



City of Sacramento City Council

25

915 I Street, Sacramento, CA, 95814
www.CityofSacramento.org

Meeting Date: 12/11/2012

Report Type: Staff/Discussion

Title: (City Council/Financing Authority)- Issuance of Special Tax Refunding Revenue Bonds for the Community Facilities Districts of North Natomas Westlake (CFD# 2000-01) and of North Natomas Regency Park (CFD# 2001-03)

Report ID: 2012-00950

Location: District 1

Recommendation: Pass 1) a City Resolution authorizing a) the issuance of the City of Sacramento 2013 North Natomas Westlake Community Facilities District No. 2000-01 Special Tax Refunding Bonds, Series A; b) the issuance of the City of Sacramento 2013 North Natomas Regency Park Community Facilities District No. 2001-03 Special Tax Refunding Bonds, Series A; c) the execution and delivery of a Trust Agreement, Indentures, Local Obligation Purchase Contracts, a Continuing Disclosure Certificate, an Official Statement, and an Agreement for Bond Counsel Services in connection with the Bonds; and (d) certain other actions in connection with the Bonds. 2) City Financing Authority Resolution a) authorizing the issuance, sale, and delivery of Sacramento City Financing Authority 2013 Special Tax Refunding Revenue Bonds (Westlake and Regency Park), Series A in an aggregate principal amount not to exceed \$29,000,000; b) authorizing the execution and delivery of a Trust Agreement, Local Obligation Purchase Contracts, and a Bond Purchase Contract in connection with the Bonds; c) approving the distribution of a Preliminary Official Statement for the Bonds; d) authorizing the execution, delivery, and distribution of a Final Official Statement for the Bonds; and e) certain other actions in connection with the Bonds.

Contact: Janelle Gray, Debt Manager, Office of the City Treasurer, (916) 808-8296, Damien Charléty, Debt Analyst, (916) 808-5517, Office of the City Treasurer

Presenter: Janelle Gray, Debt Manager, Office of the City Treasurer, (916) 808-8296, Damien Charléty, Debt Analyst, Office of the City Treasurer, (916) 808-5517

Department: City Treasurer

Division: City Treasurer

Dept ID: 05001011

Attachments:

01-Description/Analysis

02-Background

03-Presentation

04-EXHIBIT 01 - SCFA Resolution - 2013 CFD Refundings (Westlake-Regency Park)

05-EXHIBIT 02 - City Resolution - 2013 CFD Refundings (Westlake-Regency Park)

06-EXHIBIT 03 - Preliminary Official Statement - 2013 CFD Refundings (Westlake-Regency Park).

07-EXHIBIT 04 - Trust Agreement - 2013 CFD Refundings (Westlake-Regency Park)

08-EXHIBIT 05 - Indenture - 2013 CFD Refundings (Westlake)

09-EXHIBIT 06 - Indenture - 2013 CFD Refundings (Regency Park)

10-EXHIBIT 07 - Local Obligation Purchase Contract - 2013 CFD Refundings (Westlake)

11-EXHIBIT 08 - Local Obligation Purchase Contract - 2013 CFD Refundings (Regency Park)

12-EXHIBIT 09 - Agreement for Bond Counsel Services - 2013 CFD Refundings (Westlake-Regency Park).

13-EXHIBIT 10 - Form of Continuing Disclosure Certificate - 2013 CFD Refundings (Westlake-Regency Park)

14-EXHIBIT 11 -Bond Purchase Agreement 2013 CFD Refundings (Westlake-Regency Park)

15-EXHIBIT 12 - Westlake CFD Rate and Method of Apportionment

16-EXHIBIT 13 - Regency CFD Rate and Method of Apportionment

City Attorney Review

Approved as to Form
Joseph Cerullo
12/5/2012; 7:24:26 PM

City Treasurer Review

Reviewed for Impact on Cash and Debt
Russell Fehr
11/26/2012 10:18:25 AM

Approvals/Acknowledgements

Department Director or Designee: Russell Fehr: 12/5/2012; 10:07:21 AM



Description/Analysis

Issue: In accordance with the City's Debt Management Policy, the City Treasurer's Office monitors the City's outstanding debt to determine whether refunding one or more series of bonds might yield potential economic savings over the bonds' remaining life.

As part of this monitoring, staff has identified two series of bonds that provide the opportunity to achieve such economic savings under current interest-rate conditions. Those bonds were issued for two separate community facilities districts (CFD): Westlake CFD No. 2000-01 and Regency Park CFD No. 2001-03. Both CFDs are in North Natomas and are almost fully developed residential areas.

Because of the downturn in the economy in 2007-2008, which greatly slowed residential and commercial development in the City, and because of FEMA's construction moratorium in North Natomas, opportunities for refunding CFD bond issues have been limited. But since the two CFDs in question are almost fully developed, because progress is being made on the flood-related improvements in North Natomas, and because the rate of special-tax delinquencies has decreased markedly (an important fact when marketing new special-tax bonds), there is an opportunity to refund these two series of bonds for economic savings.

Using data from October 10, 2012, we estimate the potential net present value of the savings for both issues to be approximately 12.70%.

Policy Considerations: Monitoring and recommending opportunities for refunding debt issues for economic savings is consistent with the City's Debt Management Policy. Two series of bonds (issued for Westlake CFD No. 2000-01 and Regency Park CFD No. 2001-03) have been identified as offering significant economic savings. Approval of the recommendation authorizes the City Treasurer to take the actions necessary to refund the outstanding Westlake CFD No. 2000-01 and Regency Park CFD No. 2001-03 bonds.

Economic Impacts: Not Applicable.

Environmental Considerations:

California Environmental Quality Act (CEQA): Not applicable. Approval of the recommendation is not a "project" subject to CEQA because it (a) has no potential to cause a significant effect on the environment and (b) concerns government fiscal activities that do not involve any commitment to any specific project that may result in a potentially significant physical impact on the environment. (Cal. Code Regs., tit. 14, §§ 15061(b)(3) and 15378(b)(4).)

Sustainability: Not applicable.

Commission/Committee Action: None.

Rationale for Recommendation: Analysis indicates that at current rates the refunding of the outstanding balances of Westlake CFD 2000-01 and Regency Park CFD 2001-03 bond issues will generate significant net present value savings.

Financial Considerations: Projections as of October 10, 2012, show an estimated net present value savings of \$3.31 million over the remaining life of the two series of bonds, which equates to 12.70% of the outstanding amounts (actual savings will not be known until the bond-pricing date, currently scheduled for January 9, 2013).

Additionally, to minimize the cost related of issuing the refunding bonds and to increase the size of the issuance and appeal to a greater number of interested investors, the Sacramento City Financing Authority will issue the refunding bonds for both districts using a single issuance. Although the debt-service payments of the refunding bonds supported by the two CFDs, there is no cross-collateralization between the CFDs (i.e., landowners in one CFD won't be responsible for defaults in the other CFD), and the original maturity dates of each CFD's bonds will remain the same.

Emerging Small Business Development (ESBD): Not applicable.

Background

History of the CFDs and CFD Bonds

The Westlake CFD No. 2000-01 is located in North Natomas and comprises 1,500 parcels. It is almost fully developed and includes primarily residential lots with a few commercial lots.

- On October 31, 2000, the qualified electors in the Westlake CFD No. 2000-01 authorized the issuance of up to \$15 million of special-tax bonds and the levy and collection of a special tax to pay the interest and principal on those bonds, the purpose of which was to finance the acquisition and construction of drainage facilities and other public facilities.
- Subsequently, the City of Sacramento issued the North Natomas Westlake Community Facilities District No. 2000-01 Special Tax Bonds in the amount of \$11.89 million at an all-in true interest cost of approximately 6.57%.

The Regency CFD No. 2001-03 is located in North Natomas and comprises 2,282 parcels. It is mostly developed and includes primarily residential lots with a few commercial lots.

- On January 22, 2002, the qualified electors of the Regency Park CFD No. 2001-03 authorized the issuance of up to \$20 million of special-tax bonds and the levy and collection of a special tax to pay the interest and principal on those bonds, the purpose of which was to finance the acquisition and construction of certain public facilities.
- Subsequently, the City issued the North Natomas Regency Park Community Facilities District No. 2001-03 Special Tax Bonds in the amount of \$19.57 million at an all-in true interest cost of approximately 6.07%.

Current Status and Refunding of CFD Bonds

Because of the current low interest-rate conditions, the opportunity exists for refunding both the Westlake and Regency bonds and realizing some significant savings.

- Following the most recent principal payment, the amount of principal outstanding is approximately \$9.41 million for the Westlake bonds and approximately \$16.67 million for the Regency bonds.
- To benefit from economies of scale, it is more effective to refund both CFD bonds together in a single issue by the Sacramento City Financing Authority.



RESOLUTION NO. FA2012-____

Adopted by the Sacramento City Financing Authority

AUTHORIZING THE ISSUANCE, SALE, AND DELIVERY OF SACRAMENTO CITY FINANCING AUTHORITY 2013 SPECIAL TAX REFUNDING REVENUE BONDS (WESTLAKE AND REGENCY PARK) , SERIES A IN AN AGGREGATE PRINCIPAL AMOUNT NOT TO EXCEED \$29,000,000; AUTHORIZING THE EXECUTION AND DELIVERY OF A TRUST AGREEMENT, LOCAL OBLIGATION PURCHASE CONTRACTS, AND A BOND PURCHASE CONTRACT IN CONNECTION WITH THE BONDS; APPROVING THE DISTRIBUTION OF A PRELIMINARY OFFICIAL STATEMENT FOR THE BONDS; AUTHORIZING THE EXECUTION, DELIVERY, AND DISTRIBUTION OF A FINAL OFFICIAL STATEMENT FOR THE BONDS; AND APPROVING CERTAIN OTHER ACTIONS IN CONNECTION WITH THE BONDS

BACKGROUND:

- A.** The Sacramento City Financing Authority is a joint-exercise-of-powers agency duly organized and existing under California law (the “**Authority**”).
- B.** The City of Sacramento is a municipal corporation organized and existing under California law (the “**City**”).
- C.** At an election held in the City of Sacramento North Natomas Westlake Community Facilities District No. 2000-01 (the “**Westlake CFD**”) on October 31, 2000, the qualified electors in the Westlake CFD duly authorized the issuance of \$15,000,000 principal amount of special tax bonds under the Mello Roos Community Facilities Act of 1982, as amended, and all laws amendatory thereof or supplemental thereto (the “**Act**”) for the purpose of financing the acquisition and construction of certain public facilities.
- D.** At such election, the qualified electors in the Westlake CFD also authorized the levy and collection of a special tax under the Act to be used for the purpose of paying the interest on, principal of, and redemption premiums (if any) on such bonds.
- E.** On April 26, 2001, the City issued the City of Sacramento North Natomas Westlake Community Facilities District No. 2000-01 Special Tax Bonds in the principal amount of \$11,890,000 (the “**Prior Westlake CFD Bonds**”).
- F.** At an election held in the City of Sacramento North Natomas Regency Park Community Facilities District No. 2001-03 (the “**Regency Park CFD**”) on January 22, 2002, the qualified electors in the Regency Park CFD duly authorized the issuance of \$20,000,000 principal amount of special tax bonds under the Act, for

the purpose of financing the acquisition and construction of certain public facilities.

- G.** At such election the qualified electors in the Regency Park CFD also authorized the levy and collection of a special tax under the Act to be used for the purpose of paying the interest on, principal of, and redemption premiums (if any) on such bonds.
- H.** On July 24, 2003, the City issued the City of Sacramento North Natomas Regency Park Community Facilities District No. 2001-03 Special Tax Bonds in the principal amount of \$19,570,000 (the “**Prior Regency Park CFD Bonds**” and, collectively with the Prior Westlake CFD Bonds, the “**Prior Bonds**”).
- I.** The Act authorizes the City to issue bonds for the purpose of refunding the Prior Bonds.
- J.** The Sacramento City Council has authorized the issuance of the City of Sacramento 2013 North Natomas Westlake Community Facilities District No. 2000-01 Special Tax Refunding Bonds, Series A (the “**Westlake CFD Refunding Bonds**”) under the Act for the purpose of refunding all of the outstanding Prior Westlake CFD Bonds.
- K.** The Sacramento City Council has authorized the issuance of the City of Sacramento 2013 North Natomas Regency Park Community Facilities District No. 2001-03 Special Tax Refunding Bonds, Series A (the “**Regency Park CFD Refunding Bonds**” and, collectively with the Westlake CFD Refunding Bonds, the “**Local Obligations**”) under the Act for the purpose of refunding all of the outstanding Prior Regency Park CFD Bonds.
- L.** The Marks-Roos Local Bond Pooling Act of 1985, comprising Article 4 of Chapter 5 of Division 7 of Title 1 of the California Government Code, empowers the Authority to issue its bonds for the purpose of purchasing local obligations issued by the City, including the Local Obligations.
- M.** The Authority has determined to issue its 2013 Special Tax Refunding Revenue Bonds (Westlake and Regency Park), Series A (the “**Bonds**”) to provide funds to purchase the Local Obligations.
- N.** The Authority has determined that the estimated amount necessary to finance the purchase of the Local Obligations will require the issuance of the Bonds in the aggregate principal amount not to exceed \$29,000,000.
- O.** In furtherance of the issuance of the Bonds and the purchase of the Local Obligations, forms of the following documents have been filed with the Authority’s Secretary (the “**Secretary**”) for consideration and approval by the Authority’s Governing Board:

- A Trust Agreement (the “**Trust Agreement**”), under the terms of which the Bonds are to be issued and the Revenues (as defined in the Trust Agreement) are to be administered to pay the principal of, and interest and premium (if any) on the Bonds.
 - Two separate Local Obligation Purchase Contracts (the “**Local Obligation Purchase Contracts**”), under the terms of which, among other things, the City agrees to sell and the Authority agrees to purchase the Local Obligations.
 - A Bond Purchase Contract (the “**Bond Purchase Contract**”), under the terms of which, among other things, the Authority agrees to sell the Bonds to the underwriter of the Bonds (the “**Underwriter**”) and the Underwriter agrees to purchase the Bonds.
 - A preliminary form of an Official Statement (the “**Official Statement**”) describing the Bonds and the Local Obligations.
- P.** All acts, conditions, and things required by California law to exist, to have happened, and to have been performed before and in connection with the consummation of the financing authorized by this resolution do exist, have happened, and have been performed in regular and due time, form, and manner as required by law, and the Authority is now duly authorized and empowered, under each requirement of law, to authorize the execution and delivery of certain documents in order to further implement the financing in the manner and upon the terms provided in this resolution.

BASED ON THE FACTS SET FORTH IN THE BACKGROUND, THE GOVERNING BOARD OF THE SACRAMENTO CITY FINANCING AUTHORITY RESOLVES AS FOLLOWS:

Section 1. The statements in paragraphs A through P of the Background are true.

Section 2. The issuance of the Bonds by the Authority in the aggregate principal amount of not to exceed \$29,000,000 in accordance with the provisions of the Trust Agreement as finally executed and delivered is hereby authorized and approved.

Section 3. The proposed form of Trust Agreement on file with the Secretary, and the terms and conditions in that form, are hereby approved. The date, maturity date or dates (not to be later than September 1, 2028), fixed interest rates, interest payment dates, forms, registration privileges, place or places of payment, terms of redemption and number of Bonds and other terms of the Bonds are to be as provided in the Trust Agreement as finally executed and delivered.

The Treasurer of the Authority or his designee (the “**Treasurer**”) is hereby authorized and directed to execute the Trust Agreement for and on behalf of the Authority in substantially the form on file with the Secretary, with any changes as the Treasurer may

require or approve with the concurrence of the City Attorney, and with approval to be conclusively evidenced by the execution and delivery of the Trust Agreement.

The Bonds are to be executed by the manual or facsimile signature of the Treasurer and must be in the form set forth in, and otherwise be in accordance with, the Trust Agreement. When the Bonds are so executed, the Treasurer shall deliver the Bonds to the trustee under the Trust Agreement for authentication by the trustee. The trustee is then to deliver the Bonds to the Underwriter in accordance with written instructions the Treasurer executes on the Authority's behalf, which instructions the Treasurer is hereby authorized and directed to execute and deliver to the trustee, and which instructions must provide for the trustee's delivery of the Bonds to the Underwriter in accordance with the Bond Purchase Contract upon payment by the Underwriter of the purchase price of the Bonds.

Section 4. The proposed forms of the Local Obligation Purchase Contracts on file with the Secretary are hereby approved. The Treasurer is hereby authorized and directed to execute and deliver the Local Obligation Purchase Contracts on the Authority's behalf, in substantially the forms on file with the Secretary, with any changes the Treasurer may require or approve with the concurrence of the City Attorney, and with approval to be conclusively evidenced by the execution and delivery of the Local Obligation Purchase Contracts.

Section 5. The proposed form of the Bond Purchase Contract on file with the Secretary is hereby approved. The Treasurer is hereby authorized to sell the Bonds to the Underwriter in accordance with the Bond Purchase Contract. To that end, the Treasurer is hereby authorized to execute and deliver the Bond Purchase Contract on the Authority's behalf, in substantially the form on file with the Secretary, with any changes the Treasurer may require or approve with the concurrence of the City Attorney, and with approval to be conclusively evidenced by the execution and delivery of the Bond Purchase Contract, all subject to the following: the true interest cost for the Bonds may not exceed 5.00% and the Underwriter's compensation may not exceed 1.25% of the principal amount of the Bonds.

Section 6. The proposed form of Official Statement on file with the Secretary is hereby approved. The Treasurer is hereby authorized and directed to execute and deliver to the Underwriter, on the Authority's behalf, a certificate deeming the preliminary Official Statement, in substantially the form on file with the Secretary and with any changes as the Treasurer approves in the interest of the Authority with the concurrence of the City Attorney, to be final within the meaning of Securities Exchange Commission Rule 15c2-12. The Underwriter is hereby authorized to distribute the Official Statement in preliminary and final form. The Treasurer is hereby authorized and directed on the Authority's behalf to execute and deliver the final Official Statement, in substantially the form on file with the Secretary, with any changes the Treasurer may require or approve with the concurrence of the City Attorney, and with such approval to be conclusively evidenced by the execution and delivery of the final Official Statement.

Section 7. The officers of the Authority, each acting alone, are hereby authorized and directed to do any and all things and to execute and deliver any and all documents, including any documents required to obtain bond insurance, they consider necessary or advisable to carry out, give effect to, and comply with the terms and intent of this resolution, the Trust Agreement, the Local Obligation Purchase Contracts, the Bond Purchase Contract, the Official Statement, and the Bonds, including the purchase of bond insurance. All actions previously taken by those officers in connection with the Bonds are hereby ratified, confirmed, and approved.

Section 8. This resolution takes effect when adopted.



RESOLUTION NO. 2012-_____

Adopted by the Sacramento City Council

AUTHORIZING (1) THE ISSUANCE OF THE CITY OF SACRAMENTO 2013 NORTH NATOMAS WESTLAKE COMMUNITY FACILITIES DISTRICT NO. 2000-01 SPECIAL TAX REFUNDING BONDS, SERIES A; (2) THE ISSUANCE OF THE CITY OF SACRAMENTO 2013 NORTH NATOMAS REGENCY PARK COMMUNITY FACILITIES DISTRICT NO. 2001-03 SPECIAL TAX REFUNDING BONDS, SERIES A; (3) THE EXECUTION AND DELIVERY OF A TRUST AGREEMENT, INDENTURES, LOCAL OBLIGATION PURCHASE CONTRACTS, A BOND PURCHASE CONTRACT, A CONTINUING DISCLOSURE CERTIFICATE, AN OFFICIAL STATEMENT, AND AN AGREEMENT FOR BOND COUNSEL SERVICES IN CONNECTION WITH THE BONDS; AND (4) CERTAIN OTHER ACTIONS IN CONNECTION WITH THE BONDS

BACKGROUND:

- A. At an election held in the City of Sacramento North Natomas Westlake Community Facilities District No. 2000-01 (the “**Westlake CFD**”) on October 31, 2000, the qualified electors in the Westlake CFD duly authorized the issuance of \$15,000,000 principal amount of special tax bonds under the Mello Roos Community Facilities Act of 1982, as amended, and all laws amendatory thereof or supplemental thereto (the “**Act**”) for the purpose of financing the acquisition and construction of certain public facilities.
- B. At such election, the qualified electors in the Westlake CFD also authorized the levy and collection of a special tax under the Act to be used for the purpose of paying the interest on, principal of, and redemption premiums (if any) on such bonds.
- C. On April 26, 2001, the City of Sacramento (the “**City**”) issued the City of Sacramento North Natomas Westlake Community Facilities District No. 2000-01 Special Tax Bonds in the principal amount of \$11,890,000 (the “**Prior Westlake CFD Bonds**”).
- D. At an election held in the City of Sacramento North Natomas Regency Park Community Facilities District No. 2001-03 (the “**Regency Park CFD**”) on January 22, 2002, the qualified electors in the Regency Park CFD duly authorized the issuance of \$20,000,000 principal amount of special tax bonds under the Act for the purpose of financing the acquisition and construction of certain public facilities.
- E. At such election the qualified electors in the Regency Park CFD also authorized the levy and collection of a special tax under the Act to be used for the purpose of paying the interest on, principal of, and redemption premiums (if any) on such bonds.

- F. On July 24, 2003, the City issued the City of Sacramento North Natomas Regency Park Community Facilities District No. 2001-03 Special Tax Bonds in the principal amount of \$19,570,000 (the “**Prior Regency Park CFD Bonds**” and, collectively with the Prior Westlake CFD Bonds, the “**Prior Bonds**”).
- G. The Act authorizes the City to issue bonds for the purpose of refunding the Prior Bonds.
- H. The Sacramento City Council (the “**City Council**”) has determined to authorize the issuance of the City of Sacramento 2013 North Natomas Westlake Community Facilities District No. 2000-01 Special Tax Refunding Bonds, Series A (the “**Westlake CFD Refunding Bonds**”) under the Act for the purpose of refunding all of the outstanding Prior Westlake CFD Bonds and has determined that the issuance of the Westlake CFD Refunding Bonds is prudent in the management of the City’s fiscal affairs.
- I. The City Council has determined to authorize the issuance of the City of Sacramento 2013 North Natomas Regency Park Community Facilities District No. 2001-03 Special Tax Refunding Bonds, Series A (the “**Regency Park CFD Refunding Bonds**” and, collectively with the Westlake CFD Refunding Bonds, the “**Local Obligations**”) under the Act for the purpose of refunding all of the outstanding Prior Regency Park CFD Bonds and has determined that the issuance of the Regency Park CFD Refunding Bonds is prudent in the management of the City’s fiscal affairs.
- J. The City desires to sell the Local Obligations to the Sacramento City Financing Authority (the “**Authority**”) and the City Council has determined that a private (i.e., negotiated) sale of the Local Obligations to the Authority under the Act will result in a lower overall cost to the City.
- K. The Marks-Roos Local Bond Pooling Act of 1985, constituting Article 4 of Chapter 5 of Division 7 of Title 1 of the California Government Code, empowers the Authority to issue its bonds for the purpose of purchasing local obligations of the City, including the Local Obligations.
- L. The Authority has determined to issue its 2013 Special Tax Refunding Revenue Bonds (Westlake and Regency Park), Series A (the “**Bonds**”) to provide funds to purchase the Local Obligations.
- M. In furtherance of the City’s issuance of the Local Obligations and the Authority’s issuance of the Bonds and purchase of the Local Obligations, forms of the following documents have been filed with the Sacramento City Clerk (the “**Clerk**”) for consideration and approval by the City Council:
- Two separate Indentures (the “**Indentures**”), under the terms of which the Local Obligations are to be issued.

- A Trust Agreement (the “**Trust Agreement**”), under the terms of which the Bonds are to be issued and the Revenues (as defined in the Trust Agreement) are to be administered to pay the principal of, interest on, and premium (if any) on the Bonds.
- Two separate Local Obligation Purchase Contracts (the “**Local Obligation Purchase Contracts**”), under the terms of which, among other things, the City agrees to sell and the Authority agrees to purchase the Local Obligations.
- A Bond Purchase Contract (the “**Bond Purchase Contract**”), under the terms of which, among other things, the Authority agrees to sell the Bonds to the underwriter of the Bonds (the “**Underwriter**”) and the Underwriter agrees to purchase the Bonds.
- A preliminary form of an Official Statement (the “**Official Statement**”) describing the Bonds and the Local Obligations.
- A Continuing Disclosure Certificate (the “**Continuing Disclosure Certificate**”), under the terms of which the City agrees to provide certain ongoing disclosure with respect to the Bonds and the Local Obligations.
- An Agreement for Bond Counsel Services (the “**Agreement for Bond Counsel Services**”), under the terms of which the firm of Orrick, Herrington & Sutcliffe LLP will provide legal services to the Authority and the City as bond counsel with respect to the Bonds.

N. All acts, conditions, and things required by California law to exist, to have happened, and to have been performed before and in connection with the consummation of the financing authorized by this resolution do exist, have happened, and have been performed in regular and due time, form, and manner as required by law, and the City is now duly authorized and empowered, under each requirement of law, to authorize the execution and delivery of certain documents in order to further implement the financing in the manner and upon the terms provided in this resolution.

BASED ON THE FACTS SET FORTH IN THE BACKGROUND, THE CITY COUNCIL OF THE CITY OF SACRAMENTO RESOLVES AS FOLLOWS:

Section 1. The statements in paragraphs A through N of the Background are true.

Section 2. The issuance of the Westlake CFD Refunding Bonds by the City in the aggregate principal amount of not to exceed \$11,000,000, in accordance with the Indenture related to the Westlake CFD Refunding Bonds as finally executed and delivered, is hereby authorized and approved. The final maturity date of the Westlake CFD Refunding Bonds may not be later than the final maturity date of the Prior Westlake CFD Bonds.

The City Council hereby determines that the value of the real property within the Westlake CFD that will be subject to the levy of a special tax under the Act to pay debt service on the Westlake CFD Refunding Bonds (based upon the full cash value as shown on the ad valorem assessment roll) is at least three times the sum of the following: the principal amount of the Westlake CFD Refunding Bonds, plus the principal amount of all other bonds outstanding that are secured by a special tax levied under the Act on property within the Westlake CFD, plus the principal amount of all other bonds outstanding that are secured by special assessments levied on property within the Westlake CFD. Accordingly the limitations of section 53345.8(a) of the California Government Code have been duly satisfied.

The issuance of the Regency Park CFD Refunding Bonds by the City in the aggregate principal amount of not to exceed \$18,000,000, in accordance with the Indenture related to the Regency Park CFD Refunding Bonds as finally executed and delivered, is hereby authorized and approved. The final maturity date of the Regency Park CFD Refunding Bonds may not be later than the final maturity date of the Prior Regency Park CFD Bonds.

The City Council hereby determines that the value of the real property within the Regency Park CFD that will be subject to the levy of a special tax under the Act to pay debt service on the Regency Park CFD Refunding Bonds (based upon the full cash value as shown on the ad valorem assessment roll) is at least three times the sum of the following: the principal amount of the Regency Park CFD Refunding Bonds, plus the principal amount of all other bonds outstanding that are secured by a special tax levied pursuant to the Act on property within the Regency Park CFD, plus the principal amount of all other bonds outstanding that are secured by special assessments levied on property within the Regency Park CFD. Accordingly the limitations of section 53345.8(a) of the California Government Code have been duly satisfied.

Section 3. The proposed forms of Indentures on file with the Clerk and the terms and conditions in those forms are hereby approved. The date, maturity date or dates, fixed interest rates, interest payment dates, forms, registration privileges, place or places of payment, terms of redemption and number of Local Obligations and other terms of the Local Obligations are to be as provided in the Indentures as finally executed and delivered.

The Sacramento City Treasurer or his designee (the “**Treasurer**”) is hereby authorized and directed to execute the Indentures for, and on behalf of, the City in substantially the forms on file with the Clerk, with any changes as the Treasurer may require or approve with the concurrence of the City Attorney, and with approval to be conclusively evidenced by the execution and delivery of the Indentures.

The Local Obligations are to be executed by the manual or facsimile signature of the Mayor of the City and countersigned by the manual or facsimile signature of the Clerk, and each must be in the form set forth in, and otherwise be in accordance with, the applicable Indenture. When the Local Obligations are so executed, the Treasurer shall deliver them to the trustee under the Indentures for authentication by the trustee. The

trustee is then to deliver the Local Obligations to the Authority in accordance with written instructions the Treasurer executes on the City's behalf, which instructions the Treasurer is hereby authorized and directed to execute and deliver to the trustee, and which instructions must provide for the delivery of the Local Obligations to the Authority in accordance with the Local Obligation Purchase Contracts upon payment by the Authority of the purchase price of the Local Obligations.

Section 4. The Authority's issuance of the Bonds in accordance with the Trust Agreement as finally executed and delivered, in the aggregate principal amount of not to exceed \$29,000,000 is hereby approved. The proposed form of Trust Agreement on file with the Clerk and the terms and conditions in that form are hereby approved. The Treasurer is hereby authorized and directed to execute the Trust Agreement on the City's behalf in substantially the form on file with the Clerk, with any changes the Treasurer may require or approve with the concurrence of the City Attorney, and with approval to be conclusively evidenced by the execution and delivery of the Trust Agreement.

Section 5. The proposed forms of the Local Obligation Purchase Contracts on file with the Clerk are hereby approved. The Treasurer is hereby authorized and directed to execute the Local Obligation Purchase Contracts on the City's behalf in substantially the forms on file with the Clerk, with any changes the Treasurer may require or approve with the concurrence of the City Attorney, and with approval to be conclusively evidenced by the execution and delivery of the Local Obligation Purchase Contracts.

Section 6. The proposed form of the Bond Purchase Contract on file with the Clerk is hereby approved. The Treasurer is hereby authorized to execute and deliver the Bond Purchase Contract on the City's behalf, in substantially the form on file with the Clerk, with any changes the Treasurer may require or approve with the concurrence of the City Attorney, and with approval to be conclusively evidenced by the execution and delivery of the Bond Purchase Contract, all subject to the following: the true interest cost for the Bonds may not exceed 5.00% and the Underwriter's compensation may not exceed 1.25% of the principal amount of the Bonds.

Section 7. The proposed form of Official Statement on file with the Clerk is hereby approved. The Treasurer is hereby authorized and directed to execute and deliver to the Underwriter, on the City's behalf, a certificate deeming the preliminary Official Statement, in substantially the form on file with the Clerk and with any changes the Treasurer approves in the interest of the City with the concurrence of the City Attorney, to be final within the meaning of Securities Exchange Commission Rule 15c2-12. The Underwriter is hereby authorized to distribute the Official Statement in preliminary and final form. The Treasurer is hereby authorized and directed on the City's behalf to execute and deliver the final Official Statement in substantially the form on file with the Clerk, with any changes the Treasurer may require or approve with the concurrence of the City Attorney, and with such approval to be conclusively evidenced by the execution and delivery of the final Official Statement.

Section 8. The proposed form of the Continuing Disclosure Certificate on file with the Clerk is hereby approved. The Treasurer is hereby authorized and directed to execute the Continuing Disclosure Certificate on the City's behalf in substantially the form on file with the Clerk, with any changes the Treasurer may require or approve with the concurrence of the City Attorney, and with approval to be conclusively evidenced by the execution and delivery of the Continuing Disclosure Certificate.

Section 9. The proposed form of the Agreement for Bond Counsel Services on file with the Clerk is hereby approved. The Sacramento City Attorney or his designee (the "**City Attorney**") is hereby authorized and directed to execute the Agreement for Bond Counsel Services on the City's behalf in substantially the form on file with the Clerk, with any changes the City Attorney may require or approve, and with approval to be conclusively evidenced by the execution and delivery of the Agreement for Bond Counsel Services.

Section 10. The officers of the City, each acting alone, are hereby authorized and directed to do any and all things and to execute and deliver any and all documents and agreements they consider necessary or advisable to carry out, give effect to and comply with the terms and intent of this resolution, the Indentures, the Trust Agreement, the Local Obligation Purchase Contracts, the Bond Purchase Contract, the Official Statement, the Bonds, and the Local Obligations. This authorization includes the execution and delivery of any documents required to obtain bond insurance and of any escrow agreements or other documents necessary to refund the Prior Bonds; it also includes the purchase of bond insurance. All actions previously taken by those officers are hereby ratified, confirmed, and approved.

Section 11. This resolution takes effect when adopted.



PRELIMINARY OFFICIAL STATEMENT DATED _____, 2013

NEW ISSUE

RATINGS: S&P: “__”

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

\$ _____ *
**SACRAMENTO CITY FINANCING AUTHORITY
2013 SPECIAL TAX REFUNDING REVENUE BONDS
(WESTLAKE AND REGENCY PARK)
SERIES A**

Dated: Date of Delivery

Due: September 1, as shown on inside cover.

Authority for Issuance. The bonds captioned above (the “**Bonds**”) are being issued under (i) the Marks-Roos Local Bond Pooling Act of 1985 (the “**Bond Law**”); (ii) a Trust Agreement dated as of January 1, 2013 (the “**Trust Agreement**”), between the Sacramento City Financing Authority (the “**Authority**”), the City of Sacramento (the “**City**”), and The Bank of New York Mellon Trust Company, N.A., as trustee (the “**Trustee**”); and (iii) a resolution of the Board of Directors of the Authority adopted on _____, 2012. See “THE BONDS – Authority for Issuance.”

Security and Sources of Payment. The Bonds are payable from “Revenues” received under the Trust Agreement, which are generally defined as all amounts derived from two series of special tax bonds (collectively, the “**Special Tax Bonds**”) to be issued by the City for two community facilities districts (each, a “**CFD**”, and collectively, the “**CFDs**”) previously formed by the City:

The Westlake CFD. Special tax bonds to be issued by the City for the City of Sacramento North Natomas Westlake Community Facilities District No. 2000-01 (the “**Westlake CFD**”) designated “City of Sacramento 2013 North Natomas Westlake Community Facilities District No. 2000-01 Special Tax Refunding Bonds, Series A” (the “**Westlake CFD Bonds**”).

The Regency Park CFD. Special tax bonds to be issued by the City for the City of Sacramento North Natomas Regency Park Community Facilities District No. 2001-03 (the “**Regency Park CFD**”) designated “City of Sacramento 2013 North Natomas Regency Park Community Facilities District No. 2001-03 Special Tax Refunding Bonds, Series A” (the “**Regency Park CFD Bonds**”).

See “SECURITY FOR THE BONDS.”

Use of Proceeds. The Bonds are being issued to finance the acquisition of each series of Special Tax Bonds.

The proceeds of each series of Special Tax Bonds will be used to (i) refund the outstanding special tax bonds of the City for each CFD, (ii) fund two separate debt service reserve funds, one for each series of Special Tax Bonds, and (iii) fund a portion of the costs of issuing the Bonds and the Special Tax Bonds. See “FINANCING PLAN.”

Bond Terms. Interest on the Bonds is payable on September 1, 2013, and semiannually thereafter on each March 1 and September 1. The Bonds will be issued in denominations of \$5,000 or integral multiples of \$5,000. The Bonds, when delivered, will be initially registered in the name of Cede & Co., as nominee of The Depository Trust Company (“**DTC**”), New York, New York. DTC will act as securities depository for the Bonds. See “THE BONDS – General Bond Terms” and “APPENDIX E – DTC and the Book-Entry Only System.”

Debt Service Reserve Funds. Neither the City nor the Authority will create or maintain a debt service reserve account with respect to the Bonds. The City will create and maintain two separate debt service reserve funds, one for each series of Special Tax Bonds. See “SECURITY FOR THE BONDS” and “THE SPECIAL TAX BONDS – Deposit and Allocation of Special Taxes – Allocations – Reserve Funds.”

Redemption. The Bonds are subject to optional redemption, mandatory sinking fund redemption, and extraordinary redemption from the redemption of Special Tax Bonds due to Special Tax prepayments. See “THE BONDS - Redemption.”

The Bonds, the interest on the Bonds, and any premiums payable on the redemption of any of the Bonds are special, limited obligations of the Authority secured solely by, and payable solely from, Revenues and other assets pledged under the Trust Agreement. They are not an indebtedness of the City, the CFDs, the State of California (the “**State**”), or any of the State’s political subdivisions; and the City, the CFDs, the State, the State’s political subdivisions, and the members of the Authority are not liable on the Bonds. Neither the faith and credit nor the taxing power of the City, the CFDs, the State, any political division of the State, the Authority, or the members of the Authority is pledged to the payment of the Bonds. The Authority has no taxing power.

MATURITY SCHEDULE

(see inside cover)

This cover page contains certain information for quick reference only. It is not a summary of the issue. Potential investors must read the entire Official Statement to obtain information essential to the making of an informed investment decision. Investment in the Bonds involves risks that may not be appropriate for some investors. See “BONDOWNERS’ RISKS” for a discussion of special risk factors that should be considered in evaluating the investment quality of the Bonds.

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.

The Bonds are offered when, as and if issued and accepted by the Underwriter, subject to approval as to their legality by Orrick, Herrington & Sutcliffe LLP, bond counsel to the Authority, and subject to certain other conditions. Certain legal matters will be passed upon for the Authority and the City by the Office of the City Attorney. Jones Hall, A Professional Law Corporation, San Francisco, California, is serving as counsel to the Underwriter. It is anticipated that the Bonds, in book-entry form, will be available for delivery on or about _____, 2013.

STONE & YOUNGBERG
A DIVISION OF STIFEL NICOLAUS

The date of this Official Statement is: _____, 2013.

* Preliminary; subject to change.

MATURITY SCHEDULE*

\$ _____ Serial Bonds
(Base CUSIP†: _____)

Maturity (September 1)	Principal Amount	Interest Rate	Yield	Price	CUSIP†
---------------------------	---------------------	------------------	-------	-------	--------

\$ ____ % Term Bond due September 1, 20____, Yield: __%, Price: __%
CUSIP† No. ____

\$ ____ % Term Bond due September 1, 20____, Yield: __%, Price: __%
CUSIP† No. ____

† Copyright 2013, American Bankers Association. CUSIP data herein are provided by Standard & Poor's CUSIP Service Bureau, a division of The McGraw-Hill Companies, Inc., and are provided for convenience of reference only. Neither the Authority, the City nor the Underwriter assumes any responsibility for the accuracy of CUSIP data.

* Preliminary; subject to change.

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 regarding the 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 an offer or solicitation is not authorized or in which the person making such an offer or solicitation is not qualified to do so. Nor does this Official Statement constitute an offer or solicitation 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 in this Official Statement are subject to change without notice. Neither the delivery of this Official Statement nor any sale of the Bonds is meant, under any circumstances, to imply that there has been no change since the date of this Official Statement in the affairs of the City, the CFDs, or any other parties described in this Official Statement or in the condition of property within the CFDs.

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

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

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

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

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

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

Estimates and Projections. Certain statements included or incorporated by reference in this Official Statement constitute “forward-looking statements” within the meaning of the United States Private Securities Litigation Reform Act of 1995; Section 21E of the United States Securities Exchange Act of 1934, as amended; and Section 27A of the United States Securities Act of 1933, as amended. These 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 FORWARD-LOOKING STATEMENTS INVOLVE KNOWN AND UNKNOWN RISKS, UNCERTAINTIES, AND OTHER FACTORS THAT MAY CAUSE ACTUAL RESULTS, PERFORMANCE, OR ACHIEVEMENTS DESCRIBED TO BE MATERIALLY DIFFERENT FROM ANY FUTURE RESULTS, PERFORMANCE, OR ACHIEVEMENTS EXPRESSED OR IMPLIED BY THE FORWARD-LOOKING STATEMENTS. THE AUTHORITY DOES NOT PLAN TO ISSUE ANY UPDATES OR REVISIONS TO THOSE FORWARD-LOOKING STATEMENTS.

City Internet Site. The City maintains a website at www.cityofsacramento.org. In addition, certain information and reports found on other websites, and other information and reports, are referred to in this Official Statement. The information and reports available on these websites and the other referenced information and reports are not incorporated by reference into this Official Statement and should not be relied upon when investing in the Bonds.

**MAYOR AND CITY COUNCIL
AND
SACRAMENTO CITY FINANCING AUTHORITY BOARD OF DIRECTORS**

Kevin Johnson, *Chairperson of the Authority and Mayor of the City*
Angelique Ashby, *Vice-Chairperson of the Authority and Vice-Mayor of the City, District 1*
_____, *District 2*
Steve Cohn, *District 3*
_____, *District 4*
Jay Schenirer, *District 5*
Kevin McCarty, *District 6*
Darrell Fong, *District 7*
Bonnie Pannell, *District 8*

CITY OF SACRAMENTO AND AUTHORITY STAFF

John F. Shirey, *City Manager*
John Dangberg, *Assistant City Manager*
Russell T. Fehr, *Treasurer of the Authority and Treasurer of the City*
Shirley Concolino, *Secretary of the Authority and City Clerk*
Leyne Milstein, *Controller of the Authority and City Director of Finance*
James C. Sanchez, *Counsel to the Authority and City Attorney*

PROFESSIONAL SERVICES

BOND COUNSEL

Orrick, Herrington & Sutcliffe LLP

UNDERWRITER'S COUNSEL

Jones Hall, A Professional Law Corporation
San Francisco, California

SPECIAL TAX CONSULTANT

NBS Government Finance Group
Temecula, California

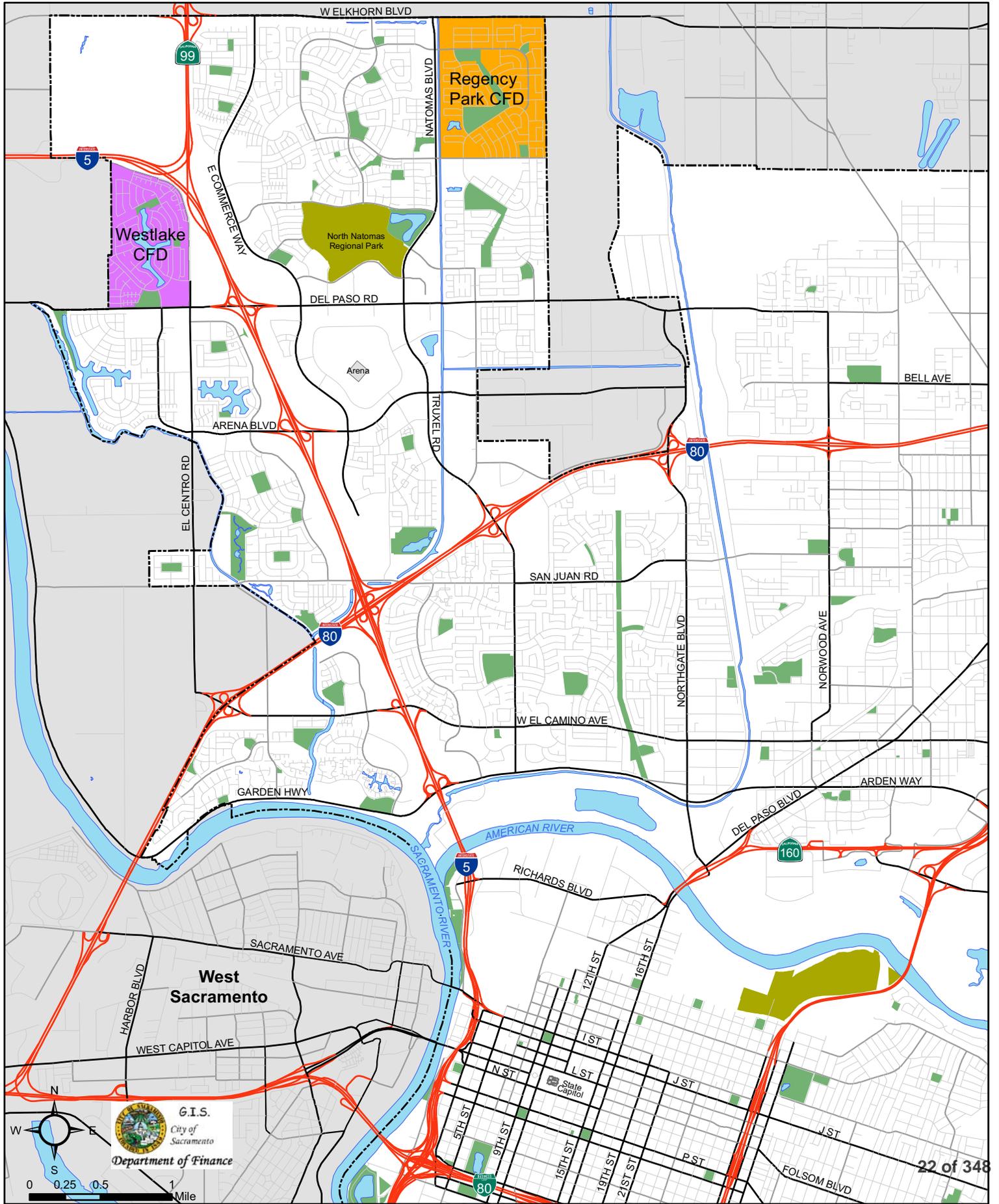
TRUSTEE

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

VERIFICATION AGENT

Causey Demgen & Moore, P.C.
Denver, Colorado

City of Sacramento - Regional Vicinity Map
North Natomas Westlake CFD No. 2000-01 &
North Natomas Regency Park CFD No. 2001-03



© I.S.
City of Sacramento
Department of Finance

0 0.25 0.5 1 Mile

TABLE OF CONTENTS

	<u>Page</u>		<u>Page</u>
INTRODUCTION	1	Location and Description	31
FINANCING PLAN	4	Land Use Distribution	32
Use of Proceeds	4	Assessed Property Values	32
Refunding of the Prior Westlake CFD Bonds	4	Value-to-Burden Ratio	33
Refunding of the Prior Regency Park CFD Bonds	4	Major Land Owners	36
Estimated Sources and Uses of Funds	5	Delinquencies	37
THE BONDS	7	Direct and Overlapping Governmental Obligations ..	38
Authority for Issuance	7	THE WESTLAKE CFD	42
General Bond Terms	7	Formation and Background	42
Redemption*	8	Location and Description	42
No Issuance of Parity Bonds	11	Land Use Distribution	43
Registration, Transfer, and Exchange	11	Assessed Property Values	43
DEBT SERVICE SCHEDULE	12	Value-to-Burden Ratio	44
SECURITY FOR THE BONDS	13	Major Land Owners	46
General	13	Delinquencies	47
Limited Obligation	13	Direct and Overlapping Governmental Obligations ..	48
Allocation of Revenues	14	BOND OWNERS' RISKS	50
No Reserve Account	14	Limited Obligation to Pay Debt Service	50
Investment of Moneys in Funds	14	Levy and Collection of the Special Taxes	50
THE SPECIAL TAX BONDS	15	Payment of Special Taxes Is Not a Personal	
General	15	Obligation of the Property Owners	51
Security for the Special Tax Bonds	15	Property Values	51
Levy and Collection of Special Taxes	15	No Cross Collateralization	54
Deposit and Allocation of Special Taxes	16	Other Possible Claims Upon the Property Values ...	54
Covenant to Foreclose	18	Enforcement of Special Taxes on Governmentally	
Rates and Methods of Apportionment	20	Owned Properties	54
No Issuance of Parity Special Tax Bonds	21	No Reserve for Bonds; Depletion of Reserve Funds	
No Direct Cross-Collateralization Among Special		for Special Tax Bonds	56
Tax Bonds	22	Bankruptcy Delays	56
Scheduled Debt Service Coverage	22	Disclosure to Future Purchasers	57
THE CFDS IN THE AGGREGATE	24	No Acceleration	57
Introduction	24	Loss of Tax Exemption	57
Special Tax Revenues and Projected Debt Service		Voter Initiatives	57
Coverage	24	Secondary Market for Bonds	58
Varying Maturity Dates of the Special Tax Bonds ...	24	THE AUTHORITY	58
Land Use Summary and Development Status	25	THE CITY	59
Land Ownership in the CFDs on an Aggregate		LEGAL MATTERS	60
Basis	27	Legal Opinions	60
Property Values and Value-to-Burden Ratios on an		Tax Exemption	60
Aggregate Basis	27	No Litigation	62
Overlapping Liens	28	CONTINUING DISCLOSURE	63
Potential Consequences of Special Tax		RATING	63
Delinquencies	29	UNDERWRITING	64
THE REGENCY PARK CFD	31	PROFESSIONAL FEES	64
Formation and Background	31		
APPENDIX A – General Information About the City of Sacramento and Sacramento County			
APPENDIX B – Rate and Method of Apportionment for Each CFDs			
APPENDIX C – Summary of Trust Agreement			
APPENDIX D – Summary of Indentures			
APPENDIX E – DTC and the Book-Entry Only System			
APPENDIX F – Form of Continuing Disclosure Certificate			
APPENDIX G – Form of Opinion of Bond Counsel			

OFFICIAL STATEMENT

\$ _____ *

**SACRAMENTO CITY FINANCING AUTHORITY
2013 SPECIAL TAX REFUNDING REVENUE BONDS
(WESTLAKE AND REGENCY PARK)
SERIES A**

INTRODUCTION

This Official Statement, including the cover page, inside cover, and attached appendices, is provided to furnish information regarding the bonds captioned above (the “**Bonds**”) to be issued by the Sacramento City Financing Authority (the “**Authority**”).

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, the inside cover, and attached appendices, and in the documents summarized or described in this Official Statement. A full review should be made of the entire Official Statement. The offering of the Bonds to potential investors is made only by means of the entire Official Statement.

The Authority. The Authority is a joint exercise of powers agency organized under the laws of the State of California (the “**State**”) and a Joint Exercise of Powers Agreement dated as of October 1, 1989, as amended (the “**Joint Powers Agreement**”), between the City of Sacramento (the “**City**”) and the former Redevelopment Agency of the City of Sacramento (the “**Redevelopment Agency**”), and under the Joint Exercise of Powers Act set out in the California Government Code beginning with Section 6500 (the “**Act**”).

The Authority was created primarily to provide financing of public capital improvements and the purchase by the Authority of “local obligations” within the meaning of the Act. See “THE AUTHORITY.”

Authority for Issuance of the Bonds. The Bonds are being issued under the following:

- The Marks-Roos Local Bond Pooling Act of 1985 set out in the California Government Code beginning with Section 6584 (the “**Bond Law**”).
- A Trust Agreement dated as of January 1, 2013 (the “**Trust Agreement**”), between the Authority, the City, and The Bank of New York Mellon Trust Company, N.A., as trustee (the “**Trustee**”).
- A resolution of the Board of Directors of the Authority (the “**Board**”) adopted on _____, 2012 (the “**Resolution**”).

See “THE BONDS – Authority for Issuance.”

Security and Sources of Payment for the Bonds. The Bonds are payable from “Revenues” received under the Trust Agreement, which are generally defined as all amounts derived from two series of special tax refunding bonds (collectively, the “**Special Tax Bonds**”).

being purchased with the proceeds of the Bonds, as described below. See “SECURITY FOR THE BONDS.”

Special Tax Bonds. The Special Tax Bonds consist of two series of special tax refunding bonds that will be issued by the City for two community facilities districts previously formed by the City (each, a “CFD”), and collectively, the “CFDs”), as follows:

The Westlake CFD. Special tax bonds to be issued by the City for the City of Sacramento North Natomas Westlake Community Facilities District No. 2000-01 (the “**Westlake CFD**”) designated “City of Sacramento 2013 North Natomas Westlake Community Facilities District No. 2000-01 Special Tax Refunding Bonds, Series A” (the “**Westlake CFD Bonds**”).

The Regency Park CFD. Special tax bonds to be issued by the City for the City of Sacramento North Natomas Regency Park Community Facilities District No. 2001-03 (the “**Regency Park CFD**”) designated “City of Sacramento 2013 North Natomas Regency Park Community Facilities District No. 2001-03 Special Tax Refunding Bonds, Series A” (the “**Regency Park CFD Bonds**”).

Each series of Special Tax Bonds will be issued concurrently with the Bonds and purchased by the Authority with the proceeds of the Bonds. See “SECURITY FOR THE BONDS.”

Security for the Special Tax Bonds. Each series of Special Tax Bonds will be secured under a separate indenture (collectively, the “**Indentures**”) between the City and the Trustee, as further described below:

- **The Westlake CFD.** The Westlake CFD Bonds will be issued under an Indenture dated as of January 1, 2013 (the “**Westlake CFD Indenture**”) between the City and the Trustee. The Westlake CFD Bonds will be secured and payable solely from the “**Westlake CFD Special Tax**” levied on taxable property within the Westlake CFD and from amounts in certain funds and accounts held under the Westlake CFD Indenture.
- **The Regency Park CFD.** The Regency Park CFD Bonds will be issued under an Indenture dated as of January 1, 2013 (the “**Regency Park CFD Indenture**”) between the City and the Trustee. The Regency Park CFD Bonds will be secured and payable solely from the “**Regency Park CFD Special Tax**” levied on taxable property within the Regency Park CFD and from amounts in certain funds and accounts held under the Regency Park CFD Indenture.

The Westlake CFD Bonds and the Regency Park CFD Bonds are secured respectively by the Westlake CFD Special Tax and the Regency Park CFD Special Tax (collectively, the “**Special Taxes**”) levied by the City on taxable property within the respective boundaries of each CFD according to the special tax formulas in the respective Rate and Method of Apportionment of Special Tax (each a “**Rate and Method of Apportionment**”) for the CFDs. See “THE SPECIAL TAX BONDS.”

No Direct Cross-Collateralization Among Special Tax Bonds. The Special Taxes levied to pay debt service on one series of Special Tax Bonds are not available to pay debt service on any other series of Special Tax Bonds. See “THE SPECIAL TAX BONDS – No Direct Cross-Collateralization Among Special Tax Bonds” and “BOND OWNERS’ RISKS.” See also

“SECURITY FOR THE BONDS,” “SPECIAL TAX BONDS – No Direct Cross-Collateralization Among Special Tax Bonds” and “RISK FACTORS RELATING TO THE CFDs – No Cross Collateralization.”

Purpose of the Bonds and the Special Tax Bonds. The Bonds are being issued to finance the acquisition of each series of Special Tax Bonds.

The proceeds of each series of Special Tax Bonds will be used to (i) refinance outstanding special tax bonds of the related CFD, (ii) fund two separate debt service reserve funds, one for each series of Special Tax Bonds, and (iii) fund a portion of the costs of issuing the Bonds and the Special Tax Bonds.

See “FINANCING PLAN.”

No Additional Parity Obligations. Under the Trust Agreement, the Authority will covenant that it will not issue any additional bonds or other indebtedness on parity with the Bonds (except for refunding purposes). See “THE BONDS – No Issuance of Parity Bonds.”

Under each Indenture, the City will covenant that it will not issue any additional bonds or other indebtedness with respect to either CFD on parity with the related series of Special Tax Bonds (except for refunding purposes). See “THE SPECIAL TAX BONDS – No Issuance of Parity Special Tax Bonds.”

Reserve Funds. Neither the City nor the Authority will create or maintain a debt service reserve account for the Bonds. The City will create and maintain two separate debt service reserve funds, one for each series of Special Tax Bonds. See “SECURITY FOR THE BONDS” and “THE SPECIAL TAX BONDS - Deposit and Allocation of Special Taxes – Allocations – Reserve Funds.”

Redemption. The Bonds are subject to optional redemption, mandatory sinking fund redemption, and extraordinary redemption from the redemption of Special Tax Bonds due to Special Tax prepayments. See “THE BONDS – Redemption.”

The CFDs. The CFDs are located in the northern part of the City known as North Natomas, in the County of Sacramento (the “**County**”), and comprise approximately 795 gross acres, including 486 net taxable acres and comprised of 3,782 taxable parcels, all of which are developed with, or entitled for development with, a mix of residential and non-residential properties. See “THE CFDs IN THE AGGREGATE.”

Limit of Liability; Risk Factors Associated with Purchasing the Bonds. The Bonds are limited obligations of the Authority payable solely from Revenues and other assets pledged under the Trust Agreement. Investment in the Bonds involves risks that may not be appropriate for some investors. See “BOND OWNERS' RISKS” for a discussion of certain risk factors which should be considered, in addition to the other matters set forth in this Official Statement, in considering the investment quality of the Bonds.

FINANCING PLAN

Use of Proceeds

The Bonds. All of the net proceeds of the Bonds will be used to acquire each series of Special Tax Bonds.

The Special Tax Bonds. The proceeds of each series of Special Tax Bonds will be used to refinance outstanding special tax bonds previously issued by the City for the related CFD, as described below.

The proceeds of each series of Special Tax Bonds will also be used to fund two separate debt service reserve fund, one for each series of Special Tax Bonds and to fund a portion of the costs of issuing the Bonds and the Special Tax Bonds.

Refunding of the Prior Westlake CFD Bonds

In April 2001, on behalf of the Westlake CFD, the City issued special tax bonds captioned "City of Sacramento North Natomas Westlake Community Facilities District No. 2000-01 Special Tax Bonds" (the "**Prior Westlake CFD Bonds**") in the original principal amount of \$11,890,000 for the purpose of financing certain public facilities. See "The Westlake CFD – Formation and Background."

The Prior Westlake CFD Bonds are currently outstanding in the principal amount of \$9,410,000, which will be redeemed in full, on a current basis, on March 1, 2013, at a redemption price equal to the principal amount thereof, together with accrued interest to the redemption date, without premium.

To accomplish the refinancing plan, the net proceeds of the Westlake CFD Bonds, together with certain other funds on hand with respect to the Westlake CFD Bonds, will be transferred to The Bank of New York Mellon Trust Company, N.A., as escrow agent (the "**Westlake CFD Escrow Agent**"), for deposit in an escrow fund (the "**Westlake CFD Escrow Fund**") to be established under an Escrow Agreement dated as of January 1, 2013, between the City and the Westlake CFD Escrow Agent.

The Westlake CFD Escrow Agent will invest the amounts on deposit in the Westlake CFD Escrow Fund in United States Treasury Securities, State and Local Government Series. These funds, together with any remaining amounts held in cash by the Escrow Agent, will be sufficient to pay and redeem the Prior Westlake CFD Bonds in full on March 1, 2013. See "VERIFICATION OF MATHEMATICAL ACCURACY."

The amounts held and invested by the Escrow Agent in the Westlake CFD Escrow Fund are pledged solely to the payment of the Prior Westlake CFD Bonds, and neither the funds deposited in the Westlake CFD Escrow Fund nor the interest on the invested funds will be available for the payment of debt service on the Bonds.

Refunding of the Prior Regency Park CFD Bonds

In July 2003, on behalf of the Regency Park CFD, the City issued special tax bonds captioned "City of Sacramento North Natomas Regency Park Community Facilities District No. 2001-03 Special Tax Bonds" (the "**Prior Regency Park CFD Bonds**") in the original principal

amount of \$19,570,000 for the purpose of financing certain public facilities. See “The Regency Park CFD – Formation and Background.”

The Prior Regency Park CFD Bonds are currently outstanding in the principal amount of \$16,665,000, which will be redeemed in full, on a current basis, on March 1, 2013, at a redemption price equal to the principal amount thereof, together with accrued interest to the redemption date, without premium.

To accomplish the refinancing plan, the net proceeds of the Regency Park CFD Bonds, together with certain other funds on hand with respect to the Regency Park CFD Bonds, will be transferred to The Bank of New York Mellon Trust Company, N.A., as escrow agent (the “**Regency Park CFD Escrow Agent**”), for deposit in an escrow fund (the “**Regency Park CFD Escrow Fund**”) to be established under an Escrow Agreement dated as of January 1, 2013, between the City and the Regency Park CFD Escrow Agent.

The Regency Park CFD Escrow Agent will invest the amounts on deposit in the Regency Park CFD Escrow Fund in United States Treasury Securities, State and Local Government Series. These funds, together with any remaining amounts held in cash by the Escrow Agent, will be sufficient to pay and redeem the Prior Regency Park CFD Bonds in full on March 1, 2013. See “VERIFICATION OF MATHEMATICAL ACCURACY.”

The amounts held and invested by the Escrow Agent in the Regency Park CFD Escrow Fund are pledged solely to the payment of the Prior Regency Park CFD Bonds, and neither the funds deposited in the Regency Park CFD Escrow Fund nor the interest on the invested funds will be available for the payment of debt service on the Bonds.

Estimated Sources and Uses of Funds

The Bonds. The proceeds from the sale of the Bonds will be deposited into the following funds established under the Trust Agreement.

<u>SOURCES</u>	
Principal Amount of Bonds	\$
<i>Plus: Original Issue Premium</i>	
<i>Total Sources</i>	\$
 <u>USES</u>	
Purchase Fund [1]	
Underwriter’s Discount	
<i>Total Uses</i>	\$

[1] Represents funds that will be used to acquire the Special Tax Bonds.

The Westlake CFD. The proceeds received by the City from the Authority from the sale of the Westlake CFD Bonds will be deposited into the following funds established under the Westlake CFD Indenture.

SOURCES

Principal Amount of the Westlake CFD Bonds	\$
--	----

USES

Transfer to Prior Westlake CFD Bonds Escrow Fund	
Deposit to Reserve Fund [1]	
Deposit to Costs of Issuance Fund [2]	
<i>Total Uses</i>	\$

-
- [1] Funds that will be used to fund the Westlake CFD Bond Reserve Fund. See "THE SPECIAL TAX BONDS - Deposit and Allocation of Special Taxes, Allocations, Reserve Funds."
 - [2] Costs of issuance include costs of preparation and reproduction of documents, rating agency fees (if any), filing fees, fees and charges of the Trustee (including fees and expenses of its counsel), legal fees and charges, and fees and charges of other consultants and professionals, together with all costs for the preparation of the Bonds and any other cost or expense in connection with the authorization, sale, execution, authentication, and initial delivery of the Bonds.

Regency Park CFD. The proceeds received by the City from the Authority from the sale of the Regency Park CFD Bonds will be deposited into the following funds established under the Regency Park CFD Indenture.

SOURCES

Principal Amount of the Regency Park CFD Bonds	\$
--	----

USES

Transfer to Prior Regency Park CFD Bonds Escrow Fund	
Deposit to Reserve Fund [1]	
Deposit to Costs of Issuance Fund [2]	
<i>Total Uses</i>	\$

-
- [1] Funds that will be used to fund the Regency Park CFD Bond Reserve Fund. See "THE SPECIAL TAX BONDS - Deposit and Allocation of Special Taxes, Allocations, Reserve Funds."
 - [2] Costs of issuance include costs of preparation and reproduction of documents, rating agency fees (if any), filing fees, fees and charges of the Trustee (including fees and expenses of its counsel), legal fees and charges, and fees and charges of other consultants and professionals, together with all costs for the preparation of the Bonds and any other cost or expense in connection with the authorization, sale, execution, authentication, and initial delivery of the Bonds.

THE BONDS

This section generally describes the terms of the Bonds contained in the Trust Agreement, which is summarized in more detail in APPENDIX C. Capitalized terms used but not defined in this section are defined in APPENDIX C.

Authority for Issuance

The Bonds are being issued under the Bond Law; the Trust Agreement; and the Resolution, which was adopted by the Authority Board on _____, 2012, authorizing the issuance of bonds in a maximum principal amount of \$_____.

The Authority may issue additional bonds for refunding purposes under this authorization. See “THE BONDS – No Issuance of Parity Bonds.”

General Bond Terms

Dated Date, Maturity and Authorized Denominations. The Bonds will be dated their date of delivery (the “**Dated Date**”) and will mature in the amounts and on the dates set forth on the inside cover page of this Official Statement. The Bonds will be issued in fully registered form in integral multiples of \$5,000.

Interest. The Bonds will bear interest at the annual rates set forth on the inside cover page of this Official Statement, payable semiannually on each March 1 and September 1, commencing September 1, 2013 (each, an “**Interest Payment Date**”), until the principal sum of the Bonds has been paid. Interest will be calculated on the basis of a 360-day year composed of twelve 30-day months. Each Bond will bear interest from the Interest Payment Date next preceding the date of authentication thereof, unless —

- it is authenticated during the period from the 16th day of the month preceding an Interest Payment Date to and including that Interest Payment Date, in which event it will bear interest from and including that Interest Payment Date; or
- it is authenticated on or prior to the Dated Date, in which event it will bear interest from the Dated Date;

provided, that if at the time of authentication of any Bond interest is then in default or overdue on the Bonds, then that Bond will bear interest from the Interest Payment Date to which interest has previously been paid in full or made available for payment in full on all outstanding Bonds.

Record Date. With respect to any Interest Payment Date, the Trust Agreement defines the record date for the Bonds as the 15th calendar day of the month preceding such Interest Payment Date, whether or not that day is a Business Day (the “**Record Date**”).

DTC and Book-Entry Only System. DTC will act as securities depository for the Bonds. The Bonds will be issued as fully-registered securities registered initially in the name of Cede & Co. (DTC’s partnership nominee). See “APPENDIX E – DTC and the Book-Entry Only System.”

Payments of Interest and Principal. *For so long as DTC is used as depository for the Bonds, principal of, premium, if any, and interest payments on the Bonds will be made solely to*

DTC or its nominee, Cede & Co., as registered owner of the Bonds, for distribution to the beneficial owners of the Bonds in accordance with the procedures adopted by DTC.

Payment of the interest on any Bond will be made to the Person whose name appears on the Bond Register as the Owner of the Bond as of the close of business on the Record Date, with the interest to be paid by check mailed by first class mail on the Interest Payment Date to the Owner at the address that appears on the Bond Register as of the Record Date for that purpose, except as follows: in the case of an Owner of \$1,000,000 or more in aggregate principal amount of Bonds, upon written request of the Owner to the Trustee (in form satisfactory to the Trustee) received not later than the Record Date, the interest will be paid on the Interest Payment Date in immediately available funds by wire transfer to an account in a bank or trust company or savings bank that is a member of the Federal Reserve System and is located in the United States of America.

The principal of and redemption premiums (if any) on the Bonds will be payable by the Trustee at its Corporate Trust Office upon presentation and surrender of such Bonds.

The principal of and interest and premium (if any) on the Bonds will be payable in lawful money of the United States of America.

Redemption*

Optional Redemption. The Bonds maturing on or after September 1, 20__, are subject to optional redemption by the Authority before their stated maturity dates as a whole or in part on any date on or after [March 1], 20__, from any source of available funds, at a redemption price equal to the principal amount to be redeemed plus accrued interest to the date of redemption, together with a redemption premium equal to the following percentages of such principal amount:

<u>Redemption Date</u>	<u>Redemption Premium</u>
------------------------	---------------------------

Mandatory Sinking Fund Redemption. The Bonds maturing September 1, _____ are subject to mandatory redemption by the Authority before their stated maturity date in part by lot on September 1 of each year on and after September 1, 20__, to and including September 1, 20__; and the Bonds maturing on September 1, 20__, are subject to mandatory redemption by the Authority before their stated maturity date in part by lot on September 1 of each year on and after September 1, 20__, to and including September 1, 20__. In each case, redemption will be from sinking fund payments made by the Authority under the Trust Agreement, at a redemption price equal to the principal amount to be redeemed, without premium, in the aggregate respective principal amounts and in the respective years as set forth in the following tables, plus accrued interest to the date of redemption.

* Preliminary; subject to change.

executed by the Authority and received and accepted by DTC. DTC and its Participants (as defined in Appendix E) will have sole responsibility for providing any such notice of redemption to the beneficial owners of the Bonds to be redeemed. Any failure of DTC to notify any Participant, or any failure of Participants to notify the Beneficial Owner of any Bonds to be redeemed, of a notice of redemption or its content or effect will not affect the validity of the notice of redemption, or alter the effect of redemption set forth in the Trust Agreement.

Conditional Redemption Notice and Rescission of Redemption. With respect to any notice of optional or extraordinary redemption, unless, upon the giving of the notice, the Bonds are deemed to have been paid within the meaning of the Trust Agreement, the notice will state (i) that redemption will be conditional upon the receipt by the Trustee, on or before the date fixed for redemption, of amounts sufficient to pay the principal of, and premium (if any) and interest on, the Bonds to be redeemed; and (ii) that if such amounts are not so received the redemption notice will be of no force and effect and the Authority will not be required to redeem the Bonds.

If any notice of redemption contains such a condition and the amounts are not so received, then the redemption will not be made and, within a reasonable time thereafter, the Trustee will give notice to the Holders to the effect that the amounts were not so received and redemption was not made, the notice to be given by the Trustee in the manner in which the notice of redemption was given. Such a failure to redeem the Bonds will not constitute an Event of Default under the Trust Agreement.

Any redemption notice given under the Trust Agreement may be rescinded by written notice given to the Trustee by the Authority no later than five Business Days before the date specified for redemption. The Trustee will give notice of rescission as soon thereafter as practicable in the same manner, and to the same Persons, as notice of redemption was given under the Trust Agreement.

Selection of Bonds for Redemption. Whenever less than all the Outstanding Bonds of any one maturity are to be redeemed on any one date, the Trustee will select by lot the particular Bonds to be redeemed, and in selecting the Bonds for redemption the Trustee will treat each Bond of a denomination of more than \$5,000 as representing that number of Bonds of \$5,000 denomination that is obtained by dividing the principal amount of such the by \$5,000, and the portion of any Bond of a denomination of more than \$5,000 to be redeemed will be redeemed in an Authorized Denomination.

Effect of Redemption. If notice of redemption has been given or waived as provided in the Trust Agreement, and moneys for the payment of the principal of, and premium (if any) and the interest accrued to the redemption date on, the Bonds (or portions of the Bonds) so called for redemption are held by the Trustee, then the Bonds (or portions of the Bonds) called for redemption will be due and payable on the date fixed for redemption at the redemption price of those Bonds, together with accrued interest to the date fixed for redemption, upon presentation and surrender of the Bonds to be redeemed at the Corporate Trust Office of the Trustee specified in the notice of redemption.

If less than the full principal amount of a Bond is called for redemption, then the Authority will execute and deliver and the Trustee will authenticate, upon surrender of the Bond, and without charge to the Owner, one or more Bonds of like interest rate and maturity in an aggregate principal amount equal to the unredeemed portion of the principal amount of the Bond so surrendered in the Authorized Denominations specified by the Owner of the Bond.

Purchase in Lieu of Redemption. Instead of the optional redemption or extraordinary redemption of the Bonds as described above, all amounts on deposit in the Redemption Fund may also be used and withdrawn by the Trustee, upon receipt of a Written Order of the Authority at any time before selection of Bonds for redemption, for the purchase of Bonds, at public or private sale as and when and at such prices (including brokerage and other charges, but excluding accrued interest, which is payable from the Interest Fund) as the Authority may in its discretion determine, but not in excess of the then current redemption price of the Bonds plus accrued interest to the purchase date. All Bonds so purchased must be delivered to the Trustee for cancellation.

No Issuance of Parity Bonds

Under the Trust Agreement, the Authority will covenant that it will not issue any bonds secured on parity with or subordinate to the Bonds, or in any other manner secured by and payable from the Revenues (other than each series of the Bonds) and that it will not create, or permit the creation of, any other pledge, lien, charge, or other encumbrance upon the Revenues and other assets pledged or assigned under the Trust Agreement while any of the Bonds are outstanding, except the pledge and assignment created by the Trust Agreement.

However, the Authority may issue bonds under the Trust Agreement secured by the Revenues, equally and ratably with any other outstanding Bonds, solely for the purpose of refunding all or part of any other series of Bonds then outstanding.

Registration, Transfer, and Exchange

The Trustee will keep or cause to be kept at its Trust Office sufficient records for the registration and transfer of the Bonds. The Bonds are subject to transfer and exchange under the conditions set forth in the Trust Agreement. See APPENDIX C for detailed provisions regarding the registration, transfer, and exchange of the Bonds.

The provisions set forth in APPENDIX C regarding the exchange and transfer of the Bonds apply only during any period in which the Bonds are not subject to DTC's book-entry system. While the Bonds are subject to DTC's book-entry system, their exchange and transfer will be effected through DTC and the Participants and will be subject to the procedures, rules, and requirements established by DTC. See "APPENDIX E – DTC and the Book-Entry Only System."

DEBT SERVICE SCHEDULE

The following table presents the annual debt service on the Bonds (including sinking fund redemptions), assuming there are no optional redemptions or extraordinary redemptions.

Year Ending September 1	Principal	Interest	Total Debt Service
----------------------------	-----------	----------	-----------------------

Total: _____

SECURITY FOR THE BONDS

This section generally describes the security for the Bonds set forth in the Trust Agreement, which is summarized in more detail in APPENDIX C. Capitalized terms used but not defined in the section are defined in APPENDIX C.

General

Pledge of Revenues and Other Assets. All money required to be deposited with, or paid to, the Trustee in any of the Funds (other than the Rebate Fund) referred to in the Trust Agreement will be held by the Trustee in trust, and, except for money held for the payment or redemption of Bonds or the payment of interest on Bonds under the provisions of the Trust Agreement regarding defeasance, will, while held by the Trustee, constitute part of the Trust Estate and be subject to the lien and pledge created by the Trust Agreement. The Trust Agreement defines the “**Trust Estate**” as all of the following:

- the proceeds of sale of the Bonds;
- the Revenues;
- the money in the Funds established under the Trust Agreement, except the money in the Rebate Fund; and
- the Special Tax Bonds.

Definition of Revenues. The Trust Agreement defines “Revenues” as all amounts received by the Trustee as the payment of interest or redemption premium on (or the equivalent thereof), and the payment or return of principal of (or the equivalent thereof), any Special Tax Bonds, whether as a result of scheduled payments or prepayments of Special Taxes or remedial proceedings taken in the event of a default on the Special Taxes, together with all investment earnings on any money held in the Funds established under the Trust Agreement, except the Rebate Fund.

Transfer and Assignment to Trustee. Under the Trust Agreement, the Authority will assign, bargain, convey, grant, mortgage, and pledge a security interest to the Trustee and the Trustee’s successors and assigns forever in all right, title, and interest of the Authority in, to, and under the Trust Estate, subject to the provisions of the Trust Agreement permitting the application thereof for the purposes and on the terms and conditions set forth therein.

Limited Obligation

The Bonds, the interest on the Bonds, and any premiums payable on the redemption of any of the Bonds are special, limited obligations of the Authority secured solely by, and payable solely from, Revenues and other assets pledged under the Trust Agreement. They are not an indebtedness of the City, the CFDs, the State, or any of the State’s political subdivisions; and the City, the CFDs, the State, the State’s political subdivisions, and the members of the Authority are not liable on the Bonds. Neither the faith and credit nor the taxing power of the City, the CFDs, the State, any political division of the State, the Authority, or the members of the Authority is pledged to the payment of the Bonds. The Authority has no taxing power.

Allocation of Revenues

Revenue Fund. All Revenues received by the Trustee (other than Revenues derived from prepayments of the Special Tax Bonds, which will be deposited in the Redemption Fund) will be deposited by the Trustee in the Revenue Fund. Not later than each Interest Payment Date and Principal Payment Date, the Trustee will transfer the Revenues from the Revenue Fund, in the amounts described below, for deposit into the Funds specified below in the order of priority set forth below, the requirements of each Fund to be fully satisfied, leaving no deficiencies in the Fund, before any deposit into any Fund later in priority.

Interest Fund. Not later than each Interest Payment Date, the Trustee will deposit in the Interest Fund an amount of Revenues that, together with any amounts then on deposit in the Interest Fund, is equal to the interest on the Bonds due on such date. On each Interest Payment Date, the Trustee will pay from the Interest Fund the interest then due and payable on the Bonds. All money in the Interest Fund will be used and withdrawn by the Trustee solely for the purpose of paying interest on the Bonds as it becomes due and payable.

Principal Fund. Not later than each Principal Payment Date, after satisfying the requirements to make deposits to the Interest Fund as described above, the Trustee will deposit in the Principal Fund an amount of Revenues that is sufficient to pay the Principal Installments and Mandatory Sinking Fund Payments on the Bonds when due on the Principal Payment Date.

Redemption Fund. To maintain a proper matching between debt service payments on the Special Tax Bonds and debt service payments on the Bonds, all Revenues received by the Trustee that constitute prepayments of Special Tax Bonds will be deposited in the Redemption Fund and be utilized by the Trustee to redeem Bonds through optional redemption or extraordinary redemption. See “THE BONDS – Redemption,” above.

Rebate Fund. The Trustee will establish and maintain a separate Rebate Fund. The Trustee will deposit in the Rebate Fund, from funds made available by the Authority, the Rebate Requirement. The Trustee will apply money held in the Rebate Fund as provided in the Trust Agreement and according to instructions provided by the Authority. Subject to the provisions of the Trust Agreement, all money held in the Rebate Fund is pledged to secure payments to the United States of America, and the Authority and the City and the Bond Owners will have no rights in or claim to such money.

No Reserve Account

Neither the City nor the Authority will create or maintain a debt service reserve account with respect to the Bonds. The City will create and maintain two separate debt service reserve funds, one for each series of Special Tax Bonds. See “THE SPECIAL TAX BONDS – Deposit and Allocation of Special Taxes– Allocations – Reserve Funds.”

Investment of Moneys in Funds

All moneys in any of the funds or accounts established with the Trustee under the Trust Agreement will be invested by the Trustee solely in Legal Investments. See APPENDIX C for a definition of “Legal Investments” and other restrictions on the investment of moneys in the funds and accounts held under the Trust Agreement.

THE SPECIAL TAX BONDS

The provisions of the Indentures with respect to security and sources of payment for each series of Special Tax Bonds are substantially identical, and will be described together in this section except as otherwise set forth. This section contains only a brief description of those provisions of the Indentures, which are further described in APPENDIX D. Capitalized terms used but not defined in this section have the meanings given in APPENDIX D.

General

The two series of Special Tax Bonds will be issued by the City for each CFD under a separate Indenture and under the Mello-Roos Community Facilities Act of 1982 set out in the California Government Code beginning with Section 53300 (the “**Mello-Roos Act**”). Each series of Special Tax Bonds will be purchased by the Authority with the proceeds of the Bonds.

Each series of Special Tax Bonds is secured by and payable from the levy of Special Taxes made by the City in the respective CFD.

Security for the Special Tax Bonds

Pledge of Special Taxes. Under each Indenture, the principal of and interest on and redemption premiums, if any, on the Special Tax Bonds are payable solely from the “**Special Tax Revenues**,” which is defined in each Indenture as the proceeds the City receives from the Westlake CFD Special Tax and the Regency Park CFD Special Tax (excluding any prepayments) plus the proceeds of the redemption or sale of property sold because of the foreclosure of the related special tax lien (excluding any interest or penalties collected because of delinquencies). Certain other funds as provided in each Indenture may also be used to pay principal of and interest on and redemptions premiums, if any, on the Special Tax Bonds.

“**Taxable Property**” or “**Taxable Land**” means all land within a CFD that is classified as taxable under the CFD’s Rate and Method of Apportionment.

Limited Obligation. All obligations of the City under each Indenture and each series of Special Tax Bonds are special obligations of the City, payable solely from the related Special Taxes and the funds pledged therefor under the related Indenture. Neither the faith and credit nor the taxing power of the City (except to the limited extent set forth in each Indenture) or the State or any political subdivision of the State is pledged to the payment of the Special Tax Bonds.

Redemption. Each issue of Special Tax Bonds is subject to optional redemption, extraordinary redemption from prepayments of the Special Tax, and mandatory sinking fund redemption. See APPENDIX D.

Levy and Collection of Special Taxes

General. Under each Indenture the City will covenant to levy the Special Tax annually against all Taxable Land in each CFD and to make provision for the collection of the Special Tax in amounts (i) that will be sufficient, after making reasonable allowances for contingencies and errors in the estimates, to yield proceeds equal to the amounts required for compliance with all the agreements, conditions, covenants, and terms in the Indenture; and (ii) that in any event will be sufficient to pay the interest on, principal of, Sinking Fund Account Payments for, and

redemption premiums (if any) on, each series of Special Tax Bonds as they become due and payable and to replenish the Bond Reserve Fund and pay all Expenses as they become due and payable.

Manner of Collection. The Special Taxes will be payable and be collected in the same manner and at the same time and in the same installments as ordinary ad valorem property taxes for the County are collected are payable, and will have the same priority, become delinquent at the same time and in the same proportionate amounts, and bear the same proportionate penalties and interest after delinquency as do the ad valorem taxes on real property.

Because the Special Tax levy is limited to the maximum Special Tax rates set forth in each Rate and Method of Apportionment, no assurance can be given that, in the event of Special Tax delinquencies, the receipts of Special Taxes will in fact be collected in sufficient amounts in any given year to pay debt service on the Special Tax Bonds.

Risks Related to Special Taxes. Although the Special Taxes will constitute liens on the taxed parcels of land within the related CFDs, they do not constitute a personal indebtedness of the owners of property within the CFDs and they cannot be accelerated in the event of a delinquency in payment of the Special Taxes in any given year. There is no assurance that the property owners will be financially able to pay the annual Special Taxes or that they will timely pay the taxes even if they are financially able to do so. See "RISK FACTORS RELATED TO SPECIAL TAX BONDS."

Deposit and Allocation of Special Taxes

Deposits. Under each Indenture, the City agrees and covenants that all proceeds of the Special Tax, when and as received, will be received and held by it in trust under the Indenture and will be deposited as and when received in separate Special Tax Funds for each CFD established in the treasury of the City. All money in each separate Special Tax Fund will be accounted for separately and apart from all other accounts, funds, money, or other resources of the City, and will be disbursed, allocated, and applied solely to the uses and purposes set forth in each Indenture and described below.

Allocations. All money in each Special Tax Fund will be set aside in the following funds for each CFD in the following order of priority, and all money in each of such funds will be applied, used, and withdrawn only for the purposes authorized in each Indenture: ***first***, in a separate Bond Redemption Fund for each CFD, to be held by the Trustee; ***second***, in a separate Bond Reserve Fund for each CFD, to be held by the Trustee; and ***third***, in a separate Expense Fund for each CFD, to be held by the City Treasurer.

Bond Redemption Funds. On or before the first day in March and September in each year, beginning in September 2013, the City Treasurer will, from the money in each Special Tax Fund, transfer to the Trustee for deposit in each Bond Redemption Fund an amount of money equal to the aggregate amount of interest becoming due and payable on all outstanding Special Tax Bonds on that March 1 or September 1, as the case may be; and on or before the first day in September in each year, beginning in September, 20__, the City Treasurer will, from the then remaining money in the Special Tax Fund, transfer to the Trustee for deposit in each Special Tax Redemption Fund, an aggregate amount of money equal to the aggregate amount of principal becoming due and payable on all outstanding Special Tax Bonds on that September 1 plus the sinking fund payments required to be made on that September 1, as the case may be.

All of these payments will be made without priority of any payment over any other payment.

If the money in a Bond Redemption Fund on any March 1 or September 1 is not equal to the amount of interest becoming due on all related Special Tax Bonds on that date, or if the money in the Bond Redemption Fund on any September 1 is not equal to the aggregate amount of principal of the Bonds becoming due on that date or the Sinking Fund Account Payment required to be made on that date, as the case may be, then the money will be applied pro rata in the proportion that the interest and principal or Sinking Fund Account Payment bear to each other.

No deposit need be made into a Bond Redemption Fund if the amount of money it contains is at least equal to the amount required to be deposited in it at the times and in the amounts provided in each Indenture.

All money in a Bond Redemption Fund will be used and withdrawn by the Trustee solely to pay the interest on the related Special Tax Bonds as it becomes due and payable (including accrued interest on any Bonds purchased or redeemed before maturity) plus the principal of, and redemption premiums (if any) on, the related Special Tax Bonds as they mature or upon their prior redemption, except that any money in the Sinking Fund Account will be used only to purchase or redeem or retire the Term Bonds.

Bond Reserve Funds. On or before the first day in September in each year, beginning in September 2013, the City Treasurer will, from the then remaining money in each Special Tax Fund, transfer to the Trustee for deposit in each Bond Reserve Fund the amount of money that is required to restore each Bond Reserve Fund to an amount equal to each Required Bond Reserve. All investments in each Bond Reserve Fund will be valued in accordance with each Indenture.

No deposit need be made into a Bond Reserve Fund if the amount it contains is at least equal to the Required Bond Reserve.

“Required Bond Reserve” means, for each series of Special Tax Bonds, as of any date of calculation, the least of—

- 10% of the initial principal amount of the Special Tax Bonds; or
- the maximum Debt Service payable under the related Indenture in the current or any future Bond Year; or
- 125% of the average Debt Service payable under the related Indenture in the current and in all future Bond Years.

Except as further described in each Indenture, all money in a Bond Reserve Fund will be used and withdrawn by the Trustee solely for the purpose of paying the interest on, or principal of, the related series of Special Tax Bonds if there is insufficient money in the respective Bond Redemption Fund available for this purpose.

See APPENDIX D for a complete description of the timing, purpose, and manner of disbursements from the Bond Reserve Funds.

Expense Funds. On September 1 in each year, beginning in September 2013, the City Treasurer will, from the then remaining money in the Special Tax Fund, transfer to, and deposit in, each Expense Fund sums equal to the costs associated with the determination of the amount of the Special Taxes, the collection of the Special Taxes, and the payment of the Special Taxes, together with all other costs incurred to carry out the authorized purposes of each CFD during the 12-month period beginning on that date (or for the reimbursement to the City for the payment of any such unbudgeted expenses made during any prior 12-month period).

All money in each Expense Fund will be used and withdrawn by the City Treasurer only for transfer to, or for the account of, the City to pay budgeted Expenses or to reimburse the City for the payment of unbudgeted Expenses, or to pay the interest on or principal of or redemption premiums (if any) on the related series of Special Tax Bonds if no other money is available for that purpose.

Remaining Funds. Beginning in September 2013, all money remaining in the Special Tax Funds on September 1 of each year, after transferring all of the sums as described above, will be withdrawn from the Special Tax Fund by the City Treasurer and deposited in the Community Facilities Funds to be established for each CFD. The City will maintain these funds so long as any Special Tax Bonds are outstanding, and all money in each of the Community Facilities Funds will be used and withdrawn by the City solely for the benefit of the related CFD in accordance with the Mello-Roos Act and the related Indenture.

Covenant to Foreclose

Sale of Property for Nonpayment of Taxes. Each Indenture provides that the Special Taxes are 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 below) and in the Mello-Roos Act, is to be subject to the same penalties and the same procedure, sale, and lien priority in case of delinquency as is provided for *ad valorem* property taxes. Under these procedures, if taxes are unpaid for a period of five years or more, the property is subject to sale by the County.

Foreclosure Under the Act. Under Section 53356.1 of the Mello-Roos Act, if any delinquency occurs in the payment of the Special Taxes, the City may order the institution of an action in superior court to foreclose the lien of the Special Taxes within specified time limits. In such an action, the real property subject to the unpaid amount may be sold at judicial foreclosure sale.

Although judicial foreclosure action is not mandatory, the City will agree in each Indenture that, on or before October 1 of each year, the City will review the public records of the County relating to the collection of the related Special Tax to determine the amount of the Special Tax collected in the prior Fiscal Year and, if needed, to proceed as set forth below:

Individual Delinquencies. On the basis of its review the City will, not later than the succeeding December 1, institute foreclosure proceedings as authorized by the Mello-Roos Act against all parcels of Taxable Land that are delinquent in the payment of the Special Tax in the Fiscal Year by \$1,000 or more in order to enforce the lien of all such delinquent installments of such Special Tax and will diligently prosecute and pursue the foreclosure proceedings to judgment and sale.

Aggregate Delinquencies. On the further basis of its review, if the City determines that the total amount so collected is less than 95% of the total amount of the Special Tax levied in such Fiscal Year in a particular CFD, the City will, not later than the succeeding December 1, institute foreclosure proceedings as authorized by the Mello-Roos Act against all parcels of Taxable Land in the CFD that are delinquent in the payment of the Special Tax in the Fiscal Year to enforce the lien of all the delinquent installments of the Special Tax and will diligently prosecute and pursue the foreclosure proceedings to judgment and sale.

However, the City will not be obligated to enforce the lien against any parcel of Taxable Land of any delinquent installment of the Special Tax in any Fiscal Year in which the City has received 100% of the amount of the delinquent installment from the County under the so-called "Teeter Plan" (as described below).

Sufficiency of Foreclosure Sale Proceeds; Foreclosure Limitations and Delays. 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 suffice to pay any delinquent Special Tax installments. The Mello-Roos Act does not require the City 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 Mello-Roos Act requires that property sold through foreclosure under the Mello-Roos 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 Special Tax Bonds (which will at all times be the Authority) is obtained. However, under Section 53356.5 of the Mello-Roos Act, the City, as judgment creditor, is entitled to purchase any property sold at foreclosure using a "credit bid," where the City could submit a bid crediting all or part of the amount required to satisfy the judgment for the delinquent amount of the Special Taxes. If the City becomes the purchaser under a credit bid, the City must pay the amount of its credit bid into the redemption fund established for the related Special Tax Bonds, but this payment may be made up to 24 months after the date of the foreclosure sale.

Foreclosure by court action is subject to normal litigation delays, the nature and extent of which are largely dependent on (i) the nature of the defense, if any, put forth by the debtor and (ii) the superior court's calendar. In addition, the City's ability to foreclose the lien of delinquent unpaid Special Taxes may be limited in certain instances and may require prior consent of the property owner if the property is owned by or in receivership of the Federal Deposit Insurance Corporation (the "FDIC"). See "RISK FACTORS RELATED TO SPECIAL TAX BONDS."

Teeter Plan. The Board of Supervisors of the County has adopted the Alternative Method of Distribution of Tax Levies and Collections and of Tax Sale Proceeds (the "**Teeter Plan**"), as provided for in the California Revenue and Taxation Code beginning at Section 4701. Under the Teeter Plan, each entity levying property taxes in the County may draw on the amount of uncollected secured taxes credited to its fund, in the same manner as if the amount credited had been collected. The County currently includes each CFD in the Teeter Plan, and thus the City currently receives 100% of Special Taxes levied in exchange for foregoing any interest and penalties collected on delinquent taxes.

So long as the Teeter Plan remains in effect and the County continues to include each CFD in the Teeter Plan, the City's receipt of revenues with respect to the levy of Special Taxes will not be dependent upon actual collections of Special Taxes by the County.

However, under the statute creating the Teeter Plan, the Board of Supervisors of the County could, under certain circumstances, terminate the Teeter Plan in its entirety. In addition, the Board of Supervisors of the County could terminate the Teeter Plan with respect to a CFD if the delinquency rate for all *ad valorem* property taxes levied within the CFD in any year exceeds 3%. If the Teeter Plan were terminated with regard to the secured tax roll, the amount of the levy of *ad valorem* property taxes in the affected CFD would depend upon the collections of the *ad valorem* property taxes and delinquency rates experienced with respect to the parcels within the CFD.

Rates and Methods of Apportionment

This section briefly describes the Rate and Method of Apportionment for each CFD and is qualified by the complete terms of each Rate and Method of Apportionment, each of which is attached in APPENDIX B to this Official Statement. Capitalized terms used but not defined in this section have the meanings set forth in each Rate and Method of Apportionment.

The Westlake CFD Rate and Method of Apportionment

Classification of Property. For each Fiscal Year, each parcel within the Westlake CFD has been and will be classified as Tax-Exempt or Taxable property. Each parcel of Taxable property will further be classified as a Low Density Residential Parcel, Medium Density Residential Parcel, Other Residential Parcel, or Non-Residential Parcel, and each Low Density Residential Parcel will be identified according to a “Residential Village.” Each Residential Village was originally demarcated according to the developer of the land within the Westlake CFD. No Special Taxes will be levied on public property in the Westlake CFD except as otherwise provided in the Mello-Roos Act.

A “**Low Density Residential Parcel**” is defined as a Taxable Parcel with an approved land use for single family detached residential dwelling units, lying within a Residential Village as shown in the map attached to the Westlake CFD Rate and Method of Apportionment. A “**Medium Density Residential Parcel**” is defined as a single family residential parcel as shown in the map attached to the Westlake CFD Rate and Method of Apportionment and as designated for medium density uses. An “**Other Residential Parcel**” is defined as a Taxable Parcel with an approved land use for other than low density or medium density single family residential uses, such as three or more attached residential units in common. A “**Non-Residential Parcel**” is defined as a Taxable Parcel designated for retail, commercial, office, industrial, institutional, or similar use.

Maximum Special Tax. The Special Tax Formula for the Westlake CFD Bonds identifies a “**Maximum Special Tax**” for four classes of Taxable Parcels, as set forth in the Westlake CFD Rate and Method of Apportionment.

The Maximum Special Tax for Low Density Residential Parcel in the Westlake CFD is determined by the Residential Village in which the parcel is located. Medium Density Residential Parcels, Other Residential Parcels, and Non-Residential Parcels in the Westlake CFD are subject to a per-net-acre Maximum Special Tax. The Maximum Special Tax for all classes of property has escalated two percent a year since Fiscal Year 2000-01. The Maximum Tax Rate of any parcel within the Westlake CFD is subject to revision as set forth in the Westlake CFD Rate and Method of Apportionment.

Maximum Special Taxes will be levied and collected until principal and interest on the Westlake CFD Bonds has been repaid. However, in no event will Special Taxes be levied with respect to the Westlake CFD Bonds after Fiscal Year 2029-30.

Regency Park CFD Rate and Method of Apportionment

Classification of Property. For each Fiscal Year, each parcel within the Regency Park CFD has been and will be classified as Developed Property, Undeveloped Property, or public property. No Special Taxes will be levied upon public property in the Regency Park CFD except as otherwise provided in the Mello-Roos Act.

“Developed Property” is defined as (i) all parcels of Single Family Residential Property for which a Final Map (as defined in the Regency Park CFD Rate and Method of Apportionment) was recorded prior to January 1 of the prior Fiscal Year and (ii) all parcels of Medium Density Residential Property, High Density Residential Property, and Other Property for which a building permit was issued before January 1 of the prior Fiscal Year. **“Undeveloped Property”** means, in any Fiscal Year, all parcels of Taxable Property that are not Developed Property.

Maximum Special Tax. The Special Tax Formula for the Regency Park CFD Bonds identifies a **“Maximum Special Tax”** for four classes of Developed Property and one category of Undeveloped Property, as set forth in the Regency Park CFD Rate and Method of Apportionment.

The Maximum Special Tax for Single Family Residential Property in the Regency Park CFD is determined by Average Lot Size of all single family lots within a Final Map. Lots within a Final Map with an Average Lot Size that is greater than or equal to 4,500 square feet are subject to a Maximum Special Tax that is approximately one-third greater than the Maximum Special Tax that will apply to lots with Average Lot Size less than 4,500 square feet. Medium Density Residential Property, High Density Residential Property, Other Property, and Undeveloped Property in the Regency Park CFD are subject to a per-acre Maximum Special Tax. The Maximum Special Tax for all classes of property has escalated two percent a year since Fiscal Year 2004-05. The Maximum Tax Rate of any parcel within the Regency Park CFD is subject to revision as set forth in the Regency Park CFD Rate and Method of Apportionment.

Maximum Special Taxes will be levied and collected until principal and interest on the Regency Park CFD Bonds has been repaid. However, in no event will Special Taxes be levied with respect to the Regency Park CFD Bonds after Fiscal Year 2036-37.

Full and Partial Prepayment of Annual Special Taxes. Each Rate and Method of Apportionment permits the property owners to prepay their Special Taxes in full or in part so long as the terms of the Rate and Method of Apportionment are satisfied.

No Issuance of Parity Special Tax Bonds

Under each Indenture, the City will covenant that it will not issue any bonds on parity with or subordinate to any Special Tax Bonds, or in any other manner secured by, and payable from, the Special Tax Revenues (other than each series of the Special Tax Bonds) and that it will not create, or permit the creation of, any other pledge, lien, charge, or other encumbrance upon the Special Tax Revenues and other assets pledged or assigned under the Indentures while any of the Special Tax Bonds are outstanding, except the pledge and assignment created by the Indentures.

However, the City may at any time, or from time to time, issue evidences of indebtedness payable from the Special Tax Revenues so long as any payments due under that indebtedness is subordinate in all respects to the pledge of the Special Tax Revenues to secure each series of Special Tax Bonds.

In addition, the City may issue Special Tax Bonds secured by, and payable from, the Special Tax Revenues, equally and ratably with any other outstanding Special Tax Bonds, solely for the purpose of refunding all or part of any other series of Special Tax Bonds then outstanding.

No Direct Cross-Collateralization Among Special Tax Bonds

Special Taxes levied by the City in one CFD may only be applied to pay debt service on the Special Tax Bonds issued by the City for that CFD and are not cross-pledged or available to pay debt service on the Special Tax Bonds issued by the City for the other CFD.

Scheduled Debt Service Coverage

The projected debt service coverage on each series of Special Tax Bonds will be equal to the projected debt service on the Bonds.

The following table presents the scheduled annual debt service on each series of Special Tax Bonds and shows the coverage the debt service provides with respect to the scheduled debt service on the Bonds, assuming there are no prepayments of any Special Tax Bonds or Bonds.

Table 1
Special Tax Bonds Debt Service and
Debt Service Coverage on the Bonds*

Year Ending Sept. 1	Westlake CFD Debt Service	Regency Park CFD Debt Service	Total Special Tax Bonds Debt Service	Authority Bonds Debt Service
---------------------------	---------------------------------	-------------------------------------	--	------------------------------------

* Preliminary; subject to change.

THE CFDS IN THE AGGREGATE

Introduction

Set forth in the following sections is certain information describing the Westlake CFD and the Regency Park CFD in the aggregate, as well as separate sections on each CFD.

All of the Westlake CFD, and all of the Regency Park CFD, are located in the northern portion of the City of Sacramento.

The gross and net taxable acreage in each CFD is currently as follows:

	<u>Net Acreage</u>
The Westlake CFD	202 acres (1)
The Regency Park CFD	284 acres (1)

(1) Based on County of Sacramento GIS data analysis.
Source: NBS Government Finance Group.

Although the Authority believes the aggregated information is relevant to an informed decision to purchase the Bonds, investors should be aware that the debt service on each series of Special Tax Bonds relating to one CFD may not be used to make up any shortfall in the debt service on the Special Tax Bonds of any other CFD. Moreover, the parcels in each CFD are taxed according to that CFD's Rate and Method of Apportionment.

Special Taxes are levied against individual parcels within each CFD, and any parcel may have a value-to-debt burden less than the overall value-to-debt burden for all parcels within such CFD. In particular, an individual parcel upon which development has not taken place may have a value-to-debt burden of less than 1 to 1.

Special Tax Revenues and Projected Debt Service Coverage

Each Rate and Method of Apportionment is structured to produce Special Tax Revenues from Maximum Special Taxes that, when applied to the projected debt service on the series of Special Tax Bonds, plus Administrative Expenses, is anticipated to result in a debt service coverage ratio of 100%.

It should be noted that neither the Westlake CFD nor the Regency Park CFD may in the future issue additional debt secured by the Special Tax Revenues on parity with the Westlake CFD Bonds or the Regency Park CFD (other than refunding bonds). See "THE SPECIAL TAX BONDS – No Issuance of Parity Special Tax Bonds."

Varying Maturity Dates of the Special Tax Bonds

The Special Tax Bonds acquired with proceeds of the Bonds mature on different dates. Consequently, the source of security for debt service on the Bonds varies depending upon the characteristics of the underlying CFDs. The table below summarizes the maturity dates of the Special Tax Bonds, the principal amount of each Special Tax Bond, and the approximate annual debt service payment for each Special Tax Bond.

Table 2
CITY OF SACRAMENTO
Westlake CFD and Regency Park CFD
Summary of the Special Tax Bonds

CFD	Maturity Date	Principal Amount*	Approximate Annual Debt Service*
Westlake CFD	9/1/2026	\$9,410,000	\$1,046,500
Regency Park CFD	9/1/2028	16,665,000	1,677,000

* Preliminary; subject to change.
Source: NBS Government Finance Group.

Land Use Summary and Development Status

The table below summarizes land use and development status based on the compilation of Fiscal Year 2012-13 County Assessor’s valuation data and the burden of the Special Taxes only. Because the Special Tax Bonds are not cross-collateralized, investors should read the following table in conjunction with the tables contained in the sections of this Official Statement entitled “Westlake CFD” and “Regency Park CFD.” See also “SPECIAL TAX BONDS – No Direct Cross-Collateralization Among Special Tax Bonds” and “BOND OWNERS’ RISKS – No Cross Collateralization.”

“**Developed Property**” represents parcels with assessed valuations for both land and improvements. Parcels included in the “**Undeveloped Property**” category are parcels with an assessed valuation for land only.

In the following table, “Taxable Property” as defined in the Westlake CFD Rate and Method of Apportionment, is presented as “Developed Property,” and “Tax-Exempt Property” is presented as “Undeveloped Property” or excluded, as appropriate.

Additional information on property ownership, assessed values, and current land uses for each CFD follows in subsequent sections of this Official Statement.

Table 3
CITY OF SACRAMENTO
Westlake CFD and Regency Park CFD
Development Status and Land Use Summary

Land Uses/Classification	Number of Parcels	% of Total (1)	2012-13 Assessed Valuation (2)	% of Total	Share of Special Tax Bonds (3)*	% of Total *
Westlake CFD						
<i>Developed Property (6)</i>						
Residential	1,211	80.7%	\$308,654,636	86.2%	\$8,434,506	89.6%
Other	289	19.2	49,362,389	13.8	975,494	10.4
<i>Undeveloped Property</i>	0	0.0	0	0.0	0	0.0
Subtotal	1,500	100.0	358,017,025	100.0	9,410,000	100.0
Regency Park CFD						
<i>Developed Property (6)</i>						
Residential	2,277	99.8	421,761,536	95.1	15,619,872	93.7
Other	1	0.0	21,266,095	4.8	479,449	2.9
<i>Undeveloped Property</i>	4	0.2	639,649	0.1	565,680	3.4
Subtotal	2,282	100.0	443,667,280	100.0	16,665,000	100.0
TOTAL:	3,782		N/A		N/A	

* Preliminary; subject to change.

- (1) Based on development status reported for Fiscal Year 2012-13.
- (2) Based on Sacramento County Assessor Roll for Fiscal Year 2012-13.
- (3) Based on principal amount of the Special Tax Bonds. Allocated based on proportionate share of applicable projected Fiscal Year 2012-13 Special Tax.

Source: NBS Government Finance Group, City of Sacramento.

Land Ownership in the CFDs on an Aggregate Basis

The land ownership of the parcels in each CFD is set forth below. See “WESTLAKE CFD” and “REGENCY PARK CFD.” No owner of property in either CFD is responsible for more than 8% of the Fiscal Year 2012-13 Special Tax.

The Special Tax Bonds mature at different times, and, as a result, the aggregate significance of each CFD the various and the relative concentration of the property owners in each CFD will change over time. See “BOND OWNERS’ RISKS – Varying Maturities of Special Tax Bonds.”

Property Values and Value-to-Burden Ratios on an Aggregate Basis

Assessed Value. Article XIII A of the California Constitution (known as Proposition 13) defines “full cash value” to mean “the county assessor’s valuation of real property as shown on the 1975-76 bill under ‘full cash value’, or, thereafter, the appraised value of real property when purchased or newly constructed or when a change in ownership has occurred after the 1975 assessment,” subject to exemptions in certain circumstances of property transfer or reconstruction. The “full cash value” is subject to annual adjustment to reflect increases, not to exceed 2% for any year, or decreases in the consumer price index or comparable local data, or to reflect reductions in property value caused by damage, destruction, or other factors.

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

A significant number of properties within the City have been subject to foreclosure in recent years. The sale of foreclosed properties at prices much lower than their prior assessed values has generally reduced property valuations throughout the City and caused the City’s aggregate *ad valorem* property tax receipts to decline. Additionally, property owner appeals of assessed valuations have further led to lower aggregate property valuations throughout the City, including during Fiscal Year 2011-12. The County Assessor reduced the assessed valuations of approximately 39% of all parcels located within the City during Fiscal Year 2011-12. The total assessed valuation of property in the City declined 1.8% from Fiscal Year 2009-10 to Fiscal Year 2010-11, and declined further by 4.0% from Fiscal Year 2010-11 to Fiscal Year 2011-12.

The following table details historical assessed values in each CFD for the Fiscal Year 2012-13 and the prior four Fiscal Years. More detail on the assessed value of taxable property in each CFD is set forth below in this Official Statement.

Table 4
CITY OF SACRAMENTO
Westlake CFD and Regency Park CFD
Summary of Assessed Values for Taxable Property
Fiscal Years 2008-09 through 2012-13

	2008-09	2009-10 ⁽¹⁾	2010-11	2011-12	2012-13
Westlake CFD	\$561,190,826	\$455,591,345	\$426,251,639	\$394,593,466	\$358,017,025
Regency Park CFD	705,646,863	525,010,832	494,508,091	476,389,361	443,667,280
Totals:	\$1,266,837,689	\$980,602,177	\$920,759,730	\$870,982,827	\$801,684,305

(1) For Fiscal Year 2009-10 assessed values were reduced significantly by the County Assessor to reflect the sharp decline in actual property values.

Source: NBS Government Finance Group, based on information provided by the County assessor as of January 1 preceding each Fiscal Year.

Value-to-Burden Ratios. The following table sets forth the current total value-to-burden ratios with respect to each CFD, based upon Fiscal Year 2012-13 assessed values and the burden of the Special Tax Bonds and overlapping special tax and assessment debt.

Table 5
CITY OF SACRAMENTO
Westlake CFD and Regency Park CFD
Value-to-Burden Ratios

CFD	2012-13 Assessed Value (1)	Principal Amount of Special Tax Bonds*	Overlapping Liens (2)	Total Lien	Value-to-Burden Ratio*
Westlake CFD	\$358,017,025	\$9,410,000	\$2,748,254	\$12,158,254	29.4:1
Regency Park CFD	443,667,280	16,665,000	5,787,830	22,452,830	19.8:1

* Preliminary; subject to change.

(1) Based on Sacramento County Assessor Roll for Fiscal Year 2012-13.

(2) Represents overlapping assessment district and other CFD debt outstanding as of October 1, 2012.

Source: NBS Government Finance Group, based on information provided by the County assessor. Overlapping debt data provided by California Municipal Statistics.

Overlapping Liens

Numerous agencies providing public services overlap the boundaries of each CFD. Many of these agencies may have outstanding certificates of participation and bonds in the form of general obligation, special assessment, special tax, redevelopment, or lease revenue bonds. In general, certificates of participation and redevelopment and lease revenue bonds do not represent obligations for which a property owner is obligated to make a direct payment. However, special tax, assessment, and general obligation bonds represent a direct obligation of the subject property.

For a summary of the liens represented by overlapping indebtedness of assessment districts and CFDs that is secured by land in each CFD, see “WESTLAKE CFD – Direct and Overlapping Governmental Obligations” and “REGENCY PARK CFD – Direct and Overlapping Governmental Obligations.”

Potential Consequences of Special Tax Delinquencies

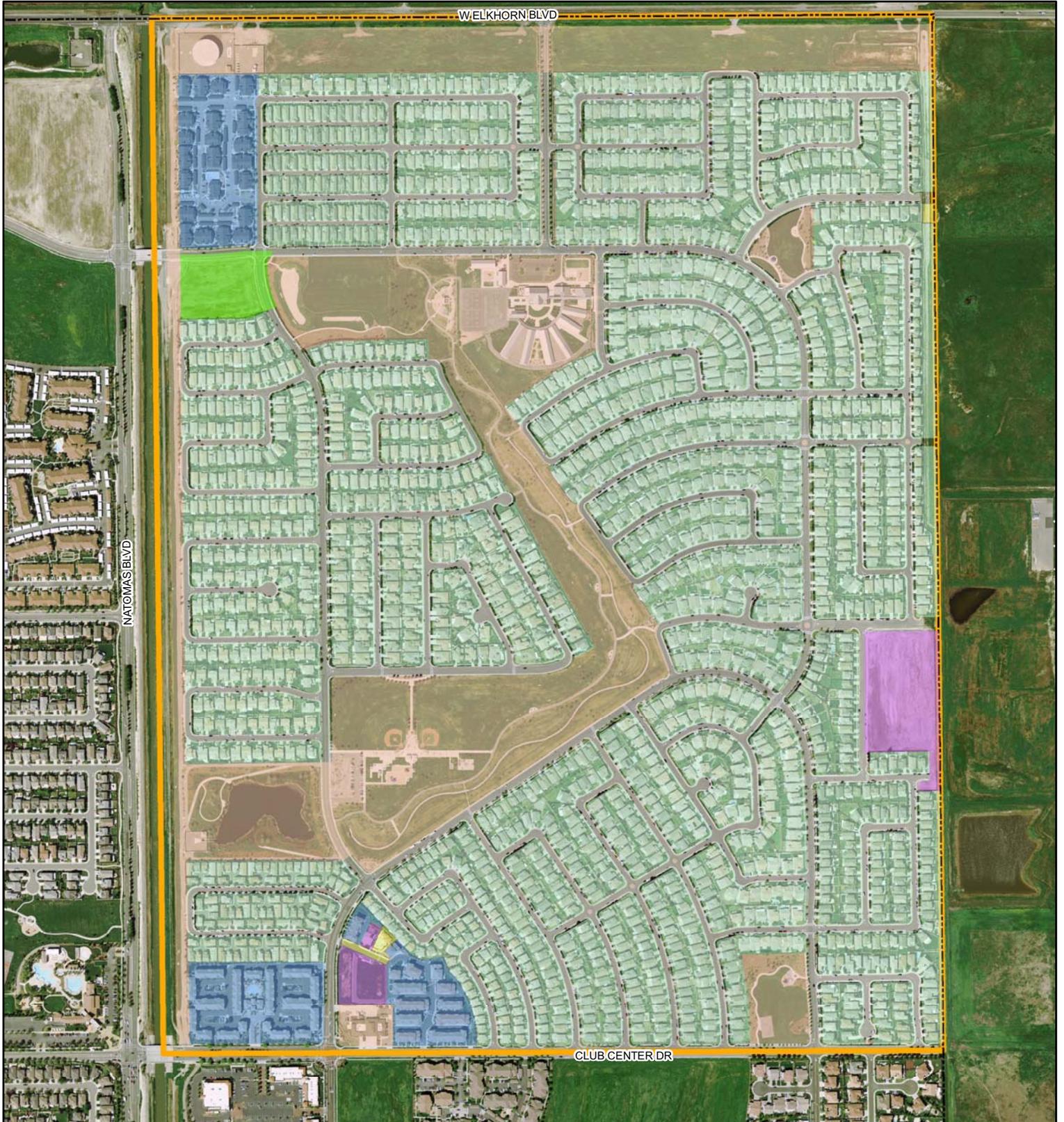
General. Future delinquencies in the payment of property taxes (including the Special Taxes) with respect to property in the CFDs could result in shortfalls in Revenues available to pay debt service on the Bonds, draws on the Reserve Fund established for the Bonds, and perhaps, ultimately, a default in the payment on the Bonds. See “BOND OWNERS’ RISKS.”

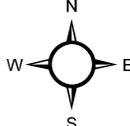
Special Tax Enforcement and Collection Procedures. The CFDs could receive additional funds for the payment of debt service through foreclosure sales of delinquent property, but no assurance can be given as to the amount of foreclosure sale proceeds or when foreclosure sale proceeds would be received. The CFDs have covenanted in their Indentures to take certain enforcement actions and to commence and pursue foreclosure proceedings against delinquent parcels under the terms and conditions described in this Official Statement. See “THE SPECIAL TAX BONDS — Covenant to Foreclose.”

Foreclosure actions would include, among other steps, formal Board action to authorize commencement of foreclosure proceedings, mailing multiple demand letters to the record owners of the delinquent parcels advising them of the consequences of failing to pay the applicable special taxes, and contacting secured lenders to obtain payment. If these efforts were unsuccessful, they would be followed (as needed) by the filing of an action to foreclose in superior court against each parcel that remained delinquent.

Limitations on Increases in Special Tax Levy. If owners are delinquent in the payment of Special Taxes, the CFDs may not increase Special Tax levies to make up for delinquencies for prior Fiscal Years above the Maximum Special Tax rates specified in each Rate and Method of Apportionment. See “THE SPECIAL TAX BONDS – Rate and Method of Apportionment.” In addition, Section 53321(d) of the Mello-Roos 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 CFD by more than 10% above the amount that would have been levied in the Fiscal Year had there never been any such delinquencies or defaults. In cases of significant delinquency, these factors may result in shortfalls in Revenues available to pay debt service on the Bonds. See “BOND OWNERS’ RISKS.”

North Natomas Regency Park CFD No. 2001-03
 City of Sacramento
 2011 Aerial






 G.I.S.
 City of Sacramento
 Department of Finance
 0 250 500 1,000 Feet

Category

 Single Family Developed	 Undeveloped - Commercial and other Non-Residential
 Multi Family Developed	 Commercial and other Non-Residential
 Undeveloped - Residential	 North Natomas Regency Park CFD Boundary
 Public Spaces	

53 of 348

THE REGENCY PARK CFD

Formation and Background

Formation. Formation of the Regency Park CFD was completed on January 22, 2002, under the Mello-Roos Act following a public hearing held on December 18, 2001. At an election of the property owners within the Regency Park CFD was held on January 22, 2002, the eligible voters approved a ballot proposition authorizing the Regency Park CFD to incur bonded indebtedness.

The Rate and Method of Apportionment for the Regency Park CFD is summarized above (see “THE SPECIAL TAX BONDS – Rate and Method of Apportionment”) and attached as APPENDIX B.

Prior Bonds. The Prior Regency Park CFD Bonds were issued by the City to finance the acquisition and construction of certain public capital improvements serving the property within the Regency Park CFD, consisting, among other things, of drainage facilities as identified in the City’s North Natomas Comprehensive Drainage Plan, roads, sanitary sewer and water transmission lines, landscaping, soundwalls, and public dry utilities.

The Regency Park CFD covenants in its Indenture that, following the issuance of the Regency Park CFD Bonds, it will not issue any additional bonds (but may issue bonds for the purpose of partially refunding the Regency Park CFD Bonds). See “THE SPECIAL TAX BONDS – No Issuance of Parity Special Tax Bonds.”

Location and Description

The Regency Park CFD is located to the north of the downtown of the City, bordered by Elkhorn Boulevard to the north, Club Center Drive to the south, a drainage canal running contiguous to North Natomas Boulevard to the west, and the City corporate limits to the east. The Regency Park CFD and its Projects are located generally north of Sleep Train Arena and are accessible from Interstate 5.

The Regency Park CFD consists of approximately 464 gross acres, including approximately 1,662 single family homes with a mix of homes with lot sizes ranging in area from 4,725 to 6,825 square feet. The Regency Park CFD also contains approximately 44 gross acres of medium density residential and approximately 23 gross acres of high density residential properties, with the balance of development spread among school sites, institutional and commercial uses, and parks and open space .

Northpointe North LLC, a California limited liability company, originally acted as master developer for the majority of the land in the Regency Park CFD. The members of Northpointe North were Lennar Corporation and AKT Development Corporation.

For demographic information regarding the area within and surrounding the Regency Park CFD, see APPENDIX A. The boundary map showing the boundaries of the Regency Park CFD is shown in the cover of this Official Statement.

Land Use Distribution

The following table shows the distribution of land uses of Taxable Property within the Regency Park CFD based on the principal amount of the Regency Park CFD Bonds and pro rata shares of the Regency Park CFD Bonds.

**Table 6
Regency Park CFD
Distribution of Land Uses
(Taxable Property)**

Land Uses	Number of Parcels	Fiscal Year 2012-13 Special Tax (1)	Maximum Fiscal Year 2012-13 Special Tax	Pro Rata Share of Special Tax Bonds (2)*	% of Total*
Developed Property (3)					
High Density Residential	274	\$68,347	\$75,175	\$752,741	4.5%
Medium Density Residential	299	124,263	136,676	1,368,563	8.2
Single Family Residential > = 4,500 sq ft	1,704	1,225,642	1,348,081	13,498,567	81.0
Other	1	43,533	47,882	479,449	2.9
Undeveloped Property (4)	4	0	56,547	565,680	3.4
Total	2,282	\$1,461,785	\$1,664,361	\$16,665,000	100.0%

* Preliminary; subject to change.

(1) Based on the levy of the Special Tax.

(2) Allocated based on proportionate share of the Special Tax levy for Fiscal Year 2012-13.

(3) Represents approximately 284 acres.

(4) Represents approximately 9.5 acres.

Source: NBS Government Finance Group.

Assessed Property Values

No Appraisal of Property in the Regency Park CFD. The City has not commissioned an appraisal of the Taxable Property in the Regency Park CFD in connection with the issuance of the Bonds. Therefore, the valuation of the Taxable Property in the Regency Park CFD will be estimated for the purposes of the Mello-Roos Act, and set forth in this Official Statement, based on the County Assessor's values.

Assessed Valuation. The valuation of real property in the City is established by the County Assessor. Assessed valuations are reported at 100% of the full value of the property, as defined in Article XIII A of the California Constitution. Article XIII A of the California Constitution defines "full cash value" as the appraised value as of March 1, 1975, plus adjustments not to exceed 2% per year to reflect inflation, and requires assessment of "full cash value" upon change of ownership or new construction.

Accordingly, the gross assessed valuation presented in this Official Statement may not necessarily be representative of the actual market value of certain property in the Regency Park CFD.

The Fiscal Year 2012-13 total assessed value of the 2,282 parcels of Taxable Property in the Regency Park CFD is \$443,667,280. All parcels of Taxable Property in the Regency Park CFD constitute Developed Property.

Historical Assessed Values. The table below shows annual changes in assessed valuations for the Fiscal Year 2012-13 and prior four Fiscal Years with respect to Taxable Property in the Regency Park CFD.

**Table 7
Regency Park CFD
Change in Assessed Valuation
Fiscal Years 2008-09 through 2012-13
(Taxable Property)**

Fiscal Year	Number of Parcels Subject to Levy	Assessed Valuation (1)	Percent Change
2008-09	2,234	\$705,646,863	N/A
2009-10 (2)	2,282	525,010,832	(25.6%)
2010-11	2,282	494,508,091	(5.8)
2011-12	2,282	476,389,361	(3.7)
2012-13	2,282	443,667,280	(6.9)

(1) Based on applicable Sacramento County Assessor Roll dated January 1st preceding each fiscal year.

(2) For Fiscal Year 2009-10, assessed values were reduced significantly by the County Assessor to reflect the sharp decline in actual property values.

Source: NBS Government Finance Group, based on information provided by the County assessor.

Value-to-Burden Ratio

General Information Regarding Value-to-Burden Ratios. In comparing the aggregate assessed value of the real property within the Regency Park CFD and the principal amount of bonds issued for the Regency Park CFD, it should be noted that an individual parcel may only be foreclosed upon to pay delinquent installments of the Special Taxes attributable to that parcel. The principal amount of the Regency Park CFD Bonds is not allocated pro-rata among the parcels within the Regency Park CFD; rather, the total Special Taxes have been allocated among the parcels within the Regency Park CFD according to the Rate and Method of Apportionment. The “value-to-burden ratio” measures the burden of Special Taxes borne by each property in the Regency Park CFD relative to the burden borne by other properties in the Regency Park CFD.

The value-to-burden ratio on bonds secured by the Regency Park CFD Special Taxes will generally vary over the life of Regency Park CFD Bonds as a result of changes in the value of the property that is security for the Regency Park CFD Special Taxes and the principal amount of the Regency Park CFD Bonds.

Economic and other factors beyond the property owners’ control, such as economic recession, deflation of land values, financial difficulty or bankruptcy by one or more property owners, or the complete or partial destruction of Taxable Property caused by, among other possibilities, earthquake, flood, fire, or other natural disaster, could cause a reduction in the assessed value within the Regency Park CFD. See “BOND OWNERS’ RISKS – Property Values” and “BOND OWNERS’ RISKS – Bankruptcy Delays.”

Value-to-Burden Ratio Distribution. The following tables set forth the distribution of assessed value-to-burden ratios among parcels of Taxable Property based on fiscal year 2012-13 assessed values, and the burden of the Regency Park CFD Bonds and overlapping special tax and assessment debt.

**Table 8
Regency Park CFD
Assessed Values and Value to Burden Ratios by Land Use**

Land Uses	No. of Parcels	Assessed Value (1)	Pro Rata Share of Special Tax Bonds * (2)	% of Total *	Overlapping Land-Secured Debt (3)	Value to Burden Ratio* (4)
Developed Property						
High Density Residential	274	\$26,594,182	\$752,741	4.5%	\$1,194,758	22.3:1
Medium Density Residential	299	54,109,503	1,368,563	8.2	2,098,184	25.8:1
Single Family Residence > or = 4,500 sq ft	1,704	341,057,851	13,498,567	81.0	17,929,311	19.0:1
Other	1	21,266,095	479,449	2.9	664,898	32.0:1
Undeveloped Property	4	639,649	565,680	3.4	565,680	1.1:1
Total	2,282	\$443,667,280	\$16,665,000	100.0%	\$22,452,830	19.8:1

* Preliminary; subject to change.

(1) Based on County Assessor Roll for Fiscal Year 2012-13.

(2) Allocated based on the share of the Fiscal Year 2012-13 Special Tax levy. See “– Special Tax Revenues and Projected Debt Service Coverage” above.

(3) Includes the lien of the Regency Park CFD Bonds and other overlapping debt. See “–Direct and Overlapping Governmental Obligations” below.

(4) Actual value-to-lien ratio per parcel may vary.

Source: NBS Government Finance Group, based on information provided by the County assessor. Overlapping debt data provided by California Municipal Statistics.

Table 9
Regency Park CFD
Assessed Values by Value-to-Debt Burden Category

Value-to-Debt Burden Category	Number of Parcels	Percent of Number of Parcels	2012-13 Assessed Valuation (1)	Pro Rata Share of Special Tax Refunding Bonds (2)*	Percent of Total Burden*
50.00:1 and above	176	7.7%	\$19,622,431	\$1,675,525	10.1%
30.00:1 to 49.99:1	1,476	64.7	284,654,884	11,462,443	68.8
20.00:1 to 29.99:1	556	24.4	126,184,492	3,285,251	19.7
19.99:1 and under	74	3.2	13,205,473	241,781	1.5
Total	2,282	100.0%	\$443,667,280	\$16,665,000	100.0%

* Preliminary; subject to change.

(1) Based on County Assessor Roll for Fiscal Year 2012-13.

(2) Allocated based on proportionate share of applicable projected Fiscal Year 2012-13 Special Tax.

Source: NBS Government Finance Group, based on information provided by the County assessor.

Major Land Owners

The table below shows the property owners responsible for more than 0.5% of the Annual Special Taxes within the Regency Park CFD for Fiscal Year 2012-13.

**Table 10
Regency Park CFD
Major Property Owners**

Property Owner Name (1)	Number of Parcels	Fiscal Year 2012-13 Annual Special Taxes	Percent of Annual Special Taxes
Northpointe Park Apartments	1	\$43,533	3.0%
Family Trust	42	8,795	0.6
Subtotal	43	52,328	3.6
All other owners	2,236	1,409,456	96.4
Total: (2)	2,282	\$1,461,785	100.0%

(1) Ownership information is based on County Assessor Roll for Fiscal Year 2012-13.

(2) Totals may not sum due to rounding.

Source: NBS Government Finance Group.

Delinquencies

General. The table below shows the collections and delinquencies of the Special Taxes within the Regency Park CFD since fiscal year 2007-08, with updated delinquency amounts as of October 4, 2012. All delinquent Special Taxes shown below have been covered by the Teeter Plan. See “THE SPECIAL TAX BONDS — Covenant to Foreclose, Teeter Plan.”

Table 11
Regency Park CFD
Special Tax Collections and Delinquencies
Fiscal Years 2007-08 through 2011-12

Fiscal Year Ending June 30	Subject Fiscal Year (1)					As of October 4, 2012		
	Aggregate Annual Special Tax	Total Annual Special Taxes Collected	Parcels Delinquent	Fiscal Year Amount Delinquent	Fiscal Year Delinquency Rate	Remaining Parcels Delinquent	Remaining Amount Delinquent	Remaining Delinquency Rate
2008	\$1,363,779.28	\$1,327,529.58	58	\$36,249.70	2.66%	0	\$ 0.00	0.00%
2009	1,538,144.82	1,505,499.05	57	32,645.77	2.12	0	0.00	0.00
2010	1,423,830.34	1,390,721.30	71	33,109.04	2.33	0	0.00	0.00
2011	1,441,799.84	1,419,667.98	54	22,131.86	1.54	10	5,057.89	0.35
2012	1,428,753.42	1,409,379.64	40	19,373.78	1.36	24	12,424.73	0.87

(1) Delinquency information as of June 30 in the Fiscal Year in which the Special Taxes were levied. Does not include any penalties, interest or fees.
Source: NBS Government Finance Group.

Enforcement Actions. The City has taken actions to enforce delinquent Special Taxes within the Regency Park CFD in the past (including sending letters to the delinquent property owners) and the City may strip Special Taxes from the property tax rolls. To date, the City has not filed any Superior Court actions for foreclosure.

Direct and Overlapping Governmental Obligations

The direct and overlapping obligations affecting the property in Regency Park CFD as of November 1, 2012, are shown in the following table. The table was prepared by California Municipal Statistics, Inc., and is included for general information purposes only. The Authority has not reviewed this report for completeness or accuracy and makes no representation in connection with it.

Table 12
Direct and Overlapping Governmental Obligations
Regency Park CFD

Fiscal Year 2012-13 Assessed Valuation: \$443,667,280 (Land and Improvements)

DIRECT AND OVERLAPPING TAX AND ASSESSMENT DEBT:	% Applicable	Debt 11/1/12
Sacramento Area Flood Control District Consolidated Capital Assessment District Bonds	1.23%	\$2,411,655
Sacramento Area Flood Control District Operations and Maintenance Assessment District Bonds	0.40	13,246
City of Sacramento North Natomas CFD No. 97-1 Mello-Roos Act Bonds	10.93	3,362,929
City of Sacramento North Natomas Regency Park CFD No. 2001-03 Mello-Roos Act Bonds	100.00%	16,665,000 (1) (2)
TOTAL DIRECT AND OVERLAPPING TAX AND ASSESSMENT DEBT		\$22,452,830

- (1) Excludes the Bonds to be sold.
 (2) Excludes tax and revenue anticipation notes.

<u>Percentage of 2012-13 Assessed Valuation:</u>	
Direct Debt (\$16,665,000)	3.76%
Total Direct and Overlapping Tax and Assessment Debt	8.02%

Source: California Municipal Statistics.

Overlapping Bonded Districts. As shown in the table above, Regency Park CFD and the Westlake CFD are also encompassed within three overlapping districts with outstanding debt secured by special taxes, as described here.

Sacramento Area Flood Control District Consolidated Capital Assessment District. The Sacramento Area Flood Control District Consolidated Capital Assessment District is a benefit assessment district financing the Sacramento Area Flood Control Agency's ("SAFCA") repayment of bonds issued to construct a series of levee and other flood control improvements in the district's North Area Local Project, as well as a series of immediate projects necessary to provide 100-year flood protection for developed areas in Sacramento's major floodplains. In addition, this district funds a series of long-term projects to provide 200-year flood protection for developed areas in Sacramento's major floodplains. Assessments are based on property-related benefits related to depth of flooding, and damage to structures and land.

Sacramento Area Flood Control District Operations and Maintenance Assessment District. The Sacramento Area Flood Control District Operations and Maintenance Assessment District is a benefit assessment district financing SAFCA's regional flood control planning and mitigation of serious flood risk within this district's boundaries. Assessment funds are used to conduct studies, in coordination with the Federal and State governments, leading to the future construction of flood control projects to reduce flood risk. Assessments are levied on properties within the district's boundaries that will benefit from improved flood protection on the American and Sacramento Rivers, and their tributaries. Assessments are based on relative land value, area of parcel, and relative benefit derived from flood control.

City of Sacramento North Natomas CFD No. 97-1. The City of Sacramento North Natomas CFD No. 97-1 has levied a Mello-Roos special tax to finance the acquisition and construction of certain stormwater drainage improvements; i.e., levees, channel improvements, pumping plants, all necessary appurtenances, and land for habitat mitigation.

Estimated Tax Burden. The following table sets forth the estimated total tax burden on a representative developed single family detached home in Regency Park CFD, based on actual tax rates for Fiscal Year 2011-12.

**Table 13
Regency Park CFD
Fiscal Year 2012-13 Tax Rates
(Developed Single Family Detached Units)**

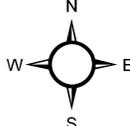
	Single Family Detached Unit within the Natomas Unified School District	Single Family Detached Unit within the Twin Rivers Unified School District
Assessed Valuations and Property Taxes		
Assessed Value (1)	\$305,919	\$195,809
Homeowner's Exemption	(7,000)	(7,000)
Net Assessed Value (2)	\$298,919	\$188,809
Ad Valorem Property Taxes		
	Percent of Total AV	
General Purposes	1.00%	\$2,989
Los Rios Community College District (GO Bonds)	0.19	577
Natomas Unified School District (GO Bonds)	0.20	589
Twin Rivers Unified School District (GO Bonds)	0.17	0
Total Ad Valorem Property Taxes		\$4,156
Assessments, Special Taxes and Parcel Charges (3)		
N. Natomas TMA CFD #9901	\$24	\$24
N. Natomas Nghbr Lndscp CFD 9902 F	22	22
N. Natomas Landscaping CFD #3	72	72
Citywide L&L Assessment District	75	75
Neighborhood Park Maint CFD 2002-02	59	59
Sacramento Library Services Tax	29	29
North Natomas Drainage CFD	117	117
N. Natomas Regency Park CFD 2001-03	719	719
Reclamation District #1000 M&O	25	27
SAFCA Consolidate Capital Assmt	175	113
SAFCA O & M Assessment #1	15	17
Total Assessments, Special Taxes and Parcel Charges (4)	\$1,331	\$1,273
Total Property Taxes (5)	\$5,487	\$3,843
Total Effective Tax Rate	1.8%	2.0%

(1) Fiscal Year 2012-13 assessed valuation for two representative single family detached homes within the Regency Park CFD.
(2) Net Assessed Value reflects estimated total assessed value for the parcel net of homeowner's exemption. Not all residences qualify for the exemption.
(3) All charges and special assessments are based on a lot size of less than one acre.
(4) Totals may not sum due to rounding.
(5) Districts are included in the Overlapping Land-Secured Debt referenced in Table 12 above.
Source: NBS Government Finance Group, based on information provided by the County assessor. Overlapping debt data provided by California Municipal Statistics.

North Natomas Westlake CFD No. 2000-01
City of Sacramento
2011 Aerial



Category	
	Single Family Developed
	Multi Family Developed
	Undeveloped Residential
	Public Spaces
	Commercial and other Non-Residential
	North Natomas Westlake CFD Boundary


0 250 500 1,000 Feet

G.I.S.
City of Sacramento
Department of Finance

THE WESTLAKE CFD

Formation and Background

Formation. Formation of the Westlake CFD was completed on October 31, 2000, under the Mello-Roos Law, following a public hearing held on the same date. At an election of the property owners within the Westlake CFD was held on October 31, 2000, the eligible voters approved a ballot proposition authorizing the Westlake CFD to incur bonded indebtedness finance the acquisition and construction of the authorized facilities. Since its formation, the Westlake CFD has issued the Prior Westlake CFD Bonds and has levied Special Taxes.

The Rate and Method of Apportionment for the Westlake CFD is summarized above (see “THE SPECIAL TAX BONDS – Rate and Method of Apportionment”) and attached as APPENDIX B.

Prior Bonds. The Prior Westlake CFD Bonds were issued by the City to finance the acquisition and construction of certain public capital improvements serving the property within the Westlake CFD, consisting, among other things, of a man-made lake, drainage facilities as identified in the City’s Westlake Master Drainage Plan, roads, sanitary sewer and water transmission lines, landscaping, soundwalls, and public dry utilities.

The Westlake CFD covenants in its Indenture that, following the issuance of the Westlake CFD Bonds, it will not issue any additional bonds (but may issue bonds for the purpose of partially refunding the Westlake CFD Bonds). See “THE SPECIAL TAX BONDS – No Issuance of Parity Special Tax Bonds.”

Location and Description

The Westlake CFD is located to the western side of the North Natomas Financing Plan Area and encompasses the North Natomas Drainage Basin 8A. The Westlake CFD is bounded by the County line to the west, Bayou Road on the north and northeast, El Centro Road on the east, and Del Paso Road on the south. The Westlake CFD contains eight “Residential Villages,” which are planned residential communities and were originally demarcated according to the developer of the land within Westlake CFD.

The Westlake CFD consists of approximately 331 net acres, including 927 single family homes and 246 high density residential apartment units, as well as approximately 36.5 acres of office, retail commercial, light industrial and institutional uses, and approximately 9.6 acres of school and park public land.

Winncrest Natomas LLC, a California limited liability company, originally acted as master developer for the majority of the land in the Westlake CFD. The members of Winncrest Natomas were Lennar Winncrest LLC, an affiliate of Lennar Homes, and Phoenix LLC, an affiliate of AKT Development.

For demographic information regarding the area within and surrounding the Westlake CFD, see APPENDIX A. The boundary map showing the boundaries of the Westlake CFD shown in the cover of this Official Statement.

Land Use Distribution

The following table shows the distribution of land uses of Taxable Property within the Westlake CFD based on the principal amount of the Westlake CFD Bonds.

**Table 14
Westlake CFD
Distribution of Land Uses
(Taxable Property)**

Land Uses	No. of Parcels	Fiscal Year 2012-13 Special Tax (1)*	Maximum FY 2012-13 Special Tax	Pro Rata Share of the Special Tax Bonds (2)*	% of Total*
Developed Property (3)					
Low Density Residential: Village 1	133	\$81,667	\$104,579	\$814,747	8.7%
Low Density Residential: Village 2	111	127,522	163,299	1,272,214	13.5
Low Density Residential: Village 3	104	104,030	133,216	1,037,845	11.0
Low Density Residential: Village 4A	86	61,325	78,530	611,798	6.5
Low Density Residential: Village 4B	184	167,653	214,688	1,672,569	17.8
Low Density Residential: Village 6	84	69,050	88,422	688,869	7.3
Medium Density Residential	509	234,198	299,902	2,336,463	24.8
Other Residential / Non-Residential	289	97,781	125,214	975,494	10.4
Total	1,500	\$943,226	\$1,207,849	\$9,410,000	100.0%

* Preliminary; subject to change.

(1) Based on the levy of the Special Tax.

(2) Allocated based on proportionate share of the Special Tax levy for fiscal year 2012-13.

(3) Represents approximately 202 acres.

Source: NBS Government Finance Group, based on information provided by the County assessor. Overlapping debt data provided by California Municipal Statistics.

Assessed Property Values

No Appraisal of Property in the Westlake CFD. The City has not commissioned an appraisal of the taxable property in the Westlake CFD in connection with the issuance of the Bonds. Therefore, the valuation of the taxable property in the Westlake CFD will be estimated for the purposes of the Mello-Roos Act, and set forth in this Official Statement, based on the County Assessor's values.

Assessed Valuation. The valuation of real property in the City is established by the County Assessor. Assessed valuations are reported at 100% of the full value of the property, as defined in Article XIII A of the California Constitution. Article XIII A of the California Constitution defines "full cash value" as the appraised value as of March 1, 1975, plus adjustments not to exceed 2% per year to reflect inflation, and requires assessment of "full cash value" upon change of ownership or new construction.

Accordingly, the gross assessed valuation presented in this Official Statement may not necessarily be representative of the actual market value of certain property in the Westlake CFD.

The Fiscal Year 2011-12 total assessed value of the 1,500 parcels of Taxable Property in Westlake CFD is \$358,017,025. All parcels of Taxable Property in the Westlake CFD constitute Developed Property.

Historical Assessed Values. The table below shows annual changes in assessed valuations for Fiscal Year 2012-13 and prior four fiscal years with respect to Taxable Property in the Westlake CFD.

**Table 15
Westlake CFD
Change in Assessed Valuation
Fiscal Years 2008-09 through 2012-13
(Taxable Property)**

Fiscal Year	Number of Parcels Subject to Levy	Assessed Valuation (1)	Percent Change
2008-09	1,500	\$561,190,826	-
2009-10 (2)	1,500	455,591,345	(18.8%)
2010-11	1,500	426,251,639	(6.4)
2011-12	1,500	394,593,466	(7.4)
2012-13	1,500	358,017,025	(9.3)

(1) Based on applicable Sacramento County Assessor Roll dated January 1st preceding each Fiscal Year.

(2) For Fiscal Year 2009-10 assessed values were reduced significantly by the County Assessor to reflect the sharp decline in actual property value.

Source: NBS Government Finance Group, based on information provided by the County assessor

Value-to-Burden Ratio

General Information Regarding Value-to-Burden Ratios. In comparing the aggregate assessed value of the real property within the Westlake CFD and the principal amount of bonds issued for the Westlake CFD, it should be noted that an individual parcel may only be foreclosed upon to pay delinquent installments of the Special Taxes attributable to that parcel. The principal amount of the Westlake CFD Bonds is not allocated pro-rata among the parcels within the Westlake CFD; rather, the total Special Taxes have been allocated among the parcels within the Westlake CFD according to the Rate and Method of Apportionment. The “value-to-burden ratio” measures the burden of Special Taxes borne by each property in the Westlake CFD relative to the burden borne by other properties in the Westlake CFD.

The value-to-burden ratio on bonds secured by special taxes will generally vary over the life of those bonds as a result of changes in the value of the property that is security for the special taxes and the principal amount of the bonds.

Economic and other factors beyond the property owners’ control, such as economic recession, deflation of land values, financial difficulty or bankruptcy by one or more property owners, or the complete or partial destruction of Taxable Property caused by, among other possibilities, earthquake, flood, fire, or other natural disaster, could cause a reduction in the assessed value within the Westlake CFD. See “BOND OWNERS’ RISKS – Property Value” and “– Bankruptcy Delays.”

Value-to-Burden Ratio Distribution. The following tables set forth the distribution of assessed value-to-burden ratios among parcels of Taxable Property based on Fiscal Year 2012-13 assessed values, and the burden of the Westlake CFD Bonds and overlapping special tax and assessment debt.

Table 16
Westlake CFD
Assessed Values and Value to Burden Ratios by Land Use

Land Uses	No. of Parcels	Assessed Value (1)	Pro Rata Share of Special Tax Bonds * (2)	% of Total*	Overlapping Land- Secured Debt (3)	Value to Burden Ratio* (4)
Developed Property (4)						
Low Density Residential: Village 1	133	\$32,323,460	\$814,747	8.66%	\$1,099,689	29.39:1
Low Density Residential: Village 2	111	52,648,890	1,272,214	13.52	1,552,227	33.92:1
Low Density Residential: Village 3	104	38,225,087	1,037,845	11.03	1,269,402	30.11:1
Low Density Residential: Village 4A	86	25,447,073	611,798	6.50	754,710	33.72:1
Low Density Residential: Village 4B	184	62,691,712	1,672,569	17.77	2,007,387	31.23:1
Low Density Residential: Village 6	84	25,009,643	688,869	7.32	852,644	29.33:1
Medium Density Residential	509	72,308,771	2,336,463	24.83	3,106,938	23.27:1
Other Residential / Non-Residential	289	49,362,389	975,494	10.37	1,504,746	32.80:1
Total	1,500	\$358,017,025	\$9,410,000	100.00%	\$12,147,743	29.47:1

* Preliminary; subject to change.

(1) Based on Sacramento County Assessor Roll for Fiscal Year 2012-13.

(2) Allocated based on the share of the Special Tax levy for Fiscal Year 2012-13. See “– Special Tax Revenues and Projected Debt Service Coverage” above.

(3) Includes the lien of Westlake CFD Bonds and other overlapping debt. See “–Direct and Overlapping Governmental Obligations” below.

(4) Actual value-to-lien ratio per parcel may vary.

Source: NBS Government Finance Group, based on information provided by the County assessor. Overlapping debt data provided by California Municipal Statistics.

Table 17
Westlake CFD
Assessed Values by Value-to-Debt Burden Category

Value-to-Debt Burden Category	Number of Parcels	Percent of Number of Parcels	2012-13 Assessed Valuation (1)	Pro Rata Share of Special Tax Refunding Bonds *(2)	Percent of Total Burden*
50.00:1 and above	358	23.9%	\$74,417,806	\$1,101,206	11.7%
30.00:1 to 49.99:1	926	61.7	264,541,847	6,822,439	72.5
20.00:1 to 29.99:1	46	3.1	11,332,237	405,803	4.3
19.99:1 and under	170	11.3	7,725,135	1,080,552	11.5
Total	1,500	100.0%	\$358,017,025	\$9,410,000	100.0%

* Preliminary; subject to change.

(1) Based on County Assessor Roll for Fiscal Year 2012-13.

(2) Based on principal amount of the Special Tax Bonds. Allocated based on proportionate share of applicable projected Fiscal Year 2012-13 Special Tax.

Source: NBS Government Finance Group, based on information provided by the County assessor.

Major Land Owners

Major Taxable Property Owners. The table below shows the major owners (owning more than one parcel) of property within the Westlake CFD as of January 1, 2012.

The table below shows the property owners responsible for more than 0.5% of the Annual Special Taxes within the Westlake CFD for Fiscal Year 2012-13.

**Table 18
Westlake CFD
Major Property Owners**

Property Owner Name (1)	Number of Parcels	Fiscal Year 2012-13 Annual Special Taxes	Percent of Annual Special Taxes
Landsource Holding Co LLC	153	\$67,811	7.2%
Donahue Schriber Rlty Group Limited	2	30,199	3.2
Laguna Hills Allspace	1	16,757	1.8
Winncrest Natomas LLC	1	7,131	0.8
Subtotal	157	121,898	12.9
All Other Owners	1,343	821,327	87.1
Total: (2)	1,500	\$943,226	100.0%

(1) Ownership information is based on County Assessor Roll for Fiscal Year 2012-13.

(2) Totals may not sum due to rounding.

Source: NBS Government Finance Group

Major Owner. As shown in the table above, property in the Westlake CFD responsible for 7.2% of the 2012-13 Annual Special Taxes is owned by Landsource Holding Co. LLC. This property consists of 153 parcels classified as Medium Density under the Rate and Method of Apportionment, and currently shown on the County Assessor's rolls as vacant (i.e., for which the County Assessor shows an assessed value for land but not for structures).

In June 2008, an affiliate of Landsource, LandSource Communities Development LLC, a Delaware limited liability company, and twenty direct and indirect subsidiaries each filed a voluntary Chapter 11 petition for reorganization in the United States Bankruptcy Court, District of Delaware, and in August 2008 the Court issued an order approving the reorganization plan.

Delinquencies

The table below shows the collections and delinquencies of the Special Taxes within the Westlake CFD since fiscal year 2007-08, with updated delinquency amounts as of October 4, 2012. Unless otherwise noted below, all delinquent Special Taxes shown below have been covered by the Teeter Plan. See "THE SPECIAL TAX BONDS — Covenant to Foreclose, Teeter Plan."

Table 19
Westlake CFD
Special Tax Collections and Delinquencies
Fiscal Years 2007-08 through 2011-12

Fiscal Year Ending June 30	Subject Fiscal Year (1)					As of October 4, 2012		
	Aggregate Annual Special Tax	Total Annual Special Taxes Collected	Parcels Delinquent	Fiscal Year Amount Delinquent	Fiscal Year Delinquency Rate	Remaining Parcels Delinquent	Remaining Amount Delinquent	Remaining Delinquency Rate
2008	\$899,695.24	\$899,549.14	1	\$146.10	0.02%	0	\$ 0.00	0.00%
2009	1,018,397.94	933,313.79	229	85,084.15	8.35	0	0.00	0.00
2010	1,022,590.42	1,001,662.79	46	20,927.63	2.05	0	0.00	0.00
2011	954,756.22	942,953.76	29	11,802.46	1.24	7 (2)	4,452.51	0.47
2012	927,721.52	917,263.20	27	10,458.32	1.13	21 (2)	7,784.26	0.84

- (1) Delinquency information as of June 30 in the Fiscal Year in which the Special Taxes were levied. Does not include any penalties, interest, or fees.
(2) Delinquent Special Taxes for one parcel in 2011-12 and two parcels in 2012-13 were stripped from the property tax rolls by the City in order to pursue foreclosure actions and, as a result, those Special Taxes were not covered by the Teeter Plan.

Source: NBS Government Finance Group.

Enforcement Actions. The City has taken actions to enforce delinquent Special Taxes within the Regency Park CFD in the past (including stripping Special Taxes from the property tax rolls and sending letters to the delinquent property owners). To date, the City has not filed any Superior Court actions for foreclosure.

Direct and Overlapping Governmental Obligations

The direct and overlapping obligations affecting the property in the Westlake CFD as of November 1, 2012, are shown in the following table. The table was prepared by California Municipal Statistics, Inc., and is included for general information purposes only. The Authority has not reviewed this report for completeness or accuracy and makes no representation in connection with it.

Table 20
Direct and Overlapping Governmental Obligations
Westlake CFD

Fiscal Year 2012-13 Assessed Valuation: \$358,017,025 (Land and Improvements)

DIRECT AND OVERLAPPING TAX AND ASSESSMENT DEBT:	% Applicable	Debt 11/1/12
Sacramento Area Flood Control District Consolidated Capital Assessment District Bonds	0.6%	\$1,158,654
Sacramento Area Flood Control District Operations and Maintenance Assessment District Bonds	0.3	10,510
City of Sacramento North Natomas CFD No. 97-1 Mello-Roos Act Bonds	5.1	1,579,089
City of Sacramento North Natomas Westlake CFD No. 2000-01 Mello-Roos Act Bonds	100.0%	9,410,000 (1) (2)
TOTAL DIRECT AND OVERLAPPING TAX AND ASSESSMENT DEBT		\$12,158,253

- (1) Excludes the Bonds to be sold.
 (2) Excludes tax and revenue anticipation notes.

Percentage of 2012-13 Assessed Valuation:	
Direct Debt (\$9,410,000)	2.63%
Total Direct and Overlapping Tax and Assessment Debt	6.10%

Source: California Municipal Statistics.

Overlapping Bonded Districts. As shown in the table above, the Regency Park CFD and the Westlake CFD are encompassed within three overlapping districts with outstanding bonded debt, as described above. See "THE REGENCY PARK CFD - Direct and Overlapping Governmental Obligations, Overlapping Bonded Districts."

Estimated Tax Burden. The following table sets forth the estimated total tax burden on a representative developed single family detached home in the Westlake CFD, based on actual tax rates for Fiscal Year 2012-13.

**Table 21
Westlake CFD
Fiscal Year 2011-12 Tax Rates
(Developed Single Family Detached Units)**

Assessed Valuations and Property Taxes		
Assessed Value (1)		\$332,084
Homeowner's Exemption		(7,000)
<hr/>		
Net Assessed Value (2)		\$325,084
	Percent of Total AV	
<hr/>		
Ad Valorem Property Taxes		
General Purposes	1.00%	\$3,250.84
Los Rios Community College Distr. (GO Bonds)	0.19	627
Natomas Unified School District (GO Bonds)	0.20	641
<hr/>		
Total Ad Valorem Property Taxes		\$3,250.84
Assessments, Special Taxes and Parcel Charges (3)		
N. Natomas TMA CFD #9901		\$24
N. Natomas Landscaping CFD #3		72
Citywide L & L Assessment District		75
Sacramento Library Services Tax		29
North Natomas Drainage CFD		82
NN Westlake CFD		617
Reclamation District #1000 M & O		25
SAFCA Consolidate Capital Assmt		104
SAFCA O & M Assessment #1		19
<hr/>		
Total Assessments, Special Taxes and Parcel Charges (4)		\$1,046
Total Property Taxes (5)		\$5,565.78
<hr/>		
Total Effective Tax Rate		1.71%

- (1) Fiscal Year 2012-13 assessed valuation for an average single family detached home within the Westlake CFD.
- (2) Net Assessed Value reflects estimated total assessed value for the parcel net of homeowner's exemption. Not all residences qualify for the exemption.
- (3) All charges and special assessments are based on a lot size of less than one acre.
- (4) Totals may not sum due to rounding.
- (5) Districts are included in the Overlapping Land-Secured Debt referenced in Table 2 above.
- Source: NBS Government Finance Group, based on information provided by the County assessor. Overlapping debt data provided by California Municipal Statistics.

BOND OWNERS' RISKS

The purchase of the Bonds described in this Official Statement involves a degree of risk that may not be appropriate for some investors. The following includes a discussion of some of the risks which should be considered before making an investment decision. This discussion does not purport to be comprehensive or definitive and does not purport to be a complete statement of all factors that may be considered as risks in evaluating the credit quality of the Bonds.

Limited Obligation to Pay Debt Service

The Bonds. The Bonds are special, limited obligations of the Authority payable solely from, and secured solely by, the Revenues and funds pledged therefor in the Trust Agreement, consisting primarily of debt service on the Special Tax Bonds. See "SECURITY FOR THE BONDS."

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

Levy and Collection of the Special Taxes

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

Limitation on Special Tax Rate. The annual levy of the Special Tax on any parcel is limited to the Maximum Special Tax rates authorized in the applicable Rate and Method of Apportionment. 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 Taxes, together with other available funds, will not be sufficient to pay debt service on the related series of Special Tax Bonds.

No Relationship Between Property Value and Special Tax Levy. Because the Special Tax formula set forth in each Rate and Method of Apportionment 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 Special Tax Bonds, and certainly not a direct relationship.

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

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

Property Tax Delinquencies. Failure of the owners of Taxable Property to pay property taxes (and, consequently, the Special Tax), or delays in the collection of or inability to collect the Special Tax by tax sale or foreclosure and sale of the delinquent parcels, could result in a deficiency in the collection of Special Taxes. For a summary of Special Tax collections in each CFD, see “THE CFDs IN THE AGGREGATE.”

Delays Following Delinquencies and Foreclosure Sales. Each Indenture 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 “THE SPECIAL TAX BONDS” and in the Mello-Roos Act, is subject to the same penalties and the same procedure, sale, and lien priority in case of delinquency as is provided for ordinary *ad valorem* property taxes. Under these procedures, if taxes are unpaid for a period of five years or more, the property is subject to sale by the County.

If sales or foreclosures of property are necessary, there could be a delay in payments to the Authority, as owner of the Special Tax Bonds, pending such sales or the prosecution of foreclosure proceedings and receipt of the proceeds of sale. See “THE SPECIAL TAX BONDS.”

Payment of Special Taxes Is Not a Personal Obligation of the Property Owners

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

Property Values

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

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

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

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

Risks Related to Mortgage Loans. Although residential projects in which the homes are built and occupied by homeowners are typically viewed as providing bondholders with strong credits, some of the recent home purchasers, especially those during 2004 to 2007, may face challenges in making their mortgage and tax payments on a timely basis because of their

initial high loan-to-value ratios, creative mortgage loan structures, and current negative equity levels.

Recent events in the United States and worldwide capital markets have adversely affected the availability of mortgage loans to homeowners, including potential buyers of homes within the CFDs. Any such unavailability could hinder the ability of the current homeowners to resell their homes, and adversely affect the market prices available to current homeowners.

Flood Risk. Certain parcels located within the CFDs are subject to significant risk of flood-related damage. Following the severe winter storms in the Sacramento area in the 1980s and 1990s, in 2006 the United States Army Corps of Engineers (the “**Corps**”) issued a statement that, primarily because of underseepage, certain levees protecting the property in and around the CFDs (known generally as the Natomas Basin) no longer provide protection from flood events that have a 1% chance of occurring each year, which is the standard for meeting national engineering and insurance regulations and guidelines. In 2008, the Corps completed additional analysis and concluded that it could not certify that the Natomas Basin levee system provides protection from a flood event that has a 3% chance of occurrence in any year.

Since December 2008, new development in the Natomas Basin has been severely limited and property owners have been required to carry flood insurance for their homes and businesses. These limitations and requirements will remain in effect until the deficiencies in the levee system are adequately corrected.

In addition, under current law (specifically, the National Flood Insurance Program (The National Flood Insurance Act of 1968, as amended (42 USC 4001 et seq. and 44 CFR Parts 59.1 and 60) and Sacramento City Code 15.104), properties within the Natomas basin that are substantially damaged are subject to restrictions on rebuilding. The Natomas Basin is currently mapped by FEMA as Zone AE on the Flood Insurance Rate Map (“**FIRM**”). Generally, if a structure in the AE zone suffers a catastrophic event so that it meets the regulatory definition of “substantial damage”—i.e., if the restoration cost equals or exceeds 50% of the structure’s pre-damage value—then the structure must be brought into compliance with regulations governing new construction. Among other things, these regulations require that the lowest floor must be elevated to one foot above the base flood elevation. Because the base flood elevation in the Natomas Basin is 33 feet, these requirements have the practical effect of making impractical the restoration of structures following a catastrophic event.

SAFCA is currently carrying out levee rehabilitation and other flood control projects (the “**SAFCA Projects**”) in the Natomas Basin. While the SAFCA Projects are currently expected to be completed by 2018, final completion could be delayed for a variety of reasons, including but not limited to longer than expected construction periods, higher than expected construction bids, or delays in state or federal funding. If significant flooding occurs before the completion of the SAFCA Projects (or if the SAFCA Projects do not provide the expected levels of flood protection), it could cause damage that may entail significant repair or replacement costs and that repair or replacement may never occur either because of the cost, or because repair or replacement will not facilitate habitability or other use, or because other considerations preclude such repair or replacement. Under any of these circumstances there could be significant delinquencies in the payment of Special Taxes, and the value of the parcels in the CFDs may well depreciate or disappear.

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

The areas in and surrounding the CFDs, like those in much of California, may be subject to unpredictable seismic activity.

Other natural disasters could include, without limitation, landslides, floods, wildfires, droughts, or tornadoes. One or more natural disasters could occur and could result in damage to improvements of varying seriousness. The damage may entail significant repair or replacement costs and that repair or replacement may never occur either because of the cost, or because repair or replacement will not facilitate habitability or other use, or because other considerations preclude such repair or replacement. Under any of these circumstances there could be significant delinquencies in the payment of Special Taxes, and the value of the parcels in the CFDs may well depreciate or disappear.

Hazardous Substances. One of the most serious risks in terms of the potential reduction in the property values is a claim with regard to a hazardous substance. In general, the owners and operators of property may be required by law to remedy conditions of the parcel relating to releases or threatened releases of hazardous substances. The federal Comprehensive Environmental Response, Compensation and Liability Act of 1980, sometimes referred to as "CERCLA" or the "Superfund Act," is the most well-known and widely applicable of these laws, but California laws with regard to hazardous substances are also stringent and similar. Under many of these laws, the owner or operator is obligated to remedy a hazardous substance condition of property whether or not the owner or operator has anything to do with creating or handling the hazardous substance. The effect, therefore, should any of the Taxable Property in the CFDs be affected by a hazardous substance, is to reduce the marketability and value of the parcel by the costs of remedying the condition, because the purchaser, upon becoming owner, will become obligated to remedy the condition just as is the seller.

Although the Authority is not aware that the owner or operator of any of the Taxable Property in the CFDs has such a current liability, it is possible that current liabilities do exist. Further, it is possible that liabilities may arise in the future resulting from the current existence on the parcel of a substance that is currently classified as hazardous but has not been released or the release of which is not currently threatened, or liabilities may arise in the future resulting from the current existence on the parcel of a substance that is not currently classified as hazardous but may be so classified in the future. Further, these liabilities may arise not simply from the existence of a hazardous substance but from the method of handling it. All of these possibilities could significantly affect the property values that would otherwise be realized upon a delinquency.

The Authority has no information as to the existence of any hazardous substances with the CFDs.

Other Factors. Other factors that could adversely affect property values in the CFDs include, among others, relocation of employers out of the area; shortages of water, electricity, natural gas, or other utilities; and destruction of property caused by man-made disasters, including but not limited to natural gas pipeline explosions.

No Cross Collateralization

The Special Tax Bonds are not cross-collateralized. In other words, Special Taxes related to one Special Tax Bond cannot be used to cover any shortfall in Special Taxes related to any other Special Tax Bond. Similarly, amounts held in the Reserve Fund established for one series of Special Tax Bonds cannot be used to pay debt service on any other Special Tax Bond.

Other Possible Claims Upon the Property Values

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

A table listing of the outstanding governmental obligations affecting each CFD is set forth above under "THE CFDs IN THE AGGREGATE."

In addition, other governmental obligations may be authorized and undertaken or issued in the future, the tax, assessment, or charge for which may become an obligation of one or more of the parcels within a CFD and may be secured by a lien on a parity with the lien of the Special Taxes securing the Special Tax Bonds.

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

Enforcement of Special Taxes on Governmentally Owned Properties

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

Federal courts have held, based on the Supremacy Clause of the United States Constitution, that 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's interest.

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

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

Moreover, unless Congress has otherwise provided, if the federal government has a mortgage interest in the parcel and the City wishes to foreclose on the parcel as a result of delinquent Special

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

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

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

The FDIC's policy statement regarding the payment of state and local real property taxes (the "**Policy Statement**") provides that property owned by the FDIC is subject to state and local real property taxes only if those taxes are assessed according to the property's value and that the FDIC is immune from real property taxes assessed on any basis other than property value. According to the Policy Statement, the FDIC will pay its property tax obligations when they become due and payable and will pay claims for delinquent property taxes as promptly as is consistent with sound business practice and the orderly administration of the institution's affairs, unless abandonment of the FDIC's interest in the property is appropriate. The FDIC will pay claims for interest on delinquent property taxes owed at the rate provided under state law to the extent the interest payment obligation is secured by a valid lien. The FDIC will not pay any amounts in the nature of fines or penalties and will not pay or recognize liens for such amounts. If any property taxes (including interest) on FDIC-owned property are secured by a valid lien (in effect before the property became owned by the FDIC), the FDIC will pay those claims. The Policy Statement further provides that no property of the FDIC is subject to levy, attachment, garnishment, foreclosure, or sale without the FDIC's consent. In addition, the FDIC will not permit a lien or security interest held by the FDIC to be eliminated by foreclosure without the FDIC's consent.

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

The Authority and the City are unable to predict what effect the application of the Policy Statement would have in the event of a delinquency in the payment of Special Taxes on a parcel within the CFDs in which the FDIC has or obtains an interest, although prohibiting the lien of the Special Taxes to be foreclosed out at a judicial foreclosure sale could reduce or eliminate the number of persons willing to purchase a parcel at a foreclosure sale.

Exemptions Under Rate and Method of Apportionment and the Mello-Roos Act. Certain properties are exempt from the Special Tax in accordance with each Rate and Method of

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

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

No Reserve for Bonds; Depletion of Reserve Funds for Special Tax Bonds

Neither the City nor the Authority will create or maintain a debt service reserve account with respect to the Bonds.

The City will create and maintain a separate Bond Reserve Fund for each series of Special Tax Bonds, which may be used to pay principal of, and interest on, the related series of Special Tax Bonds if insufficient funds are available from Special Tax receipts. See "THE SPECIAL TAX BONDS – Deposit and Allocation of Special Taxes – Allocations – Reserve Funds."

If funds in a Bond Reserve Fund are depleted, the funds can be replenished from the proceeds of the levy and collection of the related Special Tax levied for this purpose. However, no replenishment from the proceeds of a Special Tax levy can occur so long as the proceeds that are collected from the levy of the Special Taxes against property within the CFDs at the maximum Special Tax rates, together with other available funds, remain insufficient to pay all such amounts. Thus, it is possible that either or both Bond Reserve Funds will be depleted and not be replenished by the levy of the related Special Taxes.

Bankruptcy Delays

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

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

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

Disclosure to Future Purchasers

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

No Acceleration

Neither the Bonds nor the Special Tax Bonds contain a provision allowing for acceleration if a payment default or other default occurs under the Trust Agreement or the Indentures.

Loss of Tax Exemption

As discussed under the caption “LEGAL MATTERS – Tax Exemption,” interest on the Bonds might become includable in gross income for purposes of federal income taxation retroactive to the date the Bonds were issued as a result of future acts or omissions of the Authority in violation of its covenants in the Trust Agreement, or of the CFDs in violation of their covenants in the Indentures.

The Trust Agreement does not contain a special redemption feature triggered by the occurrence of an event of taxability. As a result, if interest on the Bonds were to be includable in gross income for purposes of federal income taxation, the Bonds would continue to remain outstanding until maturity unless earlier redeemed pursuant to optional or mandatory redemption. See “THE BONDS – Redemption.”

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

Voter Initiatives

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

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

In 1996, Proposition 218—Voter Approval for Local Government Taxes—Limitation on Fees, Assessments, and Charges—Initiative Constitutional Amendment, added Articles XIIIIC and XIID to the California Constitution, imposing certain vote requirements and other limitations on the imposition of new or increased taxes, assessments, and property-related fees and charges.

On November 2, 2010, California voters approved Proposition 26, entitled the “Supermajority Vote to Pass New Taxes and Fees Act.” Section 1 of Proposition 26 declares that Proposition 26 is intended to limit the ability of the State Legislature and local government to circumvent existing restrictions on increasing taxes by defining the new or expanded taxes as “fees.” Proposition 26 amended Articles 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 Special Tax Bonds were each authorized by not less than a two-thirds vote of the landowners within each CFD who constituted the qualified electors at the time of the voted authorization. The City believes, therefore, that issuance of the Special Tax 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 CFD can be determined. Certain provisions of Proposition 218 and Proposition 26 may be examined by the courts for their constitutionality under both State and federal constitutional law, the outcome of which cannot be predicted.

Secondary Market for Bonds

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

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

THE AUTHORITY

The Authority is a joint exercise of powers agency organized and existing under the Joint Exercise of Powers Act set out in the California Government Code beginning with Section 6500. The Authority was created by a Joint Exercise of Powers Agreement, dated as of October 1, 1989, between the City and the former Redevelopment Agency, which are the sole members of the Authority. The Authority was created for the purpose, among others, of issuing its bonds to be used to finance and refinance the acquisition, construction, and improvement of certain public capital improvements. The Authority is governed by a nine-member board whose members are the same as those seated on the City Council of the City. The Authority has no employees; all staff work is done by City employees or by consultants.

THE CITY

The City is a charter city incorporated in 1849 and is the location of the State capitol. The City is located approximately 75 miles northeast of San Francisco, in the south-central portion of the Sacramento Valley. For a more detailed description of the City, including certain economic and demographic information relating to the City, see APPENDIX A – “GENERAL INFORMATION ABOUT THE CITY OF SACRAMENTO AND SACRAMENTO COUNTY” herein.

LEGAL MATTERS

Legal Opinions

The validity of the Bonds and certain other legal matters are subject to the approving opinion of Orrick, Herrington & Sutcliffe LLP, Bond Counsel to the Authority (“**Bond Counsel**”). A complete copy of the proposed form of Bond Counsel opinion is contained in Appendix G hereto. Bond Counsel undertakes no responsibility for the accuracy, completeness or fairness of this Official Statement.

Jones Hall, A Professional Law Corporation, San Francisco, California, will pass upon certain legal matters for the Underwriter. The office of the City Attorney will pass upon certain legal matters for the Authority and the City.

Tax Exemption

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

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

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

consult their own tax advisors with respect to the proper treatment of amortizable bond premium in their particular circumstances.

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

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

Current and future legislative proposals, if enacted into law, clarification of the Code or court decisions may cause interest on the Bonds to be subject, directly or indirectly, 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. As one example, the Obama Administration recently announced a legislative proposal which, for tax years beginning on or after January 1, 2013, generally would limit the exclusion from gross income of interest on obligations like the Bonds to some extent for taxpayers who are individuals and whose income is subject to higher marginal income tax rates. Other proposals have been made that could significantly reduce the benefit of, or otherwise affect, the exclusion from gross income of interest on obligations like the Bonds. The introduction or enactment of any such legislative proposals, clarification of the Code or court decisions may also affect, perhaps significantly, the market price for, or marketability of, the Bonds. Prospective purchasers of the Bonds should consult their own tax advisors regarding any pending or proposed federal or state tax legislation, regulations or litigation, and regarding the impact of future legislation, regulations or litigation, as to which Bond Counsel expresses no opinion.

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

Bond Counsel's engagement with respect to the Bonds ends with the issuance of the Bonds, and, unless separately engaged, Bond Counsel is not obligated to defend the Authority, the City or the Beneficial Owners regarding the tax-exempt status of the Bonds in the event of an audit examination by

the IRS. Under current procedures, parties other than the Authority, the City and their appointed counsel, including the Beneficial Owners, would have little, if any, right to participate in the audit examination process. Moreover, because achieving judicial review in connection with an audit examination of tax-exempt bonds is difficult, obtaining an independent review of IRS positions with which the Authority or the City legitimately disagrees, may not be practicable. Any action of the IRS, including but not limited to selection of the Bonds for audit, or the course or result of such audit, or an audit of bonds presenting similar tax issues may affect the market price for, or the marketability of, the Bonds, and may cause the Authority, the City or the Beneficial Owners to incur significant expense.

No Litigation

The Authority and the City will certify at the time the Bonds are issued that no litigation is pending or threatened concerning the validity of the Bonds or the Special Tax Bonds and that no action, suit or proceeding is known by the Authority or the City to be pending that would restrain or enjoin the delivery of the Bonds or the Special Tax Bonds, or contest or affect the validity of the Bonds or the Special Tax Bonds, or any proceedings of the Authority or the City taken with respect to the Bonds or the Special Tax Bonds.

CONTINUING DISCLOSURE

The City, on behalf of itself and the Authority, will covenant for the benefit of owners of the Bonds to provide certain financial information and operating data relating to the CFDs (the “**Annual Report**”) by not later than nine months following the end of the City’s Fiscal Year (currently March 31 based on the City’s Fiscal Year ending June 30), commencing March 31, 2013, with the report for the Fiscal Year ending June 30, 2012, and to provide notices of the occurrence of certain listed events.

These covenants have been made in order to assist the Underwriter in complying with Securities Exchange Commission Rule 15c2-12(b)(5), as amended (the “**Rule**”). The specific nature of the information to be contained in the Annual Report or the notices of listed events is set forth in a continuing disclosure certificate, the form of which is set forth in “APPENDIX F – FORM OF CONTINUING DISCLOSURE CERTIFICATE.”

A default under the Continuing Disclosure Certificate will not, by itself, constitute an Event of Default under the Trust Agreement, and the sole remedy under the Continuing Disclosure Certificate in the event of any failure of the City to comply will be an action to compel specific performance.

Neither the City nor the Authority has ever failed to comply in all material respects with previous undertakings under the Rule.

RATING

Standard & Poor’s Ratings Services, a Standard & Poor’s Financial Services LLC business (“**S&P**”), has assigned its municipal bond rating of “_____” to the Bonds.

This rating reflects only the views of S&P, and an explanation of the significance of this rating, and any outlook assigned to or associated with this rating, should be obtained from S&P.

Generally, a rating agency bases its rating on the information and materials furnished to it and on investigations, studies and assumptions of its own. The Authority has provided certain additional information and materials to the rating agencies (some of which does not appear in this Official Statement).

There is no assurance that this rating will continue for any given period of time or that this rating will not be revised downward or withdrawn entirely by the rating agency, if in the judgment of the rating agency, circumstances so warrant. Any such downward revision or withdrawal of any rating on the Bonds may have an adverse effect on the market price or marketability of the Bonds.

UNDERWRITING

The Bonds are being purchased by Stifel, Nicolaus & Company, Incorporated, dba Stone & Youngberg, a Division of Stifel Nicolaus, at a purchase price of \$_____ (which represents the aggregate principal amount of the Bonds (\$_____)) less an Underwriter's discount of \$_____.

The purchase agreement relating to the Bonds provides that the Underwriter will purchase all of the Bonds, if any are purchased, the obligation to make such purchase being subject to certain terms and conditions set forth in such purchase agreement.

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

PROFESSIONAL FEES

In connection with the issuance of the Bonds and the Special Tax Bonds, fees or compensation payable to certain professionals are contingent upon the issuance and delivery of the Bonds and the Special Tax Bonds. Those professionals include:

- the Underwriter;
- Orrick, Herrington & Sutcliffe LLP, as Bond Counsel;
- Jones Hall, A Professional Law Corporation, as Underwriter's Counsel;
- A portion of the fees of NBS Government Finance Group, as Special Tax Consultant;
- and
- The Bank of New York Mellon Trust Company, N.A., as Trustee.

EXECUTION

The execution and delivery of the Official Statement by the Authority has been duly authorized by the Board of Directors of the Authority.

SACRAMENTO CITY FINANCING AUTHORITY

By: _____
Russell T. Fehr,
Treasurer of the Authority and
Treasurer of the City

APPENDIX A

GENERAL INFORMATION ABOUT THE CITY OF SACRAMENTO AND SACRAMENTO COUNTY

The following information is included only for the purpose of supplying general information regarding the City of Sacramento and Sacramento County. This information is provided only for general informational purposes, and provides prospective investors limited information about this region and its economic base. The Bonds are not a debt of the City, County, the State or any of its political subdivisions, and none of the City, County, the State nor any of its political subdivisions is liable therefor.

General Description and Background

The City. The City of Sacramento (the “**City**”) is located at the confluence of the Sacramento and American Rivers in the south central portion of the Sacramento Valley, a part of the State’s Central Valley. The City was incorporated in 1849, although it had been settled in the 1830s. In 1854, the City became the location of the Capitol of the State of California (the “**State**”). Today, State government employees and governmental-related activities contribute substantially to the City’s economy. The City also serves as the county seat of Sacramento County (the “**County**”).

The City operates under a City Charter, adopted in 1920, that currently provides for a nine member elected City Council including an elected Mayor. There are no other elected City officials. The City Council appoints the City Manager, City Attorney, City Clerk and the City Treasurer to carry out its adopted policies. Members of the City Council serve terms of four years. The Mayor is chairperson of the City Council and is elected in at-large City elections. City Council members are elected by eight individual districts.

The City provides a number of municipal services, including administration, police, fire, library, recreation, parking public works, and utilities such as water production and distribution, refuse collection, storm drainage and maintenance.

The County. The County was incorporated in 1850 as one of the original 27 counties of the State of California. The City is the County's largest city. The County is the major component of the Sacramento Metropolitan Statistical Area (“**SMSA**”) which includes Sacramento, El Dorado, and Placer Counties.

Sacramento County encompasses approximately 994 square miles in the middle of the 400-mile long Central Valley, which is California's prime agricultural region. The County is bordered by Contra Costa and San Joaquin Counties on the south, Amador and El Dorado Counties on the east, Placer and Sutter Counties on the north, and Yolo and Solano Counties on the west. Sacramento County extends from the low delta lands between the Sacramento and San Joaquin rivers north to about ten miles beyond the State Capitol and east to the foothills of the Sierra Nevada Mountains. The southernmost portion of Sacramento County has direct access to the San Francisco Bay.

Population

The following sets forth the City, the County and the State population estimates as of January 1 for the years 2008 to 2012:

CITY OF SACRAMENTO, SACRAMENTO COUNTY AND STATE OF CALIFORNIA Estimated Population

Year (January 1)	City of Sacramento	Sacramento County	State of California
1990 ⁽¹⁾	369,365	1,041,219	29,758,213
2000 ⁽¹⁾	407,018	1,223,499	33,873,086
2008	458,965	1,394,510	36,704,375
2009	463,633	1,406,168	36,966,713
2010	466,740	1,417,259	37,223,900
2011	469,477	1,427,961	37,427,946
2012	470,956	1,435,153	37,678,563

(1) As of April 1.

Source: State of California Department of Finance, Demographic Research Unit.

Commercial Activity

In 2009, the State Board of Equalization converted the business codes of sales and use tax permit holders to North American Industry Classification System codes. As a result of the coding change, retail stores data for 2009 and after is not comparable to that of prior years.

A summary of historic taxable sales within the City during the past five years in which data is available is shown in the following table. Total taxable sales during the first two quarters of calendar year 2011 in the City were reported to be \$2,557,082,000, a 7.44% increase over the total taxable sales of \$2,380,039,000 reported during the first two quarters of calendar year 2010.

CITY OF SACRAMENTO Taxable Transactions (Figures in Thousands)

	Retail Stores		Total All Outlets	
	Number of Permits	Taxable Transactions	Number of Permits	Taxable Transactions
2006	5,688	\$4,099,974	12,106	\$6,052,162
2007	5,584	4,037,475	12,012	5,947,753
2008	6,166	3,780,349	12,235	5,704,418
2009 ⁽¹⁾	7,485	3,371,643	10,910	4,949,165
2010 ⁽¹⁾	7,976	3,456,380	11,491	4,947,448

(1) Not comparable to prior years. "Retail" category now includes "Food Services."

Source: California State Board of Equalization, Taxable Sales in California (Sales & Use Tax).

A summary of historic taxable sales within the County during the past five years in which data is available is shown in the following table. Total taxable sales during the first two quarters of calendar year 2011 in the County were reported to be \$8,608,749,000, a 6.32% increase over the total taxable sales of \$8,097,179,000 reported during the first two quarters of calendar year 2010.

**COUNTY OF SACRAMENTO
Taxable Transactions
(Figures in Thousands)**

	Retail Stores		Total All Outlets	
	Number of Permits	Taxable Transactions	Number of Permits	Taxable Transactions
2006	16,218	\$14,813,043	35,406	\$21,140,386
2007	15,724	14,253,867	35,023	20,560,510
2008	17,363	12,973,537	35,547	19,331,847
2009 ⁽¹⁾	22,197	11,252,319	31,644	16,563,853
2010 ⁽¹⁾	23,158	11,615,687	32,789	16,904,528

(1) Not comparable to prior years. "Retail" category now includes "Food Services."
Source: California State Board of Equalization, Taxable Sales in California (Sales & Use Tax).

Employment and Industry

The unemployment rate in the Sacramento-Arden Arcade-Roseville Metropolitan Statistical Area (“MSA”) was 9.7% in September 2012, down from a revised 10.3% in August 2012, and below the year-ago estimate of 11.5%. This compares with an unadjusted unemployment rate of 9.7% for California and 7.6% for the nation during the same period. The unemployment rate was 9.0% in El Dorado County, 8.8% in Placer County, 10.2% in Sacramento County, and 9.0% in Yolo County.

The table below provides information about employment rates and employment by industry type for the Sacramento Metropolitan Statistical Area (which includes Sacramento, Placer, Yolo and El Dorado Counties) for calendar years 2002 through 2006.

SACRAMENTO-ARDEN ARCADE-ROSEVILLE MSA El Dorado, Placer, Sacramento, Yolo Counties Employment by Industry Annual Averages

	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>
Civilian Labor Force ⁽¹⁾	1,037,700	1,046,800	1,051,500	1,048,900	1,039,400
Employment	982,400	973,000	934,800	918,000	916,200
Unemployment	55,300	73,800	116,600	130,900	123,200
Unemployment Rate	5.3%	7.0%	11.1%	12.5%	11.9%
Wage and Salary Employment ⁽²⁾					
Agriculture	7,900	8,200	8,300	8,100	8,300
Mining and Logging	700	700	400	400	400
Construction	66,900	56,200	43,500	38,400	36,200
Manufacturing	40,900	38,700	34,400	32,800	32,800
Wholesale Trade	27,900	26,500	24,100	22,800	23,000
Retail Trade	99,800	95,100	87,600	88,000	88,900
Transportation, Warehousing and Utilities	25,400	25,100	23,200	21,700	20,900
Information	20,100	19,200	18,300	17,200	16,700
Finance and Insurance	45,900	43,100	40,200	36,100	34,800
Real Estate and Rental and Leasing	15,700	14,100	12,700	12,200	11,800
Professional and Business Services	112,100	110,100	101,100	102,200	101,400
Educational and Health Services	97,100	99,700	99,800	99,400	102,700
Leisure and Hospitality	86,600	85,900	81,900	80,200	79,800
Other Services	29,000	29,600	28,800	28,100	28,000
Federal Government	12,400	12,500	13,300	14,600	13,900
State Government	109,600	111,400	111,900	110,900	109,500
Local Government	113,100	114,300	110,200	104,700	101,200
Total, All Industries ⁽³⁾	911,000	890,200	839,800	817,900	810,300

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

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

⁽³⁾ Totals may not add due to rounding.

Source: State of California Employment Development Department.

Major Employers

The major private sector employers as of June 30, 2011 in the City are shown below.

CITY OF SACRAMENTO MAJOR EMPLOYERS (As of June 1, 2011)

<u>Employer Name</u>	<u>No. of Employees</u>
State of California	72,120 ⁽¹⁾
Sacramento County	11,300
University of California, Davis Health System	8,580
Sutter Health Sacramento Sierra Region	6,958
Mercy/Catholic Healthcare West	6,942
Intel Corporation	6,515
Kaiser Permanente	6,367
Elk Grove Unified School District	5,619
San Juan Unified School District	4,600
Sacramento City Unified School District	4,500
City of Sacramento	4,000

(1) Includes full-time, intermittent and part-time employees.

Source: City of Sacramento, Comprehensive Annual Financial Report (CAFR), dated June 30, 2011.

The major employers in the County are shown below.

**COUNTY OF SACRAMENTO
MAJOR EMPLOYERS - LISTED ALPHABETICALLY
(As of October 2012)**

<u>Employer Name</u>	<u>Location</u>	<u>Industry</u>
Aerojet-General Corp	Rancho Cordova	Aerospace Industries (Mfrs)
American River College	Sacramento	Schools-Cooking
AMPAC FINE CHEMICALS LLC	Rancho Cordova	Chemicals-Manufacturers
California Dept of Transport	Sacramento	Government Offices-US
California Prison Ind Auth	Folsom	State Govt-Correctional Institutions
California State University	Sacramento	Schools-Universities & Colleges Academic
Corrections Dept	Sacramento	State Govt-Correctional Institutions
CSUS	Sacramento	Schools-Universities & Colleges Academic
Delta Dental	Rancho Cordova	Insurance
Disabled American Veterans	Sacramento	Veterans' & Military Organizations
Electrical Workers	Sacramento	Labor Organizations
Employment Development Dept	Sacramento	Government-Job Training/Voc Rehab Svcs
Environmental Protection Agcy	Sacramento	State Government-Environmental Programs
Exposition & Fair	Sacramento	Government Offices-State
Gen Corp Inc	Rancho Cordova	Marketing Programs & Services
Mercy Hospitals Regional Rehab	Sacramento	Hospitals
Mercy San Juan Medical Ctr	Carmichael	Medical Centers
Methodist Hospital-Sacramento	Sacramento	Hospitals
Municipal Services Agency	Sacramento	Government Offices-County
Sacramento Bee	Sacramento	Newspapers (Publishers/Mfrs)
Sacramento Kings	Sacramento	Sports Teams
Sacto Regional Transit	Sacramento	Alternative Fuels
Securitas Security Svc USA	Sacramento	Security Guard & Patrol Service
UC Davis Medical Ctr	Sacramento	Clinics
Water Resource Dept	Sacramento	State Government-Environmental Programs

Source: State of California Employment Development Department, extracted from The America's Labor Market Information System (ALMIS) Employer Database, 2013 1st Edition.

Building and Construction

Provided below are the building permits and valuations for the City for calendar years 2007 through 2011.

CITY OF SACRAMENTO Total Building Permit Valuations (Valuations in Thousands)

	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>
<u>Permit Valuation</u>					
New Single Family	\$228,761.8	\$165,420.0	\$25,845.2	\$15,543.2	\$11,615.9
New Multi Family	83,840.7	68,035.0	5,898.3	14,384.3	30,285.8
Res. Alterations/Additions	<u>113,668.2</u>	<u>99,934.1</u>	<u>95,547.3</u>	<u>96,241.6</u>	<u>110,787.5</u>
Total Residential	426,270.7	333,389.1	127,290.7	126,169.2	152,689.2
New Commercial	161,927.9	185,320.7	36,498.8	18,290.7	16,197.1
New Industrial	11,535.3	7,168.8	0.0	0.0	3,232.4
New Other	55,318.7	51,656.4	24,834.1	17,387.2	1,324.4
Com. Alterations/Additions	<u>196,913.6</u>	<u>235,977.5</u>	<u>166,964.3</u>	<u>110,195.2</u>	<u>140,159.1</u>
Total Nonresidential	425,695.4	480,123.3	228,297.3	145,873.1	160,913.0
<u>New Dwelling Units</u>					
Single Family	1,334	921	148	95	65
Multiple Family	<u>765</u>	<u>698</u>	<u>68</u>	<u>96</u>	<u>234</u>
TOTAL	2,099	1,619	216	191	299

Source: Construction Industry Research Board, Building Permit Summary.

Provided below are the building permits and valuations for the County for calendar years 2007 through 2011.

COUNTY OF SACRAMENTO Total Building Permit Valuations (Valuations in Thousands)

	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>
<u>Permit Valuation</u>					
New Single family	\$695,003.0	\$381,937.3	\$199,795.8	\$199,008.8	\$189,634.5
New Multi family	93,457.2	113,690.7	8,310.0	32,680.9	64,390.8
Res. Alterations/Additions	<u>208,362.1</u>	<u>208,941.5</u>	<u>173,522.6</u>	<u>181,074.7</u>	<u>202,757.1</u>
Total Residential	996,822.2	704,569.5	381,628.4	412,764.5	456,782.4
New Commercial	356,053.5	486,728.2	76,831.2	52,031.6	77,164.9
New Industrial	35,786.2	40,037.4	3,892.4	2,481.3	3,232.4
New Other	125,149.0	124,950.7	57,847.7	56,735.4	3,290.1
Com. Alterations/Additions	<u>371,320.4</u>	<u>513,791.8</u>	<u>369,332.1</u>	<u>242,724.5</u>	<u>287,939.6</u>
Total Nonresidential	\$888,309.1	\$1,165,508.1	\$507,903.4	353,972.8	371,627.0
<u>New Dwelling Units</u>					
Single Family	3,384	1,933	881	843	727
Multiple Family	<u>839</u>	<u>1,231</u>	<u>92</u>	<u>338</u>	<u>606</u>
TOTAL	4,223	3,164	973	1,181	1,333

Source: Construction Industry Research Board, Building Permit Summary.

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 City, the County, the State and the United States for the period 2007 through 2011.

COUNTY OF SACRAMENTO Effective Buying Income 2007 through 2011

Year	Area	Total Effective Buying Income (000s' Omitted)	Median Household Effective Buying Income
2007	City of Sacramento	\$8,836,535	\$40,007
	Sacramento County	29,859,233	46,334
	California	814,894,438	48,203
	United States	6,300,794,040	41,792
2008	City of Sacramento	\$9,180,905	\$40,769
	Sacramento County	30,497,550	46,903
	California	832,531,445	48,952
	United States	6,443,994,426	42,303
2009	City of Sacramento	\$9,390,475	\$41,578
	Sacramento County	31,079,118	47,353
	California	844,823,319	49,736
	United States	6,571,536,768	43,252
2010	City of Sacramento	\$8,865,690	\$39,011
	Sacramento County	28,891,811	44,449
	California	801,393,028	47,177
	United States	6,365,020,076	41,368
2011	City of Sacramento	\$8,673,273	\$38,456
	Sacramento County	28,869,888	44,185
	California	814,578,458	41,062
	United States	6,438,704,664	41,253

Source: The Nielsen Company (US), Inc.

Transportation

Sacramento's strategic location and broad transportation network have contributed to the City's economic growth. The City is traversed by the main east-west and north-south freeways serving northern and central California. Interstate 80 connects Sacramento with the San Francisco Bay Area, Reno, Nevada and points east. U.S. 50 carries traffic from Sacramento to the Lake Tahoe area. Interstate 5 is the main north-south route through the interior of California; it runs from Mexico to Canada. State 99 parallels Interstate 5 through central California and passes through Sacramento.

The Southern Pacific and Union Pacific railroad, a transcontinental line, has junctions in Sacramento and is connected to the Burlington Northern and Santa Fe via the Central California Traction Company. Passenger rail service is provided by AMTRAK. Bus lines offering intercity as well as local service include Greyhound and the Sacramento Regional Transit District. The Sacramento Regional Transit District also provides light rail service within the City. The Port of Sacramento, located 79 nautical miles northeast of San Francisco, provides direct ocean freight service to all major United States and world ports. Via a deep water channel, ships can reach Sacramento from San Francisco in less than eight hours. The major rail links serving Sacramento connect with the Port, and Interstate 80 and Interstate 5 are immediately adjacent to it.

Trucking services are offered through facilities of interstate common carriers operating terminals in the area and by contract carriers of general commodities. Greyhound Bus Lines also provides passenger and package service stations located in Sacramento. Sacramento International Airport is about 12 miles northwest of downtown Sacramento. The airport is served by 13 major carriers and one commuter carrier. Executive Airport, located in the City, is a full-service, 540-acre facility serving general aviation; providing a wide array of facilities and services.

Finally, Mather Airport, also located in the City, currently offers full-service, fixed-base operations, 24-hour air traffic control, serves general aviation and has one of the longest runways in California.

APPENDIX B

**RATE AND METHOD OF APPORTIONMENT FOR
EACH CFD**

APPENDIX C
SUMMARY OF TRUST AGREEMENT

APPENDIX D
SUMMARY OF INDENTURES

APPENDIX E

DTC AND THE BOOK-ENTRY ONLY SYSTEM

The following description of the Depository Trust Company (“DTC”), the procedures and record keeping with respect to beneficial ownership interests in the Bonds, payment of principal, interest and other payments on the Bonds (herein, the “Securities”) to Participants or Beneficial Owners, confirmation and transfer of beneficial ownership interest in the Securities and other related transactions by and between DTC, the 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 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 Participants, as the case may be.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

APPENDIX F

FORM OF CONTINUING DISCLOSURE CERTIFICATE

CONTINUING DISCLOSURE CERTIFICATE

\$ _____*
SACRAMENTO CITY FINANCING AUTHORITY
2013 SPECIAL TAX REFUNDING REVENUE BONDS
(WESTLAKE AND REGENCY PARK)
SERIES A

This Continuing Disclosure Certificate (this “**Certificate**”) is executed and delivered by the CITY OF SACRAMENTO (the “**City**”), on behalf of itself and the SACRAMENTO CITY FINANCING AUTHORITY (the “**Authority**”), in connection with the Authority’s issuance of the bonds captioned above (the “**Bonds**”). The Bonds are being issued under a Trust Agreement, dated as of _____ 1, 2013 (the “**Trust Agreement**”), between the Authority and The Bank of New York Mellon Trust Company, N.A., as trustee (the “**Trustee**”). The City hereby covenants and agrees as follows:

1. *Purpose of the Disclosure Certificate.* The City has executed and delivered this Certificate for the benefit of the holders and beneficial owners of the Bonds and to assist the Participating Underwriter in complying with the Rule.
2. *Definitions.* In addition to the definitions set forth above and in the Trust Agreement, which apply to any capitalized term used in this Certificate unless otherwise defined in this section, the following capitalized terms have the following meanings:
 - (a) “**Annual Report**” means any Annual Report provided by the City in accordance with and as described in Sections 3 and 4.
 - (b) “**Annual Report Date**” means the date that is nine months after the end of the City’s fiscal year. As of the date of this Certificate, the City’s fiscal year ends on June 30, and the Annual Report Date is March 31.
 - (c) “**CFDs**” means the City of Sacramento North Natomas Westlake Community Facilities District No. 2001-03 and the City of Sacramento North Natomas Regency Park Community Facilities District No. 2000-01.
 - (d) “**Dissemination Agent**” means, initially, the City, or any other person or entity the City shall designate in the future, in writing as Dissemination Agent for the Bonds, but only if the person or entity has delivered to the City a written acceptance of the designation (in which the person or entity agrees to be subject to this Certificate) and the acceptance has not been withdrawn. The City may discharge any such appointed Dissemination Agent, with or without appointing a third-party, successor Dissemination Agent and, thereby, instituting itself again as Dissemination Agent.
 - (e) “**Listed Events**” means any of the events listed in Section 5(a).

- (f) “**MSRB**” means the Municipal Securities Rulemaking Board, which has been designated by the Securities and Exchange Commission as the sole repository of disclosure information for purposes of the Rule.
- (g) “**Official Statement**” means the final official statement executed by the Authority in connection with the issuance of the Bonds.
- (h) “**Participating Underwriter**” means the original underwriter of the Bonds required to comply with the Rule in connection with offering of the Bonds.
- (i) “**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 (17 C.F.R. § 240.15c2-12).

3. *Provision of Annual Reports.*

- (a) Except as provided in Section 3(b), and until the City’s obligations under this Certificate terminate, the City shall provide to the MSRB, on or before each Annual Report Date, commencing March 31, 2013, an Annual Report that covers the preceding fiscal year. The Annual Report must comply with Section 4 and be in an electronic format as prescribed by the MSRB.
- (b) The City may designate a Dissemination Agent to provide Annual Reports to the MSRB on or before each Annual Report Date. If the City appoints a Dissemination Agent, then the City shall cause the Dissemination Agent to provide Annual Reports in accordance with the following procedures:
 - (1) Each year, the City shall provide the Annual Report to the Dissemination Agent (if other than the City) at least 15 Business Days before the Annual Report Date. If the Dissemination Agent (if other than the City) has not received a copy of the Annual Report by the Annual Report Date, then the Dissemination Agent shall contact the City to determine if the City is in compliance with the previous sentence. If the City does not cause the Dissemination Agent to provide an Annual Report by the Annual Report Date, then the Dissemination Agent shall provide to the MSRB, in an electronic format as prescribed by the MSRB, a notice in substantially the form attached as Exhibit A.
 - (2) The Dissemination Agent shall also do the following:
 - (A) determine each year prior to the Annual Report Date the then-applicable rules and electronic format prescribed by the MSRB for the filing of annual continuing-disclosure reports;
 - (B) file a report with the City and the Participating Underwriter certifying that the Annual Report has been provided as required by this Certificate and stating the date it was provided; and
 - (C) file Event Notices as required by Section 5(b).
- (c) The Annual Report may be submitted as a single document or as separate documents composing a package and may include by reference other information as provided in

Section 4. The City's audited financial statements may be submitted separately from the balance of the Annual Report, and later than the Annual Report Date, if not available by that date. The audited financial statements of the City may also be included within or constitute a portion of the audited financial statements of the City.

- (d) If the City's fiscal year changes, then the City shall give notice of the change in the same manner that is required under Section 5(b) for notice of a Listed Event.

4. *Content of Annual Reports.* The Annual Report must contain or incorporate by reference the following documents and information:

- (a) The City's audited financial statements for the most recently completed fiscal year, 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, together with the following statement:

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

- (b) To the extent not included in the City's audited financial statements, the following information:

- (1) A copy of the most recent annual information required to be filed by the City, on behalf of the Authority, with the California Debt and Investment Advisory Commission under the Mello-Roos Community Facilities Act of 1982, and relating generally to outstanding bond amounts, fund balances, assessed values, special tax delinquencies, and foreclosure information.
- (2) An updated table in substantially the form of the table in the Official Statement titled "Table 5 – Westlake CFD and Regency Park CFD Value-to-Burden Ratios," using property valuations based upon the most recent equalized tax roll before the September next preceding the Annual Report Date.
- (3) Any changes to the Rate and Method of Apportionment of Special Tax for either of the CFDs, set forth as an Appendix to the Official Statement.
- (4) The amount of prepayments of the Special Tax with respect to each of the CFDs for the prior Fiscal Year.

- (c) In addition to the information expressly required to be provided under Section 4(b), the City shall provide any other information that is 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, that are available to the public on the MSRB's web site or are filed with the Securities and Exchange Commission. The City shall clearly identify the documents included by reference.

5. *Reporting of Listed Events.*

- (a) The City shall give, or cause to be given, notice of the occurrence of any of the following Listed Events with respect to the Bonds:
 - (1) Principal and interest payment delinquencies.
 - (2) Non-payment related defaults, if material.
 - (3) Unscheduled draws on debt service reserves reflecting financial difficulties.
 - (4) Unscheduled draws on credit enhancements reflecting financial difficulties.
 - (5) Substitution of credit or liquidity providers, or their failure to perform.
 - (6) Adverse tax opinions, the issuance by the Internal Revenue Service of proposed or final determinations of taxability, Notices of Proposed Issue (IRS Form 5701-TEB) or other material notices or determinations with respect to the tax status of the Bonds, or other material events affecting the tax status of the Bonds.
 - (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, the Authority or any CFD.
 - (13) The consummation of a merger, consolidation, or acquisition involving the City or the Authority or the sale of all or substantially all of the assets of the City or the Authority (other than in the ordinary course of business), the entry into a definitive agreement to undertake such an action, or the termination of a definitive agreement relating to any such actions, other than pursuant to its terms, if material.
 - (14) Appointment of a successor or additional Trustee or the change of name of the Trustee, if material.
- (b) Upon the occurrence of a Listed Event, the City or the Dissemination Agent (if one has been designated) shall file a notice of the occurrence with the MSRB, in an electronic format as prescribed by the MSRB, in a timely manner not in excess of 10 business days

(as such is defined for purposes of the Rule) after the occurrence of the Listed Event. But notice of Listed Events described in Sections 5(a)(8) and 5(a)(9) need not be given under this section any earlier than the notice (if any) of the underlying event is given to holders of affected Bonds under the Trust Agreement.

- (c) The events described in Sections 5(a)(2), 5(a)(7), 5(a)(8) (if a bond call), 5(a)(10), 5(a)(13), and 5(a)(14) contain the qualifier "if material," and Section 5(a)(6) also contains the qualifier "material" with respect to certain notices, determinations, or other events affecting the tax status of the Bonds. The City or the Dissemination Agent (if one has been designated) shall file a notice in the same manner as is set forth in Section 5(b) for any such Listed Event only to the extent the City or the Dissemination Agent determines that the event's occurrence is material under applicable federal securities law. Upon occurrence of any of these Listed Events, the City shall determine, as soon as possible, whether the event would be material under the Rule. If the event is determined to be material, then the City or the Dissemination Agent shall file a notice in the same manner as is required by Section 5(b) for notice of a Listed Event.
- (d) For purposes of this Certificate, any Listed Event described in Section 5(a)(12) is considered to occur when any of the following occur: (1) 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 the Authority, 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 (2) 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 or the Authority.

6. *Identifying Information for Filings with the MSRB.* All documents provided to the MSRB under this Certificate must be accompanied by identifying information as prescribed by the MSRB.

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

8. *Amendment and Waiver.*

- (a) The City may amend this Certificate or may waive any provision of this Certificate if the following conditions are satisfied:
 - (1) If the amendment or waiver relates to Sections 3(a), 4, or 5(a), then it may only be made in connection with a change in circumstances that arises from a change in legal requirements; a change in law; a change in the identity, nature, or status of an obligated person with respect to the Bonds; or a change in the type of business such an obligated person conducts.
 - (2) The undertakings in this Certificate, as proposed to be amended or waived, would, in the opinion of nationally recognized bond counsel, have complied with the requirements of the Rule at the time of the primary offering of the Bonds, after taking

into account any amendments or interpretations of the Rule, as well as any change in circumstances.

- (3) The proposed amendment or waiver either (A) is approved by holders of the Bonds in the manner provided in the Trust Agreement for amendments to the Trust Agreement with the consent of holders; or (B) does not, in the opinion of the Trustee or nationally recognized bond counsel, materially impair the interests of the holders or beneficial owners of the Bonds.
 - (b) If the annual financial information or operating data to be provided in the Annual Report is amended under this Section 8, then the first annual financial information filed containing the amended operating data or financial information must 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.
 - (c) If an amendment is made to the undertaking specifying the accounting principles to be followed in preparing financial statements, the annual financial information for the year in which the change is made must 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 must include a discussion of the differences in the accounting principles and of 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 City's ability to meet its obligations. To the extent reasonably feasible, the comparison must be quantitative. A notice of the change in the accounting principles must be filed in the same manner as is required by Section 5(b) for notice of a Listed Event.
10. *Additional Information.* This Certificate does not prevent the City from disseminating any information, including information in any Annual Report or a notice of a Listed Event, that is in addition to the information required by this Certificate, whether the dissemination is by a means of communication set forth in this Certificate or by any other means. If the City includes any information in any Annual Report or notice of a Listed Event in addition to the information specifically required by this Certificate, then the City will not be obligated under this Certificate to update the information or include it in any future Annual Report or notice of a Listed Event.
11. *Default.* If the City fails to comply with its obligations under this Certificate, then the Participating Underwriter or any holder or beneficial owner of the Bonds may take such actions as may be necessary and appropriate, including seeking mandate or specific performance by court order, to cause the City to comply with its obligations. A default under this Certificate is not an Event of Default under the Trust Agreement, and the sole remedy under this Certificate for the City's failure to comply with this Certificate is an action to compel performance.
12. *Duties, Immunities, and Liabilities of Dissemination Agent.* The Dissemination Agent will have only the duties specified in this Certificate, and the City shall indemnify and save the Dissemination Agent, its officers, directors, employees and agents, harmless against any liability, claim, demand, damage, or cost (including reasonable attorneys' fees) that may arise out of the Dissemination Agent's exercise or performance of its powers and duties under this Certificate, except for liabilities, claims, demands, damages, and costs arising from the Dissemination Agent's negligence or willful misconduct. The Dissemination Agent is not obligated to review any information provided to it under this Certificate and is not acting in any fiduciary capacity for the City, the Trustee, the Owners, or any other person in connection with the Bonds. The City's

obligations under this Section 12 will survive resignation or removal of the Dissemination Agent and payment of the Bonds.

- 13. *Beneficiaries.* This Certificate inures solely to the benefit of the City, the Trustee, the Dissemination Agent (if any), the Participating Underwriter, and holders and beneficial owners from time to time of the Bonds, and it creates no rights in any other person or entity.
- 14. *Counterparts.* This 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: _____, 2013

CITY OF SACRAMENTO

By: _____

Russell T. Fehr,
City Treasurer

AGREED AND ACCEPTED:
Sacramento City Clerk

By: _____

APPROVED AS TO FORM:

Sacramento City Attorney

By: _____

EXHIBIT A

NOTICE OF FAILURE TO FILE ANNUAL REPORT

Name of Issuer: Sacramento City Financing Authority
Name of Bond Issue: Sacramento City Financing Authority
2013 Special Tax Refunding Revenue Bonds
(Westlake and Regency Park)
Series A
Date of Issuance: _____, 2013

NOTICE IS HEREBY GIVEN that the City of Sacramento has not provided an Annual Report with respect to the above-named Bonds as required by the Continuing Disclosure Certificate dated _____, 2013. The City anticipates that the Annual Report will be filed by _____.

Dated: _____

DISSEMINATION AGENT:

By: _____
Its: _____

APPENDIX G

FORM OF OPINION OF BOND COUNSEL



TRUST AGREEMENT

among the

SACRAMENTO CITY FINANCING AUTHORITY

the

CITY OF SACRAMENTO

and

**THE BANK OF NEW YORK MELLON TRUST COMPANY, N.A.,
as Trustee**

Relating to

[\$[PRINCIPAL AMOUNT]

**SACRAMENTO CITY FINANCING AUTHORITY
2013 SPECIAL TAX REFUNDING REVENUE BONDS
(WESTLAKE AND REGENCY PARK), SERIES A**

AND

ADDITIONAL BONDS

Dated as of January 1, 2013

TRUST AGREEMENT

This Trust Agreement (the “Trust Agreement”), dated as of January 1, 2013, among the SACRAMENTO CITY FINANCING AUTHORITY, a joint-exercise-of-powers agency duly organized and existing under the laws of the State of California (the “Authority”), the CITY OF SACRAMENTO, a California municipal corporation (the “City”), and THE BANK OF NEW YORK MELLON TRUST COMPANY, N.A., a national banking association duly organized and existing under the laws of the United States of America, as trustee (the “Trustee”);

WITNESSETH:

WHEREAS, the Authority is authorized pursuant to the Marks-Roos Local Bond Pooling Act of 1985, being Article 4 of Chapter 5 of Division 7 of Title 1 of the California Government Code, as amended and supplemented (the “Act”), to issue bonds to provide funds to finance the acquisition of and purchase bonds issued by the City; and

WHEREAS, the City has determined to issue its 2013 North Natomas Westlake Community Facilities District No. 2000-01 Special Tax Refunding Bonds, Series A (the “Westlake Special Tax Bonds”) for the purpose of refunding all of the City’s outstanding North Natomas Westlake Community Facilities District No. 2000-01 Special Tax Bonds (the “Prior Westlake Special Tax Bonds”); and

WHEREAS, the City has determined to issue its 2013 North Natomas Regency Park Community Facilities District No. 2001-03 Special Tax Refunding Bonds, Series A (the “Regency Park Special Tax Bonds” and, collectively with the Westlake Special Tax Bonds, the “Local Obligations”) for the purpose of refunding all of the City’s outstanding North Natomas Regency Park Community Facilities District No. 2001-03 Special Tax Bonds (the “Prior Regency Park Special Tax Bonds” and, collectively with the Prior Westlake Special Tax Bonds, the “Prior Special Tax Bonds”); and

WHEREAS, the Authority has determined to assist the City in refunding the Prior Special Tax Bonds by purchasing the Local Obligations pursuant to the Act; and

WHEREAS, the Authority has authorized the issuance of the Sacramento City Financing Authority 2013 Special Tax Refunding Revenue Bonds (Westlake and Regency Park), Series A (the “Series 2013 Bonds”) to provide funds to finance the acquisition of and purchase the Local Obligations; and

WHEREAS, the Authority and the City have determined that all things necessary to make the Series 2013 Bonds, when issued by the Authority and authenticated by the Trustee and delivered as provided herein, valid, binding, and legal obligations of the Authority according to the import thereof and hereof have been done and performed;

NOW, THEREFORE, THE TRUST AGREEMENT WITNESSETH, that the Authority, in consideration of the premises, the acceptance by the Trustee of the trusts hereby created and other good and valuable consideration, the receipt of which is hereby acknowledged, and in order to secure the payment of the interest on and the principal of and the redemption premiums, if any, on all Bonds (as defined in Section 1.01) Outstanding (as defined in Section 1.01) from time to time according to their tenor and effect, and the making of the payments required to be made by the Authority hereunder and the performance by the Authority of the agreements, conditions, covenants, and terms contained herein and in the Bonds, does hereby assign, bargain, convey, grant, mortgage, and pledge a security interest unto the Trustee and unto its successors and assigns hereunder forever in all right, title, and interest of the Authority in, to, and under, subject to the provisions hereof permitting the application thereof for the purposes and on the terms and conditions set forth therein, each and all of the following (collectively the “Trust Estate”):

- (a) the proceeds of sale of the Bonds;
- (b) the Revenues (as defined in Section 1.01);
- (c) the money in the Funds (as defined in Section 1.01) established hereunder, except the money in the Rebate Fund (as defined in Section 1.01); and
- (d) the Local Obligations;

TO HAVE AND TO HOLD IN TRUST all of the same hereby assigned, bargained, conveyed, granted, mortgaged, and pledged or agreed or intended so to be to the Trustee and to its successors and assigns forever for the equal and ratable benefit of the Owners from time to time of all Bonds issued by the Authority hereunder and authenticated by the Trustee and delivered hereunder and Outstanding hereunder without any priority as to the Trust Estate of any one Bond over any other (except as expressly provided in or permitted hereby), upon the trusts and subject to the agreements, conditions, covenants, and terms hereinafter set forth;

AND THE TRUST AGREEMENT FURTHER WITNESSETH, and it is expressly declared, that all Bonds issued and secured hereunder are to be issued, authenticated, and delivered and all rights and property hereby assigned, bargained, conveyed, granted, mortgaged, and pledged are to be dealt with and disposed of under, upon and subject to the agreements, conditions, covenants, terms, trusts, and uses as hereinafter expressed, and the Authority and the City have agreed and covenanted, and do hereby agree and covenant, with the Trustee and with the Owners (as defined in Section 1.01) from time to time of the Bonds, as follows:

ARTICLE I

DEFINITIONS

SECTION 1.01. [Definitions](#). The terms set forth below shall have the following meanings set forth herein, unless the context clearly otherwise requires:

“Act” means the Marks-Roos Local Bond Pooling Act of 1985, being Article 4 of Chapter 5 of Division 7 of Title 1 of the California Government Code, as amended and supplemented.

“Authority” means the Sacramento City Financing Authority, a joint-exercise-of-powers agency duly organized and existing under the laws of the State of California.

“Authorized Denominations,” with respect to the Series 2013 Bonds, means \$5,000 and any integral multiple thereof, but not exceeding the principal amount of Series 2013 Bonds maturing on any one date and, with respect to any additional Series of Bonds, has the meaning set forth in the Supplemental Trust Agreement providing for the issuance of such Series of Bonds.

“Authorized Officer,” when used with reference to the Authority, means the Treasurer or any other person authorized by the Authority in a Written Order of the Authority or a resolution of the Authority’s Board of Directors to perform an act or sign a document on behalf of the Authority for the purposes hereof, and when used with reference to the City, means the Treasurer of the City or any other person authorized by the City in a Written Order of the City or resolution of the City Council of the City to perform an act or sign a document on behalf of the City for the purposes hereof.

“Bond” or “Bonds” means any Bond or all of the Bonds, as the case may be, authorized and issued by the Authority and authenticated by the Trustee and delivered hereunder, including the Series 2013 Bonds and any additional Series of Bonds authorized to be issued hereunder.

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

“Bond Register” means the registration books specified as such in Section 2.05.

“Business Day” means any day other than a Saturday or a Sunday or a day on which commercial banks in New York, New York, or in San Francisco, California, are closed.

“City” means the City of Sacramento, a municipal corporation duly organized and existing under the Constitution and laws of the State of California.

“Code” means the Internal Revenue Code of 1986, as amended, and the regulations issued thereunder.

“Continuing Disclosure Certificate” means each Continuing Disclosure Certificate delivered by the City hereunder in accordance with Section 7.06, dated the date of issuance and delivery of the applicable Series of Bonds, as originally executed and as each may be amended from time to time in accordance with the respective terms thereof.

“Corporate Trust Office” means the office of the Trustee in San Francisco, California, at which at any particular time its corporate trust business is administered, except that

with respect to presentation of Bonds for registration, payment, redemption, transfer, or exchange, the term means any other office designated by the Trustee from time to time as its Corporate Trust Office.

“Dated Date,” with respect to the Series 2013 Bonds, means the date of the original delivery of the Series 2013 Bonds and, with respect to any additional Series of Bonds, has the meaning set forth in the Supplemental Trust Agreement providing for the issuance of that Series of Bonds.

“Event of Default” means any event of default defined as such in Section 8.01.

“Fund” or “Funds” means any or all, as the case may be, of the Revenue Fund, the Interest Fund, the Principal Fund, the Redemption Fund, the Proceeds Fund, the Local Obligation Fund, and the Rebate Fund, including all accounts therein.

“Government Obligations” means any of the following securities: United States Treasury Obligations - State and Local Government Series (SLGS) and United States Treasury bills, notes, and bonds.

“Interest Fund” means the fund by that name established under Section 5.01.

“Interest Payment Date” means March 1 and September 1 in each year, commencing, with respect to the Series 2013 Bonds, on September 1, 2013.

“Legal Investments” means any securities in which funds of the Authority may be legally invested in accordance with the applicable law in effect at the time of the investment and in accordance with the then-current investment policy of the Authority (as established by the Authority).

“Local Obligation Fund” means the fund by that name established pursuant to Section 5.01.

“Local Obligation Indentures” means, collectively or individually, as applicable, (a) the Indenture, dated as of January 1, 2013, between the City and The Bank of New York Mellon Trust Company, N.A., as trustee relating to the Westlake Special Tax Bonds; and (b) the Indenture, dated as of January 1, 2013, between the City and The Bank of New York Mellon Trust Company, N.A., as trustee relating to the Regency Park Special Tax Bonds, as each may be amended or supplemented in accordance with their terms and the terms hereof.

“Local Obligation Prepayments” means any payment of principal received with respect to a Local Obligation earlier than the time scheduled for payment.

“Local Obligations” means, collectively or individually, as applicable, (i) the Westlake Special Tax Bonds and (ii) the Regency Park Special Tax Bonds.

“Minimum Sinking Fund Payments,” with respect to the Series 2013 Bonds, means the payments required by Section 2.01 to be deposited in the Series 2013 Sinking Fund Account and, with respect to any additional Series of Bonds, the payments designated as such

and set forth in the Supplemental Trust Agreement providing for the issuance of the Series of Bonds.

“Officer’s Certificate” means a certificate signed by an Authorized Officer of the Authority.

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

“Outstanding” means, with respect to the Bonds and as of any date, all Bonds authorized, issued, authenticated, and delivered hereunder, except the following:

(a) Bonds canceled or surrendered to the Trustee for cancellation under Section 2.08.

(b) Bonds deemed to have been paid under Section 12.02; and

(c) Bonds in lieu of, or in substitution for which, other Bonds have been authenticated and delivered under Section 2.03.

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

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

“Principal Fund” means the fund by that name established pursuant to Section 5.01.

“Principal Installment” means, with respect to any Principal Payment Date, the principal amount of Outstanding Bonds due on that date as a result of maturing principal or required Minimum Sinking Fund Payments.

“Principal Payment Date” means each date on which principal of the Bonds matures or a Minimum Sinking Fund Payment for the Bonds is due.

“Proceeds Fund” means the fund by that name established under Section 5.01.

“Rebate Fund” means the fund by that name established under Section 5.01.

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

“Rebate Requirement,” with respect to any Series of Bonds, means the Rebate Requirement defined in the Tax Certificate for such Series of Bonds.

“Record Date” means the 15th day of the month preceding any Interest Payment Date, whether or not it is a Business Day.

“Redemption Fund” means the fund by that name established under Section 5.01.

“Regency Park Special Tax Bonds” has the meaning set forth in the recitals hereto.

“Revenue Fund” means the fund by that name established under Section 5.01.

“Revenues” means (a) all amounts received by the Trustee as the payment of interest or redemption premium on the Local Obligations (or the equivalent thereof); (b) all amounts received by the Trustee as the payment or return of principal of the Local Obligations (or the equivalent thereof), whether as a result of scheduled payments or Local Obligation Prepayments or remedial proceedings taken in the event of a default thereon; and (c) all investment earnings on any money held in the Funds established hereunder, except the Rebate Fund.

“Secretary” means the Secretary of the Authority.

“Series,” whenever used herein with respect to Bonds, means all of the Bonds designated as being of the same series, authenticated and delivered in a simultaneous transaction regardless of variations in maturity, interest rate, redemption, and other provisions and any Bonds thereafter authenticated and delivered upon transfer or exchange or in lieu of or in substitution for (but not to refund) such Bonds as herein provided.

“Series 2013 Bonds” means the Sacramento City Financing Authority 2013 Special Tax Refunding Revenue Bonds (Westlake and Regency Park), Series A authorized and issued by the Authority and authenticated by the Trustee and delivered hereunder.

“Series 2013 Sinking Fund Account” means the account within the Principal Fund by that name established under Section 2.01.

“Series 2013 Term Bonds” means the Series 2013 Bonds for which Minimum Sinking Fund Payments are established, as set forth in Section 2.01.

“Special Record Date,” with respect to the Series 2013 Bonds means the date established by the Trustee under Section 2.01 as a record date for the payment of defaulted interest on the Series 2013 Bonds and, with respect to any additional Series of Bonds, has the meaning set forth in the Supplemental Trust Agreement providing for the issuance of the Series of Bonds.

“Special Tax” has the meaning given to it in the applicable Local Obligation Indenture.

“State” means the State of California.

“Supplemental Trust Agreement” means any trust agreement supplemental to, or amendatory of, the Trust Agreement which is duly executed and delivered in accordance with Article XI.

“Tax Certificate” means, with respect to any Series of Bonds, a certificate that relates to various federal tax requirements (including the requirements of Section 148 of the Code) and is signed by the Authority and the City on the date the Series of Bonds is issued, as the same may be amended or supplemented in accordance with its terms.

“Treasurer” means the Treasurer of the Authority.

“Treasurer of the City” means the Treasurer of the City.

“Trust Agreement” means this Trust Agreement, dated as of January 1, 2013, among the Authority, the City and the Trustee, as amended or supplemented from time to time in accordance with the terms hereof.

“Trust Estate” has the meaning set forth in the granting clause hereof.

“Trustee” means The Bank of New York Mellon Trust Company, N.A., a national banking association duly organized and existing under the laws of the United States of America, in its capacity as trustee hereunder, and any successor as trustee hereunder.

“Westlake Special Tax Bonds” has the meaning set forth in the recitals hereto.

“Written Order,” when used with reference to the Authority, means a written direction of the Authority to the Trustee signed by an Authorized Officer; and when used with reference to the City, means a written direction of the City to the Trustee signed by an Authorized Officer.

SECTION 1.02. [Rules of Construction](#). Except where the context otherwise requires, words imparting the singular number include the plural number and vice versa, and pronouns implying the masculine gender include the feminine gender and vice versa. The headings or titles of the several articles and sections hereof and the table of contents appended hereto are solely for convenience of reference and do not affect the meaning, construction, or effect hereof. All references herein to “Articles,” “Sections” and other subdivisions or clauses are to the corresponding articles, sections, subdivisions, or clauses hereof; and the words “hereby,” “herein,” “hereof,” “hereto,” “herewith,” “hereunder” and other words of similar import refer to the Trust Agreement as a whole and not to any particular article, section, subdivision, or clause thereof.

ARTICLE II

[TERMS OF SERIES 2013 BONDS; GENERAL TERMS OF BONDS](#)

SECTION 2.01. [The Series 2013 Bonds](#). There shall be issued under and secured hereby bonds in the form of fully registered bonds to be designated the “Sacramento City Financing Authority 2013 Special Tax Refunding Revenue Bonds (Westlake and Regency Park), Series A” in the aggregate principal amount of \$[PRINCIPAL AMOUNT]. The Series 2013 Bonds shall be dated as of the Dated Date and bear interest at the rates specified in the table below, the interest being payable on each Interest Payment Date, and shall mature on the dates and in the following principal amounts:

Maturity Date (September 1)	Principal Amount	Interest Rate
	\$	%

Minimum Sinking Fund Payments are hereby established for the mandatory redemption and payment of the Series 2013 Term Bonds, which payments shall become due during the years ending on the dates and in the amounts set forth in the following schedule (except that if any maturity of Series 2013 Term Bonds has been redeemed under Section 4.02 or Section 4.04 or purchased under Section 4.09, then the amounts of Minimum Sinking Fund Payments for that maturity of Series 2013 Term Bonds shall (as determined by the Authority and set forth in a Written Order of the Authority filed with the Trustee) be reduced proportionately by the principal amount of all such Series 2013 Term Bonds so redeemed or purchased):

**Minimum Sinking Fund Payments
For Series 2013 Term Bonds Maturing September 1, 20__**

Year Ending September 1	Minimum Sinking Fund Payment
----------------------------	---------------------------------

**Minimum Sinking Fund Payments
For Series 2013 Term Bonds Maturing September 1, 20__**

Year Ending September 1	Minimum Sinking Fund Payment
----------------------------	---------------------------------

All such Minimum Sinking Fund Payments shall be deposited in a separate account in the Principal Fund, which account is hereby established and shall be known as the Series 2013 Sinking Fund Account and which account the Authority hereby agrees and covenants to cause to be maintained by the Trustee so long as any Series 2013 Term Bonds are Outstanding. All money in the Series 2013 Sinking Fund Account shall be used and withdrawn

by the Trustee at the written direction of the Authority at any time for the purchase of the Series 2013 Term Bonds for which such money was deposited, at public or private sale, as and when and at such prices (including brokerage and other charges) as it may in its discretion determine, but not to exceed the principal amount of such Series 2013 Term Bonds; provided, that all money in the Series 2013 Sinking Fund Account on September 1 of each year during the period beginning on September 1, 20__, and ending on September 1, 20__, shall be used and withdrawn by the Authority on each such September 1 for the mandatory redemption or payment of the Series 2013 Term Bonds maturing on September 1, 20__, and all money in the Series 2013 Sinking Fund Account on September 1 of each year during the period beginning on September 1, 20__, and ending on September 1, 20__, shall be used and withdrawn by the Authority on each such September 1 for the mandatory redemption or payment of the Series 2013 Term Bonds maturing on September 1, 20__; and the Authority hereby agrees and covenants with the Owners of the Bonds to call and redeem in accordance with Section 4.03 or pay the Series 2013 Term Bonds from Minimum Sinking Fund Payments deposited in the Series 2013 Sinking Fund Account pursuant to this paragraph whenever on September 1 of any year there is money in the Series 2013 Sinking Fund Account available for such purpose.

The principal of and redemption premiums, if any, and interest on the Series 2013 Bonds shall be payable in lawful money of the United States of America. The Series 2013 Bonds shall be issued as fully registered bonds in Authorized Denominations and shall be numbered as the Trustee shall determine. Each Series 2013 Bond shall bear interest from and including the Interest Payment Date next preceding the date of authentication thereof unless it is authenticated during the period from the 16th day of the month preceding an Interest Payment Date to and including such Interest Payment Date, in which event it shall bear interest from and including such Interest Payment Date, or unless it is authenticated on or prior to the Dated Date, in which event it shall bear interest from the Dated Date; provided, that if at the time of authentication of any Series 2013 Bond interest is then in default or overdue on the Series 2013 Bonds, such Series 2013 Bond shall bear interest from the Interest Payment Date to which interest has previously been paid in full or made available for payment in full on all Outstanding Series 2013 Bonds. Payment of the interest on any Series 2013 Bond shall be made to the Person whose name appears on the Bond Register as the Owner thereof as of the close of business on the Record Date, such interest to be paid by check mailed by first class mail on the Interest Payment Date to the Owner at the address that appears on the Bond Register as of the Record Date for that purpose; except that in the case of an Owner of \$1,000,000 or more in aggregate principal amount of Series 2013 Bonds, upon written request of such Owner to the Trustee (in form satisfactory to the Trustee) received not later than the Record Date, such interest shall be paid on the Interest Payment Date in immediately available funds by wire transfer to an account in a bank or trust company or savings bank that is a member of the Federal Reserve System and is located in the United States of America. The principal of and redemption premiums, if any, on the Series 2013 Bonds shall be payable by the Trustee at its Corporate Trust Office upon presentation and surrender of such Series 2013 Bonds. Interest on the Series 2013 Bonds shall be calculated on the basis of a 360-day year consisting of twelve 30-day calendar months.

Notwithstanding any other provision contained herein, any interest on a Series 2013 Bond not punctually paid or duly provided for, as a result of an Event of Default or otherwise, shall forthwith cease to be payable to the Owner on the Record Date and shall be paid

to the Owner in whose name the Series 2013 Bond is registered at the close of business on a Special Record Date for the payment of such defaulted interest to be fixed by the Trustee, notice whereof being given to the Owners of the Series 2013 Bonds not less than ten Business Days before the Special Record Date.

SECTION 2.02. [Form of Series 2013 Bonds](#). The Series 2013 Bonds and the certificate of authentication and assignment forms to appear thereon shall be in substantially the forms set forth in Exhibit A hereto, with such variations, insertions, or omissions as are appropriate and not inconsistent herewith.

SECTION 2.03. [Bonds Mutilated, Destroyed, Stolen or Lost](#). If any Bond, whether temporary or definitive, is mutilated, lost, stolen, or destroyed, then the Authority may execute and, upon its request in writing, the Trustee shall authenticate and deliver a substitute Bond of the same Series, principal amount, and maturity as the mutilated, lost, stolen, or destroyed Bond in exchange and substitution for such mutilated Bond, or in lieu of and substitution for such lost, stolen, or destroyed Bond.

Application for exchange and substitution of mutilated, lost, stolen, or destroyed Bonds shall be made to the Trustee at its Corporate Trust Office. In every case the applicant for a substitute Bond shall furnish to the Trustee security or indemnification to its satisfaction, and in every case of loss, theft, or destruction of a Bond, the applicant shall also furnish to the Authority and the Trustee evidence to their satisfaction of the loss, theft or destruction and of the identity of the applicant, and in every case of mutilation of a Bond, the applicant shall surrender the Bond so mutilated to the Trustee.

Notwithstanding the foregoing provisions of this section, if such a Bond has matured, and no default has occurred which is then continuing in the payment of the principal of or redemption premiums, if any, on or interest on the Bonds, the Trustee may pay the same (without surrender thereof except in the case of a mutilated Bond) instead of issuing a substitute Bond so long as security or indemnification is furnished as above provided.

Upon the issuance of any substitute Bond, the Trustee may charge the Owner of the Bond with its reasonable fees and expenses in connection therewith. Every substitute Bond issued under this section to replace a Bond that is lost, stolen, or destroyed shall constitute an original additional contractual obligation of the Authority, whether or not the lost, stolen, or destroyed Bond is found at any time, or enforceable by anyone, and shall be entitled to all the benefits hereof equally and proportionally with any and all other Bonds duly issued hereunder to the same extent as the Bonds in substitution for which such substitute Bonds were issued.

SECTION 2.04. [Execution of Bonds](#). All the Bonds shall, from time to time, be executed on behalf of the Authority by the manual or facsimile signature of the Treasurer and attested by the manual or facsimile signature of the Secretary, and the seal of the Authority, if any, may be impressed or imprinted thereon.

If any officer of the Authority who signs a Bond ceases to be an officer before the Trustee authenticates or delivers the Bond, then the Bond nevertheless may be authenticated, issued and delivered with the same force and effect as though the person or persons who signed

such Bonds had not ceased to be such officer of the Authority, and any such Bond may be signed on behalf of the Authority by those persons who, at the actual date of the execution of such Bonds, shall be the proper officers of the Authority, although at the date of such Bond any such person shall not have been such officer of the Authority.

SECTION 2.05. [Transfer and Registration of Bonds](#). The Bonds may be transferred or exchanged and title thereto shall pass only in the manner provided herein, and the Trustee shall keep books constituting the Bond Register for the registration and transfer of the Bonds as provided herein. All Bonds presented for transfer or exchange shall be accompanied by a written instrument or instruments of transfer or authorization for exchange, in form and with guaranty of signature satisfactory to the Trustee, duly executed by the Owner or by his attorney duly authorized in writing, and all such Bonds shall be surrendered to the Trustee and canceled by the Trustee pursuant to Section 2.08. The Authority and the Trustee may deem and treat the Owner of any Bond as the absolute owner of such Bond for the purpose of receiving any payment on such Bond and for all other purposes hereof, whether such Bond shall be overdue or not, and neither the Authority nor the Trustee shall be affected by any notice to the contrary. All such payments shall be valid and effectual to satisfy and discharge the liability upon such Bond to the extent of the sum or sums so paid.

SECTION 2.06. [Regulations with Respect to Exchanges or Transfers of Bonds](#). In all cases in which the privilege of exchanging or registering the transfer of Bonds is exercised, the Authority shall execute and the Trustee shall authenticate and deliver Bonds in accordance with the provisions hereof. There shall be no charge to the Owner for any such exchange or registration of transfer of Bonds, but the Authority may require the payment of a sum sufficient to pay any tax or other governmental charge required to be paid with respect to any such exchange or registration of transfer. Neither the Authority nor the Trustee shall be required to register the transfer or exchange of any Bond during the period established by the Trustee for selection of Bonds for redemption or to register the transfer or exchange of any Bond selected for redemption. Upon surrender for exchange or transfer of any Bond at the Corporate Trust Office of the Trustee, the Authority shall execute and the Trustee shall authenticate and deliver in the name of the Owner (in the case of transfers) a new Bond or Bonds of Authorized Denominations, of the same Series in the aggregate principal amount that the registered Owner is entitled to receive. Any new Bonds delivered upon any transfer or exchange shall be valid obligations of the Authority evidencing the same debt as the Bonds surrendered, shall be secured hereby, and shall be entitled to all of the security and benefits hereof to the same extent as the Bonds surrendered.

SECTION 2.07. [Authentication of Bonds](#). No Bond shall be secured hereby or entitled to the benefits hereof or shall be valid or obligatory for any purpose unless there shall be endorsed on such Bond the Trustee's certificate of authentication, substantially in the form prescribed herein, executed by the manual signature of a duly authorized signatory of the Trustee; and such certificate on any Bond issued by the Authority shall be conclusive evidence and the only competent evidence that such Bond has been duly authenticated and delivered hereunder.

SECTION 2.08. [Cancellation of Bonds](#). Upon the surrender to the Trustee of any temporary or mutilated Bond, or any Bond surrendered for transfer or exchange, or any

Bond purchased, redeemed, or paid at maturity, the same shall forthwith be canceled and the Trustee shall destroy such Bonds and upon written request of the Authority the Trustee shall deliver a certificate of destruction with respect thereto to the Authority.

SECTION 2.09. [Bonds as Special Obligations](#). The Bonds are special, limited obligations of the Authority, payable from the Trust Estate and secured as to the payment of the principal thereof and the redemption premiums, if any, and the interest thereon in accordance with their terms and the terms hereof, solely by the Trust Estate. The Bonds do not constitute a charge against the general credit of the Authority or any of its members, and under no circumstances shall the Authority be obligated to pay principal of or redemption premiums, if any, or interest on the Bonds except from the Trust Estate. Neither the State nor any public agency (other than the Authority) nor any member of the Authority is obligated to pay the principal of or redemption premiums, if any, or interest on the Bonds, and neither the faith and credit nor the taxing power of the City, the State, any public agency of the State, or any member of the Authority is pledged to the payment of the principal of or redemption premiums, if any, or interest on the Bonds. The payment of the principal of or redemption premiums, if any, or interest on, the Bonds does not constitute a debt, liability, or obligation of the City, the State, any public agency (other than the Authority), or any member of the Authority.

No agreement or covenant contained in any Bond or herein shall be deemed to be an agreement or covenant of any officer, member, agent, or employee of the Authority in his, her, or its individual capacity, and neither the members of the Authority nor any officer or employee thereof executing the Bonds shall be liable personally on any Bond or be subject to any personal liability or accountability by reason of the issuance of the Bonds.

SECTION 2.10. [Use of Depository for Bonds](#). (a) Notwithstanding any provision contained herein to the contrary, and unless otherwise specified with respect to a Series of Bonds in the Supplemental Trust Agreement providing for the issuance of such Series of Bonds, The Depository Trust Company, New York, New York, is hereby appointed depository for the Bonds, and the Bonds shall be registered on original delivery in the name of "Cede & Co.," as nominee of The Depository Trust Company, and shall be evidenced by one Bond payable on each of the maturity dates for each Series of the Bonds, each of which Bonds shall be in the principal amount corresponding to the total principal amount of the Bonds to mature on such date, and which shall be numbered in consecutive order in such manner as the Trustee determines. Registered ownership of the Bonds, or any portion thereof, may not thereafter be transferred except as follows:

(i) to any successor of The Depository Trust Company or its nominee, or to any substitute depository designated pursuant to clause (ii) of this subsection (a "substitute depository"); provided, that any successor of The Depository Trust Company or any substitute depository shall be qualified under any applicable laws to provide the service proposed to be provided by it;

(ii) to any substitute depository designated by the Authority upon (1) the resignation of The Depository Trust Company or its successor (or any substitute depository or its successor) from its functions as depository or (2) a determination by the Authority that The Depository Trust Company or its successor (or any substitute

depository or its successor) is no longer able to carry out its functions as depository; provided, that any such substitute depository shall be qualified under any applicable laws to provide the services proposed to be provided by it; or

(iii) to any person as provided below upon (1) the resignation of The Depository Trust Company or its successor (or any substitute depository or its successor) from its functions as depository upon a determination by the Authority that no substitute depository can be obtained, or (2) a determination by the Authority that it is in the best interests of the Authority to remove The Depository Trust Company or its successor (or any substitute depository or its successor) from its functions as depository hereunder.

(b) In the case of any transfer pursuant to clause (i) or clause (ii) of subsection (a), upon receipt of all Outstanding Bonds by the Trustee together with a Request of the Authority, a new Bond shall be executed and delivered for each maturity of each Series of the Bonds then Outstanding, registered in the name of such successor or such substitute depository, or their nominees, as the case may be, all as specified in such Request of the Authority. In the case of any transfer pursuant to clause (iii) of subsection (a), upon receipt of all Outstanding Bonds by the Trustee together with a Request of the Authority, new Bonds shall be executed and delivered in such denominations and registered in the names of such persons as are requested in such Request of the Authority, subject to the limitations of Section 2.01 and of any Supplemental Trust Agreement; provided, that the Trustee shall not be required to deliver such new Bonds within a period less than 60 days from the date of receipt of such Request of the Authority; and provided further, that subsequent to any transfer pursuant to clause (iii) of subsection (a) the Bonds shall be transferred as provided in Sections 2.05 and 2.06.

(c) In the case of partial redemption or an advance refunding of Bonds evidencing all or a portion of the principal becoming payable in a particular year, The Depository Trust Company shall make an appropriate notation on such Bonds indicating the date and amounts of such reduction in principal; provided, that neither the Authority nor the Trustee shall be liable for any failure or error of The Depository Trust Company in making such notation, and the records of the Trustee as to the Outstanding Bonds shall be controlling.

(d) The Authority and the Trustee shall be entitled to treat the person in whose name any Bond is registered as the Owner thereof for all purposes hereof and any applicable laws, notwithstanding any notice to the contrary received by the Authority or the Trustee; and the Authority and the Trustee shall have no responsibility for transmitting payments to, communicating with, or notifying or otherwise dealing with, any beneficial owners of the Bonds, and neither the Authority nor the Trustee shall have any responsibility or obligations, legal or otherwise, to the beneficial owners of the Bonds or to any other party, including The Depository Trust Company or its successor (or any substitute depository or its successor), except as any such party may be the Owner of a Bond.

(e) So long as the Outstanding Bonds are registered in the name of Cede & Co. or its registered assigns, the Authority and the Trustee shall cooperate with Cede & Co. as such registered Owner and its registered assigns in effecting payment of the interest and principal and redemption premiums, if any, evidenced and represented by the Bonds by arranging for

payment in such manner that funds for such payments are properly identified and are made immediately available on the date they are due.

ARTICLE III

ISSUANCE OF BONDS

SECTION 3.01. Provisions for the Issuance of the Series 2013 Bonds. The Bonds shall be executed by the Authority and delivered to the Trustee for authentication, together with a Written Order authorizing and directing the Trustee to authenticate and deliver the Series 2013 Bonds. The Trustee shall authenticate and deliver the Series 2013 Bonds upon receipt of such Written Order and upon the following having been made available to the Trustee:

(a) A copy of the resolution adopted by the Authority approving the Trust Agreement and the execution and delivery by the Authority hereof, duly certified by the Secretary to have been duly adopted by the Authority and to be in full force and effect on the date of such certification, and a copy of the resolution adopted by the City Council of the City approving the Trust Agreement and the execution and delivery by the City hereof, duly certified by the City Clerk of the City to have been duly adopted by the City Council of the City and to be in full force and effect on the date of such certification;

(b) The proceeds of sale of the Series 2013 Bonds;

(c) An Officer's Certificate stating that all conditions precedent to the authorization of the Series 2013 Bonds have been satisfied and that the Authority is not in default in the performance of any of the agreements, conditions, covenants, or terms contained herein;

(d) An original executed counterpart hereof;

(e) The Local Obligations to be acquired with proceeds of the Series 2013 Bonds registered in the name of the Trustee; and

(f) An Opinion or Opinions of Bond Counsel addressing the validity and tax-exempt status of the Series 2013 Bonds and the validity of the Local Obligations to be acquired with proceeds of the Series 2013 Bonds, subject to such exceptions as may be reasonable and appropriate.

SECTION 3.02. Provisions for the Issuance of Additional Series of Bonds. In addition to the Series 2013 Bonds, the Authority may at any time, by a Supplemental Trust Agreement, authorize the issuance of additional Series of Bonds, secured by the Trust Estate and payable from the Revenues as provided herein equally and ratably with any other Outstanding Bonds, including any Outstanding Series 2013 Bonds, but only upon compliance by the Authority with the provisions of this Trust Agreement and any additional requirements set forth in the Supplemental Trust Agreement, and subject to the following specific conditions, which are hereby made conditions precedent to the issuance of any such additional Series of Bonds:

(a) No Event of Default shall have occurred and then be continuing;

(b) The Supplemental Trust Agreement providing for the issuance of the additional Series of Bonds shall specify the purpose for which such additional Series of Bonds are being issued, which purpose shall be to refund all or part of any other Series of Bonds then Outstanding;

(c) The Authority shall provide a certification, which may be based on computations provided by a consultant, to the effect that after giving effect to the issuance of the additional Series of Bonds the total principal amount of outstanding Local Obligations will be equal to or greater than the total principal amount of the Outstanding Bonds; and

(d) The Authority shall provide a certification, which may be based on computations provided by a consultant, to the effect that after giving effect to the issuance of the additional Series of Bonds the anticipated or scheduled Revenues to be received from the Local Obligations will be sufficient in time and amount (together with funds then held under the Trust Agreement) to pay all remaining scheduled Principal Installments with respect to, and interest on, the Outstanding Bonds.

ARTICLE IV

REDEMPTION AND PURCHASE OF BONDS

SECTION 4.01. [Privilege of Redemption and Redemption Price](#). The Bonds subject to redemption before maturity under the Trust Agreement shall be redeemable, upon mailed notice as provided in this article and in any Supplemental Trust Agreement, at such times and upon such terms as are contained in this article and in any Supplemental Trust Agreement. Whenever by the terms hereof the Trustee is required or authorized to redeem Bonds, the Trustee shall select the Bonds to be redeemed, shall give the notice of redemption, and shall pay out of money available therefor the principal amount thereof plus accrued interest thereon to the date fixed for redemption, together with the redemption premium (if any), in accordance with the terms of this article and any Supplemental Trust Agreement.

SECTION 4.02. [Optional Redemption of Series 2013 Bonds](#). The Series 2013 Bonds maturing on or after September 1, 20__, are subject to optional redemption by the Authority before their stated maturity dates as a whole or in part on any date on or after [March 1], 20__, from any source of available funds, at a redemption price equal to the principal amount thereof to be redeemed plus accrued interest thereon to the date of redemption, together with a redemption premium equal to the following percentages of such principal amount:

<u>Redemption Date</u>	<u>Redemption Premium</u>
------------------------	---------------------------

SECTION 4.03. [Mandatory Redemption of Series 2013 Bonds](#). The Series 2013 Bonds maturing on September 1, 20__, are subject to mandatory redemption by the Authority before their stated maturity date in part by lot on September 1 of each year on and after September 1, 20__, to and including September 1, 20__, and the Series 2013 Bonds maturing on

September 1, 20__, are subject to mandatory redemption by the Authority before their stated maturity date in part by lot on September 1 of each year on and after September 1, 20__, to and including September 1, 20__, in each case from (and in the amount of) the Minimum Sinking Fund Payment for such Bonds due and payable on each such date, at a redemption price equal to the principal amount thereof plus accrued interest thereon to the date of redemption, without a redemption premium.

SECTION 4.04. [Extraordinary Redemption of Series 2013 Bonds](#). The Series 2013 Bonds are subject to extraordinary redemption by the Authority before their stated maturity dates as a whole or in part on any date from Local Obligation Prepayments under Section 2.03(c) of any Local Obligation Indenture, at a redemption price equal to the principal amount thereof to be redeemed plus accrued interest thereon to the date of redemption, together with a redemption premium equal to the following percentages of such amount:

<u>Redemption Date</u>	<u>Redemption Premium</u>
------------------------	---------------------------

SECTION 4.05. [Redemption Instructions](#). If a portion, but not all, of the Outstanding Bonds of any Series is to be redeemed at any one time, the Trustee shall select the amounts and maturities of such Series of Bonds for redemption in accordance with a Written Order of the Authority. Upon any prepayment of a Local Obligation or an optional redemption of Bonds, the Authority shall deliver to the Trustee, at least 30 days before the redemption date, a Written Order of the Authority to the Trustee including the following items:

(a) the Series, maturities and amounts of Bonds to be redeemed; provided, that except as necessary to meet the requirements of subsections (b) or (c) below, any Series of Bonds shall be redeemed pro rata (as nearly as possible given minimum authorized denominations) in proportion to the total principal amount of Bonds of such Series Outstanding at the time of redemption;

(b) a certification, which may be based on computations provided by a consultant, to the effect that after giving effect to such prepayment and redemption, the total principal amount of outstanding Local Obligations will be equal to or greater than the total principal amount of Outstanding Bonds; and

(c) a certification, which may be based on computations provided by a consultant, to the effect that after giving effect to such prepayment and redemption the anticipated or scheduled Revenues to be received from the Local Obligations will be sufficient in time and amount (together with funds then held under the Trust Agreement) to pay all remaining scheduled Principal Installments with respect to, and interest on, the Outstanding Bonds.

SECTION 4.06. [Notice of Redemption](#). Unless otherwise provided for a Series of Bonds in the Supplemental Trust Agreement providing for the issuance of such Series of Bonds, the Trustee shall give notice of redemption, as hereinafter in this section provided, (a) that Bonds (identified by Series, CUSIP numbers, serial numbers, and maturity date) have been

called for redemption, and in the case of Bonds to be redeemed in part only, the portion of the principal amount thereof that has been called for redemption (or if all the Outstanding Bonds of any Series are to be redeemed, so stating, in which event such serial numbers may be omitted); (b) that they will be due and payable on the date fixed for redemption (specifying such date) upon surrender thereof to the Trustee at its Corporate Trust Office, at the redemption price (specifying such price), together with any accrued interest to such date; and (c) that all interest on the Bonds (or portions thereof) so to be redeemed will cease to accrue on and after such date and that from and after such date such Bond (or such portion thereof) shall no longer be entitled to any lien, benefit, or security hereunder, and the Owner thereof shall have no rights in respect of such redeemed Bond or such portion except to receive payment from such money of such redemption price plus accrued interest to the date fixed for redemption.

Such notice shall be mailed by first-class mail, in a sealed envelope, postage prepaid, at least 20 but not more than 60 days before the date fixed for redemption, to the Owners of such Bonds (or portions thereof) so called for redemption, at their respective addresses as the same shall appear on the Bond Register; provided, that neither the failure of an Owner to receive notice of redemption of Bonds hereunder nor any error in such notice shall affect the validity of the proceedings for the redemption of Bonds; and provided further, that no notice of redemption need be given to the Owner of a Bond to be called for redemption if such Owner waives notice thereof in writing, and such waiver is filed with the Trustee before the redemption date.

With respect to any notice of redemption of Bonds delivered under this Section 4.06 in respect of an optional or extraordinary redemption, unless, upon the giving of such notice, such Bonds shall be deemed to have been paid within the meaning of Article XII hereof, such notice shall state that such redemption shall be conditional upon the receipt by the Trustee on or before the date fixed for such redemption of amounts sufficient to pay the principal of, and premium, if any, and interest on, such Bonds to be redeemed, and that if such amounts shall not have been so received the notice shall be of no force and effect and the Authority shall not be required to redeem such Bonds. If any such notice of redemption contains such a condition and such amounts are not so received, then the redemption shall not be made and the Trustee shall within a reasonable time thereafter give notice to the Owners to the effect that such amounts were not so received and such redemption was not made, such notice to be given by the Trustee in the manner in which the notice of redemption was given. Such failure to redeem such Bonds shall not constitute an Event of Default.

Any notice given under this Section 4.06 may be rescinded by written notice given to the Trustee by the Authority no later than five Business Days before the date specified for redemption. The Trustee shall give notice of such rescission as soon thereafter as practicable in the same manner, and to the same Persons, as notice of such redemption was given pursuant to this Section 4.06.

SECTION 4.07. [Selection of Bonds for Redemption](#). Whenever less than all the Outstanding Bonds of any one maturity and Series are to be redeemed on any one date, the Trustee shall select the particular Bonds of such Series and maturity to be redeemed by lot, and in selecting the Bonds of such Series and maturity for redemption the Trustee shall treat each Bond of such Series and maturity of a denomination of more than \$5,000 as representing that

number of Bonds of such Series and maturity of \$5,000 denomination that is obtained by dividing the principal amount of such Bond by \$5,000, and the portion of any such Bond of a denomination of more than \$5,000 to be redeemed shall be redeemed in an Authorized Denomination. The Trustee shall promptly notify the Authority in writing of the numbers of the Bonds of such Series and maturity so selected for redemption in whole or in part on such date.

SECTION 4.08. [Payment of Redeemed Bonds](#). If notice of redemption has been given or waived as provided in Section 4.06 and moneys for the payment of the principal of, and premium, if any, and the interest accrued to the redemption date on, the Bonds (or portions thereof) so called for redemption are held by the Trustee, then the Bonds (or portions thereof) called for redemption shall be due and payable on the date fixed for redemption at the redemption price thereof, together with accrued interest to the date fixed for redemption, upon presentation and surrender of the Bonds to be redeemed at the Corporate Trust Office of the Trustee specified in the notice of redemption. If there shall be called for redemption less than the full principal amount of a Bond, then the Authority shall execute and deliver and the Trustee shall authenticate, upon surrender of such Bond, and without charge to the Owner thereof, Bonds of like interest rate and maturity in an aggregate principal amount equal to the unredeemed portion of the principal amount of the Bonds so surrendered in such Authorized Denominations as shall be specified by the Owner thereof.

If any Bond or any portion thereof shall have been duly called for redemption and payment of the redemption price, together with unpaid interest accrued to the date fixed for redemption, shall have been made or provided for by the Authority, then interest on such Bond or such portion shall cease to accrue from such date, and from and after such date such Bond or such portion shall no longer be entitled to any lien, benefit, or security hereunder, and the Owner thereof shall have no rights in respect of such Bond or such portion except to receive payment of such redemption price and unpaid interest accrued to the date fixed for redemption.

SECTION 4.09. [Purchase of Bonds](#). In lieu of any optional or extraordinary redemption of any Bond, and upon receipt of a Written Order of the Authority at any time before selection of Bonds for redemption, all amounts on deposit in the Redemption Fund may be withdrawn and used by the Trustee for the purchase of Bonds at public or private sale as and when and at such prices (including brokerage and other charges, but excluding accrued interest, which is payable from the Interest Fund) as the Authority may in its discretion determine, but not in excess of the then current redemption price thereof plus accrued interest to the purchase date. All Bonds so purchased shall be delivered to the Trustee for cancellation.

ARTICLE V

REVENUES AND FUNDS FOR BONDS

SECTION 5.01. [Establishment of Funds](#). There is hereby established with the Trustee, and the Trustee hereby agrees to maintain, the following special trust funds for the Bonds, which the Trustee shall keep separate and apart from all other funds and moneys held by it: the Revenue Fund, the Interest Fund, the Principal Fund, the Redemption Fund, the Proceeds Fund, the Local Obligation Fund, and the Rebate Fund.

SECTION 5.02. [Deposit of Proceeds of Bonds](#). The proceeds received from the sale of the Bonds shall be deposited by the Trustee in the Proceeds Fund.

SECTION 5.03. [Proceeds Fund](#). The amounts in the Proceeds Fund shall be applied forthwith by the Trustee to the acquisition of the Local Obligations. If any amount shall remain in the Proceeds Fund following such purchase, such amount shall be returned to the Authority and expended to pay any unpaid costs incidental to the issuance of the Bonds or shall be transferred to the City for use for any lawful purpose.

SECTION 5.04. [Local Obligation Fund](#). The Local Obligations acquired by the Trustee under Section 5.03 shall be deposited in the Local Obligation Fund, which the Trustee shall establish and maintain.

SECTION 5.05. [Revenue Fund](#). All Revenues received by the Trustee, other than Revenues derived from Local Obligation Prepayments (which shall be deposited in the Redemption Fund in accordance with Section 5.08), shall be deposited by the Trustee in the Revenue Fund. Not later than each Interest Payment Date and Principal Payment Date, the Trustee shall transfer the Revenues from the Revenue Fund, in the amounts specified in Sections 5.06 and 5.07, for deposit into the respective Funds specified therein in the order of priority herein set forth, the requirements of each Fund to be fully satisfied, leaving no deficiencies therein, before any deposit into any Fund later in priority.

SECTION 5.06. [Interest Fund](#). Not later than each Interest Payment Date, the Trustee shall deposit in the Interest Fund an amount of Revenues that, together with any amounts then on deposit in the Interest Fund, is equal to the interest on the Bonds due on such date. On each Interest Payment Date, the Trustee shall pay the interest due and payable on the Bonds on such date from the Interest Fund. All money in the Interest Fund shall be used and withdrawn by the Trustee solely for the purpose of paying interest on the Bonds as it shall become due and payable.

SECTION 5.07. [Principal Fund](#). Not later than each Principal Payment Date, after satisfying the requirements of Section 5.06, the Trustee shall deposit in the Principal Fund an amount of Revenues sufficient to pay the Principal Installments and Mandatory Sinking Fund Payments on the Bonds when due on such Principal Payment Date. The Trustee shall pay the Principal Installments when due upon presentation and surrender of the Bonds.

SECTION 5.08. [Redemption Fund](#). The Authority and the City acknowledge that to maintain a proper matching between debt-service payments on the Local Obligations and

debt-service payments on the Bonds, the Trust Agreement requires that amounts received by the City on account of Special Tax prepayments be utilized for the sole purpose of prior redemption of Local Obligations, and not to pay current, scheduled debt-service payments on the Local Obligations. Correspondingly, to maintain a proper matching between debt-service payments on the Local Obligations and debt-service payments on the Bonds, all Revenues received by the Trustee that constitute Local Obligation Prepayments shall be deposited in the Redemption Fund and be utilized by the Trustee to redeem Bonds pursuant to a Written Order of the Authority delivered under Section 4.05.

SECTION 5.09. [Rebate Fund](#). The Trustee shall establish and maintain a fund, designated as the Rebate Fund, that is separate from any other fund established and maintained hereunder. The Trustee shall deposit in the Rebate Fund, from funds made available by the Authority, the Rebate Requirement, all in accordance with Rebate Instructions received from the Authority. The Trustee shall apply money held in the Rebate Fund as provided in Section 7.04 and according to instructions provided by the Authority. Subject to Section 7.04, all money held in the Rebate Fund is hereby pledged to secure rebate payments to the United States of America, and the Authority and the City and the Owners will have no rights in or claim to such money. The Trustee will invest all money held in the Rebate Fund in Legal Investments as directed in writing by the Authority, and all investment earnings with respect thereto shall be deposited in the Rebate Fund.

Upon receipt of the Rebate Instructions required by the Tax Certificate to be delivered to the Trustee, the Trustee shall remit part or all of the balance held in the Rebate Fund to the United States of America as so directed. In addition, if the Rebate Instructions so direct, the Trustee shall deposit money into or transfer money out of the Rebate Fund from or into such Funds as the Rebate Instructions shall direct. The Trustee will be deemed conclusively to have complied with such provisions if it follows the written directions of the Authority including supplying all necessary information in the manner provided in the Tax Certificate to the extent such information is reasonably available to the Trustee, and shall have no liability or responsibility to monitor or enforce compliance by the Authority with the terms of the Tax Certificate.

The Trustee shall have no obligation to rebate any amounts required to be rebated under this section, other than from money held in the Rebate Fund or from other money provided to it by the Authority. The Trustee shall not be responsible for computing the Rebate Requirement, and computations of the Rebate Requirement shall be furnished to the Trustee or on behalf of the Authority in accordance with the Tax Certificate.

Notwithstanding any other provision hereof, including in particular Article XII pertaining to defeasance, the obligation to remit the rebate amounts to the United States of America and to comply with all other requirements of this section and the Tax Certificate shall survive the defeasance or payment in full of the Bonds.

ARTICLE VI

SECURITY FOR AND INVESTMENT OF MONEY

SECTION 6.01. Security. All money required to be deposited with or paid to the Trustee in any of the Funds (other than the Rebate Fund) referred to herein shall be held by the Trustee in trust, and except for money held for the payment or redemption of Bonds or the payment of interest on Bonds under Section 12.03, shall, while held by the Trustee, constitute part of the Trust Estate and be subject to the lien and pledge created hereby.

SECTION 6.02. Investment of Money. So long as the Bonds are Outstanding and there is no default hereunder, all money on deposit to the credit of the Revenue Fund, the Interest Fund, the Principal Fund, and the Redemption Fund shall, at the request of an Authorized Officer specifying and directing that such investment of such money be made, be invested by the Trustee in Legal Investments having maturities or otherwise providing for availability of money when needed for purposes hereof, and money held in the Rebate Fund shall, at the request of an Authorized Officer specifying and directing that such investment of such money be made, be invested by the Trustee in Government Obligations having maturities or otherwise providing for availability of money when needed for purposes hereof, and the Trustee shall be entitled to rely on such instructions for purposes of this section. The Trustee shall notify the Authority in writing prior to the date money held hereunder will be available for investment, requesting that the Authority deliver to the Trustee written instructions specifying the Legal Investments to be acquired by the Trustee with such money, and the Authority, in issuing such written instructions, shall comply with the provisions of the Tax Certificate; provided, that in the absence of written instructions from the Authority regarding investment, the Trustee shall, to the extent practicable, invest such money in units of a taxable government money-market portfolio composed of or secured by Government Obligations. The Trustee (or any of its affiliates) may act as principal or agent or as sponsor, advisor, or manager in connection with the making of any investment by the Trustee hereunder and may impose its customary charges therefor, and the Trustee shall not be responsible for any loss suffered in connection with any investment made in accordance herewith.

The Authority acknowledges that to the extent regulations of the Comptroller of the Currency or other applicable regulatory entity grant the Authority the right to receive brokerage confirmations of security transactions as they occur, the Authority specifically waives receipt of such confirmations to the extent permitted by law; provided, that the Trustee will furnish the Authority periodic cash-transaction statements that include details for all investment transactions made by the Trustee hereunder. The Trustee may act as principal or agent in the acquisition or disposition of any investments.

Notwithstanding anything to the contrary contained herein, an amount of interest received with respect to any Legal Investment equal to the amount of accrued interest, if any, paid as part of the purchase price of such Legal Investment shall be credited to the Fund from which such accrued interest was paid. The Trustee shall not be responsible for any losses or consequences of any investment if it follows such instructions in good faith. Notwithstanding anything to the contrary contained herein, the Trustee shall have no obligation or responsibility

to determine whether any investment in a security is a Legal Investment and shall be entitled to assume that any investment it is directed to make is so permitted hereby.

The securities purchased with the money in each Fund shall be deemed a part of such Fund. If at any time it shall become necessary or appropriate that some or all of the securities purchased with the money in any Fund be redeemed or sold in order to raise money necessary to comply with the provisions hereof, the Trustee shall effect such redemption or sale, employing, in the case of a sale, any commercially reasonable method of effecting the same. The Trustee shall not be liable or responsible for any consequences resulting from any such investment or resulting from the redemption, sale, or maturity of any such investment as authorized pursuant to this section.

Investments in the Revenue Fund, the Interest Fund, the Principal Fund and the Redemption Fund may be commingled for purposes of making, holding, and disposing of investments, notwithstanding provisions herein for transfer to or holding in particular Funds amounts received or held by the Trustee; provided, that the Trustee shall at all times account for such investments strictly in accordance with the Funds to which they are credited and otherwise as provided in the Trust Agreement.

All earnings on the investment of the money on deposit in any Fund shall remain a part of such Fund.

ARTICLE VII

COVENANTS OF THE AUTHORITY AND THE CITY

SECTION 7.01. Payment of Bonds; No Encumbrances. The Authority shall cause the Trustee to promptly pay, from Revenues and other funds derived from the Trust Estate pledged hereunder, the principal of and redemption premium, if any, on and the interest on every Bond issued under and secured hereby at the place, on the dates, and in the manner specified herein and in such Bonds according to the true intent and meaning thereof. The Authority shall not issue any bonds, notes, or other evidences of indebtedness or incur any obligations payable from or secured by the Trust Estate, other than the Bonds.

SECTION 7.02. Enforcement and Amendment of Local Obligations. The Authority, the City, and the Trustee shall enforce all of their rights with respect to the Local Obligations to the fullest extent necessary to preserve the rights and protect the security of the Owners hereunder.

The Authority, the City, and the Trustee may, without the consent of or notice to the Owners of the Bonds, consent to any amendment, change, or modification of any Local Obligation or Local Obligation Indenture that may be required (a) to conform to the provisions hereof (including any modifications or changes contained in any Supplemental Trust Agreement), (b) for the purpose of curing any ambiguity or inconsistency or formal defect or omission, (c) to add additional rights acquired in accordance with the provisions of such Local Obligation, (d) in connection with any other change therein which is not to the material prejudice of the Trustee or the Owners of the Bonds pursuant to an Opinion of Bond Counsel, or (e) in the Opinion of Bond Counsel to preserve or assure the exemption of interest on the Local Obligation or the Bonds from federal income taxes or the exemption of such interest from State personal income taxes.

Except for amendments, changes, or modifications provided for in the preceding paragraph, neither the Authority, the City, nor the Trustee shall consent to any amendment, change or modification of any Local Obligation or any Local Obligation Indenture without the written approval or consent of the Owners of not less than a majority in aggregate principal amount of the Bonds at the time Outstanding. Nothing contained in this section shall be construed to prevent the Trustee, with the consent of the Authority and the City, from settling a default under any Local Obligation on such terms as the Trustee may determine to be in the best interests of the Owners.

SECTION 7.03. [Further Documents](#). The Authority covenants that it will from time to time execute and deliver such further instruments and take such further action as may be reasonable and as may be required to carry out the purpose hereof; provided, that no such instruments or actions shall pledge the faith and credit or the taxing power of the State or any political subdivision of the State.

SECTION 7.04. [Tax Covenants](#). The Authority and the City shall not take any action, or fail to take any action, if any such action or failure to take action would adversely affect the exclusion from gross income of interest on the Bonds under Section 103 of the Code. The Authority and the City shall not directly or indirectly use or permit the use of any proceeds of the Bonds or any other funds of the Authority or take or omit to take any action that would cause the Bonds to be “private activity bonds” within the meaning of Section 141(a) of the Code or obligations that are “federally guaranteed” within the meaning of Section 149(b) of the Code. The Authority shall not allow 10% or more of the proceeds of the Bonds to be used in the trade or business of any nongovernmental units and shall not lend 5% or more of the proceeds of the Bonds to any nongovernmental units.

The Authority and the City shall not directly or indirectly use or permit the use of any proceeds of the Bonds or any other funds of the Authority or take or omit to take any action that would cause the Bonds to be “arbitrage bonds” within the meaning of Section 148 of the Code. To that end, the Authority and the City shall comply with all requirements of Section 148 of the Code to the extent applicable to the Bonds. If at any time the Authority is of the opinion that for purposes of this section it is necessary to restrict or to limit the yield on the investment of any money held by the Trustee hereunder, then the Authority will so instruct the Trustee in writing, and the Trustee will take such actions as directed by such instructions.

The Authority shall pay or cause to be paid the Rebate Requirement as provided in the Tax Certificate. The Authority shall cause the Rebate Requirement to be deposited in the Rebate Fund as provided in the Tax Certificate (which is incorporated herein by reference). The Trustee will conclusively be deemed to have complied with the provisions of this section and the provisions of the Tax Certificate if it follows the directions of the Authority set forth in the Tax Certificate and the Rebate Instructions and shall not be required to take any actions hereunder in the absence of Rebate Instructions from the Authority.

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

The provisions of this section shall survive the defeasance or payment of the Bonds.

SECTION 7.05. [Maintenance of Existence](#). The Authority shall maintain the existence, powers, and authority of the Authority as a joint-exercise-of-powers agency under the laws of the State.

SECTION 7.06. [Continuing Disclosure](#). The City shall undertake all responsibility for compliance with continuing-disclosure requirements, and the Authority shall have no liability to the Owners of the Bonds or any other person with respect to S.E.C. Rule 15c2-12. Notwithstanding any other provision hereof, failure of the City to comply with the Continuing Disclosure Certificate shall not be considered an Event of Default; provided, that any Owner or beneficial owner of the Bonds may take such actions as may be necessary and appropriate, including seeking mandate or specific performance by court order, to cause the City to comply with its obligations under the Continuing Disclosure Certificate.

ARTICLE VIII

DEFAULTS AND REMEDIES

SECTION 8.01. [Events of Default](#). The following shall constitute “Events of Default” hereunder:

- (a) if payment of interest on the Bonds shall not be made when due; or
- (b) if payment of any Principal Installment or Minimum Sinking Fund Payment shall not be made when due and payable, whether at maturity, by proceedings for redemption, or otherwise; or
- (c) if the Authority or the City shall fail to observe or perform in any material way any other agreement, condition, covenant, or term contained herein on its part to be observed or performed, and such failure shall continue for 30 days after written notice specifying

such failure and requiring the same to be remedied shall have been given to the Authority or the City, as the case may be, by the Trustee or by the Owners of not less than 25% in aggregate principal amount of the Bonds Outstanding, provided, that if such default be such that it cannot be corrected within the applicable period, it shall not constitute an Event of Default if corrective action is instituted by the Authority or the City within the applicable period and diligently pursued until the default is corrected.

SECTION 8.02. [Proceedings by Trustee; No Acceleration](#). Upon the happening and continuance of any Event of Default the Trustee in its discretion may, or at the written request of the Owners of not less than a majority in aggregate principal amount of the Bonds then Outstanding shall (but only if indemnified to its satisfaction from any liability, expenses, or costs), do the following:

- (a) enforce by mandamus or other suit, action, or proceeding at law or in equity all rights of the Owners, including the right to receive and collect the Revenues;
- (b) bring suit upon or otherwise enforce any defaulting Local Obligation;
- (c) enjoin by action or suit in equity any acts or things that may be unlawful or in violation of the rights of the Owners;
- (d) as a matter of right, have a receiver or receivers appointed for the Trust Estate and of the earnings, income, issues, products, profits, and revenues thereof pending such proceedings, with such powers as the court making such appointment shall confer; and
- (e) take such action with respect to any and all Local Obligations as the Trustee shall deem necessary and appropriate, subject to Section 8.04 and the Local Obligations.

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

SECTION 8.03. [Effect of Discontinuance or Abandonment](#). In case any proceeding taken by the Trustee on account of any Event of Default shall have been discontinued or abandoned for any reason, or shall have been determined adversely to the Trustee, then and in every such case the Trustee and the Owners shall be restored to their former positions and rights hereunder, and all rights, remedies and powers of the Trustee shall continue as though no such proceeding had been taken.

SECTION 8.04. [Rights of Owners](#). Anything herein to the contrary notwithstanding, subject to the limitations and restrictions as to the rights of the Owners contained in Sections 8.01, 8.02, and 8.05, upon the happening and continuance of any Event of Default, the Owners of not less than a majority in aggregate principal amount of the Bonds then Outstanding shall have the right, upon providing the Trustee security and indemnity reasonably satisfactory to it against the costs, expenses, and liabilities to be incurred therein or thereby, by an instrument in writing executed and delivered to the Trustee, to direct the method and place of conducting all remedial proceedings to be taken by the Trustee hereunder.

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

SECTION 8.05. [Restriction on Owner's Action](#). In addition to the other restrictions on the rights of Owners to request action upon the occurrence of an Event of Default and to enforce remedies set forth in this article, no Owner of any of the Bonds shall have any right to institute any suit, action, or proceeding in equity or at law for the enforcement of any trust hereunder, or any other remedy hereunder or on the Bonds, unless such Owner previously shall have given to the Trustee written notice of an Event of Default as hereinabove provided and unless the Owners of not less than a majority in aggregate principal amount of the Bonds then Outstanding shall have made written request of the Trustee to institute any such suit, action, proceeding, or other remedy, after the right to exercise such powers or rights of action, as the case may be, shall have accrued, and shall have afforded the Trustee a reasonable opportunity either to proceed to exercise the powers granted herein, or to institute such action, suit or proceeding in its or their name; nor unless there also shall have been offered to the Trustee security and indemnity reasonably satisfactory to it against the costs, expenses, and liabilities to be incurred therein or thereby, and the Trustee shall not have complied with such request within a reasonable time; and such notification, request, and offer of indemnity are hereby declared in every such case to be conditions precedent to the execution of the trusts hereof or for any other remedy hereunder, it being understood and intended that no one or more Owners of the Bonds secured hereby shall have any right in any manner whatever by his or their action to affect, disturb or prejudice the security hereof, or to enforce any rights hereunder or under the Bonds, except in the manner provided herein, and that all proceedings at law or in equity shall be instituted, had, and maintained in the manner provided herein, and for the equal benefit of all Owners of Outstanding Bonds; subject, however, to the provisions of this section. Notwithstanding the foregoing provisions of this section or any other provision hereof, the obligation of the Authority shall be absolute and unconditional to pay, but solely from the Trust Estate, the principal of and the redemption premiums, if any, on and the interest on the Bonds to the Owners thereof at the due dates thereof, and nothing herein shall affect or impair the right of action, which is absolute and unconditional, of such Owners to enforce such payment.

SECTION 8.06. [Power of Trustee to Enforce](#). All rights of action hereunder or under any of the Bonds secured hereby that are enforceable by the Trustee may be enforced by it without the possession of any of the Bonds, or the production thereof at the trial or other proceedings relative thereto, and any such suit, action, or proceedings instituted by the Trustee shall be brought in its own name, as Trustee, for the equal and ratable benefit of the Owners subject to the provisions hereof.

SECTION 8.07. [Remedies Not Exclusive](#). No remedy herein conferred upon or reserved to the Trustee or to the Owners is intended to be exclusive of any other remedy or remedies, and each and every such remedy shall be cumulative, and shall be in addition to every other remedy given hereunder or now or hereafter existing at law or in equity or by statute.

SECTION 8.08. [Waiver of Events of Default; Effect of Waiver](#). Upon the written request of the Owners of at least a majority in aggregate principal amount of all Outstanding Bonds, the Trustee shall waive any Event of Default hereunder and its

consequences; provided, that the Trustee may waive any Event of Default hereunder and its consequences at any time. If any Event of Default shall have been waived as herein provided, the Trustee shall promptly give written notice of such waiver to the Authority and the City and shall give notice thereof by first-class mail, postage prepaid, to all Owners of Outstanding Bonds if such Owners had previously been given notices of such Event of Default; but no such waiver, rescission, and annulment shall extend to or affect any subsequent Event of Default, or impair any right or remedy consequent thereon.

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

SECTION 8.09. [Application of Money](#). Any money received by the Trustee pursuant to this article shall, after payment of all fees and expenses of the Trustee, and the fees and expenses of its counsel incurred in representing the Owners, be applied as follows:

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

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

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

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

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

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

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

ARTICLE IX

THE TRUSTEE

SECTION 9.01. [Appointment and Acceptance of Duties](#). The Trustee hereby accepts and agrees to the trusts hereby created to all of which the Authority agrees and the Owners of the Bonds, by their purchase and acceptance thereof, agree.

SECTION 9.02. [Duties, Immunities and Liability of Trustee](#) The Trustee shall, before an Event of Default, and after the curing or waiver of all Events of Default that may have occurred, perform such duties and only such duties as are specifically set forth herein, and no implied duties or obligations shall be read herein against the Trustee. The Trustee shall, during the existence of any Event of Default (which has not been cured or waived), exercise such of the rights and powers vested in it hereby, and use the same degree of care and skill in their exercise as a prudent person would exercise or use under the circumstances in the conduct of his own affairs.

The Authority (with the concurrence of the City) may, in the absence of an Event of Default, remove the Trustee by giving written notice of such removal to the Trustee. The Authority shall remove the Trustee by giving written notice of such removal to the Trustee under any of the following circumstances: (a) upon receipt of an instrument or concurrent instruments in writing signed by the Owners of not less than a majority in aggregate principal amount of the Bonds then Outstanding (or their attorneys duly authorized in writing); (b) if at any time the Trustee shall cease to be eligible in accordance with the fifth paragraph of this section, or shall become incapable of acting; or (c) if the Trustee commences a case under any bankruptcy, insolvency, or similar law, or if a receiver of the Trustee or of its property shall be appointed, or any public officer shall take control or charge of the Trustee or its property or affairs for the

purpose of rehabilitation, conservation, or liquidation. Upon any removal of the Trustee, the Authority (with the concurrence of the City) shall promptly appoint a successor Trustee by an instrument in writing.

The Trustee may, subject to the fourth paragraph of this section, resign by giving written notice of such resignation to the Authority and the City and by giving notice of such resignation by mail, first-class postage prepaid, to the Owners at the addresses listed in the Bond Register. Upon receiving such notice of resignation, the Authority (with the concurrence of the City) shall promptly appoint a successor Trustee by an instrument in writing.

Any removal or resignation of the Trustee and appointment of a successor Trustee shall become effective only upon acceptance of the successor Trustee by the Authority and the City and acceptance of appointment by the successor Trustee. If no successor Trustee shall have been appointed and shall have accepted appointment within 30 days of giving notice of removal or notice of resignation as aforesaid, the resigning Trustee or any Owner (on behalf of himself and all other Owners) may petition any court of competent jurisdiction for the appointment of a successor Trustee, and such court may thereupon, after such notice (if any) as it may deem proper, appoint such successor Trustee. Any successor Trustee appointed under the Trust Agreement shall signify its acceptance of such appointment by executing and delivering to the Authority and the City and to its predecessor Trustee a written acceptance thereof, and thereupon such successor Trustee, without any further act, deed, or conveyance, shall become vested with all the money, estates, properties, rights, powers, trusts, duties, and obligations of the predecessor Trustee, with like effect as if it were originally named Trustee herein; nevertheless, at the written request of the Authority or the City or the successor Trustee, the predecessor Trustee shall execute and deliver any and all instruments of conveyance or further assurance and do such other things as may reasonably be required for more fully and certainly vesting in and confirming to such successor Trustee all the right, title, and interest of the predecessor Trustee in and to any property held by it hereunder and shall pay over, transfer, assign, and deliver to the successor Trustee any money or other property subject to the trusts and conditions herein set forth. Upon request of the successor Trustee, the Authority and the City shall execute and deliver any and all instruments as may be reasonably required for more fully and certainly vesting in and confirming to such successor Trustee all such money, estates, properties, rights, powers, trusts, duties, and obligations. Upon acceptance of appointment by a successor Trustee as provided in this subsection, such successor Trustee shall mail a notice of the succession of such successor Trustee to the trusts hereunder by first-class mail, postage prepaid, to the Owners at their addresses listed in the Bond Register.

Any successor Trustee appointed under this section shall be a trust company or bank having the powers of a trust company, having a corporate trust office in California, and with a combined capital and surplus of at least \$100,000,000 and being subject to supervision or examination by federal or state authority. If such bank or trust company publishes a report of condition at least annually, pursuant to law or to the requirements of any supervising or examining authority above referred to, then for the purpose of this subsection the combined capital and surplus of such bank or trust company shall be deemed to be its combined capital and surplus as set forth in its most recent report of condition so published. In case at any time the Trustee shall cease to be eligible in accordance with the provisions of this subsection, the Trustee shall resign immediately in the manner and with the effect specified in this section.

No provision herein shall require the Trustee to risk or expend its own funds or otherwise incur any financial liability in the performance of any of its duties hereunder unless the Owners shall have offered to the Trustee security or indemnity it deems reasonable, against the costs, expenses, and liabilities that may be incurred. The Trustee shall be entitled to interest on all money advanced by it hereunder at its prime rate then in effect plus 2%, but not to exceed the maximum interest rate permitted by the laws of the State.

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

The Trustee makes no representation or warranty, express or implied, as to the compliance with legal requirements of the use contemplated by the Authority or the City of the funds hereunder including, without limitation, the purchase of the Local Obligations hereunder; provided, that the Trustee shall not acquire Local Obligations (or any obligations in substitution therefor) other than under Section 5.03.

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

The Trustee shall not be deemed to have knowledge of any Event of Default hereunder unless and until one of its officers shall have actual knowledge thereof at its Corporate Trust Office.

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

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

SECTION 9.03. Merger or Consolidation. Any company into which the Trustee may be merged or converted or with which it may be consolidated or any company resulting from any merger, conversion or consolidation to which it shall be a party or any company to which the Trustee may sell or transfer all or substantially all of its corporate trust business shall succeed to the rights and obligations of the Trustee without the execution or filing of any paper

or any further act; provided, that such company is eligible to be a successor Trustee under Section 9.02.

SECTION 9.04. [Compensation and Indemnification](#). The Authority shall pay or cause the City to pay the Trustee reasonable compensation for its services rendered hereunder and reimburse the Trustee for reasonable expenses, disbursements, and advances, including attorney's fees, incurred by the Trustee in the performance of its obligations hereunder and with respect to the Local Obligations.

The Authority shall, to the extent permitted by law, indemnify the Trustee and its officers, directors, employees, attorneys, and agents for, and hold it harmless against, any loss, liability, or expense incurred without negligence or willful misconduct on its part arising out of or in connection with (i) the acceptance or administration of the trusts imposed hereby, including performance of its duties hereunder, including the costs and expenses of defending itself against any claims or liability in connection with the exercise or performance of any of its powers or duties hereunder; (ii) the projects to be financed with the purchase of the Local Obligations; (iii) the sale of any Bonds or the purchase of the Local Obligations and the carrying out of any of the transactions contemplated by the Bonds or the Local Obligations; or (iv) any untrue statement of any material fact or omission to state a material fact necessary to make the statements made, in light of the circumstances under which they were made, not misleading, in any official statement or other disclosure document used by the Authority or the City in connection with the sale of the Bonds or the Local Obligations. The Authority's obligations hereunder with respect to indemnity of the Trustee and the provision for its compensation set forth in this article shall survive and remain valid and binding notwithstanding the maturity and payment of the Bonds or the resignation or removal of the Trustee.

The Trustee shall have no responsibility for or liability in connection with assuring that all of the procedures or conditions to closing set forth in the contract of purchase for the sale of the Bonds have been satisfied or that all documents required to be delivered on the closing date to the parties are actually delivered, except its own responsibility to receive or deliver the proceeds of the sale or deliver the Bonds and other certificates expressly required to be delivered by it and its counsel.

The Trustee shall not be responsible for determining or investigating whether any Local Obligation purchased pursuant to Section 5.03 is a Local Obligation, as defined herein, and the Trustee may conclusively rely on the Authority's determination and direction in this regard; provided, that the Trustee shall not acquire Local Obligations other than pursuant to the provisions of Section 5.03. The Trustee shall be entitled to rely on the covenants, representations and warranties of each obligor on any Local Obligation and in the documents and certificates delivered in connection therewith and each Written Order.

SECTION 9.05. [Liability of Trustee](#). The recitals of facts herein and in the Bonds contained shall be taken as statements of the Authority or the City, and the Trustee does not assume any responsibility for the correctness of the same, and does not make any representations as to the validity or sufficiency hereof or of the Bonds, and shall not incur any responsibility in respect thereof, other than in connection with the duties or obligations herein or in the Bonds assigned to or imposed upon it; provided, that the Trustee shall be responsible for

its representations contained in its certificate of authentication on the Bonds. The Trustee shall not be liable in connection with the performance of its duties hereunder except for its own negligence or willful misconduct. The Trustee (in its individual or any other capacity) may become the Owner of Bonds with the same rights it would have if it were not Trustee hereunder, and, to the extent permitted by law, may act as depositary for and permit any of its officers, directors, and employees to act as a member of, or in any other capacity with respect to, any committee formed to protect the rights of Owners, whether or not such committee shall represent the Owners of a majority in principal amount of the Bonds then Outstanding. The Trustee shall not be liable with respect to any action taken or omitted to be taken by it in good faith in accordance with the direction of the Owners of a majority in principal amount of the Outstanding Bonds relating to the time, method, and place of conducting any proceeding for any remedy available to the Trustee, or exercising any trust or power conferred upon the Trustee hereunder. Whether or not therein expressly so provided, every provision hereof or related documents relating to the conduct or affecting the liability of or affording protection to the Trustee shall be subject to this article.

SECTION 9.06. [Right to Rely on Documents](#). The Trustee may rely on, and shall be protected in acting or refraining from acting upon, any notice, resolution, requisition, request, consent, order, certificate, report, opinion, bond, or other paper or document believed by it to be genuine and to have been signed or presented by the proper party or parties. The Trustee may consult with counsel, who may be counsel of or to the Authority, with regard to legal questions, and the opinion of such counsel shall be full and complete authorization and protection in respect of any action taken or suffered or omitted by it hereunder in good faith and in accordance therewith.

Whenever in the administration of the trusts imposed upon it hereby the Trustee shall deem it necessary or desirable that a matter be proved or established before taking or suffering or omitting any action hereunder, such matter (unless other evidence in respect thereof be herein specifically prescribed) may be deemed to be conclusively proved and established by an Officer's Certificate, and such Officer's Certificate shall be full warrant to the Trustee for any action taken or suffered or omitted in good faith under the provisions hereof in reliance upon such Officer's Certificate, but in its discretion the Trustee may, in lieu thereof, accept other evidence of such matter or may require such additional evidence as to it may seem reasonable.

The Trustee shall be entitled to advice of counsel and other professionals or agents concerning all matters of trust and its duty hereunder, but the Trustee shall not be answerable for the acts or omissions of any agent, attorney-at-law, certified public accountant, or other professional if such agent, attorney-at-law, certified public accountant, or other professional was selected by the Trustee with due care.

SECTION 9.07. [Preservation and Inspection of Documents](#). All documents received by the Trustee under the provisions hereof shall be retained in its possession and shall be subject at all reasonable times upon prior notice to the inspection of the Authority, the Owners of at least a majority of the aggregate principal amount of the Bonds then Outstanding, and their agents and representatives duly authorized in writing, at reasonable hours and under reasonable conditions.

SECTION 9.08. Indemnity for Trustee. Before taking any action or exercising any rights or powers hereunder, the Trustee may require that satisfactory indemnity be furnished to it for the reimbursement of all costs and expenses it may incur and to indemnify it against all liability, except liability that may result from its negligence or willful misconduct, by reason of any action so taken.

ARTICLE X

EXECUTION OF INSTRUMENTS BY OWNERS AND PROOF OF OWNERSHIP OF BONDS

SECTION 10.01. Execution of Instruments; Proof of Ownership. Any request, direction, consent or other instrument in writing required or permitted hereby to be signed or executed by Owners may be in any number of concurrent instruments of similar tenor by different parties and may be signed or executed by such Owners in person or by agent appointed by an instrument in writing. Proof of the execution of any such instrument and of the ownership of Bonds shall be sufficient for any purpose hereof and shall be conclusive in favor of the Trustee with regard to any action taken, suffered or omitted by either of them under such instrument if made in the following manner:

(a) The fact and date of the execution by any Person of any such instrument may be proved by the certificate of any officer in any jurisdiction who, by the laws thereof, has power to take acknowledgments within such jurisdiction, to the effect that the Person signing such instrument acknowledged before him the execution thereof, or by an affidavit of a witness to such execution; and

(b) The fact of the ownership of Bonds hereunder by any Owner and the serial numbers of such Bonds and the date of his ownership of the same shall be proved by the Bond Register.

Nothing contained in this article shall be construed as limiting the Trustee to such proof, it being intended that the Trustee may accept any other evidence of the matters in this article stated which to it may seem sufficient. Any request or consent of the Owner of any Bond shall bind every future Owner of such Bond and any Bond or Bonds issued in exchange or substitution therefor or upon the registration of transfer thereof in respect of anything done by the Trustee in pursuance of such request or consent.

ARTICLE XI

SUPPLEMENTAL TRUST AGREEMENTS

SECTION 11.01. Supplemental Trust Agreements With Consent of Owners. Any modification or alteration hereof or of the rights and obligations of the Authority, the City, or the Owners of the Bonds may be made with the consent of the Owners of not less than a majority in aggregate principal amount of the Bonds then Outstanding; provided, that no such modification or alteration shall be made which will reduce the percentage of aggregate principal amount of Bonds the consent of the Owners of which is required for any such modification or

alteration, or permit the creation by the Authority or the City of any lien prior to or on a parity with the lien hereof upon the Trust Estate or which will affect the times, amounts, and currency of payment of the principal of or the redemption premiums, if any, on or the interest on the Bonds or affect the rights, duties, or obligations of the Trustee without the consent of the party affected thereby. The written consent of the Owners of a Series of Bonds may be effected (a) through a consent by the underwriter of such Series of Bonds at the time of the issuance of such Series of Bonds or (b) through a provision of a Supplemental Trust Agreement that deems any Owners purchasing such Series of Bonds to consent for purposes of this Section 11.01 by virtue of its purchase of such Series of Bonds.

SECTION 11.02. [Supplemental Trust Agreements Without Consent of Owners.](#)

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

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

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

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

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

(e) to subject hereto additional collateral or to add other agreements of the Authority or the City;

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

(g) to make any amendments or supplements necessary or appropriate to preserve or protect the exclusion from gross income for federal income-tax purposes under the Code of the interest on the Bonds or the exemption of such interest from State personal income-taxes;

(h) to evidence the succession of a successor Trustee; or

(i) to provide for the issuance of any additional Series of Bonds under Section

3.02.

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

SECTION 11.03. [Trustee Authorized to Enter into Supplemental Trust Agreements](#). The Trustee is hereby authorized to enter into any Supplemental Trust Agreement with the Authority and the City, authorized or permitted by the terms hereof, and to make the further agreements and stipulations that may be therein contained, and for all purposes of this section the Trustee shall be entitled to rely upon and shall be fully protected in relying upon an Opinion of Bond Counsel, in form and substance satisfactory to it, to the effect that such Supplemental Trust Agreement is authorized or permitted by the provisions hereof.

ARTICLE XII

DEFEASANCE

SECTION 12.01. [Defeasance](#). If and when the Bonds secured hereby become due and payable in accordance with their terms or through redemption proceedings as provided herein, or otherwise, and the whole amount of the principal and the redemption premiums, if any, and the interest so due and payable upon all of the Bonds shall be paid, or provision shall have been made for the payment of the same, together with all other sums payable hereunder by the Authority, including all fees and expenses of the Trustee, then and in that case, the Trust Agreement and the lien created hereby shall be completely discharged and satisfied, and the Authority and the City shall be released from the respective agreements, conditions, covenants, and terms of the Authority and the City contained herein, and the Trustee shall assign and transfer all property (in excess of the amounts required for the foregoing) then held by the Trustee free and clear of any encumbrances as provided in Section 12.04 and shall execute such documents as may be reasonably required by the Authority or the City in this regard.

Notwithstanding the satisfaction and discharge hereof, those provisions of the Trust Agreement relating to the maturity of the Bonds; interest payments and dates thereof; exchange and transfer of Bonds; the replacement of mutilated, destroyed, lost, or stolen Bonds; the safekeeping and cancellation of Bonds; nonpresentment of Bonds; and the duties of the Trustee in connection with all of the foregoing shall remain in effect and shall be binding upon the Trustee and the Owners, and the Trustee shall, subject to Section 13.06, continue to be obligated to hold in trust any money or investments then held by the Trustee for the payment of the principal of and redemption premiums, if any, on and interest on the Bonds, to pay to the Owners of Bonds the funds so held by the Trustee as and when such payments become due, and those provisions hereof contained in Section 9.04 relating to the compensation and indemnification of the Trustee and in Section 7.04 relating to the tax covenants of the Authority and the City shall remain in effect and shall be binding upon the Trustee, the Authority, and the City.

SECTION 12.02. [Bonds Deemed to Have Been Paid](#). If money shall have been set aside and held by the Trustee for the payment or redemption of any Bonds and the interest installments therefor at the maturity or redemption date thereof, such Bonds shall be deemed to be paid within the meaning and with the effect provided in Section 12.01. Any Outstanding Bond shall prior to the maturity or redemption date thereof be deemed to have been paid within the meaning and with the effect expressed in Section 12.01 if (a) in case any Bonds are to be redeemed on any date prior to their maturity, the Authority shall have given to the Trustee in form satisfactory to the Trustee irrevocable instructions to mail notice of redemption of such Bonds on such redemption date, such notice to be given in accordance with the provisions of Article IV; (b) there shall have been deposited with the Trustee in escrow either money in an amount that (as stated in a Written Order) shall be sufficient, or noncallable Government Obligations the principal of and the interest on which when due, and without any reinvestment thereof, will provide money that, together with the money, if any, deposited with or held by the Trustee at the same time, shall be sufficient (as stated in a Written Order) to pay when due the principal of and the redemption premiums, if any, and the interest due and to become due on such Bonds on and prior to the redemption date or maturity date thereof, as the case may be; and (c) in the event any of such Bonds are not to be redeemed within the next succeeding 60 days, the Authority shall have given the Trustee in form satisfactory to the Trustee irrevocable instructions to mail, as soon as practicable in the same manner as a notice of redemption is mailed pursuant to Article IV, a notice to the Owners of such Bonds that the deposit required by paragraph (b) above has been made with the Trustee and that such Bonds are deemed to have been paid in accordance with this section, and stating the maturity dates or redemption dates upon which money is to be available for the payment of the principal of and redemption premiums, if any, on and interest on such Bonds.

SECTION 12.03. [Money Held for Particular Bonds](#). Except as otherwise provided in Section 12.02 or 13.06, the amounts held by the Trustee for the payment of the principal or the redemption premiums, if any, or the interest due on any date with respect to particular Bonds shall, on and after such date and pending such payment, be set aside on its books and held in trust by it solely for the Owners of the Bonds entitled thereto.

SECTION 12.04. [Effect of Defeasance of Bonds](#) . Notwithstanding any other provision hereof, if the Bonds are defeased and the obligations hereunder are discharged in accordance with this article, then the Trustee shall transfer all property and money held by it (including, without limitation, the Local Obligations) to or upon the order of the Authority.

ARTICLE XIII

MISCELLANEOUS

SECTION 13.01. [Dissolution of Authority](#). In the event of the dissolution of the Authority, all the agreements, conditions, covenants, and terms contained herein by or on behalf of, or for the benefit of, the Authority shall bind or inure to the benefit of the successors of the Authority from time to time and any officer, board, commission, agency, or instrumentality to whom or to which any power or duty of the Authority shall be transferred.

SECTION 13.02. [Parties Interested Herein](#). Except as otherwise specifically provided herein, nothing contained herein, expressed or implied, is intended or shall be construed to confer upon any Person other than the Authority, the City, the Trustee, and the Owners of the Bonds any right, remedy, or claim under or by reason hereof, the Trust Agreement being intended to be for the sole and exclusive benefit of the Authority, the City, the Trustee, and the Owners of the Bonds.

SECTION 13.03. [Notice](#). All written notices to be given hereunder to the Authority or the City or the Trustee shall be given by mail to the party entitled thereto at its address set forth below, or at such other address as such party may provide to the other parties in writing from time to time:

If to the Authority:

Sacramento City Financing Authority
c/o Treasurer
City of Sacramento
915 I Street, Historic City Hall, 3rd Floor
Sacramento, California 95814

If to the City:

City of Sacramento
c/o Treasurer
City of Sacramento
915 I Street, Historic City Hall, 3rd Floor
Sacramento, California 95814

If to the Trustee:

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

Attention: [Corporate Trust Department]

Each such notice, statement, demand, consent, approval, authorization, offer, designation, request, or other communication hereunder shall be deemed delivered to the party to whom it is addressed (a) if personally served or delivered, upon delivery; (b) if given by electronic communication, whether by telex, telegram, or telecopier, upon the sender's receipt of an appropriate answer back or other written acknowledgment or confirmation of receipt of the entire notice, approval, demand, report, or other communication; (c) if given by first-class mail deposited with the United States Mail postage prepaid, 72 hours after such notice is deposited with the United States Mail; (d) if given by overnight courier, with courier charges prepaid, 24 hours after delivery to the overnight courier; or (e) if given by any other means, upon delivery at the address specified in this section.

In case, by reason of the suspension of or irregularities in regular mail service, it shall be impractical to mail to the Owners of Bonds notice of any event when such notice is

required to be given under any provision hereof, then any manner of giving such notice as the Authority shall direct and not objected to by the Trustee shall be deemed to be a sufficient giving of such notice.

SECTION 13.04. [Holidays](#). If the date for making any payment or the last date for performance of any act or the exercising of any right, as provided herein, is not a Business Day, then such payment may be made or act performed or right exercised on the next succeeding Business Day with the same force and effect as if done on the nominal date provided in the Trust Agreement, and no interest shall accrue for the period from and after such nominal date.

SECTION 13.05. [Limitation of Liability](#). The Authority shall not be obligated to make any payments required hereunder or under any Bond, or be deemed to incur any liability hereunder or by reason hereof or arising out of any of the transactions contemplated hereby, payable from any funds or assets other than the Trust Estate as provided herein.

SECTION 13.06. [Unclaimed Money](#). Anything contained herein to the contrary notwithstanding, any money held by the Trustee in trust for the payment and discharge of the interest on, or principal or redemption premiums, if any, of any Bond which remains unclaimed for two years after the date when such amounts have become payable, if such money was held by the Trustee on such date, or for two years after the date of deposit of such money if deposited with the Trustee after the date such amounts have become payable, shall be paid by the Trustee to the Authority as its absolute property free from trust, and the Trustee shall thereupon be released and discharged with respect thereto and the Owners shall look only to the Authority for the payment of such amounts; provided, that before being required to make any such payment to the Authority, the Trustee shall, at the expense of the Authority, give notice by first-class mail to all Owners under Section 4.06 that such money remains unclaimed and that after a date named in such notice, which date shall not be less than 60 days after the date of giving such notice, the balance of such money then unclaimed will be returned to the Authority.

SECTION 13.07. [Governing Law](#). The Trust Agreement shall be governed as to validity, construction and performance by the laws of the State.

SECTION 13.08. [Severability of Invalid Provisions](#). If any clause, provision, or section hereof is held illegal or invalid by any court, then the invalidity of such clause, provision, or section shall not affect any of the remaining clauses, provisions, or sections hereof, and the Trust Agreement shall be construed and enforced as if such illegal or invalid clause, provision, or section had not been contained herein.

SECTION 13.09. [Counterparts](#). The Trust Agreement may be executed in any number of counterparts, each of which, when so executed and delivered, shall be an original; but all of which such counterparts shall together constitute but one and the same instrument.

IN WITNESS WHEREOF, the Authority has caused the Trust Agreement to be executed by its Treasurer, the City has caused the Trust Agreement to be executed by its City Treasurer and the Trustee has caused the Trust Agreement to be executed by its authorized officer, all as of the day and year first above written.

SACRAMENTO CITY FINANCING AUTHORITY

By _____
Treasurer

CITY OF SACRAMENTO

By _____
Treasurer

THE BANK OF NEW YORK MELLON TRUST
COMPANY, N.A., as Trustee

By _____
Authorized Officer

EXHIBIT A

[FORM OF BOND]

UNITED STATES OF AMERICA
STATE OF CALIFORNIA

SACRAMENTO CITY FINANCING AUTHORITY
2013 SPECIAL TAX REFUNDING REVENUE BOND
(WESTLAKE AND REGENCY PARK), SERIES A

No. R-__ \$_____

<u>INTEREST RATE</u>	<u>MATURITY DATE</u>	<u>DATED DATE</u>	<u>CUSIP NUMBER</u>
___%	September 1, 20__	January __, 2013	_____

Registered Owner:

Principal Sum: DOLLARS

The Sacramento City Financing Authority, a joint-exercise-of-powers agency established pursuant to the laws of the State of California (the "Authority"), for value received hereby promises to pay to the registered owner specified above, or registered assigns, on the maturity date set forth above (subject to any right of prior redemption hereinafter mentioned) the principal sum set forth above and to pay interest thereon at the interest rate per annum set forth above. The interest on this Bond will be calculated on the basis of a 360-day year consisting of twelve 30-day calendar months and will be payable from the dated date hereof on March 1 and September 1 in each year (each an "Interest Payment Date"), commencing on September 1, 2013, by check, mailed by first class mail, on each Interest Payment Date to the registered owner whose name appears on the bond register maintained by the Corporate Trust Office of The Bank of New York Mellon Trust Company, N.A., in San Francisco, California (together with any successor as trustee under the Trust Agreement hereinafter mentioned, the "Trustee") as of the close of business on the 15th day of the month preceding the Interest Payment Date (the "Record Date"), except with respect to defaulted interest for which a special record date will be established; provided, that in the case of a registered owner of \$1,000,000 or more in aggregate principal amount of Bonds, upon written request of such registered owner to the Trustee received not later than the Record Date, such interest shall be paid on the Interest Payment Date in immediately available funds by wire transfer to an account in a bank or trust company or savings bank that is a member of the Federal Reserve System and is located in the United States of America. The principal hereof and the redemption premium hereon, if any, are payable upon presentation and surrender hereof at the Corporate Trust Office of the Trustee in San Francisco, California, or any other office specified by the Trustee for such purpose. The principal hereof and redemption premium, if any, and interest hereon are payable in lawful money of the United States of America.

The Authority and the Trustee may deem and treat the registered owner of this Bond as the absolute owner hereof for the purpose of receiving payment as herein provided and for all other purposes, and the Authority and the Trustee shall not be affected by notice to the contrary.

This Bond is one of a duly authorized issue of bonds of the Authority designated as the “Sacramento City Financing Authority 2013 Special Tax Refunding Revenue Bonds (Westlake and Regency Park), Series A” (the “Bonds”) issued in the aggregate principal amount of \$[PRINCIPAL AMOUNT pursuant to the provisions of the Marks-Roos Local Bond Pooling Act of 1985, being Article 4 of Chapter 5 of Division 7 of Title 1 of the California Government Code, as amended and supplemented (the “Act”) and pursuant to a Trust Agreement, dated as of January 1, 2013, among the Authority, the City of Sacramento (the “City”), and the Trustee (the “Trust Agreement”). The Bonds are issued for the purpose of financing the acquisition of and purchasing Local Obligations (as that term is defined in the Trust Agreement), and reference is hereby made to the Trust Agreement (a copy of which is on file at the Corporate Trust Office of the Trustee) and all trust agreements supplemental thereto and to the Act for a description of the purposes thereof, of the rights thereunder of the registered owners of the Bonds, of the nature and extent of the security for the Bonds, and of the rights, duties, and immunities of the Trustee, of the obligations of the City, and of the rights and obligations of the Authority thereunder, to all the provisions of which Trust Agreement the registered owner of this Bond, by acceptance hereof, assents and agrees.

The Bonds and the interest thereon and any redemption premiums thereon are special, limited obligations of the Authority payable from the Trust Estate (as that term is defined in the Trust Agreement) and secured solely by the Trust Estate, including amounts held in the accounts and funds (other than the Rebate Fund) established pursuant to the Trust Agreement, subject only to the provisions of the Trust Agreement permitting the application thereof for the purposes and on the terms and conditions set forth in the Trust Agreement. No member or officer of the Authority, nor any person executing this Bond, shall in any event be subject to any personal liability or accountability by reason of the issuance of this Bond.

THE BONDS ARE SPECIAL, LIMITED OBLIGATIONS OF THE AUTHORITY, PAYABLE FROM, AND SECURED AS TO THE PAYMENT OF THE PRINCIPAL OF AND ANY REDEMPTION PREMIUMS ON OR INTEREST ON THE BONDS IN ACCORDANCE WITH THEIR TERMS AND THE TERMS OF THE TRUST AGREEMENT, SOLELY FROM THE TRUST ESTATE. THE BONDS DO NOT CONSTITUTE A CHARGE AGAINST THE GENERAL CREDIT OF THE AUTHORITY OR ITS MEMBERS, AND UNDER NO CIRCUMSTANCES SHALL THE AUTHORITY BE OBLIGATED TO PAY PRINCIPAL OF OR ANY REDEMPTION PREMIUMS ON OR INTEREST ON THE BONDS EXCEPT FROM THE TRUST ESTATE. NEITHER THE CITY OF SACRAMENTO, THE STATE OF CALIFORNIA, ANY PUBLIC AGENCY (OTHER THAN THE AUTHORITY), NOR ANY MEMBER OF THE AUTHORITY IS OBLIGATED TO PAY THE PRINCIPAL OF OR ANY REDEMPTION PREMIUMS ON OR INTEREST ON THE BONDS, AND NEITHER THE FAITH AND CREDIT NOR THE TAXING POWER OF THE AUTHORITY, THE CITY OF SACRAMENTO, THE STATE OF CALIFORNIA, ANY PUBLIC AGENCY OF THE STATE OF CALIFORNIA, OR ANY MEMBER OF THE AUTHORITY (INCLUDING THE CITY) IS PLEDGED TO THE PAYMENT OF THE

PRINCIPAL OF OR ANY REDEMPTION PREMIUMS ON OR INTEREST ON THE BONDS, AND NEITHER THE PRINCIPAL OF OR ANY REDEMPTION PREMIUMS ON OR INTEREST ON THE BONDS CONSTITUTES A DEBT, LIABILITY, OR OBLIGATION OF THE CITY OF SACRAMENTO, THE STATE OF CALIFORNIA, ANY PUBLIC AGENCY (OTHER THAN THE AUTHORITY), OR ANY MEMBER OF THE AUTHORITY.

The Bonds maturing on or after September 1, 20__, are subject to optional redemption by the Authority before their stated maturity dates as a whole or in part on any date on or after [March 1], 20__, from any source of available funds, upon mailed notice as provided in the Trust Agreement, at a redemption price equal to the principal amount thereof to be redeemed plus accrued interest thereon to the date of redemption, together with a redemption premium equal to the following percentages of such principal amount:

<u>Redemption Date</u>	<u>Redemption Premium</u>
------------------------	---------------------------

The Bonds maturing on September 1, 20__, are subject to mandatory redemption by the Authority before their stated maturity date in part on September 1 of each year on and after September 1, 20__, to and including September 1, 20__, and the Bonds maturing on September 1, 20__, are subject to mandatory redemption by the Authority before their stated maturity date in part on September 1 of each year on and after September 1, 20__, to and including September 1, 20__, in each case upon mailed notice as provided in the Trust Agreement, from (and in the amount of) the Minimum Sinking Fund Payment (as defined in the Trust Agreement) due and payable on each such date, at a redemption price equal to the principal amount thereof plus accrued interest thereon to the date of redemption, without a redemption premium.

The Bonds are subject to extraordinary redemption by the Authority before their stated maturity dates as a whole or in part on any date from certain Local Obligation Prepayments (as defined in the Trust Agreement), upon mailed notice as provided in the Trust Agreement, at a redemption price equal to the principal amount thereof to be redeemed plus accrued interest thereon to the date of redemption, together with a redemption premium equal to the following percentages of such principal amount:

<u>Redemption Date</u>	<u>Redemption Premium</u>
------------------------	---------------------------

The Bonds are issuable as fully registered bonds in denominations of \$5,000 or any integral multiple thereof. This Bond may be transferred or exchanged by the registered owner hereof, in person or by an attorney duly authorized in writing, but only in the manner, subject to the limitations and upon payment of the charges, if any, provided in the Trust Agreement, and upon surrender and cancellation of this Bond. Upon such transfer or exchange, a new Bond or Bonds, of authorized denominations, for the same aggregate principal amount, interest rate, and maturity will be issued to the transferee in accordance with the provisions of the Trust Agreement. The Trustee is not required to register the transfer of, or to exchange, any

Bond during the period established by the Trustee for selection of Bonds for redemption or to register the transfer of, or to exchange, any Bond which has been selected for redemption pursuant to the Trust Agreement.

The Trust Agreement and the rights and obligations of the Authority and of the registered owners of the Bonds may be modified or amended from time to time and at any time (and in certain cases without the consent of such registered owners) in the manner, to the extent, and upon the terms provided in the Trust Agreement.

The Trust Agreement contains provisions permitting the Authority to make provisions for the payment of the interest on, and the principal and premium, if any, of, any of the Bonds so that such Bonds shall no longer be deemed to be outstanding under the terms of the Trust Agreement.

It is hereby certified and recited that any and all conditions, things and acts required to exist, to have happened, and to have been performed precedent to and in the issuance of this Bond do exist, have happened, and have been performed in due time, form, and manner as required by the Constitution and laws of the State of California, including the Act, and that the amount of this Bond, together with all other indebtedness of the Authority, does not exceed any limit prescribed by the Constitution and laws of the State of California, including the Act, and is not in excess of the amount of Bonds permitted to be issued under the Trust Agreement.

This Bond shall not be entitled to any benefit under the Trust Agreement, or become valid or obligatory for any purpose, until the certificate of authentication hereon endorsed shall have been manually signed by an authorized signatory of the Trustee.

IN WITNESS WHEREOF, the SACRAMENTO CITY FINANCING AUTHORITY has caused this Bond to be executed in its name and on its behalf by the facsimile signature of its Treasurer and attested by the facsimile signature of its Secretary, all as of January __, 2013.

SACRAMENTO CITY FINANCING AUTHORITY

By _____
Treasurer

ATTEST:

Secretary

CERTIFICATE OF AUTHENTICATION

This is one of the Bonds described in the within-mentioned Trust Agreement, which has been authenticated on the date below.

Dated: _____

THE BANK OF NEW YORK MELLON TRUST
COMPANY, N.A.,
as Trustee

By _____
Authorized Signatory

ASSIGNMENT

For value received, the undersigned sells, assigns and transfers unto _____ this registered Bond and irrevocably constitutes and appoints _____ attorney to transfer the same on the books of the Trustee, with full power of substitution in the premises.

Dated: _____

SIGNATURE GUARANTEED BY:

NOTE: The signature(s) to this Assignment must correspond with the name(s) as written on the face of this Bond in every particular, without alteration or enlargement or any change whatsoever. The signature(s) must be guaranteed by an eligible guarantor institution.

Social Security Number, Taxpayer Identification Number or other Identifying Number of Assignee:

Unless this bond is presented by an authorized representative of The Depository Trust Company, a New York corporation ("DTC"), to the Trustee or its agent for registration of transfer, exchange, or payment, and any bond issued is registered in the name of Cede & Co. or in such other name as is requested by an authorized representative of DTC (and any payment is made to Cede & Co. or to such other entity as is requested by an authorized representative of DTC), ANY TRANSFER, PLEDGE, OR OTHER USE HEREOF FOR VALUE OR OTHERWISE BY OR TO ANY PERSON IS WRONGFUL inasmuch as the registered owner hereof Cede & Co. has an interest herein.

TABLE OF CONTENTS

Page

ARTICLE I

DEFINITIONS

SECTION 1.01. Definitions.....	2
SECTION 1.02. Rules of Construction.....	7

ARTICLE II

TERMS OF SERIES 2013 BONDS; GENERAL TERMS OF BONDS

SECTION 2.01. The Series 2013 Bonds	7
SECTION 2.02. Form of Series 2013 Bonds.....	10
SECTION 2.03. Bonds Mutilated, Destroyed, Stolen or Lost.....	10
SECTION 2.04. Execution of Bonds	10
SECTION 2.05. Transfer and Registration of Bonds	11
SECTION 2.06. Regulations with Respect to Exchanges or Transfers of Bonds	11
SECTION 2.07. Authentication of Bonds	11
SECTION 2.08. Cancellation of Bonds	11
SECTION 2.09. Bonds as Special Obligations.....	12
SECTION 2.10. Use of Depository for Bonds	12

ARTICLE III

ISSUANCE OF BONDS

SECTION 3.01. Provisions for the Issuance of the Series 2013 Bonds	14
SECTION 3.02. Provisions for the Issuance of Additional Series of Bonds.....	14

ARTICLE IV

REDEMPTION AND PURCHASE OF BONDS

SECTION 4.01. Privilege of Redemption and Redemption Price.....	15
SECTION 4.02. Optional Redemption of Series 2013 Bonds.....	15
SECTION 4.03. Mandatory Redemption of Series 2013 Bonds	15
SECTION 4.04. Extraordinary Redemption of Series 2013 Bonds.....	16
SECTION 4.05. Redemption Instructions	16
SECTION 4.06. Notice of Redemption	16
SECTION 4.07. Selection of Bonds for Redemption	17
SECTION 4.08. Payment of Redeemed Bonds	18
SECTION 4.09. Purchase of Bonds.....	18

ARTICLE V

REVENUES AND FUNDS FOR BONDS

SECTION 5.01. Establishment of Funds	19
SECTION 5.02. Deposit of Proceeds of Bonds	19
SECTION 5.03. Proceeds Fund	19
SECTION 5.04. Local Obligation Fund	19
SECTION 5.05. Revenue Fund	19

TABLE OF CONTENTS
(continued)

	Page
SECTION 5.06. Interest Fund	19
SECTION 5.07. Principal Fund	19
SECTION 5.08. Redemption Fund	19
SECTION 5.09. Rebate Fund	20
ARTICLE VI	
SECURITY FOR AND INVESTMENT OF MONEY	
SECTION 6.01. Security	21
SECTION 6.02. Investment of Money	21
ARTICLE VII	
COVENANTS OF THE AUTHORITY AND THE CITY	
SECTION 7.01. Payment of Bonds; No Encumbrances.....	22
SECTION 7.02. Enforcement and Amendment of Local Obligations	22
SECTION 7.03. Further Documents.....	23
SECTION 7.04. Tax Covenants.....	23
SECTION 7.05. Maintenance of Existence	24
SECTION 7.06. Continuing Disclosure.....	24
ARTICLE VIII	
DEFAULTS AND REMEDIES	
SECTION 8.01. Events of Default.....	24
SECTION 8.02. Proceedings by Trustee; No Acceleration.....	25
SECTION 8.03. Effect of Discontinuance or Abandonment.....	25
SECTION 8.04. Rights of Owners	25
SECTION 8.05. Restriction on Owner's Action	26
SECTION 8.06. Power of Trustee to Enforce	26
SECTION 8.07. Remedies Not Exclusive	26
SECTION 8.08. Waiver of Events of Default; Effect of Waiver	26
SECTION 8.09. Application of Money	27
ARTICLE IX	
THE TRUSTEE	
SECTION 9.01. Appointment and Acceptance of Duties	28
SECTION 9.02. Duties, Immunities and Liability of Trustee	28
SECTION 9.03. Merger or Consolidation	30
SECTION 9.04. Compensation and Indemnification	31
SECTION 9.05. Liability of Trustee.....	31
SECTION 9.06. Right to Rely on Documents.....	32
SECTION 9.07. Preservation and Inspection of Documents.....	32
SECTION 9.08. Indemnity for Trustee.....	33

TABLE OF CONTENTS
(continued)

Page

ARTICLE X

EXECUTION OF INSTRUMENTS BY OWNERS
AND PROOF OF OWNERSHIP OF BONDS

SECTION 10.01. Execution of Instruments; Proof of Ownership 33

ARTICLE XI

SUPPLEMENTAL TRUST AGREEMENTS

SECTION 11.01. Supplemental Trust Agreements With Consent of Owners 33
SECTION 11.02. Supplemental Trust Agreements Without Consent of Owners 34
SECTION 11.03. Trustee Authorized to Enter into Supplemental Trust
Agreements 35

ARTICLE XII

DEFEASANCE

SECTION 12.01. Defeasance 35
SECTION 12.02. Bonds Deemed to Have Been Paid 36
SECTION 12.03. Money Held for Particular Bonds 36
SECTION 12.04. Effect of Defeasance of Bonds 36

ARTICLE XIII

MISCELLANEOUS

SECTION 13.01. Dissolution of Authority 36
SECTION 13.02. Parties Interested Herein 37
SECTION 13.03. Notice 37
SECTION 13.04. Holidays 38
SECTION 13.05. Limitation of Liability 38
SECTION 13.06. Unclaimed Money 38
SECTION 13.07. Governing Law 38
SECTION 13.08. Severability of Invalid Provisions 38
SECTION 13.09. Counterparts 38
EXHIBIT A FORM OF BOND A-1

An extra section break has been inserted above this paragraph. Do not delete this section break if you plan to add text after the Table of Contents/Authorities. Deleting this break will cause Table of Contents/Authorities headers and footers to appear on any pages following the Table of Contents/Authorities.



Back to Table
of Contents

INDENTURE

between the

CITY OF SACRAMENTO

and

THE BANK OF NEW YORK MELLON TRUST COMPANY, N.A.,

as Trustee

Relating to

[\$[PRINCIPAL AMOUNT]

CITY OF SACRAMENTO
2013 NORTH NATOMAS WESTLAKE
COMMUNITY FACILITIES DISTRICT NO. 2000-01
SPECIAL TAX REFUNDING BONDS, SERIES A

AND

ADDITIONAL BONDS

Dated as of January 1, 2013

INDENTURE

This Indenture (the “Indenture”), dated as of January 1, 2013, between the City of Sacramento, a California municipal corporation (the “City”), and The Bank of New York Mellon Trust Company, N.A., a banking corporation duly organized and existing under and by virtue of the laws of the United States of America and authorized to accept and execute trusts of the character herein set forth, as trustee (the “Trustee”);

WITNESSETH:

WHEREAS, at an election held in the City of Sacramento North Natomas Westlake Community Facilities District No. 2000-01 (the “Community Facilities District”) on October 31, 2000, the qualified electors therein duly authorized the issuance of \$15,000,000 principal amount of special tax bonds under the Mello-Roos Community Facilities Act of 1982, as amended, and all laws amendatory thereof or supplemental thereto (the “Act”), for the purpose of financing the acquisition and construction of certain public facilities; and

WHEREAS, at such election the qualified electors in the Community Facilities District additionally authorized the levy and collection of a special tax under the Act to be used for the purpose of paying the interest on and principal of and redemption premiums, if any, on such bonds; and

WHEREAS, on April 26, 2001, the City issued the City of Sacramento North Natomas Westlake Community Facilities District No. 2000-01 Special Tax Bonds in the principal amount of \$11,890,000 (the “Prior Bonds”); and

WHEREAS, pursuant to the Act, the City is authorized to issue bonds for the purpose of refunding the Prior Bonds; and

WHEREAS, the City Council of the City has authorized the issuance of the City of Sacramento 2013 North Natomas Westlake Community Facilities District No. 2000-01 Special Tax Refunding Bonds, Series A (the “2013 Refunding Bonds”) pursuant to the Act for the purpose of refunding all of the outstanding Prior Bonds; and

WHEREAS, the Sacramento City Financing Authority has agreed to purchase the 2013 Refunding Bonds with a portion of the proceeds of its 2013 Special Tax Refunding Revenue Bonds (Westlake and Regency Park), Series A (the “Authority Bonds”); and

WHEREAS, the City has determined that all things necessary to cause the 2013 Refunding Bonds, when duly executed by the City and authenticated and delivered by the Trustee as provided herein, to be legal and valid special tax obligations of the City enforceable in accordance with their terms, and to constitute the Indenture a valid agreement for the uses and purposes herein set forth in accordance with its terms, have been done and taken; and

WHEREAS, the execution and delivery of this Indenture and the execution and delivery of the 2013 Refunding Bonds, subject to the terms hereof, have in all respects been duly authorized;

NOW, THEREFORE, THE INDENTURE WITNESSETH, that in order to secure the payment of the interest on and principal of and redemption premiums, if any, on all Bonds (as defined in Section 1.01) at any time issued and outstanding hereunder according to their tenor, and to secure the observance and performance of all the agreements, conditions, covenants and terms therein and herein set forth, and to declare the conditions and terms upon and subject to which the Bonds shall be issued and received, and in consideration of the premises and of the mutual agreements and covenants contained herein and of the purchase and acceptance of the Bonds by the respective registered owners thereof from time to time, and for other valuable considerations, the receipt whereof is hereby acknowledged, the City does hereby agree and covenant with the Trustee, for the benefit of the respective registered owners from time to time of the Bonds, as follows:

ARTICLE I

DEFINITIONS; EQUAL SECURITY

SECTION 1.01. Definitions. Unless the context otherwise requires, all terms defined in this section shall for all purposes hereof and of any Supplemental Indenture and of the Bonds and of any certificate, opinion, report, request, or other document mentioned herein or therein have the meanings defined herein, the following definitions to be equally applicable to both the singular and plural forms of any of the terms defined herein:

Accountant's Report

“Accountant's Report” means a report signed by an Independent Certified Public Accountant.

Acquisition and Construction Fund

“Acquisition and Construction Fund” means the City of Sacramento North Natomas Westlake Community Facilities District No. 2000-01 Special Tax Bonds Acquisition and Construction Fund continued pursuant to Section 2.10 (to be maintained by the City Treasurer).

Act

“Act” means the Mello-Roos Community Facilities Act of 1982, as amended (being Sections 53311 et seq. of the Government Code of the State of California), and all laws amendatory thereof or supplemental thereto.

Authority Bonds

“Authority Bonds” means the [\$_____] aggregate principal amount of Sacramento City Financing Authority 2013 Special Tax Refunding Revenue Bonds (Westlake and Regency Park), Series A issued pursuant to the Authority Trust Agreement.

Authority Trust Agreement

“Authority Trust Agreement” means that certain Trust Agreement, dated as of January 1, 2013, among the Sacramento City Financing Authority, the City and The Bank of New York Mellon Trust Company, N.A., as trustee, as the same may be amended or supplemented in accordance with its terms.

Bond Redemption Fund

“Bond Redemption Fund” means the City of Sacramento North Natomas Westlake Community Facilities District No. 2000-01 Special Tax Refunding Bonds Bond Redemption Fund established pursuant to Section 4.02 (to be maintained by the Trustee).

Bond Reserve Fund

“Bond Reserve Fund” means the City of Sacramento North Natomas Westlake Community Facilities District No. 2000-01 Special Tax Refunding Bonds Bond Reserve Fund established pursuant to Section 4.02 (to be maintained by the Trustee).

Bond Year

“Bond Year” means the twelve-month period terminating on September 1 of each year; provided, that the first Bond Year shall commence on the date of the execution, authentication, and initial delivery of the Bonds.

Bonds, Serial Bonds, Term Bonds

“Bonds” means the aggregate principal amount of special tax bonds of the City at any time Outstanding hereunder that are executed, authenticated, and delivered in accordance with the provisions hereof, including the 2013 Refunding Bonds and any additional Series of Bonds. “Serial Bonds” means the Bonds for which no Sinking Fund Account Payments are established. “Term Bonds” means the Bonds which are redeemable or payable on or before their maturity date from Sinking Fund Account Payments established for the purpose of redeeming or paying such Bonds on or before their maturity date.

Business Day

“Business Day” means any day (other than a Saturday or a Sunday) on which the Trustee is open for corporate trust business at its Principal Corporate Trust Office.

Certificate of the City

“Certificate of the City” means an instrument in writing signed by the City Manager, the City Treasurer, or any other officer of the City duly authorized by the City Council for that purpose, with the seal of the City affixed.

City

“City” means the City of Sacramento, a California municipal corporation.

City Council

“City Council” means the City Council of the City of Sacramento.

City Clerk

“City Clerk” means the City Clerk of the City of Sacramento.

City Manager

“City Manager” means the City Manager of the City of Sacramento.

City Treasurer

“City Treasurer” means the City Treasurer of the City of Sacramento.

Code

“Code” means the Internal Revenue Code of 1986 and all regulations of the United States Department of the Treasury issued thereunder from time to time to the extent that such regulations are, at the time, applicable and in effect, and in this regard reference to any particular section of the Code shall include reference to any successor to such section of the Code.

Community Facilities District

“Community Facilities District” means the City of Sacramento North Natomas Westlake Community Facilities District No. 2000-01, a community facilities district duly organized and existing in the City under and by virtue of the Act.

Community Facilities Fund

“Community Facilities Fund” means the City of Sacramento North Natomas Westlake Community Facilities District No. 2000-01 Special Tax Refunding Bonds Community Facilities Fund established pursuant to Section 4.02 (to be maintained by the City Treasurer).

Costs of Issuance

“Costs of Issuance” means all costs and expenses payable by or reimbursable to the City that are related to the authorization, sale, execution, authentication, or initial delivery of Bonds, including costs of preparation and reproduction of documents, rating agency fees (if any), filing fees, fees and charges of the Trustee (including fees and expenses of its counsel), legal fees and charges and fees and charges of other consultants and professionals, together with all costs for the preparation of Bonds, and any other cost or expense in connection with the authorization, sale, execution, authentication, or initial delivery of Bonds.

Costs of Issuance Fund

“Costs of Issuance Fund” means the City of Sacramento North Natomas Westlake Community Facilities District No. 2000-01 Special Tax Refunding Bonds Costs of Issuance Fund established pursuant to Section 2.11 (to be maintained by the City Treasurer).

Debt Service

“Debt Service” means, for any Bond Year, the sum of (a) the interest payable during such Bond Year on all Outstanding Bonds, assuming that all Outstanding Serial Bonds are retired as scheduled and that all Outstanding Term Bonds are redeemed or paid as scheduled at the times of and in amounts equal to the sum of the Sinking Fund Account Payments, plus (b) the principal amount of all Outstanding Serial Bonds maturing by their terms in such Bond Year, plus (c) the Sinking Fund Account Payment required to be deposited in the Sinking Fund Account in such Bond Year.

Escrow Agent

“Escrow Agent” means The Bank of New York Mellon Trust Company, N.A., as escrow agent under the Escrow Agreement.

Escrow Agreement

“Escrow Agreement” means that certain Escrow Agreement, dated as of January 1, 2013, between the City and the Escrow Agent relating to the Prior Bonds.

Event of Default

“Event of Default” means an event described as such in Section 8.01.

Expense Fund

“Expense Fund” means the City of Sacramento North Natomas Westlake Community Facilities District No. 2000-01 Special Tax Refunding Bonds Expense Fund established pursuant to Section 4.02 (to be maintained by the City Treasurer).

Expenses

“Expenses” means all costs associated with the determination of the amount of the Special Tax, the collection of the Special Tax and the payment of the Special Tax, together with all other costs incurred in order to carry out the authorized purposes of the Community Facilities District, all as determined in accordance with Generally Accepted Accounting Principles.

Facilities

“Facilities” means the following public improvements, which are designed to serve property located within the Community Facilities District and were authorized at the special election held in the Community Facilities District on October 31, 2000, to be acquired

and constructed under the Act in and for the Community Facilities District: storm water detention basins, storm water conveyance facilities and trunk drainage canals, and (through funding of public facilities fees and citywide park fees) improvements to Del Paso Road and the construction of Westlake Park.

Federal Securities

“Federal Securities” means all of the following as and to the extent they are eligible for the legal investment of City funds:

(a) Any securities now or hereafter authorized both the interest on and principal of which are guaranteed by the full faith and credit of the United States of America.

(b) Any of the following obligations of federal agencies not guaranteed by the full faith and credit of the United States of America: (1) participation certificates or senior debt obligations of the Federal Home Loan Mortgage Corporation; (2) bonds or debentures of the Federal Home Loan Bank Board established under the Federal Home Loan Bank Act and bonds of any federal home loan bank established under such act; and (3) stocks, bonds, debentures, participations and other obligations of or issued by the Federal National Mortgage Association, the Student Loan Marketing Association, the Government National Mortgage Association, or the Federal Home Loan Mortgage Corporation.

(c) Any repurchase agreements that are secured by any of the securities or obligations described in subparagraph (a) or (b) of this definition, which securities or obligations also (1) have a fair market value (determined at least daily) at least equal to 102% of the amount invested in the repurchase agreement, (2) are in the possession of the Trustee or a third party acting solely as custodian for the Trustee who holds a perfected first lien therein, and (3) are free from all third-party claims.

Fiscal Year

“Fiscal Year” means the twelve-month period terminating on June 30 of each year, or any other annual accounting period hereafter selected and designated by the City as its Fiscal Year in accordance with applicable law.

Generally Accepted Accounting Principles

“Generally Accepted Accounting Principles” means the uniform accounting and reporting procedures set forth in publications of the American Institute of Certified Public Accountants or its successor, or by any other generally accepted authority on such procedures, including, as applicable, the standards set forth by the Governmental Accounting Standards Board or its successor.

Government Securities

“Government Securities” means any of the following securities: United States Treasury Obligations – State and Local Government Series (SLGS) and United States Treasury bills, notes and bonds.

Holder

“Holder” means any person who shall be the registered owner of any Outstanding Bond, as shown on the registration books maintained by the Trustee pursuant to Section 2.06.

Indenture

“Indenture” means this Indenture, dated as of January 1, 2013, between the City and the Trustee entered into under and pursuant to the Act, as originally executed and delivered and as it may from time to time be amended or supplemented by any Supplemental Indenture executed and delivered as provided herein.

Independent Certified Public Accountant

“Independent Certified Public Accountant” means any certified public accountant appointed and paid by the City who is duly licensed and entitled to practice under California law and is practicing as such and who:

- (a) is in fact independent and not under the domination of the City;
- (b) does not have a substantial financial interest, direct or indirect, in the operations of the City; and
- (c) is not connected with the City as an officer or employee of the City, but who may be regularly retained to audit the accounting records of and make reports thereon to the City.

“Independent Certified Public Accountant” also means any firm of such accountants.

Legal Investments

“Legal Investments” means any securities in which funds of the City may be legally invested in accordance with the applicable law in effect at the time of such investment and in accordance with the then-current investment policy of the City (as established by the City Council).

Mayor

“Mayor” means the Mayor of the City of Sacramento.

Opinion of Counsel

“Opinion of Counsel” means a written opinion of legal counsel retained by the City (including the Sacramento City Attorney or his designee).

Outstanding

“Outstanding,” when used as of any particular time with reference to Bonds, means (subject to the provisions of Section 7.02) all Bonds except:

- (a) Bonds cancelled and destroyed by the Trustee or delivered to the Trustee for cancellation and destruction;
- (b) Bonds paid or deemed to have been paid within the meaning of Section 9.01; and
- (c) Bonds mutilated, destroyed, stolen, or lost that have been replaced by other Bonds executed by the City and authenticated and delivered by the Trustee pursuant to Section 2.07.

Principal Corporate Trust Office

“Principal Corporate Trust Office” means the principal office of the Trustee in San Francisco, California, at which at any particular time its corporate trust business is being administered, except that with respect to presentation of Bonds for registration, payment, redemption, transfer or exchange, such term shall mean such other office designated by the Trustee from time to time as its Principal Corporate Trust Office.

Prior Bonds

“Prior Bonds” means the \$_____ outstanding principal amount of the City of Sacramento North Natomas Westlake Community Facilities District No. 2000-01 Special Tax Bonds.

Required Bond Reserve

“Required Bond Reserve” means, as of any date of calculation, the least of (a) 10% of the initial principal amount of the Bonds, or (b) the maximum Debt Service payable hereunder in the current or any future Bond Year, or (c) 125% of the average Debt Service payable hereunder in the current and in all future Bond Years, all as determined by the City under the Code and specified in writing to the Trustee.

Series

“Series,” whenever used herein with respect to Bonds, means all of the Bonds designated as being of the same series, authenticated and delivered in a simultaneous transaction regardless of variations in maturity, interest rate, redemption and other provisions and any Bonds thereafter authenticated and delivered upon transfer or exchange or in lieu of or in substitution for (but not to refund) such Bonds as herein provided.

Sinking Fund Account

“Sinking Fund Account” means the account in the Bond Redemption Fund referred to by that name established pursuant to Section 4.02.

Sinking Fund Account Payments

“Sinking Fund Account Payments” means the payments required hereunder to be deposited in the Sinking Fund Account for the payment of the Term Bonds.

Special Tax

“Special Tax” means the special tax authorized at the special election held in the Community Facilities District on October 31, 2000, to be levied and collected annually on all Taxable Land in the Community Facilities District under and pursuant to the Act.

Special Tax Formula

“Special Tax Formula” means the Rate and Method of Apportionment of Special Tax, approved at the election held in the Community Facilities District on October 31, 2000.

Special Tax Fund

“Special Tax Fund” means the City of Sacramento North Natomas Westlake Community Facilities District No. 2000-01 Special Tax Refunding Bonds Special Tax Fund established pursuant to Section 4.01 (to be maintained by the City Treasurer).

Special Tax Revenues

“Special Tax Revenues” means the proceeds of the Special Tax received by the City, excluding any prepayments thereof (which shall be used to redeem Bonds in accordance with the terms hereof and any Supplemental Indenture) and including the proceeds of the redemption or sale of property sold as a result of the foreclosure of the lien of the Special Tax, but excluding any interest or penalties thereon.

Supplemental Indenture

“Supplemental Indenture” means any indenture then in full force and effect that has been made and entered into by the City and the Trustee, amendatory of or supplemental hereto; but only to the extent that such Supplemental Indenture is specifically authorized hereunder.

Taxable Land

“Taxable Land” means all land within the Community Facilities District that is taxable under the Act in accordance with the proceedings for the authorization of the issuance of the Bonds and the levy and collection of the Special Tax under the Special Tax Formula.

Tax Certificate

“Tax Certificate” means, with respect to any Series of Bonds, the certificate delivered upon the issuance of such Series of Bonds relating to Section 148 of the Code, or any functionally similar replacement certificate.

Trustee

“Trustee” means The Bank of New York Mellon Trust Company, N.A., a banking corporation duly organized and existing under and by virtue of the laws of the United States of America and authorized to accept and execute trusts of the character herein set forth, at its Principal Corporate Trust Office, and its successors or assigns, or any other bank or trust company having a corporate trust office in California which may at any time be substituted in its place as provided in Section 6.01.

2013 Refunding Bonds

“2013 Refunding Bonds” means the [_____] dollars (\$[PRINCIPAL AMOUNT]) aggregate principal amount of City of Sacramento 2013 North Natomas Westlake Community Facilities District No. 2000-01 Special Tax Refunding Bonds, Series A at any time Outstanding hereunder that are executed, authenticated and delivered in accordance with the provisions hereof.

2013 Refunding Bonds Costs of Issuance Account

“2013 Refunding Bonds Costs of Issuance Account” means the account by that name within the Costs of Issuance Fund established pursuant to Section 2.11.

Written Request of the City

“Written Request of the City” means an instrument in writing signed by the City Manager, the City Treasurer, or any other officer of the City duly authorized by the City Council for that purpose.

SECTION 1.02. [Equal Security](#). In consideration of the acceptance of the Bonds by the Holders thereof, the Indenture shall be deemed to be and shall constitute a contract between the City and the Holders from time to time to secure the full and final payment of the interest on and principal of and redemption premiums, if any, on all Bonds which may from time to time be authorized, sold, executed, authenticated, and delivered hereunder, subject to the agreements, conditions, covenants, and terms contained herein; and all agreements, conditions, covenants, and terms contained herein required to be observed or performed by or on behalf of the City shall be for the equal and proportionate benefit, security, and protection of all Holders without distinction, preference, or priority as to security or otherwise of any Bonds over any other Bonds by reason of the number thereof or the time of execution, authentication, or delivery thereof or otherwise for any cause whatsoever, except as expressly provided herein or therein.

ARTICLE II

ISSUANCE OF 2013 REFUNDING BONDS; TERMS OF
2013 REFUNDING BONDS; GENERAL TERMS OF BONDS

SECTION 2.01. Authorization and Purpose of 2013 Refunding Bonds. The City Council has reviewed all proceedings heretofore taken relative to the authorization of the 2013 Refunding Bonds and has found, as a result of such review, and hereby finds and determines, that all acts, conditions, and things required by law to exist, happen, and be performed precedent to and in the issuance of the 2013 Refunding Bonds do exist, have happened and have been performed in due time, form, and manner as required by the Act, and the City is now authorized, pursuant to each and every requirement of the Act and hereof, to issue the 2013 Refunding Bonds pursuant to the Act and pursuant hereto to refund the Prior Bonds, and to pay the Costs of Issuance of the 2013 Refunding Bonds, which 2013 Refunding Bonds shall be entitled to the benefit, protection and security of the Act and hereof. The 2013 Refunding Bonds shall be designated the “City of Sacramento 2013 North Natomas Westlake Community Facilities District No. 2000-01 Special Tax Refunding Bonds, Series A.”

From and after the issuance of the 2013 Refunding Bonds, the findings and determinations of the City Council respecting the 2013 Refunding Bonds shall be conclusive evidence of the existence of the facts so found and determined in any action or proceeding in any court in which the validity of any 2013 Refunding Bonds is at issue, and no bona fide purchaser of any 2013 Refunding Bonds shall be required to see to the existence of any fact or to the performance of any condition or to the taking of any proceeding required prior to such issuance or to the application of the purchase price paid for such 2013 Refunding Bonds. The recital contained in the 2013 Refunding Bonds that the 2013 Refunding Bonds are issued pursuant to the Act and pursuant hereto shall be conclusive evidence of their validity and of the regularity of their initial issuance, and all 2013 Refunding Bonds shall be incontestable from and after their initial issuance, which shall be the date the definitive 2013 Refunding Bonds (or any temporary 2013 Refunding Bond exchangeable therefor) shall have been delivered to the purchaser thereof and the purchase price thereof shall have been received by the Trustee.

SECTION 2.02. Terms of 2013 Refunding Bonds. The 2013 Refunding Bonds shall be dated the date of the initial delivery thereof; shall be issued in fully registered form in the denomination of \$5,000 or any integral multiple thereof (except that no 2013 Refunding Bond shall have principal maturing on more than one maturity date); and shall mature on the dates and in the principal amounts and shall bear interest (computed on a 360-day year of twelve 30-day calendar months) payable on September 1, 2013, and semiannually thereafter on March 1 and September 1 in each year, at the rates per annum set forth in the following schedule:

<u>Maturity Date</u>	<u>Principal</u>	<u>Interest</u>
<u>September 1</u>	<u>Amount</u>	<u>Rate</u>

Maturity Date September 1	Principal Amount	Interest Rate
------------------------------	---------------------	------------------

The interest on and principal of and redemption premiums, if any, on the 2013 Refunding Bonds shall be payable in lawful money of the United States of America at the Principal Corporate Trust Office of the Trustee. Each 2013 Refunding Bond shall bear interest from the interest payment date next preceding the date of authentication thereof, unless it is authenticated on a day during the period from the 16th day of the month next preceding any interest payment date to such interest payment date, both days inclusive, in which event it shall bear interest from such interest payment date, or unless it is authenticated on a day on or before the 15th day of the month next preceding the first interest payment date on the 2013 Refunding Bonds, in which event it shall bear interest from its date; provided, that if at the time of authentication of any 2013 Refunding Bond interest is then in default on any Outstanding 2013 Refunding Bonds, such 2013 Refunding Bond shall bear interest from the interest payment date to which interest has previously been paid or made available for payment of interest on such Outstanding 2013 Refunding Bonds. Payment of interest on the 2013 Refunding Bonds due on or before the maturity or prior redemption thereof shall be made only to the person whose name appears in the registration books required to be kept by the Trustee pursuant to Section 2.06 as the registered owner thereof at the close of business on the 15th day of the month next preceding each interest payment date, such interest to be paid by check mailed by first class mail to such registered owner at his address as it appears on such books (except that in the case of a Holder of \$1,000,000 or more in aggregate principal amount of 2013 Refunding Bonds, payment shall be made at such Holder's option by federal wire transfer of immediately available funds according to written instructions provided by such Holder to the Trustee prior to the 15th day of the month next preceding such interest payment date to an account in a bank or trust company or savings bank that is a member of the Federal Reserve System and that is located in the United States of America). Payment of the principal of and redemption premiums, if any, on the 2013 Refunding Bonds shall be made only to the person whose name appears in the registration books required to be kept by the Trustee pursuant to Section 2.06 as the registered owner thereof, such principal and redemption premiums, if any, to be paid only on the surrender of the 2013 Refunding Bonds at the Principal Corporate Trust Office of the Trustee at maturity or on redemption prior to maturity.

Sinking Fund Account Payments are hereby established for the mandatory redemption and payment of the 2013 Refunding Bonds maturing on September 1, 20__, which payments shall become due during the years ending on the dates and in the amounts as set forth in the following schedule (except that if any of such Bonds shall have been optionally redeemed pursuant to Section 2.03, the amounts of the Sinking Fund Account Payments shall be reduced proportionately by the principal amount of all such Bonds so optionally redeemed), namely:

Year Ending
September 1

Sinking Fund
Account Payment

(maturity)

All such Sinking Fund Account Payments shall be deposited in the Sinking Fund Account, and all such money in the Sinking Fund Account may be used and withdrawn by the Trustee (upon receipt of a Written Request of the City) at any time for the purchase of such Bonds at public or private sale as and when and at such prices (including brokerage and other charges) as the City may in its discretion determine, but not to exceed the principal amount of such Bonds. All such money in the Sinking Fund Account on September 1 of each year during the period beginning on September 1, 20__, and ending on September 1, 20__, both days inclusive, shall be used and withdrawn by the Trustee on such September 1 for the mandatory redemption or payment of such Bonds; and the City hereby agrees and covenants with the Holders of the Bonds to call and redeem in accordance with Article III or pay such Bonds pursuant to this paragraph whenever on September 1 of any year, beginning on September 1, 20__, there is money in the Sinking Fund Account available for such purpose.

SECTION 2.03. [Redemption Prices of 2013 Refunding Bonds.](#)

(a) Mandatory Redemption. The 2013 Refunding Bonds maturing on September 1, 20__ are subject to mandatory redemption by the City prior to their maturity date in part on September 1 in each of the years 20__ through 20__, both years inclusive, solely from Sinking Fund Account Payments deposited in the Sinking Fund Account, upon mailed notice as provided herein, at a redemption price of 100% of the principal amount thereof called for redemption, together with accrued interest thereon to the date of redemption.

(b) Optional Redemption. The 2013 Refunding Bonds maturing on or after September 1, 20__, are subject to optional redemption by the City prior to their respective stated maturity dates, as a whole or in part on any date on or after [March 1], 20__, from any source of available funds, upon mailed notice as provided herein, at the following redemption prices (expressed as a percentage of the principal amount of 2013 Refunding Bonds or portions thereof called for redemption), together with accrued interest thereon to the date of redemption:

Redemption Date

Redemption Price

(c) Extraordinary Redemption. The 2013 Refunding Bonds are subject to extraordinary redemption by the City prior to their respective stated maturity dates, as a whole or in part on any date, solely from prepayments of the Special Tax, upon mailed notice as provided herein, at the following redemption prices (expressed as a percentage of the principal amount of 2013 Refunding Bonds or portions thereof called for redemption) , together with accrued interest thereon to the date of redemption:

<u>Redemption Date</u>	<u>Redemption Price</u>
------------------------	-------------------------

SECTION 2.04. Form of 2013 Refunding Bonds. The 2013 Refunding Bonds and the certificate of authentication and the assignment to appear thereon shall be in substantially the forms set forth in Exhibit A hereto, with such variations, insertions, or omissions as are appropriate and not inconsistent herewith.

SECTION 2.05. Execution of Bonds. The Bonds shall be signed on behalf of the City by the manual or a facsimile signature of the Mayor and countersigned by the manual or a facsimile signature of the City Clerk, and the seal of the City shall be impressed thereon or imprinted thereon by facsimile reproduction. In case any officer of the City who shall have signed any of the Bonds shall cease to be such officer before the Bonds so signed shall have been delivered to the purchaser by the Trustee, such Bonds may nevertheless be delivered and issued and, upon such delivery and issuance, shall be as binding upon the City as though the officer who signed the same had continued to be such officer until such delivery and issuance. Also, any Bond may be signed on behalf of the City by any officer of the City who on the actual date of the execution of such Bond shall be the proper officer of the City, although on the nominal date of such Bond such person shall not have been such officer of the City. Only those Bonds that bear thereon a certificate of authentication executed by the Trustee shall be entitled to any benefit, protection, or security hereunder or be valid or obligatory for any purpose, and such certificate of authentication of the Trustee shall be conclusive evidence that the Bonds so authenticated have been duly authorized, sold, executed, and delivered hereunder and are entitled to the benefits hereof.

SECTION 2.06. Transfer and Exchange of Bonds. The Trustee will keep at its Principal Corporate Trust Office sufficient books for the transfer and exchange of the Bonds, which books shall at all times during normal business hours with reasonable prior notice be open to inspection by the City or by any Holder. Any Bond may, in accordance with its terms, be transferred or exchanged on such books by the person in whose name it is registered, in person or by his duly authorized attorney, upon payment by the Holder requesting such transfer or exchange of any tax or other governmental charge required to be paid with respect to such transfer or exchange and upon surrender of such Bond for cancellation accompanied by delivery of a duly executed written instrument of transfer or exchange in a form acceptable to the Trustee. Whenever any Bond or Bonds shall be surrendered for transfer or exchange, the City shall execute and the Trustee shall authenticate and deliver a new Bond or Bonds of the same Series and maturity date and of authorized denominations for the same aggregate principal amount, except that neither the City nor the Trustee shall be required (a) to transfer or exchange any

Bonds during the fifteen-day period prior to the selection of any Bonds for redemption under Article III, or (b) to transfer or exchange any Bond which has been selected for redemption in whole or in part, except the unredeemed portion of such Bond selected for redemption in part, from and after the day that such Bond has been selected for redemption in whole or in part under Article III.

The City and the Trustee may deem and treat the registered owner of any Bond as the absolute owner of such Bond for all purposes hereof, whether such Bond shall be overdue or not, and neither the City nor the Trustee shall be affected by any notice or knowledge to the contrary; and payment of the interest on and the principal of and the redemption premium, if any, on such Bond shall be made only to the registered owner thereof as provided herein, which payments shall be valid and effectual to satisfy and discharge the liability on such Bond to the extent of the sum or sums so paid.

SECTION 2.07. [Mutilated, Destroyed, Stolen or Lost Bonds](#). In case any Bond shall become mutilated in respect of the body of such Bond or shall be believed by the Trustee to have been destroyed, stolen, or lost, upon proof of ownership satisfactory to the Trustee and upon the surrender of such mutilated Bond at the Principal Corporate Trust Office of the Trustee, or upon the receipt of evidence satisfactory to the Trustee of such destruction, theft, or loss and upon receipt of indemnity satisfactory to the Trustee, and also upon payment of all expenses incurred by the City and the Trustee in the premises, the City shall execute and the Trustee shall authenticate and deliver at its Principal Corporate Trust Office a new Bond or Bonds of the same Series and maturity date for the same aggregate principal amount of like tenor and date and bearing such numbers and notations as the Trustee shall determine in exchange and substitution for and upon cancellation of the mutilated Bond or in lieu of and in substitution for the Bond so destroyed, stolen, or lost.

If any such destroyed, stolen, or lost Bond shall have matured or shall have been called for redemption, payment of the amount due thereon may be made by the Trustee upon receipt of like proof, indemnity, and payment of expenses.

Any replacement Bond issued pursuant to this section in lieu of any mutilated Bond or any Bond alleged to be destroyed, stolen, or lost shall replace the mutilated Bond or the Bond alleged to be destroyed, stolen, or lost as an original contractual obligation on the part of the City and shall be entitled to equal and proportionate benefits with all other Bonds issued under this Indenture.

SECTION 2.08. [Temporary Bonds](#). Any Bonds may be initially issued in temporary form exchangeable for definitive Bonds when ready for delivery, which temporary Bonds shall be typewritten, shall be of such denominations as may be determined by the City, shall be issued in fully registered form, shall contain such reference to any of the provisions hereof as may be appropriate, and shall be executed by the City upon the same conditions and in substantially the same manner as the definitive Bonds. If the City issues temporary Bonds, it will execute and furnish definitive Bonds without delay, and thereupon the temporary Bonds may be surrendered in exchange therefor at the Principal Corporate Trust Office of the Trustee, and the Trustee shall deliver in exchange for such temporary Bonds an equal aggregate principal amount of definitive Bonds of authorized denominations of the same Series and maturity date or

dates, and until so exchanged, the temporary Bonds shall be entitled to the same benefits as definitive Bonds issued hereunder.

SECTION 2.09. [Registration of 2013 Refunding Bonds.](#) The 2013 Refunding Bonds shall be initially registered in the name of “The Bank of New York Mellon Trust Company, N.A., as trustee for the Sacramento City Financing Authority 2013 Special Tax Refunding Revenue Bonds (Westlake and Regency Park), Series A” and shall be initially issued as one 2013 Refunding Bond for each of the maturities in the principal amounts set forth herein, and registered ownership of the 2013 Refunding Bonds, or any portion thereof, may not thereafter be transferred except to a successor to such registered owner in accordance with the provisions of the Authority Trust Agreement.

SECTION 2.10. [Acquisition and Construction Fund.](#) There is hereby continued in the treasury of the City a fund to be known as the “City of Sacramento North Natomas Westlake Community Facilities District No. 2000-01 Special Tax Bonds Acquisition and Construction Fund,” which fund contains amounts consisting of proceeds of the Prior Bonds. All money in the Acquisition and Construction Fund shall be applied by the City Treasurer in the manner provided by the Act for paying the costs of the acquisition and construction of the Facilities (or for making reimbursements to the City for such costs theretofore paid by it), including payment of costs incidental to or connected with such acquisition and construction, or for the repayment of funds advanced to or for the Community Facilities District; provided, that any money remaining in the Acquisition and Construction Fund after the completion of the payment of the costs of the acquisition and construction of the Facilities shall be withdrawn by the City Treasurer from the Acquisition and Construction Fund and deposited by the City Treasurer in the Special Tax Fund.

SECTION 2.11. [Costs of Issuance Fund; 2013 Refunding Bonds Costs of Issuance Account.](#) There is hereby established in the treasury of the City a fund to be known as the “City of Sacramento North Natomas Westlake Community Facilities District No. 2000-01 Special Tax Refunding Bonds Costs of Issuance Fund” and a separate account therein to be known as the “2013 Refunding Bonds Costs of Issuance Account,” into which account shall be deposited the amount required to be deposited therein by the provisions hereof. All money in the 2013 Refunding Bonds Costs of Issuance Account shall be applied in the manner provided by law for payment of Costs of Issuance of the 2013 Refunding Bonds; provided, that any money remaining in the 2013 Refunding Bonds Costs of Issuance Account after the completion of the payment of the Costs of Issuance of the 2013 Refunding Bonds (but not later than [July __, 2013]) shall be withdrawn by the City Treasurer from the 2013 Refunding Bonds Costs of Issuance Account and deposited by the City Treasurer in the Special Tax Fund.

SECTION 2.12. [Application of Proceeds of Sale of 2013 Refunding Bonds.](#) Upon the receipt of payment of the proceeds of sale of the 2013 Refunding Bonds when the same shall have been duly sold by the City, the Trustee shall (upon receipt of a Written Request of the City) set aside and deposit or transfer the proceeds of sale of the 2013 Refunding Bonds in the following order:

(a) The Trustee shall deposit in the Bond Reserve Fund a sum which is equal to the Required Bond Reserve;

(b) The Trustee shall transfer the amount of \$_____ to the Escrow Agent for deposit in accordance with the Escrow Agreement; and

(c) The Trustee shall transfer to the City Treasurer for deposit in the 2013 Refunding Bonds Costs of Issuance Account the remaining proceeds of sale of the 2013 Refunding Bonds.

SECTION 2.13. Provisions for the Issuance of Additional Series of Bonds.

In addition to the 2013 Refunding Bonds, the City may at any time, by a Supplemental Indenture, authorize the issuance of additional Series of Bonds, secured by, and payable from, the Special Tax Revenues as provided herein equally and ratably with any other Outstanding Bonds, including any Outstanding 2013 Refunding Bonds, but only upon compliance by the City with the provisions of this Indenture and any additional requirements set forth in the Supplemental Indenture, and subject to the following specific conditions, which are hereby made conditions precedent to the issuance of any such additional Series of Bonds:

(a) No Event of Default shall have occurred and then be continuing; and

(b) The Supplemental Indenture providing for the issuance of the additional Series of Bonds shall specify the purpose for which such additional Series of Bonds are being issued, which purpose shall be to refund all or part of any other Series of Bonds then Outstanding.

ARTICLE III

REDEMPTION OF BONDS

SECTION 3.01. Selection of Bonds for Redemption. If less than all the Bonds of any Series are to be redeemed at any one time, the City shall select the maturity date or dates of the Bonds of such Series to be redeemed pro rata (as nearly as possible given minimum authorized denominations) in proportion to the total principal amount of Bonds of such Series Outstanding at the time of redemption, and if less than all the Bonds of any Series of any one maturity date are to be redeemed at any one time, the Trustee shall select by lot the Bonds of such Series or the portions thereof of such maturity date to be redeemed in integral multiples of \$5,000. The City shall notify the Trustee in writing at least 15 days prior to the date fixed for the selection of any Bonds for redemption, and after such selection the Trustee shall promptly notify the City in writing of the numbers of the Bonds selected for redemption in whole or in part.

SECTION 3.02. Notice of Redemption. The Trustee shall mail a notice of redemption pursuant to Section 10.09 to the respective Holders of all Bonds selected for redemption in whole or in part and to the underwriter or first purchaser of the Bonds selected for redemption. Such notice shall state the date of such notice, the Bonds to be redeemed, the date of issue of such Bonds, the redemption date, the redemption price, the place of redemption (being the address of the Principal Corporate Trust Office of the Trustee), the CUSIP number (if any) of the maturity or maturities, and, if less than all of any such maturity, the numbers of the Bonds of such maturity to be redeemed, and, in the case of Bonds to be redeemed in part only, the respective portions of the principal amount thereof to be redeemed, and shall give notice that

further interest on such Bonds or the portions thereof redeemed will not accrue from and after the redemption date, and shall require that such Bonds be surrendered at the Principal Corporate Trust Office of the Trustee for payment of the redemption price thereof. If any Bond so chosen for redemption shall not be redeemable in whole, such notice shall also state that such Bond is to be redeemed in part only and that upon presentation of such Bond for redemption there will be issued in lieu of the unredeemed portion of principal thereof a new Bond or Bonds of the same Series and and maturity date and of authorized denominations equal in aggregate principal amount to such unredeemed portion.

With respect to any notice of redemption of Bonds delivered pursuant to this Section 3.02 in respect of an optional or extraordinary redemption, unless, upon the giving of such notice, such Bonds shall be deemed to have been paid within the meaning of Article IX hereof, such notice shall state that such redemption shall be conditional upon the receipt by the Trustee on or prior to the date fixed for such redemption of amounts sufficient to pay the principal of, and premium, if any, and interest on, such Bonds to be redeemed, and that if such amounts shall not have been so received the notice shall be of no force and effect and the City shall not be required to redeem such Bonds. In the event that any such notice of redemption contains such a condition and such amounts are not so received, the redemption shall not be made and the Trustee shall within a reasonable time thereafter give notice to the Holders to the effect that such amounts were not so received and such redemption was not made, such notice to be given by the Trustee in the manner in which the notice of redemption was given. Such failure to redeem such Bonds shall not constitute an Event of Default.

Any notice given pursuant to this Section 3.02 may be rescinded by written notice given to the Trustee by the City no later than five Business Days prior to the date specified for redemption. The Trustee shall give notice of such rescission as soon thereafter as practicable in the same manner, and to the same Persons, as notice of such redemption was given pursuant to this Section 3.02.

SECTION 3.03. [Partial Redemption of Bonds](#). Upon surrender of any Bond redeemed in part only, the City shall execute and the Trustee shall authenticate and deliver to the registered owner thereof at the expense of the City a new Bond or Bonds of the same Series and maturity date and of authorized denominations equal in aggregate principal amount to the unredeemed portion of the Bond surrendered.

SECTION 3.04. [Effect of Redemption of Bonds](#). If notice of redemption has been duly given pursuant to Section 3.02 and money for the payment of the redemption price of the Bonds or portions thereof called for redemption is held by the Trustee, then on the redemption date designated in such notice such Bonds or such portions thereof shall become due and payable, and from and after the date so designated interest on the Bonds or such portions thereof so called for redemption shall cease to accrue and the Holders of such Bonds shall have no rights in respect thereof except to receive payment of the redemption price thereof on the redemption date.

ARTICLE IV

PAYMENT OF BONDS

SECTION 4.01. Deposit of Proceeds of the Special Tax in the Special Tax Fund. The City agrees and covenants that all Special Tax Revenues, when and as received, will be received and held by it in trust hereunder and will be deposited as and when received in the “City of Sacramento North Natomas Westlake Community Facilities District No. 2000-01 Special Tax Refunding Bonds Special Tax Fund,” which fund is hereby established in the treasury of the City and which fund the City hereby agrees and covenants to maintain with the City Treasurer so long as any Bonds are Outstanding hereunder, and all money in the Special Tax Fund shall be accounted for separately and apart from all other accounts, funds, money, or other resources of the City and shall be disbursed, allocated, and applied solely to the uses and purposes hereinafter set forth in this article.

SECTION 4.02. Allocation of Money in the Special Tax Fund. All money in the Special Tax Fund shall be set aside by the City Treasurer in the following respective funds (each of which funds the City agrees and covenants to maintain with the City Treasurer or the Trustee, as the case may be, so long as any Bonds are Outstanding hereunder) in the following order of priority, and all money in each of such funds shall be applied, used, and withdrawn only for the purposes hereinafter authorized in this section, namely:

(a) City of Sacramento North Natomas Westlake Community Facilities District No. 2000-01 Special Tax Refunding Bonds Bond Redemption Fund (maintained by the Trustee). On or before the first day in March and September in each year, beginning in September 2013, the City Treasurer shall, from the money in the Special Tax Fund, transfer to the Trustee for deposit in the Bond Redemption Fund an amount of money equal to the aggregate amount of interest becoming due and payable on all Outstanding Bonds on such March 1 or September 1, as the case may be; and on or before the first day in September 1 in each year, beginning in September 2013, the City Treasurer shall, from the then remaining money in the Special Tax Fund, transfer to the Trustee for deposit in the Bond Redemption Fund an amount of money equal to the aggregate amount of principal becoming due and payable on all Outstanding Serial Bonds on such September 1 plus the Sinking Fund Account Payment required to be made on such September 1 into the Sinking Fund Account, as the case may be; provided, that all of the aforesaid payments shall be made without priority of any payment over any other payment, and in the event that the money in the Bond Redemption Fund on any March 1 or September 1 is not equal to the amount of interest becoming due on all Bonds on such date, or in the event that the money in the Bond Redemption Fund on any September 1 is not equal to the aggregate amount of principal of the Bonds becoming due on such date or the Sinking Fund Account Payment required to be made on such date, as the case may be, then such money shall be applied pro rata in such proportion that such interest and principal or Sinking Fund Account Payment bear to each other; and provided further, that no deposit need be made into the Bond Redemption Fund if the amount of money contained therein is at least equal to the amount required by the terms of this paragraph to be deposited therein at the times and in the amounts provided herein.

All money in the Bond Redemption Fund shall be used and withdrawn by the Trustee solely to pay the interest on the Bonds as it shall become due and payable (including accrued interest on any Bonds purchased or redeemed prior to maturity) plus the principal of and redemption premiums, if any, on the Bonds as they shall mature or upon the prior redemption thereof, except that any money in the Sinking Fund Account shall be used only to purchase or redeem or retire Term Bonds.

(b) City of Sacramento North Natomas Westlake Community Facilities District No. 2000-01 Special Tax Refunding Bonds Bond Reserve Fund (maintained by the Trustee). On or before the first day in September in each year, beginning in September 2013, the City Treasurer shall, from the then remaining money in the Special Tax Fund, transfer to the Trustee for deposit in the Bond Reserve Fund the amount of money that is required to restore the Bond Reserve Fund to an amount equal to the Required Bond Reserve; and for this purpose all investments in the Bond Reserve Fund shall (beginning in September 2013) be valued on or before September 1 of each year at the face value thereof if such investments mature within 12 months from the date of valuation or, if such investments mature more than 12 months after the date of valuation, at the price at which such investments are redeemable by the holder at his option, if so redeemable, or if not so redeemable, at the lesser of either the cost of such investments or the market value of such investments; provided, that no deposit need be made into the Bond Reserve Fund if the amount contained therein is at least equal to the Required Bond Reserve. In making any valuations hereunder, the Trustee may use and rely on computerized securities pricing services that may be available to it, including those available through its regular accounting system.

All money in the Bond Reserve Fund shall be used and withdrawn by the Trustee solely for the purpose of paying the interest on or principal of the Bonds in the event there is insufficient money in the Bond Redemption Fund available for this purpose; provided, that if as a result of any of the foregoing valuations it is determined that the amount of money in the Bond Reserve Fund exceeds the Required Bond Reserve, the Trustee shall withdraw the amount of money representing such excess from such fund and shall deposit such amount of money in the Special Tax Fund.

(c) City of Sacramento North Natomas Westlake Community Facilities District No. 2000-01 Special Tax Refunding Bonds Expense Fund (maintained by the City Treasurer). On September 1 in each year, beginning in September 2013, the City Treasurer shall, from the then remaining money in the Special Tax Fund, transfer to and deposit in the Expense Fund a sum equal to the amount required by the City for the payment of budgeted Expenses during the twelve-month period beginning on such date (or for the reimbursement to the City for the payment of any unbudgeted Expenses made during any prior twelve-month period). All money in the Expense Fund shall be used and withdrawn by the City Treasurer only for transfer to or for the account of the City to pay budgeted Expenses (as herein provided) or to reimburse the City for the payment of unbudgeted Expenses (as herein provided), or to pay the interest on or principal of or redemption premiums, if any, on the Bonds in the event that no other money is available therefor.

(d) City of Sacramento North Natomas Westlake Community Facilities District No. 2000-01 Special Tax Refunding Bonds Community Facilities Fund (maintained by the City Treasurer). All money remaining in the Special Tax Fund on September 1 of each year, beginning in September 2013, after transferring all of the sums required to be transferred therefrom on or prior to such date by the provisions of Sections 4.02(a), (b) and (c), shall be withdrawn from the Special Tax Fund by the City Treasurer and deposited in the “City of Sacramento North Natomas Westlake Community Facilities District No. 2000-01 Special Tax Refunding Bonds Community Facilities Fund,” which fund the City hereby agrees and covenants to maintain with the City Treasurer so long as any Bonds are Outstanding hereunder, and all money in the Community Facilities Fund shall be used and withdrawn by the City solely for the benefit of the Community Facilities District in accordance with the Act; provided, that the City Treasurer shall not make any such withdrawal of money in the Special Tax Fund if and when (to the City Treasurer’s actual knowledge) an Event of Default is then existing hereunder.

ARTICLE V

COVENANTS OF THE CITY

SECTION 5.01. Punctual Payment and Performance. The City will punctually pay the interest on and principal of and redemption premium, if any, to become due on every Bond issued hereunder in strict conformity with the terms of the Act and hereof and of the Bonds, and will faithfully observe and perform all the agreements, conditions, covenants, and terms contained herein and in the Bonds required to be observed and performed by it.

SECTION 5.02. Against Indebtedness and Encumbrances. The City will not issue any evidences of indebtedness payable from the Special Tax Revenues except the Bonds as provided herein, and will not create, or permit the creation of, any pledge, lien, charge, or other encumbrance upon any money in the Special Tax Fund other than as provided herein; provided, that the City may at any time, or from time to time, issue evidences of indebtedness for any lawful purpose of the Community Facilities District which are payable from any money in the Community Facilities Fund as may from time to time be deposited therein (as provided in Section 4.02) so long as any payments due thereunder shall be subordinate in all respects to the use of the Special Tax Revenues as provided herein.

SECTION 5.03. [Against Federal Income Taxation.](#) The City will not take any action, or fail to take any action, if such action or failure to take such action would adversely affect the exclusion from gross income of the interest on the Authority Bonds pursuant to Section 103 of the Code, and specifically the City will not directly or indirectly use or make any use of the proceeds of the Bonds or any other funds of the City or take or omit to take any action that would cause the Authority Bonds to be “arbitrage bonds” subject to federal income taxation by reason of Section 148 of the Code or “private activity bonds” subject to federal income taxation by reason of Section 141(a) of the Code or obligations subject to federal income taxation because they are “federally guaranteed” as provided in Section 149(b) of the Code; and to that end the City, with respect to the proceeds of the Bonds and such other funds, will comply with all requirements of such sections of the Code; provided, that if the City shall obtain an opinion of nationally recognized bond counsel to the effect that any action required under this section is no longer required, or to the effect that some further action is required, to maintain the exclusion from gross income of the interest on the Authority Bonds pursuant to Section 103 of the Code, the City may rely conclusively on such opinion in complying with the provisions hereof. In the event that at any time the City is of the opinion that for purposes of this section it is necessary to restrict or limit the yield on the investment of any money held by the City Treasurer or the Trustee hereunder or otherwise the City shall so instruct the City Treasurer or the Trustee, as the case may be, in writing, and the City Treasurer or the Trustee, as the case may be, shall take such action as may be necessary in accordance with such instructions.

SECTION 5.04. [Payment of Claims.](#) The City will pay and discharge any and all lawful claims which, if unpaid, might become payable from the Special Tax Revenues or any part thereof or upon any funds in the hands of the City Treasurer or the Trustee allocated to the payment of the interest on or principal of or redemption premiums, if any, on the Bonds, or which might impair the security of the Bonds.

SECTION 5.05. [Expense Budgets.](#) The City Council will, on or before September 1 in each year, beginning in September 2013, adopt a budget setting forth the costs of the estimated Expenses for the twelve-month period from such September 1 through the next succeeding August 31 (or for the reimbursement to the City for the payment of any unbudgeted Expenses made during any prior period); provided, that any budget adopted in accordance with this section may be amended by the City Council at any time.

SECTION 5.06. [Accounting Records; Financial Statements and Other Reports.](#)

(a) The City will keep, or in the case of transactions made by the Trustee it will cause the Trustee to keep, appropriate accounting records in which complete and correct entries shall be made of all transactions relating to the receipt, investment, disbursement, allocation, and application of the Special Tax Revenues and of the proceeds of the Bonds, which accounting records shall at all times during normal business hours with reasonable prior notice be subject to the inspection of any Holder (or his representative authorized in writing).

(b) The City will prepare annually within 210 days after the close of each Fiscal Year (commencing with the Fiscal Year ending June 30, 2013) financial statements of the City for the preceding Fiscal Year prepared in accordance with Generally Accepted Accounting

Principles, together with an Accountant's Report thereon. The City will furnish a copy of such financial statements and Accountant's Report without charge to any Holder (or his representative authorized in writing) and to any investment banker, security dealer, or other person interested in the Bonds requesting copies thereof.

(c) The City will prepare annually not more than one hundred eighty (180) days after the close of each Fiscal Year (commencing with the Fiscal Year ending June 30, 2013) a summary report showing in reasonable detail the Special Tax Revenues levied and collected and the costs of the Expenses for the preceding Fiscal Year and containing a general statement of the physical condition of the Facilities. The City will furnish a copy of such summary report without charge to any Holder (or his representative authorized in writing) and to any investment banker, security dealer or other person interested in the Bonds requesting a copy thereof.

(d) The City will prepare annually not later than October 30 of each year and file with the California Debt and Investment Advisory Commission by mail, postage prepaid, all necessary information required to be filed under the Act, including the following:

- (1) the principal amount of the Outstanding Bonds;
- (2) the balance in the Bond Reserve Fund;
- (3) the balance in the Bond Redemption Fund constituting capitalized interest, if any;
- (4) the number of parcels securing the Bonds which are delinquent with respect to their Special Tax payments, the amount that each delinquent parcel is delinquent, the length of time that each delinquent parcel has been delinquent, and the date that foreclosure was commenced for each delinquent parcel; and
- (5) the assessed value of all parcels subject to the levy of the Special Tax to repay the Bonds, as shown on the most equalized assessment roll of the County of Sacramento.

Additionally, the City will notify the California Debt and Investment Advisory Commission by mail, postage prepaid, within 10 days if the Trustee fails to pay any interest on or principal of any of the Bonds on any scheduled payment date, or if funds are withdrawn from the Bond Reserve Fund to pay any interest on or principal of the Bonds.

SECTION 5.07. [Protection of Security and Rights of Holders](#). The City will preserve and protect the security of the Bonds and the rights of the Holders and will warrant and defend their rights against all claims and demands of all persons.

SECTION 5.08. [Payment of Governmental Charges and Compliance with Governmental Regulations](#). The City will pay and discharge all taxes or payments in lieu of taxes, assessments and other governmental charges or liens that may be levied, assessed, or charged upon the Facilities or any part thereof promptly as and when the same shall become due and payable, except that the City shall not be required to pay any such governmental charges so long as the application or validity thereof shall be contested in good faith and the City shall have

set aside reserves to cover such charges. The City will duly observe and conform with all valid regulations and requirements of any governmental authority relative to the operation of the Facilities or any part thereof, except that the City shall not be required to comply with any such regulations or requirements so long as the application or validity thereof shall be contested in good faith.

SECTION 5.09. [Levy and Collection of the Special Tax](#). So long as any Bonds are Outstanding, the City will annually levy the Special Tax against all Taxable Land in the Community Facilities District and make provision for the collection of the Special Tax in amounts which will be sufficient, after making reasonable allowances for contingencies and errors in the estimates, to yield proceeds equal to the amounts required for compliance with all the agreements, conditions, covenants, and terms contained herein, and which in any event will be sufficient to pay the interest on and principal of and Sinking Fund Account Payments for and redemption premiums, if any, on the Bonds as they become due and payable and to replenish the Bond Reserve Fund and to pay all Expenses as they become due and payable in accordance with the provisions and terms hereof. The Special Tax shall be collected in the same manner as ordinary ad valorem property taxes for the County of Sacramento are collected and, except as otherwise provided in Section 5.10 or by the Act, shall be subject to the same penalties and the same collection procedure, sale, and lien priority in case of delinquency as is provided for ad valorem property taxes.

SECTION 5.10. [Foreclosure of Special Tax Liens](#). On or before October 1 of each year, the City will review the public records of the County of Sacramento relating to the collection of the Special Tax in order to determine the amount of the Special Tax collected in the prior Fiscal Year, and (a) on the basis of such review the City will, not later than the succeeding December 1, institute foreclosure proceedings as authorized by the Act against all parcels of Taxable Land that are delinquent in the payment of such Special Tax in such Fiscal Year by \$1,000 or more in order to enforce the lien of all such delinquent installments of such Special Tax, and will diligently prosecute and pursue such foreclosure proceedings to judgment and sale; and (b) on the further basis of such review, if the City determines that the total amount so collected is less than 95% of the total amount of the Special Tax levied in such Fiscal Year, the City will, not later than the succeeding December 1, institute foreclosure proceedings as authorized by the Act against all parcels of Taxable Land that are delinquent in the payment of such Special Tax in such Fiscal Year to enforce the lien of all the delinquent installments of such Special Tax, and will diligently prosecute and pursue such foreclosure proceedings to judgment and sale; provided, that any actions taken to enforce delinquent Special Tax liens shall be taken only consistent with the Act; and provided further, that the City shall not be obligated to enforce the lien against any parcel of Taxable Land of any delinquent installment of the Special Tax in any Fiscal Year in which the City shall have received 100% of the amount of such delinquent installment from the County of Sacramento pursuant to the so-called "Teeter Plan."

SECTION 5.11. [Continuing Disclosure Certificates](#). The City will comply with and carry out all of the provisions of each Continuing Disclosure Certificate executed by the City and dated the date of the execution, authentication, and initial delivery of the related Series of Bonds issued hereunder, as originally executed and as it may be amended from time to time in accordance with the terms thereof, and notwithstanding any other provision hereof, failure of the City to comply with any such Continuing Disclosure Certificate shall not be considered an Event

of Default hereunder; provided, that any Holder 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 section.

SECTION 5.12. Further Assurances. The City will adopt, deliver, execute, make and file any and all further assurances, instruments, and resolutions as may be reasonably necessary or proper to carry out the intention or to facilitate the performance hereof and for the better assuring and confirming unto the Holders of the rights and benefits provided herein, including the filing of all financing statements, agreements, instruments, or other documents in the forms and in the locations necessary to perfect and protect, and to continue the perfection of, the pledge of the Special Taxes provided herein to the fullest extent possible under applicable law of the State of California.

ARTICLE VI

THE TRUSTEE

SECTION 6.01. The Trustee. The Bank of New York Mellon Trust Company, N.A., at its Principal Corporate Trust Office, is hereby appointed Trustee for the purpose of receiving all money which the City is required to transfer to it hereunder and for applying and using such money as provided herein for the purpose of paying the interest on and principal of and redemption premiums, if any, on the Bonds. The City agrees that it will at all times maintain a Trustee having a Principal Corporate Trust Office in California.

The City may remove the Trustee initially appointed and any successor thereto and may appoint a successor or successors thereto by an instrument in writing; provided, that any such successor shall be a bank or trust company doing business and having a corporate trust office in California, with a combined capital (exclusive of borrowed capital) and surplus of at least \$100,000,000 and subject to supervision or examination by a federal or state banking authority, and if such bank or trust company publishes a report of condition at least annually, pursuant to law or to the requirements of any supervising or examining authority above referred to, then for the purpose of this section the combined capital and surplus of such bank or trust company shall be deemed to be its combined capital and surplus as set forth in its most recent report of condition so published. The Trustee may at any time resign by giving written notice of such resignation to the City and by giving notice of such resignation by mail pursuant to Section 10.09 to the Holders, and upon receiving such notice of resignation the City shall promptly appoint a successor Trustee by an instrument in writing having the qualifications required hereby. Any resignation or removal of a Trustee and appointment of a successor Trustee shall become effective only upon the acceptance of appointment by the successor Trustee. If within 30 days after notice of the removal or resignation of the Trustee no successor Trustee shall have been appointed by the City and shall have accepted such appointment, the removed or resigning Trustee may petition any court of competent jurisdiction for the appointment of a successor Trustee, which court may thereupon, after such notice, if any, as it may deem proper and prescribe and as may be required by law, appoint a successor Trustee having the qualifications required hereby.

Notwithstanding anything to the contrary contained herein, any corporation or association into which the Trustee may be merged or with which it may be consolidated, or any corporation or association resulting from any merger or consolidation to which the Trustee shall be a party, or any corporation or association succeeding to the corporate trust business of the Trustee, shall be the successor of the Trustee hereunder without the execution or filing of any paper or any further act on the part of any of the parties hereto.

The Trustee is hereby authorized to pay interest on the Bonds due on or before the maturity or prior redemption thereof to the Holders as their names appear at the close of business on the 15th day of the month next preceding each interest payment date on the registration books required to be kept by it pursuant to Section 2.06 as the registered owners thereof, such interest to be paid by check mailed by first class mail to the Holders at their addresses appearing on such books (except that in the case of a Holder of \$1,000,000 or more in principal amount of Bonds, payment shall be made at such Holder's option by wire transfer of immediately available funds to an account in a bank or trust company or savings bank that is a member of the Federal Reserve System and that is located in the United States of America according to written instructions provided by such Holder to the Trustee prior to the 15th day of the month next preceding such interest payment date) and to pay to the Holders the principal of and redemption premiums, if any, on the Bonds upon presentation and surrender of the Bonds to the Trustee at maturity or on redemption prior to maturity. The Trustee shall cancel and destroy all Bonds paid by it at maturity or on redemption prior to maturity and all Bonds surrendered to it by the City, and shall (if requested by the City) deliver to the City a certificate of such destruction, and the Trustee shall keep accurate records of all Bonds cancelled and destroyed by it hereunder. All money held by or on behalf of the Trustee for the payment of the interest on or principal of or redemption premiums, if any, on the Bonds, whether at maturity or upon prior redemption, shall be held in trust for the account of the Holders thereof, and the Trustee shall not be required to pay Holders or the City any interest on, or be liable to the City, the Holders or any other person for any interest earned on, any money so held.

The City shall from time to time, subject to any agreement between the City and the Trustee then in force, pay the Trustee compensation for its services, reimburse the Trustee for all its advances and expenditures, including advances to and fees and expenses of independent accountants, counsel and engineers or other experts employed by it in the exercise and performance of its rights and obligations hereunder, and indemnify and save the Trustee harmless against loss, expenses, costs, claims and liabilities (including those of its attorneys and agents) not arising from its own negligence or willful misconduct which it may incur in the exercise and performance of its rights and obligations hereunder, which obligation shall survive the resignation or removal of any Trustee or the payment or defeasance of the Bonds.

SECTION 6.02. [Liability of the Trustee](#). The recitals of facts, agreements, and covenants contained herein and in the Bonds shall be taken as statements, agreements, and covenants of the City, and the Trustee does not assume any responsibility for the correctness of the same and does not make any representation as to the sufficiency or validity hereof or of the Bonds or of the Special Tax and shall not incur any responsibility in respect thereof other than in connection with the rights and obligations expressly assigned to or imposed upon it herein or in the Bonds, and shall not be liable in connection with the performance of its rights or obligations hereunder except for its own negligence or willful misconduct. The Trustee shall not be liable

for any error of judgment made in good faith by a responsible officer thereof unless it shall be proved that the Trustee was negligent in ascertaining the pertinent facts, and no provision hereof shall require the Trustee to expend or risk its own funds or otherwise incur any liability for the performance of its rights or obligations hereunder or in the exercise of any of its rights or obligations hereunder. The Trustee shall be entitled to advice of counsel concerning all matters of trust and its duties hereunder; provided, that the Trustee shall not be answerable for the negligence or misconduct of any attorney or certified public accountant selected by it with due care.

The Trustee shall perform only those obligations expressly set forth herein, and no implied obligations shall be read herein against the Trustee. The Trustee shall have no responsibility with respect to any information, statement, or recital in any official statement, offering memorandum, or any other disclosure material prepared or distributed with respect to the Bonds. No provision hereof shall require the Trustee to expend or risk its own funds or otherwise incur any financial liability in the performance of any of its obligations hereunder or in the exercise of any of its rights hereunder if it shall have reasonable grounds for believing that repayment of such funds or adequate indemnity against such risk or liability is not reasonably assured to it.

SECTION 6.03. [Notice to the Trustee](#). The Trustee shall be protected in acting upon any Bond, certificate, consent, notice, opinion, report, request, resolution, or other document or paper believed by it to be genuine and to have been signed or presented by the proper party or parties. The Trustee may consult with counsel, including counsel to the City, with regard to legal questions, and the opinion of such counsel shall be full and complete authorization and protection with respect to any action taken or suffered hereunder in good faith and in accordance therewith. The Trustee shall not be deemed to have knowledge of any default or Event of Default hereunder unless and until an officer of the Trustee at its Principal Corporate Trust Office responsible for the administration of its obligations hereunder shall have actual knowledge thereof or the Trustee shall have received written notice thereof at its Principal Corporate Trust Office.

Whenever in the administration of its rights and obligations hereunder the Trustee shall deem it necessary or desirable that a matter be established or proved prior to taking or suffering any action hereunder, such matter (unless other evidence in respect thereof be herein specifically prescribed) may, in the absence of bad faith on the part of the Trustee, be deemed to be conclusively established or proved by a Certificate of the City or an Accountant's Report, which shall be full warrant to the Trustee for any action taken or suffered under the provisions hereof upon the faith thereof, and on which the Trustee may conclusively rely, except that in its discretion the Trustee may, in lieu thereof, accept other evidence of such matter or may require such additional evidence as it may deem reasonable.

ARTICLE VII

AMENDMENT OF OR SUPPLEMENT TO THE INDENTURE

SECTION 7.01. Procedure for Amendment of or Supplement to the Indenture.

(a) Amendment or Supplement With Consent of Holders. The Indenture and the rights and obligations of the City and of the Holders hereunder may be amended or supplemented at any time by the execution and delivery of a Supplemental Indenture by the City and the Trustee, which Supplemental Indenture shall become binding when the written consents of the Holders of 60% or more in aggregate principal amount of the Bonds then Outstanding, exclusive of Bonds disqualified as provided in Section 7.02, shall have been filed with the Trustee; provided, that no such amendment or supplement shall (1) extend the maturity of or reduce the interest rate on or otherwise alter or impair the obligation of the City to pay the interest on or the principal of or any Sinking Fund Account Payment for or the redemption premium, if any, on any Bond at the time and place and at the rate and in the currency and from the funds provided herein without the express written consent of the Holder of such Bond; or (2) permit the issuance by the City of any obligations payable from the Special Tax Revenues other than the Bonds as provided herein, or jeopardize the ability of the City to levy and collect the Special Tax; or (3) reduce the percentage of the Bonds required for the written consent to any such amendment or supplement; or (4) modify any rights or obligations of the Trustee without its prior written assent thereto.

(b) Amendment or Supplement Without Consent of Holders. The Indenture and the rights and obligations of the City and of the Holders may also be amended or supplemented at any time by the execution and delivery of a Supplemental Indenture by the City and the Trustee, which Supplemental Indenture shall become binding upon execution without the prior written consent of any Holders, but only to the extent permitted by law and after receiving an approving Opinion of Counsel and only for any one or more of the following purposes:

(1) To add to the agreements and covenants required herein to be performed by the City other agreements and covenants thereafter to be performed by the City which shall not (in the opinion of the City) adversely affect the interests of the Holders, or to surrender any right or power reserved herein to or conferred herein upon the City which shall not (in the opinion of the City) adversely affect the interests of the Holders.

(2) To make such provisions for the purpose of curing any ambiguity or of curing, correcting, or supplementing any defective provision contained herein or in regard to questions arising hereunder which the City may deem desirable or necessary and not inconsistent herewith and which shall not (in the opinion of the City) adversely affect the interests of the Holders.

(3) To provide for the issuance of any additional Series of Bonds pursuant to Section 2.13.

(4) To make such additions, deletions, or modifications as may be necessary or appropriate to ensure compliance with Section 148(f) of the Code relating to the required rebate of excess investment earnings to the United States of America, or otherwise as may be necessary to insure the exclusion from gross income for purposes of federal income taxation of the interest on the Bonds or the exemption of such interest from State of California personal income taxes.

(5) To make such additions, deletions, or modifications as may be necessary or appropriate to maintain any then current rating on the Bonds.

SECTION 7.02. [Disqualified Bonds](#). Bonds owned or held for the account of the City shall not be deemed Outstanding for the purpose of any consent or other action or any calculation of Outstanding Bonds provided for in this article or in Article VIII, and the City shall not be entitled to consent to or take any other action provided for in this article or in Article VIII.

SECTION 7.03. [Endorsement or Replacement of Bonds After Amendment or Supplement](#). After the effective date of any action taken as provided in Section 7.01, the City may determine that the Bonds may bear a notation by endorsement in form approved by it as to such action, and in that case upon demand of the Holder of any Bond Outstanding on such effective date and presentation of his Bond for such purpose at the Principal Corporate Trust Office of the Trustee a suitable notation as to such action shall be made on such Bond. If the City shall so determine, new Bonds so modified as, in the opinion of the City, shall be necessary to conform to such action shall be prepared and executed, and in that case upon demand of the Holder of any Bond Outstanding on such effective date such new Bonds shall, upon surrender of such Outstanding Bonds, be exchanged at the Principal Corporate Trust Office of the Trustee, without cost to each Holder, for Bonds then Outstanding.

SECTION 7.04. [Amendment or Supplement by Mutual Consent](#). The provisions of this article shall not prevent any Holder from accepting any amendment or supplement as to any particular Bonds held by him; provided, that due notation thereof is made on such Bonds.

ARTICLE VIII

[EVENTS OF DEFAULT AND REMEDIES OF HOLDERS](#)

SECTION 8.01. [Events of Default and Remedies of Holders](#). If one or more of the following events (herein “Events of Default”) shall happen, that is to say --

(a) if default shall be made by the City in the due and punctual payment of any interest on or principal of or Sinking Fund Account Payment for or redemption premium, if any, on any Bond when and as the same shall become due and payable;

(b) if default shall be made by the City in the observance or performance of any of the other agreements or covenants contained herein required to be observed or performed by it, and such default shall have continued for a period of 30 days after the City shall have been given notice in writing of such default by the Trustee; or

(c) if the City shall file a petition or answer seeking arrangement or reorganization under the federal bankruptcy laws or any other applicable law of the United States of America or any state therein, or if a court of competent jurisdiction shall approve a petition filed with or without the consent of the City seeking arrangement or reorganization under the federal bankruptcy laws or any other applicable law of the United States of America or any state therein, or if under the provisions of any other law for the relief or aid of debtors any court of competent jurisdiction shall assume custody or control of the City or of the whole or any substantial part of its property;

then in each and every such case during the continuance of such Event of Default any Holder shall have the right for the equal benefit and protection of all Holders similarly situated –

(1) by mandamus or other suit or proceeding at law or in equity to enforce his rights against the City Council or any of the officers or employees of the City, and to compel the City Council or any officers or employees of the City to perform and carry out their duties under the Act and the agreements and covenants with the Holders contained herein; or

(2) by suit in equity to enjoin any acts or things which are unlawful or violate the rights of the Holders; or

(3) by suit in equity upon the nonpayment of the Bonds to require the City Council or the officers and employees of the City to account as the trustee of an express trust.

SECTION 8.02. Non-waiver. Nothing in this article or in any other provision herein or in the Bonds shall affect or impair the obligation of the City, which is absolute and unconditional, to pay the interest on and principal of and redemption premiums, if any, on the Bonds to the respective Holders of the Bonds at the respective dates of maturity or upon redemption prior to maturity as provided herein from the Special Tax Revenues and the other funds as provided herein, or shall affect or impair the right of such Holders, which is also absolute and unconditional, to institute suit to enforce such payment by virtue of the contract embodied herein and in the Bonds.

A waiver of any Event of Default or breach of duty or contract by any Holder shall not affect any subsequent Event of Default or breach of duty or contract and shall not impair any rights or remedies on any such subsequent Event of Default or breach of duty or contract. No delay or omission by any Holder to exercise any right or remedy accruing upon any Event of Default or breach of duty or contract shall impair any such right or remedy or shall be construed to be a waiver of any such Event of Default or breach of duty or contract or an acquiescence therein. Every right and remedy conferred upon the Holders by the Act or hereby may be enforced and exercised from time to time and as often as shall be deemed expedient by the Holders.

If any action, proceeding or suit to enforce any right or exercise any remedy is abandoned or determined adversely to any Holder, the City and such Holder shall be restored to their former positions, rights and remedies as if such action, proceeding or suit had not been brought or taken.

SECTION 8.03. [Remedies Not Exclusive](#). No remedy herein conferred upon or reserved to the Holders is intended to be exclusive of any other remedy, and every such remedy shall be cumulative and shall be in addition to every other remedy given hereunder or now or hereafter existing at law or in equity or by statute or otherwise, and may be exercised without exhausting and without regard to any other remedy conferred by the Act or any other law.

ARTICLE IX

[DEFEASANCE](#)

SECTION 9.01. [Discharge of Bonds](#).

(a) If the City shall pay or cause to be paid or there shall otherwise be paid to the Holders of all Outstanding Bonds the interest thereon and the principal thereof and the redemption premiums, if any, thereon at the times and in the manner stipulated therein and herein, then all agreements, covenants and other obligations of the City to the Holders of such Bonds hereunder shall thereupon cease, terminate, and become void and be discharged and satisfied. In such event, the Trustee shall execute and deliver to the City all such instruments as may be necessary or desirable to evidence such discharge and satisfaction, and the Trustee shall pay over or deliver to the City for deposit in the Community Facilities Fund all money or securities held by it pursuant hereto which are not required for the payment of the interest on and principal of and redemption premiums, if any, on such Bonds.

(b) Any Outstanding Bonds shall on the maturity date or redemption date thereof be deemed to have been paid within the meaning of and with the effect expressed in Section 9.01(a) if there shall be on deposit with the Trustee money which is sufficient to pay the interest due on such Bonds on such date and the principal and redemption premiums, if any, due on such Bonds on such date.

(c) Any Outstanding Bonds shall prior to the maturity date or redemption date thereof be deemed to have been paid within the meaning and with the effect expressed in Section 9.01(a) if –

(1) in case any of such Bonds are to be redeemed on any date prior to their maturity date, the City shall have agreed to mail a notice of redemption pursuant to Section 10.09 to the respective Holders of all such Outstanding Bonds and to the original purchaser or underwriter of the Bonds;

(2) there shall have been deposited with an escrow agent or the Trustee either money in an amount which shall be sufficient or Federal Securities which are not subject to redemption except by the holder thereof prior to maturity (including any Federal Securities issued or held in book-entry form on the books of the Department of the Treasury of the United States of America), the interest on and principal of which when paid will provide money which, together with the money, if any, deposited with such escrow agent or the Trustee at the same time, shall be sufficient to pay when due the interest to become due on such Bonds on and prior to the maturity dates or redemption

dates thereof, as the case may be, and the principal of or redemption prices of such Bonds on and prior to the maturity dates or the redemption dates thereof, as the case may be, as evidenced by an Accountant's Report on file with the City and the Trustee, and an Opinion of Counsel to the effect that the payment of such Bonds has been provided for in the manner set forth herein and that all obligations of the City hereunder with respect to such Bonds have been discharged and satisfied, shall have been filed with the City and the Trustee; and

(3) in the event such Bonds are not by their terms subject to redemption within the next succeeding 60 days, the City shall have agreed to mail pursuant to Section 10.09 a notice to the Holders of such Bonds and to the original purchaser or underwriter of the Bonds that the deposit required by Section 9.01(c)(2) above has been made with such escrow agent or the Trustee and that such Bonds are deemed to have been paid in accordance with this Section 9.01 and stating the maturity dates or redemption dates, as the case may be, upon which money will be available for the payment of the principal of or redemption prices of such Bonds.

SECTION 9.02. Unclaimed Money. Anything contained herein to the contrary notwithstanding, any money held by the Trustee in trust for the payment and discharge of any of the Bonds or any interest thereon which remains unclaimed for two years after the date when such Bonds or interest thereon have become due and payable, either at their stated maturity dates or by call for redemption prior to maturity, if such money was held by the Trustee on such date, or for two years after the date of deposit of such money if deposited with the Trustee after the date when such Bonds or interest thereon became due and payable, shall be repaid by the Trustee to the City as its absolute property free from trust for deposit in the Community Facilities Fund and for use in accordance with the Act, and the Trustee shall thereupon be released and discharged with respect thereto and the Holders shall look only to the City for the payment of such Bonds and interest thereon; provided, that before the Trustee shall be required to make any such repayment the City shall mail pursuant to Section 10.09 a notice to the Holders of all Outstanding Bonds and to such securities information services selected by the City pursuant to Section 3.02 and to the original purchaser or underwriter of the Bonds that such money remains unclaimed and that after a date named in such notice, which date shall not be less than 30 days after the date of the mailing of such notice, the balance of such money then unclaimed will be returned to the City for deposit in the Community Facilities Fund.

ARTICLE X

MISCELLANEOUS

SECTION 10.01. Liability of City Limited to Proceeds of the Special Tax and Certain Other Funds. Notwithstanding anything contained herein, the City shall not be required to advance any money derived from any source of income other than the proceeds of the Special Tax and the other funds provided herein for the payment of the interest on or principal of or redemption premiums, if any, on the Bonds.

The Bonds are special tax obligations of the City. The interest on and principal of and redemption premiums, if any, on the Bonds are payable solely from the proceeds of the Special Tax and such other funds, and the City is not obligated to pay them except from the proceeds of the Special Tax and such other funds. 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 Bonds, and no tax or assessment other than the Special Tax shall ever be levied or collected to pay the interest on or principal of or redemption premiums, if any, on the Bonds. The Bonds are not secured by a legal or equitable pledge of or charge, lien or encumbrance upon any property of the City or any of its income or receipts except the proceeds of the Special Tax and such other funds, and neither the payment of the interest on or principal of or redemption premiums, if any, on the Bonds is a general debt, liability or obligation of the City. The Bonds do not constitute an indebtedness of the City within the meaning of any constitutional or statutory debt limitation or restriction, and neither the City Council nor any officer or employee of the City shall be liable for the payment of the interest on or principal of or redemption premiums, if any, on the Bonds other than from the proceeds of the Special Tax and such other funds as provided herein.

SECTION 10.02. [Benefits of the Indenture Limited to Certain Parties.](#) Nothing contained herein, express or implied, is intended to give to any entity or person other than the City Council, the City, the City Treasurer, the Trustee and the Holders any right, remedy or claim under or by reason hereof, and any agreement or covenant required herein to be performed by or on behalf of the City Council or the City or any officer or employee thereof shall be for the sole and exclusive benefit of the Trustee and the Holders.

SECTION 10.03. [Successor is Deemed Included in All References to Predecessor.](#) Whenever either the City Council or the City or any officer or employee of the City is named or referred to herein, such reference shall be deemed to include the successor to the powers, duties, and functions with respect to the administration, control, and management of the Community Facilities District and the Facilities that as of the date hereof are vested in the City Council or the City or such officer or employee of the City, and all agreements and covenants required herein to be performed by or on behalf of the City Council or the City or any officer or employee of the City shall bind and inure to the benefit of the respective successors thereof whether so expressed or not.

SECTION 10.04. [Execution of Documents by Holders.](#) Any declaration, request, consent, or other instrument which is permitted or required herein to be executed by Holders may be in one or more instruments of similar tenor, and may be executed by Holders in person or by their attorneys duly authorized in writing. The fact and date of the execution by any Holder or his attorney of any declaration, request, consent, or other instrument or of any writing appointing such attorney may be proved by the certificate of any notary public or other officer authorized to take acknowledgments of deeds to be recorded in the state or territory in which he purports to act that the person signing such declaration, request, consent, or other instrument or writing acknowledged to him the execution thereof, or by an affidavit of a witness to such execution duly sworn to before such notary public or other officer. The ownership of Bonds and the amount, maturity, number, and date of holding the same shall be provided by the registration books required to be kept by the Trustee pursuant to Section 2.06.

Any declaration, request, consent, or other instrument or writing of the Holder of any Bond shall bind all future Holders of such Bond with respect to anything done or suffered to be done by the City in good faith and in accordance therewith.

SECTION 10.05. [Deposit and Investment of Money in Accounts and Funds.](#)

All money held by the City Treasurer in any fund established herein shall be deposited by the City Treasurer in time or demand deposits in any state or nationally chartered bank or trust company, including the Trustee or its affiliates, or in any state or federal savings and loan association, and shall be secured at all times by such obligations as are required by law to the fullest extent required by law; provided, that all money in the Acquisition and Construction Fund, the Special Tax Fund, and the Expense Fund may be invested by the City Treasurer in Legal Investments; and provided further, that for investment purposes the Trustee may commingle the accounts and funds which it invests hereunder as long as the Trustee accounts for each such account and fund separately. All money held by the Trustee in the Bond Redemption Fund shall be invested by the Trustee pursuant to a Written Request of the City received by the Trustee at least two days before making any such investment in those Legal Investments specified in such Written Request of the City that mature not later than the date on which it is estimated that such money will be required to be paid out hereunder, and all money held by the Trustee in the Bond Reserve Fund shall be invested by the Trustee pursuant to a Written Request of the City received by the Trustee at least two days before making any such investment in those Federal Securities specified in such Written Request of the City that mature not more than five years from the date of purchase by the Trustee or the final maturity date of any Outstanding Bonds, whichever is earlier, and the Trustee may conclusively rely that any investment specified in such Written Request of the City is a Legal Investment or a Federal Security hereunder, as the case may be; provided, that in the absence of receipt of any such Written Request of the City, the Trustee shall, to the extent practicable, invest such money in units of a taxable government money-market portfolio composed of or secured by Federal Securities. The Trustee (or any of its affiliates) may act as principal or agent or as sponsor, advisor, or manager in connection with the making of any investment by the Trustee hereunder and may impose its customary charges therefor, and the Trustee shall not be responsible for any loss suffered in connection with any investment made in accordance herewith.

The City acknowledges that to the extent regulations of the Comptroller of the Currency or other applicable regulatory entity grant the City the right to receive brokerage confirmations of security transactions as they occur, the City specifically waives receipt of such confirmations to the extent permitted by law; provided, that the Trustee will furnish the City periodic cash transaction statements which include details for all investment transactions made by the Trustee hereunder.

All interest received on any such money so deposited or invested which exceeds the requirements of the fund from which such money was deposited or invested shall (subject to the requirements of Section 5.03) be deposited in the Special Tax Fund, and all losses on any such money so deposited or invested shall be borne by the fund from which the deposit or investment was made.

SECTION 10.06. [Waiver of Personal Liability.](#) No member of the City Council and no officer or employee of the City shall be individually or personally liable for the

payment of the interest on or principal of or redemption premiums, if any, on the Bonds, but nothing herein contained shall relieve any member of the City Council or any officer or employee of the City from the performance of any official duty provided by the Act or hereby or by any other applicable provisions of law.

SECTION 10.07. [\[RESERVED\]](#).

SECTION 10.08. [Content of Certificates and Reports](#). Every certificate or report with respect to compliance with an agreement, condition, covenant, or term provided herein shall include (a) a statement that the person or persons making or giving such certificate or report have read such agreement, condition, covenant, or term and the definitions herein relating thereto; (b) a brief statement as to the nature and scope of the examination or investigation upon which the opinion contained in such certificate or report is based; (c) a statement that, in the opinion of the signers, they have made or caused to be made such examination or investigation as is necessary to enable them to express an informed opinion as to whether or not such agreement, condition, covenant, or term has been complied with; and (d) a statement as to whether, in the opinion of the signers, such agreement, condition, covenant, or term has been complied with.

Any such certificate made or given by an officer of the City may be based, insofar as it relates to legal matters, upon a representation made in an Opinion of Counsel unless such officer knows that the representation with respect to the matters upon which his certificate may be based, as aforesaid, is erroneous, or in the exercise of reasonable care should have known that the same was erroneous. Any such Opinion of Counsel may be based, insofar as it relates to factual matters information with respect to which is in the possession of the City, upon a representation by an officer or officers of the City unless the counsel giving such Opinion of Counsel knows that the representation with respect to the matters upon which his representation may be based, as aforesaid, is erroneous, or in the exercise of reasonable care should have known that the same was erroneous.

SECTION 10.09. [Notice by Mail](#). Any notice required to be given by mail to any Holders or to the original purchaser or underwriter of the Bonds shall be given by mailing a copy of such notice, first class postage prepaid, to such Holders at their addresses appearing in the books required to be kept by the Trustee pursuant to the provisions of Section 2.06 or to such purchaser or underwriter not less than 30 days nor more than 90 days following the action or prior to the event concerning which notice thereof is required to be given; provided, that neither failure to receive any such mailed notice nor any immaterial defect contained therein shall affect the sufficiency or validity of any such notice.

SECTION 10.10. [Maintenance of Accounts and Funds](#). Any account or fund required herein to be established and maintained by the City Treasurer or the Trustee may be maintained by the City Treasurer or the Trustee, as the case may be, in its accounting records in its customary manner either as an account or a fund, and may, for the purposes of such accounting records, any audits thereof, and any financial reports or statements with respect thereto, be treated either as an account or as a fund; but all such accounting records with respect to all such accounts and funds shall at all times be maintained by the City Treasurer and the

Trustee in accordance with industry standards and with due regard for the protection of the security of the Bonds and the rights of the Holders.

SECTION 10.11. [Article and Section Headings, Gender and References](#). The headings or titles of the several articles and sections hereof and the table of contents appended hereto shall be solely for convenience of reference and shall not affect the construction, effect, or meaning hereof, and words of any gender shall be deemed and construed to include all genders. All references herein to “Articles,” “Sections” and other subdivisions are to the corresponding articles, sections or subdivisions hereof; and the words “hereby,” “herein,” “hereof,” “hereto,” “herewith” and “hereunder” and other words of similar import refer to the Indenture as a whole and not to any particular article, section, or subdivision hereof. The word “include” and its variants are terms of enlargement rather than of limitation. For example, “includes” means “includes but not limited to,” and “including” means “including but not limited to.”

SECTION 10.12. [Partial Invalidity](#). If any one or more of the agreements, conditions, covenants, or terms or portions thereof required hereby to be observed or performed by the City or the Trustee should be contrary to law, then such agreement or agreements, such condition or conditions, such covenant or covenants, or such term or terms or such portions thereof shall be null and void and shall be deemed separable from the remaining agreements, conditions, covenants, or terms or portions thereof and shall in no way affect the validity hereof or of the Bonds; and the Holders shall retain all the rights and benefits accorded to them under the Act or any other applicable provisions of law. The City hereby declares that it would have executed the Indenture and each and every other article, section, paragraph, subdivision, sentence, clause, and phrase hereof and would have authorized the issuance of the Bonds pursuant hereto irrespective of the fact that any one or more of the articles, sections, paragraphs, subdivisions, sentences, clauses, or phrases hereof or the application thereof to any person or circumstance may be held to be unconstitutional, unenforceable, or invalid.

SECTION 10.13. [Execution in Counterparts](#). The Indenture may be executed in several counterparts, each of which shall be deemed an original, and all of which shall constitute but one and the same instrument.

SECTION 10.14. [Governing Law](#). The Indenture shall be governed by and construed and interpreted in accordance with the laws of the State of California.

SECTION 10.15. [Notices](#). All written notices to be given hereunder shall be given by first class mail to the party entitled thereto at its address set forth below, or at such other address as such party may provide to the other parties in writing from time to time, namely:

If to the City:

City of Sacramento
915 I Street, Historic City Hall, 3rd Floor
Sacramento, California 95814
Attention: City Treasurer

If to the Trustee:

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

Attention: [Corporate Trust Department]

SECTION 10.16. [Effective Date of the Indenture](#). The Indenture shall take effect from and after its execution and delivery.

IN WITNESS WHEREOF, the City of Sacramento has caused the Indenture to be signed in its name by its City Treasurer and The Bank of New York Mellon Trust Company, N.A., as Trustee, in token of its acceptance of the trusts created hereunder, has caused the Indenture to be signed in its corporate name by its officer thereunto duly authorized, all as of the date and year first above written.

CITY OF SACRAMENTO

By _____
Russel T. Fehr
City Treasurer

THE BANK OF NEW YORK MELLON TRUST
COMPANY, N.A., as Trustee

By _____
Authorized Officer

EXHIBIT A

[FORM OF 2013 REFUNDING BOND]

No. _____

\$ _____

UNITED STATES OF AMERICA
STATE OF CALIFORNIA
COUNTY OF SACRAMENTO

CITY OF SACRAMENTO
2013 NORTH NATOMAS WESTLAKE
COMMUNITY FACILITIES DISTRICT NO. 2000-01
SPECIAL TAX REFUNDING BOND,
SERIES A

<u>Interest</u> <u>Rate</u>	<u>Maturity</u> <u>Date</u>	<u>Dated</u> <u>Date</u>
_____%	September 1, 20__	January ___, 2013

REGISTERED OWNER: The Bank of New York Mellon Trust Company, N.A., as trustee for the Sacramento City Financing Authority 2013 Special Tax Refunding Revenue Bonds (Westlake and Regency Park), Series A

PRINCIPAL AMOUNT: _____ DOLLARS

The City of Sacramento, a California municipal corporation (the "City"), for value received hereby promises to pay (but only out of the proceeds of the Special Tax hereinafter referred to and certain other funds hereinafter referred to) to the registered owner set forth above on the maturity date set forth above (subject to any right of prior redemption hereinafter provided for) the principal amount set forth above, together with interest thereon from the interest payment date next preceding the date of authentication of this Bond (unless this Bond is authenticated on a day during the period from the 16th day of the month next preceding any interest payment date to such interest payment date, both days inclusive, in which event it shall bear interest from such interest payment date, or unless this Bond is authenticated on a day on or before the 15th day of the month next preceding the first interest payment date on the Bonds, in which event it shall bear interest from its date) until the principal hereof shall have been paid, at the interest rate per annum set forth above (computed on a 360-day year of twelve 30-day calendar months), payable on September 1, 2013, and semiannually thereafter on March 1 and September 1 in each year. The interest on and principal of and redemption premium, if any, on this Bond are payable in lawful money of the United States of America at the principal office of The Bank of New York Mellon Trust Company, N.A. (the "Trustee"), in San Francisco, California. The interest on this Bond due on or before the maturity or prior redemption hereof

shall be payable only to the person whose name appears in the registration books required to be kept by the Trustee as the registered owner hereof at the close of business on the 15th day of the month next preceding each interest payment date, such interest to be paid by check mailed by first class mail to such registered owner at his address as it appears on such books, except that in the case of a registered owner of \$1,000,000 or more in aggregate principal amount of Bonds, payment shall be made at such owner's option by federal wire transfer of immediately available funds according to written instructions provided by such owner to the Trustee prior to the 15th day of the month next preceding such interest payment date to an account in a bank or trust company or savings bank that is a member of the Federal Reserve System and that is located in the United States of America. The principal of and redemption premium, if any, on this Bond shall be payable only to the person whose name appears in such registration books as the registered owner hereof, such principal and redemption premium, if any, to be paid only on the surrender of this Bond at the office of the Trustee at maturity or on redemption prior to maturity.

This bond is one of a duly authorized issue of bonds in the aggregate principal amount of [_____] dollars (\$[PRINCIPAL AMOUNT]) issued by the City Council of the City for the City of Sacramento North Natomas Westlake Community Facilities District No. 2000-01 (the "Community Facilities District") located in the City, designated the "City of Sacramento 2013 North Natomas Westlake Community Facilities District No. 2000-01 Special Tax Refunding Bonds, Series A" (the "Bonds"), under and pursuant to the Mello-Roos Community Facilities Act of 1982, as amended (being Sections 53311 et seq. of the Government Code of the State of California), and all laws amendatory thereof or supplemental thereto (the "Act"), and under and pursuant to an Indenture (the "Indenture") dated as of January 1, 2013, between the City and the Trustee, all of like tenor and date (except for such variations, if any, as may be required to designate varying numbers, denominations, maturities, interest rates, or redemption provisions). All the Bonds are equally and ratably secured in accordance with the Act and the terms and conditions of the Indenture (copies of which are on file at the office of the City Clerk and at the above-mentioned office of the Trustee), and reference is hereby made to the Act and to the Indenture and any and all amendments thereof and supplements thereto for a description of the terms on which the Bonds are issued and for the rights of the registered owners of the Bonds; and all the terms of the Act and the Indenture are hereby incorporated herein and constitute a contract between the City and the registered owner from time to time of this Bond, to all the provisions of which the registered owner of this Bond, by his acceptance hereof, agrees and consents; and each taker and subsequent registered owner hereof shall have recourse to all the provisions of the Act and the Indenture and shall be bound by all the conditions and terms thereof.

The Bonds are issued to provide money to refund all outstanding City of Sacramento North Natomas Westlake Community Facilities District No. 2000-01 Special Tax Bonds, in accordance with the Indenture, and are special tax obligations of the City. The interest on and principal of and redemption premiums, if any, on the Bonds are payable solely from the proceeds of the Special Tax (as that term is defined in the Indenture, and herein the "Special Tax") and certain other funds as provided in the Indenture for such payment, and the City is not obligated to pay the Bonds except from the proceeds of the Special Tax and such other funds. 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 Bonds, and no tax or assessment other than the Special Tax shall ever be levied or collected to pay the

interest on or principal of or redemption premiums, if any, on the Bonds. The Bonds are not secured by a legal or equitable pledge of or charge, lien, or encumbrance upon any property of the City or any of its income or receipts except the money in the Special Tax Fund established under the Indenture and such other funds, and neither the payment of the interest on or principal of or redemption premiums, if any, on the Bonds is a general debt, liability, or obligation of the City.

The Bonds maturing by their terms on September 1, 20__, are subject to mandatory redemption by the City prior to their maturity date in part on September 1 in each of the years 20__ through 20__, both years inclusive, solely from Sinking Fund Account Payments deposited in the Sinking Fund Account (as those terms are defined in and as provided in the Indenture), upon mailed notice as provided in the Indenture, at a redemption price of 100% of the principal amount thereof called for redemption, together with accrued interest thereon to the date of redemption.

The Bonds maturing on or after September 1, 20__ are subject to optional redemption by the City prior to their respective stated maturity dates, as a whole or in part on any date on or after [March 1], 20__, from any source of available funds, upon mailed notice as provided in the Indenture, at the following redemption prices (expressed as a percentage of the principal amount of Bonds or portions thereof called for redemption), together with accrued interest thereon to the date of redemption:

<u>Redemption Date</u>	<u>Redemption Price</u>
------------------------	-------------------------

The Bonds are subject to extraordinary redemption by the City prior to their respective stated maturity dates, as a whole or in part on any date, solely from prepayments of the Special Tax, upon mailed notice as provided in the Indenture, at the following redemption prices (expressed as a percentage of the principal amount of Bonds or portions thereof called for redemption), together with accrued interest thereon to the date of redemption:

<u>Redemption Date</u>	<u>Redemption Price</u>
------------------------	-------------------------

If less than all the Bonds are to be redeemed at any one time, the City shall select the maturity dates of the Bonds to be redeemed pro rata (as nearly as possible given minimum authorized denominations) in proportion to the total principal amount Outstanding at the time of redemption, and if less than all the Bonds of any one maturity date are to be redeemed at any one time, the Trustee shall select by lot the Bonds or portions thereof of such maturity date to be redeemed in integral multiples of \$5,000.

The City has covenanted that, so long as any Bonds are outstanding, it will annually levy the Special Tax against all Taxable Land (as that term is defined in the Indenture) in the Community Facilities District and make provision for the collection of the Special Tax in amounts which will be sufficient, after making reasonable allowances for contingencies and errors in the estimates, to yield proceeds equal to the amounts required for compliance with all agreements, conditions, covenants, and terms contained in the Indenture, and which in any event will be sufficient to pay the interest on and principal of and Sinking Fund Account Payments for and redemption premiums, if any, on the Bonds as they become due and payable and to replenish the Bond Reserve Fund established under the Indenture and to pay all Expenses (as that term is defined in the Indenture) as they become due and payable in accordance with the provisions and terms of the Indenture.

The Bonds are issuable in the form of fully registered Bonds in the denomination of \$5,000 or any integral multiple thereof (except that no Bond shall have principal maturing on more than one maturity date). The registered owner of any Bond or Bonds may surrender the same (together with a written instrument of transfer satisfactory to the Trustee duly executed by the registered owner or his duly authorized attorney) in exchange for an equal aggregate principal amount of Bonds of the same maturity date of any other authorized denominations in the manner, subject to the conditions and upon payment of the charges provided in the Indenture.

The registration of this Bond is transferable on the registration books kept by the Trustee by the registered owner hereof or by his duly authorized attorney upon surrender of this Bond together with a written instrument of transfer satisfactory to the Trustee duly executed by the registered owner or his duly authorized attorney, and thereupon a new Bond or Bonds of the same maturity date of authorized denominations in the same aggregate principal amount will be issued to the transferee in exchange therefor in the manner, subject to the conditions and upon payment of the charges provided in the Indenture. The City and the Trustee may deem and treat the person in whose name this Bond is registered as the absolute owner hereof for the purpose of receiving payment of, or on account of, the interest hereon and principal hereof and redemption premium, if any, hereon and for all other purposes.

The Indenture and the rights and obligations of the City and of the registered owners of the Bonds may be amended or supplemented at any time in the manner, to the extent and upon the terms provided in the Indenture; provided, that but no such amendment or supplement shall (1) extend the maturity of or reduce the interest rate on or otherwise alter or impair the obligation of the City to pay the interest on or the principal of or any Sinking Fund Account Payment for or the redemption premium, if any, on this Bond at the time and place and at the rate and in the currency and from the funds provided herein without the express written consent of the registered owner of this Bond; or (2) permit the issuance by the City of any obligations payable from the proceeds of the Special Tax other than as provided in the Indenture, or jeopardize the ability of the City to levy and collect the Special Tax; or (3) reduce the percentage of the Bonds required for the written consent to any such amendment or supplement; or (4) modify any rights or obligations of the Trustee without its prior written assent thereto, all as more fully set forth in the Indenture.

The Bonds do not constitute an indebtedness of the City within the meaning of any constitutional or statutory debt limitation or restriction, and neither the members of the City

Council of the City nor any officer or employee of the City shall be liable for the payment of the interest on or principal of or redemption premiums, if any, on the Bonds other than from the proceeds of the Special Tax and such other funds as provided in the Indenture.

This Bond shall not be entitled to any benefits under the Indenture or become valid or obligatory for any purpose until the certificate of authentication hereon endorsed shall have been signed by the Trustee.

It is hereby certified that all acts, conditions, and things required by law to exist, to have happened, and to have been performed precedent to and in the issuance of this Bond do exist, have happened, and have been performed in due time, form, and manner as required by law and that the amount of this Bond, together with all other obligations of the City, does not exceed any limit prescribed by the laws of the State of California and is not in excess of the amount of Bonds permitted to be issued under the Indenture.

IN WITNESS WHEREOF, the City of Sacramento has caused this Bond to be executed in its name and on its behalf by the signature of the Mayor of the City and countersigned by the signature of the City Clerk, and has caused its seal to be impressed hereon, and has caused this Bond to be dated January ___, 2013.

CITY OF SACRAMENTO

By _____
Mayor

(Seal)

Countersigned:

City Clerk

[FORM OF CERTIFICATE OF AUTHENTICATION
TO APPEAR ON BONDS]

This is one of the Bonds described in the within-mentioned Indenture which has been authenticated and registered on the date indicated below.

Date: _____

THE BANK OF NEW YORK MELLON
TRUST COMPANY, N.A., as Trustee

By _____
Authorized Signatory

[FORM OF ASSIGNMENT TO APPEAR ON BONDS]

For value received the undersigned do(es) hereby sell, assign and transfer unto _____ the within Bond and do(es) hereby irrevocably constitute and appoint _____ attorney to transfer the same on the bond register of the Trustee, with full power of substitution in the premises.

Dated: _____

SIGNATURE GUARANTEED BY:

Note: The signature(s) to this Assignment must correspond with the name(s) as written on the face of the within Bond in every particular, without alteration or enlargement or any change whatsoever, and the signature(s) must be guaranteed by an eligible guarantor institution.

Social Security Number, Taxpayer Identification Number or other identifying number of Assignee: _____

TABLE OF CONTENTS

Page

RECITALS 1

ARTICLE I

DEFINITIONS; EQUAL SECURITY

SECTION 1.01. Definitions..... 2
SECTION 1.02. Equal Security..... 10

ARTICLE II

**ISSUANCE OF 2013 REFUNDING BONDS; TERMS OF
2013 REFUNDING BONDS; GENERAL TERMS OF BONDS**

SECTION 2.01. Authorization and Purpose of 2013 Refunding Bonds 10
SECTION 2.02. Terms of 2013 Refunding Bonds..... 11
SECTION 2.03. Redemption Prices of 2013 Refunding Bonds..... 13
SECTION 2.04. Form of 2013 Refunding Bonds 13
SECTION 2.05. Execution of Bonds..... 13
SECTION 2.06. Transfer and Exchange of Bonds..... 14
SECTION 2.07. Mutilated, Destroyed, Stolen or Lost Bonds..... 14
SECTION 2.08. Temporary Bonds..... 15
SECTION 2.09. Registration of 2013 Refunding Bonds..... 15
SECTION 2.10. [Acquisition and Construction Fund..... 15
SECTION 2.11. Costs of Issuance Fund; 2013 Refunding Bonds Costs of Issuance
Account..... 16
SECTION 2.12. Application of Proceeds of Sale of 2013 Refunding Bonds 16
SECTION 2.13. Provisions for the Issuance of Additional Series of Bonds..... 16

ARTICLE III

REDEMPTION OF BONDS

SECTION 3.01. Selection of Bonds for Redemption..... 17
SECTION 3.02. Notice of Redemption..... 17
SECTION 3.03. Partial Redemption of Bonds 18
SECTION 3.04. Effect of Redemption of Bonds 18

ARTICLE IV

PAYMENT OF BONDS

SECTION 4.01. Deposit of Proceeds of the Special Tax in the Special Tax Fund..... 18
SECTION 4.02. Allocation of Money in the Special Tax Fund..... 18

ARTICLE V

COVENANTS OF THE CITY

SECTION 5.01. Punctual Payment and Performance 21

TABLE OF CONTENTS
(continued)

	Page
SECTION 5.02.	Against Indebtedness and Encumbrances..... 21
SECTION 5.03.	Against Federal Income Taxation..... 21
SECTION 5.04.	Payment of Claims..... 21
SECTION 5.05.	Expense Budgets..... 22
SECTION 5.06.	Accounting Records; Financial Statements and Other Reports..... 22
SECTION 5.07.	Protection of Security and Rights of Holders 23
SECTION 5.08.	Payment of Governmental Charges and Compliance with Governmental Regulations..... 23
SECTION 5.09.	Levy and Collection of the Special Tax..... 23
SECTION 5.10.	Foreclosure of Special Tax Liens 23
SECTION 5.11.	Continuing Disclosure Certificates..... 24
SECTION 5.12.	Further Assurances..... 24
 ARTICLE VI THE TRUSTEE	
SECTION 6.01.	The Trustee 24
SECTION 6.02.	Liability of the Trustee..... 26
SECTION 6.03.	Notice to the Trustee..... 26
 ARTICLE VII AMENDMENT OF OR SUPPLEMENT TO THE INDENTURE	
SECTION 7.01.	Procedure for Amendment of or Supplement to the Indenture..... 27
SECTION 7.02.	Disqualified Bonds..... 28
SECTION 7.03.	Endorsement or Replacement of Bonds After Amendment or Supplement 28
SECTION 7.04.	Amendment or Supplement by Mutual Consent..... 28
 ARTICLE VIII EVENTS OF DEFAULT AND REMEDIES OF HOLDERS	
SECTION 8.01.	Events of Default and Remedies of Holders..... 29
SECTION 8.02.	Non-waiver 29
SECTION 8.03.	Remedies Not Exclusive..... 30
 ARTICLE IX DEFEASANCE	
SECTION 9.01.	Discharge of Bonds..... 30
SECTION 9.02.	Unclaimed Money..... 31

TABLE OF CONTENTS
(continued)

Page

ARTICLE X
MISCELLANEOUS

SECTION 10.01.	Liability of City Limited to Proceeds of the Special Tax and Certain Other Funds	32
SECTION 10.02.	Benefits of the Indenture Limited to Certain Parties	32
SECTION 10.03.	Successor is Deemed Included in All References to Predecessor	32
SECTION 10.04.	Execution of Documents by Holders	32
SECTION 10.05.	Deposit and Investment of Money in Accounts and Funds	33
SECTION 10.06.	Waiver of Personal Liability	34
SECTION 10.07.	[RESERVED]	34
SECTION 10.08.	Content of Certificates and Reports	34
SECTION 10.09.	Notice by Mail	34
SECTION 10.10.	Maintenance of Accounts and Funds	35
SECTION 10.11.	Article and Section Headings, Gender and References	35
SECTION 10.12.	Partial Invalidity.....	35
SECTION 10.13.	Execution in Counterparts.....	35
SECTION 10.14.	Governing Law	35
SECTION 10.15.	Notices	35
SECTION 10.16.	Effective Date of the Indenture.....	36
EXHIBIT A	[FORM OF 2013 REFUNDING BOND]	A-1



INDENTURE

between the

CITY OF SACRAMENTO

and

THE BANK OF NEW YORK MELLON TRUST COMPANY, N.A.,

as Trustee

Relating to

[\$[PRINCIPAL AMOUNT]

CITY OF SACRAMENTO
2013 NORTH NATOMAS REGENCY PARK
COMMUNITY FACILITIES DISTRICT NO. 2001-03
SPECIAL TAX REFUNDING BONDS, SERIES A

AND

ADDITIONAL BONDS

Dated as of January 1, 2013

INDENTURE

This Indenture (the “Indenture”), dated as of January 1, 2013, between the City of Sacramento, a California municipal corporation (the “City”), and The Bank of New York Mellon Trust Company, N.A., a banking corporation duly organized and existing under and by virtue of the laws of the United States of America and authorized to accept and execute trusts of the character herein set forth, as trustee (the “Trustee”);

WITNESSETH:

WHEREAS, at an election held in the City of Sacramento North Natomas Regency Park Community Facilities District No. 2001-03 (the “Community Facilities District”) on January 22, 2002, the qualified electors therein duly authorized the issuance of \$20,000,000 principal amount of special tax bonds under the Mello-Roos Community Facilities Act of 1982, as amended, and all laws amendatory thereof or supplemental thereto (the “Act”), for the purpose of financing the acquisition and construction of certain public facilities; and

WHEREAS, at such election the qualified electors in the Community Facilities District additionally authorized the levy and collection of a special tax under the Act to be used for the purpose of paying the interest on and principal of and redemption premiums, if any, on such bonds; and

WHEREAS, on July 24, 2003, the City issued the City of Sacramento North Natomas Regency Park Community Facilities District No. 2001-03 Special Tax Bonds in the principal amount of \$19,570,000 (the “Prior Bonds”); and

WHEREAS, pursuant to the Act, the City is authorized to issue bonds for the purpose of refunding the Prior Bonds; and

WHEREAS, the City Council of the City has authorized the issuance of the City of Sacramento 2013 North Natomas Regency Park Community Facilities District No. 2001-03 Special Tax Refunding Bonds, Series A (the “2013 Refunding Bonds”) pursuant to the Act for the purpose of refunding all of the outstanding Prior Bonds; and

WHEREAS, the Sacramento City Financing Authority has agreed to purchase the 2013 Refunding Bonds with a portion of the proceeds of its 2013 Special Tax Refunding Revenue Bonds (Westlake and Regency Park), Series A (the “Authority Bonds”); and

WHEREAS, the City has determined that all things necessary to cause the 2013 Refunding Bonds, when duly executed by the City and authenticated and delivered by the Trustee as provided herein, to be legal and valid special tax obligations of the City enforceable in accordance with their terms, and to constitute the Indenture a valid agreement for the uses and purposes herein set forth in accordance with its terms, have been done and taken; and

WHEREAS, the execution and delivery of this Indenture and the execution and delivery of the 2013 Refunding Bonds, subject to the terms hereof, have in all respects been duly authorized;

NOW, THEREFORE, THE INDENTURE WITNESSETH, that in order to secure the payment of the interest on and principal of and redemption premiums, if any, on all Bonds (as defined in Section 1.01) at any time issued and outstanding hereunder according to their tenor, and to secure the observance and performance of all the agreements, conditions, covenants and terms therein and herein set forth, and to declare the conditions and terms upon and subject to which the Bonds shall be issued and received, and in consideration of the premises and of the mutual agreements and covenants contained herein and of the purchase and acceptance of the Bonds by the respective registered owners thereof from time to time, and for other valuable considerations, the receipt whereof is hereby acknowledged, the City does hereby agree and covenant with the Trustee, for the benefit of the respective registered owners from time to time of the Bonds, as follows:

ARTICLE I

DEFINITIONS; EQUAL SECURITY

SECTION 1.01. Definitions. Unless the context otherwise requires, all terms defined in this section shall for all purposes hereof and of any Supplemental Indenture and of the Bonds and of any certificate, opinion, report, request, or other document mentioned herein or therein have the meanings defined herein, the following definitions to be equally applicable to both the singular and plural forms of any of the terms defined herein:

Accountant's Report

“Accountant's Report” means a report signed by an Independent Certified Public Accountant.

Acquisition and Construction Fund

“Acquisition and Construction Fund” means the City of Sacramento North Natomas Regency Park Community Facilities District No. 2001-03 Special Tax Bonds Acquisition and Construction Fund continued pursuant to Section 2.10 (to be maintained by the City Treasurer).

Act

“Act” means the Mello-Roos Community Facilities Act of 1982, as amended (being Sections 53311 et seq. of the Government Code of the State of California), and all laws amendatory thereof or supplemental thereto.

Authority Bonds

“Authority Bonds” means the [\$_____] aggregate principal amount of Sacramento City Financing Authority 2013 Special Tax Refunding Revenue Bonds (Westlake and Regency Park), Series A issued pursuant to the Authority Trust Agreement.

Authority Trust Agreement

“Authority Trust Agreement” means that certain Trust Agreement, dated as of January 1, 2013, among the Sacramento City Financing Authority, the City and The Bank of New York Mellon Trust Company, N.A., as trustee, as the same may be amended or supplemented in accordance with its terms.

Bond Redemption Fund

“Bond Redemption Fund” means the City of Sacramento North Natomas Regency Park Community Facilities District No. 2001-03 Special Tax Refunding Bonds Bond Redemption Fund established pursuant to Section 4.02 (to be maintained by the Trustee).

Bond Reserve Fund

“Bond Reserve Fund” means the City of Sacramento North Natomas Regency Park Community Facilities District No. 2001-03 Special Tax Refunding Bonds Bond Reserve Fund established pursuant to Section 4.02 (to be maintained by the Trustee).

Bond Year

“Bond Year” means the twelve-month period terminating on September 1 of each year, except that the first Bond Year shall commence on the date of the execution, authentication, and initial delivery of the Bonds.

Bonds, Serial Bonds, Term Bonds

“Bonds” means the aggregate principal amount of special tax bonds of the City at any time Outstanding hereunder that are executed, authenticated, and delivered in accordance with the provisions hereof, including the 2013 Refunding Bonds and any additional Series of Bonds. “Serial Bonds” means the Bonds for which no Sinking Fund Account Payments are established. “Term Bonds” means the Bonds which are redeemable or payable on or before their maturity date from Sinking Fund Account Payments established for the purpose of redeeming or paying such Bonds on or before their maturity date.

Business Day

“Business Day” means any day (other than a Saturday or a Sunday) on which the Trustee is open for corporate trust business at its Principal Corporate Trust Office.

Certificate of the City

“Certificate of the City” means an instrument in writing signed by the City Manager, the City Treasurer, or any other officer of the City duly authorized by the City Council for that purpose, with the seal of the City affixed.

City

“City” means the City of Sacramento, a California municipal corporation.

City Council

“City Council” means the City Council of the City of Sacramento.

City Clerk

“City Clerk” means the City Clerk of the City of Sacramento.

City Manager

“City Manager” means the City Manager of the City of Sacramento.

City Treasurer

“City Treasurer” means the City Treasurer of the City of Sacramento.

Code

“Code” means the Internal Revenue Code of 1986 and all regulations of the United States Department of the Treasury issued thereunder from time to time to the extent that such regulations are, at the time, applicable and in effect, and in this regard reference to any particular section of the Code shall include reference to any successor to such section of the Code.

Community Facilities District

“Community Facilities District” means the City of Sacramento North Natomas Regency Park Community Facilities District No. 2001-03, a community facilities district duly organized and existing in the City under and by virtue of the Act.

Community Facilities Fund

“Community Facilities Fund” means the City of Sacramento North Natomas Regency Park Community Facilities District No. 2001-03 Special Tax Refunding Bonds Community Facilities Fund established pursuant to Section 4.02 (to be maintained by the City Treasurer).

Costs of Issuance

“Costs of Issuance” means all costs and expenses payable by or reimbursable to the City that are related to the authorization, sale, execution, authentication, or initial delivery of Bonds, including costs of preparation and reproduction of documents, rating agency fees (if any), filing fees, fees and charges of the Trustee (including fees and expenses of its counsel), legal fees and charges and fees and charges of other consultants and professionals, together with all costs for the preparation of Bonds, and any other cost or expense in connection with the authorization, sale, execution, authentication, or initial delivery of Bonds.

Costs of Issuance Fund

“Costs of Issuance Fund” means the City of Sacramento North Natomas Regency Park Community Facilities District No. 2001-03 Special Tax Refunding Bonds Costs of Issuance Fund established pursuant to Section 2.11 (to be maintained by the City Treasurer).

Debt Service

“Debt Service” means, for any Bond Year, the sum of (a) the interest payable during such Bond Year on all Outstanding Bonds, assuming that all Outstanding Serial Bonds are retired as scheduled and that all Outstanding Term Bonds are redeemed or paid as scheduled at the times of and in amounts equal to the sum of the Sinking Fund Account Payments, plus (b) the principal amount of all Outstanding Serial Bonds maturing by their terms in such Bond Year, plus (c) the Sinking Fund Account Payment required to be deposited in the Sinking Fund Account in such Bond Year.

Escrow Agent

“Escrow Agent” means The Bank of New York Mellon Trust Company, N.A., as escrow agent under the Escrow Agreement.

Escrow Agreement

“Escrow Agreement” means that certain Escrow Agreement, dated as of January 1, 2013, between the City and the Escrow Agent relating to the Prior Bonds.

Event of Default

“Event of Default” means an event described as such in Section 8.01.

Expense Fund

“Expense Fund” means the City of Sacramento North Natomas Regency Park Community Facilities District No. 2001-03 Special Tax Refunding Bonds Expense Fund established pursuant to Section 4.02 (to be maintained by the City Treasurer).

Expenses

“Expenses” means all costs associated with the determination of the amount of the Special Tax, the collection of the Special Tax, and the payment of the Special Tax, together with all other costs incurred in order to carry out the authorized purposes of the Community Facilities District, all as determined in accordance with Generally Accepted Accounting Principles.

Facilities

“Facilities” means the following public improvements, which are designed to serve property located within the Community Facilities District and were authorized at the special election held in the Community Facilities District on January 22, 2002, to be acquired and constructed under the Act in and for the Community Facilities District: drainage facilities, including detention basins, pump stations, pipelines, and channels (together with related bridges, culverts and headwalls); roads, sanitary sewer trunk and interceptor lines, water-transmission lines, park landscaping, landscaping and soundwalls in landscape corridors, and public dry utilities; and related Habitat Conservation Plan fees.

Federal Securities

“Federal Securities” means all of the following as and to the extent they are eligible for the legal investment of City funds:

(a) Any securities now or hereafter authorized both the interest on and principal of which are guaranteed by the full faith and credit of the United States of America.

(b) Any of the following obligations of federal agencies not guaranteed by the full faith and credit of the United States of America: (1) participation certificates or senior debt obligations of the Federal Home Loan Mortgage Corporation; (2) bonds or debentures of the Federal Home Loan Bank Board established under the Federal Home Loan Bank Act and bonds of any federal home loan bank established under such act; and (3) stocks, bonds, debentures, participations and other obligations of or issued by the Federal National Mortgage Association, the Student Loan Marketing Association, the Government National Mortgage Association, or the Federal Home Loan Mortgage Corporation.

(c) Any repurchase agreements that are secured by any of the securities or obligations described in subparagraph (a) or (b) of this definition, which securities or obligations also (1) have a fair market value (determined at least daily) at least equal to 102% of the amount invested in the repurchase agreement, (2) are in the possession of the Trustee or a third party acting solely as custodian for the Trustee who holds a perfected first lien therein, and (3) are free from all third-party claims.

Fiscal Year

“Fiscal Year” means the twelve-month period terminating on June 30 of each year, or any other annual accounting period hereafter selected and designated by the City as its Fiscal Year in accordance with applicable law.

Generally Accepted Accounting Principles

“Generally Accepted Accounting Principles” means the uniform accounting and reporting procedures set forth in publications of the American Institute of Certified Public Accountants or its successor, or by any other generally accepted authority on such procedures, including, as applicable, the standards set forth by the Governmental Accounting Standards Board or its successor.

Government Securities

“Government Securities” means any of the following securities: United States Treasury Obligations – State and Local Government Series (SLGS) and United States Treasury bills, notes and bonds.

Holder

“Holder” means any person who shall be the registered owner of any Outstanding Bond, as shown on the registration books maintained by the Trustee pursuant to Section 2.06.

Indenture

“Indenture” means this Indenture, dated as of January 1, 2013, between the City and the Trustee entered into under and pursuant to the Act, as originally executed and delivered and as it may from time to time be amended or supplemented by any Supplemental Indenture executed and delivered as provided herein.

Independent Certified Public Accountant

“Independent Certified Public Accountant” means any certified public accountant appointed and paid by the City who is duly licensed and entitled to practice under California law and is practicing as such and who:

- (a) is in fact independent and not under the domination of the City;
- (b) does not have a substantial financial interest, direct or indirect, in the operations of the City; and
- (c) is not connected with the City as an officer or employee of the City, but who may be regularly retained to audit the accounting records of and make reports thereon to the City.

“Independent Certified Public Accountant” also means any firm of such accountants.

Legal Investments

“Legal Investments” means any securities in which funds of the City may be legally invested in accordance with the applicable law in effect at the time of such investment

and in accordance with the then-current investment policy of the City (as established by the City Council).

Mayor

“Mayor” means the Mayor of the City of Sacramento.

Opinion of Counsel

“Opinion of Counsel” means a written opinion of legal counsel retained by the City (including the Sacramento City Attorney or his designee).

Outstanding

“Outstanding,” when used as of any particular time with reference to Bonds, means (subject to the provisions of Section 7.02) all Bonds except:

- (a) Bonds cancelled and destroyed by the Trustee or delivered to the Trustee for cancellation and destruction;
- (b) Bonds paid or deemed to have been paid within the meaning of Section 9.01; and
- (c) Bonds mutilated, destroyed, stolen, or lost that have been replaced by other Bonds executed by the City and authenticated and delivered by the Trustee pursuant to Section 2.07.

Principal Corporate Trust Office

“Principal Corporate Trust Office” means the principal office of the Trustee in San Francisco, California, at which at any particular time its corporate trust business is being administered, except that with respect to presentation of Bonds for registration, payment, redemption, transfer or exchange, such term shall mean such other office designated by the Trustee from time to time as its Principal Corporate Trust Office.

Prior Bonds

“Prior Bonds” means the \$_____ outstanding principal amount of the City of Sacramento North Natomas Regency Park Community Facilities District No. 2001-03 Special Tax Bonds.

Required Bond Reserve

“Required Bond Reserve” means, as of any date of calculation, the least of (a) 10% of the initial principal amount of the Bonds, or (b) the maximum Debt Service payable hereunder in the current or any future Bond Year, or (c) 125% of the average Debt Service payable hereunder in the current and in all future Bond Years, all as determined by the City under the Code and specified in writing to the Trustee.

Series

“Series,” whenever used herein with respect to Bonds, means all of the Bonds designated as being of the same series, authenticated and delivered in a simultaneous transaction regardless of variations in maturity, interest rate, redemption and other provisions and any Bonds thereafter authenticated and delivered upon transfer or exchange or in lieu of or in substitution for (but not to refund) such Bonds as herein provided.

Sinking Fund Account

“Sinking Fund Account” means the account in the Bond Redemption Fund referred to by that name established pursuant to Section 4.02.

Sinking Fund Account Payments

“Sinking Fund Account Payments” means the payments required hereunder to be deposited in the Sinking Fund Account for the payment of the Term Bonds.

Special Tax

“Special Tax” means the special tax authorized at the special election held in the Community Facilities District on January 22, 2002, to be levied and collected annually on all Taxable Land in the Community Facilities District under and pursuant to the Act.

Special Tax Formula

“Special Tax Formula” means the Rate and Method of Apportionment of Special Tax approved at the election held in the Community Facilities District on January 22, 2002.

Special Tax Fund

“Special Tax Fund” means the City of Sacramento North Natomas Regency Park Community Facilities District No. 2001-03 Special Tax Refunding Bonds Special Tax Fund established pursuant to Section 4.01 (to be maintained by the City Treasurer).

Special Tax Revenues

“Special Tax Revenues” means the proceeds of the Special Tax received by the City, excluding any prepayments thereof (which shall be used to redeem Bonds in accordance with the terms hereof and any Supplemental Indenture) and including the proceeds of the redemption or sale of property sold as a result of the foreclosure of the lien of the Special Tax, but excluding any interest or penalties thereon.

Supplemental Indenture

“Supplemental Indenture” means any indenture then in full force and effect that has been made and entered into by the City and the Trustee, amendatory of or supplemental

hereto, but only to the extent that such Supplemental Indenture is specifically authorized hereunder.

Taxable Land

“Taxable Land” means all land within the Community Facilities District that is taxable under the Act in accordance with the proceedings for the authorization of the issuance of the Bonds and the levy and collection of the Special Tax under the Special Tax Formula.

Tax Certificate

“Tax Certificate” means, with respect to any Series of Bonds, the certificate delivered upon the issuance of such Series of Bonds relating to Section 148 of the Code, or any functionally similar replacement certificate.

Trustee

“Trustee” means The Bank of New York Mellon Trust Company, N.A., a banking corporation duly organized and existing under and by virtue of the laws of the United States of America and authorized to accept and execute trusts of the character herein set forth, at its Principal Corporate Trust Office, and its successors or assigns, or any other bank or trust company having a corporate trust office in California which may at any time be substituted in its place as provided in Section 6.01.

2013 Refunding Bonds

“2013 Refunding Bonds” means the [_____] dollars (\$[PRINCIPAL AMOUNT]) aggregate principal amount of City of Sacramento 2013 North Natomas Regency Park Community Facilities District No. 2001-03 Special Tax Refunding Bonds, Series A at any time Outstanding hereunder that are executed, authenticated and delivered in accordance with the provisions hereof.

2013 Refunding Bonds Costs of Issuance Account

“2013 Refunding Bonds Costs of Issuance Account” means the account by that name within the Costs of Issuance Fund established pursuant to Section 2.11.

Written Request of the City

“Written Request of the City” means an instrument in writing signed by the City Manager, the City Treasurer, or any other officer of the City duly authorized by the City Council for that purpose.

SECTION 1.02. Equal Security. In consideration of the acceptance of the Bonds by the Holders thereof, the Indenture shall be deemed to be and shall constitute a contract between the City and the Holders from time to time to secure the full and final payment of the interest on and principal of and redemption premiums, if any, on all Bonds which may from time to time be authorized, sold, executed, authenticated, and delivered hereunder, subject to the

agreements, conditions, covenants, and terms contained herein; and all agreements, conditions, covenants, and terms contained herein required to be observed or performed by or on behalf of the City shall be for the equal and proportionate benefit, security, and protection of all Holders without distinction, preference, or priority as to security or otherwise of any Bonds over any other Bonds by reason of the number thereof or the time of execution, authentication, or delivery thereof or otherwise for any cause whatsoever, except as expressly provided herein or therein.

ARTICLE II

ISSUANCE OF 2013 REFUNDING BONDS; TERMS OF 2013 REFUNDING BONDS; GENERAL TERMS OF BONDS

SECTION 2.01. [Authorization and Purpose of 2013 Refunding Bonds](#). The City Council has reviewed all proceedings heretofore taken relative to the authorization of the 2013 Refunding Bonds and has found, as a result of such review, and hereby finds and determines, that all acts, conditions, and things required by law to exist, happen, and be performed precedent to and in the issuance of the 2013 Refunding Bonds do exist, have happened and have been performed in due time, form, and manner as required by the Act, and the City is now authorized, pursuant to each and every requirement of the Act and hereof, to issue the 2013 Refunding Bonds pursuant to the Act and pursuant hereto to refund the Prior Bonds, and to pay the Costs of Issuance of the 2013 Refunding Bonds, which 2013 Refunding Bonds shall be entitled to the benefit, protection and security of the Act and hereof. The 2013 Refunding Bonds shall be designated the “City of Sacramento 2013 North Natomas Regency Park Community Facilities District No. 2001-03 Special Tax Refunding Bonds, Series A.”

From and after the issuance of the 2013 Refunding Bonds, the findings and determinations of the City Council respecting the 2013 Refunding Bonds shall be conclusive evidence of the existence of the facts so found and determined in any action or proceeding in any court in which the validity of any 2013 Refunding Bonds is at issue, and no bona fide purchaser of any 2013 Refunding Bonds shall be required to see to the existence of any fact or to the performance of any condition or to the taking of any proceeding required prior to such issuance or to the application of the purchase price paid for such 2013 Refunding Bonds. The recital contained in the 2013 Refunding Bonds that the 2013 Refunding Bonds are issued pursuant to the Act and pursuant hereto shall be conclusive evidence of their validity and of the regularity of their initial issuance, and all 2013 Refunding Bonds shall be incontestable from and after their initial issuance, which shall be the date the definitive 2013 Refunding Bonds (or any temporary 2013 Refunding Bond exchangeable therefor) shall have been delivered to the purchaser thereof and the purchase price thereof shall have been received by the Trustee.

SECTION 2.02. [Terms of 2013 Refunding Bonds](#). The 2013 Refunding Bonds shall be dated the date of the initial delivery thereof; shall be issued in fully registered form in the denomination of \$5,000 or any integral multiple thereof (except that no 2013 Refunding Bond shall have principal maturing on more than one maturity date); and shall mature on the dates and in the principal amounts and shall bear interest (computed on a 360-day year of twelve 30-day calendar months) payable on September 1, 2013, and semiannually thereafter on March 1 and September 1 in each year, at the rates per annum set forth in the following schedule:

Maturity Date September 1	Principal Amount	Interest Rate
------------------------------	---------------------	------------------

The interest on and principal of and redemption premiums, if any, on the 2013 Refunding Bonds shall be payable in lawful money of the United States of America at the Principal Corporate Trust Office of the Trustee. Each 2013 Refunding Bond shall bear interest from the interest payment date next preceding the date of authentication thereof, unless it is authenticated on a day during the period from the 16th day of the month next preceding any interest payment date to such interest payment date, both days inclusive, in which event it shall bear interest from such interest payment date, or unless it is authenticated on a day on or before the 15th day of the month next preceding the first interest payment date on the 2013 Refunding Bonds, in which event it shall bear interest from its date; provided, that if at the time of authentication of any 2013 Refunding Bond interest is then in default on any Outstanding 2013 Refunding Bonds, such 2013 Refunding Bond shall bear interest from the interest payment date to which interest has previously been paid or made available for payment of interest on such Outstanding 2013 Refunding Bonds. Payment of interest on the 2013 Refunding Bonds due on or before the maturity or prior redemption thereof shall be made only to the person whose name appears in the registration books required to be kept by the Trustee pursuant to Section 2.06 as the registered owner thereof at the close of business on the 15th day of the month next preceding each interest payment date, such interest to be paid by check mailed by first class mail to such registered owner at his address as it appears on such books (except that in the case of a Holder of \$1,000,000 or more in aggregate principal amount of 2013 Refunding Bonds, payment shall be made at such Holder's option by federal wire transfer of immediately available funds according to written instructions provided by such Holder to the Trustee prior to the 15th day of the month next preceding such interest payment date to an account in a bank or trust company or savings bank that is a member of the Federal Reserve System and that is located in the United States of America). Payment of the principal of and redemption premiums, if any, on the 2013 Refunding Bonds shall be made only to the person whose name appears in the registration books required to be kept by the Trustee pursuant to Section 2.06 as the registered owner thereof, such principal and redemption premiums, if any, to be paid only on the surrender of the 2013 Refunding Bonds at the Principal Corporate Trust Office of the Trustee at maturity or on redemption prior to maturity.

Sinking Fund Account Payments are hereby established for the mandatory redemption and payment of the 2013 Refunding Bonds maturing on September 1, 20__, which payments shall become due during the years ending on the dates and in the amounts as set forth

in the following schedule (except that if any of such Bonds shall have been optionally redeemed pursuant to Section 2.03, the amounts of the Sinking Fund Account Payments shall be reduced proportionately by the principal amount of all such Bonds so optionally redeemed), namely:

<u>Year Ending September 1</u>	<u>Sinking Fund Account Payment</u>
------------------------------------	---

(maturity)

All such Sinking Fund Account Payments shall be deposited in the Sinking Fund Account, and all such money in the Sinking Fund Account may be used and withdrawn by the Trustee (upon receipt of a Written Request of the City) at any time for the purchase of such Bonds at public or private sale as and when and at such prices (including brokerage and other charges) as the City may in its discretion determine, but not to exceed the principal amount of such Bonds. All such money in the Sinking Fund Account on September 1 of each year during the period beginning on September 1, 20__, and ending on September 1, 20__, both days inclusive, shall be used and withdrawn by the Trustee on such September 1 for the mandatory redemption or payment of such Bonds; and the City hereby agrees and covenants with the Holders of the Bonds to call and redeem in accordance with Article III or pay such Bonds pursuant to this paragraph whenever on September 1 of any year, beginning on September 1, 20__, there is money in the Sinking Fund Account available for such purpose.

SECTION 2.03. [Redemption Prices of 2013 Refunding Bonds.](#)

(a) Mandatory Redemption. The 2013 Refunding Bonds maturing on September 1, 20__, are subject to mandatory redemption by the City prior to their maturity date in part on September 1 in each of the years 20__ through 20__, both years inclusive, solely from Sinking Fund Account Payments deposited in the Sinking Fund Account, upon mailed notice as provided herein, at a redemption price of 100% of the principal amount thereof called for redemption, together with accrued interest thereon to the date of redemption.

(b) Optional Redemption. The 2013 Refunding Bonds maturing on or after September 1, 20__, are subject to optional redemption by the City prior to their respective stated maturity dates, as a whole or in part on any date on or after [March 1], 20__, from any source of available funds, upon mailed notice as provided herein, at the following redemption prices (expressed as a percentage of the principal amount of 2013 Refunding Bonds or portions thereof called for redemption), together with accrued interest thereon to the date of redemption:

Redemption Date

Redemption Price

(c) Extraordinary Redemption. The 2013 Refunding Bonds are subject to extraordinary redemption by the City prior to their respective stated maturity dates, as a whole or in part on any date, solely from prepayments of the Special Tax, upon mailed notice as provided herein, at the following redemption prices (expressed as a percentage of the principal amount of 2013 Refunding Bonds or portions thereof called for redemption), together with accrued interest thereon to the date of redemption:

Redemption Date

Redemption Price

SECTION 2.04. Form of 2013 Refunding Bonds. The 2013 Refunding Bonds and the certificate of authentication and the assignment to appear thereon shall be in substantially the forms set forth in Exhibit A hereto, with such variations, insertions, or omissions as are appropriate and not inconsistent herewith.

SECTION 2.05. Execution of Bonds. The Bonds shall be signed on behalf of the City by the manual or a facsimile signature of the Mayor and countersigned by the manual or a facsimile signature of the City Clerk, and the seal of the City shall be impressed thereon or imprinted thereon by facsimile reproduction. In case any officer of the City who shall have signed any of the Bonds shall cease to be such officer before the Bonds so signed shall have been delivered to the purchaser by the Trustee, such Bonds may nevertheless be delivered and issued and, upon such delivery and issuance, shall be as binding upon the City as though the officer who signed the same had continued to be such officer until such delivery and issuance. Also, any Bond may be signed on behalf of the City by any officer of the City who on the actual date of the execution of such Bond shall be the proper officer of the City, although on the nominal date of such Bond such person shall not have been such officer of the City. Only those Bonds that bear thereon a certificate of authentication executed by the Trustee shall be entitled to any benefit, protection, or security hereunder or be valid or obligatory for any purpose, and such certificate of authentication of the Trustee shall be conclusive evidence that the Bonds so authenticated have been duly authorized, sold, executed, and delivered hereunder and are entitled to the benefits hereof.

SECTION 2.06. [Transfer and Exchange of Bonds](#). The Trustee will keep at its Principal Corporate Trust Office sufficient books for the transfer and exchange of the Bonds, which books shall at all times during normal business hours with reasonable prior notice be open to inspection by the City or by any Holder. Any Bond may, in accordance with its terms, be transferred or exchanged on such books by the person in whose name it is registered, in person or by his duly authorized attorney, upon payment by the Holder requesting such transfer or exchange of any tax or other governmental charge required to be paid with respect to such transfer or exchange and upon surrender of such Bond for cancellation accompanied by delivery of a duly executed written instrument of transfer or exchange in a form acceptable to the Trustee. Whenever any Bond or Bonds shall be surrendered for transfer or exchange, the City shall execute and the Trustee shall authenticate and deliver a new Bond or Bonds of the same Series and maturity date and of authorized denominations for the same aggregate principal amount, except that neither the City nor the Trustee shall be required (a) to transfer or exchange any Bonds during the fifteen-day period prior to the selection of any Bonds for redemption under Article III, or (b) to transfer or exchange any Bond which has been selected for redemption in whole or in part, except the unredeemed portion of such Bond selected for redemption in part, from and after the day that such Bond has been selected for redemption in whole or in part under Article III.

The City and the Trustee may deem and treat the registered owner of any Bond as the absolute owner of such Bond for all purposes hereof, whether such Bond shall be overdue or not, and neither the City nor the Trustee shall be affected by any notice or knowledge to the contrary; and payment of the interest on and the principal of and the redemption premium, if any, on such Bond shall be made only to the registered owner thereof as provided herein, which payments shall be valid and effectual to satisfy and discharge the liability on such Bond to the extent of the sum or sums so paid.

SECTION 2.07. [Mutilated, Destroyed, Stolen or Lost Bonds](#). In case any Bond shall become mutilated in respect of the body of such Bond or shall be believed by the Trustee to have been destroyed, stolen, or lost, upon proof of ownership satisfactory to the Trustee and upon the surrender of such mutilated Bond at the Principal Corporate Trust Office of the Trustee, or upon the receipt of evidence satisfactory to the Trustee of such destruction, theft, or loss and upon receipt of indemnity satisfactory to the Trustee, and also upon payment of all expenses incurred by the City and the Trustee in the premises, the City shall execute and the Trustee shall authenticate and deliver at its Principal Corporate Trust Office a new Bond or Bonds of the same Series and maturity date for the same aggregate principal amount of like tenor and date and bearing such numbers and notations as the Trustee shall determine in exchange and substitution for and upon cancellation of the mutilated Bond or in lieu of and in substitution for the Bond so destroyed, stolen, or lost.

If any such destroyed, stolen, or lost Bond shall have matured or shall have been called for redemption, payment of the amount due thereon may be made by the Trustee upon receipt of like proof, indemnity, and payment of expenses.

Any replacement Bond issued pursuant to this section in lieu of any mutilated Bond or any Bond alleged to be destroyed, stolen, or lost shall replace the mutilated Bond or the Bond alleged to be destroyed, stolen, or lost as an original contractual obligation on the part of

the City and shall be entitled to equal and proportionate benefits with all other Bonds issued under this Indenture.

SECTION 2.08. [Temporary Bonds](#). Any Bonds may be initially issued in temporary form exchangeable for definitive Bonds when ready for delivery, which temporary Bonds shall be typewritten, shall be of such denominations as may be determined by the City, shall be issued in fully registered form, shall contain such reference to any of the provisions hereof as may be appropriate, and shall be executed by the City upon the same conditions and in substantially the same manner as the definitive Bonds. If the City issues temporary Bonds, it will execute and furnish definitive Bonds without delay, and thereupon the temporary Bonds may be surrendered in exchange therefor at the Principal Corporate Trust Office of the Trustee, and the Trustee shall deliver in exchange for such temporary Bonds an equal aggregate principal amount of definitive Bonds of authorized denominations of the same Series and maturity date or dates, and until so exchanged, the temporary Bonds shall be entitled to the same benefits as definitive Bonds issued hereunder.

SECTION 2.09. [Registration of 2013 Refunding Bonds](#). The 2013 Refunding Bonds shall be initially registered in the name of “The Bank of New York Mellon Trust Company, N.A., as trustee for the Sacramento City Financing Authority 2013 Special Tax Refunding Revenue Bonds (Westlake and Regency Park), Series A” and shall be initially issued as one 2013 Refunding Bond for each of the maturities in the principal amounts set forth herein, and registered ownership of the 2013 Refunding Bonds, or any portion thereof, may not thereafter be transferred except to a successor to such registered owner in accordance with the provisions of the Authority Trust Agreement.

SECTION 2.10. [Acquisition and Construction Fund](#). There is hereby continued in the treasury of the City a fund to be known as the “City of Sacramento North Natomas Regency Park Community Facilities District No. 2001-03 Special Tax Bonds Acquisition and Construction Fund,” which fund contains amounts consisting of proceeds of the Prior Bonds. All money in the Acquisition and Construction Fund shall be applied by the City Treasurer in the manner provided by the Act for paying the costs of the acquisition and construction of the Facilities (or for making reimbursements to the City for such costs theretofore paid by it), including payment of costs incidental to or connected with such acquisition and construction, or for the repayment of funds advanced to or for the Community Facilities District; provided, that any money remaining in the Acquisition and Construction Fund after the completion of the payment of the costs of the acquisition and construction of the Facilities shall be withdrawn by the City Treasurer from the Acquisition and Construction Fund and deposited by the City Treasurer in the Special Tax Fund.

SECTION 2.11. [Costs of Issuance Fund; 2013 Refunding Bonds Costs of Issuance Account](#). There is hereby established in the treasury of the City a fund to be known as the “City of Sacramento North Natomas Regency Park Community Facilities District No. 2001-03 Special Tax Refunding Bonds Costs of Issuance Fund” and a separate account therein to be known as the “2013 Refunding Bonds Costs of Issuance Account,” into which account shall be deposited the amount required to be deposited therein by the provisions hereof. All money in the 2013 Refunding Bonds Costs of Issuance Account shall be applied in the manner provided by law for payment of Costs of Issuance of the 2013 Refunding Bonds; provided, that any money

remaining in the 2013 Refunding Bonds Costs of Issuance Account after the completion of the payment of the Costs of Issuance of the 2013 Refunding Bonds (but not later than [July __, 2013]) shall be withdrawn by the City Treasurer from the 2013 Refunding Bonds Costs of Issuance Account and deposited by the City Treasurer in the Special Tax Fund.

SECTION 2.12. [Application of Proceeds of Sale of 2013 Refunding Bonds.](#)

Upon the receipt of payment of the proceeds of sale of the 2013 Refunding Bonds when the same shall have been duly sold by the City, the Trustee shall (upon receipt of a Written Request of the City) set aside and deposit or transfer the proceeds of sale of the 2013 Refunding Bonds in the following order:

(a) The Trustee shall deposit in the Bond Reserve Fund a sum which is equal to the Required Bond Reserve;

(b) The Trustee shall transfer the amount of \$_____ to the Escrow Agent for deposit in accordance with the Escrow Agreement; and

(c) The Trustee shall transfer to the City Treasurer for deposit in the 2013 Refunding Bonds Costs of Issuance Account the remaining proceeds of sale of the 2013 Refunding Bonds.

SECTION 2.13. [Provisions for the Issuance of Additional Series of Bonds.](#)

In addition to the 2013 Refunding Bonds, the City may at any time, by a Supplemental Indenture, authorize the issuance of additional Series of Bonds, secured by, and payable from, the Special Tax Revenues as provided herein equally and ratably with any other Outstanding Bonds, including any Outstanding 2013 Refunding Bonds, but only upon compliance by the City with the provisions of this Indenture and any additional requirements set forth in the Supplemental Indenture, and subject to the following specific conditions, which are hereby made conditions precedent to the issuance of any such additional Series of Bonds:

(a) No Event of Default shall have occurred and then be continuing; and

(b) The Supplemental Indenture providing for the issuance of the additional Series of Bonds shall specify the purpose for which such additional Series of Bonds are being issued, which purpose shall be to refund all or part of any other Series of Bonds then Outstanding.

ARTICLE III

REDEMPTION OF BONDS

SECTION 3.01. [Selection of Bonds for Redemption.](#)

If less than all the Bonds of any Series are to be redeemed at any one time, the City shall select the maturity date or dates of the Bonds of such Series to be redeemed pro rata (as nearly as possible given minimum authorized denominations) in proportion to the total principal amount of Bonds of such Series Outstanding at the time of redemption, and if less than all the Bonds of any Series of any one maturity date are to be redeemed at any one time, the Trustee shall select by lot the Bonds of such Series or the portions thereof of such maturity date to be redeemed in integral multiples of

\$5,000. The City shall notify the Trustee in writing at least 15 days prior to the date fixed for the selection of any Bonds for redemption, and after such selection the Trustee shall promptly notify the City in writing of the numbers of the Bonds selected for redemption in whole or in part.

SECTION 3.02. [Notice of Redemption](#). The Trustee shall mail a notice of redemption pursuant to Section 10.09 to the respective Holders of all Bonds selected for redemption in whole or in part and to the underwriter or first purchaser of the Bonds selected for redemption. Such notice shall state the date of such notice, the Bonds to be redeemed, the date of issue of such Bonds, the redemption date, the redemption price, the place of redemption (being the address of the Principal Corporate Trust Office of the Trustee), the CUSIP number (if any) of the maturity or maturities, and, if less than all of any such maturity, the numbers of the Bonds of such maturity to be redeemed, and, in the case of Bonds to be redeemed in part only, the respective portions of the principal amount thereof to be redeemed, and shall give notice that further interest on such Bonds or the portions thereof redeemed will not accrue from and after the redemption date, and shall require that such Bonds be surrendered at the Principal Corporate Trust Office of the Trustee for payment of the redemption price thereof. If any Bond so chosen for redemption shall not be redeemable in whole, such notice shall also state that such Bond is to be redeemed in part only and that upon presentation of such Bond for redemption there will be issued in lieu of the unredeemed portion of principal thereof a new Bond or Bonds of the same Series and maturity date and of authorized denominations equal in aggregate principal amount to such unredeemed portion.

With respect to any notice of redemption of Bonds delivered pursuant to this Section 3.02 in respect of an optional or extraordinary redemption, unless, upon the giving of such notice, such Bonds shall be deemed to have been paid within the meaning of Article IX hereof, such notice shall state that such redemption shall be conditional upon the receipt by the Trustee on or prior to the date fixed for such redemption of amounts sufficient to pay the principal of, and premium, if any, and interest on, such Bonds to be redeemed, and that if such amounts shall not have been so received the notice shall be of no force and effect and the City shall not be required to redeem such Bonds. In the event that any such notice of redemption contains such a condition and such amounts are not so received, the redemption shall not be made and the Trustee shall within a reasonable time thereafter give notice to the Holders to the effect that such amounts were not so received and such redemption was not made, such notice to be given by the Trustee in the manner in which the notice of redemption was given. Such failure to redeem such Bonds shall not constitute an Event of Default.

Any notice given pursuant to this Section 3.02 may be rescinded by written notice given to the Trustee by the City no later than five Business Days prior to the date specified for redemption. The Trustee shall give notice of such rescission as soon thereafter as practicable in the same manner, and to the same Persons, as notice of such redemption was given pursuant to this Section 3.02.

SECTION 3.03. [Partial Redemption of Bonds](#). Upon surrender of any Bond redeemed in part only, the City shall execute and the Trustee shall authenticate and deliver to the registered owner thereof at the expense of the City a new Bond or Bonds of the same Series and maturity date and of authorized denominations equal in aggregate principal amount to the unredeemed portion of the Bond surrendered.

SECTION 3.04. Effect of Redemption of Bonds. If notice of redemption has been duly given pursuant to Section 3.02 and money for the payment of the redemption price of the Bonds or portions thereof called for redemption is held by the Trustee, then on the redemption date designated in such notice such Bonds or such portions thereof shall become due and payable, and from and after the date so designated interest on the Bonds or such portions thereof so called for redemption shall cease to accrue and the Holders of such Bonds shall have no rights in respect thereof except to receive payment of the redemption price thereof on the redemption date.

ARTICLE IV

PAYMENT OF BONDS

SECTION 4.01. Deposit of Proceeds of the Special Tax in the Special Tax Fund. The City agrees and covenants that all Special Tax Revenues, when and as received, will be received and held by it in trust hereunder and will be deposited as and when received in the “City of Sacramento North Natomas Regency Park Community Facilities District No. 2001-03 Special Tax Refunding Bonds Special Tax Fund,” which fund is hereby established in the treasury of the City and which fund the City hereby agrees and covenants to maintain with the City Treasurer so long as any Bonds are Outstanding hereunder, and all money in the Special Tax Fund shall be accounted for separately and apart from all other accounts, funds, money, or other resources of the City and shall be disbursed, allocated, and applied solely to the uses and purposes hereinafter set forth in this article.

SECTION 4.02. Allocation of Money in the Special Tax Fund. All money in the Special Tax Fund shall be set aside by the City Treasurer in the following respective funds (each of which funds the City agrees and covenants to maintain with the City Treasurer or the Trustee, as the case may be, so long as any Bonds are Outstanding hereunder) in the following order of priority, and all money in each of such funds shall be applied, used, and withdrawn only for the purposes hereinafter authorized in this section, namely:

(a) City of Sacramento North Natomas Regency Park Community Facilities District No. 2001-03 Special Tax Refunding Bonds Bond Redemption Fund (maintained by the Trustee). On or before the first day in March and September in each year, beginning in September 2013, the City Treasurer shall, from the money in the Special Tax Fund, transfer to the Trustee for deposit in the Bond Redemption Fund an amount of money equal to the aggregate amount of interest becoming due and payable on all Outstanding Bonds on such March 1 or September 1, as the case may be; and on or before the first day in September 1 in each year, beginning in September 2013, the City Treasurer shall, from the then remaining money in the Special Tax Fund, transfer to the Trustee for deposit in the Bond Redemption Fund an amount of money equal to the aggregate amount of principal becoming due and payable on all Outstanding Serial Bonds on such September 1 plus the Sinking Fund Account Payment required to be made on such September 1 into the Sinking Fund Account, as the case may be; provided, that all of the aforesaid payments shall be made without priority of any payment over any other payment, and in the event that the money in the Bond Redemption Fund on any March 1 or September 1 is not equal to the amount of interest becoming due on all Bonds on such

date, or in the event that the money in the Bond Redemption Fund on any September 1 is not equal to the aggregate amount of principal of the Bonds becoming due on such date or the Sinking Fund Account Payment required to be made on such date, as the case may be, then such money shall be applied pro rata in such proportion that such interest and principal or Sinking Fund Account Payment bear to each other; and provided further, that no deposit need be made into the Bond Redemption Fund if the amount of money contained therein is at least equal to the amount required by the terms of this paragraph to be deposited therein at the times and in the amounts provided herein.

All money in the Bond Redemption Fund shall be used and withdrawn by the Trustee solely to pay the interest on the Bonds as it shall become due and payable (including accrued interest on any Bonds purchased or redeemed prior to maturity) plus the principal of and redemption premiums, if any, on the Bonds as they shall mature or upon the prior redemption thereof, except that any money in the Sinking Fund Account shall be used only to purchase or redeem or retire Term Bonds.

(b) City of Sacramento North Natomas Regency Park Community Facilities District No. 2001-03 Special Tax Refunding Bonds Bond Reserve Fund (maintained by the Trustee). On or before the first day in September in each year, beginning in September 2013, the City Treasurer shall, from the then remaining money in the Special Tax Fund, transfer to the Trustee for deposit in the Bond Reserve Fund the amount of money that is required to restore the Bond Reserve Fund to an amount equal to the Required Bond Reserve; and for this purpose all investments in the Bond Reserve Fund shall (beginning in September 2013) be valued on or before September 1 of each year at the face value thereof if such investments mature within 12 months from the date of valuation or, if such investments mature more than 12 months after the date of valuation, at the price at which such investments are redeemable by the holder at his option, if so redeemable, or if not so redeemable, at the lesser of either the cost of such investments or the market value of such investments; provided, that no deposit need be made into the Bond Reserve Fund if the amount contained therein is at least equal to the Required Bond Reserve. In making any valuations hereunder, the Trustee may use and rely on computerized securities pricing services that may be available to it, including those available through its regular accounting system.

All money in the Bond Reserve Fund shall be used and withdrawn by the Trustee solely for the purpose of paying the interest on or principal of the Bonds in the event there is insufficient money in the Bond Redemption Fund available for this purpose; provided, that if as a result of any of the foregoing valuations it is determined that the amount of money in the Bond Reserve Fund exceeds the Required Bond Reserve, the Trustee shall withdraw the amount of money representing such excess from such fund and shall deposit such amount of money in the Special Tax Fund.

(c) City of Sacramento North Natomas Regency Park Community Facilities District No. 2001-03 Special Tax Refunding Bonds Expense Fund (maintained by the City Treasurer). On September 1 in each year, beginning in September 2013, the City Treasurer shall, from the then remaining money in the Special Tax Fund, transfer to and deposit in the Expense Fund a sum equal to the amount required by the City for the payment of budgeted Expenses during the twelve-month period beginning on such date (or for the reimbursement to the City for the payment of any unbudgeted Expenses made during any prior twelve-month period). All money in the Expense Fund shall be used and withdrawn by the City Treasurer only for transfer to or for the account of the City to pay budgeted Expenses (as herein provided) or to reimburse the City for the payment of unbudgeted Expenses (as herein provided), or to pay the interest on or principal of or redemption premiums, if any, on the Bonds in the event that no other money is available therefor.

(d) City of Sacramento North Natomas Regency Park Community Facilities District No. 2001-03 Special Tax Refunding Bonds Community Facilities Fund (maintained by the City Treasurer). All money remaining in the Special Tax Fund on September 1 of each year, beginning in September 2013, after transferring all of the sums required to be transferred therefrom on or prior to such date by the provisions of Sections 4.02(a), (b) and (c), shall be withdrawn from the Special Tax Fund by the City Treasurer and deposited in the “City of Sacramento North Natomas Regency Park Community Facilities District No. 2001-03 Special Tax Refunding Bonds Community Facilities Fund,” which fund the City hereby agrees and covenants to maintain with the City Treasurer so long as any Bonds are Outstanding hereunder, and all money in the Community Facilities Fund shall be used and withdrawn by the City solely for the benefit of the Community Facilities District in accordance with the Act; provided, that the City Treasurer shall not make any such withdrawal of money in the Special Tax Fund if and when (to the City Treasurer’s actual knowledge) an Event of Default is then existing hereunder.

ARTICLE V

COVENANTS OF THE CITY

SECTION 5.01. Punctual Payment and Performance. The City will punctually pay the interest on and principal of and redemption premium, if any, to become due on every Bond issued hereunder in strict conformity with the terms of the Act and hereof and of the Bonds, and will faithfully observe and perform all the agreements, conditions, covenants, and terms contained herein and in the Bonds required to be observed and performed by it.

SECTION 5.02. Against Indebtedness and Encumbrances. The City will not issue any evidences of indebtedness payable from the Special Tax Revenues except the Bonds as provided herein, and will not create, or permit the creation of, any pledge, lien, charge, or other encumbrance upon any money in the Special Tax Fund other than as provided herein; provided, that the City may at any time, or from time to time, issue evidences of indebtedness for any lawful purpose of the Community Facilities District which are payable from any money in the Community Facilities Fund as may from time to time be deposited therein (as provided in

Section 4.02) so long as any payments due thereunder shall be subordinate in all respects to the use of the Special Tax Revenues as provided herein.

SECTION 5.03. [Against Federal Income Taxation](#). The City will not take any action, or fail to take any action, if such action or failure to take such action would adversely affect the exclusion from gross income of the interest on the Authority Bonds pursuant to Section 103 of the Code, and specifically the City will not directly or indirectly use or make any use of the proceeds of the Bonds or any other funds of the City or take or omit to take any action that would cause the Authority Bonds to be “arbitrage bonds” subject to federal income taxation by reason of Section 148 of the Code or “private activity bonds” subject to federal income taxation by reason of Section 141(a) of the Code or obligations subject to federal income taxation because they are “federally guaranteed” as provided in Section 149(b) of the Code; and to that end the City, with respect to the proceeds of the Bonds and such other funds, will comply with all requirements of such sections of the Code; provided, that if the City shall obtain an opinion of nationally recognized bond counsel to the effect that any action required under this section is no longer required, or to the effect that some further action is required, to maintain the exclusion from gross income of the interest on the Authority Bonds pursuant to Section 103 of the Code, the City may rely conclusively on such opinion in complying with the provisions hereof. In the event that at any time the City is of the opinion that for purposes of this section it is necessary to restrict or limit the yield on the investment of any money held by the City Treasurer or the Trustee hereunder or otherwise the City shall so instruct the City Treasurer or the Trustee, as the case may be, in writing, and the City Treasurer or the Trustee, as the case may be, shall take such action as may be necessary in accordance with such instructions.

SECTION 5.04. [Payment of Claims](#). The City will pay and discharge any and all lawful claims which, if unpaid, might become payable from the Special Tax Revenues or any part thereof or upon any funds in the hands of the City Treasurer or the Trustee allocated to the payment of the interest on or principal of or redemption premiums, if any, on the Bonds, or which might impair the security of the Bonds.

SECTION 5.05. [Expense Budgets](#). The City Council will, on or before September 1 in each year, beginning in September 2013, adopt a budget setting forth the costs of the estimated Expenses for the twelve-month period from such September 1 through the next succeeding August 31 (or for the reimbursement to the City for the payment of any unbudgeted Expenses made during any prior period); provided, that any budget adopted in accordance with this section may be amended by the City Council at any time.

SECTION 5.06. [Accounting Records; Financial Statements and Other Reports](#).

(a) The City will keep, or in the case of transactions made by the Trustee it will cause the Trustee to keep, appropriate accounting records in which complete and correct entries shall be made of all transactions relating to the receipt, investment, disbursement, allocation, and application of the Special Tax Revenues and of the proceeds of the Bonds, which accounting records shall at all times during normal business hours with reasonable prior notice be subject to the inspection of any Holder (or his representative authorized in writing).

(b) The City will prepare annually within 210 days after the close of each Fiscal Year (commencing with the Fiscal Year ending June 30, 2013) financial statements of the City for the preceding Fiscal Year prepared in accordance with Generally Accepted Accounting Principles, together with an Accountant's Report thereon. The City will furnish a copy of such financial statements and Accountant's Report without charge to any Holder (or his representative authorized in writing) and to any investment banker, security dealer, or other person interested in the Bonds requesting copies thereof.

(c) The City will prepare annually not more than 180 days after the close of each Fiscal Year (commencing with the Fiscal Year ending June 30, 2013) a summary report showing in reasonable detail the Special Tax Revenues levied and collected and the costs of the Expenses for the preceding Fiscal Year and containing a general statement of the physical condition of the Facilities. The City will furnish a copy of such summary report without charge to any Holder (or his representative authorized in writing) and to any investment banker, security dealer, or other person interested in the Bonds requesting a copy thereof.

(d) The City will prepare annually not later than October 30 of each year and file with the California Debt and Investment Advisory Commission by mail, postage prepaid, all necessary information required to be filed under the Act, including the following:

- (1) the principal amount of the Outstanding Bonds;
- (2) the balance in the Bond Reserve Fund;
- (3) the balance in the Bond Redemption Fund constituting capitalized interest, if any;
- (4) the number of parcels securing the Bonds which are delinquent with respect to their Special Tax payments, the amount that each delinquent parcel is delinquent, the length of time that each delinquent parcel has been delinquent, and the date that foreclosure was commenced for each delinquent parcel; and
- (5) the assessed value of all parcels subject to the levy of the Special Tax to repay the Bonds, as shown on the most equalized assessment roll of the County of Sacramento.

Additionally, the City will notify the California Debt and Investment Advisory Commission by mail, postage prepaid, within ten days if the Trustee fails to pay any interest on or principal of any of the Bonds on any scheduled payment date, or if funds are withdrawn from the Bond Reserve Fund to pay any interest on or principal of the Bonds.

SECTION 5.07. [Protection of Security and Rights of Holders](#). The City will preserve and protect the security of the Bonds and the rights of the Holders and will warrant and defend their rights against all claims and demands of all persons.

SECTION 5.08. [Payment of Governmental Charges and Compliance with Governmental Regulations](#). The City will pay and discharge all taxes or payments in lieu of taxes, assessments and other governmental charges or liens that may be levied, assessed, or

charged upon the Facilities or any part thereof promptly as and when the same shall become due and payable, except that the City shall not be required to pay any such governmental charges so long as the application or validity thereof shall be contested in good faith and the City shall have set aside reserves to cover such charges. The City will duly observe and conform with all valid regulations and requirements of any governmental authority relative to the operation of the Facilities or any part thereof, except that the City shall not be required to comply with any such regulations or requirements so long as the application or validity thereof shall be contested in good faith.

SECTION 5.09. [Levy and Collection of the Special Tax](#). So long as any Bonds are Outstanding, the City will annually levy the Special Tax against all Taxable Land in the Community Facilities District and make provision for the collection of the Special Tax in amounts which will be sufficient, after making reasonable allowances for contingencies and errors in the estimates, to yield proceeds equal to the amounts required for compliance with all the agreements, conditions, covenants, and terms contained herein, and which in any event will be sufficient to pay the interest on and principal of and Sinking Fund Account Payments for and redemption premiums, if any, on the Bonds as they become due and payable and to replenish the Bond Reserve Fund and to pay all Expenses as they become due and payable in accordance with the provisions and terms hereof. The Special Tax shall be collected in the same manner as ordinary ad valorem property taxes for the County of Sacramento are collected and, except as otherwise provided in Section 5.10 or by the Act, shall be subject to the same penalties and the same collection procedure, sale, and lien priority in case of delinquency as is provided for ad valorem property taxes.

SECTION 5.10. [Foreclosure of Special Tax Liens](#). On or before October 1 of each year, the City will review the public records of the County of Sacramento relating to the collection of the Special Tax in order to determine the amount of the Special Tax collected in the prior Fiscal Year, and (a) on the basis of such review the City will, not later than the succeeding December 1, institute foreclosure proceedings as authorized by the Act against all parcels of Taxable Land that are delinquent in the payment of such Special Tax in such Fiscal Year by \$1,000 or more in order to enforce the lien of all such delinquent installments of such Special Tax, and will diligently prosecute and pursue such foreclosure proceedings to judgment and sale; and (b) on the further basis of such review, if the City determines that the total amount so collected is less than 95% of the total amount of the Special Tax levied in such Fiscal Year, the City will, not later than the succeeding December 1, institute foreclosure proceedings as authorized by the Act against all parcels of Taxable Land that are delinquent in the payment of such Special Tax in such Fiscal Year to enforce the lien of all the delinquent installments of such Special Tax, and will diligently prosecute and pursue such foreclosure proceedings to judgment and sale; provided, that any actions taken to enforce delinquent Special Tax liens shall be taken only consistent with the Act; and provided further, that the City shall not be obligated to enforce the lien against any parcel of Taxable Land of any delinquent installment of the Special Tax in any Fiscal Year in which the City shall have received 100% of the amount of such delinquent installment from the County of Sacramento pursuant to the so-called "Teeter Plan."

SECTION 5.11. [Continuing Disclosure Certificates](#). The City will comply with and carry out all of the provisions of each Continuing Disclosure Certificate executed by the City and dated the date of the execution, authentication, and initial delivery of the related Series

of Bonds issued hereunder, as originally executed and as it may be amended from time to time in accordance with the terms thereof, and notwithstanding any other provision hereof, failure of the City to comply with any such Continuing Disclosure Certificate shall not be considered an Event of Default hereunder; provided, that any Holder 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 section.

SECTION 5.12. Further Assurances. The City will adopt, deliver, execute, make and file any and all further assurances, instruments, and resolutions as may be reasonably necessary or proper to carry out the intention or to facilitate the performance hereof and for the better assuring and confirming unto the Holders of the rights and benefits provided herein, including the filing of all financing statements, agreements, instruments, or other documents in the forms and in the locations necessary to perfect and protect, and to continue the perfection of, the pledge of the Special Taxes provided herein to the fullest extent possible under applicable law of the State of California.

ARTICLE VI

THE TRUSTEE

SECTION 6.01. The Trustee. The Bank of New York Mellon Trust Company, N.A., at its Principal Corporate Trust Office, is hereby appointed Trustee for the purpose of receiving all money which the City is required to transfer to it hereunder and for applying and using such money as provided herein for the purpose of paying the interest on and principal of and redemption premiums, if any, on the Bonds. The City agrees that it will at all times maintain a Trustee having a Principal Corporate Trust Office in California.

The City may remove the Trustee initially appointed and any successor thereto and may appoint a successor or successors thereto by an instrument in writing; provided, that any such successor shall be a bank or trust company doing business and having a corporate trust office in California, with a combined capital (exclusive of borrowed capital) and surplus of at least \$100,000,000 and subject to supervision or examination by a federal or state banking authority, and if such bank or trust company publishes a report of condition at least annually, pursuant to law or to the requirements of any supervising or examining authority above referred to, then for the purpose of this section the combined capital and surplus of such bank or trust company shall be deemed to be its combined capital and surplus as set forth in its most recent report of condition so published. The Trustee may at any time resign by giving written notice of such resignation to the City and by giving notice of such resignation by mail pursuant to Section 10.09 to the Holders, and upon receiving such notice of resignation the City shall promptly appoint a successor Trustee by an instrument in writing having the qualifications required hereby. Any resignation or removal of a Trustee and appointment of a successor Trustee shall become effective only upon the acceptance of appointment by the successor Trustee. If within 30 days after notice of the removal or resignation of the Trustee no successor Trustee shall have been appointed by the City and shall have accepted such appointment, the removed or resigning Trustee may petition any court of competent jurisdiction for the appointment of a successor Trustee, which court may thereupon, after such notice, if any, as it may deem proper and

prescribe and as may be required by law, appoint a successor Trustee having the qualifications required hereby.

Notwithstanding anything to the contrary contained herein, any corporation or association into which the Trustee may be merged or with which it may be consolidated, or any corporation or association resulting from any merger or consolidation to which the Trustee shall be a party, or any corporation or association succeeding to the corporate trust business of the Trustee, shall be the successor of the Trustee hereunder without the execution or filing of any paper or any further act on the part of any of the parties hereto.

The Trustee is hereby authorized to pay interest on the Bonds due on or before the maturity or prior redemption thereof to the Holders as their names appear at the close of business on the 15th day of the month next preceding each interest payment date on the registration books required to be kept by it pursuant to Section 2.06 as the registered owners thereof, such interest to be paid by check mailed by first class mail to the Holders at their addresses appearing on such books (except that in the case of a Holder of \$1,000,000 or more in principal amount of Bonds, payment shall be made at such Holder's option by wire transfer of immediately available funds to an account in a bank or trust company or savings bank that is a member of the Federal Reserve System and that is located in the United States of America according to written instructions provided by such Holder to the Trustee prior to the 15th day of the month next preceding such interest payment date) and to pay to the Holders the principal of and redemption premiums, if any, on the Bonds upon presentation and surrender of the Bonds to the Trustee at maturity or on redemption prior to maturity. The Trustee shall cancel and destroy all Bonds paid by it at maturity or on redemption prior to maturity and all Bonds surrendered to it by the City, and shall (if requested by the City) deliver to the City a certificate of such destruction, and the Trustee shall keep accurate records of all Bonds cancelled and destroyed by it hereunder. All money held by or on behalf of the Trustee for the payment of the interest on or principal of or redemption premiums, if any, on the Bonds, whether at maturity or upon prior redemption, shall be held in trust for the account of the Holders thereof, and the Trustee shall not be required to pay Holders or the City any interest on, or be liable to the City, the Holders or any other person for any interest earned on, any money so held.

The City shall from time to time, subject to any agreement between the City and the Trustee then in force, pay the Trustee compensation for its services, reimburse the Trustee for all its advances and expenditures, including advances to and fees and expenses of independent accountants, counsel and engineers or other experts employed by it in the exercise and performance of its rights and obligations hereunder, and indemnify and save the Trustee harmless against loss, expenses, costs, claims and liabilities (including those of its attorneys and agents) not arising from its own negligence or willful misconduct which it may incur in the exercise and performance of its rights and obligations hereunder, which obligation shall survive the resignation or removal of any Trustee or the payment or defeasance of the Bonds.

SECTION 6.02. [Liability of the Trustee](#). The recitals of facts, agreements, and covenants contained herein and in the Bonds shall be taken as statements, agreements, and covenants of the City, and the Trustee does not assume any responsibility for the correctness of the same and does not make any representation as to the sufficiency or validity hereof or of the Bonds or of the Special Tax and shall not incur any responsibility in respect thereof other than in

connection with the rights and obligations expressly assigned to or imposed upon it herein or in the Bonds, and shall not be liable in connection with the performance of its rights or obligations hereunder except for its own negligence or willful misconduct. The Trustee shall not be liable for any error of judgment made in good faith by a responsible officer thereof unless it shall be proved that the Trustee was negligent in ascertaining the pertinent facts, and no provision hereof shall require the Trustee to expend or risk its own funds or otherwise incur any liability for the performance of its rights or obligations hereunder or in the exercise of any of its rights or obligations hereunder. The Trustee shall be entitled to advice of counsel concerning all matters of trust and its duties hereunder; provided, that the Trustee shall not be answerable for the negligence or misconduct of any attorney or certified public accountant selected by it with due care.

The Trustee shall perform only those obligations expressly set forth herein, and no implied obligations shall be read herein against the Trustee. The Trustee shall have no responsibility with respect to any information, statement, or recital in any official statement, offering memorandum, or any other disclosure material prepared or distributed with respect to the Bonds. No provision hereof shall require the Trustee to expend or risk its own funds or otherwise incur any financial liability in the performance of any of its obligations hereunder or in the exercise of any of its rights hereunder if it shall have reasonable grounds for believing that repayment of such funds or adequate indemnity against such risk or liability is not reasonably assured to it.

SECTION 6.03. [Notice to the Trustee](#). The Trustee shall be protected in acting upon any Bond, certificate, consent, notice, opinion, report, request, resolution, or other document or paper believed by it to be genuine and to have been signed or presented by the proper party or parties. The Trustee may consult with counsel, including counsel to the City, with regard to legal questions, and the opinion of such counsel shall be full and complete authorization and protection with respect to any action taken or suffered hereunder in good faith and in accordance therewith. The Trustee shall not be deemed to have knowledge of any default or Event of Default hereunder unless and until an officer of the Trustee at its Principal Corporate Trust Office responsible for the administration of its obligations hereunder shall have actual knowledge thereof or the Trustee shall have received written notice thereof at its Principal Corporate Trust Office.

Whenever in the administration of its rights and obligations hereunder the Trustee shall deem it necessary or desirable that a matter be established or proved prior to taking or suffering any action hereunder, such matter (unless other evidence in respect thereof be herein specifically prescribed) may, in the absence of bad faith on the part of the Trustee, be deemed to be conclusively established or proved by a Certificate of the City or an Accountant's Report, which shall be full warrant to the Trustee for any action taken or suffered under the provisions hereof upon the faith thereof, and on which the Trustee may conclusively rely, except that in its discretion the Trustee may, in lieu thereof, accept other evidence of such matter or may require such additional evidence as it may deem reasonable.

ARTICLE VII

AMENDMENT OF OR SUPPLEMENT TO THE INDENTURE

SECTION 7.01. Procedure for Amendment of or Supplement to the Indenture.

(a) Amendment or Supplement With Consent of Holders. The Indenture and the rights and obligations of the City and of the Holders hereunder may be amended or supplemented at any time by the execution and delivery of a Supplemental Indenture by the City and the Trustee, which Supplemental Indenture shall become binding when the written consents of the Holders of 60% or more in aggregate principal amount of the Bonds then Outstanding, exclusive of Bonds disqualified as provided in Section 7.02, shall have been filed with the Trustee; provided, that no such amendment or supplement shall (1) extend the maturity of or reduce the interest rate on or otherwise alter or impair the obligation of the City to pay the interest on or the principal of or any Sinking Fund Account Payment for or the redemption premium, if any, on any Bond at the time and place and at the rate and in the currency and from the funds provided herein without the express written consent of the Holder of such Bond; or (2) permit the issuance by the City of any obligations payable from the Special Tax Revenues other than the Bonds as provided herein, or jeopardize the ability of the City to levy and collect the Special Tax; or (3) reduce the percentage of the Bonds required for the written consent to any such amendment or supplement; or (4) modify any rights or obligations of the Trustee without its prior written assent thereto.

(b) Amendment or Supplement Without Consent of Holders. The Indenture and the rights and obligations of the City and of the Holders may also be amended or supplemented at any time by the execution and delivery of a Supplemental Indenture by the City and the Trustee, which Supplemental Indenture shall become binding upon execution without the prior written consent of any Holders, but only to the extent permitted by law and after receiving an approving Opinion of Counsel and only for any one or more of the following purposes:

(1) To add to the agreements and covenants required herein to be performed by the City other agreements and covenants thereafter to be performed by the City which shall not (in the opinion of the City) adversely affect the interests of the Holders, or to surrender any right or power reserved herein to or conferred herein upon the City which shall not (in the opinion of the City) adversely affect the interests of the Holders.

(2) To make such provisions for the purpose of curing any ambiguity or of curing, correcting, or supplementing any defective provision contained herein or in regard to questions arising hereunder which the City may deem desirable or necessary and not inconsistent herewith and which shall not (in the opinion of the City) adversely affect the interests of the Holders.

(3) To provide for the issuance of any additional Series of Bonds pursuant to Section 2.13.

(4) To make such additions, deletions, or modifications as may be necessary or appropriate to ensure compliance with Section 148(f) of the Code relating to the required rebate of excess investment earnings to the United States of America, or otherwise as may be necessary to insure the exclusion from gross income for purposes of federal income taxation of the interest on the Bonds or the exemption of such interest from State of California personal income taxes.

(5) To make such additions, deletions, or modifications as may be necessary or appropriate to maintain any then current rating on the Bonds.

SECTION 7.02. [Disqualified Bonds](#). Bonds owned or held for the account of the City shall not be deemed Outstanding for the purpose of any consent or other action or any calculation of Outstanding Bonds provided for in this article or in Article VIII, and the City shall not be entitled to consent to or take any other action provided for in this article or in Article VIII.

SECTION 7.03. [Endorsement or Replacement of Bonds After Amendment or Supplement](#). After the effective date of any action taken as provided in Section 7.01, the City may determine that the Bonds may bear a notation by endorsement in form approved by it as to such action, and in that case upon demand of the Holder of any Bond Outstanding on such effective date and presentation of his Bond for such purpose at the Principal Corporate Trust Office of the Trustee a suitable notation as to such action shall be made on such Bond. If the City shall so determine, new Bonds so modified as, in the opinion of the City, shall be necessary to conform to such action shall be prepared and executed, and in that case upon demand of the Holder of any Bond Outstanding on such effective date such new Bonds shall, upon surrender of such Outstanding Bonds, be exchanged at the Principal Corporate Trust Office of the Trustee, without cost to each Holder, for Bonds then Outstanding.

SECTION 7.04. [Amendment or Supplement by Mutual Consent](#). The provisions of this article shall not prevent any Holder from accepting any amendment or supplement as to any particular Bonds held by him; provided, that due notation thereof is made on such Bonds.

ARTICLE VIII

[EVENTS OF DEFAULT AND REMEDIES OF HOLDERS](#)

SECTION 8.01. [Events of Default and Remedies of Holders](#). If one or more of the following events (herein “Events of Default”) shall happen, that is to say --

(a) if default shall be made by the City in the due and punctual payment of any interest on or principal of or Sinking Fund Account Payment for or redemption premium, if any, on any Bond when and as the same shall become due and payable;

(b) if default shall be made by the City in the observance or performance of any of the other agreements or covenants contained herein required to be observed or performed by it, and such default shall have continued for a period of 30 days after the City shall have been given notice in writing of such default by the Trustee; or

(c) if the City shall file a petition or answer seeking arrangement or reorganization under the federal bankruptcy laws or any other applicable law of the United States of America or any state therein, or if a court of competent jurisdiction shall approve a petition filed with or without the consent of the City seeking arrangement or reorganization under the federal bankruptcy laws or any other applicable law of the United States of America or any state therein, or if under the provisions of any other law for the relief or aid of debtors any court of competent jurisdiction shall assume custody or control of the City or of the whole or any substantial part of its property;

then in each and every such case during the continuance of such Event of Default any Holder shall have the right for the equal benefit and protection of all Holders similarly situated –

(1) by mandamus or other suit or proceeding at law or in equity to enforce his rights against the City Council or any of the officers or employees of the City, and to compel the City Council or any officers or employees of the City to perform and carry out their duties under the Act and the agreements and covenants with the Holders contained herein; or

(2) by suit in equity to enjoin any acts or things which are unlawful or violate the rights of the Holders; or

(3) by suit in equity upon the nonpayment of the Bonds to require the City Council or the officers and employees of the City to account as the trustee of an express trust.

SECTION 8.02. Non-waiver. Nothing in this article or in any other provision herein or in the Bonds shall affect or impair the obligation of the City, which is absolute and unconditional, to pay the interest on and principal of and redemption premiums, if any, on the Bonds to the respective Holders of the Bonds at the respective dates of maturity or upon redemption prior to maturity as provided herein from the Special Tax Revenues and the other funds as provided herein, or shall affect or impair the right of such Holders, which is also absolute and unconditional, to institute suit to enforce such payment by virtue of the contract embodied herein and in the Bonds.

A waiver of any Event of Default or breach of duty or contract by any Holder shall not affect any subsequent Event of Default or breach of duty or contract and shall not impair any rights or remedies on any such subsequent Event of Default or breach of duty or contract. No delay or omission by any Holder to exercise any right or remedy accruing upon any Event of Default or breach of duty or contract shall impair any such right or remedy or shall be construed to be a waiver of any such Event of Default or breach of duty or contract or an acquiescence therein. Every right and remedy conferred upon the Holders by the Act or hereby may be enforced and exercised from time to time and as often as shall be deemed expedient by the Holders.

If any action, proceeding or suit to enforce any right or exercise any remedy is abandoned or determined adversely to any Holder, the City and such Holder shall be restored to their former positions, rights and remedies as if such action, proceeding or suit had not been brought or taken.

SECTION 8.03. Remedies Not Exclusive. No remedy herein conferred upon or reserved to the Holders is intended to be exclusive of any other remedy, and every such remedy shall be cumulative and shall be in addition to every other remedy given hereunder or now or hereafter existing at law or in equity or by statute or otherwise, and may be exercised without exhausting and without regard to any other remedy conferred by the Act or any other law.

ARTICLE IX

DEFEASANCE

SECTION 9.01. Discharge of Bonds.

(a) If the City shall pay or cause to be paid or there shall otherwise be paid to the Holders of all Outstanding Bonds the interest thereon and the principal thereof and the redemption premiums, if any, thereon at the times and in the manner stipulated therein and herein, then all agreements, covenants and other obligations of the City to the Holders of such Bonds hereunder shall thereupon cease, terminate, and become void and be discharged and satisfied. In such event, the Trustee shall execute and deliver to the City all such instruments as may be necessary or desirable to evidence such discharge and satisfaction, and the Trustee shall pay over or deliver to the City for deposit in the Community Facilities Fund all money or securities held by it pursuant hereto which are not required for the payment of the interest on and principal of and redemption premiums, if any, on such Bonds.

(b) Any Outstanding Bonds shall on the maturity date or redemption date thereof be deemed to have been paid within the meaning of and with the effect expressed in Section 9.01(a) if there shall be on deposit with the Trustee money which is sufficient to pay the interest due on such Bonds on such date and the principal and redemption premiums, if any, due on such Bonds on such date.

(c) Any Outstanding Bonds shall prior to the maturity date or redemption date thereof be deemed to have been paid within the meaning and with the effect expressed in Section 9.01(a) if –

(1) in case any of such Bonds are to be redeemed on any date prior to their maturity date, the City shall have agreed to mail a notice of redemption pursuant to Section 10.09 to the respective Holders of all such Outstanding Bonds and to the original purchaser or underwriter of the Bonds;

(2) there shall have been deposited with an escrow agent or the Trustee either money in an amount which shall be sufficient or Federal Securities which are not subject to redemption except by the holder thereof prior to maturity (including any Federal

Securities issued or held in book-entry form on the books of the Department of the Treasury of the United States of America), the interest on and principal of which when paid will provide money which, together with the money, if any, deposited with such escrow agent or the Trustee at the same time, shall be sufficient to pay when due the interest to become due on such Bonds on and prior to the maturity dates or redemption dates thereof, as the case may be, and the principal of or redemption prices of such Bonds on and prior to the maturity dates or the redemption dates thereof, as the case may be, as evidenced by an Accountant's Report on file with the City and the Trustee, and an Opinion of Counsel to the effect that the payment of such Bonds has been provided for in the manner set forth herein and that all obligations of the City hereunder with respect to such Bonds have been discharged and satisfied, shall have been filed with the City and the Trustee; and

(3) in the event such Bonds are not by their terms subject to redemption within the next succeeding 60 days, the City shall have agreed to mail pursuant to Section 10.09 a notice to the Holders of such Bonds and to the original purchaser or underwriter of the Bonds that the deposit required by Section 9.01(c)(2) has been made with such escrow agent or the Trustee and that such Bonds are deemed to have been paid in accordance with this Section 9.01 and stating the maturity dates or redemption dates, as the case may be, upon which money will be available for the payment of the principal of or redemption prices of such Bonds.

SECTION 9.02. Unclaimed Money. Anything contained herein to the contrary notwithstanding, any money held by the Trustee in trust for the payment and discharge of any of the Bonds or any interest thereon which remains unclaimed for two years after the date when such Bonds or interest thereon have become due and payable, either at their stated maturity dates or by call for redemption prior to maturity, if such money was held by the Trustee on such date, or for two years after the date of deposit of such money if deposited with the Trustee after the date when such Bonds or interest thereon became due and payable, shall be repaid by the Trustee to the City as its absolute property free from trust for deposit in the Community Facilities Fund and for use in accordance with the Act, and the Trustee shall thereupon be released and discharged with respect thereto and the Holders shall look only to the City for the payment of such Bonds and interest thereon; provided, that before the Trustee shall be required to make any such repayment the City shall mail pursuant to Section 10.09 a notice to the Holders of all Outstanding Bonds and to such securities information services selected by the City pursuant to Section 3.02 and to the original purchaser or underwriter of the Bonds that such money remains unclaimed and that after a date named in such notice, which date shall not be less than 30 days after the date of the mailing of such notice, the balance of such money then unclaimed will be returned to the City for deposit in the Community Facilities Fund.

ARTICLE X

MISCELLANEOUS

SECTION 10.01. [Liability of City Limited to Proceeds of the Special Tax and Certain Other Funds.](#) Notwithstanding anything contained herein, the City shall not be required to advance any money derived from any source of income other than the proceeds of the Special Tax and the other funds provided herein for the payment of the interest on or principal of or redemption premiums, if any, on the Bonds.

The Bonds are special tax obligations of the City. The interest on and principal of and redemption premiums, if any, on the Bonds are payable solely from the proceeds of the Special Tax and such other funds, and the City is not obligated to pay them except from the proceeds of the Special Tax and such other funds. 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 Bonds, and no tax or assessment other than the Special Tax shall ever be levied or collected to pay the interest on or principal of or redemption premiums, if any, on the Bonds. The Bonds are not secured by a legal or equitable pledge of or charge, lien, or encumbrance upon any property of the City or any of its income or receipts except the proceeds of the Special Tax and such other funds, and neither the payment of the interest on or principal of or redemption premiums, if any, on the Bonds is a general debt, liability, or obligation of the City. The Bonds do not constitute an indebtedness of the City within the meaning of any constitutional or statutory debt limitation or restriction, and neither the City Council nor any officer or employee of the City shall be liable for the payment of the interest on or principal of or redemption premiums, if any, on the Bonds other than from the proceeds of the Special Tax and such other funds as provided herein.

SECTION 10.02. [Benefits of the Indenture Limited to Certain Parties.](#) Nothing contained herein, express or implied, is intended to give to any entity or person other than the City Council, the City, the City Treasurer, the Trustee, and the Holders any right, remedy or claim under or by reason hereof, and any agreement or covenant required herein to be performed by or on behalf of the City Council or the City or any officer or employee thereof shall be for the sole and exclusive benefit of the Trustee and the Holders.

SECTION 10.03. [Successor is Deemed Included in All References to Predecessor.](#) Whenever either the City Council or the City or any officer or employee of the City is named or referred to herein, such reference shall be deemed to include the successor to the powers, duties, and functions with respect to the administration, control, and management of the Community Facilities District and the Facilities that as of the date hereof are vested in the City Council or the City or such officer or employee of the City, and all agreements and covenants required herein to be performed by or on behalf of the City Council or the City or any officer or employee of the City shall bind and inure to the benefit of the respective successors thereof whether so expressed or not.

SECTION 10.04. [Execution of Documents by Holders.](#) Any declaration, request, consent, or other instrument which is permitted or required herein to be executed by Holders may be in one or more instruments of similar tenor, and may be executed by Holders in

person or by their attorneys duly authorized in writing. The fact and date of the execution by any Holder or his attorney of any declaration, request, consent, or other instrument or of any writing appointing such attorney may be proved by the certificate of any notary public or other officer authorized to take acknowledgments of deeds to be recorded in the state or territory in which he purports to act that the person signing such declaration, request, consent, or other instrument or writing acknowledged to him the execution thereof, or by an affidavit of a witness to such execution duly sworn to before such notary public or other officer. The ownership of Bonds and the amount, maturity, number, and date of holding the same shall be provided by the registration books required to be kept by the Trustee pursuant to Section 2.06.

Any declaration, request, consent, or other instrument or writing of the Holder of any Bond shall bind all future Holders of such Bond with respect to anything done or suffered to be done by the City in good faith and in accordance therewith.

SECTION 10.05. [Deposit and Investment of Money in Accounts and Funds.](#)

All money held by the City Treasurer in any fund established herein shall be deposited by the City Treasurer in time or demand deposits in any state or nationally chartered bank or trust company, including the Trustee or its affiliates, or in any state or federal savings and loan association, and shall be secured at all times by such obligations as are required by law to the fullest extent required by law; provided, that all money in the Acquisition and Construction Fund, the Special Tax Fund, and the Expense Fund may be invested by the City Treasurer in Legal Investments; and provided further, that for investment purposes the Trustee may commingle the accounts and funds which it invests hereunder as long as the Trustee accounts for each such account and fund separately. All money held by the Trustee in the Bond Redemption Fund shall be invested by the Trustee pursuant to a Written Request of the City received by the Trustee at least two days before making any such investment in those Legal Investments specified in such Written Request of the City that mature not later than the date on which it is estimated that such money will be required to be paid out hereunder, and all money held by the Trustee in the Bond Reserve Fund shall be invested by the Trustee pursuant to a Written Request of the City received by the Trustee at least two days before making any such investment in those Federal Securities specified in such Written Request of the City that mature not more than five years from the date of purchase by the Trustee or the final maturity date of any Outstanding Bonds, whichever is earlier, and the Trustee may conclusively rely that any investment specified in such Written Request of the City is a Legal Investment or a Federal Security hereunder, as the case may be; provided, that in the absence of receipt of any such Written Request of the City, the Trustee shall, to the extent practicable, invest such money in units of a taxable government money-market portfolio composed of or secured by Federal Securities. The Trustee (or any of its affiliates) may act as principal or agent or as sponsor, advisor, or manager in connection with the making of any investment by the Trustee hereunder and may impose its customary charges therefor, and the Trustee shall not be responsible for any loss suffered in connection with any investment made in accordance herewith.

The City acknowledges that to the extent regulations of the Comptroller of the Currency or other applicable regulatory entity grant the City the right to receive brokerage confirmations of security transactions as they occur, the City specifically waives receipt of such confirmations to the extent permitted by law; provided, that the Trustee will furnish the City

periodic cash transaction statements which include details for all investment transactions made by the Trustee hereunder.

All interest received on any such money so deposited or invested which exceeds the requirements of the fund from which such money was deposited or invested shall (subject to the requirements of Section 5.03) be deposited in the Special Tax Fund, and all losses on any such money so deposited or invested shall be borne by the fund from which the deposit or investment was made.

SECTION 10.06. [Waiver of Personal Liability](#). No member of the City Council and no officer or employee of the City shall be individually or personally liable for the payment of the interest on or principal of or redemption premiums, if any, on the Bonds, but nothing herein contained shall relieve any member of the City Council or any officer or employee of the City from the performance of any official duty provided by the Act or hereby or by any other applicable provisions of law.

SECTION 10.07. [\[RESERVED\]](#).

SECTION 10.08. [Content of Certificates and Reports](#). Every certificate or report with respect to compliance with an agreement, condition, covenant, or term provided herein shall include (a) a statement that the person or persons making or giving such certificate or report have read such agreement, condition, covenant, or term and the definitions herein relating thereto; (b) a brief statement as to the nature and scope of the examination or investigation upon which the opinion contained in such certificate or report is based; (c) a statement that, in the opinion of the signers, they have made or caused to be made such examination or investigation as is necessary to enable them to express an informed opinion as to whether or not such agreement, condition, covenant, or term has been complied with; and (d) a statement as to whether, in the opinion of the signers, such agreement, condition, covenant, or term has been complied with.

Any such certificate made or given by an officer of the City may be based, insofar as it relates to legal matters, upon a representation made in an Opinion of Counsel unless such officer knows that the representation with respect to the matters upon which his certificate may be based, as aforesaid, is erroneous, or in the exercise of reasonable care should have known that the same was erroneous. Any such Opinion of Counsel may be based, insofar as it relates to factual matters information with respect to which is in the possession of the City, upon a representation by an officer or officers of the City unless the counsel giving such Opinion of Counsel knows that the representation with respect to the matters upon which his representation may be based, as aforesaid, is erroneous, or in the exercise of reasonable care should have known that the same was erroneous.

SECTION 10.09. [Notice by Mail](#). Any notice required to be given by mail to any Holders or to the original purchaser or underwriter of the Bonds shall be given by mailing a copy of such notice, first class postage prepaid, to such Holders at their addresses appearing in the books required to be kept by the Trustee pursuant to the provisions of Section 2.06 or to such purchaser or underwriter not less than 30 days nor more than 90 days following the action or prior to the event concerning which notice thereof is required to be given; provided, that neither

failure to receive any such mailed notice nor any immaterial defect contained therein shall affect the sufficiency or validity of any such notice.

SECTION 10.10. [Maintenance of Accounts and Funds](#). Any account or fund required herein to be established and maintained by the City Treasurer or the Trustee may be maintained by the City Treasurer or the Trustee, as the case may be, in its accounting records in its customary manner either as an account or a fund, and may, for the purposes of such accounting records, any audits thereof, and any financial reports or statements with respect thereto, be treated either as an account or as a fund; but all such accounting records with respect to all such accounts and funds shall at all times be maintained by the City Treasurer and the Trustee in accordance with industry standards and with due regard for the protection of the security of the Bonds and the rights of the Holders.

SECTION 10.11. [Article and Section Headings, Gender and References](#). The headings or titles of the several articles and sections hereof and the table of contents appended hereto shall be solely for convenience of reference and shall not affect the construction, effect, or meaning hereof, and words of any gender shall be deemed and construed to include all genders. All references herein to “Articles,” “Sections” and other subdivisions are to the corresponding articles, sections or subdivisions hereof; and the words “hereby,” “herein,” “hereof,” “hereto,” “herewith” and “hereunder” and other words of similar import refer to the Indenture as a whole and not to any particular article, section, or subdivision hereof. The word “include” and its variants are terms of enlargement rather than of limitation. For example, “includes” means “includes but not limited to,” and “including” means “including but not limited to.”

SECTION 10.12. [Partial Invalidity](#). If any one or more of the agreements, conditions, covenants, or terms or portions thereof required hereby to be observed or performed by the City or the Trustee should be contrary to law, then such agreement or agreements, such condition or conditions, such covenant or covenants, or such term or terms or such portions thereof shall be null and void and shall be deemed separable from the remaining agreements, conditions, covenants, or terms or portions thereof and shall in no way affect the validity hereof or of the Bonds; and the Holders shall retain all the rights and benefits accorded to them under the Act or any other applicable provisions of law. The City hereby declares that it would have executed the Indenture and each and every other article, section, paragraph, subdivision, sentence, clause, and phrase hereof and would have authorized the issuance of the Bonds pursuant hereto irrespective of the fact that any one or more of the articles, sections, paragraphs, subdivisions, sentences, clauses, or phrases hereof or the application thereof to any person or circumstance may be held to be unconstitutional, unenforceable, or invalid.

SECTION 10.13. [Execution in Counterparts](#). The Indenture may be executed in several counterparts, each of which shall be deemed an original, and all of which shall constitute but one and the same instrument.

SECTION 10.14. [Governing Law](#). The Indenture shall be governed by and construed and interpreted in accordance with the laws of the State of California.

SECTION 10.15. [Notices](#). All written notices to be given hereunder shall be given by first class mail to the party entitled thereto at its address set forth below, or at such other address as such party may provide to the other parties in writing from time to time, namely:

If to the City:

City of Sacramento
915 I Street, Historic City Hall, 3rd Floor
Sacramento, California 95814
Attention: City Treasurer

If to the Trustee:

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

Attention: [Corporate Trust Department]

SECTION 10.16. [Effective Date of the Indenture](#). The Indenture shall take effect from and after its execution and delivery.

IN WITNESS WHEREOF, the City of Sacramento has caused the Indenture to be signed in its name by its City Treasurer and The Bank of New York Mellon Trust Company, N.A., as Trustee, in token of its acceptance of the trusts created hereunder, has caused the Indenture to be signed in its corporate name by its officer thereunto duly authorized, all as of the date and year first above written.

CITY OF SACRAMENTO

By _____
Russell T. Fehr
City Treasurer

THE BANK OF NEW YORK MELLON TRUST
COMPANY, N.A., as Trustee

By _____
Authorized Officer

EXHIBIT A

[FORM OF 2013 REFUNDING BOND]

No. _____

\$ _____

UNITED STATES OF AMERICA
STATE OF CALIFORNIA
COUNTY OF SACRAMENTO

CITY OF SACRAMENTO
2013 NORTH NATOMAS REGENCY PARK
COMMUNITY FACILITIES DISTRICT NO. 2001-03
SPECIAL TAX REFUNDING BOND,
SERIES A

<u>Interest</u> <u>Rate</u>	<u>Maturity</u> <u>Date</u>	<u>Dated</u> <u>Date</u>
_____ %	September 1, 20__	January __, 2013

REGISTERED OWNER: The Bank of New York Mellon Trust Company, N.A., as trustee for the Sacramento City Financing Authority 2013 Special Tax Refunding Revenue Bonds (Westlake and Regency Park), Series A

PRINCIPAL AMOUNT: _____ DOLLARS

The City of Sacramento, a California municipal corporation duly (the "City"), for value received hereby promises to pay (but only out of the proceeds of the Special Tax hereinafter referred to and certain other funds hereinafter referred to) to the registered owner set forth above on the maturity date set forth above (subject to any right of prior redemption hereinafter provided for) the principal amount set forth above, together with interest thereon from the interest payment date next preceding the date of authentication of this Bond (unless this Bond is authenticated on a day during the period from the 16th day of the month next preceding any interest payment date to such interest payment date, both days inclusive, in which event it shall bear interest from such interest payment date, or unless this Bond is authenticated on a day on or before the 15th day of the month next preceding the first interest payment date on the Bonds, in which event it shall bear interest from its date) until the principal hereof shall have been paid, at the interest rate per annum set forth above (computed on a 360-day year of twelve 30-day calendar months), payable on September 1, 2013, and semiannually thereafter on March 1 and September 1 in each year. The interest on and principal of and redemption premium, if any, on this Bond are payable in lawful money of the United States of America at the principal office of The Bank of New York Mellon Trust Company, N.A. (the "Trustee"), in San Francisco, California. The interest on this Bond due on or before the maturity or prior redemption hereof

shall be payable only to the person whose name appears in the registration books required to be kept by the Trustee as the registered owner hereof at the close of business on the 15th day of the month next preceding each interest payment date, such interest to be paid by check mailed by first class mail to such registered owner at his address as it appears on such books, except that in the case of a registered owner of \$1,000,000 or more in aggregate principal amount of Bonds, payment shall be made at such owner's option by federal wire transfer of immediately available funds according to written instructions provided by such owner to the Trustee prior to the 15th day of the month next preceding such interest payment date to an account in a bank or trust company or savings bank that is a member of the Federal Reserve System and that is located in the United States of America. The principal of and redemption premium, if any, on this Bond shall be payable only to the person whose name appears in such registration books as the registered owner hereof, such principal and redemption premium, if any, to be paid only on the surrender of this Bond at the office of the Trustee at maturity or on redemption prior to maturity.

This bond is one of a duly authorized issue of bonds in the aggregate principal amount of [_____] dollars (\$[PRINCIPAL AMOUNT]) issued by the City Council of the City for the City of Sacramento North Natomas Regency Park Community Facilities District No. 2001-03 (the "Community Facilities District") located in the City, designated the "City of Sacramento 2013 North Natomas Regency Park Community Facilities District No. 2001-03 Special Tax Refunding Bonds, Series A" (the "Bonds"), under and pursuant to the Mello-Roos Community Facilities Act of 1982, as amended (being Sections 53311 et seq. of the Government Code of the State of California), and all laws amendatory thereof or supplemental thereto (the "Act"), and under and pursuant to an Indenture (the "Indenture") dated as of January 1, 2013, between the City and the Trustee, all of like tenor and date (except for such variations, if any, as may be required to designate varying numbers, denominations, maturities, interest rates, or redemption provisions). All the Bonds are equally and ratably secured in accordance with the Act and the terms and conditions of the Indenture (copies of which are on file at the office of the City Clerk and at the above-mentioned office of the Trustee), and reference is hereby made to the Act and to the Indenture and any and all amendments thereof and supplements thereto for a description of the terms on which the Bonds are issued and for the rights of the registered owners of the Bonds; and all the terms of the Act and the Indenture are hereby incorporated herein and constitute a contract between the City and the registered owner from time to time of this Bond, to all the provisions of which the registered owner of this Bond, by his acceptance hereof, agrees and consents; and each taker and subsequent registered owner hereof shall have recourse to all the provisions of the Act and the Indenture and shall be bound by all the conditions and terms thereof.

The Bonds are issued to provide money to refund all outstanding City of Sacramento North Natomas Regency Park Community Facilities District No. 2001-03 Special Tax Bonds in accordance with the Indenture and are special tax obligations of the City. The interest on and principal of and redemption premiums, if any, on the Bonds are payable solely from the proceeds of the Special Tax (as that term is defined in the Indenture, and herein the "Special Tax") and certain other funds as provided in the Indenture for such payment, and the City is not obligated to pay the Bonds except from the proceeds of the Special Tax and such other funds. 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 Bonds, and no tax or assessment other than the Special Tax shall ever be levied or collected

to pay the interest on or principal of or redemption premiums, if any, on the Bonds. The Bonds are not secured by a legal or equitable pledge of or charge, lien, or encumbrance upon any property of the City or any of its income or receipts except the money in the Special Tax Fund established under the Indenture and such other funds, and neither the payment of the interest on or principal of or redemption premiums, if any, on the Bonds is a general debt, liability, or obligation of the City.

The Bonds maturing by their terms on September 1, 20__, are subject to mandatory redemption by the City prior to their maturity date in part on September 1 in each of the years 20__ through 20__, both years inclusive, solely from Sinking Fund Account Payments deposited in the Sinking Fund Account (as those terms are defined in and as provided in the Indenture), upon mailed notice as provided in the Indenture, at a redemption price of 100% of the principal amount thereof called for redemption, together with accrued interest thereon to the date of redemption.

The Bonds maturing on or after September 1, 20__, are subject to optional redemption by the City prior to their respective stated maturity dates, as a whole or in part on any date on or after [March 1], 20__, from any source of available funds, upon mailed notice as provided in the Indenture, at the following redemption prices (expressed as a percentage of the principal amount of Bonds or portions thereof called for redemption), together with accrued interest thereon to the date of redemption:

Redemption Date	Redemption Price
-----------------	------------------

The Bonds are subject to extraordinary redemption by the City prior to their respective stated maturity dates, as a whole or in part on any date, solely from prepayments of the Special Tax, upon mailed notice as provided in the Indenture, at the following redemption prices (expressed as a percentage of the principal amount of Bonds or portions thereof called for redemption), together with accrued interest thereon to the date of redemption:

Redemption Date	Redemption Price
-----------------	------------------

If less than all the Bonds are to be redeemed at any one time, the City shall select the maturity dates of the Bonds to be redeemed pro rata (as nearly as possible given minimum authorized denominations) in proportion to the total principal amount Outstanding at the time of redemption, and if less than all the Bonds of any one maturity date are to be redeemed at any one time, the Trustee shall select by lot the Bonds or portions thereof of such maturity date to be redeemed in integral multiples of \$5,000.

The City has covenanted that, so long as any Bonds are outstanding, it will annually levy the Special Tax against all Taxable Land (as that term is defined in the Indenture) in the Community Facilities District and make provision for the collection of the Special Tax in amounts which will be sufficient, after making reasonable allowances for contingencies and errors in the estimates, to yield proceeds equal to the amounts required for compliance with all agreements, conditions, covenants, and terms contained in the Indenture, and which in any event will be sufficient to pay the interest on and principal of and Sinking Fund Account Payments for and redemption premiums, if any, on the Bonds as they become due and payable and to replenish the Bond Reserve Fund established under the Indenture and to pay all Expenses (as that term is defined in the Indenture) as they become due and payable in accordance with the provisions and terms of the Indenture.

The Bonds are issuable in the form of fully registered Bonds in the denomination of \$5,000 or any integral multiple thereof (except that no Bond shall have principal maturing on more than one maturity date). The registered owner of any Bond or Bonds may surrender the same (together with a written instrument of transfer satisfactory to the Trustee duly executed by the registered owner or his duly authorized attorney) in exchange for an equal aggregate principal amount of Bonds of the same maturity date of any other authorized denominations in the manner, subject to the conditions and upon payment of the charges provided in the Indenture.

The registration of this Bond is transferable on the registration books kept by the Trustee by the registered owner hereof or by his duly authorized attorney upon surrender of this Bond together with a written instrument of transfer satisfactory to the Trustee duly executed by the registered owner or his duly authorized attorney, and thereupon a new Bond or Bonds of the same maturity date of authorized denominations in the same aggregate principal amount will be issued to the transferee in exchange therefor in the manner, subject to the conditions and upon payment of the charges provided in the Indenture. The City and the Trustee may deem and treat the person in whose name this Bond is registered as the absolute owner hereof for the purpose of receiving payment of, or on account of, the interest hereon and principal hereof and redemption premium, if any, hereon and for all other purposes.

The Indenture and the rights and obligations of the City and of the registered owners of the Bonds may be amended or supplemented at any time in the manner, to the extent and upon the terms provided in the Indenture; provided, that but no such amendment or supplement shall (1) extend the maturity of or reduce the interest rate on or otherwise alter or impair the obligation of the City to pay the interest on or the principal of or any Sinking Fund Account Payment for or the redemption premium, if any, on this Bond at the time and place and at the rate and in the currency and from the funds provided herein without the express written consent of the registered owner of this Bond; or (2) permit the issuance by the City of any obligations payable from the proceeds of the Special Tax other than as provided in the Indenture, or jeopardize the ability of the City to levy and collect the Special Tax; or (3) reduce the percentage of the Bonds required for the written consent to any such amendment or supplement; or (4) modify any rights or obligations of the Trustee without its prior written assent thereto, all as more fully set forth in the Indenture.

The Bonds do not constitute an indebtedness of the City within the meaning of any constitutional or statutory debt limitation or restriction, and neither the members of the City

Council of the City nor any officer or employee of the City shall be liable for the payment of the interest on or principal of or redemption premiums, if any, on the Bonds other than from the proceeds of the Special Tax and such other funds as provided in the Indenture.

This Bond shall not be entitled to any benefits under the Indenture or become valid or obligatory for any purpose until the certificate of authentication hereon endorsed shall have been signed by the Trustee.

It is hereby certified that all acts, conditions, and things required by law to exist, to have happened, and to have been performed precedent to and in the issuance of this Bond do exist, have happened, and have been performed in due time, form, and manner as required by law and that the amount of this Bond, together with all other obligations of the City, does not exceed any limit prescribed by the laws of the State of California and is not in excess of the amount of Bonds permitted to be issued under the Indenture.

IN WITNESS WHEREOF, the City of Sacramento has caused this Bond to be executed in its name and on its behalf by the signature of the Mayor of the City and countersigned by the signature of the City Clerk, and has caused its seal to be impressed hereon, and has caused this Bond to be dated January __, 2013.

CITY OF SACRAMENTO

By _____
Mayor

(Seal)

Countersigned:

City Clerk

[FORM OF CERTIFICATE OF AUTHENTICATION
TO APPEAR ON BONDS]

This is one of the Bonds described in the within-mentioned Indenture which has been authenticated and registered on the date indicated below.

Date: _____

THE BANK OF NEW YORK MELLON TRUST
COMPANY, N.A., as Trustee

By _____
Authorized Signatory

[FORM OF ASSIGNMENT TO APPEAR ON BONDS]

For value received the undersigned do(es) hereby sell, assign and transfer unto _____ the within Bond and do(es) hereby irrevocably constitute and appoint _____ attorney to transfer the same on the bond register of the Trustee, with full power of substitution in the premises.

Dated: _____

SIGNATURE GUARANTEED BY:

Note: The signature(s) to this Assignment must correspond with the name(s) as written on the face of the within Bond in every particular, without alteration or enlargement or any change whatsoever, and the signature(s) must be guaranteed by an eligible guarantor institution.

Social Security Number, Taxpayer Identification Number or other identifying number of Assignee: _____

TABLE OF CONTENTS

Page

RECITALS 1

ARTICLE I

DEFINITIONS; EQUAL SECURITY

SECTION 1.01. Definitions..... 2
SECTION 1.02. Equal Security..... 10

ARTICLE II

**ISSUANCE OF 2013 REFUNDING BONDS; TERMS OF
2013 REFUNDING BONDS; GENERAL TERMS OF BONDS**

SECTION 2.01. Authorization and Purpose of 2013 Refunding Bonds 11
SECTION 2.02. Terms of 2013 Refunding Bonds..... 11
SECTION 2.03. Redemption Prices of 2013 Refunding Bonds..... 13
SECTION 2.04. Form of 2013 Refunding Bonds 14
SECTION 2.05. Execution of Bonds..... 14
SECTION 2.06. Transfer and Exchange of Bonds 15
SECTION 2.07. Mutilated, Destroyed, Stolen or Lost Bonds..... 15
SECTION 2.08. Temporary Bonds..... 16
SECTION 2.09. Registration of 2013 Refunding Bonds..... 16
SECTION 2.10. Acquisition and Construction Fund 16
SECTION 2.11. Costs of Issuance Fund; 2013 Refunding Bonds Costs of Issuance
Account..... 16
SECTION 2.12. Application of Proceeds of Sale of 2013 Refunding Bonds 17
SECTION 2.13. Provisions for the Issuance of Additional Series of Bonds..... 17

ARTICLE III

REDEMPTION OF BONDS

SECTION 3.01. Selection of Bonds for Redemption..... 17
SECTION 3.02. Notice of Redemption 18
SECTION 3.03. Partial Redemption of Bonds 18
SECTION 3.04. Effect of Redemption of Bonds 19

ARTICLE IV

PAYMENT OF BONDS

SECTION 4.01. Deposit of Proceeds of the Special Tax in the Special Tax Fund..... 19
SECTION 4.02. Allocation of Money in the Special Tax Fund..... 19

ARTICLE V

COVENANTS OF THE CITY

SECTION 5.01. Punctual Payment and Performance 21
SECTION 5.02. Against Indebtedness and Encumbrances 21
SECTION 5.03. Against Federal Income Taxation..... 22

TABLE OF CONTENTS
(continued)

	Page
SECTION 5.04.	Payment of Claims 22
SECTION 5.05.	Expense Budgets 22
SECTION 5.06.	Accounting Records; Financial Statements and Other Reports 22
SECTION 5.07.	Protection of Security and Rights of Holders 23
SECTION 5.08.	Payment of Governmental Charges and Compliance with Governmental Regulations..... 23
SECTION 5.09.	Levy and Collection of the Special Tax..... 24
SECTION 5.10.	Foreclosure of Special Tax Liens 24
SECTION 5.11.	Continuing Disclosure Certificates 24
SECTION 5.12.	Further Assurances..... 25
 ARTICLE VI THE TRUSTEE	
SECTION 6.01.	The Trustee 25
SECTION 6.02.	Liability of the Trustee..... 26
SECTION 6.03.	Notice to the Trustee 27
 ARTICLE VII AMENDMENT OF OR SUPPLEMENT TO THE INDENTURE	
SECTION 7.01.	Procedure for Amendment of or Supplement to the Indenture..... 28
SECTION 7.02.	Disqualified Bonds..... 29
SECTION 7.03.	Endorsement or Replacement of Bonds After Amendment or Supplement 29
SECTION 7.04.	Amendment or Supplement by Mutual Consent..... 29
 ARTICLE VIII EVENTS OF DEFAULT AND REMEDIES OF HOLDERS	
SECTION 8.01.	Events of Default and Remedies of Holders..... 29
SECTION 8.02.	Non-waiver 30
SECTION 8.03.	Remedies Not Exclusive 31
 ARTICLE IX DEFEASANCE	
SECTION 9.01.	Discharge of Bonds..... 31
SECTION 9.02.	Unclaimed Money..... 32
 ARTICLE X MISCELLANEOUS	
SECTION 10.01.	Liability of City Limited to Proceeds of the Special Tax and Certain Other Funds 33
SECTION 10.02.	Benefits of the Indenture Limited to Certain Parties 33
SECTION 10.03.	Successor is Deemed Included in All References to Predecessor 33
SECTION 10.04.	Execution of Documents by Holders 33

TABLE OF CONTENTS
(continued)

		Page
SECTION 10.05.	Deposit and Investment of Money in Accounts and Funds	34
SECTION 10.06.	Waiver of Personal Liability	35
SECTION 10.07.	[RESERVED]	35
SECTION 10.08.	Content of Certificates and Reports	35
SECTION 10.09.	Notice by Mail	35
SECTION 10.10.	Maintenance of Accounts and Funds	36
SECTION 10.11.	Article and Section Headings, Gender and References	36
SECTION 10.12.	Partial Invalidity	36
SECTION 10.13.	Execution in Counterparts	36
SECTION 10.14.	Governing Law	36
SECTION 10.15.	Notices	37
SECTION 10.16.	Effective Date of the Indenture	37
EXHIBIT A	[FORM OF 2013 REFUNDING BOND]	A-1



City of Sacramento
2013 North Natomas Westlake Community Facilities District No. 2000-01
Special Tax Refunding Bonds, Series A

LOCAL OBLIGATION PURCHASE CONTRACT
dated as of [Closing Date]

City of Sacramento
915 I Street, Historic City Hall, 3rd Floor
Sacramento, California 95814

The Sacramento City Financing Authority (the “**Authority**”) offers to enter into this Local Obligation Purchase Contract (this “**Contract**”) with the City of Sacramento (the “**City**”), and, upon the City’s acceptance, this Contract will be binding upon the City and the Authority. Except as otherwise provided below, capitalized terms have the meanings attributed to them in the Indenture (the “**Indenture**”), dated as of January 1, 2013, that is between the City and The Bank of New York Mellon Trust Company, N.A., as trustee (the “**City Trustee**”) and relates to the Local Obligations (defined in section 1(a)). The Sacramento City Council approved the Indenture by adopting Resolution No. 2012-____ on _____, 2012 (the “**Resolution**”).

1. **Purchase, Sale, and Delivery of the Obligations.**

- (a) Subject to the provisions of this Contract, and in reliance on the representations, warranties, and agreements set forth in this Contract, the Authority hereby agrees to purchase from the City, and the City hereby agrees to sell to the Authority, all of its \$[PRINCIPAL AMOUNT] City of Sacramento 2013 North Natomas Westlake Community Facilities District No. 2000-01 Special Tax Refunding Bonds, Series A (the “**Local Obligations**”), to be issued under the Indenture.
 - (1) The Local Obligations are to be dated the date of their delivery, are to bear interest payable on the dates and at the interest rates set forth in exhibit A to this Contract, and are to mature on the dates and in the amounts set forth in exhibit A. Notwithstanding any other provision of this Contract or the Indenture, so long as the Authority Trustee (defined in section 1(a)(3)) holds the Local Obligations, there is to be one Local Obligation for each maturity in the denomination of the entire outstanding principal amount of such maturity.

(2) The purchase price for the Local Obligations is as follows:

Principal amount	\$
Less net original discount	\$
Less underwriter's discount	\$
Purchase price	\$

(3) The purchase price will be payable from amounts held by The Bank of New York Mellon Trust Company, N.A., as trustee (the “**Authority Trustee**”) under the Trust Agreement, dated as of January 1, 2013, between the Authority and the Authority Trustee (the “**Trust Agreement**”), with payment subject to the terms and conditions of the Trust Agreement. The net purchase price excludes the funding for the underwriter’s discount, which the Authority shall retain and pay to the underwriter on the City's behalf.

(4) The Local Obligations must be issued and secured in accordance with the Indenture and must be substantially in the forms prescribed by the Indenture. On or before the business day preceding the Closing (defined in section 1(b)), the City shall provide the Authority with copies of the Local Obligations for inspection. The Local Obligations are to be registered in the Authority Trustee’s name and will be payable in accordance with the Indenture.

(5) From the proceeds of the Local Obligations, and as required by the Indenture, the Trustee is to deposit (or cause to be deposited) the required amounts in the funds and accounts established under the Indenture.

(b) At 8:00 a.m., California time, on [Closing Date], or at such earlier or later time or date as the City and the Authority may agree upon (the “**Closing Date**”), at the offices of Orrick, Herrington & Sutcliffe LLP, in Sacramento, California, or at such other location as the Authority and the City may agree upon, the City shall deliver the following to the Authority, and the Authority shall accept the delivery and pay to the City, by wire transfer, the purchase price set forth in section 1(a)(2), as provided in the Indenture (the “**Closing**”): the Local Obligations, duly executed by the City and authenticated by the City Trustee, and the documents identified in section 3(d).

2. **The City’s Representations, Warranties, and Agreements.** The City represents and warrants to, and agrees with, the Authority as follows:

(a) The City is, and on the Closing Date will be, duly organized and existing under California law, with the full power and authority to issue the Local Obligations and to carry out and consummate the transactions contemplated by this Contract, the Indenture, and the Resolution.

- (b) This Contract, the Indenture, and the Resolution are, and on the Closing Date will be, valid and binding obligations of the City.
- (c) When delivered to and paid for by the Authority at the Closing in accordance with this Contract, the Local Obligations will have been duly authorized, executed, issued, and delivered and will constitute valid and binding obligations of the City in conformity with, and entitled to the benefit and security of, the Indenture.
- (d) By official action taken before or concurrently with the City's acceptance of this Contract, the City will have done the following: adopted the Resolution authorized and approved the execution and delivery of the Local Obligations, the Indenture, and this Contract; authorized and approved the City's performance of the City's obligations under the Local Obligations, the Resolution, the Indenture, and this Contract; and authorized and approved the consummation by the City of all other transactions contemplated by this Contract.
- (e) The City has not been served with process in, and has not been overtly threatened with, any action, suit, proceeding, inquiry, or investigation before or by any court, governmental agency, public board, or body (1) that seeks to restrain or enjoin the issuance, sale, execution, or delivery of the Local Obligations; (2) that contests or affects in any way the validity or enforceability of the Local Obligations, the Resolution, the Indenture, or this Contract; (3) that contests or affects in any way any proceedings of the City concerning the issuance or sale of the Local Obligations, the collection of the special taxes the City levies for the City of Sacramento North Natomas Westlake Community Facilities District No. 2000-01 (the "**Community Facilities District**"), or the existence or powers of the City relating to the issuance of the Local Obligations; or (4) that, if determined adversely to the City or its interests, would have a material and adverse effect on the City's operations or on the consummation of the transactions contemplated by, or on the validity of, the Local Obligations, the Resolution, the Indenture, or this Contract.
- (f) The adoption of the Resolution and the execution and delivery of the Local Obligations, the Indenture, and this Contract; the consummation of the transactions contemplated in those documents; and the fulfillment of, or compliance with, those documents will not do any of the following in a way that materially and adversely affects the consummation of the transactions contemplated by this Contract, the Resolution, the Indenture, the Local Obligations, or the City's operations:
 - (1) conflict with or constitute a violation or breach of or (with due notice or the passage of time or both) a default under (A) any applicable law, regulation, or administrative rule; (B) any applicable court or administrative decree or order; or (C) any indenture, mortgage, deed of trust, loan agreement, lease, contract, or other agreement or instrument to which the City is a party or by which it or its properties are otherwise subject or bound; or

- (2) result in the creation or imposition of any prohibited lien, charge, or encumbrance, on any of the City's property or assets.
- (g) The City is not in breach of, or default under, any of the following where the breach or default could have consequences that would materially and adversely affect the consummation of the transactions described in the Resolution, the Indenture, the Local Obligations, or this Contract: any law or administrative regulation of the State of California or the United States; any judgment or decree of any court; or any loan agreement, indenture, bond, note, resolution, agreement, or other instrument to which the City is a party or is otherwise subject. No event has occurred and is continuing that, with the passage of time or the giving of notice, would constitute such a breach or default.
- (h) The City has obtained from, or has filed with, each governmental entity having jurisdiction over the City all approvals, consents, authorizations, certifications, and other documents and orders that are conditions precedent to the City's performance of its obligations under, or for which the City's failure to obtain or file would materially adversely affect the City's performance under, the Resolution, the Indenture, the Local Obligations, or this Contract. No further action or filing by or with any governmental entity having jurisdiction over the City is or will be required for the issue and sale of the Local Obligations or the City's consummation of the other transactions described in the Resolution, the Indenture, the Local Obligations, or this Contract.
- (i) The special taxes constituting the security for the Local Obligations have been duly and lawfully levied under the Mello-Roos Community Facilities Act of 1982 (the "**Act**") and constitute valid and legally binding liens on the land in the Community Facilities District.
- (j) The City has authorized and will annually levy and collect the special taxes, in addition to amounts necessary to pay debt service on the Local Obligations, in amounts sufficient (subject to any maximum special taxes permitted by law) to pay the Authority's extraordinary or additional Expenses (as defined in the Indenture) arising directly from the administration or enforcement of the Local Obligations plus all other Expenses, and will pay such amounts (when, as, and if received by the City) to the Trustee for deposit in the Expense Fund held by the Trustee under the Indenture. The City's execution and delivery of this Contract will constitute the City's representation to the Authority that the representations, warranties, and agreements in this section 2 are true as of the date of this Contract, subject to the following: as to all matters of law, the City is relying on the advice of legal counsel to the City; and no member of the Sacramento City Council will be individually liable for the breach of any representation, warranty, or agreement in this section 2.

3. **Conditions to the Local Obligations of the Authority.** The Authority's obligation to accept delivery of, and to pay for, the Local Obligations on the Closing Date is, at the Authority's option, subject to the accuracy in all material respects of the City's representations, warranties, and agreements in section 2 as of the date of this Contract and as of the Closing Date; to the accuracy in all material respects of the statements of the City's officers and other officials in any certificates or other documents provided under this Contract; to the City's performance of its obligations to be performed under this Contract on or before the Closing Date; and to the additional conditions in sections 3(a) through 3(d). If the City shall be unable to satisfy these conditions, then the Authority may terminate this Contract, and upon such termination neither the Authority nor the City will have any further obligation under this Contract.
- (a) On the Closing Date, the Resolution, the Indenture, and this Contract are in full force in the form previously submitted to the Authority.
 - (b) In the opinion of Orrick, Herrington & Sutcliffe LLP ("**Bond Counsel**"), as of the Closing Date all necessary and appropriate actions have been taken in connection with the issuance of the Local Obligations and with the transactions contemplated by the Local Obligations and this Contract.
 - (c) As of the Closing Date, the Resolution, the Indenture, and this Contract have not been amended, modified, or supplemented, except as may have been agreed to by the Authority.
 - (d) On or before the Closing Date, the Authority and the Trustee have received the following documents with respect to the Local Obligations, with each document satisfactory in form and substance to the Authority:
 - (1) A certified copy of the Resolution.
 - (2) An fully subscribed copy of the Indenture.
 - (3) An unqualified approving opinion of Bond Counsel, dated the Closing Date and addressed to the City, as to the validity of the Local Obligations.
 - (4) An opinion of the City Attorney, dated the Closing Date and addressed to the City and the Authority, in substantially the form attached as exhibit B.
 - (5) Such additional legal opinions, certificates, proceedings, instruments, and other documents as the Authority or Bond Counsel may reasonably request to evidence (A) the City's compliance with legal requirements; (B) the truth and accuracy, as of the Closing Date, of the City's representations in section 2; and (C) the City's due performance or satisfaction, on or before the Closing Date,

of all agreements then to be performed and all conditions then to be satisfied by the City.

4. **Expenses.** The City shall pay all expenses and costs of the City and the Authority that are incident to the authorization, issuance, and sale of the Local Obligations, including fees and expenses of consultants, the Trustee, Bond Counsel, and the City Attorney. All ongoing Expenses shall be paid by the City to the Trustee as described in section 2(j) above. In addition, the City has paid, in the form of the Authority's retention of a portion of the purchase price of the Local Obligations, the underwriting fees and expenses incurred by the Authority in connection with the sale of the Authority's 2013 Special Tax Refunding Revenue Bonds (Westlake and Regency Park), Series A (the "**Bonds**").
5. **Notices.** Any written notice or other written communication to be given to the City under this Contract must be delivered to the City at 915 I Street, Historic City Hall, 3rd Floor, Sacramento, California 95814, Attention: City Treasurer. Any written notice or other written communication to be given to the Authority under this Contract must be delivered to the Authority at 915 I Street, Historic City Hall, 3rd Floor, Sacramento, California 95814, Attention: Treasurer. A written notice or other written communication that is not given in accordance with this section will be ineffective. When the Authority's approval is required under this Contract, including the Authority's determination that a document is satisfactory, the approval must be in a writing signed by the Authority and delivered to the City in accordance with this section.
6. **Parties in Interest; Governing Law.** This Contract is made solely for the benefit of the City, the Authority, and the Trustee, and no other person or entity has any rights under it. This Contract is to be interpreted and applied in accordance with California law. Exhibits A and B are part of this Contract.
7. **Pledge; Assignment.** The City hereby approves the Trust Agreement and the pledge and assignment to the Authority Trustee under the Trust Agreement, for the benefit of the owners of the Bonds (as provided in the Trust Agreement) of all of the Authority's right, title, and interest in this Contract and the Local Obligations.
8. **Limitation on Liability.** The Authority will incur no liability under this Contract or arising out of the transactions contemplated in this Contract. The Authority's obligation to purchase the Local Obligations under this Contract is limited to proceeds of the Bonds available for that purpose and held by the Trustee in accordance with the Indenture. The City will incur no liability under this Contract or arising out of the transactions contemplated in this Contract except as otherwise provided in section 4 above. The City is not obligated to make any payments with respect to the Local Obligations, except from amounts pledged for that purpose (including the special taxes levied and collected in the Community Facilities District) under the Local Obligations.

9. **Counterparts.** The parties may sign this Contract in two counterparts, each of which will be considered an original, but all of which will constitute the same agreement.

(Signature Page Follows)

Sacramento City Financing Authority

**Accepted and agreed to by the City of
Sacramento**

By: _____
Russell T. Fehr
Treasurer
Date: _____, 2012

By: _____
Russell T. Fehr
City Treasurer
Date: _____, 2012

Exhibit A

Maturity Schedule
Local Obligations

Dated Date of Local Obligations: January __, 2013

Maturity (September 1)	Principal	Interest Rate
	\$ _____	__%

Exhibit B
[Form of City Attorney Opinion]

[TO COME]

AGREEMENT FOR BOND COUNSEL SERVICES

SACRAMENTO CITY FINANCING AUTHORITY 2013 SPECIAL TAX REFUNDING REVENUE BONDS (WESTLAKE AND REGENCY PARK), SERIES A

This agreement for bond-counsel services, dated as of November 1, 2012, is between the CITY OF SACRAMENTO, a California municipal corporation (the “**City**”); and ORRICK, HERRINGTON & SUTCLIFFE LLP, a California limited-liability partnership (“**Orrick**”).

Background

The City desires to engage the services of Orrick in connection with the Sacramento City Financing Authority’s (the “**Authority**”) authorization, issuance, sale, and delivery of one or more series of revenue bonds (the “**Refunding Bonds**”) for the purpose of refunding the City’s outstanding North Natomas Westlake Community Facilities District No. 2000-01 Special Tax Bonds and the City’s outstanding North Natomas Regency Park Community Facilities District No. 2001-03 Special Tax Bonds (collectively, the “**Refunded Bonds**”). The City and Orrick desire to enter into this agreement to evidence the engagement of Orrick in connection with the Refunding Bonds and to specify the terms of the engagement. Orrick possesses the necessary professional capabilities and resources to provide the legal services required by the City and the Authority as described in this agreement.

With these background facts in mind, the City and Orrick hereby agree as follows:

1. The City retains Orrick as special counsel to perform, and Orrick shall perform, the following legal services for the City and the Authority in connection with the Refunding Bonds:
 - (a) Consultation with representatives of the City (including the City Treasurer and the City Attorney) and the Authority, the underwriter and its counsel, and others with respect to the timing, terms, and legal structure of the Refunding Bonds.
 - (b) Preparation of documents that are required for the authorization, issuance, sale, and delivery of the Refunding Bonds and are to be adopted or entered into by the Authority, including an authorizing resolution and a trust agreement (the “**Major Legal Documents**”). The Major Legal Documents do not include the official statement, purchase contract, and continuing disclosure certificate/agreement, which, except as provided in sections 1(e) and 2(b) below, will be prepared by the underwriter’s counsel.
 - (c) Preparation of documents that are required for the authorization, issuance, sale, and delivery of refunding bonds by the City (the “**Local Obligations**”) for sale to the Authority for the purpose of refunding the Refunded Bonds, including one or more authorizing resolutions and one or more indentures (the “**Local Obligation Documents**”).
 - (d) Review of the official statement, purchase contract, and continuing disclosure certificate/agreement.

- (e) Preparation of the following for inclusion in the official statement: summaries of the Major Legal Documents and Local Obligation Documents, and the portion of the official statement concerning certain tax matters on which Orrick will render an opinion in accordance with section 1(g).
 - (f) Attendance at such meetings or hearings of the City, the City Council, the Authority, the Authority's governing board and working-group meetings or conference calls as the City may request, and assistance to the City's and the Authority's staff in preparation of such explanations or presentations to the City Council or the Authority's governing board as the City may request.
 - (g) Rendering of Orrick's customary form of final approving opinion to the Authority on the validity of the Refunding Bonds and the tax-exempt status of interest on the Refunding Bonds.
 - (h) Rendering of Orrick's customary form of supplemental opinion to the underwriter on the accuracy of summaries of the Major Legal Documents and Local Obligation Documents contained in the official statement and of the tax portion of the final legal opinion and certain other matters.
 - (i) After issuance of the Refunding Bonds, preparation and delivery to the City and the Authority of a transcript of the legal proceedings for the Refunding Bonds in both loose-leaf and CD ROM formats.
 - (j) After issuance of the Refunding Bonds, telephone consultations with the City's and Authority's officials and staff to answer questions about the facts and circumstances concerning the Refunding Bonds.
2. The services of Orrick under this agreement do not include the following, although Orrick may provide such services under separate agreement with the City:
- (a) Legal services in connection with any litigation or other legal or administrative proceeding, audit or investigation involving any of the Refunding Bonds, the Local Obligations, the Refunded Bonds, or any related matter.
 - (b) Legal Services in connection with the preparation, content, or dissemination of the official statement (except as provided in section 1(e)).
 - (c) Legal services related to compliance with the California Environmental Quality Act.
 - (d) Legal services in connection with arbitrage-rebate compliance respecting the Refunding Bonds or the Refunded Bonds.
 - (e) Legal services relating to state blue-sky laws or to title to, or perfection of security interests in, real or personal property; or financial analysis or advice.
3. Orrick and the City acknowledge that the City retains the full-time services of the City Attorney and City Attorney's Office to render day-to-day and ongoing legal services to the City

and the Authority. Orrick shall circulate documents to, and coordinate its services with, the City Attorney to the extent requested by the City or the City Attorney. Orrick may assume that the City Attorney or one of the attorneys in the City Attorney's Office has reviewed all documents and matters submitted to the City Council or the Authority's governing board for adoption or approval, or to the City's or Authority's officers for execution, before those documents and matters are adopted, approved, or executed.

4. As consideration for the services set forth in section 1, the City shall pay to Orrick the following fees and disbursements:
 - (a) As legal fees, the City shall pay Orrick a flat amount of \$70,000 assuming a closing by January 31, 2013. If this assumption proves incorrect, or if the transaction is not structured as described in this agreement, the flat amount set out in the prior sentence will be increased to an amount determined based on Orrick's hours actually performed in rendering the additional services at Orrick's normal hourly rates.
 - (b) As payment of disbursements, including preparation and distribution of a transcript in loose-leaf and CD ROM formats, a flat amount of \$2,500.
 - (c) Except as provided in section 5 respecting termination of this agreement by the City, payment of legal fees and expense reimbursement are contingent upon the issuance, sale, and delivery of the Refunding Bonds, and the amounts owed will be due and payable forthwith upon presentation of an invoice by Orrick following such issuance, sale, and delivery.
5. Either party may, at any time, terminate this agreement and all legal services to be rendered under it, with or without cause, by giving written notice to the other party. In that event, all finished and unfinished documents that Orrick has prepared for the City's or the Authority's adoption, approval, or execution will, at the option of the City, become the City's property, and Orrick shall deliver them to the City or to any party the City may designate, all subject to the condition that Orrick will have no liability whatsoever for any subsequent use of such documents. If the City terminates this agreement, then the City shall pay Orrick forthwith for all satisfactory work at its standard hourly rates but not to exceed the flat amount specified in section 4(a) above, subject to the following: if the City terminates for cause, then any compensation is to be adjusted in the light of the facts and circumstances involved in the termination. If not sooner terminated, this agreement and all legal services to be rendered under it will terminate upon issuance and sale of the Refunding Bonds, except that the City will remain liable for any unpaid fees and expenses due under section 4 above. Upon termination, Orrick will have no future duty of any kind to the City with respect to the Refunding Bonds, except as provided in sections 1(i) and 1(j) above.
6. Role of Bond Counsel.
 - (a) The role of bond counsel in financings, generally, is to prepare or review documents and to coordinate the procedures for authorization of the issuance, sale, and delivery of bonds and to provide an expert legal opinion with respect to the validity of the bonds and other subjects addressed by the opinion. Consistent with the historical origin and

unique role of bond counsel, and the reliance thereon by the public-finance market generally, Orrick's role as bond counsel under this agreement is not the partisan role of an advocate. Instead, Orrick's role is to provide legal documents needed for the issuance, sale, and delivery of the Refunding Bonds and to provide an opinion that represents an objective judgment on the matters addressed therein.

- (b) In performing its services as bond counsel in connection with the Refunding Bonds, Orrick shall act as special counsel to the City with respect to issuance of the Refunding Bonds. In that capacity, Orrick shall assist the City staff in representing the City, but only with respect to the sufficiency of the legal documents for the issuance, sale, and delivery of the Refunding Bonds and in a manner not inconsistent with the role of bond counsel described in section 6(a) above.
- (c) Orrick's function and responsibility under this agreement, and as bond counsel with respect to the issuance of the Refunding Bonds, terminates upon the issuance, sale, and delivery of the Refunding Bonds (unless terminated sooner as provided in section 5 above), except as provided in sections 1(i) and 1(j) above. Orrick's services as bond counsel through issuance, sale, and delivery of the Refunding Bonds are limited to those contracted for explicitly in this agreement. Any engagement of Orrick with respect to rebate compliance, disclosure, or any other matter is separate from its engagement as bond counsel through issuance of the Refunding Bonds. However, unless otherwise provided, any such post-issuance engagement with respect to the Refunding Bonds will continue on the same basis set forth in this section 6.

7. The City acknowledges that Orrick regularly performs legal services for many private and public entities in connection with a wide variety of matters. For example, Orrick has represented, is representing, and expects to represent in the future other public entities (such as the County of Sacramento, the Sacramento Municipal Utility District, and the State of California), bond underwriters (such as Stone & Youngberg, a Division of Stifel Nicolaus), trustees, rating agencies, insurers, banks, credit-enhancement providers, lenders, contractors, suppliers, financial and other consultants and advisors, accountants, investment providers/brokers, providers/brokers of derivative products, and others who may have a role or interest in the Refunding Bonds or who may be involved with, or adverse to, the City or the Authority in this or some other matter. Orrick shall not represent any such entity (i.e., other private and public entities) in connection with the Refunding Bonds without the City's express written consent. Given the special, limited role of bond counsel described in section 6 above, the City (a) acknowledges that no conflict of interest exists or would exist in connection with any matter other than the Refunding Bonds; (b) waives any such conflict of interest that might appear actually or potentially to exist, now or in the future, by virtue of this agreement or any such other attorney-client relationship that Orrick may have had, may have, or may enter into; and (c) consents to any and all such relationships subject to the condition that the City's separate written consent and a separate conflict-waiver letter will be required to be obtained by Orrick if Orrick concurrently represents the City and any other entity in connection with the issuance, sale, and delivery of the Refunding Bonds.

8. Nothing in this agreement or in any of the documents expressly or impliedly contemplated by this agreement is intended to give, or is to be construed to give, any person or entity other than the City and Orrick any legal or equitable right or claim under, or in respect of, this agreement, and this agreement inures to the sole and exclusive benefit of the City and Orrick. Orrick may not assign its obligations under this agreement without the express written consent of the City, except to a successor partnership or corporation to which all or substantially all of the assets and operations of Orrick are transferred. The City may not assign its rights and obligations under this agreement without the express written consent of Orrick. All references to Orrick and the City in this agreement refer to their respective successors and assignees and will bind and inure to the benefit of their successors and assignees whether so expressed or not.
9. The parties may sign this agreement in counterparts, each of which will be considered an original, but all of which will constitute the same agreement.
10. To be effective, notices pertaining to this agreement must be sent by the U.S. Postal Service, first class, postage prepaid, addressed as follows:

If to the City:

City of Sacramento
915 "I" Street
Historic City Hall, Third Floor
Sacramento, CA 95814-2704
Attention: City Treasurer

and

City Attorney's Office
P.O. Box 1948
Sacramento, CA 95812-1948
Attention: Joseph Cerullo

If to Orrick:

Orrick, Herrington & Sutcliffe LLP
400 Capitol Mall, Suite 3000
Sacramento, CA 95814
Attention: Jenna Magan

11. This agreement is effective on the date set forth above in the preamble.

(Signature Page Follows)

City of Sacramento

Orrick, Herrington & Sutcliffe LLP

By: _____
James C. Sanchez, City Attorney

By: _____
Jenna Magan, Partner

Approved as to Form
Sacramento City Attorney

By: _____
Joseph P. Cerullo
Senior Deputy City Attorney



FORM OF CONTINUING DISCLOSURE CERTIFICATE

CONTINUING DISCLOSURE CERTIFICATE

\$ _____ *

**SACRAMENTO CITY FINANCING AUTHORITY
2013 SPECIAL TAX REFUNDING REVENUE BONDS
(WESTLAKE AND REGENCY PARK)
SERIES A**

This Continuing Disclosure Certificate (this “**Certificate**”) is executed and delivered by the CITY OF SACRAMENTO (the “**City**”), on behalf of itself and the SACRAMENTO CITY FINANCING AUTHORITY (the “**Authority**”), in connection with the Authority’s issuance of the bonds captioned above (the “**Bonds**”). The Bonds are being issued under a Trust Agreement, dated as of _____ 1, 2013 (the “**Trust Agreement**”), between the Authority and The Bank of New York Mellon Trust Company, N.A., as trustee (the “**Trustee**”). The City hereby covenants and agrees as follows:

1. *Purpose of the Disclosure Certificate.* The City has executed and delivered this Certificate for the benefit of the holders and beneficial owners of the Bonds and to assist the Participating Underwriter in complying with the Rule.
2. *Definitions.* In addition to the definitions set forth above and in the Trust Agreement, which apply to any capitalized term used in this Certificate unless otherwise defined in this section, the following capitalized terms have the following meanings:
 - (a) “**Annual Report**” means any Annual Report provided by the City in accordance with and as described in Sections 3 and 4.
 - (b) “**Annual Report Date**” means the date that is nine months after the end of the City’s fiscal year. As of the date of this Certificate, the City’s fiscal year ends on June 30, and the Annual Report Date is March 31.
 - (c) “**CFDs**” means the City of Sacramento North Natomas Westlake Community Facilities District No. 2001-03 and the City of Sacramento North Natomas Regency Park Community Facilities District No. 2000-01.
 - (d) “**Dissemination Agent**” means, initially, the City, or any other person or entity the City shall designate in the future, in writing as Dissemination Agent for the Bonds, but only if the person or entity has delivered to the City a written acceptance of the designation (in which the person or entity agrees to be subject to this Certificate) and the acceptance has not been withdrawn. The City may discharge any such appointed Dissemination Agent, with or without appointing a third-party, successor Dissemination Agent and, thereby, instituting itself again as Dissemination Agent.
 - (e) “**Listed Events**” means any of the events listed in Section 5(a).

- (f) “**MSRB**” means the Municipal Securities Rulemaking Board, which has been designated by the Securities and Exchange Commission as the sole repository of disclosure information for purposes of the Rule.
- (g) “**Official Statement**” means the final official statement executed by the Authority in connection with the issuance of the Bonds.
- (h) “**Participating Underwriter**” means the original underwriter of the Bonds required to comply with the Rule in connection with offering of the Bonds.
- (i) “**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 (17 C.F.R. § 240.15c2-12).

3. *Provision of Annual Reports.*

- (a) Except as provided in Section 3(b), and until the City’s obligations under this Certificate terminate, the City shall provide to the MSRB, on or before each Annual Report Date, commencing March 31, 2013, an Annual Report that covers the preceding fiscal year. The Annual Report must comply with Section 4 and be in an electronic format as prescribed by the MSRB.
- (b) The City may designate a Dissemination Agent to provide Annual Reports to the MSRB on or before each Annual Report Date. If the City appoints a Dissemination Agent, then the City shall cause the Dissemination Agent to provide Annual Reports in accordance with the following procedures:
 - (1) Each year, the City shall provide the Annual Report to the Dissemination Agent (if other than the City) at least 15 Business Days before the Annual Report Date. If the Dissemination Agent (if other than the City) has not received a copy of the Annual Report by the Annual Report Date, then the Dissemination Agent shall contact the City to determine if the City is in compliance with the previous sentence. If the City does not cause the Dissemination Agent to provide an Annual Report by the Annual Report Date, then the Dissemination Agent shall provide to the MSRB, in an electronic format as prescribed by the MSRB, a notice in substantially the form attached as Exhibit A.
 - (2) The Dissemination Agent shall also do the following:
 - (A) determine each year prior to the Annual Report Date the then-applicable rules and electronic format prescribed by the MSRB for the filing of annual continuing-disclosure reports;
 - (B) file a report with the City and the Participating Underwriter certifying that the Annual Report has been provided as required by this Certificate and stating the date it was provided; and
 - (C) file Event Notices as required by Section 5(b).
- (c) The Annual Report may be submitted as a single document or as separate documents composing a package and may include by reference other information as provided in

Section 4. The City's audited financial statements may be submitted separately from the balance of the Annual Report, and later than the Annual Report Date, if not available by that date. The audited financial statements of the City may also be included within or constitute a portion of the audited financial statements of the City.

- (d) If the City's fiscal year changes, then the City shall give notice of the change in the same manner that is required under Section 5(b) for notice of a Listed Event.

4. *Content of Annual Reports.* The Annual Report must contain or incorporate by reference the following documents and information:

- (a) The City's audited financial statements for the most recently completed fiscal year, 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, together with the following statement:

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

- (b) To the extent not included in the City's audited financial statements, the following information:

- (1) A copy of the most recent annual information required to be filed by the City, on behalf of the Authority, with the California Debt and Investment Advisory Commission under the Mello-Roos Community Facilities Act of 1982, and relating generally to outstanding bond amounts, fund balances, assessed values, special tax delinquencies, and foreclosure information.
- (2) An updated table in substantially the form of the table in the Official Statement titled "Table 5 – Westlake CFD and Regency Park CFD Value-to-Burden Ratios," using property valuations based upon the most recent equalized tax roll before the September next preceding the Annual Report Date.
- (3) Any changes to the Rate and Method of Apportionment of Special Tax for either of the CFDs, set forth as an Appendix to the Official Statement.
- (4) The amount of prepayments of the Special Tax with respect to each of the CFDs for the prior Fiscal Year.

- (c) In addition to the information expressly required to be provided under Section 4(b), the City shall provide any other information that is 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, that are available to the public on the MSRB's web site or are filed with the Securities and Exchange Commission. The City shall clearly identify the documents included by reference.

5. *Reporting of Listed Events.*

- (a) The City shall give, or cause to be given, notice of the occurrence of any of the following Listed Events with respect to the Bonds:
 - (1) Principal and interest payment delinquencies.
 - (2) Non-payment related defaults, if material.
 - (3) Unscheduled draws on debt service reserves reflecting financial difficulties.
 - (4) Unscheduled draws on credit enhancements reflecting financial difficulties.
 - (5) Substitution of credit or liquidity providers, or their failure to perform.
 - (6) Adverse tax opinions, the issuance by the Internal Revenue Service of proposed or final determinations of taxability, Notices of Proposed Issue (IRS Form 5701-TEB) or other material notices or determinations with respect to the tax status of the Bonds, or other material events affecting the tax status of the Bonds.
 - (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, the Authority or any CFD.
 - (13) The consummation of a merger, consolidation, or acquisition involving the City or the Authority or the sale of all or substantially all of the assets of the City or the Authority (other than in the ordinary course of business), the entry into a definitive agreement to undertake such an action, or the termination of a definitive agreement relating to any such actions, other than pursuant to its terms, if material.
 - (14) Appointment of a successor or additional Trustee or the change of name of the Trustee, if material.
- (b) Upon the occurrence of a Listed Event, the City or the Dissemination Agent (if one has been designated) shall file a notice of the occurrence with the MSRB, in an electronic format as prescribed by the MSRB, in a timely manner not in excess of 10 business days

(as such is defined for purposes of the Rule) after the occurrence of the Listed Event. But notice of Listed Events described in Sections 5(a)(8) and 5(a)(9) need not be given under this section any earlier than the notice (if any) of the underlying event is given to holders of affected Bonds under the Trust Agreement.

- (c) The events described in Sections 5(a)(2), 5(a)(7), 5(a)(8) (if a bond call), 5(a)(10), 5(a)(13), and 5(a)(14) contain the qualifier "if material," and Section 5(a)(6) also contains the qualifier "material" with respect to certain notices, determinations, or other events affecting the tax status of the Bonds. The City or the Dissemination Agent (if one has been designated) shall file a notice in the same manner as is set forth in Section 5(b) for any such Listed Event only to the extent the City or the Dissemination Agent determines that the event's occurrence is material under applicable federal securities law. Upon occurrence of any of these Listed Events, the City shall determine, as soon as possible, whether the event would be material under the Rule. If the event is determined to be material, then the City or the Dissemination Agent shall file a notice in the same manner as is required by Section 5(b) for notice of a Listed Event.
- (d) For purposes of this Certificate, any Listed Event described in Section 5(a)(12) is considered to occur when any of the following occur: (1) 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 the Authority, 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 (2) 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 or the Authority.

6. *Identifying Information for Filings with the MSRB.* All documents provided to the MSRB under this Certificate must be accompanied by identifying information as prescribed by the MSRB.

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

8. *Amendment and Waiver.*

- (a) The City may amend this Certificate or may waive any provision of this Certificate if the following conditions are satisfied:
 - (1) If the amendment or waiver relates to Sections 3(a), 4, or 5(a), then it may only be made in connection with a change in circumstances that arises from a change in legal requirements; a change in law; a change in the identity, nature, or status of an obligated person with respect to the Bonds; or a change in the type of business such an obligated person conducts.
 - (2) The undertakings in this Certificate, as proposed to be amended or waived, would, in the opinion of nationally recognized bond counsel, have complied with the requirements of the Rule at the time of the primary offering of the Bonds, after taking

into account any amendments or interpretations of the Rule, as well as any change in circumstances.

- (3) The proposed amendment or waiver either (A) is approved by holders of the Bonds in the manner provided in the Trust Agreement for amendments to the Trust Agreement with the consent of holders; or (B) does not, in the opinion of the Trustee or nationally recognized bond counsel, materially impair the interests of the holders or beneficial owners of the Bonds.
 - (b) If the annual financial information or operating data to be provided in the Annual Report is amended under this Section 8, then the first annual financial information filed containing the amended operating data or financial information must 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.
 - (c) If an amendment is made to the undertaking specifying the accounting principles to be followed in preparing financial statements, the annual financial information for the year in which the change is made must 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 must include a discussion of the differences in the accounting principles and of 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 City's ability to meet its obligations. To the extent reasonably feasible, the comparison must be quantitative. A notice of the change in the accounting principles must be filed in the same manner as is required by Section 5(b) for notice of a Listed Event.
10. *Additional Information.* This Certificate does not prevent the City from disseminating any information, including information in any Annual Report or a notice of a Listed Event, that is in addition to the information required by this Certificate, whether the dissemination is by a means of communication set forth in this Certificate or by any other means. If the City includes any information in any Annual Report or notice of a Listed Event in addition to the information specifically required by this Certificate, then the City will not be obligated under this Certificate to update the information or include it in any future Annual Report or notice of a Listed Event.
 11. *Default.* If the City fails to comply with its obligations under this Certificate, then the Participating Underwriter or any holder or beneficial owner of the Bonds may take such actions as may be necessary and appropriate, including seeking mandate or specific performance by court order, to cause the City to comply with its obligations. A default under this Certificate is not an Event of Default under the Trust Agreement, and the sole remedy under this Certificate for the City's failure to comply with this Certificate is an action to compel performance.
 12. *Duties, Immunities, and Liabilities of Dissemination Agent.* The Dissemination Agent will have only the duties specified in this Certificate, and the City shall indemnify and save the Dissemination Agent, its officers, directors, employees and agents, harmless against any liability, claim, demand, damage, or cost (including reasonable attorneys' fees) that may arise out of the Dissemination Agent's exercise or performance of its powers and duties under this Certificate, except for liabilities, claims, demands, damages, and costs arising from the Dissemination Agent's negligence or willful misconduct. The Dissemination Agent is not obligated to review any information provided to it under this Certificate and is not acting in any fiduciary capacity for the City, the Trustee, the Owners, or any other person in connection with the Bonds. The City's

obligations under this Section 12 will survive resignation or removal of the Dissemination Agent and payment of the Bonds.

- 13. *Beneficiaries.* This Certificate inures solely to the benefit of the City, the Trustee, the Dissemination Agent (if any), the Participating Underwriter, and holders and beneficial owners from time to time of the Bonds, and it creates no rights in any other person or entity.
- 14. *Counterparts.* This 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: _____, 2013

CITY OF SACRAMENTO

By: _____

Russell T. Fehr,
City Treasurer

AGREED AND ACCEPTED:
Sacramento City Clerk

By: _____

APPROVED AS TO FORM:

Sacramento City Attorney

By: _____

EXHIBIT A

NOTICE OF FAILURE TO FILE ANNUAL REPORT

Name of Issuer: Sacramento City Financing Authority
Name of Bond Issue: Sacramento City Financing Authority
2013 Special Tax Refunding Revenue Bonds
(Westlake and Regency Park)
Series A

Date of Issuance: _____, 2013

NOTICE IS HEREBY GIVEN that the City of Sacramento has not provided an Annual Report with respect to the above-named Bonds as required by the Continuing Disclosure Certificate dated _____, 2013. The City anticipates that the Annual Report will be filed by _____.

Dated: _____

DISSEMINATION AGENT:

By: _____
Its: _____



BOND PURCHASE CONTRACT

\$ _____
**SACRAMENTO CITY FINANCING AUTHORITY
2013 SPECIAL TAX REFUNDING REVENUE BONDS
(WESTLAKE AND REGENCY PARK)
SERIES A**

_____, 2013

Sacramento City Financing Authority

City of Sacramento

915 I Street
Sacramento, California 95814

Ladies and Gentlemen:

Stifel, Nicolaus & Company, Incorporated, dba Stone & Youngberg, a Division of Stifel Nicolaus (the “**Underwriter**”) offers to enter into this Bond Purchase Contract (this “**Purchase Contract**”) with the Sacramento City Financing Authority (the “**Authority**”), and with the City of Sacramento (the “**City**”), with respect to the City of Sacramento North Natomas Westlake Community Facilities District No. 2000-01 (the “**Westlake CFD**”) and the City of Sacramento North Natomas Regency Park Community Facilities District No. 2001-03 (the “**Regency Park CFD,**” and, together with the Westlake CFD, the “**CFDs**”).

Upon your acceptance of this offer, this Purchase Contract will be binding upon the Authority, the City, and the Underwriter. Terms not otherwise defined herein have the same meanings as set forth in the Trust Agreement described below.

This offer is made subject to the acceptance by the Authority and the City of this Purchase Contract on or before 11:59 p.m. on the date first set forth above.

1. Purchase and Sale of Bonds. Upon the terms and conditions and in reliance upon the respective representations, warranties, and covenants herein, the Underwriter hereby agrees to purchase from the Authority, and the Authority hereby agrees to sell to the Underwriter, all (but not less than all) of \$_____ aggregate principal amount of the revenue bonds captioned above (the “**Bonds**”) at a purchase price (the “**Purchase Price**”) of \$_____ (being an amount equal to the par amount of the Bonds (\$_____)) less net original issue discount of \$_____, and less an Underwriter's discount of \$_____.

2. Authorizing Instruments; Purchase and Sale of Special Tax Bonds.

(a) Issuance of the Bonds. The Bonds will be issued by the Authority under:

- The Marks-Roos Local Bond Pooling Act of 1985 set out in the California Government Code beginning with Section 6584 (the "**Bond Law**"),
- A resolution of the Board of Directors of the Authority (the "**Board**") of the Authority adopted on _____, 2012 (the "**Resolution of Issuance**"), and
- A Trust Agreement dated as of January 1, 2013 (the "**Trust Agreement**"), between the Authority, the City, and The Bank of New York Mellon Trust Company, N.A., as trustee (the "**Trustee**").

(b) Security for the Bonds. The Bonds are payable from "**Revenues**" received under the Trust Agreement, which are generally defined as all amounts derived from two series of special tax refunding bonds (collectively, the "**Special Tax Bonds**") being purchased with the proceeds of the Bonds, as described below:

The Westlake CFD. Special tax bonds to be issued by the City for the Westlake CFD designated "City of Sacramento 2013 North Natomas Westlake Community Facilities District No. 2000-01 Special Tax Refunding Bonds, Series A" (the "**Westlake CFD Bonds**"), issued under an Indenture dated as of January 1, 2013 (the "**Westlake CFD Indenture**") between the City and the Trustee, which special tax bonds will be secured and payable solely from the "**Westlake CFD Special Tax**" levied on taxable property within the Westlake CFD and from amounts in certain funds and accounts held under the Westlake CFD Indenture.

The Regency Park CFD. Special tax bonds to be issued by the City for the Regency Park CFD designated "City of Sacramento 2013 North Natomas Regency Park Community Facilities District No. 2001-03 Special Tax Refunding Bonds, Series A" (the "**Regency Park CFD Bonds**"), issued under an Indenture dated as of January 1, 2013 (the "**Regency Park CFD Indenture**", and together with the Westlake CFD Indenture, the "**Indentures**," each also being an "**Indenture**") between the City and the Trustee, which special tax bonds will be secured and payable solely from the "**Regency Park CFD Special Tax**" (together, with the Westlake CFD Special Tax, the "**Special Taxes**") levied on taxable property within the Regency Park CFD and from amounts in certain funds and accounts held under the Regency Park CFD Indenture.

The Westlake CFD Bonds and the Regency Park CFD Bonds will each be issued pursuant to a single resolution of the City Council of the City adopted on _____, 2012 (the "**City Resolution**").

The Special Tax Bonds are payable from Special Taxes levied under the Mello-Roos Community Facilities Act of 1982 (constituting Sections 53311 et seq. of the California Government Code) (the "**Mello-Roos Act**"). Each series of Special Tax Bonds will be purchased by the Authority with the proceeds of the Bonds pursuant to a separate "**Local Obligations Purchase Contract**", each dated as of the Closing Date (as defined in Section 8 below).

3. Terms of the Bonds. The Bonds will mature on the dates and in the principal amounts, and will bear interest at the rates, as set forth in Exhibit A hereto. The Underwriter agrees to make a bona fide public offering of all of the Bonds at the offering prices set forth on the inside cover of the Final Official Statement described below.

4. Preliminary Official Statement; Official Statement; Continuing Disclosure.

(a) The City agrees to deliver to the Underwriter as many copies of the Official Statement dated the date of this Purchase Contract, relating to the Bonds (as supplemented and amended from time to time, the “**Final Official Statement**”) as the Underwriter may reasonably request as necessary to comply with paragraph (b)(4) of Rule 15c2-12 of the Securities and Exchange Commission under the Securities Exchange Act of 1934 (“**Rule 15c2-12**”). The City agrees to deliver such Final Official Statements within 7 business days after the execution of this Purchase Contract, and in sufficient time to accompany any confirmation that requires payment from a customer. The Underwriter agrees to deposit the Final Official Statement with a qualified national registered municipal securities information repository on or as soon as practicable after the Closing Date (as defined in Section 8 below). The Underwriter agrees to deliver a copy of the Final Official Statement to each of its customers purchasing Bonds no later than the settlement date of the transaction.

(b) The Authority has authorized and approved the Preliminary Official Statement dated _____, 2013 (the “**Preliminary Official Statement**”) and the Final Official Statement dated the date of this Purchase Contract, and consents to their distribution and use by the Underwriter and the execution and approval of the Final Official Statement by a duly authorized officer of the Authority.

(c) In connection with issuance of the Bonds, and in order to assist the Underwriter with complying with the provisions of Rule 15c2-12, the Authority will execute a continuing disclosure certificate [countersigned by _____, as dissemination agent] (the “**Continuing Disclosure Certificate**”), under which the Authority will undertake to provide certain financial and operating data as required by Rule 15c2-12. The form of the Continuing Disclosure Certificate will be attached as an appendix to the Preliminary and Final Official Statements.

5. Representations and Warranties of the Authority. The Authority makes the following representations and warranties to the Underwriter.

(a) Due Organization and Authority. The Authority is duly organized and validly existing as a joint exercise of powers agency under the laws of the State of California and the Joint Exercise of Powers Agreement, dated as of October 1, 1989, as amended (the “**Joint Powers Agreement**”), between the City and the former Redevelopment Agency of the City of Sacramento, which are the sole members of the Authority, and has the full legal right, power and authority, among other things, (i) upon satisfaction of the conditions in this Purchase Contract and the Resolution of Issuance, to issue the Bonds for the purposes set forth in the Preliminary Official Statement and the Trust Agreement, and (ii) to secure the Bonds in the manner contemplated in the Resolution of Issuance and the Trust Agreement.

(b) Full Right, Power and Authority. The Authority has the full legal right, power and authority to adopt the Resolution of Issuance, and the Authority has the full legal right, power and authority

(i) to enter into this Purchase Contract and the Trust Agreement (collectively, the “**Authority Documents**”),

(ii) to issue, sell, and deliver the Bonds to the Underwriter as provided herein, and

(iii) to carry out and consummate all other transactions on its part contemplated by each of the Authority Documents and the Final Official Statement.

The Authority has complied with all provisions of applicable law (including the Bond Law) and the Joint Powers Agreement, in all matters relating to the adoption of the Resolution of Issuance and the issuance of the Bonds.

(c) Authorization of Documents; Consents and Approvals. The Board of the Authority has duly authorized

(i) the execution and delivery of the Bonds and the execution, delivery, and due performance by the Authority of its obligations under the Authority Documents,

(ii) the distribution and use of the Preliminary Official Statement and execution, delivery, and distribution of the Final Official Statement, and

(iii) the taking of any and all such action as may be required on the part of the Authority to carry out, give effect to and consummate the transactions on its part contemplated by such instruments.

Except as may be required under blue sky or other securities law of any state, all consents or approvals necessary to be obtained by the Authority in connection with the foregoing have been received, and the consents or approvals so received are still in full force and effect.

(d) Due Adoption of Resolution and Enforceability of Documents. The Resolution of Issuance has been duly adopted by the Board of the Authority and is in full force and effect, and the Authority Documents, when executed and delivered by the Authority and the other respective parties thereto, will constitute legal, valid, and binding obligations of the Authority enforceable against the Authority in accordance with their respective terms, except as enforceability thereof may be limited by bankruptcy, insolvency or other laws affecting creditors' rights generally and by the application of equitable principles.

(e) Enforceability of Bonds. When delivered to the Underwriter, the Bonds will have been duly authorized by the Board of the Authority and duly executed, issued and delivered by the Authority and will constitute legal, valid, and binding obligations of the Authority enforceable against the Authority in accordance with their respective terms, except as enforceability thereof may be limited by bankruptcy, insolvency or other laws affecting creditors' rights generally and by the application of equitable principles, and will be entitled to the benefit and security of the Resolution of Issuance and the Trust Agreement.

(f) Preliminary and Final Official Statement. The information contained in the Preliminary Official Statement relating to the Authority and its obligations under the Authority Documents is, as of the date of the Preliminary Official Statement and as of the Closing Date such information in the Final Official Statement will be, true and correct in all material respects, and the Preliminary Official Statement does not as of its date, and the Final Official Statement will not as of the Closing Date, contain any untrue statement of a material fact or omit to state any material fact necessary to make the statements therein, in the light of the circumstances under which they were made, not misleading.

(g) Supplements or Amendments to Official Statement. The Authority shall promptly notify the Underwriter in writing if, at any time prior to the earlier of (i) receipt of notice from the Underwriter that Final Official Statement is no longer required to be delivered under Rule 15c2-12 or (ii) the Closing Date (as described in Section 8 below), any event known to the officers of the Authority participating in the issuance of the Bonds occurs as a result of which the Final Official Statement as then amended or supplemented might include an untrue statement of a material fact, or omit to state any material fact necessary to make the statements therein, in light of the circumstances under which they were made, not misleading. Any information supplied by the Authority for inclusion in any amendments or supplements to the Final Official Statement will not contain any untrue statement of a material fact or omit to state any material fact necessary to make the statements therein, in the light of the circumstances under which they were made, not misleading.

(h) No Conflicts. Neither the adoption of the Resolution of Issuance, the execution and delivery of the Authority Documents, nor the consummation of the transactions on the part of the Authority contemplated herein or therein or the compliance by the Authority with the provisions hereof or thereof will conflict with, or constitute on the part of the Authority a violation of, or a breach of or default under,

(i) any material indenture, mortgage, commitment, note or other agreement or instrument to which the Authority is a party or by which it is bound,

(ii) any provision of the Bond Law, the Joint Powers Agreement or the State Constitution or

(iii) any existing law, rule, regulation, ordinance, judgment, order or decree to which the Authority (or the members of the Authority, the members of the Board of the Authority, or any of its officers in their respective capacities as such) is subject, that would have a material adverse affect on the ability of the Authority to perform its obligations under the Authority Documents.

(i) No Defaults. The Authority has never been in default at any time, as to principal of or interest on any obligation which it has issued, which default may have an adverse effect on the ability of the Authority to consummate the transactions on its part under the Authority Documents, except as specifically disclosed in the Final Official Statement, and other than the Bonds, the Authority has not entered into any contract or arrangement of any kind which might give rise to any lien or encumbrance on the Revenues.

(j) No Litigation. Except as is specifically disclosed in the Final Official Statement, is no action, suit, proceeding, inquiry or investigation, at law or in equity,

before or by any court, public board or body, pending with respect to which the Authority has been served with process or, to the current actual knowledge of the Authority, threatened, which

(i) in any way questions the powers of the Authority or the Board of the Authority, or

(ii) in any way questions the validity of any proceeding taken by the Board of the Authority in connection with the issuance of the Bonds, or

(iii) wherein an unfavorable decision, ruling or finding could materially adversely affect the transactions contemplated by this Purchase Contract, or

(iv) which, in any way, could adversely affect the validity or enforceability of the Authority Documents or the Indentures, or

(v) which in any way questions the exclusion from gross income of the recipients thereof of the interest on the Bonds for federal income tax purposes, or

(vi) in any other way questions the status of the Bonds under State tax laws or regulations.

(k) Certificates of the Authority. Any certificate signed by an official of the Authority authorized to execute such certificate and delivered to the Underwriter in connection with the transactions contemplated by the Authority Documents shall be deemed a representation and warranty by the Authority to the Underwriter as to the truth of the statements therein contained.

(l) Security for Bonds. The Bonds will be paid from Revenues (as defined in the Trust Agreement) received by or on behalf of the Authority. The Trust Agreement creates a valid pledge of, and first lien upon, Revenues deposited thereunder and the moneys in certain funds and accounts established under the Trust Agreement, subject in all cases to the provisions of the Trust Agreement permitting the application thereof for the purposes and on the terms and conditions set forth therein.

(m) Prior Continuing Disclosure Undertakings. The Authority has never made a prior continuing disclosure undertaking under Rule 15c2-12.

6. Representations and Warranties of the City. The City, makes the following representations and warranties to the Underwriter.

(a) Due Organization and Authority. Each CFD is duly organized and validly existing as a community facilities district under the Mello-Roos Act.

(b) Full Right, Power and Authority. The City Council of the City has the full legal right, power, and authority to adopt the City Resolution, and the City has the full legal right, power, and authority:

(i) to enter into this Purchase Contract, the Indentures, and the Local Obligations Purchase Contracts,

(ii) to issue, sell, and deliver the Special Tax Bonds to the Authority as provided the Local Obligations Purchase Contracts,

(iii) to secure the Special Tax Bonds in the manner contemplated the Indentures, and

(iv) to carry out and consummate all other transactions on its part contemplated by the Indentures, the Local Obligations Purchase Contracts, and this Purchase Contract.

The City has complied with all provisions of applicable law, including the Mello-Roos Act, in all matters relating to the adoption of the City Resolution, the formation of each CFD, the incurrence of bonded indebtedness for each CFD, and the levy of the Special Tax with respect to each CFD.

(c) Authorization of Documents; Consents and Approvals. The City Council of the City has duly authorized:

(i) the execution and delivery of the Special Tax Bonds, the Indentures, the Local Obligations Purchase Contracts, and this Purchase Contract and the execution, delivery, and due performance of the City's obligations under the Special Tax Bonds, the Indentures, the Local Obligations Purchase Contracts, and this Purchase Contract, and

(ii) the taking of any and all such action as may be required on the part of the City to carry out, give effect to and consummate the transactions on its part contemplated by the Special Tax Bonds, the Indentures, the Local Obligations Purchase Contracts, and this Purchase Contract.

Except as may be required under blue sky or other securities law of any state, all consents or approvals necessary to be obtained by each CFD in connection with the foregoing have been received, and the consents or approvals so received are still in full force and effect.

(d) Due Adoption of Resolutions and Enforceability of Documents. The City Resolution has been duly adopted by the City Council of the City and is in full force and effect; and each series of Special Tax Bonds, each Indenture, each Local Obligations Purchase Contract, and this Purchase Contract, when executed and delivered by each respective party thereto, will constitute legal, valid and binding obligations, enforceable against each respective party thereto in accordance with their respective terms, except as enforceability thereof may be limited by bankruptcy, insolvency or other laws affecting creditors' rights generally and by the application of equitable principles.

(e) Preliminary and Final Official Statement. The information contained in the Preliminary Official Statement relating to the City and the CFDs is, as of the date of the Preliminary Official Statement and as of the Closing Date such information in the Final Official Statement will be, true and correct in all material respects, and the Preliminary Official Statement does not as of its date, and the Final Official Statement will not as of the Closing Date, contain any untrue or misleading statement of a material fact relating to the City and the CFDs, or omit to state any material fact relating to the City and the

CFDs necessary to make the statements therein, in the light of the circumstances under which they were made, not misleading.

(f) No Conflicts. Neither the adoption of the City Resolution, the issuance of each series of Special Tax Bonds, the execution and delivery of each Indenture, each Local Obligations Purchase Contract, and this Purchase Contract, nor the consummation of the transactions on the part of the City contemplated herein or therein or the compliance by the City with the provisions hereof or thereof, will conflict with, or constitute on the part of the City violation of, or a breach of or default under,

(i) any material indenture, mortgage, commitment, note or other agreement or instrument to which the City is a party or by which it is bound,

(ii) any provision of the Mello-Roos Act or the State Constitution or

(iii) any existing law, rule, regulation, ordinance, judgment, order or decree to which the City (or the members of the City Council of the City or any of its officers in their respective capacities as such) is subject, that would have a material adverse affect on the ability of the City to perform its respective obligations under each series of Special Tax Bonds, each Indenture, each Local Obligations Purchase Contract, and this Purchase Contract.

(g) No Defaults. The City has never been in default at any time, as to principal of or interest on any obligation which it has issued, which default may have an adverse effect on the ability of the City to consummate the transactions on its part contained in each series of Special Tax Bonds, each Indenture, each Local Obligations Purchase Contract, and this Purchase Contract, except as specifically disclosed in the Final Official Statement; and other than each series of Special Tax Bonds, the City has not entered into any contract or arrangement of any kind which might give rise to any lien or encumbrance on any of the Special Taxes.

(h) No Litigation. Except as is specifically disclosed in the Final Official Statement, there is no action, suit, proceeding, inquiry or investigation, at law or in equity, before or by any court, public board or body, pending with respect to which the City has been served with process or, to the current actual knowledge of the City, threatened, which:

(i) in any way questions the powers of the City Council of the City, or

(ii) in any way questions the validity of any proceeding taken by the City Council of the City in connection with the issuance of each series of Special Tax Bonds, or

(iii) wherein an unfavorable decision, ruling or finding could materially adversely affect the transactions contemplated by each Indenture, each Local Obligations Purchase Contract, and this Purchase Contract, or

(iv) which, in any way, could adversely affect the validity or enforceability of the City Resolution, any series of Special Tax Bonds, any Indenture, any Local Obligations Purchase Contract, or this Purchase Contract, or

(v) which in any way questions the exclusion from gross income of the recipients thereof of the interest on any series of Special Tax Bonds for federal income tax purposes, or

(vi) in any other way questions the status of any series of Special Tax Bonds under State tax laws or regulations.

(i) Certificates of the CFDs. Any certificate signed by an official of any CFD authorized to execute such certificate and delivered to the Underwriter in connection with the transactions contemplated by this Purchase Contract shall be deemed a representation and warranty by each respective CFD, as applicable, to the Underwriter as to the truth of the statements therein contained.

(j) Security for Special Tax Bonds. The payment of debt service on each series of Special Tax Bonds will be paid from the Special Taxes received by the related CFD under the related Indenture.

(k) Levy of Special Taxes. The Special Taxes of each CFD has been and will be levied in accordance with the Rate and Method of Apportionment of Special Taxes relating to each respective CFD, and are secured by a lien on the property on which they are levied.

(l) Pledge of Net Special Taxes. The Indenture for each series of Special Tax Bonds creates a valid pledge of, and first lien upon, the Special Taxes deposited thereunder and the moneys in certain funds and accounts established thereunder, subject in all cases to the provisions of each respective Indenture permitting the application thereof for the purposes and on the terms and conditions set forth therein.

(m) Prior Bonded Assessment and Special Tax Liens. Except as disclosed in the Final Official Statement, there are, to the best of the City's knowledge, after reasonable and diligent investigation of records made available by the County, no entities with outstanding assessment or special tax liens against any of the properties within each respective CFD.

7. Blue Sky. The Authority covenants with the Underwriter that the Authority will cooperate with the Underwriter (at the cost of the Underwriter), in qualifying the Bonds for offer and sale under the securities or Blue Sky laws of such jurisdictions of the United States as the Underwriter may reasonably request; provided, however, that the Authority shall not be required to consent to suit or to service of process, or to qualify to do business, in any jurisdiction. The Authority consents to the use by the Underwriter of the Authority Documents in the course of its compliance with the securities or Blue Sky laws of the various jurisdictions of the documents relating to the Bonds.

8. Closing.

(a) At 9:00 a.m. on _____, 2013, or at such other time or date as may be mutually agreed upon by the Authority and the Underwriter (the "Closing Date"), the Authority will deliver or cause to be delivered to the Underwriter the Bonds in definitive form duly executed, as authenticated by the Trustee, by the Treasurer and Secretary of the Authority, in their capacities as officers of the Authority, together with the other documents hereinafter

mentioned, and the Underwriter will accept such delivery and pay the Purchase Price of the Bonds by making a wire transfer in federal funds payable to the order of the Trustee.

(b) The activities relating to the final execution and delivery of the Bonds and the payment therefor and the delivery of the resolutions, certificates, opinions, and other instruments as described in Section 10 of this Purchase Contract shall occur at the offices of Orrick, Herrington & Sutcliffe LLP, Sacramento, California. The payment for the Bonds and simultaneous delivery of the Bonds to the Underwriter is herein referred to as the “**Closing**.” The Bonds will be delivered as fully registered Bonds initially in denominations of \$5,000 each and any integral multiple thereof. The Bonds will be registered in the name of Cede & Co., as nominee of The Depository Trust Company, and will be made available for checking by the Underwriter at such place as the Underwriter and the Trustee agree not less than 24 hours prior to the Closing.

9. Termination Events. The Underwriter has the right to cancel its obligations to purchase the Bonds if between the date hereof and the Closing Date any of the following events occurs:

(a) the House of Representatives or the Senate of the Congress of the United States, or a committee of either, has pending before it, or passes or recommends favorably, legislation introduced previous to the date hereof, which legislation, if enacted in its form as introduced or as amended, would have the purpose or effect of imposing federal income taxation upon revenues or other income of the general character to be derived by the Authority or by any similar body under the Resolution of Issuance, the Trust Agreement or the Bond Law, or upon interest received on obligations of the general character of the Bonds, or of causing interest on obligations of the general character of the Bonds to be includable in gross income for purposes of federal income taxation, and such legislation, in the Underwriter's opinion, materially adversely affects the market price of the Bonds; or

(b) a tentative decision with respect to legislation is reached by a committee of the House of Representatives or the Senate of the Congress of the United States, or legislation is favorably reported or re-reported by such a committee or introduced, by amendment or otherwise, in or passed by the House of Representatives or the Senate, or recommended to the Congress of the United States for passage by the President of the United States, or enacted or a decision by a federal court of the United States or the United States Tax Court is rendered, or a ruling, release, order, regulation or official statement (tentative, proposed or final) by or on behalf of the United States Treasury Department, the Internal Revenue Service or other governmental agency is made or proposed to be made having the purpose or effect, or any other action or event occurs that has the purpose or effect, directly or indirectly, that (i) adversely affects the federal income tax consequences of owning the Bonds, including causing interest on the Bonds to be included in gross income for purposes of federal income taxation, or (ii) imposes federal income taxation upon revenues or other income of the general character to be derived by the Authority under the Resolution of Issuance or upon interest received on obligations of the general character of the Bonds, or the Bonds, or (iii) which, in the opinion of the Underwriter, materially adversely affects the market price of or market for the Bonds; or

(c) legislation is enacted, or actively considered for enactment with an effective date prior to the Closing, or a decision by a court of the United States is

rendered, the effect of which is that the Bonds, including any underlying obligations, or the Resolution of Issuance or the Trust Agreement, as the case may be, is not exempt from the registration, qualification or other requirements of the Securities Act of 1933, as amended and as then in effect, the Securities Exchange Act of 1934, as amended and as then in effect, or the Trust Indenture Act of 1939, as amended and as then in effect; or

(d) a stop order, ruling, regulation or official statement by the Securities and Exchange Commission or any other governmental agency having jurisdiction of the subject matter is issued or made or any other event occurs, the effect of which is that the issuance, offering or sale of the Bonds, including any underlying obligations, or the execution and delivery of the Trust Agreement as contemplated hereby or by the Final Official Statement, is or would be in violation of any provision of the federal securities laws, including the Securities Act of 1933, as amended and as then in effect, the Securities Exchange Act of 1934, as amended and as then in effect, or the Trust Indenture Act of 1939, as amended and as then in effect; or

(e) any event occurs or any information becomes known to the Underwriter that causes the Underwriter to reasonably believe that the Final Official Statement as then amended or supplemented includes an untrue statement of a material fact, or omits to state any material fact necessary to make the statements therein, in light of the circumstances under which they were made, not misleading; or

(f) there occurs any outbreak of hostilities or any national or international calamity or crisis, including a financial crisis, the effect of which on the financial markets of the United States is such as, in the reasonable judgment of the Underwriter, would materially adversely affect the market for or market price of the Bonds; or

(g) there is in force a general suspension of trading on the New York Stock Exchange, the effect of which on the financial markets of the United States is such as, in the reasonable judgment of the Underwriter, would materially adversely affect the market for or market price of the Bonds; or

(h) a general banking moratorium is declared by federal, New York or State authorities; or

(i) any proceeding is pending or threatened by the Securities and Exchange Commission against the City, the Board, or the Authority; or

(j) additional material restrictions not in force as of the date hereof are imposed upon trading in securities generally by any governmental authority or by any national securities exchange which adversely affects the Underwriter's ability to sell the Bonds; or

(k) the New York Stock Exchange or other national securities exchange, or any governmental authority, imposes, as to the Bonds or obligations of the general character of the Bonds, any material restrictions not now in force, or increases materially those now in force, with respect to the extension of credit by, or the charge to the net capital requirements of, Underwriter; or

(l) an amendment to the federal or State constitution is enacted or action is taken by any federal or State court, legislative body, regulatory body or other authority materially adversely affecting the tax status of the Authority, its property, income or securities (or interest thereon), the validity or enforceability of the Special Taxes or the ability of the Authority to issue the Bonds or the City to issue each series of Special Tax Bonds, or the levy of any of the Special Taxes, as contemplated by the Resolution of Issuance, the Trust Agreement, each Indenture, each Local Obligations Purchase Contract, this Purchase Agreement, and the Final Official Statement.

10. **Conditions to Closing.** The obligations of the Underwriter to purchase the Bonds shall be subject (i) to the performance by the Authority and the City of their respective obligations to be performed hereunder at and prior to the Closing, (ii) to the accuracy as of the date hereof and as of the time of the Closing of the representations and warranties of the Authority and the City herein, and (iii) to the following conditions, including the delivery by the Authority of such documents as are enumerated herein in form and substance satisfactory to the Underwriter:

(a) At the time of Closing, (i) the Final Official Statement, the Resolution of Issuance, the Trust Agreement, the Continuing Disclosure Certificate, the City Resolution, each Indenture, each Local Obligations Purchase Contract, and this Purchase Contract shall be in full force and effect and shall not have been amended, modified or supplemented except as may have been agreed to in writing by the Underwriter, and (ii) each of the CFDs shall have been duly formed and there shall be in full force and effect such resolutions as, in the opinion of Orrick, Herrington & Sutcliffe LLP, Sacramento, California ("**Bond Counsel**"), are necessary in connection with the transactions contemplated hereby, including, but not limited to, the Resolution of Issuance.

(b) The Underwriter shall receive the Bonds at or prior to the Closing. The terms of the Bonds delivered shall in all instances be as described in Final Official Statement.

(c) At or prior to the Closing, the Underwriter shall receive the following documents in such number of counterparts as are mutually agreeable to the Underwriter and the Authority:

(i) A final approving opinion of Bond Counsel dated the Closing Date substantially in the form attached as Appendix G to the Final Official Statement, together with a letter addressed to the Underwriter to the effect that such opinion may be relied upon by the Underwriter to the same extent as if such opinion were addressed to the Underwriter;

(ii) A letter or letters of Bond Counsel addressed to the Underwriter in substantially the form attached hereto as Exhibit G;

(iii) An opinion of Jones Hall, A Professional Law Corporation, as counsel to the Underwriter ("**Underwriter's Counsel**"), addressed to the Authority and the Underwriter, stating:

(A) Without passing upon or assuming any responsibility for the accuracy, completeness or fairness of the statements contained in the

Final Official Statement and making no representation that Underwriter's Counsel has independently verified the accuracy, completeness or fairness of any such statements, based upon the information made available to them in the course of their participation in the preparation of the Final Official Statement, nothing has come to such counsel's attention which would lead them to believe that the Final Official Statement, including the cover page (but excluding therefrom the appendices thereto, financial statements and statistical data, and information regarding The Depository Trust Company and its book entry system, as to which no opinion need be expressed) contains an untrue statement of a material fact or omits to state a material fact required to be stated therein or necessary to make the statements therein, in the light of the circumstances under which they were made, not misleading;

(B) the Bonds are not subject to the registration requirements of the Securities Act of 1933, as amended, and the Indenture is exempt from qualification pursuant to the Trust Indenture Act of 1939, as amended; and

(G) none of the Special Tax Bonds is subject to the registration requirements of the Securities Act of 1933, as amended, and each Indenture is exempt from qualification under the Trust Indenture Act of 1939, as amended.

(iv) An opinion, dated the Closing Date and addressed to the Underwriter, of the City Attorney, as counsel to the Authority, in substantially the form attached hereto as Exhibit H;

(v) A final approving opinion of Bond Counsel dated the Closing Date substantially in the form attached hereto as Appendix I, regarding the Westlake CFD Bonds, together with a letter addressed to the Underwriter to the effect that such opinion may be relied upon by the Underwriter to the same extent as if such opinion were addressed to the Underwriter;

(vi) A final approving opinion of Bond Counsel dated the Closing Date substantially in the form attached hereto as Appendix J, regarding the Regency Park CFD Bonds, together with a letter addressed to the Underwriter to the effect that such opinion may be relied upon by the Underwriter to the same extent as if such opinion were addressed to the Underwriter;

(vii) The Final Official Statement executed on behalf of the Authority by a duly authorized officer.

(viii) Certified copies of the Resolution of Issuance and the City Resolution.

(ix) Specimen Bonds.

(x) Evidence that Internal Revenue Service Form 8038 has been executed by the Authority and will be filed with the Internal Revenue Service.

(xi) Executed copies of the Trust Agreement, each Indenture, each Local Obligations Purchase Contract, the Continuing Disclosure Certificate, and this Purchase Contract.

(xii) A tax certificate executed by the Authority and the City in form and substance satisfactory to Bond Counsel.

(xiii) In connection with printing and distribution of the Preliminary Official Statement, an executed certificate of the Authority in the form attached hereto as Exhibit B.

(xiv) A closing certificate, in form and substance as set forth in Exhibit C hereto, of the Authority, dated as of the Closing Date.

(xv) A closing certificate, in form and substance as set forth in Exhibit D hereto, of the City, dated as of the Closing Date.

(xvi) A certificate in form and substance as set forth in Exhibit E hereto, dated as of the Closing Date, of NBS Government Finance Group, Temecula, California, as Special Tax Consultant.

[(xvii) A certificate in form and substance acceptable to the Underwriter and its counsel, dated as of the Closing Date, of _____, dissemination agent in connection with the prior continuing disclosure obligations of the City.]

(xiii) A certificate in form and substance as set forth in Exhibit F hereto, dated as of the Closing Date, of the Trustee.

(xix) An opinion of counsel to the Trustee, dated as of the Closing Date, in form and substance satisfactory to the Underwriter and Bond Counsel.

(xx) Evidence that Standard & Poor's has assigned its municipal bond rating of "___" to the Bonds.

(xxi) Such additional legal opinions, certificates, proceedings, instruments, and other documents as the Underwriter or Bond Counsel may reasonably request to evidence compliance by the Authority and the City, with legal requirements, the truth and accuracy, as of the time of Closing, of the representations of the Authority and the City herein contained, and the due performance or satisfaction by the Authority and the City at or prior to such time of all agreements then to be performed and all conditions then to be satisfied by the Authority and the City.

If the Authority or the City are unable to satisfy the conditions to the obligations of the Underwriter contained in this Purchase Contract, or if the obligations of the Underwriter to purchase and accept delivery of the Bonds are terminated for any reason permitted by this Purchase Contract, this Purchase Contract shall terminate and neither the Underwriter, the Authority nor the City shall be under further obligation hereunder; except that the respective obligations to pay expenses, as provided in Section 13 hereof shall continue in full force and effect.

11. Conditions to Authority's and the CFDs' Obligations. The obligations of the Authority and the City hereunder are subject to the performance by the Underwriter of its obligations hereunder.

12. Survival of Representations, Warranties and Agreements. All representations, warranties, and agreements of the Authority and the City hereunder shall remain operative and in full force and effect, regardless of any investigations made by or on behalf of the Underwriter, and shall survive the Closing.

13. Expenses. The Authority shall pay or cause to be paid all reasonable expenses incident to the issuance of the Bonds and to the performance of its obligations and the obligations of the City under this Purchase Contract, including, but not limited to, delivery of the Bonds and the Special Tax Bonds, costs of printing the Bonds, the Preliminary Official Statement, and the Final Official Statement, any amendment or supplement to the Preliminary Official Statement or Final Official Statement, and this Purchase Contract, fees and disbursements of Bond Counsel, any financial advisor and other consultants, including the fees and expenses of the Special Tax Consultant and the Trustee.

The Underwriter shall pay all advertising expenses in connection with the public offering of the Bonds, and all other expenses incurred by it in connection with its public offering and distribution of the Bonds, including without limitation the fees and expenses of its counsel.

14. No Fiduciary Duty. The Authority, the City and the Underwriter acknowledge and agree that:

(i) the purchase and sale of the Bonds under this Purchase Contract is an arm's-length commercial transaction between the Authority and the Underwriter,

(ii) in connection therewith, and with the discussions, undertakings and procedures leading up to the consummation of the purchase and sale of the Bonds under this Purchase Contract, the Underwriter is and has been acting solely as principal and is not acting as the agent or fiduciary of the Authority or the City,

(iii) the Underwriter has not assumed a fiduciary responsibility in favor of the Authority or the City with respect to (a) the offering of the Bonds contemplated hereby or the process leading thereto (whether or not the Underwriter, or any affiliate of the Underwriter, has advised or is currently advising the Authority or the City on other matters), or (b) any other obligation to the Authority or the City with respect to the offering contemplated hereby except the obligations expressly set forth in this Purchase Contract, and

(iv) the Authority and the City have consulted their own legal, financial and other advisors to the extent they have deemed appropriate in connection with this transaction.

Nothing in the section is intended to limit the Underwriter's obligations of fair dealing under MSRB Rule G-17.

15. Notices. Any notice or other communication to be given to the Authority or the City under this Purchase Contract may be given by delivering the same in writing at its address set forth above, and any notice or other communication to be given to the Underwriter under this Purchase Contract may be given by delivering the same in writing to:

Stifel Nicolaus & Company, Incorporated,
dba Stone & Youngberg, a division of Stifel Nicolaus
515 South Figueroa Street, Suite 1800
Los Angeles, California 90071
Attention: Public Finance Department

16. Benefit. This Purchase Contract is made solely for the benefit of the Authority, the City, the CFDs and the Underwriter (including the successors or assigns of the Underwriter) and no other person, including any purchaser of the Bonds, shall acquire or have any right hereunder or by virtue hereof.

17. Governing Law. This Purchase Contract shall be governed by and construed in accordance with the laws of the State of California.

18. Effective Date. This Purchase Contract shall become effective upon acceptance hereof by the Authority and the City.

19. Counterparts. This Purchase Contract 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.

20. Severability. If any provision of this Purchase Contract is held invalid or unenforceable by any court of competent jurisdiction, such holding shall not invalidate or render unenforceable any other provision hereof.

STONE & YOUNGBERG LLC

By: _____
Managing Director

Accepted and agreed to as of
the date first above written:

SACRAMENTO CITY FINANCING AUTHORITY

Russell Fehr,
Treasurer of the Authority

Time of Execution: _____

CITY OF SACRAMENTO

By: _____
Russell Fehr,
Treasurer of the City

Time of Execution: _____

EXHIBIT A

\$ _____
SACRAMENTO CITY FINANCING AUTHORITY
2013 SPECIAL TAX REFUNDING REVENUE BONDS
(WESTLAKE AND REGENCY PARK)
SERIES A

\$ _____ Serial Bonds

<u>Maturity</u> (<u>September 1</u>)	<u>Principal</u> <u>Amount</u>	<u>Interest</u> <u>Rate</u>	<u>Yield</u>	<u>Price</u>
---	-----------------------------------	--------------------------------	--------------	--------------

_____ c = Priced to the optional redemption date of September 1, 20__.

Term Bonds

<u>Maturity</u> (<u>September 1</u>)	<u>Principal</u> <u>Amount</u>	<u>Interest</u> <u>Rate</u>	<u>Yield</u>	<u>Price</u>
---	-----------------------------------	--------------------------------	--------------	--------------

EXHIBIT B

**SACRAMENTO CITY FINANCING AUTHORITY
2013 SPECIAL TAX REFUNDING REVENUE BONDS
(WESTLAKE AND REGENCY PARK)
SERIES A**

ISSUER 15c2-12 CERTIFICATE

The undersigned hereby certifies and represents that he or she is the duly appointed and acting representative of the Sacramento City Financing Authority (the "Authority"), and is duly authorized to execute and deliver this Certificate and further hereby certifies and reconfirms on behalf of the Authority as follows:

(1) This Certificate is delivered in connection with the offering and sale of the bonds captioned above (the "Bonds") in order to enable the underwriter of the Bonds to comply with Securities and Exchange Commission Rule 15c2-12 under the Securities Exchange Act of 1934 (the "Rule").

(2) In connection with the offering and sale of the Bonds, there has been prepared a Preliminary Official Statement, dated ____, 2012, setting forth information concerning the Bonds, the Authority and other matters (the "Preliminary Official Statement").

(3) As used herein, "Permitted Omissions" means the offering price(s), interest rate(s), selling compensation, aggregate principal amount, principal amount per maturity, delivery dates, ratings and other terms of the Bonds depending on such matters, all with respect to the Bonds.

(4) The Preliminary Official Statement is, except for the Permitted Omissions, deemed final within the meaning of Rule 15c2-12, and the information therein is accurate and complete except for the Permitted Omissions.

IN WITNESS WHEREOF, the undersigned has caused this certificate to be executed as of _____, 2013.

SACRAMENTO CITY FINANCING AUTHORITY

By: _____
Russell Fehr,
Treasurer of the Authority

EXHIBIT C

\$ _____
**SACRAMENTO CITY FINANCING AUTHORITY
2013 SPECIAL TAX REFUNDING REVENUE BONDS
(WESTLAKE AND REGENCY PARK)
SERIES A**

ISSUER CLOSING CERTIFICATE

The undersigned hereby certifies and represents that he or she is the duly appointed and acting representative of the Sacramento City Financing Authority (the "Authority"), and is duly authorized to execute and deliver this Certificate in connection with the offering and sale of the bonds captioned above, and further hereby certifies and reconfirms on behalf of the Authority as follows:

(1) the representations, warranties and covenants of the Authority contained in that certain Bond Purchase Contract by and among the Authority, the City of Sacramento (the "City") Stifel, Nicolaus & Company, Incorporated, dba Stone & Youngberg, a Division of Stifel Nicolaus, dated _____, 2013 (the "Purchase Contract") are true and correct and in all material respects as of the date hereof as if made on the date hereof;

(2) the representations and warranties of the Authority contained in the Authority Documents are true and correct in all material respects as of the date hereof as if made on the date hereof, and the Authority has complied with all agreements, covenants and conditions to be complied with by the Authority under the Authority Documents as of the date hereof;

(3) to the best knowledge of the Authority, no event affecting the Authority has occurred since the date of the Final Official Statement which either makes untrue or incorrect in any material respect as of the date hereof the statements or information relating to the Authority contained in the Final Official Statement or is not reflected in the Final Official Statement but should be reflected therein in order to make such statements and information therein not misleading in any material respect.

Capitalized terms not defined herein have the same meaning as is set forth in the Purchase Contract.

Dated: _____, 2013.

SACRAMENTO CITY FINANCING AUTHORITY

By: _____
Russell Fehr,
Treasurer of the Authority

EXHIBIT D

\$ _____
**SACRAMENTO CITY FINANCING AUTHORITY
2013 SPECIAL TAX REFUNDING REVENUE BONDS
(WESTLAKE AND REGENCY PARK)
SERIES A**

CITY CLOSING CERTIFICATE

The undersigned hereby certifies and represents that he or she is the duly appointed and acting representative of the City of Sacramento (the "City"), the City Council of which is the legislative body for the City of Sacramento North Natomas Westlake Community Facilities District No. 2000-01 ("The Westlake CFD") and the City of Sacramento North Natomas Regency Park Community Facilities District No. 2001-03 ("The Regency Park CFD" and, together with the Westlake CFD, the "CFDs"), which are community facilities districts duly organized and existing under the laws of the State of California, and is authorized to execute this Certificate in connection with the issuance of the bonds captioned above (the "Bonds"), and further hereby certifies and reconfirms on behalf of the City as follows:

(1) the representations, warranties and covenants of the City contained in that certain Bond Purchase Contract by and among the Authority, the City of Sacramento and Stifel, Nicolaus & Company, Incorporated, dba Stone & Youngberg, a Division of Stifel Nicolaus, dated _____, 2013 (the "Purchase Contract"), are true and correct and in all material respects as of the date hereof as if made on the date hereof;

(2) the City has complied with all agreements, covenants and conditions to be complied with by the City under each Indenture and each Local Obligations Purchase Contract as of the date hereof;

(3) to the best knowledge of the City, no event affecting the City or any CFD has occurred since the date of the Final Official Statement which either makes untrue or incorrect in any material respect as of the date hereof the statements or information relating to the City or the CFDs contained in the Final Official Statement or is not reflected in the Final Official Statement but should be reflected therein in order to make such statements and information therein not misleading in any material respect; and

(4) Each Special Tax has been levied for fiscal year 2013-14 in accordance with the Rate and Method of Apportionment of Special Tax for each respective CFD.

Capitalized terms not defined herein have the same meaning as is set forth in the Purchase Contract.

Dated: _____, 2013

CITY OF SACRAMENTO

By: _____
Russell Fehr,
Treasurer of the Authority

EXHIBIT E

§ _____
SACRAMENTO CITY FINANCING AUTHORITY
2013 SPECIAL TAX REFUNDING REVENUE BONDS
(WESTLAKE AND REGENCY PARK)
SERIES A

CERTIFICATE OF SPECIAL TAX CONSULTANT

NBS Government Finance Group (the “Special Tax Consultant”), Temecula, California, was retained as Special Tax Consultant and has reviewed the Rates and Methods of Apportionment (each a “Rate and Method of Apportionment”) for the City of Sacramento North Natomas Westlake Community Facilities District No. 2000-01 (“The Westlake CFD”) and the City of Sacramento North Natomas Regency Park Community Facilities District No. 2001-03 (“The Regency Park CFD” and, together with the Westlake CFD, the “CFDs”) all as set forth in Appendix B to the Official Statement (the “Official Statement”) dated _____, 2013, relating to the bonds captioned above (the “Bonds”), and the summaries and descriptions of each Rate and Method of Apportionment contained in the Official Statement.

Based upon such review, the Special Tax Consultant hereby certifies as follows:

(a) The Special Tax levied under each Rate and Method of Apportionment, if levied in the maximum amounts permitted pursuant to the special tax formula set forth in each Rate and Method of Apportionment on the date hereof, would be levied in a combined amount equal to the projected debt service on the Bonds, provided that the annual debt service figures in the debt service schedules contained in the Official Statement, which were relied upon by Special Tax Consultant, are substantially true and correct.

Although the Special Tax, if levied in the maximum amounts pursuant to the special tax formula set forth in each Rate and Method of Apportionment, would be levied in a combined amount equal to the projected debt service on the Bonds, no representation is made herein as to actual amounts that will be collected in future years.

(b) Except as disclosed in the Final Official Statement, there are, to the best of the Special Tax Consultant’s knowledge, after reasonable and diligent investigation of records made available by the County, no entities with outstanding assessment or special tax liens against any of the properties within any of the CFDs.

(c) All summaries of and information with respect to each Rate and Method of Apportionment in the Official Statement, the information in Tables 2 through 21 in the Official Statement, and all other information provided by the Special Tax Consultant for inclusion in the Official Statement, are true and correct as of the date of the Official Statement and as of the date hereof.

Capitalized terms not defined herein have the same meaning as is set forth in the Official Statement.

Dated: _____, 2013

NBS GOVERNMENT FINANCE GROUP

By: _____

Title: _____

EXHIBIT F

\$ _____
**SACRAMENTO CITY FINANCING AUTHORITY
2013 SPECIAL TAX REFUNDING REVENUE BONDS
(WESTLAKE AND REGENCY PARK)
SERIES A**

CERTIFICATE OF TRUSTEE

The undersigned hereby states and certifies that he or she is an authorized officer of The Bank of New York Mellon Trust Company, N.A. (the "Bank"), as trustee under an Trust Agreement dated as of January 1, 2013 (the "Trust Agreement"), by and between the Bank, the City of Sacramento (the "City") and the Sacramento City Public Financing Authority (the "Authority"), relating to the captioned bonds (the "Bonds"), and as trustee under the Indentures (collectively, the "Indentures"), each of which is dated as of January 1, 2013 , and is by and between the Bank and the City, relating to each of the City of Sacramento North Natomas Westlake Community Facilities District No. 2000-01 ("The Westlake CFD") and the City of Sacramento North Natomas Regency Park Community Facilities District No. 2001-03 ("The Regency Park CFD" and, together with the Westlake CFD, the "CFDs"). .

As such, the undersigned is familiar with the following facts and is authorized and qualified to certify the following facts on behalf of the Bank:

(1) The Bank is duly organized and existing as a national banking association under the laws of the United States of America, having the full power and authority to enter into and perform its duties under the Trust Agreement, and to perform its respective duties each Indenture.

(2) The Trust Agreement and each Indenture have been duly authorized, executed and delivered by the Bank.

(3) To the best knowledge of the Bank, after due inquiry, there is no action, suit, proceeding or investigation, at law or in equity, before or by any court or governmental agency, public board or body pending against the Bank or threatened against the Bank which in the reasonable judgment of the Bank would affect the existence of the Bank or in any way contesting or affecting the validity or enforceability of the Indenture or contesting the powers of the Bank or its authority to enter into and perform its obligations under the Trust Agreement and each Indenture.

Dated: _____, 2013

THE BANK OF NEW YORK MELLON
TRUST COMPANY, N.A.,
as Trustee and Fiscal Agent

By _____
Authorized Officer

EXHIBIT G
SUPPLEMENTAL OPINION OF BOND COUNSEL

EXHIBIT H
OPINION OF THE CITY ATTORNEY

EXHIBIT I

OPINION OF BOND COUNSEL REGARDING WESTLAKE CFD BONDS

EXHIBIT J

OPINION OF BOND COUNSEL REGARDING REGENCY PARK CFD BONDS



Exhibit A

City of Sacramento, North Natomas
Westlake Community Facilities District No. 2000-01
(Sacramento, California)

RATE AND METHOD OF APPORTIONMENT OF SPECIAL TAX

1. BASIS OF SPECIAL TAX LEVY

A Special Tax authorized under the Mello-Roos Community Facilities Act of 1982 (the "Act") applicable to the land in the City of Sacramento (the "City") North Natomas Westlake Community Facilities District No. 2000-01 (the "CFD") shall be levied and collected according to the tax liability determined by the City through the application of the appropriate amount or rate, as described below.

2. DEFINITIONS

"Act" means the Mello-Roos Community Facilities Act of 1982, as amended, Sections 53311 and following of the California Government Code.

"Administrative Expenses" means the actual or estimated costs incurred by the City to determine, levy and collect the Special Taxes, including salaries of City employees and the fees of consultants, legal counsel, corporate bond-paying agents, fiscal agents, and bond trustees; the costs of collecting installments of the Special Taxes upon the general tax rolls; cost of arbitrage calculation and arbitrage rebates, preparation of required reports; and any other costs required to administer the CFD as determined by the City.

"Anticipated Construction Proceeds" means \$8,800,000 from issuance of bonds.

"Annual Costs" means, for any Fiscal Year, the total of (i) Debt Service for the Calendar Year commencing January 1 of such Fiscal Year through December 31 of the following Fiscal Year; (ii) Administrative Expenses for such Fiscal Year; (iii) any amounts needed to replenish any bond reserve fund for bonds of the City issued for the CFD to the level required under the documents pursuant to which such bonds were issued; (iv) an amount equal to the amount of delinquencies in payments of Special Taxes levied in the previous Fiscal Year and an amount for anticipated delinquencies for the current Fiscal Year; (v) pay-as-you-go expenditures for authorized facilities to be constructed or acquired by the CFD, less any credit from earnings on the bond reserve fund, less any reimbursements, and/or less any grants/other project funding.

"Assessor" means the Assessor of the County of Sacramento.

“Authorized Facilities” means those improvements, as listed in the Resolution forming the CFD.

“Base Year” means Fiscal Year 2000-2001.

“Benefit Share” means the Maximum Annual Special Tax for a Taxable Parcel divided by the Maximum CFD Revenue.

“Bond Year” means the 12-month period ending on the second bond payment date of each calendar year as defined in the resolution authorizing the issuance of bonds.

“CFD” means the City of Sacramento, North Natomas Westlake Community Facilities District No. 2000-01.

“City” means City of Sacramento, California.

“Council” means the City Council of the City acting for the CFD under the Act.

“County” means the County of Sacramento, California.

“Debt Service” means for each Fiscal Year or Bond Year, the total amount of principal and interest payable for any bonds or notes of the CFD during that Fiscal Year or Bond Year, less any applicable credits that may be available from any other sources available to the City to pay principal and interest for the previous or current Fiscal Year or Bond Year.

“Development Year” means the Fiscal Year in which the Parcel changes classification from Master Parcel Map to Final Subdivision Map Parcel.

“Estimated Net Acreage” means the actual Net Acreage of a Parcel or an approximation of the Net Acreage by the City based upon the total gross developable acres less an allowance for minor streets of a Parcel as indicated in the North Natomas Community Plan.

“Final Subdivision Map” means a recorded map designating the final Parcel splits for individual single-family residential Parcels.

“Fiscal Year” means the period starting July 1 and ending the following June 30.

“Individual Lot” means a buildable area of land created by a final subdivision map for the purpose of building a single-family residential dwelling unit.

“Low-Density Residential Parcel” means a Taxable Parcel with an approved land use for a single-family-detached residential dwelling unit that lies within a specific Residential Village as shown on Map 1.

“Master Parcel Map” means a map that subdivides large tracts of land into smaller Parcels for the purpose of selling or otherwise transferring the Parcels for further subdivision in accordance with City procedures, or for the purpose of securing financing, together with

planning and construction of infrastructure elements, but not for the purpose of creating either individual residential lots for sale to end-user homeowners, and not for the purpose of allowing construction or other improvements on Non-Residential Parcels.

“Maximum Annual Special Tax” means the greatest amount of Special Tax that can be levied against a Taxable Parcel calculated by multiplying the Maximum Annual Special Tax Rate times the relevant acres or units of the Taxable Parcel.

“Maximum Annual Special Tax Rate” means the amount shown in Attachment 1 for a given Fiscal Year that is used in calculating the Maximum Annual Special Tax for a Taxable Parcel based on its land use classification.

“Maximum Annual Special Tax Revenue” means the greatest amount of revenue that can be collected in total from a group of Parcels by levying the Maximum Annual Special Tax Rates.

“Maximum Annual CFD Revenue” means the sum of the Maximum Annual Special Tax for all of the Taxable Parcels in the CFD.

“Medium-Density Residential Parcel” means a single family residential Parcel on Map 1 designated as medium density by the City according the North Natomas Community Plan.

“Net Acre” is the area of a Parcel associated with residential and non-residential uses after dedication of all public uses and rights-of-way.

“Non-Participating Parcel” is a Non-Residential Parcel or Other Residential Parcel which has not received written authorization from the property owner to be taxed, and has not had bonds issued against the property. Any such Parcel shall be a Tax-Exempt Parcel. Any Non-Participating Parcel which subsequently becomes Taxable must be reclassified as a Non-Residential Parcel or Other Residential Parcel. Once the Non-Participating Parcel has been reclassified as a Taxable Parcel, it cannot revert to Non-Participating Parcel status. The property owner may also request that a Non-Participating Parcel be permanently classified Tax-Exempt, provided the property has paid its share of backbone infrastructure privately.

“Non-Residential Parcel” means a Taxable Parcel designated for retail, commercial, office, industrial, institutional, or similar use as defined in the North Natomas Community Plan.

“Other Residential Parcel” means a Taxable Parcel with an approved land use for other than Low-Density Residential Parcel or Medium Density Residential Parcel, such as three or more attached residential units owned in common. If Low Density or Medium-Density Residential Parcels are created that are not consistent with the village shown in Map 1, these Parcels will be classified as Other Residential Parcels.

“Outstanding Bonds” means the total principal amount of bonds that have been issued by the CFD and not retired or defeased.

"Parcel" means any Assessor's parcel in the CFD based on the equalized tax rolls of the County as of January 1 of each Fiscal Year.

"Parcel Number" means the Assessor's Parcel Number for any Parcel based on the equalized tax rolls of the County as of January 1 of each Fiscal Year.

"Prepayment" means the permanent satisfaction of the entire Special Tax obligation for one or more Parcels by a cash settlement with the City as permitted under Government Code Section 53344 and described in Section 6. Prepayment may occur before or after the initial bond sale, with differing criteria.

"Prepayment Parcel" means a Parcel that has permanently satisfied the entire Special Tax obligation by a cash settlement with the City as permitted under Government Code Section 53344 and described in Section 6.

"Public Parcel" means any Parcel, in its entirety, that is or is intended to be publicly owned as designated by the City that is normally exempt from the levy of general ad valorem property taxes under California law, including public streets; schools; parks; and public drainageways including drainage basins, lakes, public landscaping, wetlands, greenbelts, and public open space. These Parcels are exempt from the levy of Special Taxes as described below. Any such Parcel shall be a Tax-Exempt Parcel, except for Taxable Parcels that are acquired by a public agency, in which case the Special Tax obligation for such Parcels shall be required to be permanently satisfied pursuant to Sections 53317.3 and 53317.5 of the Government Code by the procedure described in Section 6.

"Remaining Facility Cost Share" means the Total Facility Cost Share for a Parcel less facility costs funded through CFD bonds or on a pay-as-you-go basis.

"Residential Village" means a designated geographic area within the Master Parcel Map containing residential development. The village designations are either Village 1, Village 2, Village 3, Village 4A, Village 4B, Village 5, or Village 6, as shown on **Map 1**.

"Reserve Fund" means the total amount held in the bond reserve funds by the City for all Outstanding Bonds.

"Reserve Fund Share" means the lesser of (i) the reserve requirement on all Outstanding Bonds, or (ii) the Reserve Fund balance on all Outstanding Bonds, multiplied by the Benefit Share for a given Parcel.

"Special Tax(es)" mean(s) any tax levy under the Act.

"Tax Collection Schedule" means the document prepared by the City for the County Auditor-Controller to use in levying and collecting the Special Taxes each Fiscal Year.

"Taxable Parcel" means any Parcel that is not a Tax-Exempt Parcel.

"Tax-Exempt Parcel" means a Parcel not subject to the Special Tax. Tax-Exempt Parcels include: (i) Public Parcels (subject to the limitations set forth in Section 4, below), (ii) Prepayment Parcels, (iii) Non-Participating Parcels, and (iv) Parcels that are open space, recreation, clubhouse etc, owned by a Condominium or Home Owners Association. Certain non-developable privately owned Parcels may also be exempt from the levy of Special Taxes as determined by the City such as common areas, wetlands, and open space.

"Tentative Subdivision Map" means a tentative subdivision map defined under the California Subdivision Map Act and Title 40 of the Sacramento City Code.

"Total Facility Cost Share" means the Benefit Share for a Parcel multiplied by the Anticipated Construction Proceeds for the CFD.

3. TERMINATION OF THE SPECIAL TAX

The Special Tax will be levied on and collected from Taxable Parcels in the CFD for as long as needed to pay the principal and interest on debt for the Bonds issued to fund Authorized Facilities. However, in no event shall the Special Tax be levied after Fiscal Year 2029-30.

When all of the bonds issued to pay for Authorized Facilities have been retired, the Special Tax shall cease to be levied. The City shall direct the County Recorder to record a Notice of Cessation of Special Tax. Such notice will state that the obligation to pay the Special Tax has ceased and that the lien imposed by the Notice of Special Tax Lien is extinguished.

4. ASSIGNMENT OF MAXIMUM ANNUAL SPECIAL TAX

A. Classification of Parcels. By May 1 of each Fiscal Year, using the Definitions above, the Parcel records of the Assessor's Secured Tax Roll as of January 1, and other City development approval records, the City shall cause:

1. Each Parcel to be classified as a Tax-Exempt Parcel or Taxable Parcel.
2. Each Taxable Parcel to be further classified as a Low-Density Residential Parcel, Medium-Density Residential Parcel, Other Residential Parcel, or Non-Residential Parcel.
3. Each Low-Density Residential Parcel to be identified according to its Residential Village.

B. Assignment of Maximum Annual Special Tax. The City shall assign the appropriate Maximum Annual Special Tax to each Taxable Parcel as follows:

1. Low-Density Residential Parcels (identified on Map 1)

For Low-Density Residential Parcels, the Maximum Annual Special Tax will be calculated by the following steps:

- a) Prior to Final Subdivision Map - If a Final Subdivision Map has not been recorded showing final Parcel splits for a Residential Village, a Maximum Annual Special Tax will be assigned for the Residential Village by multiplying the number of units shown on **Attachment 2** by the Maximum Annual Special Tax Rate for that Residential Village shown on **Attachment 1**.

If only a portion of a Residential Village has a Final Subdivision Map, assign that portion the Maximum Annual Special Tax as described in 4.B.1.b below. The portion without a Final Subdivision Map shall be assigned a Maximum Annual Special Tax calculated by taking the total units shown for the Residential Village on **Attachment 2** minus the units created by the Final Subdivision Map, multiplied by the Maximum Annual Special Tax Rate for that Residential Village shown on **Attachment 1**.

- b) Following Final Subdivision Map --The Maximum Annual Special Tax Rate for a Low-Density Residential Parcel within a Residential Village is shown on **Attachment 1**.

2. Medium-Density Residential Parcels

For Medium-Density Residential Parcels, the Maximum Annual Special Tax will be calculated by the following steps:

- a) Prior to subdivision into Individual Lots--Calculate the Maximum Annual Special Tax Revenue by multiplying the Net Acres for the Medium-Density Residential Parcel by the Maximum Annual Special Tax per acre shown on **Attachment 1**.
- b) Following subdivision into Individual Lots--Divide the Maximum Annual Special Tax from a) above by the total number of Individual Lots created in the Final Subdivision Map or Master Parcel Map to arrive at the Maximum Annual Special Tax per Individual Lot.

3. Other Residential and Non-Residential Parcels

Calculate the Maximum Annual Special Tax for Other Residential Parcels, and Non-Residential Parcels by multiplying the Maximum Annual Special Tax per Net Acre, as shown on **Attachment 1**, by the Net Acres for the Parcel. Other Residential Parcels that are created as condominiums or Individual Lots will have the Maximum Annual Special Tax per Parcel calculated according the procedures in 4.a. and 4.b. above.

- C. Conversion of a Public Parcel to a Taxable Parcel. If a Public Parcel is not needed for public use and is converted to a taxable use, it shall become subject to the Special

Tax. The Maximum Annual Special Tax for such a Parcel shall be assigned according to Section 4.A and Section 4.B above.

- D. Taxable Parcels Acquired by a Public Agency – A Taxable Parcel that is acquired by a public agency after the CFD is formed will remain subject to the applicable Special Tax unless the Special Tax obligation is satisfied pursuant to Section 53317.5 of the Government Code. An exception to this may be made if a Public Parcel within the CFD is relocated to a Taxable Parcel, the previously Tax-Exempt Parcel of comparable acreage becomes a Taxable Parcel, and the Maximum Special Tax from the previously Taxable Parcel is transferred to the newly Taxable Parcel. This trading of Parcels will be permitted to the extent that there is no net loss in Maximum CFD Revenue.
- E. Reclassification of a Non-Participating Parcel from Tax-Exempt status to Taxable status. Once the property owner has given written authorization for the property to be taxed, the Parcel must be reclassified as a Taxable Parcel, either as a Non-Residential Parcel, or as an Other Residential Parcel. The Maximum Annual Special Tax for such a Parcel shall be assigned according to 4.A and 4.B above.

5. CALCULATING ANNUAL SPECIAL TAX LEVY

The City shall compute the Annual Costs for each land use category, and determine the Maximum Annual Special Tax for each Parcel based on the assignment in the Special Tax in Section 4. The City will then determine the tax levy for each Parcel using the following process:

- A. Compute the Annual Costs using the definitions in Section 2.
- B. Calculate the Maximum CFD Revenue by taxing each Taxable Parcel at 100% of its Maximum Annual Special Tax (**Attachment 2** shows the estimated maximum special tax revenues at buildout based on the Base Year tax rates). If revenues are greater than the Annual Costs, reduce the tax proportionately until the tax levy is set at an amount sufficient to cover Annual Costs.
- C. Levy on each Taxable Parcel the amount calculated above.
- D. Prepare the Tax Collection Schedule listing the Special Tax levy for each Taxable Parcel and send it to the County Auditor-Controller requesting that it be placed on the general, secured property tax roll for the Fiscal Year. The Tax Collection Schedule shall not be sent later than the date required by the Auditor-Controller for such inclusion.

The City shall make every effort to correctly calculate the Special Tax for each Parcel. It shall be the burden of the taxpayer to correct any errors in the determination of the Parcels subject to the tax and their Special Tax assignments.

6. PREPAYMENT OF SPECIAL TAX OBLIGATION

With a Prepayment, a landowner may permanently satisfy the Special Tax obligation for one or more Parcels. By exercising the right to Prepayment, a landowner can eliminate the future annual Special Tax liability for one or more Parcels.

Prepayment is permitted only under the following conditions:

- The City determines that the Prepayment does not jeopardize the ability to make timely payments of Debt Service on outstanding bonds.
- Any landowner who wishes to exercise the right to a Prepayment for a Parcel must pay any and all delinquent Special Taxes and penalties.
- Prepayment shall be made on or before June 1 in order to prevent the levy of special taxes due during the Fiscal Year beginning July 1.

The total Prepayment amount will include the Parcel's proportionate share of all estimated costs necessary to construct the Authorized Facilities (the "base Prepayment amount") plus any additional administrative and financing costs necessary to redeem bonds and calculate the Prepayment. These calculations are described below.

CALCULATE PREPAYMENT AMOUNT

Part A: Prepayment of Outstanding Bond Share

- Step A.1: Determine the Maximum Special Tax for the Parcel based on the assignment of the Maximum Special Tax described in Section 4 above.
- Step A.2: Determine the Benefit Share by dividing the Maximum Special Tax determined in Step A.1 by the Maximum CFD Revenue for all Parcels in the CFD.
- Step A.3: Determine the Bond Share for the Parcel by multiplying the Benefit Share From Step A.2 by the total amount of Outstanding Bonds issued by the CFD.
- Step A.4: Calculate the Reserve Fund Share associated with the Bond Share determined in Step A.3 and reduce the Bond Share by the amount of the Reserve Fund Share. The Reserve Fund Share is equal to the reserve requirement on all outstanding bonds multiplied by the Benefit Share. At the City's discretion, the Reserve Fund Share may be withheld from the Prepayment calculation and refunded to the Prepaying landowner at the time that bonds are called.
- Step A.5: Determine the Outstanding Bond Share by adding to the amount calculated in Step A.4 any fees, call premiums, amounts necessary to cover negative arbitrage from the date of the prepayment to first call date on the bonds, and expenses incurred by the City in connection with the prepayment calculation or the application of the proceeds of the prepayment.

Part B. Remaining Facility Cost Share

- Step B.1: Determine the Total Facility Cost Share for the Parcel by multiplying the Benefit Share from Part A, Step A.2 above by the Anticipated Construction Proceeds.
- Step B.2: Determine the share of facilities funded by bonds already issued by the CFD for the Parcel by multiplying the Benefit Share by the construction proceeds made available from all such bonds issued by the CFD. These amounts shall be adjusted to the year of Prepayment by using the Engineering News Record Construction Cost Index.
- Step B.3: Determine the share of facilities already funded by Special Tax revenues on a pay-as-you-go basis by multiplying the Benefit Share by the total amount of pay-as-you-go funding used to acquire authorized facilities.
- Step B.4: Determine the Remaining Facility Cost Share for the Parcel by subtracting the results from Steps B.2 and B.3 from the Total Facility Cost Share determined in Step B.1. (Notwithstanding the above, once the City has funded all authorized CFD facilities, the Remaining Facility Cost Share shall be set to zero for purposes of this prepayment calculation.)
- Step B.5 Combine the amount from Part A Step A.5 with the amount from Part B Step B.4 to arrive at the Full Prepayment amount.

7. RECORDS MAINTAINED FOR THE CFD

As development and subdivision of North Natomas takes place, the City will maintain a file containing records of the following information for each Parcel:

- the current Parcel Number,
- the Residential Village in which a Low-Density Residential Parcel lies,
- the Parcel acreage (gross, gross developable or net),
- the Maximum Annual Special Taxes which applied in each Fiscal Year,
- the authorized Special Taxes levied in each Fiscal Year; and
- the Development Year.

The file containing the information listed above will be available for public inspection.

8. APPEALS

Any taxpayer who feels that the amount of the Special Tax assigned to a Parcel is in error may file a notice with the City appealing the levy of the Special Tax. The City will then promptly review the appeal, and if necessary, meet with the applicant. If the City verifies

that the tax should be modified or changed, a recommendation at that time will be made to the Council and, as appropriate, the Special Tax levy shall be corrected and, if applicable in any case, a refund shall be granted.

Interpretations may be made by Resolution of the Council for purposes of clarifying any vagueness or ambiguity as it relates to the Special Tax rate, the method of apportionment, the classification of properties or any definition applicable to the CFD.

**Attachment 1
North Natomas Westlake CFD No. 2000-01
Maximum Special Taxes**

Fiscal Year Ending	Low-Density Residential						Medium-Density Residential	Other Residential Non-Residential	
	Village 1	Village 2	Village 3	Village 4A	Village 4B	Village 6			
			<i>Per unit</i>						<i>Per net acre</i>
2001	\$620	\$1,160	\$1,010	\$720	\$920	\$920	\$830	\$3,600	
2002	\$632	\$1,183	\$1,030	\$734	\$938	\$938	\$847	\$3,672	
2003	\$645	\$1,207	\$1,051	\$749	\$957	\$957	\$864	\$3,745	
2004	\$658	\$1,231	\$1,072	\$764	\$976	\$976	\$881	\$3,820	
2005	\$671	\$1,256	\$1,093	\$779	\$996	\$996	\$898	\$3,897	
2006	\$685	\$1,281	\$1,115	\$795	\$1,016	\$1,016	\$916	\$3,975	
2007	\$698	\$1,306	\$1,137	\$811	\$1,036	\$1,036	\$935	\$4,054	
2008	\$712	\$1,332	\$1,160	\$827	\$1,057	\$1,057	\$953	\$4,135	
2009	\$726	\$1,359	\$1,183	\$844	\$1,078	\$1,078	\$972	\$4,218	
2010	\$741	\$1,386	\$1,207	\$860	\$1,099	\$1,099	\$992	\$4,302	
2011	\$756	\$1,414	\$1,231	\$878	\$1,121	\$1,121	\$1,012	\$4,388	
2012	\$771	\$1,442	\$1,256	\$895	\$1,144	\$1,144	\$1,032	\$4,476	
2013	\$786	\$1,471	\$1,281	\$913	\$1,167	\$1,167	\$1,053	\$4,566	
2014	\$802	\$1,501	\$1,307	\$931	\$1,190	\$1,190	\$1,074	\$4,657	
2015	\$818	\$1,531	\$1,333	\$950	\$1,214	\$1,214	\$1,095	\$4,750	
2016	\$834	\$1,561	\$1,359	\$969	\$1,238	\$1,238	\$1,117	\$4,845	
2017	\$851	\$1,592	\$1,387	\$988	\$1,263	\$1,263	\$1,139	\$4,942	
2018	\$868	\$1,624	\$1,414	\$1,008	\$1,288	\$1,288	\$1,162	\$5,041	
2019	\$886	\$1,657	\$1,443	\$1,028	\$1,314	\$1,314	\$1,185	\$5,142	
2020	\$903	\$1,690	\$1,471	\$1,049	\$1,340	\$1,340	\$1,209	\$5,245	
2021	\$921	\$1,724	\$1,501	\$1,070	\$1,367	\$1,367	\$1,233	\$5,349	
2022	\$940	\$1,758	\$1,531	\$1,091	\$1,394	\$1,394	\$1,258	\$5,456	
2023	\$959	\$1,793	\$1,561	\$1,113	\$1,422	\$1,422	\$1,283	\$5,566	
2024	\$978	\$1,829	\$1,593	\$1,135	\$1,451	\$1,451	\$1,309	\$5,677	
2025	\$997	\$1,866	\$1,625	\$1,158	\$1,480	\$1,480	\$1,335	\$5,790	
2026	\$1,017	\$1,903	\$1,657	\$1,181	\$1,509	\$1,509	\$1,362	\$5,906	
2027	\$1,038	\$1,941	\$1,690	\$1,205	\$1,540	\$1,540	\$1,389	\$6,024	
2028	\$1,058	\$1,980	\$1,724	\$1,229	\$1,570	\$1,570	\$1,417	\$6,145	
2029	\$1,079	\$2,020	\$1,758	\$1,254	\$1,602	\$1,602	\$1,445	\$6,268	
2030	\$1,101	\$2,060	\$1,794	\$1,279	\$1,634	\$1,634	\$1,474	\$6,393	

[1] Medium-Density Residential Maximum Annual Special Taxes per unit are determined when a Parcel records a Final Subdivision Map.

Note: Tax Rates are escalated annually at 2%.

Attachment 2
North Natomas Westlake CFD No. 2000-01
Base Year Estimated Maximum Special Tax Revenue

Item	Net Acres	Units	Median Lot Size (sq. ft.)	Maximum Special Tax Rate per Unit/Acre (Base Year 2000-01)	Estimated Maximum Special Tax Revenue
Low Density Residential					
Village 1	19.10	133	5,250	\$620 per unit	\$82,460
Village 2	31.60	111	8,800	\$1,160 per unit	\$128,760
Village 3	26.50	104	7,700	\$1,010 per unit	\$105,040
Village 4A	17.62	86	5,775	\$720 per unit	\$61,920
Village 4B	15.58	76	6,825	\$920 per unit	\$69,920
Village 5	25.00	108	6,825	\$920 per unit	\$99,360
Village 6	17.50	84	6,300	\$830 per unit	\$69,720
Subtotal Low Density	152.90	702			\$617,180
Medium Density Residential	30.50			\$3,600 per net acre	\$109,800
Other Residential & Non-Residential	45.50			\$3,600 per net acre	\$163,800
TOTAL	228.90	702			\$890,780

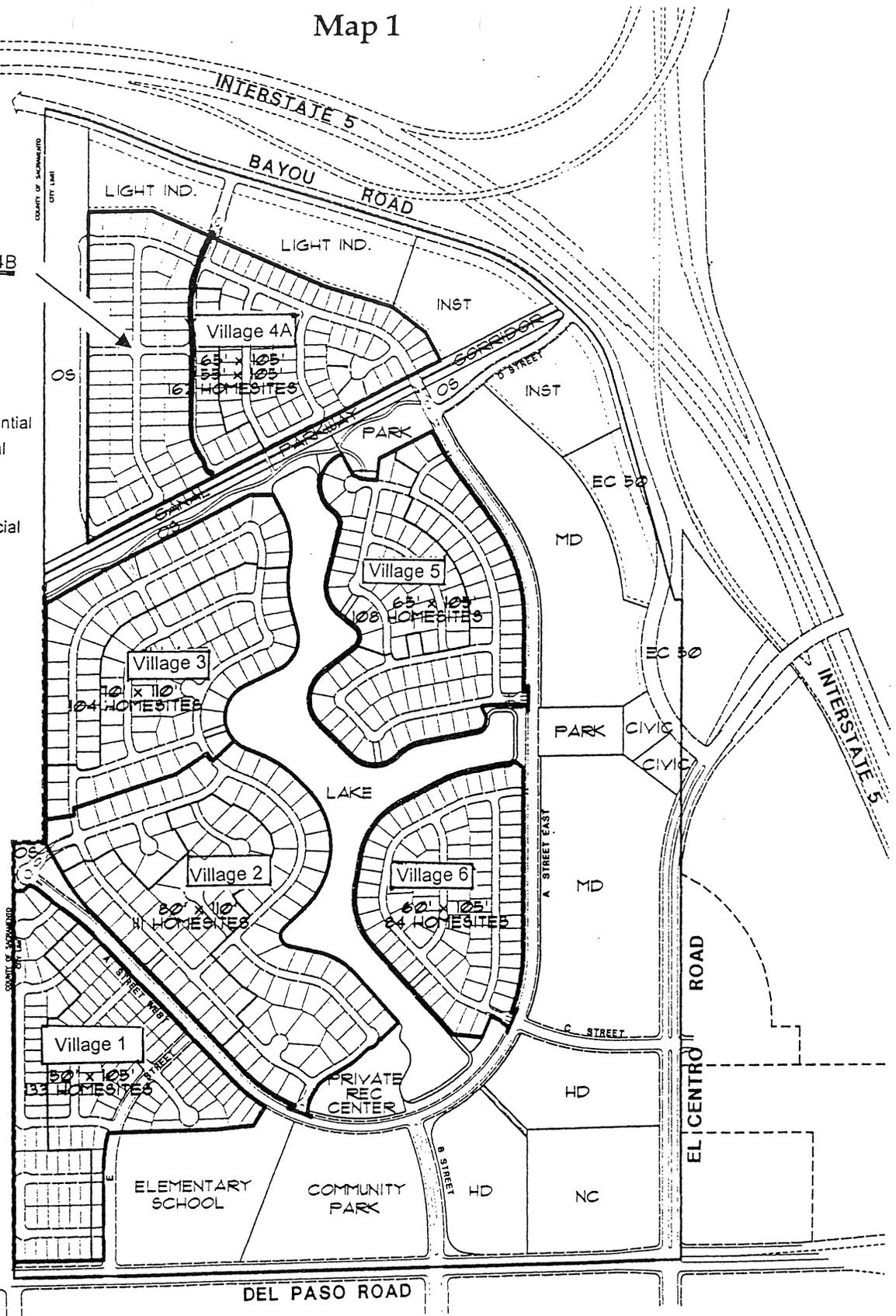
"special_tax_revenue"

Map 1

Zoning Code

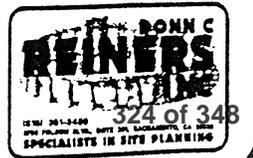
- OS Open Space
- LIGHT IND Light Industrial
- MD Medium Density Residential
- HD High Density Residential
- EC 50 Employment Center
50 employees per acre
- NC Neighborhood Commercial
- INST Institutional

Village 4B



June, 2000

A-13





**CITY OF SACRAMENTO
NORTH NATOMAS REGENCY PARK
COMMUNITY FACILITIES DISTRICT NO. 2001-03**

RATE AND METHOD OF APPORTIONMENT OF SPECIAL TAX

A Special Tax applicable to each Assessor’s Parcel in the City of Sacramento North Natomas Regency Park Community Facilities District No. 2001-03 (herein “CFD No. 2001-03”) shall be levied and collected according to the tax liability determined by the City Council through the application of the appropriate amount or rate for Taxable Property, as described below. All of the property in CFD No. 2001-03, unless exempted by law or by the provisions of Section G below, shall be taxed for the purposes, to the extent, and in the manner herein provided.

A. DEFINITIONS

The terms hereinafter set forth have the following meanings:

“**Acre or Acreage**” means the land area of an Assessor’s Parcel as shown on an Assessor’s Parcel Map, or if the land area is not shown on an Assessor’s Parcel Map, the land area shown on the applicable Final Map or other parcel map recorded at the County Recorder’s Office.

“**Act**” means the Mello-Roos Community Facilities Act of 1982, as amended, being Chapter 2.5, (commencing with Section 53311), Division 2 of Title 5 of the Government Code of the State of California.

“**Administrative Expenses**” means any or all of the following: the fees and expenses of any fiscal agent or trustee (including any fees or expenses of its counsel) employed in connection with any Bonds, and the expenses of the City in carrying out its duties with respect to CFD No. 2001-03 and the Bonds, including, but not limited to, the levy and collection of the Special Tax, the fees and expenses of its counsel, charges levied by the County in connection with the levy and collection of Special Taxes, costs related to property owner inquiries regarding the Special Tax, amounts needed to pay rebate to the federal government with respect to Bonds, costs associated with complying with continuing disclosure requirements under the California Government Code with respect to the Bonds and the Special Tax, and all other costs and expenses of the City in any way related to the establishment or administration of CFD No. 2001-03.

“**Administrator**” shall mean the person or firm designated by the City to administer the Special Tax according to this Rate and Method of Apportionment of Special Tax.

“**Assessor’s Parcel**” or “**Parcel**” means a lot or parcel shown on an Assessor’s Parcel Map with an assigned Assessor’s Parcel number.

“Assessor’s Parcel Map” means an official map of the County Assessor designating parcels by Assessor’s Parcel Number.

“Association Property” means any property within CFD No. 2001-03 that is owned by a homeowners’ association or property owners’ association. Notwithstanding the foregoing, if a homeowners’ association owns the land area under the pad of a residential structure, the Administrator shall determine the acreage under the pad of the building, and such acreage shall be categorized as Medium Density Residential Property or High Density Residential Property, as appropriate, and shall not be designated as Association Property.

“Average Lot Size” means, for all Single Family Residential Property within a particular Final Map, the average size of the Buildable Lots within that Final Map, which shall be calculated pursuant to Section B below.

“Bonds” means bonds or other debt (as defined in the Act), whether in one or more series, issued, insured or assumed by CFD No. 2001-03 related to public infrastructure and/or improvements that will serve property included within CFD No. 2001-03.

“Buildable Lot” means an individual lot of Single Family Residential Property within a Final Map for which a building permit may be issued without further subdivision of such lot.

“Capitalized Interest” means funds in any capitalized interest account available to pay debt service on Bonds.

“City” means the City of Sacramento.

“City Council” means the City Council of the City of Sacramento.

“County” means the County of Sacramento.

“Developed Property” means, in any Fiscal Year, the following:

- All Parcels of Single Family Residential Property for which a Final Map was recorded prior to January 1 of the preceding Fiscal Year
- All Parcels of Medium Density Residential Property and High Density Residential Property for which a building permit was issued for construction of a residential structure prior to January 1 of the preceding Fiscal Year
- All Parcels of Other Property for which a building permit was issued prior to January 1 of the preceding Fiscal Year for construction of a structure on such Parcel

“Development Plan” means the land uses planned for development on property within CFD No. 2001-03 and used in the calculation of the Maximum Special Taxes reflected in Section C below. The Development Plan is summarized in Attachment 1 of this Rate and Method of Apportionment of Special Tax.

“Final Map” means a final map, or portion thereof, approved by the City pursuant to the Subdivision Map Act (California Government Code Section 66410 *et seq*) that creates Buildable Lots. The term “Final Map” shall not include any large-lot subdivision map, Assessor’s Parcel Map, or subdivision map or portion thereof, that does not create Buildable Lots, including Assessor’s Parcels that are designated as remainder parcels.

“Fiscal Year” means the period starting July 1 and ending on the following June 30.

“High Density Residential Property” means any Parcel in CFD No. 2001-03 which is assigned a residential land use classification of High Density Residential (HD) in the North Natomas Community Plan and is not developed as Single Family Residential Property.

“Maximum Special Tax” means the maximum Special Tax, determined in accordance with Section C, that can be levied in any Fiscal Year.

“Medium Density Residential Property” means any Parcel in CFD No. 2001-03 which is assigned a residential land use classification of Medium Density Residential (MD) in the North Natomas Community Plan and is not developed as Single Family Residential Property.

“North Natomas Community Plan” means the North Natomas Community Plan that was adopted by the City Council on May 3, 1994, amended by the City Council on April 16, 1996, and as may be further amended from time to time.

“Other Property” means all Parcels of Taxable Property which are not Single Family Residential Property, Medium Density Residential Property or High Density Residential Property, as defined above.

“Proportionately” means, for Developed Property, that the ratio of the actual Special Tax levied in any Fiscal Year to the Maximum Special Tax authorized to be levied in that Fiscal Year is equal for all Assessor’s Parcels of Developed Property. For Undeveloped Property, “Proportionately” means that the ratio of the actual Special Tax to the Maximum Special Tax is equal for all Assessor’s Parcels of Undeveloped Property.

“Public Property” means any property within the boundaries of CFD No. 2001-03 that is owned by the City, federal government, State of California or other local government or public agency.

“Single Family Residential Property” means any Parcel on which a single family detached residential unit or duplex is constructed or expected to be constructed as determined by the City.

“Special Tax” means a Special Tax levied in any Fiscal Year to pay the Special Tax Requirement.

“Special Tax Requirement” means the amount necessary in any Fiscal Year (i) to pay principal and interest on Bonds which are due in the calendar year which begins in such Fiscal Year, (ii) to create or replenish reserve funds, (iii) to cure any delinquencies in the payment of principal or interest on Bonds which have occurred in the prior Fiscal Year or (based on delinquencies in the payment of

Special Taxes which have already taken place) are expected to occur in the Fiscal Year in which the tax will be collected (iv) to pay Administrative Expenses, and (v) to pay the costs of public improvements and public infrastructure authorized to be financed by CFD No. 2001-03. The Special Tax Requirement may be reduced in any Fiscal Year by (i) interest earnings on or surplus balances in funds and accounts for the Bonds to the extent that such earnings or balances are available to apply against debt service pursuant to the Bond indenture, Bond resolution, or other legal document that set forth these terms, (ii) proceeds from the collection of penalties associated with delinquent Special Taxes, and (iii) any other revenues available to pay debt service on the Bonds as determined by the Administrator.

“Taxable Property” means all of the Assessor’s Parcels within the boundaries of CFD No. 2001-03 which are not exempt from the Special Tax pursuant to law or Section G below.

“Undeveloped Property” means, in any Fiscal Year, all Parcels of Taxable Property that are not Developed Property pursuant to the definition set forth in this Section A.

B. DATA FOR ANNUAL ADMINISTRATION OF SPECIAL TAX

On or about July 1 of each Fiscal Year, the Administrator shall identify the current Assessor’s Parcel numbers for Taxable Property within the CFD. The Administrator shall also (i) determine whether each Parcel is Developed Property or Undeveloped Property, (ii) for Developed Property, determine whether each Parcel is Single Family Residential Property, Medium Density Residential Property, High Density Residential Property or Other Property, and (iii) calculate the Average Lot Size for Single Family Residential Property for each Final Map that was recorded in the prior Fiscal Year. Individually, for each recorded Final Map, the Average Lot Size shall be calculated pursuant to the following steps:

- Step 1.* Determine how many Buildable Lots are included within the Final Map.
- Step 2.* Add together the square footage of all Buildable Lots within the Final Map.
- Step 3.* Divide the total square footage from Step 2 by the number of Buildable Lots determined in Step 1 to calculate the Average Lot Size for the Final Map.

C. MAXIMUM SPECIAL TAX

Table 1 below identifies the Maximum Special Tax for Taxable Property within CFD No. 2001-03:

TABLE 1
REGENCY PARK CFD No. 2001-03
MAXIMUM SPECIAL TAXES
(FISCAL YEAR 2002-03)

<i>Type of Property</i>	<i>Average Lot Size</i>	<i>Maximum Special Tax Fiscal Year 2002-03 *</i>
Single Family Residential Property	Greater than or equal to 4,500 square feet	\$649 per Buildable Lot
Single Family Residential Property	Less than 4,500 square feet	\$487 per Buildable Lot
Medium Density Residential Property	N/A	\$3,408 per Acre
High Density Residential Property	N/A	\$4,654 per Acre
Other Property	N/A	\$4,654 per Acre
Undeveloped Property	N/A	\$4,900 per Acre

** On July 1, 2003 and on each July 1 thereafter, all figures shown in Table 1 above shall be increased by an amount equal to 2.0% of the amount in effect for the prior Fiscal Year.*

Pursuant to Section 53321 (d) of the Act, the Special Tax levied against a Parcel used for private residential purposes shall under no circumstances increase more than ten percent (10%) as a consequence of delinquency or default by the owner of any other Parcel or Parcels in the CFD and shall, in no event, exceed the Maximum Special Tax in effect for the Fiscal Year in which the Special Tax is being levied. In no event shall Special Taxes be levied within CFD No. 2001-03 after Fiscal Year 2036-37.

D. AMENDMENTS TO THE DEVELOPMENT PLAN

The Maximum Special Taxes set forth in Table 1 above are calculated based on the number of Buildable Lots, the Average Lot Size of Buildable Lots, and the acreage of Medium Density Residential Property and High Density Residential Property that was anticipated at the time of formation of CFD No. 2001-03. If, in any future year, changes are made to the Development Plan that would result in a reduction in the Maximum Special Tax revenues that can be generated within the CFD, a mandatory prepayment shall be required to maintain debt service coverage covenants set forth in the Bond indenture. Each time a Final Map is submitted for approval to the City, the following steps shall be applied to determine if a mandatory prepayment is required:

- Step 1:** The Administrator shall calculate the Maximum Special Tax revenues that could be collected from the property affected by the proposed revision to the Development Plan (the "Affected Property") prior to the revision being approved assuming, for purposes of the calculation, that the property is fully developed with the land uses anticipated in the Development Plan.

Step 2: The Administrator shall calculate the Maximum Special Tax revenues that could be collected from the Affected Property if the revision to the Development Plan is approved and the Affected Property is fully developed with the proposed land uses.

Step 3: If the amount determined in Step 2 is higher than that calculated in Step 1, the revision to the Development Plan may be approved without requiring a mandatory prepayment and the Maximum Special Taxes identified in Section C above shall apply to Affected Property. If the amount calculated in Step 2 is less than the amount calculated in Step 1, one of the following must occur:

- (a) The revision to the Development Plan is not approved by the City, or
- (b) The landowner requesting the revision to the Development Plan prepays a portion of the Special Tax obligation that would have applied to the Affected Property prior to approval of the revision in an amount sufficient to retire a portion of the Bonds and maintain required debt service coverage with the reduced Maximum Special Tax revenues that will result after the revision to the Development Plan is approved. The required prepayment must be received prior to approval of Final Map and shall be calculated using the formula set forth in Section H below. If, for any reason, the required prepayment is not received prior to approval of the Final Map, no building permits will be issued for development of any property within the Final Map until the mandatory prepayment is received by the City.

Notwithstanding the foregoing, if a property owner proposes changes to the Development Plan that will cause a reduction of Maximum Special Tax revenues in one area of the CFD and an increase in Maximum Special Tax revenues in another area of the CFD, the City may, in its sole discretion, permit such a change to the Development Plan without a mandatory prepayment. Upon approval of the revision to the Development Plan, Attachment 1 to this Rate and Method of Apportionment of Special Tax shall be revised to reflect the new anticipated land uses within the CFD.

E. METHOD OF LEVY OF THE SPECIAL TAX

Commencing with Fiscal Year 2002-03 and for each following Fiscal Year, the Administrator shall determine the Special Tax Requirement to be collected in that Fiscal Year. A Special Tax shall then be levied according to the following steps:

Step 1. The Special Tax shall be levied Proportionately on each Parcel of Developed Property up to 100% of the Maximum Special Tax for each Parcel for such Fiscal Year, as determined pursuant to Section C above.

Step 2. If additional revenue is needed after Step 1, and after applying Capitalized Interest to the Special Tax Requirement, the Special Tax shall be levied

Proportionately on each Assessor's Parcel of Undeveloped Property, up to 100% of the Maximum Special Tax for Undeveloped Property for such Fiscal Year, as determined pursuant to Section C above.

Step 3: If additional revenue is needed after applying the first two steps, the Special Tax shall be levied Proportionately on each Parcel of Association Property within the CFD, up to 100% of the Maximum Special Tax for Undeveloped Property for such Fiscal Year, as determined pursuant to Section C above.

Step 4. If additional revenue is needed after applying the first three steps, the Special Tax shall be levied Proportionately on each Parcel of Public Property within the CFD that is Taxable Property, up to 100% of the Maximum Special Tax for Undeveloped Property for such Fiscal Year determined pursuant to Section C above.

F. MANNER OF COLLECTION OF SPECIAL TAX

The Special Taxes for CFD No. 2001-03 shall be collected in the same manner and at the same time as ordinary ad valorem property taxes, provided, however, that prepayments are permitted as set forth in Section H below and provided further that the City may directly bill the Special Tax, may collect Special Taxes at a different time or in a different manner, and may collect delinquent Special Taxes through foreclosure or other available methods.

The Special Tax shall be levied and collected until principal and interest on Bonds have been repaid and authorized facilities to be constructed directly from Special Taxes proceeds have been completed. However, in no event shall Special Taxes be levied after Fiscal Year 2036-2037.

G. EXEMPTIONS

Notwithstanding any other provision of this Rate and Method of Apportionment of Special Tax, no Special Tax shall be levied on Public Property, except as otherwise provided in the Act.

H. PREPAYMENT OF SPECIAL TAX

The following definitions apply to this Section H:

“Remaining Facilities Costs” means the Public Facilities Requirement minus public facility costs funded by Outstanding Bonds, developer equity and/or any other source of funding.

“Outstanding Bonds” means all Previously Issued Bonds which remain outstanding, with the following exception: if a Special Tax has been levied against, or already paid by, an Assessor's Parcel making a prepayment, and a portion of the Special Tax will be used to pay a portion of the next principal payment on the Bonds that remain outstanding (as determined

by the Administrator), that next principal payment shall be subtracted from the total Bond principal that remains outstanding, and the difference shall be used as the amount of Outstanding Bonds for purposes of this prepayment formula.

“Previously Issued Bonds” means all Bonds that have been issued prior to the date of prepayment.

“Public Facilities Requirements” means either \$14,600,000 in 2002 dollars, which shall increase on January 1, 2003, and on each January 1 thereafter by the percentage increase, if any, in the construction cost index for the San Francisco region for the prior twelve (12) month period as published in the Engineering News Record or other comparable source if the Engineering News Record is discontinued or otherwise not available, or such lower number as shall be determined by the City as sufficient to fund improvements that are authorized to be funded by CFD No. 2001-03.

The Special Tax obligation applicable to an Assessor’s Parcel in CFD No. 2001-03 may be prepaid and the obligation of the Assessor’s Parcel to pay the Special Tax permanently satisfied as described herein, provided that a prepayment may be made only if there are no delinquent Special Taxes with respect to such Assessor’s Parcel at the time of prepayment. An owner of an Assessor’s Parcel intending to prepay the Special Tax obligation shall provide the City with written notice of intent to prepay. Within 30 days of receipt of such written notice, the City or its designee shall notify such owner of the prepayment amount for such Assessor’s Parcel. Prepayment must be made not less than 75 days prior to any redemption date for Bonds to be redeemed with the proceeds of such prepaid Special Taxes.

The Prepayment Amount shall be calculated as follows: (capitalized terms as defined below):

	Bond Redemption Amount
plus	Remaining Facilities Amount
plus	Redemption Premium
plus	Defeasance Requirement
plus	Administrative Fees and Expenses
<u>less</u>	<u>Reserve Fund Credit</u>
equals	Prepayment Amount

As of the proposed date of prepayment, the Prepayment Amount shall be determined by application of the following steps:

- Step 1.** Compute the total Maximum Special Tax that could be collected from the Assessor’s Parcel prepaying the Special Tax in the Fiscal Year in which prepayment would be received by the City. If this Section H is being applied to effect a mandatory prepayment pursuant to Section D above, use, for purposes of this Step 1, the amount by which the Maximum Special Tax revenues have been reduced due to the change in the Development Plan that required the mandatory prepayment.

- Step 2.** Divide the Maximum Special Tax computed pursuant to Step 1 for such Assessor's Parcel by the lesser of (i) the Maximum Special Tax revenues that could be collected in that Fiscal Year from property in the entire CFD, or (ii) the Maximum Special Tax revenues that could be generated at buildout of property in the CFD based on anticipated land uses at the time the prepayment is calculated.
- Step 3.** Multiply the quotient computed pursuant to Step 2 by the Outstanding Bonds to compute the amount of Outstanding Bonds to be retired and prepaid (*the "Bond Redemption Amount"*).
- Step 4.** Compute the current Remaining Facilities Costs (if any).
- Step 5.** Multiply the quotient computed pursuant to Step 2 by the amount determined pursuant to Step 4 to compute the amount of Remaining Facilities Costs to be prepaid (*the "Remaining Facilities Amount"*).
- Step 6.** Multiply the Bond Redemption Amount computed pursuant to Step 3 by the applicable redemption premium, if any, on the Outstanding Bonds to be redeemed (*the "Redemption Premium"*).
- Step 7.** Compute the amount needed to pay interest on the Bond Redemption Amount starting with the first Bond interest payment date after which the prepayment will be received until the earliest redemption date for the Outstanding Bonds. However, if Bonds are callable at the first interest payment date after the prepayment has been received, Steps 7, 8 and 9 of this prepayment formula will not apply.
- Step 8:** Compute the amount of interest the City reasonably expects to derive from reinvestment of the Bond Redemption Amount plus the Redemption Premium from the first Bond interest payment date after which the prepayment has been received until the redemption date for the Outstanding Bonds.
- Step 9:** Subtract the amount computed pursuant to Step 8 from the amount computed pursuant to Step 7 (*the "Defeasance Requirement"*).
- Step 10.** The administrative fees and expenses associated with the prepayment will be determined by the Administrator and include the costs of computing the prepayment, redeeming Bonds and recording any notices to evidence the prepayment and the redemption (*the "Administrative Fees and Expenses"*).
- Step 11.** If and to the extent so provided in the Bond indenture, a reserve fund credit shall be calculated as a reduction in the applicable reserve fund for the Outstanding Bonds to be redeemed pursuant to the prepayment (*the "Reserve Fund Credit"*).

Step 12. The Special Tax prepayment is equal to the sum of the amounts computed pursuant to Steps 3, 5, 6, 9, and 10, less the amount computed pursuant to Step 11 (the "*Prepayment Amount*").

I. INTERPRETATION OF SPECIAL TAX FORMULA

Interpretations may be made by Resolution of the Council for purposes of clarifying any vagueness or ambiguity as it relates to the Special Tax rates, method of apportionment, classification of properties or any definition applicable to the CFD.

J. APPEALS

Any taxpayer who feels that the amount of the Special Tax assigned to a Parcel is in error may file a notice with the City Special Districts Section and City Treasurer's Office appealing the levy of the Special Tax. The City shall then promptly review the appeal and, if necessary, meet with the applicant. If the City verifies that the Special Tax should be modified, a recommendation at that time will be made to the Council and, as appropriate, the Special Tax levy shall be corrected and, if applicable in any case, a refund shall be granted.

ATTACHMENT 1

Regency Park Summary of Development Plan

<i>Village/ Key Number *</i>	<i>Expected Land Use **</i>	<i>Average Lot Size</i>	<i>Number of Single Family Residential Units</i>	<i>Net Acres</i>
Vill 20, Key #95	SFR	>= 4,500 sf	107	14.2
Vill 21, Key #96	SFR	>= 4,500 sf	111	17.0
Vill 22, Key #97	SFR	>= 4,500 sf	93	11.2
Vill 23, Key #98	SFR	>= 4,500 sf	117	14.0
Vill 24, Key #99	SFR	>= 4,500 sf	109	14.3
Vill 25, Key #100	SFR	>= 4,500 sf	77	10.3
Vill 26, Key #101	SFR	>= 4,500 sf	111	14.0
Vill 27, Key #102	SFR	>= 4,500 sf	106	13.6
Vill 28, Key #103	SFR	>= 4,500 sf	103	12.2
Vill 29, Key #104	SFR	>= 4,500 sf	163	21.8
Vill 30, Key #105	SFR	>= 4,500 sf	94	13.5
Vill 30A, Key #106	SFR	>= 4,500 sf	61	10.8
Vill 31, Key #107	SFR	>= 4,500 sf	107	17.0
Vill 32, Key #108	SFR	>= 4,500 sf	94	13.3
Vill 33, Key #109	SFR	>= 4,500 sf	60	8.4
Vill 34, Key #110	SFR	>= 4,500 sf	86	10.2
Vill 35, Key #111	SFR	>= 4,500 sf	63	8.4
Key #112	MDR	N/A	N/A	8.1
Key #113	MDR	N/A	N/A	11.3
Key #114	MDR	N/A	N/A	6.5
Key #115	MDR	N/A	N/A	13.5
Key #116	HDR	N/A	N/A	6.4
Key #117	HDR	N/A	N/A	6.9
Key #118	HDR	N/A	N/A	8.2
Key #121	DAYCARE	N/A	N/A	1.04
Key #123	COMM	N/A	N/A	2.78

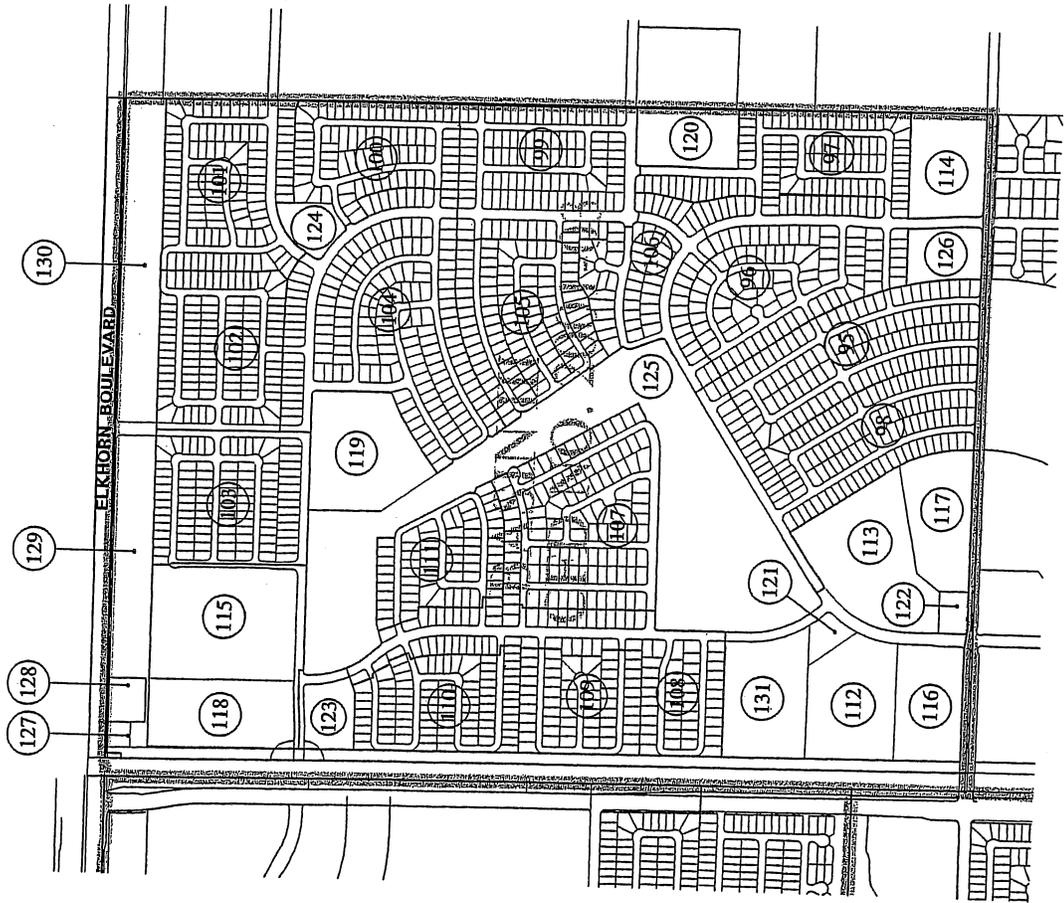
* See Page 2 of this Attachment 1 for the geographic area identified by each key number and village designation

** SFD = Single Family Residential, MDR = Medium Density Residential, HDR = High Density Residential,
Comm = Commercial

Source of Data: Wood Rodgers, Inc., December 2001

CFD NO. 2001-03
LAND USE/ACREAGE EXHIBIT
NORTH NATOMAS COMMUNITY

OCTOBER 2001
 (REVISED DECEMBER 4, 2001)



CFD NO. 2001-03

KEY NUMBER	NAME	LAND USE	TYPICAL LOT SIZE	UNITS	NET ACRES	GROSS ACRES
95	VILL 20	SF RES	4725/5775	107	14.20	18.00
96	VILL 21	SF RES	4725/5775	111	17.00	22.30
97	VILL 22	SF RES	4725	93	11.20	14.00
98	VILL 23	SF RES	4725/5775	117	14.00	19.10
99	VILL 24	SF RES	5250/5775	109	14.30	18.80
100	VILL 25	SF RES	5250	77	10.30	13.86
101	VILL 26	SF RES	4725/5250	111	14.00	17.80
102	VILL 27	SF RES	4725	106	13.60	16.10
103	VILL 28	SF RES	4725	103	12.20	16.60
104	VILL 29	SF RES	VARIES	163	21.80	30.10
105	VILL 30	SF RES	5775	94	13.50	16.50
106	VILL 30A	SF RES	4725/5775	61	10.80	13.40
107	VILL 31	SF RES	6300	107	17.00	22.30
108	VILL 32	SF RES	VARIES	94	13.30	18.70
109	VILL 33	SF RES	5775	60	8.40	10.40
110	VILL 34	SF RES	4725	86	10.20	12.60
111	VILL 35	SF RES	5250	63	8.40	10.50
112	N/A	MDR	N/A	N/A	8.10	8.30
113	N/A	MDR	N/A	N/A	11.30	12.40
114	N/A	MDR	N/A	N/A	6.50	7.90
115	N/A	MDR	N/A	N/A	13.50	14.30
116	N/A	HDR	N/A	N/A	6.40	7.60
117	N/A	HDR	N/A	N/A	6.90	7.60
118	N/A	HDR	N/A	N/A	8.20	8.40
119	N/A	ES	N/A	N/A	9.83	9.83
120	N/A	ES	N/A	N/A	5.00	5.00
121	N/A	DAYCARE	N/A	N/A	1.04	1.44
122	N/A	I	N/A	N/A	1.00	1.37
123	N/A	COMM	N/A	N/A	2.78	3.45
124	N/A	PARK	N/A	N/A	2.04	2.04
125	N/A	PARK	N/A	N/A	42.14	42.14
126	N/A	PARK	N/A	N/A	3.23	3.23
127	N/A	OS	N/A	N/A	0.47	0.52
128	N/A	OS	N/A	N/A	1.30	1.38
129	N/A	OS	N/A	N/A	8.21	8.85
130	N/A	OS	N/A	N/A	10.34	11.13
131	N/A	DET. BASIN	N/A	N/A	8.04	8.68
132	N/A	OS	N/A	N/A	7.54	7.70
TOTAL FOR REGENCY PARK				1662	388.06	464.32
TOTAL FOR CFD 2001-03				1662	388.06	464.32



WOOD RODGERS INC.
 ENGINEERING PLANNING MAPPING SURVEYING
 3301 G STREET, BLDG. 100-B SACRAMENTO, CA 95816
 PHONE: (916) 341-7760 FAX: (916) 341-7767

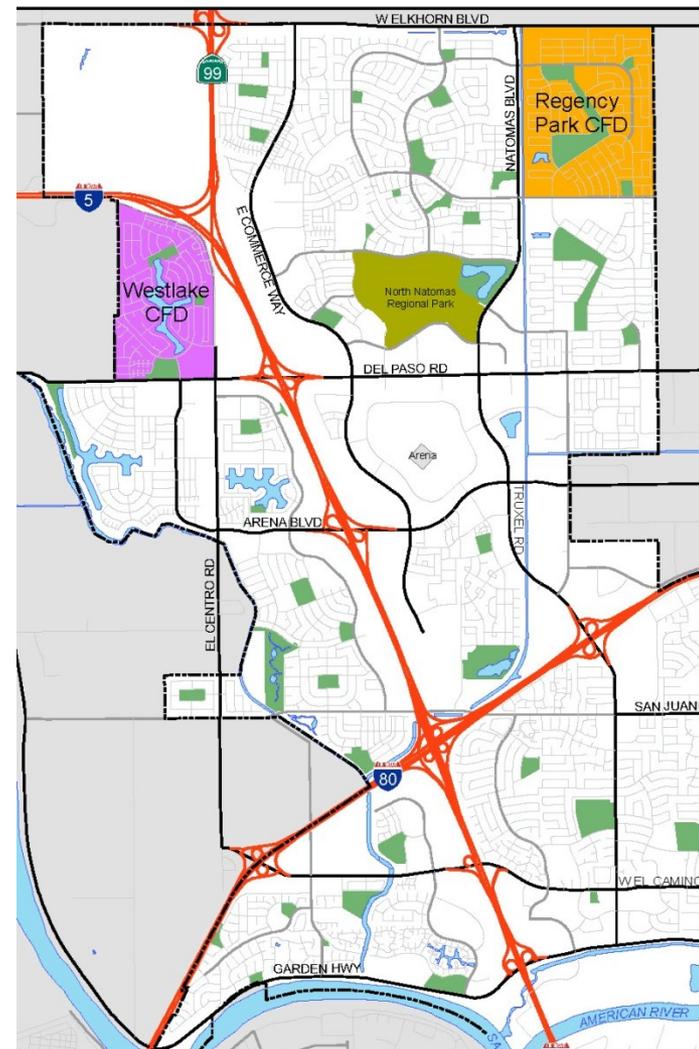
Westlake and Regency Park CFD Refunding

Westlake CFD No. 2000-01 Special Tax Bonds

- 1,500 parcels, largely residential and developed
- originally issued April 2001
- original par amount \$11,890,000
- outstanding par amount \$9,410,000
- all-in total interest cost 6.57%

Regency Park CFD No. 2001-03 Special Tax Bonds

- 2,282 parcels, mostly all residential and developed
- originally issued July 2003
- original par amount \$19,570,000
- outstanding par amount \$16,665,000
- all-in total interest cost 6.07%



estimates provided by:

Westlake and Regency Park CFD Refunding

▪ Savings Summary

- Refunding Bonds issued by the Sacramento City Financing Authority
- Additional economies of scale savings

	Rated 'A-'	Rated 'BBB'
Delivery	January, 2013	
Refunding Par Amount	\$25,110,000	\$25,160,000
Refunded Par Amount	\$26,075,000	\$26,075,000
All-in True Interest Cost	4.29%	4.32%
Average Annual Nominal Savings	\$375,877	\$371,208
Net Present Value Savings (\$)	\$3,448,167	\$3,311,316
Net Present Value Savings (%)	13.22%	12.70%

Analysis reflects market conditions as of 10/10/12 and includes estimated issuance costs. Includes reserve fund sized to standard 3-prong test.

Estimated Savings Per Parcel*		
Annual Nominal Savings	Westlake =	\$112/year
	Regency Park =	\$100/year
Net Present Value Savings	Westlake =	\$917
	Regency Park =	\$908

estimates provided by:



City of Sacramento
2013 North Natomas Regency Park Community Facilities District No. 2001-03
Special Tax Refunding Bonds, Series A

LOCAL OBLIGATION PURCHASE CONTRACT
dated as of [Closing Date]

City of Sacramento
915 I Street, Historic City Hall, 3rd Floor
Sacramento, California 95814

The Sacramento City Financing Authority (the “**Authority**”) offers to enter into this Local Obligation Purchase Contract (this “**Contract**”) with the City of Sacramento (the “**City**”), and, upon the City’s acceptance, this Contract will be binding upon the City and the Authority. Except as otherwise provided below, capitalized terms have the meanings attributed to them in the Indenture (the “**Indenture**”), dated as of January 1, 2013, that is between the City and The Bank of New York Mellon Trust Company, N.A., as trustee (the “**City Trustee**”) and relates to the Local Obligations (defined in section 1(a)). The Sacramento City Council approved the Indenture by adopting Resolution No. 2012-____ on _____, 2012 (the “**Resolution**”).

1. **Purchase, Sale, and Delivery of the Obligations.**

- (a) Subject to the provisions of this Contract, and in reliance on the representations, warranties, and agreements set forth in this Contract, the Authority hereby agrees to purchase from the City, and the City hereby agrees to sell to the Authority, all of its \$[PRINCIPAL AMOUNT] City of Sacramento 2013 North Natomas Regency Park Community Facilities District No. 2001-03 Special Tax Refunding Bonds, Series A (the “**Local Obligations**”), to be issued under the Indenture.
 - (1) The Local Obligations are to be dated the date of their delivery, are to bear interest payable on the dates and at the interest rates set forth in exhibit A to this Contract, and are to mature on the dates and in the amounts set forth in exhibit A. Notwithstanding any other provision of this Contract or the Indenture, so long as the Authority Trustee (defined in section 1(a)(3)) holds the Local Obligations, there is to be one Local Obligation for each maturity in the denomination of the entire outstanding principal amount of such maturity.

(2) The purchase price for the Local Obligations is as follows:

Principal amount	\$
Less net original discount	\$
Less underwriter's discount	\$
Purchase price	\$

(3) The purchase price will be payable from amounts held by The Bank of New York Mellon Trust Company, N.A., as trustee (the "**Authority Trustee**") under the Trust Agreement, dated as of January 1, 2013, between the Authority and the Authority Trustee (the "**Trust Agreement**"), with payment subject to the terms and conditions of the Trust Agreement. The net purchase price excludes the funding for the underwriter's discount, which the Authority shall retain and pay to the underwriter on the City's behalf.

(4) The Local Obligations must be issued and secured in accordance with the Indenture and must be substantially in the forms prescribed by the Indenture. On or before the business day preceding the Closing (defined in section 1(b)), the City shall provide the Authority with copies of the Local Obligations for inspection. The Local Obligations are to be registered in the Authority Trustee's name and will be payable in accordance with the Indenture.

(5) From the proceeds of the Local Obligations, and as required by the Indenture, the Trustee is to deposit (or cause to be deposited) the required amounts in the funds and accounts established under the Indenture.

(b) At 8:00 a.m., California time, on [Closing Date], or at such earlier or later time or date as the City and the Authority may agree upon (the "**Closing Date**"), at the offices of Orrick, Herrington & Sutcliffe LLP, in Sacramento, California, or at such other location as the Authority and the City may agree upon, the City shall deliver the following to the Authority, and the Authority shall accept the delivery and pay to the City, by wire transfer, the purchase price set forth in section 1(a)(2), as provided in the Indenture (the "**Closing**"): the Local Obligations, duly executed by the City and authenticated by the City Trustee, and the documents identified in section 3(d).

2. **The City's Representations, Warranties, and Agreements.** The City represents and warrants to, and agrees with, the Authority as follows:

(a) The City is, and on the Closing Date will be, duly organized and existing under California law, with the full power and authority to issue the Local Obligations and to carry out and consummate the transactions contemplated by this Contract, the Indenture, and the Resolution.

- (b) This Contract, the Indenture, and the Resolution are, and on the Closing Date will be, valid and binding obligations of the City.
- (c) When delivered to and paid for by the Authority at the Closing in accordance with this Contract, the Local Obligations will have been duly authorized, executed, issued, and delivered and will constitute valid and binding obligations of the City in conformity with, and entitled to the benefit and security of, the Indenture.
- (d) By official action taken before or concurrently with the City's acceptance of this Contract, the City will have done the following: adopted the Resolution authorized and approved the execution and delivery of the Local Obligations, the Indenture, and this Contract; authorized and approved the City's performance of the City's obligations under the Local Obligations, the Resolution, the Indenture, and this Contract; and authorized and approved the consummation by the City of all other transactions contemplated by this Contract.
- (e) The City has not been served with process in, and has not been overtly threatened with, any action, suit, proceeding, inquiry, or investigation before or by any court, governmental agency, public board, or body (1) that seeks to restrain or enjoin the issuance, sale, execution, or delivery of the Local Obligations; (2) that contests or affects in any way the validity or enforceability of the Local Obligations, the Resolution, the Indenture, or this Contract; (3) that contests or affects in any way any proceedings of the City concerning the issuance or sale of the Local Obligations, the collection of the special taxes the City levies for the City of Sacramento North Natomas Regency Park Community Facilities District No. 2001-03 (the "**Community Facilities District**"), or the existence or powers of the City relating to the issuance of the Local Obligations; or (4) that, if determined adversely to the City or its interests, would have a material and adverse effect on the City's operations or on the consummation of the transactions contemplated by, or on the validity of, the Local Obligations, the Resolution, the Indenture, or this Contract.
- (f) The adoption of the Resolution and the execution and delivery of the Local Obligations, the Indenture, and this Contract; the consummation of the transactions contemplated in those documents; and the fulfillment of, or compliance with, those documents will not do any of the following in a way that materially and adversely affects the consummation of the transactions contemplated by this Contract, the Resolution, the Indenture, the Local Obligations, or the City's operations:
 - (1) conflict with or constitute a violation or breach of or (with due notice or the passage of time or both) a default under (A) any applicable law, regulation, or administrative rule; (B) any applicable court or administrative decree or order; or (C) any indenture, mortgage, deed of trust, loan agreement, lease, contract, or other agreement or instrument to which the City is a party or by which it or its properties are otherwise subject or bound; or

- (2) result in the creation or imposition of any prohibited lien, charge, or encumbrance, on any of the City's property or assets.
- (g) The City is not in breach of, or default under, any of the following where the breach or default could have consequences that would materially and adversely affect the consummation of the transactions described in the Resolution, the Indenture, the Local Obligations, or this Contract: any law or administrative regulation of the State of California or the United States; any judgment or decree of any court; or any loan agreement, indenture, bond, note, resolution, agreement, or other instrument to which the City is a party or is otherwise subject. No event has occurred and is continuing that, with the passage of time or the giving of notice, would constitute such a breach or default.
- (h) The City has obtained from, or has filed with, each governmental entity having jurisdiction over the City all approvals, consents, authorizations, certifications, and other documents and orders that are conditions precedent to the City's performance of its obligations under, or for which the City's failure to obtain or file would materially adversely affect the City's performance under, the Resolution, the Indenture, the Local Obligations, or this Contract. No further action or filing by or with any governmental entity having jurisdiction over the City is or will be required for the issue and sale of the Local Obligations or the City's consummation of the other transactions described in the Resolution, the Indenture, the Local Obligations, or this Contract.
- (i) The special taxes constituting the security for the Local Obligations have been duly and lawfully levied under the Mello-Roos Community Facilities Act of 1982 (the "**Act**") and constitute valid and legally binding liens on the land in the Community Facilities District.
- (j) The City has authorized and will annually levy and collect the special taxes, in addition to amounts necessary to pay debt service on the Local Obligations, in amounts sufficient (subject to any maximum special taxes permitted by law) to pay the Authority's extraordinary or additional Expenses (as defined in the Indenture) arising directly from the administration or enforcement of the Local Obligations plus all other Expenses, and will pay such amounts (when, as, and if received by the City) to the Trustee for deposit in the Expense Fund held by the Trustee under the Indenture. The City's execution and delivery of this Contract will constitute the City's representation to the Authority that the representations, warranties, and agreements in this section 2 are true as of the date of this Contract, subject to the following: as to all matters of law, the City is relying on the advice of legal counsel to the City; and no member of the Sacramento City Council will be individually liable for the breach of any representation, warranty, or agreement in this section 2.

3. **Conditions to the Local Obligations of the Authority.** The Authority's obligation to accept delivery of, and to pay for, the Local Obligations on the Closing Date is, at the Authority's option, subject to the accuracy in all material respects of the City's representations, warranties, and agreements in section 2 as of the date of this Contract and as of the Closing Date; to the accuracy in all material respects of the statements of the City's officers and other officials in any certificates or other documents provided under this Contract; to the City's performance of its obligations to be performed under this Contract on or before the Closing Date; and to the additional conditions in sections 3(a) through 3(d). If the City shall be unable to satisfy these conditions, then the Authority may terminate this Contract, and upon such termination neither the Authority nor the City will have any further obligation under this Contract.
- (a) On the Closing Date, the Resolution, the Indenture, and this Contract are in full force in the form previously submitted to the Authority.
 - (b) In the opinion of Orrick, Herrington & Sutcliffe LLP ("**Bond Counsel**"), as of the Closing Date all necessary and appropriate actions have been taken in connection with the issuance of the Local Obligations and with the transactions contemplated by the Local Obligations and this Contract.
 - (c) As of the Closing Date, the Resolution, the Indenture, and this Contract have not been amended, modified, or supplemented, except as may have been agreed to by the Authority.
 - (d) On or before the Closing Date, the Authority and the Trustee have received the following documents with respect to the Local Obligations, with each document satisfactory in form and substance to the Authority:
 - (1) A certified copy of the Resolution.
 - (2) An fully subscribed copy of the Indenture.
 - (3) An unqualified approving opinion of Bond Counsel, dated the Closing Date and addressed to the City, as to the validity of the Local Obligations.
 - (4) An opinion of the City Attorney, dated the Closing Date and addressed to the City and the Authority, in substantially the form attached as exhibit B.
 - (5) Such additional legal opinions, certificates, proceedings, instruments, and other documents as the Authority or Bond Counsel may reasonably request to evidence (A) the City's compliance with legal requirements; (B) the truth and accuracy, as of the Closing Date, of the City's representations in section 2; and (C) the City's due performance or satisfaction, on or before the Closing Date,

of all agreements then to be performed and all conditions then to be satisfied by the City.

4. **Expenses.** The City shall pay all expenses and costs of the City and the Authority that are incident to the authorization, issuance, and sale of the Local Obligations, including fees and expenses of consultants, the Trustee, Bond Counsel, and the City Attorney. All ongoing Expenses shall be paid by the City to the Trustee as described in section 2(j) above. In addition, the City has paid, in the form of the Authority's retention of a portion of the purchase price of the Local Obligations, the underwriting fees and expenses incurred by the Authority in connection with the sale of the Authority's 2013 Special Tax Refunding Revenue Bonds (Westlake and Regency Park) , Series A (the "**Bonds**").
5. **Notices.** Any written notice or other written communication to be given to the City under this Contract must be delivered to the City at 915 I Street, Historic City Hall, 3rd Floor, Sacramento, California 95814, Attention: City Treasurer. Any written notice or other written communication to be given to the Authority under this Contract must be delivered to the Authority at 915 I Street, Historic City Hall, 3rd Floor, Sacramento, California 95814, Attention: Treasurer. A written notice or other written communication that is not given in accordance with this section will be ineffective. When the Authority's approval is required under this Contract, including the Authority's determination that a document is satisfactory, the approval must be in a writing signed by the Authority and delivered to the City in accordance with this section.
6. **Parties in Interest; Governing Law.** This Contract is made solely for the benefit of the City, the Authority, and the Trustee, and no other person or entity has any rights under it. This Contract is to be interpreted and applied in accordance with California law. Exhibits A and B are part of this Contract.
7. **Pledge; Assignment.** The City hereby approves the Trust Agreement and the pledge and assignment to the Authority Trustee under the Trust Agreement, for the benefit of the owners of the Bonds (as provided in the Trust Agreement) of all of the Authority's right, title, and interest in this Contract and the Local Obligations.
8. **Limitation on Liability.** The Authority will incur no liability under this Contract or arising out of the transactions contemplated in this Contract. The Authority's obligation to purchase the Local Obligations under this Contract is limited to proceeds of the Bonds available for that purpose and held by the Trustee in accordance with the Indenture. The City will incur no liability under this Contract or arising out of the transactions contemplated in this Contract except as otherwise provided in section 4 above. The City is not obligated to make any payments with respect to the Local Obligations, except from amounts pledged for that purpose (including the special taxes levied and collected in the Community Facilities District) under the Local Obligations.

9. **Counterparts.** The parties may sign this Contract in two counterparts, each of which will be considered an original, but all of which will constitute the same agreement.

(Signature Page Follows)

Sacramento City Financing Authority

**Accepted and agreed to by the City of
Sacramento**

By: _____
Russell T. Fehr
Treasurer
Date: _____, 2012

By: _____
Russell T. Fehr
City Treasurer
Date: _____, 2012

Exhibit A

Maturity Schedule
Local Obligations

Dated Date of Local Obligations: January __, 2013

Maturity (September 1)	Principal	Interest Rate
	\$ _____	__%

Exhibit B
[Form of City Attorney Opinion]

[TO COME]