIOR OBLIGATIONS OF THE ELECTRIC SYSTEM CERTIFICATES OF PARTICIPATION AND APPROVING RELATED DOCUMENTS AND OFFICIAL ACTIONS; and adopt ORDINANCE NO. 6146 OF THE COUNCIL OF THE CITY OF ROSEVILLE AUTHORIZING CERTAIN AMENDMENTS TO THE FISCAL YEAR 2019-20 BUDGET AND

DECLARING THIS ORDINANCE TO BE IMMEDIATELY EFFECTIVE AS AN APPROPRIATION MEASURE. In October 2012, the City Council approved a 3.5-year Direct Purchase Agreement with US Bank regarding the \$90 million Electric Refunding Certificates of Participation Series 2012 bonds. The Direct Purchase Agreement renewed in 2016, is now set to terminate on November 1, 2019, and requires action to be taken. Staff and the City's municipal advisor reviewed various refunding options and concluded a renewal of the agreement, with a significant reduction in the balance with available cash, was the best option for Electric. The renewal of the direct purchase agreement for the Series 2012 bonds, with \$54 million remaining outstanding, will save Roseville Electric approximately \$1,280,000 per year. While the interest rate on the renewal is higher than the previous agreement, the debt service on the reduced amount of the direct purchase will be lower and can be absorbed in the FY2019-20 budget. The recommended budget adjustment will appropriate available resources to pay down the outstanding bonds, pay the interest rate swap termination payment, and pay the estimated costs of issuance.

CC #: 0332

File #: 0200 & 0201-01

CONTACT: Teri Quinlan 916-774-5479 tquinlan@roseville.ca.us
Dennis Kauffman 916-774-5313 dkauffman@roseville.ca.us

Ordinances (for second reading and adoption)

7.15. Second Reading of Ordinance - 2019 Speed Limit Ordinance

ORDINANCE NO. 6147 OF THE COUNCIL OF THE CITY OF ROSEVILLE AMENDING SECTION 11.28.010 OF CHAPTER 11.28 OF TITLE 11 OF THE ROSEVILLE MUNICIPAL CODE REGARDING SPEED LIMITS, for second reading and adoption.

CC #: 0336

File #: 0316-04

CONTACT: Jana Cervantes 916-774-5498 jcervantes@roseville.ca.us

Reports / Requests

7.16. League of California Cities Conference Resolutions 2019

Memo from Government Relations Administrator Mark Wolinski and Public Affairs & Communications Director Megan MacPherson recommending the City Council provide direction to the City's voting delegate regarding the City's positions on the League of California Cities resolutions being considered at its annual conference.

CC #: 0329

File #: 0102-12 & 0106

CONTACT: Mark Wolinski 916-774-5179 mwolinski@roseville.ca.us

Ceremonial Documents

7.17. Proclamation - Domestic Violence Awareness Month

Proclaim October 2019 as Domestic Violence Awareness Month and encourage all residents to work together to eliminate domestic violence by learning more about prevention and by showing support for the numerous organizations and individuals who provide advocacy, services, and assistance to victims.

CC #: 0321

File #: 0102-06

CONTACT: M. Bettencourt 916-774-5266 mbettencourt@roseville.ca.us

END OF CONSENT CALENDAR

8. RESOLUTIONS

8.1. Sierra Vista Specific Plan Westpark-Federico CFD No. 1 (Public Facilities) - Bond Issuance

Memo from Administrative Analyst Jeannine Thrash and Chief Financial Officer Dennis Kauffman recommending the City Council adopt RESOLUTION NO. 19-429 A RESOLUTION AUTHORIZING THE ISSUANCE OF SPECIAL TAX BONDS FOR AND ON BEHALF OF THE CITY OF ROSEVILLE SVSP WESTPARK- FEDERICO COMMUNITY FACILITIES DISTRICT NO. 1 (PUBLIC FACILITIES), APPROVING AND DIRECTING THE EXECUTION OF A FISCAL AGENT AGREEMENT, BOND PURCHASE AGREEMENT, AND ACQUISITION AGREEMENT, APPROVING THE FORM OF PRELIMINARY OFFICIAL STATEMENT, APPROVING SALE OF SUCH BONDS, AND APPROVING OTHER RELATED DOCUMENTS AND ACTIONS. This 2019 bond issuance is the first series of bonds being issued for the district and will be used to construct and acquire certain public facilities of benefit to the district, provide for a deposit to a debt service reserve account, provide capitalized interest for debt service, and pay costs of issuance of the 2019 series Bonds. The 2019 Bonds have a not-to-exceed principal amount of \$9,000,000.00 and the district has a total maximum principal amount not to exceed \$90,000,000. The property is anticipated to be developed over a number of phases, with multiple bond issuances. The initial boundary of the district consists of approximately 65 gross acres, anticipated to be built in five distinct neighborhoods for a total of 215 low-density and 110 medium-density residential units. The CFD will generate special taxes that will be paid by the property owners sufficient to pay the costs for the debt service, CFD administration, and any authorized pay-as-you-go facilities, as well as provide funding in the future for maintenance/replacement of constructed facilities. The issuance of bonds will not impact the City's General Fund.

CC #: 0325

File #: 0206-03-01

CONTACT: Jeannine Thrash 916-774-5473 jthrash@roseville.ca.us
Dennis Kauffman 916-774-5313 dkauffman@roseville.ca.us

9. SPECIAL REQUESTS/REPORTS/PRESENTATION

9.1. Request for Council Discretionary Funds - The Gathering Inn

Memo from Management Assistant Heather Blanco and City Clerk Sonia Orozco requesting the City Council consider a request for \$2,500.00 from Council Discretionary Funds for The Gathering Inn for a sponsorship of their *Gathering for Hope* event which uses the money raised during this event to serve the homeless in our community.

CC #: 0335

File #: 0102

CONTACT: Heather Blanco 916-746-1171 hblanco@roseville.ca.us

10. PUBLIC HEARING

NOTICE TO THE PUBLIC

City Council, when considering the matter scheduled for hearing, will take the following actions:

1. Open the Public Hearing
2. Presentation by Staff
3. Presentation by applicant or Appellant
4. Accept Public Testimony
5. Appellant or Applicant Rebuttal Period
6. Close the Public Hearing
7. City Council Comments and Questions
8. City Council Action

In the future, if you wish to challenge in court any of the matters on this agenda for which a public hearing is to be conducted, you may be limited to raising only those issues, which you, or someone else raised orally at the Public Hearing or in written correspondence received by the City or before the hearing

Public Hearings listed for continuance will be continued as noted and posting of this agenda serves as notice of continuation.

10.1. Public Input Regarding the Composition of the City's Voting Districts - Public Hearing 2

Memo from City Clerk Sonia Orozco and Assistant City Attorney Michelle Sheidenberger requesting the City Council hold the second of two hearings to receive community input regarding the boundaries and composition of districts to be established for by-district elections for City Council members and provide direction to staff and the City's independent demographer National Demographics Corporation regarding preparation of draft district maps.

CC #: 0328

File #: 0502

CONTACT: Sonia Orozco 916-774-5269 sorozco@roseville.ca.us

M. Sheidenberger 916-774-5325 msheidenberger@roseville.ca.us

10.2. Downtown Roseville Post Office Development Project - Purchase and Sale Agreement and Budget Adjustment

Memo from Economic Development Manager Wayne Wiley and Economic Development Director Laura Matteoli recommending the City Council adopt RESOLUTION NO. 19-430 DECLARING 320 VERNON STREET AS SURPLUS AND AUTHORIZING THE CITY MANAGER'S EXECUTION OF THE PURCHASE AND SALE AGREEMENT BETWEEN LENNOX HILL INTERIORS AND THE CITY OF ROSEVILLE; and adopt ORDINANCE NO. 6145 OF THE COUNCIL OF THE CITY OF ROSEVILLE AUTHORIZING CERTAIN AMENDMENTS TO THE FISCAL YEAR 2019-20 BUDGET AND DECLARING THIS ORDINANCE TO BE IMMEDIATELY EFFECTIVE AS AN APPROPRIATION MEASURE. Staff recommends approval of a Purchase and Sale Agreement between Lenox Hill Interiors, Inc. and the City for the sale of 320 Vernon Street (Downtown Roseville Post Office) in the amount of \$570,000.00 for development of a mixed use project. This action is pursuant to a finding that the disposition of the property for a private mixed use project consistent with the Downtown Roseville Specific Plan is in the City's best interest. In addition, staff requests a budget adjustment allocating \$275,000.00 from the Strategic Improvement Fund to a Capital Improvement project, to cover the expenses of the City's due diligence items and remediation costs, as required in the Purchase and Sale Agreement and associated Addendum.

CC #: 0326

File #: 1003 & 0201-01

CONTACT: Wayne Wiley 916-774-5283 wwiley@roseville.ca.us

11. DEPARTMENT UPDATES

12. COUNCIL REPORTS / PUBLIC COMMENTS

13. ADJOURNMENT



COUNCIL COMMUNICATION

CC #: 0323
File #: 0203-03

Title: Emissions Gases and Chemicals (RFQ 10-3225) - Contract Purchase Agreement
Contact: Babette Owens 916-774-5704 bowens@roseville.ca.us

Meeting Date: 10/2/2019
Item #: 7.1.

RECOMMENDATION TO COUNCIL

Recommend City Council adopt a resolution to approve a contract purchase agreement with Magnegas Welding Supply West LLC as the lowest responsive and responsible bidder for RFQ 10-3225 for emissions gases & chemicals for the Roseville Energy Park, and authorize the City Manager to execute it.

The bid allowed for four optional renewal years at one-year intervals. Staff requests authorization to continue utilizing the remaining optional renewal years of the bid contract without further Council approvals until the contract expires, a new contract with better pricing becomes available, or until City staff determines that continuing with the same vendor is not in the City's best interest.

BACKGROUND

The Roseville Energy Park uses EPA protocol gases and chemicals to calibrate its emissions monitoring equipment. This equipment is required in our permit to operate. In addition, the plant uses calibration gases to measure incoming natural gas and industrial gases for welding and equipment purging. The purchase of gases and chemicals is essential for continued reliable operations at the power plant.

The bid award is based on the grand total of various chemical and gases. A formal bid was issued with the following vendor responses:

<u>Bidder</u>	<u>Grand Total</u>
Matheson Tri-Gas West Sacramento, CA	\$3,719.30
Harris Industrial Gases Citrus Heights, CA	\$3,978.00
Magnegas Welding Supplies Sacramento, CA	\$3,401.95

Airgas USA
Sacramento, CA

\$2,909.50

Airgas USA took exception to the terms and conditions in the bid; therefore, they were deemed non-responsive.

FISCAL IMPACT

The annual cost is \$50,000.00. Funding is included in the Roseville Electric Department's FY2019-20 budget. Spending for future renewals will be contingent upon Council approval of budgets. Projected spending for the optional renewal years is as follows: FY2020-21, \$50,000.00; FY2021-22 \$55,000.00; FY2022-23 \$55,000.00; FY2023-24 \$60,000.00.

ENVIRONMENTAL REVIEW

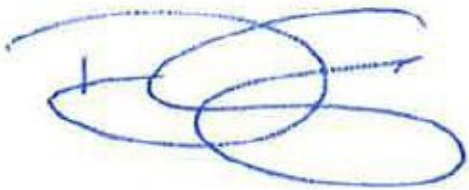
The California Environmental Quality Act (CEQA) does not apply to activities that will not result in a direct or reasonably foreseeable indirect physical change in the environment, or is otherwise not considered a project as defined by CEQA Statute §21065 and CEQA State Guidelines §15060(c)(3) and §15378.

The proposed contract purchase agreement to deliver emissions gases and chemicals meets the above criteria and is not subject to CEQA. No additional environmental review is required.

Respectfully Submitted,

Babette Owens, Buyer

Dennis Kauffman, Chief Financial Officer

A handwritten signature in blue ink, appearing to read 'Dominick Casey', with a horizontal line extending from the end of the signature.

Dominick Casey, City Manager

ATTACHMENTS:

Description

Resolution No. 19-427

Contract Purchase Agreement

RESOLUTION NO. 19-427

APPROVING A CONTRACT PURCHASE AGREEMENT BETWEEN THE CITY OF ROSEVILLE AND MAGNEGAS WELDING SUPPLY WEST LLC, AND AUTHORIZING THE CITY MANAGER TO EXECUTE IT ON BEHALF OF THE CITY OF ROSEVILLE

WHEREAS, a contract purchase agreement (3000041) for emissions gases and chemicals, between the City of Roseville and Magnegas Welding Supply West LLC, has been reviewed by the Council; and

NOW, THEREFORE, BE IT RESOLVED by the Council of the City of Roseville that said contract purchase agreement is approved and the City Manager or his designee is authorized to execute it on behalf of the City of Roseville.

BE IT FURTHER RESOLVED that the City Manager or his or her designee is authorized to execute four (4) additional one (1) year renewals without further City Council approval, provided that the applicable budget is approved by the City Council each year, or until City staff determines that continuing with the same vendor is not in the City's best interest.

PASSED AND ADOPTED by the Council of the City of Roseville this ____ day of _____, 2019, by the following vote on roll call:

AYES COUNCILMEMBERS:

NOES COUNCILMEMBERS:

ABSENT COUNCILMEMBERS:

MAYOR

ATTEST:

City Clerk



Contract Purchase Agreement 3000041

Supplier Details:

Company Magnegas Welding Supply West Llc
Contact Patrick McCulley
Address 8631 Elder Creek Road

Sacramento, CA 95828

Submit your response to:

Company City of Roseville
Contact Babette Owens
Address Purchasing Division
2075 Hilltop Circle
Roseville, CA 95747
Phone (916) 774-5704
Fax (916) 774-5736
E-mail BOWens@roseville.ca.us

This Contract Purchase Agreement is sent for your review and acceptance. Notify the Buyer via email of any needed changes to the company name, address, and contact information. The Buyer will update the agreement prior to you signing the document.

Return signed copies of the agreement to the Buyer noted on the agreement. Alterations or modifications to the agreement are not allowed. Upon receipt of all necessary documents, the City will sign the agreement and return a fully executed copy to you. Receipt of the signed copy will be your notice to proceed with the work in accordance with the terms and conditions of the agreement. Work must not begin until the contract has been fully executed.

The following guidelines must be followed for the signature block on the agreement:

Sole proprietorship - By owner

Partnership - Any general partner

Corporation - Two options:

(1) A signature from the President and the corporate seal; **OR**

(2) One signature from the Chairman of the Board, President, or any Vice President **AND** one signature from the Secretary, any Assistant Secretary, Chief Financial Officer, or any Treasurer or Assistant Treasurer of the corporation

*General Manager, Office Manager and/or Sales Manager are not corporate officer titles. The agreement will be rejected if not signed in accordance with these guidelines.

Insurance requirements:

The City's insurance requirements are referenced on Attachment A of the agreement. By signing the agreement, you are confirming that your company has the minimum insurance limits required.



Contract Purchase Agreement 3000041

Agreement	3000041
Agreement Date	16-AUG-2019
Revision	0
Agreement Amount	50,000.00 USD

Invoice To City of Roseville Accounts Payable 311 Vernon St ROSEVILLE CA 95678 Phone: (916) 774-5488 Fax: (916) 784-3796 Email: accountspayable@roseville.ca.us	Supplier Magnegas Welding Supply West Llc 8631 Elder Creek Road Sacramento, CA 95828 Phone: (530) 681-8098 Fax: () Email: Patrickmcculley@magnegas.com
--	---

Description of Labor, equipment and/or materials Vendor shall provide Emissions Gases & Chemicals to the REP in accordance with all specifications, attachments, and addendum of RFQ 10-3225.

START DATE: UPON EXECUTED AGREEMENT
END DATE: 12 MONTHS FROM EXECUTED CONTRACT AWARD

For questions contact Tony Johnson at (916) 746-1656.

*Note: Total cost listed below is an approximation only. The City does not guarantee whatsoever the actual value of this agreement.

Customer #	Supplier #	Payment Terms	Freight Terms	FOB	Shipping Method
	14340	Net 30	Freight on Board at the destination	Destination	Best Method
Start Date	End Date		Confirm To		
Babette Owens Phone 1-916-774-5704					

Attention: Total Cost not to exceed the agreement amount without prior approval of the Purchasing office.

Contract Terms and Conditions

1. To the fullest extent allowed by law, Contractor shall defend, indemnify, and save and hold harmless City, its officers, agents, employees and volunteers from any claims, suits or actions of every name, kind and description brought forth, or on account of, injuries to or death of any person (including but not limited to workers and the public), or damage to property, resulting from or arising out of Contractor's willful misconduct or negligent act or omission while engaged in the performance of obligations or exercise of rights created by this Agreement, except those matters arising from City's sole negligence or willful misconduct. The parties intend that this provision shall be broadly construed. Contractor's responsibility for such defense and indemnity obligations shall survive the termination or completion of this Agreement for the full period of time allowed by law. The defense and indemnity obligations of this Agreement are undertaken in addition to, and shall not in any way be limited by, the insurance obligations contained in this Agreement.
2. Contractor is an independent contractor, and shall not be considered an officer, agent or employee of the City.
3. Without the written consent of the City, this Agreement is not assignable by Contractor either in whole or in part.
4. Time is of the essence of this Agreement.
5. At any time during the term of this Agreement, the City has the right to terminate this Agreement, provided Contractor is given thirty (30) days written notice. City's termination shall be without further liability to City; however, Contractor shall be entitled to all costs reasonably incurred prior to the date of termination. Contractor acknowledges that City may terminate this Agreement should funds not be appropriated by its governing body to continue services under this Agreement.
6. This Agreement may only be amended or modified in writing. It is integrated and contains the complete understanding of the parties.
7. All equipment, supplies and services sold to the City of Roseville shall conform to the general safety orders of the State of California.
8. Unless notified to the contrary, in writing, the City assumes that the Contractor has accepted the work in accordance with the plans and specifications (if any) and agrees to do the work in compliance with this Agreement.
9. All fair employment practices must be adhered to. In addition, if the project referenced on this service agreement is a Public Works project, all prevailing wage laws must be complied with. For prevailing wage contracts over \$25,000, copies of certified payroll must be submitted with invoices. Prevailing wage rates may be obtained from the State Department of Industrial Relations and/or the following website address:
<http://www.dir.ca.gov/dlsr/DPreWageDetermination.htm>.
10. Contractor agrees to the below insurance requirements:
 - a. Unless otherwise specified, the Contractor shall maintain the policies of insurance outlined in Attachment A, incorporated herein by this reference, in full force and effect during the term of this Agreement. The City of Roseville retains sole discretion in determining the types and proper levels of insurance coverage.
 - b. Form. Contractor shall submit a certificate evidencing such coverage for the period covered by this Agreement in a form satisfactory to Risk Management and the City Attorney, prior to undertaking any work hereunder. Any insurance written on a claims made basis is subject to the approval of Risk Management and the City Attorney.
 - c. Additional Insureds. Contractor shall also provide a separate endorsement or

section of the policy showing City, its officers, agents, employees, and volunteers as additional insureds for each type of coverage, except for Workers' Compensation. Such insurance shall specifically cover the contractual liability of Contractor. The additional insured coverage under the Contractor's policy shall be primary and noncontributory, as evidenced by a separate endorsement or section of the policy, and shall not seek contribution from City's insurance or self-insurance. In addition, the additional insured coverage shall be at least as broad as the Insurance Services Office (ISO) CG 20 01 Endorsement. Any available insurance proceeds in excess of the specified minimum insurance coverage requirements and limits shall be available to the additional insureds. Furthermore, the requirements for coverage and limits shall be:

- (1) the minimum coverage and limits specified in this Agreement; or
- (2) the full coverage and maximum limits of any insurance proceeds available to the named insureds, whichever is greater.

- d. Cancellation/Modification. Contractor shall provide ten (10) days written notice to City prior to cancellation or modification of any insurance required by this Agreement.
 - e. Umbrella/Excess Insurance. The limits of insurance required in this Agreement may be satisfied by a combination of primary and excess insurance. Any excess insurance shall contain or be endorsed to contain a provision that such coverage shall also apply on a primary and noncontributory basis for the benefit of City (if agreed to in a written contract) before City's own insurance shall be called upon to protect it as a named insured.
 - f. Subcontractors. Contractor agrees to include in its contracts with all subcontractors the same requirements and provisions of this Agreement, including the indemnity and insurance requirements, to the extent they apply to the scope of the subcontractor's work. Furthermore, Contractor shall require its subcontractors to agree to be bound to Contractor and City in the same manner and to the same extent as Contractor is bound to City under this Agreement. Additionally, Contractor shall obligate its subcontractors to comply with these same provisions with respect to any tertiary subcontractor, regardless of tier. A copy of City's indemnity and insurance provisions will be furnished to the subcontractor or tertiary subcontractor upon request.
 - g. Self-Insured Retentions. All self-insured retentions (SIR) must be disclosed to Risk Management for approval and shall not reduce the limits of liability. Policies containing any SIR provision shall provide or be endorsed to provide that the SIR may be satisfied by either the named insured or City. City reserves the right to obtain a full certified copy of any insurance policy and endorsements. The failure to exercise this right shall not constitute a waiver of such right.
 - h. Waiver of Subrogation. Contractor hereby agrees to waive subrogation which any insurer of Contractor may acquire from Contractor by virtue of the payment of any loss under a Workers Compensation, Commercial General Liability or Automobile Liability policy. All Workers Compensation, Commercial General Liability and Automobile Liability policies shall be endorsed with a waiver of subrogation in favor of City, its officers, agents, employees and volunteers for all work performed by Contractor, its employees, agents and subcontractors.
 - i. Liability/Remedies. Insurance coverage in the minimum amounts set forth herein shall not be construed to relieve Contractor of liability in excess of such coverage, nor shall it preclude City from taking such other actions as are available to it under any other provisions of this Agreement or law.
11. Contractor shall comply with all federal, state and local laws and ordinances, including but not limited to the City's storm water regulations, as may be applicable to the performance of services under this Agreement. Failure to comply with local ordinances

may result in monetary fines and cancellation of this Agreement. Refer to www.roseville.ca.us/stormwater for links to more information on the City's storm water regulations.

12. In the event that the terms of any attachment or exhibit conflict with any terms of this Agreement, the terms of this Agreement shall control.
13. This Agreement may be executed in one or more counterparts, each of which shall be deemed an original, but all of which together shall constitute one and the same instrument. In the event that any signature is delivered by facsimile transmission or by e-mail delivery of a ".pdf" format data file, such signature shall create a valid and binding obligation of the party executing (or on whose behalf such signature is executed) with the same force and effect as if such facsimile or ".pdf" signature page were an original hereof.
14. If either party commences any legal action against the other party arising out of this Agreement or the performance thereof, the prevailing party in such action shall be entitled to recover its reasonable litigation expenses, including but not limited to, court costs, expert witness fees, discovery expenses, and attorneys' fees. Any action arising out of this Agreement shall be brought in Placer County, California, regardless of where else venue may lie. This Agreement shall be governed by and construed in accordance with the laws of the State of California.
15. This Agreement shall be binding upon the heirs, successors, executors, administrators and assigns of the respective parties hereto.
16. If any of the provisions contained in this Agreement are for any reason held invalid or unenforceable, such holding shall not affect the remaining provisions or the validity and enforceability of the Agreement as a whole.
17. For purposes of this Agreement, the terms "Contractor," "Consultant," and "Supplier" are used interchangeably.
18. If the project referenced on this agreement is a Public Works project, then the following shall apply: No contractor or subcontractor may work on a public works project unless registered with the Department of Industrial Relations pursuant to Labor Code section 1725.5. During the performance of this agreement, Contractor and its subcontractors shall have a continuing legal obligation to maintain current registration with the Department of Industrial Relations. Contractor is hereby notified that this project is subject to compliance monitoring and enforcement by the Department of Industrial Relations.
19. If the project referenced on this agreement is a Public Works project, then the following shall apply: Contractor must submit all claims as defined in and in accordance with the claim resolution process set forth in Section 9204 of the Public Contract Code. Each such claim must be sent to the City by registered mail or certified mail with return receipt requested and must contain reasonable documentation to support the claim. All claims must be received prior to acceptance of the work.

The supplier named hereon by the acceptance of this order agrees to the provisions of this document titled "Contract Purchase Agreement" and all accompanying terms, conditions, and attachments.

Roseville Business License No. _____

Contractor License No. _____

DIR Registration No. _____

Check mark the applicable company type below:

_____ Corporation

☒ Limited Liability Company

_____ Partnership

_____ Sole Proprietor

Contract Purchase Agreement 3000041

City Reserves the right to withhold any payments to contractor in the event of noncompliance with insurance requirements or if required by law.

*General T&C
REV 5/3/18 JS*

**ATTACHMENT A
HUMAN RESOURCES/RISK MANAGEMENT DIVISION
INSURANCE REQUIREMENTS
AGREEMENT OVER FORMAL BID LIMIT OR INVOLVING HIGH RISK ACTIVITIES**

General - Required Coverage/Documentation

- General Liability: \$1 Million per occurrence /\$2 Million aggregate
- Automobile Liability: \$1 Million combined single limit
- Workers' Compensation: Statutory *Must provide a Waiver of subrogation
- Additional Insured Endorsement (AIE) - General Liability policy: CG 20 38 04 13 or an equivalent, blanket endorsement or section of the policy. Endorsement shall cover the City of Roseville, its officers, agents, employees and volunteers as additional insured.
- Policies must be primary and non-contributory
- A 30 day notice of cancellation must be provided
- List certificate holder as: The City of Roseville - Insurance Compliance, PO Box 100085-R1, Duluth, GA 30096

Additional Liability/Insurance Requirements if required by Agreement (and marked below):

Construction: _____
General Liability:
\$2 Million/occurrence
\$4 Million aggregate

Design Professional: _____
General Liability:
\$2 Million/occurrence
\$4 Million aggregate
Professional Liability:
\$2 Million/occurrence

Professional Consultant: _____
Professional Liability:
\$1 Million/occurrence

IT Services: _____
Professional Liability:
\$1 Million/occurrence
No auto required

Hazardous Materials: X
Pollution Liability:
\$1 Million/occurrence

Special Events/Caterers-Vendors: _____
No auto required
No workers' comp required

Professional Counseling/ Psychological: _____
Professional Liability:
\$1 Million/occurrence
No auto required

Pyrotechnics:_____
General Liability:
\$5 Million/occurrence
\$10 Million aggregate
Auto - \$2 Million/occurrence

Chemical/Environmental:_____
General Liability:
\$3 Million/occurrence
\$6 Million aggregate
Pollution – \$2 Million/Occurrence
Auto - \$2 Million/Occurrence

Insurance Submission Process

The City of Roseville Human Resources/Risk Management Department uses a service called EBIX to manage our insurance certificate tracking.

How It Works

- The vendor's contact information is entered into EBIX. EBIX will contact the vendor to request proof of insurance.
- The Vendor can forward the request to their Insurance Agent(s) if necessary.
- Vendor/Insurance Agent submits insurance to EBIX by email to roseville@ebix.com or by fax to (770) 325-5727. After faxing or emailing the certificate, please DO NOT send the certificate by mail to EBIX. Please do not mail, email or fax any certificates to the City of Roseville.
- Once submitted, EBIX reviews the insurance documentation. If there are deficiencies, EBIX will send a follow up letter or email requesting additional information.

Questions Regarding Insurance Submission: Contact EBIX at (951) 652-4239

Questions Regarding Insurance Requirements Contact Risk Management at (916) 774-5202

Supplier	
Signature:	
Print Name:	Tyler Wilson
Title:	Chief Financial Officer

Supplier	
Signature:	
Print Name:	Eric Newell
Title:	Vice President of Corporate Operations

City of Roseville, A Municipal Corporation	
Signature:	
Print Name:	Dominick Casey
Title:	City Manager



COUNCIL COMMUNICATION

CC #: 0331
File #: 0203-02

Title: Fuel and Lubricants (SACOG RFP 2018-0029) - Contract Purchase Agreement
Contact: Babette Owens 916-774-5704 bowens@roseville.ca.us

Meeting Date: 10/2/2019
Item #: 7.2.

RECOMMENDATION TO COUNCIL

Recommend Council adopt a resolution to approve a contract purchase agreement with Hunt and Sons, Inc. for the supply and delivery of fuel and lubricants for the Fleet Services Division, and authorize the City Manager to execute it on behalf of the City.

The bid allows for optional renewal years at one-year intervals. Staff requests authorization to continue utilizing the remaining optional renewal years of the bid contract without further Council approvals until the contract expires or until City staff determines that continuing with the same vendor is not in the City's best interest.

BACKGROUND

The Fleet Services Division has a recurring demand for bulk automotive fuels used in ongoing operations to operate City vehicles and equipment.

In April 2019, the City participated in a regional Request for Proposals (RFP) led by the Sacramento Area Council of Governments (SACOG). The RFP was for the purchase of bulk automotive fuels, renewable diesel fuel, commercial cardlock automotive fuels, automotive oil and lubrication products and other related products on an as-needed basis. SACOG is an association of local governments representing six counties, twenty-two cities, as well as special districts and school districts in the Sacramento Region. The regional consolidation of fuel and lubricant purchases into a single bid resulted in significant cost savings to the City.

FISCAL IMPACT

The estimated annual cost is \$3,935,000.00 and funding is included in the Fleet Services Division's FY2019-20 budget. Projected spending for the optional renewal years is as follows: FY2020-21, \$3,985,000.00; FY2021-22, \$4,035,000.00; and first quarter of FY2022-23, \$1,100,000.00.

ENVIRONMENTAL REVIEW

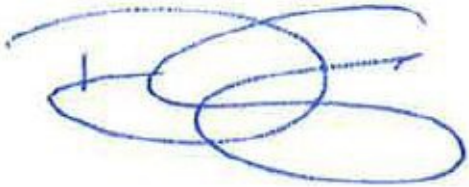
The California Environmental Quality Act (CEQA) does not apply to activities that will not result in a direct or reasonably foreseeable indirect physical change in the environment, or is otherwise not considered a project as defined by CEQA Statute §21065 and CEQA State Guidelines §15060(c)(3) and §15378.

The purchase of fuel and lubricants meets the above criteria and is not subject to CEQA. No additional environmental review is required.

Respectfully Submitted,

Babette Owens, Buyer

Dennis Kauffman, Chief Financial Officer



Dominick Casey, City Manager

ATTACHMENTS:

Description

Resolution No. 19-433

Contract Purchase Agreement

RESOLUTION NO. 19-433

APPROVING A CONTRACT PURCHASE AGREEMENT FOR
FUELS AND LUBRICANTS

WHEREAS, a Contract Purchase Agreement (3000065) for fuels and lubricants, between the City of Roseville and Hunt & Sons, Inc., has been reviewed by the Council; and

NOW, THEREFORE, BE IT RESOLVED by the Council of the City of Roseville that said Contract Purchase Agreement is hereby approved and the City Manager or his designee is additionally authorized to execute three (3) optional one (1) year renewals of the Contract Purchase Agreement, provided that the applicable budget is approved by the City Council, or until City staff determines that continuing with the same vendor is not in the City's best interest.

PASSED AND ADOPTED by the Council of the City of Roseville this ____ day of _____, 2019, by the following vote on roll call:

AYES COUNCILMEMBERS:

NOES COUNCILMEMBERS:

ABSENT COUNCILMEMBERS:

MAYOR

ATTEST:

City Clerk



Contract Purchase Agreement 3000065

Supplier Details:

Company Hunt & Sons Inc
Contact Josh Hunt
Address 5750 South Watt Avenue
P O Box 277670
Sacramento, CA 95827

Submit your response to:

Company City of Roseville
Contact Babette Owens
Address Purchasing Division
2075 Hilltop Circle
Roseville, CA 95747
Phone (916) 774-5704
Fax (916) 774-5736
E-mail BOwens@roseville.ca.us

This Contract Purchase Agreement is sent for your review and acceptance. Notify the Buyer via email of any needed changes to the company name, address, and contact information. The Buyer will update the agreement prior to you signing the document.

Return signed copies of the agreement to the Buyer noted on the agreement. Alterations or modifications to the agreement are not allowed. Upon receipt of all necessary documents, the City will sign the agreement and return a fully executed copy to you. Receipt of the signed copy will be your notice to proceed with the work in accordance with the terms and conditions of the agreement. Work must not begin until the contract has been fully executed.

The following guidelines must be followed for the signature block on the agreement:

Sole proprietorship - By owner

Partnership - Any general partner

Corporation - Two options:

(1) A signature from the President and the corporate seal; **OR**

(2) One signature from the Chairman of the Board, President, or any Vice President **AND** one signature from the Secretary, any Assistant Secretary, Chief Financial Officer, or any Treasurer or Assistant Treasurer of the corporation

*General Manager, Office Manager and/or Sales Manager are **not** corporate officer titles. The agreement will be rejected if not signed in accordance with these guidelines.

Insurance requirements:

The City's insurance requirements are referenced on Attachment A of the agreement. By signing the agreement, you are confirming that your company has the minimum insurance limits required.



Contract Purchase Agreement 3000065

Agreement	3000065
Agreement Date	05-SEP-2019
Revision	0
Agreement Amount	3,935,000.00 USD

Invoice To **City of Roseville**
Accounts Payable
311 Vernon St
ROSEVILLE CA 95678

Phone: (916) 774-5488
Fax: (916) 784-3796
Email: accountspayable@roseville.ca.us

Supplier **Hunt & Sons Inc**
 5750 South Watt Avenue
 P O Box 277670
 Sacramento, CA 95827

Phone: ()
Fax: ()
Email: jhunt@huntns sons.com

Description of Labor, equipment and/or materials The services called for under Sacramento Area Council of Governments (SACOG) Request for Proposal Regional Public Agency Fuel & Lubricants Solicitation RFP# 2018-0029 and contractor's proposal thereto titled Hunt & Sons, Inc. Proposal dated 6/12/19 (hereinafter "Proposal"). The terms and scope of work of Sacramento Area Council of Governments (SACOG) for RFP# 2018-0029 and contractor's Proposal are herein made part of this Contract Purchase Agreement and fully incorporated by reference.

Contact Rich Bakanec at (916) 746-1720 for questions regarding this contract.

*The total amount listed is an approximation only. The City does not guarantee whatsoever the actual value of this contract.

START DATE: UPON EXECUTED AGREEMENT.
 END DATE: 12 MONTHS FROM THE EXECUTED AGREEMENT.

Customer #	Supplier #	Payment Terms	Freight Terms	FOB	Shipping Method
	10399	Net 30	Freight on Board at the destination	Destination	Best Method
Start Date	End Date	Confirm To			
Babette Owens Phone 1-916-774-5704					

Attention: Total Cost not to exceed the agreement amount without prior approval of the Purchasing office.

Contract Terms and Conditions

1. To the fullest extent allowed by law, Contractor shall defend, indemnify, and save and hold harmless City, its officers, agents, employees and volunteers from any claims, suits or actions of every name, kind and description brought forth, or on account of, injuries to or death of any person (including but not limited to workers and the public), or damage to property, resulting from or arising out of Contractor's willful misconduct or negligent act or omission while engaged in the performance of obligations or exercise of rights created by this Agreement, except those matters arising from City's sole negligence or willful misconduct. The parties intend that this provision shall be broadly construed. Contractor's responsibility for such defense and indemnity obligations shall survive the termination or completion of this Agreement for the full period of time allowed by law. The defense and indemnity obligations of this Agreement are undertaken in addition to, and shall not in any way be limited by, the insurance obligations contained in this Agreement.
2. Contractor is an independent contractor, and shall not be considered an officer, agent or employee of the City.
3. Without the written consent of the City, this Agreement is not assignable by Contractor either in whole or in part.
4. Time is of the essence of this Agreement.
5. At any time during the term of this Agreement, the City has the right to terminate this Agreement, provided Contractor is given thirty (30) days written notice. City's termination shall be without further liability to City; however, Contractor shall be entitled to all costs reasonably incurred prior to the date of termination. Contractor acknowledges that City may terminate this Agreement should funds not be appropriated by its governing body to continue services under this Agreement.
6. This Agreement may only be amended or modified in writing. It is integrated and contains the complete understanding of the parties.
7. All equipment, supplies and services sold to the City of Roseville shall conform to the general safety orders of the State of California.
8. Unless notified to the contrary, in writing, the City assumes that the Contractor has accepted the work in accordance with the plans and specifications (if any) and agrees to do the work in compliance with this Agreement.
9. All fair employment practices must be adhered to. In addition, if the project referenced on this service agreement is a Public Works project, all prevailing wage laws must be complied with. For prevailing wage contracts over \$25,000, copies of certified payroll must be submitted with invoices. Prevailing wage rates may be obtained from the State Department of Industrial Relations and/or the following website address: <http://www.dir.ca.gov/dlsr/DPreWageDetermination.htm>.
10. Contractor agrees to the below insurance requirements:
 - a. Unless otherwise specified, the Contractor shall maintain the policies of insurance outlined in Attachment A, incorporated herein by this reference, in full force and effect during the term of this Agreement. The City of Roseville retains sole discretion in determining the types and proper levels of insurance coverage.

- b. Form. Contractor shall submit a certificate evidencing such coverage for the period covered by this Agreement in a form satisfactory to Risk Management and the City Attorney, prior to undertaking any work hereunder. Any insurance written on a claims made basis is subject to the approval of Risk Management and the City Attorney.
- c. Additional Insureds. Contractor shall also provide a separate endorsement or section of the policy showing City, its officers, agents, employees, and volunteers as additional insureds for each type of coverage, except for Workers' Compensation. Such insurance shall specifically cover the contractual liability of Contractor. The additional insured coverage under the Contractor's policy shall be primary and noncontributory, as evidenced by a separate endorsement or section of the policy, and shall not seek contribution from City's insurance or self-insurance. In addition, the additional insured coverage shall be at least as broad as the Insurance Services Office (ISO) CG 20 01 Endorsement. Any available insurance proceeds in excess of the specified minimum insurance coverage requirements and limits shall be available to the additional insureds. Furthermore, the requirements for coverage and limits shall be:
 - (1) the minimum coverage and limits specified in this Agreement; or
 - (2) the full coverage and maximum limits of any insurance proceeds available to the named insureds, whichever is greater.
- d. Cancellation/Modification. Contractor shall provide ten (10) days written notice to City prior to cancellation or modification of any insurance required by this Agreement.
- e. Umbrella/Excess Insurance. The limits of insurance required in this Agreement may be satisfied by a combination of primary and excess insurance. Any excess insurance shall contain or be endorsed to contain a provision that such coverage shall also apply on a primary and noncontributory basis for the benefit of City (if agreed to in a written contract) before City's own insurance shall be called upon to protect it as a named insured.
- f. Subcontractors. Contractor agrees to include in its contracts with all subcontractors the same requirements and provisions of this Agreement, including the indemnity and insurance requirements, to the extent they apply to the scope of the subcontractor's work. Furthermore, Contractor shall require its subcontractors to agree to be bound to Contractor and City in the same manner and to the same extent as Contractor is bound to City under this Agreement. Additionally, Contractor shall obligate its subcontractors to comply with these same provisions with respect to any tertiary subcontractor, regardless of tier. A copy of City's indemnity and insurance provisions will be furnished to the subcontractor or tertiary subcontractor upon request.
- g. Self-Insured Retentions. All self-insured retentions (SIR) must be disclosed to Risk Management for approval and shall not reduce the limits of liability. Policies containing any SIR provision shall provide or be endorsed to provide that the SIR may be satisfied by either the named insured or City. City reserves the right to obtain a full certified copy of any insurance policy and endorsements. The failure to exercise this right shall not constitute a waiver of such right.
- h. Waiver of Subrogation. Contractor hereby agrees to waive subrogation which any insurer of Contractor may acquire from Contractor by virtue of the payment of any loss under a Workers Compensation, Commercial General Liability or Automobile Liability policy. All Workers Compensation, Commercial General Liability and Automobile Liability policies shall be endorsed with a waiver of

subrogation in favor of City, its officers, agents, employees and volunteers for all work performed by Contractor, its employees, agents and subcontractors.

- i. Liability/Remedies. Insurance coverage in the minimum amounts set forth herein shall not be construed to relieve Contractor of liability in excess of such coverage, nor shall it preclude City from taking such other actions as are available to it under any other provisions of this Agreement or law.
11. Contractor shall comply with all federal, state and local laws and ordinances, including but not limited to the City's storm water regulations, as may be applicable to the performance of services under this Agreement. Failure to comply with local ordinances may result in monetary fines and cancellation of this Agreement. Refer to www.roseville.ca.us/stormwater for links to more information on the City's storm water regulations.
12. In the event that the terms of any attachment or exhibit conflict with any terms of this Agreement, the terms of this Agreement shall control.
13. This Agreement may be executed in one or more counterparts, each of which shall be deemed an original, but all of which together shall constitute one and the same instrument. In the event that any signature is delivered by facsimile transmission or by e-mail delivery of a ".pdf" format data file, such signature shall create a valid and binding obligation of the party executing (or on whose behalf such signature is executed) with the same force and effect as if such facsimile or ".pdf" signature page were an original hereof.
14. If either party commences any legal action against the other party arising out of this Agreement or the performance thereof, the prevailing party in such action shall be entitled to recover its reasonable litigation expenses, including but not limited to, court costs, expert witness fees, discovery expenses, and attorneys' fees. Any action arising out of this Agreement shall be brought in Placer County, California, regardless of where else venue may lie. This Agreement shall be governed by and construed in accordance with the laws of the State of California.
15. This Agreement shall be binding upon the heirs, successors, executors, administrators and assigns of the respective parties hereto.
16. If any of the provisions contained in this Agreement are for any reason held invalid or unenforceable, such holding shall not affect the remaining provisions or the validity and enforceability of the Agreement as a whole.
17. For purposes of this Agreement, the terms "Contractor," "Consultant," and "Supplier" are used interchangeably.
18. If the project referenced on this agreement is a Public Works project, then the following shall apply: No contractor or subcontractor may work on a public works project unless registered with the Department of Industrial Relations pursuant to Labor Code section 1725.5. During the performance of this agreement, Contractor and its subcontractors shall have a continuing legal obligation to maintain current registration with the Department of Industrial Relations. Contractor is hereby notified that this project is subject to compliance monitoring and enforcement by the Department of Industrial Relations.
19. If the project referenced on this agreement is a Public Works project, then the following shall apply: Contractor must submit all claims as defined in and in accordance with the claim resolution process set forth in Section 9204 of the Public Contract Code. Each such claim must be sent to the City by registered mail or certified mail with return receipt requested and must contain reasonable documentation to support the claim. All claims must be received prior to acceptance of the work.

Contract Purchase Agreement 3000065

The supplier named hereon by the acceptance of this order agrees to the provisions of this document titled "Contract Purchase Agreement" and all accompanying terms, conditions, and attachments.

Roseville Business License No. _____

Contractor License No. _____

DIR Registration No. _____

Check mark the applicable company type below:

☒ Corporation

☐ Limited Liability Company

☐ Partnership

☐ Sole Proprietor

City Reserves the right to withhold any payments to contractor in the event of noncompliance with insurance requirements or if required by law.

General T&C

REV 5/3/18 JS

COR Insurance Over Bid Limit

**ATTACHMENT A
HUMAN RESOURCES/RISK MANAGEMENT DIVISION
INSURANCE REQUIREMENTS
AGREEMENT OVER FORMAL BID LIMIT OR INVOLVING HIGH RISK ACTIVITIES**

General - Required Coverage/Documentation

- General Liability: \$1 Million per occurrence /\$2 Million aggregate
- Automobile Liability: \$1 Million combined single limit
- Workers' Compensation: Statutory *Must provide a Waiver of subrogation
- Additional Insured Endorsement (AIE) - General Liability policy: CG 20 38 04 13 or an equivalent, blanket endorsement or section of the policy. Endorsement shall cover the City of Roseville, its officers, agents, employees and volunteers as additional insured.
- Policies must be primary and non-contributory
- A 30 day notice of cancellation must be provided
- List certificate holder as: The City of Roseville - Insurance Compliance, PO Box 100085-R1, Duluth, GA 30096

Additional Liability/Insurance Requirements if required by Agreement (and marked below):

Construction: _____

General Liability:
\$2 Million/occurrence
\$4 Million aggregate

Design Professional: _____

General Liability:
\$2 Million/occurrence
\$4 Million aggregate
Professional Liability:
\$2 Million/occurrence

Professional Consultant: _____

Professional Liability:
\$1 Million/occurrence

IT Services: _____

Professional Liability:
\$1 Million/occurrence
No auto required

Hazardous Materials: _____

Pollution Liability:
\$1 Million/occurrence

Special Events/Caterers-Vendors: _____

No auto required
No workers' comp required

Professional Counseling/ Psychological: _____

Professional Liability:
\$1 Million/occurrence
No auto required

Contract Purchase Agreement 3000065

Pyrotechnics: _____

General Liability:
\$5 Million/occurrence
\$10 Million aggregate
Auto - \$2 Million/occurrence

Chemical/Environmental: X

General Liability:
\$3 Million/occurrence
\$6 Million aggregate
Pollution – \$2 Million/Occurrence
Auto - \$2 Million/Occurrence

Insurance Submission Process

The City of Roseville Human Resources/Risk Management Department uses a service called EBIX to manage our insurance certificate tracking.

How It Works

- The vendor's contact information is entered into EBIX. EBIX will contact the vendor to request proof of insurance.
- The Vendor can forward the request to their Insurance Agent(s) if necessary.
- Vendor/Insurance Agent submits insurance to EBIX by email to roseville@ebix.com or by fax to (770) 325-5727. After faxing or emailing the certificate, please DO NOT send the certificate by mail to EBIX. Please do not mail, email or fax any certificates to the City of Roseville.
- Once submitted, EBIX reviews the insurance documentation. If there are deficiencies, EBIX will send a follow up letter or email requesting additional information.

Questions Regarding Insurance Submission: Contact EBIX at (951) 652-4239

Questions Regarding Insurance Requirements Contact Risk Management at (916) 774-5202

Supplier	
Signature:	
Print Name:	Joshua M. Hunt
Title:	President

Supplier	
Signature:	
Print Name:	DANIEL MAHE
Title:	CFO

City of Roseville, A Municipal Corporation	
Signature:	
Print Name:	Dominick Casey
Title:	City Manager



COUNCIL COMMUNICATION

CC #: 0330

File #: 0203-07-01

Title: 60kV Disconnect Switches (RFQ 10-3228) - Purchase Order

Contact: Babette Owens 916-774-5704 bowens@roseville.ca.us

Meeting Date: 10/2/2019

Item #: 7.3.

RECOMMENDATION TO COUNCIL

Recommend Council adopt a resolution to authorize purchase orders to Onesource Supply Solutions for the purchase of 60kV disconnect switches on an as-needed basis.

The bid allowed for four optional renewal years at one-year intervals. Staff requests authorization to continue utilizing the remaining optional renewal years of the bid contract without further Council approvals until the contract expires or until City staff determines that continuing with the same vendor is not in the City's best interest.

BACKGROUND

The Electric Department has a recurring requirement for 60kV disconnect switches. The disconnect switches provide manually-switchable open points to electrically isolate equipment inside Roseville Electric substations and switchyards. The switch positions are visually verifiable and play an important part in keeping our staff safe while working in our facilities.

A formal bid was issued with the following vendor responses:

<u>Bidder</u>	<u>Unit Price</u>
Onesource Supply Solutions Antioch, CA	\$8,160.88
Anixter Benicia, CA	\$8,492.00

FISCAL IMPACT

The estimated annual cost for FY2019-20 of \$212,186.00 is included in the Electric Department's FY2019-20 budget. Spending for future renewals will be contingent upon Council approval of budgets. Projected spending for the optional renewal years is as follows: FY2020-21, \$122,415.00; FY2021-22, \$40,805.00; FY2022-23, \$40,805.00; FY2023-24, \$40,805.00.

ENVIRONMENTAL REVIEW

The California Environmental Quality Act (CEQA) does not apply to activities that will not result in a direct or reasonably foreseeable indirect physical change in the environment, or is otherwise not considered a project as defined by CEQA Statute §21065 and CEQA State Guidelines §15060(c)(3) and §15378.

The purchase of disconnect switches meets the above criteria and is not subject to CEQA. No additional environmental review is required.

Respectfully Submitted,

Babette Owens, Buyer

Dennis Kauffman, Chief Financial Officer



Dominick Casey, City Manager

ATTACHMENTS:

Description

Resolution No. 19-432

RESOLUTION NO. 19-432

APPROVING A PURCHASE ORDER BETWEEN THE CITY OF ROSEVILLE AND
ONESOURCE SUPPLY SOLUTIONS, AND AUTHORIZING THE CITY MANAGER TO
EXECUTE IT ON BEHALF OF THE CITY OF ROSEVILLE

WHEREAS, a purchase order for 60kV disconnect switches, between the City of Roseville and Onesource Supply Solutions, has been reviewed by the Council; and

NOW, THEREFORE, BE IT RESOLVED by the Council of the City of Roseville that said purchase order is approved and the City Manager or his designee is authorized to execute it on behalf of the City of Roseville.

BE IT FURTHER RESOLVED that the City Manager or his or her designee is authorized to execute four (4) additional one (1) year renewals without further City Council approval, provided that the applicable budget is approved by the City Council each year, or until City staff determines that continuing with the same vendor is not in the City's best interest.

PASSED AND ADOPTED by the Council of the City of Roseville this ____ day of _____, 2019, by the following vote on roll call:

AYES COUNCILMEMBERS:

NOES COUNCILMEMBERS:

ABSENT COUNCILMEMBERS:

MAYOR

ATTEST:

City Clerk



COUNCIL COMMUNICATION

CC #: 0320
File #: 0203-06

Title: Virtualization Software - Purchase Order Renewal
Contact: Matt Donaldson 916-774-5405 mdonaldson@roseville.ca.us

Meeting Date: 10/2/2019
Item #: 7.4.

RECOMMENDATION TO COUNCIL

Recommend that City Council authorize a purchase order with vCloud Tech, Inc. to renew software subscription and maintenance support for VMWare server virtualization software. The total cost for this purchase order will not exceed \$52,048.50.

BACKGROUND

The City uses VMWare software to create and maintain a server virtualization environment to maximize the use of physical server resources and to enhance fault tolerance at a cost significantly lower than traditional physical servers. This software and its corresponding maintenance support are purchased through an annual subscription.

FISCAL IMPACT

The cost of renewing existing licenses is \$52,048.50. Funds for license renewal are included in the Information Technology Department's FY2019-20 Internal Service Fund budget. This purchase piggybacks on the federal General Services Administration contract GS-35F-0119Y.

ENVIRONMENTAL REVIEW

The California Environmental Quality Act (CEQA) does not apply to activities that will not result in a direct or reasonably foreseeable indirect physical change in the environment, or is otherwise not considered a project as defined by CEQA Statute §21065 and CEQA State Guidelines §15060(c)(3) and §15378. Approval for the purchase of virtualization software meets the above criteria and is not subject to CEQA. No additional environmental review is required.

Respectfully Submitted,

Matt Donaldson, IT Network Infrastructure Program Manager

Hong Sae, Chief Information Officer

A handwritten signature in blue ink, consisting of several overlapping loops and a small vertical stroke on the left side.

Dominick Casey, City Manager



COUNCIL COMMUNICATION

CC #: 0312

File #: 0600

Title: Background Investigation Services - Professional Services Agreement Amendment

Contact: Josh Simon 916-774-5059 jsimon@roseville.ca.us

Meeting Date: 10/2/2019

Item #: 7.5.

RECOMMENDATION TO COUNCIL

Recommend City Council adopt a resolution approving the second amendment to professional services agreement with Mark Sundberg dba Sundberg IV Investigations for additional background services, and authorizing the City Manager to execute it.

BACKGROUND

The Police Department is required to conduct full background investigations on all new employees, and has one full-time employee, within the Professional Standards Unit, that handles the employee backgrounds. When there is an excess amount of backgrounds, the overflow is assigned to an outside contractor, Sundberg Investigations.

The Department is currently filling many positions both for police officer and professional staff vacancies, and there is a need for increased assistance from Sundberg Investigations, in order to complete these backgrounds in a timely manner, to fill the existing vacancies. The Police Department has been utilizing the services of Sundberg Investigations, for the purposes of pre-employment backgrounds, since June 2017.

Sundberg IV Investigations was established in 2012 and consists of eight experienced investigators who are all retired local law enforcement professionals. The team specializes in conducting pre-employment background investigations specifically for public safety agencies.

Sundberg IV Investigations has built a professional rapport with our agency, is timely in completion of their investigations, keeps in constant communication as to the progress of the investigations, and is willing to conform to our standards and customize their format to fit our needs and special requests. Each investigator is unique because of their decades of law enforcement experience and the fact that they are conducting investigations for new hires into a profession from which they retired. Confidentiality in these investigations is of the utmost importance, and Sundberg IV Investigations has a proven track record of never violating confidentiality practices. The Police Department has utilized other background investigation services in the past and decided that the other service providers were not suitable for department needs.

The Police Department has determined, based on background hours needed from Sundberg, that the City will need to increase the current contract in order to cover the outstanding background investigation requests. This increase will take the contract over the current City Council limit.

FISCAL IMPACT

The cost of this amendment is \$50,000.00 per year over the next five years for a cost of \$250,000.00. The cost for FY2019-20 will not exceed \$50,000.00. Funding is available in the Police Department's FY2019-20 budget, and will be budgeted for each year of the agreement. Continuation of the agreement for future years is contingent upon budget approval each year.

ECONOMIC DEVELOPMENT / JOBS CREATED

Not Applicable

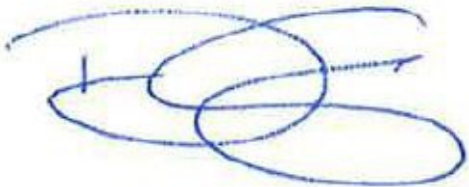
ENVIRONMENTAL REVIEW

The California Environmental Quality Act (CEQA) does not apply to activities that will not result in a direct or reasonably foreseeable indirect physical change in the environment, or is otherwise not considered a project as defined by CEQA Statute §21065 and CEQA State Guidelines §15060(c)(3) and §15378. An amendment to a professional service agreement for background investigation services meets the above criteria and is not subject to CEQA. No additional environmental review is required.

Respectfully Submitted,

Shelly Bracco, Administrative Analyst

James Maccoun, Police Chief



Dominick Casey, City Manager

ATTACHMENTS:

Description

Resolution No. 19-420

Professional Services Agreement - Sundberg IV Investigations

RESOLUTION NO. 19-420

APPROVING A SECOND AMENDMENT TO PROFESSIONAL SERVICES AGREEMENT,
BY AND BETWEEN THE CITY OF ROSEVILLE AND MARK SUNDBERG DBA
SUNDBERG IV INVESTIGATIONS, AND AUTHORIZING THE CITY MANAGER TO
EXECUTE IT ON BEHALF OF THE CITY OF ROSEVILLE

WHEREAS, a second amendment to professional services agreement, by and between
the City of Roseville and Mark Sundberg dba Sundberg IV Investigations, has been reviewed by
the City Council; and

NOW, THEREFORE, BE IT RESOLVED by the Council of the City of Roseville that
said second amendment is hereby approved and that the City Manager is authorized to execute it
on behalf of the City of Roseville.

PASSED AND ADOPTED by the Council of the City of Roseville this ____ day of
_____, 20_, by the following vote on roll call:

AYES COUNCILMEMBERS:

NOES COUNCILMEMBERS:

ABSENT COUNCILMEMBERS:

MAYOR

ATTEST:

City Clerk

**SECOND AMENDMENT TO
PROFESSIONAL SERVICES AGREEMENT**

Background Investigation Services

THIS SECOND AMENDMENT TO AGREEMENT is made and entered into this ____ day of _____, 20__, by and between the City of Roseville, a municipal corporation (“CITY”), and Mark Sundberg dba Sundberg IV Investigations, a sole proprietor (“CONSULTANT”); and

W I T N E S S E T H:

WHEREAS, CITY and CONSULTANT previously entered into a Professional Services Agreement dated April 18, 2017 and amended June 5, 2019 (“Agreement”) regarding background investigation services (“Project”); and

WHEREAS, CITY desires to amend the Agreement to include additional services as described in CONSULTANT’s letter/proposal dated August 22, 2019, which is attached hereto as Exhibit “A” and incorporated herein by reference; and

WHEREAS, CONSULTANT is willing and able to provide such additional services.

NOW, THEREFORE, the parties agree as follows:

1. CONSULTANT shall provide additional services as described in Exhibit “A” of this Second Amendment to Agreement.
2. Section 21 is added to the Agreement to read as follows:

“Term. The term of this Agreement shall be for one (1) year commencing upon execution. Provided that CONSULTANT is not in default in the performance of this Agreement, this Agreement shall automatically renew on an annual basis for up to four (4) successive one (1) year terms commencing annually at the expiration of the prior Agreement term. It is intended that this Agreement shall have a maximum term of no more than five (5) years. All of the terms and conditions of this Agreement shall apply during each renewal term.”

3. Section 22 is added to the Agreement to read as follows:

“Termination of Agreement. CITY may terminate this Agreement without cause by giving CONSULTANT ten (10) days advance written notice from the City Manager. CONSULTANT may terminate this Agreement without cause by giving CITY thirty (30) days advance written notice. CONSULTANT understands that continuation of this Agreement past June 30th of any given year is contingent upon appropriation of funds for such purpose in the budget of the City of Roseville in the sole discretion of the City Council. In the event of termination through no fault of CONSULTANT, CITY shall compensate CONSULTANT for services performed as of the date of termination, upon the release to CITY of all Material hereunder, in any and all media or formats in which such materials have been created or are maintained. CITY retains the right to receive and use any MATERIAL, notwithstanding any termination or any dispute regarding the amount to be paid.”

4. Section 2 of the Agreement is replaced with a paragraph to read as follows:

“Compensation. For its services provided hereunder, CONSULTANT shall be compensated on a time and expense basis in accordance with the hourly rates as

described in EXHIBIT "B," attached hereto and incorporated herein by this reference.

Total compensation shall not exceed fifty thousand dollars per year (\$50,000.00) for an overall total compensation not to exceed two hundred fifty thousand dollars (\$250,000.00) for the term of this Second Amendment.

CONSULTANT shall submit one monthly invoice for its services. Such invoices shall be delineated by task, the person performing the services, and the hourly rate, which shall be stated in time increments of not greater than one tenth (1/10) hours. CITY shall pay invoices within thirty (30) days after receipt, if the services specified in the invoice have been satisfactorily completed."

5. All other provisions of the Agreement shall remain unchanged and in full force and effect.

IN WITNESS WHEREOF, the City of Roseville, a municipal corporation, has authorized the execution of this Second Amendment to Agreement in duplicate by its City Manager and attested to by its City Clerk under the authority of Resolution No. _____, adopted by the Council of the City of Roseville on the ____ day of _____, 20__, and CONSULTANT has caused this Second Amendment to Agreement to be executed.

CITY OF ROSEVILLE, a
municipal corporation

MARK SUNDBERG dba SUNDBERG
IV INVESTIGATIONS, a sole proprietor

BY: _____
DOMINICK CASEY
City Manager

BY: 
its: 

[SIGNATURES CONTINUED ON FOLLOWING PAGE]

ATTEST:

BY: _____
SONIA OROZCO
City Clerk

APPROVED AS TO FORM:

BY: _____
ROBERT R. SCHMITT
City Attorney

APPROVED AS TO SUBSTANCE:

BY: _____
JAMES MACCOUN
Police Chief

EXHIBIT “A”

**S U N D B E R G
IV
I N V E S T I G A T I O N S**

August 22, 2019

EXHIBIT "A"

Scope of Services

MARK SUNDBERG DBA SUNDBERG IV INVESTIGATIONS has agreed to perform pre-employment background investigations on an as needed basis. The work performed will be in accordance with the **POLICE OFFICER STANDARDS** and **TRAINING (P.O.S.T)** for the SWORN/DISPATCH positions. Any other positions will be conducted to the threshold deemed appropriate by the **ROSEVILLE POLICE DEPARTMENT**. All work will be turned over to the hiring authority for their review. Work generated by **SUNDBERG IV INVESTIGATIONS** will also be kept in house until which time deemed necessary by the **ROSEVILLE POLICE DEPARTMENT**.

EXHIBIT “B”

S U N D B E R G
IV
I N V E S T I G A T I O N S

August 22, 2019

EXHIBIT "B"
Compensation

Compensation for services performed will be billed @ \$65.00
Per hour, using 1/10th increments as written in this agreement.

916-208-1274
marksundberg@comcast.net



COUNCIL COMMUNICATION

CC #: 0333
File #: 0800-06

Title: Plan Checking and Inspection Services - Agreement Amendments
Contact: Brandy LeBeau 916-774-5278 blebeau@roseville.ca.us

Meeting Date: 10/2/2019
Item #: 7.6.

RECOMMENDATION TO COUNCIL

Staff recommends that City Council adopt a resolution approving amendments to professional services agreements with 4LEAF, Inc., Bureau Veritas North America, Inc., CSG Consultant Inc., and Interwest Consulting Group for plan check and inspections services, and authorize the City Manager to execute said agreements on the City's behalf.

BACKGROUND

The Building Division is required to plan check and inspect all proposed residential and commercial building construction within the City limits of Roseville. Consulting firms are used as needed to augment City plan check staff in order to maintain targeted turnaround times for plan check and inspection services. In addition to assisting with peak workloads, these firms also provide specialty plan check and inspection services sometimes required for more complex development projects. The use of consultants strengthens the Development Services Department's ability to handle large peak workloads while maintaining a high level of customer service to its customers.

These four consulting firms have been under contract with the City since July 2015 on a four year term with an option to extend for one additional year. Execution of the amendments is necessary to avoid prolonged customer service disruption.

Staff intends to issue a request for proposals for building plan check and inspection services later this year for a new multiyear agreement to take effect July 1, 2020.

FISCAL IMPACT

Costs associated with plan check and inspection services are recovered through administrative and building permit fees paid by applicants, resulting in no General Fund impact. The costs associated with the contracts was included in the Development Services Department's FY2019-20 budget.

ENVIRONMENTAL REVIEW

The California Environmental Quality act only applies to projects which have the potential to cause a significant effect on the environment. Where it can be seen with certainty that there is no possibility that the activity in question may have a significant effect on the environment, the activity is not subject to CEQA (CEQA Guidelines §15061 (b)(3)). No further environmental review is required.

Respectfully Submitted,

Brandy LeBeau, Administrative Analyst

Mike Isom, Development Services Director



Dominick Casey, City Manager

ATTACHMENTS:

Description

Resolution No. 19-435

4Leaf agreement

Resolution No. 19-436

Veritas agreement

Resolution No. 19-437

CSG agreement

Resolution No. 19-438

Interwest agreement

RESOLUTION NO. 19-435

APPROVING A FIRST AMENDMENT TO AGREEMENT FOR PLAN CHECKING AND INSPECTION SERVICES, BY AND BETWEEN THE CITY OF ROSEVILLE AND 4LEAF, INC., AND AUTHORIZING THE CITY MANAGER TO EXECUTE IT ON BEHALF OF THE CITY OF ROSEVILLE

WHEREAS, a First Amendment to Agreement for Plan Checking and Inspection Services, by and between the City of Roseville and 4LEAF, Inc., has been reviewed by the City Council; and

NOW, THEREFORE, BE IT RESOLVED by the Council of the City of Roseville that said amendment is hereby approved and that the City Manager is authorized to execute it on behalf of the City of Roseville.

PASSED AND ADOPTED by the Council of the City of Roseville this ____ day of _____, 20_, by the following vote on roll call:

AYES COUNCILMEMBERS:

NOES COUNCILMEMBERS:

ABSENT COUNCILMEMBERS:

MAYOR

ATTEST:

City Clerk

**FIRST AMENDMENT TO
AGREEMENT FOR PLAN CHECKING AND INSPECTION SERVICES**

THIS FIRST AMENDMENT TO AGREEMENT is made and entered into this ____ day of _____, 20__, by and between the City of Roseville, a municipal corporation ("CITY"), and 4LEAF, Inc., a California corporation ("CONSULTANT"); and

W I T N E S S E T H:

WHEREAS, CITY and CONSULTANT previously entered into a Professional Services Agreement dated May 20, 2015, ("Agreement") regarding plan check and inspection services ("Project"); and

WHEREAS, CITY desires to amend the Agreement to extend the term of the agreement for one (1) additional year.

WHEREAS, CONSULTANT is willing and able to provide such additional services.

NOW, THEREFORE, the parties agree as follows:

1. Section 2 of the Agreement is amended by replacing Section 2 in its entirety to read as follows:

"The term of this First Amendment shall commence upon execution and expire on June 30, 2020. Total compensation for the First Amendment shall not exceed three hundred fifty thousand dollars (\$350,000.00).

CONSULTANT shall submit monthly invoices for its services. Such invoices shall be delineated by task, the person performing the services, and the hourly rate, which shall be stated in time increments of not greater than one-tenth (1/10) hours. CITY shall pay invoices within thirty (30) days after receipt, if the services specified in the invoice have been satisfactorily completed. ”

2. All other provisions of the Agreement shall remain unchanged and in full force and effect.

IN WITNESS WHEREOF, the City of Roseville, a municipal corporation, has authorized the execution of this First Amendment to Agreement in duplicate by its City Manager and attested to by its City Clerk under the authority of Resolution No. _____, adopted by the Council of the City of Roseville on the ____ day of _____, 20__, and CONSULTANT has caused this First Amendment to Agreement to be executed.

CITY OF ROSEVILLE, a
municipal corporation

4LEAF, INC., a California corporation

BY: _____
DOMINICK CASEY
City Manager

BY:  _____
Gene Barry
its: Vice- President

[SIGNATURES CONTINUED ON FOLLOWING PAGE]

ATTEST:

BY: _____
SONIA OROZCO
City Clerk

and

BY:  _____
its: Kevin Duggan
Secretary

APPROVED AS TO FORM:

BY: _____
ROBERT R. SCHMITT
City Attorney

APPROVED AS TO SUBSTANCE:

BY:  _____
MIKE ISOM
Development Services Director

RESOLUTION NO. 19-436

APPROVING A FIRST AMENDMENT TO AGREEMENT FOR PLAN CHECKING AND INSPECTION SERVICES, BY AND BETWEEN THE CITY OF ROSEVILLE AND BUREAU VERITAS NORTH AMERICA, INC., AND AUTHORIZING THE CITY MANAGER TO EXECUTE IT ON BEHALF OF THE CITY OF ROSEVILLE

WHEREAS, a First Amendment to Agreement for Plan Checking and Inspection Services, by and between the City of Roseville and Bureau Veritas North America, Inc., has been reviewed by the City Council; and

NOW, THEREFORE, BE IT RESOLVED by the Council of the City of Roseville that said amendment is hereby approved and that the City Manager is authorized to execute it on behalf of the City of Roseville.

PASSED AND ADOPTED by the Council of the City of Roseville this ____ day of _____, 20_, by the following vote on roll call:

AYES COUNCILMEMBERS:

NOES COUNCILMEMBERS:

ABSENT COUNCILMEMBERS:

MAYOR

ATTEST:

City Clerk

**FIRST AMENDMENT TO
AGREEMENT FOR PLAN CHECKING AND INSPECTION SERVICES**

THIS FIRST AMENDMENT TO AGREEMENT is made and entered into this ____ day of _____, 20__, by and between the City of Roseville, a municipal corporation ("CITY"), and Bureau Veritas North America, Inc., a Delaware corporation ("CONSULTANT"); and

W I T N E S S E T H:

WHEREAS, CITY and CONSULTANT previously entered into a Professional Services Agreement dated May 20, 2015, ("Agreement") regarding plan check and inspection services ("Project"); and

WHEREAS, CITY desires to amend the Agreement to extend the term of the agreement for one (1) additional year.

WHEREAS, CONSULTANT is willing and able to provide such additional services.

NOW, THEREFORE, the parties agree as follows:

1. Section 2 of the Agreement is amended by replacing Section 2 in its entirety to read as follows:

"The term of this First Amendment shall commence upon execution and expire on June 30, 2020. Total compensation for the First Amendment shall not exceed three hundred fifty thousand dollars (\$350,000.00).

CONSULTANT shall submit monthly invoices for its services. Such invoices shall be delineated by task, the person performing the services, and the hourly rate, which shall be stated in time increments of not greater than one-tenth (1/10) hours. CITY shall pay invoices within thirty (30) days after receipt, if the services specified in the invoice have been satisfactorily completed. ”

2. All other provisions of the Agreement shall remain unchanged and in full force and effect.

IN WITNESS WHEREOF, the City of Roseville, a municipal corporation, has authorized the execution of this First Amendment to Agreement in duplicate by its City Manager and attested to by its City Clerk under the authority of Resolution No. _____, adopted by the Council of the City of Roseville on the ____ day of _____, 20____, and CONSULTANT has caused this First Amendment to Agreement to be executed.

CITY OF ROSEVILLE, a
municipal corporation

BUREAU VERITAS NORTH AMERICA,
INC., a Delaware corporation

BY: _____
DOMINICK CASEY
City Manager

BY: _____
its: _____



[SIGNATURES CONTINUED ON FOLLOWING PAGE]

ATTEST:

and

BY:

M Laureano

BY:

SONIA OROZCO
City Clerk

its:

VP Human Resource



APPROVED AS TO FORM:

BY:

ROBERT R. SCHMITT
City Attorney

APPROVED AS TO SUBSTANCE:

BY:

MIKE ISOM

MIKE ISOM
Development Services Director

RESOLUTION NO. 19-437

APPROVING A FIRST AMENDMENT TO AGREEMENT FOR PLAN CHECKING AND INSPECTION SERVICES, BY AND BETWEEN THE CITY OF ROSEVILLE AND CSG CONSULTANTS, INC., AND AUTHORIZING THE CITY MANAGER TO EXECUTE IT ON BEHALF OF THE CITY OF ROSEVILLE

WHEREAS, a First Amendment to Agreement for Plan Checking and Inspection Services, by and between the City of Roseville and CSG Consultants, Inc., has been reviewed by the City Council; and

NOW, THEREFORE, BE IT RESOLVED by the Council of the City of Roseville that said amendment is hereby approved and that the City Manager is authorized to execute it on behalf of the City of Roseville.

PASSED AND ADOPTED by the Council of the City of Roseville this ____ day of _____, 20_, by the following vote on roll call:

AYES COUNCILMEMBERS:

NOES COUNCILMEMBERS:

ABSENT COUNCILMEMBERS:

MAYOR

ATTEST:

City Clerk

**FIRST AMENDMENT TO
AGREEMENT FOR PLAN CHECKING AND INSPECTION SERVICES**

THIS FIRST AMENDMENT TO AGREEMENT is made and entered into this ____ day of _____, 20__, by and between the City of Roseville, a municipal corporation ("CITY"), and CSG Consultants, Inc., a California corporation ("CONSULTANT"); and

W I T N E S S E T H:

WHEREAS, CITY and CONSULTANT previously entered into a Professional Services Agreement dated May 20, 2015, ("Agreement") regarding plan check and inspection services ("Project"); and

WHEREAS, CITY desires to amend the Agreement to extend the term of the agreement for one (1) additional year.

WHEREAS, CONSULTANT is willing and able to provide such additional services.

NOW, THEREFORE, the parties agree as follows:

1. Section 2 of the Agreement is amended by replacing Section 2 in its entirety to read as follows:

"The term of this First Amendment shall commence upon execution and expire on June 30, 2020. Total compensation for the First Amendment shall not exceed three hundred fifty thousand dollars (\$350,000.00).

CONSULTANT shall submit monthly invoices for its services. Such invoices shall be delineated by task, the person performing the services, and the hourly rate, which shall be stated in time increments of not greater than one-tenth (1/10) hours. CITY shall pay invoices within thirty (30) days after receipt, if the services specified in the invoice have been satisfactorily completed. ”

2. All other provisions of the Agreement shall remain unchanged and in full force and effect.

IN WITNESS WHEREOF, the City of Roseville, a municipal corporation, has authorized the execution of this First Amendment to Agreement in duplicate by its City Manager and attested to by its City Clerk under the authority of Resolution No. _____, adopted by the Council of the City of Roseville on the ____ day of _____, 20__, and CONSULTANT has caused this First Amendment to Agreement to be executed.

CITY OF ROSEVILLE, a
municipal corporation

CSG CONSULTANTS, INC., a
California corporation

BY: _____
DOMINICK CASEY
City Manager

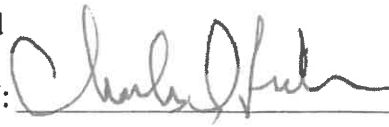
BY: _____
its: _____

[SIGNATURES CONTINUED ON FOLLOWING PAGE]

ATTEST:

and

BY:



BY:

SONIA OROZCO
City Clerk

its: Charles D. Rider, Secretary

APPROVED AS TO FORM:

BY:

ROBERT R. SCHMITT
City Attorney

APPROVED AS TO SUBSTANCE:

BY:



MIKE ISOM
Development Services Director

RESOLUTION NO. 19-438

APPROVING A FIRST AMENDMENT TO AGREEMENT FOR PLAN CHECKING AND INSPECTION SERVICES, BY AND BETWEEN THE CITY OF ROSEVILLE AND INTERWEST CONSULTING GROUP, INC., AND AUTHORIZING THE CITY MANAGER TO EXECUTE IT ON BEHALF OF THE CITY OF ROSEVILLE

WHEREAS, a First Amendment to Agreement for Plan Checking and Inspection Services, by and between the City of Roseville and Interwest Consulting Group, Inc., has been reviewed by the City Council; and

NOW, THEREFORE, BE IT RESOLVED by the Council of the City of Roseville that said amendment is hereby approved and that the City Manager is authorized to execute it on behalf of the City of Roseville.

PASSED AND ADOPTED by the Council of the City of Roseville this ____ day of _____, 20_, by the following vote on roll call:

AYES COUNCILMEMBERS:

NOES COUNCILMEMBERS:

ABSENT COUNCILMEMBERS:

MAYOR

ATTEST:

City Clerk

**FIRST AMENDMENT TO
AGREEMENT FOR PLAN CHECKING AND INSPECTION SERVICES**

THIS FIRST AMENDMENT TO AGREEMENT is made and entered into this ____ day of _____, 20__, by and between the City of Roseville, a municipal corporation ("CITY"), and Interwest Consulting Group, Inc., a Colorado corporation ("CONSULTANT"); and

W I T N E S S E T H:

WHEREAS, CITY and CONSULTANT previously entered into a Professional Services Agreement dated May 20, 2015, ("Agreement") regarding plan check and inspection services ("Project"); and

WHEREAS, CITY desires to amend the Agreement to extend the term of the agreement for one (1) additional year.

WHEREAS, CONSULTANT is willing and able to provide such additional services.

NOW, THEREFORE, the parties agree as follows:

1. Section 2 of the Agreement is amended by replacing Section 2 in its entirety to read as follows:

"The term of this First Amendment shall commence upon execution and expire on June 30, 2020. Total compensation for the First Amendment shall not exceed three hundred fifty thousand dollars (\$350,000.00).

CONSULTANT shall submit monthly invoices for its services. Such invoices shall be delineated by task, the person performing the services, and the hourly rate, which shall be stated in time increments of not greater than one-tenth (1/10) hours. CITY shall pay invoices within thirty (30) days after receipt, if the services specified in the invoice have been satisfactorily completed. ”

2. All other provisions of the Agreement shall remain unchanged and in full force and effect.

IN WITNESS WHEREOF, the City of Roseville, a municipal corporation, has authorized the execution of this First Amendment to Agreement in duplicate by its City Manager and attested to by its City Clerk under the authority of Resolution No. _____, adopted by the Council of the City of Roseville on the ____ day of _____, 20__, and CONSULTANT has caused this First Amendment to Agreement to be executed.

CITY OF ROSEVILLE, a
municipal corporation

INTERWEST CONSULTING GROUP,
INC., a Colorado corporation

BY: _____
DOMINICK CASEY
City Manager

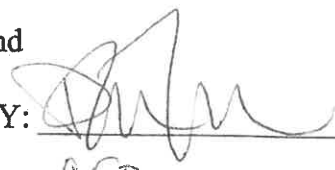
BY: 
its: President
Terry S. Rodriguez

[SIGNATURES CONTINUED ON FOLLOWING PAGE]

ATTEST:

BY: _____
SONIA OROZCO
City Clerk

and

BY:  _____
its: CFO
Debra Thorson

APPROVED AS TO FORM:

BY: _____
ROBERT R. SCHMITT
City Attorney

APPROVED AS TO SUBSTANCE:

BY:  _____
MIKE ISOM
Development Services Director



COUNCIL COMMUNICATION

CC #: 0317
File #: 0800-03

Title: Sierra Vista Substation Design Build Project - Notice of Completion
Contact: Mitch Larkin 916-746-1601 mlarkin@roseville.ca.us

Meeting Date: 10/2/2019
Item #: 7.7.

RECOMMENDATION TO COUNCIL

Roseville Electric staff recommends that the City Council accept the Sierra Vista Substation Design Build Project as complete and adopt a resolution authorizing the Electric Utility Director to execute the attached Notice of Completion.

BACKGROUND

In support of new development, the Sierra Vista Substation was constructed to serve the anticipated load growth for the Sierra Vista and Westbrook Specific Plans. The project work included all engineering designs and studies, civil construction, as well as the purchase and installation of equipment for the substation. The RFP was awarded to Wilson Construction Company.

The Electric Department has made a final inspection of the Sierra Vista Substation Design Build Project and has found that all contract work has been completed in accordance to the plans and specifications. The project is now ready for acceptance. Total contract amount of \$8,962,459.47 was paid from the Electric Department's Capital Improvement Project Budget.

FISCAL IMPACT

The original contract amount for the Design-Build Construction Agreement for the Sierra Vista Substation was \$8,284,896.47 with a 10% contingency. Thirteen change orders were issued due to unforeseen field conditions beyond the original scope of work resulting in the addition of 8% of the contract amount, or \$677,563.00, to the contract cost. The total contract amount of \$8,962,459.47 was paid from the Electric Department's Capital Improvement Project Budget.

ENVIRONMENTAL REVIEW

The California Environmental Quality Act (CEQA) does not apply to activities that will not result in

a direct or reasonably foreseeable indirect physical change in the environment, or is otherwise not considered a project as defined by CEQA Statute §21065 and the CEQA State Guidelines §15060(c)(3) and §15378. The Notice of Completion for the Sierra Vista Substation Design-Build Project meets the above criteria and is not subject to CEQA. No additional environmental review is required.

Respectfully Submitted,

Mitch Larkin, Senior Power Engineer

Michelle Bertolino, Electric Utility Director



Dominick Casey, City Manager

ATTACHMENTS:

Description

Resolution No. 19-424

Sierra Vista Substation NOC

Vicinity Map

RESOLUTION NO. 19-424

ACCEPTING THE PUBLIC WORK KNOWN AS SIERRA VISTA SUBSTATION DESIGN BUILD PROJECT, APPROVING THE “NOTICE OF COMPLETION”, AND AUTHORIZING THE ELECTRIC UTILITY DIRECTOR TO EXECUTE SAID NOTICE ON BEHALF OF THE CITY OF ROSEVILLE

BE IT RESOLVED by the City Council of the City of Roseville as follows:

1. The “Notice of Completion” on file in the City Clerk’s Department relative to that public work known as Sierra Vista Substation Design Build Project, has been approved and the public work accepted.
2. The Electric Utility Director is hereby authorized and directed to execute said Notice on behalf of the City of Roseville.

PASSED AND ADOPTED by the Council of the City of Roseville this _____ day of _____, 2019, by the following vote on roll call:

AYES COUNCILMEMBERS:

NOES COUNCILMEMBERS:

ABSENT COUNCILMEMBERS:

MAYOR

ATTEST:

City Clerk

RECORDING REQUESTED BY AND WHEN
RECORDED MAIL TO:

CITY CLERK
CITY OF ROSEVILLE
311 VERNON STREET
ROSEVILLE, CA 95678

Exempt from recording fees
Pursuant to Gov't Code §27383

NOTICE OF COMPLETION

NOTICE IS HEREBY GIVEN that the public work of improvement known as the
Sierra Vista Substation Design Build Project was completed and
accepted by the City of Roseville on _____. The location is
situated in the City of Roseville, County of Placer, State of California and is indicated on the
attached map, marked as Exhibit "A" and incorporated herein by this reference. The real
property herein described is owned by the City of Roseville, 311 Vernon Street, Roseville CA
95678.

The direct/general contractor on said project was Wilson Construction Company.

The surety on said project was Liberty Mutual Insurance Company

Michelle Bertolino
Electric Utility Director
City of Roseville
Owner

ATTEST:

Sonia Orozco, City Clerk

State of California)
County of Placer)

I, Michelle Bertolino, being first duly sworn, depose and say: I am the Electric Utility Director of the City of Roseville, a municipal corporation in the State of California, owner of the property described in the above Notice. I am duly authorized to make this verification for and on behalf of the City of Roseville. I have read the Notice of Completion and know its contents and the facts stated therein are true.

Michelle Bertolino
Electric Utility Director
City of Roseville

A notary public or other officer completing this certificate verifies only the identity of the individual who signed the document to which this certificate is attached, and not the truthfulness, accuracy, or validity of that document.
--

State of California)
County of Placer)

Subscribed and sworn to (or affirmed) before
me on this ____ day of _____,
20____, Michelle Bertolino
proved to me on the basis of satisfactory
evidence to be the person(s) who appeared
before me.

Place Notary Seal and/or Stamp Above

Signature of Notary Public

SIERRA VISTA SUBSTATION

REV	BY	DATE	DESCRIPTION					APPR.
TITLE			SUBSTATION LOCATION PLAN					JOB NO. 174105
								ACCOUNT NO. 41001-6130
ENG. M. LARKIN			APPR.	-	SCALE	NTS		DRAWING NO. 395C1-00
DR. C. SHIRLEY			DATE	9/5/19				





COUNCIL COMMUNICATION

CC #: 0313
File #: 0800-02

Title: Barton Road Water Treatment Plant Condition Assessment - Professional Services Agreement
Contact: George Hanson 916-746-1764 ghanson@roseville.ca.us

Meeting Date: 10/2/2019
Item #: 7.8.

RECOMMENDATION TO COUNCIL

Staff recommends City Council approve the award of a Professional Services Agreement for Engineering Services to Carollo Engineers, Inc., (Carollo) in the amount of \$719,544.00 for the Barton Road Water Treatment Plant Condition Assessment and adopt a resolution authorizing the City Manager to execute the Agreement.

BACKGROUND

The Barton Road Water Treatment Plant (BRWTP), built in 1971, provides for treatment of raw water obtained from the U. S. Bureau of Reclamation facilities at Folsom Dam. The initial construction included the completion of a 48-inch raw water pipeline from Folsom Reservoir, a raw water metering and valve vault, two clarifiers, gravity filters, a storage reservoir, and ancillary facilities. The BRWTP's average treatment capacity was 12 million gallons per day (mgd). Since then, the following plant expansion projects have been completed over the years:

- 1989-90: Additional improvements essentially doubled clarifier and filter area resulting in an increased treatment capacity of 36 mgd.
- 1999: Additional facilities were added to increase the treatment capacity to 60 mgd.
- 2006 to 2008: Additional expansion increased the plant capacity from 60 to 100 mgd, the ultimate plant capacity.

This project is to help establish a long-term planning strategy to ensure that this 100-mgd water treatment facility continues to function reliably, providing clean drinking water to our customers.

The Environmental Utilities Department (Department) utilizes a rehabilitation and replacement planning program to forecast funding requirements for both replacement and rehabilitation projections. The Department maintains a rehabilitation fund for these needs based on this forecast. The goal of this project is to perform a condition assessment of major assets at the BRWTP to establish the plant's baseline condition and acquire pertinent data for forecasting

capital improvements and funding needs to support the Department's rehabilitation planning process.

On June 25, 2019, three (3) consultants proposed on the Project. The proposals were evaluated by Environmental Utilities staff and ranked based on the criteria specified in the Request for Proposals (RFP) No. 08-054. Staff determined Carollo's proposal provided the best value based on the evaluation criteria of the RFP. Carollo will provide the labor, equipment and materials required to complete the assessment and provide the capital improvement(s) recommendations to support the Department's long-term rehabilitation planning process.

FISCAL IMPACT

Funding for the project is from the Water Facilities Condition Assessment capital improvement project in the Water Rehabilitation Fund. The Water Rehabilitation Fund is funded by Water Utility rate revenue.

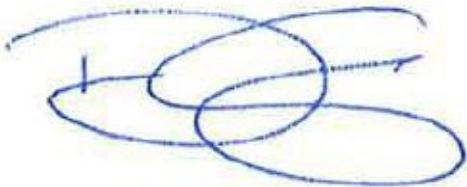
ENVIRONMENTAL REVIEW

The proposed project involves information collection, facility assessments and capital improvements recommendations, and do not result in a serious or major disturbance to an environmental resource. This activity is categorically exempt from CEQA as a Class 6 Exemption (State CEQA Guidelines Section 15306). The Exemption has been prepared and no further CEQA action is required.

Respectfully Submitted,

George Hanson, Principal Engineer

Richard D. Plecker, Environmental Utilities Director

A handwritten signature in blue ink, appearing to read 'Dominick Casey', with a stylized, overlapping loop structure.

Dominick Casey, City Manager

ATTACHMENTS:

Description

Resolution No. 19-421

Carollo Professional Services Agreement - Barton Road Water Treatment Plant Condition Assessment

RESOLUTION NO. 19-421

APPROVING A PROFESSIONAL SERVICES AGREEMENT, BY AND BETWEEN THE CITY OF ROSEVILLE AND CAROLLO ENGINEERS, INC., AND AUTHORIZING THE CITY MANAGER TO EXECUTE IT ON BEHALF OF THE CITY OF ROSEVILLE

WHEREAS, a professional services agreement for the Barton Road Water Treatment Plant Condition Assessment project, by and between the City of Roseville and Carollo Engineers, Inc., has been reviewed by the City Council; and

NOW, THEREFORE, BE IT RESOLVED by the Council of the City of Roseville that said agreement is hereby approved and that the City Manager is authorized to execute it on behalf of the City of Roseville.

PASSED AND ADOPTED by the Council of the City of Roseville this ____ day of _____, 20_, by the following vote on roll call:

AYES COUNCILMEMBERS:

NOES COUNCILMEMBERS:

ABSENT COUNCILMEMBERS:

MAYOR

ATTEST:

City Clerk

PROFESSIONAL SERVICES AGREEMENT

Project: Barton Road Water Treatment Plant Condition Assessment

THIS AGREEMENT is made and entered into this ____ day of _____, 20__,
by and between the City of Roseville, a municipal corporation ("CITY"), and Carollo Engineers,
Inc., a Delaware corporation ("CONSULTANT"); and

WITNESSETH:

WHEREAS, CITY desires professional services consisting of project management, data collection, desktop evaluation, field evaluation, technical memoranda, and seismic evaluation for the Barton Road Water Treatment Plant Condition Assessment project; and

WHEREAS, CONSULTANT has prepared a proposal dated August 20, 2019, which describes the scope of work to be performed by CONSULTANT, the budget for the work, and the schedule for performance of the work; and

WHEREAS, CONSULTANT is qualified and experienced to provide such professional services related to the Barton Road Water Treatment Plant Condition Assessment project.

NOW, THEREFORE, the parties agree as follows:

1. Services. CONSULTANT shall perform, at the direction of CITY, the scope of services as described in EXHIBIT "A," attached hereto and incorporated herein by this reference.

2. Compensation. For its services provided hereunder, CONSULTANT shall be compensated on a time and expense basis in accordance with the budget estimate as described in EXHIBIT "B," attached hereto and incorporated herein by this reference. Total compensation shall not exceed seven hundred nineteen thousand five hundred forty-four dollars (\$719,544.00).

CONSULTANT shall submit one monthly invoice for its services. Such invoices shall be delineated by task, the person performing the services, and the hourly rate, which shall be stated in time increments of not greater than one tenth (1/10) hours. CITY shall pay invoices within thirty (30) days after receipt, if the services specified in the invoice have been satisfactorily completed.

3. Indemnification. To the fullest extent allowed by law, CONSULTANT shall defend, indemnify, and save and hold harmless CITY, its officers, agents, employees and volunteers from any claims, suits or actions of every name, kind and description brought forth, or on account of, injuries to or death of any person (including but not limited to workers and the public), or damage to property, resulting from or arising out of CONSULTANT's willful misconduct or negligent act or omission while engaged in the performance of obligations or exercise of rights created by this Agreement, except those matters arising from CITY's sole negligence or willful misconduct. The parties intend that this provision shall be broadly construed.

CONSULTANT's responsibility for such defense and indemnity obligations shall survive the termination or completion of this Agreement for the full period of time allowed by law. The defense and indemnity obligations of this Agreement are undertaken in addition to, and shall not in any way be limited by, the insurance obligations contained in this Agreement. In no

event shall the cost to defend charged to CONSULTANT exceed CONSULTANT's proportionate percentage of fault.

CONSULTANT shall not be responsible for warranties, guarantees, fitness for a particular purpose, breach of fiduciary duty, loss of anticipated profits or for economic, incidental or consequential damages to CITY or any third party arising out of breach of contract, termination, or for any other reason whatsoever. Additionally, CONSULTANT shall not be responsible for acts and decisions of third parties, including governmental agencies, other CONSULTANT's subconsultants, that impact project completion and/or success.

4. Insurance. CONSULTANT agrees to continuously maintain, in full force and effect, the following minimum policies of insurance during the term of this Agreement.

<u>COVERAGE</u>	<u>LIMITS OF LIABILITY</u>
Workers' Compensation	Statutory
Commercial General Liability	\$1,000,000 each occurrence \$2,000,000 aggregate Personal Injury: \$1,000,000 each occurrence \$2,000,000 aggregate
Automobile Liability	\$1,000,000 combined single limit
Professional Liability (errors and omissions)	\$1,000,000 per claim \$2,000,000 aggregate

a. Form. CONSULTANT shall submit a certificate evidencing such coverage for the period covered by this Agreement in a form satisfactory to Risk Management and the City Attorney, prior to undertaking any work hereunder. Any insurance written on a claims made basis is subject to the approval of Risk Management and the City Attorney.

b. Additional Insureds. CONSULTANT shall also provide a separate

endorsement form or section of the policy showing CITY, its officers, agents, employees and volunteers as additional insureds for each type of coverage, except for Workers' Compensation and Professional Liability. Such insurance shall specifically cover the contractual liability of CONSULTANT. The additional insured coverage under the CONSULTANT's policy shall be primary and noncontributory, as evidenced by a separate endorsement or section of the policy, and shall not seek contribution from CITY's insurance or self-insurance. In addition, the additional insured coverage shall be at least as broad as the Insurance Services Office ("ISO") CG 20 01 Endorsement. Any available insurance proceeds in excess of the specified minimum insurance coverage requirements and limits shall be available to the additional insureds. Furthermore, the requirements for coverage and limits shall be: (1) the minimum coverage and limits specified in this Agreement; or (2) the full coverage and maximum limits of any insurance proceeds available to the named insureds, whichever is greater.

c. Cancellation/Modification. CONSULTANT shall provide ten (10) days written notice to CITY prior to cancellation or modification of any insurance required by this Agreement.

d. Umbrella/Excess Insurance. The limits of insurance required in this Agreement may be satisfied by a combination of primary and excess insurance. Any excess insurance shall contain or be endorsed to contain a provision that such coverage shall also apply on a primary and noncontributory basis for the benefit of CITY (if agreed to in a written contract) before CITY's own insurance shall be called upon to protect it as a named insured.

e. Subcontractors. CONSULTANT agrees to include in its contracts with all subcontractors the same requirements and provisions of this Agreement, including the indemnity and insurance requirements, to the extent they apply to the scope of the subcontractor's work.

Furthermore, CONSULTANT shall require its subcontractors to agree to be bound to CONSULTANT and CITY in the same manner and to the same extent as CONSULTANT is bound to CITY under this Agreement. Additionally, CONSULTANT shall obligate its subcontractors to comply with these same provisions with respect to any tertiary subcontractor, regardless of tier. A copy of CITY's indemnity and insurance provisions will be furnished to the subcontractor or tertiary subcontractor upon request.

f. Self-Insured Retentions. All self-insured retentions ("SIR") must be disclosed to Risk Management for approval and shall not reduce the limits of liability. Policies containing any SIR provision shall provide or be endorsed to provide that the SIR may be satisfied by either the named insured or CITY. CITY reserves the right to obtain a full certified copy of any insurance policy and endorsements. The failure to exercise this right shall not constitute a waiver of such right.

g. Waiver of Subrogation. CONSULTANT hereby agrees to waive subrogation which any insurer of CONSULTANT may acquire from CONSULTANT by virtue of the payment of any loss under a Workers Compensation, Commercial General Liability or Automobile Liability policy. All Workers Compensation, Commercial General Liability and Automobile Liability policies shall be endorsed with a waiver of subrogation in favor of CITY, its officers, agents, employees and volunteers for all work performed by CONSULTANT, its employees, agents and subcontractors.

h. Liability/Remedies. Insurance coverage in the minimum amounts set forth herein shall not be construed to relieve CONSULTANT of liability in excess of such coverage, nor shall it preclude CITY from taking such other actions as are available to it under any other provisions of this Agreement or law.

5. Records. CONSULTANT and its subcontractors shall maintain all files and records relating to the services performed hereunder during the term of this Agreement and for a period of not less than one (1) year after the date of termination or expiration. Provided, however, that in the event of litigation or settlement of claims arising from the performance of this Agreement, CONSULTANT and its subcontractors shall maintain all files and records until such litigation, appeals or claims are resolved. Duly authorized representatives of CITY shall have right of access during normal business hours and after reasonable notice to CONSULTANT's and subcontractors' files and records relating to the services performed hereunder, and may review and copy the files and records at appropriate stages during performance of the services and during the one (1) year period following termination or expiration of this Agreement. CONSULTANT shall include this provisions in its contracts with all subcontractors.

6. Time is of the Essence. Time is of the essence of this Agreement.

7. Compliance with Laws. CONSULTANT shall comply with all federal, state and local laws, ordinances and policies as may be applicable to the performance of services under this Agreement.

8. Ability to Perform. CONSULTANT agrees and represents that it has the time, ability and professional expertise to perform the services required under this Agreement.

9. Governing Agreement. In the event of any conflict between this Agreement and its EXHIBITS, the provisions of this Agreement shall govern. In the event of any conflict between any of the EXHIBITS, the provisions of the first in order of attachment shall govern.

10. Assignment. CONSULTANT is employed to perform unique personal services. CONSULTANT shall not assign this Agreement without the prior written consent of CITY.

CONSULTANT shall not employ or otherwise incur any obligation to pay other specialists or experts for services in connection with this Agreement, without prior written consent of CITY.

11. Independent Contractor. CONSULTANT shall act as an independent contractor, and covenants and agrees that it will conduct itself consistent with such status, that it will neither hold itself out as, nor claim to be, an officer or employee of CITY by reason of this Agreement.

12. Representations and Warranties. CONSULTANT warrants that it has not employed or retained any company or person, other than a bona fide employee working for CONSULTANT, to solicit or secure this Agreement, and that it has not paid or agreed to pay any company or person, other than a bona fide employee, any fee, commission, percentage, brokerage fee, gift or any other consideration, contingent upon or resulting from the award or making of this Agreement. For breach or violation of this warranty, CITY shall have the right to terminate as void this Agreement, without liability, or, in its discretion, to deduct from the Agreement price or consideration, or otherwise recover, the full amount of such fee, commission, percentage, brokerage fee, gift or contingent fee.

13. Successors in Interest. This Agreement shall be binding upon the heirs, successors, executors, administrators and assigns of the respective parties hereto.

14. Copyright, Ownership and Use of Materials. All tangible material ("Material") created or delivered pursuant to this Agreement is considered a work made for hire under the Copyright Act. To the extent such Material does not qualify as a work made for hire, CONSULTANT hereby assigns to CITY all right, title, and interest, including but not limited to all copyrights, in all Material created by CONSULTANT in its performance under this Agreement. Material constitutes the scope of work outlined in Exhibit A and attached hereto, and all written and other tangible expressions, including but not limited to, drawings (including

computer aided drawings), papers, documents, reports, surveys, renderings, exhibits, sketches, maps, models, prints, paintings or photographs, in any and all media or formats in which such materials have been created or are maintained. All Material furnished by CONSULTANT is, and shall remain, the property of CITY.

CONSULTANT shall execute any documents necessary to effectuate such assignment. In the event that CONSULTANT uses, employs, designates, or retains any person or entity who is not an employee of CONSULTANT, to perform any work required of it pursuant to this Agreement, CONSULTANT shall require said person or entity to execute an agreement containing the preceding paragraph.

15. Standard of Care. CONSULTANT shall perform the services required hereunder in accordance with the prevailing standard of care by exercising the skill and ability ordinarily required of consultants performing the same or similar services, under the same or similar circumstances, in the State of California.

16. CITY-Provided Information and Services. CITY shall furnish CONSULTANT available studies, reports and other data pertinent to CONSULTANT's services; obtain or authorize CONSULTANT to obtain or provide additional reports and data as required; furnish to CONSULTANT services of others required for the performance of CONSULTANT's services hereunder, and CONSULTANT shall be entitled to use and rely upon all such information and services provided by CITY or others in performing CONSULTANT's services under this Agreement.

17. Estimates and Projections. CONSULTANT has no control over cost or price of labor, materials, equipment or services furnished by others, over the incoming water quality and/or quantity, or over the way CITY's plant and/or associated processes are operated and/or

maintained. Data projections and estimates are based on CONSULTANT's opinion based on experience and judgment. CONSULTANT cannot and does not guarantee that actual costs and/or quantities realized will not vary from the data projections and estimates prepared by CONSULTANT and CONSULTANT will not be liable to and/or indemnify CITY and/or any third party related to any inconsistencies between CONSULTANT's data projections and estimates and actual costs and/or quantities realized by CITY and/or any third party in the future.

18. Third Parties. The services to be performed by CONSULTANT are intended solely for the benefit of CITY. No person or entity not a signatory to this Agreement shall be entitled to rely on CONSULTANT's performance of its services hereunder, and no right to assert a claim against CONSULTANT by assignment of indemnity rights or otherwise shall accrue to a third party as a result of this Agreement or the performance of CONSULTANT's services hereunder.

19. Termination of Agreement. The City may terminate this Agreement without cause by giving CONSULTANT ten (10) days advance written notice from the City Manager. CONSULTANT may terminate this Agreement without cause by giving CITY thirty (30) days advance written notice. In the event of termination through no fault of CONSULTANT, CITY shall compensate CONSULTANT for services performed as of the date of termination, upon the release to CITY of all Material hereunder, in any and all media or formats in which such materials have been created or are maintained. CITY retains the right to receive and use any Material, notwithstanding any termination or any dispute regarding the amount to be paid.

20. Attorney's Fees; Venue; Governing Law. If either party commences any legal action against the other party arising out of this Agreement or the performance hereof, the prevailing party in such action shall be entitled to recover its reasonable litigation expenses,

including but not limited to, court costs, expert witness fees, discovery expenses, and attorney's fees. Any action arising out of this Agreement shall be brought in Placer County, California, regardless of where else venue may lie. This Agreement shall be governed by and construed in accordance with the laws of the State of California.

21. Modification. This Agreement and each provision contained herein may be waived, amended, supplemented or eliminated only by mutual written agreement of the parties.

22. Severability. If any of the provisions contained in this Agreement are for any reason held invalid or unenforceable, such holding shall not affect the remaining provisions or the validity and enforceability of the Agreement as a whole.

23. Notices. Any notices to parties required by this Agreement shall be delivered personally or mailed, U.S. first class postage prepaid, addressed as follows:

CITY OF ROSEVILLE

Richard D. Plecker
Environmental Utilities Director
2005 Hilltop Circle
Roseville, CA 95747

CONSULTANT

Felicia James, P.E.
Project Manager
2880 Gateway Oaks Drive, Ste. 300
Sacramento, CA 95833

Either party may amend its address for notice by giving notice to the other party in writing.

24. Integrated Agreement. This is an integrated agreement and contains all of the terms, considerations, understanding and promises of the parties. It shall be read as a whole.

IN WITNESS WHEREOF, the City of Roseville, a municipal corporation, has authorized the execution of this Agreement in duplicate by its City Manager and attested to by its City Clerk under the authority of Resolution No. _____, adopted by the Council of the City of Roseville on

the ____ day of _____, 20____, and CONSULTANT has caused this Agreement to be executed.

CITY OF ROSEVILLE, a
municipal corporation

CAROLLO ENGINEERS, INC., a
Delaware corporation

BY: _____
DOMINICK CASEY
City Manager

BY: Beverly Hann
its: Beverly Hann
Associate Vice President
and

ATTEST:

BY: Ken Wilkins
its: Ken Wilkins
Senior Vice President

BY: _____
SONIA OROZCO
City Clerk

APPROVED AS TO FORM:

BY: _____
ROBERT R. SCHMITT
City Attorney

APPROVED AS TO SUBSTANCE:

BY: Richard D. Plecker
RICHARD D. PLECKER
Environmental Utilities Director

EXHIBIT “A”

August 20, 2019

Mr. George Hanson
City of Roseville
311 Vernon Street
Roseville, California 95678

Subject: Barton Road Water Treatment Plant Condition Assessment Scope and Fee Estimate

Dear Mr. Hanson:

Thank you for this opportunity to work with you and the City of Roseville's project team for the Barton Road Water Treatment Plant Condition Assessment. Successful completion of this project will provide the Environmental Utilities Department with a forecast of future capital improvements and funding needs for the City's rehabilitation and replacement planning. Our approach for success emphasizes coordination and collaboration with a focus on strategic asset management.

We have assembled a multi-disciplinary team drawing on our company's capital planning and asset management leaders from around the country. Three key benefits of our team are:

- Our discipline leads have performed condition assessments and capital improvement program development at some of the largest water treatment plants across the Sacramento region and the state. They have extensive experience in filter media evaluations, concrete and structural assessments, process mechanical evaluations, and electrical, instrumentation, and controls equipment for water treatment plants across the country.
- We are also experienced with integrating our condition assessment results with computerized maintenance management systems, including Maximo®, to efficiently coordinate with asset management business practices.
- At Carollo, water is all we do. Our team has successfully developed and implemented industry leading tools to support asset management for water facilities throughout the greater Sacramento area and the country. We will couple this knowledge with your team's experience to identify projects to best meet Roseville's near- and long-term needs.

We have incorporated your feedback and enclosed an updated scope of services with schedule and fee estimate. We look forward to working with you on this exciting project.

Sincerely,

CAROLLO ENGINEERS, INC.



Felicia James, P.E.
Project Manager
Email fjames@carollo.com

Beverly Hann, P.E., PMP
Client Service Manager
Email bhann@carollo.com

SCOPE OF SERVICES

**City of Roseville
Environmental Utilities Department
Barton Road Water Treatment Plant Condition Assessment
August 20, 2019**

BACKGROUND

The City of Roseville's (City) Barton Road Water Treatment Plant (BRWTP), built in 1971, provides for treatment of raw water obtained from the U.S. Bureau of Reclamation facilities at Folsom Dam. With the most recent expansion, completed in 2008, the plant capacity is 100 million gallons per day. The Environmental Utilities Department (EUD) utilizes a rehabilitation and replacement planning program to forecast funding requirements for both replacement and rehabilitation projections. The EUD maintains a rehabilitation fund for these needs based on this forecast. The goal of this project is to perform condition assessment of major assets at the BRWTP to establish the plant's baseline condition and acquire pertinent data for forecasting capital improvements and funding needs to support EUD's rehabilitation planning process.

APPROACH AND SCOPE OF SERVICES

The following Scope of Services has been prepared based on discussions between Carollo Engineers, Inc., (Carollo) and EUD staff. This scope is the basis for the engineering hours and costs to develop a condition assessment methodology for the City to incorporate into its asset management program.

TASK 1 PROJECT MANAGEMENT

The purpose of this task is to provide ongoing project coordination, management, and review of deliverables.

Deliverables

- Data request log.
- Kick-off meeting agenda, presentation materials, handouts, and meeting summary.
- Project Management Plan.
- Quality Management Plan.
- Monthly Invoices.
- Monthly Progress Reports.

Assumptions

- The level of effort for this task is based on a minimum of monthly 1-hr conference calls between Carollo and the City's project manager and other City staff invited by the City's project manager. Carollo will collaborate with the City's project manager to review meeting frequency and update the level of effort assumptions if more frequent project meetings are beneficial.
- Monthly 1-hr internal conference calls for Carollo's project team.

SUBTASK 1.1 Notice to proceed and data request

Within one week of receiving notice to proceed, Carollo will submit a data request log to the City's project manager. Information to be requested includes, but is not limited to:

- Asset register and work order data from the City's Maximo® database.
- Plant drawings and maintenance records such as vibration, oil analysis and thermal imaging tests.
- Facility assessment results and prior inspection reports.
- Current master plan and capital improvement plan for BRWTP.
- Documentation describing the City's asset management program framework.

SUBTASK 1.2 Kick-off meeting

Prepare for and conduct a 2-hour project kick-off meeting with City staff. The objective of the kick-off meeting is to review the project scope, schedule, deliverables, roles and responsibilities with the Carollo and City project team members.

SUBTASK 1.3 Project management and monthly status meetings

The purpose of this task is to provide ongoing project coordination, management, and review of deliverables. These activities include monthly reporting, regular meetings with the project team, and monitoring of project schedule and budget. Carollo will submit progress reports with the monthly billing statements. The monthly progress reports will include:

- A summary of work performed during the billing period.
- Dates and subject of meetings conducted and attended.
- Activities scheduled for the upcoming month.
- Any adjustments required to manage the schedule or budget.
- Identify out of scope items that require approval from the City's project manager.

This task also includes preparing and submitting a Project Management Plan (PMP) that describes the details and management approach for the project. The PMP serves as a reference document to the project team for the following information:

- Scope.
- Budget.
- Schedule: tasks, meetings, milestones, delivery dates, review times.
- Team structure: identify key stakeholders and staff associated with each task.
- Team member contact information.
- Quality Management and Quality Control procedures and reviewer assignments.
- Action Item and Decision Logs.

A Quality Management Plan (QMP) will also be developed. The QMP describes the quality assurance and quality control process to be implemented throughout the project. The QMP will identify the roles and responsibilities for Carollo's internal reviewers for reviewing the project deliverables.

TASK 2 DATA COLLECTION

The purpose of this task is to coordinate with City staff to obtain and review data required for the BRWTP desktop and field assessments.

Deliverables

- Summary memo of data and information reviewed and additional analysis recommendations that are not part of the available data provided by the City.

Assumptions

- The City will provide digital copies of requested information, when available.

SUBTASK 2.1 Data review

Carollo will review and summarize the information received and maintain an updated data request log with received information and new requests throughout the project. As part of the review of available information and preparation for the desktop evaluation analysis, Carollo will amend the asset register to include assets identified in the reviewed information that are not already part of the Maximo database and are proposed for assessment. When sufficient data is available, Carollo will link the maintenance record results with the associated assets. Carollo's discipline leads will also be consulted to interpret maintenance record information for incorporation into the desktop evaluation.

SUBTASK 2.2 Analysis to support desktop evaluation

As part of this task, Carollo will also review the City's existing asset management protocols and, where appropriate, recommend adaptations for improvement, especially to accommodate assets not already included in Maximo such as additional data attribute fields or adjustments to the hierarchy. Carollo will also recommend analyses to be implemented for the desktop evaluation that is in addition to data currently available. For example, recommendations could include an approach for evaluating other potential asset failure modes such as capacity, efficiency, and performance.

SUBTASK 2.3 Initial & Replacement Costs Updates

An allowance of \$15,000 has been included in the event that additional effort than anticipated is required to update initial and replacement costs for assets, and for any higher than anticipated coordination required with City staff. This budget will only be released if the City identifies unanticipated tasks and approves this in writing.

TASK 3 DESKTOP EVALUATION

The following subtasks describe the desktop evaluation effort and associated workshops.

Deliverables

- Desktop evaluation results along with the criteria used evaluation.
- Workshop 1 agenda, presentation materials, handouts, and meeting summary.
- Workshop 2 agenda, presentation materials, handouts, and meeting summary.

SUBTASK 3.1 Desktop evaluation

Carollo will develop and conduct a desktop evaluation of the BRWTP assets. Preparation for the desktop evaluation will include establishing a register of the assets to be evaluated, including those assets not currently in the Maximo database. Assets added to the asset register will be assigned location and hierarchy attributes consistent with the naming conventions used in Maximo and suitable for City staff to create these new assets in Maximo.

The desktop evaluation will include developing a table of asset types along with estimated useful life values for review by the City. Additionally, Carollo will establish asset register attribute fields for each asset type pertinent to the desktop and asset management evaluations.

The results of the desktop evaluation will include an annual replacement schedule along with aggregated replacement costs for the assets. The resulting asset replacement profile will be developed from the desktop evaluation results using the estimated useful life, work order and maintenance information from Task 2, and current age of the assets. Carollo will also recommend assets to be included in the Phase 1 field evaluation based on the desktop evaluation results and in consideration of the areas of increased interest listed in Table 1 of the Request for Proposal for this project.

SUBTASK 3.1B Maximo Clean Up

An allowance of \$10,000 has been included in the event that additional effort than anticipated is required for Maximo data clean up, and for any higher than anticipated coordination required with City staff. This budget will only be released if the City identifies unanticipated tasks and approves this in writing.

SUBTASK 3.2 Workshop 1

Prepare for and conduct a 3-hour workshop with City staff to present and discuss Carollo's proposed desktop evaluation approach and criteria. Carollo will document City feedback during the meeting and summarize the desktop evaluation approach to be implemented along with key decisions and action items. Carollo will submit the draft meeting summary to the City's project manager for review. Carollo will proceed with developing the desktop evaluation after receiving approval from the City's project manager.

SUBTASK 3.3 Workshop 2

Prepare for and conduct a 3-hour workshop with City staff to present the results of the desktop evaluation and discuss recommendations and proposed methodology for the subsequent field evaluations. Carollo will document City feedback during the meeting and summarize the field evaluation approach to be implemented along with key decisions and action items. Carollo will submit the draft meeting summary to the City's project manager for review. Carollo will proceed with developing the Phase 1 field evaluation effort after receiving approval from the City's project manager.

TASK 4 FIELD EVALUATION (PHASE 1)

The following subtasks describe the Phase 1 field evaluation activities and analyses. Close coordination and collaboration with City staff will be important for successfully completing these activities. The communication protocols (to be outlined in the Program Management Plan developed during Task 1) will describe the lines of communication, communication frequency and process for issue escalation to efficiently address potential conflicts. It is anticipated that a combination of both in-person and over-the-phone meetings will regularly occur between Carollo's leads and their City counterparts for specific activities.

Assumptions

- The field and filter evaluations will be completed in up to two non-consecutive days.
- Assets requiring confined-space entry will be deferred to Phase 2 for assessment.
- BRWTP staff will shut down and drain facilities selected for Phase 1 assessment.

SUBTASK 4.1 Develop asset management analyses

The asset management analyses include developing a condition rating system for the assets to be assessed in the field, defining how the desktop assessment results and condition scores will be used to establish a probability of failure (POF) score for each asset, and approach for updating the remaining useful life and vulnerability determination for the assets. Carollo will collaborate with City staff to develop a condition rating system to align with the City's Maximo database.

Carollo will recommend a methodology for aggregating the condition results into a consolidated POF score when multiple condition factors are evaluated for an asset. Carollo will also discuss with City staff the consequence of failure (COF) score assignments for the existing assets in Maximo and any adaptations that may be necessary for assigning COF scores to assets not yet in Maximo. The interaction between the asset hierarchy and COF score assignments will also be reviewed with the City.

SUBTASK 4.2 Field evaluations (non-invasive)

Carollo will develop the condition assessment protocol for assessing the assets designated for the Phase 1 Field Evaluation. Carollo will collaborate with City staff to schedule the field visits for Carollo's evaluation team (including Carollo's subconsultant, V&A Consulting Engineers [V&A]) to coordinate access to the BRWTP assets that will be assessed as a part of Phase 1.

Carollo's evaluation team will include discipline engineers who will be responsible for assessing the assets and components related to their discipline. The team will include discipline engineers to assess the following asset types:

- Structural
- Civil
- Electrical
- Instrumentation and Controls
- Mechanical

During the field evaluation, City staff with knowledge of operations and maintenance related to the BRWTP will need to be on-site and available uninterrupted to allow an efficient on-site condition assessment. The Carollo team will be equipped with tablets to gather data and take pictures for documentation of the assets' condition and will query City staff for performance information data related to maintainability, reliability, redundancy, and obsolescence. The Carollo team will also look for code and safety violations and other areas of concern and will record findings as part of this effort.

During the field evaluation, V&A will also provide non-invasive, non-destructive visual corrosion assessments of metals and concrete, ultrasonic thickness testing, and coating thickness measurements of assets that are safely accessible. In particular, V&A will focus on the following major assets:

- Sodium hypochlorite tanks (3 tanks)
- Caustic Tank 2 nozzles
- Fluoride tanks (2 tanks)
- Chemical conveyance pipelines
- Chemical sumps
- Clarifier 3
- Lime system
- Filtered water channel
- Reclaim basins 1 and 2
- Flocculation and sedimentation basins 1, 2 and 3
- Media filters 1, 2, and 3

SUBTASK 4.3 Motor Control Center Assessment

Carollo's electrical lead will assess the safety of the main motor control center (MCC) housed inside the Operations Building. Carollo will evaluate the MCC with respect to condition and age and will provide recommendations related to the electrical equipment and its existing installation. The evaluation and subsequent recommendations will be developed from a physical inspection of the equipment, as well as information obtained from City staff. The MCC installation will also be evaluated for compliance with the latest adopted version of NFPA 70 (National Electrical Code). Any recommendations from the electrical lead will be incorporated into the Field Evaluation technical memorandum. Similarly, Carollo's electrical engineer will also assess the MCC for the East Clearwell Electrical Room with particular attention to deterioration due to corrosion.

SUBTASK 4.4 Media life & sieve analysis (6 filters)

The Phase 1 field evaluations will include media life investigation and sieve analysis of six filters: each of filters 1 through 3, one filter from 4 through 6, either 7 or 8, and one filter from 9 through 12. Each of the six evaluations will include:

- Inspection of top of media, launders, and box
- Filter coring down to top of gravel (sand, anthracite)
- Sieve analysis in accordance with the AWWA B100 Standard for Filtering Media

Additionally, we will do a detailed inspection of filters 1 through 3 that involves review of the controls and backwash system and sampling the filter waste wash water.

SUBTASK 4.5 Valve evaluations

Carollo's mechanical lead will conduct a non-invasive visual inspection of the accessible portions of the effluent butterfly valves and 48-inch raw water meter vault ball valve and valve components. One effluent butterfly valve from filters 1 through 3 and one from filters 4 through 6 will be designated for Phase 2 evaluation. Carollo will develop a strategy for removing the designated valves for the more detailed Phase 2 evaluation. Carollo will also develop recommendations for the 48-inch ball valve, including any additional Phase 2 evaluations.

SUBTASK 4.6 East Applied Water Pipeline recommendations

Carollo's structural engineer will conduct a non-invasive visual evaluation of the exposed portion of the 72" welded steel (mortar lined) pipeline and develop recommendations for providing structural support.

SUBTASK 4.7 Develop rehabilitation and replacement analyses

Carollo will update the desktop analysis results with revised condition scores from the field assessment results. The resulting assessment conclusions will be used to revise the projected number of years remaining for operation of the assets. Rehabilitation and Replacement (R&R) alternatives and associated planning-level (Class V) cost estimates will be developed for each asset type and sub-type. Where special circumstances exist, asset-specific R&R project recommendations will also be established. The remaining useful life (RUL) results will be used to schedule R&R projects and graphed as a profile of projected annual costs.

After assigning POF and COF scores to the assets or system of assets, Carollo will assign each asset to risk categories defined in a POF by COF matrix to prioritize capital improvement plan (CIP) project recommendations. Carollo, in collaboration with City staff, will develop up to three strategies for managing risk through R&R project alternatives for the BRWTP assets. Carollo will collaborate with City staff to develop a decision tree for rehabilitation vs. replacement options and triggers by asset type (or major asset grouping) along with timing and frequency limits for each rehabilitation.

SUBTASK 4.8 Workshop 3

Carollo will prepare for and conduct a 3-hour workshop with City staff to present the results of the Phase 1 field evaluation and discuss recommendations and proposed methodology for the subsequent Phase 2 field evaluations. Carollo will document City feedback during the meeting and summarize the discussions along with key decisions and action items. Carollo will submit the draft meeting summary to the City's project manager for review.

TASK 5 FIELD EVALUATION (PHASE 2)

Prior to mobilizing for this Phase 2 Field Evaluation task, Carollo's asset management and condition assessment teams will develop the field evaluation and analysis approach for review

by the City. A preliminary understanding of the activities for this task are described below and Carollo will work with the City's project manager to finalize the scope of services for this Task 5 and the associated costs.

The following subtasks describe the anticipated Phase 2 field evaluation activities and analyses. Carollo, with the support of V&A Consulting Engineers, will implement the more detailed assessments recommended during Task 4 and agreed to by the City. We anticipate that the Phase 2 field assessments could include collection and analysis of concrete core samples, other materials testing, development of filter floc retention profiles, inspection of filter underdrains, and internal inspection and testing of the east applied water pipeline.

SUBTASK 5.1 Develop scope of assets for in-depth evaluation

After receiving approval from the City's project manager, Carollo will proceed with developing the Phase 2 field evaluation approach.

SUBTASK 5.2 In-depth/invasive field evaluations

Carollo, with the support of V&A, will implement the more detailed assessments recommended during Task 4 and agreed to by the City. The Phase 2 field assessments are anticipated to include, but not be limited to, the collection and analysis of concrete core samples, other materials testing, development of filter floc retention profiles, inspection of filter underdrains, and removal of two filter effluent butterfly valves. Areas such as the filtered water channel that require confined space entry for assessment will also be included as part of the Phase 2 evaluations. The fee estimate developed for the task also includes broadband electromagnetics (BEM) metal thickness testing of an above-grade 3-foot long section of the pipe circumference. The BEM test evaluates the reduction in pipe wall without removal of the pipes coating.

Preliminary Assessment Assumptions listed as Subtasks 5.7 – 5.11 of the Fee Estimate

- 3 pairs of concrete core samples
- 3 filter floc retention profiles
- Filter underdrain inspection (requires confined space entry)
- BEM metal thickness testing of the east applied water pipeline
- Removal of filter effluent butterfly valves
- Filtered water channel inspection (requires confined space entry)

Based on these assumptions, an allowance of \$96,843 has been included. However, the actual costs of this task will be determined once the preceding phases are completed, and Carollo, together with the City, finalize the scope for this phase.

SUBTASK 5.3 Develop comprehensive long-term reliability strategy

Carollo will use the Phase 1 and Phase 2 condition assessment results, repair history, preventive maintenance information, and other historical information to assign POF scores for the assets. Carollo will develop a scoring protocol to define how the results from all three evaluations (desktop, Phase 1, and Phase 2) are to be utilized. The goal of the POF scoring

protocol is to create a framework for the City to incorporate future assessment results in a repeatable, consistent manner.

With input from City staff, Carollo will develop a table that defines potential financial, social, and environmental consequences and vulnerabilities that could be experienced if an asset or system of assets were to fail at the BRWTP. These definitions will correspond with COF scores that are assigned to infrastructure assets and equipment. The POF and COF scores will be used to assign the facility assets to risk categories also discussed in subtask 4.7 for developing the R&R strategies for managing risk. The goal of the long-term reliability strategy is to provide the City with a defensible risk analysis to prioritize and justify resources required to meet the City's capital and operational needs.

SUBTASK 5.4 Workshop 4

Carollo will prepare for and conduct a 3-hour workshop with City staff to present the results of the Phase 2 field evaluation and discuss recommendations and proposed methodology for the subsequent Phase 2 field evaluations. Carollo will document City feedback during the meeting and summarize the discussions along with key decisions and action items. Carollo will submit the draft meeting summary to the City's project manager for review. After receiving approval from the City's project manager, Carollo will proceed with developing the Phase 2 field evaluation level of effort estimate.

TASK 6 TECHNICAL MEMORANDA

Deliverables and Assumptions

- Carollo will submit 10 hard copies and one PDF copy of the draft and final copies of each technical memorandum to the City's project manager.
- The City project manager will receive all internal review comments within a two-week review period and forward one package of review comments to Carollo.
- Carollo will provide responses to the review comments and discuss any unresolved or conflicting comments with the City's project manager one week after receiving the City's review comments.
- One week after resolving all comments with the City's project manager, Carollo will incorporate the comments and submit the final technical memorandum.

Carollo will submit a flash drive with an electronic copy of the technical memorandum and associated supporting files, included an electronic copy of the desktop analysis files in Microsoft Excel format.

SUBTASK 6.1 Desktop Evaluation Technical Memorandum

Carollo will prepare a Desktop Evaluation Technical Memorandum (DETM). The DETM will discuss the results of the desktop evaluation, recommendations for the Phase 1 field evaluations, and the asset management analysis.

SUBTASK 6.2 DETM Workshop

Carollo will prepare for and conduct a 3-hour workshop with City staff to review and discuss the draft technical memorandum, results and recommendations. Carollo will document City feedback during the meeting and summarize the discussions along with key decisions and action items. Carollo will submit the draft meeting summary to the City's project manager for review.

SUBTASK 6.3 Field Evaluations Technical Memorandum (Phase 1 and 2 combined)

Carollo will prepare a Field Evaluations (Phases 1 & 2) Technical Memorandum (FETM). The FETM will discuss the results of the Phase 1 and Phase 2 evaluations and the asset management analysis and recommendations.

SUBTASK 6.4 FETM Workshop (Phase 1 and 2 combined)

Carollo will prepare for and conduct a 3-hour workshop with City staff to review and discuss the draft technical memorandum, results and recommendations. Carollo will document City feedback during the meeting and summarize the discussions along with key decisions and action items. Carollo will submit the draft meeting summary to the City's project manager for review.

SUBTASK 6.5 Rehabilitation and Replacement Plan

Carollo will prepare a Rehabilitation and Replacement Plan Technical Memorandum (RRP). The RRP will discuss the R&R alternatives, costs, schedules, and recommendations.

SUBTASK 6.6 RRP Workshop

Carollo will prepare for and conduct a 3-hour workshop with City staff to review and discuss the draft report, results and recommendations. Carollo will document City feedback during the meeting and summarize the discussions along with key decisions and action items. Carollo will submit the draft meeting summary to the City's project manager for review.

SUBTASK 6.7 Final Project Technical Memorandum

Carollo will prepare a Final Project Technical Memorandum (FPTM). The FPTM will describe the risk management model that is to be used for evaluating the RRP developed in Task 4 and updated with Task 5. The risk management model will elaborate on the following:

- Probability of Failure (POF) scoring protocol.
- Condition rating criteria for the assets included in the condition assessments.
- Consequence of Failure (COF) definitions and associated scoring protocol.
- Algorithm using all criteria and ratings to determine remaining useful life.
- Mitigation factors to be considered in the risk evaluation.

TASK 7 [OPTIONAL] SEISMIC EVALUATION

This task will only be initiated after approval, in writing from the City's project manager. Upon authorization to proceed with this task, Carollo will conduct a Tier 1 seismic evaluation of the BRWTP's Main Operations Building as described in the following subtasks.

Assumptions

- The City will provide available record drawings and geotechnical reports at least two weeks prior to the scheduled on-site assessment date.

SUBTASK 7.1 Review of Record Drawings/Set up of ProntoForm

Prior to the site visit, Carollo's structural engineers will review available record drawings and geotechnical reports provided by the City. After review of the available information, Carollo will set up the forms to be used for the seismic evaluation in the ProntoForm® software application.

SUBTASK 7.2 Main Operations Building on-site assessment

The Main Operations Building site visit will be scheduled for after the Phase 1 field evaluation described in Task 4. The Main Operations Building will be analyzed for Immediate Occupancy (structural) and Position Retention (non-structural) in accordance with American Society of Civil Engineers 41-16: Seismic Evaluation and Retrofit of Existing Buildings.

SUBTASK 7.3 Desktop Evaluation

Carollo's structural engineers will provide a desktop seismic evaluation using the field observations from the on-site assessment.

SUBTASK 7.4 Evaluate Rehabilitation Alternative & retrofit costs

For elements that require rehabilitation, alternatives will be developed along with Class IV planning-level cost estimates.

SUBTASK 7.5 Seismic Evaluation Technical Memorandum

Carollo will prepare a Seismic Evaluation Technical Memorandum (SETM). The SETM will discuss the results of the seismic evaluation, rehabilitation alternatives, retrofit costs, and recommendations.

SETM Deliverables and Assumptions

- Carollo will submit 10 hard copies and one PDF copy of the draft and final copies of each technical memorandum to the City's project manager.
- The City project manager will receive all internal review comments within a two-week review period and forward one package of review comments to Carollo.

- Carollo will provide responses to the review comments and discuss any unresolved or conflicting comments with the City's project manager one week after receiving the City's review comments.
- One week after resolving all comments with the City's project manager, Carollo will incorporate the comments and submit the final technical memorandum.

Carollo will submit a flash drive with an electronic copy of the technical memorandum and associated supporting files, included an electronic copy of the desktop analysis files in Microsoft Excel format.

TASK 8 [OPTIONAL] UNFORESEEN EMERGENCY & UNANTICIPATED WORK

During the field assessment Carollo, with the support of its subcontractor, Syblon Reid, will provide the City an on-call emergency response team.

SUBTASK 8.1 Emergency repair work

An allowance of \$100,000 has been included in order to mobilize and conduct emergency and/or unanticipated repair and/or assessment work discovered during the field evaluation that need to be immediately addressed in order to protect the health and safety of City staff and the public. This budget will only be released if the City identifies unanticipated tasks and approves this in writing.

COST

Cost for this scope of services is detailed in the attached budget table, Attachment A. Costs will be billed on a monthly basis on a time and materials not-to-exceed basis. Hourly rates are as shown in the attached Fee Schedule, Attachment B, and are subject to annual adjustments. The City's project manager may approve by email subsequent reallocation between tasks within the authorized budget.

SCHEDULE

The schedule of completion for the work described in this scope of services is 12 months from receipt of Notice to Proceed. Project completion is contingent upon the scheduling of the Phase 1 field evaluation (within the time line indicated in the schedule) and accuracy of assumed schedule and duration of Phase 2 field evaluations. A detailed schedule is provided as Attachment C.

ATTACHMENT A
CITY OF ROSEVILLE
BARTON ROAD WATER TREATMENT PLANT CONDITION ASSESSMENT

CAROLLO ENGINEERS, INC. COST PROPOSAL
AUGUST 2019

Project Role ==> Labor Category ==> Project Team Member ==>		LABOR HOURS - Carollo Engineers, Inc.																PROJECT EXPENSES						
		Quality Manager	Project Manager	Project Engineer	Field Evaluation Lead	I&C Engineer	Structural Engineer	Civil Engineer	Electrical Engineer	Mechanical Engineer	Construction Management	Cost Estimating	Asset Management Support	Asset Management Support	GIS & Technical Support	Support Staff		SUBCONSULTANTS				TOTAL LABOR & EXPENSES		
		Lead Project Professional	Project Professional	Assistant Professional	Professional	Project Professional	Lead Project Professional	Project Professional	Lead Project Professional	Project Professional	Project Professional	Professional	Assistant Professional	Assistant Professional	Technician	Document Processing / Tech Writer / Graphics	CAROLLO TOTAL	Other sub-contractors	V&A Consulting Engineer's Inc.	Mark-up (10%)	SUB-CONSULTANT TOTAL		OTHER DIRECT COSTS	
Task #	Task Description	\$295	\$275	\$193	\$234	\$275	\$295	\$275	\$295	\$275	\$234	\$193	\$193	\$149	\$132	Hours	Dollars							
TASK 1 - PROJECT MANAGEMENT		0	56	108	4	0	0	0	0	0	0	0	0	0	28	196	\$ 40,876	\$ -	\$ 5,272	\$ 527	\$ 5,799	\$ 300	\$ 46,975	
1.1	Notice to Proceed, submit data request	0	4	4	0	0	0	0	0	0	0	0	0	0	0	8	\$ 1,872	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 1,872	
1.2	Kick-off meeting	0	4	8	4	0	0	0	0	0	0	0	0	0	4	20	\$ 4,108	\$ -	\$ 2,114	\$ 211	\$ 2,325	\$ 300	\$ 6,733	
1.3	Project management and monthly status meetings	0	48	96	0	0	0	0	0	0	0	0	0	0	24	168	\$ 34,896	\$ -	\$ 3,158	\$ 316	\$ 3,474	\$ -	\$ 38,370	
TASK 2 - DATA COLLECTION		6	12	24	4	2	2	2	2	2	0	0	24	8	12	0	100	\$ 21,432	\$ -	\$ -	\$ -	\$ -	\$ 36,432	
2.1	Data review	2	4	16	4	2	2	2	2	2	0	0	8	4	8	0	56	\$ 12,052	\$ -	\$ -	\$ -	\$ -	\$ 12,052	
2.2	Analysis to support desktop evaluation	4	8	8	0	0	0	0	0	0	0	0	16	4	4	0	44	\$ 9,380	\$ -	\$ -	\$ -	\$ -	\$ 9,380	
2.3	Initial & Replacement Costs Updates (allowance)	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 15,000		
TASK 3 - DESKTOP EVALUATION		8	24	48	8	0	0	0	0	0	0	0	56	12	8	8	172	\$ 35,796	\$ -	\$ -	\$ -	\$ -	\$ 46,396	
3.1	Desktop evaluation	4	8	8	0	0	0	0	0	0	0	8	24	4	8	0	64	\$ 13,392	\$ -	\$ -	\$ -	\$ -	\$ 13,392	
3.1B	Maximo Clean-up (allowance)	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 10,000		
3.2	Workshop 1	2	8	16	4	0	0	0	0	0	0	16	4	0	4	54	\$ 11,202	\$ -	\$ -	\$ -	\$ -	\$ 300	\$ 11,502	
3.3	Workshop 2	2	8	16	4	0	0	0	0	0	0	16	4	0	4	54	\$ 11,202	\$ -	\$ -	\$ -	\$ -	\$ 300	\$ 11,502	
TASK 4 - FIELD EVALUATION (PHASE 1)		52	32	48	34	26	34	26	50	66	6	40	56	20	12	8	610	\$ 127,112	\$ 17,700	\$ 17,211	\$ 3,491	\$ 38,402	\$ 3,900	\$ 168,414
4.1	Develop asset management analyses	8	8	8	2	2	2	2	2	2	0	16	8	4	4	70	\$ 15,708	\$ -	\$ -	\$ -	\$ -	\$ 300	\$ 16,008	
4.2	Field evaluations (non-invasive)	8	8	8	16	16	16	16	16	16	0	0	0	0	0	120	\$ 32,488	\$ 2,400	\$ 10,681	\$ 1,308	\$ 14,389	\$ 1,800	\$ 48,677	
4.3	Motor Control Center Assessment	8	0	0	0	0	0	0	24	0	0	0	0	0	0	32	\$ 9,440	\$ -	\$ -	\$ -	\$ -	\$ 300	\$ 9,740	
4.4	Media life & sieve analysis (6 filters)	8	0	0	0	0	0	0	0	24	0	0	0	0	0	32	\$ 8,960	\$ 15,300	\$ -	\$ 1,530	\$ 16,830	\$ 300	\$ 26,090	
4.5	Valve evaluations (2 butterfly, 1 ball)	8	0	0	4	0	0	0	0	16	0	0	0	0	0	28	\$ 7,696	\$ -	\$ -	\$ -	\$ -	\$ 300	\$ 7,996	
4.6	East Applied Water Pipeline recommendations	2	0	0	4	0	8	0	0	0	0	0	0	0	0	14	\$ 3,886	\$ -	\$ -	\$ -	\$ -	\$ 300	\$ 4,186	
4.7	Develop rehabilitation and replacement analyses	8	8	16	4	4	4	4	4	4	40	24	8	8	0	136	\$ 30,972	\$ -	\$ 6,530	\$ 653	\$ 7,183	\$ 300	\$ 38,455	
4.8	Workshop 3	2	8	16	4	4	4	4	4	4	0	16	4	0	4	78	\$ 17,962	\$ -	\$ -	\$ -	\$ -	\$ 300	\$ 18,262	
TASK 5 - FIELD EVALUATION (PHASE 2)		16	36	88	52	4	16	4	4	34	8	0	60	4	0	12	336	\$ 76,972	\$ 3,700	\$ 72,651	\$ 7,635	\$ 83,986	\$ 1,350	\$ 162,308
5.1	Develop scope of assets for in-depth evaluation	4	4	4	24	0	8	0	0	8	4	0	4	0	0	60	\$ 15,100	\$ -	\$ 9,216	\$ 922	\$ 10,138	\$ 300	\$ 25,538	
5.2	In-depth/invasive field evaluations (see tasks 5.5-5.11)	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	
5.3	Develop comprehensive long-term reliability strategy	8	16	24	0	0	0	0	0	0	0	0	40	0	0	4	92	\$ 19,640	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 19,640
5.4	Workshop 4	2	8	16	4	4	4	4	4	4	0	16	4	0	4	78	\$ 17,962	\$ -	\$ 2,114	\$ 211	\$ 2,325	\$ -	\$ 20,287	
5.5	Concrete core samples (three different locations)	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	\$ -	\$ 9,371	\$ 937	\$ 10,308	\$ -	\$ -	\$ 10,308	
5.6	Filter floc retention profiles (3)	0	0	18	0	0	0	0	0	18	0	0	0	0	0	36	\$ 8,424	\$ -	\$ -	\$ -	\$ -	\$ 750	\$ 9,174	
5.7	Filter underdrain inspection (1-day, confined space)	0	0	0	8	0	0	0	0	0	0	0	0	0	0	8	\$ 1,872	\$ 17,050	\$ 1,705	\$ 18,755	\$ 100	\$ -	\$ 20,727	
5.8	BEM of pipeline, including excavation	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	\$ -	\$ 1,000	\$ 7,182	\$ 818	\$ 9,000	\$ -	\$ 9,000	
5.9	Remove filter effluent butterfly valves (2)	0	0	0	8	0	0	0	0	0	0	0	0	0	0	8	\$ 1,872	\$ 2,700	\$ -	\$ 270	\$ 2,970	\$ 100	\$ 4,942	
5.10	Filtered water channel inspection (1-day, confined space)	0	0	0	8	0	0	0	0	0	0	0	0	0	0	8	\$ 1,872	\$ 17,050	\$ 1,705	\$ 18,755	\$ 100	\$ -	\$ 20,727	
5.11	Results summary memo	2	8	24	0	0	4	0	0	4	0	0	0	0	4	46	\$ 10,230	\$ 10,668	\$ 1,067	\$ 11,735	\$ -	\$ -	\$ 21,965	
		0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	
TASK 6 - TECHNICAL MEMORANDA		40	88	192	0	0	0	0	0	0	0	0	80	0	16	112	528	\$ 105,664	\$ -	\$ 20,511	\$ 2,051	\$ 22,562	\$ 2,900	\$ 131,126
6.1	DETM	8	16	40	0	0	0	0	0	0	0	16	0	0	4	24	108	\$ 21,332	\$ -	\$ -	\$ -	\$ -	\$ 500	\$ 21,832
6.2	DETM Workshop	2	8	8	0	0	0	0	0	0	0	0	0	0	0	4	22	\$ 4,862	\$ -	\$ 20,511	\$ 2,051	\$ 22,562	\$ 300	\$ 27,724
6.3	FETM (Phase 1 and 2 combined)	8	16	40	0	0	0	0	0	0	0	16	0	0	4	24	108	\$ 21,332	\$ -	\$ -	\$ -	\$ -	\$ 500	\$ 21,832
6.4	FETM Workshop (Phase 1 and 2 combined)	4	8	16	0	0	0	0	0	0	0	16	0	0	0	8	52	\$ 10,612	\$ -	\$ -	\$ -	\$ -	\$ 300	\$ 10,912
6.5	RRP	8	16	40	0	0	0	0	0	0	0	16	0	0	4	24	108	\$ 21,332	\$ -	\$ -	\$ -	\$ -	\$ 500	\$ 21,832
6.6	RRP Workshop	2	8	8	0	0	0	0	0	0	0	0	0	0	0	4	22	\$ 4,862	\$ -	\$ -	\$ -	\$ -	\$ 300	\$ 5,162
6.7	FPTM	8	16	40	0	0	0	0	0	0	0	16	0	0	4	24	108	\$ 21,332	\$ -	\$ -	\$ -	\$ -	\$ 500	\$ 21,832
TOTAL TASKS 1 - 6		122	248	498	102	32	62	32	66	102	14	48	276	44	48	168	1842	\$ 407,852	\$ 21,400	\$ 115,645	\$ 13,705	\$ 150,750	\$ 9,850	\$ 692,662
TASK 7 - [OPTIONAL] SEISMIC EVALUATION		8	8	4	4	0	60	0	0	0	0	4	0	0	0	8	97	\$ 28,092	\$ -	\$ -	\$ -	\$ -	\$ 800	\$ 28,892
7.1	Review of Record Drawings/Setup ProntoForm	0	0	2	0	0	4	0	0	0	0	0	0	0	0	6	\$ 1,566	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 1,566	
7.2	Main Operations Building on-site assessment	2	0	0	2	0	8	0	0	0	0	0	0	0	0	12	\$ 3,418	\$ -	\$ -	\$ -	\$ -	\$ 300	\$ 3,718	
7.3	Desktop Evaluation	2	0	0	0	0	16	0	0	0	0	0	0	0	0	18	\$ 5,310	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 5,310	
7.4	Evaluate Rehabilitation Alternative & Retrofit Costs	2	4	0	2	0	16	0	0	0	0	4	0	0	0	28	\$ 7,814	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 7,814	
7.5	Draft and Final Project Memo	2	4	2	0	0	16	0	0	0	0	0	0	0	9	33	\$ 7,984	\$ -	\$ -	\$ -	\$ -	\$ 500	\$ 8,484	
TASK 8 - EMERGENCY REPAIR WORK		0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 100,000	
8.1	Emergency repair work (allowance)																						\$ 100,000	
TOTAL W/ TASKS 7 & 8		130	256	502	106	32	112	32	66	102	14	52	276	44	48	177	1939	\$ 433,944	\$ 21,400	\$ 115,645	\$ 13,705	\$ 150,750	\$ 9,850	\$ 719,644

Assumptions

- Task 1 Project duration of 12 months. All workshops assumed to be on-site and 3 hrs in length.
- Task 4 Inspections requiring confined space entry to be included under Task 5.
- Task 5 Estimate for in-depth/invasive field evaluations to be finalized for approval after Task 4.
- Task 5.5 Concrete coring potentially for Basin 1 wall, Basin 2 slab, and filter water channel.
- Task 5.6 Assumes 2 staff for 3 filters at 6 hrs per filter.
- Task 5.7 Assumes one confined space team of 3 for 1 day.
- Task 5.8 Assumes half day labor for excavation.
- Task 5.9 Assumes 1 day labor and equipment rental.
- Task 5.10 Assumes one confined space team of 3 for 1 day.
- Task 6 Level of effort for subtask 6.3 represents Phase 1 field evaluation. Phase 2 level of effort to be determined after assessments for Task 5.2 finalized.
- ODCs Other direct costs (ODCs) include travel, mileage, and production of technical memorandum hard copies.

ATTACHMENT B

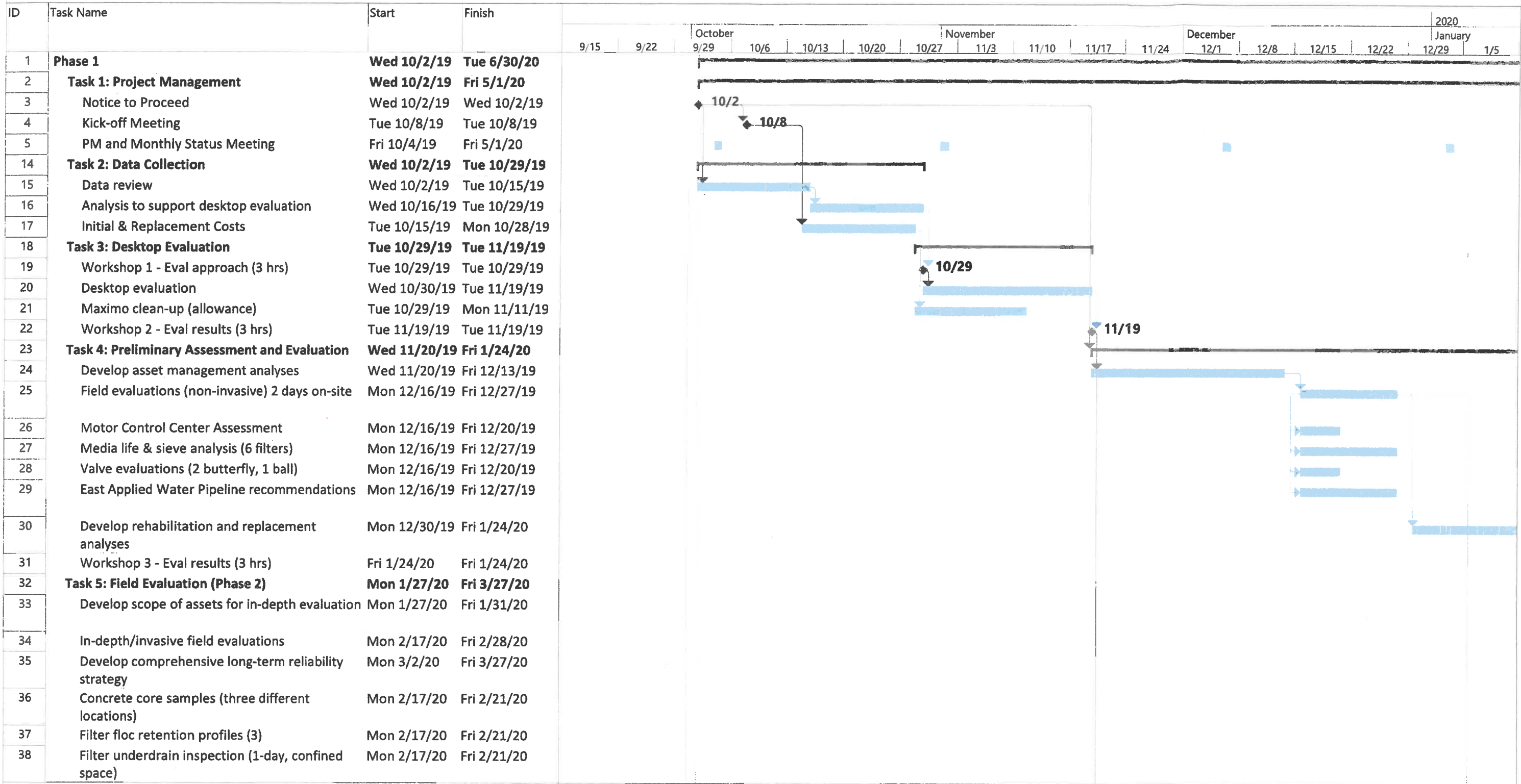
CAROLLO ENGINEERS, INC. FEE SCHEDULE

As of January 1, 2019
California

	<u>Hourly Rate</u>
Engineers/Scientists	
Assistant Professional	\$193.00
Professional	234.00
Project Professional	275.00
Lead Project Professional	295.00
Senior Professional	318.00
Technicians	
Technicians	149.00
Senior Technicians	203.00
Support Staff	
Document Processing / Clerical	132.00
 Other Direct Expenses	
Travel and Subsistence	at cost
Mileage at IRS Reimbursement Rate Effective January 1, 2019	\$.58 per mile
 Subconsultant	cost + 10%
Other Direct Cost	cost + 10%
Expert Witness	Rate x 2.0

This fee schedule is subject to annual revisions due to labor adjustments.

Attachment C - Barton Road WTP Condition Assessment

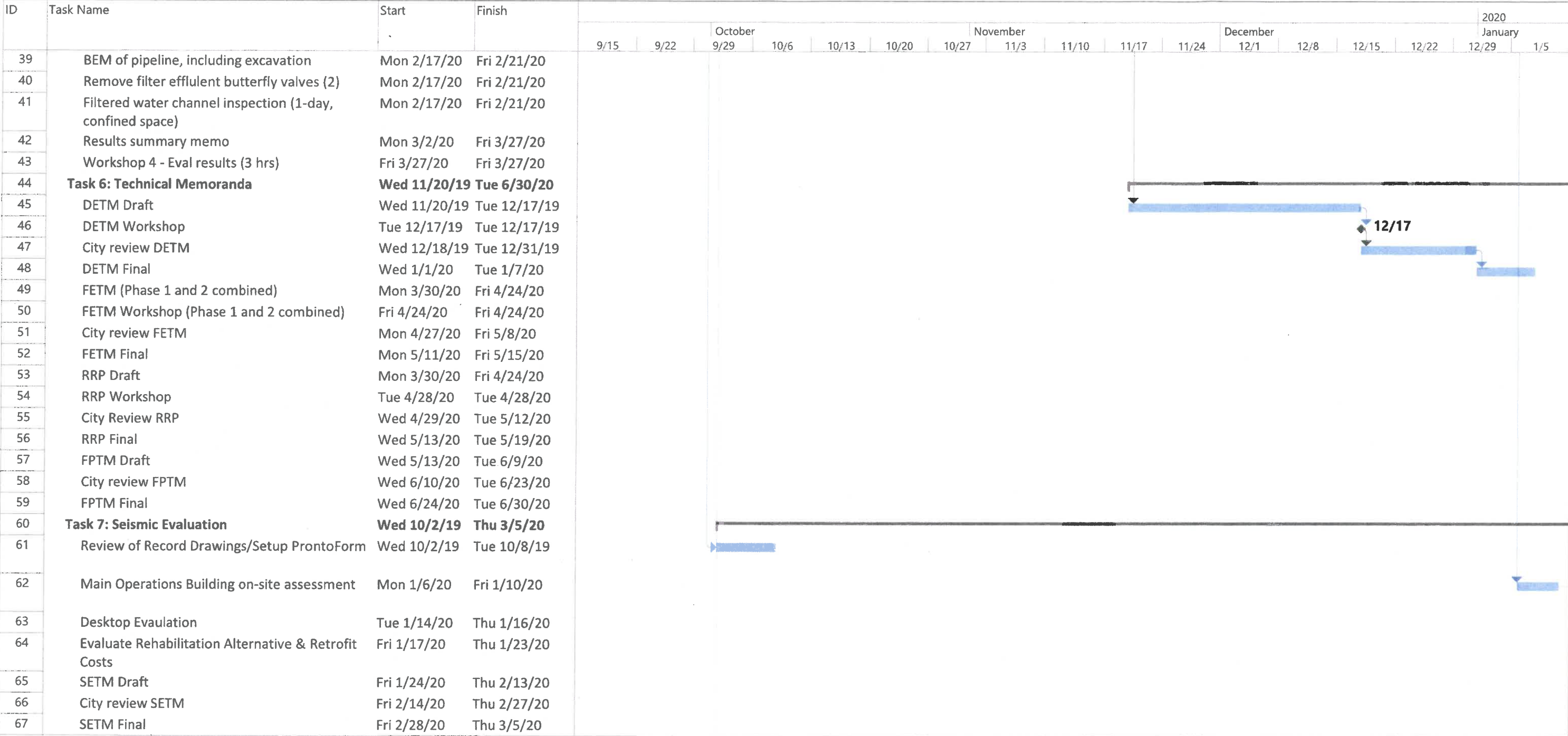


Project: EID Schedule
Date: Tue 8/20/19

Task		Project Summary		Manual Task		Start-only	
Split		Inactive Task		Duration-only		Finish-only	
Milestone		Inactive Milestone		Manual Summary Rollup		External Tasks	
Summary		Inactive Summary		Manual Summary		External Milestone	

Deadline	
Progress	
Manual Progress	

Attachment C - Barton Road WTP Condition Assessment



Project: EID Schedule
Date: Tue 8/20/19

Task

Split

Milestone

Summary

Project Summary

Inactive Task

Inactive Milestone

Inactive Summary

Manual Task

Duration-only

Manual Summary Rollup

Manual Summary

Start-only

Finish-only

External Tasks

External Milestone

Deadline

Progress

Manual Progress

↓

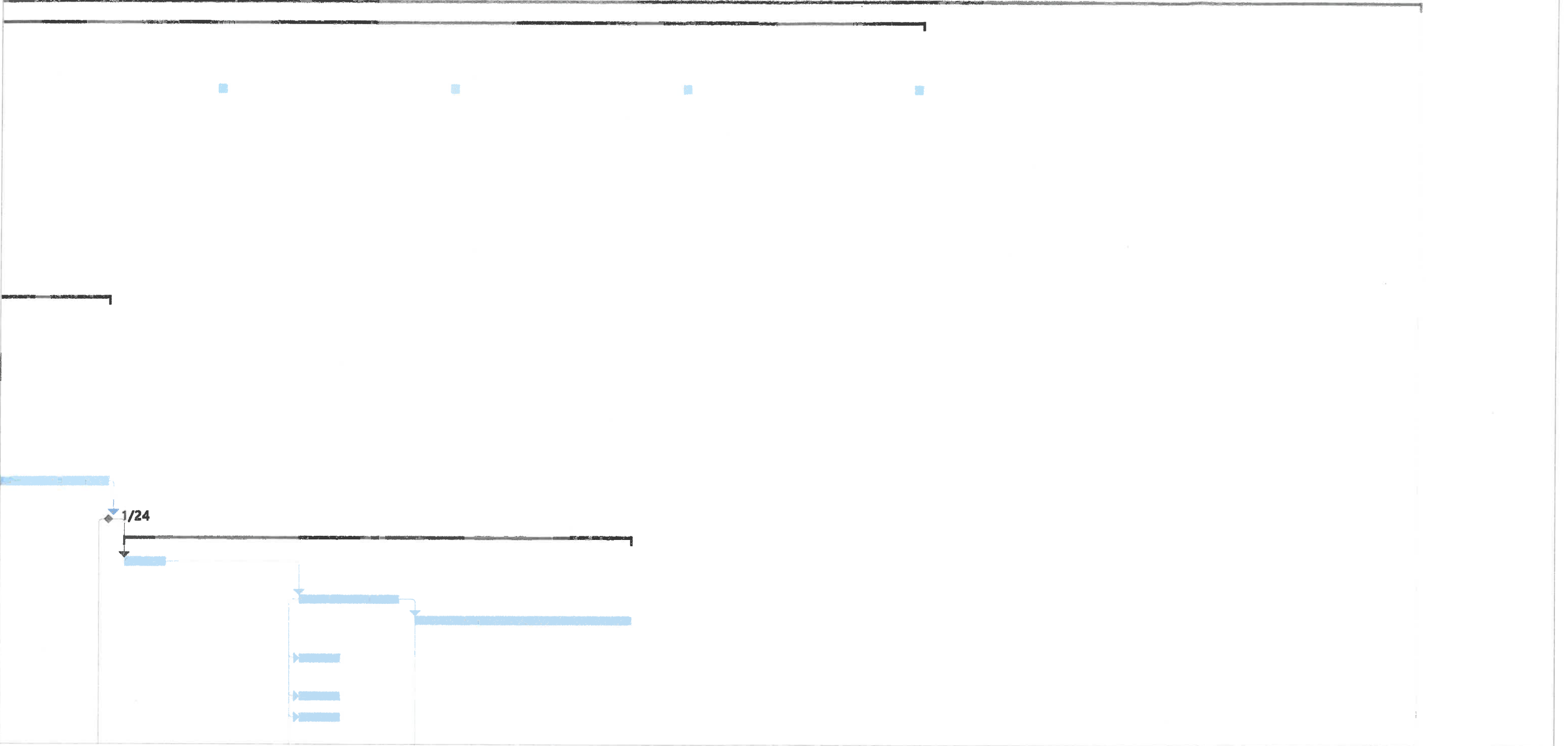
▬

▬

◇

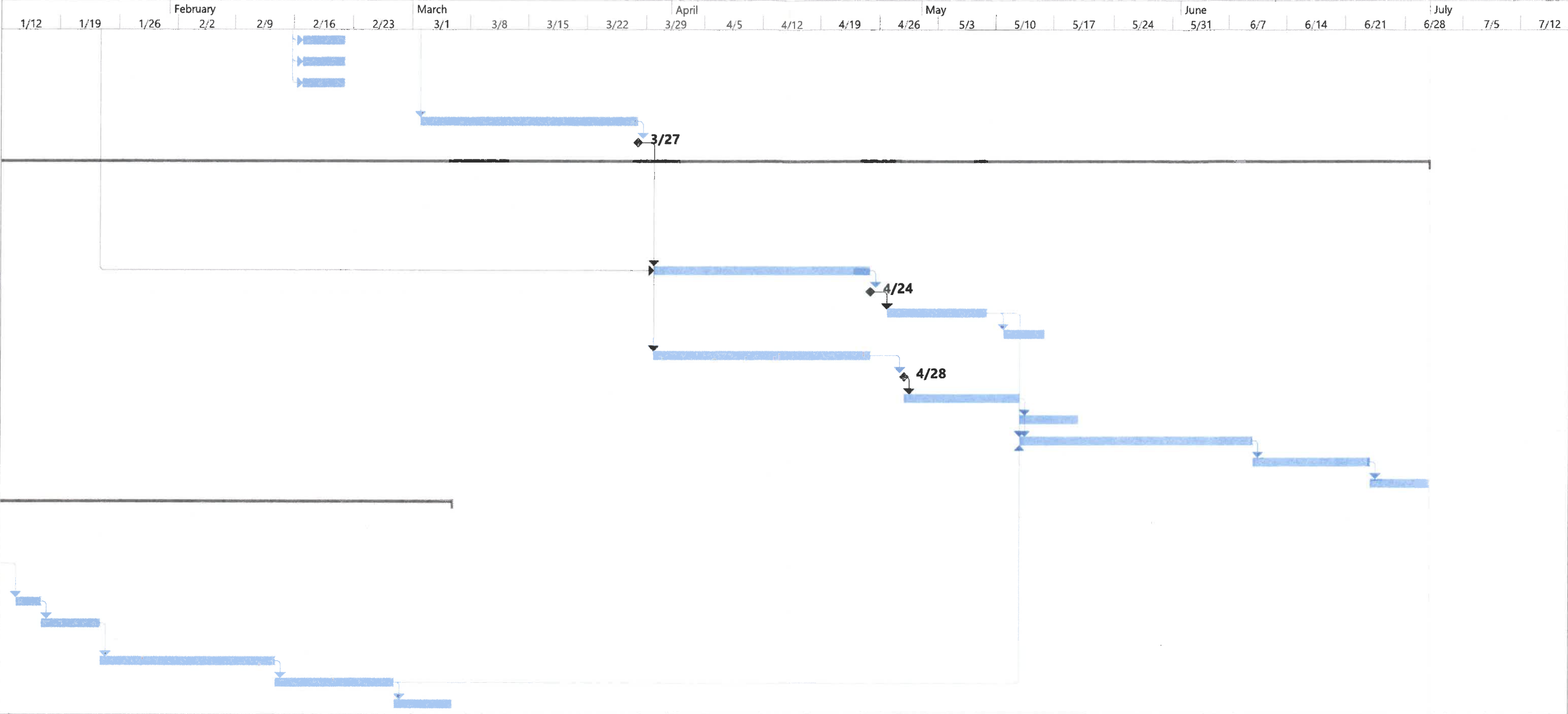
Attachment C - Barton Road WTP Condition Assessment

1/12	1/19	1/26	February	2/2	2/9	2/16	2/23	March	3/1	3/8	3/15	3/22	April	3/29	4/5	4/12	4/19	4/26	May	5/3	5/10	5/17	5/24	June	5/31	6/7	6/14	6/21	July	6/28	7/5	7/12
------	------	------	----------	-----	-----	------	------	-------	-----	-----	------	------	-------	------	-----	------	------	------	-----	-----	------	------	------	------	------	-----	------	------	------	------	-----	------



Project: EID Schedule Date: Tue 8/20/19	Task		Project Summary		Manual Task		Start-only		Deadline	
	Split		Inactive Task		Duration-only		Finish-only		Progress	
	Milestone		Inactive Milestone		Manual Summary Rollup		External Tasks		Manual Progress	
	Summary		Inactive Summary		Manual Summary		External Milestone			

Attachment C - Barton Road WTP Condition Assessment



Project: EID Schedule Date: Tue 8/20/19	Task		Project Summary		Manual Task		Start-only		Deadline	
	Split		Inactive Task		Duration-only		Finish-only		Progress	
	Milestone		Inactive Milestone		Manual Summary Rollup		External Tasks		Manual Progress	
	Summary		Inactive Summary		Manual Summary		External Milestone			



COUNCIL COMMUNICATION

CC #: 0322

File #: 0717

Title: 400 Lincoln Street - Lease Agreement
Contact: Robert Cline 916-746-1172 racline@roseville.ca.us

Meeting Date: 10/2/2019

Item #: 7.9.

RECOMMENDATION TO COUNCIL

Staff recommends that the City Council adopt a resolution authorizing the City Manager to execute a lease agreement between the Roseville Fire Museum and the City of Roseville for the property located at 400 Lincoln Street.

BACKGROUND

The Historic Roseville Fire Station is located within the Downtown Roseville Specific Plan (DTSP) at 400 Lincoln Street, in Historic Old Town (the parcel was dedicated to the City in the 1930's). The building was originally constructed in 1923 as the first fire station in Roseville and the property operated as such until the mid-1960's. The property is approximately 3,700 square feet of land and the building is 1,288 square feet.

The Roseville Fire Museum (RFM) has occupied the Historic Roseville Fire Station since 2007. However, the RFM has not made any significant improvements to the facility because there was no formal lease in place. In 2014, staff prepared a Joint Use Agreement to establish a contract and set appropriate terms; however, the agreement was never taken before Council for their review and approval. At this time, the City wishes to move forward with a long-term Lease Agreement with the RFM located at 400 Lincoln Street. Executing a long-term Lease with the RFM will formalize our agreement which will further RFM's goal to fully operate a fire museum.

The Lease Agreement sets forth the terms and conditions under which the RFM will occupy the Historic Fire Station. The Lease Agreement contains provisions that include the following:

- Term - The lease term shall total twenty-five (25) years and terminate on October 2, 2044. Parties may elect to renew the agreement for two additional five (5) year terms.
- Rent - Rent is payable annually in arrears at the fair market rent price of \$6,204.00.
- Rent Credit - Rent shall be credited for mutually agreed-upon improvements and consistent with the lease terms. Lessee shall not proceed with any improvements prior to written consent from the City.
- Liability for Property - The City shall not be liable for any loss, damage, destruction or theft of any exhibits, furnishings or other personal property owned or lent to Lessee.

- Termination - This agreement may be terminated without cause at any time upon giving one hundred and eighty (180) days advance written notice.
- Modification— This Agreement and each provision contained herein may be waived, amended, supplemented, or eliminated only by mutual written agreement of the parties.

Following approval of this Lease Agreement, RFM will proceed with plans to revitalize the Historic Fire Station and operate a museum.

FISCAL IMPACT

Execution of the Lease Agreement would result in a positive fiscal impact of \$6,204.00 annually in rent. However, if mutually agreed-upon improvements are completed, the determined amount will qualify as rent credit. In addition to annual rent, the RFM will pay to maintain the property and pay all utility costs, which relieves the City from paying these costs.

Economic Development and Jobs Created

Approval of the Lease Agreement is not expected to result in significant economic development or job creation. However, the fire station is located within Historic Old Town Roseville and revitalization of the property aligns with several goals of the DTSP including honoring Roseville's history in Downtown and promoting education. Furthermore, based on necessary improvements to the facility, the project would result in approximately \$146,000.00 in capital investment.

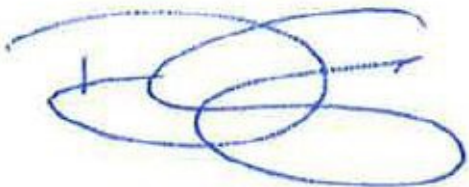
ENVIRONMENTAL REVIEW

The proposed project involves the leasing of an existing facility. This activity is categorically exempt from the California Environmental Act (CEQA) as a Class 1 Exemption (State CEQA Guidelines Section 15301). The Exemption has been prepared and no further CEQA action is required.

Respectfully Submitted,

Robert Cline, Development Analyst

Laura Matteoli, Economic Development Director



Dominick Casey, City Manager

ATTACHMENTS:

Description

Resolution No. 19-426

Lease Agreement

Appraisal

Title Report

RESOLUTION NO. 19-426

APPROVING A LEASE AGREEMENT, BY AND BETWEEN
THE CITY OF ROSEVILLE AND THE ROSEVILLE FIRE MUSEUM AND AUTHORIZING
THE CITY MANAGER TO EXECUTE IT ON BEHALF OF THE CITY OF ROSEVILLE

WHEREAS, a lease agreement for the property located at 400 Lincoln Street in Roseville, California, by and between the City of Roseville and the Roseville Fire Museum, has been reviewed by the Council; and

NOW, THEREFORE, BE IT RESOLVED by the Council of the City of Roseville that said agreement is hereby approved and that the City Manager is authorized to execute it on behalf of the City of Roseville.

PASSED AND ADOPTED by the Council of the City of Roseville this ____ day of _____, 20_, by the following vote on roll call:

AYES COUNCILMEMBERS:

NOES COUNCILMEMBERS:

ABSENT COUNCILMEMBERS:

MAYOR

ATTEST:

City Clerk

RECORDING REQUESTED BY AND WHEN
RECORDED, PLEASE RETURN TO:

City Clerk
CITY OF ROSEVILLE
311 Vernon Street
Roseville, CA 95678

Exempt from recording fees
Pursuant to Gov't Code § 27383

**LEASE AGREEMENT
OLD ROSEVILLE FIRE STATION**

THIS AGREEMENT ("Agreement") is made and entered into this ____ day of _____, 20__, by and between the City of Roseville, a municipal corporation ("CITY") and the Roseville Fire Museum, a California nonprofit corporation ("LESSEE"); and

W I T N E S S E T H:

WHEREAS, CITY owns a building, known as the Old Roseville Fire Station, situated on real property located at 400 Lincoln Street in Roseville, California (collectively, the "Property"), which is further described in Exhibit "A" and depicted in Exhibit "B", attached hereto and incorporated herein; and

WHEREAS, LESSEE has been operating a fire museum in the building on the Property with CITY's consent since approximately 2007; and

WHEREAS, the Property is in need of some major renovations and repairs; and

WHEREAS, CITY is willing to lease the Property to LESSEE on a long term basis so LESSEE can obtain financing to make the necessary renovations and repairs in order to continue to operate the fire museum; and

WHEREAS, the parties now enter into this Agreement on the terms and conditions set forth below.

NOW, THEREFORE, the Parties agree as follows:

1. Lease. CITY hereby grants to LESSEE a lease of the Property for operation of a fire museum, subject to the terms of this Agreement.
2. Term. The term of this Agreement shall commence upon the date of execution and terminate on October 2, 2044. The parties may elect to renew the Agreement for two (2) additional five (5) year terms, five (5) years at a time, by written amendment to this Agreement. CITY may authorize any such renewals through its City Manager.
3. Rent. LESSEE shall pay to CITY the sum of five hundred and seventeen dollars (\$517) per month, for a total lease payment of six thousand two hundred and four dollars (\$6,204) ("Annual Rent") each year. The Annual Rent shall be payable annually in arrears on the anniversary date of this Agreement ("Payment Date"). The Annual Rent may be offset based on the value of mutually agreed upon improvements to the Property by LESSEE, as set forth in Section 4 of this Agreement.
4. Rent Credit. At least thirty (30) calendar days prior to the Payment Date each year, the parties shall meet to discuss upcoming and completed improvements or alterations to the Property, including whether said improvements or alterations qualify for an offset to the Annual Rent ("Rent Credit") and the amount of same. The Rent Credit shall be calculated based

on the actual cost of the materials and services provided, as determined below, plus fifteen percent (15%) for LESSEE's administrative oversight and overhead. If the parties mutually agree in writing that any such improvement or alteration entitles LESSEE to a Rent Credit, then LESSEE shall provide appropriate plans and/or invoices to verify the amount of the credit, including any and all documents necessary to show the actual cost of materials and of installing the improvements (without which no Rent Credit shall be owed), plus fifteen percent (15%). In the event the Rent Credit exceeds the amount of the Annual Rent due and payable, the excess credit amount may be applied to future year's Annual Rent payments.

If the materials and services are donated, then the donor shall prepare and provide written documentation of the market value for such materials and/or services ("Donor's Documentation") to LESSEE, who shall then provide the Donor's Documentation to CITY for review. Within ten (10) calendar days of receipt of the Donor's Documentation, CITY shall provide LESSEE with written notification ("City's Notification") that either: (a) CITY agrees with the donor's valuation of the materials and services, or (b) CITY disagrees with the donor's estimation of value, in which case CITY shall specify in the City's Notification the CITY's estimate of said value. If CITY does not respond to LESSEE within such ten (10) day period, the value of the materials and services shall be as is set forth on the Donor's Documentation provided by LESSEE. If the donor's written valuation does not exceed CITY's estimate by ten percent (10%), then the donor's valuation shall be used as the Rent Credit amount. If the donor's written valuation exceeds CITY's estimate by ten percent (10%), then LESSEE and CITY shall, within seven (7) calendar days of the City's Notification, mutually agree upon a third party contractor or competent expert to review the Donor's Documentation and the materials and services provided by the donor. Such expert shall have fourteen (14) calendar days to provide a

written estimate of the market value of the donor's materials and/or services, which shall be accepted by the parties as the amount of the Rent Credit. The costs of retaining the expert shall be split equally between the parties.

No alterations or improvements shall be made without the prior written approval of CITY, including agreement on the value of same, and CITY shall also have approved in writing the plans and specifications associated with same. If LESSEE makes any improvements prior to CITY in its reasonable discretion agreeing on the value, LESSEE shall not be entitled to any offset. The offset shall be applied at LESSEE's sole discretion. Fixtures, furnishings, exhibits, equipment, and appliances shall not be eligible for such a credit/offset.

5. Maintenance and Repair. LESSEE shall be solely responsible for the cost and expense of maintaining, repairing, and cleaning the Property, including but not limited to the structural parts, the exterior of the building, the interior of the building, and the grounds. Maintenance and repair costs shall be excluded from the calculation of any Rent Credit. LESSEE understands the Property is being leased in an as-is condition, with no obligation on the part of CITY to make any improvements to the Property.

6. Use of Property.

a. LESSEE shall utilize the Property primarily to operate a fire museum, which shall be open to the public on a regular schedule, with published hours of operation. The hours of operation shall be posted conspicuously near the entrance of the building. Activities conducted on the Property related to operation of the fire museum are permissible (e.g., fundraising events).

b. At least one employee or volunteer of LESSEE shall be present at all times during open hours of the museum. LESSEE will plan, organize, operate, equip, and staff the

museum. LESSEE will maintain an inventory of all equipment, furnishings and exhibits.

LESSEE will provide CITY with an updated inventory upon written request.

c. LESSEE may maintain two (2) sets of keys and shall ensure that CITY is provided with a complete set of keys at all times. LESSEE may not duplicate the keys or give them to persons other than employees or volunteers of LESSEE, unless pre-approved in writing by CITY. LESSEE shall not change, remove or modify any building or door locks on the building without prior written permission of CITY. LESSEE shall immediately return all keys to CITY upon termination of this Agreement. LESSEE shall be responsible for ensuring that the building remains secure at all times.

d. The Economic Development Department Director shall have the right to require LESSEE to remove any employee or volunteer of LESSEE if he/she is not acting in compliance with the terms of this Agreement. However, it is understood and agreed that LESSEE's employees, volunteers and any other person working at LESSEE's direction in any capacity, are not CITY employees or CITY contractors. LESSEE's assigned personnel and volunteers shall not be entitled to any benefits payable to employees of CITY. LESSEE hereby agrees to indemnify and hold CITY harmless from any and all claims that may be made against CITY based upon any contention by any third party that an employer-employee relationship exists by reason of this Agreement.

e. LESSEE shall be responsible for payment of all utilities.

f. LESSEE may modify the Property through tenant improvements with CITY's prior written approval and after securing all applicable permits.

g. LESSEE must comply with applicable laws regarding public performance rights, including payment of royalties or other fees for LESSEE approved activities and provide current copies of public performance licenses to CITY upon written request.

h. LESSEE shall not store or permit the storage of toxic or hazardous chemicals on the Property.

i. LESSEE shall not commit or permit to be committed any waste on or of the Property, and LESSEE shall not do or permit to be done any act in or about the Property which shall be a nuisance or which may endanger the Property or adjoining properties.

7. Leasehold Mortgage. LESSEE shall have the right to encumber all or any portion of its interest in this lease and the leasehold estate by mortgage, deed of trust or other security instrument upon obtaining the prior written consent of CITY. Any leasehold mortgage granted to LESSEE is subject and subordinate to all rights and interests of CITY, and the leasehold mortgage shall be an encumbrance or lien only on LESSEE's interest in the lease and leasehold estate and not on CITY's fee interest in the Property.

8. Liability for Property. CITY shall not be liable for any loss, damage, destruction or theft of any exhibits, furnishings or other personal property owned by or lent to LESSEE or brought onto the Property by LESSEE or its agents, unless caused by CITY's intentional misconduct or sole or active negligence.

9. Inspections. CITY shall have the right to inspect the Property at any reasonable time upon at least twenty-four (24) hours written notice.

10. Waiver of Relocation Benefits and Assistance. LESSEE hereby agrees and acknowledges that LESSEE has not been displaced by CITY and thus is not entitled to any relocation benefits or assistance under the California Relocation Assistance Law or any other

law, regulation or policy. LESSEE agrees and covenants to waive any claim or potential claim for relocation assistance and benefits associated with this Agreement.

11. Possessory Interest. LESSEE hereby agrees and acknowledges that its interest created by this Agreement may be subject to a possessory interest tax. LESSEE shall be fully responsible for payment of any such tax, if applicable. CITY shall have no obligation to pay any portion of such tax.

12. Default. If LESSEE has not complied in good faith with the terms and conditions of this Agreement, CITY may declare a default of this Agreement. CITY shall give LESSEE and any leasehold mortgagee a written notice of the default, after which LESSEE shall cure the default within thirty (30) calendar days. If LESSEE fails to cure the default to the satisfaction of the CITY within that period, CITY may terminate this Agreement.

13. Termination. Either party may terminate this Agreement without cause at any time upon giving one hundred and eighty (180) calendar days advance written notice to the other party and to any leasehold mortgagee, provided that if CITY requests termination without cause, CITY shall reimburse LESSEE for the costs of any improvements (excluding the value of any improvements which LESSEE received as a Rent Credit) installed by LESSEE up to a maximum of seventy-five thousand dollars (\$75,000). Upon termination of this Agreement, LESSEE shall within thirty (30) calendar days to vacate the Property, remove all of its property and materials from the Property and return it to the condition it was in prior to LESSEE's use, ordinary wear and tear excluded.

14. Indemnification. This Agreement is made upon the express condition that CITY shall be kept free from all liability and claim for damages or other relief by reason of injury to any person or persons, including death, or property of any kind regardless of to whom it belongs,

while in, upon or in any way connected with the Property and/or exercise of rights and obligations under this Agreement during the term of this Agreement or any occupancy under it. Accordingly, to the fullest extent allowed by law, LESSEE shall defend, indemnify, and save and hold harmless CITY, its officers, agents, employees and volunteers from any claims, suits or actions of every name, kind and description brought forth, or on account of, injuries to or death of any person (including but not limited to workers and the public), or damage to property, resulting from or arising out of LESSEE's willful misconduct or negligent act or omission while engaged in the performance of obligations or exercise of rights created by this Agreement, except those matters arising from CITY's sole negligence or willful misconduct. The parties intend that this provision shall be broadly construed.

LESSEE's responsibility for such defense and indemnity obligations shall survive the termination or completion of this Agreement for the full period of time allowed by law. The defense and indemnity obligations of this Agreement are undertaken in addition to, and shall not in any way be limited by, the insurance obligations contained in this Agreement.

15. Insurance. LESSEE agrees to continuously maintain, in full force and effect, the following minimum policies of insurance during the term of this Agreement.

COVERAGE

Commercial General Liability

LIMITS OF LIABILITY

\$2,000,000 each occurrence
\$4,000,000 aggregate
Personal Injury:
\$2,000,000 each occurrence
\$4,000,000 aggregate

LESSEE shall submit a certificate evidencing such coverage in a form satisfactory to the City Attorney of CITY, prior to undertaking any work hereunder. LESSEE shall also provide a

separate endorsement form or section of the policy showing CITY, its officers, agents and employees as additional named insureds for each type of coverage. Such insurance shall specifically cover the contractual liability of LESSEE. The coverage shall be primary as to such additional insureds and no coverage of the CITY shall be called upon to contribute to a loss. In addition, the insurance policy may not contain language which prohibits additional insureds or other insurers from satisfying the self-insured retention or deductible. LESSEE shall provide thirty (30) calendar days written notice to CITY prior to cancellation or modification of any insurance required by this Agreement. LESSEE shall furnish a certificate for the period covered by this Agreement. Any insurance written on a claims made basis is subject to the prior approval of the City Attorney. Insurance coverage in the minimum amounts set forth herein shall not be construed to relieve LESSEE of liability in excess of such coverage, nor shall it preclude CITY from taking such other actions as are available to it under any other provisions of this Agreement or law. Any deductibles or self-insured retentions must be declared on the certificate of insurance and approved by CITY in writing.

Insurance coverage in the minimum amounts set forth herein shall not be construed to relieve LESSEE of liability in excess of such coverage, nor shall it preclude CITY from taking such other actions as are available to it under any other provision of this Agreement or law.

16. Notice. Any notice required by this Agreement shall be delivered personally or sent by first class mail, United States postage prepaid, addressed as follows:

CITY

Economic Development Department
City of Roseville
Attn: Economic Development Director
311 Vernon Street
Roseville, CA 95678

LESSEE

Roseville Fire Museum
Attn: President
400 Lincoln Street
Roseville, CA 95678

Either party may amend its address for notice by giving notice to the other Party.

17. Compliance with Laws. LESSEE shall comply with all federal, state and local laws, ordinances and policies as may be applicable to the use of the Property.

18. Successors in Interest. This Agreement shall be binding upon the heirs, successors, executors, administrators and assigns of the respective Parties hereto.

19. Assignment. LESSEE shall not sublease, assign or allow another entity to take possession of the Property or transfer any interest under this Agreement, without the prior written consent of CITY. Any assignment without such consent shall be void, and shall, at the option of CITY, terminate this Agreement.

20. Attorney's Fees; Venue; Governing Law. If either party commences any legal action against the other party arising out of this Agreement or the performance hereof, the prevailing party in such action shall be entitled to recover its reasonable litigation expenses, including but not limited to, court costs, expert witness fees, discovery expenses, and attorney's fees. Any action arising out of this Agreement shall be brought in Placer County, California, regardless of where else venue may lie. This Agreement shall be governed and construed in accordance with the laws of the State of California.

21. Modification. This Agreement and each provision contained herein may be waived, amended, supplemented, or eliminated only by mutual written agreement of the parties.

22. Severability. If any of the provisions contained in this Agreement are for any reason held by a court of competent jurisdiction to be invalid or unenforceable, such holding shall not affect the remaining provisions or the validity and enforceability of the Agreement as a whole.

23. Integration. This is an integrated Agreement, and contains all of the terms, considerations, understandings and promises of the parties. It shall be read as a whole with the intent to effectuate its entire purposes.

IN WITNESS WHEREOF, the City of Roseville, a municipal corporation, has authorized the execution of this Agreement in duplicate by its City Manager and attested to by its City Clerk under the authority of Resolution No. _____, adopted by the Council of the City of Roseville on the ____ day of _____, 20____, and Roseville Fire Museum has caused this Agreement to be executed.

CITY OF ROSEVILLE,
a municipal corporation:

ROSEVILLE FIRE MUSEUM,
a California nonprofit corporation:

BY: _____
DOMINICK CASEY
City Manager

BY: _____
STEVEN MINNICH
President

ATTEST:

and

BY: _____
SONIA OROZCO
City Clerk

BY: _____
JAMES GIBLIN
Secretary/Treasurer

APPROVED AS TO FORM:

BY: _____
ROBERT R. SCHMITT
City Attorney

APPROVED AS TO SUBSTANCE:

BY: 
LAURA MATTEOLI
Economic Development Director

EXHIBIT "A"

Legal Description of Property

All that certain real property situated in the City of Roseville, County of Placer, State of California, described as follows:

Portions of the rights of ways for Main Street (formerly known as Base Line Road) and Church Street, as said road and street are shown and so designated on the "Map of a Resurvey of a Part of the Original Plat of Roseville Cal." filed in Book C of Maps, Page 33, Placer County Records, described as follows:

BEGINNING at the southwesterly corner of Lot 1 in Block 1, as said lot and block are shown and so designated on the "Re-Amended Map of McRae's Addition" filed in Book A of Maps, Page 38, Placer County Records;

thence from said point of beginning, along the southerly line of said Lot 1 in Block 1 South 89°51'11" East 97.56 feet to the northwesterly line of Block 21, as said block is shown and so designated on the above referenced "Map of a Resurvey of a Part of the Original Plat of Roseville Cal.";

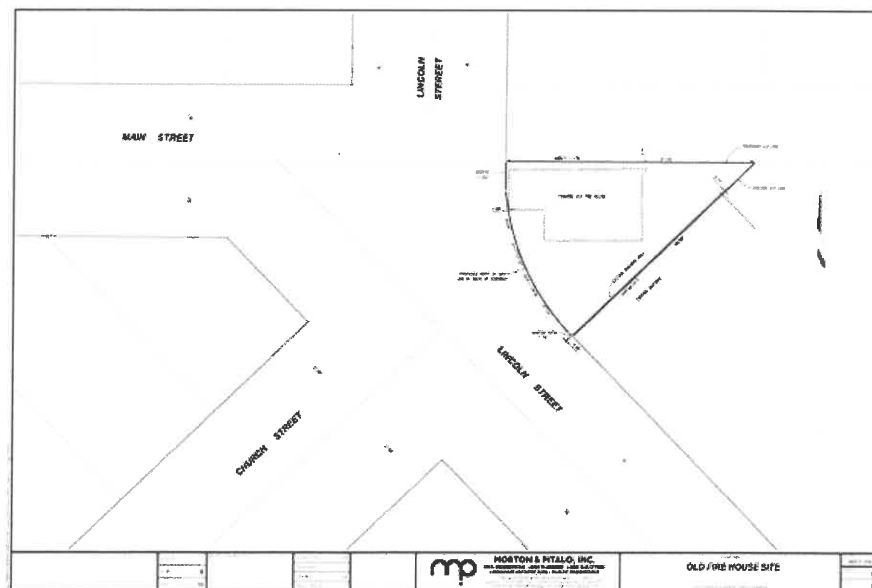
thence along said northwesterly line of Block 21 South 46°16'29" West 98.68 feet to the most westerly corner thereof, said corner being on the northeasterly right of way line of Lincoln Street, as said street is shown and so designated on said "Map of a Resurvey of a Part of the Original Plat of Roseville Cal.";

thence along the northwesterly extension of said northeasterly right of way line of Lincoln Street North 44°06'19" West 1.78 feet;

thence northwesterly along the arc of a non-tangent curve to the right, concave to the northeast, having a radius of 94.00 feet, the radial point of which bears North 46°52'07" East, a central angle of 37°53'35", an arc length of 62.17 feet and being subtended by a chord bearing North 24°11'06" West 61.04 feet;

thence North a distance of 11.50 feet to the point of beginning.

Map of Property



Integra Realty Resources

Sacramento

Appraisal of Real Property

Roseville Fire Station

Commercial Property

400 Lincoln St.

Roseville, Placer County, California 95678

Prepared For:

City of Roseville

Effective Date of the Appraisal:

May 17, 2018

Report Format:

Appraisal Report – Standard Format

IRR - Sacramento

File Number: 193-2018-0294





Roseville Fire Station
400 Lincoln St.
Roseville, California



July 3, 2018

Laura Matteoli
Acting Economic Development Director
Economic Development Department
City of Roseville
311 Vernon Street
Roseville, CA 95678

SUBJECT: Market Value Appraisal
 Roseville Fire Station
 400 Lincoln St.
 Roseville, Placer County, California 95678
 IRR - Sacramento File No. 193-2018-0294

Dear Ms. Matteoli:

Integra Realty Resources – Sacramento is pleased to submit the accompanying appraisal of the referenced property. The purpose of the appraisal is to develop an opinion of the market value as is of the fee simple interest in the property. As requested, we also estimate the as is market rent. The client for the assignment is City of Roseville, and the intended use is for asset valuation purposes and as is market rent determination.

The subject property represents an existing commercial building. The building was originally constructed in 1923 as the first fire station in the city of Roseville. The property was operated as such until the mid-1960s. Over the years, two additions were made to the property. The subject contains a total rentable area of 1,288± square feet. The property is located within a right of way parcel containing approximately 3,714 square feet of land area. As of the date of inspection the property was occupied by the Roseville Fire Museum; however, there is no formal lease agreement in place. The property is in very poor condition with numerous items of deferred maintenance. The ownership is in the process of negotiating a long-term lease with the Roseville Fire Museum. The plan is to lease the property in as is condition and the tenant will then cure the items of deferred maintenance, bring the building up to Code and renovate the interior. A more detailed legal and physical

description of the subject property, as well as related market area characteristics, is contained within the attached report.

The appraisal is intended to conform with the Uniform Standards of Professional Appraisal Practice (USPAP), the Code of Professional Ethics and Standards of Professional Appraisal Practice of the Appraisal Institute, applicable state appraisal regulations, and the appraisal guidelines of City of Roseville.

To report the assignment results, we use the Appraisal Report option of Standards Rule 2-2(a) of USPAP. As USPAP gives appraisers the flexibility to vary the level of information in an Appraisal Report depending on the intended use and intended users of the appraisal, we adhere to the Integra Realty Resources internal standards for an Appraisal Report – Standard Format. This format summarizes the information analyzed, the appraisal methods employed, and the reasoning that supports the analyses, opinions, and conclusions.

Based on the valuation analysis in the accompanying report, and subject to the definitions, assumptions, and limiting conditions expressed in the report, our opinions of value are as follows:

Value Conclusions

Appraisal Premise	Interest Appraised	Date of Value	Value Conclusion
Market Value As Is	Fee Simple	May 17, 2018	\$62,000
As Is Market Rent	N/A	May 17, 2018	\$0.40 psf/month (NNN) or \$517/month (NNN)

Extraordinary Assumptions and Hypothetical Conditions

The value conclusions are subject to the following extraordinary assumptions that may affect the assignment results. An extraordinary assumption is uncertain information accepted as fact. If the assumption is found to be false as of the effective date of the appraisal, we reserve the right to modify our value conclusions.

1. Although renovation costs were requested and are pertinent to the assignment, they were not made available. Renovation costs were estimated based on our experience with other renovation projects in the region, but the appraisers are not experts in this field. It is *assumed* the estimated total cost will be reasonably close to the ultimate actual cost of the renovation. A significant change in costs would impact the market value estimates on a commensurate level.
2. The definition of market value assumes a consummation of a sale as of a specified date. For a sale to occur, it is *assumed* the right-of-way would be abandoned and an Assessor's Parcel Number (APN) would be created.

The value conclusions are based on the following hypothetical conditions that may affect the assignment results. A hypothetical condition is a condition contrary to known fact on the effective date of the appraisal but is supposed for the purpose of analysis.

1. None
-

Laura Matteoli
City of Roseville
July 3, 2018
Page 3

If you have any questions or comments, please contact the undersigned. Thank you for the opportunity to be of service.

Respectfully submitted,

Integra Realty Resources - Sacramento



Lance Jordan, MAI
Senior Managing Director
California Certificate # AG012709
Telephone: 916-435-3883, ext. 232
Email: ljordan@irr.com



Ligia Dejeu
Certified General Real Estate Appraiser
California Certificate # 3004823
Telephone: 916-435-3883, ext. 240
Email: ldejeu@irr.com

Table of Contents

Summary of Salient Facts and Conclusions	1	Income Capitalization Approach	61
General Information	2	Leased Status of Property	61
Identification of Subject	2	Market Rent Analysis	61
Sale History	2	Stabilized Income and Expenses	68
Pending Transactions	2	Direct Capitalization Analysis	75
Purpose of the Appraisal	2	Lease-Up Costs	76
Definition of Market Value	2	Reconciliation and Conclusion of Value	77
Definition of As Is Market Value	3	Exposure Time	77
Definition of Property Rights Appraised	3	Marketing Time	78
Intended Use and User	3	As Is Market Rent	79
Applicable Requirements	3	Introduction	79
Report Format	4	Rate of Return	79
Prior Services	4	Market Rent Conclusion	81
Scope of Work	4	Conclusions of Value	82
Economic Analysis	7	Certification	83
Area Analysis – Placer County	7	Assumptions and Limiting Conditions	85
Surrounding Area Analysis	12	Addenda	
Retail Market Analysis	23	A. Appraiser Qualifications	
Property Analysis	34	B. Land Survey	
Land Description and Analysis	34	C. Comparable Data	
Improvements Description and Analysis	38	Improved Sales	
Real Estate Taxes	47	Lease Comparables	
Highest and Best Use	48	D. Engagement Letter	
Valuation	51		
Valuation Methodology	51		
Sales Comparison Approach	52		
Analysis and Adjustment of Sales	56		
Value Indication	60		

Summary of Salient Facts and Conclusions

Property Name	Roseville Fire Station
Address	400 Lincoln St. Roseville, Placer County, California 95678
Property Type	Commercial
Owner of Record	City of Roseville
Tax ID	None
Land Area	0.09 acres; 3,714 SF
Gross Building Area	1,288 SF
Gross Leasable Area	1,288 SF
Percent Leased	0%
Year Built	1923
Zoning Designation	HD/SA-DT, Historic District/Special Area - Downtown Specific Plan (DT-4)
Highest and Best Use - As if Vacant	Commercial use
Highest and Best Use - As Improved	Renovate the interior and use as a commercial property (retail/office)
Exposure Time; Marketing Period	9 months; 9 months
Date of the Report	July 3, 2018

Value Conclusions

Appraisal Premise	Interest Appraised	Date of Value	Value Conclusion
Market Value As Is	Fee Simple	May 17, 2018	\$62,000
As Is Market Rent	N/A	May 17, 2018	\$0.40 psf/month (NNN) or \$517/month (NNN)

The values reported above are subject to the definitions, assumptions, and limiting conditions set forth in the accompanying report of which this summary is a part. No party other than City of Roseville may use or rely on the information, opinions, and conclusions contained in the report. It is assumed that the users of the report have read the entire report, including all of the definitions, assumptions, and limiting conditions contained therein.

Extraordinary Assumptions and Hypothetical Conditions

The value conclusions are subject to the following extraordinary assumptions that may affect the assignment results. An extraordinary assumption is uncertain information accepted as fact. If the assumption is found to be false as of the effective date of the appraisal, we reserve the right to modify our value conclusions.

1. Although renovation costs were requested and are pertinent to the assignment, they were not made available. Renovation costs were estimated based on our experience with other renovation projects in the region, but the appraisers are not experts in this field. It is *assumed* the estimated total cost will be reasonably close to the ultimate actual cost of the renovation. A significant change in costs would impact the market value estimates on a commensurate level.
2. The definition of market value assumes a consummation of a sale as of a specified date. For a sale to occur, it is *assumed* the right-of-way would be abandoned and an Assessor's Parcel Number (APN) would be created.

The value conclusions are based on the following hypothetical conditions that may affect the assignment results. A hypothetical condition is a condition contrary to known fact on the effective date of the appraisal but is supposed for the purpose of analysis.

1. None

General Information

Identification of Subject

The subject property represents an existing commercial building. The building was originally constructed in 1923 as the first fire station in the city of Roseville. The property was operated as such until the mid-1960s. Over the years, two additions were made to the property. The subject contains a total rentable area of 1,288± square feet. The property is located within a right of way parcel containing approximately 3,714 square feet of land area. As of the date of inspection the property was occupied by the Roseville Fire Museum; however, there is no formal lease agreement in place. The property is in very poor condition with numerous items of deferred maintenance. The ownership is in the process of negotiating a long-term lease with the Roseville Fire Museum. The plan is to lease the property in as is condition and the tenant will then cure the items of deferred maintenance, bring the building up to Code and renovate the interior. A legal description of the property is within the land survey, a copy of which is located within the addenda to this report.

Property Identification

Property Name	Roseville Fire Station
Address	400 Lincoln St. Roseville, California 95678
Tax ID	None
Owner of Record	City of Roseville
Census Tract Number	210.03 / 1

Sale History

To the best of our knowledge, no sale or transfer of ownership has taken place within a three-year period prior to the effective appraisal date. Further, the property is not currently being marketed for sale.

Pending Transactions

To the best of our knowledge, the property is not subject to an agreement of sale or an option to buy, nor is it listed for sale, as of the effective appraisal date.

Purpose of the Appraisal

The purpose of the appraisal is to develop an opinion of the market value as is of the fee simple interest in the property as of the effective date of the appraisal, May 17, 2018. As requested, we also estimate the as is market rent, as of May 17, 2018. The date of the report is July 3, 2018. The appraisal is valid only as of the stated effective date or dates.

Definition of Market Value

Market value is defined as:

“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:

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

(Source: Code of Federal Regulations, Title 12, Chapter I, Part 34.42[g]; also Interagency Appraisal and Evaluation Guidelines, Federal Register, 75 FR 77449, December 10, 2010, page 77472)

Definition of As Is Market Value

As is market value is defined as, “The estimate of the market value of real property in its current physical condition, use, and zoning as of the appraisal date.”

(Source: Appraisal Institute, The Dictionary of Real Estate Appraisal, 6th ed. (Chicago: Appraisal Institute, 2015); also Interagency Appraisal and Evaluation Guidelines, Federal Register, 75 FR 77449, December 10, 2010, page 77471)

Definition of Property Rights Appraised

Fee simple estate is defined as, “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.”

Source: Appraisal Institute, The Dictionary of Real Estate Appraisal, 6th ed. (Chicago: Appraisal Institute, 2015)

Intended Use and User

The intended use of the appraisal is for asset valuation purposes and as is market rent determination. The client and intended user is City of Roseville. The appraisal is not intended for any other use or user. No party or parties other than City of Roseville may use or rely on the information, opinions, and conclusions contained in this report.

Applicable Requirements

This appraisal is intended to conform to the requirements of the following:

- Uniform Standards of Professional Appraisal Practice (USPAP);
- Code of Professional Ethics and Standards of Professional Appraisal Practice of the Appraisal Institute;
- Applicable state appraisal regulations;
- Appraisal guidelines of City of Roseville.

Report Format

This report is prepared under the Appraisal Report option of Standards Rule 2-2(a) of USPAP. As USPAP gives appraisers the flexibility to vary the level of information in an Appraisal Report depending on the intended use and intended users of the appraisal, we adhere to the Integra Realty Resources internal standards for an Appraisal Report – Standard Format. This format summarizes the information analyzed, the appraisal methods employed, and the reasoning that supports the analyses, opinions, and conclusions.

Prior Services

USPAP requires appraisers to disclose to the client any other services they have provided in connection with the subject property in the prior three years, including valuation, consulting, property management, brokerage, or any other services. We have not performed any 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.

Scope of Work

To determine the appropriate scope of work for the assignment, we considered the intended use of the appraisal, the needs of the user, the complexity of the property, and other pertinent factors. Our concluded scope of work is described below.

Valuation Methodology

Appraisers usually consider the use of three approaches to value when developing a market value opinion for real property. These are the cost approach, sales comparison approach, and income capitalization approach. Use of the approaches in this assignment is summarized as follows:

Approaches to Value		
Approach	Applicability to Subject	Use in Assignment
Cost Approach	Not Applicable	Not Utilized
Sales Comparison Approach	Applicable	Utilized
Income Capitalization Approach	Applicable	Utilized

The **sales comparison approach** is a reliable valuation method for the subject due to the following:

- There is an active market for similar properties, and sufficient sales data is available for analysis.

- This approach directly considers the prices of alternative properties having similar utility.
- This approach is typically most relevant for owner-user properties.
- The subject's smaller size and single-tenant configuration appeals to owner-users.

The **income capitalization approach** is an applicable valuation method because:

- There is an active rental market for similar properties that permits us to estimate the subject's income generating potential. Estimated income is converted to a market value indication through capitalization.

The **cost approach** is not applicable to the assignment considering the following:

- The age of the property would limit the reliability of an accrued depreciation estimate.
- There are limited land transactions in the market area of the subject, making estimates of underlying land value subjective.
- This approach is not typically used by market participants, except for new or nearly new properties.

In the valuation, we first estimated the market value of the subject as-if the deferred maintenance is cured, the renovation is complete, and the property is operating at stabilized occupancy. We employed two of the three traditional approaches to value – the sales comparison and income capitalization approaches – to estimate this market value. The market value as is (as of May 17, 2018) of the subject was estimated by deducting the costs associated with curing the deferred maintenance, renovation, lease-up costs that will be incurred to reach stabilized occupancy, including the loss in rental income over the absorption period and an entrepreneurial incentive within each approach to value. The conclusions reached through these approaches were then reconciled into a final opinion of market value, by taking into account the strengths and weaknesses of each approach.

In estimating the appropriate market rental for the subject in its as is condition we applied a market supported rate of return to the market value as is of the subject estimated in this appraisal.

Research and Analysis

The type and extent of our research and analysis is detailed in individual sections of the report. This includes the steps we took to verify comparable sales, which are disclosed in the comparable sale profile sheets in the addenda to the report. Although we make an effort to confirm the arms-length nature of each sale with a party to the transaction, it is sometimes necessary to rely on secondary verification from sources deemed reliable.

Inspection

Lance Jordan, MAI, conducted an interior and exterior inspection of the property on May 17, 2018. Ligia Dejeu conducted an interior and exterior inspection on May 17, 2018.

Availability of Information

Although renovation costs were requested from Mr. Steven Minnich, on behalf of the prospective tenant, and is pertinent to the assignment, it was not made available to Integra Realty Resources – Sacramento. Our inability to obtain this information and consider it in our analysis may affect our value opinion.

Economic Analysis

Area Analysis – Placer County

Introduction

Placer County is part of the four-county Sacramento Metropolitan Area, along with the counties of Sacramento, Yolo and El Dorado. The county is located in the north-central part of California, approximately 420 miles north of Los Angeles, 250 miles south of Oregon, 100 miles northeast of San Francisco, 80 miles west of Lake Tahoe, and 100 miles southwest of Reno. The southernmost part of Placer County consists of a valley commonly referred to as South Placer; while the remainder of the county is divided into the Gold Country, where parts of Auburn and Colfax are located, and the High Country, which encompasses Tahoe City and Kings Beach along Lake Tahoe. Placer's largest cities are Roseville, Rocklin and Lincoln. Elevations in the county range from 165 feet above sea level in Roseville to 10,000 feet above sea level in the Sierra Nevada Mountains.

Placer County is developed with a mix of urban and rural uses. The larger cities, namely Roseville and Rocklin, are mostly urban, while the smaller communities, such as Loomis and Newcastle, have remained rural. Auburn and Lincoln both exhibit a combination of urban and rural settings. However, in recent years the city of Lincoln has experienced dramatic growth and development, and has become one of the fastest-growing cities in California.

Population

Placer County has experienced population growth in recent years, primarily in the southern part of the county. The primary points of origin for in-migration to the region are the Bay Area, other parts of the Sacramento region, and Southern California. The state's population data indicate a strong pattern of movement by residents from high-cost, high-density Bay Area counties to inland areas in Northern California.

Following is a table depicting the population change in Placer County and its component cities over the past few years.

Population Trends							
City	2012	2013	2014	2015	2016	2017	%/Yr
Auburn	13,623	13,730	13,962	13,995	14,066	14,096	0.7%
Colfax	2,012	2,036	2,047	2,048	2,054	2,070	0.6%
Lincoln	44,132	44,861	45,843	46,547	47,268	48,165	1.8%
Loomis	6,554	6,590	6,636	6,653	6,715	6,775	0.7%
Rocklin	58,739	59,275	59,839	60,425	61,672	64,417	1.9%
Roseville	123,836	126,864	129,219	130,828	133,618	135,868	1.9%
Unincorporated	<u>109,256</u>	<u>109,195</u>	<u>109,896</u>	<u>110,214</u>	<u>110,810</u>	<u>111,446</u>	<u>0.4%</u>
Total	358,152	362,551	367,442	370,710	376,203	382,837	1.4%

Source: California Department of Finance

As indicated in the previous table, Placer County has experienced a strong average rate of annual growth of 1.4% over the past five years. The cities of Roseville, Rocklin and Lincoln are the fastest growing parts of the region. Loomis and the unincorporated areas have had relatively little growth.

Over the past decade, Placer County has been the fastest-growing county within the four-county Sacramento MSA (which also includes Sacramento, El Dorado and Yolo Counties). It is projected this trend will continue for the near future.

Transportation

Interstate 80, State Highway 65 and State Highway 193 are the major routes traversing the region. Major urban arterials in the southern part of the county include Douglas Boulevard, Sierra College Boulevard, Roseville Parkway, Pleasant Grove Boulevard, Sunrise Avenue, Auburn-Folsom Road and Foothills Boulevard. In 2005, a major public improvement project was completed at the Douglas Boulevard/ Sunrise Avenue/ Interstate 80 intersection. The project added new lanes, new on/off ramps and a tunnel that have greatly improved traffic flow in the area.

In addition to roadways within the county limits, south Placer County enjoys proximity to many of the Sacramento region's freeways that provide access to the San Francisco Bay Area to the west, Central and Southern California to the south, Northern California and Oregon to the north, and Nevada to the east. Sacramento International Airport is situated about 10 miles west of the county border. The county is also home to a couple of small private airports. The region has good railroad service, including the transcontinental Union Pacific Railroad and Amtrak. The Capital Corridor system provides high-speed commuter rail service from Roseville to San Jose.

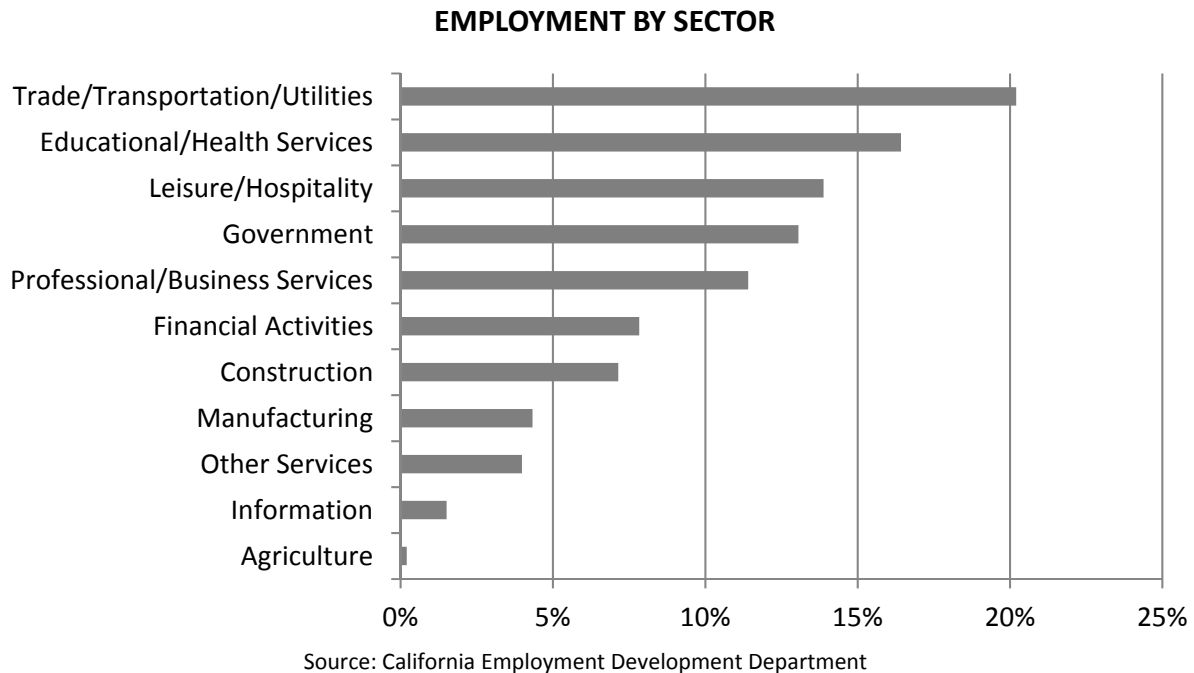
Employment & Economy

The California Employment Development Department has reported the following employment data for Placer County over the past several years.

Employment Trends					
	2013	2014	2015	2016	2017
Labor Force	176,300	176,500	178,200	179,800	182,000
Employment	162,700	165,500	169,200	171,800	176,200
Job Growth	-	2,800	3,700	2,600	4,400
Unemployment Rate	7.7%	6.2%	5.1%	4.4%	3.2%

Source: California Employment Development Department

Most areas within the state and nation, including Placer County, saw declining unemployment rates in 2004 through 2006, increases from 2007 to 2010, and declines during 2011-2016. Placer County has a diverse economy, with no one sector accounting for a majority of the employment in the region. The following chart indicates the percentage of total employment for each sector within the county.



As can be seen in the chart above, the area's largest employment sectors are Trade/Transportation/Utilities, which includes retail and wholesale trade (20.2% of total employment); Educational and Health Services (16.4%); Leisure and Hospitality (13.9%); and Government (13.1%).

Although many residents commute to employment centers in Sacramento, Placer County offers thousands of jobs and attracts workers from the local area as well as "reverse commuters" from Sacramento and residents of outlying areas such as Marysville/Yuba City to the north. The largest employers in the county, according to the Sacramento Business Journal Book of Lists, are Sutter Health (5,435 employees in the county), Kaiser Permanente (5,361), Placer County (2,700), Squaw Valley Alpine Meadows (2,500, seasonal), Hewlett Packard Enterprise and HP Inc. (2,100), Sierra Joint Community College District (1,940), and Thunder Valley Casino Resort (1,915).

Household Income

Median household income represents a broad statistical measure of well-being or standard of living in a community. The median income level divides households into two equal segments with one half of households earning less than the median and the other half earning more. The median income is considered to be a better indicator than the average household income as it is not dramatically affected by unusually high or low values. In the year 2017 (most recent data available from the U.S. Census Bureau), Placer County's median household income was \$85,326, which was higher than the state of California's median income of \$67,715.

Recreation & Community Services

Placer County has ample community services and recreational opportunities. The County, cities and various park districts operate numerous public parks, golf courses, aquatic centers, libraries and

community centers. Many private golf courses are located in the region, and several ski resorts are located in the mountains. Within the county lies a portion of the Folsom Lake State Recreation Area, a boating, fishing, and swimming retreat.

In terms of higher education, Placer County is home to Sierra College in Rocklin, a two-year community college offering a wide range of day and evening classes serving over 25,000 students. Heald College, a business and technology vocational school, is located in Roseville, as is an extension campus for Sierra College, located at the old Sutter Hospital on Sunrise Avenue. In 2004, William Jessup University, a private Christian college, moved from San Jose to a new facility in Rocklin.

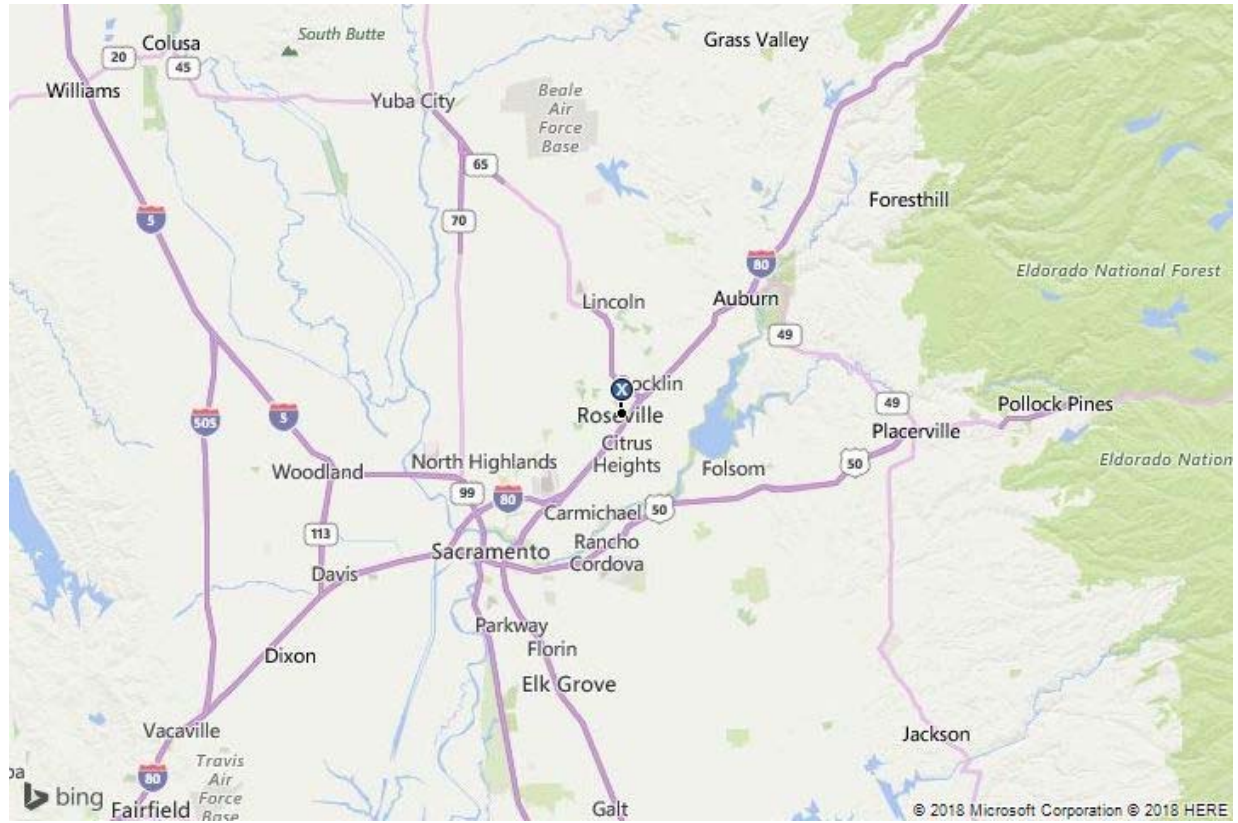
The region offers good health services, including hospitals and medical office facilities. Two hospitals are located in Roseville – the Sutter Roseville Medical Center and Kaiser Permanente, both of which have recent or current expansion projects. The city of Auburn is home to Sutter Auburn Faith Hospital, Sutter Medical Center-Auburn, UC Davis Medical Center, Foundation Medical Clinic and Heritage Medical Center Complex. The city of Lincoln contains medical offices/clinics operated by Sutter, UC Davis, Kaiser and Catholic Healthcare West. In addition to these institutional health care facilities, the county is home to a large and growing number of private physicians, dentists, clinics and other medical specialists.

The city of Roseville is south Placer's hub for fine dining and entertainment. Several upscale restaurants are situated along Eureka Road, Roseville Parkway and Galleria Boulevard. Roseville contains two multi-screen movie theatres on Eureka Road. Another theatre recently opened in Rocklin. Shopping centers are widespread, the largest of which is the Galleria at Roseville, a regional shopping mall that opened in 2000 and was expanded in 2008-2009. The mall is anchored by Nordstrom, Macy's, Sears and JC Penney.

Conclusion

Placer County is a diverse area, with growing cities, small towns and rural areas, and an abundance of open space. The cities of Roseville, Rocklin and Lincoln have experienced strong growth in population and development over the past several years. Placer County is one of the most affluent in the greater Sacramento region in terms of household income levels. The area has a number of positive attributes, including seismic stability, a well-educated work force, good transportation systems, relative affordability and availability of housing compared to the Bay Area, and an excellent level of community services. The long-term outlook for the region is very good.

Area Map



Surrounding Area Analysis

Introduction

This section of the report provides an analysis of the observable data that indicate patterns of growth, structure and/or change that may enhance or detract from property values. For the purpose of this analysis, a neighborhood is defined as “a group of complementary land uses; a congruous grouping of inhabitants, buildings, or business enterprises.

Neighborhood Boundaries

The boundaries of a neighborhood identify the physical area that influences the value of the subject property. These boundaries may coincide with observable changes in prevailing land use or occupant characteristics. Physical features such as the type of development, street patterns, terrain, vegetation and parcel size tend to identify neighborhoods. Roadways, waterways and changing elevations can also create neighborhood boundaries.

The subject property is located within the historic old town area of the City of Roseville. The subject’s neighborhood can generally be described as Interstate 80 to the east, Douglas Boulevard to the south, Foothills Boulevard to the west, and Pleasant Grove Boulevard to the north.

Access and Linkages

The subject property is located along Lincoln Street, a two-lane street bordering the eastern side of Historic Old Town. Primary neighborhood thoroughfares in the subject’s vicinity include Washington Boulevard, Main Street, Church Street, Atlantic Street, Douglas Boulevard and Riverside Avenue. The latter three thoroughfares connect with Interstate 80 within two miles of the subject. Interstate 80 is a major east-west freeway connecting the area with Sacramento and San Francisco to the west and Reno, Nevada to the east. South of the subject property are railroad tracks used by Union Pacific for freight transport and Amtrak for passenger transport. The Union Pacific Rail yards are located south of the subject, east of Foothills Boulevard. Amtrak’s passenger rail station is located on Pacific Street in Downtown Roseville southwest of the subject and provides daily service to Sacramento, Davis, Martinez, and Emeryville to the west; to the east, the trains connect with Colfax, Truckee and Reno and ultimately reach Chicago, Illinois.

Public transportation in the neighborhood is available via Placer County Transit (PCT), a regional bus system that serves Roseville, Granite Bay, Loomis, Rocklin, Auburn, and Colfax. Currently, the PCT has a free transfer agreement with all of the Sacramento Regional Transit buses and trains.

Demographic Factors

A demographic profile of the surrounding area, including population, households, and income data, is presented in the following table.

Surrounding Area Demographics					
2017 Estimates	1-Mile Radius	3-Mile Radius	5-Mile Radius	Sacramento-- Roseville--Arden- Arcade, CA (MSA) 2018	California
Population 2010	13,870	101,537	274,140	2,149,127	37,253,956
Population 2017	13,951	108,620	299,382	2,325,849	39,695,753
Population 2022	14,178	113,444	314,448	2,434,403	41,305,572
Compound % Change 2010-2017	0.1%	1.0%	1.3%	1.1%	0.9%
Compound % Change 2017-2022	0.3%	0.9%	1.0%	0.9%	0.8%
Households 2010	5,488	38,780	101,412	787,667	12,577,498
Households 2017	5,713	41,871	110,783	847,046	13,388,653
Households 2022	5,884	43,855	116,373	885,670	13,935,677
Compound % Change 2010-2017	0.6%	1.1%	1.3%	1.0%	0.9%
Compound % Change 2017-2022	0.6%	0.9%	1.0%	0.9%	0.8%
Median Household Income 2017	\$55,421	\$73,876	\$77,848	\$68,773	\$70,636
Average Household Size	2.4	2.6	2.7	2.7	2.9
College Graduate %	21%	32%	32%	32%	32%
Median Age	38	39	39	38	37
Owner Occupied %	#N/A	59%	66%	61%	56%
Renter Occupied %	48%	41%	34%	39%	44%
Median Owner Occupied Housing Value	\$276,127	\$356,628	\$369,825	\$371,203	\$484,849
Median Year Structure Built	1963	1988	1991	1983	1976
Avg. Travel Time to Work in Min.	23	27	29	29	31

Source: EnviroNics Analytics

As shown above, the current population within a 3-mile radius of the subject is 108,620, and the average household size is 2.6. Population in the area has grown since the 2010 census, and this trend is projected to continue over the next five years. Compared to the Sacramento MSA overall, the population within a 3-mile radius is projected to grow at a similar rate.

Median household income is \$73,876, which is higher than the household income for the Sacramento MSA. Residents within a 3-mile radius have a similar level of educational attainment to those of the Sacramento MSA, while median owner-occupied home values are lower.

Land Uses

The subject neighborhood contains a mix of residential, commercial and community uses. The neighborhood is estimated to be over 90% built-out. The immediate vicinity of the subject represents the Downtown/Historic Old Town District of Roseville. Downtown is located south of the railroad tracks primarily along the Vernon Street corridor, while, Historic Old Town is located north of the railroad tracks and is bounded by Main Street to the north, Pacific Street to the south, Washington Boulevard to the west and Lincoln Street to the east.

The subject's immediate area has enjoyed recognition as a revitalized historic commercial district and benefits from its proximity to significant mature and new residential development, as well as regional transportation routes. The subject's neighborhood is primarily composed of mature retail development with supporting residential and office development interspersed throughout. The residential development in the neighborhood is generally targeted toward median-income buyers and

is primarily located south and west of the subject property. The quality and condition of the homes in the subject's neighborhood are considered average relative to other areas of Roseville.

In order to support private and public investment in the area, the City of Roseville has focused on several public improvement projects that will benefit the subject neighborhood. Additionally, the City has been actively working on the Downtown Vernon Street and Historic Old Town Specific Plan Project, which will help implement the Downtown Vision created by planners in early 2006. The Roseville City Council adopted the Downtown Specific Plan on April 1, 2009. The project area is 160 acres and includes Vernon Street, Historic Old Town, Royer Park, Dry Creek and the Oak Street/Douglas corridor. The goals of the project are to improve connectivity within Downtown as well as between Downtown and its surroundings; identify land uses and development standards responsive to market opportunities and that facilitate quality architecture and urban design; reinforce identity through the establishment of character districts and gateway elements; create and enhance public places that support community activity, spirit and involvement; and promote arts, culture, heritage, entertainment and education.

Two prominent structures that have been completed along Vernon Street in Downtown Roseville are the Civic Plaza Office Complex and Parking Garage project. These developments are located between Vernon and Oak Streets at Grant Street. The parking portion was completed in 2007 and is a five-level, approximately 550-space free public parking garage. The parking facility also includes 5,000 square feet of ground floor retail space fronting Vernon Street that is occupied by Roseville Arts. As the neighborhood's first multi-level parking facility, this structure was constructed to meet parking demands and provide supplementary parking inventory into the future. The Civic Plaza Office Complex consists of a four-story, 50,000± square foot office building with ground floor retail space located at 116 S. Grant Street. Construction of this building was ultimately completed to warm shell condition in early 2016. As of the date of this appraisal, the building remains vacant and is being marketed for sale for an undisclosed sale price. It is our understanding, prior to marketing the property for sale, the property owner wanted to lease the building to a single tenant rather than multiple smaller users, which somewhat limited the tenant pool. Brokers active in the area indicated with more aggressive marketing, and offering the option for smaller spaces, tenants could have been secured for the building.

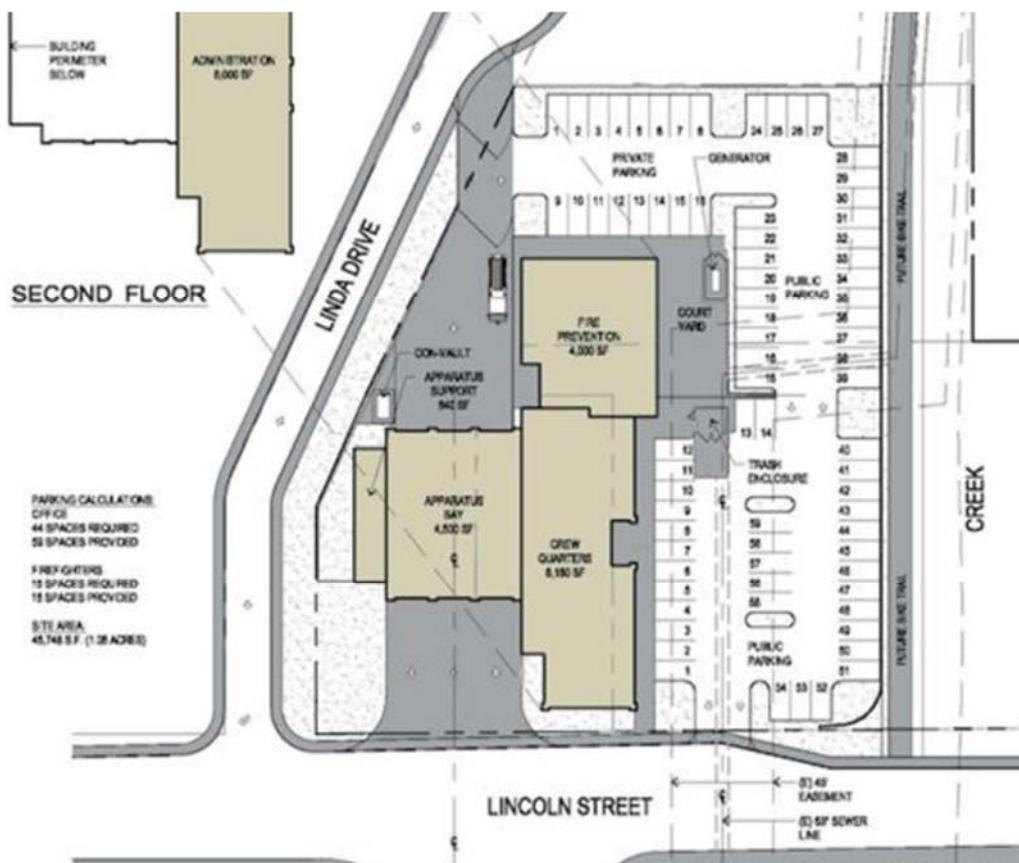
The Vernon Street Town Square project commenced construction in August 2012 and was completed in August 2013. The Vernon Street Town Square is located adjacent to the Roseville Civic Center and is bordered by Oak, S. Grant, and Vernon Streets. The purpose of the Town Square project was to provide a public space that can accommodate a variety of events and activities year-round. The space provides landscaping and lighting, event amenities (stage, convertible spaces, etc.), an interactive water fountain, signage and other improvements. The total cost was estimated at \$4.5 million. Current events include, but are not limited to, free concerts, Wine down at Town Square, Comedy Night, Movie Night Sing-Along, Food Truck Mania and Friday Flicks.

Another four-story, 83,000± square foot mixed-use building (ground floor retail and office on the upper floors) was completed in late 2016. The building is located at 316 Vernon Street and replaces the old city hall building. The new building houses a large portion of the city staff and adult education/continuing education classes for Sierra College. Construction of a second parking garage at the corner of Oak and Washington Streets was recently completed and opened for operation in mid-

June 2018. This garage has seven-stories and has 429 parking spaces, bringing the total garage parking to nearly 1,000 spaces.

Other recently completed and proposed projects include the construction and relocation of the existing fire station from 401 Oak Street to the corner of Oak and Lincoln Streets, the Bridges and Trail project, The Lohse Apartments and a more recently proposed project in the historic downtown Roseville area, Junction Crossing. A summary description (some *verbatim* from city documents) as to what is proposed, and some design drawings are as follows:

- “The relocation of Fire Station #1 from the intersection of S. Grant Street and Oak Street will provide an approximately 3-acre development site. Integrated into the development is a creek walk intended to connect Douglas Blvd. to the current Icehouse bridge location. From there you will be able to gain access to the fully completed bike trail system that will take you all the way out to Sierra College Blvd. This level of development will then help to activate the Downtown! As part of the Downtown Specific Plan the relocation of Fire Station No. 1 was supported by the community. An evaluation of where to site a new station was performed and the intersection of Oak and Lincoln Street was selected.”* Construction of the new fire station was recently completed and opened June 2018



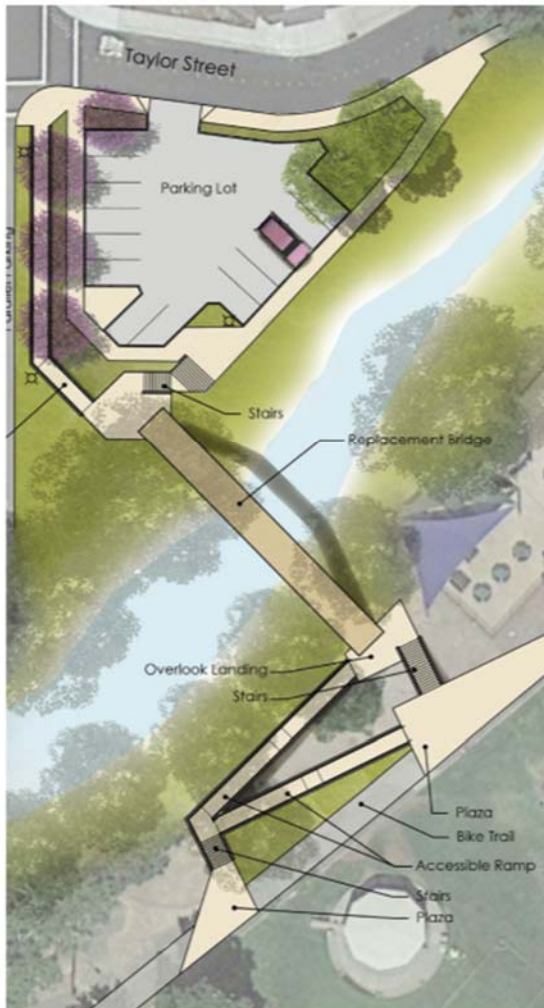


- *“The Downtown Bridges and Trails Project continues implementation of that vision by providing three important bridge connections across Dry Creek and continuation of the Dry Creek/Miners Ravine trail system. The project implements the Downtown Vision by improving connections between Royer Park and the Vernon Street/ Town Square area, and by closing the gap in the Class I trail system.”*

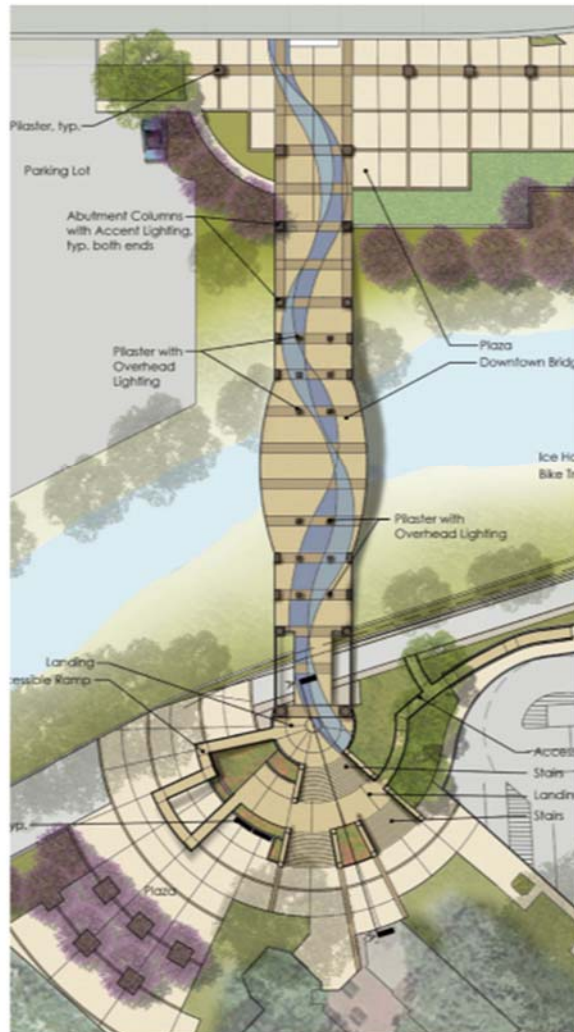
Rotation of the Rube Nelson Ice House Bridge and Extension of the Class I Trail



Replacement of the
Library Bridge



New Downtown Pedestrian
Bridge to Royer Park

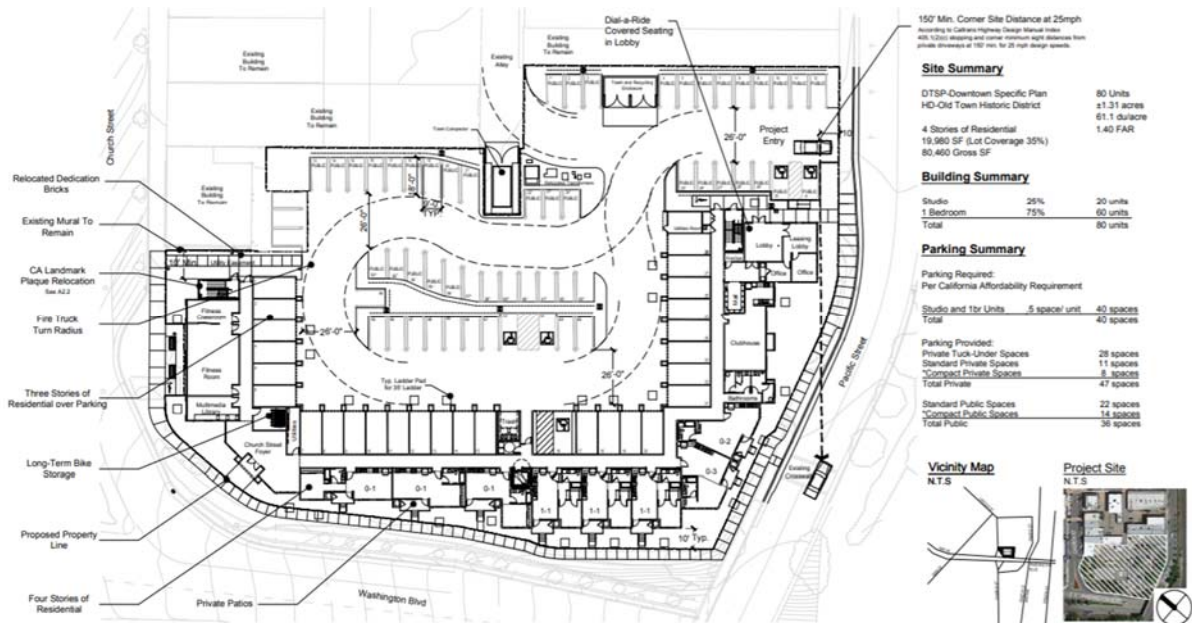


- **The Lohse Apartments:** The Lohse Apartments is a four-story, mixed-use project located at 623 Vernon Street. At completion the project will include 58-unit affordable housing project with approximately 2,900 square feet of ground-floor retail space. The property will include 60 underground and four surface parking spaces. Project amenities will include a community room, computer area, lounge area and laundry room and outdoor play facilities in a central courtyard. The project will be comprised of one-, two- and three-bedroom units ranging in size from 557 to 1,095± square feet. The project is being developed by Mercy Housing California and is being primarily funded through affordable housing tax credits. The project is well under way and Mercy Housing has already started preleasing activities and accepting applications.



- Junction Crossing: *“The applicant requests approval of a Minor Design Review Permit to allow a four-story, approximately 80,460 square foot, 80-unit affordable multi-family residential building, with associated parking for St. Anton’s Communities. A Tentative Subdivision Map is also requested to allow the merging and resubdivision of 11 parcels, totaling approximately 1.38 acres, into two parcels (Parcel 1 = 0.07 acres, Parcel 2 = 1.31 acres), with right-of-way abandonments and dedications, consistent with Government Code Section 66499.20.2.”*





The following map illustrates the projects discussed and their location in relation to the subject.



Note: Subject is identified by the red star

The following are current photos (May 2018) of the projects previously discussed.



Parking garage completed in 2007



116 S. Grant Street



Vernon Street Town Square



Civic Center



316 Vernon Street



Parking garage recently completed (200 Oak Street)



New fire station (80 Lincoln Street)



The Lohse Apartments



Future site of Junction Crossing

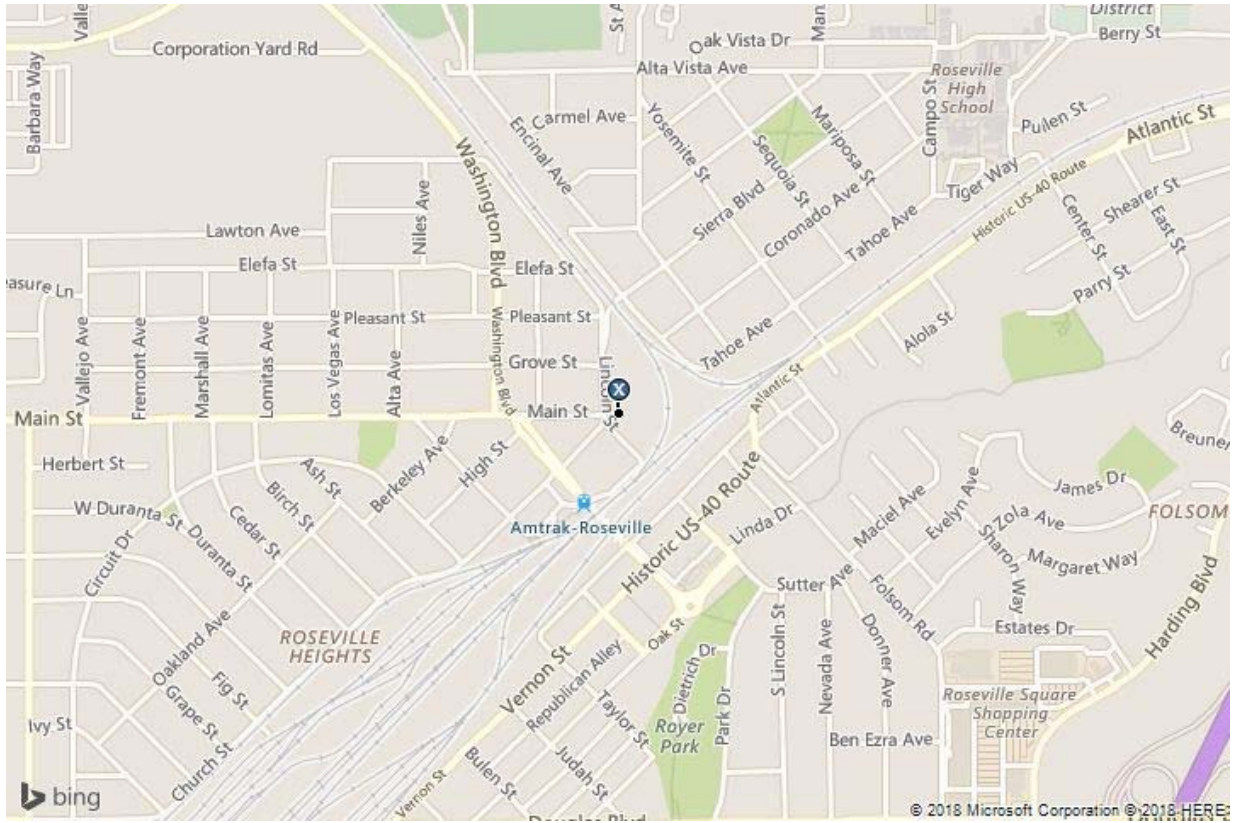
Community Uses

There are several community uses in the neighborhood, such as schools, churches, parks, and recreational and cultural facilities. Parks near the subject property include William L. Taylor Park to the east and Royer Park to the south. The subject is also proximate to numerous religious facilities of various faiths. Bradford Woodbridge Fundamental Elementary School is located northwest of the subject and Roseville High School is located northeast of the subject. Additionally, the Placer County Fairgrounds and All American Speedway are located to the northwest.

Outlook and Conclusions

In summary, a balance of residential and supporting commercial and community uses characterize the area. The historic and downtown Roseville areas are experiencing some revitalization of older properties and redevelopment and these trends are expected to continue for the next few years.

Surrounding Area Map



Retail Market Analysis

Given the subject's location and surrounding land uses, the primary use of the subject is for retail uses and the secondary use if for office. We will present a detailed analysis of the retail market in the region and the subject immediate market area and an overview of the office market in the subject's immediate area.

The retail market in Sacramento has been on a path of stabilization and improvement over the past few years. The first quarter of 2018 continued that trend, though with more moderate results.

The market experienced healthy leasing activity, but also saw the closing of a few anchor tenants. The overall effect was positive net absorption of 53,209 square feet for the quarter and a slight decrease of ten basis points in the overall vacancy when compared to the previous quarter. Vacancy has been trending consistently downward since the first quarter of 2010, except for a couple of small increases in individual quarters, and the first quarter closed out at a reported rate of 8.4%.

New construction in the region has increased over the past 2-3 years as economic conditions have improved, and several large projects have recently been completed or are nearing completion. Among these is Delta Shores, a 741,200 square foot power center and the largest new retail development in the Sacramento region in over a decade, as well as two mixed use projects in the Downtown submarket. There are no new large centers scheduled for construction in 2018.

Despite the improving economic fundamentals, market participants continue to be concerned about the structural changes to retail. While there was relatively strong retail spending growth in the Sacramento area during 2017, the increase in e-commerce continues to have an impact on brick-and-mortar projects. There have been closures and announced closures of several big box tenants over the past few years, and several over the past six months. Sacramento will not be immune to the structural changes occurring. Landlords and tenants alike have the difficult job of trying to predict what the future holds for in-store sales and how to stay relevant and maintain foot-traffic going-forward.

It is noted the figures in this overview are based on quarterly surveys published by brokerage CBRE for retail buildings 20,000 square feet and larger, excluding regional malls. Market conditions may not be similar for smaller retail properties. In fact, many brokers have indicated market conditions are typically not as strong for smaller, unanchored properties. Anchored centers are generally more likely to maintain stabilized occupancy levels compared to unanchored centers.

Economic Overview

The year 2017 was one of economic growth in the United States. Job growth continued to rise, although the pace of growth slowed as it neared full employment. Wages increased for the third consecutive year and continue trending upward. Consumer spending and confidence both increased; consumer confidence hit a 17-year high in November 2017 and is expected to remain at historic high levels through 2018. Retail sales increased 4.2% in 2017 from the previous year, hitting a record of \$5.7 trillion.

In the Sacramento MSA (El Dorado, Placer, Sacramento and Yolo Counties), unemployment was 3.9% in March 2018, down from 5.0% a year prior. This compares favorably to the unemployment rate of

4.2% for California and 4.1% for the nation. The Sacramento region added 20,000 new jobs (up 2.1%) between March 2017 and March 2018, with total employment growing to 985,900. The Sacramento area is becoming an increasingly popular alternative to the costly Bay Area markets. The continued in-migration to the area is expected to fuel population and workforce growth, which will drive demand for the commercial and retail sector.

Absorption & Vacancy

The chart below highlights the region's net absorption over the past few years.



Source: CBRE MarketView Reports

The Sacramento retail market has experienced a significant range of highs and lows over the last economic cycle. The retail market was very strong in the year 2007 with about 3 million square feet of positive net absorption. In 2008, net absorption was still positive but dropped significantly to about 600,000 square feet. The region's net absorption was negative for the year 2009, with various brokerages estimating over 1 million square feet of negative net absorption. The annual net absorption turned positive in 2010 with about 170,000 square feet. During the four-year period of years 2011 through 2014, annual net absorption was fairly consistent, exhibiting between 530,000 and 600,000 square feet per year. Net absorption increased in the year 2015 to about 930,000 square feet. Most of this activity was due to big box leasing. For the year 2016, the region experienced net absorption of 217,311 square feet. In the first half of the year, leasing activity was strong among smaller tenants, but the overall market was impacted by the closing of five larger stores, including two Save Mart stores, two Sport Chalet locations and a clothing store. In the second half of the year, several larger leases were executed, which helped close the year with positive net absorption despite the closing of several Sports Authority stores.

In 2017, the region experienced an annual net absorption of 1,099,674 square feet. The significant increase over the previous year was due primarily to completions of new retail projects. Most notably, the Delta Shores project delivered 180,906 square feet of space in the fourth quarter 2017.

The first quarter of 2018 saw more vacancies of big box tenants, including Safeway and Big Lots in the West Capitol Plaza, West Sacramento, and Walmart and Sam's Club in the Country Club Centre (Arden/Howe/Watt submarket). In addition, Sears announced the closure of two stores in the Sacramento Region – Roseville Galleria and Sunrise Mall locations – and Toys R Us / Babies R Us announced the insolvency of its business, which will result in ten store closures in the region. Toys R Us opened in 1948 and, although a concrete timeline has not been announced, the liquidation will close nearly 800 stores nationwide. The net absorption in the Sacramento region may be negatively impacted by impending store closures, as many power centers will be left to absorb these vacancies in a market where fewer retailers are looking for 40,000-60,000 square foot big box buildings.

Net absorption in new developments and healthy leasing activity in desirable submarkets helped offset the vacancies during the first quarter. Some recent leases and activity include:

- Rocklin Crossings completed an expansion of its center, with the buildings leased to TJ Maxx (21,000 sq. ft.) and Homegoods (21,000 sq. ft.)
- RC Willey (166,000 sq. ft.) and Regal Cinema (58,200 sq. ft.) opened their stores in Delta Shores
- TJ Maxx leased 21,000 sq. ft. in Promenade at Sacramento Gateway, Natomas
- Studio Movie Grill leased 50,000 sq. ft. at 8501 Auburn Blvd., Citrus Heights
- Roseville Motorsports leased 34,303 sq. ft. at 5905 Pacific Street, Rocklin
- Grocery Outlet leased 18,270 sq. ft. at 8835 Greenback Lane, Citrus Heights

Notable sale transactions in the first quarter 2018 include a \$25 million transfer of a Safeway-anchored center at 3308-3350 Arden Way. The center has rentable area of 137,714 square feet; additional tenants include a Dollar Tree, CVS and California Family Fitness center in space previously occupied by Sports Authority. The Macy's at Country Club Plaza sold for five million dollars to EDM Realty Corp., owners of the mall.

The chart on the following page summarizes the recent history of retail vacancy in the Sacramento region.



The average retail vacancy in the Sacramento area has been consistently declining since 2010. The vacancy rate at the end of 2017 reached the previous cycle levels of nearly a decade ago. The first quarter posted an overall vacancy of 8.4%, down 10 basis points from the previous quarter and down 70 basis points from the previous year. The research report prepared by Colliers International indicates overall vacancy increased this quarter, primarily due to much of the absorption occurring in new space and not enough existing space being leased to offset the vacancies incurred.

Moving forward, it is anticipated that, due to the number of big box vacancies experienced in the region, coupled with more to come from stores that have announced closures, the overall vacancy rate will not decline much lower in the near term. Vacant space remains scarce in prime submarkets as tenants focus their demand there, while less desirable submarkets are finding it difficult to sustain demand.

The table on the following page summarizes recent vacancy rates and net absorption by submarket. According to the CBRE research report, the submarkets achieving the highest absorption levels for the first quarter of 2018 were Rocklin and Arden/Watt/Howe with 99,414 and 66,745 square feet, respectively. The Colliers report indicates the South Sacramento submarket had the highest absorption due to deliveries and leasing at Delta Shores, while the Arden/Watt/Howe submarket had the largest negative absorption due to the closure of Walmart and Sam's Club.

Sacramento Retail Market Summary			
Submarket	Total SF (millions)	Vacancy 1Q 2018	Net Absorption 1Q 2018
Arden/Watt/Howe	3.7	11.0%	66,745
Auburn/Loomis	1.2	5.0%	(4,112)
Carmichael	1.3	17.6%	(2,573)
Citrus Heights/Fair Oaks	4.5	12.1%	(572)
Folsom/El Dorado Hills	5.6	6.6%	(5,382)
Greenhaven/Pocket	0.4	9.6%	1,200
Hwy 50/Rancho Cordova	2.9	14.1%	8,475
Laguna/Elk Grove	5.7	4.5%	(39,191)
Lincoln	1.2	2.3%	(1,515)
North Highlands	2.6	9.5%	8,709
North Natomas	2.4	7.9%	(2,584)
Rocklin	2.7	7.7%	99,414
Roseville	6.6	4.5%	2,669
South Natomas	0.6	9.7%	1,200
South Sacramento	4.7	13.0%	(48,181)
West Sacramento/Davis	2.6	4.2%	(31,093)
Total	48.7	8.4%	53,209
Source: CBRE MarketView Reports			

Rental Rates

This section discusses average asking rental rates. The reader should note these rates provide only a snapshot of activity at a specific point in time, subject to space that is available in the marketplace. This snapshot is influenced by the quality and quantity of space available at the time and is not indicative of rental rate trends in any given quarter. Guarded reliance should be placed on average asking rates due to the number of variables impacting these figures.

According to CBRE, the average asking rental rate for retail space in the Sacramento region was \$1.55 psf/month, triple net, in the first quarter of 2018. This average was up \$0.04 from the previous quarter but has remained relatively stable over the past three years, hovering between \$1.48 and \$1.52 psf/month. The market is experiencing a widening gap between asking rates in newly constructed centers in desirable submarkets and obsolete centers in secondary locations, resulting in an offsetting effect on the average, but a larger range. With only minimal new construction projected to deliver additional space in 2018, demand for retail space will keep average asking rents from decreasing much in the near term.

New Construction

Construction activity was limited in the region during the period of roughly 2008-2013 in response to market conditions; however, new construction has increased in the region since 2014 as feasibility has improved. In the year 2014, new completions totaled about 390,000 square feet. In 2015, completions totaled about 370,000 square feet and included a 120,000 square foot Lifetime Fitness athletic club in Roseville, two buildings in the Rocklin Crossings shopping center (one of which is occupied by Bass Pro Shops), and a big box store in South Sacramento. The only completion in the first quarter of 2016 was an Applebee's restaurant in Rocklin. In the second quarter of 2016, there were two completions totaling about 34,000 square feet, including a Nordstrom Rack expansion in Folsom and three shop buildings in the Rocklin Crossing center in Rocklin. In the third quarter of 2016, completions totaled

about 49,000 square feet – a Home Goods store in the Arden/Watt/Howe submarket and a Smart & Final store in Citrus Heights. Over 254,000 square feet was completed in the fourth quarter, including a Lifetime fitness center in Folsom; and a Raley's grocery store, Nordstrom Rack and Cinemark Theater in the Arden/Watt/Howe submarket. In Downtown Sacramento, the new Golden 1 Center arena was completed in 2016 for the Sacramento Kings NBA basketball team, as well as for various concerts and other events. Several restaurants and shops have opened or are planned in and around the new arena.

In 2017, new construction was concentrated within two new major projects. The bulk of this was either build-to-suit or pre-leased before development began. Delta Shores, located in the South Sacramento submarket adjacent to Interstate 5, is an approximate 740,000 square foot retail center. In the fourth quarter 2017, Wal-Mart Supercenter opened a 300,000 square foot store, joining Dick's Sporting Goods, Hobby Lobby, Ross, ULTA, Old Navy, and PetSmart. RC Willey (170,000 square feet) and Regal Cinemas (14 screens) opened during the first quarter 2018.

New deliveries in the first quarter 2018 include the previously mentioned expansion at Rocklin Commons - 42,000 square feet leased to TJ Maxx and HomeGoods; RC Willey and Regal Cinemas in Delta Shores and a 29,296 square foot Sprouts Farmers Market in Natomas.

In the Downtown submarket, completion of Ice Blocks and Downtown Commons (DOCO) developments will further drive net absorption throughout 2018. Ice Blocks is a mixed-use development in the historic R Street Corridor in Midtown. At completion, it will feature three city blocks of ground floor retail with boutiques, cafes and restaurants, as well as office space and 142 loft-style apartment units. The last of the three blocks was delivered in the fourth quarter 2017, with West Elm leasing the largest 10,992 square feet space and scheduled to open mid-2018. Existing tenants include Bounty & Beast, Philz Coffee, Button Up boutique, Pure Barre, and several others.

Downtown Commons (DOCO) is a 630,000-square foot lifestyle center anchored by Macy's, Cinemark, 24 Hour Fitness and Urban Outfitters. The Sawyer Hotel mixed-use development, located in the DOCO project, delivered 53,000 SF of retail/restaurant space at the end of 2017. In addition to the larger anchor tenants, several restaurants have already opened (Haagen-Dazs, Punch Bowl Social, Sauced BBQ and Spirits); Echo & Rig Steakhouse opened in the first quarter 2018 and several others are scheduled to open later in the year - Burger Lounge, State Fare and Pressed Juicery.

The region has no new, large construction projects in the pipeline and construction activity will be minimal during the year 2018.

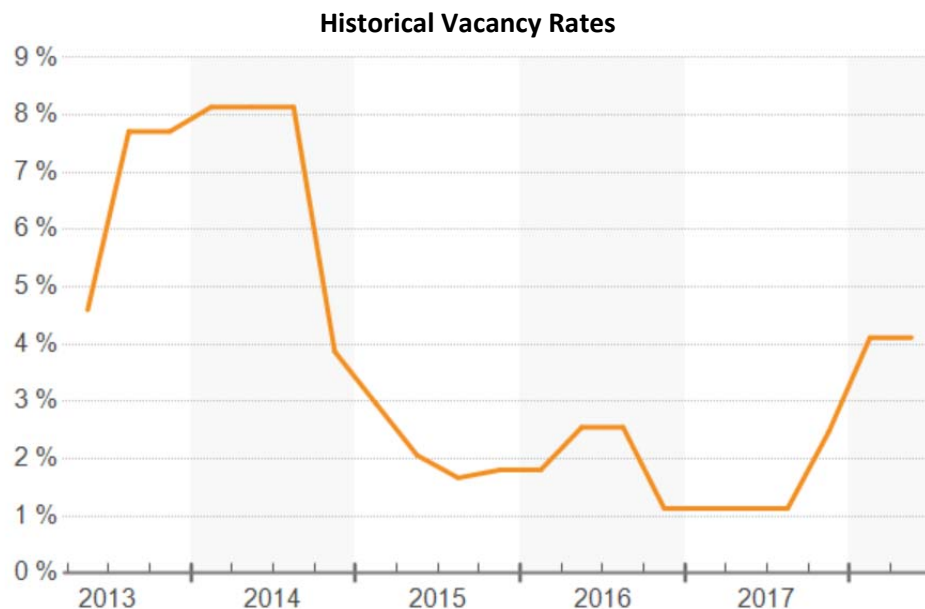
Retail Submarket Overview

The subject property is located in the Roseville submarket of the Sacramento region. In order to analyze retail market conditions in the subject's immediate area, we have utilized survey data published by CB Richard Ellis. In addition, we relied on CoStar Property for a survey of retail properties that are similar to and competitive with the subject.

According to market surveys published by CB Richard Ellis, the overall retail vacancy rate in the Roseville submarket was approximately 4.5% during the first quarter of 2018. The submarket's vacancy rate was lower than the regional vacancy rate of 8.4%.

Pertaining to retail properties of a similar size and more proximate to the subject property, we queried CoStar Property Analytics to determine the supply and vacancy for existing retail properties with less than 5,000 square feet of rentable area and within a half mile of the subject. This search revealed a total of 44 properties containing a total rentable area of 127,023 square feet, of which 5,227 square feet was vacant as of the first quarter of 2018. The implied vacancy rate is 4.1%. This rate is slightly lower than the vacancy rate reported by CB Richard Ellis for the Roseville submarket, which indicates that the subject's specific location and size appear to be faring slightly better than the submarket as a whole.

The following chart illustrates the trend for vacancy of the surveyed properties over the past five years.



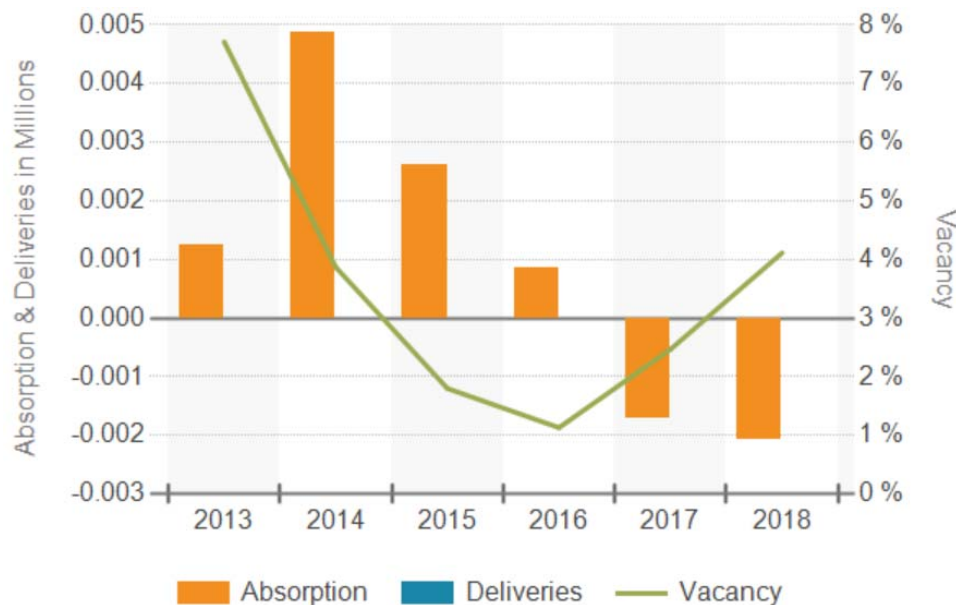
Absorption and average asking rental rates were also examined using CoStar Property Analytics with the same parameters discussed above. Overall average asking rental rates have increased 22.95% over the past three years for retail properties. Although vacancy has fluctuated up and down slightly from quarter-to-quarter, overall vacancy has been below 5% since the third quarter of 2014. The table on the following page details absorption, vacancy, and average asking rental rate over the past three years, as reported by CoStar.

CoStar Property Analytics - Retail

Period	Total Rentable Area (SF)	Total Vacancy (SF)	Vacancy %	Total Net Absorption (SF)	Avg. Asking Lease Rate (PSF/Month)*
Q1 2018	127,023	5,227	4.10%	(2,088)	\$1.50
Q4 2017	127,023	3,139	2.50%	(1,700)	\$1.50
Q3 2017	127,023	1,439	1.10%	0	N/Av
Q2 2017	127,023	1,439	1.10%	0	N/Av
Q1 2017	127,023	1,439	1.10%	0	N/Av
Q4 2016	127,023	1,439	1.10%	1,800	N/Av
Q3 2016	127,023	3,239	2.50%	0	N/Av
Q2 2016	127,023	3,239	2.50%	(950)	N/Av
Q1 2016	127,023	2,289	1.80%	0	\$1.50
Q4 2015	127,023	2,289	1.80%	(175)	\$1.50
Q3 2015	127,023	2,114	1.70%	500	\$1.50
Q2 2015	127,023	2,614	2.10%	1,150	\$1.50
Q1 2015	127,023	3,764	3.00%	1,151	\$1.22

*Note: The average asking lease rate is on triple-net lease terms.

The following chart shows the average vacancy rate, absorption and deliveries over the past five years, as reported by CoStar Property Analytics.



Overall, the general consensus among brokers active in the subject's market area is that the retail market has improved, and conditions are expected to continue to improve in the coming periods.

Vacancy for similar properties in the area is low, indicating that there is demand, and rental rates are expected to continue to rise.

Looking Ahead

The Sacramento retail market started 2018 with overall positive absorption, due primarily to new space delivered, and a slightly declined vacancy rate, remaining 160 basis points below 10%. The market continues to be characterized by scarce availability and strong demand for the best quality projects in prime submarkets, whereas many older centers, some with functional issues, continue to struggle, having never fully recovered from the recession.

The coming year is expected to be one of continued moderate improvement for the Sacramento retail market, but activity is expected to slow as there is less available space in the prime submarkets. With no major construction planned, no significant increase in the supply of retail space is expected. Population and job growth are expected to continue to rise moderately, in large due to in-migration from the more costly Bay Area. In the near term, rental rates are projected to increase for good quality product in prime locations, particularly power regional centers, while older centers will discount their asking rates. Vacancy rates should continue to remain relatively stable, with possibly some upward fluctuation as the recent and impending store closures are absorbed. Demand for local service, experience-based and food tenants in the region is expected to be sustained, however, competition from internet retailers will continue to put pressure on the retail consumer goods industry.

Office Submarket Overview

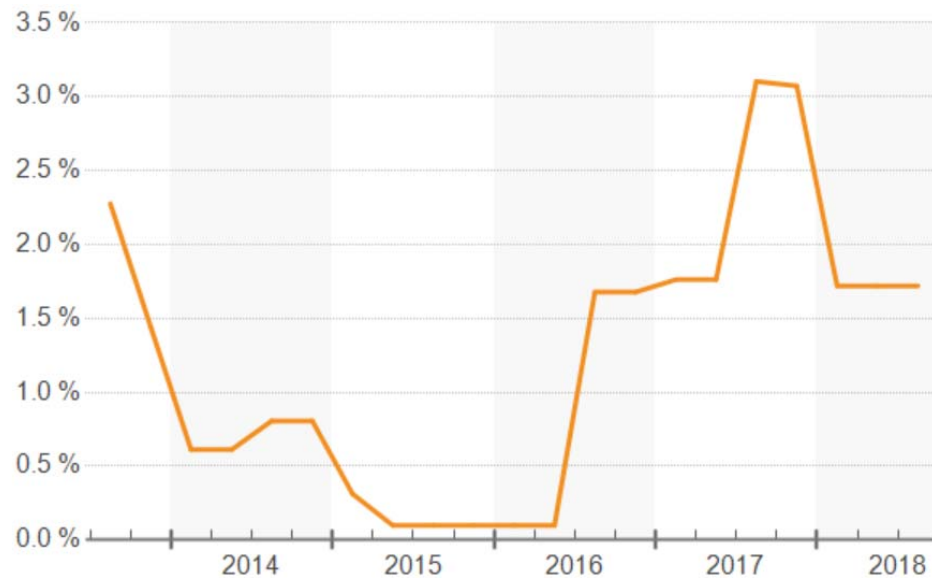
Similar to the office submarket analysis, we have utilized survey data published by CB Richard Ellis. In addition, we relied on CoStar Property for a survey of retail properties that are similar to and competitive with the subject.

The subject property is located in the Roseville/Rocklin submarket of the Sacramento region. According to market surveys published by CB Richard Ellis, the overall office vacancy rate in the Roseville/Rocklin submarket was approximately 11.1% during the first quarter of 2018. The submarket's vacancy rate was lower than the regional vacancy rate of 12.8%.

Pertaining to office properties more proximate to the subject property, we queried CoStar Property Analytics to determine the supply and vacancy for existing office properties within a half mile of the subject. This search revealed a total of 54 properties containing a total rentable area of 358,635 square feet, of which 56,282 square feet was vacant as of the first quarter of 2018. The implied vacancy rate is 15.7%. This rate is higher than the vacancy rate reported by CB Richard Ellis. In the first quarter 2016 vacancy jumped from 0.1% to 14.5% and has remained above 14.5% since that time. The spike in vacancy was due to the delivery of the Civic Plaza Office Complex previously discussed. By excluding this property (51,570 square feet), which has not been aggressively marketed, from both the inventory and vacant space, the vacancy rate of the remaining space is 1.7%.

The following chart illustrates the trend for vacancy of the surveyed properties (excluding the Civic Plaza Office Complex) over the past five years.

Historical Vacancy Rates



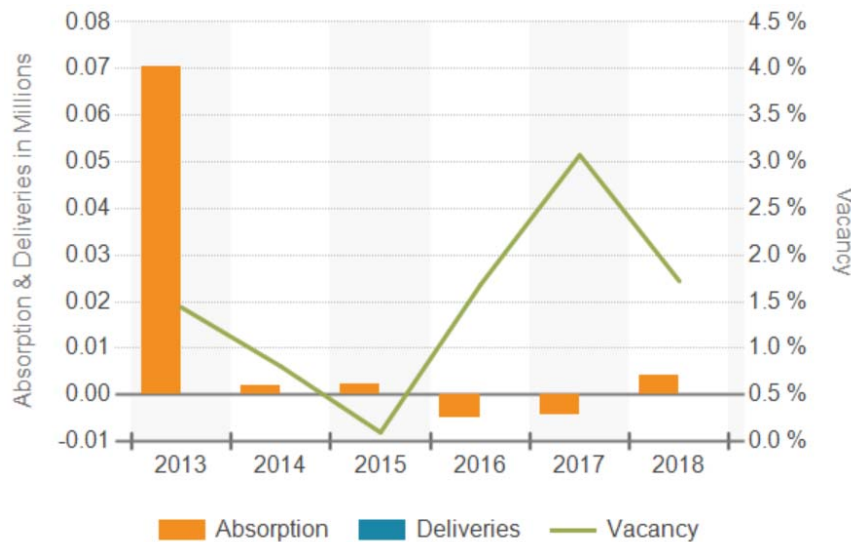
Absorption and average asking rental rates were also examined using CoStar Property Analytics with the same parameters discussed above. Given the small sample size of properties with vacancies, limited data is available and the average asking rental rate reported is not necessarily indicative of average rental rates in the entire market. The table below details absorption, vacancy, and average asking rental rate over the past three years, as reported by CoStar.

CoStar Property Analytics - Office

Period	Total Rentable Area (SF)	Total Vacancy (SF)	Vacancy %	Total Net Absorption (SF)	Avg. Asking Lease Rate (PSF/Month)*
Q1 2018	127,023	5,282	1.70%	4,156	\$1.19
Q4 2017	127,023	9,438	3.10%	94	N/Av
Q3 2017	127,023	9,532	3.10%	(4,122)	N/Av
Q2 2017	127,023	5,410	1.80%	0	N/Av
Q1 2017	127,023	5,410	1.80%	(260)	N/Av
Q4 2016	127,023	5,150	1.70%	0	N/Av
Q3 2016	127,023	5,150	1.70%	(4,850)	N/Av
Q2 2016	127,023	300	0.10%	0	N/Av
Q1 2016	127,023	300	0.10%	0	N/Av
Q4 2015	127,023	300	0.10%	0	N/Av
Q3 2015	127,023	300	0.10%	0	N/Av
Q2 2015	127,023	300	0.10%	656	N/Av
Q1 2015	127,023	956	0.30%	1,520	\$0.65

*Note: The average asking lease rate is on full service lease terms.

The following chart shows the average vacancy rate, absorption and deliveries over the past five years, as reported by CoStar Property Analytics.



Overall, the general consensus among brokers active in the subject's market area is that the office market has improved and conditions are expected to continue to improve in the coming periods. Vacancy for office properties in the immediate area is low, indicating that there is demand and rental rates will continue to rise. However, the subject's location is a secondary location to more desirable areas such as Douglas Boulevard, Downtown Sacramento and the Highway 50 corridor and rental rate appreciation is expected to lag behind these primary markets.

Recent market trends suggest the Sacramento and Roseville office markets are in the final stages of recovery. Most market participants expect recovery and growth to be a gradual process. Employment gains in the region have been healthy, but office vacancy continues to be somewhat high. On the supply side, new speculative construction has been very limited in the past few years and is expected to remain this way until rental rates and values increase to the point of financial feasibility. Overall office vacancy is expected to continue its gradual decline over the next year fueled in large by decreasing vacancy in the suburban markets as larger users absorb space that is not readily available in the downtown district. Rental rates are expected to moderately increase over the next 12 months, with Class A properties seeing the largest increases because of stronger demand.

Property Analysis

Land Description and Analysis

Land Description

Land Area	0.09 acres; 3,714 SF
Source of Land Area	Public Records
Primary Street Frontage	Lincoln
Shape	Irregular
Corner	No
Topography	Generally level and at street grade
Drainage	No problems reported or observed
Environmental Hazards	No problems reported or observed
Ground Stability	No problems reported or observed

Flood Area Panel Number	06061C-0478F
Date	June 8, 1998
Zone	X
Description	Outside of 500-year floodplain
Insurance Required?	No

Zoning; Other Regulations

Zoning Jurisdiction	City of Roseville
Zoning Designation	HD/SA-DT
Description	Historic District/Special Area - Downtown Specific Plan (DT-4)
Legally Conforming?	Appears to be legally conforming
Zoning Change Likely?	No
Permitted Uses	The Historic District (HD) is intended to be applied to the original commercial core of Roseville to acknowledge its historic and architectural significance. The HD zoning district is intended to ensure that new land uses and development within the district further the rehabilitation, revitalization, and preservation of the architectural, aesthetic, historic and economic health of the district. Accompanying this zone are the development standards and guidelines that are focused on promoting the overall preservation of the historic nature of this area. The SA, special area district is an overlay district which allows modification of the underlying general district regulations (including both permitted use types and development standards) by reference to regulations adopted either in a specific plan, which applies to the property so classified, or in the ordinance rezoning the property so classified. The subject is designated 'Central Business District' within the Downtown Specific Plan, which allows for a wide range of commercial, multi-family and mixed-use development, including – but not limited to – community services, public parking services, multi-family residential, banks/financial services, retail stores, offices, etc.

Other Land Use Regulations	While not on any historical registry, the property has historical significance to the City of Roseville and the property cannot be demolished.
----------------------------	--

Utilities

Service	Provider
Water	City of Roseville
Sewer	City of Roseville
Electricity	City of Roseville
Natural Gas	PG&E

We are not experts in the interpretation of zoning ordinances. An appropriately qualified land use attorney should be engaged if a determination of compliance with zoning is required.

Easements, Encroachments and Restrictions

An inspection of the subject property revealed no apparent adverse easements, encroachments or other conditions currently impacting 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 any easements noted in a current preliminary title report do not have an impact on the opinion(s) of value as provided in this report. If, at some future date, any easements are determined to have a detrimental impact on value, the appraiser reserves the right to amend the opinion(s) of value contained herein.

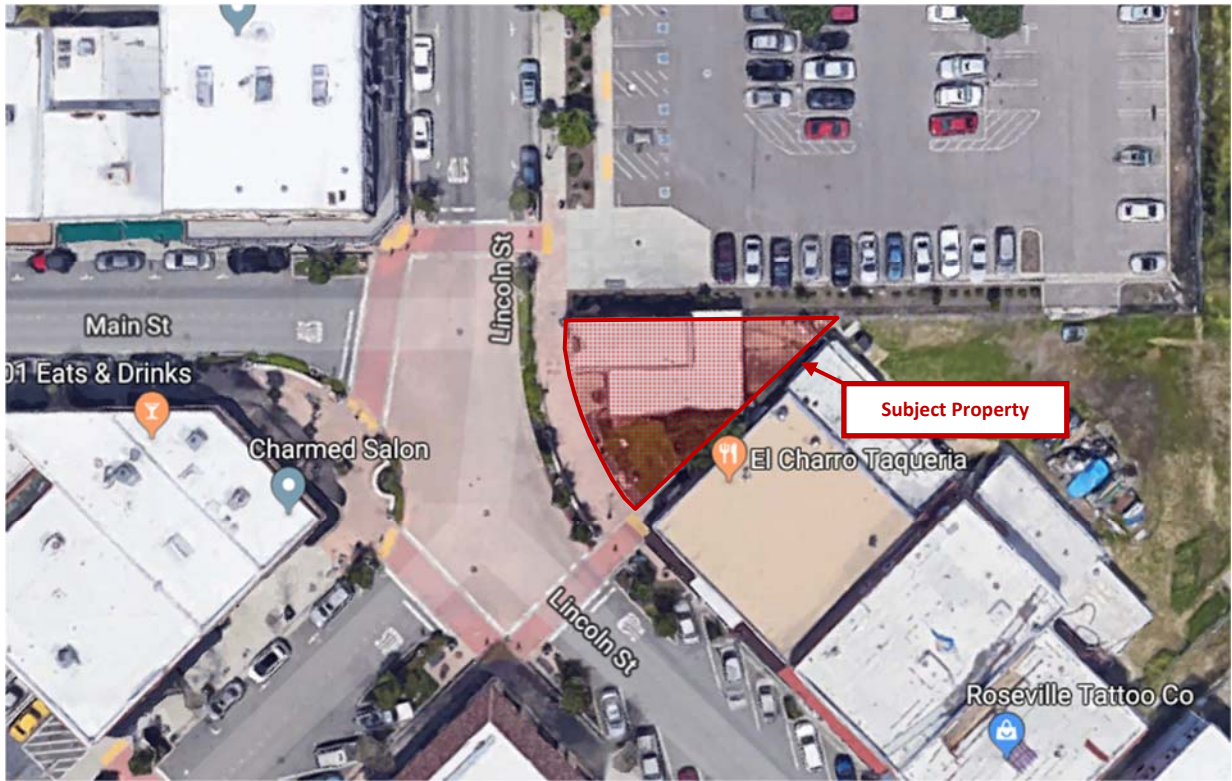
Seismic Hazards

According to the Seismic Safety Commission, the subject is located within Zone 3, which is considered to be the lowest risk zone in California. There are only two zones in California: Zone 4, which is assigned to areas near major faults; and Zone 3, which is assigned to all other areas of more moderate seismic activity. In addition, the subject is not located in a Fault-Rupture Hazard Zone (formerly referred to as an Alquist-Priolo Special Study Zone), as defined by Special Publication 42 (revised January 1994) of the California Department of Conservation, Division of Mines and Geology.

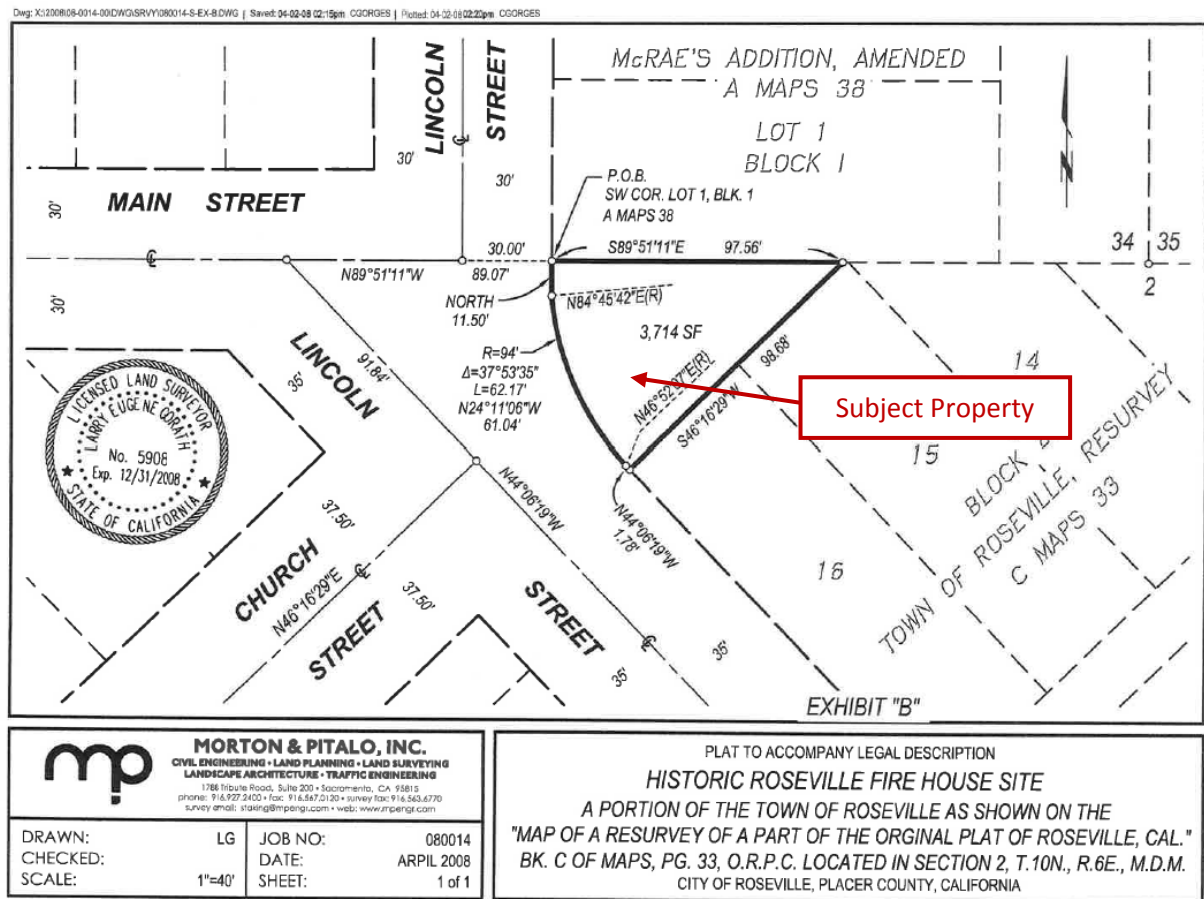
Conclusion of Land Analysis

Overall, the physical characteristics of the site and the availability of utilities result in functional utility suitable for a variety of uses including those permitted by zoning. We are not aware of any other particular restrictions on development.

Site Plan



Source: Google Maps (parcel boundaries are approximate)



Improvements Description and Analysis

The subject property represents an existing commercial building. The building was originally constructed in 1923 as the first fire station in the city of Roseville. The property was operated as such until the mid-1960s. Over the years, two additions were made to the property. The subject contains a total rentable area of 1,288± square feet. The property is located within a right of way parcel containing approximately 3,714 square feet of land area. As of the date of inspection the property was occupied by the Roseville Fire Museum; however, there is no formal lease agreement in place. The property is in very poor condition with numerous items of deferred maintenance. The ownership is in the process of negotiating a long-term lease with the Roseville Fire Museum. The plan is to lease the property in as is condition and the tenant will then cure the items of deferred maintenance, bring the building up to Code and renovate the interior. This scenario is unique to the property ownership and the prospective tenant. At the request of the client we developed an opinion of market value as is and market rent as is. Given the condition of the property, it is our opinion, the property could not be leased as is. In a typical market transaction, items of deferred maintenance and building code issues would generally be addressed by the property owner, possibly in conjunction with the tenant.

The following photos depict the subject property when it was only the original structure.



Source: <http://www.kcra.com/article/photos-roseville-then-and-now/6346271>



Source: <https://rosevillefirefighters.org/about-the-association/51-roseville-fire-museum>

A description of the improvements is provided on the following pages, based on our inspection of the subject property on May 17, 2018.

Improvements Description

Name of Property	Roseville Fire Station
General Property Type	Commercial
Competitive Property Class	C
Occupancy Type	Single Tenant
Percent Leased	0%
Number of Tenants	0
Tenant Size Range (SF)	1,288 - 1,288
Number of Buildings	1
Stories	1
Construction Class	C
Construction Type	Concrete block and brick
Construction Quality	Average
Condition	Poor
Gross Leasable Area (SF)	1,288
Land Area (SF)	3,714
Floor Area Ratio (GLA/Land SF)	0.35
Floor Area Ratio (GBA/Land SF)	0.35
Building Area Source	Inspection
Year Built	1923
Actual Age (Yrs.)	95
Estimated Effective Age (Yrs.)	45 (as is) and 15 (prospective)
Estimated Economic Life (Yrs.)	50
Remaining Economic Life (Yrs.)	5 (as is) and 35 (prospective)
Number of Parking Spaces	None

Construction Details

Foundation	Concrete slab
Structural Frame	Concrete block and brick
Exterior Walls	Concrete block and brick
Windows	Wood framed with clear glass
Roof	Built-up composition
Floors	Concrete
Walls	Painted and textured drywall and concrete block
Ceilings	Acoustical panels in t-bar grids, exposed and finished
Lighting	Recessed fluorescent and incandescent
HVAC	Central
Rest Rooms	One unisex restroom
Sprinklers	None
Landscaping	Average quantity and quality of trees and shrubs
No. of Customer Parking Spaces	None
Gates/Fencing	The back of the property is enclosed by chain-link fencing.
Paving	Concrete

Improvements Analysis

Quality and Condition

In its current condition, the quality and condition of the subject is considered to be inferior to that of competing properties.

Functional Utility

The layout of the building appears to be functional in design. However, the property is in poor condition and needs to be renovated prior to occupancy. It is presumed any items of functional obsolescence would be addressed at the time the property is renovated.

Deferred Maintenance

Deferred maintenance is identified based on our inspection and discussions a representative of the Roseville Fire Museum (Steven Minnich). To estimate the cost to cure deferred maintenance, we rely on renovation costs reported by other similar properties in the market area. The estimated cost to cure deferred maintenance is shown below.

Deferred Maintenance	
Item	Estimated Cost
Building	
Roof	\$15,000
HVAC	\$15,000
Electrical	\$10,000
Structural Reinforcements	\$10,000
Tenant Improvements @ \$50 PSF	\$64,400
Subtotal Building	\$114,400
Site	
Site Work	\$8,000
Subtotal Site	\$8,000
Subtotal	\$122,400
Contingency @ 20%	\$24,480
Grand Total	\$146,880

ADA Compliance

We are not expert in ADA matters, and further study by an appropriately qualified professional would be recommended to assess ADA compliance.

Hazardous Substances

An environmental assessment report was not provided for review and environmental issues are beyond our scope of expertise. No hazardous substances were observed during our inspection of the improvements; however, we are not qualified to detect such substances. Unless otherwise stated, we assume no hazardous conditions exist on or near the subject.

Personal Property

No personal property items were observed that would have any material contribution to market value.

Conclusion of Improvements Analysis

In comparison to other competitive properties in the region, the subject improvements are rated as follows:

Improvements Ratings	
Access	Average
Visibility/Exposure	Average
Design and Appearance	Average
Age/Condition	Significantly Below Average
Adaptability of Space to other Retail Users	Average
Floor to ceiling heights	Average
Distance of Parking to Store Access	Below Average (Public Parking)
Landscaping	Average

Overall, the quality, condition, and functional utility of the improvements are below average in comparison to other competitive properties in the region, primarily for its condition. Upon a significant renovation, the subject is expected to compete well with other similar commercial properties in the region.



Building exterior facing west (front)



Southwest corner of the building (main entrance)



Entrance



Building exterior (original structure)



Building exterior facing east (back)



Building exterior facing north



Looking at the building from the parking lot north of the subject



East side of the property



Interior –structural issues with the addition



Interior – front entry



Hallway



Restroom



Interior of the original structure



Interior of the original structure



Interior of addition on the east side of the building



Interior of addition on the east side of the building



Structural issues



Parking lot on the north side of the subject



Looking south along Lincoln Street



Looking north along Lincoln Street



Looking southwest along Church Street



Looking west along Main Street

Real Estate Taxes

The property tax system in California was amended in 1978 by Article XIII to the State Constitution commonly referred to as Proposition 13. It provides for a limitation on property taxes and for a procedure to establish the current taxable value of real property by reference to a base year value, which is then modified annually to reflect inflation (if any). Annual increases cannot exceed 2% per year.

The base year was set at 1978-76 or any year thereafter in which the property is substantially improved or changes ownership. When either of these two conditions occurs, the property is to be reappraised at market value, which becomes the new base year assessed value. Proposition 13 also limits the maximum tax rate to 1% of the value of the property, exclusive of bonds and direct charges. Bonded indebtedness approved prior to 1978, and any bonds subsequently approved by a two-thirds vote of the district in which the property is located, can be added to the 1% tax rate.

The subject property is not taxed because it is owned by a public entity. However, if sold to a non-public entity, the subject would be taxed similar to other commercial properties in the vicinity, which would be based on the tax rate applied to the assessed value, plus any additional direct charges. The subject property is located in tax rate area 005-029, which has a current tax rate of 1.063614%.

Highest and Best Use

Process

Before a property can be valued, an opinion of highest and best use must be developed for the subject site, both as if vacant, and as improved or proposed. By definition, the highest and best use must be:

- Physically possible.
- Legally permissible under the zoning regulations and other restrictions that apply to the site.
- Financially feasible.
- Maximally productive, i.e., capable of producing the highest value from among the permissible, possible, and financially feasible uses.

As If Vacant

In accordance with the definition of highest and best use, it is appropriate to analyze the subject property as though vacant as it relates to legal permissibility, physical possibility, financial feasibility and maximum productivity. The subject property is zoned HD/SA-DT, Historic District/Special Area - Downtown Specific Plan (DT-4). The Historic District (HD) is intended to be applied to the original commercial core of Roseville to acknowledge its historic and architectural significance. The HD zoning district is intended to ensure that new land uses and development within the district further the rehabilitation, revitalization, and preservation of the architectural, aesthetic, historic and economic health of the district. Accompanying this zone are the development standards and guidelines that are focused on promoting the overall preservation of the historic nature of this area. The SA, special area district is an overlay district which allows modification of the underlying general district regulations (including both permitted use types and development standards) by reference to regulations adopted either in a specific plan, which applies to the property so classified, or in the ordinance rezoning the property so classified. The subject is designated 'Central Business District' within the Downtown Specific Plan, which allows for a wide range of commercial, multi-family and mixed-use development, including – but not limited to – community services, public parking services, multi-family residential, banks/financial services, retail stores, offices, etc.

The subject is located within the Historical Downtown Roseville area, which has enjoyed recognition as a revitalized historic commercial district and benefits from its proximity to residential development, as well as regional transportation routes. With large scale developments completed in recent years, this suggests that developers are anticipating continued improvement. However, the subject has a comparatively inferior location for commercial development. Despite new development in the region, current market rents and sale prices are still not high enough to justify new construction. In other words, the cost of construction plus land value exceeds the value of the property upon completion of construction. Thus, new construction is not considered financially feasible at this time. Based on the preceding discussion, the highest and best use of the subject property as vacant would be to hold for future commercial development.

As Improved

As with the highest and best use as though vacant, the four tests of highest and best use must also be applied to the subject property considering the in-place improvements. Consideration must be given to the continued as-is use of the subject, as well as alternative uses for the property. The potential alternative uses consist of demolition, expansion, conversion or renovation. A discussion of the possible “as improved” uses is offered below.

Demolition

One alternative would be to demolish the subject structure, creating a vacant site. Demolition would not be financially feasible because the value of the property as improved exceeds the value of the land as though vacant (less demolition costs). Therefore, demolition is not considered economically prudent.

Expansion

The subject property exhibits a floor area ratio of 0.35, based on the gross area of the building in relation to the land area. The building is situated on the site in such a way that no excess or surplus land exists. As such, expansion is not considered appropriate.

Conversion

Historically, the subject was used as a fire station. However, the layout more closely resembles general commercial space. Conversion to a significantly different use may not be legally permissible and is not considered financially feasible. Therefore, conversion is not considered an appropriate alternative.

Renovation

In its current condition, the subject improvements exhibit an effective age of approximately 45± years and are in very poor condition with exposed electrical wiring, areas that are exposed to the structural framing and missing and damaged ceiling tiles to name a few. Significant renovation is required prior to occupying the property safely. Based on our analysis and the cost to renovate the property, renovation of subject property is considered maximally productive and financially feasible. Upon completion of a significant renovation, it is estimated the subject will exhibit an effective age of 15± years and be in average to good overall condition.

Continued Use – As-Is

The subject property cannot be utilized in its exact as is condition. Curing of deferred maintenance, bringing the property up to code and a renovation of the interior are required prior to occupancy.

Conclusion

Legal, physical and financial considerations, as well as alternative uses, have been analyzed to evaluate the highest and best use of the subject property as improved. Based on this analysis, the subject’s highest and best use as improved is for curing of deferred maintenance, bringing the property up to code, renovating the interior as used as a commercial property.

Most Probable Buyer

Given the smaller size and single tenant configuration, the most probable buyer could be an owner-user looking to occupy the property; however, given the current negotiation to lease the property long term, there is some likelihood of an investor looking to manage the property as a leased investment.

Valuation

Valuation Methodology

Appraisers usually consider three approaches to estimating the market value of real property. These are the cost approach, sales comparison approach and the income capitalization approach.

The **cost approach** assumes that the informed purchaser would pay no more than the cost of producing a substitute property with the same utility. This approach is particularly applicable when the improvements being appraised are relatively new and represent the highest and best use of the land or when the property has unique or specialized improvements for which there is little or no sales data from comparable properties.

The **sales comparison approach** assumes that an informed purchaser would pay no more for a property than the cost of acquiring another existing property with the same utility. This approach is especially appropriate when an active market provides sufficient reliable data. The sales comparison approach is less reliable in an inactive market or when estimating the value of properties for which no directly comparable sales data is available. The sales comparison approach is often relied upon for owner-user properties.

The **income capitalization approach** reflects the market's perception of a relationship between a property's potential income and its market value. This approach converts the anticipated net income from ownership of a property into a value indication through capitalization. The primary methods are direct capitalization and discounted cash flow analysis, with one or both methods applied, as appropriate. This approach is widely used in appraising income-producing properties.

Reconciliation of the various indications into a conclusion of value is based on an evaluation of the quantity and quality of available data in each approach and the applicability of each approach to the property type.

The methodology employed in this assignment is summarized as follows:

Approaches to Value		
Approach	Applicability to Subject	Use in Assignment
Cost Approach	Not Applicable	Not Utilized
Sales Comparison Approach	Applicable	Utilized
Income Capitalization Approach	Applicable	Utilized

Sales Comparison Approach

The sales comparison approach develops an indication of value by comparing the subject to sales of similar properties. The steps taken to apply this approach are:

- Identify relevant property sales;
- Research, assemble, and verify pertinent data for the most relevant sales;
- Analyze the sales for material differences in comparison to the subject;
- Reconcile the analysis of the sales into a value indication for the subject.

To apply the sales comparison approach, we searched for sale transactions within the following parameters:

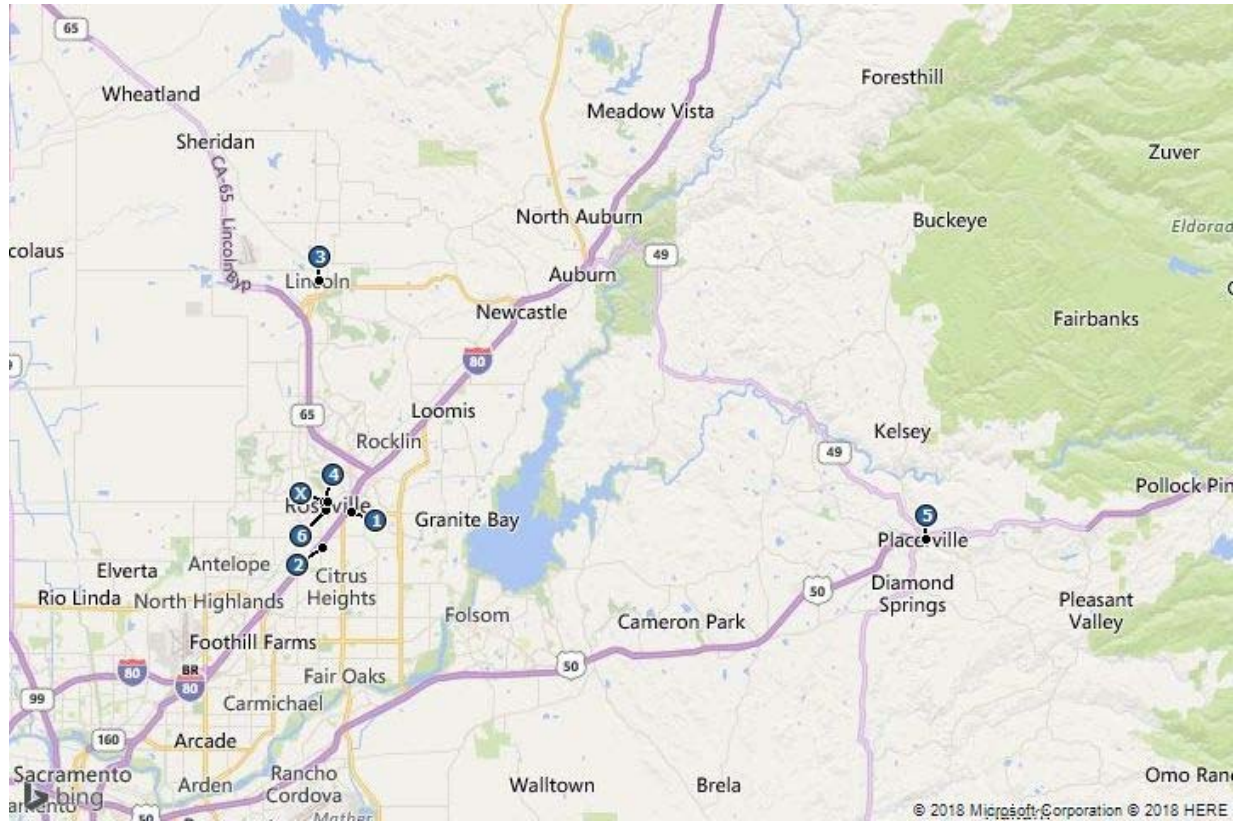
- Property Type: Retail properties
- Location: The city of Roseville and similar downtown/historic areas throughout the Sacramento Region
- Size: Less than 6,000 square feet
- Age/Quality: Effective age of 25 years or less and of average quality construction
- Transaction Date: Within the last two years

For this analysis, we use price per square foot of gross leasable area as the appropriate unit of comparison because market participants typically compare sale prices and property values on this basis. As previously mentioned, the subject suffers from deferred maintenance and is in poor overall condition. We will first estimate the market value of the subject as if the deferred maintenance is cured, the renovation is complete, and the property is operating at stabilized occupancy. We will then deduct the cost of the deferred maintenance and renovation (including a contingency factor), lease-up costs and an entrepreneurial incentive to arrive at an estimate of market value as is as of the date of inspection. The most relevant sales are summarized in the following table.

Summary of Comparable Improved Sales

No.	Name/Address	Sale Date; Status	Yr. Bldg; # Stories; % Occ.	Acres; FAR; Parking Ratio	Subtype; Anchor 1; Anchor 2	Sale Price	Leasable SF	\$/Leasable SF	Cap Rate
1	1603 Douglas Blvd. 1603 Douglas Blvd. Roseville Placer County	May-18 Closed	1978 1 100%	0.55 0.25 —	Shopping Center — —	\$1,425,000	6,000	\$237.50	6.43%
<i>Comments: This is the sale of a multi-tenant retail building within a shopping center. The reported cap rate is not inclusive of vacancy and is a pro-forma rate based on the listing price. The derived capitalization rate of 6.43% is derived using contract rent, a 5% VCL factor and in-place expenses.</i>									
2	Back Forty Texas BBQ 1201 Orlando Roseville Placer County	Aug-17 Closed	— — 100%	0.85 0.11 11.21/1,000	Restaurant/Bar — —	\$990,000	4,014	\$246.64	—
3	451-453 G Street 451 G St. Lincoln Placer County	Apr-17 Closed	1923 1 —	0.18 0.23 —	Mixed Use — —	\$450,000	1,800	\$250.00	—
4	309 Washington 309 Washington Blvd. Roseville Placer County	Mar-17 Closed	1920 2 100%	0.16 0.24 —	Freestanding — —	\$265,000	1,657	\$159.93	—
<i>Comments: This property represents the sale of a converted residence for commercial retail use.</i>									
5	327 Main St. 327 Main St. Placerville El Dorado County	Feb-17 Closed	1886 2 100%	0.03 1.45 —	Other — —	\$405,000	2,200	\$184.09	6.36%
<i>Comments: The space was 100% leased to a single tenant at the time of sale. We were unable to reach either party to confirm how the capitalization rate was derived.</i>									
6	508-512 Vernon St. 508-512 Vernon St. Roseville Placer County	Aug-16 Closed	1930 1 100%	0.11 0.52 —	Retail-Office — —	\$425,000	2,500	\$170.00	6.90%
<i>Comments: This space was 100% occupied by five tenants at the time of sale. According to the listing broker, the derived cap rate was based on the NOI at the time of sale and did not account for any vacancy, because was 100% leased at the time of sale.</i>									
Subject			1923	0.09	—		1,288		
Roseville Fire Station			1	0.35					
Roseville, CA			0%	—					

Comparable Improved Sales Map





Sale 1
1603 Douglas Blvd.



Sale 2
Back Forty Texas BBQ



Sale 3
451-453 G Street



Sale 4
309 Washington Boulevard



Sale 5
327 Main St.



Sale 6
508-512 Vernon St.

Analysis and Adjustment of Sales

The sales are compared to the subject and adjusted to account for material differences that affect value. Adjustments are considered for the following factors, in the sequence shown below.

Adjustment Factor	Accounts For	Comments
Effective Sale Price	Atypical economics of a transaction, such as excess land or non-realty components.	No adjustments are required.
Real Property Rights	Leased fee, fee simple, leasehold, partial interest, etc.	In transactions of real property, the rights being conveyed can vary widely and have a significant impact on the sales price. We are concerned with the leased fee interest in the subject property. The comparable sales represent both fee simple and leased fee transactions. To the best of our knowledge, the leased fee transactions were not influenced by above or below market contract rental rates; thus, no adjustment are applied for property rights conveyed.
Financing Terms	Seller financing, or assumption of existing financing, at non-market terms.	The comparable sales represented cash to the seller transactions and, therefore, do not require adjustments.
Conditions of Sale	Extraordinary motivation of buyer or seller.	All of the comparables sold with no unusual conditions of sale and do not require adjustments.
Market Conditions	Changes in the economic environment over time that affect the appreciation and depreciation of real estate.	An upward adjustment is applied to Sale 6, which transferred in 2016, to account for the improvement in market conditions since the time of the sale.
Location	Market or submarket area influences on sale price; surrounding land use influences.	Sale 1 is located along Douglas Boulevard, a prominent retail corridor within Roseville. Additionally, it is situated within a larger shopping center. This sale is adjusted downward for its superior

Adjustment Factor	Accounts For	Comments
Location (continued)		location in comparison to the subject. Conversely, Sale 5 is located in Placerville, a small town in El Dorado County, an area that is considered to be inferior to the subject's location with respect to surrounding land uses, property values, proximity to services, overall economic characteristics, etc., and is adjusted downward. Lastly, while Sale 4 is located proximate to the subject, it is located just outside of the historic downtown area and does not enjoy the synergy of other retail users. Thus, this sale is adjusted slightly upward.
Access/Exposure	Convenience to transportation facilities; ease of site access; visibility; traffic counts.	Sales 1 and 2 are located proximate to on-and off-ramps of Interstate 80 and Sale 3 is located along a major thoroughfare. These sales are adjusted downward for their superior access/exposure. The remaining sales have similar access/exposure in comparison to the subject and no further adjustments are warranted.
Size	Inverse relationship that often exists between building size and unit value.	Sales 1 and 2 are adjusted upward for their appreciably larger rentable areas in comparison to the subject.
Building Quality	Construction quality, amenities, market appeal, functional utility.	It is presumed the subject will be of average quality construction and materials upon completion of renovation. Sales 1 through 3 contain restaurant improvements which have a higher cost of build-out and are adjusted downward. Sale 4 is of inferior quality and is adjusted upward. No further adjustments are considered necessary.

Adjustment Factor	Accounts For	Comments
Age/Condition	Effective age; physical condition.	Upon completion of renovation the subject is estimated to exhibit an effective age of 15± years and be in average overall condition. An adjustment of approximately 1% per year difference in effective age is applied to the comparables with differing effective ages to reflect the discrepancy in remaining economic life.
Parking	Availability of parking on-site.	The subject does not have any on-site parking. The comparables that offer parking are adjusted downward.

The following table summarizes the adjustments we make to each sale.

Improved Sales Adjustment Grid							
	Subject	Comparable 1	Comparable 2	Comparable 3	Comparable 4	Comparable 5	Comparable 6
Property Name	Roseville Fire Station	1603 Douglas Blvd.	Back Forty Texas BBQ	451-453 G Street	309 Washington Boulevard	327 Main St.	508-512 Vernon St.
Address	400 Lincoln St.	1603 Douglas Blvd.	1201 Orlando	451 G St.	309 Washington Blvd.	327 Main St.	508-512 Vernon St.
City	Roseville	Roseville	Roseville	Lincoln	Roseville	Placerville	Roseville
County	Placer	Placer	Placer	Placer	Placer	El Dorado	Placer
Sale Date		May-18	Aug-17	Apr-17	Mar-17	Feb-17	Aug-16
Sale Status		Closed	Closed	Closed	Closed	Closed	Closed
Sale Price		\$1,425,000	\$990,000	\$450,000	\$265,000	\$405,000	\$425,000
Gross Leasable Area	1,288	6,000	4,014	1,800	1,657	2,200	2,500
Price per SF of Gross Leasable Area		\$237.50	\$246.64	\$250.00	\$159.93	\$184.09	\$170.00
Property Rights		Leased Fee	Leased Fee	Fee Simple	Fee Simple	Leased Fee	Leased Fee
% Adjustment		—	—	—	—	—	—
Financing Terms		Cash to seller	Cash to seller	Cash to seller	Cash to seller	Cash to seller	Cash to seller
% Adjustment		—	—	—	—	—	—
Conditions of Sale		Market	Market	Market	Market	Market	Market
% Adjustment		—	—	—	—	—	—
Market Conditions	5/17/2018	May-18	Aug-17	Apr-17	Mar-17	Feb-17	Aug-16
Annual % Adjustment		—	—	—	—	—	5%
Cumulative Adjusted Price		\$237.50	\$246.64	\$250.00	\$159.93	\$184.09	\$178.50
Location		-10%	—	—	5%	10%	—
Access/Exposure		-5%	-5%	-5%	—	—	—
Size		5%	5%	—	—	—	—
Building Quality		-5%	-5%	-5%	5%	—	—
Age/Condition		5%	—	5%	10%	5%	10%
Parking		-5%	-5%	-5%	—	—	—
Net \$ Adjustment		-\$35.63	-\$24.66	-\$25.00	\$31.99	\$27.61	\$17.85
Net % Adjustment		-15%	-10%	-10%	20%	15%	10%
Final Adjusted Price		\$201.88	\$221.97	\$225.00	\$191.91	\$211.70	\$196.35
Overall Adjustment		-15%	-10%	-10%	20%	15%	16%
Range of Adjusted Prices		\$191.91 - \$225.00					
Average		\$208.14					
Indicated Value		\$210.00					

Value Indication

Prior to adjustment, the sales reflect a range of \$159.93 - \$250.00 per square foot. After adjustment, the range is narrowed to \$191.91 - \$225.00 per square foot, with an average of \$208.14 per square foot.

Sale 1 is the most recent transaction in the data set; however, it is located along a prime retail corridor and required the most gross adjustments. Sales 2 and 3 are built-out as restaurant/bar space and are of superior quality. While Sale 4 is most proximate to the subject, it is the most physically dissimilar and represents the low end of the range. Sale 5 is located in an inferior market area; however, it is within a Historic Downtown area and is physically similar to the subject. While Sale 6 required the least adjustments, it is the most dated transaction in the data set. Overall, no single sale is deemed to provide the best indication of market value for the subject property and relatively equal emphasis is placed on the entire data set.

The concluded value considers the subject upon completion of construction and at stabilized occupancy. As of the date of inspection, the subject was in poor condition and a lease with a prospective tenant was in the early stages of being negotiated; however, nothing has been finalized. As previously discussed, a number of items of deferred maintenance exist and the interior needs to be renovated prior to occupancy. We previously estimated a cost of \$146,880 to cure the deferred maintenance, bring the property up to building code and tenant improvements. In light of the fact we were not provided a detailed contractor's estimate, a contingency factor of 5% of the above costs will also be deducted. Since the building is essentially vacant and a lease has not been finalized, lease-up costs will also be deducted. A detailed explanation of the costs included in this analysis is presented later in this report. Lastly, an entrepreneurial profit of 10% of the above costs is also deducted from the previously concluded value upon completion of renovation and at stabilized occupancy.

The indicated value of the subject property is calculated as follows:

Value Indication by Sales Comparison	
<u>Stabilized</u>	
Indicated Value per SF	\$210.00
Subject Square Feet	1,288
Indicated Value	\$270,480
<u>As Is</u>	
Stabilized Value Indication	\$270,480
Adjustments	
Deferred Maintenance and Tenant Improvements	-\$146,880
Lease-Up Costs	-\$40,688
Entrepreneurial Incentive @ 10% of Above Costs	-\$18,757
Total Adjustments	-\$206,325
Indicated Value	\$64,155
Rounded	\$64,000

Income Capitalization Approach

The income capitalization approach converts anticipated economic benefits of owning real property into a value estimate through capitalization. The steps taken to apply the income capitalization approach are:

- Analyze the revenue potential of the property.
- Consider appropriate allowances for vacancy, collection loss, and operating expenses.
- Calculate net operating income by deducting vacancy, collection loss, and operating expenses from potential income.
- Apply the most appropriate capitalization method, either direct capitalization or discounted cash flow analysis, or both, to convert anticipated net income to an indication of value.

The two most common capitalization methods are direct capitalization and discounted cash flow analysis. In direct capitalization, a single year's expected income is divided by an appropriate capitalization rate to arrive at a value indication. In discounted cash flow analysis, anticipated future net income streams and a future resale value are discounted to a present value at an appropriate yield rate.

In this analysis, we use only direct capitalization because investors in this property type typically rely more on this method. We will first estimate market rent as if the deferred maintenance is cured and the renovation is complete. At the end of this section, we will then deduct the cost of the deferred maintenance and renovation to arrive at an estimate of as is market value as of the date of inspection.

Leased Status of Property

As of the date of inspection, the property was occupied by the Roseville Fire Museum; however, there is no formal lease agreement in place. The property is in poor condition and use of the majority of the interior is limited. The property ownership would like to negotiate a long-term lease with the Museum. The space would be leased in as is condition and the tenant will pay for all expenditures associated with curing the deferred maintenance, bringing the property to code and renovating the interior.

Given there is no contract rent, we use market rent as the basis of our income projection and apply only the direct capitalization method.

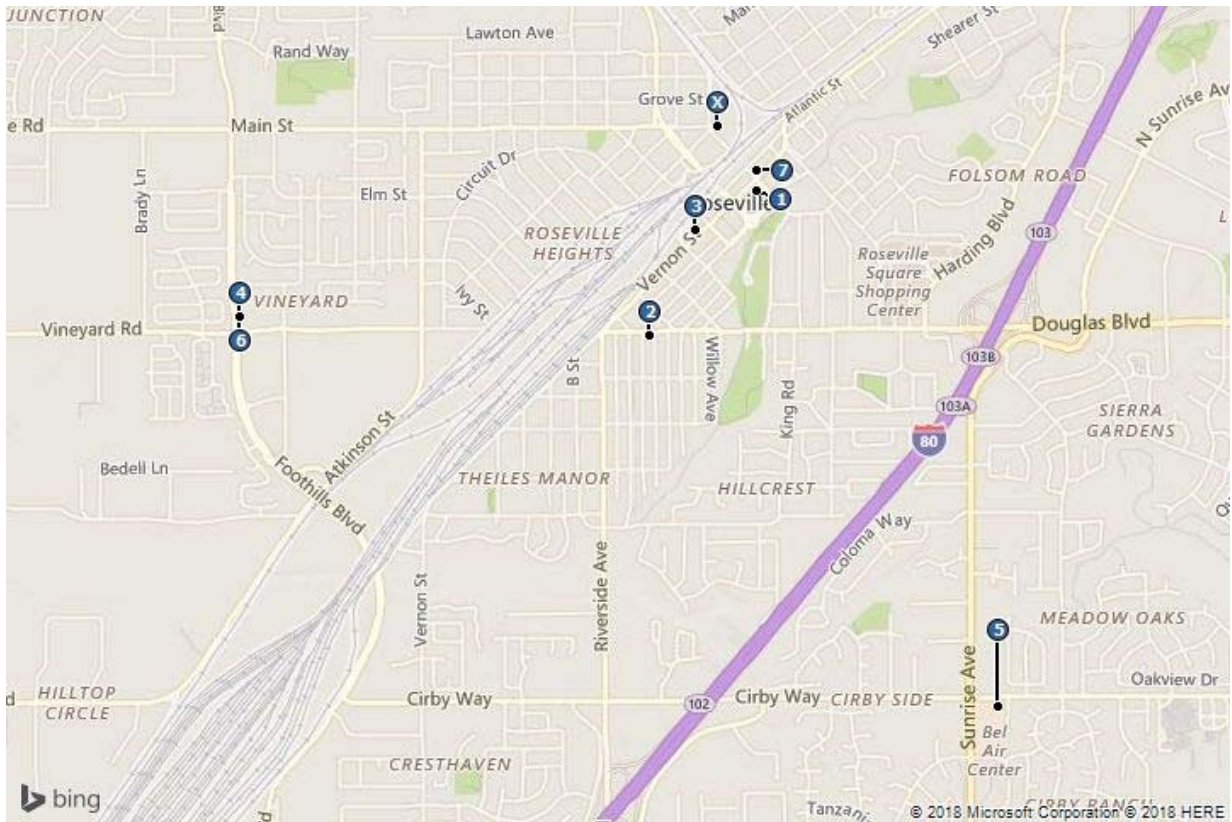
Market Rent Analysis

Contract rents typically establish income for leased space, while market rent is the basis for estimating income for current vacant space and future speculative re-leasing of space due to expired leases. To estimate market rent, we analyze comparable rentals most relevant to the subject in terms of location, property type, size, and transaction date. Comparables used in our analysis are summarized in the following table.

Summary of Comparable Rentals - Retail

No.	Property Information	Description	Tenant	SF	Lease Start	Term (Mos.)	Rent/SF	Escalations	Lease Type
1	201 Vernon Street 201 Vernon St. Roseville Placer County CA	Yr Blt. 1927 Stories: 1 GLA: 19,338 Parking Ratio: –	Metropolitan Lounge	4,835	Oct-17	125	\$1.50	Fixed Steps	Triple Net
<i>Comments: New lease of a former bank space that will be converted to a restaurant/nightclub.</i>									
2	216 Douglas Blvd. 216 Douglas Blvd. Roseville Placer County CA	Yr Blt. 1954 Stories: 1 GLA: 4,050 Parking Ratio: –	Voice Academy	680	Apr-17	12	\$1.25	None	Triple Net
<i>Comments: This space is part of a small unanchored retail strip center.</i>									
3	414 Vernon Street 414 Vernon St. Roseville Placer County CA	Yr Blt. 1963 Stories: – GLA: 6,028 Parking Ratio: 2.7 /1,000	Time & Space	1,500	Nov-16	60	\$1.25	None	Triple Net
<i>Comments: New lease for retail space within a multi-tenant building. The space is used as a retail boutique.</i>									
4	Vineyard Pointe 3031 Foothills Blvd. Roseville Placer County CA	Yr Blt. 2005 Stories: 1 GLA: 22,600 Parking Ratio: 5.8 /1,000	JB Massage	1,250	Oct-16	12	\$1.18	None	Modified Gross
<i>Comments: Short-term lease renewal for in-line suite in strip retail center that wraps around the corner of Foothills Blvd. & Vineyard Rd., Roseville. No free rent or TI allowance provided. Rent is flat. Rate is MG with tenant only responsible for in-suite expenses.</i>									
5	Bel Air Center 1200 Cirby Roseville Placer County CA	Yr Blt. 1983 Stories: 1 GLA: 32,200 Parking Ratio: 4.3 /1,000	Angel Day Spa	1,100	Sep-16	40	\$1.75	Fixed Steps	Triple Net
<i>Comments: Represents a new lease to a massage tenant. The lease includes \$0.60/SF/Yr. rent escalations. The tenant received 3.5 months of free rent and no tenant improvement allowance. The suite is located in a shadow-anchored Bel Air shopping center and features exposure along Cirby Way. All of the shop tenants are local.</i>									
6	Vineyard Pointe 3031 Foothills Blvd. Roseville Placer County CA	Yr Blt. 2005 Stories: 1 GLA: 22,600 Parking Ratio: 5.8 /1,000	Metro PCS	1,320	May-16	25	\$1.22	Fixed Steps	Modified Gross
<i>Comments: Lease renewal for in-line suite in strip retail center that wraps around the corner of Foothills Blvd. & Vineyard Rd., Roseville. LL provided 1 month free rent but no TI allowance. Rent escalates to \$15.45/SF/Yr. in Yr. 2. Rate is MG with tenant only responsible for in-suite expenses.</i>									
7	120-130 Vernon Street 120-130 Vernon St. Roseville Placer County CA	Yr Blt. – Stories: 2 GLA: 13,000 Parking Ratio: –	Listing	1,700	May-18	Negotiab	\$1.50	None	Triple Net
<i>Comments: Active listing for retail space within a multi-tenant retail building.</i>									

Comparable Rentals Map





Lease 1
201 Vernon Street



Lease 2
216 Douglas Blvd.



Lease 3
414 Vernon Street



Lease 4
Vineyard Pointe



Lease 5
Bel Air Center



Lease 6
Vineyard Pointe



Lease 7
120-130 Vernon Street

Rental Analysis Factors

The following elements of comparison are considered in our analysis of the comparable rentals.

Rental Analysis Factors	
Expense Structure	Division of expense responsibilities between landlord and tenants.
Conditions of Lease	Extraordinary motivations of either landlord or tenant to complete the transaction.
Market Conditions	Changes in the economic environment over time that affect the appreciation and depreciation of real estate.
Location	Market or submarket area influences on rent; surrounding land use influences.
Access/Exposure	Convenience to transportation facilities; ease of site access; visibility from main thoroughfares; traffic counts.
Size	Difference in rental rates that is often attributable to variation in sizes of leased space.
Building Quality	Construction quality, amenities, market appeal, functional utility.
Age/Condition	Effective age; physical condition.
Parking	Availability of parking on-site.

As discussed, lease comparables were gathered from similar properties throughout the subject's market area, and adjustments were applied for varying property characteristics. Consistent with the predominant leasing strategy in the market, we will analyze the subject the property on triple net terms. Under triple net terms the tenant is responsible for all operating expenses except property management.

The comparables leased under different lease terms are adjusted to account for the differences in expense responsibilities.

Analysis of Comparable Rentals

The comparable rentals are compared to the subject and adjusted to account for material differences that affect market rental value. The following table summarizes our analysis of each comparable.

Rental Adjustment Grid - Retail								
	Subject	Comparable 1	Comparable 2	Comparable 3	Comparable 4	Comparable 5	Comparable 6	Comparable 7
Property Name	Roseville Fire Station	201 Vernon Street	216 Douglas Blvd.	414 Vernon Street	Vineyard Pointe	Bel Air Center	Vineyard Pointe	120-130 Vernon Street
Address	400 Lincoln St.	201 Vernon St.	216 Douglas Blvd.	414 Vernon St.	3031 Foothills Blvd.	1200 Cirby	3031 Foothills Blvd.	120-130 Vernon St.
City	Roseville	Roseville	Roseville	Roseville	Roseville	Roseville	Roseville	Roseville
Lease Start Date		Oct-17	Apr-17	Nov-16	Oct-16	Sep-16	May-16	May-18
Lease Term (Months)		125	12	60	12	40	25	Negotiable
Tenant Name		Metropolitan Lounge	Voice Academy	Time & Space	JB Massage	Angel Day Spa	Metro PCS	Listing
Leased SF	1,288	4,835	680	1,500	1,250	1,100	1,320	1,700
Lease Type	Triple Net	Triple Net	Triple Net	Triple Net	Modified Gross	Triple Net	Modified Gross	Triple Net
Base Rent/SF/Mo.		\$1.50	\$1.25	\$1.25	\$1.18	\$1.75	\$1.22	\$1.50
Expense Structure		—	—	—	\$0.25	—	\$0.25	—
\$ Adjustment		—	—	—	Market	—	Market	—
Conditions of Lease		Market	Market	Market	—	—	—	Listing
% Adjustment		—	—	—	—	—	—	-5%
Market Conditions	5/17/2018	Oct-17	Apr-17	Nov-16	Oct-16	Sep-16	May-16	May-18
Annual % Adjustment		—	—	5%	5%	5%	5%	—
Cumulative Adjusted Rent		\$1.50	\$1.25	\$1.31	\$1.50	\$1.84	\$1.54	\$1.43
Location		—	—	—	-5%	-5%	-5%	—
Access/Exposure		—	—	—	-5%	-10%	-5%	—
Size		5%	—	—	—	—	—	—
Building Quality		-10%	—	—	—	-5%	—	—
Age/Condition		—	5%	5%	—	—	—	—
Parking		—	-5%	-5%	-5%	-5%	-5%	—
Net \$ Adjustment		-\$0.08	\$0.00	\$0.00	-\$0.23	-\$0.46	-\$0.23	\$0.00
Net % Adjustment		-5%	0%	0%	-15%	-25%	-15%	0%
Final Adjusted Price		\$1.43	\$1.25	\$1.31	\$1.28	\$1.38	\$1.31	\$1.43
Overall Adjustment		-5%	0%	5%	8%	-21%	8%	-5%
Range of Adjusted Rents		\$1.25 - \$1.43						
Average		\$1.34						
Indicated Rent		\$1.35						

Market Rent Conclusion

Based on the preceding analysis of comparable rentals, we conclude market lease terms for the subject as follows:

Concluded Market Lease Terms

Space Type	Market		Rent		Lease Type	Lease Term (Mos.)
	SF	Rent	Measure	Escalations		
Retail	1,288	\$1.35	\$/SF/Mo.	3% annually	Triple Net	60

Stabilized Income and Expenses

Potential Gross Rent

Potential gross rent is based on market rent. Income is projected for the 12-month period following the effective date of the appraisal. The following table shows the to potential income from market rent.

Potential Gross Rent			
Space Type	SF	Potential Rent at Market	
		\$/SF/Mo.	Annual
Retail	1,288	\$1.35	\$20,866
Total Subject	1,288	\$1.35	\$20,866

Expense Reimbursements

Consistent with a triple net leasing strategy, tenant reimbursements comprise a portion of potential gross income. The tenants are responsible for all expenses except management fees. Utilities and janitorial expenses are paid directly to the providers by the tenant and are not shown in our analysis. The remaining tenant expenses are paid in the form of reimbursements to the property owner. Expense items are discussed in the *Operating Expenses* discussion in this report.

Vacancy & Collection Loss

Please refer to the *Retail Market Overview* section for a detailed discussion of market and/or submarket vacancy factors. Market conditions have stabilized and improved over the past several quarters and this trend is expected to continue over the long term. Based on the current market for retail properties, a stabilized vacancy and collection loss factor is estimated at 5.0%. This will be deducted from potential gross income to account for potential vacancy and credit/collection loss.

Effective Gross Income

Effective gross income is calculated at \$25,769, or \$20.01 per square foot.

Expenses

Operating expenses are estimated based on expense data from comparable properties, as summarized in the following table along with our discussion and conclusions for the subject property.

Expense Analysis per Square Foot						
	Comp Data *					Subject
	Comp 1	Comp 2	Comp 3	Comp 4	Comp 5	Projected Expenses
Year Built	1931-1966	2007	1988	1955	1945	1923
SF	4,840	13,578	8,843	6,730	2,990	1,288
	Modified					
Prevailing Lease Type	Gross	Triple Net	Triple Net	N/Ap	Triple Net	
	Pro-forma					
Operating Data Type	In Place	Broker	In Place	In Place	In Place	
Year	2017	2017	2016	2015	2014	IRR Projection
Real Estate Taxes	\$1.34	\$3.40	\$1.67	\$2.14	\$0.55	\$2.21
Insurance	\$0.19	\$0.11	\$0.25	\$0.66	\$0.43	\$0.65
Repairs/Maintenance	\$0.33	\$2.20	\$2.14	\$4.29	\$0.33	\$2.00
General/Administrative	\$0.00	\$0.00	\$0.00	\$0.34	\$0.01	\$0.00
Management	\$0.07	\$0.97	\$0.75	\$0.00	\$0.00	\$0.60
Total	\$1.92	\$6.68	\$4.81	\$7.43	\$1.31	\$5.46
Operating Expense Ratio	82.7%	23.2%	21.2%	23.4%	7.2%	27.3%
*Comp 1: 2100 Del Paso Blvd., 2100 Del Paso Blvd. , Sacramento, CA Comp 2: Quail Park Shopping Center, 220 Blue Ravine Rd. , Folsom, CA Comp 3: 4363 Hazel Ave., 4363 Hazel Ave. , Fair Oaks, CA Comp 4: 514-524 2nd St., 514-524 2nd St. , Davis, CA Comp 5: 2525 J St., 2525 J St. , Sacramento, CA						

The subject is owned by a government entity and is therefore not subject to property taxes; however, the definition of market value assumes a sale of the subject property. Therefore, based on a sale to a non-government entity, we have calculated the taxes by applying the subject's tax rate to the market value estimate via the income capitalization approach. The premise is that the subject would be reassessed upon a presumed sale.

Given the subject's smaller size, we have concluded an insurance expense towards the upper end of the comparable range of \$0.65 psf/year.

Unlike the balance of the operating expenses, repairs and maintenance expenses can fluctuate significantly from year to year depending on items that require repair/replacement. This category includes repairs and maintenance to the building. Since this part of the analysis considers the subject as if the items of deferred maintenance have been cured and the renovation is complete, we conclude a repairs/maintenance expense towards the middle of the range of \$2.00 psf/year.

Management fees are considered an expense of operation, whether the services are contracted or provided by the property owner. We estimate this expense at 3.0% of effective gross income.

It is noted, any expenses for general/administrative are included in the management expenses. Additionally, a replacement reserve expense has not been estimated for the subject property since the overall capitalization rates extracted from the sales data did not include this as an expense.

The following table summarizes the potential gross income and expenses for the subject property.

Operating Projections

	IRR Projection
Income	
Base Rent	\$20,866
Expense Reimbursements	6,260
Potential Gross Income*	\$27,126
Vacancy & Collection Loss @ 5.0%	-1,356
Effective Gross Income	\$25,769
Expenses	
Real Estate Taxes	\$2,847
Insurance	837
Repairs/Maintenance	2,576
Management	773
Total Expenses	\$7,033
Net Operating Income	\$18,736
Operating Expense Ratio	27.3%

*IRR projected income is the total potential income attributable to the property before deduction of vacancy and collection loss.

Net Operating Income

Based on the preceding income and expense projections, stabilized net operating income is estimated at \$18,736, or \$14.55 per square foot.

Capitalization Rate Selection

A capitalization rate is used to convert net income into an indication of value. Selection of an appropriate capitalization rate considers the future income pattern of the property and investment risk associated with ownership.

In the *Sales Comparison Approach* section, we analyzed several recent sales of retail properties throughout the Sacramento Region; however, we were only able to obtain capitalization rate information for three of the transactions. Thus, we compiled capitalization rate information for several other retail properties throughout Northern California that were leased at the time of sale. While the supplemental sales are less similar to the subject than the comparables used in the *Sales Comparison Approach*, they are the most recent leased fee transactions for which we were able to accurately confirm overall capitalization rates. Information from the overall capitalization rate comparables is summarized in the table below.

Capitalization Rate Comparables							
No.	Property Name	Year Built	Sale Date	Gross Leasable Area	% Occup.	Price/SF	Cap Rate
1	1603 Douglas Blvd.	1978	5/21/2018	6,000	100%	\$237.50	6.43%
2	Renaissance Plaza	2008	12/22/2017	10,600	100%	\$660.38	6.58%
3	1609-1613 Douglas Blvd.	1988	3/10/2017	7,200	100%	\$319.44	6.23%
4	327 Main St.	1886	2/14/2017	2,200	100%	\$184.09	6.36%
5	2431 Del Paso Blvd	1949	12/20/2016	2,835	100%	\$176.37	7.07%
6	1330 H St.	1976	11/4/2016	4,630	100%	\$248.38	7.56%
7	508-512 Vernon St.	1930	8/22/2016	2,500	100%	\$170.00	6.90%
Average (Mean) Cap Rate:							6.73%

The overall capitalization rate is the rate at which an investor of an income-producing property will see a return on capital used to buy a particular property/investment. Thus, the capitalization rate can reasonably be viewed as a function of risk. A high risk implies a high possibility of investment loss; a property with high risk will have a high capitalization rate causing a lower selling price or value than one with a relatively low risk factor, all else being equal.

Attributes such as location, building area, visibility/accessibility, condition, effective age and overall quality were taken into account when equating sales and rent comparables to the subject in order to determine market value. The same is true when determining a capitalization rate for the subject property. Also considered when deriving a capitalization rate for an income-producing property is deferred maintenance, security of the income stream (terms of leases and strength of tenants), as well as general economic conditions and local market conditions.

The subject property is located in Historic Old Town Roseville, which has seen some revitalization and activity in recent years. While the subject was originally constructed in the early 1920s, as a fire station, it has not operated as a fire station since the 1960's and could be used for a variety of commercial uses. However, the property has historical significance to the city of Roseville and ultimately cannot be demolished. The ownership has plans to negotiate a long-term lease with the

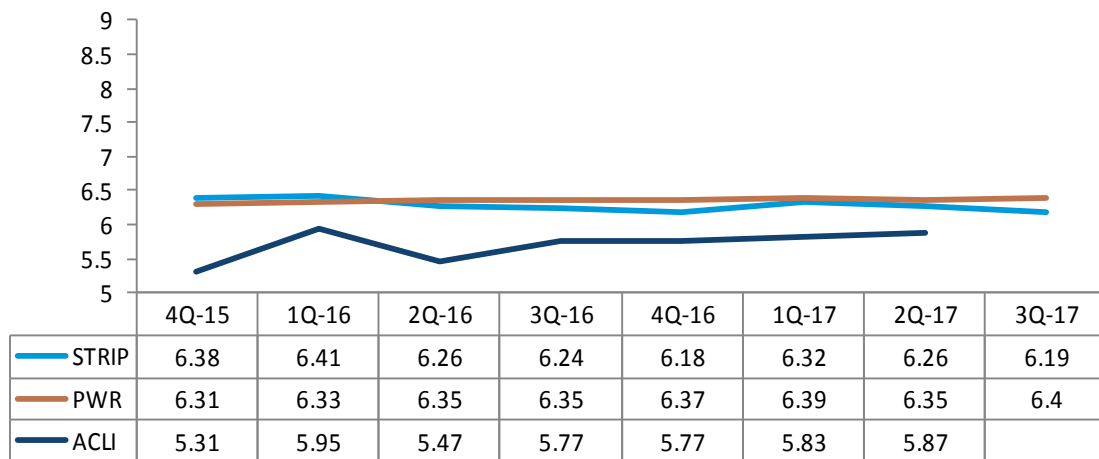
Roseville Fire Museum. The space will be leased as is, but the tenant will invest capital to cure the deferred maintenance, bring the building up to code and renovate the interior. Upon completion, the subject is estimated to exhibit an overall effective age of 15±years and be in average to good overall condition. Examining the income-producing potential of the subject in comparison to other properties in the region, an overall rate towards the upper end of the range appears reasonable for the subject. To determine a capitalization rate for the subject we have also examined capitalization rate information published in national surveys, presented below.

Capitalization Rate Surveys – Retail Properties

	IRR-ViewPoint Mid Year 2017 Natl Neighbor Retail	IRR-ViewPoint Mid Year 2017 Natl Community Retail Center	PwC 3Q-17 National Strip Shopping Center	PwC 3Q-17 National Power Center	ACLI 2Q-17 National Retail
Range	5.00% - 8.75%	4.75% - 8.50%	4.00 - 9.50	5.25% - 8.00%	NA
Average	6.93%	6.81%	6.19%	6.40%	5.87%

Source: IRR-Viewpoint 2017; PwC Real Estate Investor Survey; American Council of Life Insurers Investment

Retail Capitalization Rate Trends



STRIP - PwC Real Estate Investor Survey - National Strip Shopping Center Market

PWR - PwC Real Estate Investor Survey - National Power Center Market

ACLI - American Council of Life Insurers Investment Bulletin - Retail Properties

Another method of determining an overall capitalization rate is to build a rate based on current financing requirements through band of investment. Since most income-producing properties are purchased with debt and equity capital, the overall capitalization rate must satisfy the market return requirements of both investment positions. Lenders must anticipate receiving a competitive interest rate commensurate with the perceived risk of the investment or they will not make funds available.

Similarly, equity investors must anticipate receiving a competitive equity cash return commensurate with the perceived risk, or they will invest their funds elsewhere.

Band of Investment is defined as: “a technique in which the capitalization rates attributable to components of an investment are weighted and combined to derive a weighted-average rate attributable to the total investment (i.e., debt and equity, land and improvements).”

Source: Appraisal Institute, *The Dictionary of Real Estate Appraisal*, 6th ed. (Chicago: Appraisal Institute, 2015)

Typical financing parameters based on a database compiled for commercial properties throughout the region will be used in the determination of the mortgage constant (or mortgage capitalization rate). The equity dividend rate generally reflects the risk associated with an investment from the buyer’s perspective (or position). In other words, the more risk associated with a property, the higher the return that would be required by the investor. To estimate an equity dividend rate for the subject property, we have considered current target rates that real estate investors are attempting to obtain on a wide variety of investments.

The following table presents the typical financing parameters, the estimated equity dividend requirement range, and the band of investment analysis based on market participant surveys and publications for commercial properties throughout the region. This analysis indicates a reasonable range of overall capitalization rates for the subject property.

Band of Investment Method				
Mortgage/Equity Assumptions				
Loan To Value Ratio	65%			
Interest Rate	5.25%			
Amortization (Years)	25			
Mortgage Constant	0.0719			
Equity Ratio	35%			
Equity Dividend Rate	6.00%			
Weighted Average of Mortgage and Equity Requirements				
Mortgage Requirement	65%	x	7.19% =	4.67%
Equity Requirement	35%	x	6.00% =	2.10%
Indicated Capitalization Rate				6.77%
Rounded				6.75%

To reach a capitalization rate conclusion, we consider each of the following investment risk factors to gauge its impact on the rate. The direction of each arrow in the following table indicates our judgment of an upward, downward, or neutral influence of each factor.

Risk Factor	Issues	Impact on Rate
Income Characteristics	Credit strength of tenant, escalation pattern, above/below market rent, rollover risk.	↔
Competitive Market Position	Construction quality, appeal, condition, effective age, functional utility.	↔ ↑
Location	Market area demographics and life cycle trends; proximity issues; access and support services.	↔
Market	Vacancy rates and trends; rental rate trends; supply and demand.	↔
Highest & Best Use	Upside potential from redevelopment, adaptation, expansion.	↔ ↑
Overall Impact		↔ ↑

Accordingly, we conclude a capitalization rate as follows:

Capitalization Rate Conclusion	
Going-In Capitalization Rate	7.00%

Direct Capitalization Analysis

Net operating income is divided by the capitalization rate to indicate the stabilized value of the subject. As was the case with the sales comparison approach, a deduction must be made for the deferred maintenance and contingency factor, lease-up costs, and entrepreneurial profit to reach a conclusion of as-is market value. The following section provides a detailed discussion of the lease-up costs associated with bringing the subject to stabilized occupancy. Valuation of the subject by direct capitalization is shown in the following table.

Direct Capitalization Analysis							
	SF	Space Type	Rent Applied	\$/SF	Annual	\$/SF Bldg.	
Income							
Base Rent							
Vacant	1,288	Retail	Market	\$16.20	\$20,866	\$16.20	
Potential Gross Rent	1,288				\$20,866	\$16.20	
Expense Reimbursements					\$6,260	\$4.86	
Potential Gross Income					\$27,126	\$21.06	
Vacancy & Collection Loss	5.00%				-\$1,356	-\$1.05	
Effective Gross Income					\$25,769	\$20.01	
Expenses							
Real Estate Taxes					\$2,847	\$2.21	
Insurance					\$837	\$0.65	
Repairs/Maintenance					\$2,576	\$2.00	
Management	3.00%				\$773	\$0.60	
Total Expenses					\$7,033	\$5.46	
Net Operating Income					\$18,736	\$14.55	
Capitalization Rate					7.00%		
Stabilized Value Indication					\$267,660	\$207.81	
As Is							
Stabilized Value Indication					\$267,660	\$207.81	
Deferred Maintenance and Tenant Improvements					-\$146,880	-\$114.04	
Lease-Up Costs					-\$40,688	-\$31.59	
Entrepreneurial Incentive @ 10% of Above Costs					-\$18,757	-\$14.56	
Indicated Value As Is					\$61,336	\$47.62	
Rounded					\$61,000	\$47.36	

Lease-Up Costs

The preceding analysis considered the subject property in its prospective condition upon completion of construction and at stabilized occupancy. In order to determine the market value of the subject property as of the effective date of value, deductions are required for rent loss, rent concessions, leasing commissions, construction costs and profit for the efforts required to bring together the resources necessary to construct (or develop) the building improvements under analysis and lease-up risk over a reasonable absorption period. These items are discussed below.

Rent Loss

Income loss from rent would be incurred until the subject is leased to stabilized occupancy. In the income capitalization approach, we identified a 95% stabilized occupancy level for the subject property; however, given the subject's single-tenant configuration, the entire space must be leased.

Considering the specifics of the subject property (location, configuration, etc.), as well as current market conditions, we have estimated an absorption period of six months for the vacant space to lease. This projected absorption is considered reasonable based on lease-up times reported for other commercial properties throughout the region. The estimated absorption period takes into account the competitive rental rates concluded for the subject property. Rent loss over the absorption period is calculated based on a rental rate of \$1.35 psf/month, triple net, consistent with the market rent concluded in the *Income Capitalization Approach* section. Reimbursement loss is also calculated at a rate of \$0.41 psf/month, consistent with our operating expense conclusions for the subject property.

Rent Concessions (Free Rent)

Consistent with leasing at comparable properties, it is expected that the property owner of the subject property will use rental concessions as a marketing tool to attract potential tenants. The comparable rents utilized in the Income Capitalization Approach section indicate that rental concessions range from one to four months in the subject's area. As such, a rental concession (free rent) of three months is deducted in this portion of the analysis.

Leasing Commissions

A leasing commission of 5% of the rental payments over the term of the lease is typical in the subject's market area. A lease term of five years (60 months) is assumed

The following table summarizes our estimate of lease-up costs for the subject, including rent and reimbursement loss, rent concessions and leasing commissions.

Lease-Up Costs							
Rent Loss	1,288	SF @	\$1.35	per SF for	6		(\$10,433)
Reimbursement Loss	1,288	SF @	\$0.41	per SF for	6		(\$3,130)
Rent Concessions	1,288	SF @	\$1.35	per SF for	12		(\$20,866)
Leasing Commissions	1,288	SF @	\$1.35	per SF for	60	mos. X 6%	(\$6,260)
Total Costs							(\$40,688)

Reconciliation and Conclusion of Value

The values indicated by our analyses are as follows:

Summary of Value Indications	
	Market Value As Is
Cost Approach	Not Used
Sales Comparison Approach	\$64,000
Income Capitalization Approach	\$61,000
Reconciled	\$62,000

Sales Comparison Approach

We analyzed several comparable sales of commercial properties located within the subject's market area and surrounding areas. The sales comparison approach is typically most relevant when valuing small, owner-user properties; however, it can be useful in appraising any type of property for which recent market sales data can be obtained. This approach is relevant to the valuation of the subject property because the data obtained was reasonably similar to the subject, and the adjustments accounted for the differences between the comparables and the subject. In addition, the adjustments resulted in a narrowing of the range of data. Given the smaller size and single-tenant configuration, the subject property appeals to owner-users; therefore, the sales comparison approach is relevant and will be relied upon in the final determination of market value.

Income Capitalization Approach

Buyers of income-producing real estate rely primarily upon the income capitalization approach when assessing the feasibility of an investment. This approach is considered relevant to the valuation of the subject, as the property could be managed as a leased asset which is evidenced by the number of leased fee transactions of single-tenant properties utilized in the sales comparison approach. The rent comparables generally required less overall adjustment than the properties analyzed in the sales comparison approach and all of the comparables are located in Roseville. The reliability of this approach is good in light of the strength of data obtained in estimating vacancy and market rent with most of the comparables located in the subject's immediate area. Overall, the income capitalization approach is relevant to the valuation as the property could be managed as a leased investment.

Conclusion

In light of the owner-user and investor appeal, we have placed relatively equal emphasis on both approaches. As such, we have concluded a market value as is of \$60,000.

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. 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 and past economic conditions. Based on a survey of market participants, a transfer of retail properties in the region typically occurs within 9

months of exposure. It is estimated the exposure time for the subject property, if appropriately priced, would have been within 9 months of initial exposure.

Marketing Time

Marketing time is an estimate of the time to sell a property interest in real estate at the estimated market value during the period immediately after the effective date of value. A reasonable marketing time is estimated by comparing the recent exposure time of similar properties, and then taking into consideration current and future economic conditions and how they may impact marketing of the subject property.

The marketing time for the subject property is not anticipated to vary significantly from the exposure time. Thus, the marketing time is estimated at 9 months or less.

As Is Market Rent

Introduction

In this portion of the report we will develop an opinion of the appropriate market rent for the subject under the assumption the property is leased to an arm's length tenant **on an as is basis** as of the date of value - May 17, 2018. Under this scenario, it is presumed the tenant would incur 100% of the cost to bring the subject in conformance with all building codes, cure the items of deferred maintenance identified in this appraisal and install new interior tenant improvements. It is further presumed, based on the poor condition of the subject, this work would necessarily begin immediately after the lease is signed and the tenant takes possession.

Since commercial properties are rarely, if ever, leased in the same physical condition as the subject, the best method of estimating as is market rent is by employing the formula presented below. It is noted this formula is most often used in ground lease and/or build-to-suit arrangements where rent is determined via a return on the value, or cost, of the property.

$$\text{Market Value of the Property} \times \text{Rate of Return} = \text{Annual Market Rent}$$

Market rent can also be estimated by analyzing market rent comparables extracted from the market; however, given the as is condition of the subject, comparables are non-existent. Therefore, as opposed to analyzing market rent comparables directly, we will apply the above formula to the as-is market value previously estimated (\$62,000).

Rate of Return

To begin we will first look at the rates of return for various lower risk investments. The rates below indicate a floor of what one would expect for a return in a lease scenario. Currently, the prime lending rate is 5.00% and mortgage interest rates ranged from 3.73% to 4.69% over a 52-week period. Savings rates for Certificates of Deposit and money market funds range from approximately 0.58% to 1.90%, and Government Treasury Bonds currently yield between 1.74% to 3.04%. Corporate bond yield rates averaged between 3.51% to 4.00% over the past year.

For ground lease and structurally improved offerings, market participants indicate factors considered when determining the rate of return required for a specific property include 1) the property's various attributes for the intended use, 2) the rates of return for alternative investment opportunities, 3) the perceived illiquidity of real estate, and 3) the financial markets. The required rate of return on structural improvements is typically higher than the required rate of return on the land component depending upon the particular investor and their criteria. This difference in the rates of return recognizes the fact that building improvements depreciate, whereas the land component does not. We have utilized a survey of market participants presented on the following page to arrive at the applicable rate of return range for the subject property.

Market Participant Survey							
Source	Ground Lease Rates			Structurally Improved Rates			Comments
Robert Rosenberg, CCIM Inves\$tnet, Inc.	7.50%	to	8.00%	10.00%	to	11.00%	Land capitalization rates for ground leased properties are substantially lower than the rate of return used for derivation of ground rent. This is due to the differences in motivation between a ground lessee and an individual looking to park equity in a low risk investment.
Fritz Brown Brown, Stevens, Elmore and Sparre	7.00%	to	8.00%	11.00%	to	14.00%	No additional comments offered.
Josh Schmidt CBRE	5.50%	to	7.00%	8.00%	to	10.00%	Lease terms, credit factors and the site/improvement characteristics are examined to determine where within the range the rate of return falls.
Greg Thomas Colliers International	8.00%	to	10.00%	10.00%	to	12.00%	No additional comments offered.
Confidential Taco Bell Franchisee	10.00%	to	N/A	12.00%	to	N/A	It was noted that build-to-suit properties are leased on a two-tiered rate of return. The land value is assigned 10% while 12% is applied to the cost of the improvements.
Confidential Real Estate Developer	6.50%	to	8.00%	Did not comment			Percentage rent is rare, but is sometimes part of these types of arrangements. Land in outlying areas could fall below the range cited.
Confidential Real Estate Broker	10.00%	to	N/A	Did not comment			No additional comments offered.

Market Rent Conclusion

Considering the market participant survey noted above, as well as the attributes of the subject, we have concluded a rate of return of 10%. This rate of return, which is generally in the middle of the survey range for structurally improved properties, is influenced by the following strengths of the subject:

- Location within the Downtown Roseville Specific Plan, an area that has had a number of redevelopment and revitalization projects, with new tenants completed in recent years.
- The subject benefits from synergy with adjacent retail users and is supported by sufficient residential development.
- Vacancy for similar properties in the area is low, indicating that there is demand, and rental rates are expected to continue to rise.

The primary weakness of the subject is its current poor condition.

In conclusion, our opinion of as is market rent for the subject is calculated as follows:

Conclusion of As Is Market Rent					
Rentable Area	Market Value		Annual Rent	Monthly Rent	Rent/SF Rentable Area*
	As Is	Rate of Return			
1,288	\$62,000	10%	\$6,200	\$516.67	\$0.40
*Note: The lease rate is on triple-net lease terms.					

Conclusions of Value

Value Conclusions

Appraisal Premise	Interest Appraised	Date of Value	Value Conclusion
Market Value As Is	Fee Simple	May 17, 2018	\$62,000
As Is Market Rent	N/A	May 17, 2018	\$0.40 psf/month (NNN) or \$517/month (NNN)

Extraordinary Assumptions and Hypothetical Conditions

The value conclusions are subject to the following extraordinary assumptions that may affect the assignment results. An extraordinary assumption is uncertain information accepted as fact. If the assumption is found to be false as of the effective date of the appraisal, we reserve the right to modify our value conclusions.

1. Although renovation costs were requested and are pertinent to the assignment, they were not made available. Renovation costs were estimated based on our experience with other renovation projects in the region, but the appraisers are not experts in this field. It is *assumed* the estimated total cost will be reasonably close to the ultimate actual cost of the renovation. A significant change in costs would impact the market value estimates on a commensurate level.
2. The definition of market value assumes a consummation of a sale as of a specified date. For a sale to occur, it is *assumed* the right-of-way would be abandoned and an Assessor's Parcel Number (APN) would be created.

The value conclusions are based on the following hypothetical conditions that may affect the assignment results. A hypothetical condition is a condition contrary to known fact on the effective date of the appraisal but is supposed for the purpose of analysis.

1. None

Certification

We certify that, to the best of our knowledge and belief:

1. The statements of fact contained in this report are true and correct.
2. The reported analyses, opinions, and conclusions are limited only by the reported assumptions and limiting conditions, and are our personal, impartial, and unbiased professional analyses, opinions, and conclusions.
3. We 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.
4. We have not performed any 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.
5. We have no bias with respect to the property that is the subject of this report or to the parties involved with this assignment.
6. Our engagement in this assignment was not contingent upon developing or reporting predetermined results.
7. Our 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.
8. Our analyses, opinions, and conclusions were developed, and this report has been prepared, in conformity with the Uniform Standards of Professional Appraisal Practice as well as applicable state appraisal regulations.
9. 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.
10. The use of this report is subject to the requirements of the Appraisal Institute relating to review by its duly authorized representatives.
11. Lance Jordan, MAI, made a personal inspection of the property that is the subject of this report. Ligia Dejeu has also personally inspected the subject.
12. No one provided significant real property appraisal assistance to the person(s) signing this certification.
13. We have experience in appraising properties similar to the subject and are in compliance with the Competency Rule of USPAP.
14. As of the date of this report, Lance Jordan, MAI has completed the continuing education program for Designated Members of the Appraisal Institute.

15. As of the date of this report, Ligia Dejeu has completed the Standards and Ethics Education Requirements for Candidates/Practicing Affiliates of the Appraisal Institute.

A stylized, handwritten signature in black ink, appearing to read 'Lance Jordan'.

Lance Jordan, MAI
Senior Managing Director
California Certificate # AG012709

A handwritten signature in blue ink, clearly legible as 'Ligia Dejeu'.

Ligia Dejeu
Certified General Real Estate Appraiser
California Certificate # 3004823

Assumptions and Limiting Conditions

This appraisal and any other work product related to this engagement are limited by the following standard assumptions, except as otherwise noted in the report:

1. The title is marketable and free and clear of all liens, encumbrances, encroachments, easements and restrictions. The property is under responsible ownership and competent management and is available for its highest and best use.
2. There are no existing judgments or pending or threatened litigation that could affect the value of the property.
3. There are no hidden or undisclosed conditions of the land or of the improvements that would render the property more or less valuable. Furthermore, there is no asbestos in the property.
4. The revenue stamps placed on any deed referenced herein to indicate the sale price are in correct relation to the actual dollar amount of the transaction.
5. The property is in compliance with all applicable building, environmental, zoning, and other federal, state and local laws, regulations and codes.
6. The information furnished by others is believed to be reliable, but no warranty is given for its accuracy.

This appraisal and any other work product related to this engagement are subject to the following limiting conditions, except as otherwise noted in the report:

1. An appraisal is inherently subjective and represents our opinion as to the value of the property appraised.
2. The conclusions stated in our appraisal apply only as of the effective date of the appraisal, and no representation is made as to the effect of subsequent events.
3. No changes in any federal, state or local laws, regulations or codes (including, without limitation, the Internal Revenue Code) are anticipated.
4. No environmental impact studies were either requested or made in conjunction with this appraisal, and we reserve the right to revise or rescind any of the value opinions based upon any subsequent environmental impact studies. If any environmental impact statement is required by law, the appraisal assumes that such statement will be favorable and will be approved by the appropriate regulatory bodies.
5. Unless otherwise agreed to in writing, we are not required to give testimony, respond to any subpoena or attend any court, governmental or other hearing with reference to the property without compensation relative to such additional employment.
6. We have made no survey of the property and assume no responsibility in connection with such matters. Any sketch or survey of the property included in this report is for illustrative purposes only and should not be considered to be scaled accurately for size. The appraisal

- covers the property as described in this report, and the areas and dimensions set forth are assumed to be correct.
7. No opinion is expressed as to the value of subsurface oil, gas or mineral rights, if any, and we have assumed that the property is not subject to surface entry for the exploration or removal of such materials, unless otherwise noted in our appraisal.
 8. We accept no responsibility for considerations requiring expertise in other fields. Such considerations include, but are not limited to, legal descriptions and other legal matters such as legal title, geologic considerations such as soils and seismic stability; and civil, mechanical, electrical, structural and other engineering and environmental matters. Such considerations may also include determinations of compliance with zoning and other federal, state, and local laws, regulations and codes.
 9. The distribution of the total valuation in the report between land and improvements applies only under the reported highest and best use of the property. The allocations of value for land and improvements must not be used in conjunction with any other appraisal and are invalid if so used. The appraisal report shall be considered only in its entirety. No part of the appraisal report shall be utilized separately or out of context.
 10. Neither all nor any part of the contents of this report (especially any conclusions as to value, the identity of the appraisers, or any reference to the Appraisal Institute) shall be disseminated through advertising media, public relations media, news media or any other means of communication (including without limitation prospectuses, private offering memoranda and other offering material provided to prospective investors) without the prior written consent of the persons signing the report.
 11. Information, estimates and opinions contained in the report and obtained from third-party sources are assumed to be reliable and have not been independently verified.
 12. Any income and expense estimates contained in the appraisal report are used only for the purpose of estimating value and do not constitute predictions of future operating results.
 13. If the property is subject to one or more leases, any estimate of residual value contained in the appraisal may be particularly affected by significant changes in the condition of the economy, of the real estate industry, or of the appraised property at the time these leases expire or otherwise terminate.
 14. Unless otherwise stated in the report, no consideration has been given to personal property located on the premises or to the cost of moving or relocating such personal property; only the real property has been considered.
 15. The current purchasing power of the dollar is the basis for the values stated in the appraisal; we have assumed that no extreme fluctuations in economic cycles will occur.
 16. The values found herein are subject to these and to any other assumptions or conditions set forth in the body of this report but which may have been omitted from this list of Assumptions and Limiting Conditions.
 17. The analyses contained in the report necessarily incorporate numerous estimates and assumptions regarding property performance, general and local business and economic

- conditions, the absence of material changes in the competitive environment and other matters. Some estimates or assumptions, however, inevitably will not materialize, and unanticipated events and circumstances may occur; therefore, actual results achieved during the period covered by our analysis will vary from our estimates, and the variations may be material.
18. The Americans with Disabilities Act (ADA) became effective January 26, 1992. We have not made a specific survey or analysis of the property to determine whether the physical aspects of the improvements meet the ADA accessibility guidelines. We claim no expertise in ADA issues, and render no opinion regarding compliance of the subject with ADA regulations. Inasmuch as compliance matches each owner's financial ability with the cost to cure the non-conforming physical characteristics of a property, a 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.
 19. The appraisal report is prepared for the exclusive benefit of the Client, its subsidiaries and/or affiliates. It may not be used or relied upon by any other party. All parties who use or rely upon any information in the report without our written consent do so at their own risk.
 20. No studies have been provided to us indicating the presence or absence of hazardous materials on the subject property or in the improvements, and our valuation is predicated upon the assumption that the subject property is free and clear of any environment hazards including, without limitation, hazardous wastes, toxic substances and mold. No representations or warranties are made regarding the environmental condition of the subject property. Integra Realty Resources – Sacramento, Integra Realty Resources, Inc., Integra Strategic Ventures, Inc. and/or any of their respective officers, owners, managers, directors, agents, subcontractors or employees (the "Integra Parties"), shall not be responsible for any such environmental conditions that do exist or for any engineering or testing that might be required to discover whether such conditions exist. Because we are not experts in the field of environmental conditions, the appraisal report cannot be considered as an environmental assessment of the subject property.
 21. The persons signing the report may have reviewed available flood maps and may have noted in the appraisal report whether the subject property is located in an identified Special Flood Hazard Area. We are not qualified to detect such areas and therefore do not guarantee such determinations. The presence of flood plain areas and/or wetlands may affect the value of the property, and the value conclusion is predicated on the assumption that wetlands are non-existent or minimal.
 22. Integra Realty Resources – Sacramento is not a building or environmental inspector. Integra Sacramento does not guarantee that the subject property is free of defects or environmental problems. Mold may be present in the subject property and a professional inspection is recommended.
 23. The appraisal report and value conclusions for an appraisal assume the satisfactory completion of construction, repairs or alterations in a workmanlike manner.
 24. It is expressly acknowledged that in any action which may be brought against any of the Integra Parties, arising out of, relating to, or in any way pertaining to this engagement, the

- appraisal reports, and/or any other related work product, the Integra Parties shall not be responsible or liable for any incidental or consequential damages or losses, unless the appraisal was fraudulent or prepared with intentional misconduct. It is further acknowledged that the collective liability of the Integra Parties in any such action shall not exceed the fees paid for the preparation of the appraisal report unless the appraisal was fraudulent or prepared with intentional misconduct. Finally, it is acknowledged that the fees charged herein are in reliance upon the foregoing limitations of liability.
25. Integra Realty Resources – Sacramento, an independently owned and operated company, has prepared the appraisal for the specific intended use stated elsewhere in the report. The use of the appraisal report by anyone other than the Client is prohibited except as otherwise provided. Accordingly, the appraisal report is addressed to and shall be solely for the Client's use and benefit unless we provide our prior written consent. We expressly reserve the unrestricted right to withhold our consent to your disclosure of the appraisal report or any other work product related to the engagement (or any part thereof including, without limitation, conclusions of value and our identity), to any third parties. Stated again for clarification, unless our prior written consent is obtained, no third party may rely on the appraisal report (even if their reliance was foreseeable).
26. The conclusions of this report are estimates based on known current trends and reasonably foreseeable future occurrences. These estimates are based partly on property information, data obtained in public records, interviews, existing trends, buyer-seller decision criteria in the current market, and research conducted by third parties, and such data are not always completely reliable. The Integra Parties are not responsible for these and other future occurrences that could not have reasonably been foreseen on the effective date of this assignment. Furthermore, it is inevitable that some assumptions will not materialize and that unanticipated events may occur that will likely affect actual performance. While we are of the opinion that our findings are reasonable based on current market conditions, we do not represent that these estimates will actually be achieved, as they are subject to considerable risk and uncertainty. Moreover, we assume competent and effective management and marketing for the duration of the projected holding period of this property.
27. All prospective value opinions presented in this report are estimates and forecasts which are prospective in nature and are subject to considerable risk and uncertainty. In addition to the contingencies noted in the preceding paragraph, several events may occur that could substantially alter the outcome of our estimates such as, but not limited to changes in the economy, interest rates, and capitalization rates, behavior of consumers, investors and lenders, fire and other physical destruction, changes in title or conveyances of easements and deed restrictions, etc. It is assumed that conditions reasonably foreseeable at the present time are consistent or similar with the future.
28. The appraisal is also subject to the following:

Extraordinary Assumptions and Hypothetical Conditions

The value conclusions are subject to the following extraordinary assumptions that may affect the assignment results. An extraordinary assumption is uncertain information accepted as fact. If the assumption is found to be false as of the effective date of the appraisal, we reserve the right to modify our value conclusions.

1. Although renovation costs were requested and are pertinent to the assignment, they were not made available. Renovation costs were estimated based on our experience with other renovation projects in the region, but the appraisers are not experts in this field. It is *assumed* the estimated total cost will be reasonably close to the ultimate actual cost of the renovation. A significant change in costs would impact the market value estimates on a commensurate level.
2. The definition of market value assumes a consummation of a sale as of a specified date. For a sale to occur, it is *assumed* the right-of-way would be abandoned and an Assessor's Parcel Number (APN) would be created.

The value conclusions are based on the following hypothetical conditions that may affect the assignment results. A hypothetical condition is a condition contrary to known fact on the effective date of the appraisal but is supposed for the purpose of analysis.

1. None
-

Addendum A

Appraiser Qualifications

Lance Jordan, MAI

Experience

Senior Managing Director for INTEGRAL REALTY RESOURCES – Sacramento (IRR). Actively engaged in real estate valuation and consulting since 1989. Prior to joining IRR, was a partner with Seevers Jordan Ziegenmeyer since 1997. Extensive experience in the valuation of all forms of industrial properties, community/neighborhood shopping centers, office buildings - CBD and suburban, multi-family, hotels and motels, vacant land and special purpose properties. Clients served include banks and financial institutions, developers and investors, law and accounting firms, business/industry, government, and mortgage bankers. Valuations have been performed for financing, eminent domain purposes, as well as estate tax and estate planning. In summary, with over 28 years of experience in the field, he has developed the expertise and background necessary to deal with complex assignments covering a wide range of property types.

Professional Activities & Affiliations

Chairman: Appraisal Institute - Sacramento/Sierra Chapter - California Government Relations Committee, January 2015 - December 2017

Committee: Appraisal Institute - Sacramento/Sierra Chapter - California Government Relations, January 2014 - December 2017

Board of Director: Appraisal Institute - Sacramento/Sierra Chapter, January 2014 - December 2016

Appraisal Institute, Member (MAI) , May 2012

Vice President: Appraisal Institute - Sacramento/Sierra Chapter, January 2007 - December 2007

Other: Appraisal Institute - Sacramento/Sierra Chapter - Secretary/Treasurer, January 2006 - December 2006

Licenses

California, Lance Jordan, AG012709, Expires January 2020

Education

Bachelor of Science - Accountancy, CSU - Sacramento, 1991

Recent Continuing Education:

Lake Tahoe Litigation Conference – Appraisal Institute

Forecasting Revenue – Appraisal Institute

Appraising Distressed Commercial Real Estate – Appraisal Institute

Litigation Appraising: Specialized Topics and Applications – Appraisal Institute

Business Practices and Ethics – Appraisal Institute

The Essentials, Current Issues & Misconceptions in Appraising – Appraisal Institute

Review Theory - General

Qualified Before Courts & Administrative Bodies

Court Appointed Expert Witness, Placer County Superior Courts, 2014

Integra Realty Resources Sacramento

3825 Atherton Rd
500
Rocklin, CA 95765

T 916-435-3883
F 916-435-4774

irr.com





Business, Consumer Services & Housing Agency
BUREAU OF REAL ESTATE APPRAISERS
REAL ESTATE APPRAISER LICENSE

Lance C. Jordan

has successfully met the requirements for a license as a residential and commercial real estate appraiser in the State of California and is, therefore, entitled to use the title:

“Certified General Real Estate Appraiser”

This license has been issued in accordance with the provisions of the Real Estate Appraisers' Licensing and Certification Law.

BREA APPRAISER IDENTIFICATION NUMBER: AG 012709

Effective Date: January 9, 2018
Date Expires: January 8, 2020


Jim Martin, Bureau Chief, BREAA

3037504

Ligia Dejeu

Experience

Ms. Dejeu is an Appraiser at the firm. After completing her bachelor's degree at California State University, Chico, Ms. Dejeu worked in banking as a branch manager for ten years before she joined the firm full-time in 2012. Ms. Dejeu is assisting in the research, analysis and writing of narrative appraisal reports for a wide variety of commercial properties including multifamily, office, retail and industrial, as well as commercial land and special-use properties such as Low Income Housing Tax Credit (LIHTC) projects, self-storage facilities and surgery centers. Ms. Dejeu has developed the experience and background necessary to deal with complex assignments covering an array of property types.

Licenses

California, Certified General Real Estate, 3004823, Expires October 2019

Education

Academic:

Bachelor of Science in Business Administration (Concentration in Business Management), California State University, Chico

Appraisal and Real Estate Courses:

Basic Appraisal Principles

Basic Appraisal Procedures

General Appraiser Sales Comparison Approach

General Appraiser Site Valuation and Cost Approach

General Appraiser Income Approach Part 1

General Appraiser Income Approach Part 2

General Appraiser Report Writing and Case Studies

General Appraiser Market Analysis and Highest and Best Use

Real Estate Finance Statistics and Valuation Modeling

Uniform Standards of Professional Appraisal Practice

Residential Sales and Income Approach

Laws and Regulation for California Appraisers

Integra Realty Resources Sacramento

3825 Atherton Rd
500
Rocklin, CA 95765

T 916-435-3883
F

irr.com





Business, Consumer Services & Housing Agency
BUREAU OF REAL ESTATE APPRAISERS
REAL ESTATE APPRAISER LICENSE

Ligia Dejeu

has successfully met the requirements for a license as a residential and commercial real estate appraiser in the State of California and is, therefore, entitled to use the title:

“Certified General Real Estate Appraiser”

This license has been issued in accordance with the provisions of the Real Estate Appraisers' Licensing and Certification Law.

BREA APPRAISER IDENTIFICATION NUMBER: 3004823

Effective Date: October 6, 2017
Date Expires: October 5, 2019


Jim Martin, Bureau Chief, BREAA

3037408

About IRR

Integra Realty Resources, Inc. (IRR) provides world-class commercial real estate valuation, counseling, and advisory services. Routinely ranked among leading property valuation and consulting firms, we are now the largest independent firm in our industry in the United States, with local offices coast to coast and in the Caribbean.

IRR offices are led by MAI-designated Senior Managing Directors, industry leaders who have over 25 years, on average, of commercial real estate experience in their local markets. This experience, coupled with our understanding of how national trends affect the local markets, empowers our clients with the unique knowledge, access, and historical perspective they need to make the most informed decisions.

Many of the nation's top financial institutions, developers, corporations, law firms, and government agencies rely on our professional real estate opinions to best understand the value, use, and feasibility of real estate in their market.

Local Expertise...Nationally!

irr.com



Addendum B

Land Survey

3.

MORTON & PITALO, INC.
CIVIL ENGINEERING • LAND PLANNING • LAND SURVEYING
LANDSCAPE ARCHITECTURE • TRAFFIC ENGINEERING
1788 Tribute Road, Suite 200 • Sacramento, CA 95815
Phone: 916.927.2400 • fax: 916.567.0120 • survey fax: 916.563.6770
survey email: starkling@mping.com • web: www.mping.com

DRAWN:	LG	JOB NO:	080014
CHECKED:		DATE:	APRIL 2008
SCALE:	1"=40'	SHEET:	1 of 1

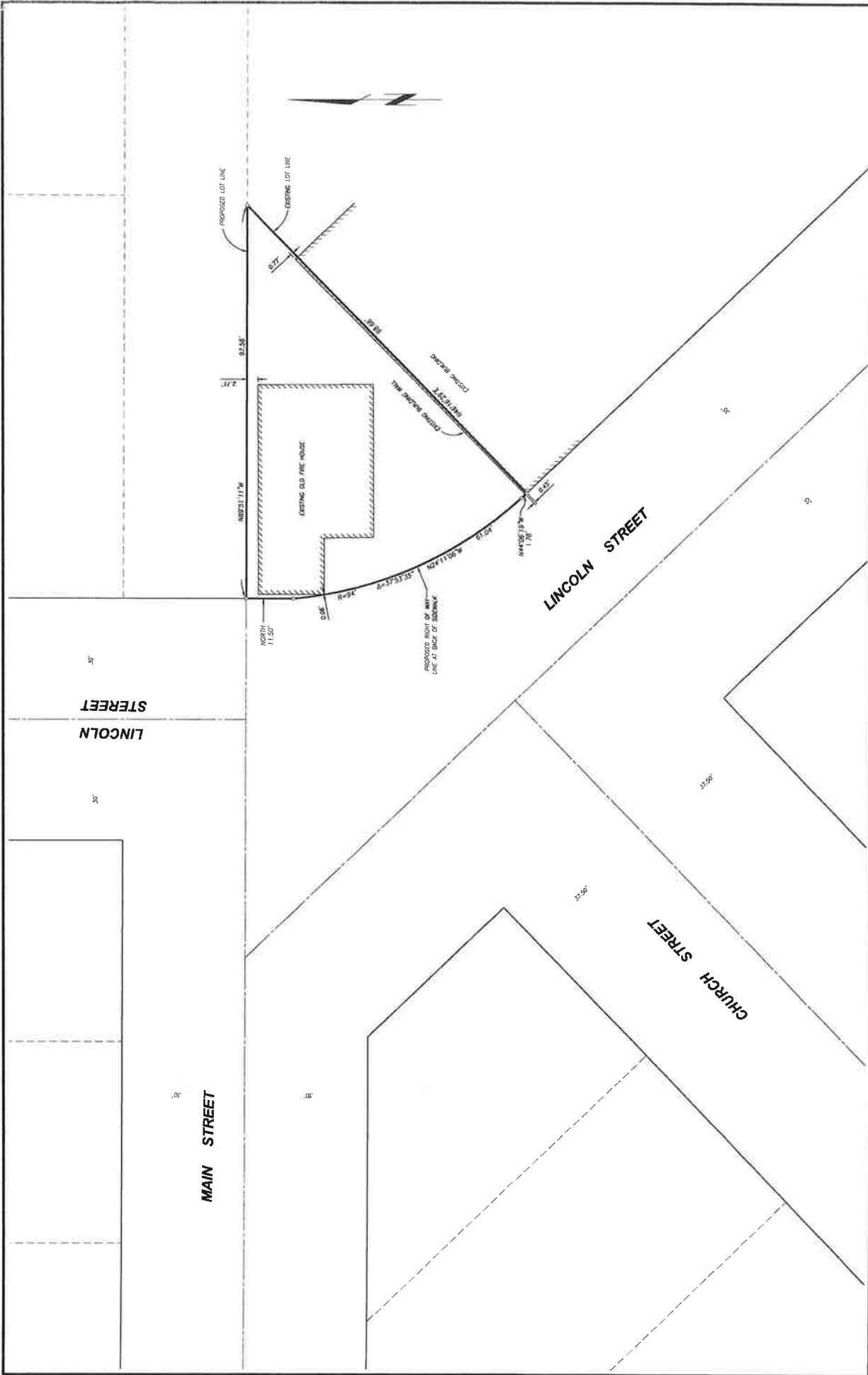
PLAT TO ACCOMPANY LEGAL DESCRIPTION

HISTORIC ROSEVILLE FIRE HOUSE SITE

A PORTION OF THE TOWN OF ROSEVILLE AS SHOWN ON THE

"MAP OF A RESURVEY OF A PART OF THE ORIGINAL PLAT OF ROSEVILLE, CAL.
BK. C OF MAPS, PG. 33, O.R.P.C. LOCATED IN SECTION 2, T.10N., R.6E., M.D.M.

CITY OF ROSEVILLE, PLACER COUNTY, CALIFORNIA



DATE: 08/02/2014		SHEET: 1		OF: 1	
PROJECT: OLD FIRE HOUSE SITE		CITY: SAN FRANCISCO, CALIFORNIA		JOB NO: 08-0014	
MORTON & PITALO, INC.		CIVIL ENGINEERS		LANDSCAPE ARCHITECTURE - TRAFFIC ENGINEERING	
1788 Hyde Road, Suite 200 - Emeryville, CA 94608		Phone: (415) 434-1000		Fax: (415) 434-1001	
www.mpi.com		www.mpi.com		www.mpi.com	
SCALE:		BENCH MARK:		COMPILED: LG	
HORIZ. 1" = 100'		IC		DESIGNED:	
VERT. 1" = 10'		N/A		DRAWN:	
				PROJ. ENGR:	

April 1, 2008
08-0014

EXHIBIT "A"

**LEGAL DESCRIPTION
HISTORIC ROSEVILLE FIRE HOUSE SITE**

All that certain real property situated in the City of Roseville, County of Placer, State of California, described as follows:

Portions of the rights of ways for Main Street (formerly known as Base Line Road) and Church Street, as said road and street are shown and so designated on the "Map of a Resurvey of a Part of the Original Plat of Roseville Cal." filed in Book C of Maps, Page 33, Placer County Records, described as follows:

BEGINNING at the southwesterly corner of Lot 1 in Block 1, as said lot and block are shown and so designated on the "Re-Amended Map of McRae's Addition" filed in Book A of Maps, Page 38, Placer County Records;

thence from said point of beginning, along the southerly line of said Lot 1 in Block 1 South 89°51'11" East 97.56 feet to the northwesterly line of Block 21, as said block is shown and so designated on the above referenced "Map of a Resurvey of a Part of the Original Plat of Roseville Cal.";

thence along said northwesterly line of Block 21 South 46°16'29" West 98.68 feet to the most westerly corner thereof, said corner being on the northeasterly right of way line of Lincoln Street, as said street is shown and so designated on said "Map of a Resurvey of a Part of the Original Plat of Roseville Cal.";

thence along the northwesterly extension of said northeasterly right of way line of Lincoln Street North 44°06'19" West 1.78 feet;

thence northwesterly along the arc of a non-tangent curve to the right, concave to the northeast, having a radius of 94.00 feet, the radial point of which bears North 46°52'07" East, a central angle of 37°53'35", an arc length of 62.17 feet and being subtended by a chord bearing North 24°11'06" West 61.04 feet;

thence North a distance of 11.50 feet to the point of beginning.

Addendum C

Comparable Data

Improved Sales

Location & Property Identification

Property Name:	1603 Douglas Blvd.
Sub-Property Type:	Shopping Center
Address:	1603 Douglas Blvd.
City/State/Zip:	Roseville, CA 95661
County:	Placer
Submarket:	Roseville/Rocklin
Market Orientation:	Suburban
IRR Event ID:	1956617



Sale Information

Sale Price:	\$1,425,000
Effective Sale Price:	\$1,425,000
Sale Date:	05/21/2018
Recording Date:	05/25/2018
Listing Price:	\$1,950,000
Sale Status:	Closed
\$/SF GBA:	\$237.50
\$/SF NRA:	\$237.50
Grantor/Seller:	Barbara M. Flores Trust
Grantee/Buyer:	Yee Family Properties, LLC
Property Rights:	Leased Fee
Financing:	Cash to seller
Document Type:	Deed
Recording No.:	37379
Verified By:	Ligia Dejeu
Verification Date:	06/22/2018
Verification Type:	Secondary Verification
Secondary Verific. Source:	CoStar, RealQuest

Reserves Included:	No
Cap Rate - Derived:	6.43%
GRM - Derived:	11.36
EGIM - Derived:	11.96
Cap Rate - Reported:	6.87%

Occupancy

Occupancy Type Before Sale:	Multi-Tenant
Occupancy Type After Sale:	Multi-Tenant
Occupancy at Time of Sale:	100.00%

Improvement and Site Data

Legal/Tax/Parcel ID:	013-280-001
GBA-SF:	6,000
GLA-SF:	6,000
Acres(Gross):	0.55
Land-SF(Gross):	23,958
Year Built:	1978
Property Class:	C
Construction Quality:	Average
Improvements Cond.:	Average
Exterior Walls:	Block
Construction Desc.:	Wood frame
No. of Buildings/Stories:	1/1
No. Of Elevators:	None
Air-Conditioning Type:	Central
Bldg. to Land Ratio FAR:	0.25
Improve. Info. Source:	Public Records
Source of Land Info.:	Public Records

Operating Data and Key Indicators

Operating Data Type:	IRR Projection
Potential Gross Income:	\$125,468
Vacancy Rate:	5%
Effective Gross Income:	\$119,195
Operating Expenses:	\$27,503
Net Operating Income:	\$ 91,692
Expense Ratio:	23.07%

Comments

This is the sale of a multi-tenant retail building within a shopping center. The reported cap rate is not inclusive of vacancy and is a pro-forma rate based on the listing price. The derived capitalization rate of 6.43% is derived using contract rent, a 5% VCL factor and in-place expenses.

Location & Property Identification

Property Name:	Back Forty Texas BBQ
Sub-Property Type:	Restaurant/Bar
Address:	1201 Orlando
City/State/Zip:	Roseville, CA 95661
County:	Placer
Submarket:	Roseville/Rocklin
Market Orientation:	Suburban
IRR Event ID:	1899355



Sale Information

Sale Price:	\$990,000
Effective Sale Price:	\$990,000
Sale Date:	08/21/2017
Recording Date:	10/18/2017
Sale Status:	Closed
\$/SF GBA:	\$246.64
\$/SF NRA:	\$246.64
Grantor/Seller:	Steven R & Cheriece A Troike
Grantee/Buyer:	Roseville Capital LLC
Assets Sold:	Real estate only
Property Rights:	Leased Fee
% of Interest Conveyed:	100.00
Financing:	Cash to seller - buyer obtained financing
Document Type:	Deed
Recording No.:	81429
Verification Type:	Secondary Verification
Secondary Verific. Source:	Assessor, CoStar

Sale Analysis

Sale Price Includes FF&E?	No
---------------------------	----

Occupancy

Occupancy Type Before Sale:	Single Tenant
Occupancy Type After Sale:	Single Tenant

Occupancy at Time of Sale:	100.00%
----------------------------	---------

Restaurant

Alcohol Served:	Yes
Sit Down Bar:	Yes
Drive Through:	No

Improvement and Site Data

MSA:	Sacramento--Roseville--Arden-Arcade, CA
Legal/Tax/Parcel ID:	471-060-056
GBA-SF:	4,014
GLA-SF:	4,014
Acres(Usable/Gross):	0.85/0.85
Land-SF(Usable/Gross):	37,026/37,026
Usable/Gross Ratio:	1.00
Property Class:	C
M&S Class:	D
Construction Quality:	Average
Improvements Cond.:	Average
Multi-Tenant/Condo.:	No/No
Total Parking Spaces:	45
Park. Ratio 1000 SF GLA:	11.21
No. Surface Spaces:	45
Park. Ratio 1000 SF GBA:	11.21
No. Of Elevators:	None
Bldg. to Land Ratio FAR:	0.11
Source of Land Info.:	Public Records

Location & Property Identification

Property Name: 451-453 G Street
 Sub-Property Type: Mixed Use
 Address: 451 G St.
 City/State/Zip: Lincoln, CA 95648
 County: Placer
 Submarket: Lincoln
 Market Orientation: Suburban

 IRR Event ID: 1874022



Sale Information

Sale Price: \$450,000
 Effective Sale Price: \$450,000
 Sale Date: 04/10/2017
 Recording Date: 04/10/2017
 Sale Status: Closed
 \$/SF GBA: \$250.00
 \$/SF NRA: \$250.00
 Grantor/Seller: McClures Courthouse, LLC
 Grantee/Buyer: Scott Try & Keri Family Trust
 Assets Sold: Real estate only
 Property Rights: Fee Simple
 % of Interest Conveyed: 100.00
 Document Type: Deed
 Recording No.: 19642
 Verification Type: Not Verified

Property Class: B
 M&S Class: C
 Improvements Cond.: Average
 Exterior Walls: Brick
 No. of Buildings/Stories: 1/1
 Multi-Tenant/Condo.: No/No
 No. Of Elevators: None
 Fire Sprinkler Type: None
 Air-Conditioning Type: Central
 Bldg. to Land Ratio FAR: 0.23
 Source of Land Info.: Public Records

Occupancy

Occupancy Type Before Sale: Owner Occupied

Improvement and Site Data

GBA-SF: 1,800
 GLA-SF: 1,800
 Acres(Usable/Gross): 0.18/0.18
 Land-SF(Usable/Gross): 7,840/7,840
 Usable/Gross Ratio: 1.00
 Year Built: 1923

Location & Property Identification

Property Name:	309 Washington Boulevard
Sub-Property Type:	Freestanding
Address:	309 Washington Blvd.
City/State/Zip:	Roseville, CA 95678
County:	Placer
Submarket:	Roseville/Rocklin
Market Orientation:	Suburban
IRR Event ID:	1873764



Sale Information

Sale Price:	\$265,000
Effective Sale Price:	\$265,000
Sale Date:	03/31/2017
Sale Status:	Closed
\$/SF GBA:	\$159.93
\$/SF NRA:	\$159.93
Grantor/Seller:	Jeffery S. Sharpe
Grantee/Buyer:	Joshua P. Hughes
Assets Sold:	Real estate only
Property Rights:	Fee Simple
Financing:	Cash to seller
Document Type:	Deed
Recording No.:	24213
Verification Type:	Not Verified

Usable/Gross Ratio:	1.00
Year Built:	1920
Property Class:	C
Construction Quality:	Average
Improvements Cond.:	Average
Exterior Walls:	Wood siding
No. of Buildings/Stories:	1/2
Bldg. to Land Ratio FAR:	0.24
Source of Land Info.:	Public Records

Comments

This property represents the sale of a converted residence for commercial retail use.

Occupancy

Occupancy Type Before Sale:	Owner Occupied
Occupancy Type After Sale:	Owner Occupied
Occupancy at Time of Sale:	100.00%

Improvement and Site Data

Legal/Tax/Parcel ID:	011-144-002
GBA-SF:	1,657
GLA-SF:	1,657
Acres(Usable/Gross):	0.16/0.16
Land-SF(Usable/Gross):	6,969/6,969

Location & Property Identification

Property Name:	327 Main St.
Sub-Property Type:	Other
Address:	327 Main St.
City/State/Zip:	Placerville, CA 95667
County:	El Dorado
Market Orientation:	Rural
IRR Event ID:	1948371



Sale Information

Sale Price:	\$405,000
Effective Sale Price:	\$405,000
Sale Date:	02/14/2017
Sale Status:	Closed
\$/SF GBA:	\$184.09
\$/SF NRA:	\$184.09
Grantor/Seller:	Payne Family Trust
Grantee/Buyer:	Saureel Vineyards, LLC
Property Rights:	Leased Fee
Financing:	Cash to seller
Document Type:	Deed
Recording No.:	006615
Verified By:	Scott Moller
Verification Date:	05/03/2018
Verification Type:	Secondary Verification

GBA-SF:	2,200
GLA-SF:	2,200
Acres(Gross):	0.03
Land-SF(Gross):	1,520
Year Built:	1886
Property Class:	C
Construction Quality:	Average
Improvements Cond.:	Average
Exterior Walls:	Brick
Construction Desc.:	Wood frame
No. of Buildings/Stories:	1/2
Multi-Tenant/Condo.:	No/No
No. Of Elevators:	None
Fire Sprinkler Type:	None
Air-Conditioning Type:	Central
Bldg. to Land Ratio FAR:	1.45
Improve. Info. Source:	Public Records
Source of Land Info.:	Public Records

Operating Data and Key Indicators

Cap Rate - Reported:	6.36%
----------------------	-------

Occupancy

Occupancy Type Before Sale:	Single Tenant
Occupancy Type After Sale:	Single Tenant
Occupancy at Time of Sale:	100.00%

Improvement and Site Data

Legal/Tax/Parcel ID:	01-212-04
----------------------	-----------

Comments

The space was 100% leased to a single tenant at the time of sale. We were unable to reach either party to confirm how the capitalization rate was derived.

Location & Property Identification

Property Name:	508-512 Vernon St.
Sub-Property Type:	Mixed Use, Retail-Office
Address:	508-512 Vernon St.
City/State/Zip:	Roseville, CA 95678
County:	Placer
Submarket:	Roseville/Rocklin
Market Orientation:	Suburban
IRR Event ID:	1936970



Sale Information

Sale Price:	\$425,000
Effective Sale Price:	\$425,000
Sale Date:	08/22/2016
Sale Status:	Closed
\$/SF GBA:	\$170.00
\$/SF NRA:	\$170.00
Grantor/Seller:	Oxford Mtg Funds LP
Grantee/Buyer:	RJSD Properties
Property Rights:	Leased Fee
Financing:	Cash to seller
Document Type:	Deed
Recording No.:	069480
Verified By:	Scott Moller
Verification Date:	04/13/2018
Confirmation Source:	Cheryl Queral
Verification Type:	Confirmed-Seller Broker

Legal/Tax/Parcel ID:	013-121-005
GBA-SF:	2,500
GLA-SF:	2,500
Acres(Gross):	0.11
Land-SF(Gross):	4,792
Year Built:	1930
Property Class:	C
Construction Quality:	Average
Improvements Cond.:	Average
Exterior Walls:	Block
Construction Desc.:	Wood frame
No. of Buildings/Stories:	1/1
Air-Conditioning Type:	Central
Bldg. to Land Ratio FAR:	0.52
Improve. Info. Source:	Public Records
Source of Land Info.:	Public Records

Operating Data and Key Indicators

Cap Rate - Reported:	6.90%
----------------------	-------

Occupancy

Occupancy Type Before Sale:	Multi-Tenant
Occupancy Type After Sale:	Multi-Tenant
Occupancy at Time of Sale:	100.00%

Improvement and Site Data

Comments

This space was 100% occupied by five tenants at the time of sale. According to the listing broker, the derived cap rate was based on the NOI at the time of sale and did not account for any vacancy, because was 100% leased at the time of sale.

Lease Comparables

Location & Property Identification

Property Name:	201 Vernon Street
Sub-Property Type:	Other
Address:	201 Vernon St.
City/State/Zip:	Roseville, CA 95678
County:	Placer
Submarket:	Roseville/Rocklin
Market Orientation:	CBD
IRR Event ID:	1977126



Space Information

Space Type:	Restaurant
Full Building Lease:	No
Leased Area:	4,835

Lease Information

Lease Status:	Signed Lease
Lessee:	Metropolitan Lounge
Lease Signed Date:	09/28/2017
Start/Available Date:	10/01/2017
Expiration Date:	03/01/2028
Term of Lease:	125 months
Lease Measure:	\$/SF/Mo
Face Rental Rate:	\$1.50
Effective Rental Rate:	\$1.62
Escalation Type:	Fixed Steps
Escalation Desc.:	\$0.04 psf/month, annually
Percentage Rent:	No
Free Rent (Months):	6.00
Transaction Reliability:	Researched

GLA-SF:	19,338
Acres(Usable/Gross):	0.60/0.60
Land-SF(Usable/Gross):	26,136/26,136
Usable/Gross Ratio:	1.00
Year Built:	1927
Property Class:	C
Construction Quality:	Average
Improvements Cond.:	Average
Exterior Walls:	Brick
No. of Buildings/Stories:	1/1
Air-Conditioning Type:	Roof Central Mounted
Bldg. to Land Ratio FAR:	0.74
Source of Land Info.:	Public Records

Comments

New lease of a former bank space that will be converted to a restaurant/nightclub.

Lease Expense Information

Reimbursement Method:	Triple Net
-----------------------	------------

Improvement and Site Data

Legal/Tax/Parcel ID:	013-093-007
GBA-SF:	19,338

Location & Property Identification

Property Name:	216 Douglas Blvd.
Sub-Property Type:	Mixed Use, Retail-Office
Address:	216 Douglas Blvd.
City/State/Zip:	Roseville, CA 95678
County:	Placer
Submarket:	Roseville/Rocklin
Market Orientation:	Suburban
IRR Event ID:	1935413



Space Information

Space Type:	Retail
Full Building Lease:	No
Leased Area:	680

Lease Information

Lease Status:	Signed Lease
Lessee:	Voice Academy
Start/Available Date:	04/01/2017
Expiration Date:	04/01/2018
Term of Lease:	12 months
Lease Measure:	\$/SF/Mo
Face Rental Rate:	\$1.25
Effective Rental Rate:	\$1.25
Escalation Type:	None
Verification Date:	04/11/2018
Transaction Reliability:	Verified

Year Built:	1954
Property Class:	C
Construction Quality:	Average
Improvements Cond.:	Average
Exterior Walls:	Wood siding
Construction Desc.:	Wood frame
No. of Buildings/Stories:	1/1
No. Of Elevators:	None
Fire Sprinkler Type:	None
Air-Conditioning Type:	Central
Bldg. to Land Ratio FAR:	0.54
Improve. Info. Source:	Public Records
Source of Land Info.:	Public Records

Comments

This space is part of a small unanchored retail strip center.

Lease Expense Information

Reimbursement Method:	Triple Net
-----------------------	------------

Improvement and Site Data

Legal/Tax/Parcel ID:	014-092-001
GBA-SF:	4,050
GLA-SF:	4,050
Acres(Gross):	0.17
Land-SF(Gross):	7,463

Location & Property Identification

Property Name:	414 Vernon Street
Sub-Property Type:	Freestanding
Address:	414 Vernon St.
City/State/Zip:	Roseville, CA 95678
County:	Placer
Submarket:	Roseville/Rocklin
Market Orientation:	CBD
IRR Event ID:	1977129



Space Information

Space Type:	Retail
Full Building Lease:	No
Leased Area:	1,500

Lease Information

Lease Status:	Signed Lease
Lessee:	Time & Space
Lease Signed Date:	10/01/2016
Start/Available Date:	11/01/2016
Expiration Date:	11/01/2021
Term of Lease:	60 months
Lease Measure:	\$/SF/Mo
Face Rental Rate:	\$1.25
Effective Rental Rate:	\$1.25
Escalation Type:	None
Transaction Reliability:	Researched

Usable/Gross Ratio:	1.00
Year Built:	1963
Property Class:	C
M&S Class:	D
Construction Quality:	Average
Total Parking Spaces:	16
Park. Ratio 1000 SF GLA:	2.65
Park. Ratio 1000 SF GBA:	2.65
Air-Conditioning Type:	Roof Central Mounted
Bldg. to Land Ratio FAR:	0.51
Source of Land Info.:	Public Records

Comments

New lease for retail space within a multi-tenant building. The space is used as a retail boutique.

Lease Expense Information

Reimbursement Method:	Triple Net
-----------------------	------------

Improvement and Site Data

Legal/Tax/Parcel ID:	013-122-005 and -012
GBA-SF:	6,028
GLA-SF:	6,028
Acres(Usable/Gross):	0.27/0.27
Land-SF(Usable/Gross):	11,761/11,761

Location & Property Identification

Property Name:	Vineyard Pointe
Sub-Property Type:	Shopping Center, Strip/Convenience Center
Address:	3031 Foothills Blvd.
City/State/Zip:	Roseville, CA 95747
County:	Placer
Submarket:	Roseville/Rocklin
Market Orientation:	Suburban
IRR Event ID:	1455185



Space Information

Space Type:	Retail
Suite #:	150
Full Building Lease:	No
Leased Area:	1,250

Lease Information

Lessor:	Shaw Trust
Lessee:	JB Massage
Start/Available Date:	10/01/2016
Expiration Date:	09/30/2017
Term of Lease:	12 months
Lease Measure:	\$/SF/Yr
Face Rental Rate:	\$14.16
Effective Rental Rate:	\$14.16
Escalation Type:	None
Verification Source:	Broker
Transaction Reliability:	Imported - V

Lease Expense Information

Reimbursement Method:	Modified Gross
-----------------------	----------------

Improvement and Site Data

MSA:	Sacramento
Legal/Tax/Parcel ID:	012-260-068
GBA-SF:	22,600

GLA-SF:	22,600
Acres(Gross):	2.70
Land-SF(Gross):	117,612
Year Built:	2005
Property Class:	A
M&S Class:	D
Construction Quality:	Good
Improvements Cond.:	Good
Exterior Walls:	Stucco
Construction Desc.:	Wood Frame
No. of Buildings/Stories:	2/1
Total Parking Spaces:	131
Park. Ratio 1000 SF GLA:	5.80
Park. Ratio 1000 SF GBA:	5.80
Bldg. to Land Ratio FAR:	0.19
Zoning Code:	PD
Zoning Desc.:	Commercial
Flood Plain:	No
Source of Land Info.:	Public Records

Comments

Short-term lease renewal for in-line suite in strip retail center that wraps around the corner of Foothills Blvd. & Vineyard Rd., Roseville. No free rent or TI allowance provided. Rent is flat. Rate is MG with tenant only responsible for in-suite expenses.

Location & Property Identification

Property Name:	Bel Air Center
Sub-Property Type:	Shopping Center, Neighborhood Center
Address:	1200 Cirby
City/State/Zip:	Roseville, CA 95661
County:	Placer
Submarket:	Roseville/Rocklin
Market Orientation:	Suburban
IRR Event ID:	1437433



Space Information

Space Type:	Retail
Suite #:	1200-G
Full Building Lease:	No
Leased Area:	1,100

Lease Information

Lessee:	Angel Day Spa
Lessee Type:	Local
Start/Available Date:	09/14/2016
Expiration Date:	01/13/2020
Term of Lease:	40 months
Lease Measure:	\$/SF/Yr
Face Rental Rate:	\$21.00
Effective Rental Rate:	\$21.00
Escalation Type:	Fixed Steps
Transaction Reliability:	IRR Confirmed

Lease Expense Information

Reimbursement Method:	Triple Net
-----------------------	------------

Improvement and Site Data

MSA:	Sacramento--Arden-Arcade--Roseville, CA Metropolitan Statistical Area
Legal/Tax/Parcel ID:	470-250-020 and 470-250-015

GBA-SF:	32,200
GLA-SF:	32,200
Acres(Usable/Gross):	2.78/2.78
Land-SF(Usable/Gross):	121,088/121,088
Usable/Gross Ratio:	1.00
Year Built:	1983
Property Class:	B
M&S Class:	C
Construction Quality:	Average
Improvements Cond.:	Average
Exterior Walls:	Concrete Precast
Construction Desc.:	CTU
No. of Buildings/Stories:	2/1
Total Parking Spaces:	138
Park. Ratio 1000 SF GLA:	4.29
No. Surface Spaces:	184
Park. Ratio 1000 SF GBA:	4.29
Parking Conformity:	Yes
No. Of Elevators:	Yes/0
Fire Sprinkler Type:	Wet
Air-Conditioning Type:	Central
Roof Comments:	Flat built-up roof systems with granular cap sheet over a multi-ply, built-up membrane with tile mansard

Shape:	Rectangular
Topography:	Level
Corner Lot:	Yes
Frontage Feet:	683

Improvement and Site Data (Cont'd)

Frontage Desc.:	Sunrise Avenue
Frontage Type:	2 way, 3 lanes each way
Traffic Control at Entry:	Traffic light
Traffic Flow:	High
Traffic Count:	High
Visibility Rating:	Above average
Bldg. to Land Ratio FAR:	0.27
Zoning Code:	CC
Zoning Desc.:	Commercial
Encumbrance/Easements:	No
Environmental Issues:	No
Flood Plain:	No
Flood Zone Designation:	X
Comm. Panel No.:	06061C0479G
Date:	11/21/2001
Utilities:	Electricity, Telephone
Improve. Info. Source:	Other
Source of Land Info.:	Public Records

Comments

The property consists of 1200 Cirby Way and 1079 Sunrise Avenue.

Represents a new lease to a massage tenant. The lease includes \$0.60/SF/Yr. rent escalations. The tenant received 3.5 months of free rent and no tenant improvement allowance. The suite is located in a shadow-anchored Bel Air shopping center and features exposure along Cirby Way. All of the shop tenants are local.



Location & Property Identification

Property Name:	Vineyard Pointe
Sub-Property Type:	Shopping Center, Strip/Convenience Center
Address:	3031 Foothills Blvd.
City/State/Zip:	Roseville, CA 95747
County:	Placer
Submarket:	Roseville/Rocklin
Market Orientation:	Suburban
IRR Event ID:	1455184



Space Information

Space Type:	Retail
Suite #:	120
Full Building Lease:	No
Leased Area:	1,320

Lease Information

Lessor:	Shaw Trust
Lessee:	Metro PCS
Start/Available Date:	05/01/2016
Expiration Date:	05/31/2018
Term of Lease:	25 months
Lease Measure:	\$/SF/Yr
Face Rental Rate:	\$14.64
Effective Rental Rate:	\$14.64
Escalation Type:	Fixed Steps
Concessions:	Other Concessions (\$/SF): 1.00
Verification Source:	Owner
Transaction Reliability:	Imported - V

Lease Expense Information

Reimbursement Method:	Modified Gross
-----------------------	----------------

Improvement and Site Data

MSA:	Sacramento
------	------------

Legal/Tax/Parcel ID:	012-260-068
GBA-SF:	22,600
GLA-SF:	22,600
Acres(Gross):	2.70
Land-SF(Gross):	117,612
Year Built:	2005
Property Class:	A
M&S Class:	D
Construction Quality:	Good
Improvements Cond.:	Good
Exterior Walls:	Stucco
Construction Desc.:	Wood Frame
No. of Buildings/Stories:	2/1
Total Parking Spaces:	131
Park. Ratio 1000 SF GLA:	5.80
Park. Ratio 1000 SF GBA:	5.80
Bldg. to Land Ratio FAR:	0.19
Zoning Code:	PD
Zoning Desc.:	Commercial
Flood Plain:	No
Source of Land Info.:	Public Records

Comments

Lease renewal for in-line suite in strip retail center that wraps around the corner of Foothills Blvd. & Vineyard Rd., Roseville. LL provided 1 month free rent but no TI allowance. Rent escalates to \$15.45/SF/Yr. in Yr. 2. Rate is MG with tenant only responsible for in-suite expenses.

Location & Property Identification

Property Name:	120-130 Vernon Street
Sub-Property Type:	Other
Address:	120-130 Vernon St.
City/State/Zip:	Roseville, CA 95678
County:	Placer
Submarket:	Roseville/Rocklin
Market Orientation:	CBD
IRR Event ID:	1977132



Space Information

Space Type:	Retail
Full Building Lease:	No
Leased Area:	1,700

Construction Quality:	Average
Air-Conditioning Type:	Roof Central Mounted
Bldg. to Land Ratio FAR:	0.85
Source of Land Info.:	Public Records

Lease Information

Lease Status:	Asking Rent
Lessee:	Listing
Start/Available Date:	05/17/2018
Lease Measure:	\$/SF/Mo
Face Rental Rate:	\$1.50
Effective Rental Rate:	\$1.50
Escalation Type:	None
Escalation Desc.:	Negotiable
Concessions:	Concessions are negotiable
Transaction Reliability:	Researched

Comments

Active listing for retail space within a multi-tenant retail building.

Lease Expense Information

Reimbursement Method:	Triple Net
-----------------------	------------

Improvement and Site Data

Legal/Tax/Parcel ID:	013-071-006 and -009
GBA-SF:	13,000
GLA-SF:	13,000
Acres(Usable/Gross):	0.35/0.35
Land-SF(Usable/Gross):	15,227/15,227
Usable/Gross Ratio:	1.00
Property Class:	C

Addendum D

Engagement Letter



City Clerk
311 Vernon Street
Roseville, California 95678-2649

June 12, 2018

**Lance Jordan, MAI
Integra Realty Resources – Sacramento
3825 Atherton Road, Suite 500
Rocklin, CA 95765**

**RE: AGREEMENT FOR APPRAISAL SERVICES
400 LINCOLN STREET**

Enclosed is the fully executed agreement referenced above.

If you have any questions, please contact Acting Economic Development Director Laura Matteoli at (916) 774-5284.

**SONIA OROZCO, CMC
CITY CLERK**

By:

A handwritten signature in blue ink that reads "Judy Moore".

**Judy Moore
City Clerk Technician**

cc: Laura Matteoli/Economic Development

AGREEMENT FOR APPRAISAL SERVICES

Project: 400 Lincoln Street

THIS AGREEMENT, is made and entered into this 4th day of JUNE, 2018, by and between the City of Roseville, a municipal corporation ("CITY"), and Seevers Jordan Ziegenmeyer dba Integra Realty Resources – Sacramento, a general partnership ("APPRAISER"); and

W I T N E S S E T H:

WHEREAS, CITY requires certain appraisal services for 400 Lincoln Street, and APPRAISER is willing to provide such services;

NOW, THEREFORE, the parties agree as follows:

1. Appraisal. APPRAISER shall appraise and establish the As-Is Market Value and the Current Market Rent (as-is condition) for the real property described on Exhibit "A" ("the Property"). APPRAISER shall prepare and submit three (3) copies of a written appraisal report to the City Attorney of CITY, and shall mark the report "CONFIDENTIAL - ATTORNEY/CLIENT PRIVILEGE." The report shall contain at least the following:

- (a) Date of inspection of the Property;
- (b) Description of the Property with color photographs;
- (c) Listings and description of comparable sales with color photographs of each comparable sale;

- (d) Comparable sales map;
- (e) Narrative description of the manner in which the conclusion of As-Is Market Value and Current Market Rent was reached, which valuation method or methods were used, and reasons why particular valuation methods were used or not used;
- (f) Date of valuation;
- (g) All assumptions or limiting conditions;
- (h) Statement that APPRAISER has no interest in the Property;
- (i) Statement of APPRAISER's qualifications; and
- (j) A certificate of APPRAISER in substantially the form attached hereto as Exhibit "B."

2. Compensation. CITY shall pay APPRAISER a lump sum of three thousand seven hundred and fifty dollars (\$3,750) for tasks performed pursuant to this Agreement.

3. No Assignment. APPRAISER shall not assign this Agreement. APPRAISER shall not employ or otherwise incur any obligation to pay other specialists or experts for services in connection with this Agreement, without the prior written consent of CITY.

4. Termination. This Agreement may be terminated at any time by written notice from CITY, with or without cause. In such event, all finished and unfinished documents, project data, and reports shall, at the option of CITY, be delivered to CITY and become its property. APPRAISER shall immediately stop work, and shall within ten (10) calendar days deliver a final invoice for services to CITY.

5. No Conflict of Interest. APPRAISER (including principals, associates and professional employees) warrants that it is qualified to provide the services contracted for, and covenants that it does not now have any interest and shall not acquire any interest, direct or

indirect, in the Property covered by this Agreement or any other interest which would conflict in any manner or degree with the performance of its services hereunder. APPRAISER further covenants that in the performance of its duties hereunder, no person having any such interest shall be employed.

6. Confidentiality. APPRAISER covenants that it will keep confidential all appraisals, conclusions, work product, communications and every other matter relating to this Agreement, unless CITY otherwise authorizes disclosure in writing.

7. Indemnification. To the fullest extent allowed by law, APPRAISER shall defend, indemnify, and save and hold harmless CITY, its officers, agents, employees and volunteers from any claims, suits or actions of every name, kind and description brought forth, or on account of, injuries to or death of any person (including but not limited to workers and the public), or damage to property, resulting from or arising out of APPRAISER's willful misconduct or negligent act or omission while engaged in the performance of obligations or exercise of rights created by this Agreement, except those matters arising from CITY's sole negligence or willful misconduct. The parties intend that this provision shall be broadly construed.

APPRAISER's responsibility for such defense and indemnity obligations shall survive the termination or completion of this Agreement for the full period of time allowed by law. The defense and indemnity obligations of this Agreement are undertaken in addition to, and shall not in any way be limited by, the insurance obligations contained in this Agreement.

8. Insurance. APPRAISER agrees to continuously maintain, in full force and effect, the following minimum policies of insurance during the term of this Agreement.

COVERAGE

LIMITS OF LIABILITY

Workers' Compensation

Statutory

Commercial General Liability

\$1,000,000 each occurrence

\$2,000,000 aggregate

Personal Injury:

\$1,000,000 each occurrence

\$2,000,000 aggregate

Automobile Liability

\$1,000,000 combined single limit

Professional Liability (errors and omissions)

\$1,000,000 per claim

\$2,000,000 aggregate

a. Form. APPRAISER shall submit a certificate evidencing such coverage for the period covered by this Agreement in a form satisfactory to Risk Management and the City Attorney, prior to undertaking any work hereunder. Any insurance written on a claims made basis is subject to the approval of Risk Management and the City Attorney.

b. Additional Insureds. APPRAISER shall also provide a separate endorsement form or section of the policy showing CITY, its officers, agents, employees and volunteers as additional insureds for each type of coverage, except for Workers' Compensation and Professional Liability. Such insurance shall specifically cover the contractual liability of APPRAISER. The additional insured coverage under the APPRAISER's policy shall be primary and noncontributory, as evidenced by a separate endorsement or section of the policy, and shall not seek contribution from CITY's insurance or self-insurance. In addition, the additional insured coverage shall be at least as broad as the Insurance Services Office ("ISO") CG 20 01 Endorsement. Any available insurance proceeds in excess of the specified minimum insurance coverage requirements and limits shall be available to the additional insureds. Furthermore, the requirements for coverage and limits shall be: (1) the minimum coverage and limits specified in

this Agreement; or (2) the full coverage and maximum limits of any insurance proceeds available to the named insureds, whichever is greater.

c. Cancellation/Modification. APPRAISER shall provide ten (10) days written notice to CITY prior to cancellation or modification of any insurance required by this Agreement.

d. Umbrella/Excess Insurance. The limits of insurance required in this Agreement may be satisfied by a combination of primary and excess insurance. Any excess insurance shall contain or be endorsed to contain a provision that such coverage shall also apply on a primary and noncontributory basis for the benefit of CITY (if agreed to in a written contract) before CITY's own insurance shall be called upon to protect it as a named insured.

e. Subcontractors. APPRAISER agrees to include in its contracts with all subcontractors the same requirements and provisions of this Agreement, including the indemnity and insurance requirements, to the extent they apply to the scope of the subcontractor's work. Furthermore, APPRAISER shall require its subcontractors to agree to be bound to APPRAISER and CITY in the same manner and to the same extent as APPRAISER is bound to CITY under this Agreement. Additionally, APPRAISER shall obligate its subcontractors to comply with these same provisions with respect to any tertiary subcontractor, regardless of tier. A copy of CITY's indemnity and insurance provisions will be furnished to the subcontractor or tertiary subcontractor upon request.

f. Self-Insured Retentions. All self-insured retentions ("SIR") must be disclosed to Risk Management for approval and shall not reduce the limits of liability. Policies containing any SIR provision shall provide or be endorsed to provide that the SIR may be satisfied by either the named insured or CITY. CITY reserves the right to obtain a full

certified copy of any insurance policy and endorsements. The failure to exercise this right shall not constitute a waiver of such right.

g. Waiver of Subrogation. APPRAISER hereby agrees to waive subrogation which any insurer of APPRAISER may acquire from APPRAISER by virtue of the payment of any loss under a Workers Compensation, Commercial General Liability or Automobile Liability policy. All Workers Compensation, Commercial General Liability and Automobile Liability policies shall be endorsed with a waiver of subrogation in favor of CITY, its officers, agents, employees and volunteers for all work performed by APPRAISER, its employees, agents and subcontractors.

h. Liability/Remedies. Insurance coverage in the minimum amounts set forth herein shall not be construed to relieve APPRAISER of liability in excess of such coverage, nor shall it preclude CITY from taking such other actions as are available to it under any other provisions of this Agreement or law.

9. Notices. Any notice required by this Agreement shall be delivered or sent by first class mail, United States postage prepaid, addressed as follows:

CITY

Laura Matteoli
Acting Economic Development Director
311 Vernon Street
Roseville, CA 95678

APPRAISER

Lance Jordan, MAI
Integra Realty Resources - Sacramento
3825 Atherton Road, Suite 500
Rocklin, CA 95765

Either party may amend its address for notice by giving notice to the other party.

10. Attorney's Fees; Venue; Governing Law. If either party commences any legal action against the other party arising out of this Agreement or the performance hereof, the prevailing party in such action shall be entitled to recover its reasonable litigation expenses, including but not limited to, court costs, expert witness fees, discovery expenses, and attorney's

fees. Any action arising out of this Agreement shall be brought in Placer County, California, regardless of where else venue may lie. This Agreement shall be governed by and construed in accordance with the laws of the State of California.

11. Time is of the Essence. Time is of the essence of this Agreement.

12. Successors in Interest. This Agreement shall be binding upon and shall inure to the benefit of the parties and their respective heirs, legal representatives, successors and assigns.

13. Joint Effort. This Agreement is the result of the joint efforts and negotiations of parties hereto, and no single party is the author or drafter hereof. All of the parties assume joint responsibility for the form and position of each and all of the contents of this Agreement and they agree that this Agreement shall be interpreted as though each of the parties participated equally in the composition of this Agreement and each every part hereof.

14. Integration. This is an integrated Agreement, and contains all of the terms, considerations, understandings and promises of the parties. It shall be read as whole.

15. Compliance with Laws. APPRAISER shall comply with all federal, state and local laws, ordinances and policies as may be applicable to the performance of services under this Agreement.

16. Ability to Perform. APPRAISER agrees and represents that it has the time, ability and professional expertise to perform the services required under this Agreement.

17. Governing Agreement. In the event of any conflict between this Agreement and its EXHIBITS, the provisions of this Agreement shall govern. In the event of any conflict between any of the EXHIBITS, the provisions of the first in order of attachment shall govern.

18. Independent Contractor. APPRAISER shall act as an independent contractor, and covenants and agrees that it will conduct itself consistent with such status, that it will neither hold itself out as, nor claim to be, an officer or employee of CITY by reason of this Agreement.

19. Representations and Warranties. APPRAISER warrants that it has not employed or retained any company or person, other than a bona fide employee working for APPRAISER, to solicit or secure this Agreement, and that it has not paid or agreed to pay any company or person, other than a bona fide employee, any fee, commission, percentage, brokerage fee, gift or any other consideration, contingent upon or resulting from the award or making of this Agreement. For breach or violation of this warranty, CITY shall have the right to terminate as void this Agreement, without liability, or, in its discretion, to deduct from the Agreement price or consideration, or otherwise recover, the full amount of such fee, commission, percentage, brokerage fee, gift or contingent fee.

20. Modification. This Agreement and each provision contained herein may be waived, amended, supplemented or eliminated only by mutual written agreement of the parties.

21. Severability. If any of the provisions contained in this Agreement are for any reason held invalid or unenforceable, such holding shall not affect the remaining provisions or the validity and enforceability of the Agreement as a whole.

[Signatures Next Page]

IN WITNESS WHEREOF, the City of Roseville, a municipal corporation, has executed this Agreement in duplicate by its City Manager and APPRAISER has caused this Agreement to be duly executed.

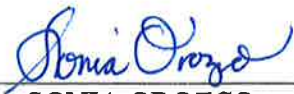
CITY OF ROSEVILLE, a
municipal corporation

SEEVERS JORDAN ZIEGENMEYER,
DBA INTEGRA REALTY RESOURCES –
SACRAMENTO, a general partnership

BY: 
DOMINICK CASEY
Acting City Manager

BY: 
LANCE JORDAN
its SENIOR MANAGING DIRECTOR

ATTEST:

BY: 
SONIA OROZCO
City Clerk

APPROVED AS TO FORM:

BY: 
ROBERT R. SCHMITT
City Attorney

APPROVED AS TO SUBSTANCE:

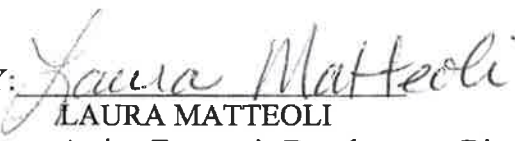
BY: 
LAURA MATTEOLI
Acting Economic Development Director

EXHIBIT "A"

Integra Realty Resources
Sacramento

3875 Atherton Road, Suite 500
Rocklin, CA 95765

T 916.435.3883
F 916.435-4774
www.irr.com



May 15, 2018

Ms. Laura Matteoli
Acting Economic Development Director
Economic Development
City of Roseville
311 Vernon Street
Roseville, CA 95678

**SUBJECT: Roseville Fire Station
 400 Lincoln Street
 Roseville, CA 95678**

Dear Ms. Matteoli:

Thank you for considering Integra Realty Resources - Sacramento for your real estate valuation needs. Please consider this letter my formal proposal to appraise the above-referenced property. The intended use of the appraisal is reportedly for asset valuation for the City of Roseville.

The subject property is a historic fire station currently occupied by the Roseville Fire Museum as the sole tenant. A detailed legal and physical description of the subject property, as well as related market area characteristics, will be contained within the final appraisal report.

The scope of work of the appraisal will likely consist of first developing a preliminary market value as-if the subject were renovated and occupied to its highest and best use as a commercial property (likely retail and/or office). Please note this estimate of value will be subject to the constraints of historic preservation deed restrictions (if any). From this value we will deduct what we believe to be reasonable and supported renovation and marketing costs. This will result in our estimate of as-is market value. The current use is as a not-for-profit museum, which is likely not the highest and best economic use of the real property. Both the sales comparison and income capitalization approaches will be employed to develop the preliminary value estimate (prior to deducting renovation costs). Based on our conversation earlier today, if necessary I can include an estimate of the current market rent

Mr. Laura Matteoli
May 15, 2018
Page 2

of the subject in its as-is condition. Please let me know if you would like this valuation as well.

This appraisal assignment will be conducted in accordance with appraisal standards and guidelines found in the current edition of the Uniform Standards of Professional Appraisal Practice (USPAP) and the Appraisal Institute's Code of Professional Ethics and Standards of Professional Appraisal Practice.

The fee for services to complete the appraisal will be \$3,750. We can complete this assignment within four weeks of your authorization to proceed.

Should you require services beyond the scope outlined previously, the following hourly fee schedule will apply to the various individuals that may be involved in the additional services.

- | | |
|--------------------------|--------------|
| • Partner | \$350 / hour |
| • Senior Analyst | \$250 / hour |
| • Analyst | \$150 / hour |
| • Administrative Support | \$50 / hour |

If you have any questions, please do not hesitate to contact me at (916) 435-3883, or by e-mail at ljordan@irr.com.

Respectfully submitted,

Integra Realty Resources - Sacramento



Lance Jordan, MAI
Senior Managing Director
State Certification No.: AG012709
916.435.3883
Email: ljordan@irr.com



EXHIBIT "B"

CERTIFICATE OF APPRAISER

I hereby certify:

That I have personally inspected the subject property herein appraised. A personal field inspection of the comparable sales relied upon in making this appraisal has also been made. The subject and the comparable sales relied upon in making this appraisal are as represented by the photographs contained in this report.

That to the best of my knowledge and belief the statements contained in this appraisal are true and the information upon which the opinions expressed therein are based is correct, subject to the assumptions and limiting conditions set forth in the appraisal.

That I understand that such appraisal is to be used in connection with the disposition of the subject property by the City of Roseville.

The analysis, opinions, and conclusions in this report were developed, and this report has been prepared, in conformity with the requirements of the Code of Professional Ethics and Standards of Professional Practice of the American Institute of Real Estate Appraisers.

That neither my employment nor my compensation for making this appraisal report are in any way contingent upon the values reported herein.

That I have no direct or indirect present or contemplated future personal interest in this property or in any benefit from the acquisition of such property appraised.

The out-of-context quoting from, or partial reprinting of, this report is not authorized.

That I have not revealed the findings and results of this appraisal to anyone other than the proper officials of the City of Roseville, and I will not do so until so authorized by the City, or until I am required to do so by due process of law, or until I am relieved of this obligation by having publicly testified as to such findings.

My opinion of value of the As-Is Market Value for the property has an effective valuation date of _____, and the As-Is Market Value is as follows:

Dollars
(\$ _____)

My opinion of the Current Market Rent (monthly) for the property in its As-Is Condition has an effective valuation date of _____, and the Current Market Rent is as follows:

Dollars Per Month
(\$ _____)

Appraiser/APPRAISER

Date

OFFICE NOTES

FOR INTERNAL USE OF PLACER TITLE COMPANY

Underwriter Assigned: Old Republic National Title Insurance Company

ESCROW OFFICER:

The following items must be considered and/or confirmed clear prior to escrow closing:

1. The ALTA Homeowner's Policy is NOT being offered for this transaction.
2. We find no open deeds of trust of record.

Preliminary Report Top Sheet

◆ **HELP US STAY ON TOP OF YOUR TRANSACTION** ◆

IF ANY OF THESE QUESTIONS ARE ANSWERED "YES", OR IF YOU HAVE QUESTIONS ABOUT THE BELOW, PLEASE CONTACT YOUR ESCROW OFFICER IMMEDIATELY

- ◆ Have any of the principals recently filed bankruptcy?
- ◆ Do any of the principals plan to use a power of attorney?
- ◆ Are any of the principals going through a divorce? (if so, is there an attorney involved?)
- ◆ Is anyone currently vested in title deceased? Has a new Tax I.D. Number been established?
- ◆ Do any of the principals NOT have a valid photo identification?
- ◆ Is there construction work in progress or incomplete construction?
 - Any construction completed in the last year?
 - Any construction completed in the last 4 months?
- ◆ Is there a mobile or manufactured home on the property?
- ◆ Are the sellers a non-resident alien or a foreign out of country seller?
- ◆ Is the property an investment property or not considered seller's principal residence?
- ◆ Will a new entity be formed? (i.e. Partnership, LLC, Corporation)
- ◆ If your principals are currently vested or are taking title in their trust, have bank accounts been established in the name of the Trust?
- ◆ Will any of the principals be participating in a 1031 Exchange?
- ◆ Are any of the principals not able to sign with a Placer Title Company? If so, an approved notary will be required.

THANK YOU FOR CHOOSING

Placer Title Company



Placer Title Company
1508 Eureka Road, Suite 150
Roseville, CA 95661
Phone: (916)782-3711
Fax: (800)521-1393

Order No.: P-256555
Reference:
Escrow Officer: Tracy Murphy
Email: tmurphy@placertitle.com
Email Loan Docs To: 110edocs@placertitle.com

Proposed Insured:
Proposed Loan Amount:

Proposed Underwriter: Old Republic National Title Insurance Company

Property Address: Historic Fire Station (Book CC Page 33), Roseville, CA 95678

PRELIMINARY REPORT

In response to the above referenced application for a policy of title insurance, Placer Title Company hereby reports that it is prepared to issue, or cause to be issued, as of the date hereof, a Policy or Policies of Title Insurance describing the land and the estate or interest therein hereinafter set forth, insuring against loss which may be sustained by reason of any defect, lien or encumbrance not shown or referred to as an Exception below or not excluded from coverage pursuant to the printed Schedules, Conditions and Stipulations of said Policy forms.

The printed Exceptions and Exclusions from the coverage and Limitations on Covered Risks of said Policy or Policies are set forth in Attachment One. The policy to be issued may contain an arbitration clause. When the Amount of Insurance is less than that set forth in the arbitration clause, all arbitrable matters shall be arbitrated at the option of either the Company or the Insured as the exclusive remedy of the parties. Limitations on Covered Risks applicable to the CLTA and ALTA Homeowner's Policies of Title Insurance which establish a Deductible Amount and a Maximum Dollar Limit of Liability for certain coverages are also set forth in Attachment One. Copies of the policy forms should be read. They are available from the office which issued this report.

Please read the exceptions shown or referred to below and the exceptions and exclusions set forth in Attachment One of this report carefully. The exceptions and exclusions are meant to provide you with notice of matters which are not covered under the terms of the title insurance policy and should be carefully considered.

It is important to note that this preliminary report is not a written representation as to the condition of title and may not list all liens, defects, and encumbrances affecting title to the land.

This report (and any supplements or amendments hereto) is issued solely for the purpose of facilitating the issuance of a policy of title insurance and no liability is assumed hereby. If it is desired that liability be assumed prior to the issuance of a policy of title insurance, a Binder or Commitment should be requested.

Dated: February 7, 2018 at 7:30AM
Title Officer: Dave Mendoza

The form of policy of title insurance contemplated by this report is:

Parcel Map Guarantee

The estate or interest in the land hereinafter described or referred to covered by this report is:

Fee Simple

Title to said estate or interest at the date hereof is vested in:

City of Roseville, a municipal corporation

The land referred to in this report is described as follows:

See Exhibit "A" Attached for Legal Description

Exhibit "A"

Legal Description

The land described herein is situated in the State of California, County of Placer, City of Roseville, described as follows:

Portions of the rights of ways for Main Street (formerly known as Base Line Road) and Church Street, as said road and street are shown and so designated on the "Map of a Resurvey of a Part of the Original Plat of Roseville Cal." filed in Book C of Maps, Page 33, Placer County Records, described as follows:

BEGINNING at the Southwesterly corner of Lot 1 in Block 1, as said lot and block are shown and so designated on the "Re-Amended Map of McRae's Addition" filed in Book A of Maps, Page 38, Placer County Records; thence from said point of beginning, along the Southerly line of said Lot 1 in Block 1 South $89^{\circ} 51' 11''$ East 97.56 feet to the Northwesterly line of Block 21, as said block is shown and so designated on the above referenced "Map of a Resurvey of a Part of the Original Plat of Roseville Cal."; thence along said Northwesterly line of Block 21 South $46^{\circ} 16' 29''$ West 98.68 feet to the most Westerly corner thereof, said corner being on the Northeasterly right of way line of Lincoln Street, as said street is shown and so designated on said "Map of a Resurvey of a Part of the Original Plat of Roseville Cal."; thence along the Northwesterly extension of said Northeasterly right of way line of Lincoln Street North $44^{\circ} 06' 19''$ West 1.78 feet; thence Northwesterly along the arc of a non-tangent curve to the right, concave to the Northeast, having a radius of 94.00 feet, the radial point of which bears North $46^{\circ} 52' 07''$ East, a central angle of $37^{\circ} 53' 35''$, an arc length of 62.17 feet and being subtended by a chord bearing North $24^{\circ} 11' 06''$ West 61.04 feet; thence North a distance of 11.50 feet to the point of beginning.

EXCEPTIONS

At the date hereof, exceptions to coverage in addition to the printed Exceptions and Exclusions in said policy form would be as follows:

1. No taxes assessed for fiscal year 2017-2108.
2. Facts which would be disclosed by a comprehensive survey of the premises herein described.
3. Any private easements/rights, in favor of the owners of other lots within the subdivision which the herein described property is a part of, lying within former lines of Lincoln Street.

***** SPECIAL INFORMATION *****

*** CHAIN OF TITLE REPORT:

According to the public records, no deeds conveying the property described in this report have been recorded within a period of 2 years prior to the date of this report, except as shown herein: NONE

*** LENDER'S SUPPLEMENTAL ADDRESS REPORT:

The above numbered report is hereby modified and/or supplemented to reflect the following additional items relating to the issuance of an American Land Title Association Loan Form Policy:

Placer Title Company states that the herein described property is a Firehouse and that the property address is:

Historic Fire Station (Book CC Page 33), Roseville, CA 95678

***NOTICE REGARDING MAPS

Any maps provided herewith are for reference only. The property and/or easements shown are but approximations, and no assurances are given as to accuracy, reliability, dimensions or acreage. This will not limit the coverage provided by a CLTA 116, 116.1 or 116.03 endorsement if issued to the policy.

*** NOTICE REGARDING FUNDS DEPOSITED IN ESCROW:

IMPORTANT NOTICE- ACCEPTABLE TYPE OF FUNDS

Please be advised that in accordance with the provisions of the California Insurance Code, Section 12413.1, any funds deposited for the closing must be deposited into the escrow depository and cleared prior to disbursement. Funds deposited by wire transfer may be disbursed upon receipt. Funds deposit via cashier's checks drawn on a California based bank may be disbursed the next business day. If funds are deposited with the Company by other methods, recording and/or disbursement may be delayed.

IMPORTANT NOTE: PLEASE BE ADVISED THAT ESCROW HOLDER DOES NOT ACCEPT CASH, MONEY ORDERS, ACH TRANSFERS, OR FOREIGN CHECKS.

PLEASE CONTACT ESCROW REGARDING QUESTIONS ON TYPE OF FUNDS REQUIRED IN ORDER TO FACILITATE THE PROMPT CLOSING OF THIS TRANSACTION.

NOTE: If you intend to remit multiple cashier's checks to close your escrow (which may or may not include gift funds or third party funds) IRS cash reporting under IRS Code 8300 may be required. For this reason, you may wish to consider wiring funds in lieu of remitting cashier's checks.

*** DISCLOSURE OF DISCOUNTS ***

You may be entitled to a discount on your title premiums and/or escrow fees if you meet any of the following conditions:

1. You are an employee of the title insurer or Placer Title Company and the property is your primary residence; or
2. The transaction is a loan, the purpose of which is to rebuild the improvements on the property as a result of a governmentally declared disaster; or
3. The property is being purchased or encumbered by a religious, charitable or nonprofit organization for its use within the normal activities for which such entity was intended.

Please advise the company if you believe any of the above discounts apply.

*** LENDER'S NOTE ***

In accordance with Executive Order 13224, and the USA Patriot Act, **PLACER TITLE COMPANY** compares the names of parties to the proposed transaction to the Specially Designated Nationals and Blocked Persons (SDN List) maintained by the United States Office of Foreign Asset Control.

*** BUYER'S NOTE ***

If an ALTA Residential Owner's Policy is requested and if the property described herein is determined to be eligible for this policy, the following Exceptions From Coverage will appear in the policy:

1. Taxes or assessments which are not shown as liens by the public records or by the records of any taxing authority.
2. (a) Water rights, claims or title to water; (b) reservations or exceptions in patents or in Acts authorizing the issuance thereof; (c) unpatented mining claims; whether or not the matters exception under (a), (b) or (c) are shown by the public records.
3. Any rights, interest or claims of parties in possession of the land which are not shown by the public records.
4. Any easements or liens not shown by the public records. This exception does not limit the lien coverage in Item 8 of the Covered Title Risks.
5. Any facts about the land which a correct survey would disclose and which are not shown by the public records. This exception does not limit the forced removal coverage in Item 12 of the Covered Title Risks.

CLTA PRELIMINARY REPORT FORM
Attachment One (Rev 06-05-14)
CALIFORNIA LAND TITLE ASSOCIATION STANDARD COVERAGE POLICY - 1990
EXCLUSIONS FROM COVERAGE

The following matters are expressly excluded from the coverage of this policy and the Company will not pay loss or damage, costs, attorneys' fees or expenses which arise by reason of:

1. (a) Any law, ordinance or governmental regulation (including but not limited to building or zoning laws, ordinances, or regulations) restricting, regulating, prohibiting or relating (i) the occupancy, use, or enjoyment of the land; (ii) the character, dimensions or location of any improvement now or hereafter erected on the land; (iii) a separation in ownership or a change in the dimensions or area of the land or any parcel of which the land is or was a part; or (iv) environmental protection, or the effect of any violation of these laws, ordinances or governmental regulations, except to the extent that a notice of the enforcement thereof or a notice of a defect, lien, or encumbrance resulting from a violation or alleged violation affecting the land has been recorded in the public records at Date of Policy.
(b) Any governmental police power not excluded by (a) above, except to the extent that a notice of the exercise thereof or notice of a defect, lien or encumbrance resulting from a violation or alleged violation affecting the land has been recorded in the public records at Date of Policy.
2. Rights of eminent domain unless notice of the exercise thereof has been recorded in the public records at Date of Policy, but not excluding from coverage any taking which has occurred prior to Date of Policy which would be binding on the rights of a purchaser for value without knowledge.
3. Defects, liens, encumbrances, adverse claims or other matters:
(a) whether or not recorded in the public records at Date of Policy, but created, suffered, assumed or agreed to by the insured claimant;
(b) not known to the Company, not recorded in the public records at Date of Policy, but known to the insured claimant and not disclosed in writing to the Company by the insured claimant prior to the date the insured claimant became an insured under this policy;
(c) resulting in no loss or damage to the insured claimant;
(d) attaching or created subsequent to Date of Policy; or
(e) resulting in loss or damage which would not have been sustained if the insured claimant had paid value for the insured mortgage or for the estate or interest insured by this policy.
4. Unenforceability of the lien of the insured mortgage because of the inability or failure of the insured at Date of Policy, or the inability or failure of any subsequent owner of the indebtedness, to comply with the applicable doing business laws of the state in which the land is situated.
5. Invalidity or unenforceability of the lien of the insured mortgage, or claim thereof, which arises out of the transaction evidenced by the insured mortgage and is based upon usury or any consumer credit protection or truth in lending law.
6. Any claim, which arises out of the transaction vesting in the insured the estate of interest insured by this policy or the transaction creating the interest of the insured lender, by reason of the operation of federal bankruptcy, state insolvency or similar creditors' rights laws.

EXCEPTIONS FROM COVERAGE - SCHEDULE B, PART I

This policy does not insure against loss or damage (and the Company will not pay costs, attorneys' fees or expenses) which arise by reason of:

1. Taxes or assessments which are not shown as existing liens by the records of any taxing authority that levies taxes or assessments on real property or by the public records.
Proceedings by a public agency which may result in taxes or assessments, or notices of such proceedings, whether or not shown by the records of such agency or by the public records.

EXCEPTIONS FROM COVERAGE - SCHEDULE B, PART I (continued)

2. Any facts, rights, interests, or claims which are not shown by the public records but which could be ascertained by an inspection of the land or which may be asserted by persons in possession thereof.
3. Easements, liens or encumbrances, or claims thereof, not shown by the public records.
4. Discrepancies, conflicts in boundary lines, shortage in area, encroachments, or any other facts which a correct survey would disclose, and which are not shown by the public records.
5. (a) Unpatented mining claims; (b) reservations or exceptions in patents or in Acts authorizing the issuance thereof; (c) water rights, claims or title to water, whether or not the matters excepted under (a), (b) or (c) are shown by the public records.
6. Any lien or right to a lien for services, labor or material not shown by the public records.

CLTA/ALTA HOMEOWNER'S POLICY OF TITLE INSURANCE (12-02-13) EXCLUSIONS

In addition to the Exceptions in Schedule B, You are not insured against loss, costs, attorneys' fees, and expenses resulting from:

1. Governmental police power, and the existence or violation of those portions of any law or government regulation concerning: a) building; b) zoning; c) land use; d) improvements on the Land; e) land division; and f) environmental protection. This Exclusion does not limit the coverage described in Covered Risk 8.a., 14, 15, 16, 18, 19, 20, 23 or 27.
2. The failure of Your existing structures, or any part of them, to be constructed in accordance with applicable building codes. This Exclusion does not limit the coverage described in Covered Risk 14 or 15.
3. The right to take the Land by condemning it. This Exclusion does not limit the coverage described in Covered Risk 17.
4. Risks: a) that are created, allowed, or agreed to by You, whether or not they are recorded in the Public Records; b) that are Known to You at the Policy Date, but not to Us, unless they are recorded in the Public Records at the Policy Date; c) that result in no loss to You; or d) that first occur after the Policy Date - this does not limit the coverage described in Covered Risk 7, 8.e., 25, 26, 27 or 28.
5. Failure to pay value for Your Title.
6. Lack of a right: a) to any land outside the area specifically described and referred to in paragraph 3 of Schedule A; and b) in streets, alleys, or waterways that touch the Land. This Exclusion does not limit the coverage described in Covered Risk 11 or 21.
7. The transfer of the Title to You is invalid as a preferential transfer or as a fraudulent transfer or conveyance under federal bankruptcy, state insolvency, or similar creditors' rights laws.
8. Contamination, explosion, fire, flooding, vibration, fracturing, earthquake, or subsidence.
9. Negligence by a person or an Entity exercising a right to extract or develop minerals, water, or any other substances.

LIMITATIONS ON COVERED RISKS

Your insurance for the following Covered Risks is limited on the Owner's Coverage Statement as follows:

- For Covered Risk 16, 18, 19, and 21 Your Deductible Amount and Our Maximum Dollar Limit of Liability shown in Schedule A.

The deductible amounts and maximum dollar limits shown on Schedule A are as follows:

	Your Deductible Amount	Our Maximum Dollar Limit of Liability
Covered Risk 16:	1% of Policy Amount or \$2,500.00 (whichever is less)	\$10,000.00
Covered Risk 18:	1% of Policy Amount or \$5,000.00 (whichever is less)	\$25,000.00
Covered Risk 19:	1% of Policy Amount or \$5,000.00 (whichever is less)	\$25,000.00
Covered Risk 21:	1% of Policy Amount or \$2,500.00 (whichever is less)	\$5,000.00

2006 ALTA LOAN POLICY (06-17-06)
EXCLUSIONS FROM COVERAGE

The following matters are expressly excluded from the coverage of this policy, and the Company will not pay loss or damage, costs, attorneys' fees, or expenses that arise by reason of:

1. (a) Any law, ordinance, permit, or governmental regulation (including those relating to building and zoning) restricting, regulating, prohibiting, or relating to
 - (i) the occupancy, use, or enjoyment of the Land;
 - (ii) the character, dimensions, or location of any improvement erected on the Land;
 - (iii) the subdivision of land; or
 - (iv) environmental protection;
 or the effect of any violation of these laws, ordinances, or governmental regulations. This Exclusion 1(a) does not modify or limit the coverage provided under Covered Risk 5.
 (b) Any governmental police power. This Exclusion 1(b) does not modify or limit the coverage provided under Covered Risk 6.
2. Rights of eminent domain. This Exclusion does not modify or limit the coverage provided under Covered Risk 7 or 8.
3. Defects, liens, encumbrances, adverse claims, or other matters
 - (a) created, suffered, assumed, or agreed to by the Insured Claimant;
 - (b) not Known to the Company, not recorded in the Public Records at Date of Policy, but Known to the Insured Claimant and not disclosed in writing to the Company by the Insured Claimant prior to the date the Insured Claimant became an Insured under this policy;
 - (c) resulting in no loss or damage to the Insured Claimant;
 - (d) attaching or created subsequent to Date of Policy (however, this does not modify or limit the coverage provided under Covered Risk 11, 13, or 14); or
 - (e) resulting in loss or damage that would not have been sustained if the Insured Claimant had paid value for the Insured Mortgage.
4. Unenforceability of the lien of the Insured Mortgage because of the inability or failure of an Insured to comply with applicable doing-business laws of the state where the Land is situated.
5. Invalidity or unenforceability in whole or in part of the lien of the Insured Mortgage that arises out of the transaction evidenced by the Insured Mortgage and is based upon usury or any consumer credit protection or truth-in-lending law.
6. Any claim, by reason of the operation of federal bankruptcy, state insolvency, or similar creditors' rights laws, that the transaction creating the lien of the Insured Mortgage, is
 - (a) a fraudulent conveyance or fraudulent transfer, or
 - (b) a preferential transfer for any reason not stated in Covered Risk 13(b) of this policy.

EXCLUSIONS FROM COVERAGE (continued)

7. Any lien on the Title for real estate taxes or assessments imposed by governmental authority and created or attaching between Date of Policy and the date of recording of the Insured Mortgage in the Public Records. This Exclusion does not modify or limit the coverage provided under Covered Risk 11(b).

The above policy form may be issued to afford either Standard Coverage or Extended Coverage. In addition to the above Exclusions from Coverage, the Exceptions from Coverage in a Standard Coverage policy will also include the following Exceptions from Coverage:

EXCEPTIONS FROM COVERAGE

This policy does not insure against loss or damage, and the Company will not pay costs, attorneys' fees or expenses, that arise by reason of:

The above policy form may be issued to afford either Standard Coverage or Extended Coverage. In addition to the above Exclusions from Coverage, the Exceptions from Coverage in a Standard Coverage policy will also include the following Exceptions from Coverage:

1. (a) Taxes or assessments that are not shown as existing liens by the records of any taxing authority that levies taxes or assessments on real property or by the Public Records; (b) proceedings by a public agency that may result in taxes or assessments, or notices of such proceedings, whether or not shown by the records of such agency or by the Public Records.
2. Any facts, rights, interests, or claims that are not shown by the Public Records but that could be ascertained by an inspection of the Land or that may be asserted by persons in possession of the Land.
3. Easements, liens or encumbrances, or claims thereof, not shown by the Public Records.
4. Any encroachment, encumbrance, violation, variation, or adverse circumstance affecting the Title that would be disclosed by an accurate and complete land survey of the Land and not shown by the Public Records.
5. (a) Unpatented mining claims; (b) reservations or exceptions in patents or in Acts authorizing the issuance thereof; (c) water rights, claims or title to water, whether or not the matters excepted under (a), (b), or (c) are shown by the Public Records.
6. Any lien or right to a lien for services, labor or material not shown by the Public Records.

2006 ALTA OWNER'S POLICY (06-17-06) EXCLUSIONS FROM COVERAGE

The following matters are expressly excluded from the coverage of this policy, and the Company will not pay loss or damage, costs, attorneys' fees, or expenses that arise by reason of:

1. (a) Any law, ordinance, permit, or governmental regulation (including those relating to building and zoning) restricting, regulating, prohibiting, or relating to
 - (i) the occupancy, use, or enjoyment of the Land;
 - (ii) the character, dimensions, or location of any improvement erected on the Land;
 - (iii) the subdivision of land; or
 - (iv) environmental protection;or the effect of any violation of these laws, ordinances, or governmental regulations. This Exclusion 1(a) does not modify or limit the coverage provided under Covered Risk 5.
- (b) Any governmental police power. This Exclusion 1(b) does not modify or limit the coverage provided under Covered Risk 6.
2. Rights of eminent domain. This Exclusion does not modify or limit the coverage provided under Covered Risk 7 or 8.

EXCLUSIONS FROM COVERAGE (continued)

3. Defects, liens, encumbrances, adverse claims, or other matters
 - (a) created, suffered, assumed, or agreed to by the Insured Claimant;
 - (b) not Known to the Company, not recorded in the Public Records at Date of Policy, but Known to the Insured Claimant and not disclosed in writing to the Company by the Insured Claimant prior to the date the Insured Claimant became an Insured under this policy;
 - (c) resulting in no loss or damage to the Insured Claimant;
 - (d) attaching or created subsequent to Date of Policy (however, this does not modify or limit the coverage provided under Covered Risk 9 and 10); or
 - (e) resulting in loss or damage that would not have been sustained if the Insured Claimant had paid value for the Title.
4. Any claim, by reason of the operation of federal bankruptcy, state insolvency, or similar creditors' rights laws, that the transaction vesting the Title as shown in Schedule A, is
 - (a) a fraudulent conveyance or fraudulent transfer; or
 - (b) a preferential transfer for any reason not stated in Covered Risk 9 of this policy.
5. Any lien on the Title for real estate taxes or assessments imposed by governmental authority and created or attaching between Date of Policy and the date of recording of the deed or other instrument of transfer in the Public Records that vests Title as shown in Schedule A.

The above policy form may be issued to afford either Standard Coverage or Extended Coverage. In addition to the above Exclusions from Coverage, the Exceptions from Coverage in a Standard Coverage policy will also include the following Exceptions from Coverage:

EXCEPTIONS FROM COVERAGE

This policy does not insure against loss or damage, and the Company will not pay costs, attorneys' fees or expenses, that arise by reason of:

[The above policy form may be issued to afford either Standard Coverage or Extended Coverage. In addition to the above Exclusions from Coverage, the Exceptions from Coverage in a Standard Coverage policy will also include the following Exceptions from Coverage:

1. (a) Taxes or assessments that are not shown as existing liens by the records of any taxing authority that levies taxes or assessments on real property or by the Public Records; (b) proceedings by a public agency that may result in taxes or assessments, or notices of such proceedings, whether or not shown by the records of such agency or by the Public Records.
2. Any facts, rights, interests, or claims that are not shown in the Public Records but that could be ascertained by an inspection of the Land or that may be asserted by persons in possession of the Land.
3. Easements, liens or encumbrances, or claims thereof, not shown by the Public Records.
4. Any encroachment, encumbrance, violation, variation, or adverse circumstance affecting the Title that would be disclosed by an accurate and complete land survey of the Land and that are not shown by the Public Records.
5. (a) Unpatented mining claims; (b) reservations or exceptions in patents or in Acts authorizing the issuance thereof; (c) water rights, claims or title to water, whether or not the matters excepted under (a), (b), or (c) are shown by the Public Records.
6. Any lien or right to a lien for services, labor or material not shown by the Public Records.
7. [Variable exceptions such as taxes, easements, CC&R's, etc. shown here.]

ALTA EXPANDED COVERAGE RESIDENTIAL LOAN POLICY (12-02-13)
EXCLUSIONS FROM COVERAGE

The following matters are expressly excluded from the coverage of this policy and the Company will not pay loss or damage, costs, attorneys' fees or expenses which arise by reason of:

1. (a) Any law, ordinance, permit, or governmental regulation (including those relating to building and zoning) restricting, regulating, prohibiting, or relating to
 - (i) the occupancy, use, or enjoyment of the Land;
 - (ii) the character, dimensions, or location of any improvement erected on the Land;
 - (iii) the subdivision of land; or
 - (iv) environmental protection;or the effect of any violation of these laws, ordinances, or governmental regulations. This Exclusion 1(a) does not modify or limit the coverage provided under Covered Risk 5, 6, 13(c), 13(d), 14 or 16.
(b) Any governmental police power. This Exclusion 1(b) does not modify or limit the coverage provided under Covered Risk 5, 6, 13(c), 13(d), 14 or 16.
2. Rights of eminent domain. This Exclusion does not modify or limit the coverage provided under Covered Risk 7 or 8.
3. Defects, liens, encumbrances, adverse claims, or other matters
 - (a) created, suffered, assumed, or agreed to by the Insured Claimant;
 - (b) not Known to the Company, not recorded in the Public Records at Date of Policy, but Known to the Insured Claimant and not disclosed in writing to the Company by the Insured Claimant prior to the date the Insured Claimant became an Insured under this policy;
 - (c) resulting in no loss or damage to the Insured Claimant;
 - (d) attaching or created subsequent to Date of Policy (however, this does not modify or limit the coverage provided under Covered Risk 11, 16, 17, 18, 19, 20, 21, 22, 23, 24, 27 or 28); or
 - (e) resulting in loss or damage that would not have been sustained if the Insured Claimant had paid value for the Insured Mortgage.
4. Unenforceability of the lien of the Insured Mortgage because of the inability or failure of an Insured to comply with applicable doing-business laws of the state where the Land is situated.
5. Invalidity or unenforceability in whole or in part of the lien of the Insured Mortgage that arises out of the transaction evidenced by the Insured Mortgage and is based upon usury, or any consumer credit protection or truth-in-lending law. This Exclusion does not modify or limit the coverage provided in Covered Risk 26.
6. Any claim of invalidity, unenforceability or lack of priority of the lien of the Insured Mortgage as to Advances or modifications made after the Insured has Knowledge that the vestee shown in Schedule A is no longer the owner of the estate or interest covered by this policy. This Exclusion does not modify or limit the coverage provided in Covered Risk 11.
7. Any lien on the Title for real estate taxes or assessments imposed by governmental authority and created or attaching subsequent to Date of Policy. This Exclusion does not modify or limit the coverage provided in Covered Risk 11(b) or 25.
8. The failure of the residential structure, or any portion of it, to have been constructed before, on or after Date of Policy in accordance with applicable building codes. This Exclusion does not modify or limit the coverage provided in Covered Risk 5 or 6.
9. Any claim, by reason of the operation of federal bankruptcy, state insolvency, or similar creditors' rights laws, that the transaction creating the lien of the Insured Mortgage, is
 - (a) a fraudulent conveyance or fraudulent transfer, or
 - (b) a preferential transfer for any reason not stated in Covered Risk 27(b) of this policy.
10. Contamination, explosion, fire, flooding, vibration, fracturing, earthquake, or subsidence.
11. Negligence by a person or an Entity exercising a right to extract or develop minerals, water, or any other substances.

NOTICE
FEDERAL FOREIGN INVESTMENT IN REAL PROPERTY TAX ACT OF 1980 (FIRPTA)

Upon the sale of United States real property, by a non-resident alien, foreign corporation, partnership or trust, the Foreign Investment in Real Property Tax Act of 1980 (FIRPTA), and as revised by the Tax Reform Act of 1984 (26 USCA 897 (C)(1)(A)(1) and 26 USCA 1445), Revised by the Path Act of 2015, These changes may be reviewed in full in H.R. 2029, now known as Public Law 114-113. See Section 324 of the law for the full text of FIRPTA changes. Effective February 27, 2016, the amendments to FIRPTA contained in the PATH Act have increased the holdback rate from 10% of gross proceeds to 15% of gross proceeds of the sale, regardless of whether the actual tax due may exceed (or be less than) the amount withheld if ANY of the following conditions are met:

1. If the amount realized (generally the sales price) is \$300,000 or less, and the property will be used by the Transferee as a residence (as provided for in the current regulations), no monies need be withheld or remitted to the IRS.
 2. If the amount realized exceeds \$300,000 but does not exceed \$1,000,000, and the property will be used by the Transferee as a residence, (as provided for in the current regulations) then the withholding rate is 10% on the full amount realized (generally the sales prices)
 3. If the amount realized exceeds \$1,000,000, then the withholding rate is 15% on the entire amount, regardless of use by the Transferee. The exemption for personal use as a residence does not apply in this scenario.
- If the purchaser who is required to withhold income tax from the seller fails to do so, the purchaser is subject to fines and penalties as provided under Internal Revenue Code Section 1445.

Escrow Holder will, upon written instructions from the purchaser, withhold Federal Income Tax from the seller and will deposit said tax with the Internal Revenue Service, together with IRS Forms 8288 and 8288-A. The fee charged for this service is \$25.00 payable to the escrow holder.

CALIFORNIA WITHHOLDING

In accordance with Sections 18662 and 18668 of the Revenue and Taxation Code, a transferee (Buyer) may be required to withhold an amount equal to 3 1/3 percent of the sales price or an alternative withholding amount certified to by the seller in the case of a disposition of California real property interest by either:

1. A seller who is an individual or when the disbursement instructions authorize the proceeds to be sent to a financial intermediary or the seller, OR
2. A corporate seller that has no permanent place of business in California.

The buyer may become subject to penalty for failure to withhold an amount equal to the greater of 10 percent of the amount required to be withheld or five hundred dollars (\$500).

However, notwithstanding any other provision included in the California statutes referenced above, no buyer will be required to withhold any amount or be subject to penalty for failure to withhold if:

1. The sales price of the California real property conveyed does not exceed one hundred thousand dollars (\$100,000.00), OR
2. The seller executes a written certificate, under the penalty of perjury, of any of the following:
 - a. The property qualifies as the seller's (or decedent's, if being sold by the decedent's estate) principal residence within the meaning of Internal Revenue Code (IRC) Section 121; or
 - b. The seller (or decedent, if being sold by the decedent's estate) last used the property as the seller's (decedent's) principal residence within the meaning of IRC Section 121 without regard to the two-year time period; or
 - c. The seller has a loss or zero gain for California income tax purposes on this sale; or
 - d. The property is being compulsorily or involuntarily converted and the seller intends to acquire property that is similar or related in service or use to qualify for non-recognition of gain for California income tax purposes under IRC Section 1033; or
 - e. If the transfer qualifies for non-recognition treatment under IRC Section 351 (transfer to a corporation controlled by the transferor) or IRC Section 721 (contribution to a partnership in exchange for a partnership interest); or
 - f. The seller is a corporation (or an LLC classified as a corporation for federal and California income tax purposes) that is either qualified through the California Secretary of State or has a permanent place of Business in California; or
 - g. The seller is a partnership (or an LLC that is not a disregarded single member LLC and is classified as a partnership for federal and California income tax purposes) with recorded title to the property in the name of the partnership of LLC; or
 - h. The seller is a tax-exempt entity under either California or federal law; or
 - i. The seller is an insurance company, individual retirement account, qualified pension/profit sharing plan, or charitable remainder trust; or
 - j. The transfer qualifies as a simultaneous like-kind exchange within the meaning of IRC Section 1031; or
 - k. The transfer qualifies as a deferred like-kind exchange within the meaning of IRC Section 1031; or
 - l. The transfer of this property will be an installment sale that you will report as such for California tax purposes and the buyer has agreed to withhold on each principal payment instead of withholding the full amount at the time of transfer.

The Seller is subject to penalty for knowingly filing a fraudulent certificate for the purpose of avoiding the withholding requirement.

NOTICE
DEPOSIT OF FUNDS AND DISBURSEMENT DISCLOSURE

Unless you elect otherwise (as described below), all funds received by (the "Company") in escrow will be deposited with other escrow funds in one or more non-interest bearing escrow accounts of the Company in a financial institution selected by the Company. The depositor acknowledges that the deposit of funds in a non-interest bearing demand account by Escrow Holder may result in said company receiving a range of economic benefits from the bank in the form of services, credits, considerations, or other things of value. The depositor hereby specifically waives any claim to such economic benefits payable to Escrow Holder resulting from non-interest bearing deposits. Unless you direct the Company to open an interest-bearing account (as described below), the Company shall have no obligation to account to you in any manner for the value of, or to compensate any party for, any benefit received by the Company and/or its affiliated company. Any such benefits shall be deemed additional compensation of the Company for its services in connection with the escrow.

If you elect, funds deposited by you prior to the close of escrow may be placed in an individual interest-bearing account arrangement that the Company has established with one of its financial institutions. You do not have an opportunity to earn interest on the funds deposited by a lender. If you elect to earn interest through this special account arrangement, the Company will charge you an additional fee of \$50.00 for the establishment and maintenance of the account. This fee compensates the Company for the costs associated with opening and managing the interest-bearing account, preparing correspondence/documentation, transferring funds, maintaining appropriate records for audit/reconciliation purposes, and filing any required tax withholding statements. It is important that you consider this cost in your decision since the cost may exceed the interest you earn.

PRIVACY POLICY NOTICE

Purpose Of This Notice

Title V of the Gramm-Leach-Bailey Act (GLBA) generally prohibits any financial institution, directly or through its affiliates, from sharing nonpublic personal information about you with a nonaffiliated third party unless the institution provides you with a notice of its privacy policies and practices, such as the type of information that it collects about you and the categories of a persons or entities to whom it may be disclosed. In compliance with the GLBA, we are providing you with this document which notifies you of the privacy policies and practices of:

Montana Title and Escrow Company
National Closing Solutions, Inc.
National Closing Solutions of Alabama, LLC
National Closing Solutions of Maryland, Inc.
Texas National Title

Placer Title Company
Placer Title Insurance Agency of Utah
Premier Title Agency
North Idaho Title Insurance Company
Wyoming Title and Escrow Company

We may collect nonpublic personal information about you from the following sources:

- Information we receive from you, such as an application or other forms.
- Information about your transactions we secure from our files, or from our affiliates or others.
- Information we receive from a consumer reporting agency.
- Information we receive from others involved in your transaction, such as the real estate agent or lender.

Unless it is specifically stated otherwise in an amended Privacy Policy Notice, no additional nonpublic personal information will be collected about you.

We may disclose any of the above information that we collect about our customers or former customers to our affiliates or to nonaffiliated third parties as permitted by law.

We also may disclose this information about our customers or former customers to the following types of nonaffiliated companies that perform marketing services on our behalf or with whom we have joint marketing agreements:

- Financial service providers such as companies engaged in banking, consumer finances, securities and insurance.
- Nonfinancial companies such as envelope stuffers and other fulfillment service providers.

We do not disclose any nonpublic personal information about you with anyone for any purpose that is not specifically permitted by law.

We restrict access to nonpublic personal information about you to those employees who need to know that information in order to provide products or services to you. We maintain physical, electronic and procedural safeguards that comply with federal regulations to guard your nonpublic personal information.



FACTS

WHAT DOES OLD REPUBLIC TITLE DO WITH YOUR PERSONAL INFORMATION?

Why?	Financial companies choose how they share your personal information. Federal law gives consumers the right to limit some but not all sharing. Federal law also requires us to tell you how we collect, share, and protect your personal information. Please read this notice carefully to understand what we do.
What?	The types of personal information we collect and share depend on the product or service you have with us. This information can include: • Social Security number and employment information • Mortgage rates and payments and account balances • Checking account information and wire transfer instructions When you are <i>no longer</i> our customer, we continue to share your information as described in this notice.
How?	All financial companies need to share customers' personal information to run their everyday business. In the section below, we list the reasons financial companies can share their customers' personal information; the reasons Old Republic Title chooses to share; and whether you can limit this sharing.

Reasons we can share your personal information	Does Old Republic Title share?	Can you limit this sharing?
For our everyday business purposes – such as to process your transactions, maintain your account(s), or respond to court orders and legal investigations, or report to credit bureaus	Yes	No
For our marketing purposes – to offer our products and services to you	No	We don't share
For joint marketing with other financial companies	No	We don't share
For our affiliates' everyday business purposes – information about your transactions and experiences	Yes	No
For our affiliates' everyday business purposes – information about your creditworthiness	No	We don't share
For our affiliates to market to you	No	We don't share
For non-affiliates to market to you	No	We don't share

Questions

Go to www.oldrepublictitle.com (Contact Us)

Who we are	
Who is providing this notice?	Companies with an Old Republic Title name and other affiliates. Please see below for a list of affiliates.

What we do	
How does Old Republic Title protect my personal information?	To protect your personal information from unauthorized access and use, we use security measures that comply with federal law. These measures include computer safeguards and secured files and buildings. For more information, visit http://www.OldRepublicTitle.com/newnational/Contact/privacy .
How does Old Republic Title collect my personal information?	We collect your personal information, for example, when you: • Give us your contact information or show your driver's license • Show your government-issued ID or provide your mortgage information • Make a wire transfer We also collect your personal information from others, such as credit bureaus, affiliates, or other companies.
Why can't I limit all sharing?	Federal law gives you the right to limit only: • Sharing for affiliates' everyday business purposes – information about your creditworthiness • Affiliates from using your information to market to you • Sharing for non-affiliates to market to you. State laws and individual companies may give you additional rights to limit sharing. See the "Other important information" section below for your rights under state law.

Definitions	
Affiliates	Companies related by common ownership or control. They can be financial and nonfinancial companies • Our affiliates include companies with an Old Republic Title name, and financial companies such as Attorneys' Title Fund Services, LLC, Lex Terrae National Title Services, Inc., Mississippi Valley Title Services Company, and The Title Company of North Carolina.
Non-affiliates	Companies not related by common ownership or control. They can be financial and non-financial companies. • Old Republic Title does not share with non-affiliates so they can market to you
Joint Marketing	A formal agreement between non-affiliated financial companies that together market financial products or services to you.

- Old Republic Title doesn't jointly market.

Other Important Information

Oregon residents only: We are providing you this notice under state law. We may share your personal information (described on page one) obtained from your or others with non-affiliate service providers with whom we contract, such as notaries and delivery services, in order to process your transactions. You may see what personal information we have collected about you in connection with your transaction (other than personal information related to a claim or legal proceeding). To see your information, please click on "Contact Us" at www.oldrepublictitle.com and submit your written request to the Legal Department. You may see and copy the information at our office or ask us to mail you a copy for a reasonable fee. If you think any information is wrong, you may submit a written request online to correct or delete it. We will let you know what actions we take. If you do not agree with our actions, you may send us a statement.

Affiliates Who May be Delivering This Notice

American First Abstract, LLC	American First Title & Trust Company	American Guaranty Title Insurance Company	Attorneys' Title Fund Services, LLC	Compass Abstract, Inc.
eRecording Partners Network, LLC	Genesis Abstract, LLC	Kansas City Management Group, LLC	L.T. Service Corp.	Lenders Inspection Company
Lex Terrae National Title Services, Inc.	Lex Terrae, Ltd.	Mara Escrow Company	Mississippi Valley Title Services Company	National Title Agent's Services Company
Old Republic Branch Information Services, Inc.	Old Republic Diversified Services, Inc.	Old Republic Exchange Company	Old Republic National Title Insurance Company	Old Republic Title and Escrow of Hawaii, Ltd.
Old Republic Title Co.	Old Republic Title Company of Conroe	Old Republic Title Company of Indiana	Old Republic Title Company of Nevada	Old Republic Title Company of Oklahoma
Old Republic Title Company of Oregon	Old Republic Title Company of St. Louis	Old Republic Title Company of Tennessee	Old Republic Title Information Concepts	Old Republic Title Insurance Agency, Inc.
Old Republic Title, Ltd.	Republic Abstract & Settlement, LLC	Sentry Abstract Company	The Title Company of North Carolina	Title Services, LLC
Trident Land Transfer Company, LLC				



COUNCIL COMMUNICATION

CC #: 0314

File #: 0206-03-01

Title: Creekview Community Facilities District No. 1 (Public Facilities) - Intent to Form

Contact: Jeannine Thrash 916-774-5473 jthrash@roseville.ca.us
Dennis Kauffman 916-774-5313 dkauffman@roseville.ca.us

Meeting Date: 10/2/2019

Item #: 7.10.

RECOMMENDATION TO COUNCIL

It is recommended that the City Council adopt the following resolutions and set a meeting date of November 6, 2019, at 6:00 p.m., in the Roseville Civic Center, Council Chambers at 311 Vernon Street, Roseville, California, as the time and place to conduct a public hearing:

- A Resolution of Intention of the City Council of the City of Roseville to Form a Community Facilities District, Designate an Improvement Area Therein, Establish a Future Annexation Area, Provide for Additional Future Improvement Areas Therein, and to Authorize the Levy of a Special Tax Therein to Finance Public Facilities and Public Services in and for such Community Facilities District
- A Resolution of the City Council of the City of Roseville of Intention to Incur Bonded Indebtedness to Finance the Acquisition and Construction of Certain Public Facilities in and for the City of Roseville Creekview Community Facilities District No. 1 (Public Facilities) and Improvement Areas Within

BACKGROUND

Anthem United, the landowner, proposed to be included in the public infrastructure district, has requested the City form a Community Facilities District (CFD) under the Mello-Roos Community Facilities Act of 1982 to provide funding for certain authorized public facilities within the property, as detailed in the List of Authorized Facilities and Services.

The objective of establishing a CFD is to create a land-secured funding mechanism to be used to fund construction of authorized facilities of the CFD. With consideration to the anticipated phasing of development, the CFD will consist of two (2) improvement areas. The initial boundary would be only around Improvement Area 1 (property south of the creek), with the property north of the creek designated as future annexation area (Improvement Area 2).

The Project is approximately 503.2 acres of property that has been approved for the development of 2,011 residential units, 9.2 acres of commercial/business professional uses, a school site, 16 acres for parks, roughly 138 acres of open space, and 39.8 acres of urban reserve.

FISCAL IMPACT

The CFD will generate special taxes that will be paid by the property owners sufficient to pay the costs of debt service, CFD administration, and any authorized pay-as-you-go facilities, as well as provide funding in the future for maintenance/replacement of constructed facilities. The issuance of bonds will not impact the City's General Fund.

ENVIRONMENTAL REVIEW

The California Environmental Quality Act (CEQA) does not apply to activities that will not result in a direct or reasonably foreseeable indirect physical change in the environment, or is otherwise not considered a project as defined by CEQA Statute §21065 and CEQA State Guidelines §15060(c)(3) and §15378. Adoption of the resolutions meets the above criteria and is not subject to CEQA. No additional environmental review is required.

Respectfully Submitted,

Jeannine Thrash, Administrative Analyst

Dennis Kauffman, Chief Financial Officer



Dominick Casey, City Manager

ATTACHMENTS:

Description

Resolution No. 19-422

Resolution No. 19-423

Proposed Boundary Map

CITY COUNCIL OF THE CITY OF ROSEVILLE

RESOLUTION NO. 19-422

A RESOLUTION OF INTENTION OF THE CITY COUNCIL OF THE CITY OF ROSEVILLE TO FORM A COMMUNITY FACILITIES DISTRICT, DESIGNATE AN IMPROVEMENT AREA THEREIN, ESTABLISH A FUTURE ANNEXATION AREA, PROVIDE FOR ADDITIONAL FUTURE IMPROVEMENT AREAS THEREIN, AND TO AUTHORIZE THE LEVY OF A SPECIAL TAX THEREIN TO FINANCE PUBLIC FACILITIES AND PUBLIC SERVICES IN AND FOR SUCH COMMUNITY FACILITIES DISTRICT

WHEREAS, under the Mello-Roos Community Facilities Act of 1982, as amended, Chapter 2.5 of Part 1 of Division 2 of Title 5, commencing at Section 53311, of the California Government Code (the "Act"), the City Council of the City of Roseville (the "City Council") is authorized to establish a community facilities district and a future annexation area, and to act as the legislative body for such community facilities district; and

WHEREAS, the Act provides that for purposes of financing of, or contributing to the financing of, all or a portion of public facilities to be financed by the community facilities district, the legislative body may designate a portion or portions of the district as one or more improvement areas ("Improvement Areas") and that after the designation of Improvement Areas, proceedings for purposes of the Act may apply only to the respective Improvement Area or Improvement Areas for those specified facilities; and

WHEREAS, the City Council, having received indications of interest on behalf of the owners of the areas of land proposed to be included in a proposed community facilities district, desires to proceed with the establishment of a community facilities district and an initial Improvement Area therein, and a future annexation area from which additional Improvement Areas may be created, all in order to finance costs of public infrastructure and services necessary or incidental to new development in the City.

NOW, THEREFORE, THE CITY COUNCIL OF THE CITY OF ROSEVILLE RESOLVES AS FOLLOWS:

1. It is proposed to establish a community facilities district, an initial improvement area therein, and future annexation area within the City of Roseville under the terms of the Act to finance costs of public infrastructure and services necessary or incidental to new development in the City, which may include the payment of development impact fees related thereto.

2. The name proposed for the community facilities district is the City of Roseville Creekview Community Facilities District No. 1 (Public Facilities) (including designated Improvement Areas, the "CFD"). The name proposed for the future annexation area is the City of Roseville Creekview Community Facilities District No. 1 (Public Facilities) (Future Annexation Area) (the "Future Annexation Area").

Pursuant to Section 53350 of the Act, the territory to be initially included in the CFD (as shown on the map described in Section 3 hereof) is hereby designated to include an initial improvement area as "Improvement Area No. 1 of the City of Roseville Creekview Community Facilities District No. 1 (Public Facilities)" ("Improvement Area No. 1"). The initial boundary of the CFD is coterminous with the initial boundary of Improvement Area No. 1.

3. The proposed boundaries of the CFD, Improvement Area No. 1 and the Future Annexation Area are as shown on the map of them on file with the Clerk, which boundaries are hereby preliminarily approved and to which map reference is hereby made for further particulars. The Clerk is hereby directed to record, or cause to be recorded, the map of the boundaries of the CFD, Improvement Area No. 1 and the Future Annexation Area in the office of the Placer County Recorder within 15 days of the date of adoption of this Resolution. The City Council finds that the map is in the form and contains the matters prescribed by Section 3110 of the California Streets and Highways Code.

Parcels within the Future Annexation Area shall be annexed to the CFD only with the unanimous approval (each, a "Unanimous Approval") of the owner or owners of each parcel or parcels at the time that parcel or those parcels are annexed, without any requirement for further public hearings or additional proceedings.

All or any portions of territory that annexes into the CFD from the Future Annexation Area or otherwise may be annexed into Improvement Area No. 1 or into a separate Improvement Area then in existence or to be designated at the time of such annexation and no additional hearings, resolutions of the City Council or other procedures are required.

The Unanimous Approval shall specify annexation into Improvement Area No. 1 or into an Improvement Area then in existence or to be designated pursuant to the Unanimous Consent. After the designation of a parcel or parcels as an Improvement Area, all proceedings for approval of an appropriations limit, the rate and method of apportionment and manner of collection of special taxes, and the authorization to incur bonded indebtedness may differ from Improvement Area No. 1 or any other Improvement Areas, all as set forth in the Unanimous Approval, and shall apply only to the parcel or parcels within such Improvement Area. Likewise, all or any portions of territory that annex into the CFD from the Future Annexation Area or otherwise may be annexed into a separate zone of any Improvement Area then in existence or to be designated at the time of such annexation and no additional hearings or procedures are required and the rate and method of apportionment applicable to such zone may differ from other areas of the CFD as set forth in the Unanimous Approval and shall apply only to the parcel or parcels within such zone, all as provided in the Unanimous Consent.

4. Except to the extent that funds are otherwise available to the CFD to pay for the Facilities (as defined below), and/or the principal and interest as it becomes due on bonds issued by the City for each Improvement Area within the CFD to construct and/or acquire the Facilities, a special tax (the "Facilities Special Tax") sufficient to pay the costs thereof, secured by recordation of a continuing lien against all non-exempt real property in the applicable Improvement Area of the CFD, will be levied annually within each Improvement Area, and collected in the same manner as ordinary ad valorem property taxes, or in such other manner as the City Council or its designee shall determine, including direct billing of the affected property owners.

Except to the extent that funds are otherwise available to the CFD to pay for the Services (as defined below), a special tax (the "Maintenance Special Tax") sufficient to pay the costs thereof, secured by recordation of a continuing lien against all non-exempt real property in the CFD, will be levied annually within the CFD, and collected in the same manner as ordinary ad valorem property taxes, or in such other manner as the City Council or its designee shall determine, including direct billing of the affected property owners.

The proposed rate and method of apportionment of the Facilities Special Tax and Maintenance Special Tax (together, the "Special Tax") among the parcels of real property within the CFD, in sufficient detail to allow each landowner within the proposed CFD to estimate the maximum amount such owner will have to pay, are described in the Rate, Method of Apportionment and Manner of Collection of Special Tax attached hereto as Exhibit A and hereby incorporated herein (the "Rate and Method"). At such time as territory within the Future Annexation Area is annexed into the CFD pursuant to the Unanimous Consent, approval of a rate and method of apportionment for such territory may differ from that of other Improvement Areas as set forth in the Unanimous Approval, and shall provide sufficient detail to allow each landowner within the annexed territory to estimate the maximum amount such owner will have to pay.

A Facilities Special Tax shall not be levied in an Improvement Area after the fiscal year identified in the rate and method for such Improvement Area, except that a Facilities Special Tax that was lawfully levied in or before the final tax year and that remains delinquent may be collected in subsequent years. Under no circumstances shall the Facilities Special Tax levied against any parcel in such Improvement Area for private residential purposes be increased as a consequence of delinquency or default by the owner of any other parcel or parcels within such Improvement Area in contravention of the Act, including Section 53321(d) of the Act.

As required by Section 53339.3(d) of the Act, as to annexed property, the City Council hereby determines that the Facilities Special Tax proposed to pay for public facilities financed with bonds that have already been issued and that are secured by an existing Improvement Area shall be the same as the tax levied in such existing Improvement Area for that purpose, except that a higher Special Tax may be levied for that purpose within the territory proposed to be annexed or to be annexed into such Improvement Area in the future to compensate for the interest and principal previously paid by such existing Improvement Area, less any depreciation allocable to the public facility. In so finding, the City Council does not intend to limit its ability to levy a Facilities Special Tax within territory to be annexed or to be annexed in the future to pay for new or additional public facilities, with or without bond financing.

The Maintenance Special Tax proposed to pay for Services to be supplied within the territory annexed in the future shall be equal to any Maintenance Special Tax levied to pay for the same Services in the CFD, except that a higher or lower tax may be levied within the territory to be annexed in the future to the extent that the actual cost of providing the Services in that territory is higher or lower than the cost of providing those Services in the existing CFD. The foregoing shall not be construed to limit the levy of the Special Tax within the territory to be annexed in the future to provide new or additional Services beyond those supplied within the existing territory of the CFD, or to pay for new or additional Facilities, with or without bond financing.

5. The type of public facilities proposed to be financed in whole or in part by the CFD, Improvement Area No. 1 and any Future Improvement Areas and pursuant to the Act shall consist of those items listed as facilities on Exhibit B hereto (the "Facilities") and the type of public services proposed to be financed by the CFD and pursuant to the Act shall consist of those items listed as services on Exhibit B hereto (the "Services"). The Council hereby determines that the Facilities are necessary to meet increased demands placed upon local agencies as the result of development occurring within the CFD and the Future Annexation Area. The financing of the costs of Facilities may include, without limitation, the payment of principal of and interest on bonds together with all direct, indirect periodic, and/or other related costs (including, without limitation, costs of administering the CFD, levying the Special Tax and administering the bonds, and establishing and replenishing reserve funds). Land annexed into the CFD pursuant to a Unanimous Approval may specify additional facilities and services to be financed by the Special

Taxes levied on such annexed land, as set forth in the Unanimous Consent, without additional proceedings, provided the conditions set forth in this Section with respect to the original Facilities and Services are met.

The City Council hereby finds and determines that Section 53329.5(a) of the Act relating to the City calling for bids for construction of the Facilities are inapplicable to the CFD in that the City will acquire but not construct the Facilities. To that end, City may enter into one or more contracts directly with any owner or developer of land within the CFD for acquisition of Facilities.

The Council hereby determines that the Services are necessary to meet increased demands for such services placed upon the City as the result of development occurring within the area of the CFD and the Future Annexation Area. The Services are in addition to those provided in the territory of the CFD as of the date hereof and will not supplant services already available within the territory of the CFD as of the date hereof. Similarly, services to be financed by special taxes upon territory within the Future Annexation Area shall be in addition to those provided in such territory of the CFD as of the date hereof and will not supplant services already available within the territory of the CFD as of the date hereof..

6. Except as may otherwise be provided by law or by the Rate and Method, all lands owned by any public entity, including the United States, the State of California and the City, or any departments or political subdivisions thereof, shall be omitted from the levy of the Special Tax. In the event that a portion of the property within the CFD shall become for any reason exempt, wholly or in part, from the levy of the Special Tax, the City Council will, on behalf of the CFD, increase the levy to the extent necessary upon the remaining property within the applicable Improvement Area which is not exempt in order to yield the required debt service payments and other annual expenses of such Improvement Area, if any, subject to the provisions of the applicable Rate and Method. It is anticipated that the Special Tax will be billed as a separate line item on the regular property tax bill. However, the City Council reserves the right, under Section 53340 of the Act, to utilize any method of collecting the special tax which it shall, from time to time, determine to be in the best interests of the City, including, but not limited to, direct billing by the City to the property owners and supplemental billing.

7. The levy of the Special Tax shall be subject to the approval of the applicable qualified electors of the CFD at a special election. The proposed voting procedure shall be by mailed or hand-delivered ballot among the landowners in the proposed CFD, with each owner having one vote for each acre or portion of an acre such owner owns in the CFD. The levy of the Special Tax on parcels within the Future Annexation Area and annexed to the CFD shall be subject to the approval of the qualified elector by execution of the Unanimous Approval, and a special tax shall be levied in the Future Annexation Area only with the Unanimous Approval of the owner or owners of each parcel or parcels at the time that parcel or those parcels are annexed to the CFD, without any requirement for further public hearings or additional proceedings.

8. It is the intention of the City Council, acting as the legislative body for the CFD, to cause bonds of the City to be issued for each Improvement Area pursuant to the Act to finance in whole or in part the construction and/or acquisition of Facilities. The bonds issued in these proceedings shall be callable in accordance with the provisions of the Act, and shall be issued in such series and bear interest payable semi-annually or in such other manner as the City Council shall determine, at a rate not to exceed the maximum rate of interest as may be authorized by applicable law at the time of sale of such bonds, shall mature not to exceed 40 years from the date of the issuance thereof and shall be as more specifically set forth in any resolution authorizing the issuance of such bonds.

9. The Chief Financial Officer of the City, as the officer having charge and control of the Facilities and Services in and for the CFD, or the designee of such official, is hereby directed to cause and direct a study of said proposed CFD and the Facilities and Services, and to cause to be prepared for filing at the public hearing the report required by Section 53321.5 of the Act (the "CFD Report") presenting at least the following:

(a) A brief description of the Facilities and Services by type which will be required to adequately meet the needs of the CFD.

(b) An estimate of the fair and reasonable cost of the Facilities and Services, including the cost of acquisition of lands, rights-of-way and easements, any physical facilities required in conjunction therewith and incidental expenses in connection therewith, including the costs of the proposed bond financing and all other related costs as provided in Section 53345.3 of the Act.

The CFD Report shall be made a part of the record of the public hearing specified below.

10. The City Council hereby sets November 6, 2019, at 6:00 p.m., at the City of Roseville Civic Center Council Chambers located at 311 Vernon Street, Roseville, California 95678, as the time and place when and where the City Council, as legislative body for the CFD, will conduct a public hearing on the establishment of the CFD and the Future Annexation Area, and consider and finally determine whether the public interest, convenience and necessity require the formation of the CFD and the Future Annexation Area, and the levy of the Special Tax. At the hearing, testimony concerning the CFD, the extent of the CFD and the Future Annexation Area, or the furnishing of the particular types of public facilities and public services will be heard and protests will be considered from registered voters residing within the CFD and persons owning real property within the CFD. Written protests by the owners of a majority of the land which would be subject to special taxation within the proposed CFD will require the suspension of proceedings for at least one year. Written protests must be filed with the City Clerk at or before the time fixed for the hearing. If such protests are directed only against certain elements of the proposed improvements or proposed special tax, and if such protests constitute a majority protest, only those elements shall be deleted from the proceedings.

11. The City Clerk is hereby directed to cause notice of the public hearing, attached hereto as Exhibit C, to be given by one-time publication in a newspaper published in the area of the CFD and the Future Annexation Area. The publication shall be completed at least 7 days before the date of the public hearing referenced above. The notice shall be substantially in the form specified in Section 53322 of the Act and attached hereto, with the form summarizing the provisions hereof hereby specifically approved.

12. This Resolution shall take effect from and after its adoption.

* * * * *

I hereby certify that the foregoing Resolution was duly adopted by the City Council of the City of Roseville, California, at a regularly scheduled meeting thereof, held on the ____ day of _____, 2019, by the following vote of the City Council:

AYES:	COUNCILMEMBERS
NOES:	COUNCILMEMBERS
ABSENT:	COUNCILMEMBERS
ABSTAIN:	COUNCILMEMBERS

Mayor

ATTEST:

City Clerk of the City of Roseville

EXHIBIT A

City of Roseville
Creekview Community Facilities District No. 1
(Public Facilities)
Placer County, California

RATE, METHOD OF APPORTIONMENT, AND MANNER OF COLLECTION OF SPECIAL TAX

1. Basis of Special Tax Levy

A Special Tax authorized under the Mello-Roos Community Facilities Act of 1982 (Act) applicable to the land in Creekview Community Facilities District No. 1 (Public Facilities) (CFD) of the City of Roseville (City) shall be levied and collected according to the tax liability determined by the City through the application of the appropriate amount or rate, as described below.

2. Definitions

"Acre" or **"Acreage"** means the land area of an Assessor's Parcel as shown on an Assessor's Parcel Map, or if the land area is not shown on an Assessor's Parcel Map, the land area shown on the applicable final map or other Development Plan.

"Act" means the Mello-Roos Community Facilities Act of 1982, as amended, Sections 53311 and following of the California Government Code.

"Administrative Expenses" means the actual or reasonably estimated costs related to the administration of the CFD, including, but not limited to, these:

- a. Costs of computing Special Taxes and preparing annual Special Tax collection schedules (whether by the City or any designee thereof or both).
- b. Costs of collecting the Special Taxes (whether by the County, the City, or otherwise).
- c. Costs of remitting the Special Taxes to the Trustee.
- d. Costs of the Trustee (including its legal counsel) in the discharge of the duties required of it under the Bond Indenture.
- e. Costs to the City, CFD, or any designee thereof, of complying with arbitrage rebate requirements.
- f. Costs to the City, CFD, or any designee thereof, of complying with City, CFD, or obligated persons disclosure requirements.
- g. Costs associated with preparing Special Tax disclosure statements.

- h. Costs incurred in responding to public inquiries regarding the Special Taxes.
- i. Costs to the City, CFD, or designee thereof related to any appeal of the Special Taxes.
- j. Costs associated with the release of funds from an escrow account, if any.
- k. Costs to the City for the issuance of Bonds authorized by the CFD that are not recovered through the Bond sale proceeds.
- l. Amounts estimated to be advanced or already advanced by the City for any other administrative purposes, including attorney's fees and other costs related to collection of the Special Taxes and commencing and pursuing to completion any foreclosure of delinquent Special Taxes.

"Administrator" means a City official in the Finance Department, or their designee responsible for determining or overseeing the levy and collection of the Special Taxes.

"Affordable Housing Director" means, at any point in time, the person in the City who serves as head of the department that is in charge of the City's affordable housing program.

"Affordable Unit" means a Unit built on a Residential Use Parcel for which an Affordable Unit agreement has been entered into for the property designating the Unit as affordable. A Multifamily Parcel may have only a portion of the Units assigned as Affordable Units. The City Manager, or his or her designee, shall determine which Units are designated as Affordable Units and maintain an Affordable Unit listing, which shall contain all designated buildable parcels by tract and lot number, and in the case of Large Lot Parcels remaining before May 1 of the preceding Fiscal Year, the number of designated Affordable Units for each such Large Lot Parcel; all entries shall indicate the effective date of designation. The Affordable Unit listing also shall be updated to reflect those Units no longer qualifying as Affordable Units, also known as Market-Rate Units. The Affordable Unit listing, which shall contain all qualifying Affordable Units as of April 30, shall be made available to the Administrator by July 1 of each year for purposes of determining the Maximum Annual Special Tax for Parcels pursuant to **Section 4**.

"Annexation Parcels" means a Parcel or Parcels annexed to the CFD after formation. Parcels annexed into the CFD after formation shall be placed into a new Improvement Area and will not be included in Improvement Area No. 1. The Maximum Annual Special Tax will be assigned to Parcels in the Future Annexation Area using the provisions of **Section 4**. Annexation Parcels may be assigned a different Maximum Annual Special Tax Rate or Maximum Annual Special Tax per Parcel using a methodology different from the other Parcels in the CFD and shall be placed in an area designated as a separate zone or improvement area of the CFD, all of which shall be set forth in revised attachments hereto as needed, without further CFD proceedings.

"Annual Facilities Costs" means, for any Fiscal Year, the total of these:

- a. Debt Service to be paid from Facilities Special Taxes.
- b. The amount needed to replenish the reserve fund for the Bonds to the level required under the Bond Indenture, to the extent not included in a computation of Annual Facilities Costs in a previous Fiscal Year.
- c. Administrative Expenses for such Fiscal Year.

- d. The amount needed to (1) cure any delinquencies in the payment of principal or interest on Bonds, which have occurred in the prior Fiscal Year, to the extent not otherwise included in a computation of Annual Facilities Costs in the current or any previous Fiscal Year, and (2) to fund any foreseeable deficiency of the amount to be available for the payment of principal or interest on Bonds, which are expected to occur in such Fiscal Year, to the extent not included in a computation of Annual Facilities Costs in the current or any previous Fiscal Year.
- e. The amount needed to (1) cure any delinquencies in the payment of the Facilities Special Tax in the prior Fiscal Year, to the extent not otherwise included in a computation of Annual Facilities Costs in the current or any previous Fiscal Year, and (2) to fund any foreseeable deficiency in the payment of the Facilities Special Tax for that Fiscal Year which is expected to occur in such Fiscal Year, to the extent not included in a computation of Annual Facilities Costs in the current or any previous Fiscal Year.
- f. Authorized Pay-As-You-Go Costs.
- g. During the Deferral Bonding Period, the amount needed to pay Development Impact Fee Deferrals not financed by Bonds.
- h. Less any available earnings on any reserve fund or Facilities Special Tax funds, available capitalized interest or any other available revenues of the CFD or the City that may be used to fund Annual Facilities Costs.

"Annual Maintenance Costs" means, for any Fiscal Year, the total of these:

- a. Authorized Services costs to be paid from Maintenance Special Taxes.
- b. Administrative Expenses for such Fiscal Year.
- c. The amount needed to (1) cure any delinquencies in the payment of the Maintenance Special Tax in the prior Fiscal Year, to the extent not otherwise included in a computation of Annual Maintenance Costs in the current or any previous Fiscal Year, and (2) to fund any foreseeable deficiency in the payment of the Maintenance Special Tax for that Fiscal Year which is expected to occur in such Fiscal Year, to the extent not included in a computation of Annual Maintenance Costs in the current or any previous Fiscal Year.
- d. Less any available earnings on any reserve fund, Maintenance Special Tax funds or any other available revenues of the CFD or the City that may be used to fund Annual Maintenance Costs.

"Assessor's Parcel" means a lot or Parcel with an assigned Assessor's Parcel Number in the maps used by the County Assessor in preparing the tax roll.

"Assessor's Parcel Map" means an official map of the County Assessor designating Parcels by Assessor's Parcel Number.

"Assessor's Parcel Number" means the Parcel and Parcel Number as assigned by the County Assessor on the equalized tax roll.

"Assigned Maximum Annual Special Tax" means the maximum Facilities Special Tax or Maintenance Special Tax assigned to each Large Lot Parcel that is an Original Parcel based on the Expected Land Uses at CFD formation, or at annexation, as shown in **Attachment 1**.

"Authorized Facilities" means those facilities and fees to be financed, as identified in the resolution forming the CFD.

"Authorized Services" means those services authorized to be funded, as defined in the resolution forming the CFD.

"Base Year" means the Fiscal Year beginning July 1, 2019, and ending June 30, 2020.

"Bond(s)" means any bond(s) issued by the City for the CFD under the Act and any other debt, as defined in the Act, the City incurs to further the CFD's purposes.

"Bond Indenture(s)" means the indenture(s), resolution(s), fiscal agent agreement(s), or other financing document(s) pursuant to which any Bonds are issued.

"Building Permit" means a permit issued by the City for the construction of a Residential Use or Nonresidential Use structure.

"Business Professional" means a Parcel or Parcels zoned to provide for office uses and other uses that are related to and supportive of office uses.

"CFD" means Creekview Community Facilities District No. 1 (Public Facilities) of the City of Roseville, Placer County, California, including all Improvement Areas therein.

"Chief Financial Officer" or **"CFO"** means the Chief Financial Officer of the City, or his/her designee.

"City" means the City of Roseville in Placer County, California.

"Community Commercial" means a Parcel or Parcels zoned to serve the principal retail shopping needs of the entire community by providing areas for shopping centers, and other retail and service uses.

"Council" means the City Council of the City acting for the CFD under the Act.

"County" means the County of Placer, California.

"Debt Service" means the total annual amount of Bond principal, interest, and the scheduled sinking fund payments of the Bonds in a calendar year.

"Deferral Bonding Period" means the period after the Initial Bonding Period has ended and during which the City finances the Development Impact Fee Deferral. Each Improvement Area of the CFD will have its own Deferral Bonding Period.

"Developed Parcel" means, in any Fiscal Year:

- a. For Single-Family Parcels: All Parcels for which a Final Small Lot Subdivision Map was recorded before May 1 of the preceding Fiscal Year.

- b. For Multifamily Parcels: All Parcels for which a Building Permit for new construction of a Residential Use structure was issued before May 1 of the preceding Fiscal Year.
- c. For all Nonresidential Use Parcels: All Parcels for which a Building Permit for new construction of a Nonresidential Use structure was issued before May 1 of the preceding Fiscal Year.

Once a Parcel is defined as a Developed Parcel it shall remain as a Developed Parcel.

“Development Agreement” means the Development Agreement By and Between the City of Roseville and Granite Bay Development II, LLC, Phillips Road 160 Investors Limited Partnership, Phillip Road Land, LLC, J & KD Enterprises, LLC, Soule Investments, LLC, Bennet West Roseville, LLC, Decou West Roseville, LLC, Blue Oaks – Roseville, LP, and Chuang relative to the Creekview Specific Plan dated November 28, 2012, and assigned to Anthem United Developments, LP on May 24, 2019, or as may be amended from time to time.

“Development Impact Fee Deferral” means the deferred payment of development impact fees due to the City or the South Placer Regional Transportation Authority (SPRTA) for Developed Parcels, using the approach and amounts identified in the Development Agreement, which may be amended from time to time.

“Development Plan” means a condominium plan, apartment plan, site plan, or other development plan that identifies such information as the type of structure, acreage, square footage, or number of Units that are approved to be developed on Single-Family Parcels, Multifamily Parcels, and Nonresidential Parcels.

“Expected Land Use(s)” means, for each Improvement Area, the total number of Units or Acres of each land use type by Tax Category expected in each Large Lot Parcel and Original Parcel at CFD formation as identified in **Attachment 3** of this RMA, or as to Annexation Parcels, the total number of Units or Acres of each land use type by Tax Category expected in each Large Lot Parcel and Original Parcel at the time of annexation as identified in a subsequent attachment to RMA.

“Facilities Special Tax” means the Special Tax authorized to fund Annual Facilities Cost. Facilities Special Taxes are shown in **Attachments 2 and 3**, or as to Annexation Parcels, as shown in a subsequent attachment to the RMA.

“Final Use Small Lot Parcel” means a Parcel designated for development as a single-family residence, which is part of a Final Small Lot Subdivision Map.

“Final Small Lot Subdivision Map” means a recorded map designating the final Parcel subdivision for individual Single-Family Parcels.

“Fiscal Year” means the period starting July 1 and ending the following June 30.

“Full Prepayment” means the fulfillment of a Parcel’s Facilities Special Tax obligation, as determined by following the procedures in **Section 8**.

“High Density Residential” means, per the Creekview Specific Plan, a land use designation that primarily accommodates attached housing, but depending on the unit type, could also include detached housing, within the density range of 13.0 or greater dwelling units per gross

developable acre. Typical housing product types include, but shall not be limited to, detached townhomes, courtyard townhomes/condominiums, garden-style apartments, and podium design apartments/condominiums.

"Improvement Area" means an area within the CFD with its own distinct geographic area in which the provisions of this RMA shall apply. If there are more than one Improvement Areas, each Improvement Area shall have its own distinct number that is different from any other Improvement Area.

"Improvement Area No. 1" means the area designated as such on **Map 1**. The area included in Improvement Area No. 1 will be included in the initial boundaries of the CFD.

"Initial Bonding Period" means the period in which Bonds are outstanding which financed Authorized Facilities costs or refunded prior Bonds other than the Development Impact Fee Deferral. Each Improvement Area of the CFD will have its own Initial Bonding Period.

"Large Lot Parcel" means a Parcel created by a Large Lot Subdivision Map.

"Large Lot Subdivision Map" means a recorded subdivision map creating Parcels by land use. However, the Large Lot Subdivision Map does not delineate Final Use Small Lot Parcels. A Final Small Lot Subdivision Map will create individual Single-Family Parcels.

"Low Density Residential" means, per the Creekview Specific Plan, a land use designation that supports single-family detached homes on conventional lots within the density range of up to 6.9 dwelling units per gross developable acre. Typical housing product types include, but shall not be limited to, standard, alley-loaded, or clustered, single-family detached units.

"Maintenance Special Tax" means the Special Tax authorized to fund Annual Maintenance Costs. The Maintenance Special Tax will be levied and collected beginning with the Transition Year. Maintenance Special Taxes are shown in **Attachment 4**.

"Market-Rate Unit" means a Unit that is not an Affordable Unit.

"Maximum Annual Special Tax" means the greatest amount of Facilities Special Tax or Maintenance Special Tax that can be levied against a Parcel in a given Fiscal Year, as shown in **Attachments 2, 3, and 4**.

"Maximum Annual Facilities Special Tax" means the greatest amount of Facilities Special Tax that can be levied against a Parcel in a given Fiscal Year, as shown in **Attachments 2, 3, or 4**.

"Maximum Annual Maintenance Special Tax" means the greatest amount of Maintenance Special Tax that can be levied against a Parcel in a given Fiscal Year, as shown in **Attachments 2, 3, or 4**.

"Maximum Annual Special Tax Rate" means the maximum rate of Facilities Special Tax or Maintenance Special Tax charged per Unit or per Taxable Acre each Fiscal Year, as shown in **Attachments 2, 3, and 4**, as subsequently escalated by the Tax Escalation Factor.

"Maximum Annual Facilities Special Tax Revenue" means the greatest amount of Facilities Special Tax revenue that can be collected in total from a group of Parcels (such as Developed Parcels) by levying the Maximum Annual Facilities Special Tax.

"Maximum Annual Maintenance Special Tax Revenue" means the greatest amount of Maintenance Special Tax revenue that can be collected in total from a group of Parcels (such as Developed Parcels) by levying the Maximum Annual Maintenance Special Tax.

"Maximum Annual CFD Special Tax Revenue" means the sum of the Maximum Annual Special Tax levied on all Taxable Parcels in the CFD in a Fiscal Year.

"Medium Density Residential" means, per the Creekview Specific Plan, a land use designation that accommodates both single-family detached homes and attached homes within the density range of 7.0 to 12.9 dwelling units per gross developable acre. Typical housing product types include, but shall not be limited to, standard or alley-loaded lots, courtyard lots, green court lots, auto courts, alley clusters, zero-lot lines, or z-shaped lots. In addition, duet/half-plex homes, townhomes, or condominiums may be accommodated in Medium Density Residential areas.

"Mixed Use Parcel" means a Parcel or Parcels designated for a combination of Residential Uses and Nonresidential Uses.

"Multifamily For-Rent" or **"Multifamily For-Rent Parcel"** means any Parcel designated or developed for more than one residential dwelling Unit per Parcel and where such units are initially offered for rent to the general public and cannot be purchased by individual homeowners. Such uses may consist of apartments or structures such as duplexes or triplexes, including land uses defined as High Density Residential. Each residential dwelling Unit within Multifamily For-Rent or Multifamily For-Rent Parcels is not expected to have its own distinct Assessor's Parcel Number.

"Multifamily For-Sale" or **"Multifamily For-Sale Parcel"** means any Parcel designated or developed for more than one residential dwelling Unit within a single building or structure and that may share at least one common wall where such units are not initially offered for rent to the general public and initially may be offered for sale to individual homeowners. Such uses may consist of condominiums or buildings such as half-plexes or time-share units, including land uses defined as High Density Residential. Multifamily For-Sale Parcels are anticipated to have their own distinct Assessor's Parcel Number as is the case in residential condominium projects. Once designated as Multifamily For-Sale or Multifamily For-Sale Parcel, the Parcel shall remain so designated unless the original structures are demolished.

"Nonresidential Use" means a Taxable Parcel zoned for land uses other than Residential Uses which may include Business Professional, Community Commercial and Mixed Use.

"Original Parcel" means a Taxable Parcel identified in **Attachment 1** at formation of the CFD.

"Parcel" means any Assessor's Parcel in the CFD based on the equalized tax rolls of the County as of January 1 of each Fiscal Year.

"Partial Prepayment" means the partial fulfillment of a Parcel's Facilities Special Tax obligation, as determined by following the procedures in **Section 8**.

"Pay-As-You-Go Costs" means that portion of costs of acquisition, construction, and improvement of Authorized Facilities not financed by Bonds that are eligible for funding from the Facilities Special Tax.

"Prepayment" means the Full Prepayment or Partial Prepayment of a Parcel's Facilities Special Tax obligation, as determined by following the procedures in **Section 8**.

"Proportionately" means that the ratio of the actual Special Tax levy to the Maximum Annual Special Tax is equal for all Developed Parcels. For Small Lot Tentative Map Parcels, Proportionately means that the ratio of the actual Special Tax levy to the Maximum Annual Special Tax is equal for all Small Lot Tentative Map Parcels. For Large Lot Parcels, Proportionately means that the ratio of the actual Special Tax levy to the Maximum Annual Special Tax is equal for all Large Lot Parcels. For Undeveloped Parcels, Proportionately means that the ratio of the actual Special Tax levy to the Maximum Annual Special Tax is equal for all Undeveloped Parcels.

"Public Parcel" means any Parcel that is or is intended to be publicly owned, as designated in any final map, that is normally exempt from the levy of general ad valorem property taxes under California law, including, but not limited to, public streets, schools, parks, and public drainageways, landscaping, wetlands, greenbelts, and open space.

"Remainder Parcel" means a portion of a unit of land that is created as a result of the recording of a Large Lot Parcel Map or Final Small Lot Subdivision Map, which results in a designated remainder as defined in Government Code Section 66424.6(a) (Remainder Parcel). Such a Remainder Parcel may contain taxable and tax-exempt uses, such as Residential Uses, and Public Parcels, such as park sites. Once designated as a Remainder Parcel, such Parcel will be considered a Large Lot Parcel for the purposes of future Subdivisions and for the provisions of **Sections 4** through **6**.

"Residential Use" means a Parcel designated for residential use, such as single-family residential Units, residential condominiums, townhouses, or apartments that would be included in the definitions of Low-Density Residential, Medium Density Residential or High Density Residential.

"RMA" means this Rate and Method of Apportionment, and Manner of Collection of Special Tax, as it may be amended from time to time in connection with Annexation Parcels or otherwise.

"Single-Family Parcel" means, in any Fiscal Year, all Parcels in the CFD for which a building permit was issued or may be issued for construction of a Unit that is a single-family residential, residential condominium, or townhouse Unit.

"Small Lot Tentative Map" means a map that is approved by the City for the purpose of showing the design of a proposed Subdivision, including the individual buildable lots expected in the Subdivision, as well as the conditions pertaining thereto. The Small Lot Tentative Map designation for this RMA is in reference only to the areas shown on the map on which Low-Density Residential and Medium-Density Residential uses would be permitted. A Small Lot Tentative Map is not based on a detailed survey of the property in the map and is not recorded at the County Recorder's Office to create legal lots.

"Small Lot Tentative Map Parcel" means, in any Fiscal Year, all Parcels included in a Small Lot Tentative Map that was approved before May 1 of the prior Fiscal Year that are planned for Low-Density Residential and Medium-Density Residential and which have not yet become a Developed Parcel.

"Special Tax(es)" mean(s) any tax levy under the Act in the CFD.

"Subdivision" or **"Subdivided"** means a division of a Parcel into two or more Parcels through Parcel reconfiguration, lot-line adjustments, or the Subdivision Map Act process. A Subdivision also may include the merging of two or more Parcels to create new Parcels.

"Successor Parcel" means a Parcel created by the Subdivision of an Original Parcel or a Successor Parcel.

"Tax Category" means the categories of taxable land uses shown in **Attachments 2, 3, and 4.**

"Tax Collection Schedule" means the document prepared by the Administrator for the County Auditor-Controller to use in levying and collecting the Special Taxes each Fiscal Year.

"Tax Escalation Factor" means a factor of 2 percent by which the Maximum Annual Facilities Special Tax, Maximum Annual Maintenance Special Tax and related Maximum Annual Special Tax Rates shall be increased annually until the Transition Event. After the Transition Event, the Maximum Annual Maintenance Special Tax may be increased up to 2 percent annually at the City's discretion. The Administrator should refer to Section 4a for application of the Tax Escalation Factor.

"Taxable Acreage" means that area of a Parcel determined by the Administrator to become a Taxable Parcel or Parcels upon further Subdivision. An example might be that a Large Lot Parcel Map creates a Remainder Parcel that, according to **Attachment 1**, contains both taxable uses and tax-exempt uses.

"Taxable Parcel" means any Parcel that is not a Tax-Exempt Parcel.

"Tax-Exempt Parcel" means a Parcel not subject to the Annual Special Tax. Tax-Exempt Parcels include (a) Public Parcels, and (b) Parcels owned by the City, school districts, special districts, or the state or federal government. A Taxable Parcel that is acquired by a public agency shall remain a Taxable Parcel as per the provisions of **Section 4.h.**

Certain privately-owned Parcels also may be exempt from the levy of Annual Special Taxes, including common areas owned by homeowner's associations or property owner associations, wetlands, detention basins, water quality ponds, and open space, as determined by the Administrator.

"Transition Event" means for Improvement Area No. 1, the earlier of (a) after the Initial Bonding period, the Fiscal Year in which the Administrator determines the Development Impact Fee Deferral, and any eligible Pay-As-You-Go Costs have been repaid in full to the City and City determines funding is no longer needed for Annual Facilities Costs, or (b) Fiscal Year 2084-85, and, for parcels within the Future Annexation Area annexed into an Improvement Area other than Improvement Area No. 1, the earlier of (a) after the Initial Bonding period for that Improvement Area, the Fiscal Year in which the Administrator determines the Development Impact Fee Deferral, and any eligible Pay-As-You-Go Costs have been repaid in full to the City and City determines funding is no longer needed for Annual Facilities Costs, or (b) sixty-five Fiscal Years following the first full Fiscal Year after the date of creation of such Improvement Area.

"Transition Year" means, for each Improvement Area separate from the other, the first Fiscal Year following the Fiscal Year in which the Transition Event occurred.

"Trustee" means a national banking association organized and existing under the laws of the United States acting as a trustee or fiscal agent for Bonds.

"Undeveloped Parcel" means a Taxable Parcel that is not a Developed Parcel, Small Lot Tentative Map Parcel, or a Large Lot Parcel.

"Unit" means, for a Single-Family Parcel, the individual residential unit on such Parcel, or for a Multifamily For-Rent Parcel or Multifamily For-Sale Parcel, an individual residential unit in a multifamily building.

3. Duration of the Special Tax

Improvement Area No. 1

The Facilities Special Tax will be levied and collected until the earlier of (i) the Transition Year or (ii) Fiscal Year 2084-85. The Maintenance Special Tax will be levied and collected beginning in the Transition Year. The Maintenance Special Tax will thereafter be collected in perpetuity.

Future Annexation Area Parcels

For parcels within the Future Annexation Area annexed into an Improvement Area other than Improvement Area No. 1, the Facilities Special Tax will be levied and collected until the earlier of (i) the Transition Year or (ii) sixty-five Fiscal Years following the first full Fiscal Year after the date of creation of such Improvement Area. The Maintenance Special Tax will be levied and collected beginning in the Transition Year. The Maintenance Special Tax will thereafter be collected in perpetuity.

4. Administrative Tasks for the Facilities Special Tax

The provisions of Section 4 shall apply to each Improvement Area on a stand-alone basis. For each Improvement Area, tasks required of the Administrator are set forth below:

- a. Annual Special Tax Escalation. Until the Transition Event, the Administrator shall increase the Maximum Annual Facilities Special Tax, the Maximum Annual Maintenance Special Tax and Maximum Annual Special Tax Rates by the Tax Escalation Factor in all Fiscal Years following the Base Year. After the Transition Event, the City, in its sole discretion, may determine whether to apply the Tax Escalation Factor to the Maximum Annual Maintenance Special Tax in any Fiscal Year.
- b. Assignment of the Maximum Annual Facilities Special Tax to Original Parcels. **Attachment 3** identifies the Assigned Maximum Annual Facilities Special Tax for each Original Parcel included in Improvement Area No. 1 at CFD formation, which is determined for each Large Lot Parcel based on the Expected Land Uses in each Large Lot Parcel at CFD Formation. The Assigned Maximum Annual Facilities Special Tax shall continue to apply to the geographic area to which it was assigned. If, before further Subdivision, the Administrator determines there are multiple Assessor's Parcels in a Large Lot Parcel, the Administrator shall assign the Maximum Annual Facilities Special Tax to each Assessor's Parcel on a pro rata basis to all Assessor's Parcels in that Large Lot Parcel based on the percentage share of Taxable Acreage identified for each Assessor's Parcel. Similarly, if the Administrator determines there are

multiple Large Lot Parcels in an Assessor's Parcel, the Maximum Annual Facilities Special Tax shall equal the sum of the Assigned Maximum Annual Facilities Special Tax for all Large Lot Parcels in that Assessor's Parcel.

- c. Assignment of the Maximum Annual Facilities Special Tax to Annexation Parcels. If Parcels are annexed to the CFD after formation, the Maximum Annual Facilities Special Tax shall be assigned to these Annexation Parcels using the definitions in **Section 2** and the Maximum Annual Facilities Special Tax per Unit or Acre shown in **Attachment 2** as adjusted by the Tax Escalation Factor applied by the Administrator, unless the Annexation Parcels are annexed with a new set of Maximum Annual Facilities Special Taxes. Annexation Parcels will be included in a new Improvement Area and not be annexed into Improvement Area No. 1. **Attachments 1 or 2** shall be amended, or a new attachment created, to include the new Improvement Area, the Annexation Parcels and, if necessary, the applicable tax rates. If new Maximum Annual Facilities Special Taxes are created, **Attachments 1, 2, and 3** should be amended to reflect the Maximum Annual Facilities Special Taxes for the Annexation Parcels. Once annexed, these annexed Parcels shall be considered Original and Successor Parcels and will be subject to the same procedures for assignment of the Maximum Annual Facilities Special Tax to Successor Parcels described in **Section 4.d**. The owner of the Annexation Parcels shall be responsible for paying all costs associated with annexing the Annexation Parcels to the CFD, but otherwise shall not be required to pay any other charge, fee or catch-up special tax in connection with or as a condition of such annexation unless otherwise agreed to by the owner of the Annexation Parcel in connection with the annexation.
- d. Assignment of the Maximum Annual Facilities Special Tax to Successor Parcels. As Original Parcels and Successor Parcels are Subdivided through creation of Final Small Lot Subdivision Maps, lot line adjustments or other Parcel amendments through the Subdivision Map Act process, the Administrator shall use the following steps to assign the Maximum Annual Facilities Special Tax to new Successor Parcels. As a result of each assignment of the Maximum Annual Facilities Special Tax upon Subdivision of an Original Parcel or Successor Parcel, the sum of the Maximum Annual Facilities Special Taxes assigned to the newly created Taxable Parcels shall never be less, but may be greater, than the Assigned Maximum Annual Facilities Special Tax for that Original Parcel or Successor Parcel.
1. If an Original Parcel or Successor Parcel is Fully Subdivided into Single-Family Parcels with No Remainder Parcel(s). There shall be no net loss of Maximum CFD Special Tax Revenue as a result of the assignment of the Maximum Annual Facilities Special Tax to Single-Family Parcels. The Administrator shall use the following procedures to assign the Maximum Annual Facilities Special Tax to Single-Family Parcels. All references to Maximum Annual Facilities Special Taxes in the attachments are subject to application by the Tax Escalation Factor by the Administrator:
- A. Multiply the Maximum Annual Facilities Special Tax per Unit by Tax Category from **Attachment 2** by the number of Units for each Single-Family Parcel created by the Subdivision. Sum the Maximum Annual Facilities Special Taxes for all Single-Family Parcels created by the Subdivision.
- B. If the sum of Maximum Annual Facilities Special Taxes calculated in Step 4.d.1.A above is equal to or greater than the Assigned Maximum Annual Facilities Special Tax

for the Original or Successor Parcel that was Subdivided, assign the Maximum Annual Facilities Special Tax per Unit by Tax Category as calculated in Step 4.1.d.A above to each Single-Family Parcel created by the Subdivision.

- C. If the sum of Maximum Annual Facilities Special Taxes calculated in Step 4.d.1.A above is less than the Assigned Maximum Annual Facilities Special Tax for the Original or Successor Parcel that was Subdivided, unless 100 percent of the Units are designated Affordable Units, (i) assign the Maximum Annual Facilities Special Tax for Affordable Units shown in **Attachment 2** to each Affordable Unit (if any) and, (ii) Proportionately increase the Maximum Annual Facilities Special Tax per Unit for all Units that are not Affordable Units until the sum of resulting Maximum Annual Facilities Special Taxes from all Units (including Affordable Units) equals the Assigned Maximum Annual Facilities Special Tax for the Original or Successor Parcel that was Subdivided. Assign the Maximum Annual Facilities Special Tax calculated in this step to each new Single-Family Parcel created by the Subdivision.
 - D. If the sum of Maximum Annual Facilities Special Taxes calculated in Step 4.d.1.A above is less than the Assigned Maximum Annual Facilities Special Tax for the Original or Successor Parcel that was Subdivided **and** if 100 percent of the Single-Family Parcels created by Subdivision are designated as Affordable Units, increase Proportionately the Maximum Annual Facilities Special Tax per Unit for each Affordable Unit until the sum of Maximum Annual Facilities Special Taxes from all Affordable Units on the new Single-Family Parcels created by the Subdivision equal the Assigned Maximum Annual Facilities Special Tax for the Original or Successor Parcel that was Subdivided. Assign the Maximum Annual Facilities Special Tax calculated in this step to each new Single-Family Parcel created by the Subdivision.
2. If Original or Successor Parcel Is Subdivided into Single-Family Parcels and One or More Remainder Parcels. When an Original or Successor Parcel is Subdivided into Single-Family Parcels and one or more Large Lot Parcels (or Remainder Parcels), the Assigned Maximum Annual Facilities Special Tax is apportioned to the Single-Family Parcels and Large Lot Parcels created by the Subdivision in the following manner:
- A. Apportion the Assigned Maximum Annual Facilities Special Tax to the area(s) that is/are being Subdivided into Single-Family Parcels and to the area(s) that will be Remainder Parcel(s) on a pro rata basis, based on the percentage share of Taxable Acreage represented by each such area as compared to the total area of the Original or Successor Parcel.
 - B. For each area Subdivided into Single-Family Parcels, multiply the Maximum Annual Facilities Special Tax per Unit by Tax Category from **Attachment 2** by the number of Units for each Single-Family Parcel created by the Subdivision. Sum the Maximum Annual Facilities Special Taxes for all Single-Family Parcels created by the Subdivision.
 - C. For each area Subdivided into Single-Family Parcels, if the sum of Maximum Annual Facilities Special Taxes calculated in Step 4.d.2.B above is equal to or greater than the Assigned Maximum Annual Facilities Special Tax apportioned to that area of the Original or Successor Parcel that was Subdivided into Single-Family Parcels, assign

the Maximum Annual Facilities Special Tax per Unit by Tax Category as calculated in Step 4.d.2.B above to each Single-Family Parcel created by the Subdivision.

- D. For each area Subdivided into Single-Family Parcels, if the sum of Maximum Annual Facilities Special Taxes calculated in Step 4.d.2.B above is less than the Assigned Maximum Annual Facilities Special Tax apportioned to that area of the Original or Successor Parcel that was Subdivided into Single-Family Parcels, unless 100 percent of the Units are designated Affordable Units, (i) assign the Maximum Annual Facilities Special Tax for Affordable Units shown in **Attachment 2** to each Affordable Unit (if any) and, (ii) Proportionately increase the Maximum Annual Facilities Special Tax per Unit for all Units that are not Affordable Units until the sum of resulting Maximum Annual Facilities Special Taxes from all Units (including Affordable Units) equals the Assigned Maximum Annual Facilities Special Tax apportioned to that area of the Original or Successor Parcel that was Subdivided into Single-Family Parcels. Assign the Maximum Annual Facilities Special Tax calculated in this step to each new Single-Family Parcel created by the Subdivision.
- E. For each area Subdivided into Single-Family Parcels, if the sum of Maximum Annual Facilities Special Taxes calculated in Step 4.d.2.B above is less than the Assigned Maximum Annual Facilities Special Tax apportioned to that area of the Original or Successor Parcel that was Subdivided into Single-Family Parcels **and** if 100 percent of the Single-Family Parcels created by Subdivision are designated as Affordable Units, increase Proportionately the Maximum Annual Facilities Special Tax per Unit for each Affordable Unit until the sum of Maximum Annual Facilities Special Taxes from all Affordable Units on the new Single-Family Parcels created by the Subdivision equal the Assigned Maximum Annual Facilities Special Tax apportioned to that area of the Original or Successor Parcel that was Subdivided into Single-Family Parcels. Assign the Maximum Annual Facilities Special Tax calculated in this step to each new Single-Family Parcel created by the Subdivision.
- F. For the Remainder Parcel or Parcels, identify the Maximum Annual Facilities Special Tax for the entire Original or Successor Parcel that has been Subdivided. Sum the Maximum Annual Facilities Special Tax for all Single-Family Parcels created by the Subdivision, including Single-Family Parcels with Affordable Units. Subtract the sum of the Maximum Annual Facilities Special Tax for all Single-Family Parcels from the Assigned Maximum Annual Facilities Special Tax for the Original or Successor Parcel being subdivided and compare it to the Maximum Annual Facilities Special Tax assigned to the Remainder Parcel or Parcels in Step 4.d.2.A. Assign to each Remainder Parcel, the lesser of the calculations in this step or in Step 4.d.2.A, but in no event less than the difference between the previously Assigned Maximum Annual Facilities Special Tax for the Original Parcel or Successor Parcel being Subdivided and the total of the Maximum Annual Facilities Special Tax for all Single-Family Parcels created by such Subdivision.

Once designated as a Remainder Parcel, such Parcel will be considered a Large Lot Parcel for the purposes of future Subdivisions and for the provisions of **Sections 4** through **6**.

3. If an Original or Successor Parcel is Subdivided creating multiple land uses and Tax Categories or for any rezones of land uses on Original or Successor Parcels:

- A. Identify the Assigned Maximum Annual Facilities Special Tax for the Original Parcel or Successor Parcel that is being Subdivided or rezoned.
- B. For each Taxable Parcel subject to rezone or created by Subdivision multiply the Maximum Annual Facilities Special Tax per Unit or per Acre by the number of Units or by the number of Acres by the appropriate Tax Category. For each Taxable Parcel created by Subdivision that includes Affordable Units, multiply the number of Affordable Units by the Tax per Unit for such Affordable Units.
- C. Sum the Maximum Annual Facilities Special Tax for each Taxable Parcel and compare it to the Assigned Maximum Annual Facilities Special Tax of the Original or Successor Parcel that is subject to rezone or is being Subdivided. If the sum of Maximum Annual Facilities Special Tax for each Taxable Parcel is greater than the Assigned Maximum Annual Facilities Special Tax for the Original Parcel, the Administrator shall apply the Maximum Annual Facilities Special Tax calculated above for each Taxable Parcel.
- D. If the Assigned Maximum Annual Facilities Special Tax for the Original Parcel or Successor Parcel subject to rezone or that is being subdivided is greater than the sum of Maximum Annual Facilities Special Tax for each Successor Parcel being created, increase Proportionately the Maximum Annual Facilities Special Tax per Unit or per Acre for all Tax Categories on each Taxable Parcel such that the sum of Maximum Annual Facilities Special Tax for all Taxable Parcels equals the Assigned Maximum Annual Facilities Special Tax for the Original Parcel.

4. If Multifamily Residential Units are Constructed on an Original or Successor Parcel: If a Building Permit for Multifamily Residential—For Rent uses is issued for an Original or Successor Parcel, identify the Maximum Annual Facilities Special Tax for the Taxable Parcel in **Attachment 3**. Assign this amount as the Maximum Annual Facilities Special Tax for the Parcel.

If a Building Permit for Multifamily Residential—For Sale uses is issued for an Original or Successor Parcel, use the following procedure to assign the Maximum Annual Facilities Special Tax to Successor Parcels.

- A. Multiply the Maximum Annual Facilities Special Tax per Unit for High Density Residential Units from **Attachment 2** by the number of High Density Residential Units (excluding Affordable Units) created by the Building Permit. Sum the Maximum Annual Facilities Special Taxes for all High Density Residential Units created by the Building Permit.
- B. Multiply the Maximum Annual Facilities Special Tax per Unit High Density Residential Affordable Units from **Attachment 2** by the number of High Density Residential Affordable Units created by the Building Permit. Sum the Maximum Annual Facilities Special Taxes for all High Density Residential Affordable Units created by the Building Permit.

- C. Sum the results from **Section 4.d.4.A** and **Section 4.d.4.B.** and compare it to the Assigned Maximum Annual Facilities Special Tax of the Original or Successor Parcel with the issued Building Permit. If the sum of Maximum Annual Facilities Special Tax for each Taxable Parcel is greater than the Assigned Maximum Annual Facilities Special Tax for the Original Parcel, the Administrator shall apply the Maximum Annual Facilities Special Tax calculated above for each Taxable Parcel.
- D. If the Assigned Maximum Annual Facilities Special Tax for the Original Parcel or Successor Parcel subject to the Building Permit is greater than the sum of Maximum Annual Facilities Special Tax for each Successor Parcel being created, increase Proportionately the Maximum Annual Facilities Special Tax per Unit for all Tax Categories on each Taxable Parcel such that the sum of Maximum Annual Facilities Special Tax for all Taxable Parcels equals the Assigned Maximum Annual Facilities Special Tax for the Original Parcel.
- e. Affordable Units that Become Market-Rate Units. If, in any Fiscal Year, the City Manager, or his or her designee, determines that a Unit that previously had been designated as an Affordable Unit no longer qualifies as such, the Affordable Housing Director shall update the Affordable Unit listing by denoting the change in status of the Unit, together with the effective date thereof. For all Affordable Units that are converted to Market-Rate Units, such Units shall be assigned the Maximum Annual Facilities Special Tax per Unit based on their Tax Category as shown in **Attachment 2**, as adjusted by the Tax Escalation Factor so long as the Special Tax does not decrease on such a Unit.
- f. Transfer of the Assigned Maximum Annual Facilities Special Tax from One Large Lot Parcel to Another. The Maximum Annual Facilities Special Taxes shown in **Attachment 3** were determined based on the Expected Land Uses for each Large Lot Parcel shown in **Attachment 1**. If the number of planned residential Units or Nonresidential Acreage is transferred from one Large Lot Parcel to another before recording a Final Small Lot Subdivision Map in any portion of the Large Lot Parcel, the City may, in its sole discretion, allow for a transfer of the Maximum Annual Facilities Special Tax from one Large Lot Parcel to another. Such a transfer shall be allowed only if (1) all adjustments are agreed to in writing by the affected property owners and the CFO, and (2) there is no reduction in the Maximum Annual CFD Special Tax Revenues as a result of the transfer. Should a transfer result in an amendment to **Attachments 1, 2, or 3** of the Notice of Special Tax Lien, the requesting property owner shall bear the costs to effect the transfer in the CFD records and prepare the required amendments to the Notice of Special Tax Lien and **Attachments 1, 2, or 3**. Before the transfer, the City may require a deposit from the requesting property owner for such costs.
- g. Conversion of a Tax-Exempt Parcel to a Taxable Parcel. If a Tax-Exempt Parcel is not needed for public use and is converted to a taxable use or transferred to a private owner, it shall become subject to the Facilities Special Tax. The Maximum Annual Facilities Special Tax for the newly Taxable Parcel will be determined using the provisions of **Sections 4 and 5** of the RMA.
- h. Taxable Parcels Acquired by a Public Agency. A Taxable Parcel that is acquired by a public agency after the CFD is formed will remain subject to the applicable Special Tax unless the Special Tax obligation is satisfied pursuant to Section 53317.5 of the Government Code.

An exception to this may be made if a Public Parcel, such as a park site, is relocated to a Taxable Parcel, in which case the previously Tax-Exempt Parcel of comparable acreage becomes a Taxable Parcel and the Maximum Annual Facilities Special Tax from the previously Taxable Parcel is transferred to the new Taxable Parcel. This trading of a Parcel from a Taxable Parcel to a Public Parcel will be permitted to the extent there is no net loss in Maximum Annual CFD Special Tax Revenue and the transfer is agreed to by the owners of the Parcels involved in the transfer and the CFO.

5. Administrative Tasks for the Maintenance Special Tax

This section discusses the administrative tasks for the Maintenance Special Tax, which shall be applicable after the Transition Event.

Separately, the provisions of Section 5 shall apply to each Improvement Area. For each Improvement Area, tasks required of the Administrator are set forth below:

- a. Assignment of the Maximum Annual Maintenance Special Tax to Developed Parcels. After the Transition Event, the Administrator shall assign the Maximum Annual Maintenance Special Tax to all Developed Parcels using the Maximum Annual Special Tax Rates for the Maintenance Special Tax by Tax Category shown in **Attachment 4**, as adjusted by the Tax Escalation Factor.
- b. Assignment of the Maximum Annual Maintenance Special Tax to Successor Parcels. After the Transition Event, if Original Parcels and Successor Parcels are Subdivided through creation of Final Small Lot Subdivision Maps, lot line adjustments or other Parcel amendments through the Subdivision Map Act process, the Administrator shall use the steps in **Section 4.d** to assign the Maximum Annual Maintenance Special Tax to new Successor Parcels. ***When applying Section 4.d after the Transition Event, the Administrator shall substitute Maintenance Special Tax for Facilities Special Tax and shall substitute Maximum Annual Maintenance Special Tax for Maximum Annual Facilities Special Tax.***
- c. Assignment of the Maximum Annual Maintenance Special Tax to Annexation Parcels. If Parcels are annexed to the CFD after formation, the Maximum Annual Maintenance Special Tax shall be assigned to these Annexation Parcels using the definitions in **Section 2** and the Maximum Annual Maintenance Special Tax per Unit or Acre shown in **Attachment 4** as adjusted by the Tax Escalation Factor applied by the Administrator, unless the Annexation Parcels are annexed with a new set of Maximum Annual Maintenance Special Taxes. **Attachment 1** may be amended, or a new attachment created, to include the Annexation Parcels and, if necessary, the applicable tax rates. If new Maximum Annual Maintenance Special Taxes are created, **Attachment 4** should be amended to reflect the Maximum Annual Maintenance Special Taxes for the Annexation Parcels. Once annexed, these annexed Parcels shall be considered Original and Successor Parcels and will be subject to the same procedures for assignment of the Maximum Annual Maintenance Special Tax to Successor Parcels described in this section. The owner of the Annexation Parcels shall be responsible for paying all costs associated with annexing the Annexation Parcels to the CFD, but otherwise shall not be required to pay any other charge, fee or catch-up special tax in

connection with or as a condition of such annexation unless otherwise agreed to by the owner of the Annexation Parcel in connection with the annexation.

- d. Affordable Units that Become Market-Rate Units. If, in any Fiscal Year, the City Manager, or his or her designee, determines that a Unit that previously had been designated as an Affordable Unit no longer qualifies as such, the Affordable Housing Director shall update the Affordable Unit listing by denoting the change in status of the Unit, together with the effective date thereof. For all Affordable Units that are converted to Market-Rate Units, such Units shall be assigned the Maximum Annual Maintenance Special Tax per Unit based on their Tax Category as shown in **Attachment 4**, as adjusted by the Tax Escalation Factor.
- e. Conversion of a Tax-Exempt Parcel to a Taxable Parcel. If a Tax-Exempt Parcel is not needed for public use and is converted to a taxable use or transferred to a private owner, it shall become subject to the Maintenance Special Tax. The Maximum Annual Maintenance Special Tax for the newly Taxable Parcel will be determined using the provisions of **Sections 5 and 6** of the RMA.
- f. Taxable Parcels Acquired by a Public Agency. A Taxable Parcel that is acquired by a public agency after the CFD is formed will remain subject to the applicable Special Tax unless the Special Tax obligation is satisfied pursuant to Section 53317.5 of the Government Code. An exception to this may be made if a Public Parcel, such as a park site, is relocated to a Taxable Parcel, in which case the previously Tax-Exempt Parcel of comparable acreage becomes a Taxable Parcel and the Maximum Annual Maintenance Special Tax from the previously Taxable Parcel is transferred to the new Taxable Parcel. This trading of a Parcel from a Taxable Parcel to a Public Parcel will be permitted to the extent there is no net loss in Maximum Annual CFD Special Tax Revenue and the transfer is agreed to by the owners of the Parcels involved in the transfer and the CFO.

6. Assignment of the Maximum Annual Special Tax

Separately for each Improvement Area, the Administrator shall assign the Maximum Annual Special Tax using the procedures identified below:

- a. Classification of Parcels. For purposes of the next Fiscal Year tax levy, by June 30 of each Fiscal Year, using the Definitions in **Section 2**, the Parcel records of the Assessor's secured tax roll as of January 1, and other City development approval records, the Administrator shall cause:
 - 1. Each Parcel to be classified as a Taxable Parcel or Tax-Exempt Parcel.
 - 2. Each Parcel to be classified as a Developed Parcel, a Small Lot Tentative Map Parcel, a Large Lot Parcel (including Remainder Parcels), or an Undeveloped Parcel.
- b. Assignment of the Maximum Annual Facilities Special Tax to Taxable Parcels. The Maximum Annual Facilities Special Tax will be assigned to each Taxable Parcel each Fiscal Year using the procedures (not all steps may be applicable for each such Parcel) in **Section 4**.
- c. Assignment of the Maximum Annual Maintenance Special Tax to Taxable Parcels. Following the Transition Even, the Maximum Annual Maintenance Special Tax will be assigned to each

Taxable Parcel each Fiscal Year using the procedures (not all steps may be applicable for each such Parcel) in **Sections 4 and 5**.

7. Calculating Annual Special Taxes

This section discusses the levy of the Facilities Special Tax and the Maintenance Special Tax. Collectively, these Special Taxes are included in the discussion of the assignment of the Maximum Annual Special Taxes. For the period following CFD formation until the Transition Event, the Maximum Annual Special Tax shall refer to the Facilities Special Tax. Beginning with the Transition Year, the Maximum Annual Special Tax shall refer to the Maintenance Special Tax.

Separately for each Improvement Area, the Administrator shall follow the special tax levy procedures described below.

The Administrator will compute the Annual Facilities Costs or Annual Maintenance Costs and determine the annual Special Tax levy for each Taxable Parcel based on the assignment of the Special Tax in **Sections 4, 5, and 6**. The Administrator then will determine the tax levy for each Taxable Parcel using the following process.

Facilities Special Tax Levy

- a. Compute the Annual Facilities Costs using the definition of Annual Facilities Costs in **Section 2**.
- b. For all Taxable Parcels, calculate the Facilities Special Tax levy for each using the following steps:

Step 7.b.1. The Facilities Special Tax shall be levied proportionately on all Developed Parcels up to the amount of Annual Facilities Cost or up to 100 percent of the Maximum Annual Facilities Special Tax Revenue for all Developed Parcels, whichever is less.

Step 7.b.2. If additional revenue is needed after *Step 7.b.1.*, the Facilities Special Tax shall be levied proportionately on each Small Lot Tentative Map Parcel until the revenue from the Facilities Special Tax levy in this step, when added to the levy amount computed in *Step 7.b.1.*, equals the Annual Facilities Costs, or up to 100 percent of the Maximum Annual Facilities Special Tax Revenue for all Small Lot Tentative Map Parcels. As necessary, the Facilities Special Tax shall be levied on Small Lot Tentative Map Parcels for the entire portion of Annual Facilities Costs, excluding Pay-As-You-Go Costs.

Step 7.b.3. If additional revenue is needed after *Step 7.b.2.*, the Facilities Special Tax shall be levied proportionately on each Large Lot Parcel until the revenue from the Facilities Special Tax levy in this step, when added to the levy amount computed through *Step 7.b.2.*, equals the Annual Facilities Costs, or up to 100 percent of the Maximum Annual Facilities Special Tax Revenue for all Large Lot Parcels. As necessary, the Facilities Special Tax shall be levied on Large Lot Parcels for the entire portion of Annual Facilities Costs, excluding Pay-As-You-Go Costs.

- Step 7.b.4. If additional revenue is needed after *Step 7.b.3.*, the Facilities Special Tax shall be levied on each Undeveloped Parcel until the revenue from the Facilities Special Tax levy in this step, when added to the levy amounts computed through *Step 7.b.3.*, equals the Annual Facilities Costs, or up to 100 percent of the Maximum Annual Facilities Special Tax Revenue for all Undeveloped Parcels. As necessary, the Facilities Special Tax shall be levied on Undeveloped Parcels for the entire portion of Annual Facilities Costs, excluding Pay-As-You-Go Costs.

Maintenance Special Tax Levy

- c. Beginning in the Transition Year, compute the Annual Maintenance Cost using the definition of Annual Maintenance Costs in **Section 2**.
- d. For all Taxable Parcels, calculate the Maintenance Special Tax levy for each using the following steps:
- Step 7.d.1. The Maintenance Special Tax shall be levied proportionately on all Developed Parcels up to the amount of Annual Maintenance Cost or up to 100 percent of the Maximum Annual Maintenance Special Tax Revenue for all Developed Parcels, whichever is less.
- Step 7.d.2. If additional revenue is needed after *Step 7.d.1.*, the Maintenance Special Tax shall be levied proportionately on each Small Lot Tentative Map Parcel until the revenue from the Maintenance Special Tax levy in this step, when added to the levy amount computed in *Step 7.d.1.*, equals the Annual Maintenance Costs, or up to 100 percent of the Maximum Annual Maintenance Special Tax Revenue for all Small Lot Tentative Map Parcels.
- Step 7.d.3. If additional revenue is needed after *Step 7.d.2.*, the Maintenance Special Tax shall be levied proportionately on each Large Lot Parcel until the revenue from the Maintenance Special Tax levy in this step, when added to the levy amount computed through *Step 7.d.2.*, equals the Annual Maintenance Costs, or up to 100 percent of the Maximum Annual Maintenance Special Tax Revenue for all Large Lot Parcels.
- Step 7.d.4. If additional revenue is needed after *Step 7.d.3.*, the Maintenance Special Tax shall be levied on each Undeveloped Parcel until the revenue from the Maintenance Special Tax levy in this step, when added to the levy amounts computed through *Step 7.d.3.*, equals the Annual Maintenance Costs, or up to 100 percent of the Maximum Annual Maintenance Special Tax Revenue for all Undeveloped Parcels.
- e. Levy on each Taxable Parcel the amount calculated above.
- f. Prepare the Tax Collection Schedule and, unless an alternative method of collection has been selected pursuant to **Section 10**, send it to the County Auditor requesting that it be placed on the general, secured property tax roll for the Fiscal Year. The Tax Collection Schedule will be sent no later than the date required by the County Auditor for such inclusion.

The Administrator will make every effort to calculate the Special Tax correctly for each Parcel. It will be the burden of the taxpayer to identify any errors in determining which Parcels are subject to the tax and their Special Tax assignments.

8. Prepayment of the Facilities Special Tax Obligation

Calculations of a Prepayment shall reflect the Improvement Area within which the Parcel seeking to prepay resides. A property owner may at any time prepay either 25 percent or 50 percent of the Full Prepayment, except that the City may allow a partial prepayment of any percentage up to 50 percent of the Full Prepayment to be made as a "buy down" of the rate for purposes of marketing the property by a builder or developer of land to be sold for Residential Use. In the event such a builder or developer has prepaid a portion of the Facilities Special Tax, the allowable 25 percent or 50 percent partial prepayment of the Facilities Special Tax that can be made by a subsequent owner shall be reduced by the amount so prepaid by the builder or developer. For example, if a builder made a partial prepayment of 15 percent, a subsequent owner could make another partial prepayment of 10 percent or 35 percent bringing the total sum or partial prepayments to 25 percent or 50 percent respectively of the Full Prepayment. Full Prepayment is permitted only for Nonresidential Use Parcels; Full Prepayment is not allowable for Residential Use Parcels.

Prepayments must be made in sufficient time to, in the City's opinion, have the Prepayment reflected in the following Fiscal Year's Special Tax levy.

Prepayment is permitted only under the following additional conditions:

- The landowner prepaying the Facilities Special Tax on a Parcel has paid any delinquent Facilities Special Tax and penalties on that Parcel at or before or at the time of Prepayment.
- Following Prepayment, amounts in any debt service reserve fund are equal to or greater than the reserve fund requirement.
- The City determines that the Prepayment will not jeopardize its ability to make timely payments of Debt Service and maintain a 110 percent annual Debt Service coverage based on Maximum Annual Special Tax Revenues in all years in which issued Bonds will be outstanding.
- The portion of the Prepayment for the Development Impact Fee Deferral shall only be used to pay for the Development Impact Fee Deferral whether it was or is to be funded through annual special tax payments or through bonded indebtedness.

When permitted, the Administrator shall calculate Prepayments using the following steps:

- a. The Full Prepayment amount shall be established by following the steps below:

Step 8.a.1: Determine the percentage of the Maximum Facilities Special Tax for the Taxable Parcel for which the Facilities Special Tax is to be prepaid using the provisions of **Sections 4, 5, and 6**. If the Parcel is not designated as a Developed Parcel, determine the applicable Facilities Special Tax for the Parcel assuming it is a Developed Parcel.

- Step 8.a.2: Increase the Maximum Facilities Special Tax by 2 percent per annum for the longer of (i) 30 years from the year in which the Parcel was first subject to the Facilities Special Tax as a Developed Parcel, or (ii) the end of the then-remaining Initial Bonding Period.
- Step 8.a.3: Using a discounted rate equal to the most current yield for the 30-Year Treasury Constant Maturity, calculate the net present value of the revenue stream determined *Step 8.a.2*. If this yield is no longer available, the Administrator will select a yield rate from the most comparable type of security.
- Step 8.a.4: Add to the amount calculated in *Step 8.a.3* interest on the Bonds being redeemed to the next redemption date.
- Step 8.a.5: Add to the amount calculated in *Step 8.a.4* a redemption premium on the Bonds being redeemed (if any) as identified in the Bond Indenture(s).
- Step 8.a.6: Add to the amount calculated in *Step 8.a.5* the Development Impact Fee Deferral amount applicable to the Parcel, as adjusted for inflation. If Bonds have been issued to finance the Development Impact Fee Deferral, follow *Steps 8.a.2* and *8.a.3*, using for *Step 8.a.2* the longer of (i) 30 years from the year in which the Parcel was first subject to the Facilities Special Tax during the Deferral Bonding Period, or (ii) the end of the then-remaining Deferral Bonding Period.
- Step 8.a.7: Add the administrative cost of processing the Prepayment to the amount calculated in *Step 8.a.6*.
- Step 8.a.8: The amount in *Step 8.a.7* is the amount of the Full Prepayment of the Maximum Annual Special Tax for the Taxable Parcel.
- b. Partial Prepayments will be calculated as described below:

The amount of any Partial Prepayment is limited to a maximum of 50 percent of the Full Prepayment amount determined in *Step 8.a.8*. When a Partial Prepayment is made, the full amount of Administrative fees and expenses determined in *Step 8.a.7* shall be included in the Partial Prepayment calculation. The Facilities Special Tax that can be levied on a Parcel after a Partial Prepayment is made is equal to the Maximum Facilities Special Tax multiplied by one minus the percentage that has been prepaid.

9. Interpretation, Application, and Appeal of Special Tax Formula and Procedures

Any taxpayer who feels the amount of the Special Tax assigned to a Parcel is in error may file a notice with the CFO appealing the levy of the Special Tax. The CFO then will promptly review the appeal and, if necessary, will meet with the applicant. If the CFO verifies that the tax should be modified or changed, the Special Tax levy will be corrected and, if applicable in any case, a credit or refund will be granted.

Interpretations may be made by the City, without Resolution or Ordinance of the Council, for purposes of clarifying any vagueness or ambiguity as it relates to the Special Tax rate, the method of apportionment, the classification of properties, or any definition applicable to the CFD.

Without Council approval, the CFO may make minor, non-substantive administrative and technical changes to the provisions of this RMA that do not materially affect the rate, method of apportionment, or manner of collection of the Special Tax for purposes of administrative efficiency or convenience or to comply with new applicable federal, state, or local law.

The City, upon request of an owner of land in the CFD that is not a Developed Parcel, also may amend this RMA in any manner acceptable to the City, without Resolution or Ordinance of the Council, upon the affirmative vote of such owner and without the vote of owners of any other land in the CFD, provided such amendment is only applicable to such owner's land and does not reduce the total Maximum Annual CFD Special Tax Revenue.

10. Manner of Collection

The Special Tax will be collected in the same manner and at the same time as ad valorem property taxes, provided, however, the Administrator or its designee may directly bill the Special Tax and may collect the Special Tax at a different time, such as on a monthly or other periodic basis, or in a different manner, if necessary, to meet the City's financial obligations.

Lot	Land Use	Acreage	Units
C-10	LDR	5.99 ac.	36 du
C-11	LDR	7.54 ac.	34 du
C-12	LDR	18.72 ac.	95 du
C-13	LDR	7.20 ac.	50 du
C-14	LDR	3.72 ac.	20 du
C-15	LDR	3.59 ac.	20 du
C-16	LDR	12.93 ac.	71 du
C-17	LDR	6.92 ac.	36 du
C-23	MDR	8.13 ac.	61 du
C-24	MDR	8.12 ac.	59 du
C-25	MDR	7.25 ac.	62 du
C-41	HDR	4.27 ac.	127 du
C-42	HDR	4.33 ac.	136 du
C-43	HDR	3.88 ac.	116 du
Total		102.59 ac.	923 du

Lot	Land Use	Acreage	Units
C-10	LDR	5.99 ac.	36 du
C-11	LDR	7.54 ac.	34 du
C-12	LDR	18.72 ac.	95 du
C-13	LDR	7.20 ac.	50 du
C-14	LDR	3.72 ac.	20 du
C-15	LDR	3.59 ac.	20 du
C-16	LDR	12.93 ac.	71 du
C-17	LDR	6.92 ac.	36 du
C-23	MDR	8.13 ac.	61 du
C-24	MDR	8.12 ac.	59 du
C-25	MDR	7.25 ac.	62 du
C-41	HDR	4.27 ac.	127 du
C-42	HDR	4.33 ac.	136 du
C-43	HDR	3.88 ac.	116 du
Total		102.59 ac.	923 du

LEGEND

■ ■ ■ ■ ■ Proposed CFD Boundary



Attachment 2
Creekview CFD No. 1 (Public Infrastructure)
Maximum Annual Facilities Special Taxes by Tax Category
for the Base Year of FY 2019-20 (Improvement Area No. 1) [1]

Expected Land Uses (Tax Category)	Facilities Special Tax per Unit/Taxable Acre	
	Before Transition Event [1]	After Transition Event
Residential Uses	<u>per Unit</u>	<u>per Unit</u>
Low Density Residential (LDR)	\$2,420.00	\$0.00
Medium Density Residential (MDR)	\$1,910.00	\$0.00
High Density Residential (HDR) [2]		
High Density Residential (HDR) For-Sale [2]	\$650.00	\$0.00
High Density Residential (HDR) For-Rent [2]	\$650.00	\$0.00
Affordable Medium Density Residential	\$955.00	\$0.00
Affordable High Density Residential [2]	\$0.00	\$0.00
Very Low Affordable High Density Residential [2]	\$0.00	\$0.00
Nonresidential Uses [2]	<u>per Taxable Acre</u>	<u>per Taxable Acre</u>
Mixed Use (MU) [2]	\$0.00	\$0.00
Business Professional (BP) [2]	\$0.00	\$0.00
Community Commercial (CC) [2]	\$0.00	\$0.00
Undeveloped Property	\$11,900.00	\$0.00

att2

[1] This amount is subject to increase by the Tax Escalation Factor in each Fiscal Year following the Base Year as described in this RMA.

[2] If a Low Density Residential, Medium Density Residential or Affordable Medium Density Residential Parcel with a Special Tax is rezoned to a use with an identified Special Tax of \$0 in this attachment, the Special Tax would be assigned to the Parcel using the provisions of Section 4 of this RMA.

DRAFT

Attachment 3
Creekview CFD No. 1 (Public Infrastructure)
Assigned Maximum Annual Facilities Special Taxes for Original Parcels for the Base Year of FY 2019-20 (Improvement Area No. 1)

Large Lot Number [1]	Original Parcel(s)	Tax Category	Expected Land Uses		Planned Units per Acre	Assigned Maximum Annual Facilities Special Tax per Unit	Assigned Maximum Annual Facilities Special Tax per Taxable	Assigned Maximum Facilities Special Tax per Village
			Acres	Planned Units				
Improvement Area No. 1						[2] [3]	[2] [3]	[2] [3]
C-10	017-107-009	LDR	5.99	36	6.01	\$2,420	\$0	\$87,120
	Por. 017-101-009,							
C-11	017-101-007	LDR	7.54	34	4.51	\$2,420	\$0	\$82,280
C-12	017-101-007	LDR	18.72	95	5.07	\$2,420	\$0	\$229,900
C-13	017-101-007	LDR	7.20	50	6.94	\$2,420	\$0	\$121,000
C-14	017-101-007	LDR	3.72	20	5.38	\$2,420	\$0	\$48,400
	Por. 017-101-007,							
C-15	017-101-009	LDR	3.59	20	5.57	\$2,420	\$0	\$48,400
	Por. 017-101-009,							
C-16	017-101-013	LDR	12.93	71	5.49	\$2,420	\$0	\$171,820
	Por. 017-101-009,							
C-17	017-101-013	LDR	6.92	36	5.20	\$2,420	\$0	\$87,120
C-23	017-101-007	MDR	8.13	61	7.50	\$1,910	\$0	\$116,510
	Por. 017-101-007,							
C-24	017-101-009	MDR	8.12	59	7.27	\$1,910	\$0	\$112,690
C-25	Por. 017-101-007,	MDR	7.25	52	8.55	\$1,910	\$0	\$99,320
	017-101-009	MDR - Affordable		10		\$955	\$0	\$9,550
	Total C-25		7.25	62				\$108,870
C-41		HDR	4.27	47	29.74	\$650	\$0	\$30,550
	017-101-007	HDR - Affordable		80		\$0	\$0	\$0
	Total C-41		4.27	127				\$30,550
C-42		HDR	4.33	55	31.41	\$650	\$0	\$35,750
	017-101-007	HDR - Very Low Affordable		81		\$0	\$0	\$0
	Total C-42			136				\$35,750
C-43	017-101-013	HDR	3.88	116	29.90	\$650	\$0	\$75,400
C-62	017-101-007	Park	1.54	n/a		\$0	\$0	\$0
C-63	017-101-007	Park	2.53	n/a		\$0	\$0	\$0
	Por. 017-101-007,							
C-70	017-101-009	CC	9.22	n/a		\$0	\$0	\$0
C-82	017-101-009	PQP	0.65	n/a		\$0	\$0	\$0
	Por. 017-101-013,							
C-83	017-101-014	PQP	0.59	n/a		\$0	\$0	\$0
C-84	017-101-014	PQP	0.51	n/a		\$0	\$0	\$0
LC-1			5.77			\$0	\$0	\$0
LC-2								
LC-3								
LC-4								
Totals			123.40	923				\$1,355,810

[1] Indicates village identifier assigned by City in the Creekview Specific Plan.

[2] This amount may be increased by the Tax Escalation Factor in each Fiscal Year following the Base Year as described in this RMA.

[3] If amended to include Annexation Parcels, the Maximum Annual Special Tax for Annexation Parcels would also be subject to the Tax Escalation Factor.

att3

Attachment 4
Creekview CFD No. 1 (Public Infrastructure)
Maximum Annual Maintenance Special Taxes by Tax Category
for the Base Year of FY 2019-20 (Improvement Area No. 1) [1]

Expected Land Uses (Tax Category)	Maintenance Special Tax per Unit/Taxable Acre	
	Before Transition Event [1]	After Transition Event [1]
Residential Uses	<i>per Unit</i>	<i>per Unit</i>
Low Density Residential (LDR)	\$0.00	\$1,210.00
Medium Density Residential (MDR)	\$0.00	\$955.00
High Density Residential (HDR) [2]		
High Density Residential (HDR) For-Sale [2]	\$0.00	\$325.00
High Density Residential (HDR) For-Rent [2]	\$0.00	\$325.00
Affordable Medium Density Residential	\$0.00	\$477.50
Affordable High Density Residential [2]	\$0.00	\$0.00
Very Low Affordable High Density Residential [2]	\$0.00	\$0.00
Nonresidential Uses [2]	<i>per Taxable Acre</i>	
Mixed Use (MU) [2]	\$0.00	\$0.00
Business Professional (BP) [2]	\$0.00	\$0.00
Community Commercial (CC) [2]	\$0.00	\$0.00
Undeveloped Property	\$0.00	\$0.00

att4

[1] This amount is subject to increase by the Tax Escalation Factor in each Fiscal Year following the Base Year as described in this RMA.

[2] If a Low Density Residential, Medium Density Residential or Affordable Medium Density Residential Parcel with a Special Tax is rezoned to a use with an identified Special Tax of \$0 in this attachment, the Special Tax would be assigned to the Parcel using the provisions of Section 4 of this RMA.

EXHIBIT B

City of Roseville
Creekview Community Facilities District No. 1
(Public Facilities)
Placer County, California

LIST OF AUTHORIZED FACILITIES AND SERVICES

Authorized Facilities

Transportation Improvements

Public roadway improvements designed to meet the needs of the project, including those improvements identified in the project Development Agreement (DA) Section 3.5.2, including but not limited to;

- Creekview Plaza Drive.
- Westbrook Boulevard.
- Westpark Boulevard.
- Blue Oaks Boulevard.

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

Potable and Non-Potable Water System Improvements

Authorized facilities include any and all on- and off-site backbone water facilities designed to meet the needs of development of the project. These facilities include potable and non-potable mains, valves, services, and appurtenances; wells; and water treatment and storage facilities, and related improvements, including but not limited to: site clearing, grading, and paving; curbs and gutters; recycled water storage tanks, booster pump stations, and all appurtenances thereto; wells; water treatment; stand-by generator; site lighting, drainage, sanitary sewer, and

water service; landscaping and irrigation; access gates and fencing; striping and signage; and the following:

- Water lines in/associated with authorized facility roads.
- Well construction or financial contributions thereto on, but not limited to, Specific Plan Parcel C-84.
- Recycled water lines in/associated with authorized facility roads.
- Recycled water distribution facilities as required by DA Section 3.9.

Drainage System Improvements

Authorized facilities include any and all on- and off-site backbone drainage and storm drainage improvements designed to meet the needs of development of the project. These facilities include mains, pipelines and appurtenances, outfalls and water quality measures, temporary drainage facilities, detention/retention basins, and drainage pretreatment facilities; drainage ways/channels, pump stations, landscaping, and irrigation; access roads, gates, and fencing; striping and signage; and the following:

- All storm drain lines and facilities in/associated with authorized facility roadways.
- Retention, detention, hydro-modification, and other drainage facilities.

Wastewater System Improvements

Authorized facilities include any and all on- and off-site backbone wastewater facilities designed to meet the needs of development of the project. These facilities include pipelines and all appurtenances thereto; manholes; tie-in to existing main line; force mains; lift stations; odor-control facilities; sewer treatment plant improvements and permitting related thereto; and related sewer system improvements, including but not limited to:

- All wastewater facilities in/associated with authorized facility roadways.
- Off-site Sewer outfall lines in Westbrook Boulevard and in the unnamed access road north of parcel W-60 in the West Roseville Specific Plan and the Pleasant Grove Wastewater Treatment Plant.
- Off-site Sewer lines (DA Section 3.25)

Park, Landscape Corridor and Paseo Improvements

Authorized facilities include any and all improvements to parks, landscape corridors and paseos located in the project, including but not limited to:

- Construction of Park Sites planned on Specific Plan Parcels C-60, C-61, C-62, C-63
- Construction of Paseos.

Open Space Improvements

Authorized facilities include any and all open space improvements designed to meet the needs of development of the project, including bike trails, bike/pedestrian bridges, storm drain crossings, storm drain detention/retention, wetland mitigation, tree mitigation, on-and off-site hawk/raptor

mitigation, agricultural mitigation or wetland mitigation, property acquisition, endowment payments for open space management, landscaping and irrigation, access gates and fencing, and related open space improvements, including but not limited to:

- Improvements related to Specific Plan Parcels C-50, C-51, C-52, C-53, C-54.
- Wetland creation mitigation, fencing, etc.

Utilities

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

- Electric Substation site acquisition, and improvements required by DA Section 3.11.3.
- Off-Site electric facilities as described in DA Section 3.11.2.

Other Public Facilities

Authorized facilities include any and all public facilities or infrastructure, including the project's pro-rata contribution to the land acquisition, site clearing, grading, and street frontage improvements including curbs, gutters, and paving, including, but not limited to:

- Class 1 bike trail construction.

Development Impact Fees

Authorized facilities include development impact fees paid and not otherwise reimbursed, whether City fees, County fees or standard K-12 school fees levied at the time of the issuance of a building permit or required as part of the DA or Mitigation Agreement for the property. Fees include, but are not limited to, the South Placer Regional Transportation Authority Tier II Traffic Fee, City of Roseville City-Wide Park and Bike Trail Fee, City of Roseville Public Facilities Fee, and Public Benefit Fee (as defined in Section 3.14.3 of the DA for the property).

Formation, Administrative, and Incidental Expenses

In addition to the above facilities, other expenses incidental to the above and authorized by the Mello-Roos Community Facilities Act of 1982, including but not limited to: the cost of planning, permitting, and designing the facilities (including the cost of environmental evaluation, orthophotography, environmental remediation/mitigation, and preparation of an overarching Operation and Maintenance Plan for the City of Roseville Open Space Preserves); land acquisition and easement payments for the facilities; project management; construction staking; engineering studies and reports; utility relocation and demolition costs incidental to construction of the facilities, wetland/Species mitigation purchase; reimbursements to other areas for

infrastructure facilities or planning serving development in the CFD; Sierra Vista Specific Plan planning, legal, engineering, technical studies costs related to the facilities and any other expenses incidental to the construction, completion, and inspection of the facilities.

In addition, costs eligible to be financed by the CFD shall include all costs associated with the formation and ongoing administration of the CFD and issuance of bonds; determination of the amount of taxes and collection of taxes; inspection, plan check and other costs related to acceptance of the facilities by the City, payment of taxes; and any other costs incurred to carry out the authorized purposes of the CFD.

Authorized Services

The authorized services to be funded from the levy and collection of annual maintenance special taxes are the provision of public services, maintenance and operation related to any facilities authorized to be funded by the CFD with a useful life of five or more years, including but not limited to performance by employees of functions and repair activities. Maintenance as used herein includes replacement and the creation and funding of a reserve fund to pay for replacement of such facilities. The maintenance special taxes shall only fund authorized services to the extent that they are in addition to those provided to land within the CFD prior to the creation of the CFD.

In addition, costs eligible to be financed by the CFD shall include all costs associated with the formation and ongoing administration of the CFD and issuance of bonds; determination of the amount of taxes and collection of taxes; inspection, plan check and other costs related to acceptance of the facilities by the City, payment of taxes; and any other costs incurred to carry out the authorized purposes of the CFD.

EXHIBIT C

FORM OF

NOTICE OF PUBLIC HEARING ON PROPOSED CITY OF ROSEVILLE
CREEKVIEW
COMMUNITY FACILITIES DISTRICT NO. 1 (Public Facilities)
AND FUTURE ANNEXATION AREA
CITY OF ROSEVILLE, PLACER COUNTY, CALIFORNIA

The City of Roseville is considering the formation of a community facilities district (the "CFD") and a future annexation area for the CFD (the "Future Annexation Area") under the authority of the Mello-Roos Community Facilities Act of 1982, as amended, to fund certain public facilities related to new development within the City of Roseville, and to incur bonded indebtedness of the CFD.

This Notice contains a brief summary of the proposal, but you are referred to the City Council's Resolution of Intention of the City Council of the City of Roseville to Form a Community Facilities District and Future Annexation Area, and Levy a Special Tax in the City of Roseville Creekview Community Facilities District No. 1 (Public Facilities) to Finance the Acquisition and Construction of Certain Public Facilities in and for Such Community Facilities District (No. 19-_____, adopted _____, 2019) and its Resolution of The City Council of the City of Roseville of Intention to Incur Bonded Indebtedness to Finance the Acquisition and Construction of Certain Public Facilities in and for the City of Roseville Creekview Community Facilities District No. 1 (Public Facilities) (No. 19-_____, adopted _____, 2019) for details of the proposals.

The proposal is to subject the property within the CFD to a special tax which will be used to pay for authorized services and facilities within the CFD, including paying principal and interest on bonds used to build facilities. The proceeds of the bonds will be used to pay for the facilities and other expenses set forth in the resolutions referred to in the preceding paragraph. A map showing the land proposed to be included in the CFD is on file with the City Clerk.

Property within the Future Annexation Area will be annexed to the CFD, and a special tax will be levied on such property, only with the unanimous approval of the owner or owners of each parcel or parcels at the time that parcel or those parcels are annexed to the CFD, without additional hearings or proceedings.

As set forth below, the City Council will hold a public hearing on the establishment of the CFD and the Future Annexation Area, the services and the facilities to be financed by the CFD, and the levy of the special tax within the CFD.

The proposal also includes authority to issue up to \$_____ in bonds (excluding refunding bonds) to be repaid by the facilities portion of the special tax. Neither the City of Roseville nor any person outside the CFD has any liability for the special tax or the bonds. The security for the bonds is limited to the property subject to the special tax within the CFD.

In order to confer the authority upon the City Council of the City of Roseville to levy the special tax and to issue the bonds, a public hearing must be held on the proposal, then the City Council will decide whether to form the CFD, and finally the qualified electors within the CFD must

approve the proposal by a two-thirds vote. Where the CFD is uninhabited (as is the case here) the qualified electors are, pursuant to law, the owners of property within the CFD.

This is the notice of the public hearing. The public hearing will be held during the City Council meeting on November 6, 2019 at 6:00 p.m., in the Roseville Civic Center Council Chambers located at 311 Vernon Street, Roseville, California 95678.

At the hearing, the testimony of all interested persons or potential special taxpayers for or against the formation of the CFD and the Future Annexation Area, the authorization to levy the special tax, and the authorization to issue the bonds will be heard.

If written protests against the proposed CFD are delivered to the City Clerk at or before the time set for the hearing by either registered voters residing within, or the owners of property within, the proposed CFD, they will be counted toward a possible majority protest. Such protests by a majority of the registered voters residing within the CFD or by the owners of a majority of the land area within CFD which is or will be subject to the special tax, if not withdrawn prior to the close of the hearing so as to reduce the value of the protests to less than a majority, will require the proposed CFD to be eliminated from immediate consideration, and prevent its being included in a subsequent proceedings for at least one year.

If written protests against the establishment of the proposed Future Annexation Area are delivered to the City Clerk at or before the time set for the hearing by either registered voters residing within, or the owners of property within, the proposed Future Annexation Area, they will be counted toward a possible majority protest. Such protests by a majority of the registered voters residing within the proposed Future Annexation Area or by the owners of a majority of the land area within the proposed Future Annexation Area which is or will be subject to the special tax when annexed to the CFD, if not withdrawn prior to the close of the hearing so as to reduce the value of the protests to less than a majority, the City Council shall take no further action to create the Future Annexation Area for a period of one year from the date of decision of the City Council.

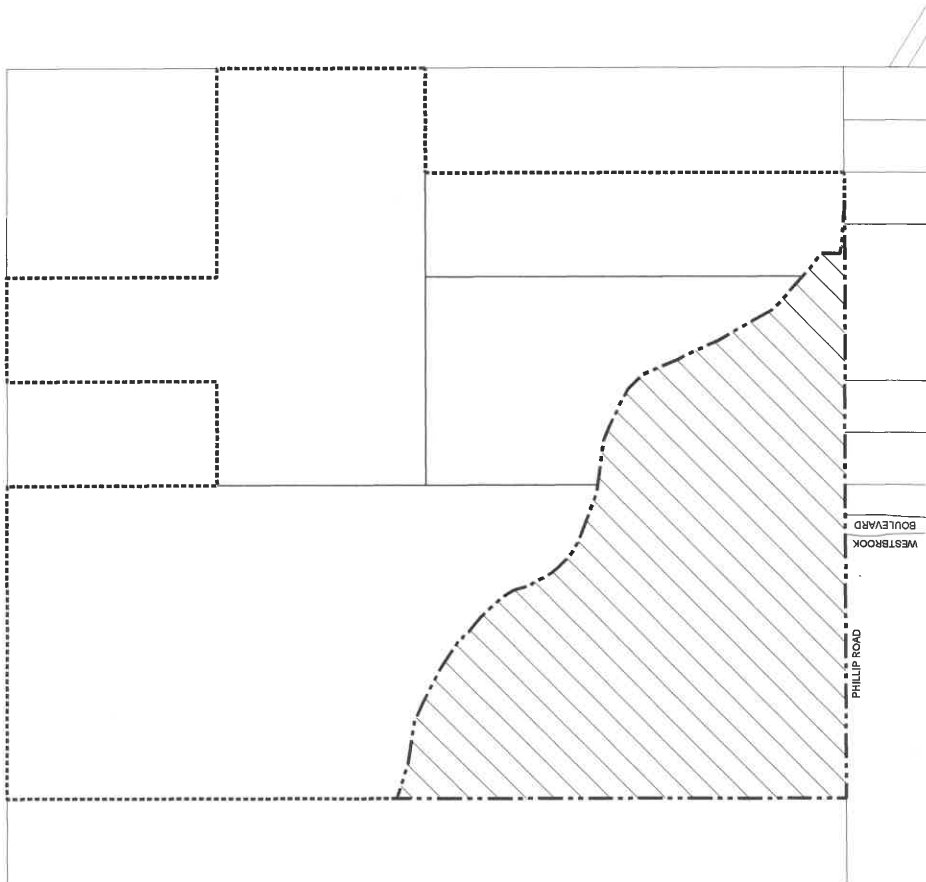
If the City Council, after the public hearing, determines that a majority protest under Section 53324 of the California Government Code was not made at the hearing, the City Council may conduct an election by mailed ballot to levy a special tax within the CFD.

Questions should be directed to the undersigned, telephone (916) 774-5263.

Dated: _____, 2019

/s/ Sonia Orozco
Sonia Orozco, City Clerk
City of Roseville

PROPOSED BOUNDARY MAP
CITY OF ROSEVILLE
CREEKVIEW COMMUNITIES FACILITIES DISTRICT NO. 1
(PUBLIC FACILITIES)
CITY OF ROSEVILLE • PLACER COUNTY • CALIFORNIA
BEING A PORTION OF SECTION 14, T.11 N., R.5 E., M.D.M.



0 250 500 1000
SCALE: 1"=500'

LEGEND

-  PROPOSED CFB BOUNDARY AND BOUNDARY OF IMPROVEMENT AREA NO. 1
-  AREAS OF FUTURE ANNEXATION

CITY CLERK'S MAP FILING STATEMENT
FILED IN THE OFFICE OF THE CITY CLERK OF THE CITY OF ROSEVILLE, COUNTY OF PLACER, STATE OF CALIFORNIA THIS _____ DAY OF _____, 2019.

SONIA OROZZO, CITY CLERK
CITY OF ROSEVILLE
PLACER COUNTY, CALIFORNIA

CITY CLERK'S MAP STATEMENT
I HEREBY CERTIFY THAT THE WITHIN MAP SHOWING THE PROPOSED BOUNDARIES OF CREEKVIEW COMMUNITY FACILITIES DISTRICT NO. 1 (PUBLIC FACILITIES), CITY OF ROSEVILLE, PLACER COUNTY, STATE OF CALIFORNIA, WAS APPROVED BY THE CITY COUNCIL OF THE CITY OF ROSEVILLE AT A REGULAR MEETING THEREOF, HELD ON THE _____ DAY OF _____, 2019 BY ITS RESOLUTION NO. _____.

SONIA OROZZO, CITY CLERK
CITY OF ROSEVILLE
PLACER COUNTY, CALIFORNIA

RECORDER'S STATEMENT
FILED THIS _____ DAY OF _____, 2019 AT THE HOUR OF _____ O'CLOCK, M. IN BOOK _____ OF MAPS OF COMMUNITY FACILITIES DISTRICT, AT PAGE _____ IN THE OFFICE OF THE COUNTY RECORDER OF THE COUNTY OF PLACER, STATE OF CALIFORNIA.

DOCUMENT NO. _____

FEE: _____

BY: _____
RYAN RONCO
COUNTY RECORDER
COUNTY OF PLACER

CITY COUNCIL OF THE CITY OF ROSEVILLE

RESOLUTION NO. 19-423

A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF ROSEVILLE OF INTENTION TO INCUR BONDED INDEBTEDNESS TO FINANCE THE ACQUISITION AND CONSTRUCTION OF CERTAIN PUBLIC FACILITIES IN AND FOR THE CITY OF ROSEVILLE CREEKVIEW COMMUNITY FACILITIES DISTRICT NO. 1 (PUBLIC FACILITIES) AND IMPROVEMENT AREAS THEREIN

WHEREAS, the City Council of the City of Roseville (the "City Council") has this date adopted its Resolution of Intention of the City Council of the City of Roseville to Form a Community Facilities District, Designate an Improvement Area Therein, Establish a Future Annexation Area, Provide for Future Improvement Areas, and Authorize the Levy a Special Tax Therein to Finance Public Facilities and Public Services in and for Such Community Facilities District (the "Resolution of Intention"), stating its intention to form the City of Roseville Creekview Community Facilities District No. 1 (Public Facilities) (the "CFD"), "Improvement Area No. 1 of the City of Roseville Creekview Community Facilities District No. 1 (Public Facilities)" ("Improvement Area No. 1") therein, and a future annexation area for the CFD (the "Future Annexation Area") pursuant to the Mello-Roos Community Facilities Act of 1982, as amended, Chapter 2.5 of Part 1 of Division 2 of Title 5, commencing at Section 53311, of the California Government Code (the "Act"), for the purpose of financing certain public improvements (the "Facilities") and services, as further provided in that Resolution of Intention; and

WHEREAS, in order to finance the costs of the Facilities it is necessary to incur bonded indebtedness in one or more series for the CFD and to establish a bonded indebtedness limit for the CFD and a bonded indebtedness limit for Improvement Area No. 1; and

WHEREAS, under the Act, parcels within the Future Annexation Area may be annexed into the CFD as a separate improvement area (each an "Improvement Area") to be designated at the time of such annexation only with the unanimous approval (each, a "Unanimous Approval") of the owner or owners of each parcel or parcels at the time that parcel or those parcels are annexed, without any requirement for further public hearings or additional proceedings; and

WHEREAS, in order to finance the costs of the Facilities to be financed by an Improvement Area designated in the future, it is necessary to incur bonded indebtedness in one or more series for the CFD and Improvement Area No. 1, and provide a means to establish a bonded indebtedness limit for Improvement Areas designated in the future from the Future Annexation Area.

NOW, THEREFORE, THE CITY COUNCIL OF THE CITY OF ROSEVILLE RESOLVES AS FOLLOWS:

1. The City Council declares and finds that in order to finance the acquisition and construction of public facilities described in the Resolution of Intention and to be financed by the CFD it is necessary to incur a bonded indebtedness for the CFD.
2. The purpose for which the proposed debt for the CFD is to be incurred is to provide the funds necessary to pay for the cost of Facilities authorized to be financed by the CFD.

3. In order to finance the costs of the Facilities, it is necessary for the City to incur bonded indebtedness for the CFD in an amount not to exceed \$218,000,000 (the "Authorization"), initially allocated as follows: (i) for Improvement Area No. 1, the bonded indebtedness limit is \$81,000,000 and (ii) for the portion of the CFD that is not in Improvement Area No. 1, the bonded indebtedness limit is not to exceed \$137,000,000 (the "Future Improvement Area Indebtedness Limit"). Indebtedness subject to the Authorization shall only include indebtedness evidenced by bonds or notes and shall not include bonds described in Section 53364.2(e) of the Act.

Upon designation of a parcel or parcels annexed into the CFD from the Future Annexation Area as an additional Improvement Area, the Unanimous Consent shall include an authorization to incur bonded indebtedness for such Improvement Area in a maximum amount which does not exceed the Future Improvement Area Indebtedness Limit net of the amount or amounts of the Future Improvement Area Indebtedness Limit previously established for an annexed Improvement Area, which limit shall be set forth in a Unanimous Consent. Such allocation may be made without any requirement for further public hearings, City Council action or other additional proceedings, and the City shall include the Unanimous Consent in the City records for the CFD.

4. It is the intention of the City Council that any such bonds issued shall be made callable in accordance with the terms of the Act and as more specifically to be set forth in any resolution authorizing issuance of the bonds, and shall be issued in such series and bear interest payable semi-annually or in such other manner as the City Council shall determine, at a rate not to exceed the maximum rate of interest as may be authorized by applicable law at the time of sale of such bonds, and shall mature not to exceed 40 years from the date of the issuance thereof. Bonds may be issued for any Improvement Area and secured independently of any other improvement Area.

5. In the event any series of bonds issued under the Authorization is refunded to produce savings meeting the requirement of Section 53362.5 of the Act, all or a portion of the savings achieved through the issuance of refunding bonds may be used to finance Facilities insofar as the savings component provides capacity for bonded indebtedness in excess of that being refunded, and such additional bonded indebtedness shall not reduce and may exceed the amount of bonded indebtedness authorized herein. Similarly, in the event any series of bonds issued under an authorization of bonds for any Future Annexation Area is refunded to produce savings meeting the requirement of Section 53362.5 of the Act, all or a portion of the savings achieved through the issuance of such refunding bonds may be used to finance Facilities insofar as the savings component provides capacity for bonded indebtedness in excess of that being refunded, and such additional bonded indebtedness shall not reduce and may exceed the amount of bonded indebtedness authorized for such Improvement Area.

6. The City Council hereby sets November 6, 2019, at 6:00 p.m., at the City of Roseville Civic Center Council Chambers located at 311 Vernon Street, Roseville, California 95678, as the time and place for a hearing by the City Council on the proposed bond issue for Improvement Area No. 1. At that time and place any persons interested, including any persons owning property in the CFD, will be heard.

7. The City Clerk is hereby directed to cause notice of said public hearing to be given by one-time publication in a newspaper of general circulation circulated within the CFD and the future annexation area. The publication of said notice shall be completed at least 7 days before the date herein set for said public hearing. Such notice shall be substantially in the form specified

in Section 53346 of the Act, with the form summarizing the provisions hereof hereby specifically approved.

8. This Resolution shall take effect from and after its adoption.

* * * * *

I hereby certify that the foregoing resolution was duly and regularly adopted by the City Council of the City of Roseville, California, at a regularly scheduled meeting thereof, held on the _____ day of _____, 2019 by the following vote of the City Council:

AYES: COUNCILMEMBERS
NOES: COUNCILMEMBERS
ABSENT: COUNCILMEMBERS
ABSTAIN: COUNCILMEMBERS

Mayor

ATTEST:

City Clerk of the City of Roseville

PROPOSED BOUNDARY MAP
CITY OF ROSEVILLE
CREEKVIEW COMMUNITIES FACILITIES DISTRICT NO. 1
(PUBLIC FACILITIES)

CITY OF ROSEVILLE • PLACER COUNTY • CALIFORNIA
BEING A PORTION OF SECTION 14, T.11 N., R.5 E., M.D.M.

CITY CLERK'S MAP FILING STATEMENT

FILED IN THE OFFICE OF THE CITY CLERK OF THE CITY OF ROSEVILLE, COUNTY OF PLACER, STATE OF CALIFORNIA THIS ____ DAY OF ____ 2019.

SONIA OROZCO, CITY CLERK
CITY OF ROSEVILLE
PLACER COUNTY, CALIFORNIA

CITY CLERK'S MAP STATEMENT

I HEREBY CERTIFY THAT THE WITHIN MAP SHOWING THE PROPOSED BOUNDARIES OF CREEKVIEW COMMUNITY FACILITIES DISTRICT NO. 1 (PUBLIC FACILITIES), CITY OF ROSEVILLE, COUNTY OF PLACER, STATE OF CALIFORNIA, WAS APPROVED BY THE CITY COUNCIL OF THE CITY OF ROSEVILLE, AT A REGULAR MEETING THEREOF, HELD ON THE ____ DAY OF ____, 2019 BY ITS RESOLUTION NO. ____.

SONIA OROZCO, CITY CLERK
CITY OF ROSEVILLE
PLACER COUNTY, CALIFORNIA

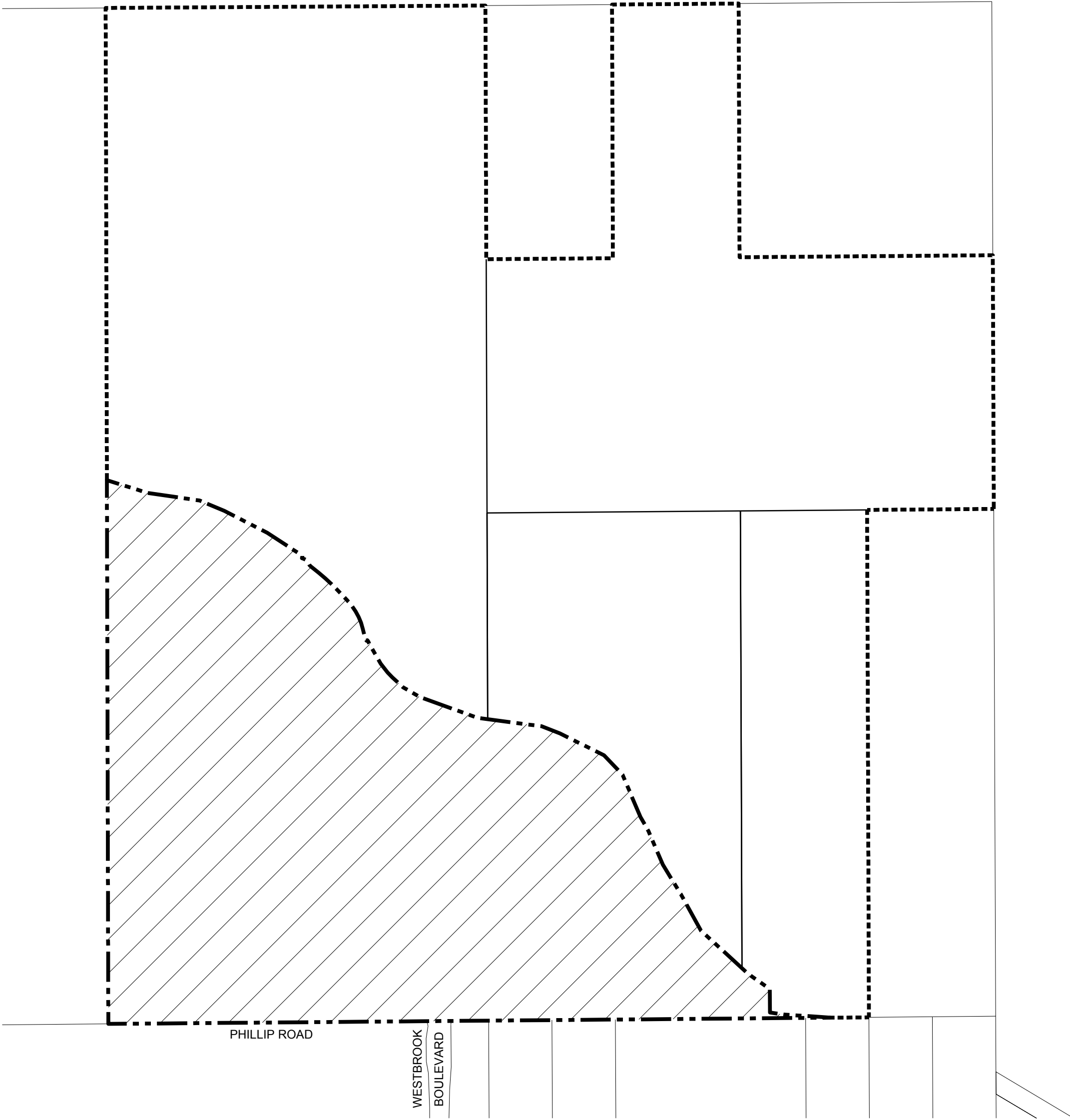
RECORDER'S STATEMENT

FILED THIS ____ DAY OF ____, 2019, AT THE HOUR OF __ O'CLOCK __ M. IN BOOK ____ OF MAPS OF COMMUNITY FACILITIES DISTRICT, AT PAGE ____ IN THE OFFICE OF THE COUNTY RECORDER OF THE COUNTY OF PLACER, STATE OF CALIFORNIA.

DOCUMENT NO. _____

FEE: _____

BY: _____
RYAN RONCO
COUNTY RECORDER
COUNTY OF PLACER



LEGEND

- PROPOSED CFD BOUNDARY AND BOUNDARY OF IMPROVEMENT AREA NO. 1
- AREAS OF FUTURE ANNEXATION

MACKay & Somps
ENGINEERS PLANNERS SURVEYORS
1552 Eureka Road, Suite 100, Roseville, CA 95661 (916) 773-1189

SEPTEMBER 2019
SHEET 1 OF 1 18431.CFD



COUNCIL COMMUNICATION

CC #: 0315

File #: 0103-07-02

Title: Planning Commission - Meeting Time Change
Contact: Helen Dreyer 916-774-5356 hdreyer@roseville.ca.us

Meeting Date: 10/2/2019

Item #: 7.11.

RECOMMENDATION TO COUNCIL

Approve a meeting start time change for the Planning Commission from 7:00 p.m. to 6:00 p.m.

BACKGROUND

Following the decision by the City Council at their April 17, 2019 meeting to change the start time of City Council meetings from 7:00 p.m. to 6:00 p.m., the City's Planning Commission is requesting approval to change their meeting start time to an earlier hour.

The time change will allow more substantive items to be heard at an earlier time to accommodate individuals who wish to attend and speak during public comment or speak to an item on the agenda.

FISCAL IMPACT

There is no fiscal impact to the General Fund with this request.

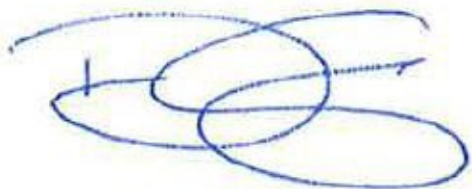
ENVIRONMENTAL REVIEW

The California Environmental Quality Act (CEQA) does not apply to activities that will not result in a direct or reasonably foreseeable indirect physical change in the environment, or is otherwise not considered a project as defined by CEQA Statute §21065 and CEQA State Guidelines §15060(c)(3) and §15378. Approving a meeting time change meets the above criteria and is not subject to CEQA. No additional environmental review is required.

Respectfully Submitted,

Helen Dreyer, City Clerk Technician

Sonia Orozco, City Clerk



Dominick Casey, City Manager



COUNCIL COMMUNICATION

CC #: 0327

File #: 0214 & 0721

Title: Mobility Management Grant Authorization

Contact: Elizabeth Haydu 916-746-1302 ehaydu@roseville.ca.us

Meeting Date: 10/2/2019

Item #: 7.12.

RECOMMENDATION TO COUNCIL

Staff recommends that the City Council adopt a resolution authorizing the City Manager or his designee to apply for Federal Transit Administration (FTA) 2019 Section 5310 grant funds for Enhanced Mobility of Seniors and Individuals with Disabilities to continue the South Placer Mobility Management Program, and to execute all related forms and agreements.

BACKGROUND

The FTA Section 5310 grant program is administered by Caltrans and provides funding for programs that enhance the mobility of seniors and individuals with disabilities. For the past three years, the City has operated the South Placer Regional Mobility Training Program (Mobility Training Program) on behalf of the Western Placer Consolidated Transportation Services Agency (WPCTSA). The purpose of this program is to equip seniors and persons with disabilities with the experience and information they need to travel independently using transit services. The City contracts with Paratransit, Inc. to provide professional mobility training. The Mobility Training Program is operated by the City with the support of the Placer County Transportation Planning Agency (PCTPA) Transit Operators Working Group (TOWG).

Caltrans recently issued a call for projects for the 2019 cycle of Mobility Management grants. To continue the Mobility Management Program beyond the November 15, 2020 expiration of the current grant cycle, staff recommends, with the support of the TOWG, that the City apply for up to \$160,000.00 in additional Mobility Management FTA grant funds in this new funding cycle. This application would extend funding for the program through November 15, 2022.

FISCAL IMPACT

The Mobility Training Program is funded primarily by FTA Section 5310 grants with the required match funded by State toll credits. If State toll credits are unavailable for the proposed new grant's \$40,000.00 match, then the match will be provided by the Consolidated Transportation Service Agency (CTSA) Fund. Monies in the CTSA fund are Transportation Development Act (TDA)

monies provided by WPCTSA for regional transit programs. No General Fund resources are used for this program.

ENVIRONMENTAL REVIEW

The California Environmental Quality Act (CEQA) only applies to projects which have the potential to cause a significant effect on the environment. Where it can be seen with certainty that there is no possibility that the activity in question may have a significant effect on the environment, the activity is not subject to CEQA environment (CEQA Guidelines §15061(B)(3)).

Respectfully Submitted,

Elizabeth Haydu, Financial Analyst

Jason Shykowski, Public Works Director

A handwritten signature in blue ink, appearing to read 'Dominick Casey', with a horizontal line extending to the right.

Dominick Casey, City Manager

ATTACHMENTS:

Description

Resolution No. 19-431

RESOLUTION NO. 19-431

AUTHORIZING THE CITY MANAGER TO SUBMIT SECTION 5310 GRANT APPLICATIONS FOR CERTAIN TRANSIT SERVICES AND TO EXECUTE THE RELATED GRANT APPLICATIONS, FORMS AND AGREEMENT

WHEREAS, the Federal Transit Administration (FTA) Section 5310 grant program is administered by the California Department of Transportation (Caltrans) and provides funding for programs that enhance the mobility of seniors and individuals with disabilities; and

WHEREAS, Caltrans recently issued a call for projects for the 2019 cycle of Mobility Management grants; and

WHEREAS, to continue the Mobility Management Program beyond the November 15, 2020 expiration of the current grant cycle, staff recommends, with the support of the Placer County Transportation Planning Agency Transit Operators Working Group, that the City apply for up to \$160,000 in additional Mobility Management FTA grant funds in this new funding cycle; and

WHEREAS, staff recommends the City of Roseville apply for FTA 2019 Section 5310 grant funds for Enhanced Mobility of Seniors and Individuals with Disabilities to continue the South Placer Mobility Management Program for two years up to a maximum apportionment of \$160,000.00.

NOW, THEREFORE, BE IT RESOLVED that the City Council of the City of Roseville hereby authorizes the City Manager to execute and submit all applications, forms, certifications and agreements reasonably necessary for implementation of the grants and for use of available Section 5310 funds.

PASSED AND ADOPTED by the Council of the City of Roseville this ____ day of _____, 20_, by the following vote on roll call:

AYES COUNCILMEMBERS:

NOES COUNCILMEMBERS:

ABSENT COUNCILMEMBERS:

MAYOR

ATTEST:

City Clerk



COUNCIL COMMUNICATION

CC #: 0318
File #: 0109-02

Title: Street Closure Request - Family Fun Night - October 24, 2019
Contact: Jeff Nereson 916-774-5974 jnereson@roseville.ca.us

Meeting Date: 10/2/2019
Item #: 7.13.

RECOMMENDATION TO COUNCIL

Recommend that the City Council adopt a resolution approving an Agreement for Special Event and Temporary Street Closure with the Downtown Roseville Merchants (DRM) and authorizing the City Manager or his designee to execute it. Additionally, approve the following street closures from 2:30 p.m. – 9:00 p.m. on Thursday October 24, 2019 for the Family Fun Night event:

- Vernon Street between Lincoln Street and Taylor Street
- S. Grant Street between Oak Street and Atlantic Street
- The option to close the ground level of the parking garage at 405 Vernon Street, only as necessary in the event of inclement weather

BACKGROUND

The DRM is requesting street closures to host their sixteenth annual Family Fun Night, an alternative Halloween celebration, in the downtown area.

This event is anticipated to attract up to 3,000 participants and spectators. The focus of the event is to provide a safe, fun, family-oriented evening in the Roseville area and to give people an opportunity to experience the shops and services provided in the downtown. The event runs from 4:00 p.m. – 8:00 p.m. and features live music, street performances, food trucks, a haunted house, costume contest and more.

For the third year in a row, the DRM will be hosting a Zombie Walk along Vernon Street on Friday, October 25th. This event is in addition to Family Fun Night on Thursday. A Zombie Walk is an event where participants are invited to walk up and down Vernon Street, on the sidewalks, dressed as zombies. Both adults and children may participate and will be required to obey traffic and crosswalk laws. In addition to obeying the traffic and crosswalk laws, zombies are not permitted to touch or engage passers-by and must be respectful of others. The event will begin and end in the Vernon Street Town Square (VSTS). The VSTS will also host vendors and activities on both Thursday and Friday evenings. The evening will conclude with a movie in the VSTS. Because participants will be gathering in the VSTS and then walk on the sidewalks, street closures are not

necessary on Friday.

Due to the potential for rain at this time of year, the DRM have requested use of the first floor of the parking garage at 405 Vernon Street, only in the event of inclement weather, on Thursday, October 24th and Friday, October 25th for vendors and activities. Should this secondary plan be put in place, several parking spaces around the Civic Center and throughout the Vernon Street parking garage will be reclassified as ADA parking.

Business and property owners will continue to be notified of street closures in the downtown Roseville area through the monthly Traffic Alert e-newsletter. Staff has also submitted a Downtown Street Closure Notification letter to designated representatives of the Downtown Roseville Merchants and the Downtown Roseville Partnership for feedback. In addition, street closure information will be posted to the City of Roseville website.

FISCAL IMPACT

There will be no fiscal impact to City budgets for this event. The applicant will reimburse the City for staff time and resources.

ENVIRONMENTAL REVIEW

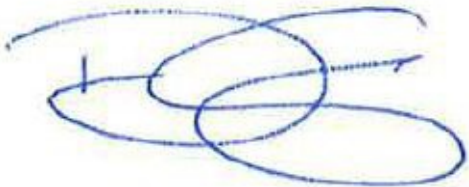
The California Environmental Quality Act (CEQA) does not apply to activities that will not result in a direct or reasonably foreseeable indirect physical change in the environment, or is otherwise not considered a project as defined by CEQA Statute §21065 and CEQA State Guidelines §15060(b)(3) and §15378.

The Family Fun Night event meets the above criteria and is not subject to CEQA. No additional environmental review is required.

Respectfully Submitted,

Jeff Nereson, Parks, Recreation & Libraries Superintendent

Dion Louthan, Assistant City Manager



Dominick Casey, City Manager

ATTACHMENTS:

Description

Resolution No. 19-425

Family Fun Night Street Closure Agreement

RESOLUTION NO. 19-425

APPROVING AN AGREEMENT BETWEEN THE CITY OF ROSEVILLE AND
DOWNTOWN ROSEVILLE MERCHANTS, INC., AND AUTHORIZING THE CITY
MANAGER TO EXECUTE IT ON BEHALF OF THE CITY OF ROSEVILLE

WHEREAS, an Agreement for Special Event and Temporary Street Closure regarding the Family Fun Night event, between the City of Roseville and Downtown Roseville Merchants, Inc., has been reviewed by the City Council; and

NOW, THEREFORE, BE IT RESOLVED by the Council of the City of Roseville that said agreement is hereby approved and that the City Manager is authorized to execute it on behalf of the City of Roseville.

PASSED AND ADOPTED by the Council of the City of Roseville this ____ day of _____, 20_, by the following vote on roll call:

AYES COUNCILMEMBERS:

NOES COUNCILMEMBERS:

ABSENT COUNCILMEMBERS:

MAYOR

ATTEST:

City Clerk

AGREEMENT FOR SPECIAL EVENT AND
TEMPORARY STREET CLOSURE

Event: Family Fun Night

THIS AGREEMENT is made and entered into this ____ day of _____, 20__, by and between the City of Roseville, a municipal corporation ("CITY"), and Downtown Roseville Merchants, Inc., a California corporation ("PROMOTER"); and

W I T N E S S E T H:

WHEREAS, PROMOTER has requested the closure of certain public streets for the Family Fun Night ("Event") to be held on Thursday, October 24, 2019; and

WHEREAS, CITY approves said request subject to the following terms and conditions.

NOW, THEREFORE, the parties agree as follows:

1. PROMOTER shall comply with all applicable provisions of the Roseville Municipal Code.
2. The following streets may be closed to traffic between 2:30 p.m. and 9:00 p.m. on Thursday, October 24, 2019:
 - a. Vernon Street, between Lincoln and Taylor Streets; and
 - b. South Grant Street, between Oak and Atlantic Streets.
3. In the event of inclement weather, PROMOTER may utilize the bottom floor of the Vernon Street parking garage, with access from Oak Street. The Vernon Street exit shall be closed to vehicular traffic.

4. Adequate barriers and warning signs, as requested by the Public Works Director/City Engineer, shall be placed by City personnel at all street entrances and alleys leading into the closed area. No markings of any kind will be permitted on the street, street lights, or electrical poles.

5. All debris, booths, exhibits, or other materials resulting from the Event shall be completely removed and all streets and alleyways shall be reopened to traffic by 9:00 p.m. on the date of the Event.

6. PROMOTER shall notify in writing all businesses, located on the streets to be closed, of the Event and planned street closure not later than five (5) days in advance of the Event.

7. To the fullest extent allowed by law, PROMOTER shall defend, indemnify, and save and hold harmless CITY, its officers, agents, employees and volunteers from any claims, suits or actions of every name, kind and description brought forth, or on account of, injuries to or death of any person (including but not limited to workers and the public), or damage to property, resulting from, arising out of or in connection with the Event or the attendant street and/or garage closures, except those matters arising from CITY's sole negligence or willful misconduct. The parties intend that this provision shall be broadly construed.

PROMOTER's responsibility for such defense and indemnity obligations shall survive the termination or completion of this Agreement for the full period of time allowed by law. The defense and indemnity obligations of this Agreement are undertaken in addition to, and shall not in any way be limited by, the insurance obligations contained in this Agreement.

8. The PROMOTER shall obtain insurance covering the Event in accordance with the attached insurance requirements, which are incorporated herein by this reference.

9. CITY reserves the right to cancel this Agreement if PROMOTER has knowingly made a false statement of material fact or has knowingly omitted to state a material fact to CITY.

10. No alcoholic beverages shall be sold on City streets or property.

11. PROMOTER shall reimburse CITY for all staff costs incurred relating to the Event including, but not limited to, street closure costs.

12. Either party may terminate this Agreement by giving the other party ten (10) days advance written notice.

IN WITNESS WHEREOF, the City of Roseville, a municipal corporation, has authorized the execution of this Agreement in duplicate by its City Manager and attested to by its City Clerk under the authority of Resolution No. _____, adopted by the Council of the City of Roseville on the ____ day of _____, 20__, and PROMOTER has caused this Agreement to be executed.

CITY OF ROSEVILLE, a
municipal corporation

DOWNTOWN ROSEVILLE
MERCHANTS, INC., a California
corporation

BY: _____
DOMINICK CASEY
City Manager

BY: _____
its: _____

ATTEST:

and

BY: _____
SONIA OROZCO
City Clerk

BY: _____
its: _____

[SIGNATURES CONTINUED ON FOLLOWING PAGE]

APPROVED AS TO FORM:

BY: _____
ROBERT R. SCHMITT
City Attorney

APPROVED AS TO SUBSTANCE:

BY:  _____
DION LOUTHAN
Assistant City Manager



COUNCIL COMMUNICATION

CC #: 0332

File #: 0200 & 0201-01

Title: ROSEVILLE FINANCE AUTHORITY/CITY COUNCIL - 2012 Electric System Revenue Refunding Certificates of Participation Third Supplement to Trust Agreement and Budget Adjustment

Contact: Teri Quinlan 916-774-5479 tquinlan@roseville.ca.us
Dennis Kauffman 916-774-5313 dkauffman@roseville.ca.us

Meeting Date: 10/2/2019

Item #: 7.14.

RECOMMENDATION TO COUNCIL

Staff recommends that the Roseville Finance Authority adopt a resolution authorizing the execution of a supplement to trust agreement in connection with Electric System Certificates of Participation and approving related documents and official actions.

Staff additionally recommends that City Council adopt a resolution authorizing the modification of terms of repayment of prior obligations of the Electric System Certificates of Participation and approved related documents and official actions as well as adopting an ordinance for a budget adjustment in the amount of \$44,030,000.00. This recommendation includes employing available cash in the Electric Fund to pay down \$36 million of the outstanding bonds and to pay approximately \$8 million to terminate the associated Bank of America Merrill Lynch interest rate swap.

BACKGROUND

In October 2012, the City Council approved a 3.5-year Direct Purchase Agreement with U.S. Bank regarding the \$90 million Electric Refunding Certificates of Participation Series 2012 bonds. The Direct Purchase Agreement renewed in 2016, is now set to terminate on November 1, 2019, and requires action to be taken. Staff and the City's municipal advisor reviewed various refunding options and concluded a renewal of the agreement, with a significant reduction in the balance with available cash, was the best option for Roseville Electric. Staff considered several objectives to arrive at this recommendation: reduce borrowing costs on the outstanding debt, employ available cash to reduce the outstanding debt, and reduce the risks associated with the outstanding debt and associated interest rate swaps.

Roseville Electric began to diversify their debt portfolio in 2002 with the use of interest rate swaps. The purpose of the interest rate swaps was to reduce debt service costs while limiting the unpredictability of variable rate debt as compared to fixed-rate bond issues. Interest rate swaps

reduce debt service costs by taking on additional risks including, but not limited to, basis risk, liquidity renewal risk, and counterparty risk. These instruments are not used for speculative reasons.

As a result of the current interest rate swaps, the City makes fixed interest payments to Morgan Stanley and Bank of America in exchange for floating rate interest payments. In 2012 and renewed in 2016, the 2008A Electric System bonds were refunded with a Direct Purchase Agreement with U.S. Bank. Roseville currently pays a percentage of the London Interbank Offered Rate (LIBOR) plus 55 basis points to U.S. Bank. The interest rate swaps have helped Roseville Electric control their debt service payments and have generally performed as expected.

The Direct Purchase Agreement acts similar to a loan and was analyzed as the most cost effective option regarding the refunding. U.S. Bank offered to renew the agreement with the following terms:

Term: 3.5 years beginning November 1, 2019 and ending May 1, 2023

Interest Rate: 80% of one-month LIBOR plus 60 basis points (bps)

The renewal of the Direct Purchase Agreement allows the City to follow the same bond documents as approved in 2012 with slight changes to the documents attached. The previous agreement was the same term (3.5 years) but the rate was 70.5% of one-month LIBOR plus 55 bps. The new rate will be higher due to changes in the market today as compared to 2016. The documents will also reflect new transition language for LIBOR because it is expected to sunset in 2021 and be replaced by a new reference rate.

FISCAL IMPACT

Paying down debt, by \$36 million, in the current interest rate environment is an efficient use of the Electric Fund's available cash because the interest rate on the outstanding debt is higher than the rate of return earned on the City's investments. Terminating one of the two interest rate swaps, at a cost of approximately \$8 million, also reduces the Electric Fund's debt service and the risks associated with the Electric's debt portfolio. The renewal of the direct purchase agreement for the Series 2012 bonds, with \$54 million remaining outstanding, will save Roseville Electric approximately \$1,280,000 per year. While the interest rate on the renewal is higher than the previous agreement, the debt service on the reduced amount of the direct purchase will be lower and can be absorbed in the Electric Department's FY2019-20 debt service budget. The recommended budget adjustment will appropriate available resources to pay down the outstanding bonds, pay the interest rate swap termination payment, and pay the estimated costs of issuance.

ECONOMIC DEVELOPMENT / JOBS CREATED

Renewal of the Direct Purchase Agreement will not have an impact on local economic development or job creation.

ENVIRONMENTAL REVIEW

The California Environmental Quality Act (CEQA) does not apply to activities that will not result in

a direct or reasonably foreseeable indirect physical change in the environment, or is otherwise not considered a project as defined by CEQA Statute §21065 and CEQA State Guidelines §15060(c)(3) and §15378. Adoption of these resolutions and the budget adjustment meets the above criteria and is not subject to CEQA. No additional environmental review is required.

COMPLIANCE STATEMENT In accordance with Government Code 5852.1, the following information consists of estimates of certain costs and charges for the Bonds that have been provided by the City's municipal financial advisor, which has been represented by such party to have been provided in good faith: (1) estimated true interest costs of the Bonds: 2.34%; (2) estimated finance charge of the Bonds (sum of all fees and charges paid to third parties): \$50,000; (3) estimated amount of proceeds of the Bonds received by the City (net of finance charges, reserves and capitalized interest, if any): \$54,000,000; and (4) estimated total payment amount (sum total of all payments to pay debt service on the Bonds plus the finance charge not paid with proceeds of the Bonds) calculated to the final maturity of the Bonds: \$58,218,480.

Respectfully Submitted,

Teri Quinlan, Financial Analyst

Dennis Kauffman, Chief Financial Officer



Dominick Casey, City Manager

ATTACHMENTS:

Description

Finance Authority Resolution No. 2-19

Third Supplement

Resolution No. 19-434

Ordinance No. 6146

Budget Adjustment

ROSEVILLE FINANCE AUTHORITY

RESOLUTION NO. 2-19

RESOLUTION OF THE BOARD OF DIRECTORS OF THE ROSEVILLE FINANCE AUTHORITY AUTHORIZING THE EXECUTION OF A SUPPLEMENT TO TRUST AGREEMENT IN CONNECTION WITH ELECTRIC SYSTEM CERTIFICATES OF PARTICIPATION AND APPROVING RELATED DOCUMENTS AND OFFICIAL ACTIONS

WHEREAS, the Roseville Finance Authority (the "Authority") and the City of Roseville have entered into a Master Installment Purchase Contract, dated as of November 1, 1997 (as subsequently supplemented, the "Master Contract"), pursuant to which the Authority has assisted the City in financing certain additions, betterments, extensions and improvements to the electric system of the City; and

WHEREAS, under a Trust Agreement, dated as of November 1, 2012 the Authority executed and delivered certificates of participation (the "Certificates") in the aggregate principal amount of \$90,000,000, evidencing the undivided interest of the holders thereof in certain payments received by the Authority under the Master Contract; and

WHEREAS, all of the Certificates were initially sold to and continue to be held by U.S. Bank National Association (the "Bank"); and

WHEREAS, the Trust Agreement was amended by a First Supplement to Trust Agreement dated as of June 1, 2014 (the "First Supplement") and a Second Supplement to Trust Agreement dated as of April 1, 2016 (the "Second Supplement"), at the request of the City and with the consent of the Bank, in order to reset the applicable interest rate, wherein the Authority supplemented and amended the Original Trust Agreement; and

WHEREAS, the City desires to pay a principal reduction payment of its obligation to pay Installment Payments to support the Certificates and the Bank desires to renew its investment in the Certificates; in connection therewith the City has requested that the Authority cause to be executed a Third Supplement to Trust Agreement (the "Third Supplement"), primarily in order to extend the term of the Bank's investment and to modify the interest rate evidenced by the Certificates, all in connection with the Bank's continued investment in the Certificates and with the consent of the City and the Bank; and

WHEREAS, the Board of Directors of the Authority wishes at this time to take action approving such supplement and all related documents and actions.

NOW, THEREFORE, it is hereby RESOLVED and DETERMINED, as follows:

Section 1. Approval of Third Supplement. The Board of Directors hereby approves the Third Supplement in substantially the form on file with the Secretary together with any changes therein or additions thereto deemed advisable by the Executive Director or the

Treasurer or an authorized designee thereof (each, an "Authorized Officer"), and the execution thereof by an Authorized Officer shall be conclusive evidence of the approval of any such changes or additions.

An Authorized Officer is hereby authorized and directed for and in the name and on behalf of the Authority to execute, and the Secretary is hereby authorized and directed to attest the final form of the Third Supplement.

Section 2. Official Actions. The Chair, the Executive Director, the Treasurer, the Secretary and all other officers of the Authority are each authorized and directed in the name and on behalf of the Authority to make any and all assignments, certificates, requisitions, agreements, notices, consents, instruments of conveyance, warrants and other documents, which they or any of them might deem necessary or appropriate in order to consummate any of the transactions contemplated by the Third Supplement and Continuing Covenant Agreement approved under this Resolution. Whenever in this Resolution any officer of the Authority is authorized to execute or countersign any document or take any action, such execution, countersigning or action may be taken on behalf of such officer by any person designated by such officer to act on his or her behalf in the case such officer is absent or unavailable.

Section 3. Effective Date. This Resolution shall take effect immediately upon its passage and adoption.

I hereby certify that the foregoing Resolution was duly adopted by the governing board of the Roseville Finance Authority, at a regularly scheduled meeting thereof, held on the _____ day of _____, 2019, by the following vote of the Board:

AYES:
NOES:
ABSENT:
ABSTAIN:

Chair
Roseville Finance Authority

ATTEST:

Secretary
Roseville Finance Authority

THIRD SUPPLEMENT TO TRUST AGREEMENT

between

**THE BANK OF NEW YORK MELLON TRUST COMPANY, N.A.
as Trustee,**

**and the
ROSEVILLE FINANCE AUTHORITY**

**Dated as of
November 1, 2019**

relating to the

**ELECTRIC SYSTEM REVENUE REFUNDING CERTIFICATES OF PARTICIPATION, SERIES
2012**

**EVIDENCING AND REPRESENTING PROPORTIONATE
INTERESTS OF THE OWNERS THEREOF
IN 2012 PAYMENTS
TO BE MADE BY THE
CITY OF ROSEVILLE**

THIRD SUPPLEMENT TO TRUST AGREEMENT

This THIRD SUPPLEMENT TO TRUST AGREEMENT, is made and entered into as of November 1, 2019, between THE BANK OF NEW YORK MELLON TRUST COMPANY, N.A., a national banking association, duly organized and existing under the laws of the United States of America with a corporate trust office located in San Francisco, California, as trustee (the "Trustee") and the ROSEVILLE FINANCE AUTHORITY, a joint exercise of powers authority duly organized and existing under and by virtue of the laws of the State of California (the "Authority").

RECITALS:

WHEREAS, the Authority is a joint exercise of powers authority duly organized and existing under and pursuant to the Joint Exercise of Powers Act (being Sections 6500 et seq. of the Government Code of the State of California) (the "Act") and a Joint Exercise of Powers Agreement (the "Joint Powers Agreement"), by and between the City of Roseville (the "City") and the Redevelopment Agency of the City of Roseville; and

WHEREAS, the Act and the JPA Agreement authorize and empower the Authority to assist the City in acquiring and financing and refinancing certain additions, betterments, extensions and improvements to the electric system of the City; and

WHEREAS, the Authority and the City have entered into a Master Installment Purchase Contract, dated as of November 1, 1997 (as subsequently supplemented, the "Master Contract"), pursuant to which the Authority has agreed to assist the City by financing certain additions, betterments, extensions and improvements to the electric system of the City; and

WHEREAS, under that certain Trust Agreement, dated as of November 1, 2012 the Authority executed and delivered certificates of participation (the "Certificates") in the principal amount of \$90,000,000 evidencing the undivided interest of the holders thereof in certain payments (the "2012 Payments") received by the Authority under the Master Contract; and

WHEREAS, all of the Certificates were initially sold to and continue to be held by U.S. Bank National Association (the "Bank"); and

WHEREAS, the Trust Agreement was amended at the request of the City and with the consent of the Bank by a First Supplement to Trust Agreement dated as of June 1, 2014 (the "First Supplement") and a Second Supplement to Trust Agreement dated as of April 1, 2016 (the "Second Supplement"), wherein the Authority supplemented and amended the Trust Agreement in order to adjust certain interest rate terms with respect to the Certificates; and

WHEREAS, pursuant to Section 7.01 of the Trust Agreement, at the request of the City and with the consent of the Bank, the Authority now desires to supplement and amend the Trust Agreement in order to extend the Bank's interest in the Certificates and adjust certain terms of the Certificates related to interest rates; and

NOW, THEREFORE, in consideration of the premises and the mutual agreements and covenants herein, and for other valuable consideration, the parties hereto do hereby covenant and agree, as follows:

AGREEMENT:

Section 1. Definitions. In accordance with the provisions of Section 7.01 of the Trust Agreement, the Trust Agreement is hereby amended by amending, adding and deleting the following definitions:

(a) Amended Definitions.

“Applicable Factor” means (i) during the Initial Period, 80%, and (ii) during any other Index Rate Period, with a Favorable Opinion of Special Counsel, such other percentage as may be designated in writing by the Authority as the Applicable Factor for such Index Rate Period pursuant to Section 2.03(c).

“Applicable Spread” means, with respect to each Index Rate Period, the following:

(a) During the Initial Period, for the period from and including May 1, 2016 to, but not including, November 1, 2019, 55.0 basis points (0.55%); provided, however, that in the event that the credit ratings assigned by S&P or Fitch to the long-term unenhanced debt of the Authority secured or evidenced by a Parity Obligation falls to the ratings specified below, the Applicable Spread, as determined by the Calculation Agent, will be the number of basis points associated with such new rating as set forth in the following table:

Tier	Credit Ratings (S&P/Fitch)	Applicable Spread
I	A/A or above	0.550%
II	A-/A-	0.750%
III	BBB+/BBB+	1.000%

During the Initial Period, for the period from and including November 1, 2019, to and including the Initial Bank Purchase Date, 60.0 basis points (0.600%); provided, however, that in the event that the credit ratings assigned by Moody's, S&P or Fitch to the long-term unenhanced debt of the Authority secured or evidenced by a Parity Obligation falls to the ratings specified below, the Applicable Spread, as determined by the Calculation Agent, will be the number of basis points associated with such new rating as set forth in the following table:

Tier	Credit Ratings (Moody's/S &P/Fitch)	Applicable Spread
I	A+/A1/A+ or above	0.600%
II	A/A2/A	0.700%
III	A-/A3/A-	0.90%
IV	Baa1/BBB+/BBB+	1.150%

In the case of a split rating or differing ratings as between and among the Rating Agencies, the rating corresponding to the highest numbered tier set forth above and corresponding to the lowest rating will apply for all purposes of determining the Applicable Spread. References in this definition of Applicable Spread are to Rating Categories as presently determined by the Rating Agencies, and in the event of the adoption of any new or changed rating system or a “global” rating scale by any such Rating Agency, the Rating Categories will be adjusted accordingly to a new rating which most closely approximates the requirements as set forth herein. In the event that a rating is downgraded below BBB+/BBB+/Baa1 or is suspended, withdrawn or otherwise unavailable from any Rating Agency, and so long as such rating will remain suspended, withdrawn or unavailable, the Applicable Spread will increase by an additional 100 basis points (1.00%) from the Applicable Spread otherwise in effect, and all increases to the Applicable Spread will be cumulative.

(b) During any Index Rate Period other than the Initial Period, the number of basis points determined by the Market Agent on or before the first day of such Index Rate Period and designated by the Authority in accordance with Section 2.03(c): (which may include a schedule for the Applicable Spread based upon the ratings assigned to the long term debt of the Authority as described in subparagraph (a) in this definition) that, when added to the SIFMA Index or the product of the LIBOR Index multiplied by the Applicable Factor, as applicable, would equal the minimum interest rate per annum that would enable the Certificates to be sold on such date at a price equal to the principal amount thereof (without regard to accrued interest, if any, thereon).

“Initial Bank Purchase Date” means May 1, 2023.

“LIBOR Index” means the rate of interest per annum for United States Dollar deposits in the London Interbank Market, as quoted by the Calculation Agent from Reuters Screen LIBOR01 Page (provided that, in the event U.S. Bank is no longer the Calculation Agent, Reuters or Bloomberg may be used) or any successor thereto, which shall be that one-month LIBOR rate in effect two New York Banking Days prior to the LIBOR Index Reset Date or the Conversion Date to a new LIBOR Index Rate Period, as the case may be, such rate to be reset monthly on each LIBOR Index Reset Date. If for any reason such LIBOR Index is unavailable and/or the Calculation Agent is unable to determine the LIBOR Index Rate for any LIBOR Index Rate Period, then the rate for such applicable interest period will be determined by such comparable alternative method designed to measure interest rates in a similar manner, as selected by the Calculation Agent. Any successor rate or alternate methodology must be an interest-based index, variations in the value of which can reasonably be expected to measure contemporaneous variations in the cost of newly borrowed funds in United States Dollars. In order to account for the relationship of the replacement index to the original one-month LIBOR rate, such alternate method will incorporate any spread to any replacement index as is necessary to ensure that the alternate method will measure interest rates in a manner similar to the original one-month LIBOR rate; provided that the Calculation Agent shall give prompt written notice to the Authority and the Trustee setting forth such change in interest rate, the nature of the circumstances giving rise to such change, and the method of calculating such change if based on a replacement index. The Calculation Agent’s internal records of applicable interest rates shall be determinative in the absence of manifest error. If the LIBOR Index, as determined pursuant to this definition is ever less than zero percent (0.0%), then for purposes of determining the LIBOR Index hereunder, the LIBOR Index shall be deemed to be zero percent (0.0%).

“Taxable Rate” means, with respect to a Taxable Period, the product of (i) the interest rate on the Certificates during such period and (ii) the Taxable Rate Factor.

“Taxable Rate Factor” means, with respect to a Taxable Period, the quotient of (i) one *divided by* (ii) one minus the Maximum Federal Corporate Tax Rate in effect as of such day.

(b) Added Definition.

“Maximum Federal Corporate Tax Rate” means, for any day, the maximum rate of income taxation imposed on corporations pursuant to Section 11(b) of the Code, as in effect as of such day (or, if as a result of a change in the Code, the rate of income taxation imposed on corporations generally shall not be applicable to the Bank, the maximum statutory rate of federal income taxation which could apply to the Bank as of such day.

Section 2. Reduction in Principal Amount. Effective November 1, 2019, the principal amount of the Certificates is reduced to \$_____.

Section 3. Effectiveness. Except as otherwise amended hereby and by the Second Supplement and the First Supplement, the Trust Agreement shall remain in full force and effect. This Third Supplement will take effect upon its execution and delivery.

Section 4. Execution in Counterparts. This Third Supplement may be executed in several counterparts, each of which will be deemed an original, and all of which will constitute but one and the same instrument.

IN WITNESS WHEREOF, the parties hereto have executed this Third Supplement to Trust Agreement by their officers thereunto duly authorized as of the day and year first written above.

ROSEVILLE FINANCE AUTHORITY

By: _____
DOMINICK CASEY
Executive Director

ATTEST:

By: _____
SONIA OROZCO
Authority Secretary

APPROVED AS TO FORM:

By: _____
ROBERT R. SCHMITT
Authority Counsel

APPROVED AS TO SUBSTANCE:

By: _____
DENNIS KAUFFMAN
Authority Treasurer

**THE BANK OF NEW YORK MELLON
TRUST COMPANY, N.A.**
as Trustee

By: _____
Authorized Officer

Consent:

U.S. BANK NATIONAL ASSOCIATION
as owner of 100% of the Certificates and as Bank

By: _____
ASHLEY MARTIN
Vice President

**CITY COUNCIL OF THE CITY OF ROSEVILLE
RESOLUTION NO. 19-434**

**A RESOLUTION AUTHORIZING THE MODIFICATION OF TERMS OF
REPAYMENT OF PRIOR OBLIGATIONS OF THE ELECTRIC SYSTEM
CERTIFICATES OF PARTICIPATION AND APPROVING RELATED
DOCUMENTS AND OFFICIAL ACTIONS**

WHEREAS, the City has previously caused the execution and delivery of Electric System Revenue Refunding Certificates of Participation, Series 2012 in the aggregate original principal amount of \$90,00,000 (the "2012 Certificates") under a Trust Agreement dated as of November 1, 2012 (the "2012 Trust Agreement"), between the Roseville Finance Authority (the "Authority") and The Bank of New York Mellon Trust Company, N.A., as trustee, evidencing installment payments (the "Installment Payments") payable by the City under a Master Installment Purchase Contract (the "Master Contract"), dated as of November 1, 1997, as previously supplemented and as supplemented by a 2012 Supplemental Installment Sale Agreement dated November 1, 2012 (the "2012 Supplemental Contract"), between the Authority and the City, all to finance and refinance the costs of various improvements to the City's municipal electric system (the "Electric System"); and

WHEREAS, all of the 2012 Certificates were initially sold to and continue to be held by U.S. Bank National Association (the "Bank"); and

WHEREAS, the 2012 Trust Agreement was amended by a First Supplement to Trust Agreement dated as of June 1, 2014 and a Second Supplement to Trust Agreement dated as of April 1, 2016, at the request of the City and with the consent of the Bank, in order to reset the applicable interest rate, wherein the Authority supplemented and amended the Original Trust Agreement; and

WHEREAS, the City desires to pay a principal reduction payment of its obligation to pay Installment Payments due under the 2012 Supplemental Contract entered into to support the 2012 Certificates, and the Bank desires to renew its investment in the 2012 Certificates; in connection therewith the City has requested that the Authority cause to be executed a Third Supplement to Trust Agreement (the "Third Supplement"), primarily in order to extend the term of the Bank's investment and to modify the interest rate evidenced by the 2012 Certificates, all in connection with the Bank's continued investment in the 2012 Certificates and with the consent of the City and the Bank; and

WHEREAS, in connection with the foregoing, the Bank has requested the City to enter into a First Amendment to Continuing Covenant Agreement to facilitate the Bank's needs; and

WHEREAS, in connection with the foregoing modification the City has determined that it is in the City's best interest to terminate its existing Master Agreement dated May 1, 2008 with Bank of America, N.A. and schedules and amendments thereto (collectively, the "Swap Agreement") by paying an appropriate amount to terminate the swap arrangement (the "BAML Swap") evidenced thereby; and

WHEREAS, the City Council wishes at this time to approve all proceedings to which it is a party relating to the financing of its obligations financed by the 2012 Certificates and the BAML

Swap, and to authorize other actions in connection with financing undertaken by and for Electric System as described herein.

NOW, THEREFORE, THE CITY COUNCIL OF THE CITY OF ROSEVILLE RESOLVES AS FOLLOWS:

1. **Approval of Financing Plan; Authorization of Supplements.** The City Council hereby approves the financing plan described in the recitals of this Resolution. To that end, the City Council hereby approves the following agreement required to implement the financing plan, in substantially the form on file with the City Clerk, together with any changes therein or additions thereto deemed advisable by the City Manager, Chief Financial Officer, or an authorized designee thereof, (each, an "Authorized Officer"), and the execution thereof by an Authorized Officer shall be conclusive evidence of the approval of any such changes or additions.

- First Amendment to Continuing Covenant Agreement by and between the City and U.S. Bank, National Association, supplementing that certain Continuing Covenant Agreement, dated as of November 1, 2012 under which the City established certain covenants in favor of the Bank in connection with its purchase of the 2012 Certificates.

Any Authorized Officer is hereby authorized and directed for and in the name and on behalf of the City to execute, and the City Clerk is hereby authorized and directed to attest the final form of the foregoing agreement.

The City Council hereby approves the form of the following agreement required to be entered into by the Authority to implement the financing plan, in substantially the form on file with the City Clerk together with any changes therein or additions thereto deemed advisable by an Authorized Officer.

- Third Supplement to Trust Agreement (the "Third Supplement") supplementing that certain Trust Agreement, dated as of November 1, 2012, as amended, by and between the Authority and the trustee named therein, under which the 2012 Certificates were issued.

2. **Termination of Swap.** The City Council hereby approves the termination of the BAML Swap. Any Authorized Officer is hereby authorized and directed for and in the name and on behalf of the City to execute all documents required in connection with such termination, and to pay required fees of the provider of the swap as required by the Swap Agreement, if and to the extent the Chief Financial Officer deems it to be in the best interest of the City. Each Authorized Officer is authorized and directed to execute and deliver to the counterparty to the Swap Agreement any notice, certification or other documents necessary to accomplish such termination.

3. **Official Actions.** The Mayor, the City Manager, City Treasurer, Chief Financial Officer, Finance Director, the City Clerk, the City Attorney and all other officers of the City are each authorized and directed in the name and on behalf of the City to make and to execute any and all assignments, certificates, requisitions, agreements, notices, consents, instruments of conveyance, warrants and other documents, which they or any of them might deem necessary or appropriate in order to consummate any of the transactions contemplated by the documents approved pursuant to this Resolution. Whenever in this resolution any officer of the City is authorized to execute or countersign any document or take any action, such execution,

countersigning or action may be taken on behalf of such officer by any person designated by such officer to act on his or her behalf in the case such officer shall be absent or unavailable.

4. **Effective Date.** This resolution shall take effect from and after the date of approval and adoption thereof.

* * * * *

I hereby certify that the foregoing Resolution was duly adopted by the City Council of the City of Roseville, California, at a regularly scheduled meeting thereof, held on the _____ day of _____, 2019, by the following vote of the City Council:

AYES: COUNCILMEMBERS
NOES: COUNCILMEMBERS
ABSENT: COUNCILMEMBERS
ABSTAIN: COUNCILMEMBERS

Mayor

ATTEST:

City Clerk of the City of Roseville

ORDINANCE NO. 6146

ORDINANCE OF THE COUNCIL OF THE CITY OF ROSEVILLE
AUTHORIZING CERTAIN AMENDMENTS TO THE FISCAL YEAR 2019-20
BUDGET AND DECLARING THIS ORDINANCE TO BE IMMEDIATELY
EFFECTIVE AS AN APPROPRIATION MEASURE

THE CITY OF ROSEVILLE ORDAINS:

SECTION 1. The City of Roseville Annual Budget, Fiscal Year 2019-20, is hereby amended by transferring appropriation to and from the activities indicated below:

Appropriate funds to pay down outstanding bonds, pay the interest swap termination payment and pay the estimated costs of issuance for the renewal of the Direct Purchase Agreement with U.S. Bank regarding the \$90 million Electric Refunding Certificates of Participation Series 2012 bonds, per the request of the Electric Department as listed on the attached Request for Budget Adjustment in the amount of \$44,030,000.00.

SECTION 2. This ordinance is hereby declared to be an appropriation measure, immediately effective pursuant to the provisions of Section 5.03 of the Charter.

SECTION 3. The City Clerk is hereby authorized and directed to post a true copy of the foregoing ordinance in each of three (3) conspicuous locations in the City and she shall immediately after such posting enter in the ordinance book, under the record of the ordinance, a certificate under her hand stating the time and place of such publication by posting.

PASSED AND ADOPTED by the Council of the City of Roseville, this _____ day of _____, 2019, by the following vote on roll call:

AYES COUNCILMEMBERS:

NOES COUNCILMEMBERS:

ABSENT COUNCILMEMBERS:

MAYOR

ATTEST:

City Clerk



REQUEST FOR BUDGET ADJUSTMENT

REQUESTER NAME & TITLE: Eric Campbell, Financial Administrator FISCAL YEAR: 2019-20
 PREPARER NAME & TITLE: Joanna Cucchi, Senior Electric Business Analyst COUNCIL DATE (if applicable): 10/2/2019
 DEPARTMENT/DIVISION: Electric Department ORDINANCE: _____

EXPENDITURES/EXPENSES/TRANSFERS OUT

ACCOUNT STRING				BUDGET (\$)	DESCRIPTION
Fund	Account	Center	Project	Adjustment	
6001	6690	82001		36,000,000	Principal Payment - 2012 Certificates of Participation (COP)
6001	6620	82001		8,000,000	Debt Service Related Fees - Interest rate swap termination payment
6001	6630	82001		30,000	Cost of Issuance Fees
TOTAL				44,030,000	

REVENUES/TRANSFERS IN

ACCOUNT STRING				BUDGET (\$)	DESCRIPTION
Fund	Account	Center	Project	Adjustment	
TOTAL				-	

NET ADJUSTMENT	44,030,000
----------------	------------

FUND BALANCE

ACCOUNT STRING				BUDGET (\$)	DESCRIPTION
Fund	Account	Center	Project	Adjustment	
6001				(44,030,000)	Reduction to Electric Fund balance
TOTAL				(44,030,000)	

Justification for Budget Adjustment:

Staff recommends the retirement of 40% or \$36 million of Roseville Electric variable rate 2012 Series Electric System Revenue Refunding COP bonds with US Bank. Additionally, staff recommends the termination of related interest rate swap agreement with Bank of America for an estimated \$8 million. The final amount of the interest rate swap termination payment will be determined based on market pricing on October 31, 2019. This recommended budget adjustment will establish \$44,030,000 in appropriation authority to pay down a portion of the outstanding bonds and the interest rate swap termination payment. There is adequate fund balance available in the Electric Fund for these appropriations.

REQUIRED APPROVALS:			
 REQUESTING DEPARTMENT HEAD / DESIGNEE	9/11/19 DATE	 BUDGET MANAGER / DESIGNEE	9/11/19 DATE
 CHIEF FINANCIAL OFFICER / DESIGNEE	9/11/19 DATE	CITY MANAGER / DESIGNEE	DATE
BUDGET DEPARTMENT USE ONLY:			
POSTED BY _____		DATE _____	

Revised: June 24, 2019



COUNCIL COMMUNICATION

CC #: 0336
File #: 0316-04

Title: Second Reading of Ordinance - 2019 Speed Limit Ordinance
Contact: Jana Cervantes 916-774-5498 jcervantes@roseville.ca.us

Meeting Date: 10/2/2019
Item #: 7.15.

RECOMMENDATION TO COUNCIL

ORDINANCE NO. 6147 OF THE COUNCIL OF THE CITY OF ROSEVILLE AMENDING SECTION 11.28.010 OF CHAPTER 11.28 OF TITLE 11 OF THE ROSEVILLE MUNICIPAL CODE REGARDING SPEED LIMITS, for second reading and adoption.

BACKGROUND

Not applicable.

FISCAL IMPACT

Not applicable.

ENVIRONMENTAL REVIEW

Not applicable.

Respectfully Submitted,

Jana Cervantes, Senior Engineer

Jason Shykowski, Public Works Director

A handwritten signature in blue ink, consisting of several loops and a horizontal line, is positioned above a solid horizontal line.

Dominick Casey, City Manager

ATTACHMENTS:

Description

Ordinance No. 6147

ORDINANCE NO. 6147

ORDINANCE OF THE COUNCIL OF THE CITY OF ROSEVILLE AMENDING SECTION
11.28.010 OF CHAPTER 11.28 OF TITLE 11 OF THE ROSEVILLE MUNICIPAL CODE
REGARDING SPEED LIMITS

THE CITY OF ROSEVILLE ORDAINS:

SECTION 1. Section 11.28.010 of Chapter 11.28 of Title 11 of the Roseville Municipal Code is hereby amended to read as follows:

11.28.010 Change in speed limits set by state law.

Pursuant to authority contained in Sections 22357 and 22358 of the Vehicle Code, the city council determines upon the basis of an engineering and traffic survey that the prima facie speed limits set forth in this section would facilitate the orderly movement of vehicular traffic and would be reasonable and safe, except when passing school grounds, and it is determined that a speed limit greater than those hereinafter set forth would be more than is reasonable or safe. It is declared that the prima facie speed limits hereinafter set forth are established according to law:

1. Alexandra Drive:
 - a. Between East Roseville Parkway and Secret Ravine Parkway, 35 mph;
2. All-America City Boulevard:
 - a. Between Los Vegas Avenue and Washington Boulevard, 25 mph;
3. Angus Road:
 - a. Between Fiddymment Road and Casa Sedona Drive, 35 mph;
4. Antelope Creek Drive:
 - a. Between Galleria Boulevard and Creekside Ridge Drive, 30 mph,
 - b. Between Creekside Ridge Drive and end, 30 mph;
5. Atkinson Street:
 - a. Between Foothills Boulevard and Church Street, 40 mph,
 - b. Between Foothills Boulevard and PFE, 45 mph;
6. Atlantic Street:
 - a. Between Yosemite Street and Interstate 80, 40 mph;
7. Auburn Boulevard:
 - a. Between Riverside and city limits, 35 mph;

8. Automall Drive: 30 mph;
9. Baseline Road:
 - a. Between Foothills Boulevard and Fiddymment Road, 45 mph;
10. Berry Street:
 - a. Between 156 Berry Street and Galleria Boulevard, 35 mph;
11. Blue Oaks Boulevard:
 - a. Between Fiddymment Road and eastern city limits, 45 mph,
 - b. Between Fiddymment Road and Hayden Parkway, 50 mph;
12. Bob Doyle Drive:
 - a. Between Kennerleigh Parkway and Hayden Parkway, 35 mph;
13. Brady Lane:
 - a. Between Vineyard Road and Baseline Road, 40 mph;
14. Brookstone Drive:
 - a. Between Westbrook Boulevard (N) and Westbrook Boulevard (S), 30 mph;
15. Casa Sedona Drive:
 - a. Between Angus Road and Crocker Ranch Road, 30 mph;
16. Central Park Drive:
 - a. Between Fairway Drive and Highland Park Drive, 25 mph;
17. Chase Drive:
 - a. Between Roseville Parkway and Heritage Drive, 30 mph;
18. Church Street:
 - a. Between Atkinson Street and Washington Boulevard, 35 mph;
19. Cirby Hills Drive:
 - a. Between Cirby Way and end, 30 mph;
20. Cirby Way:
 - a. Between Foothills Boulevard and Old Auburn Boulevard, 40 mph;
21. Commerce Drive:

- a. Vernon Street and Roseville Road, 35 mph;
- 22. Country Club Drive:
 - a. Between Baseline Road and Pleasant Grove Boulevard, 35 mph;
- 23. Creekside Ridge Drive:
 - a. Between Roseville Parkway and end, 25 mph;
- 24. Crocker Ranch Road:
 - a. Between Blue Oaks Boulevard and Opal Drive, 35 mph;
- 25. Del Webb Boulevard:
 - a. Between Fiddymment Road and Blue Oaks Boulevard, 35 mph;
- 26. Diamond Creek Boulevard:
 - a. Between Blue Oaks Boulevard and Parkside Way, 35 mph;
- 27. Douglas Boulevard:
 - a. Between Vernon Street and I-80, 30 mph,
 - b. Between I-80 and Rocky Ridge, 35 mph,
 - c. Between Rocky Ridge Drive and Sierra College Boulevard, 45 mph;
- 28. Eastridge Drive:
 - a. Between Old Auburn Road and Weston Way, 30 mph;
- 29. East Roseville Parkway:
 - a. Between Taylor Road and Sierra College Boulevard, 45 mph,
 - b. Between Sierra College Boulevard and eastern City limits, 40 mph;
- 30. Estates Drive:
 - a. Between Folsom Road and Harding Boulevard, 25 mph;
- 31. Eureka Road:
 - a. Between Interstate 80 and Sierra College Boulevard, 40 mph;
- 32. Fairway Drive:
 - a. Between northern city limits and Stanford Ranch Road, 40 mph;
- 33. Fiddymment Road:

- a. Between Pleasant Grove Boulevard and northern city limits, 45 mph,
- b. Between Pleasant Grove Boulevard and Baseline Road, 50 mph;
- 34. Fidelity Way:
 - a. Between Blue Oaks Boulevard and Freedom Way, 30 mph;
- 35. Folsom Road:
 - a. Between Vernon Street and Douglas Boulevard, 25 mph;
- 36. Foothills Boulevard:
 - a. Between Cirby Way and Blue Oaks Boulevard, 45 mph,
 - b. Between Blue Oaks Boulevard and northern city limits, 40 mph;
- 37. Freedom Way:
 - a. Between Industrial Avenue and Washington Boulevard, 40 mph;
- 38. Galilee Road:
 - a. Between Pleasant Grove Boulevard and Industrial Avenue, 35 mph;
- 39. Galleria Boulevard:
 - a. Between Harding Boulevard and Roseville Parkway, 45 mph,
 - b. Between Roseville Parkway and SR-65, 40 mph;
- 40. Gibson Drive:
 - a. Between Roseville Parkway (E) and Roseville Parkway (W), 40 mph;
- 41. Hallissy Drive:
 - a. Between Washington Boulevard and Pleasant Grove Boulevard, 30 mph;
- 42. Harding Boulevard:
 - a. Between Douglas Boulevard and Estates Drive, 30 mph,
 - b. Between Estates Drive and Lead Hill Boulevard, 35 mph,
 - c. Between Lead Hill Boulevard and Wills Road, 40 mph;
- 43. Hayden Parkway:
 - a. Between Fiddymment Road and Blue Oaks Boulevard, 35 mph;
- 44. Highland Park Drive:

- a. Between Fairway Drive and Pleasant Grove Boulevard, 30 mph,
- b. Between Pleasant Grove Boulevard and Stanford Ranch, 35 mph;
- 45. Hillsborough Drive:
 - a. Between East Roseville Parkway and Eureka Road, 35 mph;
- 46. Industrial Avenue:
 - a. Between Northern city limits and Washington Boulevard, 45 mph;
- 47. Junction Boulevard:
 - a. Between Baseline Road and Foothills Boulevard, 45 mph,
 - b. Between Foothills Boulevard and Washington Boulevard, 40 mph;
- 48. Kennerleigh Parkway:
 - a. Between Pleasant Grove Boulevard and Bob Doyle Drive, 35 mph;
- 49. Kenroy Lane:
 - a. Between Riverside Avenue and end, 25 mph;
- 50. Lead Hill Boulevard:
 - a. Between Harding Boulevard and North Sunrise Avenue, 35 mph,
 - b. Between North Sunrise Avenue and East Roseville Parkway, 40 mph;
- 51. Main Street:
 - a. Between Foothills Boulevard and Porter Drive, 35 mph;
- 52. Market Street:
 - a. Between Pleasant Grove Boulevard and westerly end, 35 mph;
- 53. McAnally Drive:
 - a. Between Foothills Boulevard and Woodcreek Oaks Boulevard, 35 mph;
- 54. Melody Lane:
 - a. Between Cirby Way and West Whyte Avenue, 35 mph;
- 55. Miners Ravine Drive:
 - a. Between Sierra College Boulevard and Copperleaf Street, 30 mph;
- 56. Monument Drive:

- a. Between Pleasant Grove Boulevard and Bob Doyle Drive, 30 mph;
- 57. New Meadow Drive:
 - a. Between Blue Oaks Boulevard and Parkside Way, 35 mph;
- 58. Niblick Drive:
 - a. Between Blue Oak Boulevard and end, 35 mph;
- 59. North Cirby Way:
 - a. Between Thistle Down Drive and East Roseville Parkway, 35 mph;
- 60. Northpark Drive:
 - a. Between Woodcreek Oaks Boulevard and Parkside Drive, 30 mph;
- 61. North Sunrise Avenue:
 - a. Between Douglas Boulevard and Lead Hill Boulevard, 35 mph,
 - b. Between Lead Hill Boulevard and East Roseville Parkway, 40 mph;
- 62. Oak Crest Drive:
 - a. Between Alexandra Drive and Frensham Drive, 25 mph;
- 63. Old Auburn Road:
 - a. Between South Cirby and the easterly city limit line, 45 mph,
 - b. Between Sierra College Boulevard and East Roseville Parkway, 35 mph,
 - c. Between South Cirby and the southern city limit line, 35 mph;
- 64. Old Washington Blvd:
 - a. Between Atlantic Street and Republican Alley, 15 mph;
- 65. Olympus Drive:
 - a. Between Professional Drive and East Roseville Parkway, 30 mph,
 - b. Between East Roseville Parkway and Sierra College Boulevard, 40 mph;
- 66. Opal Drive:
 - a. Between Crocker Ranch Road and Parkside Way, 35 mph;
- 67. Opportunity Drive:
 - a. Vineyard Road and end, 30 mph;

- 68. Orchard View Road:
 - a. Between Blue Oaks Boulevard and Harcourt Way, 30 mph;
- 69. Orlando Avenue:
 - a. Between Cirby Way and Riverside Avenue/Auburn Boulevard, 40 mph;
- 70. Painted Desert Drive:
 - a. Between Prairie Woods and Woodcreek Oaks, 30 mph;
- 71. Parkhill Drive:
 - a. Between McLaren Drive and East Roseville Parkway, 35 mph;
- 72. Parkside Drive:
 - a. Between Opal Drive and Diamond Creek Boulevard, 35 mph,
 - b. Between Diamond Creek and McCloud Way, 25 mph,
 - c. Between McCloud Way and New Meadow Drive; 35 mph;
- 73. Park Regency Drive:
 - a. Between Hiawatha Drive and Junction Boulevard, 30 mph,
 - b. Between Junction Boulevard and Casterbridge Drive, 35 mph;
- 74. P.F.E. Road:
 - a. Between Atkinson Street and the western city limits, 45 mph;
- 75. Phillip Road:
 - a. Between Westpark Drive and end, 40 mph;
- 76. Pioneer Road:
 - a. Between Pleasant Grove Boulevard and Trehowell Drive, 30 mph;
- 77. Pleasant Grove Boulevard:
 - a. Between western city limits and Rocklin city limits, 45 mph;
- 78. Prairie Woods Way:
 - a. Between Blue Oaks and Painted Desert, 30 mph;
- 79. Professional Drive:
 - a. Between Rocky Ridge Drive and Olympus Drive, 30 mph;

- 80. Reserve Drive:
 - a. Between Diamond Oaks Road and Roseville Parkway, 25 mph,
 - b. Between Diamond Oaks Road and Berry Street, 35 mph;
- 81. Riverside Avenue:
 - a. Between I-80 and Darling Way, 35 mph,
 - b. Between Darling Way and Douglas Boulevard, 25 mph;
- 82. Rocky Ridge Drive:
 - a. Between East Roseville Parkway and Cirby Way, 40 mph;
- 83. Roseville Parkway:
 - a. Between Washington Boulevard and Taylor Road, 45 mph;
- 84. Roseville Road:
 - a. Between Cirby Way and the southern city limits, 45 mph;
- 85. Santa Clara Drive:
 - a. Between Douglas Boulevard and Sierra Gardens Drive, 30 mph;
- 86. Scarborough Drive:
 - a. Between Secret Ravine Parkway and northern city limits, 40 mph;
- 87. Secret Ravine Parkway:
 - a. Between East Roseville Parkway and Sierra College Boulevard, 45 mph;
- 88. Sierra Boulevard:
 - a. Between Roseville Street and Alta Vista, 30 mph;
- 89. Sierra College Boulevard:
 - a. Between Olympus Drive and Old Auburn Road, 45 mph,
 - b. Between Olympus and city limits, 50 mph;
- 90. Sierra Gardens Drive:
 - a. Between Douglas Boulevard and North Sunrise Avenue, 30 mph;
- 91. South Cirby Way:
 - a. Between Rocky Ridge Drive and Old Auburn Road, 40 mph;

92. Stanford Ranch Road:
 - a. Between Highway 65 and northern city limits, 40 mph;
93. Stone Point Drive:
 - a. Between North Sunrise and Rocky Ridge Drive, 35 mph;
94. Sun City Boulevard:
 - a. Between Pleasant Grove Boulevard and Del Webb Boulevard, 35 mph;
95. Sunrise Avenue:
 - a. Between Douglas Boulevard and Cirby Way, 35 mph,
 - b. Between Cirby Way and city limits, 40 mph;
96. Taylor Road:
 - a. Between Eureka Road and northern city limits, 45 mph;
97. Trehowell Drive:
 - a. Between Chase Drive and Pioneer Road, 30 mph;
98. Trestle Road:
 - a. Between Roseville Parkway and Hallissy Drive, 25 mph;
99. Vernon Street:
 - a. Between Folsom Road and Riverside Avenue, 25 mph,
 - b. Between Riverside Avenue and 6th Street, 35 mph,
 - c. Between 6th Street and Cirby Way, 40 mph;
100. Village Green Drive:
 - a. Between Fiddymment Road and Bob Doyle Drive, 35 mph;
101. Vineyard Road:
 - a. Between Atkinson Street and Brady Lane, 40 mph;
102. Washington Boulevard:
 - a. Between Oak Street and Elefa Street, 35 mph,
 - b. Between Elefa Street and Blue Oaks Boulevard, 45 mph;
103. Westbrook Boulevard:

- a. Between Pleasant Grove Boulevard and Payson Avenue, 40 mph;
- 104. Westhills Drive:
 - a. Between Fiddymment Road and Morningstar Drive, 35 mph;
- 105. Westpark Drive:
 - a. Between Phillip Road and Bickleigh Loop, 45 mph,
 - b. Between Bickleigh Loop and Bob Doyle Drive, 35 mph;
- 106. Woodcreek Oaks Boulevard:
 - a. Between Baseline Road and Horncastle Avenue, 40 mph,
 - b. Between Horncastle Avenue and Blue Oaks Boulevard, 45 mph;
 - c. Between Blue Oaks Boulevard and northern city limits, 40 mph;
- 107. Yosemite Street:
 - a. Between Atlantic Street and Shasta Street, 25 mph.

SECTION 2. This ordinance shall be effective at the expiration of thirty (30) days from the date of adoption.

SECTION 3. The City Clerk is hereby directed to cause this ordinance to be published in full at least once within fourteen (14) days after it is adopted in a newspaper of general circulation in the City, or shall within fourteen (14) days after its adoption cause this ordinance to be posted in full in at least three (3) public places in the City and enter in the Ordinance Book a certificate stating the time and place of said publication by posting.

PASSED AND ADOPTED by the Council of the City of Roseville this ____ day of _____, 20__, by the following vote on roll call:

AYES COUNCILMEMBERS:

NOES COUNCILMEMBERS:

ABSENT COUNCILMEMBERS

MAYOR

ATTEST:

City Clerk



COUNCIL COMMUNICATION

CC #: 0329

File #: 0102-12 & 0106

Title: League of California Cities Conference Resolutions 2019

Contact: Mark Wolinski 916-774-5179 mwolinski@roseville.ca.us

Meeting Date: 10/2/2019

Item #: 7.16.

RECOMMENDATION TO COUNCIL

Staff recommends that the City Council provide direction to the City's voting delegate regarding the City's positions on the League of California Cities resolutions being considered at its annual conference. (Attachment A) Staff recommends the following position on the proposed resolutions: Resolution 1—Approve; and, Resolution 2—Approve.

BACKGROUND

This year's League of California Cities Annual Conference is being held October 16 – 18, 2019 in Long Beach. The annual business meeting will be held on Friday, October 18, at noon when the membership takes action on Conference resolutions.

Designated voting delegates or their alternates registered to attend the Annual Conference constitute the League's General Assembly. At the July 10, 2019 City Council meeting, the Council appointed Mayor John Allard as the City's voting delegate and Vice Mayor Krista Bernasconi as the alternate.

Annual conference resolutions guide cities and the League in efforts to improve the quality, responsiveness and vitality of local government in California.

DISCUSSION

The League of California Cities has identified two resolutions to be considered at the upcoming annual conference. The following is a brief description of the resolutions including staff's recommendation:

Resolution 1- (Recommended Position: Approve) – Over the last several years, the increasing severity and frequency of California's wildfires have prompted state and local governments to seek urgent prevention and mitigation actions. Record-breaking wildfires in Northern and Southern California in both 2017 and 2018 have caused destruction and loss of life. This severe fire trend has local officials seeking solutions to combat what is now a year-round fire season exacerbated by years of drought, intense weather patterns, untamed vegetation and global warming. These conditions create a dangerous catalyst for wildfires caused by utilities as extreme

wind and weather events make downed power lines more of a risk. In response to recent catastrophic wildfires, Governor Newsom established a Strike Force tasked with developing a “comprehensive roadmap” to address issues related to wildfires, climate change, and utilities.

As outlined in the resolution, for any power-lines undergrounding project to qualify for the Rule 20A program, there are several criteria that need to be met, but it is noteworthy that fire safety is excluded from the list of criteria that favors aesthetic and other public safety projects.

The resolution calls for the California Public Utilities Commission to amend Rule 20A to include projects in Very High Fire Hazard Severity Zones to the list of criteria for eligibility. Currently, the project must have a public benefit and:

1. Eliminate an unusually heavy concentration of overhead lines
2. Involve a street or road with a high volume of public traffic
3. Benefit a civic or public recreation area or area of unusual scenic interest,
4. Be listed as an arterial street or major collector as defined in the Governor’s Office of Planning and Research (OPR) Guidelines

Staff recommendation: *The City supports this resolution based on the understanding it has regarding the impacts of wildfires and agrees with the need to seek solutions to overcome future devastating fires. Undergrounding power lines is an important tool in preventing destructive wildfires that have ravaged communities throughout the state. California’s Rule 20A program, which allows local government to pay for costly undergrounding projects with rate payer funds, does not factor in fire safety for eligibility. Including fire safety as an eligible activity for the use of these funds would provide another tool for utilities to employ when considering options for reducing the risk of severe fires in the future.*

Resolution 2- (Recommended Position: Support) - This resolution calls for the League of California Cities to call upon the federal and state governments to address the devastating impacts of international transboundary pollution flows into the waterways of the southernmost regions of California, San Diego and Imperial Counties and the Pacific Ocean.

The severity of cross border pollution has continued to increase, due in part to the rapid growth of urban centers since the passage of the North American Free Trade Agreement. While economic growth has contributed to greater employment, the environmental infrastructure of the region has not kept pace, which is why Congress authorized the Border Water Infrastructure Program (BWIP) in 1996.

The U.S. Environmental Protection Agency (EPA) administers the BWIP and coordinates with the North American Development Bank (NADB) to provide financing and technical support for projects on both sides of the U.S./Mexico border. Unfortunately, the current BWIP funding at \$10 million per year is only a fraction of the initial program budget that shares funding with the entire 2,000 mile Mexican border with California, Arizona, New Mexico and Texas. EPA officials from Region 9 have identified an immediate need for BWIP projects totaling over \$300 million just for California. Without federal partnerships through the BWIP and state support to address cross border pollution, cities that are impacted by transboundary sewage and toxic waste flows are left with limited resources to address a critical pollution and public health issue.

Staff recommendation: *The City supports this resolution due to the recognition that beneficial water quality is essential to the health and welfare of California and all of its citizens. This resolution addresses the critical need for federal and state governments to recommit to work bi-*

nationally to develop and implement long-term solutions to address serious water quality and contamination issues originating from Mexico, that result in significant health, environmental and safety concerns in communities along California's southern border. Water quality issues are prevalent across California and have been a constant priority of the State's legislature and residents. Since 2014, California's voters and the Legislature have approved multiple funding sources and programs to address failing water infrastructure and bad water qualities throughout California. It is crucial that the federal government continues to be an active partner in finding solutions and providing much needed funding to address issues related to water quality in this region.

FISCAL IMPACT

There is no financial impact associated with this action.

ENVIRONMENTAL REVIEW

The California Environmental Quality Act (CEQA) does not apply to activities that will not result in a direct or reasonably foreseeable indirect physical change in the environment (CEQA Guidelines §1 5061 (b) (3)). Stating policy priorities does not include the potential for a significant environmental effect, and therefore is not subject to CEQA.

Respectfully Submitted,

Mark Wolinski, Government Relations Administrator

Megan MacPherson, Public Affairs and Communication Director

A handwritten signature in blue ink, consisting of several overlapping loops and a horizontal line, likely belonging to Dominick Casey.

Dominick Casey, City Manager

ATTACHMENTS:

Description

League Resolution Packet 2019_Attachment A



***Annual Conference
Resolutions Packet***

2019 Annual Conference Resolutions



Long Beach, California

October 16 – 18, 2019

INFORMATION AND PROCEDURES

RESOLUTIONS CONTAINED IN THIS PACKET: The League bylaws provide that resolutions shall be referred by the president to an appropriate policy committee for review and recommendation. Resolutions with committee recommendations shall then be considered by the General Resolutions Committee at the Annual Conference.

This year, two resolutions have been introduced for consideration at the Annual Conference and referred to League policy committees.

POLICY COMMITTEES: Two policy committees will meet at the Annual Conference to consider and take action on the resolutions referred to them. The committees are: Environmental Quality and Transportation, Communication & Public Works. The committees will meet from 9:00 – 11:00 a.m. on Wednesday, October 16, at the Hyatt Regency Long Beach. The sponsors of the resolutions have been notified of the time and location of the meeting.

GENERAL RESOLUTIONS COMMITTEE: This committee will meet at 1:00 p.m. on Thursday, October 17, at the Hyatt Regency Long Beach, to consider the reports of the policy committees regarding the resolutions. This committee includes one representative from each of the League's regional divisions, functional departments and standing policy committees, as well as other individuals appointed by the League president. Please check in at the registration desk for room location.

ANNUAL LUNCHEON/BUSINESS MEETING/GENERAL ASSEMBLY: This meeting will be held at 12:30 p.m. on Friday, October 18, at the Long Beach Convention Center.

PETITIONED RESOLUTIONS: For those issues that develop after the normal 60-day deadline, a resolution may be introduced at the Annual Conference with a petition signed by designated voting delegates of 10 percent of all member cities (48 valid signatures required) and presented to the Voting Delegates Desk at least 24 hours prior to the time set for convening the Annual Business Meeting of the General Assembly. This year, that deadline is 12:30 p.m., Thursday, October 17. Resolutions can be viewed on the League's Web site: www.cacities.org/resolutions.

Any questions concerning the resolutions procedures may be directed to Carly Shelby cshelby@cacities.org 916-658-8279 or Nick Romo nromo@cacities.org 916-658-8232 at the League office.

GUIDELINES FOR ANNUAL CONFERENCE RESOLUTIONS

Policy development is a vital and ongoing process within the League. The principal means for deciding policy on the important issues facing cities is through the League's seven standing policy committees and the board of directors. The process allows for timely consideration of issues in a changing environment and assures city officials the opportunity to both initiate and influence policy decisions.

Annual conference resolutions constitute an additional way to develop League policy. Resolutions should adhere to the following criteria.

Guidelines for Annual Conference Resolutions

1. Only issues that have a direct bearing on municipal affairs should be considered or adopted at the Annual Conference.
2. The issue is not of a purely local or regional concern.
3. The recommended policy should not simply restate existing League policy.
4. The resolution should be directed at achieving one of the following objectives:
 - (a) Focus public or media attention on an issue of major importance to cities.
 - (b) Establish a new direction for League policy by establishing general principles around which more detailed policies may be developed by policy committees and the board of directors.
 - (c) Consider important issues not adequately addressed by the policy committees and board of directors.
 - (d) Amend the League bylaws (requires 2/3 vote at General Assembly).

LOCATION OF MEETINGS

Policy Committee Meetings

Wednesday, October 16, 9:00 – 11:00 a.m.

Hyatt Regency Long Beach

200 South Pine Avenue, Long Beach

The following committees will be meeting:

1. Environmental Quality 10:00 - 11:00 a.m.
2. Transportation, Communication & Public Works 9:00 - 10:00 a.m.

General Resolutions Committee

Thursday, October 17, 1:00 p.m.

Hyatt Regency Long Beach

200 South Pine Avenue, Long Beach

Annual Business Meeting and General Assembly Luncheon

Friday, October 18, 12:30 p.m.

Long Beach Convention Center

300 East Ocean Boulevard, Long Beach

KEY TO ACTIONS TAKEN ON RESOLUTIONS

Resolutions have been grouped by policy committees to which they have been assigned.

Number	Key Word Index	Reviewing Body Action		
		1	2	3
		1 - Policy Committee Recommendation to General Resolutions Committee 2 – General Resolutions Committee 3 - General Assembly		

ENVIRONMENTAL QUALITY POLICY COMMITTEE

		1	2	3
1	Amendment to Rule 20A			
2	International Transboundary Pollution Flows			

TRANSPORTATION, COMMUNICATION & PUBLIC WORKS POLICY COMMITTEE

		1	2	3
1	Amendment to Rule 20A			

Information pertaining to the Annual Conference Resolutions will also be posted on each committee's page on the League website: www.cacities.org. The entire Resolutions Packet is posted at: www.cacities.org/resolutions.

KEY TO ACTIONS TAKEN ON RESOLUTIONS *(Continued)*

Resolutions have been grouped by policy committees to which they have been assigned.

KEY TO REVIEWING BODIES

1. Policy Committee
2. General Resolutions Committee
3. General Assembly

KEY TO ACTIONS TAKEN

- | | |
|-----|---|
| A | Approve |
| D | Disapprove |
| N | No Action |
| R | Refer to appropriate policy committee for study |
| a | Amend+ |
| Aa | Approve as amended+ |
| Aaa | Approve with additional amendment(s)+ |
| Ra | Refer as amended to appropriate policy committee for study+ |
| Raa | Additional amendments and refer+ |
| Da | Amend (for clarity or brevity) and Disapprove+ |
| Na | Amend (for clarity or brevity) and take No Action+ |
| W | Withdrawn by Sponsor |

ACTION FOOTNOTES

- * Subject matter covered in another resolution
- ** Existing League policy
- *** Local authority presently exists

Procedural Note:

The League of California Cities resolution process at the Annual Conference is guided by League Bylaws. A helpful explanation of this process can be found on the League's website by clicking on this link: [Guidelines for the Annual Conference Resolutions Process](#).

League of California Cities Resolution Process

REGULAR RESOLUTIONS

Policy Committee Action	General Resolutions Committee Action	Calendar
Approve	Approve	Consent Calendar ¹
Approve	Disapprove or Refer	Regular Calendar ²
Disapprove or Refer	Approve	Regular Calendar
Disapprove or Refer	Disapprove or Refer	Does not proceed to General Assembly

PETITION RESOLUTIONS

Policy Committee Action	General Resolutions Committee Action	Calendar
Not Heard in Policy Committee	Approve	Consent Calendar
Not Heard in Policy Committee	Disapprove or Refer	Regular Calendar
Not Heard in Policy Committee	Disqualified per Bylaws Art. VI	Does not proceed to General Assembly

Resolutions

- Submitted 60 days prior to conference *Bylaws Article VI, Sec. 4(a)*
- Signatures of at least 5 supporting cities or city officials submitted with the proposed resolution *Bylaws Article VI, Sec. 2*
- Assigned to policy committee(s) by League president *Bylaws Article VI, Sec. 4(b)(i)*
- Heard in policy committee(s) and report recommendation, if any, to GRC *Bylaws Article VI, Sec. 4(b)(ii)*
- Heard in GRC
 - Approved by policy committee(s) and GRC, goes on to General Assembly on consent calendar *2006 General Assembly Resolution Sec. 2(C)*
 - If amended/approved by all policy committee(s) to which it has been referred and disapproved by GRC, then goes on to General Assembly on the regular calendar. If not all policy committees to which it has been referred recommend amendment or approval, and the GRC disapproves or refers the resolution, the resolution does not move to the General Assembly *2006 General Assembly Resolution Sec. 2(A),(C); 1998 General Assembly Resolution, 1st Resolved Clause*
 - If disapproved by all policy committees to which it has been referred and disapproved by the GRC, resolution does not move to the General Assembly *2006 General Assembly Resolution Sec. 2(C)*
- Heard in General Assembly

¹ The consent calendar should only be used for resolutions where there is unanimity between the policy committees and the GRC that a resolution should be approved by the General Assembly, and therefore, it can be concluded that there will be less desire to debate the resolution on the floor.

² The regular calendar is for resolutions for which there is a difference in recommendations between the policy committees and the GRC.

Petitioned Resolutions

- Submitted by voting delegate *Bylaws Article VI, Sec. 5 (a)*
- Must be signed by voting delegates representing 10% of the member cities *Bylaws Article VI, Sec. 5 (c)*
- Signatures confirmed by League staff
- Submitted to the League president for confirmation 24 hours before the beginning of the General Assembly. *Bylaws Article VI, Sec. 5 (d)*
- Petition to be reviewed by Parliamentarian for required signatures of voting delegates and for form and substance *Bylaws Article VI, Sec. 5(e)*
- Parliamentarian's report is presented to chair of GRC
- Will be heard at GRC for action (GRC cannot amend but may recommend by a majority vote to the GA technical or clarifying amendments) *2006 General Assembly Resolution sec. 6(A), (B)*
- GRC may disqualify if:
 - Non-germane to city issues
 - Identical or substantially similar in substance to a resolution already under consideration *Bylaws Article VI, Sec. 5(e), (f)*
- Heard in General Assembly
 - General Assembly will consider the resolution following the other resolutions³ *Bylaws Article VI, Sec. 5(g)*
 - Substantive amendments that change the intent of the petitioned resolution may only be adopted by the GA *2006 General Assembly Resolution sec. 6(C)*

Voting Procedure in the General Assembly

Consent Calendar: Resolution approved by Policy Committee(s) and GRC. Petitioned resolution approved by GRC)

- GRC Chair will be asked to give the report from the GRC and will ask for adoption of the GRC's recommendations
- Ask delegates if there is a desire to call out a resolution for discussion
- A voting delegate may make a motion to remove a resolution from the consent calendar for discussion
- If a motion is made to pull a resolution, the General Assembly votes on whether to pull the resolution from the consent calendar.
- If a majority of the General Assembly votes to pull the resolution, set "called out" reso(s) aside. If the motion fails, the resolution remains on the consent calendar.
- If reso(s) not called out, or after 'called out' reso is set aside, then ask for vote on remaining resos left on consent
- Move on to debate on reso(s) called out
- After debate, a vote is taken
- Voting delegates vote on resolutions by raising their voting cards.⁴

³ Petitioned Resolutions on the Consent Calendar will be placed after all General Resolutions on the Consent Calendar. Petitioned Resolutions on the Regular Calendar will be placed after all General Resolutions on the Regular Calendar.

⁴ Amendments to League bylaws require 2/3 vote

Regular Calendar: Regular resolutions approved by Policy Committee(s)⁵, and GRC recommends disapproval or referral; Regular resolutions disapproved or referred by Policy Committee(s)⁶ and GRC approves; Petitioned resolutions disapproved or referred by the GRC.

- Open the floor to determine if a voting delegate wishes to debate a resolution on the regular calendar.
- If no voting delegate requests a debate on the resolution, a vote to ratify the recommendation of the GRC on the resolution is taken.
- Upon a motion by a voting delegate to debate a resolution, a debate shall be held if approved by a majority vote of the General Assembly. If a majority of the General Assembly to debate the resolution is not achieved, then a vote shall be taken on whether to ratify the GRC's recommendation. If a majority of the General Assembly approves of the motion to debate the resolution, debate will occur. After debate on the resolution, a vote is taken based upon the substitute motion that was made, if any, or on the question of ratifying the GRC's recommendation.
- Voting delegates vote by raising their voting cards.

⁵ Applies in the instance where the GRC recommendation of disapproval or refer is counter to the recommendations of the policy committees.

⁶ Applies in the instance where the GRC recommendation to approve is counter to the recommendations of the policy committees.

1. RESOLUTION OF THE LEAGUE OF CALIFORNIA CITIES CALLING ON THE CALIFORNIA PUBLIC UTILITIES COMMISSION TO AMEND RULE 20A TO ADD PROJECTS IN VERY HIGH FIRE HAZARD SEVERITY ZONES TO THE LIST OF ELIGIBILITY CRITERIA AND TO INCREASE FUNDING ALLOCATIONS FOR RULE 20A PROJECTS

Source: City of Rancho Palos Verdes

Concurrence of five or more cities/city officials

Cities: City of Hidden Hills, City of La Cañada Flintridge, City of Laguna Beach, City of Lakeport, City of Malibu, City of Moorpark, City of Nevada City, City of Palos Verdes Estates, City of Rolling Hills Estates, City of Rolling Hills, City of Ventura

Referred to: Environmental Quality Policy Committee; Transportation, Communications, and Public Works Policy Committee

WHEREAS, the California Public Utilities Commission regulates the undergrounding conversion of overhead utilities under Electric Tariff Rule 20 and;

WHEREAS, conversion projects deemed to have a public benefit are eligible to be funded by ratepayers under Rule 20A; and

WHEREAS, the criteria under Rule 20A largely restricts eligible projects to those along streets with high volumes of public traffic; and

WHEREAS, the cost of undergrounding projects that do not meet Rule 20A criteria is left mostly or entirely to property owners under other parts of Rule 20; and

WHEREAS, California is experiencing fire seasons of worsening severity; and

WHEREAS, undergrounding overhead utilities that can spark brush fires is an important tool in preventing them and offers a public benefit; and

WHEREAS, brush fires are not restricted to starting near streets with high volumes of public traffic; and

WHEREAS, expanding Rule 20A criteria to include Very High Fire Hazard Severity Zones would facilitate undergrounding projects that would help prevent fires; and

WHEREAS, expanding Rule 20A criteria as described above and increasing funding allocations for Rule 20A projects would lead to more undergrounding in Very High Fire Hazard Severity Zones; and now therefore let it be,

RESOLVED that the League of California Cities calls on the California Public Utilities Commission to amend Rule 20A to include projects in Very High Fire Hazard Severity Zones to the list of criteria for eligibility and to increase funding allocations for Rule 20A projects.

Background Information on Resolution No. 1

Source: City of Rancho Palos Verdes

Background:

Rancho Palos Verdes is the most populated California city to have 90 percent or more of residents living in a Cal Fire-designated Very High Fire Hazard Severity Zone. Over the years, the Palos Verdes Peninsula has seen numerous brush fires that were determined to be caused by electrical utility equipment.

Across the state, some of the most destructive and deadly wildfires were sparked by power equipment. But when it comes to undergrounding overhead utilities, fire safety is not taken into account when considering using ratepayer funds to pay for these projects under California's Electric Tariff Rule 20 program. The program was largely intended to address visual blight when it was implemented in 1967. Under Rule 20A, utilities must allocate ratepayer funds to undergrounding conversion projects chosen by local governments that have a public benefit and meet one or more of the following criteria:

- Eliminate an unusually heavy concentration of overhead lines;
- Involve a street or road with a high volume of public traffic;
- Benefit a civic or public recreation area or area of unusual scenic interest; and,
- Be listed as an arterial street or major collector as defined in the Governor's Office of Planning and Research (OPR) Guidelines.

As we know, brush fires are not restricted to erupting in these limited areas. California's fire season has worsened in severity in recent years, claiming dozens of lives and destroying tens of thousands of structures in 2018 alone.

Excluding fire safety from Rule 20A eligibility criteria puts the task of undergrounding power lines in Very High Fire Hazard Severity Zones squarely on property owners who are proactive, willing and able to foot the bill.

The proposed resolution calls on the California Public Utilities Commission to amend Rule 20A to include projects in Very High Fire Hazard Severity Zones to the list of criteria for eligibility. To facilitate more undergrounding projects in these high-risk zones, the proposed resolution also calls on the CPUC to increase funding allocations for Rule 20A projects.

If adopted, utilities will be incentivized to prioritize undergrounding projects that could potentially save millions of dollars and many lives.

League of California Cities Staff Analysis on Resolution No. 1

Staff: Rony Berdugo, Legislative Representative, Derek Dolfie, Legislative Representative, Caroline Cirrincione, Legislative Policy Analyst
Committees: Environmental Quality; Transportation, Communications, and Public Works

Summary:

This Resolution, in response to intensifying fire seasons and hazards associated with exposed energized utility lines, proposes that the League of California Cities (League) call upon the California Public Utilities Commission (CPUC) to amend the Rule 20A program by expanding the criteria for undergrounding overhead utilities to include projects in Very High Fire Hazard Severity Zones (VHFHSZ). This Resolution also proposes that the League call upon the CPUC to increase utilities' funding allocations for Rule 20A projects.

Background

California Wildfires and Utilities

Over the last several years, the increasing severity and frequency of California's wildfires have prompted state and local governments to seek urgent prevention and mitigation actions. Record breaking wildfires in Northern and Southern California in both 2017 and 2018 have caused destruction and loss of life. This severe fire trend has local officials seeking solutions to combat what is now a year-round fire season exacerbated by years of drought, intense weather patterns, untamed vegetation and global warming.

These conditions create a dangerous catalyst for wildfires caused by utilities as extreme wind and weather events make downed power lines more of a risk. In response to recent catastrophic wildfires, Governor Newsom established a Strike Force tasked with developing a "comprehensive roadmap" to address issues related to wildfires, climate change, and utilities. [The Strike Force report](#) acknowledges that measures to harden the electrical grid are critical to wildfire risk management. A key utility hardening strategy: undergrounding lines in extreme high-fire areas.

Governor Newsom's Wildfire Strike Force program report concludes, "It's not a question of "if" wildfire will strike, but "when."

Very High Fire Hazard Severity Zones

This Resolution seeks to expand the undergrounding of overhead utility lines in VHFHSZ. California [Government Code Section 51178](#) requires the Director of the California Department of Forestry and Fire Protection (CalFIRE) to identify areas in the state as VHFHSZ based on the potential fire hazard in those areas. VHFHSZ are determined based on fuel loading, slope, fire weather, and other relevant factors. These zones are in both local responsibility areas and state responsibility areas. Maps of the statewide and county by county VHFHSZ can be found [here](#).¹

¹ <https://osfm.fire.ca.gov/divisions/wildfire-prevention-planning-engineering/wildland-hazards-building-codes/fire-hazard-severity-zones-maps/>

More than 25 million acres of California wildlands are classified under very high or extreme fire threat. Approximately 25 percent of the state's population, 11 million people, live in those high-risk areas. Additionally, over 350,000 Californians live in cities that are nearly encompassed within Cal Fire's maps of VHFHSZ. Similar to the proponents of this Resolution, City of Rancho Palos Verdes, over 75 communities have 90 percent or more of residents living in a VHFHSZ.

CPUC Rule 20 Program

The CPUC's Rule 20 program lays out the guidelines and procedures for converting overhead electric and telecommunication facilities to underground electric facilities. Rule 20 funding and criteria is provided at four levels. Levels A, B, and C, reflect progressively diminishing ratepayer funding for undergrounding projects. Recently added Rule 20D is a relatively new program that is specific to San Diego Gas and Electric (SDG&E), which was created in response to the destructive 2007 wildfires. Each of these levels will be discussed below:

Rule 20A

The first California overhead conversion program, Rule 20A, was created in 1967 under then Governor Ronald Reagan. The program was created to provide a consistent and structured means of undergrounding utility lines throughout the state with costs covered broadly by utility ratepayers.

Each year, Investor Owned Utilities (IOUs) propose their Rule 20A allocation amounts to the CPUC during annual general rate case proceedings. In this process, IOUs propose revised utility customer rates based on expected service costs, new energy procurement and projects for the following year, including Rule 20 allocations. The CPUC then reviews, amends, and approves IOU rates. Currently, the cumulative budgeted amount for Rule 20A for Pacific Gas and Electric (PG&E), Southern California Edison (SCE), and San Diego Gas and Electric (SDG&E) totals around \$95.7 million.

The funding set aside by IOUs for Rule 20A is allocated to local governments through a credit system, with each credit holding a value to be used solely for the costs of an undergrounding project. The credit system was created so that local governments and IOUs can complete undergrounding projects without municipal financing. Through Rule 20A, municipalities that have developed and received city council approval for an undergrounding plan receive annual credits from the IOU in their service area. At the last count by the CPUC, over 500 local governments (cities and counties) participate in the credit system.

While these credits have no inherent monetary value, they can be traded in or banked for the conversion of overhead lines. Municipalities can choose to accumulate their credits until their credit balance is sufficient to cover these conversion projects, or choose to borrow future undergrounding allocations for a period of up to five years. Once the cumulative balance of credits is sufficient to cover the cost of a conversion project, the municipality and the utility can move forward with the undergrounding. All of the planning, design, and construction is performed by the participating utility. Upon the completion of an undergrounding project, the utility is compensated through the local government's Rule 20A credits.

At the outset of the program, the amount of allocated credits were determined by a formula which factored in the number of utility meters within a municipality in comparison to the utilities' service territory. However, in recent years the formula has changed. Credit allocations for IOUs, except for PG&E, are now determined based on the allocation a city or county received in 1990 and is then adjusted for the following factors:

- 50% of the *change from the 1990* total budgeted amount is allocated for the ratio of the number of overhead meters in any city or unincorporated area to the total system overhead meters; and
- 50% of the *change from the 1990* total budgeted amount is allocated for the ratio of the number of meters (which includes older homes that have overhead services, and newer homes with completely underground services) in any city or the unincorporated area to the total system meters.

As noted, PG&E has a different funding formula for their Rule 20A credit allocations as they are not tied to the 1990 base allocation. Prior to 2011, PG&E was allocating approximately five to six percent of its revenue to the Rule 20A program. The CPUC decided in 2011 that PG&E's Rule 20A allocations should be reduced by almost half in an effort to decrease the growing accumulation of credits amongst local governments. Since 2011, PG&E's annual allocations for Rule 20A have been around \$41.3 million annually, which is between two and three percent of their total revenue.

Criteria for Rule 20A Projects

For an undergrounding project to qualify for the Rule 20A program, there are several criteria that need to be met. The project must have a public benefit and:

1. Eliminate an unusually heavy concentration of overhead lines
2. Involve a street or road with a high volume of public traffic
3. Benefit a civic or public recreation area or area of unusual scenic interest,
4. Be listed as an arterial street or major collector as defined in the Governor's Office of Planning and Research (OPR) Guidelines

Notably, fire safety is excluded from the list of criteria that favors aesthetic and other public safety projects.

Rule 20A Credit System Imbalance Threatens Program Effectiveness

Allocations are made by utilities each year for Rule 20A credits. These current budget allocations total \$95.7 million a year. Currently, the cumulative balance of credits throughout the state totals over \$1 billion dollars. The Rule 20A cumulative balances aggregated by region can be found [here](#).²

² Program Review, California Overhead Conversion Program, Rule 20A for Years 2011-2015, "The Billion Dollar Risk," California Public Utilities Commission.
[https://www.cpuc.ca.gov/uploadedFiles/CPUC_Public_Website/Content/About_Us/Organization/Divisions/Policy_and_Planning/PPD_Work_Products_\(2014_forward\)\(1\)/PPD_Rule_20-A.pdf](https://www.cpuc.ca.gov/uploadedFiles/CPUC_Public_Website/Content/About_Us/Organization/Divisions/Policy_and_Planning/PPD_Work_Products_(2014_forward)(1)/PPD_Rule_20-A.pdf)

Note: The existing credit allocation formulas do not consider a municipality's need or plans for overhead conversion projects, resulting in large credit balances in some jurisdictions.

Cities and counties are, however, able to trade or sell unallocated Rule 20A credits if they will not be used to fund local undergrounding projects. There have been several cases where one agency has sold their unused credits, often for less than the full dollar value of the credits themselves to another agency.

Rule 20B

Rule 20B projects are those that do not fit the Rule 20A criteria, but do, however, involve both sides of the street for at least 600 feet. These projects are typically done in conjunction with larger developments and are mostly paid for by the developer or applicant. Additionally, the applicant is responsible for the installation.

Rule 20C

Rule 20C projects are usually small projects that involve property owners. The majority of the cost is usually borne by the applicants. Rule 20C applies when the project does not qualify for either Rule 20A or Rule 20B.

Rule 20D--Wildfire Mitigation Undergrounding Program

Rule 20D was approved by the CPUC in January of 2014 and only applies to SDG&E. The Rule 20D program was established largely in response to the destructive wildfires that occurred in San Diego in 2007 as a wildfire mitigation undergrounding program. According to SDG&E, the objective of the Rule 20D undergrounding is exclusively for fire hardening as opposed to aesthetics. The program is limited in scope and is restricted to communities in SDG&E's Fire Threat Zone (now referred to as the [High Fire Threat District or HFTD](#)). As of this time, the program has yet to yield any projects and no projects are currently planned.

For an undergrounding project to qualify for the Rule 20D program, a minimum of three of the following criteria must be met. The project must be near, within, or impactful to:

- Critical electric infrastructure
- Remaining useful life of electric infrastructure
- Exposure to vegetation or tree contact
- Density and proximity of fuel
- Critical surrounding non-electric assets (including structures and sensitive environmental areas)
- Service to public agencies
- Accessibility for firefighters

Similar to Rule 20A, SDG&E must allocate funding each year through their general rate case proceedings to Rule 20D to be approved by the CPUC. This funding is separate from the allocations SDG&E makes for Rule 20A. However, the process of distributing this funding to localities is different. The amount of funding allocated to each city and county for Rule 20D is based on the ratio of the number of miles of overhead lines in SDG&E Fire Threat Zones in a city or county to the total miles of SDG&E overhead lines in the entire SDG&E fire zone. The

Rule 20D program is administered by the utility consistent with the existing reporting, engineering, accounting, and management practices for Rule 20A.

The Committee may want to consider whether Rule 20D should instead be expanded, adapted, or further utilized to support funding for overhead conversions within VHFHSZ throughout the state.

Fiscal Impact:

The costs to the State associated with this Resolution will be related to the staff and programmatic costs to the CPUC to take the necessary measures to consider and adopt changes to Rule 20A to include projects in VHFHSZ to the list of criteria for eligibility.

This Resolution calls for an unspecified increase in funding for Rule 20A projects, inferring that portions of increased funds will go towards newly eligible high fire hazard zones. While the Resolution does not request a specific amount be allocated, it can be assumed that these increased costs will be supported by utility ratepayers. According to the CPUC, the annual allocations towards Rule 20A are \$95.7 million.

The CPUC currently reports a cumulative credit surplus valued at roughly \$1 billion that in various regions, given the approval of expanded eligibility called for by this Resolution, could be used to supplement and reduce the level of new dollars needed to make a significant impact in VHFHSZ. The CPUC follows that overhead conversion projects range from \$93,000 per mile for rural construction to \$5 million per mile for urban construction.

The Resolution states that “California is experiencing fire seasons of worsening severity” which is supported by not only the tremendous loss of property and life from recent wildfires, but also in the rising costs associated with clean up, recovery, and other economic losses with high estimates in the hundreds of billions of dollars.

The Committee may wish to consider the costs associated with undergrounding utility lines in relation to the costs associated with past wildfires and wildfires to come.

Comments:

CPUC Currently Exploring Revisions to Rule 20

In May 2017, the CPUC issued an Order Instituting Rulemaking to Consider Revisions to Electric Rule 20 and Related Matters. The CPUC will primarily focus on revisions to Rule 20A but may make conforming changes to other parts of Rule 20. The League is a party in these proceedings will provide comments.

Beyond Rule 20A: Additional Options for Funding Undergrounding Projects

There are various ways in which cities can generate funding for undergrounding projects that fall outside of the scope of Rule 20A. At the local level, cities can choose to forgo the Rule 20A process and opt to use their own General Fund money for undergrounding. Other options are also discussed below:

Rule 20D Expansion

The City of Berkeley in a 2018 study titled [“Conceptual Study for Undergrounding Utility Wires in Berkeley.”](#) found that the city could possibly qualify for Rule 20D funding if they actively pursued this opportunity in partnership with PG&E and the CPUC.

One of the study’s recommendations is to advocate for release of 20D funds (now earmarked exclusively for SDG&E) to be used for more aggressive fire hardening techniques for above-ground utility poles and equipment, for undergrounding power lines, and for more aggressive utility pole and vegetation management practices in the Very High Hazard Fire Zone within Berkeley’s city limits.

As an alternative to changing the criteria for Rule 20A, the Committee may wish to consider whether there is the opportunity to advocate for the expansion of Rule 20D funding more broadly, expanding its reach to all IOU territories.

Franchise Surcharge Fees

Aside from Rule 20 allocations, cities can generate funding for undergrounding through franchise fee surcharges. For example, SDG&E currently operates under a 50-year City franchise that was granted in 1970. Under the franchises approved by the San Diego City Council in December 1970, SDG&E agreed to pay a franchise fee to the City equivalent to 3% of its gross receipts from the sales of both natural gas and electricity for 30 years.

These fees were renegotiated in 2000 and in 2001 an agreement was between the City of San Diego, SDG&E, and the CPUC to extend the existing franchise fee to include revenues collected from surcharges. SDG&E requested an increase of 3.88% to its existing electric franchise fee surcharge. The bulk, 3.53% of this increase is to be used for underground conversion of overhead electric wires.

Based on SDG&E's revenue projections, the increase would result in an additional surcharge revenue amount of approximately \$36.5 million per year. SDG&E estimates that this would create a monthly increase of approximately \$3.00 to a typical residential customer's electric bill. These surcharge revenues would pay for additional undergrounding projects including those that do not meet the Rule 20A criteria. The City of Santa Barbara has also adopted a similar franchise surcharge fee.

Having this funding source allows the City of San Diego to underground significantly more miles of above ground utility lines than other municipalities. However, the surcharge is currently being challenged in court, as it is argued that the City had SDG&E impose a tax without a ballot measure.

Utility Bankruptcy and Undergrounding Funding

In considering this Resolution, it is important to understand that Rule 20A allocations have been more substantial in the past. As mentioned earlier, prior to 2011, PG&E was allocating approximately 5% to 6% of its revenue to the Rule 20A program. Therefore, it is not unreasonable to encourage an increase in Rule 20A allocations as history shows that utilities had the capacity to do so in the past.

However, in a time where IOUs such as PG&E are facing bankruptcy as the result of utility caused wildfires, there is the possibility that expanding rule 20A funding will generate more costs for the ratepayers.

Questions to Consider:

- 1) Is Rule 20A or Rule 20D the more appropriate program to advocate for such an expansion?
- 2) Are there any wildfire risks outside of VHFHSZ that could be mitigated by undergrounding projects?

Existing League Policy:

Public Safety:

The League supports additional funding for local agencies to recoup the costs associated with fire safety in the community and timely mutual aid reimbursement for disaster response services in other jurisdictions. (pg. 43)

The League supports the fire service mission of saving lives and protecting property through fire prevention, disaster preparedness, hazardous-materials mitigation, specialized rescue, etc., as well as cities' authority and discretion to provide all emergency services to their communities. (pg. 43)

Transportation, Communication, and Public Works:

Existing telecommunications providers and new entrants shall adhere to local city policies on public utility undergrounding. (pg. 54)

The League supports protecting the additional funding for local transportation and other critical unmet infrastructure needs. (pg. 51)

The League supports innovative strategies including public private partnerships at the state and local levels to enhance public works funding. (pg. 52)

Environmental Quality

The League opposes any legislation that interferes with local utility rate setting authority and opposes any legislation that restricts the ability of a city to transfer revenue from a utility (or other enterprise activity) to the city's general fund. (pg. 9)

Cities should continue to have the authority to issue franchises and any program should be at least revenue neutral relative to revenue currently received from franchises. (pg. 9)

The League is concerned about the impacts of escalating energy prices on low income residents and small businesses. The League supports energy pricing structures and other mechanisms to soften the impacts on this segment of our community. (pg. 10)

2019 Strategic Goals

Improve Disaster Preparedness, Recovery and Climate Resiliency.

- Provide resources to cities and expand partnerships to better prepare for and recover from wildfires, seismic events, erosion, mudslides and other disasters.
- Improve community preparedness and resiliency to respond to climate-related, natural and man-made disasters.

Support:

The following letters of concurrence were received:

The City of Hidden Hills

The City of La Cañada Flintridge

The City of Laguna Beach

The City of Lakeport

The City of Malibu

The City of Moorpark

The City of Nevada City

The City of Palos Verdes Estates

The City of Rolling Hills Estates

The City of Rolling Hills

The City of Ventura

LETTERS OF CONCURRENCE

Resolution No. 1

Amendment to Rule 20A



City of Hidden Hills

6165 Spring Valley Road * Hidden Hills, California 91302
(818) 888-9281 * Fax (818) 719-0083

August 14, 2019

Jan Arbuckle, President
League of California Cities
1400 K Street, Suite 400
Sacramento, California 95814

Dear President Arbuckle:

The City of Hidden Hills supports the City of Rancho Palos Verdes' effort to bring a resolution for consideration by the General Assembly at the League's 2019 Annual Conference in Long Beach.

Undergrounding power lines is an important tool in preventing destructive wildfires that have devastated communities across our state. But California's Rule 20A program, which allows local governments to pay for these costly projects with ratepayer funds, does not factor in fire safety for eligibility. Unless projects meet the program's limited eligibility criteria, they are left to be funded by property owners who are proactive, willing and able to foot the bill. We believe Rule 20A offers an important opportunity for fire prevention and that the California Public Utilities Commission should expand this program so more communities can utilize it.

The resolution calls on the CPUC to amend Rule 20A to include projects in Very High Fire Hazard Severity Zones to the list of criteria for eligibility. To facilitate more undergrounding projects in these high-risk zones, the resolution also calls on the CPUC to increase funding allocations for Rule 20A projects.

The resolution is also in line with one of the League's 2019 Strategic Goals of improving disaster preparedness, recovery and climate resiliency.

For these reasons, we concur that the resolution should go before the General Assembly.

Sincerely,

Larry G. Weber
Mayor



City Council
Leonard Pieroni, Mayor
Gregory C. Brown, Mayor Pro Tem
Jonathan C. Curtis
Michael T. Davitt
Terry M. Walker

August 14, 2019

Jan Arbuckle, President
League of California Cities
1400 K St., Ste. 400
Sacramento, CA 95814

Dear President Arbuckle:

The City of La Cañada Flintridge supports the City of Rancho Palos Verdes' effort to bring a resolution for consideration by the General Assembly at the League's 2019 Annual Conference in Long Beach.

Undergrounding power lines is an important tool in preventing destructive wildfires that have devastated communities across our state. But California's Rule 20A program, which allows local governments to pay for these costly projects with ratepayer funds, does not factor in fire safety for eligibility. Unless projects meet the program's limited eligibility criteria, they are left to be funded by property owners who are proactive, willing and able to foot the bill. We believe Rule 20A offers an important opportunity for fire prevention and that the California Public Utilities Commission should expand this program so more communities can utilize it.

The resolution calls on the CPUC to amend Rule 20A to include projects in Very High Fire Hazard Severity Zones to the list of criteria for eligibility. To facilitate more undergrounding projects in these high-risk zones, the resolution also calls on the CPUC to increase funding allocations for Rule 20A projects.

The City of La Cañada Flintridge is one of the few Southern California cities in which 100% of the community within a Very High Fire Hazard Severity Zone. The City, in 1987, committed 100% of its 20A allocation for forty-five years from this year for a major downtown undergrounding project. Therefore, the only way our City can directly benefit from this Resolution is if there is an additional annual increased allocation for this purpose. Due to the extreme threat the City experienced at the time of the Station Fire, the City is keenly aware of the damage a fire may potentially cause, whether from utility issues or from natural causes. The City strongly supports any effort, including this Resolution, to reduce fire danger for the City's residents.

The resolution is also in line with one of the League's 2019 Strategic Goals of improving disaster preparedness, recovery and climate resiliency.

For these reasons, we concur that the resolution should go before the General Assembly with the City of La Cañada Flintridge in support.

Sincerely,

Leonard Pieroni
Mayor



July 25, 2019

Jan Arbuckle, President
League of California Cities
1400 K St., Ste. 400
Sacramento, CA 95814

Dear President Arbuckle:

The City of Laguna Beach supports the City of Rancho Palos Verdes' effort to bring a resolution for consideration by the General Assembly at the League's 2019 Annual Conference in Long Beach.

Undergrounding power lines is an important tool in preventing destructive wildfires that have devastated communities across our state. Ten to the Top 20 most destructive fires in California were caused by electrical sources. The California's Rule 20A program, which allows local governments to pay for undergrounding of utilities costly projects with ratepayer funds, does not factor in fire safety for eligibility. Unless projects meet the program's limited eligibility criteria, they are left to be funded by property owners who are proactive, willing and able to foot the bill. We believe Rule 20A offers an important opportunity for fire prevention and that the California Public Utilities Commission should expand this program so more communities can utilize it. We also believe that this program should redirect unused Rule 20A allocations from cities who have no undergrounding projects planned to the cities in Very High Fire Hazard Severity zones.

The resolution calls on the CPUC to amend Rule 20A to include projects in Very High Fire Hazard Severity Zones to the list of criteria for eligibility. To facilitate more undergrounding projects in these high-risk zones, the resolution also calls on the CPUC to increase funding allocations for Rule 20A projects. The City of Laguna Beach recommends that the resolution also be amended to call on the CPUC to redirect unused Rule 20A allocations from cities who have no undergrounding projects planned to the cities in Very High Fire Hazard Severity zones.

Nearly 90% of the City of Laguna Beach land area is designated under State Law and local ordinance as Very High Fire Hazard Severity Zone. While the City has used Rule 20A and 20B funding in the past to underground more than half of its overhead utilities, sufficient funding is not available to underground the remaining parts of the City.

The resolution is also in line with one of the League's 2019 Strategic Goals of improving disaster preparedness, recovery and climate resiliency.



July 25, 2019
Page 2

For these reasons, we concur that the resolution should go before the General Assembly.

Sincerely,

A handwritten signature in blue ink, appearing to read "Bob Whalen", with a stylized, flowing script.

Bob Whalen
Mayor

CITY OF LAKEPORT

*Over 125 years of community
pride, progress and service*



August 7, 2019

Jan Arbuckle, President
League of California Cities
1400 K St., Ste. 400
Sacramento, CA 95814

Dear President Arbuckle:

The City of Lakeport supports the City of Rancho Palos Verdes' effort to bring a resolution for consideration by the General Assembly at the League's 2019 Annual Conference in Long Beach.

Undergrounding power lines is an important tool in preventing destructive wildfires that have devastated communities across our state. But California's Rule 20A program, which allows local governments to pay for these costly projects with ratepayer funds, does not factor in fire safety for eligibility. Unless projects meet the program's limited eligibility criteria, they are left to be funded by property owners who are proactive, willing and able to foot the bill. We believe Rule 20A offers an important opportunity for fire prevention and that the California Public Utilities Commission should expand this program so more communities can utilize it.

The resolution calls on the CPUC to amend Rule 20A to include projects in Very High Fire Hazard Severity Zones to the list of criteria for eligibility. To facilitate more undergrounding projects in these high-risk zones, the resolution also calls on the CPUC to increase funding allocations for Rule 20A projects.

The resolution is also in line with one of the League's 2019 Strategic Goals of improving disaster preparedness, recovery and climate resiliency.

For these reasons, we concur that the resolution should go before the General Assembly.

Sincerely,

Tim Barnes
Mayor
City of Lakeport

A handwritten signature in blue ink, appearing to read "Tim Barnes", is written over a faint, circular official stamp.



City of Malibu

Jefferson Wagner, Mayor

23825 Stuart Ranch Road · Malibu, California · 90265-4861
Phone (310) 456-2489 · Fax (310) 456-3356 · www.malibucity.org

August 15, 2019

Jan Arbuckle, President
League of California Cities
1400 K St., Ste. 400
Sacramento, CA 95814

RE: City of Rancho Palos Verdes Proposed Resolution to Amend California Public Utilities Commission Rule 20A – SUPPORT

Dear Ms. Arbuckle:

At its Regular meeting on August 12, 2019, the Malibu City Council unanimously voted to support the City of Rancho Palos Verdes' effort to bring a resolution for consideration by the General Assembly at the League's 2019 Annual Conference in Long Beach.

Undergrounding power lines is an important tool in preventing destructive wildfires that have devastated communities across our state, but California's Rule 20A program, which allows local governments to pay for these costly projects with ratepayer funds, does not factor in fire safety for eligibility. Unless projects meet the program's limited eligibility criteria, they are left to be funded by property owners who are proactive, as well as willing and able to foot the bill. The City of Malibu agrees with Rancho Palos Verdes that Rule 20A offers an important opportunity for fire prevention and that the California Public Utilities Commission (CPUC) should expand this program so more communities can utilize it.

The resolution calls on the CPUC to amend Rule 20A to include projects in Very High Fire Hazard Severity Zones to the list of criteria for eligibility. To facilitate more undergrounding projects in these high-risk zones, the resolution also calls on the CPUC to increase funding allocations for Rule 20A projects. As a recent series of news stories on wildfire preparedness in California pointed out, there are more than 75 communities across the state with populations over 1,000, including Rancho Palos Verdes and Malibu, where at least 90 percent of residents live in a Cal Fire-designated Very High Fire Hazard Severity Zone.

It is well-known that electric utility equipment is a common fire source, and has sparked some of the most destructive blazes in our state's history. Moving power lines underground is, therefore, a critical tool in preventing them. Currently, Rule 20A primarily addresses visual blight, but with fire seasons worsening, it is key that fire safety also be considered when local governments pursue Rule 20A projects, and that annual funding allocations for the program be expanded.

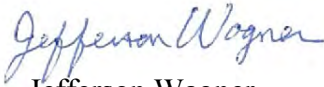
It is worth noting that the State does have a program, Rule 20D, that factors in fire safety for funding undergrounding projects. However, this is limited to San Diego Gas & Electric Company projects in certain areas only. This needs to be expanded to include projects in all projects within designated Very High Fire Hazard Severity Zones.

Rancho PV League Resolution
Amend Rule 20A
August 15, 2019
Page 2 of 2

The proposed resolution is also in line with one of the League's 2019 Strategic Goals of improving disaster preparedness, recovery and climate resiliency.

For these reasons, the City of Malibu strongly concurs that the resolution should go before the General Assembly.

Sincerely,



Jefferson Wagner
Mayor

Cc: Honorable Members of the Malibu City Council
Reva Feldman, City Manager
Megan Barnes, City of Rancho Palos Verdes, mbarnes@rpvca.gov



CITY OF MOORPARK

799 Moorpark Avenue, Moorpark, California 93021
Main City Phone Number (805) 517-6200 | Fax (805) 532-2205 | moorpark@moorparkca.gov

July 24, 2019

SUBMITTED ELECTRONICALLY

Jan Arbuckle, President
League of California Cities
1400 K St., Ste. 400
Sacramento, CA 95814

RE: SUPPORT FOR RANCHO PALOS VERDES RESOLUTION RE: POWER LINE
UNDERGROUNDING

Dear President Arbuckle:

The City of Moorpark supports the City of Rancho Palos Verdes effort to bring a resolution for consideration by the General Assembly at the League's 2019 Annual Conference in Long Beach.

Undergrounding power lines is an important tool in preventing destructive wildfires that have devastated communities across our state. But California's Rule 20A program, which allows local governments to pay for these costly projects with ratepayer funds, does not factor in fire safety for eligibility. Unless projects meet the program's limited eligibility criteria, they are left to be funded by property owners who are proactive, willing and able to foot the bill. We believe Rule 20A offers an important opportunity for fire prevention and that the California Public Utilities Commission should expand this program so more communities can utilize it.

The resolution calls on the CPUC to amend Rule 20A to include projects in Very High Fire Hazard Severity Zones to the list of criteria for eligibility. To facilitate more undergrounding projects in these high-risk zones, the resolution also calls on the CPUC to increase funding allocations for Rule 20A projects.

All cities in Ventura County, including Moorpark, have wildfire prevention fresh in our memories following the highly destructive 2017-2018 Thomas Fire, which was caused by above-ground power lines. The 2018 Woolsey Fire similarly affected Ventura County, and lawsuits have been filed alleging it was also caused by above-ground power lines. Each of these fires caused billions of dollars in damages and highlight the importance of undergrounding power lines.

The resolution is also in line with one of the League's 2019 Strategic Goals of improving disaster preparedness, recovery and climate resiliency.

For these reasons, we concur that the resolution should go before the General Assembly.

Sincerely,

A handwritten signature in blue ink, reading "Janice Parvin". The signature is fluid and cursive, with the first name "Janice" and last name "Parvin" clearly distinguishable.

Janice Parvin
Mayor

cc: City Council
City Manager



Jan Arbuckle, President
League of California Cities
1400 K St., Ste. 400
Sacramento, CA 95814

Dear President Arbuckle:

The City of Nevada City supports the City of Rancho Palos Verdes' effort to bring a resolution for consideration by the General Assembly at the League's 2019 Annual Conference in Long Beach.

Undergrounding power lines is an important tool in preventing destructive wildfires that have devastated communities across our state. But California's Rule 20A program, which allows local governments to pay for these costly projects with ratepayer funds, does not factor in fire safety for eligibility. Unless projects meet the program's limited eligibility criteria, they are left to be funded by property owners who are proactive, willing and able to foot the bill. We believe Rule 20A offers an important opportunity for fire prevention and that the California Public Utilities Commission (CPUC) should expand this program so more communities can utilize it.

The resolution calls on the CPUC to amend Rule 20A to include projects in Very High Fire Hazard Severity Zones to the list of criteria for eligibility. To facilitate more undergrounding projects in these high-risk zones, the resolution also calls on the CPUC to increase funding allocations for Rule 20A projects.

The City of Nevada City would also like to add that the local agency be given the power to use private firms to do design, inspect and construct Rule 20A projects in local jurisdiction rather than be required to use the designated local utility. In addition, the City of Nevada City wants the CPUC to allow local jurisdictions to transfer excess funds between agencies to better serve projects in high fire hazard severity zones.

The resolution is also in line with one of the League's 2019 Strategic Goals of improving disaster preparedness, recovery and climate resiliency.

For these reasons, we concur that the resolution should go before the General Assembly.

Sincerely,

Reinette Senum
Mayor
City of Nevada City



CITY OF
Palos Verdes Estates

July 25, 2019

Jan Arbuckle, President
League of California Cities
1400 K St., Ste. 400
Sacramento, CA 95814

Dear President Arbuckle:

The City of Palos Verdes Estates supports the City of Rancho Palos Verdes' effort to bring a resolution for consideration by the General Assembly at the League's 2019 Annual Conference in Long Beach.

Undergrounding power lines is an important tool in preventing destructive wildfires that have devastated communities across our state. But California's current Rule 20A program, which allows local governments to pay for these costly projects with ratepayer funds, does not factor in fire safety for eligibility. Unless projects meet the program's limited eligibility criteria, they are left to be funded by property owners who are proactive, willing and able to foot the bill. We believe Rule 20A offers an important opportunity for fire prevention and that the California Public Utilities Commission should expand this program so more communities can utilize it.

The resolution calls on the CPUC to amend Rule 20A to include projects in Very High Fire Hazard Severity Zones to the list of criteria for eligibility. To facilitate more undergrounding projects in these high-risk zones, the resolution also calls on the CPUC to increase funding allocations for Rule 20A projects.

The resolution is also in line with one of the League's 2019 Strategic Goals of improving disaster preparedness, recovery and climate resiliency.

For these reasons, we concur that the resolution should go before the General Assembly.

Sincerely,

Mayor Kenneth J. Kao
City of Palos Verdes Estates

cc: PVE City Council
PVE Interim City Manager Petru
RPV City Manager Willmore



**City of
Rolling Hills Estates**

Judith Mitchell
Mayor

Velveth Schmitz
Mayor Pro Tem

Britt Huff
Council Member

Frank V. Zerunyan
Council Member

Steven Zuckerman
Council Member

August 14, 2019

Jan Arbuckle, President
League of California Cities
1400 K St., Ste. 400
Sacramento, CA 95814

Dear President Arbuckle:

The City of Rolling Hills Estates supports the City of Rancho Palos Verdes' effort to bring a resolution for consideration by the General Assembly at the League's 2019 Annual Conference in Long Beach.

Undergrounding power lines is an important tool in preventing destructive wildfires that have devastated communities across our state. But California's Rule 20A program, which allows local governments to pay for these costly projects with ratepayer funds, does not factor in fire safety for eligibility. Unless projects meet the program's limited eligibility criteria, they are left to be funded by property owners who are proactive, willing and able to foot the bill. We believe Rule 20A offers an important opportunity for fire prevention and that the California Public Utilities Commission should expand this program so more communities can utilize it.

The resolution calls on the CPUC to amend Rule 20A to include projects in Very High Fire Hazard Severity Zones to the list of criteria for eligibility. To facilitate more undergrounding projects in these high-risk zones, the resolution also calls on the CPUC to increase funding allocations for Rule 20A projects.

The resolution is also in line with one of the League's 2019 Strategic Goals of improving disaster preparedness, recovery and climate resiliency.

For these reasons, we concur that the resolution should go before the General Assembly.

Sincerely,


Judith Mitchell
Mayor



City of Rolling Hills

INCORPORATED JANUARY 24, 1957

NO. 2 PORTUGUESE BEND ROAD
ROLLING HILLS, CALIF. 90274
(310) 377-1521
FAX: (310) 377-7288

August 14, 2019

Jan Arbuckle, President
League of California Cities
1400 K St., Ste. 400
Sacramento, CA 95814

Dear Board of Directors:

The City of Rolling Hills supports the City of Rancho Palos Verdes' effort to bring a resolution for consideration by the General Assembly at the League's 2019 Annual Conference in Long Beach.

Undergrounding power lines is an important tool in preventing destructive wildfires that have devastated communities across our state. But California's Rule 20A program, which allows local governments to pay for these costly projects with ratepayer funds, does not factor in fire safety for eligibility. Unless projects meet the program's limited eligibility criteria, they are left to be funded by property owners who are proactive, willing and able to foot the bill. We believe Rule 20A offers an important opportunity for fire prevention and that the California Public Utilities Commission should expand this program so more communities can utilize it.

The resolution calls on the CPUC to amend Rule 20A to include projects in Very High Fire Hazard Severity Zones to the list of criteria for eligibility. To facilitate more undergrounding projects in these high-risk zones, the resolution also calls on the CPUC to increase funding allocations for Rule 20A projects.

The resolution is also in line with one of the League's 2019 Strategic Goals of improving disaster preparedness, recovery and climate resiliency.

For these reasons, we concur that the resolution should go before the General Assembly.

Sincerely,

Leah Mirsch
Mayor

July 29, 2019

Jan Arbuckle, President
League of California Cities
1400 K St., Ste. 400
Sacramento, CA 95814

Dear President Arbuckle:

The City of Ventura supports the City of Rancho Palos Verdes' effort to bring a resolution for consideration by the General Assembly at the League's 2019 Annual Conference in Long Beach.

Undergrounding power lines is an important tool in preventing destructive wildfires that have devastated communities across our state. But California's Rule 20A program, which allows local governments to pay for these costly projects with ratepayer funds, does not factor in fire safety for eligibility. Unless projects meet the program's limited eligibility criteria, they are left to be funded by property owners who are proactive, willing and able to foot the bill. We believe Rule 20A offers an important opportunity for fire prevention and that the California Public Utilities Commission should expand this program so more communities can utilize it.

The resolution calls on the CPUC to amend Rule 20A to include projects in Very High Fire Hazard Severity Zones to the list of criteria for eligibility. To facilitate more undergrounding projects in these high-risk zones, the resolution also calls on the CPUC to increase funding allocations for Rule 20A projects.

The resolution is also in line with one of the League's 2019 Strategic Goals of improving disaster preparedness, recovery and climate resiliency.

For these reasons, we concur that the resolution should go before the General Assembly.

Sincerely,



Alex D. McIntyre
City Manager

2. A RESOLUTION CALLING UPON THE FEDERAL AND STATE GOVERNMENTS TO ADDRESS THE DEVASTATING IMPACTS OF INTERNATIONAL TRANSBOUNDARY POLLUTION FLOWS INTO THE SOUTHERNMOST REGIONS OF CALIFORNIA AND THE PACIFIC OCEAN

Source: San Diego County Division

Concurrence of five or more cities/city officials

Cities: Calexico; Coronado; Imperial Beach; San Diego

Individual City Officials: City of Brawley: Mayor Pro Tem Norma Kastner-Jauregui; Council Members Sam Couchman, Luke Hamby, and George Nava. City of Escondido: Deputy Mayor Consuelo Martinez. City of La Mesa: Council Member Bill Baber. City of Santee: Mayor John Minto, City of Vista: Mayor Judy Ritter and Council Member Amanda Young Rigby

Referred to: Environmental Quality Policy Committee

WHEREAS, international transboundary rivers that carry water across the border from Mexico into Southern California are a major source of sewage, trash, chemicals, heavy metals and toxins; and

WHEREAS, transboundary flows threaten the health of residents in the United States and Mexico, harm important estuarine land and water of international significance, force closure of beaches, damage farmland, adversely impact the South San Diego County and Imperial County economy; compromise border security, and directly affect U.S. military readiness; and

WHEREAS, a significant amount of untreated sewage, sediment, hazardous chemicals and trash have been entering southern California through both the Tijuana River Watershed (75 percent of which is within Mexico) and New River flowing into southern California's coastal waterways and residential and agricultural communities in Imperial County eventually draining into the Salton Sea since the 1930s; and

WHEREAS, in February 2017, an estimated 143 million gallons of raw sewage flowed into the Tijuana River and ran downstream into the Pacific Ocean and similar cross border flows have caused beach closures at Border Field State Park that include 211 days in 2015; 162 days in 2016; 168 days in 2017; 101 days in 2018; and 187 days to date for 2019 as well as closure of a number of other beaches along the Pacific coastline each of those years; and

WHEREAS, approximately 132 million gallons of raw sewage has discharged into the New River flowing into California through communities in Imperial County, with 122 million gallons of it discharged in a 6-day period in early 2017; and

WHEREAS, the presence of pollution on state and federal public lands is creating unsafe conditions for visitors; these lands are taxpayer supported and intended to be managed for recreation, resource conservation and the enjoyment by the public, and

WHEREAS, the current insufficient and degrading infrastructure in the border zone poses a significant risk to the public health and safety of residents and the environment on both

sides of the border, and places the economic stress on cities that are struggling to mitigate the negative impacts of pollution; and

WHEREAS, the 1944 treaty between the United States and Mexico regarding *Utilization of Waters of the Colorado and Tijuana Rivers and of the Rio Grande* allocates flows on trans-border rivers between Mexico and the United States, and provides that the nations, through their respective sections of the International Boundary Water Commission shall give control of sanitation in cross border flows the highest priority; and

WHEREAS, in 1993, the United States and Mexico entered into the *Agreement Between the Government of the United States of America and the Government of the United Mexican States Concerning the Establishment of a North American Development Bank* which created the North American Development Bank (NADB) to certify and fund environmental infrastructure projects in border-area communities; and

WHEREAS, public concerns in response to widespread threats to public health and safety, damage to fish and wildlife resources and degradation to California's environment resulting from transboundary river flow pollution in the southernmost regions of the state requires urgent action by the Federal and State governments, and

WHEREAS, Congress authorized funding under the U.S. Environmental Protection Agency's (EPA) Safe Drinking Water Act and established the State and Tribal Assistance Grants (STAG) program for the U.S.-Mexico Border Water Infrastructure Program (BWIP) in 1996 to provide grants for high-priority water, wastewater, and storm-water infrastructure projects within 100 kilometers of the southern border; and

WHEREAS, the EPA administers the STAG and BWIP programs, and coordinates with the North American Development Bank (NADB) to allocate BWIP grant funds to projects in the border zone; and

WHEREAS, since its inception, the BWIP program has provided funding for projects in California, Arizona, New Mexico and Texas that would not have been constructed without the grant program; and

WHEREAS, the BWIP program was initially funded at \$100 million per year, but, over the last 20 years, has been continuously reduced to its current level of \$10 million; and

WHEREAS, in its FY 2020 Budget Request, the Administration proposed to eliminate the BWIP program; and

WHEREAS, officials from EPA Region 9, covering California, have identified a multitude of BWIP-eligible projects along the southern border totaling over \$300 million; and

WHEREAS, without federal partnership through the BWIP program and state support to address pollution, cities that are impacted by transboundary sewage and toxic waste flows are

left with limited resources to address a critical pollution and public health issue and limited legal remedies to address the problem; and

WHEREAS, the National Association of Counties, (NACo) at their Annual Conference on July 15, 2019 and the U.S. Conference of Mayors at their Annual Conference on in July 1, 2019 both enacted resolutions calling on the federal and state governments to work together to fund and address this environmental crisis; and

WHEREAS, local governments and the public support the State's primary objectives in complying with environmental laws including the Clean Water Act, Porter-Cologne Water Quality Control Act, and Endangered Species Act and are supported by substantial public investments at all levels of government to maintain a healthy and sustainable environment for future residents of California, and

WHEREAS, League of California Cities policy has long supported efforts to ensure water quality and oppose contamination of water resources; and

NOW, THEREFORE, BE IT RESOLVED at the League General Assembly, assembled at the League Annual Conference on October 18, 2019 in Long Beach, that the League calls upon the Federal and State governments to restore and ensure proper funding to the U.S- Mexico Border Water Infrastructure Program (BWIP) and recommit to working bi-nationally to develop and implement long-term solutions to address serious water quality and contamination issues, such as discharges of untreated sewage and polluted sediment and trash-laden transboundary flows originating from Mexico, that result in significant health, environmental, and safety concerns in communities along California's southern border impacting the state.

Background Information on Resolution No. 2

Source: San Diego County Division

Background:

Along California's southern border with Mexico, the New River in Imperial County and the Tijuana River in San Diego County are a major sources of raw sewage, trash, chemicals, heavy metals, and toxins that pollute local communities. Sewage contaminated flows in the Tijuana River have resulted in significant impacts to beach recreation that includes the closure of Border Field State Beach for more than 800 days over the last 5-years. Similarly, contaminated flows in the New River presents comparable hazards, impacts farm land, and contributes to the ongoing crisis in the Salton Sea. These transboundary flows threaten the health of residents in California and Mexico, harms the ecosystem, force closures at beaches, damage farm land, makes people sick, and adversely affects the economy of border communities. The root cause of this cross border pollution is from insufficient or failing water and wastewater infrastructure in the border zone and inadequate federal action to address the problem through existing border programs.

The severity of cross border pollution has continued to increase, due in part to the rapid growth of urban centers since the passage of the North American Free Trade Agreement (NAFTA). While economic growth has contributed to greater employment, the environmental infrastructure of the region has not kept pace, which is why Congress authorized the Border Water Infrastructure Program (BWIP) in 1996. The U.S. Environmental Protection Agency (EPA) administers the BWIP and coordinates with the North American Development Bank (NADB) to provide financing and technical support for projects on both sides of the U.S./Mexico border. Unfortunately, the current BWIP funding at \$10 million per year is only a fraction of the initial program budget that shares funding with the entire 2,000 mile Mexican border with California, Arizona, New Mexico and Texas. EPA officials from Region 9 have identified an immediate need for BWIP projects totaling over \$300 million just for California. Without federal partnerships through the BWIP and state support to address cross border pollution, cities that are impacted by transboundary sewage and toxic waste flows are left with limited resources to address a critical pollution and public health issue.

The International Boundary and Water Commission (IBWC) is another important federal stakeholder that, under the Treaty of 1944 with Mexico, must address border sanitation problems. While IBWC currently captures and treats some of the pollution generated in Mexico, it also redirects cross border flows without treatment directly into California.

Improving environmental and public health conditions for communities along the border is essential for maintaining strong border economy with Mexico. The IBWC, EPA, and NADB are the important federal partners with existing bi-national programs that are able to immediately implement solutions on cross border pollution. California is in a unique position to take the lead and work with local and federal partners to implement real solutions that will addresses the long standing and escalating water quality crisis along the border.

For those reasons, the cities of Imperial Beach and Coronado requested the San Diego County Division to propose a resolution at the 2019 League Annual Conference calling upon the federal

and state governments to address the devastating impacts of international transboundary pollution flows into the waterways of the southernmost regions of California, San Diego and Imperial Counties and the Pacific Ocean.

On August 12, 2019 at the regularly scheduled meeting of the San Diego County Division, the membership unanimously endorsed submittal of the resolution, with close to 75% membership present and voting.

The Imperial County Division does not have a scheduled meeting until after the deadline to submit proposed resolutions. However, the City of Calexico, which is most directly impacted by initial pollution flow of the New River from Mexicali, sent a letter in concurrence of this resolution as well as numerous city officials from cities within Imperial County and the Imperial County Board of Supervisors. The League Imperial County Division will place a vote to support this resolution on the agenda of their September 26, 2019 meeting.

League of California Cities Staff Analysis on Resolution No. 2

Staff: Derek Dolfie, Legislative Representative
Carly Shelby, Legislative and Policy Development Assistant
Committees: Environmental Quality

Summary:

This Resolution states that the League of California Cities should call upon the State and Federal governments to restore and ensure proper funding for the U.S. – Mexico Border Water Infrastructure Program (BWIP) and work bi-nationally to address water quality issues resulting from transboundary flows from Mexico’s Tijuana River into the United States containing untreated sewage, polluted sediment, and trash.

Background:

The League of California Cities’ San Diego County Division is sponsoring this resolution to address their concerns over the contaminated flows from the Tijuana River into California that have resulted in the degradation of water quality and water recreational areas in Southern California.

The Tijuana River flows north through highly urbanized areas in Mexico before it enters the Tijuana River Estuary and eventually the Pacific Ocean via waterways in San Diego County in California. Urban growth in Tijuana has contributed to a rise in rates of upstream flows from water treatment facilities in Mexico. These treatment facilities have raised the amount of untreated sewage and waste in the Tijuana River due to faulty infrastructure and improper maintenance. The federal government refers to the river as an “impaired water body” because of the presence of pollutants in excess, which pose significant health risks to residents and visitors in communities on both sides of the border.

Federal Efforts to Address Pollution Crisis

To remedy the Tijuana River’s low water quality, the United States and Mexico entered into a Treaty in 1944 entitled: *Utilization of Waters of the Colorado River and Tijuana Rivers and of the Rio Grande – the International Boundary and Water Commission (IBWC)*. The IBWC was designed to consist of a United States section and a Mexico section. Both sections were tasked with negotiating and implementing resolutions to address water pollution in the area, which includes overseeing the development of water treatment and diversion infrastructure.

After the formation of the IBWC, the U.S. and Mexico entered into a treaty in 1993 entitled: *Agreement Concerning the Establishment of a Border Environment Cooperation Commission and a North American Development Bank*. This agreement established the North American Development Bank (NADB), which certifies and funds infrastructure projects located within 100 kilometers (62 miles) of the border line. The NADB supports federal programs like the Border Water Infrastructure Program (BWIP), which was initially funded at \$100 million, annually.

The degradation of existing water treatment infrastructure along the border coincides with the federal government’s defunding of the BWIP, which has steadily decreased from \$100 million in 1996 to \$10 million today. The Federal FY 2020 Budget proposes eliminating BWIP funding

altogether. EPA's regions 6 and 9 (includes U.S. states that border Mexico) have identified a number of eligible projects that address public health and environmental conditions along the border totaling \$340 million.

The NADB has funded the development of water infrastructure in both the U.S. and Mexico. Water diversion and treatment infrastructure along the U.S – Mexico border includes, but is not limited to, the following facilities:

- *The South Bay International Wastewater Treatment Plant (SBIWTP)*. This facility was constructed by the U.S. in 1990 and is located on the California side of the border and is operated under the jurisdiction of the IBWC. The SBIWTP serves as a diversion and treatment sewage plant to address the flow of untreated sewage from Mexico into the United States.
- *Pump Station CILA*. CILA was constructed by Mexico in 1991 and is located along the border in Mexico. This facility serves as the SBIWTP's Mexican counterpart.

Both the SBIWTP and CILA facilities have had a multitude of overflows containing untreated sewage and toxic waste that spills into the Tijuana River. The cause of overflows can be attributed to flows exceeding the maximum capacity that the infrastructure can accommodate (this is exacerbated during wet and rainy seasons) and failure to properly operate and maintain the facilities. Much of the existing infrastructure has not had updates or repairs for decades, causing overflows to become more frequent and severe. The most notable overflow occurred in February 2017, wherein 143 million gallons of polluting waste discharged into the Tijuana River; affecting the Tijuana Estuary, the Pacific Ocean, and Southern California's waterways.

State Actions

In response to the February 2017 overflow, the San Diego Water Board's Executive Officer sent a letter to the U.S. and Mexican IBWC Commissioners which included recommendations on how to improve existing infrastructure and communications methods between both nations.

In September of 2018, California Attorney General Xavier Becerra submitted a lawsuit against IBWC for Violating the Clean Water Act by allowing flows containing sewage and toxic waste to flow into California's waterways, posing a public health and ecological crisis. The cities of Imperial Beach, San Diego, Chula Vista, the Port of San Diego, and the San Diego Regional Water Quality Board have also filed suit against the IBWC. The suit is awaiting its first settlement conference on October 19, 2019. If parties are unable to reach a settlement, the case will go to trial.

Fiscal Impact:

California's economy is currently the sixth largest in the world, with tourism spending topping \$140.6 billion in 2018. In the past five years, San Diego's Border Field State Park has been closed for over 800 days because of pollution from the Tijuana River. A decline in the State's beach quality and reputation could carry macroeconomic effects that could ripple outside of the San Diego County region and affect coastal communities throughout California.

Existing League Policy

The League of California Cities has extensive language on water in its Summary of Existing Policy and Guiding Principles. Fundamentally, the League recognizes that beneficial water quality is essential to the health and welfare of California and all of its citizens. Additionally, the League advocates for local, state and federal governments to work cooperatively to ensure that water quality is maintained.

The following policy relates to the issue of water quality:

- Surface and groundwater should be protected from contamination.
- Requirements for wastewater discharge into surface water and groundwater to safeguard public health and protect beneficial uses should be supported.
- When addressing contamination in a water body, water boards should place priority emphasis on clean-up strategies targeting sources of pollution, rather than in stream or end-of-pipe treatment.
- Water development projects must be economically, environmentally and scientifically sound.
- The viability of rivers and streams for instream uses such as fishery habitat, recreation and aesthetics must be protected.
- Protection, maintenance, and restoration of fish and wildlife habitat and resources.

Click here to view the [Summary of Existing Policy and Guiding Principles 2018](#).

Comments:

1. Water quality issues are prevalent across California and have been a constant priority of the State's legislature and residents. In 2014, California's voters approved Proposition 1, which authorized \$7.5 billion in general obligation bonds to fund water quality improvement projects. In 2019, the Legislature reached an agreement to allocate \$130 million from the State's Greenhouse Gas Reduction Fund (GGRF) to address failing water infrastructure and bad water qualities for over one million of California's residents in rural communities. Water quality is not an issue unique to the County of San Diego and communities along the border.
2. Tijuana River cross-border pollution has caught national attention. Members of Congress have proposed recent funding solutions to address the pollution crisis, including:
 - In February of 2019, California Congressional Representatives Vargas, Peters, and Davis helped secure \$15 million for the EPA to use as part of its BWIP.
 - *H.R. 3895 (Vargas, Peters, 2019), The North American Development Bank Pollution Solution Act*. This bill seeks to support pollution mitigation efforts along the border by increasing the NADB's capital by \$1.5 billion.
 - *H.R. 4039 (Levin, 2019), The Border Water Infrastructure Improvement Act*. This bill proposes increasing funding to the BWIP from the existing \$10 million to \$150 million as a continuous appropriation until 2025.Additionally, the National Association of Counties (NACo) and the U.S. Conference of Mayors enacted resolutions in support of increased funding for U.S. – Mexico border water infrastructure to address the environmental crisis in 2019.

3. The border pollution problem has sparked action from local, state, and federal actors. Should this resolution be adopted, League membership should be aware that future action will be adapted by what is explicitly stated in the resolution's language. In current form, the resolution's resolve clause cites the BWIP as the only program that should receive reinstated and proper funding. League staff recommends the language be modified to state:

“NOW, THEREFORE, BE IT RESOLVED at the League General Assembly, assembled at the League Annual Conference on October 18, 2019 in Long Beach, that the League calls upon the Federal and State governments to restore and ensure proper funding for environmental infrastructure on the U.S. – Mexico Border, including ~~to the U.S.–Mexico~~ Border Water Infrastructure Program (BWIP), and recommit to working bi-nationally to develop and implement long-term solutions to address serious water quality and contamination issues, such as discharges of untreated sewage and polluted sediment and trash-laden transboundary flows originating from Mexico, that result in significant health, environmental, and safety concerns in communities along California's southern border impacting the state.”

Modifying the language would ensure enough flexibility for the League to support funding mechanisms outside of the prescribed federally-operated BWIP.

4. It remains unclear if there is an appetite in Washington to fund border-related infrastructure projects that address environmental quality. Given the high probability of another overflow containing waste and sewage from the existing infrastructure operated by the IBWC, League membership should consider the outcome if no resolution is reached to address the issue.

Support:

The following letters of concurrence were received:

Cities:

The City of Calexico

The City of Coronado

The City of Imperial Beach

The City of San Diego

In their individual capacity:

Amanda Young Rigby, City of Vista Council Member

Bill Baber, City of La Mesa Council Member

Consuelo Martinez, City of Escondido Deputy Mayor

George A. Nava, City of Brawley Council Member

John Minto, City of Santee Mayor

Judy Ritter, City of Vista Mayor

Luke Hamby, City of Brawley Council Member

Norma Kastner-Jauregui, City of Brawley Mayor Pro-Tempore

Sam Couchman, City of Brawley Council Member

LETTERS OF CONCURRENCE

Resolution No. 2

International Transboundary
Pollution Flows



CITY OF CALEXICO

608 Heber Ave.
Calexico, CA 92231-2840
Tel: 760.768.2110
Fax: 760.768.2103
www.calexico.ca.gov

August 15, 2019

Jan Arbuckle, President
League of California Cities
1400 K Street, Suite 400
Sacramento, CA 95814

RE: **Environmental and Water Quality Impacts Of International Transboundary River
Pollution Flow Resolution**

President Arbuckle:

The city of Calexico strongly supports the San Diego County Division's effort to submit a resolution for consideration by the General Assembly at the League's 2019 Annual Conference in Long Beach.

The Division's resolution calls upon the Federal and State governments to restore and ensure proper funding of the Border Water Infrastructure Program (BWIP) to address the devastating impacts of international transboundary pollution flows into the waterways of the southernmost regions of California (San Diego and Imperial Counties) and the Pacific Ocean.

Local government and the public support the State's water and environmental quality objectives and League policy has long supported efforts to ensure water quality and oppose contamination of water resources. This resolution addresses the critical need for the federal and state governments to recommit to work bi-nationally to develop and implement long-term solutions to address serious water quality and contamination issues, such as discharges of untreated sewage and polluted sediment and trash-laden transboundary flows originating from Mexico, that result in significant health, environmental and safety concerns in communities along California's southern border impacting the state.

As members of the League, our city values the policy development process provided to the General Assembly. We appreciate your time on this issue.

Viva Calexico!

If you have any questions or require additional information, please do not hesitate to contact me at 760/768-2110.

Sincerely,

CITY OF CALEXICO

A handwritten signature in blue ink that reads "David Dale". The signature is written in a cursive, flowing style.

David Dale
City Manager

Cc: Honorable Mayor Bill Hodge

Viva Calexico!



CITY OF CORONADO

1825 STRAND WAY
CORONADO, CA 92118

OFFICE OF THE CITY MANAGER
(619) 522-7335
FAX (619) 522-7846

August 15, 2019

Jan Arbuckle, President
League of California Cities
1400 K Street, Suite 400
Sacramento, CA 95814

RE: Environmental and Water Quality Impacts of International Transboundary River Pollution Flows Resolution

This letter is written on behalf of and with the support of the Coronado City Council. The City of Coronado wholeheartedly supports the resolution adopted by the San Diego County and Imperial County Division of the California League of Cities.

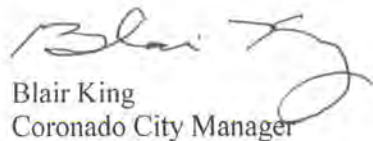
The San Diego County Division's resolution calls upon the federal and state governments to restore and ensure proper funding of the U.S.-Mexico Border Water Infrastructure Program (BWIP) to address the devastating impacts of international transboundary pollution flows into the waterways of the southernmost regions of California (San Diego and Imperial Counties) and the Pacific Ocean.

The City has been working closely with the Environmental Protection Agency and other federal partners on the matter since early 2018. City leaders are committed to finding long-term, sustainable solutions to this problem. Through its advocacy and education efforts, the City of Coronado has raised national awareness of the problem among legislators, political appointees and career staff at federal agencies. These efforts have been successful. However, the City along with our coalition partners, look forward to more action to swiftly resolve this issue.

Local government and the public support the state's water and environmental quality objectives and League policy has long supported efforts to ensure water quality and oppose contamination of water resources. This resolution addresses the critical need for the federal and state governments to recommit to work bi-nationally to develop and implement long-term solutions to address serious water quality and contamination issues, such as discharges of untreated sewage and polluted sediment and trash-laden transboundary flows originating from Mexico, that result in significant health, environmental and safety concerns in communities along California's southern border impacting the state.

As members of the League, Coronado values the policy development process provided to the General Assembly. We appreciate your time on this issue. Please feel free to contact me if you have any questions.

Sincerely,



Blair King
Coronado City Manager

cc: Coronado Mayor and City Council
Bill Baber, President, San Diego County Division
c/o Catherine Hill, Regional Public Affairs Manager, San Diego County Division chill@cacities.org



City of Imperial Beach, California

OFFICE OF THE CITY MANAGER

825 Imperial Beach Blvd., Imperial Beach, CA 91932 Tel: (619) 423-8303 Fax: (619) 628-1395

August 15, 2019

Jan Arbuckle, President
League of California Cities
1400 K St. Suite 400
Sacramento, CA 95814

RE: Environmental and Water Quality Impacts Of International Transboundary River
Pollution Flow Resolution

President Arbuckle:

The city of Imperial Beach appreciates and supports the San Diego County Division's effort to submit a resolution for consideration by the full membership of the League of California Cities.

The Division's resolution calls on Federal and State government to address the impacts of transboundary pollution flows into the Southwestern regions of California. The pollution in these areas is an environmental disaster that threatens the health and general welfare of residents near the Mexican border in Imperial and San Diego Counties.

I encourage all voting delegates and elected officials in attendance at the 2019 Annual League of California Cities Conference in Long Beach to support this important resolution as it addresses the critical need for the federal and state government to recommit to work bi-nationally to address the serious contamination issues and to develop and implement long-term solutions.

I am available for any questions or additional information related to this letter of support.

Sincerely,

Andy Hall
City Manger

Cc: Honorable Mayor Serge Dedina
Honorable Mayor Pro Tem Robert Patton
Honorable Councilmember Paloma Aguirre
Honorable Councilmember Ed Spriggs
Honorable Councilmember Mark West



City of Imperial Beach, California

OFFICE OF THE MAYOR

825 Imperial Beach Blvd., Imperial Beach, CA 91932 Tel: (619) 423-8303 Fax: (619) 628-1395

August 16, 2019

Jan Arbuckle, President
League of California Cities
1400 K Street, Suite 400
Sacramento, CA 95814

RE: Environmental and Water Quality Impacts Of International Transboundary River Pollution Flow Resolution

President Arbuckle:

The city of Imperial Beach strongly supports the San Diego County Division's effort to submit a resolution for consideration by the General Assembly at the League's 2019 Annual Conference in Long Beach.

The Division's resolution calls upon the Federal and State governments to restore and ensure proper funding of the Border Water Infrastructure Program (BWIP) to address the devastating impacts of international transboundary pollution flows into the waterways of the southernmost regions of California (San Diego and Imperial Counties) and the Pacific Ocean.

Local government and the public support the State's water and environmental quality objectives and League policy has long supported efforts to ensure water quality and oppose contamination of water resources. This resolution addresses the critical need for the federal and state governments to recommit to work bi-nationally to develop and implement long-term solutions to address serious water quality and contamination issues, such as discharges of untreated sewage and polluted sediment and trash-laden transboundary flows originating from Mexico, that result in significant health, environmental and safety concerns in communities along California's southern border impacting the state.

As members of the League, our city values the policy development process provided to the General Assembly. We appreciate your time on this issue. If you have any questions or require additional information, please do not hesitate to contact me at 619-423-8303.

Sincerely,

Serge Dedina
Mayor



THE CITY OF SAN DIEGO

KEVIN L. FAULCONER

Mayor

August 15, 2019

Jan Arbuckle, President
League of California Cities
1400 K Street, Suite 400
Sacramento, CA 95814

**RE: Environmental and Water Quality Impacts of International Transboundary River
Pollution Flow Resolution**

President Arbuckle:

The City of San Diego supports the San Diego County Division in their effort to submit a resolution to the General Assembly at the League of California Cities' 2019 Annual Conference in Long Beach.

To suppress the flow of pollution between the Mexico and Southern California's water channels, the Division requests for the Federal and State governments to give proper funding to the Border Water Infrastructure Program (BWIP).

The City of San Diego and its citizens have expressed their concerns about untreated sewage, polluted sediment and trash flowing from Mexico, into California, causing health, environmental and safety concerns. The State's water and environmental quality objectives and League policy has long supported efforts to ensure water quality and oppose contamination of water resources. With the Division's resolution, the great need for federal and state governments to reconsider working together, will help in developing a long-term solution to address serious water quality and contamination issues.

As members of the League, our City values the policy development process provided to the General Assembly. We appreciate your time on this issue.

Please contact me at (619)453-9946 if you have any questions.

Sincerely,

Denice Garcia
Director of International Affairs

Cc: Honorable Mayor Kevin L. Faulconer





AMANDA YOUNG RIGBY

CITY COUNCILWOMAN

August 15, 2019

Jan Arbuckle, President
League of California Cities
1400 K Street, 4th Floor
Sacramento, CA 95814

Re: Border Sewage Issues

Dear President Arbuckle;

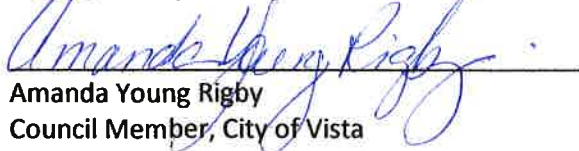
As a Council Member in the City of Vista, and solely in my individual capacity as such, I write in **support** of the League of California Cities 2019 Annual Conference Resolution proposed by the San Diego County Division to address the constant sewage pollution issues at the international border with Mexico.

This Resolution requests that the federal and state governments recognize the paramount importance of this issue and address the devastating impacts that this constant contamination has on the southernmost regions of California and the Pacific coastline by requesting the necessary funding to develop and implement effective and long term solutions to the raw sewage contamination coming into San Diego and Imperial Counties from Mexico.

Although I have lived in Vista for 27 years now, I grew up in Imperial Beach and know well the severe health and environmental impact that this situation has had on our border communities for the **decades**.

As a member of the League, I value the League's ability to effectively advocate on behalf of not only our cities but in effect, our citizens, and this is an important issue for our entire state. Should you have any questions or comments, please contact me at the number below. Thank you for your consideration.

Most Sincerely,


Amanda Young Rigby
Council Member, City of Vista

cc: Vista City Council
Vista City Manager
Vista City Attorney
City of Imperial Beach
City of Coronado
City of Calexico
City of San Diego



**CITY OF
LA MESA**
JEWEL of the HILLS

August 16, 2019

Jan Arbuckle, President
League of California Cities
1400 K Street, Suite 400
Sacramento, CA 95814

RE: Environmental and Water Quality Impacts Of International Transboundary River Pollution Flows Resolution

President Arbuckle:

As a Council Member for the City of La Mesa and in my individual capacity, not on behalf of the full La Mesa City Council as a body or the City, I am writing you in support of the San Diego County Division's effort to submit a resolution for consideration by the General Assembly at the League's 2019 Annual Conference in Long Beach.

The Division's resolution calls upon the Federal and State governments to restore and ensure proper funding of the Border Water Infrastructure Program (BWIP) to address the devastating impacts of international transboundary pollution flows into the waterways of the southernmost regions of California (San Diego and Imperial Counties) and the Pacific Ocean.

As San Diego County Division President and a member of the League, I value the policy development process provided to the General Assembly. I appreciate your time on this issue. Please feel free to contact me at 619-667-1106, should you have any questions.

Sincerely,

BILL BABER
COUNCIL MEMBER CITY OF LA MESA
PRESIDENT, LEAGUE SAN DIEGO COUNTY DIVISION

August 16, 2019

Jan Arbuckle, President
League of California Cities
1400 K Street, 4th Floor
Sacramento, CA 95814

Dear President Arbuckle:

As one Council Member of the city of Escondido, and in my individual capacity and not on behalf of the Council as a body or the City, I write in support of the League of California Cities 2019 Annual Conference Resolution proposed by the San Diego County Division to address the transboundary river flow pollution impacting cities in San Diego and Imperial Counties.

This resolution calls upon the federal and state governments to address the devastating impacts of international transboundary pollution flows into the southernmost regions of California and the Pacific Ocean by requesting the necessary funding to develop solutions for pollution coming into San Diego County and Imperial County waterways through the Tijuana River and New River, respectively.

The passage of the proposed resolution by the San Diego County Division would provide support for the restoration of much needed funding and development and implementation of long-term solutions to address serious water quality and contamination issues, such as discharge of untreated sewage and polluted sediment and trash-laden transboundary flows that result in significant health, environmental, and safety concerns in communities along California's southern border impacting the state.

As a member of the League, I value the policy development process provided to the General Assembly. I appreciate your time on this issue. Please feel free to contact me at cmartinez@escondido.org if you have any questions.

Sincerely,



Consuelo Martinez
Deputy Mayor

cc: Honorable Mayor and City Council Members
Jeffrey R. Epp, City Manager



CITY OF BRAWLEY

ADMINISTRATIVE OFFICES

383 Main Street
Brawley, CA 92227
Phone: (760) 351-3048
FAX: (760) 351-3088

August 15, 2019

Jan Arbuckle, President
League of California Cities
1400 K Street, 4th Floor
Sacramento, CA 95814

Dear President Arbuckle:

As one Council Member of the City of Brawley, and in my individual capacity and not on behalf of the Council as a body or the City, I write in support of the League of California Cities 2019 Annual Conference Resolution proposed by the San Diego County Division to address the transboundary river flow pollution impacting cities in San Diego and Imperial Counties.

This resolution calls upon the federal and state governments to address the devastating impacts of international transboundary pollution flows into the southernmost regions of California and the Pacific Ocean by requesting the necessary funding to develop solutions for pollution coming into San Diego County and Imperial County waterways through the Tijuana River and New River, respectively.

The passage of the proposed resolution by the San Diego County Division would provide support for the restoration of much needed funding and development and implementation of long-term solutions to address serious water quality and contamination issues, such as discharge of untreated sewage and polluted sediment and trash-laden transboundary flows that result in significant health, environmental, and safety concerns in communities along California's southern border impacting the state.

As a member of the League, I value the policy development process provided to the General Assembly. I appreciate your time on this issue. Please feel free to contact me at (City email) if you have any questions.

Sincerely,

George A. Nava
City Council Member
City of Brawley

MAYOR
John W. Minto



CITY OF SANTEE

CITY COUNCIL
Ron Hall
Stephen Houlahan
Laura Koval
Rob McNelis

August 15, 2019

Jan Arbuckle, President
League of California Cities
1400 K Street, 4th Floor
Sacramento, CA 95814

Dear President Arbuckle:

As Mayor of the city of Santee, and in my individual capacity and not on behalf of the Council as a body or the City, I write in support of the League of California Cities 2019 Annual Conference Resolution proposed by the San Diego County Division to address the transboundary river flow pollution impacting cities in San Diego and Imperial Counties.

This resolution calls upon the federal and state governments to address the devastating impacts of international transboundary pollution flows into the southernmost regions of California and the Pacific Ocean by requesting the necessary funding to develop solutions for pollution coming into San Diego County and Imperial County waterways through the Tijuana River and New River, respectively.

The passage of the proposed resolution by the San Diego County Division would provide support for the restoration of much needed funding and development and implementation of long-term solutions to address serious water quality and contamination issues, such as discharge of untreated sewage and polluted sediment and trash-laden transboundary flows that result in significant health, environmental, and safety concerns in communities along California's southern border impacting the state.

As a member of the League, I value the policy development process provided to the General Assembly. I appreciate your time on this issue. Please feel free to contact me at (JMinto@cityofsantee.ca.gov) if you have any questions.

Sincerely,

JOHN W. MINTO
Mayor
City of Santee



JUDY RITTER

MAYOR

August 16, 2019

Jan Arbuckle, President
League of California Cities
1400 K Street, 4th Floor
Sacramento, CA 95814

Dear President Arbuckle:

As Mayor of the city of Vista, and in my individual capacity and not on behalf of the Council as a body or the City, I write in support of the League of California Cities 2019 Annual Conference Resolution proposed by the San Diego County Division to address the transboundary river flow pollution impacting cities in San Diego and Imperial Counties.

This resolution calls upon the federal and state governments to address the devastating impacts of international transboundary pollution flows into the southernmost regions of California and the Pacific Ocean by requesting the necessary funding to develop solutions for pollution coming into San Diego County and Imperial County waterways through the Tijuana River and New River, respectively.

The passage of the proposed resolution by the San Diego County Division would provide support for the restoration of much needed funding and development and implementation of long-term solutions to address serious water quality and contamination issues, such as discharge of untreated sewage and polluted sediment and trash-laden transboundary flows that result in significant health, environmental, and safety concerns in communities along California's southern border impacting the state.

As a member of the League, I value the policy development process provided to the General Assembly. I appreciate your time on this issue. Please feel free to contact me at jritter@cityofvista.com if you have any questions.

Sincerely,

Judy Ritter
Mayor
City of Vista



CITY OF BRAWLEY

ADMINISTRATIVE OFFICES

383 Main Street
Brawley, CA 92227
Phone: (760) 351-3048
FAX: (760) 351-3088

August 15, 2019

Jan Arbuckle, President
League of California Cities
1400 K Street, 4th Floor
Sacramento, CA 95814

Dear President Arbuckle:

As one Council Member of the City of Brawley, and in my individual capacity and not on behalf of the Council as a body or the City, I write in support of the League of California Cities 2019 Annual Conference Resolution proposed by the San Diego County Division to address the transboundary river flow pollution impacting cities in San Diego and Imperial Counties.

This resolution calls upon the federal and state governments to address the devastating impacts of international transboundary pollution flows into the southernmost regions of California and the Pacific Ocean by requesting the necessary funding to develop solutions for pollution coming into San Diego County and Imperial County waterways through the Tijuana River and New River, respectively.

The passage of the proposed resolution by the San Diego County Division would provide support for the restoration of much needed funding and development and implementation of long-term solutions to address serious water quality and contamination issues, such as discharge of untreated sewage and polluted sediment and trash-laden transboundary flows that result in significant health, environmental, and safety concerns in communities along California's southern border impacting the state.

As a member of the League, I value the policy development process provided to the General Assembly. I appreciate your time on this issue. Please feel free to contact me at (City email) if you have any questions.

Sincerely,

Luke Hamby
City Council Member
City of Brawley



CITY OF BRAWLEY

ADMINISTRATIVE OFFICES

383 Main Street
Brawley, CA 92227
Phone: (760) 351-3048
FAX: (760) 351-3088

August 15, 2019

Jan Arbuckle, President
League of California Cities
1400 K Street, 4th Floor
Sacramento, CA 95814

Dear President Arbuckle:

As one Council Member of the City of Brawley, and in my individual capacity and not on behalf of the Council as a body or the City, I write in support of the League of California Cities 2019 Annual Conference Resolution proposed by the San Diego County Division to address the transboundary river flow pollution impacting cities in San Diego and Imperial Counties.

This resolution calls upon the federal and state governments to address the devastating impacts of international transboundary pollution flows into the southernmost regions of California and the Pacific Ocean by requesting the necessary funding to develop solutions for pollution coming into San Diego County and Imperial County waterways through the Tijuana River and New River, respectively.

The passage of the proposed resolution by the San Diego County Division would provide support for the restoration of much needed funding and development and implementation of long-term solutions to address serious water quality and contamination issues, such as discharge of untreated sewage and polluted sediment and trash-laden transboundary flows that result in significant health, environmental, and safety concerns in communities along California's southern border impacting the state.

As a member of the League, I value the policy development process provided to the General Assembly. I appreciate your time on this issue. Please feel free to contact me at (City email) if you have any questions.

Sincerely,

Norma Kastner-Jauregui
Mayor Pro-Tempore
City of Brawley



CITY OF BRAWLEY

ADMINISTRATIVE OFFICES

383 Main Street
Brawley, CA 92227
Phone: (760) 351-3048
FAX: (760) 351-3088

August 15, 2019

Jan Arbuckle, President
League of California Cities
1400 K Street, 4th Floor
Sacramento, CA 95814

Dear President Arbuckle:

As one Council Member of the City of Brawley, and in my individual capacity and not on behalf of the Council as a body or the City, I write in support of the League of California Cities 2019 Annual Conference Resolution proposed by the San Diego County Division to address the transboundary river flow pollution impacting cities in San Diego and Imperial Counties.

This resolution calls upon the federal and state governments to address the devastating impacts of international transboundary pollution flows into the southernmost regions of California and the Pacific Ocean by requesting the necessary funding to develop solutions for pollution coming into San Diego County and Imperial County waterways through the Tijuana River and New River, respectively.

The passage of the proposed resolution by the San Diego County Division would provide support for the restoration of much needed funding and development and implementation of long-term solutions to address serious water quality and contamination issues, such as discharge of untreated sewage and polluted sediment and trash-laden transboundary flows that result in significant health, environmental, and safety concerns in communities along California's southern border impacting the state.

As a member of the League, I value the policy development process provided to the General Assembly. I appreciate your time on this issue. Please feel free to contact me at (City email) if you have any questions.

Sincerely,

Sam Couchman
City Council Member
City of Brawley



COUNCIL COMMUNICATION

CC #: 0321
File #: 0102-06

Title: Proclamation - Domestic Violence Awareness Month
Contact: M. Bettencourt 916-774-5266 mbettencourt@roseville.ca.us

Meeting Date: 10/2/2019
Item #: 7.17.

RECOMMENDATION TO COUNCIL

Proclaim October 2019 as Domestic Violence Awareness Month and encourage all residents to work together to eliminate domestic violence by learning more about prevention and by showing support for the numerous organizations and individuals who provide advocacy, services, and assistance to victims.

BACKGROUND

Not applicable.

FISCAL IMPACT

Not applicable.

ENVIRONMENTAL REVIEW

The California Environmental Quality Act (CEQA) does not apply to activities that will not result in a direct or reasonable foreseeable indirect physical change in the environment (CEQA Guidelines §15061(b)(3)). Ceremonial documents do not include the potential for a significant environmental effect, and therefore is not subject to CEQA.

Respectfully Submitted,

M. Bettencourt, Deputy City Clerk

Sonia Orozco, City Clerk



Dominick Casey, City Manager

ATTACHMENTS:

Description

Domestic Violence Awareness Month

CITY OF ROSEVILLE



DOMESTIC VIOLENCE AWARENESS MONTH

October 2019

WHEREAS, domestic violence is a serious, widespread crime that affects over 10 million Americans of all races, ages, gender, and income levels; and

WHEREAS, more than one in three women (37%) and one in three men (34%) in the United States report having experienced domestic violence, stalking, sexual assault, or physical assault by an intimate partner during their lifetimes; and

WHEREAS, intimate partner violence accounts for 15% of all violent crime, and at least 19% of reported domestic violence involves the use of a weapon; and

WHEREAS, domestic violence costs the nation billions of dollars annually in medical expenses, law enforcement and court costs, shelters, foster care, sick leave, absenteeism, and non-productivity; and

WHEREAS, numerous Roseville community partners and allied agencies are dedicated to a coordinated effort to put a stop to the cycle of violence; and

NOW, THEREFORE, I, JOHN B. ALLARD, MAYOR OF THE CITY OF ROSEVILLE, CALIFORNIA, do hereby proclaim **October 2019** as **DOMESTIC VIOLENCE AWARENESS MONTH** and encourage all residents to work together to eliminate domestic violence by learning more about prevention and by showing support for the numerous organizations and individuals who provide advocacy, services, and assistance to victims.

SIGNED this 2nd day of October, 2019.

JOHN B. ALLARD II, MAYOR

ATTEST:

SONIA OROZCO, CITY CLERK
CITY OF ROSEVILLE, CALIFORNIA





COUNCIL COMMUNICATION

CC #: 0325

File #: 0206-03-01

Title:	Sierra Vista Specific Plan Westpark-Federico CFD No. 1 (Public Facilities) - Bond Issuance
Contact:	Jeannine Thrash 916-774-5473 jthrash@roseville.ca.us Dennis Kauffman 916-774-5313 dkauffman@roseville.ca.us

Meeting Date: 10/2/2019

Item #: 8.1.

RECOMMENDATION TO COUNCIL

It is recommended that City Council adopt a resolution authorizing the issuance of special tax bonds for and on behalf of the City of Roseville Sierra Vista Specific Plan (SVSP) Westpark-Federico Community Facilities District No. 1 (Public Facilities), approving and directing the execution of Fiscal Agent Agreement, Bond Purchase Agreement, and Acquisition Agreement, approving the form of the Preliminary Official Statement, approving sale of such bonds, approving other related documents and actions.

BACKGROUND

SVSP Westpark-Federico Community Facilities District (CFD) No. 1 (Public Facilities) was formed June 5, 2019 with the Resolution 19-259. This 2019 bond issuance is the first series of bonds being issued for the District and will be used to: (i) construct and acquire certain public facilities of benefit to the District, (ii) provide for a deposit to a debt service reserve account, (iii) provide capitalized interest for debt service and (iv) pay costs of issuance of the 2019 series Bonds. The 2019 Bonds have a not-to-exceed amount of \$9,000,000 and the District has a maximum principal amount not to exceed \$90,000,000.

The property is anticipated to be developed over a number of phases, with multiple bond issuances. The initial boundary of the District consists of approximately 65 gross acres, anticipated to be built in five distinct neighborhoods for a total of 215 low-density and 110 medium-density residential units.

FISCAL IMPACT

The CFD will generate special taxes that will be paid by the property owners sufficient to pay the costs for the debt service, CFD administration, and any authorized pay-as-you-go facilities, as well as provide funding in the future for maintenance/replacement of constructed facilities. The

issuance of bonds will not impact the City's General Fund.

ECONOMIC DEVELOPMENT / JOBS CREATED

The bond issuance will ultimately help the local economy in the construction industry by providing jobs for infrastructure and home construction, but the amount of jobs being created is unknown.

ENVIRONMENTAL REVIEW

The California Environmental Quality Act (CEQA) does not apply to activities that will not result in a direct or reasonably foreseeable indirect physical change in the environment, or is otherwise not considered a project as defined by CEQA Statute §21065 and CEQA State Guidelines §15060(c)(3) and §15378. Adoption of a resolution authorizing the issuance of special tax bonds meets the above criteria and is not subject to CEQA. No additional environmental review is required.

COMPLIANCE STATEMENT

In accordance with Government Code 5852.1, the following information consists of estimates of certain costs and charges for the Bonds that have been provided by the City's municipal financial advisor, which has been represented by such party to have been provided in good faith: (1) estimated true interest costs of the Bonds: 5.50%; (2) estimated finance charge of the Bonds (sum of all fees and charges paid to third parties): \$362,000; (3) estimated amount of proceeds of the Bonds received by the City (net of finance charges, reserves and capitalized interest, if any): \$7,383,253; and (4) estimated total payment amount (sum total of all payments to pay debt service on the Bonds plus the finance charge not paid with proceeds of the Bonds) calculated to the final maturity of the Bonds: \$16,635,398.

Respectfully Submitted,

Jeannine Thrash, Administrative Analyst

Dennis Kauffman, Chief Financial Officer



Dominick Casey, City Manager

ATTACHMENTS:

Description

Resolution No. 19-429

Fiscal Agent Agreement

Bond Purchase Agreement

Funding, Construction, Acquisition Agreement

Preliminary Official Statement

RESOLUTION NO. 19-429

A RESOLUTION AUTHORIZING THE ISSUANCE OF SPECIAL TAX BONDS FOR AND ON BEHALF OF THE CITY OF ROSEVILLE SVSP WESTPARK- FEDERICO COMMUNITY FACILITIES DISTRICT NO. 1 (PUBLIC FACILITIES), APPROVING AND DIRECTING THE EXECUTION OF A FISCAL AGENT AGREEMENT, BOND PURCHASE AGREEMENT, AND ACQUISITION AGREEMENT, APPROVING THE FORM OF PRELIMINARY OFFICIAL STATEMENT, APPROVING SALE OF SUCH BONDS, AND APPROVING OTHER RELATED DOCUMENTS AND ACTIONS

WHEREAS, this City Council (the "Council") of the City of Roseville (the "City") has conducted proceedings under and pursuant to the Mello-Roos Community Facilities Act of 1982, as amended, Chapter 2.5 of Part 1 of Division 2 of Title 5, commencing at Section 53311, of the California Government Code (the "Act"), to form the SVSP Westpark-Federico Community Facilities District No. 1 (Public Facilities) (the "District"), to authorize the levy of special taxes upon the land within the District, and to issue bonds secured by said special taxes for the purpose of providing moneys for the construction and acquisition of authorized improvements for the District; and

WHEREAS, the Council, as legislative body of the District, authorized the issuance of special tax bonds of the City for the District in the maximum principal amount of \$90,000,000, and the City now desires to issue the first series of the bonds (the "Bonds"); and

WHEREAS, there has been submitted to the City Council a Fiscal Agent Agreement (the "Fiscal Agent Agreement") between the City and The Bank of New York Mellon Trust Company, N.A., as fiscal agent, providing for the issuance of the Bonds of the City for the District, and the Council, with the aid of City staff, has reviewed the Fiscal Agent Agreement and found it to be in proper order, and now desires to approve the Fiscal Agent Agreement and the issuance of the Bonds; and

WHEREAS, the City proposes to sell the Bonds to Piper Jaffray & Co., as underwriter (the "Underwriter"), pursuant to the terms of a Bond Purchase Agreement by and between the City and the Underwriter, and the Underwriter proposes to offer the Bonds to the investing public by means of a Preliminary Official Statement, and the Council, with the aid of City staff, has reviewed the Bond Purchase Agreement and the Preliminary Official Statement and found them to be in proper order, and now desires to approve said documents; and

WHEREAS, authorized improvements for the District funded from proceeds of the Bonds will be acquired by the City from a developer of land in the District pursuant to the terms of a Funding, Construction and Acquisition Agreement (the "Acquisition Agreement") by and between the the City and the developer, and the Council, with the aid of City staff, has reviewed the Acquisition Agreement and found it to be in proper order, and now desires to approve the form of the Acquisition Agreement; and

WHEREAS, the information required to be obtained and disclosed with respect to the Bonds by the City Council in accordance with Section 5852.1 of the California Government Code is set forth in the staff report accompanying this Resolution; and

WHEREAS, all conditions, things and acts required to exist, to have happened and to have been performed precedent to and in the issuance of the Bonds as contemplated by this Resolution and the documents referred to herein exist, have happened and have been performed in due time, form and manner as required by the laws of the State of California, including the Act.

NOW, THEREFORE, THE CITY COUNCIL OF THE CITY OF ROSEVILLE RESOLVES AS FOLLOWS:

1. **Findings.** This Council finds and determines that it is prudent in the management and development of land in the City and the District to issue the Bonds for the purpose of providing moneys for the construction and acquisition of authorized improvements for the District.

2. **Law Applicable.** For the purposes of these proceedings in and for the District, the Act shall be the authority for the issuance of the Bonds.

3. **Bonds Authorized.** Pursuant to the Act, this Resolution and the Fiscal Agent Agreement, special tax bonds of the City for the District designated as "City of Roseville SVSP Westpark-Federico Community Facilities District No. 1 (Public Facilities) Special Tax Bonds Series 2019" in an aggregate principal amount not to exceed \$8,500,000 are hereby authorized to be issued. The Bonds shall be executed in the form set forth in and otherwise as provided in the Fiscal Agent Agreement.

The Bonds shall not be issued unless the value of the real property within the District subject to the special tax to pay debt service on the Bonds, based on assessed values and/or an appraisal by an independent appraiser hired by the City for the purpose of determining such value, is at least three (3) times the proposed principal amount of the Bonds proposed to be issued and secured by a special tax levied pursuant to the Act on property within the District, plus the portion of all other bonds outstanding that are secured by a special tax levied under the Act on property within the District or a special assessment levied on property within the District.

4. **Fiscal Agent Agreement.** The Council hereby approves the Fiscal Agent Agreement in the form presented to the Council at this meeting. The City Manager, Chief Financial Officer and such other person or persons as either of them may designate (collectively, the "Authorized Officers"), each acting alone or together with any other Authorized Officer, are each hereby authorized and directed to execute the Fiscal Agent Agreement, for and in the name and on behalf of the City, in such form, together with any additions thereto or changes therein deemed necessary or advisable by the Authorized Officer executing such document upon consultation with Jones Hall, A Professional Law Corporation, as bond counsel to the City ("Bond Counsel"). The proceeds of the Bonds shall be applied by the City for the purposes and in the amounts as set forth in the Fiscal Agent Agreement. The Council hereby authorizes the delivery and performance by the City of the Fiscal Agent Agreement.

5. **Covenant to Foreclose.** The City hereby covenants, for the benefit of the owners of the Bonds, to commence and diligently pursue to completion any foreclosure action regarding delinquent installments of any amount levied as a special tax for the payment of interest or principal of the Bonds, said foreclosure action to be commenced and pursued as more completely set forth in the Fiscal Agent Agreement.

6. Approval of Official Statement and Continuing Disclosure Certificate. The Council hereby approves the Preliminary Official Statement with respect to the Bonds, in substantially the form on file with the City Clerk. Distribution of the Preliminary Official Statement by the City and the Underwriter is hereby approved, and, prior to the distribution of the Preliminary Official Statement, and each Authorized Officer, each acting alone or together with any other Authorized Officer, is authorized and directed, on behalf of the City, to deem the Preliminary Official Statement "final" pursuant to Rule 15c2-12 under the Securities Exchange Act of 1934 (the "Rule"). The execution of the final Official Statement, which shall include such changes and additions thereto deemed advisable by the Authorized Officer executing the same, and such information permitted to be excluded from the Preliminary Official Statement pursuant to the Rule, is hereby approved for delivery to the purchasers of the Bonds, and each Authorized Officer, each acting alone or together with any other Authorized Officer, is authorized and directed to execute and deliver the final Official Statement for and on behalf of the City, with final pricing information included and with such changes and additions thereto deemed advisable by the Authorized Officer executing the same.

The Council hereby approves the Continuing Disclosure Certificate to be executed by the City, the form of which is attached as an exhibit to the Preliminary Official Statement. Each of the Authorized Officers is hereby authorized and directed to approve any changes in or additions to a final form of said Continuing Disclosure Certificate, and the execution thereof by an Authorized Officer shall be conclusive evidence of approval of any such changes and additions. The final Continuing Disclosure Certificate shall be executed in the name and on behalf of the City by an Authorized Officer.

7. Approval of Bond Purchase Agreement. The Council hereby approves the Bond Purchase Agreement in substantially the form on file with the City Clerk; provided, that the aggregate principal amount of Bonds shall not exceed \$8,500,000 or result in an Underwriter's discount in excess of 1.60% of the par amount of the Bonds, or a true interest cost in excess of 5.25%. Subject to the foregoing parameters, an Authorized Officer is hereby authorized and directed to execute the Bond Purchase Agreement in substantially the form on file with the City Clerk, together with such changes and additions thereto deemed advisable by the Authorized Officer executing the same. The Council hereby finds and determines that the sale of the Bonds at negotiated sale as contemplated by the Bond Purchase Agreement will result in a lower overall cost.

8. Approval of Acquisition Agreement. The Council hereby approves the Acquisition Agreement in substantially the form on file with the City Clerk. An Authorized Officer is hereby authorized and directed to execute the Acquisition Agreement in substantially the form on file with the City Clerk, together with such changes and additions thereto deemed advisable by the Authorized Officer executing the same.

9. Actions Authorized. All actions heretofore taken by the officers, employees and agents of the City with respect to the establishment of the District and the sale and issuance of the Bonds are hereby approved, confirmed and ratified, and the Authorized Officers of the City are hereby authorized and directed to do any and all things and take any and all actions and execute any and all certificates, agreements and other documents, which they, or any of them, may deem necessary or advisable in order to consummate the lawful issuance and delivery of the Bonds in accordance with this resolution, and any certificate, agreement, and other document described in the documents herein approved. All actions to be taken by a specified

Authorized Officer as specified herein, may be taken by the Authorized Officer or any designee, with the same force and effect as if taken by such Authorized Officer.

10. **Effectiveness.** This Resolution shall take effect upon its adoption.

* * * * *

I hereby certify that the foregoing Resolution was duly adopted by the City Council of the City of Roseville, California, at a regularly scheduled meeting thereof, held on the ____ day of _____, 2019, by the following vote of the City Council:

AYES: COUNCILMEMBERS
NOES: COUNCILMEMBERS
ABSENT: COUNCILMEMBERS
ABSTAIN: COUNCILMEMBERS

Mayor

ATTEST:

City Clerk

FISCAL AGENT AGREEMENT

by and between

CITY OF ROSEVILLE

and

**THE BANK OF NEW YORK MELLON TRUST COMPANY, N.A.,
as Fiscal Agent**

Dated as of _____ 1, 2019

Relating to:

**\$ _____
City of Roseville
SVSP Westpark-Federico Community Facilities District No. 1 (Public Facilities)
Special Tax Bonds
Series 2019**

TABLE OF CONTENTS

ARTICLE I

STATUTORY AUTHORITY AND DEFINITIONS

Section 1.01.	Authority for this Agreement.....	2
Section 1.02.	Agreement for Benefit of Bondowners.....	2
Section 1.03.	Definitions.....	2

ARTICLE II

THE 2019 BONDS

Section 2.01.	Principal Amount; Designation	11
Section 2.02.	Terms of the 2019 Bonds.....	11
Section 2.03.	Redemption	12
Section 2.04.	Form of Bonds	14
Section 2.05.	Execution of Bonds.....	15
Section 2.06.	Transfer of Bonds	15
Section 2.07.	Exchange of Bonds.....	15
Section 2.08.	Bond Register.....	16
Section 2.09.	Temporary Bonds	16
Section 2.10.	Bonds Mutilated, Lost, Destroyed or Stolen.....	16
Section 2.11.	Limited Obligation	16
Section 2.12.	Book-Entry Only System.....	17
Section 2.13.	No Acceleration	18

ARTICLE III

ISSUANCE OF BONDS

Section 3.01.	Issuance and Delivery of Bonds.....	19
Section 3.02.	Application of Proceeds of Sale of 2019 Bonds	19
Section 3.03.	Special Tax Fund.....	19
Section 3.04.	Improvement Fund.....	20
Section 3.05.	Costs of Issuance Fund	21

ARTICLE IV

SPECIAL TAX REVENUES; BOND FUND AND RESERVE FUND

Section 4.01.	Pledge of Special Tax Revenues and Other Amounts.	22
Section 4.02.	Bond Fund.....	22
Section 4.03.	Reserve Fund.....	23

ARTICLE V

OTHER COVENANTS OF THE CITY

Section 5.01.	Punctual Payment.....	26
Section 5.02.	Limited Obligation	26
Section 5.03.	Extension of Time for Payment	26
Section 5.04.	Against Encumbrances	26
Section 5.05.	Books and Accounts	26
Section 5.06.	Protection of Security and Rights of Owners	26
Section 5.07.	Compliance with Law; Completion of Project.....	27
Section 5.08.	Private Activity Bond Limitation	27
Section 5.09.	Federal Guarantee Prohibition	27
Section 5.10.	Collection of Special Tax Revenues.....	27
Section 5.11.	Further Assurances	28
Section 5.12.	No Arbitrage	28
Section 5.13.	Maintenance of Tax-Exemption.....	28
Section 5.14.	Annual State Reports.....	28
Section 5.15.	Covenant to Foreclose	29
Section 5.16.	Continuing Disclosure to Owners	29

Section 5.17.	Additional Bonds.....	29
Section 5.18.	Yield of the Bonds.....	32

ARTICLE VI
INVESTMENTS; DISPOSITION OF INVESTMENT PROCEEDS;
LIABILITY OF THE CITY

Section 6.01.	Deposit and Investment of Moneys in Funds.....	33
Section 6.02.	Rebate of Excess Investment Earnings to the United States	34
Section 6.03.	Limited Obligation	34

ARTICLE VII
THE FISCAL AGENT

Section 7.01.	Appointment of Fiscal Agent	35
Section 7.02.	Liability of Fiscal Agent	35
Section 7.03.	Information	37
Section 7.04.	Notice to Fiscal Agent.....	37
Section 7.05.	Compensation, Indemnification	38

ARTICLE VIII
MODIFICATION OR AMENDMENT OF THIS AGREEMENT

Section 8.01.	Amendments Permitted.....	39
Section 8.02.	Owners' Meetings	39
Section 8.03.	Procedure for Amendment with Written Consent of Owners	40
Section 8.04.	Disqualified Bonds	40
Section 8.05.	Effect of Supplemental Agreement.....	40
Section 8.06.	Endorsement or Replacement of Bonds Issued After Amendments	41
Section 8.07.	Amendatory Endorsement of Bonds.....	41
Section 8.08.	Opinion of Counsel Regarding Supplemental Agreement	41

ARTICLE IX
MISCELLANEOUS

Section 9.01.	Benefits of Agreement Limited to Parties.....	42
Section 9.02.	Successor is Deemed Included in All References to Predecessor	42
Section 9.03.	Discharge of Agreement	42
Section 9.04.	Execution of Documents and Proof of Ownership by Owners	43
Section 9.05.	Waiver of Personal Liability	43
Section 9.06.	Notices to and Demands on City and Fiscal Agent	43
Section 9.07.	Partial Invalidity	44
Section 9.08.	Unclaimed Moneys	44
Section 9.09.	Applicable Law	44
Section 9.10.	Conflict with Act	44
Section 9.11.	Conclusive Evidence of Regularity	44
Section 9.12.	Payment on Business Day	44
Section 9.13.	Counterparts.....	44

EXHIBIT A	FORM OF BOND	
EXHIBIT B	OFFICER'S CERTIFICATE REQUESTING DISBURSEMENT FROM IMPROVEMENT FUND	

FISCAL AGENT AGREEMENT

THIS FISCAL AGENT AGREEMENT (the "Agreement") is made and entered into as of _____ 1, 2019, by and between the City of Roseville, a charter city and public body, corporate and politic, organized and existing under and by virtue of the Constitution and laws of the State of California (the "City") for and on behalf of the City of Roseville SVSP Westpark-Federico Community Facilities District No. 1 (Public Facilities) (the "District"), and The Bank of New York Mellon Trust Company, N.A., as fiscal agent (the "Fiscal Agent").

W I T N E S S E T H :

WHEREAS, the City Council of the City has formed the District under the provisions of the Mello-Roos Community Facilities Act of 1982, as amended (constituting Section 53311 *et seq.* of the California Government Code) (the "Act") and Resolution No. 19-259 of the City Council adopted on June 5, 2019; and

WHEREAS, the City Council, as the legislative body of the District, is authorized under the Act to levy special taxes to pay for the costs of facilities within the District and to authorize the issuance of bonds secured by said special taxes under the Act; and

WHEREAS, under the provisions of the Act, on October 2, 2019, the City Council of the City adopted its Resolution No. 19-_____ (the "Resolution"), which resolution, among other matters, authorized the issuance of the City of Roseville SVSP Westpark-Federico Community Facilities District No. 1 (Public Facilities) Special Tax Bonds Series 2019 to provide moneys for the construction and acquisition of improvements for the District, and provided that said issuance would be in accordance with the Act and this Agreement and authorized the execution hereof; and

WHEREAS, it is in the public interest and for the benefit of the City, the District, the persons responsible for the payment of special taxes and the Owners of the Bonds (as defined herein) that the City enter into this Agreement to provide for the issuance of the Bonds, the disbursement of proceeds of the Bonds, the disposition of the special taxes securing the Bonds and any additional bonds authorized to be issued hereunder and the administration and payment of the Bonds; and

WHEREAS, the City has determined that all things necessary to cause the Bonds, when authenticated by the City for the District and issued as in the Act, the Resolution and this Agreement provided to be legal, valid and binding and special obligations of the City for the District in accordance with their terms, and all things necessary to cause the creation, authorization, execution and delivery of this Agreement and the creation, authorization, execution and issuance of the Bonds, subject to the terms hereof, have in all respects been duly authorized.

NOW, THEREFORE, in consideration of the covenants and provisions herein set forth and for other valuable consideration the receipt and sufficiency of which are hereby acknowledged, the parties hereto do hereby agree as follows:

ARTICLE I

STATUTORY AUTHORITY AND DEFINITIONS

Section 1.01. Authority for this Agreement. This Agreement is entered into pursuant to the provisions of the Act and the Resolution.

Section 1.02. Agreement for Benefit of Bondowners. The provisions, covenants and agreements herein set forth to be performed by or on behalf of the City shall be for the equal benefit, protection and security of the Owners. All of the Bonds, without regard to the time or times of their issuance or maturity, shall be of equal rank without preference, priority or distinction of any of the Bonds over any other thereof, except as expressly provided in or permitted by this Agreement. The Fiscal Agent may become the Owner of any of the Bonds in its own or any other capacity with the same rights it would have if it were not Fiscal Agent.

Section 1.03. Definitions. Unless the context otherwise requires, the terms defined in this Section 1.03 shall, for all purposes of this Agreement, of any Supplemental Agreement, and of any certificate, opinion or other document herein mentioned, have the meanings herein specified. All references herein to "Articles," "Sections" and other subdivisions are to the corresponding Articles, Sections or subdivisions of this Agreement, and the words "herein," "hereof," "hereunder" and other words of similar import refer to this Agreement as a whole and not to any particular Article, Section or subdivision hereof.

"Additional Bonds" means any series of bonds issued on a parity with the 2019 Bonds pursuant to Section 5.17.

"Administrative Expenses" means any or all of the following: the fees and expenses of the Fiscal Agent (including, but not limited to, any fees or expenses of its counsel), the expenses of the City in carrying out its duties hereunder (including, but not limited to, the levying and collection of the Special Taxes, and the foreclosure of the liens of delinquent Special Taxes) including the fees and expenses of its counsel, an allocable share of the salaries of City staff directly related thereto and a proportionate amount of City general administrative overhead related thereto, any amounts paid by the City from its general funds pursuant to Section 6.02, and all other costs and expenses of the City or the Fiscal Agent incurred in connection with the issuance and administration of the Bonds and/or the discharge of their respective duties hereunder (including, but not limited to, the calculation of the levy of the Special Taxes, foreclosures with respect to delinquent taxes, and the calculation of amounts subject to rebate to the United States) and, in the case of the City, in any way related to the administration of the District. Administrative Expenses shall include any such expenses incurred in prior years but not yet paid, and any advances of funds by the City under Section 6.02 hereof.

"Agreement" means this Fiscal Agent Agreement, as it may be amended or supplemented from time to time by any Supplemental Agreement.

"Annual Debt Service" means, for each Bond Year and each series of Outstanding Bonds, the sum of (i) the interest due on the respective series of Outstanding Bonds in such Bond Year, assuming that such Outstanding Bonds are retired as scheduled, and (ii) the principal amount of the respective series of Outstanding Bonds, including any mandatory sinking fund payments, due in such Bond Year.

“Authorized Officer” means the City Manager, Chief Financial Officer, City Attorney or any other officer or employee authorized by the City Council of the City or by an Authorized Officer to undertake the action referenced in this Agreement as required to be undertaken by an Authorized Officer.

“Bond Counsel” means (i) Jones Hall, A Professional Law Corporation or (ii) any other attorney or firm of attorneys acceptable to the City and nationally recognized for expertise in rendering opinions as to the legality and tax-exempt status of securities issued by public entities.

“Bond Fund” means the fund by that name established pursuant to Section 4.02(A) hereof.

“Bond Year” means each twelve-month period beginning on September 2 in any year and extending to the next succeeding September 1, both dates inclusive; except that the first Bond Year shall begin on the Closing Date and end on September 1, 2020.

“Bonds” means the 2019 Bonds and any Additional Bonds.

“Business Day” means any day other than (i) a Saturday or a Sunday or (ii) a day on which banking institutions in the state in which the Principal Office of the Fiscal Agent is located are authorized or obligated by law or executive order to be closed.

“CDIAC” means the California Debt and Investment Advisory Commission of the office of the California State Treasurer or any successor agency or bureau thereto.

“Chief Financial Officer” means the duly acting Chief Financial Officer of the City, or if the City has no Chief Financial Officer, the Finance Director, Treasurer or other officer of the City serving a similar role.

“City” means the City of Roseville, California, and any successor thereto.

“Closing Date” means _____, 2019, the date upon which there is a physical delivery of the 2019 Bonds in exchange for the amount representing the purchase price of the 2019 Bonds by the Original Purchaser.

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

“Continuing Disclosure Certificate” means the Continuing Disclosure Certificate, dated as of the Closing Date, executed by the City and Willdan Financial Services, in its capacity as Dissemination Agent, as originally executed and as it may be amended from time to time in accordance with the terms thereof.

“Cost of Issuance” means items of expense payable or reimbursable directly or indirectly by the City and related to the authorization, sale and issuance of the Bonds, which items of expense shall include, but not be limited to, printing costs, costs of reproducing and binding documents, closing costs, filing and recording fees, initial fees, expenses and charges

of the Fiscal Agent, including its first annual administration fee, and expenses and fees of counsel to the Fiscal Agent, expenses incurred by the City in connection with the issuance of the Bonds, financial advisor fees, Bond (underwriter's) discount or underwriting fee, legal fees and charges, including bond counsel, charges for execution, transportation and safekeeping of the Bonds and other costs, charges and fees in connection with the foregoing.

"Costs of Issuance Fund" means the fund by that name established pursuant to Section 3.05(A) hereof.

"DTC" means the Depository Trust Company, and its successors and assigns.

"Debt Service" means the scheduled amount of interest and amortization of principal payable on the Bonds during the period of computation, excluding amounts scheduled during such period which relate to principal which has been retired before the beginning of such period.

"Depository" means (i) initially, DTC, and (ii) any other Securities Depository acting as Depository pursuant to Section 2.12.

"District" means the City of Roseville SVSP Westpark-Federico Community Facilities District No. 1 (Public Facilities) formed pursuant to the Resolution of Formation.

"Fair Market Value" means the price at which a willing buyer would purchase the investment from a willing seller in a bona fide, arm's length transaction (determined as of the date the contract to purchase or sell the investment becomes binding) if the investment is traded on an established securities market (within the meaning of Section 1273 of the Code) and, otherwise, the term "Fair Market Value" means the acquisition price in a bona fide arm's length transaction (as referenced above) if (i) the investment is a certificate of deposit that is acquired in accordance with applicable regulations under the Code, (ii) the investment is an agreement with specifically negotiated withdrawal or reinvestment provisions and a specifically negotiated interest rate (for example, a guaranteed investment contract, a forward supply contract or other investment agreement) that is acquired in accordance with applicable regulations under the Code, (iii) the investment is a United States Treasury Security—State and Local Government Series that is acquired in accordance with applicable regulations of the United States Bureau of Public Debt, or (iv) the investment is the Local Agency Investment Fund of the State of California, but only if at all times during which the investment is held its yield is reasonably expected to be equal to or greater than the yield on a reasonably comparable direct obligation of the United States.

"Federal Securities" means any of the following which are non-callable and which at the time of investment are legal investments under the laws of the State of California for funds held by the Fiscal Agent (the Fiscal Agent entitled to rely upon investment direction from the City as a certification that such investment constitutes a legal investment):

(i) Direct general obligations of the United States of America (including obligations issued or held in book-entry form on the books of the United States Department of the Treasury) and obligations, the payment of principal of and interest on which are directly or indirectly guaranteed by the United States of America, including, without limitation, such of the foregoing which are commonly referred to as "stripped" obligations and coupons; or

(ii) Any of the following obligations of the following agencies of the United States of America: (a) direct obligations of the Export-Import Bank, (b) certificates of beneficial ownership issued by the Farmers Home Administration, (c) participation certificates issued by the General Services Administration, (d) mortgage-backed bonds or passthrough obligations issued and guaranteed by the Government National Mortgage Association, (e) project notes issued by the United States Department of Housing and Urban Development, and (f) public housing notes and bonds guaranteed by the United States of America.

"Fiscal Agent" means the Fiscal Agent appointed by the City and acting as an independent fiscal agent with the duties and powers herein provided, its successors and assigns, and any other corporation or association which may at any time be substituted in its place, as provided in Section 7.01.

"Fiscal Year" means the twelve-month period extending from July 1 in a calendar year to June 30 of the succeeding year, both dates inclusive.

"Improvement Fund" means the fund by that name established pursuant to Section 3.04(A).

"Information Services" means "EMMA" or the "Electronic Municipal Market Access" system of the Municipal Securities Rulemaking Board; or, in accordance with then-current guidelines of the Securities and Exchange Commission, such other services providing information with respect to called bonds as the City may designate in an Officer's Certificate delivered to the Fiscal Agent.

"Interest Payment Dates" means March 1 and September 1 of each year, commencing March 1, 2020.

"Maximum Annual Debt Service" means, for each series of Outstanding Bonds, the largest Annual Debt Service for any Bond Year after the calculation is made through the final maturity date of the respective series of Outstanding Bonds.

"Officer's Certificate" means a written certificate of the City signed by an Authorized Officer of the City.

"Ordinance" means any ordinance of the City levying the Special Taxes.

"Original Purchaser" means, with respect to each series of Bonds, the first purchaser of such Bonds from the City.

"Other Mello-Roos Bonds" has the meaning given that term in Section 5.17.

"Outstanding," when used as of any particular time with reference to Bonds, means (subject to the provisions of Section 8.04) all Bonds except (i) Bonds theretofore canceled by the Fiscal Agent or surrendered to the Fiscal Agent for cancellation; (ii) Bonds paid or deemed to have been paid within the meaning of Section 9.03; and (iii) Bonds in lieu of or in substitution for which other Bonds shall have been authorized, executed, issued and delivered by the City pursuant to the Agreement or any Supplemental Agreement.

“Owner” or “Bondowner” means any person who shall be the registered owner of any Outstanding Bond.

“Participating Underwriter” shall have the meaning ascribed thereto in the Continuing Disclosure Certificate.

“Permitted Investments” means any of the following, to the extent that they are lawful investments for City funds at the time of investment, and are acquired at Fair Market Value (the Fiscal Agent is entitled to rely upon investment direction from the City as a certification that such investment constitutes a legal investment):

(i) Federal Securities;

(ii) any of following obligations of federal agencies not guaranteed by the United States of America: (a) debentures issued by the Federal Housing Administration; (b) participation certificates or senior debt obligations of the Federal Home Loan Mortgage Corporation or Farm Credit Banks (consisting of Federal Land Banks, Federal Intermediate Credit Banks or Banks for Cooperatives); (c) bonds or debentures of the Federal Home Loan Bank Board established under the Federal Home Loan Bank Act, bonds of any federal home loan bank established under said act and stocks, bonds, debentures, participations and other obligations of or issued by the Federal National Mortgage Association, the Student Loan Marketing Association, the Government National Mortgage Association and the Federal Home Loan Mortgage Corporation; and (d) bonds, notes or other obligations issued or assumed by the International Bank for Reconstruction and Development;

(iii) interest-bearing demand or time deposits (including certificates of deposit) in federal or State of California chartered banks (including the Fiscal Agent and its affiliates), provided that (a) in the case of a savings and loan association, such demand or time deposits shall be fully insured by the Federal Deposit Insurance Corporation, or the unsecured obligations of such savings and loan association shall be rated in one of the top two rating categories by a nationally recognized rating service, and (b) in the case of a bank, such demand or time deposits shall be fully insured by the Federal Deposit Insurance Corporation, or the unsecured obligations of such bank (or the unsecured obligations of the parent bank holding company of which such bank is the lead bank) shall be rated in one of the top two rating categories by a nationally recognized rating service;

(iv) repurchase agreements with a registered broker/dealer subject to the Securities Investors Protection Corporation Liquidation in the event of insolvency, or any commercial bank provided that: (a) the unsecured obligations of such bank shall be rated in one of the top two rating categories by a nationally recognized rating service, or such bank shall be the lead bank of a banking holding company whose unsecured obligations are rated in one of the top two rating categories by a nationally recognized rating service; (b) the most recent reported combined capital, surplus and undivided profits of such bank shall be not less than \$100 million; (c) the repurchase obligation under any such repurchase obligation shall be required to be performed in not more than thirty (30) days; (d) the entity holding such securities as described in clause (c) shall have a pledged first security interest therein for the benefit of the Fiscal Agent under the California Commercial Code or pursuant to the book-entry procedures

described by 31 C.F.R. 306.1 *et seq.* or 31 C.F.R. 350.0 *et seq.* and are rated in one of the top two rating categories by a nationally recognized rating service;

(v) bankers' acceptances endorsed and guaranteed by banks described in clause (iv) above;

(vi) obligations, the interest on which is exempt from federal income taxation under Section 103 of the Code and which are rated in the one of the top two rating categories by a nationally recognized rating service;

(vii) money market funds which invest solely in Federal Securities or in obligations described in the preceding clause (ii) of this definition, or money market funds which are rated in the highest rating category by Standard & Poor's Ratings Services or Moody's Investor Service, including such funds for which the Fiscal Agent, its affiliates or subsidiaries provide investment advisory or other management services or for which the Fiscal Agent or an affiliate of the Fiscal Agent serves as investment administrator, shareholder servicing agent, and/or custodian or subcustodian, notwithstanding that (a) the Fiscal Agent or an affiliate of the Fiscal Agent receives and retains a fee for services provided to the fund, (b) the Fiscal Agent collects fees for services rendered pursuant to this Agreement, which fees are separate from the fees received from such funds, and (c) services performed for such funds and pursuant to this Agreement may at times duplicate those provided to such funds by the Fiscal Agent or an affiliate of the Fiscal Agent;

(viii) units of a taxable government money market portfolio comprised solely of obligations listed in (i) and (iv) above, such funds for which the Fiscal Agent, its affiliates or subsidiaries provide investment advisory or other management services or for which the Fiscal Agent or an affiliate of the Fiscal Agent serves as investment administrator, shareholder servicing agent, and/or custodian or subcustodian, notwithstanding that (a) the Fiscal Agent or an affiliate of the Fiscal Agent receives and retains a fee for services provided to the fund, (b) the Fiscal Agent collects fees for services rendered pursuant to this Agreement, which fees are separate from the fees received from such funds, and (c) services performed for such funds and pursuant to this Agreement may at times duplicate those provided to such funds by the Fiscal Agent or an affiliate of the Fiscal Agent;

(ix) any investment which is a legal investment for proceeds of the Bonds at the time of the execution of such agreement, and which investment is made pursuant to an agreement between the City or the Fiscal Agent or any successor Fiscal Agent and a financial institution or governmental body whose long term debt obligations are rated in one of the top two rating categories by a nationally recognized rating service;

(x) commercial paper which at the time of purchase is of "prime" quality of the highest ranking or of the highest letter and numerical rating as provided for by Moody's Investors Service, or Standard and Poor's Corporation, of issuing corporations that are organized and operating within the United States and having total assets in excess of five hundred million dollars (\$500,000,000) and having an "AA" or higher rating for the issuer's debentures, other than commercial paper, as provided for by Moody's Investors Service or Standard and Poor's Corporation, and provided that purchases of eligible commercial paper may not exceed 180 days maturity nor represent more than 10 percent of the outstanding paper of an issuing corporation;

(xi) any general obligation of a bank or insurance company whose long term debt obligations are rated in one of the two highest rating categories of a national rating service;

(xii) shares in a common law trust established pursuant to Title 1, Division 7, Charter 5 of the Government Code of the State which invests exclusively in investments permitted by Section 53635 of Title 5, Division 2, Chapter 4 of the Government Code of the State, as it may be amended;

(xiii) shares in the California Asset Management Program; or

(xiii) the Local Agency Investment Fund established pursuant to Section 16429.1 of the Government Code of the State of California, *provided, however*, that the Fiscal Agent shall be permitted to make investments and withdrawals in its own name and the Fiscal Agent may restrict investments in the such fund if necessary to keep moneys available for the purposes of this Fiscal Agent Agreement.

(xiv) any other lawful investment for City funds.

“Prepayment” means moneys received by the City from the prepayment of Special Taxes as provided in the Special Tax Formula.

“Prepayment Account” means the account within the Bond Fund by that name established pursuant to Section 4.02(A).

“Principal Office” means the corporate trust office of the Fiscal Agent set forth in Section 9.06, or such other or additional offices as may be designated by the Fiscal Agent.

“Project” means the acquisition and/or construction of the authorized facilities for the District described in the Resolution of Formation, including Administrative Expenses related thereto.

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

“Record Date” means the 15th day of the month preceding an Interest Payment Date, whether or not such day is a Business Day.

“Regulations” means temporary and permanent regulations promulgated under the Code.

“Reserve Fund” means the fund by that name established pursuant to Section 4.03(A).

“Reserve Requirement” means, with respect to any series of Bonds, the least of (i) 125% of the average Annual Debt Service with respect to the applicable series of Bonds; (ii) Maximum Annual Debt Service with respect to the applicable series of Bonds; and (iii) 10% of the original principal amount of the applicable series of Bonds (or, if the applicable series of Bonds has more than a de minimis amount of original issue discount or premium, 10% of the issue price of such series of Bonds); provided, that—

(a) the Reserve Requirement for the 2019 Bonds shall not increase after the date of issuance of the 2019 Bonds;

(b) in no event shall the City be obligated to deposit an amount in any reserve fund in excess of the amount permitted by the applicable provisions of the Code to be so deposited from the proceeds of tax-exempt bonds without having to restrict the yield of any investment purchased with any portion of such deposit and, if the amount of any such deposit is so limited, the Reserve Requirement shall be only the amount of such deposit as permitted by the Code; and

(c) the City may meet all or a portion of the Reserve Requirement with respect to any series of Bonds by depositing a Qualified Reserve Fund Credit Instrument in accordance with Section 4.03(A).

“Resolution” means Resolution No. 19-_____ adopted by the City Council of the City on October 2, 2019, which resolution, among other matters, authorized the issuance of the Bonds.

“Resolution of Formation” means Resolution No. 19-259, adopted by the City Council of the City on June 5, 2019, establishing the District.

“Securities Depositories” means DTC; and, in accordance with then current guidelines of the Securities and Exchange Commission, such other addresses and/or such other securities depositories as the City may designate in an Officer’s Certificate delivered to the Fiscal Agent.

“Special Tax Formula” means the “Rate, Method of Apportionment, and Manner of Collection of Special Tax for City of Roseville SVSP Westpark-Federico Community Facilities District No. 1 (Public Facilities),” approved by the qualified electors in the District on June 5, 2019, and as it may be amended in the future.

“Special Tax Fund” means the fund by that name established by Section 3.03(A) hereof.

“Special Tax Revenues” means the proceeds of the Special Taxes received by the City, including all scheduled payments and delinquent payments thereof, interest thereon and proceeds of the redemption or sale of property sold as a result of foreclosure of the lien of the Special Taxes, net of the administration charge of the County (currently at 1%), but shall not include any interest in excess of the interest due on the Bonds or any penalties collected in connection with any such foreclosure.

“Special Taxes” means the “Facilities Special Tax” (as defined in the Special Tax Formula) levied within the District pursuant to the Act, the Ordinance, and this Agreement. For

clarity, the “Maintenance Special Tax” (as defined in the Special Tax Formula) is not included in this definition of “Special Taxes” and does not constitute security for the repayment of the Bonds.

“*Supplemental Agreement*” means an agreement the execution of which is authorized by a resolution which has been duly adopted by the City under the Act and which agreement is amendatory of or supplemental to this Agreement, but only if and to the extent that such agreement is specifically authorized hereunder.

“*Term 2019 Bonds*” means the 2019 Bonds maturing on September 1, 20__, and September 1, 20__.

“*2019 Bonds*” means the City of Roseville SVSP Westpark-Federico Community Facilities District No. 1 (Public Facilities) Special Tax Bonds Series 2019.

“*2019 Capitalized Interest Account*” means the fund by that name established pursuant to Section 4.02(BA) hereof.

“*2019 Reserve Account*” means the account within the Reserve Fund by that name established pursuant to Section 4.03(A).

ARTICLE II

THE 2019 BONDS

Section 2.01. Principal Amount; Designation. The 2019 Bonds in the aggregate principal amount of \$_____ are hereby authorized to be issued by the City for the District under and subject to the terms of the Resolution and this Agreement, the Act and other applicable laws of the State of California. The 2019 Bonds shall be designated the "City of Roseville SVSP Westpark-Federico Community Facilities District No. 1 (Public Facilities) Special Tax Bonds Series 2019."

Section 2.02. Terms of the 2019 Bonds.

(A) Form; Denominations. The 2019 Bonds shall be issued as fully registered Bonds without coupons in the denomination of \$5,000 or any integral multiple of \$5,000 in excess thereof. The 2019 Bonds shall be lettered and numbered in a customary manner as determined by the Fiscal Agent.

(B) Date of the 2019 Bonds. The 2019 Bonds shall be dated the Closing Date.

(C) CUSIP Identification Numbers. "CUSIP" identification numbers shall be imprinted on the 2019 Bonds, but such numbers shall not constitute a part of the contract evidenced by the 2019 Bonds and any error or omission with respect thereto shall not constitute cause for refusal of any purchaser to accept delivery of and pay for the 2019 Bonds. In addition, failure on the part of the City or the Fiscal Agent to use such CUSIP numbers in any notice to Owners shall not constitute an event of default or any violation of the City's contract with such Owners and shall not impair the effectiveness of any such notice.

(D) Maturities. The 2019 Bonds shall be issued as serial bonds and term bonds, and shall mature and become payable as follows:

Maturity Date (Sept. 1)	Principal Amount \$	Interest Rate %
----------------------------	---------------------------	-----------------------

(E) Interest. The 2019 Bonds shall bear interest at the rates set forth above payable on the Interest Payment Dates in each year. Interest shall be calculated on the basis of a 360-day year composed of twelve 30-day months. Each 2019 Bond shall bear interest from the Interest Payment Date next preceding the date of authentication thereof unless (i) it is authenticated on an Interest Payment Date, in which event it shall bear interest from such date of authentication, or (ii) it is authenticated prior to an Interest Payment Date and after the close of business on the Record Date preceding such Interest Payment Date, in which event it shall bear interest from such Interest Payment Date, or (iii) it is authenticated prior to the Record Date preceding the first Interest Payment Date, in which event it shall bear interest from the Closing Date; provided, however, that if at the time of authentication of a 2019 Bond, interest is in default thereon, such 2019 Bond shall bear interest from the Interest Payment Date to which interest has previously been paid or made available for payment thereon.

(F) Method of Payment. Interest on the 2019 Bonds (including the final interest payment upon maturity or earlier redemption) is payable by check of the Fiscal Agent mailed on the Interest Payment Dates by first class mail to the registered Owner thereof at such registered Owner's address as it appears on the registration books maintained by the Fiscal Agent at the close of business on the Record Date preceding the Interest Payment Date, or by wire transfer made on such Interest Payment Date upon written instructions received by the Fiscal Agent on or before the Record Date preceding the Interest Payment Date of any Owner of \$1,000,000 or more in aggregate principal amount of 2019 Bonds; provided that so long as any 2019 Bonds are in book-entry form, payments with respect to such 2019 Bonds shall be made by wire transfer or such other method acceptable to the Fiscal Agent to the Depository. The principal of the 2019 Bonds and any premium on the 2019 Bonds are payable in lawful money of the United States of America upon surrender of the 2019 Bonds at the Principal Office of the Fiscal Agent. All 2019 Bonds paid by the Fiscal Agent pursuant to this Section shall be cancelled by the Fiscal Agent. The Fiscal Agent shall destroy the cancelled 2019 Bonds and issue a certificate of destruction thereof to the City.

Section 2.03. Redemption.

(A) Redemption Dates.

(i) Optional Redemption. The 2019 Bonds are subject to optional redemption from any source of available funds (other than Prepayments of the Special Tax by property owners), in whole or in part among maturities as specified by the City and by lot within a maturity, on any date on and after September 1, 20__ at the following respective redemption prices (expressed as percentages of the principal amount of the 2019 Bonds to be redeemed), plus accrued interest thereon to the date of redemption:

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

(ii) Mandatory Redemption From Prepayments. The 2019 Bonds are subject to mandatory redemption from Prepayments of the Special Tax by property owners, in whole or in part among maturities as specified by the City and by lot within a maturity, on any Interest Payment Date at the following respective redemption prices (expressed as percentages of the principal amount of the 2019 Bonds to be redeemed), plus accrued interest thereon to the date of redemption:

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

(iii) Mandatory Sinking Fund Redemption. The Term 2019 Bonds maturing September 1, 20__ and September 1, 20__ are subject to mandatory sinking payment redemption in part on September 1, 20__ and September 1, 20__, respectively, and on each September 1 thereafter to maturity, by lot, at a redemption price equal to 100% of the principal

amount thereof to be redeemed, without premium, in the aggregate respective principal amounts as set forth in the following tables:

Term 2019 Bonds Due September 1, 20__

Mandatory Redemption Date <u>September 1)</u>	Sinking Fund <u>Payment</u>
---	--------------------------------

Term 2019 Bonds Due September 1, 20__

Mandatory Redemption Date <u>September 1)</u>	Sinking Fund <u>Payment</u>
---	--------------------------------

The amounts in the foregoing tables shall be reduced pro rata, at the direction of the City in an Officer's Certificate, as a result of any prior partial optional or mandatory redemption of the Term 2019 Bonds pursuant to Section 2.03(A)(i) or (ii) above. In the event of a redemption pursuant to Section 2.03(A)(i) or (ii), the City shall provide the Fiscal Agent with a revised sinking fund schedule giving effect to the redemption so completed.

In lieu of redemption under this Section 2.03, moneys in the Bond Fund may be used and withdrawn by the Fiscal Agent for purchase of Outstanding 2019 Bonds, upon the filing with the Fiscal Agent of an Officer's Certificate requesting such purchase, at public or private sale as and when, and at such prices (including brokerage and other charges) as such Officer's Certificate may provide, but in no event may 2019 Bonds be purchased at a price in excess of the principal amount thereof, plus interest accrued to the date of purchase.

(B) Notice to Fiscal Agent. The City shall give the Fiscal Agent an Officer's Certificate containing notice of its intention to redeem 2019 Bonds pursuant to Section 2.03(A)(i) and (ii) not less than 60 days prior to the applicable redemption date.

(C) Redemption Procedure by Fiscal Agent; Rescission. The Fiscal Agent shall cause notice of any redemption to be mailed by first class mail, postage prepaid, at least 20 days but not more than 60 days prior to the date fixed for redemption, to the Securities Depositories and to one or more Information Services, and to the respective registered Owners of any 2019 Bonds designated for redemption, at their addresses appearing on the 2019 Bond registration books in the Principal Office of the Fiscal Agent; but such mailing shall not be a condition precedent to such redemption and failure to mail or to receive any such notice, or any defect therein, shall not affect the validity of the proceedings for the redemption of such 2019 Bonds.

Such notice shall state the redemption date and the redemption price and, if less than all of the then Outstanding 2019 Bonds are to be called for redemption, shall designate the CUSIP numbers and 2019 Bond numbers of the 2019 Bonds to be redeemed by giving the individual CUSIP number and 2019 Bond number of each 2019 Bond to be redeemed or shall state that all 2019 Bonds between two stated 2019 Bond numbers, both inclusive, are to be redeemed or that all of the 2019 Bonds of one or more maturities have been called for redemption, shall state as to any 2019 Bond called in part the principal amount thereof to be redeemed, and shall require that such 2019 Bonds be then surrendered at the Principal Office of the Fiscal Agent for redemption at the said redemption price, and shall state that further interest on such 2019 Bonds will not accrue from and after the redemption date.

Upon the payment of the redemption price of 2019 Bonds being redeemed, each check or other transfer of funds issued for such purpose shall, to the extent practicable, bear the CUSIP number identifying, by issue and maturity, of the 2019 Bonds being redeemed with the proceeds of such check or other transfer.

The City has the right to rescind any notice of the redemption of 2019 Bonds under Section 2.03(A)(i) by written notice to the Fiscal Agent on or prior to two Business Days prior the date fixed for redemption. Any notice of redemption shall be cancelled and annulled if for any reason funds will not be or are not available on the date fixed for redemption for the payment in full of the 2019 Bonds then called for redemption, and such cancellation shall not constitute an event of default. The City and the Fiscal Agent have no liability to the Owners or any other party related to or arising from such rescission of redemption. The Fiscal Agent shall mail notice of such rescission of redemption in the same manner as the original notice of redemption was sent under this Section.

Whenever provision is made in this Agreement for the redemption of less than all of the 2019 Bonds of any maturity, the Fiscal Agent shall select the 2019 Bonds to be redeemed, from all 2019 Bonds or such given portion thereof of such maturity by lot in any manner which the Fiscal Agent in its sole discretion shall deem appropriate.

Upon surrender of 2019 Bonds redeemed in part only, the City shall execute, and the Fiscal Agent shall authenticate and deliver, to the registered Owner, at the expense of the City, a new 2019 Bond or 2019 Bonds, of the same series and maturity, of authorized denominations in an aggregate principal amount equal to the unredeemed portion of the 2019 Bond or 2019 Bonds.

(D) Effect of Redemption. From and after the date fixed for redemption, if funds available for the payment of the principal of, and interest and any premium on, the 2019 Bonds so called for redemption shall have been deposited in the Bond Fund, such 2019 Bonds so called shall cease to be entitled to any benefit under this Agreement other than the right to receive payment of the redemption price, and no interest shall accrue thereon on or after the redemption date specified in such notice.

All 2019 Bonds redeemed and purchased by the Fiscal Agent pursuant to this Section shall be canceled by the Fiscal Agent. The Fiscal Agent shall destroy the cancelled 2019 Bonds and issue a certificate of destruction thereof to the City.

Section 2.04. Form of Bonds. The 2019 Bonds, the form of Fiscal Agent's certificate of authentication and the form of assignment, to appear thereon, shall be substantially in the

forms, respectively, set forth in Exhibit A attached hereto and by this reference incorporated herein, with necessary or appropriate variations, omissions and insertions, as permitted or required by this Agreement, the Resolution and the Act.

Section 2.05. Execution of Bonds. The Bonds shall be executed on behalf of the City by the Mayor and the City Clerk of the City who are in office on the date of adoption of this Agreement or at any time thereafter, and the seal of the City may be impressed, imprinted or reproduced by facsimile signature thereon. If any officer whose signature appears on any Bond ceases to be such officer before delivery of the Bonds to the Owner, such signature shall nevertheless be as effective as if the officer had remained in office until the delivery of the Bonds to the Owner. Any Bond may be signed and attested on behalf of the City by such persons as at the actual date of the execution of such Bond shall be the proper officers of the City although at the nominal date of such Bond any such person shall not have been such officer of the City.

Only such Bonds as shall bear thereon a certificate of authentication in substantially the form set forth in Exhibit A, executed and dated by the Fiscal Agent, shall be valid or obligatory for any purpose or entitled to the benefits of this Agreement, and such certificate of authentication of the Fiscal Agent shall be conclusive evidence that the Bonds registered hereunder have been duly authenticated, registered and delivered hereunder and are entitled to the benefits of this Agreement.

Section 2.06. Transfer of Bonds. Any Bond may, in accordance with its terms, be transferred, upon the books required to be kept pursuant to the provisions of Section 2.08 by the person in whose name it is registered, in person or by his duly authorized attorney, upon surrender of such Bond for cancellation, accompanied by delivery of a duly written instrument of transfer in a form acceptable to the Fiscal Agent. The cost for any services rendered or any expenses incurred by the Fiscal Agent in connection with any such transfer shall be paid by the City. The Fiscal Agent shall collect from the Owner requesting such transfer any tax or other governmental charge required to be paid with respect to such transfer.

Whenever any Bond or Bonds shall be surrendered for transfer, the City shall execute and the Fiscal Agent shall authenticate and deliver a new Bond or Bonds, for a like aggregate principal amount of Bonds of authorized denominations and of the same maturity.

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

Prior to any transfer of Bonds outside the book-entry system (including, but not limited to, the initial transfer outside the book-entry system), the transferor shall provide or cause to be provided to the Fiscal Agent all information necessary to allow the Fiscal Agent to comply with any applicable tax reporting obligations, including without limitation any cost basis reporting obligations under Internal Revenue Code Section 6045. The Fiscal Agent shall conclusively rely on the information provided to it and shall have no responsibility to verify or ensure the accuracy of such information.

Section 2.07. Exchange of Bonds. Bonds may be exchanged at the Principal Office of the Fiscal Agent for a like aggregate principal amount of Bonds of authorized denominations and of the same maturity. The cost for any services rendered or any expenses incurred by the Fiscal Agent in connection with any such exchange shall be paid by the City. The Fiscal Agent

shall collect from the Owner requesting such exchange any tax or other governmental charge required to be paid with respect to such exchange.

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

Section 2.08. Bond Register. The Fiscal Agent will keep or cause to be kept, at its Principal Office, sufficient books for the registration and transfer of the Bonds (the "Bond Register"), which books shall show the series number, date, amount, rate of interest and Owner of each Bond and shall at all times be open to inspection by the City during regular business hours upon reasonable notice; and, upon presentation for such purpose, the Fiscal Agent shall, under such reasonable regulations as it may prescribe, register or transfer or cause to be registered or transferred, on said books, the ownership of the Bonds as hereinbefore provided.

Section 2.09. Temporary Bonds. The Bonds may be initially issued in temporary form exchangeable for definitive Bonds when ready for delivery. The temporary Bonds may be printed, lithographed or typewritten, shall be of such denominations as may be determined by the City, and may contain such reference to any of the provisions of this Agreement as may be appropriate. Every temporary Bond shall be executed by the City upon the same conditions and in substantially the same manner as the definitive Bonds. If the City issues temporary Bonds it will execute and furnish definitive Bonds without delay and thereupon the temporary Bonds shall be surrendered, for cancellation, in exchange for the definitive Bonds at the Principal Office of the Fiscal Agent or at such other location as the Fiscal Agent shall designate, and the Fiscal Agent shall authenticate and deliver in exchange for such temporary Bonds an equal aggregate principal amount of definitive Bonds of authorized denominations. Until so exchanged, the temporary bonds shall be entitled to the same benefits under this Agreement as definitive Bonds authenticated and delivered hereunder.

Section 2.10. Bonds Mutilated, Lost, Destroyed or Stolen. If any Bond shall become mutilated, the City shall execute, and the Fiscal Agent shall authenticate and deliver, a new Bond of like tenor and principal amount in exchange and substitution for the Bond so mutilated, but only upon surrender to the Fiscal Agent of the Bond so mutilated. Every mutilated Bond so surrendered to the Fiscal Agent shall be canceled by it and destroyed by the Fiscal Agent who shall deliver a certificate of destruction thereof to the City. If any Bond shall be lost, destroyed or stolen, evidence of such loss, destruction or theft may be submitted to the Fiscal Agent and, if such evidence be satisfactory to it and indemnity for the Fiscal Agent and the City satisfactory to the Fiscal Agent shall be given, the City shall execute, and the Fiscal Agent shall authenticate and deliver, a new Bond of like tenor and principal amount in lieu of and in substitution for the Bond so lost, destroyed or stolen. The City may require payment of a sum not exceeding the actual cost of preparing each new Bond delivered under this Section and of the expenses which may be incurred by the City and the Fiscal Agent for the preparation, execution, authentication and delivery. Any Bond delivered under the provisions of this Section in lieu of any Bond alleged to be lost, destroyed or stolen shall constitute an original additional contractual obligation on the part of the City whether or not the Bond so alleged to be lost, destroyed or stolen is at any time enforceable by anyone, and shall be equally and proportionately entitled to the benefits of this Agreement with all other Bonds issued pursuant to this Agreement.

Section 2.11. Limited Obligation. All obligations of the City under this Agreement and the Bonds shall be special obligations of the City, payable solely from the Special Tax

Revenues and the funds pledged therefore hereunder. Neither the full faith and credit nor the taxing power of the City (except to the limited extent set forth herein) or the State of California or any political subdivision thereof is pledged to the payment of the Bonds.

Section 2.12. Book-Entry Only System. DTC shall act as the initial Depository for the Bonds. One Bond for each maturity of the Bonds shall be initially executed, authenticated, and delivered as set forth herein as a separate fully registered certificate (in printed or typewritten form). Upon initial execution, authentication, and delivery, the ownership of the Bonds shall be registered in the Bond Register kept by the Fiscal Agent for the Bonds in the name of Cede & Co, as nominee of DTC or such nominee as DTC shall appoint in writing.

The Authorized Officers and the Fiscal Agent are hereby authorized to take any and all actions as may be necessary and not inconsistent with this Agreement to qualify the Bonds for the Depository's book-entry system, including the execution of the Depository's required representation letter.

With respect to Bonds registered in the Bond Register in the name of Cede & Co, as nominee of DTC, the Fiscal Agent shall not have any responsibility or obligation to any broker-dealer, bank, or other financial institution for which DTC holds Bonds as Depository from time to time (the "DTC Participants") or to any person for which a DTC Participant acquires an interest in the Bonds (the "Beneficial Owners"). Without limiting the immediately preceding sentence, the Fiscal Agent shall not have any responsibility or obligation with respect to (i) the accuracy of the records of DTC, Cede & Co, or any DTC Participant with respect to any ownership interest in the Bonds, (ii) the delivery to any DTC Participant, any Beneficial Owner, or any other person, other than DTC, of any notice with respect to the Bonds, including any notice of redemption or mandatory tender, (iii) the selection by the Depository of the beneficial interests in the Bonds to be redeemed in the event the City elects to redeem the Bonds in part, (iv) the payment to any DTC Participant, any Beneficial Owner, or any other person, other than DTC, of any amount with respect to the principal of or interest on the Bonds, or (v) any consent given or other action taken by the Depository as Owner of the Bonds.

The Fiscal Agent may treat as and deem DTC to be the absolute Owner of each Bond for which DTC is acting as Depository for the purpose of payment of the principal of and interest on such Bonds, for the purpose of giving notices of prepayment and other matters with respect to such Bonds, for the purpose of registering transfers with respect to such Bonds, and for all purposes whatsoever. The Fiscal Agent shall pay all principal of and interest on the Bonds only to the Owners as shown on the Registration Books, and all such payments shall be valid and effective to fully satisfy and discharge all obligations with respect to the principal of and interest on the Bonds to the extent of the sums or sums so paid.

No person other than an Owner, as shown on the Bond Register, shall receive a physical Bond. Upon delivery by DTC to the Fiscal Agent of written notice to the effect that DTC has determined to substitute a new nominee in place of Cede & Co., and subject to the transfer provisions in Section 2.06 hereof, references to "Cede & Co." in this Section 2.12 shall refer to such new nominee of DTC.

DTC may determine to discontinue providing its services with respect to the Bonds at any time by giving written notice to the Fiscal Agent and the City during any time that the Bonds are Outstanding, and discharging its responsibilities with respect thereto under applicable law. The City may terminate the services of DTC with respect to the Bonds if it

determines that DTC is unable to discharge its responsibilities with respect to the Bonds or that continuation of the system of book-entry transfers through DTC is not in the best interest of the Beneficial Owners, and the City shall mail notice of such termination to the Fiscal Agent.

Upon the termination of the services of DTC as provided in the previous paragraph, and if no substitute Depository willing to undertake the functions hereunder can be found which is willing and able to undertake such functions upon reasonable or customary terms, or if the City determines that it is in the best interest of the Beneficial Owners of the Bonds that they be able to obtain certificated Bonds, the Bonds shall no longer be restricted to being registered in the Bond Register of the Fiscal Agent in the name of Cede & Co., as nominee of DTC, but may be registered in whatever name or names the Owners shall designate at that time, in accordance with Section 2.06.

To the extent that the Beneficial Owners are designated as the transferee by the Owners, in accordance with Section 2.06, the Bonds will be delivered to such Beneficial Owners as soon as practicable.

Section 2.13. No Acceleration. The principal of the Bonds shall not be subject to acceleration hereunder. Nothing in this Section 2.13 shall in any way prohibit the prepayment or redemption of Bonds under Section 2.03 hereof, or the defeasance of the Bonds and discharge of this Agreement under Section 9.03 hereof.

ARTICLE III

ISSUANCE OF BONDS

Section 3.01. Issuance and Delivery of Bonds. At any time after the execution of this Agreement, the City may issue the Bonds for the District in the aggregate principal amount set forth in Section 2.01 (with respect to the 2019 Bonds) or as authorized in any Supplemental Agreement (with respect to any Additional Bonds) and deliver such Bonds to the Original Purchaser. The Authorized Officers of the City are hereby authorized and directed to deliver any and all documents and instruments necessary to cause the issuance of Bonds in accordance with the provisions of the Act, the Resolution and this Agreement, to authorize the payment of Costs of Issuance of the Bonds from the proceeds of the Bonds and to do and cause to be done any and all acts and things necessary or convenient for delivery of the Bonds to the Original Purchaser.

Section 3.02. Application of Proceeds of Sale of 2019 Bonds.

The proceeds of the purchase of the 2019 Bonds by the Original Purchaser in the amount of \$_____ (representing the principal of amount of the 2019 Bonds (\$_____), plus/less [net] original issue premium/discount of \$_____, less an Original Purchaser's discount of \$_____), shall be paid to the Fiscal Agent, who shall forthwith set aside, pay over and deposit such proceeds on the Closing Date as follows:

- (ii) Deposit in the 2019 Reserve Account of the Reserve Fund \$_____, equaling the initial amount of the Reserve Requirement for the 2019 Bonds;
- (ii) Deposit in the Improvement Fund \$_____;
- (iii) Deposit in the 2019 Capitalized Interest Account of the Bond Fund to pay interest on the 2019 Bonds through September 1, 2020; and
- (iv) Deposit in the Costs of Issuance Fund \$_____.

(B) The Fiscal Agent may establish such temporary funds and accounts as is necessary to accomplish the purposes of Section 3.02(A).

Section 3.03. Special Tax Fund.

(A) Establishment of Special Tax Fund. There is hereby established as a separate fund to be held by the Chief Financial Officer, the SVSP Westpark-Federico Community Facilities District No. 1 (Public Facilities) Special Tax Bonds Special Tax Fund, to the credit of which the City shall deposit, immediately upon receipt, all Special Tax Revenues received by the City (other than as a result of Prepayments) and any other amounts required hereunder to be deposited in the Special Tax Fund, and within such fund, a Surplus Account, to the credit of which the City shall deposit surplus Special Tax Revenues described in Section 3.03(B) below. Moneys in the Special Tax Fund shall be held in trust by the City for the benefit of the City and the Owners of the Bonds, shall be disbursed as provided below and, pending any disbursement, shall be subject to a lien in favor of the Owners of the Bonds.

(B) Disbursements. As soon as practicable after the receipt by the City of any Special Tax Revenues, other than as a result of Prepayments, or the transfer of amounts to the Special Tax Fund pursuant to the terms hereof, but no later than 10 Business Days after such receipt or transfer, the Chief Financial Officer shall withdraw from the Special Tax Fund and transfer to the Fiscal Agent for deposit: (i) in the Bond Fund, an amount, taking into account any amounts then on deposit in the Bond Fund, such that the amount in the Bond Fund equals the principal, premium, if any, and interest due on the Bonds during the then-current Bond Year; (ii) in the Reserve Fund, an amount, taking into account amounts then on deposit in each reserve account within the Reserve Fund, so that the amount in the reserve accounts of the Reserve Fund equals the Reserve Requirement with respect to each series of Bonds. After the transfers under subsections (i) and (ii) have been made, the City may, on or after September 2nd of each year transfer to the Surplus Account the amount remaining in the Special Tax Fund, whereupon such moneys transferred shall be free of the pledge for payment of the Bonds.

From time to time, the City may withdraw from the Surplus Account of the Special Tax Fund amounts needed to pay Administrative Costs, costs of the Project or incidental expenses of the District authorized under the Act. Moneys in the Surplus Account may, at the City's discretion, also be used to pay the principal of, premium, if any, and interest on the Bonds or to replenish the Reserve Fund to the amount of the Reserve Requirement.

(C) Investment. Moneys in the Special Tax Fund shall be invested and deposited in accordance with Section 6.01. Interest earnings and profits resulting from such investment and deposit shall be retained in the Special Tax Fund to be used for the purposes thereof.

Section 3.04. Improvement Fund.

(A) Establishment of Improvement Fund. There is hereby established as a separate fund to be held by the Fiscal Agent, the SVSP Westpark-Federico Community Facilities District No. 1 (Public Facilities) Special Tax Bonds Improvement Fund, to the credit of which a deposit shall be made as required by Section 3.02. Moneys in the Improvement Fund shall be held in trust and shall be disbursed as provided in subsection (B) of this Section for the payment or reimbursement of costs of the Project. Each such Officer's Certificate shall be sufficient evidence to the Fiscal Agent of the facts stated therein and the Fiscal Agent shall have no duty to confirm the accuracy of such facts. Prior to disbursement, amounts on deposit in the Improvement Fund shall be subject to a lien in favor of the Owners of the Bonds.

(B) Procedure for Disbursement. Disbursements from the Improvement Fund shall be made by the Fiscal Agent upon receipt of an Officer's Certificate substantially in the form of Exhibit B attached hereto which shall:

- (i) set forth the amount required to be disbursed, the purpose for which the disbursement is to be made, the person to which the disbursement is to be paid and state that such disbursement is for a Project cost; and
- (ii) certify that no portion of the amount then being requested to be disbursed was set forth in any Officers Certificate previously filed requesting disbursement.

Each such Officer's Certificate shall be sufficient evidence to the Fiscal Agent of the facts stated therein and the Fiscal Agent shall have no duty to confirm the accuracy of such facts.

(C) Investment. Moneys in the Improvement Fund and the accounts established thereunder shall be invested and deposited in accordance with Section 6.01. Interest earnings and profits from the investment of amounts in the Improvement Fund shall be retained by the Fiscal Agent in the Improvement Fund to be used for the purposes of the Improvement Fund.

(D) Closing of Fund. Upon the filing of an Officer's Certificate stating that the portion of the Project to be financed from the Improvement Fund and the accounts established thereunder has been completed and that all costs of such portion of the Project and all Administrative Expenses of the District have been paid, the Fiscal Agent shall transfer the amount, if any, remaining in the Improvement Fund to the Bond Fund for application to the payment of principal of and interest on the Bonds in accordance with Section 4.02 and the Improvement Fund shall be closed.

Section 3.05. Costs of Issuance Fund.

(A) Establishment of Costs of Issuance Fund. There is hereby established as a separate fund to be held by the Fiscal Agent, the SVSP Westpark-Federico Community Facilities District No. 1 (Public Facilities) Special Tax Bonds Costs of Issuance Fund, to the credit of which a deposit shall be made as required by Section 3.02. Moneys in the Costs of Issuance Fund shall be held in trust by the Fiscal Agent and shall be disbursed as provided in subsection (B) of this Section for the payment or reimbursement of Costs of Issuance of the 2019 Bonds.

(B) Disbursement. Amounts in the Costs of Issuance Fund shall be disbursed from time to time to pay Costs of Issuance, as set forth in an Officer's Certificate containing respective amounts to be paid to the designated payees, signed by an Authorized Officer or a designee thereof and delivered to the Fiscal Agent. The Fiscal Agent shall pay all Costs of Issuance of the Bonds upon receipt of an invoice from any such payee which requests payment in an amount which is less than or equal to the amount set forth with respect to such payee in such Officer's Certificate, or upon receipt of an Officer's Certificate requesting payment of a Cost of Issuance not listed on the initial Officer's Certificate delivered to the Fiscal Agent on the Closing Date of the Bonds. Each such Officer's Certificate shall be sufficient evidence to the Fiscal Agent of the facts stated therein and the Fiscal Agent shall have no duty to confirm the accuracy of such facts. The Fiscal Agent shall maintain the Costs of Issuance Fund for a period of 6 months, from the Closing Date of the Bonds and then shall transfer any moneys remaining therein, including any investment earnings thereon, to the Bond Fund for payment of debt service on the 2019 Bonds. Thereafter, every invoice received by the Fiscal Agent shall be submitted to the Chief Financial Officer for payment from amounts on deposit in the Special Tax Fund.

(C) Investment. Moneys in the Costs of Issuance Fund shall be invested and deposited in accordance with Section 6.01. Interest earnings and profits resulting from said investment shall be retained by the Fiscal Agent in the Costs of Issuance Fund to be used for the purposes of such fund.

ARTICLE IV

SPECIAL TAX REVENUES; BOND FUND AND RESERVE FUND

Section 4.01. Pledge of Special Tax Revenues and Other Amounts. All of the Special Tax Revenues and all moneys deposited in the Bond Fund and, until disbursed as provided herein, in the Improvement Fund and the Special Tax Fund are hereby pledged to secure the repayment of the Bonds. In addition, the 2019 Bonds shall be secured by a pledge and lien on the 2019 Reserve Account of the Reserve Fund, and each Series of Additional Bonds shall be secured by a separate reserve account established within the Reserve Fund as set forth in a Supplemental Agreement. Such pledge shall constitute a first lien on the Special Tax Revenues and said amounts. The Special Tax Revenues and all moneys deposited into such funds (except as otherwise provided herein) are hereby dedicated in their entirety to the payment of the principal of, including any mandatory sinking fund payments, and interest and any premium on, the Bonds as provided herein and in the Act until all of the Bonds have been paid and retired or until moneys or Federal Securities have been set aside irrevocably for that purpose in accordance with Section 9.03.

Amounts in the Costs of Issuance Fund for any series of Bonds are not pledged to the repayment of the Bonds. The facilities acquired with the proceeds of the Bonds are not in any way pledged to pay the Debt Service on the Bonds. Any proceeds of condemnation, destruction or other disposition of any facilities financed with the proceeds of the Bonds are not pledged to pay the Debt Service on the Bonds and are free and clear of any lien or obligation imposed hereunder.

Section 4.02. Bond Fund.

(A) Establishment of Bond Fund. There is hereby established as a separate fund to be held by the Fiscal Agent, the SVSP Westpark-Federico Community Facilities District No. 1 (Public Facilities) Special Tax Bonds Bond Fund, to the credit of which deposits shall be made as required by Section 3.02, Section 3.03(B), Section 4.03 and any other amounts required to be deposited therein by this Agreement or the Act. Moneys in the Bond Fund shall be held in trust by the Fiscal Agent for the benefit of the Owners of the Bonds, shall be disbursed for the payment of the principal of, and interest and any premium on, the Bonds as provided below, and, pending such disbursement, shall be subject to a lien in favor of the Owners of the Bonds.

Within the Bond Fund there is hereby established the Prepayment Account, which shall be used exclusively for the administration of any prepayments of Special Taxes to assure the timely redemption of Bonds. Monies in the Prepayment Account shall be used to redeem Bonds on the redemption date specified in the notice to the Fiscal Agent given pursuant to Section 2.03(A)(ii). In the event all of the Special Taxes are prepaid in full, the Prepayment Account shall be closed.

There is also hereby created within the Bond Fund a "2019 Capitalized Interest Account" which account is hereby established for purposes of accounting for the disposition of 2019 Bonds, a portion of the proceeds of which will be deposited to such 2019 Capitalized Interest Account pursuant to Section 3.02(A). The amount deposited to the 2019 Capitalized Interest Account and any investment earnings thereon shall be used solely to make payments on the 2019 Bonds, and the amount deposited to the 2019 Capitalized Interest Account and any investment earnings thereon shall be applied solely to make payments on the 2019 Bonds through and including September 1, 2020. Any excess amounts therein on September 2, 2020

shall be transferred to the Special Tax Fund, and the 2019 Capitalized Interest Account shall thereupon be closed.

(B) Disbursements. On each Interest Payment Date, the Fiscal Agent shall withdraw from the Bond Fund and pay to the Owners of the Bonds the principal of, and interest and any premium, then due and payable on the Bonds, including any amounts due on the Bonds by reason of the sinking payments set forth in Section 2.03(A)(iii) or any redemption of the Bonds under Section 2.03(A)(i). Amounts in the 2019 Capitalized Interest Account of the Bond Fund shall be drawn on before any other amounts in the Bond Fund.

In the event that amounts in the Bond Fund are insufficient to pay regularly scheduled payments of principal of and interest on any series of Bonds, the Fiscal Agent shall withdraw from the respective reserve account within the Reserve Fund established for such series of Bonds to the extent of any funds therein, the amount of such insufficiency, and the Fiscal Agent shall provide written notice to the Chief Financial Officer of the amounts so withdrawn from the Reserve Fund. Amounts so withdrawn from the Reserve Fund shall be deposited in the Bond Fund.

If, after the foregoing transfer, there are insufficient funds in the Bond Fund to make the payments provided for to pay regularly scheduled payments of principal of and interest on the Bonds, the Fiscal Agent shall apply the available funds first to the payment of interest on the Bonds, then to the payment of principal due on the Bonds other than by reason of sinking payments, and then to payment of principal due on the Bonds by reason of sinking payments. Any sinking payment not made as scheduled shall be added to the sinking payment to be made on the next sinking payment date.

(C) Investment. Moneys in the Bond Fund shall be invested and deposited in accordance with Section 6.01. Interest earnings and profits resulting from such investment and deposit shall be retained in the Bond Fund to be used for the purposes of such fund.

(D) Deficiency. If 10 days before any Interest Payment Date it appears to the Fiscal Agent that there is a danger of deficiency in the Bond Fund and that the Fiscal Agent may be unable to pay regularly scheduled debt service on the Bonds in a timely manner, the Fiscal Agent shall report to the Chief Financial Officer such fact. The City covenants to increase the levy of the Special Taxes in the next Fiscal Year (subject to the maximum amount authorized by the Resolution of Formation) in accordance with the procedures set forth in the Act for the purpose of curing Bond Fund deficiencies.

If on any Interest Payment Date the Fiscal Agent is unable to pay principal, interest and premium, if any, due on any Interest Payment Date for the Bonds due to insufficient funds in the Bond Fund, or if funds are withdrawn from the Reserve Fund to pay principal and/or interest on the Bonds the Fiscal Agent shall notify the Chief Financial Officer in writing of such fact, and the Chief Financial Officer shall notify CDIAC of such fact within 10 days of such Interest Payment Date. The Fiscal Agent has no obligation under this Agreement to provide notice or disclosure to the Bondowners of insufficient funds or anticipation of deficiency in the Bond Fund.

Section 4.03. Reserve Fund.

(A) Establishment of Fund. There is hereby established as a separate fund to be held by the Fiscal Agent, the SVSP Westpark-Federico Community Facilities District No. 1

(Public Facilities) Special Tax Bonds Reserve Fund, and within the Reserve Fund shall be established a "2019 Reserve Account," to the credit of which a deposit shall be made as required by Section 3.02 and deposits shall be made as provided in Section 3.03(B). For each series of Additional Bonds, the Fiscal Agent shall establish a separate subaccount within the Reserve Fund for such series and moneys in each subaccount shall be held in trust by the Fiscal Agent for the benefit of the Owners of the respective series of Bonds.

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

(B) Use of Fund. Except as otherwise provided in this Section, all amounts deposited in a reserve account of the Reserve Fund shall be used and withdrawn by the Fiscal Agent solely for the purpose of making transfers to the Bond Fund in the event of any deficiency within five days prior to any Interest Payment Date in the Bond Fund of the amount required for payment of the principal of, and interest on, the respective series of Bonds on such Interest Payment Date. Whenever transfer is made from the Reserve Fund to the Bond Fund due to a deficiency in the Bond Fund, the Fiscal Agent shall provide written notice thereof to the Chief Financial Officer.

(C) Transfer of Excess of Reserve Requirement. Whenever, on the Business Day prior to any Interest Payment Date, the amount in any reserve account within the Reserve Fund exceeds the Reserve Requirement for the applicable series of Bonds covered by such reserve account (it being understood the City calculates the Reserve Requirement in accordance with the definition thereof), the Fiscal Agent shall provide written notice to the Chief Financial Officer of the amount of the excess. The Chief Financial Officer shall advise the Fiscal Agent in writing of the amount, if any, of any transfer required pursuant to Section 4.03(D) and 6.02 below, and otherwise direct the Fiscal Agent to transfer an amount equal to the excess to the Improvement Fund, if the Project has not been completed as of the date of such transfer, or if the Project has been completed, to the Bond Fund to be used for the payment of the principal of and interest on the Outstanding Bonds covered by the applicable reserve account in accordance with Section 4.02; provided, that to the extent that such excess results from the prepayment of Special Taxes and redemption of Bonds as provided in an Officer's Certificate in accordance with Section 2.03(B), such amount shall be transferred to the Prepayment Account and applied to the corresponding redemption of Bonds.

(D) Transfer for Rebate Purposes. Investment earnings on amounts in the Reserve Fund may be withdrawn from the Reserve Fund for purposes of making payment to the federal government to comply with Section 6.02.

(E) Transfer When Balance Exceeds Outstanding Bonds. Whenever the balance in a reserve account of the Reserve Fund exceeds the amount required to redeem or pay the Outstanding Bonds covered by such reserve account, including interest accrued to the date of payment or redemption and premium, if any, due upon redemption, and after making any transfer required under Section 4.03(D) above and upon receipt of an Officer's Certificate directing it to do so, the Fiscal Agent shall transfer the amount in the applicable reserve account of the Reserve Fund to the Bond Fund to be applied, on the next succeeding Interest Payment Date to the payment and redemption, in accordance with Section 4.02 or 2.03 as applicable, of all such Outstanding Bonds. In the event that the amount so transferred to the Bond Fund exceeds the amount required to pay and redeem the Outstanding Bonds covered by the applicable reserve account, the balance in such reserve account shall be transferred to the City, after payment of any amounts due the Fiscal Agent hereunder, to be used for any lawful purpose of the City.

Notwithstanding the foregoing, no amounts shall be transferred from a reserve account of the Reserve Fund pursuant to this Section 4.03(E) until after the calculation, pursuant to Section 6.02, of any amounts due to the federal government following payment of the respective series of Bonds and withdrawal of any such amount under Section 4.03(D) for purposes of making such payment to the federal government, and payment of any fees and expenses due to the Fiscal Agent.

(F) Investment. Moneys in each reserve account of the Reserve Fund shall be invested and deposited in accordance with Section 6.01. Interest earnings and profits resulting from such investment and deposit shall be retained in the applicable reserve account of the Reserve Fund to be used and disbursed as provided in this Section 4.03.

ARTICLE V

OTHER COVENANTS OF THE CITY

Section 5.01. Punctual Payment. The City will punctually pay or cause to be paid the principal of, and interest and any premium on, the Bonds when and as due in strict conformity with the terms of this Agreement, and it will faithfully observe and perform all of the conditions covenants and requirements of this Agreement and all Supplemental Agreements and of the Bonds.

Section 5.02. Limited Obligation. The Bonds are limited obligations of the City on behalf of the District and are payable solely from and secured solely by the Special Tax Revenues and the amounts in certain funds created hereunder as, and to the extent, set forth in Section 4.01.

Section 5.03. Extension of Time for Payment. In order to prevent any accumulation of claims for interest after maturity, the City shall not, directly or indirectly, extend or consent to the extension of the time for the payment of any claim for interest on any of the Bonds and shall not, directly or indirectly, be a party to the approval of any such arrangement by purchasing or funding said claims for interest or in any other manner. In case any such claim for interest shall be extended or funded, whether or not with the consent of the City, such claim for interest so extended or funded shall not be entitled, in case of default hereunder, to the benefits of this Agreement, except subject to the prior payment in full of the principal of all of the Bonds then Outstanding and of all claims for interest which shall not have been so extended or funded.

Section 5.04. Against Encumbrances. The City will not encumber, pledge or place any charge or lien upon any of the Special Tax Revenues or other amounts pledged to the Bonds superior to or on a parity with the pledge and lien herein created for the benefit of the Bonds, except as permitted by this Agreement.

Section 5.05. Books and Accounts. The City will keep, or cause to be kept, proper books of record and accounts, separate from all other records and accounts of the City, in which complete and correct entries shall be made of all transactions relating to the expenditure of amounts disbursed from the Special Tax Fund and to the Special Tax Revenues. Such books of record and accounts shall at all times during business hours be subject to the inspection of the Fiscal Agent and the Owners of not less than 10% of the principal amount of the Bonds then Outstanding, or their representatives duly authorized in writing.

The Fiscal Agent will keep, or cause to be kept, proper books of record and accounts, separate from all other records and accounts of the Fiscal Agent, in which complete and correct entries shall be made of all transactions relating to the expenditure of amounts disbursed from the Bond Fund, the Reserve Fund, the Improvement Fund and the Costs of Issuance Fund. Such books of record and accounts shall at all times during business hours and upon reasonable prior notice, be subject to the inspection of the City and the Owners of not less than 10% of the principal amount of the Bonds then Outstanding, or their representatives duly authorized in writing.

The Fiscal Agent may establish and maintain for so long as is necessary one or more temporary funds and accounts under this Agreement.

Section 5.06. Protection of Security and Rights of Owners. The City will preserve and protect the security of the Bonds and the rights of the Owners, and will warrant and defend their

rights against all claims and demands of all persons. From and after the delivery of any of the Bonds by the City, the Bonds shall be incontestable by the City.

Section 5.07. Compliance with Law; Completion of Project. The City will comply with all applicable provisions of the Act and the law in completing the acquisition and construction of the Project; provided that the City shall have no obligation to advance any funds to complete the Project in excess of the amounts available therefor in the Improvement Fund.

Section 5.08. Private Activity Bond Limitation. The City shall assure that the proceeds of the 2019 Bonds are not so used as to cause the 2019 Bonds to satisfy the private business tests of Section 141(b) of the Code or the private loan financing test of Section 141(c) of the Code.

Section 5.09. Federal Guarantee Prohibition. The City shall not take any action or permit or suffer any action to be taken if the result of the same would be to cause any of the 2019 Bonds to be "federally guaranteed" within the meaning of Section 149(b) of the Code.

Section 5.10. Collection of Special Tax Revenues. The City shall comply with all requirements of the Act so as to assure the timely collection of Special Tax Revenues, including without limitation, the enforcement of delinquent Special Taxes.

On or within five (5) Business Days of each June 1, the Fiscal Agent shall provide the Chief Financial Officer with a notice stating the amount then on deposit in the Bond Fund and the reserve accounts of the Reserve Fund. The receipt of such notice by the Chief Financial Officer shall in no way affect the obligations of the Chief Financial Officer under the following two paragraphs. Upon receipt of such notice, the Chief Financial Officer shall ascertain the relevant parcels on which the Special Taxes are to be levied, taking into account any parcel splits during the preceding and then current year.

The City shall effect the levy of the Special Taxes each Fiscal Year in accordance with the Ordinance such that the computation of the levy is complete before the final date on which the County Auditor will accept the transmission of the Special Tax amounts for the parcels within the District for inclusion on the next secured real property tax roll. Upon the completion of the computation of the amounts of the levy, the City shall prepare or cause to be prepared, and shall transmit to the Chief Financial Officer, such data as the County Auditor requires to include the levy of the Special Taxes on the next secured real property tax roll.

The City shall fix and levy the amount of Special Taxes within the District required for the payment of principal of and interest on any outstanding Bonds of the District becoming due and payable during the ensuing Bond Year, including any necessary replenishment or expenditure of amounts in the Reserve Fund and an amount estimated to be sufficient to pay the Administrative Expenses during such year, all in accordance with the Special Tax Formula and the Ordinance. In any event, the Special Taxes so levied shall not exceed the authorized amounts as provided in the proceedings pursuant to the Resolution of Formation.

The Special Taxes shall be payable and be collected in the same manner and at the same time and in the same installment as the general taxes on real property are payable, and have the same priority, become delinquent at the same times and in the same proportionate amounts and bear the same proportionate penalties and interest after delinquency as do the general taxes on real property. Notwithstanding the foregoing, the Special Taxes may be

collected in such other manner as the City shall prescribe if necessary to pay the debt service on the Bonds.

Section 5.11. Further Assurances. The City will adopt, make, execute and deliver any and all such further resolutions, instruments and assurances as may be reasonably necessary or proper to carry out the intention or to facilitate the performance of this Agreement, and for the better assuring and confirming unto the Owners of the rights and benefits provided in this Agreement.

Section 5.12. No Arbitrage. The City shall not take, or permit or suffer to be taken by the Fiscal Agent or otherwise, any action with respect to the gross proceeds of the Bonds which if such action had been reasonably expected to have been taken, or had been deliberately and intentionally taken, on the Closing Date would have caused the Bonds to be "arbitrage bonds" within the meaning of Section 148 of the Code and Regulations.

Section 5.13. Maintenance of Tax-Exemption. The City shall take all actions necessary to assure the exclusion of interest on the Bonds from the gross income of the Owners of the Bonds to the same extent as such interest is permitted to be excluded from gross income under the Code as in effect on the date of issuance of the Bonds.

Section 5.14. Annual State Reports. The following requirements shall apply to the Bonds:

(A) Annual Reporting. Not later than October 30 of each calendar year, beginning with the October 30 first succeeding the date of the Bonds, and in each calendar year thereafter until the October 30 following the final maturity of the Bonds, the City shall prepare and supply the California Debt and Investment Advisory Commission ("CDIAC"), by mail, postage prepaid, with the information required under Section 53359.5(b) of the Act. Not later than January 1 of the year following issuance of the Bonds, and at least once a year thereafter, the Chief Financial Officer shall file a report with the City Council in accordance with the requirements of Government Code Section 53411, which report shall contain: (a) the amount of Special Taxes collected and expended; and (b) if applicable, the status of the Project financed by the District. In addition, no later than seven months after the end of the City's fiscal year, the City shall prepare and supply to CDIAC the information required by Section 8855(k) of the Government Code. The annual reporting shall be made using such form or forms as may be prescribed by CDIAC.

(B) Other Reporting. If at any time the Fiscal Agent fails to pay principal and interest due on any scheduled payment date for the Bonds, or if funds are withdrawn from the Reserve Fund to pay principal and interest on the Bonds, the Fiscal Agent shall notify the Chief Financial Officer of such failure or withdrawal in writing. An official of the City shall notify CDIAC pursuant to Government Code Section 53359.5(c) within 10 days of the occurrence of any of the following events: (i) the scheduled principal or interest on the Bonds is not paid; or (ii) a draw on the Reserve Fund to pay to pay principal and interest on the Bonds which draw causes the Reserve Fund to be reduced to an amount less than the Reserve Requirement.

(C) Amendment. The reporting requirements of this Section 5.14 shall be amended from time to time, without action by the City or the Fiscal Agent, to reflect any amendments to the applicable provisions of the Government Code, including the Act.

(D) Reports to Bondowners. The Chief Financial Officer shall provide copies of any reports required by this Section to any Bondowner upon the written request of a Bondowner and payment by the person requesting the information of the cost of the City to photocopy and pay any postage or other delivery cost to provide the same, as determined by the Chief Financial Officer. The term "Bondowner" for purposes of this Section shall include any beneficial owner of the Bonds as described in Section 2.12.

(E) No Liability. None of the City and its officers, agents and employees, the Finance Director or the Fiscal Agent shall be liable for any inadvertent error in reporting the information required by this Section.

Section 5.15. Covenant to Foreclose. The City hereby covenants with and for the benefit of the Owners of the Bonds that it will annually on or before September 1 of each year review the public records of the County of Placer relating to the collection of the Special Tax in order to determine the amount of the Special Tax collected in the prior Fiscal Year, and if the City determines on the basis of such review that the amount so collected is deficient by more than 5% of the total amount of the Special Tax levied in such Fiscal Year, it will within 30 days thereafter institute foreclosure proceedings as authorized by the Act in order to enforce the lien of the delinquent installment of the Special Tax against each separate lot or parcel of land in the District for which such installment of the Special Tax is delinquent, and will diligently prosecute and pursue such foreclosure proceedings to judgment and sale; *provided*, that if the City determines on the basis of such review that (a) the amount so collected is deficient by less than 5% of the total amount of the Special Tax levied in the District in such Fiscal Year, but that property owned by any single property owner in the District is delinquent by more than \$5,000 with respect to the Special Tax due and payable by such property owner in such Fiscal Year, or (b) property owned by any single property owner in the District is delinquent cumulatively by more than \$3,250 with respect to the current and past Special Tax due (irrespective of the total delinquencies in the District), then the City will institute, prosecute and pursue such foreclosure proceedings in the time and manner provided herein against each such property owner. The Treasurer or Finance Director shall notify legal counsel of any such delinquency of which it is aware, and such legal counsel shall commence, or cause to be commenced, such actions to collect such delinquencies and subsequent foreclosure proceedings in such a manner as such counsel deems appropriate.

Section 5.16. Continuing Disclosure to Owners. The City hereby covenants and agrees that it will comply with and carry out all of the provisions of the Continuing Disclosure Certificate. Notwithstanding any other provision of this Agreement, failure of the City to comply with the Continuing Disclosure Certificate shall not be considered a default hereunder; provided, any Participating Underwriter or any holder or beneficial owner of the Bonds may take such actions as may be necessary and appropriate to compel performance by the City of its obligations thereunder, including seeking mandate or specific performance by court order.

Section 5.17. Additional Bonds.

(A) Issuance of Additional Bonds. In addition to the 2019 Bonds, the City may, by a Supplemental Agreement, authorize the issuance of one or more additional series of special tax bonds (the "Additional Bonds"), payable from Special Taxes and secured by the Special Tax Revenues and other amounts pledged to the Bonds, as and to the extent set forth in Section 4.01, equally and ratably with 2019 Bonds, and the City may issue, and the Fiscal Agent may authenticate and deliver to the purchaser thereof, such Additional Bonds in the principal amount

as shall be determined by the City, subject to the following specific conditions, which are hereby made conditions precedent to the issuance of any such Additional Bonds:

- (i) No default in the 2019 Bonds shall have occurred and then be continuing,
- (ii) The issuance of the Additional Bonds shall have been duly authorized by the City, and not exceed the maximum bonded indebtedness authorized for the District.
- (iii) The Additional Bonds shall be payable as to principal on September 1 in each year in which principal becomes due, and shall be payable as to interest semiannually on March 1 and September 1.
- (iv) There shall be deposited into a reserve account of the Reserve Fund, an amount at least equal to the Reserve Requirement with respect to such Additional Bonds.
- (v) After giving effect to the issuance of the Additional Bonds:
 - (a) For each Bond Year the Additional Bonds are Outstanding, projected Special Taxes Revenues, if levied at the maximum annual Special Tax rates per the Special Tax Formula, in each Fiscal Year are at least equal to 110% of Debt Service due in the Bond Year that begins in the corresponding Fiscal Year, as calculated by the special tax consultant to the City; and
 - (b) Both of the following conditions are met:
 - (i) Regarding All Parcels in the District: The aggregate value of all parcels in the District subject to the Special Tax, including then existing improvements and any facilities to be constructed or acquired with the proceeds of the Additional Bonds, as determined by an MAI appraisal, assessed valuations shown on the then current County tax roll, or by a combination of both methods, is at least 3.00 times the sum of (1) the aggregate principal amount of all Bonds then Outstanding, plus (2) the aggregate principal amount of the Additional Bonds proposed to be issued, plus (3) the aggregate principal amount of any bonds then outstanding and payable from assessments which are a lien against property in the District, plus (4) a portion of the aggregate principal amount of all bonds issued under the Act, other than Bonds then Outstanding, payable at least partially from special taxes to be levied on parcels of land subject to the Special Tax within the District (the “**Other Mello-Roos Bonds**”) equal to the aggregate principal amount of the Other Mello-Roos Bonds multiplied by a fraction, the numerator of which is the amount of special taxes levied for the Other Mello-Roos Bonds on parcels of land within the District subject to the Special Tax, and the denominator of which is the total amount of special taxes levied for the Other Mello-Roos Bonds on all parcels of land subject to the Special Tax against which the special taxes are levied to pay the Other Mello-Roos Bonds (such fraction to be determined based upon the special taxes which could be levied the year in which maximum annual debt service on the Other Mello-Roos Bonds occurs), based upon information from the most recent available Fiscal Year.

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

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

Nothing in this Section or in this Agreement shall prevent or be construed to prevent the Supplemental Agreement providing for the issuance of Additional Bonds from pledging or otherwise providing, in addition to the security given or intended to be given by this Agreement, additional security for the benefit of such Additional Bonds or any portion thereof.

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

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

(B) Proceedings for Issuance of Additional Bonds. Whenever the City shall determine to issue Additional Bonds:

(i) The City shall authorize the execution of a Supplemental Agreement specifying the principal amount and prescribing the forms of the Additional Bonds and providing the terms, conditions, distinctive designation, denominations, methods of numbering, date, maturity date or dates, interest rate or rates (or the manner of determining same), interest payment dates, redemption provisions (including the amount and dates of mandatory sinking fund payments, if any), place or places of payment of principal or redemption price, if any, application of the proceeds thereof and any other provisions respecting the Additional Bonds not inconsistent with the terms of this Agreement, and

(ii) The Fiscal Agent shall receive an Officer's Certificate stating that the requirements of Section 5.17(A) have been met.

Section 5.18. Yield of the Bonds. In determining the yield of the Bonds to comply with Section 5.12 and Section 6.02, the City will take into account redemption (including premium, if any) in advance of maturity based on the reasonable expectations of the City, as of the closing date of the Bonds, without regard to whether or not redemption moneys are received or Bonds are redeemed.

ARTICLE VI

INVESTMENTS; DISPOSITION OF INVESTMENT PROCEEDS; LIABILITY OF THE CITY

Section 6.01. Deposit and Investment of Moneys in Funds. Subject in all respects to the provisions of Section 6.02, moneys in any fund or account created or established by this Agreement and held by the Fiscal Agent, shall be invested by the Fiscal Agent in Permitted Investments, as directed pursuant to an Officer's Certificate filed with the Fiscal Agent at least two (2) Business Days in advance of the making of such investments. In the absence of any such Officer's Certificate, the Fiscal Agent shall hold such moneys uninvested and notify the Finance Director that it is doing so until further direction is received from the Finance Director. Subject in all respects to the provisions of Section 6.02, moneys in any fund or account created or established by this Agreement and held by the Finance Director shall be invested by the Finance Director in any lawful investments that the City may make, which by their terms mature prior to the date on which such moneys are required to be paid out hereunder. Obligations purchased as an investment of moneys in any fund shall be deemed to be part of such fund or account, subject, however, to the requirements of this Agreement for transfer of interest earnings and profits resulting from investment of amounts in funds and accounts.

The Fiscal Agent may act as principal or agent in the acquisition or disposition of any investment. The Fiscal Agent shall not incur any liability for losses arising from any investments made pursuant to this Section. Any losses arising from any investments made pursuant to this Section shall be offset against interest earnings and profits retained in the same fund.

Except as otherwise provided in the next sentence, all investments of amounts deposited in any fund or account created by or pursuant to this Agreement, or otherwise containing gross proceeds of the Bonds (within the meaning of Section 148 of the Code), shall be acquired, disposed of, and valued (as of the date that valuation is required by this Agreement or the Code) at Fair Market Value. Investments in funds or accounts (or portions thereof) that are subject to a yield restriction under applicable provisions of the Code and (unless valuation is undertaken at least annually) investments in the Reserve Fund shall be valued by the City at their present value (within the meaning of Section 148 of the Code). The Fiscal Agent shall not be liable for verification of the application of such sections of the Tax Code or for any determination of Fair Market Value or present value and may conclusively rely upon an Officer's Certificate as to such valuations.

Investments in any and all funds and accounts may be commingled in a separate fund or funds for purposes of making, holding and disposing of investments, notwithstanding provisions herein for transfer to or holding in or to the credit of particular funds or accounts of amounts received or held by the Fiscal Agent or the Finance Director hereunder, provided that the Fiscal Agent or the Finance Director, as applicable, shall at all times account for such investments strictly in accordance with the funds and accounts to which they are credited and otherwise as provided in this Agreement.

The Fiscal Agent or the Finance Director, as applicable, shall sell or present for redemption, any investment security whenever it shall be necessary to provide moneys to meet any required payment, transfer, withdrawal or disbursement from the fund or account to which such investment security is credited and neither the Fiscal Agent nor the Finance Director shall be liable or responsible for any loss resulting from the acquisition or disposition of such investment security in accordance herewith.

The City acknowledges that to the extent regulations of the Comptroller of the Currency or other applicable regulatory entity grant the City the right to receive brokerage confirmations of security transactions as they occur, the City specifically waives receipt of such confirmations to the extent permitted by law. The Fiscal Agent will furnish the City periodic cash transaction statements which include detail for all investment transactions made by the Fiscal Agent hereunder.

Section 6.02. Rebate of Excess Investment Earnings to the United States. The City covenants to calculate and rebate to the federal government, in accordance with the Regulations, excess investment earnings to the extent required by Section 148(f) of the Code.

The City shall notify the Fiscal Agent of any amounts determined to be due to the federal government, and the Fiscal Agent shall, upon receipt of an Officer's Certificate of the City, withdraw such amounts from the Reserve Fund pursuant to Section 4.03(D), and pay such amounts to the federal government as directed by the Officer's Certificate which shall comply with the requirements of the Code and the Regulations. In the event of any shortfall in amounts available to make such payments under Section 4.03(D), the Fiscal Agent shall notify the Finance Director in writing of the amount of the shortfall and the Finance Director shall make such payment from any amounts available in the Special Tax Fund. Any fees or expenses incurred by the Fiscal Agent or the City under or pursuant to this Section 6.02 shall be Administrative Expenses. The Fiscal Agent may rely conclusively upon the City's determinations, calculations and certifications required by this Section. The Fiscal Agent shall have no responsibility to independently make any calculation or determination or to review the City's calculations hereunder.

In order to provide for the administration of this Section 6.02, the City may provide for the employment of independent attorneys, accountants and consultants compensated on such reasonable basis as the City may deem appropriate.

Section 6.03. Limited Obligation. The City's obligations hereunder are limited obligations of the City on behalf of the District and are payable solely from and secured solely by the Special Tax Revenues and the amounts in the Special Tax Fund, the Bond Fund and the Reserve Fund created hereunder.

ARTICLE VII

THE FISCAL AGENT

Section 7.01. Appointment of Fiscal Agent. The Bank of New York Mellon Trust Company, N.A., at its Principal Office, is hereby appointed Fiscal Agent for the Bonds. The Fiscal Agent undertakes to perform such duties, and only such duties, as are specifically set forth in this Agreement, and no implied covenants or obligations shall be read into this Agreement against the Fiscal Agent.

Any company into which the Fiscal Agent 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 Fiscal Agent may sell or transfer all or substantially all of its corporate trust business, provided such company shall be eligible under the following paragraph of this Section, shall be the successor to such Fiscal Agent without the execution or filing of any paper or any further act, anything herein to the contrary notwithstanding.

The City may remove the Fiscal Agent initially appointed, and any successor thereto, with 30 days' prior notice, and may appoint a successor or successors thereto, but any such successor shall be a bank, national banking association or trust company having a combined capital (exclusive of borrowed capital) and surplus of at least Fifty Million Dollars (\$50,000,000) including, for such purpose, the combined capital and surplus of any parent holding company, and subject to supervision or examination by federal or state authority. If such bank, national banking association 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 purposes of this Section 7.01, combined capital and surplus of such bank, national banking association or trust company shall be deemed to be its combined capital and surplus as set forth in its most recent report of condition so published.

The Fiscal Agent may at any time resign by giving written notice to the City and by giving to the Owners notice by mail of such resignation. Upon receiving notice of such resignation, the City shall promptly appoint a successor Fiscal Agent by an instrument in writing. Any resignation or removal of the Fiscal Agent shall become effective upon acceptance of appointment by the successor Fiscal Agent.

If no appointment of a successor Fiscal Agent shall be made pursuant to the foregoing provisions of this Section within thirty (30) days after the Fiscal Agent shall have given to the City written notice or after a vacancy in the office of the Fiscal Agent shall have occurred by reason of its inability to act, the Fiscal Agent or any Bondowner may apply to any court of competent jurisdiction to appoint a successor Fiscal Agent. Said court may thereupon, after such notice, if any, as such court may deem proper, appoint a successor Fiscal Agent.

Section 7.02. Liability of Fiscal Agent. The recitals of facts, covenants and agreements herein and in the Bonds contained shall be taken as statements, covenants and agreements of the City, and the Fiscal Agent assumes no responsibility for the correctness of the same, or makes any representations as to the validity or sufficiency of this Agreement or of the Bonds, or shall incur any responsibility in respect thereof, other than in connection with the duties or obligations herein or in the Bonds assigned to or imposed upon it. The Fiscal Agent shall not be liable in connection with the performance of its duties hereunder, except for its own negligence or willful default. The Fiscal Agent assumes no responsibility or liability for any information,

statement or recital in any offering memorandum or other disclosure material prepared or distributed with respect to the issuance of the Bonds. All indemnifications and releases from liability granted to the Fiscal Agent hereunder shall extend to the directors, officers and employees of the Fiscal Agent. The Fiscal Agent has no liability regarding the use of the proceeds from the purchase of the Bonds deposited in funds held by the City.

In the absence of bad faith, the Fiscal Agent may conclusively rely, as to the truth of the statements and the correctness of the opinions expressed therein, upon certificates or opinions furnished to the Fiscal Agent and conforming to the requirements of this Agreement, including all Officer's Certificates of the City meeting such requirements; but in the case of any such certificates or opinions by which any provision hereof are specifically required to be furnished to the Fiscal Agent, the Fiscal Agent shall be under a duty to examine the same to determine whether or not they conform to the requirements of this Agreement. Except as provided above in this paragraph, the Fiscal Agent shall be protected and shall incur no liability in acting or proceeding, or in not acting or not proceeding, in good faith, reasonably and in accordance with the terms of this Agreement, upon any resolution, order, notice, request, consent or waiver, certificate, statement, affidavit, or other paper or document which it shall in good faith reasonably believe to be genuine and to have been adopted or signed by the proper person or to have been prepared and furnished pursuant to any provision of this Agreement, and the Fiscal Agent shall not be under any duty to make any investigation or inquiry as to any statements contained or matters referred to in any such instrument.

The Fiscal Agent shall not be liable for any error of judgment made in good faith by a responsible officer unless it shall be proved that the Fiscal Agent was negligent in ascertaining the pertinent facts.

No provision of this Agreement shall require the Fiscal Agent to expend or risk its own funds or otherwise incur any financial liability in the performance of any of its duties hereunder, or in the exercise of any of its rights or powers, if it shall have reasonable grounds for believing that repayment of such funds or adequate indemnity against such risk or liability is not reasonably assured to it.

The Fiscal Agent shall be under no obligation to exercise any of the rights or powers vested in it by this Agreement at the request or direction of any of the Owners pursuant to this Agreement unless such Owners shall have offered to the Fiscal Agent reasonable security or indemnity against the costs, expenses and liabilities which might be incurred by it in compliance with such request or direction.

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

The Fiscal Agent may become the owner of the Bonds with the same rights it would have if it were not the Fiscal Agent.

The Fiscal Agent shall not be concerned with or accountable to anyone for the subsequent use or application of any moneys which shall be released or withdrawn in accordance with the provisions hereof.

The permissive right of the Fiscal Agent to do things enumerated in this Agreement shall not be construed as a duty and it shall not be answerable for other than its negligence or willful misconduct.

The Fiscal Agent may execute any of the trusts or powers hereof and perform the duties required of it hereunder either directly or by or through attorneys or agents, and shall be entitled to rely on advice of counsel concerning all matters of trust and its duty hereunder.

Section 7.03. Information. The Fiscal Agent shall provide to the City such information relating to the Bonds and the funds and accounts maintained by the Fiscal Agent hereunder as the City shall reasonably request, including but not limited to quarterly statements reporting funds held and transactions by the Fiscal Agent.

Section 7.04. Notice to Fiscal Agent. The Fiscal Agent may rely and shall be protected in acting or refraining from acting upon any Officer's Certificate, notice, resolution, request, consent, order, certificate, report, facsimile transmission, electronic mail, warrant, Bond or other paper or document believed by it to be genuine and to have been signed or presented by the proper party or proper parties and given in accordance with the requirements hereof. The Fiscal Agent may execute any of the powers hereunder or perform any duties hereunder either directly or by or through agents or attorneys and the Fiscal Agent shall not be responsible for any misconduct or negligence on the part of any agent or attorney appointed with due care by it hereunder. The Fiscal Agent may consult with counsel, who may be counsel to the City, with regard to legal questions, and the opinion of such counsel shall be full and complete authorization and protection in respect of any action taken or suffered by it hereunder in good faith and in accordance therewith.

The Fiscal Agent shall have the right to accept and act upon instructions, including funds transfer instructions ("Instructions") given pursuant to this Agreement and delivered using Electronic Means by an Authorized Officer (or his or her designee) ("Electronic Means" shall mean the following communications methods: e-mail, facsimile transmission, secure electronic transmission containing applicable authorization codes, passwords and/or authentication keys issued by the Fiscal Agent, or another method or system specified by the Fiscal Agent as available for use in connection with its services hereunder); provided, however, that the City shall provide to the Fiscal Agent an incumbency certificate for each person with the authority to provide such Instructions and containing specimen signatures of such persons, which incumbency certificate shall be amended by the City whenever a person is to be added or deleted from the listing. If the City elects to give the Fiscal Agent Instructions using Electronic Means and the Fiscal Agent in its discretion elects to act upon such Instructions, the Fiscal Agent's understanding of such Instructions shall be deemed controlling. The City understands and agrees that the Fiscal Agent cannot determine the identity of the actual sender of such Instructions and that the Fiscal Agent shall conclusively presume that directions that purport to have been sent by an Authorized Officer (or designee) listed on the incumbency certificate provided to the Fiscal Agent have been sent by such Authorized Officer (or designee). The City shall be responsible for ensuring that only Authorized Officers (or their designees) transmit such

Instructions to the Fiscal Agent and that the City is solely responsible to safeguard the use and confidentiality of applicable user and authorization codes, passwords and/or authentication keys upon receipt by the City. The Fiscal Agent shall not be liable for any losses, costs or expenses arising directly or indirectly from the Fiscal Agent's reliance upon and compliance with such Instructions notwithstanding such directions conflict or are inconsistent with a subsequent written instruction. The City agrees: (i) to assume all risks arising out of the use of Electronic Means to submit Instructions to the Fiscal Agent, including without limitation the risk of the Fiscal Agent acting on unauthorized Instructions, and the risk of interception and misuse by third parties; (ii) that it is fully informed of the protections and risks associated with the various methods of transmitting Instructions to the Fiscal Agent and that there may be more secure methods of transmitting Instructions than the method(s) selected by the City; (iii) that the security procedures (if any) to be followed in connection with its transmission of Instructions provide to it a commercially reasonable degree of protection in light of its particular needs and circumstances; and (iv) to notify the Fiscal Agent immediately upon learning of any compromise or unauthorized use of the security procedures.

The Fiscal Agent shall not be bound to recognize any person as the Owner of a Bond unless and until such Bond is submitted for inspection, if required, and his title thereto satisfactorily established, if disputed.

Whenever in the administration of its duties under this Agreement the Fiscal Agent shall deem it necessary or desirable that a matter be proved or established prior to taking or suffering any action hereunder, such matter (unless other evidence in respect thereof be herein specifically prescribed) may, in the absence of willful misconduct on the part of the Fiscal Agent, be deemed to be conclusively proved and established by a certificate of the City, and such certificate shall be full warrant to the Fiscal Agent for any action taken or suffered under the provisions of this Agreement or any Supplemental Agreement upon the faith thereof, but in its discretion the Fiscal Agent may, in lieu thereof, accept other evidence of such matter or may require such additional evidence as to it may seem reasonable.

Section 7.05. Compensation, Indemnification. The City shall pay to the Fiscal Agent from time to time reasonable compensation for all services rendered as Fiscal Agent under this Agreement, and also all reasonable expenses, charges, counsel fees and other disbursements, including those of their attorneys, agents and employees, incurred in and about the performance of their powers and duties under this Agreement, but the Fiscal Agent shall not have a lien therefor on any funds at any time held by it under this Agreement. The City further agrees, to the extent permitted by applicable law, to indemnify and save the Fiscal Agent, its officers, employees, directors and agents harmless against any costs, claims, expenses or liabilities, including, without limitation, fees and expenses of its attorneys which it may incur in the exercise and performance of its powers and duties hereunder which are not due to its negligence or willful misconduct. The obligation of the City under this Section shall survive resignation or removal of the Fiscal Agent under this Agreement and payment of the Bonds and discharge of this Agreement.

ARTICLE VIII

MODIFICATION OR AMENDMENT OF THIS AGREEMENT

Section 8.01. Amendments Permitted. This Agreement and the rights and obligations of the City and of the Owners of the Bonds may be modified or amended at any time by a Supplemental Agreement pursuant to the affirmative vote at a meeting of Owners, or with the written consent without a meeting, of the Owners of at least 60% in aggregate principal amount of the Bonds then Outstanding, exclusive of Bonds disqualified as provided in Section 8.04. No such modification or amendment shall, with respect to Bonds then Outstanding, (i) extend the maturity of any Bond or reduce the interest rate thereon, or otherwise alter or impair the obligation of the City to pay the principal of, and the interest and any premium on, any Bond, without the express consent of the Owner of such Bond, or (ii) permit the creation by the City of any pledge or lien upon the Special Taxes superior to or on a parity with the pledge and lien created for the benefit of the Bonds (except as otherwise permitted by the Act, the laws of the State of California or this Agreement), or reduce the percentage of Bonds required for the amendment hereof. No such amendment may modify any of the rights or obligations of the Fiscal Agent without its written consent.

This Agreement and the rights and obligations of the City and of the Owners may also be modified or amended at any time by a Supplemental Agreement, without the consent of any Owners, only to the extent permitted by law and only for any one or more of the following purposes:

(A) to add to the covenants and agreements of the City in this Agreement contained, other covenants and agreements thereafter to be observed, or to limit or surrender any right or power herein reserved to or conferred upon the City;

(B) to make modifications not adversely affecting any outstanding series of Bonds in any material respect, including to effectuate the issuance of Additional Bonds in accordance with Section 5.17;

(C) to make such provisions for the purpose of curing any ambiguity, or of curing, correcting or supplementing any defective provision contained in this Agreement, or in regard to questions arising under this Agreement, as the City and the Fiscal Agent may deem necessary or desirable, and which shall not adversely affect the rights of the Owners of the Bonds; or

(D) to make such additions, deletions or modifications as may be necessary or desirable to assure compliance with Section 148 of the Code relating to required rebate of excess investment earnings to the United States or otherwise as may be necessary to assure exclusion from gross income for federal income tax purposes of interest on the Bonds or to conform with the Regulations.

No such amendment may modify any of the rights or obligations of the Fiscal Agent without its written consent.

Section 8.02. Owners' Meetings. The City may at any time call a meeting of the Owners. In such event the City is authorized to fix the time and place of said meeting and to provide for the giving of notice thereof and to fix and adopt rules and regulations for the conduct of said meeting.

Section 8.03. Procedure for Amendment with Written Consent of Owners. The City and the Fiscal Agent may at any time enter into a Supplemental Agreement amending the provisions of the Bonds or of this Agreement or any Supplemental Agreement, to the extent that such amendment is permitted by Section 8.01, to take effect when and as provided in this Section. A copy of such Supplemental Agreement, together with a request to Owners for their consent thereto, if such consent is required under Section 8.01, shall be mailed by first class mail, by the Fiscal Agent to each Owner of Bonds Outstanding, but failure to mail copies of such Supplemental Agreement and request shall not affect the validity of the Supplemental Agreement when assented to as in this Section provided.

If consent of the Owners is required under Section 8.01, such Supplemental Agreement shall not become effective unless there shall be filed with the Fiscal Agent the written consents of the Owners of at least 60% in aggregate principal amount of the Bonds then Outstanding (exclusive of Bonds disqualified as provided in Section 8.04) and a notice shall have been mailed as hereinafter in this Section provided. Each such consent shall be effective only if accompanied by proof of ownership of the Bonds for which such consent is given, which proof shall be such as is permitted by Section 9.04. Any such consent shall be binding upon the Owner of the Bonds giving such consent and on any subsequent Owner (whether or not such subsequent Owner has notice thereof) unless such consent is revoked in writing by the Owner giving such consent or a subsequent Owner by filing such revocation with the Fiscal Agent prior to the date when the notice hereinafter in this Section provided for has been mailed.

After the Owners of the required percentage of Bonds shall have filed their consents to the Supplemental Agreement, the City shall mail a notice to the Owners in the manner hereinbefore provided in this Section for the mailing of the Supplemental Agreement, stating in substance that the Supplemental Agreement has been consented to by the Owners of the required percentage of Bonds and will be effective as provided in this Section (but failure to mail copies of said notice shall not affect the validity of the Supplemental Agreement or consents thereto). Proof of the mailing of such notice shall be filed with the Fiscal Agent. A record, consisting of the papers required by this Section 8.03 to be filed with the Fiscal Agent, shall be proof of the matters therein stated until the contrary is proved. The Supplemental Agreement shall become effective upon the filing with the Fiscal Agent of the proof of mailing of such notice, and the Supplemental Agreement shall be deemed conclusively binding (except as otherwise herein above specifically provided in this Article) upon the City and the Owners of all Bonds at the expiration of 60 days after such filing, except in the event of a final decree of a court of competent jurisdiction setting aside such consent in a legal action or equitable proceeding for such purpose commenced within such sixty-day period.

Section 8.04. Disqualified Bonds. Bonds owned or held for the account of the City, excepting any pension or retirement fund, shall not be deemed Outstanding for the purpose of any vote, consent or other action or any calculation of Outstanding Bonds provided for in this Article VIII, and shall not be entitled to vote upon, consent to, or take any other action provided for in this Article VIII. Upon request, the City shall provide an Officer's Certificate to the Fiscal Agent listing those Bonds which are disqualified pursuant to this Section 8.04.

Section 8.05. Effect of Supplemental Agreement. From and after the time any Supplemental Agreement becomes effective pursuant to this Article VIII, this Agreement shall be deemed to be modified and amended in accordance therewith, the respective rights, duties and obligations under this Agreement of the City and all Owners of Bonds Outstanding shall thereafter be determined, exercised and enforced hereunder subject in all respects to such

modifications and amendments, and all the terms and conditions of any such Supplemental Agreement shall be deemed to be part of the terms and conditions of this Agreement for any and all purposes.

Section 8.06. Endorsement or Replacement of Bonds Issued After Amendments. The City may determine that Bonds issued and delivered after the effective date of any action taken as provided in this Article VIII shall bear a notation, by endorsement or otherwise, in form approved by the City, as to such action. In that case, upon demand of the Owner of any Bond Outstanding at such effective date and presentation of his Bond for that purpose at the Principal Office of the Fiscal Agent or at such other office as the City may select and designate for that purpose, a suitable notation shall be made on such Bond. The City may determine that new Bonds, so modified as in the opinion of the City is necessary to conform to such Owners' action, shall be prepared, executed and delivered. In that case, upon demand of the Owner of any Bonds then Outstanding, such new Bonds shall be exchanged at the Principal Office of the Fiscal Agent without cost to any Owner, for Bonds then Outstanding, upon surrender of such Bonds.

Section 8.07. Amendatory Endorsement of Bonds. The provisions of this Article VIII shall not prevent any Owner from accepting any amendment as to the particular Bonds held by him, provided that due notation thereof is made on such Bonds.

Section 8.08. Opinion of Counsel Regarding Supplemental Agreement. The Fiscal Agent shall be furnished, upon request, an opinion of counsel that any Supplemental Agreement entered into by the City and the Fiscal Agent complies with the provisions of this Article VIII, and the Fiscal Agent may conclusively rely upon such opinion.

ARTICLE IX

MISCELLANEOUS

Section 9.01. Benefits of Agreement Limited to Parties. Nothing in this Agreement expressed or implied, is intended to give to any person other than the City, the Fiscal Agent and the Owners, any right, remedy, claim under or by reason of this Agreement. Any covenants, stipulations, promises or agreements in this Agreement contained by and on behalf of the City shall be for the sole and exclusive benefit of the Owners and the Fiscal Agent.

Section 9.02. Successor is Deemed Included in All References to Predecessor. Whenever in this Agreement or any Supplemental Agreement either the City or the Fiscal Agent is named or referred to, such reference shall be deemed to include the successors or assigns thereof, and all the covenants and agreements in this Agreement contained by or on behalf of the City or the Fiscal Agent shall bind and inure to the benefit of the respective successors and assigns thereof whether so expressed or not.

Section 9.03. Discharge of Agreement. If the City shall pay and discharge the entire indebtedness on all or any portion of the Bonds Outstanding in any one or more of the following ways:

(A) by well and truly paying or causing to be paid the principal of, and interest and any premium on, such Bonds Outstanding, as and when the same become due and payable;

(B) by depositing with the Fiscal Agent or other fiduciary, at or before maturity, money which, together with (in the event that all of the Bonds are to be defeased) the amounts then on deposit in the funds and accounts provided for in Sections 4.02 and 4.03, is fully sufficient to pay such Bonds Outstanding, including all principal, interest and redemption premiums, or;

(C) by irrevocably depositing with the Fiscal Agent or other fiduciary, cash and Federal Securities in such amount as the City shall determine as confirmed by an independent certified public accountant will, together with the interest to accrue thereon and (in the event that all of the Bonds are to be defeased) moneys then on deposit in the fund and accounts provided for in Sections 4.02 and 4.03, be fully sufficient to pay and discharge the indebtedness on such Bonds (including all principal, interest and redemption premiums) at or before their respective maturity dates;

and if such Bonds are to be redeemed prior to the maturity thereof notice of such redemption shall have been given as in this Agreement provided or provision satisfactory to the Fiscal Agent shall have been made for the giving of such notice, then, at the election of the City, and notwithstanding that any Bonds shall not have been surrendered for payment, the pledge of the Special Taxes and other funds provided for in this Agreement and all other obligations of the City under this Agreement with respect to such Bonds Outstanding shall cease and terminate, except only the obligations of the City (i) under Section 5.13 (Maintenance of Tax-Exemption) and (ii) to pay or cause to be paid to the Owners of the Bonds not so surrendered and paid all sums due thereon and all amounts owing to the Fiscal Agent pursuant to Section 7.05; and thereafter Special Taxes shall not be payable to the Fiscal Agent. Notice of such election shall be filed with the Fiscal Agent.

Any funds thereafter held by the Fiscal Agent upon payments of all fees and expenses of the Fiscal Agent, which are not required for said purpose, shall be paid over to the City.

Section 9.04. Execution of Documents and Proof of Ownership by Owners. Any request, declaration or other instrument which this Agreement may require or permit to be executed by Owners may be in one or more instruments of similar tenor, and shall be executed by Owners in person or by their attorneys appointed in writing.

Except as otherwise herein expressly provided, the fact and date of the execution by any Owner or his attorney of such request, consent, declaration or other instrument, or of such writing appointing such attorney, may be proved by the certificate of any notary public or other officer authorized to take acknowledgments of deeds to be recorded in the state in which he purports to act, that the person signing such request, declaration or other instrument or writing acknowledged to him the execution thereof, or by an affidavit of a witness of such execution, duly sworn to before such notary public or other officer.

Except as otherwise herein expressly provided, the ownership of registered Bonds and the amount, maturity, number and date of holding the same shall be proved by the registry books.

Any request, consent, declaration or other instrument or writing of the Owner of any Bond shall bind all future Owners of such Bond in respect of anything done or suffered to be done by the City or the Fiscal Agent in good faith and in accordance therewith.

Section 9.05. Waiver of Personal Liability. No member, officer, agent or employee of the City shall be individually or personally liable for the payment of the principal of, or interest or any premium on, the Bonds; but nothing herein contained shall relieve any such member, officer, agent or employee from the performance of any official duty provided by law.

Section 9.06. Notices to and Demands on City and Fiscal Agent. Any notice or demand which by any provision of this Agreement is required or permitted to be given or served by the Fiscal Agent to or on the City may be given or served by being deposited postage prepaid in a post office letter box, by overnight courier or by electronic means (with receipt confirmed by telephone) addressed (until another address is filed by the City with the Fiscal Agent) as follows:

City of Roseville
311 Vernon Street
Roseville, California 95678
Attention: Chief Financial Officer
Fax: (916) 746-1220

Any notice or demand which by any provision of this Agreement is required or permitted to be given or served by the City to or on the Fiscal Agent may be given or served by being deposited postage prepaid in a post office letter box, by overnight courier or by electronic means (with receipt confirmed by telephone) addressed (until another address is filed by the Fiscal Agent with the City) as follows:

The Bank of New York Mellon Trust Company, N.A.
100 Pine Street, Suite 3200
San Francisco, CA 94111
Attention: Corporate Trust Administration

Fax: (415) 399-1647

Section 9.07. Partial Invalidity. If any Section, paragraph, sentence, clause or phrase of this Agreement shall for any reason be held illegal or unenforceable, such holding shall not affect the validity of the remaining portions of this Agreement. The City hereby declares that it would have adopted this Agreement and each and every other Section, paragraph, sentence, clause or phrase hereof and authorized the issue of the Bonds pursuant thereto irrespective of the fact that any one or more Sections, paragraphs, sentences, clauses, or phrases of this Agreement may be held illegal, invalid or unenforceable.

Section 9.08. Unclaimed Moneys. Anything contained herein to the contrary notwithstanding, any moneys held by the Fiscal Agent in trust for the payment and discharge of the principal of, and the interest and any premium on, the Bonds which remains unclaimed for two years after the date when the payments of such principal, interest and premium have become payable, if such moneys was held by the Fiscal Agent at such date, shall be repaid by the Fiscal Agent to the City as its absolute property free from any trust, and the Fiscal Agent shall thereupon be released and discharged with respect thereto and the Bond Owners shall look only to the City for the payment of the principal of, and interest and any premium on, such Bonds.

Section 9.09. Applicable Law. This Agreement shall be governed by and enforced in accordance with the laws of the State of California applicable to contracts made and performed in the State of California.

Section 9.10. Conflict with Act. In the event of a conflict between any provision of this Agreement with any provision of the Act as in effect on the Closing Date, the provision of the Act shall prevail over the conflicting provision of this Agreement.

Section 9.11. Conclusive Evidence of Regularity. Bonds issued pursuant to this Agreement shall constitute conclusive evidence of the regularity of all proceedings under the Act relative to their issuance and the levy of the Special Taxes.

Section 9.12. Payment on Business Day. In any case where the date of the maturity of interest or of principal (and premium, if any) of the Bonds or the date fixed for redemption of any Bonds or the date any action is to be taken pursuant to this Agreement is other than a Business Day, the payment of interest or principal (and premium, if any) or the action need not be made on such date but may be made on the next succeeding day which is a Business Day with the same force and effect as if made on the date required and no interest shall accrue for the period from and after such date.

Section 9.13. Counterparts. This Agreement may be executed in counterparts, each of which shall be deemed an original.

IN WITNESS WHEREOF, the City of Roseville has authorized the execution of this Agreement by its City Manager and attested to by its City Clerk under the authority of Resolution No. _____, adopted by the Council of the City of Roseville on October 2, 2019, and the Fiscal Agent has caused this Agreement to be executed.

CITY OF ROSEVILLE, a municipal corporation,
for and on behalf of the City of Roseville SVSP
Westpark-Federico Community Facilities
District No. 1 (Public Facilities)

**THE BANK OF NEW YORK MELLON
TRUST COMPANY, N.A.**, as *Fiscal Agent*

By: _____
Vice President

By: _____
DOMINICK CASEY
City Manager

ATTEST:

By: _____
SONIA OROZCO
City Clerk

APPROVED AS TO FORM:

By: _____
ROBERT R. SCHMITT
City Attorney

APPROVED AS TO SUBSTANCE:

By: _____
DENNIS KAUFFMAN
Chief Financial Officer

EXHIBIT A

FORM OF BOND

UNITED STATES OF AMERICA
STATE OF CALIFORNIA

No. _____

\$ _____

CITY OF ROSEVILLE
SVSP WESTPARK-FEDERICO
COMMUNITY FACILITIES DISTRICT NO. 1 (PUBLIC FACILITIES)
SPECIAL TAX BONDS
SERIES 2019

INTEREST RATE:

MATURITY DATE:

BOND DATE:

CUSIP:

_____, 2019

REGISTERED OWNER: CEDE & CO.

PRINCIPAL AMOUNT: _____ DOLLARS

The City of Roseville (the "City") for and on behalf of the City of Roseville SVSP Westpark-Federico Community Facilities District No. 1 (Public Facilities) (the "District"), for value received, hereby promises to pay solely from the Special Tax Revenues (as hereinafter defined) to be collected in the District or amounts in certain funds and accounts held under the Agreement (as hereinafter defined), to the Registered Owner named above, or registered assigns (the "Owner"), on the Maturity Date set forth above, unless redeemed prior thereto as hereinafter provided, the Principal Amount set forth above, and to pay interest on such principal amount from the Bond Date shown above, or from the most recent Interest Payment Date (as hereinafter defined) to which interest has been paid or duly provided for, semiannually on March 1 and September 1, commencing March 1, 2020 (the "Interest Payment Dates"), at the Interest Rate set forth above, until the principal amount hereof is paid or made available for payment. The principal of this Bond is payable to the Owner hereof in lawful money of the United States of America upon presentation and surrender of this Bond at the principal corporate trust office of The Bank of New York Mellon Trust Company, N.A. in San Francisco, California (the "Fiscal Agent"). Interest on this Bond shall be paid by check of the Fiscal Agent mailed by first class mail on each Interest Payment Date to the Owner hereof as of the close of business on the 15th day of the month preceding the month in which the Interest Payment Date occurs whether or not such day is a Business Day (the "Record Date") at such Owner's address as it appears on the registration books maintained by the Fiscal Agent, or by wire transfer made on such Interest Payment Date upon written instructions delivered to the Fiscal Agent by the applicable Record Date of any Owner of \$1,000,000 or more in aggregate principal amount of Bonds.

This Bond is one of a duly authorized issue of bonds approved by resolutions of the City Council of the City on October 2, 2019 pursuant to the Mello-Roos Community Facilities Act of 1982, as amended, Sections 53311, *et seq.*, of the California Government Code (the "Mello-Roos Act") for the purpose of providing moneys for the construction and acquisition of authorized improvements for the District, and is one of the bonds designated "City of Roseville SVSP Westpark-Federico Community Facilities District No. 1 (Public Facilities) Special Tax Bonds Series 2019" (the "Bonds"). The issuance of the Bonds and the terms and conditions thereof are provided for by a Fiscal Agent Agreement, dated as of _____ 1, 2019, by and between the City and the Fiscal Agent (the "Agreement") and this reference incorporates the Agreement herein, and by acceptance hereof the Owner of this Bond assents to said terms and conditions. The Agreement is authorized under, this Bond is issued under and both are to be construed in accordance with, the laws of the State of California.

Pursuant to the Mello-Roos Act, the Agreement and the Resolution, the principal of and interest on this Bond are payable solely from Special Tax Revenues and the amounts in certain funds held under the Agreement. "Special Tax Revenues" means the proceeds of the facilities special tax ("Special Taxes") levied under the Mello-Roos Act in the District that are received by the City, including all scheduled payments and delinquent payments thereof, interest thereon and proceeds of the redemption or sale of property sold as a result of foreclosure of the lien of the special taxes, net of a 1% administration charge of the County (as such charge may be changed in the future), but not including interest in excess of the interest due on the Bonds or any penalties collected in connection with any such foreclosure.

Interest on this Bond shall be payable from the Interest Payment Date next preceding the date of authentication hereof, unless (i) it is authenticated on an Interest Payment Date, in which event it shall bear interest from such Interest Payment Date, or (ii) such date of authentication is after a Record Date but on or prior to an Interest Payment Date, in which event interest will be payable from such Interest Payment Date, or (iii) such date of authentication is prior to the first Record Date, in which event interest will be payable from the Bond Date shown above; provided however, that if at the time of authentication of this Bond, interest is in default hereon, this Bond shall bear interest from the Interest Payment Date to which interest has previously been paid or made available for payment hereon.

Any tax for the payment hereof shall be limited to the Special Tax, except to the extent that provision for payment has been made by the City as may be permitted by law. The Bonds do not constitute obligations of the City for which the City is obligated to levy or pledge, or has levied or pledged, general or special taxation other than described herein above.

The 2019 Bonds are subject to optional redemption from any source of available funds (other than Prepayments of the Special Tax by property owners), in whole or in part among maturities as specified by the City and by lot within a maturity, on any date on and after September 1, 20__ at the following respective redemption prices (expressed as percentages of the principal amount of the 2019 Bonds to be redeemed), plus accrued interest thereon to the date of redemption:

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

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

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

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

Term Bonds Due September 1, 20__

Mandatory Redemption Date <u>September 1)</u>	Sinking Fund <u>Payment</u>
---	--------------------------------

Term Bonds Due September 1, 20__

Mandatory Redemption Date <u>September 1)</u>	Sinking Fund <u>Payment</u>
---	--------------------------------

The amounts in the foregoing tables shall be reduced pro rata, at the direction of the City in an Officer's Certificate, as a result of any prior partial optional redemption or mandatory redemption of the Bonds.

Notice of redemption with respect to the Bonds to be redeemed shall be given to the Owners thereof, in the manner, to the extent and subject to the provisions of the Agreement.

This Bond shall be registered in the name of the Owner hereof, as to both principal and interest. Each registration and transfer of registration of this Bond shall be entered by the Fiscal Agent in books kept by it for this purpose and authenticated by its manual signature upon the certificate of authentication endorsed hereon.

No transfer or exchange hereof shall be valid for any purpose unless made by the registered owner, by execution of the form of assignment endorsed hereon, and authenticated as herein provided, and the principal hereof, interest hereon and any redemption premium shall be payable only to the registered owner or to such Owner's order. The Fiscal Agent shall require the Owner requesting transfer or exchange to pay any tax or other governmental charge required to be paid with respect to such transfer or exchange. No transfer or exchange hereof shall be required to be made (i) within 15 days prior to the date established by the Fiscal Agent for selection of Bonds for redemption or (ii) with respect to a Bond after such Bond has been selected for redemption.

The Agreement and the rights and obligations of the City thereunder may be modified or amended as set forth therein. The principal of the Bonds is not subject to acceleration upon a default under the Agreement or any other document. This Bond shall not become valid or obligatory for any purpose until the certificate of authentication hereon endorsed shall have been dated and manually signed by the Fiscal Agent. It is hereby certified, recited and declared that all acts, conditions and things required by law to exist, happen and be performed precedent to and in the issuance of this Bond have existed, happened and been performed in due time, form and manner as required by law, and that the amount of this Bond, together with all other indebtedness of the City, does not exceed any debt limit prescribed by the laws or Constitution of the State of California.

Unless this Bond is presented by an authorized representative of The Depository Trust Company to the Fiscal Agent for registration of transfer, exchange or payment, and any Bond issued is registered in the name of Cede & Co. or such other name as requested by an authorized representative of The Depository Trust Company and any payment is made to Cede & Co., ANY TRANSFER, PLEDGE OR OTHER USE HEREOF FOR VALUE OR OTHERWISE BY OR TO ANY PERSON IS WRONGFUL since the registered owner hereof, Cede & Co., has an interest herein.

IN WITNESS WHEREOF, the City of Roseville has caused this Bond to be executed by the facsimile signatures of the Mayor and the City Clerk of the City, all as of the Bond Date stated above.

CITY OF ROSEVILLE, for and on behalf of the
CITY OF ROSEVILLE SVSP WESTPARK-
FEDERICO COMMUNITY FACILITIES
DISTRICT NO. 1 (PUBLIC FACILITIES)

By: _____
Mayor

By: _____
City Clerk

FISCAL AGENT'S CERTIFICATE OF AUTHENTICATION

This is one of the Bonds described in the Resolution and the Agreement.

Dated: _____, 2019

**THE BANK OF NEW YORK MELLON TRUST
COMPANY, N.A., as *Fiscal Agent***

By: _____
Authorized Signatory

ASSIGNMENT

FOR VALUE RECEIVED, the undersigned do(es) hereby sell, assign and transfer unto

(Name, address and Tax Identification Number of Assignee)

the within-mentioned registered Bond and hereby irrevocably constitute(s) and appoint(s) _____, attorney, _____ to transfer the same on the registration books of the Fiscal Agent with full power of substitution in the premises.

Dated: _____

Signature Guaranteed:

NOTE: Signature(s) must be guaranteed by a member firm of the New York Stock Exchange or a commercial bank or trust company.

NOTE: The signature(s) on this Assignment must correspond with the name(s) as written on the face of the within Bond in every particular without alteration or enlargement or any change whatsoever.

EXHIBIT B

**City of Roseville
SVSP Westpark-Federico Community Facilities District No. 1 (Public Facilities)
Special Tax Bonds
Series 2019**

**OFFICER'S CERTIFICATE REQUESTING DISBURSEMENT
FROM IMPROVEMENT FUND**

REQUISITION NO. _____

The undersigned hereby states and certifies that:

(i) I am an "Authorized Officer," as such term is defined in that certain Fiscal Agent Agreement, dated as of _____ 1, 2019 (the "Fiscal Agent Agreement"), by and between the City and The Bank of New York Mellon Trust Company, N.A., as fiscal agent (the "Fiscal Agent") and as such, am familiar with the facts herein certified and am authorized to certify the same;

(ii) under Section 3.04(B) of the Fiscal Agent Agreement, the undersigned hereby requests and authorizes the Fiscal Agent to disburse from the Improvement Fund established under the Fiscal Agent Agreement to each payee designated on Schedule A attached hereto and by this reference incorporated herein, the amount set forth opposite such payee, for payment or reimbursement of previous payment of a Project cost (as that term is defined in the Fiscal Agent Agreement) as described on attached Schedule A;

(iii) an obligation in the stated amount has been properly incurred and each such obligation is a proper charge against the Improvement Fund and has not been subject of any previous requisition of the City requesting disbursement;

(iv) there has not been filed with or served upon the City a stop notice or any other notice of any lien, right to lien or attachment upon, or claim affecting the right to receive payment of, any of the money payable to the person named in this Officer's Certificate, which has not been released or will not be released with the payment of such obligation, other than materialmen's or mechanics' liens accruing by mere operation of laws; and

(v) in the case of each payment made under any contract for installation or construction, insofar as such obligation was incurred for work, materials, equipment or supplies, such work was actually performed or such materials, equipment or supplies were actually installed in furtherance of the Project or delivered at the site for that purpose or delivered for storage or fabrication at a place or places approved by the City.

Dated: _____, 20__

CITY OF ROSEVILLE

By: Authorized Officer

SCHEDULE A

Payee Name and Address

Purpose of Obligation

Amount

§ _____
CITY OF ROSEVILLE
SVSP WESTPARK-FEDERICO COMMUNITY FACILITIES DISTRICT NO. 1
(PUBLIC FACILITIES)
SPECIAL TAX BONDS
SERIES 2019

BOND PURCHASE AGREEMENT

_____, 2019

City of Roseville
311 Vernon Street,
Roseville, California 95678

Ladies and Gentlemen:

Piper Jaffray & Co. (the “**Underwriter**”), acting not as a fiduciary or agent for you, but on behalf of the Underwriter, offers to enter into this Bond Purchase Agreement (the “**Purchase Agreement**”) with the City of Roseville, California (the “**City**”) acting on behalf of the City of Roseville SVSP Westpark-Federico Community Facilities District No. 1 (Public Facilities) (the “**District**”) which, upon acceptance, will be binding upon the City and upon the Underwriter. This offer is made subject to acceptance of it by the City on the date hereof, and if not accepted will be subject to withdrawal by the Underwriter upon notice delivered to the City at any time prior to the acceptance hereof by the City.

The City acknowledges and agrees that: (i) the purchase and sale of the Bonds (defined below) pursuant to this Purchase Agreement is an arm’s-length commercial transaction between the City and the Underwriter; (ii) in connection therewith and with the discussions, undertakings and procedures leading up to the consummation of such transaction, the Underwriter is and has been acting solely as principal and is not acting as a Municipal Advisor (as defined in Section 15B of the Securities Exchange Act of 1934, as amended); (iii) the Underwriter has not assumed an advisory or fiduciary responsibility in favor of the City with respect to the offering contemplated hereby or the discussions, undertakings and procedures leading thereto (irrespective of whether the Underwriter has provided other services or is currently providing other services to the City on other matters); and (iv) the City has consulted its own legal, financial and other advisors to the extent it has deemed appropriate for this transaction.

1. Purchase, Sale and Delivery of the Bonds.

(a) Subject to the terms and conditions and in reliance upon the representations, warranties and agreements set forth herein, the Underwriter agrees to purchase from the City, and the City agrees to sell to the Underwriter, all (but not less than all) of the City of Roseville SVSP Westpark-Federico Community Facilities District No. 1 (Public Facilities) Special Tax Bonds, Series 2019 (the “**Bonds**”) in the aggregate principal amount specified in Exhibit A hereto. The Bonds shall

be dated the Closing Date (hereinafter defined), and bear interest from said date (payable semiannually on March 1 and September 1 in each year, commencing [March 1, 2020]) at the rates per annum and maturing on the dates and in the amounts set forth in Exhibit A hereto. The purchase price for the Bonds shall be the amount specified as such in Exhibit A hereto.

(b) The Bonds shall be substantially in the form described in, shall be issued and secured under the provisions of, and shall be payable and subject to redemption as provided in, the Fiscal Agent Agreement dated as of ____, 2019 (the “**Fiscal Agent Agreement**”), by and between the City and The Bank of New York Mellon Trust Company, N.A., as fiscal agent (the “**Fiscal Agent**”), and approved by Resolution No. ____ adopted by the City Council of the City (the “**City Council**”), acting as the legislative body of the District, on October 2, 2019 (the “**Resolution of Issuance**”). The Bonds and interest thereon will be payable from a special tax (the “**Special Tax**”) levied and collected on the taxable land within the District in accordance with Resolution of Intention adopted by the City Council on March 20, 2019, and Resolution No. 19-259 adopted by the City Council on June 5, 2019 (together with the Resolution of Intention, the “**Resolution of Formation**”). Proceeds of the sale of the Bonds will be used in accordance with the Fiscal Agent Agreement and the Mello-Roos Community Facilities Act of 1982, as amended (Sections 53311 et seq. of the Government Code of the State of California) (the “**Law**”), to (i) construct and acquire certain public facilities of benefit to the District, (ii) provide for a deposit to a debt service reserve account for the Bonds, (iii) provide capitalized interest for debt service due on the Bonds through September 1, 2020, and (iv) pay costs of issuance of the Bonds. The Resolution of Issuance, the Resolution of Formation, and Ordinance No. 6115, adopted by the City Council on June 5, 2019, are collectively referred to herein as the “**District Resolutions.**”

(c) At or prior to the acceptance hereof by the City, the City shall cause to be delivered to the Underwriter a 15c2-12 Certificate of the City, dated as of the date of this Purchase Agreement (the “**City Certificate**”), in substantially the form attached hereto as Exhibit B, with only such changes therein as shall have been accepted by the Underwriter.

(d) Subsequent to its receipt of the City Certificate deeming the Preliminary Official Statement for the Bonds, dated ____, 2019 (which Preliminary Official Statement, together with the cover page and all appendices thereto, is herein collectively referred to as the “**Preliminary Official Statement**”), final for purposes of Rule 15c2-12 of the Securities and Exchange Commission (“**Rule 15c2-12**”), the Underwriter has distributed copies of the Preliminary Official Statement. The City hereby ratifies the use by the Underwriter of the Preliminary Official Statement and authorizes the Underwriter to use and distribute the final Official Statement dated the date hereof (including all information previously permitted to have been omitted by Rule 15c2-12, and any supplements and amendments thereto as have been approved by the City as evidenced by the execution and delivery of such document by an officer of the City (the “**Official Statement**”), the Fiscal Agent Agreement, the Continuing Disclosure Certificate of the City (the “**City Disclosure Certificate**”), this Purchase Agreement and any other documents or contracts to which the City or the District is a party related to the Bonds, and all information contained therein, and all other documents, certificates and statements furnished by the City to the Underwriter in connection with the transactions contemplated by this Purchase Agreement, in connection with the offer and sale of the Bonds by the Underwriter. The Underwriter hereby agrees to deliver a copy of the Official Statement to the Municipal Securities Rulemaking City Council (the “**MSRB**”) through the Electronic Municipal Marketplace Access website of the MSRB on or before the Closing Date and otherwise to comply with all applicable statutes and regulations in connection with the offering and sale of the Bonds, including, without limitation, MSRB Rule G-32 and Rule 15c2-12.

(e) At 8:00 A.M., Pacific Daylight Time, on _____, 2019, or at such earlier time or date as shall be agreed upon by the Underwriter and the City (such time and date being herein referred to as the “**Closing Date**”), the City will deliver (i) to the Depository Trust Company in New York, New York, the Bonds in definitive form (all Bonds being in book-entry form registered in the name of Cede & Co. and having the CUSIP numbers assigned to them printed thereon), duly executed by the officers of the City, as provided in the Fiscal Agent Agreement, and (ii) to the Underwriter, at the offices of Jones Hall, A Professional Law Corporation, as bond counsel to the City (“**Bond Counsel**”), or at such other place as shall be mutually agreed upon by the City and the Underwriter, the other documents herein mentioned; and the Underwriter shall accept such delivery and pay the purchase price of the Bonds in immediately available funds (such delivery and payment being herein referred to as the “**Closing**”). Notwithstanding the foregoing, the Underwriter may, in their discretion, accept delivery of the Bonds in temporary form upon making arrangements with the City which are satisfactory to the Underwriter relating to the delivery of the Bonds in definitive form.

2. Public Offering and Establishment of Issue Price.

(a) The Underwriter agrees to make a bona fide public offering of the Bonds at the initial public offering price or prices set forth on the inside cover page of the Final Official Statement (as defined herein) and in Exhibit A hereto and subject to Section 2(c) and 2(d) hereof, the Underwriter reserves the right to change such initial public offering prices as the Underwriter deems necessary or desirable, in its sole discretion, in connection with the marketing of the Bonds, and to sell the Bonds to certain dealers (including dealers depositing the Bonds into investment trusts) and others at prices lower than the initial offering prices set forth in the Final Official Statement. A “**bona fide public offering**” shall include an offering to institutional investors or registered investment companies, regardless of the number of such investors to which the Bonds are sold.

(b) The Underwriter agrees to assist the City in establishing the issue price of the Bonds and shall execute and deliver to the City at Closing (defined below) an “**issue price**” or similar certificate, together with copies of supporting pricing wires or equivalent communications, substantially in the form attached hereto as Exhibit I, with such modifications as may be appropriate or necessary, in the reasonable judgment of the Underwriter, the City and Bond Counsel to accurately reflect, as applicable, the sales price or prices or the initial offering price or prices to the public of the Bonds. All actions to be taken by the City under this section to establish the issue price of the Bonds may be taken on behalf of the City by the City’s municipal advisor, First Southwest, a Division of Hilltop Securities Inc. (the “**Municipal Advisor**”) and any notice or report to be provided to the City may be provided to the City’s Municipal Advisor.

(c) [Except as otherwise set forth in Exhibit A attached hereto,] the City will treat the first price at which 10% of each maturity of the Bonds (the “**10% test**”), identified under the column “10% Test Used” in Exhibit A, is sold to the public as the issue price of that maturity. At or promptly after the execution of this Purchase Agreement, the Underwriter shall report to the City the price or prices at which it has sold to the public each maturity of Bonds. If at that time the 10% test has not been satisfied as to any maturity of the Bonds, the Underwriter agrees to promptly report to the City the prices at which it sells the unsold Bonds of that maturity to the public. That reporting obligation shall continue, whether or not the Closing Date has occurred, until either (i) the Underwriter has sold all Bonds of that maturity or (ii) the 10% test has been satisfied as to the Bonds of that maturity, provided that, the Underwriter’s reporting obligation after the Closing Date may be at reasonable periodic intervals or otherwise upon request of the City or Bond Counsel. For purposes

of this section, if Bonds mature on the same date but have different interest rates, each separate CUSIP number within that maturity will be treated as a separate maturity of the Bonds.

(d) [The Underwriter confirms that it has offered the Bonds to the public on or before the date of this Purchase Agreement at the offering price or prices (the “**initial offering price**”), or at the corresponding yield or yields, set forth in Exhibit A attached hereto, except as otherwise set forth therein. Exhibit A also sets forth, identified under the column “Hold the Offering Price Rule Used,” as of the date of this Purchase Agreement, the maturities, if any, of the Bonds for which the 10% test has not been satisfied and for which the City and the Underwriter agree that the restrictions set forth in the next sentence shall apply, which will allow the City to treat the initial offering price to the public of each such maturity as of the sale date as the issue price of that maturity (the “**hold-the-offering-price rule**”). So long as the hold-the-offering-price rule remains applicable to any maturity of the Bonds, the Underwriter will neither offer nor sell unsold Bonds of that maturity to any person at a price that is higher than the initial offering price to the public during the period starting on the sale date and ending on the earlier of the following.

(1) the close of the fifth (5th) business day after the sale date; or

(2) the date on which the Underwriter has sold at least 10% of that maturity of the Bonds to the public at a price that is no higher than the initial offering price to the public.

The Underwriter will advise the City promptly after the close of the fifth (5th) business day after the sale date whether it has sold 10% of that maturity of the Bonds to the public at a price that is no higher than the initial offering price to the public.]

(e) The Underwriter confirms that:

(1) any selling group agreement and any third-party distribution agreement relating to the initial sale of the Bonds to the public, together with the related pricing wires, contains or will contain language obligating each dealer who is a member of the selling group and each broker-dealer that is a party to such third-party distribution agreement, as applicable:

(A) (i) to report the prices at which it sells to the public the unsold Bonds of each maturity allocated to it, whether or not the Closing Date has occurred, until either all Bonds of that maturity allocated to it have been sold or it is notified by the Underwriter that the 10% test has been satisfied as to the Bonds of that maturity, provided that, the reporting obligation after the Closing Date may be at reasonable periodic intervals or otherwise upon request of the Underwriter, and (ii) to comply with the hold-the-offering-price rule, if applicable, if and for so long as directed by the Underwriter,

(B) to promptly notify the Underwriter of any sales of Bonds that, to its knowledge, are made to a purchaser who is a related party to an underwriter participating in the initial sale of the Bonds to the public (each such term being used as defined below), and

(C) to acknowledge that, unless otherwise advised by the dealer or broker-dealer, the Underwriter shall assume that each order submitted by the dealer or broker-dealer is a sale to the public.

(2) any selling group agreement relating to the initial sale of the Bonds to the public, together with the related pricing wires, contains or will contain language obligating each dealer that is a party to a third-party distribution agreement to be employed in connection with the initial sale of the Bonds to the public to require each broker-dealer that is a party to such third-party distribution agreement to (A) report the prices at which it sells to the public the unsold Bonds of each maturity allocated to it, whether or not the Closing Date has occurred, until either all Bonds of that maturity allocated to it have been sold or it is notified by the Underwriter or the dealer that the 10% test has been satisfied as to the Bonds of that maturity, provided that, the reporting obligation after the Closing Date may be at reasonable periodic intervals or otherwise upon request of the Underwriter or the dealer, and (B) comply with the hold-the-offering-price rule, if applicable, if and for so long as directed by the Underwriter or the dealer and as set forth in the related pricing wires.

(f) The City acknowledges that, in making the representations set forth in this section, the Underwriter will rely on (i) in the event a selling group has been created in connection with the initial sale of the Bonds to the public, the agreement of each dealer who is a member of the selling group to comply with the requirements for establishing issue price of the Bonds, including, but not limited to, its agreement to comply with the hold-the-offering-price rule, if applicable to the Bonds, as set forth in a selling group agreement and the related pricing wires, and (ii) in the event that a third-party distribution agreement was employed in connection with the initial sale of the Bonds to the public, the agreement of each broker-dealer that is a party to such agreement to comply with the requirements for establishing issue price of the Bonds, including, but not limited to, its agreement to comply with the hold-the-offering-price rule, if applicable to the Bonds, as set forth in the third-party distribution agreement and the related pricing wires. The City further acknowledges that the Underwriter shall not be liable for the failure of any dealer who is a member of a selling group, or of any broker-dealer that is a party to a third-party distribution agreement, to comply with its corresponding agreement to comply with the requirements for establishing issue price of the Bonds, including, but not limited to, its agreement to comply with the hold-the-offering-price rule, if applicable to the Bonds.

(g) The Underwriter acknowledges that sales of any Bonds to any person that is a related party to an underwriter participating in the initial sale of the Bonds to the public (each such term being used as defined below) shall not constitute sales to the public for purposes of this section. Further, for purposes of this section:

(1) “**public**” means any person other than an underwriter or a related party;

(2) “**underwriter**” means (A) any person that agrees pursuant to a written contract with the City (or with the lead underwriter to form an underwriting syndicate) to participate in the initial sale of the Bonds to the public and (B) any person that agrees pursuant to a written contract directly or indirectly with a person described in clause (A) to participate in the initial sale of the Bonds to the public

(including a member of a selling group or a party to a third-party distribution agreement participating in the initial sale of the Bonds to the public);

(3) a purchaser of any of the Bonds is a “**related party**” to an underwriter if the underwriter and the purchaser are subject, directly or indirectly, to (i) more than 50% common ownership of the voting power or the total value of their stock, if both entities are corporations (including direct ownership by one corporation of another), (ii) more than 50% common ownership of their capital interests or profits interests, if both entities are partnerships (including direct ownership by one partnership of another), or (iii) more than 50% common ownership of the value of the outstanding stock of the corporation or the capital interests or profit interests of the partnership, as applicable, if one entity is a corporation and the other entity is a partnership (including direct ownership of the applicable stock or interests by one entity of the other)[; and

(4) “**sale date**” means the date of execution of this Purchase Agreement by the City and the Underwriter].

3. Representations, Warranties and Agreements of the City. The City represents, warrants and covenants to and agrees with the Underwriter that:

(a) The City is a municipal corporation and charter city duly organized and existing under the laws of the State of California (the “**State**”) and has duly authorized the formation of the District pursuant to the Resolution of Formation and the Law. The City Council, as the legislative body of the District, has duly adopted the District Resolutions, and has caused to be recorded in the real property records of Placer County a Notice of Special Tax Lien (the “**Notice of Special Tax Lien**”) (such District Resolutions and Notice of Special Tax Lien being collectively referred to herein as the “**Formation Documents**”). Each of the Formation Documents remains in full force and effect as of the date hereof and has not been amended. The District is duly organized and validly existing as a community facilities district under the laws of the State of California. The City has, and at the Closing Date will have, as the case may be, full legal right, power and authority (i) to execute, deliver and perform its obligations under this Purchase Agreement and the City Disclosure Certificate, and to carry out all transactions on its part contemplated by each of such agreements, (ii) to issue, sell and deliver the Bonds to the Underwriter pursuant to the Resolution of Issuance and the Fiscal Agent Agreement as provided herein, and (iii) to carry out, give effect to and consummate the transactions on its part contemplated by the Formation Documents and by the Fiscal Agent Agreement, this Purchase Agreement, and the City Disclosure Certificate (collectively, the “**District Documents**”) and the Official Statement.

(b) The City has complied, and will at the Closing Date be in compliance, in all material respects, with the Formation Documents and the District Documents, and any immaterial compliance by the City, if any, will not impair the ability of the City to carry out, give effect to or consummate the transactions on its part contemplated by the foregoing. From and after the date of issuance of the Bonds, the City will continue to comply with the covenants of the City contained in the District Documents that are applicable to such time period.

(c) The City Council has duly and validly: (i) adopted the District Resolutions, (ii) called, held and conducted in accordance with all requirements of the Law elections within the District to approve the levy of the Special Tax within the District and the issuance of the Bonds and

recorded the Notice of Special Tax Lien which established a continuing lien on the land within the District securing the payment of the Special Tax, (iii) authorized and approved the execution, delivery and due performance by the City for the District of the Bonds and the District Documents, (iv) authorized the preparation, delivery and distribution of the Preliminary Official Statement and the Official Statement, and (v) authorized and approved the performance by the City of its obligations contained in, and the taking of any and all action as may be necessary to carry out, give effect to and consummate the transactions on its part contemplated by, each of the District Documents (including, without limitation, the collection of the Special Tax), the Bonds and the Official Statement and at the Closing Date, the Formation Documents will be in full force and effect and the District Documents and the Bonds will constitute the valid, legal and binding obligations of the City for the District and (assuming due authorization, execution and delivery by other parties thereto, where necessary) will be enforceable upon the City in accordance with their respective terms, subject to bankruptcy, insolvency, reorganization, moratorium and other laws affecting the enforcement of creditors' rights in general and to the application of equitable principles if equitable remedies are sought.

(d) To the best of the City's knowledge, neither the District nor the City is in breach of or default under any applicable law or administrative rule or regulation of the State or the United States, or of any department, division, agency or instrumentality thereof, or under any applicable court or administrative decree or order, or under any loan agreement, note, resolution, trust agreement, contract, agreement or other instrument to which the District or the City is a party or is otherwise subject or bound, a consequence of which would be to materially and adversely affect the performance by the District or the City of their obligations under the Bonds, the Formation Documents or the District Documents, and compliance with the provisions of each thereof will not conflict with or constitute a breach of or default under any applicable law or administrative rule or regulation of the State or the United States, or of any department, division, agency or instrumentality thereof, or under any applicable court or administrative decree or order, or a material breach of or default under any loan agreement, note, resolution, trust agreement, contract, agreement or other instrument to which the District or the City, as the case may be, is a party or is otherwise subject or bound.

(e) Except for compliance with the blue sky or other states securities law filings, as to which the City makes no representations, all approvals, consents, authorizations, elections and orders of or filings or registrations with any State governmental authority, board, agency or commission having jurisdiction which would constitute a condition precedent to, or the absence of which would materially adversely affect, the performance by the City of its obligations hereunder, or under the Formation Documents or the District Documents, have been obtained and are in full force and effect.

(f) The Special Tax constituting the security for the Bonds has been duly and lawfully authorized and may be levied under the Law, the State Constitution and the applicable laws of the State, and the Special Tax, when levied, will constitute a valid and legally binding continuing lien on the properties on which it has been levied.

(g) The City shall not supplement or amend the Official Statement or cause the Official Statement to be supplemented or amended without the prior written consent of the Underwriter. Until the date which is twenty-five (25) days after the "end of the underwriting period" (as hereinafter defined), if any event shall occur of which the City is aware, as a result of which it may be necessary to supplement the Official Statement in order to make the statements in the Official

Statement, in light of the circumstances existing at such time, not misleading, the City shall forthwith notify the Underwriter of any such event of which it has knowledge and shall cooperate fully in furnishing any information available to it for any supplement to the Official Statement necessary, in the Underwriter's opinion, so that the statements therein as so supplemented will not be misleading in light of the circumstances existing at such time and the City shall promptly furnish to the Underwriter a reasonable number of copies of such supplement. As used herein, the term **"end of the underwriting period"** means the later of such time as (i) the City delivers the Bonds to the Underwriter, or (ii) the Underwriter does not retain, directly or as a member of an underwriting syndicate, an unsold balance of the Bonds for sale to the public. Unless the Underwriter gives notice to the contrary, the "end of the underwriting period" shall be deemed to be the Closing Date. Any notice delivered pursuant to this provision shall be written notice delivered to the City at or prior to the Closing Date, and shall specify a date (other than the Closing Date) to be deemed the "end of the underwriting period."

(h) The Fiscal Agent Agreement creates a valid pledge of the Special Tax Revenues (as defined in the Fiscal Agent Agreement) and the moneys deposited in the Bond Fund and the Reserve Fund established pursuant to the Fiscal Agent Agreement, including the investments thereof, subject in all cases to the provisions of the Fiscal Agent Agreement permitting the application thereof for the purposes and on the terms and conditions set forth therein. Until such time as moneys have been set aside in an amount sufficient to pay all then outstanding Bonds at maturity or to the date of redemption if redeemed prior to maturity, plus unpaid interest thereon to maturity or to the date of redemption if redeemed prior to maturity, and premium, if any, the City will faithfully perform and abide by all of its covenants and undertakings, and the provisions contained in the Fiscal Agent Agreement.

(i) Except as disclosed in the Preliminary Official Statement, no action, suit, proceeding, inquiry or investigation, at law or in equity, before or by any court, regulatory agency, public board or body is pending with respect to which the City has been served with process or, to the best knowledge of the City, threatened (i) which would materially adversely affect the ability of either the City or the District to perform their obligations under the Bonds, the Formation Documents or the District Documents, or (ii) seeking to restrain or to enjoin the issuance, sale or delivery of the Bonds, the application of the proceeds thereof in accordance with the Fiscal Agent Agreement, or the collection or application of the Special Tax pledged or to be pledged to pay the principal of and interest on the Bonds, or the pledge thereof, or in any way contesting or affecting the validity or enforceability of the Bonds, the Formation Documents, the District Documents, or any action contemplated by any of said documents, or (iii) in any way contesting the completeness or accuracy of the Official Statement or the powers or authority of the City or the District with respect to the Bonds, the Formation Documents, the District Documents, or any action of the City or the District contemplated by any of said documents; nor is there any action pending with respect to which the City has been served with process or, to the best knowledge of the City, threatened against the City or the District which alleges that interest on the Bonds is not excludable from gross income for federal income tax purposes or is not exempt from California personal income taxation, or (iv) which would affect or restrain the ability of the owners of property within the District to develop their property as described in the Preliminary Official Statement.

(j) The City will furnish such information, execute such instruments and take such other action in cooperation with the Underwriter as the Underwriter may reasonably request in order for the Underwriter to qualify the Bonds for offer and sale under the "Blue Sky" or other securities laws and regulations of such states and other jurisdictions of the United States as the

Underwriter may designate; provided, however, the City shall not be required to register as a dealer or a broker of securities or to consent to service of process in connection with any blue sky filing.

(k) Any certificate signed by any official of the City authorized to do so and delivered to the Underwriter in connection with the Bonds or this Purchase Agreement shall be deemed a representation and warranty to the Underwriter as to the statements made therein.

(l) The City will apply the proceeds of the Bonds in accordance with the Fiscal Agent Agreement as described in the Official Statement.

(m) The information contained in the Preliminary Official Statement (other than under the captions “THE BONDS — Description of the Bonds” as they relate to DTC and the Book-Entry Only System, “THE DISTRICT—Entitlements and Anticipated Development,” “OWNERSHIP OF PROPERTY WITHIN THE DISTRICT” and in Appendix C and Appendix G thereto, as to which no view is expressed) was as of the date thereof, and the information contained in the Official Statement (other than under the captions “THE BONDS — Description of the Bonds” as they relate to DTC and the Book-Entry Only System, “OWNERSHIP OF PROPERTY WITHIN THE DISTRICT” and in Appendix C and Appendix G thereto, as to which no view is expressed) as of its date and on the Closing Date shall be, true and correct in all material respects and such information does not and shall not contain any untrue or misleading statement of a material fact or omit to state any material fact necessary to make the statements therein, in light of the circumstances under which they were made, not misleading.

(n) The Preliminary Official Statement heretofore delivered to the Underwriter has been deemed final by the City as of its date, except for the omission of such information as is permitted to be omitted in accordance with paragraph (b)(1) of Rule 15c2-12. The City hereby covenants and agrees that, within seven (7) business days from the date hereof, the City shall cause a final printed form of the Official Statement to be delivered to the Underwriter in a quantity mutually agreed upon by the Underwriter and the City so that the Underwriter may comply with paragraph (b)(4) of Rule 15c2-12 and Rules G-12, G-15, G-32 and G-36 of the Municipal Securities Rulemaking Board.

(o) Except as otherwise disclosed in the Preliminary Official Statement, the City is, and has always been, in material compliance with respect to all reporting obligations in the last five years that it has undertaken under Rule 15c2-12 for all indebtedness issued by the City.

(p) Except as otherwise disclosed in the Preliminary Official Statement, the Formation Documents have not been amended, terminated, rescinded or modified.

(q) The City shall not voluntarily undertake any course of action inconsistent with satisfaction of the requirements applicable to the City as set forth in this Purchase Agreement.

(r) The City shall cooperate with the Underwriter in the qualification of the Bonds for offering and sale and the determination of their eligibility for investment under the laws of such jurisdictions as the Underwriter may designate.

(s) The City shall not knowingly take or omit to take any action that, under existing law, may adversely affect the exemption from state income taxation or the exclusion from gross income for federal income tax purposes of the interest on the Bonds.

4. Conditions to the Obligations of the Underwriter. The obligations of the Underwriter to accept delivery of and pay for the Bonds on the Closing Date shall be subject, at the option of the Underwriter, to the accuracy in all material respects of the representations and warranties of the City contained herein, as of the date hereof and as of the Closing Date, to the accuracy in all material respects of the statements of the officers and other officials of the City made in any certificates or other documents furnished pursuant to the provisions hereof, to the performance by the City of its obligations to be performed hereunder at or prior to the Closing Date and to the following additional conditions:

(a) At the Closing Date, the Formation Documents and the District Documents shall be in full force and effect, and shall not have been amended, modified or supplemented, except as may have been agreed to in writing by the Underwriter, and there shall have been taken in connection therewith, with the issuance of the Bonds and with the transactions contemplated thereby and by this Purchase Agreement, all such actions as, in the opinion of Bond Counsel, and Stradling Yocca Carlson & Rauth, a Professional Corporation (“**Stradling**”), counsel to the Underwriter, shall be necessary and appropriate;

(b) The information contained in the Official Statement will, as of the Closing Date and as of the date of any supplement or amendment thereto pursuant to Section 3(g) hereof, be true and correct in all material respects and will not, as of the Closing Date or as of the date of any supplement or amendment thereto pursuant to Section 3(g) hereof, contain any untrue statement of a material fact or omit to state a material fact required to be stated therein or necessary to make the statements therein, in the light of the circumstances under which they were made, not misleading;

(c) Between the date hereof and the Closing Date, the market price or marketability of the Bonds at the initial offering prices set forth in the Official Statement shall not have been materially adversely affected, in the judgment of the Underwriter (evidenced by a written notice to the City terminating the obligation of the Underwriter to accept delivery of and pay for the Bonds), by reason of any of the following:

(1) legislation introduced in or enacted (or resolution passed) by the Congress of the United States of America or recommended to the Congress by the President of the United States, the Department of the Treasury, the Internal Revenue Service, or any member of Congress, or favorably reported for passage to either House of Congress by any committee of such House to which such legislation had been referred for consideration or a decision rendered by a court established under Article III of the Constitution of the United States of America or by the Tax Court of the United States of America, or an order, ruling, regulation (final, temporary or proposed), press release or other form of notice issued or made by or on behalf of the Treasury Department or the Internal Revenue Service of the United States of America, with the purpose or effect, directly or indirectly, of imposing federal income taxation upon the interest that would be received by the owners of the Bonds beyond the extent to which such interest is subject to taxation as of the date hereof;

(2) legislation introduced in or enacted (or resolution passed) by the Congress of the United States of America, or an order, decree or injunction issued by any court of competent jurisdiction, or an order, ruling, regulation (final, temporary or proposed), press release or other form of notice issued or made by or on behalf of the Securities and Exchange Commission (the “**SEC**”), or any other governmental

agency having jurisdiction of the subject matter, to the effect that obligations of the general character of the Bonds, or the Bonds are not exempt from registration under or other requirements of the Securities Act of 1933, as amended, or that the Fiscal Agent Agreement is not exempt from qualification under or other requirements of the Trust Indenture Act of 1939, as amended, or that the issuance, offering or sale of obligations of the general character of the Bonds, or of the Bonds, as contemplated hereby or by the Official Statement or otherwise is or would be in violation of the federal securities laws, rules or regulations as amended and then in effect;

(3) any amendment to the federal or California Constitution or action by any federal or California court, legislative body, regulatory body or other authority materially adversely affecting the tax status of the City or the District, their property, income or securities (or interest thereon), the validity or enforceability of the Special Tax as contemplated by the Formation Documents, the District Documents or the Official Statement;

(4) any event occurring, or information becoming known, which, in the judgment of the Underwriter, makes untrue in any material respect any statement or information contained in the Preliminary Official Statement or the Official Statement, or results in the Preliminary Official Statement or the Official Statement containing any untrue statement of a material fact or omitting to state a material fact required to be stated therein or necessary to make the statements therein, in light of the circumstances under which they were made, not misleading;

(5) the declaration of war or the escalation of, or engagement in, military hostilities by the United States or the occurrence of any other national or international emergency or calamity relating to the effective operation of the government of, or the financial community in, the United States which, in the judgment of the Underwriter, makes it impracticable or inadvisable to proceed with the offering or the delivery of the Bonds on the terms and in the manner contemplated in the Preliminary Official Statement or the Official Statement;

(6) the declaration of a general banking moratorium by federal, State of New York or State of California authorities, or the general suspension of trading on any national securities exchange or minimum or maximum prices for trading shall have been fixed and be in force, or maximum ranges for prices for securities shall have been required and be in force on the New York Stock Exchange or other national securities exchange, whether by virtue of determination by that exchange or by order of the SEC or any other governmental authority having jurisdiction that, in the Underwriter's reasonable judgment, makes it impracticable for the Underwriter to market the Bonds or enforce contracts for the sale of the Bonds;

(7) the imposition by the New York Stock Exchange or other national securities exchange, or any governmental authority, of any material restrictions not now in force with respect to the Bonds or obligations of the general character of the Bonds or securities generally, or the material increase of any such restrictions now in force, including those relating to the extension of credit by, or the charge to the net capital requirements of, the Underwriter;

(8) the entry of an order by a court of competent jurisdiction which enjoins or restrains the City from issuing permits, licenses or entitlements within the District or which order, in the reasonable opinion of the Underwriter, otherwise materially and adversely affects proposed development of property within the District;

(9) a material disruption in securities settlement, payment or clearance services affecting the Bonds shall have occurred;

(10) there shall have been any material adverse change in the affairs of the City that in the Underwriter's reasonable judgment will materially adversely affect the market for the Bonds or the ability of the Underwriter to enforce contracts for the sale of the Bonds;

(11) there shall be established any new restriction on transactions in securities materially affecting the free market for securities (including the imposition of any limitation on interest rates) or the extension of credit by, or a change to the net capital requirements of, underwriters established by the New York Stock Exchange, the SEC, any other federal or State agency or the Congress of the United States, or by Executive Order;

(12) a stop order, release, regulation, or no-action letter by or on behalf of the SEC or any other governmental agency having jurisdiction of the subject matter shall have been issued or made to the effect that the issuance, offering, or sale of the Bonds, including all the underlying obligations as contemplated hereby or by the Official Statement, or any document relating to the issuance, offering or sale of the Bonds is or would be in violation of any provision of the federal securities laws at the Closing Date, including the Securities Act, the Exchange Act, and the Trust Indenture Act of 1939, as amended; or

(13) filing of or threat of litigation of the type described in Section 2(i) hereof.

(d) On the Closing Date, the Underwriter shall have received counterpart originals or certified copies of the following documents, in each case satisfactory in form and substance to the Underwriter:

(1) The Formation Documents and the District Documents, together with a certificate dated as of the Closing Date of the City Clerk of the City to the effect that each Formation Document is a true, correct and complete copy of the one duly adopted by the City Council;

(2) The Official Statement;

(3) An approving opinion for the Bonds, dated the Closing Date and addressed to the City, of Bond Counsel, in the form attached to the Preliminary Official Statement as Appendix D, and an unqualified letter of such counsel, dated the Closing Date and addressed to the Underwriter, to the effect that such approving

opinion addressed to the City may be relied upon by the Underwriter to the same extent as if such opinion was addressed to it;

(4) A supplemental opinion, dated the Closing Date and addressed to the Underwriter, of Bond Counsel, to the effect that (i) this Purchase Agreement and the City Disclosure Certificate have been duly authorized, executed and delivered by the City, and, assuming such agreements constitute a valid and binding obligation of the other respective parties thereto, constitute the legally valid and binding agreements of the City for the District enforceable in accordance with their respective terms, except as enforcement may be limited by bankruptcy, moratorium, insolvency or other laws affecting creditor's rights or remedies and may be subject to general principles of equity (regardless of whether such enforceability is considered in equity or at law); (ii) the Bonds are not subject to the registration requirements of the Securities Act of 1933, as amended, and the Fiscal Agent Agreement is exempt from qualification under the Trust Indenture Act of 1939, as amended; and (iii) the information contained in the Official Statement on the cover and under the captions "INTRODUCTION," "THE BONDS" (other than information relating to DTC and its Book-Entry Only System), "SECURITY AND SOURCES OF PAYMENT FOR THE BONDS," "TAX MATTERS" and Appendices D and F thereof is accurate, insofar as such information purports to summarize or replicate certain provisions of the Law, the Bonds and the Fiscal Agent Agreement and the exclusion from gross income for federal income tax purposes and exemption from State of California personal income taxes of interest on the Bonds;

(5) An opinion, dated the Closing Date and addressed to the Underwriter, of Stradling, as counsel for the Underwriter, in form and substance acceptable to the Underwriter;

(6) A certificate or certificates, dated the Closing Date and signed by an authorized officer of the City, ratifying the use and distribution by the Underwriter of the Preliminary Official Statement and the Official Statement in connection with the offering and sale of the Bonds; and certifying that (i) the representations and warranties of the City contained in Section 3 hereof are true and correct in all material respects on and as of the Closing Date with the same effect as if made on the Closing Date; (ii) to the best of his or her knowledge, no event has occurred since the date of the Official Statement affecting the matters contained therein which should be disclosed in the Official Statement for the purposes for which it is to be used in order to make the statements and information contained in the Official Statement not misleading in any material respect, and the Bonds, the Formation Documents and the District Documents conform as to form and tenor to the descriptions thereof contained in the Official Statement; and (iii) the City has complied with all the agreements and satisfied all the conditions on its part to be performed or satisfied under the Formation Documents, the District Documents and the Official Statement at or prior to the Closing Date;

(7) An opinion, dated the Closing Date and addressed to the Underwriter, of the City Attorney, to the effect that (i) to its current actual knowledge and except as disclosed in the Official Statement, no action, suit, proceeding, inquiry or investigation, at law or in equity, before or by any court, regulatory agency, public

board or body is pending with respect to which the City has been served with process or is known to such counsel to be threatened, as to which the City is or would be a party, which would materially adversely affect the ability of the City or the District to perform their obligations under the Bonds, the Formation Documents or the District Documents, or which seeks to restrain or enjoin the issuance, sale and delivery of the Bonds or exclusion from gross income for federal income tax purposes or State of California personal income taxes of interest on the Bonds, or the application of the proceeds thereof in accordance with the Fiscal Agent Agreement, or the collection or application of the Special Tax to pay the principal of and interest on the Bonds, or which in any way contests or affects the validity or enforceability of the Bonds, the Formation Documents or the District Documents or the accuracy of the Official Statement, or any action of the City contemplated by any of said documents or the development of property within the District; (ii) the City is duly organized and validly existing as a public entity under the laws of the State of California and the District is duly organized and validly existing as a community facilities district under the laws of the State of California, and the City has full legal right, power and authority to issue the Bonds and to perform all of its obligations under the Formation Documents and the District Documents; (iii) the City has obtained all approvals, consents, authorizations, elections and orders of or filings or registrations with any State governmental authority, board, agency or commission having jurisdiction which constitute a condition precedent to the levy of the Special Tax, the issuance of the Bonds or the performance by the City of its obligations thereunder or under the Fiscal Agent Agreement, except that no opinion need be expressed regarding compliance with blue sky or other securities laws or regulations, whatsoever; (iv) the City Council has duly and validly adopted the Formation Documents at meetings of the City Council which were called and held pursuant to law and with all public notice required by law and at which a quorum was present and acting throughout, and the Formation Documents are now in full force and effect and have not been amended; and (v) the City has duly authorized, executed and delivered the District Documents and the Bonds and has duly authorized the preparation and delivery of the Official Statement;

(8) One or more certificates dated the Closing Date from Willdan Financial Services (the “**Special Tax Consultant**”) addressed to the City and the Underwriter to the effect that (i) the amount of the Special Taxes that could be levied in each Fiscal Year on all Parcels (as defined in the Rate and Method of Apportionment of Special Tax for the District) of Taxable Property in the District less Administrative Expenses (as defined in the Rate and Method of Apportionment of Special Tax for the District) of 1%, is at least one hundred ten percent (110%) of the total Annual Debt Service for each such Fiscal Year on the Bonds, and (ii) all information supplied by the Special Tax Consultant for use in the Official Statement is true and correct as of the date of the Official Statement and as of the Closing Date;

(9) A certificate of the City dated the Closing Date, in a form acceptable to Bond Counsel, to the effect that the Bonds are not arbitrage bonds within the meaning of Section 148 of the Internal Revenue Code of 1986, as amended;

(10) A certificate of the Fiscal Agent and an opinion of counsel to the Fiscal Agent dated the Closing Date and addressed to the City and the Underwriter to

the effect that the Fiscal Agent has authorized the execution and delivery of the Fiscal Agent Agreement and that the Fiscal Agent Agreement is a valid and binding obligation of the Fiscal Agent enforceable in accordance with its terms;

(11) A Certificate of Solaire Community Builders, LLC, a California limited liability company (the “**Master Developer**”) dated the date of the Preliminary Official Statement, substantially in the form attached as Exhibit D hereto (the “**Master Developer Certificate**”) or as such certificate may be modified with the approval of the Underwriter and Stradling, and a closing certificate of the Master Developer dated the Closing Date, to the effect that the representations in the Master Developer Certificate are true and correct as of the Closing Date (except that all references to the Preliminary Official Statement in the Master Developer Certificate shall be deemed references to the final Official Statement);

(12) A continuing disclosure certificate executed by the Master Developer in the form attached in Appendix E to the Preliminary Official Statement (the “**Master Developer Continuing Disclosure Certificate**”);

(13) An opinion letter or letters from counsel to the Master Developer, dated the Closing Date and addressed to the City and the Underwriter substantially to the effect that: (a) the Master Developer is a limited liability company, duly formed, validly existing and in good standing under the laws of the State of California, and has full power and authority to enter into the Master Developer Continuing Disclosure Certificate and the Development Agreement (as defined in the Official Statement); (b) the Master Developer has duly and validly executed and delivered the Master Developer Continuing Disclosure Certificate and Master Developer Continuing Disclosure Certificate and the Development Agreement constitute the legal, valid and binding obligations of the Master Developer, enforceable against the Master Developer in accordance with their respective terms; (c) to such counsel’s knowledge, the execution and delivery by the Master Developer of the Master Developer Continuing Disclosure Certificate and the performance of its obligations thereunder and under the Development Agreement do not and will not result in a violation of any provision of, or a default under, any agreement or other instrument to which the Master Developer is a party; (d) to such counsel’s knowledge, the Master Developer is not in violation of any provision of, or in default under, its organizational documents or any agreement or other instrument, violation or default under which would materially and adversely affect the business, properties, assets, liabilities or conditions (financial or other) of the Master Developer; (e) to such counsel’s knowledge, except as set forth in the Official Statement, there is no litigation pending against the Master Developer (with service of process the Master Developer having been duly given and completed) or overtly threatened against the Master Developer which would materially and adversely affect the validity or enforceability of the Master Developer Continuing Disclosure Certificate and the Development Agreement or the Master Developer’s ability to complete the development of its property as proposed in the Official Statement or to pay the Special Taxes; and (f) without having undertaken to determine independently the accuracy, completeness or fairness of the statements contained in the Preliminary Official Statement or the Official Statement under the captions “THE DISTRICT,” “OWNERSHIP OF PROPERTY WITHIN THE DISTRICT,” “THE

IMPROVEMENTS,” “SPECIAL RISK FACTORS—Property Values and Property Development—*Endangered and Threatened Species*” (except that no opinion or belief need to be expressed as to any information relating to The Depository Trust Company, or any information relating to CUSIP numbers, or with respect to any financial, statistical or engineering information, data or forecasts, numbers, charts, estimates, projections, assumptions or expressions of opinion, assessed valuations or appraised values, or to any information which is attributable to a source other than the Master Developer, contained in the Preliminary Official Statement or the Official Statement), no facts came to such counsel’s attention during the course of its representation of the Master Developer that would lead it to believe that the information under said captions of the Preliminary Official Statement, as of its date, or Official Statement, as of its date and as of the Closing Date, relating to the Master Developer and the Master Developer’s organizations, activities, properties and financial condition, and the proposed development of their respective property within the District, contained or contains any untrue statement of a material fact or omitted or omits to state any material fact necessary in order to make the statements therein, in the light of the circumstances under which they were made, not misleading; and

(14) G-17 letter from the Underwriter acknowledged by the City;

(15) A letter of Jones Hall, A Professional Law Corporaiton, as disclosure counsel to the City (“**Disclosure Counsel**”), addressed to the Underwriter and the City, to the effect that nothing has come to such counsel’s attention that would lead them to believe that the Preliminary Official Statement, as of its date, and the Official Statement, as of its date and as of the Closing Date (but excluding therefrom the appendices thereto, financial statements and statistical data, and information regarding The Depository Trust Company and its book-entry system, as to which no opinion need be expressed), contained or contains an untrue statement of a material fact or omitted or omits to state a material fact necessary to make the statements therein, in the light of the circumstances under which they were made, not misleading;

(16) A certificate from Integra Realty Resources (the “**Appraiser**”) consenting to the inclusion of their appraisal report (the “**Appraisal**”) in the Preliminary Official Statement and the final Official Statement and certifying that (i) the information in the Official Statement relating to the Appraisal does not contain an untrue statement of a material fact or omit to state a material fact necessary to make the statements therein, in the light of the circumstances under which they were made, not misleading and (ii) since the date of the Appraisal they are not aware of any facts that would materially affect the conclusions of value set forth therein;

(17) Such additional legal opinions, certificates, instruments and other documents as the Underwriter may reasonably request to evidence the truth and accuracy, as of the date hereof and as of the Closing Date, of the statements and information contained in the Preliminary Official Statement and the Official Statement, of the City’s representations and warranties contained herein and the due performance or satisfaction by the City at or prior to the Closing of all agreements then to be performed and all conditions then to be satisfied by the City and the

District in connection with the transactions contemplated hereby and by the Official Statement.

If the City shall be unable to satisfy the conditions to the obligations of the Underwriter to purchase, accept delivery of and pay for the Bonds contained in this Purchase Agreement, or if the obligations of the Underwriter to purchase, accept delivery of and pay for the Bonds shall be terminated for any reason permitted by this Purchase Agreement, this Purchase Agreement shall terminate and neither the Underwriter nor the City shall be under any further obligation hereunder, except that the respective obligations of the City and the Underwriter set forth in Section 5, Section 6 and Section 8 hereof shall continue in full force and effect.

5. Conditions of the City's Obligations. The City's obligations hereunder are subject to the Underwriter's performance of its obligations hereunder, and are also subject to the following conditions:

(a) As of the Closing Date, no litigation shall be pending or, to the knowledge of the duly authorized officer of the City executing the certificate referred to in Section 4(d)(6) hereof, threatened, to restrain or enjoin the issuance or sale of the Bonds or in any way affecting any authority for or the validity of the Bonds, the Formation Documents, the District Documents or the existence or powers of the City or the District; and

(b) As of the Closing Date, the City shall receive the approving opinion of Bond Counsel referred to in Section 4(d)(3) hereof, dated as of the Closing Date.

6. Expenses. Whether or not the Bonds are delivered to the Underwriter as set forth herein:

(a) The Underwriter shall be under no obligation to pay, and the City shall pay or cause to be paid (out of any legally available funds of the District) all expenses incident to the performance of the City's obligations hereunder, including, but not limited to, the cost of printing, engraving and delivering the Bonds to the Underwriter, the cost of preparation, printing, distribution and delivery of the Fiscal Agent Agreement, the Preliminary Official Statement, the Official Statement and all other agreements and documents contemplated hereby (and drafts of any thereof) in such reasonable quantities as requested by the Underwriter; and the fees and disbursements of the Municipal Advisor, the Special Tax Consultant, the Fiscal Agent, Bond Counsel, Disclosure Counsel and any accountants, engineers or any other experts or consultants the City has retained in connection with the Bonds; and

(b) The City shall be under no obligation to pay, and the Underwriter shall pay, any fees of the California Debt and Investment Advisory Commission, the cost of preparation of any "blue sky" or legal investment memoranda and this Purchase Agreement; expenses to qualify the Bonds for sale under any "blue sky" or other state securities laws; and all other expenses incurred by the Underwriter in connection with its public offering and distribution of the Bonds (except those specifically enumerated in paragraph (a) of this section), including the fees and disbursements of its counsel and any advertising expenses.

7. Notices. Any notice or other communication to be given to the City under this Purchase Agreement may be given by delivering the same in writing to the City at 311 Vernon Street, Roseville, California 95678, Attention: City Manager; and any notice or other communication

to be given to the Underwriter under this Purchase Agreement may be given by delivering the same in writing to Piper Jaffray & Co., 8880 Cal Center Drive, Suite 400, Sacramento, Ca 95826, Attention: Dennis McGuire.

8. Parties in Interest. This Purchase Agreement is made solely for the benefit of the City, the District and the Underwriter (including their successors or assigns), and no other person shall acquire or have any right hereunder or by virtue hereof.

9. Survival of Representations and Warranties. The representations and warranties of the City set forth in or made pursuant to this Purchase Agreement shall not be deemed to have been discharged, satisfied or otherwise rendered void by reason of the Closing or termination of this Purchase Agreement and regardless of any investigations made by or on behalf of the Underwriter (or statements as to the results of such investigations) concerning such representations and statements of the City and regardless of delivery of and payment for the Bonds.

10. Effective. This Purchase Agreement shall become effective and binding upon the respective parties hereto upon the execution of the acceptance hereof by the City and shall be valid and enforceable as of the time of such acceptance.

11. No Prior Agreements. This Purchase Agreement supersedes and replaces all prior negotiations, agreements and understandings between the parties hereto in relation to the sale of Bonds for the City.

12. Governing Law. This Purchase Agreement shall be governed by the laws of the State applicable to contracts made and performed in the State.

13. Counterparts. This Purchase Agreement may be executed simultaneously in several counterparts, each of which shall be an original and all of which shall constitute one and the same instrument.

Very truly yours,

PIPER JAFFRAY & CO., as Underwriter

By: _____
Authorized Officer

ACCEPTED:

CITY OF ROSEVILLE, CALIFORNIA, for and
on behalf of the City's SVSP Westpark-Federico
Community Facilities District No. 1 (Public
Facilities)

By: _____
Chief Financial Officer

Time: ____p.m.

EXHIBIT A
MATURITY SCHEDULE

CITY OF ROSEVILLE
SVSP WESTPARK-FEDERICO COMMUNITY FACILITIES DISTRICT NO. 1
(PUBLIC FACILITIES)
SPECIAL TAX BONDS
SERIES 2019

<i>Maturity Date (September 1)</i>	<i>Principal Amount</i>	<i>Interest Rate</i>	<i>Price</i>	<i>10% Test Used</i>	<i>Hold the Offering Price Used</i>
---	------------------------------------	-----------------------------	---------------------	---------------------------------	--

[^C Priced to the optional call date of September 1, 20__ at ____.]
[^T Term Bond.]

The purchase price of the Bonds shall be \$_____, which is the principal amount thereof (\$_____) [plus/less] [net] original issue [premium/discount] of \$_____ and less Underwriter's discount of \$_____.

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

principal amount of the Bonds to be redeemed), plus accrued interest thereon to the date of redemption:

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

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

<u>Redemption Dates</u>	<u>Redemption Price</u>
March 1, 2020 through and including March 1, 2__	103%
September 1, 20__ and March 1, 20__	102
September 1, 20__ and March 1, 20__	101
September 1, 20__ and any Interest Payment Date thereafter	100

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

Term Bonds Maturing September 1, 20__

<u>Sinking Fund Redemption Date (September 1)</u>	<u>Sinking Fund Payment</u>
---	---------------------------------

(maturity)

Term Bonds Maturing September 1, 20__

<u>Sinking Fund Redemption Date (September 1)</u>	<u>Sinking Fund Payment</u>
---	---------------------------------

(maturity)

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

EXHIBIT B

**CITY OF ROSEVILLE
SVSP WESTPARK-FEDERICO COMMUNITY FACILITIES DISTRICT NO. 1
(PUBLIC FACILITIES)
SPECIAL TAX BONDS
SERIES 2019**

RULE 15c2-12 CERTIFICATE

The undersigned hereby certifies and represents that he is the Chief Financial Officer of the City of Roseville, California (the “City”), and, as such, is duly authorized to execute and deliver this certificate and further hereby certifies that:

(1) this certificate is being delivered in connection with the sale and issuance of the City of Roseville SVSP Westpark-Federico Community Facilities District No. 1 (Public Facilities) Special Tax Bonds, Series 2019 (the “Bonds”) in order to enable the underwriter of the Bonds to comply with Rule 15c2-12 promulgated under the Securities Exchange Act of 1934, as amended (the “Rule”);

(2) in connection with the sale and issuance of the Bonds, there has been prepared a Preliminary Official Statement dated _____, 2019 setting forth information concerning the Bonds and the City of Roseville SVSP Westpark-Federico Community Facilities District No. 1 (Public Facilities) (the “Preliminary Official Statement”); and

(3) except for the Permitted Omissions, the Preliminary Official Statement is deemed final within the meaning of the Rule. As used herein, the term “Permitted Omissions” refers to the offering price(s), interest rates(s), selling compensation, aggregate principal amount, principal amount per maturity, delivery dates, ratings and other terms of the Bonds depending on such matters, all as set forth in the Rule.

IN WITNESS WHEREOF, I have hereunto set my hand as of _____, 2019.

CITY OF ROSEVILLE, CALIFORNIA

By: _____
Its: Chief Financial Officer

EXHIBIT C

FORM OF ISSUE PRICE CERTIFICATE

**CITY OF ROSEVILLE
SVSP WESTPARK-FEDERICO COMMUNITY FACILITIES DISTRICT NO. 1
(PUBLIC FACILITIES)
SPECIAL TAX BONDS
SERIES 2019**

The undersigned, on behalf of Piper Jaffray & Co. ("Piper") hereby certifies as set forth below with respect to the sale and issuance of the above-captioned bonds (the "Bonds").

1. ***Sale of the General Rule Maturities.*** As of the date of this certificate, for each Maturity of the General Rule Maturities, the first price at which at least 10% of such Maturity was sold to the Public is the respective price listed in Schedule A.

2. ***[Initial Offering Price of the Hold-the-Offering-Price Maturities.***

(a) Piper offered the Hold-the-Offering-Price Maturities to the Public for purchase at the respective initial offering prices listed in Schedule A (the "Initial Offering Prices") on or before the Sale Date. A copy of the pricing wire or equivalent communication for the Bonds is attached to this certificate as Schedule B.

(b) As set forth in the Bond Purchase Agreement, dated _____, 2019, by and between Piper and the Issuer, Piper has agreed in writing that, (i) for each Maturity of the Hold-the-Offering-Price Maturities, it would neither offer nor sell any of the Bonds of such Maturity to any person at a price that is higher than the Initial Offering Price for such Maturity during the Holding Period for such Maturity (the "hold-the-offering-price rule"), and (ii) any selling group agreement shall contain the agreement of each dealer who is a member of the selling group, and any retail distribution agreement shall contain the agreement of each broker-dealer who is a party to the retail distribution agreement, to comply with the hold-the-offering-price rule. Pursuant to such agreement, no Underwriter (as defined below) has offered or sold any Maturity of the Hold-the-Offering-Price Maturities at a price that is higher than the respective Initial Offering Price for that Maturity of the Bonds during the Holding Period.]

3. ***Reserve Fund.***

The establishment of the Reserve Fund for the in the amount of the Reserve Requirement (as such terms are defined in the Fiscal Agent Agreement dated as of _____ 1, 2019, by and between the City and The Bank of New York Mellon Trust Company, N.A., as fiscal agent, pursuant to which the Bonds are being issued) was vital to the marketing of the Bonds and reasonably required to assure payment of debt service on the Bonds.

4. ***Defined Terms.***

(a) ***General Rule Maturities*** means those Maturities of the Bonds listed in Schedule A hereto as the "General Rule Maturities."

(b) [Hold-the-Offering-Price Maturities means those Maturities of the Bonds listed in Schedule A hereto as the “Hold-the-Offering-Price Maturities.”

(c) Holding Period means, with respect to a Hold-the-Offering-Price Maturity, the period starting on the Sale Date and ending on the earlier of (i) the close of the fifth business day after the Sale Date (_____, 2019), or (ii) the date on which Piper has sold at least 10% of such Hold-the-Offering-Price Maturity to the Public at prices that are no higher than the Initial Offering Price for such Hold-the-Offering-Price Maturity.]

(d) Issuer means the City of Roseville.

(e) Maturity means Bonds with the same credit and payment terms. Bonds with different maturity dates, or Bonds with the same maturity date but different stated interest rates, are treated as separate Maturities.

(f) Public means any person (including an individual, trust, estate, partnership, association, company, or corporation) other than an Underwriter or a related party to an Underwriter. The term “related party” for purposes of this certificate generally means any two or more persons who have greater than 50 percent common ownership, directly or indirectly.

(g) [Sale Date means the first day on which there is a binding contract in writing for the sale of a Maturity of the Bonds. The Sale Date of the Bonds is _____, 2019.

(h) Underwriter means (i) any person that agrees pursuant to a written contract with the Issuer (or with the lead underwriter to form an underwriting syndicate) to participate in the initial sale of the Bonds to the Public, and (ii) any person that agrees pursuant to a written contract directly or indirectly with a person described in clause (i) of this paragraph to participate in the initial sale of the Bonds to the Public (including a member of a selling group or a party to a retail distribution agreement participating in the initial sale of the Bonds to the Public).]

The representations set forth in this certificate are limited to factual matters only. Nothing in this certificate represents Piper’s interpretation of any laws, including specifically Sections 103 and 148 of the Internal Revenue Code of 1986, as amended, and the Treasury Regulations thereunder. The undersigned understands that the foregoing information will be relied upon by the Issuer with respect to certain of the representations set forth in a [Certificate as to Arbitrage and Tax Compliance Procedures] for the Bonds and with respect to compliance with the federal income tax rules affecting the Bonds, and by Jones Hall, A Professional Law Corporation in connection with rendering its opinion that the interest on the Bonds is excluded from gross income for federal income tax purposes, the preparation of the Internal Revenue Service Form 8038-G, and other federal income tax advice that it may give to the Issuer from time to time relating to the Bonds.

PIPER JAFFRAY & CO.

By:_____

Name:_____

Dated: _____, 2019

SCHEDULE A

**SALE PRICES OF THE GENERAL RULE MATURITIES [AND INITIAL OFFERING
PRICES OF THE HOLD-THE-OFFERING-PRICE MATURITIES]**

(Attached)

[SCHEDULE B
PRICING WIRE OR EQUIVALENT COMMUNICATION
(Attached)]

EXHIBIT D

**CITY OF ROSEVILLE
SVSP WESTPARK-FEDERICO COMMUNITY FACILITIES DISTRICT NO. 1
(PUBLIC FACILITIES)
SPECIAL TAX BONDS
SERIES 2019**

CERTIFICATE OF SOLAIRE COMMUNITY BUILDERS, LLC

In connection with the issuance and sale of the above-captioned bonds (the “Bonds”), and pursuant to Section 4(d)(11) of the Bond Purchase Agreement (the “Bond Purchase Agreement”) to be executed by and between City of Roseville, California (the “City”), for and on behalf of the City of Roseville SVSP Westpark-Federico Community Facilities District No. 1 (Public Facilities) (the “District”), and Piper Jaffray & Co. (the “Underwriter”), Solaire Community Builders, LLC, a California limited liability company (the “Master Developer”), hereby represents, warrants and covenants to the City, the District and the Underwriter as of the date hereof that:

1. The Master Developer is duly organized and validly existing under the laws of the State of Delaware, is qualified to transact business in the State of California and has all requisite limited liability company right, power and authority to: (i) execute and deliver this Certificate and the Master Developer Continuing Disclosure Certificate; and (ii) develop the Property (as defined below) as described in the Preliminary Official Statement.

2. As set forth in the Preliminary Official Statement, the property within the District is held in the name of the Master Developer (herein, the “Property”). Except as otherwise described in the Preliminary Official Statement, the Master Developer is the party responsible for the development of the Property.

3. The Master Developer has, or will have prior to the Closing, duly authorized the execution and delivery at the Closing of the Master Developer Continuing Disclosure Certificate and the performance by the Master Developer of its obligations thereunder and under the Development Agreement (as defined in the Preliminary Official Statement).

4. Except as disclosed in the Preliminary Official Statement, to the Actual Knowledge of the Undersigned,¹ the Master Developer and its Affiliates² have not violated any applicable law or

¹ As used in this Certificate, the phrase “Actual Knowledge of the Undersigned” shall mean the actual (as opposed to constructive) knowledge of the undersigned as of the date hereof obtained from interviews with such current officers and current employees of the Master Developer and its Affiliates, as the undersigned has determined are likely, in the ordinary course of their respective duties, to have knowledge of the matters set forth herein. The undersigned has not conducted any extraordinary inspection or inquiry other than such inspections or inquiries as are prudent and customary in connection with the ordinary course of the Master Developer’s current business and operations.

² “Affiliate” means, with respect to a Person (i) any other Person directly, or indirectly through one or more intermediaries, controlling, controlled by or under common control with such Person, and (ii) for whom information, including financial information or operating data, concerning such Person referenced in clause (i) is material to an evaluation of the District and the Bonds (i.e., information relevant to the Master Developer’s development plans with respect to its Property and the payment of its Special Taxes, or such Person’s assets or funds that would materially affect the Master Developer’s ability to develop the Property as described in the Preliminary Official Statement or to pay its Special Taxes). “Person” means an individual, a corporation, a partnership, a limited liability company, an association, a joint stock company, a trust, any unincorporated organization or a government or political subdivision thereof. For purposes hereof, the term “control” (including the terms

administrative regulation of the State of California or the United States of America, or any agency or instrumentality of either, which violation could reasonably be expected to materially and adversely affect the Master Developer's ability to pay Special Taxes due with respect to the Property.

5. Except as disclosed in the Preliminary Official Statement, to the Actual Knowledge of the Undersigned, (a) the Master Developer and its Affiliates are not in breach of or in default under any applicable judgment or decree or any loan agreement, option agreement, development agreement, indenture, bond or note (collectively, the "Material Agreements") to which the Master Developer or its Affiliates are a party or otherwise subject, which breach or default could reasonably be expected to materially and adversely affect the Master Developer's ability to complete the development of the Property as proposed in the Preliminary Official Statement or to pay the Special Taxes due with respect to the Property and (b) no event has occurred and is continuing that with the passage of time or giving of notice, or both, would constitute such a breach or default.

6. Except as described in the Preliminary Official Statement, there is no material indebtedness of the Master Developer or its Affiliates that is secured by an interest in the Property. To the Actual Knowledge of the Undersigned, neither the Master Developer nor any of its Affiliates is in default on any obligation to repay borrowed money, which default is reasonably likely to materially and adversely affect the Master Developer's ability to complete the development of the Property as proposed in the Preliminary Official Statement or to pay the Special Taxes due with respect to the Property.

7. Except as set forth in the Preliminary Official Statement, no action, suit, proceeding, inquiry or investigation at law or in equity, before or by any court, regulatory agency, public board or body is pending against the Master Developer (with proper service of process or proper notice to the Master Developer having been accomplished) or, to the Actual Knowledge of the Undersigned, is pending against any Affiliate of the Master Developer (with proper service of process to such Affiliate having been accomplished) or to the Actual Knowledge of the Undersigned is overtly threatened in writing against the Master Developer or any such Affiliate which, if successful, is reasonably likely to materially and adversely affect the Master Developer's ability to complete the development of the Property as described in the Preliminary Official Statement or to pay the Special Tax or *ad valorem* tax obligations on the Property when due.

8. As of the date thereof, to the Actual Knowledge of the Undersigned, the Preliminary Official Statement, solely with respect to information contained therein with respect to the Master Developer, its Affiliates, ownership of the Property, the Master Developer's development plan, the Master Developer's financing plan, the Master Developer's lenders, if any, and contractual arrangements of the Master Developer or any Affiliate of the Master Developer (including, if material to the Master Developer's development plan or the Master Developer's financing plan, other loans of such Affiliates) as set forth under the captions "THE DISTRICT," "OWNERSHIP OF PROPERTY WITHIN THE DISTRICT," "THE IMPROVEMENTS," "SPECIAL RISK FACTORS—Property Values and Property Development—*Endangered and Threatened Species*" (excluding therefrom, in each case, information which is identified as having been provided by a source other than The Master Developer), is true and correct in all material respects and did not

"controlling," "controlled by" or "under common control with") means the possession, direct or indirect, of the power to direct or cause the direction of the management and policies of a Person, whether through the ownership of voting securities, by contract or otherwise.

contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements therein, in the light of the circumstances under which they were made, not misleading.

9. The Master Developer covenants that, while the Bonds or any refunding obligations related thereto are outstanding, the Master Developer and its Affiliates which it controls will not bring any action, suit, proceeding, inquiry or investigation, at law or in equity, before any court, regulatory agency, public board or body that in any way seeks to challenge or overturn the formation of the District, to challenge the adoption of the ordinance of the City levying Special Taxes within the District, to invalidate the District or any of the Bonds or any refunding bonds related thereto, or to invalidate the special tax liens imposed under Section 3115.5 of the Streets and Highways Code based on recordation of the amended notice of special tax lien relating thereto. The foregoing covenant shall not prevent the Master Developer in any way from bringing any other action, suit or proceeding including, without limitation, (a) an action or suit contending that the Special Tax has not been levied in accordance with the methodologies contained in the District's Rate and Method of Apportionment of Special Taxes pursuant to which the Special Taxes are levied, (b) an action or suit with respect to the application or use of the Special Taxes levied and collected or (c) an action or suit to enforce the obligations of the City and/or the District under the Formation Documents, the District Documents, or any other agreements among the Master Developer, the City, and/or the District or to which the Master Developer is a beneficiary.

10. Except as disclosed in the Preliminary Official Statement or as a matter of public record (including, without limitation, liens for *ad valorem* tax obligations), to the Actual Knowledge of the Undersigned, no public debt secured by a tax or assessment on the Property exists or is in the process of being authorized and the Master Developer has not taken any action to form any assessment districts or community facilities districts that would include any portion of the Property.

11. To the Actual Knowledge of the Undersigned, the Master Developer has not been delinquent to any material extent in the payment of any *ad valorem* property tax, special assessment or special tax on property owned by the Master Developer during the period of its ownership included within the boundaries of a community facilities district or an assessment district within California that (a) caused a draw on a reserve fund relating to such assessment district or community facilities district financing or (b) resulted in a foreclosure action being commenced against the Master Developer.

12. The Master Developer consents to the issuance of the Bonds. The Master Developer acknowledges that the City intends to use the net proceeds of the Bonds in the manner described in the Preliminary Official Statement.

13. The Master Developer intends to comply with the provision of the Mello-Roos Community Facilities District Act of 1982, as amended relating to the Notice of Special Tax described in Government Code Section 53341.5 in connection with the sale of the Property, or portions thereof.

14. To the Actual Knowledge of the Undersigned, the Master Developer is able to pay its bills as they become due and no legal proceedings are pending against the Master Developer (with proper service of process to the Master Developer having been accomplished) or, to the Actual Knowledge of the Undersigned, threatened in writing in which the Master Developer may be adjudicated as bankrupt or discharged from any and all of its debts or obligations, or granted an

extension of time to pay its debts or obligations, or be allowed to reorganize or readjust its debts, or be subject to control or supervision of the Federal Deposit Insurance Corporation.

15. Based upon its current development plans, including, without limitation, its current budget, and subject to economic conditions and risks generally inherent in the development of real property, many of which are beyond the control of the Master Developer, and except as disclosed in the Preliminary Official Statement including in the sections entitled “THE DISTRICT” and “OWNERSHIP OF PROPERTY WITHIN THE DISTRICT” the Master Developer currently expects that it will have sufficient funds and/or sources of funds to complete the development of the Property as described in the Preliminary Official Statement and to pay Special Taxes levied against the Property when due and does not anticipate that the City or the District will be required to resort to a draw on the Reserve Fund for payment of principal of or interest on the Bonds due to the Master Developer’s nonpayment of Special Taxes. The Master Developer reserves the right to change its development plan and financing plan for the Property at any time without notice.

16. Solely as to the limited information described in Paragraph 8 above concerning the Master Developer its Affiliates, ownership of the Property, the Master Developer’s development plan, the Master Developer’s financing plan, the Master Developer’s lenders, if any, and contractual arrangements of the Master Developer or any Affiliates (including, if material to the Master Developer’s development plan or the Master Developer’s financing plan, other loans of such Affiliates) as set forth in the Preliminary Official Statement and information in the Preliminary Official Statement relating to the Master Developer under the caption “CONTINUING DISCLOSURE” (excluding therefrom information which is identified as having been provided by a source other than the Master Developer), the Master Developer agrees to indemnify and hold harmless, to the extent permitted by law, the City, the District, and their officials and employees, and each Person, if any (each, an “Indemnified Party” and together, the “Indemnified Parties”), who controls any of the foregoing within the meaning of Section 15 of the Securities Act of 1933, as amended, or of Section 20 of the Securities Exchange Act of 1934, as amended, against any and all losses, claims, damages or liabilities, joint or several, to which such indemnified party may become subject under any statute or at law or in equity or otherwise and shall reimburse any such indemnified party for any reasonable legal or other expense reasonably incurred by it in connection with investigating any such claim against it and defending any such action, only to the extent that such losses, claims, damages, liabilities or actions arise from any untrue statement by the Master Developer of a material fact contained in the above referenced information in the Preliminary Official Statement, as of its date, or the omission by the Master Developer to state in the Preliminary Official Statement, as of its date, a material fact necessary to make the statements made by the Master Developer contained therein, in light of the circumstances under which they were made not misleading. This indemnity provision shall not be construed as a limitation on any other liability which the Master Developer may otherwise have to any indemnified party, provided that in no event shall the Master Developer be obligated for double indemnification, or for the negligence or willful misconduct of an indemnified party.

If any suit, action, proceeding (including any governmental or regulatory investigation), claim or demand shall be brought or asserted against any Indemnified Party in respect of which indemnification may be sought pursuant to the above paragraph, such Indemnified Party shall promptly notify the Master Developer in writing; provided that the failure to notify the Master Developer shall not relieve it from any liability that it may have hereunder except to the extent that it has been materially prejudiced (through the forfeiture of substantive rights or defenses) by such failure; and provided, further, that the failure to notify the Master Developer shall not relieve it from any liability

that it may have to an Indemnified Party otherwise than under the above paragraph. If any such proceeding shall be brought or asserted against an Indemnified Party and it shall have notified the Master Developer thereof, the Master Developer shall retain counsel reasonably satisfactory to the Indemnified Party (who shall not, without the consent of the Indemnified Party, be counsel to the Master Developer) to represent the Indemnified Party in such proceeding and shall pay the fees and expenses of such counsel related to such proceeding, as incurred. In any such proceeding, any Indemnified Party shall have the right to retain its own counsel, but the fees and expenses of such counsel shall be at the expense of such Indemnified Party unless (i) the Master Developer and the Indemnified Party shall have mutually agreed to the contrary; (ii) the Master Developer has failed within a reasonable time to retain counsel reasonably satisfactory to the Indemnified Party; (iii) the Indemnified Party shall have reasonably concluded that there may be legal defenses available to it that are different from or in addition to those available to the Master Developer; or (iv) the named parties in any such proceeding (including any impleaded parties) include both The Master Developer and the Indemnified Party and representation of both parties by the same counsel would be inappropriate due to actual or potential differing interest between them. It is understood and agreed that the Master Developer shall not, in connection with any proceeding or related proceedings in the same jurisdiction, be liable for the fees and expenses of more than one separate firm (in addition to any local counsel) for all Indemnified Parties, and that all such fees and expenses, to the extent reasonable, shall be paid or reimbursed as they are incurred. Any such separate firm shall be designated in writing by such Indemnified Parties. The Master Developer shall not be liable for any settlement of any proceeding effected without its written consent, but if settled with such consent or if there be a final judgment for the plaintiff, the Master Developer agrees to indemnify each Indemnified Party from and against any loss or liability by reason of such settlement or judgment. Notwithstanding the foregoing sentence, if at any time an Indemnified Party shall have requested that the Master Developer reimburse the Indemnified Party for fees and expenses of counsel as contemplated by this paragraph, the Master Developer shall be liable for any settlement of any proceeding effected without its written consent if (i) such settlement is entered into more than 60 days after receipt by the Master Developer of such request and (ii) the Master Developer shall not have reimbursed the Indemnified Party in accordance with such request prior to the date of such settlement (provided that the foregoing shall not be applicable to any failure to reimburse if the Master Developer is disputing such payment in good faith and shall have paid any amounts not in dispute). The Master Developer shall not, without the written consent of the Indemnified Party, effect any settlement of any pending or threatened proceeding in respect of which any Indemnified Party is or could have been a party and indemnification could have been sought hereunder by such Indemnified Party, unless such settlement (x) includes an unconditional release of such Indemnified Party, in form and substance reasonably satisfactory to such Indemnified Party, from all liability on claims that are the subject matter of such proceeding and (y) does not include any statement as to or any admission of fault, culpability or a failure to act by or on behalf of any Indemnified Party.

17. If, between the date hereof and the Closing Date any event relating to or affecting the Master Developer, its Affiliates, ownership of the Property, the Master Developer's development plan, the Master Developer's financing plan, the Master Developer's lenders, if any, and contractual arrangements of the Master Developer or any Affiliate of the Master Developer (including, if material to the Master Developer's development plan or the Master Developer's financing plan, other loans of such Affiliates) shall occur of which the undersigned has Actual Knowledge and which the undersigned believes would cause the information under the sections of the Preliminary Official Statement indicated in Paragraph 8 hereof, to contain an untrue statement of a material fact or to omit to state a material fact necessary to make the statements therein, in the light of the circumstances under which they were made, not misleading, the undersigned shall notify the City and the

Underwriter and if in the opinion of counsel to the City or the Underwriter, such event requires the preparation and publication of a supplement or amendment to the Preliminary Official Statement, the Master Developer shall reasonably cooperate with the City in the preparation of an amendment or supplement to the Preliminary Official Statement in form and substance reasonably satisfactory to counsel to the City and to the Underwriter.

18. For the period through 25 days after the “end of the underwriting period” as defined in the Bond Purchase Agreement, if any event relating to or affecting the Master Developer, its Affiliates, ownership of the Property, the Master Developer’s development plan, the Master Developer’s financing plan, The Master Developer’s lenders, if any, and contractual arrangements of the Master Developer or any Affiliates of the Master Developer (including, if material to The Master Developer’s development plan or the Master Developer’s financing plan, other loans of such Affiliates) shall occur as a result of which it is necessary, in the opinion of the Underwriter or counsel to the City, to amend or supplement the Official Statement in order to make the Official Statement not misleading in the light of the circumstances existing at the time it is delivered to a purchaser, the Master Developer shall reasonably cooperate with the City and the Underwriter in the preparation of an amendment or supplement to the Official Statement in form and substance reasonably satisfactory to the Underwriter and Disclosure Counsel which will amend or supplement the Official Statement so that it will not contain an untrue statement of a material fact or omit to state a material fact necessary in order to make the statements therein, in the light of the circumstances existing at the time the Official Statement is delivered to a purchaser, not misleading.

19. On behalf of the Master Developer, I have reviewed the contents of this Certificate and have met with counsel to the Master Developer for the purpose of discussing the meaning of its contents.

Unless otherwise indicated, capitalized terms used herein and not defined have the meaning given to them in the Bond Purchase Agreement.

Dated: _____, 2019

SOLAIRE COMMUNITY BUILDERS, LLC

By: _____

Name: _____

Title: _____

**FUNDING, CONSTRUCTION AND ACQUISITION AGREEMENT
SVSP WESTPARK-FEDERICO COMMUNITY FACILITIES DISTRICT NO. 1
(Public Facilities)**

This Funding, Construction and Acquisition Agreement (“**Agreement**”) is entered into as of the ____ day of _____, 2019, by and between the **CITY OF ROSEVILLE**, a California charter city and municipal corporation (the “**City**”), and **SOLAIRE COMMUNITY BUILDERS, LLC**, a California limited liability company, or its affiliated assignee (“**Owner**”).

Recitals

A. On June 5, 2019, the City Council of the City adopted Resolution No. 19-259 entitled “A RESOLUTION OF FORMATION OF THE CITY COUNCIL OF THE CITY OF ROSEVILLE TO FORM SVSP WESTPARK-FEDERICO COMMUNITY FACILITIES DISTRICT NO. 1 (PUBLIC FACILITIES) AND FUTURE ANNEXATION AREA” with respect to SVSP Westpark-Federico Community Facilities District No. 1 (Public Facilities) (the “**District**”) of the City pursuant to the Mello-Roos Community Facilities Act of 1982, as amended, Chapter 2.5 of Part 1 of Division 2 of Title 5, commencing with Section 53311, of the California Government Code (the “**Act**”) and subsequently authorized the issuance of bonds to finance District authorized improvements for development within the District; and

B. Owner owns or controls all the real property in the District, which consists of approximately 65 acres within the initial boundary of the District and an additional 148 acres in the future annexation area established for the District, all within the corporate limits of the City in the “Sierra Vista Roseville Specific Plan” (the “**Specific Plan**”) area, and shown on the map recorded in the Placer County Recorder’s Office on April 4, 2019 in Book 3 at Page 85, as Document No. 2019-0020713 of Maps of Assessment and Community Facilities Districts (the “**Property**”). The Specific Plan sets forth a comprehensive land use plan and establishes detailed regulations, conditions and programs for development of the Property.

C. Owner proposes to make improvements to the Property (the development of the Property is defined herein as the “**Project**”) as required by the Project Approvals (as defined below).

D. In 2010, the City Council of the City adopted an Ordinance approving a development agreement between the City, Westpark Federico, LLC, a California limited liability company (Owner’s predecessor-in-interest), Mourier Investments, LLC, a California limited liability company, and Federico-Tyler Family Limited Partnership, a California limited partnership, pursuant to the provisions of Article 2.5 (commencing with Section 65864) of Chapter 4 of Division 1 of Title 7 of the California Government Code with respect to the permitted uses of the Property, and said agreement has been entered into and is dated May 19, 2010 (the “**Development Agreement**”). The Development Agreement, with respect to the Property, was assigned to Owner and Owner has succeeded to all the rights and obligations thereunder. The Specific Plan, Development Agreement, including conditions of approval, and other existing and subsequent approvals granted by City and agreements between the Owner and the City in implementation of the Project, as the same may be amended from time to time, including amendments thereto, are herein collectively referred to as the “**Project Approvals**.”

E. Section 53313.5 of the California Government Code provides that a community facilities district may finance the purchase of public facilities completed after the adoption of the resolution of formation establishing the community facilities district if the facilities have been constructed as if they had been constructed under the direction and supervision, or under the authority of, the local agency whose governing body is conducting proceedings for the establishment of the District.

F. The purpose of this Agreement is to agree upon and implement the terms of Section 3.17 of the Development Agreement regarding the use of District funds to provide for the acquisition of public facilities authorized to be financed by the District, the issuance and sale of the bonds for the District to finance the design and acquisition of such public facilities and expenses incidental thereto and to provide the terms of any reimbursement to the Owner.

AGREEMENTS

NOW, THEREFORE, in consideration of the preceding recitals and the mutual covenants hereinafter contained, the parties agree as follows:

1. Establishment of District. The City has conducted proceedings pursuant to the Act for the establishment of the District. Such proceedings included but are not limited to, elections pursuant to Sections 53326 and 53327 of the California Government Code on (i) the question of the issuance of bonds for the District to finance the construction or acquisition of the aforementioned public facilities, (ii) the issue of annual levy of special taxes on all taxable property within the District to finance the facilities authorized for the District according to a methodology approved by the City in the Rate and Method of Apportionment and Manner of Collection of Special Tax (the “**RMA**”) for the District in Resolution No. 19-259 adopted June 5, 2019, including payment of bonds of the District, payment of certain impact fees for facilities and for annual administrative expenses of the City and the District in levying and collecting such special taxes, paying the principal and interest on such bonds and providing for the registration, exchange and transfer of such bonds, costs of issuance, including the fees of fiscal agents and paying agents, and any necessary replenishment for the reserve fund for such bonds, accumulation of funds for future bond payments, and (iii) the question of the establishment of an appropriations limit for the District. Defined terms used herein, but not defined herein, shall have the meaning given that term in the RMA.

Pursuant to Resolution No. 19-260 adopted on June 5, 2019 by the City Council, the City authorized the issuance of bonds payable from Special Taxes levied on property within the District according to the RMA in a total authorized amount not to exceed \$90,000,000. Bonds for the District are expected to be issued pursuant to two financing programs contemplated under the Development Agreement:

(i) first, being one or more series of bonds issued during the Initial Bonding Period to finance Authorized Facilities within the District, other than development impact fees that are subject to a Development Impact Fee Deferral; and

(ii) second, being one or more series of bonds issued during the Deferral Bonding Period to finance the Development Impact Fee Deferral.

2. Sale of Bonds. During the Initial Bonding Period, the City shall proceed, as hereinafter provided, with the sale of bonds (the “**Facilities Bonds**”) in an aggregate amount to

be determined by the City (consistent with Section 3.17 of the Development Agreement) for the primary purpose of generating money to pay for the cost of planning, design, construction and acquisition of Authorized Facilities (which are described in Exhibit B attached to the resolution of formation for the District, a copy of which is also attached hereto as Exhibit A), other than the deferred development impact fees. During the Deferral Bonding Period (which follows the Initial Bonding Period), the City shall, proceed with the sale of bonds (the “**Deferral Bonds**”) issued for the sole purpose of financing the Development Impact Fee Deferral.

The following considerations shall be included in the determination of the principal amount of each series of Facilities Bonds:

- (i) preserving a sufficient amount of bond authorization to finance the amount of Development Impact Fee Deferral reasonably anticipated by the City;
- (ii) it should not be necessary to levy a Special Tax on any Developed Parcel to pay annual debt service on any Facilities Bonds following the date that occurs 30 years after the date of the first levy of Special Tax on such Developed Parcel (however, Special Taxes from such parcel would remain subject to the pledge for payment of all bonds until all such bonds are retired); and
- (iii) if the aggregate amount of proceeds generated by all Facilities Bonds is insufficient to pay the full cost of all Authorized Facilities, the City will levy Special Taxes in amounts sufficient to fund such shortfall as Pay-As-You-Go Costs (and, to the extent such levy occurs during the Deferral Bonding Period, to also fund the repayment of any outstanding Deferral Bonds).

3. Tax Requirements. The City shall take all actions which, in the opinion of City's bond counsel, are necessary to conform to certain requirements of the Internal Revenue Code and regulations thereto in order to avoid classification of the Facilities Bonds as “arbitrage bonds” or the loss of tax exemption for the Facilities Bonds for any other reason.

4. Amounts to be Included in Facilities Bonds. The aggregate principal amount of the Facilities Bonds shall be determined by the City in consultation with the Owner and shall include an amount approved by the City to reimburse Owner in accordance with this Agreement for costs and expenses related to the design and construction of the Authorized Facilities. Reimbursement may also include certain indirect costs of the Owner related to establishment of the District and the design and construction of the Authorized Facilities; provided that the City shall determine the amount to be so reimbursed on the basis of detailed itemizations of costs provided by Owner and the decision of the City shall be final. In no event shall Owner be reimbursed from Facilities Bond proceeds for (i) in-house administrative overhead (except that Owner shall be entitled to payment equal to four percent (4%) of actual construction costs as and for project and construction management services), (ii) interest expense incurred by Owner on moneys advanced during the proceedings for formation of the District and issuance of Facilities Bonds, and during construction of the Authorized Facilities; and (iii) any other costs and expenses incurred by Owner which are not authorized by the Act.

The aggregate principal amount of the Facilities Bonds shall also include an amount needed to fund a reserve fund for the payment of principal of and interest on the Facilities Bonds as is determined by the City to be necessary and appropriate, capitalized interest on the Facilities Bonds, if requested by the Owner, for such period as the City shall determine is appropriate, the amount of the discount of the underwriter who purchases the Facilities Bonds, and other

expenses incurred by the City in connection with the issuance and sale of the Facilities Bonds, including bond counsel fees, legal fees, fees of the bank which will act as transfer agent, registrar and paying or fiscal agent for the Facilities Bonds, other fees and costs normally incidental to the sale of bonds, and such other fees and costs enumerated in Section 53345.3 of the California Government Code as the City determines are necessary and appropriate.

5. Design; Reimbursements. Authorized Facilities to be acquired by the City shall be designed in conformance with all applicable City standards, requirements and the Development Agreement. Upon completion of the design of each such Authorized Facility to the satisfaction of the City and when Owner has paid to the City all applicable plan checking and other fees, the City shall notify Owner that the design of the Authorized Facility is completed and acceptable to the City. It shall be the responsibility of Owner, not the City, to determine the requirements for design and construction of Authorized Facilities to be acquired by or dedicated to other public agencies, and City's acceptance of Owner's design shall not relieve Owner of this responsibility.

Owner shall be reimbursed out of the proceeds of the sale of the Facilities Bonds and excess Special Tax for Owner's expenses incurred in designing the Authorized Facilities, including all applicable plan checking and other fees paid by Owner as provided above in this Section, subject to the City's determination of the amount to be so reimbursed pursuant to the terms hereof, and subject to the limitation that reimbursement in all cases is to be made from available bond proceeds of the District and from no other source. Pursuant to Section 3.5.2 of the Development Agreement, reimbursement for the cost of construction of all arterial roadways and underground facilities below such roadways, including design and plan check services, shall be made via progress payments, based on invoices for actual work constructed, for stages of the arterial roadway improvements as described in Section 3.5.2 of the Development Agreement that have been signed off by City inspectors, and, for all other Authorized Facilities, in one or more lump sum payments only after City has received and approved all invoices for such services associated with any particular Authorized Facility.

Notwithstanding the preceding provisions of this Section, if the City determines that Owner is not proceeding with the design of the Authorized Facilities on a reasonable schedule which will enable the City to ensure that construction of all of the Authorized Facilities can be completed within the time specified in Section 6 hereof, the City may take over the design of the Authorized Facilities by giving Owner written notice thereof. Upon receipt of such a notice, Owner shall surrender to the City all plans and specifications which have then been completed or which are in progress.

If the City takes over the design of the Authorized Facilities as provided above, the City shall reimburse Owner from the proceeds of the sale of the Facilities Bonds a reasonable amount, as determined by the City, for the expenses incurred by Owner in connection with the design of the Authorized Facilities to the extent such expenses have not previously been reimbursed. The City's obligation to reimburse is only from and to the extent of funds remaining, after payment for the Authorized Facilities, to do so.

6. Construction for Acquisition. The City shall only be required to acquire from Owner those Authorized Facilities which will ultimately be owned by the City. Owner shall proceed with the construction of the Authorized Facilities in accordance with the approved plans and specifications (either prior to or following the formation and confirmation of the authority of the District).

For construction of Authorized Facilities under this Section, the Owner shall comply with all of the following requirements to ensure that the Public Facilities will be constructed as if they had been constructed under the direction and supervision, or under the authority of the City:

The plans and specifications, the bidding and contract award procedures, and the bidding and contract documents shall be approved by the City Engineer for conformance with City codes and policy.

Based on qualifications submitted by the contractors, the Owner, in consultation with the City Engineer, shall select a list of qualified bidders for each element of work. If the Owner determines that the nature of a particular element of the construction does not require a pre-qualified bid list, the Owner may allow a particular element of the work to be bid without a pre-qualified bid list.

(a) Owner shall receive and open bids, and report the results to the City Engineer. Any value engineering proposals shall be submitted to the City Engineer for approval. The City Engineer may, after consulting with Owner, require changes to the work in respect of the value engineering proposals, and Owner shall promptly order such changes. The City Engineer shall be consulted with respect to any proposed change to the originally-approved design. The contract or contracts for the construction of the Authorized Facilities shall be awarded to the responsible bidder(s) submitting the lowest responsible bid(s) for the construction of the Authorized Facilities, as determined by the Owner.

(b) Owner is required, and the specifications and bid and contract documents shall require all contractors and subcontractors, to pay prevailing wages and to otherwise comply with applicable provisions of the California Labor Code, Government Code and Public Contract Code relating to public works projects.

(c) All contractors and subcontractors shall be required to provide proof of insurance coverage throughout the term of the construction of the Authorized Facilities.

(d) No contractor or subcontractor may be listed on a bid proposal for the Authorized Facilities unless registered with the Department of Industrial Relations pursuant to Labor Code Section 1725.5. No contractor or subcontractor may work on the Authorized Facilities unless registered with the Department of Industrial Relations pursuant to Labor Code Section 1725.5. Owner shall be responsible for ensuring that these contractor registration requirements are adhered to since construction of the Authorized Facilities is subject to compliance monitoring and enforcement by the Department of Industrial Relations.

(e) Owner shall notify the Department of Industrial Relations within five (5) days of the award of a contract to a contractor for the Authorized Facilities.

(f) Owner shall comply with all federal, state and local laws, ordinances and policies as may be applicable to the construction of the Authorized Facilities.

Owner shall cause the Authorized Facilities to be constructed in an expeditious manner so that construction of all such Authorized Facilities shall be completed by such date as may be required by the Development Agreement or upon which the City and Owner may agree; provided, however, that the construction of the Authorized Facilities shall proceed and be completed so that

the proceeds of each series of Facilities Bonds are expended for the construction or acquisition of the Authorized Facilities within three (3) years from the date of their issuance.

7. Payment; Cost Overruns; Shortfalls. The City and Owner agree that it is in their mutual best interest for Owner to construct the Authorized Facilities with the understanding that the Authorized Facilities shall be dedicated to the City and the City shall pay the cost to construct such Authorized Facilities to the extent funds are available from proceeds of the sale of Facilities Bonds and from excess Special Taxes.

All cost overruns in the construction of the Authorized Facilities shall be the responsibility of the Owner, except those cost overruns due to unforeseeable construction conditions encountered in the field for which a City-approved change order has been issued, or due to change orders for additional or changed work required in writing by the City, which shall be reimbursed to Owner from the proceeds of the sale of Facilities Bonds or Special Taxes, as provided below. Any cost savings achieved in an element of any of the Authorized Facilities constructed in whole or in part with the proceeds of the sale of the Facilities Bonds shall be aggregated with all other such savings achieved throughout the District, and shall be used for any other element of the Authorized Facilities, as approved by the City.

The parties acknowledge that a shortfall is expected to occur between (a) the cost of the Authorized Facilities and (b) the amount of acquisition funds generated from the sale of Facilities Bonds and the levy of excess Special Taxes prior to the date of acquisition (as adjusted, below) (each such shortfall hereafter referred to as the “**Gap Shortfall**”). Owner agrees that the existence of a Gap Shortfall at the time that the City acquires any Authorized Facilities shall not prevent the City from acquiring the Authorized Facilities; however, the City shall, subject to the limitations of the Maximum Annual Special Tax, cause the District to impose and collect Special Taxes on Developed Parcels in amounts sufficient to repay the Gap Shortfall, the required debt service on any outstanding Facilities Bonds or Deferral Bonds, or both, and City administration costs associated therewith, and shall promptly apply such funds to the payment of outstanding Gap Shortfalls following receipt of the funds (the “**Owner’s Gap Payment**”).

The amount of each outstanding Gap Shortfall shall be adjusted, annually on July 1, by the percentage change, if any, in the cost established by the Engineering News-Record Construction Cost Index for the United States Twenty (20)-City Average, averaged with the CCI for San Francisco (“CCI”) between the month in which the City acquired the Authorized Facilities for which a Gap Shortfall occurred and the date of adjustment.

City and Owner agree that the provisions of this Section 7 satisfy the parties’ obligations under Section 3.17.1.3 of the Development Agreement to enter into a shortfall agreement.

8. Inspection and Approval of Construction. The City shall provide such level of inspection of the progress of construction of the Authorized Facilities to be constructed by Owner for acquisition by the City as it deems necessary, and its inspectors shall have access to the construction sites at all times for the purpose of conducting their inspection. Owner and its contractors shall cooperate in every way with the City and its inspectors to ensure that they are afforded an adequate opportunity to inspect each and every phase of the progress of construction of each and every such Authorized Facility. Upon completion of the construction of a Authorized Facility (either in its entirety, or a portion thereof), constructed by Owner, and upon receipt of written notification from City’s inspectors that construction thereof has been completed in accordance with the plans and specifications thereof and the City’s standard requirements, and upon receipt of satisfactory proof, based on the records of Owner and the City and such

certifications as the City may require, that the requirements of Section 6 hereof have been satisfied, the City shall notify Owner in writing that the construction of the Authorized Facility, or portion thereof has been satisfactorily completed; provided, however, that Owner, not the City, shall be responsible for determining satisfaction of requirements of other public agencies with respect to the Authorized Facilities. Upon receiving such notification of a completed Authorized Facility, the City Clerk staff shall file with the County Recorder of the County of Placer a Notice of Completion pursuant to the provision of Section 9204 of the California Civil Code, and supply to Owner a duplicate copy of each such Notice of Completion showing thereon the date of filing with the County Records. The costs incurred by the City in inspecting and approving the construction of the bond financed Authorized Facilities may be paid or reimbursed from the proceeds of the sale of the Facilities Bonds for the District.

9. Liens. Upon the expiration of the time for the recording of claims of liens as prescribed by Section 8412 and 8414 of the California Civil Code, Owner shall provide to the City such evidence or proof as the City shall require that all persons, firms and corporations supplying work, labor, materials, supplies and equipment to the construction of the Authorized Facilities (or approved portion thereof) constructed by Owner for acquisition by the City have been paid, and that no claims of liens have been recorded by or on behalf of any such person, firm or corporation.

10. Acquisition; Maintenance. Upon completion of the construction of each Authorized Facility or portion thereof constructed by Owner for acquisition by the City, the City shall determine the acquisition price to be paid by the City for the acquisition of the completed Authorized Facility or portion thereof from Owner. The acquisition price as to each Authorized Facility or portion thereof shall include the actual cost of construction thereof as determined by the contract prices as set forth in contracts and purchase orders entered into by Owner with its contractors, and suppliers. Owner shall furnish to the City such proof of the amounts which Owner contends should be included in the acquisition price for a completed Authorized Facility or portion thereof as the City shall require, together with lien releases from all contractors and suppliers providing work and materials for the completed Authorized Facility or portion thereof in form satisfactory to the City. The City shall have ten (10) days to determine the acquisition price. The determination of the City as to the acquisition price for a completed Authorized Facility or portion thereof shall be final.

Upon determining the acquisition price for a completed Authorized Facility or portion thereof, the City shall promptly notify Owner in writing of such acquisition price. Upon presentation by Owner to the City of such documents, including lien releases, as the City shall require as to the completed Public Facility or portion thereof, the City shall, within ten (10) days thereafter, pay from available proceeds of the sale of the Facilities Bonds and/or excess Special Taxes, the amount of the acquisition price for the completed Authorized Facility or portion thereof, but in the case of a completed Authorized Facility less a retention of 150% of the value of "Punch List" work not completed. Upon payment and acceptance of the acquisition price for each completed Public Facility or portion thereof, Owner shall have no further claim for payment from the City with respect to the retentions. The City shall hold the retention amount on all Authorized Facilities acquired until the Punch List work is completed and accepted by the City.

The administrative procedure to implement the foregoing is as follows, and may be subject to revision by City upon notice to Owner. Owner shall notify the City Engineer that an Authorized Facility, or particular stage of an Authorized Facility, as provided in Section 3.5.2 of the Development Agreement, is complete and shall furnish proof of the amounts to be included in the acquisition price, together with lien releases. Development Services staff shall then inspect the

Authorized Facility to confirm completion. Development Services staff shall then notify City's Finance Department regarding completion and shall request payment to Owner. Within ten (10) days thereafter, and provided that the improvement has been conveyed to City or irrevocably offered for dedication, or, in the case of Authorized Facilities for which progress payments are provided for in the Development Agreement, invoices for actual work constructed have been presented by Owner to the City and the particular Authorized Facilities have been signed off by City inspectors, City shall issue payment to Owner in the requested amount, further provided and to the extent that funds are available, except that Owner shall choose one of the following options prior to release of the final five percent (5%): (1) City shall retain five percent (5%) of the acquisition price until expiration of the one-year warranty period for the subject Authorized Facility; or (2) Owner shall obtain a maintenance bond until expiration of the one-year warranty period for the subject Authorized Facility. Upon expiration of the one-year warranty period, the five percent (5%) retention shall be disbursed to Owner or the maintenance bond shall be released, less any amounts utilized by the City for warranty work. Notwithstanding the preceding provisions of this Section, the City will not pay for the acquisition of any Authorized Facilities or portion thereof unless and until the street, drainage or other utility rights of way where they are located have been irrevocably offered to the City for dedication, except in the case of Authorized Facilities for which progress payments are to be paid by City as provided for in Section 3.5.2 of the Development Agreement, based on invoices for actual work constructed that have been signed off by City inspectors.

Until an Authorized Facility, or portion thereof, is acquired by the City, Owner shall maintain it, and shall transfer it to the City free of any liens and in good operating condition. Upon the acquisition of an Authorized Facility, or portion thereof, by the City, the City shall, except as otherwise provided in the Project Approvals, become responsible for its maintenance, subject to any contractor's warranty or maintenance provisions of bonds required under the Final Map or other City approval, or under any other agreement.

11. Indemnification; Insurance. Owner shall defend, indemnify and hold harmless the City, the District, and their officers, agents and employees from any and all liability, cost and expense in connection with the construction of the Authorized Facilities to be constructed by Owner for acquisition by the City, including, but not limited to, liability, costs, expenses and claims arising, under the procedures set forth in Section 6 of this Agreement. Owner shall also defend, indemnify and hold harmless the City, the District, and their officers, agents and employees from any and all liability, cost and expense in connection with the ownership of the Authorized Facilities to be constructed by Owner for acquisition by the City prior to the time the City accepts the Authorized Facilities, whether or not such Authorized Facilities are to be acquired with bond proceeds. Owner shall procure and provide or cause contractor to procure and provide, until construction of all of the Authorized Facilities to be constructed by Owner is completed and acceptance thereof by the City has occurred, a commercial general liability insurance, in a form acceptable to the City, naming the City, the District and their officers, agents and employees as additional insureds, having a single aggregate liability limit as to all coverages provided thereby in the amount of Two Million Dollars (\$2,000,000). Before commencing the construction of any Authorized Facility, Owner shall provide or cause contractor to provide the City with a certification of insurance and endorsement as to such insurance in a form acceptable to the City, and Owner shall upon each renewal of such insurance policy provide the City with a new certificate of insurance with respect thereto.

Owner shall also furnish or cause contractor to furnish to the City, prior to commencing the construction of any Authorized Facility to be constructed by Owner for acquisition by the City, a certificate of insurance evidencing that Owner has procured and has in force a current policy

of workers' compensation insurance in compliance with California law as to all workers to be employed by Owner in connection with the design and construction of the Authorized Facilities. Owner shall require each person, firm or corporation with whom it contracts in connection with the design and construction of the Authorized Facilities to provide and maintain such workers' compensation insurance and a commercial general liability insurance in the amount hereinabove specified and in a form acceptable to the City. Owner shall provide to the City proof, in such form and at such intervals as set forth below, that each contractor with whom it contracts has procured and is maintaining such insurance.

Upon the execution of each contract with each person, firm or corporation with whom Owner contracts in connection with the design and construction of the Authorized Facilities and prior to permitting any such person, firm or corporation to commence work under such contract, Owner shall provide or cause contractor to provide to the City a certificate from the insurance providers for each such contractor that the contractor has in force the insurance policies required of it under this Section 11, that the City is named as an additional insured on the commercial general liability insurance of such contractor, and that the policies will not be canceled or allowed to lapse without 30 days written notice to the City.

The premiums paid by Owner for the insurance required by this Section may be included in the acquisition price to be paid by the City for the Authorized Facilities to be constructed by Owner as an incidental cost.

12. Ownership of Facilities. Notwithstanding that some of the Authorized Facilities to be constructed by Owner for acquisition by the City may be constructed in dedicated street rights-of-way or on property which has been or will be dedicated or offered for dedication to the City, District or Public Utility, such Authorized Facilities or any portion thereof shall be and remain the property of Owner, and Owner shall be responsible for any loss or damage thereto or liability arising therefrom, until they are acquired by the City or other agencies as provided in the preceding Sections of this Agreement. Such ownership by Owner shall likewise not be affected by any agreement which Owner may enter into with the City pursuant to the provisions of the Subdivision Map Act, Section 66410 et seq. of the California Government Code, which may contain or include provisions with respect to the construction and ownership of public facilities which may seem to be contradictory to the provision of this Agreement, and the provisions of this Section shall control.

13. Improvement Security. Notwithstanding any other provisions of this Agreement, Owner shall be required to agree to construct and to secure or cause contractor to secure the construction and completion of construction of the Authorized Facilities, or portions thereof, as a condition precedent to the approval of subdivision or parcel maps for portions of the Property as required by the City pursuant to Section 66462 and Sections 66499 through 66499.10 of the Government Code.

The aggregate principal amount of the improvement bonds or other security provided by Owner or contractor pursuant to this Section shall be reduced by such amount as the City shall determine is appropriate upon receipt of the proceeds from the sale of the Facilities Bonds. The amount of the reduction of such aggregate principal amount shall be determined by the City based on the amount of each such improvement bond or other security which relates to the Authorized Facilities to be constructed or acquired with the proceeds of the sale of the Facilities Bonds. The foregoing provisions notwithstanding, upon the issuance and proceeds from the sale of the Facilities Bonds, Owner shall not be required to post any other security for roadway

Capital Improvement Program improvements as provided in Section 3.5.4.2 of the Development Agreement.

All subdivision and performance bonds shall provide, among other things, that the principal thereof whether that be Owner or its contractor(s), guarantees that the completed Authorized Facilities shall be free from defects resulting from faulty workmanship and materials for a period of one year from the date of acceptance by the City, and the obligation of the surety shall extend to the fulfilling of that guarantee. At the end of said one year period and Subject to certification of the City Engineer that any defects have been corrected, the obligation of the principal and surety named therein shall cease.

14. Failure to Complete Construction. Notwithstanding the preceding provisions, of this Agreement, if Owner fails to expeditiously prosecute the construction of the Authorized Facilities to be constructed by Owner for acquisition by the City, the City shall have the right and may elect to take over the construction of such Authorized Facilities, or any part thereof, if City determines it is necessary for City to so proceed in order to protect the City's interests. If the City elects to so proceed, it shall notify Owner in writing that if Owner does not satisfy the City that construction is proceeding expeditiously on the construction of a Authorized Facility within thirty (30) days after receipt of such notice, the City will take over the construction of such Authorized Facilities. If after receiving such a written notification Owner does not satisfy the City that it is proceeding expeditiously to construct that portion of the Authorized Facilities identified in the written notification to the satisfaction of the City, within thirty (30) days from the date of receipt thereof, Owner shall relinquish to the City all design documents, and shall cooperate with the City in every way to ensure that the construction of the Authorized Facilities will be completed expeditiously.

Notwithstanding the provisions of this Section, the only sources of funds to be utilized by the City for the construction of any such Authorized Facilities shall be (i) the proceeds of the sale of the Facilities Bonds and, at City's discretion, (ii) Special Taxes in excess of that required to pay debt service on Facilities Bonds or Deferral Bonds, or both, (iii) the proceeds of applicable City development fees collected pursuant to the applicable codes, ordinances and policies of the City, including development fees paid through levies of the special taxes of the District, (iv) proceeds from the sale of the bonds of another community facilities district or assessment district established over and including property in the City, (v) interest earnings on the reserve fund for the Facilities Bonds, to the extent such earnings are determined by the City to be available for construction of the Authorized Facilities, (vi) the Owner's subdivision bond or bonds to the extent applicable, (vii) any other performance security that may have been provided by the Owner, and (viii) the Owner's and/or contractors' performance bonds. To the extent that the proceeds of the sale of the Facilities Bonds and such other funds may be insufficient to pay for the construction of an Authorized Facility which will be constructed by the City pursuant to this Section, the City may either construct only those Authorized Facilities which can be constructed within the total of the amounts of the proceeds from the sale of the Facilities Bonds and such other funds which are available therefor, or the City may proceed to complete the Authorized Facilities and charge the Owner, the Owner's bond or any contractor's bond for the costs thereof.

15. Owner Responsibility for Satisfaction of Improvements required by Conditions of Approval. If the aggregate principal amount of all Facilities Bonds and excess Special Taxes are not sufficient to construct and acquire all of the Authorized Facilities, Owner shall nevertheless construct and dedicate to the City the Authorized Facilities required by the Development Agreement, and the City may require such assurances of performance as the City deems appropriate.

16. Construction of Other Facilities. Owner shall also proceed expeditiously with the design and construction of the other improvements and facilities, other than the Authorized Facilities, which are necessary to the development of the Property and the provision of municipal services within the District and to the residents therein. Such other public improvements and facilities shall be designed and constructed on a schedule which will not delay or interfere in any way with the design and construction of the Authorized Facilities. The provisions of this Section shall not supersede those of any other agreement between Owner and the City.

17. Development Schedule. Owner shall also proceed with the construction of the Authorized Facilities with all commercially reasonable diligence to ensure that such development is completed in a reasonable time. If Owner does not so proceed with the development of the Property, the City may take action as specified in Section 14 hereof and, in addition, may withhold payment of acquisition costs hereunder.

18. Binding on Community Facilities District. The District shall automatically become a party to this Agreement to the extent permitted by California law, and all provisions hereof which apply to the City shall also apply to the District. The City Council of the City, acting for the District, shall perform all parts of this Agreement which require performance on the part of the District.

19. Assignment. Owner may not assign this Agreement or any right or duty hereunder to a non-affiliated assignee without the express written approval of the City. The City may condition any such approval on proof of the financial responsibility and experience of a proposed assignee to undertake and perform the duties and responsibilities of Owner under this Agreement. The City's approval of an assignment of this Agreement and the rights and duties of Owner hereunder shall not be unreasonably withheld. Notwithstanding the foregoing, Owner may, by written direction to the City, designate any other person or entity to receive disbursement of moneys otherwise due to the Owner hereunder.

20. Prompt Action. All consents, approvals and determinations required of either the City or Owner pursuant to this Agreement shall be promptly given or made, and shall not be unreasonably withheld.

21. General. This Agreement contains the entire agreement between the parties with respect to the matters herein provided for, and may be amended by a subsequent written agreement signed on behalf of both parties. This Agreement is for the exclusive benefit of Owner and the City and shall not be construed to confer any rights or benefits upon any persons other than the City and the Owner. This Agreement shall, however, inure to the benefit of and be binding upon the successors and assigns of the parties. This Agreement shall be construed and governed by the Constitution and laws of the State of California. Should either party to this Agreement commence a court action or proceeding against the other party with respect to this Agreement or the design and acquisition or construction of the Authorized Facilities, the Party prevailing in such action or proceeding shall be entitled to receive from the losing party its attorney's fees, expert witness fees, court costs, and other costs incurred by it in prosecuting or defending such action or proceeding. The captions of the sections of this Agreement are provided for convenience temporarily, and shall not have any bearing on the interpretation of any section hereof. This Agreement may be executed in several counterparts, each of which shall be an original of the same Agreement.

[SIGNATURE BLOCK NEXT PAGE]

IN WITNESS WHEREOF, the City of Roseville, a municipal corporation, has authorized the execution of this Agreement in duplicate by its City Manager and attested to by its City Clerk under the authority of Resolution No. _____, adopted by the Council of the City of Roseville on the ____ day of _____, 20__, and OWNER has caused this Agreement to be executed.

CITY OF ROSEVILLE, a
municipal corporation

SOLAIRE COMMUNITY BUILDERS, LLC,
a California limited liability company

BY: _____
DOMINICK CASEY
City Manager

BY: _____

Name: _____

ATTEST:

Title: _____

BY: _____
SONIA OROZCO
City Clerk

[[SEAL]]

APPROVED AS TO FORM:

BY: _____
ROBERT R. SCHMITT
City Attorney

APPROVED AS TO SUBSTANCE:

BY: _____
DENNIS KAUFFMAN
Chief Financial Officer

EXHIBIT A

PRELIMINARY OFFICIAL STATEMENT DATED _____, 2019**NEW ISSUE—FULL BOOK ENTRY****NOT RATED**

In the opinion of Jones Hall, A Professional Law Corporation, San Francisco, California, Bond Counsel, subject, however to certain qualifications described herein, under existing law, the interest on the 2019 Bonds is excluded from gross income for federal income tax purposes and such interest is not an item of tax preference for purposes of the federal alternative minimum tax. In the further opinion of Bond Counsel, such interest is exempt from California personal income taxes. See "TAX MATTERS" herein.

\$ _____ *

**CITY OF ROSEVILLE
SVSP WESTPARK-FEDERICO COMMUNITY FACILITIES DISTRICT NO. 1 (PUBLIC FACILITIES)
SPECIAL TAX BONDS
SERIES 2019**

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

The bonds captioned above (the "2019 Bonds"), are being issued by the City of Roseville (the "City") by and through its SVSP Westpark-Federico Community Facilities District No. 1 (Public Facilities) (the "District"). The 2019 Bonds are special tax obligations of the City, authorized pursuant to the Mello-Roos Community Facilities Act of 1982, as amended, being California Government Code Section 53311, et seq. (the "Act"), and are issued pursuant to the Resolution of Issuance (as defined herein) and a Fiscal Agent Agreement dated as of _____, 2019 (the "Fiscal Agent Agreement") by and between the City and The Bank of New York Mellon Trust Company, N.A., as fiscal agent (the "Fiscal Agent"). The 2019 Bonds are being issued to (i) construct and acquire certain public facilities of benefit to the District, (ii) provide for a deposit to a debt service reserve account for the 2019 Bonds, (iii) provide capitalized interest for debt service due on the 2019 Bonds through and including September 1, 2020, and (iv) pay costs of issuance of the 2019 Bonds. Interest on the 2019 Bonds is payable semiannually on March 1 and September 1 of each year, commencing March 1, 2020. The 2019 Bonds represent the first series of special tax bonds issued for the District, and the issuance of additional parity bonds in the future is contemplated, subject to the conditions set forth in the Fiscal Agent Agreement. See "THE BONDS – Authority for Issuance" and "SECURITY AND SOURCES OF PAYMENT FOR THE BONDS – Future Parity Bonds."

The 2019 Bonds are being issued as fully registered bonds, registered in the name of Cede & Co. as nominee of The Depository Trust Company ("DTC"), and will be available to ultimate purchasers in the denomination of \$5,000 or any integral multiple thereof, under the book-entry system maintained by DTC. See "APPENDIX G – DTC AND THE BOOK-ENTRY ONLY SYSTEM."

The 2019 Bonds are secured by and payable from a pledge of Special Tax Revenues (as defined herein) derived from Special Taxes (as defined herein) to be levied by the City on real property within the boundaries of the District, from the proceeds of any foreclosure actions brought following a delinquency in the payment of the Special Taxes, and from amounts held in certain funds under the Fiscal Agent Agreement, all as more fully described herein. **Unpaid Special Taxes do not constitute a personal indebtedness of the owners of the parcels within the District. In the event of delinquency, proceedings may be conducted only against the parcel of real property securing the delinquent Special Tax. There is no assurance the owners will be able to pay the Special Tax or that they will pay a Special Tax even though financially able to do so.** To provide funds for payment of the 2019 Bonds and the interest thereon as a result of any delinquent Special Taxes, the City will establish a debt service reserve account for the 2019 Bonds from proceeds of the 2019 Bonds, as described herein. See "SECURITY AND SOURCES OF PAYMENT FOR THE BONDS."

Property currently in the District and subject to the Special Tax comprises approximately 65 gross acres planned for 325 residential homes in the Sierra Vista Specific Plan, which is located in the northwest portion of the City. Solaire Community Builders, LLC (the "Master Developer") currently owns all of the land in the District, and anticipates selling different villages to merchant builders over time as described herein. Land currently in the District constitutes Phase 1 of the development, and is anticipated to develop into five distinct neighborhoods. Additional land is expected to annex into the District (or a separate improvement area of the District) from a future annexation area established for the District in the future. See "THE DISTRICT" and "OWNERSHIP OF PROPERTY WITHIN THE DISTRICT."

The 2019 Bonds are subject to optional and mandatory redemption prior to maturity as described herein. See "THE BONDS – Redemption."

NEITHER THE FAITH AND CREDIT NOR THE TAXING POWER OF THE CITY, THE COUNTY OF PLACER, THE STATE OF CALIFORNIA OR ANY POLITICAL SUBDIVISION THEREOF IS PLEDGED TO THE PAYMENT OF THE 2019 BONDS. THE 2019 BONDS DO NOT CONSTITUTE A DEBT OF THE CITY WITHIN THE MEANING OF ANY STATUTORY OR CONSTITUTIONAL DEBT LIMITATION. THE INFORMATION SET FORTH IN THIS OFFICIAL STATEMENT, INCLUDING INFORMATION UNDER THE HEADING "SPECIAL RISK FACTORS," SHOULD BE READ IN ITS ENTIRETY.

This cover page contains certain information for general reference only. It is not a summary of all of the provisions of the 2019 Bonds. Prospective investors must read the entire Official Statement to obtain information essential to the making of an informed investment decision. See "SPECIAL RISK FACTORS" herein for a discussion of the special risk factors that should be considered, in addition to the other matters and risk factors set forth herein, in evaluating the investment quality of the 2019 Bonds.

The 2019 Bonds are offered when, as and if issued, subject to approval as to their legality by Jones Hall, a Professional Law Corporation, San Francisco, California, Bond Counsel. Certain legal matters will also be passed on by Jones Hall, as Disclosure Counsel and Stradling, Yocca, Carlson & Rauth, a Professional Corporation, Newport Beach, California, as counsel to the Underwriter. Certain legal matters will be passed upon for the City by the City Attorney. It is anticipated that the 2019 Bonds will be available for delivery to DTC on or about _____, 2019.

[Piper Jaffray logo]

The date of this Official Statement is _____, 2019.

* Preliminary; subject to change.

**CITY OF ROSEVILLE
SVSP WESTPARK-FEDERICO COMMUNITY FACILITIES DISTRICT NO. 1 (PUBLIC FACILITIES)
SPECIAL TAX BONDS
SERIES 2019**

MATURITY SCHEDULE

Maturity (Sept. 1)	Principal Amount	Interest Rate	Yield	Price	CUSIP† ()
-----------------------	---------------------	------------------	-------	-------	---------------

\$ _____ % Term Bond Due September 1, 20____; Yield ____%; Price: ____%
CUSIP†: _____

† Copyright 2019, American Bankers Association. CUSIP data herein are provided by CUSIP Global Services, managed by Standard & Poor's Capital IQ, and are provided for convenience of reference only. Neither the City nor the Underwriter assumes any responsibility for the accuracy of these CUSIP data.

CITY OF ROSEVILLE, CALIFORNIA

City Council

John Allard, *Mayor*
Krista Bernasconi, *Vice Mayor*
Scott Alvord, *Councilmember*
Bruce Houdesheldt, *Councilmember*
Pauline Roccucci, *Councilmember*

City Staff

Dominick Casey, *City Manager*
Dennis Kauffman, *Chief Financial Officer*
Robert R. Schmitt, *City Attorney*
Sonia Orozco, *City Clerk*

SPECIAL SERVICES

Bond Counsel and Disclosure Counsel

Jones Hall, A Professional Law Corporation
San Francisco, California

Municipal Advisor

Hilltop Securities Inc.
Encino, California

Appraiser

Integra Realty Resources
Sacramento, California

Special Tax Administrator

Willdan Financial Services
Temecula, California

Fiscal Agent

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

GENERAL INFORMATION ABOUT THIS OFFICIAL STATEMENT

Use of Official Statement. This Official Statement is submitted in connection with the sale of the 2019 Bonds referred to herein and may not be reproduced or used, in whole or in part, for any other purpose. This Official Statement is not to be construed as a contract with the purchasers of the 2019 Bonds.

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

Limit of Offering. No dealer, broker, salesperson or other person has been authorized by the City to give any information or to make any representations in connection with the offer or sale of the 2019 Bonds other than those contained herein and if given or made, such other information or representation must not be relied upon as having been authorized by the City or the Underwriter. This Official Statement does not constitute an offer to sell or the solicitation of an offer to buy nor shall there be any sale of the 2019 Bonds by a person in any jurisdiction in which it is unlawful for such person to make such an offer, solicitation or sale.

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

IN CONNECTION WITH THIS OFFERING, THE UNDERWRITER MAY OVERALLOT OR EFFECT TRANSACTIONS WHICH STABILIZE OR MAINTAIN THE MARKET PRICE OF THE 2019 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 2019 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 2019 BONDS HAVE NOT BEEN REGISTERED OR QUALIFIED UNDER THE SECURITIES LAWS OF ANY STATE.

TABLE OF CONTENTS

	Page		Page
INTRODUCTION.....	4	VALUE OF PROPERTY WITHIN THE	
ESTIMATED SOURCES AND USES OF		DISTRICT	38
FUNDS.....	9	The Appraisal.....	38
THE BONDS	10	Value to Special Tax Burden Ratios.....	39
Authority for Issuance.....	10	No History of Special Tax Collections.....	43
Description of the Bonds	10	Overlapping Liens and Priority of Lien.....	43
Redemption*	11	Estimated Tax Burden on Single-Family	
Transfer or Exchange of Bonds	13	Home	45
SECURITY AND SOURCES OF PAYMENT		SPECIAL RISK FACTORS.....	46
FOR THE BONDS.....	14	Limited Obligation of the City to Pay Debt	
Special Taxes.....	14	Service	46
Special Tax Methodology	15	Concentration of Ownership.....	46
Levy of Annual Special Tax; Maximum		Appraised Values.....	46
Special Tax.....	17	Property Values and Property Development	
Special Tax Fund	18		47
Delinquent Payments of Special Tax;		Property Values and Property Development	
Covenant for Superior Court Foreclosure			50
.....	18	FDIC/Federal Government Interests in	
2019 Reserve Account of the Reserve Fund		Properties.....	52
.....	20	Bankruptcy and Foreclosure Delays.....	52
Improvement Fund	21	Parity Taxes and Special Assessments;	
Future Parity Bonds.....	22	Private Debt	54
DEBT SERVICE SCHEDULES	24	Tax Delinquencies.....	55
THE SIERRA VISTA SPECIFIC PLAN.....	25	No Acceleration Provisions	56
THE DISTRICT	27	Ballot Initiatives	56
Location and Description of the Project and		Voter Initiatives	56
the Immediate Area	27	Recent Case Law Related to the Mello-Roos	
Entitlements and Anticipated Development		Act.....	57
.....	29	Recent Changes in Tax Law	58
Development Agreement.....	30	CONSTITUTIONAL LIMITATIONS ON	
Environmental Matters.....	31	TAXATION AND APPROPRIATIONS	60
OWNERSHIP OF PROPERTY WITHIN THE		CONTINUING DISCLOSURE	61
DISTRICT	32	UNDERWRITING.....	61
The Master Developer.....	32	MUNICIPAL ADVISOR	62
Proposed Development.....	33	LEGAL OPINION	62
THE IMPROVEMENTS	35	TAX MATTERS.....	62
Eligible Facilities.....	35	NO RATINGS.....	64
Estimated Cost of the Improvements.....	35	NO LITIGATION.....	64
Master Developer Sources and Uses of		EXECUTION.....	64
Funds	37		
APPENDIX A – RATE AND METHOD OF APPORTIONMENT OF SPECIAL TAX			
APPENDIX B – THE APPRAISAL			
APPENDIX C – THE CITY OF ROSEVILLE AND PLACER COUNTY			
APPENDIX D – FORM OF OPINION OF BOND COUNSEL			
APPENDIX E – FORMS OF CONTINUING DISCLOSURE UNDERTAKINGS			
APPENDIX F – SUMMARY OF CERTAIN PROVISIONS OF FISCAL AGENT AGREEMENT			
APPENDIX G – DTC AND THE BOOK-ENTRY ONLY SYSTEM			

OFFICIAL STATEMENT

\$ _____ *

CITY OF ROSEVILLE
SVSP WESTPARK-FEDERICO COMMUNITY FACILITIES DISTRICT NO. 1 (PUBLIC FACILITIES)
SPECIAL TAX BONDS
SERIES 2019

This Official Statement, including the cover page and all Appendices hereto, is provided to furnish certain information in connection with the issuance by the City of Roseville (the “**City**”) by and through its SVSP Westpark-Federico Community Facilities District No. 1 (Public Facilities) (the “**District**”) of the bonds captioned above (the “**2019 Bonds**”).

Any statements made in this Official Statement involving matters of opinion or of estimates, whether or not so expressly stated, are set forth as such and not as representations of fact, and no representation is made that any of the estimates will be realized. Definitions of certain terms used herein and not defined herein have the meaning set forth in the Fiscal Agent Agreement. See APPENDIX F.

INTRODUCTION

This introduction is not a summary of this Official Statement. It is only a brief description of and guide to, and is qualified by, more complete and detailed information contained in the entire Official Statement, including the cover page and attached appendices, and the documents summarized or described in this Official Statement. A full review should be made of the entire Official Statement. The offering of the 2019 Bonds to potential investors is made only by means of the entire Official Statement.

The City. The City is located in the Sacramento Valley near the foothills of the Sierra Nevada mountain range, about 16 miles northeast of Sacramento and 110 miles east of San Francisco. It lies on the Highway 80 corridor between the City of Sacramento and the City of Auburn. With an estimated population as of January 1, 2019 of approximately 139,643, the City is the largest city in Placer County (the “**County**”). For economic and demographic information regarding the area in and around the City, see “APPENDIX C – The City of Roseville and Placer County.”

The District. On March 20, 2019, the City Council of the City (the “**City Council**”), as legislative body of the District, adopted a Resolution of Intention to form the District under the Mello-Roos Community Facilities Act of 1982, as amended (the “**Act**”), to levy a special tax and to incur bonded indebtedness for the purpose of financing the Improvements and making contributions to certain public facilities. After conducting a noticed public hearing, on June 5, 2019, the City Council adopted a Resolution of Formation (the “**Resolution of Formation**”), which established the District and a future annexation area for the District (the “**Future Annexation Area**”), set forth the Special Tax Formula within the District and set forth the necessity to incur bonded indebtedness in a total amount not to exceed \$90,000,000. On the same day, an election was held within the District in

* Preliminary; subject to change.

which the sole qualified elector in the District, Westpark Sierra Vista, LLC, a land investment company, approved the proposed bonded indebtedness and the levy of the Special Tax. Westpark Sierra Vista subsequently transferred all of the land in the District to an affiliate, Solaire Community Builders, LLC (the “**Master Developer**”), which is developing the land for sales to merchant homebuilders. See “THE DISTRICT” and “OWNERSHIP OF PROPERTY WITHIN THE DISTRICT”.

Property currently in the District and subject to the Special Tax comprises approximately 65 gross acres planned for 325 residential homes in the Sierra Vista Specific Plan, which is located in the northwest portion of the City. The Master Developer currently owns all of the land in the District, and anticipates selling different villages to merchant builders as described herein. Land currently in the District constitutes Phase 1 of the development, and is anticipated to develop into five distinct neighborhoods. Additional land (planned for 628 residential units) is expected to annex into the District (or a separate improvement area of the District) from a future annexation area established for the District in the future.

Westpark Sierra Vista, LLC currently owns all of the land in the Future Annexation Area, and anticipates selling such land to the Master Developer for annexation into the District and development into homesites every few years, as market conditions warrant. The timing of each annexation and number of lots in each annexation may vary based on market conditions. Upon annexation of additional lots into the District additional bonds may be issued by the City on a parity with the 2019 Bonds upon the satisfaction of certain conditions set forth in the Fiscal Agent Agreement (defined below) in order to finance additional infrastructure improvements needed for the developemnt of the project.

Authority for Issuance of the 2019 Bonds. The 2019 Bonds are issued pursuant to the Act, a resolution adopted by the City Council on October 2, 2019 (the “**Resolution of Issuance**”) and a Fiscal Agent Agreement dated as of _____ 1, 2019 (the “**Fiscal Agent Agreement**”) between the City and The Bank of New York Mellon Trust Company, N.A., as fiscal agent (the “**Fiscal Agent**”).

Bond Terms. The 2019 Bonds will be dated as of and bear interest from the date of delivery thereof at the rate or rates set forth on the cover page of this Official Statement. Interest on the 2019 Bonds is payable on March 1 and September 1 of each year (each an “**Interest Payment Date**”), commencing March 1, 2020. The 2019 Bonds will be issued without coupons in denominations of \$5,000 or any integral multiple thereof.

Registration of Ownership of 2019 Bonds. The 2019 Bonds will be issued only as fully registered bonds in book-entry form, registered in the name of Cede & Co., as nominee of The Depository Trust Company (“**DTC**”). Ultimate purchasers of 2019 Bonds will not receive physical certificates representing their interest in the 2019 Bonds. So long as the 2019 Bonds are registered in the name of Cede & Co., as nominee of DTC, references herein to the Owners will mean Cede & Co., and will not mean the ultimate purchasers of the 2019 Bonds. Payments of the principal, premium, if any, and interest on the 2019 Bonds will be made directly to DTC, or its nominee, Cede & Co. so long as DTC or Cede & Co. is the registered owner of the 2019 Bonds. Disbursements of such payments to DTC’s Participants is the responsibility of DTC and disbursements of such payments to the Beneficial Owners is the responsibility of DTC’s Participants and Indirect Participants, as more fully described herein. See “APPENDIX G – DTC AND THE BOOK-ENTRY ONLY SYSTEM.”

Use of Proceeds. Proceeds of the 2019 Bonds will primarily be used to finance a portion of the costs of acquiring and constructing certain public infrastructure improvements (the

“Improvements,” as described herein) as part of the development being undertaken by the Master Developer and the merchant builders in the District. The Improvements consist generally of water, wastewater, drainage, roadway and other infrastructure improvements necessary for development of property within the District and the surrounding area, as well as park and open space improvements (which include environmental mitigation costs). See **“THE IMPROVEMENTS.”** Proceeds of the 2019 Bonds will also be deposited to a debt service reserve account for the 2019 Bonds, to provide capitalized interest for debt service due on the 2019 Bonds through and including September 1, 2020, and to pay costs of issuance.

Security and Source of Payment of the 2019 Bonds. As security for the payment of the 2019 Bonds, a special tax applicable to each taxable parcel in the District will be levied and collected according to the tax liability determined by the City Council through the application of the Rate, Method of Apportionment, and Manner of Collection of Special Tax for the District (the **“Special Tax Formula”**). The Special Tax Formula is set forth in its entirety in APPENDIX A hereto. Pursuant to the Special Tax Formula, a **“Facilities Special Tax”** will be levied and collected until the earlier of (i) the Transition Year or (ii) Fiscal Year 2084-85, and a **“Maintenance Special Tax”** will be levied and collected beginning in the Transition Year. *Only the “Facilities Special Tax” is pledged to the payment of the 2019 Bonds, and the definition of “Special Taxes” used in the Fiscal Agent Agreement and this Official Statement refers only to the “Facilities Special Tax” levied in accordance with the Special Tax Formula.* See **“SECURITY AND SOURCES OF PAYMENT OF THE BONDS – Special Tax Methodology.”**

The 2019 Bonds are payable from the **“Special Tax Revenues,”** consisting of the proceeds of the Special Taxes received by the City, including all scheduled payments and delinquent payments thereof, interest thereon and proceeds of the redemption or sale of property sold as a result of foreclosure of the lien of the Special Taxes, net of the administration charge of the County (currently at 1%), but do not include any interest in excess of the interest due on the Bonds or any penalties collected in connection with any such foreclosure. The 2019 Bonds are also payable from amounts held in certain funds and accounts pursuant to the Fiscal Agent Agreement, including a reserve fund, all as more fully described herein. See **“– 2019 Reserve Account of the Reserve Fund,”** below.

The Special Taxes represent liens on the parcels of land subject to a Special Tax, and failure to pay the Special Taxes could result in proceedings to foreclose the delinquent property. The Special Taxes do not constitute the personal indebtedness of the owners of taxed parcels. See **“SECURITY AND SOURCES OF PAYMENT FOR THE BONDS – Special Tax Methodology”** and **“APPENDIX A – RATE AND METHOD OF APPORTIONMENT OF SPECIAL TAX.”**

Additional Parity Bonds. The maximum authorized indebtedness for the District is \$90,000,000. The 2019 Bonds are the first series of special tax bonds issued under this authorization, and additional series of parity bonds are expected in the future to finance additional infrastructure improvements needed for the development of the project as additional property is annexed into the District. In addition, the City may utilize a portion of the available authorized bond amount for the funding of certain deferred impact fees owed to the City, as described below under **“– Use of Bond Authorization for Development Impact Fee Deferral Bonds.”**

The principal amount of the 2019 Bonds has been sized based on the Special Taxes that can be generated for Improvements from property currently within the District. Additional parity bonds are expected to be issued for Improvements as property in the future annexation area is annexed into the District. These Additional Bonds are expected to be issued in an aggregate principal amount of approximately \$_____, including the 2019 Bonds. This approximate

principal amount does not take into account refunding bonds and bonds issued to pay for the Development Impact Fee Deferral for territory on such property. However, the actual aggregate amount of Additional Bonds to fund Improvements and the Development Impact Fee Deferral may vary depending on interest rates at the time of bond issuance, the timing of each bond issue and other factors that may impact the timing and size of each bond issue.

The District may issue additional bonds secured by Special Tax Revenues on parity with the 2019 Bonds, upon the satisfaction of certain conditions set forth in the Fiscal Agent Agreement. Following the issuance of the 2019 Bonds in the amount of \$6,800,000*, the remaining authorized amount of indebtedness to be issued is \$83,200,000*. So long as the 2019 Bonds are outstanding, any future bonds issued for the District and secured on parity with the 2019 Bonds (herein, “**Additional Bonds**” and collectively with the 2019 Bonds, the “**Bonds**”) are required to meet certain conditions of issuance as set forth in the Fiscal Agent Agreement, and no bonds having a lien senior to the lien of the 2019 Bonds are allowed. See “SECURITY AND SOURCES OF PAYMENT FOR THE BONDS – Future Parity Bonds.”

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

2019 Reserve Account of the Reserve Fund. In connection with the issuance of the 2019 Bonds, a Reserve Fund (the “**Reserve Fund**”) is being established under the Fiscal Agent Agreement, and within the Reserve Fund separate accounts are established for each series of Bonds. At the time of issuance of the 2019 Bonds, a reserve account for the 2019 Bonds will be established within the Reserve Fund (the “**2019 Reserve Account**”) pursuant to the Fiscal Agent Agreement and held by the Fiscal Agent for the benefit of the 2019 Bonds. The 2019 Reserve Account is available solely for the payment of debt service on the 2019 Bonds and no other parity obligations. See “SECURITY AND SOURCES OF PAYMENT FOR THE BONDS — Reserve Fund.” If there are additional delinquencies after depletion of funds in the 2019 Reserve Account of the Reserve Fund, the City is not obligated to pay the 2019 Bonds or supplement the 2019 Reserve Account of the Reserve Fund.

Appraised Value of Property. Property in the District is security for the Special Tax. The City authorized the preparation of an appraisal report for certain real property within the District, which sets forth an aggregate value of appraised taxable property in the District of \$26,670,000, as of August 1, 2019. The valuation assumes completion of the Improvements funded by the 2019 Bonds (but not any Additional Bonds that may be issued in the future) and accounts for the impact of the lien of the Special Tax and adds the estimated bond amount to the value of property. See “THE IMPROVEMENTS.” In considering the estimates of value evidenced by the appraisal, it should be noted that the appraisal is based upon a number of standard and special assumptions, which affect the estimates as to value, in addition to the assumption of completion of the Improvements and the availability of certain of the proceeds of the 2019 Bonds to reimburse for completed Improvements. The Improvements to be paid for with proceeds of the 2019 Bonds are either under

* Preliminary; subject to change.

construction or now complete. See “VALUE OF PROPERTY WITHIN THE DISTRICT – The Appraisal” and APPENDIX B.

The appraised value of property in the District is 4.00* times the \$6,666,626* aggregate principal amount of the 2019 Bonds (\$6,665,000) and overlapping debt (\$1,626). This is an average, and individual parcels may vary widely from the average. See “VALUE OF PROPERTY WITHIN THE DISTRICT – Value to Special Tax Burden Ratios.”

Development of land in the District is currently underway by the Master Developer, with sales to merchant builders anticipated in late 2019. See “THE DISTRICT – Anticipated Development in the District” and “OWNERSHIP OF PROPERTY WITHIN THE DISTRICT.”

Risks of Investment. See the section of this Official Statement entitled “SPECIAL RISK FACTORS” for a discussion of special factors that should be considered, in addition to the other matters set forth herein, in considering the investment quality of the 2019 Bonds.

Limited Obligation of the City. The general fund of the City is not liable and the full faith and credit of the City is not pledged for the payment of the interest on, or principal of or redemption premiums, if any, on the 2019 Bonds. The 2019 Bonds are not secured by a legal or equitable pledge of or charge, lien or encumbrance upon any property of the City or any of its income or receipts, except the money in the funds established and pledged to the 2019 Bonds under the Fiscal Agent Agreement, and neither the payment of the interest on nor principal of or redemption premiums, if any, on the 2019 Bonds is a general debt, liability or obligation of the City. The 2019 Bonds do not constitute an indebtedness of the City within the meaning of any constitutional or statutory debt limitation or restrictions, and neither the City Council, the City nor any officer or employee thereof are liable for the payment of the interest on or principal of or redemption premiums, if any, on the 2019 Bonds other than from the proceeds of the Special Taxes and the money in the funds established and pledged to the 2019 Bonds, as provided in the Fiscal Agent Agreement.

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

Any statements made in this Official Statement involving matters of opinion or of estimates, whether or not so expressly stated, are set forth as such and not as representations of fact, and no representation is made that any of the estimates will be realized.

* Preliminary; subject to change.

ESTIMATED SOURCES AND USES OF FUNDS

A summary of the estimated sources and uses of funds associated with the sale of the 2019 Bonds follows:

Estimated Sources of Funds:

Principal Amount of 2019 Bonds	\$
Plus/Less: [Net] Original Issue Premium/Discount	
Total	\$

Estimated Uses of Funds:

Deposit to Improvement Fund	\$
Deposit to 2019 Reserve Account of the Reserve Fund ⁽¹⁾	
Deposit to Capitalized Interest Account of Bond Fund ⁽²⁾	
Costs of Issuance ⁽³⁾	
Total	\$

(1) Equal to the Reserve Requirement for the 2019 Bonds.

(2) Represents an amount scheduled to provide for capitalized interest due on the 2019 Bonds through and including September 1, 2020.

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

THE BONDS

Authority for Issuance

The 2019 Bonds are issued pursuant to the Fiscal Agent Agreement, the Resolution of Issuance and the Act.

The 2019 Bonds has been sized based on the Special Taxes that can be generated for Improvements from property currently within the District. Additional parity bonds are expected to be issued for Improvements as property in the future annexation area is annexed into the District. These Additional Bonds are expected to be issued in an aggregate principal amount of approximately \$_____, including the 2019 Bonds. This does not take into account refunding bonds and bonds issued to pay for the Development Impact Fee Deferral for territory on such property. However, the actual aggregate amount of Additional Bonds to fund Improvements and the Development Impact Fee Deferral may vary depending on interest rates at the time of bond issuance, the timing of each bond issue and other factors that may impact the timing and size of each bond issue.

Description of the Bonds

Bond Terms. The 2019 Bonds will be dated as of and bear interest from the date of delivery thereof at the rates and mature in the amounts and years, as set forth on the cover page hereof. The 2019 Bonds are being issued in the denomination of \$5,000 or any integral multiple thereof.

Interest on the 2019 Bonds will be payable semiannually on March 1 and September 1 of each year (each an “**Interest Payment Date**”), commencing March 1, 2020. The principal of the 2019 Bonds and premiums due upon the redemption thereof, if any, will be payable in lawful money of the United States of America at the principal corporate trust office of the Fiscal Agent in Los Angeles, California, or such other place as designated by the Fiscal Agent, upon presentation and surrender of the 2019 Bonds; provided that so long as any 2019 Bonds are in book-entry form, payments with respect to such 2019 Bonds will be made by wire transfer, or such other method acceptable to the Fiscal Agent, to DTC.

Book-Entry Only System. The 2019 Bonds are being issued as fully registered bonds, registered in the name of Cede & Co., as nominee of The Depository Trust Company, New York, New York (“**DTC**”), and will be available to ultimate purchasers under the book-entry system maintained by DTC. Ultimate purchasers of 2019 Bonds will not receive physical certificates representing their interest in the 2019 Bonds. So long as the 2019 Bonds are registered in the name of Cede & Co., as nominee of DTC, references herein to the Owners will mean Cede & Co., and will not mean the ultimate purchasers of the 2019 Bonds. The Fiscal Agent will make payments of the principal, premium, if any, and interest on the 2019 Bonds directly to DTC, or its nominee, Cede & Co., so long as DTC or Cede & Co. is the registered owner of the 2019 Bonds. Disbursements of such payments to DTC’s Participants are the responsibility of DTC and disbursements of such payments to the Beneficial Owners are the responsibility of DTC’s Participants and Indirect Participants, as more fully described herein. See “APPENDIX G – DTC AND THE BOOK-ENTRY ONLY SYSTEM.”

Calculation and Payment of Interest. Interest on the 2019 Bonds will be computed on the basis of a 360-day year consisting of twelve 30-day months. Interest on the 2019 Bonds (including the final interest payment upon maturity or earlier redemption) is payable by check of the Fiscal Agent mailed on each Interest Payment Date by first class mail to the registered Owner thereof at such registered Owner’s address as it appears on the registration books maintained by the Fiscal

Agent at the close of business on the 15th day of the month preceding the month in which the Interest Payment Date occurs whether or not such day is a Business Day (the “**Record Date**”) preceding the Interest Payment Date, or by wire transfer made on such Interest Payment Date upon written instructions received by the Fiscal Agent on or before the Record Date preceding the Interest Payment Date, of any Owner of \$1,000,000 or more in aggregate principal amount of 2019 Bonds; provided that so long as any 2019 Bonds are in book-entry form, payments with respect to such 2019 Bonds will be made by wire transfer, or such other method acceptable to the Fiscal Agent, to DTC. See “APPENDIX G – DTC AND THE BOOK-ENTRY ONLY SYSTEM.”

Each 2019 Bond will bear interest from the Interest Payment Date next preceding the date of authentication thereof unless (i) it is authenticated on an Interest Payment Date, in which event it will bear interest from such date of authentication, or (ii) it is authenticated prior to an Interest Payment Date and after the close of business on the Record Date preceding such Interest Payment Date, in which event it will bear interest from such Interest Payment Date, or (iii) it is authenticated prior to the Record Date preceding the first Interest Payment Date, in which event it will bear interest from the Dated Date; provided, however, that if at the time of authentication of a 2019 Bond, interest is in default thereon, such 2019 Bond will bear interest from the Interest Payment Date to which interest has previously been paid or made available for payment thereon. So long as the 2019 Bonds are registered in the name of Cede & Co., as nominee of DTC, payments of the principal, premium, if any, and interest on the 2019 Bonds will be made directly to DTC, or its nominee, Cede & Co. Disbursements of such payments to DTC’s Participants are the responsibility of DTC and disbursements of such payments to the Beneficial Owners are the responsibility of DTC’s Participants and Indirect Participants, as more fully described herein. See “APPENDIX G – DTC AND THE BOOK-ENTRY ONLY SYSTEM.”

Redemption*

Optional Redemption. The 2019 Bonds are subject to optional redemption from any source of available funds (other than Prepayments of the Special Tax by property owners), in whole or in part among maturities as specified by the City and by lot within a maturity, on any date on and after September 1, 20__ at the following respective redemption prices (expressed as percentages of the principal amount of the 2019 Bonds to be redeemed), plus accrued interest thereon to the date of redemption:

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

Mandatory Redemption From Prepayments. The 2019 Bonds are subject to mandatory redemption from Prepayments of the Special Tax by property owners, in whole or in part among maturities as specified by the City and by lot within a maturity, on any Interest Payment Date at the following respective redemption prices (expressed as percentages of the principal amount of the 2019 Bonds to be redeemed), plus accrued interest thereon to the date of redemption:

* Preliminary; subject to change.

<u>Redemption Dates</u>	<u>Redemption Price</u>
March 1, 2020 through and including March 1, 20__	103%
September 1, 20__ and March 1, 20__	102
September 1, 20__ and March 1, 20__	101
September 1, 20__ and any Interest Payment Date thereafter	100

Mandatory Sinking Fund Redemption. The Term 2019 Bonds maturing September 1, 20__ and September 1, 20__ are subject to mandatory sinking payment redemption in part on September 1, 20__ and September 1, 20__, respectively, and on each September 1 thereafter to maturity, by lot, at a redemption price equal to 100% of the principal amount thereof to be redeemed, without premium, in the aggregate respective principal amounts as set forth in the following tables:

Term 2019 Bonds Maturing September 1, 20__

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

(maturity)

Term 2019 Bonds Maturing September 1, 20__

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

(maturity)

The amounts in the foregoing tables will be reduced pro rata, in order to maintain substantially uniform debt service, as a result of any prior partial optional redemption or mandatory redemption of the 2019 Bonds.

Purchase In Lieu of Redemption. In lieu of redemption, moneys in the Bond Fund may be used and withdrawn by the Fiscal Agent for purchase of Outstanding 2019 Bonds, upon the filing with the Fiscal Agent of an Officer's Certificate requesting such purchase, at public or private sale as and when, and at such prices (including brokerage and other charges) as such Officer's Certificate may provide, but in no event may 2019 Bonds be purchased at a price in excess of the principal amount thereof, plus interest accrued to the date of purchase.

Redemption Procedure by Fiscal Agent. The Fiscal Agent will cause notice of any redemption to be mailed by first class mail, postage prepaid, at least 20 days but not more than 60 days prior to the date fixed for redemption, to the Securities Depositories and to one or more Information Services, and to the respective registered Owners of any 2019 Bonds designated for redemption, at their addresses appearing on the registration books in the Principal Office of the Fiscal Agent; but such mailing is not a condition precedent to such redemption and failure to mail or

to receive any such notice, or any defect therein, will not affect the validity of the proceedings for the redemption of such 2019 Bonds.

Such notice will state the redemption date and the redemption price and, if less than all of the then Outstanding 2019 Bonds are to be called for redemption, will designate the CUSIP numbers and bond numbers of the 2019 Bonds to be redeemed by giving the individual CUSIP number and bond number of each 2019 Bond to be redeemed or will state that all 2019 Bonds between two stated bond numbers, both inclusive, are to be redeemed or that all of the 2019 Bonds of one or more maturities have been called for redemption, will state as to any 2019 Bond called in part the principal amount thereof to be redeemed, and will require that such 2019 Bonds be then surrendered at the Principal Office of the Fiscal Agent for redemption at the said redemption price, and will state that further interest on such 2019 Bonds will not accrue from and after the redemption date.

The City has the right to rescind any notice of the optional redemption of 2019 Bonds and such notice may be cancelled and annulled if for any reason funds will not be or are not available on the date fixed for redemption for the payment in full of the 2019 Bonds then called for redemption.

Whenever provision is made in the Fiscal Agent Agreement for the redemption of less than all of the 2019 Bonds of any maturity, the City will select the 2019 Bonds to be redeemed, from all 2019 Bonds or such given portion thereof of such maturity by lot in any manner which the City in its sole discretion deems appropriate. Upon surrender of 2019 Bonds redeemed in part only, the City will execute and the Fiscal Agent will authenticate and deliver to the registered Owner, at the expense of the City, a new 2019 Bond or 2019 Bonds, of the same series and maturity, of authorized denominations in aggregate principal amount equal to the unredeemed portion of the 2019 Bond or 2019 Bonds.

Effect of Redemption. From and after the date fixed for redemption, if funds available for the payment of the principal of, and interest and any premium on, the 2019 Bonds so called for redemption are deposited in the Bond Fund, such 2019 Bonds so called will cease to be entitled to any benefit under the Fiscal Agent Agreement other than the right to receive payment of the redemption price, and no interest will accrue thereon on or after the redemption date specified in such notice.

Transfer or Exchange of Bonds

So long as the 2019 Bonds are registered in the name of Cede & Co., as nominee of DTC, transfers and exchanges of 2019 Bonds will be made in accordance with DTC procedures. See "APPENDIX G – DTC AND THE BOOK-ENTRY ONLY SYSTEM." Any 2019 Bond may, in accordance with its terms, be transferred or exchanged by the person in whose name it is registered, in person or by his duly authorized attorney, upon surrender of such 2019 Bond for cancellation, accompanied by delivery of a duly written instrument of transfer in a form approved by the Fiscal Agent. Whenever any 2019 Bond or 2019 Bonds are surrendered for transfer or exchange, the City will execute and the Fiscal Agent will authenticate and deliver a new 2019 Bond or 2019 Bonds, for a like aggregate principal amount of 2019 Bonds of authorized denominations and of the same maturity. The cost for any services rendered or any expenses incurred by the Fiscal Agent in connection with any such transfer or exchange will be paid by the City. The Fiscal Agent will collect from the Owner requesting such transfer any tax or other governmental charge required to be paid with respect to such transfer or exchange. No transfers or exchanges of 2019 Bonds will be required to be made (i) within 15 days prior to the date established by the Fiscal Agent for selection of 2019 Bonds for redemption or (ii) with respect to a 2019 Bond after such 2019 Bond has been selected for redemption.

SECURITY AND SOURCES OF PAYMENT FOR THE BONDS

Special Taxes

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

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

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

The amount of Special Taxes that the District may levy in any year, and from which principal and interest on the Bonds is to be paid, is strictly limited by the maximum rates approved by the qualified electors within the District, which is set forth in the Special Tax Formula. Under the Special Tax Formula, Special Taxes for the purpose of making payments on the Bonds will be levied annually in an amount not in excess of the maximum approved amount. The Special Taxes and any interest earned on the Special Taxes constitute a trust fund for the principal of and interest on the Bonds pursuant to the Fiscal Agent Agreement and, so long as the principal of and interest on these obligations remains unpaid, the Special Taxes and investment earnings thereon will not be used for any other purpose, except as permitted by the Fiscal Agent Agreement, and will be held in trust for the benefit of the owners thereof and will be applied pursuant to the Fiscal Agent Agreement. The Special Tax Formula apportions the Annual Facilities Costs (as defined in the Special Tax Formula and described below) among the taxable parcels of real property within the District according to the

rate and methodology set forth in the Special Tax Formula. See “Special Tax Methodology” below. See also “APPENDIX A — RATE AND METHOD OF APPORTIONMENT OF SPECIAL TAX.”

The City may levy the Special Tax up to the amount of the Maximum Annual Facilities Special Tax set forth in the Special Tax Formula, if conditions so require. The City has covenanted to annually levy the Special Taxes in an amount at least sufficient to pay the Annual Facilities Costs (as defined below). Because each Special Tax levy is limited to the Maximum Annual Facilities Special Tax rates authorized as set forth in the Special Tax Formula, no assurance can be given that, in the event of Special Tax delinquencies, the amount of the Annual Facilities Costs will in fact be collected in any given year. In addition, Section 53321(d) of the Act provides that the special tax levied against any parcel for which an occupancy permit for private residential use has been issued may not be increased as a consequence of delinquency or default by the owner of any other parcel within a community facilities district by more than 10% above the amount that would have been levied in such Fiscal Year had there never been any such delinquencies or defaults. See “SPECIAL RISK FACTORS – Tax Delinquencies” herein. The Special Taxes are collected for the City by the County in the same manner and at the same time as *ad valorem* property taxes.

Special Tax Methodology

Pursuant to the Special Tax Formula, a “Facilities Special Tax” will be levied and collected until the earlier of (i) the Transition Year or (ii) Fiscal Year 2084-85, and a “Maintenance Special Tax” will be levied and collected beginning in the Transition Year. For the definition of “Transition Year” and related matters, see APPENDIX A. *Only the “Facilities Special Tax” is pledged to the payment of the Bonds, and the definition of “Special Taxes” used in the Fiscal Agent Agreement and this Official Statement refers only to the “Facilities Special Tax” levied in accordance with the Special Tax Formula. Capitalized terms set forth in this section and not otherwise defined have the meanings set forth in the Special Tax Formula.*

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

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

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

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

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

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

Parcels Subject to the Facilities Special Tax. The Special Tax Formula designates five taxable “original parcels,” corresponding to five separate development areas within the initial boundary of the District. The City will prepare a list of the parcels subject to the Special Tax using the records of the City and the County Assessor. The City will tax parcels within each zone within the District pursuant to the Special Tax Formula. Taxable Parcels that are acquired by a public agency after the District is formed will remain subject to the Facilities Special Tax unless a “trade” resulting in no loss of Facilities Special Tax revenue can be made, as described in the Special Tax Formula.

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

Duration of the Facilities Special Tax; Transition Year. The Facilities Special Tax will be levied and collected (up to maximum allowable amount) until the earlier of (i) the Transition Year or (ii) Fiscal Year 2084-85. Transition Year means the first Fiscal Year following the Fiscal Year in which the Transition Event occurred, and Transition Event means the earlier of (i) after the Initial Bonding Period, the Fiscal Year in which the Administrator determines the Development Impact Fee Deferral has been repaid in full to the City and the City determines funding is no longer needed for Annual Facilities Costs, or (ii) Fiscal Year 2084-85. Initial Bonding Period means the period in which Bonds are outstanding or refunded which financed Authorized Facilities costs other than the Development Impact Fee Deferral.

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

Prepayment is only allowed if the City determines that the prepayment does not jeopardize its ability to make timely payments of debt service on outstanding Bonds, and the City maintains at least 110% debt service coverage on the outstanding Bonds.

Levy of Annual Special Tax; Maximum Special Tax

The annual Special Tax will be calculated by the City and levied to provide money for debt service on the Bonds, replenishment of the Reserve Fund, certain delinquencies, administration of the District, and for payment of pay-as-you-go expenditures (to the extent permitted by the City) of the authorized District-funded facilities not funded from Bond proceeds. In no event may the City levy a Special Tax in any year above the maximum identified for each parcel in the Special Tax Formula.

For the 215 planned low-density-residential (LDR) units in the initial boundary of the District, the Maximum Annual Facilities Special Tax for Fiscal Year 2019-20 equals \$1,800 per unit. For the 110 planned medium-density residential (MDR) units in the initial boundary of the District, the Maximum Annual Facilities Special Tax for Fiscal Year 2019-20 equals \$1,600 per unit. However, these amounts are subject to adjustment based upon the actual number of units built (in the event that less homes are built than are expected in the Special Tax Formula). The Maximum Annual Facilities Special Tax (as defined in the Special Tax Formula) shall escalate by 2% per year until the Transition Event, and thereafter shall no longer be levied. See “APPENDIX A – RATE AND METHOD OF APPORTIONMENT OF SPECIAL TAX” and for a table showing the expected land uses and assigned Maximum Special Taxes, see “Attachment 3” in such Appendix.

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

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

PAYMENT FOR THE BONDS – Special Tax Methodology” above. See “APPENDIX A – RATE AND METHOD OF APPORTIONMENT OF SPECIAL TAX” for a copy of the Special Tax Formula.

Special Tax Fund

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

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

Delinquent Payments of Special Tax; Covenant for Superior Court Foreclosure

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

The City has covenanted in the Fiscal Agent Agreement with and for the benefit of the Owners of the Bonds that it will annually on or before September 1 of each year review the public records of the County relating to the collection of the Special Tax in order to determine the amount of the Special Tax collected in the prior fiscal year, and if the City determines on the basis of such review that the amount so collected is deficient by more than 5% of the total amount of the Special Tax levied in the District in such Fiscal Year, it will within 30 days thereafter institute foreclosure proceedings as authorized by the Act in order to enforce the lien of the delinquent installment of the

Special Tax against each separate lot or parcel of land in the District for which such installment of the Special Tax is delinquent, and will diligently prosecute and pursue such foreclosure proceedings to judgment and sale; *provided*, that if the City determines on the basis of such review that (a) the amount so collected is deficient by less than 5% of the total amount of the Special Tax levied in the District in such Fiscal Year, but that property owned by any single property owner in the District is delinquent by more than \$5,000 with respect to the Special Tax due and payable by such property owner in such Fiscal Year, or (b) property owned by any single property owner in the District is delinquent cumulatively by more than \$3,250 with respect to the current and past Special Tax due (irrespective of the total delinquencies in the District), then the City will institute, prosecute and pursue such foreclosure proceedings in the time and manner provided herein against each such property owner.

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

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

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

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

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

Section 53356.6 of the Act requires that property sold pursuant to foreclosure under the Act be sold for not less than the amount of judgment in the foreclosure action, plus post-judgment interest

and authorized costs, unless the consent of the owners of 75% of the outstanding Bonds is obtained. However, under Section 53356.6 of the Act, the District, as judgment creditor, is entitled to purchase any property sold at foreclosure using a “credit bid,” where the District could submit a bid crediting all or part of the amount required to satisfy the judgment for the delinquent amount of the Special Tax. If the District becomes the purchaser under a credit bid, the District must pay the amount of its credit bid into the redemption fund established for the Bonds, but this payment may be made up to 24 months after the date of the foreclosure sale.

2019 Reserve Account of Reserve Fund

In connection with the issuance of the 2019 Bonds, a Reserve Fund (the “**Reserve Fund**”) is being established under the Fiscal Agent Agreement. In addition, a reserve account for the 2019 Bonds (previously defined as the “**2019 Reserve Account**”) will be established within the Reserve Fund to be held by the Fiscal Agent for the benefit of the 2019 Bonds.

Upon delivery of the 2019 Bonds, the Fiscal Agent will deposit an amount of the proceeds into the 2019 Reserve Account of the Reserve Fund so that the amount therein equals the “**Reserve Requirement**,” which means, with respect to any series of Bonds, the least of (i) 125% of the average Annual Debt Service with respect to the applicable series of Bonds; (ii) Maximum Annual Debt Service with respect to the applicable series of Bonds; and (iii) 10% of the original principal amount of the applicable series of Bonds (or, if the applicable series of Bonds has more than a de minimis amount of original issue discount or premium, 10% of the issue price of such series of Bonds); provided, that—

(a) the Reserve Requirement for the 2019 Bonds shall not increase after the date of issuance of the 2019 Bonds;

(b) in no event shall the City be obligated to deposit an amount in any reserve fund in excess of the amount permitted by the applicable provisions of the Code to be so deposited from the proceeds of tax-exempt bonds without having to restrict the yield of any investment purchased with any portion of such deposit and, if the amount of any such deposit is so limited, the Reserve Requirement shall be only the amount of such deposit as permitted by the Code; and

(c) the City may meet all or a portion of the Reserve Requirement with respect to any series of Bonds by depositing a Qualified Reserve Fund Credit Instrument.

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

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

Agent an amount of funds such that the funds on deposit in the Reserve Fund together with all Qualified Reserve Fund Credit Instruments held by the Fiscal Agent is at least equal to the Reserve Requirement (which funds may come from a draw by the Fiscal Agent on the Qualified Reserve Fund Credit Instrument prior to its expiration).

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

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

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

Improvement Fund

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

Upon completion of the Improvements and payment to the Master Developer or other entities that are due reimbursement for Improvements, the Fiscal Agent will transfer the amount, if any,

remaining in the Improvement Fund to the Bond Fund for application to the payment of principal of and interest on the Bonds in accordance with the Fiscal Agent Agreement, and the Improvement Fund will be closed. See "THE IMPROVEMENTS."

Future Parity Bonds

The Resolution of Formation authorizes the issuance of up to \$90,000,000 of special tax bonds for the District, of which the 2019 Bonds represent the first series. The City expects that it will, by a Supplemental Agreement, authorize the issuance of one or more additional series of Bonds (previously defined as the "**Additional Bonds**") payable from Special Taxes and secured by the Special Tax Revenues on a parity with the 2019 Bonds, as development progresses in the District and upon compliance by the City with the conditions set forth in the Fiscal Agent Agreement, which include the following:

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

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

(iii) Both of the following conditions are met:

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

(B) Regarding Recently Annexed Parcels: The aggregate value of the Recently Annexed Parcels, including then existing improvements and any facilities to be constructed or acquired with the proceeds of the Additional Bonds, as determined by an MAI appraisal, assessed valuations shown on the then current

County tax roll, or by a combination of both methods, is at least 3.00 times the sum of (1) the Attributable Principal Amount of all Bonds then Outstanding, plus (2) the Attributable Principal Amount of the Additional Bonds proposed to be issued, plus (3) the amount of any bonds then outstanding and payable from assessments which are a lien against the Recently Annexed Parcels, plus (4) the allocation of Other Mello-Roos Bonds determined to be applicable to the Recently Annexed Parcels pursuant to subsection (A) directly above.

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

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

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

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

DEBT SERVICE SCHEDULES

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

City of Roseville
SVSP Westpark-Federico Community Facilities District No. 1 (Public Facilities)
Special Tax Bonds Series 2019
Debt Service – 2019 Bonds

Year Ending (Sept. 1)	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
--------------------------------------	-------------------------	------------------------	---------------------

Total

Source: Underwriter.

THE SIERRA VISTA SPECIFIC PLAN

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

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

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

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

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

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

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

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

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

THE DISTRICT

Location and Description of the District and the Immediate Area

General. Property currently in the District and subject to the Special Tax comprises approximately 65 gross acres planned for 325 residential homes in the Sierra Vista Specific Plan, which is located in the northwest portion of the City. Westpark Sierra Vista, LLC, a land investment company and affiliate of the Master Developer, owned all of the land in the District as of the date of formation of the District in May 2019. In June 2019, Westpark Sierra Vista, LLC transferred to the Master Developer all of the land in the District. The Master Developer is not a home building entity, and anticipates selling the land in the District to merchant builders over time as market conditions warrant.

Westpark Sierra Vista, LLC currently owns all of the land in the Future Annexation Area, and anticipates selling such land to the Master Developer for annexation into the District and development into homesites every few years, as market conditions warrant. The timing of each annexation and number of lots in each annexation may vary based on market conditions. Upon annexation of additional lots into the District additional bonds may be issued by the City on a parity with the 2019 Bonds upon the satisfaction of certain conditions set forth in the Fiscal Agent Agreement in order to finance additional infrastructure improvements needed for the developemnt of the project.

The land in the District is generally level topography, currently with large open annual grassland areas. The SVSP has targeted a majority of the creek corridors, and a portion of the seasonal wetlands, for preservation in permanent open space. See "THE SIERRA VISTA SPECIFIC PLAN" above.

Map. A map showing the entire project, including both the initial boundary of the District and the areas in the Future Annexation Area, is shown on the following page.

[Reserved for boundary map]

Entitlements and Anticipated Development

The Master Developer has provided the following information with respect to entitlements and anticipated development of land in the District. No assurance can be given that all information is complete. No assurance can be given that development of land in the District will be completed, or that it will be completed in a timely manner. Since the ownership of the parcels is subject to change, the development plans outlined below may not be continued by the subsequent owner if the parcels are sold, although development by any subsequent owner will be subject to the SVSP, the Development Agreement described herein and the policies and requirements of the City. No assurance can be given that the plans or projections detailed below will actually occur.

Overview. As noted above, development within the initial District boundary is anticipated by the Master Developer to be consistent with the SVSP land uses, which primarily consist of low-density and medium-density residential neighborhoods. Permitted land uses are configured to reinforce the neighborhood identity and sense of community. See “THE SIERRA VISTA SPECIFIC PLAN” above. The entitlements for the project permit a development proposal related to a particular parcel to proceed through tentative map subdivision and design-review permitting processes to final mapping provided the development application is in accord with the entitlements and the final map conditions. The land received full land use approval in May, 2010, including, but not limited to, approval of Specific Plan Zoning and a Development Agreement, and subsequently received a Section 404 (wetlands) permit, California Water Board Section 401 Certification, and U.S. Fish and Wildlife Service Biological Opinion.

The Master Developer currently owns all of the land in the District, and an affiliated investment entity, Westpark Sierra Vista, LLC, owns all of the land in the Future Annexation Area.

The initial boundary of the District consists of approximately 65 gross acres, anticipated to be built into five distinct neighborhoods for a total of 215 LDR units and 110 MDR units. The five original taxable parcels are anticipated to be sold to merchant builders as market conditions warrant, with the first sales anticipated in late 2019.

The 325 lots in the initial District boundary received a grading permit and site improvement plans from the City. Site development commenced in June 2019, and the acceptance of the improvements by the City is anticipated in December 2019.

Land in the Future Annexation Area is anticipated to be developed into an additional 628 residential units (consisting of 368 LDR units, 88 MDR units, and 172 HDR affordable units), and 7.5 acres of commercial uses. The 172 HDR affordable units would not be subject to the Special Tax.

The table on the following page shows the entitlements for all of the land within the initial boundary of the District and in the Future Annexation Area. Currently, only parcels FD-3, FD-4, FD-22A, FD-22B and FD-20A are located within the boundary of the District and subject to the Special Tax securing the Bonds.

The Master Developer is also the master developer of property in the Westbrook master-planned community, which is planned for 1,409 single-family residential units and 620 multi-family units, as well as approximately 24.5 acres of non-residential uses. The Master Developer views the land in the District as an extension of the residential development already underway in Westbrook. For additional details on the Master Developer’s development experience, see “OWNERSHIP OF PROPERTY WITHIN THE DISTRICT – The Master Developer.”

Table 1
City of Roseville
SVSP Westpark-Federico Community Facilities District No. 1 (Public Facilities)
Planned Taxable Units in District and Future Annexation Area

Initial District Boundary – Owned by Master Developer

Village (Parcel)	Land Use	Acres	Planned Units
FD-3	LDR	9.79	46
FD-4	LDR	7.70	33
FD-22A	LDR	12.50	76
FD-22B	LDR	11.80	60
FD-20A	MDR	14.93	110
Total		61.23	325

Future Annexation Area (Not in District) – Owned by Westpark Sierra Vista, LLC

Village (Parcel)	Land Use	Acres	Planned Units
FD-1	LDR	19.73	91
FD-2	LDR	17.12	81
FD-5	LDR	17.51	87
FD-9	LDR	19.23	109
FD-20B	MDR	12.38	88
FD-34	HDR ⁽¹⁾	8.20	172
FD-40	CC	7.55	n/a
Total		101.72	628

(1) All 172 planned units are designated as affordable units, and would not be subject to the Special Tax.
Source: Master Developer; Special Tax Formula.

Development Agreement

General. The City entered into a Development Agreement, dated May 19, 2010 (the “**Development Agreement**”) with Westpark Federico, LLC, Mourier Investments, LLC, and Federico-Tyler Family Limited Partnership, to which the Master Developer has subsequently succeeded with respect to the land owned by the Master Developer in the District. The Development Agreement was entered into in accordance with applicable state and local codes; its purpose is to vest development rights, set forth infrastructure improvements and dedication requirements, secure the timing and methods for financing improvements, and specify other performance obligations as related to development in the Sierra Vista Specific Plan area. All of the property in the District is subject to the requirements of the Development Agreement, as well as the SVSP. The Development Agreement was entered into in accordance with Sections 65864 through 65869.5 of the California Government Code, as implemented through Article V, Chapter 19.84 of the City’s Zoning Ordinance No. 802.

The Development Agreement is the primary implementation tool for the SVSP and is intended to create a binding contract between the City and the parties thereto, and their assigned successors in interest, which set forth the needed infrastructure improvements, park dedication requirements, timing and method for financing improvements and other specific performance obligations of the City and the Master Developer and its successors, including obligations related to development of the property in the District, with the terms, conditions, rules, regulations, entitlements, vested rights and other provisions relating to the development of the property in the District according to the SVSP entitlements. Included are provisions relating to infrastructure improvements, public dedication requirements, landscaping amenities and other obligations of the

parties. The Development Agreement has a 30-year term, runs with the property, and may be modified only by mutual consent of the parties, and in a manner consistent with the SVSP. With the Development Agreement in place, subject to compliance with the terms of the Development Agreement, construction of homes within the District may occur upon City approval of subdivision maps, satisfaction of certain design requirements and conditions of such maps and issuance of building permits.

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

Improvements. The Development Agreement sets forth the responsibility of the Master Developer and its successors for a portion of the costs of certain public improvements required for its development within the SVSP, including an electric substation. The dedication of the electric substation site occurred in May 2017, and became operational in August 2019. The Master Developer does not believe any required improvements will impair its ability to timely obtain building permits.

Funding of the Improvements with the 2019 Bonds and Additional Bond proceeds will satisfy a portion, but not all, of the relevant obligations of the District for infrastructure improvements required by the Development Agreement. See Table 4 herein for a sources and uses table. The improvements not funded from the 2019 Bonds and Additional Bond proceeds or Special Taxes are required to be funded by the Master Developer and subsequent successors in interest. See "THE IMPROVEMENTS" below.

No Affordable Units. There are no affordable unit requirements for the initial District boundary.

Environmental Matters

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

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

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

OWNERSHIP OF PROPERTY WITHIN THE DISTRICT

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

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

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

The Master Developer

General. All of the land within the District is currently owned by the Master Developer, which has a management team that is responsible for the day-to-day management of the entitlement and development operations, and a group of capital investors that provide equity for the operations and development of the project. The Master Developer is a limited liability company formed in 2010 and registered to do business in California. It purchased all the land in the District in early 2019.

The managing members (the "**Members**") of the Master Developer are John Murray, Jeff Jones, John Tallman, and Ryan O'Keefe. John Murray and Jeff Jones are managing members for Westpark S.V. 400, LLC, which is the master developer for the "Westbrook" community that is also located in the Sierra Vista Specific Plan. John Murray is a Certified Public Accountant who, prior to joining Westpark, was the General Manager for the Del Webb Corporation's Northern California Communities where he led the development of Sun City Roseville and Sun City Lincoln Hills. Mr. Falik and Mr. Murray were principals in the development team that developed the adjacent Westpark community, a 4,500-unit master planned community, in 2004 and subsequently sold the project to a consortium of homebuilders that included Pulte Home Corporation, Lennar Communities of California and Centex Homes. Jeff Jones is Westpark's Chief Operating Officer. Prior to joining the Master Developer, Mr. Jones served as a part of the Del Webb Corporation's Northern California Communities executive management team where he oversaw the development of the Sun City Roseville and Sun City Lincoln Hills Communities. John Tallman has been in the home building and real estate development business in the greater Sacramento region for more than 30 years. Prior to joining Westpark in 2009, he served as the head of the Sacramento office of Morrison Homes (now part as Taylor Morrison), before leaving to head the office of Signature Properties overseeing the entitlement and development process for the nearby master planned community of Fiddymont Farm. Ryan O'Keefe is a licensed civil engineer and oversees land development operations for Westpark. Prior to joining Westpark, Mr. O'Keefe was a senior engineer with a local civil engineering firm.

Experience. Recent development experience of the principals of the Master Developer (affiliated entities wherein the managing members are at least one of the three principals of the Master Developer), is illustrated by the following projects:

<u>Project Name</u>	<u>City</u>	<u>No. of Lots (res)</u>	<u>No. of Sq. Ft. (Office/Industrial)</u>	<u>No. of Sq. Ft (Retail)</u>	<u>Owner/Developer</u>	<u>Status</u>
Westpark	Roseville, CA	4,585	1,110,000	163,350	1600 Placer Investors, LP	Sold March 2005 to Pulte Homes, Lennar Homes and Centex Homes (although subsequently re-purchased a portion)
Westbrook	Roseville, CA	2,029	0	300,000	Westpark S.V. 400, LLC	Entitlements completed; homebuilding underway by DR Horton, Lennar Homes, Taylor Morrison and Woodside Homes
Education Foundation	Lincoln, CA	71	0	0	Westpark LR, LLC	Entitlements complete, completing federal permitting process.

Financing. The Master Developer anticipates financing the costs of the backbone infrastructure and other costs of the development of the project with lot sales to merchant builders and proceeds of Bonds. For additional details, see "THE IMPROVEMENTS – Master Developer Sources and Uses of Funds."

Proposed Development

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

Subdivision Maps. The taxable property in the initial District boundary consists of five large-lot APNs, with a large-lot final map having previously recorded for the property. The current configuration of parcels in the District, together with final map status, is set forth in the following table. In addition to the Improvements completed, the Master Developer has graded to a "blue-topped" condition all 325 lots in Phase 1. Subdivision in-tract improvements for the first villages are expected to commence in late Spring 2020 and are anticipated to be complete in Fall 2020. In-tract improvements for all 325 homes are expected to be complete by the end of 2021.

Table 2
City of Roseville
SVSP Westpark-Federico Community Facilities District No. 1 (Public Facilities)
Tentative Map and Final Map Status for Taxable Residential Parcels in
the Initial District Boundary

Large-Lot Parcel/Village	Land Use	Planned Units	Tentative Map Approval Date	Expected Small Lot Final Map Record Date
FD-3	LDR (Residential)	46	Nov 2017	May 2020
FD-4	LDR (Residential)	33	Nov 2017	July 2021
FD-22A	LDR (Residential)	76	Nov 2017	July 2020
FD-22B	LDR (Residential)	60	Nov 2017	May 2020
FD-20A	MDR (Residential)	110	Nov 2017	July 2020
Total		395		

Source: Master Developer.

Backbone Infrastructure. The backbone infrastructure is to include Westbrook Blvd, Federico Drive, Market Street, Sierra Glen Drive, Silver Spruce Drive, and Summerfaire Drive and all associated underground utilities, adjacent landscape and perimeter walls. Funding for mitigation acquisition and construction of public/quasi-public facilities are also included as part of the project. The infrastructure is to be constructed in three to four phases. Phase 1, consisting of the extension of Westbrook Blvd, Summerfaire Drive, and portions of Federico Drive commenced in June 2019 and are expected to be complete by Fall 2019, with final acceptance by the City by the end of 2019. Subsequent phases will be constructed as dictated by market conditions.

The Master Developer is responsible for the cost of construction of the infrastructure improvements and other costs required for the initial District boundary. Proceeds of the Bonds and any additional bonds will provide a portion of the cost of improvements and the remainder will be contributed by the Master Developer. See “THE IMPROVEMENTS – Estimated Cost of the Improvements.” Additional Bonds for the District are expected to be issued on a parity with the 2019 Bonds in multiple series as development progresses.

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

Timing of Model Homes and Production Homes. The Master Developer is not a homebuilding entity, and anticipates selling the five villages within the initial boundary of the District to merchant homebuilders as market conditions warrant, which is anticipated to commence in late 2019. Model homes are expected to start in spring 2020, with production homes starting thereafter. See Table 4 herein, for the Master Developer’s proposed financing plan for the 325 lots comprising Phase 1 of the project.

[NOTE: ADD DETAILS REGARDING MERCHANT BUILDER SALES, IF/WHEN AVAILABLE]

THE IMPROVEMENTS

Eligible Facilities

The Bonds will provide a funding source for moneys expended to finance the public infrastructure and facilities authorized to be financed by the levy of Special Taxes in the District, which are referred to herein as the Improvements. The list of eligible Improvements is set forth in Exhibit A to the Resolution of Formation, adopted by the City Council, as the legislative body of the District. These Improvements generally consist of backbone roads and other transportation improvements, potable and non-potable water system improvements, drainage system improvements, wastewater system improvements, solid waste improvements, parks and paseos, and open space.

Estimated Cost of the Improvements

General. The total estimated cost of the Improvements for the initial District boundary of the project (325 units) is approximately \$13.1 million, as shown in the table on the following page. The Bonds are expected to provide approximately a portion of that cost. Additional infrastructure will be required for areas of future annexation and Additional Bonds are expected to be sold in the future.

Table 3
City of Roseville
SVSP Westpark-Federico Community Facilities District No. 1 (Public Facilities)
Summary of Authorized Facilities and Estimated Cost in Initial District Boundary

Facility Category	Estimated Cost
Roadway	\$4,017,654
Sanitary Sewer	637,400
Water (Potable and Recycled)	2,321,490
Storm Drain	2,725,219
Dry Utilities	2,209,169
Miscellaneous and Soft Costs	1,232,111
Total	\$13,143,042

Source: Master Developer.

Funding Sources. In connection with the issuance of the Bonds, the City and the Master Developer have entered into a Funding, Construction and Acquisition Agreement (the “**Acquisition Agreement**”) which provides that the Master Developer will construct (or cause to be constructed or funded) the Improvements and related facilities, and the City, upon completion of construction and acceptance by the City, or through progress payments prior to completion of the entire improvement, will purchase the Improvements or reimburse the Master Developer for expended amounts using a portion of the proceeds of the Bonds pursuant to the terms of the Acquisition Agreement. The Master Developer will be responsible for the portion of the cost of construction of the Improvements not paid with Bond proceeds. There are currently no construction loans or deeds of trust encumbering the property in the initial boundary of the District.

The Special Tax Formula provides that the funding of Improvement costs can also be made from collections of the Special Tax available as the “pay-as-you-go” component of Special Taxes. The pay-as-you-go funding component is expected to provide for funding of the cost of a portion of the Improvements in excess of the amount provided from bond proceeds (if such proceeds are not sufficient) through annual Special Tax collections in excess of the amount needed to pay the debt

service. The City contemplates utilizing this funding mechanism during the time the Bonds are outstanding. Additionally, after the final maturity date of the Bonds and any additional bonds issued to reimburse developers for costs of the Improvements, the City expects to continue to levy Special Taxes for payment of the “Development Impact Fee Deferral” (as defined in the Special Tax Formula) which levy may secure future bonds issued after payment in full of the Bonds and any additional bonds issued under the Fiscal Agent Agreement. See “SECURITY AND SOURCES OF PAYMENT FOR THE BONDS – Special Tax Methodology” and “ – Special Tax Fund.”

Master Developer Sources and Uses of Funds

The following table shows estimated sources and uses for the Master Developer related to the development and sale of the initial 325 homes in the District.

Table 4
City of Roseville
SVSP Westpark-Federico Community Facilities District No. 1 (Public Facilities)
Proposed Financing Plan – Phase 1 (325 Lots)⁽¹⁾

	2019⁽²⁾	2020	Total
Land Development Expenses			
Mitigation Purchases (CFD Eligible)	\$341,205	--	\$341,205
Grading (Not CFD Eligible)	1,952,924	\$15,715	1,968,639
Backbone Facilities (CFD Eligible)	10,602,000	2,541,041	13,143,041
Total Land Development Expenses	\$12,896,129	2,556,756	15,452,885
Revenues - Land/Lot Sales			
Owners' Equity	3,000,000	--	3,000,000
Village Lot Sales/Acreage Sales	2,000,000	19,476,000	21,476,000
CFD Proceeds	7,930,000	--	7,930,000
Total Revenue	12,930,000	19,476,000	32,406,000
Cash Flow Before Construction Financing	33,871	16,919,244	16,953,115
Cumulative Cash Flow	\$33,871	\$16,953,115	--

(1) Estimated as of August 1, 2019; actual amount may differ.

(2) The Master Developer estimates it will have spent approximately \$4.0 million of the planned \$12.9 million of expenditures for calendar year 2019 by September 1, 2019, with an additional approximately \$4.0 million planned to be spent by October 1, 2019.

Source: Master Developer.

VALUE OF PROPERTY WITHIN THE DISTRICT

The Appraisal

General. Integra Realty Resources, Sacramento, California (the “**Appraiser**”) prepared an appraisal report dated September 9, 2019, with a date of value of August 1, 2019 (the “**Appraisal**”). The Appraisal was prepared at the request of the City. The Appraisal is set forth in APPENDIX B hereto. The description herein of the Appraisal is intended for limited purposes only; the Appraisal should be read in its entirety. The conclusions reached in the Appraisal are subject to certain assumptions and qualifications which are set forth in the Appraisal.

Property Appraised. The appraised properties consist of all of the taxable property in the initial boundary of the District, which is owned by the Master Developer and planned for development into 325 single-family residential units.

Value Estimates. The Appraisal provides a market value, in bulk, of the appraised property as of the date of value (based on the hypothetical condition the improvements to be financed by the 2019 Bonds were in place as of the date of valuation). The valuation accounts for the impact of the lien of the Special Tax and represents the hypothetical market value (based on the hypothetical condition) of all the land in the District. The property appraised excludes property in the District designated for public and quasi-public purposes.

The aggregate value estimate for the appraised properties as of the August 1, 2019 date of value, using the methodologies described in the Appraisal and subject to the limiting conditions and special assumptions set forth in the Appraisal, and based on the ownership of the property as of that date, is \$26,670,000.

The bulk sale value represents the most probable price, in a sale of parcels within the District, to a single purchaser or sales to multiple buyers, over a reasonable absorption period discounted to present value.

Hypothetical Condition. *The value estimate is subject to a hypothetical condition, defined as that which is contrary to what exists but is supposed for the purposes of analysis. For purposes of the hypothetical condition, the Appraiser assumed that certain proceeds of the 2019 Bonds are available to reimburse for infrastructure improvements completed.*

Extraordinary Assumption. The Appraisal notes that estimated remaining infrastructure costs were provided to them in the total amount of \$10,343,042. In accordance with a typical 3:1 value to lien ratio, the bond size is anticipated to total \$6,500,000. The difference between the total anticipated cost and the construction fund amount constitutes the remaining development cost to be contributed by the Master Developer of \$3,843,042. If, at some future date, it is determined that cost estimates or input factors yielding the anticipated Master Developer contribution for remaining costs are different than actual, the values contained herein could be affected.

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

- The value estimates assume the completion of the public facilities to be financed by the 2019 Bonds, but not any Additional Bonds that may be issued in the future. See “THE IMPROVEMENTS.”

- The Appraiser has assumed that there is no hazardous material on or in the property that would cause a loss in value. Should future conditions and events reduce the level of permitted development or delay the completion of any projected development, the value of the undeveloped land would likely be reduced from that estimated by the Appraiser. See “APPENDIX B – THE APPRAISAL” hereto for a description of certain assumptions made by the Appraiser. Accordingly, because the Appraiser arrived at an estimate of current market value based upon certain assumptions which may or may not be fulfilled, no assurance can be given that should the parcels become delinquent due to unpaid Special Taxes, and be foreclosed upon and offered for sale for the amount of the delinquency, that any bid would be received for such property or, if a bid is received, that such bid would be sufficient to pay such delinquent Special Taxes.

Exposure Time. Exposure time is the length of time the subject property would have been exposed for sale in the market had it sold on the effective valuation date at the concluded market value. Exposure time is always presumed to precede the effective date of the Appraisal. Based on the Appraiser’s review of recent sales transactions for similar properties and its analysis of supply and demand in the local land market, the Appraiser’s opinion was that the probable exposure time for the appraised property at the concluded market value stated previously is 12 months.

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

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

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

No assurance can be given that the foregoing valuation can or will be maintained during the period of time that the 2019 Bonds are outstanding in that the City has no control over the market value of the property within the District or the amount of additional indebtedness that may be issued in the future by other public agencies, the payment of which, through the levy of a tax or an assessment, may be on a parity with the Special Taxes. See “—Overlapping Liens and Priority of Lien” below.

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

Value to Special Tax Burden Ratios

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

the property is subject to a delinquent Special Tax. In any event, individual parcels may be foreclosed upon separately to pay delinquent Special Taxes levied against such parcels.

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

Appraised Value to Lien Ratios by Development Status. The following table sets forth appraised value, maximum special tax, allocable District debt, and average value to lien ratios by status of development, based on the status of development of the tentatively mapped lots in the District as of August 1, 2019 (the Appraiser's date of value), and on assumptions detailed therein.

Table 5
City of Roseville
SVSP Westpark-Federico Community Facilities District No. 1 (Public Facilities)
Value to Lien Ratios – By Development Status of Tentatively Mapped Lots

Development Status ⁽¹⁾	Planned Residential Units	Land Use	Appraised Value ⁽²⁾	FY 2019-20 Maximum Facilities Tax	Allocable Debt CFD Bonds ^{(3)(4)*}	% Total CFD Bonded Debt ⁽⁴⁾	Overlapping Debt ⁽⁵⁾	Total Direct & Overlapping Debt*	Average Value to Lien Ratios*
<u>Tentative Map Lots</u>									
FD-3	46	LDR	\$4,262,901	\$82,800	\$980,217	14.71%	\$315	\$980,532	4.35
FD-4	33	LDR	2,749,782	59,400	703,199	10.55	145	703,344	3.91
FD-20A	110	MDR	8,137,983	176,000	2,083,552	31.26	383	2,083,935	3.91
FD-22A	76	LDR	6,332,830	136,800	1,619,488	24.30	403	1,619,891	3.91
FD-22B	60	LDR	5,186,504	108,000	1,278,544	19.18	380	1,278,924	4.06
Total	325		\$26,670,000	\$563,000	\$6,665,000	100.00%	\$1,626	\$6,666,626	4.00

* Preliminary, subject to change.

(1) Development Status as of August 1, 2019

(2) Appraised Values as of August 1, 2019.

(3) Represents the par amount of the 2019 Bonds.

(4) This table allocates the CFD Bonded Debt by the Maximum Facilities Special Tax of each parcel.

(5) Represents the portion of overlapping debt liens of the District's taxable parcels as of September 1, 2019 as summarized under "Direct and Overlapping Tax and Assessment Debt" table in the overlapping debt report prepared by California Municipal Statistics, Inc. The Overlapping Debt of \$34 on the tax-exempt portion of the District is not reflected in this table.

Sources: Development Status - Master Developer; Land use, Planned Residential Units and Maximum Special Tax by Village - Special Tax Formula; Appraised Value - Integra Realty Resources, Inc.; Overlapping Debt - California Municipal Statistics, Inc, as compiled by Willdan Financial Services.

Appraised Value to Lien Ratio Categories. The appraised value of all taxable property within the District is \$26,670,000. The principal amount of direct and overlapping bonded debt in the District (including the 2019 Bonds) is \$6,666,626*. Consequently, the estimated value of the taxable property within the District is approximately 4.00* times the principal amount of the direct and overlapping bonded debt. The following table sets forth the appraised value, maximum special tax, projected special tax levy tax and allocable District debt by value to lien ratio range categories.

Table 6
City of Roseville
SVSP Westpark-Federico Community Facilities District No. 1 (Public Facilities)
Average Value to Lien Ratio Categories

Value-to-Lien Ratio Range *	No. of Parcels	Planned Residential Units	Appraised Value ⁽¹⁾	FY 2019-20 Maximum Facilities Tax	Allocable Debt CFD Bonds ^{(2)(3)*}	% Total CFD Bonded Debt ⁽³⁾	Overlapping Debt ⁽⁴⁾	Total Direct & Overlapping Debt*	Average Value to Lien Ratios*
4:1 to 4.99:1	2	106	\$9,449,405	\$190,800	\$2,258,761	33.89%	\$695	\$2,259,456	4.18
3:1 to 3.99:1	3	219	17,220,595	372,200	4,406,239	66.11	931	4,407,170	3.91
Total	5	325	\$26,670,000	\$563,000	\$6,665,000	100.00%	\$1,626	\$6,666,626	4.00

* Preliminary, subject to change.

(1) Appraised Value as of August 1, 2019.

(2) Represents the par amount of the 2019 Bonds.

(3) This table allocates the CFD Bonded Debt by the Maximum Facilities Special Tax of each parcel.

(4) Represents the portion of overlapping debt liens of the District's taxable parcels as of September 1, 2019 as summarized under "Direct and Overlapping Tax and Assessment Debt" table in the overlapping debt report prepared by California Municipal Statistics, Inc. The Overlapping Debt of \$34 on the tax exempt portion of the District is not reflected in this table.

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

No History of Special Tax Collections

Fiscal Year 2019-20 will be the first year in which the Special Tax is levied in the District.

Overlapping Liens and Priority of Lien

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

Set forth below is an overlapping debt table showing the existing direct and overlapping bonded debt payable with respect to property within the District. This table has been prepared by California Municipal Statistics Inc. as of the date indicated, and is included for general information purposes only. The City has not reviewed the data for completeness or accuracy and makes no representations in connection therewith. In addition to bonded debt, property in the District is also subject to Fiscal Year 2019-20 special taxes authorized to be levied on behalf of the City's Sierra Vista Community Facilities District No. 2 (Public Services) and Community Facilities District No. 3 (Municipal Services) for municipal services, which districts provide for escalating annual special taxes on residential property. [The Fiscal Year 2019-20 annual amount is \$339.07 per lot (low density and medium density) for CFD No. 2 and the Fiscal Year 2018-19 amounts are \$256.78 per lot (low density)/\$439.10 per lot (medium density) for CFD No. 3; the CFD No. 3 tax rates are subject to annual escalation up to 4% depending on the City's public safety budget each year.] [CONFIRM]

Table 7
City of Roseville
SVSP Westpark-Federico Community Facilities District No. 1 (Public Facilities)
Summary of Overlapping Debt
As of September 1, 2019

2018-19 Local Secured Assessed Valuation: \$56,840

<u>DIRECT AND OVERLAPPING TAX AND ASSESSMENT DEBT:</u>	<u>% Applicable</u>	<u>Debt</u>	
Roseville Joint Union High School District General Obligation Bonds	0.0002%	\$ 244	
Roseville Joint Union High School District SFID No. 1 General Obligation Bonds	0.0026	1,373	
Roseville City School District General Obligation Bonds	0.0003	43	
City of Roseville SVSP Westpark-Federico CFD No. 1	100.0000	--	(1)
TOTAL DIRECT AND OVERLAPPING TAX AND ASSESSMENT DEBT		\$1,660	
 <u>OVERLAPPING GENERAL FUND DEBT:</u>			
Placer County Certificates of Participation	0.0001%	\$19	
Placer County Office of Education Certificates of Participation	0.0001	1	
Sierra Joint Community College District Certificates of Participation	0.0001	2	
Roseville City School District Certificates of Participation	0.0003	15	
City of Roseville Certificates of Participation	0.0003	55	
Placer County Mosquito and Vector Control District Certificates of Participation	0.0001	<u>2</u>	
TOTAL OVERLAPPING GENERAL FUND DEBT		\$94	
 COMBINED TOTAL DEBT		 \$1,754	(2)

Ratios to 2018-19 Assessed Valuation:

Direct Debt (\$0)	0.00%
Total Direct and Overlapping Tax and Assessment Debt.....	2.92%
Combined Total Debt.....	3.09%

(1) Excludes the 2019 Bonds to be sold.

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

Source: California Municipal Statistics, Inc.

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

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

Estimated Tax Burden on Single-Family Home

Based on estimated sales prices for the smallest floorplan for LDR and MDR homes provided by the Master Developer, the Special Tax Administrator has projected that the overall tax burden for the smallest floorplan homes planned for the District will be approximately 1.60% to 1.61%, as shown in the following table. The projected overall tax burden for larger floorplan homes is expected to be smaller, as a percentage of the projected assessed value of the homes.

Table 8
City of Roseville
SVSP Westpark-Federico Community Facilities District No. 1 (Public Facilities)
Projected Overall Tax Burden for Single-Family Residential Parcels
Fiscal Year 2019-20

	Land Use Designations		
	MDR Value	LDR Value	
Net Taxable Value			
Average Assessed Value ⁽¹⁾	\$415,000	\$500,000	
Less: Homeowner's Exemption	(7,000)	(7,000)	
Net Taxable Value	\$408,000	\$493,000	
Ad Valorem Property Taxes⁽²⁾	Rate	Taxes⁽³⁾	Taxes
Base Property Tax	1.000000%	\$4,080	\$4,930
Sierra Coll SFID #4 B&I 2018 Series A	0.015791%	64	78
Rsvl City Elem B&I 2002 Series A Non Refunding	0.005682%	23	28
Rsvl City Elem B&I 2002 A&B Partial Refunding 2011	0.004579%	19	23
Rsvl High B&I 1992	0.012969%	53	64
Rsvl High B&I 2004 Series C Non Refunding	0.000884%	4	4
Rsvl High B&I 2004 A B & C Ref 2013	0.020883%	85	103
Rsvl High B&I 2008 SFID #1 11A Non-Ref 2016B	0.002652%	11	13
Rsvl High B&I 2008 SFID #1 11A Ref 2016B	0.005628%	23	28
Rsvl High B&I 2008 SFID #1 Series 2017	0.015869%	65	78
Rsvl High B&I 2008 SFID #1 Series 2018	0.001309%	5	6
Rsvl High B&I 2016 Series A	0.011789%	48	58
Rsvl High B&I 2016 Series B	0.001216%	5	6
Total Ad Valorem Property Taxes	1.099251%	\$4,485	\$5,419
Parcel Charges, Special Taxes and Assessments ⁽⁴⁾	Charges	Charges	
Placer Mosquito & Vector ⁽⁵⁾	\$29	\$29	
City of Roseville SVSP Westpark-Federico CFD No. 1 (Public Facilities) ⁽⁶⁾	1,600	1,800	
City of Roseville, Sierra Vista CFD # 2 (Public Services) ⁽⁷⁾	468	468	
City of Roseville CFD 3, Municipal Services ⁽⁸⁾	267	457	
Total Parcel Charges, Assessments, and Special Taxes	\$2,364	\$2,754	
Total Projected Taxes and Direct Charges	\$6,849	\$8,174	
Total Effective Tax Rate	1.65%	1.63%	

(1) Representative new home prices from the "Ability to Pay" section of the Appraisal

(2) Represents the individual FY 2019-20 Ad Valorem Tax Rates for Tax Rate Area 005-071.

(3) According to the Fiscal Year 2019-20 County Secured Tax Roll, each District parcel is taxed under TRA 005-071. However, it is said that a portion of Village FD-4 lies within TRA 005-070 (Center Jt Unif), which is subject to a total Ad Valorem Tax Rate of 1.245391%.

(4) Assumes no PACE related Special Taxes

(5) FY 2019-20 Charges

(6) Equal to the applicable Maximum Public Facilities Special Tax for FY 2019-20

(7) Equal to the applicable Maximum Public Services Special Tax for FY 2019-20

(8) Equal to the applicable Maximum Municipal Services Special Tax for FY 2019-20

Sources: FY 2019-20 Tax Rate Areas, Ad Valorem Tax Rates and Placer Mosquito & Vector charges - Placer County; Bificated TRA information concerning Village FD-4 - Master Developer; Representative Prices of new LDR and MDR homes - Integra Realty Resources, Inc.; Maximum Special Tax Rates of CFD Nos 1, 2 and 3 - Willdan Financial Services

SPECIAL RISK FACTORS

The purchase of the 2019 Bonds described in this Official Statement involves a degree of risk that may not be appropriate for some investors. The following includes a discussion of some of the risks that should be considered before making an investment decision.

Limited Obligation of the City to Pay Debt Service

The City has no obligation to pay principal of and interest on the 2019 Bonds in the event Special Tax collections are delinquent, other than from amounts, if any, on deposit in the 2019 Reserve Account of the Reserve Fund or funds derived from the tax sale or foreclosure and sale of parcels on which levies of the Special Tax are delinquent, nor is the City obligated to advance funds to pay such debt service on the 2019 Bonds. The 2019 Bonds are not general obligations of the City but are limited obligations of the City and the District payable solely from the proceeds of the Special Tax and certain funds held under the Fiscal Agent Agreement, including amounts deposited in the 2019 Reserve Account of the Reserve Fund and investment income thereon, and the proceeds, if any, from the sale of property in the event of a foreclosure. See “SECURITY AND SOURCES OF PAYMENT FOR THE BONDS.” Any tax for the payment of the 2019 Bonds will be limited to the Special Tax to be collected within the jurisdiction of the District.

Concentration of Ownership

Land in the District is 100% owned by the Master Developer. Owners of property are not personally obligated to pay the Special Tax attributable to their property. Rather, the Special Tax is an obligation only against the parcel of property, secured by the amount which could be realized in a foreclosure proceeding against the property, and not by any promise of the owner to pay. If the value of the property is not sufficient, taking into account other obligations also constituting a lien against the property, the City, Fiscal Agent and owners of the 2019 Bonds have no recourse against the owner, such as filing a lawsuit to collect money.

Failure of the Master Developer or any future owner of significant property subject to the Special Taxes in the District to pay installments of Special Taxes when due could cause the depletion of amounts in the 2019 Reserve Account of the Reserve Fund prior to reimbursement from the resale of foreclosed property or payment of the delinquent Special Tax and, consequently, result in the delinquency rate reaching a level that would cause an insufficiency in collection of the Special Tax to meet the District’s obligations on the 2019 Bonds. For a description of the Master Developer, see “OWNERSHIP OF PROPERTY WITHIN THE DISTRICT.” In that event, there could be a delay or failure in payments on the 2019 Bonds. See “– Bankruptcy and Foreclosure Delays” below and “SECURITY AND SOURCES OF PAYMENT FOR THE BONDS – Delinquent Payments of Special Tax; Covenant for Superior Court Foreclosure.”

Appraised Values

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

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

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

In considering the estimates of value evidenced by the appraisal, it should be noted that the appraisal is based upon a number of standard and special assumptions which affect the estimates as to value, in addition to hypothetical conditions, as set forth in the Appraisal (see APPENDIX B hereto). The improvements to be financed by the 2019 Bonds were not in place as of the date of inspection; thus, the value estimate is subject to a hypothetical condition (of such improvements being in place)

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

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

Property Values and Property Development

The value of Taxable Parcels within the District is a critical factor in determining the investment quality of the 2019 Bonds. If a property owner defaults in the payment of the Special Tax, the District's only remedy is to foreclose on the delinquent property in an attempt to obtain funds with which to pay the delinquent Special Tax. Land development and land values could be adversely affected by economic and other factors beyond the City's control, such as: a general economic downturn; adverse judgments in future litigation that could affect the scope, timing or viability of development; relocation of employers out of the area; stricter land use regulations; shortages of water, electricity, natural gas or other utilities; destruction of property caused by earthquake, flood or other natural disasters; environmental pollution or contamination.

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

Neither the District, the Underwriter, nor the City has evaluated development risks. Since these are largely business risks of the type that property owners customarily evaluate individually, and inasmuch as changes in land ownership may well mean changes in the evaluation with respect to any particular parcel, the District is issuing the 2019 Bonds without regard to any such evaluation. Thus, the creation of the District and the issuance of the 2019 Bonds in no way implies that the District, the Underwriter, or the City has evaluated these risks or the reasonableness of these risks.

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

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

First, undeveloped or partially developed land is generally less valuable than developed land and provides less security to the owners of the 2019 Bonds should it be necessary for the District to foreclose on undeveloped or partially developed property due to the nonpayment of Special Taxes.

Second, failure to complete development on a timely basis could adversely affect the land values of those parcels that have been completed. Lower land values would result in less security for the payment of principal of and interest on the 2019 Bonds and lower proceeds from any foreclosure sale necessitated by delinquencies in the payment of the Special Tax. See "VALUE OF PROPERTY WITHIN THE DISTRICT – Value to Special Tax Burden Ratios." No assurance can be given that the proposed development within the District will be completed, and in assessing the investment quality of the 2019 Bonds, prospective purchasers should evaluate the risks of noncompletion.

The Master Developer provides no assurances to the City that the project will be developed or that sources of financing that will actually be available will be sufficient to complete the currently projected development. The Master Developer has no obligation to the City or to owners of the 2019 Bonds to complete the project.

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

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

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

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

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

The Master Developer and the City indicate that the existing Development Agreement protects the Master Developer's ability to access water for the project through an agreed upon water allocation. Further, the City indicates it has adequate surface water and groundwater supplies to meet the allocation for all three phases of development in accordance with applicable law and regulations. However, in the event that the City's water supply is severely limited or cut off by virtue of future actions beyond its control resulting from ongoing or future drought conditions, development within the District may be delayed or even stopped. The Development Agreement provides that should the City need to restrict development it must do so City-wide and cannot single out the SVSP Westpark-Federico property in restricting development activity. In turn, the anticipated diversity of land ownership within the District could also be reduced, making the owners of the 2019 Bonds more dependent upon the Master Developer's or other owners of undeveloped land timely payment of the Special Taxes levied on undeveloped property. Furthermore, such an increased period of concentrated ownership of undeveloped land increases the potential negative impact of any bankruptcy or other financial difficulties experienced by the Master Developer or successor owners. Any reduction or interruption in the water supply would also likely cause a reduction in the land value and thus a reduction in the security in the event of a need to foreclose on land within the District following a delinquency in the payment of Special Taxes.

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

Hazardous Substances. Any discovery of a hazardous substance detected on property within the District would affect the marketability and the value of some or all of the property in the District. In that event, the owners and operators of a parcel within the District may be required by law to remedy conditions of the parcel relating to releases or threatened releases of hazardous substances. The federal Comprehensive Environmental Response, Compensation and Liability Act of 1980, sometimes referred to as "CERCLA" or the "Superfund Act," is the most well-known and widely applicable of these laws. California laws with regard to hazardous substances are also

applicable to property within the District and are as stringent as the federal laws. Under many of these laws, the owner (or operator) is obligated to remedy a hazardous substance condition of property whether or not the owner (or operator) has anything to do with creating or handling the hazardous substance. The effect, therefore, should any of the parcels be contaminated by a hazardous substance is to reduce the marketability and value of the parcel by the costs of remedying the condition, because the purchaser, upon becoming owner, will become obligated to remedy the condition just as is the seller.

The values set forth in the Appraisal do not take into account the possible reduction in marketability and value of any of the parcels within the District by reason of the possible liability of the owner (or operator) for the remedy of a hazardous substance condition on a parcel. Although the City is not aware that the owner (or operator) of any of the property within the District has a current liability for a hazardous substance with respect to any of the parcels, it is possible that such liabilities do currently exist and that the City is not aware of them.

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

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

Levy and Collection of Special Taxes

General. The principal source of payment of principal of and interest on the 2019 Bonds is the proceeds of the annual levy and collection of the Special Tax against property within the District.

Limitation on Maximum Special Tax Rate. The annual levy of the Special Tax is subject to the Maximum Annual Facilities Special Tax rate authorized in the Special Tax Formula. The levy cannot be made at a higher rate even if the failure to do so means that the estimated proceeds of the levy and collection of the Special Tax, together with other available funds, will not be sufficient to pay debt service on the 2019 Bonds.

In addition to the Maximum Annual Facilities Special Tax rate limitation in the Special Tax Formula, Section 53321(d) of the Act provides that the special tax levied against any parcel for which an occupancy permit for private residential use has been issued may not be increased as a consequence of delinquency or default by the owner of any other parcel within a community facilities district by more than 10% above the amount that would have been levied in such Fiscal Year had

there never been any such delinquencies or defaults. In cases of significant delinquency, these factors may result in defaults in the payment of principal of and interest on the 2019 Bonds.

No Relationship Between Property Value and Special Tax Levy. Because the Special Tax Formula is not based on property value, the levy of the Special Tax will rarely, if ever, result in a uniform relationship between the value of particular parcels of Taxable Property and the amount of the levy of the Special Tax against those parcels. Thus, there will rarely, if ever, be a uniform relationship between the value of the parcels of Taxable Property and their proportionate share of debt service on the 2019 Bonds, and certainly not a direct relationship.

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

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

Property Tax Delinquencies. Failure of the owners of Taxable Property to pay property taxes (and, consequently, the Special Tax), or delays in the collection of or inability to collect the Special Tax by tax sale or foreclosure and sale of the delinquent parcels, could result in a deficiency in the collection of Special Tax revenues. See “– Tax Delinquencies” below. There is currently no history of tax levies in the District.

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

If sales or foreclosures of property are necessary, there could be a delay in payments to owners of the 2019 Bonds pending such sales or the prosecution of foreclosure proceedings and receipt by the City of the proceeds of sale if the 2019 Reserve Account of the Reserve Fund is depleted. See “SECURITY AND SOURCES OF PAYMENT FOR THE BONDS – Delinquent Payments of Special Tax; Covenant for Superior Court Foreclosure.”

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

Other laws generally affecting creditors’ rights or relating to judicial foreclosure may affect the ability to enforce payment of Special Taxes or the timing of enforcement of Special Taxes. For

example, the Soldiers and Sailors Civil Relief Act of 1940 affords protections such as a stay in enforcement of the foreclosure covenant, a six-month period after termination of military service to redeem property sold to enforce the collection of a tax or assessment and a limitation on the interest rate on the delinquent tax or assessment to persons in military service if the court concludes the ability to pay such taxes or assessments is materially affected by reason of such service.

FDIC/Federal Government Interests in Properties

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

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

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

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

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

Bankruptcy and Foreclosure Delays

The payment of the Special Tax and the ability of the District to foreclose the lien of a delinquent unpaid tax, as discussed in “SECURITY AND SOURCES OF PAYMENT FOR THE BONDS – Delinquent Payments of Special Tax; Covenant for Superior Court Foreclosure,” may be limited by bankruptcy, insolvency or other laws generally affecting creditors’ rights or by the laws of the State of California relating to judicial foreclosure. The various legal opinions to be delivered concurrently with the delivery of the 2019 Bonds (including Bond Counsel’s approving legal opinion) will be qualified as to the enforceability of the various legal instruments by bankruptcy, insolvency, reorganization, moratorium and other similar laws affecting creditors’ rights, by the application of equitable principles and by the exercise of judicial discretion in appropriate cases.

Although bankruptcy proceedings would not cause the Special Taxes to become extinguished, bankruptcy of a property owner could result in a delay in prosecuting superior court foreclosure proceedings and could result in the possibility of delinquent Special Tax installments not being paid in full. Such a delay would increase the likelihood of a delay or default in payment of the principal of and interest on the 2019 Bonds. To the extent that property in the District continues to be owned by a limited number of property owners, the chances are increased that the 2019 Reserve Account of the Reserve Fund established for the 2019 Bonds could be fully depleted during any such delay in obtaining payment of delinquent Special Taxes. As a result, sufficient moneys would not be available in the 2019 Reserve Account of the Reserve Fund for transfer to the Bond Fund to make up shortfalls resulting from delinquent payments of the Special Tax and thereby to pay principal of and interest on the 2019 Bonds on a timely basis.

To the extent that bankruptcy or similar proceedings were to involve a large property owner, the chances would increase the likelihood that the 2019 Reserve Account of the Reserve Fund could be fully depleted during any resulting delay in receiving payment of delinquent Special Taxes. As a result, sufficient monies would not be available in the 2019 Reserve Account of the Reserve Fund for transfer to the Bond Fund to make up any shortfalls resulting from delinquent payments of the Special Tax and thereby to pay principal of and interest on the 2019 Bonds on a timely basis.

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

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

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

imposed by . . . a political subdivision of a state, if such tax comes due after the filing of the petition” by a debtor in bankruptcy court. The effect of this provision is to continue the secured interest of *ad valorem* taxes on real property (i.e., post-petition taxes) in effect during the period following the filing of a bankruptcy petition, including during the period bankruptcy proceedings are pending.

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

Parity Taxes and Special Assessments; Private Debt

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

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

In addition, other governmental obligations may be authorized and undertaken or issued in the future, the tax, assessment or charge for which may become an obligation of one or more of the parcels of taxable property and may be secured by a lien on a parity with the lien of the Special Tax securing the 2019 Bonds. The principal of and interest on the 2019 Bonds are payable from the Special Tax authorized to be collected within the District, and payment of the Special Tax is secured by a lien on certain real property within the District. Such lien is co-equal to and independent of the lien for general taxes and any other liens imposed under the Act, regardless of when they are

imposed on the property in the District. The imposition of additional special taxes, assessments and general property taxes will increase the amount of independent and co-equal liens which must be satisfied in foreclosure if unpaid. The City, the County and certain other public agencies are authorized by the Act to form other community facilities districts and improvement areas and, under other provisions of State law, to form special assessment districts, either or both of which could include all or a portion of the land within the District. Although the Special Taxes will generally have priority over non-governmental liens on a parcel of taxable property, regardless of whether the non-governmental liens were in existence at the time of the levy of the Special Tax or not, this result may not apply in the case of bankruptcy. See “– Bankruptcy and Foreclosure Delays” above.

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

Tax Delinquencies

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

The annual Special Tax will be billed and collected in two installments payable without penalty by December 10 and April 10. In the event such Special Taxes are not timely paid, moneys available to pay debt service on the 2019 Bonds becoming due on the subsequent respective March 1 and September 1 may be insufficient, except to the extent moneys are available in the 2019 Reserve Account of the Reserve Fund.

In the event of non-payment of Special Taxes, funds in the 2019 Reserve Account of the Reserve Fund, if available, may be used to pay principal of and interest on the 2019 Bonds. If funds in the 2019 Reserve Account of the Reserve Fund for the 2019 Bonds are depleted, the funds can be replenished from the proceeds of the levy and collection of the Special Tax that are in excess of the amount required to pay all amounts to be paid to the 2019 Bond holders pursuant to the Fiscal Agent Agreement. However, no replenishment from the proceeds of a Special Tax levy can occur as long as the proceeds that are collected from the levy of the Special Tax against property within the District at the maximum Special Tax rates, together with other available funds, remains insufficient to pay all such amounts. Thus it is possible that the 2019 Reserve Account of the Reserve Fund will be depleted and not be replenished by the levy of the Special Tax.

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

BONDS – Special Tax Methodology” for a discussion of a limitation imposed by the Act applicable to Special Tax increases on residential property.

No Acceleration Provisions

The 2019 Bonds do not contain a provision allowing for the acceleration of the 2019 Bonds in the event of a payment default or other default under the terms of the 2019 Bonds or the Fiscal Agent Agreement. Under the Fiscal Agent Agreement, a 2019 Bond holder is given the right for the equal benefit and protection of all 2019 Bond holders similarly situated to pursue certain remedies. So long as the 2019 Bonds are in book-entry form, DTC will be the sole 2019 Bond holder and will be entitled to exercise all rights and remedies of 2019 Bond holders.

Ballot Initiatives

From time to time, initiative measures qualify for the State ballot pursuant to the State’s constitutional initiative process, and those measures could be adopted by California voters. The adoption of any such initiative might place limitations on the ability of the State, the City, the County or other local districts to increase revenues or to increase appropriations or on the ability of the landowners to complete the development of the District. See “–Property Values and Property Development – Land Development” above. See also “–Voter Initiatives” below.

Voter Initiatives

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

Any such initiative may affect the collection of fees, taxes and other types of revenue by local agencies such as the District. Subject to overriding federal constitutional principles, such collection may be materially and adversely affected by voter-approved initiatives, possibly to the extent of creating cash-flow problems in the payment of outstanding obligations such as the 2019 Bonds.

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

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

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

2019 Bonds does not require the conduct of further proceedings under the Mello-Roos Act, Proposition 218 or Proposition 26.

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

Recent Case Law Related to the Mello-Roos Act

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

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

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

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

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

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

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

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

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

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

Recent Changes in Tax Law

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

Cyber Security

The City, like many other public and private entities, relies on computer and other digital networks and systems to conduct its operations. As a recipient and provider of personal, private or other sensitive electronic information, the City is potentially subject to multiple cyber threats, including without limitation hacking, viruses, ransomware, malware and other attacks. No assurance can be given that the City's efforts to manage cyber threats and attacks will be successful in all cases, or that any such attack will not materially impact the operations or finances of the City or the District, or the administration of the 2019 Bonds. The City is also reliant on other entities and service providers in connection with the administration of the 2019 Bonds, including without limitation the County tax collector for the levy and collection of Special Taxes, the Fiscal Agent, and the dissemination agent. No assurance can be given that the City, the District and these other entities will not be affected by cyber threats and attacks in a manner that may affect the Bond owners.

Potential Early Redemption of Bonds from Prepayments

Property owners within the District, including the Master Developer, the merchant builders and individual homeowners, are permitted to prepay their Special Tax obligation at any time. Such prepayments could also be made from the proceeds of bonds issued by or on behalf of an overlapping special assessment district or community facilities district. Such prepayments will result in a redemption of the Bonds on the interest payment date for which timely notice may be given under the Fiscal Agent Agreement following the receipt of the prepayment. The resulting redemption of Bonds that were purchased at a price greater than par could reduce the otherwise expected yield on such Bonds.

CONSTITUTIONAL LIMITATIONS ON TAXATION AND APPROPRIATIONS

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

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

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

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

CONTINUING DISCLOSURE

The City has covenanted for the benefit of owners of the 2019 Bonds to provide certain financial information and operating data relating to the District by not later than nine months after the end of the City's fiscal year (presently June 30) in each year (the "**City Annual Report**") commencing with its report for the 2018-19 fiscal year (due April 1, 2020) and to provide notices of the occurrence of certain enumerated events.

The Master Developer has also covenanted for the benefit of owners of the 2019 Bonds to provide certain financial information and operating data relating to the property it or its affiliates owns in the District by not later than April 1st and October 1st of each year, beginning with the report due [October 1, 2019] (the "**Developer Periodic Reports**") and to provide notices of the occurrence of certain enumerated events. The obligation of the Master Developer to provide such information is in effect only so long as the Master Developer and its affiliates, or their successors, are collectively responsible for 20% or more of the Special Taxes, as described in the Developer Periodic Reports and the Master Developer's undertaking includes a provision that if a portion of the Master Developer's property which is responsible for such 20% is sold, the reporting obligation may be assumed by the new owner and the Master Developer's obligations with respect to such property will be terminated, or if not so assumed, the Master Developer is to report such required information, as applicable to the transferee.

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

The City believes it currently is in material compliance with all of its continuing disclosure undertakings for the last five years. Notwithstanding the foregoing, in the last five years:

- (1) The Annual Reports for Fiscal Year 2014-15 for certain of the City's then-outstanding obligations were not timely filed, without timely notice of late filings.
- (2) The City has not, in a timely manner, filed all significant event notices of changes in the ratings of certain then-outstanding obligations resulting from changes in ratings of the bond insurers who insured such obligations or the underlying ratings for such obligations. However, the City has submitted all significant event notices of changes in ratings occurring during the last five years on all currently outstanding obligations.

The Master Developer has never previously entered into a continuing disclosure undertaking.

UNDERWRITING

The 2019 Bonds were purchased through negotiation by Piper Jaffray & Co., as underwriter (the "**Underwriter**"). The Underwriter agreed to purchase the 2019 Bonds at a price of \$_____ (which is equal to the par amount of the 2019 Bonds, plus/less an original issue premium/discount of \$_____ and less the Underwriter's discount of \$_____). The initial public offering prices set forth on the cover page hereof may be changed by the

Underwriter. The Underwriter may offer and sell the 2019 Bonds to certain dealers and others at a price lower than the public offering prices set forth on the cover page hereof.

MUNICIPAL ADVISOR

The City has retained Hilltop Securities Inc., Encino, California, as registered municipal advisor (the “**Municipal Advisor**”) in connection with the issuance of the 2019 Bonds. The Municipal Advisor is not obligated to undertake, and has not undertaken to make, an independent verification or assume responsibility for the accuracy, completeness, or fairness of the information contained in this Official Statement. The fees of the Municipal Advisor are contingent upon the sale and delivery of the 2019 Bonds.

LEGAL OPINION

The validity of the 2019 Bonds and certain other legal matters are subject to the approving opinion of Jones Hall, a Professional Law Corporation, Bond Counsel. A complete copy of the proposed form of Bond Counsel opinion is contained in APPENDIX D to this Official Statement, and the final opinion will be made available to registered owners of the 2019 Bonds at the time of delivery. The fees of Bond Counsel are contingent upon the sale and delivery of the 2019 Bonds.

TAX MATTERS

Federal Tax Status. In the opinion of Jones Hall, A Professional Law Corporation, San Francisco, California, Bond Counsel, subject, however to the qualifications set forth below, under existing law, the interest on the 2019 Bonds is excluded from gross income for federal income tax purposes and such interest is not an item of tax preference for purposes of the federal alternative minimum tax.

The opinions set forth in the preceding paragraph are subject to the condition that the District comply with all requirements of the Internal Revenue Code of 1986, as amended (the “**Tax Code**”) relating to the exclusion from gross income for federal income tax purposes of interest on obligations such as the 2019 Bonds. The District has made certain representations and covenants in order to comply with each such requirement. Inaccuracy of those representations, or failure to comply with certain of those covenants, may cause the inclusion of such interest in gross income for federal income tax purposes, which may be retroactive to the date of issuance of the 2019 Bonds.

Tax Treatment of Original Issue Discount and Premium. If the initial offering price to the public at which a 2019 Bond is sold is less than the amount payable at maturity thereof, then such difference constitutes “original issue discount” for purposes of federal income taxes and State of California personal income taxes. If the initial offering price to the public at which a 2019 Bond is sold is greater than the amount payable at maturity thereof, then such difference constitutes “original issue premium” for purposes of federal income taxes and State of California personal income taxes. *De minimis* original issue discount and original issue premium are disregarded.

Under the Tax Code, original issue discount is treated as interest excluded from federal gross income and exempt from State of California personal income taxes to the extent properly allocable to each owner thereof subject to the limitations described in the first paragraph of this section. The original issue discount accrues over the term to maturity of the 2019 Bond on the basis of a constant interest rate compounded on each interest or principal payment date (with straight-line interpolations

between compounding dates). The amount of original issue discount accruing during each period is added to the adjusted basis of such 2019 Bonds to determine taxable gain upon disposition (including sale, redemption, or payment on maturity) of such 2019 Bond. The Tax Code contains certain provisions relating to the accrual of original issue discount in the case of purchasers of the 2019 Bonds who purchase the 2019 Bonds after the initial offering of a substantial amount of such maturity. Owners of such 2019 Bonds should consult their own tax advisors with respect to the tax consequences of ownership of 2019 Bonds with original issue discount, including the treatment of purchasers who do not purchase in the original offering, the allowance of a deduction for any loss on a sale or other disposition, and the treatment of accrued original issue discount on such 2019 Bonds under federal individual alternative minimum taxes.

Under the Tax Code, original issue premium is amortized on an annual basis over the term of the 2019 Bond (said term being the shorter of the 2019 Bond's maturity date or its call date). The amount of original issue premium amortized each year reduces the adjusted basis of the owner of the 2019 Bond for purposes of determining taxable gain or loss upon disposition. The amount of original issue premium on a 2019 Bond is amortized each year over the term to maturity of the 2019 Bond on the basis of a constant interest rate compounded on each interest or principal payment date (with straight-line interpolations between compounding dates). Amortized 2019 Bond premium is not deductible for federal income tax purposes. Owners of premium 2019 Bonds, including purchasers who do not purchase in the original offering, should consult their own tax advisors with respect to State of California personal income tax and federal income tax consequences of owning such 2019 Bonds.

California Tax Status. In the further opinion of Bond Counsel, interest on the 2019 Bonds is exempt from California personal income taxes.

Other Tax Considerations. Current and future legislative proposals, if enacted into law, clarification of the Tax Code or court decisions may cause interest on the 2019 Bonds to be subject, directly or indirectly, to federal income taxation or to be subject to or exempted from state income taxation, or otherwise prevent beneficial owners from realizing the full current benefit of the tax status of such interest. The introduction or enactment of any such legislative proposals, clarification of the Tax Code or court decisions may also affect the market price for, or marketability of, the 2019 Bonds. It cannot be predicted whether or in what form any such proposal might be enacted or whether, if enacted, such legislation would apply to bonds issued prior to enactment.

The opinions expressed by Bond Counsel are based upon existing legislation and regulations as interpreted by relevant judicial and regulatory authorities as of the date of such opinion, and Bond Counsel has expressed no opinion with respect to any proposed legislation or as to the tax treatment of interest on the 2019 Bonds, or as to the consequences of owning or receiving interest on the 2019 Bonds, as of any future date. Prospective purchasers of the 2019 Bonds should consult their own tax advisors regarding any pending or proposed federal or state tax legislation, regulations or litigation, as to which Bond Counsel expresses no opinion.

Owners of the 2019 Bonds should also be aware that the ownership or disposition of, or the accrual or receipt of interest on, the 2019 Bonds may have federal or state tax consequences other than as described above. Other than as expressly described above, Bond Counsel expresses no opinion regarding other federal or state tax consequences arising with respect to the 2019 Bonds, the ownership, sale or disposition of the 2019 Bonds, or the amount, accrual or receipt of interest on the 2019 Bonds.

NO RATINGS

The City has not applied to a rating agency for the assignment of a rating to the 2019 Bonds and does not contemplate applying for a rating.

NO LITIGATION

At the time of delivery of and payment for the 2019 Bonds, the City Attorney will deliver his opinion that to the best of its knowledge there is no action, suit, proceeding, inquiry or investigation at law or in equity before or by any court or regulatory agency pending against the City affecting its existence or the titles of its officers to office or seeking to restrain or to enjoin the issuance, sale or delivery of the 2019 Bonds, the application of the proceeds thereof in accordance with the Fiscal Agent Agreement, or the collection or application of the Special Tax to pay the principal of and interest on the 2019 Bonds, or in any way contesting or affecting the validity or enforceability of the 2019 Bonds, the Fiscal Agent Agreement or any action of the City contemplated by any of said documents, or in any way contesting the completeness or accuracy of this Official Statement or any amendment or supplement thereto, or contesting the powers of the City or its authority with respect to the 2019 Bonds or any action of the City contemplated by any of said documents.

EXECUTION

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

CITY OF ROSEVILLE

By: _____
Chief Financial Officer

APPENDIX A

RATE AND METHOD OF APPORTIONMENT OF SPECIAL TAX

APPENDIX B
THE APPRAISAL

APPENDIX C

THE CITY OF ROSEVILLE AND PLACER COUNTY

The District is located in the City of Roseville (the “City”), which is located in southwestern Placer County (the “County”), California (the “State”). Certain financial and economic data for the City, County and State are presented in this appendix for information purposes only. The 2019 Bonds are not a debt or obligation of the City, County or State, but are a limited obligation of the City, secured solely by the Special Tax Revenues and other amounts pledged under the Fiscal Agent Agreement, all as described in more detail in this Official Statement.

General

The City is located in the County, which is located in the Sacramento Valley near the foothills of the Sierra Nevada mountain range, about 16 miles northeast of Sacramento and 110 miles east of San Francisco. The City presently occupies 43 square miles in the southwestern part of the County and is the largest city in the County as well as the residential and business center of the County. It is bordered by Sacramento County to the south, the City of Rocklin to the north and un-incorporated Placer County to the east and west. The estimated population of the City as of January 1, 2019 was approximately 139,643.

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

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

Municipal Government

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

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

Population

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

POPULATION ESTIMATES
City, County and State
Calendar Years 2015 through 2019, as of January 1

<u>Year</u>	<u>City of Roseville</u>	<u>Placer County</u>	<u>State of California</u>
2015	129,299	370,387	38,912,464
2016	132,167	375,618	39,179,627
2017	134,650	383,173	39,500,973
2018	136,260	389,480	39,740,508
2019	139,643	396,691	39,927,315

Source: California State Department of Finance.

Effective Buying Income

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

EFFECTIVE BUYING INCOME (EBI) City, County, State and United States As of January 1, 2015 through 2019

Year	Area	Total Effective Buying Income (000’s Omitted)	Median Household Effective Buying Income
2015	City of Roseville	\$3,507,655	\$59,074
	Placer County	10,287,888	58,583
	California	901,189,699	50,072
	United States	7,357,153,421	45,448
2016	City of Roseville	\$3,959,073	\$64,615
	Placer County	11,729,490	64,480
	California	981,231,666	53,589
	United States	7,757,960,399	46,738
2017	City of Roseville	\$4,126,395	\$66,668
	Placer County	12,122,101	65,269
	California	1,036,142,723	55,681
	United States	8,132,748,136	48,043
2018	City of Roseville	\$4,470,762	\$70,438
	Placer County	12,967,927	69,226
	California	1,113,648,181	59,646
	United States	8,640,770,229	50,735
2019	City of Roseville	\$4,981,208	\$75,784
	Placer County	14,736,480	74,797
	California	1,183,264,399	62,637
	United States	9,017,967,563	52,841

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

Employment and Industry

The unemployment rate in the Sacramento--Roseville--Arden-Arcade MSA was 3.5 percent in April 2019, down from a revised 4.2 percent in March 2019, and below the year-ago estimate of 3.6 percent. This compares with an unadjusted unemployment rate of 3.9 percent for California and 3.3 percent for the nation during the same period. The unemployment rate was 3.5 percent in El Dorado County, 3.0 percent in Placer County, 3.5 percent in Sacramento County, and 4.0 percent in Yolo County.

The following table summarizes the civilian labor force, employment and unemployment, as well as employment by industry, in the Sacramento--Arden-Arcade--Roseville MSA for the years 2014 through 2018. Annual figures are not yet available for 2019.

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

	<u>2014</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2018</u>
<u>Civilian Labor Force</u> ⁽¹⁾	1,044,700	1,053,800	1,069,300	1,076,500	1,095,800
Employment	970,300	992,100	1,012,900	1,027,600	1,055,100
Unemployment	74,400	61,700	56,400	48,900	40,600
Unemployment Rate	7.1%	5.9%	5.3%	4.5%	3.7%
<u>Wage and Salary Employment</u> ⁽²⁾					
Agriculture	9,200	9,400	9,700	9,800	9,100
Mining and Logging	400	400	400	400	500
Construction	45,600	50,300	55,000	58,700	63,600
Manufacturing	35,400	36,400	36,200	35,700	36,100
Wholesale Trade	24,100	24,400	25,500	26,500	28,500
Retail Trade	95,300	98,000	100,500	101,400	102,300
Transportation, Warehousing and Utilities	23,600	24,600	26,000	26,700	29,100
Information	13,900	14,100	13,800	12,500	12,300
Finance and Insurance	35,600	37,100	37,300	37,200	37,100
Real Estate and Rental and Leasing	13,400	13,800	14,500	15,200	16,800
Professional and Business Services	118,300	120,300	128,100	130,600	135,700
Educational and Health Services	134,300	140,100	145,600	152,800	159,500
Leisure and Hospitality	91,800	95,400	99,800	103,300	106,300
Other Services	30,300	30,900	31,700	33,000	34,200
Federal Government	13,600	13,700	14,000	14,200	14,100
State Government	113,400	115,300	116,600	118,400	120,500
Local Government	100,800	102,900	104,000	102,600	102,900
Total, All Industries ⁽³⁾	898,800	927,100	958,700	978,800	1,008,700

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

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

⁽³⁾ Totals may not add due to rounding.

Source: State of California Employment Development Department.

Major Employers

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

MAJOR EMPLOYERS Placer County (In Alphabetical Order) May 2019

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

Source: State of California Employment Development Department, extracted from the America's Labor Market Information System (ALMIS) Employer Database, 2019 2nd Edition.

Principal Employers

The following table shows the principal employers in the City, as shown in the City's Comprehensive Annual Financial Report for fiscal year ending June 30, 2018.

PRINCIPAL EMPLOYERS City of Roseville As of June 30, 2018

<u>Employer</u>	<u>Number of Employees</u>
The Permanente Medical Group & Foundation Group	3,148
Sutter Roseville Medical Group	2,202
City of Roseville	1,896
Roseville Joint Union High School	1,626
Roseville City School District	1,133
PRIDE Industries	1,062
Adventist Health	940
Wal-Mart	625
Union Pacific Railroad Company	569
Consolidated Communications	475
Total – Top Ten	<u>13,676</u>
Total City-Wide Employment	83,221

Source: City of Roseville Comprehensive Annual Financial Report for Fiscal Year 2017-18.

Construction Permits

The following table shows valuations of residential and non-residential building permits issued for calendar years 2013 through 2017. Annual figures are not yet available for 2018.

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

<u>Permit Valuation</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>
New Single-family	\$118,547.9	\$154,499.7	\$262,769.4	\$242,272.7	\$322,386.5
New Multi-family	6,632.0	15,360.4	0.0	5,900.3	51,882.2
Res. Alterations/Additions	<u>3,395.0</u>	<u>4,967.8</u>	<u>9,039.9</u>	<u>7,518.4</u>	<u>7,283.3</u>
Total Residential	\$128,574.9	\$174,827.9	\$271,809.3	\$255,691.4	\$381,552.0
New Commercial	\$26,058.9	\$19,546.6	\$36,704.0	\$27,783.7	\$81,544.8
New Industrial	0.0	0.0	0.0	0.0	0.0
New Other	2,627.4	10,935.1	9,340.5	18,126.2	8,356.1
Com. Alterations/Additions	<u>45,489.0</u>	<u>62,138.9</u>	<u>42,754.7</u>	<u>32,621.0</u>	<u>51,836.3</u>
Total Nonresidential	\$74,175.3	\$92,620.6	\$88,799.2	\$78,530.9	\$141,737.2
<u>New Dwelling Units</u>					
Single-Family	528	644	927	862	1,201
Multiple Family	<u>224</u>	<u>0</u>	<u>0</u>	<u>58</u>	<u>486</u>
Total New Dwelling Units	752	644	927	920	1,687

Source: Construction Industry Research Board, Building Permit Summary.

The County's 2016-17 assessment roll totaled \$66.8 billion as compared to the prior year's assessment roll of \$63.4 billion, which reflected a 5.38% increase this year. These numbers over the last two years contrast with the real estate decline years of 2008 and after, where the County assessment roll experienced declines.

The following table shows residential and non-residential building permits issued within the County for calendar years 2013 through 2017. Annual figures are not yet available for 2018.

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

	2013	2014	2015	2016	2017
<u>Permit Valuation</u>					
New Single-family	\$378,286.0	\$523,638.2	\$683,806.3	\$776,410.8	\$771,800.5
New Multi-family	7,078.5	48,645.5	21,702.2	42,395.7	92,565.5
Res. Alterations/Additions	<u>50,358.2</u>	<u>59,428.5</u>	<u>82,577.5</u>	<u>79,543.6</u>	<u>89,429.2</u>
Total Residential	\$435,722.7	\$631,712.2	\$788,086.0	\$898,350.1	\$953,795.2
 New Commercial	 \$70,876.0	 \$38,343.5	 \$72,506.2	 \$84,953.2	 \$138,544.8
New Industrial	1,092.0	199.8	1,339.6	535.1	0.0
New Other	25,673.5	44,159.8	72,602.9	90,958.7	57,356.4
Com. Alterations/Additions	<u>73,037.0</u>	<u>101,977.7</u>	<u>80,457.5</u>	<u>64,524.2</u>	<u>94,058.6</u>
Total Nonresidential	\$170,678.5	\$184,680.8	\$226,906.2	\$240,971.2	\$289,959.8
 <u>New Dwelling Units</u>					
Single-Family	1,249	1,620	1,994	2,102	2,500
Multiple Family	<u>227</u>	<u>376</u>	<u>240</u>	<u>322</u>	<u>782</u>
Total New Dwelling Units	1,996	2,234	2,424	2,342	3,282

Source: Construction Industry Research Board, Building Permit Summary.

Commercial Activity

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

The total taxable sales during first quarter of calendar year 2018 in the City were reported to be \$1,096,031,536, a 1.15% increase from the total taxable sales of \$1,083,615,965 reported during the first quarter of calendar year 2017. Annual figures for 2018 are not yet available.

TAXABLE TRANSACTIONS City of Roseville Calendar Years 2013 through 2017 (Dollars in Thousands)

	Retail Stores		Total All Outlets	
	Number of Permits	Taxable Transactions	Number of Permits	Taxable Transactions
2013	3,757	3,558,765	4,819	4,171,738
2014	3,699	3,607,127	4,743	4,227,788
2015 ⁽¹⁾	3,828	3,684,238	5,334	4,446,457
2016	3,761	3,749,782	5,293	4,425,939
2017	3,715	3,915,184	5,257	4,642,069

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

Source: State Board of Equalization. Taxable Sales in California (Sales & Use Tax) for years 2013-2016. State Department of Tax and Fee Administration for year 2017.

The total taxable sales during the first quarter of calendar year 2018 in the County were reported to be \$2,227,558,002, an 3.10% decrease over the total taxable sales of \$2,160,547,498 reported during the first quarter of calendar year 2017. Annual figures for 2018 are not yet available.

TAXABLE TRANSACTIONS Placer County Calendar Years 2013 through 2017 (Dollars in Thousands)

	Retail Stores		Total All Outlets	
	Number of Permits	Taxable Transactions	Number of Permits	Taxable Transactions
2013	8,487	6,050,198	11,713	7,724,406
2014	8,520	6,296,076	11,749	8,100,167
2015 ⁽¹⁾	8,678	6,594,126	13,124	8,675,315
2016	8,671	6,814,515	13,227	8,920,892
2017	8,713	7,194,952	13,365	9,428,862

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

Source: State Board of Equalization. Taxable Sales in California (Sales & Use Tax) for years 2013-2016. State Department of Tax and Fee Administration for year 2017.

Transportation

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

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

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

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

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

[Closing Date]

OPINION: \$_____ City of Roseville SVSP Westpark-Federico Community Facilities
District No. 1 (Public Facilities) Special Tax Bonds Series 2019

Members of the City Council:

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

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

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

1. The City is duly created and validly existing as a public body, corporate and politic, with the power to adopt the resolution authorizing the issuance of the Bonds, enter into the Fiscal Agent Agreement and perform the agreements on its part contained therein, and to issue the Bonds.
2. The Bonds have been duly authorized, executed and delivered by the City and are valid and binding limited obligations of the City, payable solely from the sources provided therefor in the Fiscal Agent Agreement.
3. The Fiscal Agent Agreement has been duly entered into by the City and constitutes a valid and binding obligation of the City enforceable upon the City.

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

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

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

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

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

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

Respectfully submitted,

A Professional Law Corporation

APPENDIX E

FORMS OF CONTINUING DISCLOSURE UNDERTAKINGS

CONTINUING DISCLOSURE CERTIFICATE (City)

This CONTINUING DISCLOSURE CERTIFICATE (this “Disclosure Certificate”) dated as of _____ 1, 2019, is executed and delivered by the CITY OF ROSEVILLE (the “City”) in connection with the execution and delivery of its City of Roseville SVSP Westpark-Federico Community Facilities District No. 1 (Public Facilities) Special Tax Bonds Series 2019 (the “Bonds”). The Bonds are being executed and delivered pursuant to a Fiscal Agent Agreement dated as of _____ 1, 2019 (the “Fiscal Agent Agreement”), by and between the City and The Bank of New York Mellon Trust Company, N.A., as fiscal agent (the “Fiscal Agent”).

The District covenants and agrees as follows:

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

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

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

“Annual Report Date” means the date that is nine months after the end of the City’s fiscal year (currently April 1 based on the City’s fiscal year end of June 30).

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

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

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

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

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

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

Section 3. Provision of Annual Reports.

(a) The City shall, or shall cause the Dissemination Agent to, not later than the Annual Report Date, commencing April 1, 2020, with the report for the 2018-19 fiscal year, provide to the MSRB, in an electronic format as prescribed by the MSRB, an Annual Report that is consistent with the requirements of Section 4 of this Disclosure Certificate. Not later than 15 Business Days prior to the Annual Report Date, the City shall provide the Annual Report to the Dissemination Agent (if other than the City). If by 15 Business Days prior to the Annual Report Date the Dissemination Agent (if other than the City) has not received a copy of the Annual Report, the Dissemination Agent shall contact the City to determine if the City is in compliance with the previous sentence. The Annual Report may be submitted as a single document or as separate documents comprising a package, and may include by reference other information as provided in Section 4 of this Disclosure Certificate; provided that the audited financial statements of the City may be submitted separately from the balance of the Annual Report, and later than the Annual Report Date, if not available by that date. If the City’s fiscal year changes, it shall give notice of such change in the same manner as for a Listed Event under Section 5(b). The City shall provide a written certification with each Annual Report furnished to the Dissemination Agent to the effect that such Annual Report constitutes the Annual Report required to be furnished by the City hereunder.

(b) If the City does not provide (or cause the Dissemination Agent to provide) an Annual Report by the Annual Report Date, the City shall provide (or cause the Dissemination Agent to provide) in a timely manner to the MSRB, in an electronic format as prescribed by the MSRB, a notice in substantially the form attached as Exhibit A to this Disclosure Certificate.

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

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

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

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

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

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

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

(ii) Balance in the improvement fund.

(iii) Balance in 2019 Reserve Account of the Reserve Fund, and statement of the Reserve Requirement for the Bonds. Statement of projected draws on the 2019 Reserve Account of the Reserve Fund, if any.

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

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

(vi) The Special Tax levy, the delinquency rate, total amount of delinquencies, number of parcels delinquent in payment for the five most recent fiscal years.

(vii) Notwithstanding the September 30 reporting date, the following information shall be reported as of the last day of the month immediately preceding the date of the Annual Report rather than as of September 30. Identity of each delinquent taxpayer responsible for 5 percent or more of total Special Tax levied, and the following information: assessor parcel number, assessed value of applicable properties, amount of Special Tax levied, amount delinquent by parcel number and status of foreclosure proceedings. If any foreclosure has been completed, summary of results of foreclosure sales or transfers.

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

(ix) List of landowners and assessor's parcel number of parcels subject to 20% or more of the Special Tax levy including the following information: development status to the extent shown in City records, land use classification, assessed value (land and improvements).

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

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

Section 5. Reporting of Significant Events.

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

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

- (16) Default, event of acceleration, termination event, modification of terms, or other similar events under the terms of a financial obligation of the City, any of which reflect financial difficulties (for the definition of “financial obligation,” see clause (e)).

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

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

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

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

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

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

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

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

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

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

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

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

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

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

Section 10. Additional Information. Nothing in this Disclosure Certificate shall be deemed to prevent the City from disseminating any other information, using the means of dissemination set forth in this Disclosure Certificate or any other means of communication, or including any other information in any Annual Report or notice of occurrence of a Listed Event, in addition to that which is required by this Disclosure Certificate. If the City chooses to include any information in any Annual Report or notice of occurrence of a Listed Event in addition to that which is specifically

required by this Disclosure Certificate, the City shall have no obligation under this Disclosure Certificate to update such information or include it in any future Annual Report or notice of occurrence of a Listed Event.

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

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

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

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

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

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

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

CITY OF ROSEVILLE, for and on behalf of
City of Roseville SVSP Westpark-Federico
Community Facilities District No. 1 (Public
Facilities)

By: _____
Name:
Title:

WILLDAN FINANCIAL SERVICES, as
Dissemination Agent

By: _____
Name:
Title:

EXHIBIT A

NOTICE TO REPOSITORIES OF FAILURE TO FILE ANNUAL REPORT

Name of Issuer: City of Roseville

Name of Bond Issue: \$_____ City of Roseville SVSP Westpark-Federico
Community Facilities District No. 1 (Public Facilities) Special Tax
Bonds Series 2019

Date of Issuance: _____, 2019

NOTICE IS HEREBY GIVEN that the City of Roseville (the "City") on behalf of City of Roseville SVSP Westpark-Federico Community Facilities District No. 1 (Public Facilities) has not provided an Annual Report with respect to the above-named Bonds as required by the Fiscal Agent Agreement dated as of _____ 1, 2019 (the "Fiscal Agent Agreement") by and between the City and The Bank of New York Mellon Trust Company, N.A., as Fiscal Agent. The City anticipates that the Annual Report will be filed by _____.

Dated: _____

WILLDAN FINANCIAL SERVICES, as
Dissemination Agent, on behalf of City of
Roseville SVSP Westpark-Federico
Community Facilities District No. 1 (Public
Facilities)

By: _____
Name:
Title:

cc: City of Roseville

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

THIS CONTINUING DISCLOSURE AGREEMENT (the “Disclosure Certificate”) dated as of _____ 1, 2019, is executed by Solaire Community Builders, LLC, a California limited liability company (the “Developer”) in connection with the execution and delivery by the City of Roseville of its City of Roseville SVSP Westpark-Federico Community Facilities District No. 1 (Public Facilities) Special Tax Bonds Series 2019 (the “Bonds”). The Bonds are being executed and delivered pursuant to a Fiscal Agent Agreement, dated as of _____ 1, 2019 (the “Fiscal Agent Agreement”), by and between the City and The Bank of New York Mellon Trust Company, N.A., as fiscal agent (the “Fiscal Agent”).

The Developer covenants and agrees as follows:

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

Section 3. Provision of Periodic Reports.

(a) The Developer shall, or, upon written direction of the Developer the Dissemination Agent shall, not later than the Report Date, commencing October 1, 2019, file or cause to be filed with the MSRB a Periodic Report which is consistent with the requirements of Section 4 of this Disclosure Certificate with a copy to the Fiscal Agent (if different from the Dissemination Agent), the Participating Underwriter and the City. Not later than 15 calendar days prior to the Report Date, the Developer shall provide the Periodic Report to the Dissemination Agent (if different from the Developer). The Developer shall provide a written certification with (or included as a part of) each Periodic Report furnished to the Dissemination Agent (if different from the Developer), the Fiscal Agent (if different from the Dissemination Agent), the Participating Underwriter and the City to the effect that such Periodic Report constitutes the Periodic Report required to be furnished by it under this Disclosure Certificate. The Dissemination Agent, the Fiscal Agent, the Participating Underwriter and the City may conclusively rely upon such certification of the Developer and shall have no duty or obligation to review the Periodic Report. The Periodic Report may be submitted as a single document or as separate documents comprising a package, and may incorporate by reference other information as provided in Section 4 of this Disclosure Certificate.

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

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

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

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

Section 5. Reporting of Significant Events.

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

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

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

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

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

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

(b) Whenever the Developer obtains knowledge of the occurrence of a Listed Event, the Developer shall as soon as possible determine if such event would be material under applicable Federal securities law.

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

Section 6. Duration of Reporting Obligation.

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

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

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

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

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

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

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

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

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

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

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

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

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

Section 11. Duties, Immunities and Liabilities of Dissemination Agent. The Dissemination Agent shall have only such duties as are specifically set forth in this Disclosure Certificate, and the Developer agrees to indemnify and save the Dissemination Agent, its officers, directors, employees and agents (each, an "Indemnified Party"), harmless against any loss, expense and liabilities which it may incur arising out of or in the exercise or performance of its powers and duties hereunder, including the reasonable costs and expenses (including attorneys' fees) of defending against any claim of liability, but excluding loss, liabilities, costs and expenses due to an Indemnified Party's negligence or willful misconduct or failure to perform its duties hereunder. The Dissemination Agent shall be paid compensation for its services provided hereunder in accordance with its schedule of fees as amended from time to time, which schedule, as amended, shall be reasonably acceptable, and all reasonable expenses, reasonable legal fees and advances made or incurred by the Dissemination Agent in the performance of its duties hereunder. The Dissemination Agent shall have no duty or obligation to review any information

provided to it hereunder and shall not be deemed to be acting in any fiduciary capacity for the City, the Developer, the Fiscal Agent, the Bond owners, or any other party. The obligations of the Developer under this Section shall survive resignation or removal of the Dissemination Agent and payment of the Bonds.

Section 12. Notices. Any notice or communications to be among any of the parties to this Disclosure Certificate may be given as follows:

To the Developer	Solaire Community Builders, LLC Attn: John Tallman and Ryan O'Keefe 1420 Rocky Ridge Drive, Suite 265 Roseville, CA 95661
To the Dissemination Agent:	Willdan Financial Services 27368 Via Industria, Suite 200 Temecula, CA 92590
To the Issuer/City:	City of Roseville 311 Vernon Street Roseville, CA 95678 Attn: CFD Administrator
To the Fiscal Agent:	The Bank of New York Mellon Trust Company, N.A. 400 South Hope Street, Suite 400 Los Angeles, CA 90071 Attn: Corporate Trust
To the Participating Underwriter:	Piper Jaffray & Co. 2321 Rosecrans Avenue, Suite 3200 El Segundo, CA 90245 Attn: Managing Director

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

Section 13. Beneficiaries. This Disclosure Certificate shall inure solely to the benefit of the City, the Developer (its successors and assigns), the Fiscal Agent, the Dissemination Agent, the Participating Underwriter and holders and beneficial owners from time to time of the Bonds, and shall create no rights in any other person or entity. All obligations of the Developer hereunder shall be assumed by any legal successor to the obligations of the Developer as a result of a sale, merger, consolidation or other reorganization.

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

IN WITNESS WHEREOF, the Developer has executed this Disclosure Certificate as of the date first above written.

Solaire Community Builders, LLC, a
California limited liability company

By: _____
Name:
Title:

ACCEPTED by DISSEMINATION AGENT:

Willdan Financial Services,
as Dissemination Agent

By: _____
Name:
Title:

EXHIBIT A

NOTICE TO REPOSITORIES OF FAILURE TO FILE PERIODIC REPORT

Name of Issuer: City of Roseville

Name of Bond Issue: \$_____ City of Roseville, SVSP Westpark-Federico Community
Facilities District No. 1 (Public Facilities), Special Tax Bonds, Series
2019

Date of Issuance: _____, 2019

NOTICE IS HEREBY GIVEN that _____ (the "Major Owner") has not provided
a Periodic Report with respect to the above-named Bonds as required by the Continuing
Disclosure Certificate of the Developer dated as of the date of issuance of such Bonds. The
Developer anticipates that the Periodic Report will be filed by _____.

Dated: _____

Dissemination Agent

By: _____

Its: _____

cc: Developer

EXHIBIT B

PERIODIC REPORT

This Periodic Report is hereby submitted under Section 4 of the Continuing Disclosure Certificate (the "Disclosure Certificate") dated _____ 1, 2019, executed by the undersigned (the "Developer") in connection with the issuance of the above-captioned bonds by the City of Roseville (the "City") with respect to its City of Roseville SVSP Westpark-Federico Community Facilities District No. 1 (Public Facilities) (the "District").

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

I. Property Ownership and Development

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

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

Development name: _____

Number of lots (acreage): _____

B. Status of land development or construction activities:

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

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

Since the Date of
Issuance of the Bonds

Since the Last Periodic
Report

Acres* _____
Lots _____
Bldg. Sq. Ft. _____

Acres* _____
Lots _____
Bldg. Sq. Ft. _____

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

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

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

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

II. Legal and Financial Status of Developer

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

III. Change in Development or Financing Plans

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

IV. Official Statement Updates

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

V. Other Material Information

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

Certification

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

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

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

Dated: _____

Solaire Community Builders, LLC

By: _____

APPENDIX F

SUMMARY OF CERTAIN PROVISIONS OF FISCAL AGENT AGREEMENT

APPENDIX G

DTC AND THE BOOK-ENTRY ONLY SYSTEM

The following description of the Depository Trust Company ("DTC"), the procedures and record keeping with respect to beneficial ownership interests in the 2019 Bonds, payment of principal, interest and other payments on the 2019 Bonds (herein, the "Securities") to DTC Participants or Beneficial Owners, confirmation and transfer of beneficial ownership interest in the Securities and other related transactions by and between DTC, the DTC Participants and the Beneficial Owners is based solely on information provided by DTC. Accordingly, no representations can be made concerning these matters and neither the DTC Participants nor the Beneficial Owners should rely on the foregoing information with respect to such matters, but should instead confirm the same with DTC or the DTC Participants, as the case may be.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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



COUNCIL COMMUNICATION

CC #: 0335

File #: 0102

Title: Request for Council Discretionary Funds - The Gathering Inn

Contact: Heather Blanco 916-746-1171 hblanco@roseville.ca.us

Meeting Date: 10/2/2019

Item #: 9.1.

RECOMMENDATION TO COUNCIL

Recommend City Council consider a request for \$2,500 from Council Discretionary Funds for The Gathering Inn for The Gathering Inn for a Hope level sponsorship of their *Gathering for Hope* event which uses the money raised during this event to serve the homeless in our community.

Previous Council Discretionary Funds \$16,000 on 9/2/2015.

The balance remaining in the Council's Discretionary Funds for FY2020 is \$28,409.00.

FY	CBF	CDBG	HPRR	Total
FY19/20	\$50,000	\$355,000	\$115,000	\$520,000
FY18/19	\$43,687	\$ 30,000	\$126,250	\$199,937
Total	\$93,687	\$385,000	\$241,250	\$719,937

BACKGROUND

The Citizens' Benefit Fund was established in 1993 with the net proceeds from the sale of the Roseville Hospital. The City Council may, after receiving the recommendation of the Roseville Grants Advisory Commission, annually appropriate up to 90 percent of the annual earnings of the Citizens' Benefit Fund for the purpose of improving the quality of life for the citizens of the City of

Roseville. In addition, the City Council, without the recommendation of the Roseville Grants Advisory Commission, may annually appropriate a minor amount up to \$15,000 of the annual earnings for the purpose of improving the quality of life in Roseville.

FISCAL IMPACT

There is no fiscal impact to the City's general fund. Annually the City Treasurer allocates \$15,000 of the annual earnings on the Citizens' Benefit Fund per section 4.06.04 in the Municipal Code and is included in the annual budget along with the Citizens' Benefit Fund available for appropriation each year. These earnings are restricted for the purpose of improving the quality of life for the citizens in Roseville and appropriated by the City Council.

ENVIRONMENTAL REVIEW

The California Environmental Quality Act (CEQA) does not apply to activities that will not result in a direct or reasonable foreseeable indirect physical change in the environment CEQA Guidelines § 15061(b) (3)). The award of funds does not include the potential for a significant environmental effect, and therefore is not subject to CEQA.

Respectfully Submitted,

Heather Blanco, Management Assistant

Sonia Orozco, City Clerk



Dominick Casey, City Manager

ATTACHMENTS:

Description

The Gathering In Request for Discretionary Funds



Physical: 201 Berkeley Ave., Roseville, CA 95678 | **Mailing:** P.O. Box 297, Roseville, CA 95678
ph. (916) 791-9355 | **fax** (916) 791-1916

providing a hand up, not a handout

September 12, 2019

Mayor John Allard
City of Roseville
311 Vernon Street
Roseville, CA 95678

Dear Mayor Allard,

The Gathering Inn is very excited to be partnering with Placer Title Company, a Mother Lode Holding Company, on our second annual signature event, "*Gathering for Hope*" scheduled for Friday, November 15, 2019 benefiting the homeless here in Placer County! Our inaugural event last year was a smashing success with over \$200,000 dollars raised for the homeless that we serve!

The Gathering Inn's roots go back to 2004 when a group of Placer County visionaries decided that they could no longer tolerate the lack of services for the homeless. With the relentless leadership of these individuals, The Gathering Inn began services for the homeless during the winter months of the year. In 2007 these services went year-round thanks to our church partners, dedicated staff, and the financial support of our Presenting Sponsor for our event again this year, Placer Title Company. The founder of Placer Title Company, Leo French, along with his wife Eileen, played an instrumental and critical role in the ability of The Gathering Inn to provide year-round services and to purchase the property in Roseville where it all began.

So from our humble beginnings in 2004 as a winter only shelter program serving 40 homeless people per night, The Gathering Inn today is a multifaceted, multi-location agency serving over 185 homeless men, women, and children each and every day right here in Placer County through programs at four separate locations. In 2018, 54% of the homeless served by The Gathering Inn who stayed in the program 10 days or more obtained housing! The Gathering Inn provides cost effective and outcome oriented services for the homeless at 38 dollars a day per person served with over 85 cents of every dollar going directly to the people served!

We are asking that the City of Roseville be a Hope sponsor of the event (2,500 dollars) and join with the cities of Rocklin and Lincoln who have already pledged at that level.

During the evening we will honor a key community leader for their contributions to the homeless as well as honor the memory of Leo and Eileen French, who without their personal support and that of Placer Title Company, The Gathering Inn would not be here today.

With Warm Regards,



Keith E. Diederich, MS
Chief Executive Officer
The Gathering Inn



providing a hand up, not a handout

Gathering for Hope

Friday, November 15, 2019 – 6:00 p.m.

Location: The Falls Event Center, Roseville

SPONSORSHIP OPPORTUNITIES

TABLE SPONSOR \$1,000	HOPE SPONSOR \$2,500	MAJOR SPONSOR \$5,000	TITLE SPONSOR \$10,000	PRESENTING SPONSOR \$20,000 (LIMIT 1)
One table of ten (10) with company name and/or logo displayed. Company name listed in event program	One Table of ten (10) with company name and/or logo displayed Logo included on the invitations Logo listed in program ½ Page ad in the program Logo displayed in the PowerPoint Presentation scrolling throughout the event Logo listed on the event webpage with a hyperlink to your company's webpage	One table of ten (10) with company name and/or logo displayed Logo included on the invitations Logo listed in program Full page ad in the program Recognition as a major sponsor throughout the event, including the PowerPoint and at least 1 mention from the emcee of the event program Logo listed on the event webpage with a hyperlink to your company's webpage	One table of ten (10) with <i>premier</i> seating with company name and/or logo displayed Title Sponsor positioning on <u>all</u> collateral Full page ad in the program Recognition as the Title sponsor throughout the event, including the PowerPoint and at least 2 mentions from the emcee in the event program Logo prominently displayed on the event webpage, with a hyperlink to your company's webpage	Two tables of ten (10) with <i>premier</i> seating with company name and/or logo displayed First right of refusal for 2019 Presenting Sponsor positioning on <u>all</u> collateral 2 full page ads with prominent placement (inside cover or back page) in the program Prominent recognition as the Presenting Sponsor throughout the event, including the PowerPoint and at least 3 mentions from emcee in the event program Opportunity to address the room of attendees Champagne and/or premiere wine at dinner table Company logo prominently displayed on the event webpage, with a hyperlink to your company's webpage

For inquiries about the event, please contact

Keith Diederich, The Gathering Inn CEO,

keith@thegatheringinn.com

(916) 945-1242



COUNCIL COMMUNICATION

CC #: 0328

File #: 0502

Title: Public Input Regarding the Composition of the City's Voting Districts - Public Hearing 2

Contact: Sonia Orozco 916-774-5269 sorozco@roseville.ca.us
M. Sheidenberger 916-774-5325 msheidenberger@roseville.ca.us

Meeting Date: 10/2/2019

Item #: 10.1.

RECOMMENDATION TO COUNCIL

Recommend the City Council conduct Public Hearing 2 - a hearing to receive and consider input concerning district map boundaries and composition of voting districts.

BACKGROUND

The public hearing is the second of two public hearings to inform the community about the districting process, present options, and receive public input regarding the boundaries and composition of voting districts prior to the City's independent demographer drafting district maps. At the conclusion of the hearing, the City Council will provide direction to the City's independent demographer regarding the drafting of maps. Maps will be prepared for discussion at the October 23, 2019 public hearing.

The transition to by-district elections will be implemented for the 2020 general municipal election. The City Council is committed to the importance of openness in the process and consideration of future norms and values for the City Council. They are also committed to the need to perform the districting process well.

The legally required criteria that apply to creation of the districts are as follows:

- Each council district shall contain nearly equal population;
- District maps shall be drawn in a manner that complies with state and federal constitutions, the Federal Voting Rights Act, and state law;
- Consistent with the principles established by the United States Supreme Court in *Shaw v. Reno*, 509 U.S. 630 (1993), council districts shall not be drawn with race as the predominant factor;

- Each council district shall be contiguous, meaning that there are no islands or parts of the district that are not attached to the whole.

The City Council may consider other criteria. Additional criteria that have been used in other communities to define districts include:

- Keeping communities of interest intact. Communities of interest are contiguous populations that share common social and economic interests. Possible community features/boundaries could be:
 - Neighborhoods;
 - Culture;
 - Transportation (natural neighborhood dividing lines such as highways and railroad tracks);
 - Parks;
 - School district boundaries, etc., undivided by a district boundary, to the extent feasible;
 - Shared goals of improvement to area, historic resources, neighborhood landmarks;
 - Common issues or neighborhood activities; and
 - Employment or lack thereof and economic opportunities

The community is encouraged to provide input on some, or all, of the criteria options. When preparing draft district maps, the City's independent demographer must satisfy all legally required criteria and will then apply all City-directed criteria. The City Council must balance criteria, and may choose to include some, all, or no additional criteria.

At the conclusion of the public hearing, City Council will provide direction to staff and the independent demographer regarding the criteria for preparation of the maps. The draft maps will be published and posted on the City's webpage on October 16, 2019. Following posting and publishing, two meetings will be held on October 23 and November 6, 2019 to discuss and revise the draft maps and to discuss the sequencing of elections.

The public is also encouraged to provide input via email to cityclerk@roseville.ca.us. Written input may also be dropped off or mailed to the City Clerk at 311 Vernon Street, Roseville, CA 95678. For questions, call the City Clerk at 916-774-5200. Tools to draw maps are available at www.DrawRoseville.org.

FISCAL IMPACT

The fiscal impact is estimated to be between \$35,000.00 to \$50,000.00. This includes an increased and recurring cost from the Placer County Registrar of Voters for conducting by-district elections, as opposed to an at-large election. Costs also include the contract for the demographer which was approved at the September 4, 2019 City Council meeting with a cost not to exceed \$30,750.00. There will also be costs for time spent by the City Clerk Department and the City Attorney's Office. Funds are available in the City Manager's Contingency budget to pay for the costs.

ENVIRONMENTAL REVIEW

The California Environmental Quality Act (CEQA) does not apply to activities that will not result in a direct or reasonably foreseeable indirect physical change in the environment, or is otherwise not considered a project as defined by CEQA Statute §21065 and CEQA State Guidelines §1506(c) (3) and §15378. Staff's request for public input and information on by-district elections meets the above criteria and is not subject to CEQA. No additional environmental review is required.

Respectfully Submitted,

Michelle Sheidenberger, Assistant City Attorney

Sonia Orozco, City Clerk

A handwritten signature in blue ink, consisting of several overlapping loops and a horizontal line, positioned above a horizontal line.

Dominick Casey, City Manager



COUNCIL COMMUNICATION

CC #: 0326

File #: 1003 & 0201-01

Title: Downtown Roseville Post Office Development Project - Purchase and Sale Agreement and Budget Adjustment

Contact: Wayne Wiley 916-774-5283 wwiley@roseville.ca.us

Meeting Date: 10/2/2019

Item #: 10.2.

RECOMMENDATION TO COUNCIL

Staff recommends that the City Council take the following actions:

1. Adopt a resolution finding that 320 Vernon Street is surplus to the needs of the City, that disposition of the property is in the City's best interest, and authorizing the City Manager to execute a Purchase and Sale Agreement between Lenox Hill Interiors, Inc. and the City of Roseville for the sale of 320 Vernon Street, subject to conditions, in the amount of \$570,000.00 and additionally authorizing the City Manager or his designee to execute all escrow related documents; and
2. Adopt an ordinance approving a Budget Adjustment allocating \$275,000.00 from the Strategic Improvement Fund to the Vernon Street Sale Preparation Capital Improvement Project (CIP), to cover the expenses of the City's due diligence items and remediation costs as required in the Purchase and Sale Agreement and associated Addendum.

BACKGROUND

The .52 acre project site is located within the Downtown Roseville Specific Plan (DTSP) at 320 Vernon Street and is developed with a 19,485 square-foot building that the federal government built in 1935. In 2010, the City of Roseville's Redevelopment Agency purchased the property from the United States Postal Service (USPS) with the intent to relocate the Post Office and provide for development opportunities at the site, consistent with the DTSP. Following the dissolution of redevelopment agencies throughout California in February of 2012, the property was subsequently turned over to the City pursuant to the Long-Range Property Management Plan ("Plan") with a future objective of developing the property in support of economic development efforts. In conjunction with the DTSP and the Plan, the subject site and adjacent parcel (at 316 Vernon Street) were designated as a catalyst site and the DTSP accordingly identified a conceptual development plan for both parcels consisting of a three-story office building and parking garage. To date, the building has been occupied by the USPS, which has an active lease agreement through April of 2020. With construction of the City office building at 316 Vernon

Street, the “pre-design plan” was modified, and in July of 2018, the City released a Request for Proposals (RFP) for development of 320 Vernon Street.

In response to the RFP, the City received two proposals and selected the project presented by Lennox Hills Interior, Inc. due to the amenities the project would provide to Downtown Roseville and the project’s general compliance with the DTSP development standards (further project details are provided in the Project Description section below). At this time, the City wishes to move forward with the sale of the property. The property appraisal established the highest and best use based on the existing condition of the site and established a fair market value of \$570,000.00.

Sale of Property for the Creation of Economic Opportunity

As a former redevelopment agency property, disposition of the site is governed by the terms of the Long-Range Property Management Plan (“Plan”) approved by the Department of Finance on May 12, 2014, and not the Surplus Land Act. Pursuant to Health and Safety Code section 34191.3, the approved Plan shall govern, and supersede all other provisions relating to, the disposition and use of all real property assets of the former redevelopment agency. In addition, Section 52201 of the Government Code authorizes the City to sell property returned to it under a Plan, provided that the sale will assist in the creation of economic opportunity, which this sale will do as discussed below. As indicated previously, the Plan identified the property for future commercial development and, in accordance with that Plan, the RFP solicited proposals for a mixed use project.

Project Description

The proposed project includes a six-story mixed use building that will consist of 72 hotel rooms and 20 “for-sale” condominiums (eight one-bedroom units and twelve two-bedroom units). Nine thousand three hundred square feet of retail/commercial space will be located on the first level of the building, integrated with direct street access to the hotel lobby. The hotel rooms will be located on floors 2 - 4 and condominiums will be located on floors 5 - 6. The use will also include a rooftop restaurant and dining area that will activate the top of the building. Thirteen parking spaces will be constructed onsite, along Atlantic Street and forty-two parking spaces will be provided below grade in a secured underground parking lot (consistent with the DTSP parking requirement).

The project design is conceptual in nature and the proposal will be slightly modified as feasibility analysis and additional input is provided by the development team. In addition, the project will be evaluated per the California Environmental Quality Act (CEQA), prior to obtaining the appropriate approvals from the Development Services Department for construction.

Purchase and Sale Agreement

Based on negotiations with Lennox Hill Interior, Inc., the City has decided to forgo an Exclusive Right to Negotiation (ERN) period and move forward with a Purchase and Sale Agreement. The Purchase and Sale Agreement identifies the terms and conditions of the property sale. Conditions of particular note are outlined below:

1. Finance Terms – No loan is needed for the Buyer to purchase the property and the offer is not contingent on the Buyer obtaining outside financing.
2. USPS Rental Service Agreement – The existing lease agreement between the USPS will carry over to the Buyer and will expire April 30, 2020, per the original terms of the lease agreement.

3. Christopher Columbus Statue – The City will pay to relocate the Christopher Columbus statue to an offsite location.
4. City Obligations – In addition to the standard costs associated with the sale of property (escrow fees, title insurance, transfer tax, etc.), the City is responsible for paying for a Hazardous Building Materials Analysis (Lead and Asbestos Report) – estimated at \$8,400, Phase 1 Environmental Survey Report – estimated at \$1,275, Soils and Geotechnical Report – estimated at \$30,000, Utility and Demolition Study – estimated at \$15,000, and remediation costs up to \$100,000 plus 50 percent of any remediation services in excess of that amount – estimated at \$200,000.
5. Memorandum of Agreement – Paragraphs 10 and 11 of the Addendum detail the City's Repurchase Right and Right of First Refusal, respectively. In the event the Buyer does not expend \$500,000 in improving the property within thirty-six months after the close of escrow and secure a Certificate of Occupancy for a project generally consistent with the RFP proposal within 60 months after the close of escrow, the City has the right to repurchase the property for the purchase price, together with 2% interest, plus reimbursement to the Buyer for its environmental remediation costs. A maximum five-year extension may be granted if a recession has been determined to limit the Buyer's ability to meet any of the above-mentioned obligations. In addition, the City has the right of first refusal to repurchase the property, for a period of five years following the close of escrow, in the event the Buyer attempts to sell to a third party. The purchase terms in such a situation would be on the same terms and conditions as offered by the third party in a bona fide offer.

Pursuant to approval of the Purchase and Sale Agreement, staff estimates a property escrow of six (6) months wherein the buyer will work on: 1) due diligence studies and research 2) processing of the Planning entitlements; and 3) preparations for building demolition.

FISCAL IMPACT

The proceeds from the sale of the property (totaling \$570,000.00) will be deposited into the Strategic Improvement Fund. A budget adjustment allocating \$275,000.00 from the Strategic Improvement Fund to a newly created Vernon Street Sale Preparation CIP is also proposed (see Attachment 5). This CIP will fund the cost of the City's due diligence items required for the property sale (i.e. appraisal, title report, Phase 1 Environmental Analysis, Geotechnical and Soil Analysis, Hazardous Building Material Analysis, the City's portion of remediation costs, and other standard expenses). As proposed, no General Fund resources will be used to cover the City's obligations.

Economic Development / Jobs Created

Development of the subject property with a mixed use commercial project will generate significant economic benefit. The project will result in approximately \$25 million in capital investment and will provide roughly 200 temporary construction jobs and require 50 - 100 employees to manage the property and associated businesses. In addition, historically property taxes were not paid on the site because the property was formally owned by the federal government and is currently owned by the City. Based on a project valuation of \$25 million, \$250,000 (\$37,500 to Roseville) in property taxes is estimated annually. Sales tax revenue will also be generated by the project and based on the 2018 hotel occupancy rates (79%) and average daily rate (ADR) (\$117.83), it is anticipated that the project will generate approximately \$147,000 in Transient Occupancy Tax (TOT) annually.

Staff also finds the proposal to be in the City's best interest for the following reasons:

- The request is consistent with the DTSP's intent to ultimately dispose of the 320 Vernon Street property for private development that further the DTSP goals;
- The request is consistent with the goals of the DTSP to facilitate development that provides further connectivity along Vernon street, pedestrian accessibility, encourages a greater mix of uses in the Downtown, and provides higher intensity development in the Downtown core;
- The City has no plans to utilize the property for governmental purposes and the sale of the site would remove the City's obligations to manage real property; and
- The request meets City Council's 2018-2019 goals and priorities for developing and promoting economic development, creation of a great Downtown, and for encouraging investment in the City's Civic Core.

Based on the analysis noted above, Council can make the finding (per RMC Section 4.12.110(B)) that the subject site is surplus to the needs of the City as it currently has no governmental purpose and that the sale and development of the property is in the best interest of the City. It is also staff's intent to work with the USPS to find an alternative site that will maintain a presence within the Downtown area.

ENVIRONMENTAL REVIEW

The proposed project involves the sale of surplus property not located in an area of statewide, regional or areawide concern. This activity is categorically exempt from CEQA as a Class 12 Exemption (State CEQA Guidelines Section 15312). The Exemption has been prepared and no further CEQA action is required.

Respectfully Submitted,

Wayne Wiley, Economic Development Manager

Laura Matteoli, Economic Development Director



Dominick Casey, City Manager

ATTACHMENTS:

Description

Resolution No. 19-430

Purchase and Sale Agreement/Addendum

Appraisal

RFP Response

Ordinance No. 6145

Budget Adjustment Form

RESOLUTION NO. 19-430

DECLARING 320 VERNON STREET AS SURPLUS AND AUTHORIZING THE CITY
MANAGER'S EXECUTION OF THE PURCHASE AND SALE AGREEMENT BETWEEN
LENNOX HILL INTERIORS AND THE CITY OF ROSEVILLE

WHEREAS, the .52 acre project site is located within the Downtown Roseville Specific Plan (DTSP) at 320 Vernon Street and is developed with a 19,485 square-foot building that the federal government built in 1935; and

WHEREAS, in 2010, the City of Roseville's Redevelopment Agency purchased the property from the United States Postal Service (USPS) with the intent to relocate the Post Office and provide for development opportunities at the site, consistent with the DTSP; and

WHEREAS, after an Request for Proposals (RFP) was released in July 2018, the City received two proposals and selected the project presented by Lenox Hills Interiors, Inc.; and

WHEREAS, at this time, the City wishes to move forward with the sale of the property which has been appraised at \$570,000.00; and

WHEREAS, as a former redevelopment agency property, disposition of the site is governed by the terms of the Long-Range Property Management Plan ("Plan") by the Department of Finance on May 12, 2014, and not the Surplus Land Act; and

WHEREAS, pursuant to Health and Safety Code section 34191.3, the approved Plan shall govern, and supersede all other provisions relating to, the disposition and use of all real property assets of the former redevelopment agency; and

WHEREAS, in addition, Section 52201 of the Government Code authorizes the City to sell property returned to it under a Plan, provided that the sale will assist in the creation of economic opportunity, which this sale will do; and

WHEREAS, as indicated previously, the Plan identified the property for future commercial development and, in accordance with that Plan, the RFP solicited proposals for a mixed use project; and

NOW, THEREFORE BE IT RESOLVED that the City Council of the City of Roseville declares the property located at 320 Vernon Street as surplus to the needs of the City and that disposition of the property is in the City's best interest.

BE IT FURTHER RESOLVED that the Council authorizes the City Manager to execute a Purchase and Sales Agreement between Lenox Hill Interiors, Inc. and the City of Roseville for the sale of 320 Vernon Street, subject to conditions, in the amount of \$570,000.00 and additionally authorizes the City Manager or his designee to execute all escrow related documents.

PASSED AND ADOPTED by the Council of the City of Roseville this ____ day of _____, 20____, by the following vote on roll call:

AYES COUNCILMEMBERS:

NOES COUNCILMEMBERS:

ABSENT COUNCILMEMBERS:

MAYOR

ATTEST:

City Clerk



DISCLOSURE REGARDING REAL ESTATE AGENCY RELATIONSHIP

(Buyer's Brokerage Firm to Buyer)
(As required by the Civil Code)
(C.A.R. Form AD, Revised 12/18)

☐ (If checked) This form is being provided in connection with a transaction for a leasehold interest exceeding one year as per Civil Code section 2079.13(j), (k) and (l).

When you enter into a discussion with a real estate agent regarding a real estate transaction, you should from the outset understand what type of agency relationship or representation you wish to have with the agent in the transaction.

SELLER'S AGENT

A Seller's agent under a listing agreement with the Seller acts as the agent for the Seller only. A Seller's agent or a subagent of that agent has the following affirmative obligations:

To the Seller: A Fiduciary duty of utmost care, integrity, honesty and loyalty in dealings with the Seller.

To the Buyer and the Seller:

- Diligent exercise of reasonable skill and care in performance of the agent's duties.
- A duty of honest and fair dealing and good faith.
- A duty to disclose all facts known to the agent materially affecting the value or desirability of the property that are not known to, or within the diligent attention and observation of, the parties. An agent is not obligated to reveal to either party any confidential information obtained from the other party that does not involve the affirmative duties set forth above.

BUYER'S AGENT

A Buyer's agent can, with a Buyer's consent, agree to act as agent for the Buyer only. In these situations, the agent is not the Seller's agent, even if by agreement the agent may receive compensation for services rendered, either in full or in part from the Seller. An agent acting only for a Buyer has the following affirmative obligations:

To the Buyer: A fiduciary duty of utmost care, integrity, honesty and loyalty in dealings with the Buyer.

To the Buyer and the Seller:

- Diligent exercise of reasonable skill and care in performance of the agent's duties.
- A duty of honest and fair dealing and good faith.
- A duty to disclose all facts known to the agent materially affecting the value or desirability of the property that are not known to, or within the diligent attention and observation of, the parties. An agent is not obligated to reveal to either party any confidential information obtained from the other party that does not involve the affirmative duties set forth above.

AGENT REPRESENTING BOTH SELLER AND BUYER

A real estate agent, either acting directly or through one or more salespersons and broker associates, can legally be the agent of both the Seller and the Buyer in a transaction, but only with the knowledge and consent of both the Seller and the Buyer.

In a dual agency situation, the agent has the following affirmative obligations to both the Seller and the Buyer:

- A fiduciary duty of utmost care, integrity, honesty and loyalty in the dealings with either the Seller or the Buyer.
- Other duties to the Seller and the Buyer as stated above in their respective sections.

In representing both Seller and Buyer, a dual agent may not, without the express permission of the respective party, disclose to the other party confidential information, including, but not limited to, facts relating to either the Buyer's or Seller's financial position, motivations, bargaining position, or other personal information that may impact price, including the Seller's willingness to accept a price less than the listing price or the Buyer's willingness to pay a price greater than the price offered.

SELLER AND BUYER RESPONSIBILITIES

Either the purchase agreement or a separate document will contain a confirmation of which agent is representing you and whether that agent is representing you exclusively in the transaction or acting as dual agent. Please pay attention to that confirmation to make sure it accurately reflects your understanding of your agent's role.

The above duties of the agent in a real estate transaction do not relieve a Seller or Buyer from the responsibility to protect his or her own interests. You should carefully read all agreements to assure that they adequately express your understanding of the transaction. A real estate agent is a person qualified to advise about real estate. If legal or tax advice is desired, consult a competent professional.

If you are a Buyer, you have the duty to exercise reasonable care to protect yourself, including as to those facts about the property which are known to you or within your diligent attention and observation.

Both Sellers and Buyers should strongly consider obtaining tax advice from a competent professional because the federal and state tax consequences of a transaction can be complex and subject to change.

Throughout your real property transaction you may receive more than one disclosure form, depending upon the number of agents assisting in the transaction. The law requires each agent with whom you have more than a casual relationship to present you with this disclosure form. You should read its contents each time it is presented to you, considering the relationship between you and the real estate agent in your specific transaction. **This disclosure form includes the provisions of Sections 2079.13 to 2079.24, inclusive, of the Civil Code set forth on page 2. Read it carefully. I/WE ACKNOWLEDGE RECEIPT OF A COPY OF THIS DISCLOSURE AND THE PORTIONS OF THE CIVIL CODE PRINTED ON THE BACK (OR A SEPARATE PAGE).**

☒ Buyer ☐ Seller ☐ Landlord ☐ Tenant _____ Date SEPT 17, 2019
LENOX HILL INTERIORS, INC.
☐ Buyer ☐ Seller ☐ Landlord ☐ Tenant _____ Date _____
Agent *AI Saroyan, Broker* DRE Lic. # 01153538
Real Estate Broker (Firm)
By *AI SAROYAN* DRE Lic. # 01153138 Date SEPT. 17, 2019
(Salesperson or Broker-Associate, if any)



CIVIL CODE SECTIONS 2079.13 – 2079.24 (2079.16 APPEARS ON THE FRONT)

2079.13. As used in Sections 2079.7 and 2079.14 to 2079.24, inclusive, the following terms have the following meanings:

(a) "Agent" means a person acting under provisions of Title 9 (commencing with Section 2295) in a real property transaction, and includes a person who is licensed as a real estate broker under Chapter 3 (commencing with Section 10130) of Part 1 of Division 4 of the Business and Professions Code, and under whose license a listing is executed or an offer to purchase is obtained. The agent in the real property transaction bears responsibility for that agent's salespersons or broker associates who perform as agents of the agent. When a salesperson or broker associate owes a duty to any principal, or to any buyer or seller who is not a principal, in a real property transaction, that duty is equivalent to the duty owed to that party by the broker for whom the salesperson or broker associate functions. (b) "Buyer" means a transferee in a real property transaction, and includes a person who executes an offer to purchase real property from a seller through an agent, or who seeks the services of an agent in more than a casual, transitory, or preliminary manner, with the object of entering into a real property transaction. "Buyer" includes vendee or lessee of real property. (c) "Commercial real property" means all real property in the state, except (1) single-family residential real property, (2) dwelling units made subject to Chapter 2 (commencing with Section 1940) of Title 5, (3) a mobilehome, as defined in Section 798.3, (4) vacant land, or (5) a recreational vehicle, as defined in Section 799.29. (d) "Dual agent" means an agent acting, either directly or through a salesperson or broker associate, as agent for both the seller and the buyer in a real property transaction. (e) "Listing agreement" means a written contract between a seller of real property and an agent, by which the agent has been authorized to sell the real property or to find or obtain a buyer, including rendering other services for which a real estate license is required to the seller pursuant to the terms of the agreement. (f) "Seller's agent" means a person who has obtained a listing of real property to act as an agent for compensation. (g) "Listing price" is the amount expressed in dollars specified in the listing for which the seller is willing to sell the real property through the seller's agent. (h) "Offering price" is the amount expressed in dollars specified in an offer to purchase for which the buyer is willing to buy the real property. (i) "Offer to purchase" means a written contract executed by a buyer acting through a buyer's agent that becomes the contract for the sale of the real property upon acceptance by the seller. (j) "Real property" means any estate specified by subdivision (1) or (2) of Section 761 in property, and includes (1) single-family residential property, (2) multiunit residential property with more than four dwelling units, (3) commercial real property, (4) vacant land, (5) a ground lease coupled with improvements, or (6) a manufactured home as defined in Section 18007 of the Health and Safety Code, or a mobilehome as defined in Section 18008 of the Health and Safety Code, when offered for sale or sold through an agent pursuant to the authority contained in Section 10131.6 of the Business and Professions Code. (k) "Real property transaction" means a transaction for the sale of real property in which an agent is retained by a buyer, seller, or both a buyer and seller to act in that transaction, and includes a listing or an offer to purchase. (l) "Sell," "sale," or "sold" refers to a transaction for the transfer of real property from the seller to the buyer and includes exchanges of real property between the seller and buyer, transactions for the creation of a real property sales contract within the meaning of Section 2985, and transactions for the creation of a leasehold exceeding one year's duration. (m) "Seller" means the transferor in a real property transaction and includes an owner who lists real property with an agent, whether or not a transfer results, or who receives an offer to purchase real property of which he or she is the owner from an agent on behalf of another. "Seller" includes both a vendor and a lessor of real property. (n) "Buyer's agent" means an agent who represents a buyer in a real property transaction.

2079.14. A seller's agent and buyer's agent shall provide the seller and buyer in a real property transaction with a copy of the disclosure form specified in Section 2079.16, and shall obtain a signed acknowledgment of receipt from that seller and buyer, except as provided in Section 2079.15, as follows: (a) The seller's agent, if any, shall provide the disclosure form to the seller prior to entering into the listing agreement. (b) The buyer's agent shall provide the disclosure form to the buyer as soon as practicable prior to execution of the buyer's offer to purchase. If the offer to purchase is not prepared by the buyer's agent, the buyer's agent shall present the disclosure form to the buyer not later than the next business day after receiving the offer to purchase from the buyer.

2079.15. In any circumstance in which the seller or buyer refuses to sign an acknowledgment of receipt pursuant to Section 2079.14, the agent shall set forth, sign, and date a written declaration of the facts of the refusal.

2079.16 Reproduced on Page 1 of this AD form.

2079.17(a) As soon as practicable, the buyer's agent shall disclose to the buyer and seller whether the agent is acting in the real property transaction as the buyer's agent, or as a dual agent representing both the buyer and the seller. This relationship shall be confirmed in the contract to purchase and sell real property or in a separate writing executed or acknowledged by the seller, the buyer, and the buyer's agent prior to or coincident with execution of that contract by the buyer and the seller, respectively. (b) As soon as practicable, the seller's agent shall disclose to the seller whether the seller's agent is acting in the real property transaction as the seller's agent, or as a dual agent representing both the buyer and seller. This relationship shall be confirmed in the contract to purchase and sell real property or in a separate writing executed or acknowledged by the seller and the seller's agent prior to or coincident with the execution of that contract by the seller.

CONFIRMATION: The following agency relationships are confirmed for this transaction:

Seller's Brokerage Firm	DO NOT COMPLETE. SAMPLE ONLY	License Number
Is the broker of (check one): ☐ the seller; or ☐ both the buyer and seller. (dual agent)		
Seller's Agent	DO NOT COMPLETE. SAMPLE ONLY	License Number
Is (check one): ☐ the Seller's Agent. (salesperson or broker associate) ☐ both the Buyer's and Seller's Agent. (dual agent)		
Buyer's Brokerage Firm	DO NOT COMPLETE. SAMPLE ONLY	License Number
Is the broker of (check one): ☐ the buyer; or ☐ both the buyer and seller. (dual agent)		
Buyer's Agent	DO NOT COMPLETE. SAMPLE ONLY	License Number
Is (check one): ☐ the Buyer's Agent. (salesperson or broker associate) ☐ both the Buyer's and Seller's Agent. (dual agent)		

(d) The disclosures and confirmation required by this section shall be in addition to the disclosure required by Section 2079.14. An agent's duty to provide disclosure and confirmation of representation in this section may be performed by a real estate salesperson or broker associate affiliated with that broker.

2079.18 (Repealed pursuant to AB-1289)

2079.19 The payment of compensation or the obligation to pay compensation to an agent by the seller or buyer is not necessarily determinative of a particular agency relationship between an agent and the seller or buyer. A listing agent and a selling agent may agree to share any compensation or commission paid, or any right to any compensation or commission for which an obligation arises as the result of a real estate transaction, and the terms of any such agreement shall not necessarily be determinative of a particular relationship.

2079.20 Nothing in this article prevents an agent from selecting, as a condition of the agent's employment, a specific form of agency relationship not specifically prohibited by this article if the requirements of Section 2079.14 and Section 2079.17 are complied with.

2079.21 (a) A dual agent may not, without the express permission of the seller, disclose to the buyer any confidential information obtained from the seller. (b) A dual agent may not, without the express permission of the buyer, disclose to the seller any confidential information obtained from the buyer. (c) "Confidential information" means facts relating to the client's financial position, motivations, bargaining position, or other personal information that may impact price, such as the seller is willing to accept a price less than the listing price or the buyer is willing to pay a price greater than the price offered. (d) This section does not alter in any way the duty or responsibility of a dual agent to any principal with respect to confidential information other than price.

2079.22 Nothing in this article precludes a seller's agent from also being a buyer's agent. If a seller or buyer in a transaction chooses to not be represented by an agent, that does not, of itself, make that agent a dual agent.

2079.23 A contract between the principal and agent may be modified or altered to change the agency relationship at any time before the performance of the act which is the object of the agency with the written consent of the parties to the agency relationship.

2079.24 Nothing in this article shall be construed to either diminish the duty of disclosure owed buyers and sellers by agents and their associate licensees, subagents, and employees or to relieve agents and their associate licensees, subagents, and employees from liability for their conduct in connection with acts governed by this article or for any breach of a fiduciary duty or a duty of disclosure.

© 1991-2018, California Association of REALTORS®, Inc.

THIS FORM HAS BEEN APPROVED BY THE CALIFORNIA ASSOCIATION OF REALTORS®. NO REPRESENTATION IS MADE AS TO THE LEGAL VALIDITY OR ACCURACY OF ANY PROVISION IN ANY SPECIFIC TRANSACTION. A REAL ESTATE BROKER IS THE PERSON QUALIFIED TO ADVISE ON REAL ESTATE TRANSACTIONS. IF YOU DESIRE LEGAL OR TAX ADVICE, CONSULT AN APPROPRIATE PROFESSIONAL.



Published and Distributed by:
REAL ESTATE BUSINESS SERVICES, LLC.
a subsidiary of the California Association of REALTORS®
525 South Virgil Avenue, Los Angeles, California 90020



AD REVISED 12/18 (PAGE 2 OF 2)

DISCLOSURE REGARDING REAL ESTATE AGENCY RELATIONSHIP (AD PAGE 2 OF 2)

Produced with zipForm® by zipLogix 18070 Fifteen Mile Road, Fraser, Michigan 48026 www.zipLogix.com

Roseville Post



Property Address: 320 Vernon St, Roseville, Ca 95678 ("Property").

WIRE FRAUD AND ELECTRONIC FUNDS TRANSFERS ADVISORY:

The ability to communicate and conduct business electronically is a convenience and reality in nearly all parts of our lives. At the same time, it has provided hackers and scammers new opportunities for their criminal activity. Many businesses have been victimized and the real estate business is no exception.

While wiring or electronically transferring funds is a welcome convenience, we all need to exercise extreme caution. Emails attempting to induce fraudulent wire transfers have been received and have appeared to be legitimate. Reports indicate that some hackers have been able to intercept emailed transfer instructions, obtain account information and, by altering some of the data, redirect the funds to a different account. It also appears that some hackers were able to provide false phone numbers for verifying the wiring or funds transfer instructions. In those cases, the victim called the number provided to confirm the instructions, and then unwittingly authorized a transfer to somewhere or someone other than the intended recipient.

ACCORDINGLY, YOU ARE ADVISED:

1. Obtain phone numbers and account numbers only from Escrow Officers, Property Managers, or Landlords at the beginning of the transaction.
2. DO NOT EVER WIRE OR ELECTRONICALLY TRANSFER FUNDS PRIOR TO CALLING TO CONFIRM THE TRANSFER INSTRUCTIONS. ONLY USE A PHONE NUMBER YOU WERE PROVIDED PREVIOUSLY. Do not use any different phone number or account number included in any emailed transfer instructions.
3. Orally confirm the transfer instruction is legitimate and confirm the bank routing number, account numbers and other codes before taking steps to transfer the funds.
4. Avoid sending personal information in emails or texts. Provide such information in person or over the telephone directly to the Escrow Officer, Property Manager, or Landlord.
5. Take steps to secure the system you are using with your email account. These steps include creating strong passwords, using secure WiFi, and not using free services.

If you believe you have received questionable or suspicious wire or funds transfer instructions, immediately notify your bank, and the other party, and the Escrow Office, Landlord, or Property Manager. The sources below, as well as others, can also provide information:

Federal Bureau of Investigation: <https://www.fbi.gov/>; the FBI's IC3 at www.ic3.gov; or 310-477-6565

National White Collar Crime Center: <http://www.nw3c.org/>

On Guard Online: <https://www.onguardonline.gov/>

NOTE: There are existing alternatives to electronic and wired fund transfers such as cashier's checks. By signing below, the undersigned acknowledge that each has read, understands and has received a copy of this Wire Fraud and Electronic Funds Transfer Advisory.

Buyer/Tenant  PRESIDENT LENOX HILL INTERIORS, INC Date 9-17-19

Buyer/Tenant _____ Date _____

Seller/Landlord _____ City of Roseville Date _____

Seller/Landlord _____ Date _____

©2016-2017, California Association of REALTORS®, Inc. United States copyright law (Title 17 U.S. Code) forbids the unauthorized distribution, display and reproduction of this form, or any portion thereof, by photocopy machine or any other means, including facsimile or computerized formats. THIS FORM HAS BEEN APPROVED BY THE CALIFORNIA ASSOCIATION OF REALTORS®. NO REPRESENTATION IS MADE AS TO THE LEGAL VALIDITY OR ACCURACY OF ANY PROVISION IN ANY SPECIFIC TRANSACTION. A REAL ESTATE BROKER IS THE PERSON QUALIFIED TO ADVISE ON REAL ESTATE TRANSACTIONS. IF YOU DESIRE LEGAL OR TAX ADVICE, CONSULT AN APPROPRIATE PROFESSIONAL. This form is made available to real estate professionals through an agreement with or purchase from the California Association of REALTORS®. It is not intended to identify the user as a REALTOR®. REALTOR® is a registered collective membership mark which may be used only by members of the NATIONAL ASSOCIATION OF REALTORS® who subscribe to its Code of Ethics.



Published and Distributed by:
REAL ESTATE BUSINESS SERVICES, LLC.
a subsidiary of the California Association of REALTORS®
525 South Virgil Avenue, Los Angeles, California 90020

WFA REVISED 12/17 (PAGE 1 OF 1)

WIRE FRAUD AND ELECTRONIC FUNDS TRANSFER ADVISORY (WFA PAGE 1 OF 1)

ROYAL REALTY CO, 710 Redwood Ave SAND CITY CA 93955
AI SAROVAN

Produced with zipForm® by zipLogix 18070 Fifteen Mile Road, Fraser, Michigan 48026 www.zipLogix.com

Phone: (831)393-1800

Fax: (831)393-2400

Roseville Post





**COMMERCIAL PROPERTY PURCHASE AGREEMENT
AND JOINT ESCROW INSTRUCTIONS**

(NON-RESIDENTIAL)
(C.A.R. Form CPA, Revised 12/18)

Date Prepared: 09/17/2019

1. OFFER:

- A. **THIS IS AN OFFER FROM** LENOX HILL INTERIORS, INC ("Buyer").
☐ Individual(s), ☒ A Corporation, ☐ A Partnership, ☐ An LLC, ☐ An LLP, or ☐ Other _____.
- B. **THE REAL PROPERTY** to be acquired is 320 Vernon St, situated in
Roseville (City), Placer (County), California, 95678 (Zip Code), Assessor's Parcel No. 013-091-003 ("Property").
- C. **THE PURCHASE PRICE** offered is Five Hundred Seventy Thousand
Dollars \$570,000.00.
- D. **CLOSE OF ESCROW** shall occur on ☐ _____ (date) (or ☒ see addendum 1 Days After Acceptance).
- E. Buyer and Seller are referred to herein as the "Parties." Brokers are not Parties to this Agreement.

2. AGENCY:

- A. **DISCLOSURE:** The Parties each acknowledge receipt of a ☒ "Disclosure Regarding Real Estate Agency Relationships" (C.A.R. Form AD).
- B. **CONFIRMATION:** The following agency relationships are confirmed for this transaction:
- Seller's Brokerage Firm** _____ License Number _____
Is the broker of (check one): ☐ the seller; or ☐ both the buyer and seller. (dual agent)
Seller's Agent _____ License Number _____
Is (check one): ☐ the Seller's Agent. (salesperson or broker associate) ☐ both the Buyer's and Seller's Agent. (dual agent)

Buyer's Brokerage Firm AI Saroyan, Broker License Number 01153538
Is the broker of (check one): ☒ the buyer; or ☐ both the buyer and seller. (dual agent)
Buyer's Agent AI SAROYAN License Number _____
Is (check one): ☒ the Buyer's Agent. (salesperson or broker associate) ☐ both the Buyer's and Seller's Agent. (dual agent)

- C. **POTENTIALLY COMPETING BUYERS AND SELLERS:** The Parties each acknowledge receipt of a ☒ "Possible Representation of More than One Buyer or Seller - Disclosure and Consent" (C.A.R. Form PRBS).

3. FINANCE TERMS: Buyer represents that funds will be good when deposited with Escrow Holder.

- A. **INITIAL DEPOSIT:** Deposit shall be in the amount of \$ 5,000.00

(1) Buyer Direct Deposit: Buyer shall deliver deposit directly to Escrow Holder by electronic funds transfer, ☐ cashier's check, ☒ personal check, ☐ other _____ within 3 business days after Acceptance (or _____);

- OR (2) ☐ Buyer Deposit with Agent: Buyer has given the deposit by personal check (or _____) to the agent submitting the offer (or to _____), made payable to _____, The deposit shall be held uncashed until Acceptance and then deposited with Escrow Holder within 3 business days after Acceptance (or _____). Deposit checks given to agent shall be an original signed check and not a copy.

(Note: Initial and increased deposit checks received by agent shall be recorded in Broker's trust fund log.)

- B. **INCREASED DEPOSIT:** Buyer shall deposit with Escrow Holder an increased deposit in the amount of... \$ _____ within _____ Days After Acceptance (or _____).

If the Parties agree to liquidated damages in this Agreement, they also agree to incorporate the increased deposit into the liquidated damages amount in a separate liquidated damages clause (C.A.R. Form RID) at the time the increased deposit is delivered to Escrow Holder.

- C. ☒ **ALL CASH OFFER:** No loan is needed to purchase the Property. This offer is NOT contingent on Buyer obtaining a loan. Written verification of sufficient funds to close this transaction IS ATTACHED to this offer or ☒ Buyer shall, within 3 (or 10) Days After Acceptance, Deliver to Seller such verification.

D. LOAN(S):

- (1) **FIRST LOAN:** in the amount of \$ _____

This loan will be conventional financing OR ☐ Seller financing (C.A.R. Form SFA), ☐ assumed financing (C.A.R. Form AFA), ☐ subject to financing, ☐ Other _____. This loan shall be at a fixed rate not to exceed _____% or, ☐ an adjustable rate loan with initial rate not to exceed _____%. Regardless of the type of loan, Buyer shall pay points not to exceed _____% of the loan amount.

- (2) ☐ **SECOND LOAN** in the amount of \$ _____

This loan will be conventional financing OR ☐ Seller financing (C.A.R. Form SFA), ☐ assumed financing (C.A.R. Form AFA), ☐ subject to financing, ☐ Other _____. This loan shall be at a fixed rate not to exceed _____% or, ☐ an adjustable rate loan with initial rate not to exceed _____%. Regardless of the type of loan, Buyer shall pay points not to exceed _____% of the loan amount.

E. ADDITIONAL FINANCING TERMS: _____

- F. **BALANCE OF DOWN PAYMENT OR PURCHASE PRICE** in the amount of \$ 565,000.00
to be deposited with Escrow Holder pursuant to Escrow Holder instructions.

- G. **PURCHASE PRICE (TOTAL):** \$ 570,000.00

Buyer's Initials (Signature)
© 2018, California Association of REALTORS®, Inc.
CPA REVISED 12/18 (PAGE 1 OF 11)

Seller's Initials () ()



COMMERCIAL PROPERTY PURCHASE AGREEMENT (CPA PAGE 1 OF 11)

- H. **VERIFICATION OF DOWN PAYMENT AND CLOSING COSTS:** Buyer (or Buyer's lender or loan broker pursuant to paragraph 3J(1)) shall, within 3 (or) Days After Acceptance, Deliver to Seller written verification of Buyer's down payment and closing costs. (☐ Verification attached.)
- I. **APPRAISAL CONTINGENCY AND REMOVAL:** This Agreement is (or ☒ is NOT) contingent upon a written appraisal of the Property by a licensed or certified appraiser at no less than the purchase price. Buyer shall, as specified in paragraph 14B(3), in writing, remove the appraisal contingency or cancel this Agreement within 17 (or) Days After Acceptance.
- J. **LOAN TERMS:**
- (1) **LOAN APPLICATIONS:** Within 3 (or) Days After Acceptance, Buyer shall Deliver to Seller a letter from Buyer's lender or loan broker stating that, based on a review of Buyer's written application and credit report, Buyer is prequalified or preapproved for any NEW loan specified in paragraph 3D. If any loan specified in paragraph 3D is an adjustable rate loan, the prequalification or preapproval letter shall be based on the qualifying rate, not the initial loan rate. (☐ Letter attached.)
- (2) **LOAN CONTINGENCY:** Buyer shall act diligently and in good faith to obtain the designated loan(s). Buyer's qualification for the loan(s) specified above is a contingency of this Agreement unless otherwise agreed in writing. If there is no appraisal contingency or the appraisal contingency has been waived or removed, then failure of the Property to appraise at the purchase price does not entitle Buyer to exercise the cancellation right pursuant to the loan contingency if Buyer is otherwise qualified for the specified loan. Buyer's contractual obligations regarding deposit, balance of down payment and closing costs are not contingencies of this Agreement.
- (3) **LOAN CONTINGENCY REMOVAL:**
Within 21 (or) Days After Acceptance, Buyer shall, as specified in paragraph 18, in writing, remove the loan contingency or cancel this Agreement. If there is an appraisal contingency, removal of the loan contingency shall not be deemed removal of the appraisal contingency.
- (4) ☐ **NO LOAN CONTINGENCY:** Obtaining any loan specified above is NOT a contingency of this Agreement. If Buyer does not obtain the loan and as a result Buyer does not purchase the Property, Seller may be entitled to Buyer's deposit or other legal remedies.
- (5) **LENDER LIMITS ON BUYER CREDITS:** Any credit to Buyer, from any source, for closing or other costs that is agreed to by the Parties ("Contractual Credit") shall be disclosed to Buyer's lender. If the total credit allowed by Buyer's lender ("Lender Allowable Credit") is less than the Contractual Credit, then (i) the Contractual Credit shall be reduced to the Lender Allowable Credit, and (ii) in the absence of a separate written agreement between the Parties, there shall be no automatic adjustment to the purchase price to make up for the difference between the Contractual Credit and the Lender Allowable Credit.
- K. **BUYER STATED FINANCING:** Seller is relying on Buyer's representation of the type of financing specified (including but not limited to, as applicable, all cash, amount of down payment, or contingent or non-contingent loan). Seller has agreed to a specific closing date, purchase price and to sell to Buyer in reliance on Buyer's covenant concerning financing. Buyer shall pursue the financing specified in this Agreement. Seller has no obligation to cooperate with Buyer's efforts to obtain any financing other than that specified in the Agreement and the availability of any such alternate financing does not excuse Buyer from the obligation to purchase the Property and close escrow as specified in this Agreement.
4. **SALE OF BUYER'S PROPERTY:**
- A. This Agreement and Buyer's ability to obtain financing are NOT contingent upon the sale of any property owned by Buyer.
- OR B. ☐ This Agreement and Buyer's ability to obtain financing are contingent upon the sale of property owned by Buyer as specified in the attached addendum (C.A.R. Form COP).
5. **ADDENDA AND ADVISORIES:**
- A. **ADDENDA:**
- | | |
|---|--|
| ☐ Back Up Offer Addendum (C.A.R. Form BUO) | ☐ Addendum # <u> </u> (C.A.R. Form ADM) |
| ☐ Septic, Well and Property Monument Addendum (C.A.R. Form SWPI) | ☐ Court Confirmation Addendum (C.A.R. Form CCA) |
| ☐ Short Sale Addendum (C.A.R. Form SSA) | ☐ Other <u> </u> |
- B. **BUYER AND SELLER ADVISORIES:**
- | | |
|---|---|
| ☐ Probate Advisory (C.A.R. Form PA) | ☒ Buyer's Inspection Advisory (C.A.R. Form BIA) |
| ☐ Trust Advisory (C.A.R. Form TA) | ☐ Statewide Buyer and Seller Advisory (C.A.R. Form SBSA) |
| ☐ Short Sale Information and Advisory (C.A.R. Form SSIA) | ☐ REO Advisory (C.A.R. Form REO) |
| | ☐ Other <u> </u> |
6. **OTHER TERMS:** Attached is Addendum #1 Additional Terms
7. **ALLOCATION OF COSTS**
- A. **INSPECTIONS, REPORTS AND CERTIFICATES:** Unless otherwise agreed, in writing, this paragraph only determines who is to pay for the inspection, test, certificate or service ("Report") mentioned; it does not determine who is to pay for any work recommended or identified in the Report.
- (1) ☐ Buyer ☒ Seller shall pay for a natural hazard zone disclosure report, including tax ☐ environmental ☐ Other:
prepared by .
- (2) ☐ Buyer ☒ Seller shall pay for the following Report Lead and Asbestos
prepared by .
- (3) ☐ Buyer ☐ Seller shall pay for the following Report
prepared by .

Buyer's Initials Seller's Initials 

B. GOVERNMENT REQUIREMENTS AND RETROFIT:

- (1) ☐ Buyer ☒ Seller shall pay for smoke alarm and carbon monoxide device installation and water heater bracing, if required by Law. Prior to Close Of Escrow ("COE"), Seller shall provide Buyer written statement(s) of compliance in accordance with state and local Law, unless Seller is exempt.
- (2) (i) ☐ Buyer ☒ Seller shall pay the cost of compliance with any other minimum mandatory government inspections and reports if required as a condition of closing escrow under any Law.
- (ii) ☐ Buyer ☒ Seller shall pay the cost of compliance with any other minimum mandatory government retrofit standards required as a condition of closing escrow under any Law, whether the work is required to be completed before or after COE.
- (iii) Buyer shall be provided, within the time specified in paragraph 18A, a copy of any required government conducted or point-of-sale inspection report prepared pursuant to this Agreement or in anticipation of this sale of the Property.

C. ESCROW AND TITLE:

- (1) (a) ☒ Buyer ☐ Seller shall pay escrow fee 50/50.
- (b) Escrow Holder shall be Chicago Title Insurance Company National Business Unit Attn: Tyson A Micklebost 415-291-5109.
- (c) The Parties shall, within 5 (or ____) Days After receipt, sign and return Escrow Holder's general provisions.
- (2) (a) ☐ Buyer ☒ Seller shall pay for owner's title insurance policy specified in paragraph 17E _____.
- (b) Owner's title policy to be issued by Chicago Title Insurance Company.
- (Buyer shall pay for any title insurance policy insuring Buyer's lender, unless otherwise agreed in writing.)

D. OTHER COSTS:

- (1) ☐ Buyer ☒ Seller shall pay County transfer tax or fee _____.
- (2) ☐ Buyer ☐ Seller shall pay City transfer tax or fee _____.
- (3) ☐ Buyer ☐ Seller shall pay Owners' Association ("OA") transfer fee _____.
- (4) Seller shall pay OA fees for preparing all documents required to be delivered by Civil Code §4525.
- (5) ☐ Buyer ☒ Seller shall pay OA fees for preparing all documents other than those required by Civil Code §4525.
- (6) Buyer to pay for any HOA certification fee.
- (7) ☐ Buyer ☐ Seller shall pay for any private transfer fee _____.
- (8) ☐ Buyer ☐ Seller shall pay for _____.
- (9) ☐ Buyer ☐ Seller shall pay for _____.

8. ITEMS INCLUDED IN AND EXCLUDED FROM SALE:

- A. NOTE TO BUYER AND SELLER:** Items listed as included or excluded in the MLS, flyers or marketing materials are **not** included in the purchase price or excluded from the sale unless specified in paragraph 8 B, C or D.

B. ITEMS INCLUDED IN SALE:

- (1) All EXISTING fixtures and fittings that are attached to the Property;
- (2) EXISTING electrical, mechanical, lighting, plumbing and heating fixtures, ceiling fans, fireplace inserts, gas logs and grates, solar power systems, built-in appliances, window and door screens, awnings, shutters, window coverings, attached floor coverings, television antennas, satellite dishes, air coolers/conditioners, pool/spa equipment, garage door openers/remote controls, mailbox, in-ground landscaping, trees/shrubs, water features and fountains, water softeners, water purifiers, security systems/alarms.
- (3) A complete inventory of all personal property of Seller currently used in the operation of the Property and included in the purchase price shall be delivered to Buyer within the time specified in paragraph 18A.
- (4) Seller represents that all items included in the purchase price are, unless otherwise specified or identified pursuant to 8B(7), owned by Seller. Within the time specified in paragraph 18A, Seller shall give Buyer a list of fixtures not owned by Seller.
- (5) Seller shall deliver title to the personal property by Bill of Sale, free and clear of all liens and encumbrances, and without seller warranty of condition regardless of value.
- (6) As additional security for any note in favor of Seller for any part of the purchase price, Buyer shall execute a UCC-1 Financing Statement to be filed with the Secretary of State, covering the personal property included in the purchase, replacement thereof, and insurance proceeds.
- (7) **LEASED OR LIENED ITEMS AND SYSTEMS:** Seller shall, within the time specified in paragraph 18A, (i) disclose to Buyer if any item or system specified in paragraph 8B or otherwise included in the sale is leased, or not owned by Seller, or specifically subject to a lien or other encumbrance, and (ii) Deliver to Buyer all written materials (such as lease, warranty, etc.) concerning any such item. Buyer's ability to assume any such lease, or willingness to accept the Property subject to any such lien or encumbrance, is a contingency in favor of Buyer and Seller as specified in paragraph 18B and C.

- C. ITEMS EXCLUDED FROM SALE:** Unless otherwise specified, the following items are excluded from sale: 1) Personal property owned by the United States Postal Service including, but not limited to furnishings and equipment, artwork, post off boxes and facility identification and 2) Christopher Columbus statue owned by seller.

D. OTHER ITEMS:

- (1) Existing integrated phone and automation systems, including necessary components such as intranet and Internet-connected hardware or devices, control units (other than non-dedicated mobile devices, electronics and computers) and applicable software, permissions, passwords, codes and access information, are (☒ are NOT) included in the sale.

9. CLOSING AND POSSESSION:

- A. Seller-occupied or vacant property:** Possession shall be delivered to Buyer: (i) ☒ at 6 PM or (_____) AM/ (_____) PM on the date of Close Of Escrow; (ii) ☐ no later than ____ calendar days After Close Of Escrow; or (iii) ☐ at ____ AM/ (_____) PM on _____.
- B. Seller Remaining in Possession After Close Of Escrow:** If Seller has the right to remain in possession after Close Of Escrow, (i) the Parties are advised to sign a separate occupancy agreement such as ☐ C.A.R. Form CL; and (ii) the Parties are advised to consult with their insurance and legal advisors for information about liability and damage or injury to persons and personal and real property; and (iii) Buyer is advised to consult with Buyer's lender about the impact of Seller's occupancy on Buyer's loan.
- C. Tenant Occupied Units:** Possession and occupancy, subject to the rights of tenants under existing leases, shall be delivered to Buyer on Close Of Escrow.

Buyer's Initials () ()
 CPA REVISED 12/18 (PAGE 3 OF 11)

Seller's Initials () ()



- D. At Close Of Escrow: (i) Seller assigns to Buyer any assignable warranty rights for items included in the sale; and (ii) Seller shall Deliver to Buyer available Copies of any such warranties. Brokers cannot and will not determine the assignability of any warranties.
- E. At Close Of Escrow, unless otherwise agreed in writing, Seller shall provide keys, passwords, codes and/or means to operate all locks, mailboxes, security systems, alarms, home automation systems and intranet and Internet-connected devices included in the purchase price, and garage door openers. If the Property is a condominium or located in a common interest subdivision, Buyer may be required to pay a deposit to the Owners' Association ("OA") to obtain keys to accessible OA facilities.
10. **SECURITY DEPOSITS:** Security deposits, if any, to the extent they have not been applied by Seller in accordance with any rental agreement and current Law, shall be transferred to Buyer on Close Of Escrow. Seller shall notify each tenant, in compliance with the Civil Code.
11. **SELLER DISCLOSURES:**
- A. **NATURAL AND ENVIRONMENTAL DISCLOSURES:** Seller shall, within the time specified in paragraph 18, if required by Law: (i) Deliver to Buyer earthquake guides (and questionnaire) and environmental hazards booklet; (ii) even if exempt from the obligation to provide an NHD, disclose if the Property is located in a Special Flood Hazard Area; Potential Flooding (Inundation) Area; Very High Fire Hazard Zone; State Fire Responsibility Area; Earthquake Fault Zone; Seismic Hazard Zone; and (iii) disclose any other zone as required by Law and provide any other information required for those zones.
- B. **ADDITIONAL DISCLOSURES:** Within the time specified in paragraph 18, Seller shall Deliver to Buyer, in writing, the following disclosures, documentation and information:
- (1) **RENTAL SERVICE AGREEMENTS:** (i) All current leases, rental agreements, service contracts, and other agreements pertaining to the operation of the Property; and (ii) a rental statement including names of tenants, rental rates, period of rental, date of last rent increase, security deposits, rental concessions, rebates, or other benefits, if any, and a list of delinquent rents and their duration. Seller represents that no tenant is entitled to any concession, rebate, or other benefit, except as set forth in these documents.
 - (2) **INCOME AND EXPENSE STATEMENTS:** The books and records, including a statement of income and expense for the 12 months preceding Acceptance. Seller represents that the books and records are those maintained in the ordinary and normal course of business, and used by Seller in the computation of federal and state income tax returns.
 - (3) ☒ **TENANT ESTOPPEL CERTIFICATES:** (If checked) Tenant estoppel certificates (C.A.R. Form TEC) completed by Seller or Seller's agent, and signed by tenants, acknowledging: (i) that tenants' rental or lease agreements are unmodified and in full force and effect (or if modified, stating all such modifications); (ii) that no lessor defaults exist; and (iii) stating the amount of any prepaid rent or security deposit.
 - (4) **SURVEYS, PLANS AND ENGINEERING DOCUMENTS:** Copies of surveys, plans, specifications and engineering documents, if any, in Seller's possession or control.
 - (5) **PERMITS:** If in Seller's possession, Copies of all permits and approvals concerning the Property, obtained from any governmental entity, including, but not limited to, certificates of occupancy, conditional use permits, development plans, and licenses and permits pertaining to the operation of the Property.
 - (6) **STRUCTURAL MODIFICATIONS:** Any known structural additions or alterations to, or the installation, alteration, repair or replacement of, significant components of the structure(s) upon the Property.
 - (7) **GOVERNMENTAL COMPLIANCE:** Any improvements, additions, alterations or repairs made by Seller, or known to Seller to have been made, without required governmental permits, final inspections, and approvals.
 - (8) **VIOLATION NOTICES:** Any notice of violations of any Law filed or issued against the Property and actually known to Seller.
 - (9) **WATER CONSERVING PLUMBING DEVICES:** Section 1101.5 of the Civil Code, requires that by January 1, 2019, all multi-family residential and commercial real property be equipped with water-conserving plumbing devices. Seller shall disclose in writing whether the property includes any noncompliant plumbing fixtures. Seller may use C.A.R. Form SPQ or ESD. See C.A.R. Form WCMD for further information.
 - (10) **MISCELLANEOUS ITEMS:** Any of the following, if actually known to Seller: (i) any current pending lawsuit(s), investigation(s), inquiry(ies), action(s), or other proceeding(s) affecting the Property, or the right to use and occupy it; (ii) any unsatisfied mechanic's or materialman's lien(s) affecting the Property; and (iii) that any tenant of the Property is the subject of a bankruptcy.
- C. **WITHHOLDING TAXES:** Within the time specified in paragraph 18A, to avoid required withholding Seller shall Deliver to Buyer or qualified substitute, an affidavit sufficient to comply with federal (FIRPTA) and California withholding Law, (C.A.R. Form AS or QS).
- D. **NOTICE REGARDING GAS AND HAZARDOUS LIQUID TRANSMISSION PIPELINES:** This notice is being provided simply to inform you that information about the general location of gas and hazardous liquid transmission pipelines is available to the public via the National Pipeline Mapping System (NPMS) Internet Web site maintained by the United States Department of Transportation at <http://www.npms.phmsa.dot.gov/>. To seek further information about possible transmission pipelines near the Property, you may contact your local gas utility or other pipeline operators in the area. Contact information for pipeline operators is searchable by ZIP Code and county on the NPMS Internet Web site.
- E. **CONDOMINIUM/PLANNED DEVELOPMENT DISCLOSURES:**
- (1) **SELLER HAS: 7 (or ____) Days** After Acceptance to disclose to Buyer whether the Property is a condominium, or is located in a planned development or other common interest subdivision.
 - (2) If the Property is a condominium or is located in a planned development or other common interest subdivision, Seller has **3 (or ____) Days** After Acceptance to request from the OA (C.A.R. Form HOA1): (i) Copies of any documents required by Law; (ii) disclosure of any pending or anticipated claim or litigation by or against the OA; (iii) a statement containing the location and number of designated parking and storage spaces; (iv) Copies of the most recent 12 months of OA minutes for regular and special meetings; and (v) the names and contact information of all OAs governing the Property (collectively, "CI Disclosures"). Seller shall itemize and Deliver to Buyer all CI Disclosures received from the OA and any CI Disclosures in Seller's possession. Buyer's approval of CI Disclosures is a contingency of this Agreement as specified in paragraph 18B(3). The Party specified in paragraph 7, as directed by escrow, shall deposit funds into escrow or direct to OA or management company to pay for any of the above.

Buyer's Initials (S) (S)Seller's Initials () ()

CPA REVISED 12/18 (PAGE 4 OF 11)

COMMERCIAL PROPERTY PURCHASE AGREEMENT (CPA PAGE 4 OF 11)Produced with zipForm® by zipLogix 18070 Fifteen Mile Road, Fraser, Michigan 48026 www.zipLogix.com

Roseville Post



12. ☒ **ENVIRONMENTAL SURVEY** (If checked): Within 30 Days After Acceptance, Buyer shall be provided a phase one environmental survey report paid for and obtained by ☐ Buyer ☒ Seller. Buyer shall then, as specified in paragraph 18, remove this contingency or cancel this Agreement.
13. **SUBSEQUENT DISCLOSURES:** In the event Seller, prior to Close Of Escrow, becomes aware of adverse conditions materially affecting the Property, or any material inaccuracy in disclosures, information or representations previously provided to Buyer of which Buyer is otherwise unaware, Seller shall promptly Deliver a subsequent or amended disclosure or notice in writing, covering those items. **However, a subsequent or amended disclosure shall not be required for conditions and material inaccuracies disclosed in reports ordered and paid for by Buyer.**
14. **CHANGES DURING ESCROW:**
- A. Prior to Close Of Escrow, Seller may only engage in the following acts, ("Proposed Changes"), subject to Buyer's rights in paragraph 14B: (i) rent or lease any vacant unit or other part of the premises; (ii) alter, modify, or extend any existing rental or lease agreement; (iii) enter into, alter, modify or extend any service contract(s); or (iv) change the status of the condition of the Property.
- B. (1) 7 (or ☐) Days prior to any Proposed Changes, Seller shall Deliver written notice to Buyer of any Proposed Changes.
(2) Within 5 (or ☐) Days After receipt of such notice, Buyer, in writing, may give Seller notice of Buyer's objection to the Proposed Changes in which case Seller shall not make the Proposed Changes.
15. **CONDITION OF PROPERTY:** Unless otherwise agreed in writing: (i) the Property is sold (a) "AS-IS" in its PRESENT physical condition as of the date of Acceptance and (b) subject to Buyer's Investigation rights; (ii) the Property, including pool, spa, landscaping and grounds, is to be maintained in substantially the same condition as on the date of Acceptance; and (iii) all debris and personal property not included in the sale shall be removed by Close Of Escrow.
- A. Seller shall, within the time specified in paragraph 18A, DISCLOSE KNOWN MATERIAL FACTS AND DEFECTS affecting the Property, including known insurance claims within the past five years, and make any and all other disclosures required by law.
- B. Buyer has the right to conduct Buyer Investigations of the property and, as specified in paragraph 18B, based upon information discovered in those investigations: (i) cancel this Agreement; or (ii) request that Seller make Repairs or take other action.
- C. **Buyer is strongly advised to conduct investigations of the entire Property in order to determine its present condition. Seller may not be aware of all defects affecting the Property or other factors that Buyer considers important. Property improvements may not be built according to code, in compliance with current Law, or have had permits issued.**
16. **BUYER'S INVESTIGATION OF PROPERTY AND MATTERS AFFECTING PROPERTY:**
- A. Buyer's acceptance of the condition of, and any other matter affecting the Property, is a contingency of this Agreement as specified in this paragraph and paragraph 18B. Within the time specified in paragraph 18B(1), Buyer shall have the right, at Buyer's expense unless otherwise agreed, to conduct inspections, investigations, tests, surveys and other studies ("Buyer Investigations"), including, but not limited to, the right to: (i) inspect for lead-based paint and other lead-based paint hazards; (ii) inspect for wood destroying pests and organisms. Any inspection for wood destroying pests and organisms shall be prepared by a registered Structural Pest Control company; shall cover the main building and attached structures; may cover detached structures; shall NOT include water tests of shower pans on upper level units unless the owners of property below the shower consent; shall NOT include roof coverings; and, if the Property is a unit in a condominium or other common interest subdivision, the inspection shall include only the separate interest and any exclusive-use areas being transferred, and shall NOT include common areas; and shall include a report ("Pest Control Report") showing the findings of the company which shall be separated into sections for evident infestation or infections (Section 1) and for conditions likely to lead to infestation or infection (Section 2); (iii) review the registered sex offender database; (iv) confirm the insurability of Buyer and the Property including the availability and cost of flood and fire insurance; (v) review and seek approval of leases that may need to be assumed by Buyer; and (vi) satisfy Buyer as to any matter specified in the attached Buyer's Inspection Advisory (C.A.R. Form BIA). Without Seller's prior written consent, Buyer shall neither make nor cause to be made: (i) invasive or destructive Buyer Investigations except for minimally invasive testing required to prepare a Pest Control Report; or (ii) inspections by any governmental building or zoning inspector or government employee, unless required by Law.
- B. Seller shall make the Property available for all Buyer Investigations. Buyer shall (i) as specified in paragraph 18B, complete Buyer Investigations and either remove the contingency or cancel this Agreement, and (ii) give Seller, at no cost, complete Copies of all such Investigation reports obtained by Buyer, which obligation shall survive the termination of this Agreement.
- C. Seller shall have water, gas, electricity and all operable pilot lights on for Buyer's Investigations and through the date possession is made available to Buyer.
- D. **Buyer indemnity and seller protection for entry upon property:** Buyer shall: (i) keep the Property free and clear of liens; (ii) repair all damage arising from Buyer Investigations; and (iii) indemnify and hold Seller harmless from all resulting liability, claims, demands, damages and costs. Buyer shall carry, or Buyer shall require anyone acting on Buyer's behalf to carry, policies of liability, workers' compensation and other applicable insurance, defending and protecting Seller from liability for any injuries to persons or property occurring during any Buyer Investigations or work done on the Property at Buyer's direction prior to Close Of Escrow. Seller is advised that certain protections may be afforded Seller by recording a "Notice of Non-Responsibility" (C.A.R. Form NNR) for Buyer Investigations and work done on the Property at Buyer's direction. Buyer's obligations under this paragraph shall survive the termination of this Agreement.
17. **TITLE AND VESTING:**
- A. Within the time specified in paragraph 18, Buyer shall be provided a current preliminary title report ("Preliminary Report"). The Preliminary Report is only an offer by the title insurer to issue a policy of title insurance and may not contain every item affecting title. Buyer's review of the Preliminary Report and any other matters which may affect title are a contingency of this Agreement as specified in paragraph 18B. The company providing the Preliminary Report shall, prior to issuing a Preliminary Report, conduct a search of the General Index for all Sellers except banks or other institutional lenders selling properties they acquired through foreclosure (REOs), corporations, and government entities. Seller shall within 7 Days After Acceptance, give Escrow Holder a completed Statement of Information.
- B. Title is taken in its present condition subject to all encumbrances, easements, covenants, conditions, restrictions, rights and other matters, whether of record or not, as of the date of Acceptance except for: (i) monetary liens of record (which Seller is obligated to pay off) unless Buyer is assuming those obligations or taking the Property subject to those obligations; and (ii) those matters which Seller has agreed to remove in writing.
- C. Within the time specified in paragraph 18A, Seller has a duty to disclose to Buyer all matters known to Seller affecting title, whether of record or not.

Buyer's Initials Seller's Initials 

- D. At Close Of Escrow, Buyer shall receive a grant deed conveying title (or, for stock cooperative or long-term lease, an assignment of stock certificate or of Seller's leasehold interest), including oil, mineral and water rights if currently owned by Seller. Title shall vest as designated in Buyer's supplemental escrow instructions. THE MANNER OF TAKING TITLE MAY HAVE SIGNIFICANT LEGAL AND TAX CONSEQUENCES. CONSULT AN APPROPRIATE PROFESSIONAL.
- E. Buyer shall receive a standard coverage owners CLTA policy of title insurance. An ALTA policy or the addition of endorsements may provide greater coverage for Buyer. A title company, at Buyer's request, can provide information about the availability, desirability, coverage, and cost of various title insurance coverages and endorsements. If Buyer desires title coverage other than that required by this paragraph, Buyer shall instruct Escrow Holder in writing and shall pay any increase in cost.
- 18. TIME PERIODS; REMOVAL OF CONTINGENCIES; CANCELLATION RIGHTS: The following time periods may only be extended, altered, modified or changed by mutual written agreement. Any removal of contingencies or cancellation under this paragraph by either Buyer or Seller must be exercised in good faith and in writing (C.A.R. Form CR or CC).**
- A. SELLER HAS: 7 (or 60) Days** After Acceptance to Deliver to Buyer all Reports, disclosures and information for which Seller is responsible under paragraphs 5A, 6, 7, 8B(7), 11A, B, C, D and F, 12, 15A and 17A. Buyer after first Delivering to Seller a Notice to Seller to Perform (C.A.R. Form NSP) may cancel this Agreement if Seller has not Delivered the items within the time specified.
- B. (1) BUYER HAS: 17 (or 180) Days** After Acceptance, unless otherwise agreed in writing, to:
- (i) complete all Buyer Investigations; review all disclosures, reports, lease documents to be assumed by Buyer pursuant to paragraph 8B(7) and other applicable information, which Buyer receives from Seller; and approve all matters affecting the Property.
 - (2) Within the time specified in paragraph 18B(1), Buyer may request that Seller make repairs or take any other action regarding the Property (C.A.R. Form RR). Seller has no obligation to agree to or respond to (C.A.R. Form RRRR) Buyer's requests.
 - (3) By the end of the time specified in paragraph 18B(1) (or as otherwise specified in this Agreement), Buyer shall Deliver to Seller a removal of the applicable contingency or cancellation (C.A.R. Form CR or CC) of this Agreement. However, if any report, disclosure or information for which Seller is responsible is not Delivered within the time specified in paragraph 18A, then Buyer has **5 (or 10) Days** After Delivery of any such items, or the time specified in paragraph 18B(1), whichever is later, to Deliver to Seller a removal of the applicable contingency or cancellation of this Agreement.
 - (4) **Continuation of Contingency:** Even after the end of the time specified in paragraph 18B(1) and before Seller cancels, if at all, pursuant to paragraph 18C, Buyer retains the right, in writing, to either (i) remove remaining contingencies, or (ii) cancel this Agreement based on a remaining contingency. Once Buyer's written removal of all contingencies is Delivered to Seller, Seller may not cancel this Agreement pursuant to paragraph 18C(1).
- C. SELLER RIGHT TO CANCEL:**
- (1) **Seller right to Cancel; Buyer Contingencies:** If, by the time specified in this Agreement, Buyer does not Deliver to Seller a removal of the applicable contingency or cancellation of this Agreement, then Seller, after first Delivering to Buyer a Notice to Buyer to Perform (C.A.R. Form NBP), may cancel this Agreement. In such event, Seller shall authorize the return of Buyer's deposit, except for fees incurred by Buyer.
 - (2) **Seller right to Cancel; Buyer Contract Obligations:** Seller, after first delivering to Buyer a NBP, may cancel this Agreement if, by the time specified in this Agreement, Buyer does not take the following action(s): (i) Deposit funds as required by paragraph 3A or 3B or if the funds deposited pursuant to paragraph 3A or 3B are not good when deposited; (ii) Deliver a letter as required by paragraph 3J(1); (iii) Deliver verification as required by paragraph 3C or 3H or if Seller reasonably disapproves of the verification provided by paragraph 3C or 3H; or (iv) In writing assume or accept leases or liens specified in 8B(7); (v) Sign or initial a separate liquidated damages form for an increased deposit as required by paragraphs 3B and 25B; or (vi) Provide evidence of authority to sign in a representative capacity as specified in paragraph 23. In such event, Seller shall authorize the return of Buyer's deposit, except for fees incurred by Buyer.
- D. NOTICE TO BUYER OR SELLER TO PERFORM:** The NBP or NSP shall: (i) be in writing; (ii) be signed by the applicable Buyer or Seller; and (iii) give the other Party at least **2 (or) Days** After Delivery (or until the time specified in the applicable paragraph, whichever occurs last) to take the applicable action. A NBP or NSP may not be Delivered any earlier than **2 Days** Prior to the expiration of the applicable time for the other Party to remove a contingency or cancel this Agreement or meet an obligation specified in paragraph 18.
- E. EFFECT OF BUYER'S REMOVAL OF CONTINGENCIES:** If Buyer removes, in writing, any contingency or cancellation rights, unless otherwise specified in writing, Buyer shall conclusively be deemed to have: (i) completed all Buyer Investigations, and review of reports and other applicable information and disclosures pertaining to that contingency or cancellation right; (ii) elected to proceed with the transaction; and (iii) assumed all liability, responsibility and expense for Repairs or corrections pertaining to that contingency or cancellation right, or for the inability to obtain financing.
- F. CLOSE OF ESCROW:** Before Buyer or Seller may cancel this Agreement for failure of the other Party to close escrow pursuant to this Agreement, Buyer or Seller must first Deliver to the other Party a demand to close escrow (C.A.R. Form DCE). The DCE shall: (i) be signed by the applicable Buyer or Seller; and (ii) give the other Party at least **3 (or 30) Days** After Delivery to close escrow. A DCE may not be Delivered any earlier than **3 Days** Prior to the scheduled close of escrow.
- G. EFFECT OF CANCELLATION ON DEPOSITS:** If Buyer or Seller gives written notice of cancellation pursuant to rights duly exercised under the terms of this Agreement, the Parties agree to Sign mutual instructions to cancel the sale and escrow and release deposits, if any, to the party entitled to the funds, less fees and costs incurred by that party. Fees and costs may be payable to service providers and vendors for services and products provided during escrow. Except as specified below, **release of funds will require mutual Signed release instructions from the Parties, judicial decision or arbitration award.** If either Party fails to execute mutual instructions to cancel escrow, one Party may make a written demand to Escrow Holder for the deposit (C.A.R. Form BDRD or SDRD). Escrow Holder, upon receipt, shall promptly deliver notice of the demand to the other Party. If, within **10 Days** After Escrow Holder's notice, the other Party does not object to the demand, Escrow Holder shall disburse the deposit to the Party making the demand. If Escrow Holder complies with the preceding process, each Party shall be deemed to have released Escrow Holder from any and all claims or liability related to the disbursement of the deposit. Escrow Holder, at its discretion, may nonetheless require mutual cancellation instructions. **A Party may be subject to a civil penalty of up to \$1,000 for refusal to sign cancellation instructions if no good faith dispute exists as to who is entitled to the deposited funds (Civil Code §1057.3).**

Buyer's Initials Seller's Initials

CPA REVISED 12/18 (PAGE 6 OF 11)

COMMERCIAL PROPERTY PURCHASE AGREEMENT (CPA PAGE 6 OF 11)Produced with zipForm® by zipLogix 18070 Fifteen Mile Road, Fraser, Michigan 48026 www.zipLogix.com

Roseville Post



- 19. REPAIRS:** Repairs shall be completed prior to final verification of condition unless otherwise agreed in writing. Repairs to be performed at Seller's expense may be performed by Seller or through others, provided that the work complies with applicable Law, including governmental permit, inspection and approval requirements. Repairs shall be performed in a good, skillful manner with materials of quality and appearance comparable to existing materials. It is understood that exact restoration of appearance or cosmetic items following all Repairs may not be possible. Seller shall: (i) obtain invoices and paid receipts for Repairs performed by others; (ii) prepare a written statement indicating the Repairs performed by Seller and the date of such Repairs; and (iii) provide Copies of invoices and paid receipts and statements to Buyer prior to final verification of condition.
- 20. FINAL VERIFICATION OF CONDITION:** Buyer shall have the right to make a final verification of the Property within **5 (or ☐) Days** Prior to Close Of Escrow, NOT AS A CONTINGENCY OF THE SALE, but solely to confirm: (i) the Property is maintained pursuant to paragraph 15; (ii) Repairs have been completed as agreed; and (iii) Seller has complied with Seller's other obligations under this Agreement (C.A.R. Form VP).
- 21. PRORATIONS OF PROPERTY TAXES AND OTHER ITEMS:** Unless otherwise agreed in writing, the following items shall be PAID CURRENT and prorated between Buyer and Seller as of Close Of Escrow: real property taxes and assessments, interest, rents, OA regular, special, and emergency dues and assessments imposed prior to Close Of Escrow, premiums on insurance assumed by Buyer, payments on bonds and assessments assumed by Buyer, and payments on Mello-Roos and other Special Assessment District bonds and assessments that are now a lien. The following items shall be assumed by Buyer WITHOUT CREDIT toward the purchase price: prorated payments on Mello-Roos and other Special Assessment District bonds and assessments and HOA special assessments that are now a lien but not yet due. Property will be reassessed upon change of ownership. Any supplemental tax bills shall be paid as follows: (i) for periods after Close Of Escrow, by Buyer; and (ii) for periods prior to Close Of Escrow, by Seller (see C.A.R. Form SPT or SBSA for further information). TAX BILLS ISSUED AFTER CLOSE OF ESCROW SHALL BE HANDLED DIRECTLY BETWEEN BUYER AND SELLER. Prorations shall be made based on a 30-day month.
- 22. BROKERS:**
- A. COMPENSATION:** Seller or Buyer, or both, as applicable, agrees to pay compensation to Broker as specified in a separate written agreement between Broker and that Seller or Buyer. Compensation is payable upon Close Of Escrow, or if escrow does not close, as otherwise specified in the agreement between Broker and that Seller or Buyer.
- B. BROKERAGE:** Neither Buyer nor Seller has utilized the services of, or for any other reason owes compensation to, a licensed real estate broker (individual or corporate), agent, finder, or other entity, other than as specified in this Agreement, in connection with any act relating to the Property, including, but not limited to, inquiries, introductions, consultations and negotiations leading to this Agreement. Buyer and Seller each agree to indemnify, defend, and hold the other, the Brokers specified herein and their agents, harmless from and against any costs, expenses or liability for compensation claimed inconsistent with the warranty and representations in this paragraph.
- C. SCOPE OF DUTY:** Buyer and Seller acknowledge and agree that Broker: (i) Does not decide what price Buyer should pay or Seller should accept; (ii) Does not guarantee the condition of the Property; (iii) Does not guarantee the performance, adequacy or completeness of inspections, services, products or repairs provided or made by Seller or others; (iv) Does not have an obligation to conduct an inspection of common areas or areas off the site of the Property; (v) Shall not be responsible for identifying defects on the Property, in common areas, or offsite unless such defects are visually observable by an inspection of reasonably accessible areas of the Property or are known to Broker; (vi) Shall not be responsible for inspecting public records or permits concerning the title or use of Property; (vii) Shall not be responsible for identifying the location of boundary lines or other items affecting title; (viii) Shall not be responsible for verifying square footage, representations of others or information contained in Investigation reports, Multiple Listing Service, advertisements, flyers or other promotional material; (ix) Shall not be responsible for determining the fair market value of the Property or any personal property included in the sale; (x) Shall not be responsible for providing legal or tax advice regarding any aspect of a transaction entered into by Buyer or Seller; and (xi) Shall not be responsible for providing other advice or information that exceeds the knowledge, education and experience required to perform real estate licensed activity. Buyer and Seller agree to seek legal, tax, insurance, title and other desired assistance from appropriate professionals.
- 23. REPRESENTATIVE CAPACITY:** If one or more Parties is signing the Agreement in a representative capacity and not for him/herself as an individual then that Party shall so indicate in paragraph 40 or 41 and attach a Representative Capacity Signature Disclosure (C.A.R. Form RCSD). Wherever the signature or initials of the representative identified in the RCSD appear on the Agreement or any related documents, it shall be deemed to be in a representative capacity for the entity described and not in an individual capacity, unless otherwise indicated. The Party acting in a representative capacity (i) represents that the entity for which that party is acting already exists and (ii) shall Deliver to the other Party and Escrow Holder, within **3 Days** After Acceptance, evidence of authority to act in that capacity (such as but not limited to: applicable portion of the trust or Certification Of Trust (Probate Code §18100.5), letters testamentary, court order, power of attorney, corporate resolution, or formation documents of the business entity).
- 24. JOINT ESCROW INSTRUCTIONS TO ESCROW HOLDER:**
- A. The following paragraphs, or applicable portions thereof, of this Agreement constitute the joint escrow instructions of Buyer and Seller to Escrow Holder, which Escrow Holder is to use along with any related counter offers and addenda, and any additional mutual instructions to close the escrow: paragraphs 1, 3, 4B, 5A, 6, 7, 10, 11D, 17, 18G, 21, 22A, 23, 24, 30, 38, 39, 41, 42 and paragraph D of the section titled Real Estate Brokers on page 11. If a Copy of the separate compensation agreement(s) provided for in paragraph 22A, or paragraph D of the section titled Real Estate Brokers on page 11 is deposited with Escrow Holder by Broker, Escrow Holder shall accept such agreement(s) and pay out from Buyer's or Seller's funds, or both, as applicable, the Broker's compensation provided for in such agreement(s). The terms and conditions of this Agreement not set forth in the specified paragraphs are additional matters for the information of Escrow Holder, but about which Escrow Holder need not be concerned. Buyer and Seller will receive Escrow Holder's general provisions, if any, directly from Escrow Holder and will execute such provisions within the time specified in paragraph 7C(1)(c). To the extent the general provisions are inconsistent or conflict with this Agreement, the general provisions will control as to the duties and obligations of Escrow Holder only. Buyer and Seller will execute additional instructions, documents and forms provided by Escrow Holder that are reasonably necessary to close the escrow and, as directed by Escrow Holder, within **3 (or ☐) Days**, shall pay to Escrow Holder or HOA or HOA management company or others any fee required by paragraphs 7, 11 or elsewhere in this Agreement.**

Buyer's Initials () ()

Seller's Initials () ()

CPA REVISED 12/18 (PAGE 7 OF 11)

COMMERCIAL PROPERTY PURCHASE AGREEMENT (CPA PAGE 7 OF 11)Produced with zipForm® by zipLogix 18070 Fifteen Mile Road, Fraser, Michigan 48026 www.zipLogix.com

Roseville Post



- B. A Copy of this Agreement including any counter offer(s) and addenda shall be delivered to Escrow Holder within **3 Days** After Acceptance (or _____). Buyer and Seller authorize Escrow Holder to accept and rely on Copies and Signatures as defined in this Agreement as originals, to open escrow and for other purposes of escrow. The validity of this Agreement as between Buyer and Seller is not affected by whether or when Escrow Holder Signs this Agreement. Escrow Holder shall provide Seller's Statement of Information to Title company when received from Seller. If Seller delivers an affidavit to Escrow Holder to satisfy Seller's FIRPTA obligation under paragraph 10C, Escrow Holder shall deliver to Buyer a Qualified Substitute statement that complies with federal Law.
- C. Brokers are a party to the escrow for the sole purpose of compensation pursuant to paragraph 22A and paragraph D of the section titled Real Estate Brokers on page 11. Buyer and Seller irrevocably assign to Brokers compensation specified in paragraph 22A, and irrevocably instruct Escrow Holder to disburse those funds to Brokers at Close Of Escrow or pursuant to any other mutually executed cancellation agreement. Compensation instructions can be amended or revoked only with the written consent of Brokers. Buyer and Seller shall release and hold harmless Escrow Holder from any liability resulting from Escrow Holder's payment to Broker(s) of compensation pursuant to this Agreement.
- D. Upon receipt, Escrow Holder shall provide Seller and Seller's Broker verification of Buyer's deposit of funds pursuant to paragraph 3A and 3B. Once Escrow Holder becomes aware of any of the following, Escrow Holder shall immediately notify all Brokers: (i) if Buyer's initial or any additional deposit is not made pursuant to this Agreement, or is not good at time of deposit with Escrow Holder; or (ii) if Buyer and Seller instruct Escrow Holder to cancel escrow.
- E. A Copy of any amendment that affects any paragraph of this Agreement for which Escrow Holder is responsible shall be delivered to Escrow Holder within **3 Days** after mutual execution of the amendment.

25. REMEDIES FOR BUYER'S BREACH OF CONTRACT:

- A. Any clause added by the Parties specifying a remedy (such as release or forfeiture of deposit or making a deposit non-refundable) for failure of Buyer to complete the purchase in violation of this Agreement shall be deemed invalid unless the clause independently satisfies the statutory liquidated damages requirements set forth in the Civil Code.
- B. **LIQUIDATED DAMAGES:** If Buyer fails to complete this purchase because of Buyer's default, Seller shall retain, as liquidated damages, the deposit actually paid. Buyer and Seller agree that this amount is a reasonable sum given that it is impractical or extremely difficult to establish the amount of damages that would actually be suffered by Seller in the event Buyer were to breach this Agreement. Release of funds will require mutual, Signed release instructions from both Buyer and Seller, judicial decision or arbitration award. **AT TIME OF ANY INCREASED DEPOSIT BUYER AND SELLER SHALL SIGN A SEPARATE LIQUIDATED DAMAGES PROVISION INCORPORATING THE INCREASED DEPOSIT AS LIQUIDATED DAMAGES (C.A.R.FORM RID).**

Buyer's Initials [Signature] / _____

Seller's Initials _____ / _____

26. DISPUTE RESOLUTION:

- A. **MEDIATION:** The Parties agree to mediate any dispute or claim arising between them out of this Agreement, or any resulting transaction, before resorting to arbitration or court action through the C.A.R. Consumer Mediation Center (www.consumermediation.org) or through any other mediation provider or service mutually agreed to by the Parties. The Parties also agree to mediate any disputes or claims with Broker(s), who, in writing, agree to such mediation prior to, or within a reasonable time after, the dispute or claim is presented to the Broker. Mediation fees, if any, shall be divided equally among the Parties involved. If, for any dispute or claim to which this paragraph applies, any Party (i) commences an action without first attempting to resolve the matter through mediation, or (ii) before commencement of an action, refuses to mediate after a request has been made, then that Party shall not be entitled to recover attorney fees, even if they would otherwise be available to that Party in any such action. **THIS MEDIATION PROVISION APPLIES WHETHER OR NOT THE ARBITRATION PROVISION IS INITIALED. Exclusions from this mediation agreement are specified in paragraph 26C.**

B. ARBITRATION OF DISPUTES:

The Parties agree that any dispute or claim in Law or equity arising between them out of this Agreement or any resulting transaction, which is not settled through mediation, shall be decided by neutral, binding arbitration. The Parties also agree to arbitrate any disputes or claims with Broker(s), who, in writing, agree to such arbitration prior to, or within a reasonable time after, the dispute or claim is presented to the Broker. The arbitrator shall be a retired judge or justice, or an attorney with at least 5 years of transactional real estate Law experience, unless the parties mutually agree to a different arbitrator. The Parties shall have the right to discovery in accordance with Code of Civil Procedure §1283.05. In all other respects, the arbitration shall be conducted in accordance with Title 9 of Part 3 of the Code of Civil Procedure. Judgment upon the award of the arbitrator(s) may be entered into any court having jurisdiction. Enforcement of this agreement to arbitrate shall be governed by the Federal Arbitration Act. Exclusions from this arbitration agreement are specified in paragraph 26C.

"NOTICE: BY INITIALING IN THE SPACE BELOW YOU ARE AGREEING TO HAVE ANY DISPUTE ARISING OUT OF THE MATTERS INCLUDED IN THE 'ARBITRATION OF DISPUTES' PROVISION DECIDED BY NEUTRAL ARBITRATION AS PROVIDED BY CALIFORNIA LAW AND YOU ARE GIVING UP ANY RIGHTS YOU MIGHT POSSESS TO HAVE THE DISPUTE LITIGATED IN A COURT OR JURY TRIAL. BY INITIALING IN THE SPACE BELOW YOU ARE GIVING UP YOUR JUDICIAL RIGHTS TO DISCOVERY AND APPEAL, UNLESS THOSE RIGHTS ARE SPECIFICALLY INCLUDED IN THE 'ARBITRATION OF DISPUTES' PROVISION. IF YOU REFUSE TO SUBMIT TO ARBITRATION AFTER AGREEING TO THIS PROVISION, YOU MAY BE COMPELLED TO ARBITRATE UNDER THE AUTHORITY OF THE CALIFORNIA CODE OF CIVIL PROCEDURE. YOUR AGREEMENT TO THIS ARBITRATION PROVISION IS VOLUNTARY."

"WE HAVE READ AND UNDERSTAND THE FOREGOING AND AGREE TO SUBMIT DISPUTES ARISING OUT OF THE MATTERS INCLUDED IN THE 'ARBITRATION OF DISPUTES' PROVISION TO NEUTRAL ARBITRATION."

Buyer's Initials [Signature] / _____

Seller's Initials _____ / _____

Buyer's Initials _____
CPA REVISED 12/18 (PAGE 8 OF 11)

Seller's Initials () ()

C. ADDITIONAL MEDIATION AND ARBITRATION TERMS:

- (1) **EXCLUSIONS:** The following matters are excluded from mediation and arbitration: (i) a judicial or non-judicial foreclosure or other action or proceeding to enforce a deed of trust, mortgage or installment land sale contract as defined in Civil Code §2985; (ii) an unlawful detainer action; and (iii) any matter that is within the jurisdiction of a probate, small claims or bankruptcy court.
- (2) **PRESERVATION OF ACTIONS:** The following shall not constitute a waiver nor violation of the mediation and arbitration provisions: (i) the filing of a court action to preserve a statute of limitations; (ii) the filing of a court action to enable the recording of a notice of pending action, for order of attachment, receivership, injunction, or other provisional remedies; or (iii) the filing of a mechanic's lien.
- (3) **BROKERS:** Brokers shall not be obligated nor compelled to mediate or arbitrate unless they agree to do so in writing. Any Broker(s) participating in mediation or arbitration shall not be deemed a party to the Agreement.
27. **SELECTION OF SERVICE PROVIDERS:** Brokers do not guarantee the performance of any vendors, service or product providers ("Providers"), whether referred by Broker or selected by Buyer, Seller or other person. Buyer and Seller may select ANY Providers of their own choosing.
28. **MULTIPLE LISTING SERVICE/PROPERTY DATA SYSTEM:** If Broker is a participant of a Multiple Listing Service ("MLS") or Property Data System ("PDS"), Broker is authorized to report to the MLS or PDS a pending sale and, upon Close Of Escrow, the terms of this transaction to be published and disseminated to persons and entities authorized to use the information on terms approved by the MLS or PDS.
29. **ATTORNEY FEES:** In any action, proceeding, or arbitration between Buyer and Seller arising out of this Agreement, the prevailing Buyer or Seller shall be entitled to reasonable attorneys fees and costs from the non-prevailing Buyer or Seller, except as provided in paragraph 26A.
30. **ASSIGNMENT:** Buyer shall not assign all or any part of Buyer's interest in this Agreement without first having obtained the written consent of Seller. Such consent shall not be unreasonably withheld unless otherwise agreed in writing. Any total or partial assignment shall not relieve Buyer of Buyer's obligations pursuant to this Agreement unless otherwise agreed in writing by Seller (C.A.R. Form AOA).
31. **SUCCESSORS AND ASSIGNS:** This Agreement shall be binding upon, and inure to the benefit of, Buyer and Seller and their respective successors and assigns, except as otherwise provided herein.
32. **ENVIRONMENTAL HAZARD CONSULTATION:** Buyer and Seller acknowledge: (i) Federal, state, and local legislation impose liability upon existing and former owners and users of real property, in applicable situations, for certain legislatively defined, environmentally hazardous substances; (ii) Broker(s) has/have made no representation concerning the applicability of any such Law to this transaction or to Buyer or to Seller, except as otherwise indicated in this Agreement; (iii) Broker(s) has/have made no representation concerning the existence, testing, discovery, location and evaluation of/for, and risks posed by, environmentally hazardous substances, if any, located on or potentially affecting the Property; and (iv) Buyer and Seller are each advised to consult with technical and legal experts concerning the existence, testing, discovery, location and evaluation of/for, and risks posed by, environmentally hazardous substances, if any, located on or potentially affecting the Property.
33. **AMERICANS WITH DISABILITIES ACT:** The Americans With Disabilities Act ("ADA") prohibits discrimination against individuals with disabilities. The ADA affects almost all commercial facilities and public accommodations. The ADA can require, among other things, that buildings be made readily accessible to the disabled. Different requirements apply to new construction, alterations to existing buildings, and removal of barriers in existing buildings. Compliance with the ADA may require significant costs. Monetary and injunctive remedies may be incurred if the Property is not in compliance. A real estate broker does not have the technical expertise to determine whether a building is in compliance with ADA requirements, or to advise a principal on those requirements. Buyer and Seller are advised to contact an attorney, contractor, architect, engineer or other qualified professional of Buyer's or Seller's own choosing to determine to what degree, if any, the ADA impacts that principal or this transaction.
34. **COPIES:** Seller and Buyer each represent that Copies of all reports, documents, certificates, approvals and other documents that are furnished to the other are true, correct and unaltered Copies of the original documents, if the originals are in the possession of the furnishing party.
35. **EQUAL HOUSING OPPORTUNITY:** The Property is sold in compliance with federal, state and local anti-discrimination Laws.
36. **GOVERNING LAW:** This Agreement shall be governed by the Laws of the state of California.
37. **TERMS AND CONDITIONS OF OFFER:** This is an offer to purchase the Property on the above terms and conditions. The liquidated damages paragraph or the arbitration of disputes paragraph is incorporated in this Agreement if initialed by all Parties or if incorporated by mutual agreement in a counter offer or addendum. If at least one but not all Parties initial, a counter offer is required until agreement is reached. Seller has the right to continue to offer the Property for sale and to accept any other offer at any time prior to notification of Acceptance. Buyer has read and acknowledges receipt of a Copy of the offer and agrees to the confirmation of agency relationships. If this offer is accepted and Buyer subsequently defaults, Buyer may be responsible for payment of Brokers' compensation. This Agreement and any supplement, addendum or modification, including any Copy, may be Signed in two or more counterparts, all of which shall constitute one and the same writing.
38. **TIME OF ESSENCE; ENTIRE CONTRACT; CHANGES:** Time is of the essence. All understandings between the Parties are incorporated in this Agreement. Its terms are intended by the Parties as a final, complete and exclusive expression of their Agreement with respect to its subject matter, and may not be contradicted by evidence of any prior agreement or contemporaneous oral agreement. If any provision of this Agreement is held to be ineffective or invalid, the remaining provisions will nevertheless be given full force and effect. Except as otherwise specified, this Agreement shall be interpreted and disputes shall be resolved in accordance with the Laws of the State of California. **Neither this Agreement nor any provision in it may be extended, amended, modified, altered or changed, except in writing Signed by Buyer and Seller.**
39. **DEFINITIONS:** As used in this Agreement:
- A. **"Acceptance"** means the time the offer or final counter offer is accepted in writing by a Party and is delivered to and personally received by the other Party or that Party's authorized agent in accordance with the terms of this offer or a final counter offer.
- B. **"Agreement"** means this document and any counter offers and any incorporated addenda, collectively forming the binding agreement between the Parties. Addenda are incorporated only when Signed by all Parties.

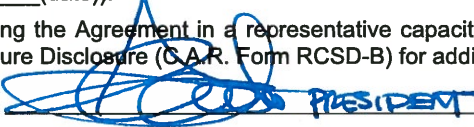
Buyer's Initials  () ()

Seller's Initials () ()

CPA REVISED 12/18 (PAGE 9 OF 11)

- C. "C.A.R. Form" means the most current version of the specific form referenced or another comparable form agreed to by the parties.
- D. "Close Of Escrow" or "COE" means the date the grant deed, or other evidence of transfer of title, is recorded.
- E. "Copy" means copy by any means including photocopy, NCR, facsimile and electronic.
- F. "Days" means calendar days. However, after Acceptance, the last Day for performance of any act required by this Agreement (including Close Of Escrow) shall not include any Saturday, Sunday, or legal holiday and shall instead be the next Day.
- G. "Days After" means the specified number of calendar days after the occurrence of the event specified, not counting the calendar date on which the specified event occurs, and ending at 11:59 PM on the final day.
- H. "Days Prior" means the specified number of calendar days before the occurrence of the event specified, not counting the calendar date on which the specified event is scheduled to occur.
- I. "Deliver", "Delivered" or "Delivery", unless otherwise specified in writing, means and shall be effective upon: personal receipt by Buyer or Seller or the individual Real Estate Licensee for that principal as specified in the section titled Real Estate Brokers on page 11, regardless of the method used (i.e., messenger, mail, email, fax, other).
- J. "Electronic Copy" or "Electronic Signature" means, as applicable, an electronic copy or signature complying with California Law. Buyer and Seller agree that electronic means will not be used by either Party to modify or alter the content or integrity of this Agreement without the knowledge and consent of the other Party.
- K. "Law" means any law, code, statute, ordinance, regulation, rule or order, which is adopted by a controlling city, county, state or federal legislative, judicial or executive body or agency.
- L. "Repairs" means any repairs (including pest control), alterations, replacements, modifications or retrofitting of the Property provided for under this Agreement.
- M. "Signed" means either a handwritten or electronic signature on an original document, Copy or any counterpart.
40. **AUTHORITY:** Any person or persons signing this Agreement represent(s) that such person has full power and authority to bind that person's principal, and that the designated Buyer and Seller has full authority to enter into and perform this Agreement. Entering into this Agreement, and the completion of the obligations pursuant to this contract, does not violate any Articles of Incorporation, Articles of Organization, By Laws, Operating Agreement, Partnership Agreement or other document governing the activity of either Buyer or Seller.
41. **EXPIRATION OF OFFER:** This offer shall be deemed revoked and the deposit, if any, shall be returned to Buyer unless the offer is Signed by Seller and a Copy of the Signed offer is personally received by Buyer, or by Al Saroyan, who is authorized to receive it, by 5:00 PM on the third Day after this offer is signed by Buyer (or by ☐ AM/ ☐ PM, on _____ (date)).

☒ One or more Buyers is signing the Agreement in a representative capacity and not for him/herself as an individual. See attached Representative Capacity Signature Disclosure (C.A.R. Form RCSD-B) for additional terms.

Date 9-17-19 BUYER  PRESIDENT

(Print name) LENOX HILL INTERIORS, INC

Date _____ BUYER _____

(Print name) _____

☐ Additional Signature Addendum attached (C.A.R. Form ASA).

42. **ACCEPTANCE OF OFFER:** Seller warrants that Seller is the owner of the Property, or has the authority to execute this Agreement. Seller accepts the above offer and agrees to sell the Property on the above terms and conditions, and agrees to the above confirmation of agency relationships. Seller has read and acknowledges receipt of a Copy of this Agreement, and authorizes Broker to Deliver a Signed Copy to Buyer.

☐ (If checked) SELLER'S ACCEPTANCE IS SUBJECT TO ATTACHED COUNTER OFFER (C.A.R. Form SCO or SMCO) DATED: _____

☐ One or more Sellers is signing the Agreement in a representative capacity and not for him/herself as an individual. See attached Representative Capacity Signature Disclosure (C.A.R. Form RCSD-S) for additional terms.

Date _____ SELLER _____

(Print name) City of Roseville

Date _____ SELLER _____

(Print name) _____

☐ Additional Signature Addendum attached (C.A.R. Form ASA).

(_____/_____) (Do not initial if making a counter offer.) **CONFIRMATION OF ACCEPTANCE:** A Copy of Signed Acceptance was personally received by Buyer or Buyer's authorized agent on (date) _____ at _____
(Initials) ☐ AM/ ☐ PM. A binding Agreement is created when a Copy of Signed Acceptance is personally received by Buyer or Buyer's authorized agent whether or not confirmed in this document. Completion of this confirmation is not legally required in order to create a binding Agreement; it is solely intended to evidence the date that Confirmation of Acceptance has occurred.

REAL ESTATE BROKERS:

- A. Real Estate Brokers are not parties to the Agreement between Buyer and Seller.**
B. Agency relationships are confirmed as stated in paragraph 2.
C. If specified in paragraph 3A(2), Agent who submitted the offer for Buyer acknowledges receipt of deposit.
D. COOPERATING (BUYER'S) COMPENSATION: Seller's Broker agrees to pay Buyer's Broker and Buyer's Broker agrees to accept, out of Seller's Broker's proceeds in escrow, the amount specified in the MLS, provided Buyer's Broker is a Participant of the MLS in which the Property is offered for sale or a reciprocal MLS. If Seller's Broker and Buyer's Broker are not both Participants of the MLS, or a reciprocal MLS, in which the Property is offered for sale, then compensation must be specified in a separate written agreement (C.A.R. Form CBC). Declaration of License and Tax (C.A.R. Form DLT) may be used to document that tax reporting will be required or that an exemption exists.
E. PRESENTATION OF OFFER: Pursuant to Standard of Practice 1-7, if Buyer's Broker makes a written request, Seller's Broker shall confirm in writing that this offer has been presented to Seller.

Buyer's Brokerage Firm Al Saroyan, Broker DRE Lic. # 01153538
 By Al Saroyan DRE Lic. # _____ Date _____
 By _____ DRE Lic. # _____ Date _____
 Address 760 Redwood Ave City Sand City State CA Zip 93955
 Telephone (831)393-1800 Fax _____ E-mail al@saroyanmasterbuilder.com
 Seller's Brokerage Firm _____ DRE Lic. # _____
 By _____ DRE Lic. # _____ Date _____
 By _____ DRE Lic. # _____ Date _____
 Address _____ City _____ State _____ Zip _____
 Telephone _____ Fax _____ E-mail _____

ESCROW HOLDER ACKNOWLEDGMENT:

Escrow Holder acknowledges receipt of a Copy of this Agreement, (if checked, ☐ a deposit in the amount of \$ 5,000.00), counter offer numbers _____ ☐ Seller's Statement of Information and _____, and agrees to act as Escrow Holder subject to paragraph 24 of this Agreement, any supplemental escrow instructions and the terms of Escrow Holder's general provisions.

Escrow Holder is advised that the date of Confirmation of Acceptance of the Agreement as between Buyer and Seller is _____

Escrow Holder _____ Escrow # _____
 By _____ Date _____
 Address _____
 Phone/Fax/E-mail _____
 Escrow Holder has the following license number # _____
☐ Department of Business Oversight, ☐ Department of Insurance, ☐ Department of Real Estate.

PRESENTATION OF OFFER: (_____) Listing Broker presented this offer to Seller on _____ (date).
 Broker or Designee Initials

REJECTION OF OFFER: (_____) (_____) No counter offer is being made. This offer was rejected by Seller on _____ (date).
 Seller's Initials

Buyer's Initials AS (_____) (_____)

Seller's Initials (_____) (_____)

©2018, California Association of REALTORS®, Inc. United States copyright law (Title 17 U.S. Code) forbids the unauthorized distribution, display and reproduction of this form, or any portion thereof, by photocopy machine or any other means, including facsimile or computerized formats.

THIS FORM HAS BEEN APPROVED BY THE CALIFORNIA ASSOCIATION OF REALTORS® (C.A.R.). NO REPRESENTATION IS MADE AS TO THE LEGAL VALIDITY OR ACCURACY OF ANY PROVISION IN ANY SPECIFIC TRANSACTION. A REAL ESTATE BROKER IS THE PERSON QUALIFIED TO ADVISE ON REAL ESTATE TRANSACTIONS. IF YOU DESIRE LEGAL OR TAX ADVICE, CONSULT AN APPROPRIATE PROFESSIONAL.

This form is made available to real estate professionals through an agreement with or purchase from the California Association of REALTORS®. It is not intended to identify the user as a REALTOR®. REALTOR® is a registered collective membership mark which may be used only by members of the NATIONAL ASSOCIATION OF REALTORS® who subscribe to its Code of Ethics.



Published and Distributed by:
 REAL ESTATE BUSINESS SERVICES, LLC.
 a subsidiary of the CALIFORNIA ASSOCIATION OF REALTORS®
 525 South Virgil Avenue, Los Angeles, California 90020

CPA REVISED 12/18 (PAGE 11 OF 11)

COMMERCIAL PROPERTY PURCHASE AGREEMENT (CPA PAGE 11 OF 11)

Produced with zipForm® by zipLogix 18070 Fifteen Mile Road, Fraser, Michigan 48026 www.zipLogix.com

Roseville Post





BUYER'S INSPECTION ADVISORY

(C.A.R. Form BIA, Revised 11/14)

Property Address **320 Vernon St, Roseville, Ca 95678**

1. IMPORTANCE OF PROPERTY INVESTIGATION: The physical condition of the land and improvements being purchased is not guaranteed by either Seller or Brokers. You have an affirmative duty to exercise reasonable care to protect yourself, including discovery of the legal, practical and technical implications of disclosed facts, and the investigation and verification of information and facts that you know or that are within your diligent attention and observation. A general physical inspection typically does not cover all aspects of the Property nor items affecting the Property that are not physically located on the Property. If the professionals recommend further investigations, including a recommendation by a pest control operator to inspect inaccessible areas of the Property, you should contact qualified experts to conduct such additional investigations.

2. BROKER OBLIGATIONS: Brokers do not have expertise in all areas and therefore cannot advise you on many items, such as those listed below. If Broker gives you referrals to professionals, Broker does not guarantee their performance.

3. YOU ARE STRONGLY ADVISED TO INVESTIGATE THE CONDITION AND SUITABILITY OF ALL ASPECTS OF THE PROPERTY, INCLUDING BUT NOT LIMITED TO THE FOLLOWING. IF YOU DO NOT DO SO, YOU ARE ACTING AGAINST THE ADVICE OF BROKERS.

- A. GENERAL CONDITION OF THE PROPERTY, ITS SYSTEMS AND COMPONENTS:** Foundation, roof (condition, age, leaks, useful life), plumbing, heating, air conditioning, electrical, mechanical, security, pool/spa (cracks, leaks, operation), other structural and nonstructural systems and components, fixtures, built-in appliances, any personal property included in the sale, and energy efficiency of the Property.
- B. SQUARE FOOTAGE, AGE, BOUNDARIES:** Square footage, room dimensions, lot size, age of improvements and boundaries. Any numerical statements regarding these items are APPROXIMATIONS ONLY and have not been verified by Seller and cannot be verified by Brokers. Fences, hedges, walls, retaining walls and other barriers or markers do not necessarily identify true Property boundaries.
- C. WOOD DESTROYING PESTS:** Presence of, or conditions likely to lead to the presence of wood destroying pests and organisms.
- D. SOIL STABILITY:** Existence of fill or compacted soil, expansive or contracting soil, susceptibility to slippage, settling or movement, and the adequacy of drainage.
- E. WATER AND UTILITIES; WELL SYSTEMS AND COMPONENTS; WASTE DISPOSAL:** Water and utility availability, use restrictions and costs. Water quality, adequacy, condition, and performance of well systems and components. The type, size, adequacy, capacity and condition of sewer and septic systems and components, connection to sewer, and applicable fees.
- F. ENVIRONMENTAL HAZARDS:** Potential environmental hazards, including, but not limited to, asbestos, lead-based paint and other lead contamination, radon, methane, other gases, fuel oil or chemical storage tanks, contaminated soil or water, hazardous waste, waste disposal sites, electromagnetic fields, nuclear sources, and other substances, materials, products, or conditions (including mold (airborne, toxic or otherwise), fungus or similar contaminants).
- G. EARTHQUAKES AND FLOODING:** Susceptibility of the Property to earthquake/seismic hazards and propensity of the Property to flood.
- H. FIRE, HAZARD AND OTHER INSURANCE:** The availability and cost of necessary or desired insurance may vary. The location of the Property in a seismic, flood or fire hazard zone, and other conditions, such as the age of the Property and the claims history of the Property and Buyer, may affect the availability and need for certain types of insurance. Buyer should explore insurance options early as this information may affect other decisions, including the removal of loan and inspection contingencies.
- I. BUILDING PERMITS, ZONING AND GOVERNMENTAL REQUIREMENTS:** Permits, inspections, certificates, zoning, other governmental limitations, restrictions, and requirements affecting the current or future use of the Property, its development or size.
- J. RENTAL PROPERTY RESTRICTIONS:** Some cities and counties impose restrictions that limit the amount of rent that can be charged, the maximum number of occupants, and the right of a landlord to terminate a tenancy. Deadbolt or other locks and security systems for doors and windows, including window bars, should be examined to determine whether they satisfy legal requirements.
- K. SECURITY AND SAFETY:** State and local Law may require the installation of barriers, access alarms, self-latching mechanisms and/or other measures to decrease the risk to children and other persons of existing swimming pools and hot tubs, as well as various fire safety and other measures concerning other features of the Property.
- L. NEIGHBORHOOD, AREA, SUBDIVISION CONDITIONS; PERSONAL FACTORS:** Neighborhood or area conditions, including schools, law enforcement, crime statistics, registered felons or offenders, fire protection, other government services, availability, adequacy and cost of internet connections or other technology services and installations, commercial, industrial or agricultural activities, existing and proposed transportation, construction and development that may affect noise, view, or traffic, airport noise, noise or odor from any source, wild and domestic animals, other nuisances, hazards, or circumstances, protected species, wetland properties, botanical diseases, historic or other governmentally protected sites or improvements, cemeteries, facilities and condition of common areas of common interest subdivisions, and possible lack of compliance with any governing documents or Homeowners' Association requirements, conditions and influences of significance to certain cultures and/or religions, and personal needs, requirements and preferences of Buyer.

By signing below, Buyers acknowledge that they have read, understand, accept and have received a Copy of this Advisory. Buyers are encouraged to read it carefully.

Buyer

LENOX HILL INTERIORS, INC

Buyer

© 1991-2004, California Association of REALTORS®, Inc. THIS FORM HAS BEEN APPROVED BY THE CALIFORNIA ASSOCIATION OF REALTORS® (C.A.R.). NO REPRESENTATION IS MADE AS TO THE LEGAL VALIDITY OR ACCURACY OF ANY PROVISION IN ANY SPECIFIC TRANSACTION. A REAL ESTATE BROKER IS THE PERSON QUALIFIED TO ADVISE ON REAL ESTATE TRANSACTIONS. IF YOU DESIRE LEGAL OR TAX ADVICE, CONSULT AN APPROPRIATE PROFESSIONAL.



Published and Distributed by:
REAL ESTATE BUSINESS SERVICES, LLC.
a subsidiary of the California Association of REALTORS®
525 South Virgil Avenue, Los Angeles, California 90020

BIA REVISED 11/14 (PAGE 1 OF 1)

BUYER'S INSPECTION ADVISORY (BIA PAGE 1 OF 1)

ROYAL REALTY CO, 710 Redwood Ave SAND CITY CA 93955
AJ SAROYAN

Produced with zipForm® by zipLogix 18070 Fifteen Mile Road, Fraser, Michigan 48026 www.zipLogix.com

Phone: (831)393-1800

Fax: (831)393-2400

Roseville Post





CALIFORNIA
ASSOCIATION
OF REALTORS®

POSSIBLE REPRESENTATION OF MORE THAN ONE BUYER OR SELLER - DISCLOSURE AND CONSENT

(C.A.R. Form PRBS, Revised 12/18)

A real estate broker (Broker), whether a corporation, partnership or sole proprietorship, may represent more than one buyer or seller. This multiple representation can occur through an individual licensed as a broker or salesperson or through different individual broker's or salespersons (associate licensees) acting under the Broker's license. The associate licensees may be working out of the same or different office locations.

Multiple Buyers: Broker (individually or through its associate licensees) may be working with many prospective buyers at the same time. These prospective buyers may have an interest in, and make offers on, the same properties. Some of these properties may be listed with Broker and some may not. Broker will not limit or restrict any particular buyer from making an offer on any particular property whether or not Broker represents other buyers interested in the same property.

Multiple Sellers: Broker (individually or through its associate licensees) may have listings on many properties at the same time. As a result, Broker will attempt to find buyers for each of those listed properties. Some listed properties may appeal to the same prospective buyers. Some properties may attract more prospective buyers than others. Some of these prospective buyers may be represented by Broker and some may not. Broker will market all listed properties to all prospective buyers whether or not Broker has another or other listed properties that may appeal to the same prospective buyers.

Dual Agency: If Seller is represented by Broker, Seller acknowledges that broker may represent prospective buyers of Seller's property and consents to Broker acting as a dual agent for both seller and buyer in that transaction. If Buyer is represented by Broker, buyer acknowledges that Broker may represent sellers of property that Buyer is interested in acquiring and consents to Broker acting as a dual agent for both buyer and seller with regard to that property.

In the event of dual agency, seller and buyer agree that: a dual agent may not, without the express permission of the respective party, disclose to the other party confidential information, including, but not limited to, facts relating to either the buyer's or seller's financial position, motivations, bargaining position, or other personal information that may impact price, including the seller's willingness to accept a price less than the listing price or the buyer's willingness to pay a price greater than the price offered; and except as set forth above, a dual agent is obligated to disclose known facts materially affecting the value or desirability of the Property to both parties.

Offers not necessarily confidential: Buyer is advised that seller or listing agent may disclose the existence, terms, or conditions of buyer's offer unless all parties and their agent have signed a written confidentiality agreement. Whether any such information is actually disclosed depends on many factors, such as current market conditions, the prevailing practice in the real estate community, the listing agent's marketing strategy and the instructions of the seller.

Buyer and seller understand that Broker may represent more than one buyer or more than one seller and even both buyer and seller on the same transaction and consents to such relationships.

Seller and/or Buyer acknowledges reading and understanding this Possible Representation of More Than One Buyer or Seller - Disclosure and Consent and agrees to the agency possibilities disclosed.

Seller _____	<u>City of Roseville</u>	Date _____
Seller _____		Date _____
Buyer _____	<u>LENOX HILL INTERIORS, INC</u>	Date _____
Buyer _____		Date _____
Buyer's Brokerage Firm <u>AI Saroyan Broker</u>	DRE Lic # <u>01153538</u>	Date _____
By _____	DRE Lic # _____	Date _____
<u>AI SAROYAN</u>		
Seller's Brokerage Firm _____	DRE Lic # _____	Date _____
By _____	DRE Lic # _____	Date _____

© 2018, California Association of REALTORS®, Inc. United States copyright law (Title 17 U.S. Code) forbids the unauthorized distribution, display and reproduction of this form, or any portion thereof, by photocopy machine or any other means, including facsimile or computerized formats.

THIS FORM HAS BEEN APPROVED BY THE CALIFORNIA ASSOCIATION OF REALTORS® (C.A.R.). NO REPRESENTATION IS MADE AS TO THE LEGAL VALIDITY OR ACCURACY OF ANY PROVISION IN ANY SPECIFIC TRANSACTION. A REAL ESTATE BROKER IS THE PERSON QUALIFIED TO ADVISE ON REAL ESTATE TRANSACTIONS. IF YOU DESIRE LEGAL OR TAX ADVICE, CONSULT AN APPROPRIATE PROFESSIONAL.

This form is made available to real estate professionals through an agreement with or purchase from the California Association of REALTORS®. It is not intended to identify the user as a REALTOR®. REALTOR® is a registered collective membership mark which may be used only by members of the NATIONAL ASSOCIATION OF REALTORS® who subscribe to its Code of Ethics.



Published and Distributed by:
REAL ESTATE BUSINESS SERVICES, LLC.
a subsidiary of the California Association of REALTORS®
525 South Virgil Avenue, Los Angeles, California 90020

PRBS REVISED 12/18 (PAGE 1 OF 1)

POSSIBLE REPRESENTATION OF MORE THAN ONE BUYER OR SELLER (PRBS PAGE 1 OF 1)

ROYAL REALTY CO, 710 Redwood Ave SAND CITY CA 93955
AI SAROYAN

Produced with zipForm® by zipLogix 18070 Fifteen Mile Road, Fraser, Michigan 48026 www.zipLogix.com

Phone: (831)393-1800

Fax: (831)393-2400

Roseville Post





CALIFORNIA
ASSOCIATION
OF REALTORS®

ADDENDUM

(C.A.R. Form ADM, Revised 12/15)

No. One (1)

The following terms and conditions are hereby incorporated in and made a part of the: ☒ Purchase Agreement, ☐ Residential Lease or Month-to-Month Rental Agreement, ☐ Transfer Disclosure Statement (Note: An amendment to the TDS may give the Buyer a right to rescind), ☐ Other _____,

dated October 4, 2019, on property known as 320 Vernon St

Roseville, Ca 95678

in which LENOX HILL INTERIORS, INC is referred to as ("Buyer/Tenant")

and City of Roseville is referred to as ("Seller/Landlord").

See Attached pages 1, 2 & 3 attached for Addendum 1 Terms

The foregoing terms and conditions are hereby agreed to, and the undersigned acknowledge receipt of a copy of this document.

Date 9-17-19

Date _____

Buyer/Tenant PRESIDENT
LENOX HILL INTERIORS, INC

Seller/Landlord _____

City of Roseville

Buyer/Tenant _____

Seller/Landlord _____

© 1986-2015, California Association of REALTORS®, Inc. United States copyright law (Title 17 U.S. Code) forbids the unauthorized distribution, display and reproduction of this form, or any portion thereof, by photocopy machine or any other means, including facsimile or computerized formats.

THIS FORM HAS BEEN APPROVED BY THE CALIFORNIA ASSOCIATION OF REALTORS® (C.A.R.). NO REPRESENTATION IS MADE AS TO THE LEGAL VALIDITY OR ACCURACY OF ANY PROVISION IN ANY SPECIFIC TRANSACTION. A REAL ESTATE BROKER IS THE PERSON QUALIFIED TO ADVISE ON REAL ESTATE TRANSACTIONS. IF YOU DESIRE LEGAL OR TAX ADVICE, CONSULT AN APPROPRIATE PROFESSIONAL.

This form is made available to real estate professionals through an agreement with or purchase from the California Association of REALTORS®. It is not intended to identify the user as a REALTOR®. REALTOR® is a registered collective membership mark which may be used only by members of the NATIONAL ASSOCIATION OF REALTORS® who subscribe to its Code of Ethics.



Published and Distributed by:
REAL ESTATE BUSINESS SERVICES, LLC.
a subsidiary of the California Association of REALTORS®
525 South Virgil Avenue, Los Angeles, California 90020

ADM REVISED 12/15 (PAGE 1 OF 1)

ADDENDUM (ADM PAGE 1 OF 1)

ROYAL REALTY CO, 710 Redwood Ave SAND CITY CA 93955
AI SAROYAN

Produced with zipForm® by zipLogix 18070 Fifteen Mile Road, Fraser, Michigan 48026 www.zipLogix.com

Phone: (831)393-1800

Fax: (831)393-2400

Roseville Post



1. In addition to the phase one environmental survey report described in Section 12 of the Purchase Agreement, within 60 days after Acceptance Seller shall, at Seller's sole cost and expense, cause to be prepared and delivered to Buyer a comprehensive written report regarding the presence of any asbestos, lead, mold, or other hazardous material in or around the building on the Property and the estimated cost of properly removing and remediating any such contamination. If Buyer elects to purchase the Property after reviewing and approving such report, Seller agrees to bear the first \$100,000 of such removal and remediation costs and any removal and remediation costs exceeding \$100,000 shall be borne equally by Seller and Buyer.
2. Within 60 days after Acceptance Seller shall, at Seller's sole cost and expense, also cause to be prepared and delivered to Buyer (a) a comprehensive written soils and geotechnical report for the Property, (b) an accurate ALTA/NSPS Land Title Survey of the Property, and (c) a comprehensive written utilities and demolition study for the Property.
3. The Preliminary Report described in Section 17 of the Purchase Agreement shall be delivered together with copies of all documents evidencing the items listed as exceptions to title in the Preliminary Report. Buyer shall have a period of 30 days following receipt of the Preliminary Report within which to give written notice to Seller of Buyer's disapproval of any of the exceptions or any other matter affecting title to the Property (collectively, the "Exceptions"). Buyer's failure to give written notice of its approval or disapproval of the Exceptions within the 30 day period shall be deemed approval. If Buyer notifies Seller of its disapproval of any Exception, Seller shall have the right, but not the obligation, within 10 days after receiving written notice of Buyer's disapproval, to remove any disapproved Exception or to commit in writing to remove such Exception at or before the Close of Escrow in a manner reasonably acceptable to Buyer. If Seller cannot or does not elect to remove any of the disapproved Exceptions within the applicable period, without waiving any rights or remedies otherwise available to Buyer, at its sole discretion, Buyer shall have 5 days after the expiration of Seller's period to remove such Exception to give Seller written notice that Buyer elects to proceed with the purchase of the Property subject to the disapproved Exception. If Buyer does not give such notice within that 5 day period, this Agreement shall be deemed terminated, the Deposit and all accrued interest shall be immediately returned to Buyer, and neither party shall have any further obligation to the other under the Purchase Agreement.
4. Buyer shall have the period described in Section 18(B)(1) of the Purchase Agreement (the "Inspection Period") within which to conduct feasibility studies, secure appraisals, and obtain other reports with which to assess the viability of the mixed-use hotel and commercial project proposed to be developed on the Property. The Inspection Period may be extended for a period of 90 days by the provision of written notice from Buyer to Seller that additional time is needed to complete analysis of the viability of the project. If further time is needed to complete such analysis, the Inspection Period may be further extended with the written consent of Seller, which shall not unreasonably be withheld, delayed, or conditioned. It is contemplated that during the Inspection Period Buyer will submit preliminary plans for the proposed project to Seller for review (including environmental review and potential approval) in its capacity as the land use approval jurisdiction for the Property. The parties acknowledge that the results of such review and potential approval by Seller in its capacity as the land use approval jurisdiction for the Property are significant factors in assessing the viability of the proposed project. During the Inspection Period and any extension(s) thereof, Buyer shall provide Seller with a written report on a monthly basis summarizing the progress of Buyer's viability analysis.



5. Seller confirms that parking spaces within the existing two Seller-owned or Seller-operated downtown free parking garages may be used in connection with the proposed project, although not on an exclusive basis. During the Inspection Period, the parties will meet and confer in good faith to explore options for and diligently endeavor to secure additional reserved parking off site but near the proposed project.
6. Within 90 days after the expiration of the Inspection Period and any extension(s) thereof, Buyer shall disclose in writing to Seller the identity of the hotel operator selected by Buyer to operate the hotel element of the proposed project.
7. Within 90 days after the expiration of the Inspection Period and any extension(s) thereof, Buyer shall commence the preparation of the construction documents and engineering reports necessary to obtain a building permit for the proposed structures. Thereafter, Buyer shall diligently pursue such work to completion.
8. The Close of Escrow shall take place on a date which is 60 days after the removal or waiver of the last of Buyer's contingencies, or as the parties may otherwise agree. Buyer may elect, in Buyer's sole discretion, to remove or waive any or all contingencies even before the expiration of the Inspection Period or any extension(s) thereof.
9. Section 30 of the Purchase Agreement is amended to read in its entirety as follows: Buyer may with the written consent of Seller, which consent shall not unreasonably be withheld, delayed or conditioned, assign the Purchase Agreement or any or all of its rights thereunder, provided that the assignee (a) assumes all obligations of Buyer under the Purchase Agreement pursuant to an assignment and assumption agreement, but Buyer will remain primarily liable for performance of Buyer's obligations and (b) a copy of the fully executed written assignment and assumption agreement is delivered to Seller at least 5 days prior to Close of Escrow. Additionally, Buyer or Buyer's assignee may take on one or more equity partners for the contemplated development, ownership, and operation of the proposed project or the Property; provided that the names of any such equity partners who will hold in the aggregate more than 50% of the ownership interests shall be disclosed in writing to Seller at least 5 days prior to Close of Escrow.
10. In the event Buyer does not (a) expend a minimum of five hundred thousand dollars (\$500,000) in Improvement Costs (as defined below) to the Property within thirty-six (36) months after the Close of Escrow or (b) secure a Certificate of Occupancy for a project generally consistent with the Request for Proposals (RFP) submittal within sixty (60) months of the Close of Escrow, Seller shall have the right to repurchase the Property for the Repurchase Price (as defined below). In the event of a recession (defined for purpose of this section as two (2) consecutive quarters of Gross Domestic Product (GDP) decline), which in the opinion of Buyer has been determined to diminish or eliminate Buyer's ability to obtain project financing, Buyer shall be granted up to a maximum sixty (60) month extension to secure a Certificate of Occupancy as outlined herein, upon Buyer's written request. The term "Improvement Costs" as used in this section, shall mean any and all hard costs and out-of-pocket soft costs (i.e., soft costs paid to a party other than Buyer) associated with improvements to the Property (including, without limitation, costs for demolition of existing improvements and structures and construction of new tenant improvements). Seller shall be required to exercise the Repurchase Right provided in this section, if it elects in its sole discretion to do so, by providing Buyer with written notice of such exercise (the "Repurchase Notice") within sixty (60) calendar days following, in the case of a failure to meet the



requirements of clause (a) above, the thirty sixth (36th) month after the Close of Escrow or, in the case of a failure to meet the requirements of clause (b) above, the sixtieth (60th) month after the Close of Escrow plus the period of any recession-related extension granted per the terms outlined in this section, with the closing of such repurchase to occur within forty-five (45) calendar days following Seller's delivery of the Repurchase Notice. If Seller fails to provide the Repurchase Notice within the time periods provided above, Seller's Repurchase Right shall lapse and be of no further effect. The term "Repurchase Price" as used in this Section shall mean the sum of: (i) the purchase price originally paid by Buyer hereunder, together with interest thereon accruing from and after the Close of Escrow at the prime rate of interest per annum published in the Wall Street Journal plus two percent (2%) (the "Interest Rate") and (ii) the remediation costs paid by Buyer (per paragraph 1 of this Addendum) together with interest thereon accruing from and after the date paid by Buyer at the Interest Rate. If Seller exercises the Repurchase Right pursuant to this Section, (i) Seller shall be responsible for all title, escrow and closing costs associated with the such repurchase of the Property, and (ii) Buyer shall be required to convey fee simple title of the Property to Seller subject only to the Permitted Exceptions together with any additional encumbrances on title that have been previously approved by Seller at Seller's reasonable discretion. At the Close of Escrow, a Memorandum of Agreement shall be recorded against the Property which shall provide third parties with record notice of Seller's Repurchase Rights. The provisions of this Section shall survive the Close of Escrow and recordation of the Grant Deed.

11. For a period of sixty (60) months following the Close of Escrow, Seller shall have the right of first refusal to purchase the Property from the Buyer if Buyer receives from any third party a bona fide offer to purchase the Property at a price and on terms acceptable to Buyer. In such event, Buyer shall give Seller written notice of such offer and the material terms thereof (the "ROFR Notice"). If Seller desires to exercise its right hereunder, Seller shall notify Buyer in writing of its intention to do so within thirty (30) days after receipt of the ROFR Notice and shall thereafter purchase the Property at the price and on the terms and conditions stated in the ROFR Notice. If Seller declines to exercise such right or fails to timely notify Buyer of its election to exercise such right, Buyer shall be free to sell the Property at a price and upon terms and conditions not less favorable to Buyer than those stated in the ROFR Notice. At the Close of Escrow, a Memorandum of Agreement shall be recorded against the Property which shall provide third parties with record notice of Seller's Right of First Refusal. The provisions of this Section shall survive the Close of Escrow and recordation of the Grant Deed.

12. If the Tenant Estoppel Certificate contemplated in Section 11(B)(3) of the Purchase Agreement has not been signed and delivered to Buyer at least 5 days prior to Close of Escrow, Seller shall sign and deliver to Buyer in lieu thereof a Landlord Estoppel Certificate containing the same acknowledgements as would have been contained in the Tenant Estoppel Certificate.

13. Seller shall be responsible, at its sole cost and expense, for removing the Christopher Columbus statue presently situated on the Property within 180 days following the Close of Escrow. Buyer shall allow Seller reasonable access upon not less than 2 business days' notice to accomplish such removal. In conducting such removal, Seller will not unreasonably interfere with the operation, management or use of the Property by Buyer, any tenant or by any of their respective agents, customers, invitees, or guests. If necessary to avoid such interference, Seller shall schedule such removal work to occur outside of ordinary business hours.



Appraisal of Real Property

320 Vernon Street

Office Property
Roseville, Placer County, California 95747

Prepared For:

City of Roseville

Effective Date of the Appraisal:

May 1, 2018

Report Format:

Appraisal Report – Standard Format

IRR - Sacramento

File Number: 193-2018-0208





320 Vernon Street
Roseville, California



June 4, 2018

Wayne Wiley
City of Roseville
311 Vernon Street
Roseville, CA 95678

SUBJECT: Market Value Appraisal
 320 Vernon Street
 Roseville, Placer County, California 95747
 IRR - Sacramento File No. 193-2018-0208

Dear Mr. Wiley:

Integra Realty Resources – Sacramento is pleased to submit the accompanying appraisal of the referenced property. The purpose of the appraisal is to develop an opinion of the market value as is of the leased fee interest in the property. The client for the assignment is City of Roseville, and the intended use is for asset valuation purposes.

The subject property is currently improved with a United States Post Office. The building was constructed in 1935 and consists of 9,783± square feet on the ground floor and 9,702± square feet of basement space, for a total rentable area of 19,485± square feet. The property is situated within the confines of a single assessor's parcel containing approximately 22,982 square feet of land area. A more detailed legal and physical description of the subject property, as well as related market area characteristics, is contained within the attached report.

The appraisal is intended to conform with the Uniform Standards of Professional Appraisal Practice (USPAP), the Code of Professional Ethics and Standards of Professional Appraisal Practice of the Appraisal Institute, applicable state appraisal regulations, and the appraisal guidelines of City of Roseville.

To report the assignment results, we use the Appraisal Report option of Standards Rule 2-2(a) of USPAP. As USPAP gives appraisers the flexibility to vary the level of information in an Appraisal Report depending on the intended use and intended users of the appraisal, we adhere to the Integra Realty Resources internal standards for an Appraisal Report –

Standard Format. This format summarizes the information analyzed, the appraisal methods employed, and the reasoning that supports the analyses, opinions, and conclusions.

Based on the valuation analysis in the accompanying report, and subject to the definitions, assumptions, and limiting conditions expressed in the report, our opinion of value is as follows:

Value Conclusion

Appraisal Premise	Interest Appraised	Date of Value	Value Conclusion
Market Value As Is	Leased Fee	May 1, 2018	\$570,000

Extraordinary Assumptions and Hypothetical Conditions

The value conclusions are subject to the following extraordinary assumptions that may affect the assignment results. An extraordinary assumption is uncertain information accepted as fact. If the assumption is found to be false as of the effective date of the appraisal, we reserve the right to modify our value conclusions.

1. It is our understanding the basement floor tiles contain asbestos. Given the age of the construction, there is some possibility asbestos or other hazardous materials could also be contained in some of the mechanical piping insulation and materials within the walls. An estimate of \$100,000 was provided by Mr. Lance Klug of Reeve Knight Construction for the demolition, asbestos and other hazardous material abatement. The estimated cost appears reasonable based on our experience with other projects in the region, but the appraisers are not experts in this field. It is assumed the estimate reasonably approximates the ultimate actual cost. If, at some future date, the actual costs incurred differ significantly from the estimate, the market value estimate

The value conclusions are based on the following hypothetical conditions that may affect the assignment results. A hypothetical condition is a condition contrary to known fact on the effective date of the appraisal but is supposed for the purpose of analysis.

1. None
-

Wayne Wiley
City of Roseville
June 4, 2018
Page 3

If you have any questions or comments, please contact the undersigned. Thank you for the opportunity to be of service.

Respectfully submitted,

Integra Realty Resources - Sacramento



Lance Jordan, MAI
Certified General Real Estate Appraiser
California Certificate # AG012709
Telephone: 916-435-3883, ext. 232
Email: ljordan@irr.com



Ligia Dejeu
Certified General Real Estate Appraiser
California Certificate # 3004823
Telephone: 916-435-3883, ext. 240
Email: ldejeu@irr.com

Table of Contents

Summary of Salient Facts and Conclusions	1	Improvements Description and Analysis	42
General Information	2	Real Estate Taxes	54
Identification of Subject	2	Highest and Best Use	55
Sale History	2	Valuation	59
Pending Transactions	2	Valuation Methodology	59
Purpose of the Appraisal	2	Income Capitalization Approach	60
Definition of Market Value	2	Introduction	60
Definition of As Is Market Value	3	Annual Cash Flows	60
Definition of Property Rights Appraised	3	Reversion Value	62
Intended Use and User	3	Demolition and Related Site Costs	71
Applicable Requirements	3	Discount Rate	71
Report Format	4	Conclusion	72
Prior Services	4	Conclusion of Value	73
Scope of Work	4	Exposure Time	73
Economic Analysis	6	Marketing Period	73
Area Analysis – Placer County	6	Certification	75
Introduction	6	Assumptions and Limiting Conditions	77
Population	6	Addenda	
Transportation	7	A. Appraiser Qualifications	
Employment & Economy	7	B. Grant Deed	
Household Income	8	C. Lease Agreement	
Recreation & Community Services	8	D. Comparable Data	
Conclusion	9	Land Sales	
Surrounding Area	11	E. Engagement Letter	
Office Market Analysis	23		
Retail Market Analysis	30		
Property Analysis	38		
Land Description and Analysis	38		

Summary of Salient Facts and Conclusions

Address	320 Vernon St. Roseville, Placer County, California 95747
Property Type	Office - Governmental/Institutional
Owner of Record	City of Roseville
Tax ID	013-091-003
Land Area	0.53 acres; 22,982 SF
Rentable Area	19,485 SF
Percent Leased	100%
Year Built	1935
Zoning Designation	CBD/SA - DT, Central Business District/Special Area - Downtown Specific Plan (DT-6)
Highest and Best Use - As if Vacant	Office, retail and/or mixed-use
Highest and Best Use - As Improved	Interim use as a post office facility until the lease agreement terminates, or until the tenant voluntarily vacates the subject property and then demolition of the existing building. the financial feasibility of construction at that time would be dependent on market conditions at that time.
Exposure Time; Marketing Period	12 months; 12 months
Effective Date of the Appraisal	May 1, 2018
Date of the Report	June 4, 2018
Property Interest Appraised	Leased Fee
Market Value Conclusion	\$570,000 (\$29.25/SF)

The values reported above are subject to the definitions, assumptions, and limiting conditions set forth in the accompanying report of which this summary is a part. No party other than City of Roseville may use or rely on the information, opinions, and conclusions contained in the report. It is assumed that the users of the report have read the entire report, including all of the definitions, assumptions, and limiting conditions contained therein.

Extraordinary Assumptions and Hypothetical Conditions

The value conclusions are subject to the following extraordinary assumptions that may affect the assignment results. An extraordinary assumption is uncertain information accepted as fact. If the assumption is found to be false as of the effective date of the appraisal, we reserve the right to modify our value conclusions.

1. It is our understanding the basement floor tiles contain asbestos. Given the age of the construction, there is some possibility asbestos or other hazardous materials could also be contained in some of the mechanical piping insulation and materials within the walls. An estimate of \$100,000 was provided by Mr. Lance Klug of Reeve Knight Construction for the demolition, asbestos and other hazardous material abatement. The estimated cost appears reasonable based on our experience with other projects in the region, but the appraisers are not experts in this field. It is assumed the estimate reasonably approximates the ultimate actual cost. If, at some future date, the actual costs incurred differ significantly from the estimate, the market value estimate

The value conclusions are based on the following hypothetical conditions that may affect the assignment results. A hypothetical condition is a condition contrary to known fact on the effective date of the appraisal but is supposed for the purpose of analysis.

1. None

General Information

Identification of Subject

The subject property is currently improved with a United States Post Office. The building was constructed in 1935 and consists of 9,783± square feet on the ground floor and 9,702± square feet of basement space, for a total rentable area of 19,485± square feet. The property is situated within the confines of a single assessor's parcel containing approximately 22,982 square feet of land area. A legal description of the property is within the grant deed, a copy of which is located within the addenda to this report.

Property Identification

Address	320 Vernon St. Roseville, California 95747
Tax ID	013-091-003
Owner of Record	City of Roseville

Sale History

To the best of our knowledge, no sale or transfer of ownership has taken place within a three-year period prior to the effective appraisal date.

Pending Transactions

To the best of our knowledge, the property is not subject to an agreement of sale or an option to buy, nor is it listed for sale, as of the effective appraisal date.

Purpose of the Appraisal

The purpose of the appraisal is to develop an opinion of the market value as is of the leased fee interest in the property as of the effective date of the appraisal, May 1, 2018. The date of the report is June 4, 2018. The appraisal is valid only as of the stated effective date or dates.

Definition of Market Value

Market value is defined as:

“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:

- Buyer and seller are typically motivated;
- Both parties are well informed or well advised, and acting in what they consider their own best interests;

- A reasonable time is allowed for exposure in the open market;
- Payment is made in terms of cash in U.S. dollars or in terms of financial arrangements comparable thereto; and
- 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.”

(Source: Code of Federal Regulations, Title 12, Chapter I, Part 34.42[g]; also Interagency Appraisal and Evaluation Guidelines, Federal Register, 75 FR 77449, December 10, 2010, page 77472)

Definition of As Is Market Value

As is market value is defined as, “The estimate of the market value of real property in its current physical condition, use, and zoning as of the appraisal date.”

(Source: Appraisal Institute, The Dictionary of Real Estate Appraisal, 6th ed. (Chicago: Appraisal Institute, 2015); also Interagency Appraisal and Evaluation Guidelines, Federal Register, 75 FR 77449, December 10, 2010, page 77471)

Definition of Property Rights Appraised

Leased fee interest is defined as, “The ownership interest held by the lessor, which includes the right to receive the contract rent specified in the lease plus the reversionary rights when the lease expires.”

Lease is defined as: “A contract in which rights to use and occupy land, space, or structures are transferred by the owner to another for a specified period of time in return for a specified rent.”

Source: Appraisal Institute, The Dictionary of Real Estate Appraisal, 6th ed. (Chicago: Appraisal Institute, 2015)

Intended Use and User

The intended use of the appraisal is for asset valuation purposes. The client and intended user is City of Roseville. The appraisal is not intended for any other use or user. No party or parties other than City of Roseville may use or rely on the information, opinions, and conclusions contained in this report.

Applicable Requirements

This appraisal is intended to conform to the requirements of the following:

- Uniform Standards of Professional Appraisal Practice (USPAP);
- Code of Professional Ethics and Standards of Professional Appraisal Practice of the Appraisal Institute;
- Applicable state appraisal regulations;
- Appraisal guidelines of City of Roseville.

Report Format

This report is prepared under the Appraisal Report option of Standards Rule 2-2(a) of USPAP. As USPAP gives appraisers the flexibility to vary the level of information in an Appraisal Report depending on the intended use and intended users of the appraisal, we adhere to the Integra Realty Resources internal standards for an Appraisal Report – Standard Format. This format summarizes the information analyzed, the appraisal methods employed, and the reasoning that supports the analyses, opinions, and conclusions.

Prior Services

USPAP requires appraisers to disclose to the client any other services they have provided in connection with the subject property in the prior three years, including valuation, consulting, property management, brokerage, or any other services. We have not performed any 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.

Scope of Work

To determine the appropriate scope of work for the assignment, we considered the intended use of the appraisal, the needs of the user, the complexity of the property, and other pertinent factors. Our concluded scope of work is described below.

Valuation Methodology

Appraisers usually consider the use of three approaches to value when developing a market value opinion for real property. These are the cost approach, sales comparison approach, and income capitalization approach. Use of the approaches in this assignment is summarized as follows:

Approaches to Value		
Approach	Applicability to Subject	Use in Assignment
Cost Approach	Not Applicable	Not Utilized
Sales Comparison Approach	Applicable	Utilized
Income Capitalization Approach	Applicable	Utilized

Given our opinion of highest and best use, the most appropriate method of estimating the market value of the leased fee interest is yield capitalization, a valuation technique of the income capitalization approach. As part of this valuation we employed the sales comparison approach to estimate the value of the underlying land. In summary, we estimated all net inflows of cash over the two years on the lease and determined the net reversion value (future land value, less demolition costs) and discounted all of the net cash flows to a present value. With the post office lease in place, it is our opinion this is the method the typical buyer would use to determine the price they would be willing to pay for the subject.

The cost approach was not considered necessary to produce a credible estimate of value. Due to the multiple forms of depreciation, the results of a cost approach are not as reliable given the greater number of inputs/estimates that are required. Specifically, since the subject property does not

represent new or proposed construction, a deduction for physical deterioration is necessary. Most importantly, market participants (buyers, sellers, brokers, etc.) put little, if any, reliance on this approach when assessing properties that are not of new or proposed construction or that are not representative of special use properties. They typically rely on the sales comparison and income capitalization approaches. For the aforementioned reasons, the cost approach was not required in the valuation of the subject property.

Research and Analysis

The type and extent of our research and analysis is detailed in individual sections of the report. This includes the steps we took to verify comparable sales, which are disclosed in the comparable sale profile sheets in the addenda to the report. Although we make an effort to confirm the arms-length nature of each sale with a party to the transaction, it is sometimes necessary to rely on secondary verification from sources deemed reliable.

Inspection

Lance Jordan, MAI, conducted an interior and exterior inspection of the property on May 1, 2018. Ligia Dejeu conducted an interior and exterior inspection on May 1, 2018.

Economic Analysis

Area Analysis – Placer County

Introduction

Placer County is part of the four-county Sacramento Metropolitan Area, along with the counties of Sacramento, Yolo and El Dorado. The county is located in the north-central part of California, approximately 420 miles north of Los Angeles, 250 miles south of Oregon, 100 miles northeast of San Francisco, 80 miles west of Lake Tahoe, and 100 miles southwest of Reno. The southernmost part of Placer County consists of a valley commonly referred to as South Placer; while the remainder of the county is divided into the Gold Country, where parts of Auburn and Colfax are located, and the High Country, which encompasses Tahoe City and Kings Beach along Lake Tahoe. Placer's largest cities are Roseville, Rocklin and Lincoln. Elevations in the county range from 165 feet above sea level in Roseville to 10,000 feet above sea level in the Sierra Nevada Mountains.

Placer County is developed with a mix of urban and rural uses. The larger cities, namely Roseville and Rocklin, are mostly urban, while the smaller communities, such as Loomis and Newcastle, have remained rural. Auburn and Lincoln both exhibit a combination of urban and rural settings. However, in recent years the city of Lincoln has experienced dramatic growth and development, and has become one of the fastest-growing cities in California.

Population

Placer County has experienced population growth in recent years, primarily in the southern part of the county. The primary points of origin for in-migration to the region are the Bay Area, other parts of the Sacramento region, and Southern California. The state's population data indicate a strong pattern of movement by residents from high-cost, high-density Bay Area counties to inland areas in Northern California.

Following is a table depicting the population change in Placer County and its component cities over the past few years.

Population Trends							
City	2012	2013	2014	2015	2016	2017	%/Yr
Auburn	13,623	13,730	13,962	13,995	14,066	14,096	0.7%
Colfax	2,012	2,036	2,047	2,048	2,054	2,070	0.6%
Lincoln	44,132	44,861	45,843	46,547	47,268	48,165	1.8%
Loomis	6,554	6,590	6,636	6,653	6,715	6,775	0.7%
Rocklin	58,739	59,275	59,839	60,425	61,672	64,417	1.9%
Roseville	123,836	126,864	129,219	130,828	133,618	135,868	1.9%
Unincorporated	<u>109,256</u>	<u>109,195</u>	<u>109,896</u>	<u>110,214</u>	<u>110,810</u>	<u>111,446</u>	<u>0.4%</u>
Total	358,152	362,551	367,442	370,710	376,203	382,837	1.4%

Source: California Department of Finance

As indicated in the previous table, Placer County has experienced a strong average rate of annual growth of 1.4% over the past five years. The cities of Roseville, Rocklin and Lincoln are the fastest growing parts of the region. Loomis and the unincorporated areas have had relatively little growth.

Over the past decade, Placer County has been the fastest-growing county within the four-county Sacramento MSA (which also includes Sacramento, El Dorado and Yolo Counties). It is projected this trend will continue for the near future.

Transportation

Interstate 80, State Highway 65 and State Highway 193 are the major routes traversing the region. Major urban arterials in the southern part of the county include Douglas Boulevard, Sierra College Boulevard, Roseville Parkway, Pleasant Grove Boulevard, Sunrise Avenue, Auburn-Folsom Road and Foothills Boulevard. In 2005, a major public improvement project was completed at the Douglas Boulevard/ Sunrise Avenue/ Interstate 80 intersection. The project added new lanes, new on/off ramps and a tunnel that have greatly improved traffic flow in the area.

In addition to roadways within the county limits, south Placer County enjoys proximity to many of the Sacramento region's freeways that provide access to the San Francisco Bay Area to the west, Central and Southern California to the south, Northern California and Oregon to the north, and Nevada to the east. Sacramento International Airport is situated about 10 miles west of the county border. The county is also home to a couple of small private airports. The region has good railroad service, including the transcontinental Union Pacific Railroad and Amtrak. The Capital Corridor system provides high-speed commuter rail service from Roseville to San Jose.

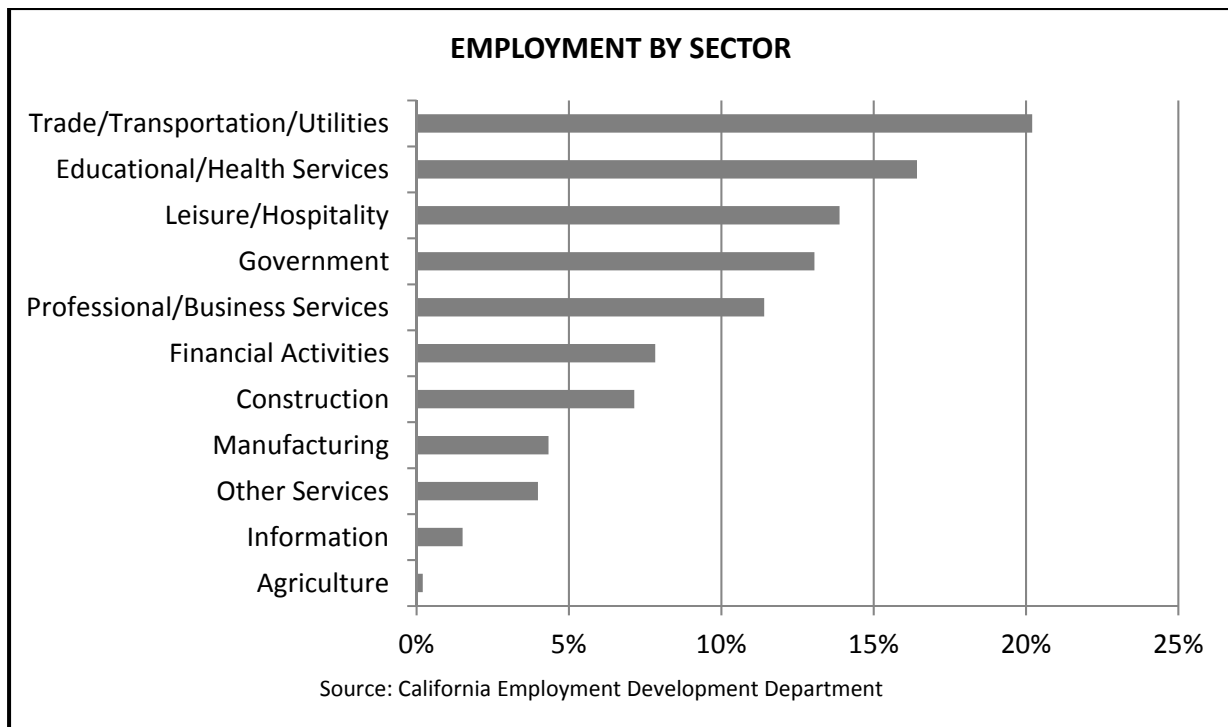
Employment & Economy

The California Employment Development Department has reported the following employment data for Placer County over the past several years.

Employment Trends					
	2013	2014	2015	2016	2017
Labor Force	176,300	176,500	178,200	179,800	182,000
Employment	162,700	165,500	169,200	171,800	176,200
Job Growth	-	2,800	3,700	2,600	4,400
Unemployment Rate	7.7%	6.2%	5.1%	4.4%	3.2%

Source: California Employment Development Department

Most areas within the state and nation, including Placer County, saw declining unemployment rates in 2004 through 2006, increases from 2007 to 2010, and declines during 2011-2016. Placer County has a diverse economy, with no one sector accounting for a majority of the employment in the region. The following chart indicates the percentage of total employment for each sector within the county.



As can be seen in the chart above, the area's largest employment sectors are Trade/Transportation/Utilities, which includes retail and wholesale trade (20.2% of total employment); Educational and Health Services (16.4%); Leisure and Hospitality (13.9%); and Government (13.1%).

Although many residents commute to employment centers in Sacramento, Placer County offers thousands of jobs and attracts workers from the local area as well as "reverse commuters" from Sacramento and residents of outlying areas such as Marysville/Yuba City to the north. The largest employers in the county, according to the Sacramento Business Journal Book of Lists, are Sutter Health (5,435 employees in the county), Kaiser Permanente (5,361), Placer County (2,700), Squaw Valley Alpine Meadows (2,500, seasonal), Hewlett Packard Enterprise and HP Inc. (2,100), Sierra Joint Community College District (1,940), and Thunder Valley Casino Resort (1,915).

Household Income

Median household income represents a broad statistical measure of well-being or standard of living in a community. The median income level divides households into two equal segments with one half of households earning less than the median and the other half earning more. The median income is considered to be a better indicator than the average household income as it is not dramatically affected by unusually high or low values. In the year 2017 (most recent data available from the U.S. Census Bureau), Placer County's median household income was \$85,326, which was higher than the state of California's median income of \$67,715.

Recreation & Community Services

Placer County has ample community services and recreational opportunities. The County, cities and various park districts operate numerous public parks, golf courses, aquatic centers, libraries and

community centers. Many private golf courses are located in the region, and several ski resorts are located in the mountains. Within the county lies a portion of the Folsom Lake State Recreation Area, a boating, fishing, and swimming retreat.

In terms of higher education, Placer County is home to Sierra College in Rocklin, a two-year community college offering a wide range of day and evening classes serving over 25,000 students. Heald College, a business and technology vocational school, is located in Roseville, as is an extension campus for Sierra College, located at the old Sutter Hospital on Sunrise Avenue. In 2004, William Jessup University, a private Christian college, moved from San Jose to a new facility in Rocklin.

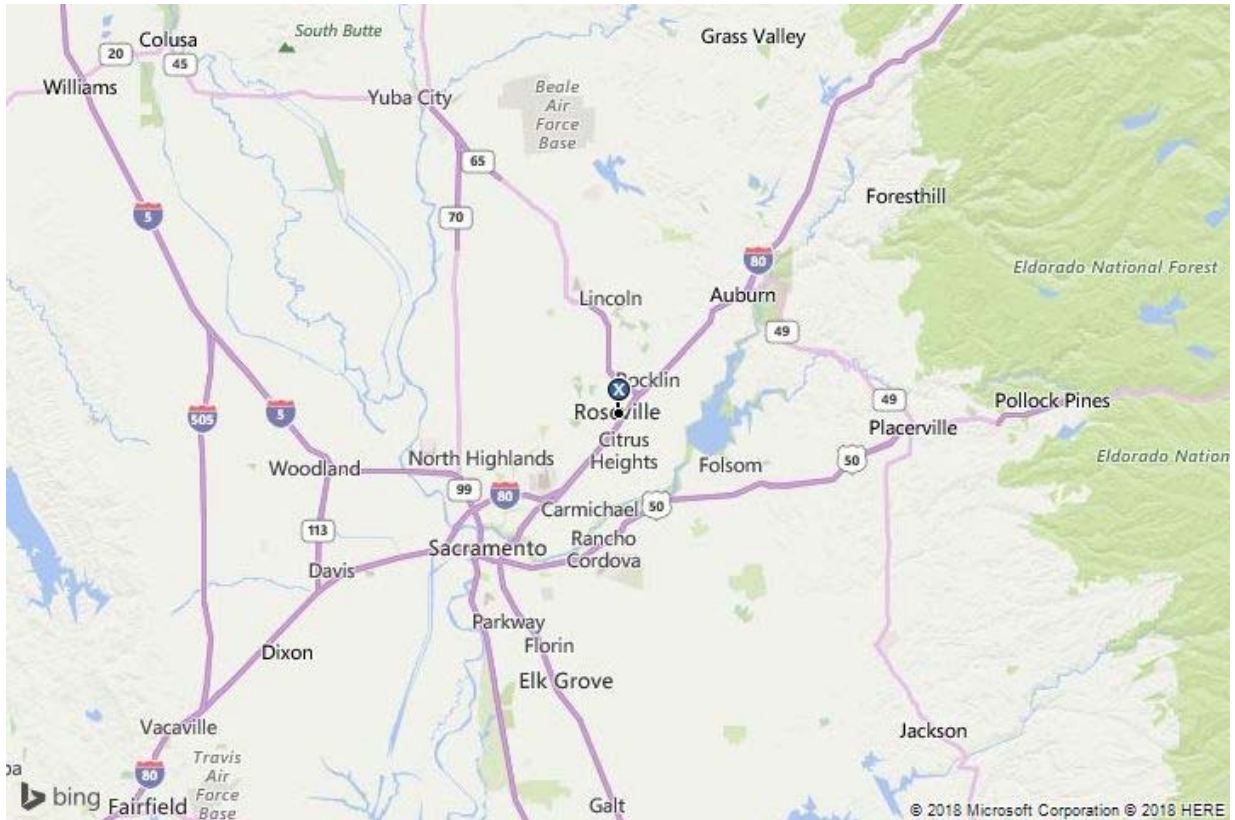
The region offers good health services, including hospitals and medical office facilities. Two hospitals are located in Roseville – the Sutter Roseville Medical Center and Kaiser Permanente, both of which have recent or current expansion projects. The city of Auburn is home to Sutter Auburn Faith Hospital, Sutter Medical Center-Auburn, UC Davis Medical Center, Foundation Medical Clinic and Heritage Medical Center Complex. The city of Lincoln contains medical offices/clinics operated by Sutter, UC Davis, Kaiser and Catholic Healthcare West. In addition to these institutional health care facilities, the county is home to a large and growing number of private physicians, dentists, clinics and other medical specialists.

The city of Roseville is south Placer's hub for fine dining and entertainment. Several upscale restaurants are situated along Eureka Road, Roseville Parkway and Galleria Boulevard. Roseville contains two multi-screen movie theatres on Eureka Road. Another theatre recently opened in Rocklin. Shopping centers are widespread, the largest of which is the Galleria at Roseville, a regional shopping mall that opened in 2000 and was expanded in 2008-2009. The mall is anchored by Nordstrom, Macy's, Sears and JC Penney.

Conclusion

Placer County is a diverse area, with growing cities, small towns and rural areas, and an abundance of open space. The cities of Roseville, Rocklin and Lincoln have experienced strong growth in population and development over the past several years. Placer County is one of the most affluent in the greater Sacramento region in terms of household income levels. The area has a number of positive attributes, including seismic stability, a well-educated work force, good transportation systems, relative affordability and availability of housing compared to the Bay Area, and an excellent level of community services. The long-term outlook for the region is very good.

Area Map



Surrounding Area

Introduction

This section of the report provides an analysis of the observable data that indicate patterns of growth, structure and/or change that may enhance or detract from property values. For the purpose of this analysis, a neighborhood is defined as “a group of complementary land uses; a congruous grouping of inhabitants, buildings, or business enterprises.

Neighborhood Boundaries

The boundaries of a neighborhood identify the physical area that influences the value of the subject property. These boundaries may coincide with observable changes in prevailing land use or occupant characteristics. Physical features such as the type of development, street patterns, terrain, vegetation and parcel size tend to identify neighborhoods. Roadways, waterways and changing elevations can also create neighborhood boundaries.

The subject property is located within the downtown area of the of Roseville. The subject’s neighborhood can generally be described as Interstate 80 to the east, Douglas Boulevard to the south, Foothills Boulevard to the west, and Pleasant Grove Boulevard to the north.

Access and Linkages

The subject property is located along Vernon Street, a two-lane street that represents a prominent arterial in Historic Roseville. Additional primary neighborhood thoroughfares in the subject’s vicinity include Washington Boulevard, Main Street, Atlantic Street, Douglas Boulevard and Riverside Avenue. The latter three thoroughfares connect with Interstate 80 within two miles of the subject. Interstate 80 is a major east-west freeway connecting the area with Sacramento and San Francisco to the west and Reno, Nevada to the east. Just north of the subject property are railroad tracks used by Union Pacific for freight transport and Amtrak for passenger transport. The Union Pacific Rail yards are located just north of the subject, east of Foothills Boulevard. Amtrak’s passenger rail station is located on Pacific Street in Downtown Roseville just north of the subject and provides daily service to Sacramento, Davis, Martinez, and Emeryville to the west; to the east, the trains connect with Colfax, Truckee and Reno and ultimately reach Chicago, Illinois.

Public transportation in the neighborhood is available via Placer County Transit (PCT), a regional bus system that serves Roseville, Granite Bay, Loomis, Rocklin, Auburn, and Colfax. Currently, the PCT has a free transfer agreement with all of the Sacramento Regional Transit buses and trains.

Demographic Factors

A demographic profile of the surrounding area, including population, households, and income data, is presented in the following table.

Surrounding Area Demographics					
2017 Estimates	1-Mile Radius	3-Mile Radius	5-Mile Radius	Sacramento-- Roseville--Arden- Arcade, CA (MSA) 2018	California
Population 2010	13,429	103,740	280,239	2,149,127	37,253,956
Population 2017	13,164	110,272	304,664	2,325,849	39,695,753
Population 2022	13,221	114,844	319,589	2,434,403	41,305,572
Compound % Change 2010-2017	-0.3%	0.9%	1.2%	1.1%	0.9%
Compound % Change 2017-2022	0.1%	0.8%	1.0%	0.9%	0.8%
Households 2010	5,336	39,665	103,877	787,667	12,577,498
Households 2017	5,438	42,660	112,967	847,046	13,388,653
Households 2022	5,548	44,600	118,507	885,670	13,935,677
Compound % Change 2010-2017	0.3%	1.0%	1.2%	1.0%	0.9%
Compound % Change 2017-2022	0.4%	0.9%	1.0%	0.9%	0.8%
Median Household Income 2017	\$51,711	\$72,759	\$76,300	\$68,773	\$70,636
Average Household Size	2.4	2.6	2.7	2.7	2.9
College Graduate %	19%	31%	31%	32%	32%
Median Age	39	39	39	38	37
Owner Occupied %	49%	59%	65%	61%	56%
Renter Occupied %	51%	41%	35%	39%	44%
Median Owner Occupied Housing Value	\$269,712	\$348,482	\$363,158	\$371,203	\$484,849
Median Year Structure Built	1960	1986	1990	1983	1976
Avg. Travel Time to Work in Min.	23	26	29	29	31

Source: EnviroNics Analytics

As shown above, the current population within a 3-mile radius of the subject is 110,272, and the average household size is 2.6. Population in the area has grown since the 2010 census, and this trend is projected to continue over the next five years. Compared to the Sacramento MSA overall, the population within a 3-mile radius is projected to grow at a slower rate.

Median household income is \$72,759, which is higher than the household income for the Sacramento MSA. Residents within a 3-mile radius have a similar level of educational attainment to those of the Sacramento MSA, while median owner-occupied home values are lower.

Land Uses

The subject neighborhood contains a mix of residential, commercial and community uses. The neighborhood is estimated to be over 90% built-out. The immediate vicinity of the subject represents the Downtown/Historic Old Town District of Roseville. Downtown is located south of the railroad tracks primarily along the Vernon Street corridor. While, Historic Old Town is located north of the railroad tracks and is bounded by Main Street to the north, Pacific Street to the south, Washington Boulevard to the west and Lincoln Street to the east.

The subject's immediate area has enjoyed recognition as a revitalized historic commercial district and benefits from its proximity to significant mature and new residential development, as well as regional transportation routes. The subject's neighborhood is primarily composed of mature retail development with supporting residential and office development interspersed throughout. The residential development in the neighborhood is generally targeted toward median-income buyers and

is primarily located southeast of the subject property. The quality and condition of the homes in the subject's neighborhood are considered average relative to other areas of Roseville.

In order to support private and public investment in the area, the City of Roseville has focused on several public improvement projects that will benefit the subject neighborhood. Additionally, the City has been actively working on the Downtown Vernon Street and Historic Old Town Specific Plan Project, which will help implement the Downtown Vision created by planners in early 2006. The Roseville City Council adopted the Downtown Specific Plan on April 1, 2009. The project area is 160 acres and includes Vernon Street, Historic Old Town, Royer Park, Dry Creek and the Oak Street/Douglas corridor. The goals of the project are to improve connectivity within Downtown as well between Downtown and its surroundings; identify land uses and development standards responsive to market opportunities and that facilitate quality architecture and urban design; reinforce identity through the establishment of character districts and gateway elements; create and enhance public places that support community activity, spirit and involvement; and promote arts, culture, heritage, entertainment and education.

Two prominent structures that have been completed along Vernon Street in Downtown Roseville are the Civic Plaza Office Complex and Parking Garage project. These developments are located between Vernon and Oak Streets at Grant Street. The parking portion was completed in 2007 and is a five-level, approximately 550-space free public parking garage. The parking facility also includes 5,000 square feet of ground floor retail space fronting Vernon Street that is occupied by Roseville Arts. As the neighborhood's first multi-level parking facility, this structure was constructed to meet parking demands and provide supplementary parking inventory into the future. The Civic Plaza Office Complex consists of a four-story, 50,000± square foot office building with ground floor retail space located at 116 S. Grant Street. Construction of this building was ultimately completed to warm shell condition in early 2016. As of the date of this appraisal, the building remains vacant and is being marketed for sale for an undisclosed sale price. It is our understanding the property owner wanted to lease the building to a single tenant rather than multiple smaller users. Brokers active in the area indicated with more aggressive marketing, and offering the option for smaller spaces, tenants could be secured for the building.

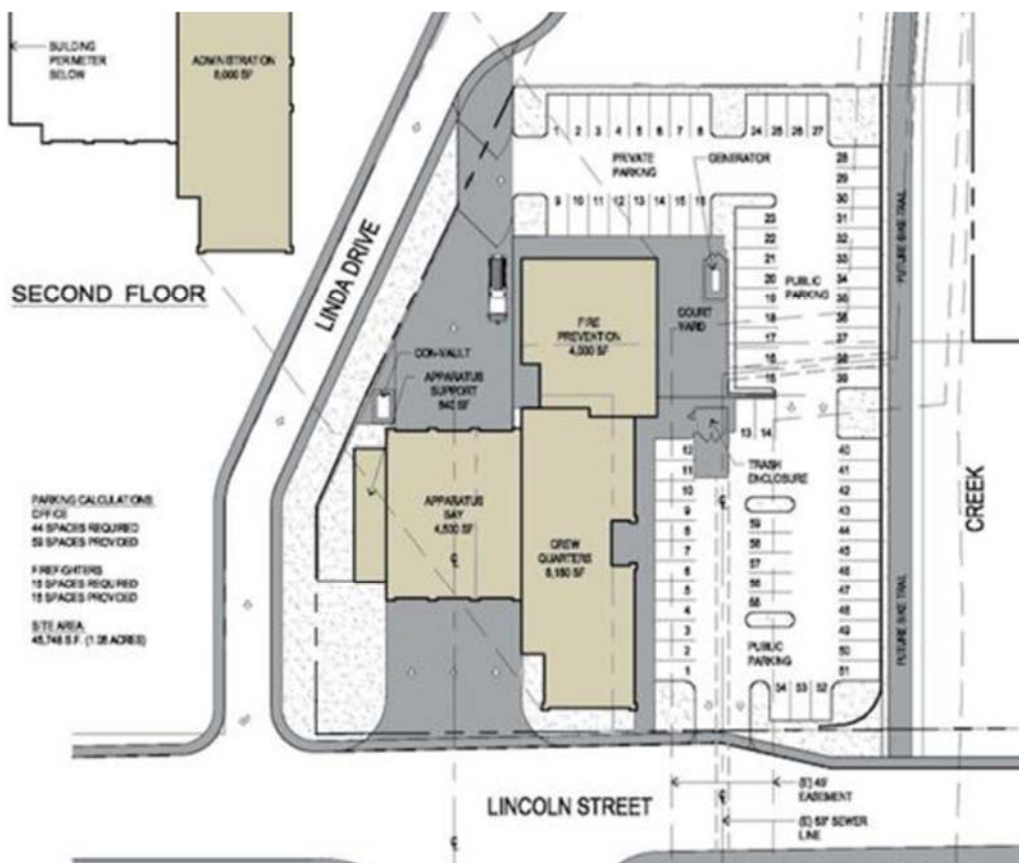
The Vernon Street Town Square project commenced construction in August 2012 and was completed in August 2013. The Vernon Street Town Square is located adjacent to the Roseville Civic Center and is bordered by Oak, S. Grant, and Vernon Streets. The purpose of the Town Square project was to provide a public space that can accommodate a variety of events and activities year-round. The space provides landscaping and lighting, event amenities (stage, convertible spaces, etc.), an interactive water fountain, signage and other improvements. The total cost was estimated at \$4.5 million. Current events include, but are not limited to, free concerts, Wine down at Town Square, Comedy Night, Movie Night Sing-Along, Food Truck Mania and Friday Flicks.

Another four-story, 83,000± square foot mixed-use building (ground floor retail and office on the upper floors) was completed in late 2016. The building is located adjacent to the subject property at 316 Vernon Street and replaces the old city hall building. The new building houses a large portion of the city staff and adult education/continuing education classes for Sierra College. A second parking garage at the corner of Oak and Washington Streets is also nearing construction and expected to be

completed by mid-June 2018. This garage has seven-stories and will have approximately 420 parking spaces, bringing the total garage parking to nearly 1,000 spaces.

Other proposed and in-the-works projects include the construction and relocation of the existing fire station from 401 Oak Street to the corner of Oak and Lincoln Streets, the Bridges and Trail project, The Lohse Apartments and a more recently proposed project in the historic downtown Roseville area, Junction Crossing. A summary description (some *verbatim* from city documents) as to what is proposed, and some design drawings are as follows:

- “The relocation of Fire Station #1 from the intersection of S. Grant Street and Oak Street will provide an approximately 3-acre development site. Integrated into the development is a creek walk intended to connect Douglas Blvd. to the current Icehouse bridge location. From there you will be able to gain access to the fully completed bike trail system that will take you all the way out to Sierra College Blvd. This level of development will then help to activate the Downtown! As part of the Downtown Specific Plan the relocation of Fire Station No. 1 was supported by the community. An evaluation of where to site a new station was performed and the intersection of Oak and Lincoln Street was selected.”* Construction of the new fire station is well underway and may be completed as soon as mid-June 2018





- *“The Downtown Bridges and Trails Project continues implementation of that vision by providing three important bridge connections across Dry Creek and continuation of the Dry Creek/Miners Ravine trail system. The project implements the Downtown Vision by improving connections between Royer Park and the Vernon Street/ Town Square area, and by closing the gap in the Class I trail system.”*

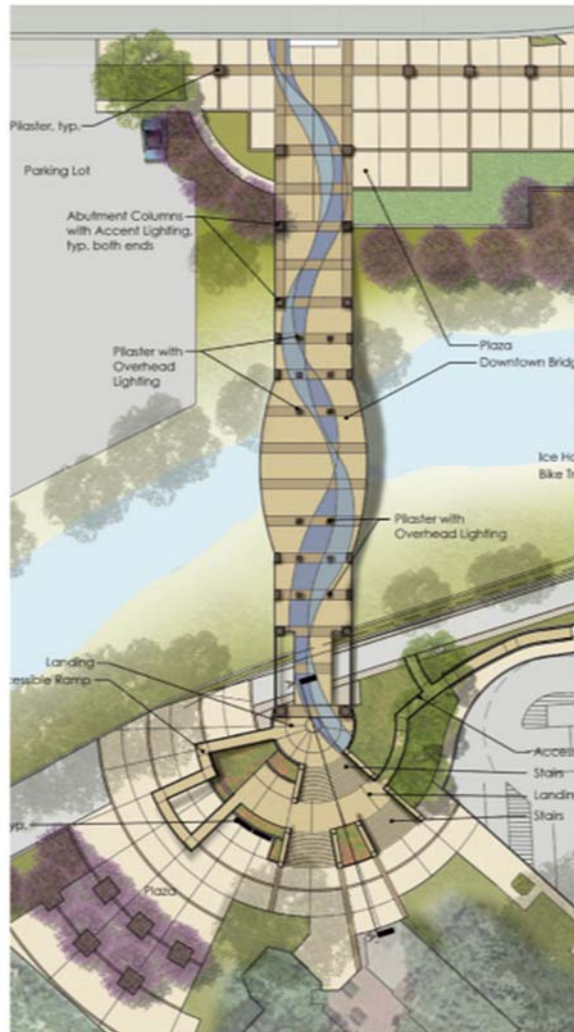
Rotation of the Rube Nelson Ice House Bridge and Extension of the Class I Trail



Replacement of the
Library Bridge



New Downtown Pedestrian
Bridge to Royer Park

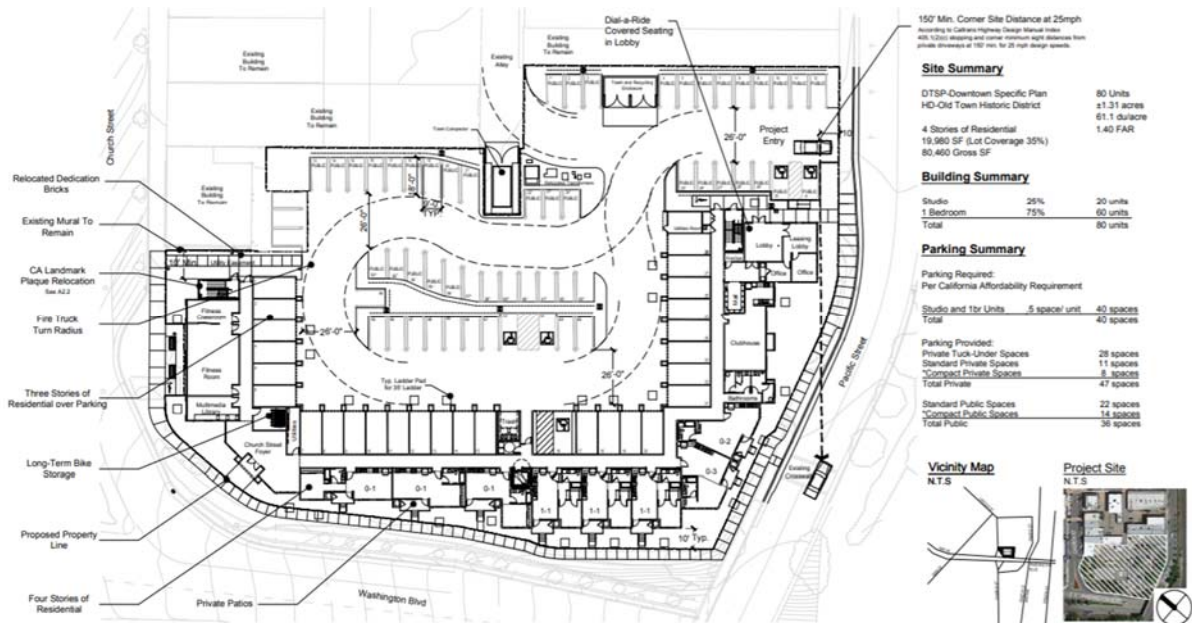


- The Lohse Apartments: The Lohse Apartments is a four-story, mixed-use project located at 623 Vernon Street. At completion the project will include 58-unit affordable housing project with approximately 2,900 square feet of ground-floor retail space. The property will include 60 underground and four surface parking spaces. Project amenities will include a community room, computer area, lounge area and laundry room and outdoor play facilities in a central courtyard. The project will be comprised of one-, two- and three-bedroom units ranging in size from 557 to 1,095± square feet. The project is being developed by Mercy Housing California and is being primarily funded through affordable housing tax credits. The project is well under way and Mercy Housing has already started preleasing activities and accepting applications.



- Junction Crossing: *“The applicant requests approval of a Minor Design Review Permit to allow a four-story, approximately 80,460 square foot, 80-unit affordable multi-family residential building, with associated parking for St. Anton’s Communities. A Tentative Subdivision Map is also requested to allow the merging and resubdivision of 11 parcels, totaling approximately 1.38 acres, into two parcels (Parcel 1 = 0.07 acres, Parcel 2 = 1.31 acres), with right-of-way abandonments and dedications, consistent with Government Code Section 66499.20.2.”*





The following map illustrates the projects discussed and their location in relation to the subject.



Note: Subject is identified by the red star

The following are current photos (May 2018) of the projects previously discussed.



Parking garage completed in 2007



116 S. Grant Street



Vernon Street Town Square



Civic Center



316 Vernon Street (adjacent to subject)



Parking garage nearing completion (200 Oak Street)



New fire station (80 Lincoln Street)



The Lohse Apartments



Future site of Junction Crossing

At this point, the City of Roseville is in a holding period as to what will happen to the subject property after the expiration of the lease on April 30, 2020. The Downtown Specific Plan identified the subject property and the old city offices as one of the six catalyst sites. The original pre-design envisioned for the subject, which included the adjacent former city offices, was for a single three-story commercial building and parking garage totaling 173,000 square feet. As previously mentioned, the adjacent site was developed in 2016. According to representatives of the city, the development of a four-story, 80,000± square foot office building is the most recent plan for the subject site; however, no definitive plans are in place and could include office, or some mix of office, retail and possibly multifamily.

Community Uses

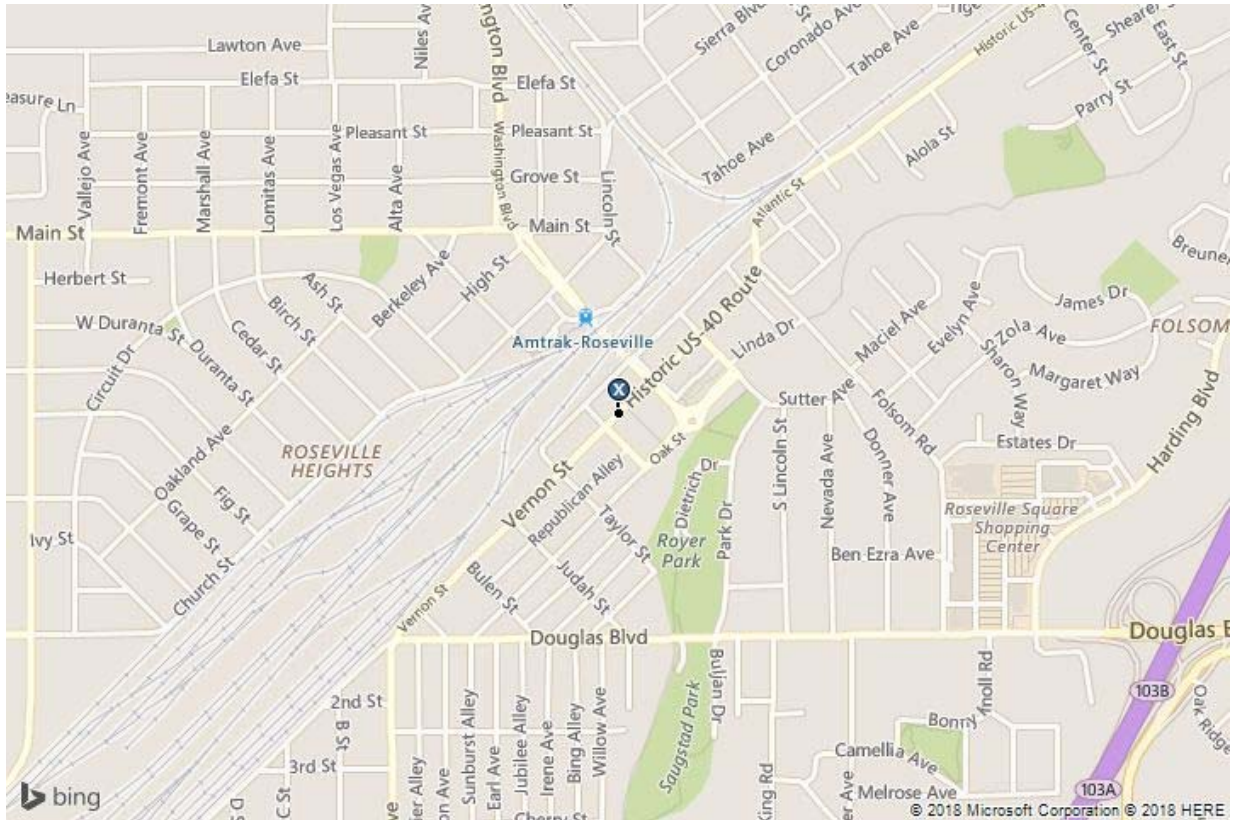
There are several community uses in the neighborhood, such as schools, churches, parks, and recreational and cultural facilities. Parks near the subject property include William L. Taylor Park to the northeast and Royer Park to the south. The subject is also proximate to numerous religious facilities of various faiths. Bradford Woodbridge Fundamental Elementary School is located northwest of the

subject and Roseville High School is located northeast of the subject. Additionally, the Placer County Fairgrounds and All American Speedway are located to the northwest.

Outlook and Conclusions

In summary, a balance of residential and supporting commercial and community uses characterize the area. The historic and downtown Roseville areas are experiencing some revitalization of older properties, redevelopment and these trends are expected to continue for the next few years.

Surrounding Area Map



Office Market Analysis

Recovery in the Sacramento office market is well underway, with continued improvement through the first quarter of 2018. Net absorption was once again positive, despite several large vacancies coming to market. The region's vacancy rate has consistently declined over the past few years, except for slight upticks in the first quarters of 2015 and 2016. The overall average vacancy rate was 12.8% as of the end of the first quarter 2018. After several quarters of increases, the average asking lease rates are stabilizing, ending the first quarter 2018 at \$1.86 per square foot/month, a 0.5% decrease from the previous quarter.

The statistics noted above and those presented throughout this analysis are extracted from surveys published by CBRE for office buildings 10,000 square feet or larger, excluding government-owned, medical and owner-user buildings.

The State of California represents the largest user of office space in the Sacramento region. Although the State is often looking for new office space for its various departments, it is uncertain how their space needs may change over the coming years. Additionally, the State typically has lease cancellation rights in its standard lease agreements. Sacramento County is another major office tenant in the region. According to CBRE, government leases accounted for about 31% of the region's leases in the fourth quarter of 2017.

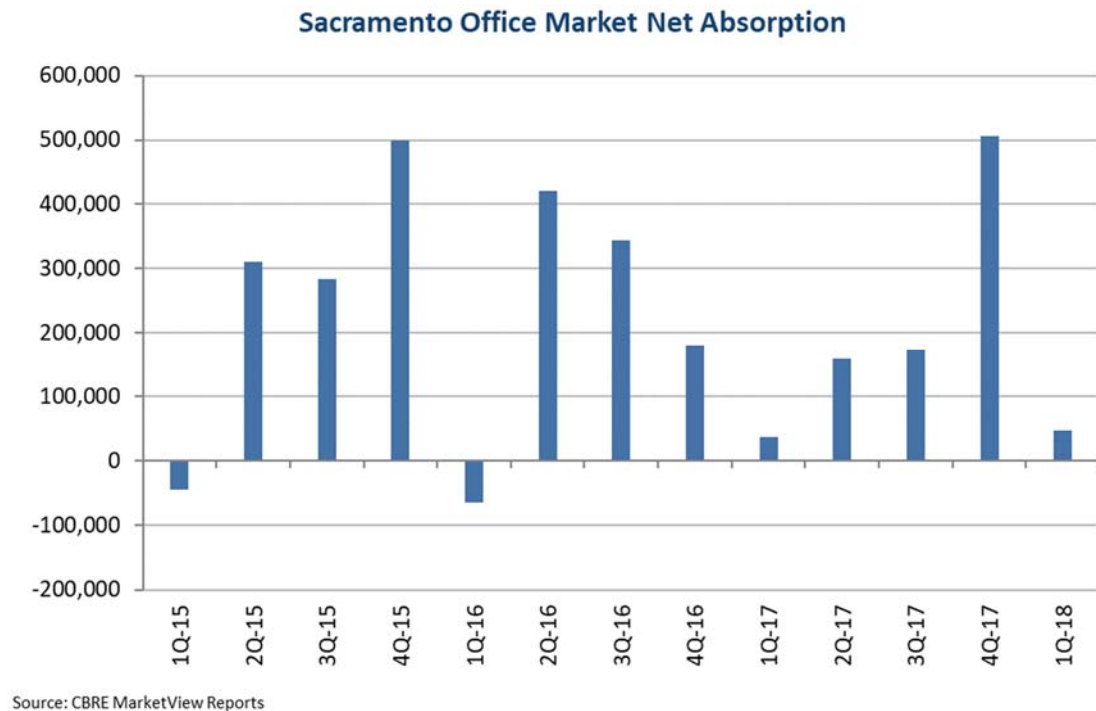
Vacancy and Absorption

The following charts illustrate recent vacancy and net absorption trends in the region. Both exhibit the continued recovery being experienced in the office market after the steep downturn following the Great Recession of 2008/2009.



Office vacancy in the region has been on a steady moderate decline for a number of years. The first quarter 2018 closed out with an overall vacancy of 12.8%, which is ten basis points lower than the previous quarter and 170 basis points lower than a year ago. Vacancy is at its lowest level in over ten years, since the fourth quarter of 2007. This slow downward trend is expected to continue over the near term.

Net absorption has likewise been predominantly positive for the past several years, with a few quarters of relatively low negative absorption. Net absorption was over 1 million square feet in 2015, over 800,000 square feet in 2016 and approximately 874,000 square feet during 2017. The following highlights net absorption trends over the past three years.



The first quarter 2018 added 45,796 square feet of positive net absorption, indicating healthy leasing activity despite large vacancies being added to the overall inventory. The following table shows current vacancy and absorption data by submarket.

Sacramento Office Market Summary

Submarket	Total SF (millions)	Vacancy 1Q 2018	Net Absorption 1Q 2018
Midtown	1.9	5.8%	(13,063)
West Sacramento	1.2	6.5%	(19,543)
South Sacramento	1.3	17.1%	(36,890)
East Sacramento	0.4	0.0%	0
Howe Ave/Fulton Ave	1.8	20.7%	33,071
Natomas/Northgate	2.3	23.3%	74,528
Watt Ave/Auburn Blvd	1.3	15.9%	2,367
Highway 50 Corridor	11.5	15.6%	55,708
Carmichael/Fair Oaks	0.3	7.5%	(2,532)
Citrus Heights/Orangevale	1.0	12.6%	2,090
Point West/Tribute	2.5	13.9%	38,112
Campus Commons	1.5	16.3%	37,731
Hazel/Folsom	2.6	12.8%	(23,820)
Elk Grove/Galt	1.2	9.2%	2,387
Roseville/Rocklin	7.2	11.1%	(103,295)
South Natomas	3.2	7.4%	13,709
Downtown	10.7	10.3%	(14,764)
Total	52.1	12.8%	45,796

Source: CBRE MarketView Reports

The Natomas/Northgate submarket posted the highest net absorption level during the first quarter of 2018, with 74,528 square feet absorbed. Two significant leases in this market were the Judicial Council of California, which leased 28,263 square feet on Gateway Oaks Drive, and the Gambling Control Commission with 27,337 square feet leased, also on Gateway Oaks Drive. The Highway 50 Corridor posted the next highest net absorption at 55,708 square feet. Two notable leases contributed to this figure. Referral Exchange leased 33,401 square feet at 10911 White Rock Road and the State of California leased 32,350 square feet at 9835 Goethe Road.

The Roseville/Rocklin submarket posted the negative net absorption of 103,295 square feet due to the vacancy of a 157,518 square foot building which was previously owner-occupied and has become available for lease.

The Downtown area posted negative net absorption for the first time in two years. There are fewer blocks of large, contiguous spaces available in the CBD, prompting some larger users to locate to key suburban submarkets where that need can be met. The suburban net absorption in the region was 60,560 square feet; whereas the overall net absorption for the Sacramento region was skewed downward by the CBD to 45,796 square feet.

Rental Rates

This section discusses average asking rental rates. The reader should note these rates provide only a snapshot of activity at a specific point in time subject to space that is available. This snapshot is influenced by the quality and quantity of space available at the time and is not indicative of rental rate trends in any given quarter.

According to CBRE surveys, rental rates for office space in the region generally trended downward from about mid-2008 through mid-2013 and have been flat to slightly increasing for the past 3-4 years. As of the first quarter of 2018, the region's average asking rate was \$1.86 psf/month (full service), compared to \$1.87 psf/month in the previous quarter and \$1.79 psf/month a year earlier. For the suburban submarkets, the average asking rate was \$1.75 psf/month, compared to \$2.58 psf/month for the Downtown submarket. In terms of property classes, the average rates in the first quarter held steady over the previous quarter at \$2.22 psf/month (full service) for Class A, decreased slightly to \$1.81 psf/month for Class B and increased \$0.02 to \$1.49 psf/month for Class C product.

New Construction

The Sacramento office has experienced significant recovery and the improving conditions have resulted in several large build-to-suit/owner-user projects that are underway. The largest of these developments is the proposed Adventist Health headquarters at 501 N. Sunrise Avenue in Roseville. This 242,000 SF project will bring Adventist's five South Placer County locations under one roof by the end of Q1 2019. Two other new healthcare-related developments are proceeding for Kaiser Permanente at 1001 Riverside Avenue (194,000 SF) and Dignity Health in Citrus Heights (68,000 SF). Health services continues to be one of the primary sectors of employment growth and this sector has contributed the most to office absorption and new construction in 2017, continuing through 2018.

Since the end of the Great Recession, the high cost of construction has limited the financial feasibility of large-scale speculative projects. Although vacancy rates are trending downward during this period of recovery, rental rates still have not reached a level to justify new construction in most submarkets.

The Ice Blocks project in the R Street corridor will be the first significant speculative office completion in nearly a decade. It is nearing completion and delivery of approximately 100,000 square feet is expected in the next quarter. With a shortage of large floor plate office space available in downtown, it is expected this project will lease quickly. One other speculative office project is under construction – an 11,242 square foot Class B building in South Sacramento. There is no additional significant speculative construction in the pipeline and no new speculative construction commenced during the first quarter 2018.

The two largest Class A projects previously announced for the Downtown market (Vanir Tower at 610 J Street and CalPERS/CIM at 301 Capitol Mall) continue to be in a holding pattern. The State's proposed office building at 8th and O Street is expected to break ground this fall. The majority of California's natural resource agencies will be housed within the proposed 838,000 square foot, 20 stories tall building. In the North Natomas submarket, Centene, a company specializing in healthcare coverage and services, submitted plans for review of a new campus along I-5. The first phase proposes two four-story buildings totaling 519,000 square feet. At build-out, the campus would be a 1.25-million-square-foot regional headquarters.

Moving forward, office development in the region will likely continue to center around government and healthcare build-to-suit projects, with speculative capital invested in renovations of existing product or apartment and warehouse construction. This will continue until rents increase enough to justify new construction and values approach replacement cost.

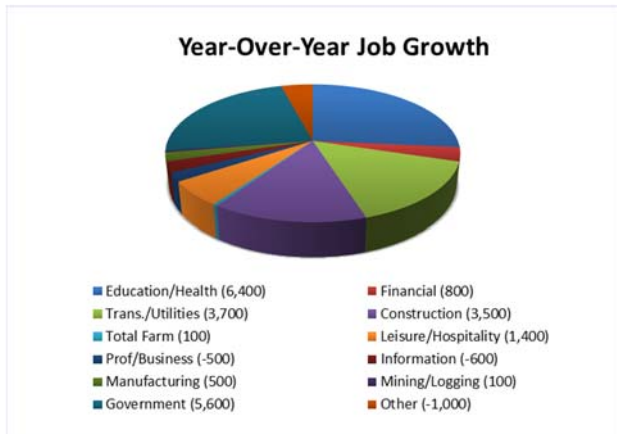
Employment

Employment conditions in the region continue to improve. According to the latest data from the California Employment Development Department (EDD), total employment in the Sacramento-Roseville-Arden/Arcade Metropolitan Statistical Area (Sacramento MSA) was up 2.1% year over year as of March 2018.

Over the past year, between March 2017 and March 2018, 20,000 new jobs were added to the market, representing a 2.1% growth. The largest job growth sectors were

Education/Health Services, Government and Trade/Transportation/Utilities. Education and Health Services led the year-over-year growth with 6,400 jobs added; 84.4% of these were in the health care and social assistance sectors. Government job growth of 5,600 jobs was split equally between state and local government. The Trade/Transportation/Utilities industry gained 3,700 jobs.

The unemployment rate in the Sacramento MSA was 3.9% as of March 2018, down from 5.0% from the previous year. By comparison, the unemployment rates for California and the U.S. were 4.2% and 4.1%, respectively, for the same time period.



Downtown Roseville Submarket Analysis

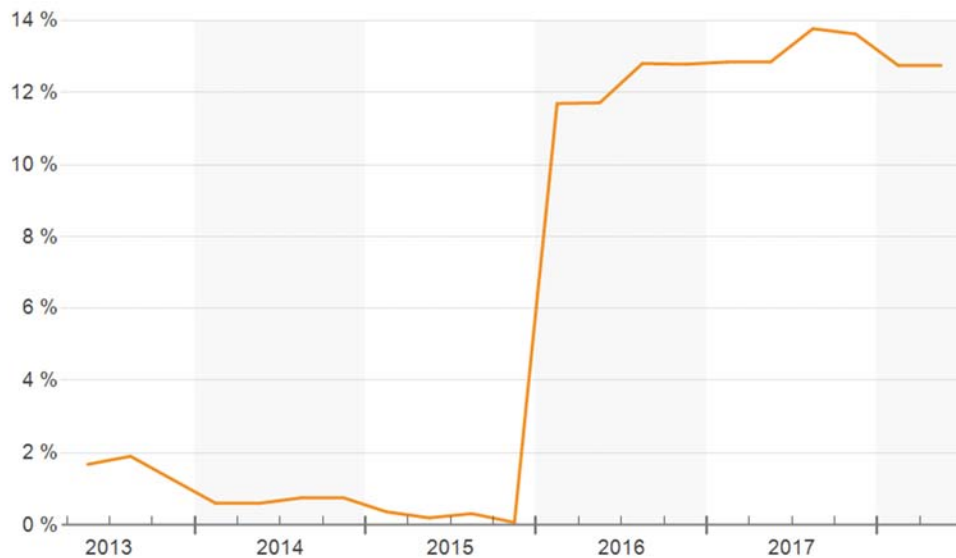
The subject property is located in the Roseville/Rocklin submarket of the Sacramento region. In order to analyze office market conditions in the subject's immediate area, we have utilized survey data published by CB Richard Ellis. In addition, we relied on CoStar Property for a survey of office properties that are similar to and competitive with the subject.

According to market surveys published by CB Richard Ellis, the overall office vacancy rate in the Roseville/Rocklin submarket was approximately 11.1% during the first quarter of 2018. The submarket's vacancy rate was lower than the regional vacancy rate of 12.8%.

Pertaining to office properties more proximate to the subject property, we queried CoStar Property Analytics to determine the supply and vacancy for existing office properties within a half mile of the subject. This search revealed a total of 74 properties containing a total rentable area of 443,856 square feet, of which 56,561 square feet was vacant as of the first quarter of 2018. The implied vacancy rate is 12.7%. This rate is slightly higher than the vacancy rate reported by CB Richard Ellis. In the first quarter 2016 vacancy jumped from 0.1% to 11.7% and has remained above since that time. The spike in vacancy was due to the delivery of the Civic Plaza Office Complex previously discussed. By excluding this property (51,570 square feet), which has not been aggressively marketed, from both the inventory and vacant space, the vacancy rate of the remaining space is 1.27%.

The following chart illustrates the trend for vacancy of the surveyed properties over the past five years.

Historical Vacancy Rates

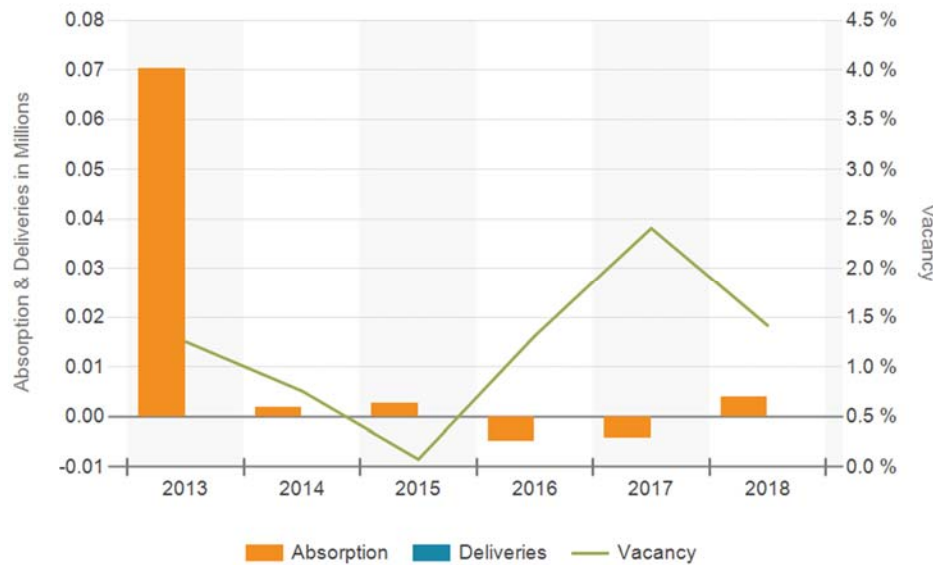


Absorption and average asking rental rates were also examined using CoStar Property Analytics with the same parameters discussed above. The average asking rental rates fluctuated up and down from quarter-to-quarter with no apparent trend. Given the small sample size of properties with vacancies, the average asking rental rate reported is not necessarily indicative of average rental rates in the entire market. The table below details absorption, vacancy, and average asking rental rate over the past three years, as reported by CoStar.

CoStar Property Analytics					
Period	Total Rentable Area (SF)	Total Vacancy	Vacancy %	Total Net Absorption (SF)	Avg. Lease Rate
2018 Q1	443,856	56,561	12.7%	3,877	\$1.50
2017 Q4	443,856	60,438	13.6%	664	\$1.52
2017 Q3	443,856	61,102	13.8%	(4,122)	\$1.52
2017 Q2	443,856	56,980	12.8%	0	\$1.51
2017 Q1	443,856	56,980	12.8%	(260)	\$1.51
2016 Q4	443,856	56,720	12.8%	87	\$1.51
2016 Q3	443,856	56,807	12.8%	(4,850)	\$1.83
2016 Q2	443,856	51,957	11.7%	(87)	\$1.83
2016 Q1	443,856	51,870	11.7%	0	\$1.83
2015 Q4	392,286	300	0.1%	962	\$1.78
2015 Q3	392,286	1,262	0.3%	(462)	\$1.78
2015 Q2	392,286	800	0.2%	656	\$2.01

Note: The average lease rate shown is on full service terms.

The following chart shows the average vacancy rate, absorption and deliveries over the past five years, as reported by CoStar Property Analytics.



Overall, the general consensus among brokers active in the subject's market area is that the office market is has improved and conditions are expected to continue to improve in the coming periods. Vacancy for similar properties in the area is low, indicating that there is demand and rental rates will continue to rise. However, the subject's location is a secondary location to more desirable areas such as Douglas Boulevard, Downtown Sacramento and the Highway 50 corridor and rental rate appreciation is expected to lag behind these primary markets.

Looking Ahead

Recent market trends suggest the Sacramento office market is in the final stages of recovery. Most market participants expect recovery and growth to be a gradual process. Employment gains in the region have been healthy, but office vacancy continues to be somewhat high. On the supply side, new speculative construction has been very limited in the past few years and is expected to remain this way until rental rates and values increase to the point of financial feasibility. Overall office vacancy is expected to continue its gradual decline over the next year fueled in large by decreasing vacancy in the suburban markets as larger users absorb space that is not readily available in the downtown district. Rental rates are expected to moderately increase over the next 12 months, with Class A properties seeing the largest increases because of stronger demand. Downtown continues to be the most desirable submarket, but space is becoming increasingly difficult to find and users will shift their demand to quality product in key suburban submarkets.

Retail Market Analysis

The retail market in Sacramento has been on a path of stabilization and improvement over the past few years. The first quarter of 2018 continued that trend, though with more moderate results.

The market experienced healthy leasing activity, but also saw the closing of a few anchor tenants. The overall effect was positive net absorption of 53,209 square feet for the quarter and a slight decrease of ten basis points in the overall vacancy when compared to the previous quarter. Vacancy has been trending consistently downward since the first quarter of 2010, except for a couple of small increases in individual quarters, and the first quarter closed out at a reported rate of 8.4%.

New construction in the region has increased over the past 2-3 years as economic conditions have improved, and several large projects have recently been completed or are nearing completion. Among these is Delta Shores, a 741,200 square foot power center and the largest new retail development in the Sacramento region in over a decade, as well as two mixed use projects in the Downtown submarket. There are no new large centers scheduled for construction in 2018.

Despite the improving economic fundamentals, market participants continue to be concerned about the structural changes to retail. While there was relatively strong retail spending growth in the Sacramento area during 2017, the increase in e-commerce continues to have an impact on brick-and-mortar projects. There have been closures and announced closures of several big box tenants over the past few years, and several over the past six months. Sacramento will not be immune to the structural changes occurring. Landlords and tenants alike have the difficult job of trying to predict what the future holds for in-store sales and how to stay relevant and maintain foot-traffic going-forward.

It is noted the figures in this overview are based on quarterly surveys published by brokerage CBRE for retail buildings 20,000 square feet and larger, excluding regional malls. Market conditions may not be similar for smaller retail properties. In fact, many brokers have indicated market conditions are typically not as strong for smaller, unanchored properties. Anchored centers are generally more likely to maintain stabilized occupancy levels compared to unanchored centers.

Economic Overview

The year 2017 was one of economic growth in the United States. Job growth continued to rise, although the pace of growth slowed as it neared full employment. Wages increased for the third consecutive year and continue trending upward. Consumer spending and confidence both increased; consumer confidence hit a 17-year high in November 2017 and is expected to remain at historic high levels through 2018. Retail sales increased 4.2% in 2017 from the previous year, hitting a record of \$5.7 trillion.

In the Sacramento MSA (El Dorado, Placer, Sacramento and Yolo Counties), unemployment was 3.9% in March 2018, down from 5.0% a year prior. This compares favorably to the unemployment rate of 4.2% for California and 4.1% for the nation. The Sacramento region added 20,000 new jobs (up 2.1%) between March 2017 and March 2018, with total employment growing to 985,900. The Sacramento area is becoming an increasingly popular alternative to the costly Bay Area markets. The continued in-migration to the area is expected to fuel population and workforce growth, which will drive demand for the commercial and retail sector.

Absorption & Vacancy

The chart below highlights the region's net absorption over the past few years.



Source: CBRE MarketView Reports

The Sacramento retail market has experienced a significant range of highs and lows over the last economic cycle. The retail market was very strong in the year 2007 with about 3 million square feet of positive net absorption. In 2008, net absorption was still positive but dropped significantly to about 600,000 square feet. The region's net absorption was negative for the year 2009, with various brokerages estimating over 1 million square feet of negative net absorption. The annual net absorption turned positive in 2010 with about 170,000 square feet. During the four-year period of years 2011 through 2014, annual net absorption was fairly consistent, exhibiting between 530,000 and 600,000 square feet per year. Net absorption increased in the year 2015 to about 930,000 square feet. Most of this activity was due to big box leasing. For the year 2016, the region experienced net absorption of 217,311 square feet. In the first half of the year, leasing activity was strong among smaller tenants, but the overall market was impacted by the closing of five larger stores, including two Save Mart stores, two Sport Chalet locations and a clothing store. In the second half of the year, several larger leases were executed, which helped close the year with positive net absorption despite the closing of several Sports Authority stores.

In 2017, the region experienced an annual net absorption of 1,099,674 square feet. The significant increase over the previous year was due primarily to completions of new retail projects. Most notably, the Delta Shores project delivered 180,906 square feet of space in the fourth quarter 2017.

The first quarter of 2018 saw more vacancies of big box tenants, including Safeway and Big Lots in the West Capitol Plaza, West Sacramento, and Walmart and Sam's Club in the Country Club Centre (Arden/Howe/Watt submarket). In addition, Sears announced the closure of two stores in the Sacramento Region – Roseville Galleria and Sunrise Mall locations – and Toys R Us / Babies R Us

announced the insolvency of its business, which will result in ten store closures in the region. Toys R Us opened in 1948 and, although a concrete timeline has not been announced, the liquidation will close nearly 800 stores nationwide. The net absorption in the Sacramento region may be negatively impacted by impending store closures, as many power centers will be left to absorb these vacancies in a market where fewer retailers are looking for 40,000-60,000 square foot big box buildings.

Net absorption in new developments and healthy leasing activity in desirable submarkets helped offset the vacancies during the first quarter. Some recent leases and activity include:

- Rocklin Crossings completed an expansion of its center, with the buildings leased to TJ Maxx (21,000 sq. ft.) and Homegoods (21,000 sq. ft.)
- RC Willey (166,000 sq. ft.) and Regal Cinema (58,200 sq. ft.) opened their stores in Delta Shores
- TJ Maxx leased 21,000 sq. ft. in Promenade at Sacramento Gateway, Natomas
- Studio Movie Grill leased 50,000 sq. ft. at 8501 Auburn Blvd., Citrus Heights
- Roseville Motorsports leased 34,303 sq. ft. at 5905 Pacific Street, Rocklin
- Grocery Outlet leased 18,270 sq. ft. at 8835 Greenback Lane, Citrus Heights

Notable sale transactions in the first quarter 2018 include a \$25 million transfer of a Safeway-anchored center at 3308-3350 Arden Way. The center has rentable area of 137,714 square feet; additional tenants include a Dollar Tree, CVS and California Family Fitness center in space previously occupied by Sports Authority. The Macy's at Country Club Plaza sold for five million dollars to EDM Realty Corp., owners of the mall.

The following chart summarizes the recent history of retail vacancy in the Sacramento region.



The average retail vacancy in the Sacramento area has been consistently declining since 2010. The vacancy rate at the end of 2017 reached the previous cycle levels of nearly a decade ago. The first quarter posted an overall vacancy of 8.4%, down 10 basis points from the previous quarter and down 70 basis points from the previous year. The research report prepared by Colliers International indicates overall vacancy increased this quarter, primarily due to much of the absorption occurring in new space and not enough existing space being leased to offset the vacancies incurred.

Moving forward, it is anticipated that, due to the number of big box vacancies experienced in the region, coupled with more to come from stores that have announced closures, the overall vacancy rate will not decline much lower in the near term. Vacant space remains scarce in prime submarkets as tenants focus their demand there, while less desirable submarkets are finding it difficult to sustain demand.

The table below summarizes recent vacancy rates and net absorption by submarket. According to the CBRE research report, the submarkets achieving the highest absorption levels for the first quarter of 2018 were Rocklin and Arden/Watt/Howe with 99,414 and 66,745 square feet, respectively. The Colliers report indicates the South Sacramento submarket had the highest absorption due to deliveries and leasing at Delta Shores, while the Arden/Watt/Howe submarket had the largest negative absorption due to the closure of Walmart and Sam's Club.

Sacramento Retail Market Summary			
Submarket	Total SF (millions)	Vacancy 1Q 2018	Net Absorption 1Q 2018
Arden/Watt/Howe	3.7	11.0%	66,745
Auburn/Loomis	1.2	5.0%	(4,112)
Carmichael	1.3	17.6%	(2,573)
Citrus Heights/Fair Oaks	4.5	12.1%	(572)
Folsom/El Dorado Hills	5.6	6.6%	(5,382)
Greenhaven/Pocket	0.4	9.6%	1,200
Hwy 50/Rancho Cordova	2.9	14.1%	8,475
Laguna/Elk Grove	5.7	4.5%	(39,191)
Lincoln	1.2	2.3%	(1,515)
North Highlands	2.6	9.5%	8,709
North Natomas	2.4	7.9%	(2,584)
Rocklin	2.7	7.7%	99,414
Roseville	6.6	4.5%	2,669
South Natomas	0.6	9.7%	1,200
South Sacramento	4.7	13.0%	(48,181)
West Sacramento/Davis	2.6	4.2%	(31,093)
Total	48.7	8.4%	53,209
Source: CBRE MarketView Reports			

Rental Rates

This section discusses average asking rental rates. The reader should note these rates provide only a snapshot of activity at a specific point in time, subject to space that is available in the marketplace. This snapshot is influenced by the quality and quantity of space available at the time and is not indicative of rental rate trends in any given quarter. Guarded reliance should be placed on average asking rates due to the number of variables impacting these figures.

According to CBRE, the average asking rental rate for retail space in the Sacramento region was \$1.55 psf/month, triple net, in the first quarter of 2018. This average was up \$0.04 from the previous quarter but has remained relatively stable over the past three years, hovering between \$1.48 and \$1.52 psf/month. The market is experiencing a widening gap between asking rates in newly constructed centers in desirable submarkets and obsolete centers in secondary locations, resulting in an offsetting effect on the average, but a larger range. With only minimal new construction projected to deliver additional space in 2018, demand for retail space will keep average asking rents from decreasing much in the near term.

New Construction

Construction activity was limited in the region during the period of roughly 2008-2013 in response to market conditions; however, new construction has increased in the region since 2014 as feasibility has improved. In the year 2014, new completions totaled about 390,000 square feet. In 2015, completions totaled about 370,000 square feet and included a 120,000 square foot Lifetime Fitness athletic club in Roseville, two buildings in the Rocklin Crossings shopping center (one of which is occupied by Bass Pro Shops), and a big box store in South Sacramento. The only completion in the first quarter of 2016 was an Applebee's restaurant in Rocklin. In the second quarter of 2016, there were two completions totaling about 34,000 square feet, including a Nordstrom Rack expansion in Folsom and three shop buildings in the Rocklin Crossing center in Rocklin. In the third quarter of 2016, completions totaled about 49,000 square feet – a Home Goods store in the Arden/Watt/Howe submarket and a Smart & Final store in Citrus Heights. Over 254,000 square feet was completed in the fourth quarter, including a Lifetime fitness center in Folsom; and a Raley's grocery store, Nordstrom Rack and Cinemark Theater in the Arden/Watt/Howe submarket. In Downtown Sacramento, the new Golden 1 Center arena was completed in 2016 for the Sacramento Kings NBA basketball team, as well as for various concerts and other events. Several restaurants and shops have opened or are planned in and around the new arena.

In 2017, new construction was concentrated within two new major projects. The bulk of this was either build-to-suit or pre-leased before development began. Delta Shores, located in the South Sacramento submarket adjacent to Interstate 5, is an approximate 740,000 square foot retail center. In the fourth quarter 2017, Wal-Mart Supercenter opened a 300,000 square foot store, joining Dick's Sporting Goods, Hobby Lobby, Ross, ULTA, Old Navy, and PetSmart. RC Willey (170,000 square feet) and Regal Cinemas (14 screens) opened during the first quarter 2018.

New deliveries in the first quarter 2018 include the previously mentioned expansion at Rocklin Commons - 42,000 square feet leased to TJ Maxx and HomeGoods; RC Willey and Regal Cinemas in Delta Shores and a 29,296 square foot Sprouts Farmers Market in Natomas.

In the Downtown submarket, completion of Ice Blocks and Downtown Commons (DOCO) developments will further drive net absorption throughout 2018. Ice Blocks is a mixed-use development in the historic R Street Corridor in Midtown. At completion, it will feature three city blocks of ground floor retail with boutiques, cafes and restaurants, as well as office space and 142 loft-style apartment units. The last of the three blocks was delivered in the fourth quarter 2017, with West Elm leasing the largest 10,992 square feet space and scheduled to open mid-2018. Existing tenants include Bounty & Beast, Philz Coffee, Button Up boutique, Pure Barre, and several others.

Downtown Commons (DOCO) is a 630,000-square foot lifestyle center anchored by Macy's, Cinemark, 24 Hour Fitness and Urban Outfitters. The Sawyer Hotel mixed-use development, located in the DOCO project, delivered 53,000 SF of retail/restaurant space at the end of 2017. In addition to the larger anchor tenants, several restaurants have already opened (Haagen-Dazs, Punch Bowl Social, Sauced BBQ and Spirits); Echo & Rig Steakhouse opened in the first quarter 2018 and several others are scheduled to open later in the year - Burger Lounge, State Fare and Pressed Juicery.

The region has no new, large construction projects in the pipeline and construction activity will be minimal during the year 2018.

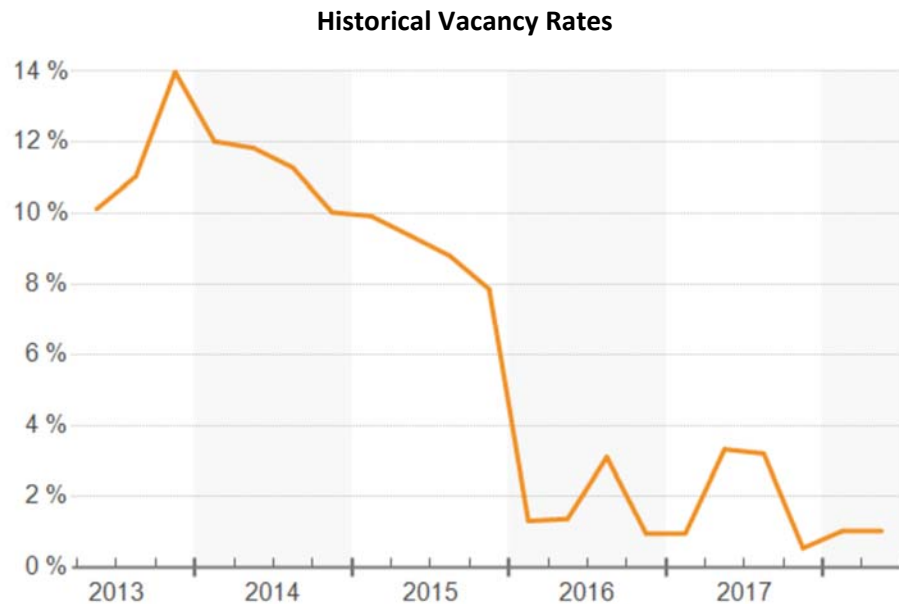
Downtown Roseville Submarket Analysis

Similar to the office submarket analysis, we have utilized survey data published by CB Richard Ellis. In addition, we relied on CoStar Property for a survey of retail properties that are similar to and competitive with the subject.

The subject is located in the Roseville retail submarket of the Sacramento region. According to market surveys published by CB Richard Ellis, the overall retail vacancy rate in the Roseville submarket was approximately 4.5% during the first quarter of 2018. The submarket's vacancy rate was lower than the regional vacancy rate of 8.4%.

Pertaining to retail properties of a similar size and more proximate to the subject property, we queried CoStar Property Analytics to determine the supply and vacancy for existing retail properties with less than 30,000 square feet of rentable area and within a half mile of the subject. This search revealed a total of 92 properties containing a total rentable area of 434,225 square feet, of which 4,493 square feet was vacant as of the first quarter of 2018. The implied vacancy rate is 1.0%. This rate is lower than the vacancy rate reported by CB Richard Ellis for the Roseville submarket, which indicates that the subject's specific location and size appear to be faring better than the submarket as a whole.

The chart on the following page illustrates the trend for vacancy of the surveyed properties over the past five years.

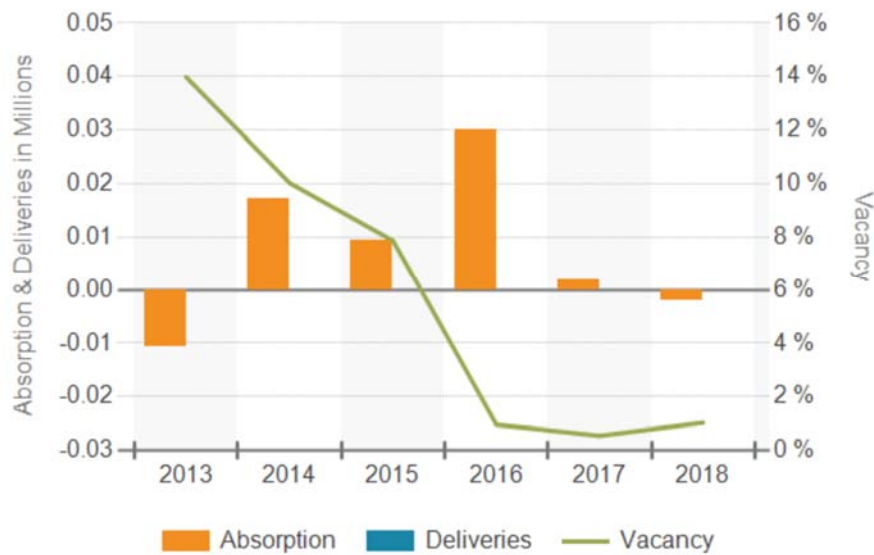


Absorption and average asking rental rates were also examined using CoStar Property Analytics with the same parameters discussed above. Overall average asking rental rates have increased 18.44% over the past three years for retail properties, with fluctuations from quarter-to-quarter and no apparent trend. Although vacancy has also fluctuated up and down slightly from quarter-to-quarter, overall vacancy has been below 5% since the beginning of 2016. The table below details absorption, vacancy, and average asking rental rate over the past three years, as reported by CoStar.

CoStar Property Analytics					
Period	Total Rentable Area (SF)	Total Vacancy	Vacancy %	Total Net Absorption (SF)	Avg. Lease Rate
2018 Q1	434,225	4,493	1.0%	(2,088)	\$1.67
2017 Q4	434,225	2,405	0.6%	11,500	\$1.61
2017 Q3	434,225	13,905	3.2%	515	\$1.49
2017 Q2	434,225	14,420	3.3%	(10,240)	\$1.43
2017 Q1	434,225	4,180	1.0%	0	\$1.41
2016 Q4	434,225	4,180	1.0%	9,300	\$1.40
2016 Q3	434,225	13,480	3.1%	(7,500)	\$1.23
2016 Q2	434,225	5,980	1.4%	(260)	\$1.30
2016 Q1	434,225	5,720	1.3%	28,440	\$1.41
2015 Q4	434,225	34,160	7.9%	4,071	\$1.41
2015 Q3	434,225	38,231	8.8%	2,462	\$1.41

Note: The average lease rate shown is on triple net terms.

The following chart shows the average vacancy rate, absorption and deliveries over the past five years, as reported by CoStar Property Analytics.



Overall, the general consensus among brokers active in the subject's market area is that the retail market has improved, and conditions are expected to continue to improve in the coming periods. Vacancy for similar properties in the area is low, indicating that there demand, and rental rates will continue to rise.

Looking Ahead

The Sacramento retail market started 2018 with overall positive absorption, due primarily to new space delivered, and a slightly declined vacancy rate, remaining 160 basis points below 10%. The market continues to be characterized by scarce availability and strong demand for the best quality projects in prime submarkets, whereas many older centers, some with functional issues, continue to struggle, having never fully recovered from the recession.

The coming year is expected to be one of continued moderate improvement for the Sacramento retail market, but activity is expected to slow as there is less available space in the prime submarkets. With no major construction planned, no significant increase in the supply of retail space is expected. Population and job growth are expected to continue to rise moderately, in large due to in-migration from the more costly Bay Area. In the near term, rental rates are projected to increase for good quality product in prime locations, particularly power regional centers, while older centers will discount their asking rates. Vacancy rates should continue to remain relatively stable, with possibly some upward fluctuation as the recent and impending store closures are absorbed. Demand for local service, experience-based and food tenants in the region is expected to be sustained, however, competition from internet retailers will continue to put pressure on the retail consumer goods industry.

Property Analysis

Land Description and Analysis

Land Description

Land Area	0.53 acres; 22,982 SF
Source of Land Area	Public Records
Primary Street Frontage	Vernon St. - 150 feet
Shape	Square
Corner	Yes
Topography	Generally level and at street grade
Drainage	No problems reported or observed
Environmental Hazards	No problems reported or observed
Ground Stability	No problems reported or observed

Flood Area Panel Number	06061C-0478F
Date	June 8, 1998
Zone	X
Description	Outside of 500-year floodplain
Insurance Required?	No

Zoning; Other Regulations

Zoning Jurisdiction	City of Roseville
Zoning Designation	CBD/SA - DT
Description	Central Business District/Special Area - Downtown Specific Plan (DT-6)
Legally Conforming?	Appears to be legally conforming
Zoning Change Likely?	No
Permitted Uses	The Central Business (CBD) District is intended to be applied to the older portions of the downtown area to provide flexibility in the types of uses typically found in the traditional downtown where a range of business, personal service, residential, and mixed-use uses can be located to support the entire community. This zone also promotes the development of a Civic Core within the community and the implementation of a pedestrian-oriented environment. The SA, special area district is an overlay district which allows modification of the underlying general district regulations (including both permitted use types and development standards) by reference to regulations adopted either in a specific plan, which applies to the property so classified, or in the ordinance rezoning the property so classified. Principally permitted uses include mixed-use, retail, restaurants, entertainment, offices, public/quasi-public, and multi-family residential (southeast of Taylor Street and northwest of Lincoln Street). The subject is also located in the Downtown Special Area. The purpose of the Downtown Specific Plan is to direct public and private development consistent with the community vision for the downtown specific plan area. Redevelopment within the older areas of the City of Roseville presents unique development challenges. The Downtown Specific Plan Downtown Code is therefore a comprehensive document for the downtown specific plan area that provides detailed performance criteria and development standards that are intended to facilitate development while recognizing the area's unique character.

Other Land Use Regulations	None
----------------------------	------

Utilities

Service	Provider
Water	City of Roseville
Sewer	City of Roseville
Electricity	City of Roseville
Natural Gas	PG&E

We are not experts in the interpretation of zoning ordinances. An appropriately qualified land use attorney should be engaged if a determination of compliance with zoning is required.

Easements, Encroachments and Restrictions

An inspection of the subject property revealed no apparent adverse easements, encroachments or other conditions currently impacting 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 any easements noted in a current preliminary title report do not have an impact on the opinion(s) of value as provided in this report. If, at some future date, any easements are determined to have a detrimental impact on value, the appraiser reserves the right to amend the opinion(s) of value contained herein.

Seismic Hazards

According to the Seismic Safety Commission, the subject is located within Zone 3, which is considered to be the lowest risk zone in California. There are only two zones in California: Zone 4, which is assigned to areas near major faults; and Zone 3, which is assigned to all other areas of more moderate seismic activity. In addition, the subject is not located in a Fault-Rupture Hazard Zone (formerly referred to as an Alquist-Priolo Special Study Zone), as defined by Special Publication 42 (revised January 1994) of the California Department of Conservation, Division of Mines and Geology.

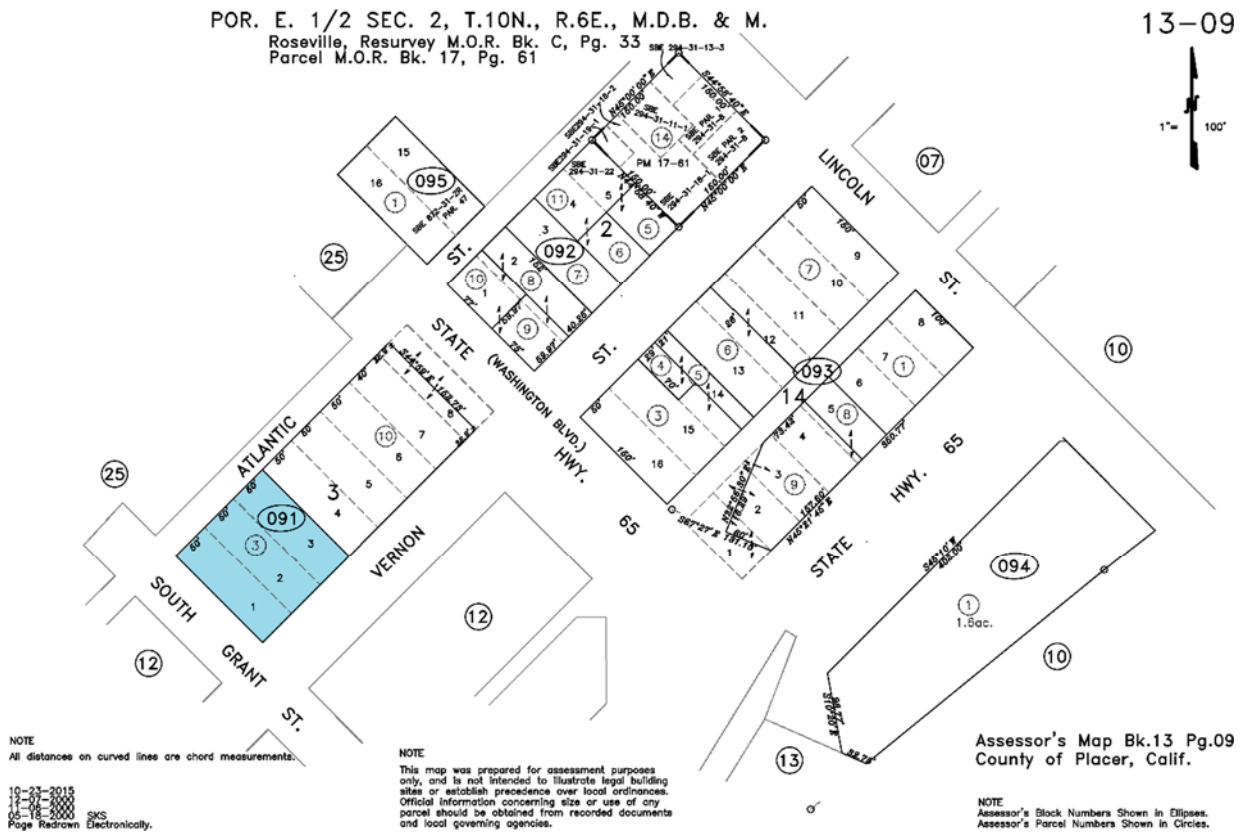
Conclusion of Land Analysis

Overall, the physical characteristics of the site and the availability of utilities result in functional utility suitable for a variety of uses including those permitted by zoning. According to representative with the city of Roseville, development of a four-story, 80,000 square foot office, or some mix of office, retail and possibly multifamily could be supported by zoning. We are not aware of any other particular restrictions on development.

Site Plan



Parcel Map



Improvements Description and Analysis

The subject property is currently improved with a United States Post Office. The building was constructed in 1935 and consists of 9,783± square feet on the ground floor and 9,702± square feet of basement space, for a total rentable area of 19,485± square feet. The property is situated within the confines of a single assessor's parcel containing approximately 22,982 square feet of land area.

The subject was reportedly constructed in 1935 and has been renovated and updated at various times over the years. The first floor contains a lobby, customer service counter and post office boxes at the front of the building. The employees-only area at the back of the building includes a break room, restrooms, private offices and a large open area used for mail sorting. The mail sorting area is accessible via a truck loading dock on the north side of the building. The building contains a basement that is built out with offices, locker rooms, a boiler room, storage rooms and a large warehouse-type storage area. The basement is accessed via one interior stairwell and one exterior stairwell along Vernon Street. A commercial grade dumbwaiter also allows vertical movement of materials between the ground floor and basement. The tenant only leases the ground floor. While the post office still has access to the basement and is storing some items there, they are not technically to be using the basement. Further, the property owner was to secure the basement from being accessed; however, this was never completed. Technically, if properly secured, the property owner could lease the basement area; however, given its poor condition and poor accessibility, it is unlikely a tenant could be secured. As such, the basement is considered to have no contributory value to the property over the two-year interim use time frame.

A description of the improvements is provided on the following pages, based on our inspection of the subject property on May 1, 2018.

Improvements Description

Name of Property	320 Vernon Street
General Property Type	Office
Property Sub Type	Governmental/Institutional
Competitive Property Class	C
Occupancy Type	Single Tenant
Percent Leased	100%
Number of Tenants	1
Number of Buildings	1
Stories	The building contains one floor above ground and a basement. The basement has windows near the ceiling (at street grade).
Construction Class	D
Construction Type	Wood frame
Construction Quality	Average for 1935 construction
Condition	The subject's structural and site improvements appear to be in fair to average condition, while the interior tenant improvements range from poor to fair condition.
Rentable Area (SF)	19,485
Land Area (SF)	22,982
Floor Area Ratio (RA/Land SF)	0.85
Building Area Source	Inspection
Year Built	1935
Actual Age (Yrs.)	83
Estimated Effective Age (Yrs.)	40
Estimated Economic Life (Yrs.)	45-50
Remaining Economic Life (Yrs.)	5-10
Number of Parking Spaces	18
Source of Parking Count	Inspection
Parking Type	Paved and striped
Parking Spaces/1,000 SF RA	0.92
Landscaping	Landscaping includes a typical quantity and quality of shrubs and trees, with an automatic irrigation system.

Construction Details

Foundation	Perimeter reinforced concrete and wood subfloors over the basement area
Basement	Yes
Structural Frame	Concrete block
Exterior Walls	Stucco and concrete block
Doors and Windows	The entrances to the building consist primarily of wood frame construction, and the windows have wood frames with clear or tinted glass.
Roof	Built-up composition
Dock Height Loading Doors	1
Interior Finishes	Average
Floors	The floor coverings consist of ceramic tile, vinyl tile, wood and commercial grade carpet. A portion of the basement has unfinished concrete floors. Another portion of the basement area has tile flooring and is reported to asbestos (approximately 4,000 sf of the 9,702 SF basement).
Walls	Taped, textured and painted drywall, exposed concrete block, faux wood paneling and wallpaper
Ceilings	Acoustical panels in T-bar grids, finished and exposed
Lighting	Affixed and recessed fluorescent lighting fixtures
HVAC	Central
Electrical	Presumed adequate for the current use
Elevators	—
Rest Rooms	Two unisex restrooms on first floor, two women's restrooms and one men's restroom in basement area
Sprinklers	None

Improvements Analysis
Quality and Condition

The quality and condition of the subject is considered to be inferior to that of competing properties.

Functional Utility

The improvements appear to be adequately suited to their post office use, and there do not appear to be any significant items of functional obsolescence. However, for market use, the basement space is considered to pose certain functional issues for any type of general commercial use.

Deferred Maintenance

The downstairs basement office space is in poor condition.

ADA Compliance

Given the age of the improvements it is presumed the property has some ADA issues. However, we are not expert in ADA matters, and further study by an appropriately qualified professional would be recommended to assess ADA compliance.

Hazardous Substances

An environmental assessment report was not provided for review and environmental issues are beyond our scope of expertise. It is our understanding the basement floor tiles contain asbestos. Given the age of the construction, there is some possibility asbestos or other hazardous materials could also be contained in some of the mechanical piping insulation and materials within the walls.

Personal Property

No personal property items were observed that would have any material contribution to market value.

Conclusion of Improvements Analysis

In comparison to other competitive properties in the region, the subject improvements are rated as follows:

Improvements Ratings	
Visibility/Exposure	Average
Design and Appearance	Below Average
Age/Condition	Below Average
% Sprinklered	Below Average
Interior Amenities	Below Average
Floor to ceiling heights	Average
Parking Ratios	Average
Distance of Parking to Building Access	Average
Landscaping	Average

Overall, the quality, condition, and functional utility of the improvements are generally average for their age and location. The subject property is at the end of its economic life having been used as a post office for nearly 78 years. Based on a test of financial feasibility, in our opinion it is highly unlikely a buyer of the subject would propose to renovate and convert the subject property to an alternative use. Also considered is the fact that the basement is not desirable for occupancy as either office or retail space in the Roseville market area. As will be discussed in the Highest and Best Use section, given the encumbering lease agreement, the highest and best use is for interim post office use, with demolition and redevelopment of the site to occur in the year 2020, provided market conditions are such that development is financially feasible (which is presumed for the purpose of this analysis).



Building exterior facing southeast – main entrance



Ramp to main entrance



Main entrance



Stairs on southeast side of the building to the basement



Eastern corner of the building



Building exterior facing northeast – area between subject and the adjacent building



Building exterior facing northwest



Building exterior facing northwest



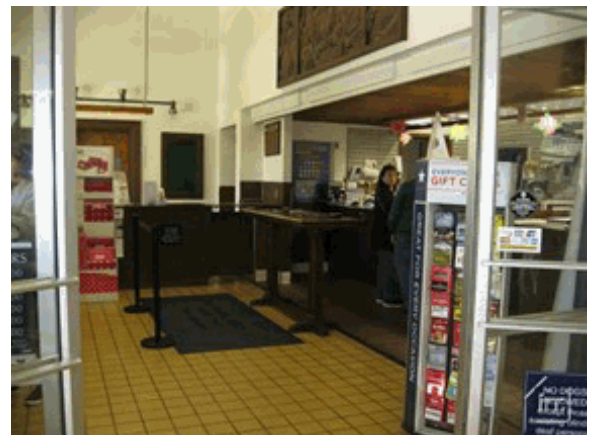
Building exterior facing southwest



Parking behind the building – photo taken from the loading dock



Looking northeast at the subject



Front desk/customer service area



Post office boxes



Mail sorting area



Mail sorting area



Mail sorting area



Mail sorting area



Mail sorting area



Mail sorting area



Door leading to the loading dock



Loading dock



Restrooms



Breakroom



Office



Restroom



Office



Mechanical room



Janitorial closet



Locker rooms



Locker rooms



Basement hallway



Basement office



Basement hallway



Basement space



Basement space



Basement space



Basement space



Basement space



Basement space



Basement restroom



Basement space



Basement space



Looking northeast along Vernon Street



Looking southwest along Vernon Street



Looking southeast along S. Grant Street



Looking northwest along S. Grant Street



Looking southwest along Atlantic Street



Looking northeast along Atlantic Street

Real Estate Taxes

The property tax system in California was amended in 1978 by Article XIII to the State Constitution commonly referred to as Proposition 13. It provides for a limitation on property taxes and for a procedure to establish the current taxable value of real property by reference to a base year value, which is then modified annually to reflect inflation (if any). Annual increases cannot exceed 2% per year.

The base year was set at 1978-76 or any year thereafter in which the property is substantially improved or changes ownership. When either of these two conditions occurs, the property is to be reappraised at market value, which becomes the new base year assessed value. Proposition 13 also limits the maximum tax rate to 1% of the value of the property, exclusive of bonds and direct charges. Bonded indebtedness approved prior to 1978, and any bonds subsequently approved by a two-thirds vote of the district in which the property is located, can be added to the 1% tax rate.

The subject property is not taxed because it is owned by a public entity. However, if sold to a non-public entity, the subject would be taxed similar to other commercial properties in the vicinity, which would be based on the tax rate applied to the assessed value, plus any additional direct charges. The subject property is located in tax rate area 005-029, which has a current tax rate of 1.063614%.

Highest and Best Use

Process

Before a property can be valued, an opinion of highest and best use must be developed for the subject site, both as if vacant, and as improved or proposed. By definition, the highest and best use must be:

- Physically possible.
- Legally permissible under the zoning regulations and other restrictions that apply to the site.
- Financially feasible.
- Maximally productive, i.e., capable of producing the highest value from among the permissible, possible, and financially feasible uses.

As If Vacant

Legally Permissible

The legal factors influencing the highest and best use of the subject property are primarily government regulations, such as zoning and building codes. As previously presented, the subject property is zoned CBD/SA-DT – Central Business District/Special Area – Downtown Specific Plan. A variety of commercial uses are legally permissible, including retail, service-commercial and office uses. This area has undergone extensive planning and review; zoning modifications are considered highly unlikely. Based on a review of the subject's zoning ordinance, the primary legally permissible uses of the subject property are for retail, office and/or mixed-use development.

Physically Possible

The physical characteristics of a site that affect its possible use(s) include, but are not limited to, location, street frontage, visibility, access, size, shape, topography, availability of utilities, off-site improvements, easements and soil and subsoil conditions. Since the legally permissible test has resulted in a potential for commercial and/or mixed-use development, at this point the physical characteristics are examined to see if they are suited for the legally permissible uses.

Locational considerations include the compatibility and position of the subject property with respect to surrounding uses. Based on our physical inspection of the subject property, we know of no reason why the property would not support any legal development.

The topography of the subject property appears adequate for development. In addition, the property is not located within a Fault-Rupture Hazard Zone. All utility services are available, and evidence of commercial and mixed-use construction in the immediate area provides additional support for the possibility of development. Typical roadway and utility easements exist but are not unusual in any way. It is assumed any easements do not adversely affect the subject's potential for development.

The subject property is located within the city of Roseville, specifically the Downtown area, and the subject's location is considered average for the legally permissible uses. The property has frontage, visibility and access along Vernon Street, S. Grant Street and Atlantic Street. In addition, the property is proximate to Interstate 80 via Atlantic Street and Douglas Boulevard by a number of downtown

streets. Overall, the subject property has physical characteristics that support the legally permissible uses.

Financially Feasible

A determination of financial feasibility is dependent on regional supply and demand influences. Vacancy for retail and office properties in Roseville and region-wide has steadily decreased over the last several years. The subject property is located in downtown Roseville, which has experienced some revitalization, property appreciation, increased rental rates and new construction in recent years.

While recent broker surveys suggest stabilization has been occurring for office and retail properties in the subject's market and region wide over the last couple of years, current market rents and sale prices are still not high enough to justify new construction. In other words, the cost of construction (plus land value) exceeds the market value of the property upon completion of construction. New construction may not be considered financially feasible at this time. It is our opinion the highest and best use of the subject property as though vacant would be to hold for future office and/or mixed-use development (office, retail and /or multifamily), and the timing of future development would depend on further improvement in market conditions as it relates primarily to market rent and sale price levels. That being said, development may be possible in a build-to-suit scenario with a large credit tenant in place and contract rent sufficiently high enough to justify construction.

Maximally Productive

Legal, physical and market conditions have been analyzed to evaluate the highest and best use of the subject property. The analysis is presented to evaluate the type of use(s) that will generate the greatest level of future benefits possible to the property. There have been other proposed/partially completed projects in the immediate area that have been largely unsuccessful. While construction of an office and/or mixed-use project is legally permissible and physically possible, the submarket is considered to be overbuilt, given the amount of existing supply and limited demand currently existing in the market.

Conclusion

Based on the factors previously discussed, holding for future development is the maximally productive land use that is legally permissible, physically possible and financially feasible. Considering the subject's specific characteristics, the highest and best use of the subject property – as vacant – is to hold for future construction. It is projected the subject property will ultimately be developed with office, retail and/or mixed-use development, but future construction will be dependent on continued moderate improvement of market conditions.

As Improved

As with the highest and best use as though vacant, the four tests of highest and best use must also be applied to the subject property considering the in-place improvements. Consideration must be given to the continued as-is use of the subject, as well as alternative uses for the property. The potential alternative uses consist of demolition, expansion, conversion or renovation. A discussion of the possible "as improved" uses is offered beginning on the following page.

Demolition

One alternative would be to demolish the subject structure, creating a vacant site. Although it is physically possible to demolish the building, it is not legally possible given the existing lease. The property is leased to the United States Post Office, whose lease does not expire until April 30, 2020. As shown later in this report, the property owner's cost to relocate the post office prior to the end of the lease is extremely punitive. Therefore, demolition is not considered legal or financially feasible at this time. However, once the lease expires in 2020, demolition of the subject is considered the most likely option given the age and condition of the improvements.

Expansion

The subject property exhibits a floor area ratio of 0.85 (based upon the total building area in relation to the land area). This ratio is within the range typically seen for similar properties in the immediate Downtown Roseville market area. Given the existing floor area ratio, along with parking requirements, and the condition of the existing improvements, expansion is not considered physically possible.

Conversion

The subject property was specifically designed for post office use. Conversion to a significantly different use would not be legally permissible due to the lease in place, or financially feasible in light of the age and condition of the existing structure. Therefore, conversion is not an appropriate alternative.

Renovation

The improvements were originally constructed in 1935. The ground floor of the subject is currently used as a U.S. Post Office retail unit. All major mail delivery functions have been moved out of the subject location. Currently, only three to four employees work at the subject site. It is solely used for P.O. boxes and the sending of packages. The basement contains a mix of finished and unfinished space previously used for post office operations. This space is in poor condition and is not leased by the post office. However, it is not considered financially feasible to renovate this space for use for another tenant due to access issues and a lack of demand for basement office space. Based on our inspection, the subject's structural and site improvements appear to be in fair to average condition, while the interior tenant improvements range from poor to fair condition. It is our opinion a retrofit of the tenant improvements and conversion to 100% office use would not be financially feasible given the age of the subject and the related problems of converting a property such as this. Major renovation of the structure would most likely not receive an adequate return so as to justify the cost of construction.

Continued Use – As-Is

The subject property can legally and physically continue to be utilized in its exact as-is condition for at least another two years. At the present time, continued use of the subject is legally permissible, financially feasible and maximally productive.

Conclusion

Legal, physical and financially feasible considerations, as well as alternative uses and market considerations, have been analyzed to evaluate the highest and best use of the subject property as

improved. Based on this analysis, the subject's highest and best use as improved is for interim use as a post office facility until the lease agreement terminates in April 2020, or until the U.S. Post Office voluntarily vacates the subject property. In light of the age and condition of the subject improvements, the highest and best use as improved is for interim use as a post office facility until the lease agreement terminates, or until the tenant voluntarily vacates the subject property and then demolition of the existing building. The financial feasibility of construction at that time would be dependent on market conditions at that time.

Most Probable Buyer

The most likely buyer is an investor looking to collect interim income and develop the subject at a future date.

Valuation

Valuation Methodology

Appraisers usually consider three approaches to estimating the market value of real property. These are the cost approach, sales comparison approach and the income capitalization approach.

The **cost approach** assumes that the informed purchaser would pay no more than the cost of producing a substitute property with the same utility. This approach is particularly applicable when the improvements being appraised are relatively new and represent the highest and best use of the land or when the property has unique or specialized improvements for which there is little or no sales data from comparable properties.

The **sales comparison approach** assumes that an informed purchaser would pay no more for a property than the cost of acquiring another existing property with the same utility. This approach is especially appropriate when an active market provides sufficient reliable data. The sales comparison approach is less reliable in an inactive market or when estimating the value of properties for which no directly comparable sales data is available. The sales comparison approach is often relied upon for owner-user properties.

The **income capitalization approach** reflects the market's perception of a relationship between a property's potential income and its market value. This approach converts the anticipated net income from ownership of a property into a value indication through capitalization. The primary methods are direct capitalization and discounted cash flow analysis, with one or both methods applied, as appropriate. This approach is widely used in appraising income-producing properties.

Reconciliation of the various indications into a conclusion of value is based on an evaluation of the quantity and quality of available data in each approach and the applicability of each approach to the property type.

The methodology employed in this assignment is summarized as follows:

Approaches to Value		
Approach	Applicability to Subject	Use in Assignment
Cost Approach	Not Applicable	Not Utilized
Sales Comparison Approach	Applicable	Utilized
Income Capitalization Approach	Applicable	Utilized

Given our opinion of highest and best use, the most appropriate method of estimating the market value of the leased fee interest is yield capitalization, a valuation technique of the income capitalization approach. As part of this valuation we will use the sales comparison approach to estimate the value of the underlying land. In summary, we will estimate all net inflows of cash over the two years remaining on the lease and determine the net reversion value (future land value, less demolition and fill costs) and discount all of the net cash flows to a present value.

Income Capitalization Approach

Introduction

In order to estimate the leased fee market value of the subject property as of May 1, 2018, we must consider the present value of the interim income associated with the subject's lease, in addition to the reversion value of the subject (future land value less demolition and related costs). As discussed in the *Highest and Best Use* section of this report, holding for future mixed use (office and retail) development is considered to be the maximally productive use of the subject property. There is currently one tenant in place through April 20, 2015, with a single five-year option.

In light of the interim nature of the current lease agreement, and due to the fact the building is at the end of its economic life (built in 1935); the direct capitalization method of the income capitalization approach is not applicable to the valuation due to its recognition of income in perpetuity.

Annual Cash Flows

As discussed in the *Highest and Best Use* section, the most likely buyer of the subject would purchase the property based on the present value of the annual cash flows, plus the net value of the reversion. Below we will discuss contract the subject's contract rent. At the end of this section we will present our estimate of the annual cash flows related to the lease agreement encumbering the subject.

Contract Rent

The property is leased to a single tenant. Pertinent lease terms are shown below.

Lease Synopsis

Lessor	City of Roseville			
Lessee	United States Post Office			
Leased SF	9,783			
Lease Type	Modified Gross			
Commencement	5/1/2015			
Expiration	4/30/2020			
Cancellation Clause	Upon 180 days written notice to the Landlord			
Term	60	months	or	5.0 years
Remaining Term	24	months	or	2.0 years
Base Rent & Escalations	Period	Months	PSF/Yr	Annual Rent
	Base Term	5/1/2015 - 4/30/2016	1 - 12	\$11.04 \$108,000
	Base Term	5/1/2016 - 4/30/2017	13 - 24	\$11.37 \$111,240
	Base Term	5/1/2017 - 4/30/2018	25 - 36	\$11.71 \$114,577
	Base Term	5/1/2018 - 4/30/2019	37 - 48	\$12.06 \$118,014
	Base Term	5/1/2019 - 4/30/2020	49 - 60	\$12.43 \$121,554
Current Rent				\$118,014
Projected Rent - First Forecast Year				\$118,014

The lease is written under modified gross terms, under which the tenant directly covers the cost of utilities, janitorial, repairs and maintenance (except for the lights, HVAC, roof and structural building components). The property owner is responsible for property taxes, insurance, maintenance of the items mentioned above and property management. It is anticipated the property owner will not set aside any replacement allowances as the highest and best use is to raze the building at the end of the lease.

Additional information contained in the lease that is deemed relevant to the valuation of the subject is offered as follows:

- **Early Termination** – Should the City of Roseville (current property owner) desire to move forward with their redevelopment plans for the subject property, the city would be required to give one-year advanced notice and obtain temporary space for the USPS – provided they were to move back to a new building on the subject site. The city would be required to pay relocation costs up to \$470,000. When a permanent site is identified (either in the new building on the subject site, or another building), the city would need to cover \$690,000 in new tenant improvement costs (subject to CPI adjustments). The new permanent space is to be 4,110± square feet in terms of net usable area. If the USPS decides to terminate the lease, or if the lease extends to the end of the contract term, neither relocation costs, nor tenant improvement costs would be required of the city. In light of the significant cost to remove the USPS prior to end of the lease, it is highly unlikely a buyer of the subject would exercise the early termination clause.

The tenant only leases the ground floor. While the post office still has access to the basement and is storing some items there, they are not technically to be using the basement. The property owner was to secure the basement from being accessed but has not been done. If properly secured, the property owner could lease the basement area; however, given its poor condition and poor accessibility, it is unlikely a tenant could be secured. As such, the basement is considered to have no contributory value to the property over the two-year interim use time frame.

Vacancy & Collection Loss

Based on the credit quality of the tenant, the length of the lease, and practices of typical investors in the market, no deductions for vacancy and collection loss are appropriate.

Expenses

The property owner is responsible for property taxes, insurance and maintenance of the lights, HVAC, roof and structural building components. The subject is owned by a government entity and is therefore not subject to property taxes; however, the definition of market value assumes a sale of the subject property. Therefore, based on a sale to a non-government entity, we have calculated property taxes by multiplying the subject's tax rate by the indicated market value. An expense of \$0.25 psf/year is concluded for the subject's insurance expense. A conclusion of \$0.20 psf/year appears reasonable for the subject's maintenance/repairs expenses. Given the highest and best use to demolish the structure at the end of the lease, it is assumed the owner will only make absolutely necessary repairs to the building. It is anticipated the property owner will not set aside any replacement allowances as the highest and best use is to raze the building at the end of the lease.

Expenses are trended up by 3% in the second year and property taxes are trended up by the maximum of 2% in the second year in accordance with existing law. Our first-year expense estimates are presented in the table below.

Interim Expenses		
Expense	\$/SF/Year	\$/Year
Property Taxes	\$0.25	\$4,893
Property Insurance	\$0.25	\$4,871
Maintenance/Repairs	<u>\$0.20</u>	<u>\$3,897</u>
Total Per Year	\$0.70	\$13,661
Total Per Month	\$0.058	\$1,138

Reversion Value

In accordance with the highest and best use analysis, the reversion value consists of the future land value, less future demolition costs and related costs. These two components of the net reversion value are presented as follows:

Land Valuation

To develop an opinion of the subject's land value, as if vacant and available to be developed to its highest and best use, we utilize the sales comparison approach. Our search for comparable sales focused on transactions within the following parameters:

- Location: Within Roseville, primarily within the historic and downtown areas
- Size: Less than one acre
- Transaction Date: Within the past three years

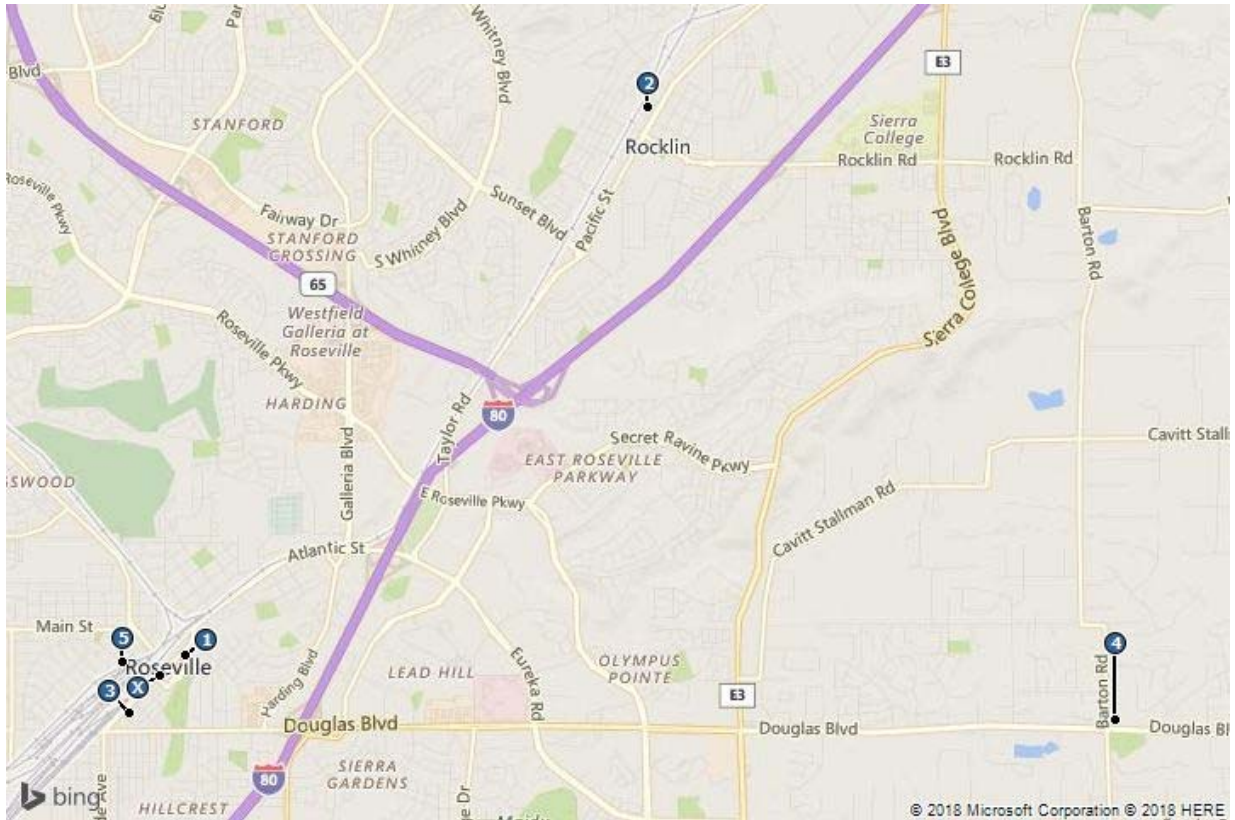
Given the limited data in the market area, we had to expand our search to include other historic/downtown areas and surrounding communities.

For this analysis, we use price per usable square foot as the appropriate unit of comparison because market participants typically compare sale prices and property values on this basis. The most relevant sales are summarized in the following table.

Summary of Comparable Land Sales

No.	Name/Address	Sale Date; Status	Effective Sale Price	SF; Acres	Zoning	\$/SF Land	\$/Acre
1	Vacant Land 129 Vernon St. Roseville Placer County	Sep-17 Closed	\$200,000	11,354 0.26	Central Bus. Dist./Sp. Area- Downtown Specific Plan	\$17.61	\$767,165
<i>Comments: Sale of a property improved as a parking lot at the time of sale. The buyer has plans to develop the site as a five-story, 42,680 square foot mixed-use project comprised of 24 residential units and approximately 2,000 square feet of retail space.</i>							
2	3720 Pine Street 3720 Pine St. Rocklin Placer County	Jun-17 Closed	\$130,000	15,000 0.34	General Retail Service Commercial	\$8.67	\$377,468
<i>Comments: This transaction represents the sale of a vacant parcel located within a historic portion of the City of Rocklin. While the site has a gross land area of 15,000 square feet, over half of the site is undevelopable due to a railroad right-of-way. The property previously sold in an REO transaction in September 2014 for \$50,000 or \$7.57 psf/usable land area.</i>							
3	609-625B Vernon Street 609, 623 & 625B Vernon St. Roseville Placer County	Nov-16 Closed	\$803,780	37,549 0.86	Ctrl. Bus. Dist./Sp. Area- Downtown Specific Plan	\$21.41	\$932,459
<i>Comments: This transaction represents the portfolio sale of two parcels. At the time of sale, one of the parcels was improved with two buildings, a 2,140 SF retail building and a 3,716 SF auto service building. The property was purchased to be redeveloped into a four-story mixed use building comprising 58 affordable apartment units with 2,900 square feet of ground floor retail. The proposed project will include 60 underground parking spaces and four surface parking spaces. The cost of demolition of the existing buildings is considered and expenditure after sale and the sale price must be adjusted upward.</i>							
4	Granite Bay Retail & Office site 8481 Barton Rd Granite Bay Placer County	Jul-15 Closed	\$640,000	37,905 0.87	Commercial	\$16.88	\$735,632
<i>Comments: This comparable represents the sale of vacant land located along the east side of Barton Road, just north of Douglas Boulevard in Granite Bay. The adjacent parcel, which was improved with a 1,721 square foot office building was also purchased by the same buyer in a separate transaction. Since the purchases the office building (not this property) was demolished, the parcels were assembled (new APN 048-101-084) and improved with a memory care residence.</i>							
5	326 Church Street 326 Church St. Roseville Placer County	May-18 Listing	\$175,000	9,828 0.23	General Commercial	\$17.81	\$775,709
<i>Comments: This transaction represents the active listing of a 0.23 acre parcel zoned general commercial. The general commercial zone is intended to serve the entire community by providing areas for commercial facilities that are more of a service or heavy commercial character than are permitted in the Community Commercial District, and may involve outdoor display, storage or activity areas. Surrounding land uses include single-family residential and auto service uses and vacant land.</i>							
Subject				22,982	Central		
320 Vernon Street				0.53	Business		
Roseville, CA					District/Special		

Comparable Land Sales Map





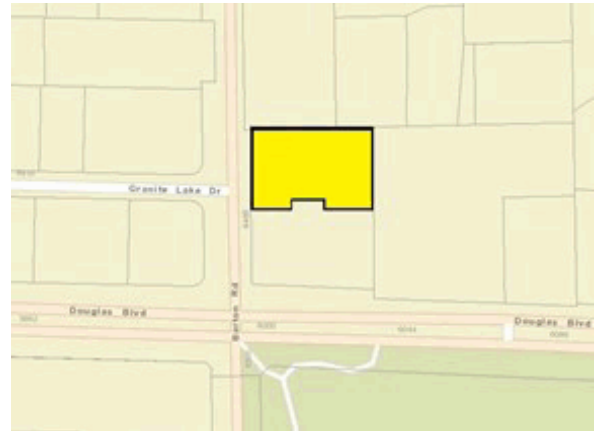
Sale 1
Vacant Land



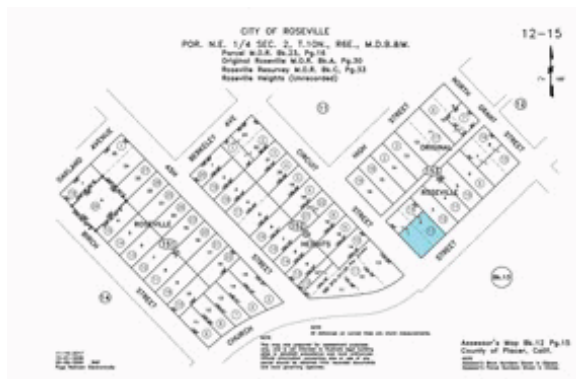
Sale 2
3720 Pine Street



Sale 3
609-625B Vernon Street



Sale 4
Granite Bay Retail & Office site



Sale 5
326 Church Street

320 Vernon Street

Analysis and Adjustment of Sales

The sales are compared to the subject and adjusted to account for material differences that affect value. Adjustments are considered for the following factors, in the sequence shown below.

Adjustment Factor	Accounts For	Comments
Effective Sale Price	Atypical economics of a transaction, such as demolition cost or expenditures by buyer at time of purchase.	Sale 3 included two buildings totaling 5,856± square feet that needed to be demolished prior to development. We estimated a cost of \$5.00 per square foot to demolish the buildings.
Real Property Rights	Fee simple, leased fee, leasehold, partial interest, etc.	No adjustments are required.
Financing Terms	Seller financing, or assumption of existing financing, at non-market terms.	The comparable sales represented cash to the seller transactions and, therefore, do not require adjustments.
Conditions of Sale	Extraordinary motivation of buyer or seller, assemblage, forced sale.	Sale 5 is an active listing. This sale is adjusted downward to reflect the likelihood that the sale price will be below the asking price due to typical negotiation with the buyer. The remaining comparables sold with no unusual conditions of sale and do not require adjustments.
Market Conditions	Changes in the economic environment over time that affect the appreciation and depreciation of real estate.	Upward adjustments are applied to Sales 3 and 4, which transferred in 2016 and 2015, respectively, to account for the improvement in market conditions since the time of the sales.
Location	Market or submarket area influences on sale price; surrounding land use influences.	The subject is located within the core of the Central Business District of downtown Roseville. The subject's location near the city offices, the Civic Center and the Vernon Street Town Center bodes well for the subject. Factors considered in evaluating location include, but are not limited to, demographics, growth rates,

Adjustment Factor	Accounts For	Comments
		surrounding uses and property values. Sale 2 is located in the historic part of Rocklin which is considered to be in an inferior area compared to that of the subject, and an upward adjustment is applied. Sale 4 is located in Granite Bay which is slightly superior in comparison to the subject's location and is adjusted downward. While Sales 1, 3 and 5 are also located in Roseville, proximate to the subject, they are not located as proximate to the core and upward adjustments are warranted.
Access/Exposure	Convenience to transportation facilities; ease of site access; visibility; traffic counts.	The subject property is considered to possess average access/exposure. Sales 4 and 5 are located in areas that are slightly more residential in nature and their exposure is slightly inferior in comparison to the subject. These sales are adjusted upward. The remaining sales are considered to possess similar access and exposure attributes and no adjustments are considered necessary.
Size	In general, due to economies of scale, the market exhibits an inverse relationship between land area and price per square foot such that larger parcels typically sell for a lower price per square foot than smaller parcels, all else being equal. This relationship sometimes reverses, when smaller parcel size begins to impact the functional utility of a site, as is the case in many downtown market areas where parcel sizes are small and land available for development is limited.	Applicable adjustments are applied for differences in size. The comparables that are appreciably smaller than the subject are adjusted upward.

Adjustment Factor	Accounts For	Comments
Zoning	Government regulations that affect the types and intensities of uses allowable on a site.	Similar to the subject property, all of the sales have zoning permitting a variety of commercial, office or mixed-use development and no adjustments are warranted.
Off-Site Improvements	Off-site improvements include utilities to the site, streets, curbs, gutters and sidewalks.	The subject has all off-site improvements in place as is the case with the majority of the comparables. However, Sale 2 has inferior off-site improvements and is adjusted upward.
Site Utility	Primary physical factors that affect the utility of a site for its highest and best use.	The subject property has average site utility given its shape, level topography, and lack of vegetation, trees, rocks or other impediments to development. All of the sales have similar site utility and no adjustments are required.

The following table summarizes the adjustments we make to each sale.

Land Sales Adjustment Grid						
	Subject	Comparable 1	Comparable 2	Comparable 3	Comparable 4	Comparable 5
Address	320 Vernon St.	129 Vernon St.	3720 Pine St.	609, 623 & 625B Vernon St.	8481 Barton Rd	326 Church St.
City	Roseville	Roseville	Rocklin	Roseville	Granite Bay	Roseville
County	Placer	Placer	Placer	Placer	Placer	Placer
Sale Date		Sep-17	Jun-17	Nov-16	Jul-15	May-18
Sale Status		Closed	Closed	Closed	Closed	Listing
Sale Price		\$200,000	\$130,000	\$774,500	\$640,000	\$175,000
Price Adjustment		—	—	\$29,280	—	—
Effective Sale Price		\$200,000	\$130,000	\$803,780	\$640,000	\$175,000
Square Feet	22,982	11,354	15,000	37,549	37,905	9,828
Acres	0.53	0.26	0.34	0.86	0.87	0.23
Usable Square Feet	22,982	11,354	6,607	37,549	37,906	9,828
Price per Usable Square Foot		\$17.61	\$19.68	\$21.41	\$16.88	\$17.81
Property Rights		Fee Simple	Fee Simple	Fee Simple	Fee Simple	Fee Simple
% Adjustment		—	—	—	—	—
Financing Terms		Cash to seller	Cash to seller	Cash to seller	Cash to seller	Cash to seller
% Adjustment		—	—	—	—	—
Conditions of Sale		Market	Market	Market	Market	Listing
% Adjustment		—	—	—	—	-5%
Market Conditions	5/1/2018	Sep-17	Jun-17	Nov-16	Jul-15	May-18
Annual % Adjustment		—	—	5%	10%	—
Cumulative Adjusted Price		\$17.61	\$19.68	\$22.48	\$18.57	\$16.92
Location		10%	10%	10%	-5%	10%
Access/Exposure		—	—	—	5%	5%
Size		10%	15%	—	—	10%
Zoning		—	—	—	—	—
Off-Site Improvements		—	5%	—	—	—
Site Utility		—	—	—	—	—
Net \$ Adjustment		\$3.52	\$5.90	\$2.25	\$0.00	\$4.23
Net % Adjustment		20%	30%	10%	0%	25%
Final Adjusted Price		\$21.14	\$25.58	\$24.72	\$18.57	\$21.14
Overall Adjustment		20%	30%	16%	10%	19%
Range of Adjusted Prices		\$18.57 - \$25.58				
Average		\$22.23				
Indicated Value		\$24.00				

Land Value Conclusion

We analyzed several land sales for comparison to the subject property. The adjustment grid on the preceding page illustrates the quantitative adjustments applied to the market data in order to equate them with the subject. Prior to adjustment, the sales reflect a range of \$16.88 - \$21.41 per usable square foot. After adjustment, the range is narrowed to \$18.57 - \$25.58 per usable square foot, with an average of \$22.23 per usable square foot. Given the adjustments required for location and size, the range shifted upward

Sale 5 is an active listing in which the final sale price is uncertain and guarded reliance is placed on this comparable. Sale 1 is the most recent transaction in the data set, has the same zoning and is located in the immediate area. Sale 3 also has the same zoning, is located in the immediate area and required the least gross adjustment. Sale 3 followed by Sale 1 are given the most emphasis. Sale 2 is significantly smaller in size and is located in an inferior area. Conversely, Sale 4 is located in a superior area and is the most dated transaction in the data set. Less emphasis is placed on Sales 2 and 4. Given the previous discussion, with emphasis on Sales 1 and 3 (most on Sale 1), with support from the remainder of the data set, a market value estimate of \$24 per usable square foot of land area is concluded for the subject property.

We arrive at a land value conclusion as follows:

Land Value Conclusion	
Indicated Value per Usable Square Foot	\$24.00
Subject Usable Square Feet	<u>22,982</u>
Indicated Value	\$551,568
Rounded	\$550,000

Applying a 3% appreciation factor to the land indicates a future value as of May 2020 of \$583,495.

Demolition and Related Site Costs

We consulted Mr. Lance Klug of Reeve-Knight construction for a demolition cost estimate. In addition to the asbestos in the flooring, Mr. Klug indicated in his experience with buildings of similar age and construction, there is some possibility asbestos or other hazardous materials could also be in some of the mechanical piping insulation and materials within the walls. Mr. Klug estimated the cost of the building demolition and hazardous material abatement would be approximately \$100,000. For the purpose of this analysis, we use Mr. Klug's estimate and appreciate the amount by an inflation rate of 3% per year as shown below.

$$(\$100,000 \times 3\% \text{ in year 1}) \times 3\% \text{ in year 2} = \$583,495$$

Discount Rate

The final step in the discounted cash flow analysis is to select a discount rate by which to convert future cash flows to present value. A discount rate is a rate of return on capital that reflects the competitive rate of return on an investment and reflects a typical investor's anticipated internal rate of return (IRR) on similar quality investments.

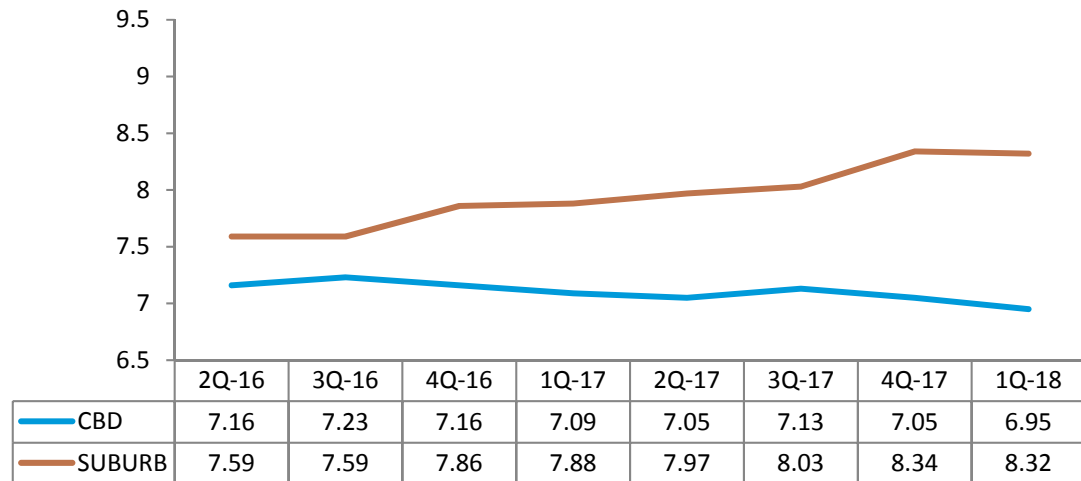
Investors require a rate of return on investment in real estate that is greater than the "safe" rates available through long-term treasury notes and bonds. The difference between an investor's required rate of return and the safe rate is basically equal to the return necessary to compensate for the lack of liquidity and the risk associated with real estate investments.

In determining a discount rate to apply in this analysis, we have considered current target rates that real estate investors are attempting to obtain on commercial properties. The following table shows discount rates reported in the IRR-ViewPoint and PwC Real Estate Investor Survey, published by PricewaterhouseCoopers.

Investor Surveys – Office Properties				
	IRR-ViewPoint	IRR-ViewPoint	PwC	PwC
	Year End 2017	Year End 2017	1Q-18	1Q-18
	National	National	National	National
	CBD Office	Suburban Office	CBD Office	Suburban Office
Discount Rate				
Range	6.00% - 12.00%	6.75% - 12.00%	5.25% - 9.00%	6.00% -12.00%
Average	8.40%	8.67%	6.95%	8.32%
Source: Viewpoint 2018, published by Integra Realty Resources; PwC Real Estate Investor Survey.				

The following chart shows discount rate trends over the past two years as reported in the PwC Real Estate Investor Survey.

Office Discount Rate Trends



CBD - PwC Real Estate Investor Survey - National CBD Office Market

SUBURB - PwC Real Estate Investor Survey - National Suburban Office Market

The reported average discount rate is approximately 150 to 170 basis points higher than the average capitalization rate for commercial properties in the PwC Real Estate Investor Survey. However, the PwC survey includes institutional grade commercial properties, whereas the subject has comparatively less desirability and marketability.

Based on the above discussion and in light of the particulars of the subject property (Federal government lease with a low degree of risk), a discount rate of 8.00% will be applied to the cash flows.

Conclusion

Using the parameters discussed on the preceding pages, the as-is leased fee market value of the subject property is presented in the following table.

Yield Capitalization									
Period Start	Period End	No. of Months	Months from Date of Value	Contract Rent Per Month	Monthly Expenses	Monthly Taxes	Monthly Net Income	PV Factor at 8%	PV of Cash Flows
5/1/2018	4/30/2019	12	12	\$9,835	(\$1,949)	(\$487)	\$7,398	0.9259259	\$82,200
5/1/2019	4/30/2020	12	24	\$10,130	(\$2,007)	(\$497)	\$7,625	0.8573388	<u>\$78,444</u>
									\$160,644
Land Reversion Value							\$583,495	0.8573388	\$500,253
Less: Demolition and Hazardous Material Abatement							(\$106,090)	0.8573388	(\$90,955)
Total									\$569,942
Conclusion of As Is Market Value (<i>leased fee interest</i>)								Rd.	\$570,000

Conclusion of Value

The purpose of this appraisal has been to estimate the as-is market value (leased fee interest) of a property constructed in 1935 and occupied by the U.S. Post Office. The valuation contained herein is premised on our opinion that the subject will reach the end of its economic life at the end of the post office lease agreement in 2020. As a result of our analysis, and in accordance with the assumptions and limiting conditions contained within this document, it is our opinion the market value of the subject property, as of May 1, 2018, is as follows:

Value Conclusion			
Appraisal Premise	Interest Appraised	Date of Value	Value Conclusion
Market Value As Is	Leased Fee	May 1, 2018	\$570,000

Extraordinary Assumptions and Hypothetical Conditions

The value conclusions are subject to the following extraordinary assumptions that may affect the assignment results. An extraordinary assumption is uncertain information accepted as fact. If the assumption is found to be false as of the effective date of the appraisal, we reserve the right to modify our value conclusions.

1. It is our understanding the basement floor tiles contain asbestos. Given the age of the construction, there is some possibility asbestos or other hazardous materials could also be contained in some of the mechanical piping insulation and materials within the walls. An estimate of \$100,000 was provided by Mr. Lance Klug of Reeve Knight Construction for the demolition, asbestos and other hazardous material abatement. The estimated cost appears reasonable based on our experience with other projects in the region, but the appraisers are not experts in this field. It is assumed the estimate reasonably approximates the ultimate actual cost. If, at some future date, the actual costs incurred differ significantly from the estimate, the market value estimate

The value conclusions are based on the following hypothetical conditions that may affect the assignment results. A hypothetical condition is a condition contrary to known fact on the effective date of the appraisal but is supposed for the purpose of analysis.

1. None

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. 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 and past economic conditions. Based on a survey of market participants, a transfer of industrial properties in the region typically occurs within 12 months of exposure. It is estimated the exposure time for the subject property, if appropriately priced, would have been within 12 months of initial exposure.

Marketing Period

Marketing time is an estimate of the time to sell a property interest in real estate at the estimated market value during the period immediately after the effective date of value. A reasonable marketing time is estimated by comparing the recent exposure time of similar properties, and then taking into

consideration current and future economic conditions and how they may impact marketing of the subject property.

The marketing time for the subject property is not anticipated to vary significantly from the exposure time. Thus, the marketing time is estimated at 12 months or less.

Certification

We certify that, to the best of our knowledge and belief:

1. The statements of fact contained in this report are true and correct.
2. The reported analyses, opinions, and conclusions are limited only by the reported assumptions and limiting conditions, and are our personal, impartial, and unbiased professional analyses, opinions, and conclusions.
3. We 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.
4. We have not performed any 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.
5. We have no bias with respect to the property that is the subject of this report or to the parties involved with this assignment.
6. Our engagement in this assignment was not contingent upon developing or reporting predetermined results.
7. Our 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.
8. Our analyses, opinions, and conclusions were developed, and this report has been prepared, in conformity with the Uniform Standards of Professional Appraisal Practice as well as applicable state appraisal regulations.
9. 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.
10. The use of this report is subject to the requirements of the Appraisal Institute relating to review by its duly authorized representatives.
11. Lance Jordan, MAI, made a personal inspection of the property that is the subject of this report. Ligia Dejeu has also personally inspected the subject.
12. No one provided significant real property appraisal assistance to the person(s) signing this certification.
13. We have experience in appraising properties similar to the subject and are in compliance with the Competency Rule of USPAP.
14. As of the date of this report, Lance Jordan, MAI has completed the continuing education program for Designated Members of the Appraisal Institute.

15. As of the date of this report, Ligia Dejeu has completed the Standards and Ethics Education Requirements for Candidates/Practicing Affiliates of the Appraisal Institute.

A stylized, handwritten signature in black ink, appearing to read 'Lance Jordan'.

Lance Jordan, MAI
Certified General Real Estate Appraiser
California Certificate # AG012709

A handwritten signature in blue ink, clearly legible as 'Ligia Dejeu'.

Ligia Dejeu
Certified General Real Estate Appraiser
California Certificate # 3004823

Assumptions and Limiting Conditions

This appraisal and any other work product related to this engagement are limited by the following standard assumptions, except as otherwise noted in the report:

1. The title is marketable and free and clear of all liens, encumbrances, encroachments, easements and restrictions. The property is under responsible ownership and competent management and is available for its highest and best use.
2. There are no existing judgments or pending or threatened litigation that could affect the value of the property.
3. There are no hidden or undisclosed conditions of the land or of the improvements that would render the property more or less valuable. Furthermore, there is no asbestos in the property.
4. The revenue stamps placed on any deed referenced herein to indicate the sale price are in correct relation to the actual dollar amount of the transaction.
5. The property is in compliance with all applicable building, environmental, zoning, and other federal, state and local laws, regulations and codes.
6. The information furnished by others is believed to be reliable, but no warranty is given for its accuracy.

This appraisal and any other work product related to this engagement are subject to the following limiting conditions, except as otherwise noted in the report:

1. An appraisal is inherently subjective and represents our opinion as to the value of the property appraised.
2. The conclusions stated in our appraisal apply only as of the effective date of the appraisal, and no representation is made as to the effect of subsequent events.
3. No changes in any federal, state or local laws, regulations or codes (including, without limitation, the Internal Revenue Code) are anticipated.
4. No environmental impact studies were either requested or made in conjunction with this appraisal, and we reserve the right to revise or rescind any of the value opinions based upon any subsequent environmental impact studies. If any environmental impact statement is required by law, the appraisal assumes that such statement will be favorable and will be approved by the appropriate regulatory bodies.
5. Unless otherwise agreed to in writing, we are not required to give testimony, respond to any subpoena or attend any court, governmental or other hearing with reference to the property without compensation relative to such additional employment.
6. We have made no survey of the property and assume no responsibility in connection with such matters. Any sketch or survey of the property included in this report is for illustrative purposes only and should not be considered to be scaled accurately for size. The appraisal

- covers the property as described in this report, and the areas and dimensions set forth are assumed to be correct.
7. No opinion is expressed as to the value of subsurface oil, gas or mineral rights, if any, and we have assumed that the property is not subject to surface entry for the exploration or removal of such materials, unless otherwise noted in our appraisal.
 8. We accept no responsibility for considerations requiring expertise in other fields. Such considerations include, but are not limited to, legal descriptions and other legal matters such as legal title, geologic considerations such as soils and seismic stability; and civil, mechanical, electrical, structural and other engineering and environmental matters. Such considerations may also include determinations of compliance with zoning and other federal, state, and local laws, regulations and codes.
 9. The distribution of the total valuation in the report between land and improvements applies only under the reported highest and best use of the property. The allocations of value for land and improvements must not be used in conjunction with any other appraisal and are invalid if so used. The appraisal report shall be considered only in its entirety. No part of the appraisal report shall be utilized separately or out of context.
 10. Neither all nor any part of the contents of this report (especially any conclusions as to value, the identity of the appraisers, or any reference to the Appraisal Institute) shall be disseminated through advertising media, public relations media, news media or any other means of communication (including without limitation prospectuses, private offering memoranda and other offering material provided to prospective investors) without the prior written consent of the persons signing the report.
 11. Information, estimates and opinions contained in the report and obtained from third-party sources are assumed to be reliable and have not been independently verified.
 12. Any income and expense estimates contained in the appraisal report are used only for the purpose of estimating value and do not constitute predictions of future operating results.
 13. If the property is subject to one or more leases, any estimate of residual value contained in the appraisal may be particularly affected by significant changes in the condition of the economy, of the real estate industry, or of the appraised property at the time these leases expire or otherwise terminate.
 14. Unless otherwise stated in the report, no consideration has been given to personal property located on the premises or to the cost of moving or relocating such personal property; only the real property has been considered.
 15. The current purchasing power of the dollar is the basis for the values stated in the appraisal; we have assumed that no extreme fluctuations in economic cycles will occur.
 16. The values found herein are subject to these and to any other assumptions or conditions set forth in the body of this report but which may have been omitted from this list of Assumptions and Limiting Conditions.
 17. The analyses contained in the report necessarily incorporate numerous estimates and assumptions regarding property performance, general and local business and economic

- conditions, the absence of material changes in the competitive environment and other matters. Some estimates or assumptions, however, inevitably will not materialize, and unanticipated events and circumstances may occur; therefore, actual results achieved during the period covered by our analysis will vary from our estimates, and the variations may be material.
18. The Americans with Disabilities Act (ADA) became effective January 26, 1992. We have not made a specific survey or analysis of the property to determine whether the physical aspects of the improvements meet the ADA accessibility guidelines. We claim no expertise in ADA issues, and render no opinion regarding compliance of the subject with ADA regulations. Inasmuch as compliance matches each owner's financial ability with the cost to cure the non-conforming physical characteristics of a property, a 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.
 19. The appraisal report is prepared for the exclusive benefit of the Client, its subsidiaries and/or affiliates. It may not be used or relied upon by any other party. All parties who use or rely upon any information in the report without our written consent do so at their own risk.
 20. No studies have been provided to us indicating the presence or absence of hazardous materials on the subject property or in the improvements, and our valuation is predicated upon the assumption that the subject property is free and clear of any environment hazards including, without limitation, hazardous wastes, toxic substances and mold. No representations or warranties are made regarding the environmental condition of the subject property. Integra Realty Resources – Sacramento, Integra Realty Resources, Inc., Integra Strategic Ventures, Inc. and/or any of their respective officers, owners, managers, directors, agents, subcontractors or employees (the "Integra Parties"), shall not be responsible for any such environmental conditions that do exist or for any engineering or testing that might be required to discover whether such conditions exist. Because we are not experts in the field of environmental conditions, the appraisal report cannot be considered as an environmental assessment of the subject property.
 21. The persons signing the report may have reviewed available flood maps and may have noted in the appraisal report whether the subject property is located in an identified Special Flood Hazard Area. We are not qualified to detect such areas and therefore do not guarantee such determinations. The presence of flood plain areas and/or wetlands may affect the value of the property, and the value conclusion is predicated on the assumption that wetlands are non-existent or minimal.
 22. Integra Realty Resources – Sacramento is not a building or environmental inspector. Integra Sacramento does not guarantee that the subject property is free of defects or environmental problems. Mold may be present in the subject property and a professional inspection is recommended.
 23. The appraisal report and value conclusions for an appraisal assume the satisfactory completion of construction, repairs or alterations in a workmanlike manner.
 24. It is expressly acknowledged that in any action which may be brought against any of the Integra Parties, arising out of, relating to, or in any way pertaining to this engagement, the

- appraisal reports, and/or any other related work product, the Integra Parties shall not be responsible or liable for any incidental or consequential damages or losses, unless the appraisal was fraudulent or prepared with intentional misconduct. It is further acknowledged that the collective liability of the Integra Parties in any such action shall not exceed the fees paid for the preparation of the appraisal report unless the appraisal was fraudulent or prepared with intentional misconduct. Finally, it is acknowledged that the fees charged herein are in reliance upon the foregoing limitations of liability.
25. Integra Realty Resources – Sacramento, an independently owned and operated company, has prepared the appraisal for the specific intended use stated elsewhere in the report. The use of the appraisal report by anyone other than the Client is prohibited except as otherwise provided. Accordingly, the appraisal report is addressed to and shall be solely for the Client's use and benefit unless we provide our prior written consent. We expressly reserve the unrestricted right to withhold our consent to your disclosure of the appraisal report or any other work product related to the engagement (or any part thereof including, without limitation, conclusions of value and our identity), to any third parties. Stated again for clarification, unless our prior written consent is obtained, no third party may rely on the appraisal report (even if their reliance was foreseeable).
26. The conclusions of this report are estimates based on known current trends and reasonably foreseeable future occurrences. These estimates are based partly on property information, data obtained in public records, interviews, existing trends, buyer-seller decision criteria in the current market, and research conducted by third parties, and such data are not always completely reliable. The Integra Parties are not responsible for these and other future occurrences that could not have reasonably been foreseen on the effective date of this assignment. Furthermore, it is inevitable that some assumptions will not materialize and that unanticipated events may occur that will likely affect actual performance. While we are of the opinion that our findings are reasonable based on current market conditions, we do not represent that these estimates will actually be achieved, as they are subject to considerable risk and uncertainty. Moreover, we assume competent and effective management and marketing for the duration of the projected holding period of this property.
27. All prospective value opinions presented in this report are estimates and forecasts which are prospective in nature and are subject to considerable risk and uncertainty. In addition to the contingencies noted in the preceding paragraph, several events may occur that could substantially alter the outcome of our estimates such as, but not limited to changes in the economy, interest rates, and capitalization rates, behavior of consumers, investors and lenders, fire and other physical destruction, changes in title or conveyances of easements and deed restrictions, etc. It is assumed that conditions reasonably foreseeable at the present time are consistent or similar with the future.
28. The appraisal is also subject to the following:

Extraordinary Assumptions and Hypothetical Conditions

The value conclusions are subject to the following extraordinary assumptions that may affect the assignment results. An extraordinary assumption is uncertain information accepted as fact. If the assumption is found to be false as of the effective date of the appraisal, we reserve the right to modify our value conclusions.

1. It is our understanding the basement floor tiles contain asbestos. Given the age of the construction, there is some possibility asbestos or other hazardous materials could also be contained in some of the mechanical piping insulation and materials within the walls. An estimate of \$100,000 was provided by Mr. Lance Klug of Reeve Knight Construction for the demolition, asbestos and other hazardous material abatement. The estimated cost appears reasonable based on our experience with other projects in the region, but the appraisers are not experts in this field. It is assumed the estimate reasonably approximates the ultimate actual cost. If, at some future date, the actual costs incurred differ significantly from the estimate, the market value estimate

The value conclusions are based on the following hypothetical conditions that may affect the assignment results. A hypothetical condition is a condition contrary to known fact on the effective date of the appraisal but is supposed for the purpose of analysis.

1. None
-

Addendum A

Appraiser Qualifications

Lance Jordan, MAI

Experience

Senior Managing Director for INTEGRAL REALTY RESOURCES – Sacramento (IRR). Actively engaged in real estate valuation and consulting since 1989. Prior to joining IRR, was a partner with Seevers Jordan Ziegenmeyer since 1997. Extensive experience in the valuation of all forms of industrial properties, community/neighborhood shopping centers, office buildings - CBD and suburban, multi-family, hotels and motels, vacant land and special purpose properties. Clients served include banks and financial institutions, developers and investors, law and accounting firms, business/industry, government, and mortgage bankers. Valuations have been performed for financing, eminent domain purposes, as well as estate tax and estate planning. In summary, with over 28 years of experience in the field, he has developed the expertise and background necessary to deal with complex assignments covering a wide range of property types.

Professional Activities & Affiliations

Chairman: Appraisal Institute - Sacramento/Sierra Chapter - California Government Relations Committee, January 2015 - December 2017

Committee: Appraisal Institute - Sacramento/Sierra Chapter - California Government Relations, January 2014 - December 2017

Board of Director: Appraisal Institute - Sacramento/Sierra Chapter, January 2014 - December 2016

Appraisal Institute, Member (MAI) , May 2012

Vice President: Appraisal Institute - Sacramento/Sierra Chapter, January 2007 - December 2007

Other: Appraisal Institute - Sacramento/Sierra Chapter - Secretary/Treasurer, January 2006 - December 2006

Licenses

California, Lance Jordan, AG012709, Expires January 2020

Education

Bachelor of Science - Accountancy, CSU - Sacramento, 1991

Recent Continuing Education:

Lake Tahoe Litigation Conference – Appraisal Institute

Forecasting Revenue – Appraisal Institute

Appraising Distressed Commercial Real Estate – Appraisal Institute

Litigation Appraising: Specialized Topics and Applications – Appraisal Institute

Business Practices and Ethics – Appraisal Institute

The Essentials, Current Issues & Misconceptions in Appraising – Appraisal Institute

Review Theory - General

Qualified Before Courts & Administrative Bodies

Court Appointed Expert Witness, Placer County Superior Courts, 2014

Integra Realty Resources Sacramento

3825 Atherton Rd
500
Rocklin, CA 95765

T 916-435-3883
F 916-435-4774

irr.com





Business, Consumer Services & Housing Agency
BUREAU OF REAL ESTATE APPRAISERS
REAL ESTATE APPRAISER LICENSE

Lance C. Jordan

has successfully met the requirements for a license as a residential and commercial real estate appraiser in the State of California and is, therefore, entitled to use the title:

“Certified General Real Estate Appraiser”

This license has been issued in accordance with the provisions of the Real Estate Appraisers' Licensing and Certification Law.

BREA APPRAISER IDENTIFICATION NUMBER: AG 012709

Effective Date: January 9, 2018
Date Expires: January 8, 2020


Jim Martin, Bureau Chief, BREAA

3037504

Ligia Dejeu

Experience

Ms. Dejeu is an Appraiser at the firm. After completing her bachelor's degree at California State University, Chico, Ms. Dejeu worked in banking as a branch manager for ten years before she joined the firm full-time in 2012. Ms. Dejeu is assisting in the research, analysis and writing of narrative appraisal reports for a wide variety of commercial properties including multifamily, office, retail and industrial, as well as commercial land and special-use properties such as Low Income Housing Tax Credit (LIHTC) projects, self-storage facilities and surgery centers. Ms. Dejeu has developed the experience and background necessary to deal with complex assignments covering an array of property types.

Licenses

California, Certified General Real Estate, 3004823, Expires October 2019

Education

Academic:

Bachelor of Science in Business Administration (Concentration in Business Management), California State University, Chico

Appraisal and Real Estate Courses:

Basic Appraisal Principles

Basic Appraisal Procedures

General Appraiser Sales Comparison Approach

General Appraiser Site Valuation and Cost Approach

General Appraiser Income Approach Part 1

General Appraiser Income Approach Part 2

General Appraiser Report Writing and Case Studies

General Appraiser Market Analysis and Highest and Best Use

Real Estate Finance Statistics and Valuation Modeling

Uniform Standards of Professional Appraisal Practice

Residential Sales and Income Approach

Laws and Regulation for California Appraisers

Integra Realty Resources Sacramento

3825 Atherton Rd
500
Rocklin, CA 95765

T 916-435-3883
F

irr.com





Business, Consumer Services & Housing Agency
BUREAU OF REAL ESTATE APPRAISERS
REAL ESTATE APPRAISER LICENSE

Ligia Dejeu

has successfully met the requirements for a license as a residential and commercial real estate appraiser in the State of California and is, therefore, entitled to use the title:

“Certified General Real Estate Appraiser”

This license has been issued in accordance with the provisions of the Real Estate Appraisers' Licensing and Certification Law.

BREA APPRAISER IDENTIFICATION NUMBER: 3004823

Effective Date: October 6, 2017
Date Expires: October 5, 2019


Jim Martin, Bureau Chief, BREA

3037408

About IRR

Integra Realty Resources, Inc. (IRR) provides world-class commercial real estate valuation, counseling, and advisory services. Routinely ranked among leading property valuation and consulting firms, we are now the largest independent firm in our industry in the United States, with local offices coast to coast and in the Caribbean.

IRR offices are led by MAI-designated Senior Managing Directors, industry leaders who have over 25 years, on average, of commercial real estate experience in their local markets. This experience, coupled with our understanding of how national trends affect the local markets, empowers our clients with the unique knowledge, access, and historical perspective they need to make the most informed decisions.

Many of the nation's top financial institutions, developers, corporations, law firms, and government agencies rely on our professional real estate opinions to best understand the value, use, and feasibility of real estate in their market.

Local Expertise...Nationally!

irr.com



Addendum B

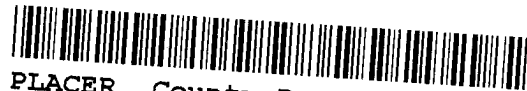
Grant Deed

First American Title

NCS-435752-PN

WHEN RECORDED MAIL TO:

The Redevelopment Agency of the
City of Roseville
311 Vernon Street
Roseville, CA 95678



PLACER, County Recorder
JIM MCCAULEY

DOC- 2010-0038471-00

FIRST AMERICAN TITLE

FRIDAY, MAY 21, 2010 14:30:00

MIC \$0.00 | AUT

\$0.00 | SBS

\$0.00

ERD \$0.00 | RED

\$0.00 | *

\$0.00

ADD \$0.00

Ttl Pd

\$0.00

Rcpt # 02053432

clkh1mlfj1/GV/1-5

MAIL TAX STATEMENTS TO:

Same as above

NO FEE DOCUMENT. Recorded for the benefit of a Government Agency. Section 6103 California Government Code

AS SO DECLARED BY THE UNDERSIGNED

SPECIAL WARRANTY DEED

THIS INDENTURE, made this 26~~th~~ day of April, 2010, by and between the UNITED STATES POSTAL SERVICE, an independent establishment of the Executive Branch of the Government of the United States (39 U.S.C. § 201), and successor in interest to the United States of America (hereinafter "Grantor"), having an address at 395 Oyster Point Blvd, #225, So San Francisco, CA 94080-0300 and The Redevelopment Agency of the City of Roseville, a public body, corporate and politic (hereinafter "Grantee"), having an address at 311 Vernon Street, Roseville, CA 95678

WITNESSETH:

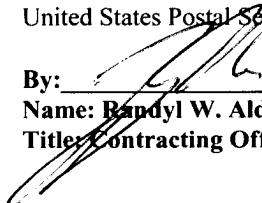
THAT Grantor, for good and valuable consideration, paid by Grantee, the receipt of which is hereby acknowledged, does by these presents, conveys and specially warrants unto the said Grantee, its successors and assigns, all of its right, title and interest in the property situated in the City of Roseville, County of Placer, and State of California and described on Exhibit A attached hereto and made a part hereof.

TO HAVE AND TO HOLD the premises aforesaid with all and singular, the rights, privileges, appurtenances and immunities thereto belonging or in any wise appertaining unto the said Grantee and unto Grantee's successors and assigns forever. This conveyance and the warranties contained herein are hereby expressly made subject to any and all restrictions, covenants, easements, encumbrances, liens of any kind, leases, and interests of others, including rights-of-way for roads, pipelines, railroads, and public utilities, whether or not matters of public record; and applicable zoning and use regulations of any locality, county or state.

AND THE SAID Grantor will only warrant and forever defend the right and title to the above described property unto the said Grantee against the claims of those persons claiming by, through or under Grantor, but not otherwise.

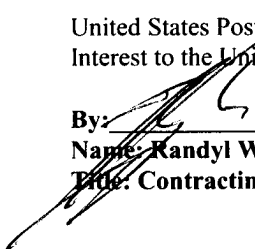
HEREOF, the Grantor has signed, sealed and delivered this Deed, the day and year above written.

United States Postal Service

By: 

Name: Randy W. Alder
Title: Contracting Officer

United States Postal Service as Successor in Interest to the United States of America

By: 

Name: Randy W. Alder
Title: Contracting Officer

STATE OF Colorado

County of Arapahoe)
) s

On May 14, 2010 before me, Gloria M. Charlson a Notary Public, personally appeared Randy W. Alder who proved to me on the basis of satisfactory evidence to be the person(s) whose name(s) is/are subscribed to the within instrument and acknowledged to me that he/she/they executed the same in his/her/their authorized capacity(ies), and that by his/her/their signature(s) on the instrument the person(s), or the entity upon behalf of which the person(s) acted, executed the instrument.

I certify under PENALTY OF PERJURY under the laws of the State of California that the foregoing paragraph is true and correct

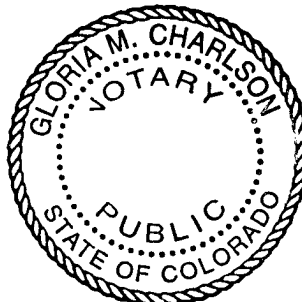
WITNESS my hand and official seal.

Gloria M. Charlson
Signature of Notary

My commission expires:

My Commission Expires
June 28, 2009 2013

(Affix seal here)



CERTIFICATE OF ACCEPTANCE

This is to certify that the interest in real property conveyed by the Deed dated 26~~th~~ day of April, 2010, from United States Postal Service, an independent establishment of the Executive Branch of the Government of the United States, and successor in interest to the United States of America to The Redevelopment Agency of the City of Roseville, and the grantee consents to the recordation thereof by its duly authorized agent.

Dated: April 28, 2010

The Redevelopment Agency of the City of Roseville

By: 
MICHAEL T. SHELLITO

CALIFORNIA ALL-PURPOSE ACKNOWLEDGMENT

State of California

County of Placer

On 4/28/10 before me, Gretchen S. Hakala, notary public,
Date Here Insert Name and Title of the Officer

personally appeared Michael T. Shellito
Name(s) of Signer(s)



who proved to me on the basis of satisfactory evidence to be the person(s) whose name(s) is/are subscribed to the within instrument and acknowledged to me that he/she/they executed the same in his/her/their authorized capacity(ies), and that by his/her/their signature(s) on the instrument the person(s), or the entity upon behalf of which the person(s) acted, executed the instrument.

I certify under PENALTY OF PERJURY under the laws of the State of California that the foregoing paragraph is true and correct.

WITNESS my hand and official seal.

Signature Gretchen S. Hakala
Signature of Notary Public

Place Notary Seal Above

OPTIONAL

Though the information below is not required by law, it may prove valuable to persons relying on the document and could prevent fraudulent removal and reattachment of this form to another document.

Description of Attached Document

Title or Type of Document: Certificate of Acceptance (RDA)

Document Date: 4/28/10 Number of Pages: 1

Signer(s) Other Than Named Above: _____

Capacity(ies) Claimed by Signer(s)

Signer's Name: _____

- ☐ Individual
☐ Corporate Officer — Title(s): _____
☐ Partner — ☐ Limited ☐ General
☐ Attorney in Fact
☐ Trustee
☐ Guardian or Conservator
☐ Other: _____

Signer Is Representing: _____

RIGHT THUMBPRINT
OF SIGNER
Top of thumb here

Signer's Name: _____

- ☐ Individual
☐ Corporate Officer — Title(s): _____
☐ Partner — ☐ Limited ☐ General
☐ Attorney in Fact
☐ Trustee
☐ Guardian or Conservator
☐ Other: _____

Signer Is Representing: _____

RIGHT THUMBPRINT
OF SIGNER
Top of thumb here

Exhibit A

Legal Description

Real property in the City of ROSEVILLE, County of PLACER, State of CALIFORNIA, described as follows:

PARCEL ONE:

BEGINNING AT THE INTERSECTION OF THE NORTHERLY LINE OF VERNON STREET WITH THE EASTERLY LINE OF GRANT STREET IN THE CITY OF ROSEVILLE AS PER MAP THEREOF ON FILE IN THE OFFICE OF THE COUNTY RECORDER OF THE COUNTY OF PLACER, STATE OF CALIFORNIA, SAID POINT OF INTERSECTION BEING ALSO THE SOUTHWESTERLY CORNER OF BLOCK NUMBERED 3 OF THE ORIGINAL TOWNSITE OF THE CITY OF ROSEVILLE, SAID POINT OF BEGINNING BEING NORTH 44° 00' WEST A DISTANCE OF 40.00 FEET AND NORTH 46° 00' EAST A DISTANCE OF 35.00 FEET FROM THE INTERSECTION OF THE CENTERLINES OF SAID VERNON AND GRANT STREETS; THENCE FROM SAID POINT OF BEGINNING, NORTH 44° 00' WEST ALONG THE EASTERLY LINE OF GRANT STREET A DISTANCE OF 152.90 FEET TO THE SOUTHERLY LINE OF ATLANTIC STREET, BEING ALSO THE NORTHWESTERLY CORNER OF SAID BLOCK NUMBERED 3; THENCE NORTH 46° 00' EAST ALONG THE SOUTHERLY LINE OF ATLANTIC STREET A DISTANCE OF 50.16 FEET TO THE NORTHEASTERLY CORNER OF LOT NUMBERED 1 OF SAID BLOCK 3; THENCE SOUTH 44° 03' 10" EAST ALONG THE EASTERLY LINE OF SAID LOT NUMBERED 1 A DISTANCE OF 152.90 FEET TO A POINT ON THE NORTHERLY LINE OF VERNON STREET, SAID POINT BEING ALSO THE SOUTHEASTERLY CORNER OF SAID LOT NUMBERED 1; THENCE SOUTH 46° 00' WEST, ALONG THE NORTHERLY LINE OF VERNON STREET, A DISTANCE OF 50.30 FEET TO SAID POINT OF BEGINNING; SAID REALTY BEING DESIGNATED AS LOT 1 IN BLOCK 3 OF THE TOWN OF ROSEVILLE, ACCORDING TO THE PLAN OR MAP OF SAID TOWN OF ROSEVILLE, NOW ON FILE IN THE OFFICE OF THE COUNTY RECORDER OF SAID PLACER COUNTY, STATE OF CALIFORNIA.

PARCEL TWO:

BEGINNING AT A POINT ON THE NORTHERLY LINE OF VERNON STREET OF THE CITY OF ROSEVILLE, ALSO BEING THE SOUTHWESTERLY CORNER OF LOT NUMBERED 2 OF BLOCK NUMBERED 3 OF THE ORIGINAL TOWNSITE OF THE CITY OF ROSEVILLE, AS PER MAP OF SAID CITY OF ROSEVILLE ON FILE IN THE OFFICE OF THE COUNTY RECORDER, OF THE COUNTY OF PLACER, STATE OF CALIFORNIA; SAID POINT OF BEGINNING BEARS NORTH 44° 00' WEST A DISTANCE OF 40.00 FEET AND NORTH 46° 00' EAST A DISTANCE OF 85.30 FEET FROM THE INTERSECTION OF THE CENTERLINES OF VERNON STREET AND GRANT STREET OF THE CITY OF ROSEVILLE; THENCE FROM SAID BEGINNING POINT NORTH 44° 03' 10" WEST ALONG THE WESTERLY LINE OF LOT NUMBERED 2 OF SAID BLOCK 3 A DISTANCE OF 152.90 FEET TO A POINT ON THE SOUTHERLY LINE OF ATLANTIC STREET, SAID POINT BEING THE NORTHWESTERLY CORNER OF SAID LOT NUMBERED 2; THENCE NORTH 46° 00' EAST ALONG THE SOUTHERLY LINE OF ATLANTIC STREET A DISTANCE OF 100.32 FEET TO THE NORTHEASTERLY CORNER OF LOT NUMBERED 3 OF SAID BLOCK 3; THENCE SOUTH 44° 09½' EAST ALONG THE EASTERLY LINE OF SAID LOT NUMBERED 3 OF BLOCK 3 A DISTANCE OF 152.90 FEET TO A POINT ON THE NORTHERLY LINE OF VERNON STREET, SAID POINT BEING THE SOUTHEASTERLY CORNER OF SAID LOT 3; THENCE SOUTH 46° 00' WEST ALONG THE NORTHERLY LINE OF VERNON STREET A DISTANCE OF 100.60 FEET TO THE POINT OF BEGINNING, SAID REALTY BEING DESIGNATED AS LOTS 2 AND 3 IN BLOCK 3 OF THE TOWN OF ROSEVILLE, ACCORDING TO THE PLAN OR MAP OF SAID TOWN OF ROSEVILLE, NOW ON FILE IN THE OFFICE OF THE COUNTY RECORDER OF SAID COUNTY OF PLACER, STATE OF CALIFORNIA.

2

Addendum C

Lease Agreement



**UNITED STATES
POSTAL SERVICE™**

Lease

**ROSEVILLE - VERNON RETAIL STATION (056624-006)
330 VERNON ST, ROSEVILLE, CA 95678-9998**

009



Lease

Facility Name/Location

ROSEVILLE - VERNON RETAIL STATION (056624-008)
330 VERNON ST, ROSEVILLE, CA 95678-9998

County: Placer
Lease: F00000326607

This Lease made and entered into by and between REDEVELOPMENT AGENCY OF THE CITY OF ROSEVILLE hereinafter called the Landlord, and the United States Postal Service, hereinafter called the Postal Service:

In consideration of the mutual promises set forth and for other good and valuable consideration, the sufficiency of which is hereby acknowledged, the parties covenant and agree as follows:

1. The Landlord hereby leases to the Postal Service and the Postal Service leases from the Landlord the following premises, hereinafter legally described in paragraph 7, in accordance with the terms and conditions described herein and contained in the 'General Conditions to U.S. Postal Service Lease,' attached hereto and made a part hereof.

Upon which is a Lease entire Main Floor of approximately 9,000 square feet, concrete building and which property contains areas, spaces, improvements, and appurtenances as follows:

AREA	SQ. FEET
Net Interior Floor Space	9,000

USPS to Leaseback the main floor of approximately 9,000 square feet. Basement is NOT included in the lease agreement and shall be secured off from US Postal Service.

Total Site Area: 23,100.00

2. TO HAVE AND TO HOLD the said premises with their appurtenances for the following term:

FIXED TERM: The term becomes effective May 01, 2010 with an expiration date of April 30, 2015, for a total of 5 Years.

3. **RENTAL:** The Postal Service will pay the Landlord an annual rental of: \$68,000.00 (Sixty Eight Thousand and 00/100 Dollars) payable in equal installments at the end of each calendar month. Rent for a part of a month will be prorated.

Rent checks shall be payable to:

CITY OF ROSEVILLE
311 VERNON STREET
ROSEVILLE, CA 95678-2649

4. **RENEWAL OPTIONS:** The Lease may be renewed at the option of the Postal Service, for the following separate and consecutive terms and at the following annual rentals:

EFFECTIVE DATE	EXPIRATION DATE	PER ANNUM RENTAL
05/01/2015	04/30/2020	Market Value

provided that notice is sent, in writing, to the Landlord at least 180 days before the end of the original lease term and each renewal term. All other terms and conditions of this Lease will remain the same during any renewal term unless stated otherwise herein.

See Attached Renewal Option Rider (Market Value)

5. **OTHER PROVISIONS:** The following additional provisions, modifications, riders, layouts, and/or forms were agreed upon prior to execution and made a part hereof:

Utilities Services & Equipment Rider, Maintenance Rider - USPS Responsibility, Renewal Option Rider (Market Value).

6. **TERMINATION:**

This lease may not be terminated during the fixed term, except for cause pursuant to the general conditions or any riders or addendums or other attachments made part of this lease. After the fixed term, this lease may be terminated pursuant to this paragraph by the Postal Service upon 180 days written notice to the Landlord.

7. **LEGAL DESCRIPTION:**

See attached Exhibit "A".



Addendum

Facility Name/Location

ROSEVILLE - VERNON RETAIL STATION (056624-008)
330 VERNON ST, ROSEVILLE, CA 95678-9998

County: Placer

Lease: F00000326607

RECITALS

A. In furtherance of the objectives of the Community Redevelopment Law (commencing at Health and Safety Code Section 33000), the Redevelopment Agency of the City of Roseville (Agency or Landlord) has undertaken a program for the clearance and reconstruction or rehabilitation of blighted areas in the City of Roseville ("City") including a redevelopment project in the Roseville Redevelopment Project Area ("Project Area"). The redevelopment plan for the Project Area (as it may be amended from time to time, "Redevelopment Plan") was adopted by the City Council of the City on October 18, 1989, by City Ordinance No. 2274. A copy of the Redevelopment Plan as initially adopted was recorded on October 24, 1989, in the Official Records of the County of Placer, in Book 3743, beginning at page 177.

B. Agency owns fee title to 330 Vernon Street as described in Exhibit A, attached hereto and incorporated herein by this reference ("Legal Property Description"), together with any and all appurtenances thereto ("Premises").

C. The leasing of the Premises and the fulfillment generally of this Lease are (1) in the vital and best interests of the City of Roseville and the health, safety, morals and welfare of its residents, (2) for the purpose of community improvement and welfare, (3) for the benefit of the Agency's Redevelopment Project and (4) in accord with the public purpose and provisions of any applicable federal, state and local laws and requirements under which the Project is to be undertaken and is being assisted.

D. The purpose of this Lease is to establish the rights and obligations of the Parties regarding the leasing of the Premises.

* **TERM:** The Term of the Lease shall commence at the close of escrow and continue for a period of 5 years at an annual rental of \$68,000, payable in equal installments \$5,666.67, at the end of each calendar month.

HOLD HARMLESS: The Postal Service hereby agrees to save harmless and indemnify the landlord from all claims, loss, damage, actions, causes of actions, expense, and/or liability resulting from the use of said property by the Postal Service whenever such claim, loss, damage, actions, cause of actions, expense, and/or liability arises from the negligent or wrongful act or omission by a Postal Service employee while acting within the scope of his or her employment, under circumstances where the Postal Service, if a private person, would be liable in accordance with the law of the place where the negligent or wrongful act or omission occurred. Notwithstanding the above, the Postal Service is under no obligation to save harmless and indemnify the landlord where any negligent or wrongful act or omission by the landlord, its employees or agents, in any way causes or contributes to the claim, loss, damage, actions, causes of actions, expense and/or liability.

PERMITTED USE: Lessee shall use the Premises for the purpose of postal retail and distribution operations on the Premises. No other operations shall be permitted, except with prior written consent of Lessor.

UTILITIES: Lessee shall pay or cause to be paid, and hold Lessor and the Premises free and harmless from all charges for the furnishing of gas, water, electricity, telephone service, sewer and other public



Addendum

Facility Name/Location

ROSEVILLE - VERNON RETAIL STATION (056624-008)
330 VERNON ST, ROSEVILLE, CA 95678-9998

County: Placer

Lease: F00000326607

utilities of services during the Term and any extension thereof.

RELOCATION OF USPS:

A. **Temporary Relocation of USPS.** In the event Lessor proceeds with redevelopment of the Premises during the Term of the Lease, USPS shall relocate to a temporary space off-site (Temporary Interim Space). Lessor shall provide USPS written notification at least 1 year in advance of any such relocation. The location of the Temporary Interim Space shall be acceptable to the USPS and shall be located in downtown Roseville at a site suitable for USPS to conduct its retail operations. At the time of relocation, this lease shall terminate and the parties shall enter into a lease for the Temporary Interim Space under terms and conditions similar to this Lease. The USPS shall lease this Temporary Interim Space at fair market rent. The lease for the Temporary Interim Space shall contain a provision providing for permanent space for the USPS. Lessor shall pay USPS reasonable and verifiable relocation expenses, tenant improvements, and all other necessary costs, which in total are estimated at \$470,000. USPS shall have a 180 day right to terminate said lease.

B. **Permanent Site.** USPS permanent site shall either be located on the Premises at completion of the redevelopment of the property or in the alternative, at a permanent location off-site, provided said site is acceptable to the USPS. Lessor shall provide USPS written notification at least 1 year in advance of any such relocation. At the time of relocation to the permanent site, this lease or the lease for the Temporary Interim Space, whichever is applicable, shall terminate and the parties shall enter into a lease for the permanent space under terms and conditions similar to this Lease. USPS shall lease the permanent site at fair market rent. Lessor shall pay USPS reasonable and verifiable relocation expenses and all other necessarily associated costs. In addition, lessor shall pay for all costs related to the tenant improvements made to the permanent space in an amount not to exceed \$690,000. The tenant improvement not-to-exceed amount shall be adjusted by the Bureau of Labor Statistics, Consumer Price Index for All Urban Consumers: Western Region, All Items ("CPI"). The CPI for the month and year of this contract is _____. The not to exceed amount shall be adjusted based upon the CPI at the month and year the contract for the tenant improvements for the permanent space is awarded.

C. **Site Requirements.** The property at the Temporary Interim Space and the permanent site shall have approximately 4,110 square feet net interior space. Gross interior space may be limited to 4,830 square feet.

PERSONAL PROPERTY:

A. **Furnishings and Equipment.** USPS's furnishings and equipment (lobby tables, chairs, file cabinets, etc.), unless affixed to the floor, wall or ceiling, shall be considered personal property not encompassed by this Lease and shall be removed by USPS upon its vacation of the Premises.

B. **Fixtures.** Fixtures, such as scissors lift, counters, and security systems, shall remain with the Premises. Notwithstanding the foregoing, Artwork, post office boxes and facility identification shall be considered personal property of the USPS and shall be removed by USPS upon its vacation of the



Addendum

Facility Name/Location

ROSEVILLE - VERNON RETAIL STATION (056624-008)
330 VERNON ST, ROSEVILLE, CA 95678-9998

County: Placer

Lease: F00000326607

Premises.

C. **Artworks.** There is currently Artwork (murals, sculptures, etc.) located on the Premises. The Parties agree that USPS will remain the owner of the Artwork. The Artwork will be removed and/or relocated by USPS upon its vacation, whether temporarily or permanently, of the Premises. Lessor (City) shall give Lessee (USPS) sufficient notice to relocate the artwork.



Lease

EXECUTED BY LANDLORD this 22nd day of March, 2010.

CORPORATION

By executing this Lease, Landlord certifies that Landlord is not a USPS employee or contract employee (or an immediate

Name of Corporation: Redevelopment Agency of the City of Roseville

Name & Title:

Michael T. Shellito Executive Director

Name & Title:

Name & Title:

Name & Title:

Landlord's Address: 311 VERNON STREET

ROSEVILLE, CA 95678-2649

Telephone No.: (916) 774 - 5200

Fax No.: (916) 774 - 5200

Tax ID: XX-XXX0409

E-mail Address:

Shellito@cityofroseville.org

Witness

Judy Moore

Witness

- Where the Landlord is a corporation, leases and lease agreements entered into must have the corporate seal affixed, or in place thereof, the statement that the corporation has no seal.
- Where the Landlord is a corporation, municipal corporation, non-profit organization, or fraternal order or society, the Lease must be accompanied by documentary evidence affirming the authority of the agent, or agents, to execute the Lease to bind the corporation, municipal corporation, non-profit organization, or fraternal order or society for which he (or they) purports to act. The usual evidence required to establish such authority is in the form of extracts from the articles of incorporation, or bylaws, or the minutes of the board of directors duly certified by the custodian of such records, under the corporate seal. Such resolutions, when required, must contain the essential stipulations embodied in the Lease. The names and official titles of the officers who are authorized to sign the Lease must appear in the document.
- Any notice to Landlord provided under this Lease or under any law or regulation must be in writing and submitted to Landlord at the address specified above, or at an address that Landlord has otherwise appropriately directed in writing. Any notice to the Postal Service provided under this Lease or under any law or regulation must be in writing and submitted to "Contracting Officer, U.S. Postal Service" at the address specified below, or at an address that the Postal Service has otherwise directed in writing.

ACCEPTANCE BY THE POSTAL SERVICE

4-9-10

Date

RANDY L. W. ALDER

Contracting Officer

Signature of Contracting Officer

160 INVERNESS DR. W. #404, Englewood, CO

Address of Contracting Officer

80112-5005



General Conditions to USPS Lease

1. CHOICE OF LAW

This Lease shall be governed by federal law.

2. RECORDING

Not Required

3. MORTGAGEE'S AGREEMENT

If there is now or will be a mortgage on the property which is or will be recorded prior to the recording of the Lease, the Landlord must notify the contracting officer of the facts concerning such mortgage and, unless in his sole discretion the contracting officer waives the requirement, the Landlord must furnish a Mortgagee's Agreement, which will consent to this Lease and shall provide that, in the event of foreclosure, mortgagee, successors, and assigns shall cause such foreclosures to be subject to the Lease.

4. ASSIGNMENTS

a. The terms and provisions of this Lease and the conditions herein are binding on the Landlord and the Postal Service, and all heirs, executors, administrators, successors, and assigns.

b. If this contract provides for payments aggregating \$10,000 or more, claims for monies due or to become due from the Postal Service under it may be assigned to a bank, trust company, or other financing institution, including any federal lending agency, and may thereafter be further assigned and reassigned to any such institution. Any assignment or reassignment must cover all amounts payable and must not be made to more than one party, except that assignment or reassignment may be made to one party as agent or trustee for two or more parties participating in financing this contract. No assignment or reassignment will be recognized as valid and binding upon the Postal Service unless a written notice of the assignment or reassignment, together with a true copy of the instrument of assignment, is filed with:

1. the contracting officer; and
2. the surety or sureties upon any bond.

c. Assignment of this contract or any interest in this contract other than in accordance with the provisions of this clause will be grounds for termination of the contract for default at the option of the Postal Service.

d. Nothing contained herein shall be construed so as to prohibit transfer of ownership of the demised premises, provided that:

1. such transfer is subject to this Lease agreement; and

2. both the original Landlord and the successor Landlord execute the standard *Certificate of Transfer of Title to Leased Property and Lease Assignment and Assumption* form to be provided by the USPS Contracting Officer; and in the case of new leased space projects, the lease may only be assigned or ownership of the property transferred following commencement of the fixed term, unless prior written consent is obtained from the Postal Service.

5. APPLICABLE CODES AND ORDINANCES

The Landlord, as part of the rental consideration, agrees to comply with all codes and ordinances applicable to the ownership and operation of the building in which the rented space is situated and to obtain all necessary permits and related items at no cost to the Postal Service. When the Postal Service or one of its contractors (other than the Landlord) is performing work at the premises, the Postal Service will be responsible for obtaining all necessary and applicable permits, related items, and associated costs.

6. SUBLEASE

The Postal Service may sublet all or any part of the premises or assign this lease but shall not be relieved from any obligation under this lease by reason of any subletting or assignment.

only upon written consent of Lessor, and

7. RESTORATION AND ALTERATIONS

a. Upon written notification by Landlord within 30 days of the expiration or termination of this Lease, the Postal Service shall restore the premises to a "broom clean" and usable condition, excepting the following: reasonable and ordinary wear and tear; and damages by the elements or by circumstances over which the Postal Service has no control. If Landlord provides the above notice, the Postal Service and Landlord shall negotiate and reach agreement on necessary items of restoration and the reasonable cost for restoration; the Postal Service shall pay Landlord this agreed-upon amount and shall have no further restoration duties under this Lease.

b. The Postal Service shall have the right to make alterations, attach fixtures and erect additions, structures or signs in or upon the premises hereby leased (provided such alterations, additions, structures, or signs shall not be detrimental to or inconsistent with the rights granted to other tenants on the property or in the building in which said premises are located); which fixtures, additions or structures so placed in, upon or attached to the said premises shall be and remain the property of the Postal Service and may be removed or otherwise disposed of by the Postal Service.



General Conditions to USPS Lease

8. CLAIMS AND DISPUTES

- a. This contract is subject to the Contract Disputes Act of 1978 (41 U.S.C. 601-613) ("the Act").
- b. Except as provided in the Act, all disputes arising under or relating to this contract must be resolved under this clause.
- c. "Claim," as used in this clause, means a written demand or written assertion by one of the contracting parties seeking, as a matter of right, the payment of money in a sum certain, the adjustment or interpretation of contract terms, or other relief arising under or relating to this contract. However, a written demand or written assertion by the Landlord seeking the payment of money exceeding \$100,000 is not a claim under the Act until certified as required by subparagraph d below. A voucher, invoice, or other routine request for payment that is not in dispute when submitted is not a claim under the Act. The submission may be converted to a claim under the Act by complying with the submission and certification requirements of this clause, if it is disputed either as to liability or amount or is not acted upon in a reasonable time.
- d. A claim by the Landlord must be made in writing and submitted to the contracting officer for a written decision. A claim by the Postal Service against the Landlord is subject to a written decision by the contracting officer. For Landlord claims exceeding \$100,000, the Landlord must submit with the claim the following certification:

"I certify that the claim is made in good faith, that the supporting data are accurate and complete to the best of my knowledge and belief, that the amount requested accurately reflects the contract adjustment for which the Landlord believes the Postal Service is liable, and that I am duly authorized to certify the claim on behalf of the Landlord."

The certification may be executed by any person duly authorized to bind the Landlord with respect to the claim.

- e. For Landlord claims of \$100,000 or less, the contracting officer must, if requested in writing by the Landlord, render a decision within 60 days of the request. For Landlord-certified claims over \$100,000, the contracting officer must, within 60 days, decide the claim or notify the Landlord of the date by which the decision will be made.
- f. The contracting officer's decision is final unless the Landlord appeals or files a suit as provided in the Act.
- g. When a claim is submitted by or against a Landlord, the parties by mutual consent may agree to use an alternative dispute resolution (ADR) process to assist in resolving the claim. A certification as described in subparagraph d of this clause must be provided for any claim, regardless of dollar amount, before ADR is used.
- h. The Postal Service will pay interest on the amount found due and unpaid from:
 1. the date the contracting officer receives the claim (properly certified if required); or
 2. the date payment otherwise would be due, if that date is later, until the date of payment.
- i. Simple interest on claims will be paid at a rate determined in accordance with the Act.
- j. The Landlord must proceed diligently with performance of this contract, pending final resolution of any request for relief, claim, appeal, or action arising under the contract, and comply with any decision of the contracting officer.

9. HAZARDOUS/TOXIC CONDITIONS CLAUSE

Sites cannot have any contaminated soil or water above applicable federal, state or local action levels or undisclosed underground storage tanks. Unless due to the act or negligence of the Postal Service, if contaminated soil, water, underground storage tanks or piping or friable asbestos material or any other hazardous/toxic materials or substances as defined by applicable Local, State or Federal law are subsequently identified on the premises, the Landlord agrees to remove such materials or substances upon notification by the Postal Service at Landlord's sole cost and expense in accordance with EPA and/or State guidelines; prior to accomplishing this task, Landlord must seek written approval by the USPS Contracting Officer of the contractor and scope of work, such approval not to be unreasonably withheld. If ACBM is subsequently found in the building which reasonably should have been determined, identified, or known to the Landlord, the Landlord agrees to conduct, at Landlord's sole expense, an asbestos survey pursuant to the standards of the Asbestos Hazard Emergency Response Act (AHERA), establish an Operations and Maintenance (O&M) plan for asbestos management, and provide the survey report and plan to the Postal Service. If the Landlord fails to remove any friable asbestos or hazardous/toxic materials or substances, or fails to complete an AHERA asbestos survey and O&M plan, the Postal Service has the right to accomplish the work and deduct the cost plus administrative costs, from future rent payments or recover these costs from Landlord by other means, or may, at its sole option, cancel this Lease. In addition, the Postal Service may proportionally abate the rent for any period the premises, or any part thereof, are determined by the Postal Service to have been rendered unavailable to it by reason of such condition.



General Conditions to USPS Lease

The Landlord hereby indemnifies and holds harmless the Postal Service and its officers, agents, representatives, and employees from all claims, loss, damage, actions, causes of action, expense, fees and/or liability resulting from, brought for, or on account of any violation of this clause.

10. FACILITIES NONDISCRIMINATION

a. By executing this Lease, the Landlord certifies that it does not and will not maintain or provide for its employees any segregated facilities at any of its establishments, and that it does not and will not permit its employees to perform services at any location under its control where segregated facilities are maintained.

b. The Landlord will insert this clause in all contracts or purchase orders under this Lease unless exempted by Secretary of Labor rules, regulations, or orders issued under Executive Order 11246.

11. CLAUSES REQUIRED TO IMPLEMENT POLICIES, STATUTES, OR EXECUTIVE ORDERS

The following clauses are incorporated in this Lease by reference. The text of incorporated terms may be found in the Postal Service's Supplying Principles and Practices, accessible at www.usps.com/publications.

Clause 1-5, *Gratuities or Gifts* (March 2006)

Clause 1-6, *Contingent Fees* (March 2006)

Clause 9-3, *Davis-Bacon Act* (March 2006)¹

Clause 9-7, *Equal Opportunity* (March 2006)²

Clause 9-13, *Affirmative Action for Handicapped Workers* (March 2006)³

Clause 9-14, *Affirmative Action for Disabled Veterans and Veterans of the Vietnam Era* (March 2006)⁴

Clause B-25, *Advertising of Contract Awards* (March 2006)

Note: For purposes of applying the above standard clauses to this Lease, the terms "supplier," "contractor," and "lessor" are synonymous with "Landlord," and the term "contract" is synonymous with "Lease."

¹ For premises with net interior space in excess of 6,500 SF and involving construction work over \$2,000.

² For leases aggregating payments of \$10,000 or more.

³ For leases aggregating payments of \$10,000 or more.

⁴ For leases aggregating payments of \$25,000 or more.



Maintenance Rider USPS Responsibility (Partial)

1. The Postal Service shall maintain the demised premises (including repair and replacement of items, if necessary), except for those items specifically made the responsibility of the Landlord in Paragraph 3 below. The responsibility of the Postal Service as stated herein will be fulfilled at such time and in such manner as the Postal Service considers necessary to keep the demised premises in proper condition.
2. The term "demised premises" as used in this rider includes the premises described in the Lease, the improvements and appurtenances to such premises and all equipment and fixtures furnished, or to be furnished, by the Landlord under this Lease.
3. During the continuance of the Lease, the Landlord is responsible for maintenance of, repairs to, and, if necessary, replacement of:
 - a. All common or joint use interior and exterior areas and common or joint use equipment and systems that may be included as part of this lease.
 - b. All structural elements, including but not limited to: the foundation; column supports; bearing walls; floors, not including floor covering.
 - c. All parts of the roof system including, but not limited to: the roof covering; flashing and insulation; roof beams, joists, and deck; soffit and fascia; and gutters and downspouts. The Postal Service will be responsible for regular cleaning of gutters and downspouts connected to the outer edge (i.e., the eaves area) of the roof; Landlord will be responsible for regular cleaning of any other gutters, downspouts, troughs, scuppers, roof drains, etc.
 - d. Damage resulting from termites and any other wood-eating insects, including inspection, prevention and eradication.
 - e. Defects in building construction or installation of equipment, fixtures, or appurtenances furnished by the Landlord.
 - f. Damage from fire or other casualties, unless such casualties were caused by the negligence of employees or agents of the Postal Service.
 - g. Items of repair performed by the Postal Service due to the failure of any element for which the Landlord is responsible.
 - h. Landlord is responsible for any necessary replacement of the well and septic systems, including lateral fields, during the continuance of the lease. If replacement of either system becomes necessary as a result of the failure of that system, the Landlord remains responsible for providing an operating well system and septic system. Landlord is also responsible for any inspections of these systems required by governing bodies. The Postal Service is responsible for maintenance of the well system and septic system, including any necessary pumping and cleaning of the septic system.
4. If the demised premises or any portion thereof are damaged or destroyed by fire or other casualty, Acts of God, of a public enemy, riot or insurrection, vandalism, or are otherwise determined by the Postal Service to be unfit for use and occupancy, or whenever there is a need for maintenance, repair, or replacement which is the Landlord's obligation under this Maintenance Rider, the Postal Service will require the Landlord to rebuild or repair the premises as necessary to restore them to tenable condition to the satisfaction of the Postal Service. The Postal Service will, except in emergencies, provide the Landlord with written notice stating a reasonable time period for completion of all necessary repairs. (A copy of any such notice shall be sent to the Landlord's mortgagee and any assignee of monies due or to become due under this Lease whose names and addresses have been furnished to the Postal Service by the Landlord. Failure to give such written notice to the Landlord or to the mortgagee or assignee shall not affect the Postal Service's rights to recover expended costs under this provision, provided that the costs expended by the Postal Service are reasonable in amount.) The Postal Service, acting through the Contracting Officer, may proportionately abate the rent for any period the premises, or any part thereof, are determined by the Postal Service to have been rendered untenable, or unfit for use and occupancy, by reason of such condition.



Maintenance Rider USPS Responsibility (Partial)

If the Landlord (or the mortgagee or assignee, on behalf of the Landlord) fails to prosecute the work with such diligence as will ensure its completion within the time specified in the notice (or any extension thereof as may be granted at the sole discretion of the Postal Service), or fails to complete the work within said time, the Postal Service shall have the right to perform the work (by contract or otherwise), and withhold the cost plus any administrative cost and/or interest, from rental payments due or to become due under this Lease. Alternatively, the Contracting Officer may, if the demised premises are determined to be untenantable or unfit for use or occupancy, with reasonable discretion, cancel this Lease in its entirety, without liability.

The remedies provided in this section are non-exclusive and are in addition to any remedies available to the Postal Service under applicable law.

5. The Landlord must:

- a. comply with applicable Occupational Safety and Health Standards, title 29 Code of Federal Regulations (CFR) (including but not limited to Parts 1910 and 1926), promulgated pursuant to the authority of the Occupational Safety and Health Act of 1970 (OSHA); and
- b. comply with any other applicable federal, state, or local regulation governing workplace safety to the extent they are not in conflict with a; and
- c. take all other proper precautions to protect the health and safety of:
 - (1) any laborer or mechanic employed by the Landlord in performance of this agreement; and
 - (2) Postal Service employees; and,
 - (3) the public.

The Landlord must include this clause in all subcontracts hereunder and require its inclusion in all subcontracts of a lower tier. The term "Landlord" as used in this clause in any subcontract must be deemed to refer to the subcontractor.



Renewal Option Rider (Market Value)

Facility Name/ Location

ROSEVILLE - VERNON RETAIL STATION (056624-008)
330 VERNON ST. ROSEVILLE, CA 95678-9998

County: Placer

Lease: F00000326607

The Postal Service may exercise an option to renew this Lease pursuant to Paragraph 4, for which the Lease does not designate a specific rental rate; the parties shall determine the appropriate, market value rent for that renewal term as follows:

1. Not less than 18 months or more than 24 months prior to the expiration of the current lease term, the Postal Service shall give written notice to Landlord advising Landlord of the Postal Service's opinion of the appropriate market value rent of the leased premises. This opinion shall be based on an appraisal procured by the Postal Service at its sole cost and performed by a "qualified appraiser" prepared in accordance with the attached Appraisal Report Specifications. A copy of the appraisal's summary page/transmittal letter (hereinafter referred to as the "summary") shall be provided to Landlord with the above notice. (A "qualified appraiser" is defined as someone who is State certified or designated by a national professional appraisal society, which said national society is a sponsoring organization of the Appraisal Foundation.)

2. Landlord and Postal Service shall attempt to agree in writing on the market value rent of the leased premises during the thirty (30) day period following delivery of the Postal Service's notice (the "initial negotiation period"). If the parties reach agreement on the market value rent figure, the Postal Service shall timely exercise the renewal option at the agreed rent. If the parties are unable to reach an agreement during the initial negotiation period, then Landlord shall at its sole cost within thirty (30) days following the initial negotiation period, procure an appraisal by a "qualified appraiser". A copy of the appraisal's summary page/transmittal letter (the summary) shall be provided to the Postal Service. If the Landlord fails to provide an appraisal summary as specified herein, then the renewal term rent shall be the market value rent established by the Postal Service's appraisal. The Postal Service shall then timely exercise the renewal option.

3. If the Landlord's appraisal summary amount is within ten percent (10%) of the Postal Service's appraisal summary amount, then the renewal term rent shall be the arithmetic average of the two appraisal summaries. The Postal Service shall then timely exercise the renewal option. If the difference between the two appraisal summaries is greater than ten percent, the Landlord and Postal Service shall attempt to agree in writing on the market value rent during the thirty (30) day period following delivery of the Landlord's appraisal summary to the Postal Service (the "final negotiation period.") If the parties reach agreement on the market value rent, the Postal Service shall timely exercise the renewal option. If the parties are unable to reach agreement during the final negotiation period, then the Landlord shall provide the Postal Service with a list of three qualified appraisers within ten (10) days after request from the Postal Service. The Postal Service shall select one appraiser from this list to perform an appraisal review (or, if Landlord fails to provide a list, the Postal Service shall select an appraiser). Within thirty (30) days, this appraiser shall review both full narrative appraisal reports; establish an appropriate annual market value rent for the renewal term and forward copies of the completed appraisal review to both the Postal Service and the Landlord. The annual rental amount established in the appraisal review shall be binding on both parties for the renewal term of the Lease. The Postal Service shall then timely exercise the renewal option.

4. Landlord and Postal Service shall share equally the cost of the appraisal review noted above, as follows. The Postal Service shall contract for such appraisal review using its standard Contract for Real Estate Services. Landlord shall reimburse the Postal Service fifty percent (50%) of the cost of the appraisal review within sixty (60) days of presentation of the appraiser's invoice(s). If the Landlord fails to pay this fifty percent (50%) share within said time period, the Postal Service may deduct that amount from the following month's rent without further notice to the Landlord.

5. In the event the parties have not completed the appraisal/market value rent determination process and the date for the Postal Service to exercise the renewal option is approaching, the Postal Service shall timely exercise the renewal option at the Postal Service appraiser's market value rent figure (pursuant to paragraph 1, above) and shall not be considered a holdover. Once the renewal term's appropriate market value rent has been determined as noted above, the Postal Service will pay to Landlord any incremental rental increase for this interim period.



Utilities, Services, & Equipment Rider

Facility Name/Location

ROSEVILLE - VERNON RETAIL STATION (056624-008)
330 VERNON ST, ROSEVILLE, CA 95678-9998

County: Placer

Lease: F00000326607

1. HEAT

Landlord must furnish heating system in good working order, in accordance with the Maintenance Rider, during the continuance of the lease. Any investigative or remediation cost associated with a release of fuel from the system, including any fuel tank, shall be the responsibility of the Landlord, unless the release is caused by the act or negligence of the Postal Service. The Postal Service pays all recurring fuel charges, provided such charges are separately metered for postal consumption.

2. AIR CONDITIONING

Landlord must furnish air conditioning equipment in good working order, in accordance with the Maintenance Rider, during the continuance of the lease. The Postal Service pays for recurring charges for power for the equipment, provided the power is separately metered for postal consumption.

3. ELECTRICITY

Landlord must furnish a ~~separately~~ metered electrical system in good working order for the ~~demised~~ premises, in accordance with the Maintenance Rider, during the continuance of the lease. The Postal Service will pay all recurring electric bills.

4. LIGHT

Landlord must provide light fixtures in good working order, in accordance with the Maintenance Rider, during the continuance of the lease. Landlord is not responsible for replacement of light bulbs.



Utilities, Services, & Equipment Rider

5. WATER

Landlord must furnish a potable water system in good working order, in accordance with the Maintenance Rider, during the continuance of the Lease. The Postal Service pays for all recurring water bills during the continuance of the Lease, provided a separate meter or separate invoice is furnished by the appropriate authority.

6. SEWER

Landlord must furnish a sewer system in good working order, in accordance with the Maintenance Rider, during the continuance of the Lease. The Postal Service pays for all recurring sewer bills during the continuance of the Lease, provided a separate meter, or separate invoice is furnished by the appropriate authority.

7. TRASH

The Postal Service agrees to furnish and pay for all trash removal for the demised premises during the continuance of the Lease.

8. SNOW

Not Applicable

REDEVELOPMENT AGENCY OF THE CITY OF ROSEVILLE
RESOLUTION NO. 8-10

APPROVING A LEASE AGREEMENT BETWEEN THE REDEVELOPMENT AGENCY
AND UNITED STATES POSTAL SERVICE AND AUTHORIZING THE EXECUTIVE
DIRECTOR TO EXECUTE IT ON BEHALF OF THE REDEVELOPMENT AGENCY

WHEREAS, a Lease Agreement regarding 330 Vernon Street, between the
Redevelopment Agency of the City of Roseville and United States Postal Service, has been
reviewed by the Redevelopment Agency;

NOW, THEREFORE, BE IT RESOLVED by the Redevelopment Agency of the City of
Roseville that said lease is approved and that the Executive Director is authorized to execute it
on behalf of the Redevelopment Agency.

PASSED AND ADOPTED by the Redevelopment Agency of the City of Roseville this
17th day of March, 2010, by the following vote on roll call:

AYES AGENCY MEMBERS: Allard, Bray, Garcia

NOES AGENCY MEMBERS: Roccucci

ABSENT AGENCY MEMBERS: Garbolino


for CHAIR

ATTEST:


Secretary



Exercise of Renewal Option

Facility Name/Location:
ROSEVILLE- VERNON RETAIL STATION (056624-009)
330 VERNON ST, ROSEVILLE, CA 95678-9998

County : Placer
Lease: QG0000349667

To
CITY OF ROSEVILLE
311 VERNON STREET
ROSEVILLE, CA 95678-2649

Certified Mail #
70142120000304956309

Issuing Office

1300 EVANS AVENUE
SAN FRANCISCO, CA 94188-8200

Date of Existing Lease: 04/09/2010

The existing Lease was amended by:

Amendment No. 001 accepted by the USPS on 04/03/2015

Pursuant to the Lease covering this facility, the Postal Service hereby exercises its option to renew said Lease as follows:

Term: 5 Years From (Date): 05/01/2015 To (Date): 04/30/2020 Annual Rate: \$108,000.00

In all other respects, the said Lease shall remain the same and is hereby confirmed.

Remarks

ESCALATED RENT AS FOLLOWS:

YEAR ONE: 05/01/2015 - 04/30/2016 - \$108,000

YEAR TWO: 05/01/2016 - 04/30/2017 - \$111,240

YEAR THREE: 05/01/2017 - 04/30/2018 - \$114,577

YEAR FOUR: 05/01/2018 - 04/30/2019 - \$118,014

YEAR FIVE: 05/01/2019 - 04/30/2020 - \$121,554

Date
05/13/2015

Name of Contracting Officer
Diana Alvarado

Signature



Lease Amendment

Facility Name/Location

VERNON RETAIL STATION (056624-009)
330 VERNON ST, ROSEVILLE, CA 95678-9998

Amendment No: 001

Lease: QG0000349667

This refers to the Lease accepted by the United States Postal Service, hereinafter called the Postal Service, under date of 04/09/2010, whereby there is leased to the Postal Service the above-described facility.

WHEREAS, the Postal Service desires and Landlord is willing to amend the Lease as specified below;

NOW THEREFORE, in consideration of the mutual covenants and agreements herein set forth, and for other good and valuable consideration, the sufficiency of which is hereby acknowledged, the parties do hereby agree as follows, effective on the date this document is executed by the Postal Service.

SEE ATTACHED ADDENDUM

In all other respects, the Lease shall remain the same and is hereby confirmed.



Addendum

Facility Name/Location
VERNON RETAIL STATION (056624-009)
330 VERNON ST, ROSEVILLE, CA 95678-9998

County: Placer
Lease: QG0000349667

RENEGOTIATE RENEWAL OPTION RENT:

Page 2, Section 4: RENEWAL OPTIONS of the current Lease states the renewal option as follows:

Renewal Option	Commencement Date	Expiration Date	No. Yrs.	Per Annum
First	05/01/2015	04/30/2020	Five (5)	FMV

Both parties hereby agree to amend Page 2, Section 4: RENEWAL OPTIONS as follows:

Renewal Option	Commencement Date	Expiration Date	Term	Per Annum
YEAR ONE	05/01/2015	04/30/2016	One (1) yr.	\$108,000
YEAR TWO	05/01/2016	04/30/2017	One (1) yr.	\$111,240
YEAR THREE	05/01/2017	04/30/2018	One (1) yr.	\$114,577
YEAR FOUR	05/01/2018	04/30/2019	One (1) yr.	\$118,014
YEAR FIVE	05/01/2019	04/30/2020	One (1) yr.	\$121,554

The parties agrees that notwithstanding any notice requirements to the contrary, for the purposes of exercising the First renewal option, the Postal Service's execution of this Lease Amendment shall be a legally sufficient exercise of the First renewal option.



Lease Amendment

EXECUTED BY LANDLORD this 7th day of May, 2015

GOVERNMENTAL ENTITY

By executing this Lease Amendment, Landlord certifies that Landlord is not a USPS employee or contract employee (or an immediate family member of either), or a business organization substantially owned or controlled by a USPS employee or contract employee (or an immediate family member of either).

Name of Governmental Entity: CITY OF ROSEVILLE


Name & Title

Ray Kerridge, City Manager
Name & Title

Name & Title

Name & Title

Name & Title

Name & Title

Name & Title

Name & Title

Landlord's Address: CITY OF ROSEVILLE

311 VERNON STREET

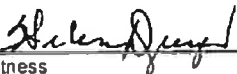
ROSEVILLE, CA

Zip+4 95678-2649

Landlord's Telephone Number(s): (916) 774 - 5200

(916) 774 - 5200

Federal Tax Identification No.: XX-XXX0409


Witness


Witness

- Where the Landlord is a governmental entity or other municipal entity, the Lease must be accompanied by documentary evidence affirming the authority of the signatory(ies) to execute the Lease to bind the governmental entity or municipal entity for which he (or they) purports to act.
- Any notice to Landlord provided under this Lease or under any law or regulation must be in writing and submitted to Landlord at the address specified above, or at an address that Landlord has otherwise appropriately directed in writing. Any notice to the Postal Service provided under this Lease or under any law or regulation must be in writing and submitted to "Contracting Officer, U.S. Postal Service" at the address specified below, or at an address that the Postal Service has otherwise directed in writing.

ACCEPTANCE BY THE POSTAL SERVICE

Date: 4-3-15


Laureen A Yamakido
Contracting Officer


Signature of Contracting Officer

Pacific FSO 1300 EVANS AVENUE, SUITE 200, SAN FRANCISCO, CA 94188-8200
Address of Contracting Officer

RESOLUTION NO. 15-168

APPROVING A LEASE AGREEMENT AMENDMENT BETWEEN THE CITY OF
ROSEVILLE AND UNITED STATES POSTAL SERVICE AND AUTHORIZING THE CITY
MANAGER TO EXECUTE IT ON BEHALF OF THE CITY OF ROSEVILLE

WHEREAS, a Lease Agreement Amendment regarding 330 Vernon Street, between the
City of Roseville and United States Postal Service, has been reviewed by the City Council;

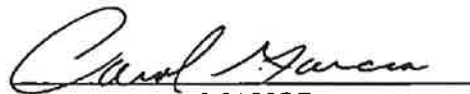
NOW, THEREFORE, BE IT RESOLVED by the Council of the City of Roseville that
said amendment is hereby approved and that the City Manager is authorized to execute it on
behalf of the City of Roseville.

PASSED AND ADOPTED by the Council of the City of Roseville this 6th day of
May, 2015, by the following vote on roll call:

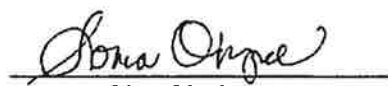
AYES COUNCILMEMBERS: Gore, Rohan, Herman, Roccucci, Garcia

NOES COUNCILMEMBERS: None

ABSENT COUNCILMEMBERS: None


MAYOR

ATTEST:


City Clerk

Addendum D

Comparable Data

Land Sales

Location & Property Identification

Property Name:	Vacant Land
Sub-Property Type:	Commercial
Address:	129 Vernon St.
City/State/Zip:	Roseville, CA 95678
County:	Placer
Market Orientation:	CBD
IRR Event ID:	1943795



Sale Information

Sale Price:	\$200,000
Effective Sale Price:	\$200,000
Sale Date:	09/01/2017
Recording Date:	09/01/2017
Sale Status:	Closed
\$/Acre(Gross):	\$767,165
\$/Land SF(Gross):	\$17.61
\$/Acre(Usable):	\$767,165
\$/Land SF(Usable):	\$17.61
Grantor/Seller:	First Bank
Grantee/Buyer:	Noah A. Baygell Trust
Property Rights:	Fee Simple
Financing:	Cash to seller
Document Type:	Deed
Recording No.:	67802
Verified By:	Ligia Dejeu
Verification Date:	04/25/2018
Confirmation Source:	Noah. Baygell
Verification Type:	Confirmed-Buyer

Sale Analysis

Current Use at T.O.S.:	Parking lot
Proposed Use Change:	Yes
Proposed Use Desc.:	Retail & multifamily development

Improvement and Site Data

MSA:	Sacramento--Roseville--Arden-Arcade MSA
Legal/Tax/Parcel ID:	013-072-008
Acres(Usable/Gross):	0.26/0.26
Land-SF(Usable/Gross):	11,354/11,354
Usable/Gross Ratio:	1.00
Zoning Code:	CBD/SA - DT
Zoning Desc.:	Central Bus. Dist./Sp. Area-Downtown Specific Plan
Source of Land Info.:	Public Records

Comments

Sale of a property improved as a parking lot at the time of sale. The buyer has plans to develop the site as a five-story, 42,680 square foot mixed-use project comprised of 24 residential units and approximately 2,000 square feet of retail space.

Location & Property Identification

Property Name: 3720 Pine Street
 Sub-Property Type: Commercial
 Address: 3720 Pine St.
 City/State/Zip: Rocklin, CA 95677
 County: Placer
 Market Orientation: Suburban
 IRR Event ID: 1953778



Sale Information

Sale Price: \$130,000
 Effective Sale Price: \$130,000
 Sale Date: 06/01/2017
 Recording Date: 06/06/2017
 Listing Price: \$215,000
 Listing Date: 09/30/2016
 Sale Status: Closed
 \$/Acre(Gross): \$377,468
 \$/Land SF(Gross): \$8.67
 \$/Acre(Usable): \$856,955
 \$/Land SF(Usable): \$19.68
 Grantor/Seller: Marvin Moore
 Grantee/Buyer: Donald V. Ryan
 Property Rights: Fee Simple
 Financing: Cash to seller
 Document Type: Deed
 Recording No.: 41423
 Verified By: Ligia Dejeu
 Verification Date: 05/15/2018
 Confirmation Source: Tim Van Gelder
 Verification Type: Confirmed-Seller Broker
 Secondary Verific. Source: CoStar, Deed, MLS

Usable/Gross Ratio: 0.44
 Corner Lot: Yes
 Zoning Code: C-4
 Zoning Desc.: General Retail Service Commercial
 Source of Land Info.: Other

Comments

This transaction represents the sale of a vacant parcel located within a historic portion of the City of Rocklin. While the site has a gross land area of 15,000 square feet, over half of the site is undevelopable due to a railroad right-of-way. The property previously sold in an REO transaction in September 2014 for \$50,000 or \$7.57 psf/usable land area.

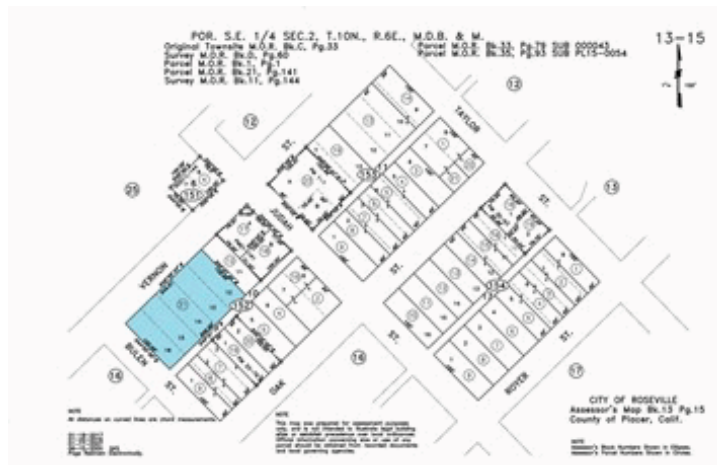
The property contains 15,000 square feet of gross land area; however, there is a railroad right-of-way indicating a net land area of 6,607 square feet.

Improvement and Site Data

Legal/Tax/Parcel ID: 010-121-006
 Acres(Usable/Gross): 0.15/0.34
 Land-SF(Usable/Gross): 6,607/15,000

Location & Property Identification

Property Name:	609-625B Vernon Street
Sub-Property Type:	Commercial
Address:	609, 623 & 625B Vernon St.
City/State/Zip:	Roseville, CA 95678
County:	Placer
Market Orientation:	CBD
IRR Event ID:	1955242



Sale Information

Sale Price:	\$774,500
Effective Sale Price:	\$774,500
Sale Date:	11/18/2016
Recording Date:	11/23/2016
Sale Status:	Closed
\$/Acre(Gross):	\$898,492
\$/Land SF(Gross):	\$20.63
\$/Acre(Usable):	\$898,492
\$/Land SF(Usable):	\$20.63
Grantor/Seller:	Doyle 1999 Family Trust
Grantee/Buyer:	623 Vernon, LLC
Assemblage:	Yes
Portfolio Sale:	Yes
Property Rights:	Fee Simple
Financing:	Cash to seller
Document Type:	Deed
Recording No.:	103877
Verified By:	Ligia Dejeu
Verification Date:	05/17/2018
Verification Type:	Secondary Verification
Secondary Verific. Source:	CoStar, Deed, News Article

Sale Analysis

Current Use at T.O.S.:	Retail, auto service, vacant land
Proposed Use Change:	Yes
Proposed Use Desc.:	Multifamily & retail

Improvement and Site Data

Legal/Tax/Parcel ID:	013-152-010 and -011
Acres(Usable/Gross):	0.86/0.86
Land-SF(Usable/Gross):	37,549/37,549
Usable/Gross Ratio:	1.00
Zoning Code:	CBD/SA - DT
Zoning Desc.:	Ctrl. Bus. Dist./Sp. Area-Downtown Specific Plan

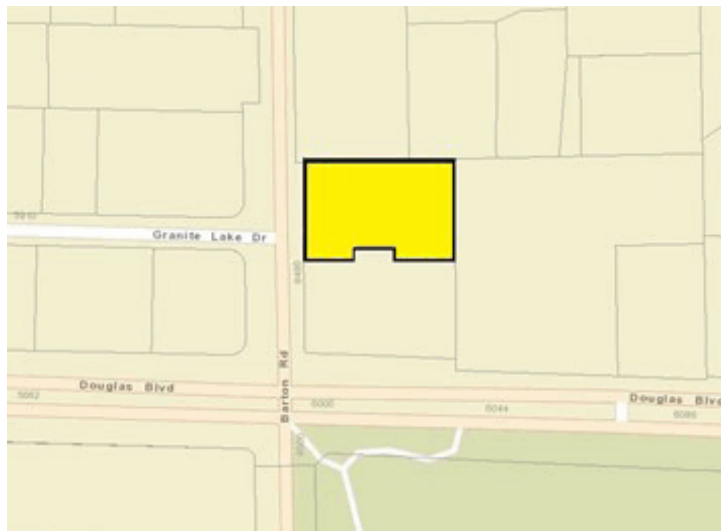
Source of Land Info.: Public Records

Comments

This transaction represents the portfolio sale of two parcels. At the time of sale, one of the parcels was improved with two buildings, a 2,140 SF retail building and a 3,716 SF auto service building. The property was purchased to be redeveloped into a four-story mixed use building comprising 58 affordable apartment units with 2,900 square feet of ground floor retail. The proposed project will include 60 underground parking spaces and four surface parking spaces. The cost of demolition of the existing buildings is considered and expenditure after sale and the sale price must be adjusted upward.

Location & Property Identification

Property Name:	Granite Bay Retail & Office site
Sub-Property Type:	Commercial
Address:	8481 Barton Rd
City/State/Zip:	Granite Bay, CA 95746
County:	Placer
Market Orientation:	Suburban
IRR Event ID:	1449753



Sale Information

Sale Price:	\$640,000
Effective Sale Price:	\$640,000
Sale Date:	07/06/2015
Recording Date:	07/06/2015
Sale Status:	Closed
\$/Acre(Gross):	\$735,463
\$/Land SF(Gross):	\$16.88
\$/Acre(Usable):	\$735,463
\$/Land SF(Usable):	\$16.88
Grantor/Seller:	Nr Homes Psp
Grantee/Buyer:	Agemark Corp
Property Rights:	Fee Simple
% of Interest Conveyed:	100.00
Exposure Time:	22 (months)
Document Type:	Deed
Recording No.:	57659
Verification Type:	Secondary Verification
Secondary Verific. Source:	CoStar, Assessor

Legal/Tax/Parcel ID:	048-101-067
Acres(Usable/Gross):	0.87/0.87
Land-SF(Usable/Gross):	37,905/37,905
Usable/Gross Ratio:	1.00
Shape:	Rectangular
Topography:	Level
Corner Lot:	No
Frontage Desc.:	146 feet on Barton
Zoning Code:	OP-UP-DC DLO
Zoning Desc.:	Commercial
Source of Land Info.:	Public Records

Comments

This comparable represents the sale of vacant land located along the east side of Barton Road, just north of Douglas Boulevard in Granite Bay. The adjacent parcel, which was improved with a 1,721 square foot office building was also purchased by the same buyer in a separate transaction. Since the purchases the office building (not this property) was demolished, the parcels were assembled (new APN 048-101-084) and improved with a memory care residence.

Sale Analysis

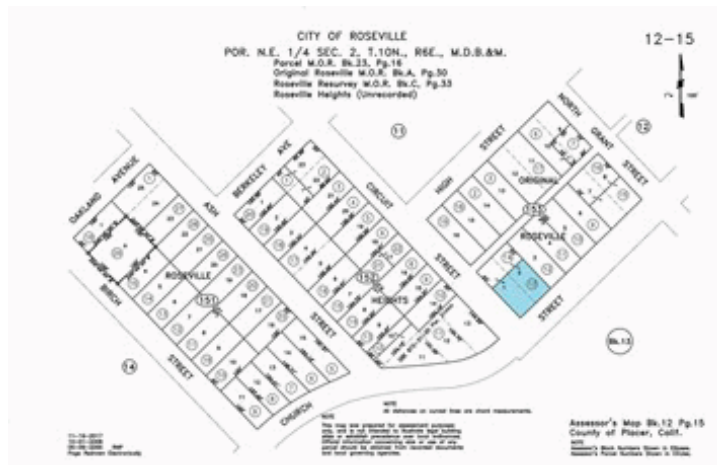
Proposed Use Desc.:	Medical, Office ...
---------------------	---------------------

Improvement and Site Data

MSA:	Sacramento--Arden-Arcade--Roseville, CA
------	---

Location & Property Identification

Property Name: 326 Church Street
 Sub-Property Type: Commercial
 Address: 326 Church St.
 City/State/Zip: Roseville, CA 95678
 County: Placer
 Market Orientation: Suburban
 IRR Event ID: 1953951



Sale Information

Listing Price: \$175,000
 Effective Listing Price: \$175,000
 Listing Date: 05/01/2018
 Sale Status: Listing
 \$/Acre(Gross): \$775,709
 \$/Land SF(Gross): \$17.81
 \$/Acre(Usable): \$775,709
 \$/Land SF(Usable): \$17.81
 Grantor/Seller: Lynette A. Robinson
 Grantee/Buyer: Listing
 Property Rights: Fee Simple
 Exposure Time: 7 (months)
 Financing: Cash to seller
 Verified By: Ligia Dejeu
 Verification Type: Secondary Verification
 Secondary Verific. Source: CoStar, Listing Flyer

Comments

This transaction represents the active listing of a 0.23 acre parcel zoned general commercial. The general commercial zone is intended to serve the entire community by providing areas for commercial facilities that are more of a service or heavy commercial character than are permitted in the Community Commercial District, and may involve outdoor display, storage or activity areas. Surrounding land uses include single-family residential and auto service uses and vacant land.

Improvement and Site Data

Legal/Tax/Parcel ID: 012-153-013
 Acres(Usable/Gross): 0.23/0.23
 Land-SF(Usable/Gross): 9,828/9,828
 Usable/Gross Ratio: 1.00
 Corner Lot: Yes
 Zoning Code: GC
 Zoning Desc.: General Commercial
 Source of Land Info.: Public Records

Addendum E

Engagement Letter

AGREEMENT FOR APPRAISAL SERVICES

Project: 320 Vernon Street

THIS AGREEMENT, is made and entered into this 24th day of APRIL, 2018, by and between the City of Roseville, a municipal corporation ("CITY"), and Seevers Jordan Ziegenmeyer dba Integra Realty Resources, Inc., a California general partnership ("APPRAISER"); and

W I T N E S S E T H:

WHEREAS, CITY requires certain appraisal services for 320 Vernon Street, and APPRAISER is willing to provide such services;

NOW, THEREFORE, the parties agree as follows:

1. Appraisal. APPRAISER shall appraise and establish the As-Is Market Value for the real property described on Exhibit "A" ("the Property"). APPRAISER shall prepare and submit three (3) copies of a written appraisal report to the City Attorney of CITY, and shall mark the report "CONFIDENTIAL - ATTORNEY/CLIENT PRIVILEGE." The report shall contain at least the following:

- (a) Date of inspection of the Property;
- (b) Description of the Property with color photographs;
- (c) Listings and description of comparable sales with color photographs of each comparable sale;

- (d) Comparable sales map;
- (e) Narrative description of the manner in which the conclusion of As-Is Market Value was reached, which valuation method or methods were used, and reasons why particular valuation methods were used or not used;
- (f) Date of valuation;
- (g) All assumptions or limiting conditions;
- (h) Statement that APPRAISER has no interest in the Property;
- (i) Statement of APPRAISER's qualifications; and
- (j) A certificate of APPRAISER in substantially the form attached hereto as Exhibit "B."

2. Compensation. CITY shall pay APPRAISER a lump sum of four thousand dollars (\$4,000) for tasks performed pursuant to this Agreement.

3. No Assignment. APPRAISER shall not assign this Agreement. APPRAISER shall not employ or otherwise incur any obligation to pay other specialists or experts for services in connection with this Agreement, without the prior written consent of CITY.

4. Termination. This Agreement may be terminated at any time by written notice from CITY, with or without cause. In such event, all finished and unfinished documents, project data, and reports shall, at the option of CITY, be delivered to CITY and become its property. APPRAISER shall immediately stop work, and shall within ten (10) calendar days deliver a final invoice for services to CITY.

5. No Conflict of Interest. APPRAISER (including principals, associates and professional employees) warrants that it is qualified to provide the services contracted for, and covenants that it does not now have any interest and shall not acquire any interest, direct or

indirect, in the Property covered by this Agreement or any other interest which would conflict in any manner or degree with the performance of its services hereunder. APPRAISER further covenants that in the performance of its duties hereunder, no person having any such interest shall be employed.

6. Confidentiality. APPRAISER covenants that it will keep confidential all appraisals, conclusions, work product, communications and every other matter relating to this Agreement, unless CITY otherwise authorizes disclosure in writing.

7. Indemnification. To the fullest extent allowed by law, APPRAISER shall defend, indemnify, and save and hold harmless CITY, its officers, agents, employees and volunteers from any claims, suits or actions of every name, kind and description brought forth, or on account of, injuries to or death of any person (including but not limited to workers and the public), or damage to property, resulting from or arising out of APPRAISER's willful misconduct or negligent act or omission while engaged in the performance of obligations or exercise of rights created by this Agreement, except those matters arising from CITY's sole negligence or willful misconduct. The parties intend that this provision shall be broadly construed.

APPRAISER's responsibility for such defense and indemnity obligations shall survive the termination or completion of this Agreement for the full period of time allowed by law. The defense and indemnity obligations of this Agreement are undertaken in addition to, and shall not in any way be limited by, the insurance obligations contained in this Agreement.

8. Insurance. APPRAISER agrees to continuously maintain, in full force and effect, the following minimum policies of insurance during the term of this Agreement.

COVERAGE

LIMITS OF LIABILITY

Workers' Compensation

Statutory

Commercial General Liability

\$1,000,000 each occurrence
\$2,000,000 aggregate
Personal Injury:
\$1,000,000 each occurrence
\$2,000,000 aggregate

Automobile Liability

\$1,000,000 combined single limit

Professional Liability (errors and
omissions)

\$1,000,000 per claim
\$2,000,000 aggregate

a. Form. APPRAISER shall submit a certificate evidencing such coverage for the period covered by this Agreement in a form satisfactory to Risk Management and the City Attorney, prior to undertaking any work hereunder. Any insurance written on a claims made basis is subject to the approval of Risk Management and the City Attorney.

b. Additional Insureds. APPRAISER shall also provide a separate endorsement form or section of the policy showing CITY, its officers, agents, employees and volunteers as additional insureds for each type of coverage, except for Workers' Compensation and Professional Liability. Such insurance shall specifically cover the contractual liability of APPRAISER. The additional insured coverage under the APPRAISER's policy shall be primary and noncontributory, as evidenced by a separate endorsement or section of the policy, and shall not seek contribution from CITY's insurance or self-insurance. In addition, the additional insured coverage shall be at least as broad as the Insurance Services Office ("ISO") CG 20 01 Endorsement. Any available insurance proceeds in excess of the specified minimum insurance coverage requirements and limits shall be available to the additional insureds. Furthermore, the requirements for coverage and limits shall be: (1) the minimum coverage and limits specified in

this Agreement; or (2) the full coverage and maximum limits of any insurance proceeds available to the named insureds, whichever is greater.

c. Cancellation/Modification. APPRAISER shall provide ten (10) days written notice to CITY prior to cancellation or modification of any insurance required by this Agreement.

d. Umbrella/Excess Insurance. The limits of insurance required in this Agreement may be satisfied by a combination of primary and excess insurance. Any excess insurance shall contain or be endorsed to contain a provision that such coverage shall also apply on a primary and noncontributory basis for the benefit of CITY (if agreed to in a written contract) before CITY's own insurance shall be called upon to protect it as a named insured.

e. Subcontractors. APPRAISER agrees to include in its contracts with all subcontractors the same requirements and provisions of this Agreement, including the indemnity and insurance requirements, to the extent they apply to the scope of the subcontractor's work. Furthermore, APPRAISER shall require its subcontractors to agree to be bound to APPRAISER and CITY in the same manner and to the same extent as APPRAISER is bound to CITY under this Agreement. Additionally, APPRAISER shall obligate its subcontractors to comply with these same provisions with respect to any tertiary subcontractor, regardless of tier. A copy of CITY's indemnity and insurance provisions will be furnished to the subcontractor or tertiary subcontractor upon request.

f. Self-Insured Retentions. All self-insured retentions ("SIR") must be disclosed to Risk Management for approval and shall not reduce the limits of liability. Policies containing any SIR provision shall provide or be endorsed to provide that the SIR may be satisfied by either the named insured or CITY. CITY reserves the right to obtain a full

certified copy of any insurance policy and endorsements. The failure to exercise this right shall not constitute a waiver of such right.

g. Waiver of Subrogation. APPRAISER hereby agrees to waive subrogation which any insurer of APPRAISER may acquire from APPRAISER by virtue of the payment of any loss under a Workers Compensation, Commercial General Liability or Automobile Liability policy. All Workers Compensation, Commercial General Liability and Automobile Liability policies shall be endorsed with a waiver of subrogation in favor of CITY, its officers, agents, employees and volunteers for all work performed by APPRAISER, its employees, agents and subcontractors.

h. Liability/Remedies. Insurance coverage in the minimum amounts set forth herein shall not be construed to relieve APPRAISER of liability in excess of such coverage, nor shall it preclude CITY from taking such other actions as are available to it under any other provisions of this Agreement or law.

9. Notices. Any notice required by this Agreement shall be delivered or sent by first class mail, United States postage prepaid, addressed as follows:

CITY

Laura Matteoli
Acting Economic Development Director
311 Vernon Street
Roseville, CA 95678

APPRAISER

Lance Jordan, Senior Managing Director
Seevers Jordan Ziegenmeyer
dba Integra Realty Resources – Sacramento
3825 Atherton Road, Suite 500
Rocklin, CA 95765

Either party may amend its address for notice by giving notice to the other party.

10. Attorney's Fees; Venue; Governing Law. If either party commences any legal action against the other party arising out of this Agreement or the performance hereof, the prevailing party in such action shall be entitled to recover its reasonable litigation expenses,

including but not limited to, court costs, expert witness fees, discovery expenses, and attorney's fees. Any action arising out of this Agreement shall be brought in Placer County, California, regardless of where else venue may lie. This Agreement shall be governed by and construed in accordance with the laws of the State of California.

11. Time is of the Essence. Time is of the essence of this Agreement. APPRAISER shall complete the appraisal required under this Agreement by May 18, 2018. For each day that APPRAISER is late in completing such work, and inasmuch as the actual damages which would result from such breach by APPRAISER under this Agreement are uncertain, and would be impractical or extremely difficult to fix, APPRAISER agrees that it shall pay, or CITY shall deduct from APPRAISER's fee, the sum of one hundred and fifty (\$150) dollars as liquidated damages.

12. Successors in Interest. This Agreement shall be binding upon and shall inure to the benefit of the parties and their respective heirs, legal representatives, successors and assigns.

13. Joint Effort. This Agreement is the result of the joint efforts and negotiations of parties hereto, and no single party is the author or drafter hereof. All of the parties assume joint responsibility for the form and position of each and all of the contents of this Agreement and they agree that this Agreement shall be interpreted as though each of the parties participated equally in the composition of this Agreement and each every part hereof.

14. Integration. This is an integrated Agreement, and contains all of the terms, considerations, understandings and promises of the parties. It shall be read as whole.

15. Compliance with Laws. APPRAISER shall comply with all federal, state and local laws, ordinances and policies as may be applicable to the performance of services under this Agreement.

16. Ability to Perform. APPRAISER agrees and represents that it has the time, ability and professional expertise to perform the services required under this Agreement.

17. Governing Agreement. In the event of any conflict between this Agreement and its EXHIBITS, the provisions of this Agreement shall govern. In the event of any conflict between any of the EXHIBITS, the provisions of the first in order of attachment shall govern.

18. Independent Contractor. APPRAISER shall act as an independent contractor, and covenants and agrees that it will conduct itself consistent with such status, that it will neither hold itself out as, nor claim to be, an officer or employee of CITY by reason of this Agreement.

19. Representations and Warranties. APPRAISER warrants that it has not employed or retained any company or person, other than a bona fide employee working for APPRAISER, to solicit or secure this Agreement, and that it has not paid or agreed to pay any company or person, other than a bona fide employee, any fee, commission, percentage, brokerage fee, gift or any other consideration, contingent upon or resulting from the award or making of this Agreement. For breach or violation of this warranty, CITY shall have the right to terminate as void this Agreement, without liability, or, in its discretion, to deduct from the Agreement price or consideration, or otherwise recover, the full amount of such fee, commission, percentage, brokerage fee, gift or contingent fee.

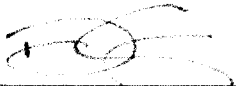
20. Modification. This Agreement and each provision contained herein may be waived, amended, supplemented or eliminated only by mutual written agreement of the parties.

21. Severability. If any of the provisions contained in this Agreement are for any reason held invalid or unenforceable, such holding shall not affect the remaining provisions or the validity and enforceability of the Agreement as a whole.

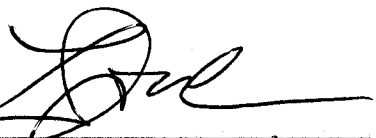
IN WITNESS WHEREOF, the City of Roseville, a municipal corporation, has executed this Agreement in duplicate by its City Manager and APPRAISER has caused this Agreement to be duly executed.

CITY OF ROSEVILLE, a
municipal corporation

SEEVERS JORDAN ZIEGENMEYER
DBA INTEGRA REALTY RESOURCES,
INC., California general partnership

BY: 

DOMINICK CASEY
Acting City Manager

BY: 

LANCE JORDAN
its SENIOR MANAGING DIRECTOR

ATTEST:

BY: 

SONIA OROZCO
City Clerk

APPROVED AS TO FORM:

BY: 

ROBERT R. SCHMITT
City Attorney

APPROVED AS TO SUBSTANCE:

BY: 

LAURA MATTEOLI
Acting Economic Development Director

EXHIBIT "A"

Integra Realty Resources
Sacramento

3825 Atherton Road, Suite 500
Rocklin, CA 95765

T 916.435.3883
F 916.435-4774
www.irr.com



April 5, 2018

Mr. Wayne Wiley
Development Analyst
City of Roseville
311 Vernon Street
Roseville, CA 95747

SUBJECT: **Roseville Post Office Property**
 320 Vernon Street
 Roseville, CA 95747

Dear Mr. Wiley:

Thank you for considering Integra Realty Resources - Sacramento for your real estate valuation needs.

Please consider this letter my formal proposal to appraise the above-referenced property. The intended use of the appraisal is reportedly for asset valuation pertaining to the future sale of the subject property.

The subject property is currently occupied by the United States Post Office as the sole tenant. The building consists of 9,783± square feet on the ground floor and 9,702± square feet of basement space, for a total rentable area of 19,485± square feet. The property is situated within the confines of a single assessor's parcel containing approximately 22,986 square feet of land area (APN: 013-09-003). A more detailed legal and physical description of the subject property, as well as related market area characteristics, will be contained within the final appraisal report.

I previously appraised the subject property on February 14, 2013. It is my assertion the scope of work will be very similar to the scope of work from the previous appraisal. Specifically, based on my understanding of the subject property (at the end of its economic/useful life, with a lease in-place until 2020), the most appropriate method of estimating the as-is market value of the leased fee interest in the subject is a yield capitalization analysis, which is a valuation technique of the income capitalization approach. As part of this valuation, I will employ the sales comparison approach to estimate the

Mr. Wayne Wiley, Development Analyst, City of Roseville
April 5, 2018
Page 2

market value of the underlying land. In summary, I will estimate all net cash inflows to the ownership over the approximately two years remaining on the lease and determine the net reversion value (future land value, less demolition and fill costs – if necessary) and discount all of the net cash flows to a present value (i.e., the as-is market value). With the post office lease in place, it is our opinion this is the method the typical buyer would use to determine the price they would be willing to pay for the subject. It is noted that in the underlying land valuation, consideration will be given to the city entitlements that will allow for a new office/retail project to be up to four stories in height, with no on-site parking. At this height, it is my understanding that up to 80,000± square feet of building area (20,000 SF per floor) could potentially be housed on the subject site.

This appraisal assignment will be conducted in accordance with appraisal standards and guidelines found in the current edition of the Uniform Standards of Professional Appraisal Practice (USPAP) and the Appraisal Institute's Code of Professional Ethics and Standards of Professional Appraisal Practice.

The fee for services to complete the appraisal will be \$4,000. We can complete this assignment within four weeks of your authorization to proceed.

Should you require services beyond the scope outlined previously, the following hourly fee schedule, plus any inordinate expenses, will apply to the various individuals that may be involved in the assignments.

• Partner	\$350 / hour
• Senior Analyst	\$250 / hour
• Analyst	\$150 / hour
• Administrative Support	\$50 / hour

If you have any questions, please do not hesitate to contact me at (916) 435-3883, or by e-mail at ljordan@irr.com.

Respectfully submitted,

Integra Realty Resources - Sacramento



Lance Jordan, MAI
Senior Managing Director
State Certification No.: AG012709
916.435.3883
Email: ljordan@irr.com



EXHIBIT "B"

CERTIFICATE OF APPRAISER

I hereby certify:

That I have personally inspected the subject property herein appraised. A personal field inspection of the comparable sales relied upon in making this appraisal has also been made. The subject and the comparable sales relied upon in making this appraisal are as represented by the photographs contained in this report.

That to the best of my knowledge and belief the statements contained in this appraisal are true and the information upon which the opinions expressed therein are based is correct, subject to the assumptions and limiting conditions set forth in the appraisal.

That I understand that such appraisal is to be used in connection with the disposition of the subject property by the City of Roseville.

The analysis, opinions, and conclusions in this report were developed, and this report has been prepared, in conformity with the requirements of the Code of Professional Ethics and Standards of Professional Practice of the American Institute of Real Estate Appraisers.

That neither my employment nor my compensation for making this appraisal report are in any way contingent upon the values reported herein.

That I have no direct or indirect present or contemplated future personal interest in this property or in any benefit from the acquisition of such property appraised.

The out-of-context quoting from, or partial reprinting of, this report is not authorized.

That I have not revealed the findings and results of this appraisal to anyone other than the proper officials of the City of Roseville, and I will not do so until so authorized by the City, or until I am required to do so by due process of law, or until I am relieved of this obligation by having publicly testified as to such findings.

My opinion of value of the As-Is Market Value for the property has an effective valuation date of _____, and the As-Is Market Value is as follows:

Dollars

(\$ _____)

Appraiser/APPRAISER

Date



PROPOSED
CIVIC PLAZA HOTEL

LENOX HILL
FINE FURNISHINGS & DESIGN

September 26, 2018

City of Roseville
Attn: City Clerk department
311 Vernon Street
Roseville, Ca. 95678

Downtown Post Office Committee,

We are excited about the opportunity to create a project that will bring synergy to the downtown area of Roseville. This site is ideally located across the street from the City Hall and the Town Square Plaza. We believe this Mixed Use Development will provide a much needed element and will encourage local people to enjoy the many benefits and services available in the downtown area while offering travelers an upscale full service Lifestyle Hotel with all the amenities and services they desire. The commercial uses on the ground floor are designed with convenient access from both Vernon Street and S. Grant Street to encourage the public to utilize and enjoy the Restaurants, Coffee-Pastry Shop, Day Spa, Fitness Center and Boutique Retail Shops. As the center of the downtown area this project will become a beacon that engages daily with the entire community.

We look forward to a personal interview so we can further demonstrate our extensive background, knowledge and abilities with regards to this Proposed Hotel development.

Creatively Yours,



Al Saroyan, Architect

760 Redwood Ave, Sand City, Ca. 93955 Ph. 831-393-1800 al@lenoxhilldesign.com

WWW.LENOXHILLFURNISHINGS.COM

TAB A

States with Saroyan hotel designs

Arizona • California • Missouri
Nevada • Oregon • Texas
Washington

سارویان معماری

HOTEL
ARCHITECTURE



FIRM'S QUALIFICATIONS

TAB A

FIRM'S QUALIFICATIONS

The Development team has a combined experience of over 140 years in Design, Construction, Interiors, Real Estate and Property Management for projects with a total value in excess of a Billion dollars. The projects range from Single Family, Multifamily, Shopping Centers, Office Building, Hotels, Retirement Center and Industrial complexes. The team's formula for success is the cutting edge and exceptional design coupled with attention to detail, diligent construction management all guaranteeing an award winning project every time. The team holds Licenses in California in the following areas:

- General Contractor
- Architect
- Real Estate Broker
- Lath and Plastering Contractor
- Roofing Contractor
- Certified General Real Estate Appraiser
- Synthetic Products Contractor
- Swimming Pool Contractor
- Licensed Public Insurance Adjuster
- Lead Paint Renovator

The tasks that would be completed by the team members are; Architectural Design and Construction Drawings, Civil Engineering Design and Drawings, Entitlement Processing, Code Compliance, Quality Control and Construction Management. Subcontractors will be used for the major trades.

TAB B



EXPERIENCE & REFERENCES

TAB B

EXPERIENCE AND REFERENCES

The team has a varied but similar experience which encompass all facets of the development process. Their overlapping expertise includes Architectural Design, Construction Services, Engineering, Leasing and Property Management, Real Estate Sales and Management, Interior Design and Financing. The above services are paramount for the proposed Hotel project for the City of Roseville. Both Fred Hintz and Al Saroyan, working as a team have extensive experience Designing, Developing and Constructing Hotels and Commercial project throughout the Western United States.

The following references have firsthand knowledge of the individuals and group's expertise as they have been current or past clients.

Javier Bolante - Residential

1000 Munras Ave, Ste 100 Monterey, Ca. 93940

Ph. 831-647-9861 (Design and Construction)

Mojtaba Massoudi –Residential and Commercial

9701 Blue Larkspur Ln. A Monterey, Ca. 93940

Ph. 831-324-0585 (Design, Entitlements & Construction)

Jim Conrad- Industrial/ Offices

1518 Moffett St. Ste. E, Salinas, Ca. 93905

Ph. 831-422-1722 (Design, Entitlements and Construction)

Robert Blodgett-Commercial

P.O. Box 1697, Capitola, Ca. 95010

Ph. 831-706-0510 (Design Entitlements and Construction)

TAB C



QUALIFICATIONS OF TEAM

TAB C

QUALIFICATION OF THE TEAM

The primary members of the Development Team are Al Saroyan, Architect, William Edward Saroyan , Professional Engineer and Fred Hintz Development and Construction Director and William C. Thomas, Defects Expert. The Director of Development will be Al Saroyan. Each member will serve in their area of expertise as they have on many previous projects in the past 35+ years. The individual Resumes are attached and provide details on their specific expertise and project involvement.

Al Saroyan, a Licensed Architect, General Contractor and Real Estate Broker has been designing and building since 1974. As outlined in the attached resume, he has successfully designed, developed and constructed numerous residential, commercial and hospitality projects throughout the western United States all with the trademark of unique cutting edge Design and Quality.

William Edward Saroyan is a licensed Civil Engineer with extensive experience with major Mixed Use projects like Santa Clara Square, which involved more than a 1,000,000 sf of Office, Retail and Residential.

Fred Hintz has extensive experience in Building major projects including Hotels, Office Building, Residential Condominiums since 1975. Prior to joining the Saroyan Team, he served as VP of Development for a major hotel chain building hotels throughout the Western United States.

William C. Thomas is an expert in Construction, Supervision and Code Compliance and has significant experience in construction defect evaluation and management. He is a valuable asset to any development team and will act as Quality Control Administrator, construction liaison and code compliance between the developer and all governmental agencies.

RESUME

AL SAROYAN, II, AIA

760 Redwood Avenue
Sand City, CA 93955
(831) 393-1800 ♦ Fax (831) 393-2400
E-mail: al@saroyanmasterbuilder.com

EDUCATION, LICENSES AND PROFESSIONAL ASSOCIATIONS

California Polytechnic State University, San Luis Obispo- BA Architecture
California General Contractor – License # 681958
California Architect- License # 8046
California Real Estate Broker – License # 01153138
American Institute of Architecture
National Council of Architectural Registration Board
“Build It Green” Certified

BUSINESS ACTIVITIES

“Master Builder” and President for Saroyan Masterbuilder, a multifaceted firm providing turnkey services in Architecture, Construction and Interiors. Al Saroyan, AIA is chief designer and director of the architectural division, manages the construction & interior design and overseas the real estate property management. Due to his extensive combined experiences, Al Saroyan, AIA serves as an expert witness for projects involving Architecture and Construction Litigation.

Saroyan Masterbuilder 1974-Present

Master Builder, President

Saroyan Masterbuilder is an organization distinguished for their expertise in Architecture, Construction and Interiors, and evolved from its predecessor companies directed by Al E. Saroyan AIA beginning in 1974. Among celebrated works are signature custom homes and major remodels, hotels, apartments, commercial and mixed-use buildings throughout the western United States. Numerous structures of historical significance have been entrusted to the expertise of Saroyan Masterbuilder. Highly regarded for excellence, attention to detail, creativity and integrity, Saroyan Masterbuilder is an organization committed to highest standards in architectural design, construction and interiors. The following is an outline of the “Master Builder” services currently being provided.

Architecture

Architecture division has designed numerous custom single-family residences as well as multi-family projects, large master-planned communities, commercial office complexes, shopping centers, retirement centers and hotel projects ranging from 100 to 300 rooms. Dedicated design professionals strive to make projects uniquely attractive in addition to efficient and economical designs. Strict attention to detail coupled with intimate “hands on” involvement with each project contributes to the trademark of excellence in every project.

Construction

The construction company blends functionality and beauty with its team of specially trained craftsman. Incorporation of natural materials, particularly unusual stone and fine woods give each home a timeless Old-World feel. Numerous single-family residences have been constructed, and remodeled in addition to multi-family and commercial projects throughout California. With a design and architectural background, the construction division provides professional construction services and high sensitivity toward economic design and detail resulting in high quality design-oriented cost driven projects.

Interiors

Interiors division provides all aspects of interior design, furniture and décor to complement, enhance and complete the design process. Spatial ingenuity and vision in the design phase contributes to the outworking of the final product. We offer professional design services to take custom home projects to the next level, ultimately complementing the integrity of the original concept while fully accommodating lifestyle and individuality of the owner.

Real Estate

The Real estate division provides site selection assistance, economic and feasibility analysis, arranging of financing and property management services for residential and commercial projects.

SIGNIFICANT MULTIFAMILY, COMMERCIAL & RESIDENTIAL WORKS

<u>Project Type</u>	<u>Address</u>	<u>Service Performed</u>
93 Units New Construction	Cedar Ave Fresno, CA	Architecture Construction Real Estate
92 Units Condo New Construction	Ashlan Ave Fresno, CA	Architecture Construction Real Estate
Office Condo 45,000 sq.ft New Construction	Clinton Ave Fresno, CA	Architecture Construction Real Estate
Office Condo 30,000 sq.ft New Construction	Shaw Ave Fresno, CA	Architecture Construction Real Estate
53 Lot Subdivision New Construction	Clovis Ave Fresno, CA	Architecture Construction Real Estate
237 Unit Condo	Modesto, CA	Architecture
Several Hotel Projects 100-300 Rooms	Arizona, 300 Rooms Oregon, 150 Rooms Las Vegas, 200 Rooms St. Louis, MI 150 Rooms	Architecture Construction Mgt. “ “ “ “
Major Residential Historic Restoration	Carmel, CA	Architecture Construction
Commercial Building Historic Restoration	Monterey, CA	Architecture Construction

Numerous significant Residential construction and remodeling projects in Carmel, CA since 1990.

FRED HINTZ

21633 N 61 Ave • Glendale, AZ 85308 • fehins@aol.com • (602) 919-9757

CONSTRUCTION MANAGEMENT PROFESSIONAL

SUMMARY OF QUALIFICATIONS

- More than 20 years of experience in development and construction. Accomplished in consulting with clients in a full range of issues as they relate to function and needs in the construction industry. More than 15 years as Vice President of Continental Hotels, specializing in high end full service all suite hotels.
- Prepare information regarding design, work with civil architectural, mechanical, electrical, structural engineers to interface the planning process.
- Skilled in all aspects of operations management including budget, direct billing and approval of contracts, performance tracking, quality control, oversight and review of banks draws.
- Excel in the ability to put teams together, communicate clearly and produce goals in sync with owners' needs.
- Create and maintain a strong effective working relationship with city staff, building departments, governmental agencies, interest groups, sub-contractors and the general public.
- Experienced in resolving construction and planning issues, which typically occur through the planning and construction process.
- Qualifying party for General Contracting License in Nevada, New Mexico and Arizona.

PROFESSIONAL EXPERIENCE

CONSTRUCTION MANAGER SAROYAN MASTER BUILDER

January 2001 – Present
Monterey, CA

Company is both architectural and construction oriented handling residential and commercial jobs of from \$1 million to \$30 million.

- Reduced workers compensation and general insurance costs. Resolve problems on daily basis; ensure projects stay on track, on time and on budget.
- Cultivate good client and vendor relationships and concentrate on getting things done faster and more efficiently.
- Completed \$30 million dollar, mixed use development, four-story design center with condos, office, retail available to view at www.DesignCenter-MP.com.

Projects ranged from 1,200 square feet up to 200,000 square feet and from one story up to six stories. Supervising from 25 people up to 200 on a large job.

OWNER FARMERS INSURANCE

January 1993 – Present
Phoenix, AZ

Operate company selling all lines of insurance.

- Top producing career agent every month for 24 consecutive months, a first in the Phoenix district. As a career agent wrote over 2,000 policies in two years. Current gross receipts for agency around \$350,000 per year.

**VICE PRESIDENT DEVELOPMENT AND CONSTRUCTION
CONTINENTAL HOTELS**

January 1978 – January 1992
San Diego, CA

Full service hotel Development Company.

- Built hotels in Santa Fe New Mexico and Flagstaff, Arizona in the winter time, beginning in October and opening in June. This was a first for the industry.
- Developed 15 full service hotels around the western US ranging from 5 – 45 million.
- Completed full service Radisson Hotel at Phoenix Sky Harbor Southbank and the Holiday Inn at 51st Avenue and I-10. Both projects were completed in six months from beginning of earthwork to “C of O” and both were constructed under budget.
- Reviewed feasibility studies on land acquisition before purchase and all corresponding zoning and infrastructure issues regarding site including water, sewer, gas electric, TV and telephone. Prepare budgets, loan documents, supervised the construction of each hotel, tracked time lines and costs, acquired governmental approvals and resolved issues with building departments.
- Awarded contracts, value engineering construction costs to get within budgets and prepared fast track permits often saving months in construction time including interest on capital.

EDUCATION AND TRAINING

BA, COMMUNICATIONS

GPA 3.1

NORTHERN ARIZONA UNIVERSITY, FLAGSTAFF ARIZONA

In second year of college, elected to manage the theater facility, a 20,000 square foot, and 200 seat auditorium including all events. Booked performances, met with clients, and managed five people.

AFFILIATIONS

- President Arizona Karting Association, Phoenix, Arizona. As president – turned club around from financial difficulty, to acquiring a 60 K grant from the Arizona Sports and Tourism Association. Increased revenue 25 K per year for three consecutive years. This is a nonprofit club promoting kart racing for kid’s age five and up. The bonds that develops between the children and their parents through the fascists of racing construct a bond which is unlike no other sport. Our focus is promoting kart racing to support children and their families toward educating life lessons through racing. Azkarting.com

William Edward Saroyan, P.E.

PO Box 2803 · Carmel, Ca. 93921 · (831)-241-8228 · Eddie@Saroyan.US

OVERVIEW

- Professional Engineer experienced in multiple disciplines of land development (Architecture, Construction, Civil Engineering, Structural Engineering) with excellent problem solving skills and ample management experience
- Real Estate Development experience, strong understanding of contracts, lien laws, entitlement and permit process
- Team oriented, strong leadership skills, ability to motivate project team, learn from peers, and boost productivity
- Extremely ambitious and driven, focused on reaching goals and always setting new ones

EDUCATION

Loyola Marymount University, Los Angeles, California

May 2013

Bachelor of Science in Civil Engineering, Member of ASCE

Civil: G.P.A.: 3.1

NOTABLE PROJECTS: Santa Clara Square, Mission Town Center, Park View Towers, Vendome Towers, San Juan Oaks Retirement Community, East Garrison, The Dunes on Monterey Bay, Residences at Railway, Sisters of Holy Family

REAL ESTATE DEVELOPMENT EXPERIENCE

BuildZig Inc., Oakland, Ca. : Senior Project Manager

August 2017—Present

- Head of Business Development - meet all potential clients and write proposals
- Manage complex developments through site assessment, site acquisition, design, entitlement & permitting phases
- Staff and lead teams of PM's, Asst PM's, and Admin to manage development projects
- Work with clients to determine development or repositioning potential and project budget and schedule
- Meet with planners, plan checkers, council members, planning commissioners etc. as needed for projects
- Conduct neighborhood outreach to garner public support for development
- Engage, hire, and manage all design consultants and experts needed for project design and approvals
- Lead weekly client and design team meetings, conference calls, and video meetings
- Present projects to Planning Commission, City Council, Design Review Committee, Landmarks Committee
- Head of Replicon - Billing and invoicing software (train new hires, run data reports, upload new contracts)

Saroyan Masterbuilder, Sand City, Ca. : Vice President, Project Manager

April 2016—August 2017

- Research and network with Professionals to find Real Estate Development opportunities throughout California
- Study municipal and county code and meet with cities and counties to obtain approvals for development
- Meet with Consultants and Specialists to find solutions to development challenges
- Create Concept Packages with Project Proforma, Floor Plans, Renderings, Project Summary, Concept Photos, etc
- Present projects to investors
- Conduct extensive due diligence on properties under contract including obtaining reports, securing water credits
- Meet with new clients to discuss their project and the benefits of retaining our services
- Manage Foreman and Sub-contractors through construction phase on Commercial and Residential Projects
- Manage CAD production team
- Create exhibits and lease agreements for new tenants
- Create engineering plans and solutions for project approvals and RFI's
- Create Sub-contractor agreements, Architectural agreements, Lien Release Forms, Proposals, Letters of Intent, etc
- Get timecards, receipts, invoices, bills, insurance certificates, etc to book keeper
- Attend conferences in industry to network with professionals and promote our services

Saroyan Masterbuilder, Sand City, Ca. : Project Engineer Intern

June 2011—August 2012 (summers only)

- Assisted Project Manager on site of all jobs under construction twice a week to ensure quality, on time field work.
- Negotiated bids with Sub-contractors, and organized project binders
- Created and modified Architectural Plans on AutoCAD for residential and commercial projects
- Put together comment responses for entitlement and permitting process
- Put together total project cost estimates for new projects in design phase
- Worked directly with Graphics and Web Designer to form new company website (SaroyanMasterBuilder.com)

ENGINEERING EXPERIENCE

Engineering Computer Skills: **AutoCAD Civil 3D, AutoTURN, Excel**

Civil Engineering Associates, San Jose, Ca. : Junior Project Manager

June 2015—April 2016

- Manage production of planning and construction documents to aid clients in obtaining approvals and permits
- Research code of various regulating agencies to ensure design is compliant
- Put together construction cost estimates and bond estimates for land development projects
- Coordinate with clients and design team to ensure consistency throughout project design
- Design grading, utility, erosion control, and stormwater management solutions for clients' projects
- Aid survey crew in all Topo and Construction Staking tasks. Including calc points, prepare/review cutsheets

Whitson Engineers, Monterey, Ca. : Assistant Engineer

March 2014—June 2015

- Create civil plansets for land development projects to aid clients in obtaining necessary approvals/permits
- Model surfaces in AutoCAD Civil 3d and calculate project earthwork numbers
- Put together construction cost estimate spreadsheets for municipal and private projects
- Put together exhibit maps, trail maps, and topographic maps using GIS data and surveyed data
- Worked on tentative maps, rough grading plans, final maps, improvement plans, plot plans, plats & legals
- Put together graphics for public hearings using cad line work, kmz files, imagery, and renderings

Howard Carter Associates Inc., Monterey, Ca. : Intern Engineer/ CAD Drafter

October 2013—February 2014

- Draft Structural sheets that include foundation and framing plans, details, notes, and schedules
- Transform incoming Architectural dwgs to basic foundation and framing plans in AutoCAD.
- Collect measurements and information on site for detailed and accurate drawings.

WORK EXPERIENCE

Tutor: I Have a Dream Foundation, Inglewood, Ca

February 2012—June 2012

- Create and teach lesson plans in Math and Science subjects
- Work with children to overcome their learning disabilities
- Communicate with students', teachers, and parents to promote academic success

SKILLS

- Computer: Microsoft Office (Word, Excel, PowerPoint, Outlook), MATLAB
- Strong interpersonal skills, extremely organized, strong communication skills, great work ethic, fast learner

STUDENT ORGANIZATIONS

American Society of Civil Engineers & Armenian Student Association

2009-Present

COMMUNITY SERVICE

Camp Counselor

CSU Monterey Bay Baseball

2008 – 2009

INTEREST: Building and Design, Lifestyle Hotels, Sustainable Land Development, Renewable Energy, Sports, Cooking

RESUME

William C. Thomas

5150 Fair Oaks Boulevard, Suite 101-371

Carmichael, CA 95608

Office: 916-939-8833 Cell: 916-204-9413

e-mail: wct@aps-services.com

EDUCATION, LICENSES AND PROFESSIONAL ASSOCIATIONS

BA Degree: Political Science, Business Administration: California State University -1970

California General Contractor (B) - License No. 754972 - Issued 1998

Nevada General Contractor (B) - License No. 48017 – Issued 2005 (Inactive)

California General Contractor (B) License No. 290428 - Issued 1974 (Inactive)

California Roofing Contractor (C61) – License No. 290428 - Inactive – Issued 1998

California Swimming Pool and Spa Contractor (C53) – License No. 754972 – Issued 1979

California Lathing and Plastering Contractor (C35) – License No. 754972 – Issued 1998

California Synthetic Products Contractor (D12) – License No. 754972 – Issued 1998

California Real Estate Broker – License No. 467494 – Issued 1971

California Certified General Real Estate Appraiser – License No. AG 097908 – Issued 1992

California Licensed Public Insurance Adjuster – License No. 2B88234 – Issued 2011

California Independent Insurance Adjuster – License No. 2B88234 – (Inactive) -issued 2008

Member International Code Council

Member National Association of Realtors

Member California Association of Realtors

Member Sacramento Association of Realtors

Certified Thermal/Infrared Thermography – Snell

Certified Lead Paint Renovator – R-118351-10-11596

Member Association of Pool & Spa Professionals

Member of ASTM Committee C-11 Standards, Specifications for Stucco, Lath and Drywall

BUSINESS ACTIVITIES

Primarily engaged in litigation support for disputes in areas of expertise which includes: Construction inspections, identification of construction defects. Real Estate standard of care for Agents and Sellers. Real Estate Appraisal Reviews and analysis for the effect on market value of damages. Insurance value assessment, Insurance Code 2071 Policy Appraiser and Umpire (over 1,500 cases). Standard of care for insurance adjusters.

PROFESSIONAL ACTIVITIES

(These activities are concurrent with the company affiliations listed under “Business History”)

Helped write examinations for General Contractor License for the California State Contractors Board.

Arbitrator for disputes between consumers and contractors for the California State Contractors License Board.

Trainer for beginning and advanced arbitration courses for the American Arbitration Association

Consultant and mediator for the California Department of Insurance.

Lecturer to multiple insurance companies regarding Policy Appraisals and adjusting

Lecturer for Insurance Carriers of Real Estate E&O to offices regarding duties of disclosure and avoiding litigation

Arbitrator in over 1,500 arbitrations, including Insurance Policy Appraisals.

Testified at jury trials over 100 times throughout California

Deposed by attorneys in cases of expertise well over 1,000 times

Assisted in writing insurance policies and adjusting manuals for insurance company adjusters

BUSINESS HISTORY

CREI GROUP, Inc. 2018 – Present

(California Contractors License No.1043802)

President

Currently time is divided into areas of expertise as consultant primarily in litigation support. Areas of expertise include construction, construction inspections and identification of defects. Standard of care for real estate agents, including fiduciary duties and seller's duties to disclose. Real Estate Appraisal reviews and analysis of the effect on market value relating to construction damages. Insurance damage estimates. Standard of care for insurance adjusters and carriers.

Affiliated Professional Services, Inc., 1992- Present

President and General Manager of an affiliation of experts providing litigation support

- General Contractors
- Specialty Contractors including Roofing, Lath and Plaster, Swimming Pools.
- Building Code Experts, Including Certified Building Official
- Professional Engineers
- Architect
- Insurance Adjuster
- Real Estate Broker
- Real Estate Appraiser

Insurance Claim Experts 2011-2013

President and General Manager

- Insurance consulting, adjusting and Policy Appraisals
- Operating concurrently with Affiliated Professional Services, Inc.

Diamante Development 2002-2004

Vice President and General Manager

- Concurrent with Affiliated Professional Services developed lots, constructed and marketed custom homes in Fair Oaks California.

Carrera Construction Company, Inc. 1992-2002

Vice President and General Manager

- Concurrent with Affiliated Professional Services.
- General construction specialized in insurance damage repair.
- New homes, remodel and repair of homes in Sacramento, Los Angeles and San Francisco.

Re/Max Realty of Fair Oaks and Roseville 1990-1992

Managing Broker (110 agents and brokers)

- Supervise agents and review all contracts and paperwork required by the Department of Real Estate.
- Held weekly sales meetings. Update agents on current changes in laws and practice.
- Concurrent with home inspections, arbitrations, real estate appraisals, construction.

Coldwell Banker Realty and ReMax Realty 1989-1990

Broker agent listing and selling real estate in the Sacramento area

- Top agent at Re/Max realty for listing and selling residential properties (out of 110 agents).

Zenith Homes, Inc. 1988-1989

- General manager for Construction, Land Development and Marketing;
- Development of two 50-acre parcels, one in Fair Oaks, one in Roseville
- New home construction

Carrera Construction, Inc. 1981-1988

President and General Manager

- California General Contracting Business
- Specialized in insurance damage repair

W. C. Thomas, General Contractor, Inc., Aspen Land Company, Piranha Pools 1976- 1981

President and General Manager

- Land development and construction of award winning custom homes in the Sacramento area
- Construction of award winning custom swimming pools and spas
- General Real Estate brokerage, specializing in purchase and sale of properties for construction division.

Schmitz Development, Inc. 1974-1976

Executive Vice-President of Construction and Marketing

- Completed build out of 50-acre subdivision in Modesto California owned by State Savings and Loan.
- Planned development of mixed use 150-acre development in Stockton, California.
- Planned and built golf course with abutting lots and homes in Stockton Development.
- Design of custom homes, apartments, cadmiums, zero-lot line residential and mixed commercial.

Groupe Development (Formerly LILVAL, Inc.) 1972-1974

Construction Manager

- In charge of planning, designing and building mixed use residential properties residential in 750 acre planned unit development with 60-acre lake.
- Manager of approximately 250 employees in construction division of company.
- Managed architectural and design department.
- Managed in house labor for rough carpentry, finish carpentry and cabinet shop.

State Savings and Loan Association (American Savings and Loan) 1970-1972

Real Estate Appraiser IV

- In house real estate appraiser for multiple types of properties including residential and commercial.
- Only in-house appraiser with education to appraise income producing commercial properties. (completed and passed exam for Member of the Appraisal Institute, MAI.)
- Reviewed other staff appraisals for conformance with accepted appraisal practice.
- Appraised all inventory of Savings and Loans acquired by State Savings and Loan which became American Savings and Loan, the largest S&L in the U.S.

More detailed information provided on request.

TAB D



PROJECT UNDERSTANDING

TAB D

PROJECT UNDERSTANDING

The development team's general approach is to study the local community at length during the design process to ensure the best fit project is erected. It is the goal of the development team to have each project not only benefit its surrounding community but also become a treasured and iconic asset for decades to come.

The biggest challenge in achieving the City's stated goals is financing the construction. It is much easier to finance a project that can show many similar developments in the area that are successful. It is more challenging to finance a project that fills a void in a market or is the first of its kind. The difficulty is to find comparable developments that support the use and needed financing for the project. To help overcome this potential obstacle, we plan to utilize "Private Equity Funds" which generally make it easier to finance developments of this kind.

The development team has the unique strength of over 140 years of combined experience between the four leaders on the team and a track record of success. With over 140 years of combined experience come hundreds of valuable contacts that are vital to deliver this project successfully. The team also holds various pertinent licenses including but not limited to architecture, civil engineering, real estate brokerage, general contracting, real estate appraisals, as noted in the individual resumes.

TAB E



DEVELOPMENT PLAN

Tab E

Roseville CIVIC PLAZA HOTEL

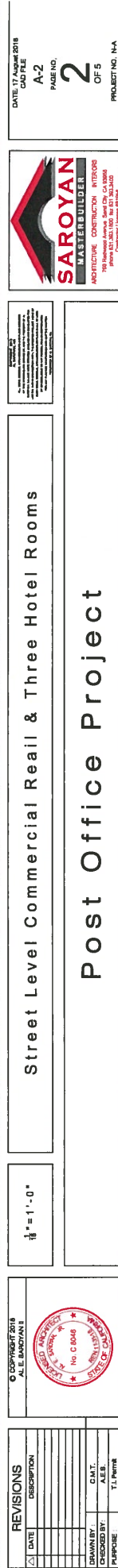
Development Plan

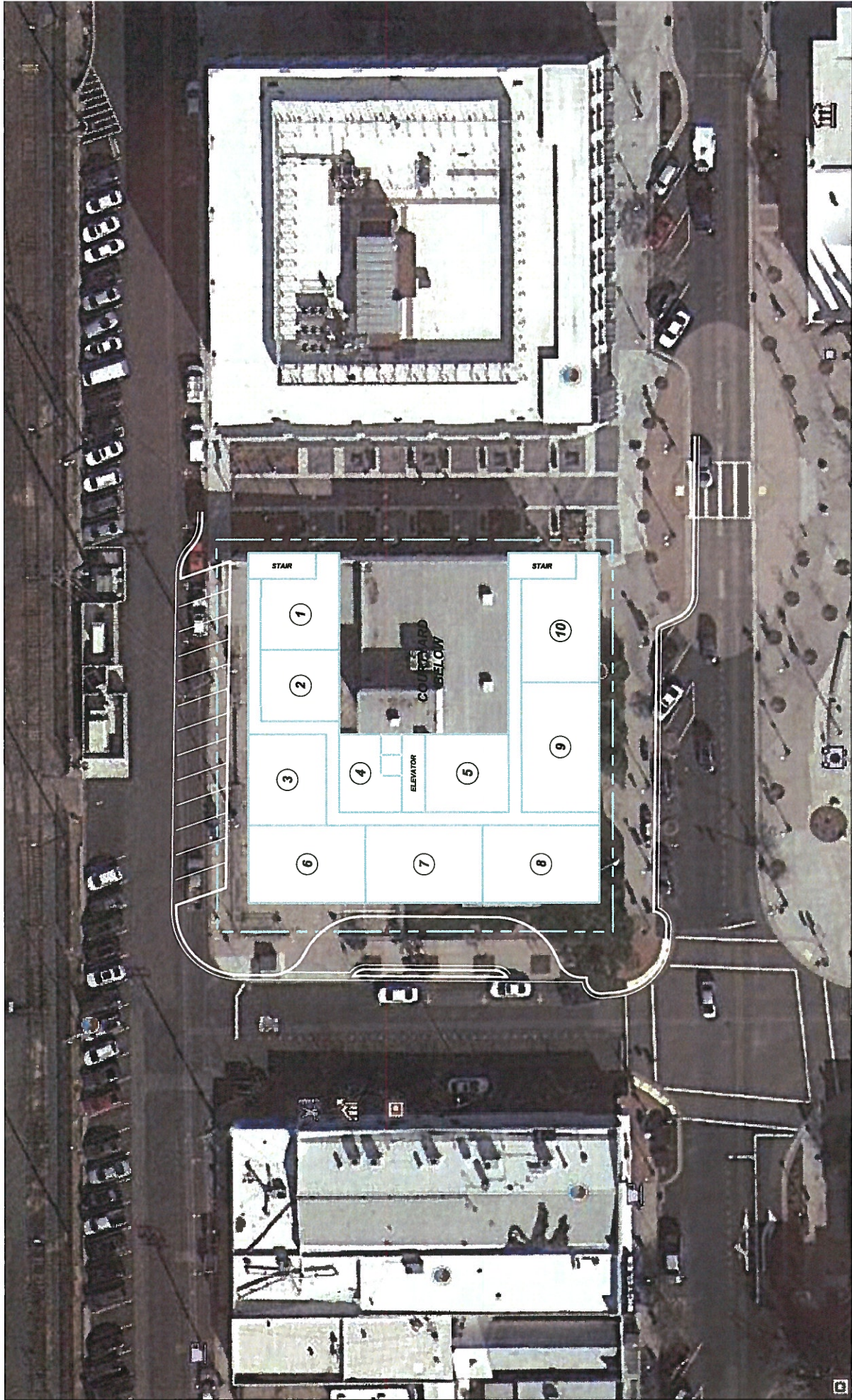
The Hotel Complex will be designed to incorporate elements badly needed in the Downtown District including a Luxury Hotel for Business and Vacationers, Restaurants, Coffee Shop, Day Spa, Roof Top Restaurant and Lounge, Conference Spaces, Fitness Center and Retail Shops. All elements are designed to serve the public and the hotel Guests. Typically, the Restaurant is operated by a Celebrity Chef providing cuisine not currently available in the area and will draw the public within 50 miles to dine at the Hotel. The project's feasibility, planning, permitting, pre-leasing and financing will take approximately 12 months. The Construction Phase will take approximately 12 months. The project should be online in 2021.

Project Summary

The Roseville Civic Plaza Hotel is planned to consist of 72 Luxury Rooms on 3 levels with 9,300 sq.ft. of Retail/Commercial on the first level all integrated with direct access to the Hotel Lobby and the adjacent streets. The Retail /Commercial is designed to be used by the Hotel Guests and the Community at large. It will consist of a Gourmet Restaurant, Cocktail Lounge, Coffee Shop, Retail Boutique Shops, a Day Spa and a Health Club. The two upper floors are planned for 20 upscale Condominiums with views of the City scape. The below grade level is planned for approximately 42 parking spaces in a secured underground parking lot. These amenities currently do not exist in the Downtown District and will serve the community with much needed services for years to come.



[illegible]



DATE: 17 AUGUST 2018
CADD FILE
A-4
PAGE NO.
4
OF 5
PROJECT NO.: N/A

SAROYAN
KASTEDOUZIDES
ARCHITECTS
10000 Wilshire Blvd, Suite 200, Los Angeles, CA 90024
PH: 310.274.1100, FAX: 310.274.1105
WWW.SAROKASTEDOUZIDES.COM

REVISIONS

NO.	DATE	DESCRIPTION
1		
2		
3		
4		
5		
6		
7		
8		
9		
10		

DRAWN BY: C.M.T.
CHECKED BY: A.E.S.
PURPOSE: T.I. Permit

1/8" = 1'-0"

Floors 5 & 6 Twenty Condominiums

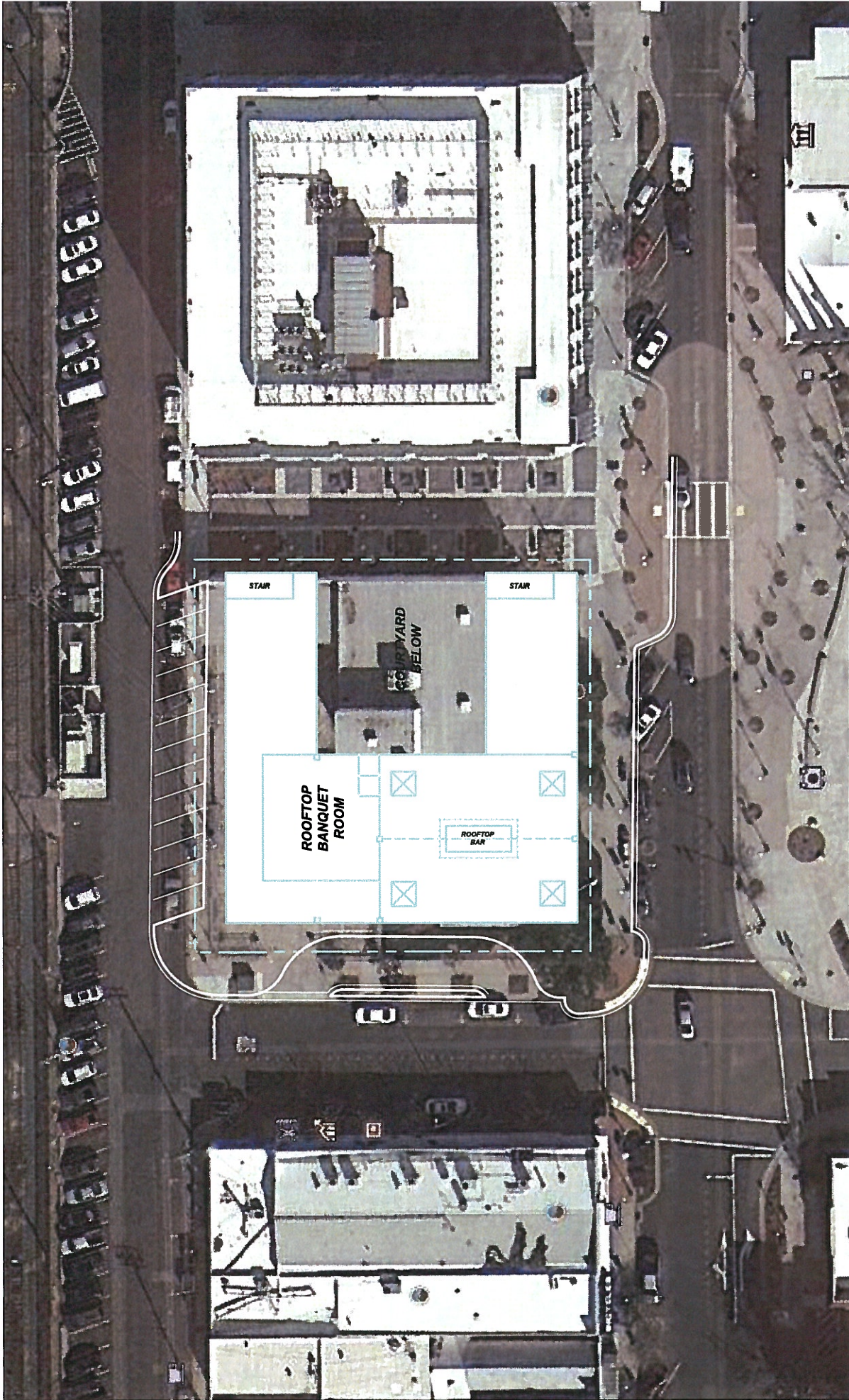
POST OFFICE PROJECT

© COPYRIGHT 2018
A.E. MANOYAN I

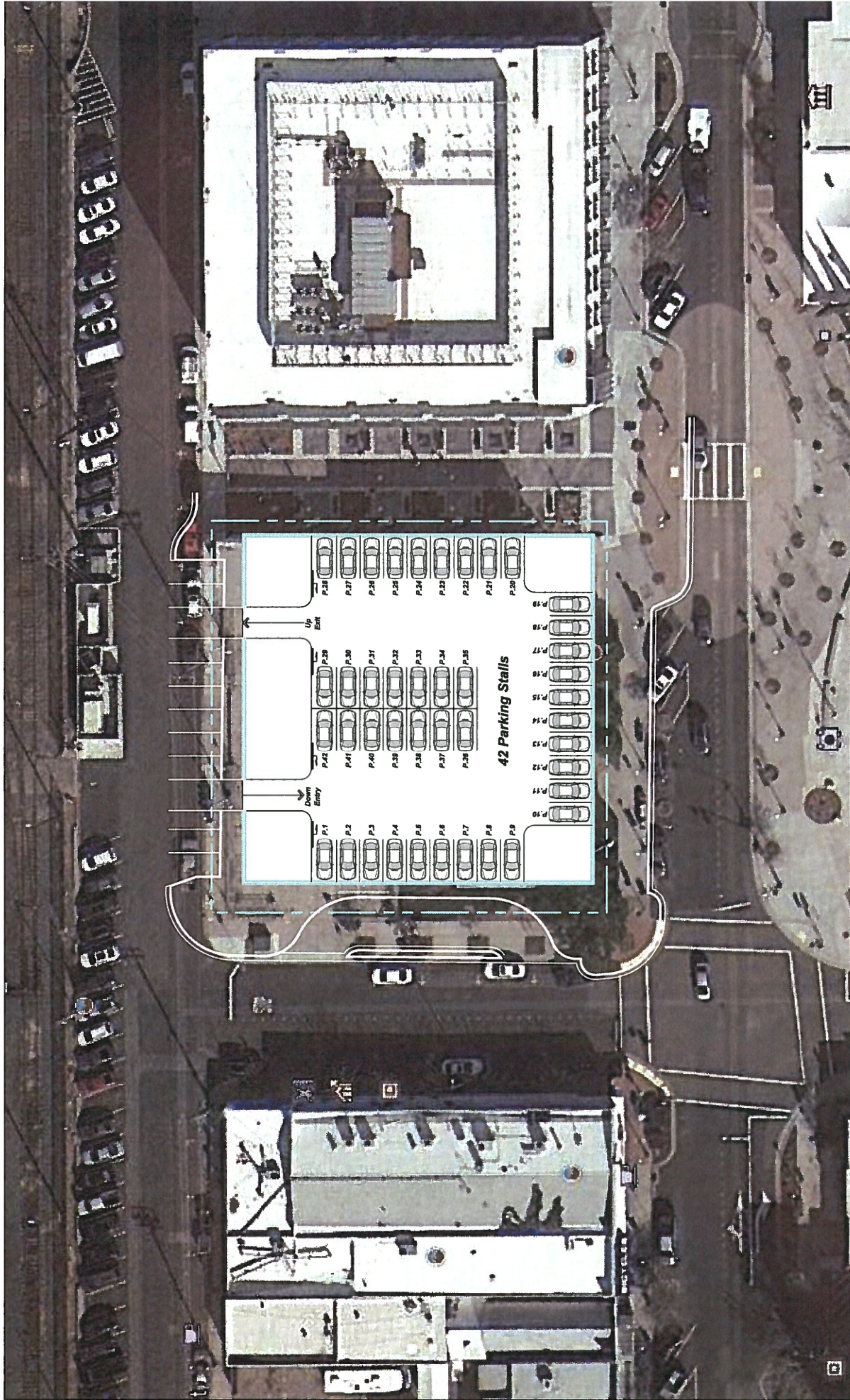
1/8" = 1'-0"

Floors 5 & 6 Twenty Condominiums

POST OFFICE PROJECT



DATE: 17 August 2018 DAO FILE A-5 PAGE NO. 5 OF 5 PROJECT NO. N/A		 SAROYAN MASTERBUILDER ARCHITECTURE CONSTRUCTION INTERIORS 190 Haverhill Avenue, West City, CA 94068 Phone: (415) 553-1234 Fax: (415) 553-1235 www.saroyanmasterbuilder.com	
1" = 1'-0"		Roof Top Bar/Lounge & Banquet	
REVISIONS		Post Office Project	
DATE	DESCRIPTION		
DRAWN BY: C.M.T.			
CHECKED BY: A.E.S.			
PURPOSE: T.L. Permit			



0



REVISIONS

Post Office Project



SAROYAN
MASTERBUILDER

ARCHITECTURE CONSTRUCTION INTERIORS
7100 Redwood Avenue, San Diego, CA 92126
phone 619-593-1900 fax 619-593-2420

DATE: 17 August 2018
CAD FILE
A-6
PAGE NO.
6
OF 5

EXAMPLES OF CONCEPT INTERIORS













TAB F



FINANCING PLAN

Tab F

FINANCING:

The project land acquisition will be All Cash provided by the Development Entity. Evidence of cash on hand is attached to this section indicating Cash Funds sufficient to conclude the purchase of the property.

The Hotel Development financing will be 30% Cash Equity, 70% from Debt Financing.

The Cash portion will be provided by our Finance Group consisting of:

**Private Equity Partners (70%)
Hotel Management Entity (5%)
Development Entity (20%)**

The Debt Financing portion will be provided by one of our Hotel lenders. They typically finance up to 75% of the total cost of the development.

Edward Jones

September 14, 2018

RE: Verification of Deposit for:

LENOX HILL INTERIORS, INC
ATTN: ALBERT SAROYAN
760 REDWOOD AVE
SAND CITY, CA 93955-3055

LENOX HILL INTERIORS INC
760 REDWOOD AVENUE
SAND CITY, CA 93955

To Whom It May Concern:

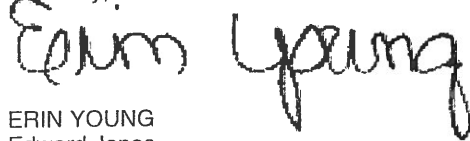
This letter is in response to a request for Verification of Deposit of the above client. The assets in this account are available to the owner at any time for liquidation.

Edward Jones does not provide tax or legal advice including any specifics on tax implications that may apply upon liquidation or withdrawal of assets.

We can confirm the balance in this account was in excess of \$770,000 as of the close of business on 09/13/2018. These funds are available to be used at the client's discretion, but may require liquidation if invested in securities.

This information is personal and confidential and shall only be used with the permission of the account holder(s).

Sincerely,



ERIN YOUNG
Edward Jones
201 Progress Parkway
St. Louis, MO 63043
314-515-6090

Although you may have provided a standardized template with your request, because of the high number of requests received, the information you requested is being provided on Edward Jones letterhead or through a copy of our client statement. Please note that securities held at Edward Jones are subject to normal market fluctuations, fees and early redemption penalties that may impact the overall value of the assets held in the account. Additionally, securities may be transferred, sold, or liquidated at the discretion of the account owner(s) without prior notice to any third party. If this is a retirement account it may be subject to IRS rules limiting the withdrawal and use of IRA assets without penalties. The value of any assets reflected on a client statement as "Held Outside Edward Jones" must be confirmed with the issuer directly, not through Edward Jones.

If estimated earnings are included, they are based on the assets currently held in the account and are not guaranteed payments. Edward Jones does not provide detailed historical or projected returns on individual securities. Edward Jones will not accept the assignment of any of the rights of an account owner to anyone other than the account owner. Edward Jones will not, under any circumstance, maintain the account of an account owner for the benefit or protection of any party other than the account owner. Accounts are maintained only for the account owner and cannot be pledged or held as collateral for any third party obligation.

TAB G



REQUIRED STATEMENTS & DOCUMENTS

Attachment A

PROPOSER'S CERTIFICATION

I hereby propose to negotiate to purchase and develop the property as specified in the Request for Proposals ("RFP"). I agree that my proposal will remain firm for a period of up to one hundred and eighty (180) days in order to allow the City of Roseville ("City") adequate time to evaluate the qualifications submitted.

I have carefully examined the Request for Proposals and any other documents accompanying or made a part of this RFP. The information contained in this proposal is true and correct to the best of my knowledge and is signed under penalty of perjury under the laws of the State of California. I further certify that I am duly authorized to submit this proposal on behalf of the firm as its authorized agent and that the firm is ready, willing and able to perform if awarded the contract.

I further certify that this proposal is made without prior understanding, agreement, connection, discussion, or conspiracy with any other person, firm or corporation submitting a proposal for the same product or service; that this proposal is fair and made without outside control, collusion, fraud or illegal action; that no officer, employee or agent of the City or any other proposer is financially interested in said proposal; that no undue influence or pressure was used against or in concert with any officer, employee or agent of the City in connection with the award or terms of the contract that will be executed as a result of this RFP; and that the undersigned executed this Proposer's Certification with full knowledge and understanding of the matters therein contained and was duly authorized to do so.

LENOX HILL INTERIORS, INC.
NAME OF BUSINESS


SIGNATURE

AL SAROYAN, PRESIDENT
NAME & TITLE, TYPED OR PRINTED

760 REDWOOD AVE, SAND CITY, CA. 93955
MAILING ADDRESS

831-901-6800
TELEPHONE NUMBER

AL@SAROYAN.US
EMAIL

Type of Organization:

☐ Sole Proprietorship

☒ Corporation

☐ State of Incorporation

☐ Partnership

☐ Limited Liability Company

TAB H



EXCEPTIONS

TAB H

**There are no exceptions in this
proposal.**

EXCEPTIONS

TAB I



COMPETENCY OF PROPOSERS

TAB I

COMPETENCY OF PROPOSERS

The developer has had zero bankruptcies, liens, stop payment notices, judgments, lawsuits, arbitrations, mediations, foreclosures, or any similar actions filed or resolved in the past seven (7) years. No party has ever terminated a contract with our firm for breach

The Development entity is a group of seasoned developers with experience in major projects similar to the proposed Hotel Project. The firms have developed, constructed and managed projects of this scope with staff's ranging from 10 to 50 employees. Each project stands on it's own and has a component in the equity and debt financing to reimburse the developer for the costs of management staff and supervision labor. The development costs also provides line items for each sub-consultant and sub-contractor adequate for their performance of the scope of work.

ORDINANCE NO. 6145

ORDINANCE OF THE COUNCIL OF THE CITY OF ROSEVILLE
AUTHORIZING CERTAIN AMENDMENTS TO THE FISCAL YEAR 2019-20
BUDGET AND DECLARING THIS ORDINANCE TO BE IMMEDIATELY
EFFECTIVE AS AN APPROPRIATION MEASURE

THE CITY OF ROSEVILLE ORDAINS:

SECTION 1. The City of Roseville Annual Budget, Fiscal Year 2019-20, is hereby amended by transferring appropriation to and from the activities indicated below:

Appropriate funds for the purchase and sale agreement for 320 Vernon Street, per request of the Economic Development Department, as listed on the attached Request for Budget Adjustment in the amount of \$295,000.00.

SECTION 2. This ordinance is hereby declared to be an appropriation measure, immediately effective pursuant to the provisions of Section 5.03 of the Charter.

SECTION 3. The City Clerk is hereby authorized and directed to post a true copy of the foregoing ordinance in each of three (3) conspicuous locations in the City and she shall immediately after such posting enter in the ordinance book, under the record of the ordinance, a certificate under her hand stating the time and place of such publication by posting.

PASSED AND ADOPTED by the Council of the City of Roseville, this _____ day of _____, 2018, by the following vote on roll call:

AYES COUNCILMEMBERS:

NOES COUNCILMEMBERS:

ABSENT COUNCILMEMBERS:

MAYOR

ATTEST:

City Clerk



REQUEST FOR BUDGET ADJUSTMENT

REQUESTER NAME & TITLE: Wayne Wiley, Economic Development Supervisor FISCAL YEAR: FY2019-20
 PREPARER NAME & TITLE: Wayne Wiley, Economic Development Supervisor COUNCIL DATE (if applicable): 9/18/19
 DEPARTMENT/DIVISION: Economic Development Department ORDINANCE: _____

EXPENDITURES/EXPENSES/TRANSFERS OUT

ACCOUNT STRING				BUDGET (\$)	DESCRIPTION
Fund	Account	Center	Project	Adjustment	
1030	5301	84001	500075	275,000	Establish budget for preparation of sale of 320 Vernon Street
TOTAL				275,000	

REVENUES/TRANSFERS IN

ACCOUNT STRING				BUDGET (\$)	DESCRIPTION
Fund	Account	Center	Project	Adjustment	
1030	4703	10001		570,000	Establish revenue budget for sale of 320 Vernon Street
TOTAL				570,000	

NET ADJUSTMENT	(295,000)
----------------	-----------

FUND BALANCE

ACCOUNT STRING				BUDGET (\$)	DESCRIPTION
Fund	Account	Center	Project	Adjustment	
1030				295,000	Increase in fund balance in Strategic Improvement Fund
TOTAL				295,000	

Justification for Budget Adjustment:

The City is entering into a purchase and sale agreement with Lennox Hill Interior, Inc. for 320 Vernon Street for \$570,000. This agreement obligates the City to fund \$275,000 including standard property sale costs (escrow fees, title insurance, transfer tax, etc.) -- estimated at \$20,325, Hazardous Building Materials Analysis (Lead and Asbestos Report) -- estimated at \$8,400, Phase 1 Environmental Survey Report -- estimated at \$1,275, Soils and Geotechnical Report -- estimated at \$30,000, Utility and Demolition Study -- estimated at \$15,000, and Remediation costs up to \$100,000 plus 50 percent of any remediation services in excess of that amount -- estimated at \$200,000. The balance of sale proceeds totaling \$295,000 will be deposited within the Strategic Improvement Fund.

REQUIRED APPROVALS:			
 REQUESTING DEPARTMENT HEAD / DESIGNEE	9/9/19 DATE	 BUDGET MANAGER / DESIGNEE	9/10/19 DATE
 CHIEF FINANCIAL OFFICER / DESIGNEE	9/10/19 DATE	CITY MANAGER / DESIGNEE DATE	
BUDGET DEPARTMENT USE ONLY:			
POSTED BY _____ DATE _____			

Revised: June 24, 2019