

This Preliminary Official Statement and the information contained herein are subject to completion or amendment. Under no circumstances shall this Preliminary Official Statement constitute an offer to sell or a solicitation of an offer to buy nor shall there be any sale of these securities in any jurisdiction in which such offer solicitation or sale would be unlawful prior to registration or qualification under the securities laws of such jurisdiction.

**PRELIMINARY OFFICIAL STATEMENT DATED \_\_\_\_\_, 2022**  
**NEW ISSUE—BOOK-ENTRY** **RATINGS [(S&P Insured): “\_\_\_\_\_”]**  
**(S&P Underlying): “\_\_\_\_\_”**

*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 2022 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.”*

\$ \_\_\_\_\_ \*

**CITY OF ROCKLIN**  
**COMMUNITY FACILITIES DISTRICT NO. 10 (WHITNEY RANCH)**  
**SPECIAL TAX BONDS, SERIES 2022**

**Dated: Delivery Date** **Due: September 1, as shown on the inside front cover**

**Authority and Purpose.** The bonds captioned above (the “2022 Bonds”), will be issued by the City of Rocklin (the “City”) by and through its Community Facilities District No. 10 (Whitney Ranch) (the “District”). The 2022 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 that certain Fiscal Agent Agreement, dated as of July 1, 2015, by and between the City and U.S. Bank Trust Company, National Association, as successor fiscal agent (the “Fiscal Agent”), as supplemented and amended by Supplemental Agreement No. 2 to the Fiscal Agent Agreement dated as of June 1, 2022 and Supplemental Agreement No. 1 to the Fiscal Agent Agreement dated as of May 1, 2019 (collectively, the “Fiscal Agent Agreement”). The 2022 Bonds are issued to (i) finance the acquisition of certain public facilities authorized for the District, (ii) provide for the establishment of a debt service reserve account for the 2022 Bonds which may be funded with a reserve insurance policy, (iii) pay interest on a portion of the 2022 Bonds through [March 1, 2023], and (iv) pay the costs of issuing the 2022 Bonds.

**Payments; Book-Entry.** The 2022 Bonds will be delivered 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. Interest on the 2022 Bonds is payable semiannually on March 1 and September 1, commencing September 1, 2022. Payment of principal, interest and premium, if any, on the 2022 Bonds will be made by the Fiscal Agent to DTC for subsequent disbursement to DTC participants, so long as DTC or its nominee remains the registered owner of the 2022 Bonds. See “THE 2022 BONDS.”

**Security.** The City previously issued its City of Rocklin Community Facilities District No. 10 (Whitney Ranch) Special Tax Bonds Series 2015 (the “2015 Bonds”) and its City of Rocklin, Community Facilities District No. 10 (Whitney Ranch) Special Tax Bonds Series 2019 (the “2019 Bonds”). The 2015 Bonds, 2019 Bonds and the 2022 Bonds are payable on a parity basis from a pledge of Special Tax Revenues (as defined herein) derived from Special Taxes (as defined herein) levied by the City on taxable 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. **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 the Special Tax even if financially able to do so.** See “SECURITY FOR THE 2022 BONDS.”

**The Project and the District.** Property within the District comprises a master-planned community known as “Whitney Ranch,” which has been developing into a mix of single-family detached homes, multifamily units, and public/quasi-public areas. Development is now nearly complete. Based on ownership as of the January 1, 2021 lien date, for Fiscal Year 2022-23, individual homeowners are projected to pay approximately 73% of the special tax levy, with the master developer and merchant builders responsible for the remaining 27%. For additional information on the Whitney Ranch project and current ownership of land in the District, see “THE DISTRICT” and “OWNERSHIP OF PROPERTY IN THE DISTRICT.”

**Redemption.** The 2022 Bonds are subject to optional redemption and mandatory sinking account redemption prior to maturity. See “THE 2022 BONDS – Redemption.”

**[Bond Insurance; Reserve Fund Insurance.** To come, if applicable.]

**Limited Obligations; Risk Factors.** The 2022 Bonds are special obligations of the City and are secured by a pledge of, and are payable as to principal and interest from, the Special Tax Revenues and the other funds described in this Official Statement. The 2022 Bonds and the interest thereon are not payable out of any funds or properties other than those set forth in the Fiscal Agent Agreement. This cover page contains certain information for general reference only. It is not a summary of all of the provisions of the 2022 Bonds. Prospective investors must read the entire Official Statement to obtain information essential to the making of an informed investment decision. See “RISK FACTORS” herein for a discussion of certain 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 2022 Bonds.

*The 2022 Bonds are offered when, as and if issued, subject to approval as to their legality by Jones Hall, a Professional Law Corporation, San Francisco, California, Bond Counsel. Certain legal matters will also be passed on by Jones Hall, as Disclosure Counsel. Certain legal matters will be passed upon for the City by the City Attorney. Stradling Yocca Carlson & Rauth, a Professional Corporation, Newport Beach, California, is serving as counsel to the Underwriters. It is anticipated that the 2022 Bonds will be available for delivery through the facilities of DTC on or about \_\_\_\_\_, 2022.*

[STIFEL LOGO]

[PIPER LOGO]

The date of this Official Statement is \_\_\_\_\_, 2022

\* Preliminary, subject to change.

# MATURITY SCHEDULE

\$ \_\_\_\_\_  
CITY OF ROCKLIN  
COMMUNITY FACILITIES DISTRICT NO. 10 (WHITNEY RANCH)  
SPECIAL TAX BONDS, SERIES 2022

<u>Maturity Date</u> (September 1)	<u>Principal</u> <u>Amount</u>	<u>Interest</u> <u>Rate</u>	<u>Yield</u>	<u>Price</u>	<u>CUSIP†</u> (Base _____)
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**CITY OF ROCKLIN  
(PLACER COUNTY, CALIFORNIA)**

**CITY COUNCIL**

Bill Halldin, *Mayor*  
Ken Broadway, *Vice Mayor*  
Jill Gayaldo, *Councilmember*  
Greg Janda, *Councilmember*  
Joe Patterson, *Councilmember*

**CITY STAFF**

Aly Zimmermann, *City Manager*  
Sherri Conway, *Assistant City Manager*  
Tameka Usher, *Director of Administrative Services*  
Hope Ithurburn, *City Clerk*

**SPECIAL SERVICES**

**Bond and Disclosure Counsel**

Jones Hall, A Professional Law Corporation  
*San Francisco, California*

**Municipal Advisor**

NHA Advisors, LLC  
*San Rafael, California*

**Special Tax Administrator**

Willdan Financial Services  
*Temecula, California*

**Fiscal Agent**

U.S. Bank Trust Company, National Association  
*San Francisco, California*

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## GENERAL INFORMATION ABOUT THIS OFFICIAL STATEMENT

**No Offering May Be Made Except by this Official Statement.** No dealer, broker, salesperson or other person has been authorized to give any information or to make any representations with respect to the 2022 Bonds other than as contained in this Official Statement, and if given or made, such other information or representation must not be relied upon as having been authorized.

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

**Effective Date.** This Official Statement speaks only as of its date, and the information and expressions of opinion contained in this Official Statement are subject to change without notice. Neither the delivery of this Official Statement nor any sale of the 2022 Bonds will, under any circumstances, create any implication that there has been no change in the affairs of the Successor Agency or the Project Area since the date of this Official Statement.

**Use of this Official Statement.** This Official Statement is submitted in connection with the sale of the 2022 Bonds referred to in this Official Statement and may not be reproduced or used, in whole or in part, for any other purpose. This Official Statement is not a contract with the purchasers of the 2022 Bonds.

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

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

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

**Stabilization of and Changes to Offering Prices.** The Underwriters may over allot or take other steps that stabilize or maintain the market price of the 2022 Bonds at a level above that which might otherwise prevail in the open market. If commenced, the Underwriters may discontinue such market stabilization at any time. The Underwriters may offer and sell the 2022 Bonds to certain dealers, dealer banks and banks acting as agent at prices lower than the public offering prices stated on the cover page of this Official Statement, and those public offering prices may be changed from time to time by the Underwriters.

**Bonds are Exempt from Securities Laws Registration.** The issuance and sale of the 2022 Bonds have not been registered under the Securities Act of 1933, as amended, or the Securities Exchange Act of 1934, as amended, in reliance upon exemptions for the issuance and sale of municipal securities provided under Section 3(a)(2) of the Securities Act of 1933 and Section 3(a)(12) of the Securities Exchange Act of 1934.

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

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

**Website.** The City maintains an Internet website, but the information on the website is not incorporated in this Official Statement.

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## OFFICIAL STATEMENT

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**CITY OF ROCKLIN  
COMMUNITY FACILITIES DISTRICT NO. 10 (WHITNEY RANCH)  
SPECIAL TAX BONDS, SERIES 2022**

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 Rocklin (the “**City**”) by and through its Community Facilities District No. 10 (Whitney Ranch) (the “**District**”) of the bonds captioned above (the “**2022 Bonds**”).

### 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 2022 Bonds to potential investors is made only by means of the entire Official Statement. Definitions of certain terms used herein and not defined herein have the meaning set forth in the Fiscal Agent Agreement.*

**The District.** The City of Rocklin Community Facilities District No. 10 (Whitney Ranch) (the “**District**”) was formed and established by the City in 2005 pursuant to the Mello-Roos Community Facilities Act of 1982, as amended (Sections 53311, *et seq.*, of the Government Code of the State of California) (the “**Act**”) following a public hearing and a landowner election at which the qualified electors of the District, by more than a two-thirds majority vote, authorized the City to issue bonds on behalf of the District and approved the levy of special taxes pursuant to a Rate and Method of Apportionment of Special Tax (the “**Special Tax Formula**”), as described herein.

The District is located in the northwest portion of the City, which, in turn, is located in the southwestern part of the County of Placer (the “**County**”). For additional demographic and statistical information on the City and the County, see APPENDIX B.

**The 2022 Bonds.** The 2022 Bonds are special tax obligations of the City, authorized pursuant to the Act, and are issued pursuant to that certain Fiscal Agent Agreement, dated as of July 1, 2015, by and between the City and U.S. Bank Trust Company, National Association, as successor fiscal agent (the “**Fiscal Agent**”), as supplemented and amended by Supplemental Agreement No. 2 to the Fiscal Agent Agreement dated as of June 1, 2022 and Supplemental Agreement No. 1 to the Fiscal Agent Agreement dated as of May 1, 2019 (collectively, the “**Fiscal Agent Agreement**”). The 2022 Bonds are issued to (i) finance the acquisition of certain public facilities authorized for the District, (ii) provide for the establishment of a debt service reserve account for the 2022 Bonds, (iii) pay interest on a portion of the 2022 Bonds through [March 1, 2023], and (iv) pay the costs of issuance of the 2022 Bonds. See “FINANCING PLAN.”

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

**Source of Payment of the Bonds.** The Bonds (consisting of the 2022 Bonds, the 2019 Bonds, the 2015 Bonds and any future Parity Bonds, as defined below) are payable from “**Special Tax Revenues**,” which is defined as the special taxes levied by the City and collected by the County on taxable real property within the boundaries of the District (the “**Special Tax**” or “**Special Taxes**”), net of the County’s administration charge (currently 1%) and “**Priority Administrative Expenses**” (being costs directly related to the administration of the District in the amount of \$28,717 for Fiscal Year 2022-23, and for each fiscal year thereafter an amount equal to the previous year amount increased by 2%). The Bonds are also payable from the proceeds of any foreclosure actions brought following a delinquency in payment of the Special Taxes, and from amounts held in certain funds and accounts pursuant to the Fiscal Agent Agreement, including a separate debt service reserve account for each series of Bonds, all as more fully described herein.

The Special Tax applicable to each taxable parcel (the “**Taxable Parcel**” or “**Taxable Parcels**”) in the District will be levied and collected according to the tax liability determined by the City Council of the City (the “**City Council**”) through the application of the Special Tax Formula, which is set forth in APPENDIX A. Payment of the Special Tax is secured by a lien on each Taxable Parcel of real property in the District, and failure to pay the Special Tax could result in proceedings to foreclose the delinquent property. The Special Taxes do not constitute the personal indebtedness of the owners of Taxable Parcels. See “SECURITY FOR THE BONDS – Special Tax Methodology” and “APPENDIX A – RATE AND METHOD OF APPORTIONMENT OF SPECIAL TAX.”

**2022 Reserve Account of the Reserve Fund.** In the Fiscal Agent Agreement, the City directs the Fiscal Agent to establish a reserve fund for the Bonds (the “**Reserve Fund**”), and within the Reserve Fund, a separate debt service reserve account for each series of Bonds. A portion of the proceeds of the 2022 Bonds will be deposited into the 2022 Reserve Account of the Reserve Fund (the “**2022 Reserve Account**”), or a reserve fund insurance policy will be purchased, in the amount of the Reserve Requirement for the 2022 Bonds. Amounts in the 2022 Reserve Account (or draws on the reserve insurance policy) may be transferred to the Bond Fund in the event of delinquencies in the payment of the Special Taxes for payment of interest and principal due on the 2022 Bonds. *Each series of Bonds is secured by its own debt service reserve account within the Reserve Fund. Accordingly, the 2022 Reserve Account is available only for the 2022 Bonds and no other debt service reserve account established under the Fiscal Agent Agreement is available for the 2022 Bonds.* See “SECURITY FOR THE BONDS — 2022 Reserve Account.”

**The Project and the District.** Property within the District comprises a master-planned community known as “Whitney Ranch,” which has been developing into a mix of single-family detached homes, multifamily units, and public/quasi-public areas. Development is now nearly complete. As of May 1, 2022, more than \_\_\_ single-family homes have been built and sold to individual homeowners. Based on ownership information as of the January 1, 2021 lien date, for Fiscal Year 2022-23, individual homeowners are projected to pay approximately 73% of the special tax levy, with the master developer and merchant builders responsible for the remaining 27%. Sunset Ranchos Investors, LLC has been the master developer of the project since inception. In October 2020, Sunset Ranchos Investors, LLC was acquired by JEN California 17, which acquisition included all remaining undeveloped land in the District. Sunset Ranchos Investors, LLC and JEN California 17 are collectively referred to herein as the “**Master**”

**Developer.”** For additional information on the Whitney Ranch project, the Master Developer and current ownership of land in the District, see “THE DISTRICT” and “OWNERSHIP OF PROPERTY IN THE DISTRICT.”

**Existing and Future Parity Bonds.** The City previously issued its City of Rocklin Community Facilities District No. 10 (Whitney Ranch) Special Tax Bonds Series 2015 (the “**2015 Bonds**”), which are outstanding in the principal amount of \$\_\_\_\_\_ and the City of Rocklin Community Facilities District No. 10 (Whitney Ranch) Special Tax Bonds Series 2019 (the “**2019 Bonds**”), which are outstanding in the principal amount of \$\_\_\_\_\_. The 2015 and the 2019 Bonds are payable from Special Tax Revenues on a parity basis with the 2022 Bonds. In addition, the City may issue additional bonds secured by the Special Tax Revenues on a parity basis with the 2015 Bonds, the 2019 Bonds and the 2022 Bonds. Such additional parity bonds are referred to herein as “**Parity Bonds,**” and together with the 2015 Bonds, the 2019 Bonds and the 2022 Bonds, the “**Bonds.**” The issuance of Parity Bonds must meet certain conditions set forth in the Fiscal Agent Agreement. Parity Bonds are expected to be issued in the future to facilitate further development of the Whitney Ranch project. As of the date of issuance of the 2022 Bonds, \$\_\_\_\_\_ \* aggregate principal amount of Bonds remains authorized but unissued. See “THE 2022 BONDS — Parity Bonds” and “THE DISTRICT.”

**Value of Property in the District.** Property in the District is security for the Special Tax. The Fiscal Year 2021-22 assessed valuation of taxable property in the District is \$1,459,035,429. Based on total Bonds Outstanding of \$50,380,000\*, the aggregate value-to-lien ratio is approximately 28.96\*. This is an average, and the value-to-lien ratios of individual parcels vary considerably. See “ESTIMATED VALUE OF PROPERTY IN THE DISTRICT.”

**Registration of Ownership of Bonds.** The 2022 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 the 2022 Bonds will not receive physical certificates representing their interest in the 2022 Bonds. So long as the 2022 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 2022 Bonds. Payments of the principal, premium, if any, and interest on the 2022 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 2022 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 F – BOOK-ENTRY ONLY SYSTEM.”

**[Bond Insurance; Reserve Fund Insurance.** To come, if applicable.]

**Risks of Investment; COVID-19 Pandemic.** See the section of this Official Statement entitled “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 2022 Bonds, including potential impacts of the ongoing COVID-19 pandemic.

**Limited Obligation of the City.** The general fund of the City is not liable and the full faith and credit of the City is not pledged for the payment of the interest on, or principal of or redemption premiums, if any, on the 2022 Bonds. The 2022 Bonds are not secured by

\* Preliminary; subject to change.



**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 and accounts pledged to the 2022 Bonds under the Fiscal Agent Agreement, and neither the payment of the interest on nor principal of or redemption premiums, if any, on the 2022 Bonds is a general debt, liability or obligation of the City. The 2022 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 2022 Bonds other than from the proceeds of the Special Taxes and the money in the funds and accounts pledged to the 2022 Bonds in the Fiscal Agent Agreement.**

***Further Information.*** Brief descriptions of certain provisions of the Fiscal Agent Agreement, the 2022 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.

During the period of the offering of the 2022 Bonds, copies of the forms of all documents are available from the City Clerk, City of Rocklin, 3970 Rocklin Road, Rocklin, California 95677.

## FINANCING PLAN

### General

The District was formed for the purpose of financing a portion of the costs of acquiring and constructing certain public infrastructure improvements (the “**Improvements**”) authorized to be financed by the District. The Improvements generally consist of roadways and related improvements, wastewater system facilities, water system facilities, drainage system facilities, landscaping facilities and other public facilities necessary to meet development requirements for property in the District. See “THE DISTRICT – The Improvements.”

The net proceeds of the 2022 Bonds will be used to finance the acquisition of additional Improvements by the City. Proceeds of the 2022 Bonds will also be used to establish a debt service reserve account for the 2022 Bonds, fund capitalized interest on a portion of the 2022 Bonds and pay costs of issuance.

### Estimated Sources and Uses

A summary of the estimated sources and uses of funds related to the 2022 Bonds follows:

Estimated Sources of Funds:

Principal Amount of 2022 Bonds	\$
Plus/Less [Net] Original Issue Premium/Discount	
Total	<hr/> \$

Estimated Uses of Funds:

2022 Capitalized Interest Account of the Bond Fund <sup>(1)</sup>	\$
2022 Improvement Account of Improvement Fund	
2022 Reserve Account of Reserve Fund <sup>(2)</sup>	
Costs of Issuance <sup>(3)</sup>	
Total	<hr/> \$

(1) Will be used to pay interest due on a portion of the 2022 Bonds through [March 1, 2023].

(2) Equal to the Reserve Requirement with respect to the 2022 Bonds.

(3) Includes Underwriters' discount; fees, expenses and charges of the Fiscal Agent; fees and costs of the special tax consultant, appraiser, municipal advisor, bond counsel and disclosure counsel; costs of printing the Official Statement; administrative fees of the City; rating agency fees [and premiums for bond insurance and reserve fund insurance]; and other costs of issuance of the 2022 Bonds.

**Debt Service Schedules**

**Debt Service Schedule – 2022 Bonds.** The annual debt service on the 2022 Bonds, based on the interest rates and maturity schedule set forth on the cover of this Official Statement, and assuming no optional or special mandatory prepayments, is set forth below.

**City of Rocklin  
Community Facilities District No. 10 (Whitney Ranch)  
Special Tax Bonds Series 2022  
Debt Service – 2022 Bonds**

<b>Bond Year Ending (Sept. 1)</b>	<b>2022 Bonds Principal</b>	<b>2022 Bonds Interest</b>	<b>2022 Bonds Total</b>
2022			
2023			
2024			
2025			
2026			
2027			
2028			
2029			
2030			
2031			
2032			
2033			
2034			
2035			
2036			
2037			
2038			
2039			
2040			
2041			
2042			
2043			
2044			
2045			
2046			
2047			
2048			
2049			
2050			
2051			
<b>Total</b>	\$	\$	\$

*Source: Underwriters.*

**Debt Service Schedule and Projected Coverage – All Bonds.** The annual debt service on the Bonds (consisting of the 2015 Bonds, 2019 Bonds and 2022 Bonds), assuming no optional or special mandatory prepayments, is set forth below. The City anticipates it will only need to levy at approximately 73% of the maximum Special Tax on Developed Property in the District to pay debt service on the Bonds. In case of delinquencies, an additional amount could be levied in future years, subject to Section 53321(d) of the Act, which 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 the 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.

**City of Rocklin  
Community Facilities District No. 10 (Whitney Ranch)  
Special Tax Bonds Series 2022  
Combined Debt Service and Projected Coverage – All Bonds**

<b>Bond Year Ending (Sept. 1)</b>	<b>2015 Bonds Debt Service</b>	<b>2019 Bonds Debt Service</b>	<b>2022 Bonds Net Debt Service<sup>(1)*</sup></b>	<b>Total Net Debt Service<sup>(1)*</sup></b>	<b>Max Tax Revenue on Developed Property</b>	<b>Priority Administrative Expenses and County 1%</b>	<b>Projected Coverage from Max Tax*</b>
2022							
2023							
2024							
2025							
2026							
2027							
2028							
2029							
2030							
2031							
2032							
2033							
2034							
2035							
2036							
2037							
2038							
2039							
2040							
2041							
2042							
2043							
2044							
2045							
2046							
2047							
2048							
2049							
2050							
2051							
<b>Totals</b>							

\* Preliminary; subject to change.

(1) 2022 Bonds net debt service reflects use of capitalized interest on a portion of the 2022 Bonds through [March 1, 2023].

Source: Underwriters for 2022 Bonds; Fiscal Agent for 2015 Bonds and 2019 Bonds.

## THE 2022 Bonds

### Authority for Issuance

The 2022 Bonds are issued pursuant to the Act, the Fiscal Agent Agreement, and a resolution adopted by the City Council on [May 24], 2022.

On March 22, 2005, the City Council adopted Resolution No. 2005-81 (the “**Resolution of Formation**”), which formed the District. The District was established and authorized to incur bonded indebtedness in an aggregate principal amount not to exceed \$60,000,000 at a special election in the District held on the same day. Under the provisions of the Act, since there were fewer than 12 registered voters residing within the District for each of the 90-days preceding the protest hearing regarding the formation of the District, the qualified electors entitled to vote in the special election consisted solely of the original master developer, the only eligible landowner/voter in the District, who cast one vote for each gross acre or portion of an acre of land owned within the District. The Developer voted to incur the bonded indebtedness and to approve the annual levy of Special Taxes to be collected within the District, for the purpose of paying for the Improvements, including repaying any indebtedness of the District, replenishing reserve funds and paying administrative expenses of the District. See “THE DISTRICT” herein. At the request of the original master developer, the Special Tax Formula was clarified pursuant to Resolution No. 2015-83 adopted April 15, 2015 to designate special tax rates needed due to changed zoning of certain undeveloped land owned by the original master developer.

The 2022 Bonds represent the fourth [and final “new money”] series of special tax bonds issued for the District. In 2005, the City issued its \$25,000,000 City of Rocklin, Community Facilities District No. 10 (Whitney Ranch) Special Tax Bonds Series 2005 (the “**2005 Bonds**”) to provide funds for the construction and/or acquisition of a portion of the Improvements. In 2015, the City issued its \$27,090,000 City of Rocklin, Community Facilities District No. 10 (Whitney Ranch) Special Tax Bonds Series 2015 (previously defined herein as the “**2015 Bonds**”) to refinance, in full, the 2005 Bonds and to provide additional funds for the construction and/or acquisition of additional authorized public facilities. In 2019, the City issued its \$16,000,000 City of Rocklin, Community Facilities District No. 10 (Whitney Ranch) Special Tax Bonds Series 2019 (previously defined herein as the “**2019 Bonds**”) to finance the construction and/or acquisition of additional authorized public facilities.

### Description of the 2022 Bonds

**Bond Terms.** The 2022 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 2022 Bonds are being issued in the denomination of \$5,000 or any integral multiple thereof.

**Calculation and Payment of Interest and Principal.** Interest on the 2022 Bonds will be payable semiannually on March 1 and September 1 of each year (each an “**Interest Payment Date**”), commencing September 1, 2022. Interest on the 2022 Bonds will be computed on the basis of a 360-day year consisting of twelve 30-day months. Interest on the 2022 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 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 the 2022 Bonds; provided that so long as any 2022 Bonds are in book-entry form, payments with respect to such 2022 Bonds will be made by wire transfer, or such other method acceptable to the Fiscal Agent, to DTC. See “APPENDIX F – BOOK-ENTRY ONLY SYSTEM.”

Each 2022 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 2022 Bond, interest is in default thereon, such 2022 Bond will bear interest from the Interest Payment Date to which interest has previously been paid or made available for payment thereon.

The principal of the 2022 Bonds and premiums due upon the redemption thereof, if any, will be payable in lawful money of the United States of America at the principal corporate trust office of the Fiscal Agent in San Francisco, California, or such other place as designated by the Fiscal Agent, upon presentation and surrender of the 2022 Bonds; provided that so long as any Bonds are in book-entry form, payments with respect to such Bonds will be made by wire transfer, or such other method acceptable to the Fiscal Agent, to DTC.

**Transfer and Exchange.** So long as the 2022 Bonds are registered in the name of Cede & Co., as nominee of DTC, transfers and exchanges of Bonds will be made in accordance with DTC procedures. See “APPENDIX F – BOOK-ENTRY ONLY SYSTEM.” Any 2022 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 2022 Bond for cancellation, accompanied by delivery of a duly written instrument of transfer in a form approved by the Fiscal Agent. Whenever any 2022 Bond or 2022 Bonds are surrendered for transfer or exchange, the City will execute and the Fiscal Agent will authenticate and deliver a new 2022 Bond or Bonds, for a like aggregate principal amount of Bonds of authorized denominations and of the same maturity. The cost for any services rendered or any expenses incurred by the Fiscal Agent in connection with any such transfer or exchange will be paid by the City. The Fiscal Agent will collect from the Owner requesting such transfer any tax or other governmental charge required to be paid with respect to such transfer or exchange.

No transfers or exchanges of 2022 Bonds will be required to be made (i) within 15 days prior to the date established by the Fiscal Agent for selection of 2022 Bonds for redemption or (ii) with respect to a 2022 Bond after such 2022 Bond has been selected for redemption.

**Book-Entry Only System.** The 2022 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 under the book-entry system maintained by DTC. Ultimate purchasers of the 2022 Bonds will not receive physical certificates representing their interest in the 2022 Bonds. So long as the 2022 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 2022 Bonds. The Fiscal Agent will make payments of the principal, premium, if any, and interest on the 2022 Bonds directly to DTC, or its nominee, Cede & Co., so long as DTC or Cede & Co. is the registered owner of the 2022 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 F – BOOK-ENTRY ONLY SYSTEM."

**Redemption\***

**Optional Redemption.** The 2022 Bonds maturing on or after September 1, 20\_\_\_, are subject to optional redemption, from sources of funds other than prepayments of Special Taxes, prior to their stated maturity on any date on or after September 1, 20\_\_\_, as a whole or in part, at a redemption price (expressed as a percentage of the principal amount of the 2022 Bonds or portions to be redeemed) as set forth below, together with accrued interest thereon to the date fixed for redemption:

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

**Special Mandatory Redemption From Prepayments.** The 2022 Bonds are subject to redemption prior to their stated maturities, on any Interest Payment Date, from the proceeds of the Prepayment of Special Taxes, in whole or in part, at a redemption price (expressed as a percentage of the principal amount of the 2022 Bonds or portions to be redeemed) as set forth below, together with accrued interest thereon to the date fixed for redemption:

<u>Redemption Dates</u>	<u>Redemption Price</u>
Interest Payment Dates through ___ 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%

**Mandatory Sinking Fund Redemption.** The 2022 Bonds maturing on September 1, 20\_\_ and 20\_\_ (the "Term 2022 Bonds") are also be subject to mandatory redemption in part by lot, from sinking fund payments made by the City from the Bond Fund, at a redemption price equal to the principal amount thereof to be redeemed, without premium, in the aggregate respective principal amounts, all as set forth below; provided, however, if some but not all of the Term 2022 Bonds of a given maturity have been redeemed under the optional or special mandatory redemption provisions described above, the total amount of all future sinking fund payments relating to such maturity shall be reduced by the aggregate principal amount of Term 2022 Bonds of such maturity so redeemed, to be allocated among such sinking fund payments on a pro rata basis in integral multiples of \$5,000 as determined by the Fiscal Agent, notice of which determination shall be given by the Fiscal Agent to the City.

**Term Bonds of 20\_\_**

Mandatory Redemption Date <u>September 1)</u>	Sinking Fund <u>Payment</u>
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\* Preliminary; subject to change.

**Term Bonds of 20\_\_**

Mandatory Redemption Date ( <u>September 1</u> )	Sinking Fund <u>Payment</u>
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***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 2022 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 2022 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 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 respective registered Owners of any 2022 Bonds designated for redemption, at their addresses appearing on the 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 2022 Bonds. Such notice may specify that it is conditional upon the receipt of funds to pay the redemption price of the 2022 Bonds to be redeemed on or prior to the redemption date and that if such funds are not available, the redemption will be canceled and such 2022 Bonds shall remain Outstanding.

Such notice shall state the redemption date and the redemption price and, if less than all of the then Outstanding 2022 Bonds are to be called for redemption shall state as to any 2022 Bond called in part the principal amount thereof to be redeemed, and shall require that such 2022 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 2022 Bonds will not accrue from and after the redemption date. The cost of mailing any such redemption notice and any expenses incurred by the Fiscal Agent in connection therewith shall be paid by the City.

Whenever provision is made in the Fiscal Agent Agreement for the redemption of less than all of the Bonds of any maturity or any given portion thereof, the Fiscal Agent shall select the Bonds to be redeemed, from all Bonds or such given portion thereof not previously called for redemption, by lot in any manner which the Fiscal Agent in its sole discretion shall deem appropriate; provided, however, that if Bonds are to be redeemed as a result of the prepayment of Special Taxes, the City shall select Bonds to be redeemed from any or all series, and within each series of Bonds so selected for redemption on a pro-rata basis among maturities.

***Right to Rescind.*** The City has the right to rescind any notice of optional redemption of the 2022 Bonds by written notice to the Fiscal Agent on or prior to the dated fixed for redemption. Any notice of optional 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 2022 Bonds



then noticed to be called for redemption, and such cancellation shall not constitute a default under the Fiscal Agent Agreement. The City and the Trustee have no liability to the 2022 Bonds owners or any other party related to or arising from such rescission of redemption. The Fiscal Agent shall mail notice of such rescission of prepayment in the same manner as the original notice of redemption was sent.

***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 2022 Bonds so called for redemption shall have been deposited in the Bond Fund, such 2022 Bonds so called shall 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 shall accrue thereon on or after the redemption date specified in the notice of redemption.

## **Parity Bonds**

The Resolution of Formation authorizes the issuance of up to \$60,000,000 of bonds payable from Special Taxes levied in the District. Following the issuance of the 2022 Bonds, \$\_\_\_\_\_ \* of remaining authorization will be available. The City expects that it will, by a Supplemental Fiscal Agent Agreement, authorize the issuance of one or more additional series of Parity Bonds in the future, which would be payable on a parity with the 2015 Bonds, the 2019 Bonds and the 2022 Bonds, subject to compliance by the City with the conditions set forth in the Fiscal Agent Agreement, which include the following:

- A reserve account shall be established in an amount equal to the Reserve Requirement calculated with respect to the Parity Bonds.
- For each Bond Year that Bonds (including the proposed issue of Parity Bonds) will be outstanding, projected maximum Special Taxes (net of County administration charges and Priority Administration Expenses) on Developed Property (as defined in the Special Tax Formula) in each Fiscal Year are equal to or greater than 110% of Debt Service due in the Bond Year that begins in the corresponding Fiscal Year.
- The fair market value of all parcels in the District subject to Special Taxes, including then existing improvements and any facilities to be constructed or acquired with the proceeds of the proposed series of Parity Bonds, as determined by an appraisal performed on a basis consistent with the appraisal or appraisals prepared in connection with the issuance of Bonds issued and outstanding, and/or the assessed value of parcels and improvements thereon, as shown on the then current County tax roll, is at least 10.00 times the sum of (i) the aggregate principal amount of all Outstanding Bonds and any Parity Bonds, plus (ii) the aggregate principal amount of the series of Parity Bonds proposed to be issued, plus (iii) the aggregate principal amount of any assessment district bonds then proposed and outstanding and payable from assessments to be levied on parcels of land within the District, plus (iv) a portion of the aggregate principal amount of all Other CFD Bonds then proposed and outstanding and payable at least partially from special taxes to be levied on parcels of land within the District equal to the aggregate principal amount of the Other CFD Bonds multiplied by a fraction, the numerator of which is the amount of special taxes levied for the Other CFD Bonds on parcels of land within the District, and the denominator of which is the total amount of special taxes levied for

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\* Preliminary; subject to change.

the Other CFD Bonds on all parcels of land against which the special taxes are levied to pay Other CFD Bonds (such fraction to be determined based upon the maximum special taxes which could be levied the year in which maximum annual debt service on the Other CFD Bonds occurs), based upon information from the most recent available fiscal year.

## SECURITY FOR THE BONDS

### Special Taxes

The Bonds (consisting of the 2015 Bonds, the 2019 Bonds and the 2022 Bonds [and any Parity Bonds]) are payable from and secured by Special Tax Revenues, which are proceeds of the Special Taxes received by the City, net of the administration charge of the County (currently 1%) and Priority Administrative Expenses (\$28,717 for Fiscal Year 2022-23, escalating at 2% each fiscal year thereafter), 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. All of the Special Tax Revenues and all moneys deposited in the Bond Fund and, until disbursed as provided in the Fiscal Agent Agreement, in the Improvement Fund and the Special Tax Fund are pledged to secure the repayment of the Bonds. The 2022 Bonds (but no other series of Bonds) are also secured by amounts in the 2022 Reserve Account of the Reserve Fund. See “– 2022 Reserve Account” herein. 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 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 through the application of the Special Tax Formula, which is administered for the City by Willdan Financial Service, Temecula, California (the “**Special Tax Consultant**”) and set forth in APPENDIX A hereto. The Special Tax is 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 “THE DISTRICT.”

The amount of Special Taxes that the District may levy in any year, and from which principal and interest on the Bonds is to be paid, is strictly limited by the maximum rates approved by the qualified electors within the District which are set forth as the annual “**Maximum Special Tax**” in the Special Tax Formula. Under the Special Tax Formula, Special Taxes for the purpose of making payments on the Bonds will be levied annually in an amount, not in excess of the Maximum Special Taxes. 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 Special Tax Requirement (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 and APPENDIX A.

The City may levy the Special Tax at the Maximum Special Tax rate authorized by the qualified electors within the District, as set forth in the Special Tax Formula, if conditions so require. The City has covenanted to annually levy the Special Taxes in an amount at least sufficient to pay the Special Tax Requirement (as defined below). Because each Special Tax levy is limited to the Maximum 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 Special Tax Requirement will in fact be collected in any given year. See “RISK FACTORS — Tax Delinquencies” herein. The Special Taxes are collected for the City by the County of Placer in the same manner and at the same time as *ad valorem* property taxes.

### **Special Tax Methodology**

The Special Tax authorized under the Act applicable to land within the District will be levied annually, and collected semi-annually, according to the tax liability determined by the City or its designee through the application of 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. See APPENDIX A.

The Special Tax Formula is based on proposed land use and development plans as projected for the District at the time of its formation in 2005, as clarified pursuant to Resolution No. 2015-83. See “THE 2022 BONDS – Authority for Issuance.” The Special Tax Formula requires that Special Taxes be levied annually on all Parcels of Taxable Property within the District, under the method of levy described below, as required to meet the Special Tax Requirement. Taxable Property means all Parcels not exempt from the Special Tax pursuant to law or the Special Tax Formula.

**Determination of Special Tax Requirement and Other Key Definitions.** The “**Special Tax Requirement**” is defined in the Special Tax Formula to mean “the amount necessary in any Fiscal Year (i) to pay principal and interest on the Bonds, (ii) to create or replenish the reserve funds, (iii) to pay Administrative Expenses, (iv) to cure any delinquencies in the payment of principal or interest on indebtedness of the District which have occurred in the prior Fiscal Year or (based on delinquencies in the payment of the Special Taxes which have already taken place) are expected to occur in the Fiscal Year in which the tax will be collected, and (v) to pay construction expenses to be funded directly from Special Tax proceeds. The amounts referred to in clauses (i) and (ii) of the preceding sentence may be reduced in any Fiscal Year by ... interest earnings on or surplus balances ... in funds and accounts for the Bonds ...; proceeds received from collection of penalties associated with delinquent Special Taxes; and any other revenues available to pay debt service on the Bonds as determined by the Administrator.”

As used in the Special Tax Formula, “**Developed Property**,” with one exception, is defined to mean all Taxable Parcels for which a Final Map was recorded prior to June 1 of the prior Fiscal Year. “**Final Map**” is defined to mean a final map approved pursuant to the Subdivision Map Act that creates Buildable Lots but not including any map that does not create Buildable Lots, and “**Buildable Lot**” is defined to mean an individual lot within a Final Map for which a building permit may be issued without further subdivision. The one exception to the definition of Developed Property relates to one specific large lot zoned for commercial uses (Large Lot 2) within which Taxable Parcels will be deemed to be Developed Property only upon issuance of a building permit for new construction prior to June 1 of the prior Fiscal Year.

**“Undeveloped Property”** means, in any Fiscal Year, all Parcels of Taxable Property within the District that are not yet Developed Property.

Certain other capitalized terms used in this section entitled, “–Special Tax Methodology” have the meanings given them in the Special Tax Formula. See APPENDIX A.

**Calculation of Maximum Special Tax Rates and Changes Thereto.** Provision is made in the Special Tax Formula for increases in the rates of Maximum Special Taxes for Developed Property if and to the extent that Large Lots are developed to less density than originally anticipated. Provision is also made to accommodate changes in anticipated land uses, all to the end that each Large Lot, singly or in combination, when developed will yield Maximum Special Taxes in at least the amount or amounts displayed in Attachment 2 to the Special Tax Formula shown in APPENDIX A.

**Method of Levying Special Tax.** The method of levy of the Special Tax on Taxable Property in the District is set forth in the Special Tax Formula as a series of steps, which are described as follows.

*Step 1.* Step 1 directs that the Special Tax be levied proportionately on each Parcel of Developed Property up to 100% of the Maximum Special Tax for each Parcel. The applicable Maximum Special Tax rate for parcels in the District is set forth in the Special Tax Formula and will be increased each year by an amount equal to 2% of the amount in effect for the prior Fiscal Year. For Fiscal Year 2022-23, Maximum Special Tax rates for single family residential property will vary from \$546.10 to \$2,212.39 per unit. For multifamily property, the Maximum Special Tax will be \$12,098.09 per acre and for non-residential property, the Maximum Special Tax will be \$7,001.20 per acre.

*Step 2.* If additional revenue is needed after Step 1 in order to meet the Special Tax Requirement, Step 2 provides that the Special Tax shall be levied proportionately on each Taxable Parcel of Undeveloped Property within Zone 1 of the District up to 100% of the applicable Maximum Special Tax. Zone 1 is defined to mean the geographical area that, at formation of the District, included what is generally known as Phase 1 of the Whitney Ranch project.

*Step 3.* If additional revenue is needed after application of Step 2 then, under Step 3, the Special Tax shall be levied proportionately on each Taxable Parcel of Undeveloped Property within Zone 2, up to 100% of the applicable Maximum Special Tax. Zone 2 is defined to mean the geographical area that, at formation of the District, included what is generally known as Phase 2 of the Whitney Ranch project.

*Step 4.* Finally, if after application of Step 3 additional revenue is needed, the Special Tax shall be levied proportionately on each Parcel of Taxable Public Property up to 100% of the applicable Maximum Special Tax.

**Limitation on Increases in Special Tax Levy.** If owners are delinquent in the payment of Special Taxes, the City may not increase Special Tax levies to make up for delinquencies for prior Fiscal Years above the Maximum 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 "RISK FACTORS."

**Prepayment of the Special Tax.** The Special Tax may be prepaid, in full or in part, in accordance with a formula calculated in accordance with Section H of the Special Tax Formula. Certain prepayments have occurred in the District in the past.

**Termination of the Special Tax.** The Special Tax will be levied and collected (up to the maximum allowable amount) for as long as needed to pay the principal and interest on the Bonds and other costs incurred in order to construct and acquire the authorized District-funded facilities and to pay the Special Tax Requirement. The Special Tax Formula provides that the Special Tax may not be levied on any parcel in the District after Fiscal Year 2050-51.

### **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 Owners of the Bonds. 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.

As soon as practicable after the receipt by the City of Special Tax Revenues, the City shall withdraw from the Special Tax Fund and transfer: (i) to the Fiscal Agent for deposit in the Bond Fund, (a) an amount necessary to pay any principal or interest on the Bonds not paid when due, together with additional interest at rate of the Bonds to the expected date of payment from the date such payment was due, plus (b) 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 (including any mandatory sinking fund installment), premium, if any, and interest due on the Bonds on the next two Interest Payment Dates with respect to Special Tax Revenues received during the period from September 1 through the last day of February in any year, and on the next Interest Payment Date with respect to Special Tax Revenues received during the period from March 1 through the last day of August in any year; (ii) to the Fiscal Agent for deposit in the Reserve Fund established under the Fiscal Agent Agreement an amount, taking into account amounts then on deposit in the Reserve Fund, so that the amount therein equals the Reserve Requirement (which will be calculated for each Series of Bonds); and (iii) after the foregoing transfers, transfer any amount remaining in the Special Tax Fund to the Surplus Fund. From time to time, the City may withdraw from the Surplus Fund amounts needed to pay costs of authorized improvements or incidental expenses of the District authorized under the Act. Moneys in the Surplus Fund may, at the City's discretion, also be used to pay the principal of, premium, if any, and interest on the Bonds, to replenish the Reserve to the amount of the Reserve Requirement, to pay Administrative Expenses in excess of Priority Administrative Expenses, or for any other lawful purpose for the use of funds collected on behalf of the District. See "THE IMPROVEMENTS – Construction and Acquisition of the Improvements."

### **Delinquent Payments; Foreclosure Covenant**

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.

Under the Act, the City covenants with and for the benefit of the Owners of the Bonds that it will order, and cause to be commenced as hereinafter provided, and thereafter diligently prosecute to judgment (unless such delinquency is theretofore brought current), an action in the superior court to foreclose the lien of any Special Tax or installment thereof not paid when due as provided in the Fiscal Agent Agreement. To carry out the covenant, on or about October 1st of each Fiscal Year, the City is required to compare the amount of Special Taxes theretofore levied in the District to the amount of Special Tax Revenues theretofore received by the City, and:

**Individual Delinquencies.** If the City determines that any single parcel subject to the Special Tax in the District is delinquent in the payment of Special Taxes in the aggregate amount of \$6,000 or more, then the City shall send or cause to be sent a notice of delinquency (and a demand for immediate payment thereof) to the property owner within 60 days of such determination, and (if the delinquency remains uncured) commence foreclosure within 120 days of such determination; or

**Aggregate Delinquencies.** If the City determines that (i) the total amount of delinquent Special Tax for the prior Fiscal Year for the entire District, (including the total of delinquencies under subsection (A) above), exceeds 5% of the total Special Tax due and payable for the prior Fiscal Year, the City shall notify or cause to be notified property owners who are then delinquent in the payment of Special Taxes (and demand immediate payment of the delinquency) within 60 days of such determination, and shall timely commence foreclosure proceedings as directed by legal counsel against each parcel of land in the District with a Special Tax delinquency.

The owners of the 2022 Bonds (but not any other Bonds) benefit from the 2022 Reserve Account of the Reserve Fund; however, if delinquencies in the payment of the Special Taxes with respect to the 2022 Bonds are significant enough to completely deplete the 2022 Reserve Account, there could be a default or a delay in payments of principal and interest to the owners of the 2022 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 Special Tax rates set forth in the Special Tax Formula, the City may adjust (but not to exceed the Maximum Special Tax and subject to the limitation described under the caption “– Special Tax Methodology – Limitation on Increases of Special Tax Levy” above) 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 2022 Reserve Account and any other debt service reserve accounts established for other series of Bonds under the Fiscal Agent Agreement.

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

Foreclosure by court action is subject to normal litigation delays, the nature and extent of which are largely dependent upon the nature of the defense, if any, put forth by the debtor and the condition of the calendar of the superior court of the county. Such foreclosure actions can be stayed by the superior court on generally accepted equitable grounds or as the result of the

debtor's filing for relief under the Federal bankruptcy laws. The Act provides that, upon foreclosure, the Special Tax lien will have the same lien priority as is provided for *ad valorem* taxes and special assessments. See "ESTIMATED VALUE 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.

## **2022 Reserve Account**

Upon delivery of the 2022 Bonds, the 2022 Reserve Account will be established within the Reserve Fund held by the Fiscal Agent for the benefit of the owners of the 2022 Bonds. The amount on deposit in the 2022 Reserve Account will be established by depositing certain proceeds of the 2022 Bonds (or a reserve fund insurance policy) in the amount of the "**Reserve Requirement**" for the 2022 Bonds, which means the least of: (a) Maximum Annual Debt Service on the 2022 Bonds, (b) 125% of the average Annual Debt Service on the 2022 Bonds, and (c) 10% of the original principal amount of the 2022 Bonds (or the issue price of the 2022 Bonds excluding accrued interest, if the net original issue discount or premium is less than 98% or more than 102% of the principal amount of the 2022 Bonds), as calculated by the City. The City is required to maintain an amount of money or other security equal to the Reserve Requirement in the 2022 Reserve Account at all times that the 2022 Bonds are outstanding. *Each series of Bonds is secured by its own debt service reserve account within the Reserve Fund. Accordingly, the 2022 Reserve Account is available only for the 2022 Bonds and no other debt service reserve account established under the Fiscal Agent Agreement is available for the 2022 Bonds.*

All amounts deposited in the 2022 Reserve Account will be used and withdrawn by the Fiscal Agent solely for the purpose of making transfers to the Bond Fund in the event of any deficiency at any time in the Bond Fund of the amount then required for payment of the principal of, and interest on, the 2022 Bonds. Whenever transfer is made from the 2022 Reserve Account to the Bond Fund due to a deficiency in the Bond Fund, the Fiscal Agent will provide written notice thereof to the City.

Whenever, on the Business Day prior to any Interest Payment Date, the amount in the 2022 Reserve Account exceeds the then applicable Reserve Requirement, the Fiscal Agent will transfer an amount equal to the excess from the 2022 Reserve Account to the Bond Fund or the Improvement Fund as provided below, except that investment earnings on amounts in the 2022 Reserve Account may be withdrawn from the 2022 Reserve Account for purposes of making payment to the Federal government to comply with rebate requirements.

Moneys in the 2022 Reserve Account will be invested and deposited in accordance with the Fiscal Agent Agreement and investment income thereon will be subject to rebate requirements under applicable tax laws. Interest earnings and profits resulting from the investment of moneys in the 2022 Reserve Account and other moneys in the 2022 Reserve Account will remain therein until the balance exceeds the Reserve Requirement; any amounts in excess of the Reserve Requirement will be transferred to the Improvement Fund, if the Improvements have not been completed, or if the Improvements have been completed, to the Bond Fund to be used for the payment of the principal of and interest on the 2022 Bonds in accordance with the Fiscal Agent Agreement.

Whenever the balance in the 2022 Reserve Account exceeds the amount required to redeem or pay the Outstanding 2022 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 2022 Reserve Account to the Bond Fund to be applied, on the next succeeding Interest Payment Date, to the payment and redemption of all of the Outstanding 2022 Bonds. If the amount so transferred from the 2022 Reserve Account to the Bond Fund exceeds the amount required to pay and redeem the Outstanding 2022 Bonds, the balance in the 2022 Reserve Account 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, the Fiscal Agent previously established the Improvement Fund, which is held 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). In connection with the issuance of the 2022 Bonds, the Fiscal Agent will establish the 2022 Improvement Account as a subaccount within the Improvement Fund. 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 pursuant to the Acquisition Agreement, 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."



## THE DISTRICT

### Introduction

Property within the District has been developing into a master-planned community known as “Whitney Ranch.”

Whitney Ranch is located in the northwest portion of the City immediately adjacent to the boundary between the City and the City of Lincoln. The District was formed and established by the City in 2005 at the request of the original master developer of the project, in contemplation of residential and non-residential development.

Development is now nearly complete. Based on ownership as of the January 1, 2021 lien date, for Fiscal Year 2022-23, individual homeowners are projected to pay approximately 73% of the special tax levy, with the master developer and merchant builders responsible for the remaining 27%.

For purposes of the Special Tax Formula, the District is divided into two zones: Zone 1 and Zone 2, which correspond to the development phases of the project. The boundaries of the District and of the two zones are shown on the map of the District on following page. Zone 1 corresponds to Phase 1 of the project, and Zone 2 corresponds to Phase 2 of the project.

Not all of the land in Phase 1 of the project is subject to the Special Tax, either because such land was not initially included in the District’s boundaries or the owner prepaid the Special Tax.

A map showing the boundary of the District follows.

*[Remainder of Page Intentionally Left Blank]*

[Reserved for CFD phasing map]

## Development History and Current Ownership

**Overview.** The District was originally planned for approximately 2,700 single-family residential units (with a portion planned as small-lot units, such as condominiums, townhouses and apartments), approximately 43 acres of commercial/mixed uses and 190 acres of open space. Development was projected to occur in two phases, referred to as Phase 1 and Phase 2. Over time, the planned development shifted to include a greater number of planned residential units, with Phase 1 planned for a total of 2,120 residential units (consisting of 1,133 single-family residential (SFR) units and 987 multi-family residential (MFR) units), and Phase 2 planned for 1,694 SFR units and no MFR units. Together, this amounts to approximately 3,814 total planned residential units, not all of which are subject to the Special Tax securing the Bonds (due to prepayments, among other things).

In 2005, development in the District began by the former master developer, Sunset Ranchos Investors, LLC, which completed substantially all of the required backbone infrastructure for the project and sold the majority of taxable lots within the District to merchant builders and other end users. In addition, as part of Phase 1, Sunset Ranchos Investors, LLC delivered the centerpiece of the community, The Ranch House, which is the community recreation center. This member-owned facility contains two pools, classrooms, residents lounge, and banquet space that are available to the residents. The Whitney Ranch Community Association hosts member events throughout the year along with classes and clubs that are of interest to the resident members. A new elementary school and high school now open and operated by Rocklin Unified School District were also completed within Phase 1.

In October 2020, JEN California 17 purchased the remaining undeveloped land within the District via the acquisition of Sunset Ranchos Investors, LLC. JEN California 17 has overseen the completion of all remaining required backbone and in-tract infrastructure for the project, except Village 1A. At the present time, all of the residential villages in the District have final maps in place, except for Village 1A (51 planned units), which is anticipated to be received by the end of 2022. The only remaining merchant builder active in the community is JMC Homes, which is taking down finished lots from Sunset Ranchos Investors, LLC pursuant to a schedule described herein. For more information on JEN California 17 and JMC Homes, see "OWNERSHIP OF PROPERTY IN THE DISTRICT."

**Development Status by Phase and Village.** The following chart provides a summary of the current development status of taxable residential units in the District, by phase and village. Additional details follow below.

**Table 1  
Residential Villages in Active Development  
As of May 1, 2022**

<b>Parcel</b>	<b>Planned Units</b>	<b>Final Map Status</b>	<b>Ownership</b>
1A	51	<i>Exp. End of 2022</i>	Sunset Ranchos Investors LLC
60	19	Complete	JMC Homes
61A/B	145	Complete	JMC Homes
63	34	Complete	JMC Homes
64A/B	99	Complete	JMC Homes
65	16	Complete	JMC Homes
66	6	Complete	JMC Homes
67A/B	108	Complete	JMC Homes
69	49	Complete	JMC Homes

## Projected Special Tax Levy by Development Status

The following tables show the projected special tax levy for Fiscal Year 2022-23, by development status.

**Table 2**  
**Special Tax Levy by Development Status**  
**Fiscal Year 2022-23 (Projected)**

Developed Status <sup>(1)</sup>	Number of Parcels	Number of Planned Units	Fiscal Year 2022-23 Projected Special Tax Levy	Percent of Fiscal Year 2022-23 Projected Special Tax Levy	Fiscal Year 2022-23 Maximum Special Tax	Total Assessed Values	Allocable Share of Bonded Debt <sup>(2)</sup>	Value to Lien Ratio on Bonded Debt
<b>Completed Homes</b>								
Single Family Residential with Improvement Values <sup>(3)</sup>	1,921	1,921	\$2,207,390	67.1%	\$3,023,822	\$1,251,061,797	\$50,941,638	24.56
Finished Homes without Improvement Values <sup>(4)</sup>	280	280	281,047	8.5	384,996	100,234,804	6,802,248	14.74
<i>Subtotal Completed Homes</i>	2,201	2,201	\$2,488,437	75.6%	\$3,408,818	\$1,351,296,601	\$57,743,922	23.40
<b>Lots Under Development</b>								
Homes Under Construction	221	221	\$307,093	9.3%	\$420,675	\$37,546,369	\$6,073,378	6.18
Partially Improved Lots (not yet subdivided) <sup>(5)</sup>	6	403	399,241	12.1	546,906	25,235,000	6,110,232	4.13
<i>Subtotal Under Development</i>	227	624	\$706,334	21.4%	\$967,581	\$62,781,369	\$12,183,610	5.15
<b>Commercial Property</b>								
MG Rocklin CA LLC (Large Lot 10 Commercial)	1	0	\$54,933	1.7%	\$75,250	\$38,393,680	\$840,722	45.67
Sunset Ranchos Investors LLC (Large Lot 1A) <sup>(6)</sup>	1	48	42,113	2.3	57,690	1,550,000	644,533	2.40
<i>Subtotal Commercial Property</i>	2	48	\$97,046	4.0%	\$132,940	\$39,943,680	\$1,485,255	26.89
<b>Subtotal Developed Properties</b>	<b>2,430</b>	<b>2,873</b>	<b>\$3,291,817</b>	<b>100.0%</b>	<b>\$4,509,339</b>	<b>\$1,454,021,650</b>	<b>\$71,412,787</b>	<b>20.36</b>
<b>Undeveloped Property</b>								
Oakwood Trails 7V LLC (Large Lot 3/PD Commercial) <sup>(7)</sup>	1	0	\$0	0.0%	\$74,633	\$1,892,509	\$0	n/a
Taylor Whitney Ranch LP (Large Lot 2/PD Commercial) <sup>(7)</sup>	3	0	0	0.0	32,991	2,321,270	0	n/a
USA Properties Inc (Large Lot 8/PD 20) <sup>(8)</sup>	1	234	0	0.0	127,991	800,000	0	n/a
<i>Subtotal Undeveloped Properties</i>	5	234	\$0	0.0%	\$235,615	\$5,013,779	\$0	n/a
<b>Total for All Parcels</b>	<b>2,435</b>	<b>3,107</b>	<b>\$3,291,817</b>	<b>100.0%</b>	<b>\$4,744,954</b>	<b>\$1,459,035,429</b>	<b>\$71,412,787</b>	<b>20.43</b>

- (1) The Rate and Method of Apportionment defines "Developed Property" for all taxable property not within Large Lot 2 for Fiscal Year 2022-23 as all parcels for which a Final Map was recorded prior to June 1, 2022. All parcels considered taxable Developed Property is proposed to be levied for Fiscal Year 2022-23. Reflects Final Map recorded as of May 1, 2022, as provided by the Developer (Sunset Ranchos Investors LLC) and the City as compiled by Willdan Financial Services.
- (2) Allocable Share of Bonded Debt is calculated based on the Fiscal Year 2022-23 Projected Special Tax Levy multiplied by the Series 2015 and Series 2019 outstanding principal amount as of May 1, 2022 and Series 2022 Bonds to be Issued. In addition, it includes Overlapping direct debt issued by Rocklin Unified School District CFD 3. The Rocklin Unified School District CFD 3 is pledged to pay debt service on the existing CFDs 1 and 2 Bonds only if necessary. As a result, it is not included in the total Allocable Share of Bonded Debt.
- (3) Of the 1,921 Single Family Residential Homes with complete Assessed Values (Greater than \$450K); 1,902 are owned by Individual Homeowners and the remaining 19 are owned by Merchant Builders.
- (4) Of the 280 Finished Homes without complete Assessed Values (Less than \$450k); 226 are owned by Individual Homeowners and the remaining 54 are owned by Merchant Builders.
- (5) Projected to be subdivided assigned individual parcel numbers for 2022-23 Secured Roll.
- (6) Previously and for Fiscal Year 2022-23 projected to be charged as Commercial. Represents Large Lot 1A. Projected to be re-zoned in the future for 48 Single Family Residential Lots. Final Map projected to record end of 2022.
- (7) Comprised of Large Lot 2 and 3 which are slated to be developed for Commercial.
- (8) Comprised of Large Lot 8 which is projected to develop to a 234 Multi-Family affordable units.

Source: City of Rocklin, California Municipal Statistics, Sunset Ranchos Investors LLC and Placer County 2021-22 Secured Roll as compiled by Willdan Financial Services.

## OWNERSHIP OF PROPERTY IN 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 Developer and the merchant builders have provided the information set forth in this section entitled "OWNERSHIP OF PROPERTY IN 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.*

### General

As shown in the table on the prior page, ownership of Taxable Parcels in the District primarily consists of individual homeowners, merchant builders, and, to a lesser extent, The Master Developer. Development remains ongoing in the District, with additional finished lots being constructed with homes, and being sold to individual homeowners. However, no assurance can be given that development of the Taxable property in the District will be completed, or that it will be completed in the time period described elsewhere in this Official Statement. The Special Taxes are not personal obligations of The Master Developer, the merchant builders or of any current or subsequent landowners; the Bonds are secured only by the Special Taxes and moneys available under the Fiscal Agent Agreement. See "SECURITY FOR THE BONDS" and "RISK FACTORS" herein.

### Individual Homeowners

The majority of the taxable parcels in the District are now owned by individual homeowners – 2,128 of the total 2,435 total as of the January 2021, with additional homes having been sold and closed to individual homeowners since such date. Based on ownership as of the January 1, 2021 lien date, for Fiscal Year 2022-23, individual homeowners are projected to pay approximately 73% of the special tax levy, with The Master Developer and merchant builders responsible for the remaining 27%. See Table 3, above.

### The Master Developer

Sunset Ranchos Investors, LLC has been the master developer of the project since inception. In October 2020, Sunset Ranchos Investors, LLC was acquired by JEN California 17, which acquisition included all remaining undeveloped land in the District. Sunset Ranchos Investors, LLC and JEN California 17 are collectively referred to herein as the "**Master Developer**". JEN California 17's sole member and manager is JEN 7 VA 2 LLC, a Delaware limited liability company, whose members are private equity real estate fund limited partnerships comprised of high-net-worth individuals, pension funds and family offices (privately held companies providing wealth management for families), and who is controlled by JEN Partners LLC, a Delaware limited liability company ("**JEN**"). Clifton Taylor is Vice President of JEN California 17, and President of Taylor Builders LLC, a California limited liability company ("**Taylor Builders**"), which is responsible for the

day-to-day management of JEN California 17's property in the District, including overseeing entitlement, development and sales activities.

**Taylor Builders and JEN.** Taylor Builders was founded in 2017, and is led by Clifton Taylor, President. Taylor Builders was established to invest in, entitle and develop primarily residential real estate in the Sacramento region, San Joaquin Valley, Bay Area, and Northern Nevada markets. Taylor Builders operates under a mutually exclusive regional partnership agreement with JEN. JEN specializes in residential real estate with longstanding relationships in the residential land, homebuilding, and workforce housing arenas. Additionally, JEN is actively engaged in land banking and specialty finance transactions for public and private homebuilding operations throughout the United States.

JEN was founded by Reuben Leibowitz in 2005. Prior to JEN, Mr. Leibowitz founded Warburg Pincus' Real Estate group in 1984, which he led through 2004. While at Warburg Pincus, he was directly responsible for the investment of equity across four homebuilders, a residential land developer and other real estate opportunities. Mr. Leibowitz has served as a Director of four NYSE listed real estate companies, including Lennar Homes, and is a current board member of Simon Property Group, the largest global mall REIT.

**Experience of Taylor Builders and JEN.** In addition to the Whitney Ranch project, JEN has funded 15 total Taylor Builders-led land ventures. Funded with all equity to date, the purchase value of the assets acquired is in excess of \$300 million. Additionally, JEN has invested an additional \$250 million into land development activities including major infrastructure construction and in-tract improvements. Together, Taylor Builders and JEN have delivered 4,297 lots to builders for total consideration in excess of \$432 million and have a pipeline of over 5,000 single-family lots, including 1,700 lots currently under construction.

Taylor Builders has completed the following projects under its regional partnership agreement with JEN.

*Fiddymont Ranch, Phase 2 and Phase 3 (Roseville, CA).* Taylor Builders is developing the remaining property in Fiddymont Ranch in Roseville, which is entitled for 2,530 residential units, consisting of 1,472 LDR lots, 586 MDR lots, and 472 HDR units. The land is being developed in seven sub-phases with various component villages in each sub-phase. Home construction and sales are underway in a number of these villages by various merchant builders currently active in the development, while homes in several villages have been completed and sold. Similar to the Whitney Ranch project, the development focuses on the last remaining undeveloped land in a larger development project.

*ParkeBridge (Sacramento, CA).* ParkeBridge is a master-planned neighborhood located in the South Natomas area in Sacramento, California. Taylor Builders, with funding from JEN, acquired the project in late 2017. Situated on 90 acres the property had been mass graded with a portion of the major infrastructure developed prior to the Great Recession. Taylor Builders initiated site development for Phase 1 in early 2018 and delivered the first 237 single family lots to D.R. Horton for home construction beginning in 2019. After successfully repositioning a townhome parcel with new entitlements for a 110-unit single-family "all electric" (no dependency on natural gas) project the partnership delivered an additional 273 lots to D.R. Horton in late 2019. Ultimately, with four distinct neighborhoods and lots ranging in size from 2,500 to 7,500 sq. ft., the project has been one of the fastest absorbing communities in the Sacramento region. Full buildout is expected in mid-2021, with the 510 units having been absorbed over approximately two years from the first sales.

*Lincoln Crossing Village 11 (Lincoln, CA).* Lincoln Crossing Village 11 is a 166 single-family home community adjacent to the community clubhouse (The Club) at Lincoln. Marketed under the name “Cerrada,” the project is the final phase of Lincoln Crossing, a modern master-planned community located in Lincoln, California. The project has great access to The Club. Taylor Builders, with funding from JEN, acquired the site from the former master developer in September 2018.

Taylor Builders began constructing in-tract infrastructure immediately and completed development of all 166 lots in late 2019. The partnership delivered an initial 85 lots to D.R. Horton in late 2019 upon completion; home construction is on-going, with approximately 56% of the total project units under construction or completed, and approximately 46% of the total project units sold or closed to homebuyers. The final 81 lots were sold to D.R. Horton in February 2021.

*Gibson Crossing (Sacramento County, CA).* Gibson Crossing is a 162 single-family home infill development project located adjacent to the Antelope Greens Golf Course in unincorporated Sacramento County. Taylor Builders, with funding from JEN, acquired the land in April 2019. The partnership completed the construction document design and permitting and began in-tract improvements in Summer 2019. The improved lots were delivered to a partnership between D.R. Horton and Forestar in May 2020 and the project is actively selling under the name Moraga.

**Information Regarding Special Tax Delinquencies of Affiliated Partnership.** JEN California 17 and its sole member and manager (JEN 7 VA 2 LLC) have not, in the past five years, been delinquent in the payment of property taxes, special taxes or assessments on any property owned by such entities.

In July 2018, Taylor Builders entered into a purchase and sale agreement to acquire a portfolio of properties in the Northstar ski resort area near Truckee, California. Certain of the acquired properties are included within the boundaries of the Northstar Community Services District Community Facilities District No. 1 (the “**Northstar CFD**”) and are subject to special taxes levied for the Northstar CFD. Taylor Builders then assigned its acquisition rights to four special purpose entities in exchange for a management agreement with Mountainside Builders, LLC (“**Mountainside Builders**”), a wholly owned subsidiary of Taylor Builders, to provide staffing for, and oversight of, the properties. Taylor Builders retained a financial incentive for successful repositioning of the assets but does not own a direct interest in any owner responsible for special tax payments. The four special purpose entities are owned by a partnership of individuals, including a principal of JEN who holds less than 3% ownership in JEN 7 VA 2, LLC, the sole member of JEN California 17, LLC (“**Mountainside Partnership**”). The sale of the properties to the four special purpose entities closed in August, 2018.

The prior owner of these properties failed to timely make its special tax payment due on December 10, 2009, but cured this delinquency in early 2010. The prior owner also failed to make its special tax payment due on April 10, 2010; this delinquency was cured in July 2010 after the prior owner emerged from bankruptcy. The special taxes on all of the properties that were purchased by the Mountainside Partnership in the Northstar CFD were current at the time of purchase.

Following acquisition of these properties, Mountainside Partnership paid special taxes on certain parcels selected by Mountainside Builders; however, Mountainside Partnership did not pay approximately 95% of the special taxes applicable to the properties within the Northstar CFD that



are considered “Undeveloped” for purposes of such special tax. Through April 20, 2021, the aggregate amount of the special tax delinquencies attributable to that land managed by Mountainside Builders, exclusive of penalties and interest, was \$19.104 million.

Mountainside Builders has stated that there are currently no plans to pay the currently delinquent special taxes. Notwithstanding the existence of the delinquencies and the statement that the owners had no intention to pay them, Mountainside Builders on behalf of the three new owners of the delinquent parcels, initially opposed the judicial foreclosure action that the Northstar CFD filed in compliance with its covenant to the owners of its bonds. The property owners subsequently withdrew their opposition and agreed to stipulated judgments in June 2020, entitling Northstar CFD to foreclose upon the parcels for the total delinquencies plus penalties, fees, and interest. Northstar CFD is currently undertaking the procedural actions required prior to offering the properties in a foreclosure sale as directed by the judgment.

Despite the special tax delinquencies described above, Mountainside Builders remains active in repositioning properties within the Northstar CFD, including the completion of 26 sales transactions and the prepayment of approximately \$1,200,000 in special taxes in connection with such land sales.

Given the unique nature of the Northstar portfolio and circumstances, Taylor Builders does not believe that the ongoing development of the District could be affected in any way by adverse developments that may occur in the Northstar CFD.

**The Master Developer Financing Plan.** The Master Developer expects to complete the work required to obtain a final map for Village 1A (planned for 51 residential units) using proceeds from the sale of lots to JMC Homes and bond proceeds. No other backbone or int-tract infrastructure is required. Land in the District owned by the Master Developer is not currently encumbered by any mortgages or deeds of trust.

**JMC Homes**

JMC Homes is the last remaining merchant homebuilder with a large number of lots in the District. As of March 4, 2022, JMC Homes owned 112 parcels developing into a planned 121 single-family homes in the District, together with an additional 146 parcels (which comprise a portion of Large Lots 60, 61A, 61B, 63/69, 64A, and 64B) acquired by JMC Homes from the Master Developer subsequent to such date. The remainder of 199 single-family lots planned for these large-lot parcels that are held by The Master Developer are under contract to be sold to JMC Homes pursuant to a take-down schedule set forth in the following table.

**JMC Homes Lots Takedown Schedule**

<b>Date</b>	<b>Village</b>	<b># of Lots</b>	<b>JMC Neighborhood</b>
11/11/22	50	51	Edgefield Place
5/12/23	50	2	Edgefield Place
11/11/22	60/61AB	54	Wrenwood
5/12/23	60/61AB	55	Wrenwood
11/11/22	64AB	51	Tribute Pointe
5/12/23	63/69	32	Edgefield Place

*Source: Master Develop; JMC Homes.*

JMC Homes is currently selling homes in four neighborhoods, the key provisions of which re summarized as follows.

<b>Neighborhood</b>	<b>Total # of Lots</b>	<b>Lots/Homes Owned by JMC or to be Acquired by JMC As of May 1, 2022</b>	<b>Homes Sold and Closed to Homeowners As of May 1, 2022</b>	<b>Base Pricing Remaining Units As of May 1, 2022</b>
Edgefield Place				\$799,990 - \$1,249,990
Tribute Pointe				\$1,249,990
Wrenwood				\$679,990 - \$849,990

Source: JMC Homes

John Mourier Construction, Inc. has been doing business as JMC Homes in the greater Sacramento area as a homebuilder since 1978. It has averaged annual new homes sales volume in excess of \$110 million for the past five years and is ranked as the 100th largest homebuilder by *Professional Builder* magazine. It is currently building and selling homes in Roseville, Rocklin, Lincoln and Marysville in the Sacramento area. *JMC Homes' website address is <http://www.jmchomes.com>. The website address is given for reference and convenience only, the information on the website may be incomplete or inaccurate and has not been reviewed by the City or the Underwriters. Nothing on the website is a part of this Official Statement or incorporated into this Official Statement by reference.*

## Projected Special Tax Levy by Ownership

The following tables show the projected special tax levy for Fiscal Year 2022-23, by ownership.

**Table 3  
Top Property Owners by Projected Special Tax Levy  
Fiscal Year 2022-23 (Projected)**

Owner Name	Number of Parcels	Number of Planned Units	Fiscal Year 2022-23 Projected Special Tax Levy	Percent of Fiscal Year 2022-23 Projected Special Tax Levy	Fiscal Year 2022-23 Maximum Special Tax	Total Assessed Values	Allocable Share of Bonded Debt <sup>(1)</sup>	Value to Lien Ratio on Bonded Debt
<b>Developed <sup>(2)</sup></b>								
Individual Homeowners	2,128	2,128	\$2,398,782	72.7%	\$3,286,003	\$1,322,559,411	\$55,719,	23.74
John Mourier Construction INC/Sunset Ranchos Investors LLC <sup>(3)</sup>	4	340	355,216	10.8	486,597	21,400,000	5,436,	3.94
John Mourier Construction INC <sup>(4)</sup>	112	121	158,458	4.8	217,066	27,847,329	3,090,646	9.01
Sunset Ranchos Investors LLC <sup>(5)</sup>	2	101	79,494	2.4	108,897	5,260,000	1,216,632	4.32
Toll West Coast LLC	57	57	92,057	2.8	126,106	14,308,426	1,918,026	7.46
Richmond American Homes of Maryland INC	61	61	71,859	2.2	98,437	8,348,438	1,517,378	5.50
TL Summit L P	49	49	64,275	2.0	88,047	12,165,476	1,274,602	9.55
MG Rocklin CA LLC (Large Lot 10 - Commercial)	1	0	54,933	1.7	75,250	38,393,680	840,722	45.67
New Home Company Northern California LLC	16	16	16,743	0.5	22,936	3,738,890	399,161	9.37
<b>Subtotal Developed Property</b>	<b>2,430</b>	<b>2,873</b>	<b>\$3,291,817</b>	<b>100.0%</b>	<b>\$4,509,339</b>	<b>\$1,454,021,650</b>	<b>\$71,412,787</b>	<b>20.36</b>
<b>Undeveloped</b>								
Oakwood Trails 7V LLC (Large Lot 3/PD Commercial) <sup>(6)</sup>	1	0	\$0	0.0%	\$74,633	\$1,892,509	\$0	n/a
Taylor Whitney Ranch LP (Large Lot 2/PD Commercial) <sup>(6)</sup>	3	0	0	0.0	32,991	2,321,270	0	n/a
USA Properties Inc (Large Lot 8/PD 20) <sup>(7)</sup>	1	234	0	0.0	127,991	800,000	0	n/a
<b>Subtotal Undeveloped Property</b>	<b>5</b>	<b>234</b>	<b>\$0</b>	<b>0.0%</b>	<b>\$235,615</b>	<b>\$5,013,779</b>	<b>\$0</b>	<b>n/a</b>
<b>Total for All Taxable Property</b>	<b>2,435</b>	<b>3,107</b>	<b>\$3,291,817</b>	<b>100.0%</b>	<b>\$4,744,954</b>	<b>\$1,459,035,429</b>	<b>\$71,412,787</b>	<b>20.43</b>

\* Preliminary; subject to change.

- (1) Allocable Share of Bonded Debt is calculated based on the Fiscal Year 2022-23 Projected Special Tax Levy multiplied by the Series 2015 and Series 2019 outstanding principal amount as of May 1, 2022 and Series 2022 Bonds to be Issued. In addition, it includes Overlapping direct debt issued by Rocklin Unified School District CFD 3. The Rocklin Unified School District CFD 3 is pledged to pay debt service on the existing CFDs 1 and 2 Bonds only if necessary. As a result, it is not included in the total Allocable Share of Bonded Debt.
- (2) The Rate and Method of Apportionment defines "Developed Property" for all taxable property not within Large Lot 2 for Fiscal Year 2022-23 as all parcels for which a Final Map was recorded prior to June 1, 2022. All parcels considered taxable Developed Property is proposed to be levied for Fiscal Year 2022-23. Reflects Final Map recorded as of May 1, 2022, as provided by the Developer (Sunset Ranchos Investors LLC) and the City as compiled by Willdan Financial Services.
- (3) Comprised of Large Lots 60, 61A, 61B, 63-69, 64A and 64B. Of the 340 planned units, 146 has been conveyed to John Mourier Construction INC and the remaining 194 are still owned by Sunset Ranchos Investors LLC. Reflects ownership as of March 4, 2022, as provided by the Developer (Sunset Ranchos Investors LLC) as compiled by Willdan Financial Services.
- (4) Comprised of various Large Lots of which 111 planned units are assigned their respective individual parcel numbers as of the Fiscal Year 2021-22 Secured Roll. The remaining parcel is comprised of Large Lot 44B represents 10 planned units.
- (5) Comprised of Large Lots 1A and 50. Large Lot 1A is currently charged as Commercial slated to be re-zoned as residential with 48 planned units in the future (final map is expected to record end of 2022). Large Lot 50 represents 53 planned units.
- (6) Comprised of Large Lots 2 and 3 which are slated to be developed as Commercial.
- (7) Comprised of Large Lot 8 which is projected to develop to a 234 Multi-Family affordable planned units.

Source: City of Rocklin, California Municipal Statistics, Sunset Ranchos Investors LLC and Placer County 2021-22 Secured Roll as compiled by Willdan Financial Services.

## ESTIMATED VALUE OF PROPERTY IN THE DISTRICT

*The value of the land within the District is a critical factor in determining the investment quality of the 2022 Bonds. If a property owner defaults in the payment of the Special Tax, the City’s only remedy is to foreclose on the delinquent property in an attempt to obtain funds with which to pay the delinquent Special Tax. A variety of economic, political, and natural occurrences incapable of being accurately predicted can affect land values. See “RISK FACTORS – Land Values.”*

*Unpaid Special Taxes do not constitute a personal indebtedness of the owners of the parcels within the District and the owners have made no commitment to pay the principal of or interest on the 2022 Bonds or to support payment of the 2022 Bonds in any manner. There is no assurance that the owners have the ability to pay the Special Taxes or that, even if they have the ability, they will choose to pay such 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 2022 Bondholder will have the ability at any time to seek payment from the owners of property within the District of any Special Tax or any principal or interest due on the 2022 Bonds, or the ability to control who becomes a subsequent owner of any property within the District.*

### Assessed Valuations

In connection with valuing property in the District, the City has obtained the Fiscal Year 2021-22 County assessed valuation (the “**Assessed Valuation**”) of the property in the District which reflects ownership as of the January 1, 2021 lien date. The “full cash” assessed values of all of the Taxable Parcels in the District has been established by the County Assessor for Fiscal Year 2021-22 in the amount of \$1,459,035,429. The following table summarizes the historical assessed valuation of property in the District since Fiscal Year 2012-13.

**Table 4**  
**Historical Aggregate Secured Assessed Valuation<sup>(1)</sup>**  
**Fiscal Year 2012-13 through 2021-22**

<u>Fiscal Year</u>	<u>Number of Parcels</u>	<u>Land</u>	<u>Structure</u>	<u>Total</u>	<u>Percent Change</u>
2012-13	999	\$98,815,143	\$271,081,109	\$369,896,252	n/a
2013-14	1,014	123,207,107	317,945,978	441,153,085	19%
2014-15	1,178	135,889,541	365,637,853	501,527,394	14%
2015-16	1,110	148,779,584	393,149,275	541,928,859	8%
2016-17	1,424	182,058,320	419,938,502	601,996,822	11%
2017-18	1,853	207,569,127	519,779,238	727,348,365	21%
2018-19	1,901	252,904,427	634,792,511	887,696,938	22%
2019-20	2,145	303,626,869	758,702,977	1,062,329,846	20%
2020-21	2,430	349,541,558	889,946,947	1,239,488,505	17%
2021-22	2,435	420,460,196	1,038,575,233	1,459,035,429	18%

(1) Includes all taxable parcels.

Source: Placer County Secured Property Rolls, as compiled by Willdan Financial Services.

Due to the recent and ongoing nature of development of homes in the District, the County assessed valuations are not in all cases reflective of most current development status. As provided by Article XIII A of the California Constitution, county assessors’ assessed values are to reflect market value as of the date the property was last assessed (or 1975, which ever is more recent), increased by a maximum of 2% per year. Properties may be reassessed by the County only upon

a change of at least 51% ownership of existing property or upon new construction. The assessed values of parcels in the District thus reflect, for undeveloped parcels, the estimate of the County Assessor (the "Assessor") of market value when acquired (or 1975, whichever is later), increased by up to 2% per year, and for parcels on which construction has occurred since their date of acquisition, the Assessor's estimate of market value as of the time of construction, increased by up to 2% per year. The actual market value of parcels in the District, if sold at foreclosure, may be higher or lower than the Assessor's assessed values, depending upon the date of the Assessor's most recent assessment. The actual fair market value of any parcel can often be more accurately established through an arms-length sale or an appraisal by an independent appraiser.

Because of the general limitation to 2% per year in increases in full cash value of properties which remain in the same ownership, the County tax roll does not reflect values uniformly proportional to actual market values. No assurance can be given that should a parcel with delinquent Special Taxes be foreclosed and sold for the amount of the delinquency, that any bid will be received for such property, or if a bid is received that such bid will be sufficient to pay such delinquent installments.

### **Value to Lien Ratios**

The value of the land within the District is a critical factor in determining the investment quality of the 2022 Bonds. If a property owner defaults in the payment of a Special Tax, the City's only remedy is to foreclose on the delinquent property in an attempt to obtain funds with which to pay the delinquent Special Taxes. See "SECURITY FOR THE BONDS – Delinquent Payments; Foreclosure Covenant" and "RISK FACTORS – Bankruptcy and Foreclosure Delays." Reductions in District property values due to a downturn in the economy, natural disasters such as earthquakes or floods, stricter land use regulations or other events could have an adverse impact on the security for payment of the Special Taxes.

The Special Tax is levied on each parcel within the District and only the respective individual parcel is responsible for such Special Tax.

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.

Table 2 and Table 3, above, show the projected special tax levy for Fiscal Year 2022-23, and corresponding value to lien ratios, by development status, and by ownership. The table on the following page provides additional information regarding the value to lien ratios in the District.

**Table 5  
Value to Lien Ratios in the District  
Based on Projected Fiscal Year 2022-23 Levy**

<b>Value to Lien Ratio on Bonded Debt <sup>(1)</sup></b>	<b>Number of Parcels</b>	<b>Fiscal Year 2022-23 Projected Special Tax Levy</b>	<b>Percent of Fiscal Year 2022-23 Projected Special Tax Levy</b>	<b>Total Assessed Values</b>	<b>Allocable Share of Parity Debt <sup>(2)</sup></b>	<b>Allocable Share of Rocklin USD Total Bonded Debt <sup>(3)</sup></b>	<b>Allocable Share of All Bonded Debt <sup>(4)</sup></b>
Greater than 20:1	1,725	\$1,979,835	60.2%	\$1,179,412,399	\$30,300,595	\$15,398,778	\$45,699,374
10:1 to 19.99:1	442	509,299	15.5%	201,157,649	7,794,630	3,896,589	11,691,220
5:1 to 9.99:1	220	356,137	10.8%	48,088,969	5,450,535	1,507,394	6,957,928
4:1 to 4.99:1	4	238,473	7.2%	15,555,924	3,649,745	4,470	3,654,215
3:1 to 3.99:1	12	111,243	3.4%	6,057,210	1,702,535	37,977	1,740,512
2:1 to 2.99:1	21	83,491	2.5%	3,357,687	1,277,805	142,919	1,420,724
1:1 to 1.99:1 <sup>(5)</sup>	6	13,339	0.4%	391,812	204,155	44,660	248,815
N/A <sup>(6)</sup>	5	0	0.0%	5,013,779	0	0	0
<b>Total</b>	<b>2,435</b>	<b>\$3,291,817</b>	<b>100.00%</b>	<b>\$1,459,035,429</b>	<b>\$50,380,000</b>	<b>\$21,032,787</b>	<b>\$71,412,787</b>

(1) Reflects Total Assessed Value divided by allocable Share of Bonds.

(2) Allocable Share of Parity debt is calculated based on the Fiscal Year 2022-23 Projected Special Tax Levy multiplied by the Series 2015 and Series 2019 outstanding principal amount as of May 1, 2022, Series 2022 Bonds to be Issued.

(3) Overlapping direct debt issued by Rocklin Unified School District CFD 3. The Rocklin Unified School District CFD 3 is also pledged to pay debt service on the existing CFDs 1 and 2 Bonds however, only if necessary. As a result, it is not included in the Allocable Share of Overlapping Bonded Debt.

(4) Combined Allocable Share of total direct debt do not include 11 parcels for which there exists PACE liens (all of which are developed single family homes).

(5) There is 1 parcel of the 6 parcels in this category owned by John Mourier Construction with no improvement value. The parcel is expected to subdivide to 10 units in Fiscal Year 2022-23.

(6) Parcels in category "N/A" represents five (5) parcels not projected to be Developed for Fiscal Year 2022-23 as of cut-off date of June 1, 2022 and therefore, will not be levied for Fiscal Year 2022-23. As a result, these parcels do not have an allocable share of all Bonded Debt.

Source: California Municipal Statistics and Placer County 2021-22 Secured Roll as compiled by Willdan Financial Services.

## Special Tax Collection and Delinquency Rate

The table below shows the annual Special Tax levies and current delinquencies since Fiscal Year 2012-13.

**Table 6**  
**Special Tax Collections and Delinquencies**  
**Fiscal Years 2012-13 through 2021-22**

Special Tax Levy and Collection				Special Tax Delinquencies <sup>(1)</sup>						
Fiscal Year Ending June 30	Parcels Levied	Annual Special Tax Levy	Total Annual Special Taxes Collected	At Fiscal Year End			As of February 9 2022			
				No. of Parcels Delinquent	Amount Delinquent	Delinquency Rate	No. of Parcels Delinquent	Amount Delinquent	Delinquency Rate	
2013	999	\$1,492,419	\$1,469,825	17	\$22,594	1.5%	0	0	0.0%	
2014	999	1,561,385	1,547,981	15	13,404	0.9	0	0	0.0	
2015	1,098	1,608,415	1,588,438	14	19,977	1.2	0	0	0.0	
2016	1,110	1,933,398	1,906,537	9	26,861	1.4	0	0	0.0	
2017	1,424	1,936,701	1,923,898	16	12,803	0.7	0	0	0.0	
2018	1,828	1,935,717	1,921,499	22	14,218	0.7	0	0	0.0	
2019	1,829	1,983,882	1,976,745	12	7,137	0.4	0	0	0.0	
2020	2,133	2,334,413	2,315,601	31	18,812	0.8	0	0	0.0	
2021	2,420	2,692,414	2,667,787	44	24,627	0.9	1	471	0.1	
2022 <sup>(3)</sup>	2,425	1,345,977	1,334,011	22	11,966	0.9	22	11,966	0.9	
				<b>Totals:</b>			<b>22<sup>(2)</sup></b>	<b>\$12,437</b>		

(1) Does not include any penalties, interest or fees.

(2) Total delinquent parcels includes one parcel that has delinquencies in Fiscal Year ending June 30, 2021; and 21 parcels for Fiscal Year ending June 30, 2022.

(3) The delinquent amount and percentage for Fiscal Year end 2022 represents first installment only.

Source: Placer County Tax Collector and Placer County 2021/2022 Redemption Roll, as compiled by Willdan Financial Services.

Future delinquencies in the payment of property taxes (including the Special Taxes) with respect to property in the District could result in draws on the 2022 Reserve Account established for the 2022 Bonds, and perhaps, ultimately, a default in the payment on the 2022 Bonds. See "RISK FACTORS."

**Direct and Overlapping Governmental Obligations**

**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.

There can be no assurance that the 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 City 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 a property owner, may be placed upon property in the District at any time. Under California law, the Special Taxes have priority over all existing and future private liens imposed on property subject to the lien of the Special Taxes.

**Overlapping Debt Statement.** Contained within the boundaries of the District are certain overlapping local agencies providing public services. Many of these local agencies have outstanding debt. The direct and overlapping debt affecting the District as of April 1, 2022, is shown in the table below, a direct and overlapping debt report (the “**Debt Report**”) prepared by California Municipal Statistics, Inc. The Debt Report is included for general information purposes only. The City has not reviewed the Debt Report for completeness or accuracy and makes no representation in connection therewith.

The Debt Report generally includes long term obligations sold in the public credit markets by public agencies whose boundaries overlap the boundaries of the District in whole or in part. These long-term obligations are not payable from revenues of the District (except as indicated) nor are they necessarily obligations secured by land within the District. In many cases long-term obligations issued by a public agency are payable only from the general fund or other revenues of such public agency. The amount shown reflects the amount outstanding as of the date indicated and does not reflect the amount of authorized but unissued debt.

The contents of the Debt Report are as follows: (1) the first column indicates the public agencies that have outstanding debt as of the date of the Debt Report and whose territory overlaps the District; (2) the second column shows the percentage of the assessed valuation of the overlapping public agency identified in column 1 which is represented by property located within the District; and (3) the third column is an apportionment of the dollar amount of each public agency’s outstanding debt (which amount is not shown in the table) to property in the District, as determined by multiplying the total outstanding debt of each agency by the percentage of the public agency’s assessed valuation represented in column 2.



**Table 7**  
**Direct and Overlapping Governmental Obligations**  
**As of April 1, 2022**

2021-22 Assessed Valuation: \$1,459,035,429

<u>DIRECT AND OVERLAPPING TAX AND ASSESSMENT DEBT:</u>	<u>% Applicable</u>	<u>Debt 5/1/22</u>
Sierra Joint Community College District SFID No. 4	1.868%	\$ 2,961,347
Rocklin Unified School District General Obligation Bonds	12.758	4,261,693
Rocklin Unified School District Community Facilities District No. 3	83.880	21,032,787 <sup>(1)(2)</sup>
<b>City of Rocklin Community Facilities District No. 10</b>	<b>100.000</b>	<b><u>37,380,000</u></b> <sup>(3)</sup>
TOTAL DIRECT AND OVERLAPPING TAX AND ASSESSMENT DEBT		\$65,635,827
TOTAL OVERLAPPING GENERAL FUND DEBT		\$3,834,258
 COMBINED TOTAL DEBT		 \$69,470,085 <sup>(4)</sup>

Ratios to 2021-22 Assessed Valuation:

A. Direct Debt (\$37,380,000) .....	2.56%
<b>B. Total Direct and Overlapping Tax and Assessment Debt</b> .....	<b>4.50%</b>
Combined Total Debt .....	4.76%

(1) Rocklin Unified School District CFD No. 3 2019 Special Tax Bonds.

(2) Special taxes levied on property within CFD No. 3 are pledged for the debt service on the Rocklin Unified School District CFD No. 1 and CFD No. 2 bonds, however these bonds are excluded because the amount collected in CFD Nos. 1 and 2 are sufficient enough to pay the debt service on those bonds.

(3) Excludes 2022 Bonds to be sold.

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

Source: California Municipal Statistics, Inc.

**City Overlapping Services Districts.** Taxable Property within the District is also included in two community facilities districts and one landscaping and lighting district, each heretofore formed by the City, which are generally applicable to and encompass various major planning areas annexed to the City. Community Facilities District No. 1 (“**CFD No. 1**”) was formed by the City to fund fire protection services throughout various annexed territories within the City and imposes an annual services special tax on all parcels, including commercial, multi-family, industrial and business park parcels. The fiscal year 2021-22 annual special tax is between \$70.00 to \$368.22.

Community Facilities District No. 5 (“**CFD No. 5**”) was formed by the City to fund street and parkway light maintenance, streetscape and open space maintenance and park maintenance within certain annexed territory. CFD No. 5 imposes an annual special tax for services which currently range from \$40.52 to \$1,687.68 per single family parcel in Whitney Ranch for fiscal year 2021-22. The actual maximum is dependent on the number of final subdivision parcels “realized” as compared to the number originally planned.

Landscape and Lighting District No. 2 (“**LLD No. 2**”) also encompasses property within the District and levies and collects an annual assessment which currently ranges from \$5.00 to \$559.08 per single family residential unit in Whitney Ranch Phase I and from \$97.72 to \$233.52 per single family residential unit in Whitney Ranch Phase II (with an equivalent per dwelling unit tax being assessed to multi-family properties) for fiscal year 2021-22 for maintenance of interior street lighting and landscape maintenance costs.

The special tax to be levied annually by CFD No. 1 commences with respect to a given parcel only upon completion of a structure on that parcel. The special tax annually levied by CFD No. 5 and the annual assessment levied by LLD No. 2 may be imposed at any time following annexation.

The range of charges for single family residences in the above districts, regardless of Whitney Ranch overlap, for fiscal year 2022-23 are approximately as follows:

	Lowest	Highest
CFD No. 1	\$70.00	\$379.28
CFD No. 5	\$42.14	\$1,755.18
LLD No. 2	\$5.00	\$581.44

Additionally, certain parcels in the District participate in a solar assessment financing program offered by the County known as PACE, which results in a semi-annual assessment on property tax bills to finance solar panels. Combined total direct debt shown in the tables in this Official Statement does not include 11 parcels for which there exists PACE liens (all of which are developed single family homes) with an aggregate total lien of \$30,056 and an average individual lien of \$2,732.

Pursuant to authorization received from the qualified electors of the City at the general election held on November 3, 1998, and re-authorized at a general election held on November 6, 2018, the City Council levies a supplemental special parcel tax for parks and maintenance on improved single-family lots in the amount of \$30 annually, on improved multi-family parcels in the amount of \$20 per unit annually, and on affordable senior citizen units, as well as unimproved single and multi-family parcels which are included in a subdivision final map filed with the City, in the amount of \$10 per unit. Pursuant to the authorization granted by the qualified electors in 2018, the parcel tax extends through June 30, 2029.

**Other Overlapping Special Tax and Assessment Districts.** A community facilities district established by the Rocklin Unified School District (the “**School CFD No. 3**”) overlaps taxable properties which are located within and which are subject to the Special Taxes imposed by the District. The rate and method of apportionment of special taxes applicable to the School CFD No. 3 applies to residential property only. The maximum special tax that may be levied, in fiscal year 2022-23, against each single family developed parcel is expected to be \$908.05, with two percent increases per year. If necessary, the undeveloped approved parcels may be assigned a back-up tax rate up to the corresponding developed parcel rate. School CFD No. 3 received voter authorization to issue \$36,000,000 in special tax bonds. Bonds have been issued for School CFD No. 3, the special taxes levied on parcels within School CFD No. 3 are being used for debt service on the Rocklin Unified School District CFD No. 3 bonds outstanding in the amount of \$21,032,787, as indicated in footnote 1 to Table 10.

Other overlapping assessments for the taxable properties encompassed by the District include annual assessment levies which are imposed by the Placer County Water Agency and by the Placer County Mosquito Abatement District. These levies are projected to total approximately \$31.90 per single family parcel for Fiscal Year 2022-23.

Other public agencies whose boundaries overlap those of the District could, without the consent of the City and in certain cases without the consent of the owners of the land within the District, impose additional taxes or assessment liens on the land within the District. The purpose would likely be to finance additional regional or local public improvements or services. The lien created on the land within the District through the levy of such additional taxes or assessments may be on parity with the lien of the Special Tax. In addition, construction loans may be obtained by the Master Developer or home loans may be obtained by ultimate homeowners. The deeds of trust securing such debt on property within the District, however, will be in a junior position to the lien of the Special Tax.

**Estimated Effective Tax Rate on Single Family Home**

The Tax Consultant has estimated that the projected overall effective tax rate for a single-family residential property in the District with a median complete assessed value is approximately 1.65% for Fiscal Year 2022-23, as shown in Table 10. This figure may be slightly higher for certain parcels, including parcels participating in a solar assessment financing program (PACE program) offered by the County.

**Table 10  
Effective Tax Rates in the District  
Projected Sample Property Tax Bill for Median-Assessed Value  
Single-Family Property for Fiscal Year 2021-2022 <sup>(1)</sup>**

<b>ASSESSED VALUATION AND PROPERTY TAXES</b>	
Assessed Value	\$607,191.00
Less: Homeowner's Exemption	(7,000.00)
<b>Assessed Values</b>	<b>600,191.00</b>
<i>Tax Rate</i>	<b>1.11%</b>
<b>AD VALOREM PROPERTY TAXES</b>	<b>\$6,652.13</b>
GENERAL PURPOSE/VOTER-APPROVED DEBT	
<b>ASSESSMENTS, SPECIAL TAXES AND PARCEL CHARGES</b>	
Placer Mosquito & Vector Control	\$31.90
City of Rocklin Park Development and Maintenance	30.00
City of Rocklin LLD #2 <sup>(2)</sup>	242.86
City of Rocklin CFD#1 MR <sup>(2)</sup>	357.51
City of Rocklin CFD#5 MR <sup>(2)</sup>	640.16
City of Rocklin CFD#10 <sup>(2)</sup>	1,022.18
Rocklin Unified School CFD#3 MR	908.07
<b>Subtotal: Assessments, Special Taxes and Parcel Charges</b>	<b>\$3,232.68</b>
<b>Total Property Taxes</b>	<b>\$9,884.81</b>
<b>Total Effective Tax Rate</b>	<b>1.65%</b>

(1) Fiscal year 2021-2022 Property Tax Rate for a Single Family detached unit with the median assessed values selected to represent the effective tax rate for a typical home within the CFD 10.  
 (2) Charges reflect the projected charge for the Fiscal Year 2021-2022 levy.  
 (3) Charges reflect the projected charge for the Fiscal Year 2021-2022 levy. Based on the percent of Maximum Tax charged for 2020-21.  
 (4) Charges reflect the projected charge for the Fiscal Year 2021-2022 levy. CFD#1 historically charged at Maximum Tax.  
 Source: 2021-2022 Placer County Tax Collector as compiled by Willdan Financial Services

## **RISK FACTORS**

*The purchase of the 2022 Bonds described in this Official Statement involves a degree of risk that may not be appropriate for some investors. The following includes a discussion of some of the risks which should be considered before making an investment decision.*

### **Limited Obligation of the City to Pay Debt Service**

The City has no obligation to pay principal of and interest on the 2022 Bonds in the event Special Tax collections are delinquent, other than from amounts, if any, on deposit in the 2022 Reserve Account 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 2022 Bonds. The 2022 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 2022 Reserve Account and investment income thereon, and the proceeds, if any, from the sale of property in the event of a foreclosure. See "SECURITY FOR THE BONDS." Any tax for the payment of the 2022 Bonds will be limited to the Special Tax to be collected within the jurisdiction of the District.

### **Remaining Property Development**

Taxable land in the District is largely built-out and owned by individual homeowners. Continuing development of the remaining undeveloped parcels in the District may be adversely affected by changes in general or local economic conditions, fluctuations in or a deterioration of the real estate market, increased construction costs, development, financing and marketing capabilities of the Master Developer or JMC Homes, water or electricity shortages, discovery on the undeveloped property of any plants or animals in their habitat that have been listed as endangered species, changes in laws, and other factors outside the control of the owners of land in the District. Development in the District may also be affected by development in surrounding areas, which may compete with the property in the District. See "–Property Values and Property Development."

### **Exempt Properties**

Certain properties are exempt from the Special Tax in accordance with the Special Tax Formula. In addition, the Act provides that properties or entities of the state, federal or local government are exempt from the Special Tax; provided, however, that property within the District acquired by a public entity through a negotiated transaction, or by gift or devise, that is not otherwise exempt from the Special Tax, will continue to be subject to the Special Tax. It is possible that property acquired by a public entity following a tax sale or foreclosure based upon failure to pay taxes could become exempt from the Special Tax. In addition, the Act provides that if property subject to the Special Tax is acquired by a public entity through eminent domain proceedings, the obligation to pay the Special Tax with respect to that property, for outstanding Bonds only, is to be treated as if it were a special assessment. The constitutionality and operation of these provisions of the Act have not been tested.

In particular, insofar as the Act requires payment of the Special Tax by a federal entity acquiring property within the District, it may be unconstitutional. If for any reason property within the District becomes exempt from taxation by reason of ownership by a nontaxable entity such as the federal government or another public agency, subject to the limitation of the Maximum Special Tax, the Special Tax will be reallocated to the remaining taxable properties within the District. This would

result in the owners of such property paying a greater amount of the Special Tax and could have an adverse impact upon the timely payment of the Special Tax. Moreover, if a substantial portion of land within the District becomes exempt from the Special Tax because of public ownership, or otherwise, the maximum rate that could be levied upon the remaining acreage might not be sufficient to pay principal of and interest on the 2022 Bonds when due and a default would occur with respect to the payment of such principal and interest

### **Property Values and Property Development**

The value of Taxable Property within the District is a critical factor in determining the investment quality of the 2022 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 District'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.

*Neither the District 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 2022 Bonds without regard to any such evaluation. Thus, the creation of the District and the issuance of the 2022 Bonds in no way imply that the District 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 2022 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 2022 Bonds and lower proceeds from any foreclosure sale necessitated by delinquencies in the payment of the Special Tax. See "ESTIMATED VALUE OF PROPERTY WITHIN THE DISTRICT – Value to Lien Ratios." No assurance can be given that the proposed development within the District will be completed, and in assessing the investment quality of the 2022 Bonds, prospective purchasers should evaluate the risks of noncompletion.

*Neither the Master Developer nor JMC Homes provides assurances to the City that the remaining undeveloped portions of the project will be developed or that sources of financing that will actually be available to the Master Developer or JMC Homes will be sufficient to complete its currently projected development. Neither the Master Developer nor JMC Homes has an obligation to the City or to owners of the 2022 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, wildfire or tornadoes. One or more natural disasters could occur and could result in damage to improvements of varying seriousness. The damage may entail significant repair or replacement costs and that repair or replacement may never occur either because of the cost, or because repair or replacement will not facilitate habitability or other use, or because other considerations preclude such repair or replacement. Under any of these circumstances there could be significant delinquencies in the payment of Special Taxes, and the value of the parcels may well depreciate.

***Drought Conditions.*** In recent years and now, the State of California experienced a significant drought that resulted in severe impacts to California's water supplies and its ability to meet all the demands for water in the State. The City cannot predict how long the current drought will last or what effect drought conditions may have on the future development in the District.

***Hazardous Substances.***

Although the City is not aware that the owner (or operator) of any of the property within the District has a current liability for a hazardous substance with respect to any of the parcels, it is possible that such liabilities do currently exist and that the City is not aware of them. A "Phase 1" environmental site assessment was prepared for the property in the District (not including the specific plan Phase 3 property), which did not indicate the presence of any hazardous substance or other environmental concerns within the District.

***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, the discovery of an endangered plant or animal could delay development of vacant property in the District or reduce the value of undeveloped property.

## **Enforceability of Remedies**

The remedies available to the Fiscal Agent and the registered owners of the 2022 Bonds upon a default under the Fiscal Agent Agreement or any other document described in this Official Statement are in many respects dependent upon regulatory and judicial actions that are often subject to discretion and delay. Under existing law and judicial decisions, the remedies provided for under such documents may not be readily available or may be limited. Any legal opinions to be delivered concurrently with the issuance of the 2022 Bonds will be qualified to the extent that the enforceability of the legal documents with respect to the 2022 Bonds is subject to limitations imposed by bankruptcy, reorganization, insolvency or other similar laws affecting the rights of creditors generally and by equitable remedies and proceedings generally.

Judicial remedies, such as foreclosure and enforcement of covenants, are subject to exercise of judicial discretion. A California court may not strictly apply certain remedies or enforce certain covenants if it concludes that application or enforcement would be unreasonable under the circumstances and it may delay the application of such remedies and enforcement.

## **Levy and Collection of Special Taxes**

**General.** The principal source of payment of principal of and interest on the 2022 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 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 Bonds.

In addition to the maximum annual 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 2022 Bonds.

**No Relationship Between Property Value and Special Tax Levy.** Because the Special Tax formula set forth in 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 Bonds, and certainly not a direct relationship.

**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.



**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. For a summary of recent Special Tax collection and delinquency rates in the District, see “THE DISTRICT – Special Tax Collection and Delinquency Rates.”

**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 FOR THE BONDS – Delinquent Payments; Foreclosure Covenant” 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 2022 Bonds pending such sales or the prosecution of foreclosure proceedings and receipt by the City of the proceeds of sale if the 2022 Reserve Account is depleted. See “SECURITY FOR THE BONDS – Delinquent Payments; Foreclosure Covenant.”

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

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.

### **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 FOR THE BONDS — Delinquent Payments; Foreclosure Covenant,” 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 2022 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 2022 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 2022 Reserve Account established for the 2022 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 2022 Reserve Account 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 2022 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 2022 Reserve Account 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 2022 Reserve Account 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 2022 Bonds on a timely basis.

### **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. In general, the liens of these other taxes and assessments are independent and co-equal to the lien securing the Special Taxes. See “ESTIMATED VALUE OF PROPERTY WITHIN THE DISTRICT – Priority of Lien.”

There can be no assurance that property owners within the District will not petition for the formation of other community facilities districts and improvement areas or for a special assessment

district or districts and that parity special taxes or special assessments will not be levied by the City 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 2022 Bonds becoming due on the subsequent respective March 1 and September 1 may be insufficient, except to the extent moneys are available in the 2022 Reserve Account.

In the event of non-payment of Special Taxes, funds in the 2022 Reserve Account, if available, may be used to pay principal of and interest on the 2022 Bonds. If funds in the 2022 Reserve Account 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 2022 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 2022 Reserve Account will be depleted and not be replenished by the levy of the Special Tax.

See “SECURITY FOR THE BONDS — Delinquent Payments; Foreclosure Covenant” 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 FOR THE BONDS — Special Tax Methodology – Limitation on Increases of Special Tax Levy” for a discussion of a limitation imposed by the Act applicable to Special Tax increases on residential property.

**Disclosure to Future Purchasers**

The willingness or ability of an owner of a parcel to pay the Special Tax, even if the value of the property is sufficient to justify payment, may be affected by whether or not the owner was given due notice of the Special Tax authorization at the time the owner purchased the parcel, was informed of the amount of the Special Tax on the parcel should the Special Tax be levied at the maximum tax rate and, at the time of such a levy, has the ability to pay it as well as pay other expenses and obligations. The City has caused a Notice of Special Tax Lien to be recorded in the Office of the Recorder for the County against the real property in the District. Although title companies normally refer to such notices in title reports, there can be no guarantee that such reference will be made or,

if made, that a prospective purchaser or lender will consider such Special Tax obligation when purchasing real property within the District or lending money thereon, as applicable.

California Civil Code Section 1102.6b requires that, in the case of transfers, the seller must at least make a good faith effort to notify the prospective purchaser of the special tax lien in a format prescribed by statute. Failure by an owner of the property to comply with the above requirements, or failure by a purchaser or lessor to consider or understand the nature and existence of the Special Tax, could adversely affect the willingness and ability of the purchaser or lessor to pay the Special Tax when due.

### **No Acceleration Provisions**

The 2022 Bonds do not contain a provision allowing for the acceleration of the 2022 Bonds in the event of a payment default or other default under the terms of the 2022 Bonds or the Fiscal Agent Agreement. Under the Fiscal Agent Agreement, a Bond holder is given the right for the equal benefit and protection of all Bond holders similarly situated to pursue certain remedies. So long as the 2022 Bonds are in book-entry form, DTC will be the sole Bond holder and will be entitled to exercise all rights and remedies of 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 "Proposition 218" 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 Special Tax 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 2022 Bonds 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 2022 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.

### **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 ...

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. 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.

**Changes in Law**

There can be no assurance that the California electorate will not at some future time adopt initiatives or that the Legislature will not enact legislation that will amend the Act or other laws or the Constitution of the State resulting in a reduction of Special Tax Revenues available to pay debt service on the 2022 Bonds.

**Loss of Tax Exemption**

As discussed under the caption "TAX MATTERS," interest on the 2022 Bonds could become includable in gross income for purposes of federal income taxation retroactive to the date the 2022 Bonds were issued, as a result of future acts or omissions of the City in violation of its covenants in the Fiscal Agent Agreement. In addition, current and future legislative proposals, if enacted into law, may cause interest on the 2022 Bonds to be subject, directly or indirectly, to federal income taxation by, for example, changing the current exclusion or deduction rules to limit the aggregate amount of interest on state and local government bonds that may be treated as tax exempt by individuals. Should such an event of taxability occur, the 2022 Bonds are not subject to special redemption and will remain outstanding until maturity or until redeemed under other provisions set forth in the Fiscal Agent Agreement.

**Secondary Market**

There can be no guarantee that there will be a secondary market for the 2022 Bonds, or, if a secondary market exists, that the 2022 Bonds can be sold for any particular price. Occasionally, because of general market conditions or because of adverse history or economic prospects connected with a particular issue, secondary marketing practices in connection with a particular issue are suspended or terminated. Additionally, prices of issues for which a market is being made will depend upon the then prevailing circumstances.

**COVID-19 Pandemic**

The spread of the COVID-19 coronavirus pandemic, and responses intended to slow its spread, may result in negative impacts to the homebuilding operations and sales of homes within the District. In addition, no assurance can be given that the property tax payment dates will not be deferred in the future, which may cause a delay in the receipt of Special Taxes by the City for the payment of the Bonds. Although to date, neither the Master Developer or JMC Homes reports any material adverse impact to development or sales within the District, no assurance can be given as to any future impacts of COVI-19.

The COVID-19 outbreak is ongoing, and its duration and severity and economic effects are uncertain in many respects. Uncertain too are the additional actions that may be taken by federal, State and local governmental authorities to contain or mitigate the effects of the outbreak. Negative impacts on the collection of Special Taxes could occur because Special Tax payments are deferred, or some taxpayers may be unable to make their property and special tax payments. Additionally, the value of property on future secured property tax rolls could be reduced, which will not be known until the applicable tax roll is released. The negative impacts of COVID-19 and efforts to contain its spread may reduce or negatively affect the pace of development activity in the District, as well as home sales, home prices, property values and/or the ability or willingness of property owners to pay Special Taxes levied upon their property, all of which could impact the City's ability to pay debt service on the Bonds.

**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 Bonds. The City is also reliant on other entities and service providers in connection with the administration of the 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.

**Bonds Subject to Mandatory Redemption from Prepayments**

The 2022 Bonds are subject to mandatory redemption from prepayment of special taxes. Such prepayments could be made by any of the owners of any of the property within the District, including the Master Developer, JMC Homes or any individual property owner. 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. The resulting redemption of 2022

Bonds that were purchased at a price greater than the applicable redemption price could reduce the otherwise expected yield on such 2022 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 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.

## 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 2022 Bonds is excluded from gross income for federal income tax purposes and such interest is not an item of tax preference for purposes of the federal alternative minimum tax.



The opinions set forth in the preceding paragraph are subject to the condition that the City comply with all requirements of the Internal Revenue Code of 1986, as amended (the “**Tax Code**”) relating to the exclusion from gross income for federal income tax purposes of interest on obligations such as the 2022 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 2022 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 2022 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 2022 Bonds who purchase the 2022 Bonds after the initial offering of a substantial amount of such maturity. Owners of such 2022 Bonds should consult their own tax advisors with respect to the tax consequences of ownership of 2022 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 2022 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 2022 Bond (said term being the shorter of the 2022 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 2022 Bond for purposes of determining taxable gain or loss upon disposition. The amount of original issue premium on a 2022 Bond is amortized each year over the term to maturity of the 2022 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 2022 Bond premium is not deductible for federal income tax purposes. Owners of premium 2022 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 2022 Bonds.

***California Tax Status.*** In the further opinion of Bond Counsel, interest on the 2022 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 2022 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 2022 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 2022 Bonds, or as to the consequences of owning or receiving interest on the 2022 Bonds, as of any future date. Prospective purchasers of the 2022 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 2022 Bonds should also be aware that the ownership or disposition of, or the accrual or receipt of interest on, the 2022 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 2022 Bonds, the ownership, sale or disposition of the 2022 Bonds, or the amount, accrual or receipt of interest on the 2022 Bonds.

## RATINGS

S&P Global Ratings, a Standard & Poor's Financial Services LLC business ("S&P"), has assigned the rating of "\_\_\_" to the 2022 Bonds. Such rating reflects only the views of S&P and any desired explanation of the significance of such rating should be obtained from S&P at 55 Water Street, New York, NY 10041. Generally, a rating agency bases its rating on the information and materials furnished to it and on investigations, studies and assumptions of its own. There is no assurance such rating will continue for any given period of time or that such rating will not be revised downward or withdrawn entirely by S&P, if in the judgment of S&P, circumstances so warrant. Any such downward revision or withdrawal of such rating may have an adverse effect on the market price for the 2022 Bonds. [Add Insured Rating, if applicable]

## CONTINUING DISCLOSURE

The City will covenant for the benefit of owners of the 2022 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) commencing not later than April 1, 2023 with the report for the 2021-22 fiscal year (the "**Annual Report**"), and to provide notices of the occurrence of certain listed events. The specific nature of the information to be contained in the Annual Report or the notices of listed events is summarized in "APPENDIX D – Form of Continuing Disclosure Certificate," attached to this Official Statement. These covenants have been made in order to assist the Underwriters in complying with Securities Exchange Commission Rule 15c2 12(b)(5) (the "**Rule**").

The City and its related governmental entities have previously entered into numerous disclosure undertakings under the Rule in connection with the issuance of long-term obligations. During the previous five years, the City and its related governmental entities have complied in all material respects with their continuing disclosure undertakings under the Rule, except as follows: **[Underwriter to Review/Confirm/Update]**

- notices for certain rating changes were not timely filed after the date of the rating change; and
- certain filings were not correctly linked to all CUSIPs of a series of bonds that are no longer outstanding.

All information required to have been filed in accordance with prior continuing disclosure undertakings has now been filed with respect to obligations that remain outstanding.

## CONCLUDING INFORMATION

### Underwriting

The 2022 Bonds are being purchased by Stifel, Nicolaus & Company, Incorporated and Piper Sandler & Co., as underwriters (the “**Underwriters**”). The Underwriters have agreed to purchase the 2022 Bonds at a price of \$ \_\_\_\_\_ (being the principal amount of the 2022 Bonds less a net original issue discount of \$ \_\_\_\_\_ and less an Underwriters’ discount of \$ \_\_\_\_\_). The initial public offering prices set forth on the cover page hereof may be changed by the Underwriters. The Underwriters may offer and sell the 2022 Bonds to certain dealers and others at a price lower than the public offering prices set forth on the inside cover page hereof.

Piper Sandler & Co. has entered into a distribution agreement with Charles Schwab & Co., Inc. (“**CS&Co.**”) for the retail distribution of certain securities offerings at the original issue prices. Pursuant to the agreement, CS&Co. will purchase the 2022 Bonds from Piper Sandler & Co. at the original issue price less a negotiated portion of the selling concession applicable to any 2022 Bonds that CS&Co. sells.

The Underwriters may offer and sell 2022 Bonds to certain dealers and others at a price lower than the offering price stated on the inside cover page of this Official Statement. The offering price may be changed from time to time by the Underwriters.

### Municipal Advisor

The City has retained the services of NHA Advisors, LLC, San Rafael, California, as municipal advisor in connection with the sale of the 2022 Bonds. The municipal advisor is not obligated to undertake, and has not undertaken to make, an independent verification or to assume responsibility for the accuracy, completeness or fairness of the information contained in this Official Statement.

### Legal Matters

The final approving opinion of Jones Hall, A Professional Law Corporation, San Francisco, California, Bond Counsel, will be delivered at the time of delivery of the 2022 Bonds. A copy of the proposed form of Bond Counsel’s final approving opinion with respect to the 2022 Bonds is attached hereto as APPENDIX C. In addition, certain legal matters will be passed on by Jones Hall, A Professional Law Corporation, as Disclosure Counsel and Stradling Yocca Carlson & Rauth, a Professional Corporation, as Underwriters’ Counsel. Certain legal matters will be passed on for the

City by the City Attorney. *Compensation paid to Bond Counsel, Disclosure Counsel and Underwriters' Counsel is contingent upon the sale and delivery of the 2022 Bonds.*

**No Litigation**

There is no action, suit or proceeding known to the City to be pending and notice of which has been served upon and received by the City, or threatened, restraining or enjoining the execution or delivery of the 2022 Bonds or the Fiscal Agent Agreement or in any way contesting or affecting the validity of the foregoing or any proceedings of the City taken with respect to any of the foregoing.

**Miscellaneous**

All of the preceding summaries of the Fiscal Agent Agreement, the Act, other agreements and other documents 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. Reference is hereby made to such documents on file with the City for further information in connection therewith.

This Official Statement does not constitute a contract with the purchasers of the 2022 Bonds. Any statements made in this Official Statement involving matters of opinion or 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.

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

**CITY OF ROCKLIN**

By: \_\_\_\_\_  
City Manager

**APPENDIX A**

**RATE AND METHOD OF APPORTIONMENT OF SPECIAL TAX**

## APPENDIX B

### SUPPLEMENTAL INFORMATION - CITY OF ROCKLIN AND COUNTY OF PLACER

*The following information concerning the City of Rocklin (the “City”) and the County of Placer (the “County”), is included only for the purpose of supplying general information. The 2022 Bonds are not a debt of the City, the County, the State of California (the “State”) or any of its political subdivisions, and neither the City, the County, the State nor any of its political subdivisions is liable therefor, except to the extent of the Special Tax Revenues and other amounts pledged by the City to the 2022 Bonds as described in this Official Statement.*

#### **General**

The County, which covers an estimated area of 1,500 square miles, is bordered by the State of Nevada on the east, Nevada County on the north, Yuba and Sutter Counties on the west and by Sacramento and El Dorado Counties on the south. The County is included (along with Sacramento County and El Dorado County in the three-county Sacramento Metropolitan Statistical Area. There are six incorporated cities in the County, of which four (Auburn, Lincoln, Rocklin and Roseville) have populations of 10,000 or more, with Auburn being the County seat.

Incorporated in 1893 as a general law city, the City is located in the County on Interstate 80, 20 miles northeast of Sacramento, 105 miles northeast of San Francisco, 90 miles southwest of Lake Tahoe and 120 miles southwest of Reno. Rocklin’s climate closely tracks that of the Sacramento Metropolitan region. It is characterized by comfortable fall and spring temperatures in the 70’s and warm summers. Annual rainfall is 21 inches per year.

#### **Topography and Climate**

The County offers a great variety of elevations and terrain. From a minimum of 40 feet above sea level in the southwestern corner of the County near Roseville, the land rises to an elevation of 9,000 feet at the summit of the Sierra Nevada Mountains, near the County’s northeastern boundary. The western portion of the County, an area of rolling foothills, provides the site for several large industrial areas and a major railroad marshaling and switching yard. To the northeast, the terrain becomes more mountainous, advancing from orchard land to high elevation timberland. The eastern side of the County, particularly the area surrounding Lake Tahoe, provides a setting for high-altitude winter sports and summer recreational activities. Over much of its length, the County is bounded by the American and Bear Rivers.

The climate in the lower elevations is generally characterized by warm summers and mild winters. The higher elevations experience the extremes of winter typical of such climates. In the more populated areas, monthly averages of daily extreme temperatures range from 39 degrees Fahrenheit minimum to 52 degrees Fahrenheit maximum in January, and 58 degrees Fahrenheit and 90 degrees Fahrenheit in July. The average annual rainfall is 36 inches, with an average annual snowfall of 216 inches in the Lake Tahoe area. Approximately 90% of average annual rainfall occurs in the six-month period extending from November to April.

## Population

The following table shows population estimates for the City, the County and the State for the last five years.

**CITY OF ROCKLIN, PLACER COUNTY AND STATE OF CALIFORNIA**  
**Population Estimates**  
**Calendar Years 2018 through 2022 as of January 1**

<b>Year (January 1)</b>	<b>City of Rocklin</b>	<b>Placer County</b>	<b>State of California</b>
2018	66,476	388,872	39,519,535
2019	68,869	395,345	39,605,361
2020	69,702	399,015	39,648,938
2021	71,644	407,517	39,303,157
2022	71,663	409,025	39,185,605

*Source: State Department of Finance.*

## Employment and Industry

The unemployment rate in the Sacramento--Roseville--Arden-Arcade MSA was 3.7 percent in March 2022, down from a revised 4.4 percent in February 2022, and below the year-ago estimate of 7.6 percent. This compares with an unadjusted unemployment rate of 4.2 percent for California and 3.8 percent for the nation during the same period. The unemployment rate was 3.3 percent in El Dorado County, 2.8 percent in Placer County, 4.0 percent in Sacramento County, and 3.7 percent in Yolo County.

The table below lists employment by industry group for the County for the years 2017 to 2021.

### PLACER COUNTY Annual Averages Civilian Labor Force, Employment and Unemployment, Employment by Industry (March 2021 Benchmark)

	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>
<b><u>Civilian Labor Force</u></b> <sup>(1)</sup>	1,074,000	1,088,300	1,100,800	1,091,700	1,099,300
Employment	1,024,800	1,046,900	1,060,300	994,000	1,028,800
Unemployment	49,200	41,500	40,500	97,700	70,500
Unemployment Rate	4.6%	3.8%	3.7%	9.0%	6.4%
<b><u>Wage and Salary Employment</u></b> <sup>(2)</sup>					
Agriculture	9,800	9,100	8,700	8,300	9,000
Mining and Logging	400	500	500	600	700
Construction	58,700	64,500	69,400	70,200	74,100
Manufacturing	35,700	36,000	36,800	36,100	37,500
Wholesale Trade	26,500	28,400	28,600	26,500	26,400
Retail Trade	101,400	102,000	100,500	95,200	101,100
Transportation, Warehousing and Utilities	27,400	29,500	32,200	34,300	37,100
Information	12,600	12,400	11,900	10,200	10,000
Finance and Insurance	37,400	36,700	35,200	34,800	34,300
Real Estate and Rental and Leasing	15,200	16,800	17,300	16,900	17,400
Professional and Business Services	132,400	136,000	137,200	132,500	136,700
Educational and Health Services	153,600	159,800	166,600	164,000	168,400
Leisure and Hospitality	103,300	106,200	109,600	83,900	92,800
Other Services	33,000	34,200	35,400	31,000	32,600
Federal Government	14,200	14,100	14,200	14,800	14,500
State Government	118,400	120,400	121,900	121,700	126,800
Local Government	102,600	103,500	105,300	98,900	98,000
<b>Total, All Industries</b> <sup>(3)</sup>	<u>982,500</u>	<u>1,009,900</u>	<u>1,031,300</u>	<u>979,700</u>	<u>1,017,200</u>

(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.



## Largest Employers

The following tables show the largest major employers in the City and the County.

### CITY OF ROCKLIN Major Employers As of June 30, 2021

<u>Employer</u>	<u>Number of Employees</u>
Sierra Joint Community College District	1,200
Horizon West Healthcare, Inc.	909
Rocklin Unified School District	889
Oracle America, Inc.	772
S.E. Scher Corporation	663
American Healthcare Admin. Services, Inc.	490
United Natural Foods, Inc.	385
SMA America Production LLC	377
City of Rocklin	238
First Technology Federal Credit Union	211

*Source: City of Rocklin Comprehensive Annual Financial Report for fiscal year ended June 30, 2021.*

### PLACER COUNTY Major Employers (Listed alphabetically) As of April 2022

<u>Employer Name</u>	<u>Location</u>	<u>Industry</u>
Alpine Meadows Ski Resort	Alpine Meadows	Resorts
Backyard Bar & BBQ	Truckee	Restaurants
Composite Engineering Inc	Roseville	Engineers-Professional
Costco Wholesale	Roseville	Wholesale Clubs
Golfand Sunsplash Roseville	Roseville	Golf Courses-Miniature
Kaiser Permanente Roseville MD	Roseville	Hospitals
Northstar California	Truckee	Resorts
Oracle	Rocklin	Computer Software-Manufacturers
Placer County Fire Dept	Auburn	Fire Departments
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
Prudential California Realty	Auburn	Real Estate
Q I P-Roseville	Roseville	Real Estate Management
Resort At Squaw Creek A	Alpine Meadows	Hotels & Motels
Roseville Toyota	Roseville	Automobile Dealers-New Cars
Sheriff's Training	Auburn	Government Offices-County
Sierra Joint Cmnty Clg Dist	Rocklin	School Districts
Stagg Howard A Pro Corp	Roseville	Attorneys
Sutter Auburn Faith Hospital	Auburn	Hospitals
Sutter Roseville Med Ctr Fndtn	Roseville	Hospitals
TASQ Technology	Roseville	Importers (whls)
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, 2022 2nd Edition.*

## Effective Buying Income

“Effective Buying Income” is defined as personal income less personal tax and nontax payments, a number often referred to as “disposable” or “after-tax” income. Personal income is the aggregate of wages and salaries, other labor-related 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, 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), nontax payments (fines, fees, penalties, etc.) and personal contributions to social insurance. According to U.S. government definitions, the resultant figure is commonly known as “disposable personal income.”

The following table summarizes the total effective buying income for the County of Placer, the State and the United States for the period 2018 through 2022.

### CITY OF ROCKLIN; PLACER COUNTY Effective Buying Income As of January 1, 2018 through 2022

Year	Area	Total Effective Buying Income (000's Omitted)	Median Household Effective Buying Income
2018	City of Rocklin	\$2,157,853	\$73,581
	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 Rocklin	\$2,558,173	\$80,487
	Placer County	14,736,480	74,797
	California	1,183,264,399	62,637
	United States	9,017,967,563	52,841
2020	City of Rocklin	\$2,571,510	\$80,567
	Placer County	14,333,583	72,431
	California	1,243,564,816	65,870
	United States	9,487,165,436	55,303
2021	City of Rocklin	\$2,903,635	\$86,176
	Placer County	16,085,312	76,947
	California	1,290,894,604	67,956
	United States	9,809,944,764	56,790
2022	City of Rocklin	\$3,237,704	\$95,491
	Placer County	18,491,490	88,051
	California	1,452,426,153	77,058
	United States	11,208,582,541	64,448

Source: Source: The Nielsen Company (US), Inc for year 2018; Claritas, LLC for 2019 through 2022.

**Commercial Activity**

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

Total taxable sales during calendar year 2021 in the City were reported to be \$1,741,639,136, a 21.36% increase over the total taxable sales of \$1,435,085,615 reported during calendar year 2020.

**CITY OF ROCKLIN  
Taxable Transactions  
Number of Permits and Valuation of Taxable Transactions  
(Dollars in Thousands)**

	<u>Retail Stores</u>		<u>Total All Outlets</u>	
	<u>Number of Permits</u>	<u>Taxable Transactions</u>	<u>Number of Permits</u>	<u>Taxable Transactions</u>
2017	986	918,403	1,629	1,155,988
2018	988	1,104,230	1,711	1,339,412
2019	1,009	1,146,320	1,805	1,378,382
2020	1,009	1,157,752	1,997	1,435,086
2021	968	1,288,870	1,788	1,741,639

*Source: State Department of Tax and Fee Administration.*

Total taxable transactions in the County during calendar year 2021 were reported to be \$12,617,738,723, a 21.55% increase above the total taxable transactions of \$10,380,854,256 reported during calendar year 2020.

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

	<u>Retail Stores</u>		<u>Total All Outlets</u>	
	<u>Number of Permits</u>	<u>Taxable Transactions</u>	<u>Number of Permits</u>	<u>Taxable Transactions</u>
2017	8,713	7,194,952	13,365	9,428,862
2018	8,717	7,724,326	13,794	9,909,906
2019	8,771	7,954,572	14,193	10,359,479
2020	9,165	7,979,609	15,141	10,380,854
2021	8,130	9,627,064	13,720	12,617,739

*Source: State Department of Tax and Fee Administration.*

## Construction

Provided below are the building permits and valuations for the City and the County, for calendar years 2016 through 2020.

### CITY OF ROCKLIN Total Building Permit Valuations<sup>(1)</sup> (Valuations in Thousands)

	2016	2017	2018	2019	2020
<u>Permit Valuation</u>					
New Single-family	\$154,530.8	\$190,478.5	\$207,537.2	\$154,343.2	\$164,808.5
New Multi-family	22,918.8	35,285.2	0.0	0.0	0.0
Res. Alterations/Additions	<u>5,470.4</u>	<u>5,315.8</u>	<u>6,236.0</u>	<u>4,495.6</u>	<u>4,262.7</u>
Total Residential	182,920.0	231,079.5	213,773.2	158,838.8	169,808.5
New Commercial	4,856.3	19,160.1	3,603.4	8,203.4	16,964.5
New Industrial	0.0	0.0	0.0	0.0	0.0
New Other	14,493.4	8,924.0	9,584.7	14,406.1	15,594.8
Com. Alterations/Additions	<u>10,860.7</u>	<u>15,030.2</u>	<u>11,798.8</u>	<u>12,255.7</u>	<u>11,778.1</u>
Total Nonresidential	30,210.4	43,114.3	24,986.9	34,865.2	44,337.4
New Dwelling Units					
Single Family	544	698	585	439	423
Multiple Family	<u>220</u>	<u>267</u>	<u>0</u>	<u>0</u>	<u>0</u>
TOTAL	764	965	585	439	423

(1) Totals may not add due to rounding.

Source: Construction Industry Research Board, Building Permit Summary.

### PLACER COUNTY Total Building Permit Valuations<sup>(1)</sup> (Valuations in Thousands)

	2016	2017	2018	2019	2020
<u>Permit Valuation</u>					
New Single-family	\$776,410.8	\$771,800.5	\$696,737.4	\$693,647.7	\$827,822.1
New Multi-family	42,395.7	92,565.2	2,338.5	7,896.7	72,442.8
Res. Alterations/Additions	<u>79,543.6</u>	<u>89,429.2</u>	<u>99,341.6</u>	<u>86,964.2</u>	<u>52,330.8</u>
Total Residential	898,350.1	953,794.9	798,417.5	788,508.6	952,595.7
New Commercial	84,953.2	138,675.8	90,424.3	73,609.7	58,855.0
New Industrial	535.1	0.0	7,956.4	268.7	25.0
New Other	90,958.7	57,356.4	68,280.3	110,951.1	76,576.0
Com. Alterations/Additions	<u>64,524.2</u>	<u>94,058.6</u>	<u>84,271.0</u>	<u>78,159.7</u>	<u>49,149.7</u>
Total Nonresidential	240,971.2	290,090.8	250,932.0	262,989.2	184,605.7
New Dwelling Units					
Single Family	2,102	2,500	1,963	2,080	2,552
Multiple Family	<u>322</u>	<u>783</u>	<u>19</u>	<u>71</u>	<u>540</u>
TOTAL	2,424	3,283	1,982	2,151	3,092

(1) Totals may not add due to rounding.

Source: Construction Industry Research Board, Building Permit Summary.

**APPENDIX C**  
**FORM OF OPINION OF BOND COUNSEL**

[Closing Date]

City Council  
City of Rocklin  
3970 Rocklin Road  
Rocklin, California 95677

**OPINION:**        \$\_\_\_\_\_ City of Rocklin Community Facilities District No. 10  
                      (Whitney Ranch) Special Tax Bonds Series 2022

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Members of the City Council:

We have acted as bond counsel to the City of Rocklin (the "City") in connection with the issuance by the City of its City of Rocklin Community Facilities District No. 10 (Whitney Ranch) Special Tax Bonds Series 2022 (the "Bonds"). In such capacity, we have examined such law and such certified proceedings, certifications and other documents as we have deemed necessary to render this opinion.

The Bonds are issued pursuant to the Mello-Roos Community Facilities Act of 1982, as amended, being sections 53311 et seq. of the California Government Code (the "Act"), and that certain Fiscal Agent Agreement, dated as of July 1, 2015, by and between the City and U.S. Bank Trust Company, National Association, as successor fiscal agent (the "Fiscal Agent"), as supplemented and amended by Supplemental Agreement No. 2 to the Fiscal Agent Agreement dated as of June 1, 2022 and Supplemental Agreement No. 1 to the Fiscal Agent Agreement dated as of May 1, 2019 (collectively, the "Fiscal Agent Agreement"). Under the Fiscal Agent Agreement, the City has pledged certain revenues ("Special Tax Revenues") for the payment of principal, premium (if any) and interest on the Bonds when due.

Regarding questions of fact material to our opinion, we have relied on 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 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. Each of the Supplemental Agreement and the Fiscal Agent Agreement has been duly entered into by the City and constitutes a valid and binding obligation of the City, enforceable against the City.

4. The Fiscal Agent Agreement creates a valid lien on the Special Tax Revenues and other funds pledged by the Fiscal Agent Agreement for the security of the Bonds, on a parity with other bonds issued or to be issued in accordance with 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 and the Fiscal Agent Agreement 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 D

### FORM OF CONTINUING DISCLOSURE CERTIFICATE

\$ \_\_\_\_\_  
**CITY OF ROCKLIN**  
**COMMUNITY FACILITIES DISTRICT NO. 10 (WHITNEY RANCH)**  
**SPECIAL TAX BONDS, SERIES 2022**

This CONTINUING DISCLOSURE CERTIFICATE (this “**Disclosure Certificate**”) is executed and delivered by the CITY OF ROCKLIN (the “**City**”) in connection with the execution and delivery of the bonds captioned above (the “**2022 Bonds**”). The 2022 Bonds are issued pursuant to that certain Fiscal Agent Agreement, dated as of July 1, 2015, by and between the City and U.S. Bank Trust Company, National Association, as successor fiscal agent (the “**Fiscal Agent**”), as supplemented and amended by Supplemental Agreement No. 2 to the Fiscal Agent Agreement dated as of June 1, 2022 and Supplemental Agreement No. 1 to the Fiscal Agent Agreement dated as of May 1, 2019 (collectively, the “**Fiscal Agent Agreement**”).

The City 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 2022 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, 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 2022 Bonds.

“Participating Underwriters” means Stifel, Nicolaus & Company, Incorporated and Piper Sandler & Co., as the original underwriters of the 2022 Bonds required to comply with the Rule in connection with offering of the 2022 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, 2023, with the report for the 2021-22 fiscal year, provide to the MSRB, in an electronic format as prescribed by the MSRB, an Annual Report that is consistent with the requirements of Section 4 of this Disclosure Certificate. Not later than 15 Business Days prior to the Annual Report Date, the City shall provide the Annual Report to the Dissemination Agent (if other than the City). If by 15 Business Days prior to the Annual Report Date the Dissemination Agent (if other than the City) has not received a copy of the Annual Report, the Dissemination Agent shall contact the City to determine if the City is in compliance with the previous sentence. The Annual Report may be submitted as a single document or as separate documents comprising a package, and may include by reference other information as provided in Section 4 of this Disclosure Certificate; provided that the audited financial statements of the City may be submitted separately from the balance of the Annual Report, and later than the Annual Report Date, if not available by that date. If the City’s fiscal year changes, it shall give notice of such change in the same manner as for a Listed Event under Section 5(c). The City shall provide a written certification with each Annual Report furnished to the Dissemination Agent to the effect that such Annual Report constitutes the Annual Report required to be furnished by the City hereunder.

(b) If the City does not provide (or cause the Dissemination Agent to provide) an Annual Report by the Annual Report Date, the City shall provide (or cause the Dissemination Agent to provide) to the MSRB in a timely manner, 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) Unless otherwise provided in the audited financial statements filed on or before the Annual Report Date, financial information and operating data with respect to the City for the preceding fiscal year, substantially similar to that provided in the corresponding tables in the Official Statement:

(i) Principal amount of outstanding 2022 Bonds and parity debt.

(ii) Balance in the 2022 Reserve Account, and statement of the Reserve Requirement for the 2022 Bonds. Statement of projected draw, if any, on the 2022 Reserve Account.

(iii) Balance in other funds and accounts held by the City or Fiscal Agent related to the Bonds.

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

(v) The Special Tax levy, the delinquency rate, total amount of delinquencies, number of parcels delinquent in payment for the five most recent fiscal years.

(vi) Notwithstanding the June 30th reporting date for the Annual Report, the following information, which shall be reported as of the last day of the month immediately preceding the date of the Annual Report rather than as of June 30th:

(A) Identity of each delinquent taxpayer responsible for 5% or more of total special tax levied.

(B) With respect to each taxpayer identified in clause (A), assessed value of applicable properties, amount of Special Tax levied, amount delinquent by owner and status of foreclosure proceedings (if any foreclosure has been completed, summary of results of foreclosure sales or transfers).

(vii) Most recently available total assessed value of all parcels in the District subject to the Special Tax, together with value to bonded debt ratio, broken out by (A) Developed Property, consisting of (i) single-family residential property with improvement values, (ii) single-family residential property without improvement values, (iii) other developed property, and (B) Undeveloped Property, substantially in the form of Table 2.

(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 2022 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 (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 (see clause (e) for definition of “financial obligation”).

- (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 (see clause (e) for definition of “financial obligation”).

(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 the Listed Event described in subsection (a)(8) 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 2022 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 2022 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.

(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 Municipal Securities Rulemaking Board 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 2022 Bonds. If such termination occurs prior to the final maturity of the 2022 Bonds, the City shall give notice of such termination in the same manner as for a Listed Event under Section 5(c).

Section 8. Dissemination Agent. The City may, from time to time, appoint or engage a Dissemination Agent to assist it in carrying out its obligations under this Disclosure Certificate, and may discharge any Dissemination Agent, with or without appointing a successor Dissemination Agent. 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 2022 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 2022 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 2022 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 2022 Bonds.

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

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

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

Section 10. Additional Information. Nothing in this Disclosure Certificate shall be deemed to prevent the City from disseminating any other information, using the means of dissemination set forth in this Disclosure Certificate or any other means of communication, or including any other information in any Annual Report or notice of occurrence of a Listed Event, in addition to that which is required by this Disclosure Certificate. If the City chooses to include any information in

any Annual Report or notice of occurrence of a Listed Event in addition to that which is specifically required by this Disclosure Certificate, the City shall have no obligation under this Disclosure Certificate to update such information or include it in any future Annual Report or notice of occurrence of a Listed Event.

Section 11. Default. If the City fails to comply with any provision of this Disclosure Certificate, the Participating Underwriter or any holder or beneficial owner of the 2022 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 2022 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 2022 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 2022 Bonds, and shall create no rights in any other person or entity.

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

Date: \_\_\_\_\_, 2022

**CITY OF ROCKLIN**, for and on behalf of City of Rocklin Community Facilities District No. 10 (Whitney Ranch)

By: \_\_\_\_\_

Name: \_\_\_\_\_

Title: \_\_\_\_\_

Acknowledged and Agreed to by:

Willdan Financial Services, as  
Dissemination Agent

By:

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

**EXHIBIT A**

**NOTICE OF FAILURE TO FILE ANNUAL REPORT**

Name of Issuer: City of Rocklin

Name of Issue: City of Rocklin Community Facilities District No. 10 (Whitney Ranch) Special Tax Bonds Series 2022

Date of Issuance: \_\_\_\_\_, 2022

NOTICE IS HEREBY GIVEN that the City of Rocklin (the "City") on behalf of City of Rocklin Community Facilities District No. 10 (Whitney Ranch) has not provided an Annual Report with respect to the above-named Bonds as required by the Continuing Disclosure Certificate dated as of \_\_\_\_\_, 2022. The City anticipates that the Annual Report will be filed by \_\_\_\_\_.

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

DISSEMINATION AGENT:

\_\_\_\_\_

By: \_\_\_\_\_  
Its: \_\_\_\_\_

cc: City of Rocklin

**APPENDIX E**

**SUMMARY OF CERTAIN PROVISIONS  
OF THE FISCAL AGENT AGREEMENT**



## APPENDIX F

### BOOK-ENTRY ONLY SYSTEM

#### Book-Entry System

DTC will act as securities depository for the 2022 Bonds. The 2022 Bonds will be issued as fully-registered bonds registered in the name of Cede & Co. (DTC's partnership nominee). One fully-registered 2022 Bond will be issued for each maturity of the 2022 Bonds, each in the aggregate principal amount of such maturity, and will be deposited with DTC. DTC is a limited-purpose trust company organized under the New York Banking Law, a "banking organization" within the meaning of the New York Banking Law, a member of the Federal Reserve System, a "clearing corporation" within the meaning of the New York Uniform Commercial Code, and a "clearing agency" registered pursuant to the provisions of Section 17A of the Securities Exchange Act of 1934. DTC holds securities that its participants (the "**Participants**") deposit with DTC. DTC also facilitates the settlement among Participants of securities transactions, such as transfers and pledges, in deposited securities through electronic computerized book-entry changes in Participants' accounts, thereby eliminating the need for physical movement of securities certificates. "**Direct Participants**" include securities brokers and dealers, banks, trust companies, clearing corporations, and certain other organizations. DTC is owned by a number of its Direct Participants and by the New York Stock Exchange, Inc., the American Stock Exchange, Inc. and the National Association of Securities Dealers, Inc. Access to the DTC system is also available to others such as securities brokers and dealers, banks, and trust companies that clear through or maintain a custodial relationship with a Direct Participant, either directly or indirectly ("**Indirect Participants**"). The Rules applicable to DTC and its Participants are on file with the Securities and Exchange Commission.

Purchases of the 2022 Bonds under the DTC system must be made by or through Direct Participants, which will receive a credit for the 2022 Bonds on DTC's records. The ownership interest of each actual purchaser of each 2022 Bond ("**Beneficial Owner**") is in turn to be recorded on the Direct and Indirect Participants' records. Beneficial Owners will not receive written confirmation from DTC of their purchase, but Beneficial Owners are expected to receive written confirmations providing details of the transaction, as well as periodic statements of their holdings, from the Direct or Indirect Participant through which the Beneficial Owner entered into the transaction. Transfers of ownership interests in the 2022 Bonds are to be accomplished by entries made on the books of Participants acting on behalf of Beneficial Owners. Beneficial Owners will not receive certificates representing their ownership interests in the 2022 Bonds, except in the event that use of the book-entry system for the 2022 Bonds is discontinued. To facilitate subsequent transfers, all 2022 Bonds deposited by Participants with DTC are registered in the name of DTC's partnership nominee, Cede & Co. The deposit of 2022 Bonds with DTC and their registration in the name of Cede & Co. effect no change in beneficial ownership. DTC has no knowledge of the actual Beneficial Owners of the 2022 Bonds; DTC's records reflect only the identity of the Direct Participants to whose accounts such securities are credited, which may or may not be the Beneficial Owners. The Participants will remain responsible for keeping account of their holdings on behalf of their customers. Conveyance of notices and other communications by DTC to Direct Participants, by Direct Participants to Indirect Participants, and by Direct Participants and Indirect Participants to Beneficial Owners will be governed by arrangements among them, subject to any statutory or regulatory requirements as may be in effect from time to time.

Redemption notices shall be sent to Cede & Co. If less than all of the 2022 Bonds within an issue are being redeemed, DTC's practice is to determine by lot the amount of the interest of each Direct Participant in such issue to be redeemed. Neither DTC nor Cede & Co. will consent or vote with respect to the 2022 Bonds. Under its usual procedures, DTC mails an Omnibus Proxy to an issuer as soon as possible after the record date. The Omnibus Proxy assigns Cede & Co.'s consenting or voting rights to those Direct Participants to whose accounts the 2022 Bonds are credited on the record date (identified in a listing attached to the Omnibus Proxy).

Principal, mandatory redemption and interest payments on the 2022 Bonds will be made to DTC. DTC's practice is to credit Direct Participants' accounts on payment dates in accordance with their respective holdings shown on DTC's records unless DTC has reason to believe that it will not receive payment on the date payable. Payments by Participants to Beneficial Owners will be governed by standing instructions and customary practices, as is the case with securities held for the accounts of customers in bearer form or registered in "street name," and will be the responsibility of such Participant and not of DTC, the Fiscal Agent or the City, subject to any statutory or regulatory requirements as may be in effect from time to time. Payment of principal and interest to DTC is the responsibility of the City or the Fiscal Agent, disbursement of such payments to Direct Participants shall be the responsibility of DTC, and disbursement of such payments to the Beneficial Owners shall be responsibility of Direct and Indirect Participants.

The City cannot and does not give any assurances that DTC, DTC Participants or others will distribute payments of principal, interest or premium with respect to the 2022 Bonds paid to DTC or its nominee as the registered owner, or will distribute any redemption notices or other notices, to the Beneficial Owners, or that they will do so on a timely basis or will serve and act in the manner described in this Official Statement. The City is not responsible or liable for the failure of DTC or any DTC Participant to make any payment or give any notice to a Beneficial Owner with respect to the 2022 Bonds or an error or delay relating thereto.

The foregoing description of the procedures and record-keeping with respect to beneficial ownership interests in the 2022 Bonds, payment of principal, interest and other payments on the 2022 Bonds to DTC Participants or Beneficial Owners, confirmation and transfer of beneficial ownership interests in such 2022 Bonds and other related transactions by and between DTC, the DTC Participants and the Beneficial Owners is based solely on information provided by DTC. Accordingly, no representations can be made concerning these matters and neither the DTC Participants nor the Beneficial Owners should rely on the foregoing information with respect to such matters, but should instead confirm the same with DTC or the DTC Participants, as the case may be.

### **Discontinuance of Book-Entry System**

DTC may discontinue providing its services with respect to the 2022 Bonds at any time by giving notice to the Fiscal Agent and discharging its responsibilities with respect thereto under applicable law or the City may terminate participation in the system of book-entry transfers through DTC or any other securities depository at any time. In the event that the book-entry system is discontinued, the City will execute, and the Fiscal Agent will authenticate and make available for delivery, replacement 2022 Bonds in the form of registered bonds. In addition, the principal of and redemption premium, if any, on the 2022 Bonds will be payable as set forth in the Fiscal Agent Agreement and summarized above under the caption "THE 2022 Bonds – Description of the 2022 Bonds." 2022 Bonds will be transferable and exchangeable on the terms and conditions provided in the Fiscal Agent Agreement.